



# CASTELLUM

Annual Report 2007





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*The audited legal Annual Report comprises pages 6-100, apart from pages 62-63. Comparisons shown in brackets are made with the corresponding amount previous year.*

**In the event of conflict in interpretation or differences between this report and the Swedish version, the latter will have priority.**

# Year Summary

- Rental income for 2007 amounted to SEKm 2,259 (2,014 previous year).
- Net income after tax for the year amounted to SEKm 1,487 (1,674), equivalent to SEK 9.07 (10.21) per share.
- Income from property management improved by 5% to SEKm 924 (883), equivalent to SEK 5.63 (5.38) per share.
- The Board proposes a dividend of SEK 3.00 (2.85) per share, corresponding to an increase of 5%.

## Data per Share

SEK	2007	2006	2005	2004	2003	2002	2001
Income from property management	5.63	5.38	5.00	4.52	4.07	3.77	3.30
<b>Change</b>	<b>+5%</b>	<b>+8%</b>	<b>+11%</b>	<b>+11%</b>	<b>+8%</b>	<b>+14%</b>	
Net income after tax	9.07	10.21	7.89	5.59	2.68	4.00	5.68
<b>Change</b>	<b>-11%</b>	<b>+29%</b>	<b>+41%</b>	<b>+108%</b>	<b>-33%</b>	<b>-30%</b>	
Dividend (2007 proposed)	3.00	2.85	2.62	2.38	2.13	1.88	1.63
<b>Change</b>	<b>+5%</b>	<b>+9%</b>	<b>+11%</b>	<b>+12%</b>	<b>+13%</b>	<b>+15%</b>	



View from the rooftop terrace of the property Gullbergsvass 1:15 "Guldet" over parts of Gothenburg harbour with the guest marina Lilla Bommen and the Gothenburg Opera.

## Annual General Meeting

Castellum AB's Annual General Meeting will take place on Thursday March 27, 2008 at 5 pm in RunAn, Chalmers kårhus, Chalmersplatsen 1, Gothenburg.





# Castellum – a short description

## BUSINESS CONCEPT

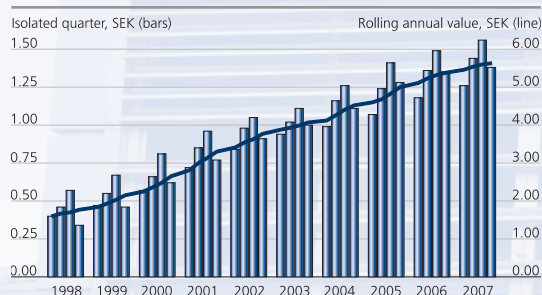
Castellum's business concept is to develop and add value to its real estate portfolio, focusing on the best possible earnings and asset growth, by offering customized commercial properties, through a strong and clear presence in five Swedish growth regions - Greater Gothenburg, Öresund Region, Greater Stockholm, Mälardalen and Eastern Götaland.

## FOCUS ON CASH FLOW

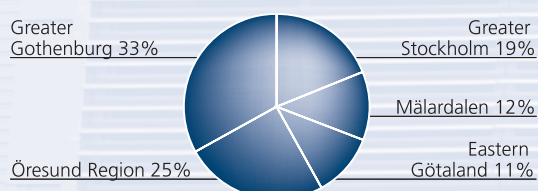
The objective is to focus on cash flow growth, which along with a stable capital structure provide the preconditions for good growth in the company, while at the same time offering shareholders a competitive dividend. The objective is an annual growth in cash flow of at least 10%. In order to achieve this objective, investments of at least SEKm 1,000 per year will be made. All investments will contribute to the objective of growth in income from property management within 1-2 years and have a value potential of at least 10%.

Cash flow for the year, i.e. income from property management, amounted to SEKm 924, equivalent to SEK 5.63 per share. The improvement is 5% and is an effect of improved net operating income in the property management and investments made, but has been limited by higher interest costs.

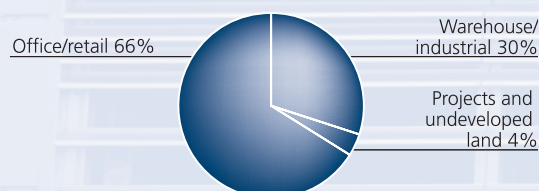
## INCOME FROM PROPERTY MANAGEMENT/SHARE



## REAL ESTATE PORTFOLIO BY REGION



## REAL ESTATE PORTFOLIO BY CATEGORY



## REAL ESTATE PORTFOLIO WITH COMMERCIAL FOCUS

Castellum is one of the major listed real estate companies in Sweden. The fair value of the real estate portfolio amounts to approx. SEK 28 billion and comprises commercial properties. Within each of the regions where Castellum is present focus is placed on market areas and sub-markets where sufficient volume can be found to provide the prerequisites for good business opportunities by rational management and strong presence. During 2007, Castellum made entries in two new markets, Linköping and Halmstad.

Investments, i.e. enhancement and development of existing properties, acquisitions of new properties and new construction, are carried out in areas with high growth rates where opportunities are found for increased occupancy rates, increased rental levels and improved cash flows. During 2007, Castellum made investments totaling SEKm 2,598, of which SEKm 1,514 were acquisitions and SEKm 1,084 new construction, extensions and refurbishment.

Castellum makes the assumption that the required market yield fell during the first six months of 2007 and thereafter remained unchanged. Changes in value for the year amounted to SEKm 919 and is mainly made up of three parts: approx. SEKm 375 is assigned to lower required market yields of 0.1% seen during the first six months, approx. SEKm 275 is assigned to new constructions, extensions and refurbishment projects started during the last quarter, and approx. SEKm 200 is assigned to improvements in future cash flows chiefly depending on an expected increase in rental levels based on the inflation.



Örebro, Uppsala  
and Västerås



Malmö, Lund and  
Helsingborg



Greater Stockholm



Jönköping, Linköping,  
Värnamo and Växjö



Central, Northern and Eastern  
Greater Gothenburg



Southern Greater Gothenburg,  
Borås, Alingsås and Halmstad



## DECENTRALIZED AND SMALL SCALE ORGANIZATION

Castellum's operations are run in a small-scale organization comprising six subsidiaries which own and manage the properties under their own brands. By having local roots the subsidiaries get close relations with the customers, and good knowledge of the market situation and rental development within each market area. Property management is mainly carried out by own personnel.

Castellum shall have skilled and committed employees, which is achieved as the group shall be an attractive workplace with good development possibilities. At the turn of the year the Castellum group had 208 employees and each subsidiary has about 30 employees.

Castellum views a sustainable development with economic growth, social development and environmental concern a prerequisite for successful business operations.

## CUSTOMERS

Good and long-term customer relations and hence satisfied customers is a prerequisite for creating long-term growth in Castellum. This is achieved by providing efficient and well situated premises meeting the customers' needs regarding both appropriate premises as well as service.

During the year, 796 new lease contracts were signed with a total annual value of SEKm 315, while contracts terminated amounted to SEKm 180. Hence, net leasing for the year was SEKm 135. Of the new signed contracts 76% came from own networks, recommendations or existing customers expanding, while 15% came through web pages, and the remainder came through agents.

Castellum has a good risk exposure in the lease portfolio, consisting of 4,128 commercial contracts spreading over many sectors and durations. The average economic occupancy rate during 2007 was 87.9%.

## STABLE CAPITAL STRUCTURE

Castellum's strategy is to have a stable capital structure, meaning a borrowing ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%. As of December 31, 2007 the borrowing ratio was 45% and the interest coverage ratio for 2007 was 287%.

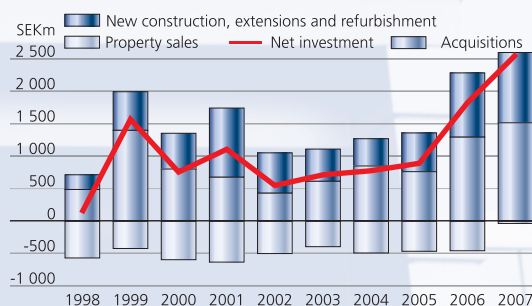
Castellum's dividend policy is that at least 60% of income from property management after full tax deduction will be distributed, however investment plans, consolidation needs, liquidity and financial position in general will be taken into account. The Board proposes the Annual General Meeting 2008 a dividend of SEK 3.00 per share, which is an increase of 5% compared to previous year. The dividend ratio is 74%.

## THE CASTELLUM SHARE

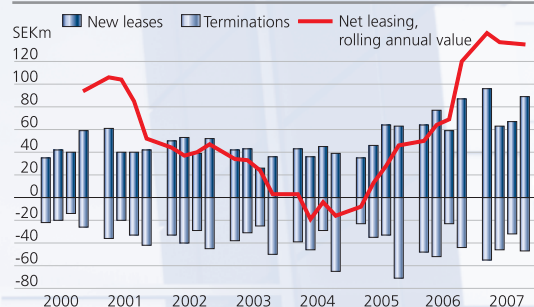
Castellum will work for a competitive total return in the company's share in relation to the risk and for a high liquidity. The company's actions will be made from a long term perspective.

The Castellum share is listed on OMX Nordic Exchange in Stockholm and had at December 31, 2007 approx. 7,300 shareholders, of which 51% Swedish and 49% foreign. The Castellum share price at the same time was SEK 67.25, which is equivalent to a market capitalization of SEK 11 billion. During 2007, the total yield of the Castellum share has been -23.2%, including dividend of SEK 2.85.

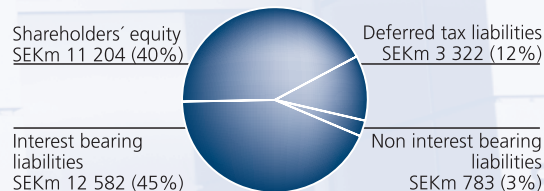
## INVESTMENTS AND SALES/YEAR



## NET LEASING PER QUARTER



## FINANCING 31-12-2007



## TOTAL YIELD (INCLUDING DIVIDEND)

	2007	3 years average/ year	10 years average/ year
Castellum	-23,2%	+8,1%	+15,7%
OMX Stockholm (SIX Return)	-2,6%	+19,4%	+9,9%
Real Estate Index Sweden (EPRA)	-18,5%	+15,8%	+17,5%
Real Estate Index Europe (EPRA)	-32,2%	+8,4%	+11,4%

## CEO's Comments

*The rental market reflects the development of the Swedish economy. During the last years the employment rate in Sweden has improved and led to increased demand for premises and higher net leasing for the real estate companies. On the interest rate market the growing concern for inflation has led to increasing market interest rates. At the same time there is a beginning shortage on good premises which has led to increasing rental levels and new construction. This is where we are right now.*

I feel that Castellum has capitalized on the economic upswing in a good way. The employees in the organization, which cannot be commended enough for their efforts, have during 2007 in a fantastic way succeeded in attracting both existing and new customers. Through the SatisfiedCustomerIndex we know that the customers' opinion of Castellum as a good landlord has improved further. During the year almost 800 new contracts were signed which gives a record high net leasing of SEKm 135 on an annual basis.

With high required yields we have invested SEK 2.6 billion in properties with development potential, of which 1.1 billion are new constructions, extensions and refurbishment – an investment in Swedish industry. Properties with significant vacancies have been acquired over the last years and there is starting to be a lack of vacant premises in some market areas.

Income from property management for 2007 was SEKm 924, which is an improvement of 5%. It is not in line with the high set objective of 10% annual growth, but considering the increasing interest rates during the year, which correspond to higher interest costs of over SEKm 50 or 6% of income from property management, it was still a relatively good year.

If the rental and interest rate markets to a large degree are predictable depending on the growth in Swedish economy, the real estate market is much harder to predict. The required yields are expected to have reached their lowest level during the summer 2007 and both the demand as well as the supply have in general went down compared to the record year 2006. The changes in value of Castellum's properties amounted to SEKm 920 and refer mainly to gains on started projects and expected increases in rental levels based on the inflation, but also the effect of reduced required yields during the first six months.

Income after changes in value and tax was SEKm 1,487. The dividend, which is proposed to increase by 5% to SEK 3 per share, is well in line with both the growth in income from property management as well as previous dividend ratios.

Castellum's balance sheet is still strong. Based on the current earnings capacity and dividend, stable property values and an upper limit for the borrowing ratio of 55%, Castellum may over the next three years make investments of over SEK 8 billion. Castellum's access to long term funding remains good has not been affected by the international credit squeeze.

In tune with the international credit markets' changed perception of risk and the uncertainty on the real estate market the stock market has during



2007 revalued shares in general and shares in real estate companies in specific. Following a number of years with high total yields and an "all-time-high" of SEK 107 per share as late as in April 2007, the share price have dropped significantly. The total yield for the past year was -23%. It is a poor consolation that the real estate index for Europe was even worse -32%.

Regardless of which estimates the stock market makes, Castellum has never had a stronger cash flow, higher net asset value or higher dividend.

What is to come in 2008?

Even if the new year has started off well for Castellum the general opinion is that a downturn in the high economic growth is expected. Castellum's cash flows are affected relatively slowly by economic fluctuations due to the long periods of time between the signing of a lease and the time of moving in, changed market rents and renegotiations, terminations and moving out as well as the spread interest rate maturity structure.

The high net leasing during the last years will have a positive effect on the vacancies. The rental levels will increase, mainly as an effect of index adjustments based on the inflation in 2007. New construction is relatively limited in most market areas. It is therefore not likely that new construction on speculation will increase vacancies and limit the increase in rental levels already seen.

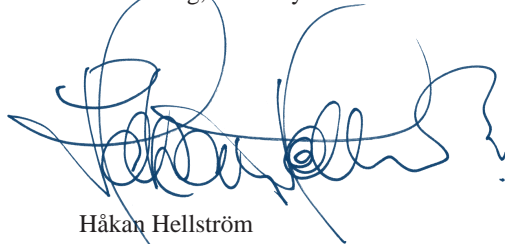
Even if the interest rate market currently is volatile, Castellum's interest costs will likely increase also in 2008. The average interest rate level during 2007 was 4.2%, which is approx. 0.5%-units lower than for an equivalent portfolio at this moment.

In order to achieve the objective of growth in income from property management it is important that both the pace of and the yields on the investments are high. Castellum currently makes investments of approx. SEK 2.5 billion per year and has for 2008 an additional SEK 1 billion in ongoing projects. A special effort has been made in order to increase the share of own projects such as new construction, extensions and refurbishment, which often a return a higher yield than acquisitions.

The big question in the real estate sector is what will happen to property prices. I do not exclude that a reduction in prices may take place, but in that case expect it to be relatively limited. A reduction in prices also creates business opportunities for a company with a strong balance sheet.

Castellum has a strategy with focus on cash flows and a low financial risk where good customer relations and committed employees are prioritized. It is a strategy that lasts over business cycles.

Gothenburg, February 6th 2008



Håkan Hellström  
Chief Executive Officer



*"Castellum has a strategy with focus on cash flows and a low financial risk where good customer relations and committed employees are prioritized. It is a strategy that lasts over business cycles."*

# Operations

## Business Concept

Castellum's business concept is to develop and add value to its real estate portfolio, focusing on the best possible earnings and asset growth, by offering customized commercial properties, through a strong and clear presence in five Swedish growth regions.

## Objectives

Castellum's operations are focused on cash flow growth, which along with a stable capital structure provide the preconditions for good growth in the company, while at the same time offering shareholders a competitive dividend.

The objective is an annual growth in cash flow, i.e. income from property management per share, of at least 10%. In order to achieve this objective, investments of at least SEKm 1,000 per year will be made. All investments will contribute to the objective of growth in income from property management within 1-2 years and have a value potential of at least 10%. Sales of properties will take place when justified from a business standpoint and when an alternative investment with a higher yield can be found.

## Strategy for Funding

### CAPITAL STRUCTURE

Castellum will have a stable capital structure, meaning a borrowing ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%.

Repurchase of own shares shall be available as a method to use for adjusting the company's capital structure to the company's capital needs. Transfer of own shares held by the company may be used at acquisitions but may not be traded for the sole purpose of capital gain.

### DIVIDEND

At least 60% of income from property management after full tax deduction will be distributed, however investment plans, consolidation needs, liquidity and financial position in general will be taken into account.

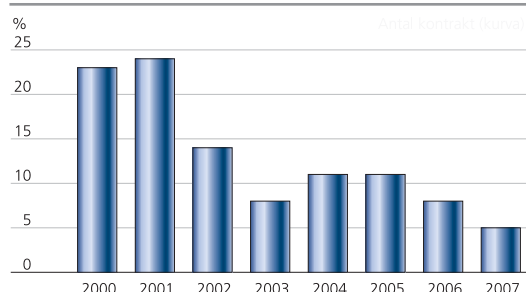
### THE STOCK AND CREDIT MARKET

Castellum will work for a competitive total return in the company's share in relation to the risk and for a high liquidity.

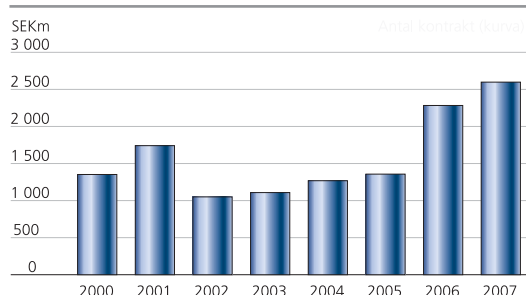
However, all actions will be made from a long term perspective and the company will have a frequent, open and fair reporting to shareholders, the capital and credit markets as well as media, yet without disclosing any individual business relation.

In the long term Castellum will be one of the largest listed real estate companies in Sweden.

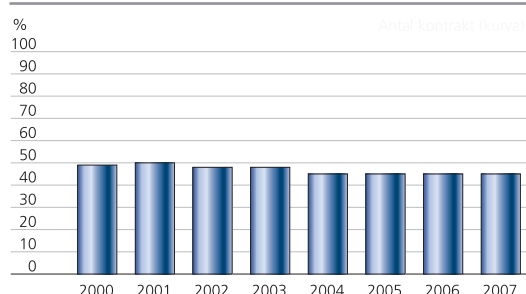
### GROWTH IN INCOME FROM PROPERTY MANAGEMENT



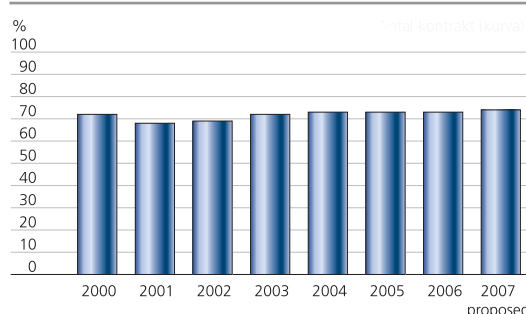
### INVESTMENT VOLUME



### BORROWING RATIO



### DIVIDEND RATIO





# Strategy for the Real Estate Portfolio and Property Management

## GEOGRAPHY

Castellum's real estate portfolio is located in the five Swedish growth regions Greater Gothenburg, Öresund Region, Greater Stockholm, Mälardalen and Eastern Götaland. This together with rational property management and a strong presence in the market provide for good business opportunities.

The development of the real estate and rental markets are, both nationally as well as regionally, dependent on the long-term economic growth. Important prerequisites for economic growth are a young well educated work force, access to good infrastructure and entrepreneurship. To make sure that investments are concentrated to areas within the nation with expected high economic growth, Castellum is continuously analyzing the development on the different sub-markets.

## TYPE OF PROPERTY

The real estate portfolio shall consist of commercial properties with general and flexible premises for office/retail and logistics/warehouse/industry. The distribution among the different categories is determined by business opportunities, cash flow, risk exposure and value growth.

## DEVELOPMENT OF THE REAL ESTATE PORTFOLIO

The real estate portfolio shall be continuously enhanced and developed in order to improve cash flow.

Castellum shall continue to grow with customers' demand, mainly through new construction, extensions and reconstruction which is expected to give high yields, but also through acquisition of buildings and land with building permissions for future development.

## CUSTOMERS

Castellum shall be perceived as a service management company. This is achieved by having long-term relations and supplying premises and service meeting customer demands. In order to develop the customer relations the customers' level of satisfaction shall be measured regularly. The risk within the circle of customers shall be kept low by spreading over many fields of business, length of contracts and size of contracts.

## PROPERTY MANAGEMENT/EMPLOYEES

Castellum shall deliver service and manage properties by a decentralized and small-scale organization with wholly owned subsidiaries and strong presence on the sub-markets. Property management shall be carried out mainly by own personnel.

Castellum shall have skilled and committed employees on every position, which is achieved as the group shall be an attractive workplace with good development possibilities. In order to develop the group in being an attractive workplace the employees' level of satisfaction shall be measured regularly.



## CASTELLUM



Örebro, Uppsala and Västerås



Malmö, Lund and Helsingborg



Greater Stockholm



Jönköping, Linköping, Värnamo and Växjö



Central, Northern and Eastern Greater Gothenburg



Southern Greater Gothenburg, Borås,  
Alingsås and Halmstad

## Organization

*Castellum's strategy is to manage its properties in a decentralized and small-scale organization with wholly owned subsidiaries and strong presence on the sub-markets. By having local roots the subsidiaries get close relations with the customers and knowledge of their operations and needs.*

*The companies also receive good knowledge of the local real estate and rental markets, market changes and business opportunities.*

### SUBSIDIARIES WITH STRONG BRANDS

Castellum has six wholly owned subsidiaries which each have about 30 employees. The subsidiaries organizations are not identical but are in principal made up of a Managing Director, 3-5 market areas, business developers and 3-5 employees within finance and administration. Each market area employs one property manager with one assistant, one person working with leasing and 2-4 facility managers, where everyone has customer contact. The flat organization gives a short decision making process and creates a customer oriented and active organization. Castellum's subsidiaries operate under their own names which are strong brands on each sub-market.

Property management is mainly carried out by own personnel.

### PURCHASING EXTERNAL SERVICES

In cases where external services are purchased, high demands are placed on suppliers in terms of quality, customer contact, service and environmental awareness. The company possesses decentralized purchasing expertise for negotiations of new construction, extension or refurbishment work. The group does not have its own organization for undertaking contracts.

### MEASURING, COMPARING AND CONTROLLING

Castellum measures and compares the subsidiaries' management efficiency and asset value growth in the real estate portfolio. Within the group experiences are shared between the companies and specialist expertise can therefore be made available to the whole organization.

Castellum's operations are controlled by rules for decision making and work allocation, policies and instructions. Policies are in place for finance and financial work, information, information safety, environment, insurance, electricity and personnel.

### PARENT COMPANY

The parent company Castellum AB is responsible for matters concerning the stock market (such as consolidated reports and stock market information) and the credit market (such as funding and financial risk management) as well as overall IT/IS strategies and personnel matters. The parent company has 13 employees.

The parent company takes part in operations by involvement in the Board of the subsidiaries.

### SUPPORT SYSTEMS

The application of support systems such as IT/IS within the group shall enable a safe and effective reporting and monitoring of operations. The technical platform is made up of local networks integrated into a group wide network and is made up of standard products which provide high security and lower maintenance costs in the long term.



## Employees

*Castellum has the objective of being an attractive workplace with development possibilities, which provide good conditions for skilled and committed employees. The employees' attitudes are measured regularly in order to develop the group. Satisfied employees give satisfied customers which is a prerequisite for achieving Castellum's objectives.*

### TRAINING AND SHARING OF EXPERIENCES

Within Castellum both internal and external training programs are provided in order for having skilled and committed employees. For example many group-wide development programs specified for different work tasks have been held. The development programs provide increased knowledge, motivation for continued development work and improved contact among employees within the group. Beside the group-wide development programs individual competence development programs takes place when needed.

In order to create the conditions for sharing of experience between the companies, group-wide projects are held with members from all companies. The projects cover topics such as valuation and marketing issues. Apart from the projects there are fixed groups which are regularly discussing issues in specific areas such as finance, IT, environment and personnel.

### ATTRACTIVE WORKPLACE

Recruiting and keeping good employees is important and Castellum is active in a number of areas in order to improve motivation and participation among the employees. The flat organization provides every employee with well defined areas of responsibility with a high level of flexibility within each area, which mean both professional as well as personal development. Castellum works on recruiting within the group in order to improve the employees' opportunities for development.

The employees' health is important and Castellum works with health issues and offers good corporate health services and beneficial health insurance.

A bonus program is applied that provides every employee with the opportunity to take part in their respective company's achieved improvement in the results.

Once a year all employees within the Castellum group meet in order to share experiences and strengthen the feeling of group spirit.

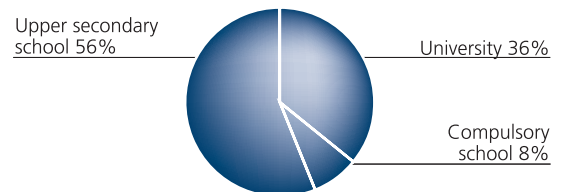
Since Castellum was founded sound business practice, good communication and a work environment where the employees feel pleasure and comfort has been highly appreciated. The employees' view on Castellum is measured in a survey showing their attitudes towards their own working conditions, the company and its management. Castellum receives high marks in the survey and the employees show great faith in the company and are well familiar with the organization's objectives and strategies. The survey is completed every 18 month in order to give time to reflect on and work with the views that come to light.

The group had 208 employees (199) at the year end, of which 34% were women (36%). Employee turnover has been 10% (9%) during the year and absence due to illness was 2% (2%).

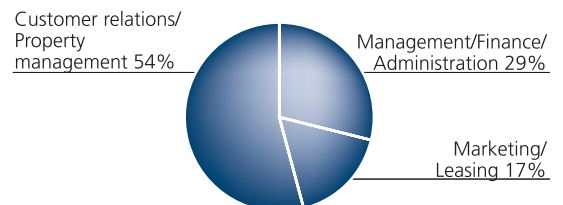


Employees in the Castellum group

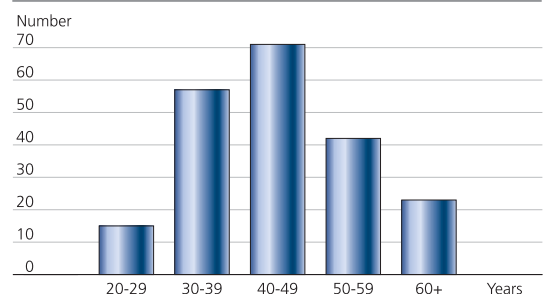
### LEVEL OF EDUCATION



### DISTRIBUTION OF WORK



### AGE DISTRIBUTION - NUMBER OF EMPLOYEES

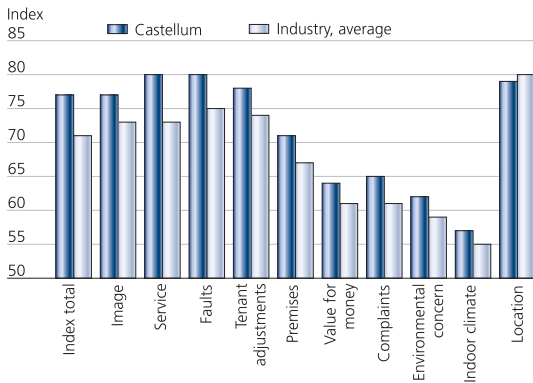


## Customers

*The local subsidiaries shall offer appropriate premises and service satisfying the customer's needs. Therefore good and long-term customer relations are a prerequisite for creating growth in Castellum.*

### SATISFIED CUSTOMER INDEX 2007

The parameters are sorted in order of customer priority for each area.



### BEING CLOSE TO THE CUSTOMER

The local property management organization provides a natural possibility for planned, frequent meetings with the customer in order to receive information about current and future operations. Thereby Castellum can, in plenty of time, work together with the customer on finding solutions when their needs change. Castellum's flat organizational structure with a short decision making process and power to act provides for good business opportunities.

The property managers and the local facility managers work close to the customers and feel great responsibility for offering high quality premises, good personal service, quick answers and responsible actions. This will build up a long-term competitive advantage for Castellum.

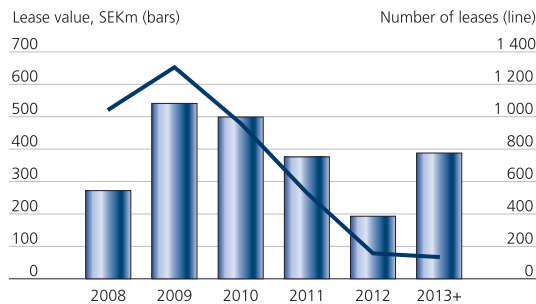
### ADDED VALUE

Facility management services create added value and is an important competitive advantage in leasing. Castellum works on matters which will improve the attractiveness of the area where the customer is operating and with issues that can improve and facilitate the customer's day-to-day operations. Examples on measures are coordination in order to improve security within an area, memberships in networks that may lead to business to business-relationships and support with procurement of services such as cleaning and furnishing.

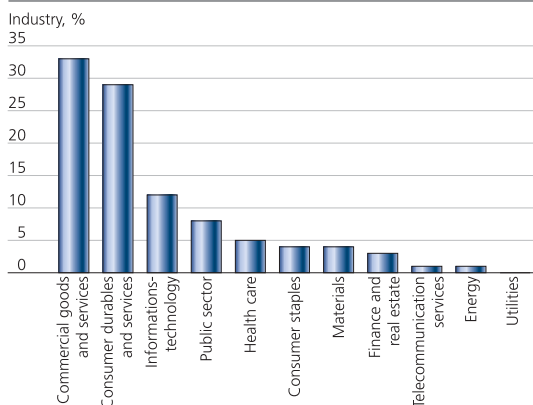
In order to receive further knowledge of what may affect the local rental market the subsidiaries co-operate with municipalities and are active in local networks, such as company associations.

The local companies give out information through customer news letters and web pages on a regular basis.

### LEASE MATURITY STRUCTURE



### DISTRIBUTION OF LEASES BY INDUSTRY



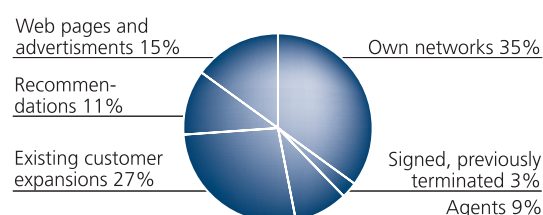
### SATISFIED CUSTOMER INDEX

As a basis for continued improvement work, customers' attitudes are measured by means of various internal and external surveys. Castellum has for several years participated in the Property Barometer Satisfied Customer Index (SCI). The SCI measures the customers' views on areas such as the premises, location, rent, service and communication. The survey shows that the customers' faith in Castellum is consistently high.

### CUSTOMER STRUCTURE

Castellum has a good risk exposure in the lease portfolio, regarding both fields of business and length of contracts. The group has 4,128 commercial contracts, where the single largest contract makes up for 1% of Castellum's total rental income.

### LEASING ACTIVITY



### LEASING ACTIVITY

During 2007 the organization signed 796 new contracts with a total annual value of SEKm 315. The leasing activity shows the importance of taking care of the customers and the networks. Of the new signed contracts 76% came from own networks, recommendations or existing customers expanding, while 15% came from web pages, and the remainder came through agents.



## Responsible Business

*A prerequisite for achieving Castellum's objective of the best possible income and asset growth in the real estate portfolio is to work for a sustainable development regarding economic growth, environmental concern and social responsibility. Castellum views responsible business as a competitive advantage in order to receive greater faith by the customers, the employees, the share holders and the society at large.*

### SOCIAL RESPONSIBILITY

The social responsibility covers responsibility for the employees and effects on the environment and the society where the company is operating. Castellum has since the company was founded worked on creating a corporate culture with a good work environment where the employees' skills and commitment are utilized and developed. The work is followed up by regular employee and customer surveys with good results.

Castellum is active in order to develop and help make the regions where the company is present more attractive for both companies operating in the region and for the inhabitants. This is done by new construction, extensions and refurbishment of buildings, but also through engagement in corporate associations and co-operation with municipalities, universities and colleges.

In 2001, Castellum adopted a document regarding corporate values for a responsible business. The values cover commercial viability, quality and service, laws, discrimination, work environment, safety and social responsibility/social benefit. The values Castellum applies with regard to human rights, labour conditions and environmental issues are largely in line with the UN's Global Compact code of conduct with its ten principles.

Besides the document regarding Castellum's values policies are in place for personnel, work environment, equal opportunities, salaries, pensions, cars, alcohol and drugs. Castellum is a company with operations in Sweden and is hence subject to Swedish laws.

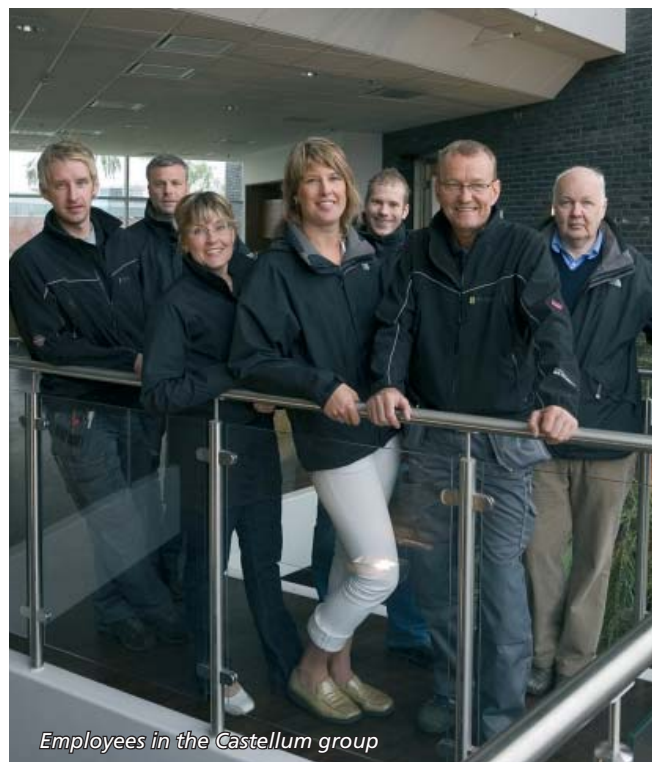
### RESPONSIBILITY FOR THE ENVIRONMENT

Castellum's strategy is to develop the real estate portfolio with the least possible impact on the environment and use resources sparingly in order to contribute towards achieving a long term sustainable development.

The environmental work began in 1995 by adoption of an environmental policy, identifying environmental areas where Castellum has impact, setting objectives and work methods. Since then, all environmental areas have been addressed and for the areas energy and material selection and waste in particular major work has been done over the last 10 years. Today Castellum's environmental work focus on energy and material selection in order to reduce energy consumption, choosing renewable energy sources and identifying hazardous materials in the properties.

The environmental work is a natural part in the operations for both employees and management. The work improves quality in property management, which creates added value for the customers and large potential savings.

As a confirmation that the work is making progress, Castellum has for many years been rated as one of the most environmentally progressive listed companies selected by both Swedish and foreign investors. In 2007 Castellum was selected to be part of Dow Jones Sustainability World Index. The index includes companies which from an economic, environmental and social standpoint are considered to be market leaders.



*Employees in the Castellum group*

*Castellum's environmental policy:  
"Castellum's business shall be run with the least possible impact on the environment and shall use resources sparingly in order to contribute towards achieving a sustainable development. Castellum considers society's demands as defined in laws and ordinances to be minimum requirements. The Castellum Group shall strive to achieve continuous improvements to reduce any environmental impact and prevent pollution.*

*The environmental policy includes all parts of Castellum's operations, not only management, improvement and acquisition but also new construction of properties. Environmental work must be an integrated, natural element of the company's operations."*



Employee in the Castellum group



Employee in the Castellum group



Employee in the Castellum group

### *Organization, controlling and follow-up*

Castellum's environmental work is controlled through an environmental management system consisting of a common environmental policy, guidelines and overall strategies for a number of environmental areas. The environmental work is done locally by each subsidiary and is followed up every year. The work is reported at each subsidiary's Board meetings.

The group management takes an active part in the work and has the final responsibility. The environmental work covers all areas of Castellum's operations and external audits of the work in all companies are carried out every year with good results.

Within the group there is an environmental group with each subsidiary's environmental co-ordinator which meet regularly in order to share experiences and monitor the development taking place in the world at large.

Constantly improving knowledge is a basic condition in Castellum's decentralized organization and all employees have received basic training in environmental matters. Most employees have also completed training in specific areas such as energy matters and ECO-driving.

### *Energy efficiency, green electricity and renewable energy sources*

Castellum is working actively towards reducing energy consumption and turning to renewable energy sources in order to minimize the company's impact on the environment. Examples of measures implemented are computerized control and regulatory systems for heating and ventilation, replacement of fans and pumps, adaptation of heating and ventilation to meet users' needs and motion controlled lighting.

Work is in progress of converting heating to renewable heating sources, i.e. replacing oil and gas with district heating and ground heating/cooling. When using district heating as source of heating Castellum is dependent on the district heating facilities' mix of fuels for emissions of carbon dioxide. Castellum uses today 22 district heating facilities. Out of Castellum's emissions of carbon dioxide 99% are from heating.

Since 2001, only electricity labelled environmental friendly are used by the Castellum group.

### *Environmental inventory of properties*

An inventory regarding any possible environment or health risk such as hazardous substances, ground pollution, moist/mould, and operations requiring special permits, has been completed for 86% of the properties. Castellum's work on follow-up on energy consumption and environmental inventories makes the company well prepared for the EU directive regarding energy declaration of buildings.

Castellum has no ongoing environmental disputes. Castellum operations which require special permits are transportation of fluorescent lamps and ground heating facilities.

### *Requirements on suppliers*

On larger purchases and procurements demands are placed on the contractor to show an environmental policy and a plan for material handling, selection of products and materials, work methods, work environment, materials and environmental description and waste handling. External experts are used partly to control that the placed demands are followed.

### *Communication and co-operation*

Information about the progress being made and to cooperate with others on environmental issues is important in order to push the work forward. Information about the work is provided by such means as information meetings, customer visits, customer newsletters and the Internet to customers and other interested parties.

Castellum is active in the Swedish Energy Agency's "Procurement group for premises", Byggspektorns kretsloppsrad and the EU-project "GreenBuilding", in order to make buildings more energy efficient.



Area	2007	2006	2005	Comments
<b>Energy</b>				
<i>Energy consumption, not adjusted for degree day*</i>				
District heating, MWh	156 088	156 139	145 172	Emissions 0.09 ton carbon dioxide/MWh. 2007 is preliminary.
Electricity, MWh	113 711	111 979	103 633	100% electricity labelled environmental friendly since 2001. (no emissions of carbon dioxide)
Oil, MWh	7 260	7 757	10 785	Emissions 0.3 ton carbon dioxide/MWh.
Gas, MWh	13 667	13 932	11 572	Emissions 0.2 ton carbon dioxide/MWh.
<b>Total, MWh</b>	<b>290 726</b>	<b>289 807</b>	<b>271 162</b>	
Lettable area Dec 31, thous. sq.m.	3 003	2 787	2 651	
Emission of carbon dioxide, tons	19 200	20 760	17 500	The emissions of carbon dioxide varies due to the district heating facilities' choice of fuel-mix. 2007 is preliminary.
Properties where source of heating has been converted from oil to district heating.	13	3	6	Castellum has 22 properties with oil-heating as of 31-12-2007. The objective is to replace the oil boilers in the investment properties within two years.
Properties where source of heating has been converted from gas to district heating.	4	1	–	Castellum has 32 properties heated by gas as of 31-12-2007. The objective is to replace the gas boilers.
Properties where ground heating/cooling has been installed.	8	–	1	Ground heating/cooling is installed in 15 properties corresponding to 81 thous. sq.m. as of 31-12-2007.
Share of cars which may be run on renewable fuels.	18%	16%	13%	Castellum has 112 vehicles as of 31-12-2007.

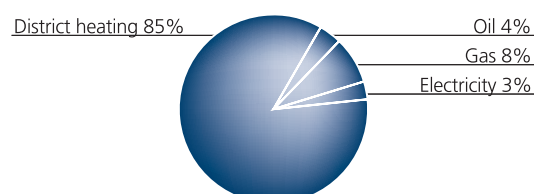
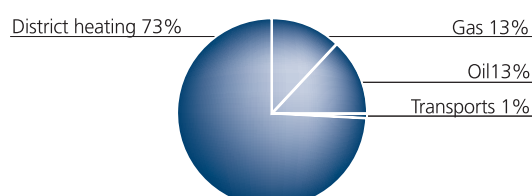
**Water Consumption**

Water, m3	747 754	754 759	727 077	
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**Environmental Inventory of Properties**

Share of properties for which an environmental inventory has been made.	86%	85%	79%	272 thous. sq.m. inspected during 2007.
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\* Energy consumption is not directly comparable over the years due to different weather conditions, size of the real estate portfolio and the types of properties it includes.

**DISTRIBUTION OF ENERGY CONSUMPTION FOR HEATING****DISTRIBUTION OF EMISSIONS OF CARBON DIOXIDE**

For further information about Castellum's environmental work see [www.castellum.se](http://www.castellum.se)



## The Real Estate Portfolio

In Sweden there are almost three million properties with a total tax assessment value of SEK 4,600 billion, of which the majority are residential properties. Out of the commercial properties in Sweden, Castellum, which is one of the major real estate owners in Sweden, is estimated to own roughly 1-2% while all of the listed Swedish real estate companies are estimated to own roughly 8-10%.

The largest real estate owners in Sweden are, in addition to the listed companies, publicly owned companies as well as Swedish and foreign institutional investors. In addition, there are a large number of smaller real estate owners, such as smaller real estate and construction companies, the user and private persons. Due to the scattered ownership without any dominating real estate owner, the competitors differ between the different local markets.

### STRONG GROWTH IN SWEDISH ECONOMY

The fast growth in the world economy has been favourable for a small, strongly export dependent country like Sweden. The growth in GDP over the last five years has been very rapid in Sweden compared to the growth in the Euro-area. The growth in GDP during 2007 was 3.5%, which is somewhat lower than for the record year 2006.

The growth is also reflected in the development of the companies' salary payments, growth in the households' disposable income and in employment rate. The employment rate increased by 1.8% during 2006 and the improvement covers both the private sector, where the service industry has had a particularly strong trend, and the public sector.

The level of investments is high within both the private and the public sectors. The industry shows an overall improvement with major investments in buildings, facilities and equipment for all fields of business during 2007.

The economic growth over the last ten year period is not uniform on all of the nations' local markets. Population growth, employment and economic growth has above all been concentrated to the three major urban regions and other larger growth regions.

Sweden's long term economic development is dominated by the already large regions becoming larger. The reason for this being greater household mobility over the last decades due to higher level of education and improved infrastructure. A region with a center of high productive industries being able to afford higher salaries can attract a greater geographic region, i.e. it pays for more people to commute further distances. The local markets' size and density are factors becoming more important for the ability to compete and grow. Size and multitude improve with interaction, meaning that growth in population and employment in larger regions to some degree become self generating.

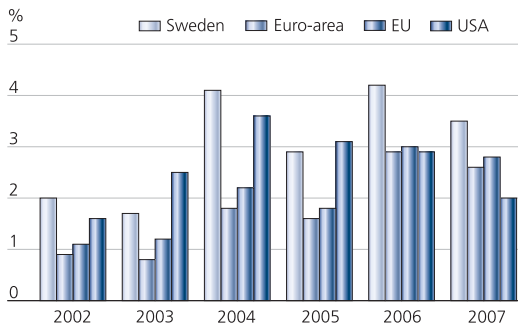
### THE RENTAL MARKET

The rental market, i.e. the market for leasing of premises, strongly correlates with the development of Swedish economy. Provided that the supply does not increase more than the demand, the vacancy rates will improve giving the potential for increased rental levels. Continued growth and demand together with low vacancy rates and increasing rental levels makes new construction possible giving an increased supply as a consequence. Stagnation in the economy gives the opposite relation.

The growth in the economy and the business environment has had a positive development since 2004, which in the beginning was mainly an effect of improved efficiency and cost savings but later lead to increased employment rates and improved demand for premises. During 2007, the demand for commercial premises has been good for all categories and on all

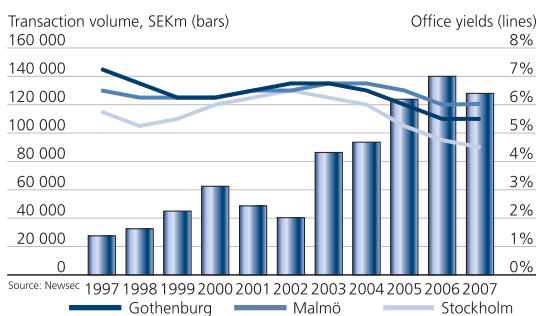
### GDP GROWTH

Percentage change in GDP, annually, constant prices



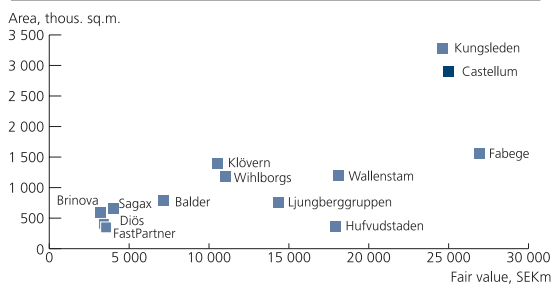
Source: Konjunkturinstitutet / Evidens BLW

### REAL ESTATE TRANSACTIONS SWEDEN



Source: Newsec

### LISTED REAL ESTATE COMPANIES



Source: Each company's interim report Q3 2007.  
Companies with a real estate value > SEKm 3,000.



sub-markets and new construction in general has been limited. The recent years' reduction in vacancy rates has lead to increased rental levels on some sub-markets and for some categories.

### THE REAL ESTATE MARKET

The real estate market in 2007 has seen a historically high volume of transactions even if it was lower than for the record year 2006. The total volume of transactions in Sweden during the year amounted to approx. SEK 130 billion. Foreign investors have been active also in 2007 and their share of the total volume of transactions was somewhat higher than last year. The number of completed transactions decreased during the last six months, which can be partly explained by the international credit squeeze with changed conditions for funding and assessment of risk.

The Swedish real estate market has changed over the last years with an increasing number of investors, both international and domestic, which has meant increasing competition for the objects of investment. The Swedish market today is signified by being highly international and transparent.

During a number of years the required yields in Sweden has dropped, but has remained relatively stable since the turn of the half-year 2007. A positive rental market combined with slightly decreasing required yields on many sub-markets during the first six months, have meant somewhat higher prices of property for in principle all categories.

### CASTELLUM'S MARKETS

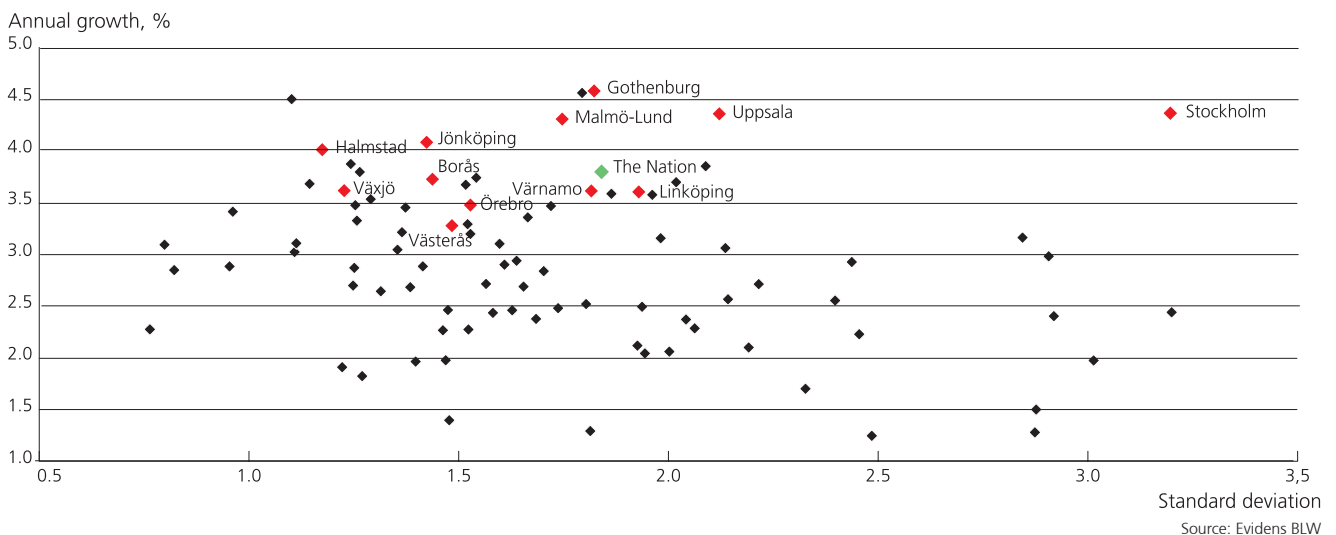
Castellum is present on the nation's major growth regions and approx. 60% of Sweden's 9.2 million inhabitants live within Castellum's regional market areas.

Economic growth is best measured as the development in a market area's total sum of wages. Both growths in total employment rates as well as growth in the sum of wages is higher within Castellum's market areas, 1.2% average growth per year respectively 4.1% per year for the period 1995-2006. This may be compared with 0.8% and 3.7% for the nation.

In order to analyze the regional markets' growth and risk, the average annual growth in the sum of wages for each market may be studied while the risk (standard deviation in growth) is measured over time. Some markets are due to their size and business structure less dependent on changes in the world around than others and have their own inherent power to grow. The most favourable are those with high growth and low risk. The following figure shows Sweden's regional markets where Castellum's markets are shown in red.



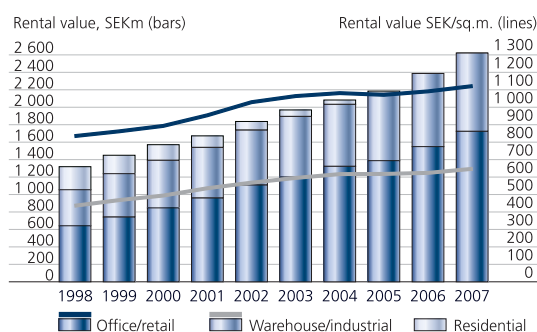
### GROWTH AND RISK IN THE LONG TERM



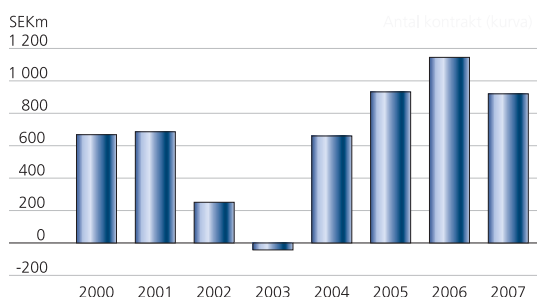
## CHANGES IN THE REAL ESTATE PORTFOLIO

	Fair value, SEKm	Number
Real estate portfolio on 1 January, 2007	24 238	515
+ Acquisitions	1 514	38
+ New construction, extensions and refurbishment	1 084	–
– Sales	– 38	– 4
+ Unrealized changes in value	919	–
Real estate portfolio on 31 December 2007	27 717	549

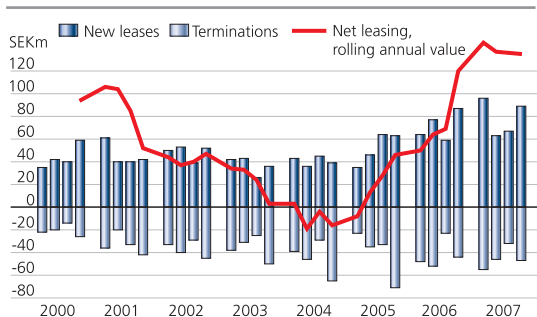
## GROWTH IN RENTAL VALUE



## CHANGES IN VALUE ON PROPERTIES



## NET LEASING PER QUARTER



## CASTELLUM'S REAL ESTATE PORTFOLIO

Castellum's real estate portfolio is concentrated to a few selected sub-markets where the local subsidiaries have a strong position. Castellum's geographical sub-markets can be characterised as stable, with good prospects for long-term positive growth.

On December 31, 2007 Castellum's real estate portfolio comprised 549 properties (515) with a total rental value of SEKm 2,654 (2,400) and a total lettable area of 3,003,000 sq.m. (2,787,000).

The properties fair value at the year-end amounted to SEKm 27,717 (24,238). For properties owned at the year-end the net operating income was SEKm 1,542 (1,365) on annual basis and changes in value SEKm 919 (1,062).

The real estate portfolio which consists solely of Swedish properties in 34 (31) of the 290 municipalities in the country as a whole, is located in five growth regions: Greater Gothenburg, the Öresund region, Greater Stockholm, Mälardalen and Eastern Götaland. The greater portion of the portfolio is in the three major urban regions.

The commercial portfolio consists of 66% office and retail properties, 30% warehouse and industrial properties as well as 4% development projects and undeveloped land mainly concentrated to well-located employment areas with good means of communications and services.

## INVESTMENTS

During the year, investments for a total of SEKm 2,598 (2,283) and sales of SEKm 39 (460) were made.

Of the total investments, SEKm 864 related to Greater Gothenburg, SEKm 679 to Eastern Götaland, SEKm 401 to Mälardalen, SEKm 374 to the Öresund Region and SEKm 280 to Greater Stockholm. During the year Castellum made two entries in new markets, Linköping and Halmstad.

## CHANGES IN VALUE

Castellum's valuations at the year-end show a fair value of SEKm 27,717, giving an unrealized increase in value of SEKm 919. The unrealized increase in value mainly consists of:

- Approx. SEKm 375 is assigned to lower required market yields of 0.1% seen during the first six months.
- Approx. SEKm 275 is assigned to new constructions, extensions and refurbishment projects started during the last quarter.
- Approx. SEKm 200 is assigned to improvements in future cash flows chiefly depending on an expected increase in rental levels based on the inflation.

## RENTAL DEVELOPMENT

Castellum's average rental level is SEK 1,121 per sq.m. for office/retail and SEK 647 per sq.m. for warehouse/industrial premises. Rental levels have increased by 3% compared with previous year.

During the year 796 new leases were signed with a total annual value of SEKm 315 (287), while contracts terminated and bankruptcies amounted to SEKm 180 (167). Hence, net leasing for the year was SEKm 135 (120).

