



Q2 2019



CASTELLUM

28-08-2019

**CREDIT INVESTOR UPDATE
HALF-YEAR REPORT JANUARY-JUNE 2019** —

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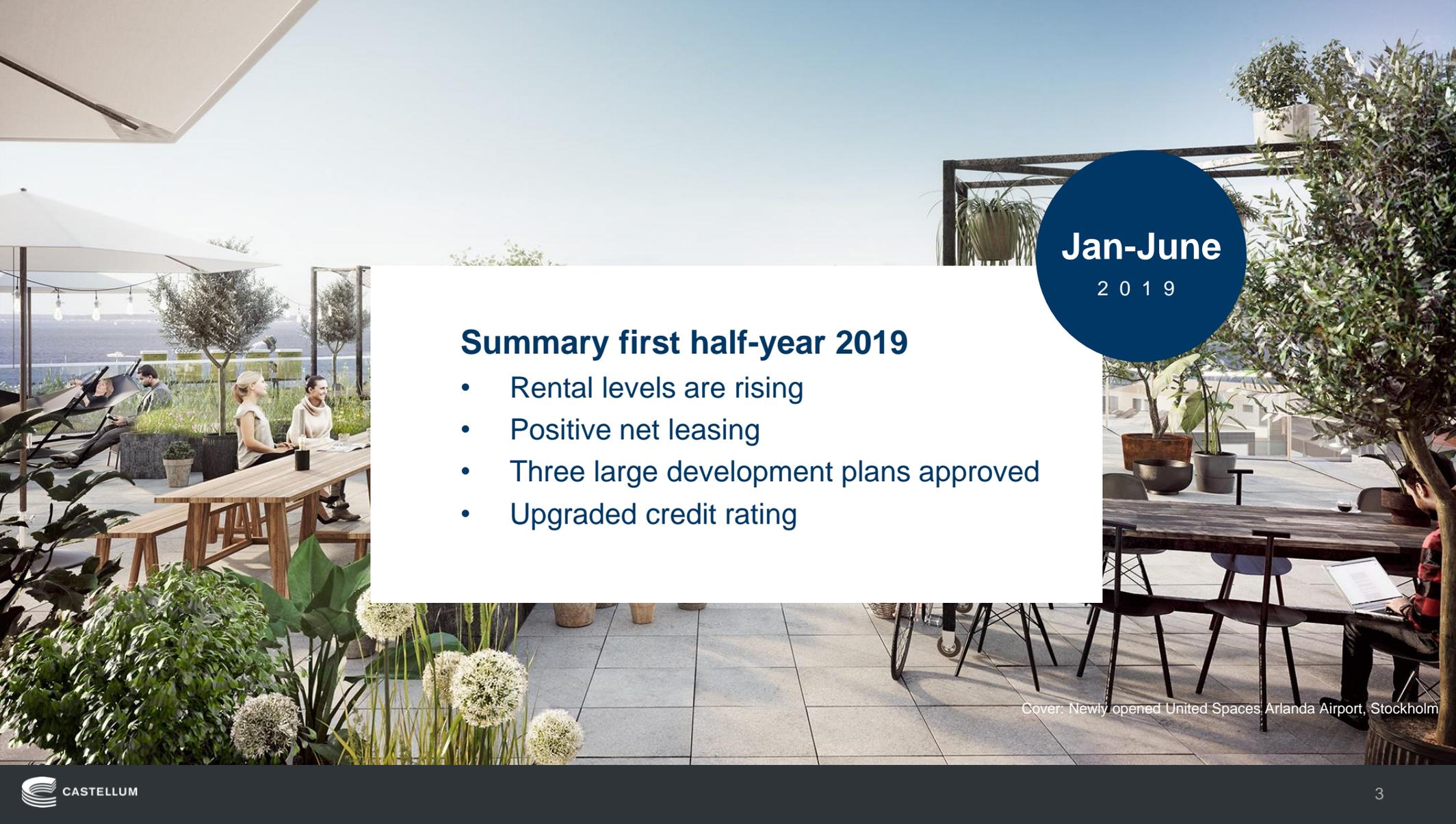
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Jan-June

2019

Summary first half-year 2019

- Rental levels are rising
- Positive net leasing
- Three large development plans approved
- Upgraded credit rating

