



Drottningparken in Örebro - an office building comprising 4,280 sq.m. located near both the city center and the Southern station - will be completed during the autumn 2016 and is fully let. The new building will be completed in accordance with the environmental system Miljöbyggnad and will also be supplied with green district heating.



Half-year Report

January-June 2015

Half-year Report January-June 2015

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 presence in five growth regions: Eklandia Fastighets AB and Harry Sjögren AB in Greater Gothenburg (incl. Borås and Halmstad), Fastighets AB Briggen in the Öresund Region (Malmö, Lund, Helsingborg and Copenhagen), Fastighets AB Brostaden in Greater Stockholm, Aspholmen Fastigheter AB in Mälardalen (Örebro, Västerås and Uppsala) and Fastighets AB Corallen in Eastern Götaland (Jönköping, Linköping and Norrköping).

Castellum is listed on NASDAQ Stockholm Large Cap.

- Rental income for the period January-June 2015 amounted to SEKm 1,617 (SEKm 1,663 previous year).
- Income from property management amounted to SEKm 716 (703), corresponding to SEK 4.37 (4.29) per share, an increase of 2%.
- Changes in value on properties amounted to SEKm 880 (357) and on derivatives to SEKm 137 (–366).
- Net income after tax for the period amounted to SEKm 1,399 (560), corresponding to SEK 8.53 (3.41) per share.
- Net investments amounted to SEKm 1,730 (1,262) of which SEKm 569 (669) were new constructions, extensions and reconstructions, SEKm 1,422 (814) acquisitions and SEKm 261 (221) sales. Furthermore, 50% of the shares in Ståhls were acquired, with a underlying property value of SEK 2 billion, for SEKm 477.

Key ratios

	2015 Jan-June	2014 Jan-June	2014	2013	2012	2011	2010	2009	2008	2007	2006
Income from property management, SEK/share	4.37	4.29	8.84	8.21	7.65	7.15	6.96	6.89	5.93	5.63	5.38
<i>Change previous year</i>	<i>+2%</i>	<i>+11%</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	8.53	3.41	7.38	10.41	8.98	4.34	11.98	0.98	–4.04	9.07	10.21
<i>Change previous year</i>	<i>+150%</i>	<i>–38%</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	40,187	39,385	37,599	37,752	36,328	33,867	31,768	29,267	29,165	27,717	24,238
Net investments, SEKm	1,730	1,262	–529	1,081	2,545	1,908	1,279	1,129	2,710	2,559	1,823
Loan to value	51%	53%	49%	52%	53%	51%	50%	52%	50%	45%	45%
Interest coverage ratio	336%	307%	318%	292%	284%	278%	299%	309%	255%	287%	343%

For more detailed information see Castellum Annual Report.

Henrik Saxborn, CEO at Castellum

Enhanced financial readiness

During the second quarter, we've concentrated on phasing in the major acquisitions in Linköping and Norrköping. Castellum intends that synergies from purchasing half of Ståhls' commercial properties will materialize as early as this current year. The acquisition made Castellum the second largest property owner in these emerging cities, at one stroke.

The restructuring of the real estate portfolio towards higher growth continues strenuously and implies continued turnover through both single purchases and sales. The latest examples include the sale of undeveloped land north of Stockholm and the acquisition of neighbouring properties in Gothenburg. Moreover, Castellum continues to develop high-quality properties via an interesting project portfolio. The latest projects include a 9,200 sq. m. office space right by the water at Lindholmen, Gothenburg. And the 4,300 sq. m. Drottningparken office project in Örebro is already fully leased – an entire year before its completion.

Economic indicators continue to evolve in the right direction. Income from property management increased by 2% during the first half year, despite significant property sales of close to SEK 3 billion during the last half of 2014, and non-access to the Ståhls acquisitions until the end of the period. Net leasing is positive, SEKm +37, and we have adjusted the value of the real estate portfolio upwards by SEKm 880, backed by market tendencies. This in turn has contributed to a 4% increase in the long-term net asset value, to SEK 118 during the first half year – at the same time as a dividend of SEK 4.60 being paid out during the period.

We are also working intensively with the Group-wide efficiency program that is expected to take effect in the next year. An important part of these efforts includes a common brand profile for the entire Group, introduced to clearly delineate the Group's joint strength – as well as local presence – in Sweden's strongest growth regions. The new common profile will provide potential for future income and savings, but will entail a short-term cost increase for this year's implementation.

The part of the business we can influence is developing according to plan and in good order, but this is hardly the case regarding other parts of the world. The crisis in Greece greatly affects both the stock market and the interest rate market, and no one can say with certainty how repercussions will affect our country. However, we can state that Castellum is active in a market that is largely dependent on the domestic, Swedish business cycle. Of course, on the cost side, financing is affected by international turmoil – both in terms of access and costs, i.e. interest level. As we've always pointed out in the Annual Report, the biggest risk of a real estate company is not being able to secure the requisite long-term financing.

It's therefore reassuring that we have focused on and succeeded in extending our credit facilities, as well as securing our interest margins. For example, during the year we have renegotiated and extended credit facilities totalling SEK 4.0 billion and carried out new issues in the bond market for a total of SEK 2.5 billion. This implies an aggregate outstanding bond volume of SEK 6.8 billion.

After value adjustments, earnings and dividends, the balance sheet remains strong: At the end of Q2 2015, the loan-to-value ratio amounted to 51%, thus enabling freedom of action and future investments.

In summary: Castellum remains a low-risk option among Swedish listed real estate companies. And we'll continue to deliver solid long-term performance in the future as well: growth – in both property-management income and dividends.




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%

2%
growth 1st half-year 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 1,730
net investments first 1st half-year 2015

Lease value per region



Strategic tools

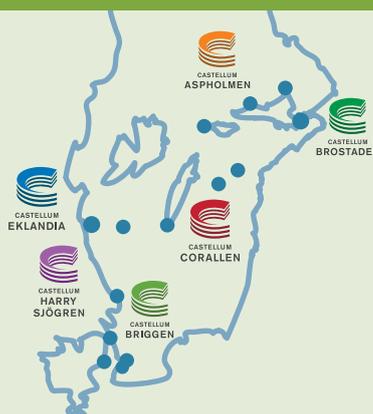
Customer and employee satisfaction

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 Q2 2015

Interest coverage ratio



4,500

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

Customers and Organization

Customers - a reflection of the diverse Swedish economy

Castellum holds approx. 4,500 commercial contracts, with good risk diversification regarding size of contracts, geography, type of premises, length of contracts and various customer industries. The single largest contract corresponds to approx. 2% of Castellum's total rental income.

Nine out of ten customers recommend Castellum

It is important that Castellum meets customer expectations: we deliver what we promise. An external customer survey is therefore carried out annually, the Satisfied Customer Index.

