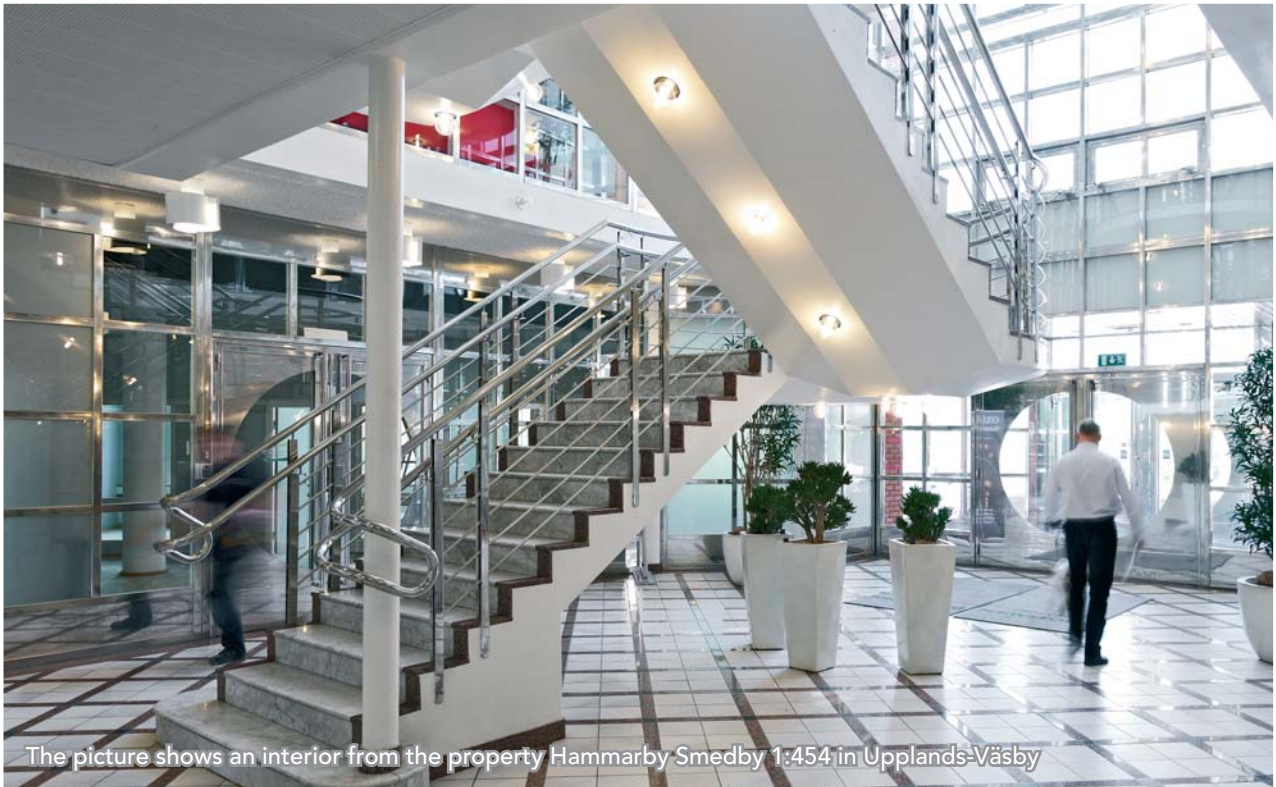


CASTELLUM



The picture shows an interior from the property Hammarby Smedby 1:454 in Upplands-Väsby

Interim Report January-September 2010

Interim Report January-September 2010

Castellum is one of the major listed real estate companies in Sweden. The fair value of the real estate portfolio amounts to approx. SEK 30 billion, and comprises of commercial properties.

The real estate portfolio is owned and managed by six completely owned subsidiaries with strong local roots in five growth regions: Greater Gothenburg (incl. Borås, Halmstad and Alingsås), the Öresund Region (Malmö, Lund and Helsingborg), Greater Stockholm, Mälardalen (Örebro, Västerås and Uppsala) and Eastern Götaland (Jönköping, Linköping, Värnamo and Växjö).

Castellum is listed on NASDAQ OMX Stockholm AB Large Cap.

- Rental income for the period January-September 2010 amounted to SEKm 2,058 (SEKm 2,022 corresponding period previous year).
- Income from property management amounted to SEKm 861 (882), equivalent to SEK 5.25 (5.38) per share, a decrease with 2%.
- Changes in value on properties amounted to SEKm 563 (–953) and on interest rate derivatives to SEKm –31 (102).
- Net income after tax for the period amounted to SEKm 1,038 (17), equivalent to SEK 6.33 (0.10) per share.
- The investments amounted to SEKm 683 (849) of which SEKm 593 (820) where new constructions, extensions and reconstructions.

	2010 Jan-Sept	2009 Jan-Sept	2009	2008	2007	2006	2005	2004	2003	2002
Income from property management, SEK/share	5.25	5.38	6.89	5.93	5.63	5.38	5.00	4.52	4.07	3.77
<i>Change previous year</i>	–2%	+19%	+16%	+5%	+5%	+8%	+11%	+11%	+8%	+14%
Net income after tax, SEK/share	6.33	0.10	0.98	–4.04	9.07	10.21	7.89	5.59	2.68	4.00
<i>Change previous year</i>	pos.	pos.	pos.	neg.	–11%	+29%	+41%	+108%	–33%	–30%
Dividend, SEK/share			3.50	3.15	3.00	2.85	2.62	2.38	2.13	1.88
<i>Change previous year</i>			+11%	+5%	+5%	+9%	+11%	+12%	+13%	+15%
Property value, SEKm	30,286	29,061	29,267	29,165	27,717	24,238	21,270	19,449	18,015	17,348
Investments, SEKm	683	849	1,165	2,738	2,598	2,283	1,357	1,268	1,108	1,050
Loan to value	51%	52%	52%	50%	45%	45%	45%	45%	48%	48%

Business Concept

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

Objective

Castellum's operations are focused on cash flow growth, which along with a stable capital structure provide the preconditions for good growth in the company, while at the same time offering shareholders a competitive dividend.

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, investments of at least SEKm 1,000 per year will be made. All investments will 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.

Strategy for Funding

Capital structure

Castellum will have a stable capital structure, meaning a loan to value ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%.

Purchase or transfer of own shares shall be available as a method to use for adjusting the company's capital structure to the company's capital need and as payment or funding of real estate investments. Own shares may not be traded for the sole purpose of capital gain.

Dividend

At least 60% of income from property management after full tax deduction will be distributed, however investment plans, consolidation needs, liquidity and financial position in general will be taken into account.

The stock and credit markets

Castellum will work for a competitive total return in the company's share in relation to the risk and for a high liquidity.

However, all actions will be made from a long term perspective and the company will have a frequent, open and fair reporting to shareholders, the capital and credit markets as well as media, yet without disclosing any individual business relation.

