



Solsten 1:118 and 1:155 in Mölnlycke which was acquired in June 2014.

CASTELLUM

Half-year Report January-June 2014

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Castellum is one of the major listed real estate companies in Sweden. The fair value of the real estate portfolio amounts to SEK 39 billion, and comprises of commercial properties.

The real estate portfolio is owned and managed by six wholly owned subsidiaries with strong local roots in five growth regions: Greater Gothenburg (incl. Borås and Halmstad), the Öresund Region (Malmö, Lund, Helsingborg and Copenhagen), 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-June 2014 amounted to SEKm 1,663 (SEKm 1,622 previous year).
- Income from property management amounted to SEKm 703 (634), corresponding to 4.29 SEK (3.87) per share, an increase of 11%.
- Changes in value on properties amounted to SEKm 357 (119) and on derivatives to SEKm –366 (387).
- Net income after tax for the period amounted to SEKm 560 (902), corresponding to SEK 3.41 (5.50) per share.
- Net investments amounted to SEKm 1,262 (846) of which SEKm 669 (799) were new constructions, extensions and reconstructions, SEKm 814 (152) acquisitions and SEKm 221 (105) sales.

Key ratios

	2014 Jan-June	2013 Jan-June	2013	2012	2011	2010	2009	2008	2007	2006	2005
Income from property management, SEK/share	4.29	3.87	8.21	7.65	7.15	6.96	6.89	5.93	5.63	5.38	5.00
<i>Change previous year</i>	<i>+11%</i>	<i>+5%</i>	<i>+7%</i>	<i>+7%</i>	<i>+3%</i>	<i>+1%</i>	<i>+16%</i>	<i>+5%</i>	<i>+5%</i>	<i>+8%</i>	<i>+11%</i>
Net income after tax, SEK/share	3.41	5.50	10.41	8.98	4.34	11.98	0.98	-4.04	9.07	10.21	7.89
<i>Change previous year</i>	<i>-38%</i>	<i>+55%</i>	<i>+16%</i>	<i>+107%</i>	<i>-64%</i>	<i>+1,122%</i>	<i>pos.</i>	<i>neg.</i>	<i>-11%</i>	<i>+29%</i>	<i>+41%</i>
Dividend, SEK/share			4.25	3.95	3.70	3.60	3.50	3.15	3.00	2.85	2.62
<i>Change previous year</i>			<i>+8%</i>	<i>+7%</i>	<i>+3%</i>	<i>+3%</i>	<i>+11%</i>	<i>+5%</i>	<i>+5%</i>	<i>+9%</i>	<i>+11%</i>
Properties fair value, SEKm	39,385	37,301	37,752	36,328	33,867	31,768	29,267	29,165	27,717	24,238	21,270
Net investments, SEKm	1,262	846	1,081	2,545	1,908	1,279	1,129	2,710	2,559	1,823	889
Loan to value	53%	54%	52%	53%	51%	50%	52%	50%	45%	45%	45%
Interest coverage ratio	307%	280%	292%	284%	278%	299%	309%	255%	287%	343%	315%

For more detailed information see Castellum Annual Report.

Henrik Saxborn, CEO at Castellum

Strong growth of 11%

Growth – both in property management and net leasing income: That's how I want to summarize Castellum's first half-year.

It's pleasing to note that despite macroeconomic speed bumps in the form of lower GDP growth than expected and the low-inflationary environment, we are performing in line with our objectives – while continuing to be a low-risk actor.

As usual, our business activities are characterized by stability. Through our six local subsidiaries we continue to contribute to development in the growth areas where we maintain strong local presence. This is the reason why our strong income from property management grew by 11% during the first six months, compared with the same period last year.

This means that we've exceeded our objective of a 10% growth in income from property management. There are several contributing factors behind this increase: increased rental income, lower financing costs and lower property costs that were achieved primarily through efficient management and dedicated employees.

My assessment is that the high demand in the property market over the past six months – both among national and international buyers – will persist in the near future as well. The development has led to a change in required yields on the market. This is reflected in our income statement in the form of an increased property value of SEKm 354 meaning that our total real estate portfolio has a value of SEK 39 billion. The income statement has also been affected by a decrease in value of the derivatives portfolio of SEKm –366, mainly due to decreased long-term interest rates.

Leasing was strong during the period, primarily in our projects. This reflects the positive market situation that we see today in all Castellum's markets; net leasing during the period amounted to SEKm 73.

A few examples: We're building a new regional office for the Swedish Transport Administration at the A6-area in Jönköping. Further, we've also invested in new construction as the downtown area of Jönköping expands, and we've signed several leases during the period.

In Västerås, we've signed a ten-year lease with the municipality, and begun reconstruction and extension of a previous industrial building – destined to be a vocational school in Kopparlunden.

We are community builders with high demands for a sustainability perspective in property management, new constructions, reconstructions and extensions. Furthermore, our ambition is to contribute in a broader sense as well. For example, over the past few months we've been participating in a new project on electric car-pooling in southern Gothenburg. The objective is to reduce private motoring on the busy streets of commercial and office districts. We are also continuing our apprenticeship program,

which involves about 4% of the Group's employees.

Castellum's overall objective for growth in income from property management is partly based on annual net investments of 5% of property value.

Today, this corresponds to approx. SEK 2 billion.

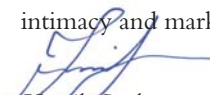
During the first half-year, we've made net investments of close to SEK 1.3 billion in quality acquisitions and development of the portfolio.

Of course to invest, financing is needed; Castellum, with a loan-to-value ratio of 53%, has ready access to financing. During Q1 and Q2, Castellum emitted SEKm 500 in new MTNs as well as bringing in the equivalent sum in long-term credit agreements. This means that we currently have SEK 3.7 billion in unused credit facilities – of which SEK 1.7 billion is long-term.

The Riksbank's unexpectedly large repo rate cut in July will have a positive impact on our net financial items. Still, it's important to point out that the cut is due to zero inflation. Personally, I'd prefer to have welcomed a higher economic growth and higher inflation – at the price of a higher repo rate.

If we look ahead, the proposal presented by the Corporate Tax Committee in June can come to affect our business and financial activities. The proposal, now submitted for comment, changes the conditions for investing in assets such as real estate and other capital-intensive activities. As the proposal stands today – all else being equal – investment capacity will be reduced, as will possibilities for handling demands for new workplaces, new infrastructure and extended energy supply. This proposal will consequently decrease our ability to preserve and develop cities in the same degree as today.

My overall assessment is that the Swedish economy will be characterized by moderate growth and low inflation for some time to come – a environment that limits the growth opportunities for Castellum. Thus, Castellum has demonstrated that we can continue to create shareholder value with low risk in this environment by being a major real estate owner that continues to operate with the same intimacy and market familiarity as the smallest.



Henrik Saxborn
CEO



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.

Strategy for the property portfolio and its management

Development of commercial properties in growth regions

Geography and category

Castellum's real estate portfolio is located in the five growth regions Greater Gothenburg, Öresund Region, Greater Stockholm, Mälardalen and Eastern Götaland. This together with rational property management and a strong presence in the market, provide for good business opportunities.

The real estate portfolio shall consist of commercial properties with general and flexible premises for office, retail, warehouse, logistics and industry purposes.

Property portfolio

The real estate portfolio shall be continuously enhanced and developed in order to improve cash flow. Castellum shall continue to grow with customers' demand, mainly through new constructions, extensions and reconstructions but also through acquisitions.

All investments shall 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.

Customer focus through local organizations

Customers

Castellum shall be perceived as a customer focused company. This is achieved by developing long-term relations and supplying premises and service meeting customer demands.

