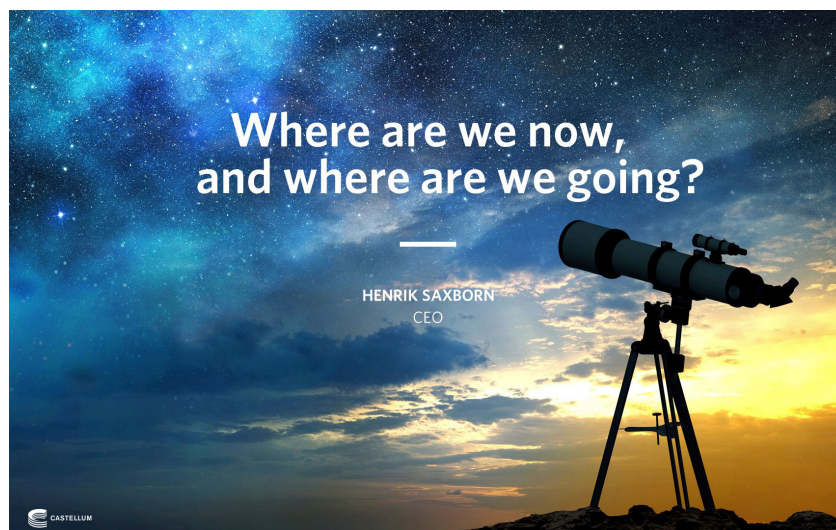


CEO's comment Castellum's annual meeting 2020



To our esteemed shareholders:

This is the speech I would have given at the Annual General Meeting on March 19, but we have decided instead to film it and post it on our website for the purpose of keeping the meeting brief and thereby reducing the risk of spreading infection. The rest of the company's management and I are following developments carefully, we are prepared and are continually taking measures to protect our employees and customers as well as the company's properties and other values.

In this speech, I would like to focus on answering two questions: Where are we now, and where are we going? Let me start with looking back at how things have gone. Castellum's 2020 AGM is the first meeting of the new decade, and it is always interesting to look at what has happened over the past ten years.

2009 - 2019

		2009	2019	Growth (%/y)
Property value	MSEK	29,267	95,168	13%
Loan-to-value ratio	%	51%	43%	
Inc. from prop. mgmt	SEK/share	5.98	11.52	7%
Net asset value	SEK/share	71	195	11%
Dividend	SEK/share	3.12	6.50*	8%
Share price	SEK/share	63	222	18%

* Board of Directors' proposal to the AGM

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And I can state that the company really has changed, having strengthened its position over the period through economic upturns and downturns.

- We have leveraged growth – an average of 7% growth in income from property management every year for the past ten years.
- This has contributed to creating further development in the property portfolio of 8% per year, on average.
- It has also contributed to an average total yield per share of 18% per year.

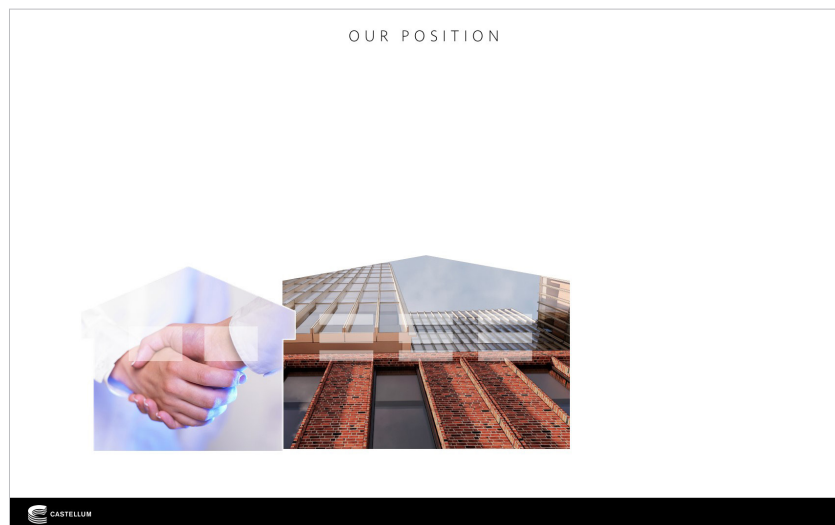
This trend was posted alongside our reducing risk and increasing quality in our portfolio. We achieved this by shifting towards increased growth and quality.

2019 was no exception to the past decade. We created growth of 7% in income from property management, and the value of the portfolio rose from SEK 176 in net asset value per share to SEK 195. And this is also the basis for the Board's proposal to increase the dividend this year as well.