Cover: Newly opened United Spaces, Arlanda Airport, Stockholm

Income from property management

MSEK 1,543

Net leasing

MSEK 4

MSEK

Acquisitions 2,770

New constructions, extensions
and reconstructions 1,473

Sales - 4,057

Net investments 186

Loan to value ratio 44%

Interest coverage ratio 485%

Jan-June

2019

Income statement Jan-June, 2019

MSEK	Jan-June 2019		Jan-June 2018	
Rental income (fully let)	3,070	~ 1,481 SEK/sq.m.	2,972	~ 1,377 SEK/sq.m.
Vacancies	- 242	93.1%	- 232	93.0%
Property costs	- 785	~ 376 SEK/sq.m.	- 800	~ 368 SEK/sq.m.
Coworking net	1		-	
Net operating income	2,044		1,940	
Central administrative expenses	- 90		- 84	
Net interest costs	- 401	2.1%	- 436	2.3%
Leasing expenses/ground rent	- 10		-	
Income from property management	1,543		1,420	
<i>D:o growth</i>	9%		14%	
Acquisition cost	- 9		-	
Goodwill depreciation	- 179		-	
Changes in value Properties	1,882		827	
Changes in value Derivatives	- 297		25	
Tax	- 354		153	
Net income for the period	2,586		2,425	

