
In Berga, Helsingborg, a logistic property of 9,700 sq.m is under construction.

CASTELLUM

Interim Report January-September 2013

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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 38 billion, and comprises of commercial properties.

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

Castellum is listed on NASDAQ OMX Stockholm AB Large Cap.

- Rental income for the period January-September 2013 amounted to SEKm 2,431 (SEKm 2,285 corresponding period previous year).
- Income from property management amounted to SEKm 1,015 (953), corresponding to SEK 6.19 (5.81) per share, an increase of 7%.
- Changes in value on properties amounted to SEKm 301 (56) and on derivatives to SEKm 440 (–83).
- Net income after tax for the period amounted to SEKm 1,405 (714), corresponding to SEK 8.57 (4.35) per share.
- Net investments amounted to SEKm 874 (1 536) of which SEKm 1,145 (886) were new constructions, extensions and reconstructions, SEKm 185 (903) acquisitions and SEKm 456 (253) sales.

	2013 Jan-Sept	2012 Jan-Sept	2012	2011	2010	2009	2008	2007	2006	2005	2004
Income from property management, SEK/share	6.19	5.81	7.65	7.15	6.96	6.89	5.93	5.63	5.38	5.00	4.52
Change previous year	*+7%*	*+7%*	*+7%*	*+3%*	*+1%*	*+16%*	*+5%*	*+5%*	*+8%*	*+11%*	*+11%*
Net income after tax, SEK/share	8.57	4.35	8.98	4.34	11.98	0.98	– 4.04	9.07	10.21	7.89	5.59
Change previous year	*+97%*	*–1%*	*+107%*	*–64%*	*+1,122%*	*pos.*	*neg.*	*–11%*	*+29%*	*+41%*	*+108%*
Dividend, SEK/share			3.95	3.70	3.60	3.50	3.15	3.00	2.85	2.62	2.38
Change previous year			*+7%*	*+3%*	*+3%*	*+11%*	*+5%*	*+5%*	*+9%*	*+11%*	*+12%*
Property value, SEKm	37,505	35,433	36,328	33,867	31,768	29,267	29,165	27,717	24,238	21,270	19,449
Net investments, SEKm	874	1 536	2,545	1,908	1,279	1,129	2,710	2,559	1,823	889	774
Loan to value	52%	52%	53%	51%	50%	52%	50%	45%	45%	45%	45%

Henrik Saxborn, CEO Castellum

I am pleased to note that the second half-year of 2013 is off to a strong start for Castellum. Income from property management has continued to develop positively, and growth for an isolated third quarter amounted to 9%.

During the first nine months of 2013, revenues increased by more than 6% compared with 2012 – which should be viewed in relation to the weak GDP growth and almost non-existent inflation. Costs have increased by 5%, mainly due to a higher property tax – most of which can be passed along – as well as high winter costs for the first half-year.

Net financial items were positively affected by SEKm 35, as a result of a lower average interest rate level of 3.7% for the third quarter.

In all, growth in income from property management for the first three quarters of 2013 amounted to 7%, equalling SEK 6.19 per share.

Net leasing is an important indicator of future growth. So far this year, the Castellum Group has signed 191 new leases, which has led to a positive net leasing of SEKm 81. It is primarily the new projects that continue to account for our net leasing increase.

Castellum has initiated yet another three fully leased projects in Gothenburg, Linköping and Stockholm. In Gothenburg, Castellum is building a logistics facility in close proximity to Landvetter Airport; and in Linköping, Castellum is participating in the development of the new city district – Djurgården – through the construction of new retail premises. In Stockholm, Castellum continues development in the Smista area through new commercial property construction. These projects are all leased out on long-term leases.

In addition to the development of new projects during this period, Castellum has also acquired properties for a value of SEKm 185, and sold 12 properties for a value of SEKm 472. Sales have generated high profits, partly because Castellum sells properties in areas that are slated for development of housing and infrastructure.

Due to sales, as well as acquisitions combined with project profits, Castellum currently owns properties totalling a value of SEK 38 billion and has a loan-to-value ratio of 52%. I am also pleased to announce that we have had the opportunity to issue an additional SEK 1 billion in bonds on favourable terms in the third quarter. Together with a strong balance sheet and favourable earnings this enable Castellum's expansion through future investments for both existing and new customers.

Henrik Saxborn
CEO

Market comments

Swedish economy

As expected, GDP growth in Sweden was weak during the second quarter, and the growth rate on an annual basis is calculated to barely 1%. Households and government consumption still account for the largest positive contribution to GDP growth, whereas investments and export contribute negatively.

Both the National Institute of Economic Research and the Riksbank hold the opinion that economic recovery will gain momentum toward the end of 2013. To support the economic upturn and help inflation expectations rise to the goal of 2 %, the Riksbank chose to leave the repo rate unchanged at its September meeting. The Riksbank's assessment is that the repo rate will remain unchanged at its current low level for yet another year.

Macro indicators

Unemployment	7.3%	(August 2013)
Inflation	0.1%	(Sept 2013 compared to Sept 2012)
GDP growth	0.1%	(Q2 2013 compared to Q2 2012)

Sorce: National Institute of Economic Research

Rental market

There continues to be a steady demand for both new constructions and existing facilities, and rents remain stable. The pattern is the same for all Castellum regions, with just some local variations attributable to market vacancy and type of property. Generally, demand is greater for logistics and office facilities than for retail.

Property market

The Swedish property market is characterized by firm domestic demand. During this period, transaction volume amounted to SEK 65 billion (65) - of which Swedish players accounted for approx. 90% (80%). The commercial segment represents 65% (70%) of the transaction volume, and is hence in line with the previous quarter. Furthermore, increased activity outside major cities is noted also for the third quarter.

Castellum's assessment is that both demand and pricing remain stable in all markets and segments. For central Stockholm and Gothenburg, however, some increase in value has been recorded.

Interest and credit market

During this period, volatility in the interest-rate market has occasionally been high. This is mainly due to concerns for, and consequences of, actions taken by the world's central banks. However, the underlying trend is rising long-term interest rates. Market expectations are that short-term interest rates will remain at a low level for some time yet.

Access to credit is considered high, but uncertainty still prevails regarding future regulations and their impact on the credit market.

Business Concept

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

Objective

Castellum's operations are focused on growth in cash flow, which along with a low financial risk provides the preconditions for robust growth in the company, and offers shareholders a competitive dividend.

The objective is an annual growth in cash flow, i.e., income from property management per share, of at least 10%. In order to achieve this objective, net investments of at least 5% of the property value will be made yearly. At the moment, this is equivalent to approx. SEKm 1,800. All investments shall contribute to the objective of growth in income from property management within 1-2 years and have a value potential of at least 10%. Sales of properties will take place when justified from a business standpoint and when an alternative investment with a higher return can be found. In operations, there shall be an continuing focus on improved productivity and efficiency.

Strategy for Funding

Capital structure

Castellum shall have low financial risk, meaning a loan to value ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%.

Purchase or transfer of own shares shall be available as a method 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.

Dividend

At least 50% of pre-tax income from property management will be distributed. However, investment plans, consolidation needs, liquidity and financial position in general will be taken into account. This implies that the growth of dividend will follow the growth of income from property management.

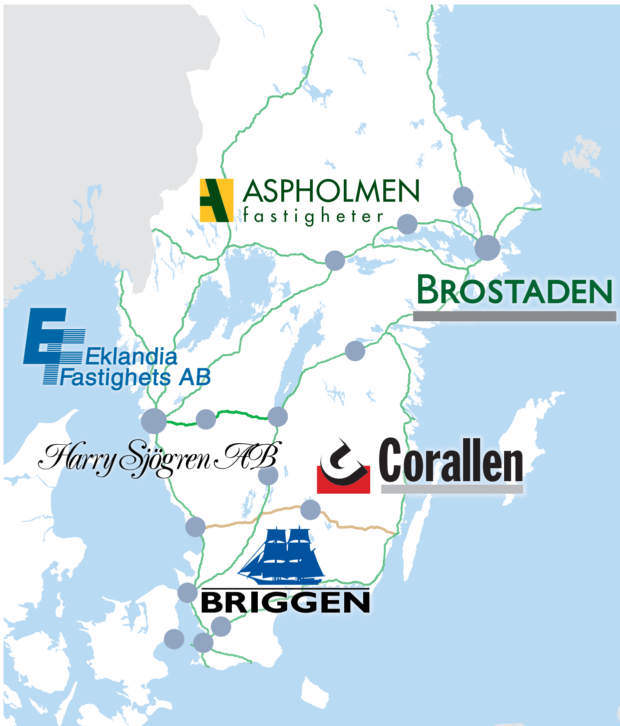
The stock and credit markets

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.

