



CASTELLUM AB

(incorporated with limited liability in Sweden)

EUR 1,000,000,000 Subordinated Fixed to Reset Rate 5.5 year Non-Call Undated Capital Securities
Issue Price: 100.00 per cent.

Castellum AB, a public limited company incorporated in Sweden (the **Issuer**) is offering EUR 1,000,000,000 Subordinated Fixed to Reset Rate 5.5 year Non-Call Undated Capital Securities (the **Capital Securities**).

The Capital Securities shall bear interest on their principal amount from (and including) 2 September 2021 (the **Issue Date**) to (but excluding) 2 March 2027 (the **First Reset Date**) at a rate of 3.125 per cent. per annum, and thereafter at the relevant Reset Interest Rate (as defined in the terms and conditions of the Capital Securities (the **Conditions**) under Condition 4(d) (*Interest - Reset Interest Rates*)). Interest on the Capital Securities will (subject to the option of the Issuer to defer payments, as provided below) be payable annually in arrear on 2 March in each year from (and including) 2 March 2022. The first payment of interest will be made on 2 March 2022 in respect of the period from (and including) the Issue Date to (but excluding) 2 March 2022.

Payments of interest on the Capital Securities may, at the option of the Issuer, be deferred, in whole or in part, as set out in Condition 5(a) (*Optional Interest Deferral - Deferral of Interest Payments*). Any amounts so deferred, together with further interest accrued thereon shall constitute Arrears of Interest (as defined in the Conditions). Arrears of Interest may be paid (in whole or in part) at any time at the option of the Issuer (upon notice to the holders of the Capital Securities and in accordance with the Conditions), and must be paid in the circumstances provided in Condition 5(b)(ii) (*Optional Interest Deferral – Settlement of Arrears of Interest – Mandatory Settlement*).

If the Issuer does not elect to redeem the Capital Securities in accordance with Condition 6(f) (*Redemption - Redemption for Change of Control Event*) following the occurrence of the first Change of Control Event (as defined in the Conditions) to occur on or after the Issue Date, the then prevailing Interest Rate (as defined in the Conditions) and each subsequent Interest Rate otherwise determined in accordance with the provisions of Condition 4 (*Interest*) in respect of the Capital Securities shall be increased by an additional 5 percentage points per annum with effect from (and including) the day immediately following the Change of Control Step-up Date (as defined in the Conditions), as set out in Condition 4(i) (*Interest - Step-Up after first Change of Control Event*).

The Capital Securities are undated obligations of the Issuer and have no fixed redemption date. The Issuer will have the right to redeem all (but not some only) of the Capital Securities on (i) any date from and including 2 December 2026 (the **First Optional Redemption Date**) up to (and including) the First Reset Date, (ii) the First Step-up Date or (iii) any Interest Payment Date after the First Step-up Date, at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date. The Issuer will also have the right to redeem all, but not some only, of the Capital Securities then outstanding at any time, other than (i) during the period from and including the First Optional Redemption Date to and including the First Reset Date, (ii) on the First Step-up Date or (iii) upon any Interest Payment Date after the First Step-up Date, at their Make-whole Redemption Amount (as defined in the Conditions). The Issuer may also redeem the Capital Securities upon the occurrence of a Change of Control Event, a Tax Deductibility Event, a Substantial Repurchase Event, a Capital Event, a Withholding Tax Event, or an Accounting Event and may in certain circumstances vary the terms of, or substitute, the Capital Securities, all as set out in the Conditions.

The Capital Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Capital Securities are being offered and sold outside the United States in accordance with Regulation S under the Securities Act (*Regulation S*), and may not be offered and sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation

S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

These Listing Particulars have been approved by the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**) and application has been made to Euronext Dublin for the Capital Securities to be admitted to the official list of Euronext Dublin (the **Official List**) and to trading on its Global Exchange Market (the **Global Exchange Market**), which is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**). These Listing Particulars constitute the listing particulars in respect of the Capital Securities to be admitted to the Official List and to trading on the Global Exchange Market of Euronext Dublin and for such purposes, do not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). References in these Listing Particulars to the Capital Securities being “listed” (and all related references) will mean that the Capital Securities have been admitted to the Official List and have been admitted to trading on the Global Exchange Market.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Capital Securities (a **distributor**) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Product Classification Pursuant to Section 309b of the Securities and Futures Act (Chapter 289) of Singapore – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **SF (CMP) Regulations**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Capital Securities are “prescribed capital markets products” (as defined in the SF (CMP) Regulations) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation / PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Capital Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Throughout these Listing Particulars, references are made to the voluntary public offer by Castellum to shareholders of Kungsleden Aktiefbolag (**Kungsleden**) to acquire all shares in Kungsleden in exchange for a combined consideration of shares in Castellum and cash (the **Offer**). 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 law 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 qualified institutional buyers (**QIBs**) (as defined in Rule 144A under the Securities Act), 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 is not being made, and any documentation related to the Offer (including copies thereof) must not be mailed or otherwise distributed, forwarded or sent in or into, nor will any tender of share be accepted from or on behalf of holders in the United States or any jurisdiction (including, without limitation, Australia, Hong Kong, Japan, New Zealand or South Africa) in which the distribution of these Listing Particulars or the Offer would require additional measures to be taken or would be in conflict with any law or regulation in any such jurisdiction.

The Issuer has been rated Baa2 by Moody's Investors Service (Nordics) AB (**Moody's**). The Capital Securities are expected to be assigned a Ba1 rating by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency. Moody's is established in the EEA and is registered in accordance with Regulation (EC) No. 1060/2009 (as amended) (the **EU CRA Regulation**). As such Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the EU CRA Regulation. Moody's is not established in the United Kingdom (**UK**) but ratings issued by Moody's will be endorsed by Moody's Investors Service Limited, which is established in the UK and registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK CRA Regulation**). As such, such ratings may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

The Capital Securities will initially be represented by a temporary global capital security (the **Temporary Global Capital Security**), without interest coupons, which will be deposited on or about 2 September 2021 (the **Closing Date**) with a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Interests in the Temporary Global Capital Security will be exchangeable for interests in a permanent global capital security (the **Permanent Global Capital Security** and, together with the Temporary Global Capital Security, the **Global Capital Securities**), without interest coupons, on or after 12 October 2021 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Capital Security will be exchangeable for definitive Capital Securities only in certain limited circumstances.

An investment in Capital Securities involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 1.

Joint Structuring Agents to the Issuer

Nordea

J.P. Morgan

Joint Bookrunners

BNP PARIBAS

J.P. Morgan

Nordea

Swedbank

The date of these Listing Particulars is 31 August 2021

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in these Listing Particulars. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

The sections of the Kungsleden Q2 Interim Financials (as defined below) that are incorporated by reference herein have been extracted from publicly available information published by Kungsleden. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by Kungsleden, no facts have been omitted which would render the reproduced information inaccurate or misleading.

These Listing Particulars are to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*” below) and shall be read and construed on the basis that such documents are incorporated in and form part of these Listing Particulars. Other than in relation to the documents which are incorporated herein by reference, the information on the websites to which these Listing Particulars refer does not form part of these Listing Particulars.

The Issuer, having made all reasonable enquiries, confirms that these Listing Particulars contain all material information with respect to the Issuer and the Capital Securities (including all information which, according to the particular nature of the Issuer and of the Capital Securities, is necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the rights attaching to the Capital Securities and the reasons for the issuance and its impact on the Issuer), that the information contained or incorporated in these Listing Particulars is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in these Listing Particulars are honestly held and that there are no other facts known to the Issuer, the omission of which would make these Listing Particulars or any of such information or the expression of any such opinions or intentions misleading.

References to **Castellum** are to Castellum AB. References to the **Group** are to Castellum AB and its consolidated subsidiaries.

These Listing Particulars contain certain market, historical and forward-looking economic and industry data, including information in “*Risk Factors*” and “*Description of the Issuer and the Group*” which have been obtained from publicly available information, independent industry publications and reports prepared by industry consultants. The Issuer has relied on the accuracy of such information without an independent verification thereof, however, the Issuer believes the information to be reliable. Where information in these Listing Particulars has been sourced from a third party, this information has been accurately reproduced and, so far as the Issuer is aware, and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information, data and statistics may be approximations or estimates or use rounded numbers. Information in these Listing Particulars which has been sourced from a third party is identified as such with the name of the third party source. None of the Issuer or the Joint Bookrunners represent that such information is accurate.

Save for the Issuer, no party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by BNP Paribas, J.P. Morgan AG, Nordea Bank Abp and Swedbank AB (publ) as joint bookrunners (the **Joint Bookrunners**) as to the accuracy or completeness of the information contained or

incorporated in these Listing Particulars or any other information provided by the Issuer in connection with the offering of the Capital Securities. No Joint Bookrunner accepts any liability in relation to the information contained or incorporated in these Listing Particulars or any other information provided by the Issuer in connection with the offering of the Capital Securities or their distribution. No person is or has been authorised by the Issuer or any Joint Bookrunner to give any information or to make any representation not contained in or not consistent with these Listing Particulars and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Bookrunners.

Neither these Listing Particulars nor any other information supplied in connection with the offering of the Capital Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Bookrunners that any recipient of these Listing Particulars or any other information supplied in connection with the offering of the Capital Securities should purchase any Capital Securities. Each investor contemplating purchasing any Capital Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither these Listing Particulars nor any other information supplied in connection with the offering of the Capital Securities constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Bookrunners to any person to subscribe for or to purchase any Capital Securities.

Neither the delivery of these Listing Particulars nor the offering, sale or delivery of the Capital Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Capital Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Capital Securities or to advise any investor in the Capital Securities of any information coming to their attention.

The Capital Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Capital Securities are being offered or sold outside the United States in accordance with Regulation S under the Securities Act (**Regulation S**), and may not be offered and sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a further description of certain restrictions on the offering and sale of the Capital Securities and on distribution of these Listing Particulars, see “*Subscription and Sale*” below.

None of the Issuer, the Joint Bookrunners, or any of their respective representatives, is making any representation to any offeree or purchaser of the Capital Securities regarding the legality of an investment in the Capital Securities by such offeree or purchaser under the laws applicable to such offeree or purchaser. Prospective investors should not construe anything in these Listing Particulars as legal, tax, business or financial advice. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Capital Securities.

Notice to Ontario permitted investors - The Capital Securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Capital Securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if these Listing Particulars (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

IMPORTANT INFORMATION RELATING TO THE USE OF THESE LISTING PARTICULARS AND OFFERS OF CAPITAL SECURITIES GENERALLY

These Listing Particulars do not constitute an offer to sell or the solicitation of an offer to buy the Capital Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of these Listing Particulars and the offer or sale of the Capital Securities may be restricted by law in certain jurisdictions. The Issuer and the Joint Bookrunners do not represent that these Listing Particulars may be lawfully distributed, or that the Capital Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Bookrunners which is intended to permit a public offering of the Capital Securities or the distribution of these Listing Particulars in any jurisdiction where action for that purpose is required. Accordingly, no Capital Securities may be offered or sold, directly or indirectly, and neither these Listing Particulars nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession these Listing Particulars or any Capital Securities may come must inform themselves about, and observe, any such restrictions on the distribution of these Listing Particulars and the offering and sale of Capital Securities. In particular, there are restrictions on the distribution of these Listing Particulars and the offer or sale of Capital Securities in the United States, the United Kingdom, the EEA (including the Kingdom of Sweden), Singapore and Japan; see "*Subscription and Sale*".

SUITABILITY OF INVESTMENTS

The Capital Securities may not be a suitable investment for all investors. Each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in these Listing Particulars or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact the Capital Securities will have on its overall investment portfolio;

- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Capital Securities and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Prospective investors should consult their tax advisers as to the tax consequences of the purchase, ownership and disposition of the Capital Securities.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Capital Securities are legal investments for it, (2) the Capital Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Capital Securities under any applicable risk-based capital or similar rules.

PRESENTATION OF INFORMATION

All references in these Listing Particulars to **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to **Swedish krona** or **SEK** refer to the lawful currency of the Kingdom of Sweden, references to **Norwegian krone** or **NOK** refer to the lawful currency of the Kingdom of Norway and references to **Danish krone** or **DKK** refer to the lawful currency of the Kingdom of Denmark.

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RISK FACTORS

Before making an investment decision, prospective investors should carefully review the specific risk factors described below, in addition to the other information contained in these Listing Particulars. The Issuer believes that the following factors may affect the Issuer's ability to fulfil its obligations under the Capital Securities. Most of these factors are contingencies which may or may not occur. Castellum's business, financial condition and results of operations could be materially affected by each of these risks presented. Also other risks and uncertainties not described herein could affect the Issuer's ability to fulfil its obligations under the Capital Securities and the Issuer does not represent that the statements below regarding the risks of holding the Capital Securities are exhaustive. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes are immaterial, could impair the ability of the Issuer to fulfil its obligations under the Capital Securities. Certain other matters regarding the operations of the Issuer that should be considered before making an investment in the Capital Securities are set out, in the section "Description of the Issuer and the Group", amongst other places. Certain factors which the Issuer believes are material for the purpose of assessing the market risks associated with Capital Securities are also described below.

Defined terms used but not defined below are as defined elsewhere in these Listing Particulars.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE CAPITAL SECURITIES

RISKS RELATING TO THE ISSUER AND THE GROUP

The Group's operations are affected by macroeconomic factors.

Castellum owns and manages commercial properties in selected growth regions in Sweden, Denmark and Finland and its operations are therefore affected by macroeconomic factors that are beyond its control. These factors include but are not limited to growth measured as gross domestic product (GDP), inflation and possible deflation, as well as general difficulties in securing financing (or financing on terms acceptable to Castellum). For instance, weak economic growth has a negative impact on the demand for commercial premises, which in turn may lead to higher vacancy rates, declining market rents and foregone indexation income from existing leases. The risk of payment difficulties (or even bankruptcies) also increases, which has an immediate negative effect on cash flow. Limited access to capital due to general difficulties in securing financing (or financing on terms acceptable to Castellum), for example, impedes Castellum's ability to conduct its operations. General economic downturns may also have an adverse effect on the market value of Castellum's properties. For example, during 2020 and continuing into 2021 the Covid-19 pandemic has caused extensive economic turbulence leading to a deterioration of global and regional economic conditions, including in Europe and the Nordic region. While the pandemic had a sharp negative impact on the European and Nordic financial markets during 2020, the impact on Castellum's earnings has, to date, been limited with slightly lower rental income. The direct and indirect impact of Covid-19 remains uncertain, however a prolongation of the Covid-19 pandemic could significantly negatively impact economic growth, business operations and real estate markets. This could have a material adverse effect on the financial performance and the cost of funding for Castellum. If any of these risks should materialise, it may have a materially adverse effect on Castellum's operations, earnings and financial position.

Supply and demand for properties, and therefore the yield on property investments, varies between different geographic markets and property categories, and can thus develop differently within such geographic markets and property categories. There is a risk that demand will fall and the market's yield requirement will therefore increase within those geographic markets and property categories in which Castellum operates. This may have a material adverse impact on Castellum's operations, earnings and financial position.

The commercial property sector is competitive and Castellum may have difficulties competing successfully in the future.

Castellum operates in a competitive sector. Among other things, Castellum's competitiveness depends on its ability to attract and retain tenants, to anticipate future changes and trends in the sector, and to rapidly adapt to both current and future market needs. Furthermore, Castellum's competitors may have more resources at their disposal and may have the capacity to better withstand market downturns, to compete more successfully, to better retain skilled personnel, and to respond more rapidly to evolving tenant needs. Accordingly, Castellum may have to make investments, restructurings or price reductions in order to adapt to a changed competitive situation, for example through the renegotiation of lease terms. There is a risk that Castellum will not be able to successfully counteract the effects of competition. If Castellum is unable to successfully compete, this failure may materially impact on rent levels and vacancy rates, and Castellum's revenues could decline, which in turn may have a materially adverse impact on Castellum's operations, earnings and financial position.

