



The pictures show the properties Bromsgården 1 in Örebro and Diket 7 and Kvarnen 5 in Norrköping. The properties are included in the transaction of 27 properties which was acquired April 13, 2015.

# CASTELLUM

## Interim Report January-March 2015

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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 and Linköping).

Castellum is listed on NASDAQ Stockholm Large Cap.

- Rental income for the period January-March 2015 amounted to SEKm 801 (SEKm 820 previous year).
- Income from property management amounted to SEKm 338 (323), corresponding to SEK 2.06 (1.97) per share, an increase of 5%.
- Changes in value on properties amounted to SEKm 329 (52) and on derivatives to SEKm -102 (-170).
- Net income after tax for the period amounted to SEKm 451 (171), corresponding to SEK 2.75 (1.04) per share.
- Net investments amounted to SEKm 1,039 (864) of which SEKm 295 (324) were new constructions, extensions and reconstructions, SEKm 822 (636) acquisitions and SEKm 78 (96) sales.
- After the reporting period, Castellum has completed a deal comprising acquisition of properties for SEKm 406 and 50% of the shares in Henry Ståhl Fastigheter AB.

## Key ratios

	2015 Jan-March	2014 Jan-March	2014	2013	2012	2011	2010	2009	2008	2007	2006
Income from property management, SEK/share	2.06	1.97	8.84	8.21	7.65	7.15	6.96	6.89	5.93	5.63	5.38
<i>Change previous year</i>	<i>+5%</i>	<i>+8%</i>	<i>+8%</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>
Net income after tax, SEK/share	2.75	1.04	7.38	10.41	8.98	4.34	11.98	0.98	-4.04	9.07	10.21
<i>Change previous year</i>	<i>+164%</i>	<i>-58%</i>	<i>-29%</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>
Dividend, SEK/share			4.60	4.25	3.95	3.70	3.60	3.50	3.15	3.00	2.85
<i>Change previous year</i>			<i>+8%</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>
Properties fair value, SEKm	38,951	38,668	37,599	37,752	36,328	33,867	31,768	29,267	29,165	27,717	24,238
Net investments, SEKm	1,039	864	-529	1,081	2,545	1,908	1,279	1,129	2,710	2,559	1,823
Loan to value	51%	54%	49%	52%	53%	51%	50%	52%	50%	45%	45%
Interest coverage ratio	324%	291%	318%	292%	284%	278%	299%	309%	255%	287%	343%

For more detailed information see Castellum Annual Report.

Henrik Saxborn, CEO at Castellum

## Investments for future growth

Castellum develops further. Last fall, we sold properties for SEK 3.3 billion. During the reporting period we acquired properties for approx. SEKm 800, and by the transaction with Heimstaden in April, which corresponds to a underlying property value of SEK 2.4 billion, we strengthen our position further. The transaction comprises acquisition of properties for approx. SEKm 400 in Örebro and Solna and 50% of the shares in Henry Ståhl Fastigheter AB – a company which will own solely commercial properties in Linköping and Norrköping with a total underlying property value of SEK 2 billion.

So what does this major change entail for Castellum? We continuously strive to concentrate our investments to high-growth markets. The divested portfolio was assessed to achieve a growth rate which would fall under the national average in coming years. The opposite applies to our new acquisitions. These new acquisitions further consolidate Castellum's position as a leading player with excellent central office properties in a new location, Norrköping. They also strengthen our position in Örebro and Linköping – providing added presence in three markets where strong growth is expected in future years.

The transactions named above have an immediate positive – if currently moderate – impact on earnings per share, net asset value and dividend capacity on an annual basis. Castellum's income from property management increased by 5% overall. Respectable performance, considered in line with the large divestments at the end of last year.

In the short term, these recent transactions will lead to a slightly lower average dividend yield regarding this part of the property portfolio. In the medium term, however, profitability will increase gradually as synergies are realized. Our experience from the acquisition in central Örebro a few years ago is that a large real estate portfolio of this nature holds greater synergy opportunities than predicted. Therefore, in the long term, we can expect greatly improved growth opportunities for Castellum as a whole.

However, Castellum's results should not only be improved via acquisitions. During 2015, a Group-wide efficiency program will be launched, calculated to reduce costs by tens of millions of kronor in coming years. The purpose of the program is to strengthen the partnership while retaining strong local ties. Our recent geographical concentration of business activities further facilitates this

development. Even strong and successful corporate cultures have to be modified over time to meet future demands. Castellum's net leasing amounted to SEKm 21 for the first quarter, which can be seen as a sign that we are in a market where our customers can and want to expand.

So far, this year has offered a very positive market prognosis for the real estate market, not least through developments in the financial market. The real estate market is currently characterized by high demand in all Castellum communities. This has affected Castellum property values during the period and led to value adjustments totalling SEKm 329. Even if the positive trend is most strongly pronounced for centrally located office premises, the "pressure" also increased for other premises and submarkets during the period. During the past year, Castellum's long-term net asset value increased by 8% to SEK 113 per share.

Although 2015 will be considered a year affected by portfolio restructuring in terms of growth, I'm convinced that we have considerably improved conditions for higher growth in the future.

It's obvious that Castellum is a commercial player that customers want to and can grow with: a long-term, stable and leading player in the communities wherein we operate. This ensures that a competitive total yield of the Castellum share will also be maintained in the future. The Castellum dividend for 2014 increased for the seventeenth consecutive year: this time to SEK 4.60 per share. I'm certain that more years will be added to this impressive list – a list that no other company on the Stockholm Stock Exchange has achieved.



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%

**5%**  
growth 1st quarter 2015

### 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. This is currently equivalent to approx. SEKm 2,000.

#### Subsidiaries

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

### Outcome

**SEKm 1,039**  
net investments first 1st quarter 2015

#### Lease value per region



### 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 efficient energy usage, sustainable new constructions, good control and continuously improved status in the properties, green customer relations and social commitment and responsibility in our regions.

### Outcome



**NKI 79**

Satisfied Customer Index 2014

**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

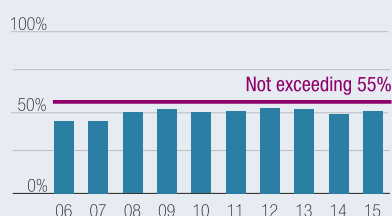
In the long term, Castellum shall be one of the largest listed real estate companies in Sweden.

#### Low operational risk

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

### Outcome

#### Loan to value ratio



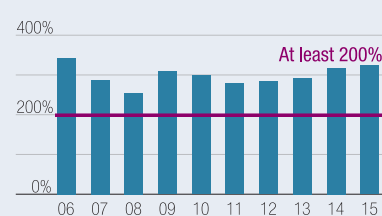
**52%**

Dividend ratio 2014

**51%**

Loan-to-value ratio 1st quarter 2015

#### Interest coverage ratio



**4,400**

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

# Market comments

## Swedish economy

The Swedish economy has managed well over the quarter, mainly driven by domestic demand where households have been the engine. Lately, exports have improved slightly due to low oil prices and a weaker Swedish currency. Recovery in exports is slow, however, because there is still weak economic development in nearby countries. Geopolitical turmoil also continues to dampen demand.