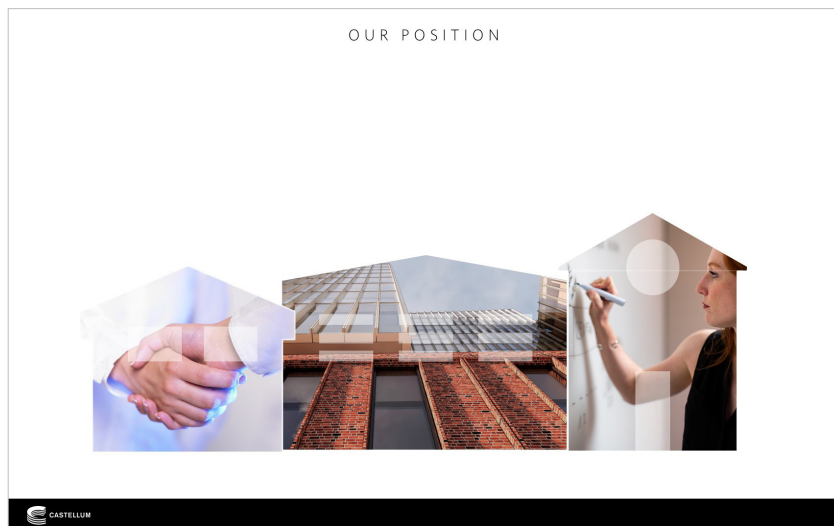
What is our position in the market today? I would say: A strong one! And I would like to name seven reasons for this:



Our outstanding portfolio of properties that we have been working on through decades of presence in our selected markets. It is no accident that we have the portfolio we do - a product of long, persistent selection. This will continue through our building and managing more properties in locations where we are already strong, and thereby further cementing our position.



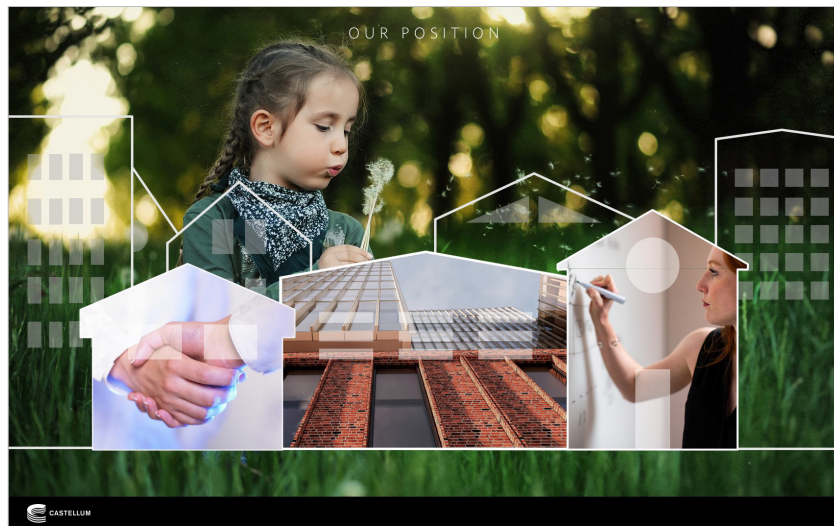
Our ability to renegotiate, which we have proved over the last few years when we successfully renegotiated agreements with an average increase of a full 22%. This is naturally due to increases in market rents, but we have also put an incredible amount of work into ensuring that this became a reality.



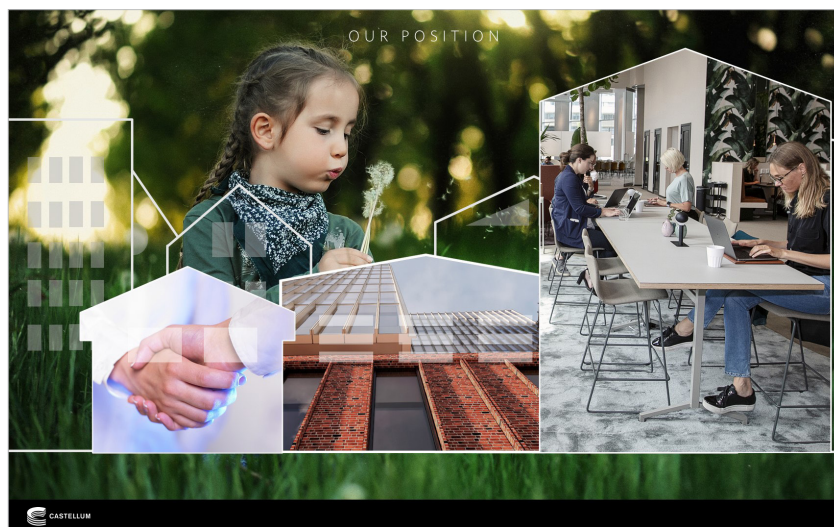
Our cost efficiency. In 2019, we enhanced the efficiency of our operations, working on procedures and culture. This generated a full SEK 60 million for us, and the work is continuing. We will always work on becoming better and more efficient, which is why for three years we have had a special group leading this work.