Organization and employees

Service and property management shall be delivered by a decentralized organization with wholly owned subsidiaries with strong local presence. Property management shall be carried out mainly by own personnel.

Castellum shall have skilled and committed employees, which is achieved by being an attractive workplace with good development possibilities.

The business shall contribute to a sustainable development, in view of ecological, social and economic aspects.

Strategy for funding

Strong balance sheet with low financial and operational risk

Capital structure

Castellum shall have low financial risk. The chosen risk key ratios are loan to value and interest coverage ratio. Purchase or transfer of own shares shall be available as a method for adjusting the company's capital structure to the company's capital need and as payment or funding of real estate investments. Company owned shares may not be traded for short term purpose of capital gain.

The stock and credit markets

Castellum will work for a competitive total return on the company's share relative to risk and also strive for high liquidity.

All actions will be made 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.

Low operational risk

Castellum's real estate portfolio has a geographical distribution to five Swedish growth regions and shall consist of different types of commercial premises. The risk within in the customer portfolio shall be kept low.

Overall objective

Castellum's overall objective is an annual growth in cash flow, i.e. income from property management per share, of at least 10%

11%

growth 1st half-year 2014

Strategic tools

Investments

In order to achieve the overall objective of 10% growth, net investments of at least 5% of the property value will be made yearly. This is currently equivalent to approx. SEKm 2,000.

Subsidiaries

One of the three largest real estate owners in each local market.

Outcome

Lease value per region



SEKm 1,262

net investments 1st half-year 2014

Strategic tools

Customer and employee satisfaction

In order to develop the Group as well as customer relations, the customers' level of satisfaction shall be measured regularly. Customer and employee satisfaction shall constantly improve.

Sustainability

Focus on using energy more efficiently, sustainable new constructions, known and continuously improved status in the properties, green customer relations and social commitment and responsibility at our cities.

Outcome



NKI 76

Satisfied Customer Index 2013

NMI 86

Satisfied Employees Index 2013

Strategic tools

Capital structure

Loan to value ratio not permanently exceeding 55%. Interest coverage ratio of at least 200%.

Dividend

At least 50% of pre-tax property management income shall be distributed. Investment plans, consolidation needs, liquidity and financial position in general will be taken into account.

The stock and credit markets

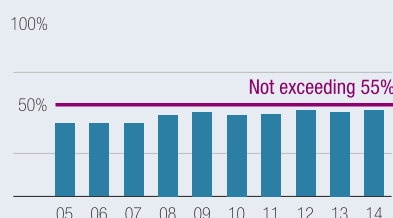
In the long term, Castellum shall be one of the largest listed real estate companies in Sweden.

Low operational risk

Commercial portfolio in five growth regions distributed on different categories with general, flexible premises. The risk within the customer portfolio shall be kept low using diversification over many fields of business, length and size of contracts.

Outcome

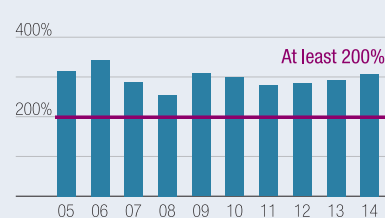
Loan to value ratio



52%

Dividend ratio 2013

Interest coverage ratio



4,700

commercial contracts where the single largest contract accounts for approx. 2%

Market comments

Swedish economy

The Swedish economy continues to improve, although the GDP growth rate during this year's first quarter was somewhat lower than expected. From the beginning of the year, the trend has been weak in other parts of the world as well, and this has negatively affected demand for Swedish exports. The export industry is normally the major driving force for Swedish economic recovery, but at present it is domestic demand that contributes to economic growth. Strong domestic demand can be attributed to continued expansionary monetary and fiscal policy.

A stronger economy will have a positive effect on the labour market, and employment is expected to increase. However, new people are coming into a rapidly expanding workforce, which is why unemployment levels are only falling at a moderate pace. Despite strengthening in the economy, inflationary pressures are presumed to continue to remain very low.

Macro indicators

Unemployment	8.0%	(May 2014)
Inflation	0.2%	(June 2014 compared to June 2013)
GDP growth	1.9%	(Q1 2014 compared to Q1 2013)

Source: SCB

Rental market

During the first half-year, the rental market remained positive with stable rental levels. Demand for both existing and new premises is high, and during the last quarter there was also an increase in demand for specific geographic markets and property products. New construction of office and logistics premises mostly remains limited. New construction of office premises is increasing somewhat in Stockholm and Gothenburg, but the increase is relatively balanced and thus not expected to pose a risk of oversupply.

Property market

For the first half-year, the Swedish property market was characterized by increased activity and total transaction volume for the period was approximately SEK 60 billion (45). The increase was primarily due to strong demand and improved funding opportunities. Foreign interest has increased slightly, but national players still dominate the market and account for 85% (92%) of the volume. Swedish real estate companies dominate among the buyers.

Activity has increased outside the big cities, even if Stockholm and Gothenburg accounted for a high proportion of the transaction volume. It is clear that the dominating transactions in big cities involved properties outside the city centres. Interest continues high for office premises, while interest in hotel and project properties has increased. In total, the commercial segment accounted for approx. 76% (62%) of the transactions.

Castellum estimates that an increase in value can be noted in several markets and segments, with variation attributable to geography, property product and quality.

Interest and credit market

At a meeting on July 3, the Swedish Riksbank announced that it had decided to cut the repo rate by a half percentage point to 0.25 percent. According to the Riksbank, the reasons for the unexpectedly large cut were that inflation had been lower than expected and that inflationary pressures are considered to be significantly lower compared to estimates made by the Riksbank in April.

Both availability of bank finance and capital market finance are considered favourable. During the year, credit margins in the credit market have dropped, while credit margins for bank financing are considered stable.

Income, Costs and Results

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

Income from property management, i.e. net income excluding changes in value and tax, amounted for the period January-June 2014 to SEKm 703 (634), equivalent to SEK 4.29 (3.87) per share - an increase with 11%. Income from property management rolling four quarters amounted to SEKm 1,415 (1,283) equivalent to SEK 8.63 per share (7.82) - an increase of 10%.

During the period, changes in value on properties amounted to SEKm 357 (119) and on derivatives to SEKm -366 (387). Net income after tax for the period was SEKm 560 (902), equivalent to SEK 3.41 (5.50) per share.

Rental income

Group's rental income amounted to SEKm 1,663 (1,622). For office and retail properties, the average contracted rental level, including charged heating, cooling and property tax, amounted to SEK 1,276 per sq.m., whereas for warehouse and industrial properties, it amounted to SEK 771 per sq.m. Rental levels, which are considered to be in line with the market, have in comparable portfolio increased by 1% compared with previous year, which mainly is an effect from indexation and can be compared with the usual industry index clause (October to October), which was -0.1% in 2014. 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 deflation and a higher than usual indexation in a low inflationary environment.

The average economic occupancy rate was 88.4% (88.2%). The total rental value for vacant premises on yearly basis amounted to approx. SEKm 480 (480).

The rental income for the period includes a lump sum

of SEKm 9 (11) as a result of early termination of a lease.

Gross leasing (i.e. the annual value of total leasing) during the period was SEKm 185 (187), of which SEKm 49 (48) were leasing of new constructions, extensions and reconstructions. Notices of termination amounted to SEKm 112 (125), of which bankruptcies were SEKm 11 (13) and SEKm 2 (9) were notices of termination with more than 18 months remaining length of contract.

Net lease for the period was hence SEKm 73 (62) and for the second quarter isolated SEKm 47 (35).