Development of Castellum's operating income Q2, 2019

Net operating income
2,044
+104

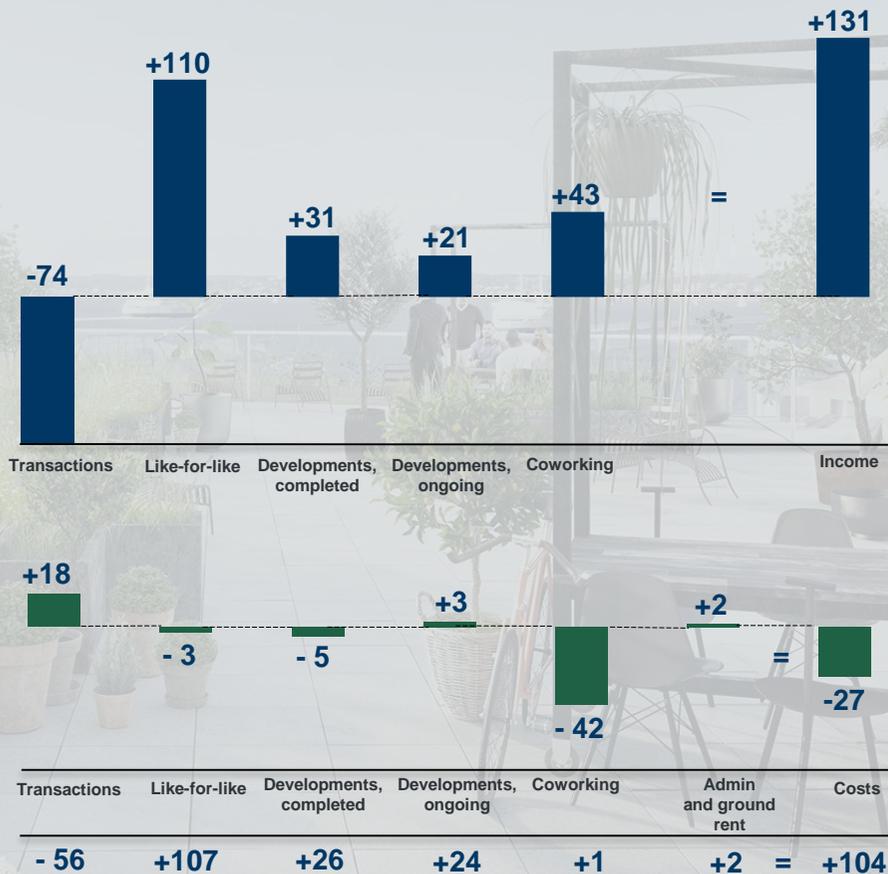
Income
2,871

+131

Costs
827

- 27

Figures in MSEK



Summary Q2, 2019



**Rental market
incl. Income statement**



**Property market
incl. Balance sheet**



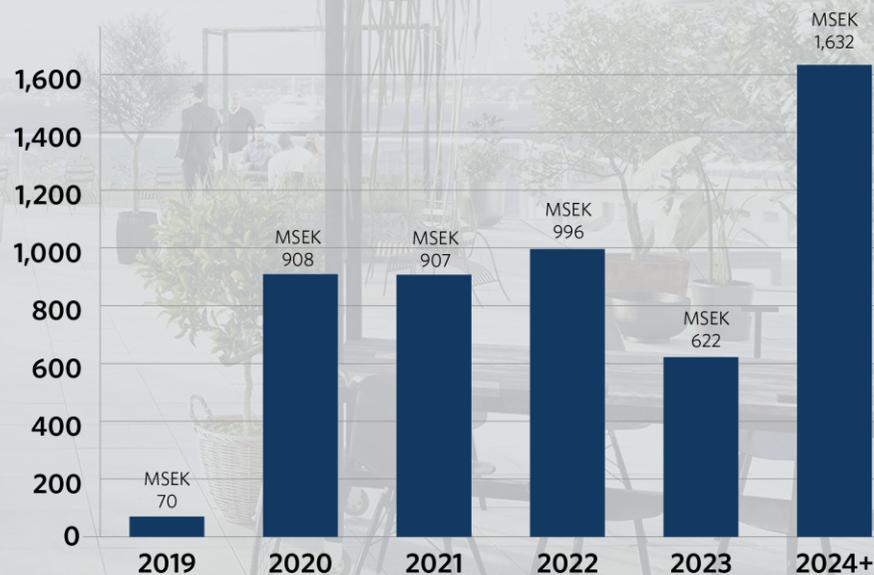
Credit market

Development of Castellum's income Jan-June 2019

MSEK	Jan-June 2019	Jan-June 2018	Change %
Like-for-like	2,440	2,330	4.7%
Development properties	193	141	-
Total	2,633	2,471	6.6%
Transaction	195	269	-
Coworking	43	-	-
Income	2,871	2,740	4.8%

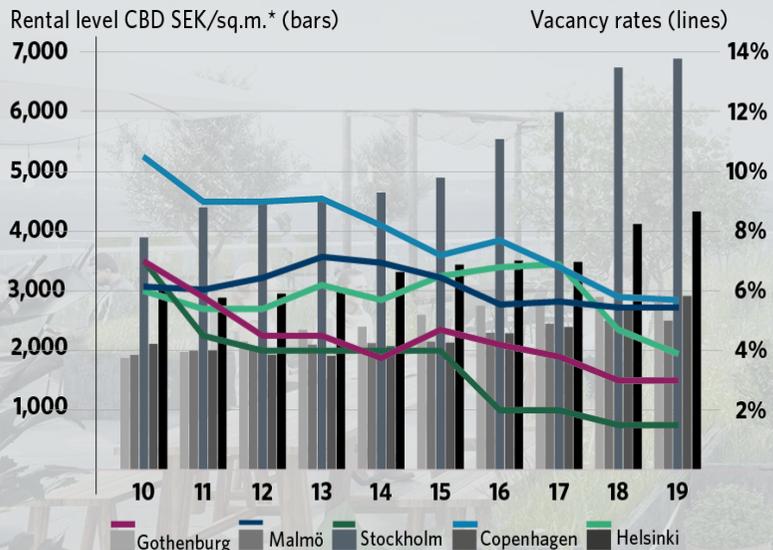
Rental growth	5.0%
Vacancies	0.0%
Termination of leases	-0.3%
Discounts	0.0%
Rental growth	4.7%

