

# Solidify the position as the commercial property champion in the Nordics

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Castellum investor presentation, 1 October 2021



CASTELLUM

kungsleden

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## Agenda and presenters



**Rutger Arnhult**  
**Chairman of the Board**

Joined the Board of Directors as Chairman in 2021

Extensive experience within the real estate industry

Ownership in Castellum 21.4%<sup>1</sup>

## Agenda

- A. Introduction and transaction overview
- B. Castellum at a glance
- C. Kungsleden at a glance
- D. Castellum and Kungsleden: Strategic rationale
- E. Attraction of the Offer
- F. Q&A
- G. Appendix

# Offer structure and key terms

<b>Transaction and terms</b>	<ul style="list-style-type: none"> <li>On 2 August 2021, Castellum Aktiebolag (“Castellum”) announced a recommended public offer to the shareholders of Kungsleden Aktiebolag (“Kungsleden”) to acquire all shares with the intent to combine the two companies (the “Offer”)</li> <li>The Offer valued each Kungsleden share to SEK 124.90 and the Offer’s total value amounted to approximately SEK 26,860m<sup>1</sup></li> <li>The consideration consists of a combination of shares in Castellum and cash for each share in Kungsleden. Castellum offers each shareholder in Kungsleden the following:             <ul style="list-style-type: none"> <li>In respect of 70% of the number of Kungsleden shares tendered by such shareholder: 0.525 shares in Castellum per Kungsleden share, and</li> <li>in respect of the remaining 30% of the number of Kungsleden shares tendered by such shareholder: SEK 121.00 in cash per Kungsleden share</li> </ul> </li> <li>The Offer represents a 18.0% premium to Kungsleden’s EPRA NRV as of June 30, 2021, a 21.2% premium to Kungsleden’s EPRA NTA as of June 30, 2021, a 7.5% premium to latest close<sup>2</sup>, a 12.5% and 19.8% premium to Kungsleden’s VWAP during the last 30 and 90 trading days, respectively<sup>2</sup></li> </ul>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>The Board of Directors of Kungsleden<sup>3</sup> have unanimously recommended Kungsleden’s shareholders to accept the Offer, supported by a fairness opinion from Svenska Handelsbanken AB</li> </ul>
<b>Deal certainty</b>	<ul style="list-style-type: none"> <li>Gösta Welandson, Ilija Batljan and Olle Florén, who together own approximately 26.0% of the outstanding capital and votes in Kungsleden, have irrevocably undertaken to accept the Offer</li> <li>At the Extraordinary General Meeting held on 27 August 2021, the shareholders of Castellum, authorised the Board of Directors with required majority to issue new shares, which Castellum will pay as consideration in the Offer, in accordance with above terms</li> <li>On 10 September 2021, Castellum received competition clearance from the Swedish Competition Authority</li> <li>Castellum has, after the announcement of the Offer, acquired 21,300,000 shares in Kungsleden, corresponding to approximately 9.9% of the outstanding shares and votes</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>The Offer is not subject to any financing condition:             <ul style="list-style-type: none"> <li>The Offer is on 29 September 2021, in regard to the total cash consideration payable under the Offer, fully financed by Castellum’s available funds</li> <li>As part of the consideration in the Offer, Castellum may issue up to a total of 71.2 million new shares in Castellum to the shareholders of Kungsleden for the payment of the total share consideration under the Offer<sup>4</sup></li> </ul> </li> </ul>
<b>Value creation</b>	<ul style="list-style-type: none"> <li>Unlocking shareholder value through scale, best practice, and combined focus on growth markets</li> <li>Creating the largest listed commercial property company in the Nordic region with a strong balance sheet and maintained rating enabling attractive financing terms and enhanced competitiveness</li> <li>In total, annual synergies with effect on profit for property management, are estimated to approximately SEK 285m</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Commitment from Castellum’s board to continue to retain the financial policy approach embedded in Castellum and Kungsleden</li> <li>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 lead the combined company as CEO and deputy CEO and CFO</li> </ul>

Notes: (1): The total value of the Offer is based on the 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 have not been included when calculating the value of the Offer; (2): Based on closing price of Kungsleden’s share on Nasdaq Stockholm on 30 July 2021, the last trading day prior to the announcement of the Offer; (3): Charlotta Wikström has not participated in the handling of or the decision in matters related to the Offer; (4): 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

# The Offer entails value creation for all shareholders

<p><b>Attractive Offer</b></p>	<ul style="list-style-type: none"> <li>The Offer valued each Kungsliden share to SEK 124.90<sup>1</sup></li> <li>The Offer's total value amounted to approx. SEK 26,860m<sup>1</sup></li> </ul>	<p><b>18.0% / 21.2%</b> premium to Kungsliden's EPRA NRV<sup>2</sup> / EPRA NTA<sup>3</sup></p>	<p><b>12.5% / 19.8%</b> premium to Kungsliden's VWAP of 30td / 90td<sup>4</sup></p>	<p><b>7.5%</b> premium to the last close<sup>4</sup></p>
<p><b>Combining two complementary portfolios</b></p>	<ul style="list-style-type: none"> <li>Castellum's approx. SEK 122bn<sup>5</sup> portfolio and Kungsliden's approx. SEK 43bn portfolio complements each other - creating a growth market champion</li> </ul>	<p><b>SEK 165bn</b> combined property value<sup>5</sup></p>	<p><b>5.8 million sqm</b> lettable area<sup>6</sup></p>	<p><b>#1</b> Nordic's largest listed commercial property company</p>
<p><b>Attractive financial and dividend policy</b></p>	<ul style="list-style-type: none"> <li>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</li> </ul>	<p><b>MOODY'S</b> Affirm current Baa2 issuer rating with stable outlook</p>	<p><b>&lt;50% (38% Q2'21)</b> LTV threshold  <b>&gt;2.0x (5.3x Q2'21)</b> ICR threshold</p>	<p><b>10% annual growth in IFPM<sup>7</sup> per share</b>  <b>Dividend of at least 50% of IFPM<sup>7</sup> per share</b></p>
<p><b>Unlocking shareholder value through the combination</b></p>	<ul style="list-style-type: none"> <li>The combination of Castellum and Kungsliden unlocks shareholder value through scale, best practice, and combined focus on growth markets</li> </ul>	<p>Strong balance sheet and maintained rating enabling attractive financing terms and enhanced competitiveness</p>	<p>MEMBER OF <b>Dow Jones Sustainability Indices</b> In Collaboration with RobecoSAM</p> 	<p><b>SEK 285m</b> estimated total annual synergies</p>

