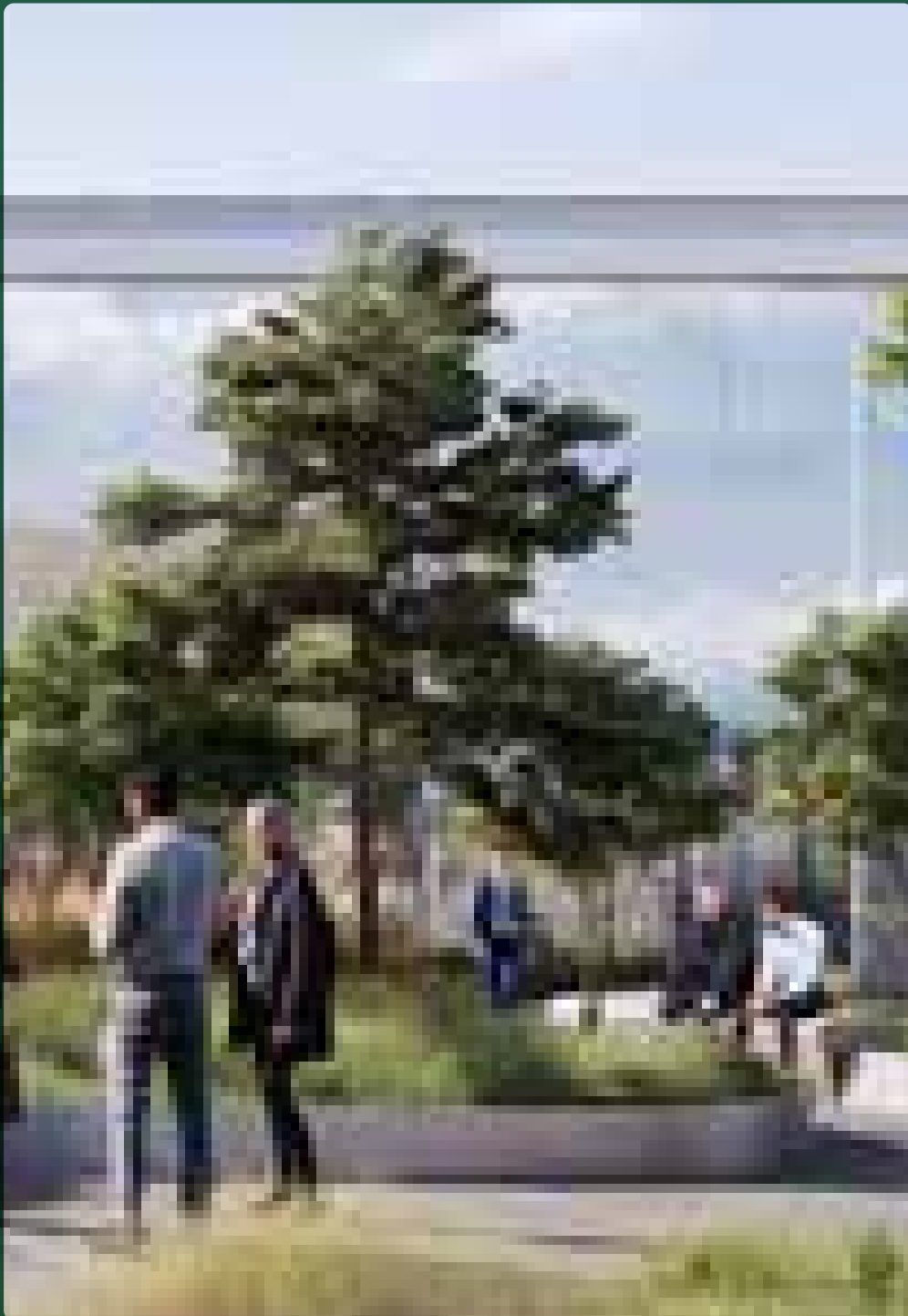




Key metrics, 2019

7% growth in income from property management and a proposed dividend increase for the 22 consecutive year to a total of SEK 6.50.

- Income in 2019 totaled MSEK 5,821 (5,577).
- Income from property management amounted to MSEK 3,146 (2,952), equivalent to SEK 11.52 (10.81) per share – an increase of 7%.
- Changes in property value amounted to MSEK 3,918 (5,216) and on derivatives to MSEK -111 (pos: 152).
- Net income for the year after tax amounted to MSEK 5,650 (7,453), corresponding to SEK 20.68 (27.28) per share.
- Long-term net asset value amounted to SEK 195 per share (176), an increase of 11%.
- Net investments amounted to MSEK 1,974 (2,657) of which MSEK 3,350 (2,455) pertained to acquisitions, MSEK 2,762 (2,837) to new construction, expansions and reconstructions, and MSEK 4,138 (2,635) to sales. Property values at the end of the year amounted to SEK 95.2 billion.
- Net leasing for the year was MSEK -24 (pos: 161).
- The Board proposes a dividend of SEK 6.50 (6.10) per share, an increase of 7%, to be distributed in two equal payments of SEK 3.25 each.

2019 Annual Report

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Statutory annual report

The Statutory Annual Report, which contains the Directors' Report and Financial reports, covers pages 10–178. Comparisons shown in brackets refer to the corresponding amounts year-on-year. The key metrics from the European Public Real Estate Association (EPRA) are reported in the section on the Castellum share. Calculation and definitions of financial/alternative performance measures are found on pages 150–151.

Castellum reports in accordance with the GRI Standards: Core. The Sustainability Report, for which the auditors prepared a limited assurance report, is indicated by the page references in the GRI index on pages 235–236. The GRI index refers to Castellum's 2019 sustainability report and to the in-depth sustainability information on pages 222–236. The EPRA index is presented on page 230, and the Task Force on Climate-Related Financial Disclosure (TCFD) index is on page 237.

Castellum's statutory sustainability report is found on the following pages: Business model, 10–15; Environmental, pages 14–15, 50, 56, 74–82, 117 and 222–229; social conditions and personnel issues, pages 14–15, 74–79, 83–85, 90–93, 117–120, 229 and 232; respect for human rights, pages 76, 78–79, 84, 91, 117, 120 and 232; anti-corruption, pages 78–79, 84–85, 117 137 and 142–143; and diversity in the Board, pages 128–129.

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



CASTELLUM'S DIGITAL ANNUAL REPORT IS
AVAILABLE AT:
WWW.CASTELLUM.COM

Beyond expectations

250,000 people go to work every day in our properties. We facilitate business, and ensure goods and flows are optimized and that we all have access to world-class services.

We work to help our customers reach their business goals. It's an everyday challenge to which our 400 employees bring their know-how and expertise.

MSEK 3,146

in income from property management

7%

increase in dividend

4.3 million sq. m.

leasable area

**SEK
95.2 billion**

in property value

**5,700
businesses**

as our customers

17 cities

in Sweden, as well as in Copenhagen and Helsinki



Follow along in our annual report and on our journey, where we constantly challenge ourselves so that our customers continue to choose us. Read about how we make this possible with a focus on service, sustainability and innovation.

THIS IS CASTELLUM



United Spaces, Arlanda



Our focus: services and co-working

Switching focus from products to services is not unique to the property industry. It's happening in most other industries right now. At Castellum as well, it is our conviction that this trend is an important piece of the puzzle in figuring out what the property company of tomorrow will look like.

What service and maintenance needs will our customers have in the future? And how can we identify them and create business opportunities?

Above all, there is have a large bank of experience through our expansive property portfolio and our 5,700 customers. Our acquisition of United Spaces, a co-working company, provides us with a platform from which we can quickly identify trends and behaviors, and turn them into service offerings.

It also provides us with the opportunity to test smart ideas produced by our employees, who drive innovation and development at Castellum. This is our internal laboratory where ideas and concepts are developed and optimized for subsequent testing either at United Spaces or in our own properties.

By working this way, expertise, technology and customer behavior are brought together. This benefits everyone, both our tenants and our shareholders.

A golden decade!

Here, at the start of a new decade, a look at our company from a somewhat wider perspective than usual may be appropriate – in particular, since Castellum's objectives and operations are long-term in nature. It is easy to state that the past ten years were a golden decade for both Castellum and the property industry as a whole:

CASTELLUM		2009	2019	Growth (%/yr)
Property value	MSEK	29,267	95,168	13%
LTV ratio		51%	43%	–
Income from prop. mgmt	SEK/share	5.98	11.52	7%
Net asset value	SEK/share	71	195	11%
Dividend	SEK/share	3.12	6.50*	8%
Share price	SEK/share	63	222	18%

* Board of Directors' proposal to the AGM

In short, this table shows that the Castellum share returned a total yield of 18% on average over a period when the average 5-year swap rate was 1.2% and average inflation was 1.1%.

Major changes over time

The figures are excellent – but they don't show how Castellum fundamentally changed in the 2010s as regards geographies, segment consolidation and areas of operation. In 2009, for example, Stockholm made up only 18% of our property portfolio, compared to today's 30%. We had hardly any public sector properties ten years ago, but today they make up 23% of the value in our property portfolio. Stores and shopping centers have gone in the other direction. In 2009, they were 24% of the portfolio. Now they are only 8%. Castellum's logistics initiatives have led to our currently holding one of Sweden's largest logistics portfolios. Moreover, we have an entirely new business area: Co-working. Here, the acquisition of United Spaces gave us a flying start with growing, profitable operations right from the first year, which is unusual in this sector. United Spaces will also impact the development of our other operations, with continually expanding service content often based on our proprietary digital software.

Long-term ambitions

What are our long-term ambitions for the 2020s? I anticipate a continued systematic shift of our portfolio toward increased density, even in micro-areas. Since at present it is difficult to find objects with a high yield, project operations will constitute a growing element. For example, the development of Säve – which is now being resolutely expedited after the buyout of Serneke – will entail investment plans of approximately SEK 10 billion over the period. Services together with related services that bring us closer to individual people – the end customers – will definitely increase in significance.

We have imposed a tough sustainability goal on ourselves for the 2020s: By 2030, Castellum – including our entire value chain as well as projects, their subcontractors and materials – will be fully climate-neutral. These represent 98% of our

"I am looking forward to the new decade with optimism, and I am convinced that the 2020s will also be successful for Castellum."

emissions and are the toughest challenge for the industry as a whole, as it is for Castellum. Moreover, we have a sustainability agenda: "The Sustainable City," with 16 interim goals that build on the UN Sustainable Development Goals. Our solar cell initiative, the "100 på sol" (100% on Solar) project, has already been inaugurated. It involves the construction of 100 solar cell parks on our properties. This work could have been far more extensive if the current taxation regulations had not put obstacles in our way.

At present, we are far from having all the solutions to becoming climate neutral by 2030. But we know that ambitious goals drive innovation. And we know that sustainability is also a prerequisite for sustainable long-term growth and profitability!



Continued growth

Castellum will continue to grow. We will work further on our ambitious target of 10% growth in income from property management, measured in SEK per share. But it goes without saying that if, ten years from now, we find ourselves in a landscape dominated by low interest rates and inflation as well as further reduced required yields, this target will be impossible to reach every year.

For the foreseeable future, I see the market we are in remaining strong, with continued stable rental growth. I also see Castellum standing strong in this market. We have never had a larger development portfolio. Our management organization has been markedly reinforced over the past few years. And our financial position has never been better, which now permits an extension of the tenors on our loan capital.

I am therefore looking forward to the new decade with optimism, and I am convinced that the 2020s will also be successful for Castellum.

Gothenburg February 3, 2020

Henrik Saxborn
CEO

Many good things happened in 2019 as well!

What I chiefly have in mind:

- We renegotiated rents upward by an average of 22% to a total value of MSEK 140, and growth in rental value was 4.4%
- Efficiency enhancements have yielded results, with a decrease of MSEK 60 in the cost base
- The rating we received enabled us to raise a seven-year Eurobond loan of MEUR 400 at a fixed coupon rate in EUR of 0.75%.
- Net asset value increased from SEK 176 to SEK 195 per share
- The loan-to-value ratio decreased further to 43%
- And the dividend increased for the 22nd year in a row, by 7% to SEK 6.50

You can read about all this, of course, in the other pages of this report!

2019 - The year in review

An eventful year with a continued focus on a portfolio shift to growth cities, innovation to create business advantages for our customers, and sustainability – all to promote increased shareholder value.

All events that occurred during the year have been announced in press releases. They can be found in our Press Room at www.castellum.se. At our website, you can subscribe to our digital press releases, financial reports and annual reports.

JANUARY

LINKÖPING AND SUNDSVALL

Castellum carried out an exchange transaction with Lilium, in which Castellum acquired six properties in Linköping for MSEK 1,631 and sold twenty properties in Sundsvall for MSEK 3,326.

UNITED SPACES

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

FEBRUARY

HAGASTADEN

In early February, Castellum was awarded a land allocation agreement covering three blocks by the City of Stockholm for offices and residences in Hagastaden, just north of the Central Business District (CBD). In September 2019, it was announced that Castellum had signed a partnership agreement with Einar Mattsson regarding development of the blocks. Castellum's total investment in acquiring the development rights is estimated to total approximately MSEK 800. All buildings, office spaces and commercial spaces are expected to be ready for occupancy in early 2025.

SALES AND ACQUISITIONS

At the end of February, Castellum sold four retail properties in the Boländerna district of Uppsala. During the same period, Castellum acquired two office properties in the Lilla Bommen district in central Gothenburg.

MARCH

EMINENT - WELL

In March, Castellum's newly built Eminent property in Malmö became the Nordic region's first WELL-certified office building. The international WELL certification standard is a seven-part system based on concepts that all affect health: air, water, lighting, sound, diet, exercise and wellness. WELL is the only standard that takes into account the 'soft' values that impact wellness in work life.

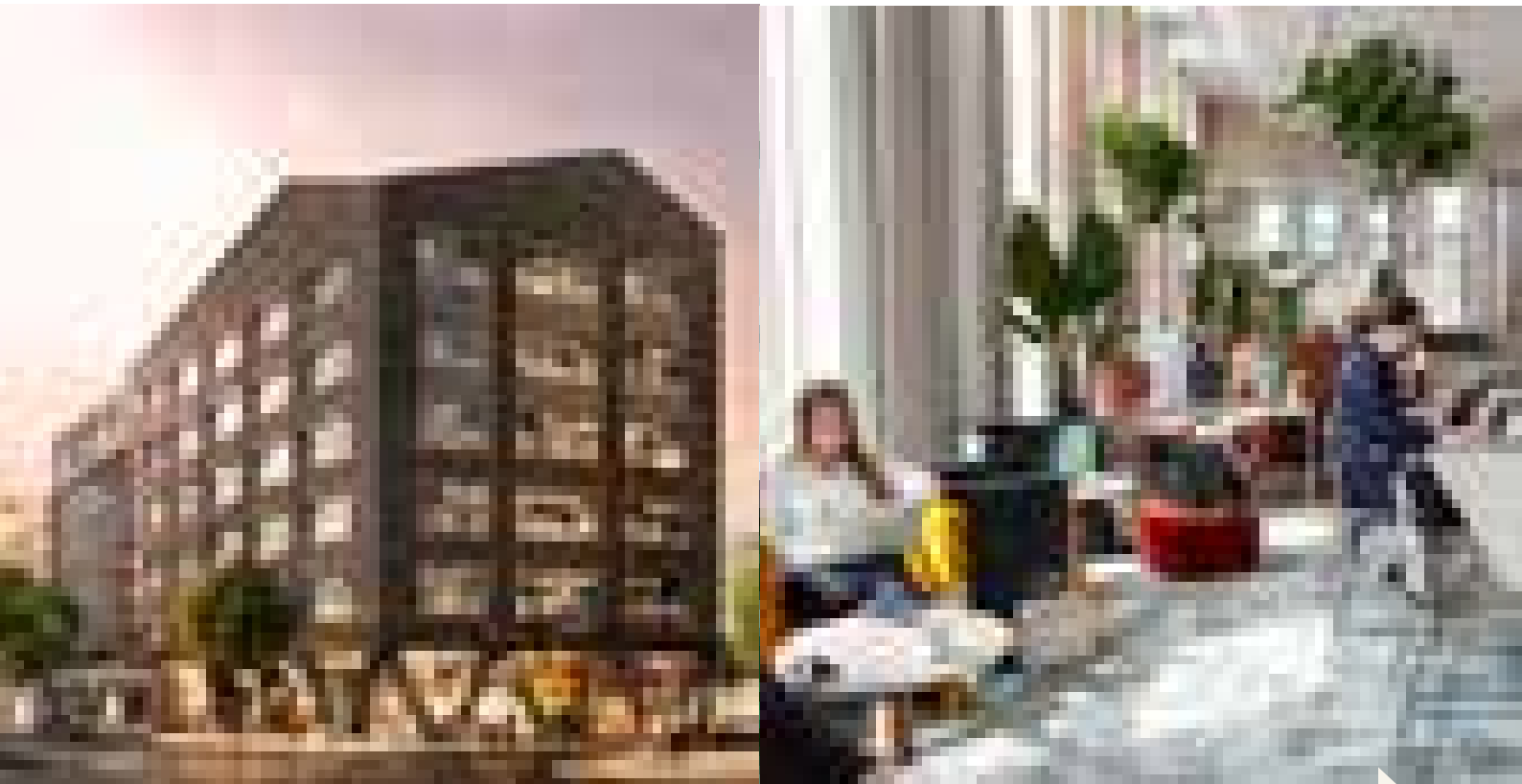
APRIL

PROJECT PARTNER FOR HSB

In early April, it was announced that Castellum would be coming in as a partner with HSB Bostad for a project covering two blocks in the Hagastaden district of Stockholm, in which Castellum will build, own and manage all the commercial space. The planned construction start is 2022, with occupancy scheduled for 2024 at the earliest.

ACCESSY

In April, together with other industry players and the Fastighetsägarna industry association, Castellum formed Accessy. The focus of this initiative is to create an independent operator for developing digital keys. The ambition of the company is to bring more players on board so that the solution can break through on a broad front.



JUNE

UPGRADED TO INVESTMENT GRADE

In early June, Castellum received an upgraded investment rating to Baa2 (stable outlook) from Moody's, the international credit rating institution.

SUSTAINABILITY AND INNOVATION

During the month, Castellum was chosen to be part of a European expert group: the Pan-European REIT Innovation and CSR Think Tank, with a focus on sustainability and innovation. Castellum is the only Nordic property company to earn a place in this forum, whose members consist of leading European property companies. The group consists of some of Europe's strongest brands, who are involved in a joint effort to drive development in sustainability, property tech and co-working.

SEPTEMBER

GEELY INNOVATION CENTRE

United Spaces, a co-working company owned by Castellum, signed a collaboration agreement in September with Geely, the Chinese industrial group. This partnership will mean that United Spaces will have overall responsibility for the development and operation of a large co-working operation located in Geely's major new investment: the Geely Innovation Centre in Europe, under development in the Lindholmen district of Gothenburg.

WORLD-CLASS SUSTAINABILITY

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

OCTOBER

STATISTICS SWEDEN

Using artificial intelligence (AI), Castellum will help Statistics Sweden, the national statistics authority, review how it can use its meeting rooms more efficiently. The aim is to create a better working environment for the 750 employees at the agency's offices in Örebro.

NOVEMBER

GREENHAUS

Castellum began the construction of the 10,000-square-meter GreenHaus office property in the new Oceanhamnen district of Helsingborg. The total investment for the project, including land acquisition, is estimated at MSEK 300.

DECEMBER

100% ON SOLAR

By 2025, Castellum will have constructed up to 100 solar cell installations on its buildings. The initiative, named "100% on Solar," will be one of the largest solar cell initiatives in the entire Nordic region.

PROPERTY ACQUISITIONS IN VÄSTERÅS

Castellum acquired two properties in central Västerås from Imperia Fastigheter AB. The acquisition contains a total leasable area of approximately 7,551 square meters. The acquisition price was MSEK 217, less deferred tax of MSEK 11. The acquisition also included unutilized development rights valued at MSEK 5, which could make new construction of approximately 2,500 square meters of office possible.

SÄVE AIRPORT

Castellum finalized the acquisition of Säve airport. Full right of disposal over the area will expedite the development of the Nordic region's premier hub for logistics, sustainable transportation and mobility.

Strategy, trends and market

Welcome to Castellum's world. It's a world full of change, in which we – like other players in our industry – are facing a number of challenges related in particular to the rapid changes in technology taking place in our business environment. Every decision we make is based on our long-term strategy, with a focus on delivering on our overall growth target: achieving 10% annual growth in income from property management measured in SEK per share.

This strategy takes into account business environment factors such as trends, macroeconomic factors and market conditions. By delivering on our strategy, we create business advantages for our customers and shareholder value for our owners. This long-term effort has created the foundation and the conditions for us to be one of the Nordic region's largest commercial property companies today.



Castellum's strategy

Castellum's strategy is described in the company's strategic plan, which is Castellum's central policy for the company's strategic orientation, strategies, priorities and goals. Extending over a three-year period, it is reviewed annually by Executive Management before final adoption by the Board.

Ultimately, the strategic plan aims to optimize the preconditions for Castellum to deliver on the company's overall growth target and creating shareholder value. Castellum's strategy for the next few years (2020–2022) focuses on further strengthening customer relations with priority customer segments, developing our service offering, and improving our property and development portfolios. The strategy is built on three perspectives: our customers, our offering to them and our own performance.

Our desire to develop has taken us to one of the leading positions in sustainability. Castellum will be the most sustainable property company in Europe and a major player in building a sustainable society. Sustainability should be integrated into business operations and yield tangible results.

The customers we have chosen to address ourselves to are in the office, government agency and civil service sectors, as well as logistics. At present, we manage 632 properties and look after 250,000 people every day. Based on our customers' and their employees' needs, we will continue to develop attractive, flexible and easily accessible offerings in four areas: Services, Offices, Public sector properties and Logistics.



The Castellum Spirit

- Personal
- Passionate
- Proactive
- Reliable

Vision

Beyond expectations.

Mission

Creating workplaces where people and enterprises thrive.

Business idea

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

Business model

Investment in, and development and administration of commercial premises, as well as service offerings in a decentralized and customer-centric organization. Castellum focuses on cash flow and operates with low financial risk.

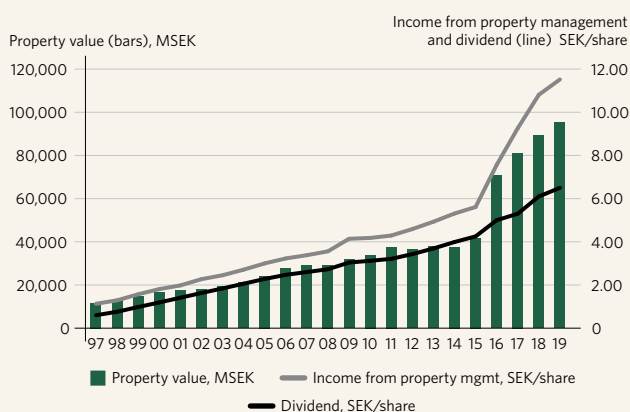
Overall objective

10%

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

7%

Performance 2019: 7% annual growth in income from property management, SEK/share.



Sketch: the terrace at Emigranten, Gothenburg

Castellum's value creation strategy

Investment in, and development and administration of commercial premises, as well as service offerings in a decentralized and customer-centric organization. Castellum focuses on cash flow and operates with low financial risk – all to optimize the conditions for delivering on the company's overall growth targets and to create shareholder value.

PROPERTY MANAGEMENT

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

PROJECT DEVELOPMENT

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

TRANSACTIONS

We continually develop our property portfolio in order to strengthen Castellum's position as the leading player in Nordic growth cities.

STRATEGY - CUSTOMERS

Castellum will offer existing and potential customers premises, meeting spaces and services that are best suited for their objectives. Castellum will be recognized as an innovative player in selected product and customer segments, by making clear investments in project development, system support, technological development and sustainability that strengthens our business. Services, platforms and payment methods will be developed to meet our customers' needs and so that they can easily find out about them. Castellum promotes long-term, close customer relationships, local presence and service that exceeds customer expectations.

Castellum's customers come from all branches of the business community, as well as public sector authorities and civil service. The company is to have a highly diversified customer base with a good risk spread as regards geographies, premises type, scope of contract and lease terms.

STRATEGY - PROPERTY AND PROJECT PORTFOLIO

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

Castellum will be a leading player in urban development, and the preferred choice of both municipalities and tenants when they are looking for a partner to develop new projects.

STRATEGY - FINANCING

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

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

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

STRATEGY - ORGANIZATION AND EMPLOYEES

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

STRATEGY - SUSTAINABILITY

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

Castellum's sustainability agenda, "The sustainable city", is divided into four areas of focus: the planet, future-proofing, well-being and societal responsibility. Complete reporting on the goals is compiled on pages 80-84 of the sustainability section.

STRATEGIC TOOL

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

OUTCOME 2019

- 77 on the CSI in the latest measurement (autumn 2019)
- Castellum is the largest, second largest or third largest property company in 15 of the 17 cities in Sweden where the company is established

STRATEGIC TOOL

- At least 5% of the property value in net investments per year, equivalent to SEK 4.7 billion

OUTCOME 2019

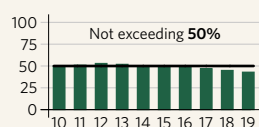
- MSEK 1,974 in net investments, of which MSEK 3,350 pertained to acquisitions, MSEK 2,762 to new construction, expansions and reconstructions, and MSEK 4,138 to sales

STRATEGIC TOOL

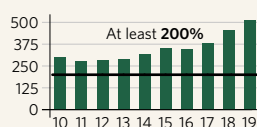
- Loan-to-value ratio – not to permanently exceed 50%
- Interest coverage ratio – at least 200%
- Dividend – at least 50% of pre-tax income from property management in dividend pay-outs

OUTCOME 2019

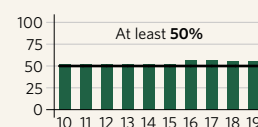
- The loan-to-value ratio amounted to 43% as of December 31, 2019



- The interest coverage ratio for 2019 was 502%



- SEK 6.50 per share in proposed dividend for 2019, equivalent to a payout ratio of 56%

**STRATEGIC TOOL**

- High employee satisfaction index (ESI)

OUTCOME 2019

- 79% on the employee satisfaction index

STRATEGIC TOOL

- 15% energy savings per square meter by 2025, cf. 2015
- Net-zero carbon emissions and 100% non-fossil fuel energy by 2030
- 50% of the property portfolio in square meters will be environmentally certified in 2025

- Equality among all occupational categories by 2025
- 4% of all employees annually will be interns

OUTCOME 2019

- 8% (1%) reduction cf. 2015 and 8% reduction (inc: 3%) in the like-for-like portfolio 77% (81%) less carbon emissions in Scope 1 and 2 since 2007

- 36% of the property portfolio in square meters is environmentally certified, and certification of a further 2% is in progress. Castellum owns the greatest number of environmentally certified buildings out of all the Swedish listed property companies

- For performance concerning equality and international background, read more on page 83

- In total, 84 young people had internships or holiday work at Castellum in 2019. Of these, 22 were interns, equivalent to approximately 5% of Castellum's employees; 7 of them were in developments.

Trends

MEGATRENDS

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



Globalization

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



Urbanization

At the moment, there is powerful ongoing urbanization. Every week, one million people are estimated to move to a big city. Urbanization places high requirements on city infrastructure, educational institutions, services, housing and workplaces – even in the Nordic region.

INDUSTRY TRENDS

These trends are ones that Castellum deems to have a material impact on the industry as a whole and on the company in particular.



OVERCAPACITY

Overcapacity in society exists in different forms, such as unused vehicles and premises. Digitalization is creating new opportunities to make smart use of overcapacity through new platforms – Airbnb, for example. In the property industry, approximately 50% of office space is used during a working day. In pace with urbanization and an increasing number of people placing greater demands on sustainability and circularity, focus is moving to more efficient use of resources.

A new digital platform has been developed at Castellum, in the form of an app for United Spaces members. The objective of the platform is to offer services, based on clear behavioral patterns and needs, to the people working in one of the company's premises or co-working environments.

Read more on page 46.



AI AND SMART BUILDINGS/IOT

Digitalization creates opportunities for increased knowledge and insight by measuring and collecting data. For example, data collection and analysis can provide information about how a property can be managed in a more energy-efficient manner or whether the technology in a building needs to be replaced. Data collected can also provide knowledge about how people use premises, and conclusions about how use can be made more efficient. Using artificial intelligence (AI), data can provide valuable insights.

Castellum started the joint company Accessy together with a number of leading property companies and the Fastighetsägarna industry association. The focus of this initiative is to create an independent operator for developing digital keys.

Read more on page 44.



ALTERED BUYING BEHAVIOR, THE GROWTH OF E-COMMERCE

Globalization, urbanization and digitalization mean that commerce is changing. E-commerce has grown drastically over the past few years, and this development means greater focus on efficient logistics chains that can meet the requirements of e-commerce for rapid delivery times. This development is impacting our cities, creating a need for semi-central properties and flexible warehouses at strategic locations.

Castellum is one of Sweden's largest owners of logistics properties, and works strategically to develop its property portfolio in pace with changing requirements for flexibility, automation and more.

Castellum's acquisition of Söde Airport provides unique opportunities to create a modern logistics hub and a business cluster for innovation and development of sustainable transportation and mobility.

Read more on pages 28–29.



Digitalization

New digital technology is changing people's behavior, business models, communication and access to information. Artificial intelligence (AI) has already begun to change the way we live and work.



Sharing economy

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



NEW PLAYERS

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

Instabox is an external player that Castellum has partnered with to simplify life for people who go to work every day in a Castellum-owned property. Through Instabox, people can easily pick up their online purchases with no hassle at their workplace, which frees up their time.

Read more on page 45.



ECOLOGICAL SUSTAINABILITY

Ecological sustainability deals with conserving natural resources over the long term for future generations. Ecological sustainable development deals with the planet's ecosystems and retaining their desired functions over time.

If nature is to successfully shoulder humanity's burdens, the burden cannot be more than nature can take. Over-exploitation of natural resources does not fulfill the requirements for an ecological, sustainable society.

Castellum's "Sustainable City" agenda runs through 2030 and consists of ambitious targets in four areas where ecological sustainability has a clear place. Examples of this include moving towards climate-neutral buildings, renewable energy and a circular economy. In 2019, Castellum launched its "100 på sol" (100% on Solar) solar cell program.

Read more on pages 79 and 87.



CO-WORKING

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

Castellum acquired United Spaces, a co-working company, in early 2019. During the year, a new co-working unit was opened adjacent to Arlanda Airport in Stockholm. United Spaces also signed a comprehensive partnership agreement with Geely regarding the development of a co-working space in Gothenburg.

Read more on page 46.

Market comments

SWEDEN'S FOREIGN TRADE

Jan-Oct 2019 (10 months)

Exports	Total SEK 1,271 billion
Germany	136
Norway	135
USA	99
Finland	90
Denmark	87
UK	71

Imports	Total SEK 1,253 billion
Germany	223
Netherlands	116
Norway	112
Denmark	84
China	66
Finland	61

Source: Statistics Sweden

Swedish, Danish and Finnish economies

The Swedish economy is now showing signs of a slowdown. For 2019, Riksbanken estimates that Swedish GDP grew 1.1%. For 2020, it is estimated that GDP will grow 1.2%, and thereafter grow more markedly by 1.7% and 1.9% in 2021 and 2022 respectively. (Riksbanken, Dec. 2019) The rate of growth in household consumption is deemed to have declined to approximately 1% in 2019, but will increase again to approximately 2% in the period from 2020 to 2022. It is estimated that public consumption will grow by approximately 1% annually from 2020 to 2022. Exports performed well in 2019 according to Riksbanken, but are predicted to grow more slowly, around 3% from 2020 to 2022. It is estimated that investments will increase somewhat, primarily in 2021 and 2022, which will have a positive impact. However, uncertainty is significant in the light of continued geopolitical unrest.

Swedish job market statistics showed deficiencies in 2019, which produced some uncertainty about unemployment levels. According to Riksbanken, unemployment was expected to increase from 6.3% in 2018 to 6.8% in 2019. A continued upswing to just over 7% is expected in 2022. Inflation (CPI) is expected to have fallen slightly to approximately 1.7% in 2019. According to Riksbanken, it will remain around this level in 2020 and 2021. 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 (KIX index) relatively drastically in 2018, and

through 2019 remained weak at a level last noted in early 2009, despite a small amount of recovery at the end of the year.

According to Danmarks Nationalbank (September 2019), growth in the Danish GDP is estimated to peak at +1.8% in 2019, and thereafter to shrink slightly to approximately +1.5% per year in 2020–2021. Exports in 2019 are assessed as having boosted GDP while private consumption fell slightly compared to 2018. Over the next two years, households are expected to increase consumption again while exports will fall slightly. Inflation in Denmark – expressed in terms of the harmonized consumer price index (HICP) – was assessed by Danmarks Nationalbank to be around 0.8% in 2019, and to then rise to approximately 1% in 2020 and 1.5% in 2021.

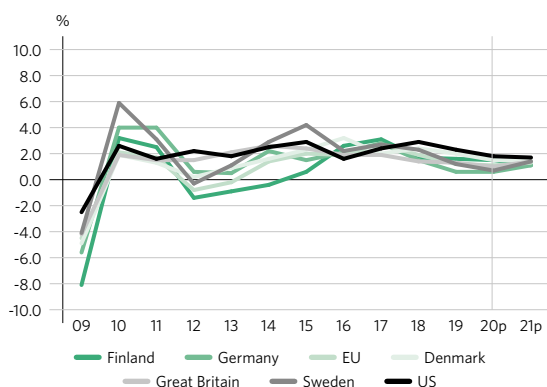
In Finland, the GDP growth rate was around 1.5% in 2019 and will be about 1% for 2020 and 2021, which is slightly weaker than 2018 when GDP grew approximately 1.7% according to the Finnish Ministry of Finance (October 2019). Growth is impeded by such factors as lower housing investments, but was deemed to have been supported by private and public consumption. Inflation (CPI) was estimated to have increased 1.1% in 2019, and will rise 1.4% in 2020 and 1.7% in 2021.

Macro indicators, Sweden

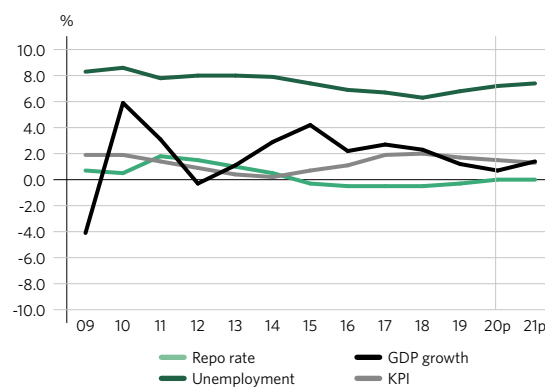
Unemployment	6.9% (December 2019)
Inflation	1.8% (December 2019, cf. December 2018)
GDP growth	0.3% (Q3 2019, cf. Q2 2019)

Source: Statistics Sweden

GDP GROWTH PER YEAR



MACRO INDICATORS, SWEDEN



Interest and credit market

In December 2019, Sweden's Riksbank raised interest rates from -0.25% to zero. The raise was expected based on Riksbanken's communication in late autumn, if not entirely logical given Riksbanken's earlier views on the impact of inflation on the repo rate. Riksbanken's new repo-rate path (Dec 2019) indicates that the repo rate will remain at zero until 2022.

Swedish long-term interest rates fell drastically in 2019 through early autumn, when they bottomed out and subsequently trended upward again.

To date, however, the upswing has not been greater than, for example, the 5-year swap rate standing approximately ten points lower on the last day of the year than at the beginning of 2019. Current levels remain historically very low.

STIBOR 3 months rose gradually in the fourth quarter, in pace with the market having discounted a raise in the repo rate. At the end of 2019, STIBOR 3 months was +0.15%, compared with -0.1% at the end of Q3 and -0.15% in the closing balance of 2018. In all, the yield curve was somewhat steeper in the fourth quarter compared with the end of Q3, but is still shallower than at the beginning of the year. The availability of financing in the Swedish capital market gradually improved during the year up to the end of the fourth quarter, when demand decreased somewhat.

In 2019, Castellum also utilized the EUR market and the Norwegian market to finance long-term bonds. The credit margins, which rose drastically in the fourth quarter of 2018, fell considerably in the spring of 2019 and stabilized at lower levels at the end of the year. The credit spreads for Castellum fell somewhat more in the euro market than in the Swedish krona market in 2019.

In Denmark, the CIBOR 3 months interest rate in 2019 was relatively stable at between 0.40% and 0.45%, which also applied to the Finland/Euribor 3 months.

Castellum's market share

Castellum owns a total leasable area of approximately 4.3 million square meters with a total property value of roughly SEK 95.2 billion. At year end, Castellum's market capitalization amounted to approximately SEK 60.1 billion, which at that time made the company the 13th largest listed property company in the European property market (excluding 100% property companies and 100% retail companies), the second largest property company in the Nordic region in terms of market capitalization and the largest in terms of its free float.

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

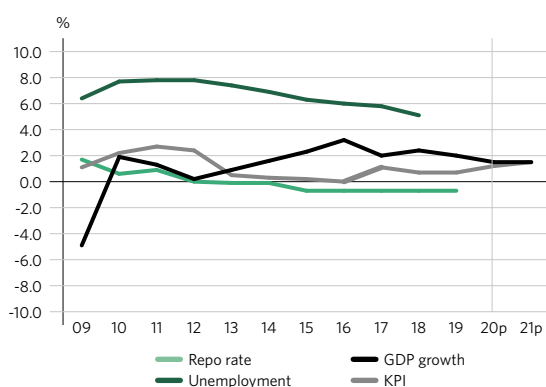
The largest property owners in Sweden, apart from the listed companies, are publicly owned companies as well as Swedish and international institutional investors. In addition, there are a number of smaller property owners such as property and construction companies, factories and private individuals.

European property market

According to the CBRE, the transaction volume for 2019 in the European property market totaled approximately EUR 169 billion (161) for the office, and warehouse and logistics segments, which corresponds to an increase of about 3% year-on-year. The continued high volume of transactions was driven by such factors as good access to institutional capital, generally low interest rate levels in Europe and strong interest in the European property market from international investors, specifically Asian investors.

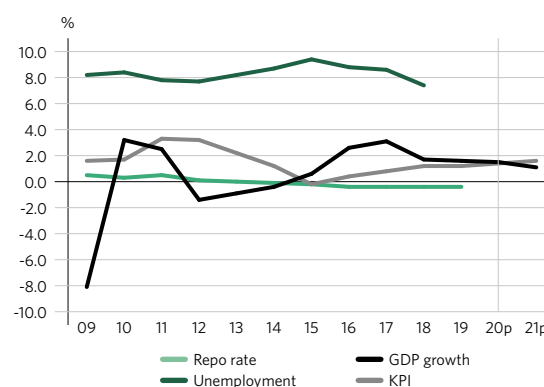
The office segment increased in 2019 and according to the CBRE reached a level of approximately EUR 134 billion (up approximately 3% year-on-year) - the highest office volume in Europe since 2007. The transaction volume for warehouse and logistics increased approximately 3% to around EUR 35 billion.

MACRO INDICATORS, DENMARK



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

MACRO INDICATORS, FINLAND



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

Investor interest in this segment has increased – the average volume over the last three years totaled approximately EUR 38 billion, compared with the average volume of approximately EUR 15 billion for 2007-2016.

Sweden made up approximately 6% of the European volume, which made it the fifth largest transaction market in Europe in 2019. Denmark and Finland made up approximately 2% each of the European volume, which made them the tenth and eleventh largest transaction markets in Europe.

Swedish, Danish and Finnish property markets

In Sweden, the volume of transactions over MSEK 40 for office properties in 2019 was estimated to have amounted to approximately SEK 218 billion (153) across 447 transactions (433). The volume for 2019 means that the previous record quotation of SEK 201 billion from 2016 has been broken, driven primarily by an increased share of major business. In 2019, a total of 42 billion-krona transactions were completed, averaging SEK 0.5 billion per transaction.

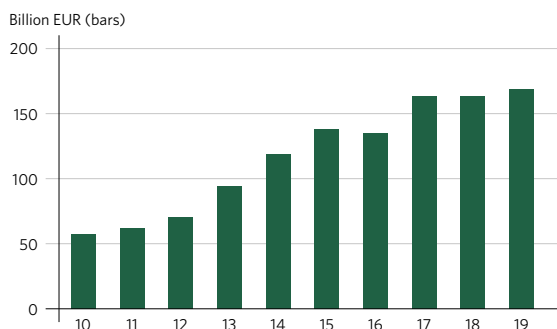
The mood among investors in the Swedish property market is positive, which is felt to depend on the expectation of low interest rates in the foreseeable future, as well as trends in the rental market remaining positive. The share of foreign investors during 2019 was approximately 30%, which is a historic high. A weak

Swedish krona in combination with a great deal of liquidity on the global capital market could explain an increased influx of foreign capital into the Swedish property market. Altogether, this has resulted in modern office properties in the most attractive locations in the CBDs of Stockholm, Gothenburg, Uppsala and Malmö continuing to show falling required yields. Properties with secure cash flows such as public sector properties, and compound property portfolios that generate healthy cash flows, are attractive to investors in the low interest rate environment, which results in falling required yields. In Castellum's submarkets outside the metropolitan areas, the required yields for office properties were either stable or declined somewhat in 2019.

Warehouse and logistics properties attract a growing number of both domestic and international investors, driven largely by the growth of e-commerce. The required yields for completed transactions in 2019 were at record lows, since demand is high and increasing, which drives up prices. Low levels of supply among the most attractive logistics properties, in combination with high demand among investors, resulted in a dispersion effect with falling required yields, even among more secondary warehouse properties outside the most attractive locations.

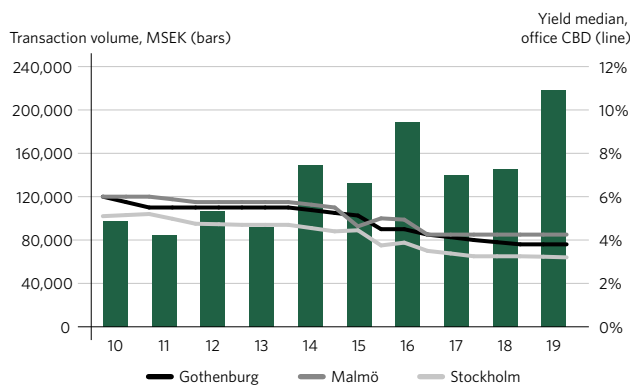
The transaction volume in the Danish property market in 2019 totaled approximately DKK 52 billion (70). The mood among investors remains strong, however, and a shift in investor

TRANSACTION VOLUMES/YEAR, EUROPEAN PROPERTY MARKET



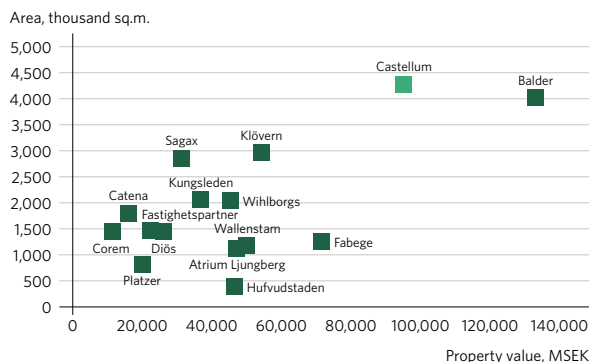
Source: CBRE

YEARLY TRANSACTION VOLUME SWEDEN AND INVESTMENT YIELD, MAJOR CITIES



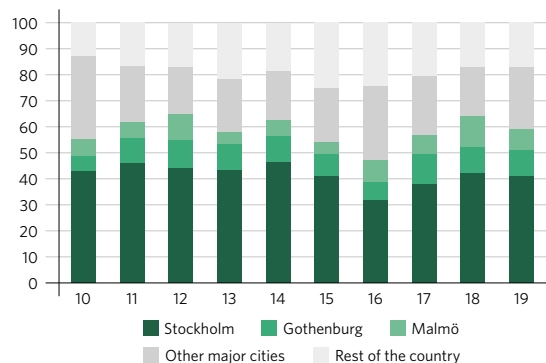
Source: Forum, JLL

PROPERTY HOLDINGS, LISTED PROPERTY COMPANIES



Source: Q3 2019 reports from the respective companies. Refers to companies with a property value of MSEK >3,000.

TRANSACTION VOLUME BY GEOGRAPHY



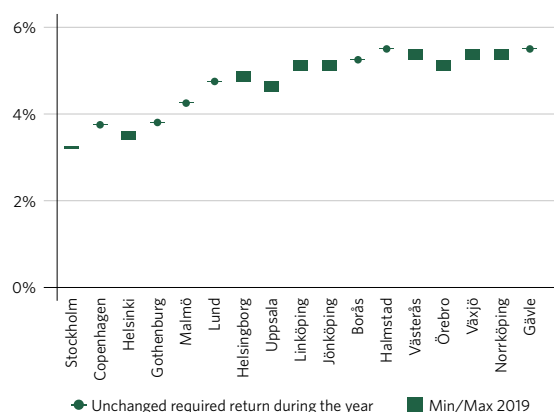
Source: Newsec

interest from the housing segment to the office segment has been noted. The required yield for offices in the CBD in Copenhagen remains stable at 3.75%.

In Finland, the transaction volume in the Finnish property market totaled approximately EUR 6.6 billion in 2019 (9.3). There is a great deal of demand among investors for the most

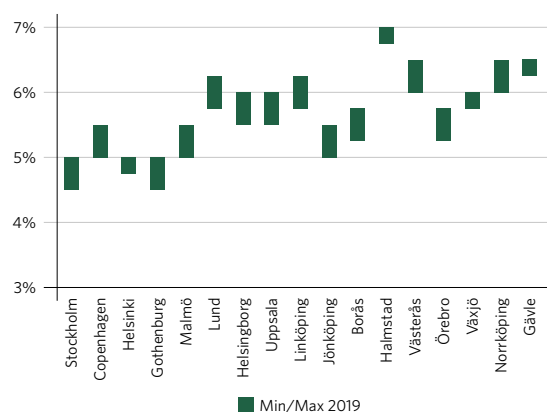
attractive objects, and the required yield for offices in the CBD is estimated to have fallen to 3.4%. Increased investor interest has been noted for secondary and development properties as well. The required yield in the Helsinki CBD has fallen approximately 1.5 percentage points since 2014, and is now nearly on a level with other Nordic capitals.

MARKET INVESTMENT YIELD - OFFICE



Investment yield 2019 (bars) according to Forum Fastighetsekonomi (Swedish cities) and JLL (Copenhagen/Helsinki) for a number of different geographical markets and segments in Castellum's portfolio.

MARKET INVESTMENT YIELD - WAREHOUSE/LOGISTICS



Investment yield 2019 (bars) according to Forum Fastighetsekonomi (Swedish cities) and JLL (Copenhagen/Helsinki) for a number of different geographical markets and segments in Castellum's portfolio.

DATA PER REGION

	Population	Population trend, 2010-2019 per year	Population trend, 2010-2019 avg no. of people/yr	Population trend, 2019	Studying at university/college	Employment growth, 2010-2019 per year	Unemployment, 2019	Growth total wages 2010-2019 per year	Growth total wages 2019	Growth total wages, forecast 2019-2027 per year
National	10,340,000	1.0%	100,900	1.2%	406,000	1.8%	7.4%	3.0%	1.9%	2.7%
Region West										
Greater Gothenburg	1,401,000	1.2%	15,300	1.5%	50,000	1.9%	7.4%	3.3%	2.1%	3.1%
Borås	113,000	1.0%	1,100	1.0%	9,000	1.8%	7.3%	3.1%	1.6%	2.2%
Halmstad	103,000	1.2%	1,200	1.7%	9,000	1.7%	8.3%	2.9%	1.9%	2.7%
Region Öresund										
Malmö	1,193,000	1.2%	13,800	1.6%	52,000	1.7%	13.9%	2.9%	1.9%	2.7%
of which Lund	125,000	1.4%	1,600	1.9%	35,000	1.4%	6.9%	2.4%	2.0%	2.9%
of which Helsingborg	148,000	1.4%	2,000	1.8%	-*	1.9%	10.9%	3.1%	2.0%	2.9%
Copenhagen	1,875,000	1.0%	18,000	1.0%	120,000	1.4%	4.4%	2.0%	1.1%	2.3%
Region Stockholm-North										
Greater Stockholm	2,818,000	1.7%	42,800	1.9%	88,000	2.1%	6.1%	3.4%	2.2%	3.2%
Uppsala	232,000	1.8%	3,700	3.2%	39,000	2.0%	6.1%	3.2%	2.0%	2.8%
Gävle	103,000	0.8%	800	1.2%	11,000	1.3%	9.9%	2.5%	1.5%	2.1%
Region Central										
Örebro	156,000	1.6%	2,200	2.0%	13,000	2.2%	8.4%	3.3%	1.9%	2.7%
Västerås	154,000	1.3%	1,900	1.6%	11,000	1.8%	9.0%	2.9%	1.8%	2.5%
Jönköping	141,000	1.1%	1,500	1.6%	13,000	1.8%	5.6%	3.0%	2.0%	2.8%
Linköping	163,000	1.2%	1,900	1.7%	23,000	2.0%	6.3%	3.0%	1.9%	2.8%
Norrköping	143,000	1.0%	1,400	1.2%	-**	1.7%	11.1%	3.0%	1.6%	2.3%
Växjö	94,000	1.4%	1,200	2.2%	28,000	1.7%	8.1%	2.8%	1.9%	2.7%
Region Finland										
Helsinki	1,292,000	1.4%	15,000	1.0%	53,000	0.9%	6.5%	1.7%	3.7%	2.5%

Source: Evidens, Statistics Sweden, the Swedish Public Employment Service, Statistics Finland, Statistics Denmark. *Campus Helsingborg included in Lund University. **Campus Norrköping included in Linköping University.

Rental market – office

Over the last few years, average annual growth in wages in the areas where Castellum operates has amounted to 3–3.5%. At the same time, yearly new production of offices represented only 1–1.5% of the total share of office space. In general, this has led to historically low vacancy rates in Swedish cities – especially in Stockholm and Gothenburg, which has led to growth in market rents. The rental market in Castellum's submarkets in Sweden remained positive in 2019. High demand and low supply of office space resulted in vacancy rates remaining low as well as strong rental growth. According to Newsec, the average rent in the CBDs of Stockholm, Gothenburg and Malmö increased approximately 7%, 4% and 4% respectively in 2019. In regional cities, demand for modern premises is strong, and rental growth in these cities is above all related to new production and a shift to newer properties from older portfolios.

Stockholm-North

In Stockholm, rental trends have been strong for a longer period, which continued in 2019 as well. The vacancy rate in the CBD is 1.5% and the average rent is estimated at approximately SEK 7,200 per square meter, while top rents in individual contracts in the best locations are over SEK 9,500 per square meter. The strong rental trend and lack of supply in the CBD have resulted in a strong rental trend in the rest of the inner-city area, as well as local suburban areas and Solna/Sundbyberg. The vast majority of total new production expected to be completed in 2019–2021 is in Solna/Sundbyberg and the local suburban areas, whereas the volume in central Stockholm is limited. It is estimated that approximately 50% of the volume to be completed in the next three years is already leased. Increased demand was noted in the rental market for office space intended for co-working.

The rental market in Uppsala remained strong in 2019, driven by increased demand for modern office premises and low vacancy rates, above all in the central districts. Vacancies in the suburban areas, which have been significant at times, also decreased sharply. The vacancy rate in the CBD is estimated to be under 2% and rents there have been quoted at over SEK 3,200 per square meter. Office rents in Gävle were also relatively unchanged or increased slightly during the year.

West

Activity levels in the Gothenburg rental market for 2019 were high, with increased leasing volumes, rental growth and falling vacancy rates. Short-term new production is limited and largely already leased. Top rents in the Gothenburg CBD are now approximately SEK 4,000 per square meter in contracts signed for the best locations.

In Halmstad and Borås, rents for offices remained unchanged or rose somewhat during the year.

Öresund

In Malmö, rents for modern offices in good locations trended upward in 2019. Top rents in individual contracts signed for the best locations were at levels over SEK 3,500 per square meter. Vacancy rates fell in several of the Malmö submarkets during the year. The selection in Malmö is expected to increase some-

what moving forward, as Newsec estimates that a new production volume of approximately 2.5–2.7% of the office stock will be completed in 2019 and 2020 respectively, compared with a historical average of 1.5% of office stock.

Rents in Lund rose slightly during the year, though vacancy rates remain relatively high. The rental trend in Helsingborg was somewhat positive during the year. There is a shift here from older offices to new production and modern premises.

Central

The rental trend in Jönköping and Örebro was positive, driven by strong demand and an active business community as well as higher rental levels in new production.

As regards Linköping, Norrköping and Västerås, demand is relatively high with gradually falling vacancy rates. Above all, there are vacancies in the older portfolio and class B locations, whereas demand for modern, space-efficient premises is strong; rising rental levels have been noted here.

In Växjö, rental levels were relatively stable or rose slightly during the year.

Copenhagen

In Copenhagen, rents in the CBD increased approximately 2–3% in 2019. Modern offices in attractive locations in Copenhagen are pushing rents upward. The high level of access to land and development rights in and around the city, however, is a limiting factor for rent potential. The new 16-kilometer M3 City Ring subway line opened in 2019, connecting Vesterbro, Nørrebro and Østerbro with Frederiksberg and the historic city center. Rental growth in the properties close to the new subway stations is strong.

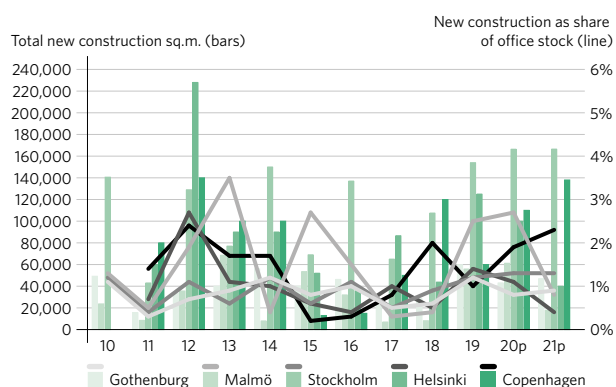
Helsinki

The rent levels for offices in the Helsinki CBD continued to increase in 2019, up around 4% to new record levels. Strong demand has spread from the CBD in Helsinki to the surrounding areas, with rent increases as a result. Pasila and Kalasatama are examples of areas undergoing significant development activity, which also benefits neighboring areas such as Vallila and Sörnäinen. Vacancy rates remain high in secondary areas, however, as well as in properties of lower quality.



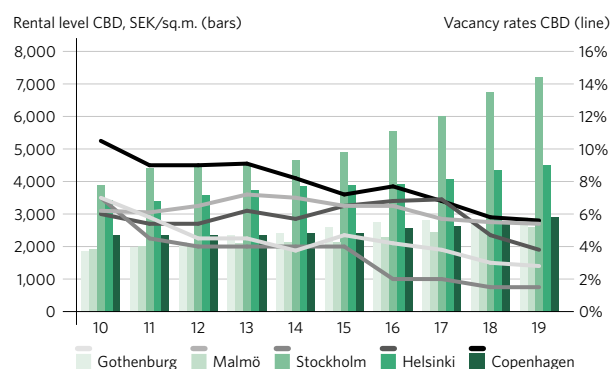
Arcam, Gothenburg

NEW PRODUCTION, OFFICE

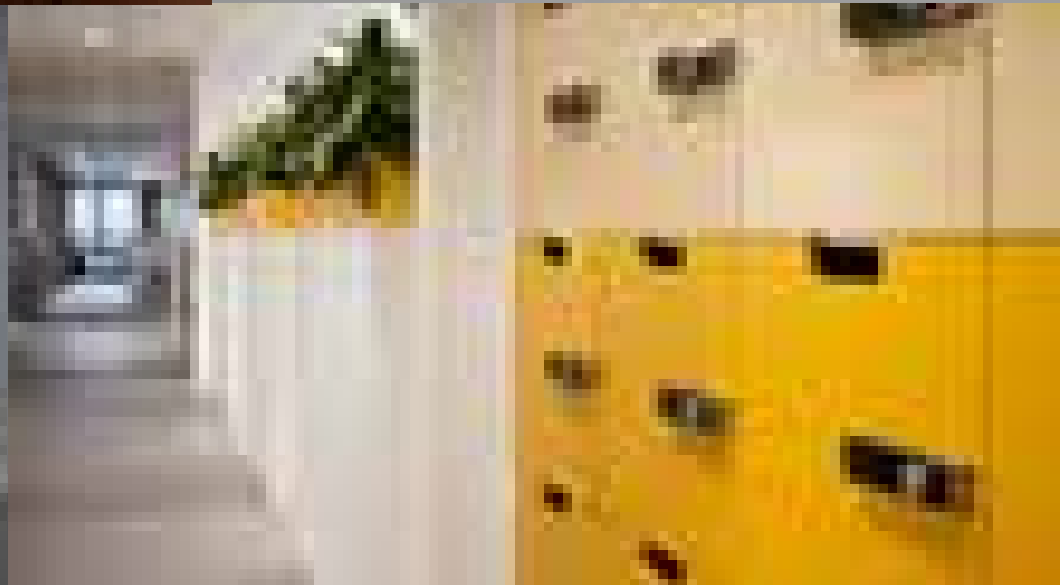
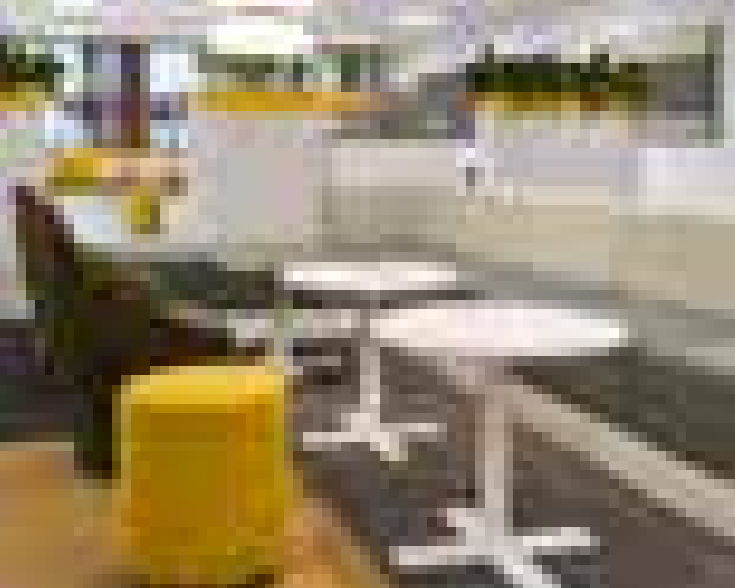


Source: Newsec

RENTAL LEVELS AND VACANCY RATES, MAJOR CITIES



Source: Newsec, JLL, KTI



Flexible spaces and environmental focus determined the choice of premises

In May 2019, four Örebro local government administrations – 330 people in all – moved into completely new office premises in the environmentally certified Citypassagen building.

“The shared focus of our work is on the community planning process, and our employees need open premises that are suited to collaboration. Our former premises didn’t provide the same possibilities for efficient collaboration,” says Henrik Bengtsson, project manager and Administrative Director for Örebro Municipality.

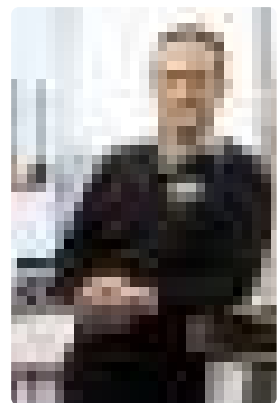
In close partnership with Castellum, Örebro Municipality has developed a modern, activity-based office in the Citypassagen building with different zones where employees themselves can choose where they’re going to work in accordance with what fits best with the day. Four local government administrations – the Environmental Office, Technical Administration, the Planning Department and the Culture and Leisure Administration all work over three floors in a centrally located building, near public transportation hubs.

“Our ground floor has a welcoming reception desk and meeting rooms of various sizes to receive outside guests. Both the upper floors are internal work areas, with a large variety of workspaces.

The design of the premises has made more efficient collaboration across organizational boundaries possible, and provides a better work environment.

“The fact is, we have nearly one third less total area here that we did previously. At the same time, we have an airy, inviting work environment that facilitates collaboration, encourages flexible and mobile working methods and has better access to meeting rooms than before,” Henrik Bengtsson says.

Citypassagen was built with a major focus on the environment and sustainability. Solar panels supply the building with energy, and rainwater is collected and re-used for flushing toilets. As a service to the people working in the building, there is a bicycle garage in the basement with toilets and showers.



*Henrik Bengtsson,
project manager and Administrative
Director for Örebro Municipality.*

“The sustainability thinking in Citypassagen is tremendously appreciated, and it’s something we’re proud to talk about. In combination with our modern premises and the central location, we also hope to make ourselves an attractive employer,” Henrik Bengtsson says.

Rental market – logistics

Strong underlying factors drive demand for logistics properties in strategic locations around the Nordic region where Castellum has a presence. The most important factors impacting the logistics market are the move from retail space to warehouse space owing to increased e-commerce, urbanization and globalization.

Growth in Swedish e-commerce in 2018 and 2019 was approximately 16 percent (HUI Research), where e-commerce represented approximately 10% of total retail sales. Fast-moving consumer goods represented 40% of total retail sales, in which fledgling e-commerce (digitally speaking) represents barely 2% of total sales. We will see interesting acceleration over the next few years in this segment. Historically, when e-commerce in an individual channel passed 15% of retail in an industry, all future growth has taken place in that channel. A number of different market segments have already passed this limit, and fast-moving consumer goods are expected to pass this level between 2030 and 2035.

The map is being redrawn

Altered consumption patterns through the growth of e-commerce have redrawn the map of where and how logistics properties grow. Demands for shorter delivery times, a shift from retail space to logistics space and an increase in the growth of consumption – driven entirely by e-commerce (HUI Research, 2019). In addition, e-commerce more often requires a significantly larger construction area than other market segments as returns processing, the number of items and so on are examples of factors that have an impact.

Strategic locations are a value creator

Increased demand for rapid, sustainable deliveries have resulted in a focus on locating warehouse space closer to consumers in major cities. Increased focus on total logistics costs have

reinforced this structural change, in which strategically located logistics premises are regarded as a value creator and not simply as a premises cost. Reductions in distribution and handling costs of 1 percentage point correspond to a 15 to 20% decrease in rental costs (Prologis Research 2019).

Demand remains high

The selection of logistics facilities does not currently meet demand, which means that rental trends in Castellum's logistics facilities have been positive. Approximately 600,000 square meters of logistics space were completed in Sweden in 2019, and the prognosis for 2020 indicates the production rate will remain high.

Castellum can offer broad solutions

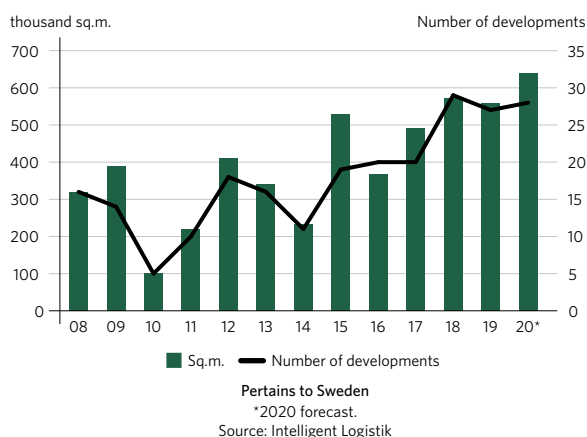
Demands from consumers for shorter turnaround times mean that interest in warehouses further from central city locations will increase. These are located adjacent to the major cities, positioned to facilitate efficient distribution and to provide services. They should be easy to reach by public transportation. Castellum's logistics portfolio contains a large number of these types of logistics facilities, which creates opportunities and offers a broad solution for tomorrow's logistics customers.

Castellum is also part of several initiatives around city logistics, in which one of the aims is to create attractive inner-city and urban environments as well as efficient services for our tenants.

Land acquisitions in strategic cities

Turnaround times, from inquiry to occupancy, remain a critical factor for businesses in the logistics segment, where the solution for managing this is the control of construction opportunities in strategic locations. Through its land acquisitions in strategic cities, ground preparation and construction without tenants, Castellum has created possibilities for meeting these demands. This will provide Castellum with long-term advantages in a very interesting market.

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





Sketch: Örnäs, Upplands-Bro

The Nordic region's most attractive logistics hub are being established here



In December 2018, Castellum acquired Säve airport, thus gaining access to a fantastic development area encompassing more than 3 million square meters of land close to the Nordic region's largest harbor, industries, national transportation links and the city of Gothenburg.

HEAR HANS SAHLIN TALK MORE ABOUT SÄVE IN CASTELLUM'S DIGITAL ANNUAL REPORT

"Gothenburg is one of Castellum's Nordic region focus areas as regards establishing new logistics properties. The challenge here has been access to improvable land in areas of interest. In the Säve region, we now have the long-term opportunity to develop and establish modern logistics facilities in the Nordic region's most attractive location," says Hans Sahlin, Unit Manager for Logistics at Castellum AB.

Gothenburg has been Sweden's best logistics location every year since 2005; 70% of Scandinavia's total industry and population lie within a radius of 500 kilometers from the city. In pace with growth in Gothenburg and the region, the need for land for industry and logistics has markedly increased; the corridor from the harbor to Säve is a very attractive location for future logistics facilities and heavier industry.

The size of the area makes the establishment of several different sectors possible. In addition to pure logistics facilities, the intent is to establish a mix of different companies to create a vibrant environment where the links to existing infrastructure around air transportation can create possibilities.

"The area around Säve airport is a location of interest for a number of different players and industries such as, for example, e-commerce, logistics companies, fast-moving consumer goods and the automotive industry. The size of the land area makes establishing business clusters within the same industry possible, which creates synergies," Hans Sahlin says.

The growing e-commerce sector has also played a role concerning demand for logistics premises in the right geographic locations, close to consumers in the region. In addition, e-commerce imposes other requirements on logistics facilities than traditional operations do. Above all, larger floor areas are needed.

"There is a clear need to be close, geographically, where these types of premises are concerned. Consumers are used to rapid delivery, and the physical location can make this possible," Hans Sahlin explains.

Within a ten-year period, Castellum plans to develop the area in stages, creating an 800,000-square-meter logistics hub with modern logistics and operations premises. Long-term

development of the area will require new detailed development plans, and the hope is that the initial plan will be approved and ready to facilitate the start of construction in 2021.

"Our vision is for 5,000 to 8,000 people to have their workplace in the area once it is fully constructed," Hans Sahlin says.

In parallel with the long-term development of the area, Castellum plans to create an innovation cluster for future sustainable transportation and mobile solutions. A test bed for the vehicle industry, where driverless and electric vehicles can be tested and developed, will be established in the Säve area. There are also plans to create large areas for a solar cell installation.

The size of the area will also place demands on innovation as regards infrastructure and sustainability, as well as smart controls and innovative technology – for example, electric transportation and cross-docking using drone technology. To develop the area in accordance with future demands, Castellum has hired Ulf Östermark as a full-time business developer for the Säve area.



Castellum's operations

Every day, some 250,000 people go to work in our properties, and make a difference. In our properties business can be conducted, and goods and flows can be optimized and moved out to end consumers while people feel at home in workplaces where they can develop. Castellum's business model is built on investing in and developing commercial premises managed by a decentralized and customer-centric organization. Castellum focuses on cash flow and operates with low financial risk.



Castellum's earnings in 2019

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

Castellum owns 632 properties in Sweden, Copenhagen and Helsinki, encompassing 4.3 million square meters of office and logistics space. Our properties can be found in city center locations and well-situated business districts, with excellent public transportation and services. Castellum works with a long-term perspective; its strategy for growth includes continually refining and developing its property portfolio by investing in new construction, expansions and reconstructions, as well as making new acquisitions. The purpose of the investments is to improve cash flow, thereby increasing the value of the properties. New projects are gradually added through acquisitions of both development properties and unutilized development rights.

Our operations comprise three different areas:

Property management

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

Project development

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

Transactions

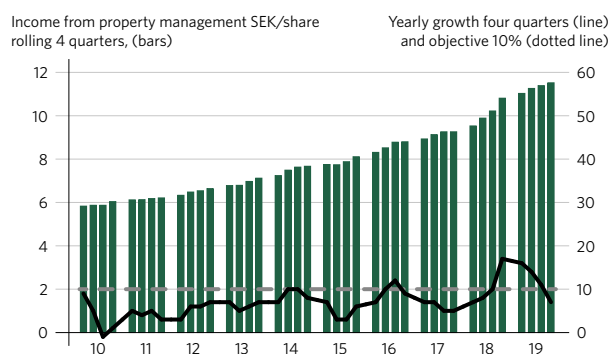
We are continually developing our property portfolio in order to strengthen Castellum's position as the leading player in Nordic growth cities.

Castellum's earnings in 2019

Income from property management

Income from property management (i.e. net income excluding acquisition and restructuring costs, changes in value and tax) for the year amounted to MSEK 3,146 (2,952), equivalent to SEK 11.52 (10.81) per share – an increase of 7%. Changes in property values over the year amounted to MSEK 3,918 (5,216) and on derivatives to MSEK -111 (152). Net income for the year amounted to MSEK 5,650 (7,453), equivalent to SEK 20.68 (27.28) per share.

Income from property management per share



Segment information

MSEK	Income		Income from prop. mgmt	
	2019	2018	2019	2018
Central	1,504	1,408	815	712
West	1,328	1,227	749	665
Öresund	1,176	1,122	665	602
Stockholm-North	1,651	1,795	1,008	1,012
Finland	58	25	22	10
Co-working	104	-	1	-
Total	5,821	5,577	3,260	3,001

The difference between the income from property management of MSEK 3,260 (3,001) above and the Group's recognized profit before tax of MSEK 6,765 (8,320) consists of unallocated income from property management of MSEK -114 (-49), acquisition and restructuring costs of MSEK 9 (-), impairment of goodwill of MSEK 179 (-), changes in values on properties of MSEK 3,918 (5,216) and change in values on derivatives of MSEK -111 (152).

Revenue

The Group's income amounted to MSEK 5,821 (5,577), equivalent to an average economic occupancy rate of 92.6% (93.2%) including discounts of MSEK 90 (87). This rental income includes a lump sum of MSEK 16 (14) as a result of early termination of leases. Moreover, Castellum acquired the co-working company United Spaces in 2019, which brought income of MSEK 104 in the first quarter.

Earnings trend

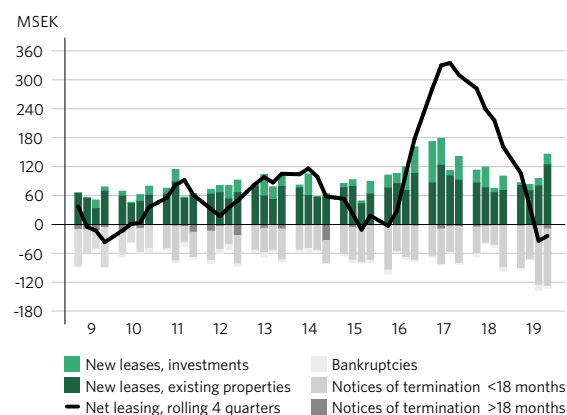
MSEK	2019	2018	Change, %
Like-for-like holdings	5,047	4,832	4.4%
Development properties	301	172	-
Transactions	369	573	-
Co-working	104	-	-
Rental income	5,821	5,577	4.4%

The 4% increase in the like-for-like portfolio pertained primarily to higher rental levels, to which increased property tax contributed approximately 0.8 percentage points. Gross leasing (i.e. the annual value of total leasing) during the period was MSEK 411 (408), of which MSEK 56 (109) pertained to leasing of new constructions, extensions and reconstructions. Notices of termination amounted to MSEK 435 (247), of which bankruptcies were MSEK 16 (11) and MSEK 18 (19) were notices of termination with more than 18 months remaining length of contract. Net leasing for the period was thereby MSEK -24 (161). The time difference between net leasing and its effect on income is estimated to be between 9 and 18 months, and 12 to 24 months for investments in new constructions, extensions and reconstructions.

Net leasing

	Region						
MSEK	Central	West	Öresund	Stockholm	North	Finland	Total
New leases							
Existing properties	88	55	68	140	4	-	355
Investments	1	14	23	18	-	-	56
Total	89	69	91	158	4	-	411
Terminated							
Terminated	-125	-115	-52	-112	-3	-12	-419
Bankruptcies	-8	-2	-	-6	-	-	-16
Total	-133	-117	-52	-118	-3	-12	-435
Net leasing	-44	-48	39	40	1	-12	-24
In 2018	59	58	19	18	7	-	161

Net leasing per quarter



Operating expenses

Direct property costs totaled MSEK 1,235 (1,258), corresponding to SEK 293/sq. m. (288). In addition, expenses for co-working totaled MSEK 99.

An assessment for taxes on real property took place in Sweden, which led to higher assessed values resulting in higher property tax of approximately MSEK 50 on an annual basis. A large part of the property tax will be charged onward to the customer, however, with higher rental income as a result. The effect on earnings will thus be extremely limited.

Property administration totaled MSEK 374 (374), corresponding to SEK 92/sq. m. (90). Central administrative expenses



totalled MSEK 163 (158), including costs related to the earnings and share price-related incentive plan for members of Executive Management of MSEK 10 (18) as well as innovation expenses of MSEK 23 (16). Acquisition costs of MSEK 9 were attributable to the purchase of United Spaces.

Development of property costs

MSEK	2019	2018	Change, %
Like-for-like holdings	1,068	1,047	2.0%
Transfer of site leaseholds	-	23	
Development properties	66	55	
Transactions	101	133	
Direct property costs	1,235	1,258	-1.8%
Co-working	99	-	
Property admin	374	374	
Central administration	163	158	
Total property costs	1,871	1,790	4.5%

Property costs

SEK/sq. m.	Offices	Public sector properties	Ware-house/logistics	Light industry	Retail	2019 Total	2018 Total
Operating expenses	217	185	102	113	149	166	173
Maintenance	49	42	23	29	30	38	38
Property tax	135	106	29	28	73	88	73
Total property costs	401	333	154	170	252	292	288
Leasing and property administration						92	90
Total	401	333	154	170	252	384	378

Net financial items

Net interest items totalled MSEK -782 (-835) and the average interest rate level for the period was 2.0% (2.2%). Net interest was positively affected by approximately MSEK 65 due to the 0.2 percentage point decrease in the average interest rate. Moreover, costs for site leasehold fees and to some extent leases will be recognised as financial expenses starting in 2019. Costs for these items during the year totalled MSEK 22.

Property value and changes in value

2019 was marked by continuing stability in the property market, with stable to rising prices as a result. There was a particular interest in logistics facilities, centrally located office properties in large cities and properties with secure cash flows. This, together with a healthy rental market and project gains, means that Castellum recognized an unrealized change in value during the period of MSEK 4,276, corresponding to a 4.7% increase in value.

Additionally, a realized change in value of MSEK -358 was recognized, attributable to the sale of 28 properties for MSEK 4,138 less overhead costs and deferred tax totaling MSEK 220. The underlying property price, which accordingly amounted to MSEK 4,358, was therefore MSEK 138 below the valuation. Since the sale was conducted through a corporate wrapper, it is also recognized as deferred tax income of approximately MSEK 468. These sales mean that Castellum has left Sundsvall, as well as Vaggeryd outside of Jönköping. In addition, a portfolio of retail properties in Uppsala has been sold. Since each 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 changed by MSEK -111 (152), mainly due to changes in long-term market interest rates.

Changes in value, properties

MSEK	2019	2018
Cash flow	1,638	2,093
Project gains/building rights	532	751
Required yield	1,742	2,439
Acquisitions	364	43
Unrealized changes in value	4,276	5,326
As %	4.7%	6.3%
Sales	-358	-110
Total	3,918	5,216
As %	4.3%	6.2%

Average valuation yield, MSEK

(excl. developments/land and development rights)	2019	2018
Net operating income, properties	4,455	4,249
+ CPI/Index 2020	94	130
+ Real occupancy rate, at the lowest 94%	228	190
- Property admin, SEK 30/sq. m.	-128	-132
Normalized net operating income	4,649	4,437
Valuation (excl. building rights of MSEK 520)	90,614	84,106
Average valuation yield	5.1%	5.3%

Income over time

Income from property management over the past ten years shows stable development and has grown by an average of 7% per year. However, changes in property value have been volatile over the past ten years with an annual average growth of 3.3%, which is above the inflation rate (approximately 1.1%) for the corresponding period.

Tax

Recognized tax totals MSEK 1,115, of which MSEK 165 is tax paid. For more information on tax, see pages 108-109.

KEY PROPERTY-RELATED METRICS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Rental value, SEK/sq. m.	1,495	1,407	1,341	1,304	1,095	1,064	1,036	1,015	995	974
Economic occupancy rate	92.6%	93.2%	90.9%	91.3%	90.3%	88.7%	88.4%	88.6%	89.3%	89.0%
Property costs, SEK/sq. m.	384	378	366	376	316	307	307	298	300	298
Net operating income, SEK/sq. m.	1,001	933	853	816	673	637	608	601	589	569
Property value, SEK/sq. m.	22,363	20,417	18,268	16,558	12,282	11,118	10,285	9,916	9,835	9,499
Number of properties	632	647	676	665	597	583	626	635	617	598
Leasable area, thousand sq. m.	4,255	4,283	4,381	4,292	3,392	3,329	3,623	3,621	3,411	3,311
Average valuation yield	5.1%	5.3%	5.5%	5.8%	6.5%	6.9%	7.2%	7.3%	7.2%	7.2%

Income from property management over the past ten years shows stable development and has grown by an average of 7% per year.

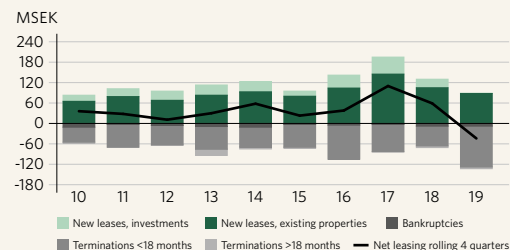
Castellum's markets

REGION CENTRAL

ÖREBRO, JÖNKÖPING, LINKÖPING, NORRKÖPING, VÄSTERÅS AND VÄXJÖ

	2019	2018
Share of the property value, %	24	22
Number of properties	178	177
Area, 000 sq. m.	1,178	1,136
Value of properties, MSEK	22,908	19,396
Rental value, MSEK	1,663	1,461
Net operating income, MSEK	1,161	1,026
Net investments, MSEK	2,214	656
Net leasing, MSEK	-44	59
Employees	87	90

NET LEASING

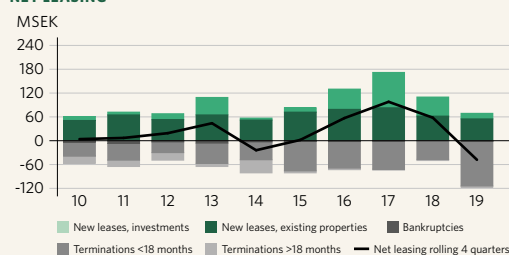


REGION WEST

GREATER GOTHENBURG, BORÅS AND HALMSTAD

	2019	2018
Share of the property value, %	24	22
Number of properties	203	200
Area, 000 sq. m.	1,223	1,189
Value of properties, MSEK	22,411	19,909
Rental value, MSEK	1,451	1,292
Net operating income, MSEK	1,071	915
Net investments, MSEK	1,757	614
Net leasing, MSEK	-48	58
Employees	83	78

NET LEASING

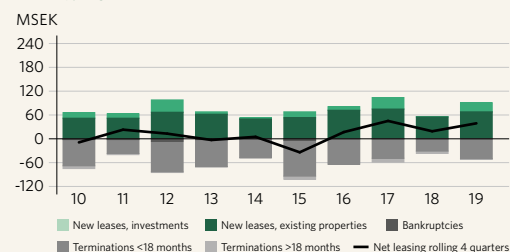


REGION ÖRESUND

MALMÖ, HELSINGBORG, LUND AND COPENHAGEN

	2019	2018
Share of the property value, %	19	19
Number of properties	112	108
Area, 000 sq. m.	868	803
Value of properties, MSEK	18,626	16,890
Rental value, MSEK	1,324	1,252
Net operating income, MSEK	912	856
Net investments, MSEK	1,022	390
Net leasing, MSEK	39	19
Employees	62	47

NET LEASING



REGION NORTH*

GÄVLE (INCLUDING SUNDSVALL, 2018)

	2019	2018**
Share of the property value, %	2	6
Number of properties	12	30
Area, 000 sq. m.	104	259
Value of properties, MSEK	2,080	5,488
Rental value, MSEK	155	408
Net operating income, MSEK	114	292
Net investments, MSEK	-3,274	76
Net leasing, MSEK	1	7
Employees	6	17

NET LEASING

MSEK	2019	2018
New leases, existing properties	4	15
New leases, investments	-	-
Bankruptcies	-	-
Terminated <18 months	-3	-8
Terminated >18 months	-	-
Net leasing, annual value	1	7

FINLAND

HELSINKI

	2019	2018
Share of the property value, %	1	1
Number of properties	1	1
Area, 000 sq. m.	14	14
Value of properties, MSEK	859	819
Rental value, MSEK	53	52
Net operating income, MSEK	46	40
Net investments, MSEK	1	830
Net leasing, MSEK	-12	-
Employees	1	-

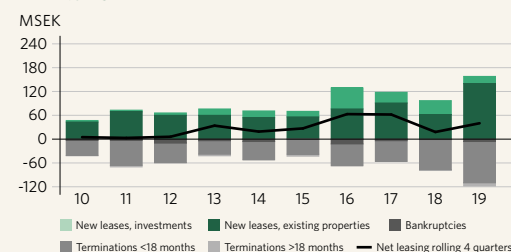
NET LEASING

MSEK	2019	2018
New leases, existing properties	-	-
New leases, investments	-	-
Bankruptcies	-	-
Terminated <18 months	-12	-
Terminated >18 months	-	-
Net leasing, annual value	-12	-

REGION STOCKHOLM*

GREATER STOCKHOLM AND UPPSALA

	2019	2018
Share of the property value, %	30	30
Number of properties	126	131
Area, 000 sq. m.	868	882
Value of properties, MSEK	28,284	26,666
Rental value, MSEK	1,531	1,482
Net operating income, MSEK	1,173	1,141
Net investments, MSEK	245	90
Net leasing, MSEK	40	18
Employees	73	63

NET LEASING

*Region Stockholm-North is accounted for as two separate sections in this annual report, as market conditions differ significantly.
 **The property portfolio in Sundsvall was sold in a barter transaction on January 22, 2019.

The customer journey at Castellum

Castellum has more than 5,700 customers – all with unique needs and wishes for premises. We view the customer journey as a circular one, constantly in progress and developing. From our side, it's a matter of getting our customers to continue choosing Castellum, regardless of whether they stay in the same premises over time or if their need for space changes.

In every city where we operate, we have local teams consisting of lessors, commercial administrators,

technical administrators and property managers, close to our customers. They follow our tenants in their daily work, and together they conduct dialogues on everything from daily administration to requirements for reconstruction.

In addition, we at Castellum have our own experts when it comes to fire prevention, energy efficiency, sustainability and digitalization. We deliver service so our customers can focus on their business.

BEFORE

When a need for new premises emerges, **our lessors chart the customer's specific needs**. It may be an existing customer who has grown out of their premises, or a new customer who is either trying to establish themselves in one of our cities or looking for something new. Our offering includes offices, logistics and warehouse premises of every size and location.

We match against our offering and present available properties. If existing premises are involved, we look to see if the premises need to be adapted. If on the other hand new production is involved, we work closely with the customer right from the early stages until it is time to move in. If co-working is involved, United Spaces' sales executives will point the way to the right kind of subscription, in which flexibility and access to service offerings are important factors. A co-working agreement can be very easily combined with a normal lease.

SUPPLEMENTARY SERVICES

We can also provide service offerings for a number of our properties. They are all different, with several possibilities for tenants who are leasing new production. It could be a matter of **advisory services** that ensure the office areas are optimized in accordance with the tenant's specific needs. It also concerns **services** that simplify the workday for tenants and for everyone who goes to work in our premises every day: everything from smart mailboxes where you can pick up your online shopping deliveries to charging stations for electric cars in the basement. We also offer exciting solutions such as outdoor offices and other services that promote well-being and more active lifestyles – something that has roused ever greater interest among our customers.

DECISION

Once our customers have decided to choose us, we sign an agreement. These are different, depending on the property type, and can vary as regards length of the contract and commitments on the tenant's part. Leases from United Spaces are offered in a subscription format, which differs from normal leases as regards structure, flexibility and length of contract. Lease periods vary, depending on conditions. **A lease in an existing property often expires after 3-5 years, whereas leases for new production are longer.** Co-working via United Spaces have shorter contract lengths.

NEW NEEDS

The customer journey is a circular one, and when new or changed needs emerge, we can continue it together. Our size and extensive property portfolio means that the customer can remain our tenant, regardless of whether their operations grow or shrink, move to another city or expand with a new establishment. For our larger customers, there are opportunities to tailor solutions adapted to their specific needs. Examples of this kind of project are the now-completed regional office with associated stores for Ahlsell in Mölndal. With United Spaces, we can also offer our customers flexible transition solutions for those who, for one reason or another, need access to office space on short notice.

TENANTS' EMPLOYEES

All together, our customers have **250,000 employees going to work every day in our premises**. We see this as a unique opportunity to pursue development of premises together, regardless of whether it's an office in the middle of the city or a strategically located logistics space close to one of the country's major highways. For our tenants' employees, we offer a range of different services that simplify their working day. Over the last few years, Castellum has focused on activities that promote health and are aimed at a more active lifestyle at work. Some examples of this are the WorkOut outdoor office concept and WELL certification of part of our new production. The WELL standard is based on seven concepts that affect health: air, water, lighting, sound, diet, exercise and wellness.

BEING A CASTELLUM TENANT

Being our tenant should be easy. We provide the premises, and want to give you the service you need in order to achieve your business goals. **We have an attentive administration, and personal meetings are important to us.** That is why we prioritize having our customer teams close by our customers, and it is also why we have chosen to have our own property managers. We also have general Key Account Managers for our largest tenant customers in several cities, as well as expertise as regards the public sector property customer segment. We work continually on developing our customer journey by measuring, evaluating and monitoring so as to become even better. We have our central business system, customer surveys and an ongoing customer dialogue to help us.

Castellum's customer portfolio and business focus

5,700

contracts

MSEK 5,120

lease value

Castellum has a large contract portfolio consisting of approximately 5,700 commercial contracts. Our lease portfolio features a good risk exposure in which both the single largest lease and the single largest customer account for approximately 2% of the Group's total rental income, meaning that Castellum's exposure to single-customer credit risk is very low.

Our customers are found in every industry, and we are represented in many different segments. This means a healthy risk spread as regards geography, type of premises, contract size and tenor. The average lease length for Castellum customers is 4.0 years.

Government agencies and departments are one of Castellum's largest customer groups, providing a stable and secure income based on customer type and their longer average lease tenors. The logistics segment has a broad, strong customer portfolio with a healthy spread of longer and shorter leases. The breadth of Castellum's premises solutions ensures growth opportunities in its existing property portfolio for our customers, and enables strong rental growth.

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 as the need for "last mile" premises in our cities is growing.

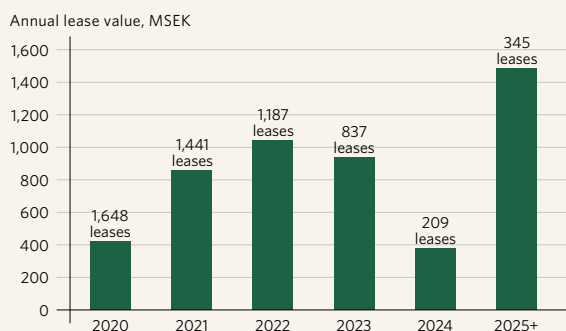
Staying close to customers - an important success factor

Castellum's organization, with a local presence in 17 cities in Sweden as well as Helsinki and Copenhagen, provides close relationships with customers and short decision-making processes. Castellum employees work close to the market, which means natural access to fresh information about tenants' current and future needs as well as developing trends. Customers can thereby be offered premises suited to their requirements and benefit from optimal personal service and quick answers. As one of the largest property owners in its respective local markets, Castellum collaborates with municipalities and local networks - corporate associations, for example - to be an active urban developer that creates attractive work environments for its customers.

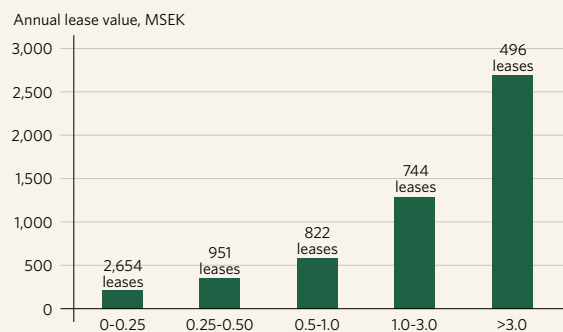
Green leases

Commercial leases are generally signed for three to five years with a nine-month notice

LEASE MATURITY STRUCTURE



DISTRIBUTED BY CONTRACT SIZE



period, and are paid quarterly, in advance. The rent level can change when the lease in question is due for renegotiation.

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

Castellum offers green leases to both current and new customers. These are collaboration agreements aimed at reducing the total environmental impact of our premises. At present, Castellum has 131 green leases covering 285,000 square meters.

Castellum listens to its customers

Positive, long-term customer relationships are of crucial importance for creating growth, and customer surveys are conducted regularly. Castellum also conducts a more comprehensive annual survey, the Customer Satisfaction Index (CSI), through an external contractor. The survey carried out in 2019 included offices, retail, warehouses and logistics and covered a majority of Castellum's major customers in all

regions. The survey shows continued consistent high marks for Castellum, with a total index of 77 on a scale of 0 to 100. This is higher than the industry benchmark of 75 (73).

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

Out of the subcategories surveyed, Castellum returned the highest index in service-mindedness, just as it has over the last few years. The category includes parameters such as personal attention, service and accessibility. Seven out of ten customers who responded to the survey stated that they would be happy to continue their partnership with Castellum. The outcome of the CSI survey serves as an aid for follow-up and a basis for the continual improvement efforts in progress to create even more satisfied customers.

