

Shareholders, ladies and gentlemen.

I will begin by describing the outcome for 2007 and thereafter give a future outlook for the real estate sector in general and Castellum in particular.

<b>Income Statement</b>			
<i>SEKm</i>	<i>2007</i>		<i>2006</i>
Rental value (fully let)	2,592		2,298
./. Vacancies	-333		-284
Property costs and admin. expenses	-840		-767
Net financial items	-495		-364
<b>Income from property management</b>	<b>924</b>	<b>+ 5%</b>	<b>883</b>
		Objective 10%	
<i>Changes in value</i>			
Properties	920		1,145
Derivatives	99		178
Tax	-456		-532
<b>Net income for the year</b>	<b>1,487</b>	<b>- 11%</b>	<b>1,674</b>
<b>Proposed dividend SEK/share</b>	<b>3.00</b>	<b>+ 5%</b>	<b>2.85</b>

Castellum has approx. 550 properties which fully let would provide SEK 2.6 billion in rental income. The improvement is chiefly an effect of a larger real estate portfolio, but also 3% higher rental levels.

The vacancies amounted to almost SEK 333 millions, corresponding to approx. 12%. The vacancies have decreased in per cent, but have increased in amount depending on acquisitions of properties with higher vacancies.

The costs for operations, maintenance, real estate tax as well as leasing and administration were SEK 840 millions. The increases in costs were mainly an effect of a larger portfolio, since costs per square metre only increased with approx. 1%.

The financial costs increased very much, to nearly 500 millions. The increase of approx. 50 millions is partly due to that the average interest

level during the period has increased 0.5%-units and the rest to a larger portfolio.

In all, this meant income from property management, as well as cash flow, of SEK 924 millions equivalent an improvement on 5% compared to last year. The objective annual growth with 10% is hard to reach in times with rising interest rates which during the year cost approx. 6% of income from property management.

2007 was the fourth consecutive year with increasing real estate prices. For Castellum the increase was calculated to 3%, corresponding to over SEK 900 millions.

Increasing market interest rates have given a positive change in value of the interest rate derivative portfolio.

Due to tax loss carry forwards etc. Castellum did not have to pay any taxes for 2007, however, over SEK 400 millions were deposited for possible future tax payments.

Net income for the year amounted to 1.5 billions which is lower than previous year, an effect of lower change in value, but is still the second best result in Castellum ever.

Castellum's policy for dividend proceed from cash flow, i. e. net operating income. The proposal to increase dividend of SEK 3.00 is well in line with the growth from property management.

## Balance Sheet

<i>SEKm</i>	<i>Dec 31, 2007</i>	<i>Dec 31, 2006</i>
Investment properties	27,717	24,238
Other assets	174	208
	<b>27,891</b>	<b>24,446</b>
Shareholders' equity	11,204	10,184
Deferred tax liability	3,322	2,723
Long-term interest-bearing liabilities	12,582	10,837
<b>Borrowing ratio</b>	<b>45%</b>	<b>45%</b>
Non interest-bearing liabilities	783	702
	<b>27,891</b>	<b>24,446</b>

Net asset value 5% tax

SEKm 13 933

Objective at least

55%

The assets side of the balance sheet is dominated by properties, over SEK 28 billion, which are recorded at fair value. Based on a portfolio of 3 million square metres this is equivalent to approx. SEK 9,100 per square metre.

Castellum has a strong financial structure. Despite investments of 2.6 billions is the borrowing ratio low, 45%. The objective is to reach 55% but not higher.

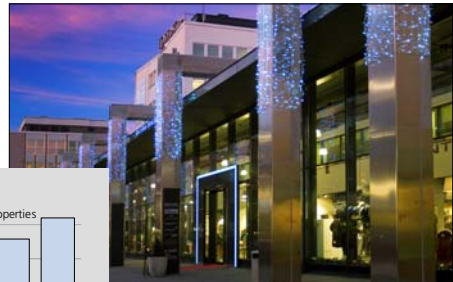
Castellum has long term binding credit agreements totalling SEK 14 billions, of which 12.6 billions were utilized 31 December 2008. We see no problem to find long term funding despite the uncertainty on the international creditmarket.

