



CASTELLUM

ANNUAL REPORT 2016

A FEW WORDS ABOUT 2016:

Well situated real estate portfolio, continued growth, broader customer base, world-class sustainability efforts, common brand, strong finances, increased dividend.





Castellum is one of Sweden's largest real estate owners. Every day, 250,000 people go to work in our facilities.

Castellum is one of Sweden's largest property developers. Our knowledge of local markets and modern workplaces creates business value for our customers.

Castellum is a trusted corporate citizen. Today and for the future.

The cover and this page illustrate the property *Sillfabriken*, Majorna 163:1, in Gothenburg.

This is Castellum

One of Sweden's largest listed real estate companies ...

- **665** commercial properties for business and public services in
- **17 GROWTH MARKETS** in Sweden and Copenhagen, valued at SEK 71 billion. The real estate portfolio is developed through investments amounting to
- **SEK 31 BILLION** in new construction, extensions, reconstructions and acquisitions; resulting in property-management income growth per share of
- **9%** in 2016.
- All at low risk.

... equipped to act as close to the market as the smallest ...

- **6,000 CUSTOMERS** in 17 locations awarded an average score of
- **79 ON THE CUSTOMER SATISFACTION INDEX** thanks to our
- **400 EMPLOYEES**

... and sustainable growth is where we are!

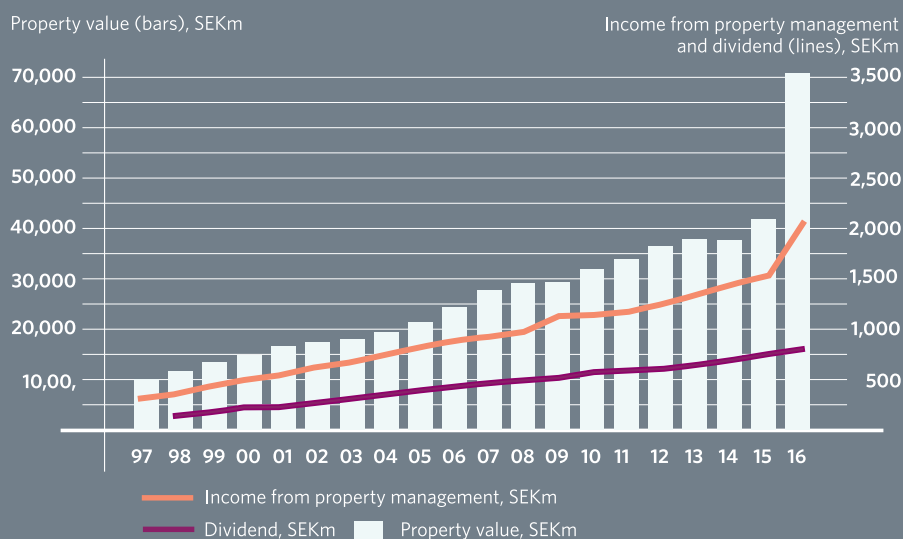
Castellum is an active real estate owner that develops the communities in which we operate – both by developing the portfolio in a sustainable manner and by giving young people an introduction to working life.



Castellum's property value and income from property management since the IPO, 1997

SEK 71 billion

Castellum's property value 2016



In this Annual Report



Our focus on customers and a strong local presence make it possible to contribute to city development, while we enhance business possibilities for our customers.

Read more about Castellum markets on page 15.

“Now we can see the overall effect of a large number of transactions, as well as a process that was initiated three years ago.”

Read CEO Comments on page 4.

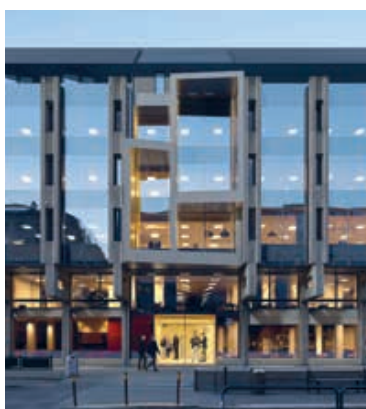
Growth in cash flow at low financial risk provides conditions for asset growth.

Read more about Castellum's objectives and strategies on page 6.



Increased quality and density of the property portfolio through acquisitions, as well as new construction, extensions and reconstructions.

Read more about Castellum's project portfolio on page 24.



Sound corporate governance is the foundation for a trusting relationship with shareholders and other key stakeholders.

Read more about Castellum's corporate governance on page 82.

The audited legal Annual Report, which comprises Directors' report and Financial reports, covers pages 6-126. Comparisons shown in brackets are made for corresponding amounts, previous year. EPRA's key ratios (European Public Real Estate Association) can be found under the section The Castellum Share. Castellum reports in accordance with the GRI G4, Core level. The sustainability report has been granted limited assurance by the auditors and is shown in the page reference in the GRI-index on page 162. They refer to this report and "Sustainability Data 2016" on castellum.se. In the event of conflict in interpretation or differences between this report and the Swedish version, the latter will have priority.

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2016 – A historical year for Castellum

During the year, the real estate portfolio changed significantly, due to major acquisitions and sales. Norrporten was acquired in the second largest real estate transaction ever in Sweden, and the acquisition of CORHEI in Östergötland was completed. The acquisition entails a real estate portfolio featuring higher density in central locations and higher quality. During the autumn, a substantial portfolio was sold in Norrland and Malmö. All actions were taken at continued low financial risk.



CASTELLUM

One brand instead of eight

- Consolidated organization, under one brand
- Even stronger local focus in sight
- Shared support functions
- Norrporten expertise utilized optimally

Increased quality and density of the portfolio



- Acquisition of Norrporten and CORHEI
- Property value from SEK 42 billion to SEK 71 billion
- Larger portfolio located more centrally

Sustainability efforts rewarded!



Castellum is included in the Dow Jones Sustainability Index (DJSI), which includes worldwide companies that perform best in terms of sustainability.



GRESB Global Sector Leader, which means that Castellum is ranked number one in the world in the real estate industry, in the sector for office and logistics premises.



EPRA Gold is a prize for the best sustainability reporting in Europe. One recognition that Castellum does what we promise and communicates it clearly.

- **RENTAL INCOME** 2016 amounted to SEKm 4,533 (SEKm 3,299 previous year).
- **INCOME FROM PROPERTY MANAGEMENT** totalled SEKm 2,065 (1,533), corresponding to SEK 8.80 (8.11) per share, an increase of 9%.
- **CHANGES IN VALUE FOR PROPERTIES** reached SEKm 4,085 (1,837) and for derivatives to SEKm 82 (216).
- **NET INCOME AFTER TAX** amounted to SEKm 4,972 (2,881), corresponding to SEK 21.20 (15.24) per share.
- **NET INVESTMENTS** amounted to SEKm 24,737 (2,413) of which SEKm 29,372 (2,321) were acquisitions, SEKm 2,119 (1,232) new construction, extensions and reconstructions and SEKm 6,754 (1,140) sales.
- **DURING THE YEAR A NEW SHARE ISSUE** of SEK 6.2 billion and a directed share issue of Castellum shares corresponding to a value of SEK 3.1 billion were carried out in order to finance the acquisition of Norrporten.
- **NET LEASING** for the year was SEKm 178 (18).
- **THE BOARD PROPOSES A DIVIDEND** of SEK 5.00 (4.25) per share, equivalent to an increase of 18%, distributed in two equal payments of SEK 2.50.



Increased local presence

- From 4,500 to 6,000 customers
- Presence in 14 locations grows to 17

+ 900
thousand sq.m.

leasable area to 4,292 thousand sq.m.

+ 29
SEK billion

property value to SEK 71 billion

+ 0.4 years

remaining length of contract to 3.8 years

+ 532 SEKm

income from property management to SEKm 2,065

+ 11%

share of public tenants to 21%

9% growth

in income from property management

Increased dividend to our shareholders for 19 consecutive years!

(2016 dividend proposed)

KEY FIGURES 2016

	Jan–March 16	April–June 16	July–Sept 16	Oct–Dec 16	Jan–Dec 16
Rental income, SEKm	855	952	1,359	1,367	4,533
Net operating income, SEKm	556	653	967	860	3,036
Income from property management, SEKm	365	444	672	573	2,065
D:o SEK/share*	1.99	2.20	2.46	2.10	8.80
D:o growth	+ 8%	+ 10%	+ 6%	+ 4%	+ 9%
Net income after tax, SEKm	577	267	1,647	2,481	4,972
Net investments, SEKm	2,442	27,216	539	- 5,460	24,737
Dividend, SEK/share (proposed)	-	-	-	-	5.00
D:o growth	-	-	-	-	18%
Net leasing, SEKm	0	47	47	84	178
Loan to value ratio	50%	54%	53%	50%	50%
Interest coverage ratio	338%	357%	359%	331%	348%
Long term net asset value, (EPRA NAV) SEK/share	113	116	123	133	133
Actual net asset value, (EPRA NNNNAV) SEK/share	100	104	111	121	121
Number of customers	4,700	6,500	6,500	6,000	6,000
Number of shareholders	21,100	23,900	23,900	30,000	30,000

*) The number of historical shares that have been recalculated with reference to the bonus-issue element (i.e. the value of the subscription right) in the completed new share issue.
For more detailed information about Castellum see www.castellum.se

A year when many missions were accomplished!

“Everything” happened at Castellum in 2016: a major acquisition, coupled with major sales, reorganization and brand positioning.

I'd like to broaden the perspective and – through a few key figures – highlight the great change in strategic position that Castellum has carried out:

	2013	2016
Property value, SEK billion	38	71
Property value, SEK/share	230	259
Central location, proportion	30%	54%
Retail, proportion	12%	10%
Public tenants, proportion	9%	21%
Remaining lease length	3.3 years	3.8 years
Ongoing/decided company projects, SEK billion	3.3	4.5
Building rights, SEK billion	0.9	1.5
Loan to value ratio	51%	50%/47%

Illustrated here is the overall effect of a large number of transactions, as well as a process that was initiated three years ago: more centrally located portfolio; a lower proportion of retail space; longer leases and more public tenants. Due to the foreseeable impact of e-commerce on traditional retail, we have worked towards a lower proportion of retail premises. And this entire transformation occurred while the loan to value ratio was reduced.

The picture that emerges is that of a new Castellum, positioned for higher growth at even lower financial risk. With a loan to value ratio of 50% (corresponding to 47% after received payment from autumn's large sales) we now have the financial muscle to develop our existing in-house projects at a higher yield than at acquisitions. In addition, new projects can be initiated with our extended building rights in high-growth locations, and we also retain the capacity to make strategic acquisitions.

Property values have increased significantly during the year. The increase in value totalled SEK 4 billion (SEK 1742 per share). The acquisition of Norrporten alone meant an increase in value totalling SEK 1.6 billion. In short, a robust business deal. We are particularly pleased that the sellers are now on board as shareholders,

to take part in Castellum's continued growth. “Dare to make changes – even when successful” was the title of the CEO Comments in 2013. And that's what we have done. Alongside all real estate transactions, the company has now been converted into a cohesive Group under one brand name: Castellum. Close to one thousand Castellum flags are now flying across the country, from Sundsvall in the north to Öresund in the south. Many things came together in 2016, but as I mentioned, it's been a systematic and well-planned process over a number of years.

So, what about the future?

Naturally, we aim to reinforce our hard work of realizing the synergies of acquisition and reorganization. Tangible synergy effects, along with our announced savings programs, will gradually materialize during 2017 and achieve full impact in 2018. This also applies to effects from our record-high net leasing during 2016 and the continuing renegotiations that will be implemented in 2017. Add to that, our increasing project volumes featuring high occupancy rates.

Concern for the real estate market?

It's true, not everyone sees a bright future for real estate shares in the short term. The real estate index has fallen considerably since fears of higher interest rates began to take off in early autumn.

Are these concerns justified? My take on the subject is that they are not. Lower interest rates since the financial crisis have served their purpose as effective medicine for a sickly patient. If interest rates are now slowly beginning to normalize, it's rather a sign that the patient – the global economy – is starting to recover. This does not constitute bad news for business and commerce. Quite the contrary. For real estate companies, improved market conditions means higher interest rates, lower vacancy rates, higher inflation and increased rents. This normally contributes to

“I’m convinced that we’ll get to enjoy the full positive effects of Castellum’s repositioning in 2018.”



rising property values. Of course, there may be a time gap between these various effects, but generally speaking: what’s good for business in general is also good for commercial real estate companies. In the long run, increased interest expense will be well compensated for by other positive effects. Particularly for real estate companies like Castellum, featuring low financial risk.

Future-proof real estate portfolio

Castellum holds the highest number of environmentally certified properties in Sweden. We’ve prioritized sustainability issues since the company was first formed. This was confirmed in 2016 when we received two international awards. Furthermore, Castellum was the only Nordic real estate company selected for inclusion in the Dow Jones Sustainability Index. This occurred in competition with more than 3,000 best sustainability performers from all worldwide industries.

This is also the place to mention that we continue to support the Global Compact: the UN initiative that formulates international principles for companies regarding human rights, working environments, the Environment and corruption.

First strong effects start to arrive in 2017

Concerning 2017, the extensive 2016 property sales, comprising nearly SEK 7 billion, will naturally dampen growth in income from property manage-

ment. On the other hand, these sales created financial resources for in-house project investments, generating a yield which is actually a couple of percentage points higher than the divested properties. Moreover, the sales also enhanced Castellum’s ability to take advantage of acquisitions under optimal conditions. The larger remaining portion of Norrporten’s properties retained by Castellum will join our other investments in contributing to solid growth. In combination with other synergies and savings programs, income from property management per share will continue to increase 2017, even if it remains somewhat shy of our long-term goal. I’m convinced that we’ll get to enjoy the full positive effects of Castellum’s repositioning in 2018. The Board’s 2016 dividend proposal of SEK 5.00 per share – compared with SEK 4.25 for 2015 – will also be interpreted as a belief in Castellum’s continued long-term positive development.

Gothenburg January 19, 2017

A handwritten signature in blue ink, which appears to be 'H. Saxborn', written over a light blue horizontal line.

Henrik Saxborn
CEO

Castellum's strategy

GROWTH STRATEGY

Castellum's operations are focused on cash flow growth, which – factored-in with low financial risk – provides conditions for solid asset growth within the company. All while offering shareholders a competitive dividend.

In order to achieve the overall objective of 10% property management income-growth per share, annual net investments of at least 5% of the property value will be made. This is currently equivalent to approx. SEKm 3,500. All investments are to contribute to the property management income-growth objective within 3 years and have a potential asset growth of at least 10%.

PORTFOLIO STRATEGY

Castellum's portfolio will support the target set for growth in income from property management, thereby creating shareholder value over time. This presumes a long-term portfolio strategy. Castellum's portfolio will be well diversified in terms of region, city, tenants and use-of-premises.

Geography

Castellum's real estate portfolio will be located in growth areas in Sweden and Denmark. This, together with rational property management and a strong market presence, provides for good business opportunities.

Property category

The real estate portfolio will consist of commercial properties with general and flexible premises for office/retail and warehouse/logistics. The distribution among the different categories is determined by business opportunities, cash flow, risk-exposure and asset growth.

Real estate portfolio development

To create conditions for sustained growth and efficient management, the density and quality of the real estate portfolio has to increase constantly. Castellum will continue to grow with customer demand, mainly through new construction, extensions and reconstructions but also through acquisitions of buildings and land with building rights for future development. Quality, sustainability and access to infrastructure are important aspects driving development of the real estate portfolio.

Sales of properties will take place when they are commercially justified.

LEASING AND PROPERTY MANAGEMENT

Customers

A strong and clear customer focus is achieved through long-term relations, local presence and by supplying premises and services that meet customer requirements. The customer segment consists of commercial and industrial life, government agencies and municipalities.

Management and employees

Castellum will deliver service and property management via a decentralized organization with strong local presence. Business decisions are to be made locally – where operations take place – featuring short decision-making processes and prompt response. Property management will mainly be carried out by our own employed personnel.

Castellum focuses on attracting, recruiting, developing and retaining managers and employees with the relevant skills for making offers that promote company competitiveness and allow our customers to be attractive employers.

MISSION AND VISION

One of the largest real estate companies, while remaining equipped to act as close to the market as the smallest.

BUSINESS CONCEPT

Castellum's business concept is to develop and add value to the real estate portfolio, focusing on the best possible earnings and asset growth, by offering customized commercial properties, through a strong and clear presence in growth regions.

BUSINESS MODEL

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

The Group is to be an attractive workplace, offering ample possibilities for professional and personal development.

To promote development in our customer relations, high levels of customer and employee satisfaction will be assured through regular monitoring.

SUSTAINABILITY STRATEGY

Operations will contribute to sustainable development, and sustainability efforts will be integrated with all business actions and result in tangible results. Sustainability efforts will permeate all business undertakings such as ownership, management, portfolio development, customer relations, employees and financing. Operations conducted in a responsible manner are vital for the company's short- and long-term success, as sustainability action drives profitability and long-term shareholder value.

All business operations will be characterized by high skills levels, good business ethics and benchmark assumption of responsibility.

FUNDING STRATEGY

Castellum will feature low financial risk. The chosen key ratios for risk are loan to value ratio and interest coverage ratio.

Castellum's funding strategy will support the business operations and manage the Group's financial risks while working for an open and transparent business climate. Castellum's funding strategy can be summarized in five pillars: diversification, liquidity, strength, transparency and flexibility.

The Castellum Share

Castellum will work for a competitive total return on the company's share relative to risk and also strive for high liquidity. At least 50% of pre-tax property management income will be distributed. Investment plans, consolidation needs, liquidity and financial position in general will be taken into account.

All actions will be taken from a long-term perspective and the company will hold frequent, open and fair reports to shareholders, the capital and credit markets and the media, without disclosing any individual business relationship.

In the long term, Castellum will be one of the largest listed real estate companies in Sweden. The Castellum share is listed on Nasdaq Stockholm Large Cap and shall be an attractive investment alternative from a long-term perspective, which creates return.

VALUE SYSTEM

Castellum will be a close and present partner to its customers, contributing to growth in customer enterprises by developing the business value of the premises for their activities. When this succeeds best, it creates growth for Castellum.

A key success factor is our knowledge of and feel for the local market, which is why business decisions are made where operations take place – with short decision-making processes and faster decisions.

All while Castellum provides the security of a large, national Group.

Castellum creates value

Castellum creates value by investing in and developing commercial premises as well as by conducting operations with a strong local presence in growth regions. Long-term value creation is subject to all operations being conducted at low financial risk.

The outside world: Driving forces in our market: Urbanization, resource efficiency, economic situation, changing customer needs

Efforts and Measures

Properties

- 665 properties
- Building rights and land
- Energy, water, materials, biodiversity, ecosystem services

Long-term relations

- 6,000 customers
- 408 employees
- Suppliers, contractors
- Strong brand
- Cooperation in local communities

Financing

- Financing SEK 38 billion
- 30,000 shareholders

Operational control

- Vision and business concept
- Values and code of conduct
- Objectives and strategies
- Corporate governance
- Risk management
- Principles for sustainability efforts



Value created by Castellum

Developing sustainable societies

- Long-term, responsible owner with local organizations and in-depth knowledge of market and customers
- Engaged in developing the communities in which we operate
- 77 young people gained work experience at Castellum in 2016
- Total investments SEK 31 billion
- 24% of the real estate portfolio is environmentally certified
- Energy consumption reduced by 26% and CO₂ emissions decreased by 71% since 2007

Workplaces where customers can develop their businesses

- Active property management leads to satisfied customers, SCI 79
- Customer/tenant taken care of by Castellum's own employees
- Satisfied employees create more satisfied customers, SEI 85
- Landlord worthy of trust – trust our values

Competitive total yield in relation to risk

- Growth at low risk
 - Loan to value ratio 50% • Interest coverage ratio 348% • Geographical distribution
 - Number of customers 6,000 • Share of largest customer approx. 2%
 - 21% public customers
- Growth is created through investments and active management
- High share liquidity
- Dividend growth for 19 consecutive years (proposed 2016)

Objectives and performance

OBJECTIVE		PERFORMANCE 2016	
Overall objective 10% annual growth in income from property management in SEK/share		9% In 2016, growth in income from property management/share amounted to 9%.	
Strong balance sheet and low financial risk			
FINANCIAL			
Loan to value ratio Not permanently exceeding 55%		50% The loan to value ratio amounted to 50% as of 31 December, 2016.	
Interest coverage ratio At least 200%		348% The interest coverage ratio for 2016 was 348%.	
DIVIDEND			
Dividend At least 50% of pre-tax property management income in dividend payouts		SEK 5.00 SEK 5.00 per share in proposed dividend for 2016, corresponding to a dividend ratio of 57%.	
MARKET POSITION			
Size One of the largest listed real estate companies in Sweden		Property value amounted to SEK 71 billion at year-end 2016, which means that Castellum is one of the largest Swedish listed real estate companies.	
Submarkets 1st-3rd largest real estate company in each submarket		14 submarkets Castellum is the largest, second largest or third largest real estate company in 14 of 17 submarkets.	

OBJECTIVE	PERFORMANCE 2016	
Develop commercial properties in growth regions		
REAL ESTATE		
Net investments At least 5% of property value in net investments annually, corresponding to about SEK 3.5 billion	SEK 24.7 billion net investments of which SEK 29.4 billion were acquisitions, SEK 2.1 billion new constructions, extensions and reconstructions and SEK 6.8 billion sales.	 <p>Net investments, SEKm (bars) Net investments, % (line)</p> <p>SEKm 24,737 12% 59%</p>
Develop a future-proof and sustainable real estate portfolio 30% of the real estate portfolio will be environmentally certified in 2017	24% environmentally certified	24% of the real estate portfolio is environmentally certified and certification is in progress for another 11%.
Using resources responsibly, efficiently and effectively 50% lower energy consumption than industry average in 2017. 90% of energy consumption will come from non-fossil energy in 2020.	96% non-fossil energy	43% lower energy consumption than industry average 96% of the energy consumption from non-fossil energy.
Customer focus through local organizations		
SOCIAL		
Customers High results on the SCI, Satisfied Customer Index	79 SCI	in the latest survey
Employees High results on the SEI, Satisfied Employee Index	85 SEI	in the latest survey
Taking social responsibility with a focus on employment At least 4% apprentices	4% apprentices	A total of 77 young people had internships or holiday work at Castellum in 2016. 14 of the young people were apprentices.

Market share is important. But choice of market is even more important.

Financially, Castellum is one of Sweden's largest real estate companies and an important part of our business model is to focus on selected markets. The Group operates in strong growth regions in Sweden and in Copenhagen.

Market comments

Swedish and Danish economy

Sweden, with 10 million inhabitants, is a country with an open and strong economy. This is primarily due to a stable and transparent business climate, high education levels, healthy public finances and high productivity. Sweden has long and extensive experience in international trade and international relations. This is evident from its relatively large share of world-leading corporations. The high export dependency of Swedish industry contributes to the fact that, historically, Sweden has shown the strong adaptability required to restructure the economy during economic changes.

The Swedish economy continues to perform well, with relatively strong GDP growth – even if forecasts have been revised slightly downwards. Growth continues to be driven by investment – mainly construction and infrastructure investments – and domestic private consumption.

Exports are also relatively strong. Geopolitical turmoil continues to dampen the mood. The result of the British EU referendum and the outcome of the US presidential election have created further uncertainty, and it is difficult to foresee what the long-term impact will be.

The labour market has been positively affected by the stronger economy. Labour shortages are expected to increase for several groups, primarily within the construction and public sectors. However, only marginal effects are expected for the unemployment rate, due to increasing labour supply. Inflation has begun to show signs of rising, but still remains low, due to subdued commodity prices and low inflation in the outside world. Development of the krona exchange rate plays a key role for inflation in Sweden, as a weak exchange rate normally contributes to higher inflation. The krona has gradually weakened, primarily during the second half of 2016, although part of the decline was recovered closer to year end.

Macro indicators, Sweden

Unemployment	6.5% (December 2016)
Inflation	1.7% (December 2016 compared to December 2015)
GDP growth	0.5% (Q3 2016 compared to Q2 2016)

Source: SCB

According to Denmark's Nationalbank, Danish GDP growth is expected to increase to about 1.5% during 2017, compared with just under 1% in 2016. Increasing private consumption against a backdrop of rising employment is expected to provide the primary push, but favourable export prospects and investments are also contributing factors. Inflation in Denmark – expressed in terms of CPI – is also expected to rise to approximately 1.5% in 2017, compared with just over zero in 2016.

Interest and credit market

In 2016, the Swedish Riksbank continued both its unequivocal focus on the KPI goal of 2% and its ultra-loose monetary policy. Since February, when the repo rate was cut to a new historic low of -0.50%, the repo rate has remained unchanged, even while the repo rate path has gradually been adjusted downward. The Riksbank has bought government bonds during the year and announced further purchases during the first half of 2017. The Swedish repo rate path indicates that some further reduction is possible in the near future. The repo rate is not expected to begin a slow rise until the beginning of 2018.

Of particular significance to Castellum, the 3-month STIBOR rate moved downward after the Riksbank's lowering of the repo rate in February; since then it has traded in the range of -0.4% to -0.6%, ending at -0.6% by year end. The spread between short- and long-term interest rates increased during the year, even though the long-term interest rates remained historically low. During the latter part of the year, development was primarily driven by slightly higher long-term interest rates, due at least in part to strong fiscal stimulus measures announced by the US president-elect.

Availability of bank financing as well as funding in the Swedish capital market is considered favourable. Credit margins have been relatively stable during the year.

In Denmark, the 3-month Cibor rate was traded in the range of -0.05% to -0.25%, closing just under -0.25% at year end.

18th

At year end, Castellum was the 18th largest listed real estate company in the European real estate market in terms of market capitalization.

6%

The transaction volume for the Swedish real estate market represented approx. 6% of the European volume

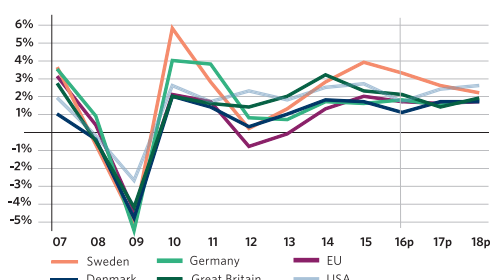
SWEDEN'S FOREIGN TRADE JAN-OCT 2016 (10 MONTHS)

Export	Total SEKbn 971
Germany	104
Norway	100
USA	72
Denmark	68
Finland	66
Great Britain	59

Import	Total SEKbn 978
Germany	185
The Netherlands	81
Norway	80
Denmark	75
Great Britain	51
China	47

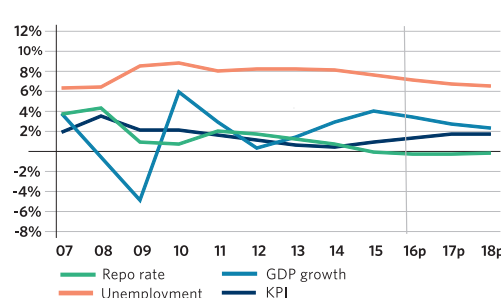
Source: SCB

GDP growth per year



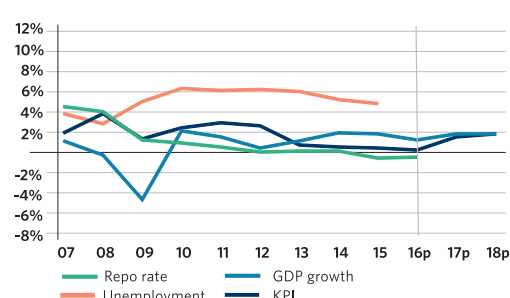
Source: National Institute of Economic Research in Sweden

Macro indicators Sweden



Source: National Institute of Economic Research in Sweden

Macro indicators Denmark



Source: National Institute of Economic Research in Sweden, Danmarks Nationalbank, Statistics Denmark

“The Swedish property market continued to be attractive, with historically high transaction volumes.”

European real estate market

The transaction volume for the European real estate market totalled approx. EUR 133 billion (138) for the segments office and warehouse and industry, which corresponds to a decrease of 4% compared with previous year.

The Swedish transaction market grew rapidly in 2016 and Sweden represented approx. 6% (5%) of the European volume for the segments office and warehouse and industrial.

At year end, Castellum was the 18th (20th) largest listed real estate company in the European real estate market in terms of market capitalization. If real estate companies that only focus on residential properties or shopping centres are excluded, Castellum is the 11th largest real estate company in terms of market capitalization.

Swedish and Danish real estate markets

Together, the 200 largest real estate owners in Sweden own a taxable area of 91 million square metres in terms of office, retail, warehouse and industrial properties. Castellum is one of Sweden's largest real estate companies and represents approx. 4% of the taxable area among the 200 largest real estate owners. Apart from the listed companies, the largest real estate owners in Sweden are public corporations, as well as Swedish and foreign institutional investors. In addition, there are also a number of smaller real estate owners such as real estate and construction companies, users and individuals.

2016 marked a new record in the Swedish real

estate market with a total transaction volume of approx. SEK 197 billion: a whole 36% over last year's volume and about 23% higher than the previous record level from 2014. 2016 ended strongly, as December's volume was SEK 31 billion and the number of transactions in December amounted to 83.

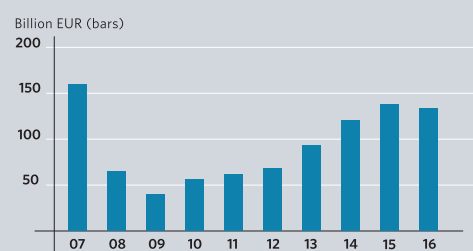
Castellum's acquisition of Norrporten was the single largest transaction, and Castellum's sale of the portfolios in Luleå, Umeå and parts of Sundsvall was the fourth largest transaction during the year.

There was a strong interest for office and retail properties as well as for warehouse and logistics properties. Commercial properties accounted for a total of approx. 73% (77%) of the transaction volume. Foreign buyers accounted for 19% (26%) of the purchase volume. However, most of the foreign players were still visible in several major transactions concerning office, retail and logistics facilities – especially at the end of the year when 27% of December's transactions were made by foreign players.

Geographically, regional cities increased their attractiveness in 2016 and accounted for 28% (22%) of the transaction volume in Sweden during the year. The volume was highest in Stockholm – 32% of the total transaction volume.

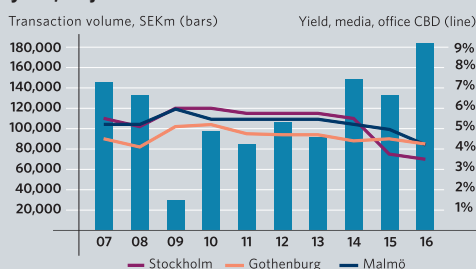
In 2016, the Danish real estate market continued to be attractive all over the country and in all segments for both domestic and international players. Strong demand during the year resulted in lower yield with higher property prices as a result.

Transaction volumes/year European property market



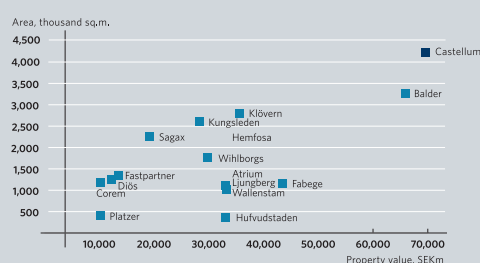
Source: CBRE

Annual transaction volume, Sweden and yield, major cities



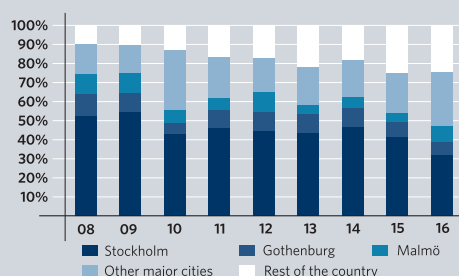
Source: Newsec and Forum
Transaction volume intends transactions >SEKm 100

Property portfolio listed real estate companies



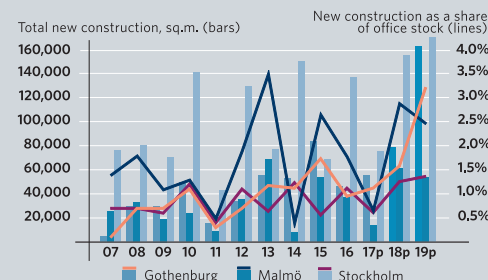
Source: Each company's interim report Q3 2016.
Companies with real estate value > SEKm 3,000

Transaction volume by geography



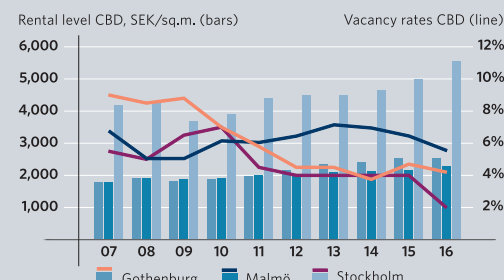
Source: Newsec

New construction, office



Source: Newsec

Rents and vacancy levels, major cities



Source: Newsec

The Copenhagen region is clearly the most attractive region for foreign investors.

The transaction volume in Denmark amounted to DKK 63 billion in 2016. The Copenhagen region accounted for DKK 49 billion (78% of the total Danish transaction volume). There was a strong interest for office and retail properties as well as for warehouse and logistics properties. In total, commercial properties accounted for about 54% of the Danish transaction volume.

Swedish and Danish rental markets

The rental market has generally been strong, exhibiting high demand in most of Castellum's submarkets. In a few markets, office space is becoming scarce, due to low new-construction levels as well as strong growth (and hence a strong labour market).

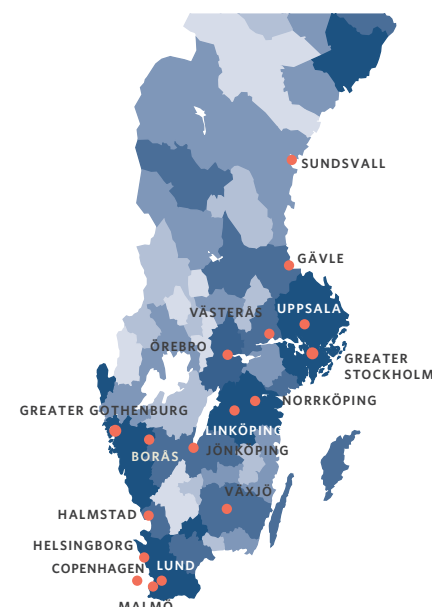
The current logistics market is characterized by changes in trade patterns, where increased e-commerce volume has led to higher demand for logistics facilities near city centres, as well as large, efficient facilities in strategic outer locations.

In the Copenhagen region, rents in the central business district (CBD) remained relatively stable during the year, despite strong demand for modern properties. This was mainly due to the availability of several building rights, which helped balance supply and limited demand-driven rent increases. The office rental market in Copenhagen is generally characterized by low volatility, meaning that small changes in market rents have a relatively marginal effect, even in times of increased economic uncertainty.

Market comments - growth areas in focus

Sweden can be divided into a number of local labor markets where each market has different development strength. A local labor market is characterized by that it can function independently concerning work and commuting. Some markets are due to their size and business structure less dependent to changes in the world around than others and have their own inherent power to grow, where the size provides economies of scale. Sweden is currently in an strong urbanization trend where growth is concentrated in the long-term to medium-sized and larger regions, while the number of regions is reduced.

Castellum's property portfolio is focused on growth areas with good prospects. Copenhagen and the three major urban regions in Sweden have the greatest development potential, primarily explained by a larger population, relative to other parts of the country. This in turn creates a larger labor market, a diversified industrial structure, research opportunities and greater variety of shopping, entertainment and culture. Successful regions are also characterized by tolerance. The most attractive cities offer opportunities for quality education in universities and colleges. They embrace diversity and openness.



The map shows the Swedish local labour markets, where dark blue indicates the local labour markets showing the highest increase of total wages during 2006-2015 in absolute figures, and light blue the lowest. The local labour markets where Castellum operates are indicated.

DATA PER REGION

	Population	Population growth 2007-2016/year	Population growth 2007-2016 average/year	Population growth 2016	Students at university/college	Growth employment 2007-2016/year	Unemployment 2016	Growth total wages 2007-2016/year	Growth total wages 2016	Growth total wages forecast 2016-2019/year
THE NATION	9,936,000	0.9%	83,700	0.9%	403,000	1.4%	7.6%	3.3%	4.8%	2.7%
THE WESTERN REGION										
Greater Gothenburg	1,159,000	1.1%	11,800	1.1%	48,000	1.2%	7.6%	3.2%	4.7%	2.5%
Borås	174,000	0.7%	1,200	0.8%	8,000	0.7%	7.9%	2.6%	4.1%	1.9%
Halmstad	122,000	0.9%	1,100	1.1%	8,000	0.8%	9.0%	2.8%	4.4%	2.2%
THE ÖRESUND REGION										
Malmö	1,142,000	1.1%	12,100	1.0%	55,000	1.1%	12.1%	3.0%	4.6%	2.5%
of which Lund	119,000	1.3%	1,500	1.4%	36,000	0.8%	5.9%	2.6%	4.4%	2.2%
of which Helsingborg	140,000	1.2%	1,600	1.3%	-*	1.0%	10.6%	3.0%	4.6%	2.5%
Copenhagen	1,806,000	1.0%	17,800	1.0%	119,000	0.4%	n a	0.9%	2.8%	n a
THE STOCKHOLM REGION										
Greater Stockholm	2,649,000	1.7%	39,300	1.5%	91,000	1.9%	6.0%	3.7%	5.2%	3.0%
THE CENTRAL REGION										
Örebro	241,000	0.9%	2,000	0.9%	13,000	0.8%	8.1%	2.8%	4.3%	2.2%
Uppsala	328,000	1.2%	3,700	1.1%	41,000	1.3%	5.8%	3.3%	4.7%	2.5%
Västerås	243,000	0.8%	1,400	0.8%	12,000	0.7%	8.9%	2.7%	4.1%	2.0%
Jönköping	221,000	0.7%	1,600	0.7%	11,000	0.7%	6.6%	2.5%	4.1%	1.9%
Linköping	264,000	0.7%	1,800	0.7%	23,000	0.9%	6.1%	2.9%	4.4%	2.2%
Norrköping	182,000	0.8%	1,400	0.8%	-**	0.8%	12.3%	2.9%	4.4%	2.2%
Växjö	139,000	0.9%	1,200	0.9%	26,000	0.4%	8.1%	2.1%	3.7%	1.5%
THE NORTHERN REGION										
Sundsvall	150,000	0.2%	300	0.2%	14,000	0.2%	7.8%	1.9%	3.4%	1.2%
Gävle	163,000	0.6%	900	0.6%	14,000	0.3%	11.1%	2.2%	3.7%	1.6%

Source: Evidens and SCB * Campus Helsingborg is part of Lund University. ** Campus Norrköping is part of Linköping University.



Castellum's real estate portfolio and financial results 2016

Castellum is present in the nation's major growth regions and approx. 75% of Sweden's 10 million inhabitants live within Castellum's regional market areas. Castellum's real estate portfolio is concentrated to a few selected sub-markets where the regions have a strong position. The objective is to be one of the three largest real estate owners in each local market. Castellum's geographical sub-markets can be characterized as stable, with good prospects for long-term positive development. The real estate portfolio is found in 17 locations in five growth regions: Central, West, Öresund, Greater Stockholm and North. The main part with 65% of the portfolio is located in the three major urban regions.

The commercial portfolio consists of 78% office and retail properties as well as 18% warehouse and logistics properties. The properties are located from inner city sites to well situated working areas with good means of communication and services. The remaining 4% consists of project and undeveloped land. Castellum owns approx. 920 thousand sq.m. unutilized building rights.

On December 31, 2016 Castellum's real estate portfolio comprised 665 properties (597) with a total rental value of SEKm 5,499 (3,690) and a total lettable area of 4,292 thousand sq.m. (3,392). For properties owned at year-end the net operating income over the year was SEKm 3,376 (2,240).

Investments

During the year investments totalled SEKm 31,491 (3,553), of which SEKm 29,372 (2,321) were acquisitions and SEKm 2,119 (1,232) were new constructions, extensions, and reconstructions. After sales of SEKm 6,754 (1 140) net investments amounted to SEKm 24,737 (2,413).

Castellum has ongoing projects with remaining investments of approx SEK 1.5 billion.

During the first quarter Castellum acquired the remaining 50% of the shares in CORHEI Fastighets AB (former Ståhls) corresponding to a property value of SEKm 2,083. During the second quarter Castellum acquired Norrporten with an underlying property value of SEKm 26,415. During the last quarter 2015 agreement have also been concluded for the acquisition of one office property under construction, in Hagastaden, Stockholm for SEK 1.6 billion with change of possession scheduled to February 2017. The property will be accounted for when the change of possession has taken place due to the agreements which is conditional upon i.e. completion.

During 2016 the real estate portfolio has changed according to the table below.

Changes in the real estate portfolio

	Value SEKm	Number
Real estate portfolio January 1, 2016	41,818	597
+ Acquisitions	29,372	149
+ New constructions, extensions and reconstructions	2,119	- 1
- Sales	- 6,462	- 80
+/- Unrealized changes in value	3,793	-
+/- Currency translation	117	-
Real estate portfolio December 31, 2016	70,757	665

Sustainable real estate portfolio

Environmental inventories will be carried out in all properties to identify and address environmental and health risks, and is currently performed in 89%. Inventory is planned for the remaining 11%. When a property is acquired, it is analyzed both in terms of energy utilization and environmental risk, and all new constructions and major reconstructions are environmentally certified. The environmental risks in Castellum's real estate portfolio are considered to be small, and

75%

Approx. 75% of Sweden's 10 million inhabitants live within Castellum's regional market areas.

Castellum's properties are located from inner city sites to well situated working areas with good means of communication and services.

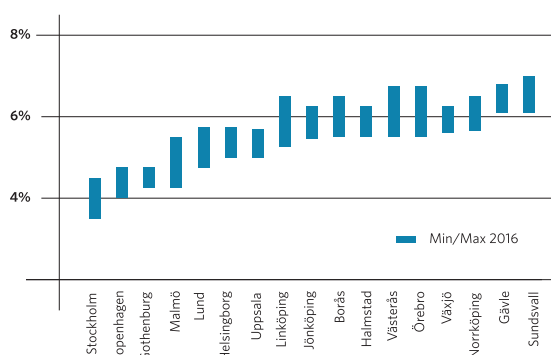
SEKbn 71

On December 31, 2016 Castellum's real estate portfolio comprised 665 properties with a total rental value of SEK 71 billion.

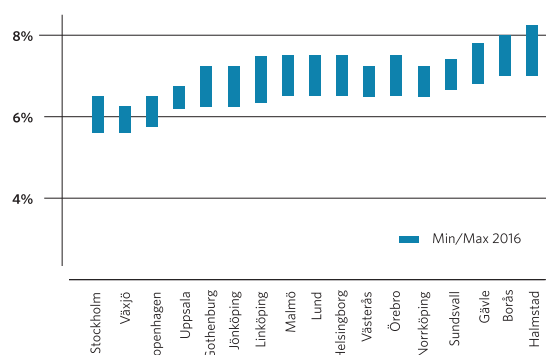
SEKbn 31.5

During 2016 investments totalled SEKm 31,491 of which SEKm 29,372 were acquisitions, and 2,119 were new constructions, extensions, and reconstructions

Market yield - office



Market yield - Warehouse/industrial



Yield 2016 according to Forum Fastighetsekonomi (Swedish regions) and CBRE (Copenhagen) for a number of different geographical markets and segments in Castellum's property portfolio

Source: Forum Fastighetsekonomi, CBRE

ENVIRONMENTAL CERTIFICATION SYSTEM



Miljöbyggnad

Miljöbyggnad is a Swedish system that classifies buildings in terms of energy consumption, indoor environment and building materials. 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 Great Britain, is the most commonly used environmental classification system in the world. The system evaluates and rates the overall environmental impact of buildings.



LEED

LEED from USA 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.

no significant fines have been paid for environmental crimes.

One way to secure the property portfolio for the future is to environmental classify the properties. A total of 24% of Castellum's real estate portfolio is environmentally certified according to Green Building, Miljöbyggnad, BREEAM or LEED. Further certification is ongoing of additional 479 thousand sq.m. corresponding to 11%.

The purpose of the certification is to reduce our climate impact and risks to the real estate portfolio, to lower costs, and to create facilities that are attractive to customers and their businesses – while we improve safety and working environments.

Castellum's environmentally certified buildings

	Completed properties		Ongoing projects	
	Number	Thousand sq.m.	Number	Thousand sq.m.
EU Green Building	89	600	2	14
Miljöbyggnad	19	223	23	197
BREEAM	11	182	14	268
LEED	5	151	0	0
Total	117	1 037	39	479

Property value and changes in value

The fair value of the properties at the year-end amounted to SEKm 70,757 (41,818), corresponding to SEK 16,558 per sq.m. (12,282). The average valuation yield over time for Castellum's real estate portfolio, excluding development projects, undeveloped land and building rights, can be calculated to 5.8% (6.5%). Of the total property value 95% represents freehold properties and 5% is site leasehold.

In 2016, the real estate market was characterized by high activity, high demand and limited supply, resulting in rising prices. The price increase was mainly attributable to centrally located office properties in growth areas, properties with long-term leases and well-located warehouse and logistics properties.

Average valuation yield, SEKm

(excl. project/land and building rights)	2016	2015
Net operating income properties	3,699	2,443
+ Index adjustment 2016, 1.2% (1%)	62	35
+ Real occupancy rate 94% at the lowest	265	216
- Property administration, 30 SEK/sq.m.	- 129	- 100
Normalized net operating income	3,897	2,594
Valuation (excl. building rights of SEKm 388)	67,557	39,824
Average valuation yield	5.8%	6.5%

This price rise is reflected in Castellum's internal valuation through lower required yield, which at portfolio level corresponds to approximately 27

points. This, primarily in combination with project profits and improved cash flow results, resulted in a change in value for the year of SEKm 3,793, corresponding to 6%. Norrporten's change in value of SEKm 638 – or 3% – for the first six months, is included in the purchase price allocation (PPA) and therefore does not affect Castellum's income. Moreover, 80 properties were sold for SEKm 6,754 after deduction for assessed deferred tax and transaction costs totalling SEKm 233. The underlying property value – thus amounting to SEKm 6,986 – exceeded the latest valuation of SEKm 6,461 by SEKm 525. The sales in the North Region means that the goodwill that occurred in conjunction with the acquisition of Norrporten has changed with SEKm -373. As each property is valued individually, the portfolio premium that can be noted in the property market is not taken into account.

Rental income

Group's rental income amounted to SEKm 4,533 (3,299). For office and retail properties, the average contracted rental level, including charged heating, cooling and property tax, amounted to SEK 1,561 per sq.m., whereas for warehouse and logistics properties, it amounted to SEK 818 per sq.m. Rental levels, which are considered to be in line with the market, have in comparable portfolio increased by approx. 2% compared with previous year, which inter alia is an effect from indexation (and can be compared with the usual industry index clause October to October which was 0.1% in 2016) and renegotiations carried out. Castellum's higher indexation is due to the Groups focus on index clauses with minimum upward adjustment in the contract portfolio, which offers protection against low deflation and inflation.

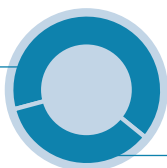
The average economic occupancy rate was 91.3% (90.3%). The total rental value for vacant premises for the year amounted to approx. SEKm 550 (392). The rental income for the year includes a lump sum of SEKm 20 (8) as a result of early termination of leases.

Gross leasing (i.e. the annual value of total leasing) during the period was SEKm 489 (316), of which SEKm 152 (55) were leasing of new constructions, extensions and reconstructions. Notices of termination amounted to SEKm 311 (298), of which bankruptcies were SEKm 17 (11) and SEKm 5 (18) were notices of termination with more than 18 months remaining length of contract. Net lease for the year was hence SEKm 178 (18) and for the fourth quarter isolated SEKm 84 (11).

The time difference between reported net leasing and the effect in income thereof is estimated to be between 9–18 months.

Castellum's regions

Sundsvall 65%



Gävle 35%

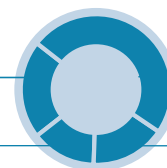
7%

Proportion of Castellum's property value

THE NORTHERN REGION

	2016	2015
No. of properties	29	—
Area, thousand sq.m.	259	—
Property value, SEKm	4,752	—
Rental value, SEKm	389	—
Net operating income, SEKm	238	—
Net investments, SEKm	4,112	—
Net leasing, SEKm	3	—
Employees	34	—

South 21%



Central 49%

West 14%

North 16%

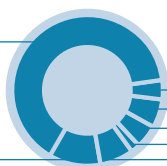
22%

Proportion of Castellum's property value

THE STOCKHOLM REGION

	2016	2015
No. of properties	111	106
Area, thousand sq.m.	692	594
Property value, SEKm	15,181	8,607
Rental value, SEKm	1,017	736
Net operating income, SEKm	676	453
Net investments, SEKm	5,340	71
Net leasing, SEKm	63	27
Employees	44	47

Gothenburg 65%



Other cities 4%
Kungälv 5%
Halmstad 7%
Alingsås 2%
Borås 6%

Mölndal 11%

22%

Proportion of Castellum's property value

THE WESTERN REGION

	2016	2015
No. of properties	212	212
Area, thousand sq.m.	1,218	1,198
Property value, SEKm	15,848	14,661
Rental value, SEKm	1,233	1,220
Net operating income, SEKm	771	806
Net investments, SEKm	650	760
Net leasing, SEKm	57	2
Employees	80	88

Linköping 8%

Örebro 29%

Jönköping 23%



Norrköping 8%

Uppsala 17%

Västerås 10%

Vaxjö 5%

THE CENTRAL REGION

	2016	2015
No. of properties	206	166
Area, thousand sq.m.	1,320	904
Property value, SEKm	19,855	10,744
Rental value, SEKm	1,622	977
Net operating income, SEKm	963	577
Net investments, SEKm	7,666	1,061
Net leasing, SEKm	38	23
Employees	109	82

28%

Proportion of Castellum's property value

Malmö 18%

Lund 13%

Helsingborg 33%

Copenhagen 36%



THE ÖRESUND REGION

	2016	2015
No. of properties	107	113
Area, thousand sq.m.	803	696
Property value, SEKm	15,121	7,806
Rental value, SEKm	1,238	757
Net operating income, SEKm	728	404
Net investments, SEKm	6,969	521
Net leasing, SEKm	17	- 34
Employees	67	58

21%

Proportion of Castellum's property value

“The average valuation yield for Castellum’s real estate portfolio, excluding development projects and undeveloped land, can be calculated to 5.8%. The lower valuation yield can partly be explained by major reallocations in the property portfolio.”

Net leasing has been different in Castellum’s various regions, as shown below.

Net leasing

SEKm	Central	West	Öresund	Stockholm	North	Total
New leases						
Existing properties	104	79	72	76	6	337
Investments	38	51	9	54	0	152
Total	142	130	81	130	6	489
Notice of termination						
Notices of termination	- 101	- 71	- 64	- 55	- 3	- 294
Bankruptcies	- 3	- 2	-	- 12	-	- 17
Total	- 104	- 73	- 64	- 67	- 3	- 311
Net leasing	38	57	17	63	3	178

Property costs

Property costs amounted to SEKm 1,497 (1,074) corresponding to SEK 376 per sq.m. (316). The increase SEK per square metres refers to the acquisition of Norrporten, whose property portfolio consists of office premises with a higher costs per square metres, but also higher rental income. Consumption for heating during the year has been calculated to 92% (88%) of a normal year according to the degree day statistics.

Property costs SEK/sq.m	Office/ Retail	Warehouse/ logistics	2016 Total	2015 Total
Operating expenses	199	110	168	149
Maintenance	58	26	47	39
Ground rent	3	8	5	6
Real estate tax	95	23	70	50
Direct property costs	355	167	290	244
Leasing and property administration	-	-	86	72
Total	355	167	376	316
Previous year	307	166	316	

Central administrative expenses

Central administrative expenses totalled SEKm 143 (113) and has been charged with SEKm 11 for non-recurring costs related to ongoing work to collect the Group under the joint name Castellum and coordination of support functions. This also includes costs for a profit-and-share-price related incentive plan for 10 persons in executive management of SEKm 20 (11).

Transaction and restructuring costs

During 2016, Castellum acquired Norrporten, resulting in transaction costs of SEKm 126. In addition, a major business restructuring was initiated, and this is expected to generate synergies of SEKm 150.

The cost of restructuring has been estimated at approx. SEKm 40 of which SEKm 37 have been charged to the period’s result.

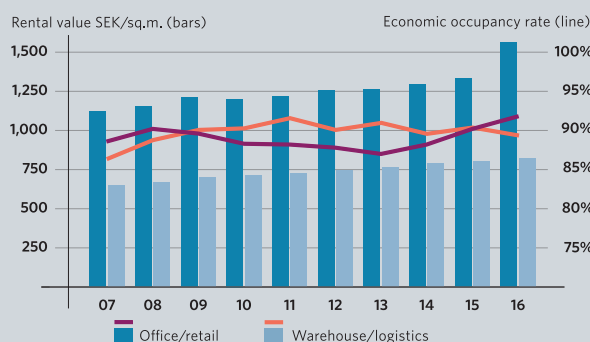
Income from joint venture

In Q2 2015, Castellum AB (publ) closed a deal with Heimstaden AB (publ), which meant that Castellum acquired 50% of the property management company CORHEI Fastighets AB (previously Ståhl) for SEKm 505.

Castellum gained access in May/June 2015. The agreement provided an opportunity to acquire, through an option, the remaining 50% at market value during the autumn 2016 at the earliest. Thus, the option was used already during Q1 2016: Castellum has thereby owned 100% of CORHEI Fastighets AB since the beginning of March this year. The acquisition price for the remaining 50% amounted to SEKm 555.

The acquisition constitutes a company acquisition in phases, resulting in a revaluation of SEKm

Rental value and economic occupancy rate



Average valuation yield over time



27 of the 50% already owned. The revaluation is the difference between the purchase price paid, SEKm 555, and the previously recognized net asset value of SEKm 528 on the access date in March. As a result of the stepwise company acquisition, there is a goodwill entry of SEKm 141, corresponding to the net deferred tax liability.

Income from joint ventures amounted to SEKm 3 (21) and refers to Castellum's 50% share of the income in CORHEI Fastighets AB (former Ståhls). Of this income, SEKm 4 (23) refers to income from property management and SEKm -1 (-5) to tax.

Net interest

Net interest items were SEKm -832 (-602). The average interest rate level was 2.7% (3.0%). Net interest income was positively affected by approx. SEKm 150 due to the average interest rate level decrease by 0.3%-units.

Tax

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

Remaining tax loss carryforwards can be calculated to SEKm 2,392 (809). Furthermore, there are derivatives at an undervalue of SEKm 385, which are not tax deductible, as well as untaxed reserves totalling SEKm 31. Fair values for the properties exceed their fiscal value by SEKm 36,851 (22,239) of which SEKm 1,992 (1,893) relates to the acquisition of properties accounted for as asset acquisitions. As deferred tax liability, a full nominal 22%

tax of the net difference is reported, reduced by the deferred tax relating to asset acquisitions, i.e., SEKm 7,065 (4,299).

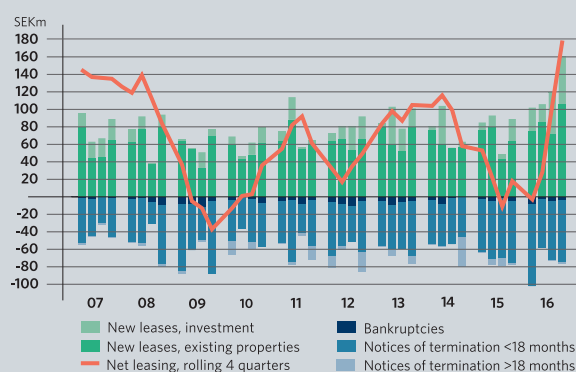
Castellum has no current tax disputes.

Income over time

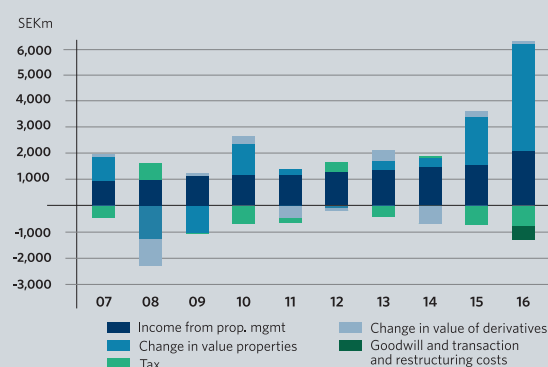
Income from property management over the past 10 years shows stable development and has grown by an average of 7% per year. Property values have been volatile over the past 10 years with average growth of 1.3% per year which is in line with inflation.

“Castellum’s Income from property management over the past 10 years shows stable development and has grown by an average of 7% per year.”

Net leasing



Income over time



Castellum's real estate portfolio 31-12-2016

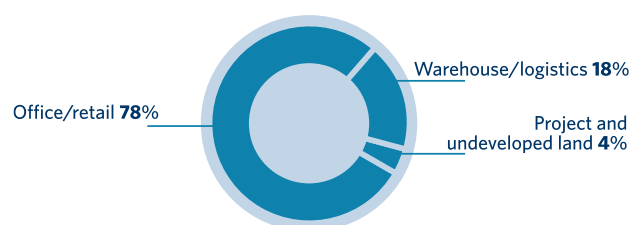
	31-12-2016				January - December 2016						
	No of properties	Area thousand sq.m.	Property value SEKm	Property value SEK/sq.m.	Rental-value SEKm	Rental value SEK/sq.m.	Economic occupancy rate	Rental income SEKm	Property costs SEKm	Property costs SEK/sq.m.	Net-operating Income SEKm
Office/retail											
Central	144	1,025	17,517	17,092	1,401	1,367	92.5%	1,296	361	352	935
West	81	458	9,115	19,894	651	1,420	93.7%	610	144	315	466
Stockholm	47	369	10,514	28,538	683	1,854	93.6%	639	128	348	511
Öresund	71	575	13,502	23,479	1,069	1,858	88.2%	942	232	403	710
North	28	259	4,751	18,315	389	1,501	93.2%	363	87	334	276
Total office/retail	371	2,686	55,399	20,626	4,193	1,561	91.8%	3,850	952	355	2,898
Warehouse/logistics											
Central	45	225	1,653	7,346	168	744	89.3%	149	40	178	109
West	104	674	5,781	8,581	519	770	90.5%	470	103	152	367
Stockholm	51	290	3,516	12,143	304	1,051	91.2%	278	58	199	220
Öresund	33	228	1,596	6,963	169	737	83.4%	141	36	159	105
Total warehouse/logistics	233	1,417	12,546	8,851	1,160	818	89.5%	1,038	237	167	801
Total	604	4,103	67,945	16,558	5,353	1,304	91.3%	4,888	1,189	290	3,699
Leasing and property administration									351	86	- 351
Total after leasing and property administration									1,540	376	3,348
Project	40	189	2,310	-	146	-	-	61	33	-	28
Undeveloped land	21	-	502	-	-	-	-	-	-	-	-
Total	665	4,292	70,757	-	5,499	-	-	4,949	1,573	-	3,376

The table above relates to the properties owned by Castellum at the end of the year and reflects the income and costs of the properties as if they had been owned during the whole period. The discrepancy between the net operating income of SEKm 3,376 accounted for above and the net operating income of SEKm 3,036 in the income statement is explained by the deduction of the net operating income of SEKm 220 on properties sold during the period, as well as the adjustment of the net operating income of SEKm 560 on properties acquired/completed during the period, which are recalculated as if they had been owned or completed during the whole period.

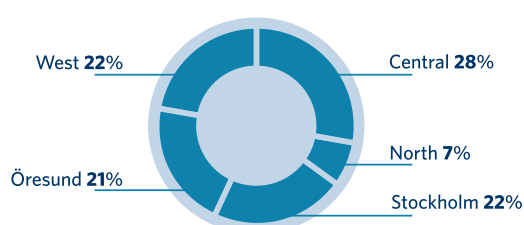
Property related key ratio

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Rental value, SEK/sq.m.	1,304	1,095	1,064	1,036	1,015	995	974	969	921	896
Economic occupancy rate	91.3%	90.3%	88.7%	88.4%	88.6%	89.3%	89.0%	89.8%	89.7%	87.9%
Property costs, SEK/sq.m.	376	316	307	307	298	300	298	300	268	262
Net operating income, SEK/sq.m.	816	673	637	608	601	589	569	571	559	527
Property value, SEK/sq.m.	16,558	12,282	11,118	10,285	9,916	9,835	9,499	9,036	8,984	9,098
Number of properties	665	597	583	626	635	617	598	590	587	549
Letttable area, thousand sq.m.	4,292	3,392	3,329	3,623	3,621	3,411	3,311	3,199	3,172	3,003
Valuation yield, average	5.8%	6.5%	6.9%	7.2%	7.3%	7.2%	7.2%	7.3%	7.4%	7.0%

Property value by property type



Property value by region



Acquisition of Norrporten strengthening Castellum's market position

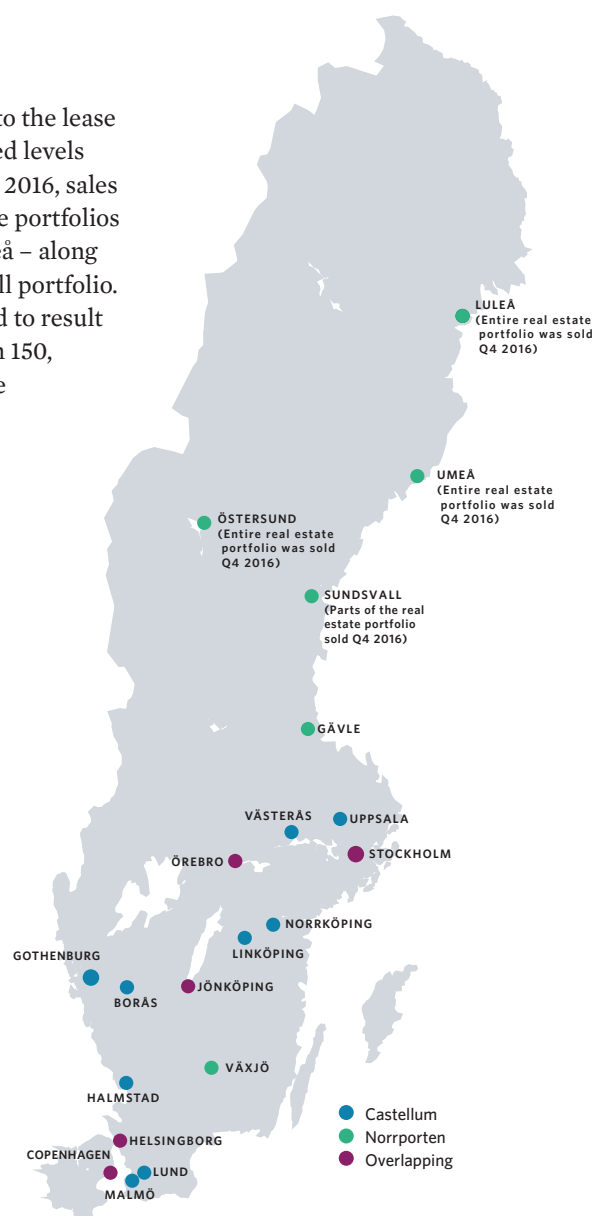
On 13 April 2016, Castellum signed an agreement with the Second AP Fund and the Sixth AP Fund to acquire all shares in Norrporten AB (publ). Access to the shares was gained on 15 June 2016, for an acquisition value of SEKm 13,468, distributed as follows: SEKm 10,393 in cash and 27.2 million shares worth approx. SEKm 3,075, divided among 19,194,458 newly issued shares and 8,006,708 shares held in treasury. The valuation of these shares was made at market value on the date of transaction, amounting to SEK 113/share (market price quoted on Nasdaq). Acquisition costs amounted to SEKm 126 and are accounted for in the income statement.

The acquisition is accounted for as a business combination, hence the occurrence of a good-will item of SEKm 1,891 – corresponding to net deferred-tax liabilities at the time of acquisition.

Norrporten has been one of Sweden's largest real estate companies focused on managing and developing modern, high-quality office space centrally located in growth areas in Sweden and Copenhagen. The acquisition completed and strengthened Castellum's market position: the supply of various types of properties and premises increased, and the Group's geographical presence expanded. Furthermore, the acquisition strengthened Castellum's presence and market position in five cities where the Group was already established: Stockholm, Copenhagen, Helsingborg, Örebro and Jönköping. The acquisition also provided Castellum with scale as well as attractively located properties in Gävle, Sundsvall, Östersund, Umeå, Luleå and Växjö. Norrporten's tenant structure

also brought longer leases into the lease portfolio, along with increased levels of public tenants. During Q4, 2016, sales were completed for the entire portfolios of Luleå, Östersund and Umeå – along with portions of the Sundsvall portfolio.

The acquisition is expected to result in synergies of approx. SEKm 150, of which about SEKm 120 are estimated to be realized successively until the end of 2017. The remaining SEKm 30, primarily attributable to operating costs, will be realized over a 3-year period from the date of acquisition.



Balance sheet Norrporten

SEKm	31 December 2016	15 June 2016
Assets		
Investment properties	22,736	26,415
Other fixed assets	36	38
Current receivables	5,249	278
Liquid assets	930	-
Total assets	28,951	26,731
Shareholders' equity and liabilities		
Shareholders' equity	14,205	11,918
Deferred tax liability	1,584	1,590
Interest-bearing liabilities	11,968	11,858
Non interest-bearing liabilities	1,194	1,365
Total shareholders' equity and liabilities	28,951	26,731

Income statement Norrporten

SEKm	15 June - 31 Dec 2016	Jan - Dec 2016
Rental income	1,042	1,917
Property costs	- 350	- 656
Central administrative expenses	- 40	- 73
Net interest income/expense	- 189	- 329
Income from property management	463	859
Change in value properties	1,620	2,258
Change in value derivatives	70	- 165
Current tax	- 14	- 31
Deferred tax	45	- 131
Net income	2,184	2,790
Translation currencies	10	31
Total net income for the period	2,194	2,821

Active property development requires investments

Long-term and sustainable growth implies constant improvement and development of the real estate portfolio through new construction, reconstructions and extensions – as well as acquisitions. Investments will meet customer requirements for suitable premises and workplaces as well as society's need for urban environments that ensure growth over time. New development projects are added on an ongoing basis through the acquisition of properties with development potential and unutilized building rights.

Castellum – one of the largest project developers in Sweden

In order to achieve the overall growth objective of 10%, Castellum needs to invest. Investments in new construction, extensions and reconstruction in our real estate portfolio often provide higher yield than acquisitions. In the last 10 years, Castellum has invested SEK 52 billion, which means SEK 5.2 billion on average per year.

During 2016 Castellum had high activity in the portfolio and investments totaled SEKm 31,491 (3,553), of which SEKm 29,372 (2,321) were acquisitions and SEKm 2,119 (1,232) were new constructions, extensions and reconstructions. After sales of SEKm 6,754 (1,140) net investments amounted to SEKm 24,737 (2,413).

During the first quarter Castellum acquired the remaining 50% of the shares in CORHEI Fastighets AB (former Ståhls) corresponding to a property value of SEKm 2,083.

During the second quarter Castellum acquired Norrporten with an underlying property value of SEKm 26,415.

During the last quarter 2015 agreements have also been concluded for the acquisition of one office property under construction, in Hagastaden, Stockholm for SEK 1.6 billion with change of possession scheduled to February 2017. The property will be accounted for when the change of possession has taken place due to the agreements which is conditional upon i.e. completion.

Requirements for sustainable investments

Castellum environmentally classifies all new constructions and larger reconstructions according to at least Miljöbyggnad level Silver. Castellum currently owns 89 of Sweden's 319

Green Building-certified buildings. The purpose of certification is to reduce the climate impact and the risks in the property portfolio, reduce costs as well as create attractive premises for the customers and their business.

A total 24% of Castellum's real estate portfolio is environmentally certified according to Green Building, Miljöbyggnad or BREEAM. Further new construction is ongoing of additional 479 thousand sq.m. corresponding to 11%.

Development of our growth regions

For Castellum, as a long-term real estate owner and urban developer, it is important to contribute to sustainable development of the communities, wherein the Group operates. Collaboration also takes place in about 100 networks and business associations to develop all regions that host our operations.

We also cooperate continuously with other parties to push development, share knowledge about new technologies and exchange experiences. Examples of networking partners include the EPRA Sustainability Committee, The Energy Agency's Beställargrupp för lokaler (BELOK), Sweden Green Building Council, energy companies, local sanitation companies and Universities.

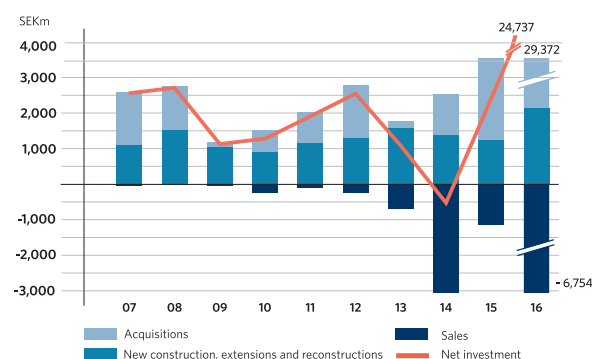


ERIKA OLSÉN
CHIEF INVESTMENT
OFFICER, CASTELLUM AB

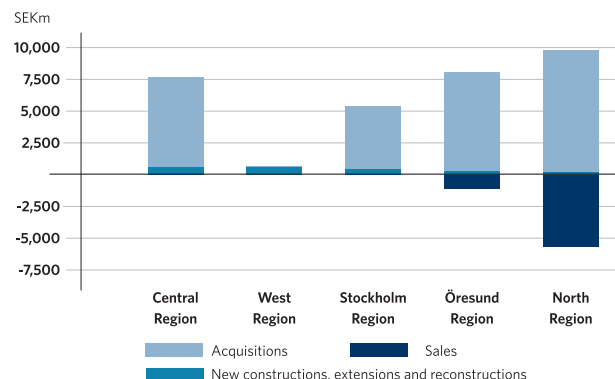
"Today's growing cities are characterized by dynamic structures with mixed development, where we'll happily contribute to building a mixed-use city. Being a great corporate citizen in Sweden's major cities, Castellum has a responsibility to carry out urban development in a sustainable and long-term manner. We contribute as a long-term owner, with great willingness to invest in urban development in many different ways.

One of the best examples of our involvement in urban development is Örebro, right by the central train station. Here, Castellum is currently developing approx. 15,000 square metres of sustainable office space, featuring a façade partially covered with solar panels. The project contributes sustainable offices to the city – in a prime location with direct access to public transport."

Investments and sales per year



Investments and sales per region 2016



Larger ongoing projects



Olaus Petri 3:244 in Örebro

LOCATION: At the Travel Centre in Örebro

AREA: 14,526 sq.m.

TIME PLAN: Completed Q2, 2019

INVESTMENT: SEKm 420

CERTIFICATION: Miljöbyggnad level Silver

In 2016, construction began of Citypassagen, a new office property in Örebro, situated at the northern route to Örebro and directly adjacent to the Travel Centre. There is high demand for downtown office premises in fast-expanding Örebro, and this central, seven-storey building will increase the supply of modern and flexible office space.

The investment, one of the largest new constructions in the history of Castellum, is estimated at SEKm 420, of which SEKm 45 relates to the value of the property lot owned by the Group. The building is expected to be completed during the second quarter of 2019 and is 48% leased.

Lindholmen 30:5 in Gothenburg

LOCATION: Lindholmen Science Park in Gothenburg

AREA: 9,243 sq.m.

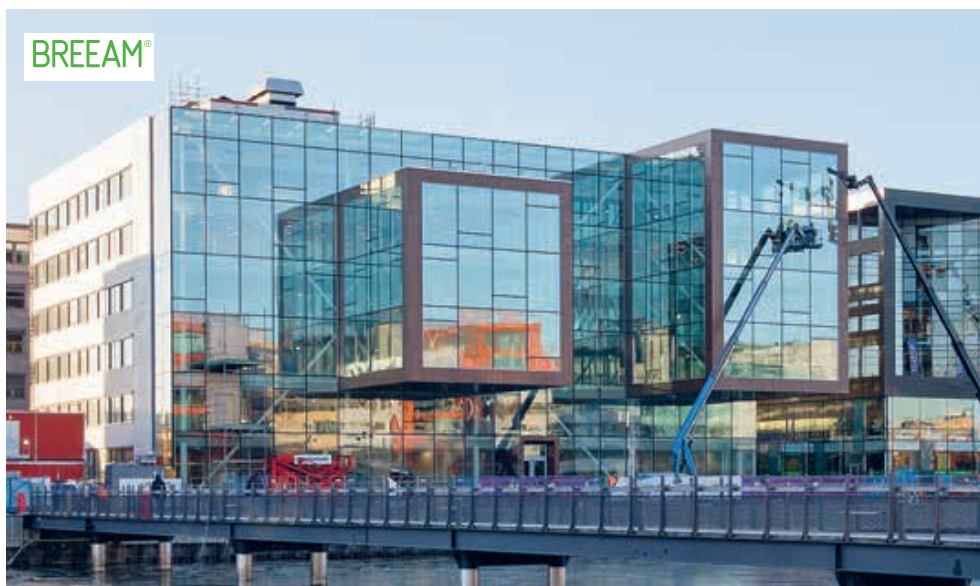
TIME PLAN: Completed Q1, 2017

INVESTMENT: SEKm 265

CERTIFICATION: BREEAM level excellent

In December 2014, Castellum acquired land on Lindholmsspiren in Gothenburg. At this site, located in the middle of the international engineering cluster Lindholmen Science Park, Castellum started the construction of the "Blenda" high-quality office property (9,243 sq. m.) in May 2015. Blenda is constructed according to the BREEAM environmental certification system, with the ambition of reaching BREEAM's Excellent level.

This investment is estimated at SEKm 265, including the SEKm 53 value of the ground plot owned by Castellum. The new building is expected to be completed during the first quarter of 2017 and occupancy rate is 96%.



Balltorp 1:124 in Mölndal

LOCATION: At Söderleden in Mölndal

AREA: 18,000 sq.m.

TIME PLAN: Completed Q4, 2017

INVESTMENT: SEKm 180

CERTIFICATION: Miljöbyggnad level Silver

On the last major exploitable lot beside Söderleden in Mölndal, Castellum began construction of a fully leased new building project totalling 18,000 sq. m. The project helps strengthen the portfolio with a modern and sustainable logistics facility in an expanding part of Greater Gothenburg.

The investment is estimated at SEKm 180, SEKm 38 of which is related to land acquisition. The facility is expected to be completed by the fourth quarter of 2017. The new building is fully leased.



Varpen 11 in Huddinge

LOCATION: Smista Area in Huddinge
AREA: 7,060 sq.m. car retail
TIME PLAN: Completed Q4, 2017
INVESTMENT: SEKm 162
CERTIFICATION: Miljöbyggnad level Silver

Since the millennium shift, Castellum has developed the Smista area into one of Stockholm's primary clusters for car sales.

In autumn 2016, yet another investment was initiated totalling SEKm 162, including the SEKm 14 value of the lot, owned by Castellum.

The new building is expected to be completed during the last quarter of 2017 and is being constructed according to the Miljöbyggnad environmental certification system, with the ambition of reaching Silver level. The building is fully leased.

Nordstaden 2:16 in Gothenburg

LOCATION: Central Gothenburg
AREA: 9,200 sq.m.
TIME PLAN: Completed Q1, 2017
INVESTMENT: SEKm 135
CERTIFICATION: Miljöbyggnad level Silver

In central Gothenburg, overlooking the Gothenburg Opera and the harbour, an office-and-retail reconstruction, totalling 9,200 sq. m. was initiated. The project promotes portfolio development in one of Gothenburg's prime office locations. It is close to public transit, and in a few years' time the area will be further refined with a new West Link train station.

