

The picture show the University in Halmstad which was acquired in March 2014.

CASTELLUM

Interim Report January-September 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 40 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 Stockholm Large Cap.

- Rental income for the period January-September 2014 amounted to SEKm 2,496 (SEKm 2,431 previous year).
- Income from property management amounted to SEKm 1,112 (1,015), corresponding to 6.78 SEK (6.19) per share, an increase of 10%.
- Changes in value on properties amounted to SEKm 354 (301) and on derivatives to SEKm -498 (440).
- Net income after tax for the period amounted to SEKm 773 (1,405), corresponding to SEK 4.71 (8.57) per share.
- Net investments amounted to SEKm 1,612 (874) of which SEKm 998 (1,145) were new constructions, extensions and reconstructions, SEKm 854 (185) acquisitions and SEKm 240 (456) sales.
- After the reporting period Castellum has, through the wholly owned subsidiary Fastighets AB Briggen, sold the Hansa shopping mall in central Malmö for SEKm 609.

Key ratios

| | 2014 Jan-Sept | 2013 Jan-Sept | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|------------------|------------------|-------------|--------------|-------------|----------------|-------------|-------------|-------------|-------------|-------------|
| Income from property management, SEK/share | 6.78 | 6.19 | 8.21 | 7.65 | 7.15 | 6.96 | 6.89 | 5.93 | 5.63 | 5.38 | 5.00 |
| <i>Change previous year</i> | <i>+10%</i> | <i>+7%</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 | 4.71 | 8.57 | 10.41 | 8.98 | 4.34 | 11.98 | 0.98 | -4.04 | 9.07 | 10.21 | 7.89 |
| <i>Change previous year</i> | <i>-45%</i> | <i>+97%</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 | 39,733 | 37,505 | 37,752 | 36,328 | 33,867 | 31,768 | 29,267 | 29,165 | 27,717 | 24,238 | 21,270 |
| Net investments, SEKm | 1,612 | 874 | 1,081 | 2,545 | 1,908 | 1,279 | 1,129 | 2,710 | 2,559 | 1,823 | 889 |
| Loan to value | 52% | 52% | 52% | 53% | 51% | 50% | 52% | 50% | 45% | 45% | 45% |
| Interest coverage ratio | 319% | 292% | 292% | 284% | 278% | 299% | 309% | 255% | 287% | 343% | 315% |

For more detailed information see Castellum Annual Report.

Henrik Saxborn, CEO at Castellum

We continue to deliver

During the third quarter, Castellum continues to deliver in line with our ambitious growth objectives. Income from property management has increased by 10% during the first nine months of 2014 – even though the stable Swedish economy has been affected by Europe's weak development and geopolitical turmoil.

Our income from property management is the result of a focus on generating cash flow growth with low risk. I note that our model also works in a zero inflation environment. One reason for why it works is our contract structure, with leases designed to withstand weaker macroeconomic cycles.

Efficient management – which I sometimes call the “daily slogging” of our highly empowered employees – enables us to reduce operating expenses. Lower interest rates also have a positive impact on net income.

On September 30, the total value of Castellum's real estate portfolio amounted to approx. SEK 40 billion – an increase of about SEK 2 billion since the beginning of the year. This was achieved partly by net investments totalling SEKm 1,612, and partly by positive changes in value and project profits. Our strategy is to work with low financial risk. The loan-to-value ratio, which is not to exceed 55%, was 52% at the end of the third quarter.

During the latest quarter, we acquired a further SEKm 500 in MTNs (Medium Term Notes). This means that we have now gained further manoeuvring space: Today we have unused long-term credits amounting to SEK 1.1 billion are long-term.

After this reporting period, Hansa in central Malmö was sold. The property mainly consists of a shopping mall and housing – segments that Castellum does not prioritize. Our current focus is to structure Castellum's portfolio to obtain growth in the longer term. It is against this background that the sale of Hansa should be seen.

We're now focusing on those transactions where properties with lower growth are exchanged for objects within Sweden's fastest growing regions. In the short term, this may mean that we make acquisitions with slightly lower yields than traditionally – but with far greater future potential. I am confident that this process can be implemented without negatively affecting Castellum's positive development in income from property management.

During the quarter has some personal changes in the senior management been done. On October 7, Ulrika Danielsson entered her newly created position as CFO of Castellum with the mandate to coordinate financing issues and capital-structure considerations. Ola Orsmark and Cecilia Fasth have entered as CEOs at Fastighets AB Briggen and Eklandia Fastighets AB, respectively.

Looking ahead, I can note that right now we are operating on three strong markets:

- The rental market, which is characterized both by low vacancy rates in the central parts of our operating districts, and by low new-construction volumes.
- The real estate market, which is characterized by strong demand in Sweden.
- The financial market, which continues to provide good access to capital at a reasonable interest rate.

I see a change occurring in net leasing in the rental market. Last year, the increase in net leasing was primarily due to our ongoing projects. Our existing properties now contribute the high figures, and this will lead to lower vacancy rates in the future.

Castellum will continue to deliver growth in income from property management by increasing its portfolio turnover rate as well as by further developing the portfolio and investing in regions where Sweden is growing. I'm convinced that by continuing to build Castellum on the concepts of quality and density we are heading in the right direction. Furthermore, our clear dividend policy means that shareholders know precisely how Castellum's property management income will be distributed.

On rolling four quarters, the Castellum share yield has been 25% – dividends included.



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.

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

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.

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.

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.

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.

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%

10%

growth first 3 quarters 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 1,612

net investments first 3 quarters 2014

Strategic tools

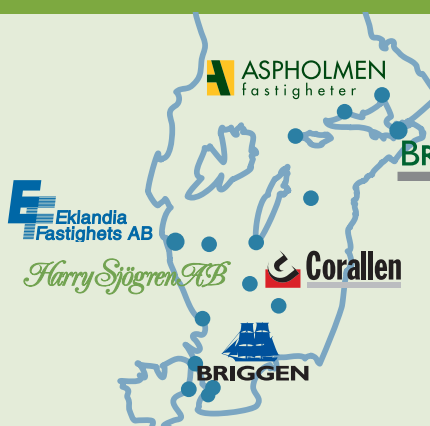
Customer and employee satisfaction

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 85

Satisfied Employees Index 2014

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

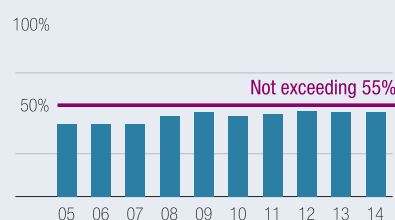
In the long term, Castellum shall be one of the largest listed real estate companies in Sweden.

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

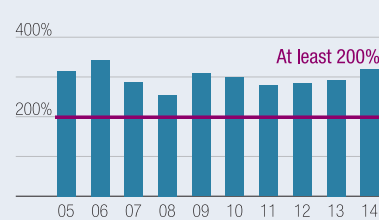
Loan to value ratio



52%

Dividend ratio 2013

Interest coverage ratio



4,800

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

Market comments

Swedish economy

The Swedish economy showed increased activity during the second quarter and continues to improve. However, the economic picture is divided between a strong domestic demand, which provides growth, and an export market – normally the major driving force for Swedish economic recovery – which is developing slowly. The slow export market is partly due to weak development in some parts of the world, where geopolitical turmoil has further dampened the mood.