644

new contracts

27%

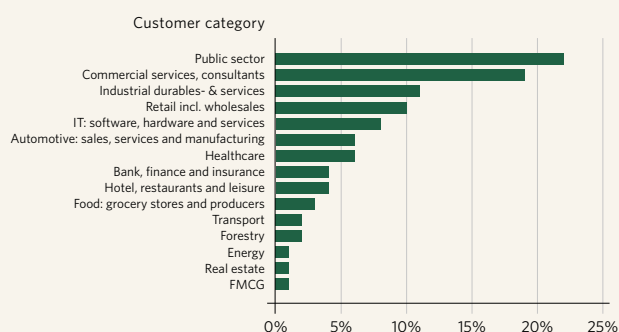
contracts through own contacts

MSEK

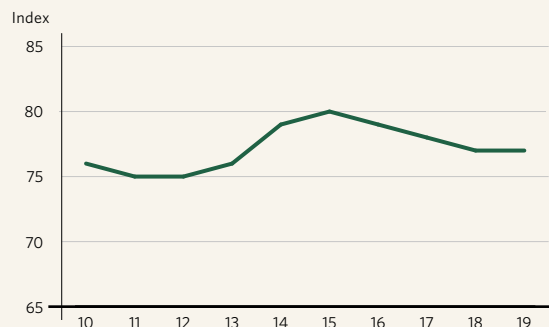
411

annual value new leases

COMMERCIAL LEASES DISTRIBUTED BY SECTOR



CUSTOMER SATISFACTION INDEX







Online retailer Jollyroom is growing with Castellum

In Gothenburg's Hisingen Logistics Park, Jollyroom is developing the Nordic region's largest automated e-commerce warehouse – encompassing nearly 55,000 square meters – in partnership with Castellum.

“Castellum has helped us centralize our warehouse and our logistics in one of Gothenburg's best locations, just a few minutes from the Port of Gothenburg,” says Cecilia Olsson, Logistics Manager at Jollyroom.

Jollyroom is an online retailer that in just a few years has gone from SEK 80 million to SEK 1 billion in sales. With 80,000 items in its product range and nearly 10,000 orders a day, the secret behind the company's success is its logistics and its efficient flow of goods from factory to customer.

When the company's solid pace of growth finally required a more long-term logistics solution, Jollyroom was given the opportunity to develop a centralized, automated e-commerce warehouse at the right location in partnership with Castellum.

“Castellum offered the best solution, with several different warehouse spaces within walking distance of Hisingen Logistics Park. The location is easily accessible for transports, and is strategically situated between Oslo and Copenhagen. And it's perfect for us, given that we receive 70 percent of our cargo from the Port of Gothenburg,” Cecilia Olsson says.

In her opinion, the possibility of bringing the operation together in Gothenburg was also important from a staffing perspective.

“We didn't want to risk losing crucial competence by having to move our operations somewhere else. Our staff is the most important thing we have,” she says, and continues:

“Moreover, we have possibilities for expansion. When we need to, we'll be able to quickly scale up the warehouse, which makes our daily work a lot simpler.”

Innovation

The innovation laboratory

In 2017, Castellum took on the challenge of becoming an industry leader in digitalization by 2020. It was the starting shot for one of the property industry's first innovation labs for digital services development. In 2019, the focus has been on expanding internal innovation efforts and continuing to bring projects from the innovation lab into services in Castellum's offering. This is an important stage in Castellum's strategy of increasing its level of service through developing services that make daily life easier for customers and the 250,000 people who work in our properties.

Data-driven knowledge through AI

One area the innovation lab is working on is artificial intelligence (AI). Extensive work was begun in 2019 to develop the self-learning buildings of the future using AI, where the building itself will make decisions regarding necessary actions. The aim is to enhance the efficiency of operation, reducing energy use and creating possibilities for digitized maintenance. Services are also being developed using AI that will facilitate daily life for Castellum's customers and their employees.

Accessy - a digital platform

In the spring of 2019, Castellum started the joint company Accessy together with a number of leading property companies and the Fastighetsägarna industry association. The goal of this initiative is to create an independent operator for developing digital keys.

Accessy is a digital platform that property owners can use to easily assign access, rights and authorizations for locked areas such as offices, meeting rooms, premises or apartments. Accessibility for other services such as logistics, deliveries, alarm services, waste management and more can also be managed with this solution. Security is increased in addition to improved functionality, since better control is obtained over who is allowed into the property and when.

"Current access solutions for properties consist of closed systems, which make them difficult to manage and impede development. This new platform for digital keys we want to build could most easily be described as the equivalent of Swish, the mobile payment service. Digital keys will make life easier for our customers and ourselves as property owners. It also provides good conditions for creating new smart phone services for our customers," says Niclas Ingeström, CDO of Castellum.



Increased focus on service

In addition to the work on developing such services as Accessy, Matilda (see below) and Instabox, a digital platform for the service offering is also being developed. This digital platform will allow booking work spaces and meeting rooms and offer various services, as well as creating networks and business opportunities through contact with other companies.

"It's necessary for us to live up to our current and potential customers' expectations if we are to be successful over the long term."

Henrik Saxborn, CEO of Castellum

"We are focusing heavily on developing services that facilitate daily life for all 250,000 people working in Castellum's properties. In the office of the future, we see Castellum as a service provider that can offer IT services, furnishing and services as a space," Niclas Ingeström says.

European expert group

During the year, Castellum was inducted into a European group of experts on sustainability and innovation that was originally formed in 2017 by the property companies Alstria, COIMA RES, Colonial, Gecina, Great Portland

Estates and NSI. Castellum is the only Nordic property company to earn a place in this forum. The aim of the group is to create a joint knowledge platform to share experience and studies in sustainability and innovation from the respective member markets: Germany, Italy, Spain, the UK, the Netherlands and now the Nordic region as well.

"We are extremely proud of being included in this exclusive group, with experienced colleagues in the industry from around Europe. I believe we all have much to gain from collaborating on finding new, innovative solutions that could benefit the operations of our respective companies as well as the property industry in Europe as a whole. We all face the same environmental, social and financial challenges – as well as digital one, with regard to new technology," says Henrik Saxborn, CEO of Castellum.

"It's necessary for us to live up to our current and potential customers' expectations if we are to be successful over the long term. That is why this kind of collaboration is important, since it helps us speed up innovation and research with the goal of developing tomorrow's property industry."

INSTABOX

Castellum launched the Instabox online shopping delivery service for its first tenants in 2017, for the purpose of making daily life easier for the people who go to work in one of our properties. Since then, the number of customers has continually grown. Currently, the service is on offer to tenants in 43 of Castellum's office properties in 16 of the 17 cities in Sweden where the company is established. Instabox is one example of an important part of the service concept of the future, in which the customer is offered services such as food delivery, dry cleaning and package drop-off directly at their workplace.

Castellum helps Statistics Sweden enhance the efficiency of meeting room use with AI

Using artificial intelligence (AI), Castellum is helping Statistics Sweden, the national statistics authority, review how it can use its meeting rooms more efficiently. The aim is to create a better working environment for the 750 employees at the agency's offices in Örebro.

Statistics Sweden needs efficient solutions for various types of meetings. Proper access to well-designed meeting rooms is particularly important for Statistics Sweden, since the agency recently decided to switch from individual rooms to an open office plan.

"Before any decisions about the Örebro premises, it was important for Statistics Sweden to put together a basis for decisions in order to better assess the need – number and size – for meeting rooms in the new solution. That is why they turned to us for help with capacity measurement," says Björn Johansson, Key Account Manager at Castellum.

By installing sensors in the existing meeting rooms at Statistics Sweden, presence and movement in the spaces was continuously measured over two months. This provides valuable data, which is analyzed to see how Statistics Sweden staff use the meeting rooms. This analysis will form the basis for the design of the new office and its meeting rooms – for example, how many meeting rooms Statistics Sweden needs, how they are to be designed and what size they should be.

"We have operations in Örebro and Stockholm, and therefore a great need of efficient solutions for travel-free meetings. We also need flexible solutions for more regular meetings of different sizes, as well as for various development projects.

The results of the capacity measurement will be a valuable basis for the design of the Örebro premises," says Statistics Sweden's Deputy Director General Helen Stoye.

The AI and sensor project is part of a larger concept, named Matilda, that is being carried out by Castellum. The purpose is to develop smart properties using AI. The initial stage involves setting up sensors in premises in order to increase knowledge of how different areas are used. By doing this, Castellum can consult with its customers on how their premises should be adapted to be as functional as possible. Over the longer term, Matilda and AI can also form the basis of several new service offerings.





Co-working

Our approach changes in pace with new generations entering the job market, technology developing and the need for networks and collaboration increasing. These changes impact our workplaces and increase demands for flexibility and new services. Co-working is a response to these changing needs. In co-working, companies purchase memberships that provide opportunities to make use of workplaces that draw people in for meetings, collaboration, exchange of knowledge and a shared service offering. Co-working has already made its entry into the larger cities, and strong growth is predicted over the next few years. In central London and Manhattan, New York, co-working already represents 25 to 30 percent of new leases in the office market. According to Newsec Property Outlook, co-working in the Nordic region is expected to grow, from 1.5 percent in 2017 to approximately 2.5 percent in 2019.

In early 2019, Castellum acquired United Spaces, one of the Nordic region's leading players in co-working with just over 13,000 square meters of office space in Stockholm, Gothenburg and Malmö. The idea behind the company is to create office and meeting space for members who want to attract talent, find ideas and create contacts.

Since the acquisition, United Spaces has expanded its operations. In April 2019, a co-working environment was inaugurated at Stockholm Arlanda Airport, and in 2020 operations will be established in Helsingborg and Uppsala as well. In the autumn of 2019, a partnership agreement was signed with Geely, the Chinese vehicle manufacturer. This partnership will mean that United Spaces will have overall responsibility for the develop-

ment and operation of a large co-working operation located in the Geely Innovation Centre in Europe, Geely's major new investment that is under development in the Lindholmen district of Gothenburg. The total area – 4,000 square meters – will be a workspace for 500 to 600 people.

The aim going forward for United Spaces and Castellum is to accelerate the expansion of further co-working investments in the Nordic region.

"The market for co-working in the Nordic region is still in its infancy. We are seeing a positive trend. In Stockholm we are at full capacity, and are looking for new spaces; and we are noting increased interest in cities such as Gothenburg and Malmö. One concrete example of this is the investment we are making in Lindholmen on Geely's behalf. Our ambition over the next few years is to open additional co-working environments around the Nordic region," says Yvonne Sörensen Björud, CEO of United Spaces.

Over the past year, United Spaces – together with Castellum – has also developed a digital platform for services that will facilitate members' workdays. Examples of services that will be included are a register of members, booking meetings, offerings of events and lectures as well as health promotion services.

"The idea behind the digital platform is to create service offerings in order to take the best possible care of our members. Co-working is so much more than offering floor space. Being able to offer various service solutions that can make life easier and create relationships are at least equally important to success," says Yvonne Sörensen Björud, CEO of United Spaces.



United Spaces, Arlanda



Property and development portfolio

Castellum is one of Sweden's largest commercial property companies, with more than 630 properties covering 4.3 million square meters. Our properties are located in growth areas in Sweden, Copenhagen and Helsinki. Apart from administering and developing its existing properties, Castellum is also part of building the sustainable cities of the future.

Our project portfolio has grown over the past few years, and now represents a large part of our investments. We are regarded as an innovative player, developing the offices and logistics spaces of tomorrow together with our project partners.



Sketch: E.ON, Malmö

Castellum's property portfolio 2019

Castellum has a presence in three of the Nordic region's capitals and growth markets. We own the most properties of any Nordic property company, and our property portfolio is concentrated in select growth regions in Sweden, Copenhagen and Helsinki. Castellum's geographical markets can be characterized as stable, with good prospects for long-term positive development. The commercial portfolio consists of 47% office, 23% public sector properties, 16% warehouse/logistics, 8% retail and 2% light industry. The properties are located in city center locations and well-situated business districts, with excellent public transportation and services. The remaining 4% consists of developments and undeveloped land. Castellum owns approximately 700,000 square meters of unutilized building rights and large ongoing developments in which the remaining investment volume totals approximately SEK 1.2 billion.

Castellum's property portfolio on December 31, 2019 comprised 632 properties (647) with a total rental value of MSEK 6,177 (5,841) and a total leasable area of 4,255,000 square meters (4,283,000). For properties owned at year end, the net operating income after property administration expenses over the year was MSEK 4,103 (3,896).

Investments in 2019

During the year, a total of MSEK 6,112 (5,292) was invested, of which MSEK 3,350 (2,455) was acquisitions and MSEK 2,762 (2,837) new construction, expansions and reconstructions. After sales and cash settlement of MSEK 4,138 (2,635), net investments amounted to MSEK 1,974 (2,657).

During the year, the property portfolio changed according to the table at right.

Sustainable property portfolio

Environmental inventories are to be carried out for all properties to identify and address environmental and health risks; currently these are 65% complete. Inventory is planned for the remaining 35%, which will be conducted over the next few years and updated every ten years for all properties.

When a property is acquired, it is analyzed both in terms of energy utilization and environmental risk; all new constructions and major reconstructions are environmentally certified. Castellum owns the greatest number of properties among Swedish listed property companies; all together, 36% of the total area – equivalent to 164 buildings (1,524,000 square meters) – is environmentally certified. Further certification is in progress for a further 66,000 square meters, equivalent to 2%. The purpose of certification is to reduce the property portfolio's climate impact and risks, reduce costs, create premises that are attractive to customers and their businesses, and to improve safety and working environments for customers.

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

Changes in the property portfolio

	Fair value, MSEK	Number
Real estate portfolio on January 1, 2019	89,168	647
+ Acquisitions	3,350	17
+ New construction, expansions and reconstructions	2,762	-4
- Sales	-4,496	-28
+/- Unrealized changes in value	4,276	-
+/- Currency translation	108	-
Property portfolio December 31, 2019	95,168	632

Castellum's environmentally certified properties*

	Completed properties		Ongoing projects	
	Number	sq. m.	Number	sq. m.
EU Green Building	55	433,072	0	0
Miljöbyggnad	48	431,456	9	24,530
BREEAM	64	700,933	5	41,541
LEED	5	70,660	0	0
WELL	1	13,429	1	10,047
Castellum's environmentally certified properties**	164	1,524,129	14	66,071

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

ENVIRONMENTAL CERTIFICATION SYSTEM



Miljöbyggnad

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



EU GreenBuilding

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



BREEAM

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



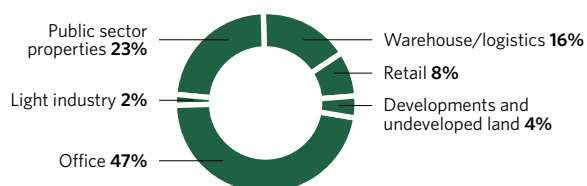
LEED

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

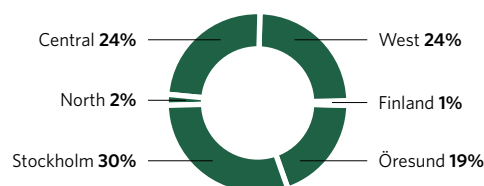
WELL

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

PROPERTY VALUE BY CATEGORY



PROPERTY VALUE BY REGION



Property portfolio December 31, 2019

Category	31 Dec 2019						January–December 2019				
	Number	Area, 000 sq. m.	Property value, MSEK	In SEK/sq. m.	Rental value MSEK	In SEK/sq. m.	Economic occupancy rate	Income MSEK	Property costs, MSEK	In SEK/sq. m.	Net operating income, MSEK
Offices											
Stockholm	29	284	11,138	39,279	638	2,251	94.1%	601	118	417	483
West	65	372	10,726	28,801	655	1,760	94.6%	620	137	367	483
Central	78	534	10,627	19,899	806	1,510	90.6%	731	193	361	538
Öresund	43	398	11,225	28,239	826	2,077	88.9%	734	182	458	552
North	2	5	92	18,285	8	1,521	91.8%	7	2	456	5
Finland	1	14	859	59,552	53	3,660	110.7%	58	12	841	46
Total Office	218	1,607	44,667	27,796	2,986	1,858	92.1%	2,751	644	401	2,107
Public sector properties											
Stockholm	12	89	5,619	62,910	270	3,020	93.8%	253	45	504	208
West	15	110	2,127	19,333	147	1,337	93.2%	137	24	216	113
Central	31	314	8,612	27,441	544	1,735	94.0%	512	108	345	404
Öresund	8	91	3,370	37,146	199	2,190	98.4%	195	28	311	167
North	10	99	1,988	20,021	147	1,485	93.6%	138	29	293	109
Total Public sector properties	76	703	21,716	30,882	1,307	1,859	94.5%	1,235	234	333	1,001
Warehouse/logistics											
Stockholm	37	265	5,197	19,634	322	1,216	91.4%	294	45	170	249
West	69	594	6,958	11,712	480	808	90.4%	434	81	136	353
Central	29	145	1,252	8,608	121	829	92.1%	111	25	175	86
Öresund	30	205	1,983	9,682	170	835	91.3%	156	35	172	121
Total Warehouse/Logistics	165	1,209	15,390	12,729	1,093	904	91.0%	995	186	154	809
Retail											
Stockholm	29	150	3,461	22,992	239	1,584	93.9%	224	34	226	190
West	15	58	1,110	19,103	80	1,375	95.9%	77	17	277	60
Central	21	121	1,820	15,018	145	1,197	95.8%	139	31	255	108
Öresund	11	46	851	18,700	68	1,500	85.3%	58	13	295	45
Total Retail	76	375	7,242	19,294	532	1,417	93.6%	498	95	252	403
Light industry											
Stockholm	10	44	717	16,480	56	1,294	95.3%	53	10	238	43
West	16	66	716	10,845	56	851	95.5%	54	9	133	45
Central	10	29	347	11,906	31	1,052	96.8%	30	7	227	23
Öresund	4	42	339	8,064	32	750	90.3%	29	5	117	24
Total Light Industry	40	181	2,119	11,724	175	966	94.7%	166	31	170	135
Total management properties	575	4,075	91,134	22,363	6,093	1,495	92.6%	5,645	1,190	292	4,455
Leasing and property administration									374	92	-374
Total after leasing and property administration									1,564	384	4,081
Developments	35	180	3,223	-	84	-	-	52	30	-	22
Undeveloped land	22	-	811	-	-	-	-	-	-	-	-
Total	632	4,255	95,168	-	6,177	-	-	5,697	1,594	-	4,103

The table above relates to the properties owned by Castellum at the end of 2019 and reflects the income and costs of the properties as if they had been owned during the entire period. The discrepancy between the net operating income of MSEK 4,103 accounted for above and the net operating income of MSEK 4,113 in profit or loss is explained by the deduction of the net operating income of MSEK 60 on properties sold during the year, as well as the upward adjustment of the net operating income of MSEK 55 on properties acquired/completed during the period, which are recalculated as if they had been owned or were completed for the full year, and MSEK 5 attributable to the co-working company.

Castellum's development portfolio December 31, 2019



Sæve airport

GOTHENBURG

New construction
warehouse/logistics
Investment: SEK 1.1 billion



Hisingen Logistics Park, stage 2

GOTHENBURG

New construction logistics
Investment: MSEK 294



Masthugget 26:1

GOTHENBURG

New construction office
Investment: MSEK 230



Backa 20:5, stage 1

GOTHENBURG

New construction
car dealership
Investment: MSEK 103



Generatörn 1

MÖLNDAL

New construction
office/warehouse
Investment: MSEK 141



Backa 20:5, stage 2

GOTHENBURG

New construction retail
Investment: MSEK 82



Solsten 1:172

HÄRRYDA

Reconstruction
warehouse/light industry
Investment: SEK 90 billion



Sellerin 3

LUND

New construction
warehouse/logistics
Investment: MSEK 88



The Swedish Courts

MALMÖ

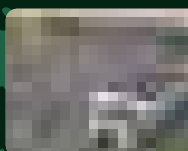
New construction office
Investment: SEK 1.3 billion



GreenHaus

HELSNINGBORG

New construction office
Investment: MSEK 305



Moränen 3

MALMÖ

New construction store/
light industry
Investment: MSEK 54



Smygmaskan 1

MALMÖ

New construction office
Investment: MSEK 347



E.ON

MALMÖ

New construction office
Investment: SEK 1.1 billion





Castellum's development portfolio

One of Castellum's strategies for reaching an overall growth target of 10% involves enhancing its development portfolio. Investments in new construction, expansions and reconstructions of properties in Castellum's portfolio often result in higher yields than investments through acquisitions. Castellum has invested SEK 64 billion over the last ten years, an average of SEK 6.4 billion per year.

Castellum invested a total of MSEK 6,112 (5,292) in 2019, of which MSEK 3,350 (2,455) pertained to acquisitions and MSEK 2,762 (2,837) to new construction, expansions and reconstructions. After sales and cash settlement of MSEK 4,138 (2635), net investments amounted to MSEK 1,974 (2,657).

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

Major projects

In 2019, Castellum carried out several major project investments. At the same time, planning and development of other major project investments, such as Nyhamnen in Malmö and the further development of Sæve airport just north of Gothenburg, have continued.

Cluster for innovation

In December 2018, Castellum acquired Sæve airport – a development area with nearly three

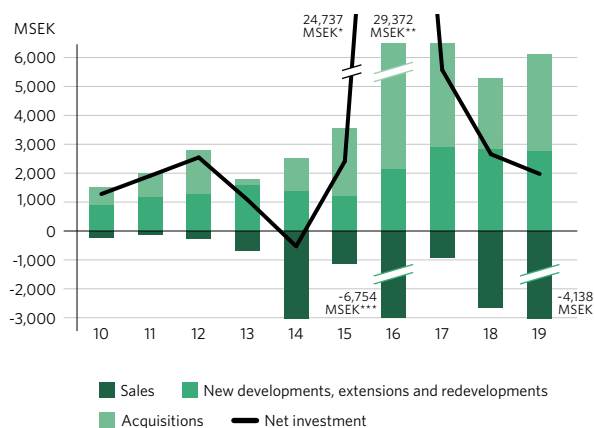
million square meters of land strategically located near the port and city of Gothenburg as well as national transportation links. The acquisition is part of Castellum's long-term strategy to expand its operations in the logistics segment. In parallel with continued planning for the long-term development of the area and as a complement to existing operations, an innovation and development cluster for future sustainable transportation and mobility is being created.

Another important area for Castellum is Brunna, in Kungsängen outside Stockholm. There have long been several established businesses in service, e-commerce and warehouse and logistics here, and the level of demand for warehouse and logistics premises in the area is high. To meet the demand and increase the quality of the property portfolio, Castellum has one ongoing and one completed warehouse and logistics new production project. The investments are estimated at MSEK 204 and MSEK 145, and are equivalent to a total of approximately 24,600 square meters.

Two office giants

Castellum will construct two new office buildings in the Nyhamnen district of Malmö, which in total will be the workplaces for several thousand employees: E.ON's new head office in the Nordic region (approximately 24,500 square meters) and the new Swedish National Courts Administration building (approximately 25,000 square meters). The latter will be Northern Europe's largest workplace for

INVESTMENTS AND SALES PER YEAR



INVESTMENTS AND SALES PER REGION 2019



lawyers. In all, both projects comprise investments of SEK 2.4 billion and represent the largest development project in Castellum's history.

Focus on development in metropolitan areas

A number of major constructions have begun, with a focus on and around the major metropolitan areas. The reconstruction of the Öskaret 1 property, Stockholm Vatten's former head office from the early 1900s, was initiated in early 2018. The property, a well-known landmark in central Stockholm, was acquired by Castellum in 2017. Approximately 11,000 square meters of offices are being converted into modern workplaces; the investment is estimated at MSEK 638. The reconstruction is expected to be completed by the end of 2020.

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

Focus on well-being

GreenHaus is a 7,000-square-meter office building in the Oceanhamnen district of Helsingborg. It is a particularly special office building in many ways, with tremendous potential for customization. It was also built with an extra focus on improving the health, imagination and performance of the people working there. The building has been constructed in accordance with the WELL concept, an international construction standard developed by researchers, physicians and architects. Castellum's co-working concept will also be on offer in the building through United Spaces, its wholly owned subsidiary.

In the heart of an expanding Gothenburg

In Gothenburg, Castellum is constructing the new Emigranten Göteborg office building next to the Masthuggskajen urban development project on Södra Älvstranden. The building will have a leasable area of approximately 4,200,000 square meters and will be completed in the autumn of 2020.

Meet Anna Björklund – Head of Project Development Öresund

Preliminary work on a new Nordic region head office for E.ON and the new Swedish National Courts Administration building in the Nyhamnen district of Malmö is currently underway. Could you tell us more about these projects?

These two projects are fantastic! We have been commissioned by E.ON to construct an office building for them in which sustainability and the well-being of their employees is in focus. At present, E.ON's employees are spread across several offices in the city. With the new head office, their entire staff will be brought together. Our shared goal is to construct an office building that employees really want to come to in the morning – a natural, attractive meeting place.

And the Swedish Courts' new property brings something new to Malmö's skyline. This beautiful building will be a mark of distinction for Nyhamnen, Malmö's new area for urban development. The Swedish National Courts Administration will be the tenant, and the new building will house the District Court, the Administrative Court and the Rent and Tenancy Tribunal. The building will be northern Europe's largest workplace for

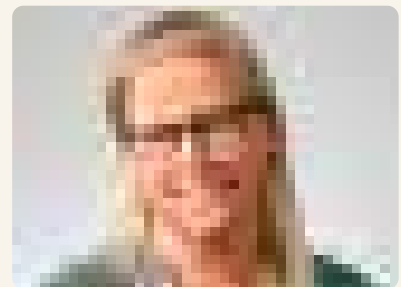
lawyers, providing court employees with premises tailored to their operations – something they have wanted for years.

Why do you think Castellum was entrusted as a project partner and landlord?

Castellum has an excellent reputation in the region, and we are a secure long-term partner. We have the strength of being a large listed company and have a strong local presence. I feel that the combination of personal local presence and our size and strength makes us an attractive partner. We are also genuinely engaged in sustainability issues, and are on the front line with WELL and a focus on people's well-being, which is something our customers appreciate.

What else happened with project development in Region Öresund during 2019?

In 2019, we completed Eminent, the Nordic region's first WELL-certified office building. It's one we are incredibly proud of. It was inaugurated with pomp and circumstance along with our tenants and partners. We've also prepared for the start of construction of Helsingborg's first WELL



Anna Björklund, Head of Project Development Öresund

building: GreenHaus, which we're looking forward to building in 2020.

Which of your team's achievements over the past year are you most proud of?

For a team that's worked hard for years on a project, having tenants move in and seeing how the building fills with life is a very special thing. So this year, one of the absolute high points was inaugurating Eminent and seeing the building's fantastic contribution to a better work life for everyone.



HEAR ANNA BJÖRKLUND
TALK MORE ABOUT
NYHAMNEN IN CASTELLUM'S
DIGITAL ANNUAL REPORT

Emigranten Göteborg is being built adjacent to the venerable Amerikahuset building, and will expand Castellum's property portfolio at the best site in Gothenburg. The investment is estimated at MSEK 238, and will be certified under Miljöbyggnad level Gold, one of Sweden's highest environmental certifications for buildings.

Castellum promotes development in the cities where it operates

For Castellum, as a long-term property owner and urban developer, it is important to contribute in various ways to sustainable urban enrichment through the development of new and existing areas. Castellum also collaborates with some 108 city networks and corporate associations, as well as through other social commitments, to develop the cities where it conducts operations.

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

Sustainable investments in Castellum's project development

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

All of Castellum's investments apply a sustainability perspective. Each investment issue is reviewed by the Group's Head of Sustainability and must be approved from a sustainability perspective. These criteria are included in the planning stage and follow the entire project life-cycle, to subsequently become a natural part of daily management.

For the last few years, Castellum has worked on sustainability issues in connection with new construction and larger reconstructions. In 2019, the Group's sustainability program was developed further and partitioned, with requirements for office and logistics buildings respectively. Castellum obtains environmental certification for all new constructions and larger reconstructions. Miljöbyggnad Gold level applies to new production of offices, and Miljöbyggnad Silver to logistics buildings. For projects outside Sweden, BREEAM Excellent applies to new production. Other types of projects are certified.

SUSTAINABILITY PROGRAM FOR NEW CONSTRUCTION AND RECONSTRUCTION

MANDATORY REQUIREMENTS FOR ALL PROJECTS AT CASTELLUM

Generally, the following items are required: Code of Conduct, sustainability policy, environmental management system, waste plan, environmental plan, an environmental project manager and energy-efficient product choices – such as LED lighting and A-certified goods. All of this presumes the selection of sustainable building materials from both environmental and health perspectives, according to the assessments of the organization created specifically for this purpose: Byggsvarubedömningen.

COMPREHENSIVE SUSTAINABILITY PROGRAM FOR NEW CONSTRUCTION AND RECONSTRUCTION

APPLIED IN ALL MAJOR PROJECTS

- Miljöbyggnad level Gold*
- Choosing renewable energy sources
- Healthy indoor climate and carefully prepared moisture prevention work
- Sustainable construction materials
- Near zero-energy buildings*
- Always investigate WELL health certification**
- Create a more attractive building through esthetic decoration
- Engage local artists in projects**
- Install solar cells**
- Investigate the possibilities of outdoor offices according to Castellum's WorkOut concept**
- Create inviting stairwells**
- Energy-efficient and environmentally friendly construction sites
- Non-fossil fuel powered vehicles at construction sites
- Restoration and increased amount of ecosystem services
- Climate risk management
- Requirements that entrepreneurs create workplaces for people struggling to enter the job market in the project

*For new production in Sweden, Miljöbyggnad level Gold applies; in Denmark and Finland, BREEAM Excellent applies. Logistics buildings are certified under Miljöbyggnad Silver level. Other types of projects are certified.

**Applies only to construction of office premises.



Sketch: New Swedish National Courts Administration building, Malmö

Castellum is building Northern Europe's largest workplace for lawyers

Castellum will be developing new premises for the Swedish National Courts Administration in Malmö, starting in 2020. The new court premises have space for approximately 600 people and will thus be one of northern Europe's largest workplaces for lawyers. The investment is estimated at approximately SEK 1.2 billion.

"The location that Castellum could offer – centrally located in Malmö, near public transportation – is one of many essential parameters for our choice of location," says Maria Lindgren Sand, chief architect and Head of Building Services Unit at the Swedish National Courts Administration.

When the Swedish National Courts Administration was investigating various alternatives for the potential location of premises for the Malmö District Court and the Administrative Court in Malmö, the choice fell on Castellum's proposal for new, more spacious premises in the Nyhamnen district of Malmö, centrally located near the central rail station. Nyhamnen is one of Malmö's most important regions for development, and Castellum is also building a new head office for the energy company E.ON here.

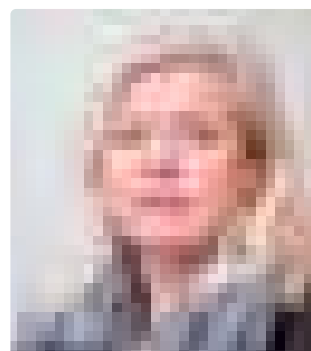
"The project has a long history, and was developed in close collaboration with the City of Malmö and Jernhusen," Marina Lindgren Sand says.

The planned new construction covers approximately 23,000 square meters, and is one of Castellum's largest construction projects ever. The court building, designed by the Henning Larsen architectural firm, is uniquely designed and well suited to the new district.

Developing such extensive premises into a major government agency requires both

experience and sensitivity. The parties involved, and the Swedish National Courts Administration's project group, need to take into account and collaborate not only with the courts that will be located in the building but also all the other players that will actually be using the premises as a workplace, for example, lay judges, prosecutors, lawyers and interpreters as well as staff from the Swedish Prison and Probation Service and the Swedish Police. Solid perimeter protection and security awareness will be required, as will carefully planned spaces with room for negotiation areas as well as public spaces and administrative offices.

"Developing premises of this size for courts is a complex and comprehensive project. Our choice of premises is governed by the Swedish National Courts Administration's strategy for its supply of premises; essential criteria are, for example, security, accessibility and proximity to public transportation. But it must also be cost-efficient and sustainable," Marina Lindgren Sand says.



Marina Lindgren Sand, chief architect

"The project has a long history, and was developed in close collaboration with the City of Malmö and Jernhusen."

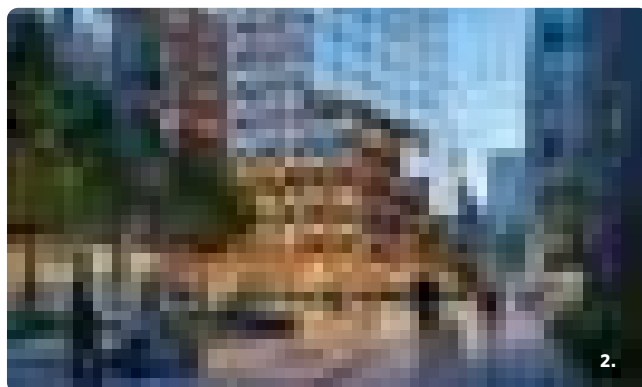
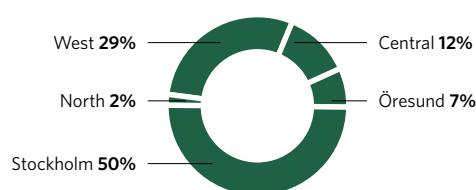
Building rights and planned developments

As part of Castellum's strategy, its development portfolio is improved through new construction. In this context, owning development rights in attractive locations with local zoning plans already in place is a competitive advantage, as this involves the shortest possible lead time before customers can occupy the premises. At year-end, Castellum had approximately 700,000 square meters of unutilized development rights (leasable area). A number of these include finalized project plans which can be launched relatively promptly. During the year, Castellum made several major potential projects public, and these are summarized on the following pages. The projects are characterized by their location in attractive development areas, in combination with a clear sustainability focus.

Unutilized development rights are valued at MSEK 1,120 (1,154), equivalent to approximately SEK 1,600 (1,500) per square meter on average. MSEK 600 (482) of the value in the building rights is recognized as development projects and undeveloped land.

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

DEVELOPMENT RIGHTS BY VALUE AND REGION



STOCKHOLM

1. SLAKTHUSOMRÅDET

The City of Stockholm's program work for Slakthusområdet, the former slaughterhouse district, aims at developing a lively, dynamic quarter. At Castellum, we are working on actively contributing to this, which includes continually developing our existing portfolio of four properties by adding a number of attractive and modern workplaces in pace with the development of the district. We also intend to promote cultural and architectural value.

2. MARIEVIK

Together with the City of Stockholm, Castellum and four other property owners are carrying out an urban development project in the Marievik district near Liljeholmen. A new detailed development plan is expected to be adopted by the City Council in the spring of 2020. In addition to a more mixed, attractive city environment, the new detailed development plan will entail future building rights in two Castellum-owned blocks, Marievik 27 and Marievik 30.

STOCKHOLM

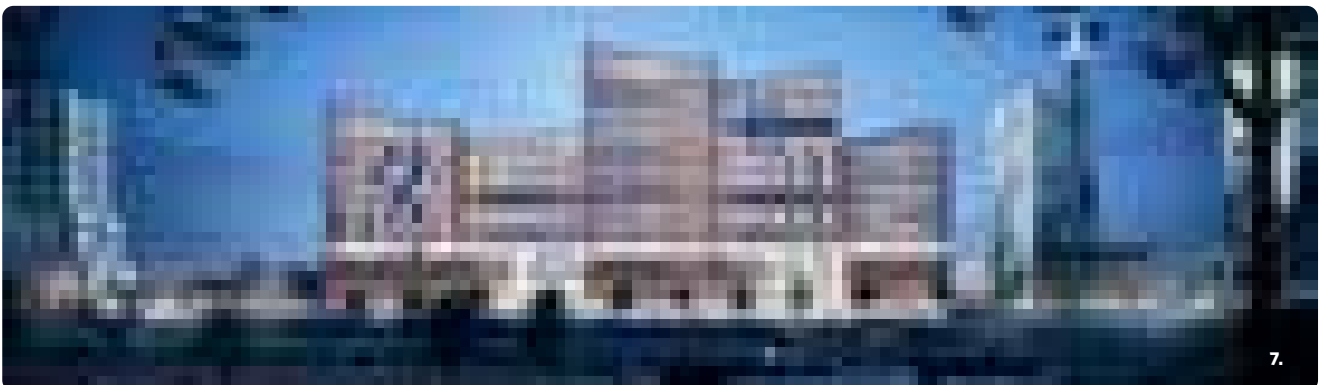
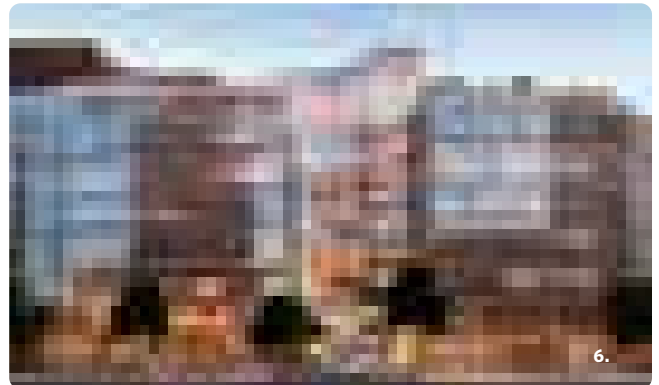
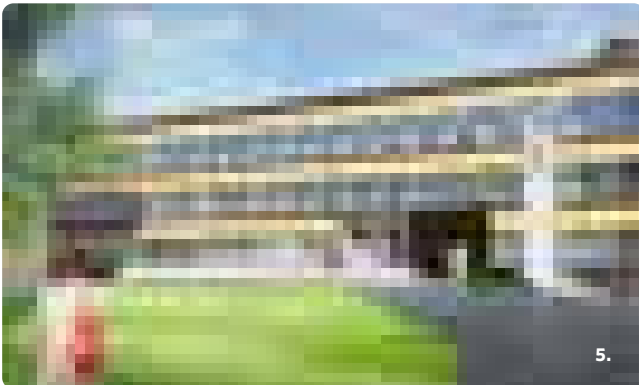
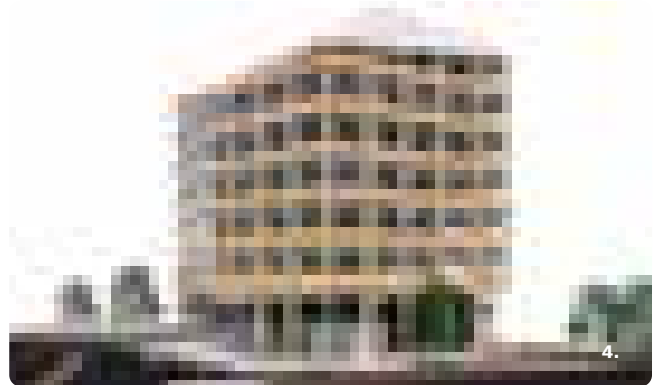
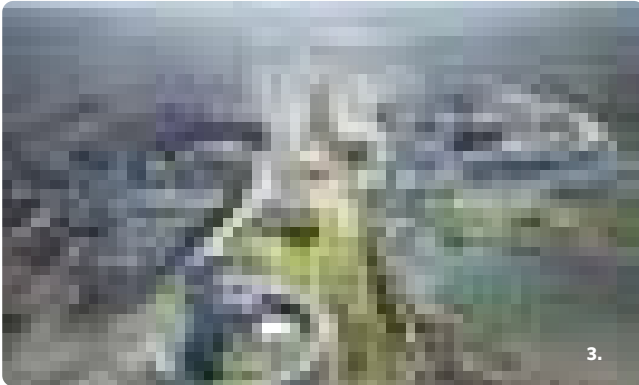
3. HAGASTADEN

Hagastaden is a new inner-city district in Stockholm that will be completed in 2025. In the autumn of 2019, Castellum signed a partnering agreement with Einar Mattsson to jointly develop the areas of approximately 23,000 square meters in Hagastaden, for which Castellum received the land allocation agreement. All buildings, office spaces and commercial spaces are expected to be ready for occupancy in early 2025. Castellum has also come in as a partner with HSB Bostad for a project covering two blocks in Hagastaden, in which Castellum will build, own and manage all the commercial spaces.

ÖREBRO

4. KVARTERET KORSNINGEN, ÖREBRO

Utopia Arkitekter has won a land allocation agreement from Örebro Municipality, next to the Resecentrum in the growing Norrby district. Castellum has been chosen as a partner. Together, we will create approximately 6,000 square meters of offices, with a high degree of architectural ambition, in Örebro's first office building made of wood.



ÖREBRO

5. HISSMONTÖREN 4

Castellum has acquired Hissmontören 4 building rights and project, which we have chosen to call Källeruds Park. We will build a three-story, 3,400 square meter office building here, with the unique combination of a park environment within walking distance of the city. The building will be very space-efficient and flexible. Each floor can be divided among up to six different tenants.

MALMÖ

6. NEW NORDIC HEAD OFFICE, E.ON

Both E.ON and Castellum want to build an office building that, from a sustainability perspective, is extraordinary. This perspective will permeate all aspects of the project: construction management, choice of materials and energy solutions. The new construction will be certified under the highest environmental certification level, and in accordance with the WELL building standard. The latter places unique demands on the health and well-being of people at their work.

MALMÖ

7. THE SWEDISH COURTS

The Swedish National Courts Administration has investigated various alternatives for the potential location of premises for the Malmö District Court and the Administrative Court in Malmö. The choice fell on Castellum's proposal for new, more spacious premises in the Nyhamnen district of Malmö, centrally located near the central rail station, and a lease has been signed between the Swedish National Courts Administration and Castellum, who will begin the new construction of a modern 25,000-square-meter court building. The investment, estimated at approximately SEK 1.2 billion, comprises a key element of Castellum's strategy for further growth in the Öresund region. Nyhamnen is one of Malmö's most important regions for development, and Castellum is also building a new head office for the energy company E.ON here.

The court property will be one of northern Europe's largest workplaces for lawyers, and one of Castellum's largest construction projects ever. It will be certified under Miljöbyggnad Gold level.

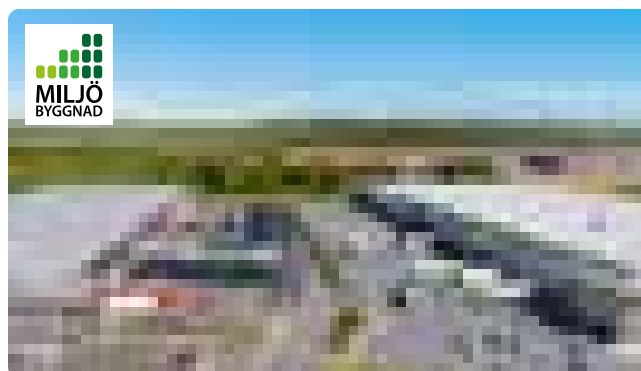
Larger ongoing projects



ÖSKARET 1, STOCKHOLM

LOCATION:	Central Stockholm
AREA:	10,841 sq. m.
COMPLETED:	Q4 2020
INVESTMENT:	MSEK 638

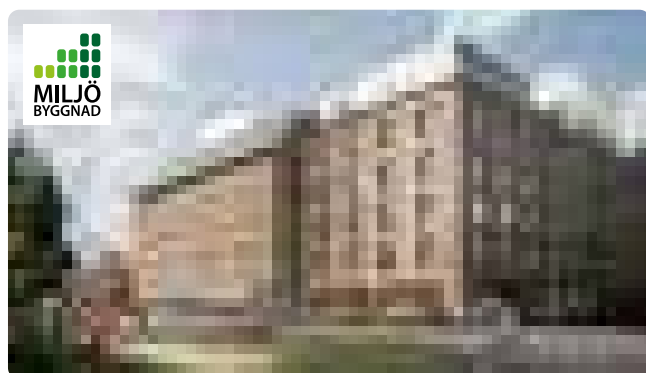
In the spring of 2017, Castellum acquired Stockholm Vatten's former head office at Torsgatan 26 in central Stockholm. The property, designed by Ferdinand Boberg in the early 20th century, has a leasable area of 13,000 square meters and new development rights have been deemed possible. In 2018, Castellum began the reconstruction into modern premises. Castellum has long owned some of the neighboring properties, and envisages great development potential in the area. The plan is to create a vibrant mixed-purpose block in partnership with the City of Stockholm and other property owners. The building is 28% leased.



HISINGEN LOGISTICS PARK, STAGE 2, GOTHENBURG

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

Castellum is now constructing the second stage of the Hisingen Logistics Park, which contains approximately 35,000 square meters of logistics space. Completion is expected during the second quarter of 2020. The building has been leased in full, to an e-commerce player. Upon completion of stage 2, Hisingen Logistics Park will be one of the Nordic region's largest logistics facilities, totaling 65,000 square meters with modern standards for a fully automated warehouse.



MASTHUGGET 26:1, GOTHENBURG

LOCATION:	Masthuggskajen district, central Gothenburg
AREA:	4,185 sq. m.
COMPLETED:	Q4 2020
INVESTMENT:	MSEK 238

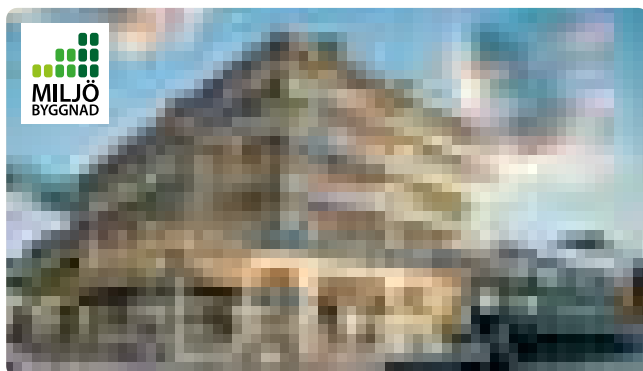
Construction of the Emigranten Göteborg office block has begun, on a historic site adjacent to Castellum's existing Amerikahuset property. The building is located in the middle of the Masthuggskajen district, which is a part of the larger RiverCity urban development project. The building is 0% leased.



ÖRNÄS 1:17, UPPLANDS-BRO

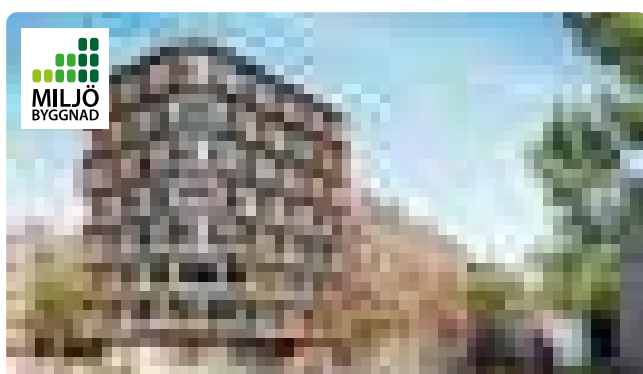
LOCATION:	Upplands-Bro, Stockholm
AREA:	15,719 sq. m.
COMPLETED:	Q1 2020
INVESTMENT:	MSEK 204

In the Brunna district of Upplands-Bro just outside Stockholm, Castellum is constructing a modern warehouse building strategically located next to the E4 and E18 highways for rapid distribution channels to Stockholm and the rest of the Mälars valley. The building is expected to be completed during the first quarter of 2020 and is 54% leased.

**KUNGSPASSAGEN, UPPSALA**

LOCATION:	Uppsala
AREA:	12,166 sq. m.
COMPLETED:	Q4 2021
INVESTMENT:	MSEK 443

At year end, Castellum began a new construction project and the reconstruction of Kungspassagen in central Uppsala. The project will cover a total of 12,000 square meters and will be completed in Q4 2021. The building is 69% leased. The property will be clearly characterized by sustainability: solar cells, green electricity and carbon-neutral district heating.

**GREENHAUS, HELSINGBORG**

LOCATION:	Helsingborg
AREA:	~7,000 sq. m.
COMPLETED:	Q2 2022
INVESTMENT:	MSEK 305

Late in the autumn of 2019, Castellum began the construction of GreenHaus, a modern 7,000-square-meter office building, in the new Oceanhamnen district of central Helsingborg. The building is expected to be completed in the spring of 2022 and certified under WELL, the only construction standard that takes the wellness of people in their work life into consideration. The building is 31% leased and will also contain co-working operations through United Spaces, a co-working company owned by Castellum.

LARGER ONGOING PROJECTS 2019

Property	Area, sq. m.	Rental value		Occupancy rate, Jan 2020	Total inv. incl. land, MSEK	Of which inv. 2019, MSEK	Remaining inv., MSEK	Completed	Category
		MSEK	SEK/sq. m.						
Öskaret 1, Stockholm	10,841	60	5,550	28%	638	272	248	Q4 2020	Reconstruction office
Dragarbrunn 21:1, Uppsala	12,166	32	2,750	69%	443	33	316	Q4 2021	New/reconstruction office
GreenHaus, Helsingborg	7,000	19	2,800	31%	305	9	268	Q2 2022	New construction office
Hisingen Logistics Park, Göteborg	34,484	24	700	100%	294	224	68	Q2 2020	New construction logistics
Masthugget 26:1, Gothenburg	4,185	13	3,200	0%	238	97	103	Q4 2020	New construction office
Örnäs 1:17, Upplands-Bro	15,719	15	1,000	54%	204	107	26	Q1 2020	New construction logistics
Sellerin 3, Lund	5,190	7	1,300	40%	88	16	72	Q1 2021	New construction, warehouse/car dealership
Visionen 3 fd 1, Jönköping	5,155	10	1,850	80%	87	59	20	Q2 2020	New construction office
Backa 20:5, Gothenburg	4,600	7	1,500	100%	82	13	69	Q1 2021	New construction, warehouse/logistics
Moränen 3, Lund	3,421	5	1,350	73%	54	47	5	Q1 2020	New development, retail/industry

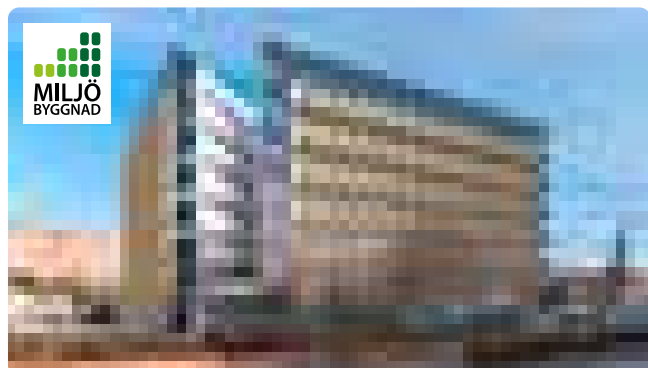
BREEAM evaluates and rates the overall environmental impact of buildings.

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

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

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

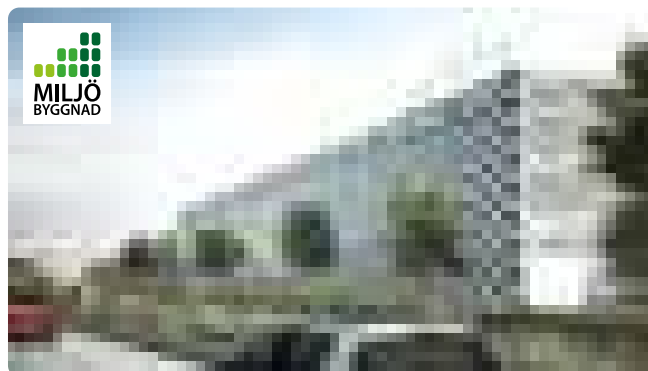
Larger completed projects



OLAUS PETRI 3:244, ÖREBRO

LOCATION:	Next to Resecentrum, Örebro
AREA:	15,023 sq. m.
COMPLETED:	Q1 2019
INVESTMENT:	MSEK 495

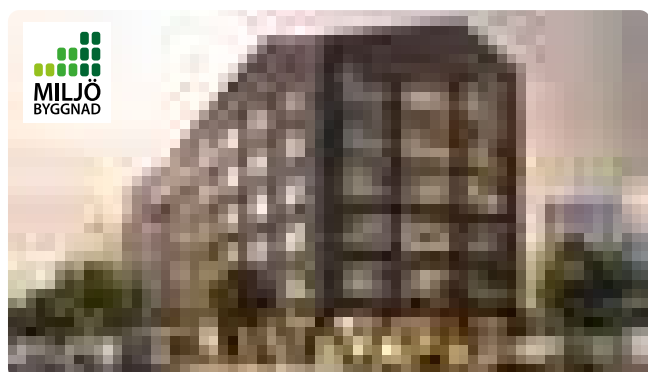
In the first quarter of the year, Castellum completed the Citypassagen office property, located next to the northern approach road to Örebro and immediately adjacent to the Resecentrum. The investment totaled MSEK 495, of which MSEK 45 relates to the value of the site owned by the Group. The building is fully leased and contains seven floors of modern, flexible office space.



SPEJAREN 4, HUDDINGE

LOCATION:	Smista district, Huddinge
AREA:	9,300 sq. m.
COMPLETED:	Q2 2019
INVESTMENT:	MSEK 349

Completed during the second quarter, Spejaren 4 is the final project in Castellum's development of the area around Smista Allé. The building is planned to be 9,300 square meters and will include a car dealership business. The investment totaled MSEK 349 and is 98% leased.



SMYGMASKAN 1, MALMÖ

LOCATION:	Hyllie district, Malmö
AREA:	9,600 sq. m.
COMPLETED:	Q2 2019
INVESTMENT:	MSEK 341

Castellum has constructed a modern, high-sustainability office building of almost 9,600 square meters in the expanding Hyllie district of Malmö. The project, called Eminent, is one of the first office buildings in the Nordic region to be certified under WELL, an international construction standard that factors in wellness at the workplace. The WELL standard is based on seven concepts that affect health: air, water, lighting, sound, diet, exercise and wellness, which implies particularly high requirements for ventilation, heating, lighting and sound. In addition to WELL, the intention is also to certify the building under Miljöbyggnad level Gold. The investment totaled MSEK 341 and is 100% leased.

LARGER COMPLETED PROJECTS 2019

Property	Area, sq. m.	Rental value		Occupancy rate, Jan 2020	Total inv. incl. land, MSEK	Of which inv. 2019, MSEK	Remaining inv., MSEK	Completed	Comments
		MSEK	SEK/sq. m.						
OLAUS PETRI, ÖREBRO	15,023	37	2,450	100%	495	85	23	Q1 2019	New construction office
Spejaren 4, Huddinge	9,300	24	2,600	98%	349	105	8	Q2 2019	New development, car dealership
Smygmaskan 1, Malmö	9,600	26	2,700	100%	341	108	16	Q2 2019	New construction office
Generatorm 1, Mölndal	6,800	13	1,600	100%	141	40	0	Q3 2019	New construction, warehouse/logistics
Tibble 1:647, Brunna	8,894	12	1,300	46%	145	35	12	Q3 2019	New development, warehouse/light industry
Backa 20:5, Gothenburg	4,852	9	1,750	100%	103	53	0	Q3 2019	New development, car dealership

BREEAM evaluates and rates the overall environmental impact of buildings.

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

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

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

Transactions

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

In 2019, Castellum had a total investment volume of MSEK 6,112 (5,292), of which MSEK 3,350 (2,455) pertained to sales and MSEK 2,762 (2,837) pertained to new construction, expansions and reconstructions. After sales and cash settlement of MSEK 4,138 (2635), net investments amounted to MSEK 1,974 (2,657).

Castellum carried out several acquisitions and changes of possession in 2019. In January, Castellum conducted a transaction with Lilium in which Castellum acquired six properties in Linköping for MSEK 1,624 and sold twenty properties in Sundsvall for MSEK 3,300. With this transaction, Castellum left Sundsvall and at the same time became one of the two largest players in Linköping.

At the end of January, 100% of the co-working company United Spaces was acquired for MSEK 200. With the acquisition, United Spaces has just over 13,700 square meters of office space in Stockholm, Gothenburg and Malmö at its disposal. Co-working is a growing trend both in Sweden and internationally, with growth that is predicted to be strong over the next few years.

In early February, Castellum was awarded a land allocation agreement by the City of Stockholm covering the Sorbonne, Harvard and Greifswald blocks for offices (approximately 23,000 sq. m. GFA) and residences (approximately 15,000 sq. m. GFA) in Hagastaden, just north of the CBD. Investment in acquisitions of building rights is estimated to total approximately MSEK 800. The planned preliminary start for groundbreaking is 2021, with occupancy estimated for early 2025. In September, Castellum signed a partnership agreement with Einar Mattsson to jointly develop the three blocks, with the intent that Einar Mattsson would acquire the building rights for housing units

from Castellum. In early April 2019, it was announced that Castellum would be coming in as a partner with HSB Bostad for a project covering two additional blocks in the Hagastaden district of Stockholm, in which Castellum will build, own and manage all the commercial space (estimated approximately 10,000 sq. m. GFA). The estimated investment in this phase is approximately MSEK 550, of which acquisition of the building rights is estimated to total around MSEK 200. The planned construction start is 2022, with occupancy scheduled for 2024 at the earliest.

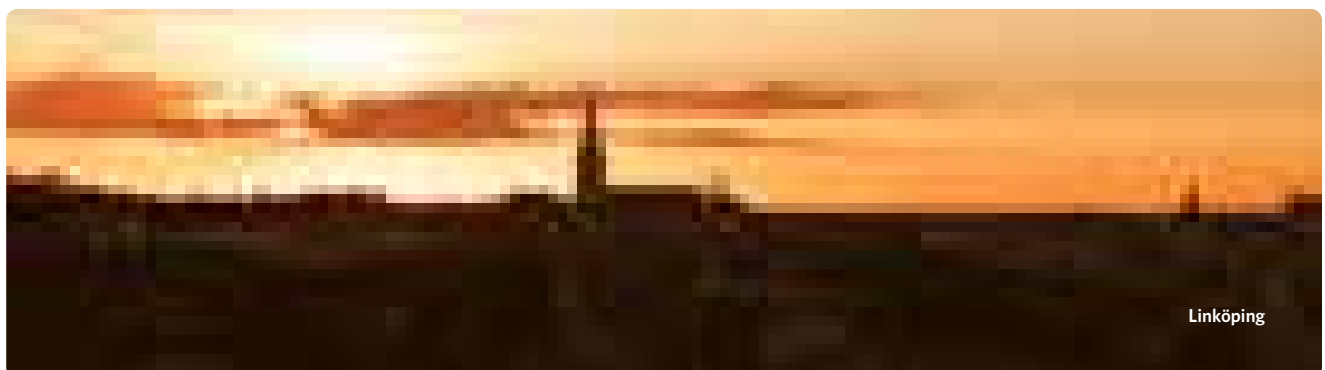
At the end of February, Castellum sold four retail properties in the Boländerna district of Uppsala as a stage in its strategy to reduce its share of retail. The sale price totaled MSEK 669.

During the same period, Castellum acquired two office properties in the Lilla Bommen district in central Gothenburg for MSEK 865. Essential infrastructure initiatives are under way in the area around Lilla Bommen; it is felt that these will make the area even more attractive going forward by making the location more central and accessible.

In December, Castellum acquired two office properties in Västerås for MSEK 215. The acquisition also included building rights valued at about MSEK 5, which could facilitate new construction of approximately 2,500 square meters of offices in one of the most central locations in Västerås.

At the end of December, Castellum and Serneke reached an agreement that Castellum would fulfill its commitment, ahead of schedule, to disbursing the earnout for Södra Älvsjö airport through a one-time payment of MSEK 300. This amount should be compared to the maximum earnout, assessed at SEK 1 billion at the time of acquisition. In addition to full right of disposal over 3 million square meters of land, this will provide Castellum with the possibility of substantial time-saving in its work on developing one of the Nordic region's largest, most modern and innovative logistics hubs. Over the coming ten-year period, a total investment volume of SEK 10 billion or more in Södra Älvsjö airport could be possible.

In addition to the transactions described above, Castellum conducted a number of smaller sales and acquisitions during the year.



Larger acquisitions



6 PROPERTIES IN LINKÖPING

LOCATION:	Linköping
AREA:	-69,000 sq. m.
OCCUPANCY:	March 2019
INVESTMENT:	MSEK 1,624

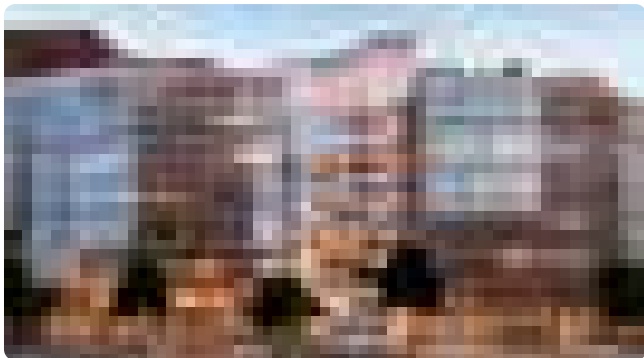
The six properties in Linköping are office properties containing approximately 69,000 square meters, centrally located in proximity to Castellum's other properties in Linköping. The acquisition price totaled MSEK 1,624. The properties are 95% leased. When fully leased, the estimated rental income will be approximately MSEK 112. The acquisition means that Castellum has become one of the two largest players in the city.



GULLBERGSSVASS 1:12 AND 1:2, GOTHENBURG

LOCATION:	Gothenburg
AREA:	-16,600 sq. m.
OCCUPANCY:	March 2019
INVESTMENT:	MSEK 865

The acquisition contains two office properties in Lilla Bommen 5 and 6, with a total leasable area of approximately 16,600 square meters. The investment totals MSEK 865 including overheads. The office premises are adjacent to Castellum's existing office property in Lilla Bommen, located in central Gothenburg. The buildings are 98% let.



LAND ACQUISITION FOR E.ON, PART OF HAMNEN 22:31, MALMÖ

LOCATION:	Nyhamnen district, Malmö
AREA:	-
OCCUPANCY:	April 2019
INVESTMENT:	MSEK 148

In April 2019, Castellum completed a land acquisition in the Nyhamnen district of central Malmö. The land will be used to construct a new Nordic head office of approximately 24,500 square meters for E.ON, and completion of the building is estimated for the second quarter of 2021.

LARGER PROPERTY ACQUISITIONS DURING 2019

Property	Area, sq. m.	Rental value		Occupancy rate, Jan 2020	Acquisition, MSEK	Occupancy	Category
		MSEK	SEK/sq. m.				
6 properties in Linköping	68,897	112	1,600	95%	1,624	March 2019	Offices
Gullbergsvass 1:12 & 1:2, Gothenburg	16,604	42	2,550	98%	865	March 2019	Offices
Kol 13 & Kungsängen 14, Västerås	7,551	11	2,000	99%	215	Dec 2019/ Jan 2020	Offices
Godsfinken 1, Malmö	-	-	-	-	206	Nov 2019	Land, Swedish National Courts Administration
Part of Hamnen 22:31, Malmö	-	-	-	-	148	April 2019	Land, E.ON
Sunnanå, Malmö	10,606	7	716	100%	124	Jan 2020	Logistics

LARGER PROPERTY SALES DURING 2019

Property	Area, sq. m.	Rental value		Underlying prop. price, MSEK	Deferred tax and transaction costs, MSEK	Net sale price, MSEK	Vacated	Category
		MSEK	SEK/sq. m.					
20 properties in Sundsvall	154,491	258	1,650	3,465	-165	3,300	March 2019	Office/public sector properties/retail
Boländerna 28 & 4, 35:1 & 2, Uppsala	49,795	69	1,396	695	-26	668	April 2019	Retail



Arcam has both functionality and the “wow” factor

Arcam EBM, part of the GE Additive family, is a world leader in the manufacture of 3D printers for metal products. Since 2019, they have been one of Castellum’s customers in a specially adapted five-floor, 15,000-square-meter building in Mölnlycke Business Park east of Gothenburg.

“Arcam has expanded drastically over the past few years, and there were several reasons we needed to find a more long-term, uniform solution as regards premises for our operations,” says Karl Lindblom, CEO of Arcam EBM.

Arcam’s former premises were small and spread across three different locations. One important reason for the move was that the company needed more suitable premises that better promoted safe workspaces in production, labs and training centers. Arcam’s challenging technology required a safe laboratory environment, and the company wanted the possibility of separating warehouses and production.

Based on Arcam’s needs, the building in Mölnlycke underwent a complete internal conversion. An addition for warehouses and logistics was built as well. The project began in the spring of 2018, and the first phase was occupied in the summer of 2019.

“All the parties involved, including Castellum, have been highly professional and we’ve kept to the schedule, which I think is proof that the

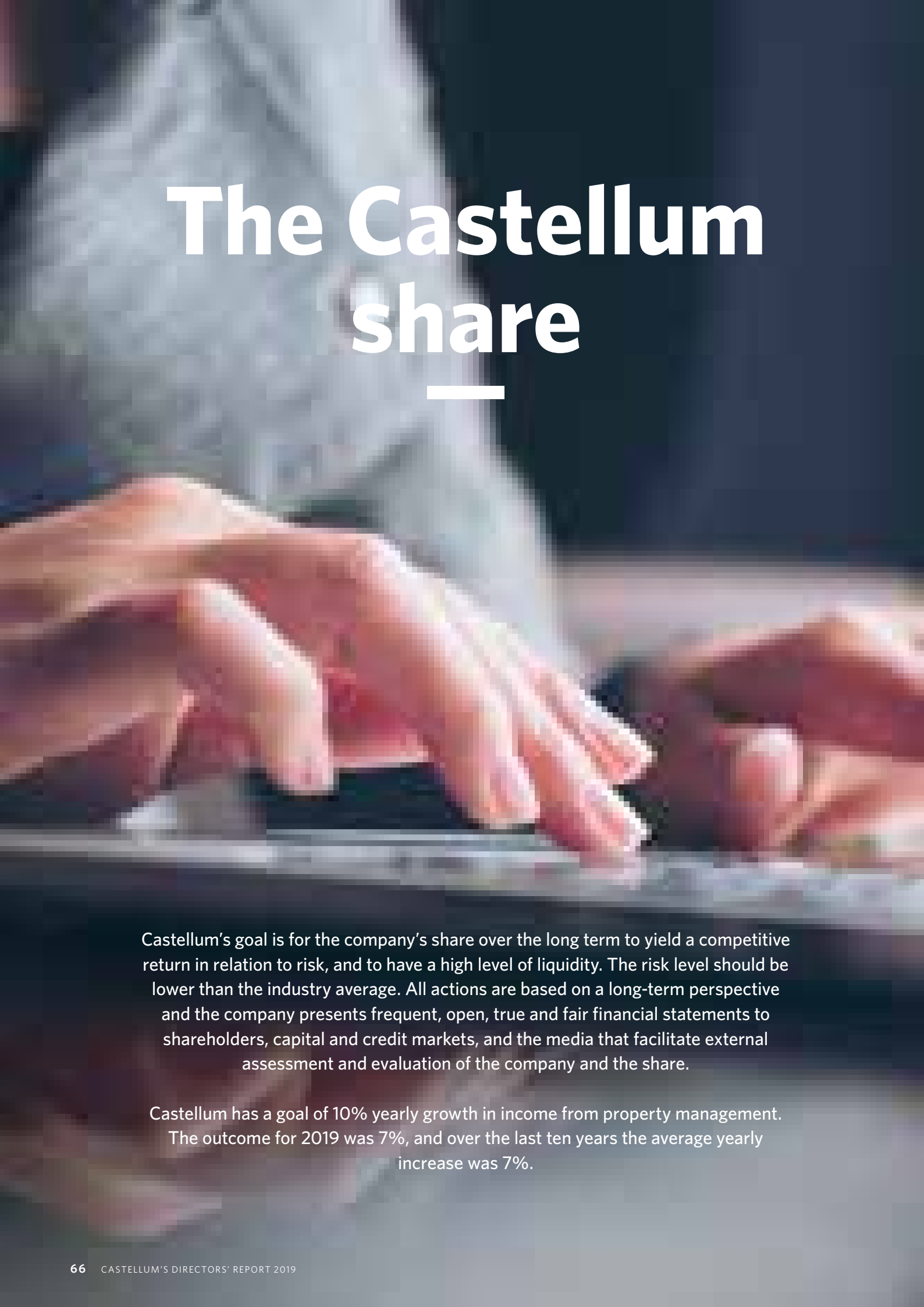
partnership worked well despite the narrow time frames,” Karl Lindblom says.

The entire operation – including the head office with office spaces, meeting rooms and break rooms, production, laboratories, warehouses and logistics – is now gathered under one roof in the premises. There is also space here for training centers and a display about additive manufacturing (also known as “3D printing”). The front desk, meeting rooms and display spaces are all located on the ground floor. One floor down are premises for 100 people working on research and development as well as laboratory operations, production, a warehouse and logistics. Office space for 400 people is divided between the two upper floors.

“We wanted to put all the company’s resources under one roof to enable excellent cross-functional collaboration. Previously, for example, the lab and the development divisions were in different locations. Now, we wanted to create a work environment that both encourages and facilitates collaboration over divisional and functional borders,” Karl Lindblom says.

In partnership with Castellum, Arcam has created an inviting environment with a good mix of carefully prepared open workspaces and smaller conference rooms. Arcam’s operations are reflected in its choices of materials and colors for its decor and furniture. Metal is combined with natural materials such as light-colored wood, leather and wool to connect with the company’s Swedish origins. There is also a large two-floor break room with large, airy surfaces to let in natural light – a space that is suited for lunch breaks and coffee breaks as well as for small informal gatherings or large meetings that bring the whole company together. To a visitor, it’s clear that Arcam’s new premises were not nominated for Sweden’s most attractive office of 2019 by chance.

“Last but not least, our ambition in designing our new premises was to create a ‘wow’ factor. We want our visitors and customers – and our current and potential employees – to see Arcam as the impressive modern and functional workplace it truly is,” Karl Lindblom concludes.



The Castellum share

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

Castellum has a goal of 10% yearly growth in income from property management. The outcome for 2019 was 7%, and over the last ten years the average yearly increase was 7%.



The Castellum share

Castellum is one of the major listed property companies in Sweden. The company is listed on Nasdaq Stockholm Large Cap. Castellum's market capitalization (i.e. the value of all shares outstanding in Castellum) amounted to SEK 60.1 billion (44.6), as of December 31, 2019. This corresponds to approximately 11% of the total market capitalization, SEK 543 billion, of Swedish property companies. The Castellum figure is just under 1% of the total market capitalization – approximately SEK 7,995 billion – of all listed Swedish companies.

The number of Castellum shares outstanding is 273,201,166. During 2019, a total of 270 million (300) shares were traded, equivalent to an average of 1,080,000 shares (1,201,000), per trading day, corresponding on an annual basis to a turnover rate of 99% (110%). The share turnover is based on statistics from Nasdaq Stockholm, Cboe CXE EU, Turquoise and Cboe BXE EU.

Proposed dividend

The Board intends to propose to the Annual General Meeting to approve a dividend of SEK 6.50 per share, an increase of 7% year-on-year. The dividend is proposed to be distributed to the shareholders in two equal payments of SEK 3.25 each. The payout ratio amounts to 56%, based on income from property management before tax.

If the Annual General Meeting approves the Board's proposal, the record date for the first dividend will be Monday, March 23, 2020. This means that the final day for trading shares including the dividend is Thursday,

March 19, 2020. Record date for the second dividend is Monday, September 21, 2020, meaning that the final day for trading shares including the dividend is Thursday, September 17, 2020. The first dividend is planned for Thursday, March 26, 2020, and the second dividend is planned for Thursday, September 24, 2020.

The proposed dividend, equivalent to 56% of income from property management and 3% of the net asset value, exceeds Castellum's objective of distributing at least 50% of income from property management, taking into account investment plans, consolidation needs, liquidity and financial position in general. Unrealized changes in value, positive or negative, are thus not included in the distributable earnings.

Net asset value

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

Long term net asset value (EPRA NAV) can be calculated to SEK 195 per share (176). The share price at the end of the year was thus 114% (93%) of the long term net asset value.

6.50

The Board intends to propose to the Annual General Meeting to approve a dividend of SEK 6.50 per share, an increase of 7% year-on-year.

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

38.9%

During 2019, the total yield of the share, including the dividend of SEK 6.10, was 38.9%.

WHY CASTELLUM IS OF INTEREST TO INVESTORS

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

STABLE GROWTH SINCE THE IPO IN 1997

Since 1997, Castellum has enjoyed average annual growth in income from property management of 10% in SEK per share and dividend growth of 11% per year, corresponding to a payout ratio of 52%.

STRONG BALANCE SHEET AND LOW FINANCIAL RISK

Castellum's goal is that the loan-to-value ratio should not permanently exceed 50%. At year-end 2019, it amounted to 43%. The target interest coverage ratio is at least 200%. At the end of 2019, it totaled 502%.

WELL DIVERSIFIED PORTFOLIO

The focus is on commercial properties with a contract portfolio of approximately 5,700 customers from a variety of business categories reflecting Swedish, Danish and Finnish business life. Risk diversification is thus broad, and the single largest contract represents approximately 2%.

LOCAL OPERATIONS WITH FOCUS ON SUSTAINABILITY

Currently, Castellum is found in some 17 cities in Sweden, plus Copenhagen and Helsinki, with local organizations. The know-how to create sustainable properties is a prerequisite for having relevant, future-proof transactions.

CREDIBILITY THROUGH TRANSPARENCY

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



Sketch: GreenHaus, Helsingborg

Net asset value

	MSEK	SEK/share
Shareholders' equity according to the balance sheet	43,777	160
Reversed		
Derivatives according to balance sheet	715	3
Goodwill according to balance sheet	-1,480	-5
Deferred tax according to balance sheet	10,153	37
Long-term net asset value (EPRA NAV)	53,165	195
Deduction		
Derivatives as above	-715	-3
Estimated real liability, deferred tax 6%*	-3,227	-12
Short-term net asset value (EPRA NNNNAV)	49,223	180

*The actual net deferred tax liability has been estimated at 6% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized at a nominal tax of 21.4%, giving a present value of the deferred tax liability of 20%, and that the properties are realized in 50 years where 33% are sold directly with a nominal tax of 20.6% and that 67% are sold indirectly in corporate wrappers where the buyer's tax discount is 7%, which gives a present value for the deferred tax liability of 6%.

Earnings

Income from property management per share, adjusted for tax attributable to income from property management (EPRA EPS) amounted to SEK 10.44 (9.65). Based on the share price, this resulted in a yield of 4.7% (5.9%) corresponding to a multiple of 21 (17). This visible income from property management should be adjusted for the long-term increase in value of the property portfolio and effective tax paid.

Net income after tax per share amounted to SEK 20.68 (27.28) in 2019. Based on the share price, this yields a return of 9.3% (16.7%) corresponding to a P/E ratio of 11 (6).

Total yield

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

The Castellum share price at year end was SEK 222.00 (163.35), equivalent to a market capitalization of SEK 60.1 billion (44.6) calculated on the number of shares outstanding. The total yield of the share in 2019, including dividend of SEK 6.10, was 38.9% (22.3%).

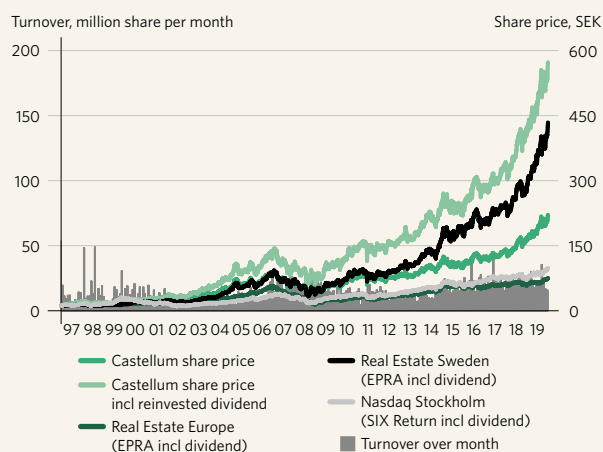
Growth, yield and financial risk

	2019	3 yrs avg/yr	10 yrs avg/yr
Growth			
Rental income SEK/share	3%	3%	4%
Income from prop. mgmt SEK/share	7%	9%	7%
Net income for the year after tax SEK/share	neg.	neg.	38%
Dividend SEK/share	7%	9%	8%
EPRA NAV SEK/share	11%	14%	11%
EPRA NNNNAV SEK/share	11%	15%	11%
Property portfolio SEK/share	6%	9%	8%
Change in values on properties	4.4%	5.6%	3.3%
Yield			
Return on EPRA NAV	12.6%	18.9%	14.5%
Return on EPRA NNNNAV	15.1%	20.0%	15.1%
Return on total capital	14.5%	10.9%	8.3%
Total yield of the share (incl. dividend)			
Castellum	38.9%	25.3%	17.9%
Nasdaq Stockholm (SIX Return)	35.0%	12.2%	12.4%
Real Estate Index Sweden (EPRA)	53.7%	27.1%	21.2%
Real Estate Index Europe (EPRA)	29.7%	10.7%	11.4%
Real Estate Index Eurozone (EPRA)	21.0%	9.3%	10.3%
Real Estate Index Great Britain (EPRA)	30.6%	8.6%	9.5%
Financial risk			
LTV ratio	43%	46%	49%
Interest coverage ratio	502%	439%	352%

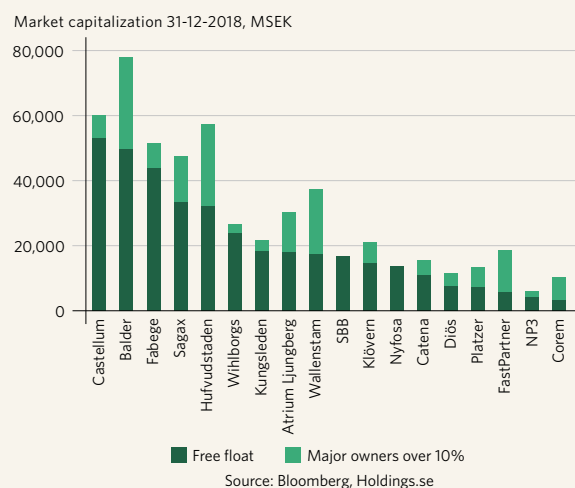
Dividend yield

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

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



LISTED PROPERTY COMPANIES



Source: Bloomberg, Holdings.se

The proposed dividend of SEK 6.50 (6.10) corresponds to a dividend yield of 2.9% (3.7%) based on the share price at the end of the year.

Net asset yield and earnings incl. long-term change in value

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

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

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

Net asset yield and earnings incl. long-term change in value

		Sensitivity analysis	
		-1 pp	+1 pp
Income from prop. mgmt 2019	3,164	3,164	3,164
Change in property value (10-year avg)	2,943	2,051	3,834
As %	3.3%	2.3%	4.3%
Current tax, 9%	-284	-284	-284
Earnings after tax	5,805	4,913	6,696
Earnings, SEK/share	21.25	17.98	24.51
Return on EPRA NAV	10.0%	8.6%	11.5%
Earnings/share price	9.6%	8.1%	11.0%
P/E ratio	10	12	9

Shareholder value created

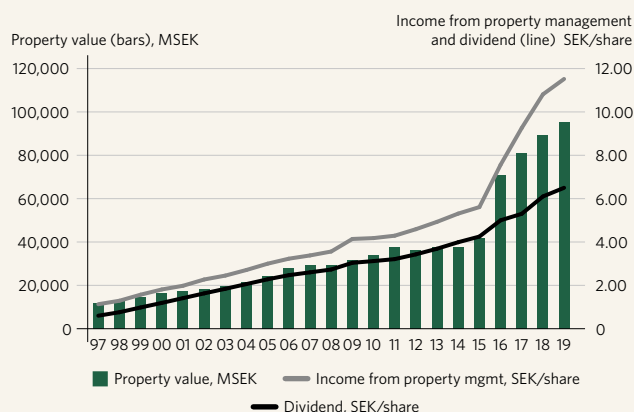
At the IPO in May 1997, Castellum's property portfolio amounted to approximately SEK 10 billion, income from property management to approximately MSEK 300 and shareholders' equity to approximately SEK 4 billion. Since then, Castellum has created shareholder value by increasing shareholder's equity to SEK 53 billion and a dividend of approximately SEK 13.1 billion has also been distributed as of December 31, 2019. The property portfolio grew over the same period to approximately SEK 95 billion at the end of 2019, while income from property management increased to MSEK 3.1.

Valuation

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

Over the short term, supply and demand for the share in question affect share price movements and set the current share price. Factors affecting price in the short term (apart from current investor assessments of the share's long-term yield) include industry outlook, macroeconomic assessments, geopolitical events, allocation aspects, the potential yield on alternative investments, and regulations. Over the long term, the company's actual performance in terms of total yield and growth become crucial to share price development. As shown in the table on page 70, Castellum has achieved a total average yield of 18% per year over the past ten years, of which dividend yield represents approximately 4% and share price development

CASTELLUM'S PROPERTY VALUE AND INCOME FROM PROPERTY MANAGEMENT SINCE THE IPO, 1997



SHAREHOLDERS DISTRIBUTED BY COUNTRY, DEC. 31, 2019



around 14%, with a risk level for the Swedish property market that is moderate. The average dividend growth for the same period amounted to 54% per year.

Shareholders

Castellum had approximately 57,000 shareholders at year end, an increase of roughly 28% compared with year-end 2018. The proportion of registered shares abroad amounted to 55% at the end of the year. The largest owner constellations confirmed as of December 31, 2019, are shown in the table below.

Investor Relations

Investor relations are primarily based on quarterly financial reports, press releases related to significant commercial events and presentations by Castellum. Presentations take place in

connection with quarterly financial reports, visits from investors and analysts, and investor meetings both in Sweden and abroad. The large share of foreign shareholders means that there are extensive contacts with foreign investors. Additional market and financial information is provided on the Group's website, www.castellum.com.

Repurchase of company shares

Castellum repurchased none of its own shares in 2019.

SHAREHOLDERS AS OF DECEMBER 31, 2019

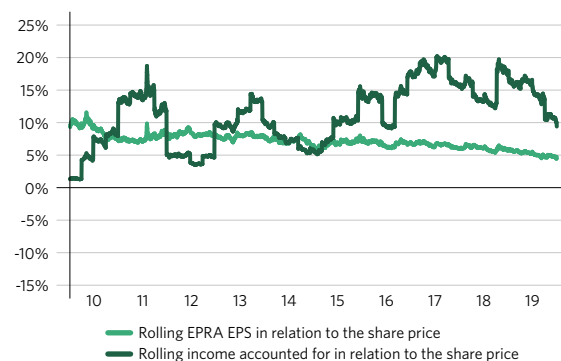
Shareholders	Number of shares, thousand	Percentage of votes/capital
Rutger Arnhult	32,434	11.9%
APG Asset Management	16,498	6.0%
BlackRock	13,659	5.0%
PGGM Pensioenfond	9,396	3.4%
Vanguard	8,883	3.3%
Szombatfalvy constellation	8,438	3.1%
Lannebo Fonder	6,930	2.5%
AMF Försäkring & Fonder	6,671	2.4%
Norges Bank	5,721	2.1%
SHB Fonder & Liv	4,040	1.5%
Länsförsäkringar Fonder	3,574	1.3%
State Street Global Advisors	3,558	1.3%
Folksam	3,132	1.1%
Principal Global Investors	2,928	1.1%
BNP Paribas Asset Management	2,650	1.0%
Amundi	2,619	1.0%
SEB Fonder & Liv	2,534	0.9%
Nordea Fonder	2,379	0.9%
CBRE Clarion Securities	2,363	0.9%
Sixth Swedish National Pension Fund	2,136	0.8%
Swedbank Robur Fonder	1,822	0.7%
Cohen & Steers	1,774	0.6%
Northern Trust	1,505	0.5%
Castellum Board and Executive Management	172	0.1%
Other shareholders registered in Sweden	49,889	18.3%
Other shareholders registered abroad	77,496	28.3%
Total shares outstanding	273,201	100.0%

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

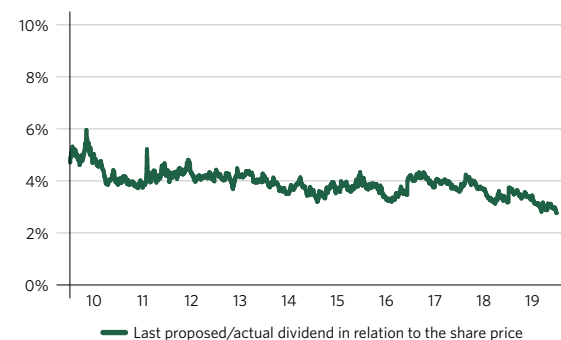
SHARE PRICE/NET ASSET VALUE



YIELD, EARNINGS PER SHARE



THE SHARE'S DIVIDEND YIELD



TEN-YEAR SUMMARY

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Key metrics, SEK/share										
Income	21.31	20.41	18.97	19.33	20.12	20.23	19.81	18.74	17.80	16.82
Income from prop. mgmt	11.52	10.81	9.26	8.80	8.11	7.67	7.12	6.64	6.21	6.04
Net income for the year	20.68	27.28	21.51	21.20	15.24	6.41	9.03	7.79	3.76	10.39
Dividend (for 2019, proposed)	6.50	6.10	5.30	5.00	4.25	3.99	3.69	3.43	3.21	3.12
Property value	348	326	297	259	221	199	200	192	179	168
Valuation										
Income from prop. mgmt per share/Share price	5.2%	6.6%	6.7%	7.0%	7.7%	7.2%	8.2%	8.3%	8.4%	7.6%
Share price/Income from prop. mgmt per share	19	15	15	14	13	14	12	12	12	13
Income from prop. mgmt after tax per share (EPRA EPS)/Share price	4.7%	5.9%	6.1%	6.6%	7.5%	6.8%	8.0%	7.9%	8.2%	7.2%
Dividend/Share price (dividend yield)	2.9%	3.7%	3.8%	4.0%	4.1%	3.8%	4.2%	4.3%	4.3%	3.9%
Share price/EPRA NAV per share	114%	93%	90%	94%	94%	107%	94%	92%	88%	100%
Share price/EPRA NNNAV per share	123%	101%	100%	103%	105%	122%	103%	103%	98%	108%
The share										
Market capitalization, MSEK	60,651	44,627	37,811	34,123	19,795	20,024	16,416	15,137	13,989	15,014
Total yield, Castellum share	38.9	22.3%	15.4%	23.8%	2.3%	26.9%	13.1%	13.0%	-3.1%	32.6%
Nasdaq Stockholm (SIX Return)	35%	-4.4%	9.5%	9.6%	10.4%	15.8%	28.0%	16.5%	-13.5%	26.7%
Real Estate Index Sweden (EPRA)	53.7%	15.3%	15.9%	7.2%	25.4%	37.1%	20.6%	16.2%	-13.0%	48.5%
Real Estate Index Europe (EPRA)	29.7%	-7.7%	13.4%	-4.5%	18.8%	26.5%	10.1%	28.7%	-9.2%	19.8%
Real Estate Index Eurozone (EPRA)	21.0%	-8.2%	17.7%	4.7%	17.4%	24.1%	5.6%	29.2%	-14.2%	15.5%
Real Estate Index Great Britain (EPRA)	30.6%	-13.0%	12.7%	-8.5%	12.1%	22.5%	22.6%	29.9%	-8.1%	7.9%
Payout ratio, income from property management	56%	56%	57%	57%	52%	52%	52%	52%	52%	52%
Payout ratio, EPRA NAV	3.3%	3.5%	3.4%	3.8%	3.8%	4.0%	4.0%	4.0%	3.8%	3.9%
Share Price, SEK										
Closing share price, final trading day of the year	220.00	163.35	138.40	124.90	104.73	105.94	86.85	80.08	74.01	79.43
highest share price during the year	223.00	170.25	140.00	133.50	125.38	108.02	93.27	81.99	84.60	79.61
lowest share price during the year	160.65	121.20	114.80	97.87	97.96	85.94	76.14	66.20	56.61	50.76
average (highest/lowest per day)	188.32	148.05	126.59	117.62	109.18	97.49	82.82	75.73	76.95	65.68
Number of shares, thousand										
average and outstanding	273,201	273,201	273,201	234,540	164,000	164,000	164,000	164,000	164,000	164,000
registered	273,201	273,201	273,201	273,201	172,008	172,008	172,008	172,008	172,008	172,008
Number of shareholders	57,000	44,400	38,000	30,000	19,100	16,300	12,200	9,900	9,400	10,000
Percentage of shareholders registered abroad	55%	55%	50%	51%	50%	52%	62%	60%	51%	46%
Turnover, thousand shares per year	269,900	300,200	272,600	285,000	188,379	133,083	106,266	129,276	150,482	152,186
Turnover rate per year	99%	110%	99%	103%	114%	81%	65%	79%	92%	93%
EPRA measures										
EPRA Earnings (Income from property mgmt after tax paid), MSEK	2,853	2,636	2,291	1,937	1,481	1,355	1,318	1,192	1,149	1,086
EPRA Earnings (EPS), SEK/share	10.44	9.65	8.39	8.26	7.84	7.17	6.97	6.31	6.08	5.75
EPRA NAV (long-term net asset value), MSEK	53,165	48,009	41,834	36,222	21,184	18,618	17,510	16,480	15,920	15,158
EPRA NAV, SEK/share	195	176	153	133	112	99	93	87	84	80
EPRA NNNAV (Triple net asset value), MSEK	49,223	44,318	37,632	33,082	18,946	16,432	15,940	14,689	14,196	13,913
EPRA NNNAV, SEK/share	180	162	138	121	100	87	84	78	75	74
EPRA Vacancy rate	7%	7%	9%	9%	10%	11%	12%	11%	11%	11%
EPRA Yield	5.0%	5.1%	5.3%	5.5%	6.1%	6.4%	6.6%	6.7%	6.7%	6.6%
EPRA "Topped-up" Yield	5.1%	5.2%	5.4%	5.6%	6.3%	6.6%	6.7%	6.9%	6.8%	6.8%
EPRA cost ratio (including direct vacancy costs)	26%	26%	28%	33%	29%	29%	30%	30%	30%	31%
EPRA cost ratio (excluding direct vacancy costs)	24%	24%	26%	30%	26%	26%	26%	27%	27%	28%

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

Sustainability

Castellum is one of Europe's most sustainable property companies; sustainability initiatives are fully integrated into our operations and are ingrained in the ownership, management and development of our property portfolio as well as our customer relations, employees and financing. At Castellum, sustainability is about managing business operations responsibly and creating long-term solutions with economic, ecological and social perspectives. As a long-term player and community builder, it goes without saying that we promote the development of a sustainable society. We are convinced that our sustainability investments will generate higher profitability and shareholder value for Castellum shareholders.



CASTELLUM'S
IN-DEPTH
SUSTAINABILITY
REPORTING
IS PRESENTED ON
PAGES 222-237.