The investment is estimated at SEKm 135 and the reconstruction is expected to be completed during the first quarter of 2017. The new building is being constructed according to the Miljöbyggnad environmental certification system, with the ambition of reaching Silver level.



Söderhällby 1:2 (part of) in Uppsala

LOCATION: Östra Fyrislund in Uppsala
AREA: 5,963 sq.m.
TIME PLAN: Completed Q1, 2018
INVESTMENT: SEKm 101
CERTIFICATION: Miljöbyggnad level Silver and Green Building

At the end of 2016 Castellum started a new construction in Uppsala of 5,963 sq. m. distribution premises. The property is well situated with access to E4.

The investment is calculated to SEKm 101, of which SEKm 20 represents the value of the acquired land. The new building is fully let.



Spejaren 5 in Huddinge

LOCATION: Smista Area in Huddinge
AREA: 3,480 sq.m.
TIME PLAN: Completed Q3, 2017
INVESTMENT: SEKm 98
CERTIFICATION: Miljöbyggnad level Silver

In Smista, Castellum has started a fully let new construction of 3,480 sq. m. for car sales.

The investment is calculated to SEKm 98 and to be completed during the third quarter 2017. The new building is being constructed according to the Miljöbyggnad environmental certification system, with the ambition of reaching Silver level.



Inom Vallgraven 4:1 in Gothenburg

LOCATION: Central Gothenburg
AREA: 2,500 sq.m.
COMPLETED: Q2, 2017
INVESTMENT: SEKm 92
CERTIFICATION: Miljöbyggnad level Silver

During 2016 Castellum started a fully let reconstruction and extension of Kungssportshuset, with a unique location in central

Gothenburg. The property will be a cultural and entertainment venue with new construction standard while a genuine impression is preserved.

The investment is calculated to SEKm 92 and to be completed during the second quarter 2017. The reconstruction and extension is being constructed according to the Miljöbyggnad environmental certification system, with the ambition of reaching Silver level.



Majorna 163:1 in Gothenburg

LOCATION: Södra älvstranden in Gothenburg
AREA: 5,867 sq.m.
COMPLETED: Q1, 2017
INVESTMENT: SEKm 88
CERTIFICATION: Miljöbyggnad level Silver

In the Klippan area, on the South Shore of Gothenburg, a reconstruction is ongoing of 5,867 sq.m. office and warehouse premises. Local environments have been

developed for both residential and commercial properties, and today it is an area where creative enterprises move into historic industrial buildings with innovative and exciting architecture.

The investment is calculated to SEKm 88 and the property is being constructed according to the Miljöbyggnad environmental certification system, with the ambition of reaching Silver level. The building has an occupancy rate of 75%.

LARGER ONGOING PROJECTS 2016

Name of property	Area, sq.m.	Rental value		Econ. occup. January 2017	Total inv. inc. land, SEKm	Remaining inv., SEKm	Completed	Comment
		SEKm	SEK/sq.m.					
Olaus Petri 3:244, Örebro	14,526	35	2,400	48%	420	420	Q2 2019	New construction office
Lindholmen 30:5, Gothenburg	9,243	23	2,500	96%	265	27	Q1 2017	New construction office
Balltorp 1:124, Mölndal	18,000	14	750	100%	180	137	Q4 2017	New construction logistic
Varpen 11, Huddinge	7,060	14	2,550	100%	162	131	Q4 2017	New construction car retail
Nordstaden 2:16, Gothenburg	9,200	5	3,300	28%	135	53	Q1 2017	Reconstruction office/retail
Söderhällby 1:2 (part of), Uppsala	5,963	8	1,313	100%	101	101	Q1 2018	New construction logistics
Spejaren 5, Huddinge	3,480	8	2,200	100%	98	85	Q3 2017	New construction car retail
Kranbilen 2, Huddinge	8,571	9	1,050	40%	97	9	Q1 2017	New construction warehouse/logistics
Inom Vallgraven 4:1, Gothenburg	2,500	9	3,700	100%	92	36	Q2 2017	Extension and reconstruction cultural and entertainment venue
Majorna 163:1, Gothenburg	5,867	9	1,500	75%	88	1	Q1 2017	Reconstruction office/warehouse
Tjurhornet 15, Stockholm	5,786	1	250	-	68	9	Q4 2017	Parking facilities
Visiret 3, Huddinge	2,440	6	2,400	100%	61	45	Q4 2017	New construction car retail
Boländerna 12:1, Uppsala	3,687	5	1,400	52%	58	35	Q4 2017	New construction warehouse/logistic
Sändaren 1, Malmö	2,771	4	1,550	100%	53	14	Q2 2017	Reconstruction office
Gamla Rådstugan 1, Norrköping	2,185	5	2,100	30%	48	17	Q4 2016	Reconstruction office
Verkstaden 14, Västerås	1,844	4	2,000	85%	45	15	Q1 2017	New construction office
Bangården 4, Solna	4,120	4	1,100	100%	42	7	Q1 2017	Reconstruction apartment hotel

BREEAM evaluates and rates the overall environmental impact of buildings.

Miljöbyggnad is a certification system that aims 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 Boverkets building regulations.

Larger completed projects



Drottningparken in Örebro

LOCATION: South entrance of Örebro
AREA: 4,237 sq.m.
COMPLETED: Q3, 2016
INVESTMENT: SEKm 103
CERTIFICATION: Miljöbyggnad level Silver

In 2016, Castellum completed a new building of 4,237 sq. m. in Drottningparken, Örebro. The flexible office building – in proximity to both the city centre and the South Station – has become a landmark at the southern entrance to Örebro.

The investment amounted to SEKm 103, and the property has been certified as Miljöbyggnad Silver. The completed building is fully leased.



Verkstaden 14 in Västerås

LOCATION: Kopparlunden in central Västerås
AREA: 6,100 sq.m.
COMPLETED: Q1, 2016
INVESTMENT: SEKm 84
CERTIFICATION: –

Kopparlunden is an area in central Västerås with a mix of modern technology and a century of industrial tradition. Castellum owns approx. 12,000 sq.m. of building rights in the area. In 2016, the Company completed an extension of 3,800 sq.m. and a reconstruction of 2,300 sq.m. The investment is calculated at SEKm 84 and is fully let to a school.



Varpen 10 in Huddinge

LOCATION: Smista area in Huddinge
AREA: 2,520 sq.m.
COMPLETED: Q4, 2016
INVESTMENT: SEKm 72
CERTIFICATION: Miljöbyggnad level Silver

In Smista, Stockholm region's leading cluster for car sales, Castellum has completed a fully let new construction of 2,520 sq.m. for car sales.

The investment amounted to SEKm 72 and the new building is completed according to the environmental classification Miljöbyggnad, level silver.

LARGER COMPLETED PROJECTS 2016

Property	Area sq.m.	Rental value		Econ. occup. Jan 2017	Total inv., land incl. SEKm	Remain. inv. SEKm	Completed	Comment
		SEKm	SEK/sq.m.					
Drottningparken, Örebro	4,237	8	2,000	100%	103	0	Q3 2016	New construction office
Verkstaden 14, Västerås	6,100	9	1,400	100%	84	3	Q1 2016	Extension and reconstruction education facilities
Varpen 10, Huddinge	2,520	5	2,100	100%	72	9	Q4 2016	New construction car retail
Ringspännat 5, Malmö	3,333	5	1,450	100%	46	1	Q3 2016	New construction car retail/garage

BREEAM evaluates and rates the overall environmental impact of buildings.

Miljöbyggnad is a certification system that aims 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 Boverkets building regulations.

Major acquisitions in 2016

Acquisition of Norrporten AB

In June 2016, Castellum acquired Norrporten AB, one of Sweden's major real estate companies. Norrporten's real estate portfolio consisted of 119 properties, comprising 1.1 million sq. m., spread over 11 cities. The acquisition complemented and strengthened Castellum's market position with an increased supply of property types and varied premises, while the Group's geographical presence was expanded.

The acquisition strengthens the Group's presence and market position in five cities where Castellum is already established: Stockholm, Copenhagen, Helsingborg, Örebro and Jönköping. Further, the acquisition meant that Castellum established interests in Gävle, Sundsvall, Östersund, Umeå, Luleå and Växjö. During the fourth quarter sales were completed for the entire portfolios of Luleå, Östersund and Umeå - along with portions of the Sundsvall portfolio.

LOCATION: Stockholm, Luleå, Umeå, Östersund, Sundsvall, Gävle, Örebro, Jönköping, Växjö, Helsingborg and Copenhagen

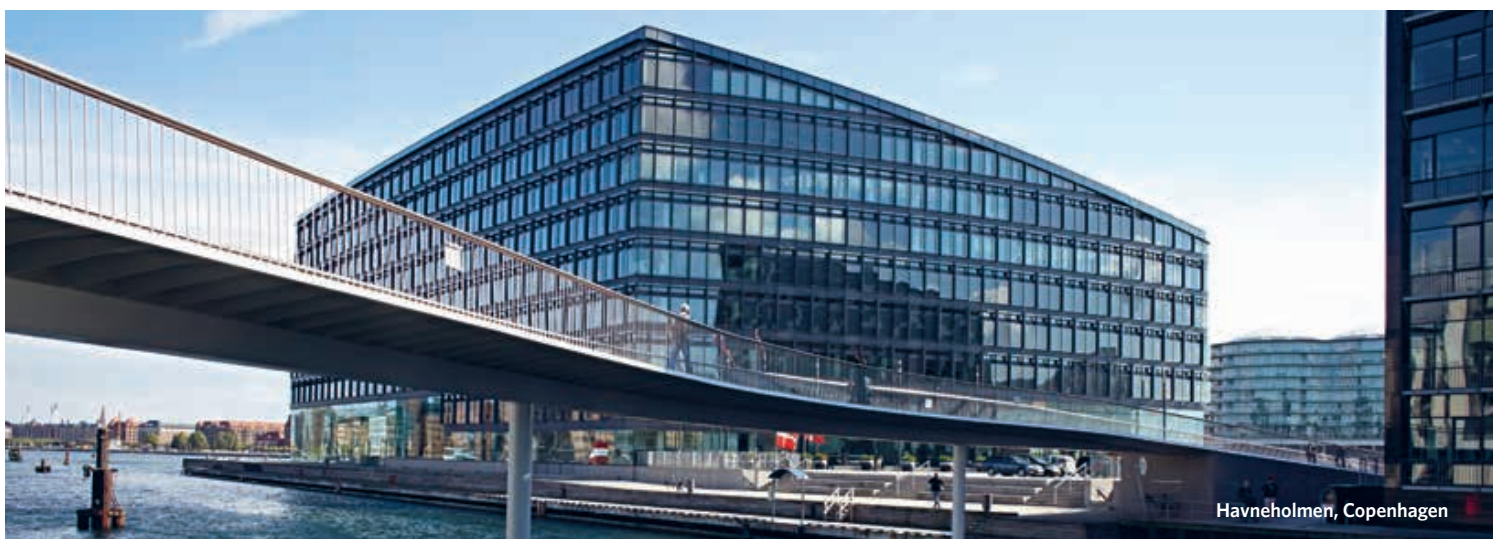
AREA: 1.1 million sq.m.

ACCESS: June 15, 2016

INVESTMENT: SEKm 26,415



Klassföreståndaren 3, Stockholm



Havneholmen, Copenhagen



Nyttan 3, Sundsvall



Högkvarteret 1, Helsingborg



Mässhallen 2 in Malmö

LOCATION: Hyllie, Malmö
AREA: 7,318 sq.m.
ACCESS: April 2016
INVESTMENT: SEKm 328

In November 2015, Castellum acquired a property under construction in Hyllie, Malmö. Change of possession took place when the property was completed in April, 2016.

The property consists of 7,318 sq.m. of high quality office space built according to the BREEAM environmental certification system, level Excellent. The investment amounted to SEKm 328 and the property is fully leased.



Kvarnen 5, Norrköping

CORHEI's real estate portfolio in Linköping and Norrköping

LOCATION: 13 properties in Norrköping and 9 properties in Linköping
AREA: 162,714 sq.m.
ACCESS: March 2016
INVESTMENT: SEKm 2,083

In March 2016, Castellum completed the acquisition of 50% of the shares in CORHEI Fastighets AB. The transaction included the acquisition of 12 centrally located office buildings and one logistics facility in Norrköping, totalling 111,658 sq. m – as well as 9 office buildings in Linköping, which totalled 51,056 sq. m. The investment amounted to SEKm 2,083. Occupancy rates for the portfolio averaged 79%.



Örnäs 1:17 in Upplands-Bro

LOCATION: Brunna in Upplands-Bro
AREA: 132,165 sq.m. planned land
ACCESS: December 2016
INVESTMENT: SEKm 205

In 2016, Castellum purchased land in Brunna, Upplands-Bro, in the northern part of Greater Stockholm.

The acquisition creates opportunities for warehouse and logistics investments in a conveniently located area next to the E18 highway, and close to the E4 highway, Mälarbanan and Arlanda Airport, where a major expansion is underway. The undeveloped property has a possible leasable area of about 60,000 sq. m.



Pilgrimen 5 in Växjö

LOCATION: close Växjö central station
AREA: 6,036 sq.m.
ACCESS: November 2016
INVESTMENT: SEKm 196

In Växjö, Castellum came into possession of the newly built World Trade Center in the autumn of 2016. It is a 6,036 sq. m.

office building, part of an interesting urban development project that connects the southern and northern parts of the area around Växjö station. The investment amounted to SEKm 196. The property has been environmentally certified according to the LEED, level Platinum, and is 90% leased.

LARGER ACQUISITIONS DURING 2016

Property	Area, sq.m	Rental value		Econ. occup. Jan 2017	Acquisition SEKm	Access	Category
		SEKm	SEK/sq.m.				
Norrporten	1,114,274	2,053	1,850	93%	26,415	Juni 2016	Office and retail
CORHEIs portfolio in Linköping and Norrköping	162,714	202	1,200	79%	2,083	Mars 2016	Office and logistics
Mässhallen 2, Malmö	7,318	20	2,712	100%	328	April 2016	Office
Örnäs 1:17, Upplands-Bro	-	-	-	-	205	Dec 2016	Land
Pilgrimen 5, Växjö	6,036	13	2,146	90%	196	Nov 2016	Office
Lerstenen 1 and 2, Lund	3,649	3	700	95%	26	Feb 2016	Warehouse
Hamnen 22:28 and 22:31, Malmö	5,107	1	300	85%	25	Maj 2016	Warehouse

LARGER SALES DURING 2016

Property	Area, sq.m	Rental value		Underlying prop. price, SEKm	Deferred tax and Trans. costs SEKm	Net sales price, SEKm	Access	Category
		SEKm	SEK/sq.m.					
Portfolio i Sundsvall, Umeå and Luleå	214,750	364	1,700	4,592	- 153	4,439	Feb 2017	Office and retail
Portfolio i Malmö and Lund	113,249	120	1,050	949	- 38	911	Dec 2016	Office and warehouse
Lejonet 11, Luleå	21,839	32	1,500	489	- 3	486	Dec 2016	Office
Portfolio i Sundsvall and Östersund	48,571	51	1,050	491	- 20	471	March 2017	Office and warehouse
Portfolio i Östersund	18,494	21	1,150	269	- 15	254	Dec 2016	Office
Smörkärnan 1, Lund	7,807	11	1,350	115	- 8	107	Nov 2016	Office
Tägarp 16:22, Malmö	9,862	7	700	46	0	46	Nov 2016	Logistics and warehouse
Sadelknappen 1 & 4, Stångbettet, Malmö	5,248	4	800	28	1	27	July 2016	Warehouse and office

BREEAM evaluates and rates the overall environmental impact of buildings.

LEED evaluates and rates the overall environmental impact of buildings.

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

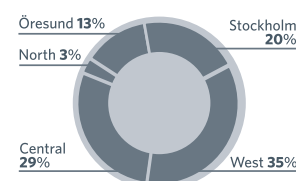
Green Building means that energy consumption is 25% lower than the energy requirements in Boverkets building regulations.

Building Rights and Potential Development Projects – build future Castellum

Part of Castellum's strategy is to build new premises. In order to offer the customer new premises with the shortest possible time for moving in, it is a competitive advantage to own building rights in attractive locations with approved plans. Castellum has approx. 920,000 sq.m. unutilized building rights. For a number of the unutilized building rights there are finalized project plans which can be started relatively promptly.

Unutilized building rights are valued at SEKm 1,530 (1,352) corresponding to approx. SEK 1,700 (1,700) per sq.m. on average. Of the building rights approx. 431,000 sq.m. corresponding to approx. SEKm 1,141 (883) are reported as development projects and undeveloped land. The remaining are reported among office/retail and warehouse/industrial properties since they are additions to already developed properties.

Building rights by region and sq.m.



Eminent in Hyllie, Malmö

In the expansive area of Hyllie, in Malmö, Castellum plans for the construction of modern, highly sustainable office space totalling close to 8,500 sq. m. The project, called Eminent, is being planned as the first office building in the Nordic countries to be certified according to WELL – an international construction standard that factors-in workplace well-being for people. 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 according to the Miljöbyggnad Gold environmental standard.



Kungspassagen in Uppsala

Castellum is constructing the Kungspassagen office building in one of the city's best locations, close to both the travel centre and the city's entire range of restaurants, services and shopping.

The new office building will be built according to the Miljöbyggnad environmental classification system (silver level, minimum), and feature solar cells, green electricity and carbon-neutral district heating.



Logistics Park in Gothenburg

Castellum and four other players plan to jointly create a new logistics park in close proximity to the Port of Gothenburg: the Port of Gothenburg Logistics Park. The initiative is one of the largest of its kind in Sweden. The location near Scandinavia's largest port, featuring key industries and access to good infrastructure, is perfectly suited for efficient warehouse and logistics operations. The allocated land allows for new constructions of up to 65,000 sq.m.

Sustainability is a requirement for economic growth

Castellum is one of the largest players in the real estate industry, and both profitability and capacity for growth are based on continuous development of the company. Sustainability activities are about conducting business in a responsible manner and creating sustainable solutions from economic and ecological as well as social perspectives.

Sustainable highlights 2016

“We can look back on a year of continued high activity in the area of sustainability. We’ve increased the transparency of our audits, which earned us several awards. Within the organization, we’ve continued to challenge ourselves with higher goals, and we know that what we measure, we actually do”, says Filip Elland, Head of Sustainability.

Reduced energy consumption and lower CO₂ emission



Energy consumption in the Group has been reduced by 26% since 2007 and carbon dioxide emissions decreased by 71% per square metre since 2007.

The ultimate aim is that 90% of the energy consumption should come from non-fossil sources by 2020. In 2016, 96% was achieved.

Green financing



In autumn 2016, Castellum issued Green MTN Bonds totalling SEKm 1,000. The settlement amount is used to finance selected real estate investments whose environmental profile meets the requirements of Castellum’s Green Framework.

Broad community involvement



Castellum invests in young people

Castellum has the strong ambition of offering young people concrete work experience. In 2016, a total of 77 young people worked at Castellum as trainees or vacation workers.

Fourteen of the young people were apprentices, which means that they worked in the organization for a year. The apprentices constitute 4% of the Group’s employees. An apprenticeship provides work experience that can be highlighted in CVs, plus a number of contacts that may enhance opportunities to gain work experience at other workplaces.

The photo shows Sofyan and Ramazan who held apprenticeships at Castellum in Stockholm, 2016.

Sustainability efforts rewarded!



Castellum is included in the Dow Jones Sustainability Index (DJSI), which includes worldwide companies that perform best in terms of sustainability.



GRESB Global Sector Leader, which means that Castellum is ranked number one in the world in the real estate industry, in the sector for office and logistics premises.



EPRA Gold is a prize for the best sustainability reporting in Europe. One recognition that Castellum does what we promise and communicates it clearly.



According to the CDP sustainability index, Castellum achieved the highest rating of all real estate companies in Sweden. This makes Castellum the highest ranking real estate company in CDP’s international survey.

Sustainable business

STEERING DOCUMENTS FOR SUSTAINABILITY ACTIVITIES

Regulations that control Castellum's sustainability efforts:

External regulations

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

Important internal regulations

- Sustainability Policy
- Code of Conduct
- Code of Conduct for suppliers and partners
- Internal environmental management system
- Internal control processes
- Other instruction

Sustainability involves creating long-term solutions from economic, ecological and social perspectives, and refining these values through our operating processes.

In addition to taking responsibility and creating value for our society, the planet and future generations, Castellum's sustainability efforts also provide the Group with a competitive advantage. Moreover, well integrated sustainability efforts contribute to better management and improved control of our properties. This means more satisfied customers, dedicated employees and increased profitability. In other words, sustainability is about taking the right decisions today so that the stakeholders – on whom Castellum's operations depend – will choose Castellum in the future.

For Castellum, ecological sustainability means utilizing resources such as energy and water as wisely and efficiently as possible. For our core business activities, it also means that new constructions as well as extensions and reconstructions are built according to high environmental standards.

Castellum is actively committed to the communities and regions in which we operate, and cooperates with customers, municipalities and other partners. This also means that Castellum collaborates with schools and universities and offers young people apprenticeships and summer jobs. And, naturally, we look out for – and care for – Castellum employees.

Organization and governance of sustainability efforts

Our sustainability efforts permeate all operations and are controlled via a management system comprising a common policy, guidelines, overall measurable objectives and detailed action plans.

The aim of this work is to monitor, document, evaluate and improve Castellum's sustainability activities. Activities are followed up annually

and are regularly reported to Executive Group Management. Castellum has a Head of Sustainability with the task of conducting and developing the sustainability efforts of the Group as a whole. Each region has a Sustainability Coordinator, and the sustainability efforts are integrated into operations.

Castellum's Board of Directors annually adopts the sustainability policy and Code of Conduct as well as continuously discussing and following up various efforts. Castellum's CEO is ultimately responsible for all sustainability work.

Castellum's Sustainability Report is prepared in accordance with the GRI and limited reviewed by Deloitte. To maintain structured environmental activities, Castellum is certified in accordance with the environmental management system Miljödiplomering (Environmental Certification). In addition, parts of the business are ISO 14001 certified. A joint operational sustainability group develops activities, shares experiences and monitors relevant changes in the global environment. There is also a Sustainability Forum with the aim of

The UN Sustainable Development Goals

At the UN Summit in September 2015, the world's heads of state and government adopted 17 global goals. The countries of the world have committed themselves to leading the world toward a sustainable and equitable future, beginning on 1 January 2016 and continuing until 2030.

A first mapping has been conducted according to the UN's global sustainability goals to analyze relevant areas for Castellum operations. These goals appear colour-highlighted in the figure and they will begin to be implemented in strategy and policy during 2017.



updating and integrating development efforts into Castellum operations. The Sustainability Forum consists of managers from the core business: HR, Project Development, Executive Management, Regional CEOs, Finance and Purchasing.

Castellum's sustainability efforts require committed and skilled employees; further training in sustainability issues is therefore offered on a regular basis. The ambition is that all new employees will undergo introductory sustainability training.

Stakeholder dialogue

To develop and improve operations, Castellum has identified and analyzed stakeholder expectations of our business. Stakeholder dialogues conducted in 2016 with customers, suppliers, employees, Executive Group Management and the Board of Directors highlight which sustainability issues they considered most important for Castellum. The result is shown in the matrix below.

Values

Castellum takes long-term actions and strives to work close to – and be there for – our customers and their operations, while we build upon long-term relationships with them, as well as other partners. Castellum employees are ambassadors for the company culture, and their actions are crucial to how the company is perceived.

Castellum's knowledge of and feel for the local market are key success factors; business decisions are thus made where business is conducted, with short decision-making processes and efficient and quick responses. At the same time, we can offer the security of a large, national Group.

Trust is the most important commodity for Castellum, and our common values can be sum-

marized as worthy of trust, regardless of whether we collaborate with customers, capital market participants or other stakeholders.

Trustworthiness relies upon:

- Creating responsible growth
- Solid knowledge of the local market
- Taking action with a long-term perspective
- Continuous improvement and development

One example of Castellum's strong corporate culture is demonstrated in the NMI (Satisfied Employee Index) survey.

Code of conduct

The code of conduct provides a basis for how Castellum employees should behave toward each other as well as toward customers and other external stakeholders. It is based on Castellum values and the UN Global Compact principles and the code clarifies Castellum's position on human rights, working conditions, business ethics and information. Castellum is to provide quality service, abide by laws and regulations, never discriminate against anyone, and create a quality working environment and high safety level. Castellum also maintains focus on gender equality issues.

Castellum operations, conducted in Sweden and Denmark, 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.

Preventative efforts on ethics and corruption issues are being carried out throughout the Group, where preferred conduct for various everyday situations is discussed. A pivotal element is that

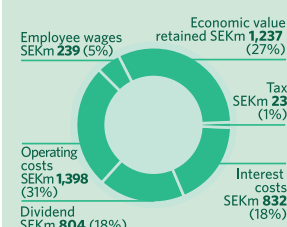


Global Compact

Castellum has signed FN 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. Global Compact includes 10 principles.

Generated and distributed economic value

Value generated according to GRI-indicator G4-EC1



The primary focus for Castellum's sustainability efforts

Our stakeholder dialogues, combined with the company's own materiality analysis, define the Castellum focus to:

THE PLANET How we responsibly and effectively reduce resource use and carbon emissions that cause global warming.

FUTURE-PROOFING How we create a sustainable real estate portfolio in a changing world.

WELLNESS How we promote health, wellness and productivity.

SOCIETY How we can create better-functioning communities, featuring increased employment and involvement.

External priority	Higher	<ul style="list-style-type: none"> • Customize the properties for climate change • Sustainable financing, e.g. "green MTN bonds" • Audit suppliers about working conditions, human rights and environment 	<ul style="list-style-type: none"> • Efficient use of resources (energy, water and materials) • Environmentally and socially sustainable building materials and installations • Further investments in renewable energy • Collaborate with customers to achieve higher sustainability performance • Healthy premises that increase tenant well-being • Environmental certification of buildings
	High	<ul style="list-style-type: none"> • Create conditions for waste sorting • Pay adequate tax • Anti-corruption • Increase the amount of green space and ecosystem services 	<ul style="list-style-type: none"> • Work for more diversity and equality • Offer an attractive workplace • Create smarter workplaces through modern technology, e.g. services for sharing office space and smart technologies • Create attractive local communities, e.g. by offering apprenticeships
		High	Higher
		Internal priority	

The matrix shows the results of stakeholder dialogues conducted through surveys during the autumn of 2016.

The expansion of solar electricity Uppsala

In summer 2016, Castellum implemented the Group's largest solar park to date in Uppsala. Business Area Manager Björn Johansson comments:

"It means that we can now run the entire cooling system, as well as part of the ventilation system, of a large building in Boland City on solar electricity during the light half of the year, from March to October. We get a high yield and save approximately 255 MWh per year – from just one such facility. What's positive about solar power is that the need and effect are greatest at the same time, during the warm months. But solar cells also provide a lot of energy during winter, even if the sunny days are fewer and the sun's angle is less favourable. Then, the solar electricity helps run geothermal heating pumps."

"Solar cells have become part of everyday life; we look into this with every new project."

At the end of 2016, Castellum had ten solar parks. In 2016, Castellum implemented the Group's largest solar park yet in Uppsala, with a capacity of approx. 255 kW.



all employees understand and follow the code of conduct.

Castellum has a whistleblowing service, which can be reached via the Group's web page and Intranet. The service aims to help both employees and external parties to act responsibly.

All whistleblower cases are handled according to established procedures. Those reporting a whistleblower case receive prompt feedback and then the aim is to maintain a dialogue with the initial notifying person. He or she is also encouraged to contact the Compliance Department. All cases are handled confidentially.

Work environment

Castellum protects and supports both employees and suppliers, and it is our responsibility to see that no one is hurt, either physically or mentally, due to workplace activities. Castellum works continuously to develop and improve working environments within the entire Group.

In 2016, health and safety training was provided for all Group employees.

Community involvement

Castellum works proactively to offer young people work experience. In 2016, a total of 77 young people worked at Castellum as vacation workers, trainees and apprentices, as well as through mentorship or thesis writing. Fourteen of the young people were apprentices, thereby representing 4% of Castellum's employees (excluding former Norrporten employees).

We participated in ongoing collaborations with universities, colleges and elementary schools at several locations regarding thesis writing and mentorship. During this past year, Castellum has collaborated with, for example, Linköping University, Mälardalen University, Mid Sweden University, KTH Royal Institute of Technology, Lund University and Chalmers University of Technology.

In 2016, Castellum provided activities and support to help with the refugee crisis. In addition, Castellum premises were used as meeting places, workplaces or storage rooms for refugees.

Castellum's sponsorship and support are focused on promoting young people's education and health. For example, Castellum sponsors the Science Festival, the Ung Företagsamhet organization, and local sports clubs. Further, Castellum contributes directly to, for example, the City Mission and the Childhood Cancer Foundation.

Our suppliers

There are clear sustainability requirements for new construction and extensions, as well as for the purchase of goods and services. For the most part, Castellum hires local suppliers – where heating, cooling, water and electricity suppliers account for a large share of the hired suppliers.

For larger purchases and procurements, Castellum's ambition is to audit suppliers and contractors according to the Group's common sustainability guidelines regarding, for example, material requirements, quality and work environment. Although requirements are not identical for all procurements, there are general, overall demands regarding the Environmental Management System, Environmental Manager and choice of sustainable building materials – both from environmental and health perspectives – as well as for environmental and waste-management plans.

Requirements for new construction and major reconstructions of office or retail premises follow the regulations of the Miljöbyggnad environmental classification systems, level Silver or higher. However, environmental certification is also done using the EU Green Building, BREEAM or LEED systems. For each major procurement, there are specific administrative regulations as well as working environment requirements.

Castellum has a Code of Conduct for suppliers and partners.

Customers

Key success factors include the organization's knowledge and feel for local markets. Through local organizations close to the customers, Castellum makes business decisions directly, within local markets. We can thus offer customers shorter decision-making processes, quicker responses and smoother-running business activities. In addition, customers can enjoy the increased security provided by a large national corporation.

Castellum's customers reflect Swedish and Danish business life

Castellum's large contract portfolio, comprising approx. 6,000 commercial contracts, reflects Swedish and Danish trade and industry, as well as the economy, generally.

Castellum has balanced risk distribution in the commercial contracts regarding geography, type of premises, size, length of contracts and customer industry. Over 2016, the contract portfolio changed with the acquisition of Norrporten, and – among other things – this meant that the average lease length was extended from 3.4 to 3.8 years and the proportion of government customers increased from 10% to 21%. The single largest contract accounts for approx. 2% of Castellum's total rental income.

Being close to the customer

Castellum's organization, with local presence through 20 business areas, provides close relationships to customers and short decisionmaking processes. Castellum employees work close to

the market, which means natural access to fresh information about customers' current and future operations. Customers can thereby be offered premises suited to their needs and benefit from optimal personal service and quick answers.

Castellum employees have a continuous dialogue with customers through personal meetings as well as customer magazines and the website.

As one of the largest real estate owners on local markets, Castellum collaborates with municipalities and local networks, e.g. corporate associations, to be an active urban developer that creates attractive work environments for customers.

Satisfied customers

Positive and long-term customer relations are of crucial importance for growth, and customer surveys are conducted regularly. To evaluate and follow up on our efforts, an external customer survey, the Satisfied Customer Index, is carried out annually. The survey indicates general customer opinion about Castellum as well as how



CECILIA S ALDÉN
BUSINESS AREA MAN-
AGER IN NORRKÖPING

Castellum's business idea is to have first-hand knowledge of local markets.

What does it mean to be local and close?

Our customers become the nucleus and the real estate is created around them. Nearness to our customers and interaction with them form the primary elements of our integral business concept.

How is daily work affected by this work approach?

It's about being perceptive and humble, about capturing needs and finding flexible solutions.

How is that achieved?

By organizing ourselves the way we do. We work with short decision-making processes, which means that our customers get rapid feedback.

How has the 2016 organizational change at Castellum affected this concept?

The entire Group is now working under the same brand, which has made communication with our customers much easier. It gives us more power in our daily assignments – while also utilizing a larger group's broad expertise and strength.

When it comes to your own area of responsibility, how do you see the future of Norrköping?

Together with our customers we'll take an even greater responsibility for leading the development of functional areas in a city that's prospering more than ever. Our ambition is to continue developing our real estate portfolio – especially through project development.

CHANGED CUSTOMER PORTFOLIO

Every day, 250,000 people go to their workplaces at any of Castellum's 6,000 customers. In 2016, Castellum's customer base changed significantly, mainly due to the acquisition of Norrporten. The proportion of government customers increased from 11% to 21% and the average lease length was extended from 3.4 to 3.8 years.



MINIMUM DEMANDS FOR GREEN LEASES

- Exchange of information on environmental ambitions and environmental activities
- Annual consultation and follow-up meeting
- Development and follow-up of action plan
- Written environmental information to customer's employees
- Review of energy declaration
- Exchange of information on resource use
- Optimization of operating times
- Purchase of renewable electricity
- Information on optimal placement of work-stations
- Furnishing and information re property change-of-use
- Environmental considerations regarding choice of materials
- Appliances with low energy-utilization
- Reporting for dismantled and removed building materials and furnishings
- Environmental considerations and maintenance, caretaking and operations management

well Castellum performs in the areas of service, business relationships, indoor premises, property condition, environmental questions and information.

The survey carried out in 2016 – which included offices, retail, warehouses and industry – comprised a majority of Castellum's major customers. The survey continues to show consistently high marks for Castellum, with a weighted index of 79 out of 100. This is higher than the industry benchmark of 73 for office premises.

The 2016 survey was performed at the new Castellum, i.e. with both Castellum's and former Norrporten's current customers. Castellum and Norrporten clearly correspond with one another, and the differences between the regions are marginal.

At Castellum, service willingness shows the highest index of the surveyed categories.

The category includes parameters such as personal attention, service and availability. A significant portion of the customers surveyed – 89% – reply that they are willing to lease from Castellum again and gladly recommend Castellum as a landlord to others.

Leasing activity

Castellum enjoys high leasing activity. During 2016, the Group signed 757 new leases, for a total annual value of SEKm 489. Robust leasing activities indicate the importance of taking care of customers and networks.

Commercial leases – formal agreement with the customer

Commercial leases are generally signed for 3-5 years, with a 9-month notice period, and they are paid quarterly, in advance. The rental level can change when the lease in question is due for renegotiation.

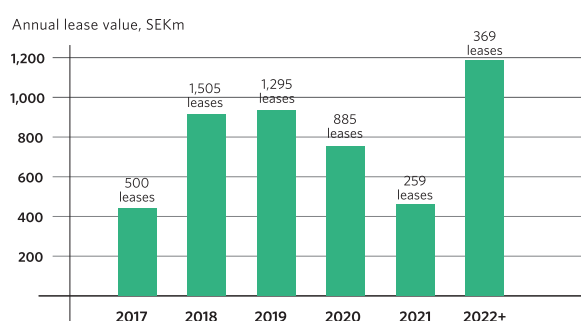
Leases usually include a base-rent – i.e. the rent agreed upon when signing the contract – and an index clause that provides for an annual adjustment of the rent: either as a certain percentage of the previous year's inflation or as a minimum upward adjustment of a set percentage.

A lease may also contain an addendum for the tenant's share of the property's total heating, cooling and property-tax costs.

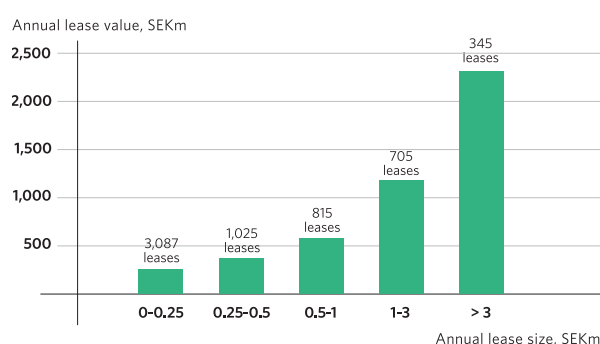
Green leases

Sustainability goes hand in hand with long-term growth, and Castellum offers green leases to both current and new customers. This means that both parties collaborate on issues such as energy efficiency and indoor environment, choice of building material and source-separation of waste. The aim is to reduce environmental impact at the premises. In 2016, 31 new green leases, comprising 82,000 sq. m., were signed, and Castellum holds a total of 90 green leases, amounting to 302,000 sq. m.

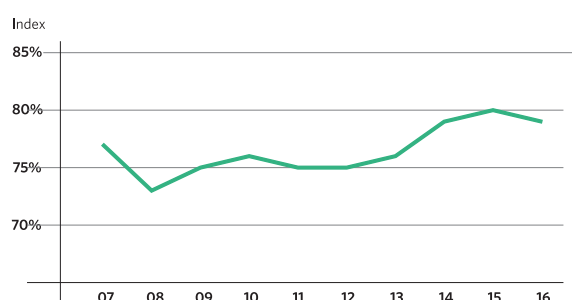
Lease maturity structure



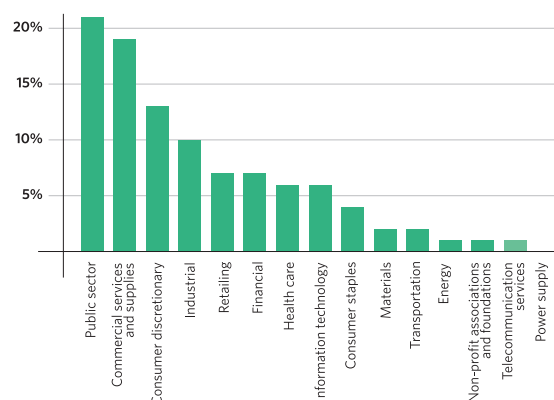
Lease size structure



Satisfied Customer Index



Distribution of leases by industry



Organization and employees

Castellum manages the Group's properties through local organizations to create proximity to customers, shorter decision-making processes and local decision-making power. In 2016, Castellum implemented major organizational change in order to further improve conditions for continued growth and to strengthen local decision-making power.

Castellum operates as one of the largest real estate companies, while remaining equipped to act as close to the market as one of the smallest

Castellum's local presence creates business value through familiarity with customer operations and requirements, as well as valuable knowledge of the local real estate and rental markets, market changes and business opportunities. The decentralized organization provides short decision-making processes and creates a dynamic and active organization.

Employees are offered challenging tasks via a flat organization where competence development and experience exchanges are considered key success factors.

There is a clear correlation between satisfied employees, satisfied customers and company growth.

Taking Castellum to the next level

The transformation carried out in 2016 means that the organization was gathered together, under the same brand: Castellum. Castellum's local subsidiaries are organized into five regions: Central, North, Stockholm, West and Öresund – comprising 20 business areas. The purpose of the transformation was to create a more unified organization and provide better conditions for the business areas to focus on local operations. In addition, local empowerment increased. The transformation also provides increased sharing of support functions, as well as qualitative and efficient support processes for IT, finance, HR, communication etc.

Further, Castellum launched a number of strategic initiatives to develop the next generation of cities: for example, through a focus on digitalization.

In June 2016, Castellum acquired one of Sweden's largest real estate companies – Norrporten AB. The acquisition strengthens Castellum's real estate portfolios in Stockholm, Copenhagen, Helsingborg, Örebro and Jönköping. The deal also established new real estate portfolios in Gävle, Sundsvall, Östersund, Umeå, Luleå and Växjö. Later that year, entire real estate portfolios in Östersund, Umeå, Luleå were sold, along with part of the Sundsvall portfolio.

Integration of the two companies is underway, including common systems, work procedures and – not least – corporate culture and values.

Another important part of the integration is working with customers. Here, Castellum and Norrporten have clearly been operating on a similar wavelength – and the differences between the regions are marginal.

Castellum has initiated a process to reduce the number of regions from five to four. The intention is that the business areas Sundsvall and Gävle, which now form the region North, will be merged with the region Stockholm.

Monitoring the operations

As parent company, Castellum AB is responsible for capital allocation, as well as measuring and comparing regional efficiency along with asset-value growth of the real estate portfolio. During 2016 a common ERP system and payroll system



CASTELLUM

During 2016 the organization was gathered together, under the same brand: Castellum.

408

As of year end Castellum had 408 employees, of which 38% were women. The proportion who had collective bargaining agreements was 25%.

Education, number		
University	84	114
Upper secondary school	68	127
Compulsory school	1	14
Total	153	255

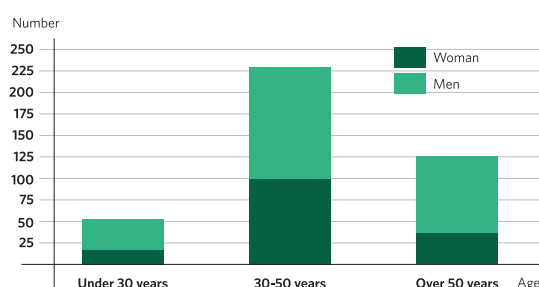
Division of labour, number		
Customer relations/ Property management	39	159
Finance/administration/IT	71	54
Marketing/leasing	32	10
Business and project development	11	32
Total	153	255
D:o Executive Group Management	4	5

Employment type, number		
Permanent employees	146	253
Part-time employees	7	2
Total	153	255

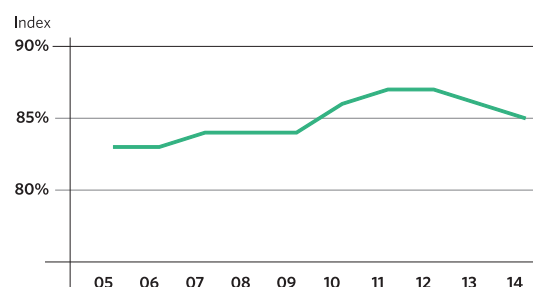
Employment contracts, number		
Permanent employees	151	249
Projects employees	-	-
Temporary employees	2	6
Total	153	255

Absence due to illness		
	2016	2015
Woman	4%	3%
Men	3%	2%
Total	3%	3%

Age distribution - number of employees



Satisfied Employees Index





ANNE THELIN-EHRLING
HR MANAGER AT
CASTELLUM AB

"2016 was both eventful and challenging. We started an exciting journey when six independent subsidiaries became four – while the acquisition of Norrporten was being conducted. As the new HR Manager, I'm impressed by the commitment, strength and ambition that managers and co-workers have demonstrated during the year.

We've now gathered Castellum under one brand – we are one Group – which provides us with many advantages and possibilities. We can work together, share experiences and – not least – demonstrate that we're a large company, full of expertise and power. This is of great importance for our employees and customers, and also for our efforts in attracting new employees.

The new corporate structure entails changes in working methods and the structuring of common work procedures.

We'll continue to be one of the largest real estate companies, acting as one of the smallest, with a long-term approach. Our obvious task is to actively work toward ensuring a common direction towards remaining an attractive and leading employer: further strengthening company expertise and continuing to advance the Castellum spirit – that sense of belonging and pride."

was implemented for the Group. Work has been initiated concerning common systems such as energy monitoring and CRM-system.

Castellum has decided to replace a number of regional board meetings with Business Reviews, where business issues are discussed, according to region. Castellum AB is therefore actively involved in regional activities, thus providing the Group with a comprehensive picture of all activities. The regions hold board meetings once a year as well as two Business Reviews per year and region.

Castellum operations are controlled by rules for decision-making and work allocation, policies and instructions. Policies are in place for finance and financial activities, communication, insider issues, sustainability, crisis management, and Code of Conduct for employees as well as for suppliers and partners.

Parent company

The parent company, Castellum AB, is responsible for matters concerning the stock market (such as consolidated reports and stock-market information) and the credit market (such as funding and financial risk management) as well as overall IT/IS strategies, human resources matters and sustainability efforts. During 2016, the finance function was also coordinated through the parent company and an ERP system for the entire organization was implemented. Castellum AB has 43 employees (24).

Cooperating and exchanging experiences

Strengthening the Group through increased collaboration is a continuous process. Common development efforts occur within the Group. A lively experience exchange between local Group companies makes upgraded expertise available to the entire organization. The joint development groups provide opportunities for continued improvement, and the groups include participants representing all regions. The groups regularly discuss issues within specific areas such as rental, IT, management, project development, sustainability, communication, purchases and personnel. In addition to the permanent development groups, there are project teams who handle current issues.

The Group has a common intranet where

experiences and knowledge can easily be shared between employees in all regions.

Attractive workplace

By offering competence development and creating a motivating work situation, Castellum promotes loyalty and job satisfaction. The decentralized organization means that each employee enjoys well-defined areas of responsibility with a high level of empowerment, leading to professional as well as personal development. Employee performance reviews occur yearly with all employees. These are an important tool for following up and setting objectives, as well as for identifying competence development needs. During 2016, 90% (95%) of all employees – of whom 35% were women and 65% men – had performance reviews.

Castellum cares for its employees and thus works with preventive health care, offers corporate wellness subsidies and provides substantial health insurance for both employees and their immediate families. Wellness programs are offered both for preventive purposes and for the continued well-being of the company's workforce.

A bonus-sharing program provides employees with the opportunity to benefit from their respective region's financial performance improvement.

Once a year – on Castellum Day – all employees in the Castellum Group meet to increase competences, share experiences and strengthen Group spirit.

Education

Castellum offers full possibilities for professional and personal development through internal and external training. Employees continuously receive training adapted to their respective tasks. New employees also undergo continuous training in sustainability issues.

In 2016, Castellum arranged a Management Day for all management and employees in key positions to lift issues and provide an opportunity for networking across regions.

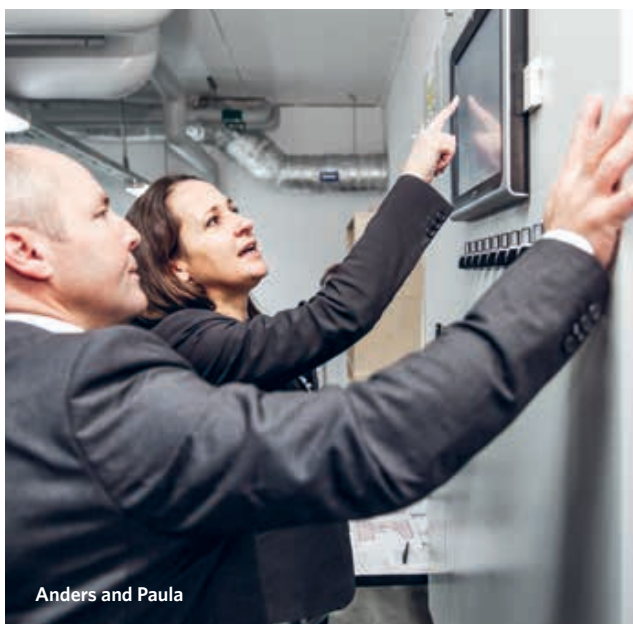
A health and safety training course was conducted for all Castellum employees in 2016, with the aim of highlighting health and safety issues across the entire Group.

Employee turnover

	Number employees 2016	Proportion women, 2016	Number employees 2015	Proportion women, 2015
New employees during the year				
under 30 years	16	20%	10	40%
30-50 years	32	69%	28	39%
over 50 years	14	79%	7	43%
Total number new employees	62	58%	45	40%
Proportion new employees	18%	11%	15%	16%

Employee turnover

	Number employees 2016	Proportion women, 2016	Number employees 2015	Proportion women, 2015
Employees who left during the year				
under 30 years	13	54%	7	43%
30-50 years	47	60%	27	56%
over 50 years	21	29%	7	43%
Total number of employees who left	81	51%	41	51%
Proportion of persons who left	23%	12%	14%	19%



Anders and Paula

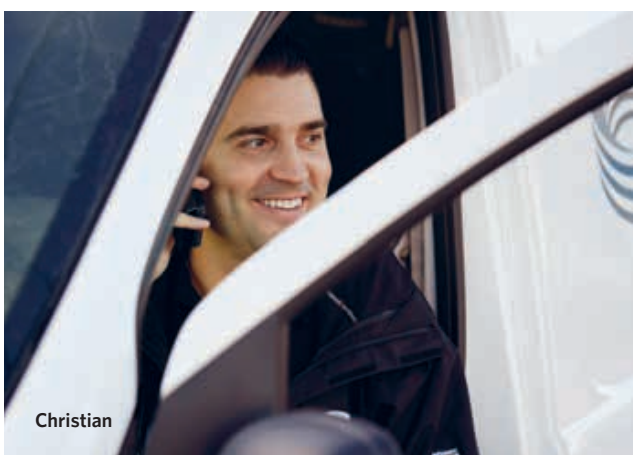
Committed employees

Employee viewpoints about Castellum are monitored regularly in a Satisfied Employees Index, surveying attitudes toward their own working situation, the company and management. The latest survey resulted in an index of 85 on a scale of 100. This can be compared with an industry benchmark of 72. High results are shown for the fields of leadership, competence development and loyalty. The response rate was 97%, demonstrating deep commitment.

Results of employee surveys are important for further development of the company and its employees.

In November 2016, an employee survey was conducted with focus on the transformation process carried out during the year. The purpose of the survey was to evaluate how the transformation process was received, but also to determine benefits from a learning-organization perspective. The survey shows that a high proportion of employees are committed and supportive of the change and retain a deep understanding of why the change was implemented: to result in a stronger company with improved structures for cooperation and exchange of experience.

The customary employee survey will be conducted again in 2017.



Christian



Stefan and Helen



Simon and Karin



Victoria

Efficient and effective use of resources



FILIP ELLAND
HEAD OF SUSTAINABILITY
CASTELLUM AB

"Human impact puts pressure on our planetary limits as never before; that's bad news. Meanwhile, we're the first generation on earth who, thanks to science, is aware of our impact and the adjustments required if we're to succeed in saving the planet. World leaders have agreed on a tough agenda for the world, both in the form of a global climate agreement and the UN global goals for sustainable development: Conditions for conversion to a sustainable world.

Hence, Castellum has a greater responsibility than ever when developing cities. We know that building cities takes time and that the decisions we make today will have a huge impact on the future. That's why Castellum has to think a generation ahead when developing our properties.

We need to understand how people want to work and live in the future, to effectively create smart buildings. Buildings account for a very large part of material use in society and for about 40% of society's energy consumption.

A responsible utilization of resources is therefore something we always keep in mind. Today, Castellum has come a long way on this journey but there's still great potential ahead, now that we're laying out our direction for the next 10 years."

Resources are to be used efficiently and effectively and the real estate portfolio will develop sustainably, to reduce Castellum's climate impact – work that has been carried out in the Group since the mid-1990s, with positive results.

To secure Castellum's real estate portfolio for the future and to reach Castellum's prioritized global objectives, we have to make our buildings even more energy-efficient. We need to take responsibility for natural resources and biodiversity, as well as increasing the proportion of renewable energy we utilize. Changing weather conditions have to be taken into account.

Castellum is committed to the climate strategies of customers and authorities. The company stands solidly behind international agreements (such as the Paris Agreement), shows leadership and – to every possible extent – influences industry to become more climate-friendly. Moreover, Castellum was the first Swedish real estate company to join the government's Fossil Free Sweden initiative. The company also works actively with the Sweden Green Building Council to develop environmental certification systems for buildings.

Improve energy efficiency

Castellum works continuously to reduce energy consumption by optimizing operations and investing in energy-efficient technologies. In 2016, over 92 major energy efficiency projects were undertaken. Castellum follows up and analyzes all energy consumption via a monitoring system. These close follow-ups mean that effective measures can be targeted to areas with the greatest efficiency potential.

Expansion is underway for Castellum's own portal for web-based property monitoring, to check values for operations, alarms, elevators and

entries. This project is saving energy and time, and it provides customer benefits in terms of better services through preventive measures. Today, 266 properties – representing 1,746 thousand sq. m. – are connected to the portal.

In 2016, the normalized energy consumption for heating and property electricity in the comparable portfolio (like for like) increased by 2% compared with the previous year. The increase is partly due to increased service demands from a number of tenants and degree-day correction that affects the heat use very negative. The use of energy for heating increased 2,7% during 2016 and the electricity consumption decreased 2.3%.

Since 2007, energy consumption has decreased by a total of 26% per sq. m. Castellum's heating consumption of 74.9 kWh/sq. m. can be compared with the industry average for heating commercial premises: 122 kWh/sq. m.

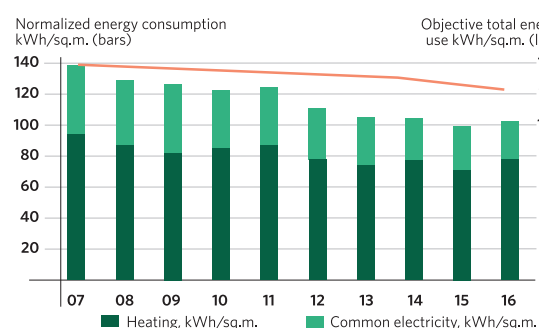
Increased share of renewable fuels

Out of Castellum's total carbon dioxide emissions, 7% are directly influenced by oil, gas, and service-, benefit- and pool cars (Scope 1). Remaining emissions can only be influenced indirectly, i.e. purchased energy such as district heating and electricity, 90% (Scope 2), and travels by plane, train and taxi, 3% (Scope 3).

To reduce emissions, work is underway to phase out fossil fuels: There are currently 6 oil furnaces still in use. Geothermal heating/cooling is installed in 29 properties of 145 thousand sq. m. Approx. 17% of Castellum's customers are respon-

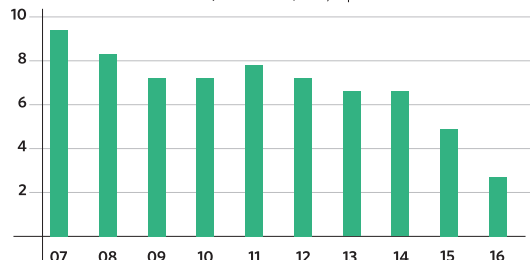
Target and outcome energy consumption per sq.m.

Absolute consumption per sq.m. in the properties Castellum manage.



Carbon emission

Emissions of carbon dioxide (normalized) kilo/sq.m.



Energy consumption in 2016 was affected by the acquisition of the Norrporten portfolio and the major divestments made during the year. Hence, energy consumption appears to have increased per square metre in 2016. However, the actual change in the comparable portfolio was +2%.

sible for their own heating and 22% for electricity on their premises. A total of 454 kW of solar cells are installed on Castellum properties, corresponding to a total of approx. 3,200 sq. m. of solar cells. In addition, there are two wind turbines on roofs, totalling 3 kW.

As a user of district heating, Castellum is dependent on the district-heating plant's fuel mix when it comes to emissions of carbon dioxide. Today, Castellum makes use of 28 district-heating facilities, accounting for to 90% of the Group's total carbon dioxide emissions. Castellum conducts ongoing dialogues with the district-heating suppliers who account for the highest emissions per kWh, with the purpose of influencing these suppliers to reduce emissions. The transfer to green district heating with renewable fuels is ongoing and currently amounts to 43% of our district-heating suppliers.

During 2016, carbon dioxide emissions decreased by 49% per sq. m. and since 2007 they have decreased by 71% per sq. m. The large decrease in 2016 is due to the possibility of increasing the proportion of non-fossil district heating mainly in the Central Region. Of Castellum's total energy use, 96% is renewable.

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

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

Reduced amount of waste

For a long time, Castellum has actively worked on reducing the amount of waste that goes to landfill by providing recycling services. Follow-up is difficult since Castellum hires several sanitation

companies, and only a few offer weight-monitoring. In addition, customer operations differ – as do their needs for waste disposal. Statistics are currently obtainable from 22% (15%) of the sanitation companies.

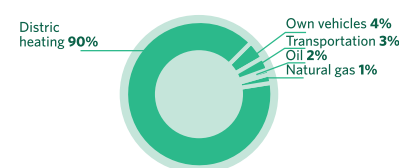
The statistics include waste from buildings managed by Castellum, but not waste from projects/contracts.

Water consumption

Water consumption is an important issue from a global perspective, but currently of less importance in Sweden. Castellum utilizes water from the municipal water system, monitors consumption and takes measures to reduce it.

During 2014, Castellum adopted a target implying that water consumption should be reduced by 5% per sq. m. by 2017, compared with 2013. Outcome to date 2016 was -2% per sq. m.

Distribution of carbon dioxide emissions



Distribution of total energy consumption



Common targets in the Group	Outcome 2016
Energy consumption per square metre will be 50% lower than the sector average 2017	43%
By 2017, energy use is to be decreased by 30% in relation to the energy consumption in 2007 – implying an annual energy efficiency rate of at least 3%	- 26%
By 2017 carbon emissions are to be decreased by 70% in relation to the carbon emissions of 2007, implying an annual decrease of at least 6% per year	- 71%
90% of the energy will come from fossil free energy before 2020	96%
All vehicles will be fossil-fuel free 2020	32%
30% of the property portfolio is to be environmentally certified 2017	24%

* According to the Swedish Energy Agency statistics for buildings 2015.

Energy, carbon emission and water

	Change 2015 to 2016	Change 2015 to 2016 - Normalized	Total consumption				Intensity			
			2016		2015		2016		2015	
			Absolute figures, MWh	Normalized MWh	Absolute figures, MWh	Normalized MWh	Absolute figures, kWh/sq.m.	Normalized kWh/sq.m.	Absolute figures, kWh/sq.m.	Normalized kWh/sq.m.
Total energy consumption	5.0%	1.7%	342,917	362,934	326,506	356,717	98	104	94	102
which heating	8.3%	3.3%	244,528	264,545	225,803	256,014	69	75	64	72
which electricity	- 2.3%	- 2.3%	98,389	98,389	100,702	100,702	29	29	30	30
			Absolute figures tonnes CO ₂		Absolute figures tonnes CO ₂		(kg CO ₂ /sq.m.)		(kg CO ₂ /sq.m.)	
Total CO ₂ emissions	- 49%	-	8,585	-	16,855	-	2.0	-	4.7	-
			Absolute figures, m ³		Absolute figures, m ³		Absolute figures, m ³		Absolute figures, m ³	
Total water consumption	- 1%	-	1,044,503	-	1,052,469	-	0.24	-	0.25	-

For more information see appendix Sustainability data 2016 on www.castellum.com.

THE CENTRAL REGION

Örebro

The five largest real estate owners

ÖREBRO	Taxed area thousand sq.m.	UPPSALA	Taxed area thousand sq.m.	VÄSTERÅS	Taxed area thousand sq.m.
Castellum	399	Vasakronan	204	Kungsleden	487
AB Lokalusman	140	Castellum	152	Klövern	226
Catena	87	Klövern	97	Castellum	155
Behrn Fastigheter	87	Uppsala Akademiförvaltning	72	Hemfosa	101
Klövern	83	Atrium Ljungberg	62	Saltängen Property Invest	74

JÖNKÖPING	Taxed area thousand sq.m.	LINKÖPING	Taxed area thousand sq.m.	NORRKÖPING	Taxed area thousand sq.m.	VÄXJÖ	Taxed area thousand sq.m.
Castellum	273	Klövern	290	Lundbergs	373	Hemfosa	156
Catena	98	Castellum	82	Klövern	167	Castellum	80
Savills Investment Management	95	The Blackstone Group	69	Castellum	83	Corem	76
Prologis	82	Lilium	67	Olav Thon	70	Catena	68
Alecta Pensionsförsäkring	68	Botrygg Bygg	59	FastPartner	59	Kungsleden	58

Number of commercial premises (excl. residential) owned as at 31-12-2016. Municipal and State-owned companies and government institutions have been excluded.
Source: Datscha and Castellum

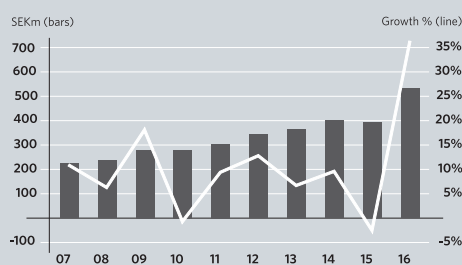
Rental levels and yield

		ÖREBRO		UPPSALA		VÄSTERÅS	
		Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield
OFFICE	Best location	1,100 - 2,000	5.50% - 6.75%	1,800 - 2,350	5.00 - 5.70%	1,100 - 2,000	5.50% - 6.75%
	Secondary location	600 - 1,200	6.75% - 8.00%	1,200 - 1,450	5.90% - 6.40%	700 - 1,200	6.75% - 7.75%
RETAIL	Best location	1,600 - 3,800	5.50% - 6.50%	1,800 - 5,000	5.00% - 6.20%	1,400 - 3,700	5.50% - 6.75%
	Secondary location	600 - 1,300	6.75% - 7.75%	1,300 - 1,700	5.75% - 6.25%	800 - 1,200	6.50% - 7.50%
WAREHOUSE/ INDUSTRIAL	Best location	600 - 1,000	6.50% - 7.50%	650 - 850	6.20% - 6.75%	600 - 1,000	6.50% - 7.25%
	Secondary location	500 - 750	6.75% - 7.75%	500 - 800	6.30% - 7.00%	600 - 1,000	6.75% - 7.75%

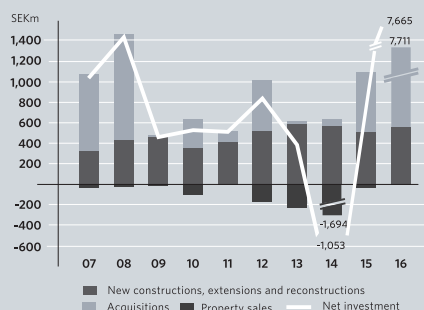
		JÖNKÖPING		LINKÖPING		NORRKÖPING		VÄXJÖ	
		Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield
OFFICE	Best location	1,400 - 2,150	5.45% - 6.25%	1,300 - 2,200	5.25% - 6.50%	1,375 - 2,000	5.65% - 6.50%	1,100 - 1,700	5.60% - 6.25%
	Secondary location	1,075 - 1,400	6.45% - 7.25%	1,000 - 1,700	5.75% - 7.00%	1,375 - 1,900	5.75% - 6.75%	750 - 1,100	6.35% - 7.25%
RETAIL	Best location	1,800 - 4,000	5.00% - 6.50%	1,700 - 3,700	5.25% - 6.25%	2,000 - 3,800	5.50% - 6.25%	1,800 - 3,000	5.35% - 6.10%
	Secondary location	1,150 - 1,500	6.50% - 7.50%	1,000 - 2,500	5.50% - 7.00%	1,500 - 2,000	6.50% - 7.25%	800 - 1,150	6.60% - 7.10%
WAREHOUSE/ INDUSTRIAL	Best location	600 - 900	6.25% - 7.25%	525 - 850	6.35% - 7.50%	550 - 875	6.50% - 7.25%	n.a.	5.60% - 6.25%
	Secondary location	600 - 800	7.00% - 7.75%	500 - 800	6.75% - 7.75%	550 - 850	6.75% - 7.75%	n.a.	6.35% - 7.25%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum Fastighetsekonomi

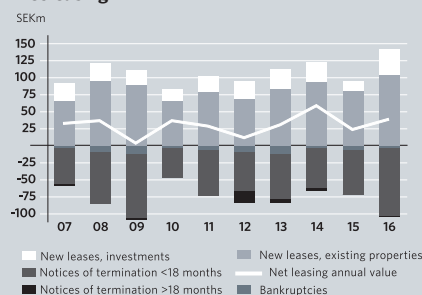
Income from property management and growth



Investments and sales



Net leasing



THE CENTRAL REGION

Well-located areas where Sweden is growing

The Central Region consists of Örebro, Västerås, Uppsala, Växjö, Jönköping, Norrköping and Linköping. These are well-located areas, featuring good transport links and thriving commerce, in Mälardalen – what has been called the fourth metropolitan region in Eastern Götaland – and two university cities in Småland.

Rental market

Rental markets in the seven cities of the Central Region generally showed stable to positive development during the year, although with some variation between and within the cities.

Demand for premises in Örebro, Västerås and Uppsala was stable or high in 2016, with the exception of retail. Modern offices in prime locations showed strongest demand, leading to rising market rents and falling vacancies. The development was the same for all three cities, but strongest in Uppsala. Uppsala had the greatest new construction rate of all cities in Mälardalen and it is also here that the vacancy rate was the lowest.

Regarding the warehouse and logistics market, Örebro continued to consolidate its position as a leading logistics centre with several ongoing major projects. The rental level for warehouse/logistics was stable throughout Mälardalen and the same applied to vacancies.

The market situation in Jönköping, Linköping and Norrköping was positive in 2016. In Jönköping, there is ongoing new construction of several office buildings, and a number of new office premises in central locations are planned. As for Linköping and Norrköping, major urban development for each city is connected to the new infrastructure around the East Link, which is not yet fully completed. Hence, there is some cautiousness concerning new projects in central locations.

Linköping's office market was stable, with strong demand for office space and limited new construction.

Norrköping demonstrated strong demand for modern offices in central locations. Generally, the central portfolio is older and requires some level of reconstruction to attract tenants.

The warehouse and logistics market remained strong with low vacancy rates and stable rental levels in Jönköping, Linköping, Norrköping and Växjö.

Real estate market

In 2016, the total transaction volume in the Central Region amounted to approx. SEK 12 billion (8). The region's turnover corresponds to about 6% of the total transaction volume in Sweden.

In the region, there were a few sales of properties that were part of larger portfolios and these also included cities outside the region. The largest individual sales in the region were two retail properties in Västerås of approx. SEKm 850, two retail properties in Norrköping of about SEKm 526 and one office building in Dragarbrunn, Uppsala, of about SEKm 436.

The buyer side consisted mainly of Swedish real estate companies and mutual funds, but also a number of foreign buyers. An increase in value was recorded for the region during the year, but with variation due to location, property type and quality. The increase in value was most obvious regarding central office buildings. In the cities of the Central Region, the yield for office space in prime locations generally was about 5.5%, with the exception of Uppsala, where the yield was approx. 5%.



THE CENTRAL REGION IN BRIEF

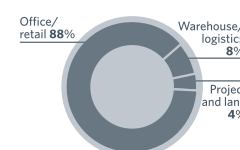
NUMBER OF EMPLOYEES: 109

REAL ESTATE PORTFOLIO IN: Örebro, Uppsala, Västerås, Norrköping, Linköping, Jönköping and Växjö

AREA: 1,320 thousand sq.m.

VALUE: SEK 19.9 billion

DISTRIBUTION:



REAL ESTATE MARKET

TRANSACTION VOLUME 2016: SEK 12 billion (8)

SINGLE MAJOR TRANSACTION: SEKm 850 for two retail properties in Västerås

YIELD PRIME LOCATION OFFICE: 5% (in central Uppsala)

SOME QUESTIONS FOR: CLAES LARSSON MANAGING DIRECTOR OF CASTELLUM'S CENTRAL REGION

What's been important for the Central Region in 2016?

Despite a high internal rate of change within the Group, we've managed to maintain a high tempo. We've launched several major new construction, extension and reconstruction projects and made decisions on several others that we hope to launch in 2017. According to our customer survey, our customers are rather happy, on balance – and net leasing was on the plus side, big time. In all: We're focusing forward and I'm proud of our employee efforts.

What are you looking forward to in 2017?

Our vision is to be one of the largest real estate companies, while remaining equipped to act as close to the market as the smallest. This means that customers will be close to us and our decisions, that we invest locally and are involved in building the city, and that our employees have the necessary authority to keep a full focus forward. 2017 will also be a year of rapid change, but we promise to maintain a high tempo and full activity.



THE WESTERN REGION



Gothenburg

The five largest real estate owners

GREATER GOTHENBURG*	Taxed area thousand sq.m.	BORÅS	Taxed area thousand sq.m.	HALMSTAD	Taxed area thousand sq.m.
Castellum	951	Starwood Capital Group	106	Castellum	78
Wallenstam	429	Castellum	101	Corem	72
Platzer	421	Klövern	81	Klövern	59
Balder	416	Nordic Real Estate Partners	75	Fem Hjärtan	42
Vasakronan	389	Savills Investment Management	55	Skandrenting	34

* The following municipalities are included in the Greater Gothenburg: Gothenburg, Mölndal, Härryda, Partille, Lerum, Alingsås

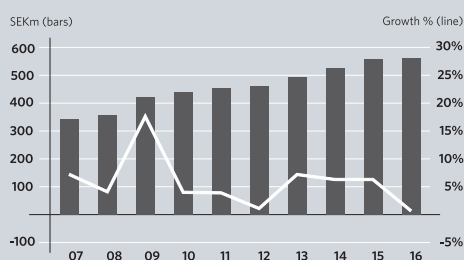
Number of commercial premises (excl. residential) owned as at 31-12-2016. Municipal and State-owned companies and government institutions have been excluded.
Source: Datscha and Castellum

Rental levels and yield

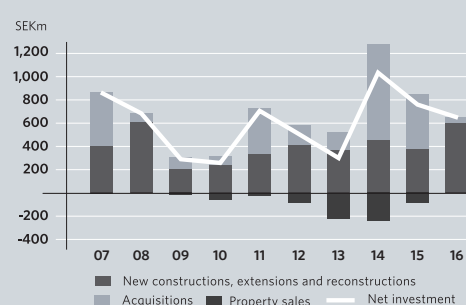
GOTHENBURG				BORÅS				HALMSTAD			
		Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield		
OFFICE	Best location	2,100 - 3,000	4.25% - 4.75%	1,000 - 1,500	5.50% - 6.50%	1,200 - 1,650	5.50% - 6.25%				
	Secondary location	1,400 - 2,100	5.00% - 6.00%	700 - 1,100	6.50% - 7.50%	750 - 1,000	7.25% - 8.50%				
RETAIL	Best location	2,000 - 10,000	4.25% - 5.25%	1,500 - 3,200	5.25% - 6.50%	1,900 - 3,600	5.25% - 6.25%				
	Secondary location	1,000 - 2,500	5.25% - 6.25%	n.a	n.a	800 - 1,200	7.25% - 8.50%				
WAREHOUSE/ INDUSTRIAL	Best location	475 - 925	6.25% - 7.25%	500 - 750	7.00% - 8.00%	600 - 800	7.00% - 8.25%				
	Secondary location	475 - 800	6.75% - 7.75%	400 - 650	7.25% - 8.25%	n.a	n.a				

Office and retail refer to rent incl. media, but excl. additions for property tax.
Source: Forum Fastighetsekonomi

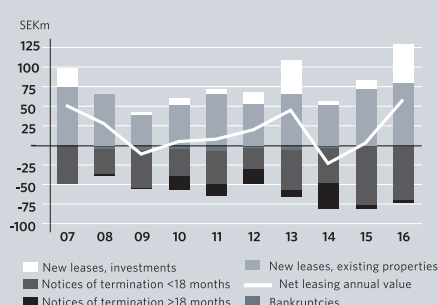
Income from property management and growth



Investments and sales



Net leasing



THE WESTERN REGION

High growth and major infrastructure investments

The Gothenburg region, well-situated between three capital cities and featuring the largest port in Scandinavia, is in the midst of a development phase driven by huge investments in research and product development. Meanwhile, plans have been made for construction and infrastructure investments of SEK 800–1,000 billion by the year 2035. During this time, the population is expected to grow by about 250,000 inhabitants.

Rental market

Central Gothenburg saw strong growth in the rental market in 2016, driven by limited supply and continued strong demand due to, for example, relatively low unemployment.

Rental levels for office space in the most central locations rose to well above SEK 3,000/sq. m. during the year. Even in the rest of Greater Gothenburg, office rents generally increased. However, rental increases for warehouse and industrial properties in Greater Gothenburg were more limited with generally stable levels.

Vacancies for new premises in the central parts of Gothenburg were very low. In turn, the current supply restriction in central locations have had a positive impact on areas just outside the city centre, with rising rents and fewer vacancies as a result here, as well. Lindholmen continued to strengthen its role as one of Gothenburg's most attractive office areas with a well-developed infrastructure.

Rental levels in Borås and Halmstad were positive during the year, although with a slightly lower rate of increase than in Greater Gothenburg.

Gothenburg, stretching to Borås, continued to consolidate a position as one of Sweden's leading logistics hubs, and both cities plan for extensive new construction of warehouse and logistics premises.

These will be built on land with approved local plans.

The rental market for retail space has generally been stable during the year; however, some caution was seen as the market becomes increasingly affected by rising e-commerce.

Real estate market

The transaction volume in Greater Gothenburg amounted to about SEK 18 (9) billion. Turnover constitutes approx. 9% of Sweden's total transaction volume. The largest single commercial transaction consisted of a warehouse/industry portfolio in Gothenburg, sold by Volvo for SEK 2,800. The largest office transaction was the sale of two properties in Gårda for SEK 1,177. In Borås, the largest single transaction amounted to about SEK 200 and related to an office building, and in Halmstad the transaction was approx. SEK 475 and included four properties.

As previously, the buyers were mainly mutual funds and Swedish real estate companies, both listed and unlisted. During the year, yields for the region generally continued downward, resulting in an increase in value. This development was especially obvious in the central parts of Gothenburg where the yield for office space in prime locations moved down to 4.0%.



THE WESTERN REGION IN BRIEF

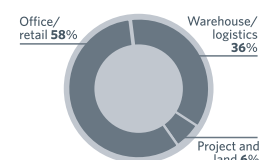
NUMBER OF EMPLOYEES: 80

REAL ESTATE PORTFOLIO IN: Gothenburg, Mölndal, Borås, Kungälv, Alingsås and Halmstad

AREA: 1,218 thousand sq.m.

VALUE: SEK 15,8 billion

DISTRIBUTION:



REAL ESTATE MARKET

TRANSACTION VOLUME 2016: SEK 18 billion (9)

SINGLE MAJOR TRANSACTION: SEK 2,800 warehouse/industrial property in Gothenburg

YIELD PRIME LOCATION OFFICE: 4.25% (in central Gothenburg)

CECILIA FASTH MANAGING DIRECTOR OF CASTELLUM'S WESTERN REGION

What's been important for the Western Region in 2016?

We've grown considerably after consolidating our previous two companies and forming the Western Region. It's been fun and exciting to gather all employees in one office with common objectives.

We've worked actively to increase our project volume and we're proud to have started several new projects and handed over a number of completed sustainable projects. Both to existing customers as well as to new customers who are expanding.

We have a wonderful commitment to social sustainability among co-workers, and in the autumn, we initiated our cooperation with a new grade seven class from Brunnboskolan.

What are you looking forward to in 2017?

We're working to launch several new construction projects and major renovations – and prospects are looking great. We cooperate with many customers to help them expand. To finally see our property on Östra Hamngatan in Gothenburg complete with a whole new façade will be the kick-off for a major revamping of Nordstan – started together with the municipality and other real estate owners.

In Borås, we're changing parts of the city centre, as more tenants move in and add new life to the urban environment. Parallel to all this, we're actively involved in several local plans, where the development of Halmstad University is especially exciting.