The latest survey, conducted in 2014, showed continued and consistent high marks for Castellum, with a weighted index of 79. This exceeds the industry benchmark of 73.

Nine out of ten customers surveyed, 88%, replied that they want to lease from Castellum again and gladly recommend Castellum as a landlord to others.

High leasing activity

Castellum's leasing activity is high. During 2015 to date, the organization has signed 388 new leases with a total annual value of SEKm 177. Robust leasing activities indicate the importance of taking care of customers and networks.

A decentralized and small-scale organization infers deep local knowledge and interaction

Castellum is the parent company and owns six local operating subsidiaries who own and manage the Group properties, and this results in close relationships with customers and short decision-making processes. Well-anchored local bases provide conditions for thorough familiarity with the market. Castellum operates as one of the largest real estate companies, while remaining equipped to act as close to the market as the smallest.

Brand management that clearly reinforces advantages of being both big and small

Castellum's subsidiaries operate under their own names. To make the connection between the parent company and the subsidiaries clear and demonstrate the common strengths and local force a common visual identity has been launched during the quarter.

Each subsidiary is involved in the local business community



through business associations where important contacts are forged with both current and prospective customers.

Castellum, as one of the largest real estate owners on each local market, also contributes to regional development. Local subsidiaries operate through co-operation with municipalities and universities/colleges.

Satisfied employees

Castellum works actively to recruit and retain top-notch employees by offering a stimulating work environment, competence development and experience sharing.

Employee viewpoints about Castellum are regularly measured and the latest survey, conducted in 2014, shows a continued high index, 85 on a 100-point scale. This indicates that employees are satisfied with their work situation and have high confidence in the company and management.

Castellum has about 300 employees.

Sustainable business

Castellum's sustainability efforts focus on the efficient use of resources, a sustainable real estate portfolio and sustainable collaborations, as well as on social commitment and responsibility.

Castellum's current energy consumption is less than 40% of the business-sector average. In addition, a growing 20% of the real estate portfolio is environmentally classified according to the Green Building, Miljöbyggnad or the BREEAM criteria.

Our contribution to positive development in the communities where Castellum is active involves various forms of ongoing collaborations. These include joint projects with customers, business colleagues, municipalities and educational institutions. During 2014, 60 young people received their introduction to working life through our apprenticeship program, as holiday workers, interns or trainees.

Market comments

Swedish economy

The Swedish economy continues to develop well, still driven by domestic demand with households as the primary engine. Lately, a number of export improvements have been noted – mainly linked to the export of services. However, the recovery for goods export has been slow, and geopolitical turmoil continues to dampen the economy. The level of construction and infrastructure investments in Sweden demonstrates high activity.

The labour market will be positively affected by the stronger economy, and it currently exhibits a steady improvement, with employment and work-supply increases running at approximately the same rate. Despite a strengthening economy, inflation pressure is perceived as remaining low, due to low inflation abroad. A stronger Swedish currency further dampens inflation. Hence, the exchange rate will play a key role for inflation in Sweden.

Macro indicators

Unemployment	8.0%	(May 2015)
Inflation	-0.4%	(June 2015 compared to June 2014)
GDP growth	0.4%	(Q1 2015 compared to Q4 2014)

Source: SCB

Rental market

During the first half-year, the rental market strengthened in several geographical markets compared with the corresponding period last year. Demand was stable and favourable in terms of both new constructions and existing facilities, with some variation attributable to geography and product. However, a slight increase in office rental levels was observed for submarkets with high demand and low market vacancy; rents remained stable for all other submarkets.

It is obvious that the interest in real estate development has increased. This has been well received in the rental market and promoted rental levels for the top segment in several locations. The supply of new constructions in Stockholm and Gothenburg remained stable, and supply did not meet market demand in attractive locations. However, the opposite was true for Malmö.

Property market

The Swedish real estate market was characterized by continued strong demand that was not fully met by supply. Transaction volumes totalled just under SEK 65 billion (60) for the first half year, and activity was high in all markets and segments. An increased interest was noted for retail and logistics/warehouse properties

compared with the previous year. Interest for office properties remained stable, and commercial properties accounted for 79% (76%) of the transaction volume during this period.

So far this year, foreign interest has been higher than last year and Swedish players account for 78% (85%) of the transaction volume. Swedish real estate companies are still the largest among buyers, and real estate funds as well as Swedish real estate companies are the most active among sellers.

It is Castellum's view that the strong demand in the real estate market – combined with limited supply – means decreased yield levels, resulting in value increases for several markets and segments, with variation attributable to geography, property type and quality.

Interest and credit market

During the first half year, the Riksbank focused on an inflation target of 2%, continued its expansionary monetary policy and took historic decisions. At its last meeting in July, the repo rate was lowered to a record low of -0.35%, and the repo-rate path was adjusted downwards. Moreover, the Riksbank announced the purchase of additional government bonds. The repo-rate path indicates that the Riksbank has not finished cutting the repo rate: another cut may come in the autumn. It is not expected to rise until the second half of 2016, and then, slowly.

The 3-month Stibor interest rate, of such significance to Castellum operations, continued to move downward in April. Since then, the Stibor interest rate has been stable or decreased slightly. In late June, however, the rate increased slightly just before the Riksbank once again surprisingly lowered the repo rate in July. This resulted in the lowering of the 3-month Stibor interest rate to new record lows.

The spread between the short-term and long-term interest rate has increased during second quarter, and the difference has been high, viewed over the past few years. Although the rapid increase in long-term interest rates is high in relative terms, the levels remain historically low. However, after the Riksbank's announcement in July, long-term interest rates dropped again.

Both the availability of bank financing and financing in the capital market are considered favourable. Credit margins on the capital market dropped during the beginning of the year but are now back on the same levels as one year ago. 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–June 2015 to SEKm 716 (703), equivalent to SEK 4.37 (4.29) per share – an increase with 2%. Income from property management rolling four quarters amounted to SEKm 1,463 (1,415) equivalent to SEK 8.92 per share (8.63) – an increase of 3%.

During the period, changes in value on properties amounted to SEKm 880 (357) and on derivatives to SEKm 137 (–366). Net income after tax for the period was SEKm 1,399 (560), equivalent to SEK 8.53 (3.41) per share.

Rental income

Group's rental income amounted to SEKm 1,617 (1,663). For office and retail properties, the average contracted rental level, including charged heating, cooling and property tax, amounted to SEK 1,316 per sq.m., whereas for warehouse and industrial properties, it amounted to SEK 803 per sq.m. Rental levels, which are considered to be in line with the market, have in comparable portfolio increased by approx. 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% (88.4%). The total rental value for vacant premises on yearly basis amounted to approx. SEKm 438 (480). The rental income for the period includes a lump sum of

SEKm 5 (9) as a result of early termination of a leases.