The labour market will be positively affected by the stronger economy, and currently exhibits steady improvement. Employment and job vacancies are increasing at approximately the same rate. However, even in the strengthening economy, inflation pressure is perceived as remaining low.

## Macro indicators

Unemployment	8.4%	(February 2015)
Inflation	0.2%	(March 2015 compared to March 2014)
GDP growth	1.1%	(Q4 2014 compared to Q3 2014)

Source: SCB

## Rental market

During the period, the rental market was somewhat stronger than for the same period last year, and demand was high, both for new constructions and existing facilities. Overall rental levels remained stable, but in a number of submarkets with high demand and low market vacancies, a slight increase in office rents was noted.

The supply of new constructions was relatively stable in Stockholm and Gothenburg, but did not meet demand, because of low vacancy rates in attractive locations. In Malmö, a relatively high new construction rate has affected the rental market. The supply of newly constructed premises remained relatively stable in Stockholm. In Gothenburg, demand for premises exceeded supply, whereas the reverse was true of Malmö. An increase in new office space construction was seen in many markets outside major cities. This increase was well received in the market and, in some places, led to establishment of higher rental levels for the top segment.

## Property market

Transaction volume in the Swedish property market amounted to approx. SEK 25 billion (27) during the first quarter. The market is characterized by strong demand, driven by easy access to capital. During the period, an increase in demand from foreign investors was noted, and Swedish players accounted for 78% (97%) of the volume. Swedish real estate companies continued to be the major investors.

There was high interest in all property types and geographical markets, and an increased demand for retail properties was noted compared with the previous year. Real estate portfolios and project opportunities were also interesting. Commercial properties accounted for 81% (86%) of transaction volumes during the period.

It is Castellum's view that strong demand, combined with limited supply, resulted in value increases in several markets and segments. Note variation due to geography, property type and quality.

## Interest and credit market

At the monetary policy meeting in February, the Riksbank made a historic decision and cut the repo rate to -0.10%, announcing the purchase of government bonds. In mid-March, between regular monetary political meetings, a new interest rate decision was made where the Executive Board decided to cut the repo rate to -0.25% and buy additional government bonds for SEK 30 billion. All these measures were taken in order to ensure an inflation rise towards the target of 2%. The repo rate is expected to remain at -0.25% until the second half of 2016. Thereafter it will rise gradually.

Of particular significance for Castellum, the short STIBOR interest rate declined rapidly in early 2015 and, for the first time in history, became negative after the Riksbank's February decision. The short-term interest rate then turned upward and became slightly positive before the March decision pushed down the three-month rate to new record lows. The long-term interest rate partially followed the short-term rate downwards.

Access to both bank financing and capital market financing is considered favourable. Credit margins in the capital market have continued to decline slightly, whereas 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](http://www.castellum.se)

Income from property management, i.e. net income excluding changes in value and tax, amounted for the period January-March 2015 to SEKm 338 (323), equivalent to SEK 2.06 (1.97) per share - an increase with 5%. Income from property management rolling four quarters amounted to SEKm 1,465 (1,369) equivalent to SEK 8.93 per share (8.35) - an increase of 7%.

During the period, changes in value on properties amounted to SEKm 329 (52) and on derivatives to SEKm -102 (-170). Net income after tax for the period was SEKm 451 (171), equivalent to SEK 2.75 (1.04) per share.

## Rental income

Group's rental income amounted to SEKm 801 (820). For office and retail properties, the average contracted rental level, including charged heating, cooling and property tax, amounted to SEK 1,307 per sq.m., whereas for warehouse and industrial properties, it amounted to SEK 800 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 2015. Castellum's higher indexation is due to the Group's focus on index clauses with minimum upward adjustment in the contract portfolio, which offers protection against low inflation and deflation.

The average economic occupancy rate was 88.7% (87.9%). The total rental value for vacant premises on yearly basis amounted to approx. SEKm 436 (496).

The rental income for the period includes a lump sum of SEKm 3 (0) as a result of early termination of a leases.

Gross leasing (i.e. the annual value of total leasing) during the period was SEKm 85 (81), of which SEKm 9 (5) were leasing of new constructions, extensions and reconstructions. Notices of termination amounted to SEKm 64 (55), of which bankruptcies were SEKm 2 (3) and SEKm 1 (1) were notices of termination with more than 18 months remaining length of contract. Net lease for the period was hence SEKm 21 (26).

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

## Property costs

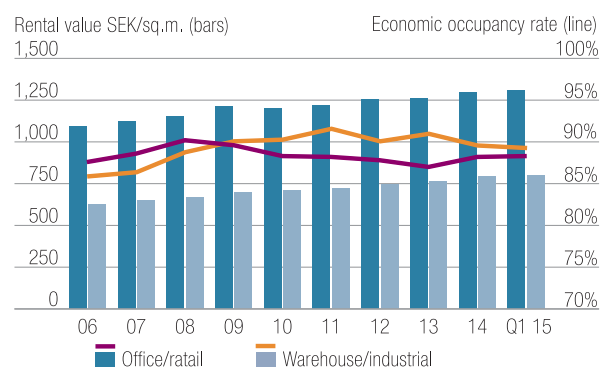
Property costs amounted to SEKm 283 (302) corresponding to SEK 336 per sq.m. (334). Consumption for heating during the period has been calculated to 86% (85%) of a normal year according to the degree day statistics.

Property costs SEK/sq. m	Office/ Retail	Warehouse/ Industrial	2015 Total	2014 Total
Operating expenses	216	146	185	189
Maintenance	37	21	30	33
Ground rent	8	8	8	8
Real estate tax	72	23	50	47
Direct property costs	333	198	273	277
Leasing and property administration	-	-	63	57
<b>Total</b>	<b>333</b>	<b>198</b>	<b>336</b>	<b>334</b>
Previous year	344	195	334	

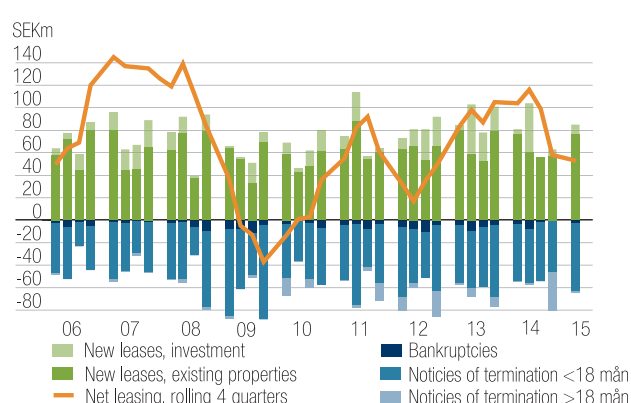
## Central administrative expenses

Central administrative expenses totalled SEKm 29 (26). This includes costs for a profit-and-share-price related incentive plan for 9 persons in executive management of SEKm 4 (5).

