



CASTELLUM

Offer to the shareholders in Kungsleden Aktiebolag



Nordea

IMPORTANT INFORMATION

This offer document (the "Offer Document") has been prepared in connection with the public offer submitted by Castellum Aktiebolag, reg. no. 556475-5550 ("Castellum") or (the "Company") on 2 August 2021, regarding all shares in Kungsleden Aktiebolag, reg. no. 556545-1217 ("Kungsleden"), and the issue of shares in Castellum proposed by the board of directors of Castellum as share consideration in the offer (the "Offer"). "Castellum", the "Company" or the "Group", where the terms are used in the Offer Document, refers, depending on the context, to Castellum, one or more subsidiaries of Castellum or the Group in which Castellum is the parent company. The "Combined Company" refers to the group after the acquisition of Kungsleden, in which Castellum is the parent company. For definitions of these and other terms, see Definitions on page 104.

The Offer, as well as any agreements entered into between Castellum and the shareholders in Kungsleden as a result of the Offer, shall be regulated and interpreted in accordance with substantive Swedish law. Any dispute regarding the Offer or such agreements, or which arises in connection therewith, shall be settled exclusively by Swedish courts, and the City Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

The Takeover Rules for Nasdaq Stockholm (the "Takeover Rules") and the Swedish Securities Council's (Sw. *Aktiemarknadsnämnden*) statements and rulings regarding interpretation and application of the Takeover Rules, are applicable to the Offer, including, where applicable, the Swedish Securities Council's interpretation and application of the formerly applicable Rules on Public Offers for the Acquisition of Shares issued by the Swedish Industry and Commerce Stock Exchange Committee (Sw. *Näringslivets Börskommitté*). Castellum has, in accordance with the Swedish Act on Public Takeovers on the Stock Market (Sw. *lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*), on 30 July 2021 contractually undertaken, in writing, towards Nasdaq Stockholm AB to fully comply with said rules and statements and to submit to any sanctions that can be imposed by Nasdaq Stockholm AB in the event of breach of the Takeover Rules. Castellum has on 2 August 2021 informed the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "SFSA") about the Offer and the above-mentioned undertaking toward Nasdaq Stockholm AB.

This Offer Document does not constitute a prospectus according to Regulation (EU) 2017/1129 (the "Prospectus Regulation"). The Offer Document has not been reviewed and approved by the SFSA in accordance with Article 20 of the Prospectus Regulation. The Offer Document has been prepared in accordance with chapter 2 of the Swedish Act on Public Takeovers on the Stock Market, chapter 2a of the Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) and appendix I to Regulation (EU) 2021/528. Thus, the Offer Document also constitutes an exemption document which has been prepared in accordance with appendix I to Regulation (EU) 2021/528. The Offer Document has been approved and registered with the SFSA in accordance with Chapter 2a of the Act on trading in financial instruments. Neither approval nor registration entails any guarantee from the SFSA that the factual information in the Offer Document is correct or complete.

The information in the Offer Document is intended to be correct, although not complete, only at the time of publication of the Offer Document. No assurance is given that the information has been or will be correct at any other time. Except as required by the Takeover Rules or applicable law or regulation, Castellum expressly disclaims any obligation or undertaking to publicly announce updates or revisions regarding the Offer Document. The information in the offer document is provided solely with respect to the Offer and is not permitted for any other purpose.

The information about Kungsleden on pages 58-95 in this Offer Document has been reviewed by the board of directors of Kungsleden. Castellum does not guarantee and takes no responsibility that the information included herein with respect to Kungsleden is accurate and complete, other than as according to applicable law.

PRESENTATION OF FINANCIAL INFORMATION

Except where expressly stated, no information in the Offer Document has been reviewed or audited by an auditor. All financial figures are in Swedish kronor ("SEK") unless otherwise stated. The figures reported in this Offer Document have in some cases been rounded off and therefore the tables do not necessarily sum up correctly.

FORWARD-LOOKING STATEMENTS

Statements in this Offer Document relating to future status or circumstances, including statements regarding future performance, growth and other trend projections as well as other benefits of the Offer, are forward-looking statements. Forward-looking statements may generally, but not always, be identified by the use of words such as "anticipates", "intends", "expects", "believes", or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Castellum and Kungsleden.

Any forward-looking statements made herein speak only as of the date on which they are announced. Except as required by the Takeover Rules or applicable law or regulations, Castellum expressly disclaims any obligation or undertaking to publicly announce updates or revisions to any forward-looking statements contained in the Offer Document to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Castellum or Kungsleden have made or may make.

INDUSTRY AND MARKET INFORMATION

This Offer Document contains information from third party in the form of sector and market information as well as statistics and calculations obtained from sector reports and studies, market surveys, publicly available information and

commercial publications. Such statements can be identified by references to their respective sources.

Certain information about market shares and other statements in the Offer Document including information relating to the sector in which the Company operates and the Company's position compared to its competitors, is not based on published statistics or information from independent third parties, and therefore lacks source references. Information and statements of this kind reflect the Company's best estimates based on the information obtained from customers, authorities, trade and business associations and other contacts in the sector where the Company competes and information which has been published by the Company's competitors. The Company believes that such information and such statements are useful in helping investors understand the sector in which the Company operates and the Company's position in the sector. However, the Company has no access to the facts and assumptions behind the figures, market information and other information retrieved from publicly available sources nor has the Company independently verified the information about the market provided by third parties or the sector, or generally available publications. Furthermore, such information may not accurately reflect certain aspects of the current market and industry, and in particular, the information may no longer be accurate or relevant to current expectations. All such third parties whose information has been used as sources explicitly disclaim any liability for any loss or damage, howsoever caused, arising from any errors, omissions or reliance on any information or views contained in their reports. Even if the Company's best estimate is that these internal analyses are reliable, they have not been verified by any independent source and the Company cannot guarantee their correctness.

The Company has not independently verified, and can therefore not guarantee, the correctness of any market share or sector information in the Offer Document. The Company confirms that information sourced by a third party has been accurately reproduced and that as far as the Company is aware, and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

OFFER RESTRICTIONS

The distribution of this Offer Document and any related Offer documentation in certain jurisdictions may be restricted or affected by the laws of such jurisdictions. Accordingly, copies of this Offer Document are not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any such jurisdiction. Therefore, persons who receive this communication (including, without limitation, nominees, trustees and custodians) and are subject to the laws of any such jurisdiction will need to inform themselves about, and observe, any applicable restrictions or requirements. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, Castellum disclaims any responsibility or liability for the violations of any such restrictions by any person.

The Offer is not being made, and this Offer Document may not be mailed or otherwise forwarded, distributed or sent, directly or indirectly, in or into, nor will any tender of shares be accepted from or on behalf of holders in any jurisdiction (including, without limitation, Australia, Hong Kong, Japan, New Zealand, South Africa or the United States) (the "Restricted Territories") in which the making of the Offer, the distribution of this Offer Document or the acceptance of any tender of shares would contravene applicable laws or regulations or require further offer documents, filings or other measures in addition to those required under Swedish law.

Shareholders not resident in Sweden who wish to accept the Offer must make inquiries concerning applicable legislation and possible tax consequences. Shareholders should refer to the offer restrictions included in the section "Offer restrictions" on pages 100-101.

The Offer Document has not been produced by, and has not been approved by, an "authorised" person for the purposes of section 21 of the UK Financial Services and Markets Act 2000 (the "FSMA"). The communication of this Offer Document to persons in the United Kingdom is exempt from the restrictions on financial promotions under section 21 of the FSMA on the basis that it is a communication by or on behalf of a body corporate which relates to a transaction to acquire shares in a body corporate and the object of the transaction may reasonably be regarded as being the acquisition of day to day control of the affairs of that body corporate within article 62 (sale of a body corporate) of the FSMA (Financial Promotion) Order 2005.

NOTICE TO INVESTORS IN THE UNITED STATES

This Offer Document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, securities in the United States of America (the "U.S." or "United States"). The shares in Castellum have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state or jurisdiction in the United States and may not be offered or sold in the United States absent registration or an exemption from registration. Consequently, the consideration for the shares is not being made available, and the shares in Castellum are not being offered, sold or delivered, directly or indirectly, in or into the United States if to do so would constitute a violation of the U.S. Securities Act.

U.S. investors should closely read the section "Offer restrictions - United States of America" on pages 102-103 of this Offer Document. In the United States, this Offer Document is being furnished on a confidential basis solely for the purposes of enabling a Castellum shareholder that is reasonably believed to be a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act) (a "QIB") to consider accepting the Offer. The information contained in this Offer Document has been provided by Castellum and other sources identified herein. Distribution of this Offer Document to any person other than the offeree specified by the Company or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised and any disclosure of its contents, without prior written consent of Castellum, is prohibited.

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The Offer in brief

Consideration

The Offer for all shares¹ in Kungsleden Aktiebolag ("Kungsleden"):

- In respect of 70 percent of the number of Kungsleden shares tendered by such shareholder: 0.525 shares in Castellum Aktiebolag ("Castellum" or the "Company") per Kungsleden share, and
- in respect of the remaining 30 percent of the number of Kungsleden shares tendered by such shareholder: SEK 121.00 in cash per Kungsleden share.

Castellum offers the shareholders in Kungsleden a so-called mix & match facility, whereby each shareholder in Kungsleden, subject to the restrictions set out below in the section "Offer to the shareholders of Kungsleden", may elect to receive as much share consideration as possible or as much cash consideration as possible for their Kungsleden shares (the "Mix & Match Facility").

Acceptance period

30 September 2021 – 29 October 2021

Estimated day for payment of consideration

4 November 2021

Share information

Shares in Castellum:

- Traded on Nasdaq Stockholm
- Ticker: CAST
- ISIN-code: SE0000379190

¹ Excluding any treasury shares held by Kungsleden, currently 3,361,006 shares.

Risk factors

This section contains a description of risk factors and significant circumstances considered to be material for the Offer and/or the offered securities. The assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. In accordance with the Commission Delegated Regulation (EU) 2021/528, the risk factors mentioned are limited to risks specific to the transaction and/or the securities.

The description below is based on information available as per the date of this offer document (the "Offer Document"). The risk factors that are currently considered to be the most material is presented first in each category, and the subsequent risk factors are presented in no particular order.

Risk factors relating to the transaction

The conditions for completion of the Offer may not be fulfilled within an acceptable timeframe or on terms acceptable to the Company

The Company has set a number of conditions for the completion of the Offer, including that Castellum becomes the owner of shares corresponding to more than 90 percent of the shares in Kungsleden. These terms are partly beyond the control of the Company. In the event that such conditions are not fulfilled or cannot be fulfilled, Castellum has, under certain conditions, a possibility to withdraw the Offer. Should uncertainty arise regarding the completion of the Offer, or if Castellum should withdraw the Offer, it may have a negative effect on the share price of Kungsleden's or the Company's shares or cause the volatility to increase.

Risks related to clauses in the Company's and Kungsleden's agreement regarding change of control

Completion of the Offer may trigger change of control clauses in agreements that will be or have already been entered into by the Company or Kungsleden. If Castellum fails to obtain third party consents, when necessary, it may have an adverse effect on Castellum's business operations, financial position, results of operations and prospects.

In connection with completion of the Offer, goodwill is accrued that over time may turn out to be misleading and result in impairment losses

Goodwill will accrue in connection with the Offer goodwill will accrue. This goodwill will be stated in its entirety in the balance sheet of the group in which Castellum, after the completion of the acquisition of Kungsleden, is the parent company (the "Combined Company"). Should the consideration paid by the Company to acquire Kungsleden prove to be misleading and result in possible impairment losses, it would entail a reduction of Combined Company's

equity and thereby solvency. A part of the goodwill that accrues in connection with the Offer consists of deferred tax, which will result in impairment losses in connection with a potential property divestment by the Combined Company from Kungsleden's property portfolio, which would entail a reduction of Combined Company's equity and solvency.

The expected benefits associated with a combination of Castellum and Kungsleden may not be realised

Following the completion of the Offer, Castellum intends to integrate the two companies that previously operated independently. There are no assurances that Castellum will not encounter difficulties in integrating the respective operations of Castellum and Kungsleden or that the expected benefits from the integration will be realised. As the intention is to coordinate the operations within several functions, it is important that the integration process runs effectively and without substantial customer losses or staff defection. Should the integration process run during a considerable amount of time, there is a risk that it will affect the Combined Company's results negatively. There is a risk that the integration of Castellum and Kungsleden will be aggravated or impossible due to factors currently unknown to Castellum. The synergies that the transaction intend to provide and the realisation of these synergies are dependent on many factors and is based on the Company's assessment of future circumstances. There is, however, a risk that the synergies and other positive effects that the Company predicts will not be achieved in its entirety, or at all, which may affect the Combined Company's operations negatively. The expected effects on the Company and Kungsleden due to the Offer are described in the section "The Combined Company".

The Combined Company's operations may be subject to financing and liquidity risks

Castellum is, and the Combined Company will after the Offer be, subject to liquidity and financing risks, entailing a

risk that financing is outstanding or that available financing may be unfavourable at a certain point in time. After the Offer, the Kungsleden's financing arrangements will become a part of Castellum's arrangements, and there is no guarantee that Kungsleden's financing arrangements will remain unchanged after the combination. Furthermore, there is no guarantee that Kungsleden's existing financing arrangements can be renegotiated on the same or better terms after the combination.

Insufficient liquidity reserves could result in Castellum and the Combined Company missing out on business opportunities. Changes in capital structure might cause Castellum to breach the agreed covenants of the loan conditions, which may lead to more expensive loans or to credit agreements maturing, which in turn may lead to a demand for immediate repayment or to creditors claiming pledged assets. Failure to ensure an appropriate capital structure could negatively impact the capital market confidence in Castellum. If the Combined Company's loan-to-value ratio rises or creditors for other reasons consider that Combined Company's creditworthiness deteriorates in the future, this may affect the Combined Company's access to sources of financing or terms for current financing.

There is also a financing risk, meaning that necessary financing cannot be obtained or can only be obtained on unfavourable terms for the Combined Company or with significantly increased costs for existing or new loans, which could have a material adverse effect on the Combined Company's liquidity and ability to fulfil its obligations as well as lead to a deterioration of the Combined Company's ability to conduct its operation. A potential financing of the Combined Company depends on the conditions of the capital market, such as fluctuations in interest rates and inflation, fulfilment of financial obligations and the Combined Company's financial position at the time of the financing. Kungsleden has sought and received waivers from Kungsleden's financing banks in respect of provisions such as change of control provisions under existing financing arrangements that may be invoked as a result of the Offer. These waivers are limited in time and there is no assurance that Kungsleden's financing banks will not invoke the change of control provisions in the future. Furthermore, Kungsleden has outstanding bond loans that include customary provisions regarding change of control and may therefore be terminated in case of a significant change of ownership in Kungsleden. Kungsleden has not applied for waivers regarding the change of control provisions in respect of its bond loans. Should Kungsleden's financing banks, after the expiry of the waivers limit in time, or bondholders invoke these change of control provisions, the Combined Company may be subject to further liquidity and financing risks.

Castellum does not control the Kungsleden group until after completion of the Offer

Castellum will not have control over any member of the Kungsleden group until the completion of the Offer. Castellum cannot assure investors that the Kungsleden group, up until the completion of the Offer, will be operated in the same way as it would be under Castellum's control. Should any member of the Kungsleden group alter its operations in a way that affects its business strategy or financial position, this could make the completion of the Offer less commercially beneficial for Castellum than anticipated.

Castellum's access to information regarding Kungsleden has been limited, and the Company may not be adequately protected against possible known or unknown deficiencies and liabilities

Castellum's access to information regarding Kungsleden in connection with the Offer has been limited. For this reason, and notwithstanding the public information that Kungsleden discloses due to its disclosure obligations as a listed company, Castellum has only been able to conduct a limited due diligence review of confirmatory nature of Kungsleden. Such limited due diligence review entails a risk that potential liabilities and deficiencies in the target company are not identified and discovered, including onerous contract terms in material agreements or threatened liabilities for breaches of contract in business-critical relationships, legal proceedings, employer and pension obligations, non-compliance with applicable laws or standards, environmental remedies, taxes, or other liabilities. As Castellum and Kungsleden commence their operations as a Combined Company, the Combined Company's management may learn additional information about liabilities which, individually or in aggregate, could result in significant additional costs and liabilities that are not described in the Offer Document, or affect the feasibility of achieving estimated synergies. Any of the above factors could have a material adverse effect on the business, financial position, results of operations, future prospects, or the share price of Castellum.

Risks related to the securities

Risks related to the development of the share price

An investor should note that an investment in Castellum is associated with risks. The shareholders in Kungsleden are offered consideration partly in the form of shares in Castellum in exchange for their shares in Kungsleden. The share price of Castellum's shares may be negatively affected by a number of factors, such as increased market volatility, divestments of major shareholders or an expectation that such divestments will take place. There is no guarantee of future price development for the Company's shares, which is why the value of the investment can

increase as well as decrease. Furthermore, the share price of Castellum's shares has impact on the value of the Offer for those investors who choose to participate in the Offer by transferring their shares in Kungsleden to Castellum. The development of the share price depends on a number of factors, some of which are company-specific and others are attributable to trends in the stock market as a whole. In the event that Castellum's share price should fall, regardless of the reason, this means that the value of the consideration in the Offer decreases. There is thus a risk that a negative share price development for Castellum's shares after an investor has already accepted the Offer may lead to a reduction in the value of the consideration in the Offer. There is a risk that there will not always be an active and liquid market for trading in Castellum's shares on the stock exchange where the shares are traded, which would affect investors' possibilities to sell shares at a point in time and at a price considered desirable and consequently to recover their invested capital. An investment decision should therefore be preceded by careful analysis.

Investors with a reference currency other than Swedish kronor will be subject to certain currency risks if they invest in the shares

The Company's shares are, and any potential dividend to be paid in respect of the shares will be, denominated in Swedish krona. An investment in the Company's shares by an investor whose principal currency is not Swedish krona exposes the investor to currency exchange risks that may impact the value of the investment in the shares and any dividends. Any depreciation of Swedish krona in relation to such foreign currency will reduce the value of the investment in the shares and any dividends in foreign currency.

Shareholders in the United States and other countries outside Sweden may not be able to exercise preferential rights to participate in issues or repurchase offers

If Castellum issues new shares in a rights offering, shareholders shall, as a general rule, have preferential rights to subscribe for new shares proportionally to the number of shares held prior to the issue. Shareholders in certain other countries may, however, be subject to limitations that prevent them from participating in such rights offerings, or that otherwise make participation difficult or limited. For example, shareholders in the United States may be unable to exercise their rights to subscribe for new shares unless a registration statement under the U.S. Securities Act is effective in respect of such subscription rights and shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. Castellum is under no obligation to file a registration statement under

the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any subscription rights and shares, and doing so in the future may be impractical and costly. To the extent that shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their ownership may be diluted or reduced.

It may be difficult for investors to recover in civil proceedings for U.S. securities law violations

Castellum and its subsidiaries are located outside the U.S. and the operations are fully conducted outside the U.S. All members of the board and the executive management are residents outside the U.S. It is possible that investors may not be able to bring legal action in the U.S. against members of the board or the executive management in Castellum and its respective subsidiary, as well as the subsidiaries' members of the board and the executive management that are resident outside the U.S., and it is also possible that investors may not be able to execute judgements from an U.S. court against any of these individuals. Since Castellum's assets, and most of the personal assets of the members of the board and the executive management, are located outside the U.S., it is possible that claims made by Castellum will not be supported by tort law in U.S. federal securities legislation.

The United States is not currently bound by a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with Sweden. There is, therefore, doubt as to the enforceability in Sweden of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in Sweden. In addition, the enforcement in Sweden of any judgment obtained in a U.S. court based on civil liabilities will, whether or not predicated solely upon U.S. federal securities laws, be subject to certain conditions. There is also doubt that a Swedish court would have the requisite power or authority to grant remedies sought in an original action brought in Sweden on the basis of U.S. securities laws violations.

The transfer of the shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The shares have not been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside of Sweden, and are not expected to be registered in the future. The shares issued to eligible U.S. shareholders will constitute "restricted securities" under the U.S. Securities Act. As such, the shares may not be re-offered, sold, pledged or otherwise transferred except (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act; (b) pursuant to an exemption from the registration requirements of the U.S. Securities

Act pursuant to Rule 144 thereunder (if available); or (c) in a transaction which, pursuant to an opinion of counsel reasonably satisfactory to Castellum, is exempt from, or not subject to the registration requirements of, the U.S. Securities Act. Accordingly, there is a risk that U.S. shareholders will not be free to transfer the shares in any way they wish, they may only be transferred pursuant to an available exemption from the registration requirements.

The rights and responsibilities of shareholders are governed by Swedish law and will differ in some respects from the rights and obligations of shareholders under the laws of other jurisdictions and the shareholder rights under Swedish law may not be as clearly established as the rights of a shareholder established under the laws of some other jurisdictions

The Company is incorporated and exists under the laws of Sweden, which means that the shareholders rights and responsibilities are governed by Castellum's articles of association and Swedish law. Accordingly, the Company's corporate structure as well as the rights and responsibilities of shareholders of companies under the laws of other jurisdictions. Resolutions of the general meeting of shareholders may be adopted with majorities different from the majorities required for adoption of equivalent resolutions in companies organised under the laws of other jurisdictions. Any action to contest any of the Company's corporate actions must be filed with, and will be reviewed by, a Swedish court, in accordance with Swedish law. Thus, there is a risk that the exercise of certain shareholder rights by the Company's shareholders outside Sweden is costlier and more time-consuming than the exercise of rights in a company incorporated under the laws of other jurisdictions.

Offer to the shareholders of Kungsliden

Introduction

On 2 August 2021, Castellum announced a recommended public offer to the shareholders of Kungsliden to acquire all shares in Kungsliden (the "Offer").² The shares in Kungsliden are listed on Nasdaq Stockholm, Large Cap. The shares in Castellum are listed on Nasdaq Stockholm, Large Cap.

Consideration

The consideration in the Offer for the shares in Kungsliden consists of a combination of shares in Castellum and cash. Subject to the potential adjustment of each individual Kungsliden Shareholder's consideration due elections made under the Mix & Match Facility as described below, Castellum is offering each shareholder in Kungsliden the following (the "Base Case Consideration"):

- In respect of 70 percent of the number of Kungsliden shares tendered by such shareholder: 0.525 shares in Castellum per Kungsliden share; and
- in respect of the remaining 30 percent of the number of Kungsliden shares tendered by such shareholder: SEK 121.00 in cash per Kungsliden share.

No commission will be charged in respect of the settlement of the consideration of shares in Kungsliden acquired by Castellum under the Offer.

The offered consideration will not be adjusted for dividend previously resolved upon of SEK 0.70 per share in Kungsliden, with record date 30 September 2021, or for dividend previously resolved upon of SEK 3.45 per share in Castellum, with record date 27 September 2021. The offered consideration will be adjusted if Kungsliden or Castellum makes additional dividends or other value transfers to the shareholders before settlement has taken place in relation to Offer and will consequently be reduced by a corresponding amount per share for each such dividend or value transfer made by Kungsliden, or increased by a corresponding amount per share for each such dividend or value transfer made by Castellum.

Bid premium

The Base Case Consideration represents a premium of:³

- 18.0 percent compared to Kungsliden's EPRA NRV⁴ per share of SEK 105.88 as of 30 June 2021.
- 21.2 percent compared to Kungsliden's EPRA NTA⁵ per share of SEK 103.02 as of 30 June 2021.
- 7.5 percent compared to the closing price of Kungsliden's shares on Nasdaq Stockholm on 30 July 2021 (the last trading day before the announcement of the Offer).
- 12.5 percent compared to the volume-weighted average share price of Kungsliden's shares on Nasdaq Stockholm during the last 30 trading days up to and including 30 July 2021 (the last trading day before the announcement of the Offer).
- 19.8 percent compared to the volume-weighted average share price of Kungsliden's shares on Nasdaq Stockholm during the last 90 trading days up to and including 30 July 2021 (the last trading day before the announcement of the Offer).

The Mix & Match facility for Kungsliden's shareholders

Castellum offers Kungsliden's shareholders a so-called Mix & Match facility, through which each shareholder in Kungsliden is, subject to the restrictions set out below, given the possibility, should the shareholder prefer a deviation from the Base Case Consideration, to elect either:

- (i) to receive as much consideration in cash as possible for tendered Kungsliden shares (in addition to the default cash entitlement of SEK 121.00 per Kungsliden share in respect of 30 percent of the number of Kungsliden shares tendered), and thus as little consideration in shares as possible,⁶ or
- (ii) to receive as much consideration in shares as possible for tendered Kungsliden shares (in addition to the default share entitlement of 0.525 shares in Castellum per Kungsliden share in respect of 70 percent of the number of Kungsliden shares tendered), and thus as little consideration in cash as possible.⁷

² Excluding any treasury shares held by Kungsliden, currently 3,361,006 shares.

³ Based on a value of the Offer of approximately SEK 124.90 per share in Kungsliden, as of the day of announcement of the Offer.

⁴ EPRA Net Reinstatement Value; Reported equity including recognised liability/asset for interest rate swaps and deferred tax.

⁵ EPRA NTA - Net Tangible Assets; Reported equity after adding back reported asset/liability of interest rate derivatives and adjusted for the estimated fair value of deferred tax (3.7 percent for properties).

⁶ A cash consideration of SEK 121.00 per Kungsliden share would represent a premium of 14.3 percent compared to Kungsliden's EPRA NRV per share of SEK 105.88 as of 30 June 2021, 17.5 percent compared to Kungsliden's EPRA NTA per share of SEK 103.02 as of 30 June 2021, 4.1 percent compared to the closing price for Kungsliden's share on Nasdaq Stockholm of SEK 116.20 on 30 July 2021 (the last day of trading prior to the announcement of the Offer), 9.0 percent compared to the volume-weighted average trading price on Nasdaq Stockholm of SEK 111.00 for Kungsliden's share during the last 30 trading days ended on 30 July 2021 (the last day of trading prior to the announcement of the Offer), and 16.0 percent to the volume-weighted average trading price on Nasdaq Stockholm of SEK 104.30 for Kungsliden's share during the last 90 trading days ended on 30 July 2021 (the last day of trading prior to the announcement of the Offer).

⁷ A share consideration of 0.525 Castellum shares per Kungsliden share would represent a premium of 19.5 percent compared to Kungsliden's EPRA NRV per share of SEK 105.88 as of 30 June 2021, 22.9 percent compared to Kungsliden's EPRA NTA per share of SEK 103.02 as of 30 June 2021, 8.9 percent compared to the closing price for Kungsliden's share on Nasdaq Stockholm of SEK 116.20 on 30 July 2021 (the last day of trading prior to the announcement of the Offer), 14.0 percent compared to the volume-weighted average trading price on Nasdaq Stockholm of SEK 111.00 for Kungsliden's share during the last 30 trading days ended on 30 July 2021 (the last day of trading prior to the announcement of the Offer), and 21.4 percent to the volume-weighted average trading price on Nasdaq Stockholm of SEK 104.30 for Kungsliden's share during the last 90 trading days ended on 30 July 2021 (the last day of trading prior to the announcement of the Offer).

In aggregate, up to a total of 71,200,293 shares in Castellum will be issued, and up to a total of SEK 7,033 million will be paid in cash.⁸ This proportion between shares and cash will not be varied as a result of individual elections made under the Mix & Match Facility. In order for individual shareholders in Kungsleden to receive a higher proportion of a certain requested consideration alternative under the Mix & Match Facility, other shareholders must have made the reverse elections to a corresponding extent.

In the event that Castellum, after the acceptance period, declares the Offer unconditional and thereafter extends the acceptance period, it will for practical reasons not be possible to cater for elections made under the Mix & Match Facility with regard to acceptances received after the initial acceptance period. Shareholders in Kungsleden accepting the Offer during a potential extension after the Offer has been declared unconditional will thus receive the Base Case Consideration in the Offer, consisting of 70 percent shares and 30 percent cash.

The shareholders in Kungsleden are made aware that the value of the share consideration will change over time in line with the Castellum share price, entailing that elections made under the Mix & Match Facility may result in a higher or lower value per Kungsleden share than the value of the Base Case Consideration.

In case tenders made by Kungsleden's shareholders under the Mix & Match Facility are not fully matched, they will be scaled down on a pro rata basis in relation to the number of shares tendered by the respective shareholder.

Fractions

No fractions of Castellum shares will be delivered to shareholders in Kungsleden accepting the Offer. If a shareholder in Kungsleden tenders a number of Kungsleden shares in the Offer and the share consideration to be delivered for these shares does not amount to an even number of full new Castellum shares, consideration for excess fractions of shares will be paid in cash. For further information see the section – “*Terms and conditions – Fractions*”.

The total value of the Offer

The Offer values each Kungsleden share at approximately 124.90 and the Offer's total value is approximately SEK 26,860 million, based on the closing price of the Castellum share as of 30 July 2021.⁹

Financing of the Offer

The Offer is not subject to any financing condition. The Offer, in regard to the total cash consideration payable under the Offer, was at the date of announcement of the Offer fully financed by Castellum's own available funds and a new bridge facility arranged by Nordea Bank Abp, filial i Sverige, on terms which are customary for the financing of public offers on the Swedish market. As of the date of this Offer document, the bridge facility with Nordea Bank Abp, filial i Sverige has been terminated and replaced by issue proceeds from an issue of bonds on 17 September 2021 under the Company's Euro Medium Term Note Programme and an issue of hybrid bonds on 25 August 2021. The Offer is thus, at the date of this Offer Document, in regard to the total cash consideration payable under the Offer, fully financed by Castellum's available funds.

As part of the consideration in the Offer, Castellum may issue up to a total of 71,200,293 new shares in Castellum to the shareholders of Kungsleden for the payment of the total share consideration under the Offer, which would entail that Kungsleden's shareholders have an ownership in the Combined Company of approximately 20.7 percent of the outstanding capital and votes in Castellum, and existing shareholders of Castellum an ownership in the Combined Company of approximately 79.3 percent of the outstanding capital and votes in Castellum.¹⁰

Acceptance level in the Offer

The Completion of the Offer is conditional upon, *inter alia*, the Offer being accepted to such extent that Castellum becomes the owner of shares representing more than 90 percent of the total amount of outstanding shares in Kungsleden. Castellum reserves the right to waive the condition and to complete the Offer at a lower level of acceptance. For further information, see the section “*Terms and conditions – Conditions for completion of the Offer*”.

Statement from the board of directors of Kungsleden

The board of directors of Kungsleden has assessed the Offer and unanimously recommends the shareholders of Kungsleden to accept the Offer. The board of directors of Kungsleden has obtained a fairness opinion from Handelsbanken Capital Markets, according to which the Offer is fair for Kungsleden's shareholders from a financial perspective, based on the conditions set out in the

⁸ Based on full acceptance in the Offer, excluding any treasury shares held by Kungsleden, currently 3,361,006 shares, as well as excluding Castellum's shareholding in Kungsleden, currently 21,300,000 shares. For further information regarding Castellum's shareholding in Kungsleden, see the section “*Castellum's shareholding in Kungsleden*”. At a lower acceptance level, the number of shares to be issued, and the total amount of cash to be paid, will be reduced proportionately to maintain the aggregate proportions between Castellum shares and cash paid in the Offer.

⁹ The value of the Offer is based on a closing price of the Castellum share of SEK 241.10 per share on Nasdaq Stockholm on 30 July 2021, and 215,042,296 outstanding shares in Kungsleden as of 30 July 2021. When calculating the total value of the Offer shares held by Kungsleden have not been included, currently 3,361,006 shares.

¹⁰ Based on full acceptance in the Offer. Based on total amount of outstanding Castellum shares, 70 percent of the total amount of outstanding Kungsleden shares, which Castellum has not already acquired, that are included in the share consideration as well as an exchange ratio of 0.525 shares in Castellum per Kungsleden share. For further information regarding Castellum's shareholding in Kungsleden, see the section “*Castellum's shareholding in Kungsleden*”.

statement. Reference is made to a separate press release from the board of directors of Kungsleden published on 2 August 2021. The recommendation and the fairness opinion obtained by Kungsleden can be found in its entirety further below in this Offer Document.

Affiliated parties

Charlotta Wikström, member of the board of directors of Kungsleden, is representing Olle Florén with companies, which in relation to Castellum have undertaken to accept the Offer (see "*Undertakings from shareholders in Kungsleden*"). Taking into account the contractual relationship between Castellum and Olle Florén with companies and the Takeover Rules, Charlotta Wikström has not participated, and will not participate, in the handling of or the decision in matters related to the Offer.

Castellum's shareholding in Kungsleden

At the time of this Offer Document Castellum owns 21,300,000 shares in Kungsleden, corresponding to approximately 9.9 percent¹¹ of the outstanding shares and votes in Kungsleden. Castellum has acquired the shares after the announcement of the Offer on 2 August 2021.

Neither Castellum nor any of its closely related parties, have acquired any shares in Kungsleden at a price above the consideration per share in the Offer during the six months that have preceded the announcement of the Offer or the date of this Offer Document. Neither Castellum nor any of its affiliated parties currently holds or controls any other financial instruments in Kungsleden.

In addition to what is stated above, neither Castellum nor any of its affiliated parties has agreed to acquire any shares in Kungsleden, or acquired or agreed to acquire any other financial instruments that give a financial exposure equivalent to a shareholding in Kungsleden, during the six month-period preceding the announcement of the Offer or the date of this Offer Document.

Castellum may acquire, or enter into arrangements to acquire, shares in Kungsleden outside the Offer, and any purchases made or arranged will be disclosed in accordance with applicable rules.

Undertakings to accept the Offer from shareholders in Kungsleden

Castellum has obtained irrevocable undertakings to accept the Offer from the following shareholders in Kungsleden:

- Gösta Welandson (through companies) has, on 28 July 2021, undertaken to tender 33,727,023 shares in Kungsleden, corresponding to approximately 15.7 percent of the outstanding shares and votes in Kungsleden;

- Ilija Batljan (through a company) has, on 28 July 2021, undertaken to tender 15,369,397 shares in Kungsleden, corresponding to approximately 7.1 percent of the outstanding shares and votes in Kungsleden; and
- Olle Florén (directly and through companies) has, on 30 July 2021, undertaken to tender 6,750,797 shares in Kungsleden, corresponding to approximately 3.1 percent of the outstanding shares and votes in Kungsleden.

Accordingly, irrevocable undertakings to accept the Offer from shareholders representing in total 55,847,217 shares have been obtained, which corresponds to approximately 26.0 percent of the outstanding shares and votes in Kungsleden. If a third party, prior to the Offer being declared unconditional, makes a public offer to acquire all outstanding shares in Kungsleden (the "**Third Party Offer**"), and the Third Party Offer corresponds to or exceeds 110 percent of the value of the Offer as per the date of the Third Party Offer and Castellum does not match the Third Party Offer within three (3) business days after the announcement of the Third Party Offer, Gösta Welandson (through companies) Ilija Batljan (through a company) and Olle Florén (directly and through companies) have the right to withdraw their acceptance and accept the Third Party Offer.

Statement from the Swedish Securities Council

The Swedish Securities Council has, in its statement AMN 2021:37, granted Castellum an exemption from the obligation to make the Offer to shareholders domiciled in the United States as well as approved an extension for the period for preparing and filing the Offer Document with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) from four weeks after announcement of the Offer to six weeks after such date. For a complete statement (only in Swedish), see www.aktiemarknadsnamnden.se.

Approval from authorities

On 10 September 2021, the Swedish Competition Authority, upon application by Castellum, announced its decision to clear the acquisition and the combination without action. The decision, with reference number 507/2021 is available on the Swedish Competition Authority's website.

Review of information in connection with the Offer

The Offer was preceded by Castellum and Kungsleden conducting mutual limited due diligence reviews of confirmatory nature of each company, respectively. The companies have confirmed that no inside information was made available in connection with the due diligence reviews.

¹¹ Based on all 215,042,296 outstanding shares in Kungsleden.

Extraordinary general meeting in Castellum

On 3 August 2021, the board of directors of Castellum convened an extraordinary general meeting to resolve on authorisation for the board of directors to issue shares in Castellum, which Castellum will pay as consideration in the Offer. After the shareholders of Castellum resolved, with required majority, to authorise the board of directors to issue new shares in accordance with the above at the general meeting held on 27 August 2021, one condition of the completion of the Offer is fulfilled.

Acceptance period and time plan

The acceptance period for the Offer commences on 30 September 2021 and ends on 29 October 2021. Provided that the acceptance period ends on 29 October 2021, the payment of the consideration will begin around 4 November 2021. The outcome of the Offer will be announced by way of press release around 1 November 2021.

Payment of the Offer consideration will begin as soon as Castellum has announced that the conditions for the Offer are fulfilled or otherwise has decided to complete the Offer. Castellum reserves the right to extend the acceptance period, and to postpone payment of the consideration. Notice of any such extension or postponement will be published by Castellum by way of press release. In the event of an extension of the acceptance period the payment of consideration to those shareholders who have already accepted the Offer will not be delayed.

Applicable law and disputes

The Offer, as well as any agreements entered into between Castellum and the shareholders in Kungsleden as a result of the Offer, shall be governed by and construed in accordance with substantive Swedish law. Any dispute regarding the Offer, or which arises in connection therewith, shall be settled exclusively by Swedish courts, and the Stockholm District Court (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

The Takeover Rules, and the Swedish Securities Council's statements and rulings regarding interpretation and application of these rules and, where applicable, the Swedish Securities Council's interpretation of the Swedish Industry and Commerce Stock Exchange Committee's (Sw. *Näringslivets Bärskommitté*) former rules of public offers, are applicable to the Offer. Furthermore, Castellum has, in accordance with the Act on Public Takeovers on the Stock Market (Sw. *lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*), on 30 July 2021, contractually undertaken to Nasdaq Stockholm AB, in writing, to comply with said rules and statements and to submit to any sanctions that can be imposed by Nasdaq Stockholm AB in event of breach of the Takeover Rules. Castellum has on 2 August 2021 informed the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) about the Offer and the above-mentioned undertaking toward Nasdaq Stockholm AB.

Background and reasons

Castellum is the largest¹² listed commercial property company in the Nordics and develops flexible workplaces and smart logistics solutions with a focus on chosen growth regions. Castellum focuses on offices, with a large element of public authorities as tenants as well as warehouse/logistics. As of 30 June 2021, Castellum's property portfolio consists of 558¹³ properties with a total yearly rental value of approximately SEK 5.9¹⁴ billion and a property value of approximately SEK 97 billion. Taking into account Castellum's shareholding in Entra ASA (31.0 percent) and property acquisitions carried out in July, the property value amounts to approximately SEK 122 billion. During the period 1 January 2021–30 June 2021, the revenues amounted to SEK 2.9 billion with a profit from property management of SEK 1.6 billion.

Kungsleden is a Swedish property company focusing on commercial properties in Swedish growth regions. As of 30 June 2021, Kungsleden's property portfolio consists of 207¹⁵ properties with a total yearly rental value of approximately SEK 2.8¹⁶ billion and a property value of approximately SEK 43 billion. As of the same date approximately 90 percent of the property portfolio was situated in Stockholm, Gothenburg, Malmö and Västerås. During the period 1 January 2021–30 June 2021 the revenue amounted to SEK 1.3 billion with a profit from property management of SEK 0.65 billion.

The proposed combination of Castellum and Kungsleden is expected to create significant value for all stakeholders, where the company's size, maintained financial strength and combined industry knowledge will result in an enhanced competitive position. The combination will strengthen Castellum's position as the largest listed commercial property company in the Nordics.¹⁷ The combined high-quality property portfolio consists mainly of warehouse/logistics, where the former segment has a large element of public authorities as tenants. The Combined Company will have a continued focus on commercial properties with a broad geographic diversification within attractive growth regions in Sweden, Norway (through ownership in Entra ASA), Denmark and Finland. The companies' property portfolios complement each other and thus strengthen the Combined Company's position on the respective prioritised market, and at the same time creates opportunities for continued strong growth and an attractive customer offering.

The Combined Company will have an attractive portfolio with ongoing and upcoming projects of commercial properties which, through the companies combined experience, are expected to create a good foundation for future growth and profitability. Furthermore, the Combined Company will have a diversified base of stable and well-renowned tenants that are offered one of the market's best ranges of sustainable workplaces with a high degree of innovation and technical solutions intended to simplify the everyday life for both tenants and their employees. The Combined Company will continue the development of sustainable properties and sustainable urban development and ambitious sustainability targets.

The combination enables for great synergies within operation, property management, property development and financing. Both Castellum and Kungsleden have a focus on, *inter alia*, sustainable energy use and efficient property management, meaning that the combination is assessed to create opportunities for further reduced operating costs. The operations will be strengthened within property management, transactions, project development and administration, at the same time as there will emerge opportunities to increase the efficiency through exchange of knowledge and utilisation of economies of scale. The financial synergies can be achieved by Kungsleden's outstanding loans successively being refinanced and renegotiated based on Castellum's higher rating. Kungsleden's and Castellum's aligned value-driven corporate cultures create great conditions for a successful combination and a successful integration. In aggregate, total annual synergies with an effect on the profit from property management are estimated to approximately SEK 285 million.