# Indicative time plan

Date	Event
27/8	Extraordinary General Meeting in Castellum ✓
30/9	Acceptance period starts
19/10	Castellum – Interim Report Jan-Sep 2021
19/10	Kungsleden – Interim Report Jan-Sep 2021
29/10	Acceptance period ends
1/11	Final results from acceptance period published
4/11	Expected start of settlement

*The shareholders of Castellum authorised the Board of Directors with required majority to issue new shares in Castellum in connection with the Offer*





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**B. Castellum at a glance**

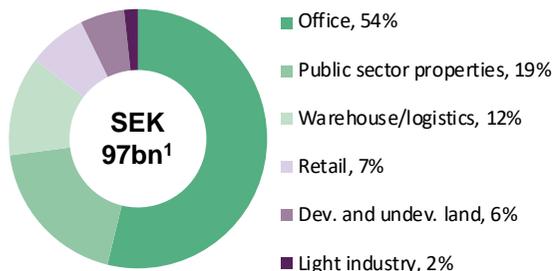
# Castellum at a glance – Nordic platform in office and logistics

## At a glance – Q2 2021

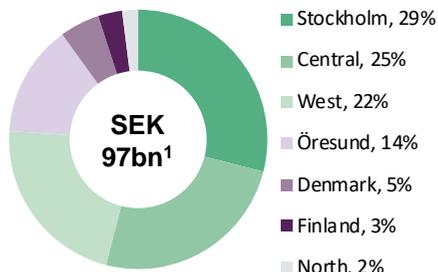


## Nordic platform in office and logistics – Q2 2021

### Property value by category



### Property value by region



# Castellum key transactions in 2021

Kungsleden	Entra investment	Kielo acquisition	Solna acquisition	Copenhagen divestment	Blackstone divestment
Aug 21 – Sep 21	Feb 21 – Sep 21	July 2021	July 2021	April 2021	Dec 20 – Feb 21
<ul style="list-style-type: none"> <li>29/9 – Castellum's ownership in Kungsleden amounts to 9.9%</li> </ul>	<ul style="list-style-type: none"> <li>8/2 – Decided to withdraw the offer and not prolong the bid period</li> <li>23/2 – Acquired approx. 10.0% of the shares</li> <li>14/6 – Acquired another 8.2% of the shares</li> <li>27/8 – Acquired another 11.8% of the shares</li> <li>29/9 – Castellum holds 31.0% of the shares and votes in Entra ASA</li> </ul>	<ul style="list-style-type: none"> <li>Acquired Finnish property company Kielo with a portfolio of SEK 6.5bn</li> <li>Later sold SEK 2.1bn of the portfolio to Nyfosa</li> </ul>	<ul style="list-style-type: none"> <li>Acquired office property in Solna Strand from Humlegården for approx. SEK 950m</li> <li>Acquired office property from NCC for approx. SEK 1bn</li> </ul>	<ul style="list-style-type: none"> <li>Castellum divests property in Copenhagen to Genesta for DKK 778m</li> </ul>	<ul style="list-style-type: none"> <li>Sold SEK 10bn of mainly logistics assets in two phases</li> <li>20% and 27% surplus to booked value in Q3 2020</li> </ul>
9.9% ownership <sup>1</sup>	31.0% ownership <sup>1</sup>				



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**C. Kungsleden at a glance**

# Kungsleden at a glance – Commercial properties in Sweden’s growth regions

## Kungsleden at a glance – Q2 2021

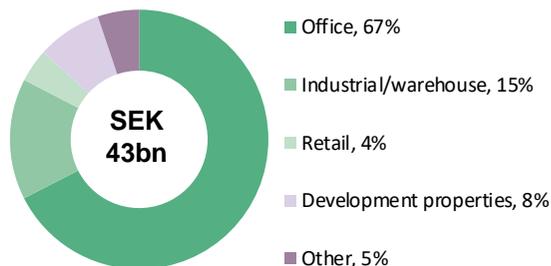
approx. <b>133</b> employees	approx. <b>2.0</b> million sq.m.	<b>207</b> properties
SEK <b>43bn</b> Property value	approx. <b>90%</b> of the portfolio in priority growth regions <sup>1</sup>	approx. <b>18%</b> of the rental value from public sector tenants

## Strong market position

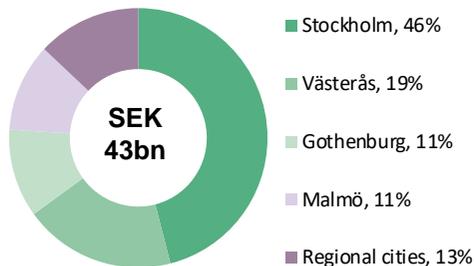
- **Mainly focused on commercial properties in Swedish growth centres**
- **High quality property portfolio in prime locations**
- **Stable and diversified tenant base and long-term leases**