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

Property costs

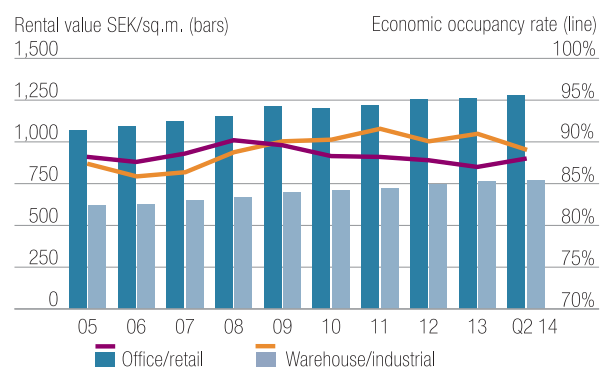
Property costs amounted to SEKm 564 (586) corresponding to SEK 311 per sq.m. (325). Consumption for heating during the period has been calculated to 83% (105%) of a normal year according to the degree day statistics.

Property costs	Office/ Retail	Warehouse/ Industrial	2014 Total	2013 Total
SEK/sq. m				
Operating expenses	197	119	162	180
Maintenance	42	26	35	34
Ground rent	8	6	7	7
Real estate tax	69	21	47	47
Direct property costs	316	172	251	268
Leasing and property administration	-	-	60	57
Total	316	172	311	325
Previous year	336	190	325	

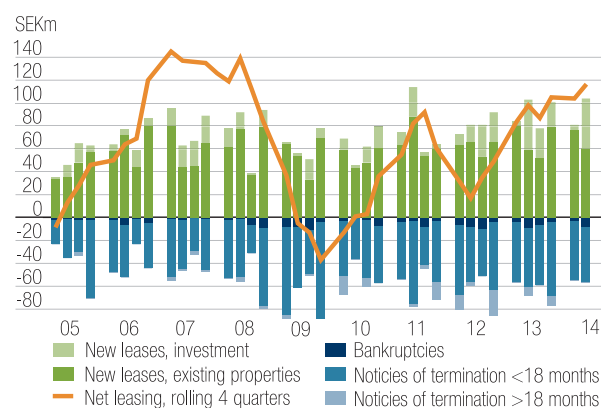
Central administrative expenses

Central administrative expenses totalled SEKm 56 (49). This includes costs for a profit-and-share-price related incentive plan for 9 persons in executive management of SEKm 10 (6).

Rental value and economic occupancy rate



Net leasing



Net interest

Net interest items were SEKm –340 (–353). The average interest rate level was 3.4% (3.7%). Net financial income was positively affected by approx. SEKm 28 due to the average interest rate level decrease by 0.3%-units. Other effects on the interest cost can be explained by a larger credit portfolio.

Changes in value

The Swedish real estate market for the first half-year is characterized by increased activity and strong demand, primarily due to improved access to financing, resulting in rising prices. To reflect this in the internal valuations the assessment is made that the market's average yield has declined by approx. 0.1%, which, together with acquisition gains, project gains and individual adjustments on property level brought a change in value of SEKm 354, equivalent to approx. 0.9%. The sale of 5 properties adds another change in value of SEKm 3. Net sales price amounted to SEKm 221 after reduction for assessed deferred tax and transaction costs of SEKm 15. Hence the underlying property value, which amounted to SEKm 236, exceeded last valuation of SEKm 218 with SEKm 18.

The value in the interest derivatives portfolio has changed by SEKm –363 (389), mainly due to changes in long-term market interest rates. Castellum's currency derivatives, with the purpose to hedge currency fluctuations in the Danish investments, has during the period changed SEKm –9 (–5) where the effective portion of the value changes of SEKm –6 (–3) is accounted for in other total net income.

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 1,036 (1,610). Fair values for the properties exceed their fiscal value by SEKm 19,324 (18,570) of which SEKm 881 (830) 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 3,830 (3,700).

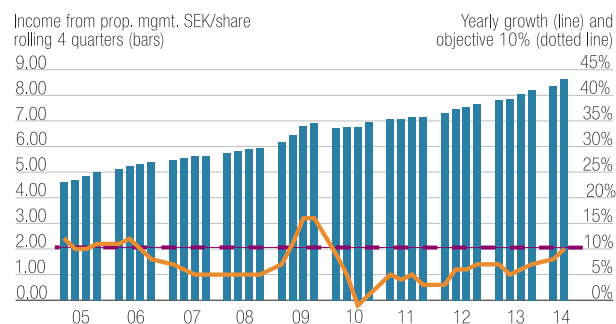
Castellum has no current tax disputes.

In June, the Swedish Committee on Corporate Taxation published its main proposal "Neutral corporate tax – for increased efficiency and stability". One of the key issues is the limited deductibility of financial expenses. For Castellum, this limitation means, everything else equal, and notwithstanding the sale of real estate, value changes of derivatives and the use of tax-loss carry forwards, higher paid taxes of about SEKm 100 annually. The final report is currently open for comments and the committee proposes effect as of January 1, 2016.

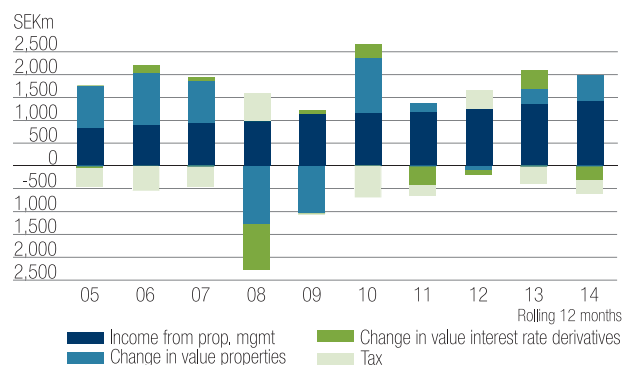
Tax calculation 30-06-2014

SEKm	Basis current tax	Basis deferred tax
Income from property management	703	
Deductions for tax purposes		
depreciations	– 342	342
reconstructions	– 119	119
Other tax allowances	23	21
Taxable income from property management	265	482
Properties sold	6	– 132
Changes in value on properties	–	354
Changes in value on interest rate derivatives	– 366	–
Taxable income before tax loss carry forwards	– 95	704
Tax loss carry forwards, opening balance	– 921	921
Tax loss carry forwards, closing balance	1,036	– 1,036
Taxable income	20	589
Tax according to the income statement	– 4	– 130

Income from Property Management per share



Income over time



Real Estate Portfolio

The real estate portfolio is located in Greater Gothenburg, the Öresund Region, Greater Stockholm, Mälardalen and Eastern Götaland. The main focus, which represents approx. 73% of the portfolio, is in the three major urban regions.

The commercial portfolio consists of 65% office and retail properties as well as 30% 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. The remaining 5% consist of projects and undeveloped land.

Castellum owns approx. 775,000 sq.m. of unutilized building rights and ongoing projects with remaining investments of approx. SEKm 1,000.

Investments

During the period, investments totalling SEKm 1,483 (951) were carried out, of which SEKm 669 (799) were new constructions, extensions and reconstructions and SEKm 814 (152) were acquisitions. Of the total investments SEKm 955 refers to Greater Gothenburg, SEKm 206 to Mälardalen, SEKm 142 to Greater Stockholm, SEKm 100 to Eastern Götaland and SEKm 80 to the Öresund Region. After sales of SEKm 221 (105) net investments amounted to SEKm 1,262 (846).

During the period 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, 2014	37,752	626
+ Acquisitions	814	13
+ New constructions, extensions and reconstructions	669	–
– Sales	– 218	– 5
+/- Unrealized changes in value	354	–
+/- Currency translation	14	–
Real estate portfolio on 30 June, 2014	39,385	634

Property value

Internal valuations

Castellum assesses the value of the properties through internal valuations as at the year end, corresponding to level 3 in IFRS 13.