In the long term Castellum will be one of the largest listed real estate companies in Sweden.



Customers and organization

Decentralized and small-scale organization

Castellum's operations are run in a small-scale organization consisting of six wholly owned subsidiaries which own and manage the properties under their own brands. By having local roots the subsidiaries make close relations with the customers, and good knowledge of the market situation and rental development within each market area. Property management is carried out by own personnel.

Subsidiaries with strong brands

Castellum's six subsidiaries have about 35 employees each. The subsidiaries organizations are not identical but are in principal made up of a Managing Director, 3-5 market areas, business developers and 3-5 employees within finance and administration. Each market area employs one property manager with one assistant, one person working with leasing and 2-4 facility managers, where everyone has customer contact. The flat organization gives a short decision making process and creates a customer oriented and active organization. Castellum's subsidiaries operate under their own names which are strong brands on each local market.

Measuring, comparing and controlling

Castellum measures and compares the subsidiaries' management efficiency and asset value growth in the real estate portfolio. Within the group experiences are shared between the companies and specialist expertise can therefore be made available to the whole organization.

Castellum's operations are controlled by rules for decision making and work allocation, policies and instructions. Policies are in place for among others finance and financial work, information, information safety, environment, insurance, electricity and personnel.

The customers - a reflection of Swedish domestic economy

Castellum has approx. 4,400 commercial contracts, with good risk exposure regarding both geography, type of premises, length of contracts and fields of industry of the customer. The single largest contract corresponds to approx. 1% of Castellum's total rental income.

Satisfied customers

It is important that Castellum meets the customers' expectations. To follow up and evaluate efforts made, an external customer survey is carried out annually, Satisfied Customer Index.

The latest survey which was carried out 2010 and included offices, warehouses, industry- and retail, continues to show consistently high marks for Castellum. A large portion of the surveyed customers replies willing to lease from Castellum again and gladly recommends Castellum as a landlord to others.

Commercial leases

Commercial leases are signed for a certain period of time, generally 3-5 years, where the period of notice is 9 months.

The leases normally include a base-rent and an index clause, which provides for an adjustment of the rent corresponding to a certain percentage or connected to the inflation, and also additions for the tenant's share of the property's total costs for heating, cooling and property tax.

Employees

Castellum is working actively in order to hire and keeping good employees by offering a stimulating work environment, competence development and sharing of experiences both internally and externally

The employees' view on Castellum is regularly measured and the survey shows that the employees are pleased and have a great faith in the company and its management.

The group has approx. 230 employees.

Responsible business

Since 1995 Castellum has been working with sustainable issues such as developing the properties in those cities where the subsidiaries are present, a common set of values for actions towards employees, customers and vendors as well as active work on environmental issues.

The environmental work is focused on efficient energy consumption and improving the properties' environmental status. Two of Castellum's subsidiaries, Fastighets AB Brostaden and Harry Sjögren AB, have been assigned Green Building Corporate Partner by the EU, which can be seen as a receipt for long-term efficient work in decreasing the energy consumption. The group has more than 80 Green Building classified properties. Eklandia Fastighets AB has during 2009 received the first BREEAM-certificate in Sweden for a new property in Gothenburg.



Örebro, Uppsala
and Västerås



Malmö, Lund and
Helsingborg



Greater Stockholm



Jönköping, Linköping,
Värnamo and Växjö



Central, Northern and Eastern
Gothenburg



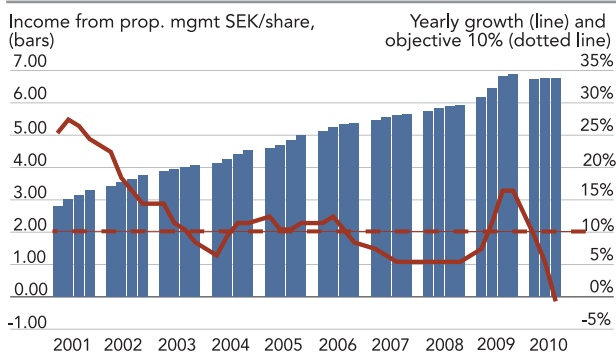
Southern Greater Gothenburg,
Borås, Halmstad and Alingsås

Income, Costs and Results

Comparisons, shown in brackets, are made with the corresponding period previous year except in parts describing assets and financing, where comparison are made with the end of previous year. For definitions see Castellum's website, www.castellum.se

Income from property management, i.e. net income excluding changes in value and tax, amounted to SEKm 861 (882), equivalent to SEK 5.25 (5.38) per share - a 2% decrease. Income from property management for the four last rolling quarters decreased with 1%.

Income from prop. management SEK/share, rolling 4 quarters

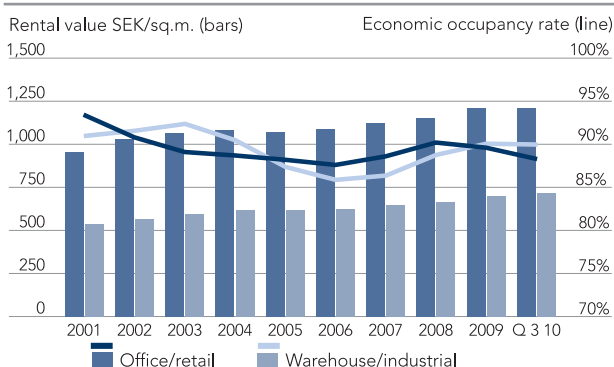


During the period, changes in value on properties amounted to SEKm 563 (-953) and on interest rate derivatives to SEKm -31 (102). Net income for the period was SEKm 1,038 (17), equivalent to SEK 6.33 (0.10) per share.

Rental income

Group rental income amounted to SEKm 2,058 (2,022). For office and retail properties, the average contracted rental level, including charged heating, cooling and property tax, amounted to SEK 1,208 per sq.m., whereas it for warehouse and industrial properties amounted to SEK 715 per sq.m. Rental levels, which are considered to be in line with the market, have increased by approx. 0.7% in comparable portfolio compared with previous year, of which 0.3% units is increased property tax which is charged to the customer.

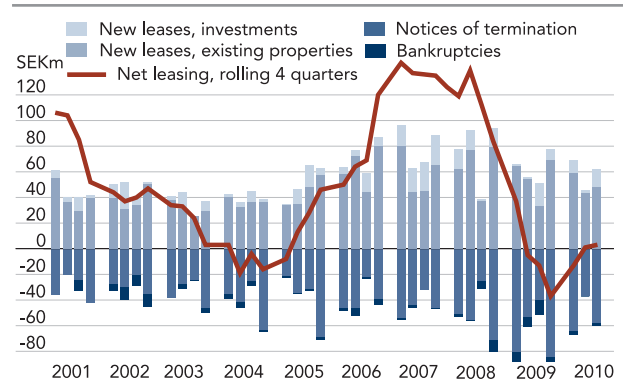
Rental value and economic occupancy rate



The average economic occupancy rate was 88.9%, which is lower than at the year-end, but slightly higher compared with previous quarter. The total annual rental value for vacant premises during the period amounted to approx. SEKm 357.