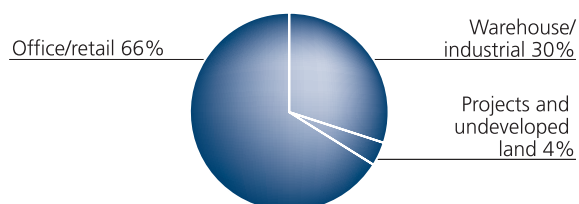
Reports on the development in the local markets may be found in each regional summary.

## CASTELLUM'S REAL ESTATE PORTFOLIO 31-12-2007

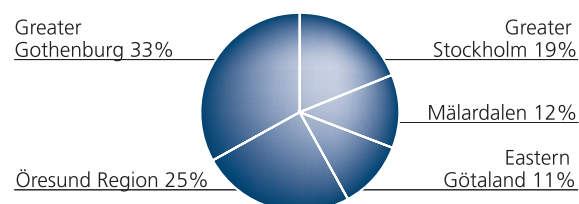
	31-12-2007				January-December 2007						
	No. of properties	Area thous. sq.m.	Fair value SEKm	Fair value SEK/sq.m.	Rental value SEKm	Rental value SEK/sq.m.	Economic occupancy rate	Rental income SEKm	Property costs SEKm	Property costs SEK/sq.m.	Net operating income SEKm
<b>Office/retail</b>											
Greater Gothenburg	75	391	5 127	13 103	451	1 153	92.6%	418	107	273	311
Öresund Region	49	306	4 854	15 883	393	1 287	91.1%	358	93	304	265
Greater Stockholm	45	304	3 603	11 850	385	1 267	79.8%	307	97	321	210
Mälardalen	56	261	2 324	8 885	243	928	88.8%	216	59	224	157
Eastern Götaland	45	275	2 273	8 271	252	915	91.0%	229	81	294	148
<b>Total office/retail</b>	<b>270</b>	<b>1 537</b>	<b>18 181</b>	<b>11 826</b>	<b>1 724</b>	<b>1 121</b>	<b>88.6%</b>	<b>1 528</b>	<b>437</b>	<b>284</b>	<b>1 091</b>
<b>Warehouse/industrial</b>											
Greater Gothenburg	94	589	3 994	6 782	388	659	88.7%	344	76	129	268
Öresund Region	41	290	1 752	6 043	185	637	80.6%	149	40	137	109
Greater Stockholm	36	193	1 282	6 640	157	810	84.7%	133	39	202	94
Mälardalen	38	156	819	5 255	94	605	90.4%	85	23	151	62
Eastern Götaland	29	159	578	3 627	73	460	88.3%	65	19	120	46
<b>Total warehouse/industrial</b>	<b>238</b>	<b>1 387</b>	<b>8 425</b>	<b>6 074</b>	<b>897</b>	<b>647</b>	<b>86.5%</b>	<b>776</b>	<b>197</b>	<b>142</b>	<b>579</b>
<b>Total</b>	<b>508</b>	<b>2 924</b>	<b>26 606</b>	<b>9 098</b>	<b>2 621</b>	<b>896</b>	<b>87.9%</b>	<b>2 304</b>	<b>634</b>	<b>217</b>	<b>1 670</b>
Leasing and property administration									131	45	- 131
<b>Total after leasing and property administration</b>									<b>765</b>	<b>262</b>	<b>1 539</b>
Development projects	13	79	710	-	33	-	-	13	10	-	3
Undeveloped land	28	-	401	-	-	-	-	-	-	-	-
<b>Total</b>	<b>549</b>	<b>3 003</b>	<b>27 717</b>	<b>-</b>	<b>2 654</b>	<b>-</b>	<b>-</b>	<b>2 317</b>	<b>775</b>	<b>-</b>	<b>1 542</b>

The table above relates to the properties owned by Castellum at the end of the year and reflects the income and costs of the properties as if they had been owned during the whole year. The discrepancy between the net operating income of SEKm 1,542 accounted for above and the net operating income of SEKm 1,488 in the income statement is explained by the deduction of the net operating income of SEKm 1 on properties sold during the year, as well as the adjustment of the net operating income of SEKm 55 on properties acquired/completed during the year, which are recalculated as if they had been owned or completed during the whole year.

## FAIR VALUE BY CATEGORY



## FAIR VALUE BY REGION



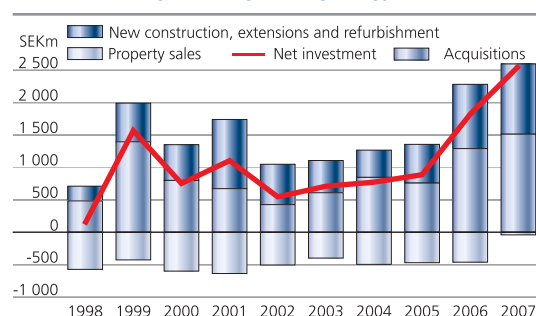
## PROPERTY RELATED KEY FIGURES

	2007	2006	2005	2004	2003	2002	2001	2000
Rental value, SEK/sq.m.	896	864	851	859	829	799	747	694
Economic occupancy rate	87.9%	87.1%	88.1%	89.6%	90.7%	91.5%	93.0%	92.4%
Property costs, SEK/sq.m.	262	259	247	255	246	237	239	228
Net operating income, SEK/sq.m.	527	494	502	514	506	494	455	413
Fair value, SEK/sq.m.	9 098	8 466	7 930	7 706	7 296	7 132	6 681	6 150
Number of properties	549	515	494	492	500	508	526	547
Lettable area, thousand sq.m.	3 003	2 787	2 651	2 505	2 437	2 381	2 338	2 309

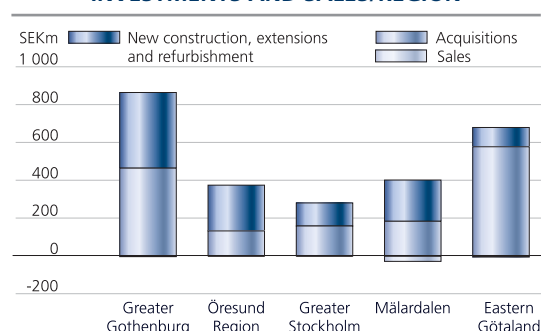


## Investments

### INVESTMENTS AND SALES/YEAR



### INVESTMENTS AND SALES/REGION



Castellum's strategy for growth includes constantly improving and developing the real estate portfolio by acquisitions and investments in refurbishment and extensions of existing properties as well as new construction. The investments are made in order to improve cash flows and increase the value of the properties. New development projects are added on an ongoing basis through the acquisition of both properties with development potential and unutilised building permissions.

During 2007, Castellum invested a total of SEKm 2,598 (2,283), of which SEKm 1,514 (1,292) were acquisitions and SEKm 1,084 (991) new construction, extensions and refurbishment. Of this year's acquisitions the majority were made as company acquisitions. The group acquisition value of SEKm 1,514 consists of cash flow based acquisition value of SEKm 1,349, and of a nominal deferred tax liability of SEKm 165 taken over. Castellum completed major projects for a total value of over SEKm 600 and has ongoing projects for a total value of SEKm 1,900, of which the outstanding investment volume amounts to approx. SEKm 900.

Castellum's project portfolio contains good risk exposure with many projects in several locations and with a large number of tenants in several different sectors.

During the year, 4 (12) properties have been sold for a total sales price of SEKm 39 (460).

### LARGER PROPERTY ACQUISITIONS AND SALES DURING 2007

	Acquisition value, SEKm	Category	Area, thous. sq.m.	Comment
<b>Larger property acquisitions during 2007</b>				
Idémannen 1 and 2, Idétorget 1, Idésprutan 1, Linköping	381	Office	38 000	New entry in Linköping
Fogden 4, Kartongen 3, Karossen 3, Valsen 2, Flaggan 1, Halmstad	215	Office/Industrial	30 000	New entry in Halmstad
Backa 20:5, Gothenburg	208	Industrial	15 900	Incl. unutilized building permission of 12,000 sq.m.
Bagaren 8, 10, Växjö	194	Kontor	30 900	Incl. unutilized building permission of 20,000 sq.m.
Grusbädden 3, Helsingborg	68	Warehouse	7 400	
Veddesta 1:9, 2:58, 2:60, 2:77, Järfälla	66	Industrial	8 600	
Råsten 4, Sundbyberg	52	Office	2 700	
Höjdrodret 3, Skevrodret 1, Malmö	51	Office	3 500	
Telemontören 1, Ånsta 20:148, Försäljaren 3, Örebro	51	Office/Industrial	9 100	Incl. unutilized building permission of 5,000 sq.m.
Vaksala-Eke 3:2, Uppsala	30	Project	3 900	Incl. unutilized building permission of 20,000 sq.m.
Kontrollanten 9, Örebro	30	Industrial	4 900	
Årsta 36:7, Uppsala	27	Office	2 200	
Tuve 87:1, Gothenburg	26	Office	4 500	
Mandelblomman 16, Stockholm	24	Industrial	4 000	
<b>Larger property sales during 2007</b>				
Längen 20, Örebro	29	Office	3 600	

## Larger Acquisitions During 2007

### Idémannen 1 and 2, Idésprutan 1 and Idétorget 1 in Linköping

In 2007, Castellum established presence in Linköping by the acquisition of approx. 38,000 sq.m. office properties for SEKm 381. The properties are located in Mjärdevi Science Park, next to Linköping University, with over 230 companies and over 5,000 employees. The companies are operating in the fields of telecommunication, software and systems development, electronics, and car safety. Linköping has had a tradition of high technology with institutions and companies focused on research and development for a long time.

A facility management organization has been set up in Linköping during 2007 and consists of three people at the year end 2007/2008. Leasing activity for the portfolio has been good following the acquisition and leases have been signed for half of the vacant premises.

The municipality of Linköping is part of Sweden's fourth major urban region and offers a good infrastructure, access to high level education and positive population growth which provide good preconditions for continued growth in the region.



Idétorget 1, Linköping



Idémannen 1, Linköping

### Valsen 2, Kartongen 3, Karossen 3, Flaggan 1 and Fogden 4 in Halmstad

In 2007, Castellum established presence in Halmstad by the acquisition of approx. 30,000 sq.m. properties for SEKm 215. The acquisition comprises retail, office and warehouse premises and the properties have good locations and were in principle fully let at the time of acquisition.

The Halmstad region shows a high growth rate in the number of people employed and a local business consisting of manufacturing, service, trade and tourism. The region has a well developed infrastructure with roads, trains, flights, and boat connections. Halmstad holds a college with approx. 7,000 students.



Kartongen 3, Halmstad

### Backa 20:5 in Gothenburg

In 2007, Castellum acquired the property Backa 20:5 on Hisingen in Gothenburg for SEKm 208. The property has a good location with direct access to the E6 and comprises 15,900 sq.m. office, production and warehouse premises.

The property holds an unutilized building permission of 12,000 sq.m.



Backa 20:5, Gothenburg

### Grusbädden 3 in Helsingborg

In 2007, Castellum acquired the property Grusbädden 3 in Helsingborg for an acquisition price of SEKm 68. The property is located by the eastern approach to Helsingborg in the area Väla Södra and adjacent to properties already owned by Castellum.

Grusbädden 3 consists of 7,400 sq.m. office, product development, production, and logistics premises and is fully let. New construction of an additional 5,000 sq.m. is made possible because Grusbädden 3 is adjacent to properties already owned by Castellum.



Grusbädden 3, Helsingborg



## Larger Ongoing Development Projects

### Kärä 74:2 in Gothenburg

Castellum owns the property Kärä 74:2 on Hisingen in Gothenburg, which has a land area of 35,000 sq.m. and a good location for logistics purposes. In December 2007, the company decided on a new construction project for an existing tenant bringing its operations together in Gothenburg and hence had the need for larger premises.

On the property a building comprising 14,000 sq.m. warehouse/logistics premises and 1,400 sq.m. office premises are under construction, an investment of SEKm 115. Approx. an additional 4,000 sq.m. may be built on the property.

### Forskaren 2 in Lund

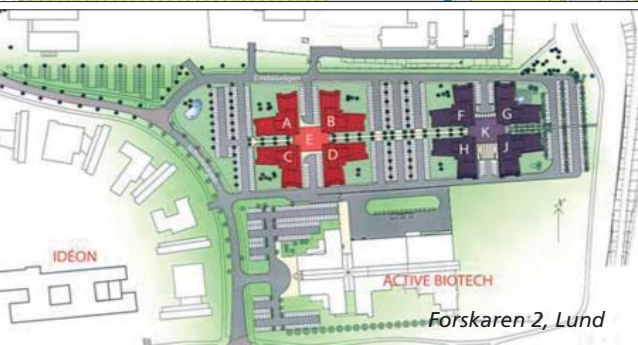
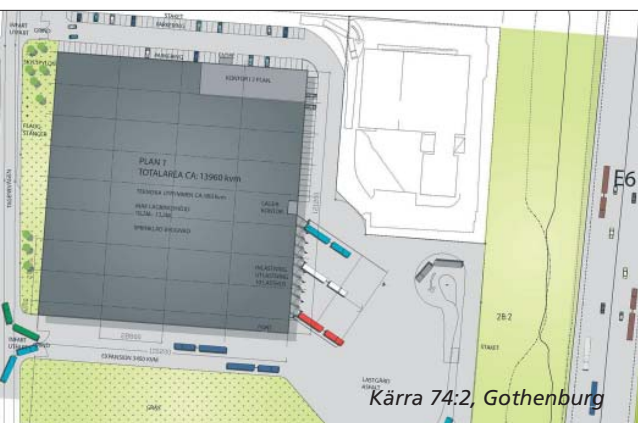
In the Idéon-area, close to the Faculty of Engineering and Lund University, Castellum completed in 2001 a building comprising 20,000 sq.m. office- and conference premises on the property Forskaren 2, also called Edison Park. This part of Forskaren 2 was an SEKm. 255 investment.

In 2007, Castellum started a 10,000 sq.m. new construction project on the property Forskaren 2. The new building will be completed in the autumn of 2008 and is an SEKm 191 investment. The building will comprise flexible office premises with high standards and a good location within the area. So far, leases have been signed for approx. 40% of the area.

### Varla 3:22 in Kungäbacka

In the end of 2006, Castellum acquired the property Varla 3:22 in Kungäbacka. The property holds a 23,500 sq.m. building and an unutilized building permission of approx. 15,000 sq.m.

In 2007, a new construction project of a 5,600 sq.m. facility for sales and service of cars was started on Varla 3:22. The investment is calculated to SEKm 94 and the building will be completed at the end of 2008. The building will have a flexible construction with high quality and make up a facility of reference for the customer.



## LARGER ONGOING DEVELOPMENT PROJECTS 2007

	Area, thous. sq.m.	Econ.occup. Jan 2008	Total inv. SEKm	Of which SEKm:		Completed	Comments
				to 2007	2008+		
Nordstaden 2:16, Gothenburg	16 500	96%	207	184	23	Q 2 2008	Reconstruction and modernization of office/retail premises
Forskaren 2, Lund	10 000	40%	191	108	83	Q 3 2008	New construction of office premises
Kärä 74:2, Gothenburg	15 400	100%	115	5	110	Q 4 2009	New construction of warehouse/logistics/office premises
Varla 3:22, Kungäbacka	5 600	100%	94	6	88	Q 3 2008	New construction of a car sales and service facility
Lindholmen 28:2, Gothenburg	5 050	42%	82	70	12	Q 2 2008	New construction of office premises
Kärä 75:3, Gothenburg	4 500	100%	76	1	75	Q 1 2009	New construction of a car sales and service facility
Gustav Adolf 13, Malmö	10 700	54%	75	43	32	Q 3 2008	Reconstruction of office premises, converting office premises to retail premises
Golväggaren 3, Värnamo	8 800	100%	68	10	58	Q 4 2008	New construction for retail of consumer staples
Visiret 2, Huddinge	4 800	100%	60	0	60	Q 4 2008	New construction of a car sales and service facility
Dragarbrunn 20:2, Uppsala	2 500	64%	50	2	48	Q 4 2008	Reconstruction of office and retail premises
Visiret 2, Huddinge	7 800	—	38	0	38	Q 4 2008	New construction of a parking facility
Unaman 8, Växjö	5 200	76%	35	13	22	Q 3 2008	Reconstruction of office and retail premises
Mästaren 1, Huddinge	21 000	85%	32	14	18	Q 2 2008	Reconstruction of warehouse/logistics premises



## Kärra 75:3 in Gothenburg

In 2008, Castellum will start a new construction project of a facility for sales and service of cars on the property, Kärra 75:3, on Hisingen in Gothenburg. The property has a land area of approx. 20 000 sq.m. and the new car facility of 4,500 sq.m. will include premises for sales of cars and service facilities. The investment is calculated to SEKm 76.

A lease has been signed for the entire property and building will be completed in the beginning of 2009. The new customer, Toyota, with a Japanese parent company has had a clear list of demands put particularly on environmental concern in the negotiations.



## Unaman 8 in Växjö

In 2006, Castellum acquired the property Unaman 8 in Växjö. The property has a good location in central Växjö, close to the main shopping strip, Stadshotellet, the Main Square and the railway station. At the time of acquisition the building was in large need of renovation. The objective of acquiring the property was to create an attractive building in central Växjö by major reconstruction.

Unaman 8 was acquired for SEKm 31 and the reconstruction is calculated to an additional SEKm 35 and will be completed in the autumn of 2008. The property has an area of 5,200 sq.m. and the occupancy rate is approx. 80% today.



## Gustav Adolf 13 in Malmö

In 2003, Castellum acquired the property Gustav Adolf 13 in Malmö. The building comprised 10,700 sq.m. office premises but with a location in the middle of central Malmö the conditions for retail premises are good.

During 2007 a reconstruction project in order to transform the building was started. The banking operations on the ground and first floors have moved higher up in the building and the premises have thereafter been refurbished to attractive retail premises. During the reconstruction the facing on the ground floor has been moved further out and hence created additional retail area. The transformation from office premises to retail premises generate a good return on the investment which is calculated to SEKm 75 and will be finished in the autumn of 2008.



## Visiret 2 in Huddinge

Smista Allé is an expansive business area in Huddinge, in southern Stockholm, along the E4/E20 and close to Kungens Kurva. The area has good means of communications and high visibility.

Castellum will, in 2008, complete a 4,800 sq.m. full service facility for sales of cars, which is an investment of SEKm 60. The property is fully let.

The car dealers in the area have a need for parking and therefore a 7,800 sq.m. five story parking facility will be built in 2008, which is an investment of SEKm 38.





Dragarbrunn 16:2, Uppsala



Berg 1:76, Lerum

## Completed Projects

### Dragarbrunn 16:2 in Uppsala

Part of the area Dragarbrunn in the center of Uppsala is undergoing a development project in order to improve the street area and create better conditions for city shopping. In 2004, Castellum acquired the property Dragarbrunn 16:2, then also called H-centrum. The objective with the property was to modernize the office premises and to develop a new shopping center with an attractive facing towards the street.

In the year 2006, a reconstruction project of the property was started which was completed in 2007 for a total investment of SEK 106. At the grand opening the property was renamed Galleria Dragarbrunn. After the reconstruction the property has modern office and retail premises of very high class. On the ground floor new premises have been created by moving the facing further out creating a shopping center with modern design and glass facing towards the street. Uppsala Nya Tidning rents most of the office premises and the shopping center has tenants such as Gant, Hugo Boss and Marco Polo.

After the reconstruction the building comprises 4,600 sq.m. office premises and 1,800 sq.m. retail premises. There are also 75 parking-spaces covering 2,000 sq.m. in the basement. Ground heating/cooling has been installed in the property which has an occupancy rate of 91%.

### Berg 1:76 in Lerum

In 2006, Castellum acquired the property Berg 1:76 in Lerum. The property comprises 30,000 sq.m. land between Gothenburg and Alingsås, with proximity to the E20.

In 2007, a building of approx. 10 000 sq.m. has been completed for a customer which is world leading within construction and development of products for adaptation of vehicles for people with functional disabilities. The customer, which is one of the largest private employers in the municipality of Lerum, has brought all of its operations together in the new building.

The new building is constructed with a system for ground heating/cooling and is fully let. The property still holds an unutilized building permission of 5,000 sq.m. after the new construction.

#### LARGER COMPLETED PROJECTS 2007

	Area, sq.m.	Occupancy rate Jan 2008	Invested up to 2007, SEKm	Comment
Dragarbrunn 16:2, Uppsala	6 400	91%	106	Refurbishment office and retail premises
Berg 1:76, Lerum	9 900	100%	66	New construction of an industrial building
Vallonsmidet 8, Stockholm	22 900	80%	24	Installation of ground heating/cooling and refurbishment of retail premises
Lybeck 10, Malmö	30 700	97%	24	Refurbishment of the residential part of the building
Tjärblomman 2, Mölndal	6 200	65%	22	Refurbishment of 4,700 sq.m. office and 2,500 sq.m. warehouse premises
Gällersta-Gryt 4:9, Örebro	11 600	100%	22	Extension of production and testing facilities





Bagaren 10, Växjö



*Castellum owns 816,000 sq.m. unutilized building permissions.*

#### UNUTILIZED BUILDING PERMISSIONS 31-12-2007

Area	Building permissions, thousand sq.m.
<b>Greater Gothenburg</b>	<b>292</b>
Högsbo-Sisjön-Åbro	87
Hisingen	51
Göteborg	49
Kungälv	36
Rest of Greater Gothenburg	69
<b>Öresund Region</b>	<b>106</b>
Lund	54
Malmö	43
Helsingborg	9
<b>Greater Stockholm</b>	<b>228</b>
Sollentuna	110
Huddinge	66
Johanneshov	37
Rest of Greater Stockholm	15
<b>Mälardalen</b>	<b>100</b>
Örebro	41
Uppsala	33
Västerås	21
Rest of Mälardalen	5
<b>Eastern Götaland</b>	<b>90</b>
Växjö	35
Värnamo	19
Jönköping	24
Rest of Eastern Götaland	12
<b>Total</b>	<b>816</b>

## Building Permissions and Potential Development Projects

Part of Castellum's strategy is to construct new premises when this is a competitive alternative. In order to be able to offer the customer new constructed premises with the shortest possible time for moving in, it is a competitive advantage to own building permissions in attractive locations with approved detail plans. Castellum has 816,000 sq.m. unutilized building permissions, which is 66,000 sq.m. more than previous year. For a number of the unutilized building permissions there are finalized projects plans which can be started relatively promptly provided that lease agreements have been signed.

Unutilized building permissions are valued to SEK 812 corresponding to SEK 1,000 per sq.m. on average. Of the building permissions 424,000 sq.m. corresponding to SEK 484 are recorded as development projects and undeveloped land. The remainders are recorded among office/retail and warehouse/industrial properties since they are additions to already developed properties.

### GREATER GOTHENBURG

In Högsbo-Sisjön-Åbro, which is Sweden's largest industrial estate, Castellum owns a large number of building permissions, approx. 87,000 sq.m. Castellum is having discussions with potential tenants of new construction in the area on an ongoing basis.

On Hisingen, which is one of Castellum's largest market areas in Greater Gothenburg, a number of properties are found with unutilized building permissions for a total of approx. 51,000 sq.m. The building permissions are located in different industrial estates and permits almost only construction of warehouse and industrial premises.

Just south of central Gothenburg, with an attractive highly visible location by the E6/E20 and close to the highway 40 to Landvetter and Borås, "Tändstickan", Kallebäck 2:5, a site with unutilized building permission for construction of around 35,000 sq.m. office premises is located. A detailed plan for the area has been confirmed.

In the areas Hede and Varla in northern Kungälv, approx. 30 km south of Gothenburg, Castellum owns a number of properties with unutilized building permissions of approx. 36,000 sq.m.

In addition to the above mentioned projects, there are sites in Greater Gothenburg with unutilized building permissions of approx. 83,000 sq.m.

### ÖRESUND REGION

Next to Edison Park in Lund, Castellum owns the property Forskaren 2 where another 10,000 sq.m. may be built in addition to the 10,000 sq.m. office premises currently under construction. Castellum also owns the property Höjdpunkten 2, where premises of up to approx. 30,000 sq.m. may be built right next to the area.

Next to the large project property Kampen 25, in the Sofielund industrial estate in Malmö, Castellum owns the property Intäkten 5, which may be redeveloped in order to create both an attractive gateway to the area and additional car parking capacity. The existing main building can be converted into modern offices covering approx. 1,800 sq.m. and a new office building of around 1,500 sq.m. may be built. Construction will be started when lease agreements have been signed.

In addition to the above mentioned projects, there are sites in the Öresund region with unutilized building permissions of approx. 64,000 sq.m.



## GREATER STOCKHOLM

In Johanneshov, in southern Stockholm, Castellum owns several neighbouring properties with unutilized building permissions, providing the basis for a coordinated, integrated development of the area. A plan is being drawn up with the aim of creating building permissions for an additional 10,000 sq.m. to supplement the present 23,000 sq.m. in the area. Castellum also owns some neighbouring properties in the district Renseriet, where further potential for expansion can be created by demolishing some of the existing buildings and utilizing undeveloped land.

North of Stockholm, by the E4/E20 about half way to Arlanda airport, "Norrsviken Strand", Rankan 3-4, is located, a major site with unutilized building permission for approx. 110,000 sq.m. This is a premier site for the future with access to both good communications and beautiful natural surroundings. Work on changing the detailed plan in order to permit parts of the site for residential properties and commerce is in progress.

By the E4/E20, at Kungens kurva in Huddinge is Smista Allé, which is one of the largest sites with building permissions in Greater Stockholm. For the building permissions of approx. 66,000 sq.m. the detailed plan permits offices, retail of capital goods and warehouses.

In Solna, work on a plan regarding the property Yrket 4 is in progress with the aim of creating new building permissions permitting approx. 5,000 sq.m. offices.

In addition to the above mentioned projects, there are sites in Greater Stockholm with unutilized building permissions of approx. 14,000 sq.m.

## MÄLARDALEN

In Mälardalen, Castellum's subsidiary has increased the volume of unutilized building permissions by acquisitions during the year. At the year end the building permissions added up to approx. 100,000 sq.m.

Kopparlunden, which is one of the most interesting development areas in Västerås, comprises development properties permitting future new construction, extensions and refurbishment of approx. 12,000 sq.m.

In Örebro, Castellum owns Inköparen 1 which holds a building permission with a plan permitting new construction of 10,000 sq.m. office and retail premises with good visibility towards the E18/E20. In the beginning of 2008 new construction of 3,400 sq.m. office and retail premises has started on the building permission. The investment is calculated to SEKm 34.

During the year, the property Vaksala-Eke in Uppsala was acquired, on which new construction of approx. 20,000 sq.m. office and logistics premises with good location next to the future location of the highway E4 is permitted. The building permission is further described below.

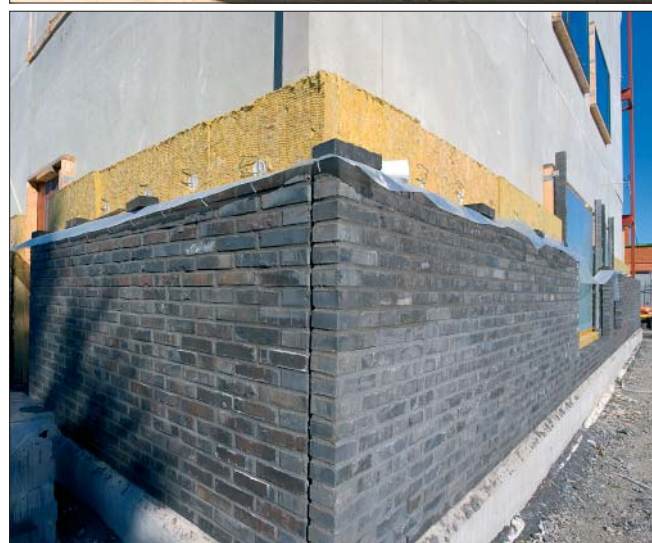
In addition to the above mentioned projects, there are sites in Mälardalen with unutilized building permissions of approx. 58,000 sq.m.

## EASTERN GÖTALAND

In Eastern Götaland, acquisitions of unutilized building permissions of 25,000 sq.m. were made in 2007. The largest permits construction of approx. 20,000 sq.m. office, retail and warehouse premises on the property Bagaren 10 in Växjö. The other building permission provides the opportunity to build 5,000 sq.m. office premises on the property Idémannen 2 in Linköping.

There are also several potential new construction projects in Eastern Götaland of which one is the opportunity of new construction of approx. 5,000 sq.m. office premises on the property Visionen 1 in Jönköping.

In addition to the above mentioned projects, there are sites in Eastern Götaland with unutilized building permissions of approx. 65,000 sq.m.





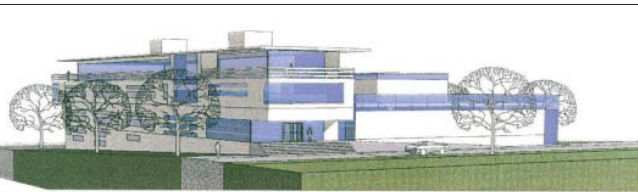


## Brunnshög in Lund

### Höjdunkten 2 in Lund

Around the highest place in Lund a new neighbourhood, Brunnshög, is taking form where research, businesses and living is integrated with green areas. Brunnshög is under development and is seen as the next step in the expansion of the science park Idéon.

In this area Castellum owns an unutilized building permission, Höjdunkten 2, of approx. 30,000 sq.m. with a very strategic location at the entrance of Brunnshög, close to the E22 and the research area Idéon. There are plans on building high standard commercial premises where the tenants will have the opportunity of having influence on design, floor planning and interior.



Sketch of Generator 1, Mölndal

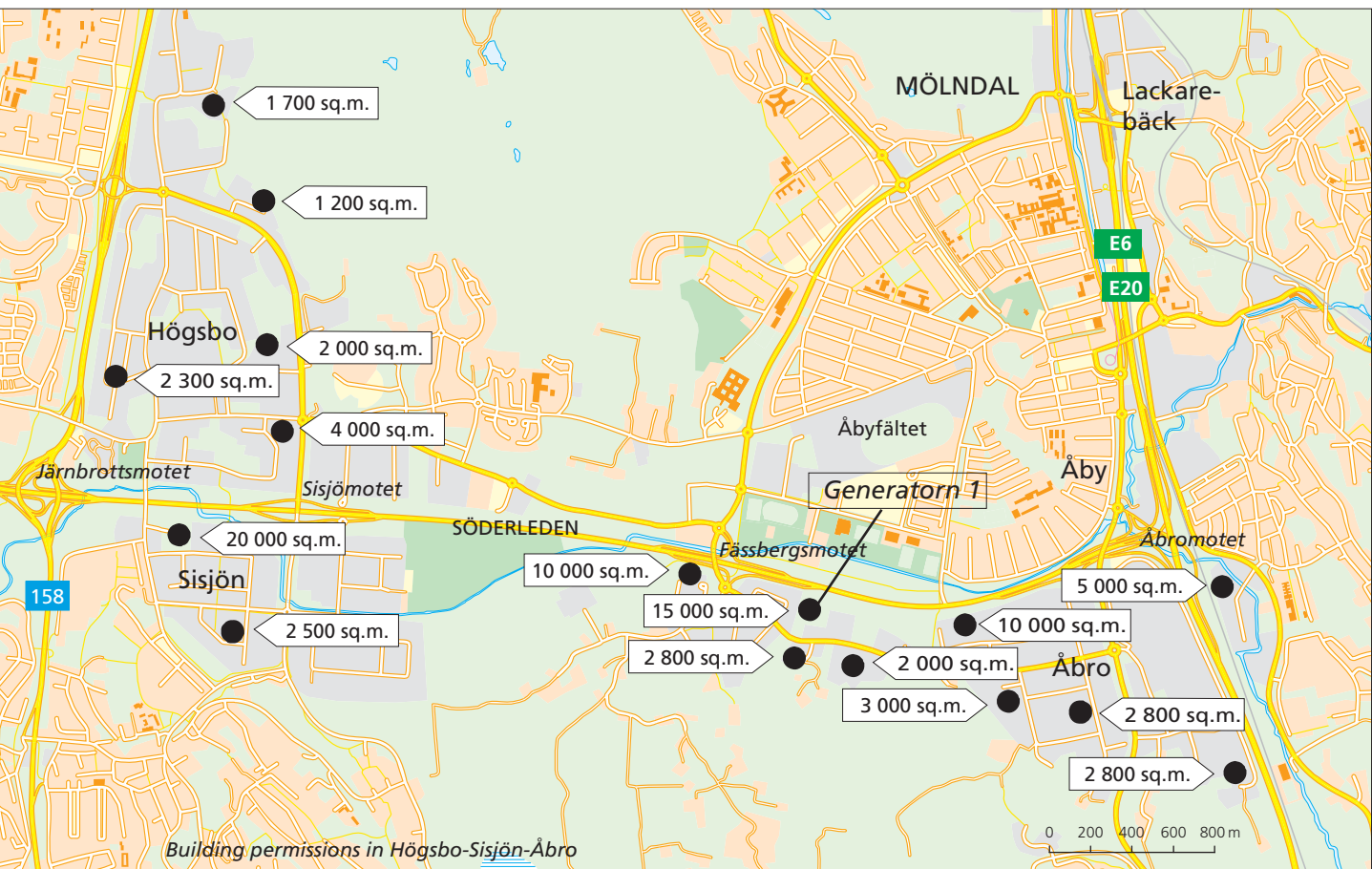


## Högsbo-Sisjön-Åbro in the Gothenburg Region

### Generatörn 1 in Mölndal

Högsbo-Sisjön-Åbro is the largest working-area in the Nordic region with over 2,000 companies within 200 fields of business. The size, the diversity and the strategic location provide the area great development potential. The area has direct access to the E6 to Malmö and Oslo and is close to the E20 to Stockholm and highway 40 to Landvetter, Borås and Jönköping.

Along Söderleden, which runs right through the area, Castellum owns among other a well exposed building permission of 15,000 sq.m., Generatörn 1. The company has plans of new construction but there are no decisions made.





## Building permission in Vaksala-Eke

### Vaksala-Eke 3:2 in Uppsala

Outside of Uppsala lays the property Vaksala-Eke 3:2 of approx. 160,000 sq.m. Vaksala-Eke has a strategic location close to both the center of Uppsala and the future location of the E4. There is a building of 3,300 sq.m. on the property today but a new plan has been adopted for the area permitting new construction of approx. 20,000 sq.m. industrial, logistics and office premises.

## A6-området in Jönköping

### Visionen 1 in Jönköping

In 2004, Castellum acquired the property Visionen 1 in Jönköping with an attractive location within the A6-area and exposure towards the E4.

With the background of having a large demand for office premises in Jönköping today a new construction project is planned on the property Visionen 1. There are plans of building approx. 7,000 sq.m. office premises. The building will have a strong and clear profile for the area and flexible premises which may be adjusted to the customers' needs.

## Smista Allé in Stockholm

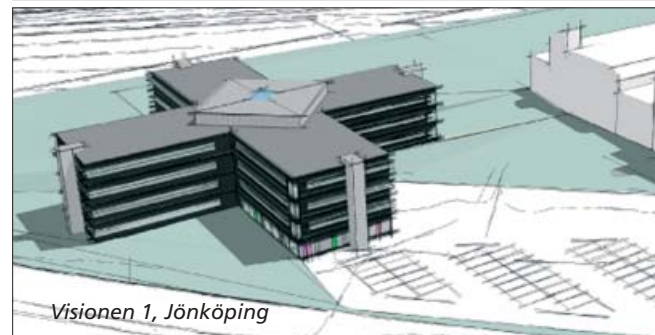
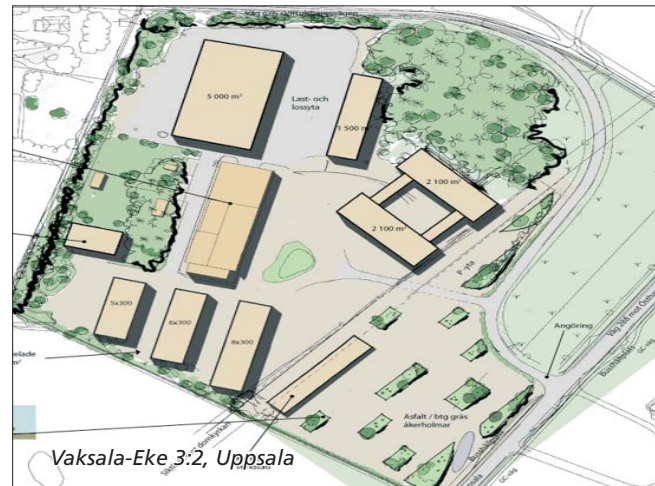
### Visiret 2 in Huddinge

In 1997, Castellum acquired 250,000 sq.m. undeveloped land in Smista Allé and development of the area has been going on since then. Parts of the land have been sold for development of residential buildings and today unutilized building permissions for which there are plans of approx. 66,000 sq.m. remain. Since 2004 new construction projects of approx. 22,000 sq.m. corresponding to SEK m 250 have been completed and started.

During 2008 the up-coming stages of the development of the area will also be planned. There are companies interested which value the good exposure towards the E4/E20 and want to establish themselves in the area.

In order to tie Huddinge and Stockholm together and create walking distance to the subway a bridge for pedestrians and bicycles will be built across the freeway in 2008.

The adjacent picture shows the area and the completed buildings (F), started projects (P) and unutilized building permissions (B). The project is described in more detail under "Investments".

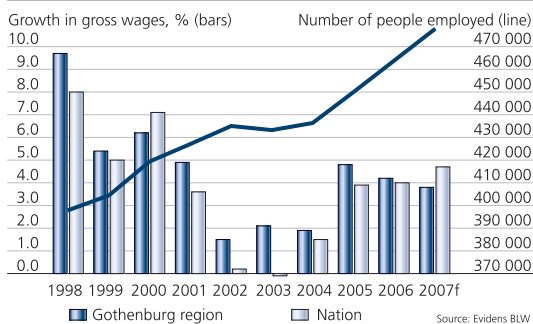


## Greater Gothenburg

*The real estate portfolio in Greater Gothenburg accounts for 33% of Castellum's portfolio.*



### THE GOTHENBURG REGION



### THE FIVE LARGEST REAL ESTATE OWNERS

#### Greater Gothenburg

Premises (thous. sq.m.)

(The municipalities of Gothenburg, Härryda, Kungälv, Lerum, Mölndal, and Partille)

Castellum (Eklandia Fastighets AB and Harry Sjögren AB)	844
Wallenstam	440
Vasakronan	300
Landic Property	276
Diligentia / Skandia Liv	260

Number of commercial premises (excl. residential) owned at 31-12-2007. Municipal and State-owned companies and government institutions have been excluded apart from AP Fastigheter AB and Vasakronan AB.  
Source: Byggstatistik

### THE GOTHENBURG REGION

The Gothenburg region stretches from Orust in the north to Kungälv in the south and is made up of 15 municipalities. The region with its approx. 950 000 inhabitants is Sweden's second largest employment area with a population growth of 0.7% per year during the years 1995-2006, which may be compared with 0.3% for Sweden as whole. The region forms one local employment area mainly by communications and commuting possibilities. With its central location and access to one of northern Europe's largest harbours the region has historically been a centre for industry and commerce. The structure of the local economy has broadened and created growth in knowledge based and high-tech companies as well as traditional businesses.

The service sector makes up approx. 45% of the total gross wages, which is a significant part of the regional economy, compared with just over 20% for the industrial sector. The economic growth in the Gothenburg region has been strong during period 1995-2006. The employment rate has increased by 1.6% per year on average, compared with the national average of 0.8% per year. The growth rate in total gross wages during the period has been approx. 4.5% in the entire region, which is higher than the average of 3.7%. The most rapid growth is seen in the service sector with 5.6% during this period.

### GREATER GOTHENBURG INCLUDING MÖLNDAL AND KUNGSBACKA

Gothenburg is the nation's second largest municipality with a population of almost 500,000 people and Mölndal with approx. 60,000 inhabitants is the nation's 35th largest municipality. In the area, which for many years has experienced a positive population growth, the level of education is higher than the national average and the University and Colleges in Gothenburg hold over 40,000 students.

The infrastructure in the region is well developed with the largest harbour in Scandinavia, Landvetter airport and the major highways E6 and E20. The Åbro area in Mölndal form, together with Högsbo/Sisjön in the municipality of Gothenburg, Sweden's largest area of trade and industry.

The industry in Gothenburg is extensive and spreads over many fields of business. Industry, trade, and transportation have historically been the most significant fields. In Mölndal the business structure is dominated by electronics, pharmaceuticals, medical technology and hygiene products.

Kungälv is located approx. 30 kilometers south of Gothenburg with good communications using the highways E6 and E20. The number of inhabitants in the municipality amounts to approx. 72,000 and during the last years Kungälv has been one of the municipalities in Sweden which has grown the most. Commuting both to and from Kungälv has increased over the last years. The local economy in Kungälv is dominated by small businesses and companies which benefit from the good communications and the proximity to other businesses in the region.

### BORÅS

Borås municipality together with Svenljunga, Mark, Herrljunga and Ulricehamn form a common employment region with approx. 150,000 inhabitants, which is located about 60 kilometers east of Gothenburg. The population in the region has grown by 0.2% per year during 1995-2006. Commerce has a strong position together with the textile and clothing industry and create intensive international trading, supported by the proximity to Landvetter airport and the harbour in Gothenburg. The employment rate has grown by 0.7% per year and total gross wages have grown by 3.5% per year during the years 1995-2006.



## ALINGSÅS

Alingsås municipality is located 48 kilometers east of Gothenburg with good communications in west-eastern direction by both trains and cars. The local economy in Alingsås has undergone a major restructure during the last 10 years and is no longer as dependent on a few larger companies as before. Alingsås municipality has approx. 37,000 inhabitants.

## HALMSTAD

Halmstad is 22nd largest region in the country and includes the municipalities Laholm and Halmstad. The region, with approx. 113,000 inhabitants, has had a population growth of 0.5% per year during 1995-2006. The local economy is dominated by small and mid-size companies and the service sectors make up over 35%. The employment rate has grown by 1.2% per year and the growth rate in total gross wages has been 4% per year 1995-2006.

## THE RENTAL MARKET

The Gothenburg region has experienced a continued good economic growth in 2007, which has led to a high demand and decreasing vacancies for both office as well as suitable warehouse and logistics premises. For retail premises the vacancy rate has as in previous year been insignificant. The improved market condition combined with limited new construction have meant slightly increasing market rents in many of the market areas. The general vacancy rates in the region are estimated to 8-10% for offices and 5-10% for industrial and warehouse premises.

## MARKET RENTS (INCL. HEATING)

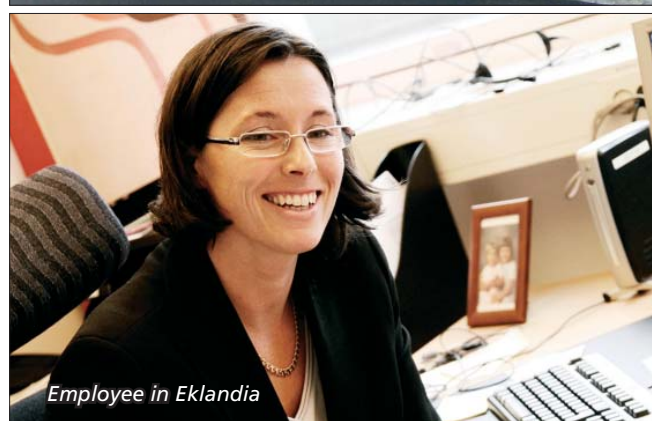
	GOTHENBURG	MÖLNDAL	BORÅS
Office			
Central	1 400–2 300	900–1 400	800–1 000
Employment area	650–1 250	600–1 000	400–800
Retail			
Central	3 000–7 200	1 200–2 500	1 500–2 500
Employment area	800–3 600	500–1 500	600–1 200
Warehouse/industrial			
Well situated	450–850	450–850	350–600

## THE REAL ESTATE MARKET

During 2007, a continued large interest was shown for the real estate market in Greater Gothenburg, even if the volume of transactions were lower than in 2006. During the first six months of 2007 the required yield decreased slightly and this in combination with a positive rental market led to increasing property prices for most categories. Real estate transactions of approx. SEK 8 billion were closed during 2007.

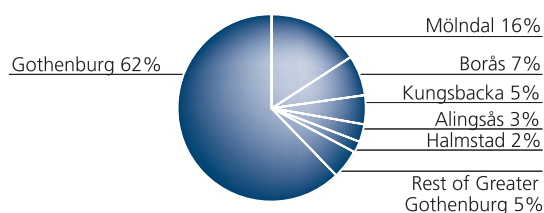
## YIELDS AT SALES

	GOTHENBURG	MÖLNDAL	BORÅS
Office			
Central	5.5%–7.0%	6.0%–7.5%	6.7%–8.0%
Employment area	6.2%–8.0%	6.5%–8.0%	7.7%–9.0%
Retail			
Central	5.5%–7.0%	5.5%–7.5%	6.0%–7.0%
Employment area	6.0%–7.5%	6.5%–8.0%	7.5%–8.5%
Warehouse/industrial			
Well situated	6.0%–8.5%	6.7%–8.0%	7.5%–9.0%

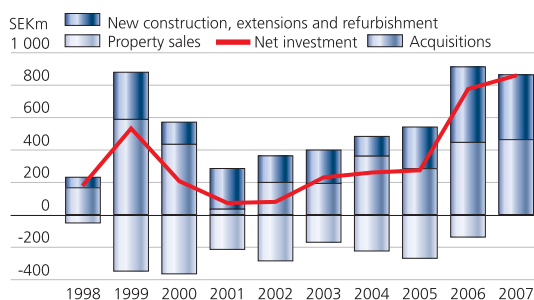




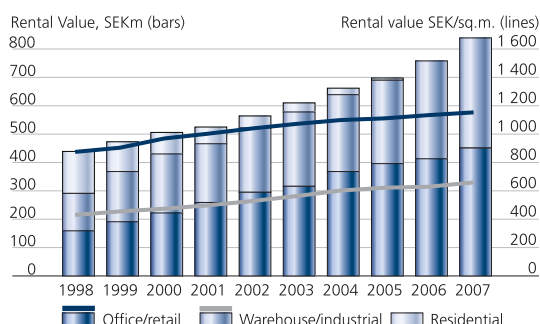
## REAL ESTATE PORTFOLIO BY AREA



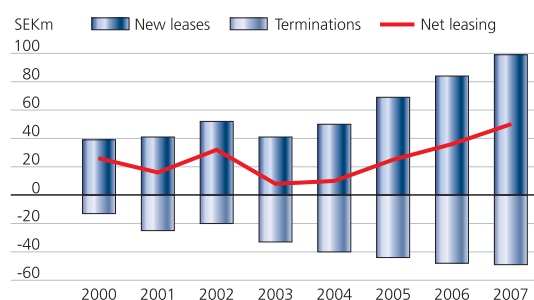
## INVESTMENTS AND SALES



## GROWTH IN RENTAL VALUE



## NET LEASING



**E** Eklandia  
Fastighets AB

*Harry Sjögren AB*

## CASTELLUM'S REAL ESTATE PORTFOLIO

Castellum's real estate portfolio in Greater Gothenburg comprises 182 properties with a total area of 1,000,000 sq.m. and a fair value of SEKm 9,293. For properties owned at the year-end the rental value amounted to SEKm 839 on an annual basis and net operating income to SEKm 539. Changes in value for the year were SEKm 331, corresponding to approx. 4%.

In central and eastern Gothenburg, there are mainly office and retail properties. On Hisingen and in Högsbo/Sisjön there are office properties and warehouse and industrial properties.

In Mölndal, Castellum's real estate portfolio mainly consists of warehouse and industrial properties and offices in Åbro and Lackarebäck.

In Borås, Castellum owns mainly office and retail properties in central Borås, but also a smaller share of warehouse and industrial properties.

There are also mixed property holdings in Alingsås, Halmstad, Partille, Kungälv, Kungälv, Lerum and Härryda.

See also the section Castellum's Real Estate Portfolio 2007, with real estate schedule, maps and financial information.

## SUMMARY OF THE REAL ESTATE PORTFOLIO

	Area thous. sq.m.	Fair value SEKm	Rental value SEKm	Percentage of value
Office/retail	391	5 127	451	55%
Warehouse/industrial	589	3 994	388	43%
<b>Total</b>	<b>980</b>	<b>9 121</b>	<b>839</b>	<b>98%</b>
Development projects and undeveloped land	20	172	—	2%
<b>Total</b>	<b>1 000</b>	<b>9 293</b>	<b>839</b>	<b>100%</b>

## INVESTMENTS

During 2007, Castellum has made investments in Greater Gothenburg for a total of SEKm 864, of which SEKm 464 were acquisitions and SEKm 400 new construction, extensions and refurbishment. See also the section "Investments".

## RENTAL DEVELOPMENT

Castellum's average rental level is SEK 1,153 per sq.m. for office/retail and SEK 659 per sq.m. for warehouse/industrial premises. Rental levels have increased by approx. 3% compared with previous year.

New leasing in the commercial portfolio during the year means increased rental income on an annual basis of SEKm 98 (84), while contracts terminated amount to SEKm 48 (48), giving a net leasing of SEKm 50 (36).

## SUBSIDIARIES

Castellum's properties in Greater Gothenburg are owned and managed by wholly owned subsidiaries Eklandia Fastighets AB, with its head office in Gothenburg, and Harry Sjögren AB with its head office in Mölndal. Eklandia's real estate portfolio is mainly concentrated to central and eastern Gothenburg and Hisingen while Harry Sjögren's properties are located mainly in Högsbo/Sisjön in southern Gothenburg, Mölndal, Borås, Halmstad, Kungälv, Lerum, Partille, Alingsås and Härryda. At the year-end Eklandia had 36 employees and Harry Sjögren had 25 employees.



Skår 58:1, Gothenburg

*The real estate portfolio in the Öresund Region accounts for 25% of Castellum's portfolio.*



### MALMÖ REGION



### THE FIVE LARGEST REAL ESTATE OWNERS

#### Öresund Region

Premises (thous. sq.m.)

(The municipalities of Malmö, Lund and Helsingborg)

Wihlborgs	1 077
Castellum (Fastighets AB Briggen)	592
Vasakronan	382
Kungsleden	360
Diligentia / Skandia Liv	185

Number of commercial premises (excl. residential) owned at 31-12-2007. Municipal and State-owned companies and government institutions have been excluded apart from AP Fastigheter AB and Vasakronan AB.  
Source: Byggstatisik

## The Öresund Region

The Öresund region as a whole has a population of approx. 3.6 million people, almost one third on the Swedish side and two thirds on the Danish side. The region in Sweden consists of 25 municipalities. The Swedish part of the region has a wide local economy with industry, public sector and trade being the three largest fields of business.

The regions positive growth has continued during 2007. A few examples of this is that more people are moving to Sweden from Denmark, that commuting across the Öresund Bridge increases and that logistics operators are expanding on the Swedish side. The Malmö region, including Lund and Helsingborg is one of the fastest growing regions in Sweden.

The population has grown a total of 1.1% per year during 1995-2006, which is higher than other major urban regions. The employment rate in the region has grown on average 1.2% per year and the growth in total gross wages have grown 4.4% per year during the years 1995-2006. This can be compared with the national average of 0.8% and 3.7% per year.

### MALMÖ

Malmö is the nation's third largest municipality with a population of approx. 280,000 people and a strong population growth. The level of education in Malmö is fairly high and the university holds approx. 25,000 students.

Malmö has a well developed infrastructure with the Öresund Bridge, a number of major motorways, a modern harbour and good railroad connections.

The local economy has shifted from previously having a few large companies to consist of many small companies today. Besides private service companies, strong fields are logistics, retail and wholesale, as well as construction and real estate companies. More knowledge based companies are found in the fields of biotechnology and medicine, environmental technology, IT and digital media.

### LUND

Lund is the nation's 12th largest municipality with approx. 105,000 inhabitants and a steady population growth. That Lund holds one of Sweden's oldest universities is clearly seen in the population, where the level of education is very high. The University holds 32,000 students.

Lund has a good infrastructure with the E22 going through and the E6 passing west of the city and the airports Sturup and Kastrup.

Lund's economy has a knowledge based profile and many smaller companies, often knowledge and research-based, with connections to the university and established companies have been founded, partly through Sweden's first and largest science park, Idéon.

### HELSEINGBORG

Helsingborg is the nation's ninth largest municipality with approx. 125,000 inhabitants. The population growth in Helsingborg has also been positive.

Helsingborg's strategic location and good infrastructure, with the major motorways E4 and E6 and Sweden's second largest harbour, has made the city to a centre for sea and land transport. Helsingborg is a trade and logistics centre, but also food, medicine and manufacturing are important sectors.



## THE RENTAL MARKET

The large growth in the region during 2007 has led to an active rental market and decreasing vacancy rates. There has been a slight increase in rental levels during the year for most categories and market areas.

During 2007, new construction projects were started for office, retail and logistics premises, which may affect vacancy rates and hence the rental levels. The general vacancy rates in Malmö, Lund and Helsingborg are estimated to 5-10% for offices, approx. 15% for industrial and warehouse premises, while insignificant for retail.

### MARKET RENTS (INCL. HEATING)

	MALMÖ	LUND	HELSINGBORG
Office			
Central	1 300–2 100	1 000–2 100	1 000–1 900
Working area	800–1 300	800–1 200	750–1 350
Retail			
Central	2 000–6 000	2 500–4 000	2 000–4 000
Working area	800–1 500	800–1 500	750–1 500
Warehouse/industrial			
Well situated	500–750	450–750	450–750

## THE REAL ESTATE MARKET

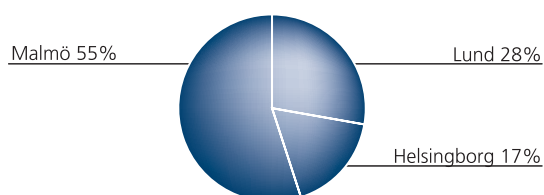
The activity on the real estate market was somewhat lower in 2007 than in 2006. The view, particularly for the last six months of 2007, is that there have been a large number of properties for sale, but that sellers and buyers have had different views on the required yield, which have led to fewer transactions coming to a close. During the first six months of 2007 the property prices increased slightly due to a stable rental market in combination with relatively high demand for all categories. Real estate transactions of approx. SEK 5 billion were closed during 2007 in Malmö, Lund and Helsingborg.

