

Shareholders, ladies and gentlemen.

I will begin by describing the outcome for 2008 and thereafter give a future outlook for the real estate sector in general and Castellum in particular.

Income Statement			
<i>SEKm</i>	<i>2008</i>		<i>2007</i>
Rental value (fully let)	2,819		2,592
./. Vacancies	-318		-333
Property costs and admin. expenses	-902		-840
Net financial items	-626		-495
Income from property management	973	+ 5%	924
		Objective 10%	
<i>Changes in value</i>			
Properties	-1,262		+920
Derivatives	-1,010		+99
Tax	+636		-456
Net income for the year	-663		1,487
Proposed dividend SEK/share	3.15	+ 5%	3.00

Castellum has approx. 600 properties which fully let would provide SEK 2.8 billion in rental income. The improvement of SEKm 200 compared to last year is chiefly an effect of a larger real estate portfolio, but also 3% higher rental levels.

The vacancies amounted to almost SEKm 318, corresponding to approx. 10%, which is 2%-units lower than previous year.

The costs for operations, maintenance, real estate tax as well as leasing and administration were approx SEKm 900. The increases in costs were mainly an effect of a larger portfolio, since costs per square metre only increased with approx. 2%.

The financial costs increased very much, to nearly SEKm 626. The increase is partly due to that the average interest level during the period has increased 0.5%-units and the rest to a larger portfolio. The heavily

falling market rates during the end of the year did not effect the interest rate costs of 2008.

In all, this meant income from property management, as well as cash flow, of SEK 973 millions equivalent to an improvement on 5% compared to last year. Even if the income from property management was the best ever can I can establish that we did not reach the high objective of 10%.

After four years with increasing real estate prices the changes in value in the real estate portfolio was negative this year, SEK-1.3 billion.

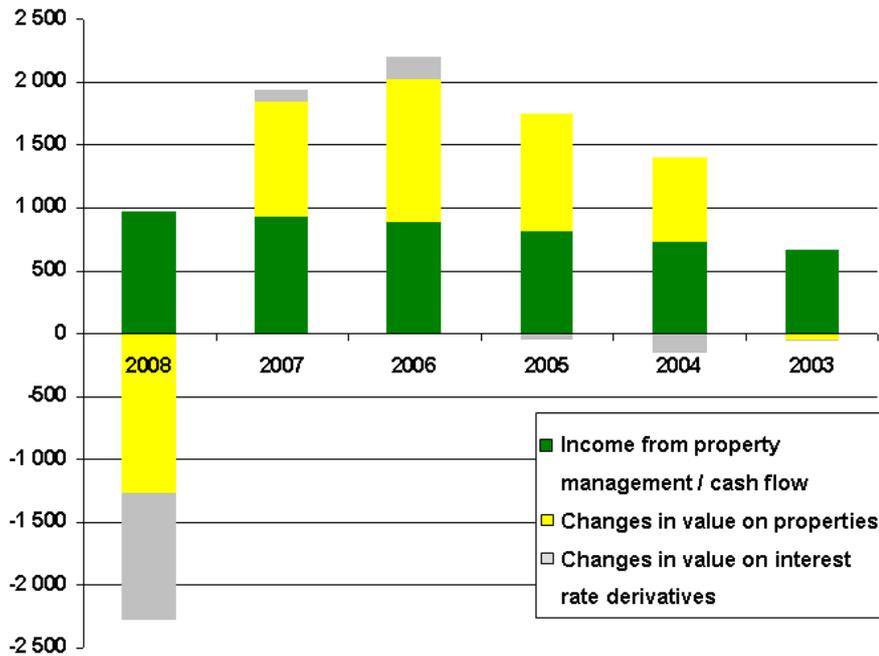
The heavily falling market rates has given a negative change in value on the interest rate derivatives of SEK -1.1 billion.

The tax was SEKm +636, due to negative changes in value and lower corporate tax.

After changes in value and tax was the net income for the year SEKm -663.

Before we continue I want to look deeper in the net income an in particular the changes in value on properties and interest rate derivatives.