Our project portfolio, which is stronger than ever, with fantastic projects that will be realized in the next few years. If the market permits, we have the opportunity to start construction on projects worth an additional SEK 10 billion over the next two years – projects consisting of high-quality office and logistics properties in attractive locations.



Our years of persistent sustainability activities have positioned us as one of the property companies in the world that intends to, dares to, and does the most. This creates conditions, going forward as well, for being one of the companies that gains when the business environment increasingly understands that working with sustainability is profitable.



Our ability to change so as not to be overtaken by disruptive competitors. We have invested in creating new business, the largest of which is naturally co-working. United Spaces is performing well, and the operations were profitable after only nine months under our ownership. Now, we will expand, and next in line are new establishments in Uppsala, Stockholm, Gothenburg and Helsingborg. But United Spaces is not just a regular co-working operation. It is also a place we will make use of to develop interesting solutions.



Finally, **our balance sheet**, which is now stronger than ever before with a 43% loan-to-value ratio. Naturally, this was created not only by increases in the value of our properties but also because we remained disciplined and, by and large, did not increase our borrowing over the last two years. So, to sum it up: we are in a very strong position.

Having reviewed our own status, let us look at Castellum's business environment, at the markets where we operate.



We are active in three markets: The rental market, the property market and the finance market.



The rental market in offices shows strength, primarily on the grounds of less office space having been produced than market growth has required. This in turn has led to fewer vacancies and increased rents. In all our geographical areas here, we could note new record-high rents in 2019, which was strengthened by our success in negotiating rents upward by a full 22% on average. This amount has already been included in the income statement for 2019. The fact remains that there is very little available office space in our cities. This guarantees continued stability, even though we will meet with uneasiness in the market over the short term.



As regards the rental market for logistics, the development of e-commerce continues – people are making more and more purchases on the internet. This in turn requires new distribution systems, and thereby new logistics facilities in excellent locations. Castellum will benefit from this. During the year we increased our logistics revenue by SEK 75 million and built 56,000 square meters of new logistics space. Looking forward, we envision producing many more logistics properties in Stockholm, Malmö and Gothenburg. The largest area here is Säve, which will be supplemented with medium-sized facilities. We will be returning to this for many years to come.



The property market has been incredibly strong. We could see how property prices continued to rise up to the latest listed transactions in the Nordic region, which is due primarily to lower required return on equity and strong cash flows. We will now have to watch for the effects of the pandemic on prices in the direct market, but my attitude as regards the continued long-term growth in value of our property portfolio is positive.



And, finally, the finance market. We obtain our financing through various sources. Our largest markets are currently the bond market in Sweden and the European bond markets, as well as bank financing. Over the last few years, these markets have offered attractive financing. It should be mentioned that we have more or less refrained from increasing our financing over the last two years, instead renegotiating and improving the positions we already have. With the latest developments and Castellum's strength, we are looking forward to continuing to finance ourselves in these markets.

That is where we stand today. The question is: What will the future look like? Naturally, I am no more able than anyone else to give an exact answer. But one thing I know: based on the strong position for Castellum that I have just described, we have the opportunity to create our own growth.

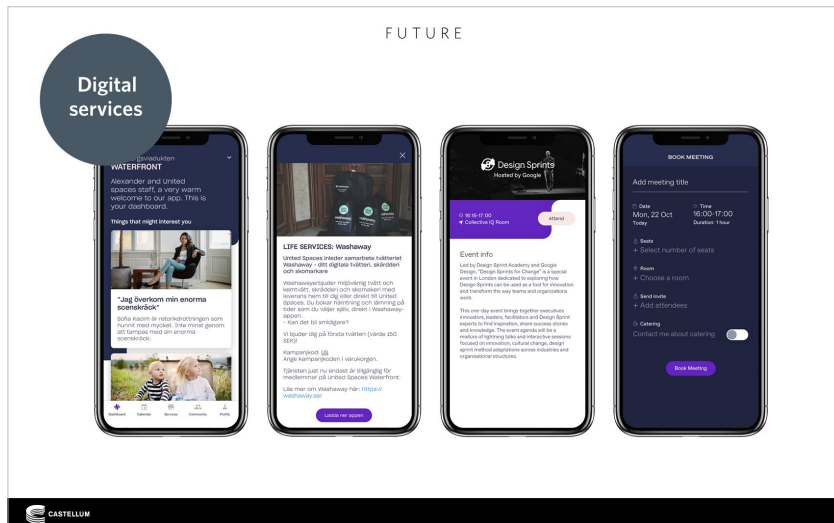


We expect to continue constructing more buildings than we have ever done before. Market conditions permitting, we have the capacity to start construction for SEK 10 billion over the next two years. The latest examples are, naturally, the two major projects in Malmö: E.ON's head office and the courts we are building adjacent to Central Station. It appears that these can be started in the next few months; the only thing we are waiting for are the final construction permits. The total investment for these is around SEK 2.5 billion.