The gross leasing (i.e. the annual value of total leasing) during the period was SEKm 177 (173), of which SEKm 27 (22) were leasing on new constructions, extensions and reconstructions. Notices of termination amounted to SEKm 164 (200), of which bankruptcies were SEKm 5 (27), hence net leasing amounted to SEKm 13 (-27). The time difference between reported net leasing and the effect in income thereof is estimated to between 9-18 months.

Net leasing



The demand for premises during the third quarter was still good for all Castellum's property types as well as on all submarkets. However, the demand for premises is expected to improve but, as in previous economic upturns, this is done with a certain delay as the labor market improves. Rental levels are assessed to remain stable or, on some submarkets, increase slightly.

Property costs

Property costs amounted to SEKm 713 (681) corresponding to SEK 296 per sq.m. (288). The increase is chiefly an effect of higher costs of approx. SEKm 25 for snow removal and a colder first quarter compared to last year but also higher property tax due to higher tax assessment values of on average 10% for office and retail properties. Most of the property tax is charged to the customer why the effect on the result will be limited. Energy consumption for heating during the period has been calculated to 111% (87%) of a normal year according to the degree day statistics.

Property costs, SEK/sq.m.			
	Office/ Retail	Warehouse/ Industrial	Total
Operating expenses	205	126	167
Maintenance	45	21	33
Ground rent	7	5	6
Real estate tax	67	17	44
Direct property costs	324	169	250
Leasing and property administration (indirect)	–	–	46
Total	324	169	296
<i>Previous year</i>	<i>311</i>	<i>154</i>	<i>288</i>

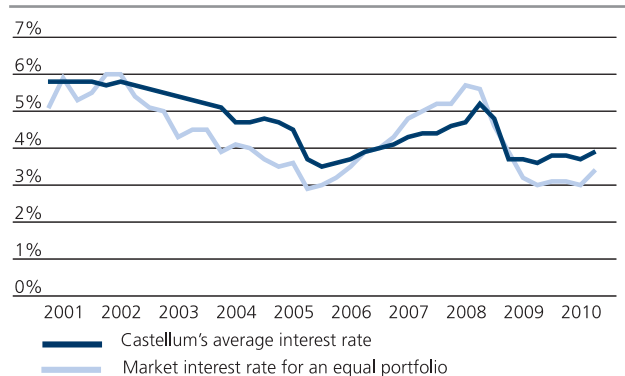
Central administrative expenses

Central administrative expenses were SEKm 58 (59). This includes costs for a profit and share price related incentive plan for 10 persons in executive management of SEKm 10 (11).

Net financial items

Net financial items were SEKm –426 (–400). The average interest rate level was 3.7% (3.6%).

Interest rate levels



Changes in value

The transaction volume on the Swedish property market continues to increase and amounted to SEK 60 billion during the period, which is three times as much as previous year.

Castellum assesses that the gradual increase in demand during the period has led to increasing property prices, where the main change relates to major urban regions and properties with long term leases. In view of this, the required yield in the internal valuation has been reduced with an average of 0.1%-units. Reduced required yields together with slightly improved cashflows are the major part of the accounted change in value of SEKm 563 (–953), corresponding to approx. 2% of the property value. The changes in value includes SEKm 23 due to sales of six properties where the sale price of SEKm 227 exceeded the valuations with 11%.

Castellum uses interest rate derivatives in order to achieve the desired interest rate maturity structure. If the agreed interest rate deviates from the market interest rate there is a theoretical surplus or sub value in the interest rate derivatives, where the non cash flow effecting changes in value are reported in the income statement. The value has changed, due to changes in long term market interest rates and the time factor, with SEKm –31 (102) and the value was SEKm –896 (–865) at the end of the period.

Tax

The nominal corporate tax rate in Sweden is 26.3%. Due to the possibility to make depreciations for tax purposes, reconstructions deductible for tax purposes, and to use tax loss carry forwards there are in principle no paid tax costs. Paid tax occur because a few subsidiaries are not allowed to make fiscal group contributions.

Remaining tax loss carry forwards can be calculated to SEKm 1,701 (1,885), while the properties' fair value exceed their fiscal value by SEKm 13,741 (12,624). As deferred tax liability a full nominal 26.3% tax of the net difference is reported, SEKm 3,166 (2,824).

Castellum has no ongoing formal tax disputes.

Tax calculation 30-09-2010		
SEKm	Basis current tax	Basis deferred tax
Income from property management	861	
Deductions for tax purposes		
depreciations	– 438	438
reconstructions	– 176	176
reconstructions, adjustment previous years	– 18	18
Other tax allowances	5	3
Taxable income from property management	234	635
Properties sold	0	– 30
Changes in value on properties	–	540
Changes in value on interest rate derivatives	– 31	–
Taxable income before tax loss carry forwards	203	1,145
Tax loss carry forwards, opening balance	– 1,885	1,885
Tax loss carry forwards, closing balance	1,701	– 1,701
Taxable income	19	1,329
Of which 26.3% current/deferred tax	– 5	– 350

Accounting Principles

Castellum follows the by the EU adopted IFRS standards and the interpretations of them (IFRIC). This interim report has been prepared according to IAS 34 Interim Financial Reporting. Accounting principles and methods for calculations have remained unchanged for the group compared to the Annual Report previous year.

Real Estate Portfolio



The real estate portfolio, which consists entirely of Swedish properties, is found in Greater Gothenburg, the Öresund Region, Greater Stockholm, Mälardalen and Eastern Götaland. The main focus with approx. 75% of the portfolio is in the three major urban regions.

The commercial portfolio consists of 65% office and retail properties as well as 31% warehouse and industrial properties. The properties are located from inner city sites (except in Greater Stockholm from inner suburbs) to well-situated working-areas with good means of communication and services.

Castellum owns approx 800,000 sq.m. unutilized building rights. Castellum has ongoing projects with remaining investments of approx. SEKm 400.

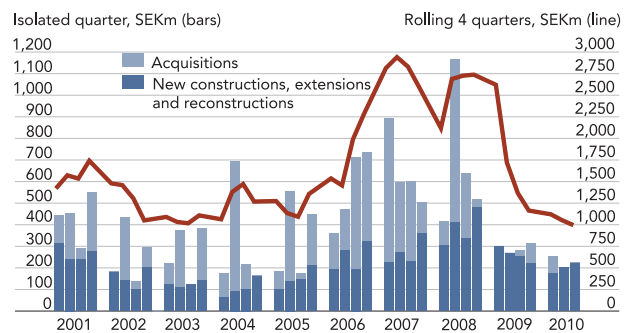
Investments

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

Changes in the real estate portfolio		
	Value, SEKm	Number
Real estate portfolio on 1 January, 2010	29,267	590
+ Acquisitions	90	1
+ New constructions, extensions and reconstructions	593	-
- Sales	- 204	- 6
+/- Unrealized changes in value	540	-
Real estate portfolio on 30 September, 2010	30,286	585

During the period investments totalling SEKm 683 (849) were made, of which SEKm 593 (820) were new constructions, extensions and reconstructions and SEKm 90 (29) were acquisitions. Of the total investments SEKm 230 related to Greater Gothenburg, SEKm 151 to Mälardalen, SEKm 120 to Eastern Götaland, SEKm 101 to Greater Stockholm and SEKm 81 to the Öresund Region.