Income over time



Castellum focus on cash flow, i.e. income from property management. It is the income from property management that has objectives, the dividend to the shareholders is based on and which increase the value on the properties over time.

Since 2005 there are new accounting rules which overall implies that all assets and liabilities shall be market valued and the changes should be accounted for in the income statement.

This implies that the income statement becomes considerably more volatile. The base in Castellum's earnings is the income from property management, but in addition comes changes in value on properties and interest rate derivatives.

Changes in value on properties

	2008	2007	2006	2005	2004	2003
Changes in value, SEKm	-1,262	+920	+1,145	+932	+680	-43
%	-4%	+4%	+6%	+5%	+4%	-0%
						
Totalt	SEKm + 2,400					
Average / year	SEKm 400 corresponding to 2.4%					

The value on properties rises and falls over an economic cycle from without the property's future earnings capacity and required yield. To measure a change in value over a quarter or a year gives no true and fair long-term view.

This year's write-downs shall be seen towards four years of increase in value. The total changes in value since the last increase in value 2003 is 2.4 billion SEK, which corresponds to 2.4% per year.

Here I would like to say that all property valuations includes an uncertainty range of normally +/-5-10%.

Changes in value on interest rate derivatives

(simplified example)

- Financial policy: Maximum 50% short term credit agreements to secure a stable and low net cash flow of interest income/costs over time.
- Undervalue

Fixed interest term	Credit agreements	Agreed rate levels	Actual market interest rate	Difference	Amount
0 - 1 year (average 2 months)	6 billion	5,0%	2,0%	-3%	SEKm -30
1 - 10 year (average 6 years)	9 billion	4,7%	2,7%	-2%	SEKm -1,080
	15 billion				Approx. -1,1 billion

- Inconsistent accounting rules!

The valuation of interest rate derivatives is more technical.

Castellum's finance policy settles that the share of loans with maturity within 6 months is max 50%, due to that the interest rate costs not shall fluctuate as heavily as the market rates. Therefore we have SEK 6 billion short and SEK 9 billion spread over 1-10 years, as shown in the picture. By using interest rate derivatives to get a desired maturity date should this be valued to the actual market rate, which you can see is 2-3% lower than agreed levels.

The remaining time – 2 months – in the short term portfolio gives a smaller undervalue. In the long term portfolio there is significant – minus 2% on SEK 9 billion = SEKm 180 in 6 years which is more than SEK 1 billion in undervalue.

Here I must interpose that this accounting rules are questionable. Depending on which technique you use for fixing interest rate gives completely different views on the income statement and balance sheet, interest rate is assumed to be unchanged during, in this case 10 years, and no consideration is taken for increasing margins to the banks – you can't get new credit agreements to 2.7% today.

Balance Sheet

<i>SEKm</i>	<i>Dec 31, 2008</i>	<i>Dec 31, 2007</i>
Investment properties	29,165	27,717
Other assets	239	174
	29,404	27,891
Shareholders' equity	10,049	11,204
Deferred tax liability	2,785	3,322
Long-term interest-bearing liabilities	14,607	12,582
Loan to value ratio	45%	45%
Non interest-bearing liabilities	1,963	783
	29,404	27,891

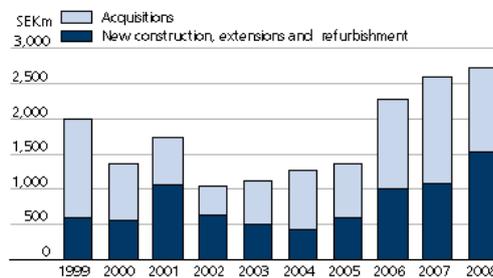
The assets side of the balance sheet is dominated by properties, over SEK 29 billion, which are recorded at fair value. Based on a portfolio of 3.2 million square metres this is equivalent to approx. SEK 9,000 per square metre, which is far below new production prices.