Gross leasing (i.e. the annual value of total leasing) during the period was SEKm 177 (185), of which SEKm 23 (49) were leasing of new constructions, extensions and reconstructions. Notices of termination amounted to SEKm 140 (112), of which bankruptcies were SEKm 5 (11) and SEKm 7 (2) were notices of termination with more than 18 months remaining length of contract. Net lease for the period was hence SEKm 37 (73) and for the second quarter isolated SEKm 16 (47).

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

Property costs

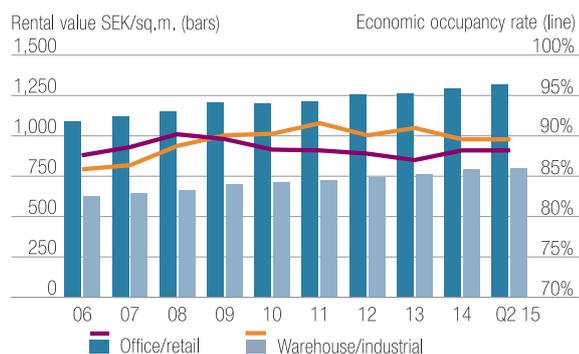
Property costs amounted to SEKm 539 (564) corresponding to SEK 319 per sq.m. (311). The costs includes SEKm 5 in transaction cost related to the acquisition of 50% of the shares of Ståhls. Consumption for heating during the period has been calculated to 96% of a normal year according to the degree day statistics.

Property costs	Office/ Retail	Warehouse/ Industrial	2015 Total	2014 Total
SEK/sq. m				
Operating expenses	185	121	157	162
Maintenance	42	25	34	35
Ground rent	8	7	8	7
Real estate tax	73	23	50	47
Direct property costs	308	176	249	251
Leasing and property administration	–	–	70	60
Total	308	176	319	311
Previous year	316	172	311	

Central administrative expenses

Central administrative expenses totalled SEKm 61 (56). This includes costs for a profit-and-share-price related incentive plan for 9 persons in executive management of SEKm 7 (10).

Rental value and economic occupancy rate



Net leasing



Income from joint ventures

Income from joint ventures amounted to SEKm 2 (–) and refers to Castellum's 50% share of the income in Ståhls. For more information, see the section Joint venture on page 14.

Of this income, SEKm 2 refers to income from property management and SEKm 0 to tax.

Net interest

Net interest items were SEKm –303 (–340). The average interest rate level was 3.1% (3.4%). 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 and high demand and continued limited supply, resulting in rising prices. Castellum took this price rise into consideration in the Group's internal valuation by lowering the required yield during the first halfyear – equivalent to about 10 basis points at the portfolio level. The average valuation yield at the end of the period was 6.8%. Along with the value changes in completed acquisitions, a number of individual real estate adjustments and sales, this has led to a value change of SEKm 880 – equivalent to approx. 2%. 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 91. Net sales price amounted to SEKm 261 after reduction for assessed deferred tax and transaction costs of SEKm 19. Hence the underlying property value, which amounted to SEKm 280, exceeded last valuation of SEKm 170 with SEKm 110.

The value in the interest derivatives portfolio has changed by SEKm 140 (–363), mainly due to changes in long-term market interest rates. Castellum's currency derivatives has during the period changed SEKm 15 (–9) where the

effective part of the value change of SEKm 18 (–6) 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.

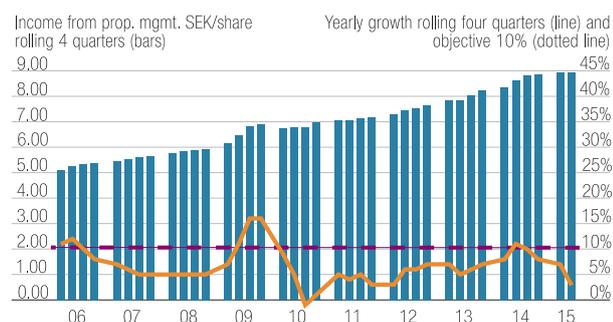
Remaining tax loss carryforwards can be calculated to SEKm 970 (1,193). Fair values for the properties exceed their fiscal value by SEKm 20,196 (18,602) of which SEKm 1,332 (991) relates to the acquisition of properties accounted for as asset acquisitions. As deferred tax liability, a full nominal 22% tax of the net difference is reported, reduced by the deferred tax relating to asset acquisitions, i.e., SEKm 3,937 (3,612).

Castellum has no current tax disputes.

Tax calculation 30-06-2015

SEKm	Basis current tax	Basis deferred tax
Income from property management	716	
Deductions for tax purposes		
depreciations	– 345	345
reconstructions	– 252	252
Other tax allowances	4	– 21
Taxable income from property management	123	576
Properties sold	4	– 113
Changes in value on properties	–	789
Changes in value on interest rate derivatives	137	–
Taxable income before tax loss carry forwards	264	1,252
Tax loss carry forwards, opening balance	– 1,193	1,193
Tax loss carry forwards, closing balance	970	– 970
Taxable income	41	1,475
Tax according to the income statement	– 9	– 325

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. 75% of the portfolio, is in the three major urban regions.

The commercial portfolio consists of 67% office and retail properties as well as 29% 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 4% consist of projects and undeveloped land.

Castellum owns approx. 770,000 sq.m. of unutilized building rights and ongoing projects with remaining investments of approx. SEKm 800.

Investments

During the period, investments totalling SEKm 1,991 (1,483) were carried out, of which SEKm 569 (669) were new constructions, extensions and reconstructions and SEKm 1,422 (814) were acquisitions. Of the total investments SEKm 543 refers to Mälardalen, SEKm 500 to Greater Stockholm, SEKm 432 to Öresund Region, SEKm 407 to Greater Gothenburg and SEKm 109 to Eastern Götaland. After sales of SEKm 261 (221) net investments amounted to SEKm 1,730 (1,262).

During the second quarter Castellum acquired 50% of the shares in Ståhls for SEKm 477. The company owns and manage properties in Norrköping and Linköping totalling approx. SEK 2 billion. See page 14 for more information.

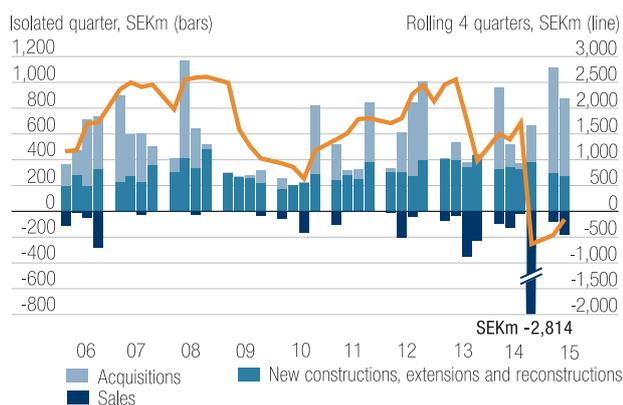
During the period the real estate portfolio has changed according to the table below.