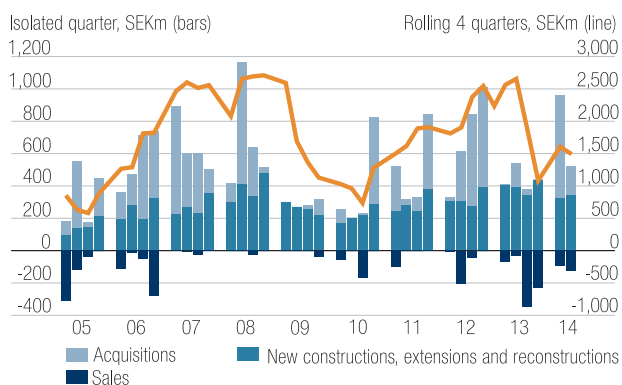
The valuations are based on a 10-year cash flow based model with an individual valuation for each property of both its future earnings capacity and the required market yield. Projects in progress have been valued using the same principle, but with deductions for remaining investments. Properties with building rights have been valued on the basis of an estimated market value per square metre, on average approx. SEK 1,100 (1,100) per sq.m. In order to ensure and validate the quality of the internal valuations, an external valuation – representing over 50% of the portfolio – is made every year-end. The difference between the internal and external valuations has historically been small.

Based on these internal valuations, property value at the end of the period were assessed to SEKm 39,385 (37,752), corresponding to SEK 10,552 per sq.m.

Average valuation yield

(excl. project/land and building rights)	SEKm
Net operating income properties	1,203
+ Real occupancy rate, 94% at the lowest	142
+ Property cost annual rate	31
– Property administration, 30 SEK/sq.m.	– 54
Normalized net operating income (6 months)	1,322
Valuation (excl. building rights of SEKm 556)	37,077
Average valuation yield	7.1%

Investments



Average valuation yield over time



Castellums' real estate portfolio 30-06-2014

	30-06-2014				January-June 2014						
	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	87	488	7,671	15,709	326	1,334	91.0%	296	72	296	224
Öresund Region	63	396	5,808	14,650	283	1,429	86.0%	244	71	358	173
Greater Stockholm	49	336	4,407	13,125	230	1,366	83.2%	191	53	318	138
Mälardalen	71	384	4,436	11,561	219	1,142	91.3%	200	59	307	141
Eastern Götaland	57	341	3,473	10,181	184	1,080	87.8%	162	52	303	110
Total office/retail	327	1,945	25,795	13,260	1,242	1,276	88.0%	1,093	307	316	786
Warehouse/industrial											
Greater Gothenburg	102	653	5,240	8,021	248	758	91.3%	226	51	157	175
Öresund Region	44	326	2,100	6,456	122	754	86.6%	106	29	176	77
Greater Stockholm	52	282	2,615	9,287	140	993	87.2%	122	31	220	91
Mälardalen	37	183	1,130	6,170	68	740	90.3%	61	19	204	42
Eastern Götaland	31	178	753	4,234	47	530	88.9%	42	10	112	32
Total warehouse/industrial	266	1,622	11,838	7,302	625	771	89.2%	557	140	172	417
Total	593	3,567	37,633	10,552	1,867	1,047	88.4%	1,650	447	251	1,203
Leasing and property administration									107	60	-107
Total after leasing and property administration									554	311	1,096
Development projects	16	111	1,500	-	46	-	-	23	11	-	12
Undeveloped land	25	-	252	-	-	-	-	-	-	-	-
Total	634	3,678	39,385	-	1,913	-	-	1,673	565	-	1,108

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 year. The discrepancy between the net operating income of SEKm 1,108 accounted for above and the net operating income of SEKm 1,099 in the income statement is explained by the deduction of the net operating income of SEKm 4 on properties sold during the year, as well as the adjustment of the net operating income of SEKm 13 on properties acquired/completed during the year, which are recalculated as if they had been owned or completed during the whole period.

Property related key ratios

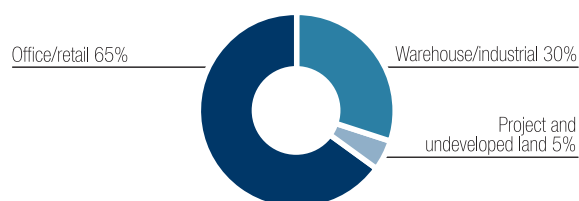
	2014 Jan-June	2013 Jan-June	2013 Jan-Dec
Rental value, SEK/sq.m.	1,047	1,029	1,036
Economic occupancy rate	88.4%	88.2%	88.4%
Property costs, SEK/sq.m.	311	325	307
Net operating income, SEK/sq.m.	615	583	608
Property value, SEK/sq.m.	10,552	10,081	10,285
Number of properties	634	639	626
Lettable area, thousand sq.m.	3,678	3,655	3,623

Segment information

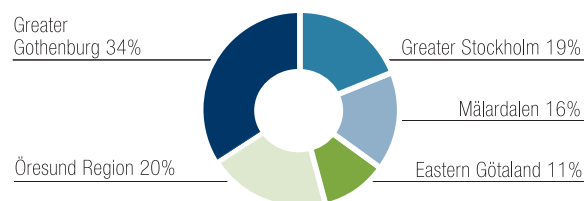
SEKm	Rental income		Income from property management	
	2014 Jan-June	2013 Jan-June	2014 Jan-June	2013 Jan-June
Greater Gothenburg	511	513	242	240
Öresund Region	354	332	149	127
Greater Stockholm	316	309	139	117
Mälardalen	278	274	113	98
Eastern Götaland	204	194	83	72
Total	1,663	1,622	726	654

The discrepancy between the income from property management of SEKm 726 (654) above and the groups accounted income before tax of SEKm 694 (1,140) consists of unallocated income from property management of SEKm -23 (-20), changes in property value of SEKm 357 (119) and changes in values of interest rate derivatives of SEKm -366 (387).

