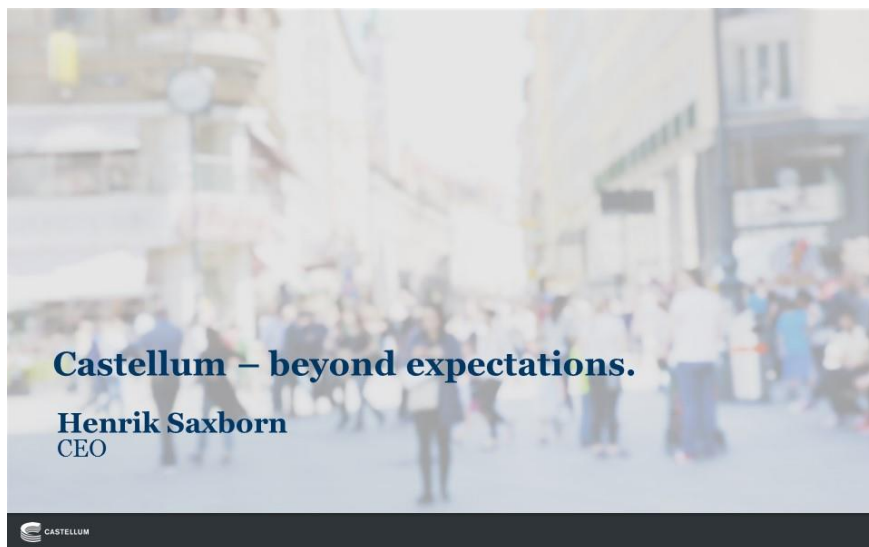


CEO speech Castellum AGM 2018



Castellum - Beyond expectations

Chairman, dear Shareholders,

Beyond expectations – this is Castellum’s vision!

We want to be the landlord who offer more than our competitors. Our focus is people, their workplace and we develop new and sustainable solutions for the future.

So, where are we today?



Castellum’s strong position 2018

We've repositioned the portfolio, so that we're located in the cities and submarkets where Sweden and Denmark will continue to grow, with 53% of the portfolio in major cities and 56% of our properties in city centres.

We have a strong balance sheet, enabling freedom of action.

Added to this, we are the company that leases the most office space in Sweden per year.

Castellum has a long tradition – and extensive knowledge – of management and customer care. This has been proven year after year through our high results in various surveys, but in recent years we've also improved our project skills and are now proud to be the main, or at least one of the main, office space manufacturers in Sweden – a position we are determined to retain.

To achieve this, we work hard at being a really attractive employer. Because we want to attract the best employees. And I can confirm that our work to make Castellum an interesting workplace for next-generation employees feels very stimulating. We see how our genuine sustainability and development efforts attract new employees. Currently, we're not only building an even more efficient organization – we're also filling it with loads of amazing colleagues.

This is great fun!

The people who make the above possible are all of our 384 employees, led by my delightful colleagues in the Executive Group Management. This group has changed slightly during the year, so let me first introduce the new members:

Castellum's Executive Group Management



Mariette Hilmersson



Olof Gertz



Per Gawelin



Ulrika Danielsson



Erika Olsén



Ingalill Östman



Ola Orsmark



Anders Nilsson



Executive Group Management

Mariette Hilmersson became CEO of the Western Region in February. Before that, she was CEO and President at the Framtiden Group. She is responsible for our operations from Alingsås and Lerum to Halmstad.

Olof Gertz has worked for us for several years, although not in the limelight. He has now, on a consultant basis, taken on the role of HR Director. Olof has many years of experience in HR from global companies such as Vattenfall and DeLaval.

Per Gawelin entered the post as CEO of the Central Region on January 1. He'll be responsible for all of our six cities in the region, representing a property value of approximately SEK 18 billion. Per has been one of the driving forces in the company for 12 years.

