

Honoured shareholders, ladies and gentlemen.

I will begin by describing the outcome for 2005 and thereafter give a future outlook for the real estate sector in general and Castellum in particular.

Income Statement		
<i>SEKm</i>	<i>2005</i>	<i>2004</i>
Rental value	2,220	2,130
Vacancies	-313	-274
Rental income	1,907	1,856
Property costs and central admin. expenses	-705	-697
Net financial items	-382	-418
Income from property management	820	741
Income prop. mgmt. per share, SEK	20.00 + 11%	18.07
		Objective + 10%
<i>Changes in value</i>		
Properties	932	660
Derivatives	-40	-146
Tax	-418	-339
Net income for the year	1,294	916
Net profit per share, SEK	31.56 + 41%	22.34

Castellum has approx. 500 properties which fully let would provide SEK 2.2 billions in rental income. The vacancies amounted to just over SEK 300 millions, corresponding to approx. 12%. In all, this meant SEK 1.9 billions in rental income from Castellum's over 4,000 tenants. Compared to previous year the rental income improved by approx. SEK 50 millions, which was mainly an effect of a larger real estate portfolio.

The costs for operations, maintenance, real estate tax as well as leasing and administration were SEK 700 millions, which is in principal unchanged, compared to previous year.

However, the financial costs were lower. Despite increased interest-bearing liabilities of SEK 500 millions due to investments, the financial

costs was reduced by almost SEK 40 millions thanks to lower market interest rates.

In all, this meant income from property management of SEK 820 millions, equivalent to SEK 20 per share, which was 11% higher than previous year. Since focus in Castellum lies on growth in cash flow and income from property management I am very pleased with the outcome 2005.

During 2005, new accounting standards were adopted for all listed companies in Europe. In brief, this means for Castellum that properties and financial instruments are subject to market valuation in the balance sheet and that the changes in value over the years are recorded in the income statement. Also during 2005, the real estate market has been characterized by a large demand and a limited supply which has meant increasing real estate prices. For Castellum, this increase in value was calculated to over SEK 900 millions, which is equivalent to approx. 5%.

Due to tax loss carry forwards and other things Castellum did not have to pay any taxes for 2005, however, just over SEK 400 millions was recorded for possible future tax payments.

Hence, net income for the year was SEK 1.3 billions, which is the best result in Castellum's history.

Balance Sheet

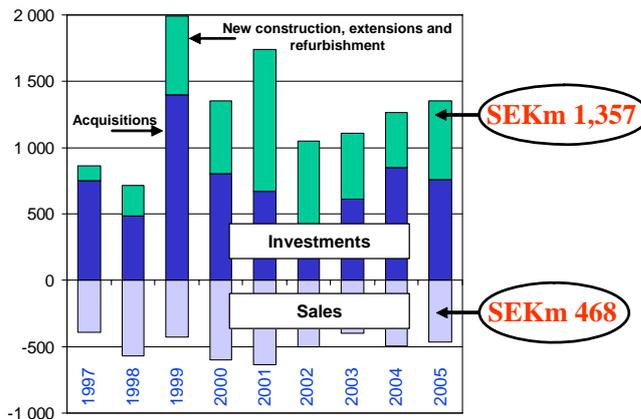
<i>SEKm</i>	<i>December 31, 2005</i>		<i>December 31, 2004</i>
Investment properties	21,270		19,449
Other fixed assets	14		9
Current receivables	89		85
Cash and bank	5		7
	21,378		19,550
Shareholders' equity	8,940		8,035
Equity/assets ratio	42%	Objective 35 – 45%	41%
Deferred tax liability	2,126		1,659
Long-term interest-bearing liabilities	9,396		8,834
Interest coverage ratio	315%	Objective at least 200%	277%
Derivatives	233		391
Non-interest-bearing liabilities	683		631
	21,378		19,550

The assets in the balance sheet are dominated by properties, SEK 21.3 billions, which are recorded at fair value. Based on a portfolio of 2.6 million square metres this is equivalent to approx. SEK 8,000 per square metre.