Lease value, MSEK

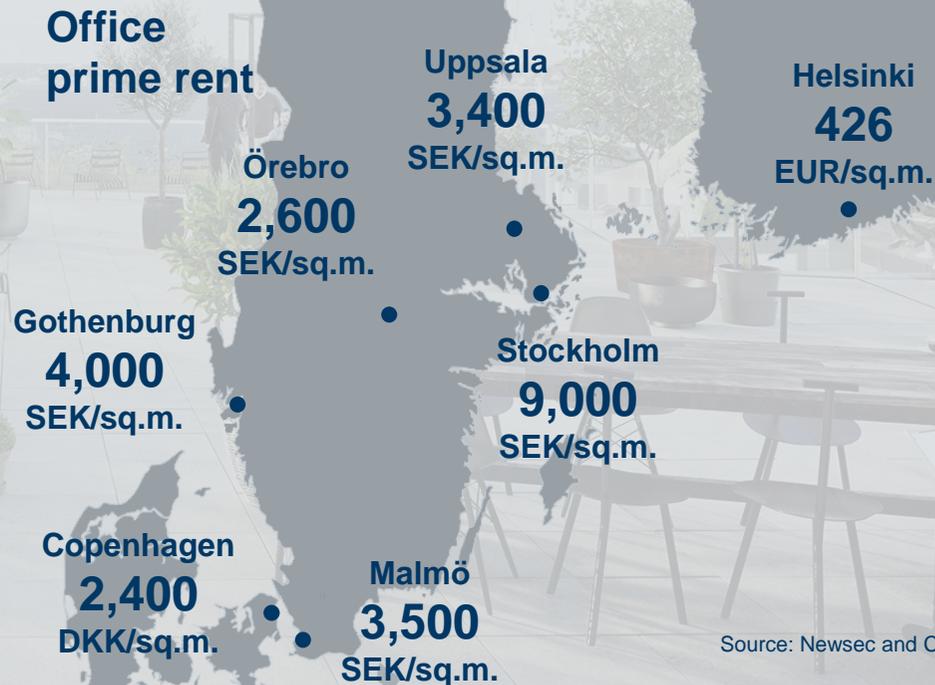


Market update: Rental market – Office

CBD Prime market top rent levels in major cities.



* Copenhagen, DKK to SEK and Helsinki, EUR to SEK
Source: Newsec



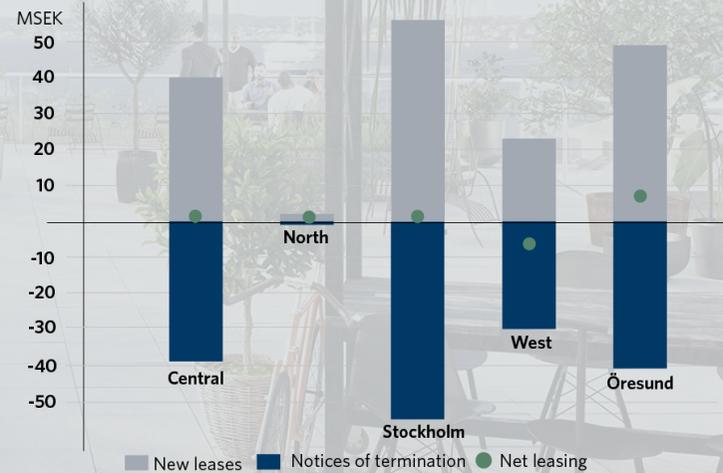
Source: Newsec and Castellum

Castellum's net leasing

Castellum's net leasing* 2010 – Q2 2019



Castellum's net leasing per region Q2, 2019



* E.ON and The Swedish Courts Administration approx. MSEK 146 is excluded.

Castellum's net interest

Term to maturity	Interest rate derivatives								
	Credit, MSEK	Average interest rate	Volume payable interest, MSEK	Closed payable interest	Volume receivable interest, MSEK	Closing receivable interest	Closing interest rate	Average interest rate	
0 - 1 year	26,547	1.3%*	3,402	1.0%	- 14,237	0.1%	2.3%	0.2 year	
1 - 2 years	3,699	1.6%	1,940	1.3%	0	0.0%	1.5%	1.4 years	
2 - 3 years	1,948	1.4%	1,250	0.1%	0	0.0%	0.9%	2.3 years	
3 - 4 years	1,299	1.9%	1,700	0.5%	0	0.0%	1.1%	3.5 years	
4 - 5 years	5,275	2.1%	4,850	2.3%	- 4,766	2.2%	2.3%	4.5 years	
5 - 10 years	1,317	3.7%	6,800	1.9%	- 938	4.2%	1.9%	8.2 years	
Total	40,085	1.5%	19,941	1.6%	- 19,941	0.8%	1.9%	2.8 years	