The net asset value can, using an effective tax rate of 5%, be calculated to SEK 14 billion.

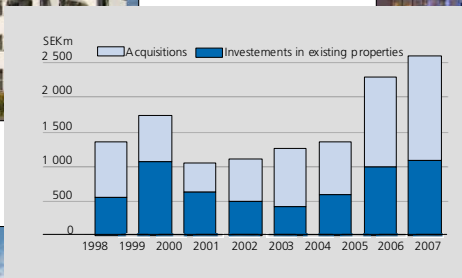
## Investments



Acquisitions SEK 1,5 billion



New construction, extensions and refurbishment SEK 1,1 billion



The rate of investments has increased in Castellum from SEK 1-1.5 billion to approx. 2.5 billion each year. During 2007, acquisitions were made of SEK 1.3 billion of 38 properties and SEK 1.5 billion were new construction, extensions and refurbishment.

The real estate prices have risen during a number of years and the yields on mature properties are in many cases too low for Castellum. We therefore like to acquire development properties with vacancies, where Castellum with its leasing capacity can make a different risk assessment than other financial operators.

Some examples of investments are shown in the picture. In the top left hand corner is a property which was an acquisition and a new establishment in Linköping acquired for SEK 380 millions. In the bottom left an acquisition in Gothenburg – the printing office of GP at Tingstadstunneln on Hisingen. An acquisition of fully SEK 200 million.

Maybe even more interesting with high yield are all new construction, extensions and refurbishment. On the right side two examples – on the top

a refurbishment and new construction of office and retail of approx. SEKm 60 with best location in Uppsala. Down to the right an example from Gothenburg – refurbishment of the old “Götabanks-house”, Nordstaden, for SEKm 200 which is in principle completed.

## Growth, yield and financial risk

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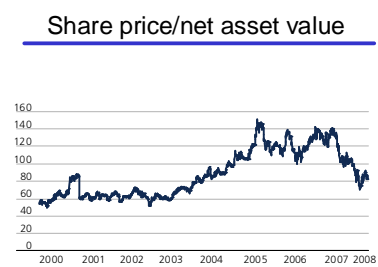
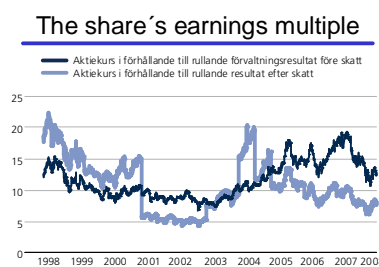
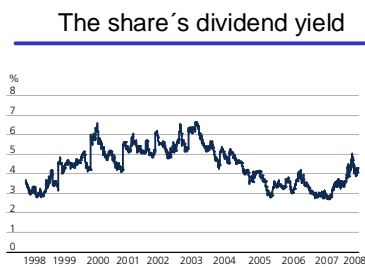
	2007	3 years average/year	10 years average/year
<b><u>Growth/year</u></b>			
Income from property management SEK/share	5%	8%	14%
Net income for the year after tax SEK/share	- 11%	18%	8%
Net asset value SEK/share	12%	14%	10%
Dividend SEK/share	5%	8%	16%
Real estate portfolio	14%	13%	9%
<b><u>Yield/year</u></b>			
Return on net asset value	16%	18%	14%
<b><u>Financial risk</u></b>			
Borrowing ratio	45%	45%	45%

Income, growth and yield are often measured on quarterly and yearly basis. It's vacancies, rates and property prices change over time the average over a number of years is important to consider.

As seen in the diagram both growth and yield have over three as well as ten years been on high levels – all to a low financial risk.