Castellum's income is dependent on tenants meeting their rental obligations.

Castellum's income primarily comprises rental income from its properties. A failure by tenants to pay rents or otherwise to perform their obligations to Castellum may lead to lower rental income and increased bad debt losses. Castellum-specific factors may also affect the rental income negatively. For example bad customer care or property maintenance may result in unsatisfied customers and ultimately an increased vacancy rate which in turn will lead to lower rental income. There is also a risk that Castellum's tenants will not renew or extend their leases as they expire. Furthermore, there is a risk that it will not be possible to find new tenants, or that new tenants will not pay the same rents as the previous tenants, which may result in a higher vacancy rate and lower rental income. If tenants fail to perform their obligations at all, for example in the event of bankruptcy, or only after debt collection measures have been taken, this may also result in loss of revenue and an increased vacancy rate, with lower property values as a consequence. If tenants fail to renew or extend their leases as they expire, or fail to pay agreed rents on time or otherwise fail to perform their obligations, this may have a material adverse impact on Castellum's operations, earnings and financial position.

Operational business risks.

For Castellum, the successful composition of its property portfolio is dependent on the properties in question having the right characteristics in terms of location and segment, and on the properties being able to meet customer preferences and technology requirements over time.

The performance of Castellum's property portfolio may be affected by a flaw in its geographical distribution, *i.e.* by Castellum owning properties in the wrong submarket or in the wrong city or location with regard to future growth and strong ongoing urbanisation trends, or by Castellum owning properties that do not meet evolving customer preferences, technology requirements, micro-location, demand or flexibility of use and contractual flexibility. Trends and demand may also change over time and it may not be possible to accurately predict future developments. For example, it remains to be seen what, if any, long

term impact the Covid-19 pandemic will have on demand for properties both in terms of desired specifications and locations of properties and rental volumes more generally. Properties that cannot meet such requirements over time entail a higher risk of increased vacancies, which in turn may precipitate a decline in the value of the property in question, or a need on the part of Castellum to make costly investments. In addition, Castellum's property portfolio is divided into six segments. Focus is on office, public sector properties, warehouse/logistics, and also project development, while retail and light industry is considered non-core and likely to be reduced over time. If Castellum makes inaccurate judgements regarding which regions and segments have the right characteristics for continued holding of portfolio properties, or if Castellum does not succeed in ensuring that its properties meet customer demand over time despite the fact that they are located in regions and exist within segments that have the right characteristics with regard to economic growth, rental market conditions, collaborative climate and infrastructure connections, this may have a materially adverse effect on Castellum's operations, earnings and financial position.

Increasing operating and maintenance costs may affect Castellum's financial position.

Castellum's operating expenses mainly comprise tariff-based costs such as costs for heating, electricity, water and waste. There are a limited number of suppliers in respect of some of these utilities and services, which could result in an increased cost to Castellum. Notwithstanding that some of Castellum's leases are structured in such a manner that the tenant defrays a significant part of these costs, there may be a material adverse impact on Castellum's operations, earnings and financial position in case that it is not possible to receive increased rental payments to cover any such increased costs incurred by Castellum.

Measures aimed at maintaining the standard of Castellum's properties in the long-term and/or modernising properties require maintenance and renovation expenditures. Such expenditures as are necessary to satisfy market or legal requirements may be significant and unforeseen. There is a risk that, in respect of large-scale operating expenses, maintenance or renovation work, it may not be possible to (i) pass on the associated costs to Castellum's tenants through increased rents or (ii) receive compensation through insurance indemnification. This may have a material adverse impact on Castellum's operations, earnings and financial position.

Defects in or damage to Castellum's properties may result in unforeseen costs.

There are risks associated with the technical operation of properties, such as the risk of structural defects, other defects or deficiencies, damage (for example, through fire or other forces of nature) and contamination. Climate change also presents a risk of property damage caused by weather conditions, increased water levels and changes in other physical environments that affect real estate. These risks could increase in the long run and this could mean increased investment requirements for properties located in vulnerable areas, to prevent such properties from becoming obsolete. Although Castellum seeks to invest in properties of a sound technical standard, there remains a risk that unforeseen costs could arise. In the event that such technical problems arise and the costs cannot be fully or partially covered by insurance, this may have a material adverse impact on Castellum's operations, earnings and financial position.

Business disruptions and operational shortcomings in Castellum's IT systems or control systems may have a negative impact on its operations.

All operational activities are subject to the risk of incurring losses due to deficient routines and/or the business being detrimentally affected by disruptions caused by shortcomings or internal or external events. The term operating risk refers mainly to the risk of financial consequences and consequences related to the loss of trust which ensue from such shortcomings in internal routines and systems, including IT systems.

Operational certainty, achieved through sound internal control, appropriate administrative systems and access to reliable valuation and risk models, is required to mitigate such risks and reduce the risk to Castellum's administrative security and control. Castellum's ability to effectively run its organisation and to maintain effective internal control depends on having a functional IT environment and IT operations, and on having control systems that are integrated throughout the entire organisation. Failures or disruptions in Castellum's IT systems or control systems may also impact Castellum's ability to submit correct financial reports or to submit such reports in a timely manner, both internal and external. To the extent that Castellum experiences a serious failure or disruption in any of its systems or some other technological resource or experiences a cyber-security breach, it may be rendered incapable of effectively running and managing its operations. Business disruptions and shortcomings in operational security including serious failures and disruptions in Castellum's IT systems or control systems may also impact its customer relationships, reputation, risk management and profitability, which may in turn have a materially adverse effect on Castellum's operations, earnings and financial position.

Property valuation relies on factors which are subject to change.

Castellum is exposed to changes in the market value of its property portfolio. Castellum reports its property holdings at fair value in accordance with IAS 40 *Investment Property*, such that the book value in respect of the Group's properties corresponds to their assessed market value. Castellum uses an internal valuation process to assess the market value of its properties. In addition to this internal valuation, an external valuation is also carried out each year by independent appraisers. There is still a risk that the valuation of some of the properties may be incorrect or may decline over time. The value of the properties is affected by, and any assessment made in the light of, a number of factors such as market supply, vacancy rate, rent level and operating expenses, residual value, yield requirement, general economic trends, interest rates and inflation. Whilst the liquidity of properties such as those in the Group's portfolio has increased over recent years, there is no guarantee that there will be a market for such properties going forward. There is a risk that changes in any of these factors may have a negative effect on property values. This could have a material adverse impact on Castellum's earnings and financial position (for example, large write downs could negatively affect Castellum's loan to value ratio, as defined under "*Alternative Performance Measures and Other Key Performance Indicators*") as well as credit rating.

Property transactions involve uncertainties which could adversely impact Castellum's business.

Property transactions, primarily acquisitions, represent an important part of Castellum's day-to-day business operations and will continue to constitute a part of Castellum's growth strategy going forward. Property transactions also entail inherent risks concerning uncertainties and there is a risk that Castellum may be (i) unable to find suitable acquisition properties, (ii) unable to finance property acquisitions on terms acceptable to Castellum or (iii) that desired property sales cannot be completed on terms acceptable to Castellum. All property investments are associated with uncertainty and assumptions. The market's yield requirement, future vacancies, the tenants' payment capability, environmental conditions as well as technical defects constitute some of the uncertain elements associated with property transactions. There is a high degree of competition for desirable acquisition targets and, even where a suitable target has been identified, there is a risk that Castellum may fail to complete property transactions. Any of these factors may have a material adverse impact on Castellum's operations, financial position and earnings.

In addition, property-owning and property-acquiring companies are exposed to risks in relation to non-identified risks linked to businesses that are acquired, either because of a lack of information or due to the fact that assumptions made may turn out to be erroneous. For example, there may be difficulties integrating operations and employees, tenants may be lost, the accounts of the acquired business may be erroneous and/or the business may be the subject of unforeseen environmental or tax claims. When an acquisition or

investment includes expansion into a new geographical market in which Castellum has limited or no experience it may also increase Castellum's operational risk, as well as its financial risk including increased exposure to changes in currencies and funding conditions. Furthermore, other circumstances may exist that have an adverse impact on the value of the business or property being acquired. Notwithstanding the fact that, prior to each investment, Castellum makes an evaluation aimed at identifying and, if possible, mitigating the risks that may be associated with the investment, there remains a risk that future businesses or properties that are added through acquisitions may have a material adverse impact on Castellum's operations, earnings and financial position.

In several of the sales agreements entered into by Castellum, the purchaser may present warranty claims, such as that the property's use has deviated from an applicable zoning plan in violation of stipulated warranties; that, contrary to stipulated warranties, all charges relating to road construction/ maintenance costs and connection fees relating to the period prior to the completion date have not been paid in full; or that, contrary to stipulated warranties concerning the property, a public authority order to take measures has not been performed in full prior to the completion date. While Castellum has not been the subject of any material unsettled warranty claims with respect to sold properties and companies in the last few years, there is a risk that any claims in the future may have a material adverse impact on Castellum's business, financial position and earnings. Correspondingly, there is a risk that the possibility of obtaining compensation in the case of a warranty claim will be limited if an acquisition was made from a vendor which is, or will be, in financial difficulties or if there is a cap in respect of the amount of compensation that may be claimed – this may contribute to increased uncertainty and increased costs for Castellum, which in turn may have a material adverse impact on its operations, earnings and financial position.

Castellum may occasionally sell properties for a variety of reasons including to optimise and adapt its property portfolio to the needs of customers or to finance its investments, for instance the purchase of new properties or new constructions, extensions and reconstructions. As such, Castellum is dependent on a liquid property market, a matter which in turn depends on a number of different factors, such as macroeconomic conditions, changes in the financial position of potential buyers and their prospects for securing financing, changes in domestic or international economic conditions, and changes to legislation, regulations or tax policy in Sweden, Denmark and Finland. An illiquid property market may therefore have a materially adverse effect on Castellum's operations, earnings and financial position.

Risks relating to the Offer – the Offer is subject to significant uncertainties.

On 2 August 2021, Castellum announced a voluntary public offer (the **Offer**) to shareholders of Kungsleden Aktiefbolag (**Kungsleden**) to acquire all shares in Kungsleden in exchange for a combined consideration of shares in Castellum and cash. At this stage there can be no assurance that the acquisition will proceed on the basis of the terms of the Offer or alternative terms. Completion of the Offer is subject to customary conditions including, but not limited to, approval of the issuance of shares as consideration in the Offer by Castellum's shareholders, the Offer being accepted to such an extent that Castellum becomes the owner of shares representing more than 90 per cent. of the total number of outstanding shares in Kungsleden, and receipt of all necessary regulatory and governmental approvals. The acceptance period of the Offer is expected to commence on or around 30 September 2021 and end on or around 29 October 2021, however, the process is currently at a very early stage. There can be no assurance as to the timeline for completion of the Offer nor can there be any assurance that the acquisition of Kungsleden will occur even if the Offer is accepted.

Due to conditions out of the control of Castellum, there is a risk that the acquisition may not be completed. The uncertainty related to the completion of the Offer could result in an adverse impact on the price of Castellum's shares and debt securities. If the acquisition is completed, Kungsleden's business will become

a part of the Group's business. There is a risk that this process is made more difficult by factors currently unknown to Castellum. Whether or not synergies may be realised depends on a number of factors and is based on Castellum's assessment of future circumstances and there is a risk that synergies may not be fully realised. Successful integration is required upon the acquisition of a new company to enable synergies in the new business. If the acquisition of Kungsleden does proceed, or an integration process continues for a longer period of time than expected, there is a risk that the combined company may be adversely affected. Information on Kungsleden has been derived from public sources and has not been independently verified by Castellum. As a result, following completion of the acquisition, the Group may become subject to liabilities or obligations of Kungsleden about which it was previously unaware. If the consideration paid by Castellum to acquire Kungsleden proves over time to be too high then this could lead to write-downs in the future. All of the above factors may have a material adverse effect on the Group's business, results of operations and financial condition.

Project development poses risks to Castellum.

The construction, refurbishment and extension of properties constitute a part of Castellum's regular business operations. Project development is inherently associated with uncertainties and risks as regards costs and delays (among other things). Major projects can involve significant investments, which may lead to an increased credit risk if tenants fail to perform their obligations to pay rent and Castellum is unable to find other tenants for the premises in question, if Castellum fails to let the premises upon completion of a project, or if the demand or price of properties generally changes during the course of a project. Furthermore, although Castellum monitors development projects closely, projects may be delayed, become more expensive or the quality may not be as expected, which may result in increased costs or reduced income. In addition, Castellum may be dependent on procuring the necessary public authority permits, permits and other licences for carrying out property development projects or carrying out its operations generally. There is a risk that Castellum will not succeed in implementing its property projects, which may have a material adverse impact on its operations, earnings and financial position.

Loss of key personnel may undermine Castellum's operations.

Castellum's business is dependent on experienced employees possessing relevant skills. Such key individuals are included among senior executives as well as the Group's employees in general. There may be a risk that, over time, Castellum is unable to retain or recruit qualified personnel to the desired extent. In particular, Henrik Saxborn and Ulrika Danielson will step down as CEO and CFO, respectively, in the autumn of 2021 however, as at the date of these Listing Particulars, no replacements have been formally appointed. In the event that the Offer is successful, and that they each respectively accept the offer to do so, the current CEO of Kungsleden, Biljana Pehrsson, will replace Henrik Saxborn as CEO of Castellum and the current Deputy CEO and CFO of Kungsleden, Ylva Sarby Westman, will replace Ulrika Danielsson as CFO of Castellum. Any disruption caused by the departure of one or more key individuals, including any delay in securing highly skilled replacements, could have an impact on Castellum's ability to implement its strategy in the near-term which could have a material adverse impact on Castellum's operations, earnings and financial position.

Castellum could incur losses not covered by, or exceeding the coverage limits of, its insurance.

Castellum's management believes that its risks are covered by appropriate insurance coverage in line with market practice. Castellum has insurance policies, for example, in respect of property, business interruption and liability for damages. However, the actual losses suffered by Castellum could exceed its insurance coverage and could be material. Furthermore, certain types of risks (such as war, acts of terror, insufficient preparation in the event of natural disasters or extreme weather events, such as floods) may be or may in

the future be impossible or too costly for Castellum to insure itself against. If damage should occur to a property and subsequently lead to tenants terminating or not renewing their leases, there is also a risk that Castellum's insurance cover will not cover the consequent loss of rental income. If uninsured damage should occur, or if a damage event should exceed the insurance cover, Castellum may lose the capital invested in the property in question as well as future revenues from such property. Furthermore, Castellum may become liable to repair damage caused by uninsured risks. Castellum may also become liable for debts and other financial obligations with regard to damaged buildings. The realisation of one or more damaging events for which Castellum has no insurance coverage or for which Castellum's insurance coverage is insufficient could have a material adverse effect on Castellum's business, financial condition and results of operations.

Interests of Castellum's shareholders may conflict with those of the holders of the Capital Securities.

The interests of Castellum's shareholders, in certain circumstances, may conflict with those of the holders of the Capital Securities (the **Holders**), particularly if Castellum encounters financial difficulties or is unable to pay its debts when due. In addition, Castellum's shareholders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to the Holders. Any of these actions could have an adverse effect on Castellum's operations, earnings, financial position and future prospects.