The labour market will be positively impacted by the stronger economy and is currently showing steady improvement. Employment and labour supply are increasing at a similar pace. However, despite a stronger economic situation, inflationary pressures are assumed to remain low.

Macro indicators

| | | |
|--------------|-------|---|
| Unemployment | 7.4% | (August 2014) |
| Inflation | -0.4% | (September 2014 compared to September 2013) |
| GDP growth | 2.6% | (Q2 2014 compared to Q2 2013) |

Source: SCB

Rental market

On the whole, the rental market is positive, with stable demand and unchanged or increased rental levels in markets with low vacancy rates. However, an increase in demand is noted in some geographic markets and real estate products, such as newly constructed office space in prime locations and flexible warehouse and logistics facilities. Construction of new office space in Gothenburg and Stockholm was in line with the previous year, but the assessment is that there is still margin for further new construction. A slight increase in new construction is noted for Castellum's markets outside the major urban regions. It is an increase from low levels and consequently, no risk of oversupply was considered to exist.

Property market

During the period, real estate market activity is the highest since 2008, and the transaction volume for the first three quarters of the year amounted to approx. SEK 90 billion (65). A widened interest in geographic markets and segments could also be noted. This resulted in higher activity outside the central areas of major urban regions. For example, greater focus is placed on projects and hotels, and an increase in diverse portfolio transactions. The strong demand is due to improved opportunities of raising capital and increased propensity for risk.

Swedish real estate companies dominated the buyer side, and Swedish real estate investors accounted for about 87% (90%) of the volume. Office properties were still the largest single segment, and commercial properties accounted for approx. 75% (65%) of the total transaction volume.

Castellum notes that an increase in value in several geographic markets and segments is seen for the first three quarters of 2014. However, pricing as a whole is considered to have remained unchanged since the previous quarter.

Interest and credit market

At their meeting in September, the Swedish Riksbank decided to hold the repo rate unchanged at 0.25% in order to help push the current low inflation rate towards the inflation target of 2%. For this to succeed, the repo rate needs to remain low for a considerable time to come. The Swedish Riksbank does not deem it appropriate to begin raising the repo rate until the end of 2015.

The Stibor interest rate – significant for Castellum operations – dropped during the first half-year and then again when the Swedish Riksbank cut the repo rate in early July. Since then, the Stibor rate has remained virtually unchanged, whereas long-term rates have kept falling since the beginning of the year.

Both the availability of bank financing and credit market financing are considered to be good. During the year, credit margins in the capital market have fallen while credit margins for bank financing are expected to remain 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-September 2014 to SEKm 1,112 (1,015), equivalent to SEK 6.78 (6.19) per share - an increase with 10%. Income from property management rolling four quarters amounted to SEKm 1,443 (1,317) equivalent to SEK 8.80 per share (8.03) - an increase of 10%.

During the period, changes in value on properties amounted to SEKm 354 (301) and on derivatives to SEKm -498 (440). Net income after tax for the period was SEKm 773 (1,405), equivalent to SEK 4.71 (8.57) per share.

Rental income

Group's rental income amounted to SEKm 2,496 (2,431). For office and retail properties, the average contracted rental level, including charged heating, cooling and property tax, amounted to SEK 1,272 per sq.m., whereas for warehouse and industrial properties, it amounted to SEK 772 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% (88.4%). The total rental value for vacant premises on yearly basis amounted to approx. SEKm 475 (464).

The rental income for the period includes a lump sum

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

Gross leasing (i.e. the annual value of total leasing) during the period was SEKm 241 (265), of which SEKm 49 (74) were leasing of new constructions, extensions and reconstructions. Notices of termination amounted to SEKm 166 (184), of which bankruptcies were SEKm 12 (19) 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 75 (81) and for the third quarter isolated SEKm 2 (19).

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

Property costs

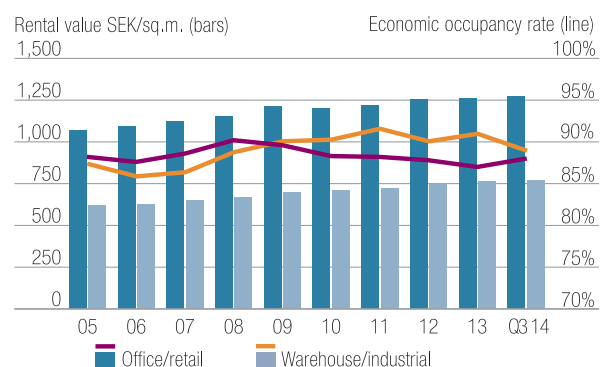
Property costs amounted to SEKm 798 (819) corresponding to SEK 293 per sq.m. (303). Consumption for heating during the period has been calculated to 81% (104%) of a normal year according to the degree day statistics.

| Property costs | Office/ Retail | Warehouse/ Industrial | 2014 Total | 2013 Total |
|-------------------------------------|-------------------|--------------------------|---------------|---------------|
| SEK/sq. m | | | | |
| Operating expenses | 181 | 105 | 147 | 161 |
| Maintenance | 41 | 25 | 34 | 33 |
| Ground rent | 8 | 7 | 7 | 7 |
| Real estate tax | 68 | 21 | 47 | 46 |
| Direct property costs | 298 | 158 | 235 | 247 |
| Leasing and property administration | - | - | 58 | 56 |
| Total | 298 | 158 | 293 | 303 |
| Previous year | 313 | 172 | 303 | |

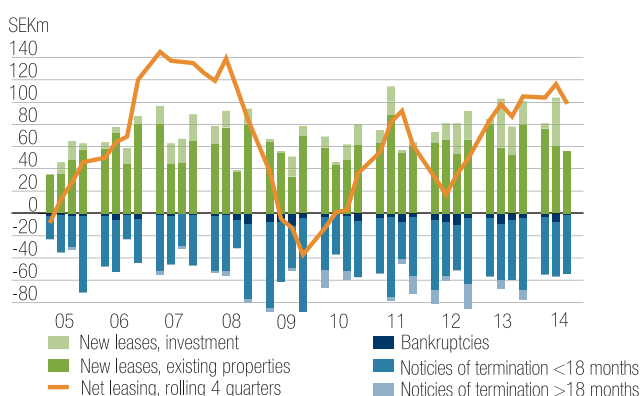
Central administrative expenses

Central administrative expenses totalled SEKm 79 (67). This includes costs for a profit-and-share-price related incentive plan for 10 persons in executive management of SEKm 13 (6).

Rental value and economic occupancy rate



Net leasing



Net interest

Net interest items were SEKm –507 (–530). The average interest rate level was 3.4% (3.7%). Net financial income was positively affected by approx. SEKm 50 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 real estate market the third quarter is characterized by continued high activity and strong demand. The general increase in prices that was noted during the first half year remains, and the downward adjustment of the average valuation yield of 0.1% in the internal valuations remains firm. This, together with acquisition gains, project gains and individual adjustments on property level has resulted in a change in value totaling SEKm 350. The sale of 6 properties adds another change in value of SEKm 4. Net sales price amounted to SEKm 240 after reduction for assessed deferred tax and transaction costs of SEKm 16. Hence the underlying property value, which amounted to SEKm 256, exceeded last valuation of SEKm 236 with SEKm 20.