And as previous year the executive management group consists of:

Ulrika Danielsson has held the role of CFO since 2006, with responsibilities that currently include accounting, finance, investor relations and IT.

Erika Olsén, our CIO since 2015, coordinates all major investments, as well as portfolio strategies – and thus controls what Castellum will own in the future.

Ingalill Östman, has been responsible for all Communications in the Group for more than a year. During the year, we've strengthened our communication and work intensively on marketing a unified Castellum.

Ola Orsmark has been CEO of the Öresund Region since 2014. The region's real estate portfolio in Skåne and Copenhagen accounts for approximately 20% of Castellum's total property value. And a week ago, you may have heard that we will build Malmö's largest headquarters. I'll get back to that later on.

Anders Nilsson has been CEO since 2006. Today, he's responsible for the largest region, comprising Stockholm, Uppsala, Gävle and Sundsvall, with properties valued at approximately SEK 30 billion.

Now let's take a look in more detail at what has happened during the year ...



Castellum 2017

	2017	2016
Income from property management, SEKm	2,530	2,065
<i>Do. SEK/share</i>	9.26	8.80
<i>Do. growth</i>	+5%	+9%
Change in property value, SEKm	4,540	4,085
Net investments, SEKm	5,613	24,737
Net leasing, SEKm	310	178
EPRA NAV, SEK/share	153	133
Loan to value ratio	47%	50%
Dividend SEK/share (proposed)	SEK 5.30	SEK 5.00
<i>do. growth</i>	+6%	+18%

CASTELLUM

Castellum 2017

To begin with, 2017 was a very intensive year, and Castellum is definitely not the same company it was a year ago.

Leasing activities were at a high level, many new projects were initiated, and the development and streamlining of our organization continued. We were also able to hold on to our leading position within sustainability and, in addition, we launched Sweden's first development lab in the real estate sector – Next20.

At year end, we could summarize that we had signed 930 new leases for a total value of SEKm 600, resulting in net leasing totalling SEKm 310. It's the highest net leasing in the history of


Castellum. As I mentioned initially, I believe we've signed the highest number of new commercial contracts in Sweden during the year.

By the end of last year we had the possibility renegotiate 3,000 contracts. We managed to renegotiate 1,400 of them. This is great work!

And I'm proud that we've been able to save SEKm 120 in the Norrporten integration process to date, which will be completed at the end of the second quarter this year.

Balance sheet 31-12-2017

SEKm	31-12-2017	
Investment properties	81,078	~ SEK 18,268/sq.m. and 5.5% yield
Goodwill	1,659	
Other fixed assets	975	
Total assets	83,712	
Shareholders' equity	33,736	
Deferred tax liability	8,405	NNNAV SEKm 37,632/SEK 138
Derivatives	1,352	NAV SEKm 41,834/SEK 153
Other provisions	5	
Interest-bearing liabilities	38,226	Loan to value ratio 47%
Non interest-bearing liabilities	1,988	
Total shareholders' equity and liabilities	83,712	



Balance sheet

When entering 2017, we had sold 10% of the assets, and during the year we invested through acquisitions and new construction. As a result, the portfolio has gone from a value of SEK 71 billion to a value of SEK 81 billion. Slightly less than half of the increase in value is due to changes in value; the other half is an effect of investments.

We've increased the NAV (Net Asset Value), from SEK 133 to SEK 153, a 15% growth after a deduction of SEK 5 for dividend. Consequently, the LTV (Loan to Value Ratio), decreased to 47%. Hence, we continued investing this year and exceeded our 5% guidance by making net investments totalling SEK 5.6 billion.