THE ÖRESUND REGION



Malmö

The five largest real estate owners

MALMÖ	Taxed area thousand sq.m.	LUND	Taxed area thousand sq.m.	HELSINGBORG	Taxed area thousand sq.m.	COPENHAGEN	Taxed area thousand sq.m.
Wihlborgs	574	Wihlborgs	199	Wihlborgs	481	Nordea Ejendomme	1,140
Vasakronan	319	Castellum	106	Castellum	259	Danica Ejendomme	1,050
Klöver	234	Vasakronan	96	Catena	86	Jeudan	830
Castellum	185	Estancia	69	Livförsäkringsbolaget Skandia	64	Dades	650
Kungsleden	134	Kungsleden	35	Kungsleden	59	ATP Ejendomme	646
						Castellum	207

Number of commercial premises (excl. residential) owned as at 31-12-2016. Municipal and State-owned companies and government institutions have been excluded.
Source: Datscha and Castellum

Rental levels and yield

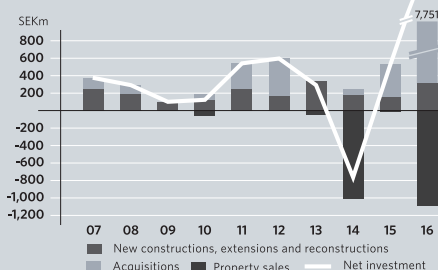
		MALMÖ		LUND		HELSINGBORG		COPENHAGEN	
		Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield
OFFICE	Best location	1,700 - 2,550	4.25% - 5.50%	1,300 - 2,000	4.75% - 5.75%	1,250 - 1,750	5.00% - 5.75%	1,650 - 1,900	4.00% - 4.75%
	Secondary location	1,000 - 1,900	5.75% - 7.00%	1,300 - 2,200	5.75% - 6.50%	950 - 1,450	5.75% - 7.00%	1,100 - 1,500	5.25% - 6.00%
RETAIL	Best location	2,500 - 6,000	4.25% - 5.50%	2,000 - 5,000	4.75% - 5.75%	2,000 - 4,500	5.00% - 5.75%	18,000 - 20,000	3.20% - 4.00%
	Secondary location	900 - 5,500	5.75% - 7.25%	1,200 - 2,000	6.25% - 7.25%	800 - 1,100	7.00% - 8.50%	2,500 - 3,500	5.75% - 6.50%
WAREHOUSE/ INDUSTRIAL	Best location	650 - 900	6.50% - 7.50%	600 - 800	6.50% - 7.50%	650 - 800	6.50% - 7.50%	475 - 575	5.75% - 6.50%
	Secondary location	600 - 800	6.75% - 7.75%	600 - 800	6.75% - 7.75%	550 - 850	6.50% - 7.50%	350 - 450	8.00% - 9.00%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum Fastighetsekonomi, CBRE and Castellum.

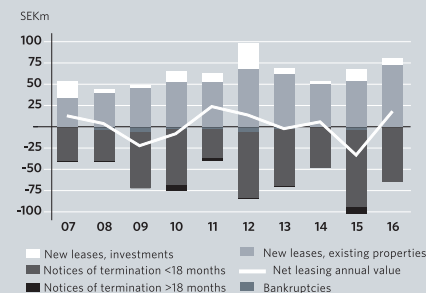
Income from property management and growth



Investments and sales



Net leasing



THE ÖRESUND REGION

The largest Nordic region across borders

More than a quarter of Sweden's and Denmark's total GDP is produced in the Öresund Region – the largest labour market in the Nordic countries. Infrastructure investments characterize the region, and every day 96,000 people travel over the Öresund Bridge. Here, 17 Danish and Swedish universities are found, and the region boasts the largest concentration of university graduates in Northern Europe.

Rental market

In Malmö, a relatively large proportion of new office space has been added to the market in recent years, although the pace of construction has declined recently. Malmö is characterized both by great relocation and by customer demand for modern office space. Vacancies remained stable in the central business district, while the older real estate portfolio was more negatively affected. For warehouse/industrial properties, the demand for modern and efficient facilities remained fairly stable: Here, Fosie belonged to the strongest and most attractive districts, whereas Bulltofta saw increased vacancies.

In 2016, the market in Lund, one of Sweden's leading research and development cities, was stable to slightly positive in many areas relating to offices. However, the relatively high vacancy rate, in combination with possible cutbacks at Sony Mobile, could exacerbate the situation. For warehouse/industrial properties in Lund, the rental market was relatively prosperous in some areas, whereas, for example, the southern industrial areas had relatively high vacancy rates.

Newly built office space entered the Helsingborg market for the first time in many years, complementing an older office stock. Nonetheless, rents in prime locations rose during the year.

Copenhagen experienced a strong demand for prime properties and, as the prices in central locations slowly improved, demand in secondary areas also strengthened. However, the availability of numerous construction rights dampened demand-

driven rent increases. There was also a continued high vacancy rate in the Copenhagen region, especially for older properties, where large investments are often made carrying out conversion and renovation measures.

Real estate market

The transaction volume in the Öresund Region amounted to about SEK 18 (13) billion. Turnover constitutes approx. 9% of Sweden's total transaction volume. In the Copenhagen region, the transaction volume totalled approx. DDK 49 billion in 2016.

The largest single transaction on the Swedish side was Malmö Live, for approx. SEK 1 billion, followed by Castellum's sale of office and warehouse properties in Malmö and Lund for a value of SEK 900.

The largest single transaction on the Danish side was Castellum's acquisition of Norrporten's properties. The second largest transaction in Copenhagen was an office sale of approx. DDK 1.5 billion.

Buyers on both the Swedish and Danish sides were mainly national real estate companies, institutions and, to a lesser degree, foreign buyers. An increase in value was recorded in the region during the year; however, with some variation due to location, property type and quality. The increase in value was highest for central office properties close to public transport. The yield was about 4.25% for offices in prime locations in Malmö, while approx. 5.00% or slightly lower in Lund and Helsingborg, and 4% or just higher, in Copenhagen.



THE ÖRESUND REGION IN BRIEF

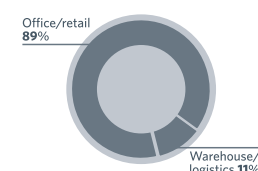
NUMBER OF EMPLOYEES: 67

REAL ESTATE PORTFOLIO IN: Malmö, Lund, Helsingborg and Copenhagen

AREA: 803 thousand sq.m.

VALUE: SEK 15.1 billion

DISTRIBUTION:



REAL ESTATE MARKET

TRANSACTION VOLUME 2016: SEK 18 billion (13) in Sweden and DDK 49 billion in Denmark

SINGLE MAJOR TRANSACTION: Denmark: Castellum's acquisition of Norrporten

Sweden: SEK 1 billion Malmö Live

YIELD PRIME LOCATION OFFICE: 4.0% (in central Copenhagen)

A COUPLE OF QUESTIONS FOR: OLA ORSMARK MANAGING DIRECTOR OF CASTELLUM'S ÖRESUND REGION

What's been important for the Öresund Region in 2016? 2016 was an incredibly busy year. We conducted a large portfolio relocation and doubled our value through the acquisition of Norrporten. At the same time, we continued being an accommodating business partner for our existing customers and created firm relationships with all new customers. None of this would have been achieved without our employees – their dedication and efforts.

Is there anything else you'd like to highlight?

2017 is the continuation of the journey we began in 2016. We're already underway with a number of exciting property projects, such as the innovative Eminent property in Hyllie – planned to become the first health-certified building in the Nordic countries.



THE STOCKHOLM REGION



View over Stockholm

The five largest real estate owners

STOCKHOLM

(Municipalities: Botkyrka, Huddinge, Järfälla, Nacka, Sigtuna, Sollentuna, Solna, Stockholm, Upplands-Väsby) Taxed area thousand sq.m.

Vasakronan	1,405
Fabege	930
Sagax	822
AMF Pensionsförsäkring	749
Klövern	740
Castellum	665

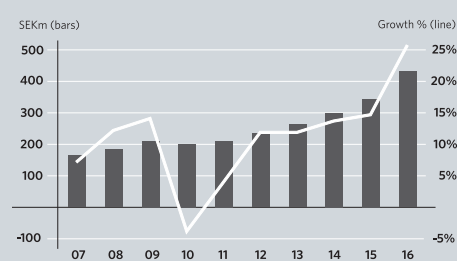
Number of commercial premises (excl. residential) owned as at 31-12-2016. Municipal and State-owned companies and government institutions have been excluded. Source: Datscha and Castellum

Rental levels and yield

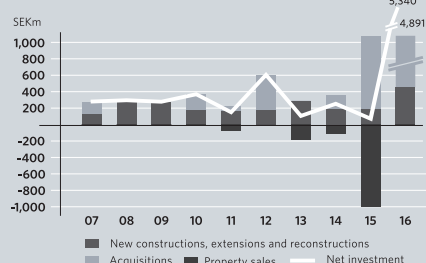
		GREATER STOCKHOLM	
		Market rents SEK/sq.m.	Yield
OFFICE	Best location	2,200 - 6,500	3.50% - 4.50%
	Secondary location	1,600 - 2,200	4.60% - 5.25%
RETAIL	Best location	4,500 - 13,000	3.50% - 4.50%
	Secondary location	3,000 - 7,000	4.60% - 5.25%
WAREHOUSE/ INDUSTRIAL	Best location	800 - 1,400	5.60% - 6.50%
	Secondary location	600 - 950	6.35% - 7.75%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum Fastighetsekonomi and Castellum

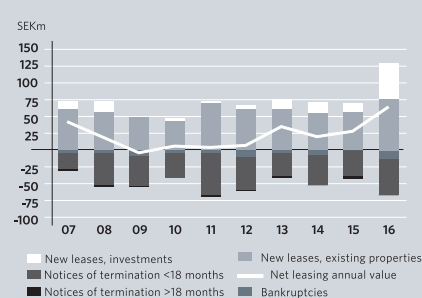
Income from property management and growth



Investments and sales



Net leasing



THE STOCKHOLM REGION

One of the fastest growing cities in Europe

Stockholm is one of the fastest growing cities in Europe. The Swedish capital region is the hub of Swedish economic development and the migration to Stockholm is great – the population is expected to increase by one million people in the next 50 years. Among other things, this will lead to work areas being developed into residential areas. And high employment growth will drive the real estate market.

Rental market

Strong demand and low supply – from a historical perspective 2016 was a record high year for the Stockholm rental market. The average rent for office space in Stockholm's central business district was approx. SEK 5,200/sq. m., the average for top rents was about SEK 6,000/sq. m. with individual contracts reaching more than SEK 7,000/sq. m.

Increased activity was also noted for community properties, which have become increasingly sought-after assets due to lack of other investment objects, hardened competition and uncertainty about the future of the market.

The region was still characterized by a clear focus on modern, cost-effective office space, resulting in several companies streamlining their existing premises or moving away from the inner city to newly constructed office premises outside the city centre.

Hence, secondary locations saw a fairly high development of rental levels. This process is expected to continue in coming years. Duly noted consequences include that empty premises in the city centre are converted into hotels and retail and that external locations, to where companies relocate, are strengthened.

The recent addition of office space in the region is not expected to affect either rental or vacancy levels. Demand remained high for warehouse and logistics premises, and no major changes were seen for rental levels or vacancy rates. New

construction was relatively limited, especially in the central business district and the rest of the city centre.

The region's rental market for retail was characterized by change as a result of new constructions (for example, the Mall of Scandinavia) as well as by the refurbishment of several of several shopping centres.

Real estate market

The total transaction volume in Greater Stockholm amounted to SEK 61 billion (52) in 2016. The turnover represents about 31% of the total transaction volume in Sweden.

The single largest transaction was the acquisition of the leasehold property Snäckan 8 in central Stockholm at a purchase price of approx. SEK 2-2.2 billion.

Another transaction that stood out was the acquisition of the Uarda 7 office building, in Solna, for about SEK 2.1 billion. Yield is estimated at approx. 3.75%. This demonstrates how the lack of investment objects in the Stockholm central business district, where the yield moved down to 3.5%, contributed to the major positive value changes in suburban areas.

The buyer side consisted of listed Swedish real estate companies, institutions and Swedish and foreign mutual funds. Just as before, some of the commercial real estate sales were undertaken for the benefit of future conversion to housing.



THE STOCKHOLM REGION IN BRIEF

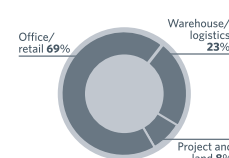
NUMBER OF EMPLOYEES: 44

REAL ESTATE PORTFOLIO IN: Botkyrka, Haninge, Huddinge, Järfälla, Nacka, Sigtuna, Sollentuna, Stockholm, Solna, Sundbyberg and Upplands-Väsby

AREA: 692 thousand sq.m.

VALUE: SEK 15.2 billion

DISTRIBUTION:



REAL ESTATE MARKET

TRANSACTION VOLUME 2016: SEK 61 billion (52)

SINGLE MAJOR TRANSACTION: SEK 2.2 billion for a transaction of leasehold Snäckan 8 in central Stockholm

YIELD PRIME LOCATION OFFICE: 3.50% (in central Stockholm)

QUESTIONS FOR: ANDERS NILSSON MANAGING DIRECTOR OF CASTELLUM'S STOCKHOLM REGION

What's been most important for the Stockholm Region in 2016? An important element in 2016 was that we continued to strengthen our position as city developers in central Stockholm. We're currently involved in the development of several of Stockholm's most exciting transitional areas. At the end of 2016, we also purchased land in Brunna, which creates additional opportunities for warehouse and logistics investments in the Arlanda Region.

What are you looking forward to in 2017?

A continued favourable business climate with yet another prosperous rental year for both new and current properties. I'm also looking forward to our continued efforts, deepening and creating long-term business relationships with our customers. Additionally, we'll continue our active contributions to Stockholm's city development.



THE NORTHERN REGION



View over Sundsvall

The five largest real estate owners

SUNDSVALL	Taxed area thousand sq.m.	GÄVLE	Taxed area thousand sq.m.
Diös	228	Diös	219
Castellum	156	FastPartner	112
NP3 Fastigheter	91	Castellum	93
Hemfosa	64	NP3 Fastigheter	54
Hedern Fastigheter	47	Gästrike Fastigheter	36

Number of commercial premises (excl. residential) owned as at 31-12-2016. Municipal and State-owned companies and government institutions have been excluded.
Source: Datscha and Castellum

Rental levels and yield

		SUNDSVALL		GÄVLE	
		Market rents SEK/sq.m.	Yield	Market rents SEK/sq.m.	Yield
OFFICE	Best location	1,100 - 1,900	6.10% - 7.00%	1,000 - 1,800	6.10% - 6.80%
	Secondary location	800 - 1,350	6.35% - 7.50%	800 - 1,600	6.35% - 8.60%
RETAIL	Best location	1,550 - 3,050	5.95% - 6.85%	1,900 - 3,900	5.60% - 6.60%
	Secondary location	1,050 - 2,350	6.10% - 7.35%	800 - 2,500	6.10% - 8.35%
WAREHOUSE/ INDUSTRIAL	Best location	550 - 900	6.65% - 7.40%	475 - 750	6.80% - 7.80%
	Secondary location	480 - 825	7.10% - 8.40%	400 - 700	6.80% - 8.55%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum Fastighetsekonomi

Investments and sales 2016

	SEKm
Acquisitions	9,569
Property sales	- 5,654
New constructions, extensions and reconstructions	199
Net investment	4,114

**Income from property management Northern
Region 2016: SEKm 255**

Net leasing 2016

	SEKm
New leases, investments	0
New leases, existing properties	6
Bankruptcies	0
Notices of termination <18 months	- 3
Notices of termination >18 months	0
Net leasing annual value	3

THE NORTHERN REGION

The largest labour market in northern Sweden

Sundsvall is the hub of a region with 200,000 inhabitants and constitutes northern Sweden's largest labour market with good communications and a highly developed infrastructure. Gävle is one of Sweden's fastest growing cities with a population expected to exceed 100,000 in 2017. The proximity to the Stockholm Region and Arlanda Airport has a positive impact on Gävle's commercial and industrial life.

Rental market

The office market in Sundsvall has been marked by the construction of the Sundsvall Bridge, completed in 2014, which led to the emergence of new areas with road access and where the inner city has room to expand towards the sea. Sundsvall is the hub of a region with 200,000 inhabitants and constitutes northern Sweden's largest labour market.

Office vacancies reduced in central Sundsvall, mainly due to increased demand, but also because several office spaces in the older buildings are being converted into housing.

The market for smaller offices was relatively strong in Sundsvall, whereas the larger premises take a longer time to fully lease. The vacancy rate was about 5% and is expected to remain unchanged. The relatively unchanged level for office rents during the past three years in the most central locations is expected to endure.

Commerce in Sundsvall is characterized by strong commercial activity in the outskirts and weaker downtown business as it has become easier for consumers to go to Birsta City after the completion of the Sundsvall Bridge in 2014.

Rental levels in Gävle remained relatively stable during the year. The economy in Gävleborg County is considered to be at a stable level; tending to great variation between different industries

where the engineering industry was the worst, while the construction industry experienced a boom.

Real estate market

Total transaction volume in Sundsvall and Gävle amounted to approx. SEK 13 billion (9). The region's turnover corresponds to about 7% of Sweden's total transaction volume.

The single largest transaction was Castellum's Sundsvall sale to Diös, where the Sundsvall properties were valued at SEK 1 billion. In Gävle, the acquisition of three commercial properties in Valbo Köpstad, for approx. SEK 275, was the largest transaction.

A number of value increases were noted for the region during the year, with variation due to location, property type and quality. The increase in value was most obvious regarding central office buildings. The yield for office space in prime locations was 6% or slightly less in Sundsvall, whereas it was 6% or just above in Gävle.

Changes in Castellum's organization

Castellum initiated a process in the beginning of 2017 to reduce the number of regions from five to four. The intention is that the region North will be merged with the region Stockholm.



THE NORTHERN REGION IN BRIEF

NUMBER OF EMPLOYEES: 34

REAL ESTATE PORTFOLIO IN: Sundsvall and Gävle

AREA: 259 thousand sq.m.

VALUE: SEK 4.8 billion

DISTRIBUTION:



REAL ESTATE MARKET

TRANSACTION VOLUME 2016: SEK 13 billion (9)

SINGLE MAJOR TRANSACTION: The transaction of SEK 1 billion in Sundsvall

YIELD PRIME LOCATION OFFICE: 6.10% (in central Sundsvall)

COMMENTS FROM: JÖRGEN LUNDGREN MANAGING DIRECTOR OF CASTELLUM'S NORTHERN REGION

What's been important for the Northern Region in 2016?

Since Norrporten became part of Castellum, 2016 has been characterized by integration and consolidation activities, which were carried out as planned. We've sold a large part of the portfolio, just as we indicated at the time of acquisition.

Meanwhile, business operations went on at full speed within the organization; for example, we conducted successful leasing efforts in the region.



Financing at low risk – a cornerstone of Castellum's strategy

Owning and managing real estate is a capital-intensive business, which requires readily accessible funding. Funding can be carried out utilizing shareholder equity as well as 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.

Financing

The chosen capital structure is pivotal for the financial returns and risk exposure anticipated by owners. Among the factors that affect the choice are business risk and tax shield, as well as the risks and costs associated with increased borrowing. As early as the IPO (Initial Public Offering), Castellum established that the company would stand for low financial risk – which is currently expressed in terms of a loan-to-value ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%.

At 31 December 2016, Castellum's assets amounted to SEK 71 billion and the loan-to-value ratio was 50%, while the interest coverage ratio for 2016 was 348%.

Finance policy and monitoring

Castellum's financial activities are conducted in accordance with the finance policy established by the Board. These will be conducted in such a way that fulfilling the need for long- and short-term financing and liquidity is ensured. Moreover, low and stable net interest costs will be pursued while taking into account the established risk mandates. Developments in financial markets have a great impact on Castellum. For finance operation purposes, it is therefore important to reflect and support the goals and requirements of the business operations. With the support of the

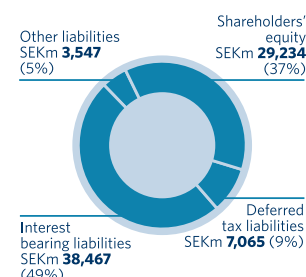
finance policy, the Group can control and manage financial risks and ensure risk management through close control and monitoring. The financial risks are monitored and reported quarterly to both the Audit and Finance Committee and the Board. The Board annually conducts a review of the finance policy.

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

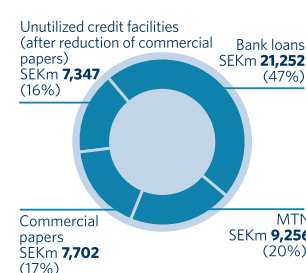
Financial strategy

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

Financing 31-12-2016



Distribution of financing 31-12-2016



CASTELLUM'S FIVE CORNERSTONES ABOUT FUNDING

DIVERSIFICATION	<p>Castellum will oversee a diversified loan portfolio and avoid dependence on both individual counterparty and source of financing. In addition, the maturity of various kinds of funding sources and individual loans will be distributed over time. Castellum will monitor and follow developments on financial markets, enabling us to act quickly and to match business requirements.</p> <p>At year end, Castellum's interest-bearing financing amounted to SEK 38.2 billion, of which SEK 17.0 billion came from capital market financing (an MTN-program totalling SEK 9.3 billion and a commercial paper program totalling SEK 7.7 billion) corresponding to 44%. Remaining financing came from bank financing from major Nordic banks and credit institutes.</p> <p>At year end, the average maturity of credit agreements amounted to 3.0 years and ranged from 1 month to 13.5 years.</p>
LIQUIDITY	<p>Castellum will keep unused credit facilities available, in order to respond rapidly to business needs and opportunities that arise. Moreover, there will be revolving credit facilities for the purpose of reducing the need to invest the surplus.</p> <p>At year end, Castellum had SEK 53.3 billion in credit agreements, of which SEK 15.0 billion was unused.</p>
STRENGTH	<p>The Group's financial key ratios will be strong, with a loan-to-value ratio not exceeding 55% and an interest coverage ratio of at least 200%. The strength of our real estate portfolio is enhanced by the quality of our cash flow as well as by the composition of our debt and interest rate portfolio.</p> <p>Castellum is to reduce the risk of sudden negative impact on net financial items – resulting from interest rate changes and/or the assessment of Castellum as borrower – that cannot be adjusted by opposing effects on income related to business operations.</p> <p>The loan-to-value ratio was 50% at year end, while the interest coverage ratio for 2016 was 348%.</p>
TRANSPARENCY	<p>Castellum will encourage long-term relationships with both banks and other lenders/investors and aim to be transparent in order to increase stakeholder understanding of the Group's operations and, consequently, credit exposure.</p>
FLEXIBILITY	<p>Castellum is to have flexible financing for the purpose of supporting business developments regarding acquisitions, sales and project development. Our credit facilities will provide us with high flexibility to withdraw and repay with short notice and at no extra cost. Furthermore, Castellum is to have access to flexibility, both in terms of pricing (fixed and floating) and maturities.</p> <p>At year end, Castellum had SEK 36.3 billion in bank agreements, of which SEK 23.0 billion consisted of revolving credit facilities.</p>

“Castellum should enjoy sufficient and competitive financing so the Group’s activities can be conducted in an effective and cost-efficient manner.”

Funding risk

Funding risk refers to the risk that financing is not available or is very unfavourable at a given time. Funding risk itself 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, market pricing of credit should also be taken into account.

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

At year end, Castellum had credit agreements totalling SEKm 53,259 (30,325), of which long-term agreements amounted to SEKm 40,358 (25,141) and short-term contracts to SEKm 12,901 (5,184).

The acquisition of Norrporten meant a takeover of SEKm 14,172 in credit agreements. Of these, SEKm 5,498 terminated or expired. SEKm 3,269 of the remaining volume were renegotiated and guarantees were concluded for agreements totalling SEKm 6,059. In addition, Castellum added new agreements totalling SEKm 5,300, existing agreements increased by SEKm 1,000, and SEKm 8,150 in credit agreements were renegotiated and extended. Moreover, funding of SEKm 1,069 from the previous joint venture company CORHEI was included in Castellum’s interest-bearing financing during the year, SEKm 447 of which expired.

During the year, MTNs totalling SEKm 500 expired and SEKm 3,275 were issued, of which SEKm 1,000 were green MTNs issued under the “Green Bond Framework” drawn up by Castellum.*

* Castellum drew up the Green Bond Framework in collaboration with Handelsbanken.

Credit maturity structure 31-12-2016

SEKm	Credit agreements	Utilized in		Total
		Bank	MTN/Cert	
0-1 year	12,901	3,090	9,302	12,392
1-2 years	7,745	1,695	2,250	3,945
2-3 years	19,291	7,104	1,447	8,551
3-4 years	5,857	4,085	1,772	5,857
4-5 years	3,027	2,027	1,000	3,027
> 5 years	4,438	3,251	1,187	4,438
Total	53,259	21,252	16,958	38,210

After deduction of liquid assets of SEKm 257 (39), net interest-bearing liabilities were SEKm 38,210 (20,357), of which SEKm 9,256 (6,499) were outstanding MTNs and SEKm 7,702 (3,157) were outstanding commercial papers. (Nominally SEKm 9,275 and SEKm 7,710, respectively.)

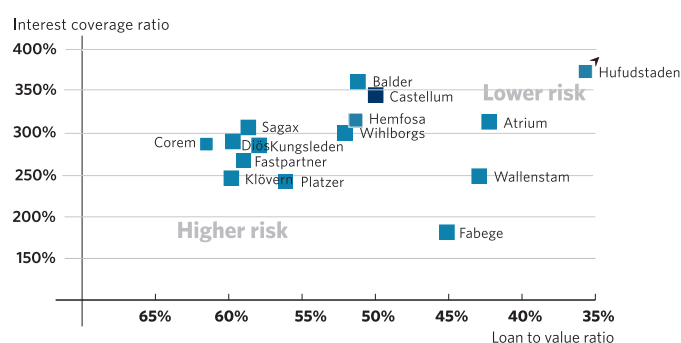
Issued commitments in credit agreements – called covenants – state a loan-to-value ratio not exceeding 65% and an interest coverage ratio of at least 175%, which Castellum accomplished by a wide margin: 50% and 348%, respectively.

Average maturity of Castellum’s credit agreements was 3.0 years (3.1).

Interest rate risk

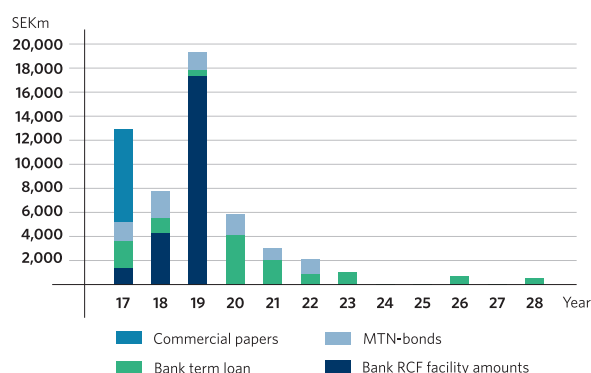
By definition, interest rate risk refers to a potentially negative impact on the income statement and balance sheet caused by a change in market interest rates. To limit fluctuations in net interest costs, Castellum will feature a mix of fixed interest terms on loans and interest rate derivatives. However, as long as the Stibor rate (3 months) is negative, derivatives in the form of interest-rate swaps do not provide a stable cost structure for Castellum when combined with bank credits that have zero as the floor for the Stibor rate. Choice of interest-rate profiles should take into account the in the Group’s Business Plan as well as anticipated inflows and outflows.

Listed real estate companies



Source: Rolling annual values based on each company’s report Q3 rapport 2016.

Credit maturity structure



Bank-TL: Bank Term Loan
RCF-facility amounts: Revolving Credit Facility – facility amounts

Interest cost is the single largest cost item and has a major impact on growth in income from property management. It is 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 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 by supply-and-demand for credit, as well as by regulations in the credit and capital markets. Both interest and credit markets can change rapidly and are outside Castellum's control. Increased market interest rates are generally a result of economic growth and rising inflation. Higher rates, in turn, are presumed to result in increased demand for commercial premises, thereby leading to increased rents and/or reduced vacancies. Falling interest rates are assumed to have opposite causes and effects. Given this reasoning, rising or falling market interest rates will thus be met by rising or falling rental income, over time. Changes in credit margins may occur regardless of prevailing economic conditions. Recently, they have primarily been affected by changes in credit and capital market regulations. Changes in market interest rate and credit margins affect net financial items. How quickly – and by how much – largely depends on the chosen fixed interest term and the binding period of credit margins.

To ensure a low and stable net interest cost, Castellum has chosen to restrict the proportion of fixed maturities due within 6 months at an interval between 20% and 55% of net debt; the average fixed interest term will be between 1 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.

Interest rate maturity structure 31-12-2016

	Credit, SEKm	Interest rate derivatives SEKm	Net. SEKm	Closing interest rate	Average fixed interest rate term
0-1 year	34,120	- 16,887	17,233	3.0%	0.2 year
1-2 years	0	2,400	2,400	2.0%	1.3 years
2-3 years	297	1,800	2,097	1.7%	2.5 years
3-4 years	847	4,337	5,184	2.0%	3.5 years
4-5 years	2,350	2,900	5,250	2.3%	4.4 years
5-10 years	596	5,450	6,046	2.7%	6.5 years
Total	38,210	-	38,210	2.6%	2.4 years

Castellum's strategy is an interest coverage ratio of at least 200%. For 2016, the interest coverage ratio was 348% (351%). The average fixed interest term at December 31, 2016, was 2.4 years (2.5), while the share of maturities due within 6 months was 40%. Margins and fees on credit agreements had an average term to maturity of 2.4 years (3.1).

Net financial items for 2016 amounted to SEKm -832 (-602) with an average interest rate of 2.7% (3.0%), and included market interest rate at issue date plus creditors' margins. Average effective interest rate at December 31 was 2.6% (2.9%).

In the table, credit margins and fees are distributed according to the reported maturity segments of the underlying credits.

Credit and counterparty risk

Credit and counterparty risk is the risk that the counterparty cannot fulfil delivery or payment. In financial operations, credit and counterparty risk arises primarily in connection with long-term credit agreements, derivative contracts and the investment of liquid funds.

Castellum limits this risk by requiring high creditworthiness of counterparties; currently, all of them are major Nordic banks.

50%

Loan to value ratio 2016

348%

Interest coverage ratio 2016

Castellum's financial policy and commitments in credit agreements

Policy		Commitment	Outcome
Loan to value ratio	Not in the long run exceeding 55%	No more than 65%	50%
Interest coverage ratio	At least 200%	At least 175%	348%
Funding risk			
- average capital tied up	At least 2 years		3.0 years
- proportion maturing within 1 year	No more than 30% of outstanding loans and unutilized credit agreements		10%
- average maturing credit price	At least 1.5 years		2.4 years
- proportion capital market financing	No more than 75% of outstanding interest bearing liabilities		44%
- liquidity reserve*	Secured credit agreements corresponding to SEKm 750 and 4.5 months upcoming loan maturities		Fulfilled
Interest rate risk			
- average interest duration	1.0-3.5 years	-	2.4 years
- proportion maturing within 6 months	At least 20%, no more than 55%	-	40%
Credit and counterparty risk			
- rating restrictions	Credit institutions with high ratings, at least S&P BBB+		Fulfilled
Currency risk			
- translation exposure	Shareholders equity is not secured	-	Not secured
- transaction exposure	Handled if exceeding SEKm 25	-	Under SEKm 25

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 totalling SEKm 5,395 (954), which means that the Group is exposed to currency risk. Currency risk relates mainly to income statements and balance sheets in foreign currencies that are translated into Swedish kronor. As a basic rule, equity is not hedged for translation exposure, while transaction exposure is hedged if exposure in any currency exceeds a counter-value of SEKm 25.

Secured interest-bearing liabilities

Long-term bank facilities are mainly secured with collateral comprising the company's real estate holdings, and commitments also include a number of covenants. Issued MTNs, commercial papers and certain short-term bank loans, such as overdraft credits, are unsecured. Of net interest-bearing liabilities totalling SEKm 38,210 (20,357), SEKm 21,252 (10,460) were secured by mortgage deeds and SEKm 16,958 (9,897) were unsecured. The proportion of utilized secured financing was thus approx. 28% of the property value. Issued commitments in credit agreements state a loan-to-value ratio not exceeding 65% and an interest coverage ratio of at least 175%. Castellum is also to provide lenders with financial information such 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 discontinued stock exchange listing.

Derivatives

Interest rate derivatives

According to the IAS 39 accounting standard, derivatives are subject to market valuation. For interest-rate derivatives, this means that a surplus or a deficit occurs if the stipulated interest rate varies from the current market rate. Castellum accounts for this change in value in the income statement. By extending the fixed interest term, the interest rate risk in terms of cash flow is limited, whereas the risk for accounting-based changes in value is increased. To note: Loans with long-term, fixed interest rates are less flexible but – from an interest rate risk standpoint – comparable to extensions using interest-rate derivatives. These are not subject to market valuation according to current accounting standards.

Currency derivatives

Funding in Danish currency can be achieved by borrowing in Danish kroner or by using currency derivatives. The exposure is the same but derivatives are subject to market valuation, according to the IAS 39 accounting standard. This means that there is a surplus or a deficit if the stipulated currency rate varies from the current exchange rate. Castellum applies hedge accounting according to IAS 39, implying that the effective portion of value changes is accounted for in other total net income.

Organization

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

Outstanding MTN 31-12-2016

MTN-number	Issue time	Original duration	Margin/coupon	Volume, SEKm	Acc. outstanding volume, SEKm
102	2013 March	4.0 years	Stibor 3m +2.00%	1,000	1,000
104	2013 September	5.0 years	Stibor 3m +1.75%	500	1,500
105	2014 March	5.25 years	Stibor 3m +1.40%	500	2,000
106	2014 September	3.5 years	Stibor 3m +1.10%	500	2,500
108	2015 March & 2016 October	5.0 years	Stibor 3m +1.20%	925	3,425
109	2015 April	2.0 years	Fixed coupon rate 0.625%	350	3,775
110	2015 April & 2016 December	7.0 years	Stibor 3m +1.45%	600	4,375
111	2015 April	5.2 years	Fixed coupon rate 1.58%	350	4,725
112	2015 April	4.5 years	Fixed coupon rate 1.29%	300	5,025
113	2015 June	3.0 years	Stibor 3m +0.82%	550	5,575
114	2015 August	2.0 years	Stibor 3m +0.75%	250	5,825
115	2015 Sept/Nov & 2016 Jan	5.0 years	Fixed coupon rate 1.75%	500	6,325
116	2015 Sept & 2016 Oct	4.0 years	Stibor 3m +1.13%	650	6,975
117 - Green	2016 September	5.0 years	Stibor 3m+1.95%	650	7,625
118 - Green	2016 September	5.0 years	Fixed coupon rate + 1.875%	350	7,975
119	2016 October	2.0 years	Stibor 3m + 1.20%	700	8,675
120	2016 November	5.2 years	Fixed coupon rate 2.125%	600	9,275
Size of programme					10,000



Victoria, Fredrik and Christian

Dividend growth for 2016: 18%

Castellum will work for a competitive total return on the company's share relative to risk and will also strive for high liquidity. All actions will be taken from a long-term perspective. The company will provide frequent, open and fair reports to shareholders, to capital and credit markets and to the media – without disclosing any individual business relationship. In the long term, Castellum will be one of the largest listed real estate companies in Sweden.

The Castellum Share

The Castellum share is listed on Nasdaq Stockholm Large Cap. Castellum's market capitalization, i.e. the value of all outstanding shares in Castellum, amounted to SEK 34.1 billion (19.8), as at December 31, 2015. This corresponds to about 13% of the total market capitalization (SEK 256 billion) of Swedish real estate companies operating solely in this sector. The Castellum figure is just under 0.6% of the total market capitalization – approx. SEK 6,115 billion – of listed Swedish companies.

As part of the acquisition of Norrporten, Castellum completed a rights issue as well as a directed share issue.

The rights issue of 82,000,000 new shares, which ended in June, meant that Castellum raised approximately SEK 6.3 billion before deduction of issue costs of about SEKm 123 (SEKm 95 net after deduction of deferred tax). In addition, a total of 27,201,166 Castellum shares constituted part of the consideration for the Norrporten shares, corresponding to a value of SEKm 3,075 at the time of access. Relying on the share-issue authorization from the Extraordinary General Meeting on 20 May 2016, the Castellum Board decided on a directed share issue to the Second and Sixth Swedish National Pension Funds totalling 19,194,458 consideration shares. Pursuant to the authorization from the AGM on 17 March 2016, the Castellum Board also decided to transfer all previously repurchased shares, representing 8,006,708 shares. Castellum's repurchased shares were acquired in year 2000 for a total purchase price of SEKm 194.

After the rights and directed share issues, the number of outstanding Castellum shares totals 273,201,166.

During 2015, a total of 285 million (188) shares were traded, equivalent to an average of 780,000 shares (751,000), per day, corresponding on an annual basis to a turnover rate of 103% (114%). The share turnover is based on statistics from Nasdaq, Chi-X, Burgundy, Turquoise and BATS Europe.

Proposed dividend

The Board of Directors will propose a dividend of SEK 5.00 per share to the Annual General Meeting, representing an increase of 18% compared to previous year. The payment is proposed to be distributed to the shareholders in two equal payments. The dividend ratio amounts to 57%, based on income from property management before tax.

If the Annual General Meeting approves the Board's proposal, the record date for the first payout will be Monday, March 27, 2017. This means that the final day for trading shares including dividend is Thursday, March 23, 2017. Record date for the second payout is Monday, September 25, 2017, meaning that the final day for trading shares including dividend is Thursday, September 21, 2017. The first payout is estimated to take place on Thursday, March 30, 2017, and the second payout is estimated for Thursday, September 28, 2017.

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

Net asset value

Net asset value is the total equity which the company manages for its owners. Based on this

IR-CONTACT



Henrik Saxborn, CEO



Ulrika Danielsson, CFO

WHY IS CASTELLUM INTERESTING FOR THE INVESTOR?

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

• STABLE GROWTH SINCE THE IPO IN 1997

Since 1997, Castellum has enjoyed property-management income growth of 10% per year in SEK/share. Add to that: an annual dividend that constituted an average of 52% of income from property management.

• STRONG BALANCE SHEET AND LOW FINANCIAL RISK

Castellum's goal is that the loan-to-value ratio should not permanently exceed 55%. At year end 2016, it amounted to 50%. The goal for interest coverage ratio is at least 200%. At the end of 2016, it totalled 348%.

• WELL DIVERSIFIED PORTFOLIO

The focus is on commercial properties with a contract portfolio of approx. 6,000 customers from a variety of business categories that reflect Swedish and Danish business life. Hence, risk diversification is broad, and the single largest contract corresponds to approx. 2%.

• LOCAL BUSINESS OPERATIONS WITH SUSTAINABILITY FOCUS

Castellum is present in 17 growth areas in Sweden and in Copenhagen, which all have their own local organizations for rental, service and management. The corporation's active sustainability efforts have been acknowledged with several prestigious awards and certificates.

• CREDIBILITY THROUGH TRANSPARENCY

Castellum's ambition is to provide updated and accurate information about company development. The information is to be fully adequate for investment decisions concerning company shares. The company's Annual Report for 2015 was awarded Best Annual Report among Swedish companies listed on NASDAQ Stockholm, Large Cap.

5.00

The Board intends to propose to the Annual General Meeting to approve a dividend of SEK 5.00 per share, an increase of 18% compared with previous year.

“Since 1997, Castellum’s share has been listed on Nasdaq Stockholm Large Cap under the name CAST.”

23.8%

During 2016, the total yield of the share, including dividend of SEK 4.25, was 23.8%.

equity Castellum want to create a stable return and growth at a low level of financial risk. When assets and liabilities are valued at fair value the net asset value can be calculated using shareholders’ equity in the balance sheet. However, consideration should be taken to that the effective tax is lower than the reported nominal tax rate, in part due to the possibility to sell properties in a tax efficient way, and in part due to the time factor for which the tax should be discounted.

Long term net asset value (EPRA NAV) can be calculated to SEK 133 per share (112). The share price at the end of the year was thus 94% (94%) of the long term net asset value.

Net Asset Value

	SEKm	SEK/ share
Equity according to the balance sheet	29,234	107
Reversed		
Derivatives according to balance sheet	1,582	6
Goodwill according to balance sheet	- 1,659	- 6
Deferred tax according to balance sheet	7,065	26
Long term net asset value (EPRA NAV)	36,222	133
Deduction		
Derivatives as above	- 1,582	- 6
Estimated real liability, deferred tax 5%*	- 1,558	- 6
Actual net asset value (EPRA NNAV)	33,082	121

* Estimated real deferred tax liability net has been calculated to 5% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized in 2 years with a nominal tax of 22%, giving a present value of deferred tax liability of 21%, and that the properties are realized in 50 years where 33% are sold directly with a nominal tax of 22% and that 67% are sold indirect through company disposals where the buyers tax discount is 6%, which gives a present value of deferred tax liability of 4%. Furthermore, deferred tax assets attributable to non-deductible losses in the derivatives portfolio have been valued at a nominal tax of 22%.

Earnings

In 2016, income from property management per share adjusted for nominal tax attributable to income from property management (EPRA EPS) amounted to SEK 8.26 (7.84). This results in a share price yield of 6.6% (7.5%), corresponding to a multiple of 15 (13). Income from property management should be adjusted for increase in value in the long-term real estate holdings as well as for effective tax paid.

Earnings after tax per share amounted to SEK 21.20 (15.24) in 2016. Based on the share price, this provides a return of 17.0% (14.6%) corresponding to a P/E of 6 (7).

Total yield

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

The Castellum share price as at 31 December, 2016 was SEK 124.90 (104.73) corresponding to a market capitalization of SEK 34.1 billion (19.8). During 2016, the total yield of the share, including dividend of SEK 4.25, was 23.8% (2.3%).

Growth, yield and financial risk

	2016	3 years average/ year	10 years average/ year
Growth			
Rental income SEK/share	11%	4%	6%
Income from prop. management SEK/share	9%	7%	7%
Net income for the year after tax SEK/share	39%	33%	9%
Dividend SEK/share	18%	11%	7%
Long term net asset value SEK/share	19%	13%	7%
Actual net asset value SEK/share	21%	13%	6%
Real estate portfolio SEK/share	17%	9%	7%
Change in property value	6,3%	3,9%	1,3%

Yield

Return on actual long term net asset value	25.3%	15.9%	11.6%
Return on actual net asset value	20.9%	14.7%	11.2%
Return on total capital	11.9%	8.0%	6.5%

Total yield of the share (incl. dividend)

Castellum	23.8%	17.0%	8.5%
Nasdaq Stockholm (SIX Return)	9.6%	11.9%	7.6%
Real Estate Index Sweden (EPRA)	7.2%	22.6%	10.2%
Real Estate Index Europe (EPRA)	- 4.5%	12.6%	0.3%
Real Estate Index Eurozone (EPRA)	4.7%	14.8%	2.4%
Real Estate Index Great Britain (EPRA)	- 8.5%	7.5%	- 2.7%

Financial risk

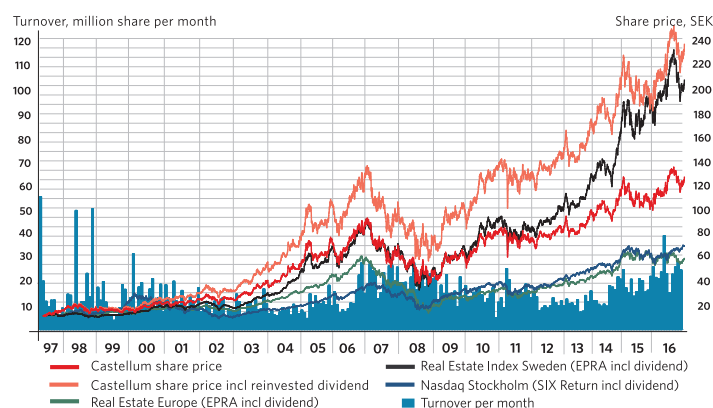
Loan to value ratio	50%	51%	50%
Interest coverage ratio	348%	341%	303%

Dividend yield

Dividend yield is the company’s dividend divided by the current share price. It represents the yield shareholders receive in cash every year following the AGM’s decision. 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.

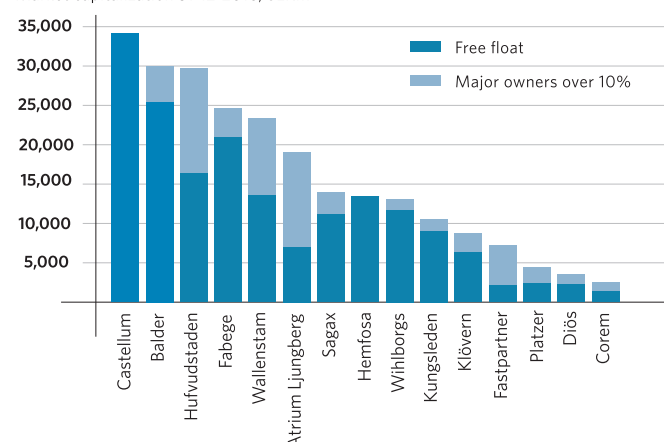
The valuation thus reflects the market’s view of the dividend yield required to achieve a total

The Castellum share’s price trend and turnover from IPO May 23, 1997 until December 31, 2016



Listed Real Estate Companies

Market capitalization 31-12-2016, SEKm



yield that matches the market's yield on the Castellum share.

The proposed dividend of SEK 5.00 (4.25) corresponds to a yield of 4.0% (4.1%) based on the share price at the end of the year.

Net asset yield and result including long-term change in value

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

The net asset value – i.e., the denominator of the yield ratio income/capital – is adjusted annually in accordance with IFRS regulations for changes in value. In order to provide an accurate yield figure, the numerator – i.e., income – must be similarly adjusted. Therefore, the recorded net income has to be supplemented with a component of value changes as well as with effective tax to provide an accurate view of income and yield.

One problem is that changes in value can vary greatly between years and quarters, thus leading to volatile results. However, by being a long-term player with stable cash flow and a balanced real estate portfolio, Castellum is able to make use of long-term value changes to adjust the numerator of the equation.

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

		Sensitivity analysis	
		-1%-unit	+1%-unit
Income from property management 2016	2,065	2,065	2,065
Change in property value (10 years average)	867	200	1,533
D:o %	1.3%	0.3%	2.3%
Current tax, 5%	- 102	- 102	- 102
Earnings after tax	2,830	2,163	3,496
Earnings SEK/share	13.27	10.14	16.39
Return on actual long-term net asset value	12.7%	10.2%	15.4%
Earnings/share price	10.6%	8.1%	13.1%
P/E	9	12	8

Created shareholder value

At the IPO in May 1997, Castellum's real estate portfolio amounted to approx. SEK 10 billion, income from property management to approx. SEKm 300 and shareholders' equity to about SEK 4 billion. Since then, Castellum has created shareholder value by increasing shareholder's equity to SEK 36 billion as at December 31, 2016. The real estate portfolio has grown over the same period to approx. SEK 71 billion at the end of 2016, while income from property management has increased to SEKm 2,065.

Valuation

The investor's required yield for a given share forms a basis for valuation in the long term. The required yield varies from share to share, as well as over time. This is partly due to the risk the investor perceives for a particular company; a risk that he wants to be compensated for. The higher the risk, the higher the required yield. An acceptable share price therefore derives from the investor's – or rather the investor collective's – assessment of the future total yield of the share (the sum of dividend yields and changes in value) and the level of risk.

In the short run, it is largely supply and demand for shares that affects share-price movements and sets current share prices. Factors affecting price in the short term – apart from investor assessments of the long-term yield of the share – include industry outlook, macro assessments, geopolitical events, allocation aspects, potential yield on alternative investments, and regulations. However, looking over the long term, it is the company's actual performance in terms of total yield and growth that determines crucial for share-price development.

As shown in the table on the left, Castellum has achieved a total average yield of 8.5% per year, over the past 10 years, of which dividend yield accounts for about 4% and share price development around 4.5%. All to a moderate risk level compared to the Swedish real estate market. The average dividend growth for the same period amounted to 7% per year.

Shareholders

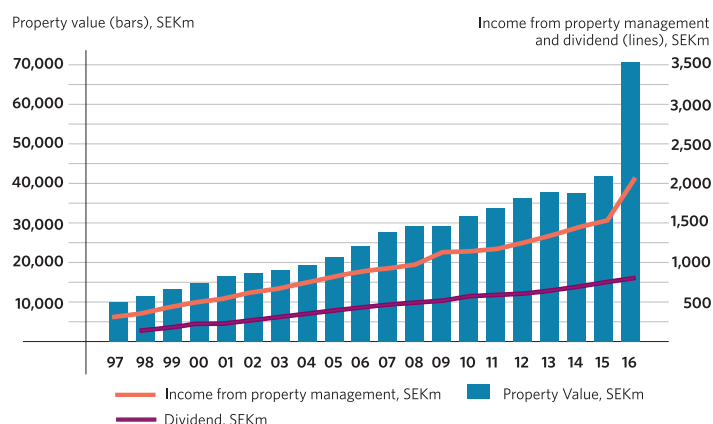
At the end of the period the company had about 30,000 shareholders. The amount of shares regis-

“Some twenty Swedish and foreign stock market analysts track the development of both Castellum and the Swedish real estate sector.”

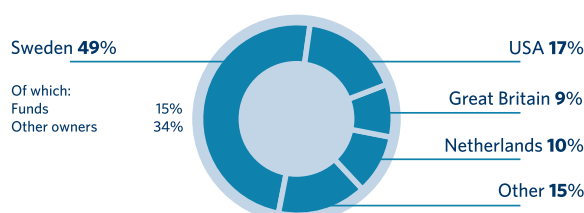
7%

Average dividend growth for the Castellum share has amounted to 7% per year during the last 10 years.

Created shareholder value



Shareholders distributed by country 31-12-2016



tered abroad at the year-end was 51%. Shareholders registered abroad cannot be differentiated in terms of directly held and nominee-registered shares except in cases where the shareholder is obliged to disclose their holdings. Two foreign shareholders, Stichting Pensioensfonds ABP and Blackrock has disclosed holdings of over 5%. Castellum has no direct registered shareholders with holdings exceeding 10%.

Investor relations

Investor relations are primarily based on quarterly financial reports, press releases on significant commercial events and presentations of Castellum. Presentations take place in connection with quarterly

financial reports and visits from investors as well as analyst and investor meetings both in Sweden and abroad. The large share of foreign shareholders means that there are extensive contacts with foreign investors. Additional market and financial information is provided on the Group's webpage www.castellum.se.

Repurchase of company shares

In the year 2000, Castellum repurchased a total of 8,006,708 of its own shares – corresponding to 4.7% of the total number of registered shares. Purchase price totalled SEKm 194. The repurchased shares were used as consideration in the acquisition of Norrporten AB on June 15, 2016.

Shareholders as per 31-12-2016

Shareholders	Number of shares	Percentage of voting rights and capital
Andra AP-Fonden	15,199,001	5.6%
Sjätte AP-fonden	13,600,583	5.0%
Lannebo Fonder	8,287,995	3.0%
SEB Fonder	8,015,787	2.9%
AMF Försäkring & Fonder	7,926,123	2.9%
AFA Försäkring	4,166,834	1.5%
Stiftelsen Global Challenges	3,750,000	1.4%
Länsförsäkringar Fonder	2,854,504	1.0%
Handelsbanken Fonder	2,659,376	1.0%
Magdalena Szombatfalvy	2,635,000	1.0%
Folksam	2,363,395	0.9%
Tredje AP-Fonden	2,288,314	0.8%
Danske Invest Fonder	2,105,748	0.8%
Susanna Löw	1,830,000	0.7%
XACT Fonder	1,826,582	0.7%
Swedbank Robur Fonder	1,583,150	0.6%
Avanza Pension	1,571,219	0.6%
SPP Fonder	1,091,234	0.4%
Kåpan Pensioner	1,076,047	0.4%
Fjärde AP-Fonden	1,020,593	0.4%
Jennie Löw	954,500	0.3%
Livförsäkringsbolaget Skandia	869,330	0.3%
Andrea Carpelan	869,300	0.3%
Nordea Fonder	844,067	0.3%
SEB Trygg Liv	783,554	0.3%
Henric Wiman	638,223	0.2%
Virtuosen AB	628,080	0.2%
Marjan Dragicevic	620,000	0.2%
Carl Tryggers Stiftelse För Vetenskaplig Forskning	600,000	0.2%
Larona Aktiebolag	560,000	0.2%
Öhman Fonder	514,722	0.2%
Tore Forssén	500,000	0.2%
Board and executive management Castellum	309,279	0.1%
28,676 Other shareholders registered in Sweden	39,927,475	14.6%
1,144 shareholders registered abroad	138,731,151	50.8%
Total outstanding shares	273,201,166	100.0%

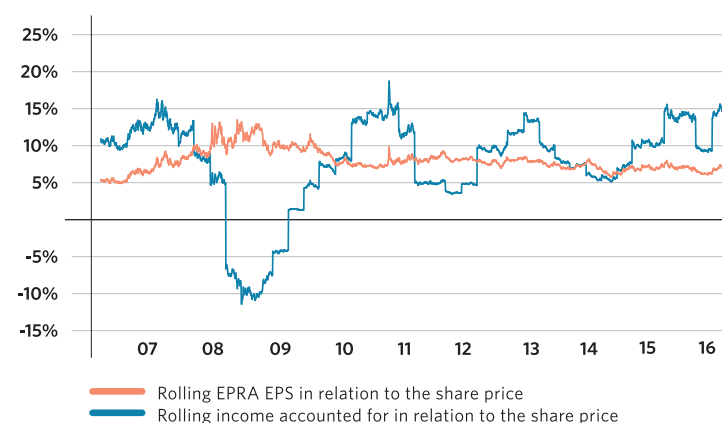
There is no potential common stock (eg. convertibles)

Source: Modular Finance AB according to information from Euroclear Sweden AB

Share price/net asset value



Yield earnings per share



The share's dividend yield



Ten year summary

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Key ratios, SEK/share										
Rental income	19.33	20.12	20.23	19.81	18.74	17.80	16.82	16.43	15.25	13.77
Income from property management	8.80	8.11	7.67	7.12	6.64	6.21	6.04	5.98	5.15	4.89
Net income for the year	21.20	15.24	6.41	9.03	7.79	3.76	10.39	0.85	- 3.51	7.87
Dividend (for 2016 proposed)	5.00	4.25	3.99	3.69	3.43	3.21	3.12	3.04	2.73	2.60
Property portfolio	259	221	199	200	192	179	168	155	154	147
Valuation										
Pre tax income from property management per share/Share price	7.0%	7.7%	7.2%	8.2%	8.3%	8.4%	7.6%	9.5%	9.8%	8.4%
Share price/Income from property management per share	14	13	14	12	12	12	13	11	10	12
Income from property management after tax per share (EPRA EPS)/Share price	6.6%	7.5%	6.8%	8.0%	7.9%	8.2%	7.2%	9.6%	9.6%	8.2%
Dividend/Share price (dividend yield)	4.0%	4.1%	3.8%	4.2%	4.3%	4.3%	3.9%	4.8%	5.2%	4.5%
Share price/Long term net asset value per share	94%	94%	107%	94%	92%	88%	100%	88%	72%	76%
Share price/Actual Net asset value per share	103%	105%	122%	103%	103%	98%	108%	99%	81%	79%
The share										
Market capitalization, SEKm	34,123	19,795	20,024	16,416	15,137	13,989	15,014	11,890	9,963	11,029
Total yield, the Castellum share	23.8%	2.3%	26.9%	13.1%	13.0%	- 3.1%	32.6%	27.4%	- 5.9%	- 24.2%
Nasdaq Stockholm (SIX Return)	9.6%	10.4%	15.8%	28.0%	16.5%	- 13.5%	26.7%	52.5%	- 39.0%	- 2.6%
Real Estate Index Sweden (EPRA)	7.2%	25.4%	37.1%	20.6%	16.2%	- 13.0%	48.5%	24.0%	- 21.4%	- 18.5%
Real Estate Index Europe (EPRA)	- 4.5%	18.8%	26.5%	10.1%	28.7%	- 9.2%	19.8%	33.7%	- 48.8%	- 32.2%
Real Estate Index Eurozone (EPRA)	4.7%	17.4%	24.1%	5.6%	29.2%	- 14.2%	15.5%	43.1%	- 43.4%	- 24.2%
Real Estate Index Great Britain (EPRA)	- 8.5%	12.1%	22.5%	22.6%	29.9%	- 8.1%	7.9%	11.8%	- 45.6%	- 36.8%
Dividend ratio income from property management	57%	52%	52%	52%	52%	52%	52%	51%	53%	53%
Dividend ratio long term net asset value	3.8%	3.8%	4.0%	4.0%	4.0%	3.8%	3.9%	4.3%	3.8%	3.4%
Share Price, SEK										
last paid during the last day for trading	124.90	104.73	105.94	86.85	80.08	74.01	79.43	62.91	52.71	58.35
highest paid during the year	133.50	125.38	108.02	93.27	81.99	84.60	79.61	63.99	69.41	92.84
lowest paid during the year	97.87	97.96	85.94	76.14	66.20	56.61	50.76	37.14	35.92	53.79
average (highest/lowest per day)	117.62	109.18	97.49	82.82	75.73	76.95	65.68	50.83	55.03	75.96
Number of shares, thousand										
average	234,540	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000
registered	273,201	172,008	172,008	172,008	172,008	172,008	172,008	172,008	172,008	172,008
Number of shareholders	30,000	19,100	16,300	12,200	9,900	9,400	10,000	8,900	7,300	7,300
Percentage of shareholders registered abroad	51%	50%	52%	62%	60%	51%	46%	46%	47%	49%
Turnover, thousand shares per year	285,000	188,379	133,083	106,266	129,276	150,482	152,186	191,129	218,304	207,442
Turnover rate per year	103%	114%	81%	65%	79%	92%	93%	117%	133%	126%
EPRA nyckeltal										
EPRA Earnings (Income from property management after tax), SEKm	1,937	1,481	1,355	1,318	1,192	1,149	1,086	1,137	960	902
EPRA Earnings (EPS), SEK/share	8.26	7.84	7.17	6.97	6.31	6.08	5.75	6.02	5.08	4.77
EPRA NAV (Long term net asset value), SEKm	36,222	21,184	18,618	17,510	16,480	15,920	15,158	13,381	13,800	14,482
EPRA NAV, SEK/share	133	112	99	93	87	84	80	71	73	77
EPRA NNNAV (Actual net asset value), SEKm	33,082	18,946	16,432	15,940	14,689	14,196	13,913	11,979	12,305	13,933
EPRA NNNAV, SEK/share	121	100	87	84	78	75	74	63	65	74
EPRA Vacancy Rate	9%	10%	11%	12%	11%	11%	11%	10%	10%	12%

EPRA, European Public Real Estate Association, is an association for listed real estate owners and investors in Europe, which sets standards for financial reporting, e.g. the key ratios EPRA EPS (Earnings Per Share), EPRA NAV (Net Asset Value), and EPRA NNNAV (Triple Net Asset Value) and EPRA vacancy.

A property portfolio valued at SEKm 70,757

On December 31st, 2016 Castellum's investment properties were assessed a fair value of SEKm 70,757 corresponding to SEK 16,558 per sq.m. The average valuation yield for Castellum's real estate portfolio, excluding development projects, undeveloped land and building rights can be calculated to 5.8%.

The valuation was carried out in a uniform manner using internal valuation based on a 10-year cash flow model with individual assessments for each property. This was to reflect both future earnings capacity and required market yield. In order to provide further assurance and validation of the valuation, 180 properties – representing 57% of the value of the portfolio – have been valued externally.

Property valuation

Internal valuation

Castellum records the investment properties at fair value and has made an internal valuation of all properties as of December 31, 2016. The valuation was carried out in a uniform manner, and was based on a 10-year cash flow model, which is described in principle below. The internal valuation was based on an individual assessment for each property and reflects both its future earnings capacity and its required market yield. In the valuation of a property's future earnings capacity, consideration has been taken of potential changes in rental levels, occupancy rates and property costs – as well as an assumed inflation level of 1.5%. Projects in progress have been valued using the same principle, but with deductions for remaining investments. Building rights have been valued on the basis of an estimated market value per square metre, on average approx. SEK 1,700 per sq.m. (1,700). For further information about the assumptions in cash-flow and required yield see note 12.

Assumptions in Castellum's internal valuations

	Office/retail	Warehouse/logistics
Cash flow year 1		
Rental value, SEK/sq.m.	1,562	834
Vacancy, %	9%	9%
Direct property costs, SEKm/sq.m.	345	173
Property administration, SEK/sq.m.	35	25
Required yield		
Real interest rate	1.5%	1.5%
Inflation	1.5%	1.5%
Risk	3.7% - 12.3%	7.9% - 12.5%
Return on equity	6.7% - 15.3%	10.9% - 15.5%
Interest rate	5.0%	5.0%
Loan to value ratio	65%	55%
Return on total capital	5.6% - 8.6%	7.7% - 9.7%
Weighted d.o. disc. factor year 1-9	7.0%	8.5%
Weighted d.o. disc. factor residual value*	5.5%	7.0%

* (required yield on total capital minus growth equal to inflation)

Example internal valuation

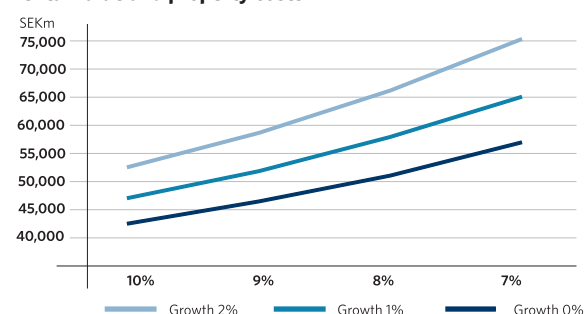
To illustrate the model, the following example is provided. It should be noted that assumptions regarding cash flow growth and other assumptions included in the model are only intended to illustrate the model. Even if relevant figures are used the example should thus not be regarded as a forecast of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

Assumptions in the example:

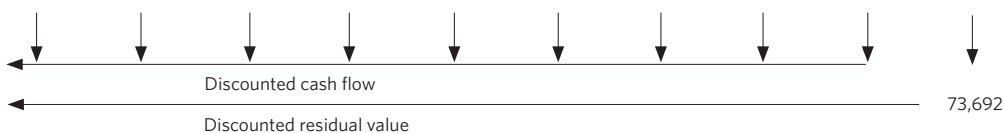
- The economic occupancy rate is assumed to increase in order to reach a long-term level of 96% in the year 2021.
- Net operating income for 2016 is based on actual result for the investment properties, with an assumed cost of SEK 30/sq.m. for pure property administration.
- Growth in rental value and property costs has been assumed to 1.5% per year during the calculation period.
- The average economic life of the real estate portfolio has been assumed to be 50 years.
- Projects, undeveloped land and building rights have an assumed value SEKm 3,200.
- The required yield, discount factor, is calculated according to the following assumptions:

	Required yield	Percentage of capital	Weighted required yield
Equity	7.5% - 15.3%	40%	3.0% - 6.1%
Borrowed capital	5.0%	60%	3.0%
Weighted required yield		100%	6.0% - 9.1%

Property value with different required yield and growth in rental value and property costs



SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Rental value	5,353	5,433	5,515	5,598	5,681	5,767	5,853	5,941	6,030	6,121	6,212
Rental income	4,888	4,999	5,129	5,262	5,397	5,520	5,613	5,705	5,792	5,869	5,963
Economic occupancy rate	91%	92%	93%	94%	95%	96%	96%	96%	96%	96%	96%
Property costs	-1,312	-1,332	-1,352	-1,372	-1,393	-1,413	-1,435	-1,456	-1,478	-1,500	-1,523
Net operating income = cash flow	3,576	3,667	3,777	3,890	4,004	4,107	4,178	4,249	4,314	4,369	4,440
Discounted cash flow year 1-9	27,104										
Discounted residual value year 10	40,083										
Assumed value projects, land and building rights	3,200										
Total property value	70,757										



“To reflect price increases recorded on the Swedish real estate market, Castellum has lowered the required return in the valuation approximately 27 points. Value changes during the year totalled SEKm 3,793, or 6%.”

Average valuation yield, SEKm

excl. project/land and building rights)	2016	2015
Net operating income properties	3,699	2,443
+ Estimated index adjustment 2017, 1% (1%)	62	35
+ Real occupancy rate, 94% at the lowest	265	216
- Property administration, 30 SEK/sq.m.	- 129	- 100
Normalized net operating income	3,897	2,594
Valuation (excl. building rights of SEKm 388)	67,557	39,824
Average valuation yield	5.8%	6.5%

Uncertainty range

Property valuations are calculations performed according to accepted principles and 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 market with lower liquidity, the range may be wider. For Castellum, an uncertainty range of +/- 5% means a range in value of the property portfolio of SEKm 67,219 – 74,295 corresponding to +/- SEKm 3,538.

Changes in value

In 2016, the real estate market was characterized by high activity, high demand and limited supply, resulting in rising prices. The price increase was mainly attributable to centrally located office properties in growth areas, properties with long-term leases and well-located warehouse and logistics properties. This price rise is reflected in Castellum's internal valuation through lower required yield, which at portfolio level corresponds to approximately 27 points. This, primarily

in combination with project profits and improved cash flow results, resulted in a change in value for the year of SEKm 3,793, corresponding to 6%. Norrporten's change in value of SEKm 638 – or 3% – for the first six months, is included in the purchase price allocation (PPA) and therefore does not affect Castellum's income. Moreover, 80 properties were sold for SEKm 6,754 after deduction for assessed deferred tax and transaction costs totalling SEKm 233. The underlying property value – thus amounting to SEKm 6,986 – exceeded the latest valuation of SEKm 6,461 by SEKm 525. As each property is valued individually, the portfolio premium that can be noted in the property market is not taken into account.

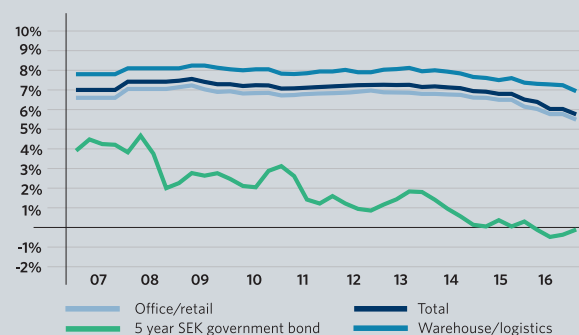
The net increase in value, including this years change, over the past 10 years has been 1.3% per year, which is well in line with inflation.

Total yield

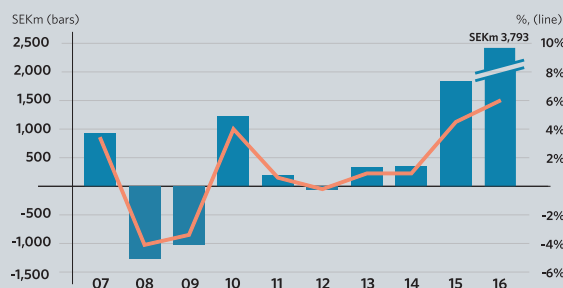
Concerning the total yield of the properties – i.e., the sum of yields and changes in value – it can be noted that Castellum's performance depends on when measurements were started.

The annual average total yield on warehouse/ industrial for the past 10 years has been 7.4% (6.8% yield + 0.6% change in value), thereby surpassing office/retail which has had 6.8% (5.8% yield + 1.0% change in value). During 2016 office/ retail has had a better total yield corresponding to 11.5%, compared to 8.7% for warehouse/ industrial. Calculations do not include project gains or acquisitions from the year the acquisition was completed.

Average valuation yield over time



Value Changes



	1 year	3 years average/ year	10 years average/ year
Total yield			
Properties	10.6%	9.5%	7.0%
The Castellum share	23.8%	17.0%	8.5%
Nasdaq Stockholm (SIX Return)	9.6%	11.9%	7.6%
Real estate Index Sweden (EPRA)	7.2%	22.6%	10.2%
Real estate Index Europe (EPRA)	- 4.5%	12.6%	0.3%
Real estate Index Eurozone (EPRA)	4.7%	14.8%	2.4%
Real estate Index Great Britain (EPRA)	- 8.5%	7.5%	- 2.7%
Change in value			
Change in property value, unweighted	6.3%	3.9%	1.3%
Inflation	1.7%	0.5%	1.1%

External valuation

In order to provide further assurance and validation of the valuation, 180 properties – representing 57% of the value of the portfolio – have been valued externally by Forum Fastighetsekonomi AB in Sweden and CBRE and Cushman & Wakefield in Denmark. The properties were selected on the basis of the largest properties in terms of value, but they also reflect the composition of the portfolio as a whole in terms of category and geographical location of the properties. The external valuations of the selected properties amounted to SEKm 41,180, within an uncertainty range of +/- 5–10% on property level, depending on each property's category and location. Castellum's valuation of the same properties totalled SEKm 40,642, i. e., a net deviation of SEKm 538, corresponding to -1%. The gross deviation was

SEKm +1,563 and SEKm - 1,025 respectively, with an average deviation of 6%.

In addition, Cushman & Wakefield made a desk-top valuation of 54 properties corresponding in value to 27% of the portfolio. Cushman & Wakefield's valuation of the selected properties amounted to SEKm 18,229. Castellum's valuation of the same properties amounted to SEKm 19,088, i.e. a net deviation of SEKm - 859 corresponding to - 5%. The other external valuations of the same properties amounted to SEKm 19,382, i.e. en net deviation of SEKm +294 corresponding to 2% compared to Castellum's valuation.

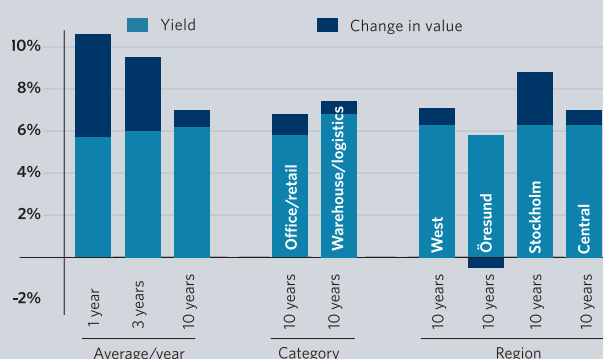
It can be noted that Castellum's deviation from the external valuers accommodated well within the uncertainty range of +/- 5–10%.

Internal vs external valuation, SEKm

	2016	2015	2014	2013
External valuer 1*	41,180	23,581	21,109	19,624
Proportion external of internal	57%	56%	57%	52%
Net difference external vs internal	+ 538	42	- 274	- 148
D:o %	+ 1.3%	0.2%	- 1.3%	- 0.8%
Gross deviation positive	1,563	696	620	427
Gross deviation negative	- 1,025	- 654	- 894	- 575
Average deviation	6.4%	5.7%	7.1%	5.1%
External valuer 2*	18,229	9,323	9,105	7,912
Proportion external of internal	27%	23%	25%	21%
Net difference external vs internal	- 859	- 419	- 243	51
D:o %	- 4.7%	- 4.5%	- 2.7%	0.6%
Gross deviation positive	294	83	115	292
Gross deviation negative	- 1,153	- 501	- 358	- 241
Average deviation	7.6%	6.0%	5.1%	6.8%

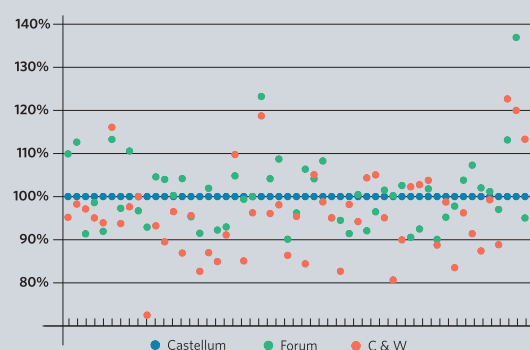
* Different valuers for different years.

Total yield in average/year in different cycles until 2016



Castellum's valuation vs Forum and C & W

54 properties, SEK 19 billion corresponding to 27% of the portfolio



Tax

Castellum will provide financial reporting which is permeated with openness and transparency. This also applies to the handling and accounting of taxes, an issue of such importance to the real estate industry. The Group's main approach is that correct tax will be paid in compliance with prevailing regulations.

At Castellum, there are a number of areas that are taxed: income tax on current earnings, property tax, VAT, stamp duty and energy taxes. Political decisions – such as changes in corporate taxation, tax legislation and interpretations – may lead to changes in Castellum's tax situation. These could be both positive and negative.

Income tax

Castellum's reported income from property management for 2016 amounted to SEKm 2,065 (1,533), while taxable income from property management amounted to SEKm 580 (236). In the absence of tax loss carry forwards, a paid tax of SEKm 128 (52) would occur, attributable to the income from property management, equivalent to 6% effective tax paid.

Tax depreciations

Investments in real estate can be allocated to different parts where the Swedish Tax Authority specifies percentages for tax depreciations: 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 repairs and maintenance of a building may be deducted immediately. The "extended repair concept" allows for direct deduction for certain types of value-adding improvements, even if they are capitalized in the accounts.

Property sales

Properties can be sold directly or indirectly through companies, which have different tax consequences.

Profit on 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 which from a taxation point of view are considered fixed assets is not taxable, while a loss is not tax deductible.

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

Changes in value on properties and derivatives

Swedish accounting laws do not allow reporting of properties at fair value in a legal entity, meaning that changes in value are reported only in the consolidated accounts and hence do not affect taxation. Some financial instruments such as interest rate derivatives may be reported at fair value in legal entities. For Castellum, changes in value resulting in a negative value on the instrument constitute a tax deductible cost and changes in value up to acquisition value of the instrument are considered a taxable income.

Castellum has no current tax disputes.

Deferred tax on the balance sheet

Castellum has two entries which make up the basis for deferred tax – properties and tax loss carry forwards. All tax loss carry forwards are

Tax calculation 2016

SEKm	Basis current tax	Basis deferred tax
Income from property management	2,065	
D:o attributable to joint venture	- 4	
Deductions for tax purposes		
depreciations	- 1,044	1,044
reconstructions	- 485	485
Other tax allowances	48	212
Taxable income of property management	580	1 741
- current income tax is 22%, if tax losses are not utilized	- 128	
Properties sold	44	- 2,577
Changes in value, properties	-	3,793
Changes in value, interest rate derivatives	- 245	70
Issue expenses	- 123	123
Taxable income before tax loss carry forwards	256	3,150
Tax loss carry forwards, opening balance	- 809	809
Acquired loss CORHEI and Norrporten	- 1,736	1,736
Tax loss carry forwards, closing balance	2,392	- 2,392
Taxable income	103	3,303
Tax according to the income statement	- 23	- 727

Net Deferred Tax Liability 31-12-2016

SEKm	Basis	Nominal tax liability		Real tax liability
Tax loss carry forwards	2,392	526	21%	503
Derivatives	385	85	22%	85
Untaxed reserves	- 31	- 7	22%	- 7
Properties	- 36,851	- 8,107	6%	- 2,139
Total	- 34,105	- 7,503	5%	- 1,558
Properties, asset acq.	1,992	438		
In the balance sheet	- 32,113	- 7,065		

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

Estimated real deferred tax liability net has been calculated to 5% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized in 2 years with a nominal tax of 22%, giving a present value of deferred tax liability of 21%, and that the properties are realized in over 50 years where 33% are sold directly with a nominal tax of 22% and that 67% are sold indirectly through company disposals where the buyers tax discount is 6%. This provides a present value for deferred tax liability of 6%.

reported since expected future taxable income may be used to net the tax loss carry forwards. Deferred tax deriving from properties occurs mainly due to changes in value, tax deductions such as depreciation and deduction of certain reconstructions, which are capitalized in the account.

Property tax

Property tax is paid for almost all the Group's properties. However, there is tax exemption for special buildings such as communication buildings, educational and healthcare buildings. For other properties, the tax rate set by the Swedish Tax Agency depends on the type of building and site. Tax is 1% of the assessed value for offices and 0.5% for industrial and warehouse buildings. In Denmark, tax rates vary depending on in which municipality the properties are located. Property taxes for 2016 amounted to SEKm 262 (172) , based on an assessed value of SEK 33 billion.

Value added tax (VAT)

Real estate is exempt from compulsory VAT duty. If a premise is leased to a customer who runs a permanent VAT-liable business, the real estate owner can voluntarily register for VAT and thus get to deduct input VAT on both operating expenses and investments. Hence no deductions can 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 2016 was SEKm 18 and is reported as an operating expense. Non-deductible VAT on investments for 2016 was SEKm 13 and is reported as investment in real estate.

Stamp duty

Upon acquisition of real estate in Sweden there is a stamp duty (title deed) of 4.25%, calculated on the higher value of either purchase price or assessed value. In Denmark, the equivalent tax is 0.6%. In 2016, SEKm 72 stamp duty was paid for acquisitions, as part of the acquisition value. There is also an additional stamp duty (pledging cost) of 2% (1.5% in Denmark) for mortgage deeds in real estate. In 2016, this tax totalled SEKm 67 and is capitalized in the balance sheet.