The value in the interest derivatives portfolio has changed by SEKm –497 (441), 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 –8 (–2) where the effective component of the value changes of SEKm –7 (–1) 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 1,089 (921). Fair values for the properties exceed their fiscal value by SEKm 19,646 (18,570) of which SEKm 896 (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 3,885 (3,700).

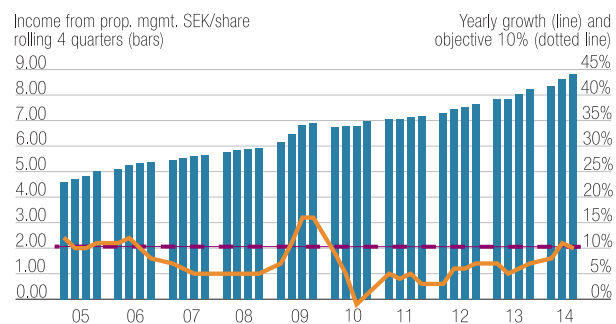
Castellum has no current tax disputes.

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.

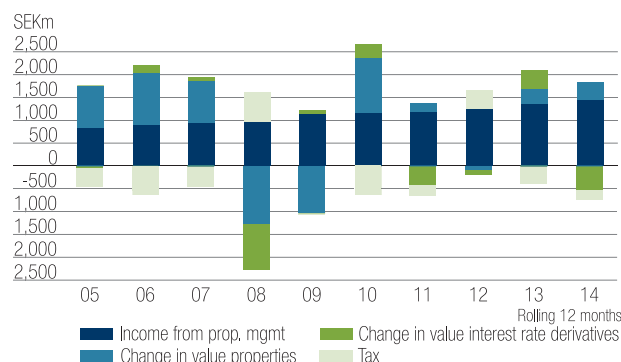
Tax calculation 30-09-2014

| SEKm | Basis current tax | Basis deferred tax |
|---|----------------------|-----------------------|
| Income from property management | 1,112 | |
| Deductions for tax purposes | | |
| depreciations | – 521 | 521 |
| reconstructions | – 235 | 235 |
| Other tax allowances | 21 | 25 |
| Taxable income from property management | 377 | 781 |
| Properties sold | 0 | – 124 |
| Changes in value on properties | – | 350 |
| Changes in value on interest rate derivatives | – 498 | – |
| Taxable income before tax loss carry forwards | – 121 | 1,007 |
| Tax loss carry forwards, opening balance | – 921 | 921 |
| Tax loss carry forwards, closing balance | 1,089 | – 1,089 |
| Taxable income | 47 | 839 |
| Tax according to the income statement | – 10 | – 185 |

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. 800,000 sq.m. of unutilized building rights and ongoing projects with remaining investments of approx. SEKm 900.

Investments

During the period, investments totalling SEKm 1,852 (1,330) were carried out, of which SEKm 998 (1,145) were new constructions, extensions and reconstructions and SEKm 854 (185) were acquisitions. Of the total investments SEKm 1,089 refers to Greater Gothenburg, SEKm 284 to Mälardalen, SEKm 195 to Greater Stockholm, SEKm 163 to Eastern Götaland and SEKm 121 to the Öresund Region. After sales of SEKm 240 (456) net investments amounted to SEKm 1,612 (874).

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 | 854 | 14 |
| + New constructions, extensions and reconstructions | 998 | – |
| – Sales | – 236 | – 6 |
| +/- Unrealized changes in value | 350 | – |
| +/- Currency translation | 15 | – |
| Real estate portfolio on 30 September, 2014 | 39,733 | 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.

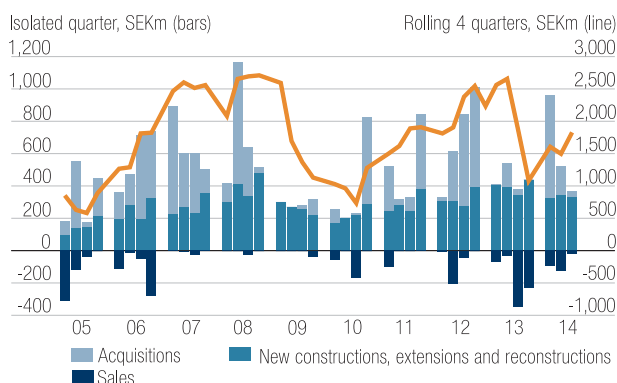
The valuations are based on a 10-year cash flow based model with an individual valuation for each property of both its future earnings capacity and the required market yield. Projects in progress have been valued using the same principle, but with deductions for remaining investments. Properties with building rights have been valued on the basis of an estimated market value per square metre, on average approx. SEK 1,100 (1,045) 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 39,733 (37,752), corresponding to SEK 10,621 per sq.m.

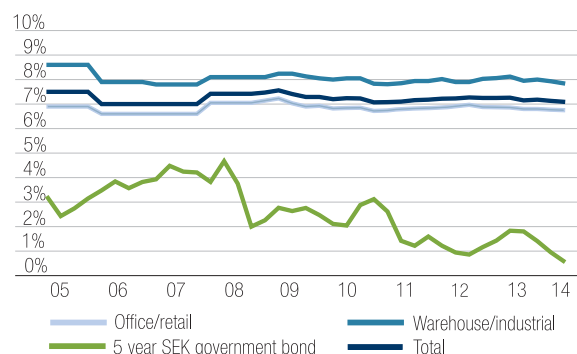
Average valuation yield

| (excl. project/land and building rights) | SEKm |
|---|--------------|
| Net operating income properties | 1,845 |
| + Estimated index adjustment 2015, 0.5% | 13 |
| + Real occupancy rate, 94% at the lowest | 212 |
| – Property administration, 30 SEK/sq.m. | – 82 |
| Normalized net operating income (9 months) | 1,988 |
| Valuation (excl. building rights of SEKm 580) | 37,388 |
| Average valuation yield | 7.1% |