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

Customers and organization



The customers - a reflection of Swedish domestic economy

Castellum has approx. 4,600 commercial contracts, with good risk diversification regarding geography, type of premises, length of contracts and fields of industry of the customer. The single largest contract corresponds to approx. 2% of Castellum's total rental income.

It is important that Castellum meets customers expectations. To follow up and evaluate efforts, an external customer survey is carried out annually, Satisfied Customer Index. The latest survey, that included offices, warehouses, industry and retail, continues to show consistently high marks for Castellum.

Commercial leases

Commercial leases are signed for a specified period of time, generally 3-5 years, where the period of notice is 9 months. The leases normally include a base-rent and an index clause, which provides for an adjustment of the rent corresponding to a certain percentage or connected to the inflation. Leases usually also contain supplements for the tenant's share of the property's total heating, cooling and property-tax costs.

Decentralized and small-scale organization

Castellum's operations are run in a small-scale organization consisting of six subsidiaries which own and manage the properties under their own brands. By having local roots, the subsidiaries forge close relationships with customers and develop thorough knowledge of the market situation and rental development within each market area.

Property management is mainly carried out by own personnel and in cases where external services are purchased, high demands are placed on suppliers in terms of quality, customer contact, service, ethics and environmental awareness.

Subsidiaries with strong brands

Castellum has six wholly owned subsidiaries which each engage about 40 employees.The subsidiary organizations are not identical but are in principle made up of a Managing Director, 2-4 market areas, business developers and 3-5 employees within finance and administration. Each market area employs one property manager with one assistant, one person working with leasing and 3-8 facility managers. Everyone has customer contact. The flat organization provides a short decision-making process and creates a customer oriented and active organization.

Castellum subsidiaries operate under their own names, which are strong brands on each local market.

Engagement in the local markets

Castellum's subsidiaries are involved in the local business community through business associations where important contacts are taken with both current and prospective customers. Castellum, as one of the largest real estate owners on each local markets, also contributes to the regional development where local subsidiaries operate through co-operation with municipalities and universities/colleges.

Employees

Castellum works actively to hire and retain top-notch employees by offering a stimulating work environment, competence development and sharing of experiences both internally and externally.

Employee viewpoints on Castellum are monitored regularly and the survey carried out in 2013 continues to show a very high index, 86 on a scale of 100, which shows that the employees enjoy their working situation and have a high confidence in the company and its management.

The Castellum group has approx. 265 employees.

Parent company

The parent company, Castellum AB, is responsible for matters concerning the stock market (such as consolidated reports and stock-market information) and the credit market (such as funding and financial risk management) and overall IT/IS strategies, personnel and legal matters. Castellum AB has 19 employees.

The parent company takes active part in operations through involvement in subsidiary Boards.

Responsible business

Since 1995, Castellum has systematically been working with sustainability, i.e., developing the properties in those cities where the subsidiaries are present, creating a common set of values for actions towards employees, customers and vendors as well as actively working with environmental issues.

Environmental efforts are focused on efficient energy consumption and improving the general environmental status of each property. Since the common Group objectives were set in 2007 (energy consumption to be reduced by at least 1% per sq.m. and year; carbon dioxide emissions reduced by at least 2.5% per sq.m.), decreases of 17% and 26% respectively have been achieved.

All new constructions must be environmentally classified according to one of the following environmental classification systems: Green Building, "Miljöbyggnad", Breeam or Leed. Castellum owns 97 of Sweden's 312 Green Building classified building, one BREEAM certified building and one building which are certified according to the Swedish system "Miljöbyggnad".

Castellum's 4 corner stones

Cash flow focus

- An annual growth in cash flow, i.e. income from property management per share, with an objective of at least 10%
- Investments of at least 5% of the property value yearly

Commercial properties in five growth regions

- Premises for office/retail and warehouse/industrial
- One of the three largest real estate owners in each local market

Customer focus through local organizations

- Decentralized and small-scale organization
- Property management carried out with own personnel
- Regulary measurement of customers and employees satisfaction
- Environmental work with focus on reduced energy consumption

Strong balance sheet with low financial and operational risk

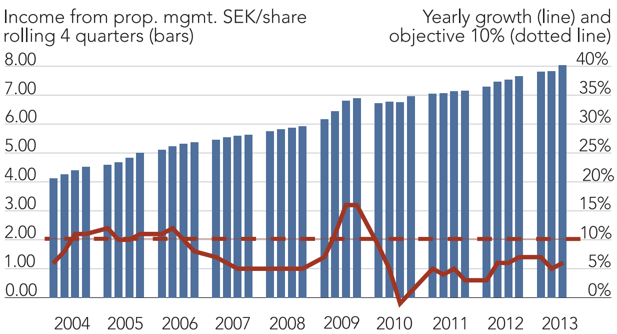
- Loan to value ratio not permanently exceeding 55%
- Interest coverage ratio at least 200%
- Geographic exposure allocated on different types of premises
- Many commercial contracts in different fields of industry

Income, Costs and Results

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

Income from property management, i.e. net income excluding changes in value and tax, amounted for the period January-September 2013 to SEKm 1,015 (953), equivalent to SEK 6.19 (5.81) per share – an increase of 7%. Income from property management rolling four quarters amounted to SEKm 1,317 (1,237) equivalent to SEK 8.03 per share (7.54) – an increase of 6%.

Income from property management per share

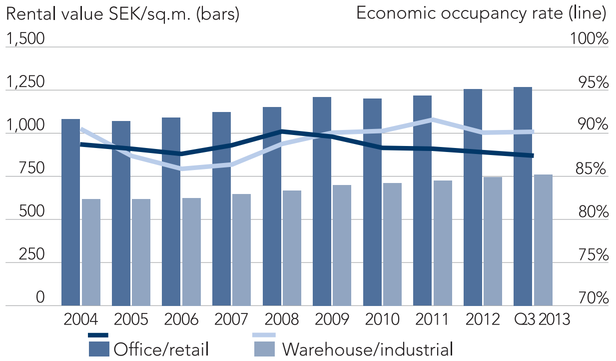


During the period, changes in value on properties amounted to SEKm 301 (56) and on derivatives to SEKm 440 (–83). Net income after tax for the period was SEKm 1,405 (714), equivalent to SEK 8.57 (4.35) per share.

Rental income

Group rental income amounted to SEKm 2,431 (2,285). For office and retail properties, the average contracted rental level, including charged heating, cooling and property tax, amounted to SEK 1,268 per sq.m., whereas for warehouse and industrial properties, it amounted to SEK 759 per sq.m. Rental levels, which are considered to be in line with the market, have increased by 1% in comparable portfolio compared with previous year. This is mainly an effect of indexation and can be compared with the normal industry index clause (October to October), which amounted to 0.4% for 2013. Castellums higher index adjustment is explained by the Groups focus on index clause with minimum upward adjustment in the lease portfolio, which provides some protection against deflation and a higher indexation than normal index adjustment clause in a low inflation environment.

Rental value and economic occupancy rate

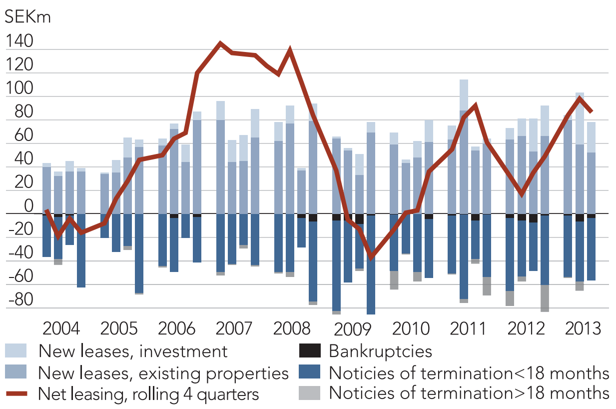


The average economic occupancy rate was 88.4% (88.5%). The total rental value for vacant premises on yearly basis amounted to approx. SEKm 464 (437).

The rental income for the period includes a lump sum of SEKm 11 (8) as a result of early termination of a lease.