The Combined Company will continue to have a strong financial position with the aim to maintain Castellum's rating, which was affirmed by Moody's by way of press release on 4 August 2021. In order to achieve the desired loan-to-value ratio after the combination, Castellum issued hybrid bonds in August 2021. In addition, properties may be divested, in order to strengthen the financial position as well as to adapt the property portfolio for future growth. Furthermore, Castellum's financial target of annual growth in profit from property management per share of 10 percent and dividend of at least

¹² Based on a comparison of property values as of 30 June 2021. The comparison with commercial property companies in the Nordics and Europe excludes public property companies mainly focusing on residential, hotel, or public service properties.

¹³ Including Castellum's 54 development properties.

¹⁴ Information as of 30 June 2021, rental value for the period January–June 2021 recalculated on an annual basis for the properties held at the end of the period.

¹⁵ Including Kungsleden's 15 development properties.

¹⁶ Information as of 30 June 2021, rental value for the period January–June 2021 recalculated on an annual basis for the properties held at the end of the period.

¹⁷ Based on a comparison of property values as of 30 June 2021. The comparison with commercial property companies in the Nordics and Europe excludes public property companies mainly focusing on residential, hotel, or public service properties.

50 percent of the profit from property management remains. The combination is expected to strengthen the position and competitiveness on the capital markets. The Combined Company is also expected to gain increased attractiveness from debt investors as a result of a continued strong balance sheet, lower portfolio risk, maintained good rating as well as the possibility of issuing volume with high liquidity. The combination of the companies is therefore assessed to further increase interest in Castellum's shares, both in Sweden and internationally.

Through the combination, two professional and competent organisations are combined. Following the completion of the Offer, the board of directors in Castellum will offer Biljana Pehrsson, CEO of Kungsleden, and Ylva Sarby Westman, Deputy CEO and CFO of Kungsleden, to become CEO and Deputy CEO, respectively, for the Combined Company. The current chairman of the board of Castellum, Rutger Arnhult, will together with the remaining members of the board of directors of Castellum continue their current assignments after the combination. Castellum expects that the proposed combination of the businesses will be positive for both companies and create attractive opportunities for the employees of Kungsleden and Castellum.

In order for the Company's complementary knowledge and skills to be utilised by the Combined Company in the best manner possible, decisions on which specific measures to be taken in connection to the integration, and a thorough evaluation of the combined business, will be made after the completion of the Offer. Before

the completion of the Offer, it is too early to state which actions will be taken and what the effects they will have on the Combined Company. Apart from what has been stated above, no decisions of any changes have been made regarding Castellum's or Kungsleden's employees or senior management, or regarding the current organisations or businesses, including terms of employment, employment and the sites where Castellum and Kungsleden conducts their businesses.

Rutger Arnhult, chairman of Castellum's board of directors, comments:

"Through the combination with Kungsleden, we strengthen our position as the leading Nordic listed commercial property company, with focus on the most interesting growth regions. Together, we create a company with a well-diversified property portfolio, a strong customer focus and an attractive project development portfolio. The real estate industry is going through a period of change, where size along with sustainable and innovative service development becoming more and more important. We are now creating a company with a property value of approximately SEK 165 billion combined with a strong balance sheet, which together with a maintained rating enables attractive financing terms and thus enhanced competitiveness. The focus of the Combined Company is to continue creating shareholder value and to reach our long-term objective of an annual growth in profit from property management per share of 10 percent, with a maintained dividend of at least 50 percent of profit from property management. I welcome the shareholders of Kungsleden the opportunity to join this growth journey."

Gothenburg, 29 September 2021

Castellum Aktiebolag

The board of directors

For further information, please refer to the information in this Offer Document, which has been prepared by the board of directors of Castellum in connection with the Offer. The description of Kungsleden on pages 58-95 in the Offer Document has, in accordance with the statement on page 96, been reviewed by the board of directors of Kungsleden. The board of directors of Castellum assures that, to the best of its knowledge, the information in the Offer Document with regard to Castellum is correct. Castellum's board of directors is responsible for the Offer Document and to the board of directors' knowledge, the information provided in the Offer Document corresponds to the facts and no information that would probably affect its meaning has been omitted.

Castellum's shares in brief

Castellum has only one class of shares. Castellum's shares are traded on Nasdaq Stockholm with ticker CAST and ISIN-code SE0000379190. Presented below is a summary of the rights for the shares offered as consideration in the Offer.

Exchange ratio:	0.525 shares in Castellum are received for each ordinary share in Kungsleden. ¹⁸
Dividend:	All shares carry equal rights to dividends. The newly issued shares in Castellum carry right to dividends in accordance with the articles of association, beginning from the record date for dividend that occurs after the newly issued shares have been registered with the Swedish Companies Registration Office and Euroclear Sweden. Payment of dividends is administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the individual nominee. Entitlement to receive dividend is limited to shareholders registered in the shareholder register maintained by Euroclear Sweden on the record date determined by the general meeting.
Voting rights:	Each share in the Company entitles the holder to one (1) vote at general meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.
Right to redemption:	No, no right to redemption.
Right to conversion for another class of shares:	No, no right to conversion.
Liquidation:	All shares in the Company entails equal rights to the Company's assets and possible surpluses in the event of liquidation.
Trading venue:	The shares in Castellum are admitted to trading on Nasdaq Stockholm. The newly issued shares in Castellum are not subject to any application to admission to trading.
Transfer restrictions:	The shares in Castellum are not subject to any transfer restrictions. The shares are freely transferable.

¹⁸ Regarding 70 percent of the shares in Kungsleden based on the Base Case Consideration.

Recommendation from the board of directors of Kungsleden and fairness opinion

Press release



2021-08-02

Statement from the Board of Directors of Kungsleden in relation to Castellum's public offer

The Board of Directors of Kungsleden unanimously recommends the shareholders of Kungsleden to accept the public offer made by Castellum.

Background

This statement is made by the Board of Directors¹ of Kungsleden AB (publ) ("Kungsleden" or the "Company") pursuant to section II.19 of Nasdaq Stockholm's Takeover rules (the "Takeover Rules").

Castellum Aktiebolag ("Castellum") has today, through a press release, announced a public offer to the shareholders of Kungsleden to acquire all the outstanding shares in Kungsleden (the "Offer"). The total consideration in the Offer consists of a combination of shares in Castellum and cash for shares in Kungsleden.

Castellum offers each shareholder in Kungsleden the following consideration for the shares in Kungsleden (the "Consideration"):

- In respect of 70 percent of the number of Kungsleden shares tendered by such shareholder, 0.525 shares in Castellum are offered per Kungsleden share, and
- in respect of the remaining 30 percent of the number of Kungsleden shares tendered by such shareholder, SEK 121.00 in cash is offered per Kungsleden share.

The Offer values, as of today, each Kungsleden share at approximately SEK 124.90 and the Offer's total value is approximately SEK 26,860 million.²

Castellum offers Kungsleden's shareholders a so-called Mix & Match Facility, whereby each shareholder in Kungsleden, subject to the restrictions set out below, may elect to receive as much share consideration as possible or as much cash consideration as possible for their Kungsleden shares. In aggregate, up to a total of 79,028,043 shares in Castellum will be issued as Consideration in the Offer, and up to a total of approximately SEK 7,806 million will be paid in cash. This proportion will not be varied as a result of elections made under the Mix & Match Facility. In order for individual shareholders in Kungsleden to receive a higher proportion of a certain requested consideration alternative under the Mix & Match Facility, other shareholders must have made reverse elections to a corresponding extent.

At full acceptance in the Offer, Kungsleden's shareholders would have an ownership in the combined company of approximately 22.5 percent of the outstanding capital and votes in Castellum,

¹ The Board member Charlotta Wikström is representing Olle Florén with companies, which in relation to Castellum have undertaken to accept the Offer. Taking into account the contractual relationship between Castellum and Olle Florén with companies and the Takeover Rules, Charlotta Wikström has not participated, and will not participate, in the handling of or the decision in matters related to the Offer.

² The total value of the Offer is based on a closing price of Castellum's shares of SEK 241.10 per share on Nasdaq Stockholm on 30 July 2021, and 215,042,296 shares in Kungsleden. Shares held by Kungsleden in treasury have not been included when calculating the value of the Offer (currently 3,361,006 shares).

Press release



and existing shareholders of Castellum an ownership in the combined company of 77.5 percent of the outstanding capital and votes in Castellum.³

The Offer represents a premium of:

- 18.0 percent compared to Kungsleden's EPRA NRV⁴ per share of SEK 105.88 as of 30 June 2021.
- 21.2 percent compared to Kungsleden's EPRA NTA⁵ per share of SEK 103.02 as of 30 June 2021.
- 7.5 percent compared to the closing price of Kungsleden's share on Nasdaq Stockholm on 30 July 2021 (the last trading day prior to the announcement of the Offer).
- 12.5 percent compared to the volume-weighted average share price of Kungsleden's share on Nasdaq Stockholm during the last 30 trading days up to and including 30 July 2021 (the last trading day prior to the announcement of the Offer).
- 19.8 percent compared to the volume-weighted average share price of Kungsleden's share on Nasdaq Stockholm during the last 90 trading days up to and including 30 July 2021 (the last trading day prior to the announcement of the Offer).

The acceptance period for the Offer is expected to commence on or around 30 September 2021 and end on or around 29 October 2021. The Offer is conditional upon, *inter alia*, being accepted to the extent that Castellum becomes the owner of shares corresponding to more than 90 percent of the shares in Kungsleden on a fully diluted basis and that, with respect to the Offer and acquisition of Kungsleden, all necessary clearances, approvals, decisions and other actions from authorities or similar, including from competition authorities, have been obtained, in each case on terms acceptable to Castellum. The Offer is further conditional upon that the shareholders of Castellum, at an extraordinary general meeting expected to be held on 27 August 2021, resolves, with the required majority, on the necessary resolutions to enable the issuance of new shares in Castellum in connection with the Offer. Castellum has reserved the right to waive these conditions, in whole or in part, and other conditions for completion of the Offer.

The Board of Directors has, after a written request from Castellum, allowed Castellum to conduct a limited due diligence review of Kungsleden in connection with the preparations for the Offer. In connection with this review, Castellum has interviewed Kungsleden's management. Kungsleden has also conducted a limited, corresponding, due diligence review of Castellum. During the due diligence review, none of the parties has provided the other party with any information regarding itself which has not previously been made public and which could constitute insider information. Kungsleden has also, at the request of Castellum, applied for and been granted prior authorisation from Kungsleden's bank loan creditors regarding waivers of credit regulations regarding, *inter alia*, change of control and continued exchange listing.

For further information regarding the Offer, please refer to the press release announced by Castellum today and the offer document in respect of the Offer, which will be published before the acceptance period commences.

The Board of Directors has retained SEB Corporate Finance as financial advisor and Cederquist as legal advisor in connection with the Offer. The Board of Directors has also instructed

³ Based on 272,074,944 Castellum shares, 70 percent of 215,042,296 Kungsleden shares, included in the share consideration as well as an exchange ratio of 0.525 shares in Castellum per Kungsleden share.

⁴ EPRA Net Reinstatement Value; Reported equity including recognised liability/asset for interest rate swaps and deferred tax.

⁵ EPRA NTA – Net Tangible Assets; Reported equity after adding back reported asset/liability of interest rate derivatives and adjusted for the estimated fair value of deferred tax (3.7 percent for properties).

Press release



Handelsbanken Capital Markets to issue a fairness opinion regarding the Offer. The fairness opinion is attached.

Handelsbanken Capital Markets' fee for the engagement does not depend on the size of the Consideration, to what extent the Offer will be accepted or whether the Offer is completed or not.

The Board of Directors' recommendation

The Board of Directors' opinion of the Offer is based on a number of factors that the Board of Directors has considered relevant in relation to the evaluation of the Offer. These factors include, but are not limited to, Kungsleden's present position, the expected future development and potential and thereto related opportunities and risks.

The Board of Directors has analysed the Offer using methods generally used when evaluating public offers, including Kungsleden's and Castellum's valuation relative to comparable listed companies, offer premiums in previous public offers on Nasdaq Stockholm, the stock market's expectations of Kungsleden's and Castellum's profitability and share price development and the Board of Directors' expectation on Kungsleden's long-term value development based on expected future cash flows. The Board of Directors also notes that Gösta Welandson (through companies), Ilija Batljan (through a company) and Olle Florén (directly and through companies), which together hold approximately 26.0 percent of the outstanding share capital and votes in Kungsleden, have undertaken to accept the Offer.

The Board of Directors considers Kungsleden to be a high-quality property company focusing on commercial properties within attractive growth regions. Kungsleden's increased focus on clusters, that is attractive areas with access to good communications, as well as the Company's project development, has in recent years contributed to a strong development of the Company's portfolio. The Board of Directors shares Castellum's view that a combination of Kungsleden and Castellum, which creates the largest listed commercial property company in the Nordics with a property value of approximately SEK 157 billion⁶, will provide great conditions for creating shareholder value through a more diversified property portfolio and a strengthened market position. The Board of Directors has also assessed the stated possible synergies of the Offer and shares Castellum's view of the potential financial and operating and administration synergy effects as expressed in the offer announcement.

The fairness opinion provided by Handelsbanken Capital Markets at the request of the Board of Directors states that the Offer, as of today, from a financial point of view is fair to Kungsleden's shareholders, based on, and under the conditions stated in the fairness opinion. The fairness opinion is attached to this statement.

Overall, the Board of Directors considers the Offer to correspond, in all relevant aspects, to Kungsleden's intrinsic value and future growth opportunities, as well as thereto related opportunities and risks. The Board of Directors further notes that the Consideration for the shares represents a premium of 18.0 percent compared to Kungsleden's EPRA NRV per share of SEK 105.88 as of 30 June 2021 and a premium of 7.5 percent compared to the closing price of Kungsleden's share on Nasdaq Stockholm on 30 July 2021.

Regarding the value of the share consideration for the shares, shareholders of Kungsleden are encouraged to follow the value of Castellum's shares during the acceptance period, and to note that the value of the share consideration for the shares will change over time in line with changes in the share price of Castellum's shares.

⁶ Taking into account Castellum's ownership in Entra and acquisitions carried out in July 2021.

Press release



On this basis, the Board of Directors unanimously recommends the shareholders of Kungsleden to accept the Offer.

Impact for Kungsleden employees

Under the Takeover Rules, the Board of Directors shall, based on the statements made by Castellum in its announcement of the Offer, present its opinion regarding the impact that the implementation of the Offer may have on Kungsleden, particularly in terms of employment, and its opinion regarding Castellum's strategic plans for Kungsleden and the effects it is anticipated that such plans will have on employment and on the places in which Kungsleden conducts its business.

In Castellum's press release, it is stated that following the completion of the Offer, the Board of Directors in Castellum will offer Biljana Pehrsson, CEO of Kungsleden, and Ylva Sarby Westman, Deputy CEO and CFO of Kungsleden, to become CEO and Deputy CEO, respectively, for the combined company. Kungsleden's Board of Directors takes a positive view on this, provided that the Offer is completed. In addition to participating in due diligence meetings, Kungsleden's CEO and Deputy CEO/CFO have not, in light of the above, participated in the handling of the Offer.

In its offer announcement, Castellum has stated the following in respect of the employees and management of Kungsleden:

"Through the combination, two highly professional and competent organisations are combined. Following the completion of the combination, the board of directors in Castellum will offer Biljana Pehrsson, CEO of Kungsleden, and Ylva Sarby Westman, Deputy CEO and CFO of Kungsleden, to become CEO and Deputy CEO, respectively, for the combined company. Castellum believes that the management and employees of Kungsleden have built a very successful company with an attractive commercial property portfolio in Sweden. Castellum expects that the proposed combination of the businesses will be positive for both companies and lead to attractive opportunities for the employees of Kungsleden and Castellum. The combination of Castellum and Kungsleden and the extraction of synergies will affect employees in both companies. Castellum will prepare an integration plan for the combination of the companies. Decisions regarding the integration plan, and decisions on which specific measures to be taken and its impact on each company's organisations, will be made after the completion of the Offer. Castellum and Kungsleden have aligned corporate cultures and shared core values, both largely focusing on long-term sustainable growth."

Although the Board of Directors has not been provided with detailed calculations or integration plans in respect of the operating and administration synergy effects, the Board of Directors assumes that this description is accurate and has in relevant aspects no reason to take a different view. The Board of Directors also notes that Castellum states that Castellum, after completion of the Offer, will continue to be based in Gothenburg, but that the expanded operation that Kungsleden will contribute to means that the combined company will have two headquarters, one in Stockholm and one in Gothenburg.

This statement shall in all respects be governed by and construed in accordance with Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts.

Stockholm, 2 August 2021

Kungsleden AB (publ)

The Board of Directors

KUNGSLEDEN AB (publ) Hangövägen 20 Box 70414 SE-107 25 Stockholm +46 8 503 052 00
www.kungsleden.com

Press release



For more information, please contact:

Charlotte Axelsson, Chairman of the Board of Directors of Kungsleden, +46 70 222 64 88,
charlotte.axelsson@kungsleden.se

Anna Trane, Head of Communications, Kungsleden, +46 708 84 74 69, anna.trane@kungsleden.se

Attachment – Fairness Opinion

This information is mandatory for Kungsleden AB (publ) to publish pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 07.45 CET on 2 August 2021.

This statement has been made in a Swedish and English version. In case of any discrepancies between the Swedish and the English version, the Swedish version shall prevail.

ABOUT KUNGSLEDEN. We are people that create places and experiences for people. By developing and managing attractive and sustainable places, we offer people a better and more inspiring work experience. We are a long-term property owner focused on commercial properties in Sweden's growth regions. As of 30 June 2021, we owned 207 properties with a total value of SEK 42,539 million. Kungsleden (KLED) is listed on the Nasdaq Stockholm Large Cap. Read more at www.kungsleden.se

KUNGSLEDEN AB (publ) Hangövägen 20 Box 70414 SE-107 25 Stockholm +46 8 503 052 00
www.kungsleden.com

Handelsbanken Capital Markets

1(2)

Stockholm 2 August 2021

To

The Board of Directors of Kungsleden AB (publ)

The Board of Directors of Kungsleden AB (publ) ("Kungsleden") has assigned Handelsbanken Capital Markets to render an opinion as to the fairness from a financial point of view of the public offer from Castellum AB (publ) ("Castellum") to the shareholders of Kungsleden (the "Offer"). For information regarding the Offer and its terms and conditions please refer to the press release published by Castellum on 2 August 2021.

In connection with the presentation of this opinion, we have, inter alia, reviewed and taken into account drafts of the aforementioned press release, certain publicly available information published by Kungsleden and Castellum, including annual reports and interim reports, and other publicly available information relating to Kungsleden and Castellum, including certain market research reports and reports produced by equity research analysts. We have also discussed Kungsleden's operations, financial position, profit development, strategy and future prospects with senior members of management of Kungsleden.

We have considered certain financial and stock exchange related information regarding Kungsleden and Castellum in comparison with similar information regarding certain other companies with similar operations as well as comparable transactions.

We have not conducted any so-called "due diligence" in order to verify the accuracy of the information received from Kungsleden or elsewhere and we have not made any independent evaluation or assessment of the assets and liabilities of Kungsleden and Castellum. Without independent verification by us, we have relied upon that all of the financial and other information reviewed by us as a basis for this opinion in all material aspects are correct and accurate and that no information of material importance for the evaluation of Kungsleden's future earnings capacity or for our overall assessment has been omitted or not presented to us.

Our opinion is based on the Swedish regulatory system and upon current market, economic, financial and other conditions as well as information made available to us as of the date hereof. Any change in such conditions may require a revaluation of this opinion. Our opinion does not include any assessment as to the price at which the Kungsleden share may trade in the future.

SE-106 70 Stockholm, Sweden

Tel. +46 8 701 10 00

www.handelsbanken.com/capitalmarkets

Handelsbanken Capital Markets is a division of Svenska Handelsbanken AB (publ), registered in Stockholm Sweden, No 502007-7862.

Handelsbanken Capital Markets

2(2)

Based upon and subject to the foregoing, we are of the opinion that the Offer as of the date hereof, from a financial point of view, is fair to the Kungsleden shareholders.

Handelsbanken Capital Markets is a business area within Svenska Handelsbanken AB with operations within securities trading and brokerage, equity research and corporate finance. Within the framework of its normal operations within securities trading and brokerage, Handelsbanken Capital Markets may, at any point in time, hold long or short positions in, and may for own or clients' accounts trade in, shares and other securities related to Kungsleden and Castellum. In addition, Svenska Handelsbanken AB may have granted credits to Kungsleden and Castellum and may hold equity related securities in Kungsleden and Castellum as security.

We will receive a fixed fee for this opinion in connection to the Offer irrespective of the outcome of the Offer.

It is understood that this letter is for the information of the Board of Directors of Kungsleden only in connection with their evaluation of the Offer and should thereof not be interpreted as a recommendation to the shareholders of Kungsleden. The letter may not be used, quoted, reproduced or be used for any other purpose without prior written consent from us, except that a copy of this opinion may be included in its entirety in any offering circular or response document or press release that the Board of Directors of Kungsleden is required to make in connection with the Offer. This opinion is subject to Swedish substantive law and any dispute in respect of this statement shall be resolved exclusively by Swedish court of law.

This is a translation of the fairness opinion written in Swedish. It is for information purposes only and does not constitute a part of the opinion. For the avoidance of doubt, in the case of any inconsistency or ambiguity between the Swedish language version and the English translation, the Swedish language version shall prevail.

Handelsbanken Capital Markets
Corporate Finance

SE-106 70 Stockholm, Sweden

Tel. +46 8 701 10 00

www.handelsbanken.com/capitalmarkets

Handelsbanken Capital Markets is a division of Svenska Handelsbanken AB (publ), registered in Stockholm Sweden, No 502007-7862.

Terms and conditions

The Offer

The shareholders of Kungsleden are offered a combination of shares in Castellum and cash for each share in Kungsleden. Castellum is offering each shareholder in Kungsleden the following (the Base Case Consideration):

- In respect of 70 percent of the number of shares in Kungsleden tendered by such shareholder: 0.525 shares in Castellum per share in Kungsleden; and
- in respect of the remaining 30 percent of the number of shares in Kungsleden tendered by such shareholder: SEK 121.00 in cash per share in Kungsleden.

No commission will be charged in respect of the settlement of the consideration of shares in Kungsleden acquired by Castellum under the Offer.

Castellum offers Kungsleden's shareholders a so-called Mix & Match facility, through which each shareholder in Kungsleden is, subject to the restrictions set out below, given the possibility, should the shareholder prefer a deviation from the Base Case Consideration, to elect either:

- (i) to receive as much consideration in cash as possible for tendered Kungsleden shares (in addition to the default cash entitlement of SEK 121.00 per Kungsleden share in respect of 30 percent of the number of Kungsleden shares tendered), and thus as little consideration in shares as possible, or
- (ii) to receive as much consideration in shares as possible for tendered Kungsleden shares (in addition to the default share entitlement of 0.525 shares in Castellum per Kungsleden share in respect of 70 percent of the number of Kungsleden shares tendered), and thus as little consideration in cash as possible.

In aggregate, up to a total of 71,200,293 shares in Castellum will be issued, and up to a total of SEK 7,033 million will be paid in cash as consideration for the shares in Kungsleden.¹⁹ This proportion between shares and cash will not be varied as a result of individual elections made under the Mix & Match Facility. In order for individual shareholders in Kungsleden to receive a higher proportion of a certain requested consideration alternative under the Mix & Match Facility, other shareholders must have made the reverse elections to a corresponding extent.

For a more detailed description of the Offer, please refer to the section "*Offer to the shareholders in Kungsleden*".

Right to dividends

The newly issued shares in the Company carry right to dividends in accordance with the articles of association, and beginning from the record date for dividend that occurs after the newly issued shares have been registered at the Swedish Companies Registration Office and Euroclear Sweden. Payment of dividends is administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the individual nominee. Entitlement to receive dividend is limited to shareholders registered in the shareholder register maintained by Euroclear Sweden on the record date determined by the general meeting.

Conditions for completion of the Offer

Completion of the Offer is conditional upon:

1. the Offer being accepted to such an extent that Castellum becomes the owner of shares representing more than 90 percent of the total number of outstanding shares in Kungsleden;
2. the extraordinary general meeting in Castellum resolves, with the required majority, on the necessary resolutions to enable the issuance of new shares in Castellum in connection with the Offer²⁰;
3. no other party announcing an offer to acquire shares in Kungsleden on terms that are more favourable to the shareholders of Kungsleden than the Offer;
4. with respect to the Offer and the acquisition of Kungsleden, receipt of all necessary regulatory, governmental or similar clearances, approvals decisions and other actions from authorities or similar, including from competition authorities, in each case on terms which, in Castellum's opinion, are acceptable;
5. neither the Offer nor the acquisition of Kungsleden being rendered wholly or partially impossible or significantly impeded as a result of legislation or other regulation, any decision of a court or public authority, or any similar circumstance;
6. no circumstances having occurred which could have a material adverse effect or could reasonably be expected to have a material adverse effect on Kungsleden's financial position or operation, including Kungsleden's sales, results, liquidity, equity ratio, equity or assets;

¹⁹ Based on full acceptance in the Offer, excluding any treasury shares held by Kungsleden, currently 3,361,006 shares, as well as excluding Castellum's shareholding in Kungsleden, currently 21,300,000 shares. For further information regarding Castellum's shareholding in Kungsleden, see the section "*Castellum's shareholding in Kungsleden*". At a lower acceptance level, the number of shares to be issued, and the total amount of cash to be paid, will be reduced proportionately to maintain the aggregate proportions between Castellum shares and cash paid in the Offer.

²⁰ The extraordinary general meeting in Castellum held on 27 August 2021 resolved on the resolutions in accordance with the condition, entailing that this condition has been fulfilled.

7. no information made public by Kungsleden, or otherwise made available to Castellum by Kungsleden, being inaccurate, incomplete or misleading, and Kungsleden having made public all information which should have been made public; and
8. Kungsleden not taking any action that is likely to impair the prerequisites for making or completing the Offer.

Castellum reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions are not satisfied or cannot be satisfied. However, with regard to conditions 2–8 above, the Offer may only be withdrawn where the non-satisfaction of such condition is of material importance to Castellum's acquisition of Kungsleden or if otherwise approved by the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*).

Castellum reserves the right to waive, in whole or in part, one, several or all of the conditions set out above, including, with respect to condition 1 above, to complete the Offer at a lower level of acceptance.²¹

Acceptance

Shareholders in Kungsleden whose shares are directly registered with Euroclear Sweden who wish to accept the Offer must, during the period from 30 September 2021 up to and including 29 October 2021, at 15.00 CEST, sign and submit a duly completed acceptance form to:

Nordea Bank Abp, filial i Sverige

Issuer Services L850
SE-105 71 Stockholm
Sweden

The acceptance form must be submitted or sent by mail, preferably in the enclosed pre-paid reply envelope, in ample time before the last day of the acceptance period so that it may be received by Nordea Bank Abp, filial i Sverige ("Nordea") no later than 15.00 CEST on 29 October 2021.

A pre-printed acceptance form and a pre-paid reply envelope are sent to directly registered shareholders whose ownership in Kungsleden were registered with Euroclear Sweden on 29 September 2021. The securities account (Sw. *VP-konto*) and information on shareholdings can be found on the pre-printed acceptance form. The person who completes and returns the acceptance form is responsible for verifying that the pre-printed information in the acceptance form is correct.

The Offer is only being made (a) outside the United States in an "offshore transaction" within the meaning of, and in compliance with, Regulation S under the U.S.

Securities Act ("Regulation S") and (b) within the United States only to qualified institutional buyers ("QIBs"). Any QIB within the United States wishing to accept the Offer must submit a duly executed U.S. Investor Representation Letter (as defined below) together with the acceptance form. Any person who submits an Acceptance Form without a U.S. Investor Representation Letter (as defined below) will be deemed to have represented and warranted to Castellum that (i) it is not a person within the United States and (ii) it is accepting the Offer in an "offshore transaction" within the meaning of Regulation S and in compliance with such regulation.

Note that acceptance forms which are incomplete or incorrectly completed may be disregarded.

Nominee-registered shareholdings

Shareholders in Kungsleden whose holdings are registered in the name of a nominee, must submit their applications in accordance with instructions received by the nominee.

Pledged shares

If shares in Kungsleden are pledged in the Euroclear system, both the shareholder and the pledgee must sign the acceptance form and confirm that the pledge will be terminated should the Offer be completed. The pledge on the relevant shares in Kungsleden must be deregistered in the Euroclear system at the time of delivery of the shares to Castellum.

Offer document and acceptance form

The Offer Document and acceptance form is available on the Company's website (www.castellum.se), and will be available on Nordea's website (www.nordea.se/aktier). The Offer Document will also be available on Swedish Financial Supervisory Authority's website (www.fi.se) (only in Swedish).

Acceptance period and right to extend the Offer

The acceptance period in the Offer will commence on 30 September 2021 and end on 29 October 2021.

Castellum reserves the right to extend the acceptance period, as well as to postpone the settlement date. A notice of any such extension or postponement will be announced by Castellum by means of press release in accordance with applicable rules and regulations.

²¹ A decision to waive, in whole or in part, one, several or all of the conditions for the Offer, including, with respect to condition 1, to complete the Offer at a lower level of acceptance, shall be made public via a press release issued by Castellum. For further information relating to potential consequences arising as a result of a waiver with respect to condition 1, refer to "Offer restrictions – United States of America" as US rules require additional disclosure in this regard.

Right to withdraw acceptance

Shareholders in Kungsleden have the right to withdraw their acceptance of the Offer. To be valid, such withdrawal must have been received in writing by Nordea before Castellum has announced that the conditions of the Offer have been fulfilled or, if such announcement has not been made during the acceptance period, not later than 15.00 CEST on the last day of the acceptance period. If conditions to the Offer, which Castellum has reserved the right to waive, remain during an extension of the Offer, the right to withdraw an acceptance will apply in the same manner throughout any such extension of the Offer. Shareholders of Kungsleden holding nominee-registered shares shall follow instructions from the nominee.

Confirmation of acceptance and transfer of shares in Kungsleden to blocked securities accounts

After Nordea has received and registered an acceptance form which has been duly completed, the shares in Kungsleden will be transferred to a new blocked securities account (Sw. *apportkonto*) which have been opened for each shareholder. In connection hereto, Euroclear Sweden will send a notification (“VP-notice”) showing the number of shares in Kungsleden that have been removed from the original securities account and a VP-notice showing the number of shares in Kungsleden that have been entered in the newly opened blocked securities account.

Payment of consideration

Payment of consideration is expected to commence as soon as Castellum announces that the conditions for the Offer have been fulfilled or Castellum otherwise decides to complete the Offer. Assuming that such announcement takes place no later than on 1 November 2021, payment of consideration is expected to be initiated no later than around 4 November 2021. In connection with the settlement of consideration, the shares in Kungsleden will be removed from the blocked securities accounts, which will then be terminated. No VP-notice evidencing the removal from the blocked securities account will be sent.

Payment of consideration of newly issued shares in Castellum will be effected by entering the shares on the securities account where the shares in Kungsleden were registered.

Payment of consideration will be effected by distribution of a contract note. The settlement amount will be paid to the yield account which is connected to the shareholder’s securities account, where the shares in Kungsleden were registered. Shareholders who do not have a yield account connected to their securities account will receive the settlement amount via a payment slip.

If the holding is registered in the name of a nominee, settlement will be provided for by the nominee.

Fractions

Only whole shares in Castellum, rounded down, will be received by shareholders in Kungsleden who accept the Offer. To the extent that a shareholder in Kungsleden holds such a number of shares that the consideration to be paid in the Offer is not an even number of new shares in Castellum, fractions of such shares will be sold by Nordea on Nasdaq Stockholm after being added with other such fractions. The net income will be distributed pro rata between the affected shareholders in Kungsleden, based on the fraction of a share in Castellum that such respective shareholder would otherwise have received, and the payment will be made no later than ten banking days after the completion of the sale of the fractions. When the sale is completed, a settlement note is sent out. Payment is made to the yield account that is connected to the securities account where the shares in Kungsleden were registered. If a yield account is missing or is incorrect, payment is made through a payment slip. If the holding is nominee-registered, consideration for fractions will be paid through the respective nominee.

Trading in Castellum shares

The Company’s shares have been listed on Nasdaq Stockholm. The first trading day for the shares issued as consideration in the Offer is expected to be around 4 November 2021.

Compulsory acquisition and delisting

As soon as possible after Castellum has acquired shares representing more than 90 percent of the total number of shares in Kungsleden, Castellum intends to commence compulsory redemption proceedings under the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) to acquire all remaining shares in Kungsleden. In connection therewith, Castellum intends to promote delisting of Kungsleden shares from Nasdaq Stockholm.

Important information regarding LEI and NID at acceptance

According to Directive 2014/65/EU of the European Parliament and of the Council (MiFID II), starting from 3 January 2018, all investors must have a global identification code in order to conduct a securities transaction. These requirements require legal entities to apply for registration of a LEI code (Legal Entity Identifier code) and natural persons need to find their National ID or NID number (National Client Identifier number) in order to accept the Offer. For Swedish citizens, the NID number consists of the country code SE, followed by the civic registration number, in total twelve numbers. Please note that Nordea may be prevented from executing the transaction on behalf of the person in question if a LEI code or NID number (as applicable) is not provided. Those who intend to accept the

Offer are encouraged to apply for registration of a LEI code (legal persons) well in advance since this information is required in the acceptance form at the time of submission.

Information about processing personal data

Those who participate in the Offer will provide personal data to Nordea. Personal data provided to Nordea will be processed in data systems to the extent required to provide services and administer matters in Nordea. Personal data obtained from a party other than the customer to whom the processing relates may also be processed. Personal data may also be processed in data systems at companies and organisations with which Nordea cooperate. Information regarding the processing of personal data is provided by Nordea's branch offices, which also accept requests for correction of personal data. Information regarding addresses may be obtained by Nordea through automatic data runs at Euroclear. For detailed information about Nordea's handling of personal information, please refer to Nordea's privacy policy available on Nordea's webpage (www.nordea.com/en/privacy-policy).

Other information

Nordea is acting as settlement agent in the Offer, which mean that Nordea performs certain administrative services relating to the Offer. This does not mean that a person who accepts the Offer (the "Participant") will be automatically regarded as customer of Nordea. A Participant will be regarded as customer only if Nordea has provided advice to the Participant or has otherwise contacted the Participant personally regarding the Offer. If a Participant is not regarded as customer, the rules regarding the protection of investors pursuant to the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) will not be applicable to the acceptance. This means, inter alia, that neither customer categorisation nor the appropriateness test will be performed with respect to the Offer. The Participant is therefore responsible for ensuring that it has sufficient experience and knowledge to understand the risks associated with the Offer.

Questions regarding the Offer

For questions regarding the Offer, please contact Josefine Wikman by phone +46 73 942 09 16 or by e-mail josefine.wikman@castellum.se, your bank or your securities institution. Information is also available on Castellum's website (www.castellum.se) and Nordea's website (www.nordea.se/aktier).

The Combined Company

This section of the Offer Document contains forward-looking statements. The statements are intended to illustrate Castellum's expectations and ambition for the Combined Company and should not be construed as forecasts or established financial targets by the board of directors. There are no guarantees that the outcome of the combination of the companies will not differ materially from what is expressed or implied in this section due to a number of factors, many of which are outside of Castellum's and Kungsleden's control. Factors that may cause or contribute to such differences include, but are not limited to, the factors discussed in the section "Risk Factors" above. A decision to accept the Offer should therefore be preceded by a careful analysis.

Rationale for the combination

On 2 August 2021 Castellum announced a public offer to the shareholders in Kungsleden to tender all outstanding shares in Kungsleden to Castellum, in order to strengthen the position as the leading Nordic listed commercial property company. The combination of Castellum and Kungsleden will create significant value for all stakeholders, where the Combined Company's size, strong balance sheet and maintained financial strength will result in an enhanced competitive position.

Strengthen the position as the leading listed commercial property company in the Nordics

Castellum will, through the combination with Kungsleden, strengthen its position as the Nordics' largest listed commercial property company.²² The Combined Company will have a continued focus on long-term growth, sustainability and financial stability. The combination is expected to create growth and shareholder value through an efficient common platform within property management, by continued property and project acquisitions as well as development of existing properties and project portfolio. The combined property portfolio consists mainly of offices and warehouses/logistics, where the former segment has a large element of public authorities as tenants.

Leading market position in Nordic growth regions through complementing property portfolios

Castellum will, after the combination with Kungsleden, have a sustained high-quality property portfolio focusing on commercial properties with a broad geographic diversification within attractive growth regions in Sweden, Norway (through ownership in Entra ASA), Denmark and Finland. Kungsleden's and Castellum's property portfolios

complement each other well and thus strengthen the Combined Company's position on the respective prioritised market. At the same time, the combination provides an increased diversification due to a broader customer base. The combination therefore creates opportunities for continued strong growth and an attractive customer offering. In order to enable focus on prioritised growth regions, divestment of properties is planned within less prioritised areas after the combination.

Castellum's and Kungsleden's combined industry experiences unlock full potential from project development

The Combined Company will have an attractive portfolio with ongoing and upcoming projects of commercial properties which are expected to create a good foundation for future growth and profitability. Castellum, as well as Kungsleden have great experiences from project development and each company contributes with an attractive project portfolio. The Combined Company will, through exchange of knowledge and operational synergies, be able to further increase value creation within this business area.

Diversified base of stable and attractive tenants secures continued strong cash flow

The customer base will through the combination be further broadened with stable and well-renowned tenants and the already low tenant concentration will be reduced. The Combined Company's customer base will reflect domestic Swedish business with a large element of public authorities and government agencies. The customers will, through the combination, be offered one of the market's best range of sustainable workplaces with a high degree of innovation and technical solutions intended to simplify the everyday life for both tenants and their employees.

²² Based on a comparison of property values as of 30 June 2021. The comparison with commercial property companies in the Nordics and Europe excludes public property companies mainly focusing on residential, hotel, or public service properties.

Aligned agenda to remain as one of Europe's most sustainable property companies

Castellum and Kungsleden are today driving the development of sustainable properties and sustainable urban development. Ambitious sustainability targets, as carbon-neutrality and environmental certification, will enable reduced climate impact. The Combined Company will become a Nordic industry leader within digitalisation, energy efficiency and service in the continued development of future customer offering.

Significant and value creating synergies

The combination enables for great synergies within operation, property management, property development and financing. Both Castellum and Kungsleden have a focus on, *inter alia*, sustainable energy use and efficient property management, meaning that the combination is assessed to create opportunities for further reduced operating costs. The operations will be strengthened within property management, transactions, project development and administration, at the same time as there will emerge opportunities to increase the efficiency through exchange of knowledge and utilisation of economies of scale. The financial synergies can be achieved by Kungsleden's outstanding loans successively being refinanced and renegotiated based on Castellum's higher rating. Kungsleden's and Castellum's aligned value-driven corporate cultures create great conditions for a successful combination and a successful integration. In aggregate, total annual synergies with an effect on profit from property management are estimated to approximately SEK 285 million.

Operational and administrative synergies: The annual synergies within property management and administration are expected to amount to approximately SEK 185 million annually and are expected to reach full effect within two to three years.

Financial synergies: The annual financial synergies are expected to amount to approximately SEK 100 million a year and are expected to reach full effect as Kungsleden's loans expire or are renegotiated.

Attractive financial profile with a sustained financial policy and increased access to capital

The Combined Company will continue to have a strong financial position with the aim to maintain Castellum's rating, affirmed by Moody's by way of press release on 4 August 2021. Castellum's policy to have a loan-to-value ratio not exceeding 50 percent remains for the new group, whilst the actual loan-to-value ratio is estimated to be even lower in order to meet the specific rating requirement. In order to achieve the desired loan-to-value ratio

after the combination, Castellum issued hybrid bonds in August 2021. In addition, properties may be divested, in order to strengthen the financial position as well as to adapt the property portfolio for future growth. Furthermore, Castellum's financial target of annual growth in profit from property management per share of 10 percent and dividend of at least 50 percent of the profit from property management remains.

The combination is, given the Combined Company's size, expected to strengthen the position and competitiveness on the capital markets. The Combined Company is also expected to gain increased attractiveness from debt investors as a result of a continued strong balance sheet, lower portfolio risk, good rating as well as the possibility of issuing volume with high liquidity. The combination of the companies is therefore assessed to further increase interest in Castellum's shares, both in Sweden and internationally.