## Rental value and economic occupancy rate



## Net leasing



### Net interest

Net interest items were SEKm –151 (–169). The average interest rate level was 3.2% (3.5%). Net financial income was positively affected by approx. SEKm 20 due to the average interest rate level decrease by 0.3%-units.

### Changes in value

The real estate market was characterized by continued high activity, high demand and continued limited supply, resulting in rising prices. Price increases occurred mainly in Stockholm and for centrally located office properties in growth areas. Castellum took this price rise into consideration in the Group's internal valuation by lowering the required yield – equivalent to about 4 basis points at the portfolio level. The average valuation yield at the end of the period was 6.9%. Along with the value changes in completed acquisitions and a number of individual real estate adjustments, this has led to a value change of SEKm 331 – equivalent to approx. 1%. As each property is valued individually, the portfolio premium attributable to the real estate market was not taken into account. Realized sale of real estate has resulted in a change in value of SEKm –2. Net sales price amounted to SEKm 78 after reduction for assessed deferred tax and transaction costs of SEKm 4. Hence the underlying property value, which amounted to SEKm 82, exceeded last valuation of SEKm 80 with SEKm 2.

The value in the interest derivatives portfolio has changed by SEKm –99 (–169), mainly due to changes in long-term market interest rates. Castellum's currency derivatives has during the period changed SEKm 9 (–1) where the effective part of the value change of SEKm 12 (0) 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.

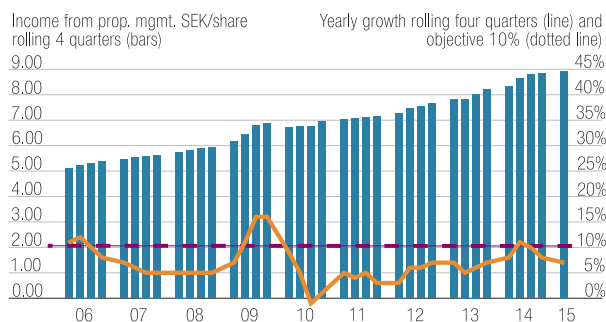
Remaining tax loss carryforwards can be calculated to SEKm 1,227 (1,193). Fair values for the properties exceed their fiscal value by SEKm 19,245 (18,602) of which SEKm 1,104 (991) relates to the acquisition of properties accounted for as asset acquisitions. As deferred tax liability, a full nominal 22% tax of the net difference is reported, reduced by the deferred tax relating to asset acquisitions, i.e., SEKm 3,721 (3,612).

Castellum has no current tax disputes.

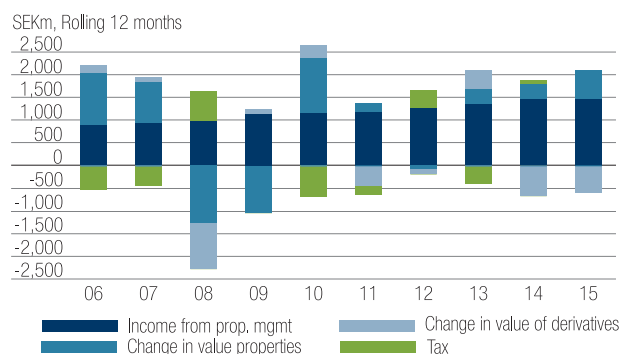
### Tax calculation 31-03-2015

SEKm	Basis current tax	Basis deferred tax
Income from property management	338	
Deductions for tax purposes		
depreciations	– 176	176
reconstructions	– 82	82
Other tax allowances	2	– 4
Taxable income from property management	82	254
Properties sold	7	– 55
Changes in value on properties	–	331
Changes in value on interest rate derivatives	– 102	–
Taxable income before tax loss carry forwards	– 13	530
Tax loss carry forwards, opening balance	– 1,193	1,193
Tax loss carry forwards, closing balance	1,227	– 1,227
Taxable income	21	496
Tax according to the income statement	– 5	– 109

### 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. 76% of the portfolio, is in the three major urban regions.

The commercial portfolio consists of 67% 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 3% consist of projects and undeveloped land.

Castellum owns approx. 820,000 sq.m. of unutilized building rights and ongoing projects with remaining investments of approx. SEKm 800.

## Investments

During the period, investments totalling SEKm 1,117 (960) were carried out, of which SEKm 295 (324) were new constructions, extensions and reconstructions and SEKm 822 (636) were acquisitions. Of the total investments SEKm 400 refers to Öresund Region, SEKm 372 to Greater Stockholm, SEKm 204 to Greater Gothenburg, SEKm 74 to Eastern Götaland and SEKm 67 to Mälardalen. After sales of SEKm 78 (96) net investments amounted to SEKm 1,039 (864).

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, 2015	37,599	583
+ Acquisitions	822	6
+ New constructions, extensions and reconstructions	295	–
– Sales	– 80	– 2
+/- Unrealized changes in value	331	–
+/- Currency translation	– 16	–
<b>Real estate portfolio on 31 March, 2015</b>	<b>38,951</b>	<b>587</b>

## 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. In the valuation of a property's future earnings capacity, consideration has been taken of potential changes in rental levels, occupancy rates and property costs – as well as an assumed inflation level of 1.5%.

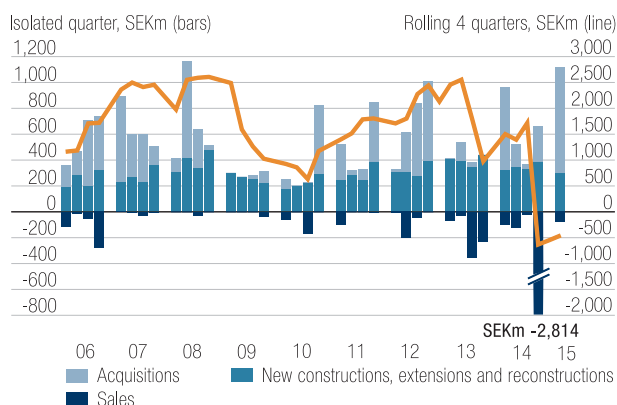
Projects in progress have been valued using the same principle, but with deductions for remaining investments. Properties with building rights have been valued on the basis of an estimated market value per square metre, on average approx. SEK 1,450 (1,500) per sq.m. In order to ensure and validate the 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 38,951 (37,599), corresponding to SEK 11,384 per sq.m.