Gross leasing (i.e. the annual value of total leasing) during the period was SEKm 265 (235), of which SEKm 74 (53) were leasing of new constructions, extensions and reconstructions. Notices of termination amounted to SEKm 184 (192), of which bankruptcies were SEKm 19 (24) and SEKm 9 (17) were notices of termination with more than 18 months remaining length of contract. Net lease for the period was hence SEKm 81 (43) and for the third quarter SEKm 19 (30). The time difference between reported net leasing and the effect in income thereof is estimated to be between 9-18 months.

Net leasing



Property costs

Property costs amounted to SEKm 819 (753) corresponding to SEK 303 per sq.m. (293). The increase is chiefly an effect of higher costs of approx SEKm 35 for snow removal and a colder first half-year compared to previous year but also higher property tax due to increased tax values of 10% in average. Most of the property tax are charged the tenants, why the impact on earnings is marginal.

Consumption for heating during the period has been calculated to 104% (93%) of a normal year according to the degree day statistics.

Property costs, SEK/sq.m.

	Office/ Retail	Warehouse/ Industrial	Total 2013	*Total 2012*
Operating expenses	195	122	161	*154*
Maintenance	42	23	33	*36*
Ground rent	7	6	7	*7*
Property tax	69	21	46	*44*
Direct property costs	313	172	247	*241*
Leasing and property administration (indirect)	–	–	56	*52*
Total	**313**	**172**	**303**	**293**
Previous year	*306*	*166*	*293*	

Central administrative expenses

Central administrative expenses totalled SEKm 67 (66). This includes costs for a profit-and-share-price related incentive plan for 10 persons in executive management of SEKm 6 (8).

Net interest rate

Net interest items were SEKm –530 (–513). The average interest rate level was 3.7% (4.0%).

Net financial incomes were positively affected by approx. SEKm 35 due to an average interest rate level decrease by 0.3% units.

Changes in value

The change in value in Castellum's portfolio during the period amounted to SEKm 301 (56), of which approx. SEKm 175 refers mainly to project gains but also acquisitions, approx. SEKm 45 refers to revaluation of individual properties regarding both cashflow, yield and value of building rights and approx. SEKm 80 refers to 12 sold properties. The net sales price amounted to SEKm 456 after reduction for assessed deferred tax and transaction costs of SEKm 16 in total. Hence the underlying property price, which amounted to SEKm 472, exceeded the latest valuation of SEKm 376 with SEKm 96, mainly due to sales of properties with changed use as infrastructure and future residential development.

Since the demand and prices have been generally stable no general yield change has been made in the internal valuations during the period.

The value in the interest derivatives portfolio has changed by SEKm 441 (–85), mainly due to changes in long-term market interest rates. Castellum's currency derivatives, with purpose to hedge currency fluctuations in the Danish investment, has during the period changed SEKm –2 (16) where the effective portion of the value changes of SEKm –1 (14) 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 857 (1,610). Fair values for the properties exceed their fiscal value by SEKm 18,272 (17,412) of which SEKm 830 relates to the acquisition date 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 3,649 (3,310).

Castellum has entered into an agreement on extended co-operation with the Swedish Tax Authority. Castellum has no current tax disputes.

Tax Calculation 30-09-2013

SEKm	Basis current tax	Basis deferred tax
Income from property management	1,015	
Deductions for tax purposes		
depreciations	– 496	496
reconstructions	– 296	296
Other tax allowances	– 8	6
Taxable income from property management	215	798
Properties sold	151	– 229
Changes in value on properties	–	221
Changes in value on derivatives	440	–
Taxable income before tax loss carry forwards	806	790
Tax loss carry forwards, opening balance	– 1,610	1,610
Tax loss carry forwards, closing balance	857	– 857
Taxable income	53	1,543
Of which 22% current/deferred tax	**– 12**	**– 339**

Real Estate Portfolio

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

The commercial portfolio consists of 65% office and retail properties and 31% warehouse and industrial properties. The properties are located from inner city sites (except in Greater Stockholm from inner suburbs) to well-situated working-areas with adequate means of communication and services. The remaining 4% consist of projects and undeveloped land.

Castellum owns approx. 750,000 sq.m. of unutilized building rights and ongoing projects with an remaining investment level of approx. SEKm 1,300.

Investments

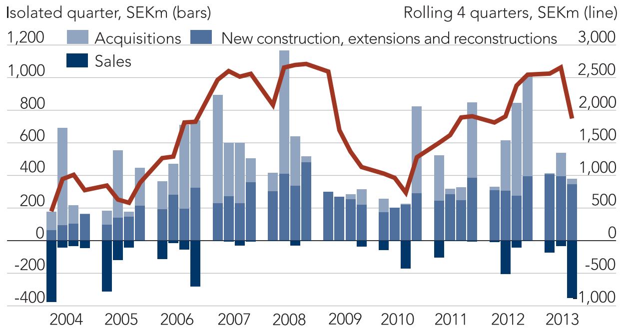
During the period the real estate portfolio has changed as below.

Changes in the real estate portfolio	Value, SEKm	Number
Real estate portfolio on 1 January, 2013	36,328	635
+ Acquisitions	185	9
+ New constructions, extensions and reconstructions	1,145	–
– Sales	– 376	– 11
+/– Unrealized changes in value	221	–
+/– Currency translation	2	–
Real estate portfolio on 30 September, 2013	**37,505**	**633**

During the period, investments totalling SEKm 1,330 (1 789) were carried out, of which SEKm 1,145 (886) were new constructions, extensions and reconstructions and SEKm 185 (903) were acquisitions. Of the total investments SEKm 414 refers to Greater Gothenburg, SEKm 264 to Mälardalen, SEKm 242 to the Öresund Region, SEKm 233 to Greater Stockholm and SEKm 177 to Eastern Götaland.

After reduction for sold properties of SEKm 456 (253) the net investments totalled SEKm 874 (1,536).

Net property investments



Property value

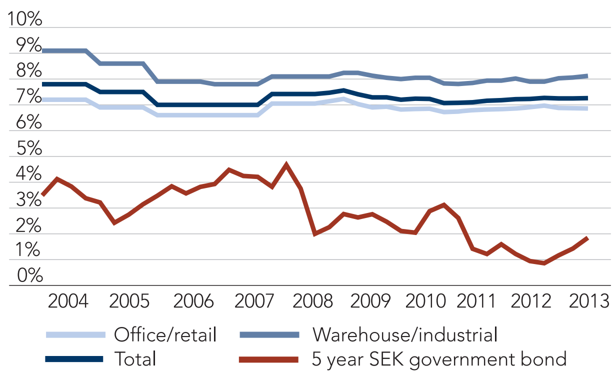
Internal valuations

Castellum assesses the fair value of the properties through internal valuations. These are based on a 10-year cash flow model with an individual assessment for each property of both its future earnings capacity and the required market yield. Projects in progress have been valued using the same principle, but with deductions for remaining investments. Properties with building rights have been valued on the basis of an estimated market value per square metre, on average approx. SEK 1,045 per sq.m. In order to ensure and validate the quality of the internal valuations, an external valuation – representing over 50% of the portfolio – is made every year-end. The difference between the internal and external valuations has historically been small.

Based on these internal valuations, property value at the end of the period were assessed to SEKm 37,505 (36,328), corresponding to approx. SEK 10,170 per sq.m.

Average valuation yield (excl. project/land and building rights)	SEKm
Net operating income properties	1,754
+ Estimated index adjustment 2014, 0.5%	13
+ Real occupancy rate, 94% at the lowest	210
+/- Property cost annual rate	29
– Property administration, 30 SEK/sq.m.	– 80
Normalized net operating income (9 months)	**1,926**
Valuation (excl. building rights of SEKm 498)	35,344
Average valuation yield	**7.3%**