Castellum has a holding company structure in which its subsidiaries conduct its operations and own all its properties.

Castellum has no significant assets other than the equity interests in and receivables vis-à-vis its subsidiaries. As a result, its ability to make required payments under the Capital Securities depends on the performance of its subsidiaries and their ability to distribute funds to it. Such cash flows will depend on the business and financial condition of each of its subsidiaries. In addition, the ability of certain subsidiaries to pay dividends and distributions may be limited by applicable laws and any indebtedness those subsidiaries have incurred. If for any reason Castellum's subsidiaries do not pay any dividends or distributions, or do so irregularly, its ability to make required payments under the Capital Securities may be adversely affected.

Further, Castellum's right to receive payment of provided financing from the liquidation of one of its subsidiaries, and therefore the right of Holders to participate in those proceeds, will be structurally subordinated to the claims of other creditors of that subsidiary (see “*Risks Related to Capital Securities Generally - The claims of Holders of the Capital Securities are structurally subordinated to creditors of the Issuer and to creditors of the Issuer’s subsidiaries*” below). In addition, even if Castellum is a creditor of any of its subsidiaries, its rights as a creditor would be subordinated to any existing security interest in the assets of such subsidiary.

FINANCIAL RISKS

Castellum may not be able to refinance its existing loans on competitive terms or at all.

External borrowing accounts form a large part of Castellum's supply of capital. As these loans mature, they must be repaid, extended or renewed in order to secure Castellum's need for long-term financing and liquidity. Castellum is continuously engaged in the renegotiation of credit facilities and the addition of new facilities as needed. The conditions for Castellum refinancing loan facilities as they expire depend on access to financing at the time and Castellum's financial position. Although Castellum has access to long-term financing at the moment, it is possible that Castellum may in future breach the financial obligations pursuant to its credit agreements, which may cause the lenders in question to terminate the agreements. In the event

that Castellum is unable to secure refinancing or can only obtain refinancing at substantially increased costs, this may have a material adverse impact on Castellum's operations, earnings and financial position.

Fluctuations in market interest rates and loan margins may adversely affect Castellum's business.

Castellum's operations are primarily financed through equity and interest-bearing debts. Interest expenses represent Castellum's single largest cost item. As a consequence, Castellum is exposed to the risk of changes in market interest rates and loan margins. The risk is also affected by the strategy Castellum chooses in respect of fixed-interest periods. Increased interest expenses may have a material adverse impact on Castellum's operations, earnings and financial position.

Changes in the value of financial derivative instruments may result in losses for Castellum.

Castellum has a large number of loans with short fixed-interest periods and uses interest rate derivatives (mainly interest rate swaps) as an element in the management of interest-rate risk. Interest rate derivatives are regularly reported at fair value in the balance sheet, with changes in value being reported in the income statement. In the event that market rates fall, the market value of Castellum's interest rate derivatives will decrease, which may have a material adverse impact on Castellum's operations, earnings and financial position.

Castellum is exposed to credit and counterparty risk.

There is a risk that Castellum's counterparties within its financing operations will fail to perform their financial obligations to Castellum. Castellum's financing activities include, among other things, the execution of long and short-term loan agreements, the execution of interest rate derivatives, as well as the investment of liquidity surpluses through cash, deposits in banks and investments in T-bills and bank CDs. There is a risk that Castellum's counterparties will fail to perform their financial obligations to Castellum, which may have a material adverse impact on Castellum's operations, earnings and financial position.

Breach of financial covenants may lead to Castellum's creditors accelerating its loans.

Castellum's bank loan agreements usually include both financial and other covenants. Such covenants may, for example, relate to an interest-coverage ratio or loan volumes relative to the fair value of Castellum's properties.

As security for bank loans, Castellum may grant mortgages over certain properties or security interests in intragroup claims against subsidiaries, or Castellum may issue shares in its subsidiaries, or provide guarantees.

In the event that Castellum breaches its financial covenants in a loan agreement, this may lead to the acceleration of loans or to credit institutions having recourse to pledged assets, which may have a material adverse impact on Castellum's operations, earnings and financial position.

A change in the controlling ownership of Castellum could result in the requirement for Castellum to repay under the terms of its existing financing agreements and the Capital Securities and adversely affect its ability to secure subsequent refinancing.

If, for whatever reason, an individual investor or specific group of investors were to form a controlling majority shareholder in Castellum, this could trigger terms in loan agreements or other instruments that result in the termination or repayment of such agreements or instruments or a need to renegotiate them.

Such a provision is included in Castellum's domestic MTN programme (the **Domestic MTN Programme**) and Castellum's Euro Medium Term Note Programme (the **EMTN Programme**), some loan agreements in place with lenders and the Capital Securities. Furthermore, such an event could result in a changed credit rating of Castellum. In the event of a change in controlling ownership, Castellum's ability to secure refinancing may be adversely affected, which could indirectly affect the Group's ownership of properties and therefore have a material adverse impact on the Group's operations, earnings and financial position.

Major unforeseen payment obligations may impact on Castellum's liquidity.

Major payment obligations may arise in conjunction with the refinancing of loans in the event that lenders demand a lower loan-to-value ratio or if the relevant property falls in value following the drawing of the relevant loan by Castellum. In addition, Castellum's payment obligations primarily comprise operating expenses, such as costs for heating, electricity, water and refuse collection, agreed maintenance charges, investments in project development and other investments, as well as interest on, and the repayment of, debts. Major unforeseen payment obligations may arise for Castellum, and there remains a possibility of non-payment to Castellum of large rent amounts. There is a risk that Castellum's liquidity will be insufficient to cover the performance of its payment obligations, which may have a material adverse impact on Castellum's operations, earnings and financial position.

Movements in exchange rates may adversely affect Castellum's business.

The Swedish krona is Castellum's reporting currency, but the Group also has revenues, expenses, assets and liabilities in currencies other than the Swedish krona. Castellum's currency exposure is currently limited to the Danish krone, the Euro and the Norwegian krone and relates to the properties that the Group owns in Denmark and Finland and a shareholding in Entra ASA. Currency exposure arises in connection with the purchase and sale of goods and services in currencies other than the local currency of Castellum's relevant subsidiary, as well as dividend payments (transaction exposure), and the translation into Swedish krona of the balance sheets and income statements of the relevant foreign subsidiaries that are reported in foreign currency (translation exposure). In cases where currency derivatives are used, Castellum typically practices hedge accounting for net investments in foreign operations. Castellum's interest rate derivatives or currency derivatives change in value in the event of changes in the exchange rate between DKK and SEK and EUR and SEK and NOK and SEK. Accordingly, Castellum is exposed to exchange rates movements that could affect its income statement and balance sheet, which may have a material adverse impact on Castellum's operations, earnings and financial position.

LEGAL RISKS

Changes in legislation may adversely affect the Group's results of operations and increase its costs

Castellum's operations are subject to Swedish, Danish and Finnish laws and regulations, relating to for example construction documents and zoning, building standards, safety and protection regulations, health and environmental regulations, regulations concerning permitted construction materials, building classifications and rental legislation. Castellum is subject to legal restrictions in connection with the structuring of property transactions, and may become subject to additional such restrictions in the future. In addition, Castellum's operations may be affected by regional and supranational regulatory frameworks such as EU legislation. There is a risk of non-compliance with existing regulatory frameworks, which may result in sanctions being imposed on Castellum. Further, new legislation and other regulatory frameworks may be implemented in the future, and existing legislation and other regulatory frameworks may change and there is a risk that Castellum will be unable to comply with such changed requirements without having to implement far-reaching measures and incurring significant costs. Adapting Castellum's operations to

correspond with these legal requirements may cause Castellum to incur additional costs, which in turn may have a materially adverse effect on Castellum's operations, earnings and financial position.

Castellum is subject to future possible change in tax laws and regulations.

Castellum conducts operations in several jurisdictions. Castellum's operations are affected by the applicable corporation tax, value added tax and property tax rules in force from time to time in the jurisdictions in which it operates. This is also the case as regards other governmental and municipal charges and contributions. Notwithstanding that Castellum's operations are conducted in accordance with Castellum's interpretation of applicable laws and rules in respect of taxes, there is a risk that its interpretation is incorrect or that applicable tax law and rules may be amended with possible retroactive effect. In addition, future changes to applicable tax laws and rules may affect the conditions for Castellum's operations, earnings and financial position.

In June 2015 the Swedish Government appointed a committee to analyse the possibility to divest properties through tax exempt disposals of shares in companies holding properties and, if considered necessary, to propose new legislation to prevent such transactions. The investigation also reviewed whether acquisitions through land parcelling procedure are being abused to avoid stamp duty. The result of the review was presented on 30 March 2017. The committee's main proposal is that upon a change of control in a company holding assets that mainly consist of properties, the properties will be considered as divested and re-acquired for a price corresponding to the market value of the properties. The divested real estate company should also report a taxable notional income (instead of stamp duty) corresponding to 7.09 per cent. of the highest amount of the market value and the tax assessment value of the properties. Further, stamp duty is proposed to be introduced on acquisitions of properties by land parcelling procedures. The proposals by the committee were circulated for formal consultation and the consultation period ended on 15 September 2017. The rules were initially proposed to enter into force on 1 July 2018, though this has not yet occurred, and it is currently unclear if, and to what extent, the proposals will result in new legislation.

In Finland, the real estate taxation regime is intended to be reformed so that the tax values better reflect the price level and construction costs in different areas. As the tax values of real estate would for the most part increase, the lower and upper limits of municipal real estate tax rates are intended to be lowered accordingly. The aim of the reform is not to raise or lower the real estate tax, but the tax burden would be partly distributed in a new way between various properties. As a result, the tax on an individual property could rise or fall. The reform is intended to take effect as of tax year 2023. The government proposal concerning the reform is intended to be issued in 2021.

There can be no assurance that tax rates will not be increased in the future or that the changes described above or other changes in tax laws/regulations will not occur which will affect the ownership of real estate properties or real estate transactions resulting in unforeseen or higher tax liabilities. If any such risks materialise, it could have a material adverse impact on Castellum's operations, earnings and financial position.

Disputes and legal proceedings could have a material adverse effect on Castellum.

This risk relates to the costs that the Group may incur as a consequence of being party to legal proceedings, settlement costs, as well as costs in respect of awarded damages and other obligations which may be imposed on Castellum. Companies within the Group may, from time to time, become involved in disputes within the scope of normal business operations and run the risk, similarly to other companies within Castellum's industry, of being the subject of claims with respect to, for example, contractual issues, warranty claims, alleged errors in the provision of services, environmental issues and intellectual property

rights. Such disputes and claims may be time-consuming, disrupt normal operations, involve large amounts, detrimentally affect customer relations and result in significant costs. In the event such disputes arise and Castellum is held liable in damages or enters into a settlement agreement, there is a risk that claims will not be covered in full by Castellum's insurance. In addition, the outcome of complicated disputes may be difficult to predict. Potential disputes and legal proceedings brought against Castellum may have a material adverse impact on Castellum's operations, earnings and financial position.

Environmental risks and related regulatory risks.

Castellum is subject to extensive and increasingly stringent environmental, health and safety legislation and regulations relating to its acquisition, ownership, possession and management of properties. Properties affect the environment through their construction, on-going maintenance and through the activities conducted within them. According to the Swedish Environmental Code (*Miljöbalken (SFS 1998:808)*), persons who pursue activities that have contributed to contamination are responsible for remedying any harm caused. In Castellum's case, it would normally be its tenants who are pursuing such activities. However, if the person pursuing the activity is unable to investigate, carry out or defray the cost of remediation, responsibility for the investigation and after-treatment may be imposed on a party that has acquired the property after 31 December 1998 and, at the time of the acquisition, was aware or should have been aware of the contamination. Furthermore, by acquiring a business and/or a company, a party may assume responsibility for environmental liability for contaminations which the operations and the businesses previously have contributed to. Thus, Castellum could be held liable for contaminations caused by operations acquired through previous business and real estate transfers. Responsibility may also be imposed on Castellum as a developer if actions for the development cause existing contaminations to spread to surrounding areas. Accordingly, there is a risk that in certain circumstances claims may be brought against Castellum for investigations, remedying and monitoring contamination or for the clean-up of contamination that has taken place, in order to maintain or restore properties to a condition that complies with the Environmental Code. In the event such liability is imposed on Castellum, it may have a material adverse impact on its operations, earnings and financial position.

In addition, Castellum is subject to legislation and permit requirements relating to the operation of airports and flight operations due to Castellum's ownership of Gothenburg City Airport (Sw. *Säve flygplats*). In the event the operations are subject to change, Castellum as the operator may be required to obtain new or amended environmental and/or operational permits. Permit processes entail a general risk that the permit applied for is not granted, which may affect the development of Castellum's operations.

Harm to Castellum's reputation may have a negative impact on its competitiveness, consume the time and resources of Castellum management, and give rise to additional costs.

Castellum's ability to attract and retain tenants is to a certain extent dependent on its reputation, including the positive reputation of its trademarks and business name, as a consequence of which its operations are sensitive to risks related to reputational harm. For instance, Castellum's reputation may be adversely affected by rumours, negative publicity or other factors that could lead to Castellum no longer being considered as being a competent and reputable operator on the market. If Castellum's reputation should deteriorate, or if Castellum should experience negative publicity, this may reduce Castellum's competitiveness, take up the time and resources of Castellum's management and impose additional costs on Castellum, which may have a materially adverse effect on Castellum's potential to achieve its growth targets and its operations, earnings and financial position. Similarly, there is a risk that a third party may challenge the validity of Castellum's trademark registrations or right to use its distinctive marks. Defending itself in proceedings regarding the validity of distinctive marks or registrations may be costly and, in the

event Castellum is required to cease using its business names or valuable trademarks, this may have a material adverse impact on Castellum's operations, earnings and financial position.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH CAPITAL SECURITIES

RISKS RELATED TO THE STRUCTURE OF THE CAPITAL SECURITIES

The Capital Securities are subordinated obligations; accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations and Subordinated Indebtedness of the Issuer in the event of an Issuer Winding-Up or Issuer Re-construction.

The Capital Securities are direct, unsecured and subordinated obligations of the Issuer.

In the event of an Issuer Winding-up, the Holders will have a claim ranking behind claims of unsubordinated creditors of the Issuer and creditors of the Issuer in respect of all Subordinated Indebtedness, *pari passu* without any preference among themselves and with any present and future claims in respect of obligations of the Issuer in respect of Parity Securities and in priority to any present and future claims in respect of (i) the Ordinary Shares of the Issuer and (ii) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security.

In the event of an Issuer Re-construction, the Holders will have a statutory claim ranking (i) *pari passu* among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities, (ii) in priority to all present or future claims in respect of any obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or to any Parity Securities and (iii) junior to any present or future claims in respect of all unsubordinated obligations of the Issuer and all Subordinated Indebtedness.

In the event of an Issuer Re-construction, unsecured debt could be subject to a mandatory write-down **provided that** a qualified majority of the unsecured creditors has approved such write-down. All unsecured debt will then be written down pro rata. A debt composition proposal, which involves at least 50 per cent. of the amount of the unsecured debt, shall be deemed to be accepted by the creditors, where three-fifths of the creditors voting have accepted the proposal and their claims amount to three-fifths of the total amount of claims held by the creditors entitled to vote. Where the debt composition percentage is lower, the debt composition proposal shall be deemed to be accepted where three-fourths of the creditors voting have approved the proposal and their claims amount to three-fourths of the total amount of the claims held by the creditors entitled to vote. If a debt composition is approved, all subordinated debt of the Issuer, including the Capital Securities, will be completely written-off. In respect of subordinated debt such as the Capital Securities it is important to note that subordinated creditors may only take part in the creditors' meeting voting on a proposed debt composition provided the unsubordinated creditors consent to such participation. Potential investors should note that claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under an Issuer Re-construction.