Changes in the real estate portfolio

	Value, SEKm	Number
Real estate portfolio on 1 January, 2015	37,599	583
+ Acquisitions	1,422	16
+ New constructions, extensions and reconstructions	569	9*
- Sales	- 170	- 3
+/- Unrealized changes in value	789	-
+/- Currency translation	- 22	-
Real estate portfolio on 30 June, 2015	40,187	605

*Parcelling / regulation

Investments



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 1,500 (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 40,187 (37,599), corresponding to SEK 11,602 per sq.m.

Average valuation yield

(excl. project/land and building rights)	SEKm
Net operating income properties	1,198
+ Real occupancy rate, 94% at the lowest	138
+/- Property cost annual rate	19
- Property administration, 30 SEK/sq.m.	- 51
Normalized net operating income (6 months)	1,304
Valuation (excl. building rights of SEKm 473)	38,359
Average valuation yield	6.8%

Average valuation yield over time



Castellums' real estate portfolio 30-06-2015

	30-06-2015				January-June 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
Office/retail											
Greater Gothenburg	86	470	8,124	17,295	322	1,369	91.9%	295	73	310	222
Öresund Region	66	413	5,769	13,953	269	1,300	83.7%	225	60	290	165
Greater Stockholm	52	357	5,005	14,025	254	1,425	82.8%	211	57	318	154
Mälardalen	79	438	5,715	13,034	266	1,214	90.8%	242	68	308	174
Eastern Götaland	24	184	2,433	13,245	115	1,251	94.2%	108	29	322	79
Total office/retail	307	1,862	27,046	14,524	1,226	1,316	88.2%	1,081	287	308	794
Warehouse/industrial											
Greater Gothenburg	104	677	5,434	8,031	257	759	91.8%	235	54	161	181
Öresund Region	43	284	1,895	6,675	109	767	86.4%	94	21	149	73
Greater Stockholm	52	287	3,025	10,526	147	1,023	89.7%	132	32	220	100
Mälardalen	37	183	1,214	6,634	69	756	87.7%	61	20	218	41
Eastern Götaland	10	54	218	4,043	14	536	86.3%	12	3	127	9
Total warehouse/industrial	246	1,485	11,786	7,938	596	803	89.7%	534	130	176	404
Total	553	3,347	38,832	11,602	1,822	1,088	88.7%	1,615	417	249	1,198
Leasing and property administration									117	70	-117
Total after leasing and property administration									534	319	1,081
Development projects	21	86	1,014	-	33	-	-	21	9	-	12
Undeveloped land	31	-	341	-	-	-	-	-	-	-	-
Total	605	3,433	40,187	-	1,855	-	-	1,636	543	-	1,093

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 1,093 accounted for above and the net operating income of SEKm 1,078 in the income statement is explained by the deduction of the net operating income of SEKm 5 on properties sold during the year, as well as the adjustment of the net operating income of SEKm 20 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

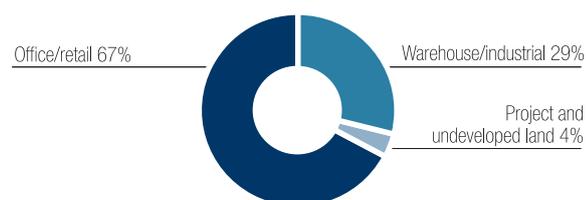
	2015 Jan-June	2014 Jan-June	2014 Jan-Dec
Rental value, SEK/sq.m.	1,088	1,047	1,064
Economic occupancy rate	88.7%	88.4%	88.7%
Property costs, SEK/sq.m.	319	311	307
Net operating income, SEK/sq.m.	646	615	637
Property value, SEK/sq.m.	11,602	10,552	11,118
Number of properties	605	634	583
Lettable area, thousand sq.m.	3,433	3,678	3,329

Segment information

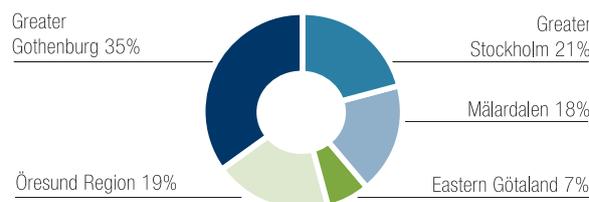
SEKm	Rental income		Income from property management	
	2015 Jan-June	2014 Jan-June	2015 Jan-June	2014 Jan-June
Greater Gothenburg	535	511	255	242
Öresund Region	324	354	154	149
Greater Stockholm	344	316	160	139
Mälardalen	293	278	125	113
Eastern Götaland	121	204	57	83
Total	1,617	1,663	751	726

The difference between the income from property management of SEKm 751 (726) above and the groups accounted income before tax of SEKm 1,733 (694) consists of unallocated income from property management of SEKm -35 (-23), changes in property value of SEKm 880 (357) and changes in values of interest rate derivatives of SEKm 137 (-366).

Property value by property type



Property value by region



Larger investments and sales



Larger projects

Property	Area, sq.m	Econ. occup. July 2015	Total inv., land incl. SEKm	Remain. inv. SEKm	Completed	Comment
Lindholmen 30:5, Gothenburg	9,243	20%	268	210	Q1 2017	New construction office
Algen 1, Jönköping	4,509	73%	140	29	Q3 2015	New construction retail/office/restaurant
Drottningparken, Örebro	4,280	100%	100	70	Q3 2016	New construction office
Verkstaden 14, Västerås	6,100	100%	78	33	Q1 2016	Extension and reconstruction education facilities
Visionen 3, Jönköping	2,478	88%	59	15	Q3 2015	New construction office
Projects completed/partly moved in						
Jägmästaren 1, Linköping	7,750	92%	109	6	Q1 2015	New construction retail
Varla 3:22, Kungälv	5,000	100%	42	0	Q1 2015	Extension and reconstruction warehouse
Boländerna 35:1, Uppsala	8,750	98%	38	0	Q1 2015	New construction retail
Godståget 1, Stockholm	6,568	100%	31	0	Q2 2015	Extension and reconstruction warehouse

Larger acquisitions during 2015

Property	Area, sq.m	Econ. occup. July 2015	Acquisition SEKm	Access	Category
Park Allé 373, Roholmsvej 19-21 and Generatorvej 6-8, Copenhagen	51,185	84%	377	Jan 2015	Office/Warehouse
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
Bangården 4, Solna	5,765	100%	63	May 2015	Project
Bromsgården 1, Gillet 22, Hållstugan 28 and Prästgården 12, Örebro	22,465	92%	344	May 2015	Office / retail
Kärva 75:2 and 75:4, Gothenburg	16,000	98%	127	June 2015	Warehouse, office and retail

Sales during 2015

Property	Area, sq.m	Underlying prop. price, SEKm	Trans. costs and deferred tax, SEKm	Net sales price, SEKm	Access	Category
Rankan 3 & 4, Sollentuna	–	198	– 15	183	July 2015	Land
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



Joint venture

In the second quarter of 2015, Castellum AB (publ) closed a deal with Heimstaden AB (publ) which meant that Castellum, through the subsidiary Corallen, acquired 50% of the shares in Ståhls property management company, corresponding to an investment of SEKm 477. Access was gained at month-end, May/June 2015. Castellum has the possibility of purchasing the remaining 50% to market value, no earlier than 18 months after the access in May/June 2015.