Average valuation yield over time

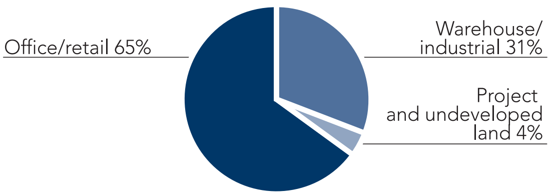


Castellum's real estate portfolio 30-09-2013

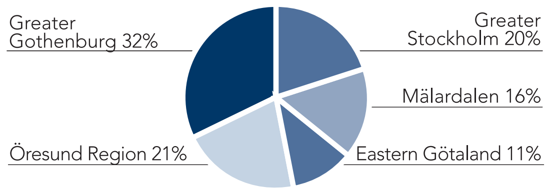
	30-09-2013				January-September 2013						
	No. of properties	Area thous. sq.m.	Property value SEKm	*Property value SEK/sq.m.*	Rental value SEKm	*Rental value SEK/sq.m.*	*Economic occupancy rate*	Rental income SEKm	Property costs SEKm	*Property costs SEK/sq.m.*	Net operating income SEKm
Office/retail											
Greater Gothenburg	80	444	6,600	*14,875*	441	*1,326*	*92.5%*	408	102	*308*	306
Öresund Region	64	386	5,746	*14,878*	413	*1,424*	*82.9%*	342	99	*342*	243
Greater Stockholm	50	340	4,463	*13,117*	348	*1,365*	*81.7%*	285	81	*317*	204
Mälardalen	74	377	4,212	*11,163*	324	*1,145*	*90.8%*	294	88	*311*	206
Eastern Götaland	55	329	3,222	*9,807*	258	*1,048*	*89.2%*	230	71	*286*	159
Total office/retail	**323**	**1,876**	**24,242**	***12,923***	**1,784**	***1,268***	***87.4%***	**1,559**	**441**	***313***	**1,118**
Warehouse/industrial											
Greater Gothenburg	102	658	5,148	*7,818*	375	*759*	*95.8%*	359	79	*159*	280
Öresund Region	43	316	1,913	*6,046*	173	*729*	*88.2%*	153	41	*170*	112
Greater Stockholm	50	272	2,472	*9,087*	200	*982*	*84.7%*	170	45	*222*	125
Mälardalen	39	216	1,262	*5,849*	115	*710*	*88.2%*	101	31	*194*	70
Eastern Götaland	33	186	805	*4,338*	76	*547*	*85.5%*	65	16	*118*	49
Total warehouse/industrial	**267**	**1,648**	**11,600**	***7,038***	**939**	***759***	***90.3%***	**848**	**212**	***172***	**636**
Total	**590**	**3,524**	**35,842**	***10,170***	**2,723**	***1,030***	***88.4%***	**2,407**	**653**	***247***	**1,754**
Leasing and property administration									147	*56*	– 147
Total after leasing and property administration									**800**	***303***	**1,607**
Development projects	18	101	1,404	–	60	–	–	28	16	–	12
Undeveloped land	25	–	259	–	–	–	–	–	–	–	–
Total	**633**	**3,625**	**37,505**	**–**	**2,783**	**–**	**–**	**2,435**	**816**	**–**	**1,619**

The table above relates to the properties owned by Castellum at the end of the period and reflects the income and costs of the properties as if they had been owned during the whole period. The discrepancy between the net operating income of SEKm 1,619 accounted for above and the net operating income of SEKm 1,612 in the income statement is explained by the deduction of the net operating income of SEKm 11 on properties sold during the period, as well as the adjustment of the net operating income of SEKm 18 on properties acquired/completed during the period, which are recalculated as if they had been owned or completed during the whole period.

Property value by property type



Property value by region



Property related key ratios

	2013 Jan-Sept	2012 Jan-Sept	2012 Jan-Dec
Rental value, SEK/sq.m.	1,030	1,013	1,015
Economic occupancy rate	88.4%	88.5%	88.6%
Property costs, SEK/sq.m.	303	293	298
Net operating income, SEK/sq.m.	608	604	601
Property value, SEK/sq.m.	10,170	9,927	9,916
Number of properties	633	623	635
Lettable area, thousand sq.m.	3,625	3,516	3,621

Segment information

	Rental income		Income from property management	
SEKm	2013 Jan-Sept	2012 Jan-Sept	2013 Jan-Sept	2012 Jan-Sept
Greater Gothenburg	760	730	368	346
Öresund Region	498	457	201	193
Greater Stockholm	466	422	192	172
Mälardalen	412	392	161	147
Eastern Götaland	295	284	118	117
Total	**2,431**	**2,285**	**1,040**	**975**

The discrepancy between the income from property management of SEKm 1,040 (975) above and the groups accounted income before tax of SEKm 1,756 (926) consists of unallocated income from property management of SEKm –25 (–22), changes in property value of SEKm 301 (56) and changes in values of interest rate derivatives of SEKm 440 (–83).

Larger investments and sales

Atollen 3 and Algen 1 in Jönköping

In central Jönköping Castellum has a new construction ongoing of 10,420 sq.m. in total comprising office, retail, residential and restaurant premises.

The investment is divided in two phases and is estimated to SEKm 289 in total. The first phase of 6,019 sq.m. is estimated to be completed during the fourth quarter 2013 and the second phase of 4,400 sq.m. during the first quarter 2015. The both phases has an occupancy rate of 15% in total.

The new construction will be completed in accordance with the enviromental system Miljöbyggnad.

Lundbyvassen 8:1 in Gothenburg

In central Gothenburg Castellum has during the second quarter 2013 started a new construction of a fully let office building of 8,900 sq.m. for a listed company with headquarter in Gothenburg. The property is well situated considering future urban development and in connection to Castellum's existing portfolio.

The investment is calculated to SEKm 219 and to be completed during the fouth quarter 2014.

The new building will be constructed in accordance with the environmental system Green Building.

Dragarbrunn 20:4 in Uppsala

In central Uppsala an investment is ongoing consisting a reconstruction of 5,500 sq.m. and an extension of 4,520 sq.m. into modern office premises.

The investment is calculated to SEKm 193 and to be completed during the third quarter 2014. The building has an occupancy rate of 42%.

The reconstruction and extension will be completed in accordance with the enviromental system Miljöbyggnad.

Kulan 3 in Helsingborg

During the second quarter 2013 Castellum started a new construction of 9,689 sq.m. flexible logistic premises in Berga, Helsingborg. The building will serve as a Nordic distribution center and is fully let.

The investment is calculated to SEKm 82 and to be completed during the second quarter 2014.

The reconstruction and extension will be completed in accordance with the enviromental system Miljöbyggnad and Green Building standard.

Larger projects Property	Area sq.m	Econ. occup. Oct 2013	Total inv., land incl. SEKm	Remain. inv. SEKm	Completed	Comment
Ongoing projects						
Lundbyvassen 8:1, Gothenburg	8,900	100%	219	156	Q4 2014	New construction office
Dragarbrunn 20:4, Uppsala	10,020	42%	193	72	Q4 2014	Reconstruction and extension office
Atollen 3, Jönköping	5,911	21%	153	29	Q4 2013	New construction office/retail/residential
Algen 1, Jönköping	4,509	7%	136	96	Q1 2015	New construction retail/office/restaurang
Sändaren 1, Malmö	12,150	94%	128	42	Q4 2013	Reconstruction and extension office
Jägmästaren 1, Linköping	7,750	93%	109	90	Q1 2015	New construction retail
Spejaren 3, Huddinge	6,331	100%	83	75	Q4 2014	New construction retail
Kulan 3, Helsingborg	9,689	100%	82	39	Q2 2014	New construction logistic
Solsten 1:108, Härryda	6,516	100%	58	51	Q3 2014	New construction warehouse
Högspänningen 1, Västerås	4,040	25%	47	27	Q1 2014	New construction logistic/office
Pallisaden 1, Huddinge	2,184	100%	36	8	Q4 2013	New construction retail
Projects completed/partly moved in						
Lindholmen 28:3, Gothenburg	9,459	63%	280	60	Q2 2013	New construction office*
Fullriggaren 4, Malmö	5,599	28%	156	33	Q1 2013	New construction office*
Forskaren 2, Lund	9,000	86%	142	21	Q4 2012	New construction office*
Gården 15, Linköping	9,705	62%	116	9	Q1 2013	New construction office/retail/warehouse*
Visiret 2, Huddinge	12,357	100%	71	5	Q2 2013	New construction car park
Inköparen 1, Örebro	4,300	100%	68	1	Q2 2013	New construction office
Åby 1:223, Haninge	6,553	0%	67	5	Q3 2013	New construction warehouse/logistic*
Rosersberg 11:34, Sigtuna	4,290	89%	40	0	Q2 2013	New construction warehouse/office
Ättehögen 18, Jönköping	3,220	100%	39	0	Q1 2013	New construction production premises
Boländerna 35:1, Uppsala	8,750	65%	38	13	Q1 2014	Reconstruction retail
Grusbacken 3, Helsingborg	2,508	100%	36	0	Q3 2013	New construction office/warehouse

Larger acquisitions during 2013 Property	Area, sq.m.	Econ. occup. Oct 2013	Acquisition SEKm	Access	Category
Kärra 78:8, 78:12-13 and 80:6, Gothenburg	8,400	100%	77	May 2013	Warehouse/production premises
Högsbo 20:11, Gothenburg	2,700	45%	34	May 2013	Office