## Focus on commercial properties in Sweden’s growth regions – Q2 2021

### Property value by category



### Property value by region



# Examples of Kungsleden's high quality property portfolio

Arbetaren 1, Örebro



Kallebäck 2:7, Gothenburg



Trekanten 5, Danderyd



Stettin 6, Stockholm



Vagnslidret 1, Malmö



Lustgården 11, Stockholm



Mimer 5, Västerås



Lustgården 12, Stockholm



Kista One, Kista





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kungsleden

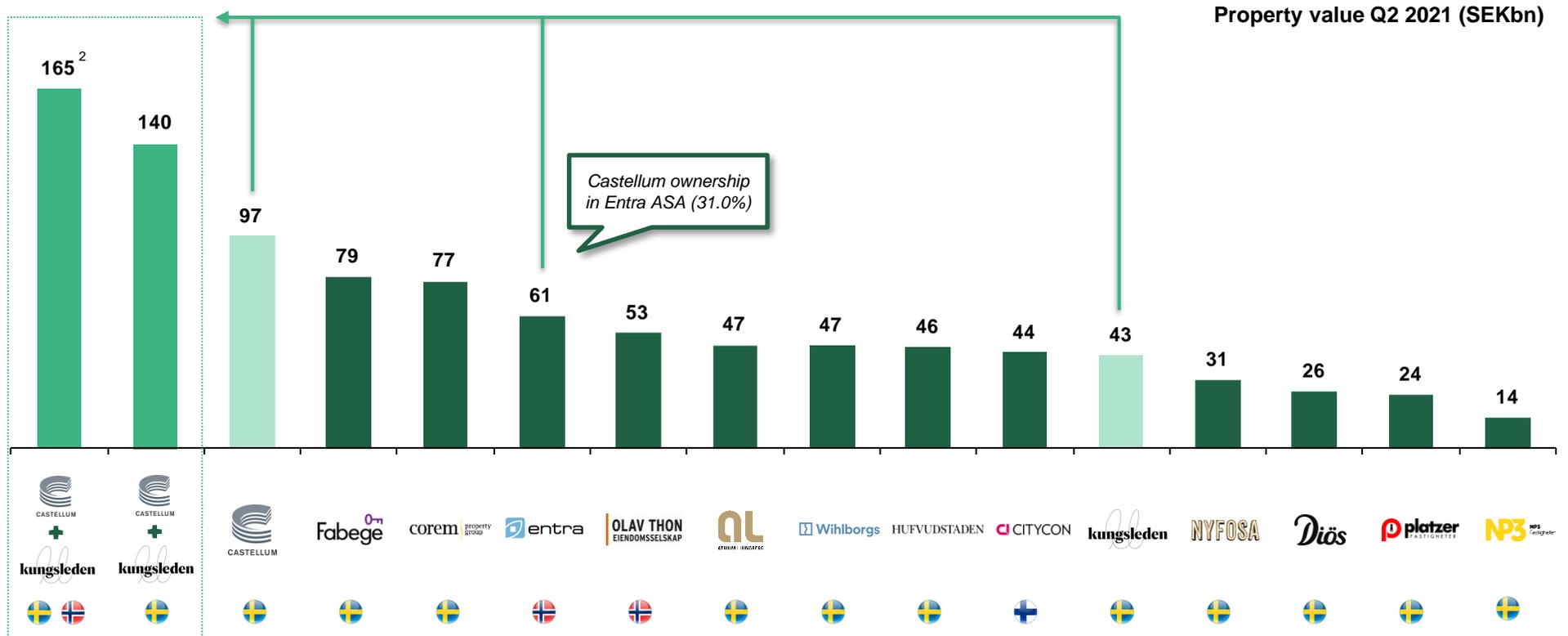
**D. Castellum and Kungsleden: Strategic rationale**