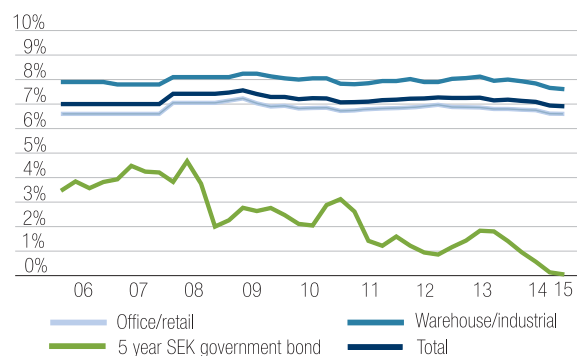
## Average valuation yield

(excl. project/land and building rights)	SEKm
Net operating income properties	571
+ Real occupancy rate, 94% at the lowest	67
+/- Property cost annual rate	31
– Property administration, 30 SEK/sq.m.	– 25
<b>Normalized net operating income (3 months)</b>	<b>644</b>
Valuation (excl. building rights of SEKm 571)	37,264
<b>Average valuation yield</b>	<b>6.9%</b>

## Investments



## Average valuation yield over time



## Castellums' real estate portfolio 31-03-2015

	31-03-2015				January-March 2015						
	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
<b>Office/retail</b>											
Greater Gothenburg	87	489	8,077	16,523	166	1,356	91.7%	152	41	340	111
Öresund Region	66	413	5,683	13,747	135	1,304	83.9%	113	33	321	80
Greater Stockholm	52	356	5,051	14,178	125	1,405	84.0%	105	32	355	73
Mälardalen	73	408	5,104	12,504	122	1,193	90.5%	110	33	320	77
Eastern Götaland	24	184	2,377	12,940	57	1,249	93.9%	54	15	332	39
<b>Total office/retail</b>	<b>302</b>	<b>1,850</b>	<b>26,292</b>	<b>14,209</b>	<b>605</b>	<b>1,307</b>	<b>88.3%</b>	<b>534</b>	<b>154</b>	<b>333</b>	<b>380</b>
<b>Warehouse/industrial</b>											
Greater Gothenburg	103	661	5,296	8,015	125	756	91.3%	114	30	184	84
Öresund Region	43	284	1,872	6,587	53	756	86.1%	46	13	181	33
Greater Stockholm	52	287	2,960	10,303	74	1,031	89.6%	67	18	250	49
Mälardalen	38	187	1,200	6,414	35	747	87.4%	31	10	207	21
Eastern Götaland	10	54	215	3,997	7	525	89.8%	6	2	145	4
<b>Total warehouse/industrial</b>	<b>246</b>	<b>1,473</b>	<b>11,543</b>	<b>7,835</b>	<b>294</b>	<b>800</b>	<b>89.4%</b>	<b>264</b>	<b>73</b>	<b>198</b>	<b>191</b>
<b>Total</b>	<b>548</b>	<b>3,323</b>	<b>37,835</b>	<b>11,384</b>	<b>899</b>	<b>1,082</b>	<b>88.7%</b>	<b>798</b>	<b>227</b>	<b>273</b>	<b>571</b>
Leasing and property administration									52	63	- 52
<b>Total after leasing and property administration</b>									<b>279</b>	<b>336</b>	<b>519</b>
Development projects	15	60	843	-	13	-	-	5	4	-	1
Undeveloped land	24	-	273	-	-	-	-	-	-	-	-
<b>Total</b>	<b>587</b>	<b>3,383</b>	<b>38,951</b>	<b>-</b>	<b>912</b>	<b>-</b>	<b>-</b>	<b>803</b>	<b>283</b>	<b>-</b>	<b>520</b>

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 period. The discrepancy between the net operating income of SEKm 520 accounted for above and the net operating income of SEKm 518 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 6 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

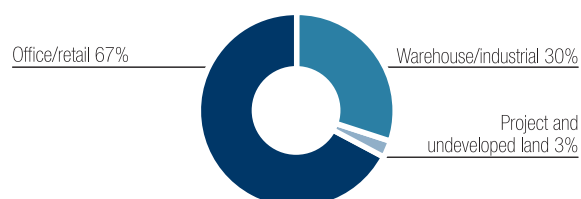
	2015 Jan-March	2014 Jan-March	2014 Jan-Dec
Rental value, SEK/sq.m.	1,082	1,045	1,064
Economic occupancy rate	88.7%	87.9%	88.7%
Property costs, SEK/sq.m.	336	334	307
Net operating income, SEK/sq.m.	624	584	637
Property value, SEK/sq.m.	11,384	10,394	11,118
Number of properties	587	633	583
Lettable area, thousand sq.m.	3,383	3,662	3,329

### Segment information

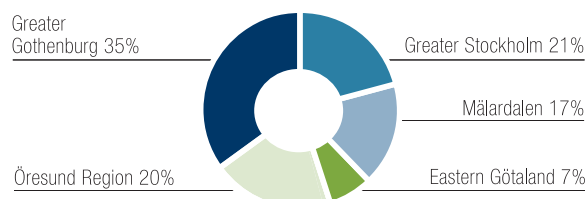
SEKm	Rental income		Income from property management	
	2015 Jan-March	2014 Jan-March	2015 Jan-March	2014 Jan-March
Greater Gothenburg	265	251	116	110
Öresund Region	162	174	73	64
Greater Stockholm	172	157	75	63
Mälardalen	143	137	59	55
Eastern Götaland	59	101	29	38
<b>Total</b>	<b>801</b>	<b>820</b>	<b>352</b>	<b>330</b>

The difference between the income from property management of SEKm 352 (330) above and the groups accounted income before tax of SEKm 565 (205) consists of unallocated income from property management of SEKm -14 (-7), changes in property value of SEKm 329 (52) and changes in values of interest rate derivatives of SEKm -102 (-170).

### Property value by property type



### Property value by region



# Larger investments and sales



• Miljö-  
byggnad



• Miljö-  
byggnad



• Miljö-  
byggnad



Larger projects		Area, sq.m	Econ. occup. April 2015	Total inv., land incl. SEKm	Remain. inv. SEKm	Completed	Comment
Property							
Algen 1, Jönköping		4,509	35%	136	28	Q2 2015	New construction retail/office/restaurant
Drottningparken, Örebro		4,280	74%	100	83	Q3 2016	New construction office
Verkstaden 14, Västerås		6,100	100%	78	60	Q1 2016	Extension and reconstruction education facilities
Visionen 3, Jönköping		2,478	88%	59	23	Q3 2015	New construction office
Godståget 1, Stockholm		6,568	100%	31	8	Q2 2015	Extension and reconstruction warehouse
<b>Projects completed/partly moved in</b>							
Jägmästaren 1, Linköping		7,750	92%	109	7	Q1 2015	New construction retail
Varla 3:22, Kungsbacka		5,000	100%	42	0	Q1 2015	Extension and reconstruction warehouse
Boländerna 35:1, Uppsala		8,750	98%	38	0	Q1 2015	Reconstruction retail
<b>Larger acquisitions during 2015</b>			Econ. occup- April 2015	Acquisition- SEKm		Access	Category
Property	Area, sq.m						
Park Allé 373, Roholmsvej 19-21 and Generatorvej 6-8, Copenhagen	51,185		84%	377		Jan 2015	Kontor/lager
Marievik 27 and 30, Stockholm	13,125		78%	319		Jan 2015	Office, retail and parking facilities
Lindholmen 28:1, Gothenburg	3,898		100%	115		Feb 2015	Office
<b>Sales during 2015</b>			Underlying prop. price, SEKm	Trans. costs and deferred tax, SEKm	Net sales price, SEKm	Access	Category
Property	Area, sq.m						
Inom Vallgraven 22:3, Gothenburg	1,568		69	- 4	65	Feb 2015	Office/retail
Törestorp 2:51, Gnosjö	14,310		13	-	13	Jan 2015	Industrial