In the event of an Issuer Winding-up or an Issuer Re-construction, Holders will only be eligible to recover any amounts in respect of their Capital Securities if all claims in respect of more senior-ranking obligations of the Issuer (whether secured or unsecured) have first been paid in full. If on an Issuer Winding-up or an Issuer Re-construction the assets of the Issuer are insufficient to repay the claims of all senior-ranking creditors in full, the Holders will lose their entire investment in the Capital Securities. If there are sufficient assets to repay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of the Capital Securities and all other obligations of the Issuer ranking *pari passu* with the Capital Securities, Holders will lose some or substantially all of their investment in the Capital Securities. The

Holders therefore face a higher recovery risk than holders of unsubordinated obligations and Subordinated Indebtedness of the Issuer. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to or *pari passu* with the Capital Securities which may be incurred or assumed by the Issuer from time to time, whether before or after the Issue Date of the Capital Securities.

Furthermore, subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Capital Securities or the Coupons and each Holder and Couponholder shall, by virtue of their holding, be deemed to have waived all such rights of set-off, compensation or retention.

In addition, if the financial condition of the Issuer deteriorates such that an Issuer Winding-up or Issuer Re-construction may be anticipated, the market price of the Capital Securities can be expected to fall, and such fall may be significant. A Holder that sells its Capital Securities in such an event may lose some or substantially all of its initial investment in the Capital Securities (whether or not an Issuer Winding-up or Issuer Re-construction subsequently occurs).

The current IFRS accounting classification of financial instruments such as the Capital Securities as equity instruments may change which may result in the occurrence of an Accounting Event.

In June 2018, the International Accounting Standards Board (**IASB**) published the discussion paper DP/2018/1 on “Financial Instruments with Characteristics of Equity” (the **DP/2018/1 Paper**) and public meetings were held on 23 October 2019, 16 December 2020 and 16 February 2021 to discuss the proposals contained therein. During the 16 December 2020 meeting, the IASB decided to add the “*Financial Instruments with Characteristics of Equity*” project to its standard-setting programme and to continue using the expertise of advisory bodies instead of establishing a dedicated consultative group for the project. During the 16 February 2021 meeting, (i) the IASB discussed potential refinements to disclosure proposals explored in the DP/2018/1 Paper – namely, proposals for information about priority on liquidation, potential dilution, and terms and conditions, but was not asked to make any decisions but directed the staff to further consider the objectives of the proposed disclosures and their scope and (ii) the IASB also discussed challenges in accounting for financial instruments with obligations that arise only on liquidation of an entity and also discussed potential classification, presentation and disclosure requirements to address those challenges and tentatively decided not to change how such instruments should be classified; but instead to develop presentation and disclosure requirements in relation to them.

While the final timing and outcome are uncertain, if the proposals set out in the DP/2018/1 Paper are implemented in their current form, the current IFRS accounting classification of financial instruments such as the Capital Securities as equity instruments may change and this may result in the occurrence of an Accounting Event. In such an event, the Issuer may have the option to redeem, in whole but not in part, the Capital Securities pursuant Condition 6(d) (*Redemption - Redemption upon a Tax Deductibility Event, a Capital Event or an Accounting Event*) or substitute or vary the terms of the Capital Securities pursuant to Condition 7 (*Substitution or Variation*). The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such official adoption or implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Capital Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Capital Securities or substitute or vary the terms of the Capital Securities pursuant to the Conditions. The period during which the Issuer may notify the redemption of the Capital Securities as a result of the occurrence of an Accounting Event shall start on and include the Accounting Event Adoption Date, which is the earlier of such date that a change is officially announced in respect of IFRS or officially adopted or put into practice, notwithstanding any later effective date.

For a description of the risks related to the early redemption of the Capital Securities, see the Risk Factor entitled “*The Issuer may redeem the Capital Securities early; Investors should consider reinvestment risk*”.

The Capital Securities are perpetual securities.

The Capital Securities are undated securities in respect of which there is no fixed redemption date. The Issuer is under no obligation to redeem or repurchase the Capital Securities at any time and the Holders have no right to call for redemption of the Capital Securities. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Capital Securities for an indefinite period and may not recover their investment in the foreseeable future.

The Issuer may defer Interest Payments.

The Issuer may, under the Conditions, at any time and in its sole discretion (except on any Interest Payment Date on which the Capital Securities are to be redeemed), by giving notice to the Holders not less than seven Business Days before the relevant Interest Payment Date, elect to defer any interest, in whole or in part, which is otherwise scheduled to be paid on an Interest Payment Date and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer under the Capital Securities.

Any interest not paid on an applicable Interest Payment Date and deferred, together with further interest accrued thereon, shall constitute Arrears of Interest and shall be paid in whole, or in part, at any time, at the option of the Issuer (in accordance with the Conditions) or on the occurrence of certain mandatory settlement events described in the Conditions.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Capital Securities. In addition, as a result of such interest deferral provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer’s financial condition.

The Issuer may redeem the Capital Securities early; Investors should consider reinvestment risk.

The Issuer will have the right to redeem the Capital Securities in whole, but not in part, on (i) any date from (and including) the First Optional Redemption Date up to (and including) the First Reset Date; (ii) the First Step-up Date or (iii) any Interest Payment Date after the First Step-up Date.

The Issuer will also have the right to redeem all, but not some only, of the Capital Securities then outstanding at any time, other than (i) during the period from and including the First Optional Redemption Date to and including the First Reset Date; (ii) on the First Step-up Date or (iii) upon any Interest Payment Date after the First Step-up Date at the Make-whole Redemption Amount.

The Issuer may also, at its option, redeem the Capital Securities in whole, but not in part, upon the occurrence of an Accounting Event, a Capital Event, a Change of Control Event, a Substantial Repurchase Event, a Tax Deductibility Event or a Withholding Tax Event, all as further described in the Conditions.

In the case of an Accounting Event, a Capital Event or a Tax Deductibility Event, such redemption will be at (i) 101 per cent. of the principal amount of the Capital Securities, where such redemption occurs before the First Optional Redemption Date or (ii) 100 per cent. of the principal amount of the Capital Securities, where such redemption occurs on or after the First Optional Redemption Date, together, in each case, with

any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date.

In the case of a Withholding Tax Event, a Substantial Repurchase Event or a Change of Control Event, such redemption will be at 100 per cent. of the principal amount of the Capital Securities, together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date.

During any period when the Issuer may elect to redeem the Capital Securities or is perceived to be able to redeem the Capital Securities, the market value of the Capital Securities generally will not rise substantially above the price at which they can be redeemed.

The Issuer might redeem the Capital Securities when its cost of borrowing is lower than the interest rate on the Capital Securities. There can be no assurance that, at the relevant time, Holders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Capital Securities. Potential investors should consider reinvestment risk in light of other investments available at that time.

Changes in rating methodologies may lead to the early redemption of the Capital Securities.

Any Rating Agency (as defined in the Conditions) providing a solicited rating at the invitation or with the consent of the Issuer may amend, clarify or change the interpretation of its equity credit criteria after the Issue Date (or, if equity credit is not assigned to the Capital Securities on the Issue Date, effective after the date when the equity credit is assigned to the Capital Securities for the first time, as applicable), and this may result in (a) lower equity credit for the Capital Securities than the equity credit assigned on the Issue Date (or, if equity credit is not assigned to the Capital Securities on the Issue Date, effective after the date when the equity credit is assigned to the Capital Securities for the first time, as applicable) (or if the Capital Securities have been partially or fully refinanced since the Issue Date and are no longer eligible for equity credit from such rating agency in part or in full as a result, all or any of the Capital Securities would have received lower equity credit as a result of such amendment, clarification, change in criteria or change in the interpretation had they not been re-financed), or (b) the length of time the Capital Securities are assigned a particular level of "equity credit", after being assigned such equity credit for the first time, by that Rating Agency being shortened as compared to the length of time they would have been assigned that level of "equity credit" by that Rating Agency under its prevailing criteria on the Issue Date (or if equity credit was not assigned to the Capital Securities on the Issue Date, at the date when the equity credit is assigned to the Capital Securities for the first time), and in either case the Issuer may redeem all of the Capital Securities (but not some only), as provided in Condition 6(d) (*Redemption - Redemption upon a Tax Deductibility Event, a Capital Event or an Accounting Event*).

Substitution or variation of the Capital Securities.

There is a risk that, after the issue of the Capital Securities, a Tax Deductibility Event, a Withholding Tax Event, a Capital Event or an Accounting Event may occur which would entitle the Issuer, without any requirement for the consent or approval of the Holders, to substitute all, but not some only, of the Capital Securities for, or vary the terms of the Capital Securities so that they become or remain, Qualifying Capital Securities (as defined in the Conditions).

Whilst Qualifying Capital Securities are required to have terms which are not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing), there can be no assurance that such substitution or variation will not have a significant adverse impact on

the price of, and/or the market for, the Capital Securities, nor that there will not be any adverse tax consequences for any Holders arising from such substitution or variation.

No limitation on issuing or guaranteeing debt ranking senior to or pari passu with the Capital Securities.

There is no restriction in the Conditions on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness or guarantees of third parties, including indebtedness and guarantees that rank *pari passu* with or senior to the Capital Securities or any Parity Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on an Issuer Winding-up or Issuer Re-construction and/or may increase the likelihood of a deferral of interest payments under the Capital Securities.

Holders of the Capital Securities have very limited rights in relation to the enforcement of payments on the Capital Securities.

If a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the rights of the Holders in respect of the Capital Securities are limited to instituting proceedings for an Issuer Winding-up, and the Holders may prove and/or claim in respect of the Capital Securities in an Issuer Winding-up.

While the claims of the Holders in an Issuer Winding-up or Issuer Re-construction are for the principal amount of their Capital Securities together with any Arrears of Interest and any other accrued and unpaid interest, such claims will be subordinated as provided above under “*The Capital Securities are subordinated obligations; accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations and Subordinated Indebtedness of the Issuer in the event of an Issuer Winding-Up or Issuer Re-construction*”. The Holders shall not be entitled to accelerate payments of interest or principal under the Capital Securities in any circumstances outside an Issuer Winding-up or Issuer Re-construction. Furthermore, whilst the Holders may institute other proceedings against the Issuer to enforce the terms of the Capital Securities, the Issuer shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Accordingly, the Holders’ rights of enforcement in respect of payments under the Capital Securities are very limited.

Fixed rate securities have a market risk.

The Capital Securities will bear interest at a fixed rate, reset by reference to a mid-swap rate plus a margin on the First Reset Date for the Capital Securities and on each fifth anniversary of such First Reset Date. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the **Market Interest Rate**). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. A change of the Market Interest Rate may cause the price of such security to change. If the Market Interest Rate increases, the price of such security typically falls. If the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases. Potential investors in Capital Securities should be aware that movements of the Market Interest Rate can adversely affect the price of the Capital Securities and can lead to losses for the Holders if they sell such Capital Securities.

Each Reset Interest Rate may be different from the initial interest rate of the Capital Securities and may adversely affect the yield of the Capital Securities.

Reform and regulation of “Benchmarks”.

So-called benchmarks such as ICE Swap Rate referenced swap rates and the Euro Interbank Offer Rate (**EURIBOR**) which are deemed “benchmarks” (each a **Benchmark** and together, the **Benchmarks**), to which the interest on the Capital Securities during any Reset Period is linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value of and the amount payable under the Capital Securities. International proposals for reform of Benchmarks include the European Council’s Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the **EU Benchmarks Regulation**) and Regulation (EU) No. 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**).

Any changes to a Benchmark as a result of the EU Benchmarks Regulation, the UK Benchmarks Regulation or other initiatives, or the general increased regulatory scrutiny of Benchmarks, could have a material adverse effect on the costs of refinancing securities linked to a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have (without limitation) the effect of discouraging market participants from continuing to administer or contribute to certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks. Although it is uncertain whether or to what extent any of the abovementioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of the Capital Securities, investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Capital Securities.

The euro risk-free rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, any Benchmark, including ICE Swap Rate and EURIBOR, will continue to be supported going forwards. This may cause any such Benchmark to perform differently than they have done in the past, and may have other consequences which cannot be predicted.

The EU Benchmarks Regulation and the UK Benchmarks Regulation apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU and the UK, respectively.

The EU Benchmarks Regulation and the UK Benchmarks Regulation could have a material impact on the Capital Securities, in particular, if the methodology or other terms of the relevant Benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation or the UK Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant Benchmark.

The Conditions provide that, if a Benchmark Event (as defined in the Conditions) (which, amongst other events, includes the Original Reference Rate ceasing to exist, be administered or be published (in the latter

case, for a period of at least 5 Business Days)) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or an Alternative Rate and, in either case, an Adjustment Spread (which could be positive, negative or zero) to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate with the application of an Adjustment Spread to determine the Reset Interest Rate for a Reset Period may result in the Capital Securities performing differently (which may include payment of a lower Reset Interest Rate for such Reset Period) than they would do if the Original Reference Rate were to continue to apply.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser appointed by the Issuer, the terms and conditions of the Capital Securities also provide that an Adjustment Spread shall be determined by the Independent Adviser acting in good faith and applied to such Successor Rate or Alternative Rate (as the case may be). The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and, even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Holders. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) may still result in the Capital Securities performing differently (which may include payment of a lower Reset Interest Rate for such Reset Period) than they would if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate, Alternative Rate and/or Adjustment Spread, as applicable, is determined by the Independent Adviser, the Conditions provide that the Issuer and the Independent Adviser may agree to vary the Conditions, as necessary, to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread, as applicable, without any requirement for consent or approval of the Holders, in the circumstances and as otherwise set out in the Conditions.

Notwithstanding the occurrence of a Benchmark Event, the Issuer may be unable to appoint an Independent Adviser in accordance with the Conditions, or the Independent Adviser may not be able to determine or select a Successor Rate or Alternative Rate or, in either case, the applicable Adjustment Spread in accordance with the Conditions before the Reset Interest Determination Date in respect of a Reset Period. In such circumstances, the Conditions provide for certain additional fall-back provisions which may result in the 5 Year EUR Mid-Swap Rate (as defined in the Conditions) being set by reference to offered quotations from banks communicated to the Issuer and the Calculation Agent or the last 5 Year EUR Mid-Swap Rate that was available on the Reset Screen Page being used to determine the Reset Interest Rate for a Reset Period.

Notwithstanding the fallback provisions relating to Benchmark Events discussed above, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of "equity credit" assigned to the Capital Securities by any Rating Agency when compared to the "equity credit" assigned to the Capital Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Capital Securities for "equity credit" from any Rating Agency.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or Alternative Rate or, in either case, the applicable Adjustment Spread for the life of the Capital Securities, this could result in the Capital Securities, in effect, becoming fixed rate securities.

Any of the foregoing could have an adverse effect on the value or liquidity of, and return on the Capital Securities.

RISKS RELATED TO CAPITAL SECURITIES GENERALLY

Set out below is a description of material risks relating to the Capital Securities generally:

The claims of Holders of the Capital Securities are structurally subordinated to creditors of the Issuer and to creditors of the Issuer's subsidiaries.

Generally, lenders and trade and other creditors of the Issuer's subsidiaries are entitled to payment of their claims from the assets of such subsidiaries before these assets would be available for distribution to the Issuer, as direct or indirect shareholder, which would then allow for the Issuer to make payments under the Capital Securities. Any debt that the Issuer's subsidiaries may incur in the future will also rank structurally senior to the Capital Securities.

