

Honoured shareholders, ladies and gentlemen.

I will begin by describing the outcome for 2006 and thereafter give a future outlook for the real estate sector in general and Castellum in particular.

<b>Income Statement</b>			
<i>SEKm</i>	<b>2006</b>		<b>2005</b>
Rental value (fully let)	2,298		2,172
./. Vacancies	-284		-265
Property costs and admin. expenses	-767		-705
Net financial items	-364		-382
<b>Income from property management</b>	<b>883</b>		<b>820</b>
<b>Income from prop. mgmt. per share, SEK 5.38</b>	<b>+ 8%</b>	Objective 10%	<b>5.00</b>
<i>Changes in value</i>			
Properties	1,145		932
Derivatives	178		-40
Tax	-532		-418
<b>Net income for the year</b>	<b>1,674</b>		<b>1,294</b>
<b>Net profit per share, SEK</b>	<b>10.21</b>	<b>+ 29%</b>	<b>7.89</b>

Castellum has approx. 500 properties which fully let would provide SEK 2.3 billion in rental income. The vacancies amounted to almost SEK 300 millions, corresponding to approx. 13%. In all, this meant SEK 2.0 billion in rental income from the over 4,000 tenants in Castellum.

The costs for operations, maintenance, real estate tax as well as leasing and administration were SEK 767 millions.

The increases in income as well as the costs were mainly an effect of a larger portfolio, i.e. rents and costs per square metre were in principle unchanged.

The financial costs however were lower. Despite increased interest-bearing liabilities of SEK one and a half billion due to investments, the financial costs was almost SEK 20 millions lower thanks to reduced market interest rates of a half percent down to 3.7%.

In all, this meant income from property management, as well as cash flow, of SEK 883 millions.

Even if we did not achieve our high set objective of 10%, I am still pleased with the outcome of 8 %.

2006 was the third consecutive year with increasing real estate prices. For Castellum the increase was calculated to 5%, corresponding to over SEK 1.1 billion.

Increasing market interest rates has 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 2006, however, over SEK 500 millions was recorded for possible future tax payments.

Net income for the year increased by 29% and amounted to SEK 1.7 billion, which is the best result in Castellum ever.

## Balance Sheet

<i>SEKm</i>	<i>Dec 31, 2006</i>		<i>Dec 31, 2005</i>
Investment properties	24,238		21,270
Other fixed assets	13		14
Current receivables	187		89
Cash and bank	8		5
	<b>24,446</b>		<b>21,378</b>
Shareholders' equity	10,184		8,940
<b>Equity/assets ratio</b>	<b>42%</b>	Objective 35 – 45%	<b>42%</b>
Deferred tax liability	2,723		2,126
Long-term interest-bearing liabilities	10,837		9,396
<b>Interest coverage ratio</b>	<b>343%</b>	Objective at least 200%	<b>315%</b>
Derivatives	55		233
Non interest-bearing liabilities	647		683
	<b>24,446</b>		<b>21,378</b>

The assets side of the balance sheet is dominated by properties, over SEK 24 billion, which are recorded at fair value. Based on a portfolio of 2.8 million square metres this is equivalent to approx. SEK 8,500 per square metre.

Castellum has a strong financial structure. The real estate portfolio is chiefly funded by Shareholders' equity of SEK 10.2 billion, equal to an equity/assets ratio of 42%, and Interest-bearing liabilities of SEK 10.8 billion, which is equal to a borrowing ratio of 45%.

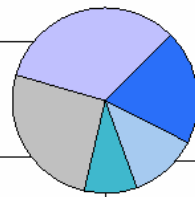
The interest coverage ratio is over 300%, which means that the interest rates costs could be 3 times as high without reporting a loss. Castellum's ability to obtain further funding and low funding costs are, thanks to the strong balance sheet, very good.

The net asset value can, using an effective tax rate of 10%, be calculated to SEK 12 billion.

## Five Growth Regions and Commercial Focus

Greater  
Gothenburg 33%

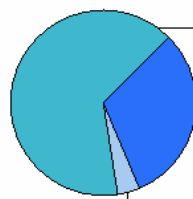
Öresund  
Region 26%



Greater Stockholm 20%

Mälardalen 12%

Eastern Götaland 9%



Office/retail 65%

Warehouse/industrial 31%

Projects and land 4%



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

The real estate portfolio as well as our customers are in general a reflection of the Swedish economy – if Sweden is doing well so is Castellum.

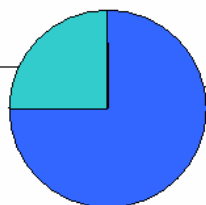
The real estate portfolio's distribution by region and category are seen in the picture.