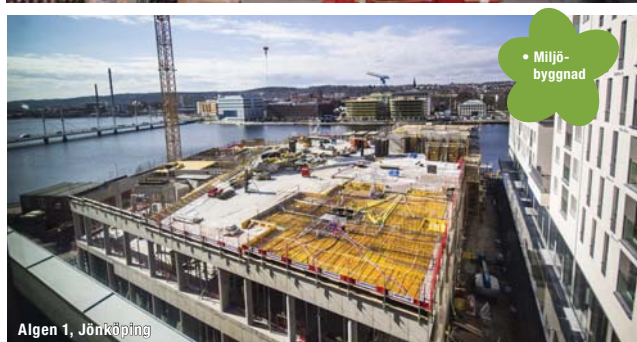
Property value by property type



Property value by region



Larger investments and sales



Larger projects		Area, sq.m	Econ. occup. July 2014	Total inv., land incl. SEKm	Remain. inv. SEKm	Completed	Comment
Property							
Lundbyvassen 8:1, Gothenburg		8,900	100%	219	45	Q4 2014	New construction office
Dragarbrunn 20:4, Uppsala		10,020	90%	231	17	Q4 2014	Extension and reconstruction office
Algen 1, Jönköping		4,509	35%	136	65	Q1 2015	New construction retail/office/restaurant
Jägmästaren 1, Linköping		7,750	93%	109	57	Q1 2015	New construction retail
Spejaren 3, Huddinge		6,331	100%	83	27	Q4 2014	New construction retail
Verkstaden 14, Västerås		6,100	100%	78	77	Q1 2016	Extension and reconstruction school
Visionen 3, Jönköping		2,478	88%	59	56	Q3 2015	New construction office
Solsten 1:108, Härryda		6,516	100%	58	1	Q3 2014	New construction warehouse
Högspänningen 1, Västerås		4,040	70%	48	5	Q3 2014	New construction logistic/office
Varla 3:22, Kungsbacka		5,000	100%	42	30	Q1 2015	Extension and reconstruction warehouse
Boländerna 35:1, Uppsala		8,750	98%	38	6	Q2 2015	Reconstruction retail
Kärra 74:3, Gothenburg		9,305	0%	33	25	Q4 2014	Extension and reconstruction logistic
Godståget 1, Stockholm		6,568	100%	31	31	Q4 2014	Extension and reconstruction warehouse
Projects completed / partly moved in							
Lindholmen 28:3, Gothenburg		9,459	76%	280	21	Q2 2013	New construction office*
Fullriggaren 4, Malmö		5,599	56%	157	22	Q1 2013	New construction office*
Atollen 3, Jönköping		5,958	78%	153	14	Q4 2013	New construction office/retail/residentials*
Kulan 3, Helsingborg		9,689	100%	83	8	Q2 2014	New construction logistic
Larger acquisitions during 2014							
Property		Area, sq.m	Econ. occup July 2014	Acquisition SEKm	Access	Category	
Fanan 26, 30, 39, 43, 47, 49, 51, Fanborgen 3 and 4, Halmstad		43,485	97%	636	March 2014	Office/retail/education facilities/warehouse and library	
Solsten 1:118 and Solsten 1:155, Härryda		5,061	100%	86	June 2014	Warehouse/office and building right	
Dumpern 7, Huddinge		6,792	100%	70	June 2014	Logistic	
Larger sales during 2014							
Property		Area, sq.m	Underlying prop. price, SEKm	Trans. costs deferred tax, SEKm	Net sales price, SEKm	Access	Category
St Botulf 11, Lund		4,878	118	-9	109	Oct 2014	Office/residential
Renseriet 25, Stockholm		4,215	79	-4	75	Feb 2014	Office/warehouse
Erik Dahlberg 2, Helsingborg		842	23	-2	21	April 2014	Office/retail

* The remaining investment volume will be used as the vacant spaces are rented.

Financing

Castellum shall have a low financial risk, meaning a loan to value ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%. Castellum's assets had on June 30, 2014, a value of SEKm 39,970 (38,113) and these are financed by shareholders' equity of SEKm 12,994 (13,127), deferred tax liabilities of SEKm 3,830 (3,700), interest bearing liabilities of SEKm 20,802 (19,481) and non interest bearing liabilities of SEKm 2,344 (1,805).

Interest bearing liabilities

At the end of the period Castellum had binding credit agreements totalling SEKm 25,421 (24,300) of which SEKm 22,358 (21,859) was long term binding and SEKm 3,063 (2,441) short term binding.

During the period SEKm 500 were issued under the MTN-program and a new credit agreement of SEKm 500 were signed.

After deduction of cash of SEKm 177 (70), net interest bearing liabilities were SEKm 20,625 (19,411), of which SEKm 3,700 (3,200) were MTN and SEKm 1,136 (1,014) outstanding commercial papers.

Most of Castellum's loans are short-term revolving loans, utilized in long-term binding credit agreements in the largest Nordic banks. This means great flexibility in the choice of interest rate base, interest rate period and tied up capital. Bonds issued under the MTN program and the commercial papers are a complement to the existing funding in banks and broadens the funding base. At the end of the period the fair value of the liabilities is in principle in line with the value accounted for.

Long-term loan commitments in banks are secured by pledged mortgages in properties and/or financial covenants. Outstanding commercial papers and bonds under the MTN-program are unsecured.

Net interest bearing liabilities amounted to SEKm 20,625 (19,411) of which SEKm 15,789 (15,197) were secured by the company's properties and SEKm 4,836 (4,214) unsecured.

The proportion of used secured financing was thus 40% of the property value. The financial covenants state a loan-to-value ratio not exceeding 65% and an interest coverage ratio of at least 150%, which Castellum fulfils with comfortable margins, 53% and 307% respectively. The average duration of Castellum's long-term credit agreements was years 3.0 (3.4). Margins and fees on long-term credit agreements had an average duration of 2.0 years (2.4).

Credit maturity structure 30-06-2014

SEKm	Credit agreements	Utilized in		
		Bank	MTN/Cert	Total
0-1 year	3,063	831	1,636	2,467
1-2 years	10,008	5,958	1,200	7,158
2-3 years	3,507	1,557	1,000	2,557
3-4 years	5,708	5,308	–	5,308
4-5 years	1,007	7	1,000	1,007
> 5 years	2,128	2,128	–	2,128
Total	25,421	15,789	4,836	20,625

Unutilized credit in long term credit agreements **1,733**

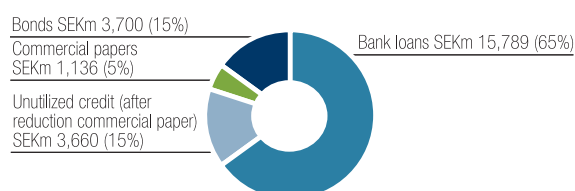
Interest rate maturity structure

In order to secure a stable and low net interest cash flow the interest rate maturity structure is distributed over time. The average fixed interest term on the same date was 2.6 years (2.7). The average effective interest rate as per June 30, 2014 was 3.4% (3.5%).

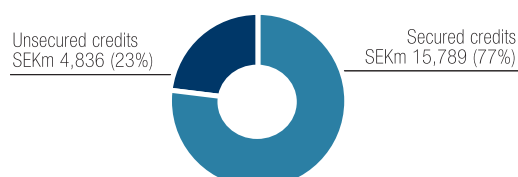
Castellum utilizes interest rate derivatives to achieve the desired interest rate maturity structure. Interest rate derivatives is a cost effective and flexible way of extending loans with short term interest rates to achieve the desired fixed interest term. In the interest rate maturity structure, interest rate derivatives are accounted for in the earliest time segment in which they can mature.

Credit margins are distributed in the interval of the underlying loans.

Distribution of interest bearing financing 30-06-2014



Secured credit facilities 30-06-2014



Interest rate maturity structure 30-06-2014

	Credit. SEKm	Interest rate derivatives SEKm	Net. SEKm	Closing interest rate
0-1 year	20,500	- 9,950	10,550	3.4%
1-2 years	125	900	1,025	3.4%
2-3 years	-	1,050	1,050	2.0%
3-4 years	-	1,450	1,450	3.2%
4-5 years	-	1,450	1,450	3.3%
5-10 years	-	5,100	5,100	3.7%
Total	20,625	-	20,625	3.4%

Currency

Castellum owns properties in Denmark with a value of SEKm 487 (466), which means that the Group is exposed to a currency risk. The currency risk is primarily related to when income statement and balance sheet in foreign exchange are translated into Swedish currency. In accordance with the financial policy, between 60-100% of investments in foreign subsidiaries are to be financed in local currency.

Interest rate and currency derivatives

Castellum utilizes interest rate derivatives to achieve the desired interest rate maturity structure. According to the accounting standard IAS 39, derivatives are subject to

market valuation. 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 affecting changes in value are reported in the income statement. Castellum also has derivatives in order to hedge currency fluctuation in its investment in Denmark. As for currency derivatives, a theoretical surplus/sub value occurs if the agreed exchange rate deviates from the current exchange rate, where the effective portion of value changes is accounted for in other total income. At maturity, a derivative's market value is dissolved in its entirety and the change in value over time has thus not affected equity.