Investments



Property value

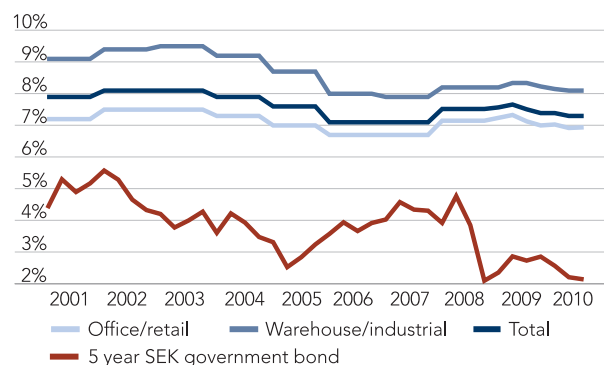
Internal valuations

Castellum assesses the value of the properties through internal valuations. These are based on a 10-year cash flow-based model with an individual valuation for each property of both its future earnings capacity and the required market yield. Projects in progress have been valued using the same principle, but with deductions for remaining investments. Sites with building rights have been valued on the basis of an estimated market value per square metre. In order to ensure and validate the quality of the internal valuations, an external valuation representing over 50% of the portfolio is made every year-end. The difference between the internal and external values has historically been small.

Based on these internal valuations the value of the properties was assessed to SEKm 30,286 (29,267), corresponding to approx. SEK 9,200 per sq.m.

Average valuation yield (excl. project/land and building rights)	
	SEKm
Net operating income properties	1,454
+ Estimated index adjustment 2011, 0,5%	11
<i>Latest KPI (publ 12 Oct 2010) indicates an index adjustm of 1-1,5%</i>	
+ Real occupancy rate, 94% at the lowest	167
- Property costs to a normal year	- 6
- Property administration, 30 SEK/sq.m.	- 72
Normalized net operating income (9 months)	1,554
Valuation (excl. building rights of SEKm 431)	28,598
Average valuation yield	7.2%

Average valuation yield over time





Betongblandaren 10, Stockholm



Tryckeriet 13, Örebro



Visionen 3, Jönköping



Vägmästaren 5, Kungälv

Investment and sales over SEKm 30

Larger projects

Property	Area, sq.m.	Econ. occup.- rate, Sept 2010	Total inv., SEKm	Remain. inv. SEKm	Completed	Comment
<i>Ongoing projects</i>						
Betongblandaren 10, Stockholm	14,900	50%	130	11	Q1 2011	Reconstruction retail premises
Varuhuset 1, Jönköping	11,000	100%	105	18	Q4 2010	New construction retail premises
Boländerna 30:2, Uppsala	14,000	43%	64	57	Q4 2011	Reconstruction and new construction retail
Vägmästaren 5, Kungälv	3,000	100%	49	5	Q4 2010	New construction office premises
Kärna 72:36, Gothenburg	6,450	0%	39	39	Q3 2011	New construction warehouse/logistic
<i>Projects completely / partly moved in</i>						
Visionen 3, Jönköping	7,700	50%	115	5	Q1 2011	New construction office premises
Boländerna 28:3 och 30:2, Uppsala	11,900	100%	96	16	Q4 2010	Reconstruction and extension retail
Grusbädden 3, Helsingborg	6,300	100%	35	0	Q3 2010	Extension warehouse premises

Larger acquisitions during 2010

Property	Area, sq.m.	Econ. occup.- rate, Sept 2010	Acquisition SEKm	Access	Comment
Backa 107:4, Gothenburg	22,700	100%	83	April 2010	Industrial property

Larger sales during 2010

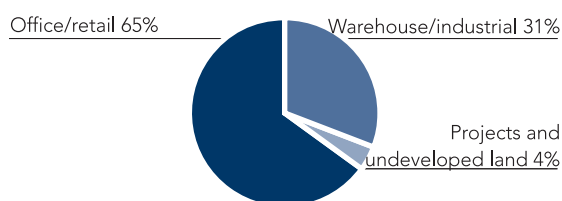
Property	Area, sq.m.	Sales price SEKm	Access	Comment
Tryckeriet 13, Örebro	6,900	102	Sept 2010	Hotel property
Folke 3, Malmö	4,200	63	Oct 2010	Office/residential property
Backa 22:3, Gothenburg	5,000	33	March 2010	Warehouse property

Castellum's real estate portfolio 30-09-2010

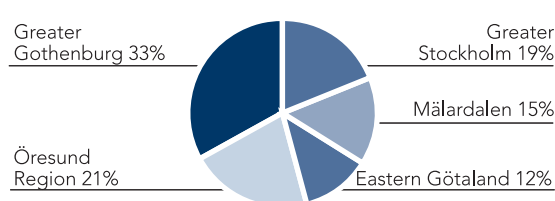
	30-09-2010				January-September 2010						
	No. of properties	Area thous. sq.m.	Property value SEKm	Property value SEK/sq.m.	Rental value SEKm	Rental value SEK/sq.m.	Economic occupancy rate	Rental income SEKm	Property costs SEKm	Property costs SEK/sq.m.	Net operating income SEKm
Office/retail											
Greater Gothenburg	75	397	5,305	13,381	376	1,265	94.9%	357	95	319	262
Öresund Region	51	320	4,771	14,917	341	1,420	87.5%	298	83	348	215
Greater Stockholm	45	314	3,736	11,891	310	1,316	78.4%	243	77	327	166
Mälardalen	69	321	3,206	9,973	255	1,056	90.9%	232	75	311	157
Eastern Götaland	49	298	2,497	8,384	213	954	88.9%	190	71	316	119
Total office/retail	289	1,650	19,515	11,829	1,495	1,208	88.3%	1,320	401	324	919
Warehouse/industrial											
Greater Gothenburg	99	644	4,471	6,941	352	728	93.0%	327	77	161	250
Öresund Region	42	302	1,677	5,555	155	682	84.8%	131	36	159	95
Greater Stockholm	38	202	1,674	8,283	142	940	89.7%	128	37	240	91
Mälardalen	40	170	957	5,646	88	694	91.5%	81	24	190	57
Eastern Götaland	35	186	735	3,949	69	494	86.0%	59	17	121	42
Total warehouse/industrial	254	1,504	9,514	6,326	806	715	90.1%	726	191	169	535
Total	543	3,154	29,029	9,205	2,301	973	88.9%	2,046	592	250	1,454
Leasing and property administration									110	46	- 110
Total after leasing and property administration									702	296	1,344
Development projects	8	61	848	-	27	-	-	14	8	-	6
Undeveloped land	34	-	409	-	-	-	-	-	-	-	-
Total	585	3,215	30,286	-	2,328	-	-	2,060	710	-	1,350

The table above relates to the properties owned by Castellum at the end of the period and reflects the income and costs of the properties as if they had been owned during the whole period. The discrepancy between the net operating income of SEKm 1,350 accounted for above and the net operating income of SEKm 1,345 in the income statement is explained by the deduction of the net operating income of SEKm 6 on properties sold during the period, as well as the adjustment of the net operating income of SEKm 11 on properties acquired/completed during the period, which are recalculated as if they had been owned or completed during the whole period.