Castellum's sustainability efforts and commitments



GLOBAL COMPACT

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

Vision

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

Strategy

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

Attitude to climate change and the planet's limits

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

change. Castellum will be involved in the climate plans and policies of its customers and of government agencies, it will display leadership and to the greatest extent possible will inspire the industry toward a greener approach.

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

The Science Based Targets Initiative (SBT) is a collaboration between the Carbon Disclosure Project (CDP), the UN, the World Resource Initiative (WRI) and the World Wildlife Fund (WWF). The purpose of the SBT is to guide companies across the globe in defining carbon emissions and in establishing scientifically correct objectives in line with the goals of the Paris Agreement on reducing global warming. Castellum is the first property company in the Nordic region to have its climate targets approved by SBT. Castellum's target is to achieve 100% climate neutrality in its operations by 2030, thereby supporting the UN's climate agreement and the national ambition for a fossil fuel-free Sweden.

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

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

Responsible agent of societal progress

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

To achieve properly functional sustainability initiatives, Castellum will:

Overall

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

Ecological sustainability

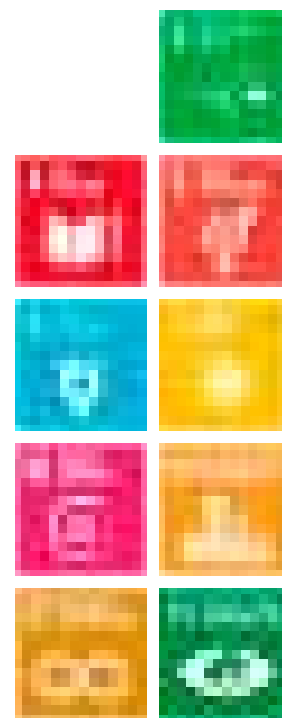
- Minimize carbon emissions in Scopes 1, 2 and 3 (see page 81), which promote global warming.
- Use natural resources responsibly and efficiently so as not to jeopardize the planet's limits, and thus our climate and the opportunities for future generations in a finite world.
- Build and manage from a service life perspective, and promote circular models.
- Promote increased biological diversity and limit the use and spread of environmentally hazardous products.
- All properties held for more than one year are to be environmentally inventoried, and these will be updated at least every ten years.
- Create conditions for responsible waste management through minimizing waste, guarding against pollutants and regarding waste as a resource for reuse and recycling.

Societal sustainability

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

Financial sustainability

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



THE UN SUSTAINABLE DEVELOPMENT GOALS

At the UN Summit in September 2015, 17 global goals were adopted that will lead the world toward a sustainable and equitable future by 2030. Castellum has conducted surveys in relation to the UN Sustainable Development Goals to analyze relevant goals for the company's operations. The relevant goals were deemed to be 3, 4, 5, 6, 7, 10, 11, 12 and 13. In 2017, these goals were implemented in Castellum's sustainability strategy: *Castellum's Agenda for the Sustainable City 2030*.

Organization and governance of sustainability efforts

POLICIES FOR SUSTAINABILITY ACTIVITIES

Regulations that control Castellum's sustainability efforts:

External regulations

- The Swedish Companies Act
- The Swedish Environmental Code
- The Swedish Work Environment Act
- Building Regulations from the National Board of Housing, Building and Planning
- Other applicable laws and regulations

External initiatives

- The UN Sustainable Development Goals
- The UN Global Compact
- Environmental Classification: Green Building, Miljöbyggnad, BREEAM, LEED, WELL
- ISO 14001
- Science Based Targets
- Local sustainability programs and climate adaptation plans

Important internal regulations

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

Our sustainability efforts permeate all operations and are controlled via a management system comprising joint policies, guidelines, overall measurable objectives and detailed action plans. The aim of this work is to monitor, document, evaluate and improve Castellum's sustainability activities. Castellum follows the precautionary principle, which is integrated into Castellum's sustainability policy and business processes, and is monitored via the company's environmental management system. Activities are followed up annually and are regularly reported to Executive Management and the Board.

Castellum's CEO is ultimately responsible for all sustainability work. The Sustainability Report is prepared in accordance with the GRI Standards and a limited assurance report provided by Deloitte. Castellum is ISO 14001 certified for maintaining structured environmental work.

To achieve Castellum's overall sustainability goals and ambitions, there is a centralized sustainability organization. The organization supports, develops and provides the digital tools necessary to achieve our long-term goals such as environmental management systems, sustainability requirements and environmental certification.

Castellum's Head of Sustainability is responsible for conducting and developing the sustainability efforts of the Group as a whole. Each

region has a dedicated Sustainability Coordinator, and sustainability efforts are actively integrated into operations. The work as Head of Sustainability and Sustainability Coordinator entails ensuring that the company's sustainability policy is observed, implementing measures that lead to Castellum's sustainability goals and monitoring climate-related risks and opportunities. Castellum's Board of Directors annually adopts a sustainability policy and Codes of Conduct, and routinely discusses and follows up on various efforts.

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

As Castellum's sustainability efforts require ever more committed and skilled employees, further training in sustainability issues is offered on a regular basis. All Castellum employees undergo mandatory web-based training in sustainability, diversity and codes of conduct that is a part of the introduction for new employees.



THE PLANET

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



FUTURE-PROOFING

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



WELL-BEING

We will promote health, wellness and productivity.



CONDUCT

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

Continuous improvement



1%

Water-use reduction per year

1.5%

Energy-efficiency improvement per year

Castellum's Agenda for the Sustainable City

Our goal is clear – Castellum will be the most sustainable property company and a major player for building a sustainable society.

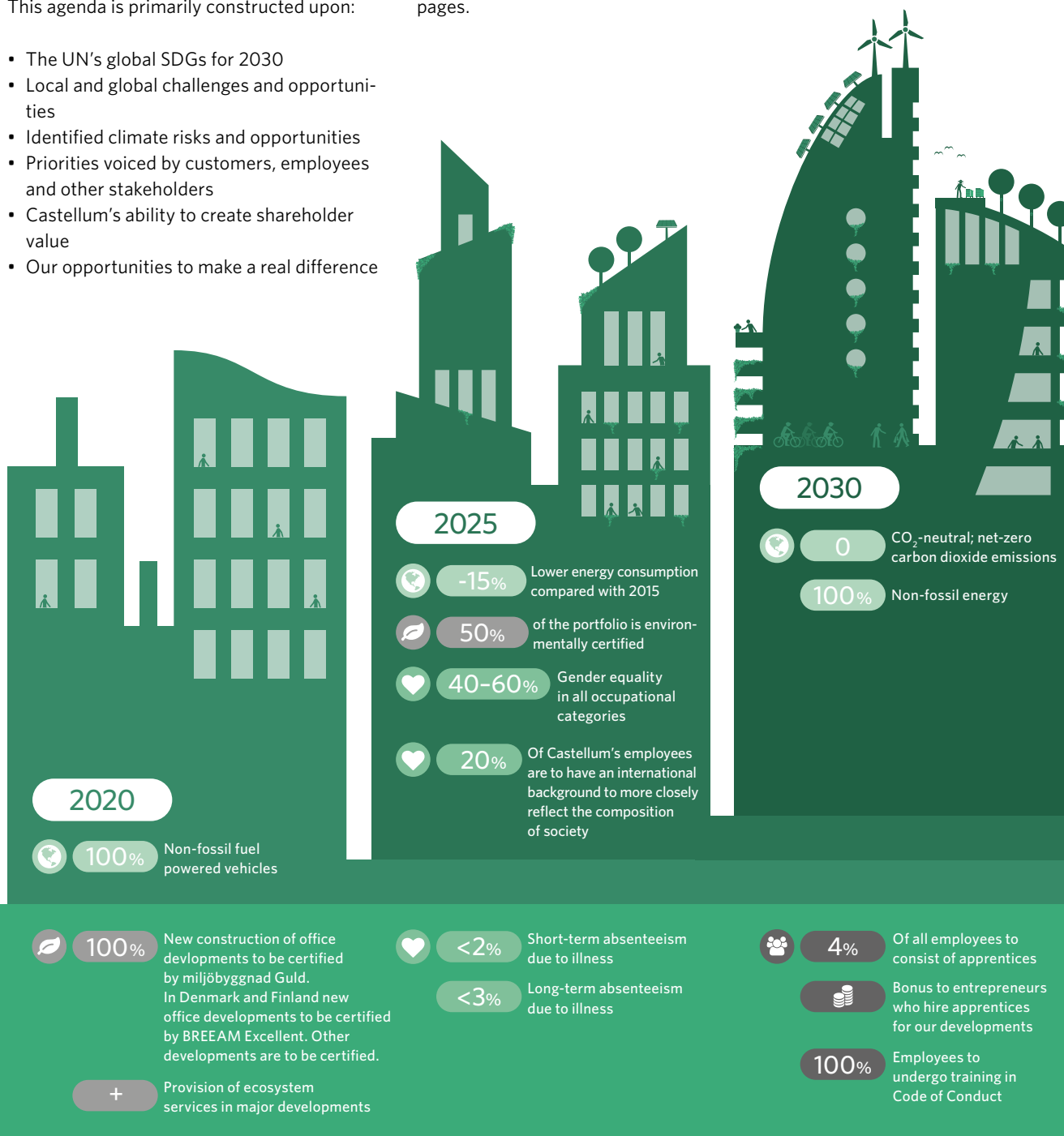
The purpose of our sustainability agenda is to ensure that we are a relevant and successful company, not just for today, but well into the future. Our agenda has been developed through analysis, dialogue and discussion. This agenda is primarily constructed upon:

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

Focus areas and goals

Castellum's Agenda for the Sustainable City consists of four focus areas: the planet, future-proofing, well-being and conduct. In turn, these consist of 14 interim goals in total.

The work in 2019, as well as the outcomes of the targets associated with the respective areas of focus, are presented on the following pages.



The planet

Direction of the focus area

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

Targets

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

Outcome

- 8% savings (1%) cf. 2015 and 8% reduction (3% increase) in the like-for-like portfolio
- 77% (81%) less CO₂ emissions from property management (Scope 1 and 2) since 2007*. For monitoring of Scope 3, see page 233. 96% (95%) renewable energy
- 86% (62%) non-fossil fuel powered vehicles, which is in line with the goal of achieving 100% in 2020
- 3% water conservation (1%)

*As of 2019, Castellum reports the trends for scopes 1 and 2 separately from Scope 3.

Efficient use of resources

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

To future-proof Castellum's property portfolio and promote the sustainable development goals established by the UN and

prioritized by the company, several challenging goals have been set. Buildings must be more energy-efficient, natural resources must be more efficiently utilized, biodiversity in urban environments must be increased, renewable energy must be improved and changing weather conditions must be taken into account. Castellum is involved in the climate plans and policies of its customers and of government agencies. It supports international treaties such as the Paris Agreement, displays leadership and to the greatest extent possible influences the industry to reduce its climate impact. Castellum is the first property company in the Nordic region to have its climate targets approved by the Science Based Targets (SBT) initiative. Castellum's target is to achieve 100% climate neutrality in its operations by 2030, thereby supporting the UN's climate agreement and the national ambition for a fossil fuel-free Sweden. Despite the strong possibilities we see for adjusting emissions from property management (scopes 1 and 2), there are major challenges to achieving climate neutrality in Scope 3. At present, we are far from having all the solutions to becoming climate neutral by 2030. But we know that ambitious goals drive innovation.

More efficient energy use

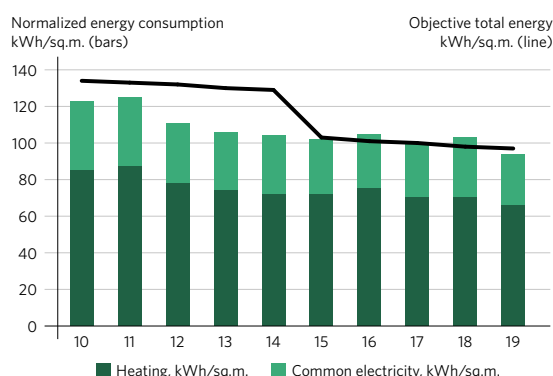
Castellum works continuously to reduce energy use by optimizing operations and investing in energy-efficient technologies. Over the past year, 74 developments comprising MSEK 70 were implemented for the purpose of enhancing efficiency. Energy use within the Group is systematically monitored and then analyzed. The measures implemented are prioritized in order of greatest potential for enhancing efficiency.

Expansion is underway for Castellum's own portal for web-based property monitoring, to check values for operations, alarms, elevators and entries. This project saves energy and time, and simultaneously provides customer benefits in the form of better services through preventive measures. At present, 424 properties representing 3,164,000 square meters are connected to the portal.

In 2019, the normalized energy consumption for heating and property electricity in the comparable portfolio (like-for-like) decreased 8% year-on-year. The efficiency enhancements are due in part to active work to reduce energy use in Castellum's

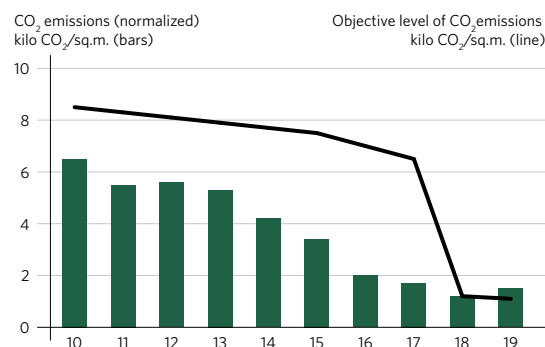
TARGET AND OUTCOME, ENERGY CONSUMPTION PER SQ. M.

Absolute consumption per square meter in the properties Castellum manages.



The actual change in the like-for-like portfolio was -8%. Castellum began systematically measuring energy consumption and heating in 2007, which is why it is utilized as a comparison year.

CARBON EMISSIONS, PROPERTY MANAGEMENT (SCOPE 1 & 2 MARKET BASED)



buildings, and in part to milder weather in 2019 compared to the preceding year. Heating use decreased 7% in 2019, while electricity use decreased 10%. Since 2007, energy consumption has decreased by a total of 32% per square meter. Castellum's heating consumption of 60 kWh per square meter can be compared with the industry average, which uses the Swedish Energy Agency's reference value for heating premises of 122 kWh per square meter. This means Castellum's buildings are 51% more energy efficient than the Swedish average for these premises.

Increased share of renewable fuels

Of Castellum's total carbon emissions, 7% can be directly influenced by oil, gas, and service, benefit and pool vehicles (Scope 1); the remaining 93% – for example, purchased energy such as district heating and electricity (Scope 2) – can only be influenced indirectly.

To reduce emissions, work is underway to phase out fossil fuels; currently four oil furnaces are still in operation. Approximately 12% of Castellum's customers are responsible for their own heating and 23% for electricity on the property. A total of 1,720 kW of solar cells have been installed on Castellum's properties, equivalent to a total of approximately 12,040 square meters of solar cells. Four large solar cell installations were built in 2019.

Castellum's use of district heating means that its carbon emissions are dependent on the fuel mix used by the district heating facilities. At present, Castellum makes use of 27 district-heating facilities, which represent 93% of the Group's total emissions under scopes 1 and 2. Castellum is in dialogue with the district-heating suppliers with the highest carbon emissions per kWh in order to influence these

suppliers to reduce emissions. The transfer to green district heating with renewable fuels is ongoing and currently amounts to 59% of our district heating suppliers.

During 2019, scope 1 and 2 carbon emissions increased by 23% per square meter; since 2007 they have decreased by 77% per square meter. The increase is largely due to an increase in emissions from district heating suppliers during the year. Of Castellum's total energy use, 96% is renewable.

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

Reduced amount of waste

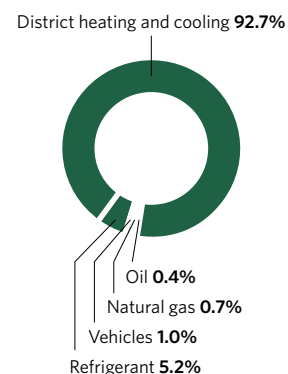
Castellum has long worked actively to reduce the amount of waste that goes to dumps by offering household waste sorting facilities. Monitoring the work is complicated by several sanitation companies being hired, only a few of which can report follow-up in terms of weights. In addition, customer operations differ, which means their needs for waste management differ as well. Statistics are currently obtainable from 27% (24%) of the sanitation companies and Castellum is working actively to increase the amount of available data. The statistics include waste from buildings managed by Castellum, but not waste from projects or construction contracts.

Water consumption

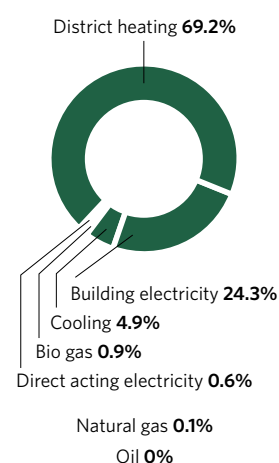
Castellum utilizes water from the municipal water system, monitors consumption and takes measures to reduce it.

In 2017, Castellum adopted the objective of reducing water use per square meter in the like-for-like portfolio by 1% per year up until 2030. Conservation in the like-for-like portfolio was 3% year-on-year.

DISTRIBUTION OF CARBON DIOXIDE EMISSIONS



DISTRIBUTION OF TOTAL ENERGY CONSUMPTION



MULTI-YEAR OUTLOOK: ENERGY, CARBON EMISSIONS AND WATER, 2015–2019

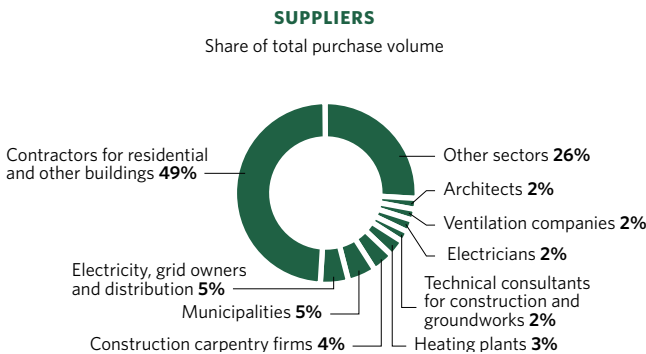
Absolute energy in MWh and CO2 in metric tons and intensity, respectively, given in kWh per square meter per year and CO2 in kilograms per square meter

	2019		2018		2017		2016		2015	
	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity
Total energy consumption	316,239	88	349,014	97	343,140	94	342,918	98	239,731	90
Total energy consumption, normalized	340,645	95	371,220	103	365,927	100	362,935	104	261,985	98
1. of which actual heating	223,576	60	238,494	64	244,060	64	244,529	69	167,522	61
2. of which normalized heating	247,983	67	260,700	70	266,847	70	264,546	75	189,776	69
3. of which electricity and cooling	92,662	28	110,520	33	99,080	30	98,389	29	72,209	29
Total CO2 emissions for property management*	6,222	1.5	5,037	1.2	7,255	1.7	8,355	1.9	11,359	3.4
of which Scope 1	458	0.1	675	0.2	1,122	0.3	608	0.1	639	0.2
of which Scope 2 (market-based)	5,764	1.4	4,362	1.0	6,133	1.4	7,747	1.8	10,720	3.2
Total water consumption	995,345	0.29	969,783	0.3	1,008,457	0.3	1,044,503	0.2	747,334	0.3

*This list includes all CO2 emissions from property management (i.e. scopes 1 and 2). Detailed information on Castellum's CO2 emissions and complete Scope 3 emissions outside of property management is provided on page 233. Total energy consumption is the sum of 1 and 3. Total normalized energy use is the sum of 2 and 3.

Future-proofing

Direction of the focus area
We will create a sustainable property portfolio in a changing world.
Targets
50% of the property portfolio in square meters will be environmentally certified in 2025. - All new constructions and larger reconstructions will be environmentally certified. Miljöbyggnad level Gold applies to new construction or reconstruction of office and retail premises. A lower certification level may only be used if there are particular reasons why Gold cannot be achieved. - Eco-system services will be evaluated for new construction and major projects, and at least as many eco-system services – or more – will be recreated on site.
Outcome
36% of the property portfolio in square meters is environmentally certified, and certification of a further 2% is in progress. Castellum owns the greatest number of environmentally certified buildings out of all the Swedish listed property companies. - All of Castellum’s major new constructions or reconstructions for office and retail met this goal in 2019. - Ecosystem services are evaluated and implemented in all new major projects.



Sustainability certifications at Castellum

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

The objective is for all properties to be environmentally inventoried. Castellum environmentally certifies all new constructions and larger reconstructions. If these are office projects, they must be certified under Miljöbyggnad, level Gold. A lower certification level may only be used if there are particular reasons why Gold cannot be achieved. New offices in Denmark and Finland are to be certified according to BREEAM, level Excellent. Miljöbyggnad, level Silver applies to new production of logistics buildings. Castellum also has its own sustainability program that applies to all investments; read more on page 56.

Castellum’s supply chain

Castellum works to achieve the smartest and most efficient use of resources possible. Castellum has a Code of Conduct for Suppliers that applies to all procurements, which means that projects are carried out with strict sustainability requirements. We impose requirements on our suppliers as regards the environment, work environments and safety, working conditions and human rights as well as business ethics and anti-corruption.

Castellum imposes clear sustainability requirements in new construction and reconstruction by applying Group-wide sustainability programs for procurements. Read more about Castellum’s ideas concerning sustainable investments in connection with new constructions and reconstruction on page 56.

For major purchases and procurements, Castellum’s ambition is to monitor suppliers and contractors in accordance with Group-wide requirements. Monitoring takes place in various ways, for example through auditing Castellum’s environmental management system, inspections, questionnaires and site visits. In 2019, Castellum purchased services or products totaling SEK 4,126 million from a total of 4,701 suppliers, of which the 62 largest suppliers with a purchase volume over MSEK 10 accounted for 62% of the purchase volume. Furthermore, no significant changes occurred in Castellum’s work with its chain of suppliers during the year.

As a part of enhancing efficiency and imposing clear requirements in the supplier chain, Castellum systematically signs framework agreements with suppliers. In every procurement, the supplier must also affirm that they work systematically on sustainability and work environment management. If a supplier violates the Code of Conduct or sustainability and work environment requirements, the agreement can be canceled. During the year, Castellum signed 14 new framework agreements; in total, there are 27 framework agreements in the Group for goods and services in property management.

Well-being

Direction of the focus area
We will promote health, wellness and productivity.
Objectives
- Equality among all occupational categories by 2025. <2% short-term sick leave. <3% long-term sick leave. - By 2025, 20% of Castellum's employees are to have international backgrounds to more closely reflect the composition of society.
Outcome
- The following distributions regarding equality: - Executive Management: 50% women, 50% men - Regional management groups: 34% women, 66% men - Admin/customer service: 28% women, 72% men - Project and business development: 35% women, 65% men - Support functions: 63% women, 37% men - For more detailed information, see the diagram below. 1.0% short-term sick leave. 1.9% long-term sick leave. 6% (6%) of Castellum's employees have an international background. For more detailed information, see the diagram at right.

Working environment

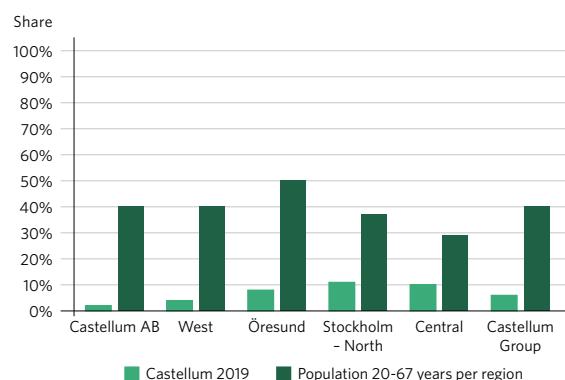
Castellum protects and supports both employees and suppliers, and it is our responsibility that no one becomes ill, either physically or mentally, or is injured owing to their work. We work routinely on developing and improving working environments within the entire Group. Castellum also has a Code of Conduct for suppliers, in which they are obligated to meet the same requirements we impose on ourselves as regards work environments. During the year, 18 work-related accidents were reported, 7 of which involved Castellum employees. Total sick leave remained low, at 2.9% (3.8).

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

Castellum's guidelines include the following requirements:

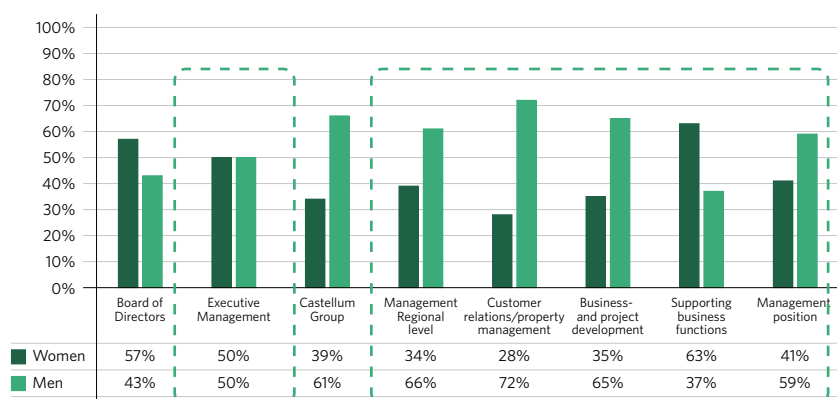
- Travel over 450 km should primarily be booked by train
- Environmental requirements are imposed on all travel (e.g. green taxis should be booked)
- Annual climate compensation for all of the Group's travel

DIVERSITY AT CASTELLUM IN 2019, BY REGION



The number of employees with foreign backgrounds at Castellum in 2019, compared with foreign backgrounds among the populace aged 20-67 in the same locations and respective regional head office. Source: Statistics Sweden

EQUALITY AT CASTELLUM, 2019



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

Social responsibility

Direction of the focus area

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

Objectives

- 4% of all employees annually must be apprentices or interns.
- Job opportunities will be created for young people and the long-term unemployed in all major projects.
- 100% of employees to undergo training in the Code of Conduct.

Outcome

- A total of 84 young people were apprentices, had internships or holiday work at Castellum in 2019. Of these, 22 were apprentices, equivalent to approximately 5% of Castellum's employees.
- Seven apprenticeships were created in major projects.
- All employees are trained in Castellum's Code of Conduct.

Values and Code of Conduct

Castellum's values can be summarized as "Worthy of trust" (read more about our values on our website).

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

Castellum's operations are subject to each country's laws and regulations concerning, for example, working conditions, occupational safety and freedom of association. Castellum's HR manual addresses issues such as working environment, equal opportunities, salaries, pensions and company cars. Each new employee undergoes mandatory training in the company's Code of Conduct, sustainability efforts and diversity.

Preventative efforts regarding corruption issues, where conduct in various everyday situations is discussed, are conducted throughout the Group. A pivotal element is that all employees understand and follow the Code of Conduct. Castellum has a whistleblower function that can be reached via the Group's web page and Intranet. The function aims to help both employees and external parties act responsibly. All whistleblower cases are handled in accordance with established procedures. Those reporting a whistleblower case receive prompt feedback and then the aim is to maintain a dialogue with the initial notifying person. All cases are handled confidentially.

In 2019, Castellum received some ten cases through the whistleblower function. Some of the cases led to a change in routines or to targeted communication efforts.

Executive management is not aware of any incidents in 2019 that negatively impacted customers' health and safety. Nor has Castellum had any punishments imposed for violations of the company's Code of Conduct, or crimes of corruption, in 2019 or the last five years.

Community involvement

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

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

In 2019, a total of 84 young people worked at Castellum as vacation replacements, interns, apprentices, as trainees or

with academic degree projects. Twenty-two of these young people were apprentices (in Castellum's definition, people who are struggling to enter the job market), which is equivalent to approximately 5% of Castellum's employees. Castellum has also set a goal of creating workplaces for young people in all major projects. In addition, Castellum collaborates with organizations such as the Jobbsprånget internship program, which is an initiative that matches companies with academics who have just arrived in Sweden. During the year, Castellum also offered internships to people with non-Swedish background cultures who had recently come to Sweden.

For the last 15 years, Region West has collaborated with the Brunnsbo school in Gothenburg in order to expand the partnership between schools and the business community. Castellum follows one class of students throughout high school, and has the opportunity to provide the students with a look into working life and the property industry. At the same time, Castellum gains much in return in the form of thoughts and ideas from a younger generation – the employees and tenants of tomorrow. In November 2019, Castellum initiated collaboration with its seventh consecutive class of high school students.

Developing local communities

Castellum has implemented social programs in the cities where we operate. Currently, Castellum's program covers 100% of the company's properties. Castellum's commitment varies in accordance with local needs and those of the specific properties; the programs include a stakeholder analysis to investigate current needs. Depending on the needs and interests of the city, decisions on Castellum's involvement are taken locally. Our commitment to the programs includes how we measure and positively influence the environment and societal interaction in order to improve the local community and the environments in and around our properties. As a long-term player and community developer, Castellum is involved in developing both new and existing areas. The programs currently comprise 108 different commitments, including societal involvement in our cities, and participation in city includes how we measure and positively influence the environment and societal interaction in order to improve the local community and the environments in and around our properties.

Some of our memberships

- Almega
- Center for Management in the Construction Sector (CMB) at Chalmers University of Technology
- Chamber of Commerce (Handelskammaren)
- EPRA
- European Think Tank
- Fastighetsägarna
- Fossilfritt Sverige
- Green Building Council Denmark
- Network for collaboration in the local cities (Citysamverkan)
- Näringslivsgruppen
- SNS
- Sweden Green Building Council
- Swedish Energy Agency's Client Group for Premises (BELOK)

As a long-term player and community developer, Castellum is involved in developing both new and existing areas. The programs currently comprise 108 different commitments, including societal involvement in our cities, and participation in city networks, sustainability networks and corporate associations where Castellum interacts with customers, municipalities and other partners to develop cities.

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

Castellum's sponsorship and support of the local community focuses primarily on promoting young people's education and health. During the year, Castellum sponsored the Science Festival, Young Entrepreneurship and local sports associations. Moreover, direct support was given to Stockholms Stadsmision and to the Swedish Childhood Cancer Foundation. In 2019, Castellum gave a total of MSEK 4.8 in direct support through sponsorships and other initiatives.

Castellum's sustainability awards in 2019

In 2019, Castellum continued to garner international attention for its sustainability initiatives.

Dow Jones Sustainability Index

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

Named first in the world by GRESB

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

Member of the Carbon Disclosure Project (CDP)

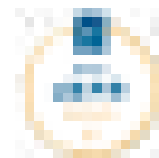
Castellum is part of the Climate Disclosure Leadership Index, with a rating of A- on a scale of A to D-. CDP is an independent non-profit organization with the world's largest collection of information on companies' climate impacts.

EPRA Gold

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

Climate targets approved by SBT

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



As of 2019, Castellum AB received an MSCI ESG Rating of AA.

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Castellum investing 100% in solar cells

As a step in reaching our overall sustainability goal of becoming 100% climate smart, Castellum has launched its “100 på sol” (100% on Solar) project, one of the Nordic region’s largest solar cell initiatives. The project involves our planning the construction of nearly 100 solar cell installations on our buildings up through 2025.

In 2019, Castellum started 14 projects involving new, larger solar cell installations.

“We all have to contribute to fighting the climate crisis. At present, properties are one of the largest emitters of carbon dioxide. That is why we in the industry have a particular responsibility. Solar cells are an efficient way for us to progress toward climate-neutral operations. Today, Castellum is the Nordic region’s most sustainable property company, so it’s natural for us to take the lead and show the way,” says Henrik Saxborn, CEO, Castellum AB.

Organization and employees



Approximately 400 employees work at Castellum. The majority of our employees meet with our customers and work on leasing and administration of the Group's properties via our local organizations. We believe that this creates the best conditions for growth, as well as a corporate culture in which our employees thrive and develop, that over time builds a strong corporate culture that can achieve much.



Castellum's reception desk, Gothenburg

An action-oriented organization

Work on creating a shared Castellum has been ongoing over the last few years. We have made considerable progress on harmonizing internal processes and building a flexible structure that promotes exchanges of experience and competence development. In 2019, we took the next step, and going forward we will focus on building a culture of innovation in which our employees encourage innovative ideas and a proactive approach in both themselves and their colleagues. We believe this will contribute to increased productivity, increased well-being and job satisfaction.

420

employees at year end, of which

- 164 women and 256 men
- 417 full-time and 3 part-time employees
- 409 permanent employees and 11 temporary employees
- 100% of employees had collective agreements

We are working continually on developing and improving our organization. We believe that a shared structure in combination with a strong local presence creates the best business advantages.

Our understanding of customers' specific requirements and our deep knowledge of the specific context of each local property and rental market create the ability to act – something that makes a difference, promotes business and helps our employees grow.

These operations have been gathered under the Group-wide Castellum brand and are divided into four geographical regions: Central, West, Öresund and Stockholm-North. In 2018, we also established ourselves in Finland. At the Group level are the finance, accounting and investor relations functions with responsibility for investment-market issues (e.g. financial reporting and stock-market information) and to the credit markets (e.g. loans and financial risk management). Supporting corporate functions such as IT, human resources, sustainability, legal, transactions, efficient administration, logistics and communication are gathered at the Group level, with representation in operations.

Age distribution - number of employees

	No. of women	No. of men	Total
Excluding Board			
Under 30 years	23	25	48
30-50 years	98	120	218
Over 50 years	44	110	154

Collaboration with consultants and sub-contractors occurs when the company purchases expert/specialist services – for example, auditing – and to relieve workload peaks within

shared corporate functions. Collaboration with various suppliers also occurs for Castellum's project operations, and in conjunction with construction-industry entrepreneurs for new construction and reconstruction projects.

Castellum has harmonized its HR processes as regards benefits, conditions of employment and incentive systems. These initiatives are being taken with the purpose of strengthening the Castellum Spirit, increasing mobility within the company and ensuring a clear remuneration and incentive structure.

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

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

In taking decisions, Castellum is a goal-oriented company that works purposefully, at a high pace.

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

Castellum's values

Castellum's strategic aims have been compiled into the company's three-year strategic plan. The Executive Management holds ultimate responsibility for the plan, which has been presented to and accepted by the Board. The strategic plan contains the company's overall strategies and goals, as well as an action plan for the next three years in which Castellum's culture and core values are important components. Our core values – the Castellum Spirit – provides guidance in everyday assignments and various business situations concerning what is expected of an employee at the company, and how we should conduct ourselves with each other.

This year's Castellum Day, to which all our employees were invited, was characterized by our four values. Castellum Day serves to provide employees who have joined the company over the past year an excellent introduction, and all employees have an opportunity to establish contacts with colleagues around the country. Held every year since 1999, Castellum Day has workshops, inspirational lectures and other presentations from the Executive Management.

A workplace where employees do well

Castellum wants to take good care of its employees, and promotes wellness through various activities and wellness subsidies, as well as by offering regular health examinations and advanced health insurance benefits. Wellness activities are both preventative and rehabilitating, with the aim of promoting a continued state of well-being for employees. Short-term sick leave at the company remains low, equivalent to 1% (2%), of which 1% (2%) for women and 1% (2%) for men. Total sick leave remained low, at 2.9% (3.8).

Castellum protects and supports both employees and suppliers, and it is our responsibility

that no one becomes ill, either physically or mentally, or is injured owing to their work. The company works routinely on developing and improving working environments within the entire Group. Castellum also has a Code of Conduct for suppliers, in which they are obligated to meet the same requirements we impose on ourselves.

The occurrence of work-related injuries at Castellum is very low, equivalent to 1.7 injuries per 200,000 hours worked. During the year, work-related injuries consisted of crushing, sprains and bone injuries as well as injuries sustained during transportation to and from work. Injury figures are low for Castellum's suppliers as well, who reported 11 work-related injuries for the year. The following types of workplace injuries occurred among suppliers during the year: falls, cuts, broken bones, risk of exposure to airborne asbestos, crushing, sprains, traffic accidents and injuries from falling objects.

Focus on diversity and equal opportunity

Diversity and equal opportunity are important to us at Castellum. Targets have been prepared for these areas, and they are a part of the Group's Sustainable City agenda. These mean that by 2025, Castellum will have achieved a long-term gender equality balance in leadership positions and all professional categories (40–60%) as well as an increased share of co-workers with international backgrounds that reflects the actual composition of our communities over the long term.

At the moment, there is positive gender equality representation, both on the Board and in the company's Executive Management. The total proportion of women in the company was 39% (42%) at year end. Castellum's guidelines for gender equality and diversity contain concrete action plans for becoming a better-balanced company. There is currently a relatively large imbalance in certain professions and trades, while other categories strongly uphold our gender-equality goals.

Equal salaries are part of Castellum's diversity efforts. As shown in the table on page 93, wages are within the range of what is considered equitable. This is continually monitored, and immediate action is taken if gender-based differences in salaries are discovered.

Education, no. of people			
University	119	124	
Upper secondary school	47	122	
Compulsory school	1	7	
Division of labor, no. of people			
Customer relations/property management	59	152	
Business and project development	15	28	
Support functions	67	40	
Executives	9	13	
Regional management groups	10	19	
Executive Management	4	4	
Type of employment, no. of people			
Permanent employees	162	255	
Part-time employees	2	1	
Forms of employment, no. of people			
Permanent employees	158	251	
Temporary employees	5	6	

For more detailed information about diversity and equality, refer to page 83. "Diversity at Castellum in 2019, by region" and "Equality at Castellum," divided as above.

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

CASTELLUM'S VALUES

- Personal
- Passionate
- Proactive
- Reliable

HR'S AMBITIONS:

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

Partnerships and initiatives we are proud of

- Castellum participates in the Jobbsprånget internship program run by IVA, the Royal Swedish Academy of Engineering Sciences, where newly arrived immigrant academics with residence permits are provided with the opportunity to work as interns in the business community.
- During the year, Castellum initiated a partnership with My Dream Now to increase diversity in the company. This partnership provides our employees with the opportunity to become involved as mentors and class coaches for elementary and high-school students.
- During the year, the majority of Castellum's employees took an online learning course on diversity and equal opportunity. The training is produced internally.

A workplace with rewarding work assignments and clear goals

Every 18 months, an employee survey is carried out, in which all Castellum employees have a chance to voice their opinions about Castellum as employer, both from an employee and a management perspective.

The latest employee survey was conducted in April 2019, and the response rate was 87%. 91% of employees stated that Castellum was a very good place to work. Castellum's employee satisfaction index (ESI) ended up at 79%, which is a weighted value of all questions and responses. Employee survey results constitute an important tool in future development efforts on behalf of the company and co-workers. The next employee survey is planned for the third quarter of 2020.

The most prominent factor for Castellum is that our employees feel they have interesting and rewarding work assignments with a strong focus on results. The primary area for improvement is our corporate culture.

We are also continuing the development of

our executives. In 2019, a Group-wide management program was introduced in which 14 people took part.

Commitment, clarity and expectation

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

Employee dialogues and appraisal reviews are to be carried out annually so that targets can be set and monitored, and competence development requirements can be determined. In the course of 2019, 78 (77%) of all employees took part in performance reviews: 83% of women and 75% of men. The primary reason that not all employees had a performance review in 2019 is a large number of new employees who had not yet had their first performance review. Strengthening the Group through continual improvement efforts – known as best practice – is a continuous process. Joint development work is under way in the Group, as are exchanges of experience among the regions in order to make competence available throughout the organization. The company-wide development teams provide strong prerequisites for continuous improvement, and these groups consist of participants who represent all regions. The groups regularly discuss issues within specific areas, such as leasing, IT, building management, project development, sustainability, communication, purchasing and personnel.

Work in these project groups has become a central element in the internal development efforts currently being driven within the Group. From these contexts, we benefit greatly from our new organizational structure, which turns out to be very suitable for this kind of collaboration. The Group also runs an intranet channel where experience and know-how can be easily shared among employees, regardless of geographical location.

EMPLOYEE TURNOVER*

Employee turnover	Number of employees 2019	Of which women, 2019	Number of employees 2018	Proportion women 2018
New employees during the year				
under 30	15	55%	4	49%
30–50	32	39%	18	52%
over 50	10	20%	2	68%
Total new employees	57	40%	23	53%
<i>Share of new employees</i>	14%		6%	

EMPLOYEE TURNOVER*

Employee turnover	Number of employees 2019	Of which women, 2019	Number of employees 2018	Of which women 2018
Employees who left during the year				
under 30	8	59%	5	15%
30–50	21	75%	21	53%
over 50	7	35%	10	60%
Total number of leavers	36	64%	36	49%
<i>Proportion of leavers</i>	9%		10%	

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

Most important with the experience exchange is to inspire and learn from each other and continually meet in various groups for internal sharing of know-how. These meetings are valued internally.

Competence development takes place via internal as well as via external resources.

Within Castellum, competence development is broadly defined; it can be training adapted to a particular co-worker's job description, but it can also be within an area that the company is currently focused upon. In total, 8,914 training hours were completed at Castellum, which is approximately 21 hours per employee.

ABSENTEEISM 2019

	Men	Women	Total
Absenteeism, Castellum	2.6%	3.4%	2.9%
of which short-term sick leave	1.0%	0.9%	1.0%
of which long-term sick leave* (counted after day 15)	1.6%	2.4%	1.9%
Number of stress-related sick leave cases ** in Castellum, no. cases per 200,000 hours	0.8	2.4	1.4
Work-related injuries among Castellum employees, no. of injuries per 200,000 hours (loss frequency, minor injuries included)	1.9	-	1.7
Work-related injuries at Castellum suppliers, number (loss frequency, minor injuries included)	11	-	11
Fatalities among Castellum employees	-	-	-
Work-related fatalities: Castellum suppliers	-	-	-

For more information on workplace injuries, incidents and related absences, refer to page 229.

*Long-term sick leave is Castellum's interpretation of the GRI "lost day rate" concept.

**Stress-related sick leave is Castellum's interpretation of the GRI "occupational disease rate" concept.

GENDER PAY RATIO 2019

	Women base salary*	Men base salary*	Women, total remuneration**	Men, total remuneration**
Executive Management ***	92%	94%	100%	98%
Other employees***	100%	100%	101%	102%

*Key figures relate to average salary according to market salary statistics from Mercer, IPE.

**Key figures relate to average salary of total remuneration according to market salary statistics from Mercer, IPE.

***For further information on salaries for Executive Management and other employee salaries, fees and benefits, refer to Note 11, pages 166-167.

For gender-based salary differences calculated in accordance with the EPRA Gender-Pay ratio, refer to page 229.

From "Jobbsprångare" to permanent employment

In the autumn of 2018, trained architect Salim Soltaninejad began a four-month internship at Castellum as part of the Jobbsprånget job program. The purpose of Jobbsprånget is to bring newly arrived immigrant academics into the job market. The participants, or "Jobbsprångare," are assigned a case worker; the internships can vary depending on the participant's experience and expertise. After the internship concluded, Salim Soltaninejad was offered permanent employment in early 2019 and now works as an architect in Castellum's Stockholm office.

What experiences did you take with you from your time as a "Jobbsprångare"?

The most important thing Jobbsprånget gave me was improved language skills in Swedish. I've also learned a lot I can use in my profession. Legislation, for example, that needs to be taken into account in new construction and reconstruction. All things considered, Jobbsprånget gave me the self-confidence I need to work in an environment that's new to me, in a new country.

What do you do at Castellum now?

Primarily, I'm working with adapting and producing blueprints for leasing premises. I'm also

working on new construction and reconstruction projects, and I often meet with suppliers such as architects or construction contractors.

What's working at Castellum like?

For me, my colleagues are what made the difference. They're always willing to help out if something comes up. The fika, Sweden's coffee-break tradition, is a new and distinctive experience for me. In general, it can be said that here in Sweden, people socialize with their colleagues more often and are more like friends than in Iran, where I come from.



Salim Soltaninejad, architect

Financing

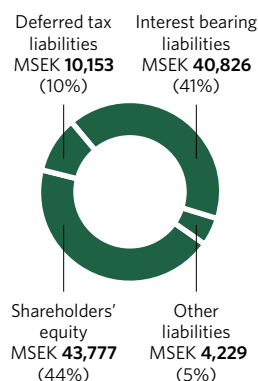
Owning and managing properties is a capital-intensive business, which requires readily accessible financing. Financing can be carried out utilizing both shareholder equity and borrowed capital, and the look of a company's capital structure depends on the financial risk that the company and its owners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



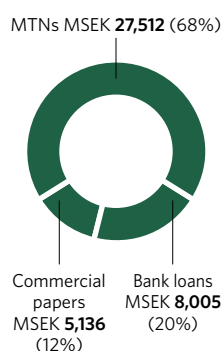
United Spaces, Arlanda

Financing

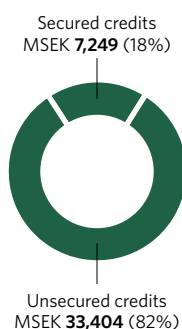
FINANCING DEC 31, 2019



DISTRIBUTION OF FINANCING DEC 31, 2019



SECURED CREDIT FACILITIES DEC 31, 2019



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

As of December 31, 2019, Castellum's assets amounted to SEK 98,985 billion and the loan-to-value ratio was 43%, while the interest coverage ratio during the year was 502%.

Financial policy and monitoring

Castellum's financial activities are conducted in accordance with the financial policy established by the Board, and in such a way that ensures the need for long- and short-term financing, and liquidity is fulfilled. Moreover, the aim is to achieve low, stable net interest expenses, after taking established risk mandates into account. Trends in the financial markets have a great impact on Castellum. Reflecting and supporting the goals and conditions of business operations are of importance to financial operations. Using the financial policy,

the Group can control and manage financial risks and ensure risk management through close control and monitoring. The financial risks are monitored and reported quarterly to both the Audit and Finance Committee and the Board. The Board annually conducts a review of the financial policy.

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

Financial strategy

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

CASTELLUM'S FINANCIAL POLICY AND COMMITMENTS IN CREDIT AGREEMENTS

	Policy	Commitment	Outcome
LTV ratio	Not exceeding 50%	Not exceeding 65%	43%
Interest coverage ratio	At least 200%	At least 150%	502%
The share of secured borrowing/ total assets		Not exceeding 45%	7%
Financing risk			
- average capital tied up	At least 2 years		3.8 yrs
- proportion maturing within 1 year	No more than 30% of loans outstanding and unutilized credit agreements		11%
- average maturing credit price	At least 1.5 years		3.2 yrs
- liquidity reserve	Secured credit agreements corresponding to MSEK 750 and 4.5 months upcoming loan maturities		Achieved
Interest rate risk			
- average interest duration	1.5–4.5 yrs		3.3 yrs
- maturing within 6 months	No more than 50%		31%
Credit and counterparty risk			
- rating restriction	Credit institutions with high ratings, at least S&P BBB+		Achieved
Currency risk			
- translation exposure	Shareholders' equity is not hedged		Not hedged
- transaction exposure	Handled if exceeding MSEK 25		Less than MSEK 25

Interest rate risk

By definition, interest rate risk refers to a potentially negative impact on the income statement and balance sheet caused by a change in market interest rates. To limit fluctuations in net interest costs, Castellum will feature a mix of fixed interest rate durations on loans and interest rate derivatives. However, as long as the STIBOR 3 month rate is negative, derivatives in the form of interest rate swaps do not always provide a stable cost structure for Castellum when combined with bank credits, since elements of the floor for the STIBOR rate occur in individual cases. The choice of interest-rate profiles should take the Group's Business Plan, as well as anticipated inflows and outflows, into account.

Interest costs are the single largest cost item and have a major impact on growth in income from property management. These are partly

affected by changes in market interest rates, and partly by the margin required by creditors as compensation for lending money. The short-term market interest rate is primarily controlled by the Riksbank, whereas the long-term market interest rate is affected by other factors such as expectations of future growth and inflation. The credit margin is controlled both by supply and demand for credit and by regulations in the credit and capital markets. Both interest and credit markets can change rapidly, but are beyond Castellum's control.

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

Using the financial policy, the Group can control and manage financial risks and ensure risk management through close control and monitoring.

CASTELLUM'S FIVE FINANCING CORNERSTONES

DIVERSIFICATION	Castellum is to have a diversified loan portfolio and avoid dependence on both single sources of financing and counterparties. In addition, the maturity of various sources of financing and individual credits is to be distributed over time. Castellum will monitor and follow developments on financial markets for the purpose of acting quickly and matching the needs of the operation. At year end, Castellum's interest-bearing financing amounted to SEK 40.7 billion, of which SEK 32.6 billion came from capital market financing (an MTN program totaling 17.3 billion, an EMTN program totaling MEUR 986, and a program for commercial paper totaling SEK 5.1 billion) equivalent to 80% and the remainder comprising loans in major Nordic banks and credit institutions. As regards capital maturity structure, it totaled 3.8 years at year end and the interval for the loans ranged from 1 month to 23.0 years.
LIQUIDITY	Castellum will have unused credit facilities available to respond rapidly to the needs of the operations and the opportunities provided. Moreover, there will be revolving credit facilities for the purpose of reducing the need to invest the surplus liquidity. At year end, Castellum had SEK 60.6 billion in credit agreements, of which SEK 40.7 billion was unutilized.
STRENGTH	The Group's financial key ratios must be strong, with a loan-to-value ratio not exceeding 50% and an interest coverage ratio of at least 200%. The strength of our property portfolio is enhanced by the quality of our cash flow as well as by the composition of our debt and interest rate portfolio. Castellum aims to reduce the risk of a sudden negative impact on net financial items, arising from changes in the general interest rate and/or the assessment of Castellum as a borrower, that cannot be offset by earnings from operating activities. The loan-to-value ratio was 43% at year end, while the interest coverage ratio for 2019 was 502%.
TRANSPARENCY	Castellum encourages long-term relationships with both banks and other lenders and investors; its aim is to be transparent in order to increase the relevant parties' understanding of the Group's operations and thereby its credit exposure.
FLEXIBILITY	Castellum must have flexible financing arrangements in order to support the development of operations in relation to acquisitions, divestments and project development. Our credit facilities will provide us with strong flexibility to withdraw and repay on short notice and at no extra cost. Furthermore, Castellum is to have access to flexibility, both in terms of pricing (fixed and floating) and maturities. At year end, Castellum had SEK 28 billion in credit agreements, of which SEK 20 billion was unutilized.

reasoning, rising or falling market interest rates are thus met by rising or falling rental income, over time. Changes in credit margins may occur regardless of prevailing economic conditions; recently, they have been affected by factors such as an increased selection of property-related bonds in the capital markets and regulatory changes, primarily in the banking credit market. Changes in market interest rates and credit margins affect net financial items. How quickly – and by how much – largely depends on the chosen fixed interest term and the duration of credit margins.

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

Castellum's strategy includes an interest coverage ratio of at least 200%. For 2019, the interest coverage ratio was 502% (454%). The average fixed interest term at December 31, 2019, was 3.3 years (3.1), while the share of maturities due within 6 months was 31%. Margins and fees for credit agreements are established with an average duration of 3.2 years (3.0). Net financial items for 2019 amounted to an expense of MSEK 782 (expense: 835) with an average interest rate of 2.0% (2.2%), and consisted of market interest rates at issue dates plus creditors' margins. The average effective rate at December 31, 2019 was 1.82% (1.91%) excluding unutilized credit agreements, and 1.99% (2.05%) including unutilized credit agreements.

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

Financing risk

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

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

At the end of the year, Castellum held credit agreements totaling MSEK 60,604 (56,358) of which MSEK 49,433 (45,962) were long-term and MSEK 11,171 (10,396) were short-term.

During the year, bank credit facilities of approximately MSEK 7,800 were extended, approximately MSEK 1,600 were terminated and the framework amount of Castellum's MTN program was raised to MSEK 20,000. Castellum was also active in the bond market during the year, and bonds with a nominal value of MSEK 3,300 matured while new issues amounted to MSEK 4,100 as part of Castellum's Swedish MTN program. Moreover, a nominal amount of MNOK 850 was issued with a ten-year tenor, and MEUR 400 with a seven-year tenor, under Castellum's EMTN program.

After deduction of cash of MSEK 173 (243), net interest-bearing liabilities were MSEK 40,653 (40,115), of which MSEK 27,512 (21,599) were bonds outstanding and MSEK 5,136 (5,360) commercial paper outstanding (nominal MSEK 27,589 and MSEK 5,138 respectively).

INTEREST RATE MATURITY STRUCTURE DECEMBER 31, 2019

Maturity	Credits, MSEK	Closing average interest rate	Derivatives				Closing portfolio average interest rate	Average fixed interest rate term
			Volume payable interest, MSEK	Closing payable interest	Volume receivable interest	Closing receivable interest		
0–1 yr	22,882	1.1%*	5,323	1.1%	-14,719	0.2%	2.19%	0.2 yrs
1–2 yrs	4,550	1.4%	1,350	0.0%	-	-	1.11%	1.4 yrs
2–3 years	1,148	2.1%	1,600	0.0%	-	-	0.89%	2.5 yrs
3–4 yrs	5,959	2.1%	4,600	2.6%	-4,766	2.2%	2.39%	3.8 yrs
4–5 yrs	300	2.3%	900	0.4%	-	-	0.90%	4.5 yrs
5–10 yrs	5,814	1.4%	10,958	1.8%	-5,246	1.3%	1.80%	7.7 yrs
Total	40,653	1.4%	24,731	1.5%	-24,731	0.8%	1.82%	3.3 yrs

*Including credit agreement fees and exchange rate differences for MTNs



Nygatan 25, Gävle

Issued commitments in credit agreements – known as covenants – stipulate a loan-to-value ratio of not more than 65% and an interest coverage ratio of at least 150% and, for EMTNs, also that the share of secured borrowing may not exceed 45% of the Group's total assets, which Castellum accomplished by a wide margin: 43%, 502%, and 7% respectively.

The average capital maturity structure for utilized borrowing facilities including extension options at year end was 3.8 years (3.6), whereas the average credit price tenor at the same point in time was 3.2 years (3.0). The debt ratio at the end of the period was 10 (11).

Credit maturity structure, December 31, 2019

Credit agreements	Utilized in			Total
	MSEK	Bank	MTN/Cert	
0-1 yr	11,171	2,036	8,384	10,420
1-2 yrs	6,962	2,011	4,951	6,962
2-3 yrs	10,335	842	3,243	4,085
3-4 yrs	22,139	1,628	7,561	9,189
4-5 yrs	1,609	11	1,598	1,609
>5 yrs	8,388	1,477	6,911	8,388
Total	60,604	8,005	32,648	40,653

Credit and counterparty risk

Credit and counterparty risk is the risk that the counterparty cannot fulfill its commitments, such as liquidity supply or payment. In financial operations, credit and counterparty risk arises primarily in connection with long-term credit agreements, derivative contracts and the investment of liquid assets. Castellum limits this risk by requiring high credit ratings

from its counterparties, which are currently all major Nordic banks.

Currency risk

Currency risk refers to a negative impact on the income statement, balance sheet and cash flow

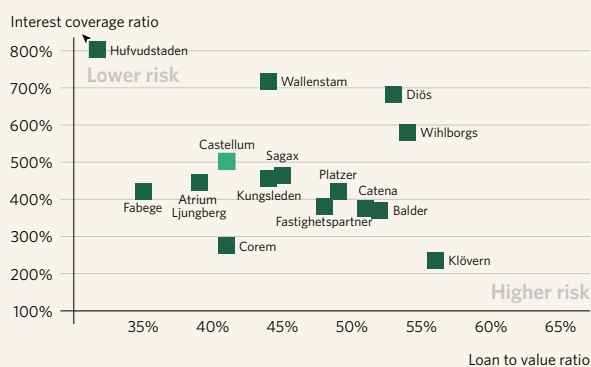
due to changes in exchange rates. Currency risk can be divided into translation exposure and transaction exposure. At year end, Castellum owned properties in Denmark and Finland totaling MSEK 7,333 (6,895), which means that the Group is exposed to currency risk. The currency risk primarily occurs when income statements and balance sheets in foreign currency are translated into Swedish kronor. As a rule, shareholders' equity is not hedged for translation exposure, while transaction exposure is hedged if the exposure in any currency exceeds an exchange value of MSEK 25.

Secured interest-bearing liabilities

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

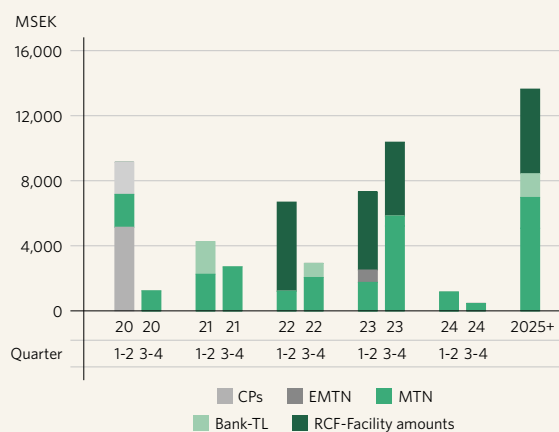
Issued MTNs, commercial paper and certain short-term bank loans – such as overdraft credits – are unsecured. Of net interest-bearing liabilities totaling MSEK 40,653 (40,115), MSEK 7,249 (12,400) was secured against property deeds and MSEK 33,404 (27,715) was unsecured, which means that approximately 18% (31%) of loans outstanding were secured.

LISTED PROPERTY COMPANIES



Source: Rolling annual values based on each company's Q3 2019 report.

CREDIT MATURITY STRUCTURE



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

Castellum's share of unsecured assets at the end of the year was 57% (53%). Secured borrowing in relation to total assets was 7% (13%).

Undertakings issued in credit agreements and EMTNs mean that the loan-to-value ratio may not exceed 65%, the interest coverage ratio may not be less than 150%, and the share of secured borrowing may not exceed 45% of the Group's total assets. Additionally, there are general commitments that Castellum is to provide its creditors with such financial information as annual reports, interim reports and property valuations. In some cases, the banks have the right to renegotiate credit agreements due to a significant change in business direction or delisting, and bondholders have the right to early repayment due to a change in the majority ownership of Castellum AB.

Derivatives

Interest rate derivatives

Under the IFRS 9 accounting standard, derivatives are subject to market valuation. For interest rate derivatives, this means that a surplus or a deficit occurs if the contracted interest rate varies from the current market rate. Castellum recognizes this change in value in profit or loss. By extending the fixed interest term, the interest rate risk in terms of cash flow is limited, whereas the risk for accounting-based changes in value is higher. It is worth noting that loans with long-term fixed interest rates that are less flexible, but can – from an interest rate risk perspective – primarily be compared with extension via interest rate

derivatives, are normally not subject to market valuation under applicable accounting standards.

At the end of the second quarter, Castellum restructured certain derivatives, in the form of interest rate swaps equivalent to an underlying value of nearly MSEK 215, for the purpose of improving the conditions for a stable future net interest expense.

Currency derivatives

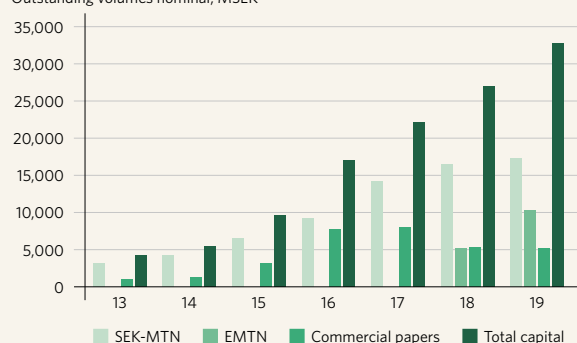
Financing in Danish kroner and euros can be achieved through borrowing in Danish kroner and euros respectively and by using currency derivatives. The exposure is the same, but in accordance with the accounting standards in IFRS 9, derivatives are subject to market valuation, which means that a surplus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

Organization

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

DEVELOPMENT OF CAPITAL MARKET FINANCING 2014–2019

Outstanding volumes nominal, MSEK



Current list of MTNs outstanding available at www.castellum.se

FINANCIAL FACILITIES

Credit/facility type	Frame/facility type	Utilized Dec 31, 2019
MTNs, MSEK*	20,000	17,300
EMTNs, MEUR*	2,000	986
Commercial paper*	10,000	5,138
Bank credits incl. overdrafts	27,956	8,005

*Nominal volume

SECURED BORROWING

	Dec 31, 2019
Secured borrowing, share of total borrowings	18%
Secured borrowing, share of total property value	7%
Secured borrowing, share of total assets	7%

Property valuation



Castellum establishes the property value using internal valuations based on a ten-year cash flow model with an individual assessment of both the future earnings capacity of each property and the market's required yield. In total, Castellum's property portfolio was valued at MSEK 95,168 (equivalent to SEK 22,363 per square meter) and the average valuation yield for Castellum's portfolio, excluding developments, land and building rights, can be estimated at 5.1%.

Citypassagen, Örebro



Property valuation

Internal valuation

Castellum recognizes its properties at fair value and has carried out an internal valuation of all properties as of December 31, 2019. The valuation was conducted in a uniform manner, and was based on a ten-year cash flow model, which is described below. The internal valuation was based on an individual assessment for each property of both its future earnings capacity and its required market yield. In addition to an assumed inflation level of 1.5%, the valuation of a property's future earnings capacity took potential changes in rent levels, occupancy rates and property costs into consideration. Ongoing projects have been valued in accordance with the same principle, but with deductions for remaining investments. Development rights were valued on the basis of an estimated average market value of approximately SEK 1,600 per square meter (1,500). For further information about the valuation, see Note 13.

Required yield

The required yield on equity is individual to each property and based on assumptions regarding a real interest rate of 3%, inflation of 1.5% and a risk premium. The risk premium is individual

to each property and consists of general risk and individual risk. General risk reflects the fact that property investment is not as liquid as bonds, and that it is dependent on the general economic trend. Individual risk is specific to each property and constitutes a balanced assessment of a number of factors such as property category, the town or city where the property is located, the location of the property within the town or city, the technical standard and so on. Properties owned by site leasehold rights, where Castellum has a land rehabilitation obligation under contractual agreement, are assigned an additional individual risk premium of 1.0%. On average, the risk premium totals 6.3% with a range of 2.4%–11.7%.

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



Sketch: New Swedish National Courts Administration building, Malmö

Example calculation of internal valuation

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

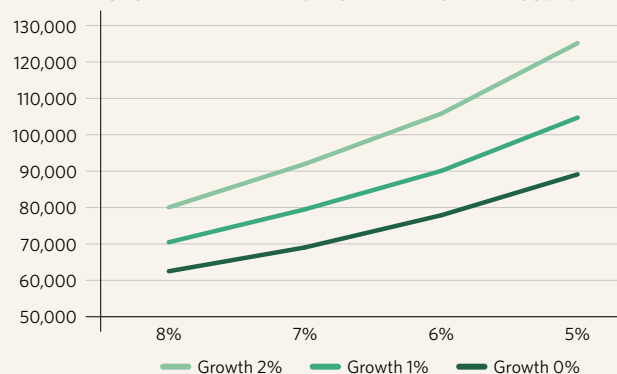
ASSUMPTIONS IN THE EXAMPLE:

- The economic occupancy rate is assumed to increase in order to attain a long-term level of 97% in 2022.
- Net operating income for 2019 is based on actual results for the investment properties, assuming a cost of SEK 30 per square meter for pure property administration.
- Growth in rental value and property costs is assumed to be 1.5–2.0% per year during the calculation period.
- The average economic life of the property portfolio is assumed to be 50 years.
- The value of developments, land and development rights is assumed to be MSEK 4,554.
- The required yield (i.e. the discount factor) is calculated as follows:

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

MSEK	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Rental value	6,093	6,215	6,339	6,466	6,595	6,727	6,862	6,999	7,139	7,282	7,427
Rental income	5,645	5,842	6,022	6,207	6,331	6,439	6,580	6,789	6,925	7,063	7,205
Economic occupancy rate	92.6%	94%	95%	96%	96%	96%	96%	97%	97%	97%	97%
Property costs	-1,314	-1,334	-1,354	-1,374	-1,395	-1,416	-1,437	-1,458	-1,480	-1,502	-1,525
Net operating income = cash flow	4,331	4,508	4,668	4,833	4,936	5,023	5,143	5,331	5,445	5,561	5,680
Discounted cash flow, year 1–9	34,248	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Discounted residual value year 10	56,485	✓									
Assumed value for projects, land and development rights	4,554										
Total property value	95,288										

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



Average valuation yield, MSEK

(excl. developments/land and development rights)	2019	2018
Net operating income, properties	4,455	4,249
+ Index adjustments 2020, 1%	94	130
+ Real occupancy rate, at the lowest 94%	228	190
- Property admin, SEK 30/sq. m.	-128	-132
Normalized net operating income	4,649	4,437
Valuation (excl. building rights of MSEK 520)	90,614	84,106
Average valuation yield	5.1%	5.3%
Valuation yield by property type		
Office	5.0%	5.1%
Public sector properties	4.8%	5.0%
Warehouse/logistics	5.6%	5.8%
Retail	5.8%	5.9%
Light industry	6.6%	6.9%
Total	5.1%	5.3%
Valuation assumptions, year 1		
Rental value, SEK/sq. m.	1,520	1,405
Vacancy rate	8%	6%
Direct property costs SEK/sq. m.	321	277
Indirect property costs SEK/sq. m.	32	31

Uncertainty range

Property valuations are calculations performed in accordance with accepted principles on the basis of certain assumptions. The value range indicated in property valuations, which in a functioning market most often lies within +/- 5-10%, should be regarded as a measurement of the uncertainty in the assumptions and calculations made. In a less liquid market, the range may be wider. For Castellum, an uncertainty range of +/- 5% means a range in value of the property portfolio of MSEK 90,410-99,926, equivalent to +/- MSEK 4,758.

Changes in value

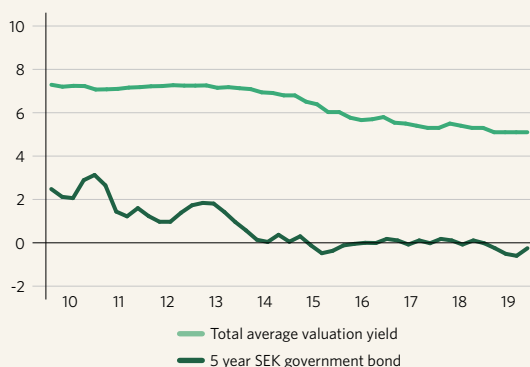
2019 was marked by continuing stability in the property market, with stable to rising prices as a result. There is particular interest in logistics facilities, centrally located office properties in large cities and properties with secure cash flows. This, together with a healthy rental market and project gains, means that Castellum recognized an unrealized change in value during the period of MSEK 4,276, corresponding to a 4.7% increase in value.

Additionally, a realized change in value of MSEK -358 was recognized, attributable to the sale of 28 properties for MSEK 4,138 less overhead costs and deferred tax totaling MSEK 220. The underlying property price, which accordingly amounted to MSEK 4,358, was therefore MSEK 138 below the valuation. Since the sale was conducted through a corporate wrapper, it is also recognized as deferred tax income of approximately MSEK 468. These sales mean that Castellum has left Sundsvall, as well as Vaggeryd outside of Jönköping. In addition, a portfolio of retail properties in Uppsala has been sold. Since each property is valued individually, consideration has not been given to the portfolio premium that can be seen in the property market.

The net increase in value over the past ten years, including this year's change, has been 3.3% per year. Average inflation during the same period was 1.1%.

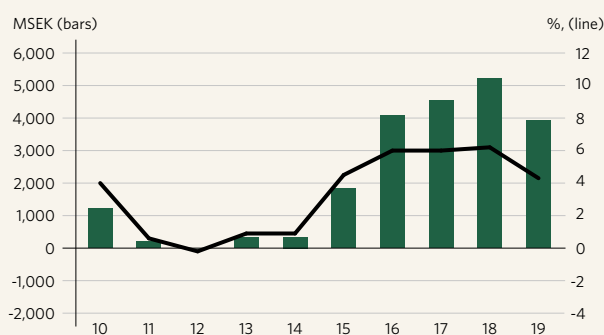
Change in value	2019	2018
Cash flow	1,638	2,093
Project gains/development rights	532	751
Required yield	1,742	2,439
Acquisitions	364	43
Unrealized changes in value	4,276	5,326
As %	4.7%	6.3%
Sales	-358	-110
Total	3,918	5,216
As %	4.3%	6.2%

AVERAGE VALUATION YIELD OVER TIME



Source: Thomson Reuters

VALUE CHANGES



Total yield

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

Over the last ten years, Castellum has had an average total yield of 8.8% (5.9% investment yield +2.9% change in value). In 2019, the total yield was 9.4% (5.0% investment yield + 4.4% change in value). Calculations do not include project gains or acquisitions from the year the acquisition was completed.

		3 yrs	10 yrs
	1 yr	avg/yr	avg/yr
Total yield			
Properties	9.4%	10.4%	8.8%
The Castellum share	38.9%	25.3%	17.9%
Nasdaq Stockholm (SIX Return)	35.0%	12.2%	12.4%
Real Estate Index Sweden (EPRA)	53.7%	27.1%	21.2%
Real Estate Index Europe (EPRA)	29.7%	10.7%	11.4%
Real Estate Index Eurozone (EPRA)	21.0%	9.3%	10.3%
Real Estate Index Great Britain (EPRA)	30.6%	8.6%	9.5%
Changes in value			
Change in property values, unweighted	4.4%	5.1%	3.3%
Inflation	2.2%	1.8%	1.1%

External valuation

In order to validate the valuation, 178 properties, equivalent in value to 55% of the portfolio, were valued externally by Forum Fastighetsekonomi AB in Sweden and CBRE in Denmark. The properties were selected on the basis of the largest properties in terms of value, but also to reflect the composition of the property portfolio as a whole in terms of category and geographical location. The external valuations of the selected properties totaled MSEK 51,790, within an uncertainty range of +/- 5-10% at the property level, depending on the category and location of the respective properties. Castellum's valuation of

the same properties totaled MSEK 52,713, i.e., a net deviation of MSEK 923 corresponding to 1.8%. The gross deviations were MSEK 1,182 and MSEK -2,104 respectively, with an average deviation of 6.2%.

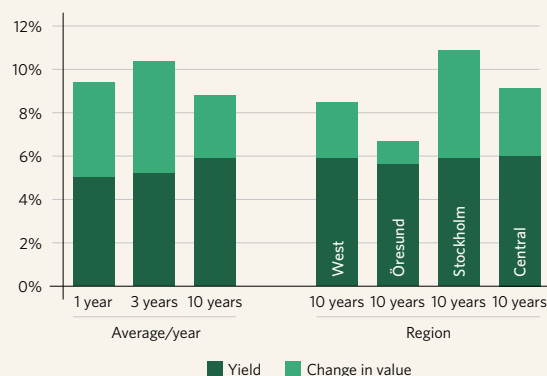
It should be noted that Castellum's deviation in relation to the external valuers falls well within the uncertainty range of +/- 5-10%.

Internal vs external valuation, MSEK

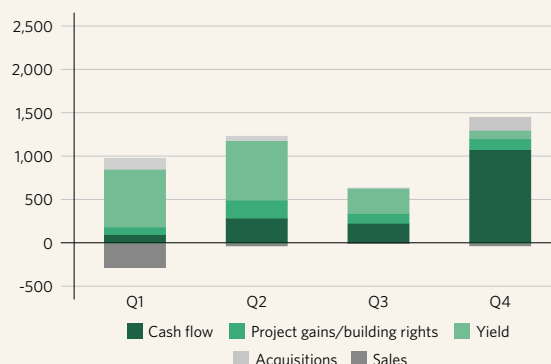
	2019	2018	2017	2016
External valuer	51,790	48,345	43,147	41,180
Proportion external of internal	55%	56%	53%	57%
External vs internal	-923	-1,322	-130	+538
As %	-1.8%	-2.7%	-0.3%	+1.3%
Gross deviation positive	1,182	995	1,328	1,563
Gross deviation negative	-2,104	-2,314	-1,458	-1,025
Average deviation	6.2%	6.7%	6.4%	6.4%



TOTAL AVERAGE YIELD PER YEAR IN DIFFERENT CYCLES UNTIL 2019



VALUE CHANGES 2019



Tax

At Castellum, there are a number of areas that are taxed: income tax on current earnings, property tax, VAT, stamp duty and energy taxes. Political decisions such as changes in corporate taxation, tax legislation or interpretations thereof may lead to Castellum's tax situation increasing or decreasing.

Income tax

Castellum's recognized income from property management for 2019 amounted to MSEK 3,146 (2,952), while taxable income from property management totaled MSEK 1,370 (1,433). In the absence of tax loss carry forwards, a paid tax of MSEK 293 (316) attributable to the income from property management would arise, equivalent to 9% effective tax paid.

Depreciation for tax purposes

Property investments are divided into different components for which the Swedish Tax Agency specifies different depreciation rates: Buildings (2–5% depending on type of property), land improvements 5% and inventories 20% or 30%. Land is not depreciated.

Tax deductible reconstructions

Costs for building repairs and maintenance can be deducted immediately. The "extended repair concept" allows for direct deduction for certain types of reconstructions, even if they add value and are capitalized in the accounts.

Sales of properties

Properties can be divested directly or indirectly in corporate wrappers; each have different tax consequences.

Profit on sales of properties that fiscally represent fixed assets is taxable, while a loss is put in a "fold" and can only be netted against profits within the Group from direct sales of properties that represents fixed assets. Profit on sales of shares that fiscally are considered fixed assets is not taxable, while a loss is not tax deductible.

For properties or shares that fiscally represent current assets, a profit is always taxable while a loss is tax deductible.

Changes in property and derivatives values

Swedish accounting laws do not allow recognition of properties at fair value in a legal entity, meaning that changes in value do not affect taxation. Certain financial instruments, such as interest rate swaps, might be recorded at fair value at entity level. For Castellum, changes in value resulting in a negative value on the instrument constitute a tax-deductible expense, while changes in value up to the instrument's cost are considered taxable income.

Castellum has no ongoing tax disputes.

TAX CALCULATION 2019

MSEK	Basis current tax	Basis deferred tax
Income from property management	3,146	
Non-deductible interest	190	
Deductions for tax purposes		
depreciations	-1,166	1,166
reconstructions	-658	658
Other tax allowances	-142	190
Taxable income from property management	1,370	2,014
Current income tax 21.4%, if tax losses are not utilized	293	
Properties sold	-	-2,273
Change in value on properties	-	4,276
Taxable income before tax loss carry forwards	1,370	4,017
Tax loss carry forwards, opening balance	-1,081	1,081
Previously uncapitalized tax loss carry forwards	-370	370
Tax loss carry forwards, closing balance	854	-854
Taxable income	773	4,614
Tax according to the income statement for the period	-165	-950

NET DEFERRED TAX LIABILITY DEC 31, 2019

MSEK	Basis	Nominal tax liability	Actual tax liability
Tax loss carry forwards	854	182	175
Untaxed reserves	-327	-71	-71
Properties	-56,365	-11,612	-3,331
Total	-55,838	-11,501	-3,227
Properties, asset acquisitions	6,553	1,348	
In the balance sheet	-49,285	-10,153	

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

The actual net deferred tax liability has been estimated at 6% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized with a nominal tax of 21.4%, giving a present value of the deferred tax liability of 20%, and that the properties are realized in 50 years where 33% are sold directly with a nominal tax of 20.6% and that 67% are sold indirectly in corporate wrappers where the buyer's tax discount is 7%, which gives a present value for the deferred tax liability of 6%.

Deferred tax on the balance sheet

Above all, Castellum has three items that make up the basis for deferred tax: properties, tax loss carry forwards and untaxed reserves. All tax loss carry forwards are recognized since expected future taxable income may be used to net the tax loss carry forwards. Deferred tax attributable to properties arises primarily due to changes in value, tax deductions such as depreciation and deduction of certain reconstructions that are capitalized in the financial accounting. Untaxed reserves consist of transfers to the tax allocation reserve.

Property tax

Property tax is paid on almost all the Group's properties. Special buildings such as communication buildings, educational and healthcare buildings are tax exempt. For other properties, the tax rate – as set by the Swedish Tax Agency – depends on the type of building and site. For offices, the tax is 1% of the assessed value; for logistics and warehouse buildings, it is 0.5%. In Denmark and Finland, tax rates vary depending on which municipality the properties are located in. Property taxes for 2019 amounted to MSEK 374 (315), based on an assessed value of SEK 35 billion. An assessment for taxes on real property took place in Sweden, which led to higher assessed values resulting in higher property tax of approximately MSEK 50 on an annual basis. A large part of the property tax will be charged onward to the customer, however, with higher rental income as a result. The effect on earnings will thus be extremely limited.

Value added tax (VAT)

Properties are exempt from compulsory VAT. If a premises is leased to a customer who runs a permanent VAT-liable business, the property owner can voluntarily register for VAT and thus deduct input VAT on both operating expenses and investments. No deductions can thus be made for input VAT attributable to operating expenses and investments in premises not registered for voluntary tax liability. Non-deductible VAT on operating expenses for 2019 totaled MSEK 20 and was recognized as an operating expense. Non-deductible input VAT on investments for 2019 was MSEK 117 and was recognized as investment in property.

Stamp duty

Upon acquisition of property in Sweden there is a stamp duty (title deed) of 4.25%, calculated on either the purchase price or the assessed value, whichever is greater. In Denmark, the corresponding tax is 0.6% and in Finland it is 4.0%. In Finland, a stamp duty of 2.0% can also be paid on shares in a property company. No stamp duties on acquisitions were paid in 2019. There is also an additional stamp duty of 2% (1.5% in Denmark) for mortgage deeds in properties. No stamp duties were paid in 2019.

Energy taxes

Castellum purchases energy to use for heating, cooling, ventilation and lighting in its properties. Of this, approximately MSEK 30 pertains to energy taxes.

Employees

Employers in Sweden pay 31.42% in social security contributions based on salary and a payroll tax of 24.26% on pension contributions. Castellum has 420 employees for whom MSEK 100 was paid in social security contributions and payroll taxes.

Summary of tax

In 2019, Castellum's operations generated a total of MSEK 806 (675) in various taxes.

Summary of tax paid

MSEK	2019
Income tax	165
Property tax	374
VAT, not deductible	137
Stamp duty	0
Energy tax	30
Social security contributions and payroll tax	100
Total tax paid	806

New legislation on interest deduction limits and lowered corporate tax

On January 1, 2019, new tax legislation went into effect concerning limitations to interest deductions – all in accordance with EU directives. Broadly speaking, the legislation entails a maximum net interest expense deduction of 30% on taxable EBITDA. Moreover, corporate tax was lowered in two steps: 21.4% as of 2019, which will be lowered to 20.6% as of 2021.

For Castellum, the legislation above means that in 2019, MSEK 190 of the Group's total interest costs of MSEK 782 is not claimed in taxable deductions.



Risk and risk management

Property ownership and management exposes operations to a number of internal and external risks, or uncertainty factors that could impact the Group's ability to achieve its overall objectives for growth. Castellum therefore works continually, in a structured manner, to identify and actively monitor financial and other risks that operations encounter or are faced with. The Group's risk management involves a structured decision-making process of decision-making with the aim of establishing a balance between the desire to limit uncertainty or risk and the task of generating growth and shareholder value.



Risk and risk management

Risks, exposure and risk management

Castellum defines risk as an uncertainty factor that may affect the company's ability to achieve its objectives. Risk management aims at balancing the desire to limit risk and achieving objectives. In order to assess the effect of identified risks, an internal risk rating is conducted in which each risk is assessed, from the perspectives of impact and probability. This process determines if the risk should be further monitored (Monitor), if actions should be taken (Focus) or if it can be handled through standard review and management (Review). We conduct an annual risk survey in which we assess all the company's risks and their likelihood, impact, priority and development. We analyze short- and medium-term risks for a period of up to ten years. In 2019, we also began analyzing various future climate-related risks and possibilities over the long term up through 2050.

To facilitate risk management, Castellum has chosen to classify risks into the following categories:

- Business environment – risks due to the influence of external factors and events
- Strategic risks – risks associated with reputation or the ownership of Castellum's property portfolio
- Operational risks – risks associated with routine administration of Castellum's property holdings
- Sustainability and climate risks – risks associated with the environment, corporate responsibility and/or liability risks
- People – risks associated with our employees and the people in and around our properties
- Financial risk – risks in Castellum's financing and reporting

RISK CATEGORY	RISK	IMPACT	PROBABILITY	PRIORITY	CHANGE
BUSINESS ENVIRONMENT					
Macroeconomic risks	1. Macro – crisis	Serious	Possible	Focus	⬆️
Crises	2. Crises	Medium	Possible	Focus	⬆️
Changes in legislation	3. Changes in legislation	Medium	Certain	Focus	↔️
	4. Regulatory compliance	Serious	Unusual	Focus	↔️
STRATEGIC RISKS					
Composition of the property portfolio	5. Composition of the property portfolio	Major	Unusual	Monitor	↔️
	6. Obsolete product/property	Medium	Likely	Monitor	↔️
	7. Size – too big in a submarket/area	Minor	Unusual	Review	↔️
Reputation	8. Brand	Major	Possible	Focus	↔️
	9. Digitization	Medium	Possible	Monitor	↔️
Investments	10. Investments	Major	Likely	Focus	↔️
	11. Strategic acquisitions	Serious	Possible	Focus	↔️
Changes in value	12. Changes in value – property	Serious	Certain	Focus	↔️
OPERATIONAL RISKS					
Rental income	13. Rental income	Medium	Unusual	Monitor	↔️
	14. Dissatisfied customers/tenants	Serious	Low	Focus	↔️
Property costs	15. Property costs	Insignificant	Possible	Review	↔️
Tax	16. Tax	Insignificant	Possible	Review	↔️
SUSTAINABILITY RISKS					
Sustainability	17. Operational environmental risks	Serious	Low	Focus	↔️
	18. Risks attributable to climate change	Serious	Likely	Focus	⬆️
	19. Breach of the Code of Conduct	Serious	Low	Focus	↔️
	20. Liability risks	Major	Possible	Monitor	↔️
PEOPLE					
People	21. Employees	Serious	Likely	Focus	⬆️
	22. People	Serious	Likely	Monitor	↔️
FINANCIAL RISK					
Financing	23. Financing	Serious	Possible	Focus	↔️
Reporting	24. Reporting	Serious	Unusual	Focus	↔️
Changes in value	25. Change in derivatives values	Medium	Likely	Monitor	↔️

⬆️ Reduced focus on risk area since previous year ↔️ Unchanged focus on risk area since previous year ⬆️ Increased focus on risk area since previous year

Business environment

External environment risks refer to risks due to the influence of external factors, mainly outside Castellum's control, but to which Castellum has to relate. These risks can be divided into macroeconomic risks, crises changes in legislation and regulatory compliance.

RISK	MANAGEMENT	EXPOSURE
MACROECONOMIC RISKS		PRIORITY: FOCUS DEVELOPMENT: 
1. Macro – crisis Macroeconomic risks are risks associated with a general reduction in demand in the economy, low inflation, deflation or situations which entail general difficulties in obtaining financing, or alternatively obtaining financing at higher credit margins.	• Business intelligence • Strong balance sheet and low loan-to-value ratio • Well-composed contract portfolio with a wide spread regarding notice period, industry, type of premises, contract size and geography • Deflation protection or a minimum upward adjustment of leases • Multiple sources of financing • Frequent renegotiations and supply of new credit agreements • Property portfolio concentrated on growth areas • Natural macroeconomic hedging mechanism between higher/lower interest costs and rental income, but with some time delay	A weak economy negatively impacts the demand for premises, leading to increased vacancies, falling market rents and loss of indexation for existing leases. In addition, the risk of payment problems – or even bankruptcies – among tenants increases, resulting in immediate negative effects on cash flow. Limited access to capital reduces Castellum's opportunities to conduct operations. Ultimately, reduced demand in the economy leads to declining property values.
CRISES		PRIORITY: FOCUS DEVELOPMENT: 
2. Crises Crises include all crisis events that arise in the business environment that Castellum cannot influence and are difficult to foresee, for example, terrorist attacks, cyber attacks, extreme weather events and environmental disasters as well as information leaks.	• Crisis plan • Succession planning for senior executives • Unlimited cover insurance, properties • Guidelines for information security and the creation of understanding and awareness among users that information is an asset that should be handled with care. • Continuity plan IT • Expanded efforts in digitalization throughout our entire operations. • Increase knowledge of the impact of climate change on operations.	• The risk is generally low, but Castellum could be indirectly affected by events in its business environment. • In pace with rapid digitalization, the threats and vulnerability that digitalization entails also increase. • IT attacks and hacking in the business community have increased over the last few years. • In pace with continued increase in greenhouse gas emissions internationally, the risk of more extreme weather events and environmental catastrophes increases, as do their consequences.
CHANGES IN LEGISLATION		PRIORITY: FOCUS DEVELOPMENT: 
3. Changes in legislation Changes in legislation or ordinances, both national and international, can impact Castellum. Some examples are tax legislation, new regulations for banks, handling planning processes, and so on.	• Monitor developments regarding laws, regulations, praxis and so on within the areas most essential to Castellum. • Actively participate as much as possible in debate • Prepare Castellum for new or amended regulations • Continual renegotiation of credit agreements • Broaden the financing base via more sources of financing and financiers	Changes in legislation can impact future opportunities to invest, or alternately result in price increases, which lead to poorer yields moving forward. New banking legislation can impact access to financing and the price of borrowed capital, and could trigger credit covenants that would lead to increased financing costs. Changes in tax rates and tax legislation, such as proposals regarding interest deduction limitations, new regulations concerning tax depreciation and prohibitions on "bundling" of properties, may affect Castellum's future tax expenses.
		PRIORITY: FOCUS DEVELOPMENT: 
4. Regulatory compliance Inadequate compliance could lead to financial losses, supervisory sanctions, loss of reputation, and in the worst case to delisting. Some regulations, such as IFRS, are open to interpretation, which means that Castellum and regulatory supervisors may have different opinions.	• A corporate culture built on high ethical ideals • Strict internal control processes with quality assurance at several stages • Code of Conduct • Competent and responsible employees • Monitor the development of legislation, praxis, court orders etc. • Compliance function that reports directly to the Audit and Finance Committee • Whistleblower function	Conducting Castellum's operations responsibly is crucial for the Group's long-term success. Our operations and our ability to continue creating value are based on relationships among employees, customers, partners, investors, authorities and so on. All our employees create a shared image of Castellum through our conduct and what we provide to the community around us.

 Reduced focus on risk area since previous year  Unchanged focus on risk area since previous year  Increased focus on risk area since previous year

Strategic risks

Strategic risks are risks associated with Castellum's reputation or the ownership of Castellum's property portfolio, which in turn can be divided into risks regarding the composition of the portfolio, reputation, digitalization, investments and corporate acquisitions as well as changes in property values.

RISK	MANAGEMENT	EXPOSURE
COMPOSITION OF THE PROPERTY PORTFOLIO		PRIORITY: MONITOR DEVELOPMENT:
5. Composition of the property portfolio The composition of the portfolio can be affected at two levels: unfavorable geographical distribution (Castellum owns properties in the wrong submarket, community or location with regard to factors such as future growth and current strong urbanization trend) or that Castellum owns obsolete properties – a property portfolio that is not future-proof based on customer preferences, technical requirements, micro-location or flexibility in usage and contractual terms and conditions.	- Macro analysis: regular reviews of the submarkets' conditions as regards economic growth, rental market, partnership climate, infrastructure investments and so on. - Annual review of the property portfolio regarding both geographic exposure and product types - Strategy documents established annually by the Board of Directors - Monitor climate risks in the property portfolio, and analysis of climate risks in conjunction with investment decisions	Castellum's portfolio is located in 17 cities around Sweden, as well as Helsinki and Copenhagen. Currently, all locations are assessed as having the right conditions for continued holding or investments. Additionally, major transactions have been carried out over the last few years for the purpose of creating better conditions for growth in the cash flow going forward. The Group's property portfolio in the commercial property segment is divided into offices, public sector properties, and warehouse and logistics. All segments are linked to growth possibilities.
		PRIORITY: MONITOR DEVELOPMENT:
6. Obsolete product/property A property portfolio that is not future-proof may become obsolete due to customer preferences, climate change, technical requirements, micro-location or to flexibility in usage and contractual terms and conditions. It entails a risk of increased vacancies and a decline in value as a result, or alternately large investment commitments.	- Follow the rental market and its trends/ offering "Trendspotting" - Be customer-centric, to understand not only the needs of today but also those of tomorrow - Follow infrastructure investments - Participate actively in city/submarket development - Innovation efforts (an innovation lab) that follows technological developments, focusing on megatrends - Routinely invest in the existing portfolio to "upgrade" and sell properties that are not deemed "right" going forward - Monitor climate crises	Castellum annually invests approximately SEK 4.5 billion, net, evenly distributed in a normal year between acquisitions and new construction, expansions and reconstructions. Castellum also actively works on sales in order to reallocate capital to investment opportunities with better yields.
		PRIORITY: REVIEW DEVELOPMENT:

Reduced focus on risk area since previous year Unchanged focus on risk area since previous year Increased focus on risk area since previous year

SENSITIVITY ANALYSIS - CASH FLOW

Effect on income, next 12 months

	Effect on income, MSEK	Probable scenario	
	+/- 1 ppt	Boom	Recession
Rent level/Index	+57/-57	+	-
Vacancy	+62/-62	+	-
Property costs	16/+16	-	0
Interest costs*	-88/+56	0	-

*Due to such factors as the interest rate floor in credit agreements, Castellum is not able to take full advantage of negative interest rates. This results in a negative outcome, even for a reduction of one percentage point in the interest rate.