### YIELDS AT SALES

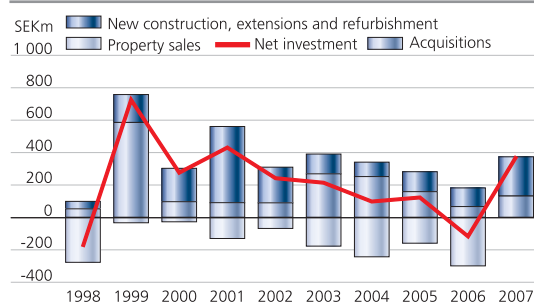
	MALMÖ	LUND	HELSINGBORG
Office			
Central	5.2%–7.0%	6.0%–7.0%	6.0%–7.0%
Working area	7.0%–8.5%	7.0%–8.5%	7.5%–9.0%
Retail			
Central	5.0%–6.5%	5.5%–6.5%	6.0%–7.0%
Working area	6.5%–8.5%	6.5%–8.5%	8.0%–8.5%
Warehouse/industrial			
Well situated	7.0%–9.0%	7.5%–9.0%	7.5%–9.0%



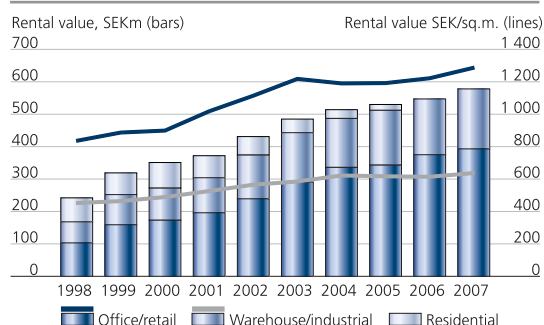
## REAL ESTATE PORTFOLIO BY AREA



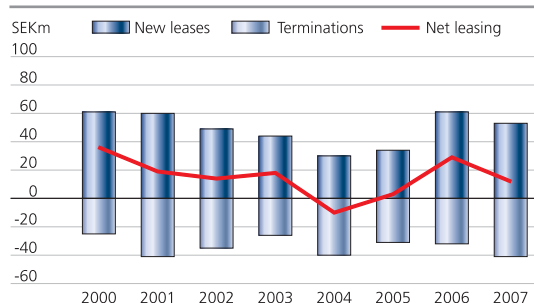
## INVESTMENTS AND SALES



## GROWTH IN RENTAL VALUE



## NET LEASING



## CASTELLUM'S REAL ESTATE PORTFOLIO

Castellum's real estate portfolio in the Öresund Region comprises 97 properties with a total area of 602,000 sq.m. and a fair value of SEKm 6,906. For properties owned at the year-end the rental value amounted to SEKm 583 on an annual basis and net operating income to SEKm 345. Changes in value for the year were SEKm 334, corresponding to approx. 5%.

Castellum's portfolio in Malmö comprises mainly blended commercial properties in the important and established market areas Jägersro, Fosie, Bulltofta and Norra Hamnen. In central Malmö there is also a portfolio of larger office and retail properties.

In Lund, Castellum's real estate portfolio comprises mainly office-, and warehouse and industrial properties in the industrial estates Råbyholm, Gunnesbo and close to the Ideon science park. There is also a smaller portfolio of office and retail properties located in central Lund.

The portfolio in Helsingborg comprises mainly office-, and warehouse and industrial properties situated primarily in Berga industrial estate and in central Helsingborg.

See also the section Castellum's Real Estate Portfolio 2007 with real estate schedule, maps and economic information.

## SUMMARY OF THE REAL ESTATE PORTFOLIO

	Area thous. sq.m.	Fair value SEKm	Rental value SEKm	Percentage of value
Office/retail	306	4 854	393	71%
Warehouse/industrial	290	1 752	185	25%
<b>Total</b>	<b>596</b>	<b>6 606</b>	<b>578</b>	<b>96%</b>
Development projects and undeveloped land	6	300	5	4%
<b>Total</b>	<b>602</b>	<b>6 906</b>	<b>583</b>	<b>100%</b>

## INVESTMENTS

During 2007, Castellum has made investments in the Öresund Region for a total of SEKm 374, of which SEKm 132 were acquisitions and SEKm 242 new construction, extensions and refurbishment. See also the section "Investments".

## RENTAL DEVELOPMENT

Castellum's average rental level is SEK 1,287 per sq.m. for office/retail and SEK 637 per sq.m. for warehouse/industrial premises. Rental levels have increased by approx. 4% compared with previous year.

New leasing in the commercial portfolio during the year means increased rental income on an annual basis of SEKm 53 (61), while contracts terminated amount to SEKm 41 (32), giving a net leasing of SEKm 12 (29).

## SUBSIDIARY

Castellum's properties in the Öresund region are owned and managed by its wholly owned subsidiary Fastighets AB Briggen, with its head office in Malmö and a local office in Helsingborg. At the year-end Briggen had 35 employees.





*Forskaren 2, Lund*

## Greater Stockholm

*The real estate portfolio in Greater Stockholm accounts for 19% of Castellum's portfolio.*



### STOCKHOLM REGION



### THE FIVE LARGEST REAL ESTATE OWNERS

#### Greater Stockholm

Premises (thous. sq.m.)

(The municipalities of Botkyrka, Huddinge, Järfälla, Nacka, Sigtuna, Sollentuna, Solna, Stockholm, Upplands-Väsby)

Fabege	1 427
AP Fastigheter	1 097
Vasakronan	996
Castellum (Fastighets AB Brostaden)	534
GE Real Estate	466

Number of commercial premises (excl. residential) owned at 31-12-2007. Municipal and State-owned companies and government institutions have been excluded apart from AP Fastigheter AB and Vasakronan AB.  
Source: Byggstatisik

The Greater Stockholm region consists of 23 municipalities which together with Uppsala make up one common employment area with over 2.2 million inhabitants. In the municipality of Stockholm, which is Sweden's largest, has a population of approx. 800,000 inhabitants.

Stockholm is characterized by being the nation's capital and main ground for the political institutions, the Swedish Parliament and for many Swedish companies. The region has Sweden's largest service sector spreading over many fields of business and makes up for over 65% of the total sum of wages in the region. The private companies have experienced good growth in the region during 2007, which has had a positive effect on the employment rate. During 1995-2006 the population has grown by 0.9% per year and the trend has continued also during 2007.

The growth in the employment rate has been strong during the same period with an average growth of 1.3% per year. This despite a large drop in the employment rate during the years 2001 to 2004 within service sectors such as IT, telecommunication and financial operations.

The total gross wages have grown quickly in the region. Between 1995-2006 the growth was 4.3% on an annual basis, compared with the national average of 3.7%. The fastest growth is seen in the in gross wages of the service sector with 6.2%.

Greater Stockholm can be divided into the inner city and the areas north and south of the center. In the northern area there are mainly service-based companies, while there are more production and distribution companies in the south. Both in the north and the south the growth in the number of work places have been gradually concentrated to larger business districts. The largest business districts have been renewed quickly and is where the highest growth in rental levels have been seen.

#### NORTH

The infrastructure in the northern part of the Greater Stockholm region is well developed with the E4 and E18 as well as the two airports Arlanda and Bromma as important factors. There are also several harbours, which to a large extent are used for passenger transportations. New businesses and growth in the northern areas have to a large extent been concentrated to the stretch between Stockholm and Arlanda, where a number of large business areas have been established such as Kista, parts of Sollentuna and parts of Upplands-Väsby.

The municipality of Sollentuna, with a strategic location between Stockholm city and Arlanda airport, consists of a number of submarkets and has expanded particularly within retail and service companies.

The municipalities of Solna and Sundbyberg in northeastern direction outside the City of Stockholm and the Stockholm city districts Mariahäll/Ulvsunda in Bromma, are geographically concentrated with proximity to the center of Stockholm and good means of communications. The total market for offices in the area is, next after the inner city, the largest within the entire Stockholm region and has shown strong growth in the number of people employed in office.

Kista, in the municipality of Stockholm, is the location of Kista Science Park – one of Northern Europe's most dynamic business parks and one of the Stockholm region's largest business areas where approx. 22,000 people work. Kista is dominated by companies operating in mainly in the fields of information technology and telecommunication. Also the retail sector has grown strongly.



## SOUTH

In southern Stockholm there are a number of office and industrial areas such as Johanneshov, Marievik/Liljeholmen and Västberga. Johanneshov's business structure, including the Globen area, is dominated by service companies, retail and communication. The area has good means of communication with access to the subway, commuter trains and busses. Marievik/Liljeholmen is a more typical office area right outside Stockholm's inner city and Södermalm. Västberga, with proximity to the E4 and the trunk line, is dominated by transportation and logistics companies, warehouses, and manufacturing and construction operations.

In the southernmost part of the City of Stockholm lies Skärholmen and right next to it lies Kungens kurva in the municipality of Huddinge. Skärholmen is dominated by trade and Kungens Kurva is one of the largest shopping areas in the Nordic countries. Close to Kungens kurva along the E4 lies the area Smista Allé, which is an area under development particularly towards retail of cars.

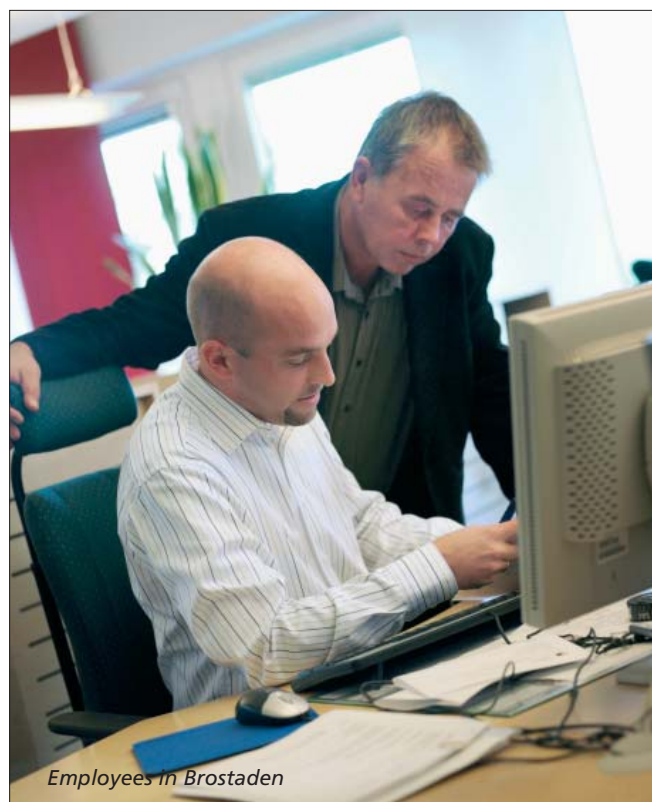
## THE RENTAL MARKET

The activity and the demand have remained high on the rental market in Stockholm which have led to decreasing vacancy rates in all market areas. An increase in the market rents has been seen in many market areas and for many categories and of a number of large new construction projects have started in 2007. The general vacancy rates have been estimated to 11-18% for offices, 5-10% for industrial and warehouse premises, while insignificant for retail.

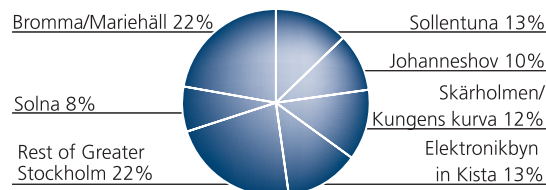
## THE REAL ESTATE MARKET

The interest in the real estate market in the Stockholm region remained during 2007 for all types of properties. The strong demand in combination with a positive rental market led to increasing property prices, particularly during the first six months of 2007. Real estate transactions for approx. SEK 33 billion were closed during 2007, which is somewhat lower than in 2006, but still on a high level historically. The largest transactions were located to Stockholm's inner city and Solna.

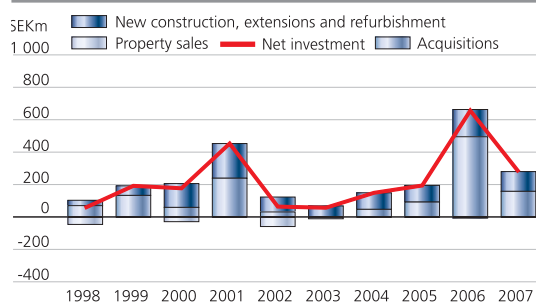
	MARKET RENTS (INCL. HEATING)	YIELDS AT SALES
	INNER SUBURBS	INNER SUBURBS
Office		
Central	1 500–2 200	5.5%–7.0%
Employment area	800–1 600	6.0%–7.5%
Retail		
Central	1 500–4 500	5.0%–6.0%
Employment area	700–2 000	6.0%–7.5%
Warehouse/industrial		
Well situated	600–900	6.5%–8.0%



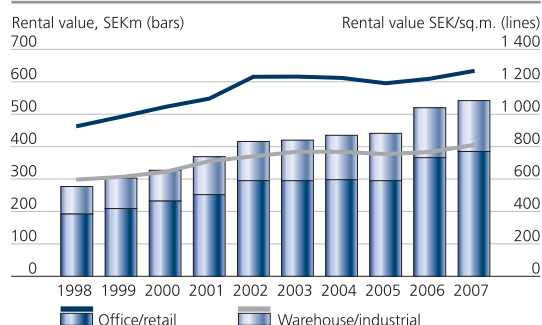
## REAL ESTATE PORTFOLIO BY AREA



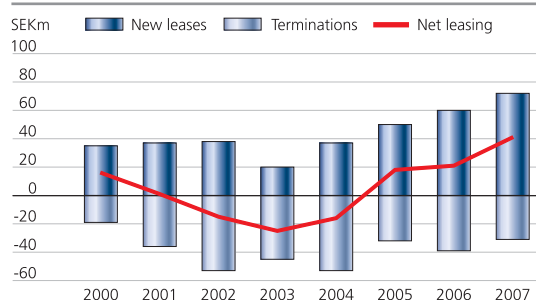
## INVESTMENTS AND SALES



## GROWTH IN RENTAL VALUE



## NET LEASING



# BROSTADEN

## CASTELLUM'S REAL ESTATE PORTFOLIO

Castellum's real estate portfolio in Greater Stockholm comprises 87 properties with a total area of 517,000 sq.m. and a fair value of SEKm 5,266. For properties owned at the year-end the rental value amounted to SEKm 555 on an annual basis and net operating income to SEKm 278. Changes in value for the year were SEKm 215, corresponding to approx. 4%.

In the northern suburbs, Castellum's real estate portfolio is mainly made up of larger office and retail properties in Mariefäll in Bromma, Kista, Sollentuna, Solna and Upplands-Väsby. In the areas Veddesta/Lunda and Rosersberg there are mainly warehouse and industrial properties.

In the southern suburbs, Castellum's real estate portfolio is located in for instance Johanneshov, Skärholmen/Kungens kurva and Nacka. In these areas there are mainly larger office and retail properties. In Botkyrka there are also warehouse and industrial properties.

See also the section Castellum's Real Estate Portfolio 2007 with real estate schedule, maps and economic information.

## SUMMARY OF THE REAL ESTATE PORTFOLIO

	Area thous. sq.m.	Fair value SEKm	Rental value SEKm	Percentage of value
Office/retail	304	3 603	385	69%
Warehouse/industrial	193	1 282	157	24%
<b>Total</b>	<b>497</b>	<b>4 885</b>	<b>542</b>	<b>93%</b>
Development projects and undeveloped land	20	381	13	7%
<b>Total</b>	<b>517</b>	<b>5 266</b>	<b>555</b>	<b>100%</b>

## INVESTMENTS

During 2007, Castellum has made investments in Greater Stockholm for a total of SEKm 280, of which SEKm 158 were acquisitions and SEKm 122 new construction, extensions and refurbishment. See also the section "Investments".

## RENTAL DEVELOPMENT

Castellum's average rental level is SEK 1,267 per sq.m. for office/retail and SEK 810 per sq.m. for warehouse/industrial premises. Rental levels have increased by approx. 3% compared with previous year.

New leasing in the commercial portfolio during the year means increased rental income on an annual basis of SEKm 72 (60), while contracts terminated amount to SEKm 31 (39), giving a net leasing of SEKm 41 (21).

## SUBSIDIARY

Castellum's properties in Greater Stockholm are owned and managed by the wholly owned subsidiary Fastighets AB Brostaden, with its head office in Stockholm. Brostaden's operations are divided into five market areas. At the year-end Brostaden had 38 employees.





*Ekenäs "Elektronikbyn", Stockholm*

*The real estate portfolio in Mälardalen accounts for 12% of Castellum's portfolio.*



## Mälardalen

Mälardalen including Örebro is a region with approx 735,000 inhabitants, which has a positive population growth and a good business structure. The highest growth rates are seen in cities with universities or colleges.

The Mälars line and the Svealand line have improved communications between Stockholm and Örebro via Västerås and Eskilstuna respectively.

### ÖREBRO

Örebro together with an additional 8 municipalities make up the nation's seventh largest region with approx. 223,000 inhabitants. The population growth has been 0.2% per year during the years 1995-2006. The level of education is high and the university in Örebro has approx. 14,000 students.

The strategic location, with large roads that merge, good railroad connections and an airport, has made Örebro a center for distribution.

The economy in Örebro is diverse with no single dominant employer. Businesses are found in fields such as commerce, service, administration, a variety of manufacturing industries and several municipal administrative bodies.

Governmental and municipal administration is a relatively large part of the regional economy and makes up approx. 30% of the total gross wages which may be compared with 23% for the entire country. The private service sector in the region makes up approx. 35% of total gross wages. The growth in total gross wages during the period 1995-2006 has been 3.3% per year, compared with the national average of 3.7%. During the same period the employment rate in the region has increased on average 0.7% per year, which is in line with the national average of 0.8%.

### UPPSALA

The Uppsala region has approx. 295,000 inhabitants and by having Sweden's oldest university Uppsala is largely characterized by the students and the population has a high level of education. Uppsala University has approx. 40,000 students. The population growth has been 0.6% per year during the years 1995-2006. The region has like Stockholm had a positive population growth in both the short and long term.

Uppsala has a central location in a region with strong growth and has for many years been one of the most expansive municipalities in Sweden.

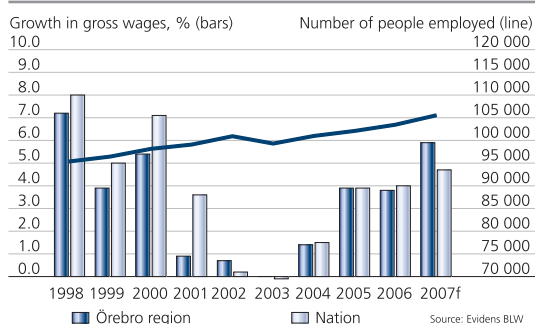
Uppsala is a municipality holding a dynamic industry focusing on knowledge, ideas and entrepreneurial flair. The economy in Uppsala is characterized by relatively small and hi-tech based service and industrial companies.

The employment rate in the region has grown on average 1.3% per year during 1995-2006, which is higher than the national average growth of 0.8%, but for natural reasons strongly correlates with the Stockholm region's 1.3%. The total gross wages have during the same period grown 4.2% per year. The service sector shows the fastest growth in gross wages with an average growth of 6.1% per year.

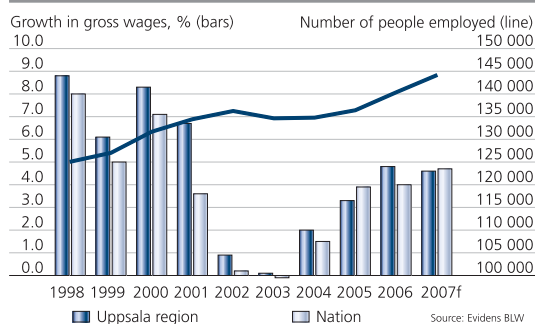
### VÄSTERÅS

Västerås is the nation's sixth largest region with approx. 226,000 inhabitants. The population growth in the entire region has been 0.1% per year between the years 1995 to 2006. The population growth is concentrated to the municipality of Västerås. Västerås has a college and the level of education in the city is high.

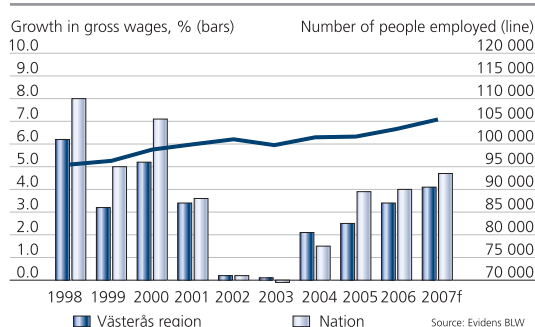
#### ÖREBRO REGION



#### UPPSALA REGION



#### VÄSTERÅS REGION





The infrastructure is important and Västerås has a strategic location by the E18, good rail road connections, an airport and the largest inland port in the Nordic countries.

The good means of transportation in Västerås together with its central location have led to the growth of many small companies. In the municipality there are also medium-sized and large companies specializing in electrical, data, energy and environmental engineering.

During the period 1995-2006, the growth in the employment rate and in total gross wages has been on average 0.6% per year and 3.1% per year respectively.

## THE RENTAL MARKET

Within all areas of Mälardalen the activity on the rental market have been high, which have led to improved vacancy rates within all market areas. There have been tendencies of slightly improved rental levels during the year. With the structure of the local businesses in mind the demand for production and logistics premises, retail premises and smaller offices is the highest.

The general vacancy rates in the region are estimated to 8-10% for offices, 8-12% for warehouse and industrial premises, while insignificant for retail.

## MARKET RENTS (INCL. HEATING)

	ÖREBRO	UPPSALA	VÄSTERÅS
Office			
Central	900–1 300	1 200–1 900	900–1 300
Employment area	700–1 100	800–1 200	700–1 000
Retail			
Central	1 500–4 000	2 000–5 000	1 500–4 000
Employment area	700–1 200	700–2 000	700–1 500
Warehouse/industrial			
Well situated	450–700	500–700	450–700

## THE REAL ESTATE MARKET

The real estate market in Mälardalen showed a somewhat lower activity during 2007 compared with 2006. A positive rental market in combination with slightly lower required yields led to slightly increasing property prices during the first six months of 2007, which thereafter remained stable. Real estate transactions of approx. SEK 2 billion were closed during 2007.

## YIELDS AT SALES

	ÖREBRO	UPPSALA	VÄSTERÅS
Office			
Central	6.5%–7.0%	5.5%–6.5%	6.5%–7.5%
Employment area	7.5%–8.5%	7.0%–8.0%	7.5%–8.5%
Retail			
Central	6.0%–7.0%	5.5%–6.5%	6.0%–7.0%
Employment area	7.0%–8.5%	6.0%–7.5%	7.0%–8.5%
Warehouse/industrial			
Well situated	8.0%–9.0%	7.5%–8.5%	8.0%–9.0%



Employees in Aspholmen



Signalen 6, Örebro

## THE FIVE LARGEST REAL ESTATE OWNERS

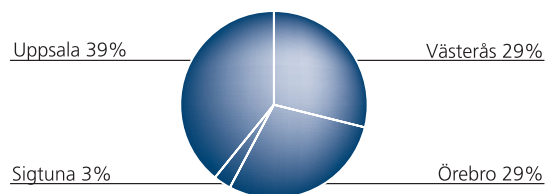
Örebro	Premises (thous. sq.m.)
Castellum (Aspholmen Fastigheter AB)	144
Alecta Pensionsförsäkring	96
Brinova Fastigheter	85
Asplunds Fastigheter	82
NS Holding AB / Norrporten	74
Uppsala	
AP Fastigheter	172
Uppsala Akademiförvaltning	157
Vasakronan	131
Castellum (Aspholmen Fastigheter AB)	117
Klövern	64

## Västerås

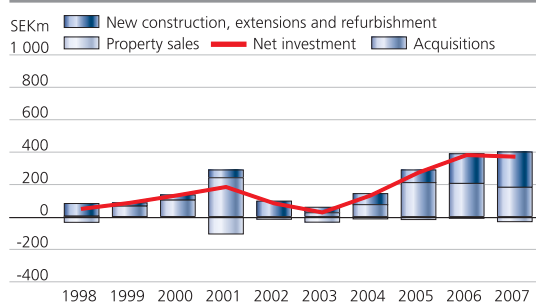
Northern European Prop.	475
Klövern	203
Castellum (Aspholmen Fastigheter AB)	150
Boultee Sverige	140
Landic Property	132

Number of commercial premises (excl. residential) owned at 31-12-2007. Municipal and State-owned companies and government institutions have been excluded apart from AP Fastigheter AB and Vasakronan AB.  
Source: Byggstatistik

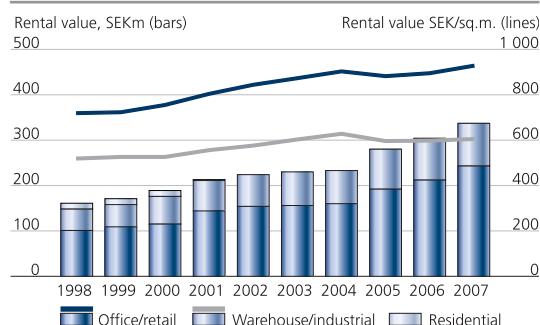
## REAL ESTATE PORTFOLIO BY AREA



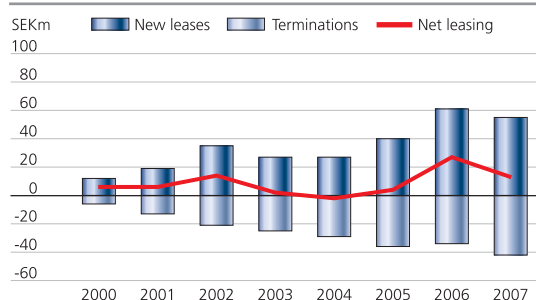
## INVESTMENTS AND SALES



## GROWTH IN RENTAL VALUE



## NET LEASING



## CASTELLUM'S REAL ESTATE PORTFOLIO

Castellum's real estate portfolio in Mälardalen comprises 101 properties with a total area of 432,000 sq.m. and a fair value of SEKm 3,278. For properties owned at the year-end the rental value amounted to SEKm 346 on an annual basis and net operating income to SEKm 202. Changes in value for the year were SEKm 22, corresponding to approx. 1%. The main focus of Castellum's real estate portfolio is concentrated around the main employment areas in Örebro, Uppsala and Västerås.

In Örebro, Castellum's real estate portfolio is mainly concentrated to the area Aspholmen. The portfolio consists of a mix of office and retail properties and warehouse and industrial properties.

In Uppsala, mainly office and retail properties are found, but also warehouse and industrial properties. The properties have attractive sites in Fyrislund, Boländerna and along Kungsgatan.

In Västerås, there is a mix of office and retail properties and warehouse and industrial properties. The real estate portfolio is situated in the established market areas Kopparlunden, Tunbytorp, Bäckby and Hälla.

Castellum also owns a minor real estate portfolio in Märsta, the municipality of Sigtuna.

See also the section Castellum's Real Estate Portfolio 2007 with real estate schedule, maps and economic information.

## SUMMARY OF THE REAL ESTATE PORTFOLIO

	Area thous. sq.m.	Fair value SEKm	Rental value SEKm	Percentage of value
Office/retail	261	2 324	243	71%
Warehouse/industrial	156	819	94	25%
<b>Total</b>	<b>417</b>	<b>3 143</b>	<b>337</b>	<b>96%</b>
Development projects and undeveloped land	15	135	9	4%
<b>Total</b>	<b>432</b>	<b>3 278</b>	<b>346</b>	<b>100%</b>

## INVESTMENTS

During 2007, Castellum has made investments in Mälardalen for a total of SEKm 401, of which SEKm 183 were acquisitions and SEKm 218 new construction, extensions and refurbishment. See also the section "Investments".

## RENTAL DEVELOPMENT

Castellum's average rental level is SEK 928 per sq.m. for office/retail and SEK 605 per sq.m. for warehouse/industrial premises. Rental levels have increased by approx. 1% compared with previous year.

New leasing in the commercial portfolio during the year means increased rental income on an annual basis of SEKm 55 (61), while contracts terminated amount to SEKm 42 (34), giving a net leasing of SEKm 13 (27).

## SUBSIDIARY

Castellum's properties in Mälardalen are owned and managed by the wholly owned subsidiary Aspholmen Fastigheter AB with its head office in Örebro. The company has local management offices in Västerås and Uppsala. At the year-end Aspholmen had 33 employees.





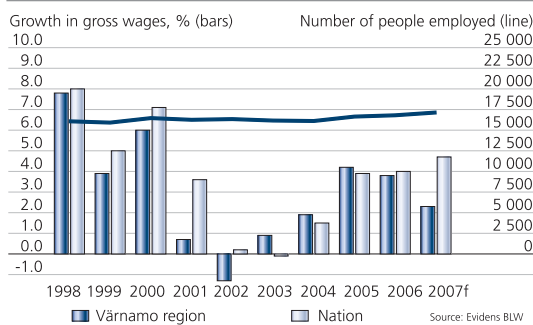
Årsta 74:3 "Kristallen" Uppsala



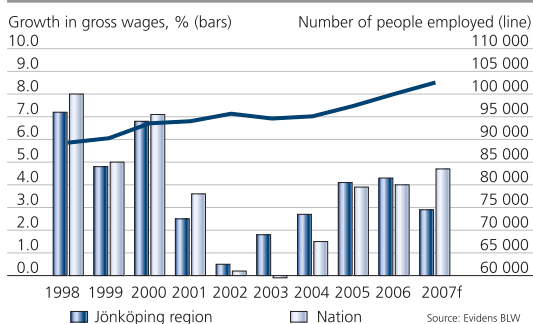
*The real estate portfolio in Eastern Götaland accounts for 11% of Castellum's portfolio.*



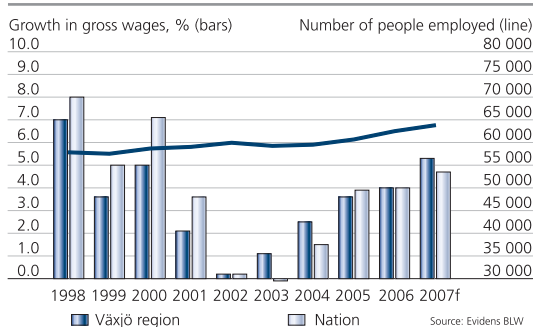
### VÄRNAMO REGION



### JÖNKÖPING REGION



### VÄXJÖ REGION



## Eastern Götaland

Castellum's region Eastern Götaland comprises mainly the municipalities Värnamo, Jönköping, Växjö, and Linköping. The cities have for a long time experienced stable economic growth and positive development in employment rates.

Småland is well known for its entrepreneurial spirit and is one of the most attractive and successful regions for small businesses in Sweden.

### VÄRNAMO

The municipality of Värnamo is a small employment region with approx. 33,000 people and population growth of 0.4% per year during 1995-2006. The estimated reception area for the city's commerce is approx. 100,000 inhabitants.

The infrastructure in Värnamo, with the E4 passing through the city and good railroad connections, provide for good accessibility and a successful industry.

Värnamo has historically been a significant marketplace and is today a centre for commerce and services. The populations' strong tradition of running small businesses has given rise to many small manufacturing companies in sectors such as metal, machinery, plastics, rubber and wood processing. The industry is to a large degree export-orientated.

The employment rate in the region has grown on average 0.6% per year during 1995-2006, which is somewhat lower than the national average of 0.8%. The total gross wages have during the same period had a growth rate of 3.5% per year, which can be compared with 3.7% for the nation.

### JÖNKÖPING

The Jönköping region is with approx. 206,000 inhabitants the nation's eighth largest region in terms of population. The population growth has been 0.2% per year during the years 1995-2006. The level of education is relatively high and the university has approx. 9,000 students.

The strategic location with many major highways and access to both airport and railway has developed Jönköping into a centre for logistics. From Jönköping the distance is approx. 300 kilometers to Stockholm, 300 kilometers to Malmö and 150 kilometers to Gothenburg. The local economy, which is diverse and expansive, comprises mainly small and medium-sized companies.

The employment rate in the region has grown on average 1.2% per year between 1995-2006, which is higher than both the national average and for a number of regions of similar size. As a result of the slightly faster growth in the employment rate, the total gross wages have grown faster in the Jönköping region, 3.9% per year.

### VÄXJÖ

The municipality of Växjö together with five adjacent municipalities form Sweden's 20th largest region with approx. 128,000 inhabitants and the population growth has been on an even level for many years. The level of education is high and Växjö University has around 14,000 students.

Good access to means of communication and education have turned Växjö into an attractive city. There is a good mixture of companies in basic industries such as woods and manufacturing and companies with a hi-technological profile. Large internationally recognized companies are mixed together with small and mid-size companies.

The employment rate in the region has grown on average 0.7% per year during 1995 to 2006, while the total sum of wages during the same period have grown by 3.4% per year.



## LINKÖPING

The Linköping region is Sweden's fifth largest region with approx. 248,000 inhabitants and comprises 8 municipalities. The population growth has been 0.1% per year during the period 1995-2006.

Linköping is located in the middle of Östergötland and has a strategic location with good means of communication. The airport lies in the middle of the city, approx. three kilometers from Stora Torget.

The traditional business in the municipality is much diversified. Some fields of business are very strong such as provisions, graphical industries and traditionally knowledge intense high-tech companies. The level of education is high and the university has approx. 23,000 students.

The employment rate in the region has grown on average 0.5% per year between 1995 and 2006 and the total sum of wages during the same period have grown by 3.4% per year.

## THE RENTAL MARKET

The demand for commercial premises has remained high during 2007. This in combination with started new construction projects already being leased, have led to decreasing vacancy rates in a number of market areas. Hence, there is a working balance between supply and demand.

The decreasing vacancy rates have led to slightly increasing rental levels in some segments and categories during the year. The general vacancy rates in the region are estimated to 5-10% for offices, 10-15% for industrial and warehouse premises, while insignificant for retail.

## MARKET RENTS (INCL. HEATING)

	VÄRNAMO	JÖNKÖPING	VÄXJÖ	LINKÖPING
Office				
Central	700-1 300	800-1 400	800-1 400	800-1 400
Employment area	550-850	600-1 100	500-1 000	700-1 250
Retail				
Central	900-1 800	1 000-3 300	1 000-2 000	1 000-3 300
Employment area	500-1 000	600-1 200	550-1 000	650-2 000
Warehouse/industrial				
Well situated	350-550	400-700	400-600	450-700

## THE REAL ESTATE MARKET

During 2007, a continued large interest for the real estate market in Eastern Götaland remained. A positive rental market and slightly lower required yields during the first six months resulted in slightly increasing property prices for most categories during the year. Real estate transactions of approx. SEK 5 billion were closed during 2007 in Jönköping, Linköping, Värnamo and Växjö.

## YIELDS AT SALES

	VÄRNAMO	JÖNKÖPING	VÄXJÖ	LINKÖPING
Office				
Central	7.0%-8.0%	6.0%-7.5%	6.5%-8.5%	6.0%-7.0%
Employment area	8.5%-10.0%	7.0%-8.5%	7.5%-9.0%	6.5%-8.0%
Retail				
Central	6.5%-8.5%	5.5%-7.5%	6.5%-8.0%	5.5%-7.0%
Employment area	7.5%-9.5%	6.5%-8.5%	7.5%-9.0%	6.0%-7.5%
Warehouse/industrial				
Well situated	8.5%-9.5%	7.0%-9.0%	7.5%-9.5%	6.5%-8.0%



## THE FIVE LARGEST REAL ESTATE OWNERS

Jönköping	Premises (thous. sq.m.)
Castellum (Fastighets AB Corallen)	122
NS Holding / Norrporten	91
Alecta Pensionsförsäkring	65
Ekblad Fastighets AB	53
Brinova Fastigheter	48

## Växjö

Castellum (Fastighets AB Corallen)	126
NS Holding / Norrporten	78
Northern Logistic Property	69
Teesland iOG	67
Landic Property	41

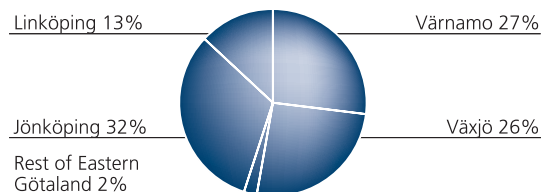
## Linköping

Klövern	176
Acta	138
Teesland iOG	115
NS Holding / Norrporten	66
Botrygg Bygg	55

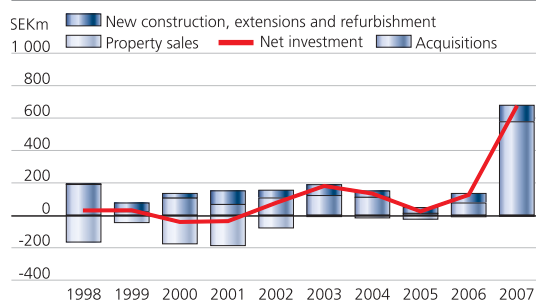
Number of commercial premises (excl. residential) owned at 31-12-2007. Municipal and State-owned companies and government institutions have been excluded apart from AP Fastigheter AB and Vasakronan AB.

Source: Byggstatistik

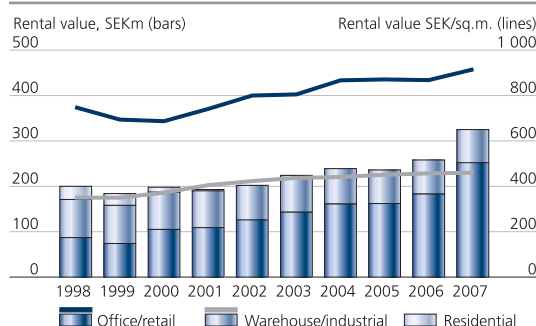
## REAL ESTATE PORTFOLIO BY AREA



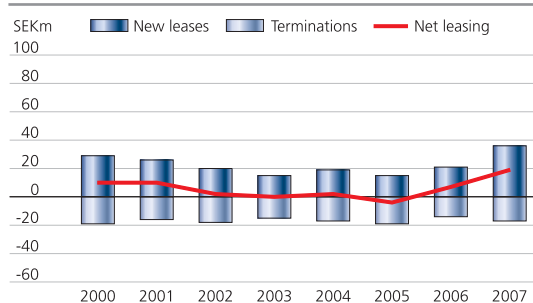
## INVESTMENTS AND SALES



## GROWTH IN RENTAL VALUE



## NET LEASING



## CASTELLUM'S REAL ESTATE PORTFOLIO

Castellum's real estate portfolio in Eastern Götaland comprises 82 properties with a total area of 452,000 sq.m. and a fair value of SEKm 2,974. For properties owned at the year-end the rental value amounted to SEKm 331 on an annual basis and net operating income to SEKm 178. Changes in value for the year were SEKm 18, corresponding to approx. 1%. The main focus of Castellum's real estate portfolio is in Värnamo, Jönköping, Växjö and Linköping.

In Värnamo, Castellum's real estate portfolio is mainly concentrated to very central situated office and retail properties as well as warehouse and industrial properties in expansive industrial estates.

In Jönköping, there are mainly office and retail properties situated in attractive areas such as Rosenlund, central Jönköping and A6.

In Växjö, Castellum owns mainly office and retail properties in the central parts and within the expansive area Västra Mark where also warehouse and industrial properties are found.

In 2007, Castellum established presence in Linköping by the acquisition of office properties in the area Mjärdevi Science Park.

See also the section Castellum's Real Estate Portfolio 2007 with real estate schedule, maps and economic information.

## SUMMARY OF THE REAL ESTATE PORTFOLIO

	Area thous. sq.m.	Fair value SEKm	Rental value SEKm	Percentage of value
Office/retail	275	2 273	252	76%
Warehouse/industrial	159	578	73	20%
<b>Total</b>	<b>434</b>	<b>2 851</b>	<b>325</b>	<b>96%</b>
Development projects and undeveloped land	18	123	6	4%
<b>Total</b>	<b>452</b>	<b>2 974</b>	<b>331</b>	<b>100%</b>

## INVESTMENTS

During 2007, Castellum has made investments in Eastern Götaland for a total of SEKm 679, of which SEKm 577 were acquisitions and SEKm 102 new construction, extensions and refurbishment. See also the section "Investments".

## RENTAL DEVELOPMENT

Castellum's average rental level is SEK 915 per sq.m. for office/retail and SEK 460 per sq.m. for warehouse/industrial premises. Rental levels have increased by approx. 3% compared with previous year.

New leasing in the commercial portfolio during the year means increased rental income on an annual basis of SEKm 37 (21), while contracts terminated amount to SEKm 18 (14), giving a net leasing of SEKm 19 (7).

## SUBSIDIARY

Castellum's properties in Eastern Götaland are owned and managed by the wholly owned subsidiary Fastighets AB Corallen, with its head office in Värnamo. The company also has local management offices in Jönköping, Linköping and Växjö. At the year-end Corallen had 29 employees.



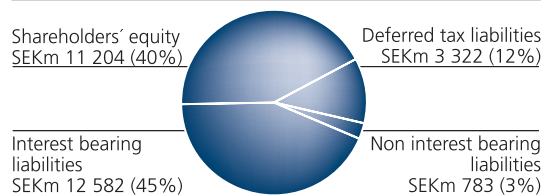


Valutan 11, Jönköping

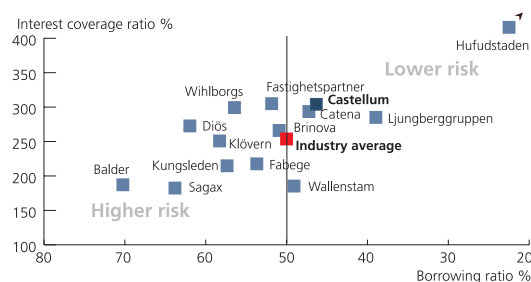


## Financing

### FINANCING 31-12-2007



### LISTED REAL ESTATE COMPANIES



Policy	Objective	Outcome
Borrowing ratio	Not permanently exceeding 55%	45%
Interest coverage ratio	At least 200%	287%
Interest rate risk		
– average fixed interest term	0.5-3 years	2.2 years
– share with maturity within 6 months	Maximum 50%	45%
Currency risk	Not allowed	No exposure
Funding risk	Minimum 50% credit agreements with a duration of at least 2 years	100%
Counterparty risk	Credit institutes with high ratings at least "investment grade"	Fulfilled
Liquidity risk	Liquidity reserve in order to fulfil payments due	SEKm 2,151 in unutilized credit agreements

### FINANCIAL POLICY

The financial activities in Castellum are run according to the financial objectives set by the Board in the financial policy. The objectives in the financial policy are:

- Capital structure with a borrowing ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%.
- Secure the need for long-term funding and liquidity.
- Achieve a low and stable net interest income/costs within the given risk mandate.

The financial policy states the given mandates and limits for management of financial risks and overall assignments of responsibility. The Board makes an annual review of the financial policy.

### CAPITAL STRUCTURE

The value of Castellum's assets amounts to SEKm 27,891 (24,446). They are financed partly through equity of SEKm 11,204 (10,184) and partly through liabilities of SEKm 16,687 (14,262), of which SEKm 12,582 (10,837) are interest bearing.

### ORGANIZATION

All financial risk management is centralised to the parent company. The treasury department is for instance responsible for the Group's funding, interest rate risk management, financing of the subsidiaries and cash management. The treasury department consists of two persons. The parent company also holds a function for accounting and independent control of the financial operations, a so called back-office and compliance function.

### RISK MANAGEMENT

Operational risk and financial risk together make up Castellum's overall business risk. The financial operations are carried out in order to within the given risk mandate adjust the financial risk level to meet changes in the operational risk. An increased market interest rate is generally considered to be an effect of economic growth and increasing inflation, which in turn is considered to lead to an improved demand for commercial properties and hence increasing rents and/or reduced vacancies. Thus increased financial costs during an economic boom will over time be met by higher rental income. In that way the overall business risk can be kept on a stable level.

To be short of necessary funding is Castellum's single largest financial risk. In order to secure the need for liquidity and competitive long term funding regular reviews and renegotiations of existing credit agreements are carried out and new credit agreements are signed when needed. In order to achieve the objective of a stable net interest income/costs financial transactions are carried out based on estimations of the groups overall need for liquidity, funding and chosen interest rate risk.



Interest rate risk occurs due to the fact that the market interest rates change and affect net financial income/costs. By the use of interest rate derivatives the interest rate risk can be managed in a cost effective manner. Castellum works with netting bank accounts in order to be able to use the group's liquidity flows and hence reduce the need of liquidity.

Castellum's choice of working mainly with bilateral long term credit agreements in order to secure the need for funding has, besides favourable credit conditions, given access to a credit market which has not yet been affected by the international credit squeeze. The commercial paper program is a complement to the long term funding and means an active presence on the Swedish capital market.

A good net leasing and a stable economy in 2007 have made Castellum chose a large share of short interest rate maturity. The short interest rate maturity has been favourable despite the increasing trend.

## NET FINANCIAL ITEMS

Net financial items were SEKm -495 (-364). The increase of SEKm 131 is partly due to a larger real estate portfolio and partly due to that the average interest rate level during the period has increased 0.5%-units to 4.2% (3.7%), giving higher costs in net financial items of approx. SEKm 50.

## FINANCING STRUCTURE

Funding is provided by draw downs of short term debts under long term credit agreements, issuing of bonds or commercial papers. Castellum can increase or decrease outstanding debts under the long-term credit agreements. The amount of interest-bearing liabilities may therefore be minimized from time to time.

After deduction of liquid assets of SEKm 7 (8), net interest bearing liabilities were SEKm 12,575 (10,829). Outstanding commercial papers of SEKm 2,949 are fully covered by unutilized long term credit agreements. The average duration of Castellum's long term credit agreements was 5.2 years (5.8). Long term binding credit agreements totalling SEKm 13,950 (11,400), exceed utilized credit agreements totalling SEKm 12,575 (10,829) by SEKm 1,375 (629).

During the year Castellum, has signed new long term credit agreements with Nordic banks totalling SEKm 1,250, issued long-term bonds totalling SEKm 300, increased the commercial paper program with SEKm 1,000, and renegotiated and extended credit agreements totalling SEKm 7,500. In all cases the credit agreements have been signed or renegotiated on more favourable conditions than existing agreements.

## INTEREST RATE MATURITY STRUCTURE

The average effective interest rate as of 31 December, 2007 was 4.4% (4.0%), which is 0.2 percentage units higher than the average interest rate level during the year. The higher closing interest rate is an effect of increasing market interest rates. The market interest rate at the same time for an equal portfolio was 5.0%

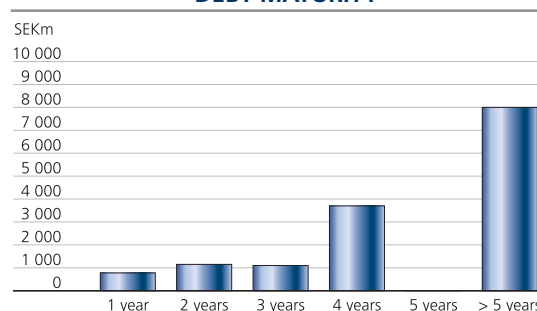
The average fixed interest term on the same date was 2.2 years (2.3). The share of loans with interest rate maturity during the next 6 months was 45% (60%).

Castellum's strategy of using interest rate derivatives in order to manage the interest rate risk and achieve the desired interest rate maturity structure means that value of the interest rate derivatives portfolio may vary over time. These changes occur partly due to changes in the market interest rates and partly due to the time factor. As of December 31, 2007 the market value of the interest rate derivatives portfolio amounted to SEKm 44 (-55).

## DEBT MATURITY STRUCTURE

Long term, SEKm	Credit agreements	Utilized
1 - 2 years	1 150	250
2 - 3 years	1 100	1 000
3 - 4 years	3 700	2 900
4 - 5 years	-	-
5 - 10 years	8 000	5 350
Total long term credit agreements	13 950	9 500
Total short term credit agreements (0-1 year)	776	126
Commercial paper program (0-1 year)	4 000	2 949
<b>Total credit agreements</b>	<b>18 726</b>	<b>12 575</b>
Unutilized credit in long term credit agreements		1 375

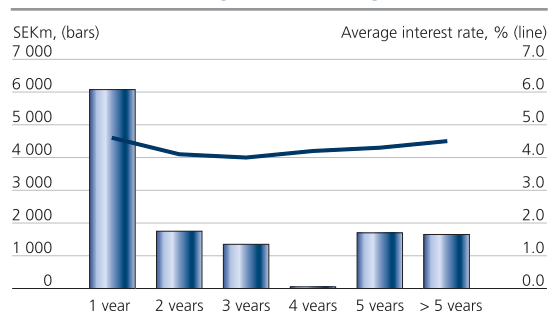
## DEBT MATURITY



## INTEREST RATE MATURITY STRUCTURE

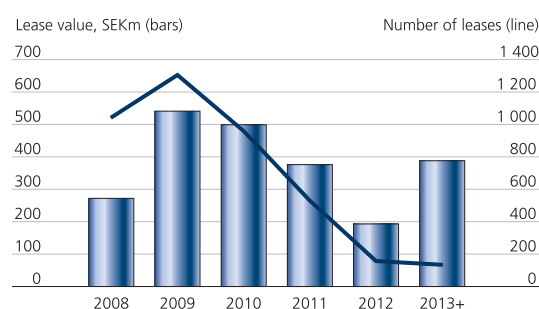
	Amount, SEKm	Average interest rate
0 - 1 year	6 075	4.6%
1 - 2 years	1 750	4.1%
2 - 3 years	1 350	4.0%
3 - 4 years	50	4.2%
4 - 5 years	1 700	4.3%
5 - 10 years	1 650	4.5%
<b>Total</b>	<b>12 575</b>	<b>4.4%</b>

## INTEREST RATE MATURITY

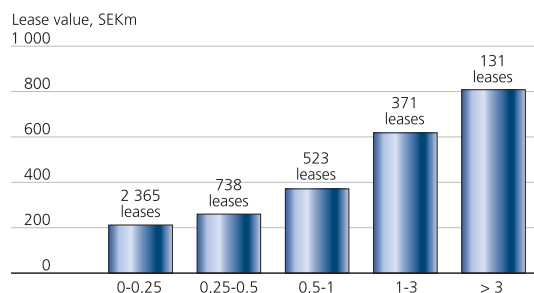


*In the next year we will see higher rental income relating from both higher rental levels and lower vacancies as effects of investments made. The growth in income will however be limited due to increasing interest cost depending on higher interest rate levels and larger volumes.*

### LEASE MATURITY STRUCTURE



### DISTRIBUTION BY SIZE OF LEASES



## Opportunities and Risks

Opportunities and risks may roughly be divided into two sections – changes in the cash flow and changes in value.

### OPPORTUNITIES AND RISKS IN CASH FLOW

#### Rental Income

Both rental levels as well as vacancies for commercial contracts are mainly depending on the growth in Swedish economy, but are also affected by the level of new construction. Economic growth is considered to lead to increased demand for premises and hence decreasing vacancies, with the potential for increasing market rents as a result. Since the commercial contracts are signed for a certain period of time, a change in the market interest rates does not give an immediate effect on the rental income. The most common term of a new lease is currently 3-5 years with a nine months notice and an index clause linked to the inflation. The average remaining lease duration in Castellum's portfolio is 3.2 years. Castellum's lease portfolio is presently considered to be in line with or below market rents.

The risk of large changes in the vacancies increases when a real estate company has few large tenants. Castellum has over 4,000 commercial contracts of which the single largest tenant accounts for 1% of the total rental income. Castellum's current lease maturity structure together with the lease portfolio's make up of sizes and sectors, provide a good risk exposure. Vacancies during 2007 amounted to approx. SEKm 337 and make up a potential for possible new leases, assuming a continued successful leasing activity and a stable rental market.

#### Property Costs

Operating costs are largely made up of costs for electricity, cleaning, heating and water, where electricity and heating costs have the largest effect on income. The price of electricity is controlled by supply and demand on the open market for electricity. Castellum limits the risk by hedging a certain amount of electricity. Most of the costs are passed on to the tenants why Castellum's exposure to changes in the costs is relatively limited. Castellum's properties have a good standard and maintenance situation. The real estate tax is a federal tax based on the properties' tax assessment value and completely dependent on political decisions such as tax rate and tax assessment value, which Castellum cannot control. The real estate tax is also passed on to the tenants.

#### Interest Costs

Interest costs are the single largest cost item for Castellum and the conditions on the interest rate market can change quickly. The market interest rate is affected by Riksbanken's monetary policy, the expectations of economic development both internationally as well as nationally and of unexpected events such as the recent credit worries. In order to limit this effect the interest rate maturity structure has been spread over different terms. A change in the market interest rate of +/- 1%-unit will affect cash flow by SEKm -107/+62 for 2008.

#### Taxes

Castellum is affected by political decisions such as changes in the corporate tax rate, real estate tax, the fiscal legislation or interpretations of it. Future income tax reforms or interpretations of these may have both positive as well as negative effects on Castellum's fiscal position.



### Summary of Opportunities and Risks in the Cash Flow

Increasing market interest rates is generally an effect of economic growth and increasing inflation, which is thought to give higher rental income. This is in part due to that the demand for premises is thought to increase leading to reduced vacancies and hence the potential for increasing market rents and in part due to that the index clause in the commercial contracts is compensating the increasing inflation. An economic boom therefore means higher interest costs but also higher rental income, while the opposite relationship is true during a recession. The change in rental income and interest costs does not take place at the exact same time, why the effect on income in the short term may occur at different points in time.

### OPPORTUNITIES AND RISKS IN VALUES

#### The Properties' Value

Castellum reports its properties at fair value with changes in value in the income statement. This means that the result in particular but also the financial position may be volatile. The value of the properties is determined by supply and demand, where the prices are mainly depending on the properties' expected net operating income and the buyer's required yield. An increasing demand gives lower required yields and hence an upward adjustment in prices, while a weaker demand has the opposite effect. In the same way, a positive real development in net operating income gives an upward adjustment in prices, while a negative real growth has the opposite effect.

The real estate market has had a historically large volume of transactions in 2007 even if it is lower than for the record year 2006. Castellum makes the assessment that the required market yields were reduced during the first six months of 2007 and have since remained unchanged. In a situation where the rental market is improving, the prices on real estate can remain even if the required yields should increase somewhat. If the demand for Swedish properties is reduced, for example due to investors seeking markets elsewhere or other types of assets, a downward adjustment in prices cannot be ruled out. The sensitivity analysis on the side shows how Castellum's equity/assets ratio and borrowing ratio are affected by a +/- 10-20% change in value.