Property value by property type



Property value by region



Property related key ratios

	2010 Jan-Sept	2009 Jan-Sept	2009 Jan-Dec
Rental value, SEK/sq.m.	973	964	969
Economic occupancy rate	88.9%	89.9%	89.8%
Property costs, SEK/sq.m.	296	288	300
Net operating income, SEK/sq.m.	568	578	571
Property value, SEK/sq.m.	9,205	8,984	9,036
Number of properties	585	590	590
Lettable area, thousand sq.m.	3,215	3,186	3,199

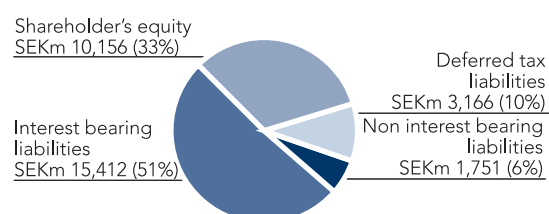
Segment information

SEKm	Rental income		Income from property management	
	2010 Jan-Sept	2009 Jan-Sept	2010 Jan-Sept	2009 Jan-Sept
Greater Gothenburg	680	657	327	324
Öresund Region	429	426	192	196
Greater Stockholm	373	366	151	161
Mälardalen	324	323	113	123
Eastern Götaland	252	250	94	103
Total	2,058	2,022	877	907

The discrepancy between the income above from property management of SEKm 877 (907) and the groups accounted income before tax of SEKm 1,393 (31) consists of unallocated income from property management of SEKm -16 (-25), changes in property value of SEKm 563 (-953) and changes in value of interest rate derivatives of SEKm -31 (102).

Financing

Financing 30-09-2010



Shareholders' equity and net asset value

Shareholders' equity was SEKm 10,156 (9,692). The net asset value can be calculated as follows.

Net asset value 30-09-2010

	SEKm	SEK/share
Equity according to the balance sheet	10,156	62
Reversed		
Interest rate derivatives, balance sheet	896	6
Deferred tax, balance sheet 26,3%	3,166	19
Long term net asset value (EPRA NAV*)	14,218	87
Deduction		
Interest rate derivatives as above	- 896	- 6
Estimated real liability, deferred tax 5%	- 602	- 3
Actual net asset value (EPRA NNNAV*)	12,720	78

*EPRA, European Public Real Estate Association, is an association for listed real estate owners and investors in Europe, which among other things, sets standards for financial reporting. A part of that is key ratios EPRA EPS (Earnings Per Share), EPRA NAV (Net Asset Value) and EPRA NNNAV (Triple Net Asset Value).

Interest-bearing liabilities

The period has been marked by the increase of short-term interest rates due to that the Swedish "Riksbank" increased the repo rate on two occasions. The market expects further interest rate increases which means that the short-term interest rates will continue to rise. The long-term market interest rates have had a mixed development during the period and was at the end of the period lower than at the year-end. The long-term market interest rates are not directly affected by the Riksbank's decision, but by other external factors.

The access to funding and credit margins is considered to be stable and Castellum's ability to obtain long term credits is good.

Loan maturity structure

During the period Castellum has signed new agreements of SEKm 600 and prolonged agreement of SEKm 5,700. As of 30 September, 2010 Castellum had long term binding credit agreements totalling SEKm 16,762 (16,262), long term bonds totalling SEKm 200 (500), short term binding credit agreements totalling SEKm 820 (1,220) and a commercial paper program of SEKm 4,000 (4,000). After deduction of liquid assets of SEKm 35 (8), net interest bearing liabilities were SEKm 15,377 (15,286), of which SEKm 1,020 (0) refers to outstanding commercial papers.

Loans in banks are secured by pledged mortgages and/or financial covenants. Bonds and in cases when there are outstanding commercial papers, these are unsecured. The financial covenants against the credit institutions state a loan to value ratio not exceeding 65% and an interest coverage ratio of at least 150% which Castellum fulfill with good margin, 51% respectively 302%.

The average duration of Castellum's long term credit agreements was 5.1 years (5.5). Margins and fees on long term credit agreements had an average duration of 2.5 years (3.2).

Loan maturity structure 30-09-2010

Long term, SEKm	Credit agreements	Utilized
1 - 2 years	200	-
2 - 3 years	5,500	4,930
3 - 4 years	500	-
4 - 5 years	-	-
> 5 years	10,562	8,862
Total long term credit agreements	16,762	13,792
Total short term credit agreements (0-1 year)	2,040	1,585
Total credit agreements	18,802	15,377
Unutilized credit in long term credit agreements		1,385

Interest rate maturity structure

The average effective interest rate as of 30 September 2010 was 3.9% (3.8%). The market interest rate for an equal portfolio, regarding both current market rate and credit margin, can be assessed to 3.4% (3.1). The average fixed interest term on the same date was 2.6 years (2.8).

In order to secure a stable and low net cash flow of interest income/costs over time, Castellum has chosen a relatively long fixed interest term. Castellum has also chosen to work with interest rate derivatives, which is a cost effective and flexible way of extending loans with short term interest rates to achieve the desired fixed interest term.

Interest rate maturity structure 30-09-2010

SEKm	Amount, SEKm	Average interest rate
0 - 1 year	5,827	2.4%
1 - 2 years	800	4.5%
2 - 3 years	2,350	5.0%
3 - 4 years	2,200	4.5%
4 - 5 years	1,000	4.8%
5 - 10 years	3,200	4.8%
Total	15,377	3.9%

Interest rate derivatives

According to the accounting standard IAS 39 interest rate derivatives are subject to market valuation, which means that there is a theoretical surplus / sub value if the stipulated interest rate varies from the current market rate, where the change in value, for Castellum, should be accounted for in the income statement.

As of 30 September, 2010, the market value of the interest rate derivative portfolio amounted to SEKm -896 (-865).

