

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).

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).

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.

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

For more information, please contact:

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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