Kungsleden has sought and received waivers from Kungsleden's financing banks in respect of provisions such as change of control provisions under existing financing arrangements that may be invoked as a result of the Offer. However, these waivers are limited in time and there is no assurance that Kungsleden's financing banks will not invoke the change of control provisions in the future.

Strong and experienced management enables continuity in the Combined Company

Through the combination, two professional and competent organisations are combined. Following the completion of the combination, the board of directors in Castellum will offer Biljana Pehrsson, CEO of Kungsleden, and Ylva Sarby Westman, Deputy CEO and CFO of Kungsleden, to become CEO and Deputy CEO, respectively, for the Combined Company. Castellum believes that the management and employees of Kungsleden have built a successful company with an attractive commercial property portfolio in Sweden. Therefore, Castellum expects that the proposed combination of the businesses will be positive for both companies and enable attractive opportunities for the employees of both Kungsleden and Castellum.

Market overview for the Combined Company

The information in this market overview presents a brief and summarising description of the markets and the industry in which the Combined Company will operate. These markets are the same as Castellum and Kungsleden today operate within. The market overview focuses on macroeconomic outlooks in Sweden, Norway, Denmark and Finland as well as the property segments that the Combined Company will operate within.

Some of the information provided below has been obtained from third parties, including publicly available industry publications and industry reports. The Company deems these industry publications and industry reports to be reliable, but the Company has not independently verified them and cannot guarantee their accuracy or completeness. Information that has been provided by third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain through comparisons with other information published by the third parties concerned, no details have been omitted in a way that could render the information reproduced inaccurate or misleading.

In addition, the Company has made a number of statements in the Offer Document in respect of its and the Combined Company's industry and its competitive position within the industry. These statements are based on the Company's experience and its own investigation of market conditions. The Company cannot guarantee that any of these assumptions are accurate or that they correctly reflect its market position in the industry and the Company cannot fully guarantee that internal investigations or information has been verified by independent sources, which may have estimates or opinions regarding industry-related information that is different from the Company's.

The forecasts and forward-looking statements set out in this section are no guarantee of future outcomes and actual events, and circumstances may deviate substantially from current expectations. A number of factors can cause or contribute to such deviations, some or all of which may be beyond the control of the Company.

Macroeconomic outlook

Macroeconomic developments in Sweden

GDP and inflation

The Swedish economy is recovering after Covid-19, with a projected GDP of 4.6 percent in 2021, 3.5 percent in 2022 and 1.8 percent in 2023.²³ Swedish GDP declined 2.8 percent in 2020 mainly due to the pandemic.²⁴

The primary factors for negative growth during 2020 were that service sectors, such as restaurants, culture, entertainment, hotels and parts of the travel industry, being negatively affected as a result of the imposed restrictions. Industries that performed better during the downturn were, for example, the pharmaceutical industry. However, Sweden's decline was quite moderate²⁵ compared to e.g. the European Union (27 countries), where GDP decreased by 5.9 percent.²⁶

The rapid economic recovery can be explained by the fact that the recession was not caused by underlying economic imbalances and by comprehensive economic and political support measures adopted by Sweden.²⁷

During the second half of 2021 and during 2022, a higher investment rate is expected as a result of subdued investment growth in recent years. The main driving forces are high capacity utilisation in the industry, which has a catch-up need for investment, easing of restrictions leading to investments in the service sector and an expansive economic policy, where many municipalities have investment needs in hospitals, health centres and nursing homes, which contributes to an expectation of higher growth in the future.²⁸

Another factor contributing to increased growth is a stronger development of public expenditure. In the short term, healthcare and education will contribute to

²³ Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

²⁴ Report, The Swedish National Institute of Economic Research, "Update of the economic situation", August 2021.

²⁵ Report, The Swedish National Institute of Economic Research, "The Swedish Economy", June 2021.

²⁶ Database, Eurostat, European Commission, September, 2021.

²⁷ Report, The Swedish National Institute of Economic Research, "The Swedish Economy", June 2021.

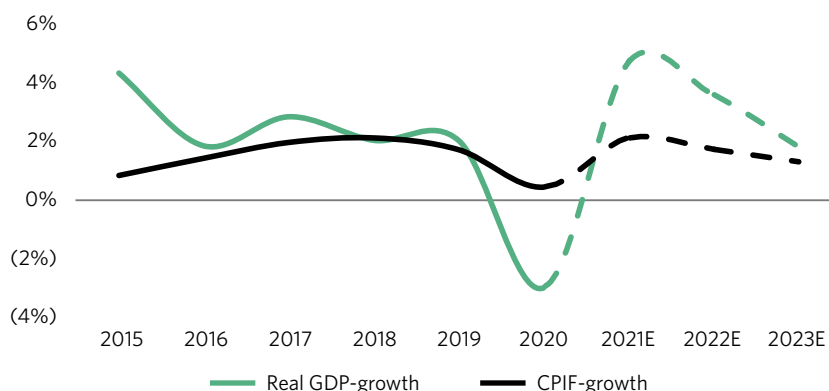
²⁸ Report, The Swedish National Institute of Economic Research, "The Swedish Economy", June 2021.

increased public expenditure. Healthcare has required large resources as a result of the pandemic and is expected to continue to have large expenditures in the short term. In addition, governmental expenditure on universities and colleges has increased due to a larger number of students as the labour market has been severe. In addition to public expenditure, households are also expected to increase their consumption.²⁹

During the end of the second and the beginning of the third quarter of 2021, the spread of infection of Covid-19 decreased sharply and restrictions were gradually removed. Eased restrictions contributed to an increased consumption,

which was positive for the recovery of the Swedish economy. However, the delta variant of the coronavirus entails an increased uncertainty factor where increased spread of infection can lead to a reintroduction of eased restrictions, and thus a slowdown in the economic recovery.³⁰

The development of the Swedish krona exchange rate has a substantial role in the inflation trend in Sweden. The Swedish krona was strengthened the second half of 2020 and the inflation calculated as CPIF amounted to 0.5 percent in 2020.³¹ The inflation is expected to increase to 2.1 percent in 2021, 1.7 percent in 2022, and 1.3 percent in 2023.³²



Source: All data 2015–2020: Database, Forecast Database, The Swedish National Institute of Economic Research, June 2021. All data 2021–2023: Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

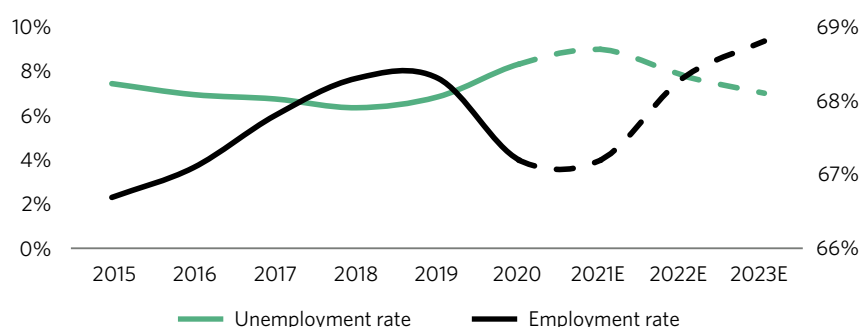
Unemployment and employment rate

As a result of the pandemic, unemployment in Sweden increased to a level of 8.3 percent in 2020 but is expected to decrease to 6.9 percent in 2023.³³ However, unemployment differs between industries where contact-oriented service industries, such as hotels and restaurants, have been most affected followed by the transport industry.

The expectation of a turnaround in unemployment is mainly due to increased demand for Swedish export products, which leads to an increase in the production in Swedish industries. In the beginning of the third quarter

2021, short-term unemployment was lower than before the pandemic. The companies' optimistic employment plans and an increasing number of newly registered vacancies to the employment services strengthen the image of high demand for labor. As a result, long-term unemployment is also expected to decrease in the future, albeit more slowly.³⁴

Employment rate reached a level of 68.3 percent in 2018 and 2019 and then declined to 67.2 percent in 2020.³⁵ The employment rate in Sweden is expected to be back at the same level as before the pandemic during 2022.



Source: All data 2015–2020: Database, Forecast Database, The Swedish National Institute of Economic Research, June 2021. All data 2021–2023: Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

²⁹ Report, The Swedish National Institute of Economic Research, "The Swedish Economy", June 2021.

³⁰ Report, The Swedish National Institute of Economic Research, "Update of the economic situation", August 2021.

³¹ Report, The Swedish National Institute of Economic Research, "Update of the economic situation", August 2021.

³² Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

³³ Report, The Swedish National Institute of Economic Research, "Update of the economic situation", August 2021.

³⁴ Report, Nordea, "Nordea Economic Outlook, no. 2", May 2021.

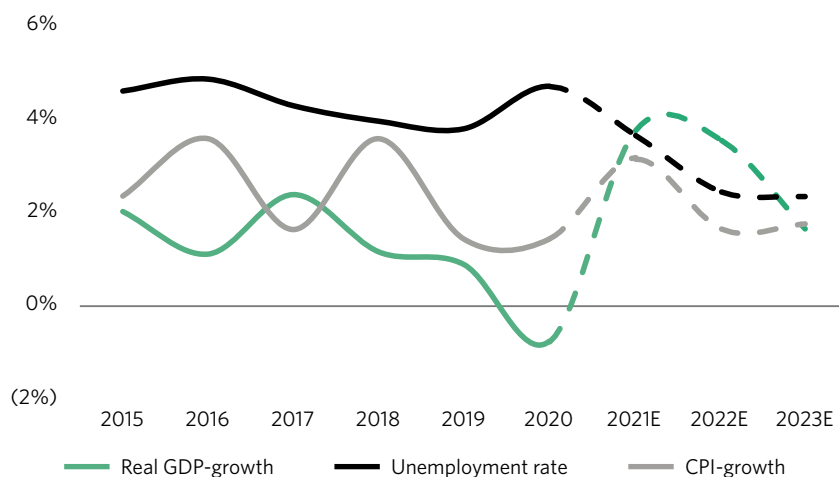
³⁵ Report, The Swedish National Institute of Economic Research, "Update of the economic situation", August 2021.

Macroeconomic developments in Norway

2021 has meant a recovery of Norway's economy, from a negative GDP growth of 0.8 percent in 2020 to higher rates compared to the period before the pandemic, as a result of eased restrictions and high vaccination rates.³⁶ A key factor in the strong recovery is increased consumption and decreased unemployment. The GDP in Norway is expected to increase by 3.7 percent in 2021, 3.5 percent in 2022 and 1.6 percent in 2023, as the retail consumption increases, the service sector recovers and the consumption behavior returns to normal levels. In parallel with

the economic recovery, unemployment is expected to decline from rates of 4.6 percent in 2020 to 3.6 percent in 2021 and then 2.4 percent in 2022 and 2.3 percent in 2023.

Inflation is expected to rise to 3.1 percent in 2021 from a rate of 1.3 percent in 2020.³⁷ The higher inflation has mainly been driven up by higher electricity and petrol prices than last year, which, in combination with higher import prices and higher wage growth is expected to drive the inflation rate higher. The inflation is expected to amount to 1.6 percent in 2022 and 1.7 percent in 2023.



Source: Data for Real GDP-growth 2015–2020: Database, Eurostat, European Commission, August 2021. Data for unemployment 2015–2020: Database, StatBank, Statistics Norway, August 2021. Data for CPI-growth 2015–2020, Database, StatBank, Statistics Norway, August 2021. All data 2021–2023: Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

Macroeconomic developments in Denmark

In 2021, restrictions in Denmark have been eased continuously in line with an increased vaccination rate, which has enabled economic recovery from a negative GDP growth of 2.1 percent in 2020.³⁸ One of the key factors in Denmark's economy performing well under Covid-19 is the strong consumption among households. In addition, exports of pharmaceutical products have contributed to the maintenance of GDP. Denmark's economy is expected to grow by 3.3 percent during 2021, 2.7 percent during 2022 and 2.2 percent during 2023. A strong driving force for the recovery, in addition to strong household consumption, is that exports are expected to increase after the pandemic.³⁹

During the pandemic, unemployment increased from 3.7 percent in 2019 to 4.6 percent in 2020.⁴⁰ A turnaround

is expected in 2021 and 2022 as restrictions are eased and a large demand for labor can be expected to arise in the service sector and in the manufacturing industry. Unemployment is expected to decrease to 3.9 percent in 2021, to 3.2 percent in 2022 and 2.8 percent in 2023.⁴¹ However, there is a risk that the increased demand for labor could lead to a shortage of staff, which could halt Denmark's recovery.⁴²

Inflation is expected to increase to 1.4 percent in 2021, the highest level since 2017, from a level of 0.4 percent in 2020.⁴³ The major reasons for the higher rate of inflation are increased fees on cigarettes, higher rents and increasing petrol prices. In 2022, inflation is expected to increase further and reach a level of 1.5 percent and then a level of 1.7 percent in 2023.^{44, 45}

³⁶ Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

³⁷ Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

³⁸ Database, StatBank, Statistics Denmark, August 2021.

³⁹ Report, Nordea, "Nordea Economic Outlook, no. 2", May 2021.

⁴⁰ Database, StatBank, Statistics Denmark, August 2021.

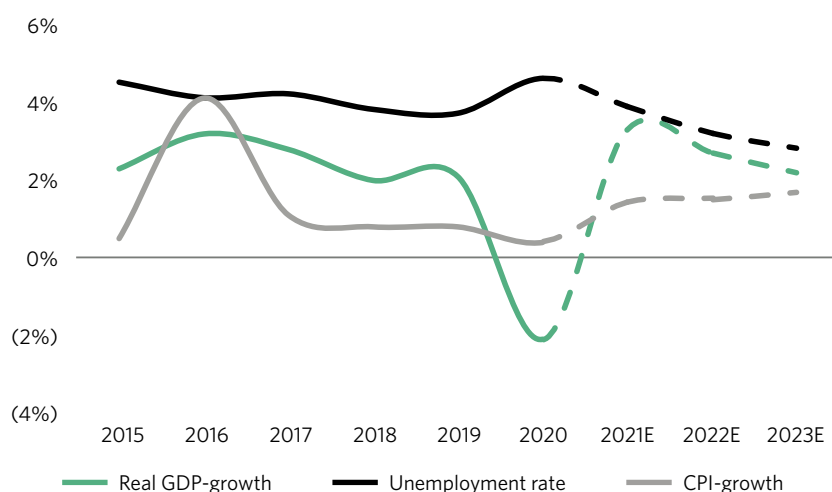
⁴¹ Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

⁴² Report, Nordea, "Nordea Economic Outlook, no. 2", May 2021.

⁴³ Database, StatBank, Statistics Denmark, August 2021.

⁴⁴ Report, Nordea, "Nordea Economic Outlook, no. 2", May 2021.

⁴⁵ Report, Nordea, "Nordea Economic Outlook", no. 3 August, 2021.



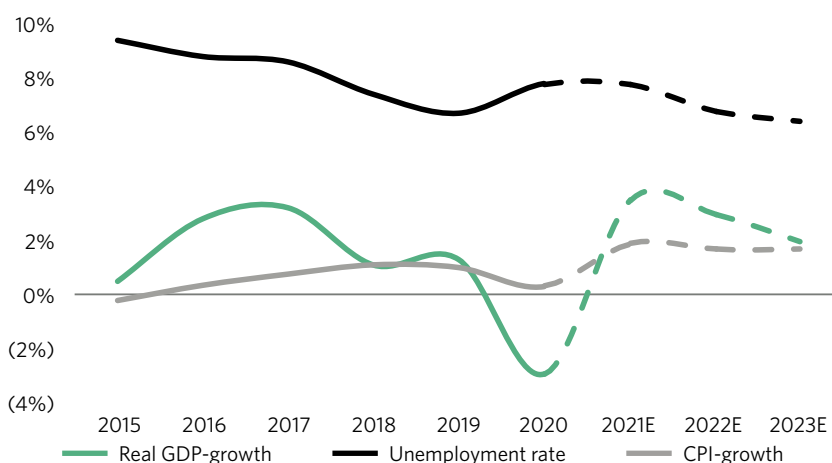
Source: Database, StatBank, Statistics Denmark, August 2021. All data 2021–2023: Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

Macroeconomic developments in Finland

Similar to the other Nordic countries, Finland have managed the pandemic relatively well compared with the European Union (27 countries) and showed negative economic growth of 2.9 percent during 2020.⁴⁶ Contact-oriented services suffered the most and at the end of the second quarter of 2021 still had difficulties recovering from the shutdowns introduced in the first half of 2021. However, the forecast for contact-oriented services is positive at the same time as the manufacturing industry has already exceeded the levels before the pandemic. The Finnish economy is expected reach a growth of 3.5 percent in 2021, 3.0 percent in 2022 and 2.0 percent in 2023.⁴⁷ In addition to the manufacturing industry, exports of services as well as domestic consumption also contribute to GDP growth in 2021 and 2022.⁴⁸

Unemployment prior the pandemic was 6.7 percent in 2019 and increased during 2020 to 7.8 percent.⁴⁹ As in many other countries, it was mainly in the service sector, such as restaurants, hotels and transport, that several persons lost their jobs. During the second quarter of 2021, unemployment has decreased in industries such as manufacturing, construction and certain service sectors, where levels are back as before the pandemic. In 2021, unemployment is expected to be at a level of 7.8 percent, and thereafter expected to decrease to 6.8 percent in 2022 and 6.4 percent in 2023.⁵⁰

From a level of 0.3 percent in 2020⁵¹, inflation in Finland is expected to reach 1.9 percent 2021 and 1.7 percent in 2022 as well as 2023.⁵²



Source: All data 2015–2020: Database, StatFin, Statistics Finland, August 2021. All data 2021–2023: Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

⁴⁶ Database, StatFin, Statistics Finland, August 2021.

⁴⁷ Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

⁴⁸ Report, Nordea, "Nordea Economic Outlook, no. 2", May 2021.

⁴⁹ Database, StatFin, Statistics Finland, August 2021.

⁵⁰ Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

⁵¹ Database, StatFin, Statistics Finland, August 2021.

⁵² Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

The Combined Company's market

The Swedish market for commercial properties

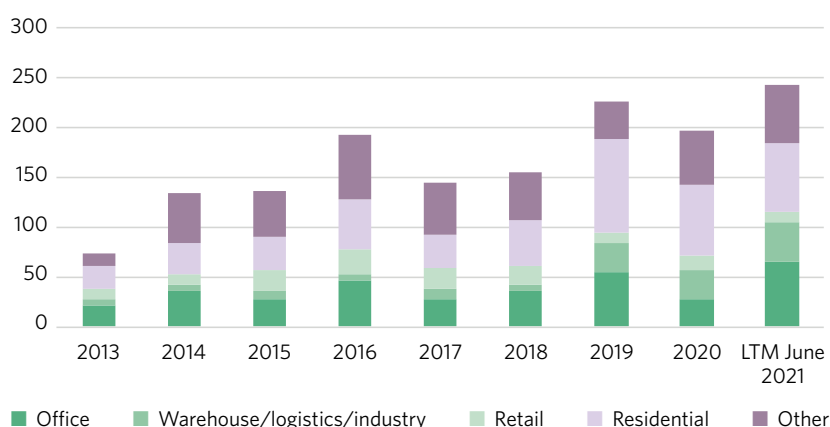
Transactions in the Swedish property market

Investment volumes in the Swedish property market in 2020 decreased by approximately 13 percent compared to the previous year to approximately SEK 196 billion, but corresponded, despite this decrease, to the third highest investment volume ever. Price increases on properties have been mixed, and in particular residential and public sector properties had a positive value growth. Office and retail properties, have a positive outlook in terms of demand in 2021.⁵³

Although required yield is at record low levels in most segments and in particular residential, logistics and

public sector properties, required yield may continue to decrease further. There is also potential in the office segment for lower yield requirements. Total transaction volume for properties as of 30 June 2021 amounted to a record high level of approximately SEK 251 billion, based on information for the last twelve months, an increase by over 28 percent compared to the full year 2020 and with an increased interest from international investors. Total transaction volume for offices as of 30 June 2021 amounted to a record high level of approximately SEK 66 billion, based on information for the last twelve months.⁵⁴ In summary, the economic recovery and continued low interest rates are driving higher demand and higher prices for real estate assets in 2021.⁵⁵

Transaction volumes, real estate (Sweden, SEKbn)



Source: Statistics, JLL, August 2021.

Office properties in Stockholm

Covid-19 has resulted in a lower demand, higher unemployment and strengthening the trend of people working increasingly remotely. The yield requirements for office properties have remained stable and the rates for central business districts (hereafter referred to as "CBDs") as of the first half of 2021 amounted to 3.25 percent.⁵⁶

During the first quarter of 2020, rents for offices in prime locations were at record high levels, but slightly decreased as a result of the pandemic, primarily caused by higher discounts. As of 30 June 2021, the vacancy rate in CBDs amounted to 3.0 percent.⁵⁷ The rental market for office properties in Stockholm is expected to stabilise in 2021 as a result of low vacancy rates and an economic recovery.⁵⁸

OFFICE PROPERTIES, FIRST HALF OF 2021, STOCKHOLM

⇒ ⇄ ⇄ = Short-term forecast.

	CBD	Rest of inner city	Hagastaden	Suburbs	Kista	Solna/Sundbyberg
Prime rent (SEK/sqm)	7,600 ⇒	5,200 ⇒	4,800 ⇒	3,300 ⇄	2,300 ⇒	3,200 ⇒
Prime yield	3.25% ⇒	3.75% ⇒	3.75% ⇒	4.00% ⇒	5.25% ⇒	3.75% ⇒

Source: Statistics, JLL, August 2021.

⁵³ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁵⁴ Statistics, JLL, August 2021.

⁵⁵ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁵⁶ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁵⁷ Report, Newsec, "Market Report Office", June 2021.

⁵⁸ Report, JLL, "JLL Nordic Outlook", Spring 2021.

Office properties in Gothenburg

The office property market in Gothenburg has in recent years been strong, driven by low vacancy rates within CBDs as well as a low level of new constructions. However, the supply of newly constructed office space has increased in 2019 and 2020. The increase of newly constructed offices may limit the increase of rents and contribute to increased vacancy rates.⁵⁹

Transaction volumes during 2020 decreased compared

to the previous year, while yield requirements and rental levels remained stable for CBDs. As of 30 June 2021, vacancy rate for CBDs was 5.0 percent.⁶⁰

A short-term outlook for office properties in Gothenburg is that yield requirements as well as rental levels remain stable, however, subject to the development of supply and vacancy rates.⁶¹ The market is dominated by domestic property owners with strong finances and who are keen to invest additional capital.⁶²

OFFICE PROPERTIES, FIRST HALF OF 2021, GOTHENBURG

⇒ ↗ ↘ = Short-term forecast.

	CBD	Rest of inner city	Norra Älvstranden	Western Gothenburg	Mölnådal
Prime rent (SEK/sqm)	3,700 ⇒	2,800 ⇒	2,600 ⇒	1,300 ⇒	2,200 ⇒
Prime yield	4.00% ⇒	4.25% ⇒	4.25% ⇒	6.50% ⇒	5.75% ⇒

Source: Statistics, JLL, August 2021.

Office properties in Malmö and Lund

Office properties in Malmö and Lund are among the most stable in Sweden as a result of rental levels being relatively modest in relation to the high quality of the properties and the underlying stable economic growth in the area. An increased interest from international investors have been noted within logistics and residential properties in Malmö, a segment that historically has been a domestic market.⁶³

During 2020, transaction volumes decreased while required yield and rental levels for CBDs remained stable.⁶⁴ As of 30 June 2021, vacancy rates for Malmö CBD amounted to 6.50 percent.⁶⁵

A short-term forecast after the first half of 2021 is that rents will remain stable with the potential that an increased interest from international investors regarding logistics properties may change into office properties. Furthermore, required yield is expected to remain stable, except in Västra Hamnen where required yield may decrease.⁶⁶

OFFICE PROPERTIES, FIRST HALF OF 2021, MALMÖ AND LUND

⇒ ↗ ↘ = Short-term forecast.

	CBD	Rest of inner city	Adjacent suburbs	Västra Hamnen	Lund
Prime rent (SEK/sqm)	3,100 ⇒	2,700 ⇒	2,700 ⇒	2,600 ⇒	2,300 ⇒
Prime yield	4.25% ⇒	5.00% ⇒	4.50% ⇒	5.00% ↘	5.25% ⇒

Source: Statistics, JLL, August 2021.

⁵⁹ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁶⁰ Report, Newsec, "Market Report Office", June 2021.

⁶¹ Statistics, JLL, August 2021.

⁶² Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁶³ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁶⁴ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁶⁵ Report, Newsec, "Market Report Office", June 2021.

⁶⁶ Report, JLL, "JLL Nordic Outlook", Spring 2021.

Logistics and warehouse properties

Logistics properties have for a long time been sought after where public logistics and warehouse property companies, during first half of 2021, was traded at a premium against the net asset value of approximately 70 percent compared to the average of approximately 30 percent since 2008. Transaction intensity in the logistics segment has been record high in 2020 with international investors being active.⁶⁷

Demand for warehouses continues to be high, driven by the growth of e-commerce. The required yield on logistics properties in prime areas was 4.15 percent in 2020 and approximately 800,000 square meters of logistics space was built. In 2021, interest from international real estate developers in logistics is expected to increase, which in the long run may lead to increased production cost.⁶⁸

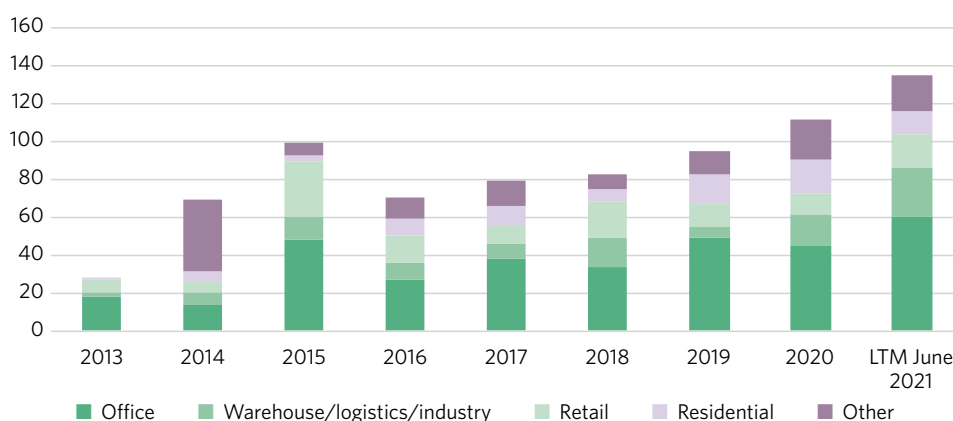
The Norwegian market for commercial properties

Transactions in the Norwegian real estate market

During the second half of 2020 and the first half of 2021, transactions corresponding to approximately NOK 136 billion was carried out in Norway, an increase

by approximately 19 percent compared to the full-year 2020.⁶⁹ During June 2021, 50 transactions corresponding to approximately NOK 28 billion was carried out, which is a record-high level where domestic investors, during the last twelve months, accounted for approximately 84 percent of the total transaction volume.⁷⁰

Transaction volumes, real estate (Norway, NOKbn)



Source: Statistics, Akershus and JLL, August 2021.

Market for office properties in Oslo

As a result of optimism regarding Norway's economy in combination with a high demand for office properties and record low interest rates, yield requirements in Oslo have decreased and transaction activity has reached a record high level. During the first half of 2021, the required yield in CBDs amounted to 3.3 percent with a vacancy rate,

including project vacancies, of 5.3 percent and expectations of increased rents in the short term.⁷¹

Short-term forecast after the end of the first half of 2021, is that rents will increase slightly while required yield will remain stable.⁷² Vacancy rates within the Oslo market for office properties is expected to remain low going forward, as a result of a low rate of new constructions.⁷³

OFFICE PROPERTIES, FIRST HALF OF 2021, OSLO

⇒ ⇨ ⇩ = Short-term forecast.

	CBD	Remaining part of the city center	Outer city, west	Outer city, east/north/south
Prime rent (NOK/sqm)	4,850 ⇨	2,800 ⇨	3,200 ⇨	2,600 ⇨
Prime yield	3.30% ⇨	4.00-4.50% ⇨	4.25-5.00% ⇨	4.25-5.00% ⇨

Source: Statistics, Akershus and JLL, August 2021.

⁶⁷ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁶⁸ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁶⁹ Statistics, Akershus and JLL, August 2021.

⁷⁰ Report Pangea Property Partners, "Pangea Monthly - The Nordic Property Markets", July 2021.

⁷¹ Statistics, Akershus and JLL, August 2021.

⁷² Statistics, Akershus and JLL, August 2021.

⁷³ Report, JLL, "JLL Nordic Outlook", Spring 2021.

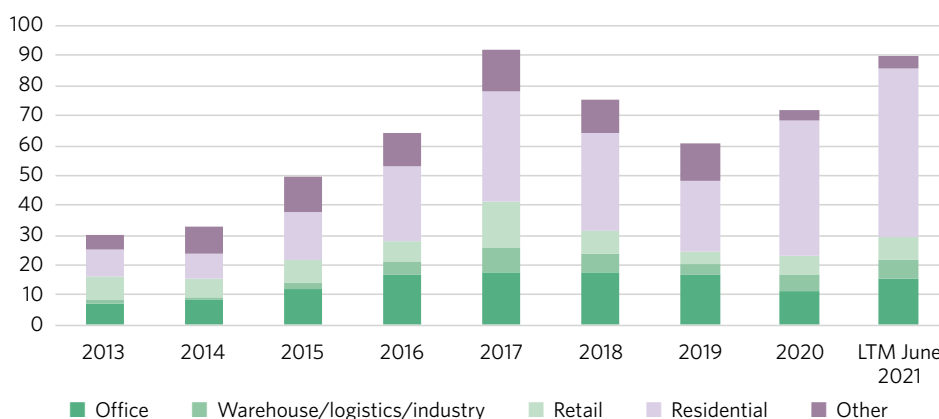
The Danish market for commercial properties

Transactions in the Danish real estate market

During the second half of 2020 and the first half of 2021, transactions corresponding to approximately DKK 90 billion⁷⁴ was carried out, an increase by approximately

25 percent compared to the full year 2020 and the transaction volumes above the average full year levels prior the outbreak of Covid-19. International investors accounted for approximately 68 percent of the total transaction volume 2020.⁷⁵

Transaction volumes, real estate (Denmark, DKKbn)



Source: Statistics, EDC and JLL, August 2021.

Copenhagen's market for office properties

Due to high demand, the yield requirements for office properties in Copenhagen are at record low levels, and despite an increased proportion of the population working remotely, Covid-19 has had a limited impact on Copenhagen's market for office properties.⁷⁶ During the first half of 2021, the required yield in old CBDs amounted to 3.25 percent with a vacancy rate, including project vacancies, of 5.2 percent and expectations of increased rent in

the short term.⁷⁷ In new CBDs, required yield amounted to 3.5 percent and vacancy rates, including project vacancies, to 7.6 percent, which is expected to decrease going forward.

The market for tenants is reflected in shorter and more flexible leases, while demand for more adaptable areas has increased. As the needs of many tenants are uncertain in the long run, they prefer contracts that extend over a shorter period of time.⁷⁸

OFFICE PROPERTIES FIRST HALF OF 2021, COPENHAGEN

⇒ ↗ ↘ = Short-term forecast.

	Old CBD	New CBD Waterfront	Rest of Copenhagen	Ørestad	Greater Copenhagen
Prime rent (DKK/sqm)	2,100 ⇒	2,100 ⇒	1,800 ⇒	1,700 ⇒	1,650 ⇒
Prime yield	3.25% ⇒	3.50% ⇒	4.25% ⇒	4.00% ⇒	4.25% ⇒

Source: Statistics, JLL and EDC, August 2021.

Logistics properties

The Danish market for logistics properties have had an upside due to the increased growth of e-commerce. Demand exceeds supply for modern logistics properties, and especially for distribution units in Greater Copenhagen. There is a high interest from investments in logistics properties that are for sale. The composition of investors is slowly shifting to more specialised and

international investments that are more aggressive in their pricing than domestic investors.⁷⁹

The required yield for Greater Copenhagen is approximately 4.75 percent and is expected to decrease during 2021.⁸⁰ Speculative new constructions of logistics properties are expected to increase in 2021 as a result of the imbalance between supply and demand in Greater Copenhagen. The required yield within CBDs is expected to decrease in the short term.

⁷⁴ Statistics, EDC and JLL, August 2021.

⁷⁵ Report, Pangea Property Partners, "Pangea Monthly - The Nordic Property Markets", July 2021.

⁷⁶ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁷⁷ Statistics, Ejendomstorvet.dk and EDC, August 2021.

⁷⁸ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁷⁹ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁸⁰ Report, JLL, "JLL Nordic Outlook", Spring 2021.

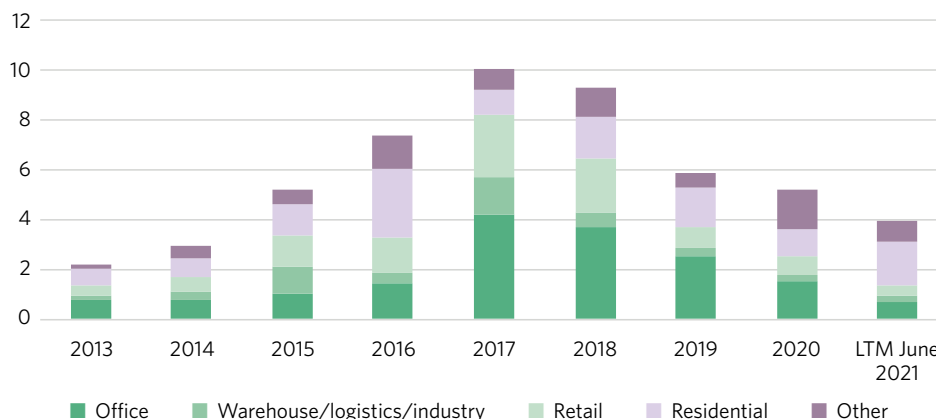
The Finnish market for commercial properties

Transactions in the Finnish real estate market

The total transaction volume during 2020 was approximately EUR 5 billion, a decrease of approximately 11 percent compared to 2019. Most transactions were carried out in public sector properties, which corresponded to

approximately 26 percent of total transaction volume. Office properties accounted for approximately 25 percent of total real estate transactions, which was the second most attractive real estate segment. Real estate investors primarily prefer properties that have had a limited impact from the pandemic and therefore in general avoid retail properties and hotels.⁸¹

Transaction volumes, real estate (Finland, EURbn)



Source: Statistics, JLL, August 2021.

Office properties in Helsinki

As a result of the pandemic, transaction volumes for properties in Finland stagnated, but increased during the second half of 2020.⁸² Transaction volumes for office properties have decreased during the first half of 2021, as well as the rest of the property segments, except residential properties.⁸³

As of 30 June 2021, vacancy rates including project vacancies in CBDs, amounted to 11.4 percent and

required yield to 3.4 percent, with expectations for higher rental levels in the short-term. Required yield for CBD, Ruoholahti and Keilaniemi is expected decrease in the short-term.⁸⁴

The pandemic has had a major impact on the Finnish real estate market, but as a result of a high vaccination rate, the outlook is more positive and activity is expected to stabilise. Vacancy rates in Helsinki are expected to remain stable, except for Aviapolis, Vantaa, where vacancy rates in the short term may increase slightly.⁸⁵

OFFICE PROPERTIES FIRST HALF OF 2021, HELSINKI

⇒ ⇄ ⇓ = Short-term forecast.

	CBD	Ruoholahti, Helsinki	Keilaniemi, Espoo	Aviapolis, Vantaa
Prime rent (EUR/sqm)	426 ⇄	282 ⇒	282 ⇒	240 ⇓
Prime yield	3.40% ⇓	4.60% ⇓	4.40% ⇓	5.75% ⇒

Source: Statistics, JLL, August 2021.

Logistics properties

The Finnish market for logistics properties has seen a large increase in demand from investors in 2020, however, transaction volumes have been moderate as the supply of prime properties has been low. Several development

projects in logistics properties are being built and during the second half of 2020 a number of transactions were completed. The required yield for logistics properties within prime areas has decreased and was at record low levels of 4.5 percent during the first half of 2021.⁸⁶

⁸¹ Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁸² Report, JLL, "JLL Nordic Outlook", Spring 2021.

⁸³ Statistics, JLL, August 2021.

⁸⁴ Statistics, JLL, August 2021.

⁸⁵ Statistics, JLL, August 2021.

⁸⁶ Report, JLL, "JLL Nordic Outlook", Spring 2021.

There is a high demand for modern logistics properties that offer tenants flexibility in response to their varying needs. Logistics properties are considered one of the safest types of property and the logistics sector

is expected to be an attractive sector in general for the remainder of 2021. In addition, required yield may decrease further due to strong demand to invest in the sector.⁸⁷

Description of the Combined Company

By combining Castellum's and Kungsleden's complementing property portfolios, Castellum strengthens its established position as the leading Nordic listed commercial property company. Kungsleden's property portfolio, focusing on offices in the most interesting growth regions, contributes to the Combined Company creating a well-diversified property portfolio and an attractive project development portfolio. The combination leads to a broadened and more diversified base of tenants with stable and well-renowned tenants securing continued cash flow, an aligned agenda to become Europe's most sustainable property company as well as significant synergies. As a result of the combination, the owner base structure is expected to be broadened with both long-term private owners as well as Swedish and international institutions.

Castellum and Kungsleden have similar business ideas and strategies. The Combined Company will combine the best from both of the companies, and continue to operate mainly in accordance with Castellum's current business idea, strategy and financial targets.

Vision, mission and business idea

Castellum's vision is to be a host beyond expectations with a mission to create workplaces where people and enterprises thrive. Kungsleden's vision is to create attractive and sustainable places where people are inspired. By keeping close to customers, innovation and expertise, the Combined Company creates successful and sustainable workplaces in Nordic growth regions.

Business model and strategies

The Combined Company's business model will continue to be investment in, and development and administration of commercial premises, as well as service offerings in a decentralised and customer-centric organisation. The focus is on cash flow and to operate with low financial risk – all to optimise the conditions for delivering on the Combined Company's overall growth targets and to create shareholder value.

Property management, project development and transactions

Through customer-centric management built on good business conduct, sustainability and innovation the Combined Company will enable its tenants to reach their business goals. The Combined Company will continually

invest in existing portfolios and develop new portfolios, resulting in a quality shift to a more sustainable portfolio as well as increased earning power. In addition, the Combined Company will be an active player that promotes urban development. Continued development of the property portfolio is made in order to strengthen the company's position as the leading player in Nordic growth cities.

Customers

Existing and potential tenants will be offered premises, meeting spaces and services that are best suited for their objectives. The Combined Company will be recognised as an innovative player in selected product and customer segments, by making clear investments in project development, system support, technological development and sustainability that strengthens the business. Services, platforms and payment methods will be developed to meet tenants' needs and make it possible for them to find out about services easily. The work promotes long-term, close customer relationships, local presence and service that exceeds customer expectations. The Combined Company's tenants come from all branches of the business community, as well as public sector authorities and civil service. The Combined Company is to have a highly diversified customer base with a good risk spread as regards geographies, premises type, scope of contract and lease terms.

Property and development portfolio

The Combined Company shall develop and manage a property portfolio that supports targets set for growth in income from property management, thus creating shareholder value over time. Portfolio shift is continuously made toward higher quality and density through new construction, extensions and reconstructions, acquisitions and sales in the Nordic growth markets. The portfolio will constitute a property exposure alternative for the Combined Company's shareholders. Annual investment capacity, based on earnings and the dividend policy, amounts to approximately 5 percent of the portfolio value and includes new construction, extensions and reconstructions as well as investments and divestments. The Combined Company shall be a leading player in urban development, and the preferred choice of both municipalities and tenants when they are looking for a partner to develop new projects.

⁸⁷ Report, JLL, "JLL Nordic Outlook", Spring 2021.

Financing

The Combined Company shall have a low level of financial risk. The chosen key ratios for risk are loan-to-value ratio and interest coverage ratio. The financing strategy will support the business operations and manage the group's financial risks while working for an open and transparent climate. The strategy will be reflected in the financial policy in order to ensure risk management through close monitoring. The Combined Company's financial strategy can be summarised by five cornerstones: diversification, liquidity, strength, transparency and flexibility. The goal is for the Combined Company's share over the long term to yield a competitive return in relation to risk, and to have a high level of liquidity. The Combined Company's ambition is to maintain Castellum's rating, which was affirmed by Moody's by way of a press release announced on 4 August 2021.

Organisation and employees

The Combined Company shall be an attractive employer with committed and motivated employees and managers, all of whom work towards the same goal, thereby meeting high expectations. The Combined Company shall work actively to attract, recruit, develop and retain the right employees and managers. The Combined Company shall strive the building of a goal-oriented organisation in which its employees constantly challenge themselves and their colleagues to strengthen both the organisation and individuals. The organisation continually strives to become better, clearer and more open as regards expectations, and sees constructive monitoring as a natural part of management and employeeship.