Consolidated Income Statement

SEKm	2010 July - Sept	2009 July - Sept	2010 Jan - Sept	2009 Jan - Sept	Rolling 4 quarters Oct 09 - Sept 10	2009 Jan - Dec
Rental income	691	676	2,058	2,022	2,730	2,694
Operating expenses	- 100	- 101	- 403	- 370	- 545	- 512
Maintenance	- 28	- 23	- 81	- 79	- 129	- 127
Ground rent	- 6	- 6	- 14	- 16	- 19	- 21
Real estate tax	- 36	- 33	- 105	- 95	- 137	- 127
Leasing and property administration	- 36	- 36	- 110	- 121	- 144	- 155
Net operating income	485	477	1,345	1,341	1,756	1,752
Central administrative expenses	- 19	- 20	- 58	- 59	- 80	- 81
Net financial items	- 142	- 132	- 426	- 400	- 567	- 541
Income from property management	324	325	861	882	1,109	1,130
<i>Changes in value</i>						
Properties	197	- 139	563	- 953	489	- 1,027
Interest rate derivatives	58	34	- 31	102	- 31	102
Income before tax	579	220	1,393	31	1,567	205
Current tax	0	- 4	- 5	- 9	- 6	- 10
Deferred tax	- 144	- 66	- 350	- 5	- 380	- 35
Net income for the period/year	435	150	1,038	- 17	1,181	160

Since there are no minority interests the entire net income is attributable to the shareholders of the parent company.

Data per Share

	2010 July - Sept	2009 July - Sept	2010 Jan - Sept	2009 Jan - Sept	Rolling 4 quarters Oct 09 - Sept 10	2009 Jan - Dec
<i>Average number of shares, thousand</i>	164,000	164,000	164,000	164,000	164,000	164,000
Income from property management, SEK	1.98	1.98	5.25	5.38	6.76	6.89
Income from property management after tax (EPRA EPS), SEK	1.81	1.85	4.87	5.18	6.63	6.93
Earnings after tax, SEK	2.65	0.91	6.33	0.10	7.20	0.98
<i>Outstanding number of shares, thousand</i>	164,000	164,000	164,000	164,000	164,000	164,000
Property value of properties, SEK	185	177	185	177	185	178
Long term net asset value (EPRA NAV), SEK	87	81	87	81	87	82
Net asset value (EPRA NNNAV), SEK	78	72	78	72	78	73

Since there is no potential common stock (e.g. convertibles), there is no effect of dilution.

Financial Key Ratios

	2010 July - Sept	2009 July - Sept	2010 Jan - Sept	2009 Jan - Sept	Rolling 4 quarters Oct 09 - Sept 10	2009 Jan - Dec
Net operating income margin	70%	71%	65%	66%	64%	65%
Interest coverage ratio	328%	346%	302%	320%	296%	309%
Return on net asset value	17.9%	7.0%	15.0%	0.2%	12.9%	1.6%
Return on total capital	8.8%	4.3%	8.3%	1.5%	7.3%	2.1%
Investments, SEKm	227	283	683	849	999	1 165
Loan to value ratio	51%	52%	51%	52%	51%	52%

Consolidated Balance Sheet

SEKm	30 Sept 2010	30 Sept 2009	31 Dec 2009
Assets			
Investment properties	30,286	29,061	29,267
Other fixed assets	15	13	13
Current receivables	149	180	188
Cash and bank	35	12	8
Total assets	30,485	29,266	29,476
Shareholders' equity and liabilities			
Shareholders' equity	10,156	9,549	9,692
Deferred tax liability	3,166	2,791	2,824
Interest rate derivatives	896	865	865
Long term interest-bearing liabilities	15,412	15,225	15,294
Non interest-bearing liabilities	855	836	801
Total shareholders' equity and liabilities	30,485	29,266	29,476
Pledged assets (property mortgages)	17,775	17,252	18,281
Contingent liabilities	–	–	–

Changes in Equity

SEKm	Number of outstanding shares,		Reserves	Retained earnings	Total equity
	thousand	Share capital			
Shareholders' equity 31-12-2008	164,000	86	20	9,943	10,049
Dividend, March 2009	–	–	–	– 517	– 517
Net income January-September 2009	–	–	–	17	17
Shareholders' equity 30-09-2009	164,000	86	20	9,443	9,549
Net income October-December 2009	–	–	–	143	143
Shareholders' equity 31-12-2009	164,000	86	20	9,586	9,692
Dividend, March 2010	–	–	–	– 574	– 574
Net income January-September 2010	–	–	–	1,038	1,038
Shareholders' equity 30-09-2010	164,000	86	20	10,050	10,156

Cash Flow Statement

SEKm	2010 July - Sept	2009 July - Sept	2010 Jan - Sept	2009 Jan - Sept	Rolling 4 quarters Oct 09 - Sept 10	2009 Jan - Dec
Net operating income	485	477	1,345	1,341	1,756	1,752
Central administrative expenses	– 19	– 20	– 58	– 59	– 80	– 81
Reversed depreciations	2	2	5	5	7	7
Net financial items paid	– 159	– 143	– 428	– 459	– 580	– 611
Tax paid	0	– 4	– 4	– 17	3	– 10
Cash flow from operating activities before change in working capital	309	312	860	811	1,106	1,057
Change in current receivables	4	– 9	9	35	36	62
Change in current liabilities	44	5	64	– 89	24	– 129
Cash flow from operating activities	357	308	933	757	1,166	990
Investments in new const., refurb., exten.	– 220	– 254	– 593	– 820	– 812	– 1,039
Property acquisitions	– 7	– 29	– 90	– 29	– 179	– 118
Change in liabilities, acquisitions of property	– 1	1	– 9	– 5	– 1	3
Property sales	165	0	219	0	255	36
Change in receivables, sales of property	– 5	0	28	0	– 7	– 35
Other net investments	– 3	– 1	– 5	– 1	– 12	– 8
Cash flow from investment activities	– 71	– 283	– 450	– 855	– 756	– 1,161
Change in long term liabilities	– 263	– 25	118	618	187	687
Dividend paid	–	–	– 574	– 517	– 574	– 517
Cash flow from financing activities	– 263	– 25	– 456	101	– 387	170
Cash flow for the period / year	23	0	27	3	23	– 1
Cash and bank, opening balance	12	12	8	9	12	9
Cash and bank closing balance	35	12	35	12	35	8

Opportunities and Risks

Opportunities and risks in the cash flow

Increasing market interest rates is normally over time an effect of economic growth and increasing inflation, which is thought to give higher rental income. This is in part due to that the demand for premises is thought to increase, leading to reduced vacancies and hence the potential for increasing market rents and in part due to that the index clause in the commercial contracts is compensating the increasing inflation.