SENSITIVITY ANALYSIS - CHANGE IN VALUE

Properties	-20%	-10%	0	+10%	+20%
Changes in value, MSEK	-19,034	-9,517	-	9,517	19,034
LTV ratio	53%	48%	43%	39%	36%

VALUE RANGE - SIMPLIFIED EXAMPLE

		Net operating income	
		-5%	+5%
Required yield	+0.5%	$\frac{95}{7.5\%} = 1,267$	$\frac{105}{7.5\%} = 1,400$
		Net operating income 100 7.0% =1,429 Value	
	-11%		
	+2%		
	-0.5%	$\frac{95}{6.5\%} = 1,462$	$\frac{105}{6.5\%} = 1,615$

Figures in green relate to change in value

RISK	MANAGEMENT	EXPOSURE
7. Size – too big in a submarket/area Becoming too big in a submarket or city may result in the municipality or the business environment placing stricter demands on Castellum, for example requiring the company to take overall financial responsibility for an area regarding infrastructure and so on.	- Be among the top three property owners in each respective city - Follow market share, which is taken into account in the investment strategy established - Conduct annual analysis of the coming three-year period to identify available growth opportunities	The property portfolio is concentrated in selected cities, all of which are regarded as stable with favorable conditions for long-term positive development
REPUTATION		PRIORITY: FOCUS DEVELOPMENT:
8. Brand Insufficient preparation for managing sensitive issues, discontent and/or crisis risks triggering a crisis, creating rumors and damaging confidence as a result.	- Open culture for creating the confidence to pass on information regarding any problematic state of affairs at an early stage - Monitoring in traditional and social media.	Misdirected campaign that creates shock and upset risks ruining our reputation and confidence among customers, employees and other target groups.
		PRIORITY: MONITOR DEVELOPMENT:
9. Digitalization Trends in digitalization move quickly, creating new conditions for the property industry. New digital or innovative solutions replace old technology and working methods, making new service possible and changing customer demands. These trends also mean that new players enter the market. Players who do not adapt their operations to changing conditions could lose customers, suppliers and employees.	- Business intelligence with a focus on megatrends and their impact on changing behaviors in operations and people - Innovation initiatives/lab that promote business development - Connected technology in our properties to gather data and learn from it - Acquisition of United Spaces, a co-working company, in January 2019	- Risk of inefficient working methods and/or lost customers and employees if innovation, new technology, digitalization and efficiency enhancements are not used. - Risk that new players take over parts of Castellum's business, including customer contact.
INVESTMENTS		PRIORITY: FOCUS DEVELOPMENT:
10. Investments Erroneous investment strategy or alternately inability to execute the selected investment strategy, or inability to identify profitable investment projects. Investments can be in the form of new construction, expansions and reconstructions, or via acquisitions. Acquisitions of individual properties can be carried out directly as property acquisitions, or indirectly in corporate wrappers. Acquisitions can also be large-scale, either in the form of regional portfolios or property categories, or in the form of strategic corporate acquisitions (i.e. the purchase of an existing organization).	- Annual review and evaluation of the chosen investment strategy - Investment decisions linked to the chosen investment strategy to ensure the correct decision - Several investment discussions in parallel - Three-year follow-up of investments made - Risk-based model to determine the share of developments that can start without customers - Structured decision-making process that analyzes market conditions and risks - Contract forms that limit risk - Leases signed prior to the production start are designed to limit the negative impact of unforeseen production delays, additional requirements, and so on - Quality assurance and monitoring of completed projects - Quality assured due diligence process regarding legal, financial and tax issues - Introduction program for new employees	Investments with low yield and/or lack of growth potential mean that the growth target of 10% in income from property management is not reached. Additionally, the growth target requires making annual investments, which in a powerfully competitive property market entails increased risk that the chosen investment strategy cannot be carried out. Risks association with new construction, expansions and reconstructions relate to both the technological side in the form of production risks such as choice of supplier, form of contract, technical design and so on; and to the market side in the form of lease and vacancy risks as well as misjudgements regarding potential lease level and customer desires. In addition, there are risks in the form of negative environmental impact and climate crises. Acquisitions via corporations also involve company-specific risks in the acquired companies – tax, disputes and environmental issues, for example. Takeover of personnel further entails employee integration.
		PRIORITY: FOCUS DEVELOPMENT:
11. Strategic corporate acquisitions Strategic acquisitions can be carried out to obtain various advantages, but can also entail risks such as difficulties integrating operations and employees, drawing management's attention away from other important business issues, a possibly new market the acquirer has limited or no experience with, expenditures for unknown or potential legal liabilities in the acquired company, and an overly expensive acquisition.	- Due diligence - Thorough planning and structured processes for incorporating a new company - Identify in advance the skills and market awareness needed - Identify key people in advance - Access to the market's best advisers	Castellum has the efficient processes and skills (directly or indirectly via advisers) required for major strategic acquisitions.
		PRIORITY: FOCUS DEVELOPMENT:
12. Changes in value – property Changes in value can occur either as a result of macroeconomic factors (see section on macroeconomic risks), microeconomic factors (usually the wrong submarket, city or location) or property-specific causes (often cash flow-related). In addition, there is also the risk of individual properties being incorrectly assessed. Whatever the reason, changes in value impact the income statement, Castellum's financial position and the loan-to-value ratio.	- Strong balance sheet - A large number of properties, a geographically diversified property portfolio and great variation in lease agreements result in lower volatility in property portfolio value - Routine analysis of the transaction market and quarterly reviews of the property portfolio valuation yield early warning signs - Internal quality assurance and internal control of internal valuations - Annual external valuation of at least 50% of the portfolio	Large negative changes in value can ultimately lead to breaking agreed terms and commitments in credit agreements, thus resulting in costlier borrowing, or in the worst-case scenario credits falling due for payment.

Reduced focus on risk area since previous year
 Unchanged focus on risk area since previous year
 Increased focus on risk area since previous year

Operational risks

Operational risks refer to risks connected with routine administration of Castellum's property portfolio, which directly impacts income from property management. These can be categorized as rental income, dissatisfied customers/tenants, property costs and tax.

RISK	MANAGEMENT	EXPOSURE
RENTAL INCOME		PRIORITY: MONITOR DEVELOPMENT: ◊
13. Rental income Rental income is impacted by a number of factors, both external and internal. External factors may include falling market rents, loss of indexation and bankruptcy (see section on macroeconomic risks). Poor management can result in dissatisfied tenants, unnecessary vacancies and customer loss owing to a poorly adapted customer offering.	- Properties in growth areas and a contract portfolio with a large number of agreements, not dependent on a single tenant or business sector, and a maturity structure spread over time - Proximity and attentiveness to customers - Experienced and competent management and leasing staff who prevent notices of termination through active renegotiations before contract expiry - Competitor analysis; measure customer satisfaction and follow up on net leasing - Strive for leases with an index clause with deflation protection and minimum adjustment	For Castellum, reduced income can be derived from lower rental value, which is the potential rent that can be obtained from vacant premises, or alternately lower rental income, which is the actual rent received. Rental income is thus dependent on both the market rent of the property and on how Castellum handles vacancies. Reduced rental income ultimately leads to poorer cash flow and thus to a decline in the value of the property portfolio.
		PRIORITY: FOCUS DEVELOPMENT: ◊
14. Dissatisfied customers/tenants Several tenants or customers are dissatisfied and leave the Group. The opportunity to attract new customers/tenants disappears, with large vacancies and decline in value as a result.	- Be close and attentive to customers - Experienced and competent management and leasing staff - Annual measurement, Customer Satisfaction Index	Castellum has a strong and clear customer focus, and it is important that the Group lives up to customer expectations. This is why a Customer Satisfaction Index measurement is conducted annually.
PROPERTY COSTS		PRIORITY: REVIEW DEVELOPMENT: ◊
15. Property costs Risks concerning property costs relate primarily to cost increases beyond what Castellum can be compensated for through contractual rents, indexation and supplementary charges for costs incurred. It can also refer to unforeseen costs and extensive renovation needs.	- High percentage of cost re-invoicing - Compensation via minimum indexation - Continuous optimization of operations and efficiency enhancement - Demarcation list landlord/tenant - Preventing customer losses via background checks and "in-house" debt recovery - Long-term maintenance planning, in order to optimize maintenance costs over time	The price of electricity is determined by supply and demand in an open, deregulated and partly international market. Other media costs are partly controlled by local monopolies, which creates uncertainty in future costs. The basis for calculating site leasehold fees may change in future renegotiations, and political decisions can change both tax rate and tax assessment value used for calculating property tax. Indirect costs for employees – such as payroll taxes and other obligations – could also be affected by political decisions.
TAX		PRIORITY: REVIEW DEVELOPMENT: ◊
16. Tax Castellum failing to comply with existing regulations or to adapt to changing regulations regarding income tax and VAT. Additionally, tax is an important parameter in a calculation context.	- Strict internal control processes and external quality assurance of income tax returns, for example - Open claims regarding doubtful items - Routine training of employees - Closely following trends in legislation, praxis and court orders	Incorrect tax management can lead to the wrong tax being paid, tax penalties and in some cases to remarks in the auditor's report. Incorrect fiscal management in calculations can lead to overestimation of yield – which means insufficient actual yield – or underestimation of yield with the risk of a profitable investment not being made.

 Reduced focus on risk area since previous year
 Unchanged focus on risk area since previous year
 Increased focus on risk area since previous year

Sustainability and climate-related risks

Sustainability risks refer to risks directly or indirectly associated with environmental risks, climate change, a code of conduct and liability risks.

RISK	MANAGEMENT	EXPOSURE
SUSTAINABILITY		PRIORITY: FOCUS DEVELOPMENT: ◇
17. Operational environmental risks Environmental risks directly related to Castellum's operations can include the physical environment that impacts people and properties, as well as prices for natural resources in the form of materials and energy. Castellum estimates that risks related to rising raw materials prices owing to potential resource shortages will increase over the long term. With new construction, expansions and reconstructions there is also a risk that the materials and methods being used could subsequently prove hazardous in the future. In addition, political decisions and general opinion on specific environmental issues could impact Castellum.	• Environmentally certify all new constructions • Develop green relationships with customers • Require more efficient use of resources • Prioritize environmental aspects in all parts of operations • Monitor developments in laws and ordinances	Inadequate management of the work on environmental risks could affect Castellum's brand, legal compliance, and direct costs. Castellum works with environmental certification and environmental inventory to reduce environmental and health risks. 36% of the property portfolio is certified and 65% has undergone environmental in square meters inventory. Efficient management focusing on decreased use of resources reduces the risk of high costs and environmental and health impacts, as well as providing customers with a healthy working environment. Since 2007, energy consumption has been reduced by 32% per square meter and carbon dioxide emissions by 77% per square meter.
		PRIORITY: FOCUS DEVELOPMENT: ▲
18. Risks attributable to climate change Climate change poses a great risk to humanity from a global perspective. From a corporate perspective, climate change implies a risk of property damage caused by weather conditions changing over time, higher water levels and other changes in the physical environment that impact properties. Castellum estimates these risks will potentially increase over the long run. This could mean increased need for investment in properties located in vulnerable areas, so that objects do not become obsolete. In addition, environmental policy decisions could impact Castellum, especially in the form of increased taxes or necessary investments.	• All investment issues are to be reviewed from a climate perspective in order to assess a property's sensitivity to climate change • Environmentally certify all new constructions • Prioritize environmental aspects in all parts of operations • Monitor developments in laws and ordinances • Environmental inventory of existing portfolio and when acquiring properties, in order to identify and address environmental and health risks • Climate scenario analyses were prepared in 2019 and will be updated annually to provide Castellum with tools and knowledge of how climate change could affect Castellum's operations	Inadequate efforts in analyzing climate risks can lead to extensive unforeseen costs for Castellum in the form of emergency measures or obsolete properties, and thus lost rental income. Climate change could also entail operating costs. Investments in the wrong kind of measures in our properties could result in a risk of unprofitable investments, if climate change is not taken into account. Castellum is currently reviewing every investment issue from a climate perspective; we also work with environmental certification to reduce climate risks.
		PRIORITY: FOCUS DEVELOPMENT: ◇
19. Breach of the Code of Conduct For a major player in the construction and property industry, there are risks pertaining to working environment, corruption and human rights. These risks can be found within the company, but also with suppliers and partners working on assignments for Castellum. This corporate responsibility risk can cause significant damage to Castellum's operations and brand.	• Mandatory training for Castellum employees on the internal code of conduct • Castellum's Code of Conduct for suppliers to be incorporated into contracts • Compliance function works systematically with monitoring and management • Whistleblower function • Comply with standards and documentation requirements	Risk of breaches of the code of conduct may exist internally as well as among engaged suppliers. Through properly integrated codes of conduct in the form of procurement requirements, mandatory training for all Castellum employees, an active compliance function and a whistleblower function, the risk of a breach is considered low.
		PRIORITY: FOCUS DEVELOPMENT: ◇
LIABILITY RISKS		PRIORITY: MONITOR DEVELOPMENT: ◇
20. Liability risks All ownership entails responsibility. For Castellum, the properties could be destroyed by fire, water, theft or other damage. Moreover, through negligence Castellum could cause personal injury or property damage and cause environmental damage for which it will be held liable.	• Preventive measures to minimize the risk of damage to property, persons or the environment • Unlimited cover insurance on all properties • Insurance coverage for liability and property damage • Environmental inventory of existing portfolio and when acquiring properties, in order to identify and address environmental and health risks	Inadequate insurance coverage may result in unforeseen costs for Castellum. The obligation to pay compensation for damage caused can also arise for personal injury and damage to the property of another, as well as for remediation of environmental damage.

 Reduced focus on risk area since previous year
  Unchanged focus on risk area since previous year
  Increased focus on risk area since previous year

THE WORLD IN 2050

Climate scenarios – risks and opportunities

Castellum evaluates which climate risks and opportunities can impact the company, our properties and investments at present and in the future. The aim is to prepare ourselves for various societal trends and to future-proof our property portfolio. In 2019, we also began the work on analyzing various future climate scenarios, and we plan to develop these over the next few years with action plans.



“ON THE BEATEN PATH” (RCP 8.5)*

- Greenhouse gas emissions continue to increase at current rates
- +2–4° national temperature increase in Sweden, according to SMHI
- Rising ocean levels
- More days with extreme weather and flooding
- Increased number of forest fires
- Unchanged behavior and demands from customers and investors
- High energy intensity and heavy dependence on fossil fuels
- Political climate initiatives and collaboration fails
- Poorer indoor climate impacts peoples' health
- Increased childbirth and increased immigration to Sweden
- Operations become more event-driven owing to extreme weather

“FULFILLING THE PARIS AGREEMENT” (RCP 2.6)*

- Greenhouse gas emissions halved by 2050
- +1.5–3° national temperature increase in Sweden, according to SMHI
- New renewable energy technology introduced on a large scale
- Low energy intensity
- Dramatic changes made to society, the infrastructure and buildings
- The countries of the world succeed in collaborating on shared initiatives
- Political decisions, taxes and regulations regarding greenhouse gases introduced
- Increased regulations with sustainability requirements regarding land use and construction codes
- Changed demands from customers and investors

*Sources: smhi.se/klimat/framtidens-klimat and TCFD
The Use of Scenario Analysis in Disclosure of Climate-Related
Risks and Opportunities

Evaluating climate risks

We carry out an annual risk survey in which we assess all the company's risks and their likelihood, impact, priority and development. We analyze a period of up to ten years. As regards climate risks, we have above all assessed the physical risks that could follow from a changed climate.

Ahead of project investments in new

production, the climate risks are also evaluated for a building during its technical service life, with emphasis on precipitation, extreme weather and the risk of flooding. Ahead of decisions on investment, the Head of Sustainability assesses the investment from a sustainability perspective, in which climate change is an important issue on the checklist.

Analysis of future scenarios

For a year now, we have been reporting in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD), which encourages the implementation of scenario analyses. In 2019, we conducted an initial workshop for evaluating what risks and opportunities exist in two different future climate

**THE WORLD
IN 2050**

CLIMATE SCENARIO: "ON THE BEATEN PATH"

RISKS:

- More water damage owing to increased flooding in ocean-front constructions and low-lying zones
- Extreme weather such as storms and heat waves can cause damage to properties, such as fire damage and damage to roofs
- Decreased demand for properties located in areas at risk, for example, for flooding
- Risk of obsolete properties, since the cost of climate adaptation measures exceeds the value
- Construction material and technology are negatively impacted and cannot handle increased temperatures and a damper climate. This could lead to increased need for maintenance, repairs and periodic building closures

- Increased risk of insufficient electricity and power supply
- Increased competition from low-price actors without sustainable agendas

OPPORTUNITIES:

- Increase our own production of solar energy and use of renewable energy
- Measures to enhance energy efficiency become more profitable to carry out
- Increased requirements for indoor climate place demands on more adaptable properties and districts
- Climate-adapted properties make Castellum a more attractive property owner
- Possible increased demand for premises due to increased occupancy

IMPACT ON CASTELLUM'S FINANCIAL PERFORMANCE

- Dramatically increased investments in managing the effects of climate change
- Dramatically increased costs for climate adaptation
- Volatile or reduced rental incomes
- Volatile or increased energy costs
- Dramatic increase in operating costs
- Increased insurance costs
- Decrease or disappearance in value of properties that are not climate-adapted or are located in risk areas
- Increased value of climate-adapted properties

CLIMATE SCENARIO: "FULFILLING THE PARIS AGREEMENT"

RISKS:

- Increased regulation, taxes and fees regarding carbon emissions, land use, construction codes, etc. impacting our transactions
- Older properties could become obsolete
- We are building the wrong products today that cannot handle future needs
- Increased risk of unprofitable investments when untested technology and untested solutions need to be used to manage the transition
- Requirements for zero emissions of greenhouse gases throughout the value chain; the circular economy requires major changes in the business model

- Price increase for construction materials, transportation and energy owing to political restrictions
- Volatile or steeper energy prices
- Increased need for investments in new technology, new construction and existing properties

OPPORTUNITIES:

- Increase our own production of solar energy and use of renewable energy
- Increased demand for innovation and new technology
- Increased urbanization and need for consolidation in core city areas make our portfolio attractive
- Decreased energy needs owing to

more efficient resource use

- Changed customer and investor preferences, as well as increased sustainability requirements make Castellum an attractive property owner and investment

IMPACT ON CASTELLUM'S FINANCIAL PERFORMANCE:

- Increased investments in the transition, and risk of unprofitable investments
- Increased costs for climate adaptation
- Increased operating costs
- Decreased value of properties that are not climate-adapted or are located in risk areas
- Increased value of climate-adapted properties

scenarios. The analysis will go further in depth over the next few years.

Castellum uses two future scenarios developed by the UN International Panel on Climate Change (IPCC): RCP 8.5 and RCP 2.6. Each scenario reflects different atmospheric concentrations of greenhouse gases in 2050, based on assumptions of different combinations of possible

future economic, technological, demographic, political and market changes.

RCP 8.5 – here called "On the beaten path" – is a business as usual scenario in which the world has failed to make any changes and greenhouse gas emissions continue to increase at the current rate.

RCP 2.6 – here called "Fulfilling the Paris Agreement" – is a scenario in which

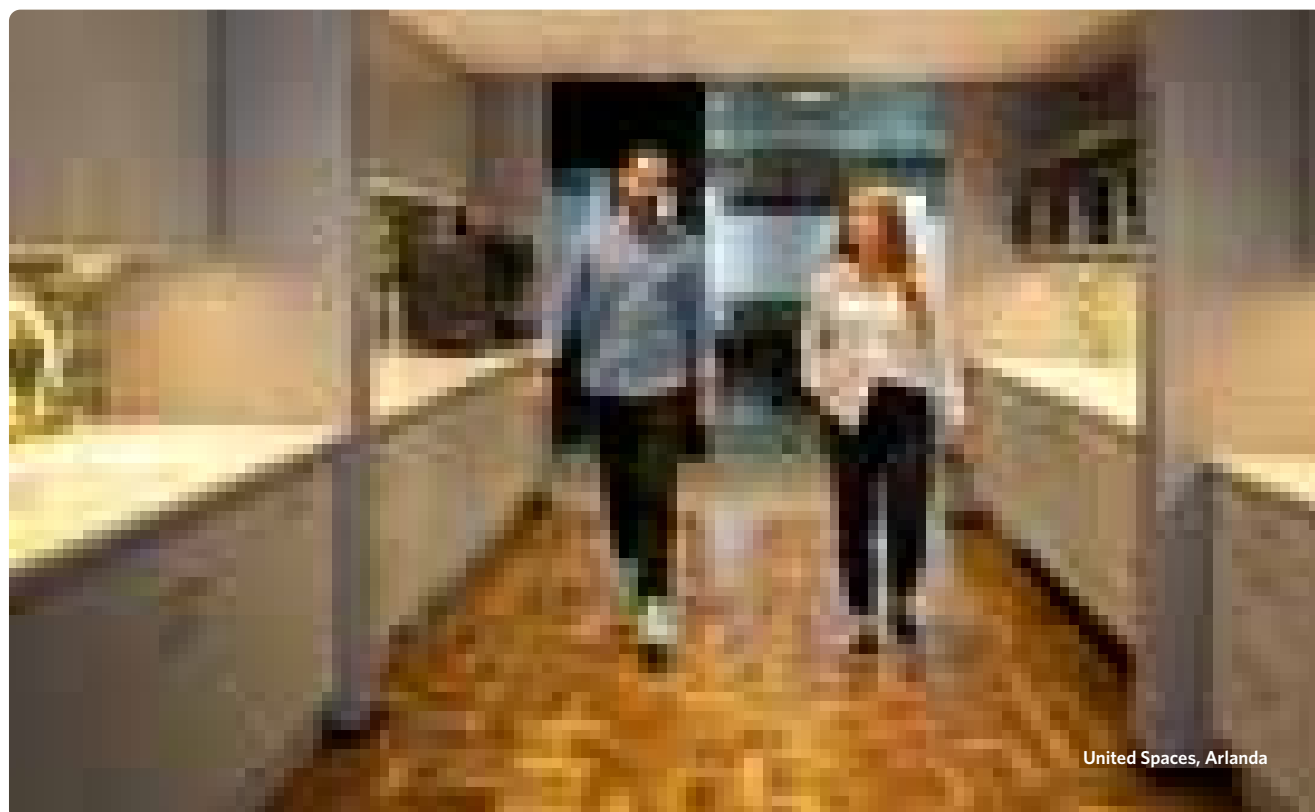
we have succeeded in implementing the Paris Agreement and the world has halved its greenhouse gas emissions and limited the temperature increase to 1.5–2 degrees Celsius. Both scenarios entail great risks for Castellum, but certain opportunities as well. We will need to be resilient, adapting our operations based on changed climate conditions both locally and nationally.

People

Risks related to people affect both employees and people in Castellum's business environment.

RISK	MANAGEMENT	EXPOSURE
PEOPLE		PRIORITY: FOCUS DEVELOPMENT: 
21. Employees Employees are one of our most important assets; their decisions and actions run our operations. The largest risk is failure to recruit, develop and retain employees and senior executives with the right skills, which may lead to underperformance at Castellum.	• Castellum's shared values • Open and transparent work environment • Skills and leadership development • Employee survey • Succession plan for key employees/senior executives • Market-based, competitive remuneration • Analysis of staff turnover	Wrong employees in the wrong place, dissatisfied employees, poor management and an organization that does not encourage open dialogue and development can lead to employees feeling unhappy, underperforming or quitting. In turn, dissatisfied employees and high employee turnover lead to increased costs, poorer customer relations and reduced internal efficiency, which results in impaired profitability.
		PRIORITY: MONITOR DEVELOPMENT: 
22. People Castellum works actively to minimize the risk of employees, hired outside staff or other people being injured physically or mentally in connection with its offices, developments or properties.	• Continual work in accordance with Castellum's work environment handbook • Routine monitoring • Protection committee • Design and architecture with "people in focus" in order to ensure a good environment for tenants, visitors and employees • Provide attractive offices and environments where people feel happy and are encouraged to create good conditions for performance	Castellum works actively to minimize the risk of employees, outside staff hired by us or other people being injured in a workplace-related accident or an accident related to deficient working conditions, work environment or work safety.

 Reduced focus on risk area since previous year  Unchanged focus on risk area since previous year  Increased focus on risk area since previous year



United Spaces, Arlanda

Financial risk

Castellum's single greatest risk is not having access to financing. Conditions and rules in the credit market can change quickly, which impacts interest rate risk and financing costs as well as the opportunity to obtain and extend credits. Risks can be divided into financing risk, reporting and change in derivatives values.

RISK	MANAGEMENT	EXPOSURE
FINANCING		PRIORITY: FOCUS DEVELOPMENT: 
23. Financing Liquidity and financing risk: Financing is either not available or very disadvantageous at a given time. Lacking proper access to the capital market through a loss of an investment-grade rating. Chosen capital structure: Castellum breaching the 50% loan-to-value ratio or the covenant for 65% can impact market confidence in the company; - breaching the 65% loan-to-value ratio means certain agreements will fall due - breaching the 45% secured borrowing of the Group's total assets means certain bond financing will fall due for payment Interest rate risk: the risk of earnings or cash flow impact as a result of changing market rates. Castellum could breach the established mandate of an interest coverage ratio of not less than 200% or corresponding covenants of a minimum of 150%.	- A finance policy that establishes risk mandates - Liquidity reserves/unutilized credit facility - Multiple sources of financing in various geographical markets (banks, capital markets including bonds and commercial paper) - Several lenders, moreover only counterparties with high credit ratings - Continuous renegotiation of credit agreements - Security through pledged mortgages - Strong balance sheet - An interest rate maturity structure spread across various tenors - Reduced loan-to-value ratio - Reduced share of secured assets - Reduced loan-to-value ratio - Reduced share of secured assets - Long-term credit agreements with fixed margins - Revolving credits to obtain maximum flexibility - Established calculation formulas - Reconciliation between internal and external valuations - Compliance function to ensure independence	Property ownership is a capital-intensive business that requires a well-functioning credit market. Access to financing is fundamental for Castellum and for continued growth. Insufficient liquidity reserves could result in Castellum missing out on business opportunities. All lenders are not equally strong financially, however, which means there are counterparty risks in the system. Changes in capital structure might cause Castellum to breach the agreed key financial metrics of the loan conditions, which would lead to more expensive loans or to credit agreements maturing. Failure to ensure an appropriate capital structure could negatively impact capital market confidence in Castellum. The market interest rate is impacted by central bank monetary policy, expectations for financial trends – both national and international – and unexpected events.
REPORTING		PRIORITY: FOCUS DEVELOPMENT: 
24. Reporting The risk that an official report, in the form of interim or annual reports, does not provide a true and fair view of Castellum's operations, earnings and financial position.	- A corporate culture based on high ethical ideals and orderliness - Strict internal control processes with quality assurance at several stages - Skilled and experienced staff - Monitor trends in regulations in order to implement new changes in good time - Compliance function that reports directly to the Board's Audit and Finance Committee - External audit, full-year and half-year	A misleading report would give Castellum bad will and a poor reputation in the market. This could lead to uncertainty among investors, increased risk premium and ultimately to a negative exchange rate impact, creating economic losses for Castellum's current owners. Other effects include investors making incorrect investment decisions, regulators imposing sanctions and ultimately the Castellum share being delisted.
CHANGES IN VALUE		PRIORITY: MONITOR DEVELOPMENT: 
25. Change in derivatives values Changes in value to Castellum's interest rate derivatives or currency derivatives arise from changes in market interest rate or exchange rates.	- Financial policy that establishes which derivative instruments may be utilized for interest rate fixing and currency risk - Only marketable instruments in the market to be used, which is why listed prices can be obtained - Established calculation formulas - Reconciliation between internal and external valuations - Compliance function to ensure independence	Changes in market interest rate and exchange rates impact the market value of the derivatives portfolio. Improper valuation of derivatives may provide an inaccurate picture of the Group's financial position.

 Reduced focus on risk area since previous year  Unchanged focus on risk area since previous year  Increased focus on risk area since previous year

Corporate Governance report

Sound corporate governance is the foundation of a trusting relationship with shareholders and other key stakeholders in the company's business environment. Governance is an important component in managing Castellum sustainably and responsibly – all in accordance with the applicable laws, other rules and best practices, and customized based on Castellum's operations. This Corporate Governance Report starts off with the Chairman's comment, followed by information on the structure of corporate governance, shareholders and the Annual General Meeting, the Nomination Committee, the auditor, the Board of Directors and committee work, Executive Management, and compliance and internal control.



CHAIRMAN OF THE BOARD'S COMMENT

Looking steadily ahead

Quickly looking back, we can state that once again Castellum has gone through a year marked by a healthy level of activity and continued business development, with the creation of long-term sustainable shareholder value as our guiding light. The business world has continued to offer favorable conditions, with low financing costs and strong growth – especially in the cities where Castellum has chosen to work – and strong demand for quality products that have further reduced required investment yields that are already very low. Strong capital flows from Swedish and international investors – in the latter case also encouraged by a weak Swedish krona – are moving to a Swedish property market with strong fundamentals. The total yield on Nasdaq Stockholm rose 35.0%, while the Castellum share yielded 38.9%.

A powerfully strengthened financial position

True to form, the Board is proposing an increase in the dividend – the 22nd in a row. Provided the AGM approves, a cash dividend of SEK 6.50 per share will be paid to you, the shareholders, during the year. This corresponds to nearly 55% of the income from property management. Over the last few years, Castellum has been robust in strengthening its financial position and expanding its access to capital on competitive terms. The Board thus sees strong possibilities for continued profitable investments in operations, paired with a competitive dividend.

A motor for future value creation

The year was marked by additional investments in Project Development, with our sights set on achieving a high-quality portfolio spread evenly across the years. We are convinced that we are building a motor for future value creation that will be reflected in rising net asset values. Investment issues and monitoring outcomes are the main tasks of Castellum's Board of Directors. During the year, we also took the opportunity to visit major areas of development such as the Nyhamnen district in Malmö – where construction of properties for the Swedish National Courts Administration and E.ON, with an aggregate volume of SEK 2.4 billion, is ready to begin – and Sövestad airport, which offers extensive development opportunities. Getting out of the boardroom, and meeting customers and other partners as well as a broader section of employees in conjunction with these visits, provided the Board with the opportunity to better encourage and support business development. In return, our presence and our interest sent important signals to the people we met. Castellum is a long-term, financially robust partner that builds and improves communities in the cities where we operate.

In parallel, Property Management acts as a locomotive and over the year contributed an excellent development of income from property management through daily customer contact and continual efficiency enhancements. The strongest contributors

have been a forward-looking approach in renegotiating and optimizing operations and active management of the debt portfolio.

Looking steadily ahead

To increase its ability to accomplish its goals, the organization was strengthened – in particular through two key recruitments to Executive Management – during the year. Castellum's capacity for competence development, talent supply and succession planning is evaluated and encouraged as part of the work of the Remuneration Committee. These are crucial success factors in a business environment where the struggle is over attracting the right employees and continuing the development of Castellum's business model, in which we envision new income streams supplementing the traditional rental incomes.

"We are building a motor for future value creation."

Looking back has its uses, but the most important task of the Board is to keep its gaze steady on the road ahead, with the goal of delivering growth in value to our shareholders over the long term. Together with Executive Management, the Board is devoting a great deal of attention to our business environment and to Castellum's positioning from a longer perspective. Changed customer needs and preferences could constitute a threat. But we are firmly resolved to stay at the leading edge and turn changes to our advantage.

Strategic initiatives

I would like to highlight two strategic initiatives from the past year that will carry Castellum far into the future.

The first consists of our resolute entry into the growing market for co-working through the acquisition of United Spaces in January. We are living in exciting times, where we can now offer new and existing customers a menu for their supply of premises in the form of membership in flexible spaces as well as shorter contract models and long, stable agreements. We expect our customers both large and small will see their supply of premises with new eyes; there will be parallel demand for rapidity and variation in combination with fixed points as hubs for the purpose of brand positioning.

We are extremely satisfied with United Spaces' performance after its first year in the Castellum family. Its operations produced a small surplus despite strong expansion toward new meeting places and brought new market rents to Castellum's property operations as well as to external landlords. Proof of United Spaces' attractive position came quickly in the early autumn, in the form of a prestigious assignment to develop

co-working for Geely's major investment in an open-plan innovation center in the Lindholmen district of Gothenburg.

The second strategic initiative covers the acquisition of Sæve airport, a development area encompassing more than 3 million square meters of land close to the Nordic region's largest harbor, industries, national transportation links and the city of Gothenburg. The acquisition was completed in December 2018 and finalized in December 2019. In addition to the obvious potential in logistics, we are seeing a great deal of interest from the business community, academia and public sector actors in creating the Nordic region's largest hub for development in future technology, with a focus on sustainable transportation and mobility. The area will offer development opportunities of SEK 10 billion or more over the coming ten-year period.

These two examples of future initiatives reflect Castellum's focus and innovative power in the selected office and warehouse/logistics property segments.

The map is being redrawn – a new decade with a new orientation

In conclusion, I would like to share an activity that brought the Board of Directors and Executive Management together in a joint exercise this autumn. I have already mentioned changed customer behavior and supply chains broken open – in the form of co-working operators, for example – that are capturing customer relationships and redrawing the map for traditional property companies. New technology offers close, personalized relationships in real time with large groups of people.

In order to challenge the way we think about customers and offerings, to broaden our perspective and burst the boundaries of our thinking, we enlisted the help of a few highly skilled people who counsel leading Swedish and global companies on fast-moving consumer goods and services. They served by turns as provocateurs and catalysts. Our discussions were both inspiring and pleasurable. An issue as simple as identifying who our customers or consumers of services are (now and in the future) – the signatories who sign the lease with us and/or the people who work in our buildings on a daily basis. Perhaps we're seeing a shift from B2B via B2B2C to B2C before us, which broadens our view of offerings? The Executive Management brings the work on continued development and incorporates it into daily operations.

That said, my colleagues on the Board and I are looking forward to offering you, our shareholders, an investment in the Castellum share that remains profitable and exciting.

Gothenburg February 3, 2020



Charlotte Strömberg
Chairman of the Board



HEAR CHARLOTTE STRÖMBERG SPEAK
MORE ABOUT BOARD WORK IN 2019,
VISIT OUR DIGITAL ANNUAL REPORT AT
[CASTELLUM.SE/AR2019](https://castellum.se/ar2019)

Overall governance structure

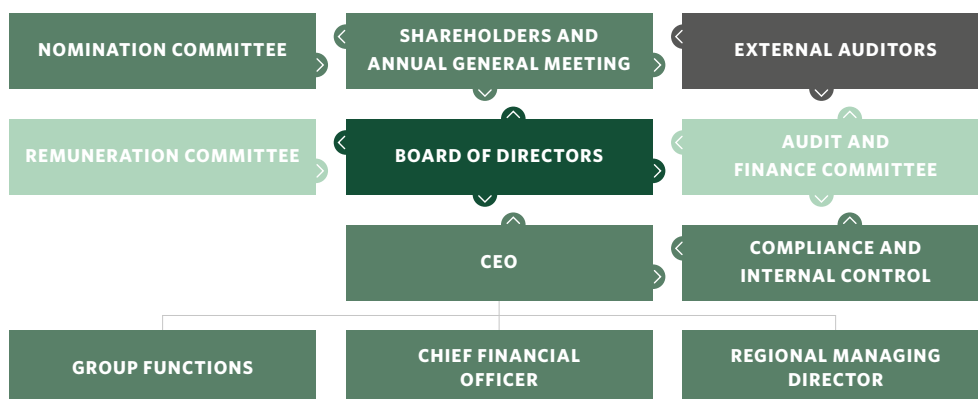
EXTERNAL REGULATIONS

The external framework for corporate governance includes:

- The Swedish Companies Act
- The Nasdaq Stockholm Rulebook for Issuers
- The Swedish Corporate Governance Code (the Code)
- IFRS
- EU accounting regulations
- The UN Global Compact
- The EU Market Abuse Regulation (MAR)

IMPORTANT INTERNAL REGULATIONS

- Articles of Association
- Board of Directors' rules of procedure
- Resolution procedure
- Policy regarding the composition of the Board, authorized signatories, proxy forms and authorizations
- Rules of procedure for subsidiary Boards of Directors
- Communication policy, financial policy, insider policy, sustainability policy, Code of Conduct, Code of Conduct for suppliers and crisis management policy
- Manuals and guidelines for important parts of operations
- Processes for internal control and risk management



Articles of Association

The name of the Company is Castellum Aktiebolag and the company is a public limited company. The Board's registered office is in Gothenburg. The objective of the Company's operations is to acquire, administer, develop and sell properties and securities, directly or indirectly through wholly or partially owned companies, and to conduct other operations compatible with these. Changes to Castellum's Articles of Association are made in accordance with the provisions of the Companies Act. The Articles of Association, which also include information on share capital and the number of Board members and auditors, as well as rules for the notice to attend and the agenda for the Annual General Meeting, are available in their entirety on the company's website, www.castellum.com

The Swedish Corporate Governance Code

Corporate governance covers the various means of decision-making by which the shareholders directly and indirectly control the Company. Corporate governance in Swedish listed companies has been developed through laws, recommendations and statements as well as through self-regulation. The Swedish Corporate Governance Code (the "Code") is important for corporate governance in Swedish listed companies. The Code is administered by the Swedish Corporate Governance Board and can be found at www.bolagsstyrning.se, where the Swedish model for corporate governance is also described.

The model above describes the overall structure of corporate governance at Castellum AB.

Compliance with the Code

Castellum applies the Code, the purpose of which is to create favorable preconditions for exercising an active and responsible ownership role. It is crucial that the Company acts responsibly to fulfill strategies and create long-term value.

In the opinion of the Board, Castellum complied with the Code in all respects in 2019 and has no deviations to report or explain.

Shareholders and shares

Castellum AB (publ) is a Swedish public limited company governed by the Swedish Companies Act, the Nasdaq Stockholm Rulebook for Issuers, the Code and the Articles of Association.

The Castellum share is traded on Nasdaq Stockholm Large Cap. At December 31, 2019, Castellum had approximately 57,000 shareholders. Of the total share capital, 45% was owned primarily by Swedish institutions, funds and private individuals, and 55% by foreign investors. The largest owner of Castellum is Rutger Arnhult, who owns 11.9% of the shares outstanding through a company, which is the only registered shareholder with holdings exceeding 10% of the shares in the Company.

The share capital amounts to SEK 136,600,583 distributed among 273,201,166 registered shares with a quotient value of SEK 0.50. Each share entitles the holder to one vote and carries an equal right to a share in Castellum's capital. There are no warrants, convertible bonds or similar securities which may lead to additional shares in the Company.

Annual General Meeting

The Annual General Meeting (the “AGM”) is Castellum’s supreme decision-making body, where shareholders have the right to take decisions concerning the Group’s affairs, including the appointment of a Board of Directors and auditors.

The AGM is held in Gothenburg during the first half-year after the end of the financial year.

The AGM elects the Board of Directors and the Company’s auditors as well as passing resolutions on items including the distribution of profits and the discharge from liability of the Board and the Chief Executive Officer.

Participation in decision-making requires shareholder presence at the meeting, either personally or through a proxy. In addition, the shareholder must be recorded in the share register by a given date prior to the meeting and must provide notice of participation in the manner prescribed. Individual shareholders requesting that a specific issue be included on the agenda of an AGM can normally request the Castellum Board to do so well in advance of the meeting via a special address provided on the Group’s website.

Decisions at the AGM are usually taken by simple majority (i.e. with the support of more than half of the votes cast at the meeting). On certain issues, however, the Swedish Companies Act stipulates that proposals must be approved by a larger proportion of the shares represented and votes cast at the AGM.

Annual General Meeting 2019

The latest AGM was held on March 21, 2019, in RunAn, Chalmers Student Union, Chalmers-platsen 1, in Gothenburg. 710 shareholders were represented at the Meeting, representing 55.8% of the number of shares and 55.8% of the votes. All members of the Board, Executive Management, the Company’s auditors and a

majority of the Nomination Committee members were present at the AGM.

The AGM adopted the financial reports for 2018 and discharged the Board of Directors and the CEO from liability regarding operations for 2018.

At the AGM on March 21, 2019, the following was decided:

- a dividend of SEK 6.10 per share for the 2018 financial year, divided into two equal payouts (March and September, respectively) of SEK 3.05 per share;
- that remuneration to the members of the Board of Directors is to be KSEK 3,895, of which KSEK 985 should be allocated to the Chairman of the Board of Directors and KSEK 410 to each of the other Board members. Fees for work in the Remuneration Committee are to be KSEK 50 to each member, Chairman included. Fees to the Chairman of the Audit and Finance Committee are to be KSEK 150 and KSEK 75 to the remaining members;
- re-election of Board members Charlotte Strömberg, Per Berggren, Anna-Karin Hatt, Christer Jacobson, Christina Karlsson Kazeem, Nina Linander and Johan Skoglund. Charlotte Strömberg was re-elected as Chairman of the Board of Directors;
- re-election of Deloitte as auditor. Authorized public accountant Hans Warén is Castellum’s auditor in charge;
- approval of the proposed guidelines for remuneration to senior executives and approval of the renewal of incentive programs for senior executives pertaining to the period from 2020 to 2023;
- mandate for the Board to resolve, for the purpose of issuing shares as payment or for financing property investments, on the new issue of shares; and,
- mandate for the Board to resolve, for the purpose of adjusting the Company’s capital structure and to transfer treasury shares as payment or for financing property investments, on the acquisition and transfer of treasury shares.

THE 2020 AGM

For the AGM on March 19, 2020 the Board of Directors proposes a dividend of SEK 6.50 per share, divided into two payments of SEK 3.25 each. The proposed record days for the payments are March 23, 2020 and September 21, 2020 respectively.

The Nomination Committee proposes to the AGM:

- the re-election of current Board members Charlotte Strömberg, Per Berggren, Anna-Karin Hatt, Christer Jacobson, Christina Karlsson Kazeem and Nina Linander. Zdravko Markovski and Joacim Sjöberg will be elected as new members. Board member Johan Skoglund has declined re-election. The re-election of Charlotte Strömberg as Chairman of the Board is proposed.
- Fees to be paid to Board members as follows (2019 fees in parentheses).
- Chairman of the Board: SEK 1,015,000 (985,000).
- Each of the other Board members: SEK 425,000 (410,000).
- Remuneration Committee: Chairman SEK 100,000 (50,000)/each of the other members: SEK 75,000 (50,000)
- Audit and Finance Committee: Chairman SEK 200,000 (150,000)/each of the other members: SEK 100,000 (75,000). The proposed total remuneration to the members of the Board of Directors, including remuneration for committee work, totals SEK 4,640,000, provided the number of committee members is unchanged.
- re-election of Deloitte as auditor. Deloitte has announced that current authorized public accountant Hans Warén will be auditor in charge.
- that the Meeting resolve that a new Nomination Committee be appointed ahead of the 2021 AGM and that the Chairman of the Board be commissioned to contact the four largest registered or otherwise known shareholders on the last share trading day of August 2020 and ask them to appoint one member each to the Nomination Committee, and that the four members so elected together with the Chairman of the Board constitute the Nomination Committee. The Nomination Committee will appoint a Chairman from its members. The names of the Nomination Committee members will be announced no later than six months before the next AGM.



MINUTES OF THE AGM HELD ON MARCH 21, 2019
ARE AVAILABLE ON CASTELLUM'S WEBSITE.



Nomination Committee

The 2019 AGM resolved that a Nomination Committee should be appointed for the 2020 AGM in order to present proposals for: the number of members of the Board of Directors; election of members to the Board of Directors, including Chairman; election of auditors; remuneration to Board members and auditors; and a model for appointing a new Nomination Committee for the 2021 AGM.

The Nomination Committee's proposals are publicized no later than the date of notification to attend the AGM.

Shareholders will be given the opportunity to contact the Nomination Committee with proposals for nomination.

For the 2020 AGM, the Nomination Committee was appointed in accordance with the resolution of the 2019 AGM through commissioning the Chairman of the Board to contact the four largest registered or otherwise known shareholders on the final trading day of August

and asking them to appoint one member each to the Nomination Committee. The members so elected, together with the Chairman of the Board as convener, constitute the Nomination Committee. The Nomination Committee appointed a Chairman from among its members.

For the 2020 AGM, the Nomination Committee consists of Patrik Essehorn, appointed by Rutger Arnhult through his company; Vincent Fokke, appointed by Stichting Pensioenfonds ABP; Carl Lindgren, appointed by Szombatfalvysfären; Göran Esplund, appointed by Lannebo Fonder; and Chairman of the Board Charlotte Strömberg. Patrik Essehorn is the Chairman of the Nomination Committee. When the Nomination Committee was formed, the members of the Nomination Committee all together represented approximately 22.5% of the total number of shares and votes in the Company.

All the members of the Nomination Committee have considered whether any conflict of



interest exists in accepting the commission as a member of Castellum's Nomination Committee. The Nomination Committee held eight minuted meetings, and in addition have been in contact via telephone and e-mail. The Nomination Committee has received a detailed review of the results of the Board evaluation carried out by a company specializing in such evaluations, and additionally conducted interviews with all of the Board's members. In addition, the Nomination Committee conducted a recruitment process that involved contact with recruiting consultants, producing requirement profiles for the recruitment of Board members and meetings with candidates for the company's Board of Directors. In addition, the Nomination Committee has taken note of the Audit and Finance Committee's recommendation to the Board of Directors regarding the election of an auditor.

The Nomination Committee has covered all the issues incumbent upon them under the

Code. The issues the Nomination Committee has discussed and considered include:

- the extent to which the current Board of Directors fulfills the requirements that will be imposed on the Board as a result of Castellum's operations and development phase, the size of the Board of Directors;
- the various areas of competence that are and should be represented on the Board of Directors;
- the composition of the Board of Directors with respect to experience, gender and background, succession issues on the Board and potential conflicts of interest in the Board's work;
- remuneration to the members of the Board of Directors;
- questions relating to the election of an auditor and the auditor's fee;
- and the model to be applied for a new Nomination Committee for the 2021 AGM.

Auditor

In its work, the Nomination Committee took into account the desirability of an equal gender distribution and that the Board should otherwise be characterized by diversity and breadth as regards competence, experience and background. As a diversity policy, the Nomination Committee has applied Rule 4.1 in the Code in drawing up its proposal for the election of Board members.

Finally, in order for the company to fulfill its informational obligations towards its shareholders, the Nomination Committee has informed the Company about how the Nomination Committee conducted its work and about the proposals the Committee will submit.

The opinion of the Nomination Committee is that the work of Castellum's Board of Directors is running smoothly and that the Board members, jointly and separately, possess a broad range of competence and experience that is relevant to Castellum's operations. In conjunction with Johan Skoglund declining re-election, the Nomination Committee has considered which characteristics could supplement the Board as Castellum enters the 2020s, as well as how the continual renewal process on the Board can best be implemented.

The last few years have been marked by a rapid pace of change at Castellum. The Nomination Committee feels that the proposed Board members have excellent skills and extensive experience in issues concerning property management and development, capital markets, financing, community planning, sustainable business practices, changed customer behavior, trend analysis, digitalization, communication and marketing, creating long-term shareholder value and Board work in general. It is felt that Zdravko Markovski and Joacim Sjöberg can bring competence and experience in several of the areas mentioned above and can thus expand and deepen the Board's areas of competence and experience. In all, the Nomination Committee feels that the proposed Board members constitute a Board of Directors that, taken together, has the diversity and breadth of competence, experience and background required as regards Castellum's operations, its phase of development and conditions in general. The Nomination Committee's proposals mean the Board will have an equal gender distribution.

The auditor is elected by the AGM, is an independent reviewer of Castellum's accounting and corporate governance report, sustainability report and report on green MTNs, and also reviews the administration by the Board and the CEO. Castellum's auditor, Deloitte, was elected by the AGM for a mandate period of one year, until the end of the 2020 AGM. The auditor in charge at Deloitte is authorized public accountant Hans Warén.

Audit fees

KSEK	2019	2018	2017
Audit assignment	3,252	3,419	2,978
Audit business in addition to the audit assignment	1,127	626	932
Other services	52	624	170
Total audit fees	4,431	4,669	4,080



HANS WARÉN
CASTELLUM'S AUDITOR

Board of Directors

The shareholders appoint the Board at the AGM. The Board has overall responsibility for Castellum's strategy and organization and manages Castellum's business on behalf of the shareholders. Under the Articles of Association, Castellum's Board is to consist of no less than four and no more than eight members. Board members are elected at the AGM and hold office for the period until the conclusion of the first AGM following their appointment. For 2019, the Board consisted of seven members. The Board works in accordance with established rules of procedure containing instructions on the allocation of work between the Board and the CEO. No Board member is entitled to remuneration upon their assignment coming to an end.

New Board members receive an introduction to the company and its operations and undergo the stock exchange's training program for board members of listed companies.

Subsequently, the Board continually receives information on subjects including changes to regulations, issues that concern operations and the Board's responsibility in a listed company.

The rules of the Companies Act apply to Board decisions, meaning that both more than half of the members in attendance and more than one third of the total number of members must vote for a decision. In the event of a split vote, the Chairman has the deciding vote.

The Board's work is governed by documents including the Swedish Companies Act, the Articles of Association, the Code and the Board's rules of procedure.

Responsibility of the Board

According to the Swedish Companies Act and the Board of Directors' rules of procedure, the Board is responsible for:

- preparing business decisions and supporting management;
- developing and monitoring the Company's overall strategies;
- outlining overall, long-term strategies and objectives, budgets and business plans;
- establishing guidelines to ensure that the Company's operations create value over the long term;
- reviewing and approving the accounts;
- reviewing the auditors' conclusions from the audit and auditor's report and the way

in which the audit promoted the reliability of the financial reporting, and reviewing the auditors' limited assurance report from the half-year report;

- taking decisions on issues concerning investments and sales;
- capital structure, dividend policy and decisions on financing;
- developing the Group's policies;
- ensuring that there are control systems for monitoring compliance with policies and guidelines;
- ensuring that there are systems for monitoring and controlling the Company's operations and risks, which also include climate-related risks and opportunities;
- significant changes in Castellum's organization and operations; and
- appointing the Company's Chief Executive Officer and setting the CEO's salary and other benefits.

Each member is to act independently and with integrity, and to look after the interests of the Company and all shareholders. The experiences of the Board members as part of the work of the Board is covered by confidentiality.

A description of the Board's work year is presented on pages 132-133.

Board of Directors' rules of procedure

The Board of Directors establishes rules of procedure for Board work every year. The rules of procedure describe the work of the Board and the allocation of responsibility between the Board and the CEO. The rules of procedure also indicate which topics should be covered at each Board meeting, and provide instructions regarding financial reporting to the Board of Directors.

The rules of procedure also prescribe that the Board is to have an Audit and Finance Committee as well as a Remuneration Committee. The Committees prepare and produce recommendations to the Board on various matters. Members of the Committees are appointed yearly. The Chairman of the Remuneration Committee is to be the Chairman of the Board of Directors, whereas the Chairman of the Audit and Finance Committee must not be the Chairman of the Board but another Board member appointed by the Board.

Chairman of the Board

The Chairman of the Board of Directors is responsible for ensuring that Board members regularly receive, through the agency of the CEO, the information required to monitor the Company's financial position, earnings, liquidity, financial planning and development. The Chairman of the Board is also obliged to carry out decisions made by the AGM regarding establishment of a Nomination Committee, and to participate in its work.

The work of the Board in 2019

Castellum's Board held 13 meetings in 2019, of which one was the Board meeting following election. According to the prevailing rules of procedure, the Board is to hold at least seven scheduled Board meetings per calendar year, of which one is a Board meeting following election.

The Board meetings are held in connection with the Company's financial reporting: annual accounts, proposals for appropriation of profits, and issues in connection with the AGM are covered in January; interim reports in April, July and October; strategy in June and the budget for the coming year in December.

At each of the scheduled Board meetings, matters of significance for the company such as investments, sales of properties and financing, are covered. Further, the Board is informed of the current business situation in both the rental and property markets and the credit and stock markets. Issues concerning work environment, incident reports and customer-related questions are addressed regularly by the Board, and each Board meeting normally concludes with an executive session, without the presence of Executive Management.

The Board also holds meetings with the auditors without the presence of corporate management.

Routine matters the Board addressed in 2019 further include Company-wide policies, the overall strategy plan, the Board's rules of procedure, capital structure and financing needs, sustainability initiatives, operational model and organizational issues as well as the Company's insurance situation.

In addition, the Board devoted several meetings to enhancing their knowledge of operations through themed meetings and visits to operations. Beyond the routine matters above, the work of the Board in 2019 focused on shifting Castellum's property portfolio based on a quality perspective and towards higher density with an even clearer orientation on growth cities in the Nordic region. A larger, more complex development portfolio meant that the Board has put time and energy into developing the project development process and project leasing. During the year, the Board also worked on United Spaces, Castellum's co-working offering, as well as on innovation issues and technology-based business development. As for the rest, issues such as sustainability, efficiency enhancement measures, succession and recruitment issues and risk management were addressed in the boardroom. The customer experience was in focus as regards most issues that crossed the Board of Directors' desks in 2019.

In the autumn of 2019, the Board assessed its work using the same external consultant who assisted in the comprehensive Board evaluation conducted in the autumn of 2017. The evaluation indicated an open and constructive Board climate and a decision-making process that functions well.

The evaluation has been presented and submitted to the Nomination Committee and was discussed by the Board. Topics reviewed in the evaluation include working climate, forms of work concerning the business process, crisis management, strategic issues, monitoring and control systems, access to – and the need for – particular Board competence, order of succession, morals, ethics and communication.

The evaluation and subsequent Board discussion serve as a basis for the ongoing development of the Board's work methods and ensure that the Board can take decisions that are as well-informed as possible.

The Board evaluation complies with the guidelines for board evaluations in the Code.

No compensation other than remuneration for Board work and Committee work has been paid.

Board work in 2019

The Board's main tasks are to act as a control body and as support for Executive Management. Acting as a control body means ensuring that Castellum acts responsibly and sustainably over the long term, and that operations are conducted efficiently in accordance with laws, regulations and best practices.

During the year, the Board focused primarily on:

AGILE SERVICE DEVELOPMENT

As a result of the acquisition of the co-working company United Spaces, Castellum gained access to an arena in which new services can be tested with existing customers. Agile development work can thus be carried out in the new Services customer offering area, defined in the three-year strategy plan that the Board decided on during the year. The results of the service development will also benefit traditional tenants. This is why the Board was involved during the year in the production of a strategy for innovation, and went further in-depth into business development.

INVESTMENTS FOR FUTURE VALUE CREATION

The project development portfolio has increased in both scope and complexity, which is why the Board has focused on developing the project development process and project leasing. In this regard, the Board went on field visits to the company's major development areas such as the Nyhamnen district in Malmö, where Castellum is building properties for E.On and the Swedish National Courts Administration, and to Söde airport with its extensive project opportunities.

PREPARED FOR CHANGE

The Board has devoted a great deal of attention to the business environment and to Castellum's positioning from a longer perspective, studying changed customer needs, patterns and preferences. Increased e-commerce has an impact on the logistics business and the market's need for and interest in sustainable transportation and mobility. Castellum's development of smart control and innovative technology – electrified transportation and cross-loading using drone technology, for example – is a strategy for staying at the leading edge and taking advantage of change. During the year, the Board also supported and encouraged Castellum's management in a dialogue concerning the customer concept and what a shift from B2C via B2B2C to B2C could mean for the company's future offerings.

Board members	Remuneration, KSEK	Meeting attendance			Independent
		Board of Directors	Remuneration Committee	Audit and Finance Committee	
Charlotte Strömberg	1 110	13 of 13	4 of 4	4 of 4	Yes
Per Berggren	460	13 of 13	4 of 4	–	Yes
Anna-Karin Hatt	460	11 of 13	4 of 4	–	Yes
Christer Jacobson	410	13 of 13	–	–	Yes
Christina Karlsson Kazeem	410	13 of 13	–	–	Yes
Nina Linander	560	13 of 13	–	4 of 4	Yes
Johan Skoglund	485	13 of 13	–	3 of 4	Yes

Remuneration Committee

The Board's Remuneration Committee routinely evaluates the terms of remuneration to senior executives in light of current market conditions. The Committee prepares matters in this area for decision by the Board. The members of the Remuneration Committee are appointed annually by the Board. The Remuneration Committee consists of three Board members, including the Chairman of the Board, who is also Chairman of the Remuneration Committee. The Committee's rules of procedure are included in the Board of Directors' rules of procedure and are ratified annually.

The tasks of the Remuneration Committee are:

- preparing recruitments to Executive Management and succession issues regarding Executive Management, as well as preparing questions regarding talent supply and broadening of management within the Group;
- discussing management by objectives concerning gender equality and diversity issues,
- preparing and proposing guidelines for remuneration principles, remuneration and terms of employment for the CEO and other senior executives. The guidelines for remuneration are to be submitted to the Board, which in turn will submit remuneration proposals for

resolution at the AGM; The Remuneration Committee will also Monitor and evaluate programs – both ongoing and concluded during the year – for variable remuneration to Executive Management. The results of the Remuneration Committee's evaluation of remuneration to senior executives are presented on the Company's website; and

- annually evaluating the efforts of the CEO, which is also done by an external expert, including interviews with both the Board of Directors and those reporting directly to the CEO.

The Remuneration Committee is to meet at least twice a year. In 2019, the Committee held four meetings. Issues addressed at the meetings included the review of remuneration to the CEO and other senior executives; proposals to the Board regarding the revision of the Executive Management's remuneration package; monitoring and evaluation of incentive programs in effect; and proposals drawn up for parameters for the individually targeted factors in the annual performance-based incentive program as well as HR and succession issues.

REMUNERATION COMMITTEE

The Remuneration Committee consists of Chairman Charlotte Strömberg as well as members Per Berggren and Anna-Karin Hatt. The primary tasks of the Remuneration Committee are:

- Guidelines for remuneration policies
- Remuneration to senior executives
- Preparation of incentive programs
- Evaluation of the CEO
- Preparation of recruitments to

Executive Management and succession issues

- Preparation of issues concerning management expansion and talent supply
- Management by objectives for equality and diversity

Audit and Finance Committee

The Board's Audit and Finance Committee monitors such issues as financing and audits, and prepares matters in these areas for decisions by the Board.

Members of the Committee, and its Chairman, are elected yearly by the Board.

The Audit and Finance Committee consists of three Board members not employed by the company. The Committee's rules of procedure are included in the Board of Directors' rules of procedure and are ratified annually. It is the business of the Audit and Finance Committee to:

- monitor financial reporting and submit recommendations and proposals for ensuring the reliability of the financial reports;
- with regard to financial reporting, monitor the efficiency of the company's internal control, internal audits (if any) and risk management;
- monitor the work on capital structure and other financing issues as well as prepare financing issues for decisions by the Board;
- monitor the work on operational risks and regulatory compliance, and ensure that there are appropriate systems for control and monitoring;
- issue an annual report on internal control and ensure that the Corporate Governance Report describes the Board's measures for ensuring that internal control functions properly;
- stay informed about the Annual Report and the consolidated accounts;
- inform the Board of the results of the audit and how they promoted the reliability of financial reporting;
- staying informed about the findings of the Swedish Inspectorate of Auditors' control of the auditors;
- review and monitor the auditors' impartiality and independence, paying particular attention to whether the auditors provide other services besides auditing as well as evaluating the audit work and informing the

Company's Nomination Committee of the results of the evaluation;

- take note of the auditors' report pursuant to Article 11 of the Audit Regulation and, if needed, take appropriate action in this connection;
- issue guidelines for services other than auditing provided by the auditors and, where appropriate, approve such services in accordance with these guidelines;
- prepare issues regarding procurement of audit and other services from the auditors; and
- assist the Nomination Committee in producing proposals for auditors and remuneration to them, at which point the Committee is to ensure the auditors' mandate period does not exceed the applicable regulations, procure the audit and submit a reasoned recommendation in accordance with the stipulations in Article 16 of the Audit Regulation.

The Audit and Finance Committee is to hold at least four meetings a year, and the Company's auditors must attend at least two of them. On one of the occasions when the Audit and Finance Committee meets with the auditors, no one from Executive Management may be present.

In 2019, the Audit and Finance Committee held four meetings. Issues covered at the meetings included capital structure and financing issues, financial reporting including a review of future regulations and their potential impact on Castellum; a survey of the decision-making process as regards investments; internal control and risk management; the impartiality, independence and work of the auditors; policy development and feedback from the whistleblower service. Operational issues were also thoroughly examined. In addition, the Audit and Finance Committee held individual meetings during the year with compliance and auditors without the presence of management.

AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee consists of Chairman Nina Linander as well as members Johan Skoglund and Charlotte Strömberg. The primary tasks of the Audit and Finance Committee are:

- Financial reporting
- Financing and capital structure
- Investment research and monitoring
- Risk management
- Regulatory compliance
- Audit
- Policies
- Operational areas of specialization
- Internal control

CEO and Executive Management

The CEO is responsible for routine administration of the Company and managing operations in accordance with the guidelines and instructions of the Board as well as for providing the Board with information and the necessary documentation for decisions. The CEO leads the work of Executive Management and takes decisions after consulting its members.

Chief Executive Officer

The CEO presents the reports at Board meetings and is to ensure that Board members are routinely sent the information needed to monitor the company's and the Group's financial position, earnings, liquidity and development.

Executive Management

The Executive Management includes the CEO, the Chief Financial Officer, the Investment Director, the Director of Communication, the Logistics Director, the Office Director (vacant) and the managing directors of the four regions. The Executive Management has joint responsibility for delivering on Group-wide goals and strategies, and decisions on overall operational issues are discussed and taken at the meetings that take place. The Executive Management held nine meetings in 2019.

In 2019, the Executive Management produced a new strategy for 2020-2022, with the customer offering and development in focus. The single largest change is that Services constitutes its own part of the customer offering alongside Castellum's offerings in Office, Public Sector Properties and Logistics.

The work of the Executive Management during the year also dealt with changing the investment portfolio, with greater emphasis on strategic projects. The development organization has been provided with resources and competence, and an Investment Director as well as a Deputy CEO have taken seats in Executive Management.

Comprehensive cultural efforts have been initiated and will run throughout 2020. The aim is to develop the Group's corporate culture towards increased performance, management by objectives and assuming responsibility as well as speeding up the work on creating a shared corporate culture. Another way of sup-

porting the organization's development and efficiency is the Executive Management's work on defining and refining boundaries and collaboration among Group-wide functions and the four regions as regards ownership, responsibility, mandates and the ability to accomplish goals.

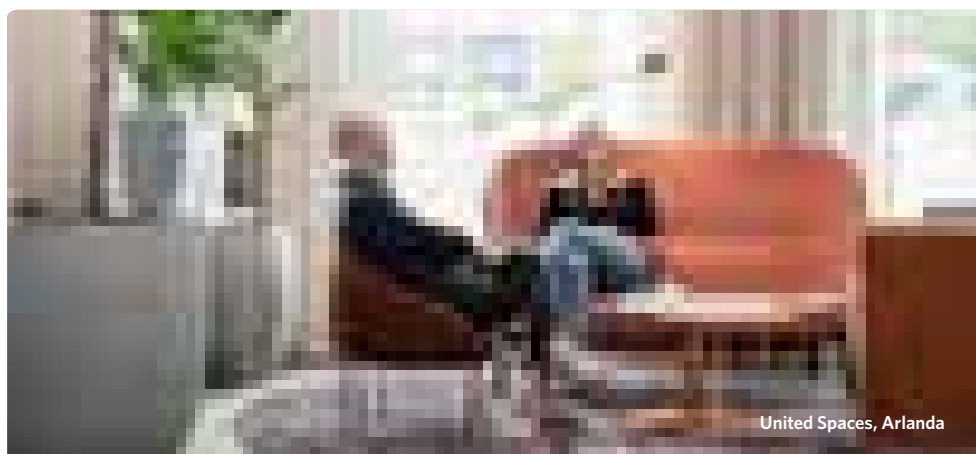
Together with the Managing Directors of the respective regions, the CEO and the Chief Financial Officer constitute the Board of each regional company.

Remuneration to senior executives

The 2019 AGM resolved on the following guidelines for remuneration to senior executives:

Castellum is to have competitive remuneration levels at market rates, and terms of employment necessary to recruit and retain management with the competence and capacity to achieve set objectives. The Board of Directors considers and evaluates the remuneration as a whole, consisting of fixed salary, pension benefits, variable remuneration and non-monetary benefits. A fixed salary will be paid for work performed in a satisfactory manner. In addition, variable remuneration under an incentive program may be offered. Variable remuneration of this kind is intended to enable long-term value creation in the Group. The design is to be based on the objective of linking together Executive Management interests with shareholder interests through senior executives also being shareholders in Castellum, as well as by increasing the portion of the total remuneration linked to the Group's development. Variable remuneration, which cannot exceed the fixed salary, is determined by the extent to which objectives set in advance regarding growth in income from property management per share, and share price trend, are achieved as well as how individually set factors have developed.

The resulting remuneration under the incentive program includes vacation pay, and is not pensionable. Payment of remuneration under the incentive program will take place in the form of salary. Executives receiving variable remuneration under the incentive program pledge to acquire Castellum shares for at least half of the amount of the resulting variable remuneration after tax.



The pension terms for executive management are to be at market rates and based on defined-contribution pension solutions. The notice period upon termination by the Company must not exceed six months for the CEO and twelve months for the other executives. During the notice period, a full salary and other employment benefits will be paid, less salary and remuneration received from other employment or operations during the period of notice. Deductions of this kind will not take place as regards the CEO. Upon termination of the CEO by the Company, a severance package will be paid of twelve months' fixed salary, which is not to be reduced owing to other income the CEO receives.

Castellum has complied with the guidelines resolved by the 2019 AGM.

The proposed guidelines for remuneration to senior executives, which will be put forward at the AGM on March 19, 2020, have been adjusted in relation to the proposals put forward at the 2019 AGM. The adjustments were made as a result of new regulations aimed at providing increased transparency in remuneration issues.

For further information regarding remuneration to Executive Management, see Note 11.

Compliance and internal control

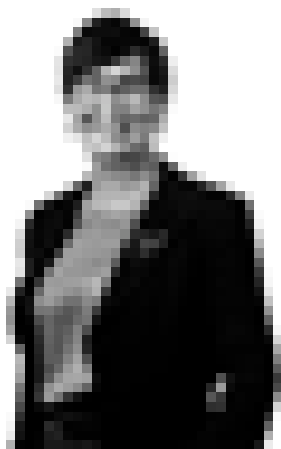
Castellum has a Compliance Officer to monitor compliance (i.e. ensuring the observance of laws and ordinances as well as internal policies and guidelines). The Group's General Counsel is its Compliance Officer.

Internal control at Castellum is based on the established COSO framework, which consists of the following components: control environment, risk assessment, control activities, information, communication and monitoring. Internal control is described in more detail on pages 142-145.

Castellum has a whistleblower function, which is directed both externally and internally. It is available on all Group websites and via the Group's intranet. The service represents an early warning system for reporting deviations from Castellum's values and business ethics guidelines. All incoming cases to the whistleblower function are sent to the appointed official within Castellum as well as to the Chairman of the Audit and Finance Committee.

The Compliance Officer function acts as a support for the operations driving the business when it comes to identifying and monitoring operational risks. The Compliance Officer regularly reports to the CEO and the Audit and Finance Committee regarding risks and regulatory compliance.

Board of Directors



CHARLOTTE STRÖMBERG
CHAIRMAN OF THE BOARD SINCE 2012

Born 1959, Master of Business Administration and Economics, Stockholm School of Economics.

Chairman of the Board of Castellum, Chairman of the Remuneration Committee and member of the Audit and Finance Committee.

Previous positions: CEO for Nordic business at Jones Lang LaSalle, executive positions in investment banking at Carnegie Investment Bank and Alfred Berg (ABN AMRO).

Board assignments: Board member at Clas Ohlson AB (publ), Kinnevik AB (publ), Sofina S.A. and Skanska AB (publ). Member of the Swedish Securities Council.

Shareholding: 17,000



PER BERGGREN
BOARD MEMBER SINCE 2007

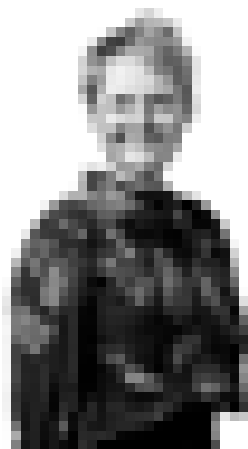
Born 1959, Master of Science KTH and economic education from Stockholm University.

Board member of Castellum and member of the Remuneration Committee.

Previous positions: CEO of Hemsö Fastighets AB, CEO of Jernhusen AB, Division Manager of Faberge AB (publ), CEO of Drott Kontor AB and Property Manager at Skanska Fastigheter Stockholm AB.

Board assignments: Board member of Fasticon Kompetens Holding AB, Slättö Förvaltning AB and SSM Holding AB.

Shareholding: 4,500



ANNA-KARIN HATT
BOARD MEMBER SINCE 2015

Born 1972, degree in political science from the University of Gothenburg. President and CEO of the Federation of Swedish Farmers (LRF).

Board member of Castellum and member of the Remuneration Committee.

Previous positions: CEO of Almega AB; Minister for Information Technology and Energy in the Swedish government; State Secretary at the Prime Minister's office; second deputy Chairman of the Centre Party and Chief of Staff of the Centre Party's executive staff; CEO of Didaktus Skolor AB, deputy CEO of Kind & Partners AB.

Board assignments: Board member of Business Sweden and National Board member of ICC Sweden; Chairman of the Board of LRF Media and of Svensk Kooperation.

Shareholding: 1,325



CHRISTER JACOBSON
BOARD MEMBER SINCE 2006

Born 1946, Master of Business Administration and Economics from the Stockholm School of Economics. Own operations in Bergsrådet Kapital AB.

Board member of Castellum.

Previous positions: Stock commentator and market manager at Affärsvärlden and Head of Analysis and CEO of the Alfred Berg group.

Board assignments: Board member of Global Challenges Foundation.

Shareholding: 35,429

THE BOARD'S YEAR

apart from permanent issues such as business conditions, future outlooks, investments, sales, financing, reporting from the chairmen of the respective committees regarding committee work, work environment issues, customer-related issues and incident reporting.

JAN		FEB		MAR		APR		MAY		JUN	
Board Meeting		Board Meeting		Board Meeting		Board Meeting		Board Meeting		Board Meeting	
- Net income for the year - Annual Report incl. Sustainability Report - Documents for the AGM - Proposed appropriation of profits - Review of the auditors' conclusions from the audit - Individual meeting, auditors		Preparations for the AGM		Board Meeting following election		- Q1 interim report - Decision log - Monitoring investments and leasing plans - Rules of procedure and policy documents adopted		- Strategy review - Review of operational risks in the business and financial risks			
Audit and Finance Committee		Annual General Meeting		Audit and Finance Committee		Remuneration Committee					
- Financial position - Review with auditors of year-end audit - Audit plan - Incident reporting, Whistleblower - Review of disputes - Evaluation of Committee work				- Financial position - Risk management - Internal control - Incident reporting, Whistleblower - Evaluation of audit work - Review and evaluation of strategic objectives - Procurement of audit		- Review of incentive programs - Review of remuneration policies for senior executives					



CHRISTINA KARLSSON KAZEEM
BOARD MEMBER SINCE 2016

Born 1965, Master of Science in Engineering from KTH Royal Institute of Technology. CEO of Ettelva Arkitekter. Board member of Castellum.

Previous positions: Chairman of the Board of Tomorrow China, H&H Group. CEO of Hilanders AB. Board member of Tempest Security AB (publ). Communication Manager at Niscayah Group and executive positions at Razorfish AB and Creuna AB. Worked with city planning and development at the City of Stockholm Property Management Administration.

Board assignments: Chairman of the Board of Creador AB.

Shareholding: 350



NINA LINANDER
BOARD MEMBER SINCE 2014

Born 1959, Master of Business Administration and Economics from the Stockholm School of Economics and MBA from the International Institute for Management Development, Lausanne, Switzerland.

Board member of Castellum and Chairman of the Audit and Finance Committee.

Previous positions: Founder and partner of Stanton Chase International AB, Group Treasurer at AB Electrolux (publ), executive positions at Vattenfall AB, various positions in corporate finance at various investment banks in London.

Board assignments: Chairman of the Board of Awa Holding AB and GreenIron H2 AB. Board member of Industrivärden AB (publ) (retiring), Telia Company AB (publ), Suominen Corporation (proposed as new member) and Swedavia AB (publ) (proposed as new member).

Shareholding: 12,000



JOHAN SKOGLUND
BOARD MEMBER SINCE 2010

Born 1962, Master of Science KTH Royal Institute of Technology and Master of Science program, Stockholm School of Business. President and CEO of JM AB (publ).

Board member of Castellum, member of the Audit and Finance Committee.

Previous positions: Employed in various positions at JM AB (publ) since 1986.

Board assignments: Board member of Mentor Sverige and the Confederation of Swedish Enterprise.

Shareholding: 5,000

Johan Ljungberg, lawyer, Mannheimer Swartling Advokatbyrå, is the Secretary of the Board.

The information above refers to the situation at the end of January 2020. Shareholdings include member's own holdings and those of spouses, minors and children living at home, holdings of associated companies and holdings through capital insurance.

Board Meeting

- Q2 interim report
- Review of the audit of the half-year report

Board Meeting

- Q3 interim report
- Decision log
- Insurance review
- Monitoring investments and leasing plans

Board Meeting

- Budget
- Evaluation of the Board and CEO

JUL

AUG

SEP

OCT

NOV

DEC

Audit and Finance Committee

- Financial position
- Review of financial reporting process
- Review of policy compliance
- Incident reporting, Whistleblower
- Recommendation for election of auditor to the Nomination Committee

Remuneration Committee

- Guidelines, remuneration principles
- Preparing incentive outcome
- Preparing CEO evaluation

Audit and Finance Committee

- Financial position
- Review of financial reporting
- Incident reporting, Whistleblower
- Review of changed regulations
- Discussions with the auditors about the audit of the quarterly report and internal control

Executive Management



HENRIK SAXBORN CHIEF EXECUTIVE OFFICER, CASTELLUM AB

Born 1964, Master of Science. Extensive experience in construction, property acquisition and management, including as CEO of a property management company and partner in NIAM.

Other assignments: Deputy Chairman of the Board of EPRA. Deputy Chairman of the Board of Börssällskapet. Board member of BRIS and the Sweden Green Building Council (SGBC).

Employed at Castellum since 2006. Chief Executive Officer since 2013.

Shareholding: 67,833

CAROLA LAVÉN DEPUTY CEO AND INVESTMENT DIRECTOR, CASTELLUM AB

Born 1972, Master of Science in Engineering.

Extensive experience in executive positions in the construction and property industry in Sweden and the Nordic region, with a focus on development, administration and transactions. Previous positions included President of NCC Property Development Nordic AB, Business Development Manager at Atrium Ljungberg and Ljungberg Group, and Property Manager at Drott and Skanska.

Other assignments: Board member of Sunparadise Group AG.

Employed as Deputy CEO and Investment Director at Castellum since 2019.

Shareholding: 0

ULRIKA DANIELSSON CHIEF FINANCIAL OFFICER, CASTELLUM AB

Born 1972, Master of Business Administration and Economics.

Experience in financial and control functions.

Other assignments: Board member of Alligator Bioscience AB (publ), John Mattson AB (publ) and Slättö Förvaltning AB.

Employed since 1998, Financial Controller since 2006 and Chief Financial Officer since 2014.

Shareholding: 20,750

MARTIN BJÖÖRN MANAGING DIRECTOR, REGION STOCKHOLM-NORTH AT CASTELLUM

Born 1976, Master of Science in Engineering.

Experience from executive positions in Eurocommercial Properties and Jones Lang LaSalle.

Employed as Managing Director of Region Stockholm-North at Castellum since 2019.

Shareholding: 0

PER GAWELIN MANAGING DIRECTOR REGION CENTRAL AT CASTELLUM

Born 1978, Business Economics, upper secondary school.

Experience in the property industry and leadership experience as captain and player for Örebro SK Football Club.

Employed since 2006 and as Managing Director Region Central at Castellum since 2018.

Shareholding: 600



MARIETTE HILMERSSON
MANAGING DIRECTOR REGION
WEST AT CASTELLUM

Born 1971, Bachelor of Laws, LL.M.

Extensive experience from management positions in the property industry, including CEO of AB Framtiden.

Employed as Managing Director Region West at Castellum since 2018.

Shareholding: 1,000

ANNA-KARIN NYMAN
DIRECTOR OF COMMUNICATION,
CASTELLUM AB

Born 1983, journalism degree and courses in gender studies.

Experience from managerial positions as Head of Press at the Ministry of Enterprise and Innovation, Press Officer at the Ministry for Rural Affairs, political expert in the Riksdag and as a journalist and editorial writer. Most recently employed as Director of Communications at Jernkontoret.

Other assignments: Board member of Byggherrarna.

Employed as Communications Director at Castellum since 2018.

Shareholding: 0

OLA ORSMARK
MANAGING DIRECTOR REGION
ÖRESUND AT CASTELLUM

Born 1971, Master of Science.

Extensive experience in the property industry, most recently as Business Area Manager at Jernhusen.

Employed as Managing Director Region Öresund at Castellum since 2014.

Shareholding: 5,850

HANS SAHLIN
DIRECTOR LOGISTICS
CASTELLUM AB

Born 1968, Transportation Engineer.

Extensive experience from national and international executive positions in the logistics sector, as management consultant and in global managerial roles at AB Volvo.

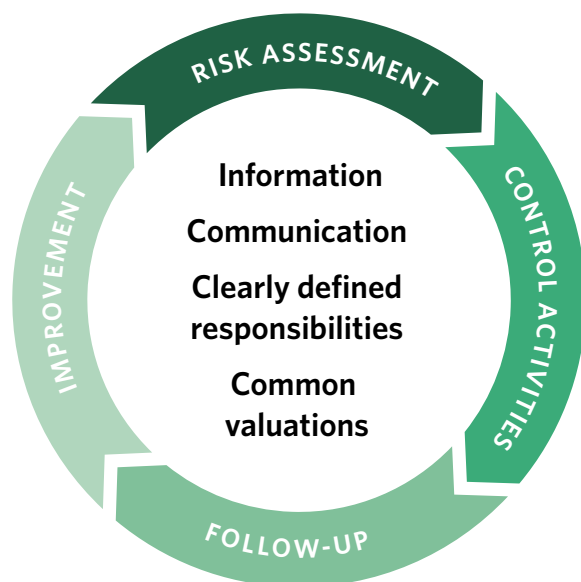
Employed as Director Logistics since 2019.

Shareholding: 0

The information above refers to the situation at the end of January 2020. Shareholdings include member's own holdings and those of spouses, minors and children living at home, holdings of associated companies and holdings through capital insurance. The CEO has no material holdings or partnerships in companies that Castellum has significant business connections with.

Internal control

CASTELLUM'S INTERNAL CONTROL ENVIRONMENT



Internal control is governed by:

- Board of Directors' rules of procedure
- Audit and Finance Committee's rules of procedure
- Resolution procedure
- Instructions for signatories, proxy forms and authorizations
- Accounting structure
- Reporting structure
- Financial policy, communication policy, insider policy, sustainability policy, Code of Conduct, Code of Conduct for suppliers and Crisis Management policy
- Guidelines for information and IT security, insurance and electricity trading
- Accounting manual, HR manual, Manager manual
- Financial instructions
- Processing routine for personal data
- Continuity plan

Under the Swedish Companies Act and the Code, the Board is responsible for internal control. This report has been drawn up in accordance with the Swedish Annual Accounts Act and the Code and therefore refers to internal control relating to financial reporting and other processes relevant to the operations.

The work on introducing self-assessment of internal controls continued in 2019. During the autumn, work on the two initial procedures – projects and revenue – was implemented. Currently, the controls performed in the first few months are being evaluated. Over the long term, the intent is to introduce this in the areas with the greatest element of risk.

Internal control in Castellum follows an established framework: Internal Control – Integrated Framework (COSO), which consists of the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The basis for internal control relating to financial reporting is a control environment consisting of various parts that together form the culture and values on which Castellum is

governed. Essential for Castellum's internal control are its decentralized, small-scale organization with more than 600 properties, as are the cost centers administered by four regional companies. The decision-making paths, authorizations and responsibilities documented and communicated in such policies as the Board of Directors' rules of procedure, resolution procedure, instructions for authorized signatories, proxy forms and authorizations, accounting and reporting instructions, internal policies, guidelines and manuals are also of importance for internal control. Current documents are updated regularly in the event of changes (e.g. to legislation, accounting standards or listing requirements).

Risk assessment

At Castellum, risk management is built into the processes concerned, and various methods are used to evaluate and limit risks as well as to ensure that the risks Castellum is exposed to are managed in accordance with established policies and guidelines. Under the rules of procedure, the Board of Directors and the Audit and Finance Committee annually review customary internal control and operational risk as well as how they are handled; for the latter,

GROUP POLICIES ISSUED BY THE BOARD



FINANCIAL POLICY

Establishes overall objectives and guidelines for financial risk and how financial operations are to be conducted. The financial policy also indicates how responsibility for financial operations is allocated, and how risks are to be managed and reported. It also includes instructions for how operational activities are to be pursued.



CODE OF CONDUCT

Provides guidelines for conducting operations responsibly, with the aim of all business being characterized by a high level of business ethics and accountability. Governs the Group in relation to employees, contractors, customers, suppliers and other stakeholders.



CODE OF CONDUCT FOR SUPPLIERS

Provides similar guidelines for suppliers as for Group employees as regards conducting operations responsibly with the objective of having all business characterized by a high level of business morals and accountability.



SUSTAINABILITY POLICY

Provides guidelines for how sustainability activities in the Group are to be pursued. The work must promote sustainable development and be broken down into specific measurable goals as well as being an integral and natural part of operations and based on participation and commitment.



COMMUNICATION POLICY

Ensures that all Group communication is correct and is provided in a professional manner at the right time. The policy covers both internal and external communication.



INSIDER POLICY

Ensures proper ethical management in relation to the capital market by describing trading and reporting requirements.



CRISIS MANAGEMENT POLICY

Provides guidelines for how the Group is to act and communicate in a potential crisis.

see the “Risks and Opportunities” section on pages 110–121. The risks deemed to exist are identified and then each individual risk is ranked from a perspective of impact and likelihood.

The material risks Castellum has identified as specifically linked to financial reporting are errors in accounting and valuation of properties, lack of financing, interest-bearing liabilities, tax and VAT, workplace injuries and the risks of fraud and loss or embezzlement of assets.

Control measures

The risks identified as regards financial reporting are managed through the Company's control structure, resulting in a number of control measures. The control measures are intended to prevent, detect and correct errors and deviations and cover, for example, analytical reviews at several levels in the organization and comparisons of income statement items, reconciliation of accounts, monitoring and reconciliation of Board decisions and policies set by the Board, authorization and recognition of business transactions, structures for proxies and authorization, authorized signatories, compliance officer functions, and consolidated

accounts prior to publication. The auditors issue a review report of the January–June half-year report.

Information and communication

Castellum has information and communication paths that are intended to ensure efficient and correct provision of information as regards financial reporting. This requires all parts of the operations to communicate and exchange relevant, material information. Policies and guidelines regarding financial reporting as well as updates and changes are made available and made known to the personnel concerned. Executive Management and the Board of Directors regularly receive financial information from the regions with comments on financial results and risks.

The Board also receives additional information regarding risk management, internal control and financial reporting from the auditors through the Audit and Finance Committee. In order to ensure that the external provision of information is correct and complete, there are a communication policy and guidelines for information security.

Corporate culture

Conducting Castellum's operations responsibly is crucial for the Company's long-term success. Castellum's Code of Conduct governs its daily work, and the Company has signed and supports the principles of the UN Global Compact on human rights, labor issues, the environment and corruption. The objective is to make sound and proper business decisions in all respects, where the Company's actions are characterized by good business conduct with a high level of competence and business morals, good business practices, accountability and impartiality. The Code of Conduct is based on providing good quality and service, complying with laws and regulations, not discriminating against anyone, creating a good work environment and security. Castellum's work on diversity and equality are also important components in building a corporate culture in which employees are given the right conditions to work. That is why Castellum has produced an equality policy as well as a diversity and equality plan in order to take a proactive approach to these issues every day. In addition, there are ambitious long-term goals regarding diversity and equality.

A cornerstone of Castellum's corporate culture has been its decentralized organization, which creates committed employees who take on responsibilities and feel themselves a part of operations.

Long-term value creation

Long-term value creation requires that operations are conducted with a focus on sustainability. Sustainability efforts involve environmental considerations such as efficient and responsible use of resources and developing a future-proof and sustainable property portfolio as well as social responsibility by promoting the development of the cities where Castellum operates.

The work also involves ensuring a healthy work environment for employees. Sustainability activities are carried out in collaboration with customers and other stakeholders – a requirement for success. Guidelines for conducting value-creating sustainability efforts can be found in the sustainability policy, the Code of Conduct and the Code of Conduct for suppliers. Castellum reports on this work in accordance with the GRI Standards. Reports on sustainability activities are regularly presented to Castellum's Board of Directors.

Monitoring

Routine monitoring takes place at many levels in the Group, at the property and regional levels as well as at Group level. Through the Audit and Finance Committee, the Board of Directors evaluates the information submitted by Executive Management and the auditors. Furthermore, the Company's auditors report their observations from the review, and their



assessment of internal controls, directly to the Audit and Finance Committee at least twice a year.

In addition, the Audit and Finance Committee conducts an annual review of the risk assessment and the measures agreed on. Monitoring by the Audit and Finance Committee and the Board of Directors is of particular importance for the development of internal control and for ensuring that action is taken regarding any shortcomings and proposals that emerge.

Internal audit

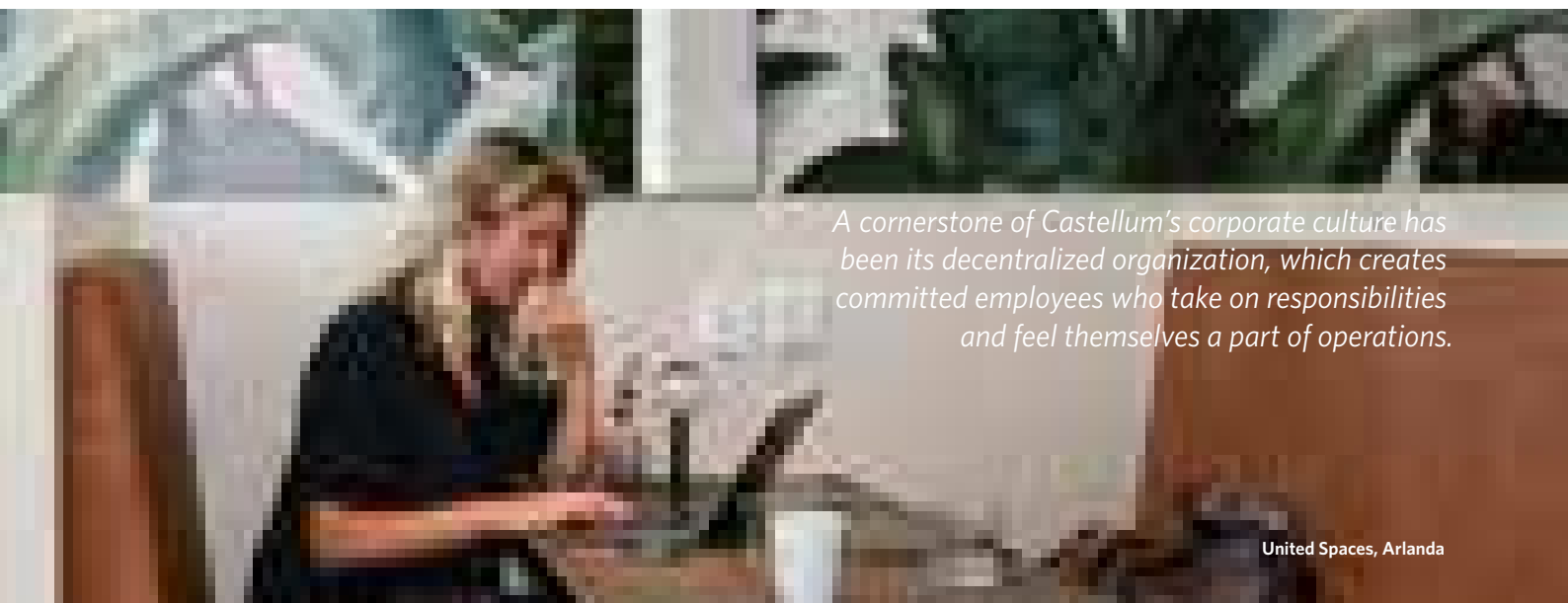
Castellum has a decentralized and transparent organization. The economic and financial functions are managed from the head office, meaning that routines and processes are uniform but also provide the conditions for various parts of the functions to review one another's processes – a form of self-assessment. All this is to increase and improve internal control. The business units and the Company monitor the income statements and balance sheets on a quarterly basis.

Clear documentation through policies and instructions, along with frequent monitoring and regular discussions with the auditors, continually ensure the work to improve these processes. Management and reporting are reviewed twice a year by the Company's auditors and reported to both the Audit and

Finance Committee and the Board. In addition, there is a whistleblower function on the Group's website. Taken together, this means that a specific division for internal audits is not considered justifiable.

Whistleblower

Castellum's whistleblower service, "Help us to do right," can be accessed on the Group's website and the Group's intranet. The whistleblower service is an early warning system that provides both employees and external stakeholders the opportunity to anonymously report any deviations from Castellum's values and business ethics. The service is administered by an external partner to ensure anonymity and professionalism.



A cornerstone of Castellum's corporate culture has been its decentralized organization, which creates committed employees who take on responsibilities and feel themselves a part of operations.

United Spaces, Arlanda

Financial reporting and financial reports

Castellum's financial reporting for 2019 consists of a financial summary and financial reports, as well as accounting policies and notes in which more detailed and company-specific information is presented that further describes the company's financial context.