Investments



Average valuation yield over time



Castellums' real estate portfolio 30-09-2014

| | 30-09-2014 | | | | January-September 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 | 7,738 | 15,849 | 488 | 1,331 | 91.3% | 445 | 104 | 285 | 341 |
| Öresund Region | 63 | 398 | 5,832 | 14,669 | 420 | 1,408 | 85.2% | 358 | 101 | 337 | 257 |
| Greater Stockholm | 49 | 336 | 4,431 | 13,189 | 346 | 1,373 | 83.3% | 288 | 77 | 307 | 211 |
| Mälardalen | 72 | 387 | 4,509 | 11,637 | 332 | 1,144 | 91.0% | 303 | 81 | 277 | 222 |
| Eastern Götaland | 57 | 341 | 3,459 | 10,143 | 274 | 1,072 | 88.6% | 243 | 74 | 288 | 169 |
| Total office/retail | 328 | 1,950 | 25,969 | 13,315 | 1,860 | 1,272 | 88.0% | 1,637 | 437 | 298 | 1,200 |
| Warehouse/industrial | | | | | | | | | | | |
| Greater Gothenburg | 103 | 660 | 5,353 | 8,113 | 375 | 757 | 91.6% | 343 | 72 | 146 | 271 |
| Öresund Region | 44 | 325 | 2,110 | 6,487 | 183 | 754 | 85.7% | 157 | 38 | 159 | 119 |
| Greater Stockholm | 52 | 282 | 2,630 | 9,336 | 212 | 1,003 | 87.2% | 185 | 43 | 204 | 142 |
| Mälardalen | 37 | 183 | 1,173 | 6,401 | 101 | 735 | 89.9% | 91 | 25 | 180 | 66 |
| Eastern Götaland | 30 | 175 | 733 | 4,198 | 69 | 526 | 89.2% | 61 | 14 | 107 | 47 |
| Total warehouse/industrial | 266 | 1,625 | 11,999 | 7,385 | 940 | 772 | 89.1% | 837 | 192 | 158 | 645 |
| Total | 594 | 3,575 | 37,968 | 10,621 | 2,800 | 1,044 | 88.4% | 2,474 | 629 | 235 | 1,845 |
| Leasing and property administration | | | | | | | | | 154 | 58 | -154 |
| Total after leasing and property administration | | | | | | | | | 783 | 293 | 1,691 |
| Development projects | 14 | 91 | 1,495 | - | 65 | - | - | 35 | 14 | - | 21 |
| Undeveloped land | 26 | - | 270 | - | - | - | - | - | - | - | - |
| Total | 634 | 3,666 | 39,733 | - | 2,865 | - | - | 2,509 | 797 | - | 1,712 |

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 1,712 accounted for above and the net operating income of SEKm 1,698 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 18 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

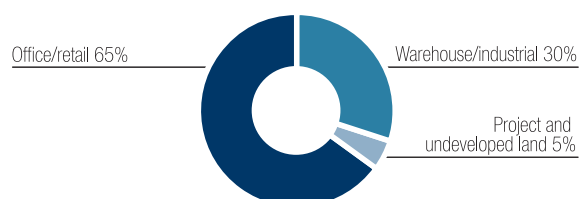
| | 2014 Jan-Sept | 2013 Jan-Sept | 2013 Jan-Dec |
|---------------------------------|------------------|------------------|-----------------|
| Rental value, SEK/sq.m. | 1,044 | 1,030 | 1,036 |
| Economic occupancy rate | 88.4% | 88.4% | 88.4% |
| Property costs, SEK/sq.m. | 293 | 303 | 307 |
| Net operating income, SEK/sq.m. | 630 | 608 | 608 |
| Property value, SEK/sq.m. | 10,621 | 10,170 | 10,285 |
| Number of properties | 634 | 633 | 626 |
| Lettable area, thousand sq.m. | 3,666 | 3,625 | 3,623 |

Segment information

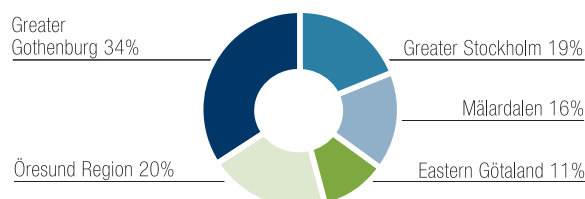
| SEKm | Rental income | | Income from property management | |
|--------------------|------------------|------------------|---------------------------------|------------------|
| | 2014 Jan-Sept | 2013 Jan-Sept | 2014 Jan-Sept | 2013 Jan-Sept |
| Greater Gothenburg | 774 | 760 | 380 | 368 |
| Öresund Region | 522 | 498 | 229 | 201 |
| Greater Stockholm | 478 | 466 | 222 | 192 |
| Mälardalen | 418 | 412 | 185 | 161 |
| Eastern Götaland | 304 | 295 | 128 | 118 |
| Total | 2,496 | 2,431 | 1,144 | 1,040 |

The difference between the income from property management of SEKm 1,144 (1,040) above and the groups accounted income before tax of SEKm 968 (1,756) consists of unallocated income from property management of SEKm -32 (-25), changes in property value of SEKm 354 (301) and changes in values of interest rate derivatives of SEKm -498 (440).

Property value by property type



Property value by region



Larger investments and sales



Larger projects

| Property | Area, sq.m | Econ. occup. Oct 2014 | Total inv., land incl. SEKm | Remain. inv. SEKm | Completed | Comment |
|------------------------------|------------|-----------------------|-----------------------------|-------------------|-----------|---|
| Dragarbrunn 20:4, Uppsala | 10,020 | 90% | 242 | 14 | Q4 2014 | Extension and reconstruction office |
| Lundbyvassen 8:1, Gothenburg | 8,900 | 100% | 219 | 31 | Q4 2014 | New construction office |
| Algen 1, Jönköping | 4,509 | 35% | 136 | 50 | Q1 2015 | New construction retail/office/restaurant |
| Jägmästaren 1, Linköping | 7,750 | 92% | 109 | 36 | Q1 2015 | New construction retail |
| Spejaren 3, Huddinge | 6,331 | 100% | 83 | 12 | Q4 2014 | New construction retail |
| Verkstaden 14, Västerås | 6,100 | 100% | 78 | 76 | Q1 2016 | Extension and reconstruction school |
| Visionen 3, Jönköping | 2,478 | 88% | 59 | 56 | Q3 2015 | New construction office |
| Varla 3:22, Kungälv | 5,000 | 100% | 42 | 16 | 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 | 15 | Q4 2014 | Extension and reconstruction logistic |
| Godståget 1, Stockholm | 6,568 | 100% | 31 | 30 | Q4 2014 | Extension and reconstruction warehouse |

Projects completed/partly moved in

| | | | | | | |
|-----------------------------|-------|------|-----|----|---------|--|
| Lindholmen 28:3, Gothenburg | 9,459 | 95% | 272 | 12 | Q2 2013 | New construction office* |
| Fullriggaren 4, Malmö | 5,599 | 60% | 156 | 18 | Q1 2013 | New construction office* |
| Atollen 3, Jönköping | 5,963 | 78% | 153 | 10 | Q4 2013 | New construction office/retail/residentials* |
| Kulan 3, Helsingborg | 9,689 | 100% | 83 | 7 | Q2 2014 | New construction logistic |
| Solsten 1:118, Härryda | 6,534 | 100% | 57 | 4 | Q3 2014 | New construction warehouse |
| Högspänningen 1, Västerås | 4,040 | 70% | 47 | 3 | Q3 2014 | New construction logistic/office |

Larger acquisitions during 2014

| Property | Area, sq.m | Econ. occup Oct 2014 | Acquisition SEKm | Access | Category |
|---|------------|----------------------|------------------|------------|--|
| Fanan 26, 30, 39, 43, 47, 49, 51, Fanborgen 3 and 4, Halmstad | 43,485 | 94% | 637 | 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 and deferred tax, SEKm | Net sales price, SEKm | Access | Category |
|------------------------------|------------|------------------------------|-------------------------------------|-----------------------|------------|--------------------|
| St Botulf 11, Lund | 4,878 | 118 | -9 | 109 | Oct 2014 | Office/residential |
| Renseri 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 September 30, 2014, a value of SEKm 40,257 (38,113) and are financed by shareholders' equity of SEKm 13,207 (13,127), deferred tax liabilities of SEKm 3,885 (3,700), interest bearing liabilities of SEKm 20,761 (19,481) and non interest bearing liabilities of SEKm 2,404 (1,805).