* Including credit-agreement fees and exchange rate differences for MTNs

Summary Q2, 2019



Rental market
incl. Income statement



Property market
incl. Balance sheet

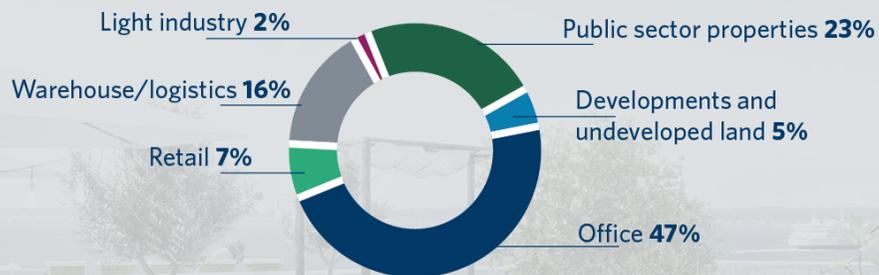


Credit market

Balance sheet, June 30 2019

MSEK	June 30, 2019	
Investment properties	91,427	~ SEK 21,967/sq.m. and 5.1% yield
Goodwill	1,691	
Leases, value in use	868	
Other fixed assets	1,411	
Total assets	95,397	
Shareholders' equity	40,727	
Deferred tax liability	9,433	
Derivatives	701	
Other provisions	6	
Interest-bearing liabilities	40,242	LTV 44%
Lease agreement	868	
Non interest-bearing liabilities	3,420	
Total shareholders' equity and liabilities	95,397	

Castellum's property value per category and region

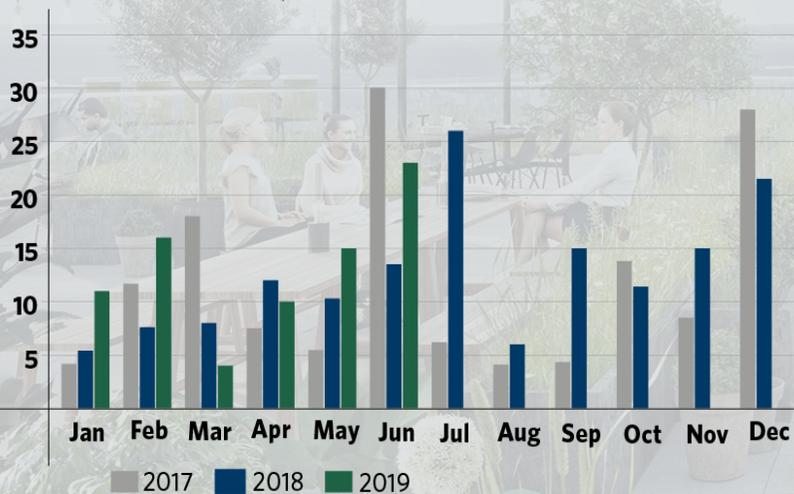


Type	Value	Sq.m. (000)	SEK/sq.m.	Yield Q2, 2019	Yield Q4, 2018
Office	43,055	1,598	26,933	5.0%	5.1%
Public sector properties	21,019	696	30,191	4.8%	5.0%
Warehouse/logistics	14,418	1,181	12,211	5.6%	5.8%
Retail	6,789	357	19,023	5.7%	5.9%
Light industry	2,075	197	10,534	6.9%	6.9%
Developments etc.	4,071	133	-	-	-
Total	91,427	4,162	21,679	5.1%	5.3%

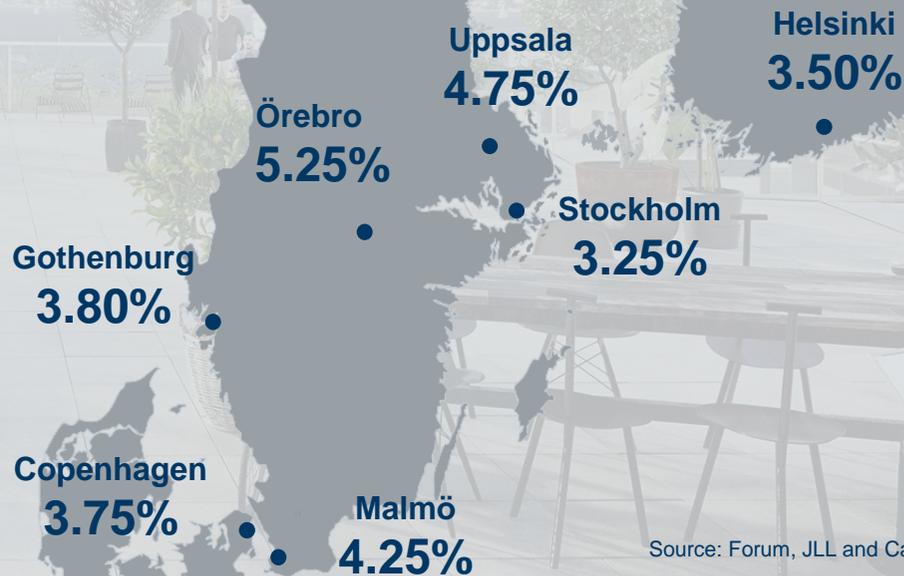
Market update: Property market – Office

Market prime CBD yield-levels in major cities.