There are two noticeable events in the real estate portfolio. First that it is now purely commercial following the sale of the last residential property in December of last year and second that we in the beginning of 2007 have entered into two new interesting sub-markets – Linköping and Halmstad.

## Decentralized and Small-Scale Organization

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

Agents and advertisement



Own networks



Satisfied customers and satisfied employees are prerequisites for a continued positive development. I am convinced that close and long-term customer relations will be of even greater importance on the future rental market.

Castellum has a way of working and an organization with local subsidiaries which secure closeness to the market and the customers. There are few large scale advantages in real estate management and we do not believe in outsourcing customer contacts.

I am saying that it is our decentralized flat organization and the approx. 200 employees in the local subsidiaries that to a large extent are the key for Castellum's success.

During 2006, we signed over 700 new leases with an annual rental value of almost SEK 300 millions. 75% of these have come from the subsidiaries own networks and only 25% from external sources such as agents and advertisements.

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 Eklandia, with a property value of over SEK 4 billion and **Tage Christoffersson** as managing director
- Harry Sjögren, with a property value of SEK 4 billion in Gothenburg, Mölndal, Borås, Kungsbacka, Alingsås and since February of this year Halmstad and **Christer Sundberg** as MD
- In southern Sweden – Malmö, Lund and Helsingborg – we have Briggen, with a property value of over SEK 6 billion and **Gunnar Östenson** as new MD since September of last year
- In Greater Stockholm we have Brostaden, with a property value of almost SEK 5 billion and **Anders Nilsson** as MD
- In Mälardalen – Örebro, Västerås and Uppsala – we have Aspholmen, with a property value of SEK 3 billion and **Claes Larsson** as MD
- In Eastern Götaland – Värnamo, Jönköping, Växjö and since the beginning of the year Linköping – we have Corallen, with a property value of almost SEK 3 billion and **Claes Junefelt** as MD.

At group level we have:

- **Henrik Saxborn**, deputy CEO 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.

I think that there is a good mix of continuity and new blood in the organization. Out of the ten senior executives half of them are new additions during the last 18 months.

## Investments and Sales



During 2006, investments of SEK 2.3 billion were made, of which SEK 1.3 billion were acquisitions of 33 properties and SEK 1 billion were new construction, extensions and refurbishment. As seen in the diagram the level of investment has never been higher.

The real estate prices are setting new records all the time where the yields in many cases are 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 part of a portfolio in Stockholm acquired for SEK 438 millions. At the time of acquisition the vacancies were SEK 36 millions, while today six months later they have been reduced to SEK 27 millions.

In Kungsbacka, the bottom left hand corner, a completely unlet property was acquired for SEK 137 millions. Besides premises of 23,500 sq.m. there is an unutilized building permission of 25,000 sq.m. We are currently having discussions with potential customers regarding both the empty premises as well as new construction.

We are also taking part in new construction which is shown in the top right hand corner – Lindholmen in Gothenburg. We entered the project with an 80% vacancy rate. We have currently signed or having end-discussions for 60% of the vacancies.

During previous year, properties were sold for almost SEK half a billion. Most of the sales were residential properties being sold to new tenant-owners' associations. The picture in the lower right hand corner shows the property Munken in Helsingborg which was sold for over SEK 250 millions.



## Nordstaden

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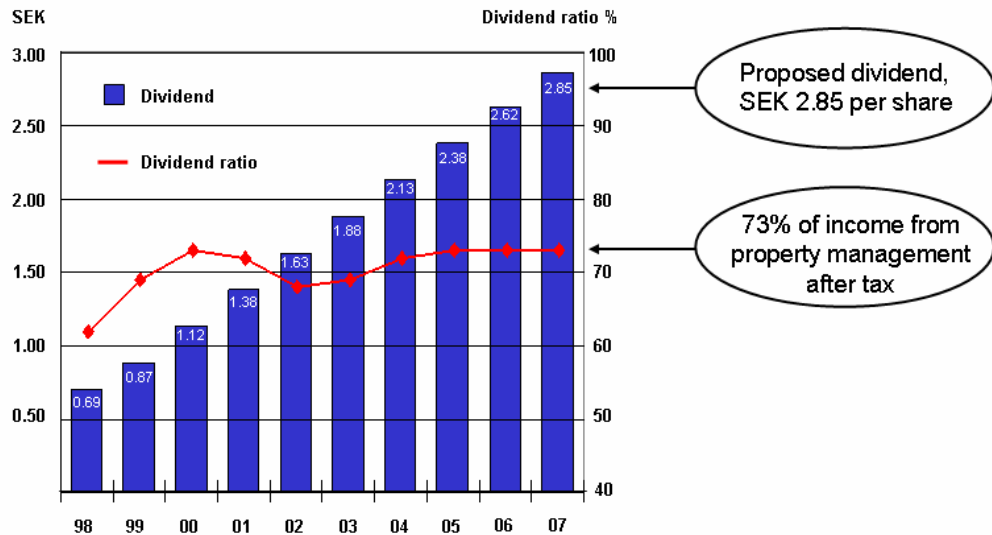