A significant part of the Group's assets and revenues are generated by the Issuer's subsidiaries. The subsidiaries are legally separated from the Issuer and the subsidiaries' ability to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and local law. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before any entity within the Group, as a shareholder, would be entitled to any payments. Thus, the Capital Securities are structurally subordinated to the liabilities of the subsidiaries of the Issuer.

The market price of the Capital Securities may be volatile.

The market price of the Capital Securities could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Capital Securities, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Capital Securities without regard to the Issuer's results of operations, prospects or financial condition. Factors including increased competition or the Issuer's operating results, the regulatory environment, general market conditions, natural disasters, terrorist attacks and war may have an adverse effect on the market price of the Capital Securities.

The Conditions of the Capital Securities contain provisions which may permit their modification without the consent of all Holders.

The Conditions contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Holders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and Holders who voted in a manner contrary to the majority.

The Conditions also provide that the Issuer may, without the consent of Holders amend the Capital Securities, the Conditions or the Deed of Covenant, if the modification is of a formal, minor or technical nature or is to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders, to any such

modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the sole opinion of the Issuer, not materially prejudicial to the interests of the Holders. The Conditions also provide that the Issuer may, without the consent of the Holders agree to the substitution of another company as principal debtor under any Capital Securities in place of the Issuer, in the circumstances described in the Conditions.

In addition, pursuant to Condition 4(j) (*Interest - Benchmark Event*), certain modifications may be made to the interest calculation provisions of the Capital Securities in the circumstances and as otherwise set out in Condition 4(j) (*Interest - Benchmark Event*), without the requirement for consent of the Holders.

Investors will have to rely on the procedures of Euroclear and Clearstream, Luxembourg

The Capital Securities will be represented by Global Capital Securities except in certain limited circumstances described in the Global Capital Securities. The Global Capital Securities will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Capital Securities, investors will not be entitled to receive Capital Securities in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Capital Securities. While the Capital Securities are represented by the Global Capital Securities, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Capital Securities by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Capital Security must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Capital Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Capital Securities.

Holders of beneficial interests in the Global Capital Securities will not have a direct right to vote in respect of the Capital Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

The value of the Capital Securities could be adversely affected by a Change in English law or Swedish law or administrative practice.

The Conditions of the Capital Securities and any non-contractual obligations arising out of or in connection with such Capital Securities are based on English law in effect as at the date of these Listing Particulars (other than the Condition relating to the subordination of the Capital Securities, which is based on and governed by Swedish law).

No assurance can be given as to the impact of any possible judicial decision or change to English law or Swedish law or administrative practice after the date of these Listing Particulars and any such change could materially adversely impact the value of any Capital Securities affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Capital Securities and may be adversely affected if Definitive Capital Securities are subsequently required to be issued.

The Capital Securities are in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. It is possible that the Capital Securities may be traded in amounts in excess of EUR 100,000 that are not integral multiples of EUR 100,000. In such a case a Holder who, as a result of trading such amounts, holds an amount which is less than EUR 100,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a

principal amount of Capital Securities at or in excess of EUR 100,000 such that its holding amounts to a specified denomination equal to or in excess of EUR 100,000. Further, a Holder who, as a result of trading such amounts, holds an amount which is less than EUR 100,000 in its account with the relevant clearing system at the relevant time may not receive a definitive Capital Security in respect of such holding (should definitive Capital Securities be printed) and would need to purchase a principal amount of Capital Securities at or in excess of EUR 100,000 such that its holding amounts to a specified denomination equal to or in excess of EUR 100,000.

If such Capital Securities in definitive form are issued, Holders should be aware that definitive Capital Securities which have a denomination that is not an integral multiple equal to or in excess of EUR 100,000 may be illiquid and difficult to trade.

Holders of the Capital Securities have no voting rights.

The Capital Securities are non-voting with respect to general meetings of the Issuer. Consequently, the Holders cannot influence, inter alia, any decisions by the Issuer to defer payments or to optionally settle outstanding payments or any other decisions by the Issuer's shareholders concerning the capital structure of the Issuer.

RISKS RELATED TO THE MARKET GENERALLY

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk specific to the Capital Securities:

An active secondary market in respect of the Capital Securities may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Capital Securities.

The Capital Securities may have no established trading market when issued, and one may never develop. If a market for the Capital Securities does develop, it may not be very liquid. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Therefore, investors may not be able to sell their Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Capital Securities which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Capital Securities could result in an investor not receiving payments on those Capital Securities.

The Issuer will pay principal and interest on the Capital Securities in euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of euros or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euros would decrease (1) the Investor's Currency-equivalent yield on the Capital Securities, (2) the Investor's Currency equivalent value of the principal payable on the Capital Securities and (3) the Investor's Currency equivalent market value of the Capital Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect

of the Capital Securities. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings assigned to the Issuer or any Capital Securities may not reflect all the risks associated with an investment in those Capital Securities.

Moody's on issue of the Capital Securities will, and one or more other independent credit rating agencies may in the future assign credit ratings to the Issuer or the Capital Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Capital Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In addition, Moody's or any other rating agency may change their methodologies or their application for rating securities with features similar to the Capital Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Capital Securities, sometimes called "notching". If the rating agencies were to change their practices or their application for rating such securities in the future and the ratings of the Capital Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Capital Securities.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-established credit rating agency or the relevant non-EEA rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Capital Securities changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Capital Securities may have a different regulatory treatment, which may impact the value of the Capital Securities and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of these Listing Particulars.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with these Listing Particulars shall be incorporated in, and form part of, these Listing Particulars:

- (a) Castellum's audited consolidated financial statements (including the auditors' report thereon and notes thereto) extracted from Castellum's annual report in respect of the financial year ended 31 December 2020 as set out on the following pages of the 2020 annual report:

Consolidated Statement of Comprehensive Income	Page 128
Consolidated Balance Sheet	Page 129
Change in Equity	Page 132
Cash Flow Statement	Page 133
Accounting Policies and Notes	Pages 134 to 152
Auditor's Report	Pages 156 to 158

This document is available for viewing on the following website:

https://www.castellum.se/globalassets/investor-relations/arsredovisningar/2020/castellum_annualreport_2020.pdf

- (b) Castellum's audited consolidated financial statements (including the auditors' report thereon and notes thereto) extracted from Castellum's annual report in respect of the financial year ended 31 December 2019 as set out on the following pages of the 2019 annual report:

Consolidated Statement of Comprehensive Income	Page 153
Consolidated Balance Sheet	Page 154
Change in Shareholders' Equity	Page 157
Cash Flow Statement	Page 158
Accounting Policies and Notes	Pages 159 to 175
Auditor's Report	Pages 179 to 182

This document is available for viewing on the following website:

https://vp244.alertir.com/afw/files/press/castellum/Castellum_AR_2019_PRINT_ENG_index.pdf

- (c) The unaudited consolidated interim financial statements of Castellum in respect of the six months ended 30 June 2021 as set out on the following pages of the Interim Report Jan-June 2021.

Consolidated Statement of Comprehensive Income	Page 8
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Consolidated Balance Sheet	Page 11
Changes in Equity	Page 12
Cash Flow Statement	Page 20
Notes to the Financial Statements	Pages 9-12, 18

This document is available for viewing on the following website:

<https://vp244.alertir.com/afw/files/press/castellum/202107054349-1.pdf>

- (d) The unaudited consolidated interim financial statements of Kungsleden in respect of the six months ended 30 June 2021 (**Kungsleden Q2 Interim Financials**) as set out on the following pages of the Interim Report Jan-June 2021.

Consolidated Income Statement	Page 4
Consolidated Statement of Comprehensive Income	Page 4
Consolidated Statement of Financial Position	Page 7
Group Changes in Equity	Page 7
Group Cash Flow	Page 16 ¹

This document is available for viewing on the following website:

<https://www.kungsleden.se/contentassets/d435219e3bd94a379e1b0996e28f6e03/interim-report-january---june-2021>

The Kungsleden Q2 Interim Financials have been included for information and illustration purposes in relation to the Offer. Castellum has not been involved in the preparation of, nor has it verified the contents of, the Kungsleden Q2 Interim Financials, and cannot give any assurance as to their accuracy.

Any documents themselves incorporated by reference in the documents incorporated by reference in these Listing Particulars shall not form part of these Listing Particulars. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in these Listing Particulars.

¹ For the avoidance of doubt, the sections entitled "Cash Flow and Loan-to-Value Ratio" and "Change in Net Debt January-June 2021" appearing beneath Group Cash Flow on page 16 shall not be incorporated by reference.

FORWARD-LOOKING STATEMENTS

Some statements in these Listing Particulars may be deemed to be forward-looking statements. Forward-looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in these Listing Particulars, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements.

These forward-looking statements are contained in the sections entitled "*Risk Factors*", "*Description of the Issuer and the Group*" and other sections of these Listing Particulars. The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as of the date of these Listing Particulars, if one or more of the risks or uncertainties materialise, including those which the Issuer has identified in these Listing Particulars, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

Any forward-looking statements contained in these Listing Particulars speak only as at the date of these Listing Particulars. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of these Listing Particulars any updates or revisions to any forward-looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward-looking statement is based.

CONDITIONS OF THE CAPITAL SECURITIES

The following, except for paragraphs in italics, is the text of the terms and conditions of the Capital Securities which, subject to modification, will be endorsed on each Capital Security in definitive form (if issued):

The EUR 1,000,000,000 Subordinated Fixed to Reset Rate 5.5 year Non-Call Undated Capital Securities (the **Capital Securities**, which expression shall, unless the context otherwise requires, include any Further Capital Securities issued pursuant to Condition 17 (*Further Issues*)) of Castellum AB (the **Issuer**) are the subject of a fiscal agency agreement dated 2 September 2021 (as amended or supplemented from time to time, the **Agency Agreement**) between the Issuer, Citibank, N.A., London Branch, as fiscal agent (the **Fiscal Agent**), paying agent (together with the Fiscal Agent and any successor or additional paying agent appointed from time to time in connection with the Capital Securities, the **Paying Agents**), and calculation agent (the **Calculation Agent**, which expression includes any successor calculation agent appointed from time to time in connection with the Capital Securities). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Capital Securities (the **Holder**s) and the holders of the related interest coupons (the **Couponholder**s and the **Coupons**, respectively, which expressions shall, unless the context otherwise requires, include the talons (**Talons**) for further Coupons and the holders of the Talons, respectively), are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. The Holders and the Couponholders have the benefit of a deed of covenant dated 2 September 2021 (the **Deed of Covenant**) entered into by the Issuer. Copies of the Agency Agreement and Deed of Covenant are (i) available for inspection by Holders during normal business hours at the registered office for the time being of the Fiscal Agent, being at the date hereof Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom or (ii) may be provided by email to a Holder following their prior written request to the Fiscal Agent or the Issuer and provision of proof of holding and identity (in a form satisfactory to the Fiscal Agent or the Issuer, as the case may be). Any capitalised terms not defined herein shall be given the meaning attributed in the Agency Agreement.

1. **FORM, DENOMINATION AND TITLE**

(a) **Form and Denomination**

The Capital Securities are serially numbered and in bearer form in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000, each with Coupons and a Talon attached at the time of issue. No definitive Capital Securities will be issued with a denomination above EUR 199,000. Capital Securities of one denomination may not be exchanged for Capital Securities of any other denomination.

(b) **Title**

Title to the Capital Securities, Coupons and Talons will pass by delivery. The Issuer and any Paying Agent will (except as ordered by a court of competent jurisdiction or as otherwise required by law) deem and treat the bearer of any Capital Security, Coupon or Talon as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. STATUS

The Capital Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities and the Couponholders in respect of the Coupons, in each case against the Issuer, are subordinated as described in Condition 3(a) (*Subordination and Rights on a Winding-Up or Issuer Re-construction - Rights on a Winding-Up or Issuer Re-construction*).

3. SUBORDINATION AND RIGHTS ON A WINDING-UP OR ISSUER RE-CONSTRUCTION

(a) Rights on a Winding-Up or Issuer Re-construction

In the event of the voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer (each an **Issuer Winding-up**), the Holders shall, in respect of their Capital Securities and Coupons, have a claim (in lieu of any other amount) for the principal amount of their Capital Securities, any premium and any accrued and unpaid interest (including any Arrears of Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of (A) the Ordinary Shares of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or to any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

In the event of a company re-construction (*Sw. företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (*Sw. lag (1996:764) om företagsrekonstruktion*) (an **Issuer Re-construction**), the Holders shall, in respect of the Capital Securities and Coupons, have a statutory claim (in lieu of any other amount) for the principal amount of their Capital Securities, any premium and any accrued and unpaid interest (including any Arrears of Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of any obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or to any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

Claims in respect of the share capital of the Issuer, including any preference shares outstanding from time to time, are not subject to loss absorbing measures under an Issuer Re-construction.

(b) **Set-Off**

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities or the Coupons and each Holder and Couponholder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

4. **INTEREST**

(a) **Interest Payment Dates**

The Capital Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 2 September 2021 (the **Issue Date**) in accordance with the provisions of this Condition 4 (*Interest*).

Subject to Condition 5 (*Optional Interest Deferral*), interest shall be payable on the Capital Securities annually in arrear on 2 March in each year (each an **Interest Payment Date**) from (and including) 2 March 2022 (the **First Interest Payment Date**).

(b) **Interest Accrual**

The Capital Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 (*Redemption*) or the date of substitution thereof pursuant to Condition 7 (*Substitution or Variation*), as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Capital Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Capital Securities, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

When interest is required to be calculated in respect of a period of less than a full year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next (or, as the case may be, the first) scheduled Interest Payment Date (the **day-count fraction**). Where it is necessary to compute an amount of interest in respect of any Capital Security for a period of more than an Interest Period, such interest shall be the aggregate of the interest computed in respect of a full year plus the interest computed in respect of the period exceeding the full year calculated in the manner as aforesaid.

Interest in respect of any Capital Security shall be calculated per EUR1,000 in principal amount thereof (the **Calculation Amount**). The amount of interest calculated per Calculation Amount for any period shall be equal to the product of the relevant Interest Rate, the Calculation Amount and the day-count fraction for the relevant period and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of a Capital Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Capital Security without any further rounding.

(c) **Initial Interest Rate**

The Interest Rate in respect of each Interest Period commencing prior to the First Reset Date is 3.125 per cent. per annum (the **Initial Interest Rate**).

The first payment of interest, to be made on the First Interest Payment Date, will be in respect of the short first period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and will amount to EUR 15.50 per Calculation Amount. The Interest Payment in respect of each Interest Period commencing on or after the First Interest Payment Date and before the First Reset Date will amount to EUR 31.25 per Calculation Amount (and any such Interest Payment may be deferred in accordance with Condition 5 (*Optional Interest Deferral*)).

(d) **Reset Interest Rates**

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the applicable Margin and the applicable 5 Year EUR Mid-Swap Rate for such Reset Period, all as determined by the Calculation Agent (each a **Reset Interest Rate**).

(e) **Determination of Reset Interest Rates and Calculation of Interest Amounts**

The Calculation Agent shall, at or as soon as practicable after 11.00 a.m. (Central European Time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the Reset Period commencing immediately following such Reset Interest Determination Date and shall calculate the amount of interest which will (subject to deferral in accordance with Condition 5 (*Optional Interest Deferral*)) be payable per Calculation Amount in respect of each Interest Period in such Reset Period (the **Interest Amount**).