Quarterly summary

	2019 Jan-Mar	2019 Apr-Jun	2019 Jul-Sep	2019 Oct-Dec	2019	2018 Jan-Mar	2018 Apr-Jun	2018 Jul-Sep	2018 Oct-Dec	2018
Income statement, MSEK										
Rental income	1,433	1,438	1,472	1,478	5,821	1,352	1,388	1,401	1,436	5,577
Property costs	-456	-371	-414	-467	-1,708	-414	-386	-376	-456	-1,632
Net operating income	977	1,067	1,058	1,011	4,113	938	1,002	1,025	980	3,945
Central administrative expenses	-48	-42	-29	-44	-163	-46	-38	-29	-45	-158
Leasing cost/Ground rent	-4	-6	-6	-6	-22	-	-	-	-	-
Net interest costs	-199	-202	-186	-195	-782	-227	-209	-197	-202	-835
Income from prop. mgmt	726	808	837	766	3,146	665	755	799	733	2,952
Acquisition and restructuring costs	-	-9	-	-	-9	-	-	-	-	-
Impairment, goodwill	-179	-	-	-	-179	-	-	-	-	-
Change in values on properties	689	1,193	623	1,413	3,918	231	596	2,323	2,066	5,216
Change in values on derivatives	-12	-176	-120	306	-111	-7	32	177	-50	152
Revaluation of earnings due to stepwise acquisition	-	-	-	-	-	-	-	-	-	-
Current tax	-33	-74	-106	48	-165	-2	-1	1	-72	-74
Deferred tax	259	-506	-183	-520	-950	-122	278	-674	-275	-793
Net income for the period/year	1,341	1,245	1,051	2,013	5,650	765	1,660	2,626	2,402	7,453
Other comprehensive income	34	25	-3	-11	45	0	134	-102	-24	8
Comprehensive income for the period/year	1,375	1,270	1,048	2,002	5,695	765	1,794	2,524	2,378	7,461
Balance sheet, MSEK										
Investment properties	89,231	91,427	92,719	95,168	95,168	82,031	84,298	87,473	89,168	89,168
Goodwill	1,703	1,691	1,691	1,691	1,691	1,659	1,659	1,659	1,659	1,659
Other assets	2,749	2,122	2,147	1,953	1,953	842	867	862	1,070	1,070
Liquid assets	150	157	217	173	173	34	84	51	243	243
Total assets	93,833	95,397	96,774	98,985	98,985	84,566	86,908	90,045	92,140	92,140
Shareholders' equity	39,457	40,727	41,775	43,777	43,777	33,053	34,847	37,371	39,749	39,749
Deferred tax liability	8,936	9,433	9,633	10,153	10,153	8,534	8,257	8,934	9,203	9,203
Other provisions	6	6	6	5	5	3	3	3	6	6
Derivatives	777	701	803	715	715	1,296	1,323	1,126	716	716
Interest-bearing liabilities	40,566	40,242	40,637	40,826	40,826	39,062	39,992	40,697	40,358	40,358
Non-interest bearing liabilities	4,091	4,288	3,920	3,509	3,509	2,618	2,486	1,914	2,108	2,108
Total shareholders' equity and liabilities	93,833	95,397	96,774	98,985	98,985	84,566	86,908	90,045	92,140	92,140
Key financial metrics										
Surplus ratio	69%	76%	73%	70%	72%	69%	72%	73%	68%	71%
Interest rate, average	2.1%	2.1%	2.0%	1.9%	2.0%	2.4%	2.3%	2.1%	2.0%	2.2%
Interest coverage ratio	465%	504%	550%	512%	502%	393%	461%	506%	463%	454%
Return on EPRA NNNNAV	13.3%	14.5%	10.3%	19.6%	15.1%	8.8%	20.6%	29.9%	24.0%	22.0%
Return on total capital	7.0%	9.4%	6.9%	9.8%	8.4%	5.3%	7.3%	15.2%	13.3%	10.6%
Return on shareholders' equity	13.8%	12.6%	10.3%	19.3%	14.5%	9.3%	20.0%	30.2%	25.7%	22.6%
Investments in properties, MSEK	3,295	948	607	1,262	6,112	734	1,722	1,000	1,836	5,295
Sales, MSEK	4,021	36	52	29	4,138	232	155	60	2,188	2,635
Loan-to-value ratio	45%	44%	44%	43%	43%	48%	47%	46%	45%	45%
Data per share (since there are no potential shares, there is no dilution effect)										
Average number of shares, thousand	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201
Income from property management, SEK	2.66	2.99	3.06	2.80	11.52	2.43	2.76	2.92	2.68	10.81
Income from property management after tax (EPRA EPS), SEK	2.35	2.61	2.64	2.84	10.44	2.27	2.53	2.61	2.24	9.65
Earnings after tax, SEK	4.91	4.56	3.85	7.37	20.68	2.80	6.08	9.61	8.79	27.27
Number of shares outstanding, thousand	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201
Property value, SEK	327	335	339	348	348	300	309	320	326	326
Long-term net asset value (EPRA NAV), SEK	178	184	186	195	195	151	157	168	176	176
Triple net asset value (EPRA NNNNAV), SEK	165	170	172	180	180	135	142	153	162	162
Dividend, SEK (2019 proposed)	-	-	-	-	6.50	-	-	-	-	6.10
Payout ratio	-	-	-	-	56%	-	-	-	-	56%
Key property-related metrics										
Rental value, SEK/sq. m.	1,462	1,502	1,532	1,529	1,495	1,363	1,386	1,392	1,429	1,407
Economic occupancy rate	93.3%	93.0%	92.7%	91.7%	92.6%	92.9%	93.2%	93.0%	93.3%	93.2%
Property costs, SEK/sq. m.	419	333	374	420	384	382	354	344	419	378
Property value, SEK/sq. m.	21,084	21,679	21,971	22,363	22,363	18,461	18,762	19,333	20,417	20,417

Multi-Year Summary

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Income statement, MSEK										
Income	5,821	5,577	5,182	4,533	3,299	3,318	3,249	3,073	2,919	2,759
Property costs	-1,708	-1,632	-1,605	-1,497	-1,074	-1,096	-1,105	-1,042	-1,003	-960
Net operating income	4,113	3,945	3,577	3,036	2,225	2,222	2,144	2,031	1,916	1,799
Central administrative expenses	-163	-158	-162	-143	-113	-108	-96	-93	-83	-84
Joint venture (Income from property management)	-	-	-	3	23	-	-	-	-	-
Leasing cost/Ground rent	-22	-	-	-	-	-	-	-	-	-
Net interest costs	-782	-835	-885	-832	-602	-664	-702	-683	-660	-574
Income from prop. mgmt incl. joint venture income	3,146	2,952	2,530	2,065	1,533	1,450	1,346	1,255	1,173	1,141
Acquisition and restructuring costs	-9	-	-5	-163	-	-	-	-	-	-
Impairment, goodwill	-179	-	-	-373	-	-	-	-	-	-
Change in values on properties	3,918	5,216	4,540	4,085	1,837	344	328	-69	194	1,222
Change in values on derivatives	-111	152	247	82	216	-660	429	-110	-429	291
Revaluation of earnings due to stepwise acquisition	-	-	-	27	-2	-	-	-	-	-
Current tax	-165	-74	-96	-23	-16	-11	-6	-7	-10	-5
Deferred tax	-950	-793	-1,340	-727	-687	88	-390	404	-217	-685
Net income for the period/year	5,650	7,453	5,876	4,972	2,881	1,211	1,707	1,473	711	1,964
Other comprehensive income	45	8	-8	6	-8	8	3	-4	0	-
Comprehensive income for the period/year	5,695	7,461	5,868	4,978	2,873	1,219	1,710	1,469	711	1,964
Balance sheet, MSEK										
Investment properties	95,168	89,168	81,078	70,757	41,818	37,599	37,752	36,328	33,867	31,768
Goodwill/Joint Venture (2015)	1,691	1,659	1,659	1,659	526	-	-	-	-	-
Other assets	1,953	1,070	772	5,640	269	442	291	259	207	156
Liquid assets	173	243	203	257	39	47	70	44	97	12
Total assets	98,985	92,140	83,712	78,313	42,652	38,088	38,113	36,631	34,171	31,936
Shareholders' equity	43,777	39,749	33,736	29,234	15,768	13,649	13,127	12,065	11,203	11,082
Deferred tax liability	10,153	9,203	8,405	7,065	4,299	3,612	3,700	3,310	3,714	3,502
Derivatives	715	716	1,352	1,582	1,117	1,357	683	1,105	1,003	574
Interest-bearing liabilities	40,826	40,358	38,226	38,467	20,396	18,446	19,481	19,094	17,160	15,781
Non-interest bearing liabilities	3,514	2,114	1,993	1,965	1,072	1,024	1,122	1,057	1,091	997
Total shareholders' equity and liabilities	98,985	92,140	83,712	78,313	42,652	38,088	38,113	36,631	34,171	31,936
Key financial metrics										
Surplus ratio	72%	71%	69%	67%	67%	67%	66%	66%	66%	65%
Interest rate, average	2.0%	2.0%	2.4%	2.7%	3.0%	3.3%	3.7%	3.9%	4.1%	3.7%
Interest coverage ratio	502%	454%	386%	348%	351%	318%	292%	284%	278%	299%
Return on EPRA NNNNAV	15.1%	22.0%	18.3%	20.9%	20.4%	7.6%	13.2%	7.9%	6.4%	21.5%
Return on total capital	8.4%	10.6%	10.1%	11.9%	10.0%	6.5%	6.4%	5.3%	6.2%	9.8%
Return on shareholders' equity	14.5%	22.6%	20.6%	20.1%	21.7%	9.5%	14.6%	13.5%	6.6%	20.9%
Investments in properties, MSEK	6,112	5,292	6,488	31,491	3,553	2,525	1,768	2,798	2,015	1,506
Sales, MSEK	4,138	2,635	875	6,754	1,140	3,054	687	253	107	227
Loan-to-value ratio	43%	45%	47%	50%	49%	49%	51%	52%	50%	50%
Data per share (since there are no potential shares, there is no dilution effect)										
Average number of shares, thousand	273,201	273,201	273,201	234,540	189,014	189,014	189,014	189,014	189,014	189,014
Income from property management, SEK	11.52	10.81	9.26	8.80	8.11	7.67	7.12	6.64	6.21	6.04
Income from property management after tax (EPRA EPS), SEK	10.44	9.65	8.39	8.26	7.84	7.17	6.97	6.31	6.08	5.75
Earnings after tax, SEK	20.68	27.28	21.51	21.20	15.24	6.41	9.03	7.79	3.76	10.39
Number of shares outstanding, thousand	27,201	273,201	273,201	273,201	189,014	189,014	189,014	189,014	189,014	189,014
Property value, SEK	348	326	297	259	221	199	200	192	179	168
Long-term net asset value (EPRA NAV), SEK	195	176	153	133	112	99	93	87	84	80
Triple net asset value (EPRA NNNNAV), SEK	180	162	138	121	100	87	84	78	75	74
Dividend, SEK (2019 proposed)	6.50	6.10	5.30	5.00	4.25	3.99	3.69	3.43	3.21	3.12
Payout ratio	56%	56%	57%	57%	52%	52%	52%	52%	52%	52%
Key property-related metrics										
Rental value, SEK/sq. m.	1,495	1,407	1,341	1,304	1,095	1,064	1,036	1,015	995	974
Economic occupancy rate	92.6%	93.2%	90.9%	91.3%	90.3%	88.7%	88.4%	88.6%	89.3%	89.0%
Property costs, SEK/sq. m.	384	378	364	376	316	307	307	298	300	298
Property value, SEK/sq. m.	22,363	20,417	18,268	16,558	12,282	11,118	10,285	9,916	9,835	9,499

Key financial metrics

A number of the financial measures presented by Castellum are not defined in accordance with the IFRS accounting standards. However, the company believes that these measures provide useful supplementary information to both investors and Castellum's management, as they facilitate evaluation of the company's performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. These financial measurements should therefore not be seen as a substitute for measures defined under the IFRS. Unless otherwise stated, measurements that are not defined under IFRS are presented along with their reconciliation. Definitions for these measures appear on page 226.

	Jan-Dec 2019	Jan-Dec 2018
Average number of shares, thousand (key financial metrics related to income statement)*	273,201	273,201
Number of shares outstanding, thousand (key financial metrics related to balance sheet)*	273,201	273,201

*The number of shares from a historical perspective has been restated to take the bonus issue into account (i.e. the value of the subscription right) in the completed new share issue, and has been utilized in all calculations of metrics for SEK per share. The conversion factor is 1.15.

INCOME FROM PROPERTY MANAGEMENT

Castellum's operations are focused on cash flow growth from ongoing management operations (i.e. income growth from property management), the yearly target being a 10% increase in income from property management. Income from property management also forms the basis of the annual shareholder dividend: at least 50% of income from property management. Income from property management is calculated before tax paid, as well as after the theoretical tax that Castellum would have paid on income from property management had there been no loss carryforwards.

	Jan-Dec 2019		Jan-Dec 2018	
	MSEK	SEK/ share	MSEK	SEK/ share
Income from prop. mgmt				
Profit before tax	6,765	24.76	8,320	30.45
Reversed:				
Acquisition costs	9	0.03	-	-
Goodwill, impairment	179	0.66	-	-
Change in values on properties	-3,918	-14.34	-5,216	-19.09
Change in values on derivatives	111	0.41	-152	-0.55
= Income from property management	3,146	11.52	2,952	10.81
EPRA Earnings (Income from property management after tax)				
Income from prop. mgmt	3,146	11.52	2,952	10.81
Reversed:				
Current tax, income from prop. mgmt	-293	-1.08	-316	-1.16
EPRA Earnings/EPRA EPS	2,853	10.44	2,636	9.65

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. EPRA NNNAV is shareholders' equity according to the balance sheet, adjusted for the market value of the deferred tax liability.

	Jan-Dec 2019		Jan-Dec 2018	
	MSEK	SEK/ share	MSEK	SEK/ share
Net asset value				
Shareholders' equity according to the balance sheet	43,777	160	39,749	145
Reversed:				
Derivatives according to the balance sheet	715	3	716	3
Goodwill according to the balance sheet	-1,480	-5	-1,659	-6
Deferred tax according to the balance sheet	10,153	37	9,203	34
Long-term net asset value (EPRA NAV)	53,165	195	48,009	176
Deduction				
Derivatives as above	-715	-3	-716	-3
Estimated real deferred tax, 6%*	-3,227	-12	-2,975	-11
Short-term net asset value (EPRA NNNAV)	49,233	180	44,318	162

*The actual net deferred tax liability has been estimated at 6% based on a discount rate of 3%. Further, it has been assumed that tax loss carry forwards are realized with a nominal tax of 21.4%, which yields a current deferred tax liability of 20%, and that the properties are realized over 50 years where 33% are sold directly with a nominal tax of 20.6% and 67% are sold indirectly in corporate wrappers where the buyer's tax discount is 7%, which yields a current deferred tax liability of 6%.

FINANCIAL RISK

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

	Jan-Dec 2019	Jan-Dec 2018
Interest coverage ratio		
Income from prop. mgmt	3,146	2,952
Reversed:		
Net interest costs	782	835
Income from property management excl. net interest	3,928	3,787
Interest coverage ratio	502%	454%
Loan-to-value ratio		
Interest-bearing liabilities	40,826	40,358
Liquid assets	-173	-243
Net interest-bearing liabilities	40,653	40,115
Investment properties	95,168	89,168
Acquired properties not taken into possession	-304	-31
Divested properties still in Castellum's possession	3	164
Net investment properties	94,867	89,301
Loan-to-value ratio	43%	45%

INVESTMENT

In order to achieve the overall target of 10% growth in income from property management per share, Castellum will make annual net investments of at least 5% of the property value.

	Jan-Dec 2019	Jan-Dec 2018
Net investments		
Acquisitions	3,350	2,455
New construction, expansions and reconstructions	2,762	2,837
Total investments	6,112	5,292
Net sales prices	-4,138	-2,635
Net investments	1,974	2,657
Share of the property value, %	2%	3%

Other key financial metrics

	Jan-Dec 2019	Jan-Dec 2018
Surplus ratio	72%	71%
Interest rate, average	2.0%	2.2%
Debt ratio	10	11
Return on EPRA NAV	12.6%	18.5%
Return on EPRA NNNV	15.1%	22.0%
Return on total capital	8.4%	10.6%
Return on shareholders' equity	14.5%	22.6%
Property value, SEK/share	348	326
Gross leasing	411	408
Net leasing	-24	161

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Consolidated statement of comprehensive income

MSEK		2019	2018
Rental income		5,265	5,185
Service income		452	392
Income co-working		104	-
Rental income	Note 3	5,821	5,577
Operating costs	Note 4	-711	-753
Maintenance	Note 4	-157	-167
Ground rent	Note 4	-	-23
Property tax	Note 4	-367	-315
Co-working expenses	Note 4	-99	-
Leasing and property administration	Note 4	-374	-374
Net operating income		4,113	3,945
Central administrative expenses	Note 4	-163	-158
Acquisition costs	Note 5	-9	-
<i>Net financial items</i>			
Interest income	Note 6	2	22
Interest costs	Note 7	-784	-857
Leasing cost/Ground rent	Note 8	-22	-
Income from property management including acquisition costs*		3,137	2,952
- of which income from property management		3,146	2,952
Goodwill, impairment	Note 9	-179	
<i>Changes in value</i>	Note 10		
Properties		3,918	5,216
Derivatives		-111	152
Profit before tax		6,765	8,320
Current tax	Note 11	-165	-74
Deferred tax	Note 11	-950	-793
Net income for the year		5,650	7,453
Other comprehensive income			
<i>Items that will be reclassified to net income for the year</i>			
Translation difference of currencies, etc.		92	151
Change in values on derivatives, currency hedge		-47	-143
Comprehensive income for the year**		5,695	7,461
Data per share (since there are no potential shares, there is no dilution effect)			
Average number of shares, thousand		273,201	273,201
Earnings per share, SEK		20.68	27.28

* For calculation, see Key financial metrics, page 124.

**Net income for the year and comprehensive income are assignable in their entirety to the Parent Company's shareholders.

Consolidated balance sheet

MSEK		Dec 31, 2019	Dec 31, 2018
ASSETS			
Fixed assets			
Investment properties	Notes 13, 23	95,168	89,168
Tangible fixed assets	Note 14	156	123
Leases, value in use		846	-
Goodwill	Note 15	1,691	1,659
Other fixed assets		23	23
Total fixed assets		97,884	90,973
Current assets			
Rent receivables	Note 3	70	47
Receivables, property sales		3	164
Other receivables		430	410
Prepaid expenses and accrued income		425	303
Liquid assets		173	243
Total current assets		1,101	1,167
TOTAL ASSETS		98,985	92,140
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	NOTE 16		
Share capital		137	137
Other capital contribution		12,434	12,434
Reserves		5	5
Non-controlling interest		-2	-2
Retained earnings		31,203	27,175
Total shareholders' equity		43,777	39,749
Liabilities	Note 17		
<i>Long-term liabilities</i>			
Deferred tax liability	Note 18	10,153	9,203
Other provisions	Note 19	5	6
Derivatives	Note 20	715	716
Long-term interest-bearing liabilities	Note 21	40,826	40,358
Other long-term liabilities/Lease liability		846	307
<i>Total long-term liabilities</i>		<i>52,545</i>	<i>50,590</i>
<i>Short-term liabilities</i>			
Accounts payable		203	141
Tax liabilities		256	161
Other liabilities		685	312
Accrued expenses and prepaid income	Note 22	1,519	1,187
<i>Total short-term liabilities</i>		<i>2,663</i>	<i>1,801</i>
Total liabilities		55,208	52,391
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		98,985	92,140

Income Statement for the Parent Company

MSEK		2019	2018
Income	Note 3	105	80
Central administrative expenses	Note 4	-222	-193
<i>Financial items</i>			
Impairments, participations in Group companies		-53	-23
Reversal of previous impairments, participations in Group companies	Note 25	255	-
Financial income	Note 6	2,414	2,526
Financial costs	Note 7	-860	-952
Income before changes in value and tax		1,639	1,438
<i>Changes in value</i>	Note 10		
Derivatives		-137	108
Profit before tax		1,502	1,545
Current tax	Note 11	-	-
Deferred tax	Note 11	2	-67
Net income for the year		1,504	1,478

Statement of comprehensive income for the Parent Company

MSEK		2019	2018
Net income for the year according to the income statement		1,504	1,478
Other comprehensive income			
<i>Items that will be reclassified to net income for the year</i>			
Translation differences of currencies		42	93
Change in values on derivatives, foreign hedging		-21	-99
Comprehensive income for the year		1,525	1,472

Balance sheet for the Parent Company

MSEK		Dec 31, 2019	Dec 31, 2018
ASSETS			
Fixed assets			
Tangible fixed assets	Note 14	52	51
<i>Financial fixed assets</i>			
Participations in Group companies	Notes 24, 25	20,147	19,678
Participations in associated companies		2	-
Deferred tax assets	Note 18	14	12
Long-term receivables, Group companies	Notes 23, 26	28,777	29,062
<i>Total financial fixed assets</i>		48,940	48,752
Total fixed assets		48,992	48,803
Current assets			
Short-term receivables, Group companies		10,930	10,361
Prepaid expenses and accrued income		42	36
Other receivables		8	10
Liquid assets		54	1
Total current assets		11,034	10,408
TOTAL ASSETS		60,026	59,211
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	Note 15		
<i>Restricted shareholders' equity</i>			
Share capital		137	137
Statutory reserves		20	20
<i>Non-restricted shareholders' equity</i>			
Fair value reserves		13	-8
Share premium reserve		8,433	8,433
Retained earnings		7,569	7,758
Net income for the year		1,504	1,478
Total shareholders' equity		17,676	17,818
Liabilities			
<i>Long-term liabilities</i>			
Derivatives	Note 20	715	716
Long-term interest-bearing liabilities	Note 21	38,065	36,738
Long-term interest bearing liabilities, Group companies		3,283	3,711
<i>Total long-term liabilities</i>		42,063	41,165
<i>Short-term liabilities</i>			
Short-term interest bearing liabilities, Group companies		63	64
Other short-term liabilities		39	4
Accounts payable		4	4
Accrued expenses and prepaid income	Note 22	181	156
<i>Total short-term liabilities</i>		287	228
Total liabilities		42,350	41,393
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		60,026	59,211

Change in shareholders' equity

Group, MSEK (Note 15)	Attributable to Parent Company shareholders							Total shareholders' equity
	Number of shares outstanding, thousand	Share capital	Other capital contribution	Currency translation reserve	Hedging reserve	Non-controlling interest	Retained earnings	
Shareholders' equity Dec 31, 2017	273,201	137	12,434	123	-126	-2	21,170	33,736
Dividend, Mar and Sep 2018 (SEK 5.30/share)	-	-	-	-	-	-	-1,448	-1,448
Net income for 2018	-	-	-	-	-	-	7,453	7,453
Other comprehensive income, 2018	-	-	-	151	-143	-	-	8
Shareholders' equity Dec 31, 2018	273,201	137	12,434	274	-269	-2	27,175	39,749
Dividend, Mar and Sep 2019 (SEK 6.10/share)	-	-	-	-	-	-	-1,667	-1,667
Net income for 2019	-	-	-	-	-	-	5,650	5,650
Other comprehensive income, 2019	-	-	-	92	-47	-	-	45
Shareholders' equity Dec 31, 2019	273,201	137	12,434	366	-316	-2	31,158	43,777

Parent Company, MSEK (Note 15)	Number of shares outstanding, thousand	Share capital	Statutory reserve	Fair value reserves			Retained earnings	Total shareholders' equity
				Currency translation reserve	Hedging reserve	Share premium reserve		
Shareholders' equity Dec 31, 2017	273,201	137	20	84	-86	8,433	9,206	17,794
Dividend, Mar and Sep 2018 (SEK 5.30/share)	-	-	-	-	-	-	-1,448	-1,448
Net income for 2018	-	-	-	-	-	-	1,478	1,478
Other comprehensive income, 2018	-	-	-	93	-99	-	-	-6
Shareholders' equity Dec 31, 2018	273,201	137	20	177	-185	8,433	9,236	17,818
Dividend, Mar and Sep 2019 (SEK 6.10/share)	-	-	-	-	-	-	-1,667	-1,667
Net income for 2019	-	-	-	-	-	-	1,504	1,504
Other comprehensive income, 2019	-	-	-	42	-21	-	-	21
Shareholders' equity Dec 31, 2019	273,201	137	20	219	-206	8,433	9,073	17,676

Cash flow statement

MSEK	Group		Parent Company	
	2019	2018	2019	2018
Operating activities				
Net operating income	4,113	3,945	105	80
Central administrative expenses	-163	-158	-222	-193
Reversed depreciations	64	19	11	7
Net financial items paid	-761	-829	33	24
Tax paid	-161	-75	-	-
Translation differences of currencies	45	8	-	-
Cash flow from operating activities before change in working capital	3,137	2,910	-73	-82
<i>Cash flow from changes in working capital</i>				
Change in current receivables	-165	-225	-573	-2,833
Change in current liabilities	564	-200	38	14
Cash flow from operating activities	3,536	2,485	-608	-2,901
Investment activities				
Investments in new construction, expansions and reconstructions	-2,762	-2,837	-	-
Property acquisitions	-3,350	-2,455	-	-
Change in liabilities upon property acquisitions	273	8	-	-
Property sales	4,138	2,635	-	-
Change in receivables upon property sales	161	-149	-	-
Business combinations	-211	-	-211	-
Other net investments	-214	-85	1,451	1,485
Cash flow from investment activities	-1,965	-2,883	1,240	1,485
Financing activities				
	Note 28			
New borrowing, interest-bearing liabilities	540	2,025	978	1,885
Change in other long-term liabilities	-307	307	-	-
Change in long-term receivables	8	11	325	1,437
Swap termination	-215	-457	-215	-457
Dividend paid	-1,667	-1,448	-1,667	-1,448
Cash flow from financing activities	-1,641	438	-579	1,417
Cash flow for the year	-70	40	53	1
Liquid assets opening balance	243	203	1	0
Liquid assets closing balance	173	243	54	1

Accounting policies and Notes

(All figures in MSEK unless stated otherwise.)

Note 1 Accounting policies

General information

The financial reports of Castellum AB (the "Parent Company") for the financial year ending December 31, 2019 were approved by the Board of Directors and the Chief Executive Officer on February 3, 2020, and will be proposed to the 2020 Annual General Meeting for adoption. The Parent Company is a Swedish public limited liability company registered in Gothenburg, Sweden. The business activities of the Group are described in the Directors' Report.

Basis for preparation of the accounts

Castellum's accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated accounts have been prepared according to Swedish law by application of the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups. The accounts are prepared based on the fair value of investment properties and derivatives, the nominal value of deferred tax and acquisition cost for the remaining items.

Critical assessments and estimates

Accounts are completed in accordance with the IFRS, and generally accepted accounting principles require assessments and assumptions affecting recognized assets, liabilities, income and costs, as well as other information. These assessments and assumptions are based upon historical experience and other factors which are considered reasonable under the prevailing circumstances. Actual outcomes may differ from these assessments if other assumptions are made or other conditions exist.

Investment properties

For valuation of investment properties, assessments and assumptions can have a significant effect on the income and financial position of the Group. These valuations require estimates and assumptions of future cash flows and determination of the discounting factor (required yield). To reflect the uncertainty that exists in the assessments and assumptions, an uncertainty range of +/- 5-10% is normally used in property valuations. Information about this, along with prevailing assessments and assumptions, is presented in Note 13.

Asset acquisition versus business combination

A company acquisition can be classified as either a business combination or an asset acquisition. An acquisition whose primary purpose is acquiring a company's property (i.e. where the company's potential property management and administration are of secondary importance to the acquisition) is classified as an asset acquisition. Other company acquisitions are classified as business combinations.

For asset acquisitions, no deferred tax is recorded in the acquisition. Instead, a possible tax discount reduces the acquisition cost of the property, meaning that changes in value will be affected by the tax discount in the subsequent valuation.

Deferred tax liability

According to the accounting rules, deferred tax is to be recognized using the nominal tax rate without discount, calculated according to the tax rates set by the Riksdagen: 21.4% for 2019 and 2020, and 20.6% from 2021 onward. Actual tax is considerably lower, in part due to the possibility of selling properties in a tax-efficient manner, and in part due to the time factor.

Income from property management

Castellum's operations are focused on cash flow growth from ongoing management operations (i.e. income growth from property management), the yearly target being not less than a 10% increase in income from property management. Income from property management also forms the basis of the annual shareholder dividend: at least 50% of income from property management. The size of the changes in value have therefore not been defined; they are neither part of the basis for dividends nor of any

other basis, for example, the Executive Management's incentive program. To provide an accurate picture of Castellum's view over its business operations, the statement of comprehensive income has been prepared accordingly (i.e. changes in value not affecting cash flow are presented after items affecting cash flow). Furthermore, one performance item has been added by which the business operations are managed and targeted: income from property management.

Classification

Fixed assets and long-term liabilities consist of amounts that are expected to be recovered, or mature more than twelve months from the balance sheet date. Current assets and short-term liabilities consist of amounts that are expected to be recovered or settled within twelve months of the balance sheet date.

Consolidated financial statements

The Group's balance sheet and income statements include all companies where the Parent Company has a direct or indirect controlling interest, which is obtained when Castellum achieves a voting majority. All companies in the Group are wholly owned. In addition to the Parent Company, the Group comprises the Group companies and their respective subgroups listed in Note 25. The consolidated financial statements are based upon the accounts prepared for all Group companies as of December 31. The consolidated financial statements are prepared according to the acquisition method, which means that shareholders' equity in the subsidiaries at the time of acquisition – calculated as the difference between the fair value of the assets and liabilities – is fully eliminated. The shareholders' equity in the Group includes only the part of shareholders' equity in the subsidiaries that has been earned after acquisition.

Companies acquired or sold during the year are included in the consolidated income statement for the period in which they were owned. Intra-Group sales, income, losses and balances are eliminated in the consolidated accounts. The accounts of foreign operations are translated to SEK by translating the balance sheet at the exchange rate on the balance-sheet date – except for shareholders' equity, which is translated at the historical exchange rate at the acquisition date, while profit or loss is translated at the average exchange rate for the period. Currency translation differences are recognized in other comprehensive income.

Revenue

Rental and service income, and income from co-working

Rental income, which from an accounting perspective represents income from operating leases, is invoiced in advance and recognized as a linear allocation in profit or loss, based on the terms in the leases. The income is divided into rental income and service income. The former includes the customary rent debited including index adjustments, additional charging for investments, and property tax; the latter refers to all other additional charging for extra services such as heating, cooling, waste, water, and so on. Service income is recognized in the period the service was performed and delivered to the tenant. Rental and service income are paid in advance, and prepaid rents are recorded as deferred rental income.

In cases where a lease permits a reduction in rent during a certain period of time matched by a higher rent at another point in time, this rent deficit and surplus are distributed over the term of the lease. Pure discounts, such as reduction for gradual occupancy, are charged to the period in which they occur.

Income from United Spaces, the wholly owned co-working group, consists of membership fees and sales of other services.

Income from property sales

Income from property sales is entered as of the contract date, unless special conditions exist in the purchasing agreement. Sales of properties in corporate wrappers are net accounted for with reference to underlying property price and calculated tax. Earnings from property sales are recognized as changes in value and refer to the differences between received sales prices after deduction of sales costs, calculated tax and recognized values in the latest interim report, with adjustments for investments closed down after the latest interim report.

Financial income

Financial income consists of interest-rate income and is recognized in the period it refers to. Group contributions received, as well as dividends received and anticipated, are also recognized as financial income. The effective interest method is applied in calculating financial income.

Financial costs

Financial costs include interest costs (interest and other costs that arise when borrowing money) and, as of 2019, leasing costs and ground rent. Pledging costs for mortgages are not considered financial costs but are capitalized as an increase in value of the investment property. Financial costs are recognized in the period they are attributable to. Interest costs also include costs for interest rate derivative agreements. Payment streams from these agreements are taken up as income in the period they refer to. Net financial items are not affected by market valuation of the interest rate derivatives entered into, which are instead recognized as changes in value under a separate heading. The portion of the interest cost pertaining to interest rates during the production period for larger new construction, expansions and reconstructions is capitalized. Interest is calculated based on the average funding cost for the Group.

Leasing costs consist primarily of leases in United Spaces, the co-working group.

From an accounting perspective, site leasehold agreements are leases. The ground rent is recognized for the period it refers to.

Remuneration to employees

Remuneration to employees is recognized in pace with the performance of services in exchange for remuneration. Remuneration under incentive plans, which is settled in cash and paid as non-pensionable salary, is recognized in pace with achieving objectives and the term of the program.

Pensions and other post-employment benefits can be classified as defined-contribution or defined-benefit plans. The majority of the Castellum Group's pension commitments are defined-contribution plans, fulfilled through regular payments to independent authorities or bodies administering the plans. Obligations regarding payments to defined-contribution plans are recognized as costs when they arise. A small number of employees within the Castellum Group have defined-benefit ITP plans with ongoing payments to Alecta. These plans are recognized as defined-contribution plans, since Alecta does not provide the information needed in order to report the plan as a defined benefit plan. There are, however, no indications of any significant liabilities exceeding what has been paid to Alecta.

Income taxes

Income tax is divided into current and deferred tax in profit or loss. Income tax is recognized in the income statement except when attributable to transactions recognized directly against shareholders' equity, as the tax effect is also recognized directly against shareholders' equity. Current tax is calculated based on the current tax rate of 21.4%, while deferred tax is based on the lower tax rate of 20.6% that applies from 2021 in Sweden. As regards Denmark and Finland, current and deferred tax are calculated at 22% and 20% respectively.

Deferred tax

Deferred tax on temporary differences arising between the recognized value of an asset or liability and its tax base is recognized in Castellum under the balance-sheet method. A tax liability or tax asset is thus realized on the date the asset or liability is sold. Exceptions are made for temporary differences arising from the initial recognition of assets and liabilities that make up asset acquisitions. Castellum has three items that contain temporary differences: properties, tax loss carry forwards and untaxed reserves. Deferred tax assets related to tax loss carry forwards are recognized, since it is probable that future taxable income, which may be utilized to offset tax loss carry forwards, will be available. Deferred tax liability is calculated on the difference between the properties' recognized value and their tax base, as well as on untaxed reserves. For changes to any of the items above, the deferred tax liability/tax asset is also changed, which is recognized in profit or loss as deferred tax.

This year's acquisitions were recognized as asset acquisitions, meaning that the deferred tax existing on the acquisition date was not included in the balance sheet.

Current tax

Current tax recognized in profit or loss corresponds to the tax the company must pay on taxable profit for the year, adjusted for any current tax regarding previous periods.

Leases

Leases where essentially all risks and benefits associated with ownership fall to the lessor are classified as operational leases. From a reporting perspective, all current rental agreements attributable to Castellum's investment properties are to be regarded as leases. Recognition of these leases is indicated by the income policy and by Note 3.

There are also a small number of low-value leases, where Castellum is the lessee. These pertain primarily to cars. Payments made during the leasing period are expensed in profit or loss in a straight line over the leasing period.

Investment properties

Investment properties are properties held for the purpose of generating rental income, capital appreciation, or a combination of both rather than for use in the company's own operations for production and supply of goods and services or for administrative purposes and sales in operating activities. All of Castellum's properties, whether owned or used through site leasehold agreements, are deemed to make up investment properties. If the Group begins investment in an existing investment property for continued use as an investment property, it is also recognized as an investment property going forward.

Valuation

Investment properties, which upon acquisition were recognized at acquisition cost including expenses directly attributable to the acquisition, have been recognized in profit or loss at fair value together with changes in value. Fair value was established through an internal valuation model described in Note 13. The note also indicates the assumptions serving as the basis for the valuation. The valuation model is built on a valuation based on the current value of future cash flows with differentiated required yields per property at market rates, depending on factors including location, purpose, condition and standard. In order to provide further assurance for the internal valuation, part of the portfolio has been valued externally.

Change in value

Change in value is recognized in profit or loss and consists of both unrealized and realized change in value. The unrealized change in value is calculated based on the valuation at the end of the period compared with the valuation last year, or alternately on the acquisition cost – if the property was acquired during the year – plus additional expenses capitalized during the period. For properties sold during the year, unrealized change in value is calculated based on the valuation at the latest interim report prior to the sale, compared with the valuation at the end of the preceding year adjusted for additional expenditures capitalized during the period. The method for calculating realized change in value is indicated by the accounting policies for income from property sales.

Additional expenditures

Additional expenditures that entail economic benefits for the company (i.e. they increase valuation and can be reliably calculated) are capitalized. Costs for repairs and maintenance are expensed in the period they arise in. For major new construction, expansions and reconstruction, interest costs during the construction period are capitalized.

Acquisitions and sales

For acquisition and sale of properties or companies, the transaction is recognized as of the signing date, provided no special conditions exist in the purchasing contract.

Tangible fixed assets

Tangible fixed assets consist of equipment recognized at acquisition cost less any accumulated depreciation and impairment. The acquisition cost includes the purchase price and costs directly attributable to bringing the asset to the site, in usable condition in accordance with the aim of the acquisition. Depreciation of equipment is based on the acquisition cost less any later impairments. The residual value is assumed to be non-existent. Impairments on assets acquired during the year take the acquisition date into account. Depreciation is on a straight-line basis, which means equal

depreciation over the period of use – normally five years, except for computers, which are expected to have a three-year period of use.

Goodwill

Goodwill in the consolidated accounts represents the difference between the acquisition cost and the Group's share of the fair value of the acquired Group company's identifiable net assets at the acquisition date.

Goodwill recognized in the Group is attributable to deferred tax and the acquisition of the co-working company United Spaces. On the acquisition date, goodwill is valued at acquisition cost; thereafter, it is valued at acquisition cost less any impairment. Goodwill is tested at least once a year regarding the need for any impairment, or when there is an indication that a recognized value is not recoverable.

Financial instruments

Financial instruments recognized in the balance sheet include liquid assets, rental receivables, other receivables and loan receivables among assets; and interest rate and currency derivative instruments, accounts payable, other payables and loans among liabilities.

Financial instruments are initially recorded at fair value equivalent to acquisition cost plus transaction costs, excepting the category of financial instruments recognized at fair value through the income statement, where transaction costs are excluded. Subsequent recognition occurs thereafter depending on classification in accordance with the below. Financial transactions such as receipt or payment of interest and credits are recognized on the settlement day of the bank keeping the account, while other receipts and payments are recognized on the accounting date of the bank keeping the account.

A financial asset is removed from the balance sheet when the rights in the agreement are realized or expire, or when the company no longer exercises control over it. A financial liability is removed from the balance sheet when contractual obligations in the agreement have been paid or otherwise extinguished.

Liquid assets

Liquid assets could consist of the Group's available cash balances in banks and similar institutions, as well as bank deposits with a residual maturity of no more than ten (10) banking days, short-term investments in government bonds and bank and municipal bonds with a residual maturity of a maximum of three (3) months. At December 31, liquid assets consisted entirely of unappropriated bank balances.

Receivables

Financial assets which are not derivatives, that feature fixed or fixable payments and are not quoted on an active market, are recognized as receivables. Financial assets are classified under amortized cost, fair value through profit or loss or fair value through other comprehensive income based on the character of the asset's cash flow and on the business model that covers the asset. All Castellum's financial assets that are not derivatives meet the criteria for contractual cash flows and are held in a business model whose purpose is to collect these contractual cash flows. The receivables are thereby recognized at amortized cost. The Group has rent receivables and other receivables, where the latter pertains chiefly to VAT and tax receivables, and receivables attributable to properties sold. After individual valuation, receivables were taken up at the amount at which they are expected to be received, which means that they are recognized at acquisition cost with allowance for uncertain receivables.

The simplified model for credit loss provisions is used for the Group's receivables with the exception of liquid assets. Credit provisions are routinely assessed based on historic data as well as current and prospective factors. Owing to the short tenor of the receivables, the amounts of the allowances are insignificant. The Group defines "in default" as receivables that are overdue by more than 90 days; in such cases, an individual assessment and allowance are made. The allowance for liquid assets is assessed based on the likelihood of default and on prospective factors. Owing to short tenors and high credit ratings, the amounts of the allowances are insignificant.

Receivables in the Parent Company consist only of receivables from the subsidiaries, which are recognized at acquisition cost. Receivables from the subsidiaries are analyzed in the general model, and the expected credit reserves are calculated based on the contract, adjusted for prospective factors and taking the value of the collaterals into account. Receivables without collaterals in properties are an insignificant amount, and given the value of the collaterals, the amount of the reserve is insignificant. For

comparison figures under IAS 9: Financial assets that are not derivatives, feature fixed or fixable payments and are not quoted on an active market are recognized as receivables. Allowance is made for uncertain receivables when there are objective risk assessments that the Group might not receive the entire receivable.

Liabilities

Liabilities refer to credits and operating liabilities such as accounts payable. The majority of Castellum's credit agreements are long-term. In the event short-term credits covered by unutilized long-term credit agreements are taken out, these are also considered long-term. The credits are recognized in the balance sheet on the settlement day and recognized at amortized cost. Accrued unpaid interest is recognized under accrued costs. A liability is recognized when the counter-party has delivered and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognized when the invoice is received. Accounts payable and other operating liabilities with short maturities are recognized at nominal value.

Foreign currency

Transactions in foreign currencies are translated to Swedish kronor (SEK) at the exchange rate current at the time of the transaction. Monetary assets and liabilities are translated at the rate on the balance sheet date.

Derivatives

Interest rate derivatives comprise financial assets or liabilities measured at fair value, with changes in value recognized in profit or loss. To manage exposure to fluctuations in the market interest rate in accordance with its adopted financial policy, Castellum has entered into interest rate derivative agreements. Changes in value will occur when using interest rate derivatives, depending primarily on changes to the market interest rate. Interest rate derivatives are initially recognized on the trade date at acquisition cost in the balance sheet, and subsequently appraised at fair value, with changes in value, in the income statement.

Changes in value can be realized as well as unrealized. Realized changes in value refer to settled interest rate derivative contracts and constitute the difference between the price at the time of settlement and the recognized value according to the latest interim report. Unrealized changes in value refer to the changes in value that arose during the period for the interest rate derivative agreements Castellum held at the end of the period. Changes in value are calculated based on valuation at the end of the period, compared to valuation from the previous year, or alternately the acquisition cost if the interest rate derivative agreement was entered into during the year. For interest rate derivatives settled during the year, an unrealized change in value is recognized and calculated based on valuation at the time of the latest interim report, prior to settlement, compared with valuation at the end of the preceding year. Rolling cash flows under the agreement are taken up as income for the period they refer to.

Castellum uses currency derivatives in order to hedge investments in Denmark and Finland as well as to manage currency risk and adjust its interest rate structure for borrowing in the international capital market. Financing of foreign investments can be achieved both through raising loans in the functional currency of the foreign company, and by entering into currency derivatives. Castellum applies hedge accounting for both net investments in foreign operations and currency exposure as a consequence of borrowing in the international capital market in those cases where currency derivatives are used. They are initially recognized in the balance sheet at acquisition cost on the transaction date, and thereafter reported at fair value in which the effective portion of the change in exchange rate regarding the hedging instrument is recognized in other comprehensive income, while the ineffective portion is recognized as a change in value in the income statement. The exchange rate on the balance sheet date is used to establish fair value.

At the time the hedge is opened, there is hedging documentation describing the hedging as well as the company's strategy and risk management, and a description of the efficiency of the hedging and how it is measured and monitored.

Based on the criteria below, the hedging is deemed to be very efficient.

There is a financial link between the hedged item and the hedging instrument. The effects of credit risk are not predominant in the changes following from the financial link. The hedge ratio for the hedging relationship is the same as the one resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge the amount of hedged items.

If a hedge ceases to be efficient for reasons related to the hedge ratio but nothing changes in the risk strategy, the company will rebalance the hedge.

Castellum designates only the spot risk in hedges using forward contracts; other parts of the market value are recognized in profit or loss.

The Group discontinues hedge reporting only when the hedge no longer meets the qualification criteria: when the hedging instrument is sold or redeemed, or when a hedged forecast no longer meets the requirements for being highly probable. Adjustments for counterparty risk – credit valuation adjustment (CVA) and derivative valuation adjustment (DVA) – are made when appraising derivatives at fair value.

Shareholders' equity

Repurchase of own shares

Repurchased shares reduce shareholders' equity by the purchase price paid, including any transaction costs.

Dividends

Dividends are recognized as a reduction of shareholders' equity after resolution by the Annual General Meeting (AGM). Anticipated dividends are recognized as financial income by the recipient.

Earnings per share

Calculation of earnings per share is based on the Group's net income for the year pertaining to the shareholders of the parent company, and on the weighted average number of shares outstanding during the year.

Provisions

Provisions are liabilities that are uncertain as regards time of payment or amount. A provision is recognized when there are contractual obligations, court orders or other legal grounds likely to involve future payments. The amount allocated is routinely assessed. Obligations that fall due in over a year are valued through discounting.

Definition of operating segments

The Group's operations are organized, governed and reported by geographical region. Operating segments are consolidated according to the same principles as the Group in its entirety. Income and costs reported for each operating segment are actual costs. No allocation of shared costs has thus been made. The same applies to the assets and liabilities recognized in the note on segments.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Net profit or loss is adjusted for effects of non-cash transactions during the period as well as for income or costs associated with the cash flow from investment or financing activities.

Differences in Group and Parent Company accounting policies

The Annual Report of the Parent Company has been prepared according to the Annual Accounts Act and by application of the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for legal entities. RFR 2 states that a legal entity shall apply the same IFRS/IAS that are applied in the consolidated accounts, with exceptions for and additions of rules and laws mainly according to the Annual Accounts Act, and with consideration to the relationship between accounting and taxation. Differences in accounting policies between the Group and the Parent Company are presented below.

Presentation

The income statement and balance sheet for the Parent Company are presented according to the Annual Accounts Act schedules.

Shares in Group companies

Shareholdings in Group companies are accounted for in the Parent Company according to the acquisition cost method. The carrying amount is regularly compared to the subsidiary's consolidated shareholders' equity. In the event the carrying amount is lower than the consolidated value of the Group companies, an impairment is recognized in profit or loss. Previous write-downs that are no longer justified are reversed.

Contingent liabilities

Contingent liabilities for the benefit of Group companies are financial guarantees and accounted for in accordance with RFR 2 (i.e. they are not recognized as provisions). Instead, Castellum provides information in the notes.

New accounting policies

New and revised existing standards and interpretations, approved by the EU

New standards that entered force in 2019

IFRS 16 Leases entered force on January 1, 2019, and Castellum has applied the recommendation as of that date. There were thus no retroactive applications. The transition to IFRS 16 had no material impact on the Group's earnings and financial position, or on its cash flow statement. In its capacity as lessee, Castellum has conducted a detailed review and analysis of the Group's leases, during which site leasehold agreements were identified as the single most material alongside rental agreements in United Spaces, the co-working company acquired during the year. Apart from these two items, only a smaller number of leases have been identified, such as for vehicles, office equipment and the like. As a consequence of the transition to IFRS 16, the cost for ground rent as a whole was reported as a financial cost – a difference compared to previous policies, in which this was reported as an operating cost charged to net operating income. Moreover, the rental cost for United Spaces is allocated between impairments and financial costs. Site leasehold agreements and leases at United Spaces have been valued and the right-of-use has been recognized as an asset together with a corresponding liability. At December 31, 2019, the combined value of these two items was MSEK 846.

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. The company has voluntarily chosen to apply the changes in IFRS 9, Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7, in advance. This change has not resulted in any effect on the financial reports.

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

New standards and interpretations that will enter force in 2020 and after

As of 2020, IASB has made a change in IFRS 3 concerning setting the boundary between business combinations and asset acquisitions by introducing a new definition of business activities. In practice, the new definition means that if the purchase consideration for the shares in a business acquisition is essentially attributable to the market value of the properties acquired, the acquisition constitutes an asset acquisition. In simpler terms, this means that the surplus value in its entirety is allocated to properties, and no goodwill thus arises.

Other EU-approved new and amended standards, as well as interpretations from the IFRS Interpretations Committee, are currently not expected to affect Castellum's net income or financial position to any significant extent.

Changes in Swedish regulations

Changes in 2019 had no material impact on Castellum's accounting but have primarily entailed slightly increased disclosure requirements.

Note 2 Operating Segments

Castellum owns properties above all in Sweden, but in Denmark and Finland as well. The Group's operating segments consist of the following geographical areas: Central (Örebro, Vasterås, Linköping, Norrköping, Jönköping and Växjö), West (Greater Gothenburg incl. Borås and Halmstad), Stockholm-North (Stockholm, Uppsala and Gävle), Öresund (Malmö, Lund, Helsingborg and Copenhagen) and Finland. The operating segments are identified by geographical field of activity, which is according to how they are followed up and analyzed by the highest operational decision-maker in the Group. The Group manages only commercial properties.

	Central		West		Stockholm-North		Öresund		Finland		Unlocated items		Total segments	
Operating segments	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rental income, external	1,406	1,319	1,222	1,151	1,512	1,671	1,069	1,020	56	24	-	0	5,265	5,185
Service income, external	98	89	106	76	139	124	107	102	2	2	-	-1	452	392
Co-working income, external	-	-	-	-	-	-	-	-	-	-	104	-	104	-
Revenue	1,504	1,408	1,328	1,227	1,651	1,795	1,176	1,122	58	26	104	-1	5,821	5,577
Property costs	-465	-451	-371	-357	-412	-469	-336	-340	-18	-6	-7	-9	-1,609	-1,632
Co-working costs	-	-	-	-	-	-	-	-	-	-	-99	-	-99	-
Central administration	-6	-8	-7	-8	-8	-14	-9	-10	0	-	-133	-118	-163	-158
Interest income	14	11	9	9	22	12	17	21	0	-	-62	-53	0	0
Leases/ground rent	-2	-	-6	-	-7	-	-3	-	-	-	-4	-	-22	-
Interest costs	-230	-141	-204	-184	-238	-339	-180	-191	-18	-10	88	30	-782	-835
Income from prop. mgmt	815	819	749	687	1,008	985	665	602	22	10	-113	-151	3,146	2,952
Impairments, goodwill/Trans. costs	-	-	-	-	-	-	-	-	-	-	-188	-	-188	-
Change in values on properties	1,295	1,056	743	1,286	1,237	2,405	624	460	19	-	-	9	3,918	5,216
Change in values on derivatives	-	-	-	-	-	-	-	-	-	-	-111	152	-111	152
Profit/loss before tax	2,110	1,875	1,492	1,973	2,245	3,390	1,289	1,062	41	10	-412	10	6,765	8,320
Investment properties	22,908	19,396	22,411	19,910	30,364	32,154	18,626	16,889	859	819	-	-	95,168	89,168
of which investments this year	2,401	1,107	1,755	1,644	933	1,276	1,022	434	1	831	-	-	6,112	5,292

Of the Group's external rental income and investment properties, MSEK 474 (368) refers to rental income from tenants in Denmark and MSEK 7,247 (5,671) refers to investment properties located in Denmark and Finland.

Note 3 – Income

Rental value

The Group's income totaled MSEK 5,821 (5,577). Rental income consists of the rental value less the value of vacant premises during the year and service income. Rental value refers to income received and the estimated market rent of unleased premises. The rental value also includes supplementary charges for the tenant such as heating, property tax and an indexation supplement. Income for the year also includes MSEK 104 from United Spaces, the co-working company acquired during the year. Rental value in SEK/sq. m. for the different geographies and types of properties, as well as which areas contributed to the income trend, are shown in the tables below. Rental levels in the like-for-like portfolio increased 4% (3) year-on-year.

	Office		Public sector properties		Warehouse/logistics	
Rental value, SEK/sq. m.	2019	2018	2019	2018	2019	2018
Central	1,510	1,397	1,735	1,518	829	767
Öresund	2,077	1,984	2,190	2,125	835	837
Stockholm	2,251	2,122	3,020	2,869	1,216	1,142
West	1,760	1,602	1,337	1,280	808	763
North	1,521	1,584	1,485	1,574	-	-
Finland	3,660	3,577	-	-	-	-
Total	1,858	1,731	1,859	1,739	904	858

	Retail		Light industry		Total	
Rental value, SEK/sq. m.	2019	2018	2019	2018	2019	2018
Central	1,197	1,261	1,052	818	1,440	1,298
Öresund	1,500	1,478	750	782	1,659	1,613
Stockholm	1,584	1,402	1,294	1,149	1,834	1,701
West	1,375	1,253	851	819	1,181	1,093
North	-	1,597	-	-	1,487	1,578
Finland	-	-	-	-	3,660	3,577
Total	1,417	1,367	966	882	1,495	1,407

Earnings trend, MSEK	2019	2018	Change, %
Like-for-like portfolio	5,047	4,832	4.4%
Development properties	301	172	-
Transactions	369	573	-
Co-working	104	-	-
Revenue	5,821	5,577	4.4%

Renegotiation

Commercial leases, for which rents are paid quarterly in advance, are signed for a fixed period of time, which means that a change in market rents does not have an immediate effect on rental income. Rental levels can only be changed when the lease in question is due for renegotiation. Commercial leases include an index clause, which provides for an upward adjustment of the rent corresponding to a certain percentage of inflation during the previous year.

The lease maturity structure for Castellum's portfolio is shown in the table below, where lease value refers to annual value. An explanation for the relatively small portion maturing in 2020 is that a majority of maturing leases had already been renegotiated due to periods of notice. The most common terms for a new lease include a 3-5 year duration, with a nine-month notice period. The average remaining lease duration in the portfolio is 4.0 years (3.9).

Lease maturity structure	Number contracts	000 sq. m.	Lease value, MSEK	Percentage of value
Commercial, term				
2020	1,648	321	421	8%
2021	1,441	622	856	16%
2022	1,187	670	1,040	20%
2023	837	691	941	18%
2024	209	254	379	7%
2025+	345	909	1,483	28%
Total	5,667	3,467	5,120	97%
Residential	436	34	40	1%
Parking spaces and other	5,828	1	89	2%
Total	11,931	3,502	5,249	100%

Economic occupancy rate

Castellum's average economic occupancy rate for 2019 was 92.6% (93.2), including discounts of MSEK 90 (87). Income for the period includes a lump sum of MSEK 16 (14) as a result of early termination of leases. Gross leasing (i.e. the annual value of total leasing) during the year was MSEK 397 (408), of which MSEK 42 (109) related to leasing of new construction, expansions and reconstructions. Notices of termination amounted to MSEK 435 (247), of which bankruptcies were MSEK 16 (11). MSEK 18 (19) related to notice periods with more than 18 months left of the contract. Hence, net leasing for the year was MSEK 38 (161). The time difference between reported net leasing and the effect in income is estimated to be 9-18 months.

Economic occupancy rate	Office		Public sector properties		Warehouse/logistics	
	2019	2018	2019	2018	2019	2018
Central	90.6%	93.2%	94.0%	97.3%	92.1%	91.6%
Öresund	88.9%	88.3%	98.4%	97.9%	91.3%	90.1%
Stockholm	94.1%	94.1%	93.8%	97.5%	93.8%	94.6%
West	94.6%	93.0%	93.2%	96.5%	93.2%	89.4%
North	91.8%	86.5%	93.6%	96.5%	-	-
Finland	110.7%	99.6%	-	-	-	-
Total	92.1%	91.9%	94.5%	97.2%	91.0%	91.3%

Economic occupancy rate	Retail		Light industry		Total	
	2019	2018	2019	2018	2019	2018
Central	95.8%	97.5%	96.8%	95.7%	92.4%	94.6%
Öresund	85.3%	91.3%	90.3%	84.1%	90.5%	90.1%
Stockholm	93.9%	94.8%	95.3%	92.7%	93.5%	94.9%
West	95.9%	96.6%	95.5%	94.9%	93.1%	92.4%
North	-	88.0%	-	-	93.5%	93.4%
Finland	-	-	-	-	110.7%	99.6%
Total	93.6%	94.8%	94.7%	92.4%	92.6%	93.2%

Risk exposure, credit risk

Castellum's lease portfolio features a good risk exposure. The Group has approximately 5,700 commercial leases and 436 residential leases; their distribution in terms of size is presented in the table below. The single largest lease as well as the single largest customer accounts for around 2% of the Group's total rental income, meaning that Castellum's exposure to a single-customer credit risk is very low.

Lease size, MSEK	No. of leases	Share	Lease value, MSEK	Share
Commercial				
<0.25	2,654	22%	210	4%
0.25-0.5	951	8%	350	7%
0.5-1.0	822	7%	581	11%
1.0-3.0	744	6%	1,287	24%
>3.0	496	4%	2,692	51%
Total	5,667	47%	5,120	97%
Residential	436	4%	40	1%
Parking spaces and other	5,828	49%	89	2%
Total	11,931	100%	5,249	100%

The table below shows contractual future rental income.

Future rental income for existing leases	Group		Parent Company	
	2019	2018	2019	2018
Contractual rental income, year 1				
Commercial leases	5,501	5,431	-	-
Residential	13	14	-	-
Contractual rental income between 2 and 5 years	12,315	11,882	-	-
Contractual rental income after more than 5 years	4,747	5,106	-	-
Total	22,576	22,433	-	-

Rent receivables

Rents are invoiced and paid in advance, which means that all of the Group's rent receivables total MSEK 70 (47) after provisions/impairments of MSEK 28 fell due for payment.

Parent Company

The Parent Company consists of only Group-wide functions and the turn-over mainly consists of intra-Group services.

Note 4 - Costs

Direct property costs totaled MSEK 1,235 (1,258), corresponding to SEK 293/sq. m. (288). Costs include both direct property costs (such as

operation, maintenance, ground rent and property tax) and indirect costs (leasing and property administration). In addition, expenses for co-working of MSEK 99 are included.

Cost trend, MSEK	2019	2018	Change, %
Like-for-like portfolio	1,068	1,047	2.0%
Transfer of site leasehold	-	23	-
Development properties	66	55	-
Transactions	101	134	-
Direct property costs	1,235	1,258	-1.8%
Co-working	99	-	-
Property administration	374	374	-
Central administration	163	158	-
Operating expenses	1,871	1,790	4.5%

Operating costs

Operating costs include costs such as electricity, heating, water, facilities management, cleaning, insurance, rent losses and property-specific marketing costs. Most expenses are recharged to the customers as supplements to rent. For warehouse and logistics properties, however, most customers are directly responsible for most operating costs. Operating costs amounted to MSEK 711 (753) corresponding to SEK 167 per sq. m. (173). Operating costs, which are considered to be at a normal level for the business, are weather dependent, and vary between years and seasons. Operating costs include rent losses of MSEK 12 (15), corresponding to 0.0% of rental income.

Maintenance

Maintenance costs are ongoing measures to maintain the property's standard and technical systems. Maintenance costs totalled MSEK 157 (167), corresponding to SEK 38/sq. m. (38).

Property tax

The Group's property tax was MSEK 367 (315), corresponding to SEK 88 per square meter (73). Property tax is a federal tax based on the property's tax-assessed value. The tax rate for 2019 was 1.0% of the tax assessment value for office/retail properties and 0.5% for warehouse/logistics. In 2019, an assessment for taxes on real property took place in Sweden, which resulted in higher assessed values and, in turn, an increased property tax of approximately MSEK 50 on an annual basis. A large part of the property tax will be charged onward to the customer, however, with higher rental income as a result. The effect on earnings will thus be extremely limited.

Leasing and property administration

The Group's leasing and property administration costs for 2019 were MSEK 374 (374), corresponding to SEK 92 per square meter (90). Leasing and property administration are indirect costs for routine property management, as well as costs for leasing operations, rent negotiation, leases, and rent debiting and collecting as well as accounting and project administration costs, and costs for depreciation on inventory and installations at subsidiaries. Of those costs, MSEK 202 (179) pertained to employee benefits and MSEK 12 (9) to depreciation on equipment.

Summary property costs

Property costs per square meter, distributed by property category and type of cost are shown below.

Property costs, SEK/sq. m.	Office		Public sector properties		Warehouse/logistics	
	2019	2018	2019	2018	2019	2018
Operating costs	217	220	185	187	102	110
Maintenance	49	53	42	35	23	22
Ground rent	-	2	-	4	-	7
Property tax	135	111	106	88	29	23
Direct property costs	401	386	333	314	154	162

	Retail		Light industry		Total	
	2019	2018	2019	2018	2019	2018
Property costs, SEK/sq. m.						
Operating costs	149	170	113	116	166	173
Maintenance	30	32	29	26	38	38
Ground rent	–	4	–	6	–	4
Property tax	73	63	28	23	88	73
Direct property costs	252	269	170	171	292	288
Leasing/property administration					92	90
Total	252	269	170	171	384	378

Central administrative expenses

Central administrative expenses consist of costs for portfolio management and administration as well as costs for maintaining the Stock Exchange listing. This involves all costs for Castellum AB covering Executive Management, the finance and accounting department, IT, staff, investor relations, annual report, audit fees, depreciation of equipment and facilities, and so on. Costs for the CEO at the regional level are also included. Of the costs, excluding the incentive plan described below, MSEK 80 (74) pertains to remuneration to employees and MSEK 11 (10) to depreciation on equipment.

Central administrative expenses also include costs relating to a profit and share price-related incentive plan for Executive Management amounting to MSEK 10 (18).

Auditors' fees

	Group		Parent Company	
	2019	2018	2019	2018
Auditors' fees				
Audit assignment	3	3	1	1
Audit in addition to the audit assignment	1	1	1	0
Other services	0	1	1	1
Total	4	5	3	2

The Group's total remuneration to auditors of KSEK 4,431 (4,669) refers to Deloitte.

Note 5 Acquisition costs

In 2019 Castellum acquired the co-working company United Spaces, which resulted in acquisition costs of MSEK 9.

Note 6 Interest and financial income

	Group		Parent Company	
	2019	2018	2019	2018
Interest income	2	22	0	0
Group contributions received, subsidiaries	–	–	100	284
Anticipated dividend, subsidiaries	–	–	1,441	1,261
Interest income, subsidiaries	–	–	865	981
Other financial income	–	–	8	–
Total	2	22	2,414	2,526

Interest income, for both the Group and the Parent Company, is attributable to receivables valued at amortized cost.

Note 7 Interest and financial costs

	Group		Parent Company	
	2019	2018	2019	2018
Interest costs	782	857	779	849
Interest costs, subsidiaries	–	–	81	95
Other financial costs	2	0	0	8
Total	784	857	860	952

Net interest expense for the year was MSEK 782 (expense: 835). During the year, interest expenses of MSEK 28 (23) were capitalized regarding investments in the property portfolio, where an average interest rate level of 2.0% (2.0) was used.

Of the Group's interest costs, MSEK 594 (633) pertains to liabilities valued at amortized cost. The corresponding value for the Parent Company is MSEK 590 (728). The remaining interest costs refer primarily to ongoing interest attributable to Castellum's interest rate and currency derivatives.

Note 8 Leasing cost/Ground rent

Ground rent including leasing fees for 2019 totaled MSEK 22 (23), of which almost half the amount relates to Greater Stockholm. Ground rent is the annual fee paid to the municipality by the owner of a building on land owned by the municipality. The fee is currently calculated in such a way that the municipality receives a fair real interest rate based on the estimated market value of the site. The ground rent is spread over time and is mostly renegotiated at intervals of 10 to 20 years. At year-end 2019, Castellum had 51 (52) properties with site leaseholds. Existing site leasehold agreements mature relatively evenly over the next 60 years. In most cases, when notice of termination is given for a site leasehold agreement, the property owner (the municipality) is to compensate Castellum for buildings, etc. There are, however, a few agreements where the municipality can demand that the land be restored.

	Group		Parent Company	
	2019	2018	2019	2018
Future contractual ground rents				
Contractual ground rents year 1	15	15	–	–
Contractual ground rents between years 2 and 5	54	54	–	–
Contractual ground rents later than 5 years	230	232	–	–
Total	299	301	–	–

In addition, Castellum had leasing costs of approximately MSEK 4 attributable to leases in United Spaces, the co-working company acquired during the year.

Note 9 Goodwill

In 2019, Castellum sold its entire portfolio in Sundsvall, which entailed impairment of goodwill corresponding to the deferred tax arising in conjunction with the 2016 acquisition of Norrporten, attributable to the property portfolio in Sundsvall.

Note 10 Changes in value

Properties

2019 was marked by continuing stability in the property market, with stable to rising prices as a result. There is particular interest in logistics facilities, centrally located office properties in large cities and properties with secure cash flows. This, together with a healthy rental market and project gains, means that Castellum recognized an unrealized change in value during the period of MSEK 4,276, corresponding to a 4.7% increase in value.

Additionally, a realized change in value of MSEK -358 was recognized, attributable to the sale of 28 properties for MSEK 4,138 less overhead costs and deferred tax totaling MSEK 220. The underlying property price, which accordingly amounted to MSEK 4,358, was therefore MSEK 138 below the valuation. Since the sale was conducted through a corporate wrapper, it is also recognized as deferred tax income of approximately MSEK 468. These sales mean that Castellum has left Sundsvall, as well as Vaggeryd outside of Jönköping. In addition, a portfolio of retail properties in Uppsala has been sold. Since each property is valued individually, consideration has not been given to the portfolio premium that can be seen in the property market.

The net increase in value, including this year's change, over the past ten years has been 3.3% per year, which is higher than inflation of approximately 1.1% during the same period.

Derivatives

Castellum uses interest rate derivatives to achieve the desired interest rate maturity structure. 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. 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 changes in value is accounted for in other comprehensive income.

The value of the derivatives changed by MSEK -111 (152), mainly due to changes in long-term market interest rates.

Note 11 Income taxes

Recognized tax totaled MSEK 1,115 (867), of which MSEK 165 (74) is current tax. Current tax is calculated based on a nominal tax rate of 21.4%, while deferred tax is based on the lower tax rate of 20.6% in effect in Sweden from 2021. Current tax is based on taxable profit for the year, which is lower than the recognized profit. This is mainly an effect of the possibility to use tax depreciation on buildings, to use direct tax deductions for certain property reconstructions, which are capitalized in the accounts, tax-free sales of properties and to utilize existing tax loss carry forwards. Deferred tax is a provision for future tax that will be paid when the properties are sold, and the depreciation for tax purposes and the capitalized investments deducted for tax purposes are reversed.

Swedish accounting legislation does not permit the recognition of properties at fair value in legal entities; that is why changes in property value only occur at Group level and thus do not affect taxation. Certain financial instruments, such as interest rate swaps, might be recorded at fair value at entity level. In Castellum's case, the changes in value on such instruments are covered in the interest deduction limitation regulations introduced in Sweden during the year, which for Castellum's part has resulted in approximately MSEK 190 of the Group's interest costs not being deductible for 2019.

Tax paid arises as a result of there being existing tax loss carry forwards in the former Norrporten Group, and can thus not be utilized in the Group as a whole.

Tax calculation for the Group	Basis 2019		Basis 2018	
	Current tax	Deferred tax	Current tax	Deferred tax
Income from prop. mgmt	3,146		2,952	
Non-deductible interest	190		-	
Deductions for tax purposes				
depreciation	-1,166	1,166	-1,031	1,031
reconstructions	-658	658	-582	582
Other tax adjustments	-142	190	94	-79
Taxable income from property management	1,370	2,014	1,433	1,534
Sales of properties	-	-2,273	101	-1,803
Change in values on properties	-	4,276	-	5,326
Change in derivatives values	-	-	152	-
Taxable income before tax loss carry forwards	1,370	4,017	1,686	5,057
Tax loss carry forwards, opening balance	-1,081	1,081	-2,437	2,437
Previously uncanceled tax loss carry forwards	-370	370	-	-
Tax loss carry forwards, closing balance	854	-854	1,081	-1,081
Taxable income	773	4,614	330	6,413
Tax in profit or loss	-165	-950	-74	-793

Tax loss carry forwards consist of prior years' tax losses. The losses, which are not restricted in time, are used to offset future taxable profits. Remaining tax loss carry forwards are estimated at MSEK 854.

Total tax may differ from nominal tax due to non-taxable/tax-deductible income/costs or as an effect of other tax adjustments. Total tax recognized by Castellum is less than nominal tax. The effective tax on income from property management, without consideration of tax loss carry forwards, can be calculated to 9%.

Tax cost/income	Group		Parent Company	
	2019	2018	2019	2018
Profit before tax	6,765	8,320	1,502	1,545
Tax according to current tax rate	-1,394	-1,830	-309	-340
Tax effects due to:				
non-taxable dividend	-	-	297	277
non-deductible impairment, shares in Group companies	-	-	-11	-5
non-taxable reverse impairment, shares in Group companies	-	-	53	-
non-deductible interest/chg in value on derivatives	-62	-	-26	-
non-taxable sales, prop./Group companies	394	345	-	-
new future corporate tax	-	618	-	1
Other tax adjustments	-53	-	-2	-
Tax expense/income recognized	-1,115	-867	2	-67

Note 12 Personnel and Board of Directors

Number of employees	Group		Parent Company	
	2019	2018	2019	2018
Average number of employees	420	388	74	51
of which women	163	164	41	32
of which Finland	1 (0)	-	-	-
of which Denmark (of which women)	13 (14)	10 (4)	-	-

Salaries, remuneration and benefits

During 2019, the Parent Company had 7 (7) board members, of whom 4 (4) were women, while the total number of Board members in the Group's subsidiaries was 14 (20), of whom 5 (8) were women. At year end, the Group had 9 (8) senior executives, of whom 4 (3) were women. The total number of senior executives in the management groups of all the subsidiaries, and senior executives of the Group, was 37 (35), of whom 14 (15) were women.

Salaries, remuneration and benefits	Group		Parent Company	
	2019	2018	2019	2018
Chairman of the Board	1.1	1.0	1.1	1.0
Other Board members	2.9	2.5	2.9	2.5
Chief Executive Officer				
Fixed salary	4.7	4.6	4.7	4.6
Variable remuneration	2.3	4.7	2.3	4.7
Benefits	0.1	0.0	0.1	0.0
Other senior executives				
Group: 9 (8), Parent Company: 5 (4)				
Fixed salary	15.1	14.6	10.1	6.5
Variable remuneration	5.9	8.0	2.9	3.0
Benefits	0.5	0.5	0.2	0.2
Employees excl. exec. mgmt	256.4	218.4	53.1	34.1
Total	289.0	254.3	77.4	56.6
Contractual pensions costs				
Chief Executive Officer	1.4	1.4	1.4	1.4
Other senior executives (9m 5w)	4.9	4.5	3.3	2.0
Employees excl. exec. mgmt	31.7	36.7	7.0	4.8
Total	38.0	42.6	11.7	8.2
Statutory social security expenses incl. payroll tax				
Chairman of the Board	0.3	0.3	0.3	0.3
Other Board members	0.9	0.8	0.9	0.8
Chief Executive Officer	2.6	3.3	2.6	3.3
Other senior executives (9m 5w)	7.9	8.0	5.0	3.5
Employees excl. exec. mgmt	88.2	72.3	18.4	11.9
Total	99.9	84.7	27.2	19.8
Total	426.9	381.6	116.3	84.6

Board remuneration

Board remuneration was set by the 2019 Annual General Meeting at KSEK 3,895, of which KSEK 985 was allocated to the Chairman of the Board and KSEK 410 to each of the remaining Board members. Additional remuneration totaling KSEK 450 is also due. These amounts apply from the AGM on March 21, 2019 to the AGM on March 19, 2020.

Remuneration to the Board	2019	2018
Charlotte Strömberg	1,076	958
Per Berggren	451	410
Anna-Karin Hatt	451	410
Christer Jacobson	401	365
Christina Karlsson Kazeem	401	365
Nina Linander	551	503
Johan Skoglund	476	434
Total	3,959	3,444

Executive Management

At year end, the CEO, Investment Director and Deputy CEO, the Chief Financial Officer, the Director of Communication and Chief Logistics Officer, as well as the four managing directors of the regions, were part of Castellum AB.

Remuneration and benefits

Remuneration and benefits for Executive Management are prepared by the Remuneration Committee and decided by the Board of Directors. The remuneration comprises a fixed salary as well as a variable remuneration according to an incentive plan, described below. During the three-year period of the plan, variable remuneration can amount to a maximum of three years' salary. Executive Management has an incentive plan that comprises two components:

- One profit-based component is based on growth in income from property management compared to the previous year, as well as an overall estimation of development for certain individual factors. Full outcome requires that growth in income from property management per share reaches 10% per year. When growth is in the 0–10% range, a linear calculation of the incentive is made. The profit-based component is paid out yearly as salary after the year-end closing and can total no more than six months' salary per year. The outcome for 2019 was 71% (88), representing a cost of MSEK 6 (10) including social security contributions. The program expired at the end of 2019.
- One share price-based component, based on the total yield on the Castellum share during a three-year period, both in nominal figures and compared with index for property shares in Sweden, the Eurozone and the UK. For full outcome of the incentive plan, the total yield must be at least 50% during the period and the total yield has to exceed index development by at least 5 percentage points during the period. When growth is in the 0–50% and 0–5 percentage points ranges respectively, a linear calculation of the incentive is made. Any variable remuneration is paid as salary after the measurement period from June 2017 to May 2020. During the three-year period, the share price-based portion may total no more than one and a half years' salary, equivalent to a cost for Castellum of MSEK 25 including social security expenses. As of December 2019, the outcome was 75% (89%), representing a cost of MSEK 15 (12) including social security contributions. Final reading and set-offs will occur in May 2020.

Executives in receipt of variable remuneration according to the incentive plan must acquire Castellum shares for at least half of the amount of the payment due after tax. The paid incentive does not affect pensionable contributions.

Pensions

Members of Executive Management have defined-contribution pensions with no other obligations for the company than to pay an annual premium during the time of employment. This implies that these persons, after completed employment, have the right to decide on their own, the time-frame during which the defined-contribution payments and subsequent return will be received as pension. The retirement age for the CEO and other members of Executive Management is 65 years.

Notice of dismissal

In the event of notice of dismissal by the company, the notice period will not exceed 6 months regarding the Chief Executive Officer and 12 months

for any other member of Group executive management. When notice of termination is given by the Chief Executive Officer or any other member of Executive Management of the company, the notice period is six months. During the notice period, salary and other benefits are paid, with deduction for salary and remuneration derived from another employment or activity. No deduction will occur for the Chief Executive Officer. Upon notice of dismissal of the Chief Executive Officer by the company, a severance pay of 12 months' fixed salary is paid, and is not reduced as a result of other income received by the Chief Executive Officer.

Pensions for other employees

Other employees at Castellum have defined-contribution pensions, with no other obligations for the company than to pay an annual premium during the time of employment. This implies that these persons, after completed employment, have their own right to decide on the time-frame during which the defined-contribution payments and their return on investment will be received as pension. However, there is an exception for about 40 employees within the Castellum Group who instead have defined-benefit ITP plans with regular payments to Alecta. Fees for the year for pension insurance policies signed with Alecta totaled MSEK 0. The surplus in Alecta may be distributed to the insurance holder and/or to the insured. Alecta's surplus in the collective consolidation level as of December had not been made official at the time of signing of this Annual Report and can therefore not be reported. Alecta's latest official consolidation level for 2019 (preliminary figure) was 148% (159%). The collective consolidation level is made up by the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's assumptions for calculating the insurance, which do not comply with IAS 19.

Absence due to illness

Sick leave for the year was 3% (4), of which a 2 percentage point share (2) was for long-term sick leave. Sick leave for men and women were 3% (4) and 3% (4), respectively. Absences due to illness were 4% (3) for the age group 29 years and younger, 3% (3) for the age group 30–49 years and 3% (5) for the age group 50 years or older. Sick leave for the Parent Company was 3% (2), of which a 1% share (1) was for long-term sick leave.

Note 13 Investment properties

Schedule of the changes during the year	Group	
	2019	2018
Opening balance	89,168	81,078
New construction, expansions and reconstructions	2,762	2,837
<i>of which capitalized interest costs</i>	28	23
Acquisitions	3,350	2,455
Sales	-4,496	-2,745
Change in value	4,276	5,326
Currency translation	108	217
Closing balance	95,168	89,168
Schedule of tax assessment value		
Buildings	24,939	24,717
Land	10,181	8,853
Total tax assessment value	35,120	33,570
Income from investment properties	5,717	5,577
Property costs for investment properties	1,609	1,629

The year's changes per category is shown in the table on the next page.

The year's change per category is shown in the table below.

Change for the year by category	Office		Public sector properties		Warehouse/logistics	
	2019	2018	2019	2018	2019	2018
Opening balance	41,744	37,542	20,255	19,055	13,635	11,128
Category adjustments	394	311	531	-7	305	41
New construction, expansions and reconstructions	862	775	257	338	302	499
Acquisitions	1,183	1,238	1,545	2	144	1,001
Sales	-1,347	-441	-2,017	-477	-19	-524
Change in value	1,734	2,102	1,136	1,344	1,021	1,490
Currency translation	97	217	9	0	2	0
Closing balance	44,667	41,744	21,716	20,255	15,390	13,635

Change for the year by category	Retail		Light industry		Developments and land	
	2019	2018	2019	2018	2019	2018
Opening balance	7,115	6,982	2,029	2,245	4,390	4,126
Category adjustments	668	220	42	44	-1,939	-609
New construction, expansions and reconstructions	343	74	41	273	957	878
Acquisitions	1	150	-	11	477	53
Sales	-1,011	-365	-97	-645	-5	-293
Change in value	126	54	105	101	154	235
Currency translation	-	-	-	0	-	0
Closing balance	7,242	7,115	2,119	2,029	4,034	4,390

The Parent Company owns no properties.

Investments during the year

In 2019, Castellum invested a total of MSEK 6,112 (5,292), of which MSEK 3,350 (2,455) pertained to acquisitions and MSEK 2,762 (2,837) pertained to new construction, expansions and reconstructions.

Significant obligations

In addition, Castellum has commitments to complete initiated projects in which the remaining investment volume amounts to approx. SEK 1.2 billion above and beyond the amounts reported in the balance sheet.

Larger ongoing investments

Property	Investment, MSEK	Of which remaining, MSEK	To be completed
Öskaret 1, Stockholm	638	248	Q4 2020
Dragarbrunn 21:1, Stockholm	443	316	Q4 2021
GreenHaus, Helsingborg	305	268	Q2 2022
HLP, Stage 2, Gothenburg	294	68	Q2 2020
Masthugget 26:1, Gothenburg	238	103	Q4 2020

Valuation model

According to accepted theory, the value of an asset is the net present value of future cash flows that the asset is expected to generate. This section aims to describe and illustrate Castellum's cash-flow-based model for calculation of the value of the property portfolio.

The value of the property portfolio is calculated in this model as the total present value of net operating income minus remaining investments on ongoing projects, during the next nine years and the present value of the estimated residual value in year ten. The residual value in year ten consists of the total present value of net operating income during the remaining economic life span. The estimated market value of undeveloped land and building rights are added to this. Accordingly, valuation is conducted pursuant to IFRS 13, level 3.

The required yield and the assumption regarding future real growth are crucial for the calculated value of the property portfolio, as they are the most important value-driving factors in the valuation model. The required yield is the weighted cost of borrowed capital and shareholders' equity. The cost of borrowed capital is based on the market interest rate for loans. The cost of shareholders' equity is based on a risk-free interest rate equivalent to the long-term government bond rate plus a risk premium.

The risk premium is unique to each investment and depends on the investor's perception of future risk and potential.

Internal valuation

Castellum records its investment properties at fair value and has internally valued all its properties as of December 31, 2019. The valuation was carried out in a uniform manner, and was based on a ten-year cash flow model, which is described in principle above. The internal valuation was based on an individual assessment for each property of both its future earnings capacity and its required yield. Valuations are made locally in each subsidiary and are quality assured by Castellum AB, which also has overall responsibility for both the process and system as for determining the macroeconomic assumptions.

Assumptions of cash flow

In assessing a property's future earnings capacity, we took into account an assumed level of inflation of 1.5% and potential changes in rental levels from each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rate and property costs. In the valuation, the economic occupancy rate gradually improves during the ten-year period and reaches 96%. Included in property costs are operating expenses, maintenance, ground rent, property tax, and leasing and property administration.

Valuation assumptions, year 1	2019					
	Public sector properties	Offices	Retail	Logistics	Industry	Total
Rental value, SEK/sq. m.	1,894	1,861	1,372	929	969	1,520
Vacancy rate	4%	8%	6%	7%	5%	8%
Direct property cost SEK/sq. m.	336	386	228	166	180	321
Indirect property costs SEK/sq. m.	35	36	33	25	26	32

Valuation assumptions year 1	2018					
	Public sector properties	Offices	Retail	Logistics	Industry	Total
Rental value, SEK/sq. m.	1,801	1,754	1,337	872	885	1,405
Vacancy rate	3%	8%	6%	8%	5%	6%
Direct property cost SEK/sq. m.	325	368	247	164	176	277
Indirect property costs SEK/sq. m.	35	35	32	25	26	31

Assumptions of required yield

The required yield on shareholders' equity is individual to each property and based on assumptions regarding a real interest rate of 3%, inflation of 1.5% and risk premium. The risk premium is different for each property and can be divided into two components: general risk and individual risk. The general risk makes up for the fact that a property investment is not as liquid as a bond, added to the fact that the asset is affected by the general economic situation. The individual risk is specific to each property and comprises a complex weighted assessment that includes property category; the town/city in which the property is located; the property location within the town/city with reference to the property category; and whether the property has the right design, is appropriate and makes efficient use of space. Further considerations: the property's technical standard with regard to such criteria as choice of materials, the quality of public installations, furnishing and equipment on the premises and in apartments; as well as the nature of the lease agreements with regard to such issues as length, size and number of agreements. Properties owned through site leaseholds, where Castellum has a land rehabilitation obligation under contractual agreement, are assigned an additional individual risk premium of 1.0%. On average, the risk premium totals 6.3% with a range of 2.4%-11.7%.

In order to calculate the required yield on total capital, an operating assumption of 5.0% has been made about the cost of borrowed capital. The required yield of borrowed capital comprises the real interest rate, plus inflation. The loan-to-value ratio is assumed to be 55-65%, depending on the property category.

The required yield on total capital is calculated by weighing the required yield on shareholders' equity and the cost of borrowed capital, depending on the capital structure. The required yield on total capital is used to discount the estimated ten-year future cash flow. The residual value is discounted by calculating the return on total capital less growth equivalent to inflation, in order not to assume perpetual real growth. The average required yield per property category is shown in the table below.

Property type	Dec 31, 2019	Dec 31, 2018
Office	5.0%	5.1%
Public sector properties	4.8%	5.0%
Warehouse/logistics	5.6%	5.8%
Retail	5.8%	5.9%
Light industry	6.6%	6.9%
Total	5.1%	5.3%

The calculated required yield is then calibrated compared with the market's required yield. To get an opinion about the market's required yield, Castellum follows completed property transactions on the market. In an inactive market within a certain area or for a certain type of property, Castellum compares the data from transactions completed in a similar area or for a similar type of property. In the absence of completed transactions the opinion is based on existing macroeconomic factors.

The average valuation yield for Castellum's property portfolio, excluding developments, land and building rights, can be estimated at 5.1% (5.3%).

Average valuation yield, MSEK	2019	2018
Net operating income, properties according to income statement	4,113	3,945
Add back leasing and property administration	374	374
Reversed Co-working	-5	-
Net operating income, ongoing development projects	-22	-21
Properties acquired/completed as if owned the whole year	55	104
Properties sold	-60	-153
Net operating income excluding leasing and property administration for properties as if owned during the whole year, excl. projects and land	4,455	4,249
Adjusted for:		
Index adjustments 2020, 1% (2)	94	130
Real occupancy rate, 94% at the lowest	228	190
Property administration, 30 SEK/sq. m.	-128	-132
Normalized net operating income	4,649	4,437
Valuation excluding building rights of MSEK 520 (672)	90,614	84,106
Average valuation yield	5.1%	5.3%

Projects and building rights

Ongoing projects are valued using the same principle, but with reduction for remaining investment. Building rights were valued on the basis of an estimated average market value of approximately SEK 1,600 per square meter (1,500).

The value of the property portfolio

The internal valuation indicates a fair value of MSEK 95,168 (89,168), corresponding to a change in value of 5% (6). Of this value, approximately 4% (i.e. MSEK 3,702) pertains to properties held via site leasehold agreements, with rental income of MSEK 259. Fair value distributed by property category and region is shown below.

Property value, MSEK, Dec 31, 2019	Office	Public sector properties	Warehouse/logistics	Retail	Light industry	Developments and land	Total
Central	10,627	8,612	1,252	1,820	347	250	22,908
Öresund	11,225	3,370	1,983	851	339	858	18,626
Stockholm	11,138	5,619	5,197	3,461	717	2,152	28,284
West	10,726	2,127	6,958	1,110	716	774	22,411
North	92	1,988	-	-	-	-	2,080
Finland	859	-	-	-	-	-	859
Total	44,667	21,716	15,390	7,242	2,119	4,034	95,168

Uncertainty range and sensitivity analysis

A property's market value can only be confirmed when sold. Property valuations are calculations performed according to accepted principles on the basis of certain assumptions. The value range of +/- 5-10%, often used in property valuations in a normal market, should therefore be seen as an indication of the uncertainty that exists in assumptions and calculations. In a less liquid market, the range may be wider. For Castellum, an uncertainty range of +/- 5% means a range in value of the property portfolio of MSEK 90,410-99,926 corresponding to MSEK +/- 4,758.

Sensitivity analysis +/-1 percent-age point	Effect on value, MSEK				
	Office	Public sector properties	Warehouse/logistics	Retail	Light industry
Rental value	593	282	200	93	27
Economic occupancy rate	593	282	200	93	27
Property costs	130	54	40	17	6
Required yield +	-6,438	-3,378	-2,051	-944	-242
Required yield	8,589	4,349	2,641	1,281	328

The sensitivity analysis shown above illustrates how a +/- 1 percentage-point change in growth assumptions in future cash flow and required yield affects the valuation. However, the sensitivity analysis is not realistic as one isolated parameter rarely changes; instead, the assumptions made are linked together regarding cash flow and required yield.

External valuation

In order to validate the valuation, 178 properties, equivalent in value to 55% of the portfolio, were valued externally by Forum Fastighetsekonomi AB in Sweden and CBRE in Denmark. The properties were selected on the basis of the largest properties in terms of value, but also to reflect the composition of the property portfolio as a whole in terms of category and geographical location. The external valuations of the selected properties totaled MSEK 51,790, within an uncertainty range of +/- 5-10% at the property level, depending on the category and location of the respective properties. Castellum's valuation of the same properties totaled MSEK 52,713, i.e., a net deviation of MSEK 923 corresponding to 1.8%. The gross deviations were MSEK 1,195 and MSEK -2,104 respectively, with an average deviation of 6%.

It should be noted that Castellum's deviation in relation to the external valuers falls well within the uncertainty range of +/- 5-10%.

Note 14 Equipment

	Group		Parent Company	
	2019	2018	2019	2018
Opening acquisition cost	246	192	66	61
Purchases	81	77	12	22
Sales/retirement of assets	-23	-23	-	-17
Closing acquisition cost	304	246	78	66
Opening depreciation	-123	-109	-15	-8
Sales/retirement of assets	10	5	-	-
Depreciation for the year	-35	-19	-11	-7
Closing depreciation	-148	-123	-26	-15
Carrying amount	156	123	52	51

Note 15 Goodwill

In 2016, the CORHEI and Norrporten companies were acquired. Goodwill arose in connection with the acquisitions, primarily related to the difference between nominal tax and the calculated supplementary tax, which was applied at the time of acquisition. A write-off for goodwill is primarily justified for a major downturn in the property market or a situation where in properties included in the transaction above are divested. In the first quarter of the year, the entire portfolio in Sundsvall was divested, which resulted in an impairment of MSEK 179. United Spaces, a co-working company, was acquired during the same period, resulting in increased goodwill of MSEK 211. Goodwill for the year thus changed by MSEK 32.

	Group		Parent Company	
	2019	2018	2019	2018
Opening acquisition cost	1,659	1,659	-	-
Acquisitions	211	-	-	-
Impairment	-179	-	-	-
Carrying amount	1,691	1,659	-	-

Note 16 Shareholders' Equity and Net Asset Value

Items in shareholders' equity

The share capital as of December 31, 2018, consisted of 273,201,166 registered A-shares with one vote per share and a quotient value of 0.50 per share. All shares are fully paid.

There are no restrictions regarding dividend or other types of repayment. There is no potential common stock, such as convertibles, or preferential rights to accumulated dividend (preference shares).

Other capital contribution

Other capital contribution is shareholders' equity contributed by shareholders.

Development of share capital	Date	Number of shares	Quotient value/share	Share capital, SEK
Formation A shares	Oct 27, 1993	+500	100.00	+50,000
New share issue, A shares	Sep 27, 1994	+999,500	100.00	+99,950,000
Share split 50:1	Mar 25, 1997	+49,000,000	2.00	-
IPO	May 23, 1997	50,000,000	2.00	100,000,000
New share issue, C shares	Jul 12, 2000	+7,142,857	2.00	+14,285,714
Redemption, A shares	Jul 12, 2000	-6,998,323	2.00	-13,996,646
Redemption, C shares	Nov 13, 2000	-7,142,857	2.00	-14,285,714
Share split 4:1	Apr 27, 2006	+129,005,031	0.50	-
New issue of shares	Jun 14, 2016	+82,000,000	0.50	+41,000,000
Non-cash issue	Jun 15, 2016	+19,194,458	0.50	+9,597,229
Year end	Dec 31, 2019	273,201,166	0.50	136,600,583

Currency translation reserve

Currency translation differences as a result of foreign operations.

Currency hedge reserve

Refers to the effective part of unrealized changes in value related to currency derivatives used to hedge investments in foreign operations.

Retained earnings

Retained earnings relates to earnings earned within the Group. The Group's earlier appropriations to the statutory reserves is also included in this item.

Restricted and non-restricted shareholders' equity in the Parent Company

According to the Swedish Companies Act, shareholders' equity is made up of restricted (non-distributable) and non-restricted (distributable) equity.

Group, MSEK (Note 15)	Attributable to Parent Company shareholders							Total shareholders' equity
	Number of shares outstanding, thousand	Share contribution	Other capital contribution	Currency translation reserve	Currency hedge reserve	Non-controlling interest	Retained earnings	
Shareholders' equity Dec 31, 2017	273,201	137	12,434	123	-126	-2	21,170	33,736
Dividend, Mar and Sep 2018 (SEK 5.30/share)	-	-	-	-	-	-	-1,448	-1,448
Net income for 2018	-	-	-	-	-	-	7,453	7,453
Other comprehensive income, 2018	-	-	-	151	-143	-	-	8
Shareholders' equity Dec 31, 2018	273,201	137	12,434	274	-269	-2	21,175	39,749
Dividend, Mar and Sep 2019 (SEK 6.10/share)	-	-	-	-	-	-	-1,667	-1,667
Net income for 2019	-	-	-	-	-	-	5,650	5,650
Other comprehensive income, 2019	-	-	-	92	-47	-	-	45
Shareholders' equity Dec 31, 2019	273,201	137	12,434	366	-286	-2	31,158	43,777

Parent company, MSEK	Number of shares outstanding, thousand	Share contribution	Statutory reserves	Fair value reserves		Share premium reserve	Retained earnings	Total shareholders' equity
				Currency translation reserve	Currency hedge reserve			
Shareholders' equity Dec 31, 2017	273,201	137	20	84	-86	8,433	9,206	17,794
Dividend, Mar and Sep 2018 (SEK 5.30/share)	-	-	-	-	-	-	-1,448	-1,448
Net income for 2018	-	-	-	-	-	-	1,478	1,478
Other comprehensive income, 2018	-	-	-	93	-99	-	-	-6
Shareholders' equity Dec 31, 2018	273,201	137	20	177	-185	8,433	9,236	17,818
Dividend, Mar and Sep 2019 (SEK 6.10/share)	-	-	-	-	-	-	-1,667	-1,667
Net income for 2019	-	-	-	-	-	-	1,504	1,504
Other comprehensive income, 2019	-	-	-	42	-21	-	-	21
Shareholders' equity Dec 31, 2019	273,201	137	20	219	-206	8,433	9,073	17,676

Dividends to the shareholders may only be such that after the distribution there is full coverage for restricted shareholders' equity in the Parent Company. Further, distribution of profits may only be made if it is justified with respect to the demands put on the amount of shareholders' equity needed by the type of business, the extent and risk of operations, company and Group consolidation needs, liquidity and financial position in general.