In property valuations consideration should be taken to an uncertainty range of +/- 5-10%, in order to reflect the uncertainty that exist in the assumptions and calculations made.

All of Castellum's properties are insured to their full value.

#### Interest Bearing Liabilities and Financial Risk

One of Castellum's greatest financial risks is to lack access to funding. However, existing credit agreements are overviewed and renegotiated on an ongoing basis and new agreements are signed when needed in order to secure Castellum's need for funding. Castellum has currently an average duration of long term credit agreements of 5.2 years and unutilized long term credit agreements of SEKm 1,375.

In order to manage the interest rate risk in a cost effective way Castellum uses interest rate derivatives. As the agreed interest rate deviates from the market interest rate from time to time there is a theoretical surplus or sub value on the derivatives, which is reported in the income statement. The lesser risk taken in the interest payments by signing derivative agreements and extending the fixed interest term, the greater risk taken in the value of the derivatives, since the time factor means greater risk for large changes in value. For further description of Castellum's financial risks and a sensitivity analysis of the interest rate derivatives portfolio, see note 16.

### SENSITIVITY ANALYSIS – CASH FLOW

	Effect on income, SEKm +/- 1% (units)	Probable scenario	
		Boom	Recession
Rental level	+23/-23	+	-
Vacancies	+26/-26	+	-
Property costs	-8/+8	-	0
Interest costs	-107/+62	-	+

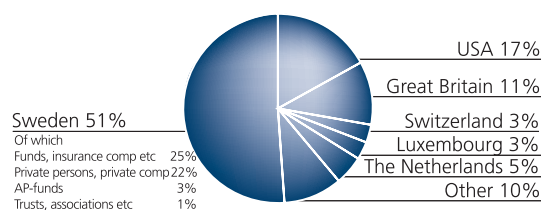
### SENSITIVITY ANALYSIS – CHANCE IN VALUE

Properties	-20%	-10%	0	+10%	+20%
Change in value					
per tax, SEKm	-5 543	-2 772	-	+2 772	+5 543
Equity/assets ratio	32%	37%	40%	43%	45%
Borrowing ratio	57%	50%	45%	41%	38%

## SHAREHOLDERS ON 31-12-2007

Shareholders	Number of shares	Percentage of voting rights/capital
Szombatfalvy, László	11 000 000	6.7%
AFA Sjukförsäkrings AB	8 496 309	5.2%
AMF Pensionsförsäkrings AB	7 200 000	4.4%
Kåpan Pensioner Försäkringsförening	2 793 600	1.7%
Andra AP-fonden	2 748 901	1.7%
Swedbank Robur Realinvest	2 153 800	1.3%
Societe Generale Dep Des Services	2 026 762	1.2%
AFA TFA Försäkrings AB	2 017 766	1.2%
Fjärde AP-fonden	1 320 200	0.8%
Bengt Norman	1 200 000	0.7%
Akademiinvest AB	877 000	0.5%
Gamla Livförsäkringsaktiebolaget	865 000	0.5%
Banco Etisk Sverige	783 220	0.5%
Swedbank Robur Sverigefond	758 600	0.5%
Swedbank Robur Småbolagsfond Sverige	756 600	0.5%
SEB Sverigefond Småbolag	733 900	0.5%
Första AP-fonden	711 000	0.4%
Handelsbanken Småbolagsfond	690 000	0.4%
Handelsbanken Aktiefond Index	664 033	0.4%
Peter Sjöstrand	600 000	0.4%
AFA Arbetsmarknads Försäkrings AB	597 879	0.4%
Carnegie Fond AB Småbolag	582 200	0.4%
Swedbank Robur Sverigefond Mega	571 900	0.4%
Tredje AP-fonden	560 486	0.3%
Livförsäkrings AB Skandia	549 144	0.3%
Wiman, Henric	545 888	0.3%
Swedbank Robur Småbolagsfond Norden	520 800	0.3%
Swedish shareholders < 500 000 shares:		
56 holders, 100 000 - 499 999 shares	11 990 166	7.3%
349 holders, 10 000-99 999 shares	9 872 341	6.0%
2 633 holders, 1 000-9 999 shares	7 711 377	4.7%
3 772 holders, 1-999 shares	1 728 347	1.1%
450 shareholders registered abroad	80 372 781	49.0%
<b>Total outstanding shares</b>	<b>164 000 000</b>	<b>100.0%</b>
Repurchased shares	8 006 708	
<b>Total registered shares</b>	<b>172 006 708</b>	

## SHAREHOLDERS DISTRIBUTED BY COUNTRY 31-12-2007



## LISTED REAL ESTATE COMPANIES



## The Castellum Share

## SHAREHOLDERS

At the year-end, Castellum had approx. 7,300 shareholders. The proportion of shares registered abroad at the year-end was 49%. Shareholders registered abroad can not be broken down in terms of directly held and nominee registered shares.

## PROPOSED DIVIDEND

The Board intends to propose the annual general meeting to decide on a dividend of SEK 3.00 per share, an increase of 5% compared with previous year. The dividend ratio is 74% of income from property management after a 28% tax deduction.

If the annual general meeting decides to accept the Board's dividend proposal, of Tuesday April 1, 2008 as the record day for payment of the dividend, the share will be traded including the dividend up to and including the day for the annual general meeting, Thursday March 27, 2008. Payment of the dividend is expected to take place on Friday April 4, 2008.

The dividend falls within Castellum's objective of distributing at least 60% of income from property management after tax, having taken into account investment plans, consolidation needs, liquidity and financial position in general.

## SHARE CAPITAL, NUMBER OF SHARES AND REPURCHASE

The share capital amounts to SEKm 86, distributed among 172,006,708 A-shares with a par value of SEK 0.50 per share. Each share, except the company's own repurchased shares, entitles the holder to one vote and carries an equal right to a share in Castellum's capital. There are no potential shares, such as convertible shares. All share related key ratios in this annual report have been recalculated based on the share split in 2006. Changes in share capital and the number of shares are displayed in note 14.

During 2000, Castellum repurchased 8,006,708 of the company's own shares for a total of SEKm 194, equivalent to 4.7% of the total registered number of shares. Since then no repurchases of the company's own shares have been made. As repurchasing is a good method of adapting the capital structure to the capital requirements from time to time, the Board will propose to the AGM that the mandate to repurchase shares will be extended until the next AGM. This mandate provides the facility to repurchase a maximum of 10% of the number of registered shares in the company, i.e. a further 9.2 million shares in addition to the previously repurchased shares.

The number of outstanding shares, i.e. the number of registered shares less the number of repurchased shares, thus totals 164,000,000.

The Castellum share is listed on OMX Nordic Exchange in Stockholm.

## LISTED REAL ESTATE COMPANIES

The total market capitalization of Swedish real estate companies operating solely in this field was approx. SEK 87 billion at the year-end, equivalent to approx. 2% of the total market capitalization of listed Swedish companies totalling approx. SEK 4,000 billion. Castellum's market capitalization, i.e. the value of all outstanding shares in Castellum, amounted to SEK 11.0 billion as at December 31, 2007.

During 2007, a total of 207 million shares were traded, equivalent to an average of 830,000 shares per day, corresponding on an annual basis to a turnover rate of 126%.



# SHARE PRICE AND TOTAL YIELD

The Castellum share price at the year-end was SEK 67.25. During 2007 the total yield of the share, including dividend of SEK 2.85, was - 23.2%.

# GROWTH, YIELD AND FINANCIAL RISK

Growth, yield and financial risk are shown below for both the present year as well as the three and ten years' average. The average over a number of years is not least important considering the fact that changes in value on properties may vary between different years.

	2007	3 years average/year	10 years average/year
<b>Growth</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>Yield</b>			
Return on net asset value	16%	18%	14%
Return on total capital	9%	10%	9%
The share's total yield	- 23%	8%	16%
<b>Financial risk</b>			
Interest coverage ratio	287%	316%	266%
Borrowing ratio	46%	45%	45%

# VALUATION - SHARE PRICE RELATED KEY FIGURES

## Earnings Capacity

Income from property management before tax for 2007 amounted to SEK 5.63 per share, which compared to the share price at the year-end gives a multiple of 12.

Net income for 2007 amounted to SEK 9.07 per share, which gives a multiple of 7.

## Net Asset Value

When assets and liabilities are valued at fair value the net asset value can be calculated using shareholders' equity in the balance sheet. However, consideration should be taken to that the effective tax is lower than the reported 28% nominal tax rate, in part due to the possibility to sell properties in a tax efficient way, and in part due to the time factor for which the tax should be discounted. The present assessment is that the discounted real deferred tax liability amounts to approx. 5%, which means a net asset value of SEKm 13,933 corresponding to SEK 85 per share. The share price at the year-end was thus 79% of the net asset value. An uncertainty range of +/- 5% in property valuations has an affect on net asset value of +/- SEKm 1,317, corresponding to SEK 8 per share.

The yield on net asset value for the year, including changes in value and considering a 5% deferred tax, can be calculated to 16.4%.

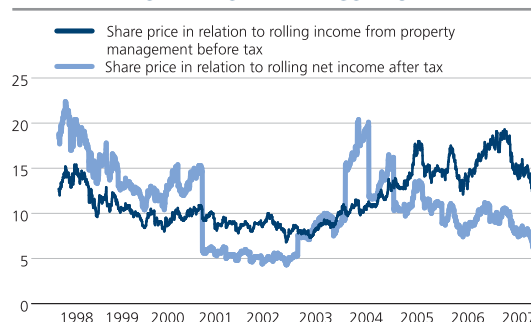
## Dividend Yield

The proposed dividend of SEK 3.00 corresponds to a yield of 4.5% based on the share price at the year-end.

# TOTAL YIELD (INCLUDING DIVIDEND)

	2007	3 years avg./year	10 years avg./year
Castellum	- 23.2%	+8.1%	+15.7%
OMX Stockholm (SIX Return)	- 2.6%	+19.4%	+9.9%
Real Estate Index Sweden (EPRA)	- 18.5%	+15.8%	+17.5%
Real Estate Index Europe (EPRA)	- 32.2%	+8.4%	+11.4%

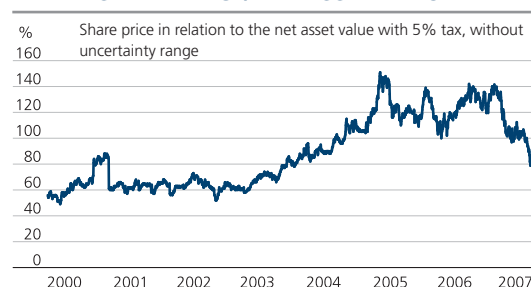
# THE SHARE'S EARNINGS MULTIPLE



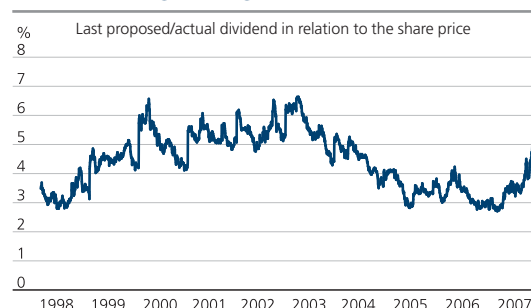
# NET ASSET VALUE

	SEKm	SEK/share
Equity according to the balance sheet	11 204	68
Reversed 28% deferred tax	3 322	21
Pre tax net asset value	14 526	89
Estimated real liability deferred tax 5%	- 593	- 4
<b>Net asset value</b>	<b>13 933</b>	<b>85</b>
Uncertainty range in property valuations +/- 5% after tax	+/- 1 317	+/- 8

# SHARE PRICE/NET ASSET VALUE



# THE SHARE'S DIVIDEND YIELD

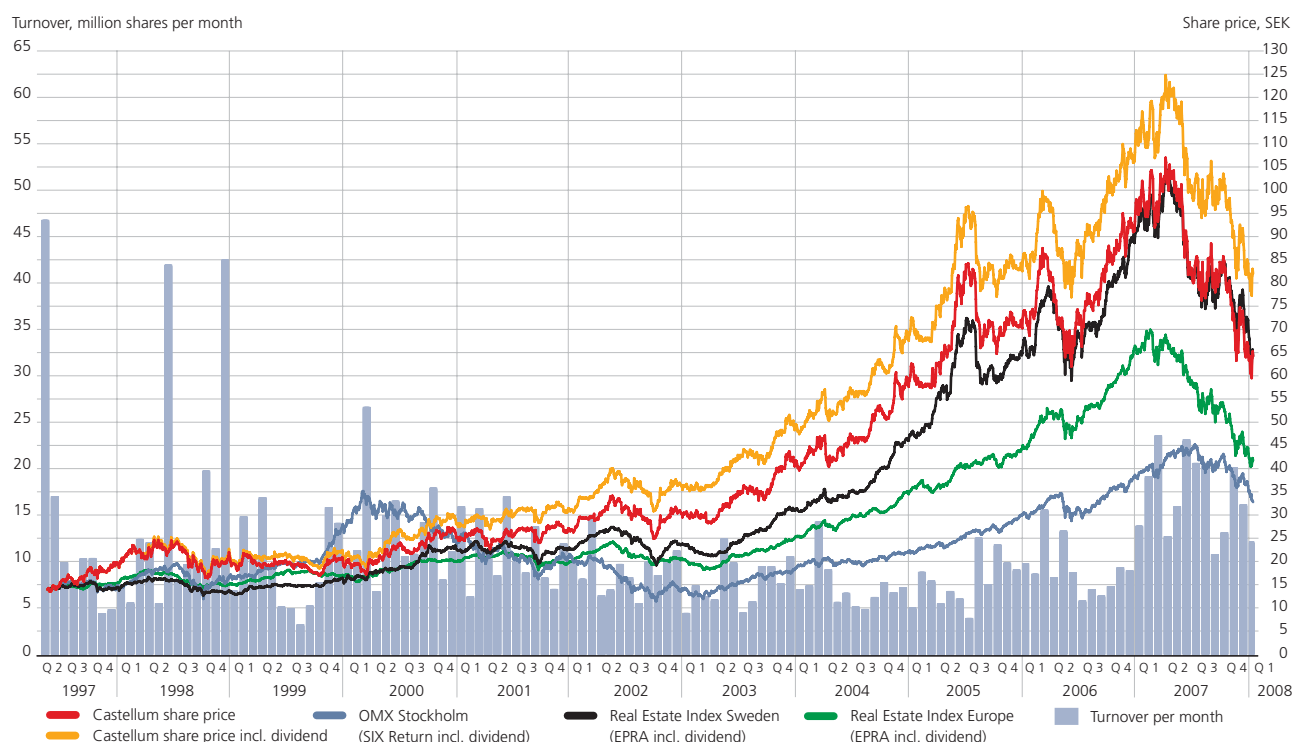


## TEN YEAR SUMMARY

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Share price, SEK										
last paid during the last day for trading	67.25	91.25	71.50	59.50	42.50	30.50	27.13	26.00	20.75	22.00
highest paid during the year	107.00	95.50	85.00	60.75	45.13	34.25	28.75	27.75	22.00	25.00
lowest paid during the year	62.00	56.50	55.00	39.38	28.25	24.63	22.63	17.00	16.63	16.38
average (high/low per day)	87.55	78.54	68.29	47.32	33.86	29.78	25.95	22.36	19.41	21.05
Dividend, SEK (for 2007 proposed)	3.00	2.85	2.62	2.38	2.13	1.88	1.63	1.38	1.13	0.88
The share's dividend yield	4.5%	3.1%	3.7%	4.0%	5.0%	6.1%	6.0%	5.3%	5.4%	4.0%
Dividend ratio	74%	73%	73%	73%	72%	69%	68%	72%	73%	69%
Total yield, the Castellum share	-23.2%	31.3%	24.2%	45.0%	45.5%	18.4%	9.6%	31.9% <sup>1)</sup>	-1.7%	14.9%
Real Estate Index Sweden (EPRA)	-18.5%	35.8%	40.2%	48.8%	32.5%	3.2%	-2.2%	42.1%	19.4%	-4.2%
Real Estate Index Europe (EPRA)	-32.2%	49.4%	25.8%	41.7%	21.4%	2.3%	-0.6%	17.4%	13.3%	-0.9%
OMX Stockholm (SIX Return)	-2.6%	28.1%	36.3%	20.8%	34.2%	-35.9%	-14.8%	-10.8%	69.8%	13.1%
Number of shares, thousand										
average	164 000	164 000	164 000	164 000	164 000	164 000	164 000	186 512	200 000	200 000
outstanding	164 000	164 000	164 000	164 000	164 000	164 000	164 000	164 000	200 000	200 000
registered	172 008	172 008	172 008	172 008	172 008	172 008	172 008	172 008	200 000	200 000
Number of shareholders	7 300	7 700	7 900	8 900	8 800	8 300	7 100	7 100	7 100	5 400
Percentage of shareholders registered abroad	49%	53%	46%	37%	33%	31%	34%	44%	42%	53%
Market capitalization, SEKm	11 029	14 965	11 726	9 758	6 970	5 002	4 448	4 264	4 150	4 400
Turnover, thousand shares per year	207 442	107 710	93 268	86 289	92 067	107 587	132 720	156 742	113 152	184 380
Turnover, thousand shares per day on average	830	429	369	341	370	430	531	624	449	738
Turnover rate per year	126%	66%	57%	53%	56%	66%	81%	84%	57%	92%
Income from property management per share, SEK	5.63	5.38	5.00	4.52	4.07	3.77	3.30	2.65	2.15	1.77
Share price/income from property management pre tax per share	11.9	17.0	14.3	13.2	10.4	8.1	8.2	9.8	9.7	12.5
Net asset value per share, SEK (with 5% tax, without uncertainty range)	85	76	65	57	52	50	48	48	35	-
Share price/Net asset value	79%	120%	110%	104%	82%	61%	57%	54%	59%	-

1) Including an average value of SEK 0.25 for redemption rights.

## THE CASTELLUM SHARE'S PRICE TREND AND TURNOVER SINCE IPO MAY 23, 1997 UNTIL JANUARY 23, 2008





## INVESTOR RELATIONS

Castellum's objective is to continuously provide frequent, open and fair reporting on the company's real estate portfolio, results and financial position to shareholders, the capital market, the media and other interested parties, yet without disclosing any individual business relations.

Investor Relations are based above all on quarterly financial reports, press releases on significant commercial events and presentations of Castellum.

During the year, a large number of presentations of Castellum were held at meetings with investors and analysts, and at investment meetings both in Sweden and abroad. The large share of foreign shareholders means that there are extensive contacts with foreign investors.

Some 20 Swedish and foreign analysts track the development of both Castellum and the Swedish real estate sector.

## PRESS RELEASES

2008-01-23	Castellum's income from property management improved by 5% and a dividend of SEK 3.00 is proposed (Year-end Report)
2008-01-09	The Election Committee's proposals regarding members to the Board of Directors in Castellum AB
2008-01-09	Castellum invests SEKm 399
2007-12-03	Castellum invests SEKm 169
2007-10-17	Continued growth in Castellum's income from property management (Q3-Report)
2007-09-11	Castellum invests SEKm 292
2007-07-18	Growth in Castellum's income from property management 6% (Q2-Report)
2007-07-12	Castellum invests SEKm 375
2007-05-15	Castellum invests SEKm 194 in Växjö
2007-04-18	Castellum's leasing and level of investments continues high (Q1-Report)
2007-04-16	Castellum invests for SEKm 249
2007-03-22	Annual General Meeting in Castellum AB
2007-02-16	Invitation to the AGM in Castellum AB
2007-02-07	The Swedish version of Castellum's Annual Report 2006 is now available on <a href="http://www.castellum.se">www.castellum.se</a>
2007-02-02	Castellum enters into Halmstad
2007-01-24	Castellum's income from property management improved by 8% and a dividend of SEK 2.85 is proposed (Year-end Report)
2007-01-18	The Election Committee's proposals regarding members to the Board of Directors and Auditors in Castellum AB
2007-01-08	Castellum enters into Linköping

All press releases, quarterly reports and annual reports, both in Swedish and English, are available immediately after publication on [www.castellum.se](http://www.castellum.se). On the website, it is possible to subscribe to Castellum's press releases and quarterly reports. Other information about Castellum, such as the real estate portfolio and continuous updates of the Castellum share price are also disclosed on the website.



## Corporate Governance

Corporate governance is about the different means of decision making by which the shareholders directly and indirectly controls the company. A high level of transparency in the information towards shareholders and the financial market helps the decision making process run efficiently and provide different owners good insight into the operations of the company. Corporate governance has evolved through laws, recommendation, the so called code, and through self regulation.

### ARTICLES OF ASSOCIATION

The name of the company is Castellum Aktiebolag and the company is a public limited company.

The registered office of the Board is in Gothenburg.

The objective of the company's activities is to acquire, administer, develop and sell real estate and securities— directly or indirectly through wholly or partially owned companies – and to carry out other activities compatible with these. Changes in Castellum's articles of association are made in accordance with the regulations of the Companies Act. The articles of association, which also includes information on share capital, number of board members and auditors as well as rules for summons and agenda for the annual general meeting is available in total on the company's web site.

### ANNUAL GENERAL MEETING 2007

According to the Companies Act the annual general meeting is the highest decision making forum in a public limited company. The annual general meeting elects the Board of Directors and the company's auditors as well as makes decisions on changes in the articles of association and on changes in the share capital.

The latest AGM was held on March 22nd 2007 in Stenhammarsalen, the Gothenburg Concert Hall. At the AGM approx. 250 shareholders were present, which represented 15.2% of the total number of shares and votes.

The AGM adopted the financial reports for 2006 and discharged the Board of Directors and the Chief Executive Officer from liability regarding the operations for 2006.

Dividend to the shareholders was decided according to the Board's proposal of SEK 2.85 per share.

The AGM decided that the Board of Directors shall consist of seven board members with no deputies and that the Board shall receive a fixed remuneration of SEK 1,600,000 of which SEK 400,000 to the Chairman of the Board and SEK 200,000 to each one of the remaining board members. To the Board of Directors Jan Kvarnström, Marianne Dicander Alexandersson, Ulla-Britt Fräjdin-Hellqvist, Christer Jacobsson and Göran Lindén were re-elected and Per Berggren and Mats Wäppling were elected as new board members. The AGM elected Jan Kvarnström as Chairman of the Board. In this connection the previous board members Mats Israelsson and Stig-Arne Larsson were thanked for their services.

The AGM decided to approve the Board's proposed guidelines for remuneration for senior executives and an incentive program for the executive management.

The AGM decided that there shall be two auditors and one deputy auditor and remuneration shall be based on running accounts. As auditors Carl Lindgren was newly elected and Ingemar Rindstig was re-elected. Conny Lysér was re-elected as deputy auditor. In this connection the previous auditor Caj Nackstad was thanked for his services.

The AGM also decided to authorize the Board – for the purpose of adjusting the company's capital structure – to both acquire the company's



own shares, up to 10% of all shares in the company, and to give the Board the mandate to transfer all of the company's shares held by the company.

Minutes of the annual general meeting held on March 22nd 2007 is available on the company's web site.

## BOARD OF DIRECTORS

According to the articles of association, Castellum's Board shall consist of no less than four and no more than eight members. Board members are elected at the annual general meeting for the time until the end of the first annual general meeting held after the year the board member was elected. During 2007, the Board has consisted of seven regular members. The Board works according to a set of procedural rules containing instructions on the allocation of work between the Board and the CEO. There are no agreements between Castellum and board members regarding remuneration if leaving the assignment.

New board members receive an introduction of the company and its operations and take the stock exchange's training program according to the agreement with the stock exchange. The Board receives information of regulatory changes and issues concerning the operations and board responsibilities in a listed company on an ongoing basis.

For Board decisions the rules of the Companies Act applies meaning that at least half of the board members present and more than one third of the total number of board members must vote in order for a decision to be made. On equal count the Chairman has the deciding vote.

### *The Board of Directors Responsibility*

According to the Swedish Companies Act and the Board of Directors' rules of procedure the Board is responsible for drawing-up overall, long-term strategies and objectives, budget and business plans, review and establish the accounts, as well as making decisions on issues regarding investments and significant changes in Castellum's organization and operations. The Board also appoints the company's Chief Executive Officer and sets remuneration and other terms of employment benefits for the CEO.

### *The Board of Directors' Rules of Procedure*

The Board of Directors' rules of procedure is set annually. The rules of procedure describes the work of the Board and the distribution of responsibility between the Board and the Chief Executive Officer. The rules of procedure states which topics should be dealt with at each board meeting and instructions regarding the financial reporting to the Board of Directors. The rules of procedure also prescribes that the Board shall have an audit committee and a remuneration committee made up of all members of the Board who are not employed by the company. The Chairman of the committees shall be the Chairman of the Board of Directors.

### *The Chairman of the Board of Directors*

The Chairman of the Board of Directors is responsible for making sure that the members of the Board regularly receive information needed from the Chief Executive Officer in order to follow the company's financial position, results, liquidity, financial planning and development. The Chairman of the Board of Directors is also obliged to fulfil decisions made by the Annual General Meeting regarding establishing an election committee and to take part in the work of the committee.

### *The Board of Directors' Activities During 2007*

During 2007, Castellum's Board held ten meetings of which one was an inaugural meeting. According to the prevailing procedural rules, the Board must hold at least five scheduled board meetings each calendar year.



Idémannen 2 "Collegium", Linköping

Board meetings are held in conjunction with the publication of the company's reports, with the year-end and proposed appropriation of profits being dealt with in January, interim accounts in April, July and October, and the budget for the next year at the meeting held in December.

At each of the scheduled board meetings, those present deal with matters of significance for the company, such as investments and sales of properties as well as funding. Furthermore the Board is informed about the current state of operations in both the rental and real estate markets as well as the stock and credit markets.

The regular matters dealt with by the Board during 2007 included the business plan, company-wide policies, overall strategies, the procedural rules for the Board, the capital structure and financing requirements, accounting matters and the company's insurance situation. The Board has made an annual evaluation of its work which has been put together by the Secretary to the Board commissioned by the Board. The evaluation has been handed to the Election Committee and the Board for discussion. The evaluation covers topics such as working climate, working methods, follow-up and control, composition and communication with owners.

No other compensation beside the remuneration has been paid.

#### *Remuneration Committee*

The Remuneration Committee shall propose guidelines for remuneration for senior executives which shall be presented to the AGM for decision. Further, the Remuneration Committee shall decide on remuneration for the Chief Executive Officer and other senior executives within the guidelines decided by the AGM. The Remuneration Committee shall annually evaluate the work of the Chief Executive Officer and deal with issues concerning hiring and appointing of a Chief Executive Officer. The Remuneration Committee shall meet at least twice a year. During 2007, the Committee has held two meetings.

#### *Audit Committee*

The Audit Committee's tasks are to take responsibility for the company's internal control, accounting principles, risk management, financial reporting, auditing and before the election committee's process prepare for the election of auditors and their remuneration as well as secure a qualified independent review of the company. The Audit Committee shall meet at least three times a year, of which at least twice with the company's auditors present. At one of the occasions when the Audit Committee meets with the auditors no member of the executive management shall be present. During 2007, the Committee has held four meetings.

### **BOARD OF DIRECTORS, NUMBER OF MEETINGS AND ATTENDANCE DURING 2007 IN CASTELLUM AB**

Name	Elected/Resigned	Independent	Attendance of the total number of meetings		Remuneration Committee	Remuneration, SEK thousand
			Board meetings	Audit Committee		
Jan Kvarnström	1994	No	10 of 10	4 of 4	2 of 2	400
Per Berggren	2007	Yes	7 of 7	3 of 3	2 of 2	200
Marianne Dicander Alexandersson	2005	Yes	10 of 10	4 of 4	2 of 2	200
Ulla-Britt Fräjdin-Hellqvist	2003	Yes	10 of 10	4 of 4	2 of 2	200
Christer Jacobson	2006	Yes	10 of 10	4 of 4	2 of 2	200
Göran Lindén	1999	Yes	10 of 10	4 of 4	2 of 2	200
Mats Wäppling	2007	Yes	7 of 7	3 of 3	2 of 2	200
Mats Israelsson	1997 / 2007	Yes	3 of 3	1 of 1	–	–
Stig-Arne Larsson	1997 / 2007	Yes	3 of 3	1 of 1	–	–



## BOARD OF DIRECTORS

### Jan Kvarnström *Chairman of the Board*

Born 1948, Master of Business Administration and Economics and MBA. Has previous experience from different executive positions in the Bonnier-group and PK-banken (now Nordea) etc. and as CEO of Securum AB, Esselte AB and Dresdner Bank AG. Other assignments: Chairman of the Board of PA Resources AB and Collector AB and deputy Chairman of the Board of Carnegie & Co AB. Shareholdings: 13,600.

### Per Berggren

Born 1959, Master of Science and economic education from Stockholm University. Present CEO of Jernhusen AB. Previously division manager in Fabege AB, CEO of Drott Kontor AB and property manager in Skanska Fastigheter Stockholm AB. Other assignments: Director of Ny Nationalarena i Solna AB. Shareholdings: 500.

### Marianne Dicander Alexandersson

Born 1959, Master of Science. Division manager for the consumer market at Apoteket AB. Previous positions within Volvo, ICI, Pharmacia and latest as CEO of Kronans Droghandel AB. Other assignments: Director of Chalmers University of Technology, Confederation of Swedish Enterprise and WHO's Uppsala monitoring center. Shareholdings: 24.

### Ulla-Britt Fräjdin-Hellqvist

Born 1954, Master of Science. Own operations in Fräjdin & Hellqvist AB. Previous executive positions within Volvo Personvagnar and Head of Department in Confederation of Swedish Enterprise. Other assignments: Chairman of the Board of SinterCast AB and Director of Finnveden AB, Kongsberg Automotive, Svedbergs i Dalstorp AB and Ryndbolaget etc. Shareholdings: 800.

### Christer Jacobson

Born 1946, Master of Business Administration and Economics DHS. Own operations in Bergsrådet Konsult & Förvaltning AB. Previously stock commentator and market manager at Affärsvärlden and Head of Analysis and CEO of the Alfred Berg-group. Shareholdings: 0.

### Göran Lindén

Born 1944, Bachelor of Business Administration and Economics. Has been CEO of ABBA AB, BCP AB, Fortos AB, Swedish Match AB and deputy CEO of Procordia AB and member of the executive board in AB Volvo. Other assignments: Chairman of the Board of Insplanet AB, Procordia's retirement fund, Rölunda AB, Flodins Filter AB, Retail House Oy and Västana Slott AB and Director of Wicanders Förvaltnings AB, Plockmatic Int. AB and Grimaldi Industrier AB. Shareholdings: 0.

### Mats Wäppling

Born 1956, Master of Science. Present CEO of SWECO AB. Previous positions as deputy CEO of NCC AB and manager of NCC Property Development and deputy CEO and division manager within Skanska AB. Shareholdings: 0.

## Secretary to the Board

### Anders Wikström *Secretary to the Board*

Born 1949. Secretary to the Board since 1994. Lawyer, Mannheimer Swartling Advokatbyrå. Shareholdings: 1,372.



Jan Kvarnström



Per Berggren

Marianne Dicander  
Alexandersson

Ulla-Britt Fräjdin-Hellqvist



Christer Jacobson



Göran Lindén



Mats Wäppling



Anders Wikström

*The information above refers to the situation in the beginning of February 2008. Shareholdings include own holdings and those of spouse, minors or children living at home and associated companies.*



Carl Lindgren  
Born 1958.  
Company's auditor since 2007.



Ingemar Rindstig  
Born 1949.  
Company's auditor since 2003.



Conny Lysér  
Born 1962.  
Company's deputy auditor  
since 2003.

## AUDIT

Castellum's auditors are elected by the AGM for a period of four years. The present period began in 2007 and the next election will therefore take place at the regular AGM in 2011. The company's auditors are Carl Lindgren, working at KPMG, Ingemar Rindstig, working at Ernst & Young and deputy auditor Conny Lysér, working at KPMG, all of them are authorized public accountants.

### *Remuneration to Auditors*

Remuneration to auditors during the year was SEK 3,977,000 (2006: 3,492,000 2005: 3,610,000) of which SEK 2,117,000 (2006: 1,942,000 2005: 2,074,000) related to auditing assignments and the remainder to consulting. The corresponding amounts for the parent company were SEK 1,058,000 (2006: 787,000 2005: 1,171,000) and 682,000 (2006: 562,000 2005: 867,000). Of the group's total remuneration of SEK 3,977,000 (2006: 3,492,000 2005: 3,610,000), SEK 3,851,000 (2006: 3,346,000 2005: 3,034,000) refers to KPMG and the remainder to Ernst & Young.

## ELECTION COMMITTEE

The Annual General Meeting 2007 decided that an election committee should be appointed for the AGM 2008 in order to fulfil the tasks set out in the code for corporate governance and to propose a procedure for setting up a new election committee. Further, decision was made that the election committee should be established by the Chairman contacting the three largest shareholders at the end of the third quarter 2007 in order for them to each appoint one member to the election committee who, together with the Chairman of the Board of Directors as convener, should constitute the election committee. It was also decided that the election committee would appoint a chairman amongst its members. The election committee which was formed includes: Lars Öhrstedt representing AFA Försäkring, Åsa Nisell representing Swedbank Robur, Lars-Åke Bokenberger representing AMF Pension and the Chairman of the Board Jan Kvarnström. Lars Öhrstedt is the chairman of the election committee.

The election committee has held two meetings with minutes taken. At the meetings the election committee has discussed all the issues the election committee are obliged to discuss according to the Code for corporate governance. The election committee has among other things judged if the current Board of Directors meet the requirements that will be put on the Board as an effect of Castellum's situation and future operations, e.g. by reviewing the evaluation made of the work of the Board.

The Election Committee has decided to propose re-election of the present Board of Directors. The decision has been made with respect to the fact that three new board members have been elected to Castellum's Board of Directors in the last two years and considering the program for renewal of the Board of Directors that exists.

When assessing the remuneration to the Board of Directors the Election Committee has proposed that the remuneration should increase from SEK 400,000 to SEK 450,000 for the Chairman and from SEK 200,000 to SEK 215,000 for each one of the remaining board members.

Finally, the Election Committee has informed Castellum about the work of the Election Committee and which proposals the Election Committee has decided on.



### THE ANNUAL GENERAL MEETING 2008

For the AGM on March 27, 2008 the Board of Directors proposes:

- a dividend of SEK 3.00 per share and April 1, 2008 as record day,
- guidelines for remuneration to members of the executive management,
- a renewed mandate for the Board to decide on purchase or transfer of the company's own shares.

For the AGM the election committee proposes:

- that the number of board members shall be seven,
- that remuneration to the Board should increase from SEK 1,600,000, to SEK 1,740,000 of which SEK 450,000 to the Chairman of the Board and SEK 215,000 to each one of the remaining board members. The remuneration include work on the committees,
- re-election of the board members Jan Kvarnström, Per Berggren, Marianne Dicander Alexandersson, Ulla-Britt Fräjdin-Hellqvist, Christer Jacobson, Göran Lindén, and Mats Wäppling and, that Jan Kvarnström shall be re-elected as Chairman of the Board of Directors,
- for AGM to decide on appointing an election committee for the AGM 2009 and for the Chairman to contact the three largest owner registered or in an other way known shareholders at the end of the third quarter 2008 and invite them to each appoint one member to the election committee, and that the three appointed members together with the Chairman of the Board of Directors shall constitute the election committee. The election committee will appoint a chairman amongst its members.

### SWEDISH CODE FOR CORPORATE GOVERNANCE

Castellum applies the code which purpose is to create good preconditions for practicing the role of an active and responsible ownership. The code is meant to make up one step in the self-regulation of the Swedish business environment. It is based upon the principle comply or explain, meaning that all rules must not always be followed and there is no crime in deviating from one or more particular rules of the code if there are motives and explanations.

Castellum deviates from the paragraph, "making the members of the election committee public", which according to the code shall be made six month prior to the AGM. The AGM 2007 decided, according to previous practice, that an election committee should be established at the end of the third quarter, and that the names of the members of the election committee should be published in the company's third interim report for the year. This meant that the composition of the election committee was published approximately five months prior to the AGM.

Since the Corporate Governance Report, which is made up of the section corporate governance pages 56-65, is an important report Castellum has chosen to include this in the Directors' Report, excluding the section about internal control on pages 62-63. Hence, the Corporate Governance Report, excluding the section about internal control, is included in the regular audit of the annual report.



Olskroken 14:2, Gothenburg

*The following section about internal control is part of the Corporate Governance Report, but is not a part of the Directors' Report. The section has not been reviewed by the auditors.*

## **INTERNAL CONTROL**

According to the Swedish Companies Act and Swedish code for corporate governance the Board of Directors is responsible for the internal control. This report has been drawn up in accordance with the Swedish code for corporate governance and is hence limited to internal control regarding the financial reporting.

The internal control in Castellum follows an established framework, Internal Control – Integrated Framework, "COSO", comprising the following five components: control environment, risk assessment, control activities, information and communication and monitoring.

### ***Control Environment***

The basis for the internal control regarding the financial reporting is made up of the control environment, which consists of different parts that together form the culture and values Castellum is managed from. The fundamentals for Castellum's internal control is the decentralized small-scale organization with over 500 properties, as well as cost centres, which are managed by six subsidiaries, each with approx. 25-35 employees. The decision making processes, authorizations and responsibilities which have been drawn up and communicated in documents such as the Board of Directors' rules of procedure, rules for decision making, rules for authorization, accounting and reporting manuals, internal policies and manuals are also important for the internal control. Documents in use are updated regularly to changes in legislation, accounting standards or listing requirements etc.

### ***Risk Assessment***

In Castellum risk management is built into processes concerned and different methods are used to evaluate and limit risks and to secure that the risks Castellum is exposed to are managed in accordance with set policies and guidelines. In accordance with the rules of procedure, the Board of Directors, also the audit committee, reviews the internal control once a year. Identified risks are assessed and measures are set to reduce these risks. The important risks Castellum has identified in the financial reporting are errors in the accounting and valuation of properties, interest bearing liabilities, taxes and VAT, as well as the risk of fraud, loss or embezzlement of assets.

### ***Control Activities***

The risks identified regarding the financial reporting are taken care of by the company's structure for control resulting in a number of control measures. The control measures aim to prevent, discover and correct errors and deviations and comprise analytical reviews on many levels in the organization and comparisons of income statement items, reconciliation of accounts, follow-up and reconciliation of board decisions and policies set by the board, authorization and reporting of business transactions, structure for proxy and authorization, authorized signatory, compliance officer function, group-wide definitions, templates, tools for reporting as well as accounting and valuation principles.



Castellum's subsidiaries have their own financial functions which take part in the planning and follow-up of their units' financial results. Their regular analysis of their own units' financial reporting are together with the analysis made at group level an important part of the internal control in order to ensure that the financial reporting do not contain any significant errors.

#### *Information and Communication*

Castellum has ways for information and communication that aim to ensure an effective and correct distribution of information regarding the financial reporting. This demands that all parts of the operation communicate and share relevant and important information. Policies and guidelines regarding the financial reporting as well as updates and changes are made available and aware to the personnel concerned. The group management as well as the Board of Directors regularly receive financial information about the subsidiaries with comments on financial results and risks. The Board of Directors also receives additional information regarding risk management, internal control and financial reporting from the auditors through the audit committee. In order to ensure that the external distribution of information is correct and complete there are both a policy for communicating with the stock market and an information security policy.

#### *Monitoring*

Regular follow-ups take place on many levels in the group, on both property level and subsidiary level as well as group level. The Board of Directors, which also makes up the audit committee, regularly evaluates the information provided by the company management and the auditors. The company's auditors also report in person directly to the audit committee at least twice a year of their observations from the audit and their assessment of the internal control. In addition the audit committee has an annual review of the risk assessments made and the decided measures. The audit committee's and the Board of Directors' monitoring are of particular importance for the development of the internal control and for ensuring that measures are taken for possible shortcomings and suggestions that emerge.

#### *The Need for Internal Audits*

Castellum has a small scale organization with approx. 25-35 employees in each company which together manages over 500 cost centres. All property management are run by the subsidiaries while finance activities are taken care of by the parent company, meaning that Castellum AB is not a profit centre. This gives the financial function of the parent company the role of a controlling function for the subsidiaries and a compliance officer function for the treasury department. In all this provides for the assessment that there is no need for a special unit for internal audits.



*Flygvärdinnan 4, Malmö*

**EXECUTIVE MANAGEMENT**

The executive management includes the Chief Executive Officer, the Deputy Chief Executive Officer with responsibility for business development, the Financial and Finance Directors of Castellum AB and the six Managing Directors of the subsidiaries. Each member of the executive management has their own area of responsibility and at the meetings taking place mostly issues of overall operations are covered. The executive management has had 9 meetings in 2007.

*The Chief Executive Officer*

The Chief Executive Officer is responsible for the company's day-to-day operations and for leading the operations according to the guidelines and directives submitted by the Board of Directors and for providing the Board with information and necessary basis for decision making. The Chief Executive Officer is also reporting at Board meetings and shall make sure that members of the Board regularly receive the information needed in order to follow the company's and the group's financial position, results, liquidity, and development.

*Guidelines for remuneration for Senior Executives*

The AGM 2007 decided on the following guidelines for remuneration for senior executives:

Castellum shall uphold such remuneration levels and terms of employment as required in order to recruit and maintain a good management with competence and capacity to reach set goals. The remuneration and other terms of employment for the management shall thus be adjusted to the market conditions. A fixed salary will be paid for work performed in a satisfactory manner.

In addition, flexible remunerations may also be offered, in order to reward clearly goal referenced achievements by simple and transparent constructions. The flexible remuneration of the management shall generally not exceed the fixed salary. The flexible remuneration of the management shall depend upon the extent to which set goals have been fulfilled. The remuneration of the management under the incentive program will depend upon the extent to which set goals have been fulfilled, mainly in respect of profits from property management, development of the company image, training of staff and customer satisfaction, as well as development of the share price, both in nominal figures and compared to real estate index.

The non-monetary benefits of the management shall facilitate the work of the members of management and shall correspond to what is considered reasonable under relevant market practice.

The pension terms of the executive management shall be set according to general market practice with regards to corresponding executive management, and shall be based on pension plans with fixed payments.

Dismissal pay and severance pay of a member of the management shall not exceed 24 monthly salaries in total.

The proposed guidelines for remuneration for senior executives which will be put forward at the AGM on March 27, 2008 are unchanged compared to those put forward at the AGM 2007.

The AGM 2007 also decided on an incentive program for senior executives, which in principle is a renewal of the previous incentive program. The new incentive program covers the years 2008, 2009 and 2010 for the profit based part and for the share price related part the period June 2008 - May 31 2011.

For further information regarding remuneration for the management see note 10, page 87.



## EXECUTIVE MANAGEMENT

**Håkan Hellström** *Chief Executive Officer, Castellum AB.*

Born 1956, Master of Business Administration and Economics. Employed since 1994 as Chief Financial Officer and Deputy Chief Executive Officer. Has previously worked as Authorized Public Accountant. Other assignments: Member of the Board of European Public Real Estate Association (EPRA). Shareholdings: 94,000

**Henrik Saxborn** *Deputy Chief Executive Officer, Castellum AB with responsibility for business development.*

Born 1964, Master of Science. Previous experience from management and acquisitions of properties. Employed since 2006. Shareholdings: 7,000

**Tage Christoffersson** *Managing Director, Eklandia Fastighets AB.*

Born 1952, upper secondary schooling and real estate/economy at KTH. Has been working in the real estate business since 1976. Employed since 1994 and Managing Director of Eklandia since 1995. Shareholdings: 42,800

**Ulrika Danielsson** *Finance Director, Castellum AB.*

Born 1972, Master of Business Administration and Economics. Experience within the financial and controlling function. Employed since 1998 and Finance Director since 2006. Shareholdings: 1,200

**Anette Engström** *Financial Director, Castellum AB.*

Born 1961, Master of Business Administration and Economics. More than 20 years experience from bank and finance. Employed since 2000 and Financial Director since 2006. Shareholdings: 21,800

**Claes Junefelt** *Managing Director, Fastighets AB Corallen.*

Born 1960, Master of Science. More than 15 years experience from building construction as team manager/district manager. Employed and Managing Director of Corallen since 2005. Shareholdings: 3,000

**Claes Larsson** *Managing Director, Aspholmen Fastigheter AB.*

Born 1957, Master of Science. More than 10 years experience from building construction as team manager/district manager. Employed and Managing Director of Aspholmen since 2002. Shareholdings: 14,800

**Anders Nilsson** *Managing Director, Fastighets AB Brostaden.*

Born 1967, Master of Science. More than 10 years experience from the real estate business. Employed since 1993 and Managing Director of Brostaden since 2006. Shareholdings: 2,000

**Christer Sundberg** *Managing Director, Harry Sjögren AB.*

Born 1955, Master of Science. More than 25 years experience from banks and real estate companies. Employed and Managing Director of Harry Sjögren AB since 1993. Shareholdings: 38,100

**Gunnar Östenson** *Managing Director, Fastighets AB Briggen.*

Born 1956, Master of Business Administration and Economics. Previous experience from real estate management and the construction industry. Employed and Managing Director of Briggen since 2006. Shareholdings: 1,150

*The information above refers to the situation in the beginning of February 2008. Shareholdings include own holdings and those of spouse, minors or children living at home and associated companies.*



Håkan Hellström



Henrik Saxborn



Tage Christoffersson



Ulrika Danielsson



Anette Engström



Claes Junefelt



Claes Larsson



Anders Nilsson



Christer Sundberg



Gunnar Östenson

# Financial Review

## SUMMARY

Rental income amounted to SEKm 2,259 (2,014) with an average economic occupancy rate of 87.9% (87.1%).

During the year 796 new lease contracts were signed with a total annual value of SEKm 315 (287), while contracts terminated amounted to SEKm 180 (167). Hence, net leasing for the year was SEKm 135 (120).

Property costs amounted to SEKm 771 (700), corresponding to SEK 262 per sq.m. (259). The net costs, which in principle have remained unchanged, have been affected partly by lower operating expenses, and partly by higher real estate tax due to increased tax assessment values.

Income from property management i.e. net income for the year excluding changes in value and tax, amounted to SEKm 924 (883), equivalent to SEK 5.63 (5.38) per share. The improvement was 5% and is chiefly an effect of improved net operating income in the property management and investments made but has been limited by higher interest costs.

During the year, changes in value on properties and derivatives amounted to, respectively, SEKm 920 (1,145) and SEKm 99 (178). Changes in value on properties refer to both SEKm 1 in realized results from properties sold during the year and SEKm 919 in unrealized change in value. The increase in value is mainly made up of three parts: approx. SEKm 375 is assigned to lower required market yields of 0.1% seen during the first six months, approx. SEKm 275 is assigned to new constructions, extensions and refurbishment projects started during the last quarter, and approx. SEKm 200 is assigned to improvements in future cash flows chiefly depending on an expected increase in rental levels based on the inflation.

Castellum's net income for the year 2007 was SEKm 1,487 (1,674).

## THE REAL ESTATE PORTFOLIO

As of 31 December, 2007 Castellum's real estate portfolio amounted to a fair value of SEKm 27,717 (24,238). During the year investments totalling SEKm 2,598 (2,283) were made, of which SEKm 1,514 (1,292) were acquisitions and SEKm 1,084 (991) new construction, extensions and refurbishment. Of the total investments, SEKm 864 related to Greater Gothenburg, SEKm 679 to Eastern Götaland, SEKm 401 to Mälardalen, SEKm 374 to the Öresund Region and SEKm 280 to Greater Stockholm. During the year Castellum made two entries in new markets, Linköping and Halmstad.

## FINANCING

As of 31 December, 2007 Castellum had long term credit agreements totalling SEKm 13,300 (11,050), long term bonds totalling SEKm 650 (350), short term credit agreements totalling SEKm 776 (1,776) and a commercial paper program of SEKm 4,000 (3,000). After deduction of liquid assets of SEKm 7 (8), net interest bearing liabilities were SEKm 12,575 (10,829). Outstanding commercial papers of SEKm 2,949 are fully covered by unutilized long term credit agreements. The average duration of Castellum's long term credit agreements as of 31 December, 2007 was 5.2 years (5.8). Long term binding credit agreements totalling SEKm 13,950 (11,400), exceed utilized credit agreements totalling SEKm 12,575 (10,829) by SEKm 1,375 (629).

The average effective interest rate as of 31 December, 2007 was 4.4% (4.0%). The average fixed interest term on the same date was 2.2 years (2.3) while the share of loans with interest rate maturity during the next 6 months was 45% (48%).



## MULTI YEAR SUMMARY

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Income Statement</b>										
Rental income	2 259	2 014	1 907	1 856	1 758	1 684	1 571	1 435	1 256	1 200
Property costs	- 771	-700	-637	-628	-595	-560	-549	-518	-499	-518
Net operating income	1 488	1 314	1 270	1 228	1 163	1 124	1 022	917	757	682
Central administrative expenses	- 69	-67	-68	-69	-67	-63	-67	-62	-56	-58
Net financial items	- 495	-364	-382	-418	-428	-442	-414	-360	-271	-271
<b>Income from property management</b>	<b>924</b>	<b>883</b>	<b>820</b>	<b>741</b>	<b>668</b>	<b>619</b>	<b>541</b>	<b>495</b>	<b>430</b>	<b>353</b>
<b>Changes in value</b>										
Properties	920	1 145	932	660	-43	251	686	668	109*	89*
Derivatives	99	178	-40	-146	-13	-168	42	-114	-*	-*
Depreciation, items affecting comparability etc	-	-	-	-	-	-	-	-12	-84*	-78*
Current tax	- 22	-10	-1	-5	-1	-2	-	-1	-	-1
Deferred tax	- 434	-522	-417	-334	-171	-44	-338	-276	-127*	-101*
<b>Net income for the year</b>	<b>1 487</b>	<b>1 674</b>	<b>1 294</b>	<b>916</b>	<b>440</b>	<b>656</b>	<b>931</b>	<b>760</b>	<b>328*</b>	<b>262*</b>
<b>Balance Sheet</b>										
Investment properties	27 717	24 238	21 270	19 449	18 015	17 348	16 551	14 759	13 337	8 695*
Other assets	167	200	103	94	167	172	394	118	184	767
Cash and bank	7	8	5	7	33	20	20	11	96	100
<b>Total assets</b>	<b>27 891</b>	<b>24 446</b>	<b>21 378</b>	<b>19 550</b>	<b>18 215</b>	<b>17 540</b>	<b>16 965</b>	<b>14 888</b>	<b>13 617</b>	<b>9 562</b>
Shareholders' equity	11 204	10 184	8 940	8 035	7 467	7 334	6 946	6 240	6 604	4 263*
Interest-bearing liabilities	12 582	10 837	9 396	8 834	8 598	8 264	8 254	7 245	5 670	4 765
Deferred tax liabilities	3 322	2 723	2 126	1 659	1 294	1 124	1 081	743	468	-*
Derivatives	-	55	233	391	245	232	64	106	-	-*
Non interest-bearing liabilities	783	647	683	631	611	586	620	554	875	534
<b>Total shareholders' equity and liabilities</b>	<b>27 891</b>	<b>24 446</b>	<b>21 378</b>	<b>19 550</b>	<b>18 215</b>	<b>17 540</b>	<b>16 965</b>	<b>14 888</b>	<b>13 617</b>	<b>9 562</b>
<b>Financial key ratios</b>										
Net operating income margin	66%	65%	67%	66%	66%	67%	65%	64%	60%	57%
Interest rate level, average	4.2%	3.7%	4.3%	4.9%	5.4%	5.7%	5.8%	5.9%	5.8%	6.3%
Interest coverage ratio	287%	343%	315%	277%	256%	240%	231%	238%	259%	230%
Return on equity	14.9%	19.2%	16.5%	12.6%	6.1%	9.6%	15.2%	12.6%	-*	-*
Return on total capital	9.1%	10.7%	10.7%	9.8%	5.9%	7.7%	10.5%	10.9%	-*	-*
Investments in properties, SEKm	2 598	2 283	1 357	1 268	1 108	1 050	1 741	1 352	1 993	712
Sales, SEKm	39	460	468	494	397	503	635	598	425	571
Equity/assets ratio	40%	42%	42%	41%	41%	42%	41%	42%	48%	45%*
Borrowing ratio	45%	45%	45%	45%	48%	48%	50%	49%	43%	55%*

**Data per share** (since there are no potential common stock, there is no effect of dilution)

Average number of shares, thousand	164 000	164 000	164 000	164 000	164 000	164 000	164 000	186 512	200 000	200 000
Earnings after tax, SEK	9.07	10.21	7.89	5.59	2.68	4.00	5.68	4.07	1.64*	1.31*
Income from property management, SEK	5.63	5.38	5.00	4.52	4.07	3.77	3.30	2.65	2.15	1.76
Outstanding number of shares, thousand	164 000	164 000	164 000	164 000	164 000	164 000	164 000	164 000	200 000	200 000
Dividend, SEK (2007 proposed)	3.00	2.85	2.62	2.38	2.13	1.88	1.63	1.38	1.12	0.87
Dividend ratio	74%	73%	73%	73%	72%	69%	68%	72%	73%	69%
Properties fair value, SEK	169	148	130	119	110	106	101	90	67	43*
Shareholders' equity, SEK	68	62	55	49	46	45	42	38	33	21*

\* In the multi year summary above retroactive adjustments have been made for new accounting principles (IFRS) apart from 1998 where property valuations have not been previously disclosed.



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## Consolidated Income Statement

SEKm		2007	2006
Rental income	Note 3	2 259	2 014
Operating expenses	Note 4	– 414	– 393
Maintenance	Note 4	– 96	– 100
Ground rent	Note 4	– 20	– 18
Real estate tax	Note 4	– 110	– 74
Leasing and property administration	Note 4	– 131	– 115
<b>Net operating income</b>		<b>1 488</b>	<b>1 314</b>
Central administrative expenses	Note 5	– 69	– 67
<i>Financial items</i>			
Financial income	Note 6	3	3
Financial costs	Note 7	– 498	– 367
<b>Income from property management</b>		<b>924</b>	<b>883</b>
<i>Changes in value</i>	Note 8		
Properties, realized		1	83
Properties, unrealized		919	1 062
Derivatives, unrealized		99	178
<b>Income before tax</b>		<b>1 943</b>	<b>2 206</b>
Current tax	Note 9	– 22	– 10
Deferred tax	Note 9	– 434	– 522
<b>Net income for the year</b>		<b>1 487</b>	<b>1 674</b>

Since there are no minority interests the entire net income is attributable to the shareholders of the parent company.