Larger sales during 2013 Property	Area, sq.m.	Underlying prop. price, SEKm	Deferred tax, trans costs, SEKm	Net sales price, SEKm	Access	Category
Backa 18:7 and 18:10, Gothenburg	16,930	141	–1	140	July 2013	Warehouse
Linaberg 15, Stockholm	4,340	62	–5	57	Sep 2013	Office/warehouse
Alphyddan 11, Stockholm	4,363	54	–4	50	Feb 2013	Office
Björnen 6, Malmö	2,200	50	–3	47	Sep 2013	Office
Veddesta 2:23, Järfälla	6,100	42	0	42	Sep 2013	Retail/warehouse
Högsbo 4:1, Gothenburg	4,564	32	–1	31	Feb 2013	Warehouse/office

** Remaining investment volume will be utilized as the vacant premises are rented out.*

Solsten 1:108 in Härryda

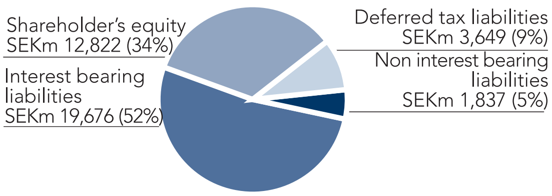
In Mölnlycke Företagspark along highway 40, Gothenburg, Castellum has started a new construction during the third quarter of a fully let logistic property of 6,516 sq.m.

The investment is calculated to SEKm 58 and to be completed during the third quarter 2014. The new building will be constructed in accordance with the environmental system Green Building.

Financing

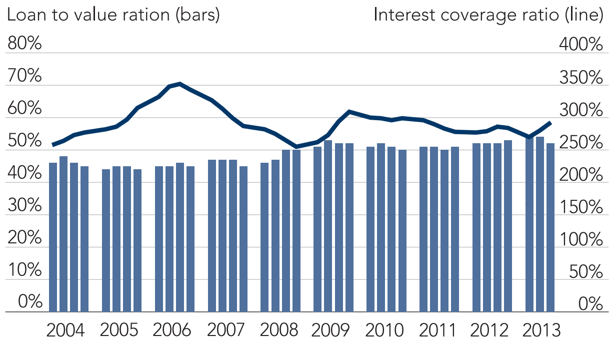
Castellum's assets had a value of SEKm 37,984 (36,631) on 30 September 2013 and these are financed as follows.

Financing 30-09-2013



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%.

Loan to value ratio and interest coverage ratio



Interest bearing liabilities

At the end of the period Castellum had binding credit agreements totalling SEKm 24,595 (23,361) of which SEKm 22,058 (20,262) were long term binding and SEKm 2,537 (3,099) were short term binding.

During the period SEKm 2,000 were issued under the MTN-program and an existing credit agreements of SEKm 2,000 has been extended.

After deduction of liquid assets of SEKm 176 (44), net interest bearing liabilities were SEKm 19,500 (19,050), of which SEKm 3,200 (1,200) were MTN and SEKm 1,110 (1,872) outstanding commercial papers.

Most of Castellum's loans are short-term revolving loans, utilized in long-term binding credit agreements in the largest nordic banks. This means great flexibility in the choice of interest rate base, interest rate period and tied up capital. The MTN-program and the commercial papers are a complement to the existing funding in banks and broadens the funding base.

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

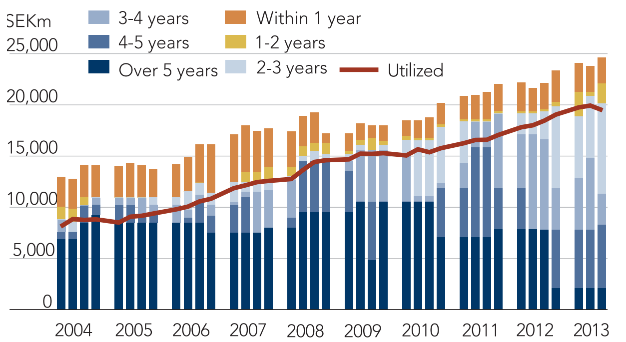
The interest bearing liabilities amounted to SEKm 19,500 (19,050) of which SEKm 15,365 (15,917) were secured by the company's properties and SEKm 4,135 (3,133) unsecured. The proportion of used secured financing was thus 41% of the property value. The financial covenants state a loan-to-value ratio not exceeding 65% and an interest coverage ratio of at least 150%, which Castellum fulfils with comfortable margins, 52% and 292% respectively. The average duration of Castellum's long-term credit agreements was 3.6 years (4.1). Margins and fees on long-term credit agreements had an average duration of 2.4 years (2.8).

Loan maturity structure 30-09-2013

SEKm	Credit agreements	Utilized in: Bank	MTN/Cert	Total
0 - 1 year	2,537	803	1,110	1,913
1 - 2 years	1,907	36	1,700	1,736
2 - 3 years	8,807	6,107	–	6,107
3 - 4 years	3,007	1,207	1,000	2,207
4 - 5 years	6,207	4,907	500	5,407
> 5 years	2,130	2,130	–	2,130
Total	**24,595**	**15,190**	**4,310**	**19,500**

Unutilized credit in long term credit agreements, SEKm **2,558**

Credit agreement maturity structure



Interest rate maturity structure

The average effective interest rate as of 30 September, 2013 was 3.7% (3.6%). In order to secure a stable and low net cash flow of interest net the interest rate maturity structure is distributed over time. The average fixed interest term on the same date was 2.7 years (2.8).

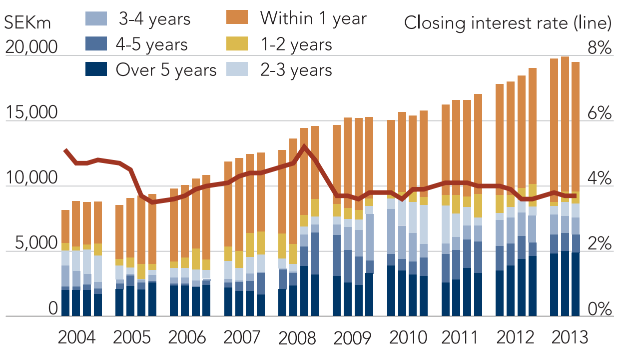
Castellum utilizes interest rate derivatives to achieve the desired interest rate maturity structure. Interest rate derivatives is a cost effective and flexible way of extending loans with short term interest rates to achieve the desired fixed interest term. In the interest rate maturity structure, interest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

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

Interest rate maturity structure 30-09-2013

	Loan SEKm	Interest rate derivatives SEKm	Net, SEKm	Closing interest rate
0 - 1 year	19,375	– 9,450	9,925	3.7%
1 - 2 years	125	800	925	3.6%
2 - 3 years	–	1,050	1,050	4.3%
3 - 4 years	–	1,300	1,300	3.8%
4 - 5 years	–	1,400	1,400	3.5%
5 - 10 years	–	4,900	4,900	3.7%
Total	**19,500**	**–**	**19,500**	**3.7%**

Interest rate maturity structure



Currency

Castellum owns properties in Denmark with a fair value of SEKm 454 (435), which means that the Group is exposed to a currency risk. A currency translation 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

According to the accounting standard IAS 39, derivatives are subject to market valuation. Castellum utilizes interest rate derivatives to achieve the desired interest rate maturity structure. If the agreed interest rate deviates from the market interest rate, there is a theoretical surplus or sub value in the interest rate derivatives where the non-cash-flow 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, which is obtained from the counter-party.

As of September 30, 2013, the market value of the interest rate derivatives portfolio amounted to SEKm –675 (–1,116) and the currency derivat portfolio to SEKm 9 (11).