Interest bearing liabilities

At the end of the period Castellum had binding credit agreements totalling SEKm 26,080 (24,300) of which SEKm 21,656 (21,859) was long term binding and SEKm 4,424 (2,441) short term binding.

During the period SEKm 1,000 were issued under the MTN-program and a new credit agreement of SEKm 500 were signed.

After deduction of cash of SEKm 174 (70), net interest bearing liabilities were SEKm 20,587 (19,411), of which SEKm 4,200 (3,200) were MTN and SEKm 1,297 (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 20,587 (19,411) of which SEKm 15,090 (15,197) were secured by the company's properties and SEKm 5,497 (4,214) unsecured. The proportion of used secured financing was thus 38% 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, 52% and 319% respectively. The average duration of Castellum's long-term credit agreements was years 2.8 (3.4). Margins and fees on long-term credit agreements had an average duration of 1.8 years (2.4).

Credit maturity structure 30-09-2014

| SEKm | Credit agreements | Utilized in | | Total |
|--------------|-------------------|---------------|--------------|---------------|
| | | Bank | MTNCert | |
| 0-1 year | 4,424 | 834 | 2,997 | 3,831 |
| 1-2 years | 8,808 | 5,708 | – | 5,708 |
| 2-3 years | 3,507 | 1,307 | 1,000 | 2,307 |
| 3-4 years | 6,708 | 5,108 | 1,000 | 6,108 |
| 4-5 years | 507 | 7 | 500 | 507 |
| > 5 years | 2,126 | 2,126 | – | 2,126 |
| Total | 26,080 | 15,090 | 5,497 | 20,587 |

Unutilized credit in long term credit agreements **1,069**

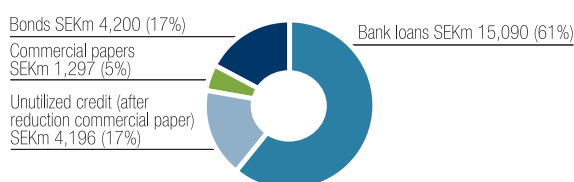
Interest rate maturity structure

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 September 30, 2014 was 3.2% (3.5%).

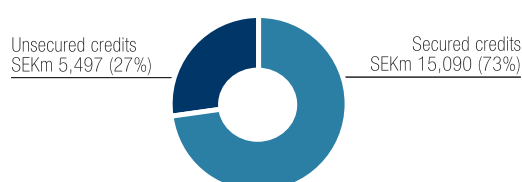
Castellum utilizes interest rate derivatives to achieve the desired interest rate maturity structure. Interest rate derivatives is a cost effective and flexible way of extending loans with short term interest rates to achieve the desired fixed interest term. In the interest rate maturity structure, interest 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 30-09-2014



Secured credit facilities 30-09-2014



Interest rate maturity structure 30-09-2014

| | Credit. SEKm | Interest rate derivatives SEKm | Net. SEKm | Closing interest rate |
|--------------|---------------|--------------------------------|---------------|-----------------------|
| 0-1 year | 20,587 | - 9,950 | 10,637 | 3.0% |
| 1-2 years | - | 1,100 | 1,100 | 2.6% |
| 2-3 years | - | 750 | 750 | 2.4% |
| 3-4 years | - | 1,350 | 1,350 | 3.1% |
| 4-5 years | - | 1,550 | 1,550 | 3.3% |
| 5-10 years | - | 5,200 | 5,200 | 3.7% |
| Total | 20,587 | - | 20,587 | 3.2% |

Currency

Castellum owns properties in Denmark with a value of SEKm 488 (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.

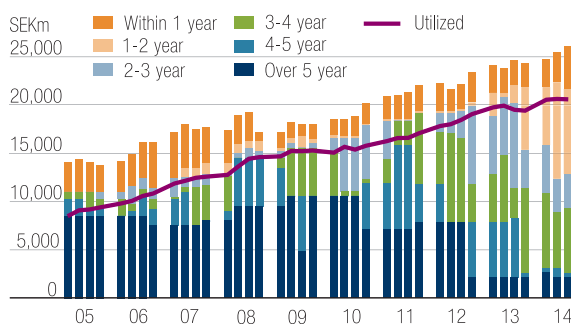
As of September 30, 2014, the market value of the interest rate derivatives portfolio amounted to SEKm -1,184 (-687) and the currency derivative portfolio to SEKm -4 (4). All derivatives are, as at the year end, classified in level 2 according to IFRS 13.

Castellum's financial policy and commitments in credit agreements

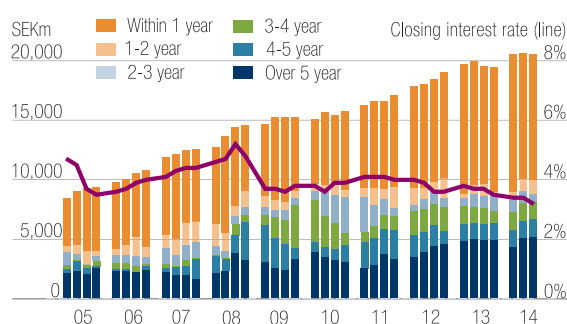
| | Policy | Commitment | Outcome |
|---------------------------------------|--|------------------|---|
| Loan to value ratio | Not in the long run exceeding 55% | No more than 65% | 52% |
| Interest coverage ratio | At least 200% | At least 150% | 319% |
| Interest rate risk | | | |
| - average fixed interest term | 1-4,5 years* | - | 2.6 years |
| - proportion maturing within 6 months | No more than 50% | - | 45% |
| Currency risk | | | |
| - investment | 60%-100% funded in local currency | - | 76% |
| - other currency risks | Not allowed | - | No exposure |
| Funding risk | At least 50% of interest bearing liabilities have a duration of at least 2 years | - | 62% |
| Counterparty risk | Credit institutions with high ratings, at least "investment grade" | - | Satisfied |
| Liquidity risk | Liquidity reserve in order to fulfill payments due | - | SEKm 1,069 unutilized credit agreements |