### **Data per share** (since there are no potential common stock, there is no effect of dilution)

Average number of shares, thousand	164 000	164 000
Earnings after tax, SEK	9.07	10.21
Dividend, SEK (for 2007 proposed)	3.00	2.85

# Consolidated Balance Sheet

SEKm		Dec 31 2007	Dec 31 2006
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investment properties	Note 11	27 717	24 238
Tangible fixed assets	Note 12	13	13
<b>Total fixed assets</b>		<b>27 730</b>	<b>24 251</b>
<b>Current assets</b>			
Rent receivables		14	11
Other receivables		66	144
Prepaid expenses and accrued income		30	32
Derivatives		44	–
Cash and bank		7	8
<b>Total current assets</b>		<b>161</b>	<b>195</b>
<b>TOTAL ASSETS</b>		<b>27 891</b>	<b>24 446</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity attributable to the shareholders of the parent company</b>			
	Note 14		
Share capital		86	86
Reserves		20	20
Retained earnings		11 098	10 078
<b>Total shareholders' equity</b>		<b>11 204</b>	<b>10 184</b>
<b>Liabilities</b>			
	Note 15		
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities	Note 16	12 582	10 837
Deferred tax liability	Note 17	3 322	2 723
<b>Total long-term liabilities</b>		<b>15 904</b>	<b>13 560</b>
<b>Short-term liabilities</b>			
Derivatives		–	55
Account payables		205	160
Tax liabilities		46	11
Other liabilities		60	60
Accrued expenses and prepaid income	Note 18	472	416
<b>Total short-term liabilities</b>		<b>783</b>	<b>702</b>
<b>Total liabilities</b>		<b>16 687</b>	<b>14 262</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>27 891</b>	<b>24 446</b>
Pledged assets	Note 19	11 793	10 487
Contingent liabilities	Note 20	–	–

## Income Statement for the Parent Company

SEKm		2007	2006
Income	Note 3	11	10
Central administrative expenses	Note 5	– 52	– 50
<i>Financial items</i>			
Financial income	Note 6	1 072	961
Financial costs	Note 7	– 513	– 387
<b>Income before changes in value and tax</b>		<b>518</b>	<b>534</b>
<i>Changes in value</i>	Note 8		
Derivatives, unrealized		99	178
<b>Income before tax</b>		<b>617</b>	<b>712</b>
Current tax	Note 9	–	–
Deferred tax	Note 9	– 19	– 41
<b>Net income for the year</b>		<b>598</b>	<b>671</b>

Since there are no minority interests the entire net income is attributable to the shareholders of the parent company.



## Balance Sheet for the Parent Company

SEKm		Dec 31 2007	Dec 31 2006
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets	Note 12	0	1
<i>Financial fixed assets</i>			
Participations in group companies	Note 13	4 087	4 087
Deferred tax assets	Note 17	–	2
Long-term receivables, group companies		12 460	10 830
<i>Total financial fixed assets</i>		<i>16 547</i>	<i>14 919</i>
<b>Total fixed assets</b>		<b>16 547</b>	<b>14 920</b>
<b>Current assets</b>			
Short-term receivables, group companies		500	428
Prepaid expenses and accrued income		3	4
Derivatives		44	–
Cash and bank		0	0
<b>Total current assets</b>		<b>547</b>	<b>432</b>
<b>TOTAL ASSETS</b>		<b>17 094</b>	<b>15 352</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	Note 14		
<i>Restricted equity</i>			
Share capital		86	86
Restricted reserves		20	20
<i>Non-restricted equity</i>			
Retained earnings		3 664	3 496
Net income for the year		598	671
<b>Total shareholders' equity</b>		<b>4 368</b>	<b>4 273</b>
<b>Provisions</b>			
Deferred tax liability	Note 17	3	–
<b>Liabilities</b>			
	Note 15		
Long-term interest-bearing liabilities	Note 16	12 276	10 531
Long-term interest-bearing liabilities, group companies		331	398
Derivatives		–	55
Accounts payable		1	1
Tax liabilities		–	1
Other liabilities		2	–
Accrued expenses and prepaid income	Note 18	113	93
<b>Total liabilities</b>		<b>12 723</b>	<b>11 079</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>17 094</b>	<b>15 352</b>
Pledged assets	Note 19	10 872	9 617
Contingent liabilities	Note 20	300	300

## Change in Equity

### Attributable to the shareholders of the parent company

<b>Group, SEKm</b>	<i>Number of out- standing shares, thousand</i>	<i>Share capital</i>	<i>Reserves</i>	<i>Retained earnings</i>	<i>Total equity</i>
<b>Shareholders' equity 31-12-2005</b>	<i>41 000</i>	<b>86</b>	<b>20</b>	<b>8 834</b>	<b>8 940</b>
Dividend, March 2006	–	–	–	– 430	– 430
Share split 4:1, April 2006	<i>123 000</i>	–	–	–	–
Net income for the year	–	–	–	1 674	1 674
<b>Shareholders' equity 31-12-2006</b>	<i>164 000</i>	<b>86</b>	<b>20</b>	<b>10 078</b>	<b>10 184</b>
Dividend, March 2007	–	–	–	– 467	– 467
Net income for the year	–	–	–	1 487	1 487
<b>Shareholders' equity 31-12-2007</b>	<i>164 000</i>	<b>86</b>	<b>20</b>	<b>11 098</b>	<b>11 204</b>

<b>Parent Company, SEKm</b>	<i>Number of out- standing shares, thousand</i>	<i>Share capital</i>	<i>Restricted reserves</i>	<i>Retained earnings</i>	<i>Total equity</i>
<b>Shareholders' equity 31-12-2005</b>	<i>41 000</i>	<b>86</b>	<b>20</b>	<b>3 920</b>	<b>4 026</b>
Dividend, March 2006	–	–	–	– 430	– 430
Share split 4:1, April 2006	<i>123 000</i>	–	–	–	–
Received group contribution after tax	–	–	–	6	6
Net income for the year	–	–	–	671	671
<b>Shareholders' equity 31-12-2006</b>	<i>164 000</i>	<b>86</b>	<b>20</b>	<b>4 167</b>	<b>4 273</b>
Dividend, March 2007	–	–	–	– 467	– 467
Paid group contribution after tax	–	–	–	– 36	– 36
Net income for the year	–	–	–	598	598
<b>Shareholders' equity 31-12-2007</b>	<i>164 000</i>	<b>86</b>	<b>20</b>	<b>4 262</b>	<b>4 368</b>

# Cash Flow Statement

SEKm	Group		Parent Company	
	2007	2006	2007	2006
<b>Operating activities</b>				
Net operating income	1 488	1 314	11	10
Central administrative expenses	– 69	– 67	– 52	– 50
Depreciations reversed	6	5	1	0
Net financial items paid	Note 21 – 476	– 365	28	10
Tax paid on income from property management	– 12	–	–	–
<b>Cash flow from operating activities before change in working capital</b>	<b>937</b>	<b>887</b>	<b>– 12</b>	<b>– 30</b>
<i>Cash flow from change in working capital</i>				
Change in current receivables	68	– 88	– 71	0
Change in current liabilities	101	29	2	– 1
<b>Cash flow from operating activities</b>	<b>1 106</b>	<b>828</b>	<b>– 81</b>	<b>– 31</b>
<b>Investment activities</b>				
Investments in existing properties	– 1 084	– 991	–	–
Property acquisitions	Note 21 – 1 349	– 1 213	–	–
Change in liabilities at acquisitions of properties	6	– 74	–	–
Property sales	39	457	–	–
Change in receivables at sales of properties	9	– 10	–	–
Net capital contributions, subsidiaries	–	–	500	137
Other net investments	– 6	– 5	0	0
<b>Cash flow from investment activities</b>	<b>– 2 385</b>	<b>– 1 836</b>	<b>500</b>	<b>137</b>
<b>Financing activities</b>				
Change in long-term liabilities	1 745	1 441	1 678	1 229
Change in long-term receivables	–	–	– 1 630	– 905
Dividend paid	– 467	– 430	– 467	– 430
<b>Cash flow from financing activities</b>	<b>1 278</b>	<b>1 011</b>	<b>– 419</b>	<b>– 106</b>
<b>Cash flow for the year</b>	<b>– 1</b>	<b>3</b>	<b>0</b>	<b>0</b>
Cash and bank, opening balance	8	5	0	0
<b>Cash and bank, closing balance</b>	<b>7</b>	<b>8</b>	<b>0</b>	<b>0</b>



# Accounting Principles and Notes

(All figures in SEKm unless stated otherwise.)

## Note 1

## Accounting Principles

### General information

The consolidated financial reports of Castellum AB (The Parent Company) for the financial year ending December 31, 2007 has been approved by the Board of Directors and the Chief Executive Officer for publication on February 6, 2008 and will be proposed to the Annual General Meeting 2008 for adoption. The parent company is a Swedish limited liability company (publ), with registered office in Gothenburg, Sweden. The operations of the Group are described in the Directors' report.

### Grounds for the accounting

Castellum's accounts have been prepared in accordance with the IFRS standards adopted by the EU and the interpretations of them (IFRIC). Further, the consolidated accounts have been prepared according to Swedish law by application of the Swedish Financial Accounting Standards Council's recommendation RR 30:06 (Complementary accounting principles for consolidated accounts).

The accounts have been prepared based on fair value for investment properties and derivatives. For the remaining items acquisition value has been used.

### Critical assessments

In order for the accounts to be completed in accordance with the IFRS and generally accepted accounting principles assessments and assumptions must be made that affect the recorded assets, liabilities, income and costs as well as other information in the accounts. These assessments and assumptions are based upon historical experiences and other factors which are considered fair under the current conditions. Real outcome may be different from these assessments if other assumptions are made or other conditions exist.

#### *Investment properties*

In valuation of investment properties the assessments and assumptions can have significant affect on the income and financial position of the Group. The valuation calls for estimation and assumptions of the future cash flows and decision about the discounting factor (required yield). To reflect the uncertainty that exists in the assessments and assumptions, normally an uncertainty range of +/- 5-10% is used in property valuations. Information about this and the assessments and assumptions made are presented in note 11.

#### *Deferred tax liability*

According to the accounting principles deferred tax shall be accounted to nominal value without discounting, meaning 28% nominal tax rate. The real tax is considerably lower in part due to the possibility to sell properties in a tax efficient way, and in part due to the time factor.

### Classification

Fixed assets and long-term liabilities consist of amounts that are expected to be regained or settled more than twelve months from the balance sheet day. Current assets and short-term liabilities consist of amounts that are expected to be regained or settled less than twelve months from the balance sheet day.

### The consolidated financial statements

The Group's balance sheet and income statement includes all companies where the parent company has direct or indirect determining influence. All companies in the Group are wholly-owned and there are neither associated companies nor joint ventures. In addition to the parent company, the Group comprises the subsidiaries listed in Note 13 and their respective sub-groups. The consolidated financial statements are based upon the accounts for all sub-groups as of December 31. The consolidated financial statements have been prepared according to the acquisition accounting method, meaning that the shareholders' equity of the subsidiaries at the time of acquisition, calculated as the difference between the fair value of the assets and liabilities, are fully eliminated. The shareholders' equity of the Group includes only the part of shareholders' equity of the subsidiaries that has been added after the acquisition.

When a property is indirectly acquired through a company, the accounting of deferred tax depends on whether the acquisition is classified as a business combination acquisition or an asset acquisition. Castellum has classified all company acquisitions as business combination acquisitions and thus recorded full tax of 28%.

The consolidated income statement includes records of associated companies acquired or sold during the year only for the time of possession.

Intra-group sales, income, losses and dealings are eliminated in the consolidated accounts.

### Income

#### *Rental income*

Rental income, which from an accounting perspective is also called income from operating leases, is debited in advance and allocated linear in the income statement, based on the terms in the lease. Rental income includes supplementary charges for the tenant, such as debited real estate tax and heating costs. Rents debited in

advance are recorded as deferred rental income. In cases where a lease during a certain period of time offers a reduced rent, corresponding to a higher rent at another point in time, this sub/surplus rent is spread out over the period of the lease. Pure discounts, such as reduction for successive moving in, are recorded in the income statement in the period when they are given.

#### *Income from property sales*

Income from property sales is entered as of the contract date, unless there exist special conditions in the purchasing agreement. On sale of a property through a company, the transaction is recorded using gross accounting regarding the underlying property price and the calculated deduction for deferred tax. The result from a property sales is accounted for as a realized change in value and refers to the difference between the received sales price after deduction of sales costs, and the recorded value in the latest interim report with addition of capitalized investments after the latest interim report.

#### *Financial income*

Financial income consist of interest income and interest subsidies and are recorded as income in the period which they refer to. Also received and anticipated dividends are recorded as a financial income.

Financial costs are interests and other costs that occur when a company is borrowing money. Costs for taking out pledges for mortgages are not considered as financial costs and are capitalized. Financial costs are accounted for in the period which they refer to. Financial costs also consist of cost of entered interest rate forward agreements. Payments under these agreements are accounted for in the period which they refer to. Net financial items have not been affected by market valuation of the entered interest rate swap agreements, instead changes in the market value of interest rate derivatives are recorded as changes in value under a separate headline. The part of the interest costs originating from interest during the construction period for major new construction, extensions or refurbishment projects is capitalized. The interest is calculated based on the average interest rate level for the Group.

#### **Financial costs**

Employee benefits are accounted for as the employees perform services in exchange for the remuneration. Benefits according to incentive plans are accounted for as the objectives are achieved during the period of the incentive plan.

#### **Employee benefits**

#### *Pensions*

Pensions and other post-employment benefits are classified as defined contribution or defined benefit plans. The majority of the Castellum Group's pension commitments are defined contribution plans, which are fulfilled through regular payments to independent authorities or bodies which administer the plans. Obligations regarding payments to contribution plans are recorded as a cost in the income statement when they occur. A small number of employees within the Castellum Group have defined ITP-plans with regular payments to Alecta. These plans are recorded as defined contribution plan since Alecta does not provide the information needed in order to report the plan as a defined benefit plan. There are, however, no indications of any significant liabilities besides what have already been paid to Alecta.

The income tax in the income statement is divided into current and deferred tax. The income tax is recorded in the income statement except when related to transactions, such as group contributions, which have been recorded directly in equity when possible tax effects also have been recorded directly in equity. Current and deferred taxes are calculated based on current tax rates.

#### **Income taxes**

Open claims in the income tax return that contains a certain degree of uncertainty, is taken into consideration in the tax calculation, in the year after the financial year at the earliest, after the taxation has been assessed by the tax authority.

#### *Deferred tax*

Deferred tax is recorded in Castellum, using the balance sheet method, for all temporary difference between an asset's or a liability's book value and its tax basis value. This means that there is a tax liability or a tax asset that falls due for payment on the date on which the asset or liability is realized. Castellum has three entries in which temporary differences may be found – properties, derivatives and tax loss carry forwards. Deferred tax assets related to tax loss carry forwards are recorded since it is probable that future taxable income will be available, which may be utilized against the tax loss carry forwards. Deferred tax liability relates to the difference between partly the properties and partly the derivatives book value and their tax basis value. On a change in one of the three entries above the deferred tax liability / tax asset is also changed, which is accounted for in the income statement as a deferred tax.

Castellum has recorded completed company acquisitions as business combination acquisitions, which means that a 28% deferred tax on the difference between the real estate portfolio's consolidated book value and its tax basis value, has been considered.

*Current tax*

Besides the deferred tax also current tax is recorded in the income statement, which is equivalent to the tax that the company must pay on the taxable income for the year, adjusted for possible current tax for previous periods.

**Leases**

Leases where all crucial risks and benefits associated with the ownership fall on the lessor, is classified as operational leases. All existing rental leases related to Castellum's investment properties are, from an accounting perspective seen as operational leases. How these leases are accounted for can be read about in the accounting principles for income and in note 3.

There are also a small number of leases of insignificant value, where Castellum is the lessee. These leases are also accounted for as operational leases and concerns mainly private cars. Payments made during the period of the leases are recorded as a cost, in the income statement, linear over the leasing period.

**Investment properties**

An investment property is a property held for the purpose of generating rental income, capital appreciation or both rather than for the use in a company's operations for production or supply of goods or services or for administrative purposes and sales in daily operations. All of Castellum's owned or by ground rent used properties, are considered to be investment properties. If the Group starts an investment on an existing investment property for future use as an investment property, the property continues to be recorded as an investment property.

*Valuation*

Investment properties, which at the time of acquisition are recorded at acquisition cost including expenses directly related to the acquisition and with consideration taken to nominal deferred tax, have been recorded at fair value with changes in value in the income statement. Fair value has been calculated using an internal valuation model described in note 11. The note also describes the assumptions made as basis for the valuation. The valuation model is based on a long-term value determined on an earnings basis by calculating the net present value of future cash flows with a differentiated required yield for each property depending on such factors as location, intended use, condition and standard. In order to provide further assurance of the valuation part of the portfolio has been valued externally. If there are indications of changes in value during the year, revaluation is made in the interim reports.

*Unrealized changes in value*

Unrealized changes in value are recorded in the income statement. Changes in value are calculated based on the valuation at the end of the financial year compared to the valuation previous year, or the acquisition value if the property has been acquired during the year, with addition of capitalized subsequent expenditures during the period. For properties sold during the year, unrealized changes in value are recorded and calculated based on the valuation at the latest interim report prior to the sale compared to the valuation at the end of previous year, with addition of capitalized subsequent expenditures during the period.

*Subsequent expenditures*

Subsequent expenditures that increase the valuation of the property and can be calculated in a reliable way are capitalized. Costs for repairs and maintenance are accounted for in the income statement in the period they occur. In the case of major new construction and refurbishment, interest costs during the construction period are capitalized.

*Acquisitions och sales*

On acquisition or sale of properties or companies, the transaction is entered as of the date of the contract unless there exist special conditions in the purchasing contract.

**Tangible fixed assets**

Tangible fixed assets are made up of equipments, which have been recorded at acquisition value with deduction of accumulated depreciation according to plan and any write-downs made. The acquisition value includes the purchase price and costs directly related to the asset in order to bring it to its place and state to use according to the purpose of the acquisition. Depreciation on equipments is based on historical acquisition values after possible deduction of subsequent write-downs. The residual value is assessed to be non-existent. Depreciation of assets acquired during the year is calculated with reference to the date of acquisition. Depreciation is linear, which means equal depreciation during the period of use, which is normally five years, except for computers which are expected to have a three year period of use.

**Financial instruments**

Financial instruments which are recorded in the balance sheet includes assets such as cash and bank, lease receivables, other receivables, long-term receivables and derivatives, and liabilities such as accounts payable, other liabilities and loans. Financial instruments are initially recorded at acquisition value equivalent to fair value, with addition of transaction costs, except for the category financial instruments which are recorded at fair value through income statement, without transaction costs. Following the initial recognition the accounting is based on the classification made according to the following. Financial transactions such as cash received or paid on interests and loans are recorded on the settlement day of the bank holding the account, while other payments are recorded on the accounting date of the bank holding the account.



*Cash and bank*

Cash and bank consist of the bank balance at the end of the accounting period and are recorded at nominal value.

*Receivables*

Financial assets which are not derivatives, that has fixed or predictable payments and that are not quoted on an active market, are recorded as receivables. In the Group there are rent receivables and other receivables which are mainly payments from property sales that has not yet been received. Receivables from property sales occur because the sale is normally recorded at contract date while the payment is made on the day when the buyer takes possession of the property. Receivables have, after individual valuation, been recorded at the amount at which they are expected to be received, which means that they are recorded at acquisition value with reservation for receivables which are uncertain. Reservation for uncertain receivables is made when an objective risk assessments gives at hand that the Group will not receive the entire receivable. There are no receivables in foreign currency. Receivables in the parent company consist only of receivables from the subsidiaries, which are recorded at acquisition value.

*Liabilities*

Liabilities refer to loans and operating liabilities such as accounts payable. The majority of Castellum's credit agreements are long term. In cases where short-term loans are drawn under long-term credit agreements, the loans are considered as long-term. The loans are recorded on the settlement date at acquisition value. Deferred unpaid interest is recorded in accrued expenses. There are no liabilities in foreign currency. A liability is recorded when the counterparty has performed services and a legal obligation to pay exist, even if the invoice has not yet been received. Accounts payable are recorded when the invoice is received. A liability is removed from the balance sheet when the obligation is fulfilled or cleared in an other way. Accounts payable and other operative liabilities with short duration are recorded at nominal value.

*Derivatives*

Derivatives are financial assets or liabilities which are valued at fair value with changes in value recorded in the income statement. In order to manage the exposure to fluctuations in the market interest rate according to the financial policy, Castellum has entered into interest rate swap agreements. When using interest rate derivatives changes in value may occur partly due to changes in market interest rates and partly due to the time factor. Derivatives are initially recorded in the balance sheet on the settlement day at acquisition value and are thereafter valued at fair value with changes in value in the income statement. In order to calculate the fair value market interest rates for each fixed interest term as listed on the balance sheet date and generally accepted methods for calculations are used. Interest rate swaps are valued by calculating the net present value by discounting future cash flows, instruments containing some sort of option are valued at the current repurchase price which may be received from respective counterparty. Realized changes in value refer to redeemed derivatives and is the difference between the price at the time of redemption and the recorded book value according to the latest interim report. Unrealized changes in value refer to the changes in value during the financial year for the derivatives that Castellum held at the end of the financial year. Changes in value are calculated based on the valuation at the end of the financial year compared to the valuation previous year, or the acquisition value if the derivative agreements have been entered into during the year. For derivatives that have been redeemed an unrealized change in value is recorded and calculated based on the valuation at the latest interim report prior to the redemption, compared with the valuation at the end of previous year. Payments made under these agreements are accounted for in the period which they refer to.

*Repurchased shares*

Repurchased shares reduce the shareholders' equity with the paid purchase price including any transaction costs.

*Dividend*

Dividend is accounted for as a deduction of shareholders' equity, after the annual general meeting's decision.

*Earnings after tax, per share*

Calculation of earnings after tax per share is based on the Groups net income for the year attributable to the shareholders of the parent company, and on the weighted average number of outstanding shares during the year.

The Group's operations are organized, managed and reported primarily by geographical region and secondly by type of property. Segments are consolidated according to the same principles as the Group.

Income and costs reported for each segment are actual costs. No distribution of joint costs has been made between the regions. This is also true for assets and liabilities reported in the note segment reporting below.

**Shareholders' equity****Definition of segments**

**Cash flow statement**

The cash flow statement has been prepared according to the indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash flow nature during the period as well as income or costs associated with the cash flow from investment or financing activities.

**Differences in accounting principles between the Group and the parent company**

The annual report of the parent company has been prepared according to Annual Accounts Act and by applying of the Swedish Financial Accounting Standards Council's recommendation RR 32:06 (Accounting for legal entities). RR32 states that a legal entity shall apply the same IFRS/IAS that is applied in the consolidated financial statements, with exceptions for and additions of rules and laws mainly according to the Annual Accounts Act, and with consideration to the relation between accounting and taxation. The differences in accounting principles between the Group and the parent company are mentioned below.

*Shares in subsidiaries*

Shareholdings in subsidiaries are accounted for in the parent company according to the method of acquisition value. The book value is regularly compared to subsidiaries' group equity. When the book value is lower than the subsidiaries' group value, a write-down is made in the income statement. In the case when a previous write-down no longer can be justified, it will be reversed.

*Group contribution and shareholders' contribution*

Group contributions and shareholders' contribution are accounted for according to a statement from the Swedish Accounting Standards Council emerging issues task force. Group contributions are recorded according to its financial consequence. Group contributions submitted and received where the purpose is to minimize the total tax of the Group, and any tax effects there of, are recorded directly in the balance sheet as a deduction or an increase of non-restricted equity. Group contributions received which are considered equal to dividend are recorded as a financial income in the income statement of the recipient and as a deduction of non-restricted equity by the contributor. Shareholders' contributions are recorded as an increase of shares in subsidiaries by the contributor and as an increase of non-restricted equity by the recipient.

**New IFRS and interpretations**

New standards and interpretations, which have been adopted by the EU and will come into effect from the financial year 2009 and later, have not been applied in these financial reports.

*IFRS 8 Operating segments*

The standard will come into effect as of 1 January 2009 and applies to a financial year starting on the same date. The standard covers the segmentation of the companies' operations. According to the standard the company shall have the internal reporting structure as a starting point in deciding reportable segments. Castellum's preliminary assessment is that this will have no major impact on the Group's segment reporting.

*IFRIC 11 IFRS 2 Group and Treasury Share Transactions*

The interpretation statement will come into effect as of 1 March 2007 and applies to financial year starting after that date. The interpretation explains the reporting regarding classification of share based remunerations where the company repurchases shares in order to regulate its commitments and the accounting of option based remuneration in subsidiaries applying IFRS. The Group will apply IFRIC 11 as of 1 January 2008 but this is expected to have no effect on the Group's accounts.

## Segment Reporting

## Note 2

	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>Geographic market (primary segment)</b>	<b>Greater Gothenburg</b>		<b>Öresund Region</b>		<b>Greater Stockholm</b>		<b>Mälardalen</b>		<b>Eastern Götaland</b>		<b>The Castellum Group</b>	
Rental income, external	746	650	498	487	432	387	296	263	287	227	2 259	2 014
Property costs	- 221	- 197	- 160	- 153	- 162	- 153	- 114	- 109	- 114	- 88	- 771	- 700
Net operating income	525	453	338	334	270	234	182	154	173	139	1 488	1 314
<i>Changes in value</i>												
Property, realized	- 1	32	-	47	-	1	- 1	2	3	1	1	83
Property, unrealized	332	338	334	289	215	223	23	134	15	78	919	1 062
Net income	856	823	672	670	485	458	204	290	191	218	2 408	2 459
Unallocated items												
Central admin.exp.											- 69	- 67
Net financial items											- 495	- 364
Derivatives, changes in value											99	178
Current tax											- 22	- 10
Deferred tax											- 434	- 522
Net income for the year											1 487	1 674
Investment properties	9 293	8 103	6 906	6 199	5 266	4 770	3 278	2 883	2 947	2 283	27 717	24 238
Equipment	5	5	2	1	1	2	2	2	3	3	13	13
Current assets	42	95	17	37	18	26	23	19	7	6	107	183
Cash and bank	6	6	0	0	0	0	1	1	0	1	7	8
Unallocated items												
Derivatives											44	-
Current assets											3	4
Total assets											27 891	24 446
Unallocated items												
Shareholders' equity											11 204	10 184
Long-term interest-bearing liab.											12 582	10 837
Deferred tax liability											3 322	2 723
Non-interest-bearing liab.											116	150
Non-interest-bearing liab.	224	201	151	101	113	110	105	81	74	59	667	552
Total shareholders' equity and liabilities											27 891	24 446
Investments	864	913	374	182	280	663	401	390	679	135	2 598	2 283
Sales	5	138	-	299	-	7	29	7	5	9	39	460
Cash flow from												
operating activities*	601	404	408	247	281	236	202	158	187	137	1 679	1 182
Unallocated cash flow											- 573	- 354
*) Cash flow from operating activities excluding central administrative expenses, net financial items and tax paid.												
<b>Operating segment (secondary segment)</b>	<b>Office/Retail</b>		<b>Warehouse/ Industrial</b>		<b>Residential</b>		<b>Development projects</b>		<b>Undeveloped land</b>		<b>The Castellum Group</b>	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Rental income, external	1 502	1 297	746	696	-	16	11	5	-	-	2 259	2 014
Investment properties	18 181	15 871	8 425	7 521	-	-	710	469	401	377	27 717	24 238
Investments	1 464	1 291	897	724	-	-	202	252	35	16	2 598	2 283
Sales	31	38	8	21	-	401	-	-	0	-	39	460

The Group's primary segment is the following geographical areas; Greater Gothenburg (incl. Borås, Kungälv, Halmstad), Öresund Region (Malmö, Lund, Helsingborg), Greater Stockholm, Mälardalen (Örebro, Västerås, Uppsala) and Eastern Götaland (Jönköping, Linköping, Värnamo and Växjö). The Group manages only commercial properties.



# Note 3

## Rental Income

### Rental value

Group rental income was SEKm 2,259 (2,014). The improvement is chiefly an effect of investments made, but also higher rental levels and lower vacancies. Rental income consists of the rental value with deduction of the value of vacant premises during the year.

Rental value refers to the rental income received and the estimated market rent of unlet premises. The rental value also includes supplementary charges for the customer, such as heating, real estate tax and an index supplement.

Rental value SEK/sq.m. for the different regions and types of properties are shown in the table below. Rental levels have increased by 3% (2%) compared with previous year.

Rental value SEK/sq.m.	Office/Retail		Warehouse/Industrial		Total	
	2007	2006	2007	2006	2007	2006
Greater Gothenburg	1 153	1 134	659	633	856	834
Öresund Region	1 287	1 222	637	614	971	932
Greater Stockholm	1 267	1 219	810	767	1 090	1 038
Mälardalen	928	895	605	598	807	778
Eastern Götaland	915	868	460	457	748	688
<b>Total</b>	<b>1 121</b>	<b>1 091</b>	<b>647</b>	<b>624</b>	<b>896</b>	<b>864</b>

### Renegotiation

Commercial leases, for which rents are paid quarterly in advance, are signed for a certain period of time, which means that a change in the market rents do not have an immediate effect on rental income. Rental income can only be changed when the lease in question is due for renegotiation.

Commercial leases include a so-called index clause, which provides for an upward adjustment of the rent, corresponding to a certain percentage of the inflation during the previous year or a minimum upward adjustment.

The lease maturity structure for Castellum's portfolio is shown in the table below, where lease value refers to annual value. An explanation of the relatively small portion in 2008 is that a majority of the leases maturing in 2008 were already renegotiated in 2007 due to the period of notice. The most common terms for a new lease is currently 3-5 years with a nine months notice. The average remaining lease duration in the portfolio is 3.2 years (3.0).

Lease maturity structure	No. of leases	Lease value, SEKm	Percentage of value
Commercial, term			
2008	1 043	272	12%
2009	1 305	541	24%
2010	959	499	22%
2011	530	376	17%
2012	157	193	8%
2013+	134	388	17%
<b>Total commercial</b>	<b>4 128</b>	<b>2 269</b>	<b>100%</b>
Residential	354	25	
Parking spaces and other	2 241	40	
<b>Total</b>	<b>6 723</b>	<b>2 334</b>	

### Economic occupancy rate

Castellum's average economic occupancy rate during 2007 was 87.9% (87.1%). The economic occupancy rate for warehouse and industrial properties amounted to 86.5% (86.0%) and for office and retail properties 88.6% (87.6%). The total annual rental value for vacant premises during the year amounts to approx. SEKm 337.

New leases signed during the year amounted to an annual value of SEKm 315 (287), while contracts terminated and bankruptcies amounted to SEKm 180 (167). Hence, net leasing for the year was SEKm 135 (120).

<b>Economic occupancy rate</b>	Office/Retail		Warehouse/Industrial		Total	
	2007	2006	2007	2006	2007	2006
Greater Gothenburg	92.6%	90.6%	88.7%	88.0%	90.8%	89.4%
Öresund Region	91.1%	89.3%	80.6%	81.4%	87.7%	86.8%
Greater Stockholm	79.8%	79.0%	84.7%	87.0%	81.2%	81.3%
Mälardalen	88.8%	89.4%	90.4%	85.9%	89.3%	88.4%
Eastern Götaland	91.0%	92.4%	88.3%	86.0%	90.4%	90.6%
<b>Total</b>	<b>88.6%</b>	<b>87.6%</b>	<b>86.5%</b>	<b>86.0%</b>	<b>87.9%</b>	<b>87.1%</b>

Castellum's lease portfolio has a good risk exposure. The Group has 4,128 commercial leases and 354 residential leases and their distribution in terms of size can be seen in the table below. The single largest lease as well as the single largest customer accounts for only approx. 1% of the Group's total rental income. The distribution of commercial leases across various business sectors is also good, as shown in the following table.

## Risk exposure

<b>Lease size, SEKm</b>	No. of leases	Percentage	Lease value, SEKm	
			SEKm	Percentage
Commercial				
< 0.25	2 365	35%	212	9%
0.25-0.5	738	11%	260	11%
0.5-1.0	523	8%	371	16%
1.0-3.0	371	5%	618	26%
> 3.0	131	2%	808	35%
<b>Total commercial</b>	<b>4 128</b>	<b>61%</b>	<b>2 269</b>	<b>97%</b>
Residential	354	5%	25	1%
Parking spaces and other	2 241	34%	40	2%
<b>Total</b>	<b>6 723</b>	<b>100%</b>	<b>2 334</b>	<b>100%</b>

<b>Commercial leases distributed by sectors (GICS-code)</b>	No. of leases	Lease value, SEKm	
		SEKm	Percentage
Energy (10)	51	17	1%
Materials (15)	79	83	4%
Capital goods (2010)	549	335	15%
Commercial Services & Supplies (2020)	1 065	302	13%
Transportation (2030)	149	111	5%
Retailing (2550)	632	359	16%
Other Consumer Durables and Services (2510-2540)	482	301	13%
Consumer Staples (30)	100	95	4%
Health Care (35)	174	123	5%
Finance and Real Estate (40)	123	77	3%
Software and Services (4510)	268	165	7%
Technology Hardware and Equipment (4520)	140	102	5%
Telecommunication Services (50)	85	23	1%
Utilities (55)	14	5	0%
Public sector etc.	217	171	8%
<b>Total</b>	<b>4 128</b>	<b>2 269</b>	<b>100%</b>

The table below shows the spread of future rental income for existing lease agreements. The increase is chiefly explained by a larger real estate portfolio, but also in part due to a higher occupancy rate.

<b>Future rental income for existing leases</b>	Group		Parent Company	
	2007	2006	2007	2006
Contracted rental income year 1				
Commercial leases	2 267	2 019	–	–
Residential	8	8	–	–
Contracted rental income between 2 and 5 years	4 479	3 883	–	–
Contracted rental income after more than 5 years	1 080	346	–	–
<b>Total</b>	<b>7 834</b>	<b>6 256</b>	<b>–</b>	<b>–</b>

## Note 4 Property Costs

Property costs in 2007 was SEKm 771 (700), equivalent to SEK 262/sq.m. (259). This amount includes both direct property costs such as costs of operation, maintenance, ground rent and real estate tax, and indirect costs such as leasing and property management.

<b>Operating expenses</b>	Operating expenses include electricity, heating, water, facilities management, cleaning, insurance, rent losses and property-specific marketing costs. Most of the operating expenses are passed on to the customers as supplements to the rent. For warehouse and industrial properties, however, customers are in most cases directly responsible for most of the operating costs. Operating expenses in 2007 were SEKm 414 (393), equivalent to SEK 138/sq.m. (145). Operating expenses, which are considered to be at a normal level for the business, are dependent on the weather, which means that they vary between both different years and seasons of the year. Operating expenses includes rent losses of SEKm 9 (4).
<b>Maintenance</b>	Maintenance costs consist of ongoing measures to maintain the property's standard and technical systems. For 2007 maintenance costs were SEKm 96 (100), equivalent to SEK 34/sq.m. (37).
<b>Ground Rent</b>	Ground rent for the year 2007 was SEKm 20 (18), and mainly related to Greater Stockholm. Ground rent is the charge paid annually to the municipality by the owner of a building on land owned by the municipality. The ground rent contracts are spread over a period of time and are in most cases renegotiated at intervals of 10 to 20 years. At the end of year 2007 Castellum had around 50 properties with ground rent. Existing ground rent contracts mature relatively evenly over the next 15-year period.
<b>Real estate tax</b>	Group real estate tax was SEKm 110 (74), equivalent to SEK 38/sq.m. (28). The increase is chiefly related to higher tax assessment values during 2007 of 37% on average. Real estate tax is a state tax based on the property's tax assessment value. The greater part of the real estate tax is passed on to the customer. The tax rate for 2007 was 1.0% of the tax assessment value for office/retail properties and 0.5% for warehouse/industrial.
<b>Leasing and property management</b>	The Group's leasing and property management costs for 2007 were SEKm 131 (115), equivalent to SEK 45/sq.m. (42). Leasing and property management refers to the indirect costs of ongoing property management, comprising the costs of leasing operations, rent negotiation, lease administration, rent debiting, collecting rent and accounting as well as project administration costs and depreciation on equipment in subsidiaries. Of the costs SEKm 69 (63) refers to employee benefits and SEKm 5 (4) depreciation on equipment.
<b>Summary</b>	Property costs per square metre, distributed by property category and type of cost are shown below.

<b>Property costs SEK/sq.m.</b>	<b>Office/Retail</b>		<b>Warehouse/Industrial</b>		<b>Total</b>	
	2007	2006	2007	2006	2007	2006
Operating expenses	174	187	99	101	138	145
Maintenance	44	48	22	26	34	37
Ground rent	8	9	5	5	7	7
Real estate tax	58	44	16	9	38	28
<b>Direct property costs</b>	<b>284</b>	<b>288</b>	<b>142</b>	<b>141</b>	<b>217</b>	<b>217</b>
Leasing and property management (indirect)					45	42
<b>Total</b>	<b>284</b>	<b>288</b>	<b>142</b>	<b>141</b>	<b>262</b>	<b>259</b>

## Note 5 Central Administrative Expenses

Central administrative expenses include the costs of portfolio management, company administration and the costs of maintaining the Stock Exchange listing. This involves all of the costs of Castellum AB, comprising group management, treasury department, IT, personnel, investor relations, annual report, audit, and depreciation on equipment etc. At the subsidiary level, the figures include, costs for the MD and financial manager as well as costs of preparing the annual report, audit etc. Of the costs, excl. the incentive plan described below, SEKm 34 (33) refers to employee benefits and SEKm 1 (1) is depreciation on equipment.

Central administrative expenses also include costs relating to a profit and share price-related incentive plan for senior management and other senior executives, to the order of SEKm 7 (9).

<b>Remuneration to auditors</b>	Remuneration to auditors during the year were SEK 3,977,000 (3,492,000), of which SEK 2,117,000 (1,942,000) related to auditing assignments and the remainder to consulting. The corresponding amounts for the parent company were SEK 1,058,000 (787,000) and SEK 682,000 (562,000) respectively. Of the Group's total remuneration of SEK 3,977,000 (3,492,000), SEK 3,851,000 (3,346,000) refers to KPMG and the remainder to Ernst & Young.
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## Financial Income

	Group		Parent Company	
	2007	2006	2007	2006
Interest income	3	2	0	0
Interest subsidies	0	1	–	–
Anticipated dividend, subsidiaries	–	–	–	428
Group contribution, subsidiaries	–	–	550	135
Interest income, subsidiaries	–	–	522	398
Other financial income	–	–	0	0
<b>Total</b>	<b>3</b>	<b>3</b>	<b>1 072</b>	<b>961</b>

Note 6

## Financial Costs

	Group		Parent Company	
	2007	2006	2007	2006
Interest costs	498	367	498	373
Interest costs, subsidiaries	–	–	15	14
Other financial costs	0	0	0	–
<b>Total</b>	<b>498</b>	<b>367</b>	<b>513</b>	<b>387</b>

Note 7

Net financial items were SEKm -495 (-364). During the year, interest costs of SEKm 13 (11) were capitalized in connection with investments in the real estate portfolio. The increase in net financial items of SEKm 131 is partly due to a larger real estate portfolio and partly due to that the average interest rate level during the period has increased 0.5%-units to 4.2% (3.7%), giving higher costs in net financial items of approx. SEKm 50. When capitalizing interest costs the average rental level has been used. For further information about the financial risk management and policy, see note 16, Long-term interest-bearing liabilities.

## Changes In Value

Note 8

During the year 4 properties (12) were sold for a total of SEKm 39 (460), which gave SEKm 1 (83) in realized results.

Investment properties

On the real estate market the volume of transactions has been historically high during 2007, even if it was lower than for the record year 2006. Castellum makes the assessment that the estimated market yields fell during the first six months of 2007 and have thereafter remained unchanged.

Based on annual business plans an internal valuation of all properties using a 10 year cash flow-based model with an individual assessment for each property of both its future earnings capacity and the required yield is carried out at the year-end. The valuations show a fair value of SEKm 27,717 giving an unrealized increase in value of SEKm 919. The unrealized increase in value mainly consists of the following parts:

- Approx. SEKm 375 is assigned to lower required market yields seen during the first six months.
- Approx. SEKm 275 is assigned to new constructions, extensions and refurbishment projects started during the last quarter.
- Approx. SEKm 200 is assigned to improvements in future cash flows chiefly depending on an expected increase in rental levels based on the inflation.

Castellum uses financial instruments such as interest rate swaps in order to achieve the desired interest rate maturity structure. If the agreed interest rate deviates from the market interest rate there is a theoretical surplus or subvalue on the financial instruments, where the changes in value are reported in the income statement.

Derivatives

The value has, due to increased market interest rates during the year, changed by SEKm 99 (178), and the value was SEKm 44 (-55) at the end of the year.

## Tax Costs

Note 9

The income tax in Sweden for limited liability companies is 28%. In the income statement, the income tax is recorded as two entries, current tax and deferred tax. Current tax is based on the taxable income for the year, which is lower than the recorded net income for the year. This is mainly an effect of the possibility to:

- use tax depreciation on buildings of 2-5%, which is not made in the accounts,
- make tax deductions for certain investments in properties, which are capitalized in the accounts,
- utilize existing tax loss carry forwards.

The deferred tax is a provision for the tax which will be paid in the future when the properties are sold, and the depreciation for tax purposes and the capitalized investments deducted for tax purposes are reversed.

As shown in the table below, there is in principle no taxable income for 2007, because Castellum uses the above mentioned depreciation for tax purposes, makes tax deductions on some investments and utilizes existing tax loss carry forwards. The current paid tax that occur is because a few subsidiaries are not allowed to make fiscal group contributions.

	Basis current tax	Basis deferred tax
<b>Tax calculation for the Group 31-12-2007</b>		
Income from property management	924	–
Deductions for tax purposes		
depreciation	– 519	519
investments	– 286	286
Other tax allowances	– 7	7
Taxable income from property management	112	812
Taxable gain on properties sold	6	– 6
Non taxable changes in value on		
properties	–	919
derivatives	–	44
Taxable change in value on derivatives	55	–
Taxable income for the year	173	1 769
Tax loss carry forwards, opening balance	– 337	337
Deductions for tax purposes		
write-downs on shares	– 197	–
investments	– 24	24
other	– 77	– 38
Tax loss carry forwards, closing balance	539	– 539
<b>Taxable income for the year</b>	<b>77</b>	<b>1 553</b>
Of which 28% current / deferred tax	– 22	– 434

The total tax may be different from 28% in those cases where there are recorded income / costs which are not taxable / tax deductible or as an effect of other tax adjustments. The total tax cost shown in Castellum's income statement 2007 is less than 28%. This depends on tax deductible write-downs on shares in subsidiaries, revaluation of tax loss carry forwards and deferred tax receivables related to real estate company acquisitions. The effective tax on income from property management, without consideration taken to the use of tax loss carry forwards, can be calculated to 3%. As shown in the table above the remaining tax loss carry forward are calculated to SEKm 539.

For the parent company deferred tax of SEKm 14 (3) has been recorded directly in equity since the underlying transaction has been recorded in that way.

	Group		Parent Company	
<b>Tax cost</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Income before tax	1 943	2 206	617	712
Tax according to the current tax rate, 28%	– 544	– 618	– 173	– 199
Tax effects due to:				
non-taxable group contributions etc.	–	–	154	38
non-taxable dividend	–	–	–	120
write-downs on shares in subsidiaries	55	32	–	–
sales of companies	–	54	–	–
other tax adjustments	33	–	–	–
<b>Disclosed tax cost</b>	<b>– 456</b>	<b>– 532</b>	<b>– 19</b>	<b>– 41</b>

## Note 10

### Personnel and Board of Directors

	Group		Parent Company	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Number of employees				
Average number of employees (all in Sweden)	208	201	12	12
<i>of which women</i>	<i>70</i>	<i>73</i>	<i>5</i>	<i>5</i>

During 2007 the parent company had 7 (7) board members, of which 2 (2) are women, while the total number of board members in the Group's subsidiaries were 21 (21), of which 3 (3) are women. The Group and the parent company alike have 10 (10) executive officers, of which 2 (2) are women. The total number of senior executives in the subsidiaries' managerial bodies and the senior executives of the Group were 44 (40), of which 10 (9) are women.

	Group		Parent Company	
	2007	2006	2007	2006
<b>Salaries, remuneration and benefits</b>				
Chairman of the Board	0.4	0.4	0.4	0.4
Other Board members (SEK 200 000 each)	1.2	1.2	1.2	1.2
Chief Executive Officer				
Fixed salary	2.4	2.5	2.4	2.5
Variable remuneration	1.1	1.5	1.1	1.5
Benefits	0.0	0.0	0.0	0.0
Other senior executives (Group:9, Parent Company:3)				
Fixed salary	9.3	9.9	3.1	3.2
Variable remuneration	4.0	5.7	1.1	2.1
Benefits	0.6	0.6	0.1	0.1
Other employees	74.2	66.7	6.9	7.3
<b>Total</b>	<b>93.2</b>	<b>88.5</b>	<b>16.3</b>	<b>18.3</b>
<b>Contractual pension costs</b>				
Chief Executive Officer	0.7	0.7	0.7	0.7
Other senior executives	2.8	2.9	0.8	0.7
Other employees	9.2	8.0	0.6	0.5
<b>Total</b>	<b>12.7</b>	<b>11.6</b>	<b>2.1</b>	<b>1.9</b>
<b>Statutory social costs incl. special employer's contributions</b>				
Chairman of the Board	0.1	0.1	0.1	0.1
Other Board members	0.4	0.4	0.4	0.4
Chief Executive Officer	1.3	1.5	1.3	1.5
Other senior executives	5.1	5.6	1.6	1.9
Other employees	28.8	24.5	2.4	2.6
<b>Total</b>	<b>35.7</b>	<b>32.1</b>	<b>5.8</b>	<b>6.5</b>
<b>Total</b>	<b>141.6</b>	<b>132.2</b>	<b>24.2</b>	<b>26.7</b>

Salaries,  
remuneration  
and benefits

The executive management includes the Chief Executive Officer, the Deputy Chief Executive Officer with responsibility for business development, the Financial Director and Finance Director of Castellum AB and the six Managing Directors of the subsidiaries.

Executive  
management

#### Remuneration and benefits

Remuneration and benefits for the Executive management is decided by the remuneration committee. The remuneration comprises a fixed salary and a variable remuneration according to an incentive plan described below. The variable remuneration can, during the three-year period of the plan, amount to a maximum of three years salary.

The Executive management, ten persons in total, have an incentive plan that comprises two parts:

- One profit-based part mainly based on the profit trend and, if the targets are reached, is paid as salary annually after the financial statements have been adopted. The profit-based part, which will continue up to an including 2007, can total a maximum of a half-year salary per year, for Castellum equivalent to a cost of SEKm 8, including social costs.
- One share price-based part based on the total return on the Castellum share during a three-year period, both in nominal figures and compared with the real estate index. Any bonus due is paid as salary after the measurement period of June 2005 – May 2008. The share price-based part can during the three-year period total a maximum of one and a half years salary, for Castellum equivalent to a cost of SEKm 23 including social costs.

Executives in receipt of a variable remuneration according to the incentive plan, must to acquire Castellum shares for at least half of the amount of the bonus due after tax. The bonus paid does not affect pension contributions. The AGM 2007 decided on a new incentive program, which in principle is a renewal of the



previous incentive program. The new incentive program covers the years 2008, 2009 and 2010 for the profit based part and for the share price based part the period June 2008 - May 2011.

#### *Pensions*

Persons in the Executive management have defined contribution pensions with no other obligations for the company than to pay an annual premium during the time of employment. This implies that these persons, after completed employment, have the right to decide on their own, the time-frame during which the defined payments and subsequent return will be received as pension. The retirement age for the CEO is 65 years. For other members of the executive management the retirement age is also 65 years.

#### *Serverance payment*

If notice of dismissal is given by the company the CEO is entitled to two years salary, with deduction of salary or remuneration received from other employment or activity.

Other members of the executive management are entitled to, if notice of dismissal is given by the company, a maximum of one year salary with deduction of salary or remuneration received from other employment or activity.

#### **Pensions for other employees**

Other employees in Castellum have defined contribution pensions, with no other obligations for the company than to pay an annual premium during the time of employment. This implies that these persons, after completed employment, have the right to decide on their own, the time-frame during which the defined payments and subsequent return will be received as pension. However, there is an exception for about 25 employees within the Castellum Group that have defined ITP-plans instead with regular payments to Alecta. Insurance premiums paid to Alecta during the year amounted to SEKm 1 (1). The surplus in Alecta may be distributed to the insurance holder and/or the insured. Alecta's surplus in the collective consolidation level as of December had not been made official at the time of signing of this annual report and can therefore not be reported. Alecta's latest official consolidation level was as of September 2007 164.0% (December 2006: 143.1%). The collective consolidation level is made up of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's assumptions for calculating the insurance, which do not comply with IAS 19.

#### **Absence due to illness**

Absence due to illness for the year was 2% (2%), of which 1%-unit (0) are long-term sick leave. The absence due to illness for men and women were 1% (1%) and 4% (2%) respectively. The absence due to illness were 1% (1%) for the age group 29 years and younger, 2% (2%) for the age group 30-49 years and 2% (1%) for the age group 50 years or older. Absence due to illness for the parent company was 1% (1%).

## **Note 11**

### **Investment Properties**

	Group		Parent Company	
	2007	2006	2007	2006
<i>Schedule of the changes during the year</i>				
Opening balance	24 238	21 270	–	–
New construction, extensions and refurbishment	1 084	991	–	–
<i>of which capitalized interest costs</i>	<b>13</b>	<b>11</b>	–	–
Acquisitions	1 514	1 292	–	–
Sales	– 38	– 377	–	–
Unrealized changes in value	919	1 062	–	–
<b>Closing balance</b>	<b>27 717</b>	<b>24 238</b>	–	–
<i>Schedule of tax assessment value</i>				
Buildings	11 963	8 042	–	–
Land	3 069	2 525	–	–
<b>Total tax assessment value</b>	<b>15 032</b>	<b>10 567</b>	–	–
Rental income from investment properties	2 259	2 014	–	–
Property costs for investment properties	771	700	–	–

#### **Investments during the year**

During 2007, Castellum made investments totalling SEKm 2,598 (2,283), of which SEKm 1,514 (1,232) were acquisitions and SEKm 1,084 (991) new construction, extensions and refurbishment. Acquisitions during the year refer to 38 properties of which most were acquired as company acquisitions. The Group acquisition value of SEKm 1,514 comprises partly a cash flow acquisition value of SEKm 1,349 and partly a deferred tax liability of SEKm 165. The single largest company acquisition was less than 1% of Castellum's total assets. If the properties owned by Castellum at the end of the year, would have been owned during the entire year, the net operating income can be calculated to SEKm 1,542.

Castellum has no significant obligations to acquire or sell any investment property. However, Castellum is obligated to complete ongoing investments of a further SEKm 900 in addition to what is accounted for in the balance sheet.

## Significant obligations

Ongoing investments	of which remaining,		To be completed
	Investment, SEKm	SEKm	
Nordstaden 2:16, Gothenburg	184	23	Quarter 2, 2008
Forskaren 2, Lund	108	83	Quarter 3, 2008
Kärra 74:2, Gothenburg	5	110	Quarter 4, 2009
Varla 3:22, Kungsbacka	6	88	Quarter 3, 2008
Lindholmen 28:2, Gothenburg	70	12	Quarter 2, 2008

According to accepted theory, the value of an asset consists of the net present value of the future cash flows that the asset is expected to generate. This section aims to describe and illustrate Castellum's cash flow-based model for calculation of the value of the real estate portfolio. The value of the real estate portfolio is calculated in this model as the total present value of net operating income minus remaining investments on ongoing projects, during the next nine years and the present value of the estimated residual value in year ten. The residual value in year ten consists of the total present value of net operating income during the remaining economic life span. The estimated market value of undeveloped land is added to this.

The required yield and the assumption regarding future real growth are of crucial importance for the calculated value of the real estate portfolio, as they are the most important value-driving factors in the valuation model. The required yield is the weighted cost of borrowed capital and equity. The cost of borrowed capital is based on the market interest rate for loans. The cost of equity is based on a "risk-free interest rate" equivalent to the long-term government bond rate with the addition of a "risk premium". The risk premium is unique to each investment and depends on the investor's perception of future risk and potential.

To illustrate the model, the following example is provided. It should be noted that assumptions regarding cash flow growth and other assumptions included in the model are only intended to illustrate the model. The example should thus not be regarded as a forecast of the company's expected earnings.

### Assumptions in the example:

- The economic occupancy rate is assumed to increase in order to reach a long-term level of 95% in the year 2012.
- Net operating income for 2007 is based on the result for the investment properties, with an assumed cost of SEK 30/sq.m. for pure property administration.
- Growth in rental value and property costs has been assumed to 1% per year during the calculation period.
- The average economic life of the real estate portfolio has been assumed to be 50 years.
- Projects and undeveloped land have an assumed value SEKm 1 111.
- The required yield is calculated according to the following assumptions:

	Required yield	Percentage of capital	Weighted required yield
Equity	7.0% - 20.5%	30%	2.1% - 6.1%
Borrowed capital	5.5%	70%	3.9%
<b>Weighted required yield</b>		<b>100%</b>	<b>6.0% - 10.0%</b>

### Example - calculation of the value of the real estate portfolio

SEKm	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rental value	2 621	2 647	2 674	2 700	2 727	2 755	2 782	2 810	2 838	2 867	2 895
Rental income	2 304	2 369	2 433	2 498	2 564	2 617	2 643	2 670	2 696	2 723	2 750
Economic occupancy rate	87.9%	90%	91%	92%	94%	95%	95%	95%	95%	95%	95%
Property costs	-722	-729	-737	-744	-751	-759	-766	-774	-782	-790	-798
<b>Net operating income=cash flow</b>	<b>1 582</b>	<b>1 640</b>	<b>1 696</b>	<b>1 754</b>	<b>1 813</b>	<b>1 858</b>	<b>1 877</b>	<b>1 896</b>	<b>1 914</b>	<b>1 933</b>	<b>1 952</b>
Discounted cash flow, years 1-9	11 829	← Discounted cash flow									
Discounted cash flow, year 10	14 837										
Assumed value, projects and land	1 111	← Discounted residual value									
<b>Total property value</b>	<b>27 777</b>										

## Valuation model

## Internal valuation

Castellum records the investment properties at fair value and has made an internal valuation of all properties as of December 31, 2007. The valuation was carried out in a uniform manner, and was based on a ten-year cash flow model, which was described in principle above. The internal valuation was based on an individual assessment for each property of both its future earnings capacity and its required yield. In assessing a property's future earnings capacity we took into account an assumed level of inflation of 1.5% and potential changes in rental levels from each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rate and property costs. Included in property costs are operating expenses, maintenance, ground rent, real estate tax, and leasing and property administration. Possible premiums paid on portfolios have not been taken into account.