Energy taxes

Castellum purchases energy to use for heating, cooling, ventilation and lighting in the buildings. SEKm 28 of that sum involves 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 408 employees for whom SEKm 86 was paid in social-security contributions and payroll taxes.

Summary tax

In 2016, Castellum's operations generated a total of SEKm 569 in various taxes.

Summary of tax paid

SEKm	2016
Income tax	23
Property tax	262
Value added tax (VAT) , not deductible	31
Stamp duty	139
Energy tax	28
Social security contributions and payroll	86
Total paid tax	569



Malin, Lisa and Anders

Owning and managing properties means that operations are exposed to a variety of risks, both internal and external – or to uncertainties that may affect the Group's ability to achieve objectives. Castellum therefore works with a regular and structured process to identify and actively monitor the full range of financial and non-financial risks that the Group encounters or has to take on. The Group's risk management involves a structured process of decision-making with the aim of establishing a balance between the desire to limit uncertainty or risk and the task of generating growth and shareholder value.

Risk and risk management

Risks, exposure and risk management

Castellum defines risk as an uncertainty factor that may affect the ability to achieve company goals. Risk management involves a structured decision-making process with the aim of balancing the desire to limit uncertainty with achieving the objective. In order to assess the effect of identified risks, an internal risk rating is carried out where each risk is assessed, both from the perspective of impact and probability. This process determines whether the risk should be further monitored (Monitor), corrected (Focus) or handled through the standard review and management (Review).

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

- External environment – risks due to the influence of external factors and events
- The real estate portfolio – risks associated with the ownership of Castellum's real estate portfolio
- Employees – risks associated with recruiting, training and retaining engaged and competent employees
- Management – risks associated with everyday management of Castellum's real estate holdings
- Financing – Castellum's financing risks

RISK CATEGORY	RISK	IMPACT	PROBABILITY	PRIORITY	DEVELOPMENT
EXTERNAL ENVIRONMENT					
Macroeconomic risks	1. Macro – crises	SERIOUS	LOW	FOCUS	↔
Crises	2. Crises	MEDIUM	POSSIBLE	MONITOR	↔
Change in legislation	3. Changes in legislation	LARGE	SAFE	FOCUS	↑
	4. Regulatory compliance	SERIOUS	UNCOMMON	FOCUS	↑
REAL ESTATE PORTFOLIO					
Composition of the real estate portfolio	5. Composition of the real estate portfolio	LARGE	LOW	MONITOR	↓
	6. Obsolete product/property	MEDIUM	LIKELY	MONITOR	↓
	7. Size – too big in a submarket/area	LOWER	UNCOMMON	REVIEW	↔
Investments	8. Investments	LARGE	UNCOMMON	MONITOR	↔
	9. Strategic acquisitions	SERIOUS	POSSIBLE	FOCUS	↑
Change in value	10. Changes in value – real estate	SERIOUS	SAFE	FOCUS	↑
MANAGEMENT					
Rental income	11. Rental income	MEDIUM	UNCOMMON	MONITOR	↔
	12. Disgruntled customers/tenants	SERIOUS	LOW	FOCUS	↔
Property costs	13. Property costs	INSIGNIFICANT	POSSIBLE	REVIEW	↔
Tax	14. Tax	INSIGNIFICANT	POSSIBLE	REVIEW	↔
Sustainability	15. Sustainability	SERIOUS	UNCOMMON	FOCUS	↔
Liability risks	16. Liability risks	LARGE	POSSIBLE	MONITOR	↔
Reporting	17. Reporting	SERIOUS	UNCOMMON	FOCUS	↑
EMPLOYEES					
Employees	18. Employees	SERIOUS	LIKELY	FOCUS	↑
FINANCING					
Financing	19. Financing	SERIOUS	POSSIBLE	FOCUS	↑
Change in value	20. Change in value – derivatives	MEDIUM	LIKELY	MONITOR	↔





↓ Reduced focus on risk area since previous year.

↔ Unchanged focus on risk area since latest previous year.

↑ Increased focus on risk area since latest previous year.




EXTERNAL 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 and changes in legislation.

RISK	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 funding at higher credit margins.	<ul style="list-style-type: none"> • Monitor world events • Strong balance sheet and low loan to value ratio • Well-composed contract portfolio with a wide spread regarding notice of termination, type of business, type of facility, contract size and geographical location • Deflation protection or a minimum upward adjustment of leases • Multiple sources of funding • Frequent renegotiations/new credit agreements • Property portfolio focused to growth areas • Natural macroeconomic hedging mechanism for higher/lower interest costs and rental income, but with some time delay 	A weak economy affects the demand for premises negatively, 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 funding reduces Castellum's possibility to operate. Ultimately, reduced demand in the economy leads to declining property values.
CRISES		PRIORITY: MONITOR DEVELOPMENT: 
2. Crises Crises may include such events as terrorist attacks, cyber-attacks, extreme weather and environmental disaster, and information leakage.	<ul style="list-style-type: none"> • Crisis plan • Succession-planning for senior executives • Full value insurance properties • Guidelines for information security: create user understanding and awareness of information as an asset to be handled with care. • Continuity plan IT 	The risk is generally low, but Castellum could become indirectly affected by external factors and events.
CHANGES IN LEGISLATION		PRIORITY: FOCUS DEVELOPMENT: 
3. Changes in legislation Changes in legislation or regulations, whether national or international, can affect Castellum. For example, tax law changes, new regulations for banks, plan process management etc.	<ul style="list-style-type: none"> • Monitor developments regarding laws, regulations, praxis etc., within areas most essential to Castellum. • Actively participate in public debate • Prepare Castellum for new legislation • Frequent renegotiation of credit agreements • Broaden the funding base through multiple sources of funding and financiers 	Changes in legislation may affect future investment opportunities, or lead to increased expenses, resulting in reduced future returns. New banking legislation may affect access to financing, cost of borrowed capital – and might trigger credit clauses that would lead to higher financing costs. Changes in tax rates and tax legislation – such as proposals regarding interest-deduction limitations, new regulations concerning tax depreciation and the prohibition for “bundling” of properties – may affect Castellum's future tax expenses.
		PRIORITY: FOCUS DEVELOPMENT: 
4. Regulatory compliance Lack of compliance could lead to financial losses, supervisory sanctions, loss of reputation, and – worst-case – to delisting. Some regulations are open to interpretation – (IFRS), which means that Castellum and a possible regulations supervisor may have different opinions.	<ul style="list-style-type: none"> • A corporate culture based on high ethical ideals • Strict internal control processes with several levels of quality assurance • Code of conduct • Competent and responsible employees • Closely following the development of legislation, praxis, court orders etc. • A compliance function, reporting directly to the Audit and Finance Committee • A whistle-blower function 	It is crucial to the Group's long-term success that Castellum's operations are conducted in a responsible manner. Our business and our ability to continue to create value are based on the relationships between employees, customers, partners, investors, authorities etc. A sound relationship is based on trust, and Castellum will be worthy of trust. Together, all employees create the image of Castellum through our behaviour and what we communicate to others.

REAL ESTATE PORTFOLIO

Real estate portfolio risks are risks associated with the ownership of Castellum's real estate portfolio, which in turn can be divided into risks concerning the composition of the portfolio, investments and changes in property value.

RISK	RISK MANAGEMENT	EXPOSURE
COMPOSITION OF THE REAL ESTATE PORTFOLIO		PRIORITY: MONITOR DEVELOPMENT: 
5. Composition of the real estate portfolio The composition of the portfolio can be affected at two levels: unfavourable geographical distribution – which means that Castellum owns properties in the wrong submarket, community or location with respect to, for example, future growth and current urbanization trend, – or: owning obsolete properties – i.e. a real estate portfolio that is not future-proof with regard to customer preferences, technical requirements, micro-location – or flexibility in usage and condition of contracts.	<ul style="list-style-type: none"> • Macro analysis – regular reviews of submarkets regarding economic growth, rental market, cooperative climate, infrastructure investments, etc. • Annual review of the real estate portfolio regarding geographic exposure and property type • The Board's adoption of an annual strategy document 	Castellum's real estate portfolio is located in five growth regions and 17 areas. Currently, all locations are assessed as having the right conditions for continued holding or investments. Moreover, during 2014 and 2016, major transactions took place with the aim of creating better conditions for future cash flow growth. The Group's real estate portfolio in the commercial real estate segment is distributed across office/retail (but not malls) and warehouse/light industrial/logistics. All segments are linked to growth possibilities.
		PRIORITY: FOCUS DEVELOPMENT: 
6. Obsolete product/property A non- "future-proof" real estate portfolio may become obsolete due to customer preferences, technical requirements, micro-location or to flexibility in usage and condition of contracts. It entails a risk of increased vacancies and a decline in value as a result. Alternatively, large investment commitments.	<ul style="list-style-type: none"> • Follow the rental market and its development/supply • "Trend spotting" • Be close to customers to understand not only the needs of today but also those of tomorrow • Follow infrastructure investments • Participate actively in developing the area/submarket • Follow the development of technology • Ongoing investments in existing portfolio to "upgrade" and sell properties that are not deemed "right" from a future perspective. 	Castellum annually invests approx. SEK 3.5 billion, evenly distributed in a normal year between acquisitions, new constructions, extensions and reconstructions. In addition, the Group sells real estate for about SEK 0.5 billion a year when it is commercially justified.
		PRIORITY: REVIEW DEVELOPMENT: 
7. Size – too big in a submarket/area Becoming too big in a market segment or area may mean that the municipality or the outside world places higher demands on Castellum, for example: that the company has to take overall financial responsibility for an area regarding infrastructure etc.	<ul style="list-style-type: none"> • To be among the top three in each respective submarket • Follow market share, which is considered in the adopted investment strategy • Conduct annual analysis of the next three years to ascertain available growth opportunities 	The real estate portfolio is concentrated to selected submarkets, which are all considered stable, possessing favourable prospects for long-term positive development.

Sensitivity analysis – cash flow

Effect on income next 12 months

	Effect on income, SEKm	Probable scenario	
	+/- 1% (units)	Boom.	Recession.
Rental level / Index	+ 49/- 49	+	-
Vacancies	+ 55/- 55	+	-
Property costs	- 16/+ 16	-	0
Interest costs	- 26/- 118*	0	-

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

Sensitivity analysis – change in value

Properties	-20%	-10%	0	+10%	+20%
Changes in value, SEKm	- 14,151	- 7,076	-	7,076	14,151
Loan to value ratio	62%	56%	50%	46%	42%

Value range – simplified example

	Net Operation Income	
	- 5%	+5%
Yield	+0.5% $\frac{95}{7.5\%} = 1,267$	$\frac{105}{7.5\%} = 1,400$
	-11% $\frac{100}{7.0\%} = 1,429$	- 2% $\frac{105}{6.5\%} = 1,615$
	+2% $\frac{95}{6.5\%} = 1,462$	+13%
	- 0.5%	




Blue figures relate to change in value.

RISK	RISK MANAGEMENT	EXPOSURE
INVESTMENTS		PRIORITY: MONITOR DEVELOPMENT: ↔
<p>8. Investments</p> <p>Erroneous investment strategy or, alternatively: inability to execute the selected investment strategy or to find profitable investment projects.</p> <p>Investments can be made either in the form of new constructions, extensions and reconstructions, or via acquisitions. Acquisitions of individual properties can be carried out directly as property acquisition, or indirectly in corporate form. Acquisitions may also be made on a larger scale, either in the form of portfolios for regions or category of properties, or in the form of strategic acquisitions of corporations, i.e. the purchase of an existing organization.</p>	<ul style="list-style-type: none"> • Annual review and evaluation of the adopted investment strategy • Link investment decisions to the adopted investment strategy to ensure the optimal decision is made • Several parallel investment discussions ongoing simultaneously • Post-investment follow-ups after three years • Risk-based model to determine the proportion of projects that may commence without ready customers • A structured decision-making process which analyzes market conditions and risks • Contract form that limits risk • Leasing agreements designed to limit the negative impact of unforeseen construction delays, additional requirements, etc. when leasing before construction starts • Quality assurance and evaluation of implemented projects • Quality assured due diligence process concerning legal, financial and tax issues • Introduction program for new employees 	<p>Low-yield investments and/or lack of growth potential mean that the 10% income-growth objective for property management will not be achieved. Further, yearly net investments constitute a prerequisite for reaching the growth target, which in a highly competitive real estate market means increased risk that the investment strategy can't be carried out.</p> <p>The risks associated with new constructions, extensions and reconstructions concern both technology issues in the form of construction risks – such as selecting suppliers, contract type, technical execution, etc. – and market issues in the form of rental and vacancy risks as well as miscalculations regarding potential rental level and customer requirements. In addition, there are risks in the form of negative environmental impact. Acquisitions via corporations also involve corporate-specific risks pertaining to the acquired companies, for example, taxes, litigations and environmental issues. Furthermore, the task of employee integration often accompanies the transfer of employees.</p>
		PRIORITY: FOCUS DEVELOPMENT: ↔
<p>9. Strategic acquisitions</p> <p>Strategic acquisitions can be performed to obtain various advantages, but can also carry risks such as difficulties integrating operations and employees, a risk that management's attention is drawn away from other important business issues, risks with a potentially new market that the acquirer has limited or no experience of, expenditures for any unknown or potential legal liabilities in the acquired company, as well as an overly expensive acquisition.</p>	<ul style="list-style-type: none"> • Due diligence • Thorough planning and structured processes to incorporate a new company • Identify in advance the skills and market awareness needed • Identify key figures in well in advance • Access to the market's best advisors 	<p>Castellum has effective processes and skills (directly or indirectly via advisors) required for major strategic acquisitions.</p> <p>During 2016 Norrporten was acquired, which means that a large integration work is ongoing of two corporate cultures.</p>
CHANGES IN PROPERTY VALUE		PRIORITY: FOCUS DEVELOPMENT: ↑
<p>10. Changes in value – real estate</p> <p>Value changes can occur due to macroeconomic factors (see section above, on macroeconomic risks), microeconomic factors (usually the wrong submarket, district or location), or property-specific causes. In addition, there is also the risk of individual properties being incorrectly assessed. Whatever the reason, value changes affect both income statement and Castellum's financial position including loan to value ratio.</p>	<ul style="list-style-type: none"> • Strong balance sheet • A large number of properties, a geographically diversified real estate portfolio and great variation in lease agreements – concerted actions which result in lower volatility of the real estate portfolio value • Continuous analysis of the transaction market and quarterly reviews of the valuation of the real estate portfolio help detect early warning signs • Internal quality assurance and internal control of internal valuations • Annual external valuation of at least 50% of the portfolio 	<p>Large negative value changes can ultimately lead to the breaking of agreed terms and terminating credit agreements, thus resulting in higher borrowing costs, or – worst-case scenario – in utilized credits falling due for payment.</p>

MANAGEMENT

Property-management risks refer to risks connected with day-to-day management of Castellum's property portfolio, which can directly influence the balance sheet. These can be categorized as rental income, property costs, taxes, sustainability, liability risk and reporting.

RISK	RISK MANAGEMENT	EXPOSURE
RENTAL INCOME		PRIORITY: MONITOR DEVELOPMENT: 
11. Rental income Rental income is affected by many factors, both external and internal. External factors may include falling market rents, loss of indexation and bankruptcy (see section above on macro-economic risks). Poor management can result in disgruntled tenants, unnecessary vacancies and customer loss caused by inability to offer customers what they want.	<ul style="list-style-type: none"> • Maintain properties in growth areas and a contract portfolio with a large number of agreements – not dependent on a single tenant or business sector. Ensure a maturity structure spread over time • Proximity to customers 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 of net leasing • Strive for leases with an index clause with deflation protection and minimum indexation 	<p>For Castellum, reduced income can be derived from lower rental value, i.e. loss of potential rent obtained from vacant premises, or from lower rental income, which is the actual rent received. Rental income is hence dependent on both the market rent of the property and on how Castellum handles vacancies. Reduced rental income ultimately leads to a decline in the value of the real estate portfolio.</p> <p>The acquisition of Norrporten results in a lower risk distribution in the contract portfolio due to a large proportion of public tenants as state, government and agencies and extended average lease length on the contracts.</p>
12. Disgruntled customers/tenants		PRIORITY: FOCUS DEVELOPMENT: 
The risk that several tenants or customers become disgruntled and leave the Group. The ability to attract new customers/tenants fails, with large vacancies and value decline as a result.	<ul style="list-style-type: none"> • Proximity to customers and attentiveness to customers • Experienced and competent management and leasing staff • Annual measurement, Customer Satisfaction Index 	<p>Castellum has a strong and clear customer focus, and it is important that the Group lives up to customer expectations. Hence, an annual Customer Satisfaction Index measurement is carried out.</p>
PROPERTY COSTS		PRIORITY: REVIEW DEVELOPMENT: 
13. Property costs Risks concerning property costs mainly relate to cost increases beyond what Castellum can be compensated for through contractual rents, indexation and surcharge. It can also refer to unforeseen costs and extensive renovation needs.	<ul style="list-style-type: none"> • High percentage of cost recharging • Compensation via minimum indexation • Continuous optimization of operations and efficiency efforts • Electricity hedging • Demarcation list landlord/tenant • Prevention of rental losses via background checks on customers and operating an "in-house" debt collecting business • Long-term maintenance planning, in order to optimize maintenance costs over time 	<p>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 ground rent levels 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.</p>
TAX		PRIORITY: REVIEW DEVELOPMENT: 
14. Tax Castellum's potential non-compliance with existing regulations or non-adaptation to changing regulations regarding income tax and VAT. Tax is also an important parameter in the context of calculation.	<ul style="list-style-type: none"> • Strict internal control processes and external quality assurance of, for example, income tax returns • Open claims regarding doubtful items • Continuous training of employees • Closely following the development of legislation, praxis and court orders 	<p>Incorrect tax management might lead to erroneous tax being paid, to tax penalties and, in some cases, to qualified opinion. Poor fiscal management may lead either to an overestimation of the return – which means insufficient actual return. Or it could lead to an underestimation of the return, with the risk of a fundamentally profitable investment not being implemented.</p>

RISK	RISK MANAGEMENT	EXPOSURE
SUSTAINABILITY		PRIORITY: FOCUS DEVELOPMENT: 
15. Sustainability An erroneous investment strategy or portfolio management may mean that the Group does not have the correct platform for maintaining sustainable earnings. For example, lower cost efficiency may occur if measures are not taken to save energy and minimize waste. For new construction, extension and reconstruction there is a risk that the materials and methods used may subsequently prove to cause damage. In addition, environmental policies and environmental opinion may affect Castellum, not least in the form of increased taxes or necessary investments. Being a long-term player, incidents may arise which imply that Castellum does not assume social responsibility – causing damage to the reputation or brand.	<ul style="list-style-type: none"> • Monitor developments in laws and regulations • Prioritize environmental issues in all parts of the business • All new constructions will be environmentally certified • Sustainability policy, where measurable goals common to the Group have been developed under the headings: <ul style="list-style-type: none"> - Promote more efficient resource consumption - Develop a sustainable real estate portfolio - Develop green relationships with customers - Sustain social commitment and responsibility • Code of conduct for Castellum employees, as well as for suppliers and partners, in place • Comply with standards and documentation requirements 	Castellum works with environmental certification and environmental inventory to reduce environmental, climate and health risks. 24% of the real estate portfolio is certified and 89% has undergone environmental inventory. Efficient management, with focus on reduced resource use reduces the risk of high costs, environmental and health impacts as well as providing customers with a healthy working environment. Since 2007, energy consumption has been reduced by 26% and carbon dioxide emissions by 71%. Defect-risk in the work of the suppliers involved, can also affect Castellum. However, by including the Code of Conduct and sustainability standards in procurement, the risk is considered to be low. Through community involvement in all locations where Castellum operates, the company contributes to the attractiveness of the area and reduces social challenges.
LIABILITY RISKS		PRIORITY: MONITOR DEVELOPMENT: 
16. Liability risks All ownerships entail responsibility. For Castellum's part, the properties may be destroyed by fire, water, theft or other damage. Moreover, Castellum may – through negligence – cause damage to a person or to the property of another. The Company might also cause environmental damage for which it will become liable.	<ul style="list-style-type: none"> • Preventive measures to minimize the risk of damage to property, person or environment • All properties will be covered by full value insurance • Subscribe to an insurance which covers liability and other economic losses • Environmental inventory of existing portfolio and when acquiring new properties in order to identify and address environmental and health risks 	Inadequate insurance coverage may result in unforeseen costs for Castellum. Liability and compensation for damage might also arise due to personal injury and third-party property damage, as well as for remediation of environmental damage.
REPORTING		PRIORITY: FOCUS DEVELOPMENT: 
17. Reporting The risk of an official report, in the form of interim reports or financial statements, which do not provide a true and fair view of Castellum's operations, earnings and financial position.	<ul style="list-style-type: none"> • A corporate culture based on high ethical ideals and orderliness • Close internal control with quality assurance at several levels • Skilled and experienced staff • Updated on development of regulations and able to implement changes in good time • A compliance function which reports directly to the Board's Audit and Finance Committee • External audit full-year and half-year 	A misleading report would lead to bad will and a negative reputation in the market. This may 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 may make incorrect investment decisions, regulators may exercise sanctions and, ultimately, the Castellum share may become delisted. During 2016 has a change of administrative system been carried out as well as a reorganizations which means new procedures and processes.

EMPLOYEES

To recruit, develop and retain motivated and engaged employees is crucial to Castellum's long-term success.

RISK	RISK MANAGEMENT	EXPOSURE
EMPLOYEES		PRIORITY: FOCUS DEVELOPMENT: 
18. Employees Employees are one of our most important assets – their decisions and actions run the business. The largest risk is to fail to recruit, develop and retain employees and senior executives with the right skills, which may lead to underachievement at Castellum.	<ul style="list-style-type: none"> • Castellum's common value-system • Open and transparent work environment • Skills and leadership development • Employee Satisfaction Survey (NMI) • Succession plan for key employees/management positions • Market and competitive remuneration • Analysis of employee turnover 	Bad hires in the wrong place, disgruntled employees, poor leadership and an organization that fails to encourage open dialogue and stimulate development can lead to employees being discontented, underperforming or quitting. In turn, dissatisfied employees and high employee turnover lead to increased costs, poorer customer relations, reduced internal efficiency and – ultimately – to lower profitability. Castellum is in a process of change with both reorganization and a integration of Norrporten in progress.

FINANCING

Castellum's single greatest risk is not to have access to financing. Lending conditions, as well as credit market rules can change quickly, thus affecting Castellum's interest rate risks, financial costs and ability to extend existing credit agreements and sign new ones.

RISK	HANtering	EXPOSURE
FINANCING		PRIORITY: FOCUS DEVELOPMENT: ↓
<p>19. Financing</p> <p>Liquidity and financing risk: Financing is either not available or conditions are very unfavourable at a given time.</p> <p>Selected capital structure: Castellum violating the 55% limit for LTV or the covenant of 65% could affect the market's confidence in Castellum, with potential results:</p> <ul style="list-style-type: none"> - violating the 55% limit for LTV leads to more expensive financing costs for some contracts - violating the 65% limit for covenants means that they expire for a number of contracts <p>Interest rate risk: the risk that a change in market interest rate will affect income and cash flow. Castellum may violate the established mandate of an interest coverage ratio of no less than 200% or corresponding covenants of a minimum of 175%.</p>	<ul style="list-style-type: none"> • A finance policy defines that determines risk mandates • Liquidity reserves/unutilized credit facility • Multiple sources of financing (bank, MTN, commercial paper programs) • Several lenders, and only counterparties with high credit ratings • Continuous renegotiation of credit agreements • Security through pledged mortgages • Strong balance sheet • An interest-rate maturity structure spread over different terms • Long-term credit agreements with fixed margins • Revolving loans in order to obtain maximum flexibility • Only marketable instruments used in the market, so that listed prices can be obtained • Established formulas for handling calculations • Reconciliation between internal and external valuations • A compliance function to ensure independence 	<p>Property ownership is a capital-intensive business that requires a well-functioning credit market. Access to finance is fundamental for Castellum and for continued growth. Insufficient liquidity reserves could result in Castellum missing out on business opportunities. Furthermore, all lenders are not equally strong financially, which means that counterparty risks are built into the system.</p> <p>Changes in capital structure might cause Castellum to violate the agreed-upon financial key ratios of the loan conditions, which would lead to more expensive loans or to credit agreements maturing. In addition, confidence in Castellum within the capital market could be negatively affected by not ensuring an appropriate capital structure.</p> <p>The market interest rate is affected by the Riksbank's monetary policy, expectations of economic development – nationally as well as internationally – and other unforeseen events.</p> <p>The acquisition of Norrporten means a significantly larger credit portfolio, and thereby a increased refinancing risk.</p>
		PRIORITY: MONITOR DEVELOPMENT: ↔
<p>20. Changes in value – derivatives</p> <p>Changes in value of Castellum's interest-rate derivatives or currency derivatives arising from changes in market interest rate or from the exchange rates between SEK/DKK.</p>	<ul style="list-style-type: none"> • A financial policy regarding fixed interest terms and currency risks • Marketable instruments – exclusively – used in the market, so that listed prices can be obtained • Established formulas for handling calculations • Reconciliation between internal and external valuations • A compliance function to ensure independence 	<p>Changes in market interest rate and exchange rates affect the market value of the derivatives portfolio. Improper valuation of derivatives may provide an inaccurate picture of the Group's financial position.</p>

Sound corporate governance is the foundation for a trusting relationship with shareholders and other key stakeholders. Sound corporate governance is the foundation for a company to be managed sustainably and responsibly – as well as efficiently and effectively. It requires compliance with legislation, rules and good practice, but also has to be tailored to Castellum's business operations.

Castellum AB's Chairman of the Board Charlotte Strömberg:

Sweden's leading real estate developer – creating sustainable value through responsible business practices

At Castellum, we hold – and take – far-reaching responsibility that extends beyond the Group's formal commitments as defined by laws and regulations. This is nothing new for us. Long before the concept of sustainability started to make the rounds, Castellum took ambitious initiatives and set tough targets for the Group's use of resources.

Real estate is one of the largest environmental polluters. Just to illustrate: real estate accounts for approx. 40 percent of the world's carbon emissions. The first targets were set as early as 1995, with the aim of prioritizing areas where Castellum could assume a strong leadership role and realize significant environmental benefits. Over time, these targets have been gradually refined and broadened. Everything that can be measured gets done.

Issues concerning the efficient use of resources and the reduction of Castellum's ecological footprint are vibrant topics in Castellum's board room. We regularly monitor achievements in relation to set targets. The current target period extends through 2017. Most of the objectives have already been achieved. For example, Castellum's energy consumption in 2016 per sq. m. was 43 percent lower than the industry average (target: at least 50% lower by 2017) and carbon dioxide emissions have been reduced by 71 percent since 2007 (target: 70% by 2017). For more information, please see pages 44–45.

However, we must never become complacent, so we're already outlining how to raise the bar for the next target period. It's one of the areas that Castellum's executive management and Board will pay special attention to during the year.

By involving our tenants as well as their employees – for example, through green leases – and by putting pressure on district heating producers, municipalities and other public bodies, we are accelerating the pace towards an ecologically sustainable society.

Smart solutions come in all sizes. Ingrained behaviour can be changed and has to be changed. By extending invitations and inspiring innovation through new technologies – particularly digital – we can utilize our size as leverage and quickly implement smart solutions across 4.3 million sq. m. of business space. That's equivalent to 860 football pitches, spread across Sweden's and Denmark's main growth areas.



“Our position as one of Sweden's largest real estate owners and developers – as measured by investments in new construction, extensions and reconstructions – gives us a unique opportunity to create public good.”

Our position as one of Sweden's largest real estate owners and developers – as measured by investments in new construction, extensions and reconstructions – gives us a unique opportunity to create public good.

The aspects which currently fall within the concept of sustainability – to conduct business in a responsible manner and create long-term solutions from economic, ecological and social perspectives – are deeply rooted in Castellum's DNA. Each year we broaden the scope by making conscious choices.

Over time, sustainability has become a fully integrated part of Castellum operations. This is reflected in the complex web of activities and relationships that constitutes Castellum's universe, both in dealings with the outside world and in internal operations. We want to be in the forefront and contribute as much as possible to the UN's global sustainability goals for 2030.

We're utterly convinced that this approach is the basis for a sustainable value creation for our shareholders and a shortcut to our financial target, and thereby to a favourable and solid total yield, over time.

This is our motive – and it's good enough for us.

Winning prizes has never been our goal. However, we are of course happy and proud of the rain of coveted awards received in 2016, honouring Castellum's sustainability efforts. A “ketchup effect” after decades of diligent everyday efforts and an acknowledgement of persistent and purposeful strategic decisions.

A critical issue for Castellum's Board and Executive Management is therefore to aspire to a high business tempo where change is seen as an opportunity. The Board's role is to set requirements but also to support Executive Management in the transformation.

The inclusion of the Castellum share in the Dow Jones Sustainability Index is of particular importance from a capital market perspective and enables us to reach an even larger and more demanding investor universe. This, as the only Swedish company in the construction and real estate business and in the good company of six other Swedish prestigious Large Caps.

Courage and patience

On several occasions I've dwelt upon the real estate industry being characterized by sluggishness – for better and for worse. Leases are often long-term, contributing to a limited risk level in a well-composed portfolio. Such extended lock-ins require long-term planning and visionary thinking to bring about major changes. The preferences of our customers – as well as their own employees and customers – change faster and faster. The transformation of society to new patterns of behaviour creates opportunities for new thinking and strengthens Castellum's competitiveness compared with other players. Castellum's size and interface towards all groups in the communities in which we operate create a unique opportunity for providing our partners with interesting and relevant venues – a condition for creativity and growth.

A critical issue for Castellum's Board and Executive Management is therefore to aspire to a high business tempo where change is seen as an opportunity. The Board's role is to set requirements but also to support Executive Management in the transformation.

Our goal is to move even more decisive power closer to customers, while simultaneously realizing economies of scale and building specialist expertise. During the year, parallel with the concentration to a few regions, we increased the empowerment of our 20-or-so business locations. Here – closest to customers – is where we want to strengthen business power. By allocating certain corporate functions, we'll develop sharp purchaser and specialist competencies. This is crucial from an owner-and-Board perspective. We have to economize with shareholder equity – for example, by using our collective purchasing power optimally – but also by delivering the desired yield that matches a conscious risk level. As Castellum becomes more of a development company, we're planning investments of approximately SEK 10 billion over a three-year period. A highly specialized project organization is required.

Sluggishness of the rental market is matched by sluggishness in the transaction market. To achieve a significant change in the real estate portfolio valued at SEK 10 billion three years ago, a bigger reach than the previous model – many, smaller-sized transactions – was required. We'd already noted that in order to future-proof the portfolio and deliver on promised growth, we'd have to leave

approx. SEK 5 billion to other owners. Parallel to this, a transformation through project development and acquisitions was essential to ensuring sustainable growth and avoiding increased risks in the form of obsolete locations and products.

Even back when Henrik Saxborn took over as CEO, we agreed to reconnoitre and scout for business opportunities beyond the ordinary. We called it "leap business": to move beyond the limitation of the mind and agree that we were willing and prepared to make a significant transformation in one leap. And that we would have the courage to act if the opportunity arose.

To give a face to the concept of patience, let me tell you that Castellum took a first initiative – almost three years to the day – prior to the acquisition date for Norrporten. At no point did we ever feel confident of reaching a conclusion. During those years, however, we did not stand still; we transferred the real estate portfolio through transactions and projects with a gross value of SEK 9 billion. At the same time, we established financial preparedness. Business decisions of this kind – whether large or many smaller – have come to represent an increasingly larger portion of the Board's agenda and demands on Board members.

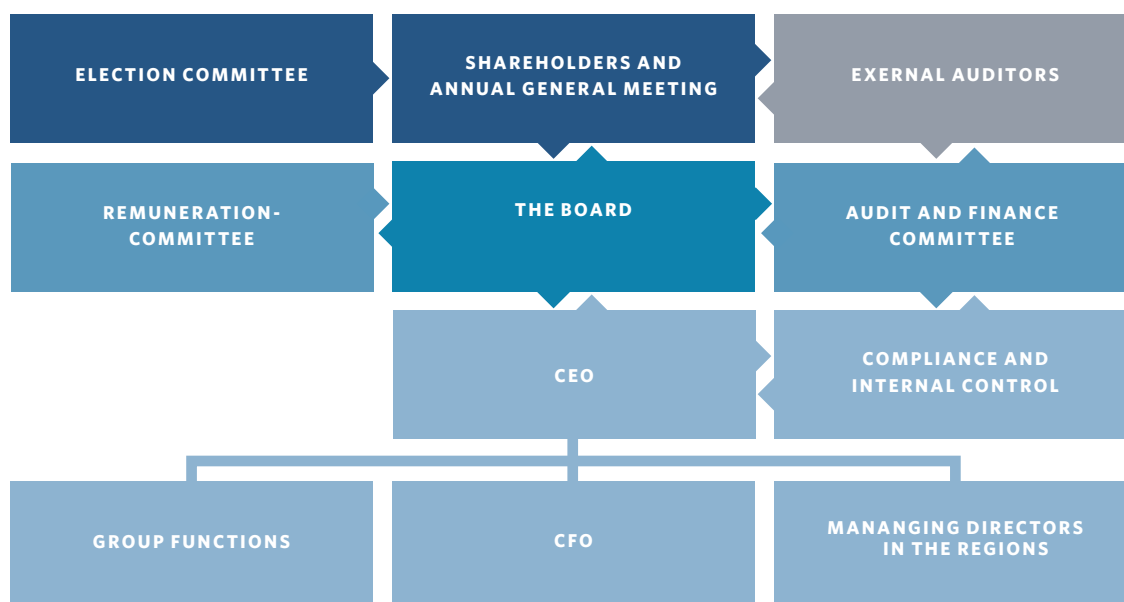
It's particularly encouraging that a growing share of recent net investment consists of our own projects. Our belief is that being able to deliver returns and growth at a reasonable risk is based on a strong entrepreneurial culture where business noses create projects and new combinations – thereby adding to the strong, more manage-and-maintain profile that has long been Castellum's hallmark.

My Board colleagues and I would like to take this opportunity to thank the owners for their confidence and willingness in contributing to a significant new issue – relative to Castellum equity – thereby facilitating the acquisition of Norrporten. As shareholders, we note for 2016 that the Castellum share delivered a total share yield of 23.8 percent, compared with 9.6 percent – relative to the corresponding index on Stockholm Nasdaq – and 7.2 percent for the Sweden Annual Property Index, respectively. The Board and Executive Management look forward to continuing on this agile and exciting track and building shareholder value over time.

Stockholm January 2017

Charlotte Strömberg
Chairman of the Board

Overall structure for Corporate Governance



Swedish Code for Corporate Governance

Corporate governance covers the various means of decision making by which the shareholders – directly and indirectly – control the company. Corporate governance has evolved through laws, recommendations and statements, the Code (Swedish Code for Corporate Governance) and through self-regulation. It is based upon the comply-or-explain principle, meaning that all rules do not always have to be followed and there is no crime in deviating from one or more particular rules of the Code if there are motives and explanations. The Swedish Code for Corporate Governance (the Code) is conducted by the Swedish Corporate Governance Board and is 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 (publ).

Observance of the Code

Castellum applies the Code with the purpose of creating favourable preconditions for taking on the role of active and responsible ownership. It is crucial that the company acts responsibly to fulfil strategies and create long-term value.

According to Board appraisal, Castellum has followed the Code in all respects during 2016 and has no deviation to report.

Shareholders and Annual General Meeting

Castellum AB (publ) is a Swedish public company governed by the Swedish Companies Act, the Nasdaq Stockholm rules for issuers, the Swedish Code of Corporate Governance and the articles of association.

The Castellum share is listed on the Nasdaq Stockholm Large Cap. At year-end 2016, Castellum had approx. 30,000 shareholders. Of the total share capital, 49% was owned primarily by Swedish institutions, funds and private persons and 51% was owned by foreign investors. Castellum has no directly registered shareholder with holdings exceeding 10%.

As part of the acquisition of Norrporten, Castellum completed a rights issue as well as directed share issue.

The rights issue of 82,000,000 new shares, which ended in June, meant that Castellum raised approximately SEK 6.3 billion before deduction of issue costs of about SEKm 123 (SEKm 95 net after deduction of deferred tax). In addition, a total of 27,201,166 Castellum shares constituted part of the consideration for the Norrporten shares, corresponding to a value of SEKm 3,075 at the time of access. Relying on the share-issue authorization from the Extraordinary General Meeting on 20 May 2016, the Castellum Board decided on a directed share issue to the Second and Sixth Swedish National Pension Funds totalling 19,194,458 consideration shares. Pursuant to the authorization from the AGM on 17 March 2016, the Castellum Board also decided to transfer all previously repurchased shares, representing 8,006,708 shares. Castellum's repurchased shares were acquired in year 2000 for a total purchase price of SEKm 194.

After the rights and directed share issues, the number of outstanding Castellum shares totals 273,201,166.

The share capital amounts to SEK 136,600,538 distributed among 273,201,166 shares with a par

MAJOR EXTERNAL REGULATIONS

- Swedish Companies Act
- Rules for issuers at Nasdaq Stockholm
- Swedish Code of Corporate Governance
- IFRS standards
- EU's accounting regulation
- Global Compact

IMPORTANT INTERNAL REGULATIONS

- Articles of Association
- Board of Directors' rules of procedures
- Resolutions procedure
- Policy regarding the composition of Board, signers for the company, authorization
- Rules of procedure in the subsidiary boards
- Policies for communication, finance, insider, sustainability, Code of Conduct and Crisis Management.
- Manuals and guidelines for important parts of the business
- 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 registered office of the Board is in Gothenburg.

The objective of the company's activities is to acquire, administer, develop and sell real estate and securities – directly or indirectly – through wholly or partially owned companies – and to carry out other activities compatible with these. Changes in Castellum's articles of association are made in accordance with the regulations in the Companies Act. The articles of association, which also include information on share capital, number of Board members and auditors as well as rules for summons and agenda for the Annual General Meeting are available as a whole on the company's website.

ANNUAL GENERAL MEETING 2017

For the AGM on March 23, 2017 the Board of Directors proposes:

- a dividend of SEK 5.00 per share, distributed to the shareholders in two equal payments of SEK 2.50 per share. The first record day for distribution is proposed to be March 27, 2017, and the second record day for distribution is proposed to be September 25, 2017.

The election committee proposes for the AGM;

- re-election of the present Board members Mrs. Charlotte Strömberg, Mr. Per Berggren, Mrs. Anna-Karin Hatt, Mr. Christer Jacobson, Mrs. Christina Karlsson Kazeem, Mrs. Nina Linander and Mr. Johan Skoglund, as members of the Board of Directors. Mrs. Charlotte Strömberg is proposed to be re-elected as Chairman of the Board of Directors.
- that remuneration to the Board of Directors is proposed to be the following.
 - The Chairman of the Board of Directors: SEK 825,000,
 - to each of the other members of the Board of Directors: SEK 350,000,
 - member of the Remuneration Committee, including the Chairman: SEK 30,000,
 - Chairman of the Audit and Finance Committee: SEK 100,000,
 - to each of the other members of the Board of Directors' Audit and Finance Committee: SEK 50,000.

The proposed total remuneration to the members of the Board of Directors, including remuneration for committee work, accordingly amounts to SEK 3,215,000.

- electing Deloitte as auditor. Deloitte has announced that the current authorised auditor in the company, Hans Warén, will be the main responsible auditor at Deloitte,
- for AGM to decide on appointing a new Election Committee for the AGM 2018 and for the Chairman of the Board of Directors to contact the three largest ownership registered or otherwise known shareholders as per the last share trading day in August 2017 and invite them each to appoint one member, and that the three members appointed constitute, together with the Chairman of the Board of Directors, the Election Committee. The Election Committee appoints a Chairman amongst its members.

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 AGM is Castellum's supreme decision-making body, where shareholders have the right to make decisions about the Group's affairs.

The AGM is held in Gothenburg during the first half-year after the end of the financial year. The Annual General Meeting elects the Board of Directors and the company's auditors as well as making decisions on changes in the articles of association and on changes in the share capital.

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

Decisions at the meeting are usually taken on the basis of a simple majority. However, regarding certain issues, the Swedish Companies Act stipulates that proposals must be approved by shareholders representing a larger proportion of the votes of the shares represented and votes cast at the AGM.

Annual General Meeting 2016

The latest AGM was held on March 17, 2016 in RunAn, Chalmers Kårhus, Chalmersplatsen 1, Göteborg. At the AGM, 523 shareholders were represented, representing 43.6% of the total number of shares and 45.7% of the votes. All members of the board and the company's auditors and the deputy auditor were present at the AGM.

The AGM adopted the financial reports for 2015 and discharged the board of directors and the chief executive officer from liability regarding operations for 2015.

On the AGM on March 17, 2016 was decided;

- a dividend of SEK 4.25* per share for the fiscal year 2015,
- that remuneration to the members of the Board of Directors shall be SEK 2,820,000, of which SEK 720,000 should be allocated to the Chairman of the board of directors and SEK 315,000 to each other members of the Board. Remuneration for work in the Remuneration Committee should be SEK 30,000 to each member, Chairman included. Remuneration to the chairman of the Audit and Finance Committee shall be

SEK 50,000 and SEK 35,000 to the members,

- re-election of present Board members Charlotte Strömberg, Per Berggren, Anna-Karin Hatt, Christer Jacobson, Nina Linander and Johan Skoglund. Christina Karlsson Kazeem was elected as new member of the board. Charlotte Strömberg was re-elected as Chairman of the Board of Directors,
- to approve the Board's proposed guidelines for remuneration to members of the executive management,
- a renewed incentive program for Executive Management,
- to authorize the Board in order to adjust the company's capital structure and be able to transfer company-owned shares as a payment or financing of real property investments to resolve on the acquisition and transfer of company-owned shares.

Minutes of the annual general meeting held on March 17, 2016 are available on the company's web site.

Extraordinary General Meeting 2016

An extraordinary general meeting was held on May 20, 2016 in RunAn, Chalmers Kårhus, Chalmersplatsen 1, Gothenburg, to carry out a new issue of shares with preferential rights.

At the extraordinary general meeting, 390 shareholders were represented, representing 47.6% of shares and 50.0% of the votes.

On the extraordinary general meeting on May 20, 2016, was decided;

- resolved to approve the Board of Director's resolution to carry out new issue of shares,
- to authorise the Board of Directors to resolve new issues of shares whereby payment for the subscribed shares shall be made by contribution of shares in Norrporten AB.

Minutes of the extraordinary general meeting held on May 20, 2016 are available on the company's web site.

Election Committee

The 2016 Annual General Meeting decided that an Election Committee should be appointed for the 2017 AGM in order to present: proposals for the number of members of the Board of Directors; election of members of the Board of Directors, including Chairman; remuneration to members of the Board of Directors; as well as a model for appointing a new Election Committee for the 2018 AGM.

The Election Committee's proposals are publicly announced no later than on the date of notification of the AGM. Shareholders may contact the Election Committee with proposals for nomination.

*) The number of historical shares that have been recalculated with reference to the bonus-issue element (i.e. the value of the subscription right) in the completed new share issue, and utilized in all ratio calculations for SEK-per-share.

The Election Committee is appointed according to the AGM's decision that the Election Committee should be established by the Chairman of the Board of Directors, who will contact the three largest registered owners, or otherwise known shareholders as per the last share trading day in August and invite them each to appoint one member. The three appointed members, along with the Chairman of the Board of Directors, constitute the Election Committee. The Election Committee appoints a chairman from among its members.

The Election Committee for the 2017 AGM consists of Martin Johansson, representing Andra AP-fonden, Johan Strandberg, representing SEB Fonder, Rutger van der Lubbe, representing Stichting Pensioenfonds ABP; and Charlotte Strömberg, Chairman of the Board of Directors of Castellum. Johan Strandberg is Chairman of the Election Committee.

Election Committee AGM 2017

Representative	Representing	Share of votes August 31, 2016
Martin Jonasson	Andra AP-fonden	approx 5.6%
Johan Strandberg	SEB Fonder	approx 5.4%
Rutger van der Lubbe	Stichting Pensioenfonds ABP	approx 5.1%
Charlotte Strömberg	Chairman of the board in Castellum AB (publ)	

All members of the Election Committee have carefully considered and concluded that there is no conflict of interest to accept the assignment as member of the Election Committee of Castellum. Four recorded meetings have been held by the Election Committee. In addition, the Election Committee has had contact via telephone and email. The Election Committee has received a presentation from the Chairman of the Board concerning the results of the evaluation of the Board of Directors, and has thereto conducted interviews with all members of the Board of Directors. The Election Committee has further taken note of the Audit and Finance Committees' recommendation to the Board of Directors regarding election of auditor.

The Election Committee has considered all tasks stated in the Swedish Corporate Governance Code under the responsibility of the Election Committee. The Election Committee has discussed and considered, inter alia,

- to what extent the current Board of Directors fulfills the requirements that will be imposed on the Board of Directors as a result of Castellum's business and development phase,
- the size of the Board of Directors,
- the different 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,
- remuneration to the members of the Board of Directors,

- questions relating to election of auditor and the auditor's fee,
- the procedure for establishing a new Election Committee for the Annual General Meeting to be held in 2018.

The Election Committee has considered that the gender balance shall be maintained in the Board of Directors and that the Board shall be characterised by diversity and breadth regarding competence, experience and background. The Election Committee has applied rule 4.1 in the Swedish Corporate Governance Code as diversity policy when preparing the proposal regarding election of members of the Board of Directors.

Finally, the Election Committee has, in order for the company to fulfill its information obligation to the shareholders, informed the company on how the Election Committee has performed its tasks and on the proposals that the Election Committee presents.

The Election Committee considers that the members of the Board of Directors of Castellum are competent and have extensive experience regarding real property matters in a broad sense, sustainability matters, infrastructure matters and city planning, capital market matters and financing matters, customer service and changed customer behaviors, trend analysis, digital conversion, insight in transformation trends at both private and public players, communication and marketing and regarding board work in general. Therefore, the Election Committee considers that the current Board members together constitute a Board of Directors, which has the versatility and competence, experience and background required with respect to Castellum's business, development phase and other circumstances. The Election Committee's proposal implies that four out of seven Board members of the company will be women. Considered the above, the Election Committee proposes that all current members of the Board of Directors are re-elected.

External auditors

The external auditors are appointed by the AGM and responsible to the shareholders at the AGM. They are independent reviewers of Castellum's accounting and corporate governance report and also review the Board and the CEO.

Remuneration to auditors

thousand SEK	2016	2015	2014
Audit assignment	1,820	2,003	1,908
Audit business in addition to the audit assignment	1,781	365	68
Tax consulting	-	-	76
Other consulting	65	106	232
Total	3,666	2,474	2,284
of which Deloitte	3,516	2,324	2,134
of which KPMG	-	-	-
of which EY	150	150	150

CASTELLUM'S AUDITORS



HANS WARÉN

Born 1964
Company's auditor
since 2014



MAGNUS FREDMER

Born 1964
Company's auditor
since 2011



FREDRIK WALMÉUS

Born 1971
Company's deputy
auditor since 2014

THE BOARD

The board consists of 7 members

REMUNERATION COMMITTEE

Remuneration Committee consists of three members. Chairman Charlotte Strömberg, Per Berggren and Anna-Karin Hatt.

Main tasks of the Remuneration Committee:

- Guidelines for remuneration principles
- Remuneration to the Executive Management
- Incentive program
- Evaluation of the CEO

AUDIT AND FINANCE COMMITTEE

Audit and Finance Committee consists of three members. Chairman Nina Linander and the members Charlotte Strömberg and Johan Skoglund.

Main tasks of the Audit and Finance Committee:

- Financial reporting
- Financing and capital structure
- Risk management and compliance
- The observance of regulations
- Audit
- Policies
- Specialization in business related areas
- Internal control

Castellum's auditors are elected by the AGM for a period of three years. The present period began in 2014, and the next election will therefore take place at the AGM in 2017. The company's auditors are Hans Warén, who works at Deloitte; Magnus Fredmer, who works at EY; and deputy auditor Fredrik Walméus, who works at Deloitte. All are certified public accountants.

The Board

The shareholders appoint the Board at each Annual General Meeting. The Board has the overall responsibility for Castellum's strategy and organization and manages Castellum's affairs on behalf of the shareholders. According to the articles of association, Castellum's Board will consist of no less than four and no more than eight members. Board members are elected at the AGM and will hold office from their appointment until the conclusion of the first AGM following their appointment.

For 2016, the Board was made up of seven regular members. The Board works according to a set of procedural rules containing instructions on the allocation of work between the Board and the CEO. No Board member is entitled to remuneration upon leaving the assignment.

New Board members receive an introduction of the company and its operations and take the stock exchange's training program according to agreement with the stock exchange. The Board receives regular information of regulatory changes and issues concerning the operations and board responsibilities for a listed company.

For Board decisions, the rules of the Companies Act apply, stating that at least half of the Board members present and more than one third of the total number of Board members must vote in order for a decision to be made. On equal count the Chairman has the deciding vote.

The Board's work is governed by the Swedish Companies Act, the Code and the Board's rules of procedure.

Board of Directors - responsibility

According to the Swedish Companies Act and the Board of Directors rules of procedure, the Board is responsible for:

- outlining overall, long-term strategies and objectives, budgets and business plans,
- establishing guidelines to ensure that the company's operations create value in the long term,
- reviewing and establishing the accounts,
- examining the auditors' conclusions of the audit, the audit report and the way in which the audit contributed to the reliability of the financial reporting, as well as examining the auditors' review of the half-year report,
- making decisions on issues regarding investments and sales,
- capital structure and distribution policy,
- developing the Group's policies,
- ensuring that control systems exist for monitoring that policies and guidelines are observed,
- ensuring that there are systems for monitoring and controlling the company's operations and risks,
- significant changes in Castellum's organization and operations,
- appointing the company's Chief Executive

THE BOARD'S YEAR

Issues, in addition to current state of operations, prospects, investments, sales, financing, reports from committee chairmen about the committee work as well as working environment questions, customer-related questions and reporting of incidents.

THE BOARD'S YEAR											
Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
<div> <div> Board Meeting <ul style="list-style-type: none"> • Net income for the year • Annual Report incl. Sustainability Report • Documents for AGM • Proposed distribution of profits • Review of the auditors conclusion of the audit • Individual meeting auditors </div> <div> Board Meeting <ul style="list-style-type: none"> • Preparations for the AGM Board Meeting following election <ul style="list-style-type: none"> • Signatory appointed • Composition of the committees is decided </div> <div> Board Meeting <ul style="list-style-type: none"> • Interim Report (Q1) • Decision logg • Monitoring investments and rental plans • Rules of procedure and review policy documents </div> <div> Board Meeting <ul style="list-style-type: none"> • Strategy • Review financial and operational risks in the business Board Meeting <ul style="list-style-type: none"> • Interim Report (Q2) • Review of the auditors audit of the half-year report </div> <div> Board Meeting <ul style="list-style-type: none"> • Interim Report (Q3) • Decision logg • Insurance review • Monitoring investments and rental plans </div> <div> Board Meeting <ul style="list-style-type: none"> • Business plans • Evaluation of the Board and CEO • Visit regions </div> </div>											
<div> <div> Audit and Finance Committee <ul style="list-style-type: none"> • Financial position • Discussion with the auditors about financial statement • Audit plan • Incident reporting Whistle-blower • Review disputes • Evaluation of the committees work </div> <div> Annual General Meeting Audit and Finance Committee <ul style="list-style-type: none"> • Financial position • Risk management • Internal control • Incident reporting Whistle-blower • Evaluation of the audit work • Review and evaluation of strategic objectives • Procurement of audit (if applicable) </div> <div> Remuneration Committee <ul style="list-style-type: none"> • Review of incentive program • Review of remuneration principles for executive management </div> <div> Audit and Finance Committee <ul style="list-style-type: none"> • Financial position • Review financial reporting process • Review compliance of policies • Incident reporting Whistle-blower Remuneration Committee <ul style="list-style-type: none"> • Guidelines remuneration principles • Preparing outcome incitament • Preparing evaluation CEO </div> <div> Audit and Finance Committee <ul style="list-style-type: none"> • Financial position • Review financial rapportering • Incident reporting Whistle-blower • Review changed regulations • Discussions with the auditors about the interim report and internal control • Recommendation election of auditorw to the election committee (if applicable) </div> </div>											

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 in Castellum, Chairman of the Remuneration Committee and member of the Audit and Finance Committee

Previous positions: CEO for the nordic business at Jones Lang LaSalle, leading positions in investment banking at Carnegie Investment Bank and Alfred Berg (ABN AMRO).

Board assignments: Member of Swedish Securities Council and Director in Bonnier Holding AB, Ratos AB (publ), Rezidor Hotel Group AB (publ) and Skanska AB (publ).

Shareholding in Castellum: 15,000



PER BERGGREN
BOARD MEMBER SINCE 2007

Born 1959, Master of Science KTH and economic education from Stockholm University.

Board member in Castellum, member of the Remuneration Committee.

Previous positions: CEO in Hemsö, CEO of Jernhusen AB, division manager in Fabege AB (publ), CEO of Drott Kontor AB and property manager in Skanska Fastigheter Stockholm AB.

Board assignments: Board member in BRIS, Slättö Förvaltning AB and SSM Holding AB.

Shareholding in Castellum: 4,500



ANNA-KARIN HATT
BOARD MEMBER SINCE 2015

Born 1972, degree in political science from the University of Gothenburg. CEO in Almega AB.

Board member in Castellum, member of the Remuneration Committee.

Previous positions: Minister for Information Technology and Energy in the Swedish government, State Secretary at the Prime Minister's office, second deputy Chairman of the Centre Part and Chief of Staff of the Centre Party's executive staff, MD for Didaktus Skolor AB and deputy MD of Kind & Partners AB.

Other assignments: Chairman in Almega AB, TRR Trygghetsrådet, Trygghetsfonden TSL and research institute Ratio and member in Advisory Council for Swedish higher education authority.

Shareholdings: 1,308



CHRISTER JACOBSON
BOARD MEMBER SINCE 2006

Born 1946, Master of Business Administration and Economics DHS. Own operations in Bergsrådet Kapital AB. Board member in Castellum.

Previous positions: Stock commentator and market manager at Affärsvärlden and Head of Analysis and CEO of the Alfred Berg group.

Other assignments: Director in Global Challenges Foundation and Viscogel AB

Shareholdings: 70,429



CHRISTINA KARLSSON KAZEEM
BOARD MEMBER SINCE 2016

Born 1965, Master of Science KTH. CEO in Hilanders AB, which is part of the Intellecta AB (publ) communication group.

Board member in Castellum since 2016.

Previous positions: Market communication manager at Niscayah Group and leading positions in Razorfish AB and Creuna AB. Worked with city planning and development at the Traffic and Public Transport Authority and Property Management Administration at the City of Stockholm.

Other assignments: Chairman of the Board of Tomorrow China which are part of the communication group Intellecta AB (publ).

Shareholdings: 200



NINA LINANDER
BOARD MEMBER SINCE 2014

Född 1959, MBA Stockholm School of Economics and MBA from IMD, Lausanne, Schweiz.

Board member in Castellum, Chairman of the Audit and Finance Committee

Previous positions: Founder and partner in Stanton Chase International AB, manager Group Finance at AB Electrolux (publ), leading positions in Vattenfall AB and different positions in corporate finance at different investment banks in London.

Other assignments: Director in Awa Holding AB, Industrivärden AB (publ), Skanska AB (publ), Telia Company AB (publ) and OneMed AB.

Shareholdings: 12,000



JOHAN SKOGLUND
BOARD MEMBER SINCE 2010

Born 1962, Master of Science KTH and the program of Master of Science Handelshögskolan, Stockholm. CEO JM AB (publ).

Board member in Castellum, member of the Audit and Finance Committee.

Previous positions: Has experience since 1986 from JM AB (publ) in different positions.

Other assignments: Director in Mentor Sverige and Infranord AB.

Shareholdings: 5,000

Johan Ljungberg, lawyer at Mannheimer and Swartling, is the Secretary of the Board.

The information above refers to the situation at the end of January 2017. Shareholdings include Member's own holdings and those of spouse, minors or children living at home and associated companies and holdings through capital assurance.

Board of Directors	Remunerations, thousand SEK	Board meetings	Attendance meetings			Independent
			Remuneration Committee	Audit and Finance Committee		
Charlotte Strömberg	785	19 of 19	3 of 3	4 of 4		Yes
Per Berggren	345	18 of 19	3 of 3			Yes
Anna-Karin Hatt	345	19 of 19	3 of 3			Yes
Christer Jacobson	315	19 of 19				Yes
Jan Åke Jonsson (resigned March 2016)	-	3 of 3				Yes
Christina Karlsson Kazeem (elected in March 2016)	315	16 of 16				Yes
Nina Linander	365	19 of 19		4 of 4		Yes
Johan Skoglund	350	18 of 19		4 of 4		Yes



NINA LINANDER
BOARD MEMBER

“An eventful and busy year”

“Castellum’s operations focus on cash-flow growth, while maintaining low financial risk. This approach provides conditions for solid growth in the company, and enables us to offer shareholders a competitive dividend.

This strategy meant that 2016 an eventful and busy year. We acquired Norrporten and the remaining 50% of CORHEL. We also sold properties for a total value of approx. SEK 7 billion to streamline the portfolio. As a result, the value of our real estate portfolio increased from SEK 40 billion to SEK 71 billion.

The repositioning also means that our real estate portfolio became more risk-diverse, resulting in higher quality in more central locations, an expanded customer base and an extended contract portfolio. All of the above were achieved at Castellum parallel with consolidating the organization under a single brand, centralizing support functions and replacing administrative systems.

We’ve also worked hard with our capital structure and implemented a rights issue and a share issue while restructuring our debt portfolio – all to facilitate for and manage the large portfolio transfer.

In all: An eventful and busy year for Castellum.

Officer and setting remuneration and other terms of employment benefits for the CEO. Each member is to act independently and with integrity and ensure that the interest of the company and all shareholders is protected.

At page 88 a description of the Board’s year is presented.

The Board of Directors – rules of procedure

The Board of Directors rules of procedure are set annually. The rules of procedure describe the work of the Board and the distribution of responsibility between the Board and the Chief Executive Officer. The rules of procedure also state which topics should be dealt with at each Board meeting and give instructions regarding financial reporting to the Board of Directors.

The rules of procedure also prescribe that the Board will have an auditing and finance committee and a remuneration committee. The committees review and prepare recommendations to the Board on various matters. Members of the committees are appointed yearly. The Chairman of the Remuneration Committee should be the Chairman of the Board of Directors, and the Chairman of the Audit and Finance Committee is appointed by the Board.

The Chairman of the Board of Directors

The Chairman of the Board of Directors is responsible for making sure that the members of the Board regularly receive required information from the Chief Executive Officer. This is in order to follow up on the company’s financial position, results, liquidity, financial planning and development. The Chairman of the Board of Directors is also obliged to fulfil decisions made by the Annual General Meeting regarding establishment of an election committee and to participate in the work of the committee.

The Board of Directors – activities during 2016

In 2016, Castellum’s Board held 18 meetings, of which one was the Board meeting following election. According to the prevailing procedural rules, the Board is to hold at least seven scheduled board meetings each calendar year, of which one is a Board meeting following election.

Board meetings are held in connection with the publication of the company’s reports, specifically: the Annual Report, proposed appropriation of profits and issues relating to the AGM are dealt with in January; interim reports are discussed in April, July and October; strategy is examined in June and the budget for the following year is considered at the meeting in December.

At each of the scheduled board meetings, matters of significance for the company, such as investments, sales of properties and funding are covered. Further, the Board is informed on the current business situation in the rental and real estate markets as well as in the credit and stock markets. Issues about safety, incident reports and customer-related issues are

managed regularly by the Board, and at each board meeting, an executive session is conducted without anyone from corporate management present. The Board also has meetings with the auditors without the presence of corporate management.

Regular matters dealt with by the Board during 2016 included company-wide policies, an overall strategy plan, procedural rules for the Board, capital structure and funding needs, sustainability efforts, the business 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 the regions.

In addition to the above, the work of the Board in 2016 focused on the acquisition of Norrporten and the implementation of the transformed corporate structure.

Based on the comprehensive evaluation of the Board in autumn 2015 with the help of an outside consultant, the Board has evaluated its work during 2016. The evaluation showed an open and constructive Board climate and a well-functioning decision-making process.

The evaluation has been presented and submitted to the Election Committee and discussed by the Board.

The evaluation covers topics such as working climate, working procedures in the business process, crisis management, follow-up and control systems, morals, ethics and communication.

The evaluation and related discussion serve as a basis for the continuous development of the Board’s work and ensure that the Board can make decisions which are as well-informed as possible.

No other compensation than remuneration for work on the Board and committees has been paid.

Remuneration Committee

The Board’s Remuneration Committee continuously evaluates the remuneration to executive management in view of current market conditions. The Committee prepares matters for decisions by the Board. The members of the Remuneration Committee are appointed once a year.

The Remuneration Committee consists of three Board members, including the Chairman of the Board, who is Chairman of the Remuneration Committee. The Committee’s rules of procedure are drawn from the Board of Directors’ rules of procedure and are established annually. The Remuneration Committee’s functions are to:

- Prepare and propose guidelines for remuneration principles, remuneration and employment terms for the CEO and other senior executives. The guidelines for remuneration are to be submitted to the Board which, in turn, will work out remuneration suggestions to be decided upon at the Annual General Meeting,
- Monitor and evaluate ongoing incentive plans – completed during the year – for flexible

remuneration to Executive Group Management. The results of the Remuneration Committee's evaluation of remuneration to senior executives are presented on the company's website,

- Annually evaluate the work of the CEO.

The Remuneration Committee will meet at least twice a year. During 2016, the Committee held three meetings. Issues addressed at the meetings included the review of the remuneration of the CEO and other senior executives, decisions about changes in the remuneration of members of executive management, evaluation and follow-up of existing incentive programs, as well as HR and succession issues. In 2016, the Remuneration Committee also received a comprehensive external evaluation of the CEO's efforts. They developed parameter proposals for the individually targeted factors regarding the annual performance-based incentive program.

Audit and Finance Committee

The Board's Audit and Finance Committee monitors financial and auditing matters and submits them to the Board for decision. The Chairman and members of the Committee are appointed annually.

The Audit and Finance Committee consists of three members, and the Committee's rules of procedure partly consist of the Board of Directors' rules of procedure, which are established annually. The Audit and Finance Committee's functions are to:

- Monitor financial reporting and make recommendations and suggestions to ensure the reliability of the financial reporting,
- Monitor, with respect to financial reporting, the effectiveness of internal controls, any internal audits and risk management,
- Monitor work on capital structure and other funding issues and prepare funding issues for decisions by the Board,
- Monitor the efforts concerning business risks and compliance, and ensure that appropriate systems for control and monitoring exist,
- Submit an annual report on internal control and ensure that the corporate governance report describes the Board's measures to ascertain that the internal control works,
- Keep informed about the Annual Report and consolidated accounts,
- Inform the Board about the result of the audit and how it contributed to the reliability of financial reporting,
- Keep informed about the findings of the Supervisory Board of Public Accountants' control of the auditors,
- Review and monitor the auditor's impartiality and independence, and evaluate auditing activities, as well as informing the Election Committee of the evaluation outcome,

Active Board work in 2016

The Board's main tasks are both to act as a control body and to provide support for Executive Management. The controlling task means ensuring that Castellum acts for the long term: responsibly, with a mindset for sustainability, as well as seeing to it that operations run efficiently in accordance with laws, regulations and good business practice.

For the supporting task, the Board becomes a challenging driver and supports via close contact with business operations. During our eventful 2016, the Board has been more active than usual in this role. The clearest examples are:

• The acquisition of Norrporten in April

In Sweden's second largest real estate transaction to date, the Board actively took part in preparing for and implementing the acquisition, as well as the extraordinary general meeting (which was a prerequisite for the transaction). The integration of two major organizations has also been an important task for the Board.

The October Board meeting was held in Copenhagen, where the Board had the opportunity to visit some of Castellum's new real estate portfolio in Örestad – the well-situated and fast growing area between the city centre and Kastrup Airport, Scandinavia's largest airport.

• Long-term restructuring of the real estate portfolio

In autumn 2014, Castellum initiated efforts to restructure the real estate portfolio, and the Board has been very active in this strategic work.

In the spring of 2016, and more rapidly than announced, Castellum took over all of CORHEI. The Group had owned 50% of the company – operating in Norrköping and Linköping – since 2015.

In October, properties in Malmö and Lund were sold for approx. SEKm 900. In addition, a portion of the real estate portfolio in Norrland was sold in autumn 2016.

• The change in corporate structure

Kicking off in 2016, Castellum has been organized into regions and operates under a single brand. The Board has been active in efforts aimed at clarifying the company's collective resources and making Castellum more efficient and effective – without jeopardizing the close customer relationships thriving in local markets.

• Sustainability

The Board has been the driving force in efforts to develop Castellum's sustainability activities, and in the autumn the company launched green MTNs, a form of financing based on sustainability from various perspectives.

In 2016, one result of Castellum's overall sustainability efforts involved being selected, under fierce global competition, for participation in the prestigious DJSI sustainability index: the Dow Jones Sustainability Index.



The Board of Castellum at Lindholmen in Gothenburg.



CHRISTER JACOBSON
BOARD MEMBER

"Somewhat of a ketchup-effect"

"2016 was an intense year for board work at Castellum. But the fact is that the process of repositioning the portfolio – as well as the brand and the organization – was initiated a few years back. In 2016, somewhat of a 'ketchup-effect' was seen in the almost simultaneous launch of several major transactions and projects.

I feel that Executive Management and the Board have worked closely and effectively together throughout the entire process. We have held many Board meetings, but all have been characterized by great commitment and high spirits. It's extra fun, of course, that the outcome was just what we'd hoped for and had indicated to the market – despite many components being uncertain or difficult to forecast.

I think that Castellum's Executive Management has done a fantastic job! And I'm thrilled to have been part of this exciting journey, both as Board member and shareholder."

- Take note of the auditors' report pursuant to Article 11 of the Audit Ordinance and, if needed, take appropriate action in response to it,
- Issue guidelines for services other than auditing provided by auditors and, where appropriate; approve of such services in accordance with these guidelines,
- Prepare matters regarding procurement of audit and other services from the auditors,
- Assist the Election Committee in nominating auditors and determining their remuneration; the Committee is then to monitor that the auditors' term of office does not exceed the applicable rules; procure audit and provide a reasoned recommendation in accordance with what is stated in Article 16 of the Audit Ordinance. "

The Audit and Finance Committee will meet at least four times a year, and of these, the Group's auditors will attend at least twice. On one of the occasions when the Audit and Finance Committee meets with the auditors, no one from corporate management is to be present. In 2016, the Audit and Finance Committee met four times. Examples of the issues dealt with at meetings involved: capital structure and financing issues; financial reporting, including a review of future regulations and their possible consequences for Castellum; internal control and risk management, as well as the work of the auditors. This last includes auditor impartiality and independence – development of policies and feedback from the Whistle-blowing-service. Business-related issues were also thoroughly investigated.

During the year, the Audit and Finance Committee has also held a private meeting with the compliance officer without the presence of management.

CEO and Executive Group Management

The Chief Executive Officer is responsible for the company's day-to-day management and for leading operations according to the guidelines and directives submitted by the Board of Directors. The CEO also provides the Board with information and the necessary documentation for decision-making. The CEO leads the work of Executive Group Management and makes decisions after consulting its members.

The Chief Executive Officer

The Chief Executive Officer reports at Board meetings and assures that members of the Board regularly receive the information required to follow the company's and the Group's financial position, results, liquidity and development.

Executive Group Management

Executive Group Management consists of the Chief Executive Officer, the Chief Financial Officer, the

Chief Investment Officer, the HR manager and well as the six Managing Directors of the five regions. Each member of Executive Group Management has his or her own area of responsibility, and meetings mostly cover issues pertaining to overall operations. Executive Management held 13 meetings in 2016.

In 2016, Executive Management focused on the acquisition of Norrporten and the integration of the two Groups. Executive Management also worked on the new Group structure implemented in 2016, which entailed that the six subsidiaries and Norrporten form five regions under one common brand. The transformation also means that the Finance Department has moved to head office and that a common corporate finance system has been implemented.

The Chief Executive Officer and the Chief Financial Officer join the Managing Director of each subsidiary to constitute the Board for each local region company.

Guidelines for remuneration for senior executives

The 2016 AGM decided on the following remuneration guidelines for senior executives:

Castellum is to uphold competitive remuneration levels and attractive terms of employment to recruit and maintain excellent 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 remuneration, pension terms, variable remuneration and non-monetary benefits. A fixed salary will be paid for work performed in a satisfactory manner. In addition, flexible remuneration under an incentive plan may also be offered. The formulation is based on the objective of interconnecting the executive team's interests with shareholder interests, in that senior management members are also shareholders in Castellum.

This also entails an increased proportion of executive remuneration being directly linked to the Group's development. Flexible remuneration, which generally cannot exceed the fixed salary, is determined by the extent to which previously set objectives are achieved for growth in property management per share and share price development. It is also determined by how individually targeted factors have developed. The received remuneration according to an incentive program shall be paid as salary and includes payment for vacation. Such remuneration shall not be a pension qualifying income. Executives who receive flexible remuneration in accordance with the incentive program are committed to acquiring Castellum shares for at least half the amount of flexible remuneration after tax.

The pension terms of executive management are to be set according to general market practice and will be based on pension plans with fixed payments.

Upon termination by the Company, such period

of notice shall not exceed six months for the Chief Executive Officer and twelve months for other executives. During the notice period full salary and other employment benefits are paid, with deduction for salary and remuneration received from other employment or business during the notice period. Such deduction will not be made in respect of the Managing Director. A severance pay, corresponding to twelve fixed monthly salaries, will be paid to the Managing Director upon termination by the company. Such severance pay will not be reduced due to other income received by the Managing Director.

Castellum has followed the guidelines decided by the 2016 AGM.

The proposed guidelines for remuneration for senior executives, which will be put forward at the AGM on March 23, 2017, are in principle unchanged compared with those put forward to the AGM in 2016.

The incentive program for senior executives in respect of the annual profit-based bonus, is to be applicable during 2017–2019; for the share-price-based bonus the effective period is June 1, 2017, to May 31, 2020.

For further information regarding remuneration for Executive Group Management, see note 11.

Compliance and internal control

Castellum has a Compliance Officer who monitors compliance, i.e., ensures that laws, regulations and internal rules are complied with. The Group's corporate lawyer is Compliance officer.

Castellum's internal control is based on the established "COSO" framework, which consists of the following components: control environment, risk assessment, control activities, information, communication and monitoring. Castellum's internal control is described on pages 95-97.

Castellum has a whistle-blower function, which is accessed via all web sites of the Group and via the Group's Intranet. The service represents an early warning system for reporting deviations from Castellum's values and business ethics guidelines.

The Compliance Officer supports business activities by identifying and following up business risks. The Compliance Officer regularly reports risks and compliance to the CEO, as well as to the Audit and Finance Committee.

Executive Group Management consists of the Chief Executive Officer, the Chief Financial Officer, the Chief Investment Officer, the HR manager and well as the six Managing Directors of the five regions.



Sarah at Castellum's office in Sundsvall.

Executive Group Management



HENRIK SAXBORN
CHIEF EXECUTIVE OFFICER
CASTELLUM AB

Born 1964, Master of Science.
Multi-dimensional experience from construction business, management and acquisition of properties, i.e. as CEO for a property management company.
Other assignments: member of EPRA Management Board.

Employed since 2006.

Shareholdings: 57,792



ULRIKA DANIELSSON
CHIEF FINANCIAL OFFICER
CASTELLUM AB

Born 1972, Master of Business Administration and Economics.
Varied experience within the financial and controlling function.
Other assignments: Boardmember of Alligator Bioscience AB (publ).
Employed since 1998, Finance Director since 2006 and CFO since 2014.

Shareholdings: 15,400



CECILIA FASTH
MANAGING DIRECTOR
REGION WEST IN CASTELLUM

Born 1973, Master of Science
National and international experience from the construction and property sector since 1996.
Other assignments: Boardmember in AB Fagerhult, Hultafors Group AB and CMB at Chalmers.

Employed and Managing Director of Castellum since 2014.

Shareholdings: 4,500



CLAES LARSSON
MANAGING DIRECTOR
REGION CENTRAL IN CASTELLUM

Born 1957, Master of Science
Long and varied experience from building construction as team manager/district manager.

Employed and Managing Director of Castellum since 2002.

Shareholdings: 40,900



JÖRGEN LUNDGREN
MANAGING DIRECTOR
REGION NORTH IN CASTELLUM

Born 1967, Master of Business Administration and Economics.
CEO of Norrporten since 2013. Deputy CEO of Norrporten 2007-2013. Long experience from bank and financial, senior positions in Nordea and Danske Bank.
Other assignments: Chairman in steering committee for Centrum för forskning om ekonomiska relationer (CER) at Mid Sweden University. Board member in Ekonomiforskningsstiftelsen in Sundsvall.

Employed and Managing Director of Castellum since 2016.

Shareholdings: 0

Jörgen Lundgren will be leaving his position at Castellum, at own request, during 2017.



ANDERS NILSSON
MANAGING DIRECTOR
REGION STOCKHOLM IN CASTELLUM

Born 1967, Master of Science
More than 20 years experience from the real estate business.
Employed since 1993 and Managing Director of Castellum since 2006.

Shareholdings: 16,500



ERIKA OLSÉN
CHIEF INVESTMENT OFFICER (CIO)
CASTELLUM AB

Born 1976, Master of Science KTH
Long experience from both international and Swedish real estate markets. Partner of Tenzing and Associate Director of JLL in London.
Employed as CIO of Castellum since 2015.

Shareholdings: 3,000



OLA ORSMARK
MANAGING DIRECTOR
REGION ÖRESUND IN CASTELLUM

Born 1971, Master of Science
Fully experienced from the real estate business, most recently as Business Area Manager at Jernhusen.

Employed and Managing Director of Castellum since 2014.

Shareholdings: 2,250



ANNE THELIN-EHRLING
HR-MANAGER
CASTELLUM AB

Born 1961, Bachelor of science in behavioral sciences

Broad experience in strategic and operational HR, in customer, sales and service industry and real estate. Has worked in SAS and Stronghold Invest AB.

Employed HR manager of Castellum since 2016.

Shareholdings: 0



INGALILL ÖSTMAN
CORPORATE COMMUNICATIONS
DIRECTOR CASTELLUM AB

Born 1956, Master of Science mechanical engineer

Broad experience in external and internal communication, market communication and IR, including SVP Communications & Government Relations at SKF and SVP Head of Corporate Communications ABB Sweden.

Other assignments: Chairman of the Board of Alfons Åbergs Kulturhus AB, board member of Allgon AB, board member and member of the Audit Committee of Länsförsäkringar Göteborg and Bohuslän.

Shareholdings: 0

Ingalill will assume her duties at Castellum AB in mid-January 2017 and will be a part of the executive group management.

The information above refers to the situation at the end of January 2017. Shareholdings include personal holdings and those of spouse, minors or children living at home and associated companies and holding through capital assurance. CEO has no significant shares or ownership in companies with whom Castellum has significant business relations.

Compliance and internal control

According to the Swedish Companies Act and the Swedish Code for Corporate Governance, the Board of Directors is responsible for internal control. This report has been drawn up in accordance with the Swedish Annual Accounts Act and the Code for corporate governance and is therefore limited to internal control regarding financial reporting.

Internal control in Castellum follows an established framework, Internal Control – Integrated Framework, “COSO”, comprising the following five components: control environment, risk assessment, control activities, information-and-communication, and monitoring. A schematic description of the internal control is shown below.