# The share´s total yield and value

	March 25 2008 share price SEK 73.75	2007	3 years average/year	10 years average/year
Castellum	10%	- 23%	8%	16%
OMX Stockholm (SIX Return)	- 13%	- 3%	19%	10%
Real Estate Index Sweden (EPRA)	3%	- 18%	16%	18%
Real Estate Index Europe (EPRA)	0%	- 32%	8%	11%



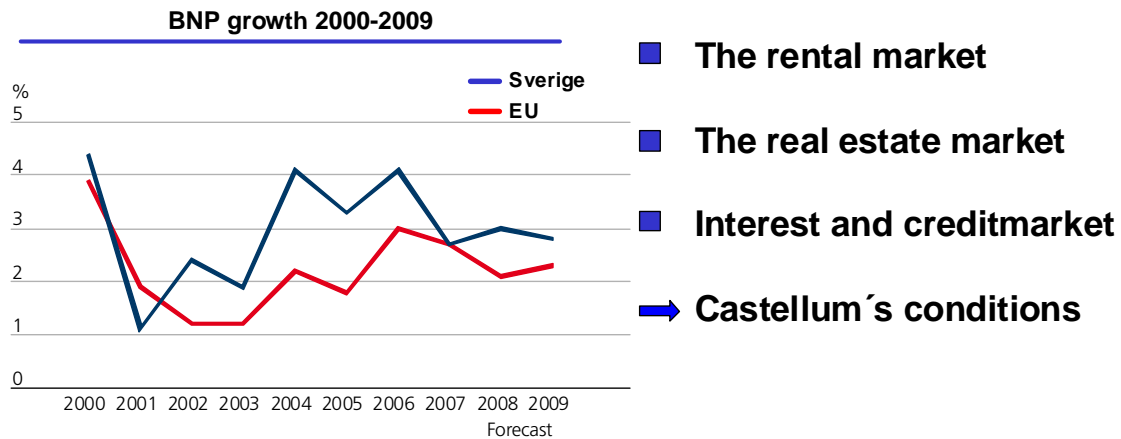
The uncertainty on the international creditmarket has affected the financial market. After a number of years with high total yield for Castellum and “all-time-high” SEK 107 during spring 2007 the total yield for the past year was bad, -23%. During the beginning of 2008 a certain recovery has been seen.

To bridge a volatile and nervous market it´s important to look at the yield over a number of years. Despite the decline during 2007 the yield has been relatively good over three and ten years.

The value of the Castellumshare on the stock market is back on the level of 2004. The share´s dividend yield of approx 4,1%, cash flow multiple on 13, earnings multiple on 8 and share price in relation to the net asset value on 86% indicates depreciation on real estate with 7-8%.

Castellum has a market capitalization of approx. SEK 12 billion and 7,300 shareholders, which makes Castellum one of the major listed real estate companies in Sweden and approx. number 20 in Europe. Castellum has a high proportion of foreign shareholders – approx. 50%. Some 20 Swedish and foreign analysts keep track of Castellum.

## Castellum – a reflection of the swedish economy



We leave 2007 and try to look forward.

Castellum's and the real estate sectors income and position is chiefly influenced by three different markets – the rental market, the real estate market and interest and creditmarket – which all has a strong connection to the swedish economy. An economic growth gives an improved rental market when it comes to vacancies and rental levels, the pace of investment increase and attracts more investors on the real estate market – all to the price of increasing market rates. A condition for economic growth is a working credit market.

Sweden has during a number of years an economic growth – far better than EU. The general opinion is that the growth will weaken but remain on a relatively good level. You should note the uncertainty on the international creditmarket – we have not yet seen the effects of the problems that can arise.

Castellum holds four strong cards in the future – the customers, the employees, the real estates and the balance sheet.