### *Assumptions of the required yield etc.*

The required yield on equity is different for each property, and is based on assumptions regarding real interest rate, inflation and risk premium. The risk premium is different for each property and can be divided into two parts - general risk and individual risk. The general risk makes up for the fact that a real estate investment is not as liquid as a bond, and that the asset is affected by the general economic situation. The general risk was assumed to be 2.75%. The individual risk is specific to each property, and comprises a weighted assessment of; the property's category, the town/city in which the property is located, the property's location within the town/city with reference to the property's category, if the property has the right design, is appropriate and makes efficient use of space, the property's technical standard with regard to such criteria as the choice of materials, the quality of public installations, furnishing and equipment on the premises and apartments and the nature of the lease agreements, with regard to such issues as the length, size and number of agreements.

In order to calculate the required yield on total capital, an assumption has been made about the cost of borrowed capital of 5.5%. The required yield of borrowed capital comprises the real interest rate and inflation. The equity/assets ratio is assumed to be 35%-45%, depending on the property category.

The required yield on total capital is calculated by weighting the required yield on equity and the cost of borrowed capital depending on the equity/assets ratio. The required yield on total capital is used to discount the expected 10-year future cash flows, while the residual value is discounted by calculating the return on total capital minus growth which is set equal to the inflation.

The assumptions that form the basis for Castellum's valuation are shown in the table below.

<b>Assumptions per property category 31-12- 2007</b>	Office/Retail	Warehouse/Industrial
Real interest rate	3.0%	3.0%
Inflation	1.5%	1.5%
Risk	4.6% -12.0%	6.5% - 13.3%
Return on equity	9.1% - 16.5%	11.0% - 17.8%
Interest rate	5.5%	5.5%
Equity/assets ratio	35%	45%
Return on total capital	6.8% - 9.4%	8.0% - 11.0%
Required yield minus growth equal to inflation	5.3% - 7.9%	6.5% - 9.5%

Compared to previous year the required yield has been reduced by 0.1%-units during the first six months of 2007.

The average required yield in the valuation can, based on the earning capacity at the start of 2008, be calculated to 6.8% (6.9%). The calculation has been made based on the net operating income adjusted for a normalized occupancy rate of 95%, known index increases for 2008 and some adjustments of property costs such as degree day adjustments and an assumed cost for property administration of SEK/sq.m. 30.

### **Development projects and building permissions**

Projects in progress have been valued using the same principle, but with deductions for remaining investment. Sites with building permission and undeveloped land have been valued on the basis of an estimated market value per square metre.

### **The value of the real estate portfolio and calculated net asset value**

The internal valuation shows a fair value of SEKm 27,717 (24,238), which is an increase in value of approx. 3% (5%). The table below shows the fair value distributed by property category and region.



Property value, SEKm				
31-12-2007	Office/Retail	Warehouse/ Industrial	Projects and land	Total
Greater Gothenburg	5 127	3 994	172	9 293
Öresund Region	4 854	1 752	300	6 906
Greater Stockholm	3 603	1 282	381	5 266
Mälardalen	2 324	819	135	3 278
Eastern Götaland	2 273	578	123	2 974
<b>Total</b>	<b>18 181</b>	<b>8 425</b>	<b>1 111</b>	<b>27 717</b>

In order to provide further assurance and validation of the valuation 111 properties, representing 50% of the value of the portfolio, were valued by NAI Svefa. The properties were selected on the basis of the largest properties in terms of value, but also in order to reflect the composition of the portfolio as a whole in terms of category and geographical location of the properties. NAI Svefa's valuation of the selected properties amounted to SEKm 13,976, within an uncertainty range of +/- 5-10% on property level. The size of the uncertainty range varies depending on each property's category and location. Castellum's valuation of the same properties amounted to SEKm 13,909. It can be noted that, on portfolio level, the external and the internal valuations correspond well, although there are individual differences.

#### External valuation

#### Uncertainty range

A property's market value can only be confirmed when it is sold. Property valuations are calculations performed according to accepted principles and on the basis of certain assumptions. The value range of +/- 5-10% often used in property valuations should be seen as an indication of the uncertainty that exists in such assessments and calculations. For Castellum, an uncertainty range of +/- 5%, means a range in value of SEKm 26,331 – 29,103.

Equipment	Group		Parent Company		Note 12
	2007	2006	2007	2006	
Opening acquisition value	48	45	3	3	
Acquisitions	6	5	0	0	
Sales / Retirement of assets	- 2	- 2	0	0	
<b>Closing acquisition value</b>	<b>52</b>	<b>48</b>	<b>3</b>	<b>3</b>	
Opening depreciation	- 35	- 31	- 2	- 2	
Sales / Retirement of assets	2	1	0	0	
Depreciation for the year	- 6	- 5	- 1	0	
<b>Closing depreciation</b>	<b>- 39</b>	<b>- 35</b>	<b>- 3</b>	<b>- 2</b>	
<b>Book value</b>	<b>13</b>	<b>13</b>	<b>0</b>	<b>1</b>	

Participations in Group Companies	Group		Parent Company		Note 13
	2007	2006	2007	2006	
Opening acquisition value	-	-	4 087	3 727	
Capital contributions	-	-	-	360	
Acquisitions	-	-	-	0	
<b>Closing acquisition value</b>	<b>-</b>	<b>-</b>	<b>4 087</b>	<b>4 087</b>	
<b>Book value</b>	<b>-</b>	<b>-</b>	<b>4 087</b>	<b>4 087</b>	

The principles for consolidation are described in the accounting principles. Directly owned subsidiaries are listed below. Other companies in the Group are included in each respective subsidiary's annual report.

	Corporate identity no.	Registered office	Share of capital	Book value
Directly owned subsidiaries				
Fastighets AB Brostaden	556002-8952	Stockholm	100%	945
Aspholmen Fastigheter AB	556121-9089	Örebro	100%	506
Ekländia Fastighets AB	556122-3768	Gothenburg	100%	687
Harry Sjögren AB	556051-0561	Mölnådal	100%	683
Fastighets AB Corallen	556226-6527	Värnamo	100%	515
Fastighets AB Briggen	556476-7688	Malmö	100%	751
Fastighets AB Regeringsgatan	556571-4051	Gothenburg	100%	0
Fastighets AB Regeringsgatan 1	556715-8331	Gothenburg	100%	0
Fastighets AB Regeringsgatan 2	556715-8349	Gothenburg	100%	0
<b>Total</b>				<b>4 087</b>

## Note 14 Shareholders' Equity and Net Asset Value

### Share capital

The share capital as of 31 December, 2007 consisted of 172,006,708 registered A-shares with one vote per share and a par value of 0.50 per share. All shares are fully paid. Of the registered shares, Castellum owns 8,006,708, to a total nominal value of SEK 4,003,354. The number of outstanding shares thus totals 164,000,000, which is the same amount as for the corresponding period previous year. The repurchased shares do not carry any voting rights and are not entitled to dividend. There are no restrictions regarding dividend or other types of repayment. There is no potential common stock such as convertible shares, or preferential rights to accumulated dividend (preference shares).

Development of share capital	Date	Number of shares	Par value per share	Share capital, SEK
Formation A-shares	27-10-1993	+500	100	+50 000
New share issue, A-shares	27-09-1994	+999 500	100	+99 950 000
Share split 50:1	25-03-1997	+49 000 000	2	–
<b>IPO</b>	<b>23-05-1997</b>	<b>50 000 000</b>	<b>2</b>	<b>100 000 000</b>
New share issue, C-shares	12-07-2000	+7 142 857	2	+14 285 714
Redemption, A-shares	12-07-2000	–6 998 323	2	–13 996 646
Redemption, C-shares	13-11-2000	–7 142 857	2	–14 285 714
Share split 4:1	27-04-2006	129 005 031	0.50	–
<b>Year-end</b>	<b>31-12-2007</b>	<b>172 006 708</b>	<b>0.50</b>	<b>86 003 354</b>

### Restricted and non-restricted equity

According to the Swedish Companies Act shareholders' equity is made up of restricted (non-distributable) and non-restricted (distributable) equity. Dividend to the shareholders may only be such that there after the distribution is full coverage for restricted equity in the parent company. Further, distribution of profits may only be made if it is justified with respect to the demands put on the amount of equity by the type of business, extent and risk of operations, company and Group consolidation needs, liquidity and financial position in general.

### Own shares repurchased

During the year 2000, Castellum repurchased 8,006,704 of the company's own shares for a total of SEKm 194, equivalent to 4.7% of the total registered number of shares. Since then no repurchase of the company's own shares have been made.

### Dividend

Dividends are proposed by the Board of Directors according to the rules of the Companies Act and decided by the annual general meeting. The proposed dividend, not yet paid out, for the financial year 2007 is SEK 3.00 per share, SEKm 492 in total. The amount is recorded as debt after the annual general meeting has approved the dividend.

### Net asset value

When calculating the net asset value for a real estate company and for Castellum in specific, there are in addition to what can be read in the balance sheet, mainly two items to take into consideration – uncertainty range in property valuation and deferred tax liability.

The value range of +/- 5-10% often used in property valuations should be viewed as an indication of the uncertainty that exists in assessments and calculations made. For Castellum this is equivalent to a range of SEK +/- 1.4 – 2.8 billion.

Present accounting principles states that the deferred tax liability shall be recorded to nominal 28%, while the real deferred tax is substantially lower. The present assessment is that the discounted real deferred tax liability does not exceed 5%, which means that an additional SEK 2.7 billion should be recorded in equity.

<b>Net asset value</b>	SEKm	SEK/share
Equity according to the balance sheet	11 204	68
Deferred tax liability according to the balance sheet	3 322	21
Adjustment for assessed market value of deferred tax (5%)	- 593	- 4
<b>Net asset value without the uncertainty range in property valuation</b>	<b>13 933</b>	<b>85</b>
Uncertainty range in property valuations +/- 5% after tax	+/- 1 317	+/- 8

Castellum's objective is based on growth in cash flow and is not directly related to net asset value. The objective is an annual growth in cash flow, i.e. income from property management per share, of at least 10%. In order to achieve this objective, investments of at least SEKm 1,000 per year will be made. All investments will contribute to the objective of growth in income from property management within 1-2 years and have a potential asset value growth of at least 10%. Sales of properties will take place when justified from a business standpoint and when an alternative investment with a higher yield can be found. Castellum will have a stable capital structure, meaning a borrowing ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%.

<b>Liabilities</b>	<b>Group</b>		<b>Parent Company</b>		<b>Note 15</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	
Interest-bearing liabilities due within one year of the balance sheet date	-	-	-	-	
Other non-interest-bearing liabilities due within one year of the balance sheet date	783	702	116	150	
Interest-bearing liabilities due within 1-5 years of the balance sheet date	4 582	3 337	4 607	3 429	
Interest-bearing liabilities due more than 5 years after the balance sheet date	8 000	7 500	8 000	7 500	
<b>Total excl. deferred tax liability</b>	<b>13 365</b>	<b>11 539</b>	<b>12 723</b>	<b>11 079</b>	

During 2008, current interest-bearing liabilities amounting to SEKm 6,082 (6,487) are due for payment, but since they are covered by unutilized long-term credit agreements, they are treated as long-term interest-bearing liabilities. The fair value of the liabilities are equal to the book value.

## Long-term Interest-bearing Liabilities Note 16

Castellum's funding and management of financial risks are run according to the financial policy as defined by the Board of Directors. The financial operations are centralized to the parent company. The treasury department in the parent company operates as the Group's internal bank with responsibility for group funding, management of financial risks and cash management.

The objectives in the financial policy are:

- Stable capital structure, meaning av borrowing ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%.
- Secure the need for long-term funding and liquidity.
- Achieve a low and stable net interest income/costs within the given risk mandate.

**Objectives**

The financial policy states the given mandates and limits for management of the financial risks defined in the policy and overall assignments of responsibility. The parent company holds a function for independent control of risks and regulations of the financial operations. As a measure of continuous improvement and adjustments of the financial risk management the Board of Directors makes an annual overview of the financial policy.

**Financial policy**

The financial operations in Castellum shall be run in such manner that the costs for the financial risk management are minimized. This means that Castellum carries out financial transactions based on estimations of the Group's overall need for liquidity, funding and interest rate risk. Hence, the financial risk management is carried out on portfolio level. The internal bank works with netting bank accounts for the Group's liquidity flows. Portfolio management of lending means that a transaction within the Group, such as an internal loan, is not replicated by an identical external transaction, instead draw downs on loans are made under credit agreements based on the Group's overall funding needs. For a cost effective management of the interest rate risk an assessment is made of the interest rate risk that occurs on making a draw down on a single loan with



a short fixed interest term under different credit agreements, after which interest rate derivative transactions are made in order to achieve the desired fixed interest term on the total amount of debts.

Policy	Objective	Outcome
Borrowing ratio	Not permanently exceeding 55%	45%
Interest coverage ratio	At least 200%	287%
Interest rate risk		
– average fixed interest term	0.5-3 years	2.2 years
– share with maturity within 6 months	Maximum 50%	45%
Currency risk	Not allowed	No exposure
Funding risk	Minimum 50% credit agreements with a duration of at least 2 years.	100%
Counterparty risk	Credit institutes with high ratings, at least "investment grade"	Fulfilled
Liquidity risk	Liquidity reserve in order to fulfill payments due	SEKm 2,151 in unutilized credit agreements

#### Borrowing, maturity structure and interest rates

At the year-end Castellum had long term binding credit agreements totalling SEKm 13,300 (11,050), long term bonds totalling SEKm 650 (350), short term binding credit agreements totalling SEKm 776 (1,776) and a commercial paper program of SEKm 4,000 (3,000). After deduction of liquid assets of SEKm 7 (8), net interest bearing liabilities were SEKm 12,575 (10,829) of which SEKm 2,949 are outstanding commercial papers which are fully covered by unutilized long term credit agreements.

Credit agreements/-limits	Amount, SEKm	Utilized, SEKm
Long term binding credit agreements	13 300	8 850
Long term bonds	650	650
Short term binding credit agreements	776	126
Commercial paper program	4 000	2 949
<b>Total</b>	<b>18 726</b>	<b>12 575</b>

The average duration of Castellum's long-term credit agreements as of 31-12-2007 was 5.2 years (5.8). Long term credit agreements totalling SEKm 13,950 (11,400), exceed utilized credit agreements totalling SEKm 12,575 (10,829) by SEKm 1,375 (629). The debt maturity structure for the credit agreements, as may be seen in the table below, shows when in time the credit agreements fall due for renegotiation or repayment.

Debt maturity structure 31-12-2007	Credit agreements, SEKm	Utilized, SEKm
1-2 years	1 150	250
2-3 years	1 100	1 000
3-4 years	3 700	2 900
4-5 years	–	–
5-10 years	8 000	5 350
Total long term credit agreements	13 950	9 500
Short term credit agreements (0-1 year)	776	126
Commercial paper program (0-1 year)	4 000	2 949
<b>Total credit agreements</b>	<b>18 726</b>	<b>12 575</b>
Unutilized credits in long term credit agreements		1 375

The treasury department arranges loans under Castellum's credit agreements, issues bonds or commercial papers in order to provide funding for the subsidiaries owning the properties. The credit agreements provide Castellum the right to choose both short-term and long-term fixed interest rates and sometimes even the right to choose interest rate base, i.e. each credit institute's offered variable interest rate, Stibor interest rate or fixed interest rate.

The agreements can be divided into the following categories:

- Loans pledged by Castellum's receivables from subsidiaries, including pledged mortgages. In addition to the pledged mortgages the majority of the credit agreements include financial covenants such as borrowing ratio and interest coverage ratio.
- Unsecured loans.
- Issuing of bonds.
- Issuing of commercial papers.

The conditions for funding in all credit agreements are in line with Castellum's financial objectives. Irrespective of the type of credit agreement they include the usual conditions for cancellation and sometimes also conditions for renegotiation if there is a material adverse change in business or if an unacceptable single party engagement for the lender occurs. If the lender calls on the right for renegotiation and the parties cannot agree, the agreements contain specified terms for the time of termination for those agreements covered by such conditions.

Castellum can increase or decrease the allocation under the long-term credit agreements with short notice. The objective is to minimize the interest-bearing liabilities, and cash is therefore used primarily to repay outstanding debts.

In order to secure Castellum's need for liquidity and long-term funding, Castellum is re-negotiating and adding new credit agreements on an ongoing basis. During the year Castellum has signed a net of new long term credit agreements with Nordic banks totalling SEKm 1,250, issued long term bonds totalling SEKm 300, increased the commercial paper program with SEKm 1,000, and renegotiated and extended credit agreements totalling SEKm 7,500. In all cases the credit agreements have been signed or renegotiated on more favourable conditions than existing agreements. Castellum's access to long term funding has not been affected by the recent international credit squeeze.

The average effective interest rate as of 31 December, 2007 was 4.4% (4.0), which are 0.2%-units higher than the average interest rate during the year. The higher closing interest rate is an effect of increasing market interest rates. The market interest rate for an equal portfolio was at the same date 5.0%. The average fixed interest term on the same date was 2.2 years (2.3). The share of loans with interest rate maturity during the next 6 months was 45% (60%).

Interest rate maturity structure	Amount, SEKm	Average interest rate
0-1 year	6 075	4.6%
1-2 years	1 750	4.1%
2-3 years	1 350	4.0%
3-4 years	50	4.2%
4-5 years	1 700	4.3%
5-10 years	1 650	4.5%
<b>Total</b>	<b>12 575</b>	<b>4.4%</b>

Castellum's strategy of using interest rate derivatives in order to manage the interest rate risk and achieve the desired interest rate maturity structure means that there may be changes in value of the interest rate derivatives portfolio from time to time. These changes occur partly due to changes in market interest rates and partly due to the time factor (an originally 5-year fixed interest term with 2 years left to maturity is compared with a 2-year fixed interest term). As of December 31, 2007 the market value of the interest rate derivatives portfolio amounted to SEKm 44. An upward parallel adjustment of the discounting interest rate used in the valuation of the interest rate derivatives portfolio as of December 31, 2007 of 1%-unit would affect the value of the interest rate derivatives portfolio by SEKm 104.

The table below shows the interest rate derivatives portfolio's nominal amount including accrued interest and market value as of 31-12-2007 and the market value of the portfolio with a +/- 1%-unit change in the interest rate. Derivatives which include an option has based on the date of termination been reported in the same time segment as prior to the assumed change in interest rate.

Year	Amount, SEKm	Market value, SEKm	Average interest rate	Market value interest +1%-unit	Market value interest -1%-unit
2008	400	- 3	5.1%	1	- 8
2009	1 750	- 3	3.9%	11	- 41
2010	1 362	18	3.8%	29	- 13
2011	52	- 2	4.1%	- 5	- 3
2012	1 703	2	4.2%	9	- 71
2013+	1 859	32	4.4%	103	- 61
<b>Total</b>	<b>7 126</b>	<b>44</b>	<b>4.2%</b>	<b>148</b>	<b>- 197</b>

## Note 17 Deferred Tax Liability / Asset

A realization of all assets and liabilities to book value for the Group and utilization of all existing tax loss carry forward would, as is shown in the table below, result in a taxable income of SEKm 11,864 (9,724), equivalent to a tax payment of SEKm 3,322 (2,723).

As far as the parent company is concerned the deferred tax asset of SEKm 3 (2) consists of 28% of the net of unutilized tax loss carry forwards of SEKm 36 (7) and the difference between the derivatives book value and their tax basis value of SEKm -44 (0). Out of the change in deferred tax assets during the year, SEKm 14 (3) has been recorded directly in equity.

### Tax loss carry forwards

Castellum's tax loss carry forwards were estimated on December 31 2007 at SEKm 539 (337). The change may be seen in the table in note 9.

### Surplus- and sub value of properties for tax purposes

When calculating the tax effect on a sale of all properties in the Group, the book value in the Group of SEKm 27,717 (24,238) must be compared to the residual value for tax purposes in the legal entity, which amounts to SEKm 15,358 (14,177). This means that if all of Castellum's properties were sold, the taxable net profit would exceed the recorded profit in the Group by SEKm 12,539 (10,061). The accounts are based on the assumption that each property is sold by each legal entity with a maximum effective tax rate.

Previous write-downs where tax deductions have been assessed amount to more than SEKm 200. These may be reversed in the case of continued future increases in value.

	2007		2006	
	Basis	Tax 28%	Basis	Tax 28%
<b>Deferred tax liability</b>				
Tax loss carry forwards				
Opening balance	337	94	581	163
Change of the year in the income statement	202	57	- 244	- 69
<b>Closing balance</b>	<b>539</b>	<b>151</b>	<b>337</b>	<b>94</b>
Difference between the properties book and tax basis value				
Opening balance	- 10 061	- 2 817	- 8 172	- 2 289
Change of the year in the income statement	- 1 711	- 479	- 1 620	- 453
Company acquisition/sale of properties	- 587	- 165	- 269	- 75
<b>Closing balance</b>	<b>- 12 359</b>	<b>- 3 461</b>	<b>- 10 061</b>	<b>- 2 817</b>
Derivatives				
Opening balance	-	-	-	-
Change of the year in the income statement	- 44	- 12	-	-
<b>Closing balance</b>	<b>- 44</b>	<b>- 12</b>	<b>-</b>	<b>-</b>
Total				
Opening balance	- 9 724	- 2 723	- 7 591	- 2 126
Change of the year	- 2 140	- 599	- 2 133	- 597
<b>Closing balance</b>	<b>- 11 864</b>	<b>- 3 322</b>	<b>- 9 724</b>	<b>- 2 723</b>

## Note 18 Accrued Expenses and Prepaid Income

	Group		Parent Company	
	2007	2006	2007	2006
Rents paid in advance	288	265	-	-
Accrued interest	95	76	95	76
Other	89	75	18	17
<b>Total</b>	<b>472</b>	<b>416</b>	<b>113</b>	<b>93</b>

## Note 19 Pledged assets

	Group		Parent Company	
	2007	2006	2007	2006
Property mortgages	11 793	10 487	-	-
Long-term receivables, group companies	-	-	10 872	9 617
<b>Total</b>	<b>11 793</b>	<b>10 487</b>	<b>10 872</b>	<b>9 617</b>



**Contingent Liabilities****Note 20**

	Group		Parent Company	
	2007	2006	2007	2006
Guaranteed commitments for subsidiaries	–	–	300	300
<b>Total</b>	<b>–</b>	<b>–</b>	<b>300</b>	<b>300</b>

**Cash Flow Statement****Note 21**

	Group		Parent Company	
	2007	2006	2007	2006
Difference between paid and reported net financial items				
Net financial items according to the income statement	– 495	– 364	9	11
Change in accrued interests	19	– 1	19	– 1
<b>Net financial items paid</b>	<b>– 476</b>	<b>– 365</b>	<b>28</b>	<b>10</b>
Difference between paid and reported acquisition value of properties				
Acquisition value according to the balance sheet	1 514	1 292	–	–
Transferred deferred tax on company acquisitions	– 165	– 79	–	–
<b>Acquisition value paid for acquired properties</b>	<b>1 349</b>	<b>1 213</b>	<b>–</b>	<b>–</b>

**Subsequent Events****Note 22**

The Board of Directors of Castellum AB intends to propose the annual general meeting a dividend of SEK 3.00 per share, which is an increase of 5% compared to previous year.

The Financial Reports are a part of the Annual Report and were signed by the Board of Directors on February 6, 2008.

The Income Statement and the Balance Sheet for the Parent Company and the Group shall be adopted at Castellum AB's Annual General Meeting, which is expected to take place on March 27, 2008.

## Proposed Distribution of Profits

The following funds are at the Annual General Meetings disposal:

Retained profits	SEK 3 663 922 974
Net income for the year	<u>SEK 598 303 085</u>
	<u>SEK 4 262 226 059</u>

The Board of Directors propose that the retained profits be appropriated as follows:

Dividend to shareholders, SEK 3.00 per share	SEK 492 000 000
Carried forward to the new accounts	<u>SEK 3 770 226 059</u>
	<u>SEK 4 262 226 059</u>

The company has 172,006,708 registered shares, of which 8,006,708 are currently the company's own repurchased shares and are not entitled to dividends.

The total dividend payment proposed above of SEK 492,000,000 can be changed if the number of the companys own repurchased shares changes before the record date for the dividend.

# Statement Regarding Proposed Distribution of Profit

## Reasons

The Group's equity has been calculated in accordance with IFRS standards, approved by the EU, and the interpretations of these standards (IFRIC), as well as in accordance with the provisions of Swedish law by application of the recommendation RR 30:06 of the Swedish Financial Accounting Standards Council (Supplementary accounting principles for groups). The equity of the parent company has been calculated in accordance with Swedish law and by application of the recommendation RR 32:06 of the Swedish Financial Accounting Standards Council (Accounting for Legal Persons).

It is further noted that the proposed distribution constitutes 74 % of the Group's income from property management after tax, which is in line with the express target to distribute at least 60 % of the Group's income from property management after tax, having considered investment plans, consolidation needs, liquidity and overall position.

The Board of Directors concludes that the Company's restricted equity is fully covered after the proposed distribution.

The Board of Directors also concludes that the proposed distribution to the shareholders is justified considering the parameters in section 17 subsection 3, second and third paragraphs of the Swedish Companies Act (the nature, scope and risks of the business as well as consolidation needs, liquidity and overall position). The Board of Directors would in this context like to emphasise the following.

## The nature, scope and risks of the business

The Board of Directors estimates that the equity of the Company as well as the Group will, after the proposed distribution, be sufficient in relation to the nature, scope and risks of the business. The Board of Directors has in this context considered inter alia the historical development of the Company and the Group, budgeted development, investment plans and the economic situation.

## Consolidation needs, liquidity and overall position

### *Consolidation needs*

The Board of Directors has made a general estimation of the financial position of the Company and the Group, and the possibilities of fulfilling their obligations in the long run. The proposed dividend constitutes 11.3 % of the Company's equity and 4.4 % of the Group's equity. The express target for the Group's capital structure, entailing a solvency of 55 % and an interest coverage ratio of at least 200 %, will be maintained after the proposed dividend. The solvency of the Company and the Group is good considering the prevailing conditions of the real estate business. In light of the above, the Board of Directors concludes that the Company and the Group have all the necessary requirements to take future business risks and to also carry potential losses. Planned investments have been considered when deciding on the proposed dividend. The dividend will furthermore not adversely affect the ability of the Company or the Group to make additional, motivated, investments according to assumed plans.

### *Liquidity*

The proposed dividend will not affect the Company's or the Group's ability to meet their payment obligations in a timely manner. The Company and the Group have good access to liquidity reserves through short-term as well as long-term credits. The credits may be utilised at short notice, meaning that the Company and the Group are prepared to handle liquidity fluctuations as well as possible unexpected events.

### *Overall position*

The Board of Directors has considered all other known conditions which might affect the financial position of the Company and the Group and which have not been considered within the scope of the above considerations. No circumstances have however been found showing that the proposed dividend would not be justified.

## Evaluation to actual value

Derivatives instruments and other financial instruments have been valued to the actual value according to section 4 subsection 14a of the Swedish Annual Accounts Act. The valuation has showed a surplus value of SEK 32 million, which has increased the equity by the mentioned amount.

Gothenburg January 23rd 2008  
The Board of Directors



## Signing of the Annual Report

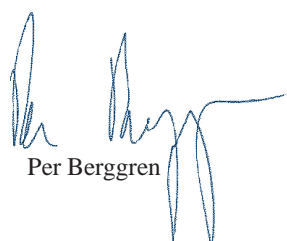
As far as we know the Annual Report is prepared in accordance with generally accepted accounting principles. The Annual Report give a true and fair view of the company's financial position and results, and the directors' report give a true and fair overview of the development of the company's operations, financial position and results, and describes the significant risks and factors of uncertainty facing the company.

The consolidated accounts have been prepared in accordance with the international accounting standards covered in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The consolidated accounts give a true and fair view of the group's financial position and results, and the directors' report for the consolidated accounts give a true and fair overview of the development of the group's operations, financial position and results and as well as the significant risks and factors of uncertainty facing the companies within the group.

Gothenburg February 6th, 2008



Jan Kvarnström  
Chairman



Per Berggren



Marianne Dicander Alexandersson



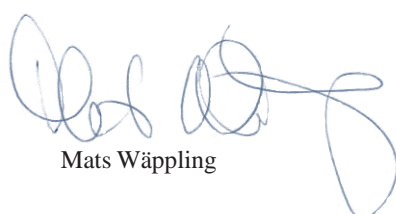
Ulla-Britt Fräjdin-Hellqvist



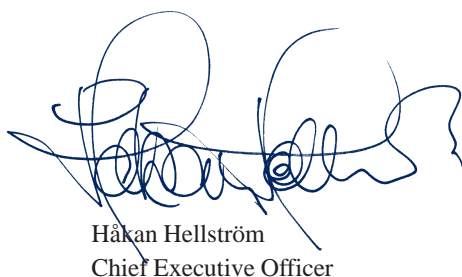
Christer Jacobson



Göran Lindén



Mats Wäppling



Håkan Hellström  
Chief Executive Officer

Our Audit Report regarding this Annual Report was submitted on February 6th, 2008



Carl Lindgren  
Authorized Public Accountant



Ingemar Rindstig  
Authorized Public Accountant

# Audit Report

## **To the annual meeting of the shareholders of Castellum AB (publ) corporate identity number 556475-5550**

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Castellum AB (publ) for the year 2007. The annual accounts and the consolidated accounts are presented in the printed version of this document on pages 6-61 and 64-100. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Gothenburg February 6th, 2008



Carl Lindgren  
Authorized Public Accountant



Ingemar Rindstig  
Authorized Public Accountant





## Castellum's Real Estate Schedule 2007

Greater Gothenburg	104
Öresund Region	112
Greater Stockholm	118
Mälardalen	122
Eastern Götaland	128
Properties sold in 2007	135

Management subsidiaries: ASP = Aspholmen Fastigheter AB BRI = Fastighets AB Briggen BRO = Fastighets AB Brostaden  
COR = Fastighets AB Corallen EKL = Eklandia Fastighets AB HAR = Harry Sjögren AB

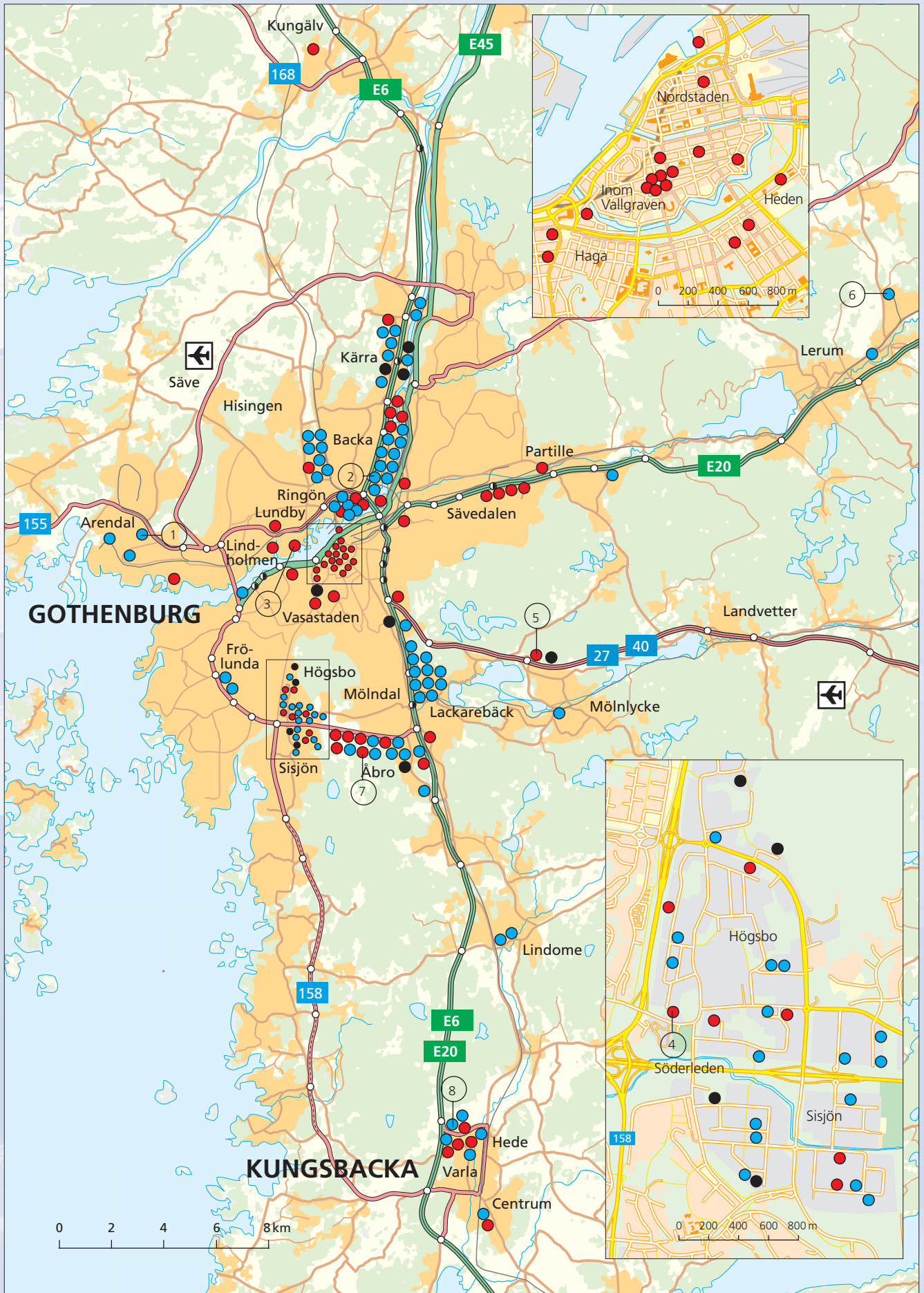
## Greater Gothenburg

Greater Gothenburg											Tax Mgmt.			
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises							assessment	Sub- value	sidary	Note
				Office	Retail	Warehouse	Industrial	Residential	Other	Total				
OFFICE/RETAIL														
Annedal 21:10	Haraldsgatan 5	Gothenburg	1995	4 970	–	–	–	–	–	4 970	74 400	EKL		
Guldheden 8:10	Guldhedsgatan 5	Gothenburg	1995	9 776	–	23	–	–	–	9 799	–	EKL		
Gullbergsvass 1:15	Lilla Bommenstorg	Gothenburg	2001	8 131	–	–	–	–	42	8 173	130 000	EKL		
Heden 16:5	Parkg 10/Nya Allén 5	Gothenburg	1961	1 303	–	–	–	616	10	1 929	22 479	EKL		
Inom Vallgraven 4:1	Östra Larmgatan 18	Gothenburg	1856/1988	2 597	–	–	–	–	–	2 597	27 200	EKL		
Inom Vallgraven 19:17	Kyrkogatan 38-40	Gothenburg	1919	975	368	20	–	–	–	1 363	22 800	EKL		
Inom Vallgraven 22:3	Kungsgatan 31-33	Gothenburg	1929	1 080	488	–	–	–	–	1 568	34 000	EKL		
Inom Vallgraven 33:9	Västra Hamng 21/Vallg 9	Gothenburg	1929/1995	1 063	510	–	–	–	–	1 573	22 400	EKL		
Inom Vallgraven 34:8	Kungsg 19-23/Magasinsg 18	Gothenburg	1929/1994	2 843	831	55	–	–	638	4 367	80 900	EKL		
Inom Vallgraven 35:14	Kungsg 15-17/Magasinsg 17	Gothenburg	1929/1991	3 205	319	–	–	469	184	4 177	86 861	EKL		
Inom Vallgraven 35:16 A	Kaserntorget 5/Vallg 2	Gothenburg	1991	2 371	590	36	–	–	–	2 997	43 400	EKL		
Inom Vallgraven 35:17	Magasinsg 11-13/Vallg 4-6	Gothenburg	1991	251	54	–	–	1 146	–	1 451	20 295	EKL		
Inom Vallgraven 57:2	Drottningg 7/V Hamng 5	Gothenburg	1988/1990	6 055	652	325	–	–	–	7 032	76 400	EKL		
Lorensberg 46:5	Kungssportsavenyen 7	Gothenburg	1930	276	691	–	–	–	–	967	21 200	EKL		
Lorensberg 48:8	Vasagatan 46	Gothenburg	1900/1992	1 401	202	40	–	–	34	1 677	17 824	EKL		
Masthugget 3:6	Linnegatan 5	Gothenburg	1893/1980	1 282	628	–	–	1 079	–	2 989	35 800	EKL		
Masthugget 9:17	Järntorget 3-4	Gothenburg	1900	2 865	518	10	–	–	–	3 393	46 400	EKL		
Masthugget 26:1	Barlastgatan 2	Gothenburg	1923	4 038	1 075	–	–	2 796	–	7 909	107 400	EKL		
Nordstaden 2:16	Östra Hamngatan 16	Gothenburg	1974	13 855	2 628	–	–	–	4	16 487	398 676	EKL		
Pustervik 3:8	Brogatan 4	Gothenburg	1988	3 910	–	–	–	–	–	3 910	33 400	EKL		
Gamlestaden 22:14	Gamlestadsvägen 16	Gothenburg	1920/1985	17 398	–	1 207	210	–	858	19 673	71 240	EKL		
Gamlestaden 26:1	Marieholmsgatan 10	Gothenburg	1914/1987	5 623	270	1 340	8 179	–	–	15 412	50 627	EKL	T/B	
Olskroken 14:2	Ånäsv 44-46/Svang 2-4/Ejderg 3	Gothenburg	1895/1986	7 353	315	135	5 265	136	–	13 204	63 955	EKL		
Skår 58:1	St Sigfridsgatan 89	Gothenburg	1991	11 855	–	–	–	–	–	11 855	112 800	EKL	B	
Arendal 764:394	Sydatlanten 15-17	Gothenburg	1974/1991	9 358	–	–	–	–	2	9 360	45 745	EKL	T	
Backa 27:24	Bergögatan 10	Gothenburg	1984	739	–	352	382	–	208	1 681	7 591	EKL		
Backa 27:25	Bergögatan 12	Gothenburg	1984	652	–	47	–	–	251	950	3 719	EKL		
Backa 27:40	Bergögatan 16	Gothenburg	1984	823	–	367	–	–	190	1 380	6 283	EKL		
Backa 27:43	Bergögatan 5-7	Gothenburg	1984	3 124	–	1 293	–	–	411	4 828	25 800	EKL		
Kärä 77:3	Tagenevägen 70	Gothenburg	1990	1 285	–	–	–	–	–	1 285	5 548	EKL	T	
Lindholmen 28:2	Theres Svenssons Gata 9-11	Gothenburg	2006	5 050	–	–	–	–	–	5 050	54 000	EKL		
Rambergstaden 733:409	Herkulesgatan 68	Gothenburg	1988	2 322	944	908	–	–	119	4 293	21 777	EKL		
Sannegården 28:14	Vingalandsgatan 2	Gothenburg	1880/1987	4 822	–	1 736	–	–	34	6 592	62 600	EKL		
Tingstadsvassen 11:11	Ringög 12/Kolgruveg 3-5	Gothenburg	1992	3 693	2 170	82	–	–	29	5 974	31 800	EKL	B	
Tingstadsvassen 12:12	Kalkbruksgatan 9	Gothenburg	1989	2 129	–	–	–	–	–	2 129	8 356	EKL		
Tingstadsvassen 26:5	Lergodsgatan 1-3	Gothenburg	1989	1 152	–	2 106	–	–	–	3 258	17 111	EKL	T/B	
Tuve 87:1	Hildedalsgatan 2	Gothenburg	1987	1 336	–	3 200	–	–	–	4 536	16 925	EKL	*	
Högsbo 8:8	Beatrice Lesslies gata 14	Gothenburg	1961/2001	1 100	–	1 000	–	–	–	2 100	9 644	HAR		
Högsbo 13:3	E A Rosengrens gata 15	Gothenburg	1982	1 244	–	–	–	–	–	1 244	6 511	HAR	T	
Högsbo 20:22	F O Petterssens gata 24-32	Gothenburg	1982	14 145	178	760	–	–	–	15 083	73 000	HAR		
Högsbo 24:12	August Barks gata 23	Gothenburg	1968/1990	3 117	–	2 756	–	–	–	5 873	45 664	HAR	B	
Högsbo 27:7	August Barks gata 6	Gothenburg	1988	7 933	–	–	–	–	–	7 933	81 000	HAR		
Kobbegården 6:362	Stora Ävägen 19 A-B, 21	Gothenburg	1990	5 513	878	1 150	–	–	–	7 541	69 200	HAR		

Note: \* = Acquired 2007 T = Ground rent A = Lease B = Unutilized building permission







● Office/retail ● Warehouse/industrial ● Development projects and land



# Greater Gothenburg

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Tax Mgmt.		
				Office	Retail	Warehouse	Industrial	Residential	Other	Total	assessment value	Sub-sidiary Note
Kobbegården 6:726	Datavägen 14 B	Gothenburg	1981	2 573	—	—	—	—	—	2 573	11 880	HAR
Anisen 1	Johannefredsgatan 1	Möln dal	1990	1 676	—	237	—	—	—	1 913	12 095	HAR
Anisen 3	Johannefredsgatan 3	Möln dal	2003	1 800	1 500	—	2 600	—	—	5 900	34 998	HAR
Berguven 1	Möbelgatan 4	Möln dal	1964	6 500	—	—	—	—	500	7 000	29 000	HAR B
Generatorn 5	Aminogatan 16	Möln dal	1986	640	—	—	483	—	—	1 123	7 730	HAR
Mejramen 1	Lunnagårdsgatan 4	Möln dal	1999	8 300	—	4 700	—	—	—	13 000	101 600	HAR B
Pottegården 4	Kråketorps gatan 20	Möln dal	1992	3 182	—	1 836	—	—	—	5 018	26 806	HAR
Riskullaverket 2	Aminogatan 25	Möln dal	1991	1 692	—	1 261	—	—	—	2 953	16 544	HAR
Sesamfröet 2	Aminogatan 27	Möln dal	1992	5 150	—	700	—	—	—	5 850	41 222	HAR B
Apollo 5	Österlånggatan 5	Borås	1930/1979	6 803	552	193	—	—	—	7 548	40 000	HAR
Katrinedal 14	Katrinedals gatan 22	Borås	1990	2 360	—	1 892	—	—	—	4 252	14 530	HAR
Midas 14	Västerlånggatan 17	Borås	1974	15 408	5 424	—	366	—	—	21 198	171 000	HAR
Narcissus 5	L:a Bro gatan 15/St Bro gatan 16	Borås	1930	908	1 484	—	—	1 284	—	3 676	30 008	HAR
Nestor 2	L:a Bro gatan 19-21	Borås	1962/1991	1 225	3 012	135	—	—	—	4 372	45 000	HAR
Nestor 3	St Bro gatan 24	Borås	1930	1 346	732	—	—	439	—	2 517	19 919	HAR
Solsten 1:109	Företags parken	Härry da	2003	11 375	—	—	—	—	—	11 375	61 321	EKL
Flaggan 1	Laholms vägen 84	Halmstad	1959/2004	—	2 895	—	—	—	—	2 895	9 978	HAR *
Karossen 3	Kristinehedsvägen 5,7	Halmstad	1965/2004	916	4 458	568	535	—	—	6 477	27 800	HAR */B
Kartongen 3	Spikgatan 7	Halmstad	1990/1995	3 434	—	2 842	—	—	40	6 316	25 263	HAR */B
Valsen 2	Svingelvägen 2	Halmstad	1979/2003	2 294	—	—	—	—	—	2 294	11 208	HAR */B
Partille 4:2, 4:25	G:a Kronvägen 22	Partille	1940/1981	—	2 240	—	—	—	—	2 240	5 890	HAR
Ugglum 8:37	Göteborgsvägen 78-80	Partille	1937/1982	—	296	—	—	278	—	574	3 824	HAR
Ugglum 8:91	Göteborgsvägen 82-84	Partille	1988	2 082	1 016	—	—	—	—	3 098	25 119	HAR
Ugglum 8:92	Göteborgsvägen 74-76	Partille	1992	4 944	720	193	—	—	—	5 857	47 400	HAR
Ugglum 126:4	Gibsons väg 3	Partille	1990	468	—	—	—	—	—	468	3 071	HAR
Filaren 1	Sveagatan 10	Alingsås	1958/1968	2 716	2 282	158	—	—	—	5 156	22 205	HAR
Gjutaren 26 B	Metallgatan 2-4	Alingsås	2000	3 585	—	—	—	—	—	3 585	32 003	HAR
Hede 3:125	Sättarevägen 3	Kungsbacka	1990	1 759	—	601	—	—	—	2 360	16 032	HAR
Kungsbacka 4:46	L:a Verkstadsgatan 8	Kungsbacka	1979	401	—	—	—	—	—	401	2 456	HAR
Varla 2:380	Energigatan 11	Kungsbacka	1990	1 689	—	685	—	—	—	2 374	15 600	HAR
Varla 2:416	Kungsparksvägen 2	Kungsbacka	2002	1 100	—	680	—	—	—	1 780	9 538	HAR
Stiftet 6	Bilgatan 20	Kungälv	1991	4 617	—	—	—	—	—	4 617	12 316	EKL
<b>Total office/retail</b>				<b>284 956</b>	<b>40 920</b>	<b>35 629</b>	<b>18 020</b>	<b>8 243</b>	<b>3 554</b>	<b>391 322</b>	<b>3 126 087</b>	



Lindholmen 28:2, Gothenburg



Högsbo 20:22, Gothenburg



# Greater Gothenburg

Greater Gothenburg											Tax Mgmt.		
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						assessment	Sub- value	Mgmt. sidiary	Note
				Office	Retail	Warehouse	Industrial	Residential	Other				
WAREHOUSE/INDUSTRIAL													
Arendal 1:13	Hamneviksvägen 31	Gothenburg	2006	1 487	–	25 622	–	–	678	27 787	144 600	EKL	
Arendal 7:4	Kärrlyckegatan 11	Gothenburg	1991	1 320	–	2 214	–	–	164	3 698	16 084	EKL	
Arendal 764:130	Oljevägen 103	Gothenburg	1971/1986	–	–	12 136	11 259	–	25	23 420	80 633	EKL	
Backa 18:7, 18:10	Risbindaregatan 1	Gothenburg	1964	–	–	16 960	–	–	–	16 960	50 106	EKL	
Backa 20:5	Exportgatan 2-8	Gothenburg	1989/1999	1 314	–	271	13 730	–	630	15 945	63 720	EKL	*B
Backa 22:3	Exportgatan 51 A	Gothenburg	1972/1997	–	–	4 986	–	–	–	4 986	23 167	EKL	
Backa 22:11	Exportgatan 67	Gothenburg	1990	284	–	2 316	–	–	–	2 600	9 522	EKL	
Backa 25:7	Exportgatan 28	Gothenburg	1972/1990	–	–	–	11 200	–	–	11 200	29 545	EKL	
Backa 26:3	Exportgatan 40	Gothenburg	1947/1988	2 733	240	2 945	–	–	6	5 924	24 642	EKL	
Backa 27:2	Importgatan 7	Gothenburg	1968	–	–	3 200	–	–	–	3 200	9 408	EKL	B
Backa 29:24	Importgatan 12	Gothenburg	1977	–	–	2 224	–	–	–	2 224	6 862	EKL	
Backa 94:1	Exportgatan 15	Gothenburg	1989	–	–	7 560	–	–	–	7 560	24 789	EKL	B
Backa 97:11	Exportgatan 39-41	Gothenburg	1978	955	–	3 464	–	–	–	4 419	21 543	EKL	
Backa 192:3	Aröds Industriväg 72	Gothenburg	1989	119	–	1 215	–	–	–	1 334	4 681	EKL	
Backa 192:4	Aröds Industriväg 60	Gothenburg	1989	484	200	1 356	–	–	–	2 040	7 412	EKL	T
Backa 192:6	Aröds Industriväg 62	Gothenburg	1988	–	–	1 371	–	–	–	1 371	4 670	EKL	
Backa 192:10	Aröds Industriväg 66	Gothenburg	1990	1 410	–	1 335	–	–	–	2 745	11 601	EKL	
Backa 193:1	Aröds Industriväg 2 A	Gothenburg	1988/1996	–	–	–	2 950	–	–	2 950	14 350	EKL	B
Backa 196:6	Aröds Industriväg 34	Gothenburg	1990	1 332	–	408	–	–	167	1 907	8 665	EKL	
Backa 197:2	Aröds Industriväg 17-19	Gothenburg	1990	–	–	1 326	–	–	–	1 326	4 748	EKL	
Kärä 37:4	Tagenevägen 21	Gothenburg	1972	–	1 195	11 740	–	–	–	12 935	36 530	EKL	
Kärä 74:3	Tagenevägen 33	Gothenburg	1985	–	–	7 505	–	–	–	7 505	26 638	EKL	B
Kärä 75:1	Transportgatan 35	Gothenburg	1980	–	–	8 671	–	–	–	8 671	34 000	EKL	
Kärä 77:8	Tagenevägen 72	Gothenburg	1991	102	–	1 969	–	–	–	2 071	9 590	EKL	
Kärä 80:7	Trankärrsvägen 14	Gothenburg	1990	211	–	3 451	–	–	–	3 662	14 902	EKL	T
Kärä 94:1	Orrekulla Industrigata 25	Gothenburg	1990	–	–	1 960	–	–	–	1 960	7 715	EKL	
Kärä 96:1	Orrekulla Industrigata 13-15	Gothenburg	1991	210	–	3 780	–	–	–	3 990	16 252	EKL	B
Tingstadsvassen 11:9	Kolgruvégatan 9	Gothenburg	1988	343	–	721	–	–	–	1 064	4 891	EKL	
Tingstadsvassen 12:6	Manufakturgatan 19	Gothenburg	1990	370	–	2 657	–	–	–	3 027	14 214	EKL	T
Tingstadsvassen 12:9	Manufakturgatan 21-23	Gothenburg	1957	–	–	6 134	–	–	–	6 134	11 460	EKL	T
Tingstadsvassen 14:7	Stålverksgatan 11	Gothenburg	1993	1 432	–	–	2 968	–	1 100	5 500	738	EKL	
Tingstadsvassen 19:3	Kolgruvégatan 1	Gothenburg	1950	681	200	9 423	245	–	168	10 717	22 012	EKL	T
Högsbo 4:1	Fältspatsgatan 1	Gothenburg	1965/1972	1 140	350	3 074	–	–	–	4 564	17 629	HAR	
Högsbo 7:16	Gustav Melins gata 7	Gothenburg	1987	1 301	–	–	404	–	–	1 705	9 015	HAR	
Högsbo 18:1	E A Rosengrens gata 30-38	Gothenburg	1966/1973	1 092	–	7 628	–	–	–	8 720	28 182	HAR	B
Högsbo 26:8	August Barks gata 25	Gothenburg	1969/1979	2 123	–	–	2 253	–	–	4 376	16 883	HAR	
Högsbo 28:3	August Barks gata 7	Gothenburg	1968/1981	785	–	–	2 857	–	–	3 642	15 843	HAR	
Högsbo 36:1	Norra Långebergsgatan 8	Gothenburg	1971/1995	710	–	3 840	–	–	–	4 550	22 966	HAR	
Högsbo 36:5	Hulda Mellgrens gata 3	Gothenburg	1991	553	–	–	2 931	–	–	3 484	15 790	HAR	
Högsbo 36:9	Hulda Mellgrens gata 7	Gothenburg	2007	400	–	1 475	–	–	–	1 875	2 684	HAR	
Högsbo 38:9	Sisjö Kullegata 4	Gothenburg	1984	–	–	–	983	–	–	983	8 823	HAR	