Control environment

The basis for internal control of financial reporting comprises a control environment, which consists of various parts that form Castellum’s management culture and values. The fundamentals for Castellum’s internal control comprise the following: a decentralized small-scale organization with approx. 700 properties, as well as cost centres, which are managed by five regional companies. The decision-making processes, authorizations and responsibilities which have been drawn up and communicated in documents such as the Board of Directors’ rules of procedure, rules for decision making, rules for authorization, accounting and reporting manuals, internal policies and manuals, etc., are also important for internal control. Documents in use are updated regularly to reflect changes in legislation, accounting standards or listing requirements etc.

Risk assessment

At Castellum, risk management is built into our processes and various methods are used to evaluate and limit risks. We secure that the risks Castellum is exposed to are managed in accordance with set policies and guidelines. In accordance with the rules of procedure, the Board of Directors, and the Audit Committee, review internal control once a year. Identified risks are assessed and measures are set to reduce these risks. The important risks Castellum has identified in financial reporting are errors in accounting and valuation of properties, interest-bearing liabilities, taxes and VAT, as well as the risk of fraud, loss or embezzlement of assets.

Control activities

The risks identified in financial reporting are addressed by the company’s control structure, resulting in a number of control measures. The control measures aim to prevent, discover and correct errors and deviations. They comprise analytical reviews on many levels in the organization: comparisons of income statement items; reconciliation of accounts; follow-up and reconciliation of Board decisions and policies set by the Board; authorization and reporting of business transactions; structure for proxy and authorization; authorized signatory; compliance-officer activities; group-wide definitions; templates and tools for reporting as well as accounting and valuation principles.

Castellum subsidiaries have their own financial functions, which take part in the planning and follow-up of financial results for their units. The

CASTELLUM'S INTERNAL CONTROL ENVIRONMENT



INTERNAL CONTROL IS GOVERNED BY:

- Board of Directors rules of procedures
- Audit and Finance Committee's rules and procedures
- Rules for decision making
- Instructions for authorization
- Accounting manuals
- Reporting manuals
- Finance policy, communication policy, insider policy, sustainability policy, Code of Conduct, Code of Conduct for suppliers and partners and Crisis management
- Guidelines for information security, insurance and electricity trading
- Accounting manual, HR manual, Manager manual
- Finance instructions
- Continuity plan

regular self-analysis of unit financial reporting and the analysis made at Group level constitute an important part of internal control. This ensures that financial reporting does not contain any significant errors.

Board reviews the interim and annual reports before publishing.

Information and communication

Castellum has processes for information and communication that aim to ensure the effective and correct distribution of information regarding financial reporting. This demands that all areas of the operation communicate and share relevant and important information. Policies and guidelines regarding financial reporting as well as updates and changes are made available and clearly communicated to the personnel concerned. Executive management, as well as the Board of Directors regularly receive financial information about the subsidiaries with comments on financial results and risks. The Board of Directors 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 distribution of information is correct and complete, we have both a policy for communicating with the stock market and an information security policy.

Company culture

That Castellum's operations are conducted in a responsible way is a prerequisite for the company's

long-term successful business. The objective is to make sound and proper business decisions in all respects, high business morality, good business ethics, responsibility awareness and impartiality. The base of Castellum's code of conduct is to offer good quality and service, to follow laws and regulations, not to discriminate against anyone and to create good working environment and safety.

Cornerstones for Castellum's company culture have been: The decentralized organization, which creates responsibility and committed employees, where each single colleague is a business collaborator. The geographical proximity to customers, community, suppliers and other parties involved creates a responsibility to act correctly and businesslike.

In Castellum's flat organization each employee has an important role and new ideas are valued. A high level of competence is available within the organization.

Long-term value creation

Long-term value creation requires that operations are run with a sustainability focus. Sustainability work involves both environmental considerations such as reduced use of resources and close control of the property portfolio, as well as assumption of social responsibility by contributing to the development of the communities where Castellum operates. Our efforts also involve ensuring a healthy working environment for employees. Sustainability activities are carried out in collaboration with customers and other stakeholders – a requirement for success.

GROUP POLICIES ISSUED BY THE BOARD

	Aim
Financial policy	Establishes overall objectives and guidelines for financial risk and how financial operations will be run. The financial policy also specifies how responsibility for the financial operations will be distributed and how financial risks will be reported and monitored. The financial policy includes instructions for how operational activities will be run.
Communication policy	Ensures that all Group communication is accurate and provided in a professional manner, with optimal timing. The policy covers both internal and external communications.
Insider policy	Ensures ethical activities in the capital market through description of trade and reporting requirements.
Sustainability policy	Provides guidelines for how the Group's sustainability activities will be pursued. The efforts will contribute to sustainable development and constitute an integral and natural part of Castellum's operations, which are based on participation and engagement.
Code of Conduct	Offers guidelines to ensure that business operations are run in a responsible manner, with the objective that all business decisions are sound and healthy. The Code of Conduct will govern the Group's actions in relation to employees, contractors, customers, suppliers and other stakeholders.
Code of Conduct for suppliers and partners	Corresponding guidelines to ensure that business operations are run in a responsible manner, with the objective that all business decisions are sound and healthy.
Crisis Management	Provides guidelines for the Group about how to act and communicate in a crisis.

Guidelines for how value-creating sustainability activities are conducted are found in the Sustainability Policy, Code of Conduct and the Code of Conduct for Suppliers and Partners. Castellum reports on sustainability efforts in accordance with the GRI G4. Reports on sustainability activities are regularly provided for the Castellum Board.

Monitoring

Regular follow-ups take place on many levels in the Group, on both property-level and subsidiary-level as well as Group level. The Board of Directors, which also makes up the Audit and Finance Committee, regularly evaluates the information provided by Executive Group Management and the auditors. The company's auditors also report in person directly to the Audit and Finance Committee at least twice a year regarding their auditing observations and their assessment of internal control. In addition, the Audit and Finance Committee conducts an annual review of the risk assessments and agreed-upon measures. 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 timely measures are taken for potentially emerging shortcomings and suggestions.

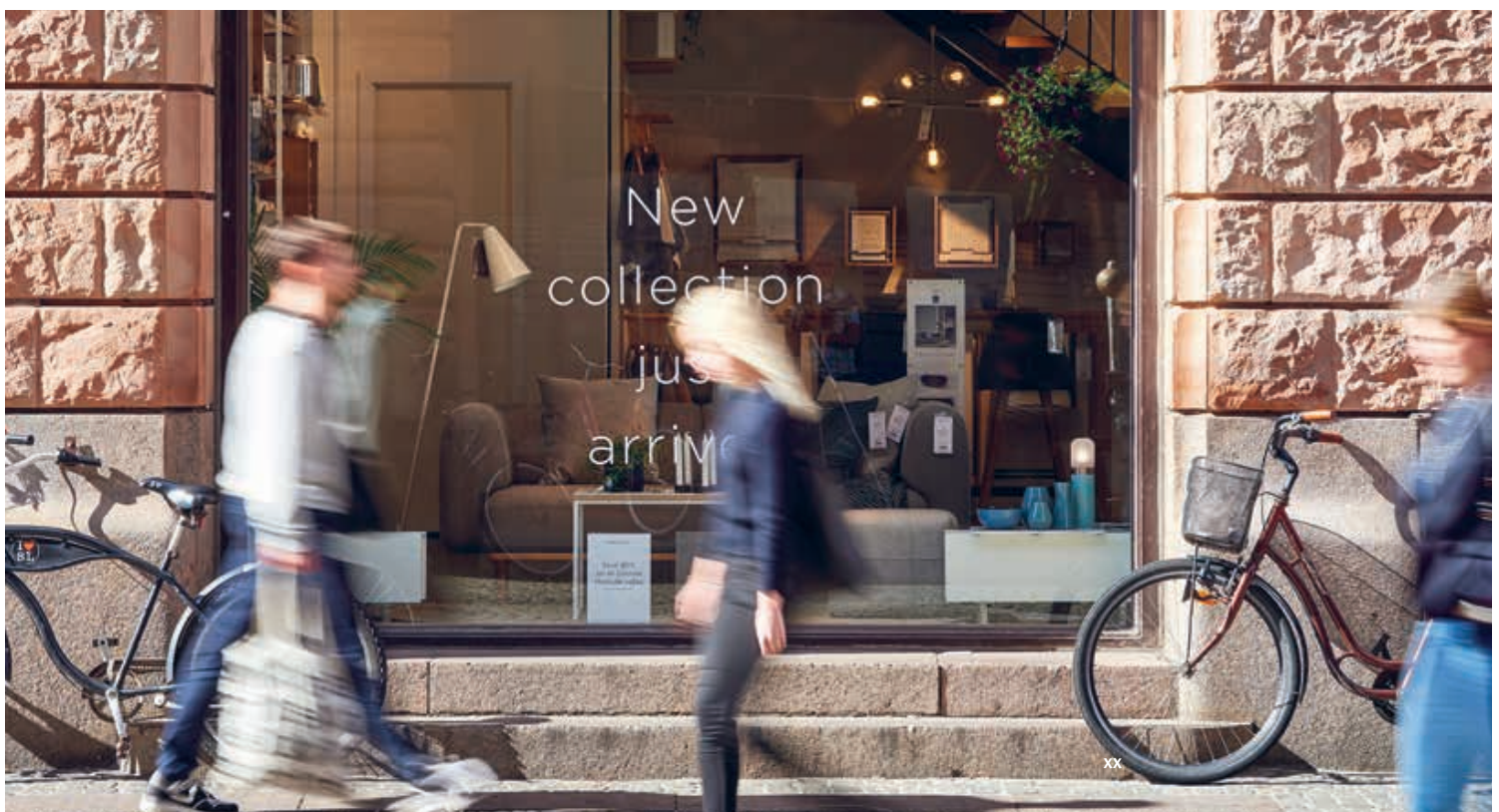
Need for internal audit

Castellum has a decentralized and transparent organization. The economy and finance functions are managed from the head office, which means that procedures and processes will remain coherent. However, the move also provides

opportunities for the various functions to monitor each other's processes – a form of self-evaluation. All to increase and improve internal controls. Quarterly follow-ups of income statements and balance sheets are made by the business units and the company. Clear documentation through policies and instructions, along with regular follow-ups and regular discussions with the auditors, continuously ensure that the efforts of improving processes remain efficient and effective. Management and reporting are monitored by auditors twice a year and reported to both the Audit and Finance Committee and the Board. In addition, there is a "whistleblower" function on the Group's website. In all, the conclusion is that a separate internal audit function is uncalled for.

Whistle-blower

Castellum's whistle-blowing-service, "Help us to do right", can be reached by all the web pages in the Group and through the Group's Intranet. The whistleblowing-service is an early warning system which provides both employees as well as external partners the possibility to anonymously report a concern about something that is not in line with Castellum's corporate values and business ethics. The service is administered by an external partner to ensure anonymity and professionalism.



Quarterly Summary

	2016 Jan-March	2016 Apr-June	2016 July-Sept	2016 Oct-Dec	2016	2015 Jan-March	2015 Apr-June	2015 July-Sept	2015 Oct-Dec	2015
Income Statement, SEKm										
Rental income	855	952	1,359	1,367	4,533	801	816	832	850	3,299
Property costs	- 299	- 299	- 392	- 507	- 1,497	- 283	- 256	- 235	- 300	- 1,074
Net operating income	556	653	967	860	3,036	518	560	597	550	2,225
Central administrative expenses	- 42	- 36	- 36	- 39	- 143	- 29	- 32	- 21	- 31	- 113
Joint venture (Income from prop mgmnt)	3	-	-	-	3	-	2	12	9	23
Net interest costs	- 152	- 173	- 259	- 248	- 832	- 151	- 152	- 152	- 147	- 602
Income from property management incl. results joint venture	365	444	672	573	2,065	338	378	436	381	1,533
Transaction and restructuring costs	-	- 123	- 17	- 13	- 163	-	-	-	-	-
Write-down goodwill	-	-	-	- 373	- 373	-	-	-	-	-
Changes in value. properties	489	127	1,449	2,020	4,085	329	551	- 62	1,019	1,837
Changes in value. derivatives	- 148	- 75	- 1	306	82	- 102	239	- 84	163	216
Revaluation of results due to stepwise acquisition	27	-	-	-	27	-	0	- 3	1	- 2
Current tax	- 1	- 9	- 16	3	- 23	- 5	- 4	- 4	- 3	- 16
Deferred tax	- 155	- 97	- 440	- 35	- 727	- 109	- 216	- 61	- 301	- 687
Net income for the period/year	577	267	1,647	2,481	4,972	451	948	222	1,260	2,881
Other total net income	15	- 26	8	9	6	- 6	0	4	- 6	- 8
Total net income for the period/year	592	241	1,655	2,490	4,978	445	948	226	1,254	2,873
Balance Sheet, SEKm										
Investment properties	44,773	72,109	74,220	70,757	70,757	38,951	40,187	40,826	41,818	41,818
Joint venture	-	-	-	-	-	-	479	510	526	526
Goodwill	140	2,032	2,032	1,659	1,659					
Other fixed assets	391	639	714	5,640	5,640	599	489	270	269	269
Liquid assets	150	425	391	257	257	73	55	105	39	39
Total assets	45,454	75,205	77,357	78,313	78,313	39,623	41,210	41,711	42,652	42,652
Shareholders' equity	15,556	25,089	26,744	29,234	29,234	13,340	14,288	14,514	15,768	15,768
Deferred tax liability	4,593	6,596	7,030	7,065	7,065	3,721	3,937	3,998	4,299	4,299
Other provisions	16	18	15	9	9	21	19	18	14	14
Derivatives	1,271	1,925	1,950	1,582	1,582	1,447	1,202	1,299	1,117	1,117
Long term interest-bearing liabilities	22,650	39,356	39,611	38,467	38,467	19,791	20,483	20,680	20,396	20,396
Non-interest-bearing liabilities	1,368	2,221	2,007	1,956	1,956	1,303	1,281	1,202	1,058	1,058
Total shareholders' equity and liabilities	45,454	75,205	77,357	78,313	78,313	39,623	41,210	41,711	42,652	42,652
Financial key ratios										
Net operating income margin	65%	69%	71%	63%	67%	65%	69%	72%	65%	67%
Interest rate, average	2.9%	2.7%	2.6%	2.7%	2.7%	3.2%	3.0%	3.0%	2.9%	3.0%
Interest coverage ratio	338%	357%	359%	331%	348%	324%	349%	379%	353%	351%
Return on actual net asset value	15.6%	2.3%	27.8%	37.4%	20.9%	13.1%	26.0%	5.5%	33.2%	20.4%
Return on total capital	9.2%	4.9%	12.6%	14.8%	11.9%	8.5%	10.8%	5.0%	14.6%	10.0%
Return on equity	15.0%	5.3%	26.3%	37.1%	20.1%	13.6%	28.4%	6.2%	34.7%	21.7%
Investments in properties, SEKm	2,445	27,246	587	1,213	31,491	1,117	834	740	862	3,553
Sales, SEKm	3	30	48	6,673	6,754	78	183	18	861	1,140
Loan to value ratio	50%	54%	53%	50%	50%	50%	51%	50%	49%	49%
Data per share (since there are no potential common stock there is no effect of dilution)										
Average number of shares, thousand	189,014	201,531	273,201	273,201	234,540	189,014	189,014	189,014	189,014	189,014
Income from property management, SEK	1.99	2.20	2.46	2.10	8.80	1.79	2.00	2.31	2.02	8.11
Income prop mgmt after tax (EPRA EPS), SEK	1.83	2.03	2.29	2.03	8.26	1.69	1.95	2.08	2.11	7.84
Earnings after tax, SEK	3.05	1.32	6.03	9.08	21.20	2.39	5.02	1.17	6.67	15.24
Outstanding number of shares, thousand	189,014	273,201	273,201	273,201	273,201	189,014	189,014	189,014	189,014	189,014
Property value, SEK	237	264	272	259	259	206	213	216	221	221
Long term net asset value (EPRA NAV), SEK	113	116	123	133	133	98	103	105	112	112
Actual net asset value (EPRA NNNAV), SEK	100	104	111	121	121	86	91	93	100	100
Dividend, SEK (2016 proposed)	-	-	-	-	5.00	-	-	-	-	4.25
Dividend ratio	-	-	-	-	57%	-	-	-	-	52%
Property related key ratios										
Rental value, SEK/sq,m,	1,119	1,292	1,314	1,311	1,304	1,082	1,092	1,103	1,095	1,095
Economic occupancy rate	90.3%	90.6%	89.9%	91.9%	91.3%	88.7%	88.7%	89.6%	91.5%	90.3%
Property costs, SEK/sq,m,	354	346	339	442	376	336	302	276	348	316
Property value, SEK/sq,m,	12,506	15,363	15,817	16,558	16,558	11,384	11,602	11,758	12,282	12,282

Multi-Year Summary

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Income Statement, SEKm										
Rental income	4,533	3,299	3,318	3,249	3,073	2,919	2,759	2,694	2,501	2,259
Property costs	-1,497	-1,074	-1,096	-1,105	-1,042	-1,003	-960	-942	-831	-771
Net operating income	3,036	2,225	2,222	2,144	2,031	1,916	1,799	1,752	1,670	1,488
Central administrative expenses	-143	-113	-108	-96	-93	-83	-84	-81	-71	-69
Joint venture (Income from prop mgmnt)	3	23	-	-	-	-	-	-	-	-
Net interest costs	-832	-602	-664	-702	-683	-660	-574	-541	-626	-495
Income from property management incl. results joint venture	2,065	1,533	1,450	1,346	1,255	1,173	1,141	1,130	973	924
Transaction and restructuring costs	-163	-	-	-	-	-	-	-	-	-
Write-down goodwill	-373	-	-	-	-	-	-	-	-	-
Changes in value, properties	4,085	1837	344	328	-69	194	1,222	-1,027	-1,262	920
Changes in value, derivatives	82	216	-660	429	-110	-429	291	102	-1,010	99
Revaluation of results due to stepwise acquisition	27	-2	-	-	-	-	-	-	-	-
Current tax	-23	-16	-11	-6	-7	-10	-5	-10	-14	-22
Deferred tax	-727	-687	88	-390	404	-217	-685	-35	650	-434
Net income for the year	4,972	2,881	1,211	1,707	1,473	711	1,964	160	-663	1,487
Other total net income	6	-8	8	3	-4	0	-	-	-	-
Total net income for the year	4,978	2,873	1,219	1,710	1,469	711	1,964	160	-663	1,487
Balance Sheet, SEKm										
Investment properties	70,757	41,818	37,599	37,752	36,328	33,867	31,768	29,267	29,165	27,717
Joint venture	-	526	-	-	-	-	-	-	-	-
Goodwill	1,659	-	-	-	-	-	-	-	-	-
Other fixed assets	5,640	269	442	291	259	207	156	201	230	123
Liquid assets	257	39	47	70	44	97	12	8	9	7
Total assets	78,313	42,652	38,088	38,113	36,631	34,171	31,936	29,476	29,404	27,847
Shareholders' equity	29,234	15,768	13,649	13,127	12,065	11,203	11,082	9,692	10,049	11,204
Deferred tax liability	7,065	4,299	3,612	3,700	3,310	3,714	3,502	2,824	2,785	3,322
Other provisions	9	14	23	-	-	-	-	-	-	-
Derivatives	1,582	1,117	1,357	683	1,105	1,003	574	865	966	-44
Long term interest-bearing liabilities	38,467	20,396	18,446	19,481	19,094	17,160	15,781	15,294	14,607	12,582
Non-interest-bearing liabilities	1,956	1,058	1,001	1,122	1,057	1,091	997	801	997	783
Total shareholders' equity and liabilities	78,313	42,652	38,088	38,113	36,631	34,171	31,936	29,476	29,404	27,847
Financial key ratios										
Net operating income margin	67%	67%	67%	66%	66%	66%	65%	65%	67%	66%
Interest rate, average	2.7%	3.0%	3.3%	3.7%	3.9%	4.1%	3.7%	3.7%	4.7%	4.2%
Interest coverage ratio	348%	351%	318%	292%	284%	278%	299%	309%	255%	287%
Return on actual net asset value	20.9%	20.4%	7.6%	13.2%	7.9%	6.4%	21.5%	1.6%	-8.3%	16.20%
Return on total capital	11.9%	10.0%	6.5%	6.4%	5.3%	6.2%	9.8%	2.1%	1.2%	9.1%
Return on equity	20.1%	21.7%	9.5%	14.6%	13.5%	6.6%	20.9%	1.6%	-6.1%	14.9%
Investments in properties, SEKm	31,491	3,553	2,525	1,768	2,798	2,015	1,506	1,165	2,738	2,598
Sales, SEKm	6,754	1,140	3,054	687	253	107	227	36	28	39
Loan to value ratio	50%	49%	49%	51%	52%	50%	50%	52%	50%	46%
Data per share (since there are no potential common stock there is no effect of dilution)										
Average number of shares, thousand	234,540	189,014	189,014	189,014	189,014	189,014	189,014	189,014	189,014	189,014
Income from property management, SEK	8.80	8.11	7.67	7.12	6.64	6.21	6.04	5.98	5.15	4.89
Income prop mgmt after tax (EPRA EPS), SEK	8.26	7.84	7.17	6.97	6.31	6.08	5.75	6.02	5.08	4.77
Earnings after tax, SEK	21.20	15.24	6.41	9.03	7.79	3.76	10.39	0.85	-3.51	7.87
Outstanding number of shares, thousand	273,201	189,014	189,014	189,014	189,014	189,014	189,014	189,014	189,014	189,014
Property value, SEK	259	221	199	200	192	179	168	155	154	147
Long term net asset value (EPRA NAV), SEK	133	112	99	93	87	84	80	71	73	77
Actual net asset value (EPRA NNNNAV), SEK	121	100	87	84	78	75	74	63	65	74
Dividend, SEK (2016 proposed)	5.00	4.25	3.99	3.69	3.43	3.21	3.12	3.04	2.73	2.60
Dividend ratio	57%	52%	52%	52%	52%	52%	52%	51%	53%	53%
Property related key ratios										
Rental value, SEK/sq,m,	1,304	1,095	1,064	1,036	1,015	995	974	969	921	896
Economic occupancy rate	91.3%	90.3%	88.7%	88.4%	88.6%	89.3%	89.0%	89.8%	89.7%	87.9%
Property costs, SEK/sq,m,	376	316	307	307	298	300	298	300	268	262
Property value, SEK/sq,m,	16,558	12,282	11,118	10,285	9,916	9,835	9,499	9,036	8,984	9,098

Financial Key Ratios

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 management, as they facilitate evaluation of company performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Hence, these financial measures should not be seen as a substitute for measures defined according to the IFRS. Unless otherwise stated, the table below presents measures, along with their reconciliation, which are not defined according to the IFRS. Definitions for these measures appear on the page 161.

	Jan - Dec 2016	Jan - Dec 2015
Average number of shares, thousand (related to financial key ratios) *	234,540	189,014
Outstanding number of shares, thousand (related to balance sheet ratios) *	273,201	189,014

*) The number of historical shares that have been recalculated with reference to the bonus-issue element (i.e. the value of the subscription right) in the completed new share issue, and utilized in all ratio calculations 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 prime yearly objective being a 10% increase in property management income. Income from property management also forms the basis of the annual shareholder dividend: at least 50% of property-management income. Income from property management is calculated before paid tax, as well as after the theoretical tax that Castellum would have paid on income from property management, had there been no loss carryforwards.

	Jan - Dec 2016		Jan - Dec 2015	
	SEKm	SEK/share	SEKm	SEK/share
Income from property management				
Income before tax	5,722	24.40	3,584	18.96
Reversed				
Transaction and restructuring costs	163	0.69	-	-
Revaluation of results due to stepwise acquisition	- 27	- 0.12	-	-
Write-down goodwill	373	1.59	-	-
Changes in value, properties	- 4,085	- 17.42	- 1,837	- 9.72
Change in value, derivatives	- 82	- 0.34	- 216	- 1.14
Changes in value, properties joint venture	-	-	- 3	- 0.02
Tax joint venture	1	0.00	5	0.03
= Income from property management	2,065	8.80	1,533	8.11
EPRA Earnings (Income from prop. management after tax)				
Income from property management	2,065	8.80	1,533	8.11
Reversed; Current tax Income from property management	- 128	- 0.54	- 52	- 0.28
EPRA Earnings / EPRA EPS	1,937	8.26	1,481	7.84

NET ASSET VALUE

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

	Jan - Dec 2016		Jan - Dec 2015	
	SEKm	SEK/share	SEKm	SEK/share
Net asset value				
Equity according to the balance sheet	29,234	107	15,768	83
Reversed:				
Derivatives according to balance sheet	1,582	6	1,117	6
Goodwill according to balance sheet	- 1,659	- 6	-	-
Deferred tax according to balance sheet	7,065	26	4,299	23
Long term net asset value (EPRA NAV)	36,222	133	21,184	112
Deduction				
Derivatives as above	- 1,582	- 6	- 1,117	- 6
Estimated real liability, deferred tax 5%*	- 1,558	- 6	- 1,121	- 6
Short term net asset value (EPRA NNAV)	33,082	121	18,946	100

* Estimated real deferred tax liability net has been calculated to 5% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized in 2 years with a nominal tax of 22%, giving a present value of deferred tax liability of 21%, and that the properties are realized in 50 years where 33% are sold directly with a nominal tax of 22% and that 67% are sold indirect through company disposals where the buyers tax discount is 6%, which gives a present value of deferred tax liability of 4%. Furthermore, deferred tax assets attributable to non-deductible losses in the derivatives portfolio have been valued at a nominal tax of 22%.

FINANCIAL RISK

Castellum's strategy is to own, develop and manage properties at low financial risk. This is expressed in a loan-to-value ratio not permanently exceeding 55% and an interest-coverage ratio of at least 200%.

	Jan - Dec 2016	Jan - Dec 2015
Interest coverage ratio		
Income from property management	2,065	1,533
Reversed;		
Net interest	832	602
Income from prop. management joint venture	- 4	- 23
Income from prop. management excl. net interest and JV	2,893	2,112
Interest coverage ratio	348%	351%
Loan to value ratio		
Interest-bearing liabilities	38,467	20,396
Liquid assets	- 257	- 39
Net interest-bearing liabilities net	38,210	20,357
Investment properties	70,757	41,818
Acquired properties not taken into possession	- 11	- 15
Divested properties still in Castellum's possession	4,971	18
Net investment properties	75,717	41,821
Loan to value ratio	50%	49%

INVESTMENT

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

	Jan - Dec 2016	Jan - Dec 2015
Net investments		
Acquisitions	29,372	2,321
New constructions, extensions and reconstructions	2,119	1,232
Total investment	31,491	3,553
Net sales price	- 6,754	- 1,140
Net investments	24,737	2,413
Proportion of the property value, %	59%	6%

Other Financial Key Ratios

	Jan - Dec 2016	Jan - Dec 2015
Net operating income margin	67%	67%
Interest rate level, on average	2.7%	3.0%
Return on longterm net asset value	25.3%	18.2%
Return on actual net asset value	20.9%	20.4%
Return on total capital	11.9%	10.0%
Return on equity	20.1%	21.7%
Property value, SEK/share	259	221
Gross leasing	489	316
Net leasing	178	18

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Consolidated Statement of Comprehensive Income

SEKM		2016	2015
Rental income	Note 3	4,533	3,299
Operating expenses	Note 4	- 671	- 507
Maintenance	Note 4	- 189	- 133
Ground rent	Note 4	- 24	- 27
Property tax	Note 4	- 262	- 172
Leasing and property administration	Note 4	- 351	- 235
Net operating income		3,036	2,225
Central administrative expenses	Note 5	- 143	- 113
Transaction and restructuring costs	Note 6	- 163	-
Results from joint venture		3	21
- of which income from property management		4	23
- of which changes in property values		-	3
- of which tax		- 1	- 5
<i>Net interest</i>			
Interest income	Note 7	3	4
Interest cost	Note 8	- 835	- 606
Income from property management incl. results joint venture		1,901	1,531
- of which income from property management		2,065	1,533
Revaluation of results due to stepwise acquisition		27	-
Write-down goodwill	Note 15	- 373	-
<i>Properties</i>	Note 9		
Fastigheter		4,085	1,837
Derivatives		82	216
Income before tax		5,722	3,584
Current tax	Note 10	- 23	- 16
Deferred tax	Note 10	- 727	- 687
Net income for the year		4,972	2,881
Other total net income			
<i>Items that will be reclassified into net income</i>			
Translation difference foreign operations		57	- 32
Change in value, currency hedge foreign operations		- 57	24
Deferred tax related to above		6	-
Total net income for the year		4,978	2,873
Total net income for the year related to:			
- Shareholders in the parent company		4,978	2,873
- No minority interests		-	-
Data per share (since there is no potential common stock, there is no effect of dilution)			
Average number of shares, thousand		234,540	189,014
Net income for the year after tax, SEK		21.20	15.24

Consolidated Balance Sheet

SEKM		31 DEC 2016	31 DEC 2015
ASSETS			
Fixed assets			
Investment properties	Note 12, 23	70,757	41,818
Tangible fixed assets	Note 13	56	24
Share in joint venture	Note 14	-	526
Goodwill	Note 15	1,659	-
Other fixed assets		37	3
Total fixed assets		72,509	42,371
Current assets			
Rent receivables	Note 3	118	7
Receivable property sales		4,971	-
Other receivables		194	121
Prepaid expenses and accrued income		264	114
Liquid assets		257	39
Total current assets		5,804	281
TOTAL ASSETS		78,313	42,652
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to the shareholders of the parent company			
	Note 16		
Share capital		137	86
Other capital contribution		12,434	4,096
Reserves		5	- 1
Non-controlling interest		- 2	-
Retained earnings		16,660	11,587
Total shareholders' equity		29,234	15,768
Liabilities			
	Note 17		
<i>Long-term liabilities</i>			
Deferred tax liability	Note 18	7,065	4,299
Other provisions	Note 19	9	14
Derivatives	Note 20	1,582	1,117
Long-term interest-bearing liabilities	Note 21	38,467	20,396
<i>Total long-term liabilities</i>		<i>47,123</i>	<i>25,826</i>
<i>Short-term liabilities</i>			
Accounts payable		153	81
Tax liabilities		56	18
Other liabilities		334	209
Accrued expenses and prepaid income	Note 22	1,413	750
<i>Total short-term liabilities</i>		<i>1,956</i>	<i>1,058</i>
Total liabilities		49,079	26,884
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		78,313	42,652

Income Statement for the Parent Company

SEKM		2016	2015
Income	Note 3	23	21
Central administrative expenses	Note 5	- 124	- 90
<i>Financial items</i>			
Sales participations in group companies		2,784	-
Write-down participations in group companies		- 3,900	-
Financial income	Note 7	6,628	1,473
Financial costs	Note 8	- 763	- 649
Income before changes in value and tax		4,648	755
<i>Changes in value</i>	Note 9		
Derivatives		12	216
Income before tax		4,660	971
Current tax	Note 10	-	-
Deferred tax	Note 10	- 66	- 76
Net income for the year		4,594	895

Comprehensive Income for the Parent Company

SEKM		2016	2015
Net income for the year according to the Income Statement		4,594	895
Other total net income			
<i>Items that will be reclassified into net income</i>			
Translation difference foreign operations		30	- 24
Change in value, currency hedge foreign operations		- 30	24
Total net income for the year		4,594	895

Balance Sheet for the Parent Company

SEKM		31 DEC 2016	31 DEC 2015
ASSETS			
Fixed assets			
Tangible fixed assets	Note 13	29	3
<i>Financial fixed assets</i>			
Participations in group companies	Note 24, 25	19,403	6,030
Deferred tax assets	Note 18	83	78
Long-term receivables, group companies	Note 26	26,348	19,103
<i>Total financial fixed assets</i>		<i>45,834</i>	<i>25,211</i>
Total fixed assets		45,863	25,214
Current assets			
Short-term receivables, group companies		5,902	815
Prepaid expenses and accrued income		43	31
Other receivables		2	-
Liquid assets		0	0
Total current assets		5,947	846
TOTAL ASSETS		51,810	26,060
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	Note 16		
<i>Restricted equity</i>			
Share capital		137	86
Restricted reserves		20	20
<i>Non-restricted equity</i>			
Fair value reserves		- 2	- 2
Share premium reserve		8,432	-
Retained earnings		4,620	3,719
Net income for the year		4,594	895
Total shareholders' equity		17,801	4,718
Liabilities			
<i>Long-term liabilities</i>			
Derivatives	Note 20	1,259	1,117
Long-term interest-bearing liabilities	Note 21	27,912	18,005
Long-term interest bearing liabilities, group companies		3,902	2,105
<i>Total long-term liabilities</i>		<i>33,073</i>	<i>21,227</i>
<i>Short-term liabilities</i>			
Short-term interest bearing liabilities, group companies		800	-
Accounts payable		2	3
Accrued expenses and prepaid income	Note 22	134	112
<i>Total short-term liabilities</i>		<i>936</i>	<i>115</i>
Total liabilities		34,009	21,342
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		51,810	26,060

Change in Equity

Attributable to the shareholders of the parent company								
Group, SEKm (note 13)	Number of out-standing shares, thousand	Share capital	Other capital contribution	Currency translation reserve	Currency hedge reserve	Non-controlling interest	Retained earnings	Total equity
Shareholders' equity 31-12-2014	164,000	86	4,096	20	- 13	-	9,460	13,649
Dividend, March 2015 (3.99* per share)	-	-	-	-	-	-	- 754	- 754
Net income for the year	-	-	-	-	-	-	2,881	2,881
Other total net income	-	-	-	- 32	24	-	-	- 8
Shareholders' equity 31-12-2015	164,000	86	4,096	- 12	11	-	11,587	15,768
Dividend, March 2016 (4.25* per share)	-	-	-	-	-	-	- 804	- 804
New issue of shares	82,000	41	6,273	-	-	-	-	6,314
Non-cash issue /Sales of own shares	27,201	10	2,160	-	-	-	905	3,075
Issue expenses	-	-	- 123	-	-	-	-	- 123
D:o Effect on tax	-	-	28	-	-	-	-	28
Acquired minority shareholding	-	-	-	-	-	- 2	-	- 2
Net income for the year	-	-	-	-	-	-	4,972	4,972
Other total net income	-	-	-	63	- 57	-	-	6
Shareholders' equity 31-12-2016	273,201	137	12,434	51	- 46	- 2	16,660	29,234

Parent Company, SEKm (note 13)	Number of out-standing shares, thousand	Share capital	Restricted reserves	Fair value reserves			Retained earnings	Total equity
				Currency translation reserve	Currency hedge reserve	Share premium reserve		
Shareholders' equity 31-12-2014	164,000	86	20	11	- 13	-	4,473	4,577
Dividend, March 2015 (3.99* per share)	-	-	-	-	-	-	- 754	- 754
Net income for the year	-	-	-	-	-	-	895	895
Other total net income	-	-	-	- 24	24	-	-	0
Shareholders' equity 31-12-2015	164,000	86	20	- 13	11	-	4,614	4,718
Dividend, March 2016 (4.25* per share)	-	-	-	-	-	-	- 804	- 804
New issue of shares	82,000	41	-	-	-	6,273	-	6,314
Non-cash issue /Sales of own shares	27,201	10	-	-	-	2,160	905	3,075
Issue expenses	-	-	-	-	-	-	- 123	- 123
D:o Effect on tax	-	-	-	-	-	-	27	27
Net income for the year	-	-	-	-	-	-	4,594	4,594
Other total net income	-	-	-	30	- 30	-	0	0
Shareholders' equity 31-12-2016	273,201	137	20	17	- 19	8,433	9,213	17,801

*) The number of historical shares that have been recalculated with reference to the bonus-issue element (i.e. the value of the subscription right) in the completed new share issue, and utilized in all ratio calculations for SEK-per-share.

Cash Flow Statement

SEKM	GROUP		PARENT COMPANY	
	2016	2015	2016	2015
Operating activities				
Net operating income	3,036	2,225	23	21
Central administrative expenses	- 143	- 113	- 124	- 90
Depreciations reversed	14	12	2	2
Net financial items paid	- 814	- 605	- 23	6
Tax paid	9	- 8	-	-
Translation difference of currencies	6	- 7	-	-
Cash flow from operating activities before change in working capital	2,108	1,504	- 122	- 61
<i>Cash flow from change in working capital</i>				
Change in current receivables	- 47	- 66	799	74
Change in current liabilities	199	69	9	- 2
Cash flow from operating activities	2,260	1,507	686	11
Investment activities				
Investments in new constructions, extensions and reconstructions	- 2,119	- 1,232	-	-
Property acquisitions	- 874	- 2,321	-	-
Change in liabilities at acquisitions of properties	- 4	- 17	-	-
Property sales	6,781	1,135	-	-
Change in receivables at sales of properties	- 4,953	238	-	-
Business combination	- 11,369	-	- 10,503	-
Net capital contributions, subsidiaries	-	-	-	815
Investment joint venture	-	- 505	-	-
Other net investments	- 23	- 9	- 28	- 1
Cash flow from investment activities	- 12,561	- 2,711	10,531	814
Financing activities				
New borrowing in interest-bearing liabilities	5,144	1,950	11,704	1,947
Change in long-term receivables	- 11	-	- 7,245	- 2,034
New issue of shares	6,190	-	6,190	-
Dividend paid	- 804	- 754	- 804	- 754
Cash flow from financing activities	10,519	1,196	9,845	- 841
Cash flow for the year	218	- 8	0	- 16
Liquid assets, opening balance	39	47	0	16
Liquid assets, closing balance	257	39	0	0

Accounting Principles and Notes

(All figures in SEKm unless stated otherwise.)

Note 1 Accounting Principles

General Information

The financial reports of Castellum AB (The Parent Company) for the financial year ending December 31, 2016, have been approved by the Board of Directors and the Chief Executive Officer on February 1, 2017, and will be proposed to the 2017 Annual General Meeting for adoption. The parent company is a public Swedish limited liability company, registered in Gothenburg, Sweden. The business activities of the Group are described in the Directors' report.

Basis for accounting

Castellum's accounts have been prepared in accordance with the IFRS standards adopted by the EU. Further, the consolidated accounts have been prepared according to Swedish law by application of the Swedish Financial Reporting Board's recommendation RFR 1 (Complementary accounting principles for consolidated accounts).

The accounts are prepared based on fair value of investment properties and derivatives, nominal value for deferred tax and acquisition value for the remaining items.

Critical assessments

Accounts are completed in accordance with the IFRS, and generally accepted accounting principles require assessments and assumptions affecting recorded 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 fair under current conditions. Actual outcome 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 the discounting factor (required yield). To reflect the uncertainty that exists in the assessments and assumptions, an uncertainty range of +/- 5-10% is normally used in property valuations. Information about this, along with prevailing assessments and assumptions, is presented in note 12.

Asset acquisition versus business combination

A company acquisition can be classified as either a business combination or an asset acquisition. An acquisition that has the primary purpose to acquire a company's property – i.e. where the company's possible 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 value of the property, meaning that changes in value will be affected by the tax discount in the subsequent valuation.

Deferred tax liability

According to accounting principles, deferred tax shall be accounted for using nominal tax rate without discount, i.e. the 22% corporate tax rate adopted by the Swedish parliament. Actual tax is considerably lower, in part due to the possibility to sell 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 property management – i.e. growth in income from property management – with the objective of an annual increase in property management income by at least 10%. It is also the income from property management that forms the basis of what is distributed to shareholders annually – at least 50% of the income from property management. Thus, changes in value have not been targeted since they are neither included in the basis for distribution, nor in any other basis, e.g. the management's incentive program. To provide an accurate picture of Castellum's view over its business operations, the statement of comprehensive income has been designed accordingly – i.e. changes in values (not affecting cash-flow) are presented after items affecting cash-flow. Furthermore, one performance measure has been added on which the business operations are managed and targeted: income from property management.

Classification

Fixed assets and long-term liabilities consist of items which are expected to be regained or which have matured more than twelve months from the balance sheet date. Current assets and short-term liabilities consist of items that are expected to be regained or settled in less than twelve months from the balance sheet date.

Consolidated account statement

The Group's balance sheet and income statement include all companies where the parent company has direct or indirect control, which is obtained when Castellum achieves voting majority. All companies in the Group are wholly-owned. In addition to the parent company, the Group comprises the subsidiaries listed in Note 25 and their respective sub-groups. Consolidated account statements are based upon the account books for all subsidiaries as of December 31. The consolidated accounts are prepared according to the acquisition method. This 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 of the Group includes only the part of shareholders' equity in the subsidiaries that has been earned after acquisition.

The consolidated income statement includes companies acquired or sold during the year only for the time of possession. Intra-group sales, income, losses and balances are eliminated in the consolidated accounts. The accounts of foreign operations are translated to SEK by translating the balance sheet to the exchange rate at balance date – except for shareholders' equity, which is translated at historical exchange rate. The income statement is translated at the average exchange rate of the period. Currency translation differences are recognized in other total income.

Income

Rental income

Rental income, which from an accounting perspective represents income from operating leases, is invoiced in advance and recorded as a linear allocation in the income statement, based on the terms in the leases. Rental income includes supplementary charges for the tenant, such as debited property tax and heating costs. Pre-paid rents are recorded as deferred rental income.

In cases where a lease during a certain period of time offers a reduced rent, corresponding to a higher rent at another point in time, this lower/higher rent is accrued over the leasing period. Pure discounts, such as reduction for successive moving-in activities, are recorded in the income statement for the period in which they occur.

Income from property sales

Income from property sales is entered as of the contract date, unless special conditions exist in the purchasing agreement. Sales of properties through companies are net accounted for with reference to underlying property price and calculated tax. Income resulting from property sales is accounted for as a change in value and refers to the difference between the received sales price after deduction of sales costs, and the recorded value in the latest interim report, with adjustment for capitalized investments after the latest interim report.

Financial income

Financial income consists of interest-rate income and is recorded in the period to which it refers.

Received Group contributions, as well as received and anticipated dividends, are also recorded as financial income. In the calculation of financial income, the effect interest method is applied.

Financial costs

Financial costs include interest and other costs that occur when borrowing money. Pledging costs for mortgages are not considered financial costs but are capitalized as an increase in value of investment property. Financial costs are accounted for in the period which they refer to. Financial costs also include the interest cost for interest-rate derivatives. Payments for these interest-rate derivatives are accounted for in the period to which they refer. Net financial items are not affected by market valuation of the undertaken interest rate derivatives. Instead, changes in market value of interest-rate derivatives are recorded as changes in value under a separate headline. The portion of interest cost originating from the construction period for major new construction, extensions or reconstructions are capitalized. Interest is calculated based on the average interest rate level for the Group.

Employee benefits

Employee benefits are accounted for as employees perform services in exchange for remuneration. Benefits from incentive plans settled in cash and paid as non-pensionable salary are accounted for as targets are met during the period of the incentive plan.

Pensions and other post-employment benefits are classified as defined contribution or defined benefit plans. The majority of Castellum Group's pension commitments are defined contribution plans, fulfilled through regular payments to independent authorities or bodies which administer the plans. Obligations regarding payments to contribution plans are recorded as costs when they are due. A small number of employees within the Castellum Group have defined ITP-plans with regular payments to Alecta. These plans are

recorded 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 no indications of any significant liabilities in addition to what has already been paid to Alecta.

Income taxes

Income tax in the income statement is divided into current and deferred tax. Income tax is recorded in the income statement except when related to transactions recorded directly in equity. In these cases, the related tax effects are also recorded directly in equity. Current and deferred taxes are calculated based on the current tax rate of 22%, which applies to both Sweden and Denmark.

Deferred tax

Deferred tax is recorded at Castellum using the balance-sheet method, for all temporary differences between an asset's or a liability's book value and its tax-basis value. This means that there is a tax liability or a tax asset that falls due for payment on the date for which the asset or liability is realized. Exceptions are made for temporary differences that arise from the initial accounting for assets and liabilities relating to asset acquisitions. Castellum has four entries that contain temporary differences: properties, tax-loss carry forwards, derivatives and untaxed reserves. Deferred tax assets related to tax-loss carry forwards are recorded, since it is probable that future taxable income will be available, which may be utilized to offset tax-loss carry forwards. Deferred tax liability is calculated on the difference between the properties' book value and their tax basis value, as well as on derivatives and untaxed reserves. For changes in any of the four entries above, the deferred tax liability/tax asset is also changed, and this is recorded in the income statement as deferred tax.

Castellum has recorded the acquisition of Norrporten and CORHEI during the year as business combinations, meaning that full deferred tax is accounted for in the balance sheet.

Current tax

In addition to deferred tax, current tax – the tax the company must pay on taxable income for the year – is also recorded in the income statement. It includes adjustments for previous periods.

Leases

Leases where all crucial risks and benefits associated with the ownership fall on the lessor, are classified as operational leases. From an accounting perspective, all existing rental leases related to Castellum's investment properties are classified as operational leases. Refer to accounting principles for income and note 3 for further information of accounting for leases.

From an accounting perspective, a site leasehold is an operational lease. The ground rent is accounted for in the income statement for the period to which it refers.

There are a small number of leases of insignificant value, where Castellum is the lessee. These leases are also accounted for as operational leases and concern mainly leased cars. Payments made during the leasing period are recorded as running costs in the income statement, distributed over the leasing period.

Investment properties

Investment properties are properties held for the purpose of generating rental income, capital appreciation, or both. This is opposed to utilization in the company's operations for production or supply of goods or services or for administrative properties are classified as investment properties. If the Group starts an investment on an existing investment property for future use as an investment property, the property continues to be recorded as an investment property.

Valuation

Investment properties are initially recorded at acquisition cost, which includes expenses directly related to the acquisition and are subsequently recorded at fair value with changes in value on the income statement. Fair value is calculated using an internal valuation model described in note 11. The note also describes assumptions made as basis for the valuation. The valuation model is based on an earnings-based value, determined by calculating the net prevailing value of future cash flows. A differentiated required yield for each property depending on such factors as location, intended use, condition and standard is taken into consideration. In order to provide further assurance, part of the portfolio has been valued externally.

Changes in value

Changes in value are recorded in the income statement and consist of unrealized as well as realized changes in value. Unrealized changes in value are calculated based on the valuation at financial year end, compared with the previous year's valuation. Otherwise, it is based on acquisition value, if the property has been acquired during the year, with the addition of capitalized subsequent expenditures. For properties sold during the year, unrealized changes in value are recorded and calculated based on the valuation at the latest interim report prior to the sale, compared with the valuation at the end of previous year, with adjustment for capitalized subsequent expenditures during the period. Principals for calculation of realized changes in value is described in the principles for Income from property sales.

Subsequent expenditures

Subsequent expenditures are capitalized if they lead to economic benefits for the company – i.e. if they increase the valuation of the property – and can be reliably calculated. Costs for repairs and maintenance are accounted for in the income statement for the period in which they occur. For major new construction, extensions and reconstruction projects, interest costs during the construction period are capitalized.

Acquisitions and sales

For acquisition or sale of properties or companies, the transaction is entered as of the signing date, unless special conditions exist in the purchasing contract.

Tangible fixed assets

Tangible fixed assets comprise all equipment, which has been recorded at acquisition value, including deduction of accumulated depreciation according to plan and any write-downs. Acquisition value includes purchase price and costs directly related to the acquisition, e.g. transport-to-site and proper conditions for utilization according to the purpose of the acquisition. Depreciation on equipment is based on historical acquisition values after deduction of subsequent write-downs. Residual value is assumed to be non-existent. Depreciation of assets acquired during the year is calculated with reference to the date of acquisition. Depreciation is linear, which means equal depreciation during the period of use, normally five years, except for computers that are expected to have a three-year period of use.

Goodwill

Goodwill arising from the preparation of consolidated accounts represents the difference between acquisition cost and the Group's share of the fair value of the acquiring subsidiary's identifiable net assets at acquisition date.

The Group's reported goodwill is attributable to deferred tax. Goodwill is valued at acquisition value for acquisition date; thereafter it is valued at acquisition value after deduction for possible write-downs. Goodwill is tested annually for possible write-downs, or if there are indications that the carrying value may not be recoverable.

Financial instruments

Financial instruments recorded in the balance sheet include assets such as liquid assets, lease receivables, other receivables and loans receivable, as well as liabilities such as interest and currency derivatives, accounts payable, other liabilities and loans payable.

Financial instruments are initially recorded at fair value equivalent to acquisition value, with the addition of transaction costs. An exception to this includes financial instruments that are recorded at fair value through the income statement, where transaction costs are excluded. Subsequent accounting is based on the classification made according to the criteria below. Financial transactions – such as cash received or paid as interest and amortization – are recorded on the settlement day of the bank holding the account, while other payments are recorded on the accounting date of the bank holding the account.

A financial asset is removed from the balance sheet when the rights are realized, expired or the company no longer exercises control over it. A financial liability is derecognized from the balance sheet when contractual obligations have been paid or in some other way extinguished.

Cash and bank

Cash and cash equivalents could consist of the Group's available cash balances with banks and similar institutions, as well as by bank deposits with a residual maturity of no more than ten (10) banking days, short-term investments in treasury bills and bank and municipal bonds with a residual maturity of a maximum of three (3) months. At December 31, cash and cash equivalents consisted entirely of disposable bank balances.

Receivables

Financial assets which are not derivatives, that feature fixed or predictable payments and are not quoted on an active market, are recorded as receivables. In the Group there are mainly rent receivables and other receivables. After individual valuation, receivables have been recorded as the amount at which they are expected to be received. This means that they are recorded at acquisition value with deduction for receivables which are uncertain. Reservation for uncertain receivables is made when an objective risk assessment concludes that the Group might not receive the entire receivable. Receivables in the parent company consist only of receivables from the subsidiaries, which are recorded at acquisition value.

Liabilities

Liabilities refer to credits and operating liabilities such as accounts payable. The majority of Castellum's credit agreements are long-term. In cases where short-term credits are drawn under long-term credit agreements, the credits are considered long-term. The credits are recorded on the settlement date at accrued acquisition value. Deferred unpaid interest is recorded in accrued expenses. A liability is recorded when the counter-party has performed services and a legal obligation to pay exists, even if the invoice has not yet been received. Accounts payable are recorded when the invoice is received. Accounts payable and other operative liabilities with short duration are recorded at nominal value.

Foreign currency

Transactions in foreign currencies are translated to Swedish kronor (SEK) at the spot exchange rate of the transaction. Monetary assets and liabilities are translated at the balance day rate.

Derivatives

Interest-rate derivatives are financial assets or liabilities which are valued at fair value, with value-changes recorded in the income statement. In order to manage exposure to fluctuations in the market interest rate according to the finance policy, Castellum has entered interest-rate-derivative agreements. When using interest-rate derivatives, changes in value may occur, mainly due to changes in market interest rates. Interest-rate derivatives are initially recorded in the balance sheet on the trade day at acquisition value. They are subsequently valued at fair value with value-changes in the income statement.

Changes in value can be realized as well as unrealized. Realized changes in value refer to redeemed interest-rate derivative contracts and constitute the difference between the price at the time of redemption and the recorded book value according to the latest interim report. Unrealized changes in value refer to the changes in value during the period for the interest-rate derivatives that 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. They can also refer to the acquisition value if the interest-rate derivative agreements have been entered into during the year. For interest-rate derivatives that have been redeemed during the year, an unrealized change in value is recorded and calculated based on valuation at the latest interim report, prior to redemption, compared with valuation at the end of the previous year. Payments made under these agreements are accounted for in the period to which they refer.

Financing of foreign investments can be achieved by raising loans in the functional currency of the company, and by entering into currency derivatives. Castellum apply hedge accounting of net investment in foreign operations in cases where currency derivatives are used. They are initially reported in the balance sheet at cost on trade date, and thereafter reported at fair value. The effective portion of the foreign exchange rate change regarding the hedging instrument is recognized in other total income, while the ineffective portion is recognized as change in value in the income statement. The balance date rate is used to determine real value.

The valuation of derivatives at fair value is adjusted for counterparty risk, i.e. CVA and DVA

Shareholders' equity

Repurchased shares

Repurchased shares reduce shareholders' equity by the purchase price, including any transaction costs.

Dividends

Dividends are accounted for as a deduction of shareholders' equity after the decision by the Annual General Meeting (AGM). Anticipated dividend is accounted for as financial income by the recipient.

Earnings after tax per share

Calculation of after-tax 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 outstanding shares during the year.

Provisions

Provisions are liabilities that are uncertain regarding timing or amount. A provision is recognized when there are contractual obligations, court orders or other legal grounds likely to involve future payments. The amounts are continuously reassessed. Liabilities due in more than one year are estimated using discounting.

Definition of segments

The Group's operations are organized, managed and reported primarily by geographical region. Segments are consolidated according to the same principles as the Group. Income and costs reported for each segment are actual costs, and no distribution of common costs, assets or liabilities is made between the regions. The same applies to the assets and liabilities reported in the note for 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 accounting principles between the Group and the parent company

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 is applied in the consolidated account statement, 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 principles between the Group and the parent company are presented below.

Presentation

The income statement and balance sheet for the parent company are presented according to the Annual Accounts Act schedules.

Shares in subsidiaries

Shareholdings in subsidiaries are accounted for in the parent company according to the acquisition value method. The book value is regularly compared to subsidiary group equity. When the book value is lower than the group value of subsidiaries, a write-down is recorded in the income statement. Previous write-downs that are no longer justified are reversed.

Contingent liabilities

Contingent liabilities for the benefit of subsidiaries are financial guarantees and accounted for in accordance with RFR 2, i.e. they are not accounted for as provisions. Instead, Castellum provides information in the notes.

New accounting rules and regulations

New and revised existing standards and interpretations, approved by the EU

New standards that came into force in 2016

The new standards that came into force in 2016 have not had any impact on Castellum's financial reporting.

New standards and interpretations that come into force in 2017 and onwards

IFRS 9 Financial Instruments legislation was adopted by the EU in autumn 2016, coming into effect on January 1, 2018. The recommendation means a new classification of financial assets and liabilities as well as a new model for credit provisions which will take into account the company's expected credit losses. The changes are not expected to have any material impact on Castellum but may need to be documented. For Castellum, the most substantial change in the regulatory framework concerns hedge accounting, which Castellum only uses to hedge its investment in Denmark through currency derivatives. Here, too, Castellum will mainly be affected by documentation, and a review will be made in good time for transition to the new regulatory framework.

IFRS 15 Revenue Recognition was also adopted in the autumn, effective January 1, 2018. In addition, clarifications to the recommendation were presented in 2016 and are expected to be adopted by the EU during the first half of 2017. Castellum's income consists of rental income and sales income from real estate. Regarding the abovementioned, Castellum currently accounts for both direct and indirect real estate transactions on contract day given that customary contract terms apply. IFRS 15 may result in the transaction, and hence the sales income, being accounted for when change of possession occurs. Moreover, the recommendation results in expanded disclosure requirements regarding sales; for example, whether the transaction price includes variable or contingent consideration and/or elements of financing. Briefly, the clarifications published in 2016, but not yet adopted by the EU, require that the performance obligations of principal vs agent be identified. The distinction between principal and agent may affect the recognition of revenue when re-invoicing the tenant, which in turn depends on whether Castellum acts as principal or agent in such situations. In 2017, Castellum's leasing agreements will be analyzed to clarify the relationship between principal and agent and investigate the possible distinction between rental and service revenues.

Changes in Swedish regulations

The changes in 2016 have not had any significant impact on Castellum's accounting but have primarily entailed slightly increased disclosure requirements.

Note 2 Segment reporting

The Group's operating segments consist of the following geographical areas: Central (Örebro, Västerås, Linköping, Norrköping and Västjör), West (Greater Gothenburg incl. Borås and Halmstad), Stockholm, Öresund (Malmö, Lund,

Helsingborg and Copenhagen) and North (Gävle and Sundsvall). The operating segments are identified by geographical field of activity, which is according to how they are followed-up and analyzed by the primary operational decision-maker in the Group. The Group only manages commercial properties.

Reporting segment	Central		West		Stockholm		Öresund		North		Unallocated items		The Castellum Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Rental income, external	1,258	854	1,108	1,091	809	703	933	651	425	-	-	-	4,533	3,299
Property costs	- 447	-302	- 335	- 305	- 230	- 222	- 316	- 244	- 165	-	- 4	-	-1,497	-1,074
Net operating income	810	552	773	786	579	480	617	407	260	-	- 4	-	3,036	2,225
Central administration	- 14	- 15	- 13	- 14	- 9	- 8	- 8	- 8	- 2	-	- 97	- 69	- 143	- 113
Income from prop. mgmt. JV	4	23	-	-	-	-	-	-	-	-	-	-	4	21
Interest income	13	11	23	11	14	11	23	26	2	-	- 72	- 55	3	4
Interest costs	- 281	- 177	- 222	- 226	- 153	- 140	- 211	- 126	- 5	-	37	64	- 835	- 606
Income from prop. mgmt. incl results JV	533	394	561	557	431	343	421	300	255	-	- 136	- 60	2,065	1,531
Revaluation of results due to stepwise acquisition	27	-	-	-	-	-	-	-	-	-	-	-	27	-
Transaction and restructuring costs	-	-	-	-	-	-	-	-	-	-	- 163	-	- 163	-
Write-down goodwill	-	-	-	-	-	-	-	-	- 373	-	-	-	- 373	-
Change in value properties	1,446	480	538	488	1,231	732	230	137	640	-	-	-	4,085	1,837
Changes in property/tax values JV	- 1	-	-	-	-	-	-	-	-	-	-	-	- 1	-
Changes in value derivatives	-	-	-	-	-	-	-	-	-	-	82	216	82	216
Income before tax	2,005	877	1,099	1,045	1,662	1,076	651	436	522	-	- 217	156	5,722	3,584
Investment properties	19,855	10,744	15,848	14,661	15,181	8,607	15,121	7,806	4,752	-	-	-	70,757	41,818
- of which investments this year	7,666	1,084	650	841	5,346	1,067	8,060	531	9,768	-	-	-	31,491	3,523

Of the Group's external rental income and investment properties: SEKm 255 (83) refers to rental income from tenants in Denmark and SEKm 5,395 (954) refers to investment properties located in Denmark, respectively.

Note 3 Rental income

Rental value

Group rental income was SEKm 4,533 (3,299). Rental income consists of the rental value with deduction for the value of vacant premises during the year. Rental value refers to rental income received and the estimated market rent of unlet premises. The rental value also includes supplementary charges for the customer, such as heating, property tax and an index supplement. Rental value SEK/sq. m. for the different regions and types of properties are shown in the table below. Rental levels have increased by 2% (1%) in comparable portfolio compared with previous year.

Rental value, SEK/sq.m.	Office/Retail		Warehouse/Industrial		Total	
	2016	2015	2016	2015	2016	2015
Central	1,367	1,246	744	716	1,255	1,101
Öresund	1,858	1,316	737	757	1,539	1,089
Stockholm	1,854	1,453	1,051	1,029	1,501	1,240
West	1,420	1,388	770	759	1,033	1,021
North	1,501	-	-	-	1,501	-
Total	1,561	1,332	818	804	1,304	1,095

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. Rental levels at Castellum are considered to be aligned with the market.

Commercial leases include a so-called index clause, which provides for an upward adjustment of the rent, corresponding to a certain percentage of inflation during the previous year or a minimum upward adjustment.

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 in 2017 is that a majority of maturing leases were already renegotiated in 2016 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 3.8 years (3.4).

Lease maturity structure	No. of leases	Lease value, SEKm	Percentage of value
Commercial, term			
2017	1,664	440	9%
2018	1,505	915	20%
2019	1,295	935	20%
2020	885	754	16%
2021	259	459	10%
2022+	369	1,186	25%
Total commercial	5,977	4,689	100%
Residential	478	41	
Parking spaces and other	5,950	52	
Total	12,405	4,782	

Economic occupancy rate

Castellum's average economic occupancy rate during 2016 was 91.3% (90.3%). It was 91.8% (90.2%) for office and retail properties and 89.5% (90.5%) for warehouse and industrial properties. Total annual rental value for vacant premises during the year amounts to approx. SEKm 550 (392).

Rental income for the period includes a lump sum of SEKm 20 (8) as a result of early termination of leases.

Gross leasing, i.e. the annual value of total leasing, during the year was SEKm 489 (316), of which SEKm 152 (55) related to leasing of new constructions, extensions and reconstructions. Notices of termination amounted to SEKm 311 (298), of which bankruptcies were SEKm 17 (11). SEKm 5 (18) related to notices of termination with more than 18 months left of the contract. Hence, net leasing for the year was SEKm 178 (18). The time difference between reported net leasing and the effect in income is estimated to be 9-18 months.

Economic occupancy rate	Office/Retail		Warehouse/Industrial		Total	
	2016	2015	2016	2015	2016	2015
Central	92.5%	92.1%	89.3%	88.2%	92.2%	91.4%
Öresund	88.2%	84.3%	83.4%	88.3%	87.5%	85.4%
Stockholm	93.6%	89.7%	90.5%	91.7%	92.9%	90.5%
West	93.7%	93.1%	90.5%	91.5%	92.3%	92.4%
North	93.2%	-	-	-	93.2%	-
Total	91.8%	90.2%	89.5%	90.5%	91.3%	90.3%

Risk exposure and credit risk

Castellum's lease portfolio features a good risk exposure. The Group has approx. 6,000 commercial leases and 500 residential leases, and their distribution in terms of size is presented in the table below. The single largest lease as well as the single largest customer accounts for approx. 2% of the Group's total rental income, meaning that Castellum's exposure to a single-customer credit risk is very low.

Lease size, SEKm	No. of leases	Lease value, SEKm		
		Share	SEKm	Share
Commercial				
< 0.25	3,087	25%	254	5%
0.25-0.5	1,025	8%	371	8%
0.5-1.0	815	6%	573	12%
1.0-3.0	705	6%	1,179	25%
> 3.0	345	3%	2,312	48%
Total commercial	5,977	48%	4,689	98%
Residential	478	4%	41	1%
Parking space and other	5,950	48%	52	1%
Total	12,405	100%	4,782	100%

Commercial leases are distributed among various business sectors as illustrated in the table below.

Commercial leases distributed by sector (GICS-code)	No. of leases	Lease value, SEKm	Share
Energy (10)	65	38	1%
Materials (15)	95	94	2%
Capital goods (2010)	660	481	10%
Commercial Services & Supplies (2020)	2,053	869	19%
Transportation (2030)	101	100	2%
Retailing (2550)	405	348	7%
Other Consumer Durables and Services (2510-2540)	695	599	13%
Consumer Staples (30)	153	183	4%
Health Care (35)	318	297	6%
Finance and Real Estate (40)	301	308	7%
Software and Services (4510)	300	192	4%
Technology Hardware and Equipment (4520)	132	107	2%
Telecommunication Services (50)	89	31	1%
Utilities (55)	36	12	0%
Non-profit associations and foundations	123	52	1%
Public sector, etc.	450	978	21%
Total	5,976	4,689	100%

The table below shows the time distribution of future rental income for existing lease agreements

Future rental income for existing leases	Group		Parent Company	
	2016	2015	2016	2015
Contracted rental income year 1				
Commercial leases	4,703	3,120	-	-
Residential	13	5	-	-
Contracted rental income between 2 and 5 years	10,495	6,293	-	-
Contracted rental income after more than 5 years	3,725	1,477	-	-
Total	18,936	10,895	-	-

Rent receivables

Rents are invoiced and paid in advance, which means that all of the Group's rental receivables of SEKm 118 (7) are overdue.

Parent company

The parent company consists of only group-wide functions and the turnover mainly consists of intra-group services.

Note 4 Property costs

Property costs in 2016 totalled SEKm 1,497 (1,074), equivalent to SEK 376/sq. m. (316). Costs include both direct property costs such as costs for operation, maintenance, ground rent and property tax, and indirect costs such as leasing and property management.

Operating expenses

Operating expenses include costs such as electricity, heating, water, facilities management, cleaning, insurance, rent losses and property-specific marketing costs. Most operating expenses are recharged to the customers as supplements to rent. For warehouse and industrial properties, however, most customers are directly responsible for most operating costs. Operating expenses for 2016 were SEKm 671 (507), equivalent to SEK 168/sq. m. (149). Operating expenses, which are considered to be at a normal level for the business, are weather dependent, and vary between years and seasons. Energy consumption for heating during the period has been calculated to 92% (88%) of a normal year according to degree-day statistics. Operating expenses include rent losses of SEKm 14 (6), corresponding to 0.3% of rental income.

Maintenance

Maintenance costs are ongoing measures to maintain the property's standard and technical systems. 2016 maintenance costs totalled SEKm 189 (133), equivalent to SEK 47/sq. m. (39).

Ground rent

Ground rent, including leasing fees, for 2016 totalled SEKm 24 (27), of which approx. 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 ground rent is currently calculated in such a way that the municipality receives a fair real interest rate based on the estimated market value of the site. Ground rent is spread over time and is mostly renegotiated at intervals of 10 to 20 years. At year-end 2016, Castellum had 74 properties with ground rent. Existing ground rent agreements mature relatively evenly over the next 60 years. In most cases, when notice is given for a ground rent agreement, the site owner (the municipality) is to compensate Castellum for buildings, etc. There are, however, a few agreements where the municipality can demand that the land be restored.

Future contracted ground rents	Group		Parent Company	
	2016	2015	2016	2015
Contracted ground rents year 1	17	18	-	-
Contracted ground rents between 2 and 5 years	66	71	-	-
Contracted ground rents after more than 5 years	291	325	-	-
Total	374	414	-	-

Property tax

The Group's property tax was SEKm 262 (172), equivalent to SEK 70 sq. m. (50). Property tax is a federal tax based on the property's tax-assessed value. The tax rate for 2016 was 1.0% of the tax assessment value for office/retail properties and 0.5% for warehouse/industrial.

Leasing and property management

The Group's leasing and property management costs for 2016 were SEKm 351 (235), equivalent to SEK 86/sq. m. (72). Leasing and property management are indirect costs for ongoing property management, comprising the costs of leasing operations, rent negotiation, lease administration, rent debiting and collecting, accounting and project administration costs as well as depreciation on equipment at subsidiaries. Of the costs, SEKm 209 (134) refers to employee benefits and SEKm 12 (10) to depreciation on equipment.

Summary property costs

Property costs per square metre, distributed by property category and type of cost are shown below

Property costs SEK/sq.m.	Office/Retail		Warehouse/industrial		Totalt	
	2016	2015	2016	2015	2016	2015
Operating expenses	199	181	110	109	168	149
Maintenance	58	49	26	27	47	39
Ground rent	3	5	8	7	5	6
Property tax	95	72	23	23	70	50
Direct property costs	355	307	167	166	290	244
Leasing/property administration	-	-	-	-	86	72
Total	355	307	167	166	376	316

Note 5 Central Administrative Expenses

Central administrative expenses include costs of portfolio management, company administration and costs of maintaining the Stock Exchange listing. This involves all costs of Castellum AB, such as Group management, treasury, IT, human relations, investor relations, annual report, audit, depreciation on equipment, etc. At subsidiary level, the figures include, costs for MD and financial manager as well as costs of preparing annual reports, audit, etc. Of the costs, excl. the incentive plan described below, SEKm 66 (66) refers to employee benefits and SEKm 2 (2) to depreciation on equipment.

Central administrative expenses also include costs relating to a profit and share-price related incentive plan for senior management to the order of SEKm 20 (11).

Remuneration to auditors

Remuneration to auditors	Group		Parent company	
	2016	2015	2016	2015
Audit assignment	2	2	1	1
Audit in addition to the audit assignment	2	0	0	0
Tax consulting	0	0	0	0
Other consulting	0	0	0	0
Total	4	2	1	1

Of the Group's total remuneration to auditors of SEKk 3,666 (2,474), SEKk 3,516 (2,324) refers to Deloitte and SEKk 150 (150) refers to EY.

Note 6 Transaction and restructuring costs

In 2016, Castellum acquired Norrporten, resulting in acquisition costs of SEKm 126. In addition, the restructuring of business operations started, which is expected to generate synergies of SEKm 150.

The restructuring costs are estimated at a total of about SEKm 40, of which SEKm 37 was charged to the income for the year.

Note 7 Interest and Financial Income

	Group		Parent company	
	2015	2014	2015	2014
Interest income	3	4	0	1
Received group contributions, subsidiaries	-	-	420	185
Anticipated dividend, subsidiaries	-	-	5,480	630
Interest income, subsidiaries	-	-	728	657
Other financial income	-	0	0	0
Total	3	4	6,628	1,473

Interest income, for the Group as well as for the Parent Company, is related to receivables valued at accrued acquisition value.

Note 8 Interest and Financial Costs

	Group		Parent company	
	2016	2015	2016	2015
Interest costs	810	606	682	591
Interest costs, subsidiaries	-	-	72	56
Other financial costs	25	0	9	2
Total	835	606	763	649

Net financial items were SEKm -832 (-602). During the year, interest costs of SEKm 15 (8) were capitalized as investments in the real estate portfolio, where an average interest rate level of 2.7% (3.0%) has been used.

Of the Group's interest costs, SEKm 360 are related to liabilities valued at accrued acquisition value. Corresponding value for the parent company is SEKm 364. Remaining interest costs refer to interest attributable to Castellum's interest derivatives.

Note 9 Changes in value

Properties

The Swedish real estate market in 2016 was characterized by high activity and strong demand, resulting in lower required yield and consequently, higher property prices. Castellum has reflected this price rise in its internal valuation through reduced yield requirements, which at portfolio level corresponds to about 27 points. This, together with mainly project profits and changed cash flow, resulted in a change in value during the year of SEKm 3,793 or 6%. Norrporten's change in value for the first six months - totalling SEKm 638, corresponding to 3% - is included in the purchase price allocation and therefore does not affect Castellum's income. In addition, 80 properties were sold for SEKm 6,754 after reduction for assessed deferred tax and transaction costs totalling SEKm 233. Underlying property value, amounting to SEKm 6,986, exceeded the latest valuation of SEK 6,461 by SEKm 525. As each property is valued individually,

the portfolio premium that can be noted in the real estate market was not taken into account.

The net increase in value, including this year's change, over the past 10 years has been 1.3% per year, which is slightly higher than inflation 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, regardless of credit margins, there is a surplus or sub-value in the interest rate derivatives where the non-cash-flow changes in value are reported in the income statement. Castellum also uses derivatives in order to hedge currency fluctuation in its Danish investment. For currency derivatives, a surplus or sub-value occurs if the agreed exchange rate deviates from the current exchange rate, where the effective portion of value changes is accounted for in other total income.

The value of the interest derivatives portfolio has changed by SEKm 82 (220), mainly due to changes in long-term market interest rates. The value of Castellum's currency derivatives has changed by SEKm 19 (20) during the year, where the effective portion of the value change, SEKm 19 (24), is accounted for in other total net income. In addition there are realized changes in value on currency derivatives of SEK -76 on other total net income.

Note 10 Income taxes

The Swedish income tax for limited liability companies is 22%. In the income statement, income tax is recorded as two entries, current tax and deferred tax. Current tax is based on the taxable income for the year, which is lower than the recorded net income for the year. This is mainly an effect of the possibility to use tax depreciation on buildings, to use direct tax deductions for certain property reconstructions, which are capitalized in the accounts, and to utilize existing tax loss carry forwards.

Deferred tax is a provision for future tax that will be paid when the properties are sold, and the depreciation for tax purposes and the capitalized investments deducted for tax purposes are reversed.

Swedish accounting legislation does not permit the presentation of properties at fair value in legal entities, meaning that changes in property values only occur at Group level and thus do not affect taxation. Some financial instruments, such as interest rate swaps, might be recorded at fair value at entity level. For Castellum, negative value changes on such instruments are a tax deductible item, while changes up to the acquisition cost of the instruments comprise a taxable income.

As shown in the table below, taxable income for 2016 is low, since Castellum uses the abovementioned depreciation for tax purposes and tax deductions for certain reconstructions, while property sales mainly were made in the form of tax-free share transfers. Current paid tax occurs because a few subsidiaries are not allowed to make fiscal group contributions.

Tax calculation for the Group	Basis 2016		Basis 2015	
	Current tax	Deferred tax	Current tax	Deferred tax
Income from property management	2,065		1,533	
D:o attributable to joint venture	- 4		- 23	
Deductions for tax purposes				
depreciation	- 1,044	1,044	- 741	741
reconstructions	- 485	485	- 494	494
Other tax allowances	48	212	- 39	6
Taxable income from property management	580	1,741	236	1,241
Properties sold	44	- 2,577	3	- 293
Changes in value on properties	-	3,793	-	1,789
Changes in value on derivatives	- 245	70	216	-
Issue expenses	- 123	123	-	-
Taxable income before tax loss carry forwards	256	3,150	455	2,737
Tax loss carry forwards, opening balance	- 809	809	- 1,193	- 1,193
Acquired tax loss carry forwards	- 1,736	1,736	-	-
Tax loss carry forwards, closing balance	2,392	- 2,392	809	- 809
Taxable income	103	3,303	71	3,121
According to statement of comprehensive income	- 23	- 727	- 16	- 687

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 to SEKm 2,392.

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 cost in Castellum's income statement is less than nominal tax. The effective tax on income from property management, without consideration of tax loss carry forwards, can be calculated to 6%.

Tax cost/income	Group		Parent company	
	2016	2015	2016	2015
Income before tax	5,722	3,584	4,660	971
Tax according to current tax rate	- 1,259	- 788	- 1,025	- 214
Tax effects due to:				
non-taxable dividend	-	-	1,206	138
not deductible write-down shares subsidiaries	-	-	- 858	-
taxable result in joint ventures	1	6	-	-
not deductible sales properties/subsidiaries	627	64	612	-
transaction costs	- 28	-	-	-
goodwill	- 82	-	-	-
derivatives	10	-	-	-
other tax adjustments	- 19	15	- 1	-
Tax according to income statement	- 750	- 703	- 66	- 76

Note 11 Personnel and Board of Directors

Nuer of employees	Group		Parent company	
	2016	2015	2016	2015
Average number of employees	363	299	30	24
of which women	130	113	18	14
of which Denmark (of which women)	6 (3)	4 (1)	-	-

Salaries, remuneration and benefits

During 2016, the parent company had 7 (7) board members, of whom 4 (3) were women, while the total number of board members in Group subsidiaries totalled 19 (21), of whom 9 (8) were women. At year-end, the Group had 9 (10) senior executives, of whom 4 (3) were women. The total number of senior executives in subsidiary managerial bodies and senior executives of the Group totalled 45 (38), of whom 15 (12) were women.

	Group		Parent company	
	2016	2015	2016	2015
Salaries, remuneration and benefits				
Chairman of the Board	0.8	0.7	0.8	0.7
Other Board members	2.0	1.9	2.0	1.9
Chief Executive Officer				
Fixed salary	4.1	3.6	4.1	3.6
Variable remuneration	3.8	1.6	3.7	1.6
Benefits	0.1	0.1	0.1	0.1
Other senior executives				
Group: 11 (9), Parent company: 4 (3)				
Fixed salary	15.2	12.2	5.7	3.5
Variable remuneration	11.1	6.5	4.7	1.7
Benefits	0.6	0.6	0.2	0.2
Other employees	201.7	144.0	15.9	12.4
Total	239.4	171.2	37.2	25.7
Contractual pensions costs				
Chief Executive Officer	1.2	1.1	1.2	1.1
Other senior executives (11 vs. 4)	4.2	3.7	1.8	1.1
Other employees	35.3	18.2	3.5	2.2
Total	40.7	23.0	6.5	4.3
Statutory social costs incl. special employer's contributions				
Chairman of the Board	0.2	0.2	0.2	0.2
Other Board members	0.4	0.3	0.4	0.3
Chief Executive Officer	2.8	1.9	2.8	1.9
Other senior executives (11 vs. 4)	9.3	7.1	3.8	2.0
Other employees	73.7	49.7	5.8	4.4
Total	86.4	59.2	13.0	8.8
Grand total	366.5	253.4	56.7	38.9

*This year's acquisition of Norrporten led to former the CEO of Norrporten, Jörgen Lundgren, being released from his contract at a cost of SEK 5, excluding social costs. This cost is accounted for among Other employees.

Board remuneration

Board remuneration was decided upon by the Annual General Meeting 2016 to total SEK 2,610, of which SEK 720 was designated to the Chairman of the Board and SEK 315 to each other Board member. Additional remuneration for committee work totals SEK 210. These amounts apply from the AGM 17-03-2016 to the AGM 23-03-2017.