Repurchased shares

In 2000, Castellum repurchased 8,006,708 own shares for a total of MSEK 194, equivalent to 4.7% of the total registered number of shares. Since then no repurchase of the company's own shares has been made. These repurchased shares were used in connection with the acquisition of Norrporten as an issue in kind.

Dividend

Dividend is proposed by the Board of Directors according to the rules of the Companies Act and decided by the Annual General Meeting. The proposed dividend, not yet paid out, for the financial year 2019 is SEK 6.50 per share, MSEK 1,776 in total. The proposal is to split the dividend into two payments, where the proposed record date for the first payment is March 23, 2020 and the proposed record date for the second payment is September 21, 2020. The amount is recorded as a liability only after the Annual General Meeting has approved the dividend.

Net asset value

Net asset value can be calculated both long and short term. Long-term net asset value is based on the balance sheet, with adjustments for items that will not lead to any short-term payment such as - in Castellum's case - derivatives, goodwill attributable to deferred tax and deferred tax liability. This means that shareholders' equity according to the balance sheet is to increase by MSEK 715 and MSEK 10,153 respectively. At the same time, MSEK 1,480 is to be deducted.

EPRA NNNNAV is shareholders' equity according to the balance sheet, adjusted for the deferred tax liability. Present accounting policies state that the deferred tax liabilities are recognized at nominal tax rates, while the real deferred tax is substantially lower, due to the possibility to sell properties in a tax-efficient manner, as well as the time factor. The current assessment is that the actual discounted deferred tax liability is equivalent to 6%, meaning that an additional MSEK 6,926 will be provided to shareholders' equity.

The value range of +/- 5-10% often used in property valuations should be viewed as indication of the uncertainty that exists in assessments and calculations made. For Castellum, an uncertainty range of +/- 5% is equal to +/- MSEK 3,778 after tax (based on the 2021 nominal tax rate of 20.6%).

Net asset value	MSEK	SEK/ share
Shareholders' equity according to the balance sheet	43,777	160
Reversed:		
Derivatives according to the balance sheet	715	3
Goodwill	1,480	5
Deferred tax according to the balance sheet	10,153	37
Long-term net asset value (EPRA NAV)	53,165	195
Deduction		
Derivatives as above	-715	-3
Estimated real liability, deferred tax 6%*	-3,227	-12
Actual net asset value (EPRA NNNNAV)	49,223	180

Uncertainty range for property valuation +/- 6% after tax

*The actual net deferred tax liability has been estimated at 6% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized at a nominal tax of 21.4%, giving a present value of the deferred tax liability of 20%, and that the properties are realized in 50 years where 33% are sold directly with a nominal tax of 20.6% and that 67% are sold indirectly in corporate wrappers where the buyer's tax discount is 7%, which gives a present value for the deferred tax liability of 6%.

Capital structure

Castellum should have a stable capital structure with low financial risk, meaning a loan-to-value ratio not permanently exceeding 50% and an interest coverage ratio of at least 200%.

In the balance sheet, there are, in addition to shareholders' equity, liabilities that in principle are both interest free and amortization free and therefore can be considered as shareholders' equity. The property industry therefore uses loan-to-value as a key ratio for capital structure instead of solidity. For the same reason the net asset value can be calculated in different ways, as shown above.

Castellum's target is based on growth in cash flow and is not directly related to the net asset value. The target is an annual growth in cash flow, i.e. income from property management per share, of at least 10%. In order to achieve this objective, net investments of at least 5% of the property value will be made yearly. At the moment, this is equivalent to approximately MSEK 4,700. All investments are to contribute to the objective of growth in income from property management within 1-2 years and have a potential asset growth of at least 10%. Sales of properties will take place when justified from a business standpoint and when an alternative investment with a higher return can be found.

Appropriation of profits

The Board has proposed that the earnings at the Annual General Meeting's disposal, SEK 17,519,184,670, are to be appropriated as follows: a dividend to shareholders of SEK 6.50/share - totaling SEK 1,775,807,579 - and SEK 15,743,377,091 to be carried forward.

Note 17 Liabilities

	Group		Parent Company	
	2019	2018	2019	2018
Non-interest bearing liabilities due within one year of the balance sheet date	2,663	1,801	224	164
Non-interest bearing liabilities due later than five years after the balance sheet date	-	307	-	-
Interest-bearing liabilities due within one year of the balance sheet date	-	-	63	64
1-5 years after balance-sheet date	32,421	35,997	33,506	38,549
more than 5 years after the balance-sheet date	8,405	4,361	7,842	1,900
Total liabilities excl. deferred tax liability, leases, other provisions and derivatives	43,489	42,466	41,635	40,677

In 2020, current interest-bearing liabilities amounting to MSEK 10,409 (9,479) will fall due. Since they are covered by unutilized long-term credit agreements, they are treated as long-term interest-bearing liabilities.

Note 18 Deferred Tax Liability/Asset

A realization of all assets and liabilities at consolidated carrying amounts and utilization of all existing tax loss carry forwards would result in a taxable income of MSEK 55,838 (49,616); with a full tax burden, this would give rise to a tax payment of MSEK 11,501 (10,228). Castellum has deferred tax of MSEK 1,348 (1025) attributable to the acquisition date of properties recognized as asset acquisitions. According to the applicable regulations, the deferred tax at the acquisition date is not to be recognized in the balance sheet, which is shown in the table below.

The Parent Company recognizes a deferred tax asset of MSEK 14 (12), equivalent to 21.4% of the unutilized tax loss carry forwards of MSEK 70 (55).

Tax loss carry forwards

As of December 31, 2019, Castellum's tax loss carry forwards are estimated at MSEK 854 (1,081). The change is presented in Note 11. The tax loss carry forwards have no maturity date.

Surplus and sub value of properties for tax purposes

When calculating the tax effect in the Group of a direct sale of all properties, the tax base in the legal entity - which totals MSEK 38,803 (38,615) - is to be set against the consolidated carrying amount of MSEK 95,168 (89,168). This means that if all of Castellum's properties were sold, the taxable net profit would exceed the profit recorded in the Group by MSEK 56,365 (50,553).

	2019		2018	
	Basis	Tax	Basis	Tax
Deferred tax liability				
Tax loss carry forwards				
Opening balance	1,081	231	2,437	536
Change for the year in comprehensive income	-227	-49	-1,356	-305
Closing balance in the balance sheet	854	182	1,081	231
Difference between the properties' book and fiscal values				
Opening balance	-50,553	-10,428	-44,271	-9,739
Change for the year in comprehensive income	-4,235	-861	-4,495	-492
Acquisitions in corporate wrappers	-1,577	-323	-1,787	-197
Closing balance	-56,365	-11,612	-50,553	-10,428
Less, attributable to asset acquisitions				
Opening balance	4,976	1,025	3,763	828
Acquisitions in corporate wrappers	1,577	323	1,787	197
Closing balance in the balance sheet	6,553	1,348	4,976	1,025
Closing balance in the balance sheet	-49,812	-10,264	-45,577	-9,403
Untaxed reserves				
Opening balance	-144	-31	-135	-30
Change for the year in comprehensive income	-183	-40	-9	-1
Closing balance in the balance sheet	-327	-71	-144	-31
Total				
Opening balance	-44,640	-9,203	-37,186	-8,405
Change for the year in comprehensive income	-4,645	-950	-7,454	-798
Closing balance in the balance sheet	-49,285	-10,153	-44,640	-9,203

Previous impairments where taxable deductions were paid amount to approximately MSEK 45. These may be reversed in the case of future increases in value.

Note 19 Other provisions

Other provisions relate to rental guarantees, with a maximum commitment to January 31, 2020, estimated at MSEK 5 (6).

Note 20 Derivatives

Valuation

Castellum uses interest rate derivatives for such purposes as managing interest rate risk and achieving the desired interest rate maturity structure. This strategy means that there may be changes in value of the interest rate derivatives portfolio from time to time. In addition, Castellum uses currency derivatives in order to hedge investments in Denmark and Finland as well as to manage currency risk and adjust its interest rate structure linked with borrowing in the international capital market. These also give rise to change in value which are included in the derivative portfolio's market value.

To calculate the fair value of derivatives, market rates for each term and exchange rates as quoted in the market for 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. When calculating the fair value of derivatives, adjustments are made for counterparty risk in the form of Credit Value Adjustments (CVA) and Debt Value Adjustments (DVA). CVA shows Castellum's risk of experiencing credit loss in the event of counterparty default, whereas DVA shows the opposite. The adjustment is calculated at the counterparty level based on expected future credit exposure, risk of default and the recovery rate of exposed credits. As of December 31, 2019, the market value of the interest rate and currency derivatives portfolio amounted to MSEK -715 (-716) where fair value is established according to level 2, IFRS 13.

In the balance sheet, derivatives are accounted for as long-term liabilities since the amount will not be settled in cash. A theoretically maturing amount during 2020, however, can be estimated at MSEK 149.

Counterparty risk

In order to limit counterparty risk, Castellum's derivative contracts are covered by general agreement with derivative contracts (ISDA). This allows Castellum to offset positive and negative market values in the event of default.

	Dec 31, 2019			Dec 31, 2018		
	Asset	Liability	Net	Asset	Liability	Net
Interest rate derivatives	26	-618	-592	0	-689	-689
Currency derivatives	147	-270	-123	13	-40	-27
Gross value derivatives	173	-888	-715	13	-729	-716
Netting	-173	173	-	-13	13	0
Net value derivatives	0	-715	-715	0	-716	-716

Future cash flow

Future cash-flows attributable to interest rate derivatives consist of interest paid minus interest received as presented below. To calculate the variable part of the interest rate derivative, the STIBOR and CIBOR interest rates - as listed at year end - have been used throughout the full term of the derivative.

Year	Future cash-flow of interest rate derivatives		
	Interest to pay	Interest to receive	Net, MSEK
2020	-378	219	-159
2021	-362	208	-154
2022	-363	204	-159
2023	-344	187	-157
2024	-227	93	-134
2025+	-217	87	-130
Total	-1,891	998	893

Sensitivity analysis

The table below shows the interest rate derivative portfolio's nominal net amount and market value and the market value of the portfolio with a +/- 1 percentage-point change in the interest rate. Based on the date of termination, interest rate derivatives that include an option have been reported in the same time segment as prior to the assumed change in interest rate.

End date	Amount, MSEK	Acquisition cost, MSEK	Market value, MSEK	Average interest rate	Market value, interest rate +1 pp	Market value, interest rate -1 pp
2020	3,522	-	-5	0.7%	0	-12
2021	1,350	-	10	-0.2%	33	-12
2022	1,600	-	14	0.0%	53	-25
2023	1,166	-	23	0.2%	13	34
2024	900	-	-1	0.3%	34	-40
2025+	8,188	-	-676	0.0%	-201	-1,192
Total	16,726	-	-634	0.2%	-68	-1,247

Currency derivatives with a market value of MSEK 81 (32) are not included in the table above, since a change in the market interest rate has an insignificant effect on the market value.

Note 21 Financial Risk Management

Financing

Property is a long-term asset, requiring long-term financing allocated between shareholders' equity and interest-bearing liabilities. From a security perspective, Castellum credits can be divided into the following categories:

- Credits against collateral in the form of Castellum's promissory note receivables in its subsidiaries, including pledged mortgages.
- Secured credits directly to subsidiaries in the form of pledged mortgages. Credits directly to subsidiaries are supplemented in the majority of cases by the Parent Company's guarantee.
- Unsecured credits.
- Issues of unsecured bonds.
- Issues of unsecured commercial papers.

All types of credit agreements contain standard termination conditions, and in some cases renegotiation terms for changes in business and delisting. If the lender invokes the right to a renegotiation of this type and the parties cannot agree, the credit agreements have established settlement times for those credit agreements covered by such terms.

At the end of the year, utilized credits secured by pledged mortgages totaled MSEK 7,249. In addition to mortgages, the majority of credit agreements include commitments regarding loan-to-value ratio and interest coverage ratio – financial covenants – involving a loan-to-value ratio not exceeding 65% and an interest coverage ratio of at least 150%. If the 55% loan-to-value ratio is breached, financing costs will become more expensive for some credit agreements. In all cases, the guarantee to lenders is issued with a comfortable margin in relation to Castellum's capital structure objectives.

Financial policy

Castellum's funding and management of financial risk are conducted in accordance with the financial policy adopted by the Board of Directors. Castellum is to have a low financial risk with a loan-to-value ratio not exceeding 50% over the long term and an interest coverage ratio of at least 200%. The financial operations in Castellum are to be carried out in such a way that the need for long- and short-term financing and liquidity is ensured. In addition, net interest expenses will be optimized at any time, taking the selected level of financial risk into account. The financial policy outlines overall authorization and how financial risk should be reported and monitored. Financial risks are monitored and reported quarterly to the Board. As part of continuously improving and adapting financial risk management, the Board conducts an annual review of the financial policy.

The Parent Company holds an internal auditing function, separate from the treasury department, which provides accounting and independent control of financial management and financial risks.

Financial risk management

Castellum carries out financial transactions based on estimates of the Group's overall long-term financing needs, liquidity and chosen interest rate risk. Hence, financial risk management is carried out on portfolio level. Portfolio management of borrowing means that an intra-Group transaction (e.g. an internal loan) is not duplicated by an identical external transaction. Instead, loans are drawn under short- or long-term credit agreements based on the Group's overall financing needs.

For cost-effective management of the interest rate risk, an assessment is made of the interest rate risk that occurs when a payment is made or a new loan is drawn with a short, fixed-interest term. Thereafter, interest rate derivative transactions are made in order to achieve the desired fixed interest term on the total amount of debts. The internal bank works with a cash pool system of bank accounts for the Group's liquidity flows.

Financing risk

Demands for long-term financing make Castellum look for long-term loan-to-maturity structure in credit agreements in order to limit financing risk. To reach maximum flexibility, bank loans are mainly revolving, i.e. the credits are usually traded within 1-3 months. Short-term revolving loans facilitate amortization at every renewal occasion without any marginal breaking compensation or other compensation to lenders. The objective is to minimize interest-bearing liabilities, and cash is therefore used primarily to repay outstanding debts.

In order to secure Castellum's need for liquidity and long-term financing, the company regularly renegotiates and – when required – enters into new credit agreements or forms of borrowing. At the end of the year, Castellum held credit agreements totalling MSEK 60,604 (56,358) of

which MSEK 49,433 (45,962) were long-term and MSEK 11,171 (10,396) were short-term. Of the utilized borrowing facilities at the end of the year, MSEK 30,233 (30,862) was long-term and MSEK 10,420 (9,253) were short-term.

After deduction of cash of MSEK 173 (243), net interest-bearing liabilities were MSEK 40,653 (40,115), of which MSEK 27,512 (21,599) were bonds outstanding and MSEK 5,136 (5,360) commercial papers outstanding (nominal MSEK 27,589 and MSEK 5,138 respectively).

During the year, bank credit facilities of approximately MSEK 7,800 were extended, approximately MSEK 1,600 were terminated and the framework amount of Castellum's MTN program was raised to MSEK 20,000. Castellum was also active in the bond market during the year, and bonds with a nominal value of MSEK 3,300 matured while new issues amounted to MSEK 4,100 as part of Castellum's Swedish MTN program. Moreover, a nominal amount of MNOK 850 was issued with a ten-year tenor, and MEUR 400 with a seven-year tenor, under Castellum's EMTN program.

The average capital maturity structure for utilized borrowing facilities including extension options at year end was 3.8 years (3.6), whereas the average credit price tenor at the same point in time was 3.2 years (3.0). The debt ratio at the end of the period was 10 (11).

Credit agreements/limits	Amount, MSEK	Utilized, MSEK
Long-term credit agreements in bank	26,240	7,138
Short-term credit agreements in bank	916	916
Liquidity	800	-49
Total credit agreements	27,956	8,005
MTN program (MSEK 20,000 facility)	17,287	17,287
EMTN program (MEUR 2,000 facility)	10,225	10,225
Commercial papers (MSEK 10,000 facility)	5,136	5,136
Total	60,604	40,653

Debt maturity structure for credit agreements, presented in the table below, shows when in time the credit agreements fall due for renegotiation or repayment.

Credit agreement maturity structure	Agreements, MSEK	Utilized in		
		Bank	MTN/Cert	Total
0-1 yr	11,171	2,036	8,384	10,420
1-2 yrs	6,962	2,011	4,951	6,962
2-3 yrs	10,335	842	3,243	4,085
3-4 yrs	22,139	1,628	7,561	9,189
4-5 yrs	1,609	11	1,598	1,609
>5 yrs	8,388	1,477	6,911	8,388
Total	60,604	8,005	32,648	40,653

Interest rate risk

Changes in market interest rates and credit margins affect net financial items. How quickly, and by how much, largely depends on the chosen duration. To limit the immediate impact of changes in market interest rates, Castellum has chosen to work with both short- and long-term interest rate maturity structures. For the same reason, Castellum has chosen to

Maturity	Interest-bearing credit volume, MSEK	Closing average interest rate	Volume payable interest, MSEK	Closing payable interest	Volume receivable interest	Closing receivable interest	Closing average interest rate**	Average fixed interest rate term
0-1 yr	22,882	1.1%*	5,323	1.1%	-14,719	0.2%	2.19%	0.2 yrs
1-2 yrs	4,550	1.4%	1,350	0.0%	-	-	1.11%	1.4 yrs
2-3 yrs	1,148	2.1%	1,600	0.0%	-	-	0.89%	2.5 yrs
3-4 yrs	5,959	2.1%	4,600	2.6%	-4,766	2.2%	2.39%	3.8 yrs
4-5 yrs	300	2.3%	900	0.4%	-	-	0.90%	4.5 yrs
5-10 yrs	5,814	1.4%	10,958	1.8%	-5,246	1.3%	1.80%	7.7 yrs
Total	40,653	1.4%	24,731	1.5%	-24,731	0.8%	1.82%	3.3 yrs

*Including credit agreement fees and exchange rate differences for MTNs ** Calculated on the net volume of interest-bearing credits and derivatives.

enter credit agreements and issue commercial papers and MTNs/EMTNs with varying maturities. However, changes in both interest rates and credit margins will always have an impact on net financial items over time.

The interest coverage ratio is the financial measure that describes a company's risk level and resilience to changes in net interest. Castellum has the objective of an interest coverage ratio of at least 200%. For 2019, the interest coverage ratio was 502% (454%). The average interest rate duration at December 31, 2019 was 3.3 years (3.1). The average effective rate at December 31 was 1.82% (1.91%) excluding unutilized credit agreements, and 1.99% (2.05%) including unutilized credit agreements.

Margins and fees for credit agreements are established with an average duration of 3.2 years (3.0).

The cash-flow effect on income for the next twelve months at an interest rate change of +/- 1% amounts to MSEK -88/+56. In the interest rate maturity structure, interest rate derivatives are accounted for in the earliest time segment in which they can mature. Credit margins are distributed in the interval of the underlying loan.

Currency risk

Castellum owns properties in Denmark and Finland valued at MSEK 7,247 (6,895), which means that the Group is exposed to currency risk. Castellum is also exposed to currency risk through borrowing in euro. Currency risk in borrowing is fully hedged and hedge accounted through both cash flow hedging and hedging of fair value. The currency risk primarily occurs when income statements and balance sheets in foreign currency are translated into Swedish currency. In cases where currency derivatives are used, Castellum applies hedge accounting for net investments in foreign operations. Normally, the transaction exposure in the Group is limited and will primarily be managed by matching income and costs.

The impact on financial position due to an appreciation of SEK by 10% in relation to DKK and EUR, respectively is MSEK -175.

Counterparty risk

Counterparty risk refers to the risk deemed to exist – at any given moment – that Castellum's counterparties will not fulfil their contractual obligations. The model is indicated in the "Receivables" section under "Accounting policies."

Castellum limits counterparty risk by requiring high credit ratings of counterparties. High ratings means that no rating agency indicates a rating that is below investment grade. Castellum's counterparties are the major Nordic banks.

Future cash flow

Future cash flows attributable to liabilities are shown in the table below. The assumption is made that a maturing loan is replaced by a new loan during the term of maturity of the underlying credit agreement and at a Stibor interest rate as listed at year end.

Future cash-flow loans				
Year	Loan, opening balance	Mature	Loan, closing balance	Interest costs, MSEK
2019	40,653	-10,420	30,234	-584
2020	30,234	-6,962	23,272	-486
2021	23,272	-4,085	19,187	-404
2021	19,187	-9,189	9,998	-306
2022	9,998	-1,609	8,389	-152
2023	8,389	-1,365	7,024	-125
2023+	7,024	-7,024	-	-188
Total		-40,653		-2,244

Note 22 Accrued Expenses and Prepaid Income

	Group		Parent Company	
	2019	2018	2019	2018
Pre-paid rents	1,043	693	-	-
Accrued interest	148	127	147	126
Other	328	367	34	30
Total	1,519	1,187	181	156

Note 23 Pledged Assets

	Group		Parent Company	
	2019	2018	2019	2018
Pledged mortgages	20,903	21,803	-	-
Chattel mortgages	-	-	-	-
Long-term receivables, Group companies	-	-	17,343	17,387
Total	20,903	21,801	17,343	17,387

Note 24 Contingent Liabilities

	Group		Parent Company	
	2019	2018	2019	2018
Guaranteed commitments for Group companies	-	-	2,538	3,616
Total	-	-	2,538	3,616

Normally the parent company is the borrower, but when the property-owning company borrows directly, the Parent Company provides guaranteed commitments for subsidiaries.

Note 25 Participations in Group companies

Directly owned subsidiaries are listed below. Other companies in the Group are included in each respective subsidiary's annual report. United Spaces was acquired during the year.

Directly owned subsidiaries	Corporate identity No.	Registered Office	Share of equity	Carrying amount
Castellum Stockholm AB	556002-8952	Stockholm	100%	4,854
Castellum Mitt AB	556121-9089	Örebro	100%	5,507
Castellum Väst AB	556122-3768	Gothenburg	100%	3,579
Castellum Öresund AB	556476-7688	Malmö	100%	4,953
Castellum Norr AB	556594-3999	Sundsvall	100%	1,003
United Spaces Offices AB	556668-1069	Stockholm	100%	221
Fastighets AB Regeringsgatan	556571-4051	Gothenburg	100%	6
Fastighets AB Regeringsgatan 3	559154-9828	Gothenburg	100%	3
Castellum Innovation AB	559110-6538	Gothenburg	100%	21
Total				20,147

Principles for consolidation are described in the accounting policies.

Participations, Group companies	Parent Company	
	2019	2018
Opening acquisition cost	19,678	19,661
Acquisitions	211	0
Paid shareholders' contribution	56	40
Reversal of previous impairments	255	-
Impairment	-53	-23
Closing acquisition cost/carrying amount	20,147	19,678

Note 26 Long-term receivables, Group companies

	Parent Company	
	2019	2018
Opening acquisition cost	29,062	30,914
New borrowing/amortization from Group companies	-325	-1,885
Currency translation	40	33
Closing acquisition cost/carrying amount	28,777	29,062

Note 27 Financial instruments

The different categories of financial instruments in the Group's balance sheet are presented in the table below.

Financial instruments 2019, MSEK	Amortized cost	Financial liabilities recog- nized at fair value via profit or loss	Derivatives used in hedge accounting	Financial liabilities valued at amortized cost
Assets				
Long-term receivables	856	-	-	-
Rent receivables	70	-	-	-
Other receivables	132	-	-	-
Cash and bank	173	-	-	-
Liabilities				
Interest rate deriv- atives	-	592	-	-
Currency derivatives	-	-	123	-
Long-term liabilities	-	-	-	40,604
Accounts payable	-	-	-	203
Other liabilities	-	-	-	1,514
Total	1,231	592	123	42,321

Financial instruments such as rent receivables, accounts payable and so on are recognized at amortized cost less any impairments, which is why fair value is deemed to agree with book value. Long-term interest

Financial instruments 2018, MSEK	Amor- tized cost	Financial liabilities recog- nized at fair value via profit or loss	Derivatives used in hedge accounting	Financial liabilities valued at amortized cost
Assets				
Long-term receivables	8	-	-	-
Rent receivables	47	-	-	-
Other receivables	465	-	-	-
Cash and bank	243	-	-	-
Liabilities				
Interest rate deriv- atives	-	684	-	-
Currency derivatives	-	-	32	-
Long-term liabilities	-	-	-	40,358
Accounts payable	-	-	-	141
Other liabilities	-	-	-	603
Total	763	684	32	41,102

bearing liabilities have primarily short-term interest conditions - and for long-term MTNs, the fair value must not differ significantly from nominal values - which in all entails that amortized cost corresponds to fair value.

Note 28 Reconciliation of liabilities arising from financing activities

Group	Dec 31, 2018	Cash flow	Change in value	Non-cash items			Dec 31, 2019
				Amended exchange rate	Periodization premium/dis- count		
Long-term interest-bearing liabilities	40,358	540	-	-59	-13		40,826
Derivatives	716	-215	214	-	-		715
Total liabilities attributable to financing activities	41,074	325	214	-59	-13		41,541

Group	Dec 31, 2017	Cash flow	Change in value	Non-cash items			Dec 31, 2018
				Amended exchange rate	Periodization premium/dis- count		
Long-term interest-bearing liabilities	38,226	2,025	0	30	77		40,358
Derivatives	1,352	-457	-179	0	0		716
Total liabilities attributable to financing activities	39,578	1,568	-179	30	77		41,074

Parent Company	Dec 31, 2018	Cash flow	Change in value	Non-cash items			Dec 31, 2019
				Amended exchange rate	Periodization premium/dis- count		
Long-term interest-bearing liabilities	36,738	1,406	-	-69	-10		38,065
Long-term interest bearing liabilities to Group companies	3,711	-428	-	-	-		3,283
Derivatives	716	-215	214	-	-		715
Total liabilities attributable to financing activities	41,165	763	214	-69	-10		42,063

Parent Company	Dec 31, 2017	Cash flow	Change in value	Non-cash items			Dec 31, 2018
				Amended exchange rate	Periodization premium/dis- count		
Long-term interest-bearing liabilities	34,303	2,353	0	79	3		36,738
Long-term interest bearing liabilities to Group companies	4,627	-916	0	0	0		3,711
Derivatives	1,352	-457	-179	0	0		716
Total liabilities attributable to financing activities	40,282	980	-179	79	3		41,165

The Group's and the Parent Company's interest rate and currency derivatives do not affect cash flow.

Note 29 Events after balance sheet date

The Board of Directors of Castellum AB intends to propose to the Annual General Meeting a dividend of SEK 6.50 per share, to be paid on two occa-

sions during the year. The statement of profit or loss and the balance sheet for the Parent Company and the Group will be adopted at Castellum AB's Annual General Meeting, which will take place on March 19, 2020.

Proposed appropriation of profits

The following funds are at the Annual General Meeting's disposal:

Retained profit	SEK 16,015,161,179
Net income for the year	SEK 1,504,023,490
Total	SEK 17,519,184,670

The Board of Directors propose that the profits be appropriated as follows:

Dividend to shareholders, SEK 6.50 per share	SEK 1,775,807,579
Carried forward	SEK 15,743,377,091
Total	SEK 17,519,184,670

The company has 273,201,166 registered shares, of which all are entitled to dividends. The total dividend payment proposed above of SEK 1,775,807,579 may change if the number of the company's treasury shares changes before the record date for the dividend.

Statement regarding proposed distribution of profits

Justification

Shareholders' equity for the Group has been calculated in accordance with IFRS standards as approved by the EU, as well as in accordance with Swedish law through applying Swedish Financial Reporting Board recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups. Shareholders' equity for the Parent Company has been calculated in accordance with Swedish law and by application of the recommendation RFR 2 (Accounting for Legal Entities) of the Swedish Financial Reporting Board.

The proposed distribution of profits constitutes 56% of the Group's income from property management, which is in line with the expressed objective of distributing at least 50% of the Group's income from property management after taking investment plans, consolidation needs, liquidity and overall position into account. The Group's net income after tax amounted to MSEK 5,650. The distribution policy is based on the Group's income from property management, and as a result non-cash items pertaining to increases or decreases in value of the Group's properties and interest and currency derivatives, do not normally affect the dividend. Nor were any such non-cash gains or losses taken into account in previous year's resolutions regarding the distribution of profits.

The Board of Directors concludes that the company's restricted shareholders' equity is fully covered after the proposed distribution.

The Board of Directors also concludes that the proposed distribution to the shareholders is justified considering the parameters in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act (the nature, scope and risks of the business as well as consolidation needs, liquidity and overall position). Accordingly, the Board of Directors would like to emphasize the following.

The nature, scope and risks of operations

The Board of Directors estimates that the shareholders' equity for the company as well as the Group will, after the proposed distribution, be sufficient in relation to the nature, scope and risks of the business. The Board of Directors has in this context considered, inter alia, the historical development of the company and the Group, budgeted development, investment plans and the economic situation.

Consolidation needs, liquidity and overall position

Consolidation needs

The Board of Directors has carried out a general assessment of the financial position of the company and the Group, and their prospects for fulfilling their obligations. The proposed dividend constitutes 10% of the shareholders' equity for the company and 4% of the shareholders' equity for the Group. The Group's loan-to-value ratio and interest coverage ratio for 2019 totaled 43% and 502% respectively. The express objective for the Group's capital structure, with a loan-to-value ratio not exceeding 50% over the long term and an interest coverage ratio of at least 200%, will be maintained after the proposed dividend. The capital structure of the company and the Group is sound considering the prevailing conditions of the property business. In light of the above, the Board of Directors concludes that the company and the Group have all the necessary requirements to manage future business risks and also to carry potential losses. Planned investments have been considered when deciding on the proposed distribution of profits.

Liquidity

The proposed distribution of profits will not affect the company's or the Group's ability to meet their payment obligations in a timely manner. The company and the Group have good access to liquidity reserves through short-term as well as long-term credits. The credits may be utilized at short notice, implying that the company and the Group are prepared to manage liquidity fluctuations as well as possible unexpected events.

Overall position

The Board of Directors has considered all other known conditions, which might affect the financial position of the company and the Group, which have not been considered within the scope of the considerations above. In this respect, no circumstances have been found that indicate that the proposed dividend would not be justified.

Fair value measurement

Derivatives instruments and other financial instruments have been measured at fair value in accordance with Chapter 4, Section 14 a of the Swedish Annual Accounts Act. In that connection, a deficit of MSEK 568 after tax has become apparent, which had a corresponding impact on shareholders' equity.

Gothenburg, January 23, 2020

The Board

Signing of the Annual Report

As far as we can determine, the annual accounts have been prepared in accordance with generally accepted accounting principles. The annual accounts give a true and fair view of the company's financial position and results, and the Directors' Report gives a true and fair overview of the development of the company's operations, financial position and results, and describes the significant risks and factors of uncertainty facing the company.

The consolidated accounts have been prepared in accordance with the international accounting standards covered in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July, 2002 on the application of international accounting standards. The consolidated accounts give a true and fair view of the Group's financial position and results, and the Directors' Report for the consolidated accounts give a true and fair overview of the development of the Group's operations, financial position and results and as well as the significant risks and factors of uncertainty facing the companies within the Group.

Gothenburg February 3, 2020



Charlotte Strömberg
Chairman of the Board



Per Berggren
Board member



Anna-Karin Hatt
Board member



Christer Jacobson
Board member



Christina Karlsson Kazeem
Board member



Nina Linander
Board member



Johan Skoglund
Board member



Henrik Saxborn
Chief Executive Officer

Our Auditor's Report regarding these annual accounts was submitted on February 3, 2020.

Deloitte AB

Hans Warén
Authorized public accountant

Auditor's Report

To the General Meeting of Shareholders in Castellum AB (publ), corporate identity number 556475-5550

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Castellum AB (publ) for financial year 2019 with the exception of the Corporate Governance Report on pages 122-145 and the Sustainability Report on pages 10-15, 50, 56, 74-85, 90-93, 117-120, 128-129, 137, 142-143, 222-229 and 232. The annual accounts and consolidated accounts of the company are included on pages 10-178 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and presents fairly, in all material respects, the financial position of the Parent Company as of 31 December 2019 and its financial performance and cash flow for the year then ended, in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 122-145 and the sustainability report on pages 10-15, 50, 56, 74-85, 90-93, 117-120, 128-129, 137, 142-143, 222-229 and 232.

The Directors' Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting of Shareholders adopts the income statement and balance sheet for the Parent Company and the statement of comprehensive income and balance sheet for the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's Audit and Finance Committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted the audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's responsibility" section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes, based on the best of our knowledge and belief, that no prohibited services as referred to in Article 5.1 of the Audit Regulation

(537/2014) have been provided to the company audited or, where applicable, its Parent Company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key matters for the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts for the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of properties

Description of risk

Investment properties are recognized at fair value in the consolidated accounts. The recorded fair value is MSEK 95,168 at 31 December 2019 and is based on an internal valuation of each property. To validate the internal valuation, 55% of the property portfolio value has been valued externally.

The internal valuations were based on an individual assessment for each property of its future earnings capacity and its required yield. Changes in value can occur either as a result of macro- or microeconomic factors, or property-specific causes. The evaluations are based on assessments and assumptions that could have a significant impact on the income and financial position of the Group.

In terms of valuation of investments in existing investment properties, assessment of the Group's process for project management with particular regard to expenses for investments and any financial commitments linked to these projects is required.

For further information, please refer to the "Property valuation" section on page 102, "Risks and risk management" on page 110, the Group's accounting policies and critical assessments on page 168 and Note 13 in the Annual Report.

Our audit procedures

Our audit included, but was not limited to, the following procedures:

- We have reviewed the internal valuation procedures and evaluated assumptions and the application of these in the internal valuation model.
- We have reviewed input and calculations in the internal valuation model at the property level for a selection of properties for our assessment of completeness and valuation.

- We have obtained the external valuations and assessed whether the difference against the internal valuations was within the normal uncertainty range.
- We have reviewed Castellum's project management procedures for investments in existing investment properties and for a selection of ongoing projects reviewed investment decisions, authorization procedures, capitalized expenses in the projects and monitoring of project outcome.
- We have reviewed the recognition of project gains in ongoing projects.
- We have reviewed relevant disclosure notes to the financial statements.

Other information than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts; this can be found on pages 1-9 and 184-239. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this information and we express no form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also consider knowledge we otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work performed concerning this information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and ensuring they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are

also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for assessing the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concerns and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit and Finance Committee will, without prejudice to the Board of Director's responsibilities and tasks in general, oversee aspects of operations including the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

An additional description of our responsibility for the audit of the annual report and consolidated accounts is available on the Swedish Inspectorate of Auditors website, www.revisorsinspektionen.se/revisornsansvar. This description forms a part of the Auditor's Report.

Report on other statutory and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Castellum AB (publ) for fiscal year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's responsibility" section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements that the company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions, which includes taking such measures as are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion on this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

An additional description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors website, www.revisorsinspektionen.se/revisornsansvar. This description forms a part of the Auditor's Report.

Deloitte AB was appointed auditor of Castellum AB by the General Meeting of Shareholders on March 21, 2019 and has been the company's auditor since March 23, 2017. Hans Warén was appointed auditor for Castellum AB by the annual general meeting of shareholders on March 20, 2014 and has been the company's auditor since March 20, 2014; he was the auditor in charge appointed by Deloitte AB for 2017, 2018 and 2019.

The auditor's examination of the corporate governance report

The Board of Directors is responsible for preparing the corporate governance report on pages 122–145 in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is different and substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7 Section 31, second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Swedish Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 10–15, 50, 56, 74–85, 90–93, 117–120, 128–129, 137, 142–143, 222–229 and 232 and for preparing it in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR auditing standard RevR 12, The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Gothenburg February 3, 2020

Deloitte AB



Hans Warén
Authorized public accountant

Auditor's report on limited assurance report on Castellum AB's sustainability report

To Castellum AB

Introduction

We have been engaged by the Board of Directors of Castellum AB to undertake a limited assurance engagement of Castellum AB's sustainability report for the fiscal year 2019. The Company has defined the scope of the Sustainability Report on page 1.

Responsibilities of the Board of Directors and executive management for the sustainability report

The Board of Directors and executive management are responsible for preparing the sustainability report in accordance with the applicable criteria as explained on pages 235-236 in the Sustainability Report, consisting of those parts of the Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI) that apply to the sustainability report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control relevant to the preparation of a sustainability report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the sustainability report based on the limited assurance engagement we performed. Our assignment is limited to the historical information reported, and thus does not cover disclosures pertaining to the future.

We conducted our limited assurance engagement in accordance with ISAE 3000, Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the sustainability report, and applying analytical and other limited assurance procedures. A limited assurance engagement has another orientation and a significantly smaller scope compared with the orientation and scope of an audit under IAASB's standards for audits and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented guidelines and routines regarding compliance with the ethical requirements of the occupation, professional standards and applicable legal and regulatory requirements. We are independent of Castellum AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The audit procedures carried out in a limited assurance engagement do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion expressed, based on a limited assurance report of the procedures performed, does not express a reasonable assurance conclusion.

Our procedures are based on the criteria selected by the Board of Directors and Executive Management, as described above. We consider these criteria suitable for preparing the sustainability report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

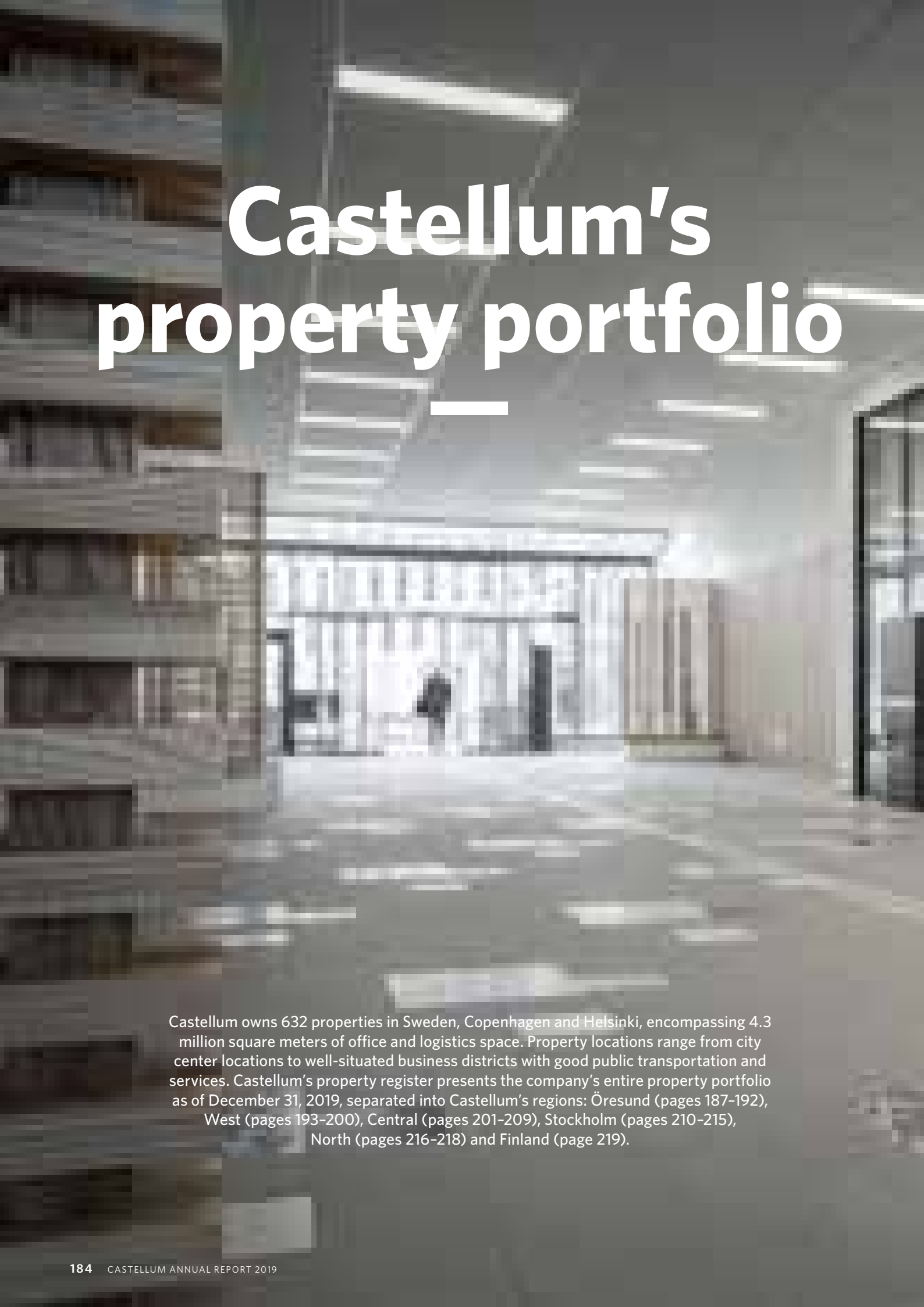
Opinions

Based on the limited assurance engagement we performed, nothing has come to our attention that causes us to believe that in all material respects, the sustainability report has not been prepared in accordance with the criteria above as defined by the Board of Directors and Executive Management.

Gothenburg February 3, 2020

Deloitte AB

Hans Warén
Authorized public accountant



Castellum's property portfolio

Castellum owns 632 properties in Sweden, Copenhagen and Helsinki, encompassing 4.3 million square meters of office and logistics space. Property locations range from city center locations to well-situated business districts with good public transportation and services. Castellum's property register presents the company's entire property portfolio as of December 31, 2019, separated into Castellum's regions: Öresund (pages 187–192), West (pages 193–200), Central (pages 201–209), Stockholm (pages 210–215), North (pages 216–218) and Finland (page 219).

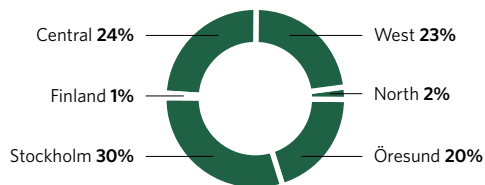


Citypassagen, Örebro

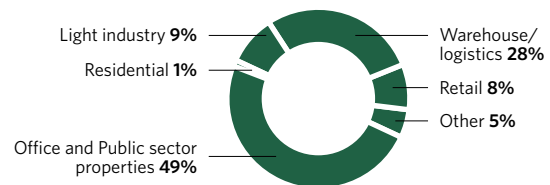
Castellum's 2019 property portfolio in summary

	Square meter by premises type						Total	Land area	Tax value
	Offices	Retail	Warehouse/ Logistics	Light industry	Residential	Other			
Region Öresund	471,969	61,914	219,947	39,504	6,594	67,653	867,581	1,366,942	8,074,602
Region West	446,579	62,861	507,732	147,021	8,189	50,736	1,223,118	5,222,625	7,390,724
Region Central	693,171	154,737	197,915	63,500	18,298	49,986	1,177,606	2,191,066	7,585,392
Region Stockholm	357,505	71,324	286,268	120,565	2,002	30,525	868,189	1,231,631	11,105,355
Region North	94,847	2,301	799	-	2,021	4,373	104,341	102,187	691,154
Region Finland	14,433	-	-	-	-	-	14,433	3,309	272,957
Total Castellum	2,078,503	353,137	1,212,661	370,590	37,104	203,273	4,255,268	10,117,760	35,120,184

DISTRIBUTION PER REGION AND SQUARE METERS



DISTRIBUTION PER PREMISES TYPE AND SQUARE METERS



Region Öresund

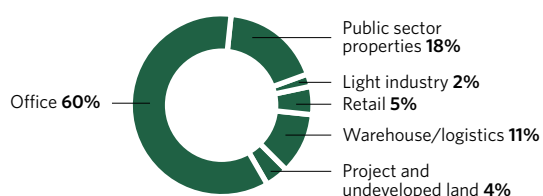
CASTELLUM'S PROPERTY PORTFOLIO IN REGION ÖRESUND BY CATEGORY AND AREA, DEC 31, 2019

	Number properties	Area, 000 sq. m.	Rental value, MSEK	Rental value SEK/sq. m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
Offices									
Helsingborg	15	108	177	1,639	88.1%	156	37	345	119
Copenhagen	17	177	419	2,359	89.2%	373	101	571	272
Lund	4	54	105	1,969	90.7%	96	18	322	78
Malmö	7	59	125	2,129	87.6%	109	26	449	83
Total offices	43	398	826	2,077	88.9%	734	182	458	552
Public sector properties									
Helsingborg	4	53	123	2,322	98.6%	121	13	260	108
Copenhagen	1	12	32	2,593	97.1%	30	5	415	25
Malmö	3	26	44	1,726	98.9%	44	10	369	34
Total public sector properties	8	91	199	2,190	98.4%	195	28	311	167
Warehouse/logistics									
Helsingborg	12	61	52	861	96.5%	51	9	135	42
Copenhagen	1	18	15	832	74.5%	11	4	262	7
Lund	6	30	31	1,068	93.3%	29	5	177	24
Malmö	11	96	72	748	90.1%	65	17	177	48
Total warehouse/logistics	30	205	170	835	91.3%	156	35	172	121
Retail									
Helsingborg	5	25	34	1,341	81.9%	28	7	275	21
Lund	2	6	14	2,489	72.5%	10	3	492	7
Malmö	4	15	20	1,395	99.4%	20	3	255	17
Total retail	11	46	68	1,500	85.3%	58	13	295	45
Light industry									
Helsingborg	3	35	28	775	88.9%	25	5	123	20
Malmö	1	7	4	613	100.0%	4	-	81	4
Total light industry	4	42	32	750	90.3%	29	5	117	24
Total	96	782	1,295	1,659	90.5%	1,172	263	338	909
Developments	14	87	30	-	-	12	9	-	3
Undeveloped land	2	-	-	-	-	-	-	-	-
Total	112	869	1,325	-	-	1,184	272	-	912

KEY PROPERTY METRICS

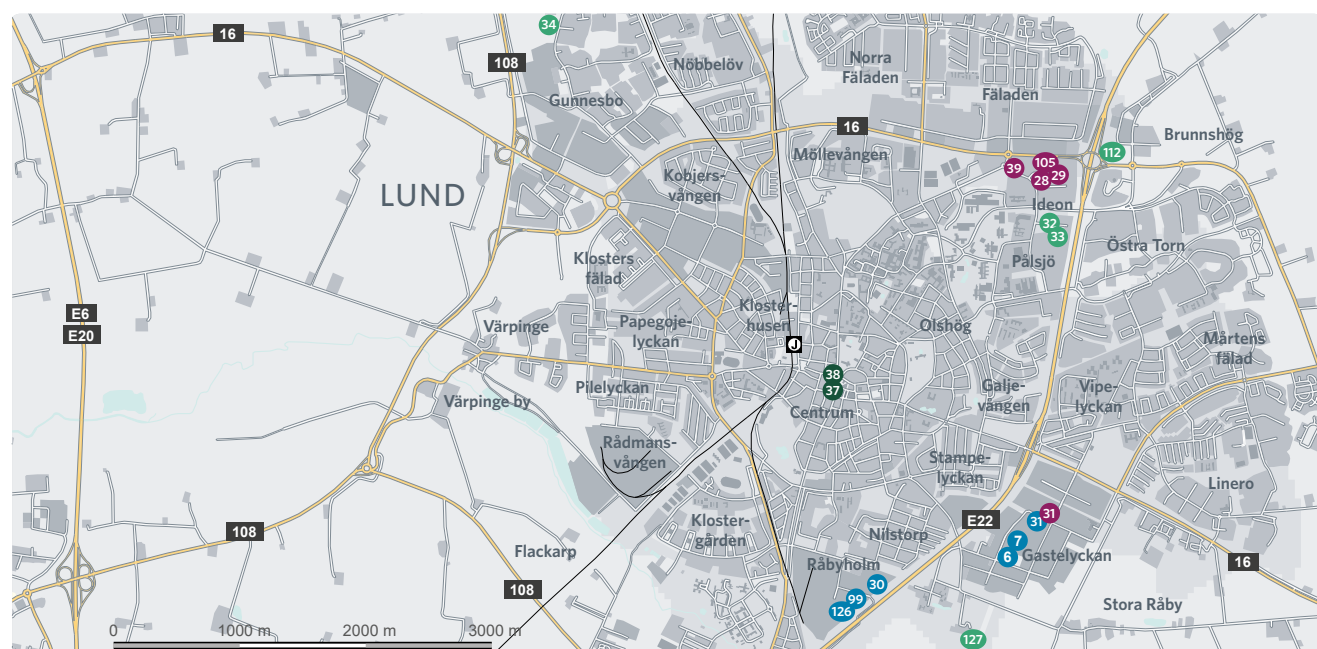
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Rental value, SEK/sq. m.	1,659	1,613	1,541	1,539	1,089	1,078	1,121	1,107	1,065	1,060
Economic occupancy rate	90.5%	90.1%	85.8%	87.5%	85.4%	85.3%	85.0%	84.5%	85.2%	86.6%
Property costs, SEK/sq. m.	338	329	443	442	348	345	354	331	304	315
Net operating income, SEK/sq. m.	1,168	1,129	879	905	583	575	599	605	603	604
Number of properties	112	108	109	107	113	111	117	117	109	101
Leasable area, thousand sq. m.	869	803	806	803	696	646	737	726	678	646

PROPERTY VALUE BY CATEGORY



PROPERTY VALUE BY AREA



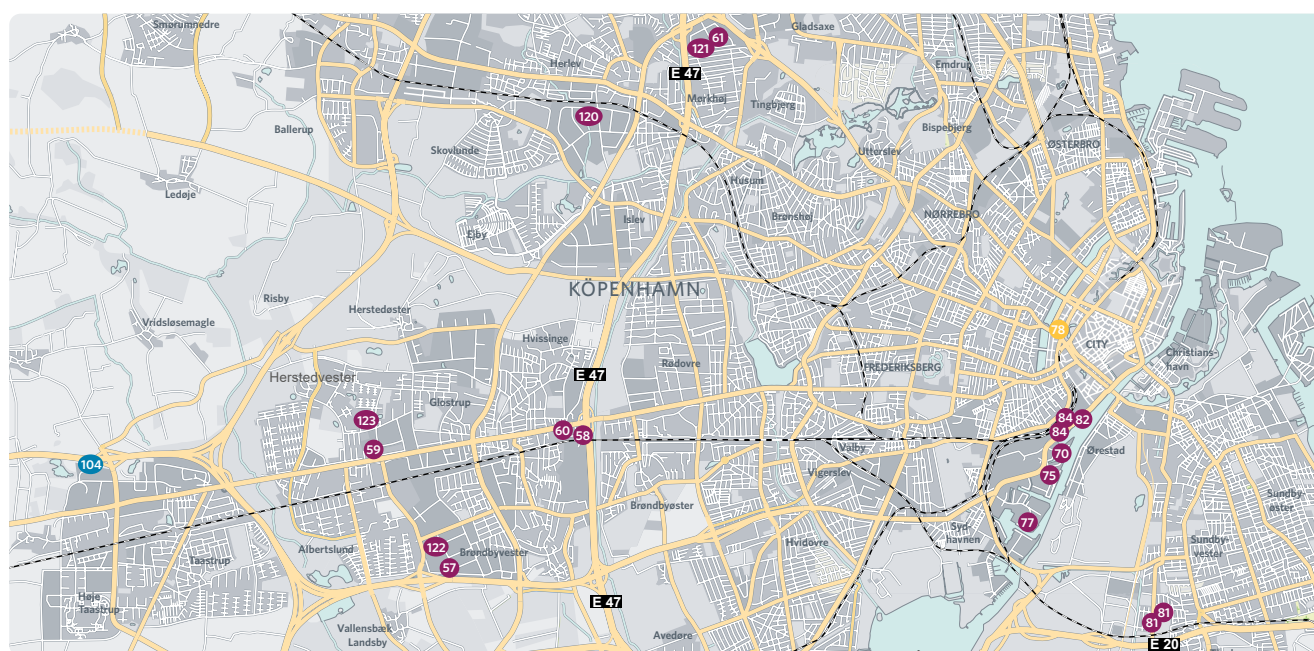
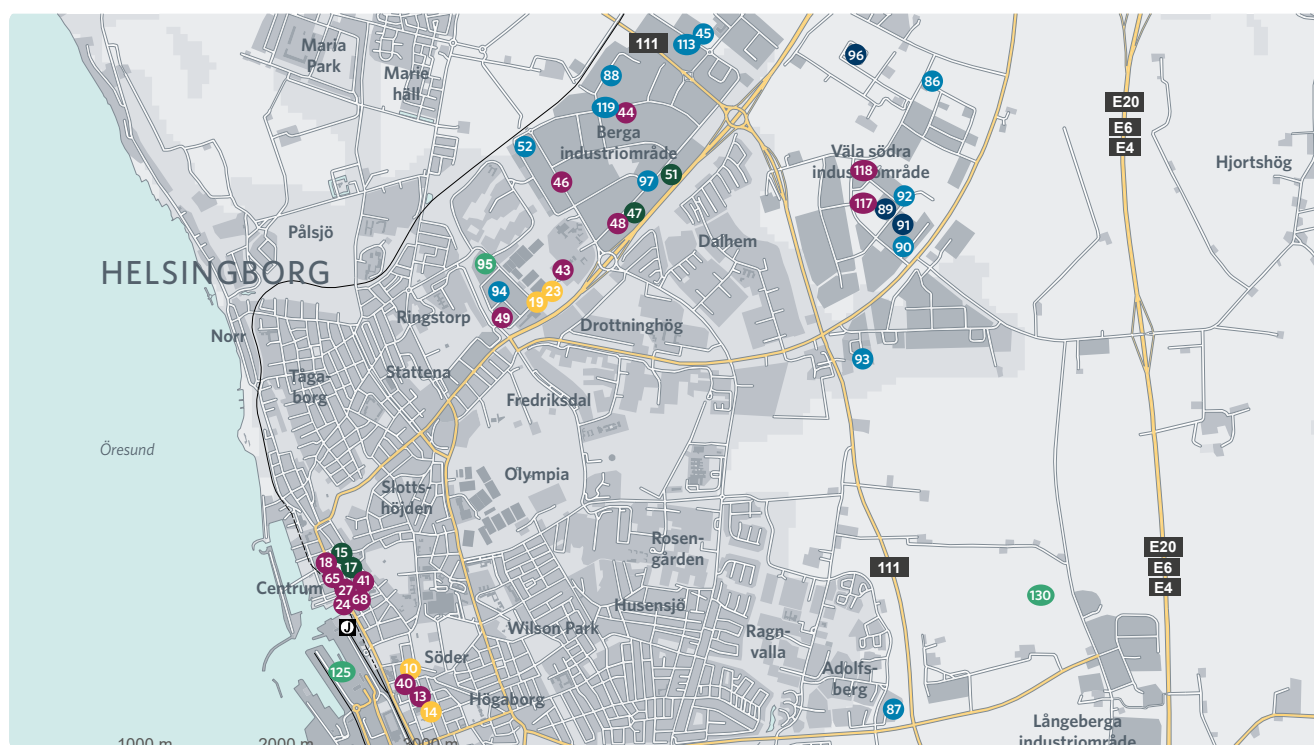


Public sector property Light industry Warehouse/logistics Retail/Store Offices Developments and land

THE FIVE LARGEST PROPERTY OWNERS

Malmö Municipality	Taxed area, 000 sq. m.	Lund Municipality	Taxed area, 000 sq. m.	Helsingborg Municipality	Taxed area, 000 sq. m.	Denmark*	Leasable area, 000 sq. m.
Wihlborgs	717	Wihlborgs	266	Wihlborgs	604	DEAS (formerly Nordea Ejendomme)	-1500
Vasakronan	290	Castellum	100	Castellum	289	ATP Ejendomme	-1300
Klövern	251	Balder	39	Catena	205	Dades	-1000
Castellum	215	Kungsleden	35	Skandia	96	PKA	-950
Kungsleden	145	Klövern	32	Alecta	79	Jeudan	-900
						Castellum	208

Source: Datcha, and their information regarding rental properties (excluding housing) and warehouse/logistics and industrial properties (excluding housing, medical and school properties) owned as of December 31, 2019, taxed area. Municipal and state-owned companies and government institutions have been excluded. *Of which, the vast majority in Copenhagen



Public sector property Light industry Warehouse/logistics Retail/Store Offices Developments and land

RENTAL LEVELS AND INVESTMENT YIELD

		Malmö		Lund		Helsingborg		Copenhagen	
		Rent, SEK/sq. m.	Investment yield	Rent, SEK/sq. m.	Investment yield	Rent, SEK/sq. m.	Investment yield	Rent, SEK/sq. m.	Investment yield
Offices	Prime location	2,700-3,500	4.0%-4.75%	2,000-2,300	4.75%-5.25%	2,100-2,700	4.75%-5.5%	2,900-3,500	3.75%-4.25%
	Secondary location	2,200-2,700	4.5%-5.5%	1,500-2,200	5.25%-6.25%	1,500-2,200	5.25%-6.25%	2,300-2,900	4.25%-5.0%
Retail	Prime location	4,000-5,500	4.25%-5.5%	2,000-5,000	4.75%-5.75%	2,000-4,500	5.0%-5.75%	24,000-30,000	3.0%-4.0%
	Secondary location	3,000-4,500	5.75%-7.0%	1,200-2,000	6.0%-7.25%	1,000-2,000	6.0%-7.25%	3,500-5,000	5.0-6.0%
Warehouse/Logistics	Prime location	675-825	5.0%-5.75%	550-650	5.75%-6.25%	550-650	5.5%-6.0%	700-850	5.0%-5.75%
	Secondary location	550-625	5.75%-6.5%	400-500	6.25%-7.0%	400-500	6.0%-6.75%	600-650	5.5%-6.25%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum, JLL, KTI and Castellum

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type						Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other				
Offices															
13	Denmark 27	Södergatan 43, Nedre Nytorgsgatan 13	Helsingborg	2016	1970	2,506	455	450	-	417	-	3,828	836	31,000	
18	Färjan 4	Drottninggatan 20-22, Hästmöllegränden	Helsingborg	2016	1932	3,394	798	25	-	-	378	4,595	772	44,400	
117	Grusbacken 3	Mogatan 14	Helsingborg	2012	2013	2,488	-	-	-	-	-	2,488	9,909	17,572	
118	Grusgången 2	Pinnmogatan 1	Helsingborg	2014	1991/2001	1,582	-	1,184	-	-	-	2,766	6,833	11,353	
24	Högvakten 6	Stortorget 2	Helsingborg	2016	1968	3,294	-	-	-	-	143	3,437	617	48,600	
27	Karl XV 9	Drottninggatan 1-3, Hamntorget 3, Badhusgatan 4	Helsingborg	2016	1929	10,757	496	33	-	1,127	1,407	13,820	4,936	132,669	
43	Kavalleristen 9	Berga Allé 1-3	Helsingborg	1997	1920/1993	11,582	-	95	-	-	716	12,393	27,223	80,968	U
40	Kolonien 28	Carls Krooks Gata 30-32, Wetterlingsgatan 2-4	Helsingborg	2016	1988	3,274	3,326	-	-	2,687	15	9,302	3,551	115,000	
44	Kroksabeln 18	Florettgatan 12	Helsingborg	2004	1988	2,911	-	435	-	-	169	3,515	4,809	21,280	
41	Kärnan Mellersta 9	Billeplatsen 1, Södra Storgatan 3-5	Helsingborg	2016	1790/1929	2,936	147	48	-	-	793	3,924	3,013	45,400	
46	Musköten 5	Bergavägen 8	Helsingborg	1995	1970/1985	1,593	725	1,535	-	-	-	3,853	4,000	11,482	
48	Pilbågen 6:2	Garnisonsgatan 10	Helsingborg	2004	1980	4,955	4,628	1,541	-	-	556	11,680	16,000	56,583	
49	Rustningen 1	Rundgången 26-32	Helsingborg	1995	1989	7,670	2,597	862	-	-	-	11,129	15,000	71,509	
65	Rådhuset 5	Drottninggatan 14, Hästmöllegränden 1-3	Helsingborg	2016	1976	5,953	2,403	339	-	629	441	9,765	2,711	119,770	
68	Telegrafan 9	Järnvägsgränd 3-5, Södra Kyrkogatan 1-3	Helsingborg	2016	1896/1974	7,260	2,913	-	-	381	971	11,525	4,053	119,614	
57	Abildager 26	Abildager 26	Brøndby	2011	1995	3,585	-	-	-	-	-	3,585	14,012	32,798	
121	Generatorvej 6-8	Generatorvej 6-8, Dynamovej 11	Søborg	2015	1970	18,901	-	5,593	-	-	-	24,494	25,110	211,480	U
70	Havneholmen Atrium	Havneholmen 27-29	Copenhagen	2016	2008	12,975	-	208	-	-	-	13,183	7,118	334,833	
75	Havneholmen Tower	Havneholmen 23-25	Copenhagen	2016	2010	18,729	-	126	-	-	-	18,855	11,882	561,348	
58	Hovedvejen 1-7	Hovedvejen 1-7	Glostrup	2011	2007	7,033	-	-	-	-	-	7,033	3,796	127,357	
82	Kalvebod Brygge 39-41	Kalvebod Brygge 39-41	Copenhagen	2016	1999	7,668	-	-	-	-	-	7,668	5,115	268,351	
84	Kalvebod Brygge 43	Kalvebod Brygge 43	Copenhagen	2016	2001	5,251	-	-	-	-	-	5,251	10,179	543,981	
84	Kalvebod Brygge 45	Kalvebod Brygge 45	Copenhagen	2016	2001	11,230	-	-	-	-	-	11,230	0	0	
81	Kay Fiskars Plads 9	Kay Fiskers Plads 9-11	Copenhagen	2016	2002	13,174	202	-	-	-	-	13,376	6,854	862,515	
81	Kay Fiskars Plads 11	Kay Fiskers Plads 9-11	Copenhagen	2016	2002	16,051	-	-	-	-	-	16,051	0	0	
120	Marielundvej 10	Marielundvej 10	Herlev	2014	1998	2,561	-	-	-	-	-	2,561	5,517	29,682	
122	Park Allé 373	Park Allé 373	Brøndby	2015	1969	12,449	-	-	-	336	-	12,785	33,199	89,405	U
123	Roholmsvej 19-21	Roholmsvej 19-21, Stensmosevej 15	Albertslund	2015	1991/2004	10,639	-	3,219	-	-	-	13,858	23,571	186,710	
59	Roskildevej 22	Roskildevej 22	Albertslund	2011	1970/1994	5,576	-	1,648	-	-	866	8,090	26,396	60,206	
77	Støberigade	Støberigade 12-14	Copenhagen	2016	2004	10,331	-	-	-	-	-	10,331	9,283	291,296	
61	Transformervej 14-16	Transformervej 14-16	Herlev	2012	1972/1989	5,217	-	682	-	-	-	5,899	6,000	53,689	
60	Vibeholms Allé 15	Vibeholms Allé 15	Brøndby	2011	1961/2007	3,081	-	80	-	-	-	3,161	3,695	45,991	
28	Forskaren 2	Emdalavägen 4-18	Lund	1999	2001	19,176	-	-	-	-	1,813	20,989	16,211	321,000	
29	Forskaren 2:2	Emdalavägen 4-10	Lund	1999	2008	16,019	-	-	-	-	2,979	18,998	9,136	160,500	
31	Kvartsen 2	Skiffervägen 15-19	Lund	1995	1991	639	-	999	-	-	-	1,638	4,512	12,217	
39	Stockholmsledet 8	Scheelevägen 30-32	Lund	1995	1991	9,997	-	831	-	-	1,061	11,889	14,440	126,000	
106	Fullriggaren 4	Riggaregatan 51-57	Malmö	2010	2013	4,765	611	16	-	-	-	5,392	1,854	113,800	
8	Gustav Adolf 13	Gustav Adolfs Torg 4	Malmö	2003	1968	7,910	1,261	10	-	-	766	9,947	2,224	174,609	
9	Hälsingland 19	Fosiev 9-19/Finlandsg 1/Trelleborgsv 12-14	Malmö	1995	1950/2003	8,223	6,668	-	-	-	-	14,891	26,696	101,600	U
124	Mässhallen 2	Hyllie Boulevard 10A-B	Malmö	2016	2016	7,318	-	-	-	-	-	7,318	2,140	30,074	
115	Revolversvarven 12	Jägershillgatan 18	Malmö	2012	1987	9,752	-	-	-	-	106	9,858	16,531	62,000	
22	Stenyxan 21	Stenyxegatan 14	Malmö	2007	1992/1999	1,094	-	-	-	-	-	1,094	2,301	5,127	
116	Smygmaskan 1	Hyllie Boulevard 35	Malmö	2017	-	9,807	-	-	-	-	240	10,047	2,519	-	
Total offices						331,306	27,230	19,959	-	5,577	13,420	397,492	394,554	5,733,769	

Notes: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Öresund by category and property, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type								Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other	Total				
Public sector properties																
10	Bollbro 15	Gasverksgatan 15-17, Carl Krooks gata 17	Helsingborg	2016	1970	7,739	1,601	60	-	-	452	9,852	3,146	-		
14	Danmark 31	Hantverkaregatan 10-12, Nedre Nytorrgsgatan 15	Helsingborg	2016	1972	1,925	-	-	-	326	353	2,604	1,282	28,207		
19	Höglkvarteret 1	Berga Allé 25	Helsingborg	2016	2007	22,164	-	-	-	-	-	22,164	17,766	172,800		
23	Höglkvarteret 2	Berga Allé 21	Helsingborg	2016	2011	18,454	-	-	-	-	-	18,454	6,999	-		
78	Pebblingehus	Nansensgade 19	Copenhagen	2016	1970/2014	11,654	421	-	-	-	-	12,075	3,320	295,666		
12	Malte 23	Fredriksbergsgatan 16	Malmö	1999	1965	6,292	-	219	643	-	-	7,154	2,597	80,800		
16	Norsen 12	Föreningsgatan 7-11/ Brogatan 12	Malmö	1995	1930/1990	2,446	-	36	54	75	653	3,264	1,296	-		
107	Sändaren 1	Agnesfridsvägen 111	Malmö	2010	2013	15,156	-	-	-	-	-	15,156	40,239	96,400 U/S		
Total public sector properties						85,830	2,022	315	697	401	1,458	90,723	76,645	673,873		
Warehouse/ Logistics																
86	Akvamarinen 1	Diabasgatan 1	Helsingborg	2000	2007	-	-	4,713	-	-	-	4,713	10,001	25,432		
87	Bergakungen 1	Måndagsgatan 6	Helsingborg	1995	1990	478	-	2,465	-	-	-	2,943	6,799	11,872		
88	Dolken 4	Mörsaregatan 16	Helsingborg	2004	1970/1985	410	-	2,586	-	-	-	2,996	8,240	9,187		
90	Grusbädden 2	Mogatan 2-6	Helsingborg	1995	1989	1,550	-	7,824	-	-	30	9,404	28,486	41,242		
92	Grusplanen 3	Makadamgatan 19-21	Helsingborg	2005	1990	-	-	2,735	-	-	-	2,735	7,292	10,993		
93	Hyveljärnet 3	Lastgatan 9	Helsingborg	1995	1990	-	-	2,276	-	-	-	2,276	6,014	9,597		
119	Kniven 7	Florettgatan 9	Helsingborg	2014	1979	3,015	-	-	-	-	-	3,015	5,084	11,095		
45	Kulan 3	Garnisonsgatan 51	Helsingborg	2002	1996/2005	-	-	12,730	-	-	-	12,730	18,567	43,400		
113	Kulan 3:2	Garnisonsgatan 51	Helsingborg	2010	2014	-	-	9,689	-	-	-	9,689	35,933	60,200		
94	Mimer 12	S Tvärgången 3	Helsingborg	1995	1960	-	-	-	-	-	3,767	3,767	11,721	- U		
52	Studsaren 4	Bergavägen 21	Helsingborg	1995	2006	-	-	2,170	-	-	-	2,170	7,200	9,407 U		
97	Värjan 3	Garnisonsgatan 9	Helsingborg	2002	1969	301	695	3,485	-	-	-	4,481	17,923	18,015 U		
104	Helgeshöj Allé 38	Helgeshöj Allé 38	Taastrup	2012	1991	4,104	-	13,012	-	-	1,203	18,319	108,180	163,381 U		
30	Jöns Petter Borg 9	Landerigrändan 23	Lund	1999	1990	4,059	-	7,208	-	-	9	11,276	24,502	47,451 U		
31	Kvartsen 2:2	Skiffervägen 15	Lund	1995	1991/2013	-	-	2,300	-	-	300	2,600	5,031	12,839		
6	Lerstenen 1	Kalkstensvägen 12	Lund	2016	2004/2005	497	-	1,202	-	-	-	1,699	3,698	10,589		
7	Lerstenen 2	Kalkstensvägen 14	Lund	2016	2008	-	-	1,950	-	-	-	1,950	4,000	9,735		
126	Råbyholm 4	Landerigrändan 6	Lund	2019	1984	-	-	1,414	-	-	-	1,414	3,373	-		
99	Råbyholm 5	Landerigrändan 2-4/ Borgs väg 9	Lund	1999	1984	2,501	-	7,852	-	-	56	10,409	23,825	60,507		
62	Benkammen 6	Skogholmsgatan 5	Malmö	2005	1994	-	-	12,997	-	-	-	12,997	30,100	54,705 U		
63	Bjurö 12	Flintrännegatan 21/ Bjurögatan	Malmö	1995	1960/1974	3,145	-	11,918	7,101	-	585	22,749	35,500	81,592 S		
66	Dubbelknappen 17	Risxegatan 6	Malmö	1998	1989	-	-	2,450	-	-	-	2,450	8,472	10,659 U		
67	Finngrundet 1	Blidögatan 30	Malmö	1998	1966	-	-	7,490	-	-	-	7,490	10,000	20,008 S		
69	Gulsippan 1	Källvattengatan 5	Malmö	2001	1988	3,077	-	10,916	-	-	-	13,993	38,450	67,687 U		
73	Kalkgrundet 5	Borrgatan 15/Koksg 1-3/ Väderögatan 2	Malmö	1995	1935/1985	-	-	6,714	-	-	-	6,714	14,274	23,029 S		
76	Långdansen 1	Sånglekgatan 9	Malmö	1995	1980	-	-	1,200	-	-	-	1,200	10,042	8,903		
114	Revolversvarven 10	Jägershillgatan 14	Malmö	2012	1988	955	-	2,645	-	-	-	3,600	15,570	30,551		
79	Revolversvarven 9	Jägershillgatan 16	Malmö	1997	1985	-	-	3,900	-	-	-	3,900	10,932	19,300 S		
80	Ringspännet 1	Kantxyegatan 5/Knack- stensgatan 1	Malmö	2002	2002	1,087	-	9,420	-	-	-	10,507	24,019	27,547		
128	Sunnanå 12:23	Starrvägen 10	Malmö	2019	2006	-	-	10,606	-	-	-	10,606	18,942	43,020		
Total warehouse/logistics						25,179	695	165,867	7,101	-	5,950	204,792	552,170	941,943		

Notes: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Öresund by category and property, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type						Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other				
Retail															
15	Delfinen 15	Kullagatan 29, Norra Strandgatan 32	Helsingborg	2016	1962	1,074	1,176	-	-	-	65	2,315	787	21,910	
17	Erik Dahlberg 5, 9	Kolmätaregränd 7-11, etc.	Helsingborg	2016	1929/1989	1,324	640	-	-	42	114	2,120	943	35,015	
47	Pilbågen 6	Garnisonsgatan 6	Helsingborg	2000	1977	315	4,525	499	-	-	-	5,339	11,400	18,873	U
-	Snårskogen 1	Kanongatan 155-159	Helsingborg	1995	1991	2,500	4,874	1,254	-	-	-	8,628	27,824	47,817	
51	Spjutet 2	Garnisonsgatan 14	Helsingborg	2008	1970/2003	1,412	5,169	-	-	-	162	6,743	15,287	40,400	
37	St Clemens 22	Stortorget 6-8	Lund	1995	1832/1981	1,160	1,423	128	-	574	-	3,285	2,769	71,305	
38	St Clemens 27	Stortorget 4/Grönegatan	Lund	1995	1846/1999	-	2,344	-	-	-	-	2,344	1,114	41,400	
1	Armringen 2	Agnesfridsvägen 190	Malmö	2011	1975	-	4,894	24	-	-	-	4,918	14,925	20,327	S
5	Bältespännnet 13	Hornyxegatan 12/Ami-lonsvägen 3	Malmö	2006	1972/2002	-	1,820	-	-	-	-	1,820	4,402	8,774	
110	Ringspännnet 5	Kantyxegatan 1 A	Malmö	2006	2016	-	-	-	-	-	3,333	3,333	8,200	2,010	
20	Spännbucklan 16	Agnesfridsvägen 178	Malmö	1995	1972/2002	-	4,677	-	-	-	-	4,677	15,117	30,000	
Total retail						7,785	31,542	1,905	-	616	3,674	45,522	102,768	337,831	
Light industry															
89	Grusbacken 2	Makadamgatan 15	Helsingborg	2005	2005	-	-	7,733	5,567	-	-	13,300	27,950	62,480	
91	Grusbädden 3	Makadamgatan 16	Helsingborg	2007	2007/2010	-	-	-	13,705	-	-	13,705	29,334	62,400	
96	Topasen 1	Andesitgatan 8	Helsingborg	2003	1989	-	-	-	8,558	-	-	8,558	33,786	44,821	U
72	Holkynan 5	Bronsyxegatan 11	Malmö	1995	1977/2000	-	-	6,510	-	-	-	6,510	13,035	22,179	S
Total light industry						-	-	14,243	27,830	-	-	42,073	104,105	191,880	
Developments															
125	Jeppe 1	Henckels Torg 1, Ocean-piren	Helsingborg	2018	-	-	-	-	-	-	-	-	-	-	
95	Nide 2	Rundgången 10	Helsingborg	1995	1955/1985	1,824	425	3,703	754	-	-	6,706	17,285	21,966	
130	Långeberga 3:2	Långebergavägen	Helsingborg	2019	-	-	-	-	-	-	39,853	39,853	-	-	
32	Reuterdahl 15	Scheelevägen 16/Nev-ersvägen	Lund	1997	1990	2,927	-	-	-	-	195	3,122	4,478	24,055	
33	Reuterdahl 15:2	Scheelevägen 16	Lund	2006	1990	3,431	-	2,214	-	-	-	5,645	12,077	56,482	
34	Rudebok 2	Rudeboksvägen 3	Lund	2004	1985/2004	3,404	-	-	-	-	-	3,404	14,781	20,934	
71	Hamnen 22:27	Mercurigatan 3	Malmö	1995	1952/1976	-	-	-	-	-	-	-	545	299	S
2	Hamnen 22:28	Carlsgatan 16	Malmö	2016	1945	-	-	-	-	-	2,800	2,800	2,213	2,130	S
4	Hamnen 22:31	Carlsgatan 22	Malmö	2016	1932	-	-	-	-	-	-	-	2,211	2,331	U/S
83	Tistlarna 9	Styrsögatan 4/Väderög-/Kocksg.	Malmö	2000	1991	2,285	-	11,256	-	-	266	13,807	31,020	52,413	U
26	Tuborg 1	Kronoborgsvägen 5/V Rönneholmsvägen 38/Tuborgs.g 2	Malmö	1995	1945/1980	7,351	-	485	-	-	37	7,873	4,377	-	
25	Torshammaren 11	Hornyxegatan 6	Malmö	2011	1984	647	-	-	-	-	-	647	5,034	4,103	
129	Godsfinkan 1	Carlsgatan	Malmö	2019	-	-	-	-	-	-	-	-	4,936	-	
109	Moränen 3	Borrgatan 1	Malmö	1995	-	-	-	-	3,122	-	-	3,122	11,289	6,208	U
Total developments						21,869	425	17,658	3,876	0	43,151	86,979	110,246	190,921	
Undeveloped land															
112	Höjdpunkten 2	Brunnhögsvägen	Lund	2001	-	-	-	-	-	-	-	-	15,079	4,385	U
127	Sellerin 3	Sellerigatan 23	Lund	2019	-	-	-	-	-	-	-	-	11,375	-	
Total undeveloped land						-	-	-	-	-	-	-	26,454	4,385	
Total Region Öresund						471,969	61,914	219,947	39,504	6,594	67,653	867,581	1,366,942	8,074,602	

Notes: S=Site leasehold L=Lease U=Unutilized building right

Region West

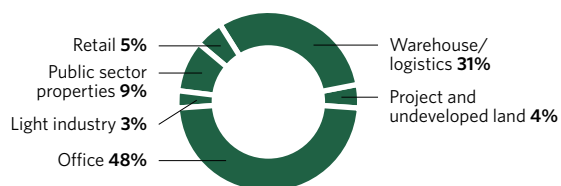
CASTELLUM'S PROPERTY PORTFOLIO IN REGION WEST BY CATEGORY AND AREA, DEC 31, 2019

	Number properties	Area, 000 sq. m.	Rental value, MSEK	Rental value SEK/sq. m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
Offices									
Borås	7	37	31	846	88.5%	28	9	236	19
Central Gothenburg	22	141	322	2,267	95.2%	307	69	475	238
Halmstad	3	15	17	1,130	88.4%	15	3	211	12
Hisingen	12	84	172	2,053	97.5%	168	36	428	132
Härryda	2	17	22	1,308	98.1%	21	2	109	19
Högsbo, Sisjön	10	52	60	1,167	86.4%	52	13	261	39
Kungsbacka	3	6	6	984	97.1%	6	1	220	5
Mölnadal	6	20	25	1,230	95.3%	23	4	240	19
Total offices	65	372	655	1,760	94.6%	620	137	367	483
Public sector properties									
Borås	5	46	46	1,011	96.6%	45	11	240	34
Central Gothenburg	3	20	37	1,845	82.0%	30	5	234	25
Halmstad	4	33	51	1,515	96.6%	49	7	203	42
Kungsbacka	2	3	5	1,588	100.0%	5	-	198	5
Mölnadal	1	8	8	1,047	100.0%	8	1	86	7
Total public sector properties	15	110	147	1,337	93.2%	137	24	216	113
Warehouse/logistics									
Borås	10	78	47	597	80.5%	38	12	150	26
Central Gothenburg	1	4	3	687	93.4%	2	-	131	2
Halmstad	1	12	7	622	99.1%	7	1	134	6
Hisingen	25	283	222	780	90.8%	202	35	116	167
Härryda	1	7	5	813	97.5%	5	-	71	5
Högsbo, Sisjön	10	53	48	911	79.1%	38	9	173	29
Kungsbacka	5	49	45	911	94.7%	42	7	149	35
Mölnadal	16	108	103	960	96.3%	100	17	155	83
Total warehouse/logistics	69	594	480	808	90.4%	434	81	136	353
Retail									
Borås	4	14	18	1,230	95.5%	17	5	314	12
Central Gothenburg	4	17	26	1,524	93.5%	25	8	466	17
Halmstad	3	11	9	783	92.3%	8	2	171	6
Hisingen	3	12	22	1,866	100.0%	22	2	121	20
Mölnadal	1	4	5	1,433	98.7%	5	-	52	5
Total retail	15	58	80	1,375	95.9%	77	17	277	60
Light industry									
Högsbo, Sisjön	6	17	17	1,022	100.0%	18	3	146	15
Borås	1	9	4	440	90.1%	3	1	120	2
Halmstad	1	4	4	806	100.0%	4	1	46	3
Hisingen	4	21	17	809	91.0%	16	3	118	13
Kungsbacka	1	5	2	575	91.2%	2	-	132	2
Mölnadal	3	10	12	1,131	96.7%	11	1	189	10
Total light industry	16	66	56	851	95.5%	54	9	133	45
Total	180	1,200	1,418	1,181	93.1%	1,322	268	222	1,054
Developments	9	23	33	-	-	25	10	-	15
Undeveloped land	14	-	-	-	-	-	-	-	-
Total	203	1,223	1,451			1,347	278		1,069

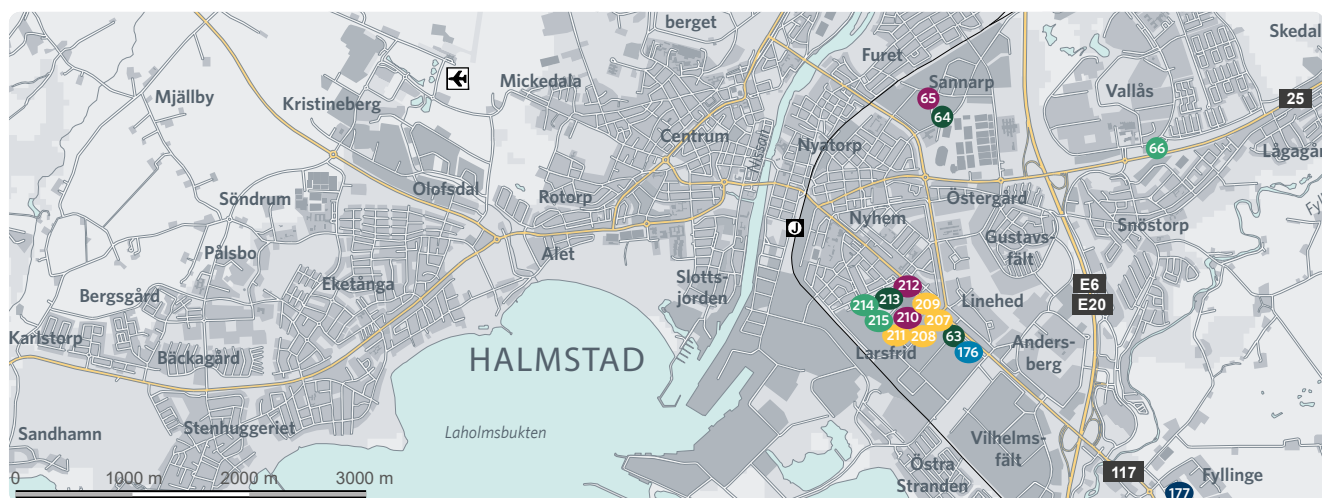
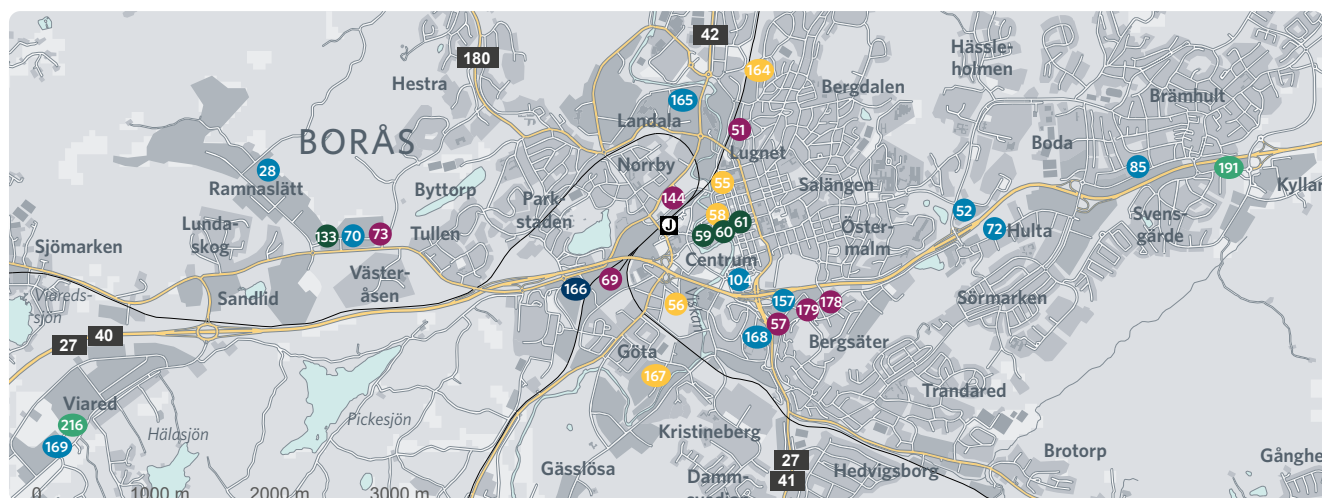
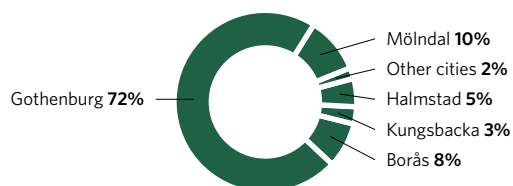
KEY PROPERTY METRICS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Rental value, SEK/sq. m.	1,181	1,093	1,072	1,033	1,021	1,003	993	957	944	935
Economic occupancy rate	93.1%	92.4%	91.6%	92.3%	92.4%	91.6%	94.1%	93.4%	95.4%	94.1%
Property costs, SEK/sq. m.	222	227	259	284	263	254	264	259	257	264
Net operating income, SEK/sq. m.	892	783	722	670	681	665	670	635	644	616
Number of properties	203	200	216	212	212	209	196	194	193	188
Leasable area, thousand sq. m.	1,223	1,189	1,225	1,218	1,198	1,157	1,111	1,103	1,085	1,046

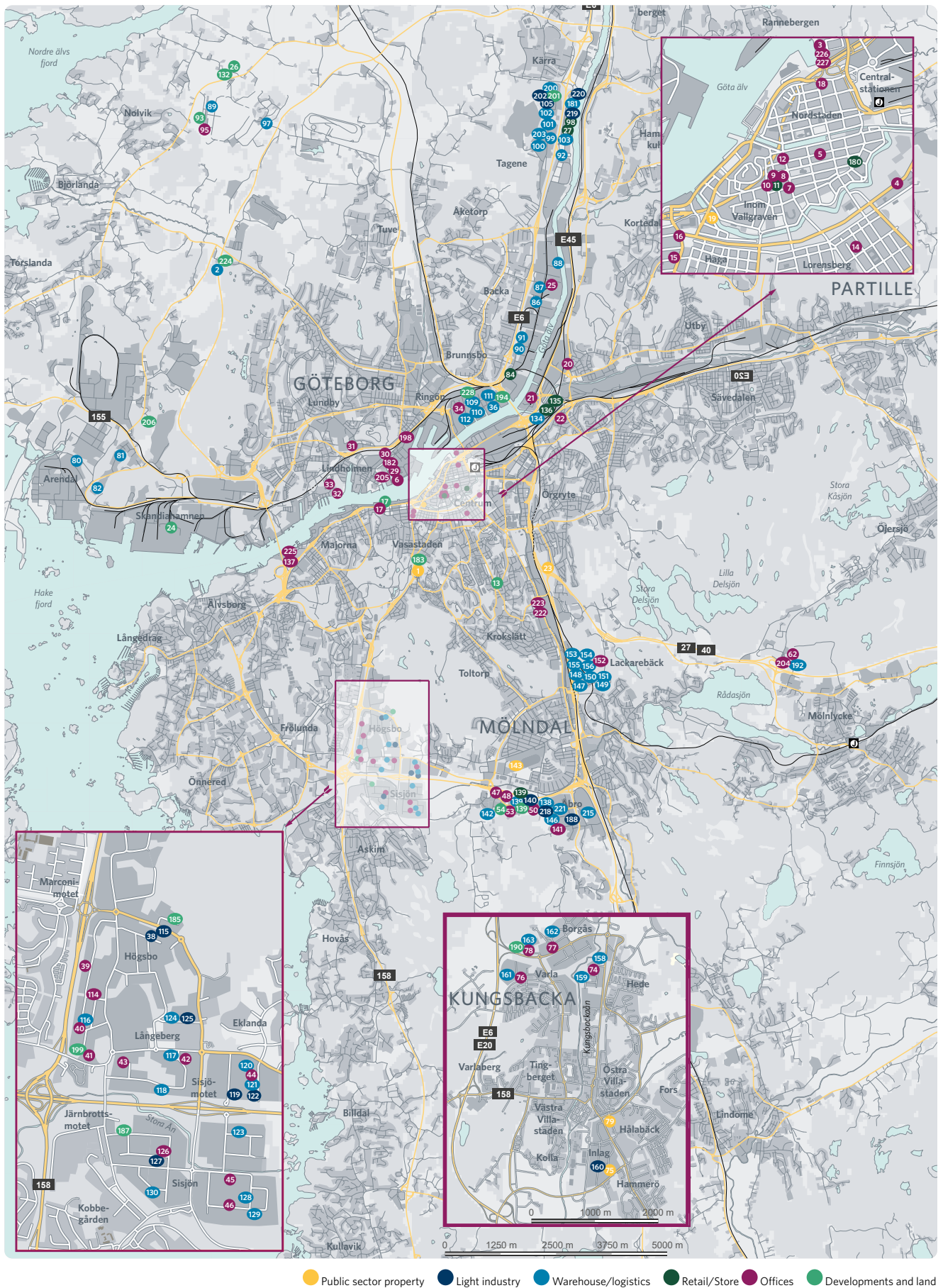
PROPERTY VALUE BY CATEGORY



PROPERTY VALUE BY AREA



Public sector property Light industry Warehouse/logistics Retail/Store Offices Developments and land