Note: \*=Acquired 2007 T=Ground rent A=Lease B=Unutilized building permission



Solsten 1:109, Härryda



Berg 1:76, Lerum



# Greater Gothenburg

Greater Gothenburg

											Tax Mgmt.		
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Total	assessment value	Sub-sidiary	Note
				Office	Retail	Warehouse	Industrial	Residential	Other				
Högsbo 40:1	Gustaf Werners gata 2	Gothenburg	1981/1999	1 495	–	5 505	–	–	–	7 000	29 532	HAR	B
Högsbo 40:2	Gustav Weners gata 4	Gothenburg	1978	400	–	2 815	–	–	–	3 215	17 064	HAR	
Kobbegården 6:180	Datavägen 20	Gothenburg	1980	1 704	–	1 078	–	–	–	2 782	23 600	HAR	
Kobbegården 6:360	Datavägen 31	Gothenburg	1979	1 640	–	5 349	–	–	–	6 989	42 400	HAR	
Kobbegården 6:724	Ekonomivägen 11	Gothenburg	1978/1986	–	–	–	6 290	–	–	6 290	25 411	HAR	
Kobbegården 208:6	Askims Verkstadsväg 16	Gothenburg	1973/1979	480	–	–	1 264	–	–	1 744	6 977	HAR	
Kobbegården 209:1	Askims Verkstadsväg 15	Gothenburg	1973/1996	–	–	–	2 538	–	–	2 538	11 559	HAR	
Rud 51:21	Klangfärgsgatan 2 C	Gothenburg	1979/1989	510	–	2 590	–	–	–	3 100	15 860	HAR	T
Tynnered 1:10	Kontrabasgatan 12	Gothenburg	1969	429	140	–	2 152	–	–	2 721	10 049	HAR	T
Kallebäck 3:4	Mejerigatan 1	Gothenburg	1962/1990	5 934	–	25 346	568	–	–	31 848	105 000	EKL	
Majorna 163:1	Banehagsliden 2	Gothenburg	1949	413	–	7 812	749	–	–	8 974	24 550	EKL	B
Gaslyktan 11	Argogatan 26-30	Möln dal	1987	4 000	–	11 000	–	–	–	15 000	82 800	HAR	B
Generatoren 1	Aminogatan 24	Möln dal	1995/2003	1 445	–	3 110	–	–	–	4 555	36 000	HAR	B
Generatoren 2	Aminogatan 20-22	Möln dal	1991	164	–	2 938	–	–	–	3 102	15 378	HAR	
Heliumgasen 11	Kryptogatan 5 B	Möln dal	1975	4 560	–	–	5 093	–	–	9 653	43 703	HAR	
Kryddpepparn 3	Östergårdsgatan 8	Möln dal	1992	–	–	–	4 140	–	–	4 140	–	HAR	B
Lindome 2:40	Elementvägen 2	Möln dal	1966	600	–	9 624	–	–	–	10 224	20 000	EKL	
Lindome 2:47	Elementvägen 2	Möln dal	1966	–	–	2 345	–	–	–	2 345	8 202	EKL	
Pottegården 2	Kråketorp sgatan 18	Möln dal	1964	–	–	1 800	–	–	–	1 800	7 444	HAR	B
Skinntickan 1	Ålegårdsgatan 5	Möln dal	1989	1 221	–	–	4 720	–	–	5 941	10 622	HAR	
Syrgasen 8	Kryptogatan 14	Möln dal	1979	–	–	–	3 055	–	–	3 055	14 727	HAR	B
Tjärblomman 2	Wolfsgatan 2	Möln dal	1960	2 495	–	3 748	–	–	–	6 243	17 525	HAR	B
Tjärblomman 3	Sallarängsgatan 3	Möln dal	1970	1 225	–	7 533	–	–	–	8 758	21 352	HAR	
Tulpanen 1	Bergfotsgatan 5	Möln dal	1961	1 812	–	2 954	–	–	–	4 766	14 751	HAR	
Tusenskönan 2	Flöjelbergsgatan 6	Möln dal	1960	3 567	–	933	–	–	–	4 500	12 511	HAR	
Tusenskönan 4	Bergfotsgatan 3	Möln dal	1961	2 038	–	2 424	–	–	–	4 462	14 394	HAR	B
Törnrosen 3	Flöjelbergsgatan 10	Möln dal	1964	1 791	–	1 791	–	–	–	3 582	9 509	HAR	
Vallmon 2	Flöjelbergsgatan 13	Möln dal	1965	662	–	2 518	–	–	–	3 180	8 367	HAR	
Vallmon 3	Flöjelbergsgatan 11	Möln dal	1965	676	–	2 570	–	–	–	3 246	8 557	HAR	
Vallmon 6	Flöjelbergsgatan 7 B	Möln dal	1965	1 629	–	6 685	–	–	–	8 314	21 484	HAR	
Vallmon 7	Föjelbergsgatan 7 A	Möln dal	1930	960	–	3 844	–	–	–	4 804	12 966	HAR	
Ängsviolen 1	Flöjelbergsgatan 18	Möln dal	1960/1965	1 765	180	–	3 655	–	–	5 600	18 615	HAR	
Hede 3:12	Faktorvägen 1	Kungsbacka	1992	1 971	–	6 929	–	–	–	8 900	47 376	HAR	B
Hede 3:131	Tryckarevägen 8	Kungsbacka	1991	170	–	1 347	–	–	–	1 517	6 132	HAR	B
Kungsbacka 4:47	L:a Verkstadsg 2-6/Verkstadsg 7	Kungsbacka	1978/1990	1 516	–	2 475	–	–	–	3 991	12 590	HAR	B
Varla 2:388	Energigatan 21	Kungsbacka	1983/1995	–	–	2 207	–	–	–	2 207	8 167	HAR	B
Varla 2:415	Borgås Gårdsväg 15	Kungsbacka	2002	755	–	3 676	–	–	–	4 431	14 619	HAR	B
Varla 3:22	Hallabäcksvägen 1	Kungsbacka	1979	–	–	23 500	–	–	–	23 500	73 246	HAR	B
Cedern 9,12,15,16	Ramnäs g 1/Göteborgsv g 6	Borås	1935/1980	–	–	7 339	–	–	–	7 339	9 057	HAR	
Hinden 2	Sagagatan 17	Borås	1956	692	–	–	5 748	–	–	6 440	8 862	HAR	
Kilsund 3	Evedalsgatan 5	Borås	1935	709	260	–	9 847	–	–	10 816	15 735	HAR	B
Lager 8	Hållingsgatan 15	Borås	1948/1961	239	–	–	8 753	–	–	8 992	10 661	HAR	
Silverpoppeln 31	Ålandsgatan 6	Borås	1961/1970	835	–	–	2 165	–	–	3 000	5 550	HAR	
Snödroppen 8	Elinsdals g 9, 13 & 15/ Södra Kors g 11	Borås	1980	1 543	–	–	5 881	–	–	7 424	15 915	HAR	B

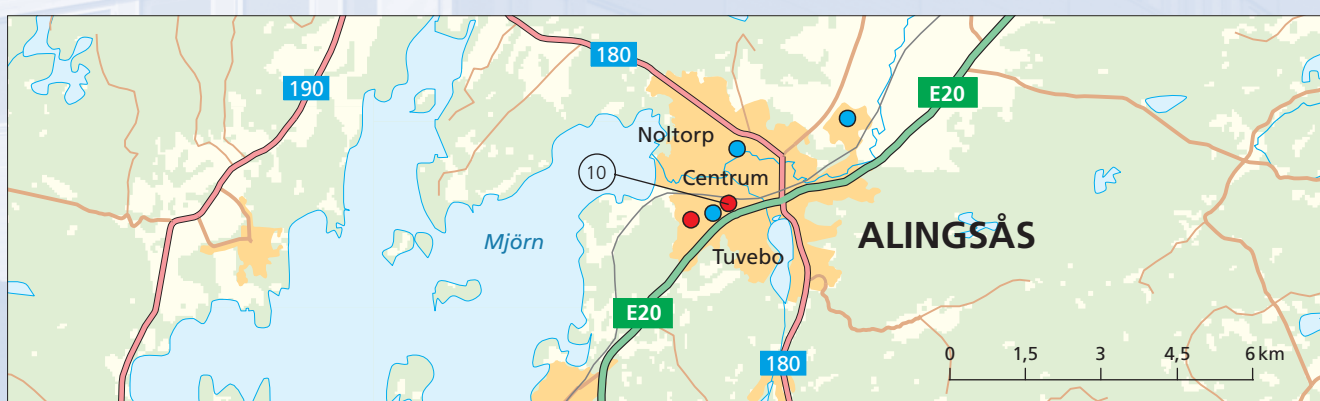
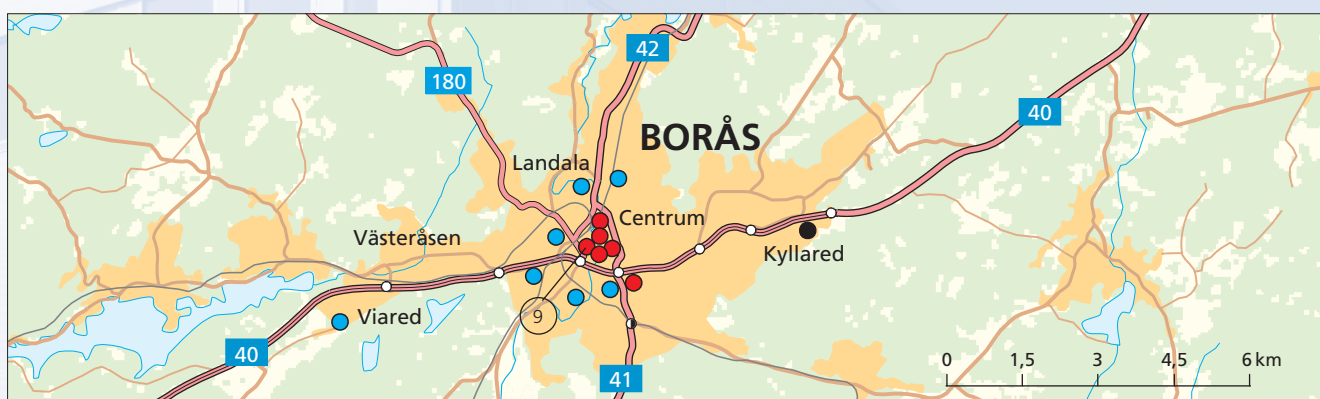




# Greater Gothenburg

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Tax Mgmt. assessment Sub-		
				Office	Retail	Warehouse	Industrial	Residential	Other	Total	value	sidary Note
Trucken 4	Viaredsvägen 14	Borås	2001	700	–	4 800	–	–	–	5 500	21 083	HAR B
Bulten 6	Bultgatan 1	Alingsås	1985/1990	760	–	2 600	–	–	–	3 360	11 909	HAR *
Gjutaren 26	Metallgatan 2-4	Alingsås	1933/1989	1 383	–	9 082	–	–	–	10 465	16 542	HAR
Konfektasken 15	Kolavägen 2-8/Sidenvägen 7	Alingsås	1929/1969	3 769	–	6 927	–	–	–	10 696	18 897	HAR B
Hede 2:11	Hedeforsvägen 6	Lerum	1960/1974	500	–	2 200	–	–	–	2 700	10 611	HAR B
Berg 1:76	Åkerivägen 7	Lerum	2007	1 500	–	8 400	–	–	–	9 900	14 725	HAR B
Fogden 4	Laholmsvägen 84	Halmstad	1960/1990	278	1 946	8 609	118	–	1 028	11 979	23 232	HAR */B
Hönekulla 1:571	Åvägen 1	Härbyda	1986/2002	1 762	–	–	2 345	–	187	4 294	16 719	HAR
Kåbäcken 11:7	G:a Alingsåsvägen 29	Partille	1961/1964	–	–	2 227	–	–	–	2 227	4 656	HAR
<b>Total warehouse/industrial</b>				<b>85 588</b>	<b>4 711</b>	<b>373 567</b>	<b>120 861</b>		<b>0</b>	<b>4 153</b>	<b>588 880</b>	<b>1 974 698</b>

Note: \*=Acquired 2007 T=Ground rent A=Lease B=Unutilized building permission



● Office/retail ● Warehouse/industrial ● Development projects and land



Narcissus 5, Borås

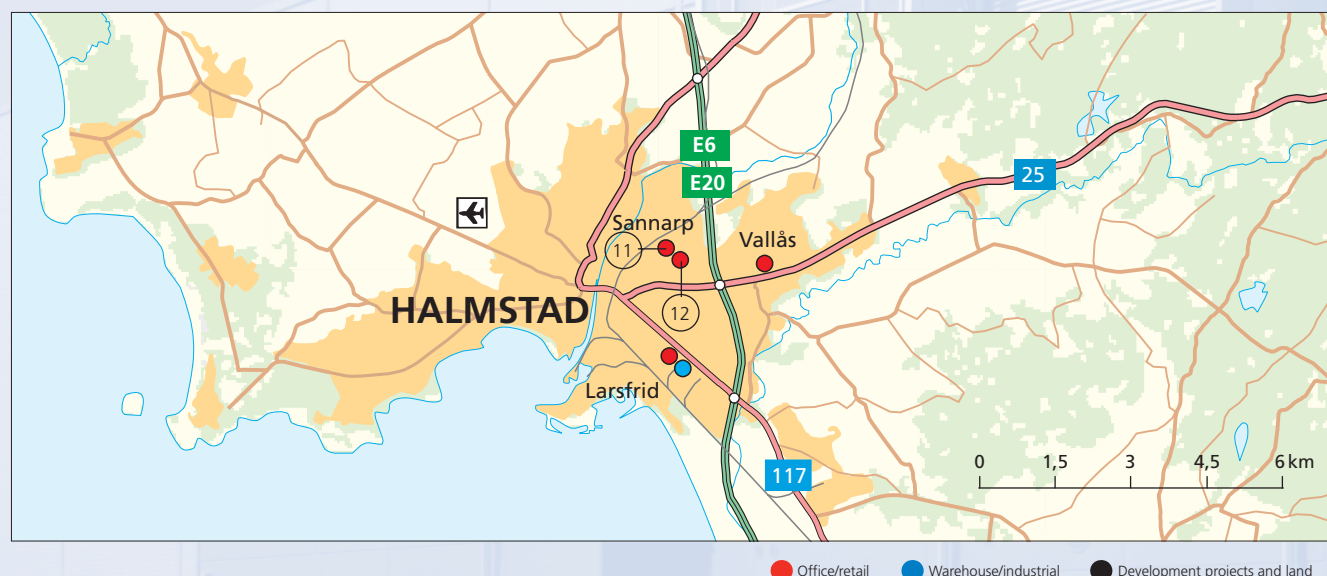


Gjutaren 26 B, Alingsås

## Greater Gothenburg

Greater Gothenburg											Tax Mgmt.		
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						assessment	Sub- value	Mgmt. sidary	Note
				Office	Retail	Warehouse	Industrial	Residential	Other				
DEVELOPMENT PROJECTS													
Kärä 74:2	Tagenevägen 29	Gothenburg	–	–	–	15 400	–	–	–	15 400	–	EKL	B
Kärä 75:3	Transportgatan 33	Gothenburg	–	–	–	4 500	–	–	–	4 500	–	EKL	B
Total development projects				0	0	19 900	0	0	0	19 900	0		
UNDEVELOPED LAND													
Annedal 21:9	Haraldsgatan 3	Gothenburg	–	–	–	–	–	–	–	–	–	EKL	B
Kärä 28:10	Transportgatan 37	Gothenburg	–	–	–	–	–	–	–	–	–	EKL	B
Högsbo 33:1	Gruvgatan 29	Gothenburg	–	–	–	–	–	–	–	–	3 015	HAR	B
Högsbo 39:3	Ingela Gathenhielms gata 8	Gothenburg	–	–	–	–	–	–	–	–	946	HAR	B
Kobbegården 152:1	Industrivägen 4-6	Gothenburg	–	–	–	–	–	–	–	–	13 800	HAR	B
Kobbegården 6:7	Ekonomivägen 11	Gothenburg	–	–	–	–	–	–	–	–	1 752	HAR	B
Kallebäck 2:5	Grafiska vägen 2-4	Gothenburg	–	–	–	–	–	–	–	–	39 000	EKL	B
Heliumgasen 4	Neongatan 4 B	Mölnä	–	–	–	–	–	–	–	–	2 570	HAR	B
Skällared 3:49	Lysekulevägen	Kungsbacka	–	–	–	–	–	–	–	–	–	EKL	B
Kyllared 1:112	Tvinnaregatan 27	Borås	–	–	–	–	–	–	–	–	450	HAR	B
Solsten 1:108	Företagsparken	Härä	–	–	–	–	–	–	–	–	5 400	EKL	B
Total undeveloped land				0	0	0	0	0	0	0	66 933		
Total Greater Gothenburg				370 544	45 631	429 096	138 881	8 243	7 707	1 000 102	5 167 718		

Note: \* = Acquired 2007 T = Ground rent A = Lease B = Unutilized building permission

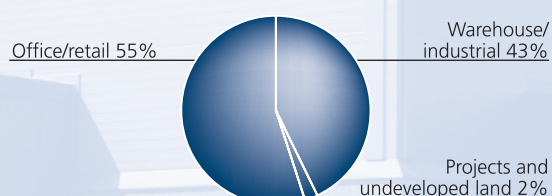




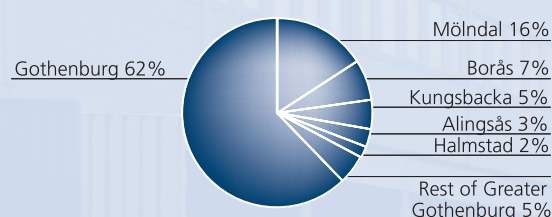
# Castellum's Real Estate Portfolio in Greater Gothenburg 31-12-2007

	No. of properties	Area thous. sq.m.	Rental value SEKm	Rental value SEK/sq.m.	Economic occupancy rate	Rental income SEKm	Property costs SEKm	Property costs SEK/sq.m.	Net operating income SEKm
<b>Office/Retail</b>									
Central Gothenburg	20	89	161	1 798	93.1%	150	36	400	114
Eastern Gothenburg	4	60	55	916	95.6%	53	16	265	37
Mölnadal	8	43	47	1 096	98.0%	46	8	171	38
Hisingen	13	51	48	942	78.1%	38	15	289	23
Borås	6	44	43	993	98.2%	42	13	305	29
Rest of Greater Gothenburg	24	104	97	931	92.3%	89	19	190	70
<b>Total office/retail</b>	<b>75</b>	<b>391</b>	<b>451</b>	<b>1 153</b>	<b>92.6%</b>	<b>418</b>	<b>107</b>	<b>273</b>	<b>311</b>
<b>Warehouse/industrial</b>									
Hisingen	32	211	135	640	90.1%	121	27	128	94
Mölnadal	21	117	83	707	93.0%	77	15	128	62
Högsbo/Sisjön	18	70	53	758	88.4%	47	9	137	38
Kungsbacka	6	45	30	672	55.9%	17	4	82	13
Borås	7	50	23	467	85.7%	20	6	115	14
Rest of Greater Gothenburg	10	96	64	665	96.9%	62	15	156	47
<b>Total warehouse/industrial</b>	<b>94</b>	<b>589</b>	<b>388</b>	<b>659</b>	<b>88.7%</b>	<b>344</b>	<b>76</b>	<b>129</b>	<b>268</b>
<b>Total</b>	<b>169</b>	<b>980</b>	<b>839</b>	<b>856</b>	<b>90.8%</b>	<b>762</b>	<b>183</b>	<b>187</b>	<b>579</b>
Leasing and property administration							40	40	- 40
<b>Total after leasing and property administration</b>							<b>223</b>	<b>227</b>	<b>539</b>
Development projects	2	20	0	-	-	0	0	-	0
Undeveloped land	11	-	-	-	-	-	-	-	-
<b>Total</b>	<b>182</b>	<b>1 000</b>	<b>839</b>	<b>-</b>	<b>-</b>	<b>762</b>	<b>223</b>	<b>-</b>	<b>539</b>

## Real Estate Portfolio by property type



## Real Estate Portfolio by municipality



## Property related key ratios

	2007	2006	2005	2004	2003	2002	2001	2000
Rental value, SEK/sq.m.	856	834	839	834	798	768	731	689
Economic occupancy rate	90.8%	89.4%	90.7%	92.2%	93.0%	93.5%	94.7%	93.7%
Property costs, SEK/sq.m.	227	224	230	228	217	217	217	215
Net operating income, SEK/sq.m.	551	521	531	540	525	501	475	430
Number of properties	182	176	172	178	188	195	208	211
Lettable area, thousand sq.m.	1 000	914	859	794	765	736	721	740



# Öresund Region

Öresund Region

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Tax Mgmt.		
				Office	Retail	Warehouse	Industrial	Residential	Other	Total	assessment value	Sub-sidiary
OFFICE/RETAIL												
Betongen 11	Krangan 4	Malmö	1991	4 879	–	17	–	–	–	4 896	29 049	BRI T
Björnen 6	Davidhallsgatan 20	Malmö	1920/1988	1 672	429	71	–	–	–	2 172	30 400	BRI
Brandnåvan 1&2	Stenbärsgatan 1	Malmö	1989	2 822	–	–	–	–	–	2 822	15 040	BRI T/B
Bältespänn 13	Hornyxegatan 12	Malmö	1972/2002	145	1 190	–	485	–	–	1 820	4 695	BRI
Flygledaren 3	Höjdrodergatan 18	Malmö	1991	1 610	–	–	–	–	–	1 610	6 325	BRI T
Flygvärdinnan 4	Höjdrodergatan 30-34	Malmö	1935/2001	5 679	–	3 883	–	–	45	9 607	61 587	BRI T
Folke 3	Fredriksbergsgatan 1 A-C	Malmö	1988	1 898	–	163	–	2 125	–	4 186	30 453	BRI
Gustav Adolf 13	Gustav Adolfs torg 4	Malmö	1968	10 690	–	–	–	–	–	10 690	172 000	BRI
Hälsingland 19	Fosievägen 9-19	Malmö	1950/2003	8 245	6 558	55	–	–	–	14 858	82 697	BRI B
Höjdrodret 3	Kabingatan 11	Malmö	1990	1 182	–	162	–	–	–	1 344	5 488	BRI *
Lybeck 10	Stora Nygatan	Malmö	1964/1992	6 323	9 445	48	–	5 032	9 838	30 686	364 200	BRI
Malte 23	Fredriksbergsgatan 16	Malmö	1965	5 377	1 171	505	643	–	–	7 696	53 200	BRI
Murman 8	Krusegatan 27	Malmö	1960/1989	5 724	–	1 401	–	–	–	7 125	21 416	BRI
Norsen 12	Föreningsgatan 7	Malmö	1930/1990	2 446	–	96	54	140	363	3 099	–	BRI
Sadelknappen 4	Ridspögatan 10	Malmö	1985	1 010	–	–	–	–	511	1 521	4 823	BRI
Skevrodret 1	Kabingatan 9	Malmö	1978/1997	1 898	–	260	–	–	–	2 158	7 764	BRI *
Spännbucklan 16	Agnesfridsvägen 178	Malmö	1972/2002	–	4 762	–	–	–	–	4 762	27 585	BRI
Stadt Hamburg 14	St Hamburgsgatan 1	Malmö	1900/2004	4 995	4 067	–	–	373	125	9 560	173 729	BRI
Stenyan 21	Stenyxegatan 14	Malmö	1992/1999	513	–	582	–	–	–	1 095	4 046	BRI *
Stillman 40	Krusegatan 34	Malmö	1975/1986	1 835	–	–	–	–	–	1 835	5 479	BRI
Svedjenåvan 3	Stenbärsgatan 4-6	Malmö	1991	4 728	–	–	–	–	–	4 728	24 970	BRI
Tuborg 1	Tuborgsgatan 2	Malmö	1945/1980	6 858	–	296	403	–	132	7 689	–	BRI
Vårbuketten 3	Husievägen 21	Malmö	1987/2002	2 710	–	–	–	–	–	2 710	13 110	BRI B
Forskaren 2	Emdalavägen 4-18	Lund	2001	18 590	–	–	–	–	1 500	20 090	332 000	BRI
Jöns Petter Borg 9	Landerigränden 21	Lund	1990	4 442	–	6 794	–	–	0	11 236	66 762	BRI B
Kvartsen 2	Skiffervägen 15	Lund	1991	695	–	943	–	–	–	1 638	11 411	BRI B
Reuter Dahl 11	Scheelevägen 16	Lund	1990	2 867	–	–	–	–	205	3 072	42 800	BRI
Rudebok 2	Rudeboksvägen 3	Lund	1985/2004	4 697	–	–	–	–	–	4 697	36 600	BRI
Smörkärnan 1	Kapriolievägen 1	Lund	1968/1995	6 227	–	136	–	–	1 340	7 703	71 400	BRI
St Botulf 11	Botulfsg 5/Skomakareg 4	Lund	1931/1990	–	1 359	–	–	3 139	380	4 878	89 800	BRI
St Clemens 22	Stortorget 6-8	Lund	1832/1981	887	1 551	–	–	847	–	3 285	65 110	BRI B
St Clemens 27	Stortorget 4	Lund	1846/1999	148	1 383	–	–	–	–	1 531	35 406	BRI
Stockholmsledet 8	Scheelevägen 30-32	Lund	1991	10 592	333	788	–	–	–	11 713	141 000	BRI
Traktorn 2	Traktorvägen 11	Lund	1990/1995	12 374	–	–	–	–	–	12 374	133 800	BRI
Trumlan 1	Traktorvägen 19	Lund	1990	–	1 183	1 334	–	–	–	2 517	11 068	BRI
Erik Dahlberg 2	Kullagatan 21	Helsingborg	1890/1987	400	442	–	–	–	–	842	10 338	BRI
Kavalleristen 9	Berga Allé 1-3	Helsingborg	1920/1993	11 388	–	155	–	–	760	12 303	74 715	BRI B
Kroksabeln 18	Florettgatan 12	Helsingborg	1988	3 193	–	82	–	–	261	3 536	16 389	BRI B
Kulan 1	Garnisonsgatan 5	Helsingborg	1996/2005	–	–	12 730	–	–	–	12 730	36 461	BRI
Musköten 5	Bergavägen 8	Helsingborg	1970/1985	1 634	540	889	–	–	816	3 879	10 104	BRI
Pilbågen 6	Garnisonsgatan 6	Helsingborg	1977	–	850	814	–	–	3 675	5 339	34 632	BRI
Pilbågen 9	Garnisonsgatan 10	Helsingborg	1980	5 322	4 395	1 963	–	–	–	11 680	–	BRI

Note: \* = Acquired 2007 T = Ground rent A = Lease B = Unutilized building permission



Gustav Adolf 13, Malmö



Lybeck 10, Malmö

# Öresund Region

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Total	Tax Mgmt.		
				Office	Retail	Warehouse	Industrial	Residential	Other		assessment	Sub- value	sideary Note
Rustningen 1	Rundgången 26-32	Helsingborg	1989	6 729	1 022	2 201	372	–	160	10 484	48 043	BRI	
Snärskogen 1	Kanongatan 155-159	Helsingborg	1991	1 885	4 202	2 397	144	–	–	8 628	35 440	BRI	
Studsaren 4	Bergavägen 21	Helsingborg	2006	–	–	–	–	–	1 182	1 182	7 028	BRI	
Vikingen 12	L Strandgatan 7	Helsingborg	1912/1988	610	–	–	–	–	600	1 210	12 011	BRI	
Vikingen 4	L Strandgatan 5	Helsingborg	1900/1983	–	–	–	–	–	800	800	8 787	BRI	
Vikingen 6	Mariagatan 10	Helsingborg	1878/1984	535	159	–	–	–	–	694	6 912	BRI	
Motorblocket 1	Ringvägen 170	Landskrona	1972/1992	130	8 638	100	–	–	–	8 868	24 388	BRI T	
<b>Total office/retail</b>				<b>176 584</b>	<b>53 679</b>	<b>38 865</b>	<b>2 101</b>	<b>11 656</b>	<b>22 693</b>	<b>305 577</b>	<b>2 500 461</b>		



● Office/retail ● Warehouse/industrial ● Development projects and land



Stenyan 21, Malmö



Flygvärdinnan 4, Malmö



Skevrodret 1, Malmö



# Öresund Region

Öresund Region											Tax Mgmt.		
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						assessment	Sub- value	sidary	Note
				Office	Retail	Warehouse	Industrial	Residential	Other				
WAREHOUSE/INDUSTRIAL													
Benkammen 6	Skogholmsgatan 5	Malmö	1994	–	–	14 289	–	–	–	14 289	44 055	BRI	B
Bjurö 12	Flintrännegatan 21	Malmö	1960/1974	1 270	–	14 132	8 003	–	330	23 735	66 265	BRI	T
Bjälken 2	Skruvgatan 4	Malmö	1962/1990	525	–	1 951	–	–	1 040	3 516	7 552	BRI	T
Bjälken 3	Skruvgatan 6-8	Malmö	1962	420	–	2 161	–	–	50	2 631	5 478	BRI	
Dubbelknappen 17	Risxegatan 6	Malmö	1989	–	–	2 380	–	–	–	2 380	7 506	BRI	B
Finngrundet 1	Bjurögatan 29	Malmö	1966	–	–	7 490	–	–	–	7 490	15 304	BRI	T
Flygfyrn 1	Flygfältsvägen 1	Malmö	1950/2002	–	1 905	10 035	–	–	–	11 940	39 399	BRI	B
Gulsippan 1	Källvattengatan 5	Malmö	1988	1 954	–	11 433	–	–	491	13 878	57 721	BRI	B
Hamnen 22:27	Jörgen Kockgatan 11	Malmö	1952/1976	266	–	954	–	–	–	1 220	1 324	BRI	T
Holkyxan 5	Bronsyxegatan 11	Malmö	1977/2000	–	–	6 510	–	–	–	6 510	16 716	BRI	T
Kalkgrundet 5	Borrgatan 15	Malmö	1935/1985	669	–	6 741	–	–	–	7 410	20 231	BRI	T
Kampen 25	Lantmannagatan 22-26	Malmö	1940/1990	4 365	–	23 015	1 825	–	11 562	40 767	76 681	BRI	
Lillgrund 5	Borrgatan 31	Malmö	1952/1998	–	–	4 430	–	–	–	4 430	15 350	BRI	
Långdansen 1	Sångleksgatan 9	Malmö	1980	–	–	1 200	–	–	–	1 200	5 381	BRI	
Murman 11	Krusegatan 21	Malmö	1960	1 687	–	6 631	–	–	260	8 578	20 109	BRI	T
Murman 7	Murmansgatan 124	Malmö	1959/1987	1 020	–	5 260	162	–	–	6 442	14 685	BRI	T
Revolversvarven 9	Jägershillgatan 16	Malmö	1985	–	–	3 900	–	–	–	3 900	15 285	BRI	T
Ringspännat 1	Kantyxegatan 5	Malmö	2002	–	–	6 700	–	–	–	6 700	20 138	BRI	
Sadelknappen 1	Sadelgatan 9	Malmö	1979	–	–	2 000	–	–	–	2 000	5 863	BRI	
Skjutsstallslyckan 3	Lundavägen 62	Malmö	1946	–	1 391	–	1 705	–	–	3 096	5 745	BRI	
Stångbettet 1	Travbanegatan 1	Malmö	1989	–	–	1 743	–	–	–	1 743	6 082	BRI	
Tistlarna 9	Styrsögatan 4	Malmö	1991	1 109	–	14 478	–	–	–	15 587	41 665	BRI	B
Tågarp 16:22	Företagsvägen 14	Malmö	1968/1993	2 830	–	7 107	–	–	–	9 937	26 213	BRI	
Tågarp 16:72	Företagsvägen 25	Malmö	1973/1988	240	–	1 263	798	–	–	2 301	9 651	BRI	
Akvamarin 1	Diabasgatan	Helsingborg	2007	–	–	–	–	–	2 610	2 610	2 000	BRI	B
Bergakungen 1	Måndagsgatan 6	Helsingborg	1990	618	–	2 325	–	–	–	2 943	8 566	BRI	
Dolken 4	Mörsaregatan 16	Helsingborg	1970/1985	360	–	1 911	725	–	–	2 996	6 960	BRI	
Grusbacken 2	Makadamgatan 15	Helsingborg	2005	–	–	13 300	–	–	–	13 300	50 271	BRI	
Grusbädden 2	Mogatan 2-6	Helsingborg	1989	1 095	–	8 309	–	–	–	9 404	34 318	BRI	
Grusbädden 3	Makadamgatan 16	Helsingborg	2007	1 721	–	2 556	3 092	–	–	7 369	18 671	BRI	*
Grusplanen 3	Makadamgatan 19	Helsingborg	1990	–	–	2 735	–	–	–	2 735	8 809	BRI	
Hyveljärnet 3	Lastgatan 9	Helsingborg	1990	–	–	2 276	–	–	–	2 276	7 731	BRI	
Mimer 12	S Tvärgången 3	Helsingborg	1960	–	–	34	–	–	3 080	3 114	–	BRI	B
Nide 2	Rundgången 10	Helsingborg	1955/1985	1 669	–	3 679	924	–	304	6 576	26 068	BRI	
Topasen 1	Andesitgatan 8	Helsingborg	1989	–	–	–	8 558	–	–	8 558	37 270	BRI	B
Värjan 3	Garnisonsgatan 9	Helsingborg	1969	1 112	695	3 025	–	–	50	4 882	13 652	BRI	B
				Note:	*=Acquired 2007	T=Ground rent	A=Lease	B=Unutilized building permission					

Note: \*=Acquired 2007 T=Ground rent A=Lease B=Unutilized building permission





# Öresund Region

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Tax Mgmt.		
				Office	Retail	Warehouse	Industrial	Residential	Other	Total	assessment value	Sub-sidiary Note
Annedal 9	Annedalsvägen 2	Lund	1990	–	–	1 296	–	–	–	1 296	5 594	BRI
Råbyholm 5	Landerigränden 2-4	Lund	1984	3 475	–	7 908	–	–	–	11 383	52 023	BRI
Välten 4	Traktorvägen 8	Lund	2003	–	–	3 100	–	–	–	3 100	16 792	BRI
Välten 5	Traktorvägen 10	Lund	1974/1995	–	–	3 645	–	–	–	3 645	10 073	BRI
Årdret 12	Höstbruksvägen 14	Lund	1990	–	–	2 049	–	–	–	2 049	7 041	BRI
<b>Total warehouse/industrial</b>				<b>26 405</b>	<b>3 991</b>	<b>213 951</b>	<b>25 792</b>	<b>0</b>	<b>19 777</b>	<b>289 916</b>	<b>850 238</b>	



Sankt Clemens 27, Lund

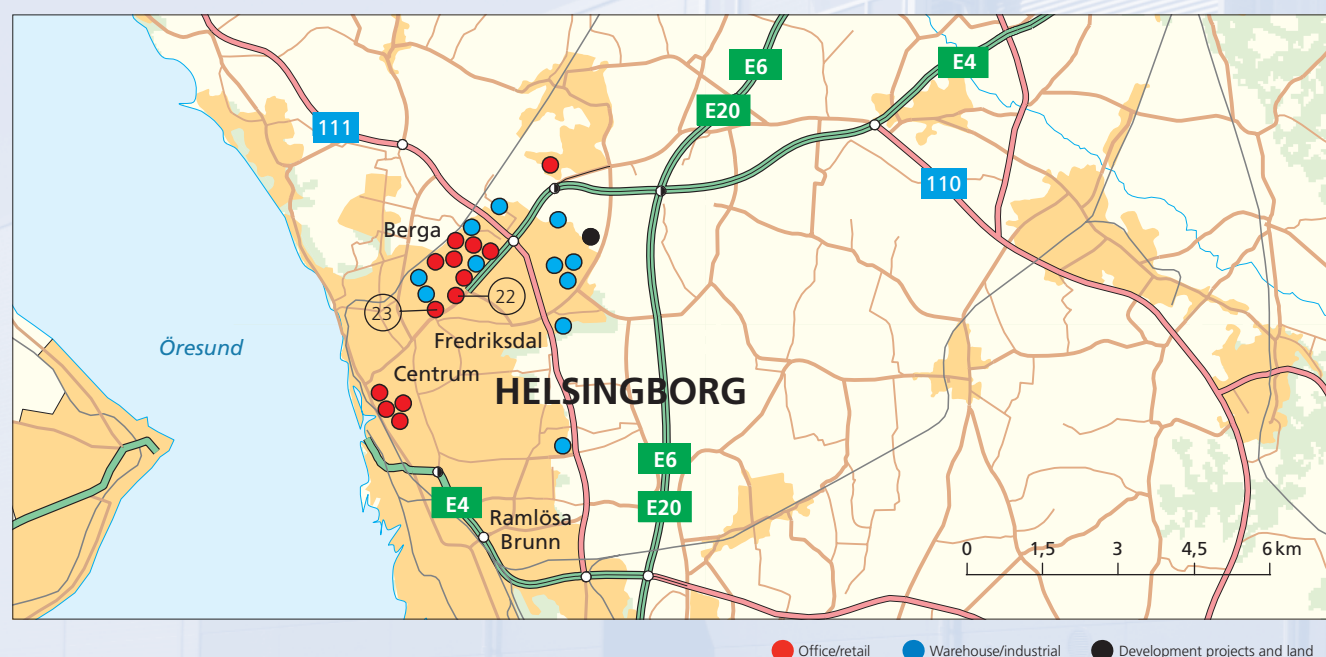


Reuterdaahl 11, Lund

# Öresund Region

Öresund Region											Tax Mgmt.		
Name of property	Address	Municipality	Build/ Refrub. year	Square metres per type of premises						Total	assessment value	Sub- sidary Note	
				Office	Retail	Warehouse	Industrial	Residential	Other				
DEVELOPMENT PROJECTS													
Forskaren 2 B	Scheelevägen	Lund	2003	—	—	—	—	—	—	—	—	—	BRI B
Reuterdahl 11 B	Scheelevägen 18-20	Lund	1990	5 645	—	—	—	—	—	—	5 645	26 987	BRI
Total development projects				5 645	0	0	0	0	0	0	5 645	26 987	
UNDEVELOPED LAND													
Intäkten 5	Lantmannag 20/Ystadsg 49	Malmö	—	—	—	—	—	—	—	—	—	2 045	BRI B
Moränen 1 & 2	Borrgatan 1	Malmö	—	—	—	—	—	—	—	—	—	3 571	BRI B
Ringspännet 5	Kantyxegatan 1	Malmö	—	—	—	—	—	—	—	—	—	1 845	BRI B
Svedjenävan 4	Stenbärgsgatan 2	Malmö	—	—	—	—	—	—	—	—	—	934	BRI B
Höjdpunkten 2	Lund	Lund	—	—	—	—	—	—	—	—	—	3 023	BRI B
Total undeveloped land				0	0	0	0	0	0	0	0	11 418	
Total Öresund Region				208 634	57 670	252 816	27 893	11 656	42 470	601 138	3 389 104		

Note: \* = Acquired 2007 T = Ground rent A = Lease B = Unutilized building permission

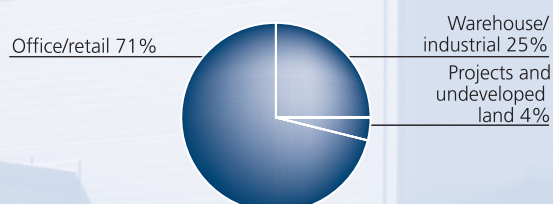




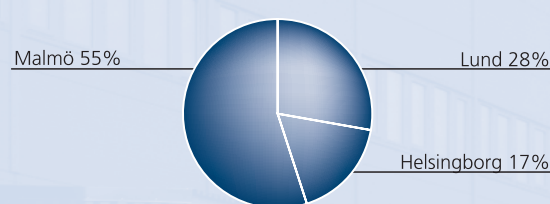
# Castellum's Real Estate Portfolio in the Öresund Region 31-12-2007

	No. of properties	Area thous. sq.m.	Rental value SEK/sq.m.	Rental value SEK/sq.m.	Economic occupancy rate	Rental income SEK	Property costs SEK	Property costs SEK/sq.m.	Net operating income SEK
<b>Office/retail</b>									
Malmö	23	139	199	1 432	89.6%	178	49	350	129
Lund	12	85	122	1 443	95.7%	117	25	298	92
Helsingborg	13	73	66	900	88.4%	58	16	220	42
Landskrona	1	9	6	718	76.8%	5	3	332	2
<b>Total office/retail</b>	<b>49</b>	<b>306</b>	<b>393</b>	<b>1 287</b>	<b>91.1%</b>	<b>358</b>	<b>93</b>	<b>304</b>	<b>265</b>
<b>Warehouse/industrial</b>									
Malmö	24	202	122	607	76.2%	93	28	140	65
Helsingborg	12	67	46	681	86.0%	39	9	136	30
Lund	5	21	17	787	98.0%	17	3	109	14
<b>Total warehouse/industrial</b>	<b>41</b>	<b>290</b>	<b>185</b>	<b>637</b>	<b>80.6%</b>	<b>149</b>	<b>40</b>	<b>137</b>	<b>109</b>
<b>Total</b>	<b>90</b>	<b>596</b>	<b>578</b>	<b>971</b>	<b>87.7%</b>	<b>507</b>	<b>133</b>	<b>223</b>	<b>374</b>
Leasing and property administration							28	48	- 28
<b>Total after leasing and property administration</b>							<b>161</b>	<b>271</b>	<b>346</b>
Development projects	2	6	5	-	-	0	1	-	- 1
Undeveloped land	5	-	-	-	-	-	-	-	-
<b>Total</b>	<b>97</b>	<b>602</b>	<b>583</b>	<b>-</b>	<b>-</b>	<b>507</b>	<b>162</b>	<b>-</b>	<b>345</b>

## Real Estate Portfolio by property type



## Real Estate Portfolio by municipality



## Property related key ratios

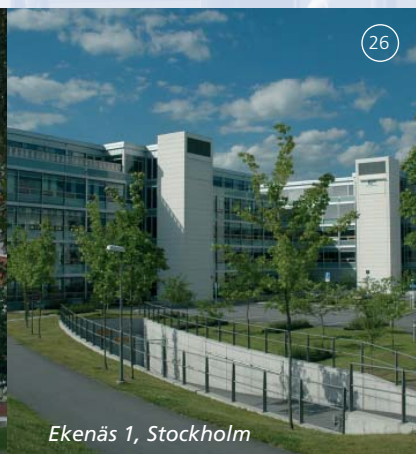
	2007	2006	2005	2004	2003	2002	2001	2000
Rental value, SEK/sq.m.	971	932	915	931	892	830	784	720
Economic occupancy rate	87.7%	86.8%	88.1%	91.2%	90.4%	92.4%	92.7%	93.1%
Property costs, SEK/sq.m.	271	256	244	262	258	240	250	240
Net operating income, SEK/sq.m.	581	553	563	587	549	527	477	431
Number of properties	97	92	90	93	97	101	100	111
Lettable area, thousand sq.m.	602	587	600	571	566	559	529	522



# Greater Stockholm

Greater Stockholm											Tax	Mgmt.
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						assessment	Sub- sidary	Note
				Office	Retail	Warehouse	Industrial	Residential	Other			
OFFICE/RETAIL												
Alphyddan 11	Bällstavägen 28-36	Stockholm	1964	4 363	–	–	–	–	–	4 363	16 615	BRO
Archimedes 1	Gårdsfogdevägen 2-6	Stockholm	1979	11 904	1 829	3 730	388	–	–	17 851	110 539	BRO
Betongblandaren 3	Gårdsfogdevägen 16	Stockholm	1971	3 238	–	2 873	–	–	–	6 111	33 000	BRO
Betongblandaren 12	Gårdsfogdevägen 18 B	Stockholm	1972	6 715	–	735	–	–	–	7 450	52 600	BRO
Betongblandaren 13	Adolfbergsvägen 15, 25-31	Stockholm	1989	7 678	1 086	2 020	–	–	–	10 784	69 800	BRO
Fredsfors 14	Karlsbodavägen 39-41	Stockholm	1960	12 420	–	2 277	400	–	3 650	18 747	93 400	BRO
Linaberg 15	Alpvägen 17	Stockholm	1973	3 247	–	1 123	–	–	–	4 370	18 413	BRO T
Vallonsmidet 8	Gårdsfogdevägen 1-7	Stockholm	1963/1992	13 128	2 959	6 833	–	–	–	22 920	145 800	BRO B
Ekenäs 1	Finlandsgatan 24-48	Stockholm	2003	18 048	–	–	–	–	490	18 538	235 600	BRO T
Ekenäs 2	Finlandsgatan 12-14	Stockholm	1989	4 572	–	72	–	–	–	4 644	38 000	BRO T
Ekenäs 3	Finlandsgatan 10	Stockholm	1989	3 195	310	790	–	–	–	4 295	33 000	BRO T
Ekenäs 4	Finlandsgatan 16-18	Stockholm	1991	7 458	100	435	–	–	–	7 993	67 000	BRO T
Karis 3	Finlandsgatan 62	Stockholm	1989	2 967	–	219	–	–	–	3 186	28 200	BRO T
Karis 4	Finlandsgatan 50-60	Stockholm	1985	4 606	440	202	–	–	–	5 248	46 400	BRO T
Sätesdalen 2	Norgegatan 2	Stockholm	1990/2001	10 450	500	589	–	–	–	11 539	82 572	BRO T
Getholmen 2	Mäsholmstorget 1-13	Stockholm	1990	5 674	–	–	–	–	–	5 674	35 600	BRO T
Hästholmen 2	Ekholsvägen 23	Stockholm	1985	1 220	–	–	–	–	–	1 220	8 803	BRO T
Renseriet 25	Bolidenv 12,16/Tjurhornsg 3	Stockholm	1910	889	–	430	80	–	80	1 479	8 754	BRO B
Renseriet 26	Bolidenv 14-16/Tjurhornsg 3	Stockholm	1965	1 572	436	213	–	–	302	2 523	22 600	BRO
Tjurhornet 15	Huddingevägen 103-109	Stockholm	1986	20 453	575	1 843	–	–	–	22 871	188 164	BRO
Mandelblomman 15	Avestag 29/Kronofogdev 56	Stockholm	1950/1990	3 394	–	191	–	–	–	3 585	20 545	BRO
Drevern 1&3	Gråhundsvägen 82-84	Stockholm	1970/1995	1 226	2 735	–	–	–	–	3 961	24 839	BRO
Haifa 1	Tegeluddsvägen 97	Stockholm	1962	3 749	–	–	–	–	–	3 749	–	BRO
Gräslöken 1	Anderstorp svägen 20-26	Solna	1976	6 589	–	412	–	–	–	7 001	73 600	BRO
Instrumentet 1	Fabriksvägen 9	Solna	1955/2005	1 387	–	–	1 866	–	420	3 673	17 282	BRO
Råsten 4	Råstensg 1/Stureg 10	Sundbyberg	1929/2001	2 700	–	–	–	–	–	2 700	36 400	BRO *
Yrket 4	Smidesvägen 10-12	Solna	1982/1984	9 216	–	993	–	–	895	11 104	89 600	BRO B
Ekplantan 4	Djupdalsvägen 1-7	Sollentuna	1990	8 572	1 301	254	–	–	–	10 127	62 000	BRO
Ekstubben 21&23	Djupdalsvägen	Sollentuna	1989	6 475	–	60	–	–	–	6 535	50 968	BRO
Ringpärmen 3	Bergskällavägen 30	Sollentuna	1986	–	4 236	–	–	–	–	4 236	24 000	BRO
Ringpärmen 4	Bergskällavägen 32	Sollentuna	1987	10 359	869	1 284	–	–	–	12 512	90 400	BRO
Sjöstugan 1	Sidensvansvägen 8-10	Sollentuna	1990	4 331	–	2 013	–	–	–	6 344	40 400	BRO
Altartorpet 22	Jägerhornsväg 6	Huddinge	1986	818	1 477	420	–	–	–	2 715	31 800	BRO T
Altartorpet 23	Jägerhornsväg 8	Huddinge	1987	4 221	–	–	–	–	–	4 221	32 200	BRO T
Arrendatorn 15	Jägerhornsväg 3-5	Huddinge	1987	509	860	–	–	–	–	1 369	8 843	BRO
Arrendatorn 16	Jägerhornsväg 1	Huddinge	1987	884	418	–	–	–	–	1 302	9 162	BRO
Ellipsen 3	Ellipsvägen 11	Huddinge	1993	1 723	–	1 367	–	–	–	3 090	16 910	BRO
Visiret 2 B	Smista Allé	Huddinge	2006	1 000	3 500	1 000	2 000	–	–	7 500	42 400	BRO
Hammarby-Smedby 1:454	Johanneslundsvägen 2-6	Uppl-Väsby	1991	8 325	–	116	–	–	18	8 459	54 800	BRO
Hammarby-Smedby 1:461	Johanneslundsvägen 3-5	Uppl-Väsby	1988	3 672	–	141	–	–	676	4 489	22 800	BRO
Veddesta 2:22	Nettovägen 7	Järfälla	1965/1975	–	–	508	–	–	–	508	2 330	BRO
Veddesta 2:23	Nettovägen 1	Järfälla	1971/1985	–	5 140	699	–	–	–	5 839	30 200	BRO

Note: \* = Acquired 2007 T = Ground rent A = Lease B = Unutilized building permission



# Greater Stockholm

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Tax Mgmt.		
				Office	Retail	Warehouse	Industrial	Residential	Other	Total	assessment	Sub- value
Veddesta 2:58	Fakturavägen 5	Järfälla	1985/1995	1 256	–	–	–	–	–	1 256	7 707	BRO
Sicklaön 393:4	Vikdalsvägen 50	Nacka	1990	3 574	–	469	–	–	–	4 043	42 600	BRO
Sicklaön 394:5	Vikdalsgränd 10	Nacka	1991	1 834	–	80	–	–	–	1 914	13 334	BRO
<b>Total office/retail</b>				<b>229 611</b>	<b>28 771</b>	<b>34 391</b>	<b>4 734</b>	<b>0</b>	<b>6 531</b>	<b>304 038</b>	<b>2 179 980</b>	



● Office/retail ● Warehouse/industrial ● Development projects and land



## Greater Stockholm

Greater Stockholm											Tax	Mgmt.	
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						assessment	Sub- sidiary	Note	
				Office	Retail	Warehouse	Industrial	Residential	Other				Total
WAREHOUSE/INDUSTRIAL													
Charkuteristen 5	Hallvägen 21	Stockholm	1955	202	–	6 775	–	–	–	6 977	19 740	BRO	T
Charkuteristen 6	Slakthusgatan 20	Stockholm	1955	–	–	2 557	–	–	–	2 557	6 726	BRO	T
Charkuteristen 8	Slakthusgatan 22	Stockholm	1968	–	–	5 359	–	–	–	5 359	15 533	BRO	T
Linde Torp 8 A	Bolidenvägen 8-10	Stockholm	1929	408	–	1 529	–	–	–	1 937	11 800	BRO	B
Sandhagen 6	Slakthusgatan 9	Stockholm	1967	1 501	–	2 659	–	–	–	4 160	14 184	BRO	T
Domnarvet 4	Domnarvsgatan 27-29	Stockholm	1987	1 636	–	–	6 396	–	–	8 032	34 332	BRO	T
Domnarvet 27	Fagerstagatan 19 B	Stockholm	1982	–	–	–	1 950	–	–	1 950	8 962	BRO	T
Domnarvet 39	Gunnebogatan 24-26	Stockholm	1989	1 209	–	1 417	–	–	–	2 626	15 217	BRO	T
Mandelblomman 16	Kronofogdevägen 62	Stockholm	1974	885	–	3 073	–	–	–	3 958	12 993	BRO	*
Getholmen 1	Ekholmsvägen 32-36	Stockholm	1982	4 569	–	–	3 412	–	–	7 981	44 175	BRO	T
Stensåtra 7	Strömsåtravägen 16	Stockholm	1974	958	–	4 330	–	–	–	5 288	19 200	BRO	T
Dagskiftet 4	Elektravägen 10	Stockholm	1945	90	–	1 619	–	–	–	1 709	4 930	BRO	*/T
Elektra 3	Västbergavägen 25	Stockholm	1946	907	235	5 820	–	–	–	6 962	20 781	BRO	
Godståget 1	Transportvägen 7-9	Stockholm	1985	2 169	–	10 789	–	–	–	12 958	77 503	BRO	
Lagerhallen 2	Brunnby 2-4/ Partihandelsv 27-45	Stockholm	1975	2 236	–	7 560	–	–	3 567	13 363	47 466	BRO	T
Torngluggen 1-3	Bällstav 159/Tornväktargr 1-9	Stockholm	1963/1983	–	–	1 900	–	–	–	1 900	6 541	BRO	T
Tornluckan 1	Tornväktargränd 6	Stockholm	1960	–	–	810	–	–	–	810	3 466	BRO	T
Elementet 4	Bäckvägen 18	Sollentuna	1960	595	200	6 700	–	–	–	7 495	29 896	BRO	
Tidskriften 2	Kuskvägen 2	Sollentuna	1976	1 108	3 650	5 173	–	–	–	9 931	70 322	BRO	
Rosersberg 2:21-22	Rosersbergsvägen 43-45	Sigtuna	1990	–	–	2 126	–	–	–	2 126	7 799	BRO	
Rosersberg 11:12	Tallbacksgatan 6-12	Sigtuna	1988	1 121	–	17 005	–	–	–	18 126	59 219	BRO	
Rosersberg 11:34	Tallbacksgatan 14	Sigtuna	1987/1989	–	–	5 930	–	–	–	5 930	22 014	BRO	
Rosersberg 11:35	Tallbacksgatan 18	Sigtuna	1990	–	–	8 139	–	–	–	8 139	31 183	BRO	
Veddesta 1:9	Fakturavägen 2	Järfälla	1965	–	–	–	806	–	–	806	4 954	BRO	*
Veddesta 2:17	Nettovägen 9	Järfälla	1968	120	–	1 226	–	–	–	1 346	5 452	BRO	
Veddesta 2:19	Girovägen 9	Järfälla	1964	–	–	2 556	–	–	–	2 556	14 464	BRO	
Veddesta 2:21	Nettovägen 5	Järfälla	1965/1988	343	–	1 562	–	–	–	1 905	8 407	BRO	
Veddesta 2:26	Nettovägen 11	Järfälla	1968	775	190	1 938	–	–	–	2 903	12 726	BRO	
Veddesta 2:50	Kontov 7/Veddestav 23-25	Järfälla	1964	611	–	3 007	700	–	–	4 318	24 741	BRO	B
Veddesta 2:60	Fakturavägen 4	Järfälla	1987	376	–	–	753	–	–	1 129	5 872	BRO	*/T
Veddesta 2:77	Fakturavägen 1-3	Järfälla	1994/1997	2 267	–	–	3 154	–	–	5 421	36 600	BRO	*
Hantverkaren 2	Hantverkärvägen 9	Botkyrka	1976/1979	–	–	–	5 790	–	–	5 790	20 628	BRO	
Kumla Hage 3	Kumla Gårdsväg 24 A-B	Botkyrka	1985	–	690	1 200	–	–	–	1 890	6 965	BRO	
Kumla Hage 13	Kumla Gårdsväg 24 C	Botkyrka	1990	–	–	1 630	–	–	–	1 630	7 066	BRO	
Mästaren 1	Kumla Gårdsväg 21	Botkyrka	1983/1986	360	–	9 820	10 814	–	–	20 994	69 290	BRO	
Visiret 2	Smista Allé 44	Huddinge	2004	–	–	–	2 135	–	–	2 135	9 201	BRO	
Total warehouse/industrial				24 446	4 965	124 209	35 910	0	3 567	193 097	810 348		
DEVELOPMENT PROJECTS													
Betongblandaren 10 A	Archimedesv 1-3/ Gårdsfogdev 8-10	Stockholm	1975/1996	2 221	–	11 683	–	–	980	14 884	43 200	BRO	
Vagnhallen 19	Jämtlandsgatan 131	Stockholm	1963/1974	–	–	5 460	–	–	–	5 460	15 961	BRO	T
Total development projects				2 221	0	17 143	0	0	980	20 344	59 161		