Executive management

Executive management changed over the year, and at year-end, the executive management group consisted of the Chief Executive Officer, the Chief Financial

Officer, the Head of Business Development, the Chief Investment Officer and the HR Manager at Castellum AB, as well as the five Regional Managing Directors. After the turn of the year, a Director of Corporate Communications was appointed and joins the executive management group, starting January 2017. Moreover, the Managing Director of the Northern Region has resigned from his post.

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 parts:

- One profit-based part is based on income growth from property management compared to the previous year, as well as an overall estimation of development for certain individual factors. Full outcome requires that income growth from property management per share reaches 10% per year. When growth is in the range 0-10%, a linear calculation of the incentive is made. The profit-based portion 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 2016 was 84%, representing a cost of SEK 9.7 including social costs. The plan ended at the end of 2016.
- One share-price-based part based on the total return on the Castellum share during a three-year period, both in nominal figures and compared with index for real-estate shares in Sweden, the Eurozone and Great Britain. For full outcome of the incentive plan, the total return must be at least 50% during the period and the total return has to exceed index development by at least 5 percentage points during the period. When growth is in the ranges 0-50% and 0-5%-points respectively, a linear calculation of the incentive is made. Any payments due are paid as salary after the measurement period of June 2014-May 2017. During the three-year period, the share-price-based part may total no more than one-and-a-half-years' salary, equal to a Castellum cost of SEK 31, including social costs. As of December 2016, the outcome was 57%, representing a cost of SEK 14.5 including social costs. Final reading and set-offs will occur in May 2017.

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 pension contributions.

The 2016 AGM decided on a new incentive plan that is basically an extension of the above plan and consists of an annual performance-based remuneration for the years 2017, 2018 and 2019, as well as a three-year share-based remuneration for the period June 2017-May 2020.

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 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

When issued by the company, the period of notice will not exceed 6 months regarding the Chief Executive Officer and 12 months for any other member of Group executive management. Notice is given by the Chief Executive Officer or any other member of executive management of the company, the period of notice is six months. During the period of notice, 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. At the company's dismissal of the Chief Executive Officer, a severance pay of 12 months' fixed salary is paid, which is not to be reduced as a result of other income that the Chief Executive Officer receives.

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 payments and subsequent return will be received as pension. However, there is an exception for about 20 employees within the Castellum Group who instead have defined ITP-plans with regular payments to Alecia. Insurance premiums paid to Alecia during the year amounted to SEK 4 (1). The surplus in Alecia may be distributed to the insurance holder and/or to the insured. Alecia'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. Alecia's latest official consolidation level was 148% (December 2015: 143%), as of September 2016. The collective consolidation level is made up by the market value of Alecia's assets as a percentage of the insurance obligations calculated according to Alecia's assumptions for calculating the insurance, which do not comply with IAS 19.

Absence due to illness

Absence due to illness for the year was 3% (3%), of which a 2% share (1%) was for long-term sick leave. Absences due to illness for men and women were 3% (2%) and 4% (3%), respectively. Absences due to illness were 4% (2%)

for the age group 29 years and younger, 3% (2%) for the age group 30–49 years and 3% (3%) for the age group 50 years or older. Absence due to illness for the parent company was 4% (2%), of which a 3% share (1%) was for long-term sick leave.

Note 12 Investment Properties

	Group	
Schedule of the changes during the year	2016	2015
Opening balance	41,818	37,599
New construction, extension and reconstruction	2,119	1,232
<i>of which capitalized interest costs</i>	15	8
Acquisitions	29,372	2,321
<i>of which business combination</i>	28,499	–
Sales	– 6,462	– 1,092
Unrealized changes in value	3,793	1,789
Currency translation	117	– 31
Closing balance	70,757	41,818
Schedule of tax assessment value		
Buildings	24,657	15,445
Land	8,656	5,423
Total tax assessment value	33,313	20,868
Rental income from investment properties	4,533	3,299
Property costs for investment properties	1,497	1,074

The year's change per category is shown in the table below.

Change by category	Office/Retail		Warehouse/industrial		Project/Land	
	2016	2015	2016	2015	2016	2015
Opening balance	28,134	24,584	12,159	11,411	1,525	1,604
Category changes	– 183	443	72	– 118	111	– 325
New construction, extension and reconstruction	1,337	739	296	267	486	226
Acquisitions	28,867	1,926	62	221	443	174
Sales	– 6,057	– 880	– 399	– 65	– 6	– 195
Unrealized changes in value	3,191	1,346	349	450	253	41
Currency translation	110	– 24	7	– 7	–	–
Closing balance	55,399	28,134	12,546	12,159	2,812	1,525

The Parent company does not own any investment properties.

Investments during the year

During 2016, Castellum invested a total of SEKm 31,491 (3,553), of which SEKm 29,372 (2,321) were acquisitions and SEKm 2,119 (1,232) were new construction, extensions and reconstructions. SEKm 9,768 of total investments related to the Northern Region; SEKm 8,060 to the Öresund Region; SEKm 7,666 to the Central Region; SEKm 5,346 to the Stockholm Region and SEKm 650 to the Western Region.

Significant obligations

In 2015, Castellum entered into an agreement for the acquisition of one newly built office property in Hagastaden, Stockholm, for SEK 1.6 billion, with change of possession scheduled for February 2017. The property will be accounted for when the change of possession has taken place because the agreement is conditional on, among other things, completion. Moreover, Castellum has commitments to complete initiated projects where the remaining investment volume amounts to approx. SEKm 1,500, in addition to amounts reported in the balance sheet.

Larger ongoing investments

Property	Investment, SEKm	Remainig, SEKm	To be completed
Olaus Petri 3:244, Örebro	420	420	Q 2 2019
Lindholmen 30:5, Gothenburg	265	27	Q 1 2017
Balltorp 1:124, Mölndal	180	137	Q 4 2017
Varpen 11, Huddinge	162	131	Q 4 2017
Nordstaden 2:16, Gothenburg	135	53	Q 1 2017

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 real estate portfolio. The value of the real estate 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. The valuation is thus under IFRS 13, level 3.

The required yield and the assumption regarding future real growth are crucial for the calculated value of the real estate 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 equity. The cost of borrowed capital is based on the market interest rate for loans. The cost of equity is based on a "risk-free interest rate" equivalent to the long-term government bond rate with the addition of 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 the investment properties at fair value and has made an internal valuation of all properties as of December 31, 2016. The valuation was carried out in a uniform manner, and was based on ten-year cash flow model, summarized above. The internal valuation was based on an individual assessment for each property of both its future earnings capacity and its required market yield. Valuations are made locally in each subsidiary and are quality assured by Castellum AB, which also has overall responsibility for both the process and system as for determining the macroeconomic assumptions.

Assumptions of cash flow

In assessing a property's future earnings capacity we took into account an assumed level of inflation of 1.5% and potential changes in 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 10-year period and reaches 96%. Included in property costs are operating expenses, maintenance, ground rent, property tax, and leasing and property administration.

Assumptions per property category, year 1	Office/Retail		Warehouse/industrial	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Rental value SEK/sq.m,	1,561	1,347	818	813
Vacancy	9%	9%	9%	8%
Direct property cost SEK/sq.m.	355	314	167	72
Property management SEK/sq.m	35	35	25	25

Assumptions of required yield

The required yield on equity is different for each property and based on assumptions regarding real interest rate, inflation and risk premium. The risk premium is different for each property and can be divided into two parts: general risk and individual risk. The general risk makes up for the fact that a real estate 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 by site-leasehold rights, where Castellum has a reset obligation under contractual agreement, are assigned an additional individual risk premium of 1.0%.

In order to calculate the required yield on total capital, an operating assumption of 5% 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 equity and the cost of borrowed capital, depending on the capital structure. The required yield on total capital is used to discount the expected 10-year future cash flows; the residual value is discounted by calculating the return on total capital minus growth. Growth is set as equalling inflation, in order not to assume perpetual real growth.

Assumptions per property category	Office/Retail		Warehouse/industrial	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Real interest rate	1.5%	1.5%	1.5%	1.5%
Inflation	1.5%	1.5%	1.5%	1.5%
Risk	3.7%-12.3%	5.8%-12.9%	7.9%-12.5%	8.4%-13.2%
Return on equity	6.7%-15.3%	8.8%-15.9%	10.9%-15.5%	11.4%-16.2%
Interest rate	5.0%	5.0%	5.0%	5.0%
Loan to value ratio	65%	65%	55%	55%
Return on total capital	5.6%-8.6%	6.3%-8.8%	7.7%-9.7%	7.9%-10.0%
Weighted d.o, discounted factor year 1-9	7.0%	7.4%	8.5%	8.6%
Weighted d.o, discounted factor residual value*	5.5%	5.9%	7.0%	7.1%

* required yield on total capital minus growth equal to inflation

The calculated required yield is then calibrated compared with the markets required yield. To get an opinion about the market's required yield, Castellum

follows completed transactions. 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 real estate portfolio, excluding development projects and undeveloped land, can be calculated to 5.8% (6.5%). Contracted rental levels are considered to be in line with the market levels.

Average valuation yield, SEKm	2016	2015
Net operating income, properties according to income statement	3,036	2,225
Reversed leasing and property administration	351	235
Net operating income, ongoing development projects	- 28	- 32
Properties acquired/completed as if owned the whole year	560	70
Properties sold	- 220	- 55
Net operating income excl. leasing and property admin. for properties as if owned during the whole year, excl. projects and land	3,699	2,243
Adjusted for:		
Index adjustments 2017, 1% (1%)	62	35
Real occupancy rate, 94% at the lowest	265	216
Property administration, 30 SEK/sq.m.	- 129	- 100
Normalized net operating income	3,897	2,594
Valuation excl. building rights of SEKm 388 (469)	67,557	39,824
Average valuation yield	5.8%	6.5%

Development projects and building rights

Development projects are valued using the same principle, but with reduction for remaining investment. Sites with building rights and undeveloped land have been valued on the basis of an average estimated market value per square metre, at approx. SEK 1,700 per sq. m. (1,700).

The value of the real estate portfolio

The internal valuation indicates a fair value of SEKm 70,757 (41,818), corresponding to a change in value of 5.6% (4.5%). Approx. SEKm 3,217 of the value relates to properties held through site leasehold rights, with a rental income of SEKm 286.

The table below shows the fair value distributed by property category and region.

Property value, SEKm 31-12-2016	Office/ Retail	Warehouse/ industrial	Projects/ land	Total
Central	17,517	1,653	686	19,856
Öresund	13,502	1,596	23	15,121
West	9,115	5,781	952	15,848
Stockholm	10,514	3,516	1,150	15,180
North	4,751	-	1	4,752
Total	55,399	12,546	2,812	70,757

Uncertainty range and sensitivity analysis

A property's market value can only be confirmed when it is 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 should be seen as an indication of the uncertainty that exists in such assessments and calculations. In a less liquid market, the range can be bigger. For Castellum, an uncertainty range of +/- 5%, means a range in value of SEKm 67,219 - 74,295, corresponding to +/- SEKm 3,538.

Sensitivity analysis +/-1% (unit)	Effect on value, SEKm	
	Office/Retail	Warehouse/industrial
Rental value SEK/sq.m.	+ 778/- 778	+ 175/- 175
Economic occupancy rate	+ 778/- 778	+ 175/- 175
Property costs SEK/sq.m.	- 184/+ 184	- 41/+ 41
Required yield = discount rate	- 7,819/+ 10,087	- 1,469/+ 1,866

The sensitivity analysis shown above illustrates how a +/- 1%-unit 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 provide further assurance and validation of the valuation, 180 properties - representing 57% of the value of the portfolio - have been valued externally by Forum Fastighetsekonomi AB. The properties were selected on the basis of the largest properties in terms of value, but they also reflect the composition of the portfolio as a whole in terms of category and geographical location of the properties. Forum's valuation of the selected properties amounted to SEKm 41,180, within an uncertainty range of +/- 5-10% on property level, depending on each property's category and location. Castellum's valuation of the same properties totalled SEKm 40,642, i.e. a net deviation of SEKm 538, corresponding to 1%. The gross deviation was SEKm +1,563 and SEKm -1,025, respectively, with an average deviation of 6%.

In addition, Cushman & Wakefield made a desk-top valuation of 54 properties, corresponding in value to 27% of the portfolio. Cushman & Wakefield's valuation of the selected properties amounted to SEKm 18,229. Castellum's valuation of the same properties amounted to SEKm 19,088, i.e. a net deviation of SEKm -859, corresponding to -5%. Forum's valuation of the same properties amounted to SEKm 19,382, i.e. a net deviation of SEKm +294, corresponding to 2%, compared to Castellum's valuation.

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

Note 13 Equipment

	Group		Parent company	
	2016	2015	2016	2015
Opening acquisition value	98	93	13	12
Acquisitions	47	10	28	1
Sales/retirement of assets	- 7	-5	-	0
Closing acquisition value	138	98	41	13
Opening depreciation	- 74	- 65	- 10	- 8
Sales/retirement of assets	6	3	-	0
Depreciation for the year	- 14	- 12	- 2	- 2
Closing depreciation	82	- 74	- 12	- 10
Book value	56	24	29	3

Note 14 Parts of joint ventures

Norrporten AB

On April 13, 2016, Castellum signed an agreement with the Second AP Fund and the Sixth AP Fund about acquiring all shares in Norrporten AB (publ). Castellum gained access to the shares on June 15, 2016, at an acquisition value of SEKm 13,468 distributed as SEKm 10,393 in cash and 27.2 million shares equivalent to a value of SEKm 3,075 and distributed as 19,194,458 new shares and 8,006,708 shares held in treasury. The valuation of these shares was made at market value on the date of transaction, amounting to SEK 113/share (quoted share price on NASDAQ). Acquisition costs amounted to SEKm 126 and have been recognized in the income statement.

The acquisition is accounted for as a business combination; hence, the occurrence of a goodwill of SEKm 1,891, corresponding to the net deferred tax liabilities at the acquisition date.

Norrporten has been one of Sweden's largest real estate companies focused on the management and development of modern, high quality office space centrally located in growth areas in Sweden and Copenhagen. The acquisition complemented and strengthened Castellum's market position: The supply of property types and types of premises increased while geographical presence expanded. The acquisition strengthened Castellum's presence and market position in five locations where Castellum was already established: Stockholm, Copenhagen, Helsingborg, Örebro and Jönköping. The acquisition also resulted in Castellum's establishment, with size and in attractively located properties, in Gävle, Sundsvall, Östersund, Umeå, Luleå and Växjö. Furthermore, Norrporten's tenant structure brought a longer duration into the lease portfolio, as well as more public bodies and government agencies. During the third quarter of 2016, Castellum sold the entire portfolio in Luleå, Östersund and Umeå, as well as part of the Sundsvall portfolio.

The acquisition of Norrporten is expected to result in synergies of approximately SEKm 150, SEKm 120 of which is estimated to be realized gradually until the end of 2017, whereas the remaining SEKm 30 - primarily attributable to operating costs - are realized over a three-year period from the date of acquisition.

Balance sheet, SEKm	31 December 2016	15 June 2016
Assets		
Investment properties	22,736	26,415
Other fixed assets	36	38
Current receivables	5,249	278
Liquid assets	930	-
Total assets	28,951	26,731
Shareholders' equity and liabilities		
Shareholders' equity	14,205	11,918
Deferred tax liability	1,584	1,590
Interest-bearing liabilities	11,968	11,858
Non interest-bearing liabilities	1,194	1,365
Total shareholders' equity and liabilities	28,951	26,731

SEKm	15 June – 31 Dec 2016	Jan – Dec 2016
Rental income	1,042	1,917
Property costs	- 350	- 656
Central administrative expenses	- 40	- 73
Net interest income/expense	- 189	- 329
Income from property management	463	859
Change in value properties	1,620	2,258
Change in value derivatives	70	- 165
Current tax	- 14	- 31
Deferred tax	45	- 131
Net income	2,184	2,790

CORHEI Fastighets AB

During the second quarter of 2015, Castellum AB (publ) conducted business with Heimstaden AB (publ) which meant that Castellum acquired 50% of the real estate management company CORHEI Fastighets AB (previously Ståhls) for SEKm 505. Castellum gained access in late May/early June 2015. Through an option, the agreement provided the opportunity to acquire the remaining 50% at market value, no earlier than in autumn 2016. However, this option was used during the first quarter of 2016, whereby Castellum owned 100% of CORHEI Fastighets AB effective the beginning of March 2016. The purchase price for the remaining 50% amounted to SEKm 555.

The acquisition is a gradual business combination, resulting in a revaluation of SEKm 27 of the 50% previously owned. The revaluation constitutes the difference between the paid purchase price of SEKm 555 and the previous book asset value of SEKm 528 as of change of possession date in March. The incremental business combination generates goodwill to a value of SEKm 141, which corresponds to the net deferred tax liability.

Income from joint venture amounted to SEKm 3 (21) and refers to Castellum's 50% share in the income of CORHEI Fastighets AB (previously Ståhls). Of this, SEKm 4 is attributable to income from property management and SEKm -1 (-5) to tax.

The accounted income of the CORHEI Group for 2016 amounted to SEKm 290, of which SEKm 285 relates to income as from Castellum's accession in March. At the time of acquisition, CORHEI's assets consisted of SEKm 2,041 in real estate, SEKm 27 in other assets and SEKm 123 in cash. These were financed with SEKm 938 in equity, SEK 1,069 in interest-bearing loans, SEKm 131 in deferred tax liabilities, as well as SEKm 53 in other accounts payable.

Summary

This year's business combinations of Norrporten and CORHEI mean that shares were acquired for SEKm 14,023, which were financed by SEKm 10,948 in cash and 27.2 million Castellum shares to a value of SEKm 3,075. The business combinations corresponded to a property investment of SEKm 24,899 as well as the assumption of interest-bearing liabilities of SEKm 12,927 and cash to-talling SEKm 123.

Note 15 Goodwill

In March 2016, Castellum acquired CORHEI Fastighets AB (previously a joint venture) and in June 2016, Norrporten was acquired – see Note 14. In connection with the acquisitions a goodwill item was primarily attributable to the difference between nominal tax and estimated tax applied at the acquisition. Hence, the goodwill is entirely linked to deferred taxes.

Moreover, parts of Norrporten were resold, resulting in an impairment of goodwill when the deferred tax that was attributable to the sold properties is derecognized in its entirety.

The impairment test has been based on fair value minus selling costs. The impairment test did not indicate any additional impairment than the abovementioned.

	Group		Parent company	
	2016	2015	2016	2015
Opening acquisition value	-	-	-	-
Acquisitions	2,032	-	-	-
Write-down	- 373	-	-	-
Book value	1,659	-	-	-

Note 16 Shareholders' Equity and Net Asset Value

Items in shareholders' equity

The share capital as of December 31, 2016, consisted of 273,201,166 registered A-shares with one vote per share and a par value of 0.50 per share. All shares are fully paid.

As part of the acquisition of Norrporten, Castellum completed both a rights issue and an issue in kind.

The rights issue of 82,000,000 new shares, which ended in June, meant that Castellum raised approx. SEK 6.3 billion before issue costs of about SEKm 123 (SEKm 95 net after deductions for deferred tax). Furthermore, Castellum shares for a total of 27,201,166 constituted part of the compensation for the shares in Norrporten, corresponding to a value of SEKm 3,075 at change of

possession. With the support of the issue authorization from the Extraordinary General Meeting on May 20, 2016, Castellum's Board decided on an issue in kind to the Second and Sixth Swedish National Pension Funds of 19,194,458 consideration shares. The Board – pursuant to the authorization from the Annual General Meeting on March 17, 2016 – also decided to transfer all previously repurchased shares, corresponding to 8,006,708. Castellum's repurchased shares were acquired in 2000 for a total purchase price of SEKm 194.

After the rights issue and the issue in kind, Castellum has 273,201,166 outstanding shares.

The number of historical shares has been restated for the bonus issue element (i.e. the subscription right) in the completed new issue and is used in all key calculations for SEK/share. The conversion factor is 1.15.

There are no restrictions regarding dividend or other types of repayment. There is no potential common stock, such as convertible shares, or preferential rights to accumulated dividend (preference shares).

Development of share capital	Date	Number of shares	Par value per share	Share capital, SEK
Formation A-shares	27-10-1993	+500	100.00	+50,000
New share issue, A-shares	27-09-1994	+999,500	100.00	+99,950,000
Share split 50:1	25-03-1997	+49,000,000	2.00	-
IPO	23-05-1997	50,000,000	2.00	100,000,000
New share issue, C-shares	12-07-2000	+7,142,857	2.00	+14,285,714
Redemption, A-shares	12-07-2000	-6,998,323	2.00	-13,996,646
Redemption, C-shares	13-11-2000	-7,142,857	2.00	-14,285,714
Share split 4:1	27-04-2006	+129,005,031	0.50	-
New issue of shares	14-06-2016	+82,000,000	0.50	+41,000,000
Non-cash issue	15-06-2016	+19,194,458	0.50	+9,597,229
Year-end	31-12-2016	273,201,166	0.50	136,600,583

Other capital contribution

Other capital contribution is shareholders' equity contributed by shareholders.

Currency translation reserve

Currency translation differences as a result of foreign operations.

Currency hedge reserve

Refers to the effective part of unrealized changes in value related to currency derivatives used to hedge investments in foreign operations.

Retained earnings

Retained earnings relates to earnings earned within the Group. The Group's earlier depositions to the restricted reserves is also included in this item.

Restricted and non-restricted 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. Dividend to the shareholders may only be such that after the distribution there is full coverage for restricted equity in the parent company. Further, distribution of profits may only be made if it is justified with respect to the demands put on the amount of equity needed by the type of business, the extent and risk of operations, company and Group consolidation needs, liquidity and financial position in general.

Repurchased shares

During the year 2000, Castellum repurchased 8,006,708 of the company's own shares for a total of SEKm 194, equivalent to 4.7% of the total registered number of shares. Since then no repurchase of the company's own shares have 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 2016 is SEK 5.00 per share, SEKm 1,366 in total. The dividend is proposed for division into two payment occasions where the record date for the first payment is proposed for March 27, 2017, and the record date for the second payment is proposed for September 25, 2017. The amount is recorded as a liability after the AGM 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 – interest rate derivatives and deferred tax liability. This means that shareholders' equity according to the balance sheet is to increase by SEKm 1,582 and SEKm 7,065, respectively. At the same time, SEKm -1,659 is to be deducted.

Actual net asset value is equity according to the balance sheet, adjusted for deferred tax liability. Present accounting principles state that the deferred tax liability shall be recognized at nominal, 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 present assessment is that the discounted real deferred tax liability is equivalent to approx. 5%, meaning that an additional SEKm 3,848 will be recorded in 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 the +/- 5% uncertainty range is equal to SEKm +/- 2,760 after tax.

Net asset value	SEKm	SEK/share
Equity according to the balance sheet	29,234	107
Reversed		
Derivatives according to the balance sheet	1,582	6
Goodwill	- 1,659	- 6
Deferred tax according to the balance sheet	7,065	26
Long term net asset value (EPRA NAV)	36,222	133
Deduction		
Derivatives as above	- 1,582	- 6
Estimated real liability, deferred tax 5%*	- 1,558	- 6
Actual net asset value (EPRA NNAV)	33,082	121
Uncertainty range valuation of properties +/- 5% after tax	+/- 1,986	+/- 12

* Estimated real deferred tax liability net has been calculated to 5% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized in 2 years with a nominal tax of 22%, giving a present value of deferred tax liability of 21%. In addition, the properties are realized in 50 years where 33% are sold directly with a nominal tax of 22% and 67% are sold indirectly through company disposals where the buyers tax discount is 6%. This gives a present value for 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 55% 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 real estate industry therefore uses loan to value as a key ratio for capital structure instead of solidity. For the same reason the net asset value can be calculated in different ways, as shown above.

Castellum's objective is based on growth in cash flow and is not directly related to the net asset value. The objective is an annual growth in cash flow, i.e. income from property management per share, of at least 10%. In order to achieve this objective, net investments of at least 5% of the property value will be made yearly. At the moment, this is equivalent to approx. SEKm 3,500. 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.

Distribution of earnings

The Board has proposed that the earnings at the AGM's disposal are to be appropriated as follows: a dividend to shareholders of SEK 5.00/share – totalling SEK 1,366,005,830 – and carry forwards of SEK 16,277,679,787.

Change in equity

Attributable to the shareholders of the parent company

	Number of out-standing shares, thousand	Share capital	Other capital contribution	Currency translation reserve	Currency hedge reserve	Non-controlling interest	Retained earnings	Total equity
Shareholders' equity 31-12-2014	164,000	86	4,096	20	- 13	-	9,460	13,649
Dividend, March 2015 (3.99* per share)	-	-	-	-	-	-	- 754	- 754
Net income for the year	-	-	-	-	-	-	2,881	2,881
Other total net income	-	-	-	- 32	24	-	-	- 8
Shareholders' equity 31-12-2015	164,000	86	4,096	- 12	11	-	11,587	15,768
Dividend, March 2016 (4.25* per share)	-	-	-	-	-	-	- 804	- 804
New issue of shares	82,000	41	6,273	-	-	-	-	6,314
Non-cash issue/Sales of own shares	27,201	10	2,160	-	-	-	905	3,075
Issue expenses	-	-	- 123	-	-	-	-	- 123
D:o Effect on tax	-	-	28	-	-	-	-	28
Acquired minority shareholding	-	-	-	-	-	- 2	-	- 2
Net income for the year	-	-	-	-	-	-	4,972	4,972
Other total net income	-	-	-	63	- 57	-	-	6
Shareholders' equity 31-12-2016	273,201	137	12,434	51	- 46	- 2	16,660	29,234

	Number of out-standing shares, thousand	Share capital	Restricted reserves	Fair value reserves			Retained earnings	Total equity
Parent Company, SEKm (note 13)				Currency translation reserve	Currency hedge reserve	Share premium reserve		
Shareholders' equity 31-12-2014	164,000	86	20	11	- 13	-	4,473	4,577
Dividend, March 2015 (3.99* per share)	-	-	-	-	-	-	- 754	- 754
Net income for the year	-	-	-	-	-	-	895	895
Other total net income	-	-	-	- 24	24	-	-	0
Shareholders' equity 31-12-2015	164,000	86	20	- 13	11	-	4,614	4,718
Dividend, March 2016 (4.25* per share)	-	-	-	-	-	-	- 804	- 804
New issue of shares	82,000	41	-	-	-	6,273	-	6,314
Non-cash issue/Sales of own shares	27,201	10	-	-	-	2,160	905	3,075
Issue expenses	-	-	-	-	-	-	- 123	- 123
D:o Effect on tax	-	-	-	-	-	-	27	27
Net income for the year	-	-	-	-	-	-	4,594	4,594
Other total net income	-	-	-	30	- 30	-	0	0
Shareholders' equity 31-12-2016	273,201	137	20	17	- 19	8,433	9,213	17,801

*) The number of historical shares that have been recalculated with reference to the bonus-issue element (i.e. the value of the subscription right) in the completed new share issue, and utilized in all ratio calculations for SEK-per-share.

Note 17 Liabilities

	Group		Parent company	
	2016	2015	2016	2015
Non-interest-bearing liabilities due within one year of the balance sheet date	1,956	1,058	137	115
Interest-bearing liabilities due within one year of the balance sheet date	-	-	800	-
1-5 years of the balance sheet date	34,028	19,094	29,921	19,860
5 years after the balance sheet date	4,439	1,302	1,893	250

Total liabilities excl. deferred tax liability and derivatives

40,423 21,454 32,751 20,225

During 2017, current interest-bearing liabilities amounting to SEKm 12,649 (4,866) are due for payment. 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

As indicated in the table below, a realization of all assets and liabilities to book value for the Group and utilization of all existing tax loss carry forwards would result in a taxable income of SEKm 34,105 (21,430). With a tax rate of 22%, this is equivalent to a tax payment of SEKm 7,503 (4,715). Castellum has deferred tax of SEKm 423 (416), which relates to properties accounted for as asset acquisitions. According to present regulations deferred tax at the time of the acquisition is not to be accounted for in the balance sheet, which is shown in the table below.

he parent company reports a deferred tax asset of SEKm 83 (78), corresponding to 22% of the unutilized tax loss carry forwards of SEKm 377 (354), and the difference between derivatives carrying value and tax value of SEKm 61 (-).

Tax loss carry forward

As of December 31, 2016, Castellum's tax loss carry forwards are estimated at SEKm 2,392 (809). The change is presented in note 9.

Surplus- and sub value of properties for tax purposes

When calculating the tax effect on a sale of all properties in the Group, the book value in the Group of SEKm 70,757 (41,818) must be compared to the residual value for tax purposes in the legal entity, which amounts to SEKm 33,906 (19,579). This means that if all of Castellum's properties were sold, the taxable net profit would exceed the recorded profit in the Group by SEKm 36,851 (22,239).

	2016		2015	
Deferred tax liability	Basis	Tax	Basis	Tax
Tax loss carry forwards				
Opening balance	809	178	1,193	262
Acquired tax loss carry forwards	1,736	382	-	-
Change of the year in income statement	- 153	- 34	- 384	- 84
Closing balance in the balance sheet	2,392	526	809	178
Difference between the properties book and tax basis value				
Opening balance	- 22,209	- 4,886	- 18,602	- 4,092
Change of the year in net income	- 2,880	- 634	- 2,705	- 603
Company acquisitions	- 11,762	- 2,587	- 902	- 198
Closing balance	-36,851	- 8,107	-22,209	- 4,883
Less, attributable to asset acquisitions				
Opening balance	1,893	416	991	218
Company acquisitions	99	22	902	198
Closing balance in the balance sheet	1,992	438	1,893	416
Closing balance in the balance sheet	- 34,859	- 7,669	-20,345	- 4,477
Derivatives				
Opening balance	-	-	-	-
Acquired	628	138	-	-
Change of the year in net income	- 243	- 53	-	-
Closing balance in the balance sheet	385	85	-	-
Untaxed reserves				
Opening balance	- 30	- 7	-	-
Acquired	- 1	0	-	-
Change of the year in net income	0	0	- 30	- 7
Closing balance in the balance sheet	- 31	- 7	- 30	- 7
Total				
Opening balance	- 19,537	- 4,299	- 16,418	- 3,612
Acquisitions of the year	- 9,300	- 2,045	-	-
Change of the year in net income	- 3,276	- 721	- 3,119	- 687
Closing balance in the balance sheet	- 32,113	- 7,065	- 19,537	- 4,299

Previous write-downs where tax deductions have been made amount to approx. SEKm 152. 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, 2019, estimated to SEKm 9 (14) and other commitments in connection with the sale of real estate amounting to a maximum of SEKm - (-).

Note 20 Derivatives

Valuation

Castellum uses interest rate derivatives in order to manage interest rate risk and achieve 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. These value changes occur primarily due to changes in market interest rates. Castellum also uses currency derivatives to provide financing in foreign currency, which are included in the derivative portfolio market value.

To calculate the market value of derivatives, market rates for each term and - where appropriate - exchange rates are used, as quoted on the market for the closing date. Interest rate swaps are valued by discounting future cash flows to present value, while instruments containing options are valued at current repurchase price. When calculating the fair value of derivatives adjustments are made for counterparty risk such as 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 on counterparty level based on expected future credit exposure, risk of default, and recovery rate of exposed credits. As of December 31, 2016, the market value of the interest rate and currency derivatives portfolio amounted to SEKm -1,582 (-1,117) where fair value is established according to level 2, IFRS 13. The acquisition of Norrporten implies that interest rate derivatives corresponding to a deficit of SEKm 566 were taken over on the acquisition date.

In the balance sheet, derivatives are accounted for as long-term liabilities since the amount will not be settled in cash. However, a theoretical maturing amount during 2017 can be mathematically calculated to SEKm 445.

Counterparty risk

In order to limit counterparty risk, Castellum's derivative transactions are covered by general agreement with netting clauses (ISDA). This allows Castellum to offset positive and negative market values in the event of default.

	31-12-2016			31-21-2015		
	Asset	Liability	Net	Asset	Liability	Net
Interest rate derivatives	11	- 1 619	- 1 608	8	- 1 132	- 1 124
Currency derivatives	44	- 18	26	13	- 6	7
Gross value derivatives	55	- 1 637	- 1 582	21	- 1 138	- 1 117
Netting	- 55	55	0	- 21	21	0
Net value derivatives	0	- 1 582	- 1 582	0	- 1 117	- 1 117

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 interest rate - as listed at year end - has been used throughout the full term of the derivative.

Future cash-flow of interest rate derivatives			
Year	Interest to pay, SEKm	Interest to receive, SEKm	Net, SEKm
2017	- 533	1	- 532
2018	- 473	0	- 473
2019	- 424	0	- 424
2020	- 334	0	- 334
2021	- 219	0	- 219
2022+	- 307	0	- 307
Total	- 2,290	1	- 2,289

Sensitivity analysis

The table below shows the interest-rate-derivatives portfolio's nominal net amount and market value as of 31-12-2016 and the market value of the portfolio with a +/- 1%-unit change in the interest rate. Based on the date of termination, interest rate derivatives that include an option have been reported in the same time segment as prior to the assumed change in interest rate.

End Date	Amount, SEKm	Acquisition value, SEKm	Market value, SEKm	Average interest rate	Market value interest +1%-unit	Market value interest -1%-unit
2017	2,100	-	- 23	1.4%	- 10	- 37
2018	1,900	-	- 64	1.9%	- 33	- 95
2019	2,200	-	- 112	1.2%	- 51	- 171
2020	4,137	-	- 340	2.4%	- 188	- 490
2021	3,300	-	- 286	2.2%	- 132	- 440
2022+	5,150	-	- 783	3.0%	- 416	- 1,159
Total	18,787	-	- 1,608	2.2%	- 830	- 2,392

Currency derivatives with a market value of SEKm 26 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

Real estate is a long-term asset, requiring long-term financing allocated between equity and interest-bearing liabilities. From a security perspective, Castellum credits can be divided into the following categories:

- Credits pledged by Castellum's receivables from subsidiaries, including property mortgages
- Credits directly to subsidiaries, pledged by property mortgages. In the majority of cases, credits directly to subsidiary also have a guaranteed commitment from the parent company
- Unsecured credits
- Issuing of bonds, without pledged security
- Issuing of commercial papers, without pledged security

All types of credit agreements contain normal termination terms, and in some cases renegotiation terms for changes in business and delisting. If the lender calls for such renegotiation and the parties cannot agree, the credit agreements have established settlement times for the credit agreement subject to such terms.

At the end of the year, utilized credits secured by pledged mortgages added up to SEKm 21,252. In addition to mortgages, the majority of credit agreements include commitments regarding loan-to-value ratio and interest coverage ratio, called financial covenants, stating a loan-to-value ratio not exceeding 65% and an interest coverage ratio of at least 175%. If the 55% loan-to-value ratio is compromised, some agreements will suffer more expensive financing costs. In all cases, the guarantee to lenders is issued by a comfortable margin to Castellum's capital structure objectives.

Finance policy

Castellum's funding and management of financial risk are conducted in accordance with the finance policy adopted by the Board of Directors. Castellum is to run at a low financial risk with a loan-to-value ratio not exceeding 55% in the long run 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 funding and liquidity is ensured. In addition, net interest expenses at each time will be optimized within the given risk authorization. The finance policy outlines overall authorization and how financial risk should be reported and monitored. Financial risks are monitored and reported quarterly to the Board. As part of continuously improving and adapting financial risk management, the Board conducts an annual review of the finance policy.

The parent company holds an internal auditing function, separate from the treasury department, which provides accounting and independent control of financial management and financial risks.

Financial risk management

Castellum carries out financial transactions based on estimates of the Group's overall long-term funding needs, liquidity and chosen interest rate risk.

Hence, financial risk management is carried out on portfolio level. Portfolio management of funding means that an intra Group transaction, such as an internal loan, is not replicated by an identical external transaction. Instead, loans are drawn under short- or long-term credit agreements, based on the Group's overall funding 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.

Funding risk

Demands for long-term funding make Castellum look for long-term capital in credit agreements in order to limit funding 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 turnover occasion without any marginal breaking costs 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 funding, Castellum regularly renegotiates and - when required - enters into new credit agreements or forms of borrowing. At the end of the year, Castellum held binding credit agreements totalling SEKm 53,259 (30,325) of which SEKm 40,358 (25,141) were long-term and SEKm 12,901 (5,184) were short-term. Of utilized long-term credits, SEKm 18,162 (19,142) were long-term credit agreements in bank and SEK 7,656 (5,999) were MTNs issued under Castellum's MTN program. Of short-term credits, SEKm 3,090 (1,527) were short-term credits in bank; SEKm 1,600 (500) were MTNs, and SEKm 7,702 (3,157) were outstanding commercial papers.

The acquisition of Norrporten resulted in a takeover of SEKm 14,172 in credit agreements. Of these, SEKm 5,498 terminated or expired. SEKm 3,269 of the remaining volume was renegotiated and guarantees were signed for SEKm 6,059 of the agreements. In addition, Castellum entered into new agreements totalling SEKm 5,300; existing agreements increased by SEKm 1,000; and SEKm 8,150 in credit agreements were renegotiated and extended. In addition, funding of SEKm 1,069 from the previous joint venture company CORHEI has been included in Castellum's interest-bearing financing for 2016. However, SEKm 447 of these expired. During the year, MTNs totalling SEKm 500 matured and SEKm 3,275 were issued, SEKm 1,000 of which were green bonds issued under Castellum's new "Green Bond Framework".

At year end, the average duration of Castellum's long-term credit agreements was 3.0 years (3.1).

Credit agreements/-limits	Amount, SEKm	Utilized, SEKm
Long-term credit agreements in bank	32,402	18,086
Short-term credit agreements in bank	3,029	3,029
Liquidity	870	137
Total credit agreements	36,301	21,252
MTN program (SEKm 10,000 facility)	9,256	9,256
Commercial papers (SEKm 8,000 facility)	7,702	7,702
Total	53,259	38,210

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 maturity structure	Utilized in		
	Agreements, SEKm	Bank	MTN/Cert
0-1 year	12,901	3,090	9,302
1-2 years	7,745	1,695	2,250
2-3 years	19,291	7,104	1,447
3-4 years	5,857	4,085	1,772
4-5 years	3,027	2,027	1,000
> 5 years	4,438	3,251	1,187
Total	53,259	21,252	16,958

Interest rate risk

Changes in market interest rates and credit margins affect net financial items. How quickly, and by how much, largely depends on the chosen fixed interest term. To limit the immediate impact of changes in market interest rates, Castellum has chosen to work with both short- and long-term interest rate maturity structures. For the same reason, Castellum has chosen to enter credit agreements and issue commercial papers and MTNs 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 2016, the interest coverage ratio was 348% (351%). The average interest-rate duration per December 31, 2016, was 2.4 years (2.5), the average effective interest rate was 2.6% (2.9%) and the average interest rate for the year was 2.7% (3.0%).

Margins and fees for long-term credit agreements are established with an average duration of 2.4 years (3.1).

Cash-flow effect on income for the next twelve months at an interest rate change of +/- 1% amounts to SEKm -26 and SEKm -118, respectively. Castellum is unable to take full advantage of negative interest rates because of interest rate floors in the credit agreements. Hence, there is a negative outcome, even at a reduction of the interest rate of 1%-point

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 loans.

Interest rate maturity structure	Loan, Derivatives,			Average interest rate	Average fixed interest rate term
	SEKm	SEKm	Net, SEKm		
0-1 year	34,120	- 16,887	17,233	3.0%	0.2 year
1-2 years	0	2,400	2,400	2.0%	1.3 years
2-3 years	297	1,800	2,097	1.7%	2.5 years
3-4 years	847	4,337	5,184	2.0%	3.5 years
4-5 years	2,350	2,900	5,250	2.3%	4.4 years
5-10 years	596	5,450	6,046	2.7%	6.5 years
Summa	38,210	-	38,210	2.6%	2.4 years

Currency risk

Castellum owns properties in Denmark totalling a value of SEKm 5,395 (954), which means that the Group is exposed to currency risk. The currency risk primarily occurs when income statements and balance sheets in foreign currency are translated into Swedish currency. In cases where currency derivatives are used, Castellum applies hedge accounting for net investments in foreign operations. Normally, the transaction exposure in the Group is limited and will primarily be managed by matching income and costs.

The impact on financial position due to an appreciation of SEK by 10% in relation to DKK is SEKm +72.

Counterparty risk

Counterparty risk refers to the risk that – at any given moment – is estimated to exist that Castellum's counterparties do not fulfil their contractual obligations.

Castellum limits counterparty risk by requiring high credit ratings of counterparties. High rating 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, SEKm
2017	38,220	- 12,467	25,753	- 225
2018	25,753	- 3,937	21,816	- 194
2019	21,816	- 8,471	13,345	- 180
2020	13,345	- 5,852	7,493	- 61
2021	7,493	- 3,019	4,473	- 10
2022+	4,473	- 4,474	0	- 22
Total		- 38,220		- 692

Note 22 Accrued Expenses and Prepaid Income

	Group		Parent company	
	2016	2015	2016	2015
Pre-paid rents	877	478	-	-
Accrued interest	114	96	108	96
Other	422	176	26	16
Total	1,413	750	134	112

Note 23 Pledged Assets

	Group		Parent company	
	2016	2015	2016	2015
Property mortgages	33,130	18,164	-	-
Chattel mortgages	838	-	-	-
Long-term receivables, group companies	-	-	21,986	15,309
Total	33,968	18,164	21,986	15,309

Note 24 Contingent Liabilities

	Group		Parent company	
	2016	2015	2016	2015
Guaranteed commitments for subsidiaries	-	-	7,353	2,150
Total	-	-	7,353	2,150

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. During the year, Castellum North AB was acquired and two subsidiaries were sold intra-group to Castellum Central AB and Castellum West AB.

Directly owned subsidiaries	Corporate identity No.	Registered Office	Share of capital	Book value
Castellum Stockholm AB	556002-8952	Stockholm	100%	1,281
Castellum Mitt AB	556121-9089	Örebro	100%	3,821
Castellum Väst AB	556122-3768	Göteborg	100%	3,579
Castellum Öresund AB	556476-7688	Malmö	100%	933
Castellum Norr AB	556594-3999	Sundsvall	100%	9,789
Fastighets AB Regeringsgatan	556571-4051	Göteborg	100%	0
Total				19,403

Principles for consolidation are described in the accounting principles.

Participations in Group Companies	Parent company	
	2016	2015
Opening acquisition value	6,030	6,030
Acquisition	13,594	-
Sales	- 1,393	-
Paid shareholders' contribution	5,072	-
Write-down	-3,900	-
Closing balance/book value	19,403	6,030

Note 26 Long-term Receivables, Group Companies

	Parent company	
	2016	2015
Opening acquisition value	19,103	17,093
New lending to subsidiaries	7,215	2,034
Currency translation foreign operation	30	- 24
Closing balance/book value	26,348	19,103

Note 27 Financial Instruments

The different categories of financial instruments in the Group's balance sheet are presented in the table below.

SEKm	Loans and accounts receivable		Financial liabilities recorded at fair value in income statement		Derivatives used in hedge accounting		Financial liabilities recorded at accrued acquisition value	
	2016	2015	2016	2015	2016	2015	2016	2015
Assets								
Rent receivables	118	7	-	-	-	-	-	-
Other receivables	5,000	54	-	-	-	-	-	-
Prepaid expenses and accrued income	264	114	-	-	-	-	-	-
Cash and bank	257	39	-	-	-	-	-	-
Liabilities								
Interest rate derivatives	-	-	1,608	1,124	-	-	-	-
Currency derivatives	-	-	-	-	- 26	- 7	-	-
Long-term liabilities	-	-	-	-	-	-	38,467	20,396
Accounts payable	-	-	-	-	-	-	153	81
Other liabilities	-	-	-	-	-	-	322	166
Accrued expenses and prepaid income	-	-	-	-	-	-	1,413	750
Total	5,639	214	1,608	1,124	- 26	- 7	40,355	21,393

Financial instruments such as rent receivables, accounts payable, etc. are recorded at accrued acquisition value with deduction for any write-downs. Hence, fair value is assessed to comply with book value. Long-term interest bearing liabilities have primarily short-term interest conditions, entailing that accrued acquisition cost corresponds to fair value.

Note 28 Subsequent Events

The Financial Reports constitute part of the Annual Report and were signed by the Board of Directors on February 1, 2017.

The Board of Directors of Castellum AB intends to propose to the Annual General Meeting a dividend of SEK 5.00 per share, to be paid on two occasions during the year. The Income Statement 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 23, 2017.

Ingall Östman was appointed Director of Corporate Communications at Castellum AB in early January 2017, and will join the Executive Management Team. She will assume her position in mid-January.

Jörgen Lundgren, Managing Director of the Northern Region, is resigning at his own request in 2017. Castellum has initiated a process to reduce the number of regions – from five to four. The intention is that the Northern Region, Sundsvall and Gävle, will be merged with the Stockholm Region.

Proposed Distribution of Profits

The following funds are at the Annual General Meeting disposal:

Retained profits	SEK 13,048,960,746
Net income for the year	SEK 4,594,724,871
	SEK 17,643,685,617

The Board of Directors propose that the retained profits be appropriated as follows:

Dividend to shareholders, SEK 5.00 per share	SEK 1,366,005,830
Carried forward to the new accounts	SEK 16,277,679,787
	SEK 17,643,685,617

The company has 273,201,166 registered shares, of which all are entitled to dividends.

The total dividend payment proposed above of SEK 1,366,005,830 can be changed if the number of the company's own repurchased shares changes before the record date for the dividend.

Statement regarding Proposed Distribution of Profit

Reasons

The group's equity has been calculated in accordance with IFRS standards, approved by the EU, as well as in accordance with Swedish law by application of the recommendation RFR 1 (Supplementary Accounting Rules for groups) by the Swedish Financial Reporting Board. The equity of 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 constitutes 66 per cent of the group's income from property management, which is in line with the expressed objective to distribute at least 50 per cent of the group's income from property management, having considered investment plans, consolidation needs, liquidity and overall position. The group's net income after tax amounted to SEKm 4,972. The distribution policy is based on the group's income from property management, and as a result non-affecting cash flow increases and/or decreases in value of the group's properties and on interest and currency derivatives, do not normally affect the distribution. Such non-affecting cash flow profit or loss, have neither been taken into account in previous year's resolutions regarding distribution of profit.

The Board of Directors concludes that the company's restricted 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 section 17 subsection 3, second and third paragraphs of the Swedish Companies Act (the nature, scope and risks of the business as well as consolidation needs, liquidity and overall position). Accordingly, the Board of Directors would like to emphasise the following.

The nature, scope and risks of the business

The Board of Directors estimates that the equity of the company as well as of 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 made a general estimation of the financial position of the company and the group, and the possibilities to fulfil their obligations. The proposed dividend constitutes eight per cent of the company's equity and five per cent of the group's equity. The group's loan to value ratio and interest coverage ratio 2016 amounted to 50 per cent and 348 per cent respectively. The expressed objective for the group's capital structure, implying a loan to value ratio which not permanently exceeds 55 per cent and an interest coverage ratio of at least 200 per cent, will be maintained after the proposed dividend. The capital structure of the company and the group is sound considering the prevailing conditions of the real 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 dividend.

Liquidity

The proposed dividend will not affect the company's or the group's ability to meet their payment obligations in a timely manner. The company and the group have good access to liquidity reserves through short-term as well as long-term credits. The credits may be utilised at short notice, implying that the company and the group are prepared to handle 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.

Evaluation to actual value

Derivatives instruments and other financial instruments have been valued to the actual value in accordance with section 4 subsection 14 a of the Swedish Annual Accounts Act. The valuation has presented an undervalue of SEKm 1,233 after tax, which has affected the equity by the mentioned amount.

Gothenburg January 19, 2017

The Board

Signing of the Annual Report

As far as we know the Annual Report is prepared in accordance with generally accepted accounting principles. The Annual Report give a true and fair view of the company's financial position and results, and the directors' report give a true and fair overview of the development of the company's operations, financial position and results, and describes the significant risks and factors of uncertainty facing the company.

The consolidated accounts have been prepared in accordance with the international accounting standards covered in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The consolidated accounts give a true and fair view of the group's financial position and results, and the directors' report for the consolidated accounts give a true and fair overview of the development of the group's operations, financial position and results and as well as the significant risks and factors of uncertainty facing the companies within the group.

Gothenburg February 1, 2017



Charlotte Strömberg
Chairman of the Board



Per Berggren
Board member



Anna-Karin Hatt
Board member



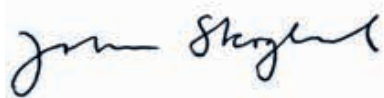
Christer Jacobson
Board member



Christina Karlsson Kazeem
Board member



Nina Linander
Board member



Johan Skoglund
Board member



Henrik Saxborn
Chief Executive Officer

Our Audit Report regarding this Annual Report was submitted on February 1, 2017



Hans Warén
Authorized Public Accountant



Magnus Fredmer
Authorized Public Accountant

Auditor's report

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

To the general meeting of shareholders of Castellum AB (publ), corporate identity number 556475-5550

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Castellum AB (publ) for the year 2016 except for the corporate governance report on pages 82–97. The annual accounts and consolidated accounts of the company are included on pages 6–126 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 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 2016 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 comprise the corporate governance report on pages 82–97. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the 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.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of properties

Castellum records properties at fair value and the property portfolio was valued at SEKm 70,757 at 31 December 2016. The company has made an internal valuation and to provide further assurance and to validate the internal valuation 57% of the property portfolio value has been valued externally.

The book value is based on the internal valuation. The basis for the valuation is an individual assessment of each property's future earnings and the market yield. The valuation is based on judgments and estimates, which may have a significant impact on the group's result and financial position.

Our audit included but was not limited to the following procedures:

- We have reviewed Castellum's internal valuation procedures and evaluated assumptions and application of these in the internal valuation model.
- We have reviewed input and calculations in the internal valuation model, on property level for a selection of properties, for our assessment of completeness and valuation.
- We have reviewed the recording of gains from projects for ongoing projects.
- We have obtained the external valuations and assessed if the difference against the internal valuations is within the normal uncertainty range.
- We have reviewed relevant disclosure notes to the financial statements.

For further information, please refer to the section risks and risk management on page 74, the group's accounting principles and critical assessments on page 109 and note 11 in the annual report.

Acquisitions and disposals

During 2016 Castellum has invested totally SEKm 31,491 in properties, of which SEKm 29,372 was related to acquisitions. The acquisitions are classified as either acquisition of assets or business combinations, which affect the accounting for deferred taxes. Disposals amount to SEKm 6,754.

Risks related to acquisitions and disposals mainly relate to the timing of the recognition of the transaction and that certain conditions in the agreement are not correctly reflected in the accounting of the transaction, which may have a significant impact on the group's result and financial position.

Our audit included but was not limited to the following procedures:

- We have reviewed the procedures for acquisitions and disposals of properties and for material transactions reviewed underlying agreements, timing of accounting, price and certain conditions, if any. The acquisition of Norrporten AB was included in our review.

- We have reviewed the classification of acquisitions, as acquisitions of assets or as business combinations.
- We have reviewed relevant disclosure notes to the financial statements.

For further information, please refer to the section about the acquisition of Norrporten on page 23, the section about investments on page 24, the section about risks and risk management on pages 74, the group's accounting principles on page 109 and note 12, 14 and 15 in the annual report.

Accounting for income taxes

Castellum's current and deferred tax calculations are complex and include a high degree of judgment. I.a. losses carried forward, tax depreciation, deductible reconstructions, result from disposals and value changes of properties and derivatives have to be considered. Any incorrect judgment could have a significant impact on the group's result and financial position.

Our audit included but was not limited to the following procedures:

- We have reviewed Castellum's procedures for calculating current and deferred taxes and also reviewed calculations of current and deferred taxes against underlying documents and evaluated the calculations against current tax legislation.
- We have reviewed the treatment of realized and unrealized gains and losses on derivatives and property disposals in the tax calculations.
- We have reviewed relevant disclosure notes to the financial statements.
- Our tax specialists have been involved in the review procedures.

For further information, please refer to the section taxes on page 72, the section risks and risk management on page 74, the group's accounting principles on page 109 and note 10 and 18 in the annual report.

Implementation of new ERP system

Castellum has in 2016 implemented a new ERP system for the main part of the group. In connection with the change of the ERP system an upgrade was made of the property management system.

Changing ERP system is complex and is an extensive activity that could have an impact on Castellum's financial reporting. We have therefore considered the change of the ERP system as a key audit matter.

Our audit included but was not limited to the following procedures:

- We have reviewed the project management for the transition to the new ERP system.
- We have reviewed the company's way of testing the new ERP system and the handling of deviations identified during the testing.
- We have reviewed the company's procedures for verifying the transfer of information and data from the old to the new ERP system.

- We have reviewed the authorization structure and allocation of responsibilities in the new ERP system.

Our IT auditors have been involved in the review.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–5 and 132–162. The board of directors and the managing director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors and the managing director

The board of directors and the managing director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of directors and the managing director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the board of directors and the managing director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the board of directors and the managing director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the board of directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and the managing director.
- conclude on the appropriateness of the board of directors' and the managing director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the board of directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements**Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the board of directors and the managing director of Castellum AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the board of directors and the managing director

The board of directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The managing director shall manage the ongoing administration according to the board of directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the board of directors or the managing director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the board of directors' proposed appropriations of the company's profit or loss we examined the board of directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Auditor's review of the corporate governance report

The board of directors is responsible for the corporate governance report on pages 82–97 and that it has been prepared in accordance with the Annual Accounts Act.

We have performed our review in accordance with FAR's statement RevU 16 The auditor's review of the corporate governance report. This means that our review of the corporate governance report is limited compared to an audit in accordance with ISA and generally accepted auditing standards in Sweden. We believe that our review is sufficient and provides a basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with chapter 6, 6 § second section, item 2–6 in the Swedish Annual Accounts Act and chapter 7, 31 § second section of the same law are consistent with other parts of the annual accounts and consolidated accounts and in accordance with the Swedish Annual Accounts Act.

Gothenburg 1 February 2017

Hans Warén
Authorized public
accountant

Magnus Fredmer
Authorized public
accountant

Auditor's Limited Assurance Report on Castellum AB's Sustainability Report

This is the translation of the auditor's report in Swedish.

To Castellum AB (publ)

Introduction

We have been engaged by the Board of Directors of Castellum AB (publ) to undertake a limited assurance engagement of the Sustainability Report of Castellum AB (publ) for the year 2016. The Company has defined the scope of the Sustainability Report on page 1.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 162 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited

assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Gothenburg 1 February 2017
Deloitte AB



Hans Warén
Authorized Public Accountant



Andreas Drugge
Expert Member of FAR

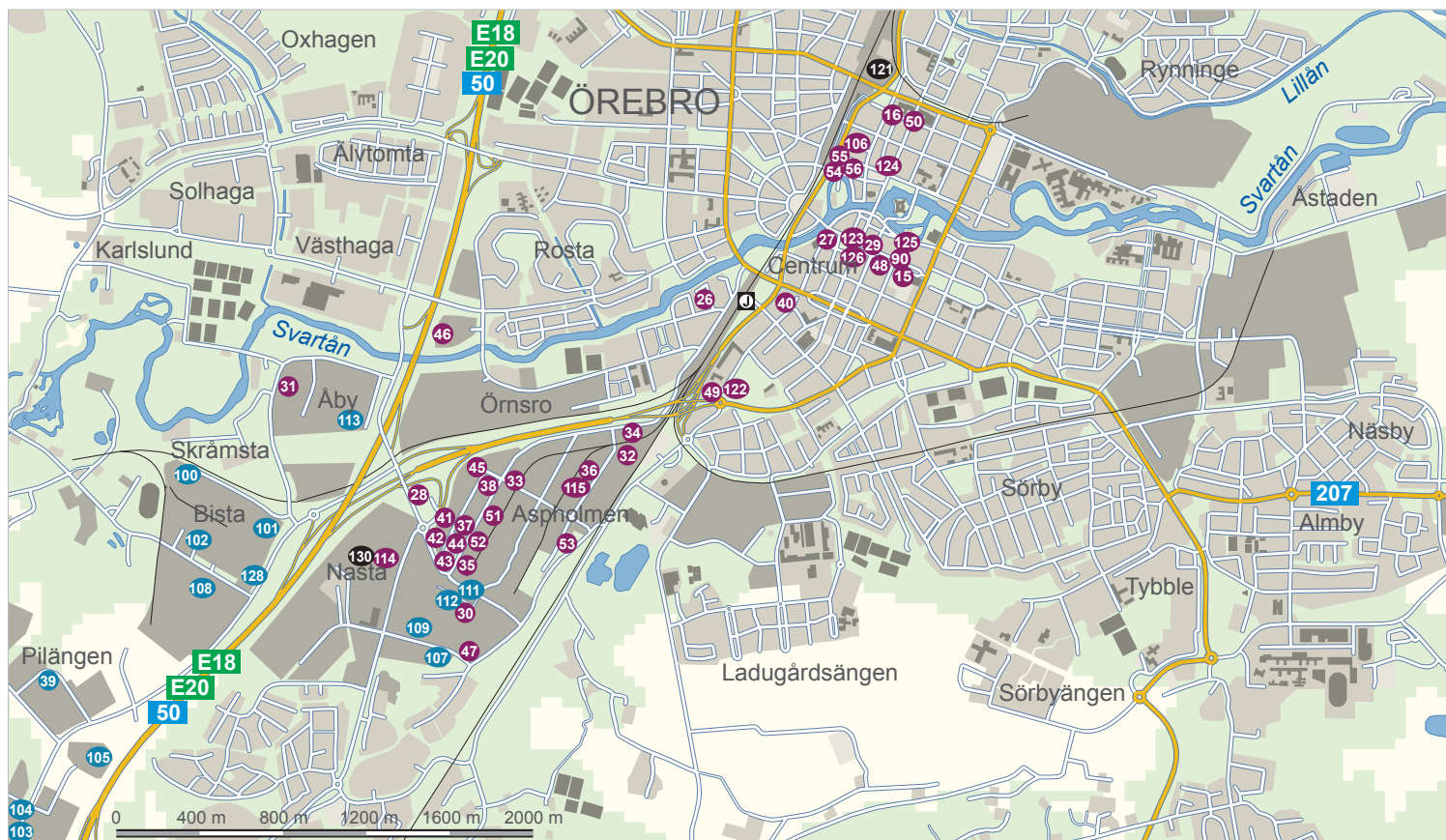
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The Central Region

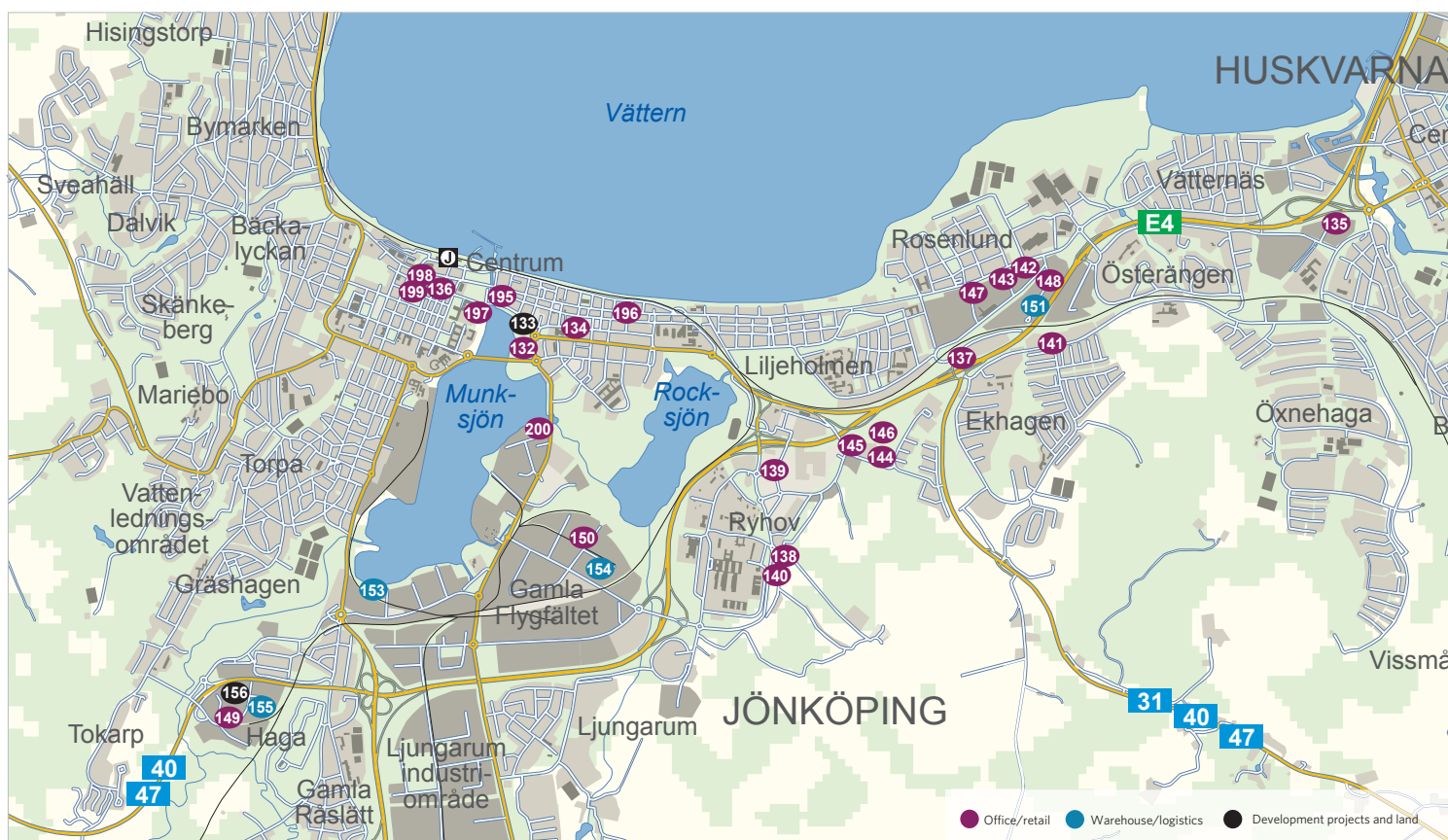
Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises						Totalt	Tax			
					Office	Retail	Warehouse	Logistics	Residential	Other		Site sq.m.	assessment value	Note	
OFFICE/RETAIL															
1	Boländerna 5:12	Fålhagsleden 51, 55-57	Uppsala	2010	1983/1996	5,365	–	619	286	–	–	6,270	15,251	49,272	B
2	Boländerna 8:6	Knivstagatan 6	Uppsala	2008	1990	2,431	–	–	–	–	18	2,449	3,806	19,318	
3	Boländerna 8:11	Bergsbrunnagatan 15 / Björkgatan 61 / Knivstagatan 14-16	Uppsala	2008	1975	2,114	–	5,736	–	–	–	7,850	11,535	16,853	
4	Boländerna 9:1	Märstagatan 2 / Knivstagatan 1	Uppsala	2008	1946/2005	1,578	128	466	–	–	102	2,274	2,890	–	
129	Boländerna 11:4	Björkgatan 67 B / Märstagatan 7 / Säbygatan 10	Uppsala	2015	1960/2003	–	–	–	–	–	–	–	5,290	–	
5	Boländerna 11:5	Märstagatan 7 / Björkgatan 67B / Säbygatan 10	Uppsala	2011	1975	2,407	–	–	2,200	–	–	4,607	4,346	17,200	B
6	Boländerna 28:3	Stångjärnsgatan 10	Uppsala	2000	1971	–	24,265	1,064	–	–	390	25,719	64,871	256,600	B
8	Boländerna 28:4 A	Stångjärnsgatan 8B	Uppsala	2003	1987	–	4,100	–	–	–	–	4,100	10,981	42,408	B
7	Boländerna 28:4 B	Verkstadsgatan 11	Uppsala	2003	2002	2,124	–	–	–	–	–	2,124	4,500	23,200	
9	Boländerna 35:1	Bolandsgatan 18	Uppsala	2006	2006	–	8,466	–	–	–	250	8,716	26,193	71,018	B
11	Boländerna 36:2	Danmarksgatan 20	Uppsala	2011	1982	360	1,581	396	–	–	–	2,337	3,204	16,400	
12	Dragarbrunn 16:2	Dragarbrunnns Torg 2-6/Klostergatan 13-15	Uppsala	2004	1963	4,616	1,805	86	–	–	220	6,727	2,209	136,000	
13	Dragarbrunn 20:2	Kungsgatan 43/St Persgatan 17	Uppsala	1999	1963	2,501	745	–	–	–	46	3,292	921	–	
14	Dragarbrunn 20:4	Dragarbrunnsg 34-36C / Vaksalag 10-12 / S:t Persg 13-15	Uppsala	2010	2010/2014	9,375	150	35	–	1,305	3,405	14,270	4,472	275,200	
17	Kungsängen 35:3	Kungsgatan 76 / Vimpelgatan 5	Uppsala	1998	2001	3,030	–	–	–	–	–	3,030	4,547	32,234	
18	Kvarngärdet 64:3	Sportfältsvägen 3	Uppsala	1996	1991	2,024	–	–	–	–	15	2,039	2,955	14,750	
19	Årsta 36:2	Möllersvärdsgatan 12	Uppsala	<1995	1978/1989	1,535	–	715	570	–	37	2,857	5,143	19,816	
21	Årsta 67:1	Stålgatan 8-12	Uppsala	<1995	1988	187	10,315	515	417	–	–	11,434	31,608	85,951	
22	Årsta 72:3	Svederusgatan 1-3	Uppsala	1997	1990	1,817	1,406	1,316	3,331	–	610	8,480	10,792	43,149	
23	Årsta 74:1	Fyrislundsgatan 68	Uppsala	1999	1985	177	6,665	–	–	–	6	6,848	15,268	51,400	
24	Årsta 74:3	Axel Johanssons Gata 6	Uppsala	<1995	1990	13,088	–	188	–	–	1,124	14,400	17,212	114,000	
25	Årsta 78:1	Fyrislundsgatan 73 / Sylveniusgatan 2	Uppsala	2011	2000	2,838	–	–	–	–	–	2,838	4,156	20,200	
26	Basen 10	Fridhemsgatan 2-4	Örebro	<1995	1900/1990	6,061	–	183	–	–	–	6,244	4,997	42,200	
27	Borgaren 1	Fabriksgratan 1 A	Örebro	2008	1969/2001	6,545	–	1,100	–	–	847	8,492	3,375	72,656	
123	Bromsgården 1	Drottninggatan 11	Örebro	2015	1929	1,229	1,227	33	–	566	–	3,055	1,144	23,800	
122	Drottningparken	Fabriksgratan	Örebro	2014	2016	4,237	–	–	–	–	–	4,237	8,000	–	
124	Gillet 22	Olaigatan 15	Örebro	2015	1978	4,591	562	9	–	–	362	5,524	1,217	52,800	
125	Hållstugan 28	Kungsgatan 3	Örebro	2015	1929	1,889	2,137	–	–	1,272	2,492	7,790	7,149	73,285	
28	Inköparen 1	Rörvägen 1	Örebro	2007	2008	3,586	5,853	–	–	–	–	9,439	22,500	76,654	
–	Järnmalmen 1	Osmundgatan 10	Örebro	2006	1967/1995	3,140	–	7,627	–	–	–	10,767	47,714	33,565	B
30	Konstruktören 11	Söderleden 14	Örebro	<1995	1987	–	–	2,255	–	–	–	2,255	7,876	9,915	
31	Kontrollanten 9	Åbyvägen 3	Örebro	2007	1992	3,679	–	1,106	–	–	–	4,785	11,974	15,881	
32	Warehousechefen 3	Aspholmsvägen 3	Örebro	1996	1957/1985	–	1,900	–	–	–	–	1,900	9,213	12,961	B
33	Lantmannen 7	Boställsvägen 10	Örebro	<1995	1985	–	2,323	250	–	–	–	2,573	8,573	10,938	
114	Litografen 1 & 2	Adolfsbergsvägen 4	Örebro	2012	1964	3,710	7,414	10,002	–	–	957	22,083	122,107	120,127	
34	Motormannen 1	Radiatorvägen 1	Örebro	<1995	1966	307	3,418	410	–	–	12	4,147	10,501	20,400	
126	Prästgården 12	Drottninggatan 18-20	Örebro	2015	1933	4,165	601	763	–	384	565	6,478	2,861	56,476	
35	Röda rummet	Radiatorvägen 17	Örebro	1996	2000	3,405	–	–	–	–	–	3,405	7,710	23,940	
36	Rörläggaren 1	Aspholmsvägen 4	Örebro	<1995	1963/1992	–	–	4,480	–	–	–	4,480	15,881	21,686	B
37	Rörmokaren 1	Elementvägen 13-15	Örebro	<1995	1963/1986	110	–	3,702	–	–	–	3,812	10,432	16,338	
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	11,942	–	118	–	–	262	12,322	5,008	107,000	B
41	Svetsaren 4	Elementvägen 12	Örebro	<1995	1976/1984	526	1,695	2,043	–	–	–	4,264	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	
45	Svetsaren 8	Elementvägen 4	Örebro	<1995	1977	570	3,060	220	–	–	–	3,850	8,074	16,586	
46	Svänghjulet 1	Stubbengatan 2	Örebro	2010	2004	4,815	1,660	2,378	–	–	250	9,103	24,143	36,484	B
47	Telemontören 1	Nastagatan 2	Örebro	2007	1993	3,620	–	2,912	–	–	–	6,532	30,750	21,647	B
48	Tryckeriet 2	Stortorget 8	Örebro	2008	1984/1999	1,475	764	–	–	–	387	2,626	1,350	29,200	
49	Tägmästaren 25	Fabriksgratan 54	Örebro	2008	1986	6,095	–	1,297	–	–	6	7,398	8,110	41,000	B
51	Virkeshandlaren 7	Radiatorvägen 11	Örebro	<1995	1970/1987	5,933	–	243	–	–	5	6,181	15,377	30,339	
52	Virkeshandlaren 10	Radiatorvägen 13-15	Örebro	1996	1979	2,683	3,565	1,080	–	–	–	7,328	20,242	34,929	
53	Ånsta 20:117	Aspholmsvägen 9	Örebro	1996	1990	755	–	–	–	–	–	755	1,907	4,085	
54	Ölstången 11	Järntorgsgatan 1	Örebro	2008	1939/2003	3,940	–	–	–	–	580	4,520	937	33,000	
55	Ölstången 14	Olaigatan 2	Örebro	2008	1929	2,194	–	–	–	–	–	2,194	852	18,750	
56	Ölstången 15	Olaigatan 4	Örebro	2008	1975/2003	3,101	–	–	–	–	–	3,101	1,517	27,200	
29	Bodarna 8	Drottninggatan 12	Örebro	2016	1976/1992	3,206	1,115	–	–	–	–	4,321	1,449	49,200	B

Note: T=Ground rent A=Lease B=Unutilized building right

Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises						Totalt	Site sq.m.	Tax assessment value	Note
					Office	Retail	Warehouse	Logistics	Residential	Other				
50	Gasverket 2	Storgatan 28, 30, Järnvägsg. 3, 5, Slottsg. 25	Örebro	2016	1967	10,223	430	–	–	–	39	10,692	6,097	89,200
90	Hållstugan 8	Stortorget 11, Kungsgatan 5	Örebro	2016	1938	2,385	1,564	–	–	–	68	4,017	1,190	36,200
16	Lantmäteriet 2 / Porten 1	Järnvägsgatan 1-3, Klostergatan 36,37	Örebro	2016	1994/2013	31,214	–	–	–	–	3,743	34,957	9,749	383,000
15	Repslagaren 24	Stortorget 20-22, Trädgårdsg. 12-14 Nyg 31	Örebro	2016	1970	9,530	–	–	–	–	582	10,112	6,827	95,800 B
106	Tullen 8	Klostergatan 23, Fredsgatan 2-4	Örebro	2016	1976/1992	27,020	741	–	–	–	110	27,871	8,953	275,000
57	Blåsterugnen 2	Kokillgatan 7	Västerås	1997	1991	–	1,894	–	–	–	–	1,894	11,045	11,542 T
58	Dagslåndan 11	Jonasborgsvägen 26	Västerås	1996	1990	1,106	–	–	–	–	–	1,106	3,651	6,546 T
59	Degeln 1	Kokillgatan 1-3	Västerås	1996	1984	4,744	1,086	700	–	–	–	6,530	26,917	27,545 T
60	Elenergin 1	Elledningsgatan 2	Västerås	2008	1976	119	3,955	–	1,009	–	–	5,083	26,290	18,763 B
61	Elledningen 4	Tunbytorpsgatan 31	Västerås	<1995	1991	3,586	–	–	–	–	–	3,586	10,256	20,460
62	Fallhammaren 1	Fallhammargatan 3	Västerås	<1995	1989	3,786	–	701	–	–	–	4,487	10,700	20,399
63	Friedningen 13	Tunbytorpsgatan 10	Västerås	1999	1978	1,830	–	390	360	–	–	2,580	7,000	11,864 T
64	Gjutjärnet 7	Gjutjärnsgatan 5	Västerås	<1995	1989	–	2,252	–	260	–	135	2,647	10,517	10,011
65	Hjulsmeden 1	Gjutjärnsgatan 8	Västerås	<1995	1990	–	1,110	–	873	–	–	1,983	5,625	8,599
66	Jordlinan 2	Stenbygatan 6	Västerås	<1995	1991	1,129	4,290	370	3,075	–	–	8,864	21,467	27,264 B
67	Kokillen 1	Kokillgatan 2	Västerås	1996	1988	1,610	100	245	1,050	–	–	3,005	11,975	13,185 T
76	Verkstaden 14	Kopparlunden	Västerås	2001	2001	10,927	369	55	277	–	1,289	12,917	40,900	95,045 B
127	Verkstaden 15	Legeringsgatan 2	Västerås	2015	1977/1992	1,071	–	–	–	–	–	1,071	2,960	– B
68	Verkstaden 21, Kopparlunden	Kopparlunden	Västerås	2001	1890/2000	16,950	–	2,242	1,097	–	470	20,759	10,256	133,966
69	Kraftfältet 5	Omformargatan 2	Västerås	2005	1991	715	1,324	–	1,881	–	–	3,920	11,221	15,950
70	Köpmannen 1	Kranbyggargatan 1	Västerås	<1995	1984	–	1,415	–	–	–	–	1,415	5,804	9,467
71	Köpmannen 3	Kranbyggargatan 3	Västerås	<1995	1982	–	2,010	–	410	–	–	2,420	10,073	12,006 T
72	Ringborren 8 & 16	Tallmätargatan 1	Västerås	<1995	1956/1988	1,414	116	85	3,372	–	–	4,987	9,019	15,122
73	Tunbytorp 1	Strömledningsgatan 1	Västerås	2005	1965	–	4,731	–	1,278	–	–	6,009	27,584	26,067
74	Tunbytorp 7	Strömledningsgatan 3	Västerås	2005	1965	–	3,473	778	3,684	–	–	7,935	31,990	32,271 T
75	Tunbytorp 19	Tunbytorpsgatan 2 A	Västerås	2005	1990	1,982	–	–	–	–	–	1,982	11,782	8,615
77	Vikingatiden 9	Brandthovdagatan 17 A	Västerås	2007	2004	–	–	–	784	–	–	784	3,477	4,221
132	Atollen 3	Lantmätargränd 53-63	Jönköping	2011	2013	2,790	2,404	–	–	765	5	5,964	890	119,964
133	Algen 1	Lantmätargränd 42	Jönköping	2013	2015	–	4,236	–	–	–	162	4,398	2,749	64,400
134	Droskan 12	Slottsgatan 14	Jönköping	1998	1990	9,394	–	–	–	–	–	9,394	4,951	104,800
135	Elektronen 1	Datorgatan 6	Jönköping	2008	2000	524	–	1,168	–	–	–	1,692	4,237	7,311 B
136	Hotellet 8	V Storgatan 9-13	Jönköping	<1995	1963/1999	2,952	15,701	296	–	–	–	18,949	5,121	195,000
137	Vagnmakaren 7	Hästhovsvägen 2	Jönköping	<1995	1983/2001	–	9,531	–	–	–	14	9,545	19,226	65,400