- Bought in 2004 for SEKm 219  
Vacancy 35 %  
Income from prop. mgmt. SEKm 4
- Completed in the autumn 2007  
Total investment SEKm 390  
In principle fully let.  
Income from prop. mgmt. SEKm 17
- Value around SEKm 600  
Increase in value approx. SEKm 200  
corresponding to approx. 50 %

In Castellum, there are many examples of where we have bought properties with major vacancies and maintenance needs. The old Götabankshuset in Nordstaden, Gothenburg, on the picture is one.

Through good leasing activity and extensive refurbishments since the acquisition in 2004, the income from property management has increased from SEK 4 to 17 millions and the value with an estimated SEK 200 millions.

# Dividend



The growth in income has led to a proposed increased dividend of SEK 2.85 per share, an increase of 9% compared with previous year.

The proposal is well in line with the growth in income from property management as well as previous dividend ratios of approx. 70%.

## Total Yield of the Castellum Share

	March 21, 2007 SEK 100.75	Dec. 31 2006 SEK 91.25	Average/year May 1997–2006
Castellum	+10.4%	+31.3	+24.8%
OMX Stockholm (SIX)	+4.9%	+28.1	+11.1%
Real Estate Index Sweden (EPRA)	+9.1%	+35.8	+21.2%
Real Estate Index Europe (EPRA)	+1.2%	+49.4	+17.5%

For 2006, the total yield including dividend was 31%, which is equivalent to SEK 3.7 billion. During the last few days, the share has been traded at around SEK 100 which is a 10% increase since the year-end.

Castellum has a market capitalization of approx. SEK 16 billion and almost 8,000 shareholders, of which the single largest has approx. 7%.

During the year, the share of foreign shareholders has been stable above 50%, which shows that the stock and real estate markets are international and that there is a large interest for investments in Sweden and in Castellum.

## Ten Years on the Stock Exchange

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**Income from property management** Total SEK 6 billion  
15% average growth per year  
Growth in all 40 some interim reports

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**Real Estate Portfolio** Investments 14 billion  
Sales 5 billion  
Change in value 7 billion, average 5% per year.

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**The Share** Increased market capitalization  
and dividends – 16 billion.  
Total yield on average 25% per year.

Before we leave 2006 to the records, I would like to make a little reflection.

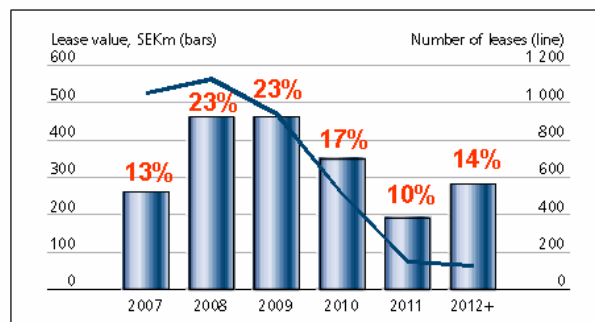
Castellum has been a listed company for 10 years now. Even if the history in business and on the stock market have little effect on the future one can still state that it has been 10 good years.

Both cash flow as well as the real estate portfolio has developed very well. The total yield of the share amounted to SEK 16 billion, corresponding to an average of 25% per year.

What can one expect of the future for the sector in general and Castellum in particular? I am not going to make a 10-year prediction but it is still possible to look 1 – 2 years ahead.

# Rental Value

	2005	2006	2007	Scenario 2008
<b>Rental value</b>	→	→	→	(↗)



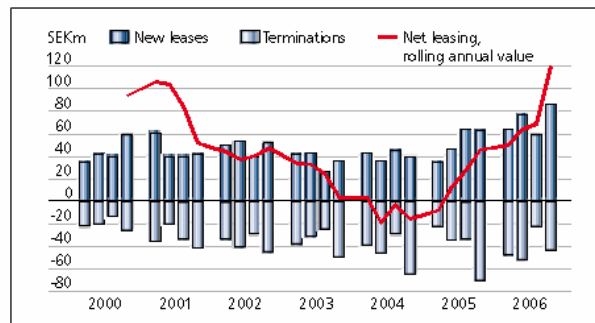
The rental value has remained stable for a number of years. Following the growth in Swedish economy with an increased demand for premises and limited new construction the vacancies will begin to decline. This means that there probably will be room for rental increases in the future.