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

Sensitivity analysis - cash flow			
	Effect on income, SEKm	Probable scenario	
		+/- 1% (units)	Boom
Rental level	+27/-27	+	-
Vacancies	+31/-31	+	-
Property costs	-10/+10	-	0
Interest costs	-47/+ 40*	-	+

* with the assumption that the interest rate level never goes below 0%

Opportunities and risks in property values

Castellum reports its properties at fair value with changes in value in the income statement. This means that the result in particular but also the financial position may be more volatile. The values of the properties are determined by supply and demand, where the prices mainly depends on the properties' expected net operating income and the buyer's required yield. An increasing demand gives lower required yields and hence an upward adjustment in prices, while a weaker demand has the opposite effect. In the same way, a positive real development in net operating income gives an upward adjustment in prices, while a low real growth has the opposite effect.

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

Sensitivity analysis - change in value					
Properties	-20%	-10%	0	+10%	+20%
Changes in value, SEKm	-6,057	-3,029	0	+3,029	+6,057
Loan to value ratio	64%	57%	51%	46%	42%

Financial risk

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

The 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.

The parent company takes part in property related operations through involvement in the Board of the subsidiaries.

	2010	2009	2010	2009
INCOME STATEMENT, SEKm	July-Sept	July-Sept	Jan-Sept	Jan-Sept
Income	4	2	11	9
Operating expenses	-13	-15	-41	-46
Net financial items	6	0	14	12
Changes in value, interest rate derivatives	58	34	-31	102
Income before tax	55	21	-47	77
Tax	-14	-6	12	-21
Net income for the period	41	15	-35	56

	30 Sept	30 Sept	31 Dec
BALANCE SHEET, SEKm	2010	2009	2009
Participations in group companies	4,087	4,087	4,087
Receivables, group companies	15,909	15,951	16,608
Other assets	239	224	230
Cash and bank	0	0	0
Total	20,235	20,262	20,925
Shareholders' equity	3,082	3,141	3,691
Interest rate derivatives	896	865	865
Interest bearing liabilities	14,026	14,923	14,082
Interest bearing liabilities, group comp.	2,059	1,146	2,109
Other liabilities	172	187	178
Total	20,235	20,262	20,925

Pledged assets (receivables group companies)	14,721	15,239	15,214
Contingent liabilities (guaranteed commitments for subsidiaries)	1,362	300	1,362

Election Committee

According to the 2010 Annual General Meeting's decision an election committee shall be appointed to make proposals to the Annual General Meeting 2011 regarding inter alia the number of Board members, election of members of the Board of Directors, including chairman, fees for the Board of Directors and election of Auditors.

The election committee will be established by the Chairman of the Board of Directors contacting the three largest registered or otherwise known shareholders at the end of the third quarter in order for them to each appoint one member. The appointed members, together with the Chairman of the Board of Directors as convener, form the election committee. The election committee will itself appoint its chairman among its members.

The election committee is formed by: Maj-Charlotte Wallin representing AFA Försäkring, Rutger van der Lubbe representing Stichting Pensioenfonds ABP, Lars-Åke Bokenberger representing AMF Pension and the Chairman of the Board Jan Kvarnström.

Göteborg 19 October, 2010


Håkan Hellström

Chief Executive Officer

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

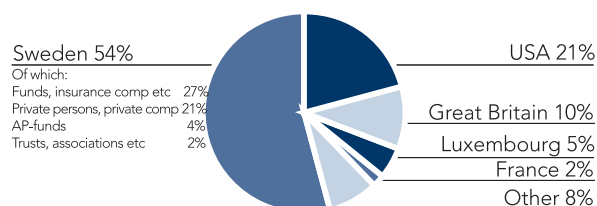
The Castellum Share

The Castellum share is listed on NASDAQ OMX Stockholm AB Large Cap. At the end of the period the company had about 9,600 shareholders. Shareholders registered abroad cannot be broken down in terms of directly held and nominee registered shares except for one foreign shareholder who have flagged for holding over 5%, Stichting Pensioensfonds ABP. Castellum has no direct registered shareholders with holdings exceeding 10%. The ten single largest Swedish shareholders can be seen in the table below.

Shareholders on 30-09-2010	Number of shares thousand	Percentage of voting rights and capital
AFA Sjukförsäkrings AB	8,670	5.3%
AMF Pensionsförsäkrings AB	7,381	4.5%
László Szombatfalvy	5,000	3.1%
Magdalena Szombatfalvy	4,935	3.0%
Andra AP-fonden	3,359	2.0%
Länsförsäkringar Fastighetsfond	2,639	1.6%
Lannebo Småbolag	2,450	1.5%
Nordea Funds Sweden	2,143	1.3%
AFA Trygghetsförsäkring AB	1,653	1.0%
Tredje AP-fonden	1,414	0.9%
Other shareholders registered in Sweden	49,099	29.9%
Shareholders registered abroad	75,257	45.9%
Total outstanding shares	164,000	100.0%
Repurchased shares	8,007	
Total registered shares	172,007	

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

Distribution of shareholders by country 30-09-2010



The Castellum share price as at 30 September, 2010 was SEK 89.65 (67.50) equivalent to a market capitalization of SEK 14.7 billion (11.1), calculated on the number of outstanding shares.

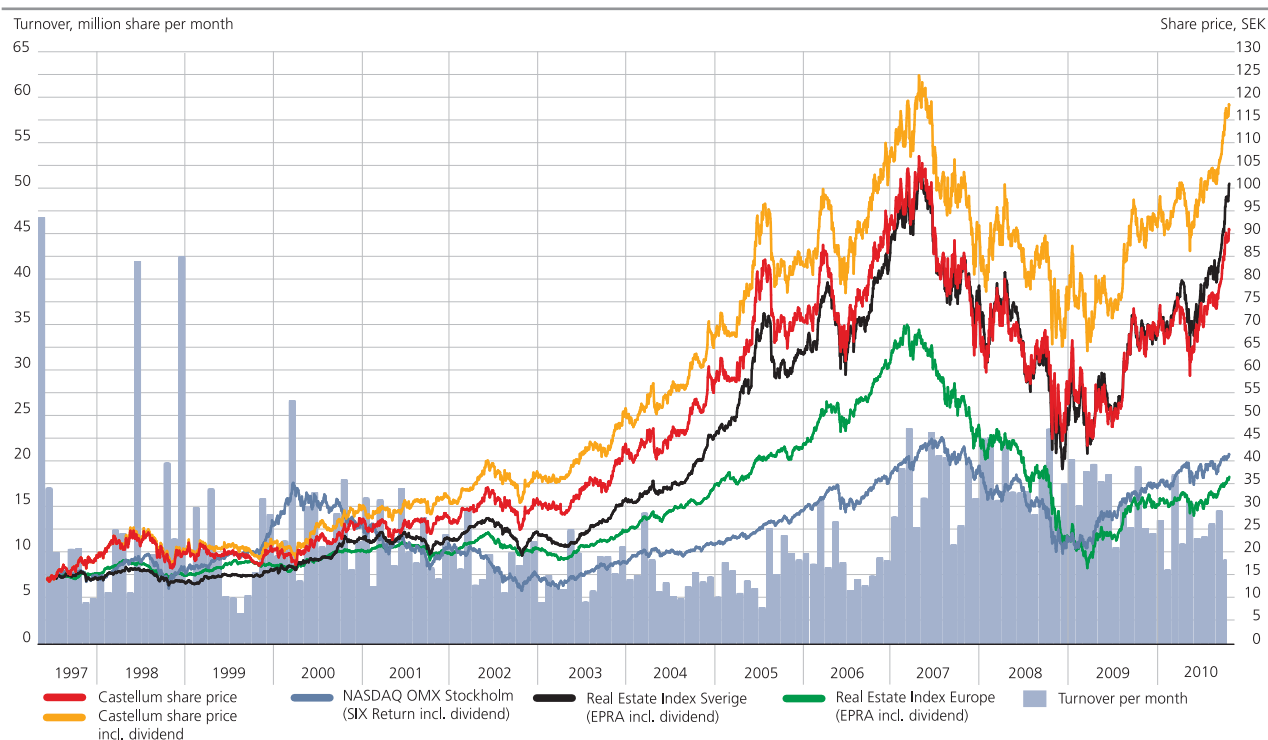
During the year a total of 116 million (154) shares were traded, equivalent to an average of 613,000 shares (820,000) per day, corresponding on an annual basis to a turnover rate of 94% (126%).