Sustainability

The Combined Company shall be the most sustainable property company in Europe and a major player in the construction of a sustainable society. Sustainability should be integrated into business operations and yield tangible results. This work should characterise the entire business from ownership, property management and property portfolio development to customer relationships, employees and financing. The Combined Company's sustainability agenda, "The sustainable city," is divided into four areas of focus: the planet, future-proofing, well-being and social responsibility.

The Combined Company's growth objective, financial risk limits, dividend policy and sustainability work

The overall objective for the Combined Company is to continue to create shareholder value through a stable and sustainable growth while maintaining a focus on cash flow and to operate with low financial risk.

Growth target

- 10 per cent annual growth in income from property management on a SEK per share basis.

Financial risk limits

- The loan-to-value ratio shall not permanently exceed 50 percent.
- Maintain an interest coverage ratio of at least 200 percent.

Dividend policy

- Distribute at least 50 percent of income from property management on a SEK per share basis.

The Combined Company shall be operated as the most sustainable property company in Europe. Customer and employee satisfaction shall be central parts of the operations, where the Combined Company shall strive to constantly increase the satisfaction in their surveys conducted. The Combined Company shall aim to be among the three largest real estate companies in each location. Sustainability shall be a cornerstone of the Combined Company's strategy and the Combined Company shall have ambitious and clearly defined targets for, *inter alia*, energy savings, lower carbon dioxide emission, environmental certification of the property portfolio, gender equality and the number of trainees in the Combined Company.

Organisation

Castellum believes that the management and employees of Kungsleden have built a successful company with an attractive property portfolio. Castellum expects that the proposed combination will have positive organisational impacts and that the companies' competences complement each other well. Following the completion of the combination, the board of directors in Castellum will offer Biljana Pehrsson, CEO of Kungsleden, and Ylva Sarby Westman, Deputy CEO and CFO of Kungsleden, to become CEO and Deputy CEO, respectively, for the Combined Company. Castellum and Kungsleden have aligned corporate cultures and shared core values, both largely focusing on long-term sustainable growth. The Combined Company will have a business-oriented and customer-oriented organisation within leasing, operations, property management, administration, development and transactions. Which specific changes will take place in connection with the integration will be decided only after the implementation of the Offer and a subsequent thorough evaluation of the combined activities, in order for the companies' complementary knowledge and competence to be utilised in the best way for the Combined Company.

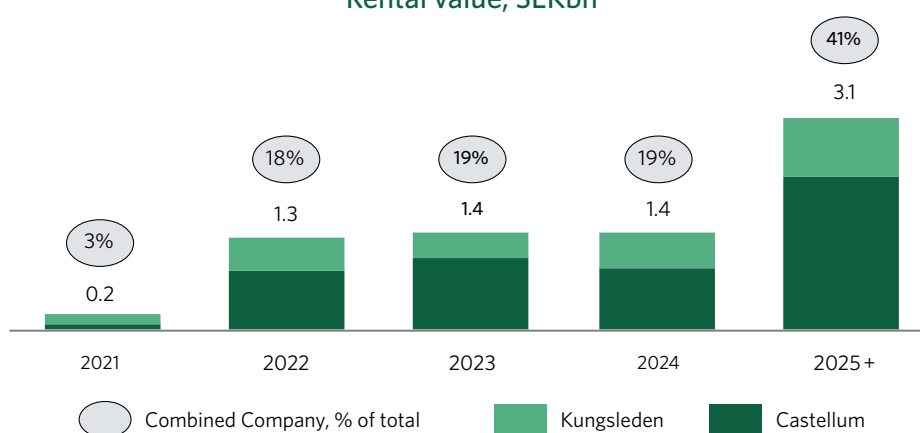
Castellum will, after the combination, continue to be based in Gothenburg. The expanded operations that Kungsleden will contribute to means that the Combined Company will have two headquarters, one in Stockholm and one in Gothenburg.

Combined property portfolio

Through a combination of the two companies, which have property portfolios that to a large extent have over-lapping geographies and similar assets, Castellum strengthens its market position as the largest listed commercial real estate company in the Nordic region.⁸⁸ The existing geographic over-lapping between the companies' portfolios, enables synergies. The Combined Company will have a well-diversified property portfolio with a market value of approximately SEK 140 billion divided on 765 properties⁸⁹, concentrated to the Nordics' largest growth regions, based on information as of 30 June 2021. Taking into account Castellum's shareholding in Entra ASA (31.0 percent) and property acquisitions carried out in July, the property value

amounts to approximately SEK 165 billion. Based on data for lettable area as of 31 December 2020, two-thirds of the combined property portfolio is located in regions with a growth above the national average. Based on property value information as of 30 June 2021, office properties will amount to approximately 58 percent, warehouse, logistics and industry properties approximately 14 percent, public sector properties approximately 13 percent, retail properties approximately 7 percent, developments and undeveloped land approximately 6 percent and other properties approximately 2 percent of the property value. Based on data for rental value as of 30 June 2021, the Combined Company's lease maturity structure will be distributed as set out below:

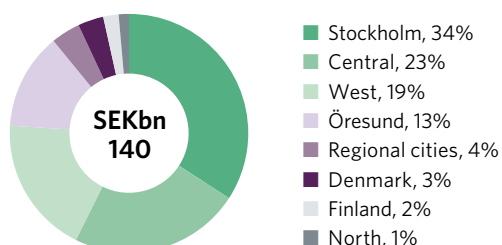
Rental value, SEKbn



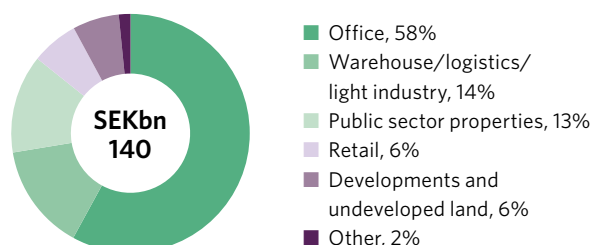
The Combined Company will have a broad base of stable and well-renowned tenants, represented by public authorities, municipalities and large leading private employers. The single largest tenant as of 30 June 2021 is estimated to account for approximately 3 percent of the combined rental value. Public authorities and municipalities tenants are as of the same period estimated to account for approximately 23 percent of the combined rental value and the remaining average lease period for the total combined property portfolio is estimated to approximately 4 years.⁹⁰

As a result of the combination, the position will be strengthened in attractive growth regions. In order to increase long term growth, with a maintained strong financial position and a strengthened customer offering in prioritised growth regions, such as Stockholm, Gothenburg and Malmö, properties in less prioritised regions will be divested. The Combined Company's property portfolio will be divided as set out below:

Property value by region, June 30 2021



Property value by category, June 30 2021



Central includes Kungsleden's accounted property value in Västerås. West includes Kungsleden's accounted property value in Gothenburg. Öresund includes Kungsleden's accounted property value in Malmö.

⁸⁸ Based on a comparison of property values as of 30 June 2021. The comparison with commercial property companies in the Nordics and Europe excludes public property companies mainly focusing on residential, hotel, or public service properties.

⁸⁹ Including 69 development properties.

⁹⁰ The remaining average lease period for the Combined Company has been calculated by weighting Castellum's and Kungsleden's remaining average lease periods respectively, based on rental value.

Through the combination, the Combined Company strengthens its customer base and offering. Based on data for lettable area as of 31 December 2020, approximately 90 percent of the combined property portfolio is located in overlapping regions that enables operational synergies through cluster effects and combined property management. As of the same date, based on data for lettable area, more than 90 percent of the combined Swedish property portfolio is located in regions with a population growth that exceeds the national average. Furthermore, two thirds of the Swedish portfolio are in areas with income growth that exceeds the national average.

The Combined Company will have an attractive portfolio with ongoing and upcoming projects of commercial properties which are expected to create a good foundation for future growth and profitability. As of June 30 2021, the Combined Company had a portfolio of larger on-going developments of approximately SEK 8.7 billion, of which approximately SEK 3.7 billion is built up. In addition, the Combined Company will have a substantial volume of building rights which adds further value potential.

Financial effects

The Combined Company will have a high-quality property portfolio focusing on commercial properties with a broad geographic diversification within attractive growth regions in Sweden, Norway (through ownership in Entra ASA), Denmark and Finland. Castellum's and Kungsleden's property portfolios complement each other well and thus strengthen the Combined Company's

position on the respective prioritised market. The combination is expected to enable for great synergies within operation, property management, property development and financing. The operation will be strengthened within property management, transactions, project development and administration, at the same time as there will emerge opportunities to increase the efficiency through exchange of knowledge and utilisation of economies of scale. The financial synergies can be achieved by Kungsleden's outstanding loans successively being refinanced based on Castellum's higher rating. In aggregate, total annual synergies are estimated to approximately SEK 285 million. The synergy effects for the Combined Company are presented in greater detail in the section "*Rationale for the combination*" above.

During the period 1 July 2020 to 30 June 2021 Castellum carried out 99 divestments to a total combined value of SEK 12 billion. A large part of these divestments consists of Castellum's sale of a total of 92 properties to Blackstone for a total property value of approximately SEK 10 billion. Through these transactions Castellum continues its strategic portfolio shift through the sale of a fully developed portfolio in order to grow in leasing growth regions in the Nordics.

Certain financial measures for the Combined Company are presented below. The financial measures have been derived from Castellum's and Kungsleden's interim reports, respectively, without taking into account the acquisition and synergy effects described above. For pro forma financial information reviewed by the Company's auditor, please see the section "*Pro forma financial information*".

Operational key figures

	As of 30 June 2021		
	Castellum	Kungsleden	Castellum + Kungsleden
No. of properties	558	207	765
Lettable area, ksqm ¹	3,801	1,998	5,799
Property value, SEKbn ²	97,250	42,539	139,789
Rental value, MSEK ³	5,892	2,828	8,720

1) Includes lettable area of project development.

2) Taking into account Castellum's shareholding in Entra ASA (31.0 percent) and property acquisitions carried out in July, Castellum's property value amounts to approximately SEK 122 billion and the Combined Company's property value amounts to approximately SEK 165 billion.

3) Information as of 30 June 2021, rental value for the period January–June 2021 recalculated on an annual basis for the properties held at the end of the period.

Results-oriented key figures

	For the period 1 July 2020 – 30 June 2021		
	Castellum	Kungsleden	Castellum + Kungsleden
Income, MSEK	5,941	2,554	8,495
Net operating income, MSEK	4,199	1,774	5,973
Income from property management, MSEK	3,306	1,296	4,602
Net income for the period, MSEK	9,631	2,774	12,405

Financial key figures

	As of 30 June 2021		
	Castellum	Kungsleden	Castellum + Kungsleden
Loan-to-value ratio ^{1,2}	38.2%	42.5%	39.4%
Interest coverage ratio, times ³	5.3	4.7	5.1
Net reinstatement value EPRA NRV, MSEK	61,895	23,221	85,116

1) Castellum and Kungsleden has different definitions for loan-to-value. The calculation presented above is based on Castellum's definition. For further information regarding the calculation please see "Reconciliation tables" below.

2) The loan-to-value ratio based on the reviewed unaudited pro forma financial information is 42.0%. For further information regarding the pro forma financial information, please see section "Pro forma financial information".

3) Interest coverage ratio based on the reviewed unaudited pro forma financial information is 4.7 times. For further information regarding the pro forma financial information, please see section "Pro forma financial information".

Reconciliation tables

The section "The Combined Company" contains certain financial measures that are not defined or recognised in accordance with IFRS. These financial measures have been included because Castellum believes that they can contribute to the understanding and analysis of the Combined Company and the opportunities and synergies that can be achieved. In preparing the financial information shown below, the Company has not had access to the underlying accounts for Kungsleden's financial reports,

which means that distribution of some of Kungsleden's items has not been possible and that certain rounding errors and deviations may occur. The financial measures have been derived from Castellum's and Kungsleden's interim reports, respectively, without taking into account the synergy effects described above. For pro forma financial information reviewed by the Company's auditor, please see the section "Pro forma financial information". Below are reconciliation tables for such financial information that are not presented in accordance with IFRS.

Financial key figures

	As of 30 June 2021		
	Castellum	Kungsleden	Castellum + Kungsleden
Loan-to-value ratio			
Interest-bearing liabilities, MSEK	43,023	19,671	62,694
Cash and cash equivalents, MSEK	(997)	(901)	(1,898)
Interest-bearing liabilities net, MSEK	42,026	18,770	60,796
Total assets, MSEK	110,082	44,128	154,210
Loan-to-value ratio	38.2%	42.5%	39.4%

	As of 30 June 2021		
	Castellum	Kungsleden	Castellum + Kungsleden
Interest coverage ratio			
Income from property management, MSEK	3,306	1,296	4,602
Reversed;			
Net interest, MSEK	766	352	1,118
Income from property management excl.			
Net interest, MSEK	4,072	1,648	5,720
Interest coverage ratio, times	5.3	4.7	5.1

	As of 30 June 2021		
	Castellum	Kungsleden	Castellum + Kungsleden
Net asset value EPRA NRV			
Equity according to the balance sheet, MSEK	50,926	19,367	70,293
Reversed;			
Declared, undistributed dividend, MSEK	949	452	1,401
Derivatives according to the balance sheet	653	52	705
Goodwill attributable to deferred tax, MSEK	(1,427)	0	(1,427)
Deferred tax according to the balance sheet	10,794	3,350	14,144
Net reinstatement value EPRA NRV, MSEK	61,895	23,221	85,116

Pro forma financial information

Castellum has prepared this unaudited pro forma financial information for illustrative purposes only. Because of its nature, the unaudited pro forma financial information illustrates a hypothetical situation and does not describe Castellum's actual results or financial position. The purpose of the unaudited pro forma financial information is only to inform on facts and not to show Castellum's results or financial position at any specific time in the future. The hypothetical financial position or results included in the pro forma financial information may differ from Castellum's actual financial position or results. Consequently, potential investors should not overstate the importance of the unaudited pro forma financial information.

BACKGROUND FOR THE PROFORMA FINANCIAL INFORMATION

On 2 August 2021, Castellum announced a voluntary public offer for all ordinary shares in Kungsleden. The Offer consideration consists of a combination of shares in Castellum and cash for the tendered shares in Kungsleden. Castellum has offered each shareholder in Kungsleden the following:

- in respect of 70 percent of the number of Kungsleden shares tendered by such shareholder, 0.525 shares in Castellum per Kungsleden share; and
- in respect of the remaining 30 percent of the number of Kungsleden shares tendered by such shareholder, SEK 121 in cash per Kungsleden share.

Based on full participation in the Offer, this means that Castellum may issue up to 79,028,043 new shares and pay up to a total of approximately SEK 7,806 million in cash. Based on the closing price of Castellum's shares as of 30 July 2021 of SEK 241.10 per share, a total purchase price of approximately SEK 26,860 million has been calculated for this unaudited pro forma financial information.

Completion of the Offer is subject to customary conditions including, but not limited to, approval of the issuance of shares as consideration in Offer by Castellum's shareholders, the Offer being accepted to such an extent that Castellum becomes the owner of shares representing more than 90 percent of the total number of outstanding shares in Kungsleden and receipt of all necessary regulatory and governmental approvals. The unaudited pro forma financial statements have been prepared assuming the transaction will be approved.

Castellum has included unaudited pro forma financial information as of and for the six month period ended 30 June 2021, in order to report the hypothetical effects that the Offer would have on Castellum's financial position and results. The following pro forma financial information is presented:

- Unaudited pro forma statement of income for the period 1 January 2021 to 30 June 2021, as if the Offer had been completed on 1 January 2021; and
- Unaudited pro forma balance sheet as of 30 June 2021, as if the Offer had been completed as of 30 June 2021.

The pro forma adjustments are based upon available information and certain assumptions which the board of directors and management of Castellum believe are reasonable in this context and which are described in the accompanying notes to the unaudited pro forma financial information. Actual results may differ materially from the assumptions within the accompanying unaudited pro forma financial information.

The unaudited pro forma financial information does not include all information required for financial statements prepared under International Financial Reporting Standards as adopted by the EU ("IFRS") and should be read in connection with the historical financial information of Castellum and Kungsleden.

The unaudited pro forma financial information has been prepared in accordance with Annex I to Commission Delegated Regulation (EU) 2021/528 and has been compiled in a manner consistent with the accounting principles of Castellum, IFRS, which are described in Castellum's annual report for 2020. The unaudited pro forma financial information has not been compiled in accordance with and shall not be regarded as being compiled in accordance with Regulation S-X in the U.S. Securities Act.

Castellum's auditor, Deloitte AB has given an assurance report on the compilation of pro forma financial information, included in this Offer Document — "*Independent auditor's report regarding financial pro forma statements in an offer document*".

ASSUMPTIONS AND BASIS FOR THE PRO FORMA FINANCIAL INFORMATION

Acceptance to the Offer

The Offer includes all shares in Kungsleden that have not been repurchased by Kungsleden. The pro forma report assumes full acceptance of the Offer.

Presentation of financial statements

As the companies have different forms of presentation for their statements of income and balance sheets, for the purpose of this pro forma financial information, the presentation format in Kungsleden's financial reports have to some extent been adjusted to comply with Castellum's presentation format. When preparing the pro forma financial information, Castellum did not have access to the underlying accounts in Kungsleden's

financial statements, which means that it has not always been possible to fully classify the items in accordance with Castellum's presentation format. In order to achieve comparability between Castellum and Kungsleden, the following adjustments have been made to Kungsleden's financial statements:

- Total revenue in Kungsleden's statement of income is presented in the line item Income.
- Selling and administration costs in Kungsleden's statement of income are presented in the line item Central administrative expenses in the pro forma statement of income.
- Financial revenue and financial costs in Kungsleden's statement of income are presented in the line item Net interest costs in the pro forma statement of income.
- Costs of right of use in Kungsleden's statement of income are presented in the line item Lettingcost/Site leasehold fee in the pro forma statement of income.
- Tax in Kungsleden's statement of income are presented in the line item Deferred tax in the pro forma statement of income.
- Changes in value on interest derivatives Kungsleden's statement of income is presented in the line item changes in value on derivatives in the pro forma statement of income.
- Intangible assets, equipment and other long-term receivables in Kungsleden's balance sheet are presented in the item Other fixed assets in the pro forma balance sheet.
- Long term as well as short term liabilities to credit institutions and other interest-bearing liabilities in Kungsleden is aggregated in the Interest-bearing liabilities line item in the pro forma balance sheet.
- Long term as well as short term debts regarding liabilities of right of use is aggregated in the Lease liability line item in the pro forma balance sheet.
- Other liabilities in Kungsleden is on the line item Non-interest bearing liabilities in the pro forma balance sheet

In addition, for purposes of the presentation of the unaudited pro forma statement of income, operating costs, maintenance expenses, letting and property administration expenses, co-working expenses and property tax in Castellum's statement of income are aggregated in the Property costs line item in the pro forma statement of income. Further, rental income, service income and co-working income in Castellum's statement of income are aggregated in the Income line item in the pro forma statement of income. Acquisition costs in Castellum's statement of income are presented as Transaction costs in the pro forma statement of income.

Accounting principles

The unaudited pro forma financial information has been prepared following Castellum's accounting principles, IFRS as adopted by the EU, which are described

in Castellum's annual report for 2020. Kungsleden also applies IFRS as adopted by the EU, as described in Kungsleden's annual report for 2020.

Business Combination vs. Asset Purchase

At the time of preparation of the unaudited pro forma financial information, the transaction has been classified as a Business Combination in accordance with IFRS 3. Classification of a transaction as a Business Combination or Asset Purchase is made in accordance with a number of assessment criteria prescribed in IFRS 3.

Basis for the unaudited pro forma financial information

The respective interim reports for the period 1 January – 30 June 2021 of Castellum and Kungsleden form the basis for the unaudited pro forma financial information. Castellum's interim report has been reviewed by Castellum's auditor, but Kungsleden's interim report has not been so reviewed.

The unaudited pro forma financial information does not include all of the information required for financial statements under IFRS and should be read in conjunction with the historical information of the companies as presented in the annual reports and published interim reports. In addition to the aforementioned public information, Castellum has not been privy to any documentation relating to Kungsleden's accounts.

PRO FORMA ADJUSTMENTS

The overall nature of the pro forma adjustments is described below. The adjustments are described in more detail in the notes to the pro forma accounts. With respect to the unaudited pro forma statement of income, the pro forma adjustments are expected to have a continuing impact on the consolidated results, unless otherwise stated. General synergies or costs for integration have not been included in the pro forma accounts.

Adjustments of accounting principles

Castellum has carried out an analysis based on public information regarding significant differences between accounting principles of Castellum and Kungsleden. Castellum's assessment is that there are no differences between accounting principles of Castellum and Kungsleden that have any significant effects on the financial information.

Purchase price allocation

In the unaudited pro forma financial information, the purchase price for the acquisition of Kungsleden has been calculated as SEK 26,860 million. The value of Castellum's shares in the preliminary purchase price allocation has been calculated on the basis of Castellum's closing share price as of 30 July 2021, amounting to SEK 241.10

per share. Furthermore, the Offer value for pro forma purposes is based on an assumption of full acceptance level in the Offer.

Based on the assumptions above, the purchase price of SEK 26,860 million in total is divided into 79,028,043 new shares equal to SEK 19,054 million and cash of SEK 7,806 million.

The preliminary purchase price allocation has been based on reported values in Kungsleden's balance sheet as of 30 June 2021, apart from the deferred tax related to the difference between the book value of investment properties and its tax value, which has been based on Kungsleden's reported values as of 31 December 2020. At the time of the preparation of the pro forma financial information, the transaction has been classified as a business combination in accordance with IFRS 3, meaning that deferred tax must be recognised on all temporary differences. The effect of this entails an adjustment for additional deferred tax of approximately SEK 1,705 million. With respect to this adjustment of deferred tax of SEK 1,705 million, a corresponding amount will have an impact on goodwill (i.e. an increase of the goodwill amount recognised).

It should be noted that Castellum, when preparing the preliminary purchase price allocation to be used for pro forma purposes, did not have access to all underlying data in order to assess and measure all assets and liabilities at fair value. When preparing the final purchase price allocation, all identifiable assets and liabilities will however be valued at fair value. Valuation of purchased properties will then take place in accordance with Castellum's process for market valuation of each property, at the timing of the acquisition. This value may deviate from the reported fair value of Kungsleden's properties as of 30 June 2021. When preparing the final purchase price allocation, new intangible assets may also be identified, which may mean that the statement of income may in the future be charged with amortisation of these assets. The final purchase price allocation may deviate from the preliminary purchase price allocation. A final purchase price allocation will be prepared and published, as part of Castellum's financial reporting, within one year from the date of the acquisition.

In the preliminary purchase price allocation, the difference between the net of the identifiable assets acquired and the liabilities assumed, and the consideration has been recognised as goodwill.

Transaction costs and financing

Estimated transaction costs attributable to the acquisition are assumed to occur 1 January 2021 and are adjusted for in the unaudited pro forma financial information. The transaction costs, which are estimated to be SEK 45 million, have been accounted for as a one off in the unaudited pro forma statement of income.

In connection with the Offer, but after 30 June 2021, Castellum has signed a bridge loan of SEK 8,000 million of which SEK 7,851 million is expected to be utilised when

preparing the pro forma financial information, in order to finance the acquisition of Kungsleden. In the unaudited pro forma statement of income, the loan has been treated as if the acquisition has taken place 1 January 2021.

The final financing of the acquisition of Kungsleden can however be different, which can result in other interest costs being recognised. Estimated interest cost for the period 1 January–30 June 2021 amounts to approximately SEK 65 million, of which SEK 15 million is up-front and arrangement fees for the bridge loan that is considered one off items (as they are not expected to have a continuing impact on the statement of income/items of non-recurring nature).

Further, Kungsleden has outstanding bonds which contain change of control clauses. It has not been possible to do a full assessment of the outcome of the change of control in relation to Kungsleden's financing. Because of that, an assumption has been made in the unaudited pro forma financial information that Kungsleden's bondholders are not redeemed. Furthermore, all the change of control clauses in Kungsleden's bank facilities have been waived and the unaudited pro forma financial information is based on an assumption that these bank facilities remain in place.

Tax effect on adjustments

The tax effect has been taken into account on all adjustments that are deemed to be tax deductible or taxable in the unaudited pro forma financial information. Estimated tax effect may differ from actual tax effect when the Offer is executed. The tax calculations are based on the statutory tax rate 20.6 percent for 2021.

Unaudited pro forma statement of income for 1 January – 30 June 2021

Based on the conditions above and the pro forma adjustments set out below, an unaudited pro forma statement of income is set out below for the period 1 January – 30 June 2021.

STATEMENT OF INCOME

<i>(SEK million)</i>	Castellum (1 January – 30 June 2021) IFRS	Kungsleden (1 January – 30 June 2021) IFRS	Pro forma adjustments	Note	Castellum Pro forma Statement of income
Income	2,936	1,289			4,225
Property costs	-902	-404			-1,306
Net operating income	2,034	885			2,919
Central administrative expenses	-77	-47			-124
Transaction costs			-45	A1	-45
<i>Net financial costs</i>					
Net interest costs	-374	-172	-65	A2	-611
Dividend	46				46
Letting cost/Site leasehold fee	-14	-15			-29
Income from property management including transaction costs/ financing fees	1,615	651	-110		2,156
Changes in value on properties	3,122	1,373			4,495
Changes in value on financial holdings	296				296
Changes in value on derivatives	117	131			248
Impairment of goodwill	-53				-53
Income before tax	5,097	2,155	-110		7,142
Current tax	-132				-132
Deferred tax	585	-444	13	A3	154
Net income for the period	5,550	1,711	-97		7,164

NOTES TO PRO FORMA STATEMENT OF INCOME

A1

Transaction costs totaling SEK 45 million attributable to the acquisition of Kungsleden are assumed to have arisen on 1 January 2021, entailing a pro forma adjustment in the pro forma statement of income for transaction costs. The pro forma adjustments for these expenses are not expected to have a continuing impact on the statement of income and are assumed not to be deductible.

A2

The cash consideration for the acquisition of Kungsleden totaling SEK 7,806 million, as well as transaction costs totaling SEK 45 million, will be financed through a bridge loan of SEK 8,000 million with an assumption of an average annual interest rate of 1.3 percent equal to SEK 100 million on an annual basis. This entails a pro forma adjustment in the pro forma statement of income for increased interest expenses totaling SEK 50

million. The ultimate financing may, however, look different, resulting in other interest expenses being recognised than those presented for pro forma purposes above.

Up front and arrangement fees for the bridge loan of approximately SEK 30 million has been accrued over the tenor of the loan (assumed to be a period of 12 months) and is in total SEK 15 million for the six month period 1 January 2021 – 30 June 2021. The expenses of SEK 30 million are not expected to have continuing impact on the statement of income (items of a non-recurring nature).

This entails a pro forma adjustment in the statement of income for increased interest expenses totaling SEK 65 million.

A3

Additional interest cost for the acquisition increases deferred tax income with SEK 13 million for the period 1 January – 30 June 2021.

Unaudited pro forma balance sheet as of 30 June 2021

Based on the conditions above and the pro forma adjustments set out below, an unaudited pro forma balance sheet as of 30 June 2021 is set out below.

BALANCE SHEET

<i>(SEK million)</i>	Castellum 30 June 2021 IFRS	Kungsleden 30 June 2021 IFRS	Pro forma adjustments	Note	Castellum Pro forma Balance sheet
Investment properties	97,250	42,539			139,789
Goodwill	1,620		9,198	A	10,818
Leases, right-of-use	1,035	629			1,664
Financial assets	6,566				6,566
Other fixed assets	205	17			222
Derivatives		38	-38	E	
Current receivables	2,409	3			2,412
Cash and cash equivalents	997	901			1,898
Total Assets	110,082	44,127	9,160		163,369
Equity	50,926	19,367	-358	B	69,935
Deferred tax liability	10,794	3,350	1,705	D	15,849
Other provisions	10	9			19
Interest-bearing liabilities	43,023	19,671	7,851	C	70,545
Derivatives	653	90	-38	E	705
Lease liability	1,035	629			1,664
Non-interest bearing liabilities	3,641	1,011			4,652
Total Equity and Liabilities	110,082	44,127	9,160		163,369

NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET

A

In the pro forma balance sheet, the purchase price has been calculated at SEK 26,860 million consisting of an issue of 79,028,043 new shares in Castellum with a value of SEK 19,054 million based on the closing share price of 30 July 2021 of SEK 241.10 per share, and cash of SEK 7,806 million.

The preliminary purchase price allocation has been based on reported values in Kungsleden's balance sheet as of 30 June 2021, apart from the deferred tax related to the temporary difference on investment properties, which has been based on Kungsleden's reported values as of 31 December 2020. At the time of preparation of the unaudited pro forma financial information, the transaction has been classified as a business combination in accordance with IFRS 3, meaning that deferred tax must be recognised on all temporary differences. The effect of this entails an adjustment for additional deferred tax of SEK 1,705 million. With respect to this adjustment of deferred tax of SEK 1,705 million, a corresponding amount will have an impact on goodwill (i.e. an increase of the goodwill amount recognised, see also the table below).

The difference between the net of the identifiable assets acquired and the liabilities assumed and the purchase price has been accounted for as goodwill, amounting to SEK 7,493 million (excluding the adjustment for deferred tax mentioned above), since Castellum's board of directors has no information to make any other assessment other than that Kungsleden's Investment properties are valued at fair value. When preparing the final purchase price allocation all identifiable assets and liabilities will be valued to fair value. Valuation of acquired properties will then take place according to the Castellum's process for market valuation of

each property at the time for the execution of the Offer. This value can deviate from the reported value on Kungsleden's investment properties as of 30 June 2021.

In total, this means a goodwill of SEK 9,198 million that is accounted for in the pro forma balance sheet.

Preliminary purchase price allocation as at 30 June 2021

(SEK million)

Purchase price	26,860
Less fair value net assets acquired	-19,367
Plus deferred tax liability	1,705
Goodwill	9,198

B

There have been no transaction costs attributable to the acquisition before 30 June 2021, meaning that such costs have reduced shareholder's equity and increased debt as at 30 June 2021. The costs are one off and non-recurring. Estimated transactions costs are approximately SEK 45 million.

Shareholder's equity has been adjusted with the non-cash issue which increases shareholder's equity with SEK 19,054 million based on Castellum's share price as of 30 July 2021 of SEK 241.10 per share. Furthermore, deduction is made for transactions costs of SEK 45 million and the acquired equity according to Kungsleden's Q2 report,

by SEK 19,367 million. That gives a net adjustment of SEK -358 million. Estimated direct costs for the issue are not significant.

Equity, pro forma adjustments

(SEK million)

Non-cash issue	19,054
Transaction costs	-45
Acquired equity as at 30 June 2021	-19,367
Pro Forma Adjustment	-358

C

Interest bearing debt has increased with the cash component in the Offer, equal to SEK 7,806 million and transaction costs of SEK 45 million, in total SEK 7,851 million.

D

According to Kungsleden's Annual Report for 2020, temporary differences regarding investment properties are SEK 24,457 million, of which deferred tax is SEK 5,038 million based on a tax rate of 20.6 percent. The information reflects the value as of 31 December 2020 since Castellum does not have any more updated information as at 30 June 2021. According to Castellum's assessment, the situation as at 31 December 2020 are sufficiently reliable in order to use as a base for preparation of the pro forma financial information as of 30 June 2021. Accounted deferred tax regarding investment properties according to Kungsleden's Annual report 2020, is SEK 3,333 million. Thus, there is a difference of SEK 1,705 million. At the time of preparation of the pro forma financial information, the transaction has been classified as a business combination in accordance with IFRS 3, meaning that deferred tax must be reported on all temporary differences. The effect of this entails an adjustment for additional deferred tax of SEK 1,705 million. With respect to this adjustment of deferred tax of SEK 1,705 million, a corresponding amount will have an impact on goodwill (i.e. an increase of the goodwill amount recognised).

Deferred tax, pro forma adjustments

(SEK million)

Temporary difference properties as at 31 December 2020 according to Kungsleden's Annual Report	24,457
Deferred tax 20.6 percent on above	-5,038
Of which accounted for in the balance sheet as at 31 December 2020 according to Kungsleden's Annual Report	-3,333
Pro Forma Adjustment	1,705

E

Kungsleden accounts for positive and negative values in derivatives gross, i.e. positive values as an asset and negative values as a liability. Since Castellum, based on materiality accounts for derivatives net, the pro forma amounts are adjusted accordingly, i.e. derivatives are presented net as Derivative liabilities.

Independent auditor's report regarding financial pro forma statements in an offer document

To the board of directors of Castellum Aktiebolag, corporate identity number: 556475-5550

Report on the Compilation of Pro Forma Financial Information Included in an Offer Document

We have completed our assurance engagement to report on the compilation of pro forma financial information of Castellum Aktiebolag ("Castellum") by the board of directors of Castellum. The pro forma financial information consists of the unaudited pro forma balance sheet as at 30 June 2021 and the unaudited pro forma statement of income for the six months ended 30 June 2021, and related notes as set out in section "Pro forma financial information" of the Offer Document issued by Castellum. The applicable criteria on the basis of which the board of directors of Castellum have compiled the pro forma financial information are specified in the Delegated Regulation (EU) 2021/528 and described in the section "Pro forma financial information" of the Offer Document.

The pro forma financial information has been compiled by the board of directors and Management of Castellum to illustrate (i) the impact of the acquisition of all shares in Kungsleden Aktiebolag (the "Offer") as set out in section "Pro forma financial information" of the Offer Document on Castellum's consolidated financial position as of 30 June 2021 and its consolidated financial performance for the period ended 30 June 2021 as if the Offer had taken place at 30 June 2021 and 1 January 2021 respectively.

As part of this process, information about Castellum's and Kungsleden Aktiebolag's consolidated financial position and financial performance has been extracted by the board of directors of Castellum from Castellum's and Kungsleden Aktiebolag's interim financial statements for the six months ended 30 June 2021, on which no audit but a review report has been published for Castellum and no audit or review report has been published for Kungsleden Aktiebolag.

The board of directors' and Management's Responsibility for the Pro Forma Financial Information

The board of directors of Castellum are responsible for compiling the pro forma financial information on the basis of the Delegated Regulation (EU) 2021/528.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements in Sweden, which is founded on

fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express an opinion, as required by the Delegated Regulation (EU) 2021/528 about whether the pro forma financial information has, in all material aspects, been properly compiled by the board of directors of Castellum on the basis of the applicable criteria and that these bases are consistent with Castellum's accounting policies.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the board of directors have compiled, in all material respects, the pro forma financial information on the basis of the Delegated Regulation (EU) 2021/528.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an Offer Document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Offer at 30 June 2021 or the six months ended 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been

compiled, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the board of directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria;
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information;
- The pro forma financial information has been compiled on a basis consistent with the accounting policies of Castellum.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been properly compiled on the basis stated in section "Pro forma financial information" of the Offer Document and that basis is consistent with the accounting policies applied by Castellum.

This report is issued for the sole purpose of the Offer as set out in the Offer Document. Our work has not been carried out in accordance with auditing, assurance or other standards and practices generally accepted in the United States and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the Offer, as set out in the Offer Document.

Gothenburg, 29 September 2021
Deloitte AB

Harald Jagner
Authorized Public Accountant

Description of Castellum

Business overview

Castellum is a Swedish public limited liability company incorporated in Sweden and operating under Swedish law. Castellum's registered office is in Gothenburg, Sweden. Castellum's shares are admitted to trading on Nasdaq Stockholm's main market under the ticker CAST.

Castellum is the largest listed commercial property company in the Nordics and develops flexible work-places and smart logistics solutions with a property value of approximately SEK 97 billion. Castellum is active in 14 Swedish growth regions as well as in Norway (through ownership in Entra ASA), Denmark and Finland. Castellum focuses on offices, with a large element of public authorities as well as warehouse/logistics, and the property portfolio consists of 558⁹¹ properties with a total yearly rental value of approximately SEK 5.9⁹² billion. Taking into account Castellum's shareholding in Entra ASA (31.0 percent) and property acquisitions carried out in July, Castellum's property value amounts to approximately SEK 122 billion.

Castellum's business model is built on investing in and developing commercial premises managed in a decentralised and customer-centric organisation focusing on cash flow and low financial risk. The operations comprise three areas: (i) property management, (ii) project development, and (iii) transactions.

Customer portfolio and business focus

Castellum has a broad risk spreading in the contract portfolio. The Group had approximately 5,300 commercial contracts as of 30 June 2021. As of the same period, the single largest lease accounted for approximately 2 percent of the group's total rental income, while the corresponding figure for the single largest customer was approximately 4 percent. Castellum's tenants are found in every industry and Castellum is represented in many different segments, which means a healthy risk spread as regards geography, type of premises, contract size and term. As of 30 June 2021, the remaining average length of contract was 3.9 years.

One of Castellum's largest and growing customer groups is government agencies and departments, which provides a stable and secure income based on the type of tenant type as well as longer average lease tenors. The logistics segment also has a broad, strong customer portfolio with a healthy spread of longer and shorter leases. The breadth of Castellum's property types ensures opportunities for growth in Castellum's existing property portfolio for its tenants, and enables strong rental growth.

Castellum's exposure to the retail segment currently represents approximately 7 percent of income value, including grocery stores and car dealership, where the latter can be found in locations that are attractive from a logistics perspective with an increased need for "last mile" premises (i.e. the last stretch in the delivery chain).

Close to the tenants – a key to success

Local presence in 14 cities in Sweden, Norway (through shareholding in Entra ASA), Denmark and Finland, provides Castellum with close tenant relationships and short decision-making processes. Castellum's employees work close to the market, which means natural opportunities for keeping up to date on all its tenants' current and future needs. Castellum can thus offer premises adapted to needs, optimal personal service and quick answers. As one of the largest property owners in its respective local markets, the Company collaborates with municipalities and involves itself in local network as an active urban developer that can create attractive work environments for its tenants.

Coronavirus pandemic

Since the beginning of the pandemic and up to and including 30 June 2021, liquidity relief corresponding to quarterly rent of approximately MSEK 145 has been granted, the majority of which pertains to the transition from quarterly to monthly payments. Approximately MSEK 20 of this liquidity relief is active and the remaining approximately MSEK 120 has returned to customary quarterly notification. As of 30 June 2021, approximately MSEK 2 in discounts related to the new state support for 2021 have been granted. The billing for the second quarter of 2021 was paid to almost in full, and Castellum's assessment per 30 June 2021 is that the third quarter of 2021 will follow the same payment patterns and proportions, indicating a strong and stable cash flow and a strong customer base.

However, the delta variant of the coronavirus entails an increased uncertainty factor where increased spread of infection can lead to a reintroduction of stricter restrictions, and thus a slowdown in the economic recovery.⁹³ In addition to this, the pandemic has accelerated trend movements towards increased remote work and conversations regarding which function offices will fulfill in the future as well as a changed purchasing behavior increasing the need for logistics properties, especially in logistics locations close to the city with good transport options and ranger area, so-called last mile. Castellum monitors the development of Covid-19 and market trends closely and takes appropriate action.

⁹¹ Including Castellum's 54 development properties.

⁹² Information as of 30 June 2021, rental value for the period January 2021–June 2021 recalculated on an annual basis.

⁹³ Report, The Swedish National Institute of Economic Research, "Update of the economic situation", August 2021.

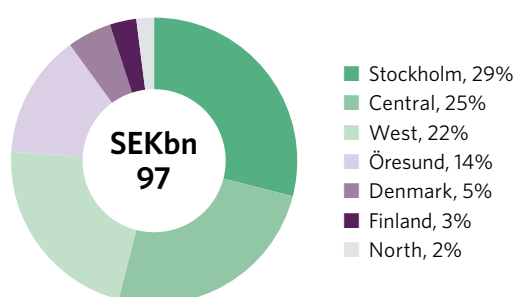
Property portfolio

Castellum has a presence in four of the Nordic region's capitals and growth markets, with a property portfolio that is concentrated in selected growth regions in Sweden, Norway (through ownership in Entra ASA), Denmark and Finland.

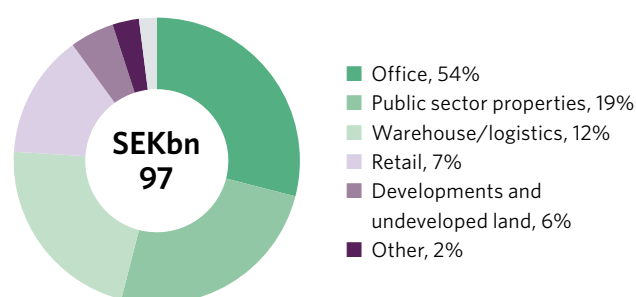
Castellum's geographical markets can be characterised as stable, with good prospects for long-term positive

development. The commercial portfolio consists mainly of offices, public sector properties and warehouse/logistics which together comprises a third of the portfolio. In addition, the portfolio consists of retail, light industry and developments and undeveloped land. The properties are located in the city and well-located areas with good communication and expanded service.