# 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 March 31, 2015, a value of SEKm 39,623 (38,088) and are financed by shareholders' equity of SEKm 13,340 (13,649), deferred tax liabilities of SEKm 3,721 (3,612), interest bearing liabilities of SEKm 19,791 (18,446) and non interest bearing liabilities of SEKm 2,771 (2,381).

## Interest bearing liabilities

At the end of the period Castellum had binding credit agreements totalling SEKm 27,330 (26,065) of which SEKm 23,203 (22,357) was long term binding and SEKm 4,127 (3,708) short term binding.

During the period SEKm 750 were issued under the MTN-program and an existing bank credit facility has been increased with SEKm 100.

After deduction of cash of SEKm 73 (47), net interest bearing liabilities were SEKm 19,718 (18,399), of which SEKm 4,950 (4,200) were MTN and SEKm 1,700 (1,280) 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. Bonds issued under the MTN program and the commercial papers are a complement to the existing funding in banks and broaden 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 19,718 (18,399) of which SEKm 13,068 (12,919) were secured by the company's properties and SEKm 6,650 (5,480) unsecured.

The proportion of used secured financing was thus 34% 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, 51% and 324% respectively. The average duration of Castellum's long-term credit agreements was years 3.1 (3.3). Margins and fees on long-term credit agreements had an average duration of 2.6 years (2.7).

## Credit maturity structure 31-03-2015

SEKm	Credit agreements	Utilized in		Total
		Bank	MINCert	
0-1 year	4,127	853	2,900	3,753
1-2 years	5,808	3,340	1,500	4,840
2-3 years	7,808	2,338	500	2,838
3-4 years	6,207	4,407	500	4,907
4-5 years	2,320	1,070	1,250	2,320
> 5 years	1,060	1,060	-	1,060
<b>Total</b>	<b>27,330</b>	<b>13,068</b>	<b>6,650</b>	<b>19,718</b>

**Unutilized credit in long term credit agreements (more than 1 year) 3,485**

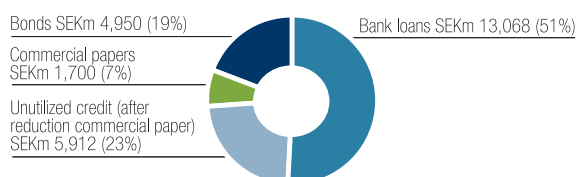
## Interest rate maturity structure

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 (2.8). The average effective interest rate as per March 31, 2015 was 3.1% (3.4%).

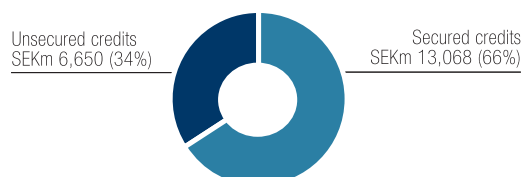
Castellum utilizes interest rate derivatives to achieve the desired interest rate maturity structure. Interest rate derivatives is a cost effective and flexible way of extending loans with short term interest rates to achieve the desired fixed interest term. In the interest rate maturity structure, interest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

Credit margins and fees are distributed in the table by reported underlying loans.

## Distribution of interest bearing financing 31-03-2015



## Secured credit facilities 31-03-2015



### Interest rate maturity structure 31-03-2015

	Interest rate			Closing	Average fixed
	Credit, SEKm	derivates SEKm	Net. SEKm	interest rate	interest rate term
0-1 year	19,718	- 10,150	9,568	3.1%	0.2 year
1-2 years	-	750	750	2.3%	1.4 years
2-3 years	-	1,200	1,200	3.0%	2.5 years
3-4 years	-	1,800	1,800	3.3%	3.5 years
4-5 years	-	1,950	1,950	3.0%	4.7 years
5-10 years	-	4,450	4,450	3.4%	6.7 years
<b>Total</b>	<b>19,718</b>	<b>-</b>	<b>19,718</b>	<b>3.1%</b>	<b>2.6 years</b>

### Currency

Castellum owns properties in Denmark with a value of SEKm 921 (530), 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.

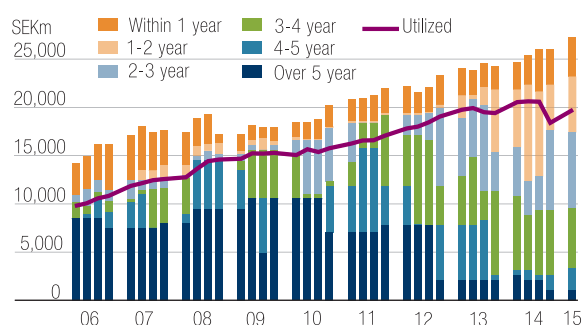
To calculate the market value of derivatives, market rates for each term and, where appropriate, exchange rates, as quoted on the market at the closing date are used. Interest rate swaps are valued by discounting future cash flows to present value while instruments containing options are valued at current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

As of March 31, 2015, the market value of the interest rate derivatives portfolio amounted to SEKm -1,443 (-1,344) and the currency derivative portfolio to SEKm -4 (-13). All derivatives are, as at the year end, classified in level 2 according to IFRS 13.