Castellum's financial policy and committments in credit agreements

	Policy	Committment	Outcome
Loan to value ratio	Not in the long run exceeding 55%	No more than 65%	52%
Interest coverage ratio	At least 200%	At least 150%	292%
Interest rate risk			
– average fixed interest term	0.5-3 years	–	2.7 years
– proportion maturing within 6 months	No more than 50%	–	45%
Currency risk			
– investment	60%-100% funded in local currency	–	79%
– other currency risks	Not allowed	–	No exposure
Funding risk	At least 50% of interest bearing liabilities have a duration of at least 2 years	–	100%
Counterparty risk	Credit institutions with high ratings, at least "investment grade"	–	Satisfied
Liquidity risk	Liquidity reserve in order to fulfill payments due	–	SEKm 2,558 unutilized credit agreements

Consolidated statement of Comprehensive Income

SEKm	2013 July - Sept	2012 July - Sept	2013 Jan - Sept	2012 Jan - Sept	Rolling 4 quarters Oct 12 - Sept 13	2012 Jan - Dec
Rental income	809	764	2,431	2,285	3,219	3,073
Operating expenses	– 111	– 109	– 437	– 397	– 584	– 544
Maintenance	– 28	– 33	– 88	– 90	– 128	– 130
Ground rent	– 6	– 6	– 19	– 18	– 25	– 24
Property tax	– 43	– 38	– 128	– 114	– 166	– 152
Leasing and property administration	– 45	– 43	– 147	– 134	– 205	– 192
Net operating income	**576**	**535**	**1,612**	**1,532**	**2,111**	**2,031**
Central administrative expenses	– 18	– 19	– 67	– 66	– 94	– 93
Net interest costs	– 177	– 169	– 530	– 513	– 700	– 683
Income from property management	**381**	**347**	**1,015**	**953**	**1,317**	**1,255**
Changes in value						
Properties	182	28	301	56	176	– 69
Derivatives	53	– 192	440	– 83	413	– 110
Income before tax	**616**	**183**	**1,756**	**926**	**1,906**	**1,076**
Current tax	– 6	– 3	– 12	– 9	– 10	– 7
Deferred tax	– 107	– 46	– 339	– 203	268	404
Net income for the period/year	**503**	**134**	**1,405**	**714**	**2,164**	**1,473**
Other total net income - Items that will be reclassified into profit/loss						
Translation difference of currencies	– 5	– 20	1	– 20	9	– 12
Change in value derivatives, currency risk hedge	2	14	– 1	14	– 7	8
Total net income for the period/year	**500**	**128**	**1,405**	**708**	**2,166**	**1,469**

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

Data per Share

	2013 July - Sept	2012 July - Sept	2013 Jan - Sept	2012 Jan - Sept	Rolling 4 quarters Oct 12 - Sept 13	2012 Jan - Dec
Average number of shares, thousand	*164,000*	*164,000*	*164,000*	*164,000*	*164,000*	*164,000*
Income from property management, SEK	2.32	2.12	6.19	5.81	8.03	7.65
Income from property management after tax (EPRA EPS*), SEK	2.17	1.93	5.90	5.38	7.79	7.27
Earnings after tax, SEK	3.07	0.82	8.57	4.35	13.20	8.98
Outstanding number of shares, thousand	*164,000*	*164,000*	*164,000*	*164,000*	*164,000*	*164,000*
Property value, SEK	229	216	229	216	229	222
Long term net asset value (EPRA NAV*), SEK	104	99	104	99	104	100
Actual net asset value (EPRA NNNAV*), SEK	95	88	95	88	95	90

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

Financial Key Ratios

	2013 July - Sept	2012 July - Sept	2013 Jan - Sept	2012 Jan - Sept	Rolling 4 quarters Oct 12 - Sept 13	2012 Jan - Dec
Net operating income margin	71%	70%	66%	67%	66%	66%
Interest coverage ratio	315%	305%	292%	286%	288%	284%
Return on actual net asset value	14.3%	4.8%	14.3%	8.1%	12.7%	7.9%
Return on total capital	7.8%	6.2%	6.6%	5.8%	6.0%	5.3%
Net investments, SEKm	28	801	874	1,536	1,883	2,545
Loan to value ratio	52%	52%	52%	52%	52%	53%

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

Consolidated Balance Sheet

SEKm	30 Sept 2013	30 Sept 2012	31 Dec 2012
Assets			
Investment properties	37,505	35,433	36,328
Other fixed assets	29	24	27
Current receivables	274	268	232
Cash and bank	176	14	44
Total assets	**37,984**	**35,739**	**36,631**
Shareholders' equity and liabilities			
Shareholders' equity	12,822	11,304	12,065
Deferred tax liability	3,649	3,917	3,310
Derivatives	666	1 072	1,105
Long term interest-bearing liabilities	19,676	18,472	19,094
Non interest-bearing liabilities	1,171	974	1,057
Total shareholders' equity and liabilities	**37,984**	**35,739**	**36,631**
Pledged assets (property mortgages)	18,500	18,796	18,764
Contingent liabilities	–	–	–

Changes in Equity

SEKm	No of outstanding shares, thousand	Share capital	Other capital contribution	Translation of currency reserve	Hedging of currency reserve	Retained earnings	Total equity
Shareholders' equity 31-12-2011	**164,000**	**86**	**4,096**	**0**	**0**	**7,021**	**11,203**
Dividend, March 2012 (SEK 3.70/share)	–	–	–	–	–	– 607	– 607
Net income Jan-Sept 2012	–	–	–	–	–	714	714
Other total net income Jan-Sept 2012	–	–	–	– 20	14	–	- 6
Shareholders' equity 30-09-2012	**164,000**	**86**	**4,096**	**– 20**	**14**	**7,128**	**11,304**
Net income Oct-Dec 2012	–	–	–	–	–	759	759
Other total net Oct-Dec 2012	–	–	–	8	- 6	–	2
Shareholders' equity 31-12-2012	**164,000**	**86**	**4,096**	**– 12**	**8**	**7,887**	**12,065**
Dividend, March 2013 (SEK 3.95/share)	–	–	–	–	–	– 648	– 648
Net income Jan-Sept 2013	–	–	–	–	–	1,405	1,405
Total net income Jan-Sept 2013	–	–	–	1	– 1	–	0
Shareholders' equity 30-09-2013	**164,000**	**86**	**4,096**	**– 11**	**7**	**8,644**	**12,822**

Cash Flow Statement

SEKm	2013 July - Sept	2012 July - Sept	2013 Jan - Sept	2012 Jan - Sept	Rolling 4 quarters Oct 12 - Sept 13	2012 Jan - Dec
Net operating income	576	535	1,612	1,532	2,111	2,031
Central administrative expenses	– 18	– 19	– 67	– 66	– 94	– 93
Reversed depreciations	3	2	8	6	11	9
Net interest rates paid	– 207	– 213	– 511	– 526	– 685	– 700
Tax paid	– 5	– 3	– 17	– 8	– 10	– 1
Translation difference foreign operations	1	6	– 1	6	– 4	3
Cash flow from operating activities before change in working capital	**350**	**308**	**1,024**	**944**	**1,329**	**1,249**
Change in current receivables	– 1	– 28	– 23	– 34	– 21	– 32
Change in current liabilities	141	– 9	84	– 131	248	33
Cash flow from operating activities	**490**	**271**	**1,085**	**779**	**1,556**	**1,250**
Investments in new constructions, refurbishments and extensions	– 346	– 273	– 1,145	– 886	– 1,538	– 1,279
Property acquisitions	– 33	– 570	– 185	– 903	– 801	– 1,519
Change in liabilities at acquisitions of property	– 4	79	16	26	– 66	– 56
Property sales	351	42	456	253	456	253
Change in receivables at sales of property	– 27	2	– 19	– 42	15	– 8
Other net investments	– 2	– 2	– 13	– 15	– 16	– 18
Cash flow from investment activities	**– 61**	**– 722**	**– 890**	**– 1,567**	**– 1,950**	**– 2,627**
Change in long term liabilities	– 312	406	582	1,312	1,204	1,934
Change in long term receivables	–	–	3	–	0	– 3
Dividend paid	–	–	– 648	– 607	– 648	– 607
Cash flow from financing activities	**– 312**	**406**	**– 63**	**705**	**556**	**1,324**
Cash flow for the period/year	**117**	**– 45**	**132**	**– 83**	**162**	**– 53**
Cash and bank, opening balance	59	59	44	97	14	97
Cash and bank closing balance	**176**	**14**	**176**	**14**	**176**	**44**

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 involvement in subsidiary Boards.