Property value by region, June 30 2021



Property value by category, June 30 2021



As of 30 June 2021, Castellum's property portfolio comprised 558⁹⁴ properties with a total rental value of approximately SEK 5.9⁹⁵ billion and a total lettable area

of 3,801⁹⁶ thousand square meters. The net operating income after property administration expenses was MSEK 1,895 for the period 1 January 2021 – 30 June 2021.

Geographic market and operating segment

The table below illustrates Castellum's total income by geographic market and operating segment during the last financial year (2020).

2020, MSEK	Stockholm-					Unallocated	Total
Operating segments	Central	West	North	Öresund	Finland	items	segments
Rental income, external	1,491	1,277	1,492	1,123	55	0	5,438
Service income, external	104	88	119	139	4	0	454
Co-working income, external	0	0	0	0	0	112	112
Income	1,595	1,365	1,611	1,262	59	112	6,004
Property costs	-451	-349	-364	-334	-25	-26	-1,549
Co-working costs	0	0	0	0	0	-120	-120
Central administration expenses	-7	-8	-10	-9	-4	-111	-149
Interest income	13	12	10	23	0	-52	6
Leases/site leasehold fees	-2	-6	-7	-3	0	-2	-20
Interest costs	-235	-224	-215	-192	-22	96	-792
Income from property management	913	790	1,025	747	8	-103	3,380
Impairment, goodwill/ Transactions costs ⁹⁷	0	0	0	0	0	-95	-95
Change in value on properties	705	948	1,247	734	229	0	3,863
Changes in values on derivatives	0	0	0	0	0	-120	-120
Income before tax	1,618	1,738	2,272	1,481	237	-318	7,028
Investment properties	24,316	23,160	32,452	20,402	2,712	0	103,042
<i>of which investments this year</i>	<i>703</i>	<i>571</i>	<i>962</i>	<i>1,265</i>	<i>1,657</i>	<i>0</i>	<i>5,158</i>

⁹⁴ Including Castellum's 54 development properties.

⁹⁵ Information as of June 30, rental value for the period January 2021 – June 2021 recalculated on an annual basis.

⁹⁶ Including 267 thousand square meters of lettable area assignable to development projects.

⁹⁷ Refers to impairment of goodwill and transaction costs.

Enhancement of the development portfolio

Castellum's strategies for reaching an overall annual growth target of 10 percent include enhancing its development portfolio and creating new project opportunities through land allocation agreements and acquisition of building rights. Investments in new construction, extensions and reconstructions often result in higher yields than investments through acquisitions. Between 2010 and 2020, Castellum invested SEK 68.7 billion over the last ten years in total, equal to an average of SEK 6.9 billion per year.

During the period 1 January 2021 to 30 June 2021 Castellum has invested a total of MSEK 2,014 of which MSEK 335 pertained to acquisitions and MSEK 1,679 to new construction, extensions and reconstructions. After sales and cash settlement of MSEK 11,000 net investments amounted to MSEK -8,986. Eight new projects were started during the period, which corresponds to a total investment volume of SEK 2.7 billion.

As of 30 June 2021, Castellum has an ongoing development portfolio of approximately SEK 7.4 billion, of which approximately SEK 2.8 billion is developed. These projects enable possible project gains, based on the markets yield requirements in June 2021, of approximately SEK 2.6 billion of which approximately MSEK 800 has already been recognised. Future project gains of an additional SEK 1.8 billion thus remain, given the current pricing and that leases are signed. In addition, Castellum has a large volume of building rights of approximately 1.5 million square metres of lettable area.

Castellum's investments in existing portfolios and other development projects also result in a quality shift to a more sustainable portfolio as well as increased earning power. In addition, Castellum intends to be an active player that promotes urban development and growth.

As of 30 June 2021, the average economic occupancy rate for the property portfolio was 93.1 percent.

Sustainability – a natural part of all development projects

Castellum works for the environmental certification of all its new construction projects. The most common certification is Miljöbyggnad, where new construction projects for offices shall achieve Gold level and logistics shall achieve Silver level. Other certifications exist; the E.ON project, described below under "Selected ongoing projects", for example, will be certified under the highest level for BREEAM (Building Research Establishment Environmental Assessment Method). Castellum also works to create premises with a focus on health and well-being for its tenants; the GreenHaus project in Helsingborg and the Kungspassagen project in Uppsala, for example, will be certified under WELL Building Standard (WELL).

Castellum has adopted a clear road map to achieve its target of zero carbon emissions by 2030, at the latest. As an initial step, emissions within project development will

decrease 15 percent per square metre along the entire project line for new offices over MSEK 100 beginning in 2021 through 2023. Furthermore, in 2020, Castellum achieved its target that all vehicles used by Castellum should be 100 percent non-fossil fuel powered. These initiatives, among many others, have resulted in continued international recognition for Castellum's sustainability work, where Castellum, *inter alia*, in 2020, for the fifth consecutive year qualified its position as the only Nordic company in the real estate and construction sector qualified for the S&P Global's Dow Jones Sustainability Index.

Castellum's first climate-neutral project is the Korsningen block in Örebro, which will also be one of the pilot certifications under the new NollCO2 standard. The project is the Company's first office project with timber carcassing and timber floor elements. Preliminary calculations show that the Korsningen block reduces climate impact by approximately 40 percent compared to a reference construction. All certifications with a focus on the environment, health and climate are an important part of these projects and are included in the work from the very beginning. In addition to providing Castellum with future-proofing of its properties and sustainable value, the certifications allow the tenants to work in premises with less climate impact that also increase wellness among their employees.

Selected ongoing projects

Development: New head office for E.ON.

- *Region:* Nyhamnen, central Malmö
- *Area:* 31,460 square meters
- *Expected completion:* Q1 2023
- *Total investment:* MSEK 1,296

Project description

During the second quarter of 2020, Castellum began the construction of a new office building in Nyhamnen in Malmö, with E.ON Energy Group as anchor tenant. The investment establishes Castellum as a prominent urban developer in the Malmö region. This is an important element of Castellum's strategy to grow as a community builder in the Öresund region as a whole. The twelve-year lease between Castellum and E.ON will take effect upon completion of the property. Fully leased, the investment is expected to generate an annual income of approximately MSEK 78. The building is expected to be environmentally certified under the highest level for BREEAM ("outstanding").

Development: New court building in Malmö.

- *Region:* Nyhamnen, central Malmö
- *Area:* 26,500 square meters
- *Expected completion:* Q1 2023
- *Total investment:* MSEK 1,270

Project description

The Swedish state approved the Swedish National Courts Administration's leasing application and a 20-year lease has been established between the Swedish National Courts

Administration and Castellum. Castellum then began the construction of modern courtroom premises in Nyhamnen in Malmö during the second quarter of 2020. The investment constitutes an important part of Castellum's growth strategy in the Öresund region. The investment is expected to generate an annual lease income of approximately SEK 81 million, supported by a long-term government tenant. The building is expected to be environmentally certified according to Sweden Green Building Council's highest level, "gold".

Development: New logistics and mobility center in Säve

- **Region:** Säve, Gothenburg
- **Area:** 800,000-900,000 square meters logistics
- **Expected completion:** Stage completion by the year 2030
- **Total investment:** Up to MSEK 8,500

Project description

In December 2018, Castellum acquired Säve airport for approximately SEK 1 billion and gained access to a development area of almost 3 million square meters of land. As of today, there are already current operations such as helicopter operations, by the police, ambulance and sea rescue. In addition, there are tenants with operations within developing Swedish electric aircraft and autonomous drone technology.

A gradual development of the area is planned over a ten-year period, with a total of approximately 800,000-900,000 square meters of modern logistics and business premises and test areas for fossil-free self-driving vehicles in the air and on the ground. Long-term development of the area will require new detailed development plans. Already in 2021, Castellum began the building of a new facility for SEEL (Swedish Electric Transport Laboratory) and the first detailed development plan will be initiated in 2021. An innovation cluster for developing the sustainable transportation and mobility of the future will be created in parallel with the long-term development of the area.

Transactions

Castellum acts from a long-term perspective. The strategy for growth includes continuous refinement and development of the property portfolio through investments in new construction, extensions, reconstructions as well as through new acquisitions. The purpose with the investments is to improve cash flows, thereby increasing the value of the properties. New projects are gradually added through acquisitions of both development portfolios and unutilised building rights. Castellum is continuously developing its property portfolio, which also includes divestments, in order to strengthen the Company's position as a leading company in the Nordic growth regions.

Property acquisitions and transfer of capital through divestment of properties have been an important tool in

order to change the portfolio, increase its density and keep it attractive. Between 2010 and 2020, Castellum made acquisitions corresponding to a total of approximately SEK 69 billion, which corresponds to an average of SEK 6.9 billion per year. During the same period, Castellum carried out strategic divestments of properties with a total value of approximately SEK 21 billion.

In order to achieve the overall objective of ten per cent annual growth in income from property management on a SEK per share basis, the annual net investments amounts to approximately 5 percent of Castellum's total property value (on a rolling basis).

At the beginning of 2021, Castellum sold on two occasions a total of 92 properties to Blackstone for a total property value of approximately SEK 10 billion. Through this transaction, Castellum continues its strategic portfolio shift through the sale of a fully developed portfolio in order to grow in the leading growth positions and develop the most modern and flexible logistics/warehouse offering in the Nordic region.

Castellum had, as of 30 June 2021, acquired 18,470,976 shares in Entra ASA at an average price of NOK 207 per share. Following the acquisition, Castellum held 33,470,976 shares, corresponding to 18.4 percent of the shares and votes in Entra ASA. On August 27 2021, Castellum acquired 21,408,057 shares in Entra ASA at a price of NOK 210 per share from Folketrygdfondet. Furthermore, Castellum acquired 1,521,373 shares in the market during July, August and September. As of the date of the Offer Document, Castellum holds 56,400,406 shares, corresponding to 31.0 percent of the shares and votes in Entra ASA. Entra ASA is therefore now an associated company to Castellum.

Market overview

The description below is a summary of the markets in which Castellum operates. For further information about Castellum's and the Combined Company's markets, see the section "*The Combined Company – Market overview for the Combined Company*".

Swedish, Norwegian, Danish and Finnish economies

The economic performance in the first half of 2021 has substantially improved compared with the negative performance during most of 2020, which several financial commentators consider will remain for the rest of the year. Nonetheless, unemployment in Sweden is expected to increase slightly to approximately 8.9 percent during 2021 to subsequently fall to 7.7 percent in 2022 and 6.9 percent in 2023.⁹⁸ Sweden's GDP for the full-year 2020 fell nearly 2.8 percent but is expected to recover and peak on positive 4.6 percent in 2021, after which growth is predicted to decline slightly to 3.5 percent in

⁹⁸ Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

2022 and 1.8 percent in 2023. Low interest rates in combination with robust monetary policy and fiscal measures have continued to play a part in stimulating the financial markets.

The development of the Swedish krona exchange rate has a substantial role in the inflation trend in Sweden – a weak exchange rate normally contributes to higher inflation. In the first half of 2021, the krona has traded within 10–10.25 against EUR, after having strengthened in the second half of 2020. The inflation rate, expressed in terms of CPIF, amounted to 0.5 percent during 2020 and is expected to increase to approximately 2.1 percent in 2021, 1.7 percent in 2022 and 1.3 percent in 2023.⁹⁹

Norway's economy is expected to recover swiftly during 2021 as a result high vaccination rates and increased desire for in the population's consumption. The GDP in Norway is expected to increase by 3.7 percent in 2021, 3.5 percent in 2022 and 1.6 percent in 2023, as the retail consumption increases, the service sector recovers and the consumption behavior returns to normal levels. Inflation is expected to rise to 3.1 percent in 2021, to 1.6 percent in 2022 and 1.7 percent in 2023. In parallel, unemployment is expected to decline from rates of 4.6 percent in 2020 to 2.3 percent in 2023.

The Danish and Finnish economies have also recovered substantially in 2021 as a result of fiscal policy actions and the beneficial effects of a highly expansionary monetary policy. In Denmark GDP is expected to increase 3.3 percent in 2021, 2.7 percent in 2022 and 2.2 percent in 2023, in parallel with a decreasing unemployment rate.¹⁰⁰ The inflation rate is expected to amount to 1.4 percent in 2021, 1.5 percent in 2022 and 1.7 percent in 2023. In Finland, GDP is expected to increase by 3.5 percent in 2021, 3.0 percent in 2022 and 2.0 percent in 2023, while unemployment rate will decrease. Inflation rate is expected to 1.9 percent in 2021 and 1.7 percent in both 2022 and 2023.¹⁰¹

Rental market – office

After several years of high demand and low supply in offices, market uncertainty increased in 2020 as a result of Covid-19. Castellum went into the crisis with historically low vacancy levels and record-high rental levels in all markets, and has maintained rental levels on office space on the same level as compared with the situation before the pandemic. In the first half of 2021, a slightly increased vacancy rate was noted with offices in CBDs, with overall stable rental levels expected during the remaining 2021.¹⁰² The required yields in all CBDs within Castellum's markets are in aggregate deemed to be stable, with short term expectations of decreasing required yield in several areas in Finland and Denmark as well as in Västra Hamnen in Malmö.¹⁰³

⁹⁹ Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

¹⁰⁰ Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

¹⁰¹ Report, Nordea, "Nordea Economic Outlook, no. 3", August 2021.

¹⁰² Report, JLL, "JLL Nordic Outlook", Spring 2021.

¹⁰³ JLL and EDC, August 2021.

¹⁰⁴ Report, JLL, "JLL Nordic Outlook", Spring 2021.

Rental market – logistics

The year 2020 saw a sharp increase in stockpiling to strengthen short supply chains to the e-commerce in Europe, which reached new record high-levels as a result of changed purchasing behaviours during the pandemic. During the year, Castellum built, among other things, the logistics building for Jollyroom in Gothenburg comprising 36,000 square metre and entered into an agreement with Blackstone for a sale of a portfolio of mostly logistics properties for approximately SEK 5 billion, a price level which exceeded the valuation as of 30 September 2020 by 20 percent. The rental market in Sweden for logistics was positive during the period, with stable to rising rents.

The yield requirement for logistics properties are declining in general, as a consequence of increased investor interest where Finland experienced historical low levels at the end of 2020.¹⁰⁴

Financial position and working capital

Significant changes in the financial position since Castellum's latest interim report for the period 1 January to 30 June 2021

Hybrid issue

On 25 August 2021, Castellum issued hybrid bonds totaling EUR 1,000,000,000 with an initial non-call period of 5.5 years and a fixed coupon of 3.125 percent. The issue was oversubscribed and the bonds are listed on Euronext Dublin (Global Exchange Market). The proceeds from the bonds will be used for general corporate purposes, including acquisitions and future project development.

Issue and listing of bonds under the EMTN-Programme

In September 2021, Castellum issued bonds totaling EUR 650,000,000 million under Castellum's existing Euro Medium Term Note Programme. The bonds were issued on 17 September 2021, and run at a fixed interest rate of 0.875 percent with final maturity on 17 September 2029. The bonds are traded on Euronext Dublin.

Investments

During the period 1 January 2021 to 30 June 2021, Castellum invested SEK 2,014 million in the property portfolio, of which SEK 335 million pertained to acquisitions and SEK 1,679 million to new construction, extensions and reconstructions. The current investments are financed by own available funds and borrowed capital. After the period, Castellum has acquired two properties in Stockholm amounting to approximately SEK 2 billion and a property portfolio in Finland amounting to approximately SEK 4.4 billion.

Set out below is a description of material investments in progress or for which firm commitments have already been made as of 30 June 2021.

Property	Category	Investment type	Location	Completed	Total investment, MSEK	Of which built up, MSEK	Remaining investments, MSEK
Dragarbrunn 21:1	Offices	New/reconstruction	Uppsala	Q4 2021	493	362	131
Verkstaden 14	Public sector property	New construction	Västerås	Q1 2022	198	130	68
Hissmontören 4	Offices	New construction	Örebro	Q1 2022	118	42	76
Sörred 7:23	Warehouse	New construction	Göteborg	Q1 2022	78	24	54
Heliumgasen 11	Warehouse	New construction	Göteborg	Q1 2022	69	33	36
Jeppe 1/GreenHaus	Offices	New construction	Helsingborg	Q2 2022	320	269	51
Korsningen 1	Public sector property	New construction	Örebro	Q2 2022	227	94	133
Örnäs 1:17	Logistics	New construction	Stockholm	Q2 2022	221	65	156
Gamlestaden 22:14	Offices	Reconstruction	Göteborg	Q2 2022	67	35	32
Götaland 5	Public sector property	New construction	Jönköping	Q3 2022	323	93	230
Sesamfröet 2	Public sector property	Reconstruction	Göteborg	Q3 2022	280	72	208
Bolaget 1/Lockarp	Logistics	New construction	Malmö	Q4 2022	94	27	67
Sjustjärnan/E.ON	Offices	New construction	Malmö	Q1 2023	1,296	535	761
Godsfinkan 1	Public sector property	New construction	Malmö	Q1 2023	1,270	751	519
Bollbro 15	Public sector property	Reconstruction	Helsingborg	Q1 2023	125	34	91
Åseby 1:5	Public sector property	New construction	Göteborg	Q3 2023	301	18	283
Kv. Sorbonne/Infinity	Offices	New construction	Stockholm	Q3 2025	1,713	35	1,678
Total					7,193	2,619	4,574

Statements regarding working capital

In Castellum's opinion, its working capital is sufficient to meet its present requirements over at least the next twelve months following this Offer Document. This is true for the Group as well as for the Combined Company.

Corporate governance

Board of directors

The board of directors of Castellum			
Name	Position	Born	Elected
Rutger Arnhult	Chairman of the board. Member of People Committee and Audit and Finance Committee.	1967	2021
Per Berggren	Board member. Chair of People Committee.	1959	2007
Anna-Karin Celsing	Board member. Chair of Audit and Finance Committee.	1962	2021
Christina Karlsson Kazeem	Board member. Member of People Committee.	1965	2016
Anna Kinberg Batra	Board member.	1970	2021
Zdravko Markovski	Board member. Member of Audit and Finance Committee.	1964	2020
Joacim Sjöberg	Board member.	1964	2020

Executive management

Executive Management Group of Castellum			
Name	Position	Born	Position held since
Henrik Saxborn ¹⁾	CEO.	1964	2013
Ulrika Danielsson ²⁾	Chief Financial Officer.	1972	2014
Martin Bjöörn	Managing Director Region Stockholm-North.	1976	2019
Per Gawelin	Managing Director Region Central.	1978	2018
Mariette Hilmersson	Managing Director Region West.	1971	2018
Ola Orsmark	Managing Director Region Öresund.	1971	2014
Anna-Karin Nyman	Communications Director.	1983	2018
Helena Dino	HR Director.	1967	2020

1) Henrik Saxborn will leave his position as CEO of Castellum during the autumn of 2021. Following the completion of the Offer, the board of directors in Castellum will offer Biljana Pehrsson, CEO of Kungsliden, to become CEO for the Combined Company.

2) Ulrika Danielsson will leave her positions as CFO of Castellum during the autumn of 2021. Following the completion of the Offer, the board of directors in Castellum will offer Ylva Sarby Westman, Deputy CEO and CFO of Kungsliden, to become Deputy CEO for the Combined Company.

Other information regarding the board of directors and the executive management

Rutger Arnhult owns, through companies, shares in Corem Property Group AB and Klöver AB. Corem Property Group AB and Klöver AB are, to some extent, active in the same market as Castellum. Whilst it cannot be ruled out that potential conflicts of interest may arise between Rutger Arnhult's obligations to Castellum and his private interests and/or other duties, there are, as far as Castellum is aware, no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management to the Company and their private interests and/or other undertakings.

All members of the board of directors and the members of the executive management are available at Castellum's registered address at Östra Hamngatan 16, 403 14 Gothenburg, Sweden.

Employees

As of 30 June 2021, the number of employees in Castellum amounted to 440 FTEs (full-time equivalents).

Auditors

Castellum's auditor since 2017 is the registered auditing firm Deloitte AB, which was re-elected at the annual general meeting held on 25 March 2021 until the end of the next annual general meeting. Harald Jagner (born 1971) was appointed as auditor-in-charge. Hans Warén was auditor-in-charge during the period 2017-2021 and Harald Jagner has been auditor-in-charge since the annual general meeting 2021. Harald Jagner and Hans Warén are authorised public accountants and members of the Swedish Professional Institute for Authorised Public Accountants (Sw. *Föreningen Auktoriserade Revisorer*).

Share, share capital and ownership structure

General

The shares in Castellum are listed on Nasdaq Stockholm, Large Cap. The shares are traded under the ticker CAST with ISIN-code SE0000379190.

Shares and share capital

As of the date of this Offer Document, the registered share capital of Castellum amounts to SEK 138,631,455.50, distributed over a total of 277,262,911 registered shares. The shares have a quota value of SEK 0.5. Castellum has only issued one class of shares. Each share entitles the holder to one (1) vote at the general meetings.

Shareholders

As of 31 August 2021, the number of shareholders in Castellum was approximately 91,000. The ten largest shareholders as of 31 August 2020, including known changes thereafter, are shown in the table below.

Owner	Number of shares	Percentage of the outstanding shares and votes
Rutger Arnhult	58,277,650	21.4
APG Asset Management	15,991,315	5.9
BlackRock	13,592,269	5.0
Vanguard	9,419,885	3.5
Handelsbanken Fonder	9,279,578	3.4
Corem Property Group AB	8,880,000	3.3
Länsförsäkringar Fonder	7,818,179	2.9
Lannebo Fonder	5,000,000	1.8
Swedbank Robur Fonder	4,028,250	1.5
Folksam	3,830,438	1.4
Others	135,957,380	50.0
Total outstanding shares	272,074,944	100.0
Treasury shares	5,187,967	
Total shares registered	277,262,911	

Dilution due to the offer

After the completion of the Offer, the total amount of shares, votes and share capital in Castellum, provided that all shareholders of Kungsleden chooses to accept the Offer, is expected to amount to the following:

	Before the Offer	After the Offer	Dilution, percentage
Number of outstanding shares and votes in Castellum	272,074,944	343,275,237	20.7
Registered share capital in Castellum, SEK	138,631,455.5	174,231,602.0	20.4

Based on full acceptance in the Offer, current shareholders in Kungsleden will have an ownership of approximately 20.7 percent of the outstanding capital and votes in Castellum, and existing shareholders of Castellum will have an ownership in the Combined Company of 79.3 percent of the outstanding capital and votes in Castellum.¹⁰⁵

Castellum's net asset value per share, which according to industry standards is reported as EPRA NRV (long-term net asset value) per share and EPRA NTA (current net asset value) per share as of 30 June 2021, amounted to approximately SEK 227.5 and approximately SEK 218.7, respectively. The share consideration in the Offer corresponds to approximately SEK 241.0 per share in Castellum based on the volume-weighted average trading price for Castellum's share on Nasdaq Stockholm on 30 July 2021, which was the last trading day before the announcement of the Offer on 2 August 2021. The value of the share consideration in the Offer may increase or decrease as a result of price movement in Castellum's share.

Ownership structure after the completion of the Offer

After the completion of the Offer it is expected, as far as the Company is aware, that the following persons, directly or indirectly, will own five percent or more shares or votes in Castellum, if all shareholders in Kungsleden accept the Offer, including the undertakings from certain shareholders in Kungsleden (see the section "Offer to the shareholders of Kungsleden").¹⁰⁶ The information about major shareholders is based on ownership data as of 31 August 2021 and includes changes known to the Company in the period thereafter up to the date of the Offer Document.

Owner	Number of shares	Percentage of the outstanding shares and votes
Rutger Arnhult	58,277,650	17.0
APG Asset Management	19,126,667	5.6
BlackRock	17,526,496	5.1
Other	248,344,424	72.3
Total outstanding shares	343,275,237	100.0

¹⁰⁵ Based on full acceptance in the Offer. Based on total amount of outstanding Castellum shares, 70 percent of the total amount of outstanding Kungsleden shares, which Castellum has not already acquired, that are included in the share consideration as well as an exchange ratio of 0.525 shares in Castellum per Kungsleden share. For further information regarding Castellum's shareholding in Kungsleden, see the section "Castellum's shareholding in Kungsleden".

¹⁰⁶ Based on full acceptance in the Offer. Based on total amount of outstanding Castellum shares, 70 percent of the total amount of outstanding Kungsleden shares, which Castellum has not already acquired, that are included in the share consideration as well as an exchange ratio of 0.525 shares in Castellum per Kungsleden share. For further information regarding Castellum's shareholding in Kungsleden, see the section "Castellum's shareholding in Kungsleden".

Legal considerations and supplementary information

General company and group information

Castellum Aktiebolag which is the company's registered name, is a Swedish public limited liability company regulated by the Swedish Companies Act (2005:551). Castellum's corporate registration number is 556475-5550, and the board of directors registered office is in Gothenburg. Castellum was incorporated on 24 September 1993 and registered with the Swedish Companies Registration Office on 27 October 1993. Castellum's LEI code is 549300GU5OHRIT5IY68. Castellum's address is Östra Hamngatan 16, 403 14 Gothenburg, Sweden and the telephone number to Castellum's head office is +46 31 60 74 00. Castellum's website is www.castellum.se. The Information on the website does not form part of this Offer Document, unless incorporated by reference to the Offer Document.

Information regarding the Offer Document

This exemption document does not constitute a prospectus within the meaning of regulation (EU) 2017/1129. This exemption document has not been subject to the scrutiny and approval by the relevant competent authority in accordance with Article 20 of Regulation (EU) 2017/1129.

The Offer Document also constitutes an exemption document which has been prepared in accordance with appendix I to Regulation (EU) 2021/528.

The Offer Document has been prepared in accordance with chapter 2 of the Swedish Act on Public Takeovers on the Stock Market, chapter 2a of the Financial Instruments Trading Act and appendix I to Regulation (EU) 2021/528. The Offer Document has been approved and registered by the Swedish Financial Supervisory Authority ("SFS") in accordance with Chapter 2a of the Financial Instruments Trading Act. Neither approval nor registration entails any guarantee from the SFS that the factual information in the Offer Document is correct or complete.

The SFS has after a review in accordance with Chapter 2 section 5 of the Act with complementary provisions to EU's Prospectus Regulation (*Sw. lagen (2019:414) med kompletterande bestämmelser till EU:s prospektförordning*) deemed that the Offer Document contains such information which is required according to article 1.4 f and 1.5 e first paragraph of the Prospectus Regulation.

Legal and arbitration proceedings

Castellum is not, and has not been, a party in any governmental, legal proceedings or arbitration proceedings during the last twelve (12) months, which have had or may have a significant effect on Castellum's financial position or profitability.

Material agreements

Castellum has not entered into any material agreements, which will be materially affected by the Offer (other than agreements entered into in the Company's ordinary course of business).

Information about public takeovers

No third party has announced a public offer to acquire the Company's shares in the last or the current financial year.

Regulatory disclosures

Below follows a summary of the information disclosed under regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 regarding market abuse (the Market Abuse Regulation) over the last 12 months which, according to Castellum's assessment are still relevant as of the date of this Offer Document. All disclosed information in their entirety can be found on Castellum's website, www.castellum.se.

Financial reports

- On 15 October 2020, Castellum published its interim report for the period January – September 2020.
- On 22 January 2021, Castellum published its year-end report for 2020.
- On 21 April 2021, Castellum published its interim report for the period Interim report for the period January – March 2021.
- On 15 July 2021, Castellum published its interim report for the period January – June 2021.

Acquisitions

- On 13 November 2020, Castellum announced that the Company had entered into agreements with respect to an acquisition of a real estate group, Lindström Invest. The acquisition price is EUR 150 million.
- On 3 July 2021, Castellum announced that the Company had entered into agreements with respect to the acquisition of a property portfolio by acquiring Kielo. The acquisition price was SEK 6.5 billion.

Divestments

- On 10 February 2021, Castellum announced that the Company had entered into agreements with respect to the divestment of 53 properties to Blackstone, with hand-over on 3 May 2021. Sale price amounted to SEK 4.8 billion.
- On 8 July 2021, Castellum announced that the Company had entered into agreements with respect to the divestment of 9 properties to Nyfosa. Sale price amounted to SEK 2.1 billion.

Changes in Castellum's executive management and board of directors

- On 9 October 2020, Castellum announced that the chairman of the board of directors, Charlotte Strömberg, declines re-election at the annual general meeting in Castellum during 2021.
- On 29 December 2020, Castellum announced that the Company had received the nomination committee's proposal to nominate Rutger Arnhult as chairman of the board of directors in Castellum.
- On 7 April 2021, Castellum announced that the CEO Henrik Saxborn will leave his position as CEO of Castellum in 2021 and that a process to appoint a new CEO will be initiated.
- On 10 May 2021, Castellum published that the CFO Ulrika Danielsson will leave her position as CFO of Castellum in 2021 and that a process to appoint a new CFO will be initiated.

The takeover bid on Entra ASA

- On 26 November 2020, Castellum announced a share exchange and cash offer for all shares in Entra ASA.
- On 18 December 2020, Castellum announced that the Company increases the voluntary exchange and cash offer for all shares in Entra ASA and divests a property portfolio to Blackstone.
- On 8 February 2021, Castellum announced that the Company withdraws its voluntary exchange and cash offer for all shares in Entra ASA.
- On 14 June 2021, Castellum announced that the Company has acquired an additional 8.2 percent of the shares in Entra ASA.
- On 27 August 2021, Castellum announced that the Company has acquired an additional 11.8 percent of the shares in Entra ASA.

Information regarding the Offer

- On 2 August 2021, Castellum announced the Offer to the shareholders of Kungsleden.

Website

The Company's website is www.castellum.se. The information available on the website does not form part of this Offer Document unless incorporated by reference in the Offer Document.

Documents available for inspection

Copies of (i) the Company's certification of registration, (ii) the Company's articles of association and (iii) all such historical financial information referred to in the Offer Document, including audit reports, are available for inspection during office hours on Castellum's headquarters at Östra Hamngatan 16, 403 14 Gothenburg, Sweden. These documents are also available in electronic form and can be reviewed on Castellum's website, www.castellum.se.

Description of Kungsleden

The following is a summary description of Kungsleden. The information presented in this description is, unless otherwise stated, based on publicly available information primarily gathered from Kungsleden's website, the annual report for the financial year 2020, the interim report for the period 1 January 2021 – 30 June 2021 (which has neither been audited, nor reviewed by Kungsleden's auditor), and has been reviewed by the board of directors of Kungsleden.

General

Kungsleden Aktiebolag, which is the company's registered name, is a Swedish public limited liability company incorporated in Sweden and regulated by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*). Kungsleden's registration number is 556545-1217 and the board of directors' registered office is in Stockholm municipality. Kungsleden was founded on 1 August 1997 and registered with the Swedish Companies Registration Office on 14 August 1997. Kungsleden's LEI code is 5493005OXRTBK0WSJN46. Kungsleden's registered address is Hangövägen 20, plan 4, 115 41 Stockholm, Sweden and the telephone number to Kungsleden's head office is +46 8-503 052 00. Kungsleden's website is www.kungsleden.se. The information on the website does not form part of this Offer Document, unless incorporated by reference in the Offer Document.

Business overview

Kungsleden is a Swedish property company focusing on commercial properties in Swedish growth regions, with a property value of approximately SEK 42.5 billion. As of 30 June 2021, approximately 90 percent of Kungsleden's property portfolio was located in Stockholm, Gothenburg,

Malmö and Västerås. Kungsleden focuses on a broad spectrum of operations and industries, and its customers consist of international groups and public administrations as well as sole proprietorships. Investments in new production, conversion and extension of the existing portfolio are important components of Kungsleden's business model. Kungsleden's property portfolio consists of 207 properties with a leasable area of approximately 2 million square meters and a total yearly rental value of approximately SEK 2.8 billion.¹⁰⁷

Segments

Kungsleden's operating segments are Stockholm, Gothenburg, Malmö, Västerås, Regional Cities, Development Projects and Unallocated. Kungsleden manages its property operations via three regions; Stockholm, Gothenburg/Malmö and Mälardalen, each managed by a property unit manager.

Kungsleden's properties can be divided in the categories Offices, Industrial/Warehouse, Retail and Others. As of 30 June 2021, property value per category amounted to the following: Offices 73 percent, Industrial/Warehouse 17 percent, Retail 4 percent and Others 6 percent.

The table below illustrates Kungsleden's total income by geographic market and operating segment during the last financial year (2020).

2020, MSEK	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated	Total
Operating segments								
Revenue	927	288	286	560	361	108	-	2,530
Property costs	-264	-77	-86	-194	-117	-48	-	-787
Operating net	662	211	200	366	243	60	-	1,743
Selling and administration costs	-	-	-	-	-	-	-102	-102
Net financial items	-	-	-	-	-	-	-384	-384
Profit from property management	662	211	200	366	243	60	-486	1,257
Changes in value								
Properties	416	89	47	334	76	-2	-	960
Interest rate derivatives	-	-	-	-	-	-	-157	-157
Profit before tax	1,078	300	247	700	319	58	-643	2,060
Tax	-	-	-	-	-	-	-424	-424
Net profit for the year	1,078	300	247	700	319	58	-1,067	1,636

¹⁰⁷ Information as of 30 June 2021, rental value for the period January 2021 to June 2021, recalculated on a yearly basis.

Significant changes

There have been no significant changes that affected Kungsleden's operations and core business since the end of the latest published audited financial year, which ended on 31 December 2020.

Business model and objectives

Kungsleden's business model is based on long-term ownership, active management, improvement and development of commercial facilities in growth regions in Sweden as well as delivery of an attractive total return. Kungsleden's business model is based on three key activities: (i) customer-oriented property management, (ii) value-creating property development and refinement, and (iii) strategic acquisitions and optimisation.

Financial targets:

- The property portfolio is to grow to at least SEK 55 billion by the end of 2025.
- Profit from property management is to amount to at least SEK 1,650 million by 2025.
- Return on equity over time is to amount to at least 10 percent per year.
- Long-term LTV is not to exceed 45 percent.
- Interest coverage ratio is to exceed a multiple of 2.5.
- Kungsleden's share dividend is to increase over time and comprise at least 50 percent of profit from property management after nominal tax.

Kungsleden's vision is to create attractive and sustainable places where people get inspired. Kungsleden supports the UN Global Compact and Kungsleden's sustainability work proceeds from the UN's global goals, where Kungsleden contributes to 12 of the global goals. Kungsleden has launched climate targets that means that the company will be climate positive across the value chain by 2035. Kungsleden's sustainability strategy has three focuses: People, Planet and Culture.

History

Kungsleden was founded during the property crisis in the 1990s, was listed on the stock exchange in 1999 and, after a clear strategy change in 2013, has developed into one of Sweden's leading long-term real estate companies with an Investment Grade rating from Moody's.

1990s

- Kungsleden was incorporated to manage the former Gota Bank's property portfolio.
- Kungsleden was listed on the stock exchange in 1999 and had a diverse portfolio worth approximately SEK 5 billion.

2000 – 2010

- The company's focus was primarily within community properties.
- Realia and Nordic Modular Group were acquired. Nordic Modular Group and the division for community properties, which became the company Hemsö, were later sold.

2011

- An attractive portfolio of office and industrial properties in Västerås, with ABB as the main tenant, was acquired.

2013

- The board of directors decided on a new strategy focusing on long-term property ownership.
- Biljana Pehrsson was appointed CEO.

2014

- A portfolio of properties primarily in Stockholm and Gothenburg was acquired for SEK 5.5 billion from GE Capital Real Estate.
- An office portfolio in Kista was acquired for SEK 2 billion.
- The cluster strategy was developed with a focus on gathering properties in selected locations with, *inter alia*, good accessibility and a high demand for premises.
- A new share issue was carried out to create financial preparedness for supplementary acquisitions and development of the portfolio.

2015

- The long-term goals that were set for 2017 were achieved and a new business plan towards 2020 was developed.
- Tax assessments relating to property sales from the mid-2000s were finally settled.
- The company moved to a new head office in its own property Lustgården 12 in western Kungsholmen, Stockholm.
- At year-end, Kungsleden owned properties worth just over SEK 27 billion.

2016

- Value-creating investments continued to increase, leading to higher quality of the portfolio and stronger earning capacity.
- Properties with limited potential were sold for SEK 700 million and Kungsleden left its presence eleven municipalities.

- The innovative office property Emporia Office in Malmö was acquired.
- At year-end, 79 percent of the portfolio was located in one of Kungsleden's prioritised growth markets Stockholm, Gothenburg, Malmö and Västerås.

2017

- The transformation of the property portfolio was largely complete. Kungsleden now had financial stability, the right kind of properties in the right locations and a portfolio with good opportunities for profitable investments through tenant adjustments and project development.
- The properties Gladan 5, 6 and 7 in the Stockholm City West cluster were acquired.
- The transformation of the property portfolio was completed with the divestment of non-strategic properties for SEK 1.9 billion.
- A fully subscribed new share issue was implemented to strengthen the balance sheet and enable continued profitable growth.
- A total of SEK 925 million was invested in the property portfolio.

2018

- A new modern office cluster – Gothenburg Södra Centrum – was created through the acquisition of three properties.
- The STUDIO concept property in central Malmö was acquired.
- At year-end, Kungsleden owned 222 properties in some 20 locations. In total, the portfolio was valued at almost SEK 35 billion and 85 percent was situated in Kungsleden's four priority growth markets.

2019

- Kungsleden received the attractive credit rating Investment Grade from the rating agency Moody's.
- A prestigious project in the property Blästern 14 in Stockholm's inner city was completed when the designer hotel Blique by Nobis was inaugurated in April.
- A decision was made to establish Kungsleden's operating organisation.

2020

- A decision was made to ensure the entire value chain is carbon positive by 2035 and carbon positive in management and property management by 2025 as an intermediate goal.
- A decision was made to move the property management head office to The Rotterdam District in Värtahamnen. The move took place in June 2021, when the project was completed.
- Inaugurated the B26 co-working space in Västerås.
- Acquired the Mimer 6 property in Västerås.
- Kungsleden was included in the Global Property Research GPR 250 index.

Financial information in summary

The following information regarding Kungsleden has been extracted from the audited annual reports for 2020, 2019 and 2018, as well as the interim report for the period 1 January 2021 to 30 June 2021 (which has neither been audited, nor reviewed by Kungsleden's auditor) with comparative figures for the six-month period ended on 30 June 2020

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as well as the interpretations by the IFRS Interpretations Committee (IFRIC) as adopted by the European Union. In addition, Recommendation RFR 1, "Supplementary Accounting Rules for Groups" (Sw. *Kompletterande redovisningsregler för koncerner*) from the Swedish Financial Reporting Board (Sw. *Rådet för finansiell rapportering*) and the Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*) have been applied.

The interim reports of Kungsleden have been prepared in accordance with IAS 34, "Interim Financial Reporting" and the Annual Accounts Act.

Audited annual reports as well as the interim report are available on the Kungsleden's website (www.kungsleden.se).

Complete information on Kungsleden's financial development and financial position is available in the annual reports for 2018-2020. Figures stated in this section "Financial information in summary" are rounded to million SEK whereas the calculations are performed using an extended set of decimals. Percentages are displayed with one decimal and are also rounded. Some calculations may appear to sum incorrectly due to rounding.