Note: \*=Acquired 2007 T=Ground rent A=Lease B=Unutilized building permission





## Greater Stockholm

Greater Stockholm

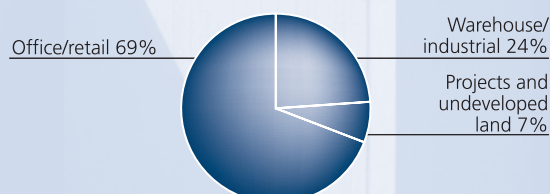
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Total	Tax Mgmt. assessment Sub- value diary		Note
				Office	Retail	Warehouse	Industrial	Residential	Other				
UNDEVELOPED LAND													
Linde Torp 8	Bolidenv 2-6/Huddinge 101	Stockholm	–	–	–	–	–	–	–	–	5 200	BRO	B
Rankan 3-4	Sollentunaholmsvägen 1-7	Sollentuna	–	–	–	–	–	–	–	–	57 000	BRO	B
Smista Park	Smista Allé	Huddinge	–	–	–	–	–	–	–	–	45 244	BRO	B
Saltmossen 3	Kumla Gårdsväg 21	Botkyrka	–	–	–	–	–	–	–	–	7 400	BRO	B
Total undeveloped land				0	0	0	0	0	0	0	114 844		
Total Greater Stockholm				256 278	33 736	175 743	40 644	0	11 078	517 479	3 164 333		

Note: \* = Acquired 2007 T = Ground rent A = Lease B = Unutilized building permission

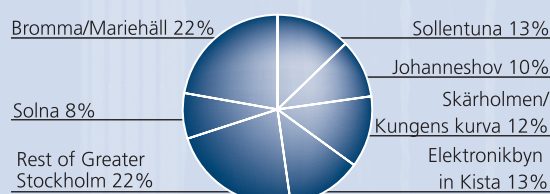
## Castellum's Real Estate Portfolio in Greater Stockholm 31-12-2007

	No. of properties	Area thous. sq.m.	Rental value SEK/m/sq.m.	Rental value SEK/sq.m.	Economic occupancy rate	Rental income SEK/m	Property costs SEK/m	Property costs SEK/sq.m.	Net operating income SEK/m
<b>Office/retail</b>									
Mariehäll i Bromma	8	93	102	1 105	85.3%	87	25	270	62
Elektronikbyn i Kista	7	55	90	1 623	63.9%	57	26	475	31
Skärholmen/Kungens kurva	8	27	36	1 337	92.1%	33	7	285	26
Solna	4	24	38	1 549	78.7%	30	8	319	22
Sollentuna	5	40	44	1 110	81.3%	36	11	264	25
Rest of Greater Stockholm	13	65	75	1 157	85.2%	64	20	315	44
<b>Total office/retail</b>	<b>45</b>	<b>304</b>	<b>385</b>	<b>1 267</b>	<b>79.8%</b>	<b>307</b>	<b>97</b>	<b>321</b>	<b>210</b>
<b>Warehouse/industrial</b>									
Veddesta/Lunda	12	37	28	763	84.9%	24	9	232	15
Rosersberg	4	34	24	691	92.1%	22	4	129	18
Sollentuna	2	18	19	1 080	83.9%	16	4	204	12
Johanneshov	5	21	18	866	79.8%	14	4	232	10
Skärholmen/Kungens kurva	3	15	16	1 031	75.2%	12	4	265	8
Rest of Greater Stockholm	10	68	52	760	86.1%	45	14	199	31
<b>Total warehouse/industrial</b>	<b>36</b>	<b>193</b>	<b>157</b>	<b>810</b>	<b>84.7%</b>	<b>133</b>	<b>39</b>	<b>202</b>	<b>94</b>
<b>Total</b>	<b>81</b>	<b>497</b>	<b>542</b>	<b>1 090</b>	<b>81.2%</b>	<b>440</b>	<b>136</b>	<b>275</b>	<b>304</b>
Leasing and property administration							25	50	– 25
<b>Total after leasing and property administration</b>							<b>161</b>	<b>325</b>	<b>279</b>
Development projects	2	20	13	–	–	1	2	–	– 1
Undeveloped land	4	–	–	–	–	–	–	–	–
<b>Total</b>	<b>87</b>	<b>517</b>	<b>555</b>	<b>–</b>	<b>–</b>	<b>441</b>	<b>163</b>	<b>–</b>	<b>278</b>

### Real Estate Portfolio by property type



### Real Estate Portfolio by municipality



## Property related key ratios

	2007	2006	2005	2004	2003	2002	2001	2000
Rental value, SEK/sq.m.	1 090	1 038	999	1 031	1 044	1 032	935	892
Economic occupancy rate	81.2%	81.3%	83.1%	84.5%	87.0%	89.1%	94.1%	92.5%
Property costs, SEK/sq.m.	325	338	315	339	332	326	336	319
Net operating income, SEK/sq.m.	560	506	515	532	576	594	544	507
Number of properties	87	80	73	70	70	70	71	62
Lettable area, thousand sq.m.	517	501	442	422	403	404	405	355

## Mälardalen

Mälardalen

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Tax	Mgmt.	Note	
				Office	Retail	Warehouse	Industrial	Residential	Other	Total	assessment value		Sub- sidary
OFFICE/RETAIL													
Boländerna 30:2	Verkstadsgatan 9	Uppsala	1971	295	8 473	11 849	–	–	–	20 622	103 383	ASP	B
Boländerna 30:2 B	Verkstadsgatan 11	Uppsala	2002	2 134	–	–	–	–	–	2 134	12 846	ASP	
Boländerna 30:2 D	Verkstadsgatan 9	Uppsala	1987	–	–	2 500	–	–	–	2 500	6 815	ASP	B
Boländerna 35:1	Bolandsgatan 18	Uppsala	1975	150	5 555	–	4 258	–	–	9 963	41 847	ASP	B
Boländerna 35:2	Bolandsgatan 20	Uppsala	1981	–	4 118	–	–	–	–	4 118	35 800	ASP	
Dragarbrunn 16:2	Dragarbrunnsgatan	Uppsala	1963/2007	4 618	1 481	243	–	–	–	6 342	72 980	ASP	
Kungsängen 24:3	Kungsgatan 95	Uppsala	1998	729	5 750	–	–	–	–	6 479	45 800	ASP	
Kungsängen 29:1	Kungsgatan 70	Uppsala	1985	2 306	1 948	160	–	–	–	4 414	21 400	ASP	
Kungsängen 35:3	Kungsgatan 76	Uppsala	2001	3 060	–	–	–	–	–	3 060	21 500	ASP	
Kvarngärdet 64:3	Sportfältsvägen 3	Uppsala	1991	1 965	–	–	–	–	–	1 965	13 225	ASP	
Årsta 36:7	Hanselligatan 6	Uppsala	1986	901	–	1 144	–	–	181	2 226	9 416	ASP	*
Årsta 67:1	Stålgatan 8-12	Uppsala	1988	–	9 401	823	–	–	–	10 224	52 848	ASP	
Årsta 72:3	Svederusgatan 1-4	Uppsala	1990	1 824	1 819	4 512	–	–	–	8 155	33 561	ASP	
Årsta 74:1	Fyrislundsgatan 68	Uppsala	1985	–	7 038	–	–	–	–	7 038	37 901	ASP	
Årsta 74:3	Axel Johanssons gata 4-6	Uppsala	1990	13 799	–	–	–	–	–	13 799	101 600	ASP	
Basen 10	Fridhemsgatan 2-4	Örebro	1900/1990	6 149	–	126	–	–	–	6 275	40 800	ASP	
Järnmalmen 1	Osmundgatan 10	Örebro	1967/1995	2 230	–	8 405	–	–	247	10 882	19 563	ASP	B
Konstruktören 11	Söderleden 14	Örebro	1987	1 715	–	–	–	–	–	1 715	6 883	ASP	
Kontrollanten 9	Åbyvägen 3	Örebro	1992	3 752	–	1 162	–	–	–	4 914	13 268	ASP	*
Lagerchefen 3	Aspholmsvägen 3	Örebro	1957/1985	–	1 900	–	–	–	–	1 900	9 519	ASP	
Lantmannen 7	Boställsvägen 10	Örebro	1985	310	2 050	215	–	–	–	2 575	10 105	ASP	
Motormannen 1	Radiatorvägen 1	Örebro	1966	208	3 559	410	–	–	–	4 177	16 185	ASP	
Röda rummet	Radiatorvägen 17	Örebro	2000	3 405	–	–	–	–	–	3 405	20 470	ASP	
Rörläggaren 1	Aspholmsvägen 4	Örebro	1963/1992	–	–	–	5 044	–	–	5 044	15 177	ASP	B
Rörmokaren 5	Elementvägen 1	Örebro	1984	1 270	1 023	110	–	–	–	2 403	10 061	ASP	
Signalen 6	Propellervägen 1	Örebro	1991	1 750	–	–	–	–	–	1 750	10 866	ASP	
Svetsaren 4	Elementvägen 12	Örebro	1976/1984	–	1 790	2 590	–	–	–	4 380	12 268	ASP	
Svetsaren 5	Elementvägen 14	Örebro	1977/1988	2 535	–	420	–	–	–	2 955	10 148	ASP	
Svetsaren 6	Radiatorvägen 14	Örebro	2006	3 700	–	–	–	–	–	3 700	23 930	ASP	B
Svetsaren 7	Elementvägen 16	Örebro	1960/1983	675	–	180	–	–	–	855	2 802	ASP	
Svetsaren 8	Elementvägen 4	Örebro	1977	570	3 060	220	–	–	–	3 850	11 693	ASP	T
Telemontören 1	Nastagatan 2	Örebro	1993	3 135	–	2 418	–	–	388	5 941	7 579	ASP	*/B
Vindrutan 1	Västhagagatan 3	Örebro	1992	–	1 230	85	–	–	–	1 315	7 823	ASP	
Virkeshandlaren 7	Radiatorvägen 11	Örebro	1970/1987	5 545	330	313	–	–	–	6 188	24 601	ASP	
Virkeshandlaren 10	Radiatorvägen 13-15	Örebro	1979	2 678	3 440	1 070	–	–	–	7 188	24 673	ASP	
Ånsta 20:117	Aspholmsvägen 9	Örebro	1990	675	–	–	–	–	–	675	2 763	ASP	
Blåsterugnen 2	Kokillgatan 7	Västerås	1991	60	1 990	–	–	–	–	2 050	7 737	ASP	T
Dagslåndan 11	Jonasborgsvägen 26	Västerås	1990	1 106	–	–	–	–	–	1 106	4 086	ASP	T
Degeln 1	Kokillgatan 1-3	Västerås	1984	3 422	1 050	2 022	–	–	–	6 494	22 703	ASP	T
Elledningen 4	Tunbytorpsgatan 31	Västerås	1991	3 620	–	–	–	–	–	3 620	16 279	ASP	
Fallhammaren 1	Fallhammargatan 3	Västerås	1989	3 773	–	741	–	–	–	4 514	16 064	ASP	
Friedningen 13	Tunbytorpsgatan 10	Västerås	1978	890	–	940	–	–	–	1 830	7 195	ASP	T/B
Gjutjärnet 7	Gjutjärnsgatan 5	Västerås	1989	–	2 223	258	–	–	–	2 481	7 150	ASP	

Note: \*=Acquired 2007 T=Ground rent A=Lease B=Unutilized building permission





## Mälardalen

Mälardalen

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Tax Mgmt.		Note	
				Office	Retail	Warehouse	Industrial	Residential	Other	Total	assessment value		Sub- sidiary
Hjulsmeden 1	Gjutjärnsgatan 8	Västerås	1990	–	1 351	632	–	–	–	1 983	6 894	ASP	
Kokillen 1	Kokillgatan 2	Västerås	1988	879	981	1 145	–	–	–	3 005	8 720	ASP	T
Kopparlunden	Kopparlunden	Västerås	1890/2000	18 217	–	–	–	–	–	18 217	77 414	ASP	
Kraftfältet 5	Strömledningsgatan 1	Västerås	1991	325	1 413	2 167	–	–	–	3 905	12 655	ASP	
Kyrkobacksgärdet 9	Arosvägen 32	Västerås	1920/1986	–	377	–	–	140	–	517	2 362	ASP	
Köpmannen 1	Kranbyggargatan 1	Västerås	1984	400	–	–	1 050	–	–	1 450	4 536	ASP	
Köpmannen 3	Kranbyggargatan 3	Västerås	1982	–	2 370	–	–	–	–	2 370	9 160	ASP	T
Ringborren 8&16	Tallmätargatan 1	Västerås	1956/1988	1 508	355	1 884	–	–	–	3 747	11 832	ASP	
Tunbytorp 1	Strömledningsgatan 1	Västerås	1965	–	5 323	–	–	–	–	5 323	16 602	ASP	T
Tunbytorp 7	Strömledningsgatan 3	Västerås	1965	5 277	–	–	–	–	–	5 277	13 929	ASP	T
Tunbytorp 19	Tunbytorpsgatan 2 A	Västerås	1990	1 982	–	–	–	–	–	1 982	6 208	ASP	
Märsta 1:219	Raisogatan 1-27	Sigtuna	1993	2 795	–	–	–	883	–	3 678	25 459	ASP	B
Märsta 16:3	Maskingatan 3	Sigtuna	1992	2 573	–	317	–	–	–	2 890	12 400	ASP	
Total office/retail				118 910	81 398	49 061	10 352	1 023	816	261 565	1 201 484		



● Office/retail ● Warehouse/industrial ● Development projects and land





## Mälardalen

Mälardalen											Tax	Mgmt.	
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Total	assessment value	Sub- sidiary	Note
				Office	Retail	Warehouse	Industrial	Residential	Other				
WAREHOUSE/INDUSTRIAL													
Barkborren 3	Barkborregatan 3	Västerås	1970/1989	—	—	—	2 950	—	—	2 950	6 607	ASP	T
Elkraften 4	Tunbytorpsgatan 16	Västerås	1976	—	—	—	946	—	—	946	3 044	ASP	T
Elkraften 7	Energigatan 3 A	Västerås	1976	—	—	—	1 320	—	—	1 320	3 325	ASP	T
Elledningen 1	Tunbytorpsgatan 31	Västerås	1982	—	—	—	1 910	—	—	1 910	5 394	ASP	T
Friledningen 8	Tunbytorpsgatan 6	Västerås	1971	—	—	—	2 383	—	—	2 383	6 026	ASP	T
Friledningen 9	Tunbytorpsgatan 8	Västerås	1968	—	—	—	5 392	—	—	5 392	15 316	ASP	
Fältmätaren 29	Fältmätargatan 9	Västerås	1960	310	—	—	1 999	—	—	2 309	3 687	ASP	*/T
Jordlinan 2	Stenbygatan 6	Västerås	1991	—	2 450	5 464	—	—	—	7 914	19 603	ASP	
Krista 1	Saltängsvägen 59	Västerås	2005	—	—	—	2 980	—	—	2 980	13 078	ASP	
Köpmannen 8	Lundby Gårdsgata 4	Västerås	1988	210	—	—	2 390	—	—	2 600	8 208	ASP	
Ledningstråden 1	Strömledningsgatan 1	Västerås	1967	—	—	—	6 072	—	—	6 072	15 736	ASP	T
Ledningstråden 6	Tunbytorpsgatan 23	Västerås	1970	—	—	—	620	—	—	620	2 412	ASP	T
Lufthammaren 1	Ånghammargatan 2-4	Västerås	1977	4 168	—	2 820	—	—	—	6 988	22 125	ASP	T
Tunbytorp 10	Tunbytorpsgatan 23	Västerås	1978	—	—	—	7 496	—	—	7 496	15 439	ASP	
Tunbytorp 2	Tunbytorpsgatan 4	Västerås	1970	—	—	—	4 020	—	—	4 020	9 117	ASP	
Tunbytorp 8	Friledningsgatan 3 A	Västerås	1970	—	—	—	830	—	—	830	2 669	ASP	
Vikingatiden 9	Brandthovdagatan 17 A	Västerås	2004	—	—	—	810	—	—	810	1 762	ASP	*
Voltnätaren 3	Lågspänningsgatan 7	Västerås	1990	—	—	—	760	—	—	760	2 080	ASP	
Ånghammaren 2	Ånghammargatan 1-9	Västerås	1972/1994	4 394	100	8 935	—	—	—	13 429	25 119	ASP	T
Bleckslagarn 8	Vattenverksgatan 8	Örebro	1978/2001	180	—	—	4 565	—	—	4 745	15 968	ASP	B
Chauffören 2	Stuvargatan 3	Örebro	1991	498	—	6 602	—	—	—	7 100	20 147	ASP	
Chauffören 3	Pikullagatan 9	Örebro	1991	—	—	—	1 577	—	—	1 577	4 613	ASP	
Grosshandlaren 2	Nastagatan 6-8	Örebro	1977	460	1 955	19 717	—	—	—	22 132	53 577	ASP	B
Gällersta-Gryt 4:9	Gällerstavägen	Örebro	1969	—	—	—	11 625	—	—	11 625	20 247	ASP	
Konstruktören 10	Söderleden 12	Örebro	1987	—	—	—	3 665	—	—	3 665	11 886	ASP	
Konstruktören 9	Söderleden 10	Örebro	1987	—	—	1 260	—	—	—	1 260	4 212	ASP	
Radion 2	Radiogatan 1	Kumla	1991/1995	1 250	—	2 850	—	—	—	4 100	7 597	ASP	
Rörläggaren 2	Aspholmsvägen 6	Örebro	1984	—	—	2 955	—	—	—	2 955	10 098	ASP	
Rörmokaren 1	Elementvägen 13-15	Örebro	1963/1986	110	—	—	3 735	—	—	3 845	11 568	ASP	
Ånsta 20:148	Berglunda 208	Örebro	1971/1999	—	—	3 205	—	—	—	3 205	1 703	ASP	*/B
Boländerna 30:2 C	Verkstadsgatan 17	Uppsala	1968	—	—	2 272	—	—	—	2 272	5 495	ASP	B
Årsta 36:2	Möllersvärdsgatan 12	Uppsala	1978/1989	1 157	—	1 434	—	—	—	2 591	11 595	ASP	
Årsta 38:1	Möllersvärdsgatan 5	Uppsala	1979	—	—	—	2 955	—	—	2 955	10 140	ASP	
Broby 11:2	Östra Bangatan 6	Sigtuna	1990	486	—	2 213	—	—	—	2 699	12 318	ASP	*/B
Broby 11:8	Östra Bangatan 14	Sigtuna	1989	248	—	583	—	—	—	831	2 764	ASP	
Märsta 16:2	Maskingatan 5-7	Sigtuna	1989	600	—	1 013	—	—	—	1 613	5 507	ASP	
Märsta 17:6	Maskingatan 8	Sigtuna	1970/1988	452	—	—	2 221	—	—	2 673	7 972	ASP	
Märsta 21:51	Elkraftsgatan 11-13	Sigtuna	1990	—	—	—	2 200	—	—	2 200	9 043	ASP	
Total warehouse/industrial				14 523	4 505	61 323	75 421	0	0	155 772	407 197		

Note: \*=Acquired 2007 T=Ground rent A=Lease B=Unutilized building permission



Kopparlunden, Västerås



Ringborren 8&16, Västerås

# Mälardalen

Mälardalen

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Total	Tax Mgmt.		
				Office	Retail	Warehouse	Industrial	Residential	Other		assessment	Sub- value	sidary
DEVELOPMENT PROJECTS													
Boländerna 28:3	Verkstadsgatan 9	Uppsala	1981	–	–	–	–	–	1	1	2 201	ASP	B
Dragarbrunn 20:2	Kungsg/St Persg	Uppsala	1963	1 882	626	–	–	–	–	2 508	–	ASP	
Vaksala-Eke 3:2	Vittulsbergsvägen 1	Uppsala	1948	–	–	–	3 885	–	–	3 885	7 366	ASP	*/B
Verkstaden 14	Kopparlunden	Västerås	1890	–	–	–	–	–	8 314	8 314	26 171	ASP	B
Total development projects				1 882	626	0	3 885	0	8 315	14 708	35 738		



● Office/retail ● Warehouse/industrial ● Development projects and land

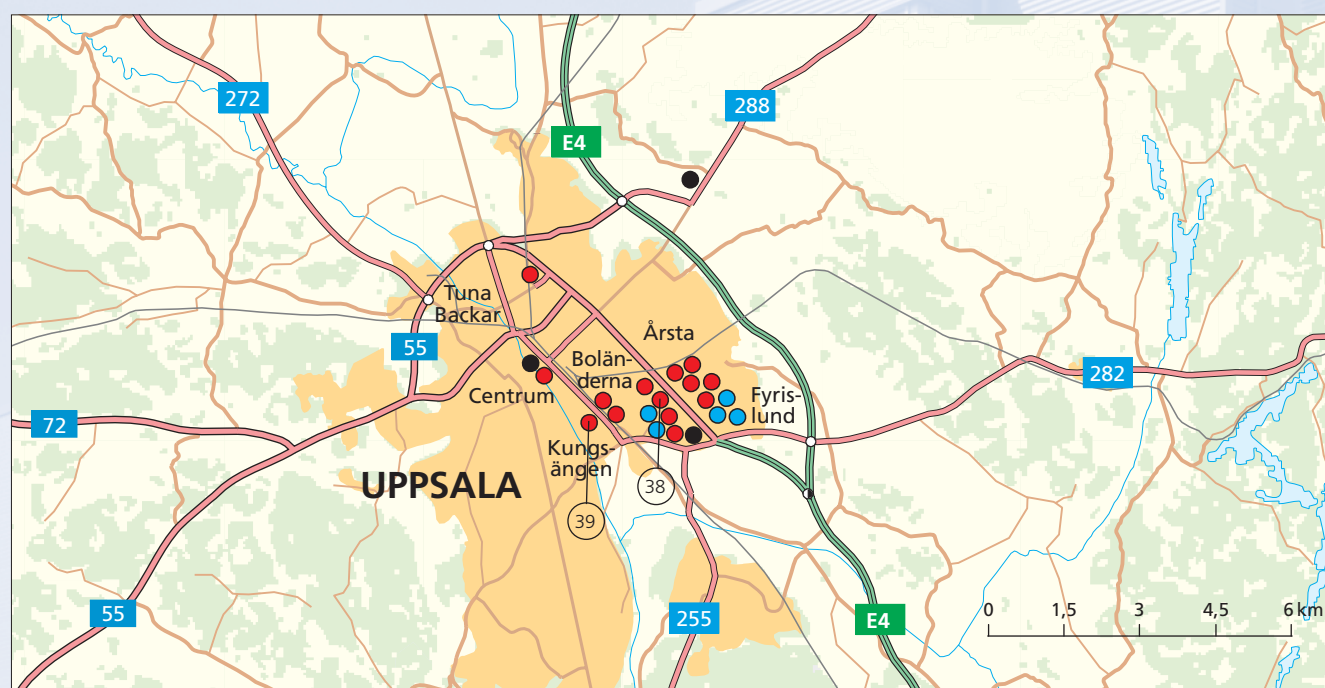




# Mälardalen

Mälardalen											Tax Mgmt.		
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						assessment value	Sub-sidiary	Note	
				Office	Retail	Warehouse	Industrial	Residential	Other				Total
UNDEVELOPED LAND													
Försäljaren 3	Nastagatan 7	Örebro	–	–	–	–	–	–	–	–	712	ASP	*/B
Inköparen 1	Södra Infarten	Örebro	–	–	–	–	–	–	–	–	–	ASP	*/B
Högspänningen 1	Lågspänningsgatan 8	Västerås	–	–	–	–	–	–	–	–	3 901	ASP	*/B
Total undeveloped land				0	0	0	0	0	0	0	4 613		
Total Mälardalen				135 315	86 529	110 384	89 658	1 023	9 131	432 045	1 649 032		

Note: \*=Acquired 2007 T=Ground rent A=Lease B=Unutilized building permission



● Office/retail ● Warehouse/industrial ● Development projects and land



Boländerna 30:2, Uppsala



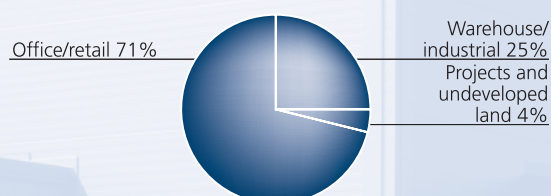
Dragårbrunn 16:2, Uppsala



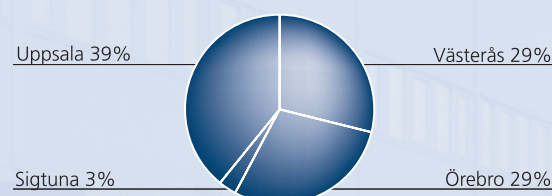
# Castellum's Real Estate Portfolio in Mälardalen 31-12-2007

	No. of properties	Area thous. sq.m.	Rental value SEKm/sq.m.	Rental value SEK/sq.m.	Economic occupancy rate	Rental income SEKm	Property costs SEKm	Property costs SEK/sq.m.	Net operating income SEKm
<b>Office/retail</b>									
Uppsala	15	103	110	1 066	89.3%	98	23	227	75
Örebro	21	82	67	809	89.4%	60	19	219	41
Västerås	18	70	59	846	88.5%	52	15	216	37
Sigtuna	2	6	7	1 101	79.8%	6	2	332	4
<b>Total office/retail</b>	<b>56</b>	<b>261</b>	<b>243</b>	<b>928</b>	<b>88.8%</b>	<b>216</b>	<b>59</b>	<b>224</b>	<b>157</b>
<b>Warehouse/industrial</b>									
Västerås	19	72	46	649	86.7%	40	12	170	28
Örebro	11	66	36	543	94.3%	34	9	137	25
Uppsala	3	8	6	726	98.3%	6	1	141	5
Sigtuna	5	10	6	604	87.8%	5	1	117	4
<b>Total warehouse/industrial</b>	<b>38</b>	<b>156</b>	<b>94</b>	<b>605</b>	<b>90.4%</b>	<b>85</b>	<b>23</b>	<b>151</b>	<b>62</b>
<b>Total</b>	<b>94</b>	<b>417</b>	<b>337</b>	<b>807</b>	<b>89.3%</b>	<b>301</b>	<b>82</b>	<b>197</b>	<b>219</b>
Leasing and property administration							21	50	- 21
<b>Total after leasing and property administration</b>							<b>103</b>	<b>247</b>	<b>198</b>
Development projects	4	15	9	-	-	8	4	-	4
Undeveloped land	3	-	-	-	-	-	-	-	-
<b>Total</b>	<b>101</b>	<b>432</b>	<b>346</b>	<b>-</b>	<b>-</b>	<b>309</b>	<b>107</b>	<b>-</b>	<b>202</b>

## Real Estate Portfolio by property type



## Real Estate Portfolio by municipality



## Property related key ratios

	2007	2006	2005	2004	2003	2002	2001	2000
Rental value, SEK/sq.m.	807	778	766	794	762	737	705	667
Economic occupancy rate	89.3%	88.4%	87.5%	87.8%	91.0%	90.3%	91.9%	91.1%
Property costs, SEK/sq.m.	247	258	244	262	241	231	226	224
Net operating income, SEK/sq.m.	474	429	427	435	453	435	422	383
Number of properties	101	91	86	75	71	71	72	81
Lettable area, thousand sq.m.	432	410	384	338	333	335	333	304

## Eastern Götaland

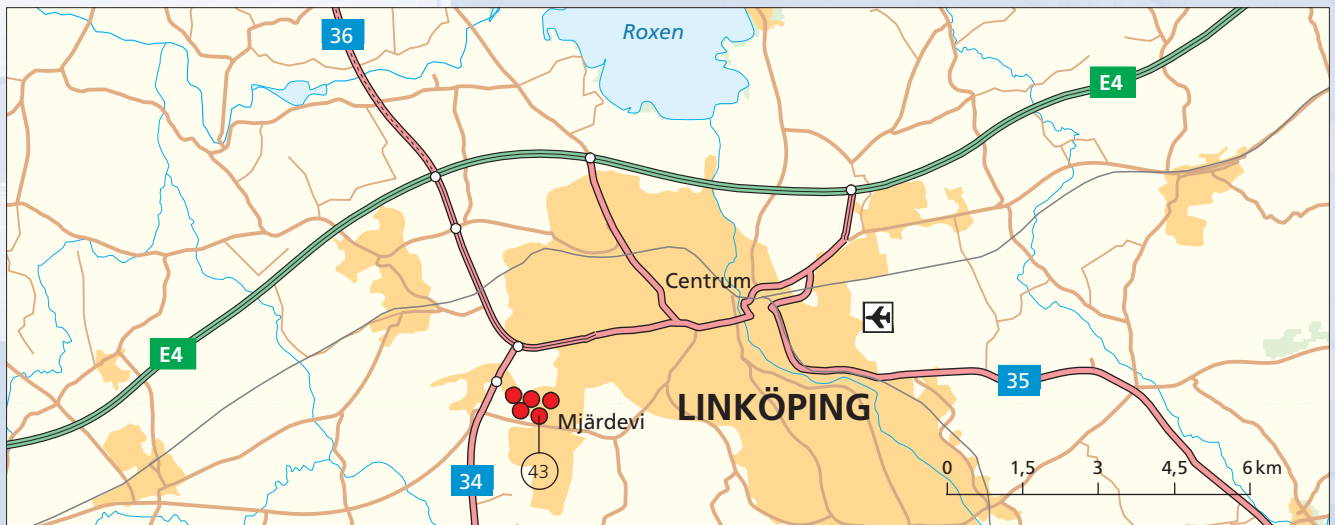
Eastern Götaland										Tax	Mgmt.	
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						assessment	Sub-	Note
				Office	Retail	Warehouse	Industrial	Residential	Other	Total	value	
OFFICE/RETAIL												
Droskan 12	Slottsgatan 14	Jönköping	1990	9 485	–	–	–	–	–	9 485	63 800	COR
Hotellet 8	V Storgatan 9-13	Jönköping	1963/1999	3 000	15 544	433	–	–	–	18 977	136 000	COR
Vagnmakaren 7	Hästhovsvägen 2	Jönköping	1983/2001	–	8 172	–	–	–	–	8 172	42 600	COR
Valutan 11	Kompanigatan 1-2	Jönköping	1992/2001	2 962	2 030	211	–	–	80	5 283	46 400	COR
Vattenpasset 6	Kungsängsvägen 7	Jönköping	1971/1990	1 667	–	482	–	–	–	2 149	6 270	COR
Vilan 7	Huskvarnavägen 58-64	Jönköping	1955/1999	9 273	565	4 555	–	–	–	14 393	59 600	COR
Visionen 1	Bataljonsgatan 10	Jönköping	1996/1995	8 620	–	423	–	–	701	9 744	33 908	COR B
Vägskålen 3	Huskvarnavägen 40	Jönköping	1983	6 733	387	8 667	–	–	–	15 787	30 529	COR B
Vägporten 5	Vasavägen 4	Jönköping	1955/2004	251	2 076	–	–	–	–	2 327	11 112	COR
Ögongloben 5	Gräshagsgatan 11	Jönköping	1961	3 300	–	–	–	–	–	3 300	5 075	COR
Almen 9	Malmövägen 12-14	Värnamo	1957/1989	1 082	11 309	–	–	–	40	12 431	47 676	COR
Bodarna 2	Myntgatan 8, 10	Värnamo	1934/1991	1 329	373	104	–	–	–	1 806	10 497	COR
Bokbindaren 20	Västbovägen 56	Värnamo	1975/1991	2 089	–	472	–	–	–	2 561	6 183	COR
Drabanten 1	Nydalavägen 16	Värnamo	1940/1986	230	1 028	–	–	–	–	1 258	3 034	COR
Gamla Gåsen 4	Boagatan 1	Värnamo	1907	–	–	–	–	–	200	200	941	COR
Gillet 1	Flanaden 3-5	Värnamo	1974	2 410	925	103	–	1 701	–	5 139	26 887	COR
Golvläggaren 2	Silkesvägen 30	Värnamo	1991	740	–	–	–	–	–	740	2 066	COR
Jungfrun 11	Köpmansg 3-7/Luddög 1	Värnamo	2001/1982	329	4 022	–	–	599	–	4 950	24 917	COR
Karpen 3	Jönköpingsvägen 105-107	Värnamo	1956/1990	525	835	405	888	–	–	2 653	5 053	COR
Knekten 15	Jönköpingsvägen 21	Värnamo	1971/1989	424	559	31	240	–	6	1 260	4 597	COR
Lejonet 11	Lasarettsgatan 1	Värnamo	1987/1987	4 122	855	226	–	89	–	5 292	26 843	COR
Linden 1	Malmövägen 3	Värnamo	1961	–	130	–	–	–	–	130	1 058	COR
Linden 3	Växjövägen 24-26	Värnamo	1960/1989	2 375	560	2 239	–	–	–	5 174	12 984	COR
Ljuset 8	Nydalavägen 1-9	Värnamo	2003	–	2 590	–	–	–	–	2 590	11 709	COR
Mon 13	Karlsdalsgatan 2	Värnamo	1983	1 986	–	–	–	–	–	1 986	10 252	COR
Rågen 1	Expovägen 6	Värnamo	1965/1990	2 847	–	2 314	–	–	–	5 161	7 461	COR
Vindruvan 15	Storgatsbacken 12	Värnamo	1989	904	1 110	–	–	–	–	2 014	9 091	COR
Vindruvan 4	Storgatsb 14-20/Myntg 13 m fl	Värnamo	1982	1 163	11 047	30	–	2 162	5	14 407	62 888	COR
Värnamo 14:11	Jönköpingsvägen 41-43	Värnamo	1917/1982	2 218	–	1 972	–	–	–	4 190	12 965	COR
Bagaren 10	Ljungadalsg 2, Hejareg 10	Växjö	1987	27 093	–	3 835	–	–	–	30 928	138 661	COR */B
Båken 1	Systratorpsvägen 16	Växjö	1983	1 410	–	25	–	–	–	1 435	4 243	COR
Garvaren 4	Hjalmar Petris väg 32	Växjö	1981	2 487	–	20	–	–	–	2 507	7 759	COR B
Glasmästaren 1	Arabygatan 80	Växjö	1988	6 202	886	187	–	–	549	7 824	29 600	COR
Nordstjärnan 1	Kronobergsgatan 18-20	Växjö	1971/2000	4 633	1 009	–	–	–	23	5 665	44 800	COR
Plåtslagaren 4	Verkstadsgatan 5	Växjö	1967/1988	2 026	780	853	1 893	–	50	5 602	13 389	COR
Rimfrosten 1	Solängsvägen 4	Växjö	1972	–	5 800	3 263	–	–	–	9 063	24 200	COR B
Segerstad 4	Segerstadsvägen 7	Växjö	1990	910	–	–	–	–	–	910	–	COR
Sotaren 4	Arabygatan 82	Växjö	1992	2 318	457	227	–	–	–	3 002	15 246	COR
Svea 8	Lineborgsplan 3	Växjö	1982	2 061	–	–	–	–	–	2 061	11 891	COR
Ödman 15	Storgatan 29	Växjö	1972	2 370	1 941	–	–	–	–	4 311	40 200	COR

Note: \*=Acquired 2007 T=Ground rent A=Lease B=Unutilized building permission





## Eastern Götaland



● Office/retail ● Warehouse/industrial ● Development projects and land





## Eastern Götaland

Eastern Götaland

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Tax	Mgmt.	Note	
				Office	Retail	Warehouse	Industrial	Residential	Other	Total	assessment value		Sub- sidiary
Idémannen 1	Teknikringen 16	Linköping	1990	580	–	–	–	–	–	580	3 606	COR	*
Idémannen 2, Collegium	Teknikringen 7	Linköping	1989	13 906	4 087	–	–	–	271	18 264	79 400	COR	*
Idémannen 2, Datalinjen	Datalinjen 1	Linköping	1989/1994	1 364	–	–	–	–	227	1 591	10 256	COR	*
Idémannen 2, Teknikringen	Teknikringen 1 A-F	Linköping	1984/1996	6 694	–	–	–	–	6	6 700	40 714	COR	*
Idémannen 2, Vita Huset	Universitetsvägen 14	Linköping	2002	10 848	–	–	–	–	–	10 848	93 000	COR	*/B
Total office/retail				154 966	79 077	31 077	3 021	4 551	2 158	274 850	1 279 361		

### WAREHOUSE/INDUSTRIAL

Elefanten 3	Rådjursvägen 6	Växjö	1988	–	–	1 074	1 244	–	–	2 318	5 863	COR	
Illern 5	Isbjörnsvägen 11-13	Växjö	1987	745	–	432	969	–	–	2 146	7 460	COR	
Isbjörnen 4	Isbjörnsvägen 6	Växjö	1993	–	–	–	10 933	–	–	10 933	31 067	COR	
Sjömärket 3	Annavägen 3	Växjö	1989	1 828	341	763	6 523	–	–	9 455	31 700	COR	B
Snickaren 12	Smedjegatan 10, 20	Växjö	1976/1989	2 099	4 218	16 253	0	–	143	22 713	53 099	COR	B
Draken 1	Ingelundsvägen 1	Värnamo	1968/1988	–	–	1 750	–	–	–	1 750	3 393	COR	B
Flundran 4	Runemovägen 1	Värnamo	1963/1992	–	–	4 109	6 176	–	–	10 285	15 010	COR	
Krukmakaren 6	Silkesvägen 2	Värnamo	1961	340	140	748	610	–	–	1 838	2 744	COR	
Mattläggaren 2	Silkesvägen 24	Värnamo	1997	–	–	3 100	–	–	–	3 100	6 310	COR	
Posten 4	Postgatan 3-5	Värnamo	1929	414	810	321	2 480	159	–	4 184	10 555	COR	
Rödspättan 1	Runemovägen 10	Värnamo	1973	–	–	4 705	–	–	–	4 705	7 786	COR	
Rödspättan 4	Runemovägen 4	Värnamo	1980	–	–	2 960	–	–	–	2 960	4 516	COR	
Sandskäddan 4	Margretelundsvägen 7	Värnamo	1982	–	–	2 780	0	–	–	2 780	4 424	COR	
Sjötungan 3	Margretelundsvägen 6	Värnamo	1989	–	–	2 570	–	–	–	2 570	4 907	COR	B
Takläggaren 4	Rörläggarev 8/Silkesv 39	Värnamo	1991	–	–	9 067	–	–	–	9 067	15 871	COR	B
Yxan 4	Fabrikgatan 10, 12	Värnamo	1975	78	–	5 317	–	–	–	5 395	8 960	COR	
Yxan 6	Fabrikgatan 4	Värnamo	1978/1990	–	–	1 170	–	–	–	1 170	2 759	COR	B
Flahult 21:3	Momarken 42	Jönköping	1980	–	–	3 648	–	–	499	4 147	12 284	COR	B
Flahult 78:2	Momarken 12	Jönköping	1986/1990	–	–	2 421	1 246	–	–	3 667	11 394	COR	B
Vargön 4	Vasavägen 5	Jönköping	1989	–	–	–	4 070	–	–	4 070	8 223	COR	
Vattenpasset 2	Ekhagsringen 17	Jönköping	1980	428	–	2 483	1 010	–	–	3 921	12 878	COR	
Vingen 4	Linnegatan 1	Jönköping	1970	520	610	–	2 815	–	–	3 945	11 264	COR	B
Österbotten 4	Skeppsbrogatan 6	Jönköping	1930/1991	385	–	72	2 369	–	118	2 944	6 305	COR	
Överlappen 13	Kalkstensgatan 6-8	Jönköping	1977/1995	2 297	–	150	3 376	–	–	5 823	23 147	COR	
Marås 1:12	Maråsliden 7	Gnosjö	1960	–	–	–	1 140	–	–	1 140	402	COR	
Töllstorp 1:561	Mobäcksvägen 2	Gnosjö	1946	–	–	–	4 290	–	–	4 290	5 632	COR	
Törestorp 2:51	Kulltorpsvägen 25	Gnosjö	1946	–	–	–	14 310	–	–	14 310	15 912	COR	B
Källemo 1	Källemogatan 12	Vaggeryd	1956/1988	–	–	7 552	–	–	–	7 552	9 056	COR	B
Yggen 1	Krokvägen 1	Vaggeryd	1985/1989	–	–	–	6 303	–	–	6 303	8 422	COR	
<b>Total warehouse/industrial</b>				<b>9 134</b>	<b>6 119</b>	<b>73 445</b>	<b>69 864</b>	<b>159</b>	<b>760</b>	<b>159 481</b>	<b>341 343</b>		

Note: \* = Acquired 2007 T = Ground rent A = Lease B = Unutilized building permission



## Eastern Götaland

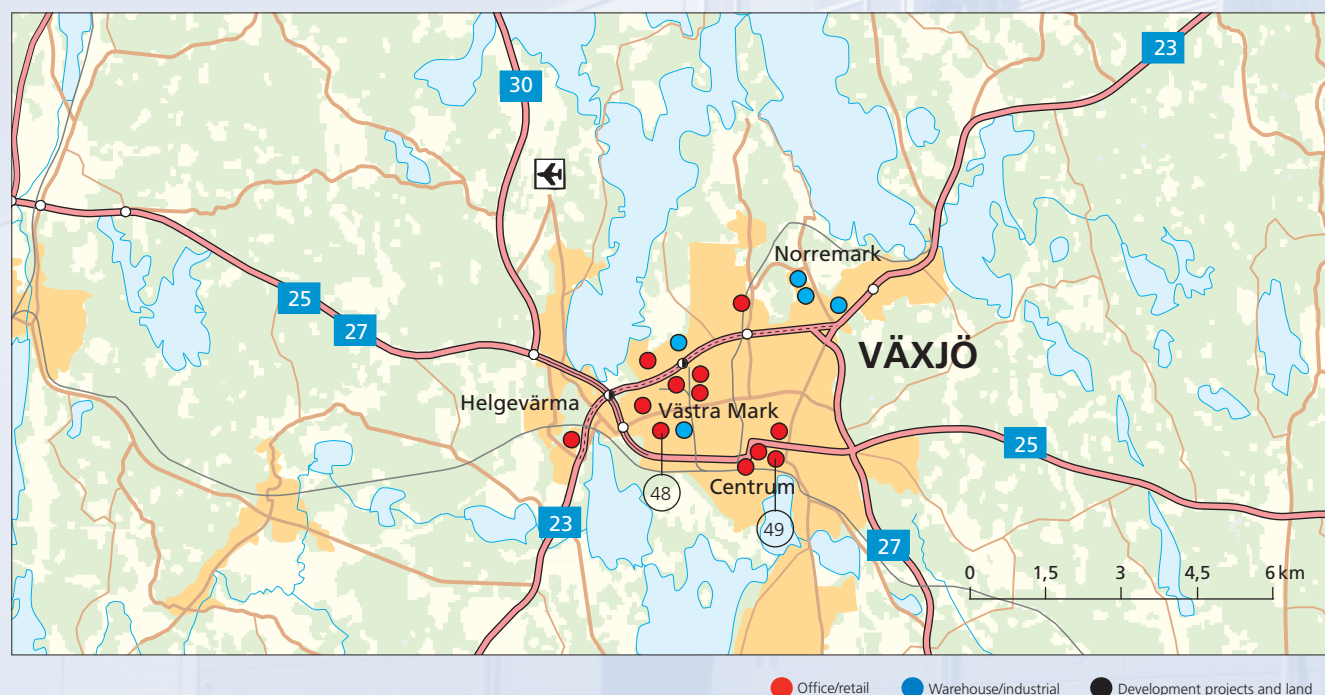




## Eastern Götaland

Eastern Götaland											Tax	Mgmt.	
Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Total	assessment value	Sub- sidiary	Note
				Office	Retail	Warehouse	Industrial	Residential	Other				
DEVELOPMENT PROJECTS													
Unaman 8	Klosterg 6/Kungsg 3/ Sandgårdsg 6-8	Växjö	1969	1 160	3 707	300	–	422	–	5 589	28 620	COR	
Golvläggaren 3	Silkesvägen 30	Värnamo	–	–	8 800	–	–	–	–	8 800	–	COR	
Örontofsen 5	Granitvägen 7, 9	Jönköping	1976	781	–	2 865	–	–	–	3 646	11 155	COR	B
Total development projects				1 941	12 507	3 165	0	422	0	18 035	39 775		
UNDEVELOPED LAND													
Bagaren 11	Ljungadalsg 2/Hejareg 10	Växjö	–	–	–	–	–	–	–	–	–	COR	*
Bleckslagaren 1	Repslagarevägen 5	Värnamo	–	–	–	–	–	–	–	–	464	COR	B
Värnamo 14:2	Myntgatan 2	Värnamo	–	–	–	–	–	–	–	–	–	COR	A
Värnamo 14:86	Myntgatan 6	Värnamo	–	–	–	–	–	–	–	–	–	COR	
Värnamo Torp 1:11	Skogsmark	Värnamo	–	–	–	–	–	–	–	–	1 259	COR	
Total undeveloped land				0	0	0	0	0	0	0	1 723		
Total Eastern Götaland				166 041	97 703	107 687	72 885	5 132	2 918	452 366	1 662 202		

Note: \*=Acquired 2007 T=Ground rent A=Lease B=Unutilized building permission

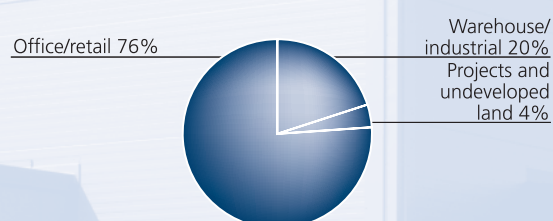




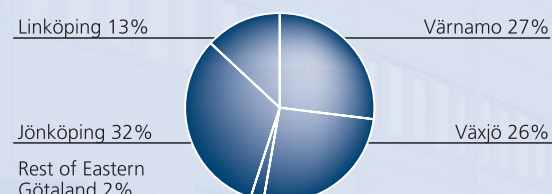
# Castellum's Real Estate Portfolio in Eastern Götaland 31-12-2007

	No. of properties	Area thous. sq.m.	Rental value SEK/sq.m.	Rental value SEK/sq.m.	Economic occupancy rate	Rental income SEKm	Property costs SEKm	Property costs SEK/sq.m.	Net operating income SEKm
<b>Office/retail</b>									
Jönköping	10	90	93	1 042	96.7%	90	30	333	60
Värnamo	19	74	60	811	92.9%	56	21	283	35
Växjö	11	73	56	757	82.7%	46	19	251	27
Linköping	5	38	43	1 126	86.7%	37	11	306	26
<b>Total office/retail</b>	<b>45</b>	<b>275</b>	<b>252</b>	<b>915</b>	<b>91.0%</b>	<b>229</b>	<b>81</b>	<b>294</b>	<b>148</b>
<b>Warehouse/industrial</b>									
Växjö	5	47	29	607	95.1%	27	6	134	21
Värnamo	12	50	20	402	82.3%	17	4	78	13
Jönköping	7	28	15	527	77.6%	12	7	224	5
Övriga orter	5	34	9	281	97.5%	9	2	74	7
<b>Total warehouse/industrial</b>	<b>29</b>	<b>159</b>	<b>73</b>	<b>460</b>	<b>88.3%</b>	<b>65</b>	<b>19</b>	<b>120</b>	<b>46</b>
<b>Total</b>	<b>74</b>	<b>434</b>	<b>325</b>	<b>748</b>	<b>90.4%</b>	<b>294</b>	<b>100</b>	<b>230</b>	<b>194</b>
Leasing and property administration							17	39	- 17
<b>Total after leasing and property administration</b>							<b>117</b>	<b>269</b>	<b>177</b>
Development projects	3	18	6	-	-	4	3	-	1
Undeveloped land	5	-	-	-	-	-	-	-	-
<b>Total</b>	<b>82</b>	<b>452</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>298</b>	<b>120</b>	<b>-</b>	<b>178</b>

## Real Estate Portfolio by property type



## Real Estate Portfolio by municipality



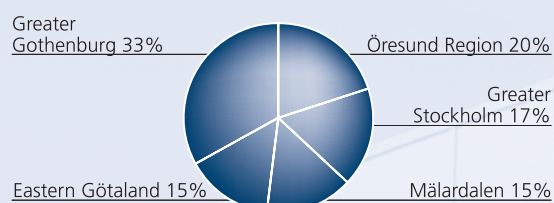
## Property related key ratios

	2007	2006	2005	2004	2003	2002	2001	2000
Rental value, SEK/sq.m.	748	688	675	659	617	598	551	510
Economic occupancy rate	90.4%	90.6%	90.0%	89.8%	91.3%	90.0%	88.0%	89.0%
Property costs, SEK/sq.m.	269	239	213	198	193	173	171	155
Net operating income, SEK/sq.m.	407	384	395	393	370	365	314	298
Number of properties	82	76	73	76	74	71	75	82
Lettable area, thousand sq.m.	452	375	366	380	370	347	350	388

# Castellum's Real Estate Schedule 2007, Summary

	Square metres per type of premises						Total	Tax assessment value
	Office	Retail	Warehouse	Industrial	Residential	Other		
Greater Gothenburg	370 544	45 631	429 096	138 881	8 243	7 707	1 000 102	5 167 718
Öresund Region	208 634	57 670	252 816	27 893	11 656	42 470	601 138	3 389 104
Greater Stockholm	256 278	33 736	175 743	40 644	0	11 078	517 479	3 164 333
Mälardalen	135 315	86 529	110 384	89 658	1 023	9 131	432 045	1 649 032
Eastern Götaland	166 041	97 703	107 687	72 885	5 132	2 918	452 366	1 662 202
<b>Total Castellum</b>	<b>1 136 812</b>	<b>321 269</b>	<b>1 075 726</b>	<b>369 961</b>	<b>26 054</b>	<b>73 304</b>	<b>3 003 130</b>	<b>15 032 389</b>

## Distribution per region and sq.m.



## Distribution per type of premises and sq.m.



# Properties sold in 2007

Name of property	Address	Municipality	Build/ Refurb. year	Square metres per type of premises						Tax Mgmt.		Note
				Office	Retail	Warehouse	Industrial	Residential	Other	Total	assessment Sub-value	
GREATER GOTHENBURG												
Backa 27:21	Bergögatan 6	Göteborg	1984	188	–	50	–	–	–	238	670	EKL
Kärre 77:5	Tagenevägen 62	Göteborg	1988	720	–	686	–	–	–	1 406	2 872	EKL
Total Greater Gothenburg				908	–	736	–	–	–	1 644	3 542	
MÄLARDALEN												
Längen 20	Fabriksgratan 8	Örebro	1993	3 549	–	28	–	–	–	3 577	16 158	ASP
Total Mälardalen				3 549	–	28	–	–	–	3 577	16 158	
EASTERN GÖTALAND												
Flahult 21:12	Alfavägen 4	Jönköping	1989	–	–	–	1 052	–	–	1 052	2 049	COR
Total Eastern Götaland				–	–	–	1 052	–	–	1 052	2 049	
Total Castellum				4 457	-	764	1 052	–	–	6 273	21 749	



# Definitions

## **Borrowing ratio**

Interest-bearing liabilities as a percentage of the properties' fair value with deduction for acquired properties not taken in possession, and with addition for properties disposed of, still in possession, at the year-end.

## **Counterparty risk/Credit risk**

The risk that a counterparty does not complete delivery or payment.

## **Currency risk**

The risk that changes in the exchange rate will effect income and cash flow.

## **Data per share**

In calculating income and cash flow per share the average number of shares has been used, whereas in calculating assets, shareholders' equity and net asset value per share the number of outstanding shares has been used.

## **Dividend pay out ratio**

Dividend as a percentage of income from property management after a 28% tax deduction.

## **Dividend yield**

Proposed dividend as a percentage of the share price at the year end.

## **Economic occupancy rate**

Rental income accounted for during the period as a percentage of rental value for properties owned at the end of the period. Properties acquired/completed during the period have been restated as if they had been owned or completed during the whole year, while properties disposed of have been excluded entirely. Development projects and undeveloped land have been excluded.

## **Equity/assets ratio**

Disclosed equity as a percentage of total assets at the end of the period.

## **Funding risk**

The risk that no funding is available or very unfavourable at a given point in time.

## **Income from property management**

Net income for the period/year after reversal of changes in value and tax.

## **Interest coverage ratio**

Income from property management after reversal of net financial items as a percentage of net financial items.

## **Interest rate risk**

The risk that changes in the market interest rate will effect income and cash flow.

## **Liquidity risk**

The risk of not having access to liquidity or unutilized credit facilities in order to settle payments due.

## **Net asset value**

Reported equity according to the balance sheet, adjusted for 5% deferred tax instead of 28% nominal deferred tax and without an uncertainty range in property valuations.

## **Net operating income margin**

Net operating income as a percentage of rental income.

## **Number of shares**

Registered number of shares - the number of shares registered at a given point in time.

Outstanding number of shares - the number of shares registered with a deduction for the company's own repurchased shares at a given point in time.

Average number of shares - the weighted average number of outstanding shares during a given period.

## **Operating expenses, maintenance, etc.**

This item includes both direct property costs, such as operating expenses, maintenance, ground rent and real estate tax, as well as indirect costs for leasing and property administration.

## **Operational risk**

The risk of incurring losses due to insufficient procedures and/or improper actions.

## **Property type**

The property's primary rental value with regard to the type of premises. Premises for purposes other than the primary use may therefore be found within a property type.

## **Rental income**

Rents debited plus supplements such as reimbursement of heating costs and real estate tax.

## **Rental value**

Rental income plus estimated market rent for vacant premises.

## **Return on equity**

Income after tax as a percentage of average ((opening balance+closing balance-income after tax)/2) equity. In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations and excluding changes in value.

## **Return on net asset value**

Calculated in the same way as return on equity, but with 5% deferred tax instead of 28%.

## **Return on total capital**

Income before tax with reversed net financial items and changes in value on derivatives as a percentage of average ((opening balance+closing balance-changes in value on properties)/2) total capital. In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations and excluding change in value properties.

## **SEK per square metre**

Property-related key ratios, expressed in terms of SEK per square metre, are based on properties owned at the end of the period. Properties acquired/completed during the year have been restated as if they had been owned or completed for the whole year, while properties disposed of have been excluded entirely. Development projects and undeveloped land have been excluded. In the interim accounts key ratios have been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

## **Total yield per share**

The change in the share price during the year with addition of dividend as a percentage of the share price at the end of previous year.

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## FINANCIAL REPORTING

Interim Report January–March 2008

Half-year Report January–June 2008

Interim Report January–September 2008

Year-end Report 2008

16 April 2008

16 July 2008

16 October 2008

21 January 2009

## FURTHER INFORMATION

Further information may be obtained from the company's CEO Håkan Hellström or Finance Director

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# CASTELLUM



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