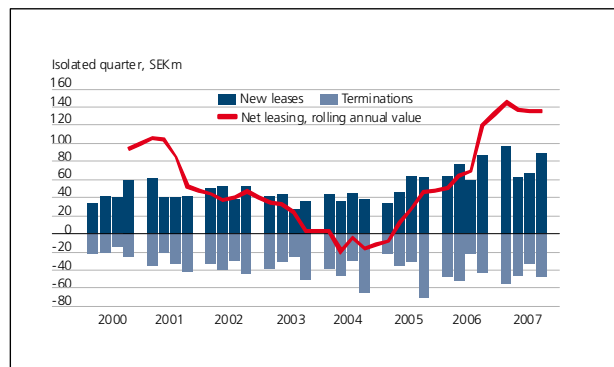
No business is worth anything without its customers.



## Customers

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- Many customers
- Satisfied customers
- New customers



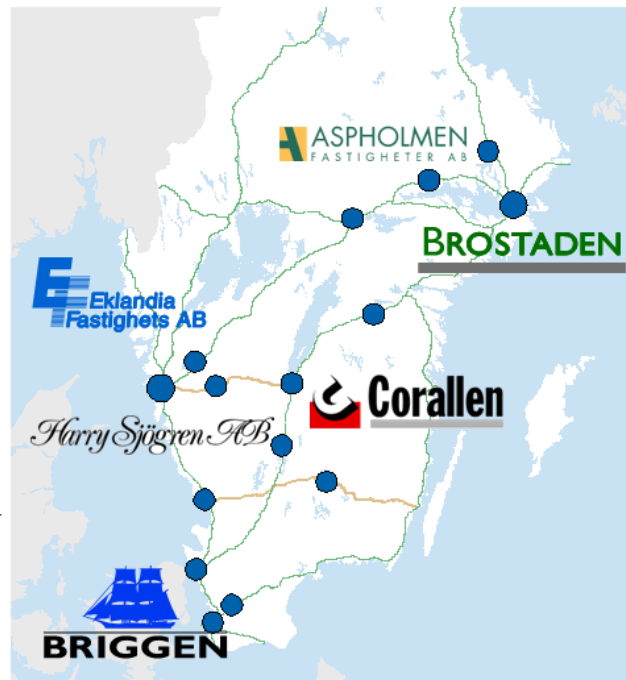
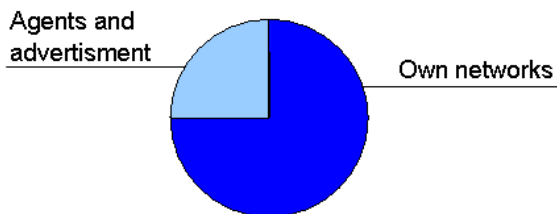
Castellum has 4,100 customers. The risk diversification in the commercial lease portfolio is good both in size - the single largest contract makes up for 1% of Castellum's total rental income – and spreading over many sectors and duration.

Through different surveys, for example the Property Barometer Satisfied Customer Index (SCI), we know that the customers' opinion of Castellum as a long-term landlord has strengthened. But it's important not to get contented but to continue to develop customer relations.

During 2007, we signed over 800 new leases with an annual rental value of almost SEK 315 millions.

## Decentralized and Small-Scale Organization

- Access to and knowledge of the local markets
- Efficient leasing activity
- Satisfied employees
- Satisfied customers



The customers don't become many, satisfied and more by themselves. Behind this it is a daily work at Castellum's 208 committed employees.

Castellum has a an organization with local subsidiaries which secure closeness to the market and the customers.

Each subsidiary is a leading actor on their respective sub-market. By being local and long-term in ownership as well as in relations with customers and municipalities the subsidiaries have built strong brands locally, which can be seen in the picture.