Castellum has a strong financial structure. The real estate portfolio is chiefly funded by

- Shareholders' equity SEK 8.9 billions, equal to an equity/assets ratio of 42%
- Deferred tax liability SEK 2.1 billions, which is the tax that should be paid if all assets were sold at fair value with full tax deduction
- Interest-bearing liabilities SEK 9.4 billions. The interest coverage ratio is over 300%, which means that the interest rates costs could be 3 times as high without reporting a loss.

Investments and Sales



During 2005, investments of SEK 1.4 billions were made, of which approx. SEK 800 millions were acquisitions and approx. SEK 600 millions were new construction, extensions and refurbishment.

Some examples of investments are shown in the picture. In the top right hand corner, which also represents the growth in the Port of Gothenburg, is the new construction of a 27,000 square metres warehouse/logistics building in Arendal for approx. SEK 150 millions, with a Japanese logistics company as tenant.

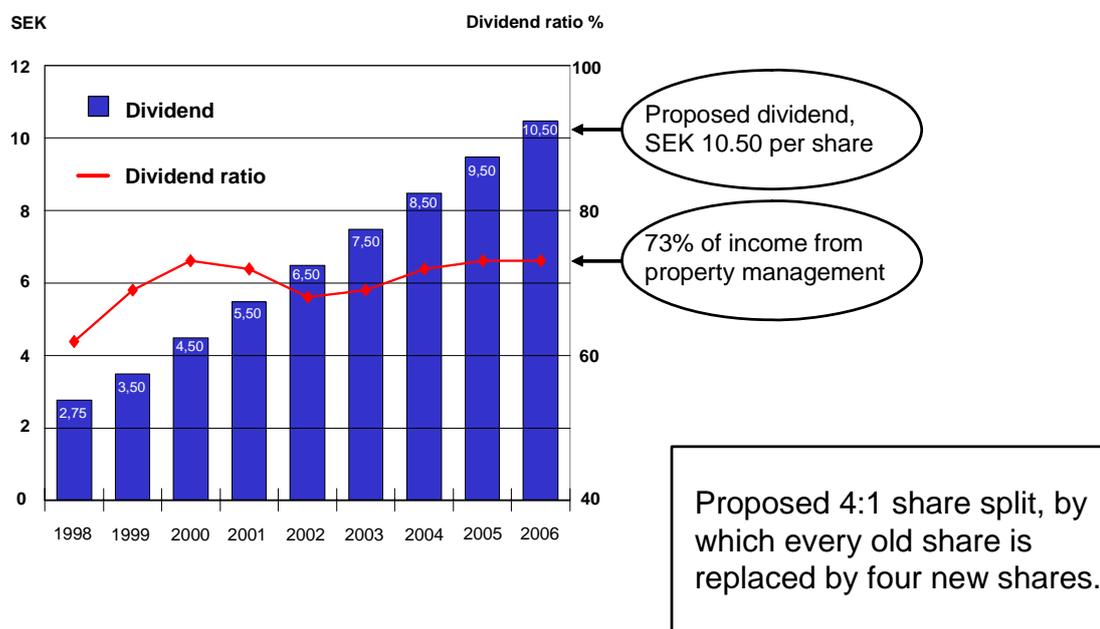
The middle of the right hand side shows a warehouse/logistics property of 14,300 square meters in Malmö which was acquired for SEK 77 millions. The property was unlet at the time of acquisition but good discussions are under way with potential tenants

Castellum owns undeveloped land with approx. 700,000 square metres well situated building permissions. The property in the lower right hand corner is an example of when these may be utilized. In this case it is a new constructed building in Kungens kurva in southern Stockholm for approx SEK 100 millions. The property will be used for sales of Mercedes and

other brands. The property is located next to a new construction for Porsche completed in 2004.