Transaction volume office, SEK billion



Source: Newsec



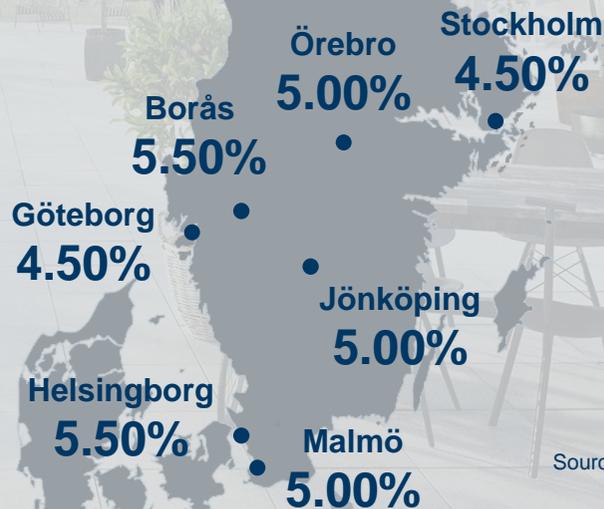
Source: Forum, JLL and Castellum

Market update: Property market – Logistics

Market yield-levels for prime assets in prime locations

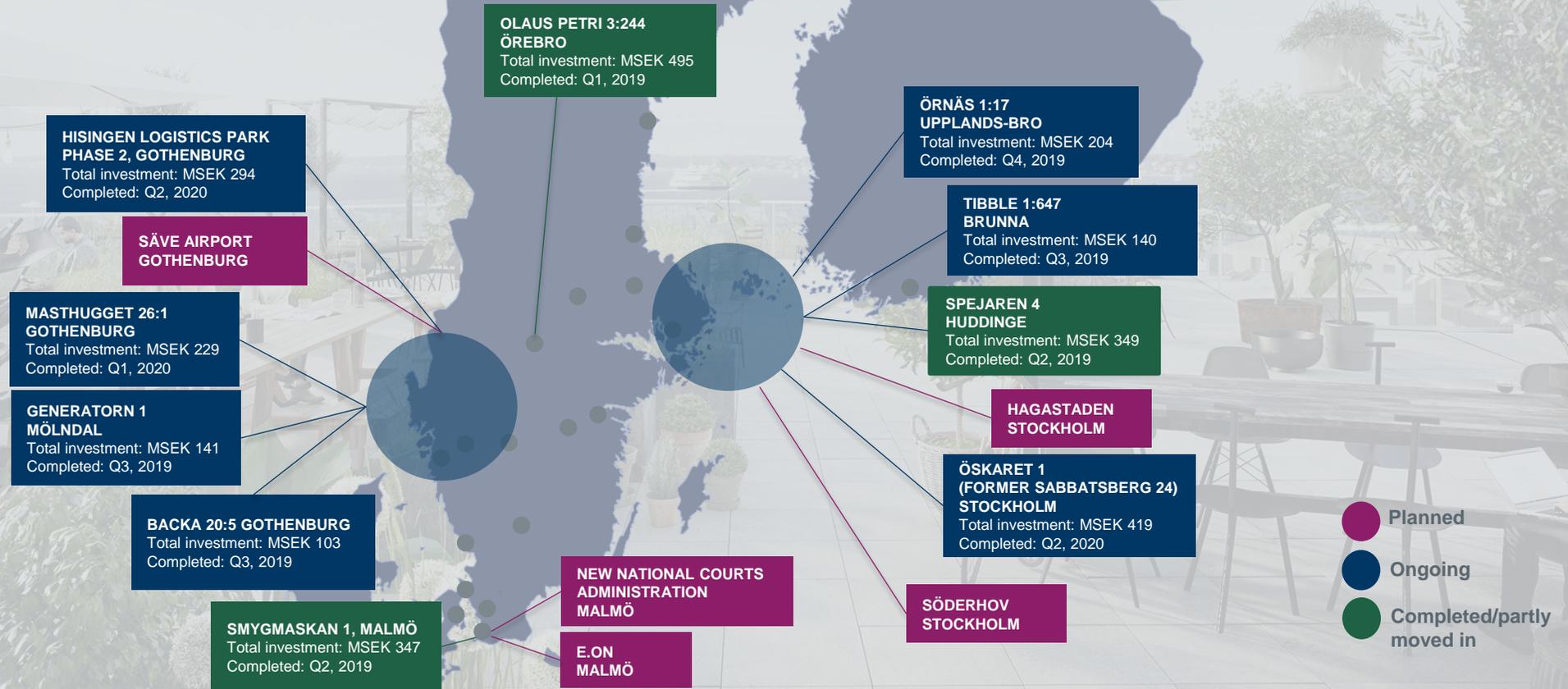


Tibble 1:647 located outside Stockholm, which will be completed during Q3, 2019.



Source: Newsec, JLL and Castellum

Castellum's Development portfolio Q2, 2019





Nyhamnen Malmö

Malmö central station



E.ON
Total investment: SEK 1.1 billion
Area: 24,500 sq.m.
Construction time: 2 years
Completed: Summer 2021
Annual leasing income: approx. MSEK 68.5



THE SWEDISH COURTS
Total investment: SEK 1.2 billion
Area: 25,000 sq.m.
Construction time: 2 years
Completed: 2021
Annual leasing income: approx. MSEK 78

Summary Q2, 2019



**Rental market
incl. Income statement**



**Property market
incl. Balance sheet**



Credit market

Low average interest rate and robust diversified debt structure

Credit maturity structure (SEKmm)

Term to maturity	Credit SEKmm	Closing portfolio average interest rate	Average fixed interest rate term
0-1 year:	26,547	2.3%	0.2 years
1-2 years:	3,699	1.5%	1.4 years
2-3 years:	1,948	0.9%	2.3 years
3-4 years:	1,299	1.1%	3.5 years
4-5 years:	5,275	2.3%	4.5 years
>5 years:	1,317	1.9%	8.2 years
Total:	40,085	1.9%	2.8 years