The investment has contributed SEKm 2 to Castellum's results during this period. The carrying value of this investment thus totalled SEKm 479 as of June 30, 2015 and is accounted for according to the equity method.

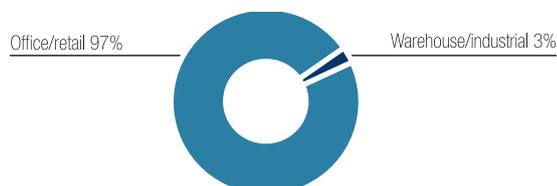
The real estate portfolio amounted to SEKm 1,950 as of June 30 and the loan-to-value ratio at that date was 55%. The interest-bearing financing consists of loans in some of the largest Nordic banks and 100% of the interest rate is currently floating. Furthermore, the Group has tax loss carry-forwards and is not expected to pay income tax next year.

Heimstaden owns the remaining 50% and has assigned property management as well as financial management of Ståhls to Castellum. To elucidate on Castellum holdings, the Group's real estate portfolio, consolidated balance sheet and income statement as of June, 2015, will be accounted for below.

Property portfolio per 30-06-2015

Property type	No. of properties	30-06-2015			January-June 2015				Rental income SEKm	Property costs SEKm	Property costs SEK/sq.m	Net operating income SEKm
		Area thous. sq.m	Property value SEKm	Property value SEK/sq.m	Rental value SEKm	Rental value SEK/sq.m	Economic occupancy rate					
Distributed by city												
Norrköping	Office/retail	12	92	1,167	12,651	58	1,259	87.5%	50	- 17	399	33
Norrköping	Warehouse/industri	1	19	51	2,605	4	371	15.0%	0	0	73	0
Linköping	Office/retail	9	51	732	14,352	26	1,032	85.2%	22	- 11	430	11
Total		22	162	1,950	11,984	88	1,082	83.8%	72	- 28	370	44
Leasing and property administration										- 8	100	- 8
Total after leasing and property administration										- 36	470	36

Property value by property type



Property value by city



Balance sheet per 30-06-2015

SEKm	30 June 2015
Assets	
Investment properties	1,950
Other fixed assets	3
Current receivables	29
Cash and bank	175
Total assets	2,157
Shareholders' equity and liabilities	
Shareholders' equity	859
Deferred tax liability	100
Interest-bearing liabilities	1,070
Non interest-bearing liabilities	128
Total shareholders' equity and liabilities	2,157

Income statement per 30-06-2015

SEKm	June 2015
Rental income	12
Property costs	- 6
Central administrative expenses	0
Net interest income/expense	- 1
Income from property management	5
Change in value properties	0
Current tax	0
Deferred tax	- 1
Net income	4
- of which Castellum's part of the joint venture (50%)	2

Value of the part of the joint venture accounted for 30-06-2015

SEKm	Castellum's part 50%
Shareholders' equity accounted for	429
Net adjustment for goodwill and deferred tax consolidation	50
Part of the joint venture	479

Financing

Castellum shall have a low financial risk, meaning a loan to value ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%. Castellum's assets had on June 30, 2015, a value of SEKm 41,210 (38,088) and are financed by shareholders' equity of SEKm 14,288 (13,649), deferred tax liabilities of SEKm 3,937 (3,612), interest bearing liabilities of SEKm 20,483 (18,446) and non interest bearing liabilities of SEKm 2,502 (2,381).

Interest bearing liabilities

At the end of the period Castellum had binding credit agreements totalling SEKm 29,703 (26,065) of which SEKm 25,000 (22,357) was long term binding and SEKm 4,703 (3,708) short term binding.

During the period SEKm 2,550 were issued under the MTN-program, agreements for a total of SEKm 4,000 have been renegotiated and an existing bank credit facility has been increased with SEKm 100.

After deduction of cash of SEKm 55 (47), net interest bearing liabilities were SEKm 20,428 (18,399), of which SEKm 6,750 (4,200) were MTN and SEKm 2,275 (1,280) outstanding commercial papers.

Most of Castellum's loans are short-term revolving loans, utilized in long-term binding credit agreements in 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 20,428 (18,399) of which SEKm 11,403 (12,919) were secured by the company's properties and SEKm 9,025 (5,480) unsecured.

The proportion of used secured financing was thus 28% 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 336% respectively. The average duration of Castellum's long-term credit agreements was years 3.0 (3.0). Margins and fees on long-term credit agreements had an average duration of 2.5 years (2.6).

Credit maturity structure 30-06-2015

SEKm	Credit agreements	Utilized in		Total
		Bank	MINCert	
0-1 year	4,703	976	3,475	4,451
1-2 years	4,658	785	1,850	2,635
2-3 years	5,858	858	1,050	1,908
3-4 years	10,708	6,658	1,000	7,658
4-5 years	2,470	1,070	1,400	2,470
> 5 years	1,306	1,056	250	1,306
Total	29,703	11,403	9,025	20,428

Unutilized credit in long term credit agreements (more than 1 year) 4,572

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 June 30, 2015 was 3.0% (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 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 30-06-2015



Secured credit facilities 30-06-2015



Interest rate maturity structure 30-06-2015

	Credit, SEKm	Interest rate derivatives SEKm	Net. SEKm	Closing interest rate	Average fixed interest rate term
0-1 year	19,228	-9,950	9,278	3.1%	0.3 year
1-2 years	350	950	1,300	1.5%	1.6 years
2-3 years	200	1,250	1,450	2.6%	2.6 years
3-4 years	–	1,450	1,450	3.3%	3.5 years
4-5 years	650	2,150	2,800	2.6%	4.5 years
5-10 years	–	4,150	4,150	3.5%	6.6 years
Total	20,428	–	20,428	3.0%	2.6 years

Currency

Castellum owns properties in Denmark with a value of SEKm 931 (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.