# Solidify the position as the commercial property champion in the Nordics



## The combined property value will become more than two times larger than #2

### Nordic's largest listed commercial property company to benefit from scale advantages<sup>1</sup>

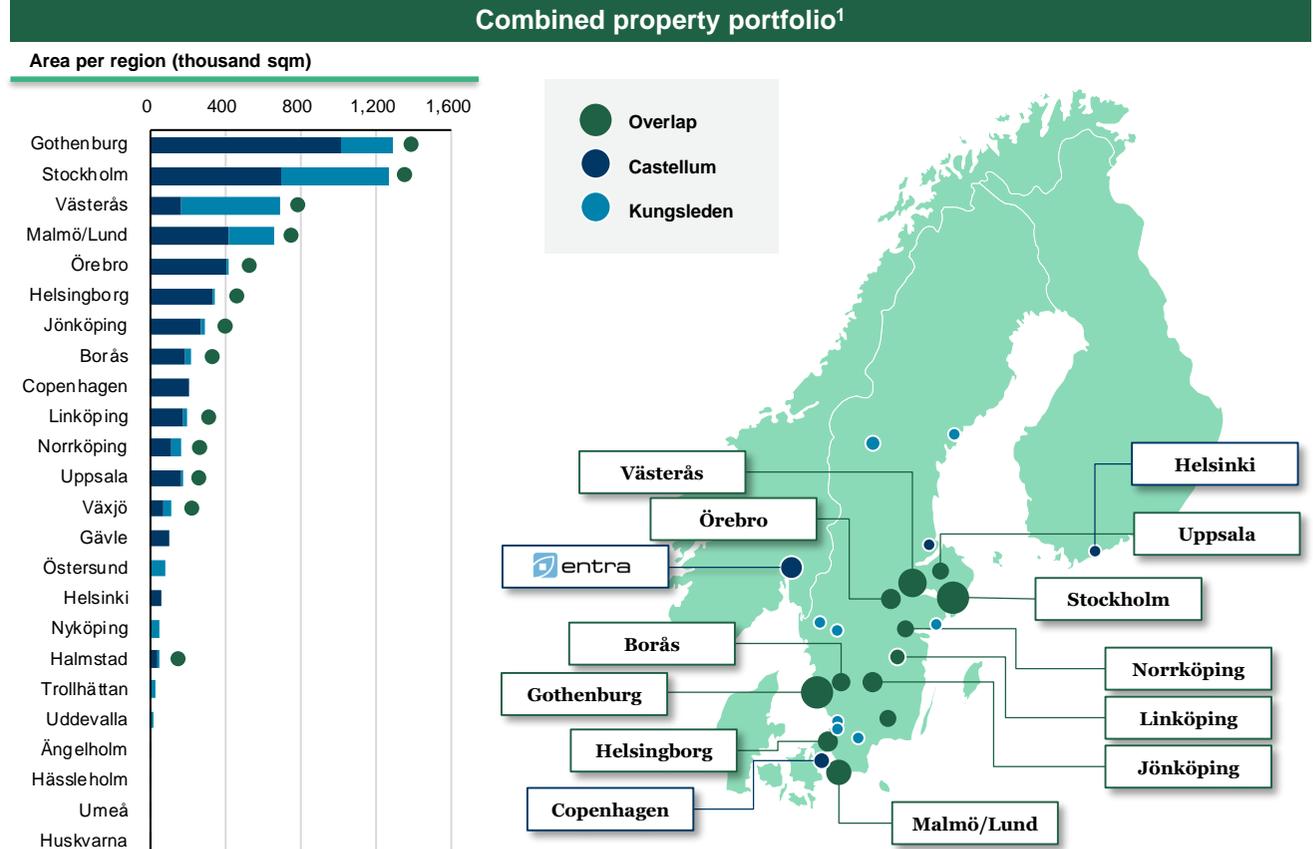


# Significant share of complementarity in locations unlocking operational synergies

Intention to divest non-focus area portfolio to further improve efficiency in core markets

Strengthened customer offering in core markets

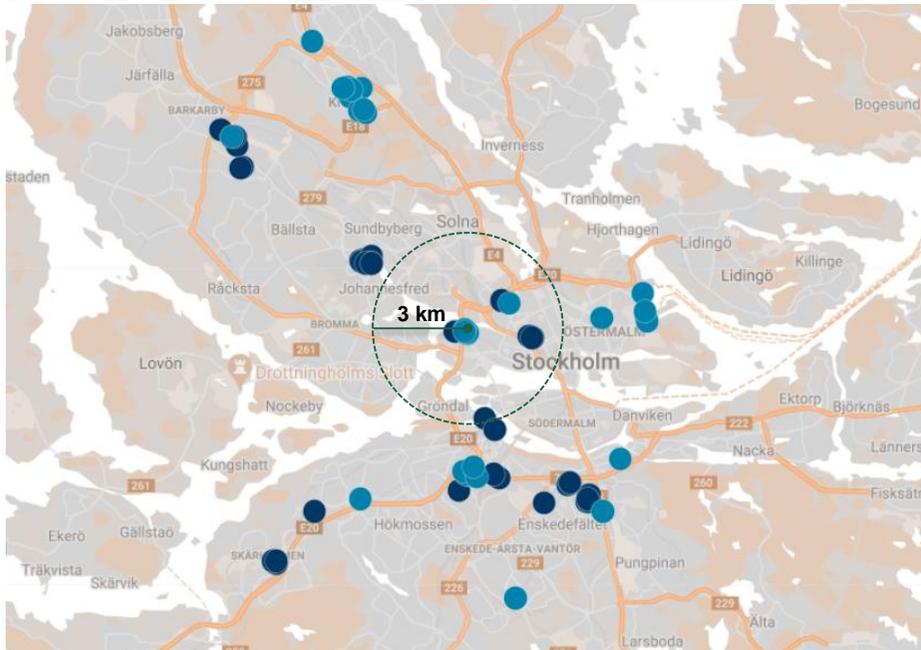
~90% portfolio complementarity in locations providing operational synergies through clustering and combined property management



# Significant share of complementarity in locations unlocking operational synergies

## Attractive micro-locations around Stockholm<sup>1</sup>

### Municipality of Stockholm



- Well situated micro-locations complement each other

● Castellum  
● Kungsleden

## High quality properties

### Examples of Kungsleden's Stockholm Portfolio

Stettin 6



Lustgården 11



Rotterdam 1



Gladan 4



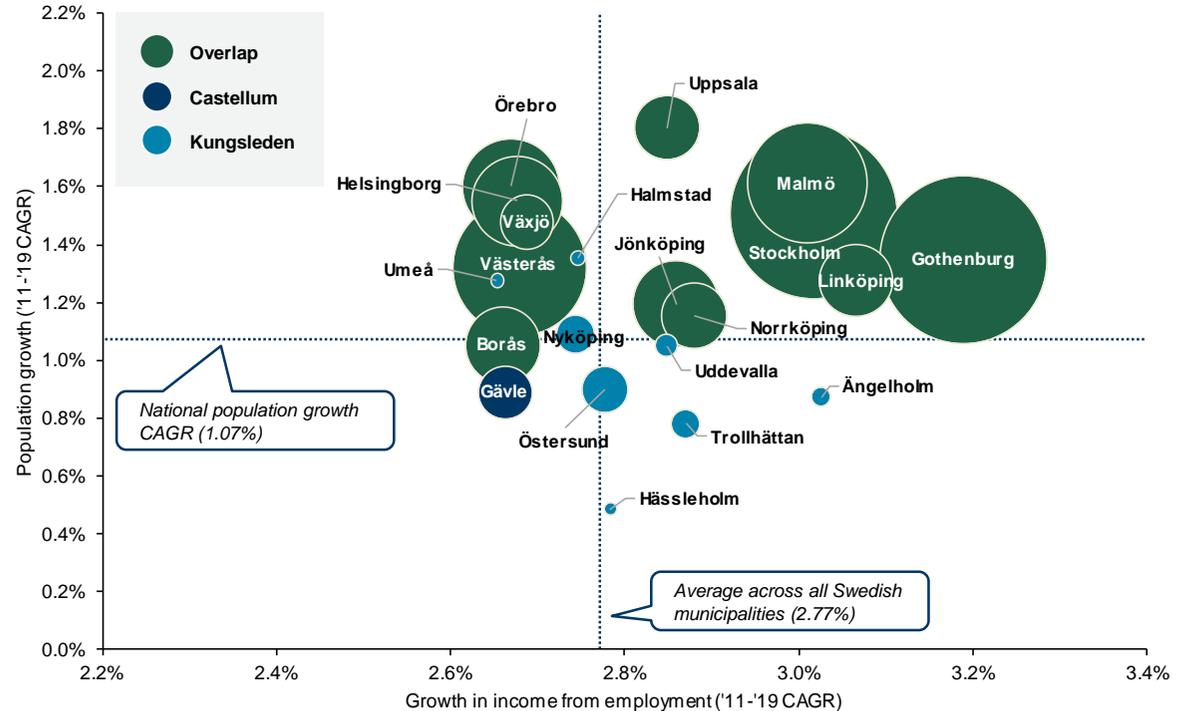
# Growth market champion through combined property holdings