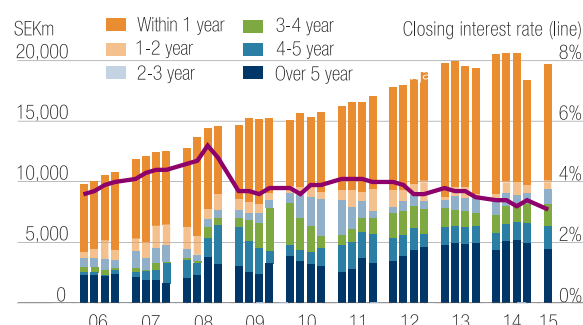
### Castellum's financial policy and commitments in credit agreements

	Policy	Commitment	Outcome
Loan to value ratio	Not in the long run exceeding 55%	No more than 65%	51%
Interest coverage ratio	At least 200%	At least 150%	324%
Interest rate risk			
- average fixed interest term	1-4,5 years	-	2.6 years
- proportion maturing within 6 months	No more than 50%	-	48%
Currency risk			
- investment	60%-100% funded in local currency	-	83%
- other currency risks	Not allowed	-	No exposure
Funding risk	At least 50% of interest bearing liabilities have a duration of at least 2 years	-	88%
Counterparty risk	Credit institutions with high ratings, at least "investment grade"	-	Satisfied
Liquidity risk	Liquidity reserve in order to fulfill payments due	-	SEKm 3,485 unutilized credit agreements

### Credit agreement maturity structure



### Interest rate maturity structure



# Consolidated statement of Comprehensive Income

SEKm	2015 Jan - March	2014 Jan - March	Rolling 4 quarters April 14 - March 15	2014 Jan - Dec
Rental income	801	820	3,299	3,318
Operating expenses	- 157	- 172	- 527	- 542
Maintenance	- 25	- 30	- 131	- 136
Ground rent	- 7	- 7	- 27	- 27
Property tax	- 42	- 43	- 169	- 170
Leasing and property administration	- 52	- 50	- 223	- 221
<b>Net operating income</b>	<b>518</b>	<b>518</b>	<b>2,222</b>	<b>2,222</b>
Central administrative expenses	- 29	- 26	- 111	- 108
Net interest costs	- 151	- 169	- 646	- 664
<b>Income from property management</b>	<b>338</b>	<b>323</b>	<b>1,465</b>	<b>1,450</b>
<i>Changes in value</i>				
Properties	329	52	621	344
Derivatives	- 102	- 170	- 592	- 660
<b>Income before tax</b>	<b>565</b>	<b>205</b>	<b>1,494</b>	<b>1,134</b>
Current tax	- 5	- 3	- 13	- 11
Deferred tax	- 109	- 31	10	88
<b>Net income for the period/year</b>	<b>451</b>	<b>171</b>	<b>1,491</b>	<b>1,211</b>
<b>Other total net income</b>				
<b>Items that will be reclassified into net income</b>				
Translation difference of currencies	- 18	0	4	22
Change in value derivatives, currency hedge	12	0	- 2	- 14
<b>Total net income for the period/year</b>	<b>445</b>	<b>171</b>	<b>1,493</b>	<b>1,219</b>

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

## Data per Share

	2015 Jan - March	2014 Jan - March	Rolling 4 quarters April 14 - March 15	2014 Jan - Dec
Average number of shares, thousand	164,000	164,000	164,000	164,000
Income from property management, SEK	2.06	1.97	8.93	8.84
Income from prop. management after tax (EPRA EPS*), SEK	1.95	1.80	8.41	8.26
Earnings after tax, SEK	2.75	1.04	9.09	7.38
Outstanding number of shares, thousand	164,000	164,000	164,000	164,000
Property value, SEK	238	236	238	229
Long term net asset value (EPRA NAV*), SEK	113	105	113	114
Actual net asset value (EPRA NNNAV*), SEK	99	94	99	100

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

## Financial Key Ratios

	2015 Jan - March	2014 Jan - March	Rolling 4 quarters April 14 - March 15	2014 Jan - Dec
Net operating income margin	65%	63%	67%	67%
Interest coverage ratio	324%	291%	327%	318%
Return on actual net asset value	13.1%	5.2%	10.0%	7.6%
Return on total capital	8,5%	5,6%	7,0%	6,5%
Net investments, SEKm	1,039	864	- 354	- 529
Loan to value ratio	51%	54%	51%	49%

\*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 NNNAV (Triple Net Asset Value).

# Consolidated Balance Sheet

SEKm	31 March 2015	31 March 2014	31 Dec 2014
<b>Assets</b>			
Investment properties	38,951	38,668	37,599
Other fixed assets	26	31	28
Current receivables	573	353	414
Cash and bank	73	185	47
<b>Total assets</b>	<b>39,623</b>	<b>39,237</b>	<b>38,088</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	13,340	12,601	13,649
Deferred tax liability	3,721	3,731	3,612
Other provisions	21	–	23
Derivatives	1,447	853	1,357
Interest-bearing liabilities	19,791	20,730	18,446
Non interest-bearing liabilities	1,303	1,322	1,001
<b>Total shareholders' equity and liabilities</b>	<b>39,623</b>	<b>39,237</b>	<b>38,088</b>
Pledged assets (property mortgages)	18,219	19,583	18,222
Contingent liabilities	–	–	–

## Changes in Equity

SEKm	Number of outstanding shares, thousand	Share capital	Other capital contribution	Currency trans. reserve	Currency hedge reserve	Retained earnings	Total equity
<b>Shareholders equity 31-12-2013</b>	<b>164,000</b>	<b>86</b>	<b>4,096</b>	<b>–2</b>	<b>1</b>	<b>8,946</b>	<b>13,127</b>
Dividend, March 2014 (4.25 SEK/share)	–	–	–	–	–	–697	–697
Net income Jan-March 2014	–	–	–	–	–	171	171
Other total net income Jan-March 2014	–	–	–	0	0	–	0
<b>Shareholders equity 31-03-2014</b>	<b>164,000</b>	<b>86</b>	<b>4,096</b>	<b>–2</b>	<b>1</b>	<b>8,420</b>	<b>12,601</b>
Net income April-Dec 2014	–	–	–	–	–	1,040	1,040
Other total net income April-Dec 2014	–	–	–	22	–14	–	8
<b>Shareholders equity 31-12-2014</b>	<b>164,000</b>	<b>86</b>	<b>4,096</b>	<b>20</b>	<b>–13</b>	<b>9,460</b>	<b>13,649</b>
Dividend, March 2015 (4.60 SEK/share)	–	–	–	–	–	–754	–754
Net income Jan-March 2015	–	–	–	–	–	451	451
Other total net income Jan-March 2015	–	–	–	–18	12	–	–6
<b>Shareholders equity 31-03-2015</b>	<b>164,000</b>	<b>86</b>	<b>4,096</b>	<b>2</b>	<b>–1</b>	<b>9,157</b>	<b>13,340</b>