I do not think that one should overestimate this factor in the short term, particularly due to the effect of the lease maturity structure.

As seen in the diagram approx. 20% of the contracts are renegotiated each year. This provides stability and long term thinking but also limitations in times of increasing rental levels.

# Vacancies

	2005	2006	2007	Scenario 2008
Rental value	→	→	→	(↗)
<b>Vacancies</b>	↗	→	↘	(↘)



The vacancies have been increasing ever since 2002 but levelled out during 2006. The 13% vacancy which is equal to SEK 300 millions are the greatest potential in Castellum in the short term today.

The demand for premises is currently very good. As seen in the diagram the demand picked up during the second half of 2005 in order to reach the highest levels ever during 2006, when the net leasing amounted to SEK 120 millions.

Even if there is a time difference between the signing of a lease and the time of moving in I am convinced that we will see decreasing vacancies during the next two years.

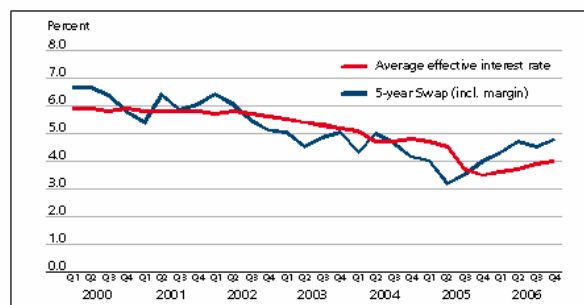
## Property Costs

	2005	2006	2007	Scenario 2008
Rental value	→	→	→	(↗)
Vacancies	↗	→	↘	(↘)
<b>Property costs (net)</b>	→	↗	→	(→)

There have been a few years with very volatile energy prices, but these seem to have stabilized. The fact that we charge customers for heating and real estate tax separately and continue to work on improving efficiency together with well maintained properties, provide that I do not see any large threats regarding the real cost increase.

## Interest Rate Costs

	2005	2006	2007	Scenario 2008
Rental value	→	→	→	(↗)
Vacancies	↗	→	↘	(↘)
Property costs (net)	→	↗	→	(→)
<b>Interest rate costs</b>	↘	↘	↗	(↗)



Following a long period of years with decreasing interest costs, that for Castellum reached its low point in 2006 with 3.7%, we may along with the growth in the Swedish economy see increasing interest costs.

The Riksbank has increased the repo interest rate with 1.75% since January 2006 and is expected to make further increases during the next few years.

Even if parts of the interest rates are fixed for longer periods of time and in principle all rental contracts include an index clause, the interest costs will probably increase during the next few years.



## Investment Volume

	2005	2006	2007	Scenario 2008
Rental value	→	→	→	(↗)
Vacancies	↗	→	↘	(↘)
Property costs (net)	→	↗	→	(→)
Interest rate costs	↘	↘	↗	(↗)
<b>Investment volume</b>	→	↗	(↗)	(↗)

**Castellum's investment capacity SEK 5 billion.**

In order for Castellum to achieve the objective of 10% growth in income it is important that the level of investments is high. The level of SEK 2.3 billion in 2006 was the highest ever. Castellum has a very strong balance sheet which gives an investment capacity of SEK 5 billion.

The objective is to utilize that capacity, but most important for Castellum is not volume but yield. I am convinced that we with our local subsidiaries close to the customers and the markets can continue to make good investments when it comes to both volume and yields. 2007 has started off well with SEK 800 millions in investments so far.

## Real Estate Prices

	2005	2006	2007	Scenario 2008
Rental value	→	→	→	(↗)
Vacancies	↗	→	↘	(↘)
Property costs (net)	→	↗	→	(→)
Interest rate costs	↘	↘	↗	(↗)
Investment volume	→	↗	(↗)	(↗)
<b>Real estate prices</b>	↗	↗	(↘)	(?)

The hardest thing to predict is the real estate prices. The asset type properties, really regardless of quality, have for a number of years had a very positive development. However, it is not likely that this development can continue. So far the prices are mainly an effect of a large demand and a limited supply.

I believe that one within a short period of time will see a more scattered picture and a larger difference in prices between good and bad than what we are seeing today. There is still a lot of capital looking for return, but I also believe that we will see quite a bit of “profit taking”.

A downward adjustment in prices does not have to be negative for Castellum. In such a market many investment opportunities occur.

As a summary - even if we at first will be seeing increasing interest rate costs I look relatively positive at the near future. Castellum and its 200 employees will do everything in order for the next 10-year period to be good as well.

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