Increased focus on growth markets such as Stockholm, Gothenburg and Malmö

>90% of combined Swedish portfolio located in regions with population growth above the national average

Two thirds of combined Swedish portfolio located in regions with income growth above the national average

## Combined Swedish portfolio in relation to growth in income and population

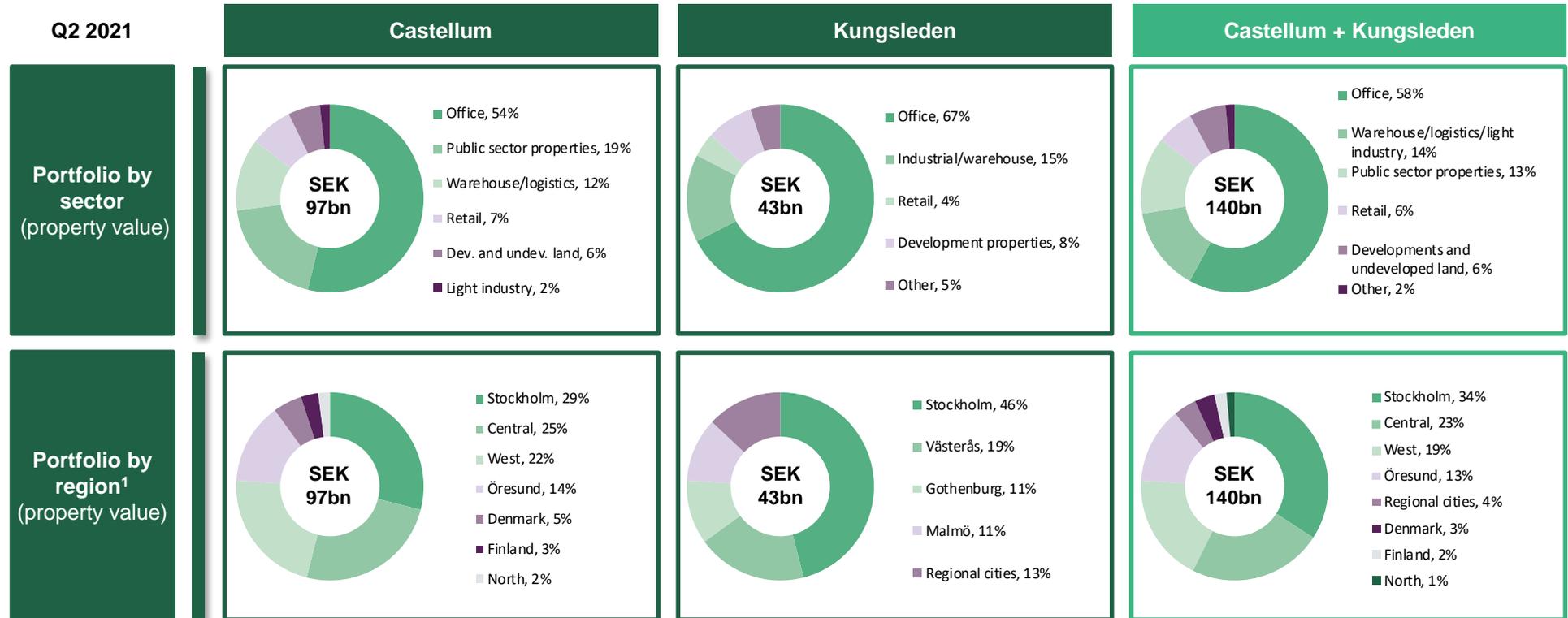


Combined company



Bubble size based on area per region

## Castellum's and Kungsliden's combined portfolio structure



# Combined industry experiences unlock full potential from project development

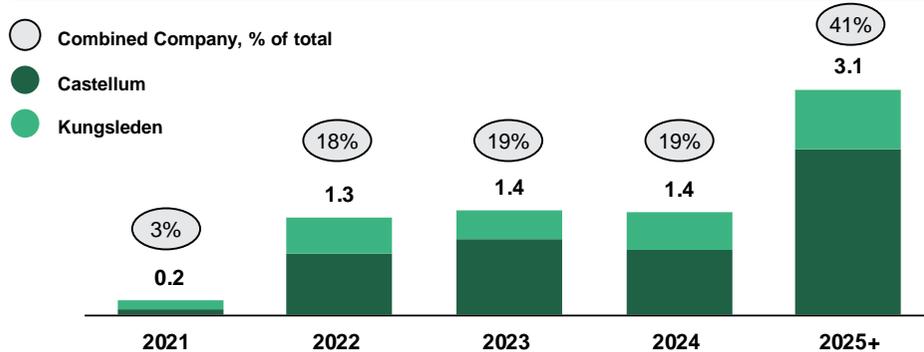
Selected ongoing projects			Investment and project summary		
Castellum	 <p><b>E.ON., Malmö</b> Offices Area: 31.5 t. sq.m. Sched. completion: Q1 2023</p>	 <p><b>Godsfinkan 1, Malmö</b> Public sector property Area: 26.5 t. sq.m. Sched. completion: Q1 2023</p>	 <p><b>Säve, Gothenburg</b> Logistics and mobility centre Area: 800 - 900 t. sq.m. Sched. completion: 2030</p>	<p><b>17 major investment projects in construction phase with scheduled completion 2021–2025</b></p> <p><b>Total investment volume: SEK 7.4bn</b> – of which built up: SEK 2.8bn</p>	
	Kungsleden	 <p><b>Stettin 6, Stockholm</b> Offices Area: 25.0 t. sq.m. Sched. completion: 2021</p>	 <p><b>The Rotterdam Dist., Stockholm</b> Offices Area: 21.3 t. sq.m. Sched. completion: 2022</p>	 <p><b>Part of Finnslätten 1, Västerås</b> Offices / Industrial Area: 21.0 t. sq.m. Sched. completion: 2024</p>	<p><b>Six major investment projects in construction phase with scheduled completion 2021–2024</b></p> <p><b>Total investment volume: SEK 1.4bn</b> – of which built up: SEK 0.9bn</p>