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. At maturity, a derivative's market value is dissolved in its entirety and the change in value over time has thus not affected equity. 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.

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

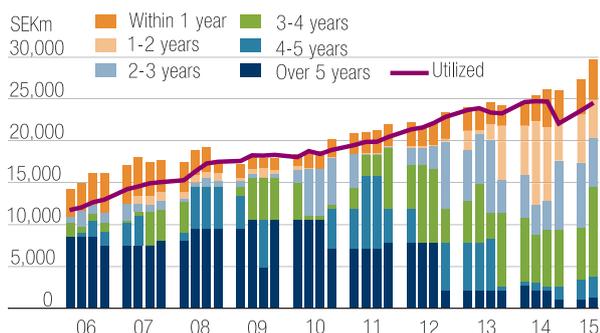
As of June 30, 2015, the market value of the interest rate derivatives portfolio amounted to SEKm -1,204 (-1,344) and the currency derivative portfolio to SEKm 2 (-13). All derivatives are, as at the year end, classified in level 2 according to IFRS 13.

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%	336%
Funding risk			
– average capital tied up	At least 2 years		3.0 years
– proportion maturing within 1 year	No more than 30% of outstanding loans and unutilized credit agreements		9%
– average maturing credit price	At least 1.5 years		2.5 years
– proportion capital market financing	No more than 50% of outstanding interest bearing liabilities		44%
– liquidity reserve	Secured credit agreements corresponding to SEKm 750 and 90 days upcoming loan maturities		Need: SEKm 2,502 Available: SEKm 6,939
Interest rate risk			
– average fixed interest term	1.0-3.5 years	–	2.6 years
– proportion maturing within 6 months	At least 20%, no more than 55%	–	40%
Credit and counterparty risk			
– rating restrictions	Credit institutions with high ratings, at least S&P BBB+		Satisfied
Currency risk			
– translation exposure	Shareholders equity is not secured	–	Not secured
– transaction exposure	Handled if exceeding SEKm 25	–	Under SEKm 25

During the period Castellum's financial policy have been reviewed and revised.

Credit agreement maturity structure



Interest rate maturity structure



Consolidated statement of Comprehensive Income

SEKm	2015 April-June	2014 April-June	2015 Jan - June	2014 Jan - June	Rolling 4 quarters July 14 - June 15	2014 Jan - Dec
Rental income	816	843	1,617	1,663	3,272	3,318
Operating expenses	- 110	- 124	- 267	- 296	- 513	- 542
Maintenance	- 32	- 32	- 57	- 62	- 131	- 136
Ground rent	- 6	- 7	- 13	- 14	- 26	- 27
Property tax	- 43	- 42	- 85	- 85	- 170	- 170
Leasing and property administration	- 65	- 57	- 117	- 107	- 231	- 221
Net operating income	560	581	1,078	1,099	2,201	2,222
Central administrative expenses	- 32	- 30	- 61	- 56	- 113	- 108
Results from joint venture	2	-	2	-	2	-
– of which income from property management	2	-	2	-	2	-
– of which changes in property values	-	-	-	-	-	-
– of which tax	0	-	0	-	0	-
Net interest costs	- 152	- 171	- 303	- 340	- 627	- 664
Income from property management incl. results joint venture	378	380	716	703	1,463	1,450
– of which income from property management	378	380	716	703	1,463	1,450
<i>Changes in value</i>						
Properties	551	305	880	357	867	344
Derivatives	239	- 196	137	- 366	- 157	- 660
Income before tax	1,168	489	1,733	694	2,173	1,134
Current tax	- 4	- 1	- 9	- 4	- 16	- 11
Deferred tax	- 216	- 99	- 325	- 130	- 107	88
Net income for the period/year	948	389	1,399	560	2,050	1,211
Other total net income						
Items that will be reclassified into net income						
Translation difference of currencies	- 6	10	- 24	10	- 12	22
Change in value derivatives, currency hedge	6	- 6	18	- 6	10	- 14
Total net income for the period/year	948	393	1,393	564	2,048	1,219

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

Consolidated Balance Sheet

SEKm	30 June 2015	30 June 2014	31 Dec 2014
Assets			
Investment properties	40,187	39,385	37,599
Andelar i joint venture	479	–	–
Other fixed assets	25	30	28
Current receivables	464	378	414
Cash and bank	55	177	47
Total assets	41,210	39,970	38,088
Shareholders' equity and liabilities			
Shareholders' equity	14 288	12,994	13,649
Deferred tax liability	3 937	3,830	3,612
Other provisions	19	–	23
Derivatives	1 202	1,055	1,357
Interest-bearing liabilities	20 483	20,802	18,446
Non interest-bearing liabilities	1 281	1,289	1,001
Total shareholders' equity and liabilities	41,210	39,970	38,088
Pledged assets (property mortgages)	18,761	19,341	18,222
Contingent liabilities	21	–	–

Data per Share

	2015 April - June	2014 April - June	2015 Jan - June	2014 Jan - June	Rolling 4 quarters July 14 - June 15	2014 Jan - Dec
Average number of shares, thousand	164,000	164,000	164,000	164,000	164,000	164,000
Income from property management, SEK	2.30	2.32	4.37	4.29	8.92	8.84
Income from prop. management after tax (EPRA EPS*), SEK	2.25	2.13	4.20	3.93	8.53	8.26
Earnings after tax, SEK	5.78	2.37	8.53	3.41	12.50	7.38
Outstanding number of shares, thousand	164,000	164,000	164,000	164,000	164,000	164,000
Property value, SEK	245	240	245	240	245	229
Long term net asset value (EPRA NAV*), SEK	118	109	118	109	118	114
Actual net asset value (EPRA NNAV*), SEK	105	97	105	97	105	100

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

*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).

Financial Key Ratios

	2015 April - June	2014 April - June	2015 Jan - June	2014 Jan - June	Rolling 4 quarters July 14 - June 15	2014 Jan - Dec
Net operating income margin	69%	69%	67%	66%	67%	67%
Interest coverage ratio	349%	322%	336%	307%	333%	318%
Return on actual net asset value	26.0%	12.2%	19.7%	8.6%	13.5%	7.6%
Return on total capital	10.8%	8.7%	9.7%	7.2%	7.4%	6.5%
Net investments, SEKm	691	398	1,730	1,262	– 61	– 529
Loan to value ratio	51%	53%	51%	53%	51%	49%