Income Statement 2017

SEKm	Jan-Dec 2017		Jan-Dec 2016	
Rental income (fully leased)	5,806	~ SEK 1,341/sq.m.	5,091	~ SEK 1,304/sq.m.
Vacancies and discounts	- 624	9%	- 558	9%
Property costs	- 1,605	~ SEK 366/sq.m.	- 1,497	~ SEK 376 kr/sq.m.
Net operating income	3,577		3,036	
Central administrative expenses	-162		-139	
Net interest costs	-885	2.4%	-832	2.7%
Income from property management	2,530	SEK 9.26/share	2,065	SEK 8.80/share
Transaction and restructuring costs	-5		-163	
Change in goodwill	-		-373	
Changes in value, properties	4,540		4,112	
Changes in value, derivatives	247		82	
Tax	- 1,436		- 751	
Net income for the year	5,876	SEK 21.51/share	4,972	SEK 21.20/share



Income Statement 2017

If we turn our attention to the Income Statement, we can see that Castellum is unparalleled whether we look at cash flow/income from property management or total profitability. This is due to the Norrporten acquisition and solid rental markets.

Income from property management increased by SEKm 465, or 23% in absolute terms but as the Norrporten acquisition was financed through emissions, our growth per share – Castellum's objective – emerged at 5%. Strong markets, in combination with investments, resulted in a sizeable after-tax profit of SEK 5.9 billion.



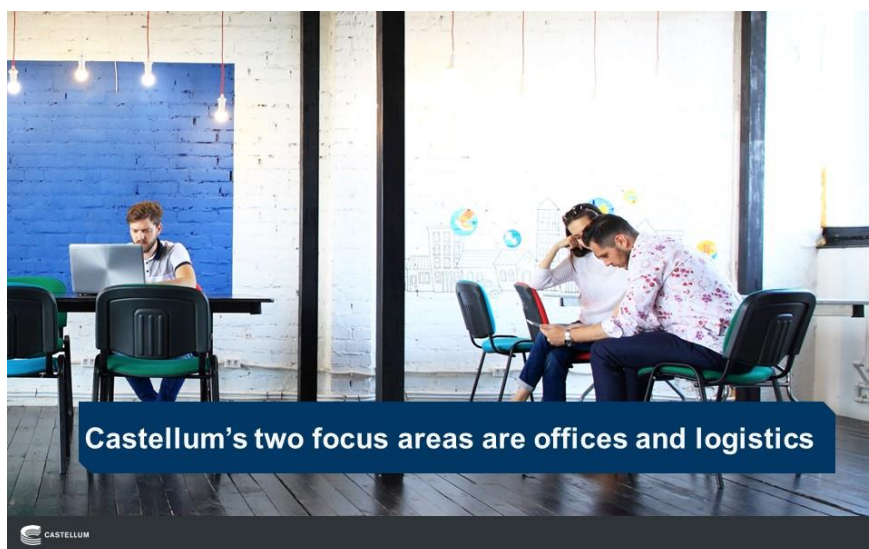
Outlook 2018

And if we look ahead to 2018?

If we can start with the real estate market. We determined in the course of last year that there had been a strong interest in commercial real estate, which led to increased property values. I can now conclude a sustained demand for office space as well as logistics facilities in our cities. This fact – accompanied by rising rent levels – leads me to believe in stable and continued property-value increases, for the foreseeable future.

There are clear differences between the residential real estate market and our commercial market. A historical difference!

The financial market is one in the midst of continuous change, and we can foresee possibilities to benefit from an active bond market, as well as a fiercely competitive bank sector. This allows Castellum to create stability through utilizing several alternative financing sources and well-functioning competition, for a sound and stable company like Castellum. With that said, we can conclude that favourable financing will be available for continued expansion.



Castellum's two focus areas – offices and logistics

Castellum is keeping a sharp focus on two areas – offices and logistics.

The logistics sector almost deserves a chapter of its own, even if it currently only accounts for 17% of the balance sheet. 1.5 million square metres and a real estate value of SEK 13.7 billion means that Castellum is one of Sweden's largest owners and developers of logistics properties.

What makes this particularly interesting just at the moment is that we Swedish people are buying more goods than ever via the Internet. This means that customer distribution processes have to be improved, and here's where Castellum has a big role to play – with logistics facilities in convenient, well-situated areas. This is why we're investing in new locations and expanding in existing.