(f) **Publication of Reset Interest Rates and Interest Amounts**

Unless the Capital Securities are to be redeemed, the Issuer shall cause notice of each Reset Interest Rate and each related Interest Amount to be given to the Fiscal Agent, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 18 (*Notices*), the Holders, in each case as soon as practicable after its determination but in any event not later than the first Business Day of the relevant Reset Period.

(g) **Calculation Agent**

The Issuer may from time to time replace the Calculation Agent with another reputable independent financial institution of good standing. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another reputable independent financial institution of good standing to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid. If the Issuer fails to appoint a successor Calculation Agent in a timely manner, then the Calculation Agent shall be entitled to appoint as its successor a reputable independent financial institution of good standing which the Issuer shall approve.

(h) **Determinations of Calculation Agent Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Interest*) by the Calculation

Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and Couponholders and no liability to the Holders, the Couponholders or (in the absence of wilful default or bad faith) the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) **Step-Up after first Change of Control Event**

Notwithstanding any other provision of this Condition 4 (*Interest*), if the Issuer does not elect to redeem the Capital Securities in accordance with Condition 6(f) (*Redemption - Redemption for Change of Control Event*) following the occurrence of the first Change of Control Event to occur on or after the Issue Date, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 4 (*Interest*) in respect of the Capital Securities shall be increased by an additional 5 percentage points per annum with effect from (and including) the day immediately following the Change of Control Step-up Date.

(j) **Benchmark Event**

(i) Notwithstanding the provisions above in this Condition 4 (*Interest*), if (on or after 2 September 2026) a Benchmark Event occurs in relation to the Original Reference Rate (whether such occurrence is before, on or after 2 September 2026) when any Reset Interest Rate (or any component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply:

(A) The Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread and any Benchmark Amendments no later than five Business Days prior to the relevant Reset Interest Determination Date (the **IA Determination Cut-off Date**).

(B) If the Issuer, following consultation with the Independent Adviser and acting in good faith determines that:

(1) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(j)(i)(D) below) subsequently be used in place of the Original Reference Rate as a component part of determining the relevant Reset Interest Rate(s) for all future payments of interest on the Capital Securities (subject to the subsequent further operation of this Condition 4(j) (*Benchmark Event*)); or

(2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(j)(i)(D) below) subsequently be used in place of the Original Reference Rate as a component part of determining the relevant Reset Interest Rate(s) for all future payments of interest on the Capital Securities (subject to the subsequent further operation of this Condition 4(j) (*Benchmark Event*)); or

(C) if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate, or, in either case, an applicable Adjustment Spread, prior to the

IA Determination Cut-off Date, the fallback provisions set out in paragraph (b) of the definition of 5 Year EUR Mid-Swap Rate and the definition of Reset Reference Bank Rate, in Condition 21 (*Definitions*) will continue to apply. For the avoidance of doubt, this Condition 4(j)(i)(C) shall apply to the determination of the Reset Interest Rate on the relevant Reset Interest Determination Date only, and the Reset Interest Rate applicable to any subsequent Reset Period(s) is subject to the subsequent further operation of, and to adjustment as provided in, this Condition 4(j) (*Benchmark Event*).

- (D) If a Successor Rate or Alternative Rate is determined in accordance with Condition 4(j)(i)(B) above, the Independent Adviser acting in good faith shall determine an Adjustment Spread (which may be expressed as a specified quantum of, or a formula or methodology for determining, the applicable Adjustment Spread), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Reset Interest Rate by reference to such Successor Rate or Alternative Rate (as applicable).
- (E) If any Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 4(j) (*Benchmark Event*) and the Independent Adviser acting in good faith determines:
 - (I) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and
 - (II) the terms of the Benchmark Amendments, then the Issuer may also, following consultation with the Fiscal Agent, take necessary steps to effect such Benchmark Amendments (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the relevant Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4(j) (*Benchmark Event*)). No Holder consent shall be required in connection with effecting such Benchmark Amendments.
- (F) The Issuer shall promptly following the determination of any Successor Rate, Alternative Rate or Adjustment Spread give notice thereof and of any Benchmark Amendments to the Calculation Agent, the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any and will be binding on the Issuer, the Calculation Agent, the Paying Agents and the Holders.
- (G) Without prejudice to the obligations of the Issuer under this Condition 4(j)(i), the Original Reference Rate and the fallback provisions provided for in the definitions of 5 Year EUR Mid-Swap Rate and Reset Reference Bank Rate in Condition 21 (*Definitions*) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments (if applicable), in accordance with this Condition 4(j) (*Benchmark Event*).
- (H) Notwithstanding any other provision of this Condition 4(j) (*Benchmark Event*), if in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this

Condition 4(j) (*Benchmark Event*), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

Such Benchmark Amendments shall not impose more onerous obligations on the party responsible for determining the Reset Interest Rate or expose it to any additional duties or liabilities unless such party consents.

Notwithstanding any other provision of this Condition 4(j) (*Benchmark Event*), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of "equity credit" assigned to the Capital Securities by any Rating Agency when compared to the "equity credit" assigned to the Capital Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Capital Securities for "equity credit" from any Rating Agency.

(ii) As used in this Condition 4(j) (*Benchmark Event*):

Adjustment Spread means either a spread (which may be positive or negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser acting in good faith determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of an Alternative Rate, or (where 4(j)(ii)(A) above does not apply) in the case of a Successor Rate, the Independent Adviser acting in good faith determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (C) (if no such customary market usage is recognised or acknowledged) the Independent Adviser acting in good faith determines is recognised or acknowledged as being in customary usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser acting in good faith determines in accordance with Condition 4(j)(i)(B) above has replaced the Original Reference Rate in customary market usage in the international debt

capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for resetting 5 year periods in euro or such other rate as the Independent Adviser acting in good faith and in a commercially reasonable manner determines is most comparable to the Original Reference Rate;

Benchmark Amendments has the meaning specified in Condition 4(j)(i)(E) above;

Benchmark Event means:

- (A) the Original Reference Rate ceasing to exist, be permanently administered or be published (in the latter case, for a period of at least 5 Business Days);
- (B) the later of (I) the making of a public statement by the administrator or an insolvency official with jurisdiction over the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (II) the date falling six months prior to the specified date referred to in (I) above;
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- (D) the later of (I) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (II) the date falling six months prior to the specified date referred to in (I) above;
- (E) the later of (I) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (II) the date falling six months prior to the specified date referred to in (I) above;
- (F) it has, or will prior to the next Reset Interest Determination Date, become unlawful for the Issuer, the Calculation Agent, any Paying Agent or any other party to calculate any payments due to be made to any Holder using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable); and/or
- (G) the later of (I) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that the Original Reference Rate is or will, on or before a specified date, be no longer representative or may no longer be used and (II) the date falling six months prior to the specified date referred to in (I) above;

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(j)(i) above at its own expense. For the avoidance of doubt, an Independent Adviser appointed pursuant to this Condition 4(j) (*Benchmark Event*) shall act in good faith

as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Paying Agents, the Holders or the Couponholders for any determination made by it pursuant to this Condition 4(j) (*Benchmark Event*);

Original Reference Rate means the rate described in the first paragraph of the definition of 5 Year EUR Mid-Swap Rate (provided that if, following one or more Benchmark Events, such 5 Year EUR Mid-Swap Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate, the term “Original Reference Rate” shall after such replacement mean the Successor Rate or Alternative Rate then used for making interest determination);

Relevant Nominating Body means, in respect of the Original Reference Rate:

- (A) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (I) the central bank for the currency to which the Original Reference Rate relates, (II) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (III) a group of the aforementioned central banks or other supervisory authorities, or (IV) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. OPTIONAL INTEREST DEFERRAL

(a) Deferral of Interest Payments

The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole or in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on any Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice (a **Deferral Notice**) of such election to the Holders in accordance with Condition 18 (*Notices*), the Fiscal Agent and to the Paying Agents not less than seven Business Days prior to the relevant Interest Payment Date.

Any Interest Payment so deferred pursuant to this Condition 5(a) (*Deferral of Interest Payments*) shall, from (and including) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (but excluding) the date on which it is paid in full, itself bear interest (such further interest being an **Additional Interest Amount**) at the Interest Rate prevailing from time to time (which interest shall compound on each subsequent Interest Payment Date on which such interest remains unpaid) and, for so long as the same remains unpaid, such deferred interest shall constitute **Deferred Interest** (such Deferred Interest, together with the Additional Interest Amount, being **Arrears of Interest**). Unless the context otherwise requires all references herein to interest shall be deemed to include Arrears of Interest.

The deferral of an Interest Payment in accordance with this Condition 5(a) (*Deferral of Interest Payments*) shall not constitute a default by the Issuer under the Capital Securities or for any other purpose.

(b) **Settlement of Arrears of Interest**

(i) **Optional Settlement**

Arrears of Interest may be paid (in whole or in part) at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 18 (*Notices*), and the Paying Agents not less than seven Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Arrears of Interest (or part thereof).

If amounts in respect of Deferred Interest and Additional Interest Amounts are paid in part:

- (A) all unpaid amounts of Deferred Interest shall be payable before any of the Additional Interest Amounts;
- (B) Deferred Interest accrued for any period shall not be payable until full payment has been made of all Deferred Interest that has accrued during any earlier period and the order of payment of the Additional Interest Amounts shall follow that of the Deferred Interest to which it relates; and
- (C) the amount of Deferred Interest or Additional Interest Amounts payable in respect of any of the Capital Securities in respect of any period shall be pro rata to the total amount of all unpaid Deferred Interest or, as the case may be, Additional Interest Amounts accrued on the Capital Securities in respect of that period to the date of payment.

(ii) **Mandatory Settlement**

The Issuer shall pay any Arrears of Interest, in whole but not in part, on the first to occur of the following dates:

- (A) the 10th Business Day following the date on which a Deferred Interest Payment Event occurs;
- (B) any Interest Payment Date in respect of which the Issuer does not elect to defer the interest accrued in respect of the relevant Interest Period; and
- (C) the date on which the Capital Securities are redeemed or repaid in accordance with Condition 6 (*Redemption*) or Condition 12 (*Default and Enforcement*).

Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Condition 18 (*Notices*) and to the Paying Agents within three Business Days of such event.

6. **REDEMPTION**

(a) **No Fixed Redemption Date**

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3(a) (*Subordination and Rights on a Winding-Up or Issuer Re-construction - Rights on a Winding-Up or Issuer Re-construction*)) only have the right to repay them in accordance with the following provisions of this Condition 6 (*Redemption*).

(b) **Issuer's Call Option**

The Issuer may, by giving not less than 10 nor more than 60 days' notice to the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Capital Securities on (a) any date from (and including) 2 December 2026 (the **First Optional Redemption Date**) up to (and including) the First Reset Date, (b) the First Step-up Date or (c) on any Interest Payment Date after the First Step-up Date, at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(c) **Make-whole Redemption by the Issuer**

The Issuer may, having given not less than 10 nor more than 60 days' notice to the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption (such date, the **Make-whole Redemption Date**)), redeem all, but not some only, of the Capital Securities then outstanding at any time, other than (i) during the period from and including the First Optional Redemption Date to and including the First Reset Date, (ii) on the First Step-up Date or (iii) upon any Interest Payment Date after the First Step-up Date, at the Make-whole Redemption Amount. No later than the Business Day immediately following the Calculation Date, the Make-whole Calculation Agent shall notify the Issuer, the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders of the Make-whole Redemption Amount.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

For the purposes of this Condition 6 (*Redemption*), unless the context otherwise requires, the following defined terms shall have the meanings set out below:

Calculation Date means the third Business Day prior to the Make-whole Redemption Date.

Make-whole Calculation Agent means an investment bank, or financial institution, of international standing or an independent financial adviser with appropriate expertise to be appointed by the Issuer.

Make-whole Margin means:

- (i) in respect of the period from (and including) the Issue Date to (but excluding) the First Step-up Date, 0.5 per cent. per annum; and
- (ii) in respect of the period from (and including) the First Step-up Date, 1.5 per cent. per annum;

Make-whole Redemption Amount means, in respect of each Capital Security, an amount in Euro, determined by the Make-whole Calculation Agent, equal to the sum of:

- (i) the greater of (x) 100 per cent. of the principal amount outstanding of such Capital Security to be redeemed and (y) the sum of the present values as at the Make-whole Redemption Date of (A) the principal amount outstanding of such Capital Security, discounted from the last day of the Remaining Term to such Make-whole Redemption Date; and (B) the remaining scheduled payments of interest on such Capital Security (exclusive of any Arrears of Interest and any interest accruing on such Capital Security from, and including, the last Interest Payment Date or, as the case may be, the Issue Date, immediately preceding such Make-whole Redemption Date to, but excluding, the Make-whole Redemption Date) for the Remaining Term discounted to such Make-whole Redemption Date, in all cases on the basis of the day-count fraction at a rate equal to the Make-whole Redemption Rate; and
- (ii) any interest accrued but not paid, and any unpaid Arrears of Interest, on such Capital Security to, but excluding, the Make-whole Redemption Date.

Make-whole Redemption Rate means the sum, as calculated by the Make-whole Calculation Agent, of the Reference Bond Rate and the Make-whole Margin.

Reference Bond means DBR 0.25 per cent. due 15 February 2027 (with ISIN DE0001102416), or if such security is no longer outstanding, a Similar Security chosen by the Make-whole Calculation Agent and notified to the Issuer.

Reference Bond Rate means the mid-market annual yield to maturity of the Reference Bond as displayed on the Reference Screen Page at 11.00 a.m. (CET) on the Calculation Date (or, if the Reference Screen Page is not available at such time, the average of the four quotations given by Reference Dealers of the mid-market annual yield to maturity of the Reference Bond on the Calculation Date at or around 11.00 a.m. (CET)). The Reference Bond Rate (and the reference of the Similar Security, if applicable) will be published by the Issuer in accordance with Condition 18 (*Notices*).

Reference Dealers means four banks selected from time to time by the Make-whole Calculation Agent, at its sole discretion, which are primary government securities dealers, and their respective successors, or market makers in pricing corporate bond issues.

Reference Screen Page means Bloomberg screen page “HP” for the Reference Bond (using the settings “Mid YTM” and “Daily”) (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Bond.

Remaining Term means the period from (and including) the Make-whole Redemption Date to (but excluding) (i) if the Make-whole Redemption Date occurs before the First Optional Redemption Date, the First Optional Redemption Date or (ii) if the Make-whole Redemption Date occurs after the First Reset Date but before the First Step-up Date, the First Step-up Date or (c) if the Make-Whole Redemption occurs after the First Step-up Date, the next succeeding Interest Payment Date;

Similar Security means a German *Bundesobligationen* having an actual or interpolated maturity comparable with the Remaining Term that would be utilised, at the time of selection and in

accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in euros with a comparable maturity to the Remaining Term.

(d) Redemption upon a Tax Deductibility Event, a Capital Event or an Accounting Event

If a Tax Deductibility Event, a Capital Event or an Accounting Event has occurred and is continuing, the Issuer may, by giving not less than 10 nor more than 60 days' notice to the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (*Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution or Variation*), redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

- (i) 101 per cent. of their principal amount, where such redemption occurs before the First Optional Redemption Date; or
- (ii) 100 per cent. of their principal amount, where such redemption occurs on or after the First Optional Redemption Date,

together, in each case, with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(e) Redemption upon a Withholding Tax Event or a Substantial Repurchase Event

If a Withholding Tax Event has occurred and is continuing, or if a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 10 nor more than 60 days' notice to the Paying Agents and, in accordance with Condition 18 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (*Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution or Variation*), redeem all, but not some only, of the Capital Securities at any time at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(f) Redemption for Change of Control Event

If a Change of Control Event occurs on or after the Issue Date the Issuer may, at the earliest on the last day of the Exercise Period, and upon giving not less than 10 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (*Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution or Variation*), redeem all, but not some only, of the Capital Securities at an amount equal to 100 per cent. of their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

Promptly upon the Issuer becoming aware that a Change of Control Event has occurred and, in any event, within 5 days of the Issuer becoming aware that such Change of Control Event has occurred,

the Issuer shall give notice (a **Change of Control Event Notice**) to the Holders in accordance with Condition 18 (*Notices*) specifying the nature of the Change of Control Event.