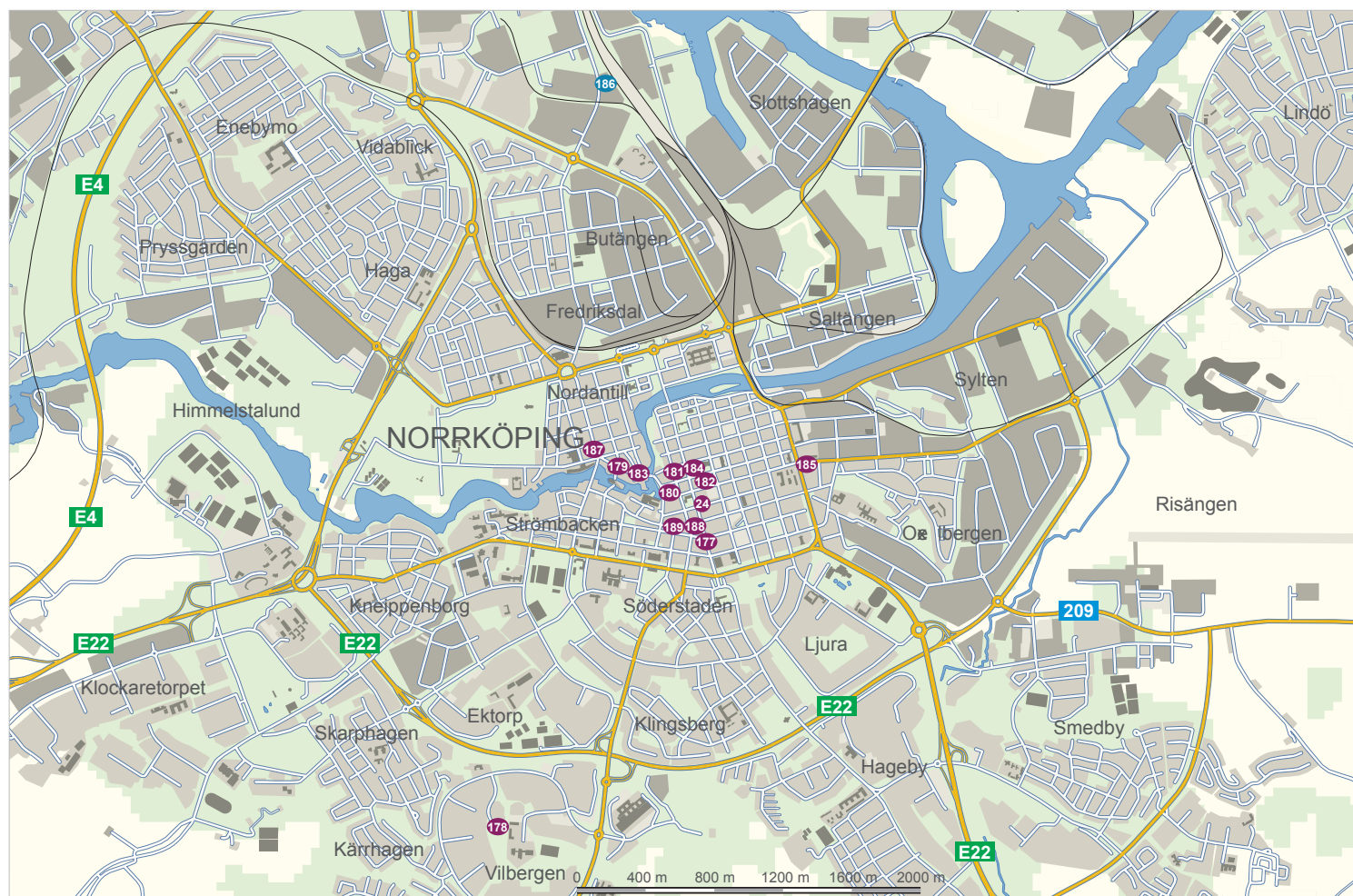
Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises							Site sq.m.	Tax assessment value Note	
					Office	Retail	Warehouse	Logistics	Residential	Other	Totalt			
138	Vakten 11	Batterigatan 2	Jönköping	2015 2009	5,370	1,770	–	–	–	–	7,140	10,947	0	
139	Valutan 11	Kompanigatan 1-2	Jönköping	<1995 1992/2001	3,168	1,606	768	–	–	5	5,547	7,763	60,600	
140	Varuhuset 1	Batterigatan 2	Jönköping	2009 2009	–	11,041	–	–	–	–	11,041	42,046	118,000	
141	Vattenpasset 2	Ekshagsringen 17	Jönköping	<1995 1980	1,299	–	1,749	1,073	–	–	4,121	17,884	–	
142	Vilan 7	Huskvarnavägen 58-64	Jönköping	2000 1955/1999	8,959	1,093	4,854	–	–	–	14,906	25,576	77,760	
143	Vingen 4	Linnegatan 1	Jönköping	<1995 1970	1,322	530	–	1,883	–	–	3,735	17,281	14,347	B
144	Visionen 3 A	Bataljonsgatan 10-12	Jönköping	2004 2010	7,406	–	323	–	–	–	7,729	12,269	106,800	
145	Visionen 3 B	Bataljonsgatan 10	Jönköping	2004 1996/1995	9,731	–	423	–	–	–	10,154	27,162	48,612	
146	Visionen 3 C	Bataljonsgatan 10	Jönköping	2004 2015	2,472	–	–	–	–	–	2,472	–	168,800	B
147	Vägskalen 3	Huskvarnavägen 40	Jönköping	2003 1983	8,145	–	7,944	–	–	51	16,140	42,536	39,360	
148	Vägporten 5	Vasavägen 4	Jönköping	2003 1955/2004	251	2,076	–	–	–	–	2,327	8,458	14,467	
149	Ögongloben 5	Gräshagsgatan 11	Jönköping	2006 1961	3,512	–	–	–	–	–	3,512	7,346	7,261	
150	Örontofsen 5	Granitvägen 7-9	Jönköping	2006 1976	1,053	880	3,641	–	–	–	5,574	15,061	28,755	
195	Ansaret 1	Hoppets Torg 4/Södra Strandgatan 3	Jönköping	2016 1965	4,283	190	–	–	–	–	4,473	1,490	65,200	
196	Blixten 6	Östra Storgatan 67	Jönköping	2016 1941	5,639	–	–	–	120	–	5,759	3,016	50,584	
197	Götaland 5	Hamng 4, 15, Vallg 3-5, 7-9, 4-10, Brunns 1,2	Jönköping	2016 1975	53,425	833	103	–	–	–	54,361	80,366	639,542	
198	Hoven 1	Västra Storgatan 16	Jönköping	2016 1968	12,371	1,910	–	–	–	10	14,291	3,852	167,000	
199	Jordgubben 1	Skolgatan 25B	Jönköping	2016 1982	2,884	–	–	–	–	–	2,884	1,002	23,400	
200	Örikt 2	Herkulesvägen 2/Klubbhusgatan 13-15	Jönköping	2016 1992	15,468	493	74	–	–	–	16,035	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	1,090	985	191	–	1,072	–	3,338	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	8,435	1,762	83	–	–	1,836	12,116	5,220	169,000	
164	Druvan 22	Storgatan 6-16	Linköping	2016 1962	5,454	1,661	468	437	2,558	7	10,585	4,610	98,200	
165	Giggen 2	Gillbergagatan 24	Linköping	2016 1977	–	385	–	–	–	–	385	1,480	2,572	B
167	Idéflödet 1	Teknikringen 20	Linköping	2016 2002	9,055	–	–	–	–	–	9,055	16,703	67,800	
168	Idékretsen 4	Teknikringen 9	Linköping	2016 1991	6,191	–	162	–	–	55	6,408	14,065	44,400	
166	Gården 15	Gillbergagatan 37-45	Linköping	2009 2013	6,105	–	3,600	–	–	–	9,705	34,706	77,048	
169	Idémannen 1	Teknikringen 16	Linköping	2007 1990	580	–	–	–	–	–	580	4,212	4,757	
170	Idémannen 2, Collegium	Teknikringen 7	Linköping	2007 1989	12,935	4,136	–	–	–	45	17,116	27,823	98,600	
171	Idémannen 2, Datalinjen	Datalinjen 1	Linköping	2007 1989/1994	1,561	–	–	–	–	–	1,561	4,590	9,771	
172	Idémannen 2, Teknikringen	Teknikringen 1 A-F	Linköping	2007 1984/1996	6,519	–	–	–	–	49	6,568	19,720	44,168	



Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises						Site sq.m.	Tax assessment value	Note
					Office	Retail	Warehouse	Logistics	Residential	Other	Totalt		
173	Idémannen 2, Vita Huset	Linköping	2007	2002	8,150	–	–	–	–	–	8,150	29,597	82,800 B
174	Jägmästaren 1	Linköping	2013	2015	–	7,823	–	–	–	–	7,823	36,750	75,400
175	Magnetjärnet 6	Linköping	2010	1996	2,388	–	–	–	–	–	2,388	8,328	10,623 B
178	Beryllen 1	Norrköping	2016	1971	3,002	2,990	62	121	–	4,031	10,206	10,970	–
177	Diket 7	Norrköping	2016	1940	2,398	1,325	473	–	1,596	–	5,792	2,192	69,800
179	Gamla Bron 13	Norrköping	2016	1929	2,358	243	–	60	327	–	2,988	1,363	24,692
180	Gamla Rådstugan 3	Norrköping	2016	1929	1,400	805	–	–	–	–	2,205	973	13,971
181	Knäppingsborg 7+8	Norrköping	2016	1929	8,387	2,586	276	–	885	195	12,329	7,895	79,181
182	Korpen 20	Norrköping	2016	1964	1,496	1,019	27	–	992	–	3,534	1,453	29,453
183	Kvarnen 5	Norrköping	2016	1910	7,216	–	460	–	–	50	7,726	3,282	23,800
184	Markattan 11	Norrköping	2016	1969	1,816	1,560	789	–	–	55	4,220	1,636	37,400
185	Motorn 12	Norrköping	2016	1948	13,398	–	1,047	–	–	2	14,447	9,236	81,064
187	Spetsen 10	Norrköping	2016	1897	12,025	735	338	–	–	1	13,099	2,000	42,422
189	Sprutan 6	Norrköping	2016	1920	–	4,783	266	–	–	1,982	7,031	1,546	29,200
202	Pilgrimen 5	Växjö	2016	2016	6,036	–	–	–	–	–	6,036	–	–
190	Gripen 11	Växjö	2016	1929	1,445	–	–	–	66	–	1,511	3,848	10,721
191	Magnus Smek 6	Växjö	2016	1952/2003	2,079	2,151	40	–	783	–	5,053	2,022	86,962
192	Tullen 18	Växjö	2016	1965	2,822	915	–	–	–	–	3,737	2,528	35,400 B
193	Unaman 9	Växjö	2016	1972/2004	3,201	2,470	–	–	–	–	5,671	2,299	52,000
194	Växjö 10:54	Växjö	2016	1929	35,208	600	–	–	1,272	976	38,056	93,843	248,620 B
Total office/retail					640,232	222,436	88,789	29,788	14,724	28,915	1,024,884	1,786,263	8,066,590

WAREHOUSE/LOGISTICS

78	Boländerna 12:1	Uppsala	2011	1979	377	–	4,440	1,873	–	–	6,690	14,136	32,284
79	Husbyborg 1:83	Uppsala	2008	1972/1988	555	–	1,192	6,169	–	210	8,126	14,543	37,752 B
20	Årsta 36:7	Uppsala	2007	1986	–	–	2,229	–	–	–	2,229	3,358	13,526
80	Årsta 38:1	Uppsala	<1995	1979	755	–	910	1,295	–	–	2,960	8,572	18,160 B
81	Barkborren 3	Västerås	<1995	1970/1989	–	–	–	2,950	–	–	2,950	10,000	8,748 T
82	Elkraften 4	Västerås	2005	1976	–	496	–	450	–	–	946	5,673	4,100 T
83	Elkraften 6	Västerås	2008	1981	–	–	1,150	–	–	–	1,150	8,025	4,765 T

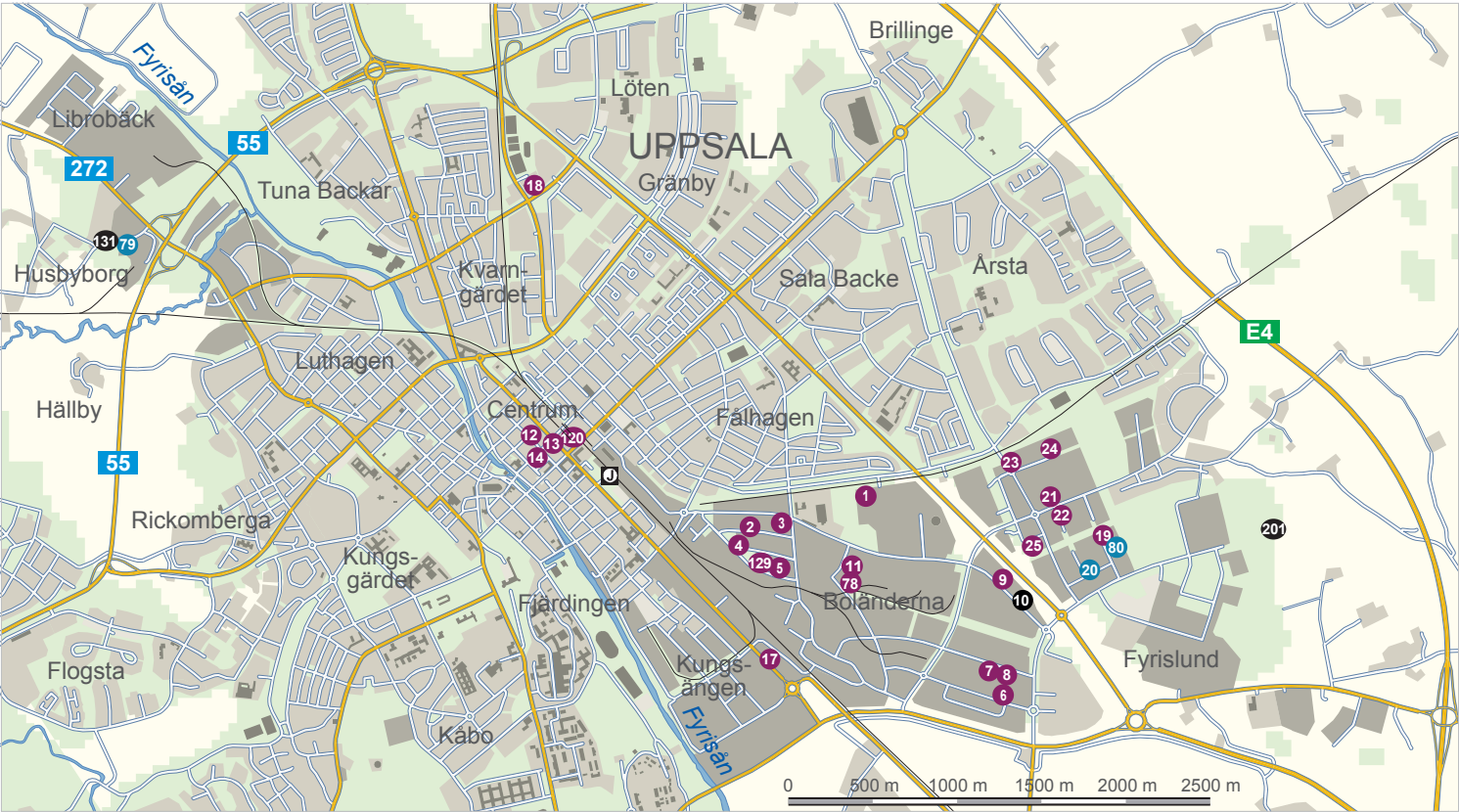


Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Warehouse	Logistics	Residential	Other				
84	Elkraften 7	Västerås	2005	1976	250	–	–	1,070	–	–	1,320	5,073	4,373	T
85	Elledningen 1	Tunbytorpsgratan 29	Västerås	1999	1982	–	–	150	1,760	–	1,910	8,300	7,225	T
86	Friledningen 8	Tunbytorpsgratan 6	Västerås	2005	1971	323	–	–	1,979	–	2,342	11,243	8,133	T
87	Friledningen 9	Tunbytorpsgratan 8	Västerås	2005	1968	865	576	1,280	2,481	–	5,202	9,995	18,990	
88	Fältmätaren 29	Fältmätargatan 9	Västerås	2007	1960	766	–	198	2,103	–	3,067	10,173	11,032	T
118	Högspejningen 1	Lågspänningssgatan 8	Västerås	2007	2014	1,092	–	–	2,819	–	3,911	22,500	27,800	B
89	Järnåldern 6	Brandthovdagatan 11	Västerås	2008	1982	1,060	–	236	375	–	1,927	5,967	7,426	T
–	Krista 1	Saltångsvägen 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	
92	Ledningstråden 1	Tunbytorpsgratan 1-3	Västerås	2005	1967	520	1,011	1,065	3,454	–	6,072	27,410	20,961	T
94	Lufthammaren 1	Ånghammargatan 2-4	Västerås	1996	1977	3,359	–	491	3,355	–	7,205	17,055	24,200	T
96	Tunbytorp 8	Friledningsgatan 3 A	Västerås	2005	1970	–	–	–	830	–	830	5,825	3,714	
97	Tunbytorp 10	Tunbytorpsgratan 4 A	Västerås	2005	1978	135	–	116	7,241	–	7,492	24,663	20,400	
98	Voltmätaren 3	Lågspänningssgatan 7	Västerås	2006	1990	–	–	–	760	–	760	2,254	2,645	
99	Ånghammaren 2	Ånghammargatan 1-9	Västerås	1996	1972/1994	3,669	72	1,664	8,036	–	13,481	35,738	32,101	T
100	Blecksålgaren 1	Handelsgatan 9	Örebro	2012	1970	645	–	3,185	–	–	3,830	14,405	–	
101	Blecksålgaren 6	Handelsgatan 1	Örebro	2008	1982	–	–	1,964	2,362	–	4,326	22,243	16,096	B
102	Blecksålgaren 8	Vattenverksgatan 8	Örebro	2006	1978/2001	–	–	4,750	–	–	4,750	24,878	20,017	B
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	852	–	6,742	–	–	7,594	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	Försålgaren 2	Nastagatan 9	Örebro	2012	2008	–	–	3,049	–	–	3,049	9,545	18,130	B
109	Grosshandlaren 2	Nastagatan 6-8	Örebro	2001	1977	2,353	1,955	18,825	–	–	23,133	61,695	93,028	B
–	Gållersta-Gryt 4:9	Gållerstavägen	Örebro	<1995	1969	–	–	11,625	–	–	11,625	42,143	24,606	
111	Konstruktören 9	Söderleden 10	Örebro	1996	1987	–	–	1,260	–	–	1,260	32,400	5,838	
112	Konstruktören 10	Söderleden 12	Örebro	<1995	1987	–	–	3,665	–	–	3,665	10,649	16,630	
113	Kontrollanten 12	Skomaskinsgatan 6	Örebro	2012	1981	3,645	–	7,196	–	–	10,841	30,946	33,400	
39	Speditören 7	Vattenverksgatan	Örebro	2016	1980	100	–	2,077	–	–	2,185	16,400	–	B
115	Rörlåggaren 2	Aspholmsvägen 6	Örebro	2004	1984	–	–	2,955	–	–	2,955	4,960	12,387	
–	Ånsta 20:148	Berglunda 208	Örebro	2007	1971/1999	1,380	–	2,805	–	–	4,185	44,237	23,615	B
–	Flahult 21:3	Momarken 42	Jönköping	2001	1980	–	–	3,824	–	–	3,824	24,177	15,383	B
–	Flahult 21:5	Betavägen 17	Jönköping	2012	1997/2008	–	–	9,633	–	–	9,633	36,847	29,288	B
152	Åttehögen 18	Fordonsvägen 8	Jönköping	2012	2013	–	–	–	3,334	–	3,334	11,009	17,794	
154	Överlappen 13	Kalkstensgatan 6-8	Jönköping	2004	1977/1995	2,105	–	275	3,376	–	5,756	22,575	30,060	
–	Kållemo 1	Kållemogatan 12	Vaggeryd	<1995	1956/1988	–	–	7,552	–	–	7,552	48,347	11,123	B
–	Yggan 1	Krokvägen 1	Vaggeryd	<1995	1985/1989	353	–	–	5,950	–	6,303	18,598	11,581	
Total warehouse/logistics					25,415	4,110	124,455	70,464	0	576	225,020	821,112	797,606	



Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises						Site sq.m.	Tax assessment value	Note		
					Office	Retail	Warehouse	Logistics	Residential	Other				Totalt	
PROJECT															
10	Boländerna 35:2	Bolandsgatan 20	Uppsala	<1995	1981	–	4,010	–	–	–	108	4,118	9,600	27,778	B
120	Dragarbrunn 21:1	S:t Persgatan 21 / Kungsgatan 38-40 / Vaksalagatan 16	Uppsala	2012	1970	6,516	–	388	–	–	229	7,133	4,747	10,012	B
201	Söderhällby 2:1	Östra Fyrislund	Uppsala	2016	–	–	–	–	–	–	–	–	–	–	B
93	Ledningstråden 6	Tunbytorpsgatan 23	Västerås	2005	1970	–	–	–	1	–	–	1	8,000	3,550	T/B
95	Tunbytorp 2	Tunbytorpsgatan 4	Västerås	2005	1970	–	–	223	–	–	–	223	19,191	12,376	B
128	Bleckslagaren 7	Vattenverksgatan 2	Örebro	2015	–	1,295	–	4,315	–	–	200	5,810	22,160	24,488	B
130	Litografen 1 & 2, Projekt	Adolfsbergsvägen 4	Örebro	2012	–	–	–	9,350	–	–	–	9,350	–	–	B
121	Olaus Petri 3:244	Östra Bangatan	Örebro	2014	–	–	–	–	–	–	–	–	5,000	19,400	B
151	Vargön 4	Vasavägen 5	Jönköping	2003	1989	–	–	3,500	570	–	–	4,070	6,694	12,763	
146	Visionen 4	Bataljonsgatan 10	Jönköping	2013	–	–	–	–	–	–	–	–	4,750	914	
146	Visionen 6	Bataljonsgatan 10-12	Jönköping	2015	–	–	–	–	–	–	–	–	–	1,575	
156	Ögongloben 6	Kindgrensgatan 4	Jönköping	2008	1997	–	–	–	–	–	–	–	7,500	6,234	B
153	Österbotten 4	Skeppsbrogatan 6	Jönköping	<1995	1930/1991	503	–	162	2,279	–	–	2,944	6,972	8,319	
155	Översticket 25	Kindgrensgatan 3	Jönköping	2008	1981	348	–	7,190	–	–	–	7,538	16,342	13,591	B
174	Jägmästaren 1B	Djurgården	Linköping	2013	–	–	951	–	–	–	–	951	7,631	–	
186	Proppen 2	Malmgatan 16	Norrköping	2016	1978	–	–	–	19,440	–	–	19,440	15,550	42,063	
188	Spiran 12	Drottninggatan 50-52	Norrköping	2016	1972	7,696	935	–	–	–	10	8,641	2,546	106,000	
Total project						16,358	5,896	25,128	22,290	0	547	70,219	136,683	289,063	
Total Central Region						682,005	232,442	238,372	122,542	14,724	30,038	1,320,123	2,744,058	9,153,259	





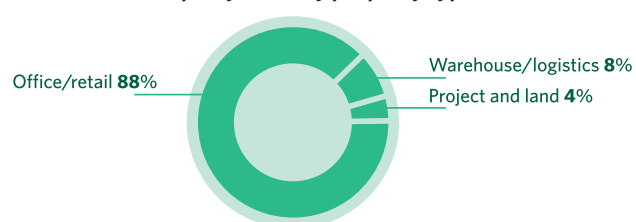
Castellum's Real Estate Portfolio in Central Region 31-12-2016

	No. of Propertyer	Area thous. sq.m.	Rental value SEKm	Rental value SEK/sq.m.	Economic occupancy rate	Rental- income SEKm	Property costs SEKm	Property costs SEKm/sq.m.	Net operating income SEKm
Office/retail									
Örebro	41	285	376	1,318	95.2%	358	90	319	268
Jönköping	25	242	357	1,476	94.1%	336	84	347	252
Uppsala	22	143	208	1,455	93.3%	194	51	355	143
Västerås	22	106	123	1,159	87.5%	107	33	313	74
Linköping	17	105	141	1,340	85.8%	121	47	444	74
Norrköping	11	84	110	1,316	92.1%	101	34	409	67
Växjö	6	60	86	1,435	91.3%	79	22	356	57
Total Office/retail	144	1,025	1,401	1,367	92.5%	1,296	361	352	935
Warehouse/Logistics									
Örebro	17	102	70	684	88.2%	62	14	137	48
Jönköping	4	23	16	687	86.5%	13	3	148	10
Uppsala	4	20	21	1,055	95.4%	20	5	250	15
Västerås	18	66	56	839	88.7%	49	16	237	33
Vaggeryd	2	14	5	379	92.5%	5	2	145	3
Total Warehouse/Logistics	45	225	168	744	89.3%	149	40	178	109
Total	189	1,250	1,569	1,255	92.2%	1,445	401	321	1,044
Leasing and property administration							92	74	- 92
Total after leasing and property administration							493	395	952
Undeveloped land	17	70	53	-	-	24	13	-	11
Total	206	1,320	1,622	-	-	1,469	506	-	963

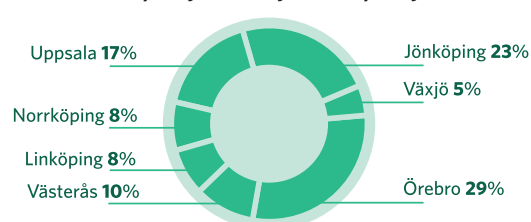
Property related key ratios

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Rental value, SEK/sq.m.	1,255	1,145	1,022	885	844	818	795	775	745	748
Economic occupancy rate	92.2%	93.7%	89.3%	86.8%	88.4%	88.4%	88.0%	90.0%	90.8%	90.4%
Property costs, SEK/sq.m.	395	381	362	284	268	272	268	275	261	269
Net operating income, SEK/sq.m.	762	692	551	483	478	451	432	422	416	407
Number of properties	206	40	40	94	95	95	96	95	93	82
Lettable area, thousand sq.m.	1,320	248	260	519	518	515	505	501	480	452

Property value by property type

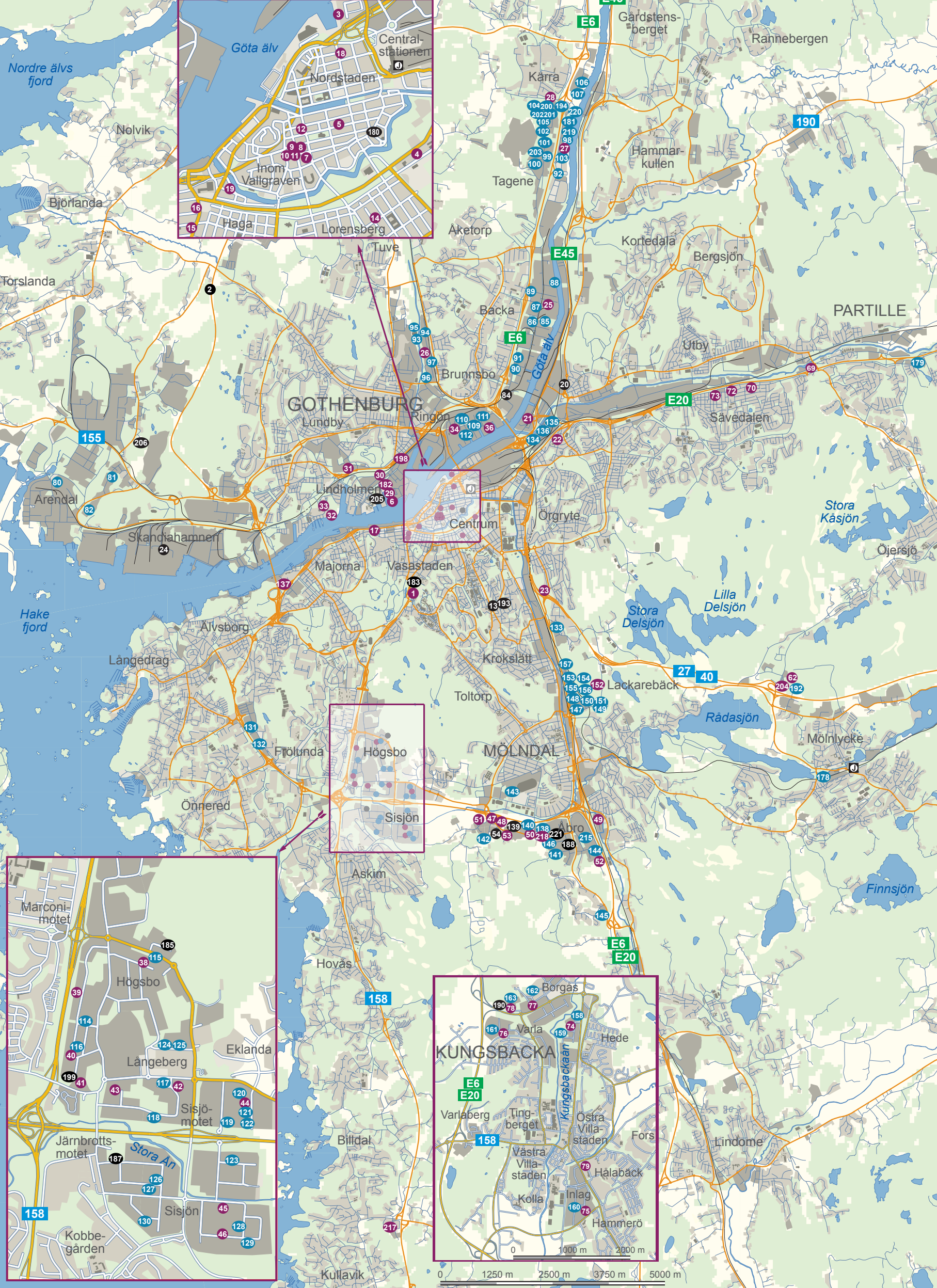


Property value by municipality

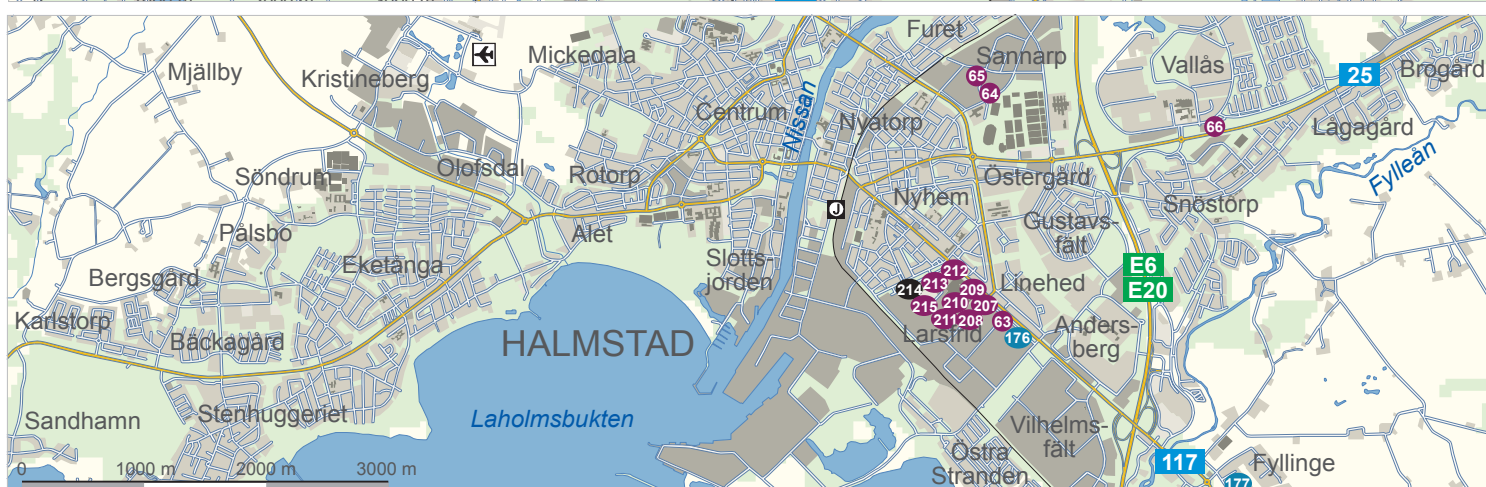
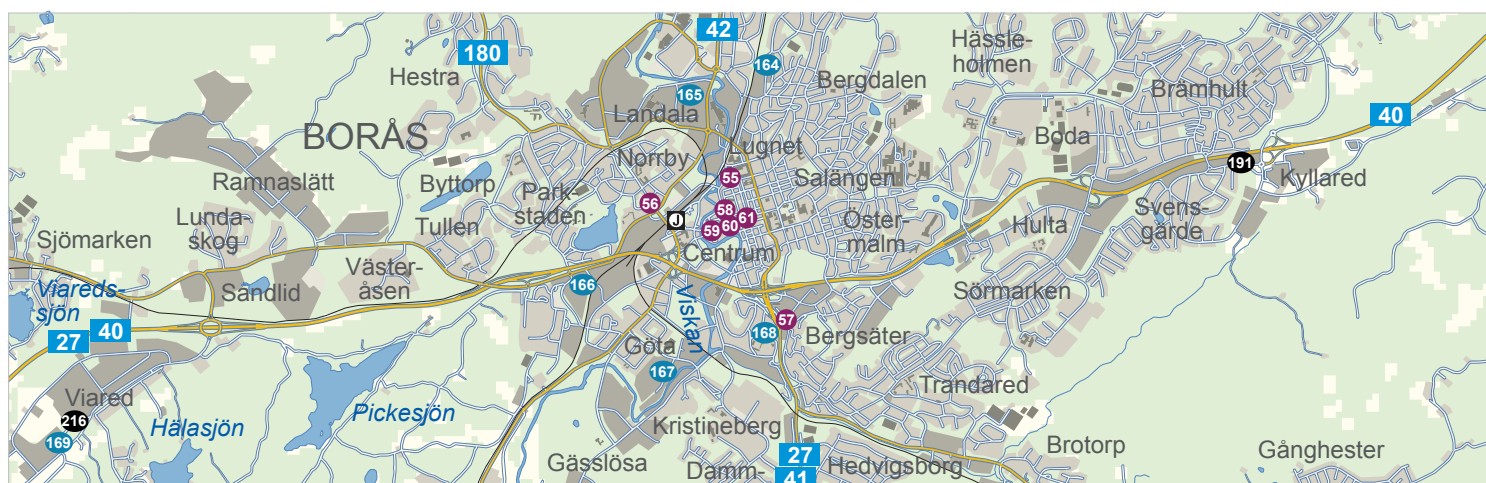


The Western Region

Property	Address	Municipalpty	Acquis- year	Build/ Recon. year	Square metres per type of premises						Totalt	Tax assessment	
					Office	Retail	Warehouse	Logistics	Residential	Other		Site sq.m.	value
OFFICE/RETAIL													
1	Annedal 21:10	Gothenburg	1999	1995	4,382	–	–	–	–	–	4,382	3,131	76,600
3	Gullbergsvass 1:15	Gothenburg	1999	2001	7,954	–	24	–	–	–	7,978	1,834	199,000
4	Heden 16:5	Gothenburg	<1995	1961	70	–	–	–	616	1,243	1,929	993	35,600
5	Inom Vallgraven 19:17	Gothenburg	<1995	1919	–	158	20	–	–	1,185	1,363	867	32,600
7	Inom Vallgraven 33:9	Gothenburg	<1995	1929/1995	1,063	510	–	–	–	–	1,573	829	36,000
8	Inom Vallgraven 34:8	Gothenburg	<1995	1929/1994	2,868	1,356	55	–	–	88	4,367	1,242	111,000
9	Inom Vallgraven 35:14	Gothenburg	<1995	1929/1991	2,274	1,219	13	–	469	184	4,159	1,315	113,600
10	Inom Vallgraven 35:16	Gothenburg	<1995	1991	2,371	575	36	–	–	–	2,982	713	61,600
11	Inom Vallgraven 35:17	Gothenburg	<1995	1991	54	139	–	–	1,149	109	1,451	666	37,967
12	Inom Vallgraven 57:2	Gothenburg	2000	1988/1990	5,780	660	254	–	–	396	7,090	2,422	119,296
14	Lorensberg 48:8	Gothenburg	<1995	1900/1992	1,475	202	–	–	–	–	1,677	722	22,200
15	Masthugget 3:6	Gothenburg	<1995	1893/1980	492	237	–	–	1,079	1,181	2,989	745	52,400
16	Masthugget 9:17	Gothenburg	1996	1900	2,220	310	10	–	–	853	3,393	1,221	50,200
17	Masthugget 26:1	Gothenburg	<1995	1923	3,911	1,075	–	–	2,796	130	7,912	3,597	141,400
18	Nordstaden 2:16	Gothenburg	2004	1974/2010	13,819	2,511	115	–	–	250	16,695	3,255	485,656
19	Pustervik 3:8	Gothenburg	<1995	1988	3,910	–	–	–	–	–	3,910	1,087	46,400
21	Gamlestaden 26:1	Gothenburg	<1995	1914/1987	6,579	–	2,428	6,003	–	273	15,282	24,356	54,403 T/B
22	Olskroken 14:2	Gothenburg	<1995	1895/1986	7,625	197	373	3,636	136	0	11,967	10,263	72,275
23	Skår 58:1	Gothenburg	<1995	1991	11,855	–	–	–	–	–	11,855	12,175	108,182 B
25	Backa 27:43	Gothenburg	1998	1984	3,531	–	984	309	–	–	4,824	3,919	28,600
26	Backa 196:6	Gothenburg	1996	1990	1,332	–	408	–	–	–	1,740	5,274	7,952
–	Ellesbo 1:5 & 2:10	Gothenburg	2012	1990/2009	2,270	–	–	–	–	–	2,270	30,163	8,218 B
27	Kärä 28:19	Gothenburg	1996	2008	–	–	4,600	–	–	–	4,600	20,811	34,241
28	Kärä 77:3	Gothenburg	1998	1990	1,269	–	–	–	–	–	1,269	4,600	6,063 T
6	Lindholmen 28:1	Gothenburg	2015	2006	3,898	–	–	–	–	–	3,898	–	82,600
29	Lindholmen 28:3	Gothenburg	2006	2006	4,873	204	72	–	–	–	5,149	6,532	124,000
182	Lindholmen 28:4	Gothenburg	2011	2013	9,447	–	–	–	–	–	9,447	9,500	238,000
30	Lundbyvassen 3:1	Gothenburg	2011	1949/2006	10,790	–	–	–	–	13	10,803	6,016	134,000
198	Lundbyvassen 8:3	Gothenburg	2013	2015	8,990	–	–	–	–	–	8,990	4,197	161,000
31	Rambergstaden 733:409	Gothenburg	<1995	1988	1,522	1,429	1,293	–	–	–	4,244	8,149	22,400
32	Sannegården 28:33	Gothenburg	2006	1880/1987	5,215	–	1,312	–	–	56	6,583	3,072	50,400
33	Sannegården 52:1	Gothenburg	2011	1956/1993	5,360	354	796	489	–	550	7,549	12,783	48,600
34	Tingstadsvassen 11:11	Gothenburg	<1995	1992	3,401	2,170	364	–	–	2	5,937	4,267	35,200 B
36	Tingstadsvassen 26:5	Gothenburg	2002	1989	792	–	2,518	–	–	–	3,310	4,566	20,539 T/B
38	Högsbo 8:8	Gothenburg	2000	1961/2001	–	–	1,000	1,100	–	–	2,100	3,500	9,764
39	Högsbo 13:3	Gothenburg	<1995	1982	1,090	–	–	–	–	–	1,090	3,787	7,257 T
40	Högsbo 17:7	Gothenburg	2012	1969	3,120	–	559	375	–	–	4,054	2,996	23,000
41	Högsbo 20:22	Gothenburg	2002	1982	13,960	–	760	256	–	325	15,301	15,522	99,800
42	Högsbo 24:12	Gothenburg	1999	1968/1990	2,747	352	2,756	–	–	–	5,855	12,817	44,467 B
43	Högsbo 27:7	Gothenburg	2002	1988	7,567	–	–	336	–	–	7,903	9,723	77,000
44	Högsbo 36:6	Gothenburg	2012	1991	3,812	–	510	–	–	39	4,361	5,336	38,800
45	Kobbegården 6:362	Gothenburg	<1995	1990	5,525	878	1,150	–	–	–	7,553	5,490	72,000
46	Kobbegården 6:726	Gothenburg	<1995	1981	2,048	–	–	574	–	–	2,622	4,267	11,992
47	Anisen 1	Mölndal	2000	1990	1,167	–	237	320	–	–	1,724	5,843	12,310
48	Anisen 3	Mölndal	1998	2003	4,350	1,614	–	–	–	–	5,964	10,108	47,455
49	Berguven 1	Mölndal	2004	1964	5,655	–	–	65	–	1,280	7,000	24,283	24,200 B
50	Generatorn 5	Mölndal	<1995	1986	1,130	–	–	–	–	–	1,130	5,169	8,182
51	Mejramen 1	Mölndal	1999	1999	8,300	–	4,700	–	–	–	13,000	38,818	115,633 B
52	Pottegården 4	Mölndal	<1995	1992	3,059	–	1,836	35	–	–	4,930	6,060	24,000
53	Riskullaverket 2	Mölndal	<1995	1991	1,715	–	1,261	–	–	–	2,976	3,411	19,961
152	Törnrosen 3	Mölndal	1999	1964	2,349	–	1,085	–	–	–	3,434	4,468	10,357
55	Apollo 5	Borås	<1995	1930/1979	6,739	552	193	–	–	0	7,484	2,343	43,200
56	Cedern 9,12,15,16	Borås	2005	1935/1980	3,844	1,003	2,129	–	–	20	6,996	4,159	12,765
57	Katrinedal 14	Borås	<1995	1990	2,249	–	1,892	111	–	–	4,252	7,675	16,378
58	Midas 14	Borås	<1995	1974	13,694	5,871	–	1,110	–	593	21,268	8,185	157,800
59	Narcissus 5	Borås	<1995	1930	1,099	817	–	–	1,295	502	3,713	853	33,609
60	Nestor 2	Borås	<1995	1962/1991	1,227	3,001	51	–	–	65	4,344	1,381	41,000
61	Nestor 3	Borås	1999	1930	1,034	865	–	–	649	–	2,548	590	23,318
62	Solsten 1:172	Härryda	<1995	2003	11,756	–	–	–	–	–	11,756	19,206	66,400
204	Solsten 1:118	Härryda	2014	2007	4,860	–	–	–	–	–	4,860	7,063	48,631
207	Fanan 26	Halmstad	2014	1999	5,444	–	180	–	–	231	5,855	6,387	6,800
208	Fanan 30	Halmstad	2014	1988	16,653	50	–	–	–	1,070	17,773	12,518	–
209	Fanan 43	Halmstad	2014	1986	2,561	–	–	–	–	–	2,561	6,544	–
210	Fanan 47	Halmstad	2014	1986	3,208	–	184	–	–	–	3,392	6,720	–



Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises							Site sq.m.	Tax assessment	
					Office	Retail	Warehouse	Logistics	Residential	Other	Total		value	Note
211 Fanan 49	Linjegatan 8-10	Halmstad	2014	1999	7,178	–	–	–	–	–	7,178	10,298	–	
212 Fanan 51	Linjegatan 5-7	Halmstad	2014	2004	5,535	–	–	–	–	–	5,535	5,886	–	
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	
65 Kartongen 3	Spikgatan 7	Halmstad	2007	1990/1995	2,664	–	2,842	342	–	49	5,897	20,900	24,040	
67 Filaren 1	Sveagatan 10	Alingsås	<1995	1958/1968	3,576	1,520	158	–	–	408	5,662	4,636	30,400	
68 Gjutaren 26 B	Metallgatan 2-4	Alingsås	<1995	2000	3,585	–	–	–	–	–	3,585	4,000	21,432	
69 Partille 4:2, 4:25	G:a Kronvägen 22	Partille	<1995	1940/1981	–	2,500	–	–	–	–	2,500	8,250	12,930	
70 Ugglum 8:37	Göteborgsvägen 78-80	Partille	<1995	1998/1982	1,952	987	–	114	278	337	3,668	5,731	29,768	
72 Ugglum 8:92	Göteborgsvägen 74-76	Partille	<1995	1992	4,698	720	193	94	–	184	5,889	5,408	47,000	
73 Ugglum 126:4	Gibsons väg 3	Partille	<1995	1990	468	–	–	–	–	–	468	767	4,210	
217 Bolsheden 1:4	Kungsporten 1-7	Kungsbacka	2015	1991	7,427	7,618	–	2,503	–	–	17,548	36,993	90,982	
74 Hede 3:125	Sättarevägen 3	Kungsbacka	<1995	1990	1,327	–	601	426	–	–	2,354	3,690	10,390	
75 Kungsbacka 4:46	Lilla Verkstadsgatan 8	Kungsbacka	<1995	1979	401	–	–	–	–	–	401	1,356	1,840	B
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	B
79 Vägmästaren 5	Syréngatan 1	Kungsbacka	2009	2010	3,000	–	–	–	–	–	3,000	6,500	30,320	B
Total office/retail					328,969	47,759	41,885	19,311	8,467	11,774	458,165	585,450	4,313,373	
WAREHOUSE/LOGISTICS														
80 Arendal 1:13	Styckegodsgatan 4	Göteborg	2005	2006	–	–	27,787	–	–	–	27,787	42,376	152,800	
81 Arendal 7:4	Kärrlyckegatan 11	Göteborg	1998	1991	553	–	2,955	–	–	164	3,672	12,671	17,000	
82 Arendal 764:130	Oljevägen 103-109	Göteborg	2005	1971	3,662	–	20,326	1,309	–	502	25,799	41,244	89,587	
85 Backa 22:11	Exportgatan 67	Göteborg	<1995	1990	195	–	2,550	–	–	–	2,745	5,031	10,338	
86 Backa 25:7	Exportgatan 28	Göteborg	1999	1972	–	–	–	11,200	–	–	11,200	23,169	39,732	
87 Backa 26:3	Exportgatan 40	Göteborg	1996	1947/1988	2,512	763	2,658	–	–	6	5,939	6,000	25,849	
88 Backa 27:2	Importgatan 17	Göteborg	<1995	1968	–	–	2,765	–	–	–	2,765	12,927	13,542	B
89 Backa 29:24	Importgatan 12	Göteborg	<1995	1977	–	–	2,224	–	–	–	2,224	4,366	8,108	
90 Backa 94:1	Exportgatan 15	Göteborg	1998	1989	–	–	7,560	–	–	–	7,560	20,947	30,790	B
91 Backa 97:11	Exportgatan 39-41	Göteborg	2002	1978	1,508	–	2,486	–	–	–	3,994	19,285	25,865	
92 Backa 107:4	Transportgatan 17	Göteborg	2010	1983/2006	1,445	–	21,095	–	–	–	22,540	73,621	29,302	T
93 Backa 192:4	Aröds Industriväg 60	Göteborg	<1995	1989	343	–	1,461	–	–	240	2,044	3,428	7,755	T
94 Backa 192:6	Aröds Industriväg 62	Göteborg	1998	1988	–	–	1,371	–	–	–	1,371	4,386	5,073	
95 Backa 192:10	Aröds Industriväg 66	Göteborg	<1995	1990	1,227	–	1,593	–	–	–	2,820	6,042	12,974	



● Office/retail ● Warehouse/logistics ● Development projects and land

Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises						Site sq.m.	Tax assessment value	Note
					Office	Retail	Warehouse	Logistics	Residential	Other	Totalt		
96 Backa 193:1	Aröds Industriväg 2 A	Gothenburg	2000	1988/1996	–	–	–	4,100	–	–	4,100	11,217	16,718 B
97 Backa 197:2	Aröds Industriväg 17-19	Gothenburg	<1995	1990	–	–	1,228	–	–	–	1,228	2,727	4,848
98 Kärra 28:10 A	Transportgatan 45	Gothenburg	1996	2010	–	2,217	–	–	–	–	2,217	14,609	16,992
219 Kärra 28:10 B	Transportgatan 37-39	Gothenburg	2015	1982	614	–	7,144	–	–	185	7,943	13,275	28,800 B
220 Kärra 28:10 C	Transportgatan 41-43	Gothenburg	2015	1984	–	1,654	6,346	–	–	–	8,000	13,305	30,200 B
181 Kärra 28:18	Transportgatan 37	Gothenburg	1996	2012	–	–	5,442	–	–	–	5,442	19,042	40,608
99 Kärra 37:4	Tagenevägen 21	Gothenburg	<1995	1972	–	610	12,325	–	–	–	12,935	26,476	44,169
100 Kärra 72:36	Tagenevägen 34	Gothenburg	2008	2011	–	–	6,400	–	–	–	6,400	14,609	39,127
203 Kärra 73:3	Tagenevägen 15 B	Gothenburg	2013	1999	–	–	1,450	–	–	–	1,450	7,817	10,436 B
101 Kärra 74:2	Tagenevägen 29	Gothenburg	1996	2010	–	–	19,558	–	–	–	19,558	35,995	97,600
102 Kärra 74:3	Tagenevägen 33	Gothenburg	1998	1985	–	–	–	9,500	–	–	9,500	17,475	39,683
103 Kärra 75:3	Transportgatan 35	Gothenburg	2008	1980	–	–	4,170	4,357	–	–	8,527	14,375	36,536
104 Kärra 77:8	Tagenevägen 72	Gothenburg	<1995	1991	227	–	1,859	–	–	–	2,086	8,913	11,686
200 Kärra 78:12	Trankärmsgatan 9-11	Gothenburg	2013	1982/2012	–	–	5,715	–	–	–	5,715	10,121	15,573
202 Kärra 80:6	Trankärmsg 16/Tagenev 45	Gothenburg	2013	1990/2010	–	–	–	1,498	–	–	1,498	3,908	10,114
105 Kärra 80:7	Trankärmsgatan 14	Gothenburg	<1995	1990	–	–	3,538	–	–	–	3,538	7,185	16,669 T
106 Kärra 94:1	Orrekulla Industrigata 25	Gothenburg	1999	1990	–	–	–	1,960	–	–	1,960	3,520	8,188
107 Kärra 96:1	Orrekulla Industrigata 13-15	Gothenburg	2001	1991	210	–	3,780	–	–	–	3,990	10,407	18,254 B
109 Tingstadsvassen 12:6	Manufakturgatan 19	Gothenburg	<1995	1990	328	–	2,657	–	–	–	2,985	2,960	13,776 T
110 Tingstadsvassen 12:9	Manufakturgatan 21-23	Gothenburg	<1995	1957	–	–	5,786	–	–	–	5,786	8,682	13,707 T
111 Tingstadsvassen 14:7	Stålverksgatan 11	Gothenburg	1997	1993	–	–	232	4,098	–	–	4,330	6,847	17,301 B
112 Tingstadsvassen 19:3	Kolgruvegatan 1	Gothenburg	<1995	1950/1988	626	–	9,639	–	–	168	10,433	16,444	25,153 T
114 Högsbo 7:16	Gustaf Melins Gata 7	Gothenburg	<1995	1987	1,800	–	–	–	–	–	1,800	4,043	10,821
115 Högsbo 9:3	A Odhnrs Gata 17	Gothenburg	2008	1978/2002	–	–	2,267	635	–	–	2,902	6,007	16,962
116 Högsbo 18:1	E A Rosengrens Gata 30-38	Gothenburg	<1995	1966/1973	930	–	7,628	242	–	369	9,169	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
119 Högsbo 36:1	Norra Långebergsgatan 8	Gothenburg	2000	1971/1995	–	–	3,840	660	–	–	4,500	9,057	23,121
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
122 Högsbo 36:9	Hulda Mellgrens Gata 9	Gothenburg	<1995	2007	–	–	1,475	400	–	–	1,875	4,253	13,349
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 B
125 Högsbo 40:2	Gustaf Werners Gata 4	Gothenburg	2006	1978	–	–	2,815	475	–	–	3,290	10,799	19,237
126 Kobbegården 208:6	Askims Verkstadsväg 16	Gothenburg	1999	1973/1979	1,004	–	–	735	–	5	1,744	3,462	7,458
127 Kobbegården 209:1	Askims Verkstadsväg 15	Gothenburg	1999	1973/1996	–	–	–	2,538	–	–	2,538	6,336	12,508 B
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 B
131 Rud 51:21	Klangfärgsgatan 2 C	Gothenburg	2006	1979/1989	603	–	2,590	128	–	–	3,321	6,926	– T
132 Tynnered 1:10	Kontrabasgatan 12	Gothenburg	<1995	1969	429	280	–	2,012	–	–	2,721	7,475	11,103 T/B
133 Kallebäck 3:4	Mejerigatan 1	Gothenburg	2000	1962	8,921	–	21,347	–	–	485	30,753	37,723	104,000
134 Olskroken 35:7	Blomstergatan 2	Gothenburg	2009	1977	417	–	3,427	–	–	–	3,844	3,760	12,071 T
135 Olskroken 35:9	Grönsaksgatan 5	Gothenburg	2009	1966	874	–	6,781	–	–	–	7,655	9,127	21,595 T
136 Olskroken 35:14	Grönsaksgatan 3	Gothenburg	2009	1967	1,169	4,542	–	–	–	–	5,711	6,216	18,129 T
218 Gasklockan 2	Argongatan 32	Mölndal	2015	1991	876	500	–	3,500	–	–	4,876	19,437	25,363 B
138 Gaslyktan 11	Argongatan 26-30	Mölndal	2003	1987	4,000	–	11,000	–	–	–	15,000	38,100	96,000 B
139 Generatorn 1 A	Aminogatan 24	Mölndal	2003	1995/2003	–	–	3,110	1,490	–	–	4,600	30,000	46,512 B
140 Generatorn 2	Aminogatan 20-22	Mölndal	<1995	1991	113	–	2,938	–	–	–	3,051	8,933	18,312
141 Heliumgasen 11	Kryptogatan 5 B	Mölndal	1999	1975	4,418	–	–	5,395	–	–	9,813	16,300	53,824
215 Hökegården 1	Kärragatan 2	Mölndal	2014	1971	–	–	1,900	675	–	–	2,575	8,839	15,272 B
142 Kryddpepparn 3	Östergårdsgatan 8	Mölndal	<1995	1992	–	–	–	4,140	–	–	4,140	15,347	– B
143 Kusken 3	Idrottsvägen 10	Mölndal	2011	2005	–	–	–	7,625	–	–	7,625	17,665	42,444
144 Potttegården 2	Kråketorpsgatan 18	Mölndal	<1995	1964	–	–	1,800	–	–	–	1,800	7,014	10,178 B
145 Skinttikan 1	Ålegårdsgatan 5	Mölndal	<1995	1989	945	–	–	4,615	–	402	5,962	10,267	11,565
146 Syrgasen 8	Kryptogatan 14	Mölndal	<1995	1979	–	–	–	2,952	–	–	2,952	11,197	19,145 B
147 Tjärblomman 2	Flöjelbergsgatan 3 A	Mölndal	1999	1960	219	–	4,540	2,437	–	–	7,196	9,193	18,563 B
148 Tjärblomman 3	Sallarängsgatan 3	Mölndal	1999	1970	928	–	7,533	76	–	221	8,758	9,394	23,303
149 Tulpanen 1	Bergfotsgatan 5	Mölndal	1999	1961	1,188	–	2,954	–	–	–	4,142	5,577	15,425
150 Tusenskönan 2	Flöjelbergsgatan 6	Mölndal	1999	1960	954	–	933	2,129	–	464	4,480	5,346	14,636
151 Tusenskönan 4	Bergfotsgatan 3	Mölndal	1999	1961	1,310	–	2,424	1,426	–	175	5,335	5,397	14,275 B
153 Vallmon 2	Flöjelbergsgatan 13	Mölndal	<1995	1965	640	–	2,518	12	–	–	3,170	3,642	8,957
154 Vallmon 3	Flöjelbergsgatan 11	Mölndal	<1995	1965	630	–	2,570	68	–	–	3,268	3,830	9,194
155 Vallmon 6	Flöjelbergsgatan 7 B	Mölndal	<1995	1965	1,003	–	6,685	279	–	–	7,967	9,956	23,354
156 Vallmon 7	Flöjelbergsgatan 7 A	Mölndal	1999	1930	924	–	3,844	50	–	–	4,818	6,894	14,200
157 Ängsviolon 1	Flöjelbergsgatan 18	Mölndal	<1995	1960/1965	2,202	180	–	3,132	–	–	5,514	10,292	20,554

Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises							Site sq.m.	Tax assessment	
					Office	Retail	Warehouse	Logistics	Residential	Other	Totalt		value	Note
158 Hede 3:12	Faktorvägen 1	Kungsbacka	2003	1992	210	–	6,929	1,599	–	–	8,738	32,809	45,515	B
159 Hede 3:131	Tryckarevägen 8	Kungsbacka	<1995	1991	170	–	1,347	–	–	–	1,517	7,558	6,602	B
160 Kungsbacka 4:47	L. Verkstadsgatan 2-6/Verkstadsgatan 7	Kungsbacka	<1995	1978/1990	692	–	2,475	1,080	–	–	4,247	9,317	12,949	
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	4,600	4,700	21,400	–	–	–	30,700	93,644	145,856	B
164 Hinden 2	Sagagatan 17	Borås	<1995	1956	500	–	–	6,156	–	–	6,656	9,833	10,364	T/B
165 Kilsund 3	Evedalsgatan 5	Borås	<1995	1935	1,680	–	1,400	8,780	–	356	12,216	16,660	24,090	
166 Warehousen 8	Hållingsgatan 15	Borås	<1995	1948/1961	239	–	–	7,413	–	–	7,652	5,700	12,103	B
167 Silverpoppeln 31	Ålandsgatan 6	Borås	2006	1961/1970	–	–	–	3,000	–	–	3,000	6,143	4,826	
168 Snödroppen 8	Elinsdalsg 9,13-15/Södra Korsg 11	Borås	2005	1980/1980	710	–	–	7,041	–	–	7,751	14,546	18,696	B
169 Trucken 5	Viaredsvägen 14	Borås	2 001	2001/2012	–	–	13,550	848	–	–	14,398	37,700	70,400	B
170 Bulten 6	Bultgatan 1	Alingsås	2007	1985/1990	–	–	2,600	760	–	–	3,360	19,559	11,542	B
171 Gjutaren 26	Metallgatan 2-4	Alingsås	<1995	1933/1989	1,383	–	9,082	–	–	–	10,465	21,080	21,951	B
172 Konfektasken 15	Kolavägen 2/Sidenvägen 7	Alingsås	<1995	1929/1969	4,022	–	6,927	–	–	–	10,949	15,544	24,483	B
173 Stallet 3	Tomasgårdsvägen 19	Alingsås	2008	1990	510	–	3,140	717	–	–	4,367	4,700	11,542	
174 Hede 2:11	Hedeforsvägen 6	Lerum	2006	1960/1974	–	–	2,200	865	–	–	3,065	9,973	8,705	
175 Berg 1:76	Åkerivägen 7	Lerum	2006	2007	–	–	8,400	1,510	–	–	9,910	30,000	50,088	B
213 Fanan 39	Pilefeltsgatan 71	Halmstad	2014	1990	–	1,870	–	–	–	–	1,870	3,279	36,366	
176 Fogden 4	Laholmsvägen 84	Halmstad	2007	1960/1990	534	1,978	8,609	292	–	530	11,943	25,800	25,118	B
177 Fyllinge 20:409	Sadelvägen 5	Halmstad	2011	1992	–	–	–	4,389	–	–	4,389	22,276	17,741	B
178 Hönekulla 1:571	Åvägen 1	Härryda	2006	1986/2002	1,650	–	–	2,669	–	–	4,319	6,596	14,919	
192 Solsten 1:173	Designvägen 5	Härryda	2014	1999	–	–	6,534	–	–	–	6,534	36,806	34,981	
179 Kåbäcken 11:7	Gamla Alingsåsvägen 29	Partille	<1995	1961/1964	–	–	2,200	–	–	–	2,200	5,477	5,611	
Total warehouse/logistics					72,672	19,294	424,811	152,457	0	4,431	673,665	1,477,928	2,722,993	
PROJEKT														
24 Arendal 764:394	Sydatlanten 15-17	Göteborg	2005	1990	8,969	–	–	–	–	389	9,358	9,646	57,600	T
84 Backa 20:5	Exportgatan 2-8	Göteborg	2007	1989/1999	1,175	–	856	13,869	–	–	15,900	37,965	69,401	B
20 Gamlestaden 22:14	Gamlestadsvägen 16	Göteborg	2004	1957	18,361	–	295	432	–	708	19,796	20,313	80,802	B
199 Högsbo 20:11	F O Petterssons Gata 9	Göteborg	2013	1969	2,280	–	300	–	–	–	2,580	8,605	12,631	B
180 Inom Vallgraven 4:1	Östra Larmgatan 18	Göteborg	<1995	1856/1988	–	–	–	–	–	2,597	2,597	671	26,632	
13 Krokslätt 102:2	Eklandagatan 80	Göteborg	2008	1980	–	–	–	–	–	811	811	2,140	574	B
2 Kålsared 1:5		Göteborg	2016	–										
201 Kärra 78:8	Trankärrsgatan 3B	Göteborg	2013	1962/1982	–	–	2,809	–	–	–	2,809	5,060	10,751	B
205 Lindholmen 30:5	Lindholmospiren 7	Göteborg	2014	–	–	–	–	–	–	–	–	3,375	1,518	
137 Majorna 163:1	Banehagsliden 2	Göteborg	2006	1949	5,729	–	–	–	–	–	5,729	9,263	18,164	B
206 Sörred 7:23	Sörredsvägen	Göteborg	2014	–	–	–	–	–	–	–	–	12,500	4,924	B
66 Valsen 2	Svingelvägen 2	Halmstad	2007	1979/2003	2,309	–	–	–	–	–	2,309	7,314	9,739	B
221 Balltorp 1:124	Aminogatan 17	Mölndal	2016	2017	–	–	18,000	–	–	–	18,000	35,000	–	B
139 Generatorn 1 B	Aminogatan 24	Mölndal	2003	2017	–	–	–	–	–	–	–	8,000	–	B
188 Heliumgasen 4	Neongatan 4B	Mölndal	<1995	–	–	–	–	–	–	–	–	4,794	4,314	B
54 Sesamfröt 2	Aminogatan 27	Mölndal	2005	1992	4,912	–	700	–	–	–	5,612	11,000	55,400	B
Total projekt					43,735	0	22,960	14,301	0	4,505	85,501	175,646	352,450	
DEVELOPMENT PROJECTS														
183 Annedal 21:9	Haraldsgatan 3	Göteborg	1999	–	–	–	–	–	–	–	–	2,088	–	
194 Tingstadsvassen 31:6	Stålverksgatan 11	Göteborg	1997	–	–	–	–	–	–	–	–	2,687	1,611	B
185 Högsbo 39:3	Ingela Gathenheilms Gata 8	Göteborg	<1995	–	–	–	–	–	–	–	–	1,720	1,548	B
187 Kobbegården 152:1	Industrivägen 4-6	Göteborg	<1995	–	–	–	–	–	–	–	–	25,158	22,600	B
– Skällared 3:49	Lysekulevägen	Kungsbacka	<1995	–	–	–	–	–	–	–	–	29,297	1,521	B
190 Varla 3:34	Hallabäcksvägen 1	Kungsbacka	2006	–	–	–	–	–	–	–	–	14,356	4,306	B
191 Kyllared 1:112	Tvinnaregatan 27	Borås	<1995	–	–	–	–	–	–	–	–	5,118	1,279	B
216 Trucken 6	Viaredsvägen 14	Borås	2014	–	–	–	–	–	–	–	–	38,500	5,684	B
171 Gjutaren 27	Metallgatan 2-4	Alingsås	<1995	–	–	–	–	–	–	–	–	600	276	B
214 Fanborgen 3	Spetsvinkelgatan 8	Halmstad	2014	–	–	–	–	–	–	–	–	1,990	5,600	B
214 Fanborgen 4	Spetsvinkelgatan 8	Halmstad	2014	–	–	–	–	–	–	–	–	5,067	–	B
214 Fanborgen 3	Spetsvinkelgatan 8	Halmstad	2014	–	–	–	–	–	–	–	–	1,990	5,600	B
214 Fanborgen 4	Spetsvinkelgatan 8	Halmstad	2014	–	–	–	–	–	–	–	–	5,067	–	
204 Solsten 1:155	Designvägen 1	Härryda	2014	–	–	–	–	–	–	–	–	2,948	1,031	
Total development projects					0	0	0	0	0	0	0	126,581	44,425	
Total Western Region					445,375	67,053	489,656	186,069	8,467	20,710	1,217,330	2,365,605	7,433,241	



Castellum's Real Estate Portfolio in Western Region 31-12-2016

	No. of Propertyter	Area thous. sq.m.	Rental value SEKm	Rental value SEK/sq.m.	Economic occupancy rate	Rental- income SEKm	Property costs SEKm	Property costs SEKm/sq.m.	Net operating income SEKm
Office/retail									
Central Gothenburg	16	74	181	2,448	96.7%	175	42	565	133
Hisingen	15	81	130	1,614	97.4%	126	25	320	101
Halmstad	9	57	70	1,219	89.2%	62	13	227	49
Högsbo, Sisjön	9	51	53	1,054	85.2%	46	13	240	33
Borås	7	50	56	1,101	90.9%	51	15	295	36
Övriga orter	25	145	161	1,108	93.2%	150	36	253	114
Total office/retail	81	458	651	1,420	93.7%	610	144	315	466
Warehouse/Logistics									
Hisingen	36	252	179	710	89.8%	161	34	132	127
Mölnadal	21	117	101	866	91.5%	93	20	169	73
Högsbo, Sisjön	19	78	69	884	92.2%	63	12	152	51
Kungsbacka	6	54	45	832	86.3%	39	8	153	31
Borås	6	52	29	563	95.0%	28	6	109	22
Övriga orter	16	121	96	791	90.1%	86	23	195	63
Total warehouse/logistics	104	674	519	770	90.5%	470	103	152	367
Total	185	1,132	1,170	1,033	92.3%	1,080	247	218	833
Leasing and property administration							75	66	- 75
Total after leasing and property administration							322	284	758
Projekt	16	86	63	-	-	28	15	-	13
Development projects	11	-	-	-	-	-	-	-	-
Total	212	1,218	1,233	-	-	1,108	337	-	771

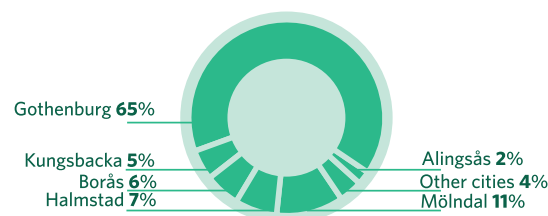
Propertysrelaterade nyckeltal

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Rental value, SEK/sq.m.	1,033	1,021	1,003	993	957	944	935	919	885	856
Economic occupancy rate	92.3%	92.4%	91.6%	94.1%	93.4%	95.4%	94.1%	94.0%	92.6%	90.8%
Property costs, SEK/sq.m.	284	263	254	264	259	257	264	262	228	227
Net operating income, SEK/sq.m.	670	681	665	670	635	644	616	602	591	551
Number of properties	212	212	209	196	194	193	188	190	187	182
Lettable area, thousand sq.m.	1,218	1,198	1,157	1,111	1,103	1,085	1,046	1,028	1,017	1,000

Property value by property type

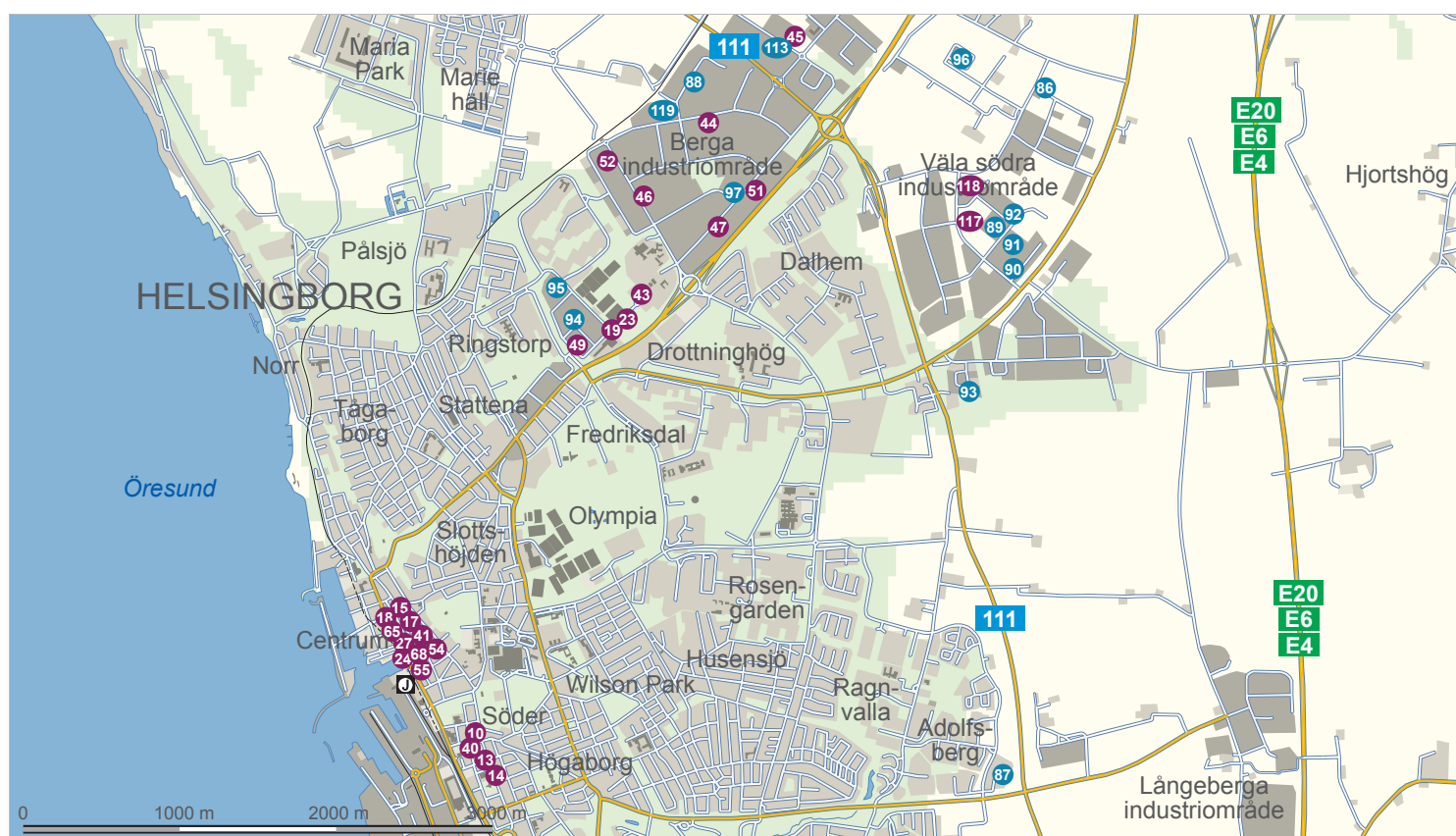


Property value by municipality



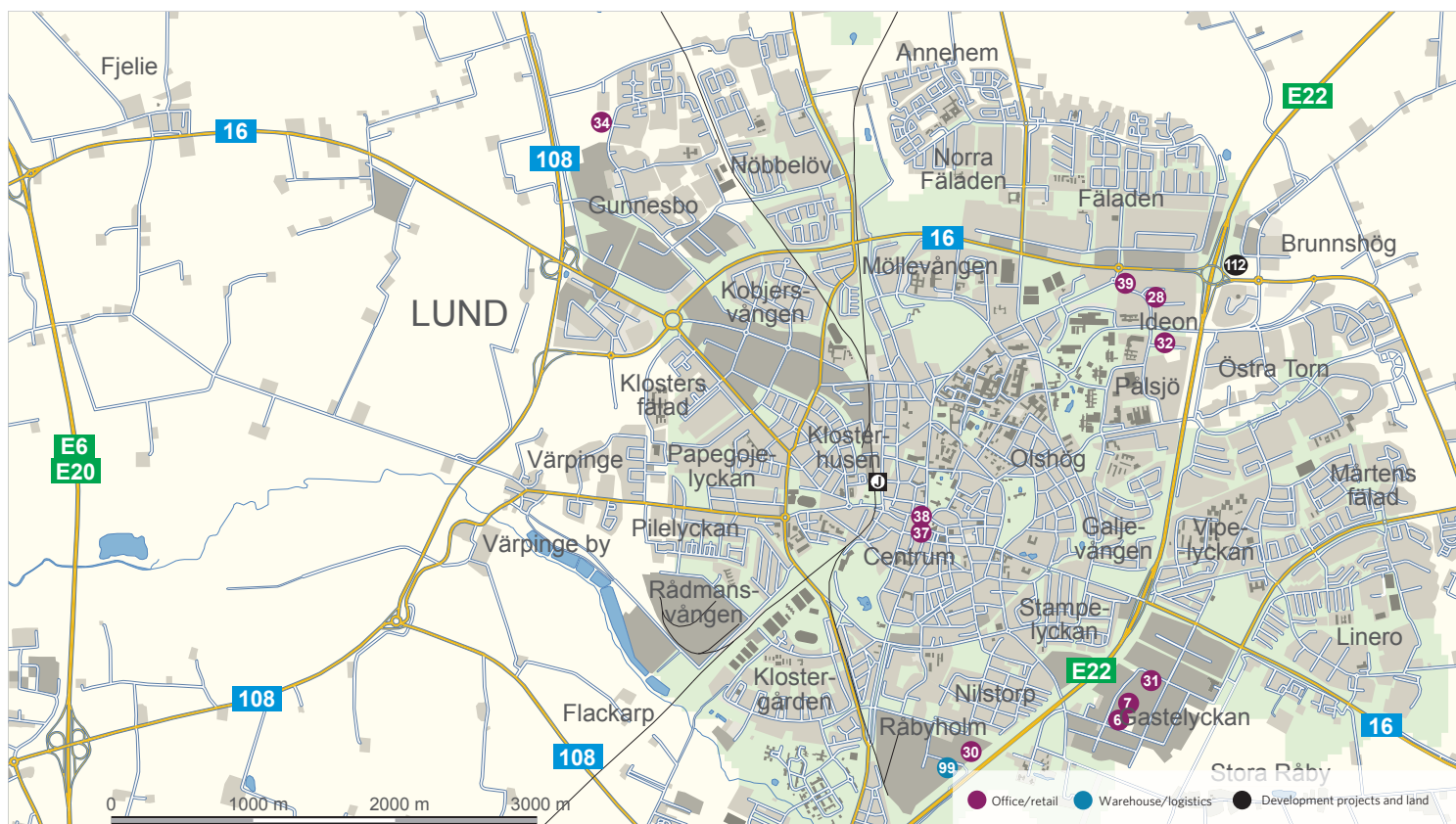
The Öresund Region

Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Warehouse	Logistics	Residential	Other				
OFFICE/RETAIL														
1	Armringen 2	Agnesfridsvägen 190	Malmö	2011 1975	480	3,869	24	494	–	–	4,867	14,925	20,327	T
5	Bältespännat 13	Hornyxeg 12/Amilonsv 3	Malmö	2006 1972/2002	–	1,820	–	–	–	–	1,820	4,402	8,774	
106	Fullriggaren 4	Riggaregatan 51-57	Malmö	2010 2013	4,653	470	16	–	–	230	5,369	1,854	113,800	
8	Gustav Adolf 13	Gustav Adolfs Torg 4	Malmö	2003 1968	8,170	1,721	155	–	–	46	10,092	2,224	174,609	
9	Hälsingland 19	Fosiev 9-19/Finlandsg 1/ Trelleborgsv 12-14	Malmö	<1995 1950/2003	8,232	6,613	–	–	–	–	14,845	26,696	101,600	B
12	Malte 23	Fredriksbergsgatan 16	Malmö	1999 1965	5,214	30	479	643	–	1,182	7,548	2,597	80,800	
124	Mässhallen 2	Hyllie Boulevard 10A-B	Malmö	2016 2016	7,318	–	–	–	–	–	7,318	2,140	30,074	
20	Spännbucklan 16	Agnesfridsvägen 178	Malmö	<1995 1972/2002	–	4,762	–	–	–	–	4,762	15,117	30,000	
16	Norsen 12	Föreningsg. 7-11/Brog. 12	Malmö	<1995 1930/1990	2,446	–	96	54	75	593	3,264	1,296	–	
110	Ringspännat 5	Kantyxegatan 1 A	Malmö	2006 2016	–	–	–	–	–	3,333	3,333	8,200	2,010	
115	Revolversvarven 12	Jägershillgatan 18	Malmö	2012 1987	9,984	–	–	–	–	–	9,984	16,531	62,000	
22	Stenyxan 21	Stenyxegatan 14	Malmö	2007 1992/1999	1,094	–	–	–	–	–	1,094	2,301	5,127	
107	Sändaren 1	Agnesfridsvägen 111	Malmö	2010 2013	12,165	–	1,795	–	–	–	13,960	40,239	96,400	T/B
25	Torshammaren 11	Hornyxegatan 6	Malmö	2011 1984	647	–	–	–	–	–	647	5,034	4,103	
26	Tuborg 1	Kronobergsv. 5/V Rönneholmsv. 38/ Tuborgsg 2	Malmö	<1995 1945/1980	6,508	–	445	403	–	37	7,393	4,377	–	
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	8,591	–	–	–	–	760	9,351	9,136	160,500	
105	Forskaren 2:3	Scheelevägen	Lund	1999 2012	7,528	–	–	–	–	1,638	9,166	9,136	160,500	
30	Jöns Petter Borg 9	Landerigränden 23	Lund	1999 1990	4,059	–	7,287	–	–	–	11,346	24,502	47,451	B
31	Kvartsen 2	Skiffervägen 15-19	Lund	<1995 1991	639	–	999	–	–	–	1,638	4,512	12,217	
31	Kvartsen 2:2	Skiffervägen 15	Lund	<1995 1991/2013	–	–	2,300	–	–	300	2,600	5,031	12,839	
32	Reuter dahl 15	Scheelevägen 16/Neversv.	Lund	1997 1990	2,812	–	–	–	–	310	3,122	4,478	24,055	
33	Reuter dahl 15:2	Scheelevägen 16	Lund	2006 1990	4,854	–	791	–	–	–	5,645	12,077	56,482	
34	Rudebok 2	Rudeboksvägen 3	Lund	2004 1985/2004	4,697	–	–	–	–	–	4,697	14,781	20,934	
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	
39	Stockholmsledet 8	Scheelevägen 30-32	Lund	<1995 1991	10,791	–	1,153	–	–	30	11,974	14,440	126,000	
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	
43	Kavalleristen 9	Berga Allé 1-3	Helsingborg	1997 1920/1993	11,572	–	103	–	–	718	12,393	27,223	80,968	B
44	Kroksabeln 18	Florettgatan 12	Helsingborg	2004 1988	2,902	–	435	–	–	178	3,515	4,809	21,280	
45	Kulan 3	Garnisonsgatan 5	Helsingborg	2002 1996/2005	–	–	12,730	–	–	–	12,730	18,567	43,400	
46	Musköten 5	Bergavägen 8	Helsingborg	<1995 1970/1985	1,619	725	1,535	–	–	–	3,879	4,000	11,482	