The Combined Company will have a substantial volume of building rights which adds further value potential

# Diversified base of stable and attractive tenants securing strong cash flows

## Stable and well-renowned tenants

### Rental value (SEKbn)



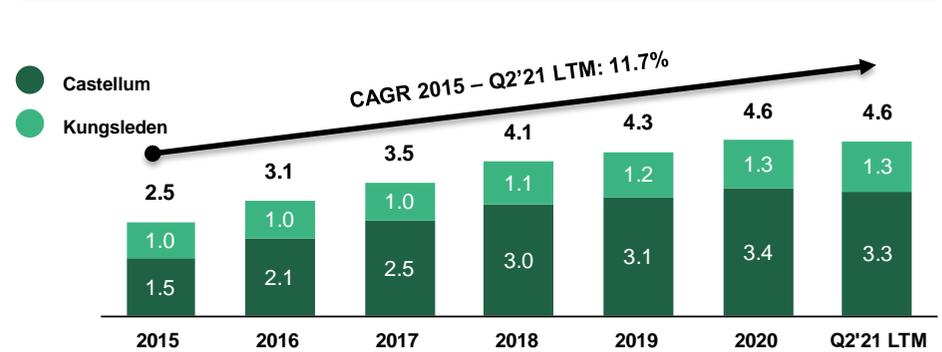
### Kungsleden's top 10 tenants



- No single tenant assessed to constitute >4% of combined rental value
- >20% of rental income from 'AAA' public sector tenants
- Significant share of rental income from blue chip corporates
- Combined remaining average length of contract ~4 years

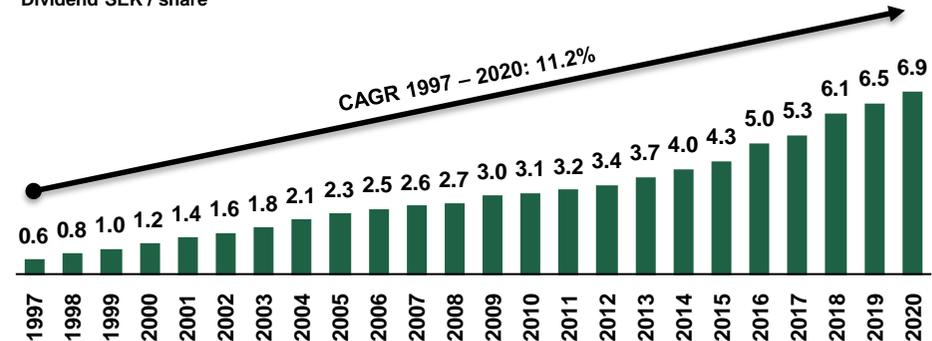
## Strong cash flows and dividends capacity

### Income from property management<sup>1</sup> (SEKbn)



### Castellum superior dividend evolution (1997 – 2020)

#### Dividend SEK / share



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

	Castellum	Kungsleden
Sustainability focus and adopted SDGs	<ul style="list-style-type: none"> <li>The planet</li> <li>Future-proofing</li> <li>Well-being</li> <li>Social responsibility</li> </ul> 	<ul style="list-style-type: none"> <li>Health and well-being</li> <li>Environment and climate</li> <li>Foster a positive culture</li> </ul> 
Green financing	<ul style="list-style-type: none"> <li>Green bond framework was introduced in 2016</li> <li>SEK 1bn of green bonds outstanding</li> </ul>	<ul style="list-style-type: none"> <li>SEK 7bn of green bonds outstanding</li> <li>Share of green financing represents 42% of loan portfolio</li> </ul>
Ratings	<ul style="list-style-type: none"> <li>Only Nordic property and construction company in Dow Jones Sustainability Index (DJSI)</li> <li>Carbon Disclosure Project: A rating (2020)</li> <li>Global Real Estate Sustainability Benchmark: Sector leader 91 (2020)</li> </ul>	<ul style="list-style-type: none"> <li>Global Real Estate Sustainability Benchmark: 77 (2020)</li> </ul>
Sustainability targets	<ul style="list-style-type: none"> <li>Climate neutral 2030 ✓ 1.2 kg CO<sub>2</sub>/sqm (Q2 2021)</li> <li>50% environmental certification ✓ 44% of sqm (Q2 2021)</li> <li>40-60% women and men ✓ 42% / 58% (Q2 2021)</li> </ul>	<ul style="list-style-type: none"> <li>25% energy reduction 2020-2025 ✓ 1.4% (H1 2021)</li> <li>50% environmental certification ✓ 45% (H1 2021)</li> <li>120 green leases signed 2021 ✓ 73 (H1 2021)</li> </ul>
	<ul style="list-style-type: none"> <li>Aligned determination for climate neutrality by building sustainable cities</li> <li>Collective sustainability frameworks and innovation to accelerate environmental initiatives and aligning financing with, among other things, the EU taxonomy</li> <li>All new productions and major reconstructions to be sustainably certified</li> <li>Collectively foster an engaging and inclusive work environment and strive for best-in-class work environment</li> </ul>	