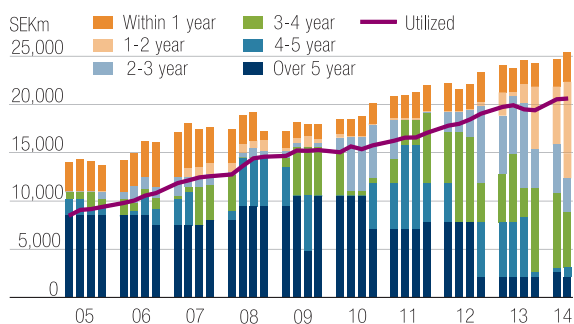
To calculate the market value of derivatives, market rates for each term and, where appropriate, exchange rates, as quoted on the market at the closing date are used. Interest rate swaps are valued by discounting future cash flows to present value while instruments containing options are valued at current repurchase price.

As of June 30, 2014, the market value of the interest rate derivatives portfolio amounted to SEKm -1,050 (-687) and the currency derivative portfolio to SEKm -5 (4). All derivatives as at the year end classified in level 2 according to IFRS 13.

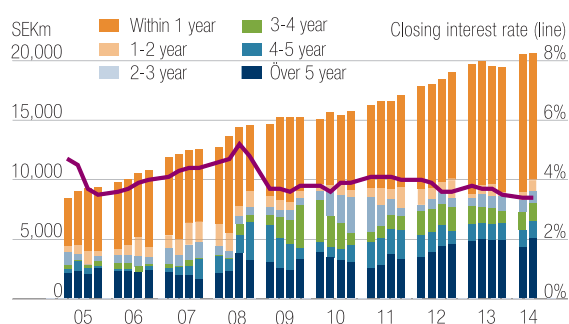
Castellum's financial policy and commitments in credit agreements			
	Policy	Commitment	Outcome
Loan to value ratio	Not in the long run exceeding 55%	No more than 65%	53%
Interest coverage ratio	At least 200%	At least 150%	307%
Interest rate risk			
- average fixed interest term	1-4,5 years*	-	2.6 years
- proportion maturing within 6 months	No more than 50%	-	46%
Currency risk			
- investment	60%-100% funded in local currency	-	78%
- other currency risks	Not allowed	-	No exposure
Funding risk			
	At least 50% of interest bearing liabilities have a duration of at least 2 years	-	60%
Counterparty risk	Credit institutions with high ratings, at least "investment grade"	-	Satisfied
Liquidity risk	Liquidity reserve in order to fulfill payments due	-	SEKm 1,733 unutilized credit agreements

* Mandate in financial policy have, in accordance with the Board's decision, changed during the period from 0.5-3 years to 1-4.5 years.

Credit agreement maturity structure



Interest rate maturity structure



Consolidated statement of Comprehensive Income

SEKm	2014 April–June	2013 April–June	2014 Jan–June	2013 Jan–June	Rolling 4 quarters July 13 - June 14	2013 Jan–Dec
Rental income	843	808	1,663	1,622	3,290	3,249
Operating expenses	– 124	– 133	– 296	– 326	– 553	– 583
Maintenance	– 32	– 32	– 62	– 60	– 127	– 125
Ground rent	– 7	– 6	– 14	– 13	– 27	– 26
Property tax	– 42	– 45	– 85	– 85	– 169	– 169
Leasing and property administration	– 57	– 53	– 107	– 102	– 207	– 202
Net operating income	581	539	1,099	1,036	2,207	2,144
Central administrative expenses	– 30	– 28	– 56	– 49	– 103	– 96
Net interest costs	– 171	– 177	– 340	– 353	– 689	– 702
Income from property management	380	334	703	634	1,415	1,346
<i>Changes in value</i>						
Properties	305	87	357	119	566	328
Derivatives	– 196	221	– 366	387	– 324	429
Income before tax	489	642	694	1,140	1,657	2,103
Current tax	– 1	– 4	– 4	– 6	– 4	– 6
Deferred tax	– 99	– 139	– 130	– 232	– 288	– 390
Net income for the period/year	389	499	560	902	1,365	1,707
Other total net income						
Items that will be reclassified into net income						
Translation difference of currencies	10	13	10	6	14	10
Change in value derivatives, currency hedge	– 6	– 10	– 6	– 3	– 10	– 7
Total net income for the period/year	393	502	564	905	1,369	1,710

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

Data per Share

	2014 April–June	2013 April–June	2014 Jan–June	2013 Jan–June	Rolling 4 quarters July 13 - June 14	2013 Jan–Dec
Average number of shares, thousand	164,000	164,000	164,000	164,000	164,000	164,000
Income from property management, SEK	2.32	2.04	4.29	3.87	8.63	8.21
Income from property management after tax (EPRA EPS*), SEK	2.13	1.96	3.93	3.73	8.23	8.04
Earnings after tax, SEK	2.37	3.04	3.41	5.50	8.32	10.41
Outstanding number of shares, thousand	164,000	164,000	164,000	164,000	164,000	164,000
Property value, SEK	240	227	240	227	240	230
Long term net asset value (EPRA NAV*), SEK	109	101	109	101	109	107
Actual net asset value (EPRA NNAV*), SEK	97	92	97	92	97	97

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

Financial Key Ratios

	2014 April–June	2013 April–June	2014 Jan–June	2013 Jan–June	Rolling 4 quarters July 13–June 14	2013 Jan–Dec
Net operating income margin	69%	67%	66%	64%	67%	66%
Interest coverage ratio	322%	289%	307%	280%	305%	292%
Return on actual net asset value	12.2%	15.5%	8.6%	14.0%	10.7%	13.2%
Return on total capital	8.7%	6.4%	7.2%	6.0%	6.9%	6.4%
Net investments, SEKm	398	513	1,262	846	1,497	1,081
Loan to value ratio	53%	54%	53%	54%	53%	52%

*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 NNAV (Triple Net Asset Value).

Consolidated Balance Sheet

SEKm	30 June 2014	30 June 2013	31 Dec 2013
Assets			
Investment properties	39,385	37,301	37,752
Other fixed assets	30	30	31
Current receivables	378	330	260
Cash and bank	177	59	70
Total assets	39,970	37,720	38,113
Shareholders' equity and liabilities			
Shareholders' equity	12,994	12,322	13,127
Deferred tax liability	3,830	3,542	3,700
Derivatives	1,055	721	683
Long term interest-bearing liabilities	20,802	19,988	19,481
Non interest-bearing liabilities	1,289	1,147	1,122
Total shareholders' equity and liabilities	39,970	37,720	38,113
Pledged assets (property mortgages)	19,341	18,610	18,375
Contingent liabilities	–	–	–

Changes in Equity

SEKm	Number of outstanding shares, thousand	Share capital	Other capital contribution	Currency transl. reserve	Currency hedge reserve	Retained earnings	Total equity
Shareholders equity 31-12-2012	164,000	86	4,096	-12	8	7,887	12,065
Dividend, March 2013 (3.95 SEK/share)	–	–	–	–	–	-648	-648
Net income Jan-June 2013	–	–	–	–	–	902	902
Other total net income Jan-June 2013	–	–	–	6	-3	–	3
Shareholders equity 30-06-2013	164,000	86	4,096	-6	5	8,141	12,322
Net income July-Dec 2013	–	–	–	–	–	805	805
Other total net income July-Dec 2013	–	–	–	4	-4	–	0
Shareholders equity 31-12-2013	164,000	86	4,096	-2	1	8,946	13,127
Dividend, March 2014 (4.25 SEK/share)	–	–	–	–	–	-697	-697
Net income Jan-June 2014	–	–	–	–	–	560	560
Other total net income Jan-June 2014	–	–	–	10	-6	–	4
Shareholders equity 30-06-2014	164,000	86	4,096	8	-5	8,809	12,994