Following that is a chain of larger and normal-sized projects. For example, I can mention the start of construction in Västerås, and we intend to start construction in Örebro and Jönköping by the time we meet again next year. The excellent yields and shift in quality are naturally what makes pursuing these projects so incredibly interesting. We also know that our existing portfolio has the capacity to create continued growth in income from property management. With our unique customer base of more than 5,000 customers – in which the Swedish state represents more than one fifth of the revenue – I predict we will see continued growth.



As you all have certainly noticed, we have come far in the development of digital services and in sustainability, and in the work on increasing our services and flexibility via United Spaces, our co-working company. This is something we will continue doing, since we see that it makes Castellum more attractive and thus more profitable. We believe very strongly that we must be part of this trend, and have therefore begun partnering with six of Europe's other major property companies to also develop ourselves further. Being able to do this without having to compete is fantastic. So, expect more international partnerships that will benefit our customers.

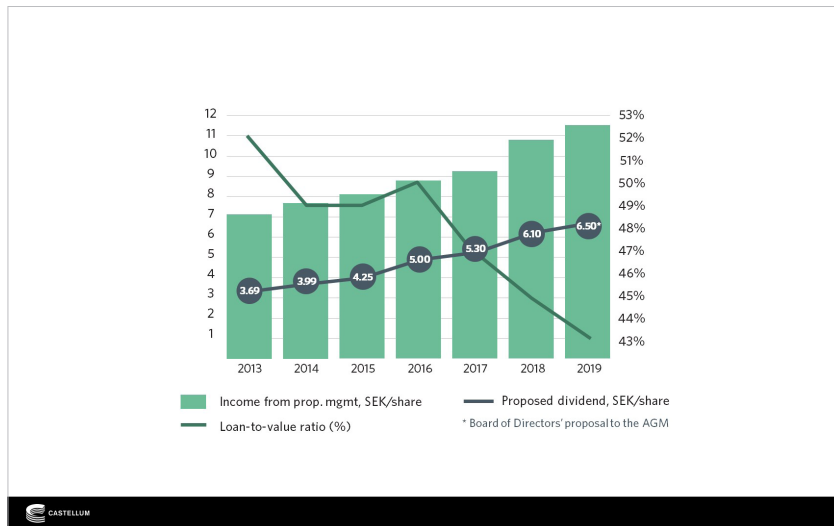


What are these digital services I'm talking about? We are looking, for example, at services to make it easier for businesses that conduct operations in Castellum's properties to create a functional workplace with furniture, services, technology and so on. Or services that make daily living easier for the people working in Castellum's properties. At this point, we are testing a new digital platform for services for more than 1,000 customers at United Spaces. We will offer these services at all our buildings at some point in the future. And there is a lot more under way: in the future, we want to be in contact with all of the 250,000 people who go to work in our buildings every day and offer them services that make their day easier.



As regards our sustainability efforts, it is now part of our daily work and something that permeates all of our operations. One example is our intensive work on how to replace the aging electricity distribution network with truly sustainable, locally produced solutions. That is why we are currently building the Nordic region's largest solar cell facility for roofs. We are doing this because it is profitable, and because we can offer our customers solutions that are less expensive and more sustainable. And we're doing it to learn. Our ambition is to have built 100 solar cell facilities on our roofs by 2025. This facility is located in the Hisingen district of Gothenburg, and will produce 3.3 gigawatt-hours per year, corresponding to the annual electricity needs of 660 standard detached houses.

There is much more to tell! My final example is that once again, we have kept our promise of at least 4% of all our employees being apprentices, since in 2019 we employed 84 young people in our operations and in the projects we are constructing.



For the next-to-last picture, I would like to show what I think is most important for you, our shareholders. Specifically, the fact that we have increased income from property management every year – and decreased the risk in our portfolio over the last seven years, described here as a decreased loan-to-value ratio. Here it should be added that the share’s average total yield over the last 10 years has been 19%.



For all the fantastic things we are doing and want to do that I have been standing here and talking about, we have all of my colleagues to thank. I currently work with 420 people who together make all of this possible. That is why I would like to conclude by thanking them all for the fantastic effort they make every day. This is what made it possible for Castellum to enjoy the strong position we hold today.

Looking forward along with them, I see that we are now a company with the opportunity and the capacity to create our own growth!

Thank you!