Castellum has a strong financial structure. Despite investments of SEK 2.7 billions and writ-downs on SEK 1.3 billion during the year is the loan to value ratio low, 50%. It is with margin under the objective of not exceeding 55% and far below 65% which is the stipulation towards the banks.

Castellum has long term binding credit agreements totalling approx. SEK 16.3 billions, of which 14.6 billions were utilized at the year-end.

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

Investments



The rate of investments 2008 was SEK 2.7 billions, of which more than half were new construction, extensions and refurbishment with high return on investments, i.e. investments in and for the Swedish trade and industry.

One example of investments is shown in the picture to the left – a new construction of a modern logistic plant at Hisingen in Gothenburg.

The picture at the right represent the acquisitions of the year – in central Örebro 9 properties were acquired for SEK 0.5 billion, corresponding to approx. SEK 10,000 per squaremeter.

The share's total yield and value

	2008	3 years average/year	10 years average/year
Castellum	- 5%	- 1%	14%
NASDAQ OMX Stockholm AB (SIX Return)	- 39%	- 6%	5%
Real Estate Index Sweden (EPRA)	- 21%	- 3%	15%
Real Estate Index Europe (EPRA)	- 49%	- 19%	4%

The share's dividend yield



The share's earnings multiple



Share price/net asset value

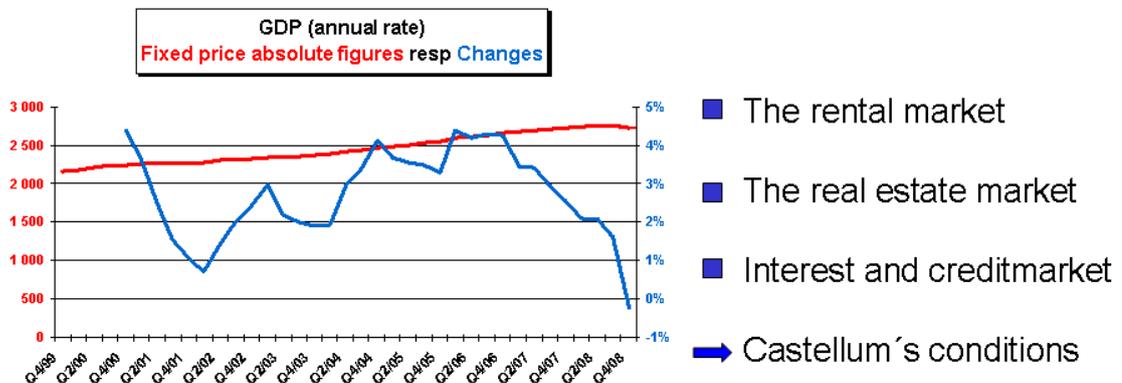


The uncertainty on the international credit market has still a great affect on the stock market. Total yield for Castellum 2008 was -5%. This is not satisfying, but still far better than NASDAQ OMX Stockholm -39% and Real Estate Index Europe -49%. During the beginning of 2009 the negative development has continued.

The value of the Castellumshare on the stock market is on historic low levels. The share's dividend yield of approx 7%, cash flow multiple on 8 and a discount on the net asset value on 40%.

Castellum has a market capitalization and free float of approx. SEK 8 billion and 7,300 shareholders, which makes Castellum to 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 and a global recession



We leave 2008 and try to look forward.

Sweden has during 2004 to 2007 a fantastic economic growth, but started to weaken during 2008 and was even negative during the last quarter. You can visualize changes in two ways – GDP in absolute figures, the red line, or more dramatically the rate of changes, the blue line. The outlooks for the coming years are depressed, the question is if it will blow hurricane, storm or gale.

The commercial real estate sector is an integrated part in the Swedish trade and industry. The most important part for Castellum is the rental market, i.e. the market for rental of premises and rental levels, which is dependent on the demand, existing vacancies and the new production. I want to say that Sweden have relatively modest rental levels, low vacancies and a restricted new production, which will limit the negative effects.