## Cash Flow Statement

SEKm	2015 Jan-March	2014 Jan-March	Rolling 4 quarters April 13 - March 15	2014 Jan-Dec
Net operating income	518	518	2,222	2,222
Central administrative expenses	–29	–26	–111	–108
Reversed depreciations	3	3	12	12
Net interest rates paid	–155	–177	–667	–689
Tax paid	–4	–2	–9	–7
Translation difference of currencies	–2	0	–12	–10
<b>Cash flow from operating activities before change in working capital</b>	<b>331</b>	<b>316</b>	<b>1,435</b>	<b>1,420</b>
Change in current receivables	–158	–83	13	88
Change in current liabilities	306	208	–20	–118
<b>Cash flow from operating activities</b>	<b>479</b>	<b>441</b>	<b>1,428</b>	<b>1,390</b>
Investments in new constructions, refurbishments and extensions	–295	–324	–1,349	–1,378
Property acquisitions	–822	–636	–1,333	–1,147
Change in liabilities at acquisitions of property	–1	–1	18	18
Property sales	76	96	3,057	3,077
Change in receivables at sales of property	–1	–10	–233	–242
Other investments	–1	–3	–7	–9
<b>Cash flow from investment activities</b>	<b>–1,044</b>	<b>–878</b>	<b>153</b>	<b>319</b>
Change in long term liabilities	1,345	1,249	–939	–1,035
Dividend paid	–754	–697	–754	–697
<b>Cash flow from financing activities</b>	<b>591</b>	<b>552</b>	<b>–1,693</b>	<b>–1,732</b>
<b>Cash flow for the period/year</b>	<b>26</b>	<b>115</b>	<b>–112</b>	<b>–23</b>
Cash and bank opening balance	47	70	185	70
<b>Cash and bank closing balance</b>	<b>73</b>	<b>185</b>	<b>73</b>	<b>47</b>

## 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.

<b>Income statement</b>			
SEKm	2015 Jan-March	2014 Jan-March	2014 Jan-Dec
Income	5	4	21
Operating expenses	- 22	- 19	- 84
Net financial items	3	8	11
Dividend / Group contributions	-	-	897
Change in derivatives	- 102	-170	- 660
<b>Income before tax</b>	<b>- 116</b>	<b>- 177</b>	<b>185</b>
Tax	26	39	51
<b>Net income for the period/year</b>	<b>- 90</b>	<b>- 138</b>	<b>236</b>
<b>Comprehensive income for the parent company</b>			
Net income for the period/year	- 90	- 138	236
<b>Items that will be reclassified into net income</b>			
Translation difference, foreign operations	- 15	1	14
Unrealized change, currency hedge	12	0	- 14
<b>Total net income for the period/year</b>	<b>- 93</b>	<b>- 137</b>	<b>236</b>

<b>Balance sheet, SEKm</b>			
	30 March 2015	30 March 2014	31 Dec 2014
Participations in group companies	6,030	5,869	6,030
Receivables, group companies	18,053	18,457	17,990
Other assets	208	159	181
Cash and bank	38	166	16
<b>Total</b>	<b>24,329</b>	<b>24,651</b>	<b>24,217</b>
Shareholders' equity	3,730	4,204	4,577
Derivatives	1,447	853	1,357
Interest bearing liabilities	17,630	18,566	16,280
Interest bearing liabilities, group companies	1,412	894	1,883
Other liabilities	110	134	120
<b>Total</b>	<b>24,329</b>	<b>24,651</b>	<b>24,217</b>
Pledged assets (receivables group companies)	15,201	16,092	15,200
Contingent liabilities (guaranteed commitments for subsidiaries)	2,161	2,164	2,165

## Accounting Principles

Castellum follows the EU-adopted IFRS standards. 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.

## 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	+ 32/- 32	+	-
Vacancies	+ 36/- 36	-	+
Property costs	- 11/+ 11	-	0
Interest costs	- 85/+ 13	-	+

### 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	- 7,790	- 3,895	-	3,895	7,790
Loan to value ratio	64%	56%	51%	46%	42%

### Financial risk

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



## Event after the reporting period

As previously announced Castellum has, after the reporting period, completed a deal with Heimstaden April 13 with a total underlying property value of SEK 2.4 billion. The transaction comprises 27 properties totalling 187 thousand sq.m. in Norrköping, Linköping, Örebro and Solna.

Four office properties was acquired in central Örebro for SEKm 343 and one office property/project property was acquired in Solna for SEKm 63. The change of possession is estimated to take place in early May 2015.

Furthermore, through wholly owned subsidiary Fastighets AB Corallen, Castellum has acquired 50% of the shares in Henry Ståhl Fastigheter AB (HSAB) from Heimstaden, with an option to acquire the remaining 50% of the company earliest after 18 months. Heimstaden has a corresponding option to sell the remaining 50% after the end of Corallen's time of option. The purchase price, at utilization of the option, will be based on the properties market value. Change of possession is estimated to take place in early June 2015 and then HSAB will be streamlined into a real estate company with commercial premises in Norrköping and Linköping with a total property value of SEK 2 billion.

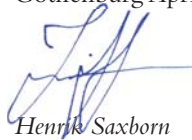
The transactions are conditional upon approval by the Swedish Competition Authority.

## Annual General Meeting 2015

At the Annual General Meeting on March 19, 2015 decisions were i. e. made on;

- a dividend of SEK 4.60 per share,
- re-election of present members of the board of directors Mrs. Charlotte Strömberg, Mr. Per Berggren, Mr. Christer Jacobson, Mr. Jan Åke Jonsson, Mrs Nina Linander and Mr. Johan Skoglund. Mrs. Anna-Karin Hatt was elected as new member of the Board of Directors. Mrs. Charlotte Strömberg was re-elected as chairman of the board of directors. Further the AGM decided that the level of remuneration to the members of the board of directors shall be SEK 2,650,000 in total,
- to appoint a new election committee for the AGM 2016 according to previously applied model,
- a renewed mandate for the Board to decide on purchase and transfer of the company's own shares.

Gothenburg April 15, 2015



Henrik Saxborn  
Chief Executive Officer

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



# The Castellum Share

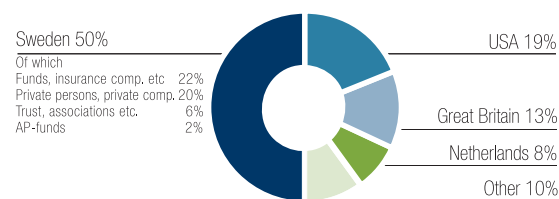
The Castellum share is listed on NASDAQ Stockholm Large Cap. At the end of the period the company had about 17,600 shareholders. Shareholders registered abroad cannot be broken down in terms of directly held and nominee registered shares except for one foreign shareholder who has flagged for holding over 5%, Stichting Pensioenfonds ABP. Castellum has no direct registered shareholders with holdings exceeding 10%. The ten single largest shareholders registered in Sweden are presented in the table below.

## Shareholders on 31-03-2015

Shareholders	Number of shares thousand	Percentage of voting rights and capital
Lannebo Småbolag	5,000	3.0%
Länsförsäkringar Fastighetsfond	3,857	2.4%
AMF Pensionsförsäkring AB	3,290	2.0%
Stiftelsen Global Challenges Foundation	2,500	1.5%
Kåpan Pensioner	2,180	1.3%
Magdalena Szombatfalvy	1,935	1.2%
Susanna Löw	1,627	1.0%
Folketrygdfondet	1,467	0.9%
SEB Sverigefond	1,386	0.8%
Danske Invest Sverige	1,374	0.8%
Board and executive management Castellum	273	0.2%
Other shareholders registered in Sweden	56,555	34.5%
Shareholders registered abroad	82,556	50.4%
<b>Total registered shares</b>	<b>164,000</b>	<b>100.0%</b>
Repurchased shares	8,007	
<b>Total registered shares</b>	<b>172,007</b>	

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

## Distribution of shareholders by country 31-03-2015



The Castellum share price as at 31 March, 2015 was SEK 130.30 (107.60) equivalent to a market capitalization of SEK 21.4 billion (17.6), calculated on the number of outstanding shares.