## Significant and value creating synergies

### Operational and administrative synergies

- Annual operational and administrative synergies are expected to amount to approximately SEK 185m
- Scalable platform deemed to allow for significant efficiency gains
- Embracing best practice point of view to establish efficient operating cost structure
- Administration costs are deemed to be significantly lowered by the proposed combination through unification of dual systems and functions
- The operational and administrative synergies are expected to reach full effect within two to three years

**SEK 185m**

### Financial synergies

- Annual financial synergies are expected to amount to approximately SEK 100m
- The financial synergies are achieved through Kungsliden's outstanding loans successively being refinanced based on Castellum's higher rating

**SEK 100m**

**Total annual synergies with an effect on profit from property management are estimated to approximately SEK 285m**

### Further potential

- Unquantified revenue synergies through improved customer offering and enhanced local presence
- Stronger combined ability to extract further value from existing sites and land plots, and accelerate new pipeline

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

## Strong combined earnings capacity

### Key figures<sup>1</sup>

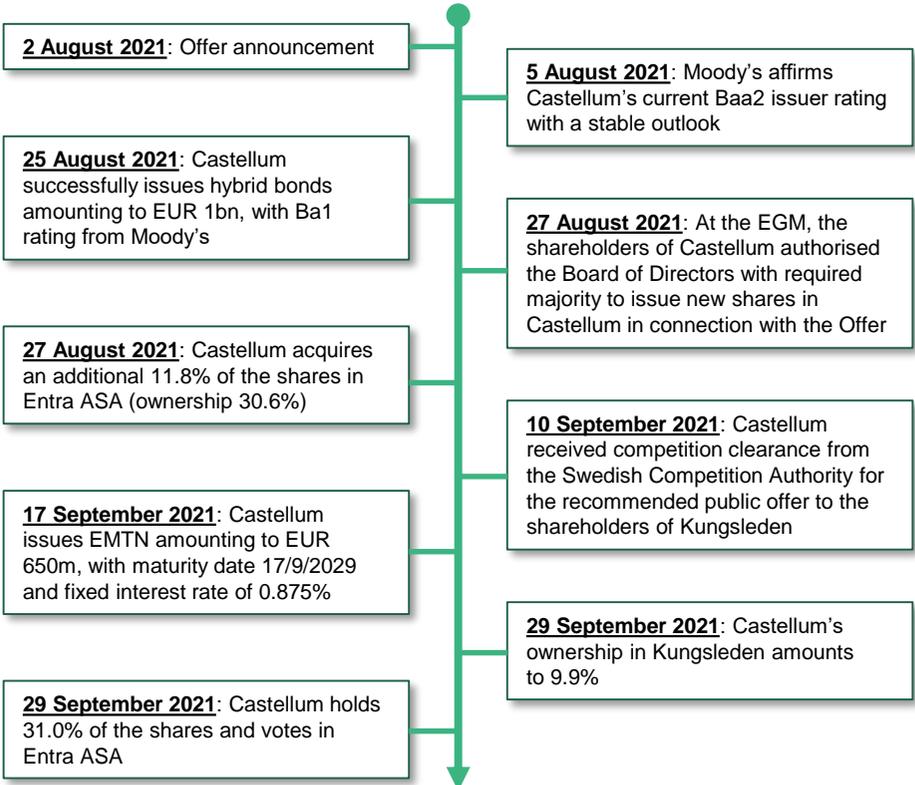
	 CASTELLUM	 kungsleden	 CASTELLUM	 kungsleden
<b>Operational<sup>2</sup></b>	No. of properties (#)	558	207	765
	Lettable area <sup>4</sup> (t. sq.m.)	3,801	1,998	5,799
	Property value <sup>5</sup> (SEKm)	97,250	42,539	139,789
	Rental value <sup>6</sup> (SEKm)	5,892	2,828	8,720
<b>Result-oriented<sup>3</sup></b>	Income (SEKm)	5,941	2,554	8,495
	Net operating income (SEKm)	4,199	1,774	5,973
	IFPM <sup>7</sup> (SEKm)	3,306	1,296	4,602
	Net income for the period (SEKm)	9,631	2,774	12,405
<b>Financial<sup>2</sup></b>	EPRA NRV (SEKm)	61,895	23,221	85,116

Notes: (1): The financial measures have been derived from Castellum's and Kungsleden's interim reports, respectively, without taking into account the acquisition and synergy effects; (2): As of 30 June 2021; (3): For the period 1 July 2020 – 30 June 2021; (4): Includes lettable area of project development; (5): Taking into account Castellum's shareholding Entra ASA (31.0%) and acquisitions carried out in July 2021, the property value amounts to approximately SEK 122 billion and the Combined Company's property value amounts to approximately SEK 165 billion; (6): 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; (7): Income from property management  
Source: Company information as of 30 June 2021

# Attractive growth target and dividend policy with conservative financial risk limits

<b>Growth target</b>	<ul style="list-style-type: none"> <li>10% annual growth in income from property management on a SEK per share basis</li> </ul>
<b>Financial risk limits</b>	<ul style="list-style-type: none"> <li>The loan-to-value ratio shall not permanently exceed 50% (38% Q2'21)</li> <li>Maintain an interest coverage ratio of at least 2.0x (5.3x Q2'21)</li> </ul>
<b>Dividend policy</b>	<ul style="list-style-type: none"> <li>Distribute at least 50% of income from property management on a SEK per share basis</li> </ul>
<b>Improved business profile</b>	<ul style="list-style-type: none"> <li>Improved business profile through enhanced scale, geographic concentration and tenant diversification</li> <li>Increased capital market funding access from both domestic and international equity and debt markets</li> </ul>
Post-combination LTV <sup>1</sup> :	Post-combination ICR <sup>1</sup> :
<b>42%</b>	<b>4.7x</b>

## Timeline since offer announcement



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Strong and experienced management enables continuity in the combined company

## Best-in-class management with strong base of well-renowned long-term owners



**Rutger Arnhult**  
Chairman of the Board

Joined the Board of Directors as Chairman in 2021

Extensive experience within the real estate industry



**Biljana Pehrsson**  
CEO

Extensive experience from management roles and board positions

Employed at Kungsleden since 2013



**Ylva Sarby Westman**  
Deputy CEO / CFO

Long time real estate professional with extensive management experience

Employed at Kungsleden since 2009



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**E. Attraction of the Offer**