Income statement SEKm	2013 July-Sept	2012 July-Sept	2013 Jan-Sept	2012 Jan-Sept
Income	4	3	12	11
Operating expenses	– 12	– 13	– 49	– 47
Net financial items	3	7	12	14
Changes in value derivatives	53	– 192	440	– 83
Income before tax	**48**	**– 195**	**415**	**– 105**
Tax	– 10	51	– 91	27
Net income for the period	**38**	**– 144**	**324**	**– 78**
Comprehensive income for the parent company				
Net income for the period	38	– 144	324	– 78
Other total net income - Reclassified into net income				
Translation diff. foreign operations	– 2	– 16	1	– 16
Unrealized change, currency hedge	2	14	– 1	14
Total net income for the period	**38**	**– 146**	**324**	**– 80**

Balance sheet SEKm	30 Sept 2013	30 Sept 2012	31 Dec 2012
Participations in group companies	5,838	5,338	5,338
Receivables, group companies	17,491	18,403	18,628
Other assets	146	312	234
Cash and bank	131	0	27
Total	**23,606**	**24,053**	**24,227**
Shareholders' equity	4,372	4,170	4,696
Derivatives	666	1 072	1,105
Interest bearing liabilities	17,511	17,302	16,924
Interest bearing liabilities, group companies	902	1,366	1,361
Other liabilities	155	143	141
Total	**23,606**	**24,053**	**24,227**
Pledged assets (receivables group companies)	15,050	15,944	15,090
Contingent liabilities (guaranteed commitments for subsidiaries)	2,165	1,167	2,170

Accounting Principles

Castellum follows the EU-adopted IFRS standards and interpretations (IFRIC). This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Annual Accounts Act. Since the beginning of the year, Castellum applies the new layout of other net income in accordance with IAS 1. Information of items measured at fair value is disclosed in accordance with IFRS 13 where investment properties are classified in level 3 and derivatives in level 2. 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 thought 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 increasing inflation.

An economic boom therefore means higher interest costs but also higher rental income, while the opposite relationship is true during a recession. The changes in rental income and interest cost do not take place at exactly the 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	Scenario	
	+/– 1% (units)	Boom	Recession
Rental level / Index	+ 32/– 32	+	–
Vacancies	+ 37/– 37	+	–
Property costs	– 11/+ 11	–	0
Interest costs	– 72/+ 65	–	+

Opportunities and risks in property values

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

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

Sensitivity analysis - change in value

Properties	– 20%	– 10%	0	+10%	+20%
Changes in value, SEKm	– 7,501	– 3,751	0	3,751	7,501
Loan to value ratio	66%	58%	52%	48%	44%

Financial risk

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

Election Committee

At Castellum AB's Annual General Meeting held on March 21, 2013, it was resolved that the election committee should consist of the chairman of the board of directors plus a representative from each of the three largest ownership registered or otherwise known shareholders (as per the last trading day of August 2013). If any of these shareholders does not wish to appoint a member, the fourth largest shareholder should be consulted, and so on.

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

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

In total, the election committee represents approx. 16% of the total number of shares and votes in the company. The election committee will appoint a chairman among its members.

The election committee's task for the 2014 AGM is to propose a chairman for the AGM, the number of members of the board of directors, members of the board of directors and chairman of the board of directors, as well as auditors. The election committee will also propose remuneration to members of the board of directors and the auditors. Finally, the election committee will propose principles for appointing the election committee for the 2015 AGM.

Shareholders are welcome to submit their proposals and views to the election committee by December 6, 2013, at the latest. Please send to Castellum AB, Att: Charlotte Strömberg, Box 2269, 403 14 Gothenburg, or by e-mail to charlotte.stromberg@castellum.se.

The Election Committee's proposals will be announced in the notice for the 2014 Annual General Meeting and on the company's website. The Annual General Meeting for Castellum AB is planned to be held on March 20, 2014. For further information see www.castellum.se.

Gothenburg October 16, 2013

Henrik Saxborn
Chief Executive Officer

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

Kulan 3, Helsingborg

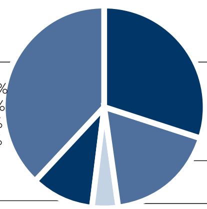
The Castellum Share

The Castellum share is listed on NASDAQ OMX Stockholm AB Large Cap. At the end of the period the company had about 11,200 shareholders. Shareholders registered abroad cannot be broken down in terms of directly held and nominee registered shares except for two foreign shareholder who has flagged for holding over 5%, Stichting Pensioenfonds ABP and EII Capital Management B.V. Castellum has no direct registered shareholders with holdings exceeding 10%. The ten single largest Swedish shareholders can be seen in the table below.

Shareholders on 30-09-2013	Number of shares thousand	Percentage of voting rights and capital
Magdalena Szombatfalvy	4,935	3.0%
Lannebo Småbolag	2,600	1.6%
Länsförsäkringar Fastighetsfond	2,563	1.6%
Stiftelsen Global Challenges Foundation	2,500	1.5%
László Szombatfalvy	2,500	1.5%
Andra AP-fonden	1,988	1.2%
Caceis Bank France	1,840	1.1%
Fjärde AP-fonden	1,742	1.1%
Tredje AP-fonden	1,148	0.7%
Swedbank Robur Småbolagsfond Sverige	1,088	0.7%
Board and executive management Castellum	302	0.2%
Other shareholders registered in Sweden	39,413	24.0%
Shareholders registered abroad	101,381	61.8%
Total outstanding shares	164,000	100.0%
Repurchased shares	8,007	
Total registered shares	172,007	

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

Distribution of shareholders by country 30-09-2013



The Castellum share price as at 30 September, 2013 was SEK 91.65 (88.85) equivalent to a market capitalization of SEK 15.0 billion (14.6), calculated on the number of outstanding shares.

During the period, a total of 84 million (105) shares were traded, equivalent to an average of 445,000 shares (560,000) per day, corresponding on an annual basis to a turnover rate of 68% (86%). The share turnover is based on statistics from NASDAQ OMX, Chi-X, Burgundy, Turquoise and BATS Europe.

Net asset value

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

The long term net asset value (EPRA NAV) can be calculated to SEK 104 per share (99). The share price at the end of the period was thus 88% (90%) of the long term net asset value.

Net asset value 30-09-2013	SEKm	SEK/share
Equity according to the balance sheet	12,822	78
Reversed		
Derivatives according to balance sheet	666	4
Deferred tax according to balance sheet	3,649	22
Long term net asset value (EPRA NAV)	**17,137**	**104**
Deduction		
Derivatives as above	– 666	– 4
Estimated real liability, deferred tax 5.1%*	– 888	– 5
Actual net asset value (EPRA NNNAV)	**15,583**	**95**

* Estimated real deferred tax liability net has been calculated to 5.1% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized in 5 years with a nominal tax of 22%, giving a present value of deferred tax liability of 20.2%, and that the properties are realized in 50 years where 33% are sold directly with a nominal tax of 22% and that 67% are sold indirect through company disposals where the buyers tax discount is 6%, which gives a present value of deferred tax liability of 5.8%.

Growth, yield and financial risk

During the last 12-month period the total yield of the Castellum share has been 8% (10%), including dividend of SEK 3.95 (3.70).

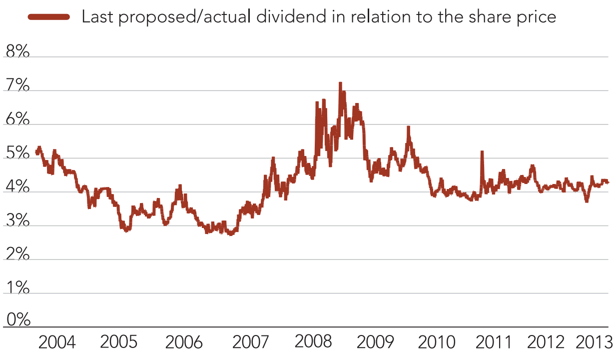
	1 year	3 years average/ year	10 years average/ year
Growth			
Rental income SEK/share	6%	6%	6%
Income from prop. management SEK/share	6%	6%	7%
Net income for the year after tax SEK/share	207%	22%	11%
Dividend SEK/share	7%	3%	6%
Long term net asset value SEK/share	5%	6%	7%
Actual net asset value SEK/share	8%	7%	6%
Real estate portfolio SEK/share	6%	7%	8%
Change in property value	0.5%	1.1%	1.3%
Yield			
Return on long term net asset value	9.3%	11,3%	10.9%
Return on actual net asset value	12.7%	12.3%	11.0%
Return on total capital	6.0%	6.9%	7.0%
Total yield of the share (incl. dividend)			
Castellum	8%	5%	14%
NASDAQ OMX Stockholm (SIX Return)	25%	9%	13%
Real Estate Index Sweden (EPRA)	14%	6%	16%
Real Estate Index Europe (EPRA)	15%	9%	7%
Financial risk			
Interest coverage ratio	288%	284%	293%
Loan to value ratio	52%	51%	48%
Unutilized long term credit	2,558	1,791	1,588

Valuation

Dividend Yield

The latest carried out dividend of SEK 3.95 (3.70) corresponds to a yield of 4.3% (4.2%) based on the share price at the end of the period.