Growth

During the last 12-month period the total yield of the Castellum share has been +38% (19%), including dividend of SEK 3.50 (3.15).

Total yield of the share (incl. dividend)	3 years average/year	10 years average/year
	Oct 09-Sept 10	
Castellum	+ 38%	+ 7%
NASDAQ OMX Stockholm (SIX Return)	+ 26%	- 1%
Real Estate Index Sweden (EPRA)	+ 46%	+ 7%
Real Estate Index Europe (EPRA)	+ 16%	- 13%

The Castellum share's price trend and turnover since IPO may 23, 1997 until October 15, 2010



Valuation - share price related key figures

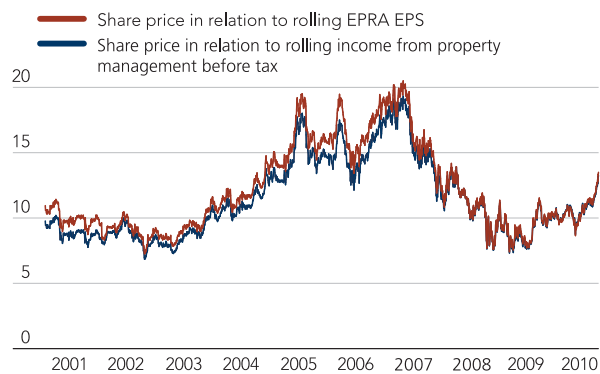
Earnings Capacity

Income from property management before tax for 4 rolling quarters amounted to SEK 6.76 per share (6.80), which compared to the share price at the end of the period gives a multiple of 13 (10).

Income from property management after tax relating to income from property management (EPRA EPS) for 4 rolling quarters amounted to SEK 6.63 (6.74) which gives a multiple of 14 (10).

Net income after tax for 4 rolling quarters amounted to SEK 7.20 per share (-2.89), which gives a multiple of 12 (negative).

The share's earnings multiple

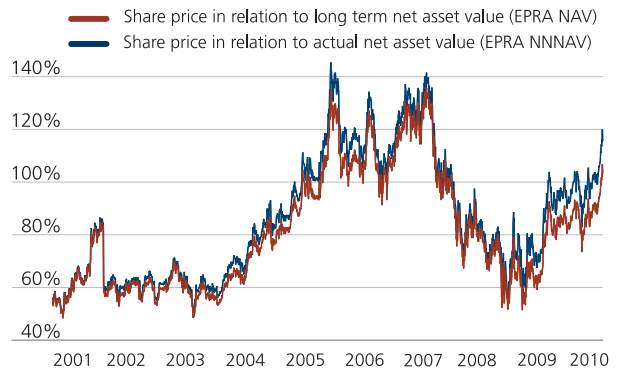


Net asset value

The long term net asset value (EPRA NAV) can be calculated to SEK 87 per share (82). The share price at the end of the period was thus 103% (88%) of the net asset value.

Actual net asset value (EPRA NNAV) can be calculated to SEK 78 per share (73). The share price at the end of the period was thus 115% (90%) of the net asset value.

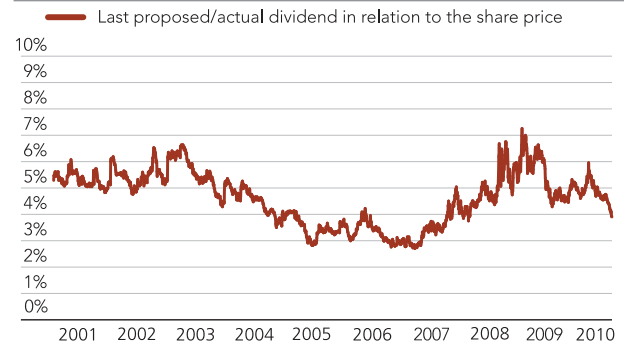
Share price/net asset value



Dividend Yield

The latest dividend of SEK 3.50 (3.15) corresponds to a yield of 3.9% (4.7%) based on the share price at the end of the period.

The share's dividend yield



Gulsippan 1, Malmö

Calendar

Year-end Report 2010	January 25, 2011, around 11 am	For further information please contact Håkan Hellström, CEO, or Ulrika Danielsson, Finance Director, telephone +46 31-60 74 00 or visit Castellum's website.
Annual Report 2010	During February, 2011	
Annual General Meeting 2011	March 24, 2011	
Interim Report January-March 2011	April 19, 2011	
Half-year Report 2011	July 12, 2011	
Interim Report January-September 2011	October 18, 2011	
Year-end Report 2011	January 24, 2012	
Annual General Meeting 2012	March 22, 2012	

www.castellum.se

On Castellum's website it is possible to download as well as subscribe to Castellum's Pressreleases and Interim Reports.

Annual General Meeting

Castellum AB's Annual General Meeting is planned to be held on Thursday March 24, 2011 at 5 pm in RunAn, Chalmers kårhus, Chalmersplatsen 1, Gothenburg.

A matter addressed to the election committee from a shareholder should be sent to Castellum AB, Att: Election committee, Box 2269, 403 14 Gothenburg, no later than December 10, 2010.

A shareholder have the right to have a matter addressed at the coming Annual General Meeting on 24 March, 2011. For practical reasons the request should be received by the company no later than 4 February, 2011. The request should be addressed to Castellum AB, Att: Håkan Hellström, Box 2269, 403 14 Göteborg.

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fastighets.ab@briggen.se
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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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