Debt structure and debt service

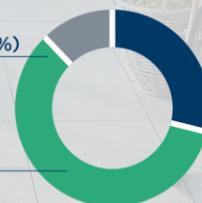
	30 June 2019
Gross debt (SEKmm)	40,085
Net LTV (%)	44%
Avg. interest rate (%)	1.9%
Avg. weighted interest rate duration (years)	2.8

Considerations

- Significant unutilized credit facilities totalling approx. SEK 17bn
- As at 30 June 2019, Castellum had an Unencumbered Assets Ratio equivalent to 56%

Distribution of interest bearing financing

Commercial papers MSEK 4,993 (12%)



Bonds MSEK 23,473 (59%)

Bank loans MSEK 11,619 (29%)

Unsecured credits MSEK 29,222 (73%)



Secured credits MSEK 10,863 (27%)

Source: Castellum information as at 30 June, 2019

Castellum's activities on the funding side Jan-June, 2019

	SEK Bank	EMTN's MTN's	SEK CP's
	Renegotiated: approx. MSEK 2,400 Terminated: approx. MSEK 1,000	SEK-MTN programme size raised to MSEK 20,000 Issued: MSEK 2,300 Tenors: 2, 5, 6, 7 and 10 years Floating interest rate: MSEK 1,900 Matured: MSEK 1,500	Nominal volume outstanding halved since spring 2018
Credit frame / Programme size	Approx. MSEK 28,400	EMTN: issued MNOK 850 Tenor: 10 years, fixed interest rate SEK-MTN: MSEK 20,000	MSEK 10,000
Of which utilized	Approx. MSEK 11,600	EMTN: MEUR 2,000 SEK-MTN: MSEK 17,300 EMTN: MEUR 587	MSEK 4,997



For more information, contact:
Ulrika Danielsson, CFO, Castellum AB
ulrika.danielsson@castellum.se
Phone: + 46 31-60 74 74