The share's dividend yield

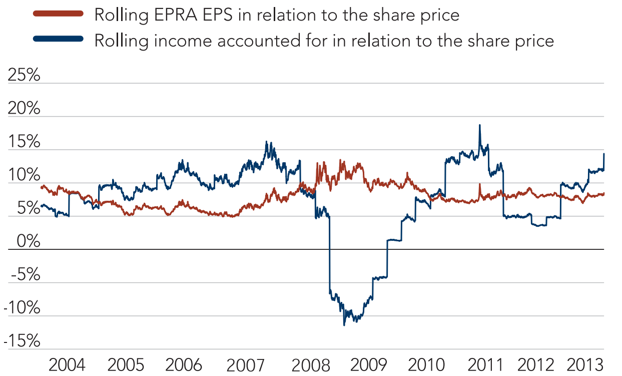


Earnings

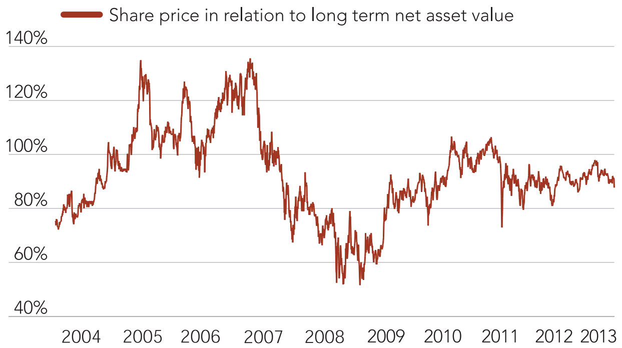
Post-tax inome from property management relating to income from property management (EPRA EPS) amounted to SEK 7.79 (7.29) on rolling annual basis. This results in a share price yield of 8.5% (8.2%).

Net income after tax amounted on rolling annual basis to SEK 13.20 per share (4.30), which from the share price gives a yield of 14.4% (4.8%).

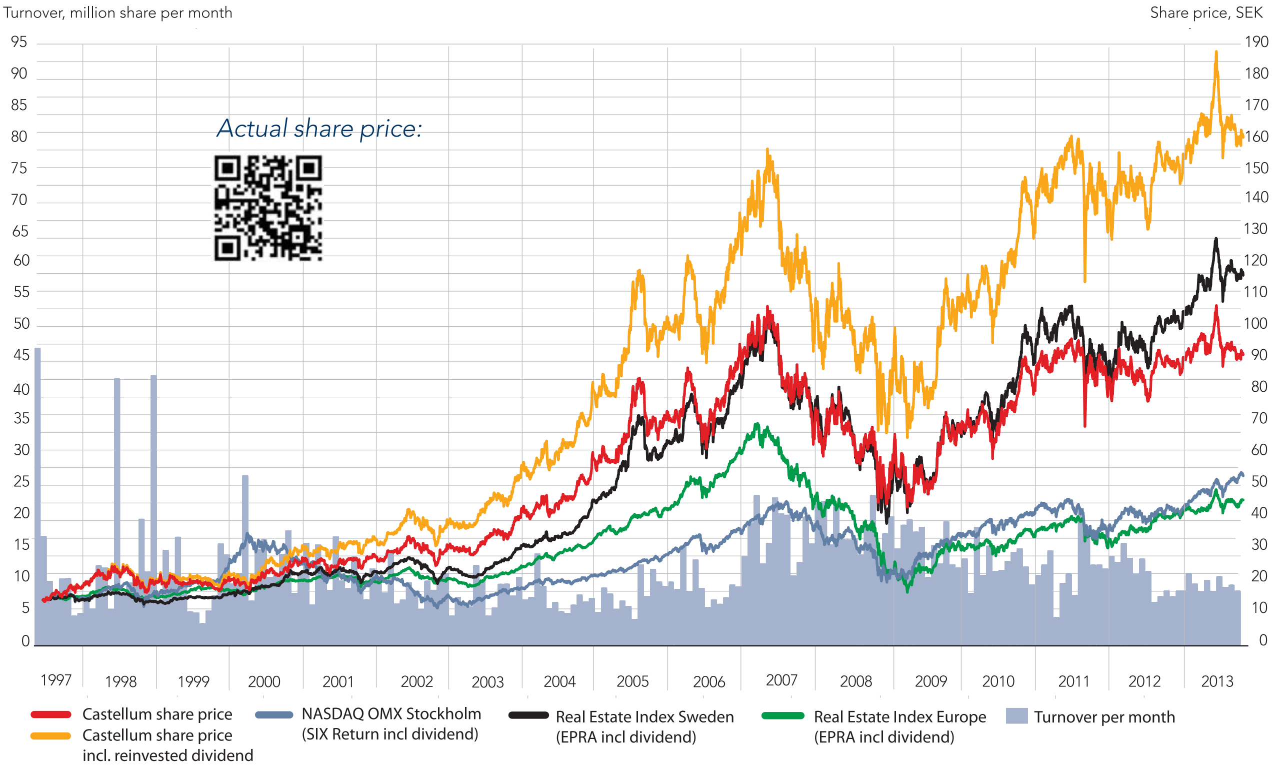
Yield earnings per share



Share price/net asset value



The Castellum share's price trend and turnover since IPO may 23, 1997 until September 30, 2013



Calendar

Year-end Report 2013	22 January, 2014, around 2 pm
Annual Report 2013	mid-February 2014
Annual General Meeting 2014	20 March, 2014
Interim Report January-March 2014	22 April, 2014
Half-year Report January-June 2014	16 July, 2014
Interim Report January-September 2014	15 October, 2014
Year-end Report 2014	21 January, 2015

www.castellum.se

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

For further information please contact CEO Henrik Saxborn, tel +46 31 60 74 50, or Finance Director Ulrika Danielsson, tel +46 706 47 12 61 or visit Castellum's website.

Annual General Meeting

Castellum AB's Annual General Meeting is planned to be held on Thursday March 20, 2014 at 5 pm in GöteborgsOperan, Christina Nilssons gata, Gothenburg.

A matter addressed to the election committee from a shareholder should be sent to Castellum AB, Att: Charlotte Strömberg, Box 2269, 403 14 Gothenburg, no later than December 6, 2013.

A shareholder have the right to have a matter addressed at the coming Annual General Meeting on 20 March, 2014. For practical reasons the request should be received by the company no later than 3 February, 2014. The request should be addressed to Castellum AB, Att: Henrik Saxborn, Box 2269, 403 14 Gothenburg.

Subsidiaries

Aspholmen Fastigheter AB
Rörvägen 1, Box 1824
701 18 Örebro
Telephone +46 19-27 65 00
Telefax +46 19-27 65 19
orebro@aspholmenfastigheter.se
www.aspholmenfastigheter.se

Fastighets AB Briggen
Riggaregatan 57, Box 3158,
211 13 Malmö
Telephone +46 40-38 37 20
Telefax +46 40-38 37 37
fastighets.ab@briggen.se
www.briggen.se

Fastighets AB Brostaden
Tjurhornsgränd 6, Box 5013,
121 05 Johanneshov
Telephone +46 8-602 33 00
Telefax +46 8-602 33 30
info@brostaden.se
www.brostaden.se

Fastighets AB Corallen
Jönköpingsvägen 41 A, Box 148,
331 21 Värnamo
Telephone +46 370-69 49 00
Telefax +46 370-475 90
info@corallen.se
www.corallen.se

Eklandia Fastighets AB
Theres Svenssons gata 9, Box 8725,
402 75 Göteborg
Telephone +46 31-744 09 00
Telefax +46 31-744 09 50
info@eklandia.se
www.eklandia.se

Harry Sjögren AB
Kråketorpsgatan 20, 431 53 Mölndal
Telephone +46 31-706 65 00
Telefax +46 31-706 65 29
info@harrysjogren.se
www.harrysjogren.se

In the event of conflict in interpretation or differences between this report and the Swedish version, the latter will have priority.

CASTELLUM

Castellum AB (publ) • Box 2269, SE-403 14 Gothenburg, Sweden • Visiting address Kaserntorget 5
Telephone +46 31-60 74 00 • Fax +46 31-13 17 55 • E-mail info@castellum.se • www.castellum.se
Org nr 556475-5550