* Mandate in financial policy have, in accordance with the Board's decision, changed during the year 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 July–Sept | 2013 July–Sept | 2014 Jan–Sept | 2013 Jan–Sept | Rolling 4 quarters Oct 13 - Sept 14 | 2013 Jan–Dec |
|--|-------------------|-------------------|------------------|------------------|--|-----------------|
| Rental income | 833 | 809 | 2,496 | 2,431 | 3,314 | 3,249 |
| Operating expenses | – 107 | – 111 | – 403 | – 437 | – 549 | – 583 |
| Maintenance | – 30 | – 28 | – 92 | – 88 | – 129 | – 125 |
| Ground rent | – 6 | – 6 | – 20 | – 19 | – 27 | – 26 |
| Property tax | – 44 | – 43 | – 129 | – 128 | – 170 | – 169 |
| Leasing and property administration | – 47 | – 45 | – 154 | – 147 | – 209 | – 202 |
| Net operating income | 599 | 576 | 1,698 | 1,612 | 2,230 | 2,144 |
| Central administrative expenses | – 23 | – 18 | – 79 | – 67 | – 108 | – 96 |
| Net interest costs | – 167 | – 177 | – 507 | – 530 | – 679 | – 702 |
| Income from property management | 409 | 381 | 1,112 | 1,015 | 1,443 | 1,346 |
| <i>Changes in value</i> | | | | | | |
| Properties | – 3 | 182 | 354 | 301 | 381 | 328 |
| Derivatives | – 132 | 53 | – 498 | 440 | – 509 | 429 |
| Income before tax | 274 | 616 | 968 | 1,756 | 1,315 | 2,103 |
| Current tax | – 6 | – 6 | – 10 | – 12 | – 4 | – 6 |
| Deferred tax | – 55 | – 107 | – 185 | – 339 | – 236 | – 390 |
| Net income for the period/year | 213 | 503 | 773 | 1,405 | 1,075 | 1,707 |
| Other total net income | | | | | | |
| Items that will be reclassified into net income | | | | | | |
| Translation difference of currencies | 1 | – 5 | 11 | 1 | 20 | 10 |
| Change in value derivatives, currency hedge | – 1 | 2 | – 7 | – 1 | – 13 | – 7 |
| Total net income for the period/year | 213 | 500 | 777 | 1,405 | 1,082 | 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 July–Sept | 2013 July–Sept | 2014 Jan–Sept | 2013 Jan–Sept | Rolling 4 quarters Oct 13 - Sept 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 | 2.49 | 2.32 | 6.78 | 6.19 | 8.80 | 8.21 |
| Income from prop. management after tax (EPRA EPS*), SEK | 2.34 | 2.17 | 6.27 | 5.90 | 8.41 | 8.04 |
| Earnings after tax, SEK | 1.30 | 3.07 | 4.71 | 8.57 | 6.55 | 10.41 |
| Outstanding number of shares, thousand | 164,000 | 164,000 | 164,000 | 164,000 | 164,000 | 164,000 |
| Property value, SEK | 242 | 229 | 242 | 229 | 242 | 230 |
| Long term net asset value (EPRA NAV*), SEK | 111 | 104 | 111 | 104 | 111 | 107 |
| Actual net asset value (EPRA NNAV*), SEK | 99 | 95 | 99 | 95 | 99 | 97 |

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

Financial Key Ratios

| | 2014 July–Sept | 2013 July–Sept | 2014 Jan–Sept | 2013 Jan–Sept | Rolling 4 quarters Oct 13–Sept 14 | 2013 Jan–Dec |
|----------------------------------|-------------------|-------------------|------------------|------------------|--------------------------------------|-----------------|
| Net operating income margin | 72% | 71% | 68% | 66% | 67% | 66% |
| Interest coverage ratio | 345% | 315% | 319% | 292% | 313% | 292% |
| Return on actual net asset value | 6.6% | 14.3% | 8.0% | 14.3% | 8.5% | 13.2% |
| Return on total capital | 5.7% | 7.8% | 6.7% | 6.6% | 6.4% | 6.4% |
| Net investments, SEKm | 350 | 28 | 1,612 | 874 | 1,819 | 1,081 |
| Loan to value ratio | 52% | 52% | 52% | 52% | 52% | 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, e.g. the key ratios EPRA EPS (Earnings Per Share), EPRA NAV (Net Asset Value) and EPRA NNAV (Triple Net Asset Value).

Consolidated Balance Sheet

| SEKm | 30 Sept 2014 | 30 Sept 2013 | 31 Dec 2013 |
|---|---------------|---------------|---------------|
| Assets | | | |
| Investment properties | 39,733 | 37,505 | 37,752 |
| Other fixed assets | 30 | 29 | 31 |
| Current receivables | 320 | 315 | 260 |
| Cash and bank | 174 | 176 | 70 |
| Total assets | 40,257 | 38,025 | 38,113 |
| Shareholders' equity and liabilities | | | |
| Shareholders' equity | 13,207 | 12,822 | 13,127 |
| Deferred tax liability | 3,885 | 3,649 | 3,700 |
| Derivatives | 1,188 | 666 | 683 |
| Long term interest-bearing liabilities | 20,761 | 19,676 | 19,481 |
| Non interest-bearing liabilities | 1,216 | 1,212 | 1,122 |
| Total shareholders' equity and liabilities | 40,257 | 38,025 | 38,113 |
| Pledged assets (property mortgages) | 19,040 | 18,500 | 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-Sept 2013 | – | – | – | – | – | 1,405 | 1,405 |
| Other total net income Jan-Sept 2013 | – | – | – | 1 | –1 | – | 0 |
| Shareholders equity 30-09-2013 | 164,000 | 86 | 4,096 | -11 | 7 | 8,644 | 12,822 |
| Net income Oct-Dec 2013 | – | – | – | – | – | 302 | 302 |
| Other total net income Oct-Dec 2013 | – | – | – | 9 | –6 | – | 3 |
| 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-Sept 2014 | – | – | – | – | – | 773 | 773 |
| Other total net income Jan-Sept 2014 | – | – | – | 11 | –7 | – | 4 |
| Shareholders equity 30-09-2014 | 164,000 | 86 | 4,096 | 9 | -6 | 9,022 | 13,207 |