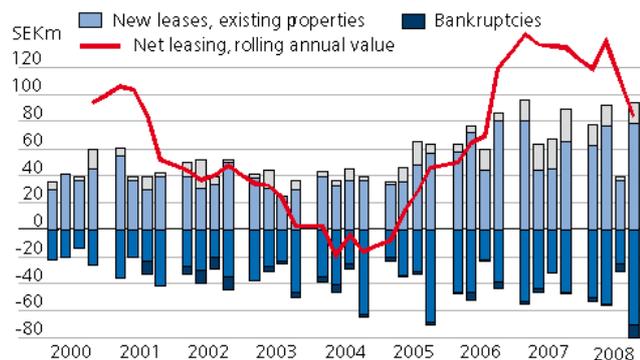
With the, in principle, non working credit market has the real estate market shrunken to a tenth compared to the years on the top. Many wants to buy, there are a few that are able to do it.

The rental market during 2008 was dramatic – during the first half-year the interest rate levels were heavily rising and in December they plummeted to historic low levels. The guess that the Bank of Sweden will lower their interest rate is not bold. Considerably harder to assess is the price on long term money – what will happen with the long term market rates and will the high margins remain?

Before I talk about how this will affect Castellum in specific, I want to point out three objects that besides the strong balance sheet that I am convinced of will make Castellum better than the sector in general.

Customers

- Many customers
- Satisfied customers



The first is the customers.

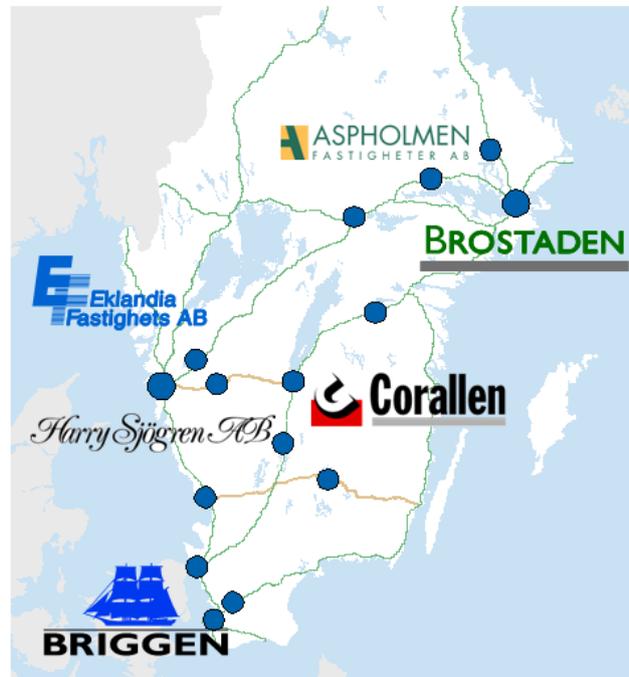
Castellum has over 4,000 customers. The risk diversification in the commercial lease portfolio is good both in size - the single largest contract makes up for 1% of Castellum's total rental income – and spreading over many sectors and duration.

As you can see in the picture has the net leasing been high during the last three years, but will probably decrease. This means that it will be more important to focus on the existing customers.

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.

Decentralized and Small-Scale Organization

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



The second are the 226 employees and the local organization.

Castellum has a an organization with local subsidiaries with own personnel which secure closeness to the market and the customers. We don't see ourselves as an asset manager but as service management.

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.

A receipt on the organizations day-to-day work is, in this case energy use, the subsidiary Brostaden who has been assign as the first company in Europe to become Green Building Corporate Partner.