During the period a total of 57 million (35) shares were traded, equivalent to an average of 920,000 shares (564,000) per day, corresponding on an annual basis to a turnover rate of 140% (86%). 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 113 per share (105). The share price at the end of the year was thus 115% (102%) of the long term net asset value.

Net asset value	SEKm	SEK/share
Equity according to the balance sheet	13,340	81
Reversed		
Derivatives according to balance sheet	1,447	9
Deferred tax according to balance sheet	3,721	23
<b>Long term net asset value (EPRA NAV)</b>	<b>18,508</b>	<b>113</b>
Deduction		
Derivatives as above	- 1,447	- 9
Estimated real liability, deferred tax 5.0%*	- 859	- 5
<b>Actual net asset value (EPRA NNAV)</b>	<b>16,202</b>	<b>99</b>

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

## Earnings

Income from property management adjusted for nominal tax attributable to income from property management (EPRA EPS) amounted to 8.14 (8.07) on rolling annual basis. This results in a share price yield of 6.5% (7.5%) corresponding to a multiple of 15 (13). Income from property management should be adjusted by a long-term increase in the property value and effective paid tax.

Net income after tax amounted on rolling annual basis to SEK 9.09 per share (8.99), which from the share price gives a yield of 7.0% (8.4%), corresponding to a P/E of 14 (12).

## Dividend yield

The latest carried dividend of SEK 4.60 (4.25) corresponds to a yield of 3.5% (3.9%) 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% (21%), including a dividend of SEK 4.60.

## 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.

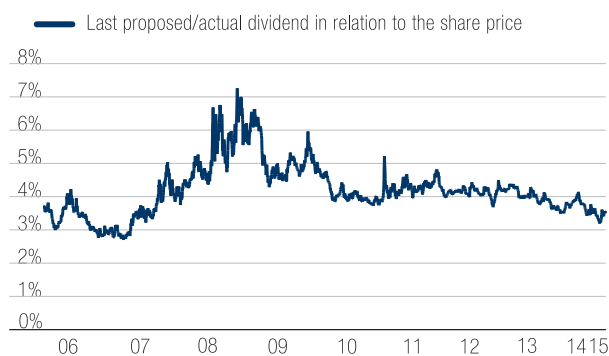
#### Net asset yield and earnings including long-term change in value

		Sensitivity analysis	
		-1%-unit	+1%-unit
Income from prop. management rolling 12 months	1,465	1,465	1,465
Change in property value (on average 10 years)	460	77	843
<i>D.o %</i>	1.20%	0.20%	2.20%
Current tax, 5%	- 95	- 95	- 95
<b>Earnings after tax</b>	<b>1,830</b>	<b>1,447</b>	<b>2,213</b>
Earnings SEK/share	11.16	8.82	13.49
Return on actual long-term net asset value	10.9%	8.6%	13.2%
Earnings / share price	8.6%	6.8%	10.4%
P/E	12	15	10

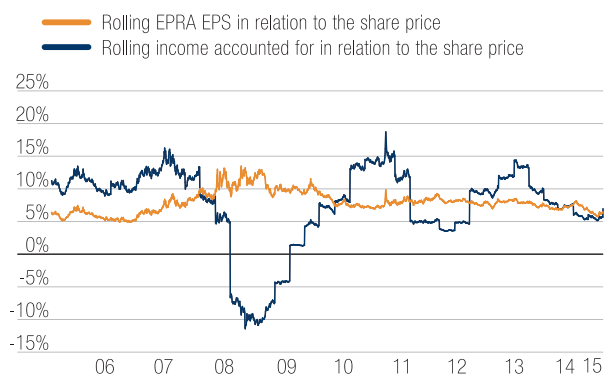
#### Growth, yield and financial risk

	1 year	3 years	10 years
		average/year	average/year
<b>Growth</b>			
Rental income SEK/share	1%	4%	6%
Income from prop. management SEK/share	7%	7%	7%
Net income for the year after tax SEK/share	1%	30%	4%
Dividend SEK/share	8%	8%	7%
Long term net asset value SEK/share	8%	6%	6%
Actual net asset value SEK/share	5%	5%	6%
Real estate portfolio SEK/share	1%	4%	7%
Change in property value	1.6%	0.8%	1.2%
<b>Yield</b>			
Return on actual long term net asset value	12.4%	9.5%	11.0%
Return on actual net asset value	10.0%	9.2%	10.8%
Return on total capital	7.0%	6.0%	6.9%
<b>Total yield of the share (incl. dividend)</b>			
Castellum	25%	20%	12%
NASDAQ Stockholm (SIX Return)	28%	22%	13%
Real Estate Index Sweden (EPRA)	44%	30%	15%
Real Estate Index Europe (EPRA)	42%	25%	7%
Real Estate Index Eurozone (EPRA)	42%	22%	9%
Real Estate Index Great Britain (EPRA)	25%	25%	4%
<b>Financial risk</b>			
Loan to value ratio	51%	52%	49%
Interest coverage ratio	324%	303%	300%

#### The share's dividend yield



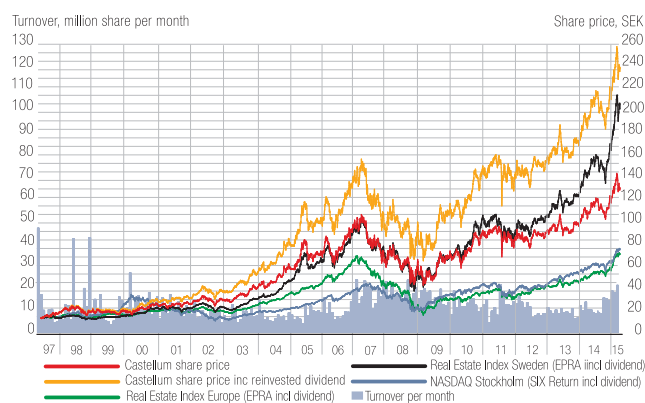
#### Yield earnings per share



#### Share price/net asset value



#### The Castellum share's price trend and turnover since the IPO May 23, 1997 until March 31, 2015



# Calendar

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Half-year Report January-June 2015	15 July 2015, around 3 pm
Interim Report January-September 2015	15 October 2015
Year-end Report 2015	20 January 2016
Annual General Meeting 2016	17 March 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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