● Office/retail ● Warehouse/logistics ● Development projects and land

Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises							Site sq.m.	Tax assessment	
					Office	Retail	Warehouse	Logistics	Residential	Other	Totalt		value	Note
47 Pilbågen 6	Garnisonsgatan 6	Helsingborg	2000	1977	–	4,525	814	–	–	–	5,339	11,400	18,873	B
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	7,820	2,597	712	–	–	–	11,129	15,000	71,509	
– Snårskogen 1	Kanongatan 155-159	Helsingborg	<1995	1991	2,345	4,513	1,770	–	–	–	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	
52 Studsaren 4	Bergavägen 21	Helsingborg	<1995	2006	–	–	2,170	–	–	–	2,170	7,200	9,407	B
54 Vikingen 6	Mariag. 10/S Kyrkog. 11	Helsingborg	<1995	1878/1984	535	159	–	–	–	–	694	275	7,040	
55 Vikingen 12	L Strandg. 7/S Kyrkog. 7	Helsingborg	<1995	1912/1988	625	–	–	–	–	600	1,225	414	15,940	
10 Bollbro 15	Gasverksg. 15-17, Carl Krooks Gata 17	Helsingborg	2016	1970	7,748	1,977	60	–	–	–	9,785	3,146	–	
13 Danmark 27	Södergatan 43, Nedre Nytorgsg. 13	Helsingborg	2016	1970	2,506	872	450	–	–	–	3,828	836	31,000	
14 Danmark 31	Hantverkareg. 10-12, Nedre Nytorgsg. 15	Helsingborg	2016	1972	2,210	–	–	–	326	–	2,536	1,282	28,207	
15 Delfinen 15	Kullagatan 29, Norra Strandg. 32	Helsingborg	2016	1962	1,074	782	–	–	–	394	2,250	787	21,910	
17 Erik Dahlberg 5, 9	Kolmätaregr 7-11, Norra Strandg 20, Kullag 17	Helsingborg	2016	1929/1989	1,324	754	–	–	42	–	2,120	943	35,015	
18 Färjan 4	Drottningg. 20-22, Hästmöllegrän- den	Helsingborg	2016	1932	3,346	696	–	–	–	427	4,469	772	44,400	
19 Högkvarteret 1	Berga Allé 25	Helsingborg	2016	2007	22,164	–	–	–	–	–	22,164	17,766	172,800	
23 Högkvarteret 2	Berga Allé 21	Helsingborg	2016	2011	18,454	–	–	–	–	–	18,454	6,999	–	
24 Högvakten 6	Stortorget 2	Helsingborg	2016	1968	3,471	–	–	–	–	–	3,471	617	48,600	
27 Karl XV 9	Drottningg. 1-3, Hamntorget 3, Badhusgatan 4	Helsingborg	2016	1929	11,007	1,612	–	–	1,127	–	13,746	4,936	132,669	
40 Kolonien 28	Carl Krooks Gata 30-32, Wetter- lingsg 2-4	Helsingborg	2016	1988	3,089	3,526	–	–	2,687	–	9,302	3,551	115,000	
41 Kärnan Mellersta 9	Billeplatsen 1, Södra Storgatan 3-5	Helsingborg	2016	1790/1929	2,956	920	48	–	–	–	3,924	3,013	45,400	
65 Rådhuset 5	Drottningg. 14, Hästmöllegränden 1-3	Helsingborg	2016	1976	5,700	3,055	153	–	629	136	9,673	2,711	119,770	
68 Telegrafan 9	Järnvägsq. 3-5, Södra Kyrkog. 1-3	Helsingborg	2016	1896/1974	8,074	2,913	–	–	381	–	11,368	4,053	119,614	
70 Havneholmen Atrium	Havneholmen 27-29	Copenhagen	2016	2008	12,445	–	–	–	–	168	12,613	7,118	334,833	
75 Havneholmen Tower	Havneholmen 23-25	Copenhagen	2016	2010	18,619	–	–	–	–	46	18,665	11,882	561,348	
77 Kongens Enghave	Stöberigade 12-14	Copenhagen	2016	2004	10,301	–	–	–	–	–	10,301	9,283	291,296	
78 Norrevold Kvarter	Nansensgade 19	Copenhagen	2016	1970/2014	11,774	421	–	–	–	–	12,195	3,320	295,666	
81 Sundby Overdrev	Kay Fiskers Plads 9-11	Copenhagen	2016	2002	29,976	–	–	–	–	–	29,976	6,854	862,515	
82 Udenbys Vester kvarter 1	Kalvebod Brygge 39-41	Copenhagen	2016	1999	7,204	–	–	–	–	–	7,204	5,115	268,351	
84 Udenbys Vester kvarter 2	Kalvebod Brygge 43, Kalvebodbryg- ge 45	Copenhagen	2016	2001	16,833	–	–	–	–	–	16,833	10,179	543,981	
57 Abildager 26	Abildager 26	Brøndby	2011	1995	1,745	–	1,840	–	–	–	3,585	14,012	32,798	



Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises							Site sq.m.	Tax assessment	
					Office	Retail	Warehouse	Logistics	Residential	Other	Totalt		value	Note
60	Vibeholms Allé 15	Brøndby	2011	1961/2007	2,433	–	–	–	–	747	3,180	3,695	45,991	
122	Park Allé 373	Brøndby	2015	1969	3,855	–	7,309	–	336	1,285	12,785	33,199	89,405	B
58	Hovedvejen 1-7	Glostrup	2011	2007	3,797	303	–	–	–	2,933	7,033	3,796	127,357	
121	Generatorvej 6-8	Søborg	2015	1970	14,623	–	7,690	–	–	2,496	24,809	25,110	211,480	B
123	Roholmsvej 19-21	Albertslund	2015	1991/2004	8,004	–	5,510	–	–	485	13,999	23,571	186,710	
59	Roskildevej 22	Albertslund	2011	1970/1994	4,100	–	2,114	–	–	2,269	8,483	26,396	60,206	
120	Marielundvej 10	Herlev	2014	1998	1,734	–	645	–	–	182	2,561	5,517	29,682	
61	Transformervej 14-16	Herlev	2012	1972/1989	3,846	–	1,213	–	–	840	5,899	6,000	53,689	
Total office/retail					413,484	63,199	65,694	1,594	6,177	24,894	575,042	677,320	7,147,625	
WAREHOUSE/LOGISTICS														
62	Benkammen 6	Malmö	2005	1994	–	–	12,997	–	–	–	12,997	30,100	54,705	B
63	Bjurö 12	Malmö	<1995	1960/1974	3,379	–	10,435	8,800	–	390	23,004	35,500	81,592	T
66	Dubbelknappen 17	Malmö	1998	1989	–	–	2,450	–	–	–	2,450	8,472	10,659	B
67	Finngrundet 1	Malmö	1998	1966	–	–	7,490	–	–	–	7,490	10,000	20,008	T
69	Gulsippan 1	Malmö	2001	1988	3,077	–	10,916	–	–	–	13,993	38,450	67,687	B
71	Hamnen 22:27	Malmö	<1995	1952/1976	–	–	–	–	–	–	–	545	299	T
2	Hamnen 22:28	Malmö	2016	1945	–	–	–	–	–	2,800	2,800	2,213	2,130	
4	Hamnen 22:31	Malmö	2016	1932	–	–	1,663	–	–	644	2,307	2,211	2,331	B
72	Holkysan 5	Malmö	<1995	1977/2000	–	–	6,510	–	–	–	6,510	13,035	22,179	T
73	Kalkgrundet 5	Malmö	<1995	1935/1985	669	–	6,734	–	–	–	7,403	14,274	23,029	T
76	Långdansen 1	Malmö	<1995	1980	–	–	1,200	–	–	–	1,200	10,042	8,903	
79	Revolversvarven 9	Malmö	1997	1985	–	–	3,900	–	–	–	3,900	10,932	19,300	T
114	Revolversvarven 10	Malmö	2012	1988	–	–	3,600	–	–	–	3,600	15,570	30,551	
80	Ringspännat 1	Malmö	2002	2002	–	–	6,700	–	–	–	6,700	15,730	27,547	
83	Tistlarna 9	Malmö	2000	1991	1,476	–	14,025	–	–	–	15,501	31,020	52,413	T/B
86	Akvamarinen 1	Helsingborg	2000	2007	–	–	4,713	–	–	–	4,713	10,001	25,432	
87	Bergakungen 1	Helsingborg	<1995	1990	478	–	2,465	–	–	–	2,943	6,799	11,872	
88	Dolken 4	Helsingborg	2004	1970/1985	410	–	2,586	–	–	–	2,996	8,240	9,187	
89	Grusbacken 2	Helsingborg	2005	2005	–	–	–	13,300	–	–	13,300	27,950	62,480	
90	Grusbädden 2	Helsingborg	<1995	1989	1,550	–	7,824	–	–	30	9,404	28,486	41,242	
91	Grusbädden 3	Helsingborg	2007	2007/2010	–	–	–	13,705	–	–	13,705	29,334	62,400	
92	Grusplanen 3	Helsingborg	2005	1990	–	–	2,735	–	–	–	2,735	7,292	10,993	
93	Hyveljärnet 3	Helsingborg	<1995	1990	–	–	2,276	–	–	–	2,276	6,014	9,597	
117	Kniven 7	Helsingborg	2014	1979	3,015	–	–	–	–	–	3,015	5,084	11,095	
113	Kulan 3:2	Helsingborg	2010	2014	–	–	9,689	–	–	–	9,689	35,933	60,200	
94	Mimer 12	Helsingborg	<1995	1960	–	–	34	–	–	3,733	3,767	11,721	–	B
95	Nide 2	Helsingborg	<1995	1955/1985	1,824	425	3,703	754	–	–	6,706	17,285	21,966	
96	Topasen 1	Helsingborg	2003	1989	–	–	–	8,558	–	–	8,558	33,786	44,821	B
97	Värjan 3	Helsingborg	2002	1969	301	695	3,485	–	–	–	4,481	17,923	18,015	B
6	Lerstenen 1	Lund	2016	2004/2005	497	–	1,202	–	–	–	1,699	3,698	10,589	
7	Lerstenen 2	Lund	2016	2008	–	–	1,950	–	–	–	1,950	4,000	9,735	
99	Råbyholm 5	Lund	1999	1984	2,828	–	7,581	–	–	–	10,409	23,825	60,507	
104	Helgeshöj Allé 38	Taastrup	2012	1991	6,509	–	10,549	–	–	–	17,058	108,180	163,381	B
95	Nide 2	Helsingborg	<1995	1955/1985	1,824	–	3,703	1,179	–	–	6,706	17,285	21,966	
96	Topasen 1	Helsingborg	2003	1989	–	–	–	8,558	–	–	8,558	33,786	44,821	B
97	Värjan 3	Helsingborg	2002	1969	301	695	3,485	–	–	–	4,481	17,923	15,938	B
98	Annedal 9	Lund	<1995	1990	–	–	1,296	–	–	–	1,296	4,527	6,119	
99	Råbyholm 5	Lund	1999	1984	2,501	–	7,908	–	–	–	10,409	23,825	62,679	
101	Välten 4	Lund	2003	2003	–	–	3,100	–	–	–	3,100	8,003	18,870	
102	Välten 5	Lund	2003	1974/1995	–	–	3,645	–	–	–	3,645	8,381	12,120	
103	Årdret 12	Lund	<1995	1990	–	–	2,049	–	–	–	2,049	6,206	7,890	
104	Helgeshöj Allé 38	Taastrup	2012	1991	6,509	–	10,503	–	–	–	17,012	108,180	163,381	B
Total warehouse/logistics					26,013	1,120	149,412	45,117	0	7,597	229,259	623,645	1,056,845	
DEVELOPMENT PROJECTS														
116	Krukskärvan 6	Malmö	2012	–	–	–	–	–	–	–	–	18,086	9,800	T/B
109	Moränen 1 & 2	Malmö	<1995	–	–	–	–	–	–	–	–	11,289	6,208	B
112	Höjdpunkten 2	Lund	2001	–	–	–	–	–	–	–	–	15,079	4,385	B
Total development projects					0	0	0	0	0	0	0	44,454	20,393	
Total Öresund Region					439,497	64,319	215,106	46,711	6,177	32,491	804,301	1,345,419	8,224,862	



Castellum's Real Estate Portfolio in Öresund Region 31-12-2016

	No. of Propertyer	Area thous. sq.m.	Rental value SEKm	Rental value SEK/sq.m.	Economic occupancy rate	Rental- income SEKm	Property costs SEKm	Property costs SEKm/sq.m.	Net operating income SEKm
Office/retail									
Copenhagen	16	190	438	2,303	85.8%	376	103	542	273
Helsingborg	28	203	323	1,595	91.5%	295	67	331	228
Malmö	15	96	162	1,683	89.9%	146	37	381	109
Lund	12	86	146	1,693	85.9%	125	25	293	100
Total office/retail	71	575	1,069	1,858	88.2%	942	232	403	710
Warehouse/Logistics									
Copenhagen	1	17	17	973	100.5%	17	6	306	11
Helsingborg	14	88	68	776	81.6%	56	11	129	45
Malmö	15	109	71	644	81.9%	58	18	164	40
Lund	3	14	13	921	78.9%	10	1	120	9
Total warehouse/logistics	33	228	169	737	83.4%	141	36	159	105
Total	104	803	1,238	1,539	87.5%	1,083	268	334	815
Leasing and property administration							87	108	- 87
Total after leasing and property administration							355	442	728
Development projects	3	-	-	-	-	-	-	-	-
Total	107	803	1,238	-	-	1,083	355	-	728

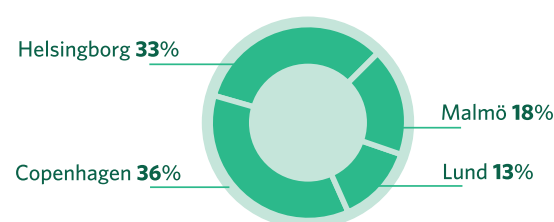
Property related key ratios

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Rental value, SEK/sq.m.	1,539	1,089	1,078	1,121	1,107	1,065	1,060	1,063	989	971
Economic occupancy rate	87.5%	85.4%	85.3%	85.0%	84.5%	85.2%	86.6%	86.5%	88.1%	87.7%
Property costs, SEK/sq.m.	442	348	345	354	331	304	315	320	278	271
Net opertaing income, SEK/sq.m.	905	583	575	599	605	603	604	601	593	581
Number of properties	107	113	111	117	117	109	101	100	100	97
Lettable area, thousand sq.m.	803	696	646	737	726	678	646	620	621	602

Property value by property type

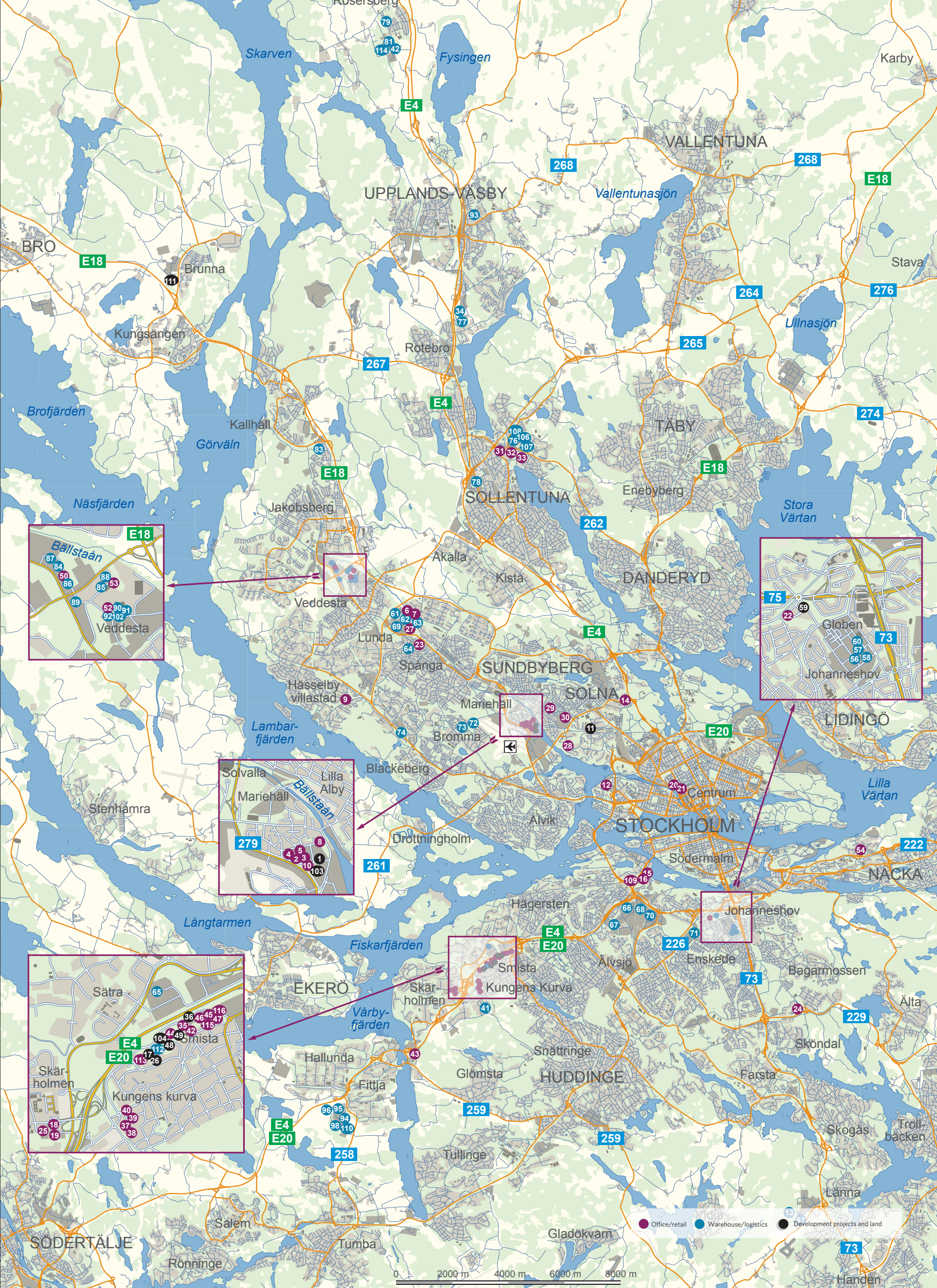


Property value by municipality



The Stockholm Region

Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises						Total	assessment		
					Office	Retail	Warehouse	Logistics	Residential	Other		Site sq.m.	value	Note
OFFICE/RETAIL														
2	Betongblandaren 3	Gårdsfogdevägen 16	Stockholm	2001	1971	2,925	2,782	695	–	–	–	6,402	2,722	46,200
3	Betongblandaren 10	Archimedesv 1-3/Gårdsfogdev 8-10	Stockholm	2005	1975/1996	1,675	10,437	2,222	–	–	–	14,334	15,170	131,000
4	Betongblandaren 12	Gårdsfogdevägen 18 B	Stockholm	1998	1972	7,030	–	412	–	–	1	7,443	3,679	60,638
5	Betongblandaren 13	Adolfbergsvägen 15, 25-31	Stockholm	<1995	1989	7,317	2,475	1,158	–	–	7	10,957	7,690	82,600
6	Domnarvet 18	Fagerstagatan 11-13	Stockholm	2012	1991	5,523	103	–	–	–	–	5,626	6,640	– T
7	Domnarvet 36	Fagerstagatan 15	Stockholm	2012	1991	3,473	–	340	–	–	–	3,813	3,071	25,400 T
27	Domnarvet 39	Gunnebogatan 24-26	Stockholm	<1995	1989	1,271	–	1,386	–	–	–	2,657	1,940	17,646 T
8	Fredsfor 14	Karlsbodavägen 39-41	Stockholm	<1995	1960	11,184	–	6,949	–	–	1,443	19,576	7,073	115,971
9	Lisenen 2	Hässelby Torg 1	Stockholm	2011	1982/1995	2,299	–	–	–	–	–	2,299	1,104	– T
10	Vallonsmidet 8	Gårdsfogdevägen 1-7	Stockholm	<1995	1963/1992	13,469	2,765	6,726	–	–	28	22,988	29,425	171,400 T
18	Getholmen 2	Måsholmstorget 1-13	Stockholm	<1995	1990	5,367	–	354	–	–	–	5,721	3,195	48,400 T
19	Hästholmen 2	Ekholmsvägen 23	Stockholm	<1995	1985	1,220	–	–	–	–	–	1,220	1,839	8,878 T
22	Tjurhornet 15	Huddingevägen 103-109	Stockholm	<1995	1986	18,623	575	4,150	–	–	12	23,360	13,314	266,561 T
12	Hornsberg 10	Lindhagensgatan 133	Stockholm	2015	1985	9,963	390	888	3,840	–	10	15,091	4,578	255,982 T
23	Mandelblomman 15	Avestag 29/Kronofogdev 56	Stockholm	<1995	1950/1990	3,321	–	294	–	–	6	3,621	4,364	21,261
24	Drevern 1 & Dvärgsp. 1	Gråhundsvägen 82-84	Stockholm	<1995	1970/1995	1,215	2,745	–	–	–	19	3,979	5,729	28,800 T
25	Getholmen 1	Ekholmsvägen 32-36	Stockholm	1998	1982	5,854	–	2,250	–	–	–	8,104	4,717	62,800 T
15	Marievik 27	Årstaängsvägen 17-19	Stockholm	2015	1956	10,251	1,175	40	–	–	–	11,466	2,747	222,000 B
16	Marievik 30	Årstaängsvägen 17-19	Stockholm	2015	–	–	–	22	–	–	1,599	1,621	1,883	11,400
109	Rosteriet 5	Lövholmsv. 9, Trekantsv. 9	Stockholm	2012	1956	3,270	–	–	–	–	–	3,270	2,390	46,200 T
20	Klassföreståndaren 3	Torsgatan 11,13, Lilla Bantorget 15	Stockholm	2016	2008	13,393	–	–	–	–	–	13,393	3,389	699,000
21	Läkaren 10	Torsgatan 12-14, Kammakarg 74, Dalag 7	Stockholm	2016	1989	33,893	1,680	–	–	613	2,827	39,013	8,920	1,108,200
14	Stora Frösunda 3	Frösundaleden 2	Solna	2016	2009	28,595	1,000	–	–	–	–	29,595	9,946	659,000
28	Gräslöken 1	Anderstorpsvägen 20-26	Solna	2006	1976	6,142	681	233	–	–	–	7,056	1,288	73,400 T
30	Yrket 4	Smidesvägen 10-12	Solna	2006	1982/1984	9,544	–	973	–	–	329	10,846	8,774	128,000 B
29	Råsten 4	Råstensg 1/Stureg 10	Sundbyberg	2007	1929/2001	2,700	–	–	–	–	–	2,700	1,111	40,600 T
31	Ekplantan 4	Djupdalsvägen 1-7	Sollentuna	1996	1990	8,216	1,458	135	–	–	150	9,959	8,595	66,100 T
32	Ekstubben 21 & 23	Djupdalsvägen 10-22, 30-32	Sollentuna	1999	1989	6,076	–	212	–	–	110	6,398	3,069	50,058
33	Ekstubben 25	Djupdalsvägen 24-26	Sollentuna	2011	1987/1988	1,050	–	–	–	–	–	1,050	534	–
37	Altartorpet 22	Jägerhorns Väg 6	Huddinge	1996	1986	810	1,267	630	–	–	–	2,707	5,766	36,600 T
38	Altartorpet 23	Jägerhorns Väg 8	Huddinge	1996	1987	1,736	2,471	–	–	–	–	4,207	5,755	60,000 T
39	Arrendatorn 15	Jägerhorns Väg 3-5	Huddinge	2001	1987	490	625	210	–	–	–	1,325	2,422	10,700
40	Arrendatorn 16	Jägerhorns Väg 1	Huddinge	<1995	1987	628	747	130	–	–	–	1,505	2,803	12,786
116	Myren 9	Smista Allé	Huddinge	2011	2015	–	589	–	–	–	–	589	12,035	5,112
43	Riggen 2	Botkyrkavägen 4	Huddinge	2012	1991	5,039	–	435	–	–	32	5,506	5,901	38,000 T
113	Spejaren 3	Smista Allé	Huddinge	1997	2014	–	–	–	6,793	–	–	6,793	5,349	38,670
44	Varpen 8	Smista Allé 32	Huddinge	1997	2010	–	–	–	1,390	–	–	1,390	3,100	10,946
35	Varpen 10	Smista Allé 36	Huddinge	2011	2016	–	–	–	2,520	–	–	2,520	5,715	7,840
42	Varpen 11	Smista Allé 36	Huddinge	1997	2009	–	–	–	11,950	–	–	11,950	6,082	60,200
45	Visiret 2 A	Smista Allé 44	Huddinge	2004	2004	–	–	–	2,690	–	–	2,690	4,890	18,265 T
115	Visiret 2 D	Smista Allé	Huddinge	1997	2013	–	–	–	–	–	12,357	12,357	5,000	33,035 T
47	Visiret 2 F	Smista Allé 38-50	Huddinge	1997	2009	–	–	–	4,895	–	–	4,895	8,241	32,600 T
46	Visiret 3	Smista Allé 42	Huddinge	1997	2006	–	–	–	7,500	–	–	7,500	3,122	50,600 T
50	Veddesta 2:22	Nettovägen 7	Järfälla	<1995	1965/1975	508	–	–	–	–	–	508	1,782	2,973
52	Veddesta 2:58	Fakturavägen 5	Järfälla	2007	1985/1995	980	–	–	–	–	–	980	2,452	6,666
53	Veddesta 2:66	Girovägen 13	Järfälla	2010	1989	3,151	–	250	–	–	8	3,409	7,422	23,000
54	Sicklaön 393:4	Vikdalsvägen 50	Nacka	<1995	1990	3,485	–	549	–	–	–	4,034	10,819	43,382
Total office/retail						241,686	33,965	31,643	41,578	613	18,938	368,423	267,552	4,938,870
Warehouse/Logistics														
56	Charkuteristen 5	Hallvägen 21	Stockholm	2001	1955	1,520	–	5,524	–	–	–	7,044	4,213	11,348 T
57	Charkuteristen 6	Slakthusgatan 20	Stockholm	2001	1955	–	1,066	1,222	180	–	–	2,468	1,665	8,034 T
58	Charkuteristen 8	Slakthusgatan 22	Stockholm	2001	1968	548	–	4,667	–	–	–	5,215	2,582	16,793 T
60	Sandhagen 6	Slakthusgatan 9	Stockholm	2001	1967	1,531	–	2,659	–	–	–	4,190	1,728	15,464 T
61	Domnarvet 4	Domnarvsgatan 27-29	Stockholm	<1995	1987	1,486	–	5,829	–	–	436	7,751	8,605	37,200 T
62	Domnarvet 27	Fagerstagatan 19 B	Stockholm	<1995	1982	–	–	–	1,970	–	–	1,970	4,337	11,665 T
63	Domnarvet 28	Fagerstagatan 19 C	Stockholm	2010	1986	–	–	–	3,720	–	–	3,720	7,272	20,064 T
64	Mandelblomman 16	Kronofogdevägen 62	Stockholm	2007	1974	710	–	2,239	1,055	–	–	4,004	4,125	15,650
65	Stensätra 7	Strömsättravägen 16	Stockholm	1999	1974	–	–	5,288	–	–	–	5,288	10,212	24,292 T
66	Dagskiftet 4	Elektravägen 10	Stockholm	2007	1945	358	–	1,352	–	–	–	1,710	1,892	7,871 T
67	Elektra 3	Västbergavägen 25	Stockholm	<1995	1946	1,119	280	6,654	–	–	–	8,053	10,106	39,962
68	Godståget 1	Transportvägen 7-9	Stockholm	<1995	1985	1,819	–	11,211	70	–	5	13,105	31,392	107,976 T
69	Furudal 4	Fagerstagatan 10	Stockholm	2010	2008	–	–	–	1,237	–	–	1,237	2,051	9,506 T
70	Warehousehallen 2	Brunnbyvägen 2-4/Partihandlar- vägen 27-45	Stockholm	2004	1975	2,842	–	7,200	–	–	3,519	13,561	9,512	57,200 T



Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises							Site sq.m.	Tax assessment	
					Office	Retail	Warehouse	Logistics	Residential	Other	Totalt		value	Note
71 Ostmästaren 2	Ostmästargränd 4	Stockholm	2012	1980	–	–	–	3,292	–	–	3,292	5,915	22,000	T
72 Tornsluggen 1	Bällstavägen 159/Tornväktargränd 1-9	Stockholm	<1995	1963/1983	–	–	1,900	–	–	–	1,900	3,898	9,551	T
73 Tornluckan 1	Tornväktargränd 6	Stockholm	<1995	1960	–	–	810	–	–	–	810	927	3,144	T
74 Vagnhallen 19	Jämtlandsgatan 131	Stockholm	2006	1963/1974	–	–	–	5,544	–	–	5,544	5,177	22,371	T
108 Elementet 3	Bäckvägen 20	Sollentuna	2012	1963	722	–	1,222	799	–	–	2,743	2,624	13,769	
76 Elementet 4	Bäckvägen 18	Sollentuna	<1995	1960	1,084	245	9,814	–	–	–	11,143	18,469	56,325	
77 Revisorn 4	Bergskällavägen 33	Sollentuna	2011	1988	–	–	–	2,635	–	–	2,635	6,915	17,955	
78 Tidskriften 2	Kuskvägen 2	Sollentuna	1997	1976	1,235	2,894	5,673	–	–	–	9,802	18,203	64,341	
79 Rosersberg 2:21-22	Rosersbergsvägen 43-45	Sigtuna	1996	1990	–	–	2,121	–	–	5	2,126	5,240	12,047	
81 Rosersberg 11:34	Tallbacksgatan 14	Sigtuna	1996	1987/1990	464	–	35,903	–	–	–	36,367	92,299	189,828	
114 Rosersberg 11:94	Skansvägen 25	Sigtuna	2014	2008	–	–	9,353	–	–	–	9,353	19,971	61,400	
83 Bredgården 1:7	Jättevägen 4	Järfälla	2010	1978	111	294	–	3,087	–	400	3,892	9,213	14,000	
102 Veddesta 1:9	Fakturavägen 2	Järfälla	2007	1965	–	–	286	1,918	–	–	2,204	3,731	19,131	
84 Veddesta 2:17	Nettovägen 9	Järfälla	2006	1968	–	–	1,338	–	–	–	1,338	5,350	7,527	
85 Veddesta 2:19	Girovägen 9	Järfälla	<1995	1964	–	–	2,556	–	–	–	2,556	10,000	16,067	
86 Veddesta 2:21	Nettovägen 5	Järfälla	<1995	1965/1988	460	–	1,495	–	–	–	1,955	5,000	9,705	
87 Veddesta 2:26	Nettovägen 11	Järfälla	<1995	1968	465	190	2,288	–	–	–	2,943	7,000	15,224	
88 Veddesta 2:49	Girov 11	Järfälla	2010	1981	–	–	1,465	2,379	–	–	3,844	9,250	22,281	T
89 Veddesta 2:50	Kontov 7/Veddestav 23-25	Järfälla	<1995	1964	1,339	–	2,884	565	–	–	4,788	21,889	32,164	B
90 Veddesta 2:60	Fakturavägen 4	Järfälla	2007	1987	175	–	155	644	–	–	974	1,099	4,561	T
91 Veddesta 2:68	Fakturavägen 6	Järfälla	2012	1990	210	–	–	2,658	–	–	2,868	2,801	13,136	
92 Veddesta 2:77	Fakturavägen 1-3	Järfälla	2007	1994/1997	1,000	–	6,339	–	–	–	7,339	14,857	36,440	
106 Elektronen 1	Hovslagarevägen 5	Sollentuna	2012	1957/1987	261	–	–	2,112	–	–	2,373	3,639	11,278	
107 Elektronen 4	Hovslagarevägen 3A-B	Sollentuna	2012	1958/1992	855	–	1,267	1,710	–	–	3,832	5,273	19,255	
34 Ringpärmen 3	Bergskällavägen 30	Sollentuna	2005	1986	452	–	2,539	997	–	240	4,228	7,918	23,091	
41 Ellipsen 3	Ellipsvägen 11	Huddinge	2001	1993	2,319	–	1,139	–	–	–	3,458	3,904	16,828	
13 Dumpern 7	Speditionsvägen 36	Huddinge	2014	2009	–	–	6,792	–	–	–	6,792	12,035	36,605	
112 Palissaden 4	Smista Allé 30	Huddinge	1997	2013	–	–	–	2,198	–	–	2,198	3,285	17,885	
97 Slipstenen 1	Fräsarv. 19/Slipstensv. 4-8	Huddinge	2012	2006	–	2,808	–	–	–	–	2,808	11,442	17,569	
93 Skälby 2:9	Instrumentvägen 2	Uppl-Väsby	2010	1984	697	–	–	2,486	–	–	3,183	7,720	19,997	T
94 Hantverkaren 2	Hantverkärvägen 9	Botkyrka	<1995	1976/1979	–	–	–	5,850	–	–	5,850	11,672	24,497	T
95 Kumla Hage 3	Kumla Gårdsväg 24 A-B	Botkyrka	<1995	1985	–	–	1,889	–	–	–	1,889	3,959	8,370	
96 Kumla Hage 13	Kumla Gårdsväg 24 C	Botkyrka	<1995	1990	–	–	1,630	–	–	–	1,630	3,258	8,151	
98 Saltmossen 3	Kumla Gårdsväg 21	Botkyrka	<1995	1983/1986	–	–	24,640	2,453	–	–	27,093	57,214	151,801	
110 Segersby 1	Kumla Gårdsväg 10	Botkyrka	2012	1976	325	–	3,384	8,310	–	–	12,019	24,104	45,304	
– Åby 1:223	Cementvägen 7	Haninge	2011	2013	–	–	–	6,633	–	–	6,633	10,209	40,600	
– Skarpnäs 5:10	Skarpövägen 14	Nacka	2010	2008	2,301	–	2,131	1,274	–	120	5,826	7,491	31,349	
Total warehouse/logistics					26,408	7,777	184,858	65,776	0	4,725	289,544	542,643	1,518,572	
PROJECT														
1 Archimedes 1	Gårdsfogdevägen 2-6	Stockholm	1996	1979	11,328	2,144	4,345	310	–	–	18,127	13,663	79,792	B
36 Varpen 11, Projekt	Smista Allé 36	Huddinge	2011	–	–	–	–	7,060	–	–	7,060	6,900	10,080	
48 Visiret 3, Projekt	Smista Allé	Huddinge	2011	–	–	–	–	2,082	–	–	2,082	13,747	5,200	
49 Visiret 4	Smista Allé	Huddinge	2011	–	–	–	–	–	–	–	–	2,566	4,310	
14 Kranbilen 2	Lyftkransvägen 11	Huddinge	2015	–	–	–	–	–	–	–	–	17,066	11,000	
26 Spejaren 5	Smista Allé	Huddinge	1997	–	–	–	–	–	–	–	–	6,809	–	
11 Bangården 4	Huvudstagatan 5	Solna	2015	1968	4,970	–	–	300	–	–	5,270	1,977	45,667	T
Total projekt					16,298	2,144	4,345	9,752	0	0	32,539	62,728	156,049	
DEVELOPMENT PROJECTS														
104 Smista Park	Smista Allé	Huddinge	2011	–	–	–	–	–	–	–	–	30,955	–	
17 Spejaren 4	Smista Allé	Huddinge	2011	–	–	–	–	–	–	–	–	16,376	31,700	B
42 Rosersberg 11:130	Metallvägen	Sigtuna	2015	–	–	–	–	–	–	–	–	23,315	20,800	B
59 Linde Torp 8	Bolidenvägen 8-10	Stockholm	<1995	–	–	–	–	–	–	–	–	5,537	4,850	B
103 Vallonsmidet 11	Gårdsfogdevägen 1-7	Stockholm	<1995	–	–	–	–	–	–	–	–	–	8,200	B
111 Örnäs 1:17		Upplands-Bro	2016	–	–	–	–	–	–	–	–	132,165	–	B
Total development projects					0	0	0	0	0	0	0	208,348	65,550	
Total Stockholm Region					284,392	43,886	220,846	117,106	613	23,663	690,506	1,081,271	6,679,041	

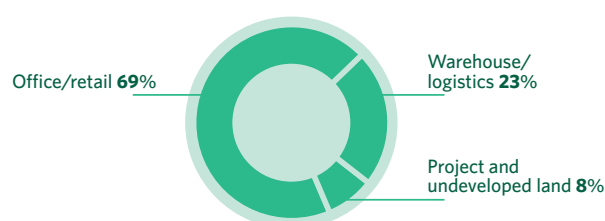
Castellum's Real Estate Portfolio in Stockholm Region 31-12-2016

	No. of Property	Area thous. sq.m.	Rental value SEKm	Rental value SEK/sq.m.	Economic occupancy rate	Rental- income SEKm	Property costs SEKm	Property costs SEKm/sq.m.	Net operating income SEKm
Office/retail									
Central	9	143	395	2,755	95.7%	378	74	512	304
South	17	81	87	1,079	94.8%	83	14	170	69
North	9	35	45	1,316	86.1%	39	10	305	29
West	12	110	156	1,420	89.6%	139	30	279	109
Total office/retail	47	369	683	1,854	93.6%	639	128	348	511
Warehouse/Logistics									
Central	4	19	24	1,259	92.1%	22	5	257	17
South	17	121	124	1,027	90.4%	112	23	195	89
North	29	145	153	1,052	91.9%	141	29	196	112
West	1	5	3	765	86.8%	3	1	174	2
Total warehouse/logistics	51	290	304	1,051	91.2%	278	58	199	220
Total	98	659	987	1,501	92.8%	917	186	283	731
Leasing and property administration							59	90	- 59
Total after leasing and property administration							245	373	672
Projects	7	33	30	-	-	9	5	-	4
Development projects	6	-	-	-	-	-	-	-	-
Totalt	111	692	1,017	-	-	926	250	-	676

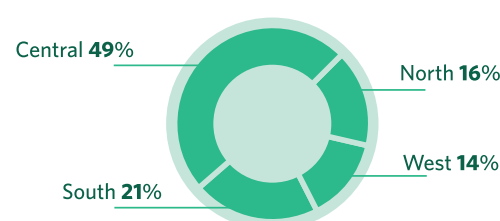
Property related key ratios

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Rental value, SEK/sq.m.	1,501	1,240	1,199	1,198	1,203	1,181	1,154	1,175	1,144	1,090
Economic occupancy rate	92.8%	90.5%	85.4%	83.1%	82.8%	82.2%	82.8%	84.8%	84.0%	81.2%
Property costs, SEK/sq.m.	373	334	326	337	344	362	345	347	343	325
Net operating income, SEK/sq.m.	1,021	788	697	658	652	609	611	650	618	560
Number of properties	111	106	106	105	109	100	97	90	90	87
Lettable area, thousand sq.m.	692	594	649	639	650	573	569	534	535	517

Property value by property type

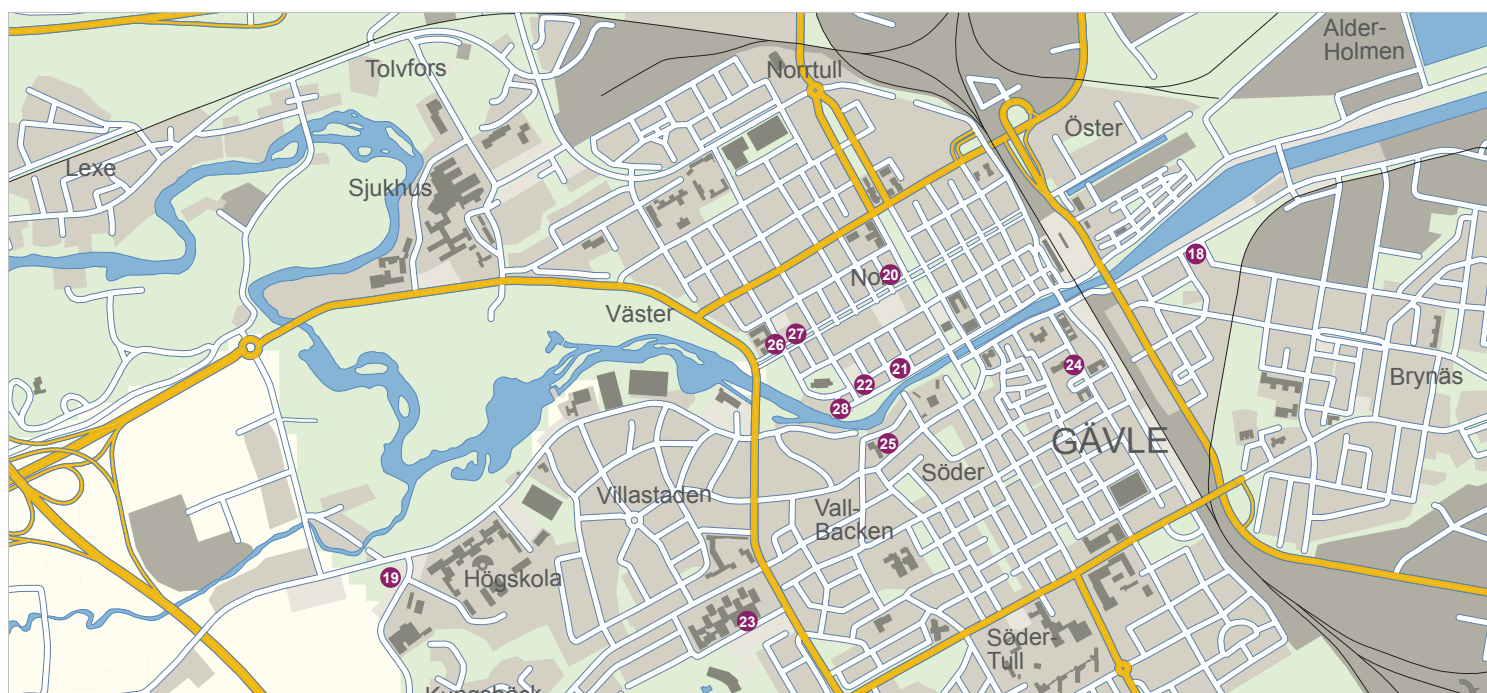


Property value by municipality



The Northern region

Property	Address	Municipalty	Acquis- year	Build/ Recon. year	Square metres per type of premises						Totalt	Tax assessment			
					Office	Retail	Warehouse	Logistics	Residential	Other		Site sq.m.	value	Note	
OFFICE/RETAIL															
1	Borgaren 3, 6	Södra Järnvägsgatan 35, 37-39	Sundsvall	2016	1992/1932	5,047	–	–	–	708	152	5,907	3,895	43,650	B
3	Byggmästaren 2	Landsvägsallen 4	Sundsvall	2016	1954/2005	6,718	–	–	–	–	345	7,063	5,850	52,271	
4	Guldsmeden 15	Storgatan 50	Sundsvall	2016	1970/2004	5,581	–	–	–	–	–	5,581	2,015	36,000	
5	Hercules 2, 8, 9	Rådhusg 3, Trädgårdsg 4,Rådhusg 5, Tullg 13-15	Sundsvall	2016	1979/1995	3,780	–	65	–	373	105	4,323	921	32,152	
6	Hovrätten 2	Storg 37-39, Norra Tjärng 2, Södra Tjärng 2	Sundsvall	2016	1974/2004	30,752	–	–	–	–	–	30,752	11,843	154,133	
7	Idrottsparken 2, 3	Universitetsallén 2-8	Sundsvall	2016	2002	8,577	–	–	–	–	–	8,577	3,100	85,328	
8	Järnvägsstationen 2	Stuvarvägen 21	Sundsvall	2016	2008	11,052	–	–	–	–	–	11,052	4,958	151,200	
9	Måsen 14	Västra Långgatan 42, 45, Södra Järnvägsgatan 41	Sundsvall	2016	1978/2002	29,280	–	12	–	–	465	29,757	28,415	212,408	
10	Neptunus 5	Kyrkogatan 3	Sundsvall	2016	1967	5,947	–	–	–	–	–	5,947	1,713	–	
11	Notvarpet 8	Skepparplatsen 1	Sundsvall	2016	1959/1995	8,122	–	–	–	–	–	8,122	13,519	50,800	B
12	Nyttan 3, 6	Torggatan 6-8, Kyrkogatan 18, Storgatan 17	Sundsvall	2016	1899/1967	1,570	2,333	–	–	1,881	–	5,784	1,756	61,266	
13	Nyttan 7	Storg 21, Thuleg 5,7, Kyrkog 20-22, Thuleg 5	Sundsvall	2016	1892/1960	2,088	3,583	–	–	2,163	159	7,993	2,168	112,200	
14	Olympen 4	Storg 22, Sjölg 13, Esplanaden 5, Bankg 6	Sundsvall	2016	1975/1999	6,177	3,279	192	–	–	–	9,648	3,078	79,200	
15	Stadshuset 2	Kyrkogatan 19, Rådhusgatan 22	Sundsvall	2016	1868	997	2,899	–	–	–	–	3,896	2,620	18,200	
16	Stuvaren 1	Stuvarvägen 5-17	Sundsvall	2016	1960/1988	4,551	1,214	271	–	–	370	6,406	8,215	46,800	
17	Tullpaviljongen 1	Stuvarvägen 25, Stuvarvägen 27	Sundsvall	2016	1999/2005	4,391	–	–	–	–	–	4,391	–	49,400	
18	Brynäs 17:1	Södra Skeppsbron 18, Södra Sjötullsg 1-3	Gävle	2016	1976/1989	8,460	–	54	–	–	341	8,855	12,000	–	
-	Kubbo 15:1	Kubbostigen 8	Gävle	2016	1975	–	–	325	–	–	–	325	14,695	328	
19	Kungsbäck 2:18	Kungsbäcksvägen 51	Gävle	2016	2010	3,707	–	–	–	–	–	3,707	7,372	–	
20	Norr 15:7	N:a Kungsg 11-13, Nyg 25, Rud-dammsg 30, N:a Kanslig 14	Gävle	2016	1891/1978	7,030	4,143	76	–	2,021	332	13,602	4,389	115,000	
21	Norr 38:3	Kyrkog 10-12, N. Strandg 9, N. Skeppsg 2	Gävle	2016	1940/1992	2,802	–	66	–	–	78	2,946	2,044	26,177	
22	Norr 47:7	Kyrkogatan 4	Gävle	2016	1972	4,838	–	15	–	–	321	5,174	6,480	39,000	B
23	Olsbacka 45:6	Lantmäterigatan 2-4 , Bobergsgplan 3	Gävle	2016	1975/1993	34,483	734	–	–	–	–	35,217	31,619	233,000	
24	Söder 17:10	Södra Centralgatan 1-3	Gävle	2016	1971/2007	9,869	–	–	–	–	1,560	11,429	6,759	64,200	
25	Söder 6:5	Borgmästarplan	Gävle	2016	1955/1967	8,346	–	–	–	–	–	8,346	6,536	49,600	
26	Väster 26:1	Skomakargatan 1, Ruddammsgatan 2	Gävle	2016	1979/1983	10,542	485	172	–	–	–	11,199	5,633	80,000	
27	Väster 27:1	Nygatan 3, Vågskrivargatan 5	Gävle	2016	1897/1983	2,107	–	–	–	–	68	2,175	2,977	19,460	B
28	Väster 32:3	Kaplansgatan 1	Gävle	2016	1900/1950	1,245	–	–	–	–	–	1,245	1,683	10,163	
Total office/retail						228,058	18,670	1,248	0	7,146	4,296	259,418	196,253	1,821,936	
DEVELOPMENT PROJECTS															
2	Brohuvudet 13, 15, 16	Storgatan 74	Sundsvall	2016	–	–	–	–	–	–	–	–	1,476	968	B
Total development projects						0	0	0	0	0	0	0	1,476	968	
Total Northern Region						228,058	18,670	1,248	0	7,146	4,296	259,418	196,253	1,821,936	





Castellum's Real Estate Portfolio in Northern Region 31-12-2016

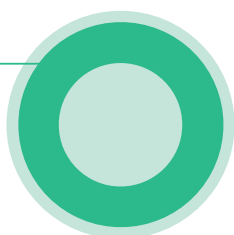
	No. of Propertyer	Area thous. sq.m.	Rental value SEKm	Rental value SEK/sq.m.	Economic occupancy rate	Rental- income SEKm	Property costs SEKm	Property costs SEKm/sq.m.	Net operating income SEKm
Office/retail									
Sundsvall	16	155	249	1,607	91.4%	228	57	367	171
Gävle	12	104	140	1,342	96.4%	135	30	286	105
Total office/retail	28	259	389	1,501	93.2%	363	87	334	276
Leasing and property administration							38	149	- 38
Total after leasing and property administration							125	483	238
Development projects	1	-	-	-	-	-	-	-	-
Total	29	259	389	-	-	363	125	-	238

Propertysrelaterade nyckeltal

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Rental value, SEK/sq.m.	1,501	-	-	-	-	-	-	-	-	-
Economic occupancy rate	93.2%	-	-	-	-	-	-	-	-	-
Property costs, SEK/sq.m.	483	-	-	-	-	-	-	-	-	-
Net operating income, SEK/sq.m.	916	-	-	-	-	-	-	-	-	-
Number of properties	29	-	-	-	-	-	-	-	-	-
Lettable area, thousand sq.m.	259	-	-	-	-	-	-	-	-	-

Property value by property type

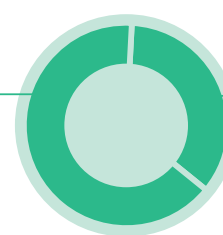
Office/retail 100%



Property value by municipality

Sundsvall 65%

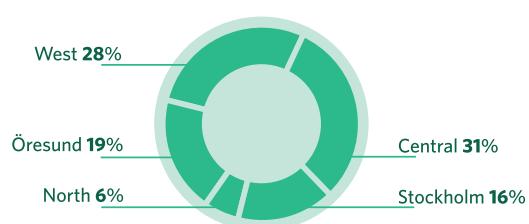
Gävle 35%



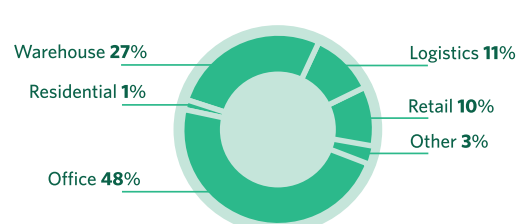
Castellum's Real Estate Schedule 2016, Summary

	Square metres per type of premises						Totalt	Site sq.m.	Tax assessment value
	Office	Retail	Warehouse	Logistics	Residential	Other			
The Central Region	682,005	232,442	238,372	122,542	14,724	30,038	1,320,123	2,744,058	9,153,259
The Western Region	445,375	67,053	489,656	186,069	8,467	20,710	1,217,330	2,365,605	7,433,241
The Öresund Region	439,497	64,319	215,106	46,711	6,177	32,491	804,301	1,345,419	8,224,862
The Stockholm Region	284,392	43,886	220,846	117,106	613	23,663	690,506	1,081,271	6,679,041
The Northern Region	228,058	18,670	1,248	0	7,146	4,296	259,418	196,253	1,821,936
Total Castellum	2,079,327	426,371	1,165,313	472,344	37,126	111,199	4,291,678	7,732,606	33,312,339

Distribution by region and sq.m.



Distribution by type and sq.m.



Properties sold in 2016

Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises						Totalt	Site sq.m.	Tax
					Office	Retail	Warehouse	Logistics	Residential	Other			assessment value
THE ÖRESUND REGION													
Annedal 9	Annedalsvägen 2	Lund	<1995	1990	–	–	1,296	–	–	–	1,296	4,527	6,119
Smörkärnan 1	Kaprifolievägen 1/Kobjersv.	Lund	1996	1968/1995	6,331	–	136	–	–	1,340	7,807	16,474	73,400
Traktorn 2	Traktorvägen 11-13	Lund	2004	1990/1995	9,778	–	331	–	–	700	10,809	16,400	102,400
Traktorn 4	Traktorvägen 13	Lund	2012	1983	565	–	862	–	–	369	1,796	4,512	7,172
Trumlan 1	Traktorvägen 19	Lund	<1995	1990	–	1,183	1,334	–	–	–	2,517	9,066	12,783
Välten 4	Traktorvägen 8	Lund	2003	2003	–	–	3,100	–	–	–	3,100	8,003	18,870
Välten 5	Traktorvägen 10	Lund	2003	1974/1995	–	–	3,645	–	–	–	3,645	8,381	12,120
Årdret 12	Höstbruksvägen 14	Lund	<1995	1990	–	–	2,049	–	–	–	2,049	6,206	7,890
Betongen 11	Krang 4/Västkvstv/Nubbg	Malmö	<1995	1991	4,872	–	37	–	–	–	4,909	6,168	32,628 T/B
Bjälken 3	Skruvgatan 8	Malmö	1998	1962	448	–	2,183	–	–	–	2,631	2,618	6,486
Brandnävan 1&2	Stenbärsgatan 1	Malmö	1999	1989	2,822	–	–	–	–	–	2,822	9,670	14,826 T/B
Flygfyren 1	Flygfältsvägen 1	Malmö	2000	1950/2002	1,690	1,495	8,675	–	–	180	12,040	38,706	51,843 B
Flygledaren 3	Höjdrodergatan 18	Malmö	2004	1991	1,597	–	–	–	–	–	1,597	3,620	7,956 T
Flygvärdinnan 4	Höjdroderg 30-34/Vattenverksv 47	Malmö	<1995	1935/2001	5,094	–	4,164	–	–	–	9,258	17,848	62,844 T
Haken 3	Vinkelgatan 5	Malmö	2008	1993	217	–	–	3,224	–	–	3,441	4,871	10,697 T
Höjdrodret 3	Kabingatan 11	Malmö	2007	1990	1,182	–	162	–	–	–	1,344	1,600	7,731
Lillgrund 5	Borrgatan 31/Flintrännegatan 2	Malmö	2002	1952/1998	–	–	4,430	–	–	–	4,430	4,685	15,611
Murman 11	Murmansgatan 118-120/Kruse- gatan 21	Malmö	1998	1960	2,851	–	5,486	–	–	100	8,437	6,475	23,085 T
Murman 7	Murmansgatan 124/Krusegatan 25	Malmö	<1995	1959/1987	1,120	–	5,228	162	–	–	6,510	10,400	18,698 T
Murman 8	Murmansg. 126/Kruseg. 27	Malmö	<1995	1960/1989	5,912	–	1,286	–	–	–	7,198	7,200	25,720
Nejlikebuketten 4	Skiffervägen 15-19	Malmö	2012	1991	6,565	–	–	–	–	–	6,565	12,995	43,600
Nejlikebuketten 6	Derbyvägen 7	Malmö	2011	1987	1,739	–	–	–	–	26	1,765	10,000	9,875
Sadelknappen 1	Sadelgatan 9	Malmö	1999	1979	–	–	2,000	–	–	–	2,000	5,284	8,153
Sadelknappen 4	Ridspögatan 10	Malmö	1999	1985	994	–	–	–	–	511	1,505	5,463	6,833
Skevrodret 1	Kabingatan 9	Malmö	2007	1978/1997	2,158	–	–	–	–	–	2,158	3,000	9,403
Skjutsstallslyckan 3	Lundavägen 62	Malmö	<1995	1946	–	1,391	–	1,705	–	–	3,096	3,690	6,816
Stillman 40	Krusegatan 34	Malmö	2005	1975/1986	1,787	–	–	–	–	–	1,787	3,550	7,035
Stångbettet 1	Travbanegatan 1/Skrittgatan 11	Malmö	2000	1989	–	–	1,743	–	–	–	1,743	4,051	7,858
Svedjenävan 3	Stenbärsgatan 4-6	Malmö	<1995	1991	4,732	–	–	–	–	–	4,732	9,969	30,021
Svedjenävan 4	Stenbärsgatan 2	Malmö	2006	–	–	–	–	–	–	–	–	3,398	2,038 T/B
Tågarp 16:22	Företagsvägen 14	Malmö	<1995	1968/1993	1,855	–	8,007	–	–	–	9,862	19,069	28,200
Värbuketten 3	Husievägen 21	Malmö	2001	1987/2002	1,595	–	1,722	–	–	–	3,317	8,549	22,329
Total Öresund Region					65,904	4,069	57,876	5,091	0	3,226	136,166	276,448	701,040
THE NORTHERN REGION													
Biet 1	Stationsgatan 3-7, Residensgatan 17	Luleå	2016	1901/1950	15,248	–	–	–	–	33	15,281	28,796	85,864
Forellen 9	Timmermansgatan 16	Luleå	2016	1972/1980	1,837	600	–	–	–	–	2,437	760	25,400
Gripen 1	Storgatan 30	Luleå	2016	1961/1992	2,103	1,006	6	–	–	–	3,115	900	36,400
Hermelinen 12	Skeppsbrogatan 25-27, Timmer- mansgatan 26	Luleå	2016	1986/1995	1,215	431	61	–	–	–	1,707	1,400	20,171
Hunden 15	Skeppsbrog. 32-34, Storg. 39-43, Skomaka	Luleå	2016	2014	4,090	4,859	–	–	2,268	715	11,932	–	–
Katten 14	Timmermansgatan 19-21	Luleå	2016	1987	–	3,030	–	–	–	–	3,030	1,000	38,600
Lejonet 11	Skeppsbrogatan 37-41	Luleå	2016	1978/2005	21,422	259	–	–	–	158	21,839	10,596	185,000
Rättan 17	Skeppsbrogatan 40, Storgatan 51, Timmerm	Luleå	2016	1955/1990	1,494	8,590	70	–	1,958	–	12,112	2,800	165,200
Strutsen 14	Storgatan 29-37	Luleå	2016	1972/2005	7,789	6,876	–	–	4,108	–	18,773	6,457	248,200
Östermalm 6:16	Sundsbacken 2-4	Luleå	2016	1992/2012	7,670	–	–	–	–	–	7,670	9,682	54,827
Aesculapius 10	Bankgatan 15-17, Trädgårdsgatan 18, Rådth	Sundsvall	2016	1916/1985	2,126	576	70	–	–	–	2,772	874	19,324
Badhuset 1	Badhusparken	Sundsvall	2016	1991	9,414	–	–	–	–	–	9,414	4,550	81,400
Bryggeriet 1	Storgatan 49-51, Åkersviksgatan 10,	Sundsvall	2016	1896/1955	10,379	218	300	–	–	354	11,251	7,703	93,400
Cupido 7	Nybrogatan 20 A,B,C 22 A,B,C	Sundsvall	2016	1974/1994	3,548	166	156	–	777	–	4,647	1,476	28,996
Högom 3:100	Davidsstadsvägen	Sundsvall	2016	–	–	–	–	–	–	–	–	–	–
Järnvägsstationen 1	Järnvägsparken	Sundsvall	2016	1886/1997	3,500	–	–	–	–	–	3,500	5,013	24,904
Skandia 1	Bjälkvägen 1	Sundsvall	2016	1970/1989	8,023	–	–	–	–	–	8,023	11,867	48,800 B
Stenhuggaren 5	Storgatan 44	Sundsvall	2016	1970/1985	3,285	–	223	–	2,399	352	6,259	2,380	44,998
Vandringsmannen 3	Gärdevägen 7 A-D	Sundsvall	2016	1974/1990	866	–	1,572	–	–	–	2,438	2,098	4,113
Vandringsmannen 4	Gärdevägen 5 D-F	Sundsvall	2016	1977/1991	1,343	–	436	–	–	–	1,779	2,098	3,474
Vandringsmannen 5	Gärdevägen 5 A-C	Sundsvall	2016	1979/1994	3,705	1,089	341	–	–	–	5,135	2,098	9,314
Vandringsmannen 6	Gärdevägen 9,11	Sundsvall	2016	1965/1990	1,871	–	1,963	–	–	–	3,834	10,339	6,640
Vesta 1	Esplanaden 11	Sundsvall	2016	1929	1,084	218	–	–	–	–	1,302	616	7,962

Property	Address	Municipality	Acquis- year	Build/ Recon. year	Square metres per type of premises						Total	Site sq.m.	Tax assessment	
					Office	Retail	Warehouse	Logistics	Residential	Other			value	Note
Vesta 3	Bankgatan 12/Rådhusgatan 19	Sundsvall	2016	1929/1998	727	–	–	–	536	408	1,671	616	13,046	
Ödet 7	Kyrkogatan 21, Thulegatan 9	Sundsvall	2016	1959/1997	2,301	1,405	96	–	580	–	4,382	1,452	34,804	
Ask 5	Nygatan 8	Umeå	2016	1989	2,740	–	–	–	43	–	2,783	1,776	37,840	
Björken 1	Döbelnsgatan 19, V:A Norrlands- gatan 31	Umeå	2016	1991	4,051	–	–	–	–	–	4,051	2,596	39,117	
Hugin 4	Nygatan 45	Umeå	2016	1993/2012	4,430	–	–	–	–	–	4,430	9,370	51,600	
Kraften 12	Västra Norrlandsgatan 13	Umeå	2016	1959	2,556	–	7	–	–	–	2,563	1,582	21,400	B
Läraren 1	Storgatan 39	Umeå	2016	1887	3,150	–	–	–	–	–	3,150	5,054	27,883	
Magne 4	Storgatan 36-38, V. Esplanaden 2 V.Stran	Umeå	2016	1960	4,610	375	–	–	3,057	1,771	9,813	4,941	93,200	B
Nytorget 2	Kungsgatan 80, 76B, Storgatan 71 B, C	Umeå	2016	1954	13,799	–	–	–	–	–	13,799	11,465	102,070	
Odin 12	Kungsgatan 54, Storgatan 51A	Umeå	2016	1962/2007	4,003	10,866	–	–	167	10	15,046	4,810	244,102	
Skvadronen 2	Ridvägen 5, Västra Esplanaden 19	Umeå	2016	1978	4,114	–	–	–	–	207	4,321	8,687	26,480	
Slöjdaren 3	Hovrättsgatan 3, Slöjdgatan 2,4A, Kungsgatan 36	Umeå	2016	1964	3,746	96	–	–	409	189	4,440	3,737	21,772	
Sågen 5	Västra Esplanaden 18	Umeå	2016	1980	7,462	–	–	–	–	40	7,502	4,213	68,000	
Vipan 24	Storgatan 113, 115	Umeå	2016	1991	2,535	341	–	–	–	43	2,919	2,000	21,414	
Älvsbacka 9, 10	Storgatan 60	Umeå	2016	1979	9,323	880	120	–	–	332	10,655	12,723	66,836	B
Fältjägaren 1	Kanslihusgränd 2	Östersund	2016	1910/1976	1,445	–	–	–	19	–	1,464	6,238	8,726	
Fältjägaren 2	Kaserngatan 17	Östersund	2016	1910/2006	4,469	–	–	–	–	–	4,469	8,813	32,000	
Fältjägaren 3	Kaserngatan 13	Östersund	2016	1910/2005	5,603	–	–	–	–	–	5,603	8,203	–	
Fältjägaren 4	Kaserngatan 5	Östersund	2016	1910/2005	5,164	–	–	–	–	5	5,169	7,162	–	
Fältjägaren 6	Infanterigatan 14, 16, 18, 22, 24, 26, 28, 20,32	Östersund	2016	1910/2006	4,396	1,470	–	–	–	1,425	7,291	–	30,469	B
Lagmannen 6	Köpmangatan 21	Östersund	2016	1980/1994	6,985	–	–	–	–	–	6,985	3,338	38,200	
Lugnet 7	Infanterig 7/ Jägarvallsv 12/Armegr 1-9	Östersund	2016	1910/2006	5,380	–	1,610	–	–	4,399	11,389	–	22,658	
Onkel Adam 9	Köpmangatan 16-20	Östersund	2016	1956/1995	5,617	–	–	–	–	–	5,617	5,319	38,978	
Tingshuset 7	Storgatan 6	Östersund	2016	1983	4,137	–	–	–	–	170	4,307	4,095	29,400	
Åkeriet 10	Prästgatan 53	Östersund	2016	1964	1,585	–	–	–	–	–	1,585	1,238	11,478	
Total Northern Region					226,340	43,351	7,031	0	16,321	10,611	303,654	232,931	2,314,460	
Total					292,244	47,420	64,907	5,091	16,321	13,837	439,820	509,379	3,015,500	

Definitions

Data per share

In calculating income and cash flow per share the average number of shares has been used, whereas in calculating assets, shareholders' equity and net asset value per share the number of outstanding shares has been used. The number of historical shares that have been recalculated with reference to the bonus-issue element (i.e. the value of the subscription right) in the completed new share issue.

Dividend pay out ratio

Dividend as a percentage of income from property management.

Dividend yield

Proposed dividend as a percentage of the share price at the end of the period.

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.

EPRA EPS (Earnings Per Share)

Income from property management adjusted for nominal tax attributable to income from property management, divided with the average number of shares. With taxable income from property management means income from property management with a deduction for tax purposes of depreciation and reconstruction.

EPRA NAV (Long term net asset value)

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

EPRA NNNAV (Actual net asset value)

Reported equity according to the balance sheet, adjusted for actual deferred tax instead of nominal deferred tax.

Income from property management

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

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.

Liquidity risk

The risk of not having access to liquidity or unutilized credit facilities in order to settle payments due.

Loan to value ratio

Interest-bearing liabilities after deduction for liquid assets as a percentage of the properties' fair value with deduction for acquired properties not taken in possession, and with addition for properties disposed of, still in possession, at the year-end.

Net operating income margin

Net operating income as a percentage of rental income.

Number of shares

Registered number of shares – the number of shares registered at a given point in time.

Outstanding number of shares – the number of shares registered with a deduction for the company's own repurchased shares at a given point in time.

Average number of shares – the weighted average number of outstanding shares during a given period.

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

Operating expenses, maintenance, etc.

This item includes both direct property costs, such as operating expenses, maintenance, ground rent and real estate tax, as well as indirect costs for leasing and property administration.

Property type

The property's primary rental value with regard to the type of premises. Premises for purposes other than the primary use may therefore be found within a property type.

Rental income

Rents debited plus supplements such as reimbursement of heating costs and real estate tax.

Rental value

Rental income plus estimated market rent for vacant premises.

Return on actual net asset value

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

Return on equity

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

Return on long term net asset value

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

Return on total capital

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

SEK per square metre

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

Total yield per share

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

Castellum reports on our sustainability activities in accordance with the GRI G4, Core level guidelines. The basis for the report is the stakeholder dialogue and a materiality analysis. The report covers the Castellum Group sustainability efforts throughout 2016. The table below indicates where you can find the reported information. Regarding specific indicators, the report focuses on what is essential to Castellum's business operations. The report has been limited reviewed by Deloitte.

General standard indicators

GRI-reference	Page/reference
Strategy and Analysis	
G4-1 CEO's comments	4-5
Organizational Profile	
G4-3 Name of the organization	41, cover
G4-4 Primary brands, products and/or services	6-7
G4-5 Location of organization's headquarters	109 (Note 1)
G4-6 Countries where the organization operates	112 (Note 2)
G4-7 Nature of ownership and legal form	65-66
G4-8 Markets	19
G4-9 Scale of the organization	41, 97, 101-102, 105
G4-10 Number of employees by employment type, employment contract, gender and region	19, 41
G4-11 Percentage of total employees covered by collective bargaining agreements	41
G4-12 Describe the organization's supply chain	8-9, 38
G4-13 Significant changes during the reporting period regarding the organization's size, structure, ownership or supplier chain.	2-3, 23, 41
G4-14 Whether and how the precautionary approach is applied by the organization	37
G4-15 External economic, environmental and social principles to which the organization subscribes or which it endorses	36
G4-16 Membership in projects or committees	25, 36
Identified material aspects and boundaries	
G4-17 Entities included in the reporting, or not	122 (Note 25)
G4-18 Process for defining the report content	36-37, SD
G4-19 List of identified material aspects	36-37
G4-20 Each aspects boundaries within the organisation	SD
G4-21 Each aspects boundaries outside the organisation	SD
G4-22 The effect of any restatement of information provided in previous reports, and the reasons for such restatements	SD
G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries	SD
Stakeholder engagement	
G4-24 List of stakeholder groups engaged by the organization	SD
G4-25 Identification and selection of stakeholder with whom to engage	SD
G4-26 Approach to stakeholder engagement	SD
G4-27 Key topics and concerns that have been raised through stakeholder engagement	SD
Report profile	
G4-28 Reporting period for information provided	105
G4-29 Date of most recent previous report	16-02-02
G4-30 Reporting cycle	105
G4-31 Contact point for questions regarding the report or its contents	Cover
G4-32 GRI Content Index and reference	162
G4-33 Policy for external assurance	36
Governance	
G4-34 Governance structure, including committees with responsibility for decision-making on economic, environmental and social impacts	36
Ethics and integrity	
G4-56 Values, principles and codes of conduct	7

Specific standard indicators

GRI-reference	Page/reference
DMA Economic Performance	
G4-EC1 Economic value generated and distributed	37
G4-EC3 Coverage of the organization's defined benefit plan obligations	115 (Note 11)
DMA Employment	
G4-LA1 Employee turnover	42
DMA Health and Safety	
G4-LA6 Absence due to illness and work-related injuries	41, SD
DMA Training and Education	
G4-LA11 Performance and career development review	42
DMA Diversity and Equal Opportunity	
G4-LA12 Composition of the company	41-42*
DMA Local Communities	
G4-SO1 The company's impact on the communities where it operates	8-9, 25, SD*
DMA Anti-corruption	
G4-SO5 Number of incidents of corruption	37
DMA Product and Service Labeling	
G4-PR5 Results of surveys measuring customer satisfaction	39-40
G4-CRE8 Environmental certifications in new construction, extensions and reconstructions	18, 25, SD
DMA Energy	
G4-EN3 Energy consumption within the organization	44-45, SD
G4-CRE1 Energy intensity buildings	44-45, SD
DMA Water	
G4-EN8 Total water withdrawal by source	45, SD
G4-CRE2 Water intensity buildings	45, SD
DMA Emissions	
G4-EN15 Direct greenhouse gas emissions (Scope 1)	44-45, SD
G4-EN16 Energy indirect greenhouse gas emissions (Scope 2)	44-45, SD
G4-EN17 Other indirect greenhouse gas emissions (Scope 3)	44-45, SD
G4-CRE3 Intensity green house emissions buildings	44-45, SD
DMA Effluents and Waste	
G4-EN23 Total weight of waste by type and disposal method	45, SD
DMA Compliance	
G4-EN29 Monetary value of significant fines and sanctions for non-compliance with environmental laws and regulations	18
DMA Supplier Assessment of labor practices, community and environment	
G4-LA15 Negative Impacts For Labor Practices In The Supply Chain And Actions Taken	38, SD*
G4-EN32 Percentage of new suppliers that were screened using environmental criteria	38, SD*
G4-SO10 Significant actual and potential negative impacts on society in the supply chain and actions taken	38, SD*

For more detailed information regarding GRI and calculation methods see Castellum website section "Sustainable business".
SD = Sustainability data 2016 GRI-appendix.

* The indicator is not reported in full.



Annual General Meeting

Castellum AB's Annual General Meeting will take place on Thursday March 23, 2017 at 5 pm in RunAn, Chalmers Kårhus, Chalmersplatsen 1, Gothenburg.
For more information and notification of attendance see www.castellum.se.

Annual General Meeting calendar and dividend

Notification for the AGM	March 17, 2017
Annual General Meeting	March 23, 2017
The first ex-dividend date	March 24, 2017
The record day for the first dividend	March 27, 2017
The payment of the first dividend	March 30, 2017
The second ex-dividend date	September 22, 2017
The record day for the second dividend	September 25, 2017
The payment of second dividend	September 28, 2017

Financial Reporting

Interim Report January - March 2017	April 24, 2017
Half-year Report January - June 2017	July 12, 2017
Interim Report January - September 2017	October 19, 2017
Year-end Report 2017	January 24, 2018
Annual General Meeting 2018	March 22, 2018

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