Cash Flow Statement

SEKm	2014 April-June	2013 April-June	2014 Jan-June	2013 Jan-June	Rolling 4 quarters July 13 - June 14	2013 Jan-Dec
Net operating income	581	539	1,099	1,036	2,207	2,144
Central administrative expenses	-30	-28	-56	-49	-103	-96
Reversed depreciations	3	3	6	5	12	11
Net interest rates paid	-159	-163	-336	-304	-733	-701
Tax paid	-2	-3	-4	-12	-4	-12
Translation difference of currencies	-4	-2	-4	-2	-7	-5
Cash flow from operating activities before change in working capital	389	346	705	674	1,372	1,341
Change in current receivables	-63	-84	-17	-106	67	-22
Change in current liabilities	77	56	156	27	185	56
Cash flow from operating activities	403	318	844	595	1,624	1,375
Investments in new constructions, refurbishments and extensions	-345	-392	-669	-799	-1,453	-1,583
Property acquisitions	-178	-146	-814	-152	-847	-185
Change in liabilities at acquisitions of property	8	20	7	20	1	14
Property sales	125	25	221	105	803	687
Change in receivables at sales of property	-91	8	-101	8	-115	-6
Other investments	-2	-7	-5	-11	-12	-18
Cash flow from investment activities	-483	-492	-1,361	-829	-1,623	-1,091
Change in long term liabilities	72	215	1,321	894	814	387
Change long term receivables	–	–	–	3	–	3
Dividend paid	–	–	-697	-648	-697	-648
Cash flow from financing activities	72	215	624	249	117	-258
Cash flow for the period/year	-8	41	107	15	118	26
Cash and bank opening balance	185	18	70	44	59	44
Cash and bank closing balance	177	59	177	59	177	70

The Parent Company

The parent company Castellum AB is responsible for matters concerning the stock market, such as consolidated reports and stock market information, as well as the credit market, such as funding and financial risk management.

The parent company takes part in property-related operations through capital allocation and involvement in subsidiary Boards.

Income statement				
SEKm	2014 April-June	2013 April-June	2014 Jan-June	2013 Jan-June
Income	4	4	8	8
Operating expenses	-22	-22	-41	-37
Net financial items	2	6	10	9
Dividend / Group contributions	-196	221	-366	387
Income before tax	-212	209	-389	367
Tax	46	-46	85	-81
Net income for the period/year	-166	163	-304	286
Comprehensive income for the parent company				
Net income for the period/year	-166	163	-304	286
Items that will be reclassified into net income				
Translation diff. foreign operations	8	10	6	3
Unrealized change, currency hedge	-6	-10	-6	-3
Total net income for the period/year	-164	163	-304	286

Balance sheet, SEKm			
	30 June 2014	30 June 2013	31 Dec 2013
Participations in group companies	5,869	5,838	5,869
Receivables, group companies	18,682	17,804	18,137
Other assets	206	159	119
Cash and bank	30	41	52
Total	24,787	23,842	24,177
Shareholders' equity	4,037	4,334	5,038
Derivatives	1,055	721	683
Interest bearing liabilities	18,637	17,820	17,315
Interest bearing liabilities, group companies	912	778	998
Other liabilities	146	189	143
Total	24,787	23,842	24,177
Pledged assets (receivables group companies)	15,937	15,146	14,928
Contingent liabilities (guaranteed commitments for subsidiaries)	2,165	2,168	2,166

Accounting Principles

Castellum follows the EU-adopted IFRS standards and interpretations (IFRIC). This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Annual Accounts Act. Accounting principles and methods for calculations have remained unchanged compared with the Annual Report of the previous year except for IFRIC 21. IFRIC 21 states that levies, for Castellum property taxes, shall be recognized when the obligation arises which occurs annually on January 1. Unconsumed share of the liability is recognized as prepaid costs. The change has no effect on profit.

Opportunities and Risks for Group and Parent Company

Opportunities and risks in the cash flow

Over time, increasing market interest rates normally constitute an effect of economic growth and increasing inflation, which is expected to result in higher rental income. This is partly due to the fact that the demand for premises is thought to increase. This leads, in turn, to reduced vacancies and hence to the potential for increasing market rents. It is also partly due to the fact that the index clause in commercial contracts compensates for increased inflation.

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

Sensitivity analysis - cash flow

Effect on income next 12 months

	Effect on income, SEKm +/- 1% (units)	Probable scenario	
		Boom	Recession
Rental level / Index	+ 33/- 33	+	-
Vacancies	+ 38/- 38	+	-
Property costs	- 11/+ 11	-	0
Interest costs	- 87/+ 63	-	+

Opportunities and risks in property values

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

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

Sensitivity analysis - change in value

Properties	-20%	-10%	0	+10%	+20%
Changes in value, SEKm	-7,877	-3,939	-	3,939	7,877
Loan to value ratio	66%	59%	53%	48%	44%

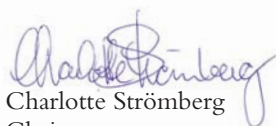
Financial risk

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

Signing of the Report

The Board of Directors and the Chief Executive Officer assure that the Half-year Report provide a fair view of the parent company's and the Group's operations, financial position and result as well as describes significant risks and uncertainties that the parent company and the companies included in the Group are faced with.

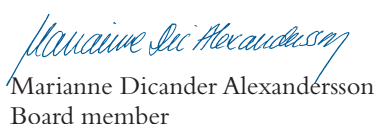
Gothenburg July 16, 2014



Charlotte Strömberg
Chairman



Per Berggren
Board member



Marianne Dicander Alexandersson
Board member



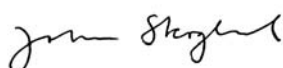
Christer Jacobson
Board member



Jan Åke Jonsson
Board member



Nina Linander
Board member



Johan Skoglund
Board member



Henrik Saxborn
CEO

Auditors' Report

Independent Auditors' Report on Review of Half-year Financial Information.

To the Board of Directors of Castellum AB (publ)

Corporate identity number: 556475-5550

Introduction

We have reviewed the interim report for Castellum AB (publ) for the period January 1 – June 30, 2014. The Board of Directors and the President are responsible for the preparation and presentation of this half-year report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this half-year report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg July 16, 2014



Hans Warén
Authorized Public
Accountant



Magnus Fredmer
Authorized Public
Accountant

The Castellum Share

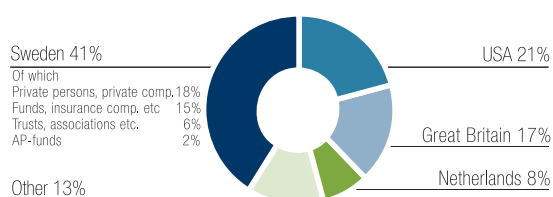
The Castellum share is listed on NASDAQ OMX Stockholm AB Large Cap. At the end of the period the company had about 14,450 shareholders. Shareholders registered abroad cannot be broken down in terms of directly held and nominee registered shares except for one foreign shareholder who has flagged for holding over 5%, Stichting Pensioenfonds ABP. Castellum has no direct registered shareholders with holdings exceeding 10%. The ten single largest Swedish shareholders are presented in the table below.

Shareholders on 30-06-2014

Shareholders	Number of shares thousand	Percentage of voting rights and capital
Stiftelsen Global Challenges Foundation	5,000	3.0%
Magdalena Szombatfalvy	4,935	3.0%
Lannebo Småbolag	3,700	2.3%
Länsförsäkringar Fastighetsfond	3,347	2.0%
Kåpan Pensioner	2,180	1.3%
Tredje AP-fonden	1,380	0.8%
SEB Sverigefond Stora Bolag	1,251	0.8%
SEB Sverigefond Småbolag	1,141	0.7%
KAS Bank Client Acc	1,036	0.6%
Andra AP-fonden	989	0.6%
Board and executive management Castellum	302	0.2%
Other shareholders registered in Sweden	41,883	25.5%
Shareholders registered abroad	96,856	59.2%
Total registered 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 30-06-2014



The Castellum share price as at 30 June, 2014 was SEK 118.50 (91.00) equivalent to a market capitalization of SEK 19.4 billion (14.9), calculated on the number of outstanding shares.