Hisingen Logistics Park

For example, in connection to the Gothenburg Harbour – the Hisingen Logistics Park. We have the option to build 66,000 sq.m. and at the moment we're building the first phase and it is fully leased, before it has been completed. We're also in discussion to lease the second phase, even before we have decided to build it.

North of Stockholm we're in the process of preparing the ground for future production, and we've already started to build at this superior location.

We are perfectly situated in the e-commerce logistics chain with well-located buildings and property close to our cities. And all the way down that last mile to the customer, who can take delivery through our new digital distribution-concept investment, Handly.



Citypassagen, Örebro

For offices, it's mostly about how we're going to meet customer demand primarily in the two fast-growing big cities of Stockholm and Gothenburg. The accumulated production of office space is still trailing after what rapid growth in these cities demands. This leads to increasing rents and a focus on how to maximize property-area efficiency.

And speaking of rental levels; how's that going?

The strongest markets are still Stockholm, Uppsala and Gothenburg. In Stockholm, just looking at our portfolio, the highest rents increased from SEK 4,800/sq.m. to SEK 5,500/sq.m. in 2017, and we think we'll reach a maximum level of SEK 6,000/sq.m. this year. This means that we are renegotiating all office contracts in Stockholm that can be renegotiated today.

In the city of Gothenburg, rental levels per square-metre continue to rise and have increased from SEK 2,000 to SEK 3,400 in three years in the most attractively situated locations of our portfolio. Vacancy rates are down to record-low levels around 2%.

A look at the situation in other cities reveals that some contract has been re-negotiated in some parts of the portfolio.

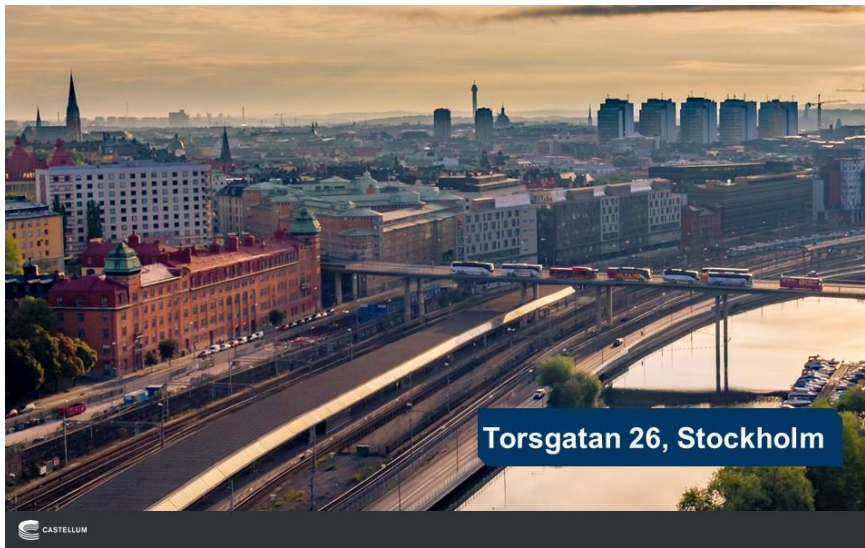
All of this is due to the fact that demand remains rather higher than new production of attractive offices that are well-situated.