CASTELLUM'S PROPERTY PORTFOLIO IN REGION WEST BY CATEGORY AND AREA, DEC 31, 2019

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type						Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other				
Offices															
144	Gjutaren 10	Norrby Långgatan 18	Borås	2017	1966	1,834	-	5,212	1,894	-	-	8,940	2,448	14,689	
51	Grävlingen 5	Skaraborgsvägen 21	Borås	2017	1974/1990	6,729	625	23	-	-	-	7,377	6,981	45,582	
57	Katrinedal 14	Katrinedalsgatan 22	Borås	1995	1990	2,249	-	1,892	111	-	-	4,252	7,675	16,378	
179	Katrinehill 8	Åsboholmsvägen 16	Borås	2017	1959/2006	4,466	-	1,948	-	-	-	6,414	7,421	23,800	
69	Laxöringen 1	Tullkammaregatan 1	Borås	2017	1948/1961	1,396	-	1,131	-	-	-	2,527	3,055	7,862	
73	Muttern 3	Verkstadsgatan 14	Borås	2017	1992/1996	712	-	1,610	-	-	-	2,322	4,225	8,804	
178	Näckrosen 3	Katrinedalsgatan 1	Borås	2017	1990	3,908	-	1,360	-	-	-	5,268	6,981	25,861	
25	Backa 27:43	Backa Bergögata 5-7	Gothenburg	1998	1984	3,531	-	984	309	-	-	4,824	3,919	28,600	
20	Gamlestaden 22:14	Gamlestadsvägen 16	Gothenburg	2004	1957	14,119	-	2,404	-	-	700	17,223	20,313	80,802	U
21	Gamlestaden 26:1	Marieholmsgatan 10	Gothenburg	1995	1914/1987	5,427	-	1,773	6,983	-	270	14,453	24,356	54,403	U/S
3	Gullbergsvass 1:15	Lilla Bommen 4A-B	Gothenburg	1999	2001	7,600	-	36	-	-	-	7,636	1,834	199,000	
226	Gullbergsvass 1:2	Lilla Bommen 5A-C	Gothenburg	2019	1990/2017	9,711	663	275	-	-	-	10,649	-	272,000	
227	Gullbergsvass 1:12	Lilla Bommen 6A	Gothenburg	2019	1992/2010	5,136	380	439	-	-	-	5,955	-	140,000	
4	Heden 16:5	Parkgatan 10/Nya Allén 5	Gothenburg	1995	1961	70	-	-	-	616	1,243	1,929	993	35,600	
39	Högsbo 13:3	E A Rosengrens Gata 15	Gothenburg	1995	1982	1,163	-	-	-	-	-	1,163	3,787	7,257	S
40	Högsbo 17:7	E A Rosengrens Gata 31	Gothenburg	2012	1969	3,120	-	613	375	-	-	4,108	2,996	23,000	
41	Högsbo 20:22	F O Petterssons Gata 24-32	Gothenburg	2002	1982	13,960	-	760	256	-	325	15,301	15,522	99,800	
42	Högsbo 24:12	August Barks Gata 23	Gothenburg	1999	1968/1990	2,747	352	2,756	-	-	-	5,855	12,817	44,467	
43	Högsbo 27:7	August Barks Gata 6 A-B	Gothenburg	2002	1988	6,927	-	-	340	-	-	7,267	9,723	77,000	
44	Högsbo 36:6	Hulda Mellgrens Gata 1	Gothenburg	2012	1991	3,812	-	510	-	-	39	4,361	5,336	38,800	
114	Högsbo 7:16	Gustaf Melins Gata 7	Gothenburg	1995	1987	1,800	-	-	-	-	-	1,800	4,043	10,821	
5	Inom Vallgraven 19:17	Kyrkogatan 38-40	Gothenburg	1995	1919	-	158	20	-	-	1,185	1,363	867	32,600	
7	Inom Vallgraven 33:9	Västra Hamng 21/Vallg 9	Gothenburg	1995	1929/1995	1,063	510	-	-	-	-	1,573	829	36,000	
8	Inom Vallgraven 34:8	Kungsgatan 19-23/ Magasinsgatan 18	Gothenburg	1995	1929/1994	2,868	1,503	55	-	-	88	4,514	1,242	111,000	
9	Inom Vallgraven 35:14	Kungsgatan 15-17/ Magasinsgatan 17	Gothenburg	1995	1929/1991	2,274	1,219	13	-	469	184	4,159	1,315	113,600	
10	Inom Vallgraven 35:16	Kaserntoget 5/Vallgatan 2	Gothenburg	1995	1991	2,371	575	36	-	-	-	2,982	713	61,600	
12	Inom Vallgraven 57:2	Drottninggatan 7/Västra Hamngatan 5	Gothenburg	2000	1988/1990	5,997	508	235	-	-	396	7,136	2,422	119,296	
126	Kobbegården 208:6	Askims Verkstadsväg 16	Gothenburg	1999	1973/1979	1,004	-	-	735	-	5	1,744	3,462	7,458	
45	Kobbegården 6:362	Stora Ävägen 19 A-B, 21	Gothenburg	1995	1990	5,525	878	1,150	-	-	-	7,553	5,490	72,000	
46	Kobbegården 6:726	Datavägen 14 B	Gothenburg	1995	1981	1,916	-	-	574	-	-	2,490	4,267	11,992	
223	Krokslätt 154:8	Mölnålsvägen 77	Gothenburg	2017	1962	4,009	1,224	-	-	-	-	5,233	-	-	U
222	Krokslätt 20:6	Mölnålsvägen 81	Gothenburg	2017	1962	3,140	251	-	-	-	-	3,391	-	39,200	
6	Lindholmen 28:1	Theres Svenssons gata 11	Gothenburg	2015	2006	3,898	-	-	-	-	-	3,898	-	82,600	
29	Lindholmen 28:3	Theres Svenssons gata 9	Gothenburg	2006	2006	4,873	204	72	-	-	-	5,149	6,532	124,000	
182	Lindholmen 28:4	Theres Svenssons gata 7	Gothenburg	2011	2013	9,447	-	-	-	-	-	9,447	9,500	238,000	
205	Lindholmen 30:5	Lindholmspiren 7	Gothenburg	2014	2017	9,166	-	249	-	-	-	9,415	3,375	1,518	
14	Rosersberg 48:8	Vasagatan 46	Gothenburg	1995	1900/1992	1,475	202	-	-	-	-	1,677	722	22,200	
30	Lundbyvassen 3:1	Lindholmsallén 9	Gothenburg	2011	1949/2006	10,790	-	-	-	-	13	10,803	6,016	134,000	
198	Lundbyvassen 8:3	Lindholmsallén 2	Gothenburg	2013	2015	8,990	-	-	-	-	-	8,990	4,197	161,000	
137	Majorna 163:1	Banehagsliden 2	Gothenburg	2006	1949/2017	5,729	-	143	-	-	-	5,872	9,263	18,164	U
225	Majorna 720:19	Banehagsliden 20-22	Gothenburg	2017	1949	3,210	-	-	-	-	-	3,210	-	42,010	
17	Masthugget 26:1	Barlastgatan 2	Gothenburg	1995	1923	3,911	1,075	-	-	2,796	130	7,912	3,597	141,400	
15	Masthugget 3:6	Linnégatan 5	Gothenburg	1995	1893/1980	492	237	-	-	1,079	1,181	2,989	745	52,400	
16	Masthugget 9:17	Järntorget 3-4	Gothenburg	1996	1900	2,220	310	10	-	-	853	3,393	1,221	50,200	
18	Nordstaden 2:16	Östra Hamngatan 16	Gothenburg	2004	1974/2010	12,301	3,934	334	-	-	248	16,817	3,255	485,656	
22	Olskroken 14:2	Änåsvägen 44-46/Svan- gatan 2-4/Ejdergatan 3	Gothenburg	1995	1895/1986	7,625	197	373	3,636	136	-	11,967	10,263	72,275	
31	Rambergssstaden 733:409	Herkulesgatan 68	Gothenburg	1995	1988	2,791	1,204	249	-	-	-	4,244	8,149	22,400	

Notes: S=Site leashold L=Lease U=Unutilized building right

Castellum's property portfolio in Region West by category and area, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type					Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other			
32	Sannegården 28:33	Vingalandsgatan 2	Gothenburg	2006	1880/1987	5,229	-	1,410	-	-	34	6,673	3,072	50,400
33	Sannegården 52:1	Östra Eriksbergsgatan 14-52	Gothenburg	2011	1956/1993	5,163	354	686	489	-	550	7,242	12,783	48,600
34	Tingstadsvassen 11:11	Ringögatan 12/Kolgru- vegatan 3-5	Gothenburg	1995	1992	3,396	2,170	321	-	-	-	5,887	4,267	35,200 U
95	Åseby 9:1	Säve Flygplatsväg 25	Gothenburg	2018	2013	350	-	3,317	-	-	3,700	7,367	17,401	21,600
210	Fanan 47	Linjegatan 3	Halmstad	2014	1986	3,183	-	174	-	-	-	3,357	6,720	-
212	Fanan 51	Linjegatan 5-7	Halmstad	2014	2004	5,413	-	-	-	-	-	5,413	5,886	-
65	Kartongen 3	Spikgatan 7	Halmstad	2007	1990/1995	2,664	-	2,842	314	-	49	5,869	20,900	24,040
204	Solsten 1:118	Designvägen 1	Härryda	2014	2007	4,860	-	-	-	-	-	4,860	7,063	48,631
62	Solsten 1:172	Designvägen 2	Härryda	1995	2003	11,756	-	-	-	-	-	11,756	19,206	66,400
74	Hede 3:125	Sättarevägen 3	Kungsbacka	1995	1990	1,327	-	601	426	-	-	2,354	3,690	10,390
76	Varla 2:380	Energigatan 11	Kungsbacka	1995	1990	1,513	-	685	-	-	158	2,356	4,590	13,090
77	Varla 2:416	Kungsparksvägen 2	Kungsbacka	2001	2002	1,120	-	680	-	-	-	1,800	5,500	10,967 U
47	Anisen 1	Johannefredsgatan 1	Möln dal	2000	1990	1,167	-	237	320	-	-	1,724	5,843	12,310
48	Anisen 3	Johannefredsgatan 3	Möln dal	1998	2003	4,350	1,614	-	-	-	-	5,964	10,108	47,455
50	Generatorn 5	Aminogatan 16	Möln dal	1995	1986	1,130	-	-	-	-	-	1,130	5,169	8,182
141	Heliumgasen 11	Kryptongatan 5 B	Möln dal	1999	1975	4,700	-	-	-	-	-	4,700	16,300	53,824 U
53	Riskullaverket 2	Aminogatan 25	Möln dal	1995	1991	1,715	-	1,261	-	-	-	2,976	3,411	19,961
152	Törnrosen 3	Flöjelbergsgatan 10	Möln dal	1999	1964	2,349	-	1,085	-	-	-	3,434	4,468	10,357
Total offices						278,887	20,347	39,964	16,762	5,096	11,351	372,407	388,244	3,988,502
Public sector properties														
55	Apollo 5	Österlånggatan 5	Borås	1995	1930/1979	6,739	552	193	-	-	-	7,484	2,343	43,200
56	Cedern 9,12,15,16	Ramnåsgatan 1/Göte- borgsvägen 6	Borås	2005	1935/1980	5,244	1,003	-	729	-	-	6,976	4,159	12,765
164	Hinden 2	Sagagatan 17	Borås	1995	1956	500	-	-	6,156	-	-	6,656	9,833	10,364 U
58	Midas 14	Västerlånggatan 17	Borås	1995	1974	13,809	6,217	-	829	-	593	21,448	8,185	157,800
167	Silverpoppeln 31	Ålandsgatan 6	Borås	2006	1961/1970	-	-	-	3,000	-	-	3,000	6,143	4,826
1	Annedal 21:10	Haraldsgatan 5	Gothenburg	1999	1995	4,382	-	-	-	-	-	4,382	3,131	76,600
19	Pustervik 3:8	Brogatan 4	Gothenburg	1995	1988	3,910	-	-	-	-	-	3,910	1,087	46,400
23	Skår 58:1	St Sigfridsgatan 89	Gothenburg	1995	1991	11,855	-	-	-	-	-	11,855	12,175	108,182 U
207	Fanan 26	Kristian IV:s väg 1	Halmstad	2014	1999	5,444	-	180	-	-	231	5,855	6,387	6,800
208	Fanan 30	Kristian IV:s väg 3	Halmstad	2014	1988	16,599	50	-	-	-	1,055	17,704	12,518	-
209	Fanan 43	Linjegatan 6	Halmstad	2014	1986	2,561	-	-	-	-	-	2,561	6,544	-
211	Fanan 49	Linjegatan 8-10	Halmstad	2014	1999	7,178	-	-	-	-	-	7,178	10,298	-
75	Kungsbacka 4:46	Lilla Verkstadsgatan 8	Kungsbacka	1995	1979	401	-	-	-	-	-	401	1,356	1,840 U
79	Vägmästaren 5	Syréngatan 1	Kungsbacka	2009	2010	3,000	-	-	-	-	-	3,000	6,500	30,320 U
143	Kusken 3	Idrottsvägen 10	Möln dal	2011	2005	-	-	-	7,625	-	-	7,625	17,665	42,444
Total public sector properties						81,622	7,822	373	18,339	-	1,879	110,035	108,324	541,541
Warehouse/lo- gistics														
72	Ekholma 7	Hultagatan 15-17	Borås	2017	2000	854	456	3,840	-	-	-	5,150	9,298	20,924
157	Katrinedal 2	Åsboholmsvägen 12	Borås	2017	1988	1,907	280	2,645	-	-	3,806	8,638	11,043	-
165	Kilsund 3	Evedalsgatan 5	Borås	1995	1935	1,680	-	1,400	8,780	-	356	12,216	16,660	24,090
52	Milen 7	Solvarvsgatan 4	Borås	2017	1989	2,405	-	7,543	-	-	-	9,948	20,712	24,655
70	Muttern 2	Verkstadsgatan 12	Borås	2017	1963/1997	552	-	1,231	468	-	-	2,251	4,225	7,207
85	Raklinjen 2	Källbäcksyrdsgatan 6	Borås	2017	1970	-	-	7,876	-	-	-	7,876	8,602	15,283
28	Rotorn 3	Maskingatan 4	Borås	2017	1972/1995	854	456	1,727	-	-	-	3,037	16,254	7,715
168	Snödroppen 8	Elinsdalsgatan 9, 13-15/ Södra Korsgatan 11	Borås	2005	1980/1980	710	-	0	7,041	-	-	7,751	14,546	18,696 U
169	Trucken 5	Viaredsvägen 14	Borås	2001	2001/2012	-	-	14,374	-	-	-	14,374	37,700	70,400 U
104	Uranus 16	Byggaregatan 18	Borås	2017	1949/2004	240	-	4,963	-	-	1,987	7,190	1,924	11,167
80	Arendal 1:13	Styckegodsgatan 4	Gothenburg	2005	2006	-	-	27,787	-	-	-	27,787	42,376	152,800
81	Arendal 7:4	Kärrlyckegatan 11	Gothenburg	1998	1991	553	-	2,955	-	-	4	3,512	12,671	17,249
82	Arendal 764:130	Oljevägen 103-109	Gothenburg	2005	1971	3,662	-	20,326	891	-	502	25,381	41,244	41,146
92	Backa 107:4	Transportgatan 17	Gothenburg	2010	1983/2006	1,445	-	21,095	-	-	-	22,540	73,621	29,302 S

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Castellum's property portfolio in Region West by category and area, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type					Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other			
86	Backa 25:7	Exportgatan 28	Gothenburg	1999	1972	-	-	-	11,200	-	-	11,200	23,169	39,732
87	Backa 26:3	Exportgatan 40	Gothenburg	1996	1947/1988	2,512	763	2,658	-	-	6	5,939	6,000	25,849
88	Backa 27:2	Importgatan 17	Gothenburg	1995	1968	-	-	2,765	-	-	-	2,765	12,927	13,542 U
90	Backa 94:1	Exportgatan 15	Gothenburg	1998	1989	-	-	7,560	-	-	-	7,560	20,947	30,790 U
91	Backa 97:11	Exportgatan 39-41	Gothenburg	2002	1978	1,508	-	2,486	-	-	-	3,994	19,285	17,987
116	Högsbo 18:1	E A Rosengrens Gata 30-38	Gothenburg	1995	1966/1973	930	-	7,678	295	-	369	9,272	17,149	31,560
117	Högsbo 26:8	August Barks Gata 25	Gothenburg	1998	1969/1979	1,386	-	-	2,840	-	-	4,226	6,068	17,132
118	Högsbo 28:3	August Barks Gata 7	Gothenburg	1995	1968/1981	1,128	-	-	2,612	-	-	3,740	3,942	14,025
120	Högsbo 36:5	Hulda Mellgrens Gata 3	Gothenburg	1998	1991	553	-	-	2,848	-	-	3,401	5,438	16,366
121	Högsbo 36:7	Hulda Mellgrens Gata 5	Gothenburg	2012	1990	1,555	-	7,421	155	-	-	9,131	18,010	51,400
123	Högsbo 38:9	Sisjö Kullegata 4	Gothenburg	1995	1984	-	-	-	1,093	-	-	1,093	8,609	11,760
124	Högsbo 40:1	Gustaf Werners Gata 2	Gothenburg	1999	1981/1999	-	-	5,505	984	-	-	6,489	16,070	34,433 U
128	Kobbegården 6:180	Datavägen 20	Gothenburg	1995	1980	1,151	-	1,078	435	-	-	2,664	5,100	19,514
129	Kobbegården 6:360	Datavägen 31	Gothenburg	2001	1979	52	-	5,349	1,429	-	159	6,989	14,508	43,600
130	Kobbegården 6:7	Ekonomivägen 11	Gothenburg	1999	1978/1986	-	-	-	5,870	-	-	5,870	15,973	32,200 U
2	Kålsared 1:108	Sörredsvägen	Gothenburg	2017	2018	-	-	30,201	-	-	-	30,201	-	-
181	Kärä 28:18	Transportgatan 37	Gothenburg	1996	2012	-	-	5,442	-	-	-	5,442	19,042	40,008
99	Kärä 37:4	Tagenevägen 21	Gothenburg	1995	1972	-	610	12,325	-	-	-	12,935	26,476	44,169
100	Kärä 72:36	Tagenevägen 34	Gothenburg	2008	2011	-	-	6,400	-	-	-	6,400	14,609	39,127
203	Kärä 73:3	Tagenevägen 15 B	Gothenburg	2013	1999	-	-	1,450	-	-	-	1,450	7,817	10,436 U
101	Kärä 74:2	Tagenevägen 29	Gothenburg	1996	2010	-	-	19,558	-	-	-	19,558	35,995	97,600
102	Kärä 74:3	Tagenevägen 33	Gothenburg	1998	1985	-	-	-	9,500	-	-	9,500	17,475	39,683
103	Kärä 75:3	Transportgatan 35	Gothenburg	2008	1980	-	-	4,170	4,357	-	-	8,527	14,375	36,536
200	Kärä 78:12	Trankärrsgatan 9-11	Gothenburg	2013	1982/2012	-	-	5,715	-	-	-	5,715	10,121	15,400
134	Olskroken 35:7	Blomstergatan 2	Gothenburg	2009	1977	417	-	3,427	-	-	-	3,844	3,760	12,071 S
109	Tingstadsvassen 12:6	Manufakturgatan 19	Gothenburg	1995	1990	328	-	2,657	-	-	-	2,985	2,960	13,776 S
110	Tingstadsvassen 12:9	Manufakturgatan 21-23	Gothenburg	1995	1957	-	-	5,786	-	-	-	5,786	8,682	13,707 S
111	Tingstadsvassen 14:7	Stålverksgatan 11	Gothenburg	1997	1993	-	-	52	4,098	-	-	4,150	6,847	17,301 U
112	Tingstadsvassen 19:3	Kolgruvegatan 1	Gothenburg	1995	1950/1988	608	-	9,636	-	-	168	10,412	16,444	25,153 S
36	Tingstadsvassen 26:5	Lergodsgatan 1-3	Gothenburg	2002	1989	792	-	2,518	-	-	-	3,310	4,566	20,539 U/S
89	Åseby 1:5	Säve Flygplatsväg 10	Gothenburg	2018	-	9,963	-	620	-	-	12,171	22,754	1,918,656	-
97	Åseby 7:2	Holmvägen 100	Gothenburg	2018	-	7,050	-	5,763	-	-	11,219	24,032	1,138,303	14,732
176	Fogden 4	Laholmsvägen 84	Halmstad	2007	1960/1990	534	1,978	8,974	-	-	530	12,016	25,800	25,118 U
192	Solsten 1:173	Designvägen 5	Härryda	1995	1999	-	-	6,534	-	-	-	6,534	36,806	34,781
158	Hede 3:12	Faktorvägen 1	Kungsbacka	2003	1992	210	-	6,929	1,599	-	-	8,738	32,809	45,515 U
159	Hede 3:131	Tryckarevägen 8	Kungsbacka	1995	1991	170	-	1,347	0	-	-	1,517	7,558	6,602 U
161	Varla 2:388	Energigatan 21	Kungsbacka	1995	1995/2013	-	-	3,970	500	-	-	4,470	10,003	19,732
162	Varla 2:415	Borgås Gårdsväg 15	Kungsbacka	2004	2002	-	-	3,676	724	-	-	4,400	8,852	20,540
163	Varla 3:22	Hallabäcksvägen 1	Kungsbacka	2006	1979	864	-	28,888	-	-	-	29,752	93,644	145,856 U
221	Balltorp 1:223	Aminogatan 17	Mölnådal	2016	2018	-	-	18,000	-	-	-	18,000	35,000	- U
138	Gaslyktan 11	Argogatan 26-30	Mölnådal	2003	1987	464	-	16,959	-	-	800	18,223	38,100	96,000 U
139	Generatör 1 A	Aminogatan 24	Mölnådal	2003	1995/2003	-	-	3,110	1,490	-	-	4,600	30,000	46,512 U
139	Generatör 1 C	Aminogatan 24	Mölnådal	2003	-	-	-	7,720	-	-	-	7,720	-	-
215	Hökegården 1	Kärragatan 2	Mölnådal	2014	1971	-	-	2,337	675	-	-	3,012	8,839	15,272 U
142	Kryddpepparn 3	Östergårdsgatan 8	Mölnådal	1995	1992	-	-	-	4,140	-	-	4,140	15,347	- U
146	Syrgasen 8	Kryptogatan 14	Mölnådal	1995	1979	-	-	-	2,952	-	-	2,952	11,197	19,145 U
147	Tjärblomman 2	Flöjelbergsgatan 3 A	Mölnådal	1999	1960	219	-	4,540	2,437	-	-	7,196	9,193	18,563 U
148	Tjärblomman 3	Sallarängsgatan 3	Mölnådal	1999	1970	928	-	7,533	76	-	221	8,758	9,394	23,303
149	Tulpanen 1	Bergfotsgatan 5	Mölnådal	1999	1961	1,451	-	2,726	-	-	-	4,177	5,577	15,425

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						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other			
150	Tusenskönan 2	Flöjelbergsgatan 6	Möln dal	1999	1960	954	-	933	2,129	-	464	4,480	5,346	14,636
151	Tusenskönan 4	Bergfotsgatan 3	Möln dal	1999	1961	1,310	-	2,169	1,426	-	175	5,080	5,397	14,275 U
153	Vallmon 2	Flöjelbergsgatan 13	Möln dal	1995	1965	640	-	2,518	12	-	-	3,170	3,642	8,957
154	Vallmon 3	Flöjelbergsgatan 11	Möln dal	1995	1965	630	-	2,570	68	-	-	3,268	3,830	9,194
155	Vallmon 6	Flöjelbergsgatan 7 B	Möln dal	1995	1965	1,448	-	6,589	-	-	-	8,037	9,956	23,354
156	Vallmon 7	Flöjelbergsgatan 7 A	Möln dal	1999	1930	924	-	3,844	50	-	-	4,818	6,894	14,200
Total warehouse/logistics						55,541	4,543	417,848	83,174	-	32,937	594,043	4,163,383	1,897,742
Retail														
59	Narcissus 5	Lilla Brogatan 15/Stora Brogatan 16	Borås	1995	1930	1,099	817	-	-	1,295	502	3,713	853	33,609
60	Nestor 2	Lilla Brogatan 19-21	Borås	1995	1962/1991	1,267	2,888	-	51	-	73	4,279	1,381	41,000
61	Nestor 3	Stora Brogatan 24	Borås	1999	1930	1,034	865	-	-	649	-	2,548	590	23,318
133	Niten 6	Verkstadsatan 4	Borås	2017	1974	1,538	-	1,098	1,422	-	-	4,058	7,078	8,259
11	Inom Vallgraven 35:17	Magasinsgatan 11-13/ Vallgatan 4-6	Gothenburg	1995	1991	54	139	-	-	1,149	109	1,451	666	37,967
180	Inom Vallgraven 4:1	Östra Larmgatan 18	Gothenburg	1995	1856/2017	-	-	-	-	-	2,500	2,500	671	52,700
84	Backa 20:5	Exportgatan 2-8	Gothenburg	2007	1989/1999	-	4,852	-	-	-	-	4,852	37,965	69,401 U
98	Kärä 28:10	Transportgatan 37	Gothenburg	1996	2010	-	2,217	-	-	-	-	2,217	14,609	76,192
27	Kärä 28:19	Transportgatan 33	Gothenburg	1996	2008	-	-	4,600	-	-	-	4,600	20,811	34,241
136	Olskroken 35:14	Grönsaksgatan 3	Gothenburg	2009	1967	1,169	4,542	-	-	-	-	5,711	6,216	18,129 S
135	Olskroken 35:9	Grönsaksgatan 5	Gothenburg	2009	1966	874	-	6,781	-	-	-	7,655	9,127	21,595 S
213	Fanan 39	Pilefeltsgatan 71	Halmstad	2014	1990	-	1,870	-	-	-	-	1,870	3,279	36,366
63	Flaggan 1	Laholmsvägen 84	Halmstad	2007	1959/2004	557	1,730	-	616	-	-	2,903	5,941	9,607
64	Karossen 3	Kristinehedsvägen 5, 7	Halmstad	2007	1965/2004	614	4,375	568	497	-	-	6,054	14,500	22,126
139	Generatörn 1 B	Aminogatan 24	Möln dal	2003	2017	-	3,700	-	-	-	-	3,700	8,000	-
Total retail						8,206	27,995	13,047	2,586	3,093	3,184	58,111	131,687	484,510
Light industry														
166	Lager 8	Hållingsgatan 15	Borås	1995	1948/1961	1,343	-	-	7,413	-	-	8,756	5,700	12,103 U
119	Högsbo 36:1	Norra Långebergsgatan 8	Gothenburg	2000	1971/1995	-	-	3,840	660	-	-	4,500	9,057	23,121
122	Högsbo 36:9	Hulda Mellgrens Gata 9	Gothenburg	1995	2007	-	-	1,475	400	-	-	1,875	4,253	13,349
125	Högsbo 40:2	Gustaf Werners Gata 4	Gothenburg	2006	1978	-	-	2,815	475	-	-	3,290	10,799	19,237
38	Högsbo 8:8	Beatrice Lesslies Gata 14	Gothenburg	2000	1961/2001	-	-	1,000	1,100	-	-	2,100	3,500	9,764
115	Högsbo 9:3	A Odhnrs Gata 17	Gothenburg	2008	1978/2002	-	-	2,267	635	-	-	2,902	6,007	16,962
127	Kobbegården 209:1	Askims Verkstadsaväg 15	Gothenburg	1999	1973/1996	-	-	-	2,538	-	-	2,538	6,336	12,508 U
219	Kärä 28:10 A	Transportgatan 37-39	Gothenburg	2015	1982	614	-	7,144	-	-	185	7,943	13,275	28,800 U
220	Kärä 28:10 B	Transportgatan 41-43	Gothenburg	2015	1984	-	1,654	6,346	-	-	-	8,000	13,305	30,200 U
202	Kärä 80:6	Trankärrsgatan 16/ Tagenevägen 45	Gothenburg	2013	1990/2010	-	-	-	1,498	-	-	1,498	3,908	10,114
105	Kärä 80:7	Trankärrsgatan 14	Gothenburg	1995	1990	-	-	3,538	-	-	-	3,538	7,185	16,669 S
177	Fyllinge 20:409	Sadelvägen 5	Halmstad	2011	1992	-	-	-	4,389	-	-	4,389	22,276	17,741 U
160	Kungsbacka 4:47	Lilla Verkstadsatan 2-6/ Verkstadsatan 7	Kungsbacka	1995	1978/1990	692	-	2,475	1,080	-	-	4,247	9,317	12,949
218	Gasklockan 2	Argogatan 32	Möln dal	2015	1991	876	500	-	3,500	-	-	4,876	19,437	25,363 U
140	Generatörn 2	Aminogatan 20-22	Möln dal	1995	1991	328	-	2,760	-	-	-	3,088	8,933	18,312
188	Heliumgasen 4	Neogatan 4B	Möln dal	1995	-	-	-	-	2,472	-	-	2,472	4,794	4,314
Total light industry						3,853	2,154	33,660	26,160	-	185	66,012	148,082	271,506
Developments														
24	Arendal 764:394	Sydatlanten 15-17	Gothenburg	2005	1990	8,969	-	-	-	-	389	9,358	9,646	57,600 S
199	Högsbo 20:11	F O Petterssons Gata 9	Gothenburg	2013	1969	2,280	-	300	-	-	-	2,580	8,605	12,631 U
13	Krokslätt 102:2	Eklandagatan 80	Gothenburg	2008	1980	-	-	-	-	-	811	811	2,140	- U
201	Kärä 78:8	Trankärrsgatan 38	Gothenburg	2013	1962/1982	-	-	-	-	-	-	-	5,060	10,751 U
17	Masthugget 26:1, Development	Barlastgatan 2	Gothenburg	1995	-	-	-	-	-	-	-	-	-	-
206	Sörred 7:23	Sörredsvägen	Gothenburg	2014	-	-	-	-	-	-	-	-	12,500	4,924 U

Notes: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region West by category and area, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type						Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other				
228	Tingstadsvassen 11:5	Manufakturgatan 14	Gothenburg	2019	1975/2011	-	-	1,840	-	-	-	1,840	2,630	8,126	
66	Valsen 2	Svingelvägen 2	Halmstad	2007	1979/2003	2,309	-	-	-	-	-	2,309	7,314	9,739	U
54	Sesamfröet 2	Aminogatan 27	Mölnadal	2005	1992	4,912	-	700	-	-	-	5,612	11,000	55,400	
Total developments						18,470	-	2,840	-	-	1,200	22,510	58,895	159,171	
Undeveloped land															
191	Kyllared 1:112	Tvinnaregatan 27	Borås	1995	-	-	-	-	-	-	-	-	5,118	1,279	U
216	Trucken 6	Viaredsvägen 14	Borås	2014	-	-	-	-	-	-	-	-	38,500	5,684	U
183	Annedal 21:9	Haraldsgatan 3	Gothenburg	1999	-	-	-	-	-	-	-	-	2,088	-	
224	Part of Kålsered 1:5 & 1:108	Sörredsvägen	Gothenburg	2017	-	-	-	-	-	-	-	-	-	-	
185	Högsbo 39:3	Ingela Gathenhielms Gata 8	Gothenburg	1995	-	-	-	-	-	-	-	-	1,720	1,548	U
187	Kobbegården 152:1	Industrivägen 4-6	Gothenburg	1995	-	-	-	-	-	-	-	-	25,158	22,600	U
93	Nolvik 9:1	Säve Flygplatsväg 25	Gothenburg	2018	-	-	-	-	-	-	-	-	15,470	-	
194	Tingstadsvassen 31:6	Stålverksgatan 11	Gothenburg	1997	-	-	-	-	-	-	-	-	2,687	1,611	U
132	Åseby 1:2	Åseby Mellängård 1	Gothenburg	2018	-	-	-	-	-	-	-	-	63,596	3,409	
26	Åseby 3:10	Säve Flygplatsväg	Gothenburg	2018	-	-	-	-	-	-	-	-	18,963	194	
215	Fanborgen 3	Spetsvinkelgatan 8	Halmstad	2014	-	-	-	-	-	-	-	-	1,990	5,600	
214	Fanborgen 4	Spetsvinkelgatan 8	Halmstad	2014	-	-	-	-	-	-	-	-	5,067	-	
-	Skällared 3:49	Lysekulevägen	Kungsbacka	1995	-	-	-	-	-	-	-	-	29,297	1,521	
190	Varla 3:34	Hallabäcksvägen 1	Kungsbacka	2006	-	-	-	-	-	-	-	-	14,356	4,306	U
Total undeveloped land						-	-	-	-	-	-	-	224,010	47,752	
Total Region West						446,579	62,861	507,732	147,021	8,189	50,736	1,223,118	5,222,625	7,390,724	

Notes: S=Site leasehold L=Lease U=Unutilized building right

THE FIVE LARGEST PROPERTY OWNERS

Greater Gothenburg*	Taxed area, 000 sq. m.	Borås Municipality	Taxed area, 000 sq. m.	Halmstad Municipality	Taxed area, 000 sq. m.
Castellum	-900	Castellum	-900	Blackstone	95
Platzer	-830	Platzer	-830	Castellum	77
Wallenstam	-500	Wallenstam	-500	Klövern	67
Balder	-500	Balder	-500	Halmslätten AB	50
Vasakronan	-400	Vasakronan	-400	Hemfosa	41

Source: Datcha, and their information regarding rental properties (excluding housing) and warehouse/logistics and industrial properties (excluding housing, medical and school properties) owned as of December 31, 2019, taxed area. Municipal and state-owned companies and government institutions have been excluded. *The following municipalities are included in Greater Gothenburg: Gothenburg, Mölnadal, Härryda, Partille, Lerum and Alingsås.

RENTAL LEVELS AND INVESTMENT YIELD

		Gothenburg		Borås		Halmstad	
		Rent, SEK/sq. m.	Investment yield	Rent, SEK/sq. m.	Investment yield	Rent, SEK/sq. m.	Investment yield
Offices	Prime location	2,900-4,000	3.75%-4.25%	1,500-1,850	5.25%-6.0%	1,800-2,000	5.5%-6.00%
	Secondary location	2,500-3,200	4.0%-4.75%	1,000-1,600	6.0%-7.0%	1,000-1,600	6.0%-7.0%
Retail	Prime location	5,000-8,000	4.00%-5.00%	1,500-3,200	5.25%-6.25%	1,900-3,600	5.00%-6.00%
	Secondary location	2,000-3,000	5.25%-6.25%	800-1,200	7.25%-8.50%	800-1,200	7.25%-8.50%
Ware- house/ Logis- tics	Prime location	725-875	4.5%-5.0%	500-600	5.25%-6.0%	400-500	6.5%-7.25%
	Secondary location	625-725	5.25%-5.75%	425-525	6.0%-7.0%	350-425	6.75%-7.75%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum Fastighetsekonomi.

Region Central

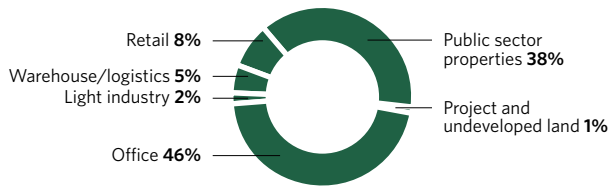
CASTELLUM'S PROPERTY PORTFOLIO IN REGION CENTRAL BY CATEGORY AND AREA, DEC 31, 2019

	Number properties	Area, 000 sq. m.	Rental value, MSEK	Rental value SEK/sq. m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
Offices									
Jönköping	14	118	185	1,573	91.4%	169	44	377	125
Linköping	16	102	152	1,492	92.9%	142	43	418	99
Norrköping	9	49	77	1,587	77.1%	59	22	466	37
Västerås	8	51	88	1,728	87.7%	77	14	274	63
Växjö	6	61	99	1,612	92.7%	92	23	367	69
Örebro	25	153	205	1,335	93.5%	192	47	304	145
Total offices	78	534	806	1,510	90.6%	731	193	361	538
Public sector properties									
Jönköping	8	80	144	1,806	98.1%	141	28	350	113
Linköping	5	64	105	1,650	94.8%	100	23	380	77
Norrköping	5	42	66	1,564	96.5%	64	13	302	51
Västerås	4	17	20	1,203	95.8%	19	4	251	15
Örebro	9	111	209	1,876	89.8%	188	40	351	148
Total public sector properties	31	314	544	1,735	94.0%	512	108	345	404
Warehouse/logistics									
Jönköping	4	25	21	826	94.0%	20	4	155	16
Västerås	8	24	21	873	95.3%	20	5	201	15
Örebro	17	96	79	819	90.7%	71	16	174	55
Total warehouse/logistics	29	145	121	829	92.1%	111	25	175	86
Retail									
Jönköping	5	32	45	1,426	95.8%	44	12	359	32
Linköping	1	11	18	1,520	97.8%	17	3	235	14
Västerås	8	43	38	879	92.9%	35	8	198	27
Örebro	7	35	44	1,275	97.4%	43	8	239	35
Total retail	21	121	145	1,197	95.8%	139	31	255	108
Light industry									
Jönköping	1	3	5	1,483	100.0%	5	0	89	5
Västerås	9	26	26	996	96.2%	25	7	244	18
Total light industry	10	29	31	1,052	96.8%	30	7	227	23
Total	169	1,143	1,647	1,440	92.4%	1,523	364	318	1,159
Developments	9	34	16			8	4		4
Total	178	1,177	1,663			1,531	368		1,163

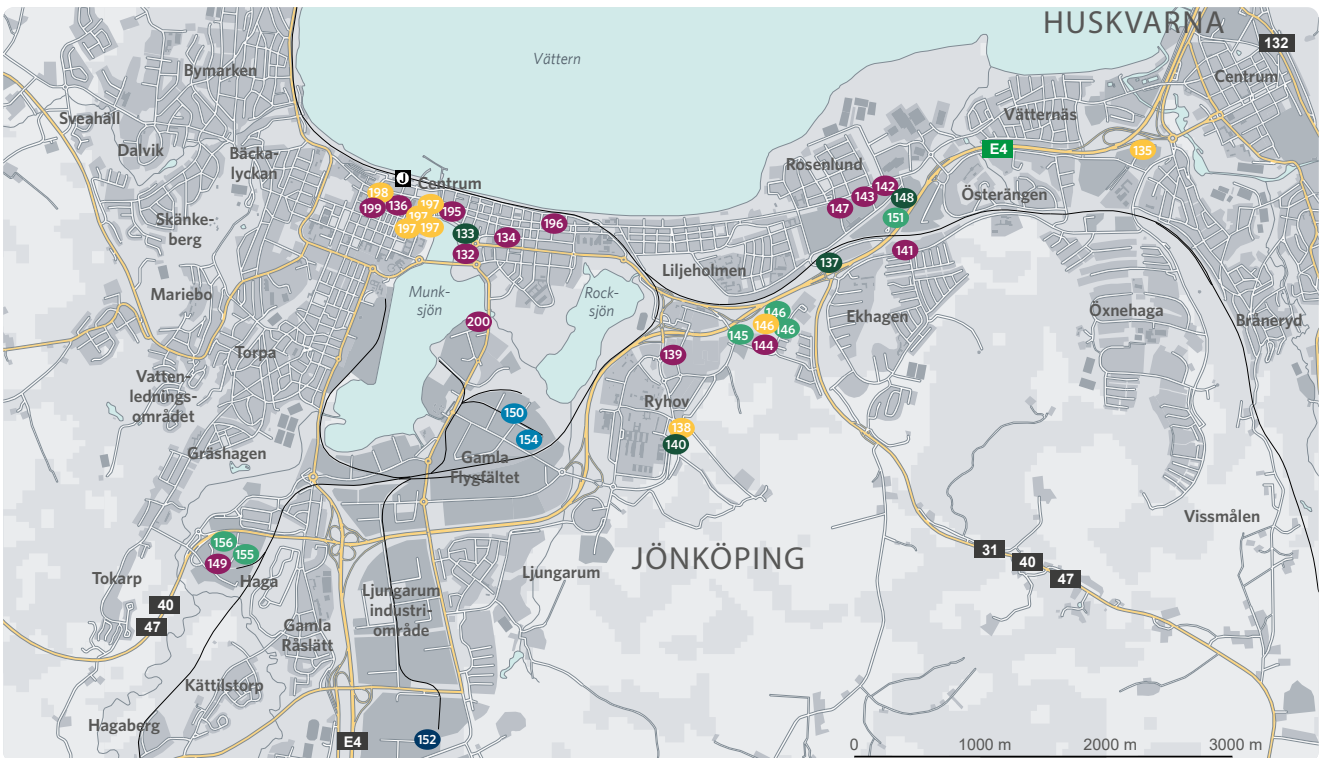
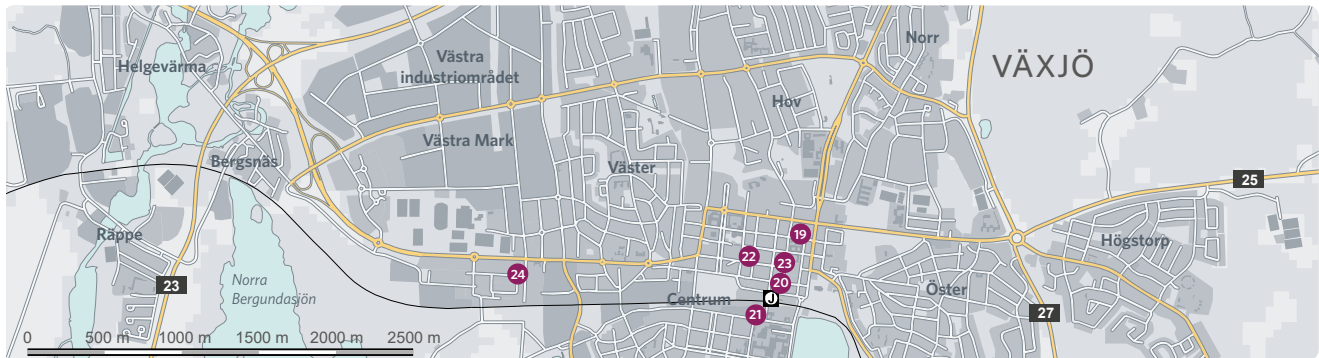
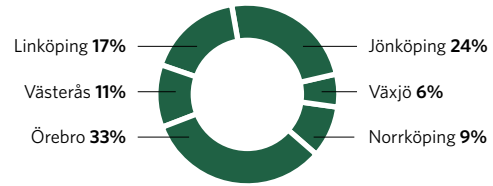
KEY PROPERTY METRICS

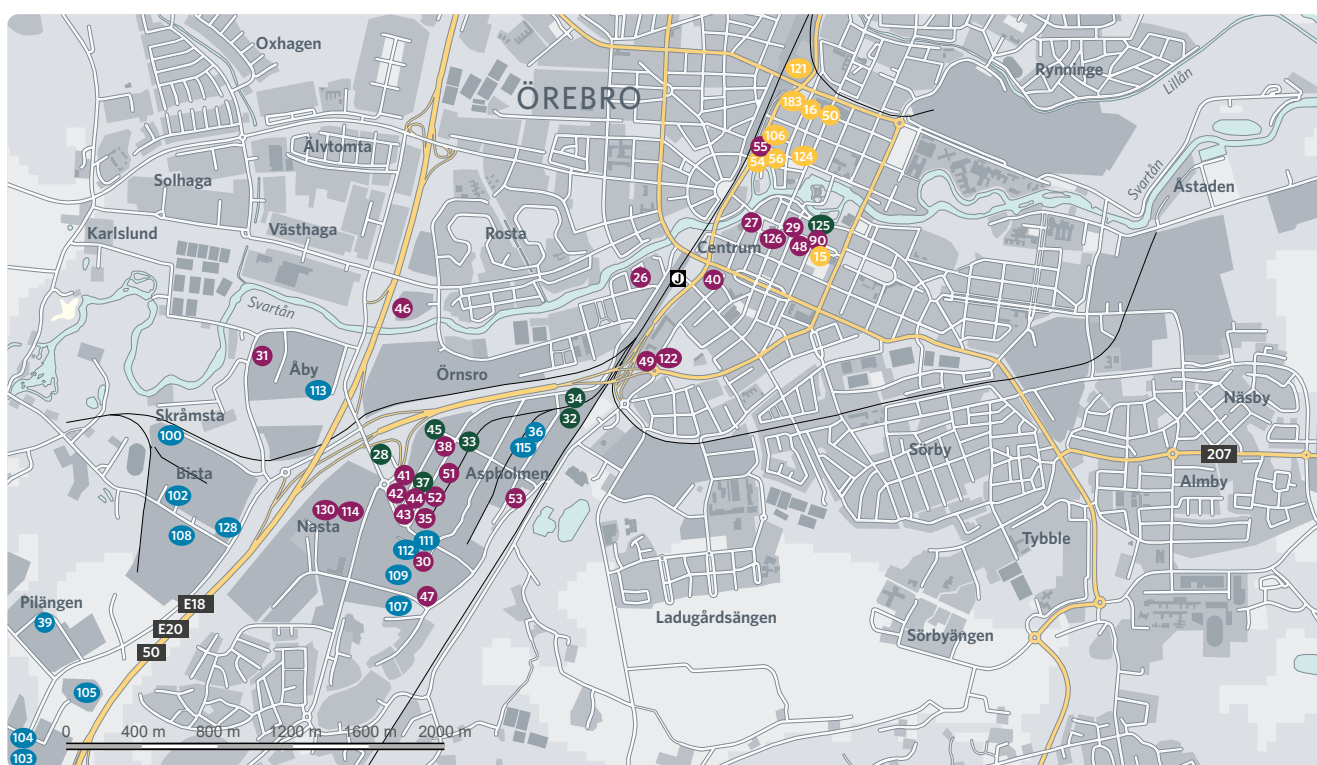
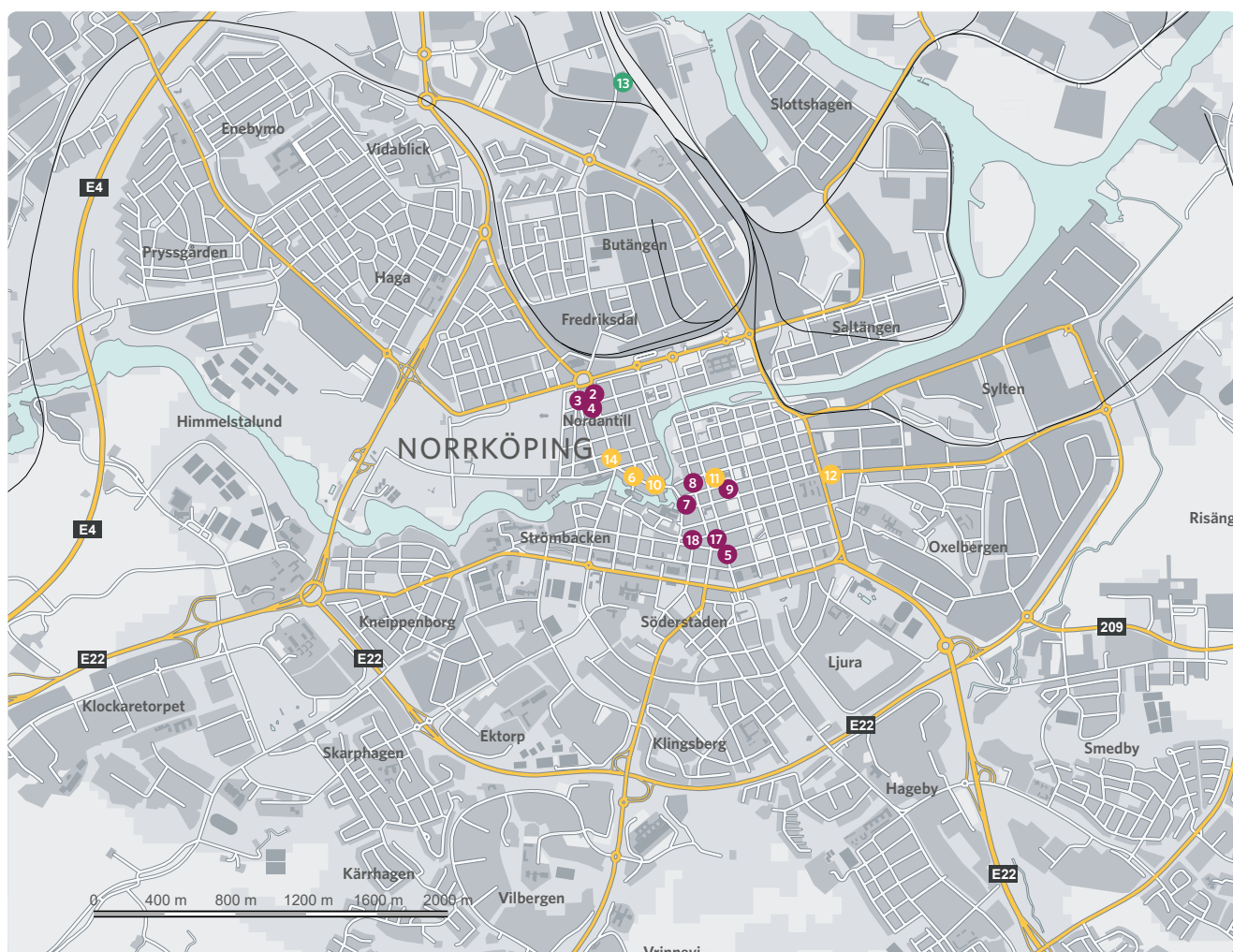
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Rental value, SEK/sq. m.	1,440	1,298	1,271	1,255	1,145	1,022	885	844	818	795
Economic occupancy rate	92.4%	94.6%	91.9%	92.2%	93.7%	89.3%	86.8%	88.4%	88.4%	88.0%
Property costs, SEK/sq. m.	318	304	385	395	381	362	284	268	272	268
Net operating income, SEK/sq. m.	1,016	939	783	762	692	551	483	478	451	432
Number of properties	178	177	206	206	40	40	94	95	95	96
Leasable area, thousand sq. m.	1,177	1,136	1,349	1,320	248	260	519	518	515	505

PROPERTY VALUE BY CATEGORY

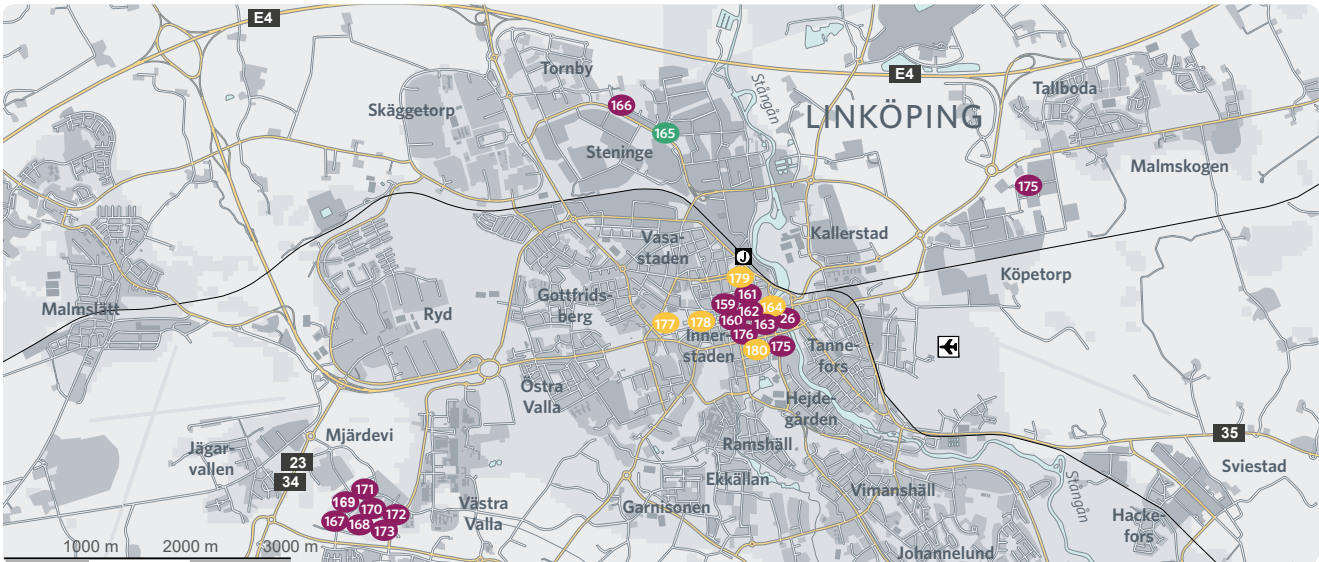
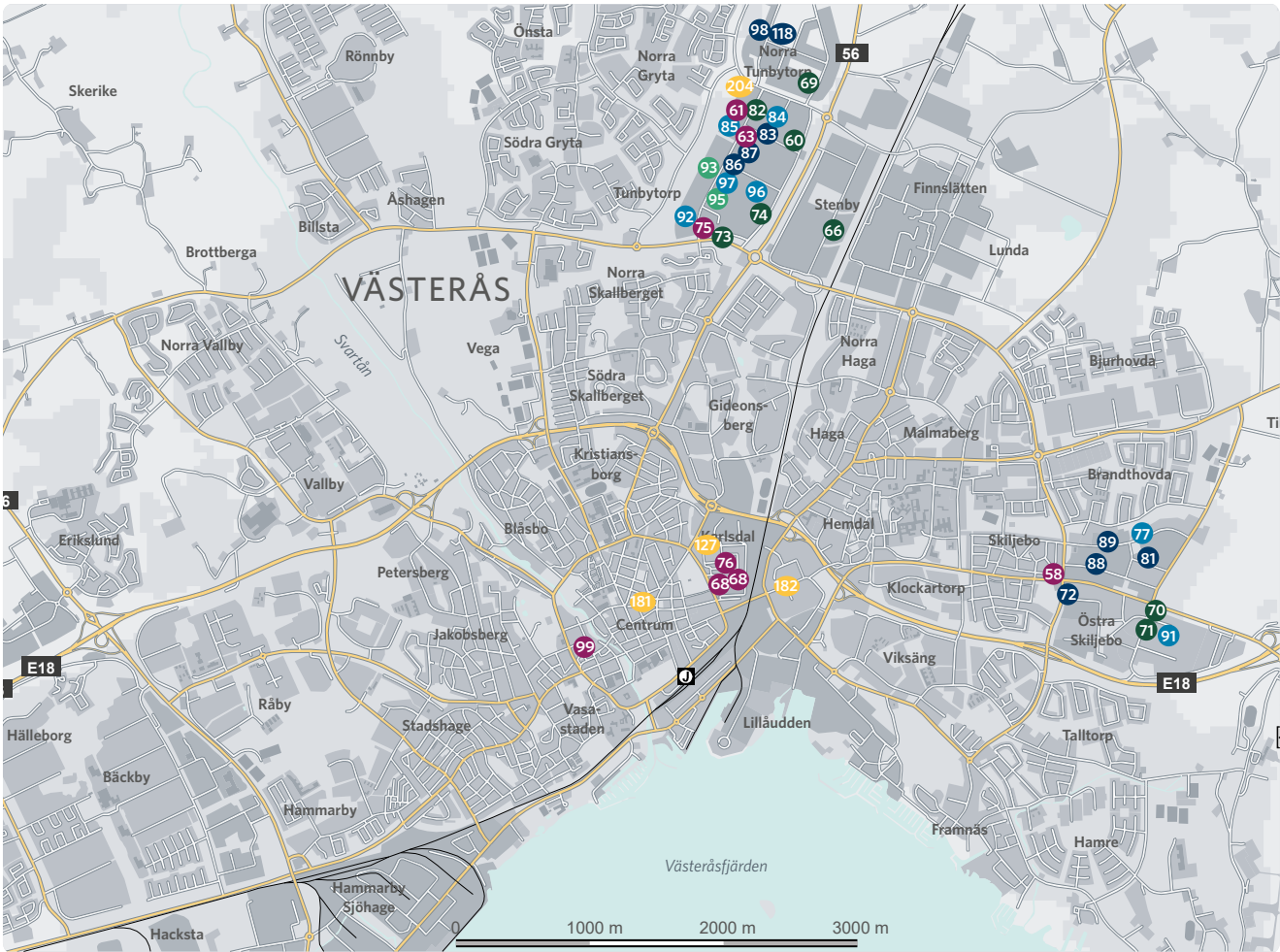


PROPERTY VALUE BY AREA





Public sector property Light industry Warehouse/logistics Retail/Store Offices Developments and land



Public sector property Light industry Warehouse/logistics Retail/Store Offices Developments and land

CASTELLUM'S PROPERTY PORTFOLIO IN REGION CENTRAL BY CATEGORY AND AREA, DEC 31, 2019

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type								Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other	Total				
Offices																
195	Ansvaret 1	Hoppets Torg 4, Södra Strandgatan 3	Jönköping	2016	1965	4,299	-	-	-	-	190	4,489	1,490	65,200		
132	Atollen 3	Lantmätargränd 53-63	Jönköping	2011	2013	2,790	2,404	-	-	765	5	5,964	890	119,964		
196	Blixten 6	Östra Storgatan 67	Jönköping	2016	1941	4,674	-	-	-	120	382	5,176	3,016	50,584		
134	Droskan 12	Slottsgatan 14	Jönköping	1998	1990	9,315	-	-	-	-	10	9,325	4,951	104,800		
136	Hotellet 8	Västra Storgatan 9-13	Jönköping	1995	1963/1999	10,547	7,751	347	-	-	89	18,734	5,121	195,000		
199	Jordgubben 1	Skolgatan 25B	Jönköping	2016	1982	2,834	-	-	-	-	50	2,884	1,002	23,400		
139	Valutan 11	Kompanigatan 1-2	Jönköping	1995	1992/2001	3,065	1,606	521	-	-	6	5,198	7,763	60,600		
141	Vattenpasset 2	Ekhagsringen 17	Jönköping	1995	1980	1,323	-	1,749	1,073	-	-	4,145	17,884	-		
142	Vilan 7	Huskvarnavägen 58-64	Jönköping	2000	1955/1999	7,823	1,838	4,799	-	-	-	14,460	25,576	77,760		
143	Vingen 4	Linnegatan 1	Jönköping	1995	1970	2,069	530	-	1,136	-	-	3,735	17,281	14,347	U	
144	Visionen 3 A	Bataljonsgatan 10-12	Jönköping	2004	2010	7,391	-	302	-	-	-	7,693	12,269	112,400		
147	Vågskålen 3	Huskvarnavägen 40	Jönköping	2003	1983	8,129	-	7,962	-	-	-	16,091	42,536	39,360		
149	Ögongloben 5	Gräshagsgatan 11	Jönköping	2006	1961	3,512	-	-	-	-	-	3,512	7,346	7,261		
200	Öriket 2	Herkulesvägen 2, Klubhusgatan 13-15	Jönköping	2016	1992	14,977	-	74	-	-	1,015	16,065	12,955	178,000		
159	Banken 8	Borgmästaregatan 1	Linköping	2016	1929	2,730	-	-	-	-	-	2,730	873	-		
160	Boklådan 7	Borgmästaregatan 4	Linköping	2016	1938	3,915	-	-	-	-	-	3,915	1,579	46,200		
161	Borgmästaren 11	Badhusgatan 2	Linköping	2016	1936	1,215	880	296	-	1,072	-	3,463	1,091	39,151		
162	Borgmästaren 2	Ågatan 27	Linköping	2016	1940	1,256	406	101	-	761	-	2,524	962	30,142		
163	Decimalen 17	Storgatan 24	Linköping	2016	1981	7,144	3,104	83	-	-	1,839	12,170	5,220	141,000		
26	Dolken 5	Strandgatan 2/Hamn-gatan 13	Linköping	2018	1950	2,388	-	54	-	-	2,697	5,139	2,540	36,000		
166	Gården 15	Gillbergagatan 37-45	Linköping	2009	2013	6,305	-	3,600	-	-	-	9,905	34,706	77,048		
167	Idéflödet 1	Teknikringen 20	Linköping	2016	2002	9,055	-	-	-	-	-	9,055	16,703	67,800		
168	Idékretsen 4	Teknikringen 9	Linköping	2016	1991	5,973	-	60	-	-	204	6,237	14,065	44,400		
169	Idémannen 1	Teknikringen 16	Linköping	2007	1990	580	-	-	-	-	-	580	4,212	4,757	U	
170	Idémannen 2, Collegium	Teknikringen 7	Linköping	2007	1989	10,545	3,976	698	-	-	1,381	16,600	27,823	98,600		
171	Idémannen 2, Datalinjen	Datalinjen 1	Linköping	2007	1989/1994	1,420	-	-	-	-	-	1,420	4,590	9,771		
172	Idémannen 2, Teknikringen	Teknikringen 1 A-F	Linköping	2007	1984/1996	6,161	-	-	-	-	111	6,272	19,720	44,168		
173	Idémannen 2, Vita Huset	Universitetsvägen 14	Linköping	2007	2002	7,678	-	-	-	-	709	8,387	29,597	82,800	U	
175	Dalkullan 19	Linnégatan 9	Linköping	2019	1996	2,023	-	376	-	895	95	3,389	-	-		
176	Duvan 18	Nygatan 18-20	Linköping	2019	1996	4,746	4,964	-	-	-	703	10,413	-	-		
2	Bägaren 3	Slottsgatan 154	Norrköping	2018	1987	3,760	-	253	-	-	14	4,027	1,490	26,400	S	
3	Bägaren 5	Slottsgatan 148-152	Norrköping	2018	1984/2002	5,547	-	-	-	-	10	5,557	1,588	39,800	S	
4	Bägaren 6	Slottsgatan 148-152	Norrköping	2018	1988	108	-	130	-	-	-	238	1,762	5,499	S	
5	Diket 7	Drottninggatan 64	Norrköping	2016	1940	2,496	1,325	473	-	1,498	-	5,792	2,192	69,800		
7	Gamla Rådstugan 3	Gamla Torget 3	Norrköping	2016	1929	1,397	583	288	-	-	-	2,268	973	35,101		
8	Knäppingsborg 7+8	Gamla Rådstugugatan 30	Norrköping	2016	1929	8,295	2,047	355	-	885	595	12,177	7,895	79,181		
9	Korpen 20	Repslagaregatan 15	Norrköping	2016	1964	1,496	1,019	34	-	992	-	3,541	1,453	29,453		
17	Spiran 12	Drottninggatan 50-52	Norrköping	2016	1972	4,695	922	-	-	-	2,231	7,848	2,546	106,000		
18	Sprutan 6	Skomakaregatan 6-12	Norrköping	2016	1920	-	410	240	-	-	6,355	7,005	1,546	29,200		
58	Dagslåndan 11	Jonasborgsvägen 26	Västerås	1996	1990	1,109	-	-	-	-	-	1,109	3,651	6,546	S	
61	Elledningen 4	Tunbytorpsgatan 31	Västerås	1995	1991	3,586	-	-	-	-	-	3,586	10,256	20,460		
63	Friedningen 13	Tunbytorpsgatan 10	Västerås	1999	1978	1,970	-	390	220	-	1	2,581	7,000	11,864	U	
99	Klio 10	Norra Källgatan 17	Västerås	2018	1985	2,817	-	23	-	-	57	2,897	1,213	20,600		
75	Tunbytorp 19	Tunbytorpsgatan 2 A	Västerås	2005	1990	1,982	-	-	-	-	-	1,982	11,782	8,615		
68	Verkstaden 14 A	Kopparlunden	Västerås	2001	2001	13,213	369	50	277	-	949	14,858	40,900	72,426	U	
68	Koppartorget 3	Kopparlunden	Västerås	2001	2018	3,377	-	-	-	-	204	3,581	-	15,390		
76	Verkstaden 21, Kopparlunden	Kopparlunden	Västerås	2001	1890/2000	16,820	-	2,908	466	-	292	20,486	10,256	125,698		

Notes: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Central by category and area, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type					Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other			
19	Gripen 11	Linnégatan 23, 27, Norra Esplanaden 7, Nygatan 6	Växjö	2016	1929	1,345	-	-	-	66	198	1,609	3,848	10,721
20	Magnus Smek 6	Kungsgatan 1A-B	Växjö	2016	1952/2003	2,114	1,177	194	-	783	827	5,095	2,022	38,362
21	Pilgrimen 5	Södra Järnvägsgatan 4	Växjö	2016	2016	5,393	-	-	-	-	678	6,071	-	81,000
22	Tullen 18	Storgatan 26	Växjö	2016	1965	3,608	915	-	-	-	486	5,009	2,528	35,400
23	Unaman 9	Kungsgatan 5	Växjö	2016	1972/2004	2,721	2,470	-	-	-	490	5,681	2,299	52,000
24	Växjö 10:54	Honnörsgratan 2-6, etc.	Växjö	2016	1929	34,752	-	-	-	1,272	1,983	38,007	93,843	248,620 U
26	Basen 10	Fridhemsgatan 2-4	Örebro	1995	1900/1990	6,129	-	183	-	-	49	6,361	4,997	42,200
29	Bodarna 8	Drottninggatan 12	Örebro	2016	1976/1992	3,186	-	-	-	-	1,121	4,307	1,449	49,200 U
27	Borgaren 1	Fabriksgratan 1 A	Örebro	2008	1969/2001	6,480	-	1,100	-	-	902	8,482	3,375	72,656
122	Tågmästaren 27	Fabriksgratan	Örebro	2014	2016	4,237	-	-	-	-	-	4,237	8,000	50,600
90	Hållstugan 8	Stortorget 11, Kungsgatan 5	Örebro	2016	1938	2,181	1,286	-	-	-	504	3,971	1,190	36,200
-	Järnmalmen 1	Osmundgatan 10	Örebro	2006	1967/1995	3,305	-	7,365	-	-	-	10,670	47,714	33,565 U
30	Konstruktören 11	Söderleden 14	Örebro	1995	1987	2,255	-	-	-	-	-	2,255	7,876	9,555
31	Kontrollanten 9	Åbyvägen 3	Örebro	2007	1992	3,578	-	1,195	-	-	24	4,797	11,974	15,881
114	Litografen 1 A	Adolfsbergsvägen 4	Örebro	2012	1964	4,642	7,111	16,529	-	-	771	29,053	122,107	129,127
126	Prästgården 12	Drottninggatan 18-20	Örebro	2015	1933	4,121	613	23	-	384	721	5,862	2,861	59,388
35	Röda rummet	Radiatorvägen 17	Örebro	1996	2000	3,405	-	-	-	-	-	3,405	7,710	23,940
38	Rörmokaren 5	Elementvägen 1	Örebro	1995	1984	1,297	1,023	-	-	-	-	2,320	6,656	12,219
40	Stinsen 18	Fabriksgratan 18-22	Örebro	2008	1983/2003	11,347	-	118	-	-	333	11,798	5,008	113,000 U
41	Svetsaren 4	Elementvägen 12	Örebro	1995	1976/1984	526	1,679	2,043	-	-	-	4,248	9,644	16,897
42	Svetsaren 5	Elementvägen 14	Örebro	1995	1977/1988	2,970	-	150	-	-	-	3,120	7,355	13,297
43	Svetsaren 6	Radiatorvägen 14	Örebro	2000	1962	5,625	-	-	-	-	-	5,625	7,956	41,790
44	Svetsaren 7	Elementvägen 16	Örebro	1995	1960/1983	855	-	-	-	-	-	855	2,658	5,587
46	Svänhjulet 1	Stubbengatan 2	Örebro	2010	2004	4,530	1,660	2,287	-	-	296	8,773	24,143	36,484 U
47	Telemontören 1	Nastagatan 2	Örebro	2007	1993	3,732	-	2,759	-	-	-	6,491	30,750	16,639 U
48	Tryckeriet 2	Stortorget 8	Örebro	2008	1984/1999	1,475	764	-	-	-	387	2,626	1,350	29,200
49	Tågmästaren 25	Fabriksgratan 54	Örebro	2008	1986	6,115	-	1,379	-	-	56	7,550	8,110	36,000 U
52	Virkeshandlaren 10	Radiatorvägen 13-15	Örebro	1996	1979	2,683	3,565	1,080	-	-	-	7,328	20,242	34,929
51	Virkeshandlaren 7	Radiatorvägen 11	Örebro	1995	1970/1987	5,711	-	432	-	-	-	6,143	15,377	30,339
53	Ånsta 20:117	Aspholmsvägen 9	Örebro	1996	1990	755	-	-	-	-	-	755	1,907	4,085
55	Ölstånkan 14	Olaigatan 2	Örebro	2008	1929	2,194	-	-	-	-	123	2,317	852	18,750
55	Ölstånkan 14	Olaigatan 2	Örebro	2008	1929	2,194	-	-	-	-	-	2,194	852	18,750
Total offices						371,816	56,397	63,003	3,172	9,493	30,143	534,023	896,065	3,870,177
Public sector properties														
135	Elektronen 1	Datorgatan 6	Huskvarna	2008	2000	-	-	1,692	-	-	-	1,692	4,237	7,311 U
197	Götaland 5	Hamngatan 4, 15, etc.	Jönköping	2016	1975	13,950	-	-	-	-	236	14,186	-	-
197	Götaland 5	Hamngatan 4, 15, etc.	Jönköping	2016	1975	7,067	-	-	-	-	833	7,900	-	-
197	Götaland 5	Hamngatan 4, 15, etc.	Jönköping	2016	1975	24,621	-	103	-	-	338	25,062	-	-
197	Götaland 5	Hamngatan 4, 15, etc.	Jönköping	2016	1975	7,235	-	-	-	-	-	7,235	80,366	639,542
198	Hoven 1	Västra Storgatan 16	Jönköping	2016	1968	12,236	1,100	-	-	-	968	14,304	3,852	159,000
138	Vakten 11	Batterigatan 2	Jönköping	2015	2009	5,949	973	-	-	-	-	6,922	10,947	-
146	Visionen 3 C	Bataljonsgatan 10	Jönköping	2004	2015	2,472	-	-	-	-	-	2,472	-	42,000 U
164	Druvan 22	Storgatan 6-16	Linköping	2016	1962	5,454	1,661	468	437	2,558	7	10,585	4,610	98,200
177	Amasonen 3	Östgötagatan 3	Linköping	2019	1973	10,585	-	-	-	-	10	10,595	-	-
178	Ambrosia 6	Ågatan 38-40	Linköping	2019	1929/1968	4,923	272	192	-	-	492	5,879	-	-
179	Blandaren 18	S:t Larsgratan 9-15 och Repslagaregatan 4-6	Linköping	2019	1905/1929	20,419	637	-	-	4,648	3,536	29,240	-	-
180	Djåknén 7	Drottninggatan 14-16	Linköping	2019	1879/2001	7,488	-	-	-	-	98	7,586	-	-
6	Gamla Bron 13	Västgötagatan 15-17	Norrköping	2016	1929	2,358	243	60	-	327	-	2,988	1,363	24,692
10	Kvarnen 5	Västgötagatan 13	Norrköping	2016	1910	7,216	-	460	-	-	50	7,726	3,282	23,800
11	Markattan 11	Drottninggatan 32	Norrköping	2016	1969	1,816	1,560	647	-	-	85	4,108	1,636	37,400
12	Motorn 12	Lindövägen 5A	Norrköping	2016	1948	13,398	-	990	-	-	77	14,465	9,236	81,064

Notes: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Central by category and area, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type						Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other				
14	Spetsen 10	Kungsgatan 36-38	Norrköping	2016	1897	12,025	735	323	-	-	1	13,084	2,000	42,422	
204	Elledningen 3	Tunbytorpsgratan 33-35	Västerås	2017	1991	4,472	-	-	3,402	-	50	7,924	37,312	32,835	U
127	Verkstaden 15	Legeringssgatan 2	Västerås	2015	1977/1992	1,053	-	-	-	-	-	1,053	2,960	-	U
181	Kol 13	Kopparbergsvägen 25	Västerås	2019	1977/2004	4,469	-	1,120	-	-	-	5,589	2,782	-	
182	Kungsängen 14	Pilgatan 2	Västerås	2019	1932/2014	1,962	-	-	-	-	-	1,962	1,375	-	
50	Gasverket 2	Storgatan 28-30, Järnvägsgratan 3-5, Slottsgatan 25	Örebro	2016	1967	9,784	430	-	-	-	261	10,475	6,097	89,200	
124	Gillet 22	Olaigatan 15	Örebro	2015	1978	4,591	562	9	-	-	362	5,524	1,217	52,800	
15	Repslagaren 24	Stortorget 20-22, Trädgårdsg 12-14, Nygatan 31	Örebro	2016	1970	9,000	-	-	-	-	968	9,968	6,827	95,800	
106	Tullen 8	Klostergatan 23, Freds- gatan 2-4	Örebro	2016	1976/1992	25,153	-	100	-	-	2,441	27,694	8,953	275,000	
54	Ölstången 11	Järntorgsgatan 1	Örebro	2008	1939/2003	3,940	-	-	-	-	580	4,520	937	33,000	
56	Ölstången 15	Olaigatan 4	Örebro	2008	1975/2003	3,101	-	-	-	-	-	3,101	1,517	27,200	
121	Olaus Petri 3:244	Östra Bangatan	Örebro	2014	-	14,062	-	-	-	-	961	15,023	5,000	19,400	
16	Lantmäteriet 2	Järnvägsgratan 1-3, Klostergatan 36-37	Örebro	2016	1994/2013	13,095	-	-	-	-	3,753	16,848	9,749	383,000	
183	Porten 1	Järnvägsgratan 1, Klostergatan 37	Örebro	2016	2013	18,119	-	-	-	-	-	18,119	-	-	
Total public sector properties						272,013	8,172	6,164	3,839	7,533	16,107	313,827	206,255	2,163,666	
Warehouse/ logistics															
-	Flahult 21:3	Momarken 42	Jönköping	2001	1980	-	-	4,299	-	-	-	4,299	24,177	15,383	U
-	Flahult 21:5	Betavägen 17	Jönköping	2012	1997/2008	-	-	9,633	-	-	-	9,633	36,847	29,288	U
150	Örontofsen 5	Granitvägen 7-9	Jönköping	2006	1976	1,475	880	3,220	-	-	-	5,575	15,061	28,755	
154	Överlappen 13	Kalkstensgatan 6-8	Jönköping	2004	1977/1995	1,379	-	801	3,576	-	-	5,756	22,575	30,060	
84	Elkraften 7	Energigatan 3 A	Västerås	2005	1976	250	-	-	1,070	-	-	1,320	5,073	4,373	S
85	Elledningen 1	Tunbytorpsgratan 29	Västerås	1999	1982	-	-	230	1,680	-	-	1,910	8,300	7,225	U
-	Krista 1	Saltängsvägen 59	Västerås	2004	2005	-	-	-	2,980	-	-	2,980	11,500	17,398	
91	Köpmannen 8	Lundby Gårdsgata 4	Västerås	2004	1988	-	-	351	2,334	-	-	2,685	9,957	10,510	S
92	Ledningstråden 1	Tunbytorpsgratan 1-3	Västerås	2005	1967	520	1,011	1,065	3,454	-	22	6,072	27,410	20,961	U
97	Tunbytorp 10	Tunbytorpsgratan 4 A	Västerås	2005	1978	-	-	-	7,241	-	-	7,241	24,663	20,400	
96	Tunbytorp 8	Friledningssgatan 3 A	Västerås	2005	1970	-	-	-	830	-	-	830	5,825	3,714	
77	Vikingatiden 9	Brandthovdagatan 17 A	Västerås	2007	2004	173	-	173	438	-	-	784	3,477	4,221	
100	Bleckslagaren 1	Handelsgratan 9	Örebro	2012	1970	645	-	3,185	-	-	-	3,830	14,405	0	
128	Bleckslagaren 7	Vattenverksgatan 2	Örebro	2015	2011	865	-	4,891	-	-	-	5,756	22,160	24,488	U
102	Bleckslagaren 8	Vattenverksgatan 8	Örebro	2006	1978/2001	-	-	4,736	-	-	-	4,736	24,878	20,017	U
103	Chauffören 2	Stuvargatan 3	Örebro	1997	1991	256	-	6,844	-	-	-	7,100	16,974	24,435	
104	Chauffören 3	Pikullagatan 9	Örebro	2006	1991	-	-	1,577	-	-	-	1,577	5,442	5,519	
105	Distributören 7	Krangatan 11	Örebro	2012	1989	853	-	6,742	-	-	-	7,595	24,675	24,185	
-	Däcket 1	Dialoggatan 14	Örebro	2008	2012	-	-	740	1,128	-	-	1,868	7,184	10,448	
108	Elektrikern 3	Vattenverksgatan 3	Örebro	2012	1972	-	-	8,440	-	-	-	8,440	18,823	17,800	
107	Försäljaren 2	Nastagatan 9	Örebro	2012	2008	-	-	3,049	-	-	-	3,049	9,545	18,130	U
109	Grosshandlaren 2	Nastagatan 6-8	Örebro	2001	1977	2,353	4,051	16,812	-	-	-	23,216	61,695	98,036	U
112	Konstruktören 10	Söderleden 12	Örebro	1995	1987	-	-	3,700	-	-	-	3,700	10,649	16,630	
111	Konstruktören 9	Söderleden 10	Örebro	1996	1987	-	-	1,260	-	-	-	1,260	32,400	5,838	
113	Kontrollanten 12	Skomaskingsgatan 6	Örebro	2012	1981	3,429	-	7,362	-	-	-	10,791	30,946	33,400	
36	Rörläggaren 1	Aspholmsvägen 4	Örebro	1995	1963/1992	2,620	-	1,860	-	-	-	4,480	15,881	21,686	U
115	Rörläggaren 2	Aspholmsvägen 6	Örebro	2004	1984	-	-	2,955	-	-	-	2,955	4,960	12,387	
39	Speditören 8	Vattenverksgatan	Örebro	2016	1980	-	-	1,792	-	-	-	1,792	16,400	8,141	U
-	Ånsta 20:148	Berglunda 208	Örebro	2007	1971/1999	1,380	-	2,805	-	-	-	4,185	44,237	23,615	U
Total warehouse/logistics						16,198	5,942	98,522	24,731	-	22	145,415	556,119	557,043	

Notes: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Central by category and area, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type						Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other				
Retail															
133	Algen 1	Lantmätargränd 42	Jönköping	2013	2015	1,325	2,844	-	-	-	229	4,398	2,749	64,400	
137	Vagnmakaren 7	Hästhovsvägen 2	Jönköping	1995	1983/2001	-	9,531	-	-	-	14	9,545	19,226	65,400	
140	Varuhuset 1	Batterigatan 2	Jönköping	2009	2009	-	11,041	-	-	-	-	11,041	42,046	118,000	
148	Vägporten 5	Vasavägen 4	Jönköping	2003	1955/2004	-	2,327	-	-	-	-	2,327	8,458	14,467	
151	Vargön 4	Vasavägen 5	Jönköping	2003	1989	-	4,488	-	-	-	-	4,488	6,694	12,763	
174	Jägmästaren 1	Djurgården	Linköping	2013	2015	-	11,515	-	-	-	-	11,515	36,750	82,135	
66	Jordlinan 2	Stenbygatan 6	Västerås	1995	1991	2,354	3,705	635	3,455	-	-	10,149	21,467	27,264	U
69	Kraftfältet 5	Omformargatan 2	Västerås	2005	1991	715	1,324	-	2,352	-	-	4,391	11,221	15,950	
60	Elenergin 1	Elledningsgatan 2	Västerås	2008	1976	4,540	-	-	543	-	-	5,083	26,290	18,763	U
82	Elkraften 4	Tunbytorpsgatan 16	Västerås	2005	1976	-	496	-	450	-	-	946	5,673	4,100	U
70	Köpmannen 1	Kranbyggargatan 1	Västerås	1995	1984	-	1,380	35	-	-	-	1,415	5,804	9,467	
71	Köpmannen 3	Kranbyggargatan 3	Västerås	1995	1982	-	2,010	-	410	-	-	2,420	10,073	12,006	
73	Tunbytorp 1	Strömledningsgatan 1	Västerås	2005	1965	-	9,496	-	1,278	-	-	10,774	27,584	26,067	
74	Tunbytorp 7	Strömledningsgatan 3	Västerås	2005	1965	-	3,473	928	3,534	-	-	7,935	31,990	32,271	U
125	Hållstugan 28	Kungsgatan 3	Örebro	2015	1929	1,768	2,062	51	-	1,272	2,577	7,730	7,149	73,285	
28	Inköparen 1	Rörvägen 1	Örebro	2007	2008	3,641	5,939	-	-	-	-	9,580	22,500	76,654	
32	Lagerchefen 3	Aspholmsvägen 3	Örebro	1996	1957/1985	-	1,900	-	-	-	-	1,900	9,213	12,961	U
33	Lantmannen 7	Boställsvägen 10	Örebro	1995	1985	-	2,462	250	-	-	-	2,712	8,573	10,938	
34	Motormannen 1	Radiatorvägen 1	Örebro	1995	1966	302	3,418	542	-	-	855	5,117	10,501	20,400	
37	Rörmokaren 1	Elementvägen 13-15	Örebro	1995	1963/1986	660	-	3,239	-	-	-	3,899	10,432	16,338	
45	Svetsaren 8	Elementvägen 4	Örebro	1995	1977	570	3,060	220	-	-	-	3,850	8,074	16,586	
Total retail						15,875	82,471	5,900	12,022	1,272	3,675	121,215	332,467	730,215	
Light industry															
152	Ättehögen 18	Fordonsvägen 8	Jönköping	2012	2013	-	-	-	3,334	-	-	3,334	11,009	17,794	
81	Barkborren 3	Barkborregatan 3	Västerås	1995	1970/1989	-	-	-	2,950	-	-	2,950	10,000	8,748	S
83	Elkraften 6	Elledningsgatan 4	Västerås	2008	1981	-	-	1,150	-	-	-	1,150	8,025	4,765	U
86	Friledningen 8	Tunbytorpsgatan 6	Västerås	2005	1971	606	-	-	1,696	-	40	2,342	11,243	8,133	S
87	Friledningen 9	Tunbytorpsgatan 8	Västerås	2005	1968	865	576	1,280	2,481	-	-	5,202	9,995	18,990	

Notes: S=Site leasold L=Lease U=Unutilized building right

THE FIVE LARGEST PROPERTY OWNERS

Jönköping Municipality	Taxed area, 000 sq. m.	Linköping Municipality	Taxed area, 000 sq. m.	Norrköping Municipality	Taxed area, 000 sq. m.
Castellum	268	Klövern	328	Lundbergs	368
Savills	111	Castellum	179	Klövern	212
Prologis	82	Intea Fastigheter	82	Castellum	120
Catena	74	Mannerson Fastigheter	64	FastPartner	75
Regio	68	Familjen Åhman	-60	Olav Thon	65

Växjö Municipality	Taxed area, 000 sq. m.	Örebro Municipality	Taxed area, 000 sq. m.	Västerås Municipality	Taxed area, 000 sq. m.
Nyfosa	151	Castellum	395	Kungsleden	476
Catena	83	AB Lokalhusman	151	Klövern	324
Castellum	61	Catena	96	Castellum	152
Kungsleden	44	Behrn Fastigheter	93	Saltängen Property Invest	105
Stenvalvet	41	Klövern	27	Nyfosa	74

Source: Datcha, and their information regarding rental properties (excluding housing) and warehouse/logistics and industrial properties (excluding housing, medical and school properties) owned as of December 31, 2019, taxed area. Municipal and State-owned companies and government institutions have been excluded.

Castellum's property portfolio in Region Central by category and area, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type								Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other	Total				
88	Fältmätaren 29	Fältmätargatan 9	Västerås	2007	1960	678	-	198	2,170	-	-	3,046	10,173	11,032	U	
118	Högspänningen 1	Lågspänningsgatan 8	Västerås	2007	2014	1,092	-	-	2,819	-	-	3,911	22,500	27,800	U	
89	Järnåldern 6	Brandthovdagatan 11	Västerås	2008	1982	1,060	-	125	375	-	-	1,560	5,967	7,426	U	
72	Ringborren 8 & 16	Tallmätargatan 1	Västerås	1995	1956/1988	2,403	19	75	2,408	-	-	4,905	9,019	22,522		
98	Voltmätaren 3	Lågspänningsgatan 7	Västerås	2006	1990	-	-	-	760	-	-	760	2,254	2,645		
Total light industry						6,704	595	2,828	18,993	-	40	29,160	100,185	129,855		
Developments																
145	Visionen 3 B	Bataljonsgatan 10-12	Jönköping	2004	1996/1995	9,731	-	423	-	-	-	10,154	27,162	48,612	U	
146	Visionen 4	Bataljonsgatan 10	Jönköping	2013	-	-	-	-	-	-	-	-	4,750	914	U	
146	Visionen 6	Bataljonsgatan 10-12	Jönköping	2014	-	-	-	-	-	-	-	-	-	1,575		
156	Ögongloben 6	Kindgrensgatan 4	Jönköping	2008	1997	-	-	-	-	-	-	-	7,500	6,234	U	
155	Överstykett 25	Kindgrensgatan 3	Jönköping	2008	1981	-	1,040	2,945	-	-	-	3,985	16,342	17,690	U	
165	Giggen 2	Gillbergagatan 24	Linköping	2016	1977	265	120	-	-	-	-	385	1,480	2,572	U	
13	Proppen 2	Malmgatan 16	Norrköping	2016	1978	569	-	18,129	742	-	-	19,440	15,550	42,063		
93	Ledningstråden 6	Tunbytorpsgatan 23	Västerås	2005	1970	-	-	-	1	-	-	1	8,000	2,400	U	
95	Tunbytorp 2	Tunbytorpsgatan 4	Västerås	2005	1970	-	-	1	-	-	-	1	19,191	12,376	U	
Total developments						10,565	1,160	21,498	743	-	-	33,966	99,975	134,436		
Total Region Central						693,171	154,737	197,915	63,500	18,298	49,986	1,177,606	2,191,066	7,585,392		

Notes: S=Site leasehold L=Lease U=Unutilized building right

RENTAL LEVELS AND INVESTMENT YIELD

		Jönköping		Linköping		Norrköping	
		Rent, SEK/sq. m.	Investment yield	Rent, SEK/sq. m.	Investment yield	Rent, SEK/sq. m.	Investment yield
Offices	Prime location	1,700-2,600	5.0%-5.75%	1,600-2,500	5.0%-5.75%	1,500-2,400	5.25%-6.0%
	Secondary location	1,700-2,300	5.5%-6.5%	1,500-2,000	5.5%-6.25%	1,500-2,000	5.75%-6.5%
Retail	Prime location	2,000-4,000	5.0%-6.25%	2,000-3,700	5.00%-6.0%	2,000-3,800	5.5%-6.25%
	Secondary location	1,150-1,500	6.50%-7.50%	1,000-2,500	5.50%-6.75%	1,500-2,000	6.50%-7.25%
Ware-house/ Logis- tics	Prime location	500-650	5.0%-5.75%	550-675	5.75%-6.5%	550-675	6.0%-6.75%
	Secondary location	400-500	5.75%-6.5%	450-550	6.25%-7.0%	450-550	6.50%-7.25%

		Växjö		Örebro		Västerås	
		Rent, SEK/sq. m.	Investment yield	Rent, SEK/sq. m.	Investment yield	Rent, SEK/sq. m.	Investment yield
Offices	Prime location	1,500-2,150	5.25%-6.0%	1,700-2,600	5.0%-5.75%	1,500-2,400	5.25%-6.0%
	Secondary location	1,400-1,900	6.0%-7.0%	1,700-2,300	5.5%-6.5%	1,500-2,000	5.75%-6.5%
Retail	Prime location	2,000-3,000	5.25%-6.00%	2,000-3,800	5.50%-6.50%	2,000-3,700	5.50%-6.75%
	Secondary location	800-1,150	6.50%-7.00%	600-1,300	6.50%-7.75%	800-1,200	6.50%-7.25%
Ware-house/ Logis- tics	Prime location	475-600	5.75%-6.5%	500-600	5.25%-6.0%	475-600	6.0%-6.75%
	Secondary location	400-475	6.25%-7.0%	425-525	6.0%-6.75%	400-475	6.50%-7.25%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum and Castellum.