Cash Flow Statement

| SEKm | 2014 July-Sept | 2013 July-Sept | 2014 Jan-Sept | 2013 Jan-Sept | Rolling 4 quarters Oct 13 - Sept 14 | 2013 Jan-Dec |
|---|-------------------|-------------------|------------------|------------------|--|-----------------|
| Net operating income | 599 | 576 | 1,698 | 1,612 | 2,230 | 2,144 |
| Central administrative expenses | –23 | –18 | –79 | –67 | –108 | –96 |
| Reversed depreciations | 3 | 3 | 9 | 8 | 12 | 11 |
| Net interest rates paid | –192 | –207 | –528 | –511 | –718 | –701 |
| Tax paid | –5 | –5 | –9 | –17 | –4 | –12 |
| Translation difference of currencies | 0 | 1 | –4 | –1 | –8 | –5 |
| Cash flow from operating activities before change in working capital | 382 | 350 | 1,087 | 1,024 | 1,404 | 1,341 |
| Change in current receivables | 58 | 42 | 41 | –64 | 83 | –22 |
| Change in current liabilities | –49 | 98 | 107 | 125 | 38 | 56 |
| Cash flow from operating activities | 391 | 490 | 1,235 | 1,085 | 1,525 | 1,375 |
| Investments in new constructions, refurbishments and extensions | –329 | –346 | –998 | –1,145 | –1,436 | –1,583 |
| Property acquisitions | –40 | –33 | –854 | –185 | –854 | –185 |
| Change in liabilities at acquisitions of property | 0 | –4 | 7 | 16 | 5 | 14 |
| Property sales | 19 | 351 | 240 | 456 | 471 | 687 |
| Change in receivables at sales of property | 0 | –27 | –101 | –19 | –88 | –6 |
| Other investments | –3 | –2 | –8 | –13 | –13 | –18 |
| Cash flow from investment activities | –353 | –61 | –1,714 | –890 | –1,915 | –1,091 |
| Change in long term liabilities | –41 | –312 | 1,280 | 582 | 1,085 | 387 |
| Change long term receivables | – | – | – | 3 | – | 3 |
| Dividend paid | – | – | –697 | –648 | –697 | –648 |
| Cash flow from financing activities | –41 | –312 | 583 | –63 | 388 | –258 |
| Cash flow for the period/year | –3 | 117 | 104 | 132 | –2 | 26 |
| Cash and bank opening balance | 177 | 59 | 70 | 44 | 176 | 44 |
| Cash and bank closing balance | 174 | 176 | 174 | 176 | 174 | 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 July-Sept | 2013 July-Sept | 2014 Jan-Sept | 2013 Jan-Sept |
| Income | 5 | 4 | 13 | 12 |
| Operating expenses | -17 | -12 | -58 | -49 |
| Net financial items | 3 | 3 | 13 | 12 |
| Dividend / Group contributions | -132 | 53 | -498 | 440 |
| Income before tax | -141 | 48 | -530 | 415 |
| Tax | 31 | -10 | 116 | -91 |
| Net income for the period/year | -110 | 38 | -414 | 324 |
| Comprehensive income for the parent company | | | | |
| Net income for the period/year | -110 | 38 | -414 | 324 |
| Items that will be reclassified into net income | | | | |
| Translation difference, foreign operations | 1 | -2 | 7 | 1 |
| Unrealized change, currency hedge | -1 | 2 | -7 | -1 |
| Total net income for the period/year | -110 | 38 | -414 | 324 |

| Balance sheet, SEKm | | | |
|--|-----------------|-----------------|----------------|
| | 30 Sept 2014 | 30 Sept 2013 | 31 Dec 2013 |
| Participations in group companies | 5,869 | 5,838 | 5,869 |
| Receivables, group companies | 18,364 | 17,491 | 18,137 |
| Other assets | 93 | 146 | 119 |
| Cash and bank | 143 | 131 | 52 |
| Total | 24,469 | 23,606 | 24,177 |
| Shareholders' equity | 3,927 | 4,372 | 5,038 |
| Derivatives | 1,188 | 666 | 683 |
| Interest bearing liabilities | 18,597 | 17,511 | 17,315 |
| Interest bearing liabilities, group companies | 639 | 902 | 998 |
| Other liabilities | 118 | 155 | 143 |
| Total | 24,469 | 23,606 | 24,177 |
| Pledged assets (receivables group companies) | 15,675 | 15,050 | 14,928 |
| Contingent liabilities (guaranteed commitments for subsidiaries) | 2,164 | 2,165 | 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 | - 83/+ 33 | - | + |

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

| | - 20% | - 10% | 0% | + 10% | + 20% |
|------------------------|--------|--------|-----|-------|-------|
| Properties | | | | | |
| Changes in value, SEKm | -7,947 | -3,973 | - | 3,973 | 7,947 |
| Loan to value ratio | 65% | 58% | 52% | 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.

Event after the reporting period

As previously announced, Castellum has through the wholly owned subsidiary Fastighets AB Briggen, sold the Hansa shopping mall in central Malmö for SEKm 609. The change of possession will take place October 17, 2014.

Election Committee

At Castellum AB's Annual General Meeting held on March 20, 2014, it was resolved that the election committee for the 2015 AGM should consist of the chairman of the board of directors plus a representative from each of the three largest ownership registered or otherwise known shareholders (as per the last trading day of August 2014). If any of these shareholders does not wish to appoint a member, the fourth largest shareholder should be consulted, and so on.

Castellum's chairman of the board has now contacted the largest shareholders, and the election committee hereby consists of:

- Rutger van der Lubbe; appointed by Stichting Pensioenfonds ABP
- Björn Franzon; appointed by Magdalena Szombatfalvy as well as Stiftelsen Global Challenges Foundation
- Johan Strandberg; appointed by SEB Fonder
- Charlotte Strömberg; the chairman of the board

In total, the election committee represents approx. 17% of the total number of shares and votes in the company. The election committee will appoint a chairman among its members.

The election committee's task for the 2015 AGM is to propose a chairman for the AGM, the number of members of the board of directors, members of the board of directors and chairman of the board of directors. The election committee will also propose remuneration to members of the board of directors. Finally, the election committee will propose principles for appointing the election committee for the 2016 AGM.

Shareholders are welcome to submit their proposals and views to the election committee by December 5, 2014, at the latest. Please send to Castellum AB, Att: Charlotte Strömberg, Box 2269, 403 14 Gothenburg, or by e-mail to charlotte.stromberg@castellum.se.

The Election Committee's proposals will be announced in the notice for the 2015 Annual General Meeting and on the company's website. The Annual General Meeting for Castellum AB is planned to be held on March 19, 2015.

For further information see www.castellum.se.

Gothenburg October 15, 2014



Henrik Saxborn
Chief Executive Officer

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



The Castellum Share

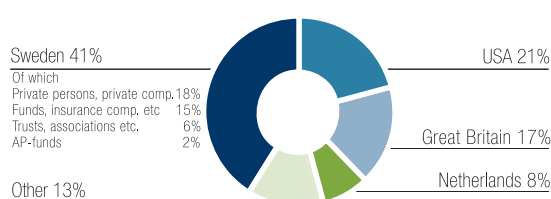
The Castellum share is listed on NASDAQ Stockholm Large Cap. At the end of the period the company had about 14,990 shareholders. Shareholders registered abroad cannot be broken down in terms of directly held and nominee registered shares except for two foreign shareholders who has flagged for holding over 5%, Stichting Pensioenfonds ABP and Blackrock. Castellum has no direct registered shareholders with holdings exceeding 10%. The ten single largest Swedish shareholders are presented in the table below.

Shareholders on 30-09-2014

| Shareholders | Number of shares thousand | Percentage of voting rights and capital |
|--|---------------------------|---|
| Stiftelsen Global Challenges Foundation | 5,000 | 3.0% |
| Länsförsäkringar Fastighetsfond | 3,484 | 2.1% |
| Lannebo Småbolag | 3,177 | 1.9% |
| Kåpan Pensioner | 2,180 | 1.3% |
| Magdalena Szombatfalvy | 1,935 | 1.2% |
| Susanna Lööv | 1,627 | 1.0% |
| SEB Sverigefond Stora Bolag | 1,429 | 0.9% |
| Tredje AP-fonden | 1,406 | 0.9% |
| SEB Sverigefond Småbolag | 1,141 | 0.7% |
| Andra AP-fonden | 989 | 0.6% |
| Board and executive management Castellum | 303 | 0.2% |
| Other shareholders registered in Sweden | 45,148 | 27.5% |
| Shareholders registered abroad | 96,181 | 58.7% |
| 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 30-09-2014



The Castellum share price as at 30 September, 2014 was SEK 109.80 (91.65) equivalent to a market capitalization of SEK 18.0 billion (15.0), calculated on the number of outstanding shares.