During previous year, properties were sold for almost SEK 500 millions. Most of the sales were residential properties sold to new tenant-owners' associations. An example, Vasaplatsen in Gothenburg, is shown in the lower left hand corner.

Dividend and Share split



The growth in income has made an increased dividend possible. The Board's proposed dividend of SEK 10.50, is an increase of 11%.

The dividend ratio has been on a stable level around 70% of the result.

Castellum was listed in 1997 at SEK 51. Following 9 years with good growth in the share price, Castellum has become the real estate company with the highest share price in nominal terms. Other real estate companies' shares are being traded in the range SEK 28-280. In order to facilitate and promote the trade in Castellum shares a share split 4:1 is being proposed, i.e. 4 new replace one old share. For technical reasons the split can not be carried out until April.

Total Yield

Share price	2006 21/03, SEK 341	2005 31/12, SEK 286	1997 – 2005 Average per year
Castellum	+19,2%	+24,2%	+24,5%
Stockholm Exchange (SIX)	+10,2%	+36,3%	+9,2%
Real Estate Index Sweden (EPRA)	+18,6%	+40,2%	+19,6%
Real Estate Index Europe (EPRA)	+15,3%	+25,8%	+14,3%

For 2005, the total yield including dividend was 24%, which is equivalent to SEK 2.3 billions. During the last week, the share has been traded around SEK 340 - 345 which is a 20% increase since the year-end.

Castellum has a market capitalization of approx. 14 billions and had at the end of February approx. 8,000 shareholders, of which the single largest had approx. 6%. The share of foreign shareholders has increased to approx. 50%, which should make Castellum one of the listed companies with the largest share of foreign owners.

Objectives and Outcome 2005

	<i>Objectives</i>	<i>Outcome</i>	
■ Growth in income from property management	10%	11%	✓
■ Investments	SEKm 1,000	SEKm 1,357	✓
■ Acquisitions	SEKm 500	SEKm 468	□
■ Capital structure			
- equity/assets ratio	35 - 45%	42%	✓
- interest coverage ratio	at least 200%	315%	✓
■ Dividend ratio	at least 60% of income from property management after tax	73%	✓

A summary of 2005 shows that

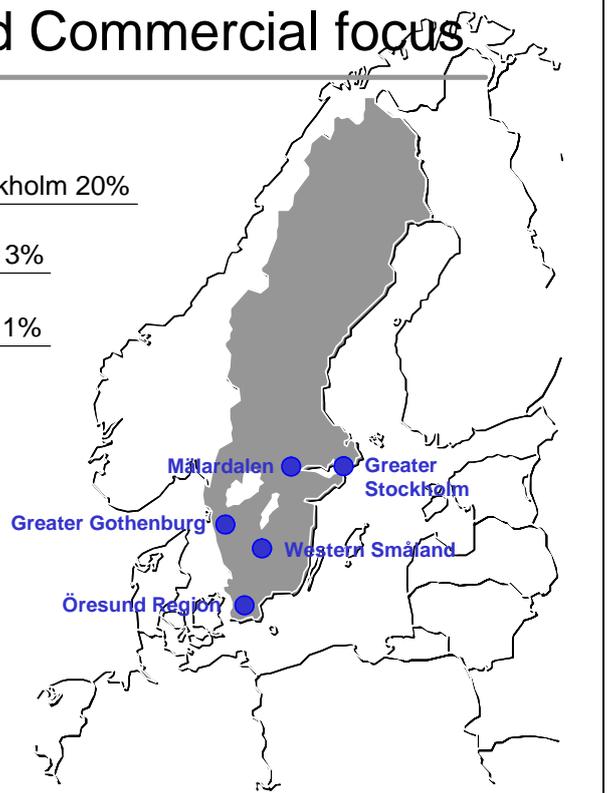
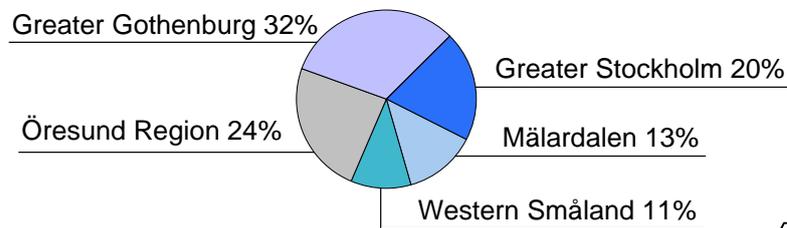
The overall objective of 10% growth in income from property management was achieved. The objective has been achieved every year since the IPO in 1997, with one exception – 2003 with 8% growth.