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 31-12-2013	164,000	86	4,096	- 2	1	8,946	13,127
Dividend, March 2014 (4.25 SEK/share)	-	-	-	-	-	- 697	- 697
Net income Jan-March 2014	-	-	-	-	-	560	560
Other total net income Jan-March 2014	-	-	-	10	- 6	-	4
Shareholders equity 31-03-2014	164,000	86	4,096	8	- 5	8,809	12,994
Net income April-Dec 2014	-	-	-	-	-	651	651
Other total net income April-Dec 2014	-	-	-	12	- 8	-	4
Shareholders equity 31-12-2014	164,000	86	4,096	20	-13	9,460	13,649
Dividend, March 2015 (4.60 SEK/share)	-	-	-	-	-	- 754	- 754
Net income Jan-June 2015	-	-	-	-	-	1,399	1,399
Other total net income Jan-June 2015	-	-	-	- 24	18	-	- 6
Shareholders equity 30-06-2015	164,000	86	4,096	- 4	5	10,105	14,288

Cash Flow Statement

SEKm	2015 April-June	2014 April-June	2015 Jan-June	2014 Jan-June	Rolling 4 quarters July 14 - June 15	2014 Jan-Dec
Net operating income	560	581	1,078	1,099	2,201	2,222
Central administrative expenses	- 32	- 30	- 61	- 56	- 113	- 108
Reversed depreciations	3	3	6	6	12	12
Net interest rates paid	- 138	- 159	- 293	- 336	- 646	- 689
Tax paid	2	- 2	- 2	- 4	- 5	- 7
Translation difference of currencies	- 4	- 4	- 6	- 4	- 12	- 10
Cash flow from operating activities before change in working capital	391	389	722	705	1,437	1,420
Change in current receivables	62	- 63	- 96	- 17	9	88
Change in current liabilities	- 57	77	249	156	- 25	- 118
Cash flow from operating activities	396	403	875	844	1,421	1,390
Investments in new constructions, refurbishments and extensions	- 274	- 345	- 569	- 669	- 1,278	- 1,378
Property acquisitions	- 600	- 178	- 1,422	- 814	- 1,755	- 1,147
Change in liabilities at acquisitions of property	15	8	14	7	25	18
Property sales	185	125	261	221	3,117	3,077
Change in receivables at sales of property	47	- 91	46	- 101	- 95	- 242
Investment joint venture	- 477	-	- 477	-	- 477	-
Other investments	- 2	- 2	- 3	- 5	- 7	- 9
Cash flow from investment activities	- 1,106	- 483	- 2,150	- 1,361	- 470	319
Change in long term liabilities	692	72	2,037	1,321	- 319	- 1,035
Dividend paid	-	-	- 754	- 697	- 754	- 697
Cash flow from financing activities	692	72	1,283	624	- 1,073	- 1,732
Cash flow for the period/year	- 18	- 8	8	107	- 122	- 23
Cash and bank opening balance	73	185	47	70	177	70
Cash and bank closing balance	55	177	55	177	55	47

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	2015 April-June	2014 April-June	2015 Jan-June	2014 Jan-June
Income	4	5	9	8
Operating expenses	-25	-22	-47	-41
Net financial items	0	2	3	10
Change in derivatives	239	-196	137	-366
Income before tax	218	-212	102	-389
Tax	-49	46	-23	85
Net income for the period/year	169	-166	79	-304
Comprehensive income for the parent company				
Net income for the period/year	169	-166	79	-304
Items that will be reclassified into net income				
Translation difference, foreign operations	-3	8	-18	6
Unrealized change, currency hedge	6	-6	18	-6
Total net income for the period/year	172	-164	79	-304

Balance sheet, SEKm			
	30 June 2015	30 June 2014	31 Dec 2014
Participations in group companies	6,030	5,869	6,030
Receivables, group companies	19,275	18,682	17,990
Other assets	157	206	181
Cash and bank	10	30	16
Total	25,472	24,787	24,217
Shareholders' equity	3,902	4,037	4,577
Derivatives	1,202	1,055	1,357
Interest bearing liabilities	18,325	18,637	16,280
Interest bearing liabilities, group companies	1,917	912	1,883
Other liabilities	126	146	120
Total	25,472	24,787	24,217
Pledged assets (receivables group companies)	15,675	15,937	15,200
Contingent liabilities (guaranteed commitments for subsidiaries)	2,157	2,165	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. During the period Castellum acquired 50% of the shares in Ståhls. The investment is accounted for according to the equity method and constitutes the part of the joint venture. Otherwise, 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	+ 33/- 33	+	-
Vacancies	- 37/+ 37	-	+
Property costs	- 11/+ 11	-	0
Interest costs	- 72/- 16*	-	+

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

Opportunities and risks in property values

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

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

Sensitivity analysis - change in value

Properties	- 20%	- 10%	0%	+ 10%	+ 20%
Changes in value, SEKm	-8,037	-4,019	-	4,019	8,037
Loan to value ratio	64%	57%	51%	46%	42%

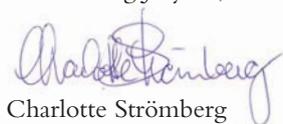
Financial risk

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

Signing of the Report

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

Gothenburg July 15, 2015



Charlotte Strömberg
Chairman



Per Berggren
Board member



Anna-Karin Hatt
Board member



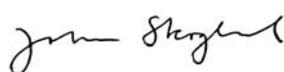
Christer Jacobson
Board member



Jan Åke Jonsson
Board member



Nina Linander
Board member



Johan Skoglund
Board member



Henrik Saxborn
CEO

Auditors' Report

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

To the Board of Directors of Castellum AB (publ)

Corporate identity number: 556475-5550

Introduction

We have reviewed the half-year report for Castellum AB (publ) for the period January 1 – June 30, 2015. The Board of Directors and the President are responsible for the preparation and presentation of this half-year report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this half-year report based on our review.

Scope of Review

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

Conclusion

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

Gothenburg July 15, 2015



Hans Warén
Authorized Public
Accountant



Magnus Fredmer
Authorized Public
Accountant

The Castellum Share

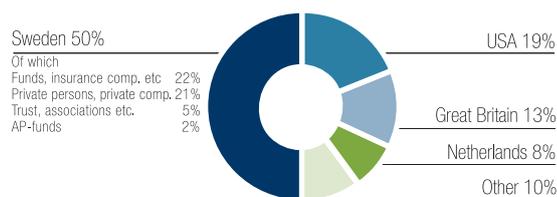
The Castellum share is listed on NASDAQ Stockholm Large Cap. At the end of the period the company had about 17,530 shareholders. Shareholders registered abroad cannot be broken down in terms of directly held and nominee registered shares except for one foreign shareholder who has flagged for holding over 5%, Stichting Pensioenfonds ABP. Castellum has no direct registered shareholder with holdings exceeding 10%. The ten single largest shareholders registered in Sweden are presented in the table below.