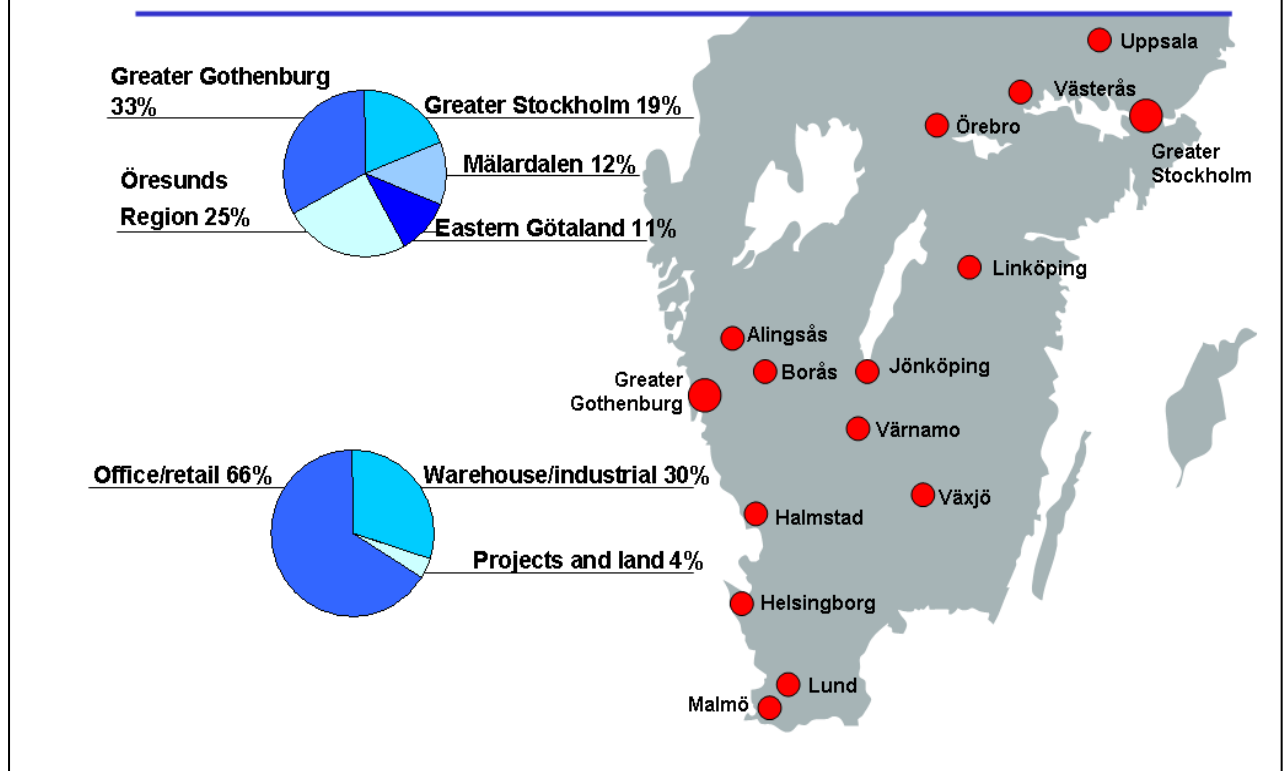
At the same time as I present the six local subsidiaries I would also like to present the Senior Executives in Castellum.

- My name is Tage Christoffersson. I am managing director for Eklandia with a property value of SEK 5 billion in Gothenburg
- My name is Christer Sundberg and I am MD at Harry Sjögren. We own properties of SEK 4.3 billion in Gothenburg, Mölndal, Borås, Kungsbacka, Alingsås and Halmstad
- Gunnar Östenson is MD at Briggen with properties in Malmö, Lund and Helsingborg with a property value of nearly SEK 7 billion
- Anders Nilsson is my name and I am MD of Brostaden. Brostaden owns properties with a value of almost SEK 5.3 billion in Greater Stockholm
- My name is Claes Larsson, MD of Aspholmen with a property value of SEK 3.3 billion in Örebro, Västerås and Uppsala
- And my name is Claes Junefelt, MD of Corallen with properties in Värnamo, Jönköping, Växjö and Linköping of almost SEK 3 billion.