E.ON, Malmö

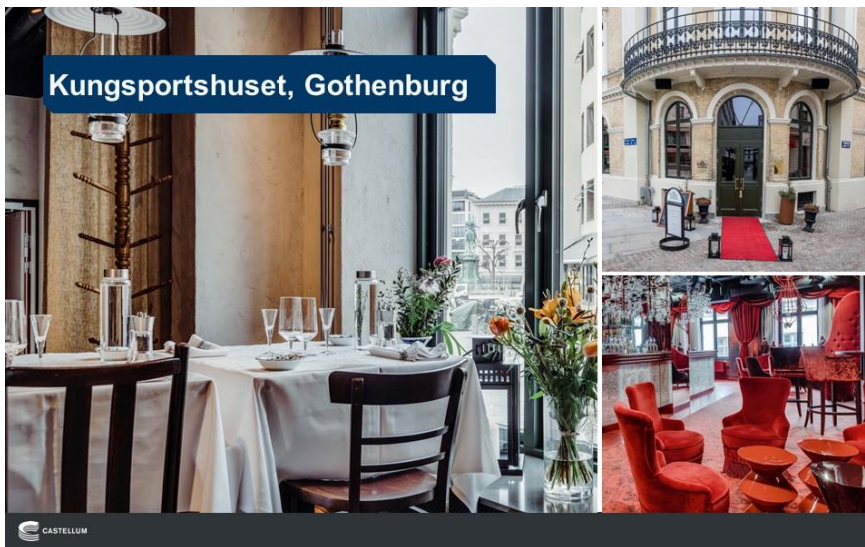
I'd like to show you a few of our fantastic office projects. We've got several of them running right now, plus a few in various planning stages. Our very latest projects include the following:

E.ON's new headquarters in Malmö will become Castellum's biggest project to date – comprising 24,500 sq. m., and representing an investment of SEK 1.1 billion. It's fantastic that E.ON decided to choose us, based upon our ambitious and innovative development efforts.



Torsgatan 26, Stockholm

At Torsgatan 26, we're taking on a fantastic old Stockholm jewel, located near Central Station. We'll develop the original building further and construct new buildings on part of the property. This is an investment calculated for final completion around 2022, and by that time, it will represent an investment of SEK 1.5 billion.



Kungsportshuset, Gothenburg

Kungsportshuset here in Gothenburg demonstrates our sense of responsibility in city planning and development. Only the heritage element was left of the old building when a new restaurant-and-events venue recently opened here. The investment amounted to SEK 124 million.

There are still many and various examples that currently add up to a project volume of SEK 4.8 billion, and at least as many more which are ready and waiting to begin. These comprise a very important success factor for future growth.



Next20

As I mentioned in my introduction, we have resolved to offer more than traditional landlords when it comes to providing services and better working environments for our customers. Here's where our focus on digitalization comes into the picture.

During the year, several initiatives have emerged from our Next20 innovation lab:

Beambox is a consumer service for storing articles outside the home. The service is based on maximizing the utility of unexploited resources to solve the space restrictions of individuals – by utilizing vans to greater extent as well as our unexploited areas. This service is currently being tested on a smaller scale, and is scheduled for market launch later this spring.

Handly is a service for delivering e-commerce goods to everyone who works in our buildings. This means that people can avoid driving around to several distribution depots to pick up their online purchases. It's a modern digital way of escaping today's "time thieves". As of today, we are installing 25 lockers.



To conclude, last year, income from property management amounted to 5%. The increase was affected by major property sales at the end of 2016. From where Castellum stands and operates today, I am convinced that we have great possibilities for 2018 to achieve our objective of 10% growth in income from property management.

We intend to continue on this path of increasing quality and density in the portfolio, which means that we have to remain open to acquisitions as well as sales.

We'll also be on the lookout for new and promising project opportunities by offering the market sustainable as well as innovative and effective solutions - this entails continued efforts to challenge the market with new business solutions to secure continued increase in shareholder value. In the future our ambition is to continue to keep our "number one position" when it comes to sustainability.



Castellum continues strong

When it comes to figures and graphs, you can show many different, but the most important from an owner perspective are these two; constantly increasing growth in property management income per share, as well as the continued decreasing risk implied by a low loan-to-value ratio, which constitutes one of our main tools.

And this, as you are already aware, is what allows our Board to propose an increased dividend, in line with increased growth in property management, for the 20th consecutive year, i.e. SEK 5.30 per share.

Thank you!