During the period a total of 63.6 million (57) shares were traded, equivalent to an average of 526,000 shares (470,000) per day, corresponding on an annual basis to a turnover rate of 80% (72%). The share turnover is based on statistics from NASDAQ OMX, Chi-X, Burgundy, Turquoise and BATS Europe.

Net asset value

Net asset value is the total equity which the company manages to its owners by creating profit and growth given a certain level of risk.

The long term net asset value (EPRA NAV) can be calculated to SEK 109 per share (101). The share price at the end of the year was thus 109% (90%) of the long term net asset value.

Net asset value	SEKm	SEK/share
Equity according to the balance sheet	12,994	79
Reversed		
Derivatives according to balance sheet	1,055	6
Deferred tax according to balance sheet	3,830	24
Long term net asset value (EPRA NAV)	17,879	109
Deduction		
Derivatives as above	- 1,055	- 6
Estimated real liability, deferred tax 5.0%*	- 907	- 6
Actual net asset value (EPRA NNAV)	15,917	97

* Estimated real deferred tax liability net has been calculated to 5.0% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized in 3 years with a nominal tax of 22%, giving a present value of deferred tax liability of 20.7%, 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 5.8%.

Growth, yield and financial risk

During the last 12-month period the total yield of the Castellum share has been 36% (14%), including dividend of SEK 4.25.

	1 year	3 years average/year	10 years average/year
Growth			
Rental income SEK/share	4%	5%	6%
Income from prop. management SEK/share	10%	7%	7%
Net income for the year after tax SEK/share	neg.	neg.	8%
Dividend SEK/share	8%	6%	7%
Long term net asset value SEK/share	8%	5%	7%
Actual net asset value SEK/share	5%	4%	6%
Real estate portfolio SEK/share	6%	6%	8%
Change in property value	1.5%	0.3%	1.4%
Yield			
Return on actual long term net asset value	12.3%	9.5%	11.2%
Return on actual net asset value	10.7%	9.5%	11.3%
Return on total capital	6.9%	6.1%	7.1%
Total yield of the share (incl. dividend)			
Castellum	36%	12%	14%
NASDAQ OMX Stockholm (SIX Return)	28%	12%	12%
Real Estate Index Sweden (EPRA)	37%	15%	16%
Real Estate Index Europe (EPRA)	27%	11%	7%
Real Estate Index Eurozone (EPRA)	26%	9%	9%
Real Estate Index Great Britain (EPRA)	23%	11%	4%
Financial risk			
Interest coverage ratio	305%	290%	296%
Loan to value ratio	53%	52%	49%
Unutilized long term credit agreements	1,733	1,700	1,615

Valuation

Dividend yield

The latest carried dividend of SEK 4.25 (3.95) corresponds to a yield of 3.6% (4.3%) based on the share price at the end of the period.

Earnings

Income from property management adjusted for nominal tax attributable to income from property management (EPRA EPS) amounted to 8.23 (7.54) on rolling annual basis. This results in a share price yield of 6.9% (8.3%). Net income after tax amounted on rolling annual basis to SEK 8.32 per share (10.95), which from the share price gives a yield of 7.0% (12.0%).

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

Change in value of both properties and derivatives can fluctuate greatly from year to year and result in volatile earnings. As a long term actor with stable cash flow and a balanced property portfolio, change of property value over time should be at least in line with inflation. From a shareholder valuation perspective, the long-term value can be used to achieve comparability with other industries. For Castellum it means a return on owner's capital, i. e. long-

term net asset value, amounting to 11.7%. From a valuation perspective earnings after tax in relation to share price is 9.7%. The calculation, as shown in the table below, is based on Castellum income from property management rolling 12 months, the property portfolio's average change in value last 10 years, that the derivatives portfolio's value over time is zero and an effective current tax of 5%. The table also shows a sensitivity analysis on long-term value change of -/+1% unit.

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

	Sensitivity analysis	
	-1%-unit	+1%-unit
Income from prop. management rolling 12 months	1,415	1,415
Change in property value (on average 10 years)	543	932
<i>D:o</i> %	1.4%	2.4%
Current tax, 5%	-74	-74
Earnings after tax	1,884	2,273
Earnings SEK/share	11.49	13.86
Return on actual long-term net asset value	11.7%	14.1%
Earnings / share price	9.7%	11.7%

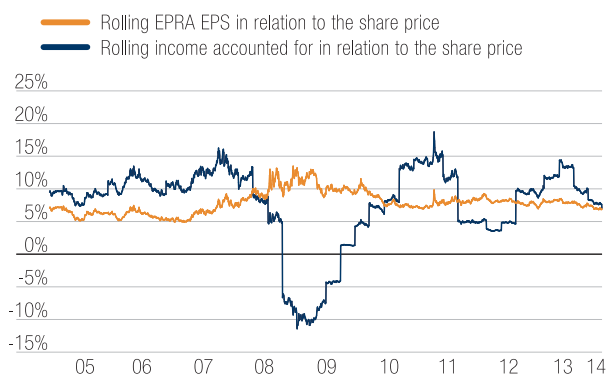
Actual share price:



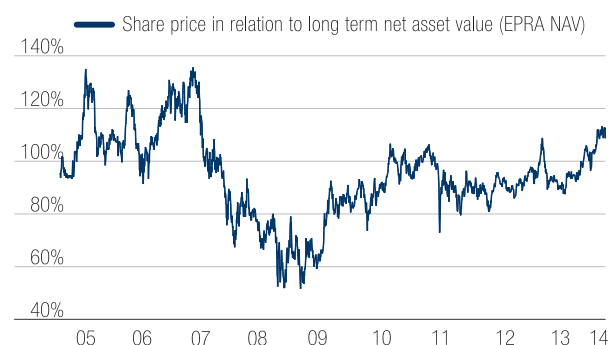
The share's dividend yield



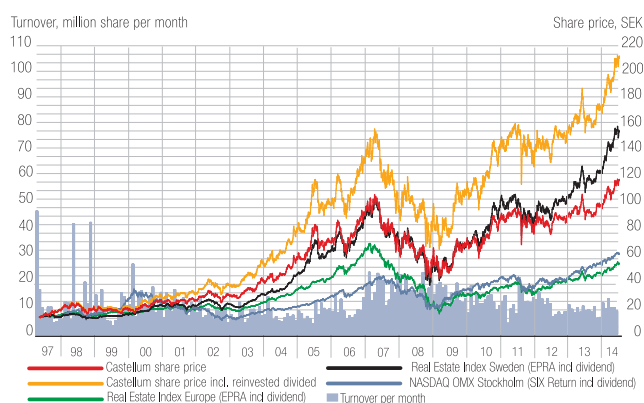
Yield earnings per share



Share price/net asset value



The Castellum share's price trend and turnover since the IPO May 23, 1997 until June 30, 2014



Calendar

Interim Report January-September 2014	15 October 2014, around 1 pm
Year-end Report 2014	21 January 2015
Annual General Meeting 2015	19 March 2015
Interim Report January-March 2015	15 April 2015
Half-year Report January-June 2015	20 July 2015

www.castellum.se

On Castellum's website it is possible to download as well as subscribe to Castellum's Pressreleases and Interim Reports. For further information please contact Henrik Saxborn, CEO, tel +46 705 60 74 50 or Ulrika Danielsson, Finance Director, tel +46 706 47 12 61.

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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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