SUMMARY CONSOLIDATED INCOME STATEMENT

MSEK	1 January – 30 June		1 January – 31 December		
	2021	2020	2020	2019	2018
Revenue	1,289	1,265	2,530	2,423	2,385
Property costs	-404	-411	-787	-773	-800
Operating net	885	854	1,743	1,650	1,586
Selling and administration costs	-47	-53	-102	-109	-95
Net financial items	-187	-189	-384	-356	-366
Profit from property management	650	611	1,257	1,185	1,124
Changes in value, properties	1,373	303	960	1,756	1,603
Changes in value, derivatives	131	-178	-157	-75	-73
Profit before tax	2,154	737	2,060	2,867	2,653
Tax	-444	-165	-424	-622	-598
Profit for the period	1,711	573	1,636	2,245	2,055

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	30 June		31 December		
	2021	2020	2020	2019	2018
Assets					
Investment properties	42,539	39,387	40,718	38,310	34,697
Other non-current assets	646	831	846	830	20
Other short-term receivables	3	311	281	237	201
Derivatives	38	-	8	-	4
Cash and bank	901	455	685	353	471
Total assets	44,128	40,985	42,538	39,730	35,394
Equity and Liabilities					
Equity	19,367	18,061	18,500	17,488	15,767
Interest-bearing liabilities	19,671	18,298	19,029	17,889	16,882
Derivatives	90	283	258	105	34
Non-interest-bearing liabilities	4,999	4,343	4,751	4,248	2,711
Total Equity and Liabilities	44,128	40,985	42,538	39,730	35,394

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

MSEK	1 January – 30 June		1 January – 31 December		
	2021	2020	2020	2019	2018
Cash flow from operating activities	660	634	1,274	1,186	1,131
Changes in working capital	112	-35	-148	72	-4
Cash flow from investing activities	-524	-776	-1,460	-1,870	-2,337
Cash flow from financing activities	-33	277	667	495	1,368
Cashflow for the period	215	102	332	-118	158
Cash equivalents at beginning of year	685	353	353	471	313
Exchange rate differences on cash equivalents	0	0	0	0	0
Cash equivalents at end of year	901	455	685	353	471

KEY RATIOS AND DATA PER SHARE

Key ratios	1 January – 30 June		1 January – 31 December		
	2021	2020	2020	2019	2018
Property related					
Property yield, %	4.2	4.4	4.4	4.5	4.8
Occupancy rate, %	90.0	90.7	90.7	91.5	91.5
Surplus ratio, %	69.6	68.4	69.7	68.2	66.7
Property yield investment properties, %	4.4	4.6	4.6	4.8	5.1
Occupancy rate investment properties, %	92.4	92.5	92.9	93.2	93.1
Surplus ration investment properties, %	70.1	69.1	70.1	68.9	67.7
Financial					
Return on total assets, %	3.9	4.0	4.0	4.1	4.4
Return on equity, %	14.8	10.9	9.1	13.6	13.7
Interest coverage ratio, times	4.8	4.5	4.5	4.6	4.1
Equity ratio, %	43.9	44.1	43.5	44.0	44.5
LTV (loan-to-value) ratio, %	44.1	45.3	45.0	45.8	47.3
Data per share					
Dividend (paid), SEK	-	-	1.90	2.35	2.20
Profit from property management, SEK	3.01	2.80	5.76	5.43	5.15
Net profit for the period, SEK	7.91	2.62	7.50	10.28	9.41
EPRA EPS (Profit from property management after tax), SEK	2.96	2.65	5.53	5.37	4.84
EPRA NRV (Long-term net asset value), SEK	105.88	96.13	99.50	91.94	81.01
EPRA NTA (Current net asset value), SEK	103.02	94.18	97.13	90.10	79.66

DEFINITIONS

Adopted/proposed dividend per share	The board of directors' proposed dividend or dividend per share approved by the annual general meeting.	Occupancy rate	Calculated as rental revenue before deductions in relation to rental value.
EPRA EPS (profit from property management after tax) per share	Profit from property management less nominal tax on taxable profit in relation to the average number of shares in the period.	Profit from property management, per share	Profit from property management for the period in relation to the average number of shares in the period.
EPRA NRV (long-term net asset value) per share	Reported equity including recognised liability/asset for interest rate derivatives and deferred tax in relation to the number of shares at period end.	Property yield	The measurement is used to highlight the yield for the operating net in relation to the value of properties.
EPRA NTA (current net asset value) per share	Reported equity adjusted for the estimated fair value of deferred tax instead of reported value, in relation to the number of shares at the end of the period.	Return on equity	Net profit for the period after tax in relation to average equity. At year-end reporting, returns are converted to a full-year basis. Average equity is calculated as the sum of the opening and closing balances divided by two.
Equity ratio	Equity including minority interests in relation to total assets.	Return on total assets	Operating net, profit from property divestment, selling and administration costs in relation to average assets. At year-end reporting, returns are converted to a full-year basis. Average assets are calculated as the sum of the opening and closing balances divided by two.
Interest coverage ratio	Profit from property management excluding interest costs, in relation to interest costs.	Surplus ratio	Operating net in relation to rental revenues.
LTV (loan-to-value) ratio	Interest-bearing liabilities less cash and bank balances, and in relation to the book value of properties.		
Net profit for the period, per share	Net profit after tax for the period in relation to the average number of shares in the period.		

Significant changes in financial position since Kungsleden's latest interim report for the period 1 January 2021 to 30 June 2021

There have been no significant changes that have affected Kungsleden's financial position since 30 June 2021.

Investments

Set out below is a description of Kungsleden's investments since the date of the latest published annual report as well as a plan for future investments as of 30 June 2021.

MSEK	Actuals 2020	1 January – 30 June 2021	Budget 2021	Plan 2022 – 2024
Development projects	594	233	600	1,800
Tenant improvements and other value-creating investments	638	251	700	2,100
Maintenance investments	163	80	100	300
Total investments	1,395	564	1,400	4,200

Set out below is a description of material investments which are on-going and/or for which fixed obligations have already been made as of 30 June 2021.

Property	Category	Municipality	Completed	Book value, MSEK	Estimated investment, MSEK	Whereof completed, MSEK
Eden by Kungsleden	Office	Malmö	2021	344	384	301
Stettin 6	Office	Stockholm	2021	1,426	285	191
The Rotterdam District	Office	Stockholm	2022	1,153	236	166
Taktpinnen 1	Office	Norrköping	2022	318	136	77
Oxel - part of Oxelbergen 1:2	Office	Norrköping	2023	82	91	57
Finnslätten 1	Office, Industrial	Västerås	2024	172	250	87
Total				3,495	1,382	879

Kungsleden's share capital and ownership structure

General

The ordinary shares in Kungsleden are listed on Nasdaq Stockholm, Large Cap. The shares are traded under the ticker KLED and have the ISIN-code SE0000549412.

Shares and share capital

As of the date of this Offer Document, the registered share capital of Kungsleden amounts to SEK 91,001,375.83, distributed over a total of 218,403,302 registered ordinary shares with a quota value of approximately SEK 0.42 per share. Kungsleden has only issued one share class, ordinary shares, but may, in accordance with Kungsleden's articles of association, issue preference shares.

According to the articles of association, each ordinary share entitles the holder to one (1) vote and each preference share entitles the holder to one-tenth (1/10) of a vote. The preference shares shall confer a preferential right over the ordinary shares to an annual dividend of SEK 20 per preference share with quarterly payment of SEK 5 per preference share. If no dividend is paid on

preference shares, or if only a dividend of less than SEK 20 per preference share, the preference shares shall carry entitlement to, in addition to future preference dividend, receive an amount evenly distributed on each preference share, corresponding to the difference between what should have been paid according to the above and the amount that was paid before additional preference shares may be issued or value transfer to holders of ordinary shares may be made. The outstanding amount shall be adjusted upwards by a factor corresponding to an annual interest rate of eight (8) percent, whereby upward adjustment shall start from the quarterly date when payment of part of the preference dividend was made (or should have been made). If the company is dissolved, preference shares shall carry preferential rights before ordinary shares to receive from the company's assets an amount per preference share corresponding to (i) 110 percent of the initial subscription price, (ii) possible accrued part of the preference dividends and (iii) any outstanding amount adjusted upwards by an annual interest rate as set out above, prior to any distribution to owners of ordinary shares.

Shareholders

As of 31 August 2021, Kungsleden had approximately 21,384 shareholders, of which the ten largest shareholders as of 31 August 2021, including known changes thereafter, are shown in the table below.

Owner	Number of shares	Percentage of the outstanding shares and votes
Gösta Welandson through companies	33,727,023	15.7
Castellum Aktiebolag	21,300,000	9.9
Ilija Batljan	15,369,397	7.1
BlackRock	10,705,380	5.0
APG Asset Management	8,531,572	4.0
Vanguard	7,031,139	3.3
BMO Global Asset Management	6,778,959	3.2
Olle Florén through companies	6,750,797	3.1
Handelsbanken Fonder	4,967,373	2.3
Norges Bank	3,782,625	1.8
Others	96,098,031	44.7
Total outstanding shares	215,042,296	100.0
Repurchased own shares	3,361,006	
Total shares registered	218,403,302	

Convertibles and warrants

The company has no outstanding convertibles or warrants.

Dividends

Kungsleden's dividend policy stipulates that the share dividend should increase over time and comprise at least 50 percent of profit from property management after nominal tax.

At the annual general meeting held on 22 April 2021, it was resolved to distribute SEK 2.80 per share as dividend to the shareholders of Kungsleden for the 2020 financial year. Payments of dividend are made quarterly with the record dates 26 April, 30 June, 30 September and 30 December 2021.

The dividend for the financial year 2018 was SEK 2.40 per share and for the financial year 2019 SEK 2.60 per share.

Shareholders' agreements

The board of directors of Kungsleden is not aware of any material agreements between major shareholders of Kungsleden or between major shareholders and

Castellum or Kungsleden, except for the undertakings by certain shareholders to accept the Offer, as described in the section "Offer to the shareholders in Kungsleden – Undertakings to accept the Offer from shareholders in Kungsleden" above.

Holding of own shares

As of the day of this Offer Document, Kungsleden holds 3,361,006 shares issued by Kungsleden.

Authorisations

At the annual general meeting on 22 April 2021, the board of directors was, in accordance with the board of directors' proposal, authorised to make decisions on one or more occasions for the period up until the next annual general meeting, to repurchase a maximum of so many ordinary shares that the company's holdings do not exceed ten percent of all the shares of the company at any time. The meeting also resolved to authorise the board of directors to make decisions on one or more occasions for the period up until the next annual general meeting, to transfer own ordinary shares. Transfer may be made of all own ordinary shares held by the company at the time of the resolution by the board of directors.

Furthermore, the annual general meeting resolved, in accordance with the board of directors' proposal, to authorise the board of directors to, at one or several occasions during the period up until the next annual general meeting, with or without deviation from the shareholders' preferential rights, to resolve on issue of new ordinary shares, insofar such share issues can be made without amending the articles of association. The total number of ordinary shares issued under the authorisation may not exceed 10 percent of the total number of ordinary shares in Kungsleden at the time of exercise of the authorisation.

Number of employees

During the period 1 January – 30 June 2021, the average number of employees in Kungsleden was 133.

Material agreements

Kungsleden's credit agreements include customary provisions regarding change of control, and may therefore be terminated in case of a significant change of ownership in Kungsleden. However, at the request of Castellum, Kungsleden has applied for and been granted prior authorisation from Kungsleden's bank loan creditors regarding waivers of credit regulations regarding, inter alia, change of control and continued exchange listing. There are no other material agreements that Kungsleden is party to, which could be affected, amended or terminated if the control of Kungsleden would change as a result of a public offer.

Legal and arbitration proceedings

Kungsleden has not announced that it has been party to any governmental, legal or arbitration proceedings during the last twelve months, which may have or in recent times have had a material impact on Kungsleden's financial position or profitability.

Regulatory disclosures

Below follows a summary of the information disclosed under regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 regarding market abuse (the Market Abuse Regulation) over the last 12 months which is still relevant as of the date of this Offer Document. All disclosed information in its entirety can be found on Kungsleden's website, www.kungsleden.se.

Financial reports

- On 11 February 2021, Kungsleden published its year-end-report for 2020.
- On 22 April 2021, Kungsleden published its interim report for the period January – March 2021.

Financial targets

- On 11 February 2021, Kungsleden announced that Kungsleden establishes new financial targets.

Repurchase of own shares

- On 19 November 2020, Kungsleden announced that the board of directors of Kungsleden had resolved to repurchase own shares, utilising the authorisation from the annual general meeting.

Information regarding the Offer

- On 2 August 2021, Kungsleden's board of directors announced its statement in relation to the Offer to the shareholders of Kungsleden.

Kungsleden's board of directors, group management and auditor

Board of directors¹⁰⁸

Charlotte Axelsson (born 1948) (Chairman)

*Member of the board of directors of Kungsleden since 2014.
Chairman of the remuneration committee.*

Education: BSc Economics and Social Studies.

Other board assignments: Chairman of the board of Vasallen AB and Stockholms Kooperativa Bostadsförening.

Independent: Independent of the company, management, and major shareholders of the company.

Shareholding in Kungsleden: 11,500 shares.

Ingalill Berglund (born 1964)

*Member of the board of directors of Kungsleden since 2017.
Chairman of the audit committee.*

Education: University studies.

Other board assignments: Chairman of the board of Balco Group AB (publ). Member of the board of directors of Scandic Hotels Group AB (publ), Axfast AB (publ), Bonnier Fastigheter AB (publ), Juni Strategi och Analys AB, Fastighets AB Stenvalvet (publ) and Stiftelsen Danviks Hospital.

Independent: Independent of the company, management, and major shareholders of the company.

Shareholding in Kungsleden: 7,246 shares.

Jonas Bjuggren (born 1974)

*Member of the board of directors of Kungsleden since 2018.
Member of the remuneration committee.*

Education: MSc in Engineering.

Other board assignments: Jonas Bjuggren does not hold any other board assignments.

Current positions: Director of Property Management at Akademiska Hus.

Independent: Independent of the company, management, and major shareholders of the company.

Shareholding in Kungsleden: Jonas Bjuggren does not hold any shares in Kungsleden.

Christer Nilsson (born 1955)

*Member of the board of directors of Kungsleden since 2019.
Member of the remuneration committee.*

Education: Structural engineer.

Other board assignments: Christer Nilsson does not hold any other board assignments.

Current positions: Runs his own business with interim engagements in the fields of management, construction and real estate matters, project management and business development.

Independent: Independent of the company, management, and major shareholders of the company.

Shareholding in Kungsleden: 5,000 shares.

Jonas Olavi (born 1967)

Member of the board of directors of Kungsleden since 2020.

Member of the audit committee.

Education: Mphil in Economics.

Other board assignments: Member of the board of directors of AB Traction and Rydgruppen Sverige AB.

Current positions: Allocation manager and fund manager at Alpcot AB and stock exchange columnist in the magazine Aktiespararen.

Independent: Independent of the company, management, and major shareholders of the company.

Shareholding in Kungsleden: Jonas Olavi does not hold any shares in Kungsleden.

Charlotta Wikström (born 1958)

Member of the board of directors of Kungsleden since 2009.

Member of the audit committee.

Education: MSc in Business and Economics.

Other board assignments: Chairman of the board of directors of Boneprox AB and Stardust Search AB. Member of the board of directors of Fastighets AB Kannängen, African Nuts & Seeds AB, Floréna Fastighets AB, Kampenilen Förvaltnings AB, Stardust Holding AB and Watma Group AB. Member of the supreme management of Stockholms Brandkontor.

Current positions: Senior Advisor at Stardust Consulting AB, CEO at Floréna Fastighets AB and Kampenilen Förvaltnings AB.

Independent: Independent of the company, management, and major shareholders of the company.

Shareholding in Kungsleden: 2,556,556 shares.

Fredrik Wirdenius (born 1961)

Member of the board of directors of Kungsleden since 2020.

Member of the audit committee.

Education: MSc in Engineering.

Other board assignments: Chairman of the board of directors of Willhem AB (publ), HållBo AB and 3E Property AB. Member of the board of directors of AxFast AB (publ), Scandic Hotels Group AB (publ), Assemblin Financing AB (publ) and Nobelhuset AB.

Independent: Independent of the company, management, and major shareholders of the company.

Shareholding in Kungsleden: 6,000 shares.

¹⁰⁸ Information on shareholdings includes holdings of natural and legal related parties.

Management¹⁰⁹

Biljana Pehrsson (born 1970)

CEO. Employed since 2013.

Education: M.Sc. (Eng.), KTH Royal Institute of Technology, Stockholm.

Other significant assignments outside the company:

Member of the board of directors of Swedbank AB (publ), Kungliga Dramatiska teatern AB and Stadsutvecklarna i Värtahamnen AB.

Shareholding in Kungsleden: 160,000 shares, some of which relate to holdings within the framework of capital insurance relating to pension depot.

Ylva Sarby Westman (born 1973)

Deputy CEO and CFO. Employed since 2009, Deputy CEO since 2015 and in current position since 2020.

Education: M.Sc. (Eng.), the Royal Institute of Technology, Stockholm.

Other significant assignments outside the company:

Member of the board of directors of Eastnine AB (publ) and Ikano Bostad AB.

Shareholding in Kungsleden: 29,105 shares.

Mats Eriksson (born 1963)

Regional Manager, Mälardalen. Employed since 2015.

Education: Senior High School Building & Planning graduate, Rudbeck School, Örebro.

Other significant assignments outside the company:

Member of Västmanland Environment and Climate Council.

Shareholding in Kungsleden: 10,000 shares.

Ulrica Sjöswärd (born 1974)

Regional Manager, Gothenburg/Malmö. Employed since 2017.

Education: Engineering graduate, Chalmers University of Technology.

Other significant assignments outside the company:

Ulrica Sjöswärd does not hold any significant positions outside the company.

Shareholding in Kungsleden: 5,500 shares.

Sven Stork (born 1967)

Regional Manager, Stockholm. Employed since 2014.

Education: M.Sc. (Eng.), the Royal Institute of Technology, Stockholm.

Other significant assignments outside the company:

Member of the board of directors of a newly formed cooperative company for urban development in Kista, which is proposed to have the name Kista Limitless AB.

Shareholding in Kungsleden: 6,860 shares.

Malin Axland (born 1974)

General Counsel. Employed since 2007, in current position since 2013.

Education: LL.B., Stockholm University.

Other significant assignments outside the company: Malin Axland does not hold any significant positions outside the company.

Shareholding in Kungsleden: 5,319 shares.

Hanna Brandström (born 1980)

Head of People and Culture. Employed since 2017, in current position since 2020.

Education: B.Sc. in business management, Södertörn University.

Other significant assignments outside the company:

Hanna Brandström does not hold any significant positions outside the company.

Shareholding in Kungsleden: 589 shares.

Fredrik Sandell (born 1984)

Head of Treasury. Employed since 2011, in current position since 2013.

Education: B.Sc. in business management, Mälardalen University.

Other significant assignments outside the company:

Fredrik Sandell does not hold any significant positions outside the company.

Shareholding in Kungsleden: 696 shares.

Anna Trane (born 1968)

Head of Communications. Employed since 2020.

Education: M.Sc. (Econ.) from Uppsala University.

Other significant assignments outside the company:

Anna Trane does not hold any significant positions outside the company.

Shareholding in Kungsleden: 400 shares.

Auditor

Kungsleden's auditor since 2016 is the registered auditing firm Ernst & Young Aktiebolag, which was re-elected at the annual general meeting held on 22 April 2021 until the end of the next annual general meeting. Jonas Svensson (born 1968) was appointed as auditor-in-charge. Ingemar Rindstig was auditor-in-charge during the period 2016-2020 and Jonas Svensson has been auditor-in-charge since the annual general meeting 2020. Jonas Svensson and Ingemar Rindstig are authorised public accountants and members of the Swedish Professional Institute for Authorised Public Accountants (Sw. *Föreningen Auktoriserade Revisorer*).

Miscellaneous

There are no agreements between Kungsleden and its board members or employees stipulating remuneration if such persons' employment ceases as a result of a public offering to acquire shares in Kungsleden. Kungsleden's annual report for the financial year 2020 mentions that if employment is terminated by the company, the CEO receives twelve months of severance pay, the deputy CEO receives six months of severance pay and other senior executives receive four to six months of severance pay.

¹⁰⁹ Information on shareholdings includes holdings of natural and legal related parties.

Kungsleden's articles of association

Kungsleden's articles of association, adopted at the annual general meeting on 23 April 2020.

§ 1

The company name is Kungsleden Aktiebolag, a public limited liability company (publ).

§ 2

The registered office is in the Municipality of Stockholm (Sweden).

§ 3

The company owns and manages shares in companies active in the property segment and conducts associated business.

§ 4

The share capital is a minimum of SEK 32,000,000 and a maximum of SEK 128,000,000.

§ 5

There will be a minimum of 76,800,000 shares and a maximum of 307,200,000 shares.

It shall be possible to issue two classes of shares, ordinary shares and preference shares. Each ordinary share entitles the holder to one (1) vote. Each preference share entitles the holder to one-tenth (1/10) of a vote. Ordinary shares may be issued up to the number corresponding to no more than one hundred (100) percent of the share capital. Preference shares may be issued up to the number corresponding to no more than twenty-five (25) percent of the share capital.

§ 6

Preference shares right to dividend

If the General Meeting resolves on dividends, preference shares shall carry preferential rights before ordinary shares to a dividend as set out below.

Preference Dividend

The preference shares shall confer a preferential right over the ordinary shares to an annual dividend of SEK 20 per preference share ("The Annual Preference Dividend"), with quarterly payment of SEK 5 per preference share (the "Preference Dividend"), with record days as set out below.

Payment of dividends

Payment of dividend on preference shares shall, the first time following the day of the registration of the preference shares in Euroclear Sweden AB's share register, be made quarterly in cash. The record days for the payments of dividend on preference shares shall be 30 June, 30 September, 30 December and 31 March. In the event such day is not a banking day, the record date shall be the closest preceding banking day. Dividend payments on preference

shares shall be made on the third banking day after the record date. With "banking day" means a day that is not a Sunday, a public holiday or a day that in relation to the payment of debt instruments is equal to a public holiday (such equal days are at the time of the adoption of this Articles of Association Saturday, Midsummer Eve, Christmas Eve and New Year's Eve).

Calculation of Outstanding Amount

If no dividend is paid on preference shares, or if only a dividend of less than the Annual Preference Dividend has been paid, the preference shares shall carry entitlement to, in addition to future Preference Dividend, receive an amount evenly distributed on each preference share, corresponding to the difference between what should have been paid according to the above and the amount that was paid ("Outstanding Amount") before additional preference shares may be issued or value transfer to holders of ordinary shares may be made. The Outstanding Amount shall be adjusted upwards by a factor corresponding to an annual interest rate of eight (8) percent, whereby upward adjustment shall start from the quarterly date when payment of part of the Preference Dividend was made (or should have been made, in the event that no Preference Dividend was paid at all). Dividend of the Outstanding Amount is also conditional upon that the General Meeting resolves to pay dividend.

Recalculation at certain events of the company

In the case of a change in the number of preference shares through a reverse share split, a share split or other company events that have a similar effect, the amount that the preference share is entitled to according to §§ 6-8 in these Articles of Association shall be recalculated to reflect this change.

Miscellaneous

The preference shares shall not otherwise carry entitlement to dividend.

§ 7

A reduction of the share capital, although not below the minimum capital, may take place following a resolution by a General Meeting through redemption of preference shares as set out below.

The General Meeting resolves on the number of preference shares to be redeemed each time. The allocation of which preference share that shall be redeemed shall be made pro rata in relation to the number of preference shares that each preference shareholder owns at the time of the General Meeting's resolution on redemption. If the allocation as set out above does not amount to an even number of shares, the Board of Directors shall decide on allocation of the additional preference shares to be redeemed. If the resolution is approved by all holders of preference shares the General Meeting may however decide which preference shares are to be redeemed.

The redemption amount for each redeemed preference share shall be an amount calculated as follows:

- a) Up to the fifth anniversary of the first new issue of preference shares (the "Initial Issue"), an amount corresponding to (i) 120 percent of the amount in SEK paid for each preference share at the Initial Issue ("Initial Subscription Price"), (ii) plus possible accrued part of the Preference Dividends, (iii) plus any Outstanding Amount adjusted upwards by an annual interest rate as set out in § 6 above. The redemption amount for each redeemed preference share shall however never be lower than the share's quota value.
- b) As from the fifth anniversary of the Initial Issue and for the time thereafter, an amount corresponding to (i) 110 percent of the Initial Subscription Price, (ii) plus possible accrued part of the Preference Dividends, (iii) plus any Outstanding Amount adjusted upwards by an annual interest rate as set out in § 6 above. The redemption amount for each redeemed preference share shall however never be lower than the share's quota value.

"Accrued part of the Preference Dividends" refers to accrued Preference Dividends for the period commencing the day after the latest record day for dividend until and included the day for payment of the redemption amount. The number of days shall be calculated based on the actual number of days in relation to 90 days.

From the day when payment of the redemption amount falls due, all calculation according to §7 section 3 shall cease.

§ 8

If the company is dissolved preference shares shall carry preferential rights before ordinary shares to receive from the company's assets an amount per preference share corresponding to (i) 110 percent of the Initial Subscription Price, (ii) possible accrued part of the Preference Dividends as set out in § 7 above, and (iii) any Outstanding Amount adjusted upwards by an annual interest rate as set out in § 6 above, prior to any distribution to owners of ordinary shares. Preference shares shall otherwise not carry any entitlement to a share of distribution.

§ 9

Should the company decide to issue new shares of more than one class through a cash issue or a set-off issue, holders of ordinary shares and preference shares shall have preferential right to subscribe for new shares of the same class in proportion to their existing shareholding in that class (primary preferential right). Shares that are not subscribed for with primary preferential right shall be offered to all shareholders for subscription (subsidiary preferential right). Should the number of shares offered in this way not be enough for subscription through

subsidiary preferential right, said shares shall be apportioned among subscribers in proportion to their existing shareholdings, regardless of whether the shares in the company already held by them are ordinary shares or preference shares. To the extent this is not possible as regards a certain share or certain shares, the distribution shall be made by lottery.

Should the company decide to issue new shares of only one class through a cash issue or a set-off issue, the existing shareholders of the class of shares that is the subject of the new issue shall carry preferential right to such new shares in proportion to their existing shareholding in that class (primary preferential right). Shares that are not subscribed for with primary preferential right shall be offered to all shareholders for subscription (subsidiary preferential right). Should the number of shares offered in this way not be enough for subscription through subsidiary preferential right, said shares shall be apportioned among subscribers in proportion to their existing shareholdings, regardless of whether the shares in the company already held by them are ordinary shares or preference shares. To the extent this is not possible as regards a certain share or certain shares, the distribution shall be made by lottery.

Should the company decide through a cash issue or a set-off issue to issue subscription warrants or convertibles, shareholders shall have preferential right to subscribe for subscription warrants as if the issue was in respect of the shares that may be subscribed for by exercising the subscription warrants and to subscribe for convertibles as if the issue was in respect of the shares that the convertibles may be exchanged for.

The aforesaid shall not imply any limitation in the possibility of a decision on cash issue or set-off issue with divergence from shareholders' preferential rights.

An increase of the share capital by a bonus issue, where new shares are issued, may only occur by an issue of new ordinary shares. In such case, only holders of ordinary shares have preferential right to such new ordinary shares in proportion to their existing shareholding of ordinary shares. What has just been said shall not imply any limitation in the possibility to issue new classes of shares through a bonus issue, after necessary amendments to the Articles of Association.

§ 10

The Board of Directors comprises between three and eight members elected by the general meeting.

§ 11

One (1) or two (2) auditors with or without deputies, or one registered public accounting firm, shall be appointed. The assignment as auditor shall be valid until the end of the Annual General Meeting held during the first, second, third or fourth financial year after the year in which the auditor was appointed.

§ 12

Notification of a General Meeting shall be published in the Official Swedish Gazette and at the company's website. An announcement with information that notification of the General Meeting has been issued shall be published in Dagens Nyheter. If Dagens Nyheter should cease to be a national daily newspaper, such notice shall instead be published in Svenska Dagbladet.

Shareholders intending to participate in shareholders' meeting shall notify the company no later than the day stated in the notification to attend the meeting.

§ 13

The AGM is held annually within six months of the end of the financial year. The Chairman of the Board of Directors, or that party the Board appoints, opens the AGM and leads proceedings until the Chairman is elected.

The following matters are considered at the AGM:

- 1) Election of a Chairman of the Meeting;
- 2) Preparing and approving the voting list;
- 3) Approval of the agenda;
- 4) Election of one or more people to take the minutes;
- 5) Evaluation of whether the meeting has been duly convened;
- 6) Submission of the Annual Report and Audit Report, and where applicable, Consolidated Financial Statements and Consolidated Audit Report;
- 7) Resolution on;
 1. adopting the Income Statement and Balance Sheet, and where applicable, the Consolidated Income Statement and Consolidated Balance Sheet
 2. appropriation of the company's profit or loss pursuant to the adopted Balance Sheet
 3. discharging the Board members and Chief Executive from liability;
- 8) Determination of the number of Board members and deputies to be elected by the Meeting;
- 9) Determination of the number of auditors and deputy auditors to be appointed by the Meeting or resolving that an audit firm be appointed, in those cases where auditors are elected;
- 10) Determination of Directors' and where applicable audit, fees;
- 11) Election of the Board of Directors and potential deputies;
- 12) Election of audit firm or auditor(s) and potential deputy auditors when such election occurs;
- 13) Other matters for consideration by the Meeting pursuant to the Swedish Companies Act (2005:551) or the Articles of Association.

§ 14

The company's financial year is the calendar year.

§ 15

The company's shares will be recorded in a control register pursuant to the Central Securities Depository and Swedish Financial Instruments Act (1998:1479).

That shareholder or nominee recorded in the share register, and noted in a control register on the record date pursuant to chap. 4 of the Central Securities Depository and Swedish Financial Instruments Act (1998:1479), or that party recorded in the control account pursuant to chap. 4 § 18 para. 1 clauses 6 - 8 of the above Act, will be considered authorized to exercise the rights pursuant to chap. 4 § 39 of the Swedish Companies Act (2005:551).

Kungsleden's interim financial report for the period 1 January 2021 – 30 June 2021



INTERIM REPORT JANUARY-JUNE 2021

Kungsleden are people that create places and experiences for people. By developing and managing attractive and sustainable places, we offer people better and more inspiring work experience. We are a long-term property owner focused on commercial properties in Sweden's growth regions. As of 30 June 2021, we owned 207 properties with a leasable area of some 2 million sq.m. and a total value of SEK 42,539 million.

INTERIM REPORT JANUARY-JUNE

- Profit from property management increased by 6 per cent to SEK 650 million (611). The increase is mainly explained by higher rental revenue, but also by reduced selling and administration costs.
- New leasing was SEK 95 million (73), and net leasing was SEK 11 million (8).
- 52 lease contracts (57) with total rental value of SEK 147 million (94) were renegotiated in the period. The rent increase on renegotiated lease contracts averaged 8 per cent (10).
- After investments of SEK 564 million and positive unrealised changes in value of SEK 1,355 million, property value at the end of the period was SEK 42,539 million compared to 40,718 million at the beginning of the year.
- EPRA NRV increased to SEK 105.88 per share (96.13).

SIGNIFICANT EVENTS DURING AND AFTER SECOND QUARTER

- Several major leasings and renegotiations were completed in the quarter, including a new 15-year lease contract signed with AA Logistik AB on 32,000 sq.m. in Finnslätten in Västerås, where a new logistics facility will be built.
- Kungsleden relocated into its new innovative head office, which is developed as Symbiotic concept, and is located in the Rotterdam District, Värtahamnen, Stockholm.
- In the quarter Kungsleden divested just over 50,000 sq.m. of residential building rights in properties Järfälla Veddesta 2:65, part of Norrköping Oxelbergen 1:2, and part of Västerås Effekten 5. The zoning plan on part of Gothenburg Stiernhielm 7, divested in 2016, also came into effect. These divestments will generate positive profits of over SEK 200 million.

Key ratios	2021	2020	2021	2020	2020
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jan-Dec
Book value properties, MSEK	42,539	39,387	42,539	39,387	40,718
Property yield, investment properties, %	4.4	4.6	4.5	4.5	4.6
Occupancy rate, investment properties, %	92.4	92.5	92.4	92.5	92.9
Surplus ratio, investment properties, %	70.1	69.1	71.8	70.0	70.1
Surplus ratio, investment properties excluding non-recurring effects, %	69.2	68.9	71.1	70.1	70.4
Return on equity, %	14.8	10.9	12.4	5.2	9.1
LTV (loan-to-value) ratio, %	44.1	45.3	44.1	45.3	45.0
Interest coverage ratio, multiple	4.8	4.5	4.9	4.3	4.5
Net profit, SEK per share	7.91	2.62	2.80	1.07	7.50
EPRA NRV, SEK per share	105.88	96.13	105.88	96.13	99.50
EPRA NTA, SEK per share	103.02	94.18	103.02	94.18	97.13

Kungsleden AB (publ) · Hangövägen 20 · Box 70414 · SE-107 25 Stockholm
Phone +46 8 503 052 00 · www.kungsleden.se/en/ · Corp.Id.No 556545-1217

Front cover: the new frontage of our property Rotterdam in Värtahamnen, Stockholm, where we relocated our head office in the second quarter.

CEO'S STATEMENT

Kungsleden's rental revenue continues to increase

The second quarter was a strong period for Kungsleden, and in the first half-year, we improved our profit from property management by 6 per cent to SEK 650 million. The rental market has gathered pace, the transaction market is setting records, Sweden's growth is forecast at its highest level for several years, and we're clearly seeing people getting back to life before the pandemic.

In June, we welcomed our colleagues to our new, inspirational head office in The Rotterdam District in Värtahamnen, Stockholm, an innovative office space that conforms to our Symbiotic concept, serving as a dynamic place focused on modern working methods that centre on people. The Rotterdam District consists of some 21,300 sq.m. of leasable office areas and restaurants, and is part of our Stockholm City East cluster, where we have about 85,000 sq.m. of leasable area. Kungsleden is developing Värtahamnen in partnership with other property owners, to help create a unique environment close to areas of natural beauty, the waterfront and Stockholm city centre.

SEVERAL NEW MAJOR LEASE CONTRACTS AND RISING AVERAGE RENTS

Finnslätten in Västerås is another of Kungsleden's strategic and expansive clusters. In June, we signed a contract with AA Logistik, with Kungsleden building a new logistics facility comprising 32,000 sq.m. of warehousing in offices, with the customer relocating there in 2024, much to the approval of the world-leading enterprises located in the area.

In the first half year, we signed 154 lease contracts, and are maintaining positive net leasing of SEK 11 million. We also continued to successfully renegotiate existing lease contracts worth SEK 147 million, achieving an averaged rent increase of 8 per cent. The average rent on our property portfolio increased by 4 per cent to SEK 1,537 per sq.m. as of 30 June.

VALUE-CREATING DIVESTMENTS AND PROJECTS

We are continuing to realise the excellent potential of the building rights in our portfolio, divesting 32,000 sq.m. of residential building rights in Järfälla in the quarter, at a price of SEK 8,000 per sq.m. GTA.



We also divested part of the property Västerås Effekten for housing, and signed a contract to divest an undeveloped part of the property Norrköping Oxelbergen 1:2 as housing. The zoning plan on 20,000 sq.m. of residential building rights in part of the property Stiernhielm 7 in Gothenburg also came into effect, which we will vacate after the summer. These four divestments will generate positive profit of over SEK 200 million.

With profitable investments in projects and tenant adaptations, positive changes in value increased the value of our property portfolio by over SEK 1.8 billion to SEK 42.5 billion.

HIGH GROWTH GENERATES GOOD DEMAND

Sweden's economic growth is continuing to accelerate. Sweden's National Institute of Economic Research (KI) is currently forecasting growth of 4.4 per cent, and the Swedish Government, 4.7 per cent GDP growth this year. Our pipeline of new leaseings and future projects is strong. We offer an attractive property portfolio in the right locations in growth markets, creditworthy customers, committed people and a dedicated focus on sustainability. We're looking forward to the second half-year with confidence, and will be welcoming everyone back to their workplaces after the summer!

Stockholm, 7 July 2021

Biljana Pehrsson, CEO

KUNGSLEDEN INTERIM REPORT JANUARY – JUNE 2021

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CONSOLIDATED INCOME STATEMENT

MSEK	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020 Jan-Dec
Revenue					
Rental revenue	1,272	1,249	639	617	2,501
Other revenue	17	16	7	11	29
Total revenue	1,289	1,265	646	627	2,530
Property costs					
Operations	-247	-241	-114	-115	-445
Maintenance	-36	-38	-18	-18	-80
Property tax	-66	-73	-34	-36	-150
Property administration	-54	-60	-27	-31	-112
Total property costs	-404	-411	-193	-200	-787
OPERATING NET	885	854	453	427	1,743
Selling and administration costs	-47	-53	-28	-28	-102
Financial revenues and financial costs	-172	-175	-84	-90	-355
Costs of right of use	-15	-14	-8	-7	-29
Net financial items	-187	-189	-92	-98	-384
PROFIT FROM PROPERTY MANAGEMENT	650	611	332	301	1,257
Changes in value					
Properties	1,373	303	424	61	960
Interest derivatives	131	-178	1	-57	-157
Total changes in value	1,504	126	425	4	803
PROFIT BEFORE TAX	2,154	737	757	305	2,060
Tax	-444	-165	-156	-71	-424
NET PROFIT	1,711	573	601	234	1,636
NET PROFIT PER SHARE	7.91	2.62	2.80	1.07	7.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020 Jan-Dec
Net profit	1,711	573	601	234	1,636
Other comprehensive income					
Translation gains/losses for the year, on consolidation of foreign operations	0	0	0	0	0
Net profit	1,711	573	601	234	1,636

COMMENTS ON RESULTS FOR THE SECOND QUARTER

Profit from property management for the second quarter rose by 10 per cent to SEK 332 million (301). The increase is mainly due to an increase in operating net by 6 per cent. Profit for the quarter were SEK 601 million, compared to SEK 234 million for the corresponding period of the previous year. Except the growth in profit from property management the increase is due to greater positive changes in value of properties.

PERFORMANCE ANALYSIS JANUARY-JUNE 2021

REVENUE

Total revenue increased by SEK 24 million to SEK 1,289 million (1,265) in the first half-year. In a like-for-like portfolio of investment properties, rental revenue increased by SEK 32 million. The gains are explained by new leasing, renegotiation and indexation, but were countered by Covid-19-related discounting, as well as increased vacancies due to a higher share of tenants vacating early in the year. The positive net leasing in previous periods will have a positive effect later in the year, as tenants move in. Adjusted for items affecting comparability from early cancellation, the revenue increase in like-for-like portfolio terms of investment properties was 3 per cent.

RENTAL REVENUE BY GEOGRAPHY

MSEK	2021		2020	
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
Stockholm	454	462		
Gothenburg	148	141		
Malmö	143	143		
Västerås	294	272		
Regional cities	171	160		
Development properties	61	71		
Total rental revenue	1,272	1,249		
Other revenue	17	16		
Total revenue	1,289	1,265		

RENTAL REVENUE

Rental revenue per sq.m. on investment properties continued to increase during the second quarter, and on a rolling 12-month basis, was SEK 1,529 per sq.m., a 3 per cent increase during the previous year. This increase is the outcome of successful new leasing and renegotiation work. On June 30, rental revenue per sq.m. for investment properties amounted to SEK 1,537 per sq.m.

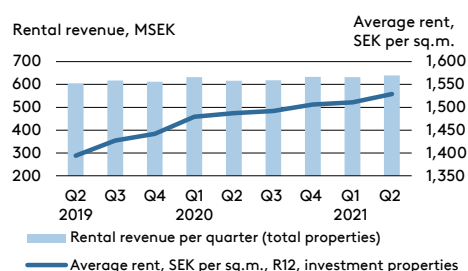
PROGRESS OF RENTAL REVENUE

MSEK	2021		2020	
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
Investment properties (like-for-like portfolio terms)	1,208	1,176		
Development properties	61	71		
Acquired properties	2	0		
Divested properties	0	2		
Total rental revenue	1,272	1,249		

AVERAGE RENT, INVESTMENT PROPERTIES

SEK per sq.m.	2020 Jul-2021 Jun	2019 Jul-2020 Jun
Office	1,909	1,836
Industrial/ Warehouse	954	921
Retail	1,176	1,175
Average	1,529	1,487

RENTAL REVENUE AND AVERAGE RENT



PROPERTY COSTS

Total property costs decreased to SEK 404 million (411). Costs also decreased in like-for-like portfolio terms of investment properties, which is due to a net effect of reduced property administration costs, as well as electricity and heating costs because of a colder winter.

PROGRESS OF PROPERTY COSTS

MSEK	2021		2020	
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
Investment properties (like-for-like portfolio terms)	371	378		
Development properties	32	34		
Acquired properties	1	0		
Divested properties	0	0		
Total rental revenue	404	411		

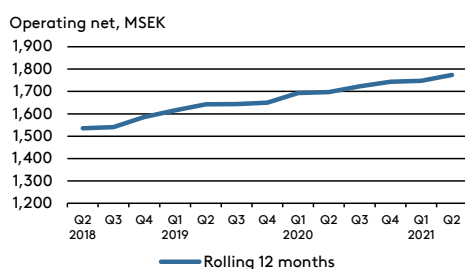
PROPERTY COSTS PER SQ.M.

INVESTMENT PROPERTIES

2020 Jul-2021 Jun.	Industrial/			Total
	Office	Warehouse	Retail	
Operation	272	187	162	234
Maintenance	47	34	44	41
Property tax	100	22	76	73
Direct property costs	419	243	282	349
Property administration	69	34	45	55
Total	487	277	328	404
Property costs 2019 Jul-2020 Jun	484	278	373	408

OPERATING NET

Operating net increased by SEK 31 million to SEK 885 million (854) in the interim period. In like-for-like portfolio terms of investment properties, operating net increased by SEK 33 million. After adjusting for items affecting comparability, the operating net increase in like-for-like portfolio terms was 5 per cent.