As you can notice, these are large companies, some of them larger than the small listed real estate companies in Sweden. At group level we have:

- Anette Engström is my name, financial director, with responsibility for funding and financial risk management for Castellum's creditportfolio of nearly SEK 19 billion
- My name is Ulrika Danielsson, finance director, with responsibility for systems to economic follow-up and that all information to the market has a high quality
- Henrik Saxborn, deputy chief executive officer in Castellum with responsibility for business development. I'm also together with Håkan and each MD member in each subsidiary board.

## Real Estate Portfolio



Castellum owns and manages properties in growth regions and has chosen to focus on high yielding office/retail and warehouse/industrial properties.

Castellum is represented in regions where 60% of Sweden's inhabitants lives. We can also establish that these regions has a strong growth. In 2007 we entered two new sub-markets – Linköping and Halmstad.

I am saying that both the customers and the real estate reflects the Swedish economy – a growth in Sweden means growth for Castellum.



## Development

	2004	2005	2006	2007	Evaluation 2008	Scenario 2009
<b>Rental value</b>						
<b>Vacancies</b>						
<b>Property costs</b>						
<b>Interest rate costs</b>						
<b>Investment volume</b>						
<b>Income from property management</b>	11%	11%	8%	5%		
<b>Real estate price</b>						

What does Castellum expect of the coming years?

The rental value has increased approx. 2% each year during the last years and are appraised to do so during 2008 and maybe even 2009. The major part comes from index upward adjustments and increased adjustments for heating and real estate tax. The increase in real value has therefore been limited. A break of the trend is that during 2008 a smaller amount of contracts have been terminated for renegotiation, something that hasn't been done in Castellum for several years.

Due to the negative net leasing since the last boom, together with acquired vacancies, the vacancies increased during some years. The recent years strongly positive net leasing has decreased the vacancies during 2007 but since the effect on the results are not immediate the vacancies are assessed to continue decrease during 2008 and in the beginning of 2009.

The property costs increase in principle with the inflation which we try to mitigate by improving efficiency, for example with energy saving projects. But the weather is hard to predict. Heating, refrigerate and snow-clearance differs from year to year. 2007 was a relatively inexpensive year and 2008 has started as one of the warmest winters ever. The scenario for 2009 is a return to a normal year.

Following a long period of years with decreasing interest rates the levels increased during 2005 together with the growth in the Swedish economy. The common opinion is that the interest rates have reached their highest level during the beginning of 2008. With that scenario together with the delay in Castellum's interest rate maturity structure the interest level will increase during 2008 and then level away.

To reach the growth objective the investment volume must be on a high level, without setting volume before yield. During 2006 the investment pace increased to approx. SEK 2.5 billion. The pace has been on the same level 2007 and it's also an objective to continue that way.

The hardest thing to predict is the real estate prices.

The hardest thing to predict is the real estate prices. The asset type properties have for a number of years had a very positive development. However, it is not likely that this development can continue. The question is if the prices will remain or decrease.

For a downward adjustment in prices speaks; an earlier lack of balance between great demand and limited supply – financing and especially on high levels have become harder.

For stabile prices speaks; there is still a lot of capital looking for return, i. e. Castellum – continuous good and stable cash flow from the real estates - there are no signs of forced sales.

I don't exclude that a small reduction in prices will take place but that does not have to be negative for Castellum. In such market a many investment opportunities occur.

# CASTELLUM

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A cautious and uncertain judgement is that the prices decrease somewhat during 2008 but stabilize during 2009. It's important to note that changes in prices don't effect the cash flow.

As a summary I can establish that Castellum never had a stronger cash flow, higher net asset value or higher dividend than today.

Castellum has a strategy with focus on cash flows and a low financial risk. With good customer relations, committed employees and strong presence on the sub-markets, and more over a strong financial position, I assess the conditions for the future as very good.

With that my speech has come to an end.