During the period a total of 89 million (84) shares were traded, equivalent to an average of 473,000 shares (445,000) per day, corresponding on an annual basis to a turnover rate of 72% (68%). The share turnover is based on statistics from NASDAQ, 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 return and growth given a certain level of risk.

The long term net asset value (EPRA NAV) can be calculated to SEK 111 per share (104). The share price at the end of the year was thus 99% (88%) of the long term net asset value.

| Net asset value | SEKm | SEK/share |
|--|---------------|------------|
| Equity according to the balance sheet | 13,207 | 81 |
| Reversed | | |
| Derivatives according to balance sheet | 1,188 | 7 |
| Deferred tax according to balance sheet | 3,885 | 23 |
| Long term net asset value (EPRA NAV) | 18,280 | 111 |
| Deduction | | |
| Derivatives as above | - 1,188 | - 7 |
| Estimated real liability, deferred tax 5.0%* | - 914 | - 5 |
| Actual net asset value (EPRA NNAV) | 16,178 | 99 |

* Estimated real deferred tax liability net has been calculated to 5% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized in 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%.

Earnings

Income from property management adjusted for nominal tax attributable to income from property management (EPRA EPS) amounted to 8.41 (7.79) on rolling annual basis. This results in a share price yield of 7.7% (8.2%). Net income after tax amounted on rolling annual basis to SEK 6.55 per share (13.20), which from the share price gives a yield of 6.0% (14.4%).

Dividend yield

The latest carried dividend of SEK 4.25 (3.95) corresponds to a yield of 3.9% (4.3%) based on the share price at the end of the period.

Total share yield

During the last 12-month period the total yield of the Castellum share has been 25% (8%), including a dividend of SEK 4.25.

Net asset yield including long-term change in value

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

The net asset value – i.e., the denominator of the yield ratio income/capital – is adjusted annually in accordance with

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

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

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

| | | Sensitivity analysis | |
|--|--------------|----------------------|--------------|
| | | -1%-unit | +1%-unit |
| Income from prop. management rolling 12 months | 1,443 | 1,443 | 1,443 |
| Change in property value (on average 10 years) | 512 | 118 | 905 |
| <i>D:o</i> % | 1.3% | 0.3% | 2.3% |
| Current tax, 5% | -79 | -79 | -79 |
| Earnings after tax | 1,876 | 1,482 | 2,269 |
| Earnings SEK/share | 11.44 | 9.04 | 13.84 |
| Return on actual long-term net asset value | 11.3% | 8.9% | 13.6% |
| Earnings / share price | 10.4% | 8.2% | 12.6% |

Actual share price:



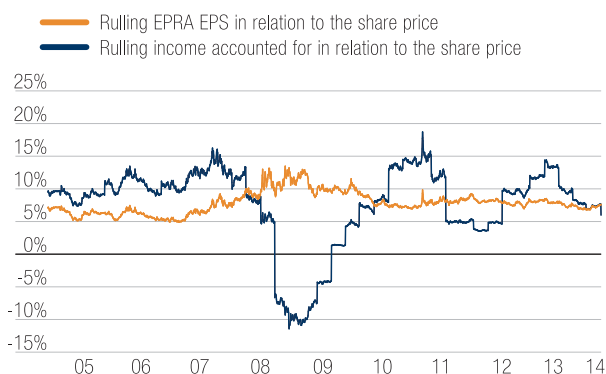
Growth, yield and financial risk

| | 1 year | 3 years average/year | 10 years average/year |
|--|--------|----------------------|-----------------------|
| Growth | | | |
| Rental income SEK/share | 3% | 5% | 6% |
| Income from prop. management SEK/share | 10% | 7% | 7% |
| Net income for the year after tax SEK/share | neg | neg | 6% |
| Dividend SEK/share | 8% | 6% | 7% |
| Long term net asset value SEK/share | 7% | 5% | 7% |
| Actual net asset value SEK/share | 4% | 4% | 6% |
| Real estate portfolio SEK/share | 6% | 6% | 8% |
| Change in property value | 1.0% | 0.3% | 1.3% |
| Yield | | | |
| Return on actual long term net asset value | 11.0% | 9.1% | 11.2% |
| Return on actual net asset value | 8.5% | 8.8% | 11.2% |
| Return on total capital | 6.4% | 5.9% | 7.0% |
| Total yield of the share (incl. dividend) | | | |
| Castellum | 25% | 14% | 12% |
| NASDAQ Stockholm (SIX Return) | 16% | 21% | 12% |
| Real Estate Index Sweden (EPRA) | 27% | 19% | 14% |
| Real Estate Index Europe (EPRA) | 21% | 19% | 6% |
| Real Estate Index Eurozone (EPRA) | 18% | 16% | 8% |
| Real Estate Index Great Britain (EPRA) | 18% | 21% | 4% |
| Financial risk | | | |
| Loan to value ratio | 52% | 52% | 49% |
| Interest coverage ratio | 313% | 294% | 297% |

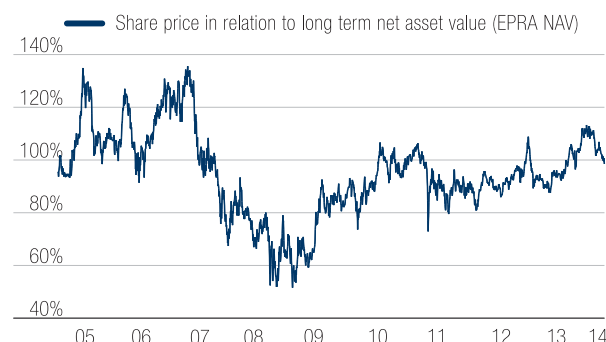
The share's dividend yield



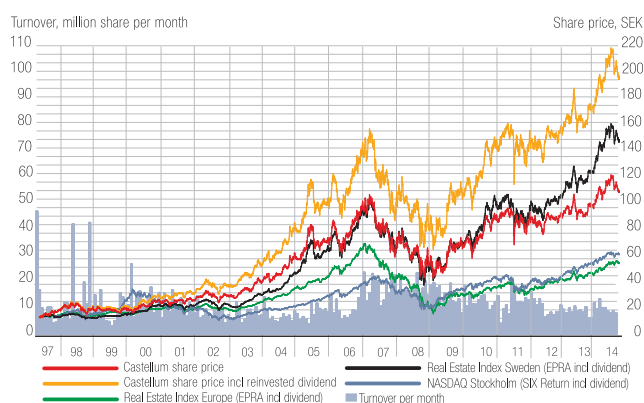
Yield earnings per share



Share price/net asset value



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



Calendar

| | |
|---------------------------------------|-----------------------------|
| Year-end Report 2014 | 21 January 2015, around 1pm |
| Annual Report 2014 | mid-February 2015 |
| Annual General Meeting 2015 | 19 March 2015 |
| Interim Report January-March 2015 | 15 April 2015 |
| Half-year Report January-June 2015 | 15 July 2015 |
| Interim Report January-September 2015 | 15 October 2015 |
| Year-end Report 2015 | 20 January 2016 |

www.castellum.se

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

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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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