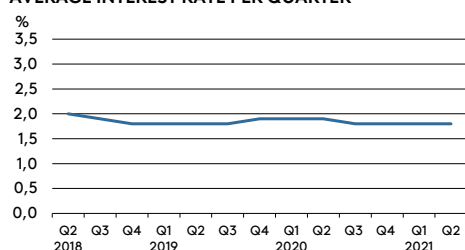
**SELLING AND ADMINISTRATION COSTS**

Selling and administration costs was SEK 47 million (53). The decrease is an outcome of lower personnel costs and travel costs.

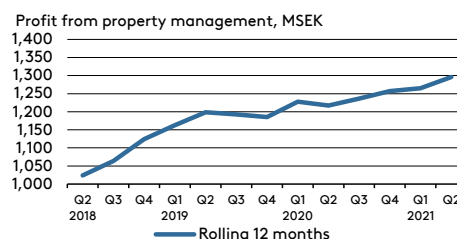
NET FINANCIAL ITEMS

Net financial items were SEK -187 million (-189), the decrease is due to a lower average interest rate on borrowing, 3-month Stibor being lower than in the corresponding period of the previous year, and borrowing costs of SEK 6 million were capitalized in the period attributable to projects. The decrease was reduced by non-recurring costs from the re-purchase of short-term bonds, and the loan portfolio being larger in the first half-year 2021 than in 2020.

MSEK	2021		2020
	Jan-Jun	Jan-Jun	Jan-Jun
Financial revenue		0	0
Interest expenses		-159	-162
One-off items related to repurchases of bonds		-5	-
Other financial costs		-14	-13
Capitalized borrowing costs		6	-
Costs of right of use		-15	-14
Net financial items		-187	-189

AVERAGE INTEREST RATE PER QUARTER**PROFIT FROM PROPERTY MANAGEMENT**

The profit from property management was SEK 650 million (611) which corresponds to an increase of 6 per cent.

**CHANGES IN VALUE ON PROPERTIES**

The trend of high demand for warehouse, industrial and logistics continued in 2021. In the office segment, the demand for transactions was also good. The unrealised increase in value on the property portfolio was SEK 1,355 million (304), or 3.2 per cent. This increase in value is due both to a downturn in the average required yield of 9 basis points, increased rental revenue, and completed projects. By the end of the period, the average required yield was 5.0 per cent, compared to 5.1 per cent at the beginning of the period. The realised changes in value amounted to SEK 18 million.

UNREALISED CHANGES IN VALUE ON PROPERTIES

MSEK	2021
	Jan-Jun
Change in yield requirements	719
Change in operating net	723
Changed assumptions of investments and other factors affecting the value	-87
Total	1,355

CHANGES IN VALUE INTEREST RATE DERIVATIVES

The changes in value on financial instruments was positive of SEK 131 million (-178), a consequence of interest rates on longer maturities increasing in the period.

TAX

The total tax expense in the period was SEK 444 million (165) of which SEK 0 million (0) is current tax. The tax expense corresponds to 20.6 per cent of profit before tax.



The focus is on health and well-being at our new head office in The Rotterdam District in Värtahamnen, Stockholm.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	12	12	12
Properties	42,539	39,387	40,718
Assets of right of use ¹	629	814	828
Equipment	3	3	3
Other long-term receivables	2	2	2
Total non-current assets	43,186	40,219	41,564
Current assets			
Current receivables	3	311	281
Derivatives	38	-	8
Cash and bank balances	901	455	685
Total current assets	942	766	974
TOTAL ASSETS	44,128	40,985	42,538
EQUITY AND LIABILITIES			
Equity	19,367	18,061	18,500
Non-current liabilities			
Liabilities to credit institutions	9,317	9,053	9,013
Other interest-bearing liabilities	6,846	8,196	8,346
Liabilities of right of use ¹	621	805	819
Derivatives	90	283	258
Deferred tax liability	3,350	2,652	2,910
Provisions	9	3	9
Total non-current liabilities	20,233	20,993	21,355
Current liabilities			
Liabilities to credit institutions	-	-	-
Other interest-bearing liabilities	3,508	1,048	1,670
Liabilities of right of use	8	9	9
Other liabilities	1,011	874	1,004
Total current liabilities	4,527	1,931	2,684
TOTAL EQUITY AND LIABILITIES	44,128	40,985	42,538

1. Revised assessment for measuring lease liabilities for site leasehold rights is made as of Q2 2021. Further information on page 21.

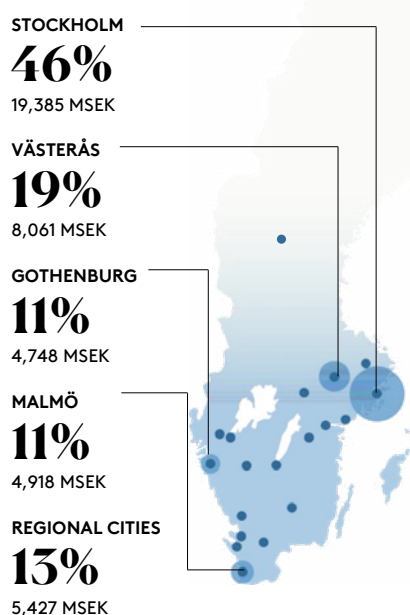
GROUP CHANGES IN EQUITY

MSEK	30 Jun 2021	30 Jun 2020	31 Dec 2020
Equity at beginning of period	18,500	17,488	17,488
Repurchase of treasury shares	-241	-	-57
Dividend	-602	-	-567
Comprehensive income for the period	1,711	573	1,636
Equity at end of period	19,367	18,061	18,500

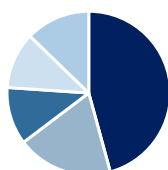
OUR PROPERTIES

Kungsleden wants to make it possible for people to have a stimulating working life in sustainable places. With our high-reaching sustainability ambitions, we develop and manage attractive and functional properties and clusters in desirable locations in selected Swedish growth locations, with Stockholm representing the main market.

OUR MARKETS

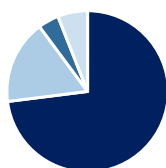


PROPERTY VALUE BY GEOGRAPHY



- Stockholm, 46%
- Västerås, 19%
- Malmö, 11%
- Gothenburg, 11%
- Regional cities, 13%

PROPERTY VALUE BY CATEGORY



- Office, 73%
- Industry/Warehouse, 17%
- Retail, 4%
- Other, 6%

PROPERTY PORTFOLIO

Kungsleden owns 207 properties with a book value of SEK 42,539 million. The vast majority of the portfolio, nearly 90 per cent, is in one of our four priority growth markets: Stockholm, Gothenburg, Malmö and Västerås. In recent years, we have invested in optimising our portfolio and improving the quality of our properties. Currently, Kungsleden owns fewer properties, but with higher average rent per sq.m., and higher property value. The share of office and industrial, warehouse and logistics properties has increased steadily, now making up 90 per cent of property value.

Our ownership features sustainability and a long-term view and 45 per cent of the property portfolio are environmentally certified. We continuously work on developing, improving, modernising and adapting our properties for tenants. The occupancy rate in our investment properties was 92.4 per cent, compared to 92.6 per cent at the beginning of the quarter. 70 per cent of the total book value is located in one of our 12 clusters which enables us to be involved in driving the development of entire areas and work actively to develop our customer offer.

Region	Clusters	Leaseable area, sq.m.	Book value, BSEK
Stockholm	Kista City	147,000	4.6
	Stockholm City East	85,000	4.5
	Danderyd Office	100,000	3.4
	Stockholm City West	40,000	2.5
	Västberga	38,000	0.6
Gothenburg	Gothenburg South Central	40,000	1.7
	Hägsbo	109,000	1.5
Malmö	Hyllie	48,000	1.6
	Fosie	52,000	0.7
Västerås	Västerås City	154,000	4.3
	Finnslätten	237,000	2.6
Rest of Sweden	City of Östersund	82,000	1.4

PROGRESS OF THE PROPERTY PORTFOLIO JAN-JUN 2021

MSEK	Investment properties	Development properties	Total
Properties at beginning of period	37,715	3,004	40,719
Reclassifications ¹	-221	221	-
Acquisitions, completed	0	0	0
Investments	397	168	564
Divestments, completed	-99	-	-99
Unrealised changes in value	1,308	46	1,355
Properties at end of period	39,101	3,438	42,539

1. Investment property reclassified to development property

ACQUISITIONS, DIVESTMENTS, ACCESSED PROPERTIES AND CLOSED DIVESTMENTS

Kungsleden vacated the property Täby Fräsen 1 in April. The property was divested in June 2020 and was already vacant on completion. In April, we also signed an agreement with K-Fastigheter to divest the property Järfälla Veddesta 2:65, as housing. The price was SEK 8,000 per sq.m. GTA, or SEK 259 million, with expected gross total area (GTA) of 32,000 sq.m. Kungsleden signed an agreement with Aroseken to divest part of the property Västerås Effekten 5 as future housing at the end of May. The objective is to create some 15,000 sq.m. GTA of housing with the zoning plan completed in 2023. The price was SEK 2,000 per sq.m. GTA. In June, Kungsleden signed a contract with Reliwe AB to divest an undeveloped part of the property Norrköping Oxelbergen 1:2, planned as housing. The price was SEK 16.6 million, corresponding to SEK 4,100 per sq.m. GTA, exceeding property book value by just over SEK 3 million. Date of closing is scheduled for Q4 2021. These four divestments will generate positive profit of over SEK 200 million.



Time to relax at our new head office in The Rotterdam District, Värtahamnen, Stockholm.

KEY RATIOS PER GEOGRAPHY

INVESTMENT PROPERTIES								
As of 30 June 2021	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Total	Development properties	Total Kungsleden
No. of properties	49	41	41	16	45	192	15	207
Leasable area, 000 sq.m.	504	258	225	450	320	1,756	242	1,998
Book value, MSEK	17,822	4,615	4,551	7,569	4,544	39,101	3,438	42,539
Occupancy rate, %	89.9	95.0	92.5	94.8	93.4	92.4	58.7	90.0
Property yield, %	3.8	4.8	4.4	5.3	5.2	4.4	2.2	4.2

2021								
Jan-Jun	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Total	Development properties	Total Kungsleden
Rental value, MSEK	506	155	155	310	184	1,310	103	1,414
Rental revenue, MSEK	454	148	143	294	171	1,211	61	1,272
Operating net, MSEK	334	108	98	194	115	849	36	885
Surplus ratio, %	73.4	72.8	69.0	65.9	67.1	70.1	58.7	69.6

KEY RATIOS PER CATEGORY

INVESTMENT PROPERTIES								
As of 30 June 2021	Office	Industrial/Warehouse	Retail	Other	Total	Development properties	Total Kungsleden	
No. of properties	92	62	28	10	192	15	207	
Leasable area, 000 sq.m.	979	565	131	81	1,756	242	1,998	
Book value, MSEK	28,710	6,414	1,772	2,205	39,101	3,438	42,539	
Occupancy rate, %	91.6	94.9	93.0	92.9	92.4	58.7	90.0	
Property yield, %	4.2	5.5	5.1	4.3	4.4	2.2	4.2	

2021								
Jan-Jun	Office	Industrial/Warehouse	Retail	Other	Total	Development properties	Total Kungsleden	
Rental value, MSEK	905	263	73	70	1,310	103	1,414	
Rental revenue, MSEK	828	250	67	66	1,211	61	1,272	
Operating net, MSEK	590	167	44	47	849	36	885	
Surplus ratio, %	71.3	66.8	65.8	72.3	70.1	58.7	69.6	

OUR CUSTOMERS

Regardless of our customers' type of business, Kungsleden endeavours to create attractive and sustainable places that strengthen them. The people who have their workplace in one of our properties are to thrive, be inspired and have the best possible conditions for performing their work.

LEASE CONTRACTS

Kungsleden's lease contracts portfolio is widely spread across many different tenants, customer sizes and industries, which spreads the risk of rental losses and vacancies. 18 per cent of the total rental value of SEK 2,499 million is tenants from public sector. As of 30 June, the average maturity of remaining lease contracts was 4.1 years (4.2).

KUNGSLEDEN'S LARGEST TENANTS

Tenant	Rental value, MSEK	Average duration, years
ABB	198	4.1
The Swedish Social Service Administration	53	3.6
Hitachi	52	2.7
Biz Apartments	42	9.1
Municipality of Västerås	41	4.4
Blique	31	19.5
ICA	30	2.1
The Swedish Armed Forces	29	2.7
Northvolt	29	3.7
Municipality of Stockholm	27	3.3
10 largest tenants	533	5.0
Other	1,966	3.9
Total	2,499	4.1

MATURITY STRUCTURE, LEASE CONTRACTS

Kungsleden endeavours to achieve a diversified lease contract maturity structure. Around 10–20 per cent of the contract portfolio matures each year and can be renegotiated.



LEASING

Kungsleden signed 154 lease contracts with a rental value of SEK 95 million (73) in the period. These new lease contracts generally have higher rent per sq.m. than their predecessors. Net leasing for the period was SEK 11 million (8).

Of the 154 new contracts signed in the period, 73 were green leases, which involves an undertaking between tenant and landlord on joint actions to maintain or improve the environmental performance of premises.

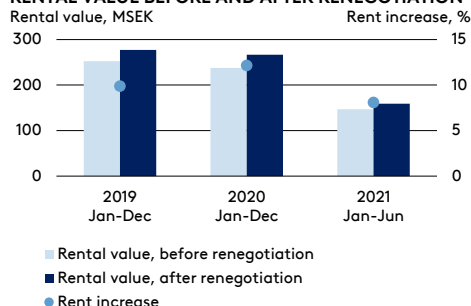
NET LEASING



RENEGOTIATION

52 contracts (57) with rental value of SEK 147 million (94) were renegotiated in the period, resulting in average rental value increases of 8 per cent (10). Of the renegotiated contracts, 12 resulted in increased leased area.

RENTAL VALUE BEFORE AND AFTER RENEGOTIATION



SUSTAINABILITY

Kungsleden's vision is to create attractive and sustainable places where people get inspired. We support the UN Global Compact and our sustainability work proceeds from the UN's global goals, where we contribute to 12 of the global goals. Kungsleden has launched climate targets that mean we will be climate positive across the value chain by 2035.

Kungsleden's sustainability strategy has three focuses: People, Planet and Culture.

PEOPLE

A holistic perspective on health and well-being, centring on people. We apply our Symbiotic concept, which integrates green and social sustainability issues into one. Symbiotic is our innovation hub where we develop the sustainable and digital urban quarters, buildings and offices of the future, with a sharp focus on health and well-being.

PLANET

The biggest challenge of our times is the climate issue, and to do what we can, we have adopted ambitious climate targets. We are a member of the Science Based Targets initiative (SBTi) and have pledged to reduce our Scope 1 and Scope 2 emissions by 50 per cent by 2030, with a sub-target of 25 per cent by 2025.

CULTURE

Kungsleden will set an example in its sector, maintaining a positive corporate culture with the right conduct, and being a positive force in society. We are the main sponsor of youth social work charity Fryshuset. We have zero tolerance of accidents and corruption, and work actively on social sustainability.

Kungsleden reports its sustainability work in accordance with GRI, EPRA and TCFD recommendations, and participates in the GRESB each year. More information on our sustainability work is on our website: <https://www.kungsleden.se/en/sustainability/>.

	SUSTAINABILITY GOALS	ACTUALS JAN-JUN
Reduced energy consumption	We shall lower our energy consumption with 25 per cent in the property portfolio 2025 compared to 2020	-1.4%
Green lease agreements	In 2021 shall at least 120 green leases agreements be signed	73 agreements
Certified properties	Most of the property portfolio shall be certified by 2025	45%
Green financing	All financing should be green or sustainable in the long run	42%

PROJECTS AND INVESTMENTS

PROJECTS AND INVESTMENTS

Investments in new production, conversion and extension of the existing portfolio are important components of Kungsleden's business model and make progressive contributions to earnings and profitability. This results in increased cash flow and value growth through reduced vacancies, higher average rents, and in some cases, the addition of leasable area. The target is for these investments to generate a minimum IRR (internal rate of return) of 9 per cent, or a minimum yield on cost of 6 per cent. As of 30 June, six major investment projects were in the construction phase, with total investment volume of SEK 1,382 million. After completion, these projects are expected to contribute annualised rental value of SEK 227 million

DIVISION OF OUR DEVELOPMENT PROPERTIES

Geography	No. of properties	Book value, MSEK	Leasable area, 000, sq.m.
Stockholm	4	1,563	53
Gothenburg	3	133	16
Malmö	2	367	12
Västerås	3	491	77
Regional cities	3	883	84
Total	15	3,438	242

INVESTMENT PROGRAMME

MSEK	Actuals		2021		Budget 2021	Plan 2022-2024
	2018	2019	2020	Jan-Jun		
Development projects	578	598	594	233	600	1,800
Tenant improvements and other value-creating investments	596	799	638	251	700	2,100
Maintenance investments	126	112	163	80	100	300
Total investments	1,300	1,509	1,395	564	1,400	4,200

MAJOR CURRENT PROJECTS

Property	Category	Municipality	Completed	Leasable area, sq.m.	Estimated rental value, MSEK	Occupancy rate, %	Book value, MSEK	Estimated investment, MSEK	Whereof completed, MSEK
Eden by Kungsleden ¹	Office	Malmö	2021	7,700	25	85	344	384 ³	301
Stettin 6	Office	Stockholm	2021	25,000	70	93	1,426	285	191
The Rotterdam District	Office	Stockholm	2022	21,300	66	56	1,153	236	166
Taktpinnen 1	Office	Norrköping	2022	16,000	26	100	318	136	77
Oxel – part of Oxelbergen 1:2	Office	Norrköping	2023	6,000	12	32	82	91 ²	57
Finnslätten 1 – part of	Office, Industrial	Västerås	2024	21,000	28	16	172	250 ²	87
Total				97,000	227	69	3,495	1,382	879

1. New development

2. Investment phrased – the project is being completed as premises are leased

3. Investment including land acquisitions

EDEN BY KUNGSLEDEN IN HYLLIE – MALMÖ

The Eden by Kungsleden project on Hyllie Boulevard in Malmö is a state-of-the-art office implemented consistent with our Symbiotic Building concept. This building will be certified according to LEED and the WELL Building Standard.

STETTIN 6 - STOCKHOLM CITY EAST

Stettin 6 is an office property in Gärdet, offering modern and flexible premises with attractive courtyards and closeness to nature. Ahlsell Sverige AB signed a six-year lease contract on 2,600 sq.m. in the second quarter.

FINNSLÄTTEN 1 - VÄSTERÅS

An extensive modernisation project is ongoing in building 357 at Finnslätten. The building is being repurposed as offices, a school, production premises, and spaces to enhance the service offering in Finnslätten.

THE ROTTERDAM DISTRICT - STOCKHOLM CITY EAST

Work on new frontages and entrances to create a modern and harmonious expression is completed at the property Rotterdam 1, and Kungsleden moved into its new head office in the property in the quarter. This is a Symbiotic Office, focused on innovative working methods designed to inspire employees, investors, customers and visitors.

TAKTPINNEN 1 - NORRKÖPING

This project involves the modernisation of current tenant SMHI's (the Swedish Meteorological and Hydrological Institute) premises.

OXEL – NORRKÖPING

Oxelbergen is a district a few minutes' walk from Norrköping city centre, where Kungsleden is currently modernising and improving a building. Common areas, as well as frontages and entrances, are completed, and the remaining tenant improvements are being executed as premises are leased.

BUILDING RIGHTS AND FORTHCOMING PROJECTS

Kungsleden works actively on producing building rights in its existing portfolio and is currently engaged in several zoning plan processes on its properties. Once these building rights have been completed, total value is estimated at approximately SEK 2.5 billion, of which SEK 1.5 billion is currently in book value.

BTA, sq.m.	COMMERCIAL BUILDING RIGHTS			Total	RESIDENTIAL BUILDING RIGHTS			Total
	Stockholm	Gothenburg/ Malmö	Västerås/ Mälardalen		Stockholm	Gothenburg/ Malmö	Västerås/ Mälardalen	
Building rights existing	6,000	37,500	78,000	121,500	-	3,000	4,000	7,000
Zoning plan process ongoing	19,000	43,500	48,000	110,500	50,000	33,000	67,000	150,000
Feasibility study-ongoing	47,500	77,000	134,000	258,500	-	20,000	29,000	49,000
Future building rights	101,000	-	14,000	115,000	37,500	11,000	5,000	53,500
Total	173,500	158,000	274,000	605,500	87,500	67,000	105,000	259,500

A long-term approach and planning of future projects is necessary to enable execution of the adopted investment programme. Kungsleden's total pipeline of commercial project investments is worth an estimated SEK 13 billion, and forthcoming projects include our clusters in Finnslätten, Stockholm City West and Västberga.

Kungsleden divested the properties Järfälla Veddesta 2:65, part of Norrköping Oxelbergen 1:2, and part of Västerås Effekten 5 as part of continuing to realise the potential of building rights in our property portfolio.

FINANCING

Kungsleden has a strong financial position, with a low LTV ratio, high interest coverage ratio and good liquidity coverage.

UPDATED BASE PROSPECTUS FOR ITS MTN PROGRAM

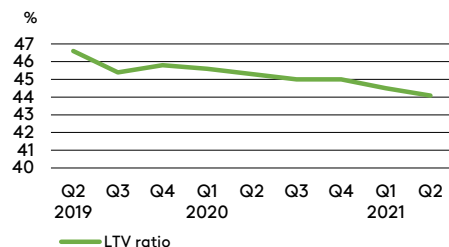
At the end of May, Kungsleden published an updated base prospectus for its MTN programme. In tandem with this update, the Board of Directors decided to increase the framework of bond borrowing from SEK 12 billion to SEK 15 billion or equivalent in euros or Norwegian kroner. The terms of the programme were also adapted to enable the issue of sustainability-linked bonds in future, proceeding from Kungsleden’s ambitious sustainability strategy. Kungsleden has SEK 9.2 billion of outstanding bonds in this programme. A total nominal amount of nearly SEK 1.3 billion of bond loans mature in 2021. Kungsleden has a total of SEK 3,751 million of unutilised credit facilities with Swedish banks, including a SEK 250 million credit line, and closing cash in hand of SEK 888 million. Cash and available credit facilities are sufficient to deal with all loan maturities in 2021 and 2022. These facilities are fully secured with direct real estate collateral.

IMPROVED LIQUIDITY POSITION AND GREEN FINANCING

In March, Kungsleden signed an agreement to extend and expand an existing loan facility via mortgage institution Nykredit, and in tandem with this refinancing, parts of this facility were restructured as a green loan. The total loan principal is SEK 1.4 billion, of which the green loan is SEK 0.4 billion and is financing the LEED Gold-certified property Bergudden 8 in Danderyd, near Stockholm. The loan has a term of 10 years, and extends the debt maturity of the loan portfolio by approx. 0.4 years. The new loan was issued at the beginning of April.

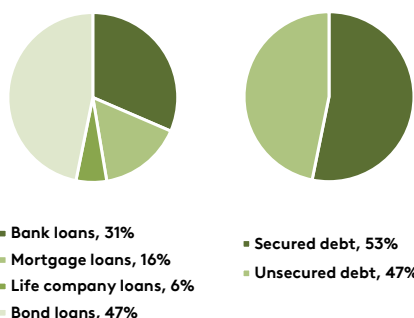
STRONG FINANCIAL POSITION

Kungsleden’s LTV ratio continued to decrease in the period. Net debt increased by SEK 513 million, while property value increased by SEK 1,820 million, which meant the LTV ratio decreased to 44.1 per cent at the end of the period, compared to 45.0 per cent at the beginning of the year.



Kungsleden has a Baa3 Investment Grade rating with Stable Outlook from Moody’s. This public rating has enabled increased borrowing on the capital markets on competitive terms, thus helping improve diversification and spreading risk.

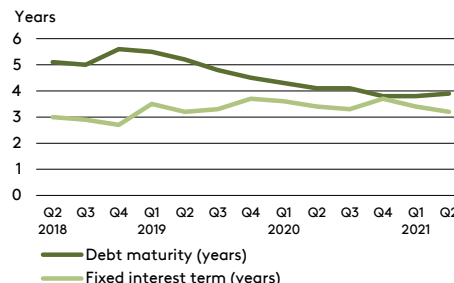
Moody’s confirmed its rating in March 2021, and in its research, concludes that Kungsleden’s new financial targets, with an LTV ratio not exceeding 45 per cent for the long term, is credit positive, because it indicates the company’s intention to maintain low borrowing over time. For a rating upgrade, Moody’s wants positive progress of the LTV ratio to continue, and the share of borrowing without dedicated real estate collateral to increase further. Moody’s most recent publication on Kungsleden is available for download from <https://www.kungsleden.se/en/investors/funding/capital-markets-products/>.



DEBT MATURITY AND FIXED INTEREST TERM

Net financial items are a significant cost item in the Income Statement, primarily affected by changes in required yields. Kungsleden endeavours to achieve well-considered debt maturity profile and fixed interest term to maintain stable and cost-efficient financial net for the long term. The average interest rate at the end of the quarter remained at 1.8 per cent. By extending mortgage loans, the average debt maturity increased to 3.9 years by the end of the quarter.

DEBT MATURITY AND FIXED INTEREST TERM



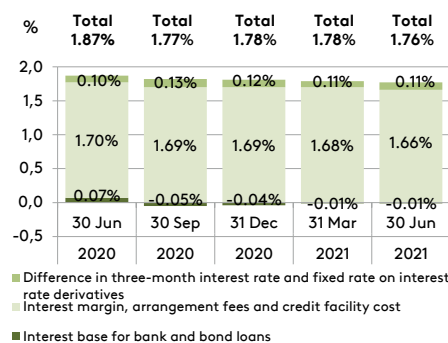
Kungsleden works actively on adapting the Group's fixed interest term profile in accordance with its adopted business plan. At the end of the period, the nominal amount of the swap portfolio was SEK 9,950 million. To benefit from interest on longer maturities having risen since year-end, Kungsleden cancelled forward-starting swaps. These forward-starting swaps would have started in 2022, with SEK 3 billion maturing in 2029, and SEK 1 billion maturing in 2026. On cancellation, Kungsleden arranged new swaps with current interest rates starting in 2023 and the same maturity dates and nominal amounts as the cancelled swaps. These measures will have a positive impact on ongoing net financial items from 2022, compared to the situation without cancellation. The share of the loan portfolio with a longer fixed interest term is some 56 per cent, if forward-starting swaps are included. The average fixed interest term was 3.2 years at the end of the quarter. The interest coverage ratio over the most recent 12-month period remained high at a multiple of 4.7.

GREEN FINANCING

Kungsleden has just over SEK 7 billion of outstanding green bonds, a green bank loan of just over SEK 800 million, and a green mortgage loan of SEK 400 million to finance environmentally certified properties. The share of green financing is 42 per cent of the total loan portfolio. Green bonds are issued pursuant to the terms and conditions of Kungsleden's green framework.

This framework clarifies how the proceeds from green bond loans can be utilised, more at <https://www.kungsleden.se/en/investors/funding/capital-markets-products/>. These bonds are quoted on Nasdaq Stockholm's Green Bond list, a market segment of green bonds that applies specific standards to bonds quoted on this marketplace.

AVERAGE INTEREST RATE



MATURITY STRUCTURE OF LOANS AND INTEREST RATE DERIVATIVES

As of 30 June 2021 (MSEK)	Bank loans and other borrowings	Bonds	Unutilised credits	Total credit facilities	Interest rate derivatives	Forward starting interest rate derivatives	Ave. interest rate, derivatives, %
2021	-	1,288	250	1,538	-	-	-
2022	-	2,220	-	2,220	-	-	-
2023	1,354	1,350	2,600	5,304	-	-	-
2024	2,399	1,300	-	3,699	1,450	-	0.6
2025	2,441	1,050	-	3,491	2,500	-	0.4
2026	630	1,000	-	1,630	-850 ²	2,000 ¹	0.7
2027	516	600	-	1,116	-	-	-
2028	-	400	-	400	600 ³	-	0.0
2029	1,701	-	-	1,701	-	3,000 ⁴	0.8
2030	-	-	-	-	-	-	-
2031	1,423	-	-	1,423	-	-	-
Total	10,463	9,208	2,850	22,521	3,700	5,000	-

1. Starts in June and December 2022

2. Receiver swaps which transfers bonds with fixed interest rate to floating interest rate

3. Where of SEK -400 million is receiver swaps which transfers bonds with fixed interest rate to floating interest rate

4. Starts in January 2023

KUNGSLEDEN'S FINANCIAL GOALS 2021-2025

Property value	55 BSEK	The property portfolio shall continue to grow and be at least SEK 55 billion at the end of 2025.
Profit from property management	1,650 MSEK	Profit from property management in 2025 shall at least reach SEK 1,650 million.
Return on equity	>10 per cent per year	Return on equity shall exceed 10 per cent per year over time.
Loan-to-value ratio	<45 per cent	The LTV-ratio shall not exceed 45 per cent in the long run.
Interest coverage ratio	2.5 times	The interest coverage ratio shall be above 2.5 times.
Share dividend	>50 per cent	The dividend shall increase over time and be at least 50 per cent of profit from property management after nominal tax.

KUNGSLEDEN'S SHARE

Kungsleden's share is on Nasdaq Stockholm's Large Cap list. Market capitalisation was SEK 22.3 billion at the end of the second quarter.

The price paid for the Kungsleden share at the beginning of the year was SEK 90.10, and SEK 103.60 at the end of the second quarter. The lowest closing price in the interim period was on 18 February at SEK 84.25. The highest price was on 10 June at SEK 113.60.

SHARE CAPITAL

Kungsleden has one share class, ordinary shares, and each share carries one vote. Share capital was unchanged in the period, at SEK 91,001,376. There are 218,403,302 ordinary shares. Kungsleden's Board of Directors and management owns a total of 2,804,691 shares, corresponding to 1.3 per cent of the capital.

A repurchase programme to optimise capital structure, and thus create shareholder value, were ongoing from November 2020, and continued until the AGM 2021. This programme had a total up to SEK 300 million, and had been completed by the date of the AGM, corresponding to 3,361,006 shares, with an average closing price of SEK 88.75.

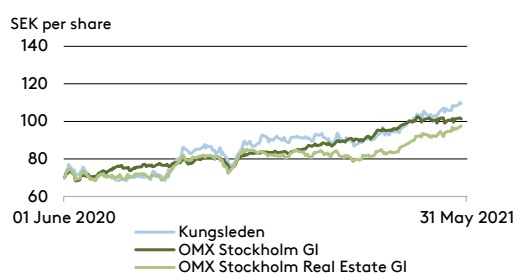
DIVIDEND

In February 2021, the Board of Directors adopted new financial goals that focus on growth. These goals have features including a new dividend policy, to be applied effective the current financial year. The new dividend policy means Kungsleden's share dividend over time should increase, and be at least 50 per cent of profit from property management after nominal tax.

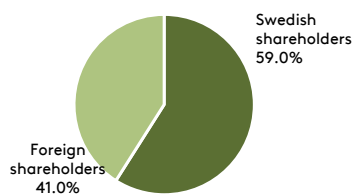
KEY RATIOS PER SHARE

Data per share	2020	
	2020 Jul-2021 Jun	Jan-Dec
Dividend paid, SEK	3.30	1.90
Total return on share, %	54.0	-6.5
Dividend yield on share, %	2.7	3.1
Profit from property management, SEK	5.98	5.76
Net profit, SEK	12.80	7.50
EPRA EPS, SEK	5.84	5.53
	30 Jun 2021	31 Dec 2020
EPRA NRV, SEK	105.88	99.50
EPRA NTA, SEK	103.02	97.13
EPRA NDV, SEK	90.06	84.95
Equity, SEK	90.06	84.95
Share price, SEK	103.60	90.10

TOTAL RETURN ON SHARE 1 JUNE 2020 – 31 MAY 2021



OWNER SHIP STRUCTURE AS PER 31 MAY 2021



SHAREHOLDERS AS PER 31 MAY 2021

Name	No. of shares	Share of capital, %
Gösta Welandson and companies	31,677,781	14.5
Ilija Batljan	15,177,397	6.9
BlackRock	11,043,787	5.1
APG Asset Management	8,470,809	3.9
BMO Global Asset Management	7,343,890	3.4
Vanguard	6,928,850	3.2
Olle Florén and companies	6,750,797	3.1
Handelsbanken	4,705,367	2.2
Investment Funds	4,705,367	2.2
Länsförsäkringar	3,792,255	1.7
Investment Funds	3,792,255	1.7
Dimensional Fund Advisors	2,451,713	1.1
Total 10 largest owners	98,342,646	45.0
Foreign shareholders, other	53,218,965	24.4
Swedish shareholders, other	63,480,685	29.1
Total no. of shares outstanding	215,042,296	98.5
Treasury shares	3,361,006	1.5
Total no. of registered shares	218,403,302	100.0

GROUP CASH FLOW

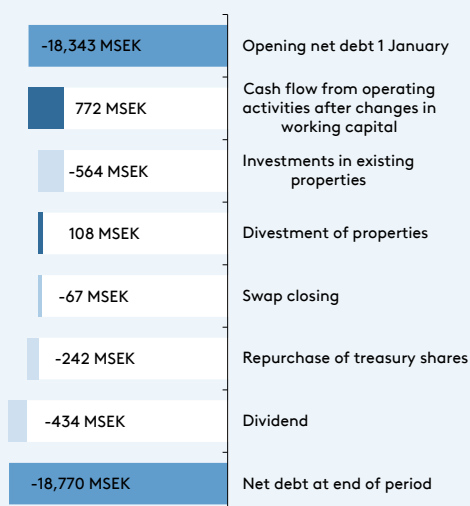
MSEK	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020 Jan-Dec
OPERATIONS					
Profit from property management	650	611	332	301	1,257
Adjustments for non-cash items	10	23	21	26	17
Tax paid	0	0	0	1	0
Cash flow before changes in working capital	660	634	353	328	1,274
Changes in working capital	112	-35	-11	-25	-148
Cash flow after changes in working capital	773	600	342	303	1,125
INVESTING ACTIVITIES					
Investments in current properties	-564	-774	-334	-415	-1,395
Acquisition of properties	0	-17	0	0	-82
Divestment of properties	108	16	31	0	32
Other intangible and tangible assets, net	-1	-2	-1	-1	-4
Financial assets, net	-67	0	-67	0	-12
Cash flow from investing activities	-524	-776	-370	-415	-1,460
FINANCING ACTIVITIES					
Dividend	-434	-131	-151	0	-415
Repayment of loans	-1,781	-591	-1,099	-320	-1,860
New loans	2,423	999	1,423	399	3,000
Repurchase of treasury shares	-242	0	-4	0	-57
Cash flow from financing activities	-33	277	170	79	667
CASH FLOW FOR THE PERIOD	215	102	142	-34	332
Cash and cash equivalents at beginning of period	685	353	759	489	353
Exchange rate difference in cash and cash equivalents	0	0	0	0	0
Cash and cash equivalents at end of period	901	455	901	455	685

CASH FLOW AND LOAN-TO-VALUE RATIO

Operating cash flow after changes in working capital was SEK 773 million. SEK 564 million was invested in existing properties and projects in the period. Kungsleden vacated the property Tändstiftet 2 in Täby, near Stockholm, in the first quarter, receiving purchase consideration of SEK 46 million. Purchase consideration of SEK 31 million was also received on completing the sale of generation permits in Finnsläätten, Västerås. In the second quarter the property Fräsen 1 in Täby was vacated receiving a purchase consideration of SEK 30 million and also a smaller purchase consideration of some SEK 2 million referring to previous transactions.

Kungsleden repurchased a total of SEK 242 million of treasury shares. A dividend of SEK 434 million was paid to shareholders, which was the second dividend payment for the financial year 2019 and the first dividend out of four for the financial year 2020. Liabilities increased by SEK 642 million, and because cash and bank balances increased by SEK 215 million, net debt increased by SEK 427 million. The LTV ratio decreased from 45.0 per cent at the beginning of the year to 44.1 per cent at the end of the period due to unrealised increases in value in the property portfolio. Total liquid funds available were SEK 3,751 million (3,386), including granted and available credit facilities, after deducting for back-up for outstanding commercial paper.

CHANGE IN NET DEBT JANUARY–JUNE 2021



SEGMENT REPORTING

JAN-JUN 2021¹

MSEK	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated	Total
Revenue	455	150	144	301	171	68	-	1,289
Property costs	-122	-42	-45	-107	-56	-32	-	-404
Operating net	334	108	98	194	115	36	-	885
Selling and administration costs	-	-	-	-	-	-	-47	-47
Net financial items	-	-	-	-	-	-	-187	-187
Profit from property management	334	108	98	194	115	36	-234	651
Changes in value								
Properties	329	253	157	323	268	42	-	1,373
Interest rate derivatives	-	-	-	-	-	-	131	131
Profit before tax	578	251	222	432	293	57	-103	2,155
Tax	-	-	-	-	-	-	-444	-444
Net profit	578	251	222	432	293	57	-547	1,711
Book value properties	17,822	4,615	4,551	7,569	4,544	3,438	-	42,539

JAN-JUN 2020¹

MSEK	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated	Total
Revenue	465	144	143	283	184	46	-	1,265
Property costs	-135	-41	-46	-100	-66	-23	-	-411
Operating net	330	103	97	183	118	23	-	854
Selling and administration costs	-	-	-	-	-	-	-53	-53
Net financial items	-	-	-	-	-	-	-189	-189
Profit from property management	330	103	97	183	118	23	-242	611
Changes in value								
Properties	235	18	-17	117	-38	-12	-	303
Interest rate derivatives	-	-	-	-	-	-	-178	-178
Profit before tax	565	121	80	300	80	11	-420	736
Tax	-	-	-	-	-	-	-165	-165
Net profit	565	121	80	300	80	11	-585	572
Book value properties	16,988	4,177	4,268	6,894	4,518	2,542	-	39,387

1. Which properties are included in the category project properties varies over time (see page 22 for definitions)

KEY RATIOS

	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020 Jan-Dec
Property related					
Property yield, %	4.2	4.4	4.3	4.4	4.4
Occupancy rate, %	90.0	90.7	90.0	90.7	90.7
Surplus ratio, %	69.6	68.4	70.8	69.3	69.7
Actuals investment properties					
Property yield investment properties, %	4.4	4.6	4.5	4.5	4.6
Occupancy rate investment properties, %	92.4	92.5	92.4	92.5	92.9
EPRA vacancy rate investment properties, %	7.6	7.5	7.6	7.5	7.1
Surplus ratio investment properties, %	70.1	69.1	71.8	70.0	70.1
Surplus ratio investment properties excluding non-recurring effects, %	69.2	68.9	71.1	70.1	70.4
Average rent investment properties, SEK/sq.m. ¹	1,529	1,487	-	-	1,506
Property costs investment properties, SEK/sq.m. ¹	404	408	-	-	407
Financial					
Return on total assets, %	3.9	4.0	3.9	3.9	4.0
Return on equity, %	14.8	10.9	12.4	5.2	9.1
Interest coverage ratio, multiple	4.8	4.5	4.9	4.3	4.5
Equity ratio, %	43.9	44.1	-	-	43.5
LTV (loan-to-value) ratio, %	44.1	45.3	-	-	45.0
Data per share					
Dividend paid, SEK	-	-	-	-	1.90
Total return on share, %	-	-	-	-	-6.5
Dividend yield on share, %	-	-	-	-	3.1
Profit from property management, SEK	3.01	2.80	1.54	1.38	5.76
Net profit, SEK	7.91	2.62	2.80	1.07	7.50
Cash flow before changes in working capital, SEK	3.05	2.90	1.64	1.49	5.84
EPRA EPS (profit from property management after tax), SEK	2.96	2.65	1.51	1.31	5.53
EPRA NRV (long-term net asset value), SEK	105.88	96.13	-	-	99.50
EPRA NTA (current net asset value), SEK	103.02	94.18	-	-	97.13
EPRA NDV (disposal value), SEK	90.06	82.70	-	-	84.95
Equity, SEK	90.06	82.70	-	-	84.95
Outstanding no. of shares at end of period	215,042,296	218,403,302	215,042,296	218,403,302	217,764,570
Average number of shares	216,403,433	218,403,302	215,062,989	218,403,302	218,243,619

¹ Average rent and property costs SEK per sq.m. are based on 12-months rolling

QUARTERLY SUMMARY

INCOME STATEMENT IN SUMMARY

MSEK	2021		2020			2019		
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Revenue	646	643	642	622	627	638	613	618
Operating net	453	432	438	451	427	427	419	424
Selling and administration costs	-28	-19	-28	-21	-28	-25	-35	-20
Net financial items	-92	-95	-93	-101	-98	-92	-87	-94
Profit from property management	332	318	317	329	301	310	296	310
Profit (loss) from divestment	2	16	9	3	0	-1	1	-2
Unrealised changes in value, properties	422	932	469	175	60	243	496	418
Unrealised changes in value, financial instruments	1	130	34	-13	-57	-121	200	-65
Profit before tax	757	1 397	829	494	305	432	992	661
Tax	-156	-288	-152	-107	-71	-94	-222	-140
Net profit	601	1 109	676	387	234	338	770	521

BALANSRÄKNINGAR I SAMMANDRAG

MSEK	2021		2020			2019		
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
ASSETS								
Non-current assets								
Intangible assets	12	12	12	12	12	12	12	13
Properties	42,539	41,814	40,718	39,872	39,387	38,912	38,310	36,833
Assets of right of use ¹	629	1,022	828	828	814	815	812	773
Equipment	3	3	3	3	3	4	4	4
Other long-term receivables	2	2	2	2	2	2	2	4
Total non-current assets	43,186	42,853	41,564	40,717	40,219	39,745	39,140	37,628
Current assets								
Current receivables	3	416	281	316	311	331	237	404
Derivatives	38	37	8	5	-	-	-	-
Cash and bank balances	901	759	685	966	455	489	353	548
Total current assets	942	1,213	974	1,287	766	820	590	952
TOTAL ASSETS	44,128	44,066	42,538	42,004	40,985	40,565	39,730	38,579
EQUITY AND LIABILITIES								
Equity	19,367	19,372	18,500	18,448	18,061	17,826	17,488	16,718
Interest-bearing liabilities								
Liabilities to credit institutions	9,317	8,993	9,013	9,033	9,053	9,373	9,094	9,114
Bond loans (unsecured)	9,208	9,208	8,720	8,420	7,600	7,300	7,000	6,600
Other borrowing	1,146	1,146	1,296	1,445	1,644	1,545	1,796	1,546
Total interest-bearing liabilities	19,671	19,347	19,029	18,898	18,298	18,219	17,889	17,260
Non-interest-bearing liabilities								
Provisions	9	9	9	3	3	3	3	5
Deferred tax liabilities	3,350	3,195	2,910	2,759	2,652	2,581	2,488	2,277
Liabilities of right of use ¹	629	1,022	828	828	814	815	812	773
Derivatives	90	157	258	301	283	226	105	305
Other non-interest-bearing liabilities	1,011	964	1,004	767	874	894	945	1,242
Total non-interest-bearing liabilities	5,090	5,347	5,010	4,658	4,626	4,520	4,353	4,602
TOTAL EQUITY AND LIABILITIES	44,128	44,066	42,538	42,004	40,985	40,565	39,730	38,579

1. Revised assessment for measuring lease liabilities for site leasehold rights is made as of Q2 2021. Further information on page 21.