Region Stockholm

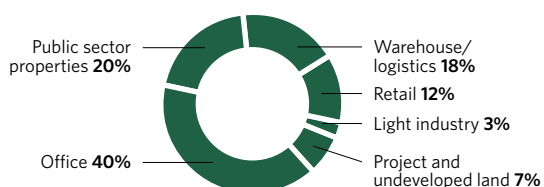
CASTELLUM'S PROPERTY PORTFOLIO IN REGION STOCKHOLM BY CATEGORY AND AREA, DEC 31, 2019

	Number properties	Area, 000 sq. m.	Rental value, MSEK	Rental value SEK/sq. m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
Offices									
Central	6	110	312	2,831	96.2%	300	55	497	245
North	5	33	60	1,830	89.7%	54	10	313	44
South	1	1	2	1,410	77.6%	2	1	335	1
West	7	77	136	1,782	94.4%	129	23	304	106
Uppsala	10	63	128	2,044	91.2%	116	29	470	87
Total offices	29	284	638	2,251	94.1%	601	118	417	483
Public sector properties									
Central	3	51	208	4,058	93.4%	194	34	671	160
North	2	4	8	2,059	99.4%	8	2	356	6
South	2	14	23	1,666	90.0%	21	4	309	17
West	1	3	4	1,148	98.0%	4	1	229	3
Uppsala	4	17	27	1,591	98.3%	26	4	248	22
Total public sector properties	12	89	270	3,020	93.8%	253	45	504	208
Warehouse/logistics									
Central	3	14	21	1,524	97.0%	20	2	190	18
North	19	125	145	1,162	87.5%	127	21	163	106
South	12	104	135	1,299	95.4%	129	19	179	110
West	1	4	4	911	93.0%	3	0	155	3
Uppsala	2	18	17	949	85.2%	15	3	153	12
Total warehouse/logistics	37	265	322	1,216	91.4%	294	45	170	249
Retail									
Central	1	2	4	1,429	98.7%	4	1	207	3
North	3	17	22	1,282	92.9%	20	2	123	18
South	20	93	156	1,687	96.5%	151	17	188	134
West	1	14	20	1,382	92.3%	18	3	222	15
Uppsala	4	24	37	1,539	83.9%	31	11	449	20
Total retail	29	150	239	1,584	93.9%	224	34	226	190
Light industry									
North	4	9	15	1,630	94.2%	14	3	257	11
South	1	3	4	1,741	100.0%	4	0	96	4
Uppsala	5	32	37	1,168	95.3%	35	7	243	28
Total light industry	10	44	56	1,294	95.3%	53	10	238	43
Total	117	832	1,525	1,834	93.5%	1,425	252	304	1,173
Developments	3	36	6	-	-	7	7	-	0
Undeveloped land	6	-	-	-	-	-	-	-	-
Total	126	868	1,531			1,432	259		1,173

KEY PROPERTY METRICS

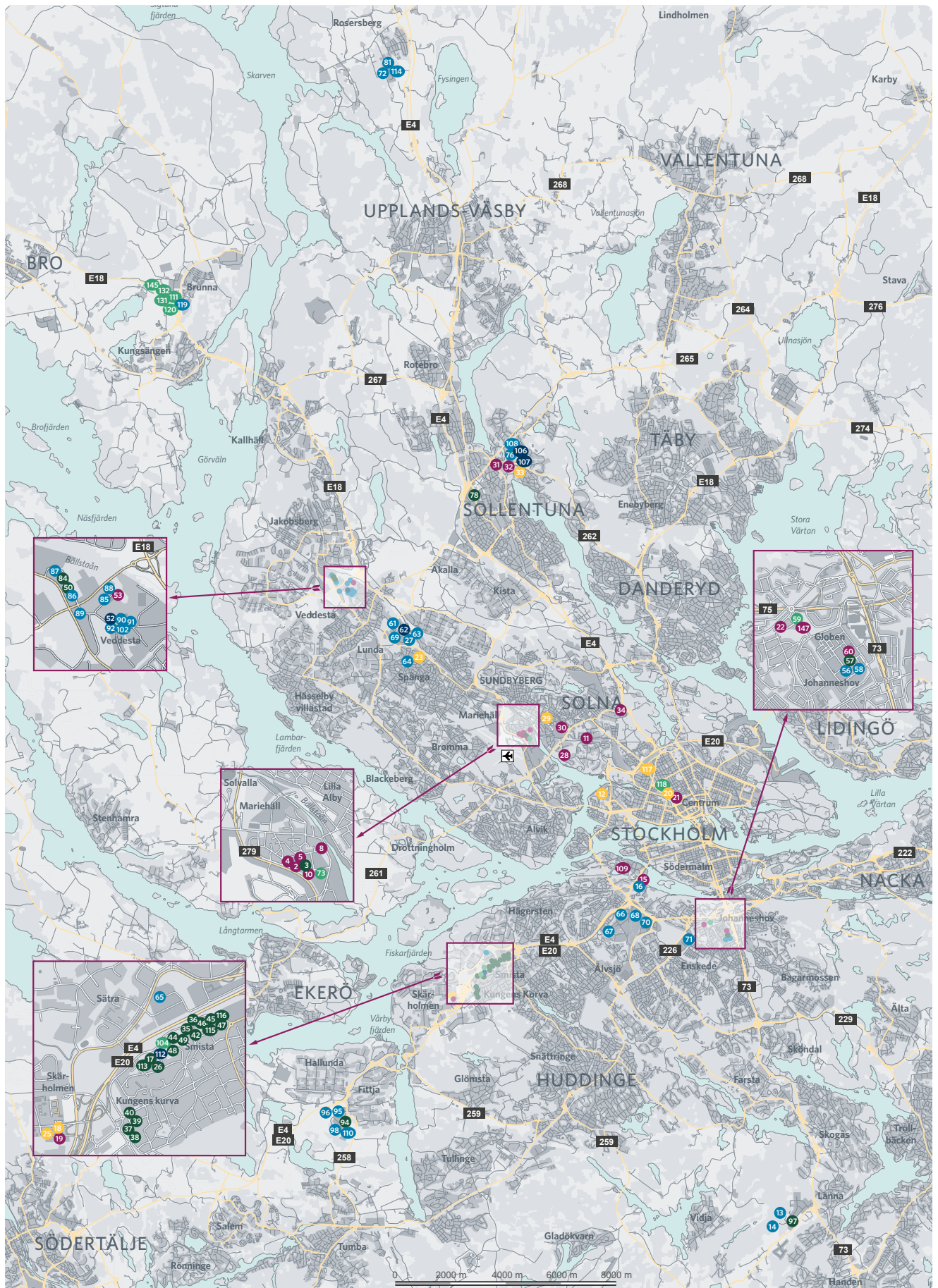
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Rental value, SEK/sq. m.	1,834	1,701	1,621	1,501	1,240	1,199	1,198	1,203	1,181	1,154
Economic occupancy rate	93.5%	94.9%	92.9%	92.8%	90.5%	85.4%	83.1%	82.8%	82.2%	82.8%
Property costs, SEK/sq. m.	304	290	425	373	334	326	337	344	362	345
Net operating income, SEK/sq. m.	1,410	1,325	1,080	1,021	788	697	658	652	609	611
Number of properties	126	131	115	111	106	106	105	109	100	97
Leasable area, thousand sq. m.	868	882	742	692	594	649	639	650	573	569

PROPERTY VALUE BY CATEGORY

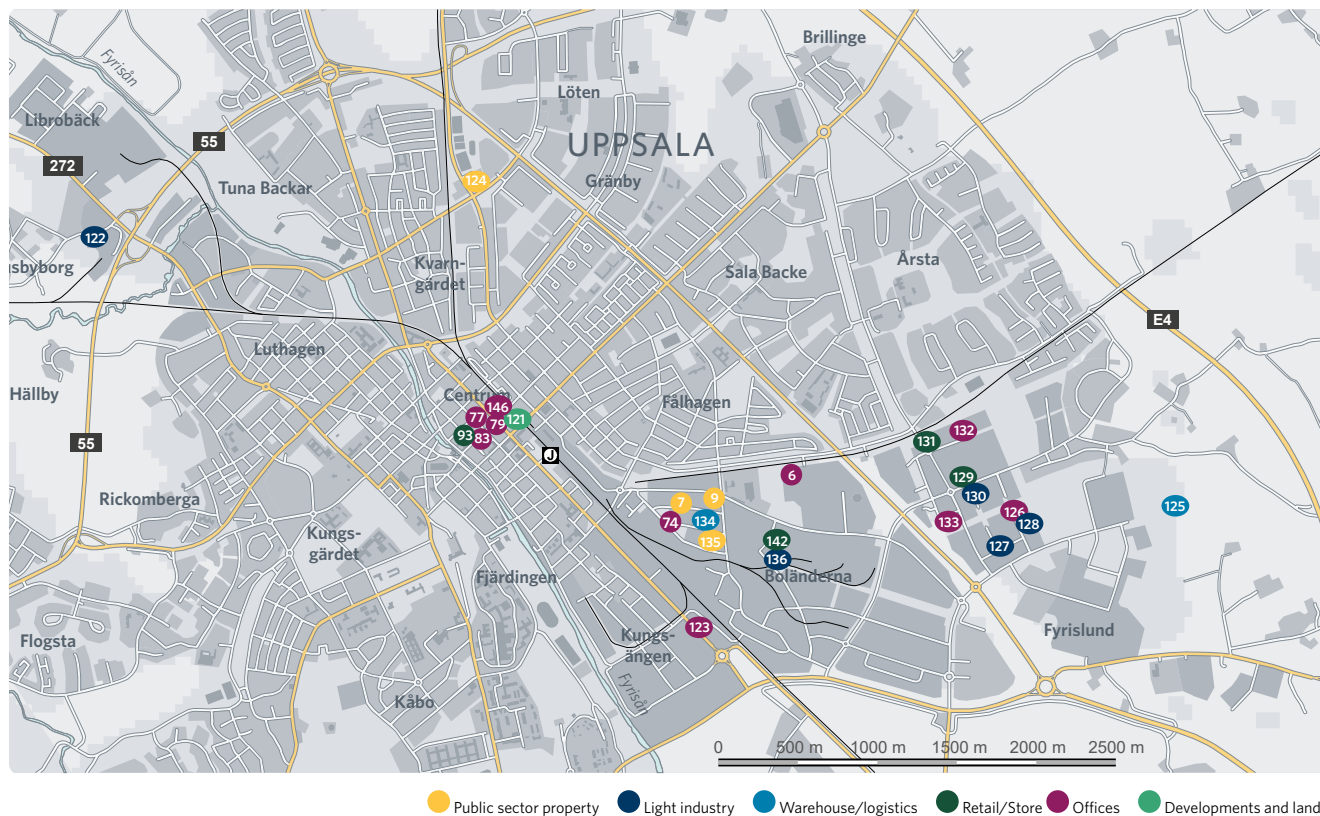


PROPERTY VALUE BY AREA





● Public sector property
 ● Light industry
 ● Warehouse/logistics
 ● Retail/Store
 ● Offices
 ● Developments and land



CASTELLUM'S PROPERTY PORTFOLIO IN REGION STOCKHOLM BY CATEGORY AND AREA, DEC 31, 2019

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type						Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other				
Offices															
53	Veddesta 2:66	Girovägen 13	Järfälla	2010	1989	3,221	-	250	-	-	8	3,479	7,422	30,200	
31	Ekplantan 4	Djupdalsvägen 1-7	Sollentuna	1996	1990	7,872	1,581	344	-	-	162	9,959	8,595	91,600	
32	Ekstubben 21 & 23	Djupdalsvägen 10-18, 20-22, 30-32	Sollentuna	1999	1989	5,977	-	276	-	-	199	6,452	3,069	60,045	
11	Bangården 4	Huvudstagatan 5	Solna	2015	1968	5,939	-	-	-	-	-	5,939	1,977	131,800	
28	Gräslöken 1	Anderstorpsvägen 20-26	Solna	2006	1976	6,110	681	233	-	-	-	7,024	1,288	106,000	
34	Stora Frösunda 3	Frösundaleden 2	Solna	2016	2009	28,419	1,000	-	-	-	176	29,595	9,946	790,000	
30	Yrket 4	Smidesvägen 10-12	Solna	2006	1982/1984	9,615	-	1,205	-	-	315	11,134	8,774	160,000	U
4	Betongblandaren 12	Gårdsfogdevägen 18 B	Stockholm	1998	1972	6,900	-	495	-	-	1	7,396	3,679	80,200	
5	Betongblandaren 13	Adolfbergsvägen 15, 25-31	Stockholm	1995	1989	7,106	2,686	1,181	-	-	7	10,980	7,690	96,000	
2	Betongblandaren 3	Gårdsfogdevägen 16	Stockholm	2001	1971	3,362	1,765	1,248	-	-	-	6,375	2,722	48,000	
8	Fredsfors 14	Karlsbodavägen 39-41	Stockholm	1995	1960	10,857	-	3,680	-	-	5	14,542	7,073	159,800	
19	Hästholmen 2	Ekholmsvägen 23	Stockholm	1995	1985	1,220	-	-	-	-	-	1,220	1,839	10,299	S
21	Läkaren 10	Torsgatan 12-14, Kammakargatan 74, Dalagatan 7	Stockholm	2016	1989	32,613	569	-	-	697	5,336	39,215	8,920	1,378,000	U
15	Marievik 27	Årstaängsvägen 17-19	Stockholm	2015	1956	10,392	1,175	31	-	-	-	11,598	2,747	202,000	U
109	Rosteriet 5	Lövholmsvägen 9, Trekantsvägen 9	Stockholm	2012	1956	3,270	-	-	-	-	-	3,270	2,390	55,200	S
60	Sandhagen 6	Slakthusgatan 9	Stockholm	2001	1967	1,531	-	2,659	-	-	20	4,210	1,728	19,065	S
22	Tjurhornet 15	Huddingevägen 103-109	Stockholm	1995	1986	19,326	575	3,898	-	-	12	23,811	13,314	350,800	
10	Vallonsmidet 8	Gårdsfogdevägen 1-7	Stockholm	1995	1963/1992	13,637	2,540	6,882	-	-	10	23,069	29,425	203,000	
147	Linde Torp 10	Bolidenvägen 8-10	Stockholm	2019	1924/1954	351	71	1,374	-	-	-	1,796	-	10,000	
6	Boländerna 5:12	Fälhagsleden 51	Uppsala	2010	1983/1996	7,058	-	209	286	-	-	7,553	15,251	89,600	U
74	Boländerna 9:1	Märstagatan 2	Uppsala	2008	1946/2005	1,487	128	557	-	-	100	2,272	2,890	22,600	
77	Dragarbrunn 16:2	Dragarbrunns Torg 2-6/Klostergatan 13-15	Uppsala	2004	1963	3,766	1,943	571	-	-	279	6,559	2,209	162,000	

Notes: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Stockholm by category and area, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type						Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other				
146	Dragarbrunn 16:6	Dragarbrunns Torg 12-14, Kungsgatan 41, St Persgatan 16	Uppsala	2018	1964	1,502	1,534	166	-	-	1,065	4,267	1,283	71,000	
79	Dragarbrunn 20:2	Kungsgatan 43/St Persgatan 17	Uppsala	1999	1963	2,501	723	-	-	-	65	3,289	921	-	
83	Dragarbrunn 20:4	Dragarbrunnsgatan 34	Uppsala	2010	2010/2014	9,556	2,921	35	0	1,305	421	14,238	4,472	332,399	
123	Kungsängen 35:3	Kungsgatan 76	Uppsala	1998	2001	3,030	-	-	-	-	-	3,030	4,547	34,780	
126	Årsta 36:2	Möllersvärdsgatan 12	Uppsala	1995	1978/1989	1,265	-	985	570	-	30	2,850	5,143	24,000	
132	Årsta 74:3	Axel Johanssons Gata 4-6	Uppsala	1995	1990	13,973	238	127	-	-	1,258	15,596	17,212	164,000	U
133	Årsta 78:1	Fyrislundsgatan 73	Uppsala	2011	2000	2,838	-	-	-	-	-	2,838	4,156	26,400	
Total offices						224,694	20,130	26,406	856	2,002	9,468	283,556	180,682	4,908,788	
Public sector properties															
33	Ekstubb 25	Djupdalsvägen 24-26	Sollentuna	2011	1987/1988	1,050	-	-	-	-	-	1,050	534	-	
25	Getholmen 1	Ekholmsvägen 32-36	Stockholm	1998	1982	5,578	-	2,520	-	-	-	8,098	4,717	75,400	S
18	Getholmen 2	Måsholmstorget 1-13	Stockholm	1995	1990	5,253	-	468	-	-	-	5,721	3,195	56,400	S
12	Hornsberg 10	Lindhagensgatan 133	Stockholm	2015	1985	9,877	972	408	3,840	-	10	15,107	4,578	320,200	
117	Isotopen 1	Solnavägen 1/Norra Stationsgatan 86-90	Stockholm	2017	2016	18,795	1,598	-	-	-	2,324	22,717	-	895,000	
20	Klassföreståndaren 3	Torsgatan 11, 13; Lilla Bantorget 15	Stockholm	2016	2008	13,265	-	-	-	-	164	13,429	3,389	779,000	
23	Mandelblomman 15	Avestagatan 29/Krono- fogdevägen 56	Stockholm	1995	1950/1990	3,221	-	394	-	-	6	3,621	4,364	11,196	U
29	Råsten 4	Råstensgatan 1/Sture- gatan 10	Sundbyberg	2007	1929/2001	2,700	-	-	-	-	-	2,700	1,111	49,600	
135	Boländerna 11:5	Märstagatan 7	Uppsala	2011	1975	2,992	-	-	1,550	-	-	4,542	4,346	-	U
9	Boländerna 8:11	Bergsbrunnagatan 15	Uppsala	2008	1975	2,114	-	5,736	-	-	-	7,850	11,535	23,027	
7	Boländerna 8:6	Knivstagatan 6	Uppsala	2008	1990	2,431	-	-	-	-	18	2,449	3,806	26,896	
124	Kvarngärdet 64:3	Sportfältsvägen 3	Uppsala	1996	1991	2,024	-	-	-	-	15	2,039	2,955	-	
Total public sector properties						69,300	2,570	9,526	5,390	-	2,537	89,323	44,530	2,236,719	
Warehouse/ logistics															
110	Segersby 1	Kumla Gårdsväg 10	Botkyrka	2012	1976	-	-	12,019	-	-	-	12,019	24,104	52,469	
98	Saltmossen 3	Kumla Gårdsväg 21	Botkyrka	1995	1983/1986	1,054	-	23,590	2,453	-	-	27,097	57,214	200,000	
95	Kumla Hage 3	Kumla Gårdsväg 24 A-B	Botkyrka	1995	1985	-	-	1,889	-	-	-	1,889	3,959	10,009	
96	Kumla Hage 13	Kumla Gårdsväg 24 C	Botkyrka	1995	1990	-	-	1,630	-	-	-	1,630	3,258	9,692	
14	Kranbilen 2	Lyftkransvägen 11	Huddinge	2015	-	-	-	-	8,974	-	-	8,974	17,066	87,400	
13	Dumpern 7	Speditionsvägen 36	Huddinge	2014	2009	410	-	6,376	-	-	-	6,786	12,035	46,800	
92	Veddesta 2:77	Fakturavägen 1-3	Järfälla	2007	1994/1997	-	-	7,339	-	-	-	7,339	14,857	55,535	
102	Veddesta 1:9	Fakturavägen 2	Järfälla	2007	1965	-	-	286	1,901	-	-	2,187	3,731	21,904	
90	Veddesta 2:60	Fakturavägen 4	Järfälla	2007	1987	175	-	784	-	-	-	959	1,099	4,973	S
91	Veddesta 2:68	Fakturavägen 6	Järfälla	2012	1990	210	-	-	2,658	-	-	2,868	2,801	15,931	
88	Veddesta 2:49	Girovägen 11	Järfälla	2010	1981	-	-	1,502	2,199	-	-	3,701	9,250	24,738	S
85	Veddesta 2:19	Girovägen 9	Järfälla	1995	1964	-	-	2,482	-	-	-	2,482	10,000	17,892	
89	Veddesta 2:50	Kontovägen 7/Ved- destavägen 23-25	Järfälla	1995	1964	1,339	-	2,893	565	-	-	4,797	21,889	37,581	U
87	Veddesta 2:26	Nettovägen 11	Järfälla	1995	1968	465	190	2,288	-	-	-	2,943	7,000	17,192	
86	Veddesta 2:21	Nettovägen 5	Järfälla	1995	1965/1988	460	-	1,495	-	-	-	1,955	5,000	10,933	
72	Rosersberg 11:130	Metallvägen	Sigtuna	2015	-	-	-	12,167	-	-	-	12,167	23,315	112,600	
81	Rosersberg 11:34	Tallbacksgatan 14	Sigtuna	1996	1987/1990	554	-	35,812	-	-	-	36,366	92,299	219,639	
114	Rosersberg 11:94	Skansvägen 25	Sigtuna	2014	2008	-	-	9,353	-	-	-	9,353	19,971	68,800	
76	Elementet 4	Bäckvägen 18	Sollentuna	1995	1960	1,084	245	9,812	-	-	-	11,141	18,469	65,158	
108	Elementet 3	Bäckvägen 20	Sollentuna	2012	1963	180	-	1,658	905	-	-	2,743	2,624	14,958	
70	Lagerhallen 2	Brunnbyvägen 2-4/Par- tihandlarvägen 27-45	Stockholm	2004	1975	2,842	-	7,185	-	-	3,505	13,532	9,512	70,200	S
61	Domnarvet 4	Domnarvsgatan 27-29	Stockholm	1995	1987	1,478	-	5,829	-	-	405	7,712	8,605	45,400	S
66	Dagskiftet 4	Elektravägen 10	Stockholm	2007	1945	252	-	1,406	-	-	7	1,665	1,892	9,521	S
69	Furudal 4	Fagerstagatan 10 C	Stockholm	2010	2008	-	-	-	1,237	-	-	1,237	2,051	11,731	S
63	Domnarvet 28	Fagerstagatan 19 C	Stockholm	2010	1986	-	-	-	3,720	-	-	3,720	7,272	23,828	S

Notes: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Stockholm by category and area, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type							Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other					
27	Domnarvet 39	Gunnebogatan 24-26	Stockholm	1995	1989	1,408	-	1,303	-	-	-	2,711	1,940	20,400	S	
56	Charkuteristen 5	Hallvägen 21	Stockholm	2001	1955	1,520	-	5,524	-	-	-	7,044	4,213	32,000		
64	Mandelblomman 16	Kronofogdevägen 62	Stockholm	2007	1974	710	-	2,239	1,095	-	-	4,044	4,125	19,051	U	
71	Ostmästaren 2	Ostmästargränd 4	Stockholm	2012	1980	-	-	-	3,292	-	-	3,292	5,915	27,800	S	
58	Charkuteristen 8	Slakthusgatan 22	Stockholm	2001	1968	548	-	4,681	-	-	-	5,229	2,582	20,461	S	
65	Stensåtra 7	Strömsåtravägen 16	Stockholm	1999	1974	-	-	5,288	-	-	-	5,288	10,212	29,185	S	
68	Godståget 1	Transportvägen 7-9	Stockholm	1995	1985	1,819	-	11,240	70	-	5	13,134	31,392	129,817		
67	Elektra 3	Västbergavägen 25	Stockholm	1995	1946	1,221	1,724	5,419	-	-	-	8,364	10,106	56,000		
16	Marievik 30	Årstaängsvägen 17-19	Stockholm	2015	-	-	-	22	-	-	1,599	1,621	1,883	6,800		
119	Kungsängen-Tibble 1:647	Mätarvägen 9	Upplands-Bro	2017	-	-	-	8,577	-	-	-	8,577	18,909	48,200		
134	Boländerna 11:2 & 11:3	Märstagatan 3-5	Uppsala	2017	1981	6,068	675	5,434	-	-	-	12,177	14,070	50,606	U	
125	Söderhällby 2:1	Pustgatan 5	Uppsala	2016	2018	-	-	5,963	-	-	-	5,963	32,344	-	U	
Total warehouse/logistics						23,797	2,834	203,485	29,069	-	5,521	264,706	516,964	1,695,204		
Retail																
94	Hantverkaren 2	Hantverkärvägen 9	Botkyrka	1995	1976/1979	-	-	-	5,850	-	-	5,850	11,672	29,050		
37	Altartorpet 22	Jägerhorns Väg 6	Huddinge	1996	1986	810	1,267	630	-	-	-	2,707	5,766	42,800	S	
38	Altartorpet 23	Jägerhorns Väg 8	Huddinge	1996	1987	1,741	2,471	-	-	-	-	4,212	5,755	67,000	S	
39	Arrendatorn 15	Jägerhorns Väg 3-5	Huddinge	2001	1987	490	625	210	-	-	-	1,325	2,422	13,580		
40	Arrendatorn 16	Jägerhorns Väg 1	Huddinge	1995	1987	440	747	318	-	-	-	1,505	2,803	13,724		
116	Myren 9	Smista Allé	Huddinge	2011	2015	-	589	-	-	-	-	589	12,035	6,466		
97	Slipstenen 1	Fräsarvägen 19/Slipstenvägen 4-8	Huddinge	2012	2006	-	2,808	-	-	-	-	2,808	11,442	19,212		
113	Spejaren 3	Smista Allé	Huddinge	1997	2014	-	-	-	6,793	-	-	6,793	5,349	57,000		
26	Spejaren 5	Smista Allé	Huddinge	1997	-	-	-	-	3,501	-	5	3,506	6,809	51,000		
35	Varpen 10	Smista Allé 36	Huddinge	1997	2016	3,636	-	-	0	-	-	3,636	5,715	33,200		
42	Varpen 11 A	Smista Allé 36	Huddinge	1997	2009	-	-	-	11,950	-	-	11,950	6,082	97,240		
36	Varpen 11 B	Smista Allé 36	Huddinge	1997	-	-	-	-	5,555	-	-	5,555	6,900	45,760		
44	Varpen 8	Smista Allé 32	Huddinge	1997	2010	-	-	-	2,622	-	-	2,622	3,100	27,600		
45	Visiret 2 A	Smista Allé 44	Huddinge	2004	2004	-	-	-	2,690	-	-	2,690	4,890	22,330		
115	Visiret 2 D	Smista Allé	Huddinge	1997	2013	-	-	-	-	-	12,357	12,357	5,000	37,000		
47	Visiret 2 F	Smista Allé 38-50	Huddinge	1997	2009	-	-	-	4,895	-	-	4,895	8,241	41,470		
46	Visiret 3 A	Smista Allé 42	Huddinge	1997	2006	-	-	-	7,545	-	-	7,545	3,122	74,880		
48	Visiret 3 B	Smista Allé 42	Huddinge	1997	2017	-	-	-	2,082	-	-	2,082	13,747	21,120		
49	Visiret 4	Smista Allé	Huddinge	1997	2017	-	-	-	851	-	-	851	2,566	10,549		
17	Spejaren 4	Smista Allé	Huddinge	1997	-	-	-	-	9,128	-	-	9,128	16,376	194,000		
84	Veddesta 2:17	Nettovägen 9	Järfälla	2006	1968	-	1,338	-	-	-	-	1,338	5,350	8,477		
50	Veddesta 2:22	Nettovägen 7	Järfälla	1995	1965/1975	508	-	-	-	-	-	508	1,782	3,520		
78	Tidskriften 2	Kuskvägen 2	Sollentuna	1997	1976	1,235	2,894	11,086	-	-	-	15,215	18,203	80,000		
3	Betongblandaren 10	Archimedesvägen 1-3/ Gårdsfogdevägen 8-10	Stockholm	2005	1975/1996	1,675	11,370	1,240	-	-	-	14,285	15,170	138,000		
57	Charkuteristen 6	Slakthusgatan 20	Stockholm	2001	1955	-	1,066	1,269	180	-	-	2,515	1,665	9,374	S	

Notes: S=Site leasehold L=Lease U=Unutilized building right

THE FIVE LARGEST PROPERTY OWNERS

Stockholm County	Taxed area, 000 sq. m.	Uppsala Municipality	Taxed area, 000 sq. m.
Vasakronan	-1,400	Vasakronan	236
Fabege	-1,100	Castellum	161
Klövern	-700	Klövern	134
Castellum	-700	Atrium Ljungberg	130
FastPartner	-650	Skandia	64

Source: Datcha, and their information regarding rental properties (excluding housing) and warehouse/logistics and industrial properties (excluding housing, medical and school properties) owned as of December 31, 2019, taxed area. Municipal and State-owned companies and government institutions have been excluded. The following municipalities are included in the Greater Stockholm: Botkyrka, Huddinge, Järfälla, Nacka, Sigtuna, Sollentuna, Solna, Stockholm and Upplands Väsby.

Castellum's property portfolio in Region Stockholm by category and area, Dec 31, 2019 (cont.)

No.	Property	Street address	Municipality	Year acqui- red	Built/ reconst.	Square meter by premises type						Total	Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other				
142	Boländerna 36:2	Danmarksgatan 20	Uppsala	2011	1982	360	1,581	396	-	-	100	2,437	3,204	21,200	
93	Dragarbrunn 19:1	Stora Torget 8-12	Uppsala	2018	1883/2010	582	2,041	307	-	-	34	2,964	1,755	77,000	
129	Årsta 67:1	Stålgatan 8-12	Uppsala	1995	1988	187	10,315	515	417	-	-	11,434	31,608	111,544	
131	Årsta 74:1	Fyrislundsgatan 68	Uppsala	1999	1985	1,469	5,713	25	-	-	-	7,207	15,268	59,000	
Total retail						13,133	44,825	15,996	64,059	-	12,496	150,509	233,797	1,413,096	
Light industry															
112	Palissaden 4	Smista Allé 30	Huddinge	1997	2013	-	-	-	2,198	-	-	2,198	3,285	21,149	
52	Veddesta 2:58	Fakturavägen 5	Järfälla	2007	1985/1995	980	-	-	-	-	-	980	2,452	7,690	
106	Elektronen 1	Hovslagarevägen 5	Sollentuna	2012	1957/1987	261	-	-	2,171	-	-	2,432	3,639	13,615	
107	Elektronen 4	Hovslagarevägen 3A-B	Sollentuna	2012	1958/1992	855	-	1,128	1,710	-	-	3,693	5,273	26,506	
62	Domnarvet 27	Fagerstagatan 19 B	Stockholm	1995	1982	-	-	-	1,970	-	-	1,970	4,337	13,615	S
136	Boländerna 12:1	Danmarksgatan 24	Uppsala	2011	1979	1,879	-	6,731	1,873	-	-	10,483	14,136	77,850	
122	Husbyborg 1:83	Gamla Börjevägen 4	Uppsala	2008	1972/1988	46	245	1,079	6,643	-	-	8,013	14,543	90,331	U
127	Årsta 36:7	Hanselligatan 6	Uppsala	2007	1986	-	-	2,271	-	-	-	2,271	3,358	15,678	
128	Årsta 38:1	Möllersvärdsgatan 5	Uppsala	1995	1979	755	-	910	1,295	-	-	2,960	8,572	22,463	U
130	Årsta 72:3	Svederusgatan 1-4	Uppsala	1997	1990	2,149	720	2,079	3,331	-	187	8,466	10,792	6,506	
Total light industry						6,925	965	14,198	21,191	-	187	43,466	70,387	295,403	
Developments															
118	Öskaret 1	Torsgatan 22, 24, 26, 28, 30	Stockholm	2017	1906	13,629	-	-	-	-	87	13,716	6,148	332,750	U
111	Örnäs 1:17	Mätarvägen 45	Upplands-Bro	2016	-	-	-	15,780	-	-	-	15,780	59,045	54,000	U
121	Dragarbrunn 21:1	S:t Persgatan 21	Uppsala	2012	1970	6,027	-	877	-	-	229	7,133	4,747	83,000	
Total developments						19,656	-	16,657	-	-	316	36,629	69,940	469,750	
Undeveloped land															
59	Linde Torp 8	Bolidenvägen 8-10	Stockholm	1995	-	-	-	-	-	-	-	-	5,537	9,800	U
73	Vallonsmidet 11	Gårdsfogdevägen 1-7	Stockholm	1995	-	-	-	-	-	-	-	-	4,907	8,800	U
120	Kungsängen-Tibble 1:648	Mätarvägen 17	Upplands-Bro	2017	-	-	-	-	-	-	-	-	31,767	17,895	
131	Örnäs 1:28	Mätarvägen 45	Upplands-Bro	2016	-	-	-	-	-	-	-	-	25,698	18,300	
132	Örnäs 1:29	Mätarvägen 45	Upplands-Bro	2016	-	-	-	-	-	-	-	-	25,672	14,000	
145	Örnäs 1:30	Mätarvägen 45	Upplands-Bro	2016	-	-	-	-	-	-	-	-	21,750	17,600	
Total undeveloped land						-	-	-	-	-	-	-	115,331	86,395	
Total Region Stockholm						357,505	71,324	286,268	120,565	2,002	30,525	868,189	1,231,631	11,105,355	

Notes: S=Site leasehold L=Lease U=Unutilized building right

RENTAL LEVELS AND INVESTMENT YIELD

		Stockholm		Uppsala	
		Rent, SEK/sq. m.	Investment yield	Rent, SEK/sq. m.	Investment yield
Offices	Prime location	7,250-10,000	3.2%-3.75%	2,750-3,500	4.5%-5.25%
	Secondary location	6,000-7,000	3.5%-4.0%	1,750-2,500	5.0%-5.75%
Retail	Prime location	4,500-13,000	3.75%-4.25%	2,500-5,000	4.75%-5.5%
	Secondary location	3,000-7,000	4.25%-5.0%	1,300-1,700	5.50%-6.00%
Ware- house/ Logis- tics	Prime location	850-1 000	4.5%-5.0%	550-650	5.5%-6.25%
	Secondary location	750-850	5.0%-5.5%	400-500	6.25%-7.0%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum and Castellum.

Region North

CASTELLUM'S PROPERTY PORTFOLIO IN REGION NORTH BY CATEGORY AND AREA, DEC 31, 2019

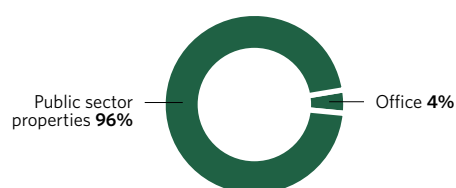
	Number properties	Area, 000 sq. m.	Rental value, MSEK	Rental value SEK/sq. m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
Offices									
Gävle	2	5	8	1,521	91.8%	7	2	456	5
Total offices	2	5	8	1,521	91.8%	7	2	456	5
Public sector properties									
Gävle	10	99	147	1,485	93.6%	138	29	293	109
Total public sector properties	10	99	147	1,485	93.6%	138	29	293	109
Total	12	104	155	1,487	93.5%	145	31	301	114
Undeveloped land	-	-	-	-	-	-	-	-	-
Total	12	104	155			145	31		114

KEY PROPERTY METRICS

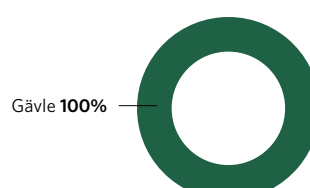
	2019	2018*	2017*	2016*	2015	2014	2013	2012	2011	2010
Rental value, SEK/sq. m.	1,487	1,578	1,536	1,501	-	-	-	-	-	-
Economic occupancy rate	93.5%	93.4%	93.9%	93.2%	-	-	-	-	-	-
Property costs, SEK/sq. m.	301	341	355	483	-	-	-	-	-	-
Net operating income, SEK/sq. m.	1,090	1,133	1,088	916	-	-	-	-	-	-
Number of properties	12	30	30	29	-	-	-	-	-	-
Leasable area, thousand sq. m.	104	259	259	259	-	-	-	-	-	-

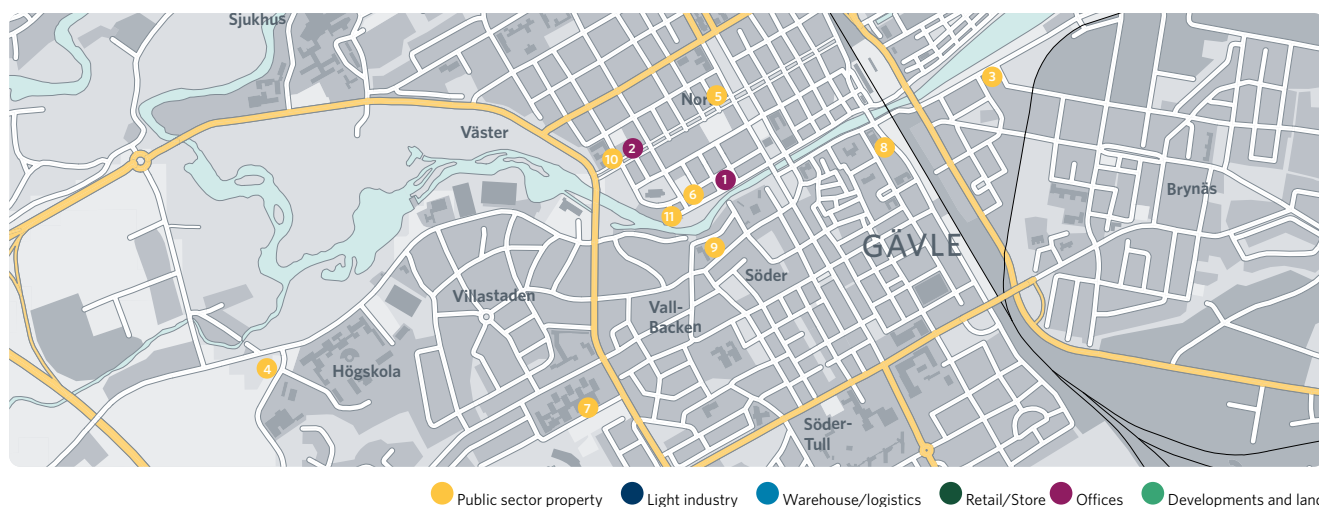
*Castellum's property portfolio in Sundsvall was sold in a barter transaction on January 22, 2019.

PROPERTY VALUE BY CATEGORY



PROPERTY VALUE BY AREA




CASTELLUM'S PROPERTY PORTFOLIO IN REGION NORTH BY CATEGORY AND AREA, DEC 31, 2019

No.	Property	Street address	Municipality	Year ac-quired	Built/ reconst.	Square meter by premises type							Land area	Tax value	Notes
						Offices	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other	Total			
Offices															
1	Norr 38:3	Kyrkogatan 10-12, Norra Strandgatan 9, Skepps-gatan 2	Gävle	2016	1940/1992	2,564	-	66	-	-	238	2,868	2,044	23,600	
2	Väster 27:1	Nygatan 3, Vågskrivaregatan 5	Gävle	2016	1897/1983	2,058	-	-	-	-	133	2,191	2,977	29,682	U
Total offices						4,622	-	66	-	-	371	5,059	5,021	53,282	
Public sector properties															
3	Brynäs 17:1	Södra Skeppsbron 18, Södra Sjötullsgatan 1-3	Gävle	2016	1976/1989	8,147	-	54	-	-	654	8,855	12,000	-	
-	Kubbo 15:1	Kubbostigen 8	Gävle	2016	1975	-	-	325	-	-	-	325	14,695	327	
4	Kungsbäck 2:18	Kungsbäcksvägen 51	Gävle	2016	2010	3,609	-	-	-	-	98	3,707	7,372	-	
5	Norr 15:7	Kungsgatan 11-13, Nygatan 25	Gävle	2016	1891/1978	9,983	1,082	167	-	2,021	532	13,785	4,389	139,400	
6	Norr 47:7	Kyrkogatan 4	Gävle	2016	1972	4,838	-	15	-	-	321	5,174	6,480	47,000	U
7	Olsbacka 45:6	Lantmäterigatan 2-4, Bobergsgatan 3	Gävle	2016	1975/1993	34,483	734	-	-	-	-	35,217	31,619	230,000	
8	Söder 17:10	Södra Centralgatan 1-3	Gävle	2016	1971/2007	9,869	-	-	-	-	1,560	11,429	6,759	66,600	
9	Söder 6:5	Borgmästarplan	Gävle	2016	1955/1967	8,245	-	-	-	-	101	8,346	6,536	52,200	
10	Väster 26:1	Skomakargatan 1	Gävle	2016	1979/1983	9,806	485	172	-	-	736	11,199	5,633	92,400	
11	Väster 32:3	Kaplangsgatan 1	Gävle	2016	1900/1950	1,245	-	-	-	-	-	1,245	1,683	9,945	
Total public sector properties						90,225	2,301	733	-	2,021	4,002	99,282	97,166	637,872	
Total Region North						94,847	2,301	799	-	2,021	4,373	104,341	102,187	691,154	

Notes: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region North, Dec 31, 2019 (cont.)

THE FIVE LARGEST PROPERTY OWNERS

	Taxed area, 000 sq. m.
Gävle Municipality	
NP3 Fastigheter	248
Diös	147
FastPartner	133
Castellum	104
Swedish retail properties	30

Source: Datcha, and their information regarding rental properties (excluding housing) and warehouse/logistics and industrial properties (excluding housing, medical and school properties) owned as of December 31, 2019, taxed area. Municipal and State-owned companies and government institutions have been excluded.

RENTAL LEVELS AND INVESTMENT YIELD

Gävle		Rent, SEK/sq. m.	Investment yield
Offices	Prime location	1,500-1,850	5.5%-6.25%
	Secondary location	1,000-1,600	6.25%-7.25%
Retail	Prime location	1,900-3,900	5.50%-6.50%
	Secondary location	800-2 500	6.0%-7.5%
Ware-house/Logistics	Prime location	450 -550	6.25%-7.0%
	Secondary location	400-500	6.75%-7.75%

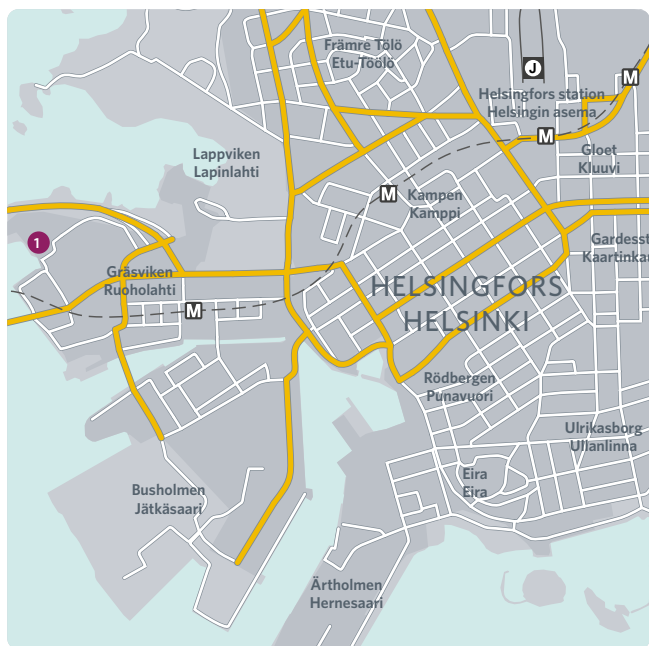
Office and retail refer to rent incl. media, but excl. additions for property tax.
Source: Forum and Castellum.



Finland

CASTELLUM'S PROPERTY PORTFOLIO IN REGION FINLAND BY CATEGORY AND AREA, DEC 31, 2019

	Number properties	Area, 000 sq. m.	Rental value, MSEK	Rental value SEK/sq. m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
Offices									
Helsinki	1	14	53	3,660	110.7%	58	12	841	46
Total offices	1	14	53	3,660	110.7%	58	12	841	46
Total	1	14	53			58	12	841	46



Offices

KEY PROPERTY METRICS

	2019	2018
Rental value, SEK/sq. m.	3,660	3,577
Economic occupancy rate	110.7%	99.6%
Property costs, SEK/sq. m.	841	804
Net operating income, SEK/sq. m.	3,209	2,759
No. of properties	1	1
Leasable area, 000 sq. m.	14	14

RENTAL LEVELS AND INVESTMENT YIELD

Helsinki		
	Rent, SEK/sq. m.	Investment yield
Offices	Prime location	4,250-4,500
	Secondary location	3,100-3,600
Retail	Prime location	14,000-17,000
	Secondary location	8,000-12,000
Warehouse/Logistics	Prime location	800-925
	Secondary location	550-700

Office and retail refer to rent incl. media, but excl. additions for property tax.
Source: JLL, KTI and Castellum

CASTELLUM'S PROPERTY PORTFOLIO IN REGION FINLAND BY CATEGORY AND AREA, DEC 31, 2019

No.	Property	Street address	Municipality	Year acquired	Built/reconst.	Square meter by premises type						Total Land area	Tax value	Notes
						Offices	Retail	Warehouse/ Logistics	Light industry	Residential	Other			
Offices														
1	Salmisaarenaukio 1	Salmisaarenaukio 1	Helsinki	2018	2007	14,433	-	-	-	-	-	14,433	3,309	272,957
Total offices						14,433	-	-	-	-	-	14,433	3,309	272,957
Total Region Finland						14,433	-	-	-	-	-	14,433	3,309	272,957

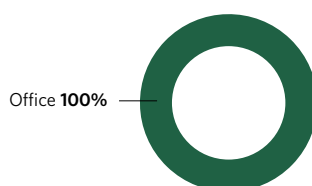
Notes: S=Site leasehold L=Lease U=Unutilized building right

THE FIVE LARGEST PROPERTY OWNERS

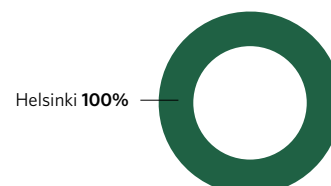
Helsinki	Value, EUR billion
Ilmarinen	-4.2
Sponda (Polar Bidco)	-3.9
Varma	-2.8
Keva	-2.5
OP Group	-2.4

Source: KTI. Purely residential players excluded.

PROPERTY VALUE BY CATEGORY



PROPERTY VALUE BY AREA



Properties sold in 2019

Property	Street address	Municipality	Year acquired	Built/reconst.	Square meter by premises type						Total	Land area	Tax value	Notes
					Offices	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
Region Central														
Magnetjärnet 6	Finnögatan 5 C	Linköping	2010	1996	2,388	-	-	-	-	-	2,388	8,328	10,623	U
Beryllen 1	Urbergsgatan 90	Norrköping	2016	1971	3,002	2,990	183	-	-	4,031	10,206	10,970	-	
Källemo 1	Källemogatan 12	Vaggeryd	1995	1956/1988	-	-	7,552	-	-	-	7,552	48,347	11,123	U
Yggen 1	Krokvägen 1	Vaggeryd	1995	1985/1989	450	-	-	5,853	-	-	6,303	18,598	11,581	
Bleckslagaren 6	Handelsgatan 1	Örebro	2008	1982	-	-	1,964	2,362	-	-	4,326	22,243	14,721	U
Gällersta-Gryt 4:9	Gällerstavägen	Örebro	1995	1969	-	-	11,625	-	-	-	11,625	42,143	24,606	
Total Region Central					5,840	2,990	21,324	8,215	-	4,031	42,400	150,629	72,654	
Region Stockholm														
Boländerna 28:3	Stångjärnsgatan 10	Uppsala	2000	1971	-	24,706	1,064	-	-	-	25,770	64,871	256,600	U
Boländerna 28:4 A	Verkstadsgatan 11	Uppsala	2003	2002	2,124	-	-	-	-	-	2,124	4,500	23,200	
Boländerna 28:4 B	Stångjärnsgatan 8B	Uppsala	2003	1987	-	4,100	-	-	-	-	4,100	10,981	42,408	U
Boländerna 35:1	Bolandsgatan 18	Uppsala	2006	2006	-	8,466	-	-	-	250	8,716	26,193	71,018	U
Boländerna 35:2	Bolandsgatan 20	Uppsala	1995	1981	-	9,085	-	-	-	-	9,085	9,600	31,567	U
Total Region Stockholm					2,124	21,651	-	-	-	250	24,025	51,274	168,193	
Region North														
Borgaren 3	Södra järnvägs-gatan 35, 37-39	Sundsvall	2016	1992/1932	5,122	-	-	-	708	155	5,985	3,895	41,433	U
Borgaren 6	Södra järnvägs-gatan 35, 37-39	Sundsvall	2016	-	-	-	-	-	-	-	-	-	2,217	
Byggmästaren 2	Landsvägsallén 4	Sundsvall	2016	1954/2005	6,751	-	-	-	-	332	7,083	5,850	52,271	
Guldsmeden 15	Storgatan 50	Sundsvall	2016	1970/2004	5,441	-	33	-	-	96	5,570	2,015	36,000	
Hercules 2, 8, 9	Rådhusgatan 3, etc.	Sundsvall	2016	1979/1995	3,762	55	-	-	373	43	4,233	921	32,152	
Hovrätten 2	Storgatan 37-39, etc.	Sundsvall	2016	1974/2004	30,581	-	-	-	-	185	30,766	11,843	154,133	
Idrottsparken 2, 3	Universitetsallén 2-8	Sundsvall	2016	2002	8,537	-	-	-	-	55	8,592	3,100	85,328	
Järnvägsstationen 2	Stuvarvägen 21	Sundsvall	2016	2008	11,008	-	-	-	-	44	11,052	4,958	151,200	
Måsen 14	Västra Långgatan 42, 45, Södra Järnvägs-gatan 41	Sundsvall	2016	1978/2002	28,161	-	12	-	-	1,584	29,757	28,415	212,408	
Neptunus 5	Kyrkogatan 3	Sundsvall	2016	1967	5,779	-	-	-	-	168	5,947	1,713	-	
Notvarpet 8	Skepparplatsen 1	Sundsvall	2016	1959/1995	8,122	-	-	-	-	-	8,122	13,519	50,800	U
Nyttan 3, 6	Torggatan 6-8, Kyrko-gatan 18, Storgatan 17	Sundsvall	2016	1899/1967	1,447	2,341	-	-	1,881	8	5,677	1,756	61,266	
Nyttan 7	Storgatan 21, etc.	Sundsvall	2016	1892/1960	2,088	3,019	-	-	2,163	172	7,442	2,168	112,200	
Olympen 4	Storgatan 22, etc.	Sundsvall	2016	1975/1999	5,906	3,279	227	-	-	236	9,648	3,078	79,200	
Stadshuset 2	Kyrkogatan 19, Rådhusgatan 22	Sundsvall	2016	1868	900	2,899	-	-	-	56	3,855	2,620	18,200	
Stuvaren 1	Stuvarvägen 5-17	Sundsvall	2016	1960/1988	4,476	1,386	251	-	-	273	6,386	8,215	46,800	
Tullpaviljongen 1	Stuvargatan 25, Stuvarvägen 27	Sundsvall	2016	1999/2005	4,265	-	-	-	-	112	4,377	-	49,400	U
Total Region North					132,346	12,979	523	-	5,125	3,519	154,491	94,066	1,185,008	



Sketch: Eminent, Malmö

In-depth sustainability reporting

Castellum's tradition of sustainability reaches far back into the company's history. Right from its founding, we have worked on energy efficiency and certification. Over time, the sustainability issue has grown and several perspectives have been added. At Castellum, we see ourselves as a builder of communities. In this light, our strategy is to take sustainability issues seriously from a financial, ecological and social perspective. Our sustainability efforts are integrated into everything we do, and a natural part of our daily work.





EPRA Sustainability Best Practices Recommendation (sBPR)

Sustainability indicators under EPRA

Castellum's reporting of its sustainability efforts follows the guidelines from the Global Reporting Initiative (GRI) Standards: Core option. The GRI's industry-specific supplements for the construction and property sector have been taken into account. The sustainability report is presented annually and sources are given for the data, assumptions and conversion factors used within the framework of the report. No material changes regarding the organization or supply chain occurred in 2019.

EPRA Performance Measures

Castellum reports the company's key sustainability metrics based on the European Public Real Estate Association (EPRA) Sustainability Best Practices Recommendations (sBPR), third version, September 2017.

Castellum reports key sustainability metrics for all 28 of the EPRA's sBPR performance measures. Key metrics are reported for energy, greenhouse gas emissions, water, waste, and environmentally certified buildings as well as corporate governance and societal aspects.

EPRA Overarching Recommendations

Organizational boundary

Castellum limits its reporting to properties where we have operational control in accordance with the principles of the Greenhouse Gas protocol. Operational control was selected since it provides Castellum with the best conditions for reporting the statistics and data that Castellum can directly influence. Properties where the customer is responsible for agreements

regarding energy and water deliveries and waste removal are thus excluded. Nor does Castellum own measurement data in cases where the customer is responsible for the agreement, and it is therefore difficult for us to report that type of data.

Coverage

For properties Castellum owns and manages, we work actively to gain access to the relevant measurement data. Having access to measurement data is important for Castellum, as it creates conditions for proper, efficient technical management in our buildings. At present, Castellum has excellent access to measurement data for nearly its entire portfolio. The size of the share of properties included in the respective indicators is shown next to the respective key metrics. Note that the share of potential objects to report under absolute figures for the respective years includes objects sold during the year in question, excluding land.

Castellum does not, however, have access to all of the measurement data for all its properties. We are primarily lacking measurements of waste owing to the fact that the waste management contractors cannot provide statistics for all properties. Measurement data is also missing for energy and water. This is due to changes in the portfolio from purchases and sales of properties as well as development properties, which makes access to the relevant data more difficult. Castellum works continually on improving access to the relevant statistics.

In total, Castellum owned 632 (647) properties at the end of 2019.



Estimation of landlord-obtained utility consumption

No data has been estimated; all measurement data reported has been measured and assured.

Third party assurance

In accordance with ISAE 3000, Castellum's Sustainability Report under the GRI Standards has been subject to a limited assurance engagement by Deloitte AB. The Sustainability Report includes key sustainability metrics in accordance with the EPRA's sBPR performance measures. See the assurance report on page 183.

Boundaries – reporting on landlord and tenant consumption

Castellum reports only energy purchased by the landlord (i.e. Castellum). It does not therefore report tenants' own electricity consumption, since in the main we do not have access to those statistics. Castellum cannot directly influence tenants' electricity consumption, which makes the statistics to some extent less relevant.

Normalization

Castellum calculates key intensity metrics through division by the total floor area of the buildings; this is the most widely accepted method in Sweden for comparing energy use and resource consumption.

Castellum uses Swedish Meteorological and Hydrological Institute (SMHI) degree days to normalize energy for heating.

Segmental analysis (by property type, geography)

Castellum reports sustainability data divided into the following building types: offices and logistics. Since Castellum owns properties primarily in Sweden and a very small share in Denmark and Finland, reporting the statistics by geographical division is not relevant.

Disclosure on own offices

Castellum's own offices are reported separately on page 228.

Narrative on performance

To read more about the changes from 2018 to 2019 regarding key environmental metrics and the savings achieved, see pages 226–227. No adjustments have been made to the data reported. Decisions on community engagement are taken in the respective regions.

Location of EPRA Sustainability Performance in companies' reports

See Castellum's EPRA index on page 230.

Reporting period

Reporting for the respective years recognized in the EPRA table refers to calendar years (i.e. January 1 to December 31).

Materiality

Castellum's materiality analysis is reported on page 231.

EPRA: Sustainability performance measures

– Environment

ENERGY

EPRA Code	Units of measure	Indicator	Absolute measures (abs)	
			Castellum	
			2019	2018
Elec-Abs Elec-LfL	MWh	Electricity		
		Total landlord obtained electricity	78,733	93,098
	<i>Number of applicable properties</i>	<i>Electricity disclosure coverage</i>	444/473	443/495
DH&C-Abs DH&C-LfL	MWh	District heating & cooling		
		Total landlord obtained heating and cooling	234,483	251,994
	<i>Number of applicable properties</i>	<i>District heating & cooling disclosure coverage</i>	479/508	470/522
Fuels-Abs Fuels-LfL	MWh	Fuels		
		Total landlord obtained fuels	3,023	3,922
	<i>Number of applicable properties</i>	<i>Fuels disclosure coverage</i>	15/15	17/17
	MWh	Energy		
		Total energy use	316,239	349,014
		Total energy use (Degree day corrected)	340,645	371,220
Energy-Int	kWh/sq. m.	Energy intensity	88	97

The table shows energy usage as total and like-for-like figures for Castellum AB per property type. Disclosure coverage shows the number of properties within the organizational boundaries that are included in the data disclosed for this indicator. The degree day-corrected energy use is normalized with data from SMHI. Castellum only reports on landlord obtained energy, our own offices are included in the data above. No energy data is estimated.

GREENHOUSE GAS EMISSIONS

EPRA Code	Units of measure	Indicator	Absolute measures (abs)	
			Castellum	
			2019	2018
GHG-Dir-Abs GHG-Dir-LfL	Tonnes CO ₂ e	Direct		
		Scope 1	458	675
GHG-Indir-Abs GHG-Indir-LfL	Tonnes CO ₂ e	Indirect		
		Scope 2 market based	5,764	4,362
		Scope 2 location based	37,222	47,818
GHG-Int	Kg CO ₂ e/sq. m.	GHG Intensity	8.9	11.5

The table shows greenhouse gas emissions from fuel in own vehicles in absolute (Scope 1) and from building energy usage in absolute and LfL (Scope 1 & 2). In 2019 the GHG emissions from company-owned vehicles was 65 ton CO₂e, compared to 197 ton CO₂e in 2018. GHG intensity is divided by the total area of Castellum's portfolio for 2019 (4,255,268 sq. m.) To view Castellum's full scope 3 emissions, refer to page 233.

WATER

EPRA Code	Units of measure	Indicator	Absolute measures (abs)	
			Castellum	
			2019	2018
Water-Abs Water-LfL	m ³	Municipal water	995,345	969,783
Water-Int	m ³ /sq. m.	Building water intensity	0.29	0.27
<i>Number of applicable properties</i>		Water disclosure coverage	490/518	503/554

The table shows water usage. Disclosure coverage shows the number of properties within the organizational boundaries that are included in the data disclosed for this indicator.

Like-for-like (Lfl) by property type

Offices & retail			Logistics			Castellum total		
2019	2018	% change	2019	2018	% change	2019	2018	% change
57,601	63,694	-10%	14,111	16,098	-12%	71,712	79,792	-10%
280/280	280/280	-	131/131	131/131	-	411/411	411/411	-
155,000	170,651	-9%	57,262	60,422	-5%	212,262	231,073	-8%
287/287	287/287	-	152/152	152/152	-	439/439	439/439	-
964	1,318	-27%	1,495	1,947	-23%	2,459	3,265	-25%
5/5	5/5	-	8/8	8/8	-	13/13	13/13	-
213,565	235,663	-9%	72,868	78,467	-7%	286,433	314,130	-9%
229,359	249,845	-8%	79,280	84,117	-6%	308,639	333,961	-8%
98	108	-9%	67	72	-7%	88	96	-9%

Like-for-like (Lfl) by property type

Offices & retail			Logistics			Castellum total		
2019	2018	% change	2019	2018	% change	2019	2018	% change
356	512	-30%	37	147	-75%	458	856	-46%
3,278	3,247	+1%	1,008	1,164	-13%	4,286	4,410	-3%
25,187	31,405	-20%	7,817	9,421	-17%	33,004	40,826	-19%
10.5	13.1	-20%	6.2	7.5	-18%	9.0	11.3	-20%

Like-for-like (Lfl) by property type

Offices & retail			Logistics			Castellum total		
2019	2018	% change	2019	2018	% change	2019	2018	% change
651,331	670,425	-3%	294,095	304,538	-3%	945,425	974,963	-3%
0.31	0.32	-3%	0.28	0.29	-3%	0.30	0.31	-3%
288/288	288/288	-	163/163	163/163	-	451/451	451/451	-

WASTE

			Absolute measures (abs)	
			Castellum	
EPRA Code	Units of measure	Indicator	2019	2018
Waste-Abs Waste-LfL	tonnes	Hazardous waste	17	11
		Recycled waste	1,094	1,025
		Waste to combustion	956	1,377
		Total waste	2,067	2,413
Number of applicable properties		Waste disclosure coverage	164/638	146/669

The table shows generated waste by tenants. Disclosure coverage shows the number of properties within the organizational boundaries that are included in the data disclosed for this indicator.

SUSTAINABILITY CERTIFIED BUILDINGS

EPRA Code	Indicator
Cert-tot	Number of certified assets
	Certified area (sq. m.)
	Certified area, share of total portfolio (%)

The table shows number of sustainability certified buildings by type of certification. Some assets are certified according to two or more certification schemes, meaning that the total number of assets certified are not a sum of the segmented numbers.

CASTELLUM AB OFFICE(S)

Units of measure	Indicator	Absolute performance	
		2019	2018
MWh	Electricity	Total consumed electricity	302
		Proportion of electricity from renewable sources	100%
	District heating and cooling	Total consumed district heating and cooling	822
		Proportion of landlord obtained district heating and cooling from renewable sources	96.0%
	Fuels	Total consumed fuels	0
		Proportion of landlord obtained fuels from renewable sources	-
kWh/sq.m./year	Energy intensity (degree day corrected)	117	155
Number of applicable properties	Energy and associated GHG disclosure coverage	18/18	20/20
%	Proportion of energy and associated GHG estimated	0%	0%
tonnes CO ₂ e	Direct	Scope 1	66
	Indirect	Scope 2 (market based)	24
	Indirect	Scope 2 (location based)	132
tonnes CO ₂ e/year/sq. m./year	GHG intensity	Scope 1 & 2 emissions (market based)	8.0
tonnes CO ₂ e/year/sq. m./year	GHG intensity	Scope 1 & 2 emissions (location based)	17.5

Disclosure coverage shows the number of properties within the organizational boundaries that are included in the data disclosed for this indicator. The total area of Castellum's own office space (2019) is 11,284 sq. m.

Like-for-like (Lfl) by property type

Offices & retail			Logistics			Castellum total		
2019	2018	% change	2019	2018	% change	2019	2018	% change
16	6	+148%	1	4	-85%	16	10	+64%
716	938	-24%	365	100	+264%	1,081	1,038	+4%
796	1,173	-32%	146	135	+8%	942	1,308	-28%
1,528	2,117	-28%	512	239	+114%	2,039	2,356	-13%
108/108	108/108	-	47/47	47/47		155/155	155/155	-

Castellum

Miljöbyggnad		EU GreenBuilding		LEED	BREEAM		WELL	Total sustainability certified assets				
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	% change
48	41	55	55	5	5	64	46	1	1	164	141	+16%
431,456	401,856	433,072	460,506	70,660	95,720	700,933	602,467	13,429	13,409	1,524,129	1,407,948	+8%
10%	10%	10%	11%	2%	2%	16%	14%	0%	0%	36%	33%	-

EPRA: Social performance measures

HEALTH & SAFETY

				Corporate performance		Performance by asset type			
				Castellum		Offices & retail		Logistics	
EPRA Code	Units of measure	Indicator	Boundary	2019	2018	2019	2018	2019	2018
	Number of incidents per 200,000 hours worked	Injury rate	Direct employees	1.7	2.9				
	% of total number of worked hours	Lost day rate	Direct employees	1.88%	2.17%				
	% of total number of worked hours	Absentee rate	Direct employees	2.89%	3.75%				
H&S-Emp	Total number	Fatalities	Direct employees	0	0				
H&S-Asset	% of assets	Health and Safety assessments		100%	100%	100%	100%	100%	100%
H&S-Comp	Total numbers	Number of incidents		8	8				

Coverage of H&S Asset are 100%. The total number of hours worked in 2019 was 846,905.

Additional information regarding injury rates and fatalities among our suppliers can be found on page 93. In 2019, no incidents occurred that adversely affected customers' health and safety and Castellum has not been convicted of any violations of the company's code of conduct or corruption in 2019 or the past five years.

GENDER PAY RATIO (%)

EPRA Code	Women base salary	Men base salary	Women, total remuneration	Men, total remuneration
Diversity-Pay				
Executive Management excl. CEO	112%	89%	115%	87%
Executives	94%	106%	78%	128%
Employees	100%	100%	101%	99%

The ratio is calculated by dividing the average salary for women by the average salary for men, and vice versa, for the respective categories. This is divided up into a ratio for base salary and base salary plus variable remuneration in accordance with EPRA guidelines for sustainability reporting.

EPRA: Index

The table below reports references to information for the respective EPRA indicators.

EPRA code	Indicator	GRI Standard disclosure	Reference
Environmental Sustainability Performance Measures			
Elec-Abs	Total electricity consumption	302-1	226-227
Elec-LfL	Like-for-like total electricity consumption	302-1	226-227
DH&C-Abs	Total district heating & cooling consumption	302-1	226-227
DH&C-LfL	Like-for-like total district heating & cooling consumption	302-1	226-227
Fuels-Abs	Total fuel consumption	302-1	226-227
Fuels-LfL	Like-for-like total fuel consumption	302-1	226-227
Energy-Int	Building energy intensity	302-3 / CRE1	226-227
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	305-1	226-227
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	305-2	226-227
GHG-Int	Greenhouse gas emissions intensity from building energy consumption	305-4 / CRE3	226-227
Water-Abs	Total water consumption	303-1	226-227
Water-LfL	Like-for-like total water consumption	303-1	226-227
Water-Int	Building water intensity	CRE2	226-227
Waste-Abs	Total weight of waste by disposal route	306-2	228-229
Waste-LfL	Like-for-like total weight of waste by disposal route	306-2	228-229
Cert-tot	Type and number of sustainably certified assets	CRE8	228-229
Social performance measures			
Diversity-Emp	Employee gender diversity	405-1	232
Diversity-Pay	Gender pay ratio	405-2	229
Emp-Training	Training and development	404-1	92, 234
Emp-Dev	Employee performance appraisals	404-3	92, 234
Emp-Turnover	New hires and turnover	401-1	92
H&S-Emp	Employee health and safety	403-2	229
H&S-Asset	Asset health and safety assessments	416-1	229
H&S-Comp	Asset health and safety compliance	416-2	229
Comty-Eng	Community engagement, impact assessments and development programmes	413-1	85
Governance Performance Measures			
Gov-Board	Composition of the highest governance body	102-22	131-132, 137-139
Gov-Select	Nominating and selecting the highest governance body	102-24	127-129
Gov-Col	Process for managing conflicts of interest	102-25	128-130

Background data for GRI disclosures

In this section, we report on the methods, assumptions and conversion factors used to produce Castellum's GRI disclosures. In addition, supplementary tables are presented, as well as information for the Annual Report and descriptions of omitted information.

Stakeholder dialogue and materiality analysis

To develop and improve operations, Castellum has identified and analyzed stakeholder expectations of our operations.

Castellum conducts continual dialogue with customers, suppliers, employees, Executive Management and the Board of Directors that shows which sustainability issues the stakeholders consider to be most important for Castellum. The stakeholders

consulted are those regarded as having the greatest impact on the company or who are impacted the most by our operations.

In addition to the stakeholder dialogue, Castellum conducts an ongoing dialogue concerning sustainability-related issues at board meetings, meetings with shareholders, and in everyday encounters with customers, employees and suppliers.

Castellum's most important issues from a stakeholder group perspective

Stakeholder group	Most important issues
CUSTOMERS	- More efficient use of resources - Environmentally and socially sustainable building materials and installations - Environmental certification of buildings
BOARD OF DIRECTORS	- More efficient use of resources - Offer an attractive workplace - Environmental certification of buildings
SUPPLIERS	- Environmentally and socially sustainable building materials and installations - Adapting the properties for climate change - Increased investment in renewable energy
EXECUTIVE MANAGEMENT	- More efficient use of resources - Promote increased diversity and equality - Offer an attractive workplace
EMPLOYEES	- More efficient use of resources - Offer an attractive workplace - Environmentally and socially sustainable building materials and installations

The table shows the most relevant issues for Castellum's key stakeholder groups, as expressed in the specific stakeholder dialogue conducted in the autumn of 2016 and updated in 2018. The survey was conducted using online questionnaires.

Castellum's material sustainability topics and how they correlate with the GRI Standards

Castellum's sustainability topics	GRI Standards area
Adapting the properties for climate change	Emissions
Anti-corruption	Anti-corruption
Diversity and equal opportunity	Diversity and equal opportunity
Pay adequate tax	Financial performance
Efficient use of resources (energy, water and materials)	Energy, water, environmental compliance
Offer an attractive workplace	Employment and working conditions, training, health and safety
Audit suppliers about working conditions, human rights and the environment	Evaluation of suppliers regarding societal and environmental impact
Sustainable financing (e.g. "green" MTNs)	-
Healthy premises that increase our tenants' wellness	Customer Health and Safety
Increased investment in renewable energy	Energy
Environmental certification of buildings	Product responsibility
Environmentally and socially sustainable building materials and installations	-
Collaborate with customers to achieve higher sustainability performance	-
Create attractive communities, (e.g. offering internships)	Local communities
Creating conditions for waste sorting	Waste
Creation of smarter workplaces through modern technology, e.g. services to share office space	-
Increase the amount of green space and ecosystem services	-

The table shows how Castellum's sustainability topics correlate with the aspects of the GRI Standards. A number of Castellum's sustainability topics are considered important for the company's sustainability efforts and therefore extend outside the GRI reporting system.

Impact on the business community

Many of Castellum's sustainability topics have an impact outside the company's legal framework; for example, on our customers, suppliers, and in the communities in which we operate. Castellum reports background descriptions for each essential sustainability topic and precisely where in the company's value chain this topic has an impact. Refer to Castellum's GRI index on pages 235-236 for referrals to information regarding sustainability governance.

Materiality analysis

The result of the stakeholder dialogues that were conducted, in combination with the company's materiality analysis, means that Castellum is focusing on the following topics. These are also collected in Castellum's agenda for the sustainable city.

THE PLANET

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

FUTURE-PROOFING

How we create a sustainable property portfolio in a changing world.

WELL-BEING

How we promote health, wellness and productivity.

CONDUCT

How we can create better communities, with increased employment and involvement.

Relevance for stakeholders	Higher	- Biodiversity and ecosystem services - Working environment, internal and external	- Efficient use of resources (energy, water and materials) - Promote increased diversity and equality - Increased investment in renewable energy - Healthy premises that increase tenants' well-being - Create smarter workplaces through digitalization, innovation and modern technology (e.g. services for sharing office space) - Adapting the properties for climate change - Offer an attractive workplace to our employees - Environmentally and socially sustainable building materials and installations - Collaborate with customers to achieve higher sustainability performance (e.g. waste sorting, charging stations, solar cells) - Environmental certification of buildings
	High	- Pay adequate tax - Sustainable financing, (e.g. "green" MTNs)	- Audit suppliers about working conditions, human rights and the environment - Anti-corruption - Create attractive communities, (e.g. offering internships) - Environmental and climate risks
		High	Higher

Castellum's impact on sustainable development

Occupational health and safety, GRI 403-2

Castellum had 7 injuries among employees and 11 injuries among suppliers.

Castellum's workplace injuries are handled according to established procedures. If an employee suffers an occupational injury or gets into an accident at work, or if some near-accident occurs at work, the regional managing director, the manager concerned and the HR Director – as well as the employee – will investigate the causes so that the risk of ill health and accidents can be prevented in the future. The regional managing director, or alternately the manager concerned, must report the occurrence to the Swedish Work Environment Authority without delay. The regional managing director is also responsible for reporting work-related injuries to Castellum's legal department. The documentation will be used in the systematic health and safety work so as to prevent future accidents.

Waste by type and disposal method, 306-2

Castellum does not fully break down waste information by type or management method, as we currently do not have access to this information at a detailed level. The information will be developed over the next few years in pace with our having the possibility of obtaining more complete information from our suppliers.

Equality, GRI 405-1

Demographic structure personnel	2019		2018		2017	
	Number of people	Proportion women	Number of people	Proportion women	Number of people	Proportion women
Board of Directors			7	57%	7	57%
Under 30 years	-	-	-	-	-	-
30-50 years	1	100%	1	100%	1	100%
Over 50 years	6	50%	6	50%	6	50%
Executive management			9	44%	9	56
Under 30 years	-	-	-	-	-	-
30-50 years	5	40%	6	67%	5	60%
Over 50 years	2	50%	3	0%	4	50%
Employees excl. exec. mgmt			374	42%	384	38%
Under 30 years	48	47%	32	29%	51	31%
30-50 years	218	45%	198	54%	215	44%
Over 50 years	154	28%	145	27%	118	31%

This table shows the demographic structure of personnel, according to age and gender, for various administrative levels. Castellum does not track the minority status of employees.

Energy, GRI 302-1

Energy source	Absolute energy use, 2019	Renewable share
Building electricity	76,895	100%
Electricity, geothermal and cooling	1,316	100%
Electricity, direct	522	100%
Total electricity consumption	78,733	100%
Biogas	2,714	100%
Total fuel consumption from renewable fuels	2,714	100%
Natural gas	223	0
Oil	86	0
Total fuel consumption from non-renewable fuels	309	0
District heating	218,716	95%
District cooling	15,767	99%
Total energy consumption	316,238	96%

All energy consumption is reported in megawatt-hours (MWh); to recalculate energy consumption from MWh to gigajoules (GJ), use a conversion factor of 3.6. Castellum uses no steam power.

Emissions, GRI 305-1, 305-2 and 305-3

We monitor our greenhouse gas emissions annually in accordance with the Greenhouse Gas (GHG) Protocol. 2017 was chosen as the base year for Castellum's Science Based Target of zero net CO₂ emissions by 2030. This is because it was the first year when a complete scope 3 inventory could be carried out. For scopes 1 and 2, and for business travel, there is comparable

Complete inventory of GHG emissions

Absolute emissions are indicated in metric tons of CO₂eq, and intensity in kg per square meter

	2019		2018		2017 (base year)		Method for calculation*
	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	
Scope 1 Includes natural gas, oil, refrigerants and fuels for company cars							
Direct emissions	458	0.1	675	0.2	1,122	0.3	Fuel-based method
Biogenic emissions	535	0.1	664	0.2	924	0.2	Fuel-based method
Scope 2 Includes electricity, district heating and cooling							
Market-based method	5,764	1.4	4,362	1.0	6,133	1.4	Fuel-based method
Location-based method	37,222	8.7	47,818	11.3	48,560	11.1	Fuel-based method
Scope 1+2 (Market-based)	6,222	1.5	5,036	1.2	7,255	1.7	Fuel-based method
Scope 1+2 (Location-based)	37,680	8.9	48,492	11.5	49,682	11.3	Fuel-based method
Scope 3 Includes all other relevant indirect emissions**							
1. Purchased goods and services	266,860	62.7	273,279	64.6	322,279	73.6	Spend-based method
4. Upstream transportation and distribution	173	0.0	166	0.0	289	0.1	Spend-based method
5. Waste generated in operations	2,161	0.5	2,038	0.5	1,839	0.4	Spend-based method
6. Business travel	127	0.0	151	0.0	138	0.0	Distance-based method
7. Employee Commuting	166	0.0	159	0.0	155	0.0	Average-based method
8. Upstream leased assets	68	0.0	59	0.0	51	0.0	Spend-based method
13. Downstream leased assets	54	0.0	54	0.0	54	0.0	Average-based method
Biogenic emissions	-	-	-	-	-	-	
Scope 3	269,608	63.4	275,905	65.2	324,806	74.1	

2017 was chosen as the base year for Castellum's Science Based Target initiative, since it was the first year Castellum was able to take a full inventory of its scope 3 GHG emissions. No exclusion of essential greenhouse gases has been made.

*) According to GHG Protocol Corporate Value Chain Standard

**) The following types of scope 3 emissions are not relevant for Castellum (approved by the Science Based Target initiative): 2. Capital goods, 3. Fuel and energy-related activities, 9. Downstream transportation & distribution, 10. Processing of sold products, 11. Use of sold products, 12. End-of-life treatment of sold products, 14. Franchises, 15. Investments

data back to 2007. The table on the next page reports on the activities, assumptions and conversion factors forming the basis for reporting Castellum's energy consumption and greenhouse gas emissions.

Supplier environmental assessment, GRI 308-1

Castellum is unable to report quantitative data for the number of supplier audits containing environmental criteria; we report only qualitatively on how we work to influence our suppliers regarding the environment. Castellum is investigating the possibilities of implementing a Group-wide model regarding monitoring how environmental requirements are to be managed. Currently there is no decision on whether this model is to be adapted based on the requirements in the GRI.

Negative social impacts in the supply chain and actions taken, GRI 414-2

Castellum is unable to report quantitative data for supplier evaluations regarding impact on society; we report only to a certain extent on the Group's negative and positive impacts in the supplier chain and how we want to influence using our Code of Conduct. Castellum's ambition over the long term is to produce a Group-wide model for how our suppliers' impact on society is to be monitored. Currently there is no decision on whether this model is to be adapted based on the requirements in the GRI.

Training and education, GRI 404-1

Castellum does not break down training hours by gender and occupational category, as the company does not have access to this information at the personal level. The information may be developed in the next few year with a Group-wide HR system.

Percentage of employees receiving regular performance and career development reviews, GRI 404-3

Castellum does not break down training hours by occupational category, as the company does not have access to this information at the individual level. The information may be developed in the next few year with a Group-wide HR system

Economic performance (GRI 201-1)

	2019	2018	2017
	MSEK	MSEK	MSEK
Directly created economic value	5,821	5,577	5,182
Income	5,821	5,577	5,182
Economic value distributed	4,512	4,147	4,119
Operating costs	1,466	1,400	1,408
Dividend to shareholders	1,667	1,448	1,366
Salary and remuneration to employees	427	382	353
Interest to financiers	782	835	885
Tax to the Swedish state	165	74	96
Contributions to communities	5	8	11
Economic value retained	1,309	1,430	1,063

Scope	Activity	Activity data	Conversion factor
Scope 1	Oil consumption in buildings where the tenant does not have separate metering or billing of actual consumption.	Internal collection of statistics relating to consumption in buildings heated by oil.	Heating oil 0.28 tonnes CO ₂ e/MWh Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 1	Natural gas consumption in buildings where the tenant does not have separate metering or billing of actual consumption.	Internal collection of statistics relating to consumption in buildings heated by natural gas.	Natural gas: 0.203 tonnes CO ₂ e/MWh Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 1	Business travel with company vehicles.	Travel with company vehicles is based on meter readings. Greenhouse gas emissions are based on distance covered and on combined-cycle fuel consumption for each vehicle.	Gasoline: 0.0002375 metric tons CO ₂ e/km Diesel: 0.0002798 metric tons CO ₂ e/km Biofuel: 0 metric tons CO ₂ e/km CNG: 0.0000505 metric tons CO ₂ e/km Electric hybrid: 0.00005 metric tons CO ₂ e/km Electric car: 0 metric tons CO ₂ e/km Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 1	Refrigerants	Refrigerant emission data is collected from the mandatory refrigerant report of each respective property.	Statistics from Svenska Kyl & Värmepumpsföreningen. The data is reported in connection with the Fluorinated Greenhouse Gas regulation, EU/517/2014, and appurtenant Swedish legislation, which is declared based on applicable practices.
Scope 2	Consumption of electricity in properties where the tenant does not have separate measurement or invoicing of actual consumption.	Internal collection of statistics for properties where Castellum is responsible for electricity use.	Origin-labelled renewable electricity: 0 g CO ₂ e/MWh Residual mix: 0.00025076 metric tons CO ₂ e/km Source: The Swedish Energy Markets Inspectorate.
Scope 2	Consumption of district heating and district cooling in properties where the tenant does not have separate measurement or invoicing of actual consumption.	Internal collection of statistics for properties where Castellum is responsible for district heating and district cooling. District heating consumption is adjusted based on SMHI degree days and vacancy rate.	Statistics from respective district heating providers. ¹
Scope 3	Business travel, taxi.	The majority of the data from suppliers and manual retrieval.	0.000147 metric tons CO ₂ e/km Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 3	Business travel, air.	The majority of the data from suppliers and manual retrieval.	Nordic region: 0.000171 metric tons CO ₂ e/km Europe: 0.000092 metric tons CO ₂ e/km World: 0.000083 metric tons CO ₂ e/km Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 3	Business travel, train.	The majority of the data from suppliers.	0.00000022 metric tons CO ₂ e/km Source: SJ
Scope 3	Business travel, private vehicles.	Internal monitoring of kilometers driven on business with private vehicles.	0.000147 metric tons CO ₂ e/km Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 3	Employee commutes.	Employee commutes in km are estimated based on data from Transport Analysis combined with emission factors from the Swedish Environmental Protection Agency.	Source: Swedish EPA and Transport Analysis
Scope 3	Assets leased downstream.	Calculated from a template of tenants' energy use.	Residual mix: 0.00025076 metric tons CO ₂ e/km Source: BELOK, the Swedish Energy Markets Inspectorate
Scope 3	Other GHG emissions.	The carbon footprint is calculated based on how much is spent on suppliers from various industry sectors (e.g. transportation, travel, consultants, etc.). Emissions are then calculated using sector data from the World Input Output Database (WIOD) in accordance with the recommendations of the Greenhouse Gas Protocol for a Scope 3 screening.	Source: World Input Output Database (WIOD) 2013

¹Since the district heating suppliers' conversion factor for the preceding year (2019) was only calculated in 2020, the conversion factor for 2018 is used for emissions linked to traditional district heating.

GRI index

Castellum reports its sustainability activities in accordance with GRI Standards: Core option. The GRI's industry-specific supplements for the construction and property sector have been taken into account. The Sustainability Report is issued annually. The basis for the analysis is a completed stakeholder dialogue and a materiality analysis. The report describes how the Castellum Group worked with sustainability issues in 2019.

The following table specifies where the information has been reported. For specific standard indicators, reporting relies upon what is essential to business operations. All reported GRI Standards modules refer to the 2016 version. Deloitte has conducted a limited assurance engagement with the report. The latest sustainability report was published in February, 2019.

GENERAL STANDARD DISCLOSURES

GRI reference	Page/Reference	GRI reference	Page/Reference
GRI 102: Organizational profile, 2016		GRI 102: Reporting practice, 2016	
102-1	Name of the organization 126	102-45	Entities included in the consolidated financial statements 174 (Note 24)
102-2	Activities, brands, products, and services 12-13	102-46	Defining report content and topic Boundaries 76-79, 224, 231
102-3	Location of headquarters 159 (Note 1)	102-47	List of material topics 78-79, 231-232
102-4	Location of operations 162 (Note 2)	102-48	Restatements of information 224-225
102-5	Ownership and legal form 72, 159 (Note 1)	102-49	Changes in reporting 224-225
102-6	Markets served 36-37, 40-41	102-50	Reporting period 225
102-7	Scale of the organization 2, 36-37, 90, 148	102-51	Date of most recent report 2019-02-01
102-8	Information on employees and other workers 90-92	102-52	Reporting cycle 225
102-9	Supply chain 82	102-53	Contact point for questions regarding the report Back cover
102-10	Significant changes to the organization and its supply chain 82, 224	102-54	Claims of reporting in accordance with the GRI Standards 235
102-11	Precautionary Principle or approach 78	102-55	GRI index 235-236
102-12	External initiatives 78, 84, 86	102-56	External assurance 183
102-13	Membership of associations 56, 80, 84-86	GRI 201: Economic Performance, 2016	
GRI 102: Strategy, 2016		103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach 13-15, 76-79, 122-145
102-14	Statement from senior decision-maker 6-7, 124-125	201-1	Direct economic value generated and distributed 234
GRI 102: Ethics and integrity, 2016		201-3	Defined-benefit plan obligations and other retirement plans 160, 166 (Note 11)
102-16	Values, principles, standards and norms of behavior 78, 84-85	GRI 205: Anti-corruption, 2016	
GRI 102: Governance, 2016		103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach 84, 117, 144
102-18	Governance structure 126-137, 142-145	205-3	Confirmed incidents of corruption and actions taken* 84
102-22	Composition of the highest governance body and its committees 131-135, 138-139	GRI 302: Energy, 2016	
102-24	Nominating and selecting the highest governance body 127-129	103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach 14-15, 56, 76, 78-79, 80, 177, 224-225
102-25	Conflicts of interest 128-129	302-1	Energy consumption within the organization 80-81, 226-227, 233
GRI 102: Stakeholder engagement, 2016		302-3	Energy intensity 80-81, 224-227
102-40	List of stakeholder groups 231		
102-41	Collective bargaining agreements 90		
102-42	Identifying and selecting stakeholders 231-232		
102-43	Approach to stakeholder engagement 231		
102-44	Key topics and concerns raised 231-232		

*Not reported in full in accordance with GRI standards

GENERAL STANDARD DISCLOSURES

GRI reference		Page/Reference
GRI 303:	Water, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	77-80, 224-225
303-1	Interactions with water as a shared resource	80-81, 224-227
CRE2	Building water intensity	80-81, 224-227
GRI 305:	Emissions, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	14-15, 56, 76-80, 117
305-1	Direct (Scope 1) GHG emissions	80-81, 226-228, 233-234
305-2	Energy indirect (Scope 2) GHG emissions	80-81, 226-228, 233-234
305-3	Other indirect (Scope 3) GHG emissions	80-81, 226-228, 233-234
305-4	GHG emissions intensity	80-81, 226-228, 233-234
GRI 306:	Effluents and Waste, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	56, 77-79, 224
306-2	Waste by type and disposal method*	81, 228-229, 232
GRI 307:	Environmental Compliance, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	56, 78-79, 82, 117, 126, 142-143, 233
307-1	Non-compliance with environmental laws and regulations	50, 84
GRI 308:	Supplier Environmental Assessment, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	78-79, 82
308-1	New suppliers that were screened using environmental criteria*	82, 233
GRI 401:	Employment, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	14-15, 76-79, 120
401-1	New employee hires and employee turnover	92
GRI 403:	Occupational Health and Safety, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	78-79, 82, 91, 232
403-2	Hazard identification, risk assessment, and incident investigation	91, 93, 229, 232

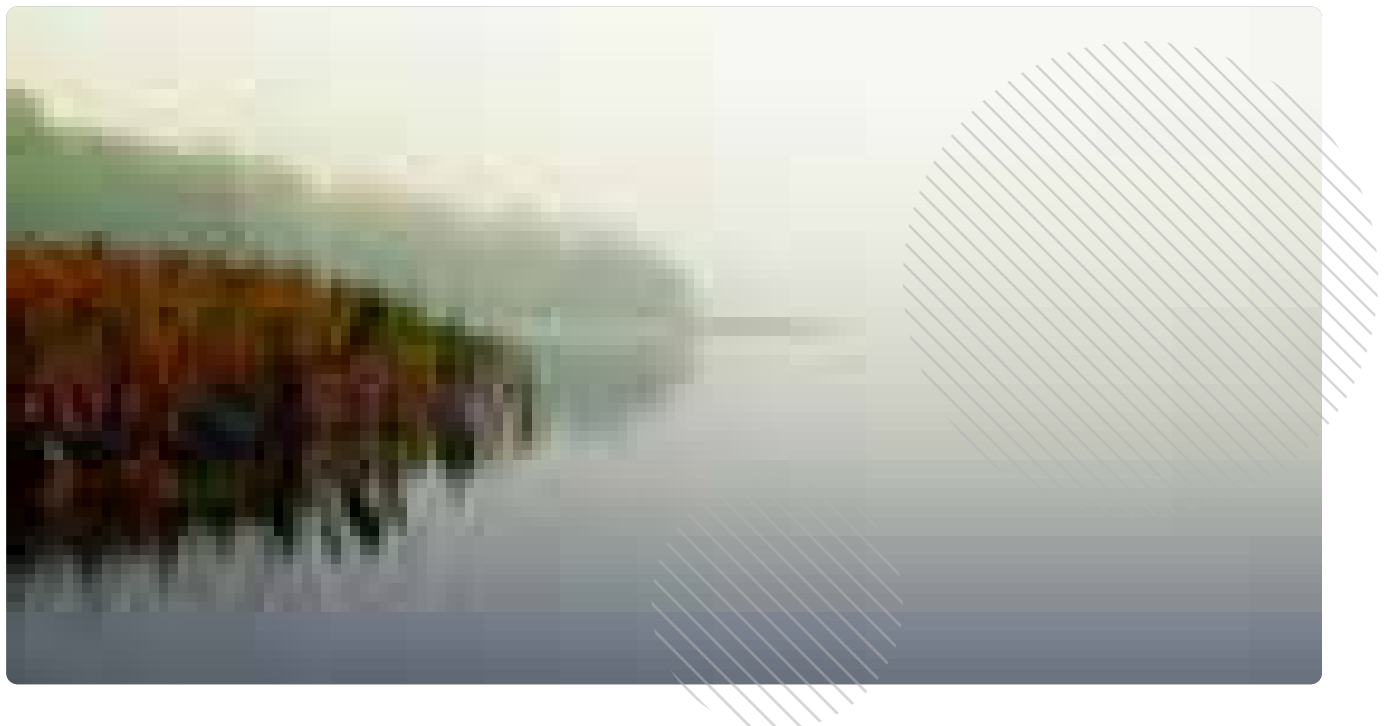
GRI reference		Page/Reference
GRI 404:	Training and Education, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	14-15, 78-79, 90-92
404-1	Average hours of training per year per employee*	92, 234
404-3	Percentage of employees receiving regular performance and career development reviews*	92, 234
GRI 405:	Diversity and Equal Opportunity, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	14-15, 77-79, 83-84, 90-91, 129, 134, 144
405-1	Diversity of governance bodies and employees	83, 91, 232
405-2	Ratio of basic salary and remuneration of women to men	229
GRI 413:	Local Communities, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	78-79, 85
413-1	Operations with local community engagement, impact assessments, and development programs	50, 85
GRI 414:	Supplier Social Assessment, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	56, 78-79, 83, 117, 126, 142-143, 233
414-2	Negative social impacts in the supply chain and actions taken*	82, 233
GRI 416:	Customer Health and Safety, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	50, 77, 82-85, 117
416-1	Assessment of the health and safety impacts of product and service categories	50
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	84-85
CRE:	Product Responsibility, 2016	
103-1, 103-2, 103-3	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	14-15, 50, 78-79, 82
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	15, 50, 82, 228-229

*Not reported in full in accordance with GRI standards

Reporting according to the Task Force on Climate-Related Financial Disclosures (TCFD)

For the second time, Castellum has adapted the company's reporting in accordance with the recommendations in the TCFD framework to describe how we work strategically with climate-related risks and opportunities. The table below describes the scope of the reporting and page references are made for the respective areas. In 2019, Castellum worked further on scenario analyses linked to climate change, which is reported on pages 118–119.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	INDICATORS & GOALS
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
A. The Board's monitoring of climate-related risks and opportunities → pages 78, 131–132	A. Climate-related risks and opportunities the organization has identified → pages 76, 112–119	A. The organization's processes for identifying climate-related risks → pages 76, 112, 117–119	A. The organization's indicators for evaluating climate-related risks and opportunities → pages 14–15, 78–80
B. Management's role regarding assessing and managing climate-related risks and opportunities → pages 78, 131–132	B. Impact from risks and opportunities on the organization's operations, strategy and financial planning → pages 76–79, 112–119	B. The organization's processes for managing climate-related risks → pages 76–77, 112, 117–119	B. Emissions of Scope 1, 2 and 3 under the Greenhouse Gas Protocol. → page 233
	C. Preparation of the organization's strategy in consideration of various climate-related scenarios. → pages 76–77, 112–119	C. Integration of the above processes in the organization's general risk management → pages 112, 117–119	C. Goals for managing climate-related risks and opportunities → pages 78–81, 233



Definitions

KEY SHARE-RELATED METRICS

Dividend yield

Proposed dividend as a percentage of the share price at the end of the period.

Total yield per share

Share price development with addition of the dividends during the period as if reinvested in shares on the day shares traded ex-dividend.

Number of shares

Registered number of shares – the number of shares registered at a given point in time. Number of shares outstanding – the number of shares registered with a deduction for the company's own repurchased shares at a given point in time.

Average number of shares – the weighted average number of shares outstanding during a given period. The historical numbers of shares have been restated for the bonus issue element in the completed new share issue.

Data per share

In calculating income and cash flow per share the average number of shares has been used, whereas in calculating assets, shareholders' equity and net asset value per share the number of outstanding shares has been used. The historical numbers of shares have been restated for the bonus issue element in the completed new share issue.

EPRA EPS – Earnings Per Share

Income from property management adjusted for nominal tax attributable to income from property management, divided by the average number of shares. Taxable income from property management means income from property management with a deduction for tax purposes of depreciation and reconstruction.

EPRA NAV – Long term net asset value

Shareholders' equity as recognized in the balance sheet, adjusted for interest rate derivatives, goodwill and deferred tax.

EPRA NNNAV – Triple net asset value

Shareholders' equity as recognized in the balance sheet, adjusted for actual deferred tax instead of nominal deferred tax.

Dividend payout ratio

Dividend per share as a percentage of income from property management per share.

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.

Property type

The property's primary rental value with regard to the type of premises. Premises for purposes other than the primary use may therefore be found within a property type.

Castellum's property types are as follows: office, public sector properties (customers directly or indirectly financed by tax), warehouse/logistics, light industry, retail and developments and land.

Property costs

This item includes both direct property costs, such as operating expenses, maintenance, ground rent and property tax, as well as indirect costs for leasing and property administration.

Income from property management

Net income following add-back of acquisition and restructuring costs, revaluation of results due to stepwise acquisitions, impairment of goodwill and changes in value, as well as tax for both the Group and for joint ventures.

Rental income

Rents debited plus supplements such as reimbursement of heating costs and property tax.

Rental value

Rental income plus estimated market rent for vacant premises.

SEK per square meter

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

Net operating income margin

Net operating income as a percentage of rental income.

KEY FINANCIAL METRICS

Return on EPRA NNNAV

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 EPRA NAV

Income after tax with reversed changes in derivatives values and deferred tax as a percentage of initial EPRA NAV. In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Return on shareholders' equity

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

Return on total capital

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

Loan-to-value ratio

Interest-bearing liabilities after deduction for liquid assets as a percentage of the properties' fair value with deduction for acquired properties not taken in possession, and with addition for properties disposed of, still in possession, at year end.

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.

Debt ratio

Interest bearing liabilities after deduction for liquid assets in relation to net operating income minus central administration.

Financial calendar, owner's information and contact details

Annual General Meeting

Castellum AB's Annual General Meeting will take place on Thursday, March 19, 2020 at 5:00 pm in RunAn, Chalmers Student Union, Chalmersplatsen 1, Gothenburg. For more information and notification of attendance visit Castellum's website, www.castellum.com

Annual General Meeting Calendar and dividend

Notice to attend the Annual General Meeting	March 13, 2020
Annual General Meeting	March 19, 2020
The first ex-dividend date	March 19, 2020
Record day for the first dividend	March 23, 2020
Payment of the first dividend	March 26, 2020
The second ex-dividend date	September 17, 2020
Record day for the second dividend	September 21, 2020
Payment of the second dividend	September 24, 2020

Financial reporting

Interim Report January-March 2020	April 24, 2020
Half-year report January-June 2020	July 15, 2020
Interim Report January-September 2020	October 15, 2020
Year-end report 2020	January 22, 2021
2021 Annual General Meeting	March 25, 2021

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Sketch: E.ON, Malmö



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