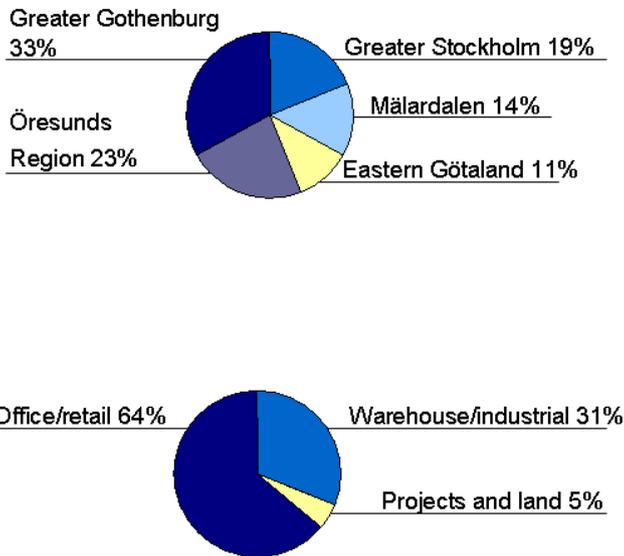
At the same time as I present the six local subsidiaries I would also like to present the Senior Executives in Castellum.

- My name is Tage Christoffersson. I am managing director for Eklandia with a property value of SEK 5.2 billion in Gothenburg
- My name is Christer Sundberg and I am MD at Harry Sjögren. We own properties of SEK 4.4 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 6.5 billion
- Anders Nilsson is my name and I am MD of Brostaden. Brostaden owns properties with a value of almost SEK 5.7 billion in Greater Stockholm
- My name is Claes Larsson, MD of Aspholmen with a property value of SEK 4.2 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 3.2 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 approx. SEK 15 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



The third is the real estate portfolio.

Crucial is to offer the right type of premises at the right place to the right price.

Castellum owns and manages properties in 15 Swedish growth regions.

To satisfy existing and new customers offers all from warehouse/logistic/industry premises in well situated working areas to modern offices placed in the city area. The later except Stockholm city where we from a cash flow perspective estimates the yield to be to low.

Development

	2005	2006	2007	2008	Evaluation 2009	Scenario 2010
Rental value	→	↗	↗	↗	↗	↘
Vacancies	↗	↗	→	↘	→	↗
Property costs	↘	↗	→	→	→	↘
Interest rate costs	↘	↘	↗	↗	↘	↘
Investment volume	→	↗	→	→	↘	→
Income from property management	11%	8%	5%	5%		
Real estate price	↗	↗	↗	↘	↘	→

What does Castellum expect of the coming years?

Due to the worse outlook of the state of the market it will probably be more notice, less new leases and increasing number of bankruptcies. The most common terms for lease is a nine months notice, which means an adjustment between notice of termination and decreasing rental income.

The rental levels has increased q couple of percentages each year in pace with the inflation recently and is assessed to do so during 2009. In a recession with increasing vacancies can't a pressure on the rental levels be excluded, but that will not be seen in the cash flow until 2010.

The recent years positive net leasing has decreased the vacancies during 2008 but since the effect on the results are not immediate the vacancies are assessed to continue decrease during the beginning of 2009. I think it is realistic to assume that the vacancies will increase from the end of 2009 and will have full effect during 2010.

The property costs are assessed to be unchanged 2009, while it is not impossible to believe in lower costs 2010.

During 2005 and 2006 the interest rate costs decreased with 0.5%-units, while they increased just as much during 2007 and 2008. The dramatically sinking market rates at the end of 2008 will imply considerably lower interest costs above all 2009, but also 2010.

The investment volume and above all the acquisitions will probably decrease during 2009 and stabilize during 2010, due to the non-working credit market. It can not be excluded that it will appear excellent possibilities to invest in a turbulent market.

The real estate prices – what will happen to them? Even if I do not worry about Castellum's existing valuations in the long term, it can not be excluded that it in a very weak market can be further downward adjustments. Hard to assess, but the scenario is that the downward adjustment on the real estate prices will touch bottom during 2009 and then stabilize.

The arrows direction is easier to predict than the force – how deep will the recession be? What you can establish is that several changes go against each other – it is never completely green or completely red!

CASTELLUM

2009 and above all 2010 will contain both challenges and possibilities. As a summary I can establish that Castellum enter the recession with good conditions. Good earning capacity, strong balance sheet, competent and committed employees with a great interest in both the customers and doing good business

With that my speech has come to an end.