As shown in the picture, all objectives have been achieved apart from property sales where the objective was not fully achieved.

Before we leave 2005 to the records I would like to forward the organization's thanks to the previous CEO Lars-Erik Jansson who retired during 2005. He has had a large part in Castellum's success.

The future is of course depending on Castellum's specific preconditions, but also on the development of the markets where Castellum is operating.

Five growth regions and Commercial focus



Castellum has a good portfolio from a cash-flow perspective. Both the real estate portfolio as well as our tenants are in general a reflection of the Swedish economy – if Sweden has a good development so does Castellum.

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

The distribution of the real estate portfolio by region and type of property are shown in the picture.

Decentralized and small-scale organization

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



With all due respect to figures and properties, it is the people behind who play the decisive role. Satisfied customers and satisfied employees is a prerequisite for a continued positive development.

Castellum has a way of working and an organization which shall make sure to remain close to the markets and the customers. We do not believe in outsourcing customer contacts. I would like to state that it is the decentralized organization and the approx. 200 employees in the local subsidiaries who to a large degree are the key to Castellum's success. Each subsidiary has between 25 – 35 employees and a real estate portfolio between SEK 2 – 6 billions.

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

- In Gothenburg we have both Eklandia with **Tage Christoffersson** as managing director
- and Harry Sjögren with **Christer Sundberg** as MD

- In southern Sweden we have Briggen with **Bengt Arne Johansson** as MD
- In Greater Stockholm we have Brostaden with a new MD since February this year **Anders Nilsson**
- In Mälardalen we have Aspholmen with **Claes Larsson** as MD
- In Western Småland we have Corallen with a new MD since the autumn of 2005 **Claes Junefelt**.

At group level we have:

- **Henrik Saxborn**, new deputy CEO since February this year with responsibility for business development,
- **Anette Engström**, financial director, with responsibility for funding and financial risk management, and
- **Sture Kullman**, finance director pro tempore for Ulrika Danielsson who is on leave of absence.