Shareholders on 30-06-2015

Shareholders	Number of shares thousand	Percentage of voting rights and capital
AMF Pensionsförsäkring AB	5,100	3.1%
Lannebo Småbolag	5,000	3.0%
Länsförsäkringar Fastighetsfond	3,219	2.0%
Stiftelsen Global Challenges Foundation	2,500	1.5%
SEB Sverigefond	2,290	1.4%
Kåpan Pensioner	2,180	1.3%
Magdalena Szombattalvy	1,935	1.2%
Susanna Lööv	1,627	1.0%
Folketrygdfondet	1,442	0.9%
Tredje AP-fonden	1,214	0.7%
Board and executive management Castellum	275	0.2%
Other shareholders registered in Sweden	54,838	33.4%
Shareholders registered abroad	82,380	50.3%
Total registered shares	164,000	100.0%
Repurchased shares	8,007	
Total registered shares	172,007	

There is no potential common stock (eg. convertibles)

Distribution of shareholders by country 30-06-2015



The Castellum share price as at 30 June, 2015 was SEK 116.50 (118.50) equivalent to a market capitalization of SEK 19.1 billion (19.4), calculated on the number of outstanding shares.

During the period a total of 102 million (64) shares were traded, equivalent to an average of 836,000 shares (526,000) per day, corresponding on an annual basis to a turnover rate of 127% (80%). 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 this capital Castellum wants to create return and growth to low risk.

The long term net asset value (EPRA NAV) can be calculated to SEK 118 per share (109). The share price at the end of the period was thus 99% (109%) of the long term net asset value.

Net asset value	SEKm	SEK/share
Equity according to the balance sheet	14,288	87
Reversed		
Derivatives according to balance sheet	1,202	7
Deferred tax according to balance sheet	3,937	24
Long term net asset value (EPRA NAV)	19,427	118
Deduction		
Derivatives as above	- 1,202	- 7
Estimated real liability, deferred tax 5.0%*	- 968	- 6
Actual net asset value (EPRA NNAV)	17,257	105

* 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 SEK 8.53 (8.23) on rolling annual basis. This results in a share price yield of 7.3% (6.9%) corresponding to a multiple of 14 (14). 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 12.50 per share (8.32), which from the share price gives a yield of 10.7% (7.0%), corresponding to a P/E of 9 (14).

Dividend yield

The latest carried dividend of SEK 4.60 (4.25) corresponds to a yield of 3.9% (3.6%) 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 2% (36%), 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.

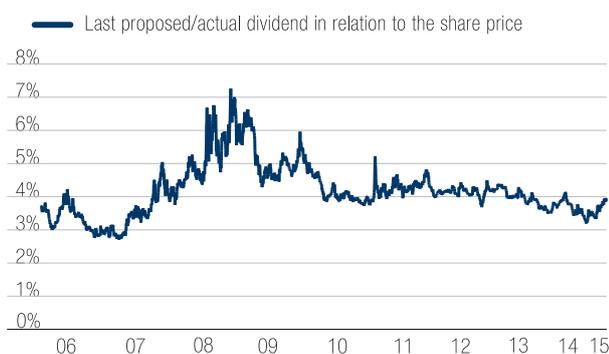
Net asset yield and earnings including long-term change in value

		Sensitivity analysis	
		-1%-unit	+1%-unit
Income from prop. management rolling 12 months	1,463	1,463	1,463
Change in property value (on average 10 years)	433	39	826
<i>D.o</i> %	1.1%	0.1%	2.1%
Current tax, 5%	-73	-73	-73
Earnings after tax	1,823	1,429	2,216
Earnings SEK/share	11.11	8.71	13.51
Return on actual long-term net asset value	10.3%	8.1%	12.6%
Earnings / share price	9.5%	7.5%	11.6%
P/E	10	13	9

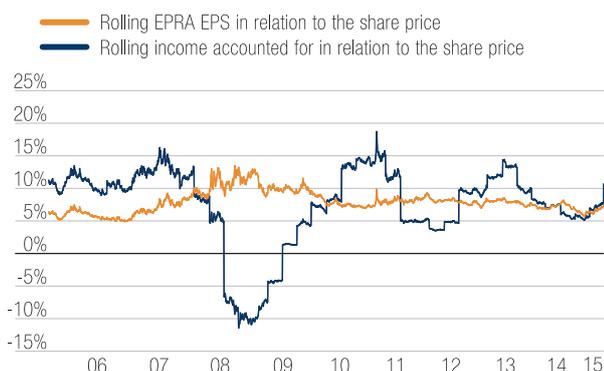
EPRA Key ratios, rolling 12 months

	30 June 2015	30 June 2014	31 Dec 2014
EPRA Earnings (Income from property management after tax), SEKm	1,399	1,351	1,355
EPRA Earnings (EPS) SEK/share	8.53	8.26	8.26
EPRA NAV (Long term net asset value), SEKm	19,427	17,879	18,618
EPRA NAV, SEK/share	118	109	114
EPRA NNNNAV (Net asset value), SEKm	17,257	15,917	16,432
EPRA NNNNAV, SEK/share	105	97	100
EPRA Vacancy Rate	11.3%	11.6%	11.3%

The share's dividend yield



Yield earnings per share



Growth, yield and financial risk

	1 year	3 years		10 years
		average/year	average/year	
Growth				
Rental income SEK/share	-1%	3%	6%	
Income from prop. management SEK/share	3%	6%	7%	
Net income for the year after tax SEK/share	50%	57%	7%	
Dividend SEK/share	8%	8%	7%	
Long term net asset value SEK/share	8%	7%	6%	
Actual net asset value SEK/share	8%	6%	6%	
Real estate portfolio SEK/share	2%	5%	7%	
Change in property value	2.2%	1.3%	1.1%	
Yield				
Return on actual long term net asset value	13.2%	10.0%	10.7%	
Return on actual net asset value	13.5%	10.0%	10.7%	
Return on total capital	7.4%	6.2%	6.7%	
Total yield of the share (incl. dividend)				
Castellum	2%	16%	8%	
NASDAQ Stockholm (SIX Return)	16%	21%	11%	
Real Estate Index Sweden (EPRA)	16%	24%	10%	
Real Estate Index Europe (EPRA)	22%	21%	5%	
Real Estate Index Eurozone (EPRA)	11%	18%	6%	
Real Estate Index Great Britain (EPRA)	21%	23%	3%	
Financial risk				
Loan to value ratio	51%	51%	49%	
Interest coverage ratio	333%	308%	301%	

Share price/net asset value



The Castellum share's price trend and turnover since the IPO May 23, 1997 until June 30, 2015



Calendar

Interim Report January-September 2015	15 October 2015, around 1 pm
Year-end Report 2015	20 January 2016
Annual General Meeting 2016	17 March 2016
Interim Report January-March 2016	14 April 2016
Half-year Report January-June 2016	13 July 2016
Year-end Report 2015	19 January 2017

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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CASTELLUM

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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