PARENT COMPANY

INCOME STATEMENT IN SUMMARY

MSEK	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020 Jan-Dec
Intra-group revenue	0	0	0	0	0
Administration costs	-17	-19	-10	-11	-37
Operating profit (loss)	-17	-19	-10	-11	-37
Profit from financial items	398	55	171	59	937
Profit before tax	381	36	161	48	900
Tax	-78	-7	-33	-9	30
Net profit	302	28	128	38	930

BALANCE SHEET IN SUMMARY

MSEK	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Shares in group companies	3,069	2,520	3,068
Receivables from group companies	17,095	15,823	17,429
Other receivables	157	196	233
Cash and cash equivalents	899	452	684
TOTAL ASSETS	21,220	18,991	21,414
EQUITY AND LIABILITIES			
Equity	7,680	7,944	8,222
Non-current liabilities	5,792	7,335	7,460
Liabilities to group companies	3,746	2,629	3,731
Other liabilities	4,002	1,083	2,001
TOTAL EQUITY AND LIABILITIES	21,220	18,991	21,414

OTHER INFORMATION

ORGANISATION AND EMPLOYEES

The average number of employees was 133 (128) for the period.

RISKS AND UNCERTAINTIES

Kungsleden's operations, results of operations and financial position are affected by a number of risk factors. These relate mainly to properties, tax and financing. More information on Kungsleden's risks and risk management is on pages 82-86 of the Annual Report for 2020.

INFORMATION BASED ON FORECASTS

Some of the items in this report are forecasts and actual outcomes may differ significantly. In addition to the factors that have been expressly commented on, other factors may also have a material impact on actual outcomes, such as economic growth, interest rates, financing terms, required yields on property assets and political decisions.

ALTERNATIVE PERFORMANCE MEASURES

Kungsleden applies European Securities and Markets Authority (ESMA) guidelines on alternative performance measures. According to these guidelines, an alternative performance measure is a financial metric of historical or future earnings performance, financial position, financial results or cash flows, which is not defined or stated in applicable rules for financial reporting (IFRS and the Swedish Annual Accounts Act).

Kungsleden reports EPRA Vacancy rate, EPRA EPS, EPRA NDV, EPRA NRV and EPRA NTA in accordance with European Public Real Estate Association (EPRA) definitions. For further information see definitions on page 22.

ACCOUNTING POLICIES

Kungsleden's consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the EU. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting, and for the parent company in accordance with Chapter 9 of the Swedish Annual Accounts Act. Relevant provisions of the Swedish Annual Accounts Act and the Swedish Securities Markets Act have also been applied. The same accounting policies and measurement methods have been applied for the Group and parent company as in the most recent annual accounts. Apart from the accounting policies stated in the annual accounts for 2020. Apart from the financial statements and their associated notes, disclosures pursuant to IAS 34.16A have been made in other sections of this Interim Report. Preparation of this Interim Report requires management to make judgements and estimates, and to make assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates and judgements. The critical estimates made and sources of uncertainty in estimates are the same as in the most recent annual accounts.

VALUATION OF PROPERTY PORTFOLIO

Kungsleden internally appraises and values all its property portfolio quarterly, with classification at level 3 according to IFRS 13. The valuations are based on an analysis of cash flows involving an assessment of future earnings capacity and the market's required yield for each property. The internal valuations are the basis of reported book values. To quality-assure and verify internal valuations, external valuations are also conducted on parts of the portfolio each quarter.

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities recognised at amortised cost are measured initially at fair value with a supplement for transaction expenses. Accounts receivable and lease receivables are initially recognised at invoiced value. After first-time recognition, assets are measured according to the effective interest method.

Financial liabilities are recognised at amortised cost apart from derivatives and are initially measured at fair value including transaction expenses. After first-time recognition, they are measured at amortised cost according to the effective interest method. No significant difference is deemed to exist between book and fair values. Derivatives are recognised at fair value through profit or loss, and the Group does not apply hedge accounting. For derivatives, where Kungsleden holds a number of interest rate swaps, market valuations are conducted each quarter with classification at level 2.

REVISED ASSESSMENT FOR MEASURING LEASE LIABILITIES FOR SITE-LEASEHOLD RIGHTS

Since the adoption of IFRS 16, Kungsleden has judged that a ground rent interest rate of 3.25 per cent should apply as a general discount rate for all site-leasehold rights for measuring the lease liability. An individual assessment of the discount rate for each site-leasehold right has been made for Q2 2021. Individual assessments are based on required yields at the acquisition date, adjusted for major changes during the holding period. This revised assessment in Q2 means the lease liability and assets with right of use decrease by SEK 390 million.

AMENDED ACCOUNTING POLICIES

Kungsleden has amended its accounting policy for capitalising borrowing costs pursuant to IAS 23 effective 1 January 2021. Kungsleden did not previously use the scope exemptions of this Standard. Qualifying assets are assets that take significant time to complete for intended use or sale, which for the Group, are new production, extension and conversion projects. Because the Group's projects have increased gradually over recent years, the capitalisation of borrowing cost in their cost gives a fairer view of the investment. The application of the aforementioned accounting policy will not involve re-statement of comparative figures, because borrowing costs related to projects were not of material amounts in previous years. The amended accounting policy only applies to the Group. In the parent company, borrowing costs are still expensed in the period they occur. Other accounting policies are unchanged since the annual accounts for 2020.

Stockholm 7 July 2021

Charlotte Axelsson
Chair of the Board

Ingalill Berglund
Board member

Jonas Bjuggren
Board member

Christer Nilsson
Board member

Jonas Olavi
Board member

Charlotta Wikström
Board member

Fredrik Wirdenius
Board member

Biljana Pehrsson
Chief Executive Officer

This information is information that Kungsleden AB is obliged to make public pursuant to the Securities Markets Act. The information was submitted for publication at 06.55 CET on July 7 2021.

This Report has not been subject to review by the company's auditors.

This document is a translation of a Swedish language original Report. In case of any discrepancy between the two versions, the original shall take the precedence.

DEFINITIONS

PROPERTY RELATED KEY RATIOS

AVERAGE REMAINING CONTRACT LENGTH MATURITY

Remaining contract value divided by contracted annual rent.

AVERAGE RENT, SEK PER SQ.M.

Rental revenues in relation to leasable area.

CONTRACTED ANNUAL RENT

Rent (excl. heating) plus a fixed additional supplement.

EPRA VACANCY RATE

The rental value of unlet premises divided by the rental value of the entire property portfolio.

LEASABLE AREA

Leased area and leasable vacant area.

LIKE-FOR-LIKE PORTFOLIO TERMS

Refers to properties owned during the entire reporting period and the entire comparison period.

NET LEASING

Total rent for the period agreed for new leases with deductions for annual rents terminated for vacancy.

OCCUPANCY RATE

Calculated as rental revenue before deductions in relation to rental value.

OTHER REVENUE

Revenues which have no direct link to lease agreements.

PROPERTY COSTS, SEK PER SQ.M.

Property costs in relation to leasable area.

PROPERTY YIELD

The measurement is used to highlight the yield for the operating net in relation to the value of properties.

OUTCOME

Operating net in relation to average book value of properties. At year-end reporting, returns are converted to a full-year basis. The average book value of properties is calculated as the sum of the opening and closing balances divided by two.

OUTCOME PER SEGMENT

The value for the year-end period is calculated as an average property yield for the quarters included.

RENTAL REVENUE

Charged rents, rent surcharges and rental guarantees less rent discounts.

RENTAL VALUE

Rental revenue plus estimated market rent for vacant units.

SURPLUS RATIO

Operating net in relation to rental revenues.

VACANCY RATE

Estimated market rent for vacant areas in relation to rental value.

FINANCIAL KEY RATIOS

EQUITY RATIO

Equity including minority interests in relation to total assets.

INTEREST COSTS

Interest expenses and loan related costs such as arrangement fees etc.

INTEREST COVERAGE RATIO

Profit from property management excluding interest costs, in relation to interest costs.

LTV (LOAN-TO-VALUE) RATIO

Interest-bearing liabilities less cash and bank balances, and in relation to the book value of properties.

RETURN ON EQUITY

Net profit after tax for the last four quarters in relation to average equity for the five constituent periods. For individual quarters, returns are annualised and divided by average equity for the two constituent periods.

RETURN ON TOTAL ASSETS

Operating net and selling and administration costs in relation to average assets. At year-end reporting, returns are converted to a full-year basis. Average assets are calculated as the sum of the opening and closing balances divided by two.

SHARE-RELATED KEY RATIOS

ADOPTED/PROPOSED DIVIDEND PER SHARE

The Board of Directors' proposed dividend or dividend per share approved by the AGM.

CASH FLOW BEFORE CHANGES IN WORKING CAPITAL PER SHARE

Cash flow before changes in working capital in relation to the average number of shares.

DIVIDEND YIELD ON SHARES

Adopted/proposed dividend/redemption in relation to the share price at year-end.

EPRA EPS (PROFIT FROM PROPERTY MANAGEMENT AFTER TAX) PER SHARE

Profit from property management less nominal tax on taxable profit in relation to the average number of shares in the period.

EPRA NRV (LONG-TERM NET ASSET VALUE) PER SHARE

Reported equity including recognised liability/asset for interest rate derivatives and deferred tax in relation to the number of shares at period end.

EPRA NTA (CURRENT NET ASSET VALUE) PER SHARE

Reported equity after adding back reported asset/liability of interest rate derivatives and adjusted for the estimated fair value of deferred tax (3.7 per cent for properties), in relation to the number of shares at the end of the period.

EPRA NDV (DISPOSAL VALUE) PER SHARE

Reported equity adjusted for any difference to the fair value of interest-bearing liabilities, after taking into account full deferred tax, in relation to the number of shares at period end.

EQUITY PER SHARE

Equity in relation to the number of shares at period end.

NET PROFIT FOR THE PERIOD, PER SHARE

Net profit for the period in relation to the average number of shares in the period.

PROFIT FROM PROPERTY MANAGEMENT, PER SHARE

Profit from property management for the period in relation to the average number of shares in the period.

TOTAL RETURN ON SHARES

The total of the share price change during the period and dividends paid in the period after redemption in relation to the share price at the end of the period.

GLOSSARY

AVERAGE INTEREST RATE

The average interest rate is calculated by setting the interest costs from loans and interest rate swaps, the initial direct costs and the costs associated with unutilised credit lines in relation to the outstanding loan volume on the reporting date.

CATEGORY

The properties' primary usage by area. The type of area that accounts for the largest share of total area determines how properties are classified. Accordingly, a property with 51 per cent office space is classified as an office property. The categories are Office, Industrial/Warehouse, Retail and Other.

CLUSTER

Kungslöden defines clusters as a gathered property holding in a location with good accessibility, in a market with good growth and development potential.

CONTRACT VALUE

Rent according to the lease agreements plus indexation and rent surcharges expressed as an annual value.

DEVELOPMENT PROPERTIES

Properties with areas of vacant possession that are planned to be vacated, short-term leased or demolished to enable development. Individual properties are classified as development properties on a quarterly basis, which may affect comparisons between periods. If a property changes classification between development and investment property, the comparative period is not affected.

EPRA

The European Public Real Estate Association is a trade organisation for publicly listed real estate companies and investors in Europe which sets standards for the financial reporting.

INVESTMENT PROPERTIES

The total property holding excluding development properties.

MAINTENANCE

Measures to maintain the property and its technical systems. Current and planned actions involving exchanges or renovation of building parts or technical systems. Also includes tenant improvements.

PROPERTY COSTS

The costs for electricity, heating, water, property management, cleaning, property administration, insurance and maintenance less invoiced supplement for operations and maintenance.

SEGMENT

Stockholm means Greater Stockholm, Gothenburg means Greater Gothenburg and Malmö means Greater Malmö.

UNREALISED CHANGES IN VALUE

Result of change in estimated market value of properties compared with the previous reporting period.

ESMA GUIDELINES

See additional information on page 20.

FINANCIAL CALENDAR AND INVITATION TO PRESENTATION

INTERIM REPORT JAN-SEP
21 Oct 2021

YEAR-END REPORT JAN-DEC
16 Feb 2022

Kungsleden presents its interim report to investors, analysts and media on 7 July 2021 at 08.45.

The presentation will be held in English and is available on:
https://kungsleden.creo.se/en/210707/presentation_of_q2_report_2021

Phone number to the conference:
SE: +46 8 566 426 92
UK: +44 333 300 9031
US: +1 646 722 4902

After the presentation, a recorded version of the webcast will be available at: <https://www.kungsleden.se/en/investors/reports-and-presentations/>

The report is also available at:
<https://www.kungsleden.se/en/investors/reports-and-presentations/>

CONTACT

HEAD OFFICE
Hangövägen 20
Box 704 14
107 25 Stockholm
+46 (0)8-503 052 00

KUNGSLEDEN AB (PUBL)
Corp ID No. 556545-1217
Reg office Stockholm

BILJANA PEHRSSON
CEO
+46 (0)8-503 052 04

YLVA SARBY WESTMAN
Deputy CEO and CFO
+46 (0)8-503 052 27

[KUNGSLEDEN.SE/EN/](https://www.kungsleden.se/en/)
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kungsleden

Statement from the board of directors of Kungsleden

The description of Kungsleden on pages 58-95 of this Offer Document has been reviewed by the board of directors of Kungsleden. It is the opinion of the board of directors of Kungsleden that this short description provides an accurate and fair, although not complete, picture of Kungsleden.

Stockholm, 29 September 2021

Kungsleden Aktiebolag
The board of directors

Historical financial information

Castellum

The following documents shall be incorporated by reference, forms part of this Offer Document and shall be read as part thereof. The non-incorporated parts of the documents are either not relevant for the investor or are included elsewhere in the Offer Document.

Source	Information
Annual report 2020 https://www.castellum.se/globalassets/investor-relations/arsredovisningar/2020/castellum_annualreport_2020.pdf	Directors' report (p. 12–119) Consolidated balance sheet and balance sheet for the parent company (p. 129, 131) Consolidated statement of comprehensive income and income statement for the parent company (p. 128, 130) Change in equity (p. 132) Cash flow statement (p. 133) Accounting policies and notes (p. 134–152) Auditor's report (p. 156–158)
Interim report for the period 1 January – 30 June 2021 https://vp244.alertir.com/afw/files/press/castellum/202107054349-1.pdf	Condensed consolidated statement of comprehensive income (p. 8) Condensed consolidated balance sheet (p. 11) Condensed changes in equity (p. 12) Condensed consolidated cash flow statement (p. 20) Notes (p. 9–13, 18–19) Accounting policies (p. 26) Review report (p. 26)

The annual report 2020 has been audited by Castellum's auditor and the auditor's report is attached to the annual report. Castellum's interim report for the period 1 January – 30 June 2021 has been reviewed by Castellum's auditor.

In addition to the information referred to above, with the exception of the pro forma accounts, no information in the Offer Document has been reviewed or audited by the Company's auditor.

Kungsleden

The following documents shall be incorporated by reference, forms part of this Offer Document and shall be read as part thereof. The non-incorporated parts of the documents are either not relevant for the investor or are included elsewhere in the Offer Document.

Source	Information
Annual report 2020 https://assets.website-files.com/6058725c9068ac61d16d0f05/605b65a9b8229c01e9ae4d7e_Kungsleden%20%E2%80%93%202020%20Annual%20and%20Sustainability%20Report.pdf	Directors' report (p. 64–92) Consolidated statement of financial position and balance sheet (p. 94, 113) Income statement (p. 93, 112) Statement of changes in equity (p. 95, 114) Cash flow statement (p. 95, 114) Accounting policies and notes (p. 96–111, 115–118) Auditor's report (p. 120–122)
Interim report for the period 1 January – 30 June 2021 https://www.kungsleden.se/contentassets/d435219e3bd94a379e1b0996e28f6e03/interim-report-january--june-2021	Consolidated income statement (p. 4) Consolidated statement of financial position (p. 7) Group changes in equity (p. 7) Group cash flow (p. 16) Accounting policies (p. 21)

The annual report for 2020 has been audited by Kungsleden's auditor and the auditor's report is attached to the annual report. Kungsleden's interim report for the period 1 January – 31 June 2021 has neither been reviewed nor audited by Kungsleden's auditor.

Tax issues in Sweden

The following is a summary of certain Swedish tax consequences that may arise from the Offer. The summary is based on current Swedish tax legislation and is intended only as general information for shareholders who are resident in Sweden for tax purposes, unless otherwise indicated. The summary does not deal comprehensively with all tax consequences that may occur in this context. For instance, it does not cover the specific rules that in certain cases apply to shares acquired through a closely held company (Sw. *fåmansföretag*). Also, it does not deal with the rules that in certain cases apply in the corporate sector with respect to tax-exempt capital gains on “shares held for business purposes” (Sw. *näringsbetingade andelar*). Nor does this description deal with the rules that apply where shares are held by a partnership, held as inventory by a legal person or held in an investment savings account (Sw. *investeringssparkonto*) or endowment insurance (Sw. *kapitalförsäkring*). Special tax consequences that are not described below may also apply for certain categories of shareholders, such as investment companies, mutual funds, banks, brokers and other financial traders holding shares as trading assets. Each shareholder is recommended to consult a tax advisor for information with respect to the special tax consequences that may arise from the Offer, including the applicability and effect of foreign tax legislation, provisions in tax treaties and other rules that may be applicable.

Disposal of shares in Kungsliden against cash consideration

Shareholders who accept the Offer and sell their shares against cash consideration will be subject to capital gains taxation.

General information on calculation of capital gain or capital loss

The capital gain or capital loss is calculated as the difference between the sales proceeds, after deduction for sales expenses, and the acquisition cost for tax purposes. The acquisition cost is determined according to the “average method”. This means that the acquisition cost for all shares of the same type and class are added together and determined collectively, with respect to changes to the holding. For listed shares (such as Kungsliden’s shares) the acquisition cost may, as an alternative, be determined as 20 percent of the net sale revenue under the “standard rule” (Sw. *schablonmetoden*).

Individuals

A capital gain on listed shares is taxed as income from capital at a rate of 30 percent. As a general rule, 70 percent of a capital loss is deductible against any other taxable income from capital. Capital losses on listed shares and other listed securities that are taxed in the same manner as shares are, however, fully deductible against taxable capital gains on such assets or on non-listed shares in Swedish limited liability companies and foreign legal entities. If capital losses pertain to both listed and non-listed shares, the losses pertaining to the listed shares are deductible prior to the losses on the non-listed shares.

If a capital loss on listed shares could not be deducted as above, 70 percent of the loss may be deducted from other income from capital. Should a deficit arise in the income from capital category, a reduction of the tax on income from employment and from business operations, as well as the real-estate tax and the municipal real-estate fee, is allowed. Such tax reduction amounts to 30 percent of any deficit not exceeding SEK 100,000 and 21 percent of any remaining deficit. Deficits may not be carried forward to a later fiscal year.

Legal entities

For limited liability companies and other legal entities, capital gains on shares are normally taxed as income from business operations at a rate of 20.6 percent for financial years beginning after 31 December 2020. For the calculation of capital gains and losses, see under the title “General information on calculation of capital gain or capital loss” above. A tax deductible capital loss on shares incurred by a corporate shareholder may only be offset against taxable gains on shares or other securities that are taxed in the same manner as shares. Such capital losses may however, under certain circumstances, also be offset against capital gains on such securities within the same group of companies, provided the requirements for group contributions (tax consolidation) are met (Sw. *Koncernbidrag*). Capital losses on shares or other securities that are taxed in the same manner as shares, which have not been deducted from capital gains within a certain fiscal year, may be carried forward and be offset against such capital gains in future fiscal years without any limitation in time.

Disposal of shares in Kungsleden against ordinary shares in Castellum

Private individuals and legal entities who accept the Offer and thereby transfer shares in Kungsleden in exchange for ordinary shares in Castellum are considered to have divested these shares. Provided that the divestment of shares in Kungsleden to Castellum will be carried out at fair market value and that Castellum, at the end of the calendar year in which the disposal is made, holds shares with a total number of votes exceeding more than 50 percent of the total votes of Kungsleden, the rules regarding roll-over relief (Sw: *framskjuten beskattning*) for a share-for-share exchange should be applicable for private individuals and the rules on deferral of taxation (Sw: *uppskovsgrundande andelsbyte*) should be applicable for legal entities. Provided that the Offer will be completed, Castellum intends to hold shares in Kungsleden in such a way that the provision regarding holdings and number of votes will be fulfilled.

Private Individuals

When the provisions regarding roll-over relief are applicable, the shares in Castellum should, for private individuals, be considered to be acquired for a price corresponding to the acquisition cost for the divested shares in Kungsleden. The exchange of the shares in Kungsleden to ordinary shares in Castellum does not have to be reported in the income tax return, according to this framework.

It follows from the provision regarding roll-over relief that for shareholders who receive a certain cash consideration in connection with the share exchange, the cash consideration is to be taxable in its entirety, since the acquisition cost is transferred to the shares in Castellum.

If the provisions regarding roll-over relief have been applied and if a private individual ceases to be resident or having a habitual abode in Sweden or other state within the EEA-area, this will trigger taxation of the capital gain (or capital loss) that would have occurred should roll-over relief not have been applied. In other words, a capital gain and a capital loss, respectively, are calculated as the difference between the acquisition cost for the shares in Kungsleden and the market value for the received ordinary shares in Castellum at the time of the disposal. The Swedish Tax Agency may, upon request, decide on general advice regarding which divestment price and which acquisition cost shall apply at the time of the share exchange. Castellum intends to file such request and the information will be available on Castellum's and the Swedish Tax Agency's websites respectively, www.castellum.se and www.skatteverket.se.

Legal entities

Legal entities which opt for deferral of taxation on capital gains must report such gain in the income tax return and request for a deferral of taxation on the capital gain. Capital gain and capital loss, respectively, are calculated as the difference between the acquisition cost for the disposed shares in Kungsleden and the market value for the received ordinary shares in Castellum. The Swedish Tax Agency may, upon request, decide on general advice regarding which divestment price and which acquisition cost shall apply at the time of the share exchange. Castellum intends to file such request and the information will be available on Castellum's and the Swedish Tax Agency's websites respectively, www.castellum.se and www.skatteverket.se. If a deferral is granted the deferral amount is determined and divided equally on the shares in Castellum which are received as consideration for the shares in Kungsleden. The deferral amount is taxable when the ownership of the received shares is transferred to any other or when the shares cease to exist (with exception for certain qualified transfers below market value (Sw: *underprisöverlåtelse*), share exchange or mergers). It is at any time possible to request for the deferral amount to be taxed.

It follows from the provision regarding deferral of taxation that for shareholders who receive a certain cash consideration in connection with the share exchange, the cash consideration is to be taxable in its entirety.

Shareholders residing outside of Sweden

Generally, shareholders who are not fiscally resident in Sweden and do not carry out business operations from a permanent establishment in Sweden are not subject to Swedish taxation on a sale of shares. These shareholders may nonetheless be subject to tax in their residence state. However, as far as individuals are concerned, capital gains on the sale of shares may be subject to Swedish tax if the individual has been resident or habitually stayed in Sweden at any time during the calendar year of the sale or any of the ten preceding calendar years. The applicability of this provision may however be limited under tax treaties that Sweden has concluded with other countries. There is no Swedish withholding tax on capital gains resulting from the Offer.

Offer restrictions

Important information for shareholders resident outside Sweden and for banks, brokers, dealers, nominees and other intermediaries holding shares for persons with residence outside Sweden

The offer document is not an offer, whether directly or indirectly, in Australia, Hong Kong, Japan, New Zealand or South Africa, or, except as set out below, the United States, or in any other jurisdiction where such offer pursuant to legislation, restrictions and regulations in such relevant jurisdictions would be prohibited by applicable law (the "Restricted Territories"). Shareholders not resident in Sweden who wish to participate in the Offer must make inquiries concerning applicable legislation and possible tax consequences.

The Offer is not being made, directly or indirectly, in or into the Restricted Territories by use of mail or any other communication means or instrumentality (including, without limitation, facsimile transmission, electronic mail, telex, telephone and the internet) of interstate or foreign commerce, or of any facility of national securities exchange or other trading venue of the Restricted Territories and the Offer cannot be accepted by any such use or by such means, instrumentality or facility of, in or from, the Restricted Territories. Accordingly, the Offer Document and any documentation relating to the Offer are not being and should not be sent, mailed or otherwise distributed or forwarded in or into the Restricted Territories.

The Offer Document is not being, and must not be, sent to shareholders with registered addresses in the Restricted Territories. Banks, brokers, dealers and other nominees holding shares for persons in the Restricted Territories must not forward the Offer Document or any other document received in connection with the Offer to such persons. Persons receiving such documents or information (including custodians, nominees and trustees) should not distribute or send them in or into a Restricted Territory or use the mails or any means, within a Restricted Territory in connection with the Offer.

Any failure to comply with these restrictions may constitute a violation of the securities laws of any of the

Restricted Territories. It is the responsibility of all persons obtaining the Offer Document, acceptance form or other documents relating to the Offer Document or to the Offer or into whose possession such documents otherwise come, to inform themselves of and observe all such restrictions. Any recipient of the Offer Document who is in any doubt about his or her status in relation to these restrictions should consult his or her professional adviser in the relevant territory.

Neither Castellum nor Nordea accepts or assumes any responsibility or liability for any violation by any person of any such restrictions.

The Offer Document does not represent an offer to acquire or obtain securities other than the shares of Kungsleden that are subject to the Offer.

Any purported tender of shares in the Offer resulting directly or indirectly from a violation of the restrictions described in the Offer Document and the related documents will be invalid. Further, any person purporting to tender shares pursuant to the Offer will be deemed not to have made a valid tender if such person is unable to make the representations and warranties set out in the section "*Offer restrictions – Certifications as to Restrictions*" below and any corresponding representations and warranties in the acceptance form.

Acceptances of the Offer and tenders of shares of Kungsleden made by a person located in a Restricted Territory, by any trustee, representative, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the Restricted Territories, or by the use of mails or any other communication means, within the Restricted Territories, directly or indirectly, will not be accepted (and should not be accepted by any such custodian, nominee, trustee, agent, fiduciary or other intermediary holding shares of Kungsleden for any persons).

Any acceptance form or other communication relating to the Offer that originates from, is postmarked from, bears a return address in, or otherwise appears to have been dispatched from, the Restricted Territories will not be accepted (and should not be accepted by any trustee, representative, fiduciary or other intermediary).

Acceptances of the Offer and tenders of shares of Kungsleden will not be accepted (and should not be accepted by any custodian, nominee, trustee, agent, fiduciary or other intermediary) if the consideration for the shares of Kungsleden is required to be mailed or otherwise delivered in or into a Restricted Territory or if an address within a Restricted Territory is provided for receipt of the price of the shares in the Offer or the return of the acceptance form.

Each of Castellum and Nordea reserves the right, in its absolute discretion (and without prejudice to the relevant shareholder's responsibility for the representations and warranties made by it), to (a) reject any tender of shares without investigation because the origin of such tender cannot be determined, or (b) investigate, in relation to any tender of shares pursuant to the Offer, whether any such representations and warranties given by a shareholder are correct and, if such investigation is undertaken and as a result Castellum determines (for any reason) that such representations and warranties are not correct, such tender may be rejected.

The Offer Document does not constitute an offer of securities to the public in the UK. No prospectus has been or will be approved in the UK in respect of the securities referred to herein. In the UK, the Offer document is being distributed to and is directed only at qualified investors (as defined in the Prospectus Regulation (which forms part of the UK's domestic law by virtue of the European Union (Withdrawal) Act 2018)) who are (i) investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**Relevant Persons**"). Any investment activity to which the Offer Document relates will only be available to, and will only be engaged with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offer Document or any of its contents.

Nordea will not consider any other persons as customers in relation to the Offer and is not responsible to anyone other than Castellum for providing the protection Nordea offers to its customers, or to provide advice in connection with the Offer or any other transaction, question or arrangement referenced in this Offer Document.

Certifications as to restrictions

By accepting the Offer through delivery of a duly executed acceptance form to Nordea, the holder of tendered shares, and any custodian, nominee, trustee, agent, fiduciary or other intermediary submitting the acceptance form or participating in the Offer on behalf of such holder, certifies that such person:

- was not present or resident in, nor is a citizen of, a Restricted Territory at the time of receiving the Offer Document, the acceptance form or any other document or information relating to the Offer, and has not mailed, transmitted or otherwise distributed any such document or information in or into a Restricted Territory;
- has not used, directly or indirectly, the mails, or any means or instrumentality (including, without limitation, facsimile transmission, electronic mail, telex and telephone) of interstate or foreign commerce, or the facilities of the securities exchanges, of a Restricted Territory in connection with the Offer;
- was not present or resident in, nor is a citizen of, a Restricted Territory at the time of accepting the terms of the Offer, at the time of returning the acceptance form or at the time of giving the order or instruction to accept the Offer (whether orally or in writing); and
- if acting in a custodial, nominee, trust, fiduciary, agency or other capacity as an intermediary, then either (i) has full investment discretion with respect to the shares or covered by the acceptance form or (ii) the person on whose behalf it is acting has authorised it to make the foregoing representations and was not present or resident in, nor is a citizen of, a Restricted Territory at the time he or she instructed such custodian, nominee, trustee, fiduciary, agent or intermediary to accept the Offer on his or her behalf, and such custodian, nominee, trustee, fiduciary, agent or other intermediary is processing that acceptance as part of its normal securities custodial function.

Offer restrictions – United States of America

The new Castellum shares to be issued in connection with the Offer are not being, and will not be, registered under the Securities Act or under the securities laws of any jurisdiction of the United States. The Offer is not capable of being accepted by persons who are located or resident in the United States unless they are QIBs, and any purported acceptance of the Offer by persons located or resident in the United States other than QIBs or which, at the sole discretion of Castellum, appear to be made in respect of Kungsleden shares beneficially held by persons located or resident in the United States other than QIBs will not be accepted.

The Offer described in this Offer Document is made for the issued and outstanding shares of Kungsleden, a company incorporated under Swedish law, and is subject to Swedish disclosure and procedural requirements, which may be different from those of the United States. The Offer is made in the United States to QIBs pursuant to Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended (the “U.S. Exchange Act”) and Regulation 14E thereunder, to the extent applicable, subject to exemptions provided by Rule 14d-1(d) under the Exchange Act for a “Tier II” tender offer, and otherwise in compliance with the disclosure and procedural requirements of Swedish law, including with respect to withdrawal rights, the Offer timetable, notices of extensions, announcements of results, settlement procedures (including as regards to the time when payment of the consideration is rendered) and waivers of conditions, which may be different from requirements or customary practices in relation to U.S. domestic tender offers.

Castellum may waive, in whole or in part, one, several or all of the conditions of the Offer, including, to complete the Offer at a level of acceptance below 90 percent of the total number of outstanding shares in Kungsleden. Any such waiver shall be made public via a press release issued by Castellum during the period prescribed by, and pursuant to, the applicable rules. A waiver of the applicable acceptance level threshold for the Offer, and a resulting shareholding in Kungsleden below 90 percent of the total number of outstanding shares, will prevent Castellum from immediately commencing compulsory redemption proceedings under the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*) to acquire all remaining shares in Kungsleden, as well as from delisting Kungsleden from Nasdaq Stockholm. This would mean that there would still be other shareholders in Kungsleden whose rights would be protected by minority protection and listing rules. Consequently, in such a scenario, Castellum may not be free to take all the measures it

would otherwise have taken in order to integrate the two companies and realise synergies. In addition, in the event that the Kungsleden share remains listed, there would be costs associated with maintaining a listing of the shares as well as securing compliance with various regulatory requirements.

Furthermore, depending on the acceptance level ultimately achieved in the Offer, the rights and abilities of Castellum to exercise influence over Kungsleden may be impacted. Certain decisions under the Swedish Companies Act require a supra-majority decision by the general meeting of shareholders, such as: (i) certain amendments to the articles of association, issues of shares or certain share-related securities without regard to the pre-emptive right of shareholders, acquisition or transfer of the company's own shares, reduction of share capital, statutory mergers or demergers (all such decisions require a majority of no less than 2/3 of votes cast and shares represented at the relevant general meeting); and (ii) certain fundamental amendments to the articles of association, certain statutory mergers or demergers where the surviving entity is a private limited liability company or where the merger consideration consists of shares that are not listed on a regulated market, a decision to convert a public limited liability company into a private limited liability company (all such decisions require a majority of no less than 90 percent of votes cast and represented at the relevant general meeting). Further, related party transactions between a listed company and a shareholder need, as a general rule, to be resolved by a general meeting of the shareholders of the company, whereby the shareholder that is party such transaction is not entitled to vote its shares at the general meeting resolving on the matter. This could impact the ability of Castellum to implement potential integration measures following completion of the Offer.

A waiver of the applicable acceptance level threshold for the Offer, and a resulting shareholding in Kungsleden below 90 percent of the total number of outstanding shares, would also create concentration of ownership of the listed Kungsleden shares with Castellum, which may result in decreased liquidity and value of the Kungsleden share, and may make it more difficult for shareholders to dispose of the shares in a timely manner and/or at a favourable price.

Holders of the shares of Kungsleden domiciled in the United States that are QIBs are encouraged to consult with their own advisors regarding the Offer.

Nordea is not registered as a broker or dealer in the United States and will not be engaging in direct

communications relating to the Offer with investors located within the United States (whether on a reverse-inquiry basis or otherwise).

Castellum's and Kungsleden's financial statements and all financial information included herein, or any other documents relating to the Offer, have been or will be prepared in accordance with IFRS and may not be comparable to the financial statements or financial information of companies in the United States or other companies whose financial statements are prepared in accordance with U.S. generally accepted accounting principles. The U.S. shareholders that are QIBs should note that the price for the Offer is being paid in SEK and that no adjustments will be made based on changes in exchange rates.

The Offer is being made to Kungsleden's shareholders resident in the United States that are QIBs on the same terms and conditions as those made to all other shareholders of Kungsleden to whom an offer is made. Any information documents, including the Offer Document, are being disseminated to U.S. shareholders that are QIBs on a basis comparable to the method pursuant to which such documents are provided to Kungsleden's other shareholders.

The Offer, which is subject to Swedish law, is being made to the U.S. shareholders in accordance with the applicable U.S. securities laws, and applicable exemptions thereunder. To the extent the Offer is subject to U.S. securities laws, those laws only apply to U.S. shareholders and thus will not give rise to claims on the part of any other person. It may be difficult for Kungsleden's shareholders to enforce their rights and any claims they may have arising under U.S. federal or state securities laws in connection with the Offer, since Kungsleden and Castellum are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. Kungsleden's shareholders may not be able to sue Kungsleden or Castellum or their respective officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, it may be difficult to compel Kungsleden or Castellum and/or their respective affiliates to subject themselves to the jurisdiction or judgment of a U.S. court.

To the extent permissible under applicable law or regulations, Castellum and its affiliates or its brokers and its brokers' affiliates (acting as agents for Castellum or its affiliates, as applicable) may from time to time and during the pendency of the Offer, and other than pursuant to the Offer, directly or indirectly purchase or arrange to purchase shares of Kungsleden outside the United States, or any securities that are convertible into, exchangeable for or exercisable for such shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, and information about such purchases will be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders of such information. In addition, the financial advisors to Castellum may also engage in

ordinary course trading activities in securities of Kungsleden, which may include purchases or arrangements to purchase such securities as long as such purchases or arrangements are in compliance with the applicable law. Any information about such purchases will be announced in Swedish and in a non-binding English translation available to U.S. shareholders through relevant electronic media if, and to the extent, such announcement is required under applicable Swedish or U.S. law, rules or regulations.

The receipt of cash pursuant to the Offer by a U.S. shareholder that is a QIB may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each shareholder is urged to consult an independent professional adviser regarding the tax consequences of accepting the Offer. Neither Castellum nor any of its affiliates and their respective directors, officers, employees or agents or any other person acting on their behalf in connection with the Offer shall be responsible for any tax effects or liabilities resulting from acceptance of this Offer.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved the Offer, passed any comments upon the merits or fairness of the Offer, passed any comment upon the adequacy or completeness of the Offer Document or passed any comment on whether the content in the Offer Document is correct or complete. Any representation to the contrary is a criminal offence in the United States.

Persons receiving this Offer Document (including custodians, nominees and trustees) must not mail, forward or otherwise distribute it in, into or from the United States other than to persons reasonably believed to be QIBs. Their doing so may invalidate any purported acceptance of the shares.

In order to participate in the Offer, a QIB in the United States will be required to sign and deliver to Castellum an investor representation letter ("**U.S. Investor Representation Letter**") in the form as attached to the acceptance form. Any acceptance form from a QIB in the United States must be accompanied by a duly executed U.S. Investor Representation Letter in order to be a valid acceptance of the Offer. Notwithstanding the above, Castellum may in its sole and absolute discretion allow a person in the United States to accept the consideration for the shares if requested to do so by or on behalf of that person if Castellum is satisfied, in that particular case, that to do so would not constitute a breach of any securities or other applicable law.

Definitions

Company, the **Group** or **Castellum** refers to, depending on the context, Castellum Aktiebolag, corporate registration number 556475-5550, the group in which Castellum is parent company or a subsidiary in the group.

EUR refers to euro.

Euroclear refers to Euroclear Sweden AB (Box 7822, 103 97 Stockholm, Sweden).

IFRS refers to International Financial Reporting Standards, as adopted by the European Union.

Kungsleden refers to Kungsleden Aktiebolag corporate registration number 556545-1217.

MSEK refers to millions of Swedish kronor.

Nasdaq Stockholm refers to the regulated market operated by Nasdaq Stockholm Aktiebolag.

Offer Document refers to this Offer Document which describes Castellum's offer to acquire all shares in Kungsleden.

Offer refers to the offer to acquire all shares in Kungsleden which is described in this Offer Document.

Prospectus Regulation refers to the European Union Regulation (EU) 2017/1129.

SEK or "**krona**" refers to Swedish krona.

Contact details

Castellum Aktiebolag

Östra Hamngatan 16
Box 2269
SE-403 14 Gothenburg
Sweden

Kungsleden Aktiebolag

Hangövägen 20
Box 70414
SE-107 25 Stockholm
Sweden

Roschier Advokatbyrå AB

Brunkebergstorg 2
Box 7358
SE-103 90 Stockholm
Sweden

Nordea Bank Abp, filial i Sverige

Smålandsgatan 17
SE-111 46 Stockholm
Sweden



CASTELLUM

Castellum Aktiebolag
Östra Hamngatan 16
Box 2269
SE-403 14 Gothenburg
Sweden