Castellum's markets

- Rental market
- Real Estate market
- Interest rate and Capital market

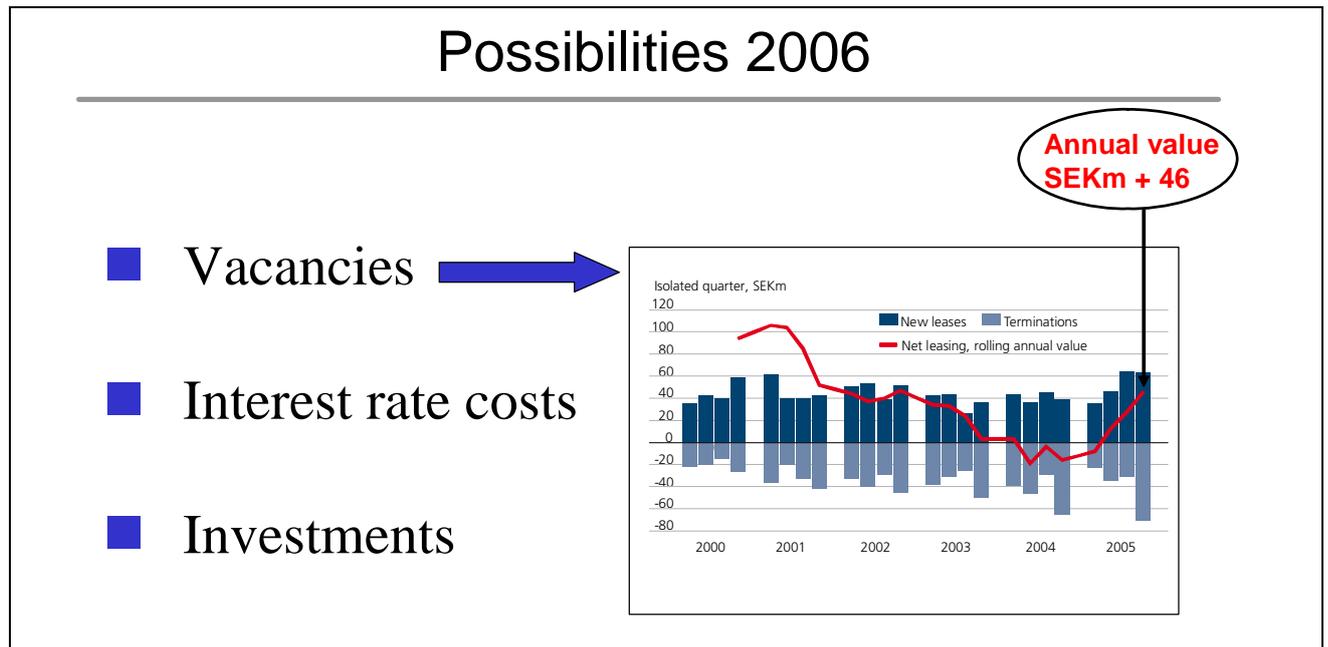
Castellum is dependent of three markets.

The first and maybe the most important, the Rental Market, i.e. the development of rental levels and vacancies. The most important factors on this market are the development of and the employment rates in the Swedish economy. The future outlook for the Swedish economy is currently relatively good. I estimate that the vacancies will be reduced during the year, at a faster pace in some regions and slower in others. However, the vacancy rates are on such a level that I do not expect increased rental levels in the short term.

The second market is the Real Estate Market, i.e. acquisitions and sales of properties. Even though the properties' operating income has remained stable, the price of properties has been increasing for many years. The explanation lies mainly in a large demand from both foreign as well as Swedish investors in combination with a limited supply. Personally I believe that we are beginning to reach the end of this trend of increases.

The third market effecting Castellum is the credit and interest rate market. The possibility of funding real estate investments today is in principle unlimited. Regarding the interest rate market we have seen the Riksbank increase the repo-interest rate twice and the market has already adjusted for further increases during the year following an expected improvement in the Swedish economy. For real estate companies the improved outlook in rental income will be somewhat counteracted by higher interest rate costs.

How will this effect Castellum?



Castellum's largest potential in the short term may be the vacancy rate of 12%, equivalent to approx. SEK 300 millions. Cutting the vacancies in half would mean SEK 150 millions in improved rental income. The pace of this is determined by how Castellum succeeds with the net leasing. The diagram shows a change in the trend of net leasing, which during 2005 amounted to SEK 46 millions.

Castellum's portfolio of loans totalling SEK 9.5 billions has an average interest rate today which is 0.7 %-units lower than the average of last year. Even if the market interest rates would increase somewhat, I expect a lower interest rate level for the current year.

In order to take advantage of Castellum's strong financial position and to achieve the objective of income growth it is important that the level of investments is high, obviously without putting volume before yield.

The net leasing, the interest rates and the investments are thus the most important areas for achieving continued income growth. Annual growth in income of 10% is a highly set objective, but it is possible to achieve.

With that my speech has come to an end – thank you very much.