# Overview of the Offer

## Valuation of SEK 124.90 per Kungsleden share

The Offer's total value amounted to approx. SEK 26,860m<sup>1</sup>

### Implied premiums

18.0% / 21.2%  
premium to  
Kungsledens's  
EPRA NRV<sup>2</sup> / EPRA NTA<sup>3</sup>

12.5% / 19.8%  
premium to  
Kungsledens's  
VWAP of 30td / 90td<sup>4</sup>

7.5%  
premium to the last close<sup>4</sup>

### Share consideration

70% of the number of  
Kungsleden shares tendered by  
such shareholder

0.525 shares in Castellum per  
Kungsleden share

### Cash consideration

30% of the number of  
Kungsleden shares tendered by  
such shareholder

SEK 121.00 in cash  
per Kungsleden share

- I. *Gösta Welandson, Ilija Batljan and Olle Florén, who together own approximately 26.0% of the outstanding capital and votes in Kungsleden, have irrevocably undertaken to accept the Offer*
- II. *Castellum has after the announcement of the Offer on 2 August 2021, acquired 21,300,000 shares in Kungsleden, corresponding to approximately 9.9% of the outstanding shares and votes*
- III. *At the EGM held on 27 August 2021, the shareholders of Castellum, authorised the Board of Directors with required majority to issue new shares in Castellum in connection with the Offer*
- IV. *On 10 September 2021, Castellum received competition clearance from the Swedish Competition Authority*

*Irrevocable undertakings together with Castellum's ownership in Kungsleden amounts to approximately 35.9% of the outstanding shares in Kungsleden*

*With mix & match facility*

*The completion of the Offer is conditional upon e.g. that Castellum becomes the owner of more than 90% of the shares in Kungsleden*



CASTELLUM

kungsleden

F. Q&A



CASTELLUM

kungsleden

**G. Appendix**

# Illustrative shareholder structure

## Current shareholder structure<sup>1</sup>

Castellum	Shares (000's)	%
Rutger Arnhult	58,278	21.4%
APG Asset Management	15,991	5.9%
BlackRock	13,592	5.0%
Vanguard	9,420	3.5%
Handelsbanken Fonder	9,280	3.4%
<b>Sum of 5 largest shareholders</b>	<b>106,561</b>	<b>39.2%</b>
Sum of other shareholders	165,514	60.8%
<b>Outstanding shares</b>	<b>272,075</b>	<b>100.0%</b>

Kungsleden <sup>2</sup>	Shares (000's)	%
Gösta Welandson through companies	33,727	15.7%
Ilija Batljan	15,369	7.1%
BlackRock	10,705	5.0%
APG Asset Management	8,532	4.0%
Vanguard	7,031	3.3%
<b>Sum of 5 largest shareholders</b>	<b>75,365</b>	<b>35.0%</b>
Sum of other shareholders	139,678	65.0%
<b>Outstanding shares</b>	<b>215,042</b>	<b>100.0%</b>

## Assumptions

**Exchange ratio**  
0.525

**Shares vs cash**  
70/30

**No. of shares issued**  
71.2 million<sup>3</sup>

*Assumes all shareholders accept  
70 / 30 consideration  
(no mix & match)*

## Combined illustrative outcome<sup>4</sup>

Combined	Shares (000's)	%
Rutger Arnhult	58,278	17.0%
APG Asset Management	19,127	5.6%
BlackRock	17,526	5.1%
Other	248,344	72.3%
<b>Total outstanding shares</b>	<b>343,275</b>	<b>100.0%</b>

**Highly illustrative outcome**  
**The above may differ from actual outcome**

# Castellum's rating and outlook affirmed by Moody's following the offer

## MOODY'S

"Moody's has affirmed Swedish real estate company Castellum AB's long-term issuer rating of Baa2. Concurrently, Moody's has affirmed the ratings on the Euro Medium Term Note Programme of Baa2 and the senior unsecured bond Baa2. The outlook remains stable.

### RATINGS RATIONALE

- The temporary increase in leverage will be balanced by the company's strong commitment to its current Baa2 rating and the targeted reduction of leverage towards a level of below 45% by year-end 2021 to be supported by disposals of non-core assets, additional refinancing measures including the issuance of hybrid capital, among others.
- The targeted disposals of non-core assets will also likely improve the overall portfolio composition and strategic focus in terms of locations and asset classes
- More positively the transaction takes advantage of consolidation opportunities within the Swedish real estate market, by potentially creating a combined company with a notable scale of around SEK140 billion pro forma end of June 2021 or SEK 157 billion, if considering recent acquisitions and Castellum's share in Entra ASA (currently at 18%).
- The combined entity will benefit from a strong overlap in terms of cities and asset classes that will likely offer operational and financial synergies along the integration process.

### OUTLOOK

- The stable view incorporates our expectation that value and earnings-based leverage metrics will return to levels commensurate with the company's Baa2 rating guidance, in line as well with historical levels.
- We also expect the company to maintain an unchanged solid liquidity, accessing capital markets and securing sufficient liquidity in the context of the transaction, including any imminent refinancing needs triggered by the potential change of control at Kungsleden at the end of October 2021.
- Finally, the stable outlook also incorporates the expectation that Castellum's business strategy, development and other investment activities remain commensurate with a conservative financial policy and business management.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

- The intended onboarding of the existing Kungsleden's Management into Castellum's top management structure can be regarded as a credit positive, also considering the solid track record of Kungsleden's CEO and CFO. As a listed company, Castellum's financial policy is to keep its reported LTV below 50%. However, the company has sustainably kept its effective leverage below the 45% level, consistent with the requirements for its Baa2 rating.
- Company's commitment to financial policies that support its current rating have been confirmed in the context of the aimed merger."