7. **SUBSTITUTION OR VARIATION**

If at any time an Accounting Event, a Capital Event, a Tax Deductibility Event or a Withholding Tax Event has occurred on or after the Issue Date and is continuing, then the Issuer may, subject to Condition 8 (*Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution or Variation*) (without any requirement for the consent or approval of the Holders or Couponholders) and having given not less than 15 nor more than 60 days' notice to the Paying Agents and, in accordance with Condition 18 (*Notices*), to the Holders (which notice shall be irrevocable), at any time either:

- (a) substitute all, but not some only, of the Capital Securities for Qualifying Capital Securities; or
- (b) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be, Qualifying Capital Securities.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Securities in accordance with this Condition 7 (*Substitution or Variation*).

In connection with any substitution or variation in accordance with this Condition 7 (*Substitution or Variation*), the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

8. **PRECONDITIONS TO SPECIAL EVENT REDEMPTION, CHANGE OF CONTROL EVENT REDEMPTION, SUBSTITUTION OR VARIATION**

Prior to the publication of any notice of redemption pursuant to Condition 6 (*Redemption*) (other than redemption pursuant to Condition 6(b) (*Redemption - Issuer's Call Option*) or Condition 6(c) (*Redemption - Make-whole Redemption by the Issuer*) or any notice of substitution or variation pursuant to Condition 7 (*Substitution or Variation*), the Issuer shall deliver to the Fiscal Agent:

- (a) a certificate signed by two authorised signatories of the Issuer stating:
 - (i) that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) the Capital Securities is satisfied;
 - (ii) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts pursuant to and in accordance with Condition 11 (*Taxation*) by taking measures reasonably available to it;
 - (iii) in the case of a substitution or variation pursuant to Condition 7 (*Substitution or Variation*), that:
 - (A) the Issuer has determined that the terms of the Qualifying Capital Securities are not materially less favourable to Holders than the terms of the Capital Securities and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;

- (B) the criteria specified in paragraphs (a) to (h) of the definition of Qualifying Capital Securities will be satisfied by the Qualifying Capital Securities upon issue; and
 - (C) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event;
- (b) in the case of a Tax Deductibility Event or a Withholding Tax Event, an opinion of legal or other tax advisers to the Issuer in Sweden (of recognised standing and experienced in such matters) to the effect that a Tax Deductibility Event or a Withholding Tax Event (as applicable) has occurred and is continuing;
 - (c) in the case of an Accounting Event only, a copy of a letter or report from a recognised international accounting firm confirming that an Accounting Event has occurred; and
 - (d) in the case of a Tax Deductibility Event only, the Issuer shall deliver to the Fiscal Agent a tax ruling from the Swedish tax authorities, issued prior to the Tax Law Change, which confirms that the Issuer was entitled to claim a Tax Deduction on or after the Issue Date.

Such certificate and, if applicable, opinion and tax ruling shall, absent manifest error, be conclusive and binding on all parties.

Any redemption of the Capital Securities in accordance with Condition 6 (*Redemption*) shall be conditional on all Arrears of Interest being paid in full in accordance with the provisions of Condition 5(b)(ii) (*Optional Interest Deferral – Settlement of Arrears of Interest - Mandatory Settlement*) on or prior to the date of such redemption.

9. PURCHASES AND CANCELLATION

(a) Purchase

Each of the Issuer and any of its Subsidiaries may at any time purchase or procure others to purchase beneficially for its account any or all Capital Securities in the open market or otherwise and at any price. The Capital Securities so purchased may be held or resold or surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons appertaining thereto) at the option of the Issuer or such Subsidiary, as the case may be in compliance with Condition 9(b) (*Cancellation*). Any purchases of Capital Securities will be made together with all unmatured Coupons and all unexchanged Talons appertaining thereto.

The Capital Securities so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries shall not entitle the Holder to vote at any meeting of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for any other purpose specified in Condition 16 (*Meetings of Holders; Modification and Waiver; Issuer Substitution*).

(b) Cancellation

All Capital Securities which are redeemed pursuant to Condition 6 (*Redemption*) or substituted pursuant to Condition 7 (*Substitution or Variation*) and all Capital Securities purchased and surrendered for cancellation pursuant to Condition 9(a) (*Purchase*) (in each case, together with all unmatured Coupons and all unexchanged Talons relating thereto) will be cancelled and may not be

reissued or resold. For so long as the Capital Securities are admitted to trading on the Global Exchange Market (**GEM**) of the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**) and the rules of such exchange so require, the Issuer shall promptly inform Euronext Dublin of the cancellation of any Capital Securities under this Condition 9(b) (*Cancellation*).

10. PAYMENTS

(a) Method of Payment

- (i) Payments of principal, premium and interest will be made against presentation and surrender of Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Securities. Such payments will be made by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with a bank in a city in which banks have access to the TARGET System.
- (ii) Upon the due date for redemption of any Capital Security, unmatured Coupons relating to such Capital Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Capital Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iii) Upon the due date for redemption of any Capital Security, any unexchanged Talon relating to such Capital Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Capital Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon sheet (to include another Talon for a further Coupon sheet, if appropriate) (but excluding any Coupons that may have become void pursuant to Condition 13 (*Prescription*)).

(b) Payments on business days

If the due date for payment of any amount in respect of any Capital Security or Coupon is not a business day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, **business day** means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation, London and Stockholm and, in the case of payment by transfer to a Euro account as referred to above, is a day on which the TARGET System is operating.

(c) Payments subject to Fiscal Laws

All payments in respect of the Capital Securities are subject in all cases to any (i) applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) withholding or deduction required pursuant to an agreement

described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto (**FATCA Withholding**).

(d) **Interpretation of Principal, Premium and Interest**

References in these Conditions to principal, premium, Interest Payments, Arrears of Interest and/or any other amount in respect of interest shall be deemed to include any additional amounts which may become payable pursuant to Condition 11 (*Taxation*).

11. **TAXATION**

All payments of principal, premium and interest (including Arrears of Interest) in respect of the Capital Securities and the Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Capital Securities or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable in respect of any Capital Security or Coupon:

- (a) presented for payment in a Tax Jurisdiction; or
- (b) the holder of which is liable for such taxes or duties in respect of such Capital Security or Coupon by reason of the holder's having some connection with a Tax Jurisdiction other than the mere holding of such Capital Security or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined in Condition 21 (*Definitions*)) except to the extent that the Holder or Couponholder would have been entitled to an additional amount on presenting the same for payment on the last day of such period of 30 days assuming that day to have been a business day (as defined in Condition 10(b) (*Payments - Payments on business days*)).

Notwithstanding any other provision of the Conditions, in no event will the Issuer or any other person be required to pay any additional amounts in respect of the Capital Securities, Coupons or Talons for, or on account of, any FATCA Withholding.

12. **DEFAULT AND ENFORCEMENT**

(a) **Proceedings**

Without prejudice to the Issuer's right to defer the payment of interest under Condition 5(a) (*Optional Interest Deferral - Deferral of Interest Payments*), if a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall be deemed to be in default under the Capital Securities and the Coupons and any Holder may institute proceedings for an Issuer Winding-up **provided that** the default is continuing.

In the event of an Issuer Winding-up (whether instituted as aforesaid or otherwise), a Holder may, provided such Holder does not contravene a previously adopted Extraordinary Resolution (if any), prove and/or claim in such Issuer Winding-up in respect of its Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Condition 3(a) (*Subordination and Rights on a Winding-Up or Issuer Re-construction - Rights on a Winding-Up or Issuer Re-construction*).

(b) **Enforcement**

Any Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) **Extent of Holders' Remedy**

No remedy against the Issuer, other than as referred to in this Condition 12 (*Default and Enforcement*), shall be available to the Holders or Couponholders, whether for the recovery of amounts owing in respect of the Capital Securities or the Coupons or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities or the Coupons.

13. **PRESCRIPTION**

Claims against the Issuer in respect of the Capital Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment or made, as the case may be, within a period of 10 years in the case of Capital Securities (in respect of claims relating to principal and premium) and five years in the case of Coupons (in respect of claims relating to interest, including Arrears of Interest) from the Relevant Date relating thereto. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 13 (*Prescription*) or Condition 10(a)(ii) (*Payments – Method of Payment*).

14. **REPLACEMENT OF CAPITAL SECURITIES, COUPONS AND TALONS**

If any Capital Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders in accordance with Condition 18 (*Notices*), on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Capital Security, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Capital Securities, Coupons or further Coupons) and otherwise as the Issuer may reasonably require.

Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before replacements will be issued.

15. AGENTS

- (a) The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain a fiscal agent;
- (b) so long as the Capital Securities are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (which may be the Fiscal Agent) having a specified office outside Sweden in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority); and
- (c) there will at all times be a Paying Agent in a jurisdiction other than the jurisdiction in which the Issuer is incorporated.

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents shall promptly be given to the Holders in accordance with Condition 18 (*Notices*).

If the Calculation Agent or the Fiscal Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint an independent financial institution to act as such in its place.

In acting under the Agency Agreement and in connection with the Capital Securities, Coupons and Talons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders or Couponholders.

16. MEETINGS OF HOLDERS; MODIFICATION AND WAIVER; ISSUER SUBSTITUTION

(a) Meetings of Holders

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities, the Coupons or any provision of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Holders holding not less than five per cent. in nominal amount of the Capital Securities for the time being remaining outstanding. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in nominal amount of the Capital Securities for the time being outstanding or, at any adjourned meeting, one or more persons being or representing Holders whatever the nominal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities or Coupons (including, *inter alia*, the provisions regarding subordination referred to in Condition 3 (*Subordination and Rights on a Winding-Up or Issuer Reconstruction*)), the terms concerning currency and due dates for payment of principal, premium or interest (including Arrears of Interest) in respect of the Capital Securities reducing or cancelling the principal amount of any Capital Securities, any premium or any Interest Rate), the necessary quorum will be one or more persons holding or representing not less than two-thirds in nominal amount of the Capital Securities for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third, of the nominal amount of the Capital Securities for the time being outstanding.

The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than 75 per cent. of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the Holders of, or persons representing the Holders of, not less than, 75 per cent. in nominal amount of the Capital Securities for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing systems by or on behalf of the Holders representing not less than 75 per cent. in nominal amount of the Capital Securities for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders. An Extraordinary Resolution passed by the Holders will be binding on all Holders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 4(j) (*Interest - Benchmark Event*) or Condition 7 (*Substitution or Variation*) in connection with the substitution or variation of the terms of the Capital Securities so that they remain or become Qualifying Capital Securities.

(b) **Modification and Waiver**

The Capital Securities, these Conditions and the Deed of Covenant may be amended without the consent of the Holders if the modification is of a formal, minor or technical nature or is to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the sole opinion of the Issuer, not materially prejudicial to the interests of the Holders.

Any such modification and waiver shall be binding on the Holders and the Couponholders.

(c) **Issuer Substitution**

The Issuer, or any previously substituted company, may at any time, without the consent of the Holders or the Couponholders, substitute for itself as principal debtor under the Capital Securities and the Coupons on a subordinated basis equivalent to that referred to in Conditions 2 (*Status*) and 3 (*Subordination and Rights on a Winding-Up or Issuer Re-construction*) a company (the **Substitute**) in the manner specified in the Agency Agreement, **provided that** no payment in respect of the Capital Securities or the Coupons is at the relevant time overdue and no Special Event will occur as a result of the substitution. Such substitution shall be made by a deed poll (the **Deed Poll**), to be substantially in the form exhibited to the Agency Agreement, and may take place only if:

- (i) the Substitute shall have become party to the Agency Agreement *mutatis mutandis* with any appropriate consequential amendments, as if it had been an original party thereto and the Substitute shall assume the obligations of the relevant Issuer under the Deed of Covenant relating to the Capital Securities;
- (ii) the Substitute shall, by means of the Deed Poll, agree to indemnify each Holder and Couponholder against any withholding, tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and/or, if different, of its incorporation with respect to any Capital Security, Coupon or Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any withholding,

tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;

- (iii) in the event that all the assets and liabilities of the Issuer are not assumed by the Substitute, the obligations of the Substitute under the Deed Poll, the Agency Agreement, the Deed of Covenant, the Capital Securities, the Coupons and the Talons shall be unconditionally and irrevocably guaranteed by the Issuer (or its successor in business) on the same subordinated basis as the Capital Securities under Condition 3 (*Subordination and Rights on a Winding-Up or Issuer Re-construction*) by means of the Deed Poll;
- (iv) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Agency Agreement, the Deed of Covenant, the Capital Securities, the Coupons and the Talons represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Issuer, have been taken, fulfilled and done and are in full force and effect;
- (v) the Substitute, if incorporated in a jurisdiction other than England, shall have appointed an agent to receive, for and on its behalf, service of process in any proceedings in England;
- (vi) each listing authority and stock exchange (if any) on which the Capital Securities are then admitted to listing or trading shall have confirmed that, following the proposed substitution, the Capital Securities will be admitted to listing or trading by such listing authority or stock exchange;
- (vii) the Substitute shall have delivered to the Holders (care of the Fiscal Agent) a certificate signed by two authorised signatories of the Substitute that the Substitute is solvent at the time at which the substitution is proposed to be effected;
- (viii) legal opinions, subject to customary assumptions and qualifications, addressed to the Holders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (ii) above and in England confirming, as applicable, (A) that the Substitute has obtained all necessary approvals for its assumptions of its duties and liabilities as the Substitute and, where relevant, Castellum AB has obtained all necessary approvals for its giving of the guarantee referred to in (iii) above; and (B) any documents to which the Substitute is a party under paragraphs (i) and (ii) above and to which the Issuer is a party under (iii) above, as the case may be, constitute legal, valid, binding and enforceable obligations of the Substitute or the Issuer, as the case may be; and
- (ix) the Issuer shall have given at least 14 days' prior notice in accordance with Condition 18 (*Notices*) of such substitution to the Holders stating that copies, or, pending execution, the agreed text of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to the Holders, will be available for inspection at the specified office of each of the Paying Agents.

References in Condition 12 (*Default and Enforcement*) to obligations under the Capital Securities shall be deemed to include obligations under the Deed Poll.

17. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders or the Couponholders, create and issue further Capital Securities having the same terms and conditions as the Capital Securities in all respects (or in all respects except for the first payment of interest) so that the same shall be consolidated and form a single series with the Capital Securities (**Further Capital Securities**).

18. NOTICES

All notices regarding the Capital Securities shall be validly given if published (i) in a leading newspaper having general circulation in London (which is expected to be the *Financial Times* or, if this is not possible, in another English language daily newspaper having general circulation in Europe) and (ii) if and for so long as the Capital Securities are admitted to trading on Euronext Dublin and the rules of Euronext Dublin so require, publication will also be made in such manner as may be required or permitted by the rules of Euronext Dublin. Any such notice will be deemed to have been given on the date of the first publication in the required newspaper or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders.

19. GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Agency Agreement, the Deed of Covenant, the Capital Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with any of them are governed by, and shall be construed in accordance with, English law, other than the provisions of Condition 3(a) (*Subordination and Rights on a Winding-Up or Issuer Re-construction - Rights on a Winding-Up or Issuer Re-construction*) and any non-contractual obligations arising out of or in connection with them which are governed by, and shall be construed in accordance with, the laws of Sweden.

(b) Jurisdiction

(i) The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Capital Securities, the Coupons or the Talons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the the Capital Securities, the Coupons and/or the Talons (a **Dispute**) and accordingly each of the Issuer and any Holders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(ii) For the purposes of this Condition 19(b) (*Jurisdiction*), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) Appointment of Process Agent

The Issuer has irrevocably appointed The Swedish Trade and Invest Council at 5 Upper Montague Street, London W1H 2AG as its agent for service of process in any proceedings before the English courts in relation to any Dispute and has agreed that, in the event of The Swedish Trade and Invest

Council being unable or unwilling for any reason so to act, it will immediately appoint another entity as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Capital Securities under the Contracts (Rights of Third Parties) Act 1999.

21. **DEFINITIONS**

In these Conditions:

5 Year EUR Mid-Swap Rate means, with respect to a Reset Period:

- (a) the mid swap rate for euro swap transactions with a maturity of five years (**5 Year EUR Mid-Swap**), as published on Reuters screen ICESWAP2/EURSFIXA under FIXED VS. 6M EURIBOR (or such other page or service as may replace it for the purposes of displaying European swap rates of leading reference banks for swaps in Euro) (in each case, the **Reset Screen Page**), as at approximately 11.00 a.m. (Central European time) on the Reset Interest Determination Date applicable to such Reset Period; or
- (b) if, on the Reset Interest Determination Date applicable to such Reset Period, the 5 Year EUR Mid-Swap Rate does not appear on the Reset Screen Page, the 5 Year EUR Mid-Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date. If (a) at least three 5 year Swap Rate Quotations are provided, the Reset Reference Bank Rate will be calculated by the Calculation Agent on the basis of the arithmetic mean (or, if only three quotations are provided, the median) of the quotations provided, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) only two 5 year Swap Rate Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) only one 5 year Swap Rate Quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) no 5 year Swap Rate Quotations are provided, the Reset Reference Bank Rate for the relevant period will be: (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Reference Bank Rate in respect of the immediately preceding Reset Period, or (ii) in the case of the Reset Period commencing on the First Reset Date, -0.354 per cent. which represents the 5 Year EUR Mid-Swap Rate at pricing;

the **5 year Swap Rate Quotations** means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the relevant Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the 6-month EURIBOR rate (calculated on the basis of the actual number of days elapsed and a year of 360 days);

an **Accounting Event** shall be deemed to occur if the Issuer has received, and notified the Holders in accordance with Condition 18 (*Notices*) that it has so received, a letter or report of a recognised accountancy firm of international standing, stating that, as a result of a change in the accounting

rules or methodology (or in each case the application thereof) after the Issue Date (the earlier of such date that the aforementioned change is officially announced in respect of IFRS or officially adopted or put into practice, the **Accounting Event Adoption Date**), the Capital Securities may not or may no longer be recorded as “equity” in full in any of the consolidated financial information of the Issuer pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of preparing the annual, semi-annual or quarterly consolidated financial information of the Issuer. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date. The period during which the Issuer may notify the redemption of the Capital Securities as a result of the occurrence of an Accounting Event shall start on, and include, the Accounting Event Adoption Date. For the avoidance of doubt such period shall include any transitional period between the Accounting Event Adoption Date and the date on which it comes into effect;

Agency Agreement has the meaning given in the preamble of the Conditions;

Agents means the Paying Agents, the Calculation Agent and any successor thereto appointed in accordance with the Agency Agreement;

Arrears of Interest has the meaning given in Condition 5(a) (*Optional Interest Deferral- Deferral of Interest Payments*);

Business Day means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and Stockholm and on which the TARGET System is open;

Calculation Agent means Citibank, N.A., London Branch, or any successor appointed in accordance with the Agency Agreement;

Calculation Amount has the meaning given to it in Condition 4(b) (*Interest - Interest Accrual*);

a **Capital Event** shall be deemed to occur if the Issuer has received confirmation from a Rating Agency providing a solicited rating at the invitation or with the consent of the Issuer, either directly or via a publication by such Rating Agency, that an amendment to, clarification of, or change in interpretation has occurred in the equity credit criteria of such Rating Agency effective after the Issue Date (or, if equity credit is not assigned to the Capital Securities on the Issue Date, effective after the date when the equity credit is assigned to the Capital Securities for the first time, as applicable) and (a) this has resulted in lower equity credit (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Capital Securities, in whole or in part, than the equity credit assigned on the Issue Date (or if equity credit is not assigned to the Capital Securities on the Issue Date, at the date when the equity credit is assigned to the Capital Securities for the first time) (or if the Capital Securities have been partially or fully re-financed since the Issue Date and are no longer eligible for equity credit in part or in full as a result, all or any of the Capital Securities would have received lower equity credit as a result of such amendment, clarification, change in criteria or change in the interpretation had they not been re-financed) or (b) this has resulted in the length of time the Capital Securities are assigned a particular level of "equity credit", after being assigned such equity credit for the first time, by that Rating Agency being shortened as compared to the length of time they would have been assigned that level of "equity credit" by that Rating Agency under its prevailing criteria on the Issue Date (or if equity credit was not assigned to the Capital Securities on the Issue Date, at the date when the equity credit is assigned to the Capital Securities for the first time);

Capital Securities has the meaning given in the preamble to the Conditions;

a **Change of Control Event** will be deemed to occur if:

- (a) any Person or any Persons acting in concert shall acquire (A) shares in the issued or allotted share capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer or (B) the power to appoint or remove the majority of the members of the board of directors of the Issuer (each such event being, a **Change of Control**); and
 - (b) on the date (the **Relevant Announcement Date**) that is the earlier of (1) the date of the earliest Potential Change of Control Announcement (as defined below) (if any) and (2) the date of the first public announcement of the relevant Change of Control, the Senior Notes carry:
 - (i) an investment grade credit rating (Baa3/BBB-/BBB-, or equivalent, or better) (an **Investment Grade Rating**) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and, within the Change of Control Period, any such Rating Agency downgrades its rating of the Senior Notes to a non-investment grade credit rating (Ba1/BB+/BB+ or equivalent, or worse) or withdraws its rating of the Senior Notes and such rating is not within the Change of Control Period (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency; or
 - (ii) a non-investment grade credit rating (Ba1/BB+/BB+ or equivalent or worse) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
 - (iii) no credit rating from any Rating Agency and a Negative Rating Event also occurs within the Change of Control Period,
- and
- (c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn).

If the rating designations employed by Moody's, S&P or Fitch are changed from those which are described in paragraph (b) above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's, S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, S&P or Fitch and this definition shall be construed accordingly.

Change of Control Period means the period commencing on the Relevant Announcement Date and ending 120 days after the occurrence of the Change of Control or, where a Rating Agency has publicly announced that the Senior Notes are under consideration for rating review or, as the case may be, being assigned a solicited rating (such public announcement being within the period ending 120 days after the Change of Control), the later of (a) such 120th day after the Change of Control and (b) the date falling 60 days after such public announcement;

Change of Control Step-up Date shall be date which is 30 days after the date following the expiry of the Exercise Period;

Code has the meaning given to it in Condition 10(c) (*Payments - Payments subject to Fiscal Laws*);

Conditions means these terms and conditions of the Capital Securities, as amended from time to time;

continuing is an event or failure that has not been waived or remedied;

Coupon has the meaning given in the preamble to the Conditions;

Couponholders has the meaning given in the preamble to the Conditions;

day-count fraction has the meaning given in Condition 4(b) (*Interest - Interest Accrual*);

Deferral Notice has the meaning given in Condition 5(a) (*Optional Interest Deferral - Deferral of Interest Payments*);

Deferred Interest has the meaning given in Condition 5(a) (*Optional Interest Deferral - Deferral of Interest Payments*);

A Deferred Interest Payment Event means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its Ordinary Shares or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities;
- (b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities;
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of the Ordinary Shares or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities; and/or
- (d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;

- (ii) in the case of paragraph (b) above only, any partial payment of accrued but unpaid interest on Parity Securities, provided that all accrued but unpaid interest on the Capital Securities and all outstanding Parity Securities at the same time is paid pro rata;
- (iii) in the case of paragraph (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition that is executed in connection with, or for the purpose of (1) any reduction of the quota value of the Ordinary Shares of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases of this (2), reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (iv) in the case of paragraph (d) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value;

EUR and/or **euro** means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended;

EURIBOR means the month Euro Interbank Offered Rate;

Euronext Dublin has the meaning given to it in Condition 9(b) (*Purchases and Cancellation - Cancellation*);

Exercise Period means the period from the date on which the Change of Control Event occurred to the day which is the earlier of (a) 60 days after such date and (b) the last day on which holders of Senior Notes, which have a right to put (a **Put Option**) such Senior Notes for redemption exercisable upon the occurrence of a Change of Control Event (howsoever described), and to the extent they have exercised such Put Option within any applicable put option redemption period (howsoever described), have received the redemption proceeds;

Extraordinary Resolution has the meaning given to it in the Agency Agreement;

FATCA Withholding has the meaning given in Condition 10(c) (*Payments - Payments subject to Fiscal Laws*);

First Interest Payment Date has the meaning given to it in Condition 4(a) (*Interest - Interest Payment Dates*);

First Optional Redemption Date means 2 December 2026;

First Reset Date means 2 March 2027;

First Step-up Date means 2 March 2032;

Fiscal Agent has the meaning given in the preamble to these Conditions;

Fitch means Fitch Ratings Limited;

Further Capital Securities has the meaning given to it in Condition 17 (*Further Issues*);

GEM has the meaning given to it in Condition 9(b) (*Purchases and Cancellation - Cancellation*);

Holders has the meaning given in the preamble to these Conditions;

IFRS means International Financial Reporting Standards issued by the International Accounting Standards Board (**IASB**) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);

Initial Interest Rate has the meaning given in Condition 4(c) (*Interest - Initial Interest Rate*);

Interest Amount has the meaning given in Condition 4(e) (*Interest - Determination of Reset Interest Rates and Calculation of Interest Amounts*);

Interest Payment means, in respect of the payment of interest on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Coupon for the relevant Interest Period in accordance with Condition 4 (*Interest*);

Interest Payment Date has the meaning given in Condition 4(a) (*Interest - Interest Payment Dates*);

Interest Period means the period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

Interest Rate means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

Issue Date has the meaning given in Condition 4(a) (*Interest - Interest Payment Dates*);

Issuer has the meaning given in the preamble to these Conditions;

Issuer Re-construction has the meaning given in Condition 3(a) (*Subordination and Rights on a Winding-Up or Issuer Re-construction - Rights on a Winding-Up or Issuer Re-construction*);

Issuer Winding-up has the meaning given in Condition 3(a) (*Rights on a Winding-Up or Issuer Re-construction*);

Margin means:

- (a) in respect of the period from (and including) the First Reset Date to (but excluding) the First Step-up Date, 3.454 per cent.; and
- (b) in respect of the period from (and including) the First Step-up Date, 4.454 per cent.;

Moody's means Moody's Investors Service Limited;

Negative Rating Event shall be deemed to have occurred if (i) the Issuer does not, prior to or not later than 21 days after the occurrence of the relevant Change of Control, seek, and thereafter

throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Senior Notes or (ii) if the Issuer does so seek and use all such reasonable endeavours, it is unable to obtain such rating of at least investment grade (Baa3/BBB-/BBB- or equivalent or better) by the end of the Change of Control Period and the relevant Rating Agency announces publicly or confirms in writing to the Issuer that the failure to issue a rating of at least investment grade (Baa3/BBB-/BBB- or equivalent or better) was as a result, directly or indirectly, of the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control had occurred at such time);

Ordinary Shares means ordinary shares in the capital of the Issuer;

Parity Securities or **Parity Security** means any preference shares in the capital of the Issuer outstanding from time to time, and any obligations of:

- (a) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities; or
- (b) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities;

Paying Agent has the meaning given in the preamble to these Conditions;

person means any individual, company, corporation, firm, unincorporated association or body, partnership, trust fund, joint venture or consortium, association, organisation, government state or agency of a state or other entity, whether or not having separate legal personality;

Potential Change of Control Announcement means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs;

Qualifying Capital Securities means securities that contain terms not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing) and **provided that** a certification to such effect shall have been delivered to the Fiscal Agent prior to the substitution or variation of the Capital Securities, provided that:

- (a) they shall be issued by the Issuer or by any wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee from the Issuer; and
- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on an Issuer Winding-up and Issuer Re-construction with the ranking of the Capital Securities; and
- (c) they shall contain terms which provide for the same interest rate from time to time applying to the Capital Securities and preserve the same Interest Payment Dates; and
- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Capital Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

- (e) they shall preserve any existing rights under the Capital Securities to any accrued interest, any Arrears of Interest and any other amounts payable under the Capital Securities which, in each case, has accrued to Holders and not been paid; and
- (f) they shall not contain terms providing for the mandatory deferral or cancellation of interest and shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agencies providing a solicited rating at the invitation or with the consent of the Issuer as may have been assigned to the Capital Securities immediately prior to such exchange or variation (if any); and
- (h) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Capital Securities, save where any modifications to such terms are required to be made to avoid the occurrence or effect of, an Accounting Event, a Capital Event, a Tax Deductibility Event or, as the case may be, a Withholding Tax Event or, in the case of a Capital Event occurring following any relevant refinancing of the Capital Securities, to avoid any part of the aggregate principal amount of the Capital Securities which benefitted from equity credit by the relevant Rating Agency prior to the occurrence of the Capital Event being assigned a level of equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) that is lower than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time); and
- (i) they shall be (A) listed on Euronext Dublin and admitted to trading on the GEM or (B) admitted to trading on any other regulated market or multilateral trading facility for the purposes of Directive 2014/65/EU (as amended) as selected by the Issuer on, or as soon as reasonably practicable after, issue;

Rating Agency means each of Fitch, Moody's and S&P or any of their respective successors and any other rating agency (a **Substitute Rating Agency**) of equivalent international standing specified by the Issuer from time to time;

Relevant Date means:

- (a) in respect of any payment other than a sum to be paid by the Issuer in an Issuer Winding-up, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been duly received by the Fiscal Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders by or on behalf of the Issuer in accordance with Condition 18 (*Notices*); and
- (b) in respect of any sum to be paid by or on behalf of the Issuer in an Issuer Winding-up, the date which is one day prior to the date on which an order is made or a resolution is passed for such Issuer Winding-up;

Reset Date means the First Reset Date and each fifth anniversary thereof;

Reset Interest Determination Date means, with respect to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

Reset Interest Rate has the meaning given in Condition 4(d) (*Interest - Reset Interest Rates*);

Reset Period means each period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date thereafter;

Reset Reference Bank Rate means the percentage rate calculated by the Calculation Agent in accordance with these Conditions on the basis of the 5 year Swap Rate Quotations provided by the Reset Reference Banks to the Issuer and the Calculation Agent at approximately 11:00 a.m. (Central European Time) on the relevant Reset Interest Determination Date or as otherwise calculated in accordance with these Conditions;

Reset Reference Banks means five major banks in the European Interbank market selected by the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer);

S&P means S&P Global Ratings Europe Limited;

Senior Notes means the Issuer's long-term senior unsecured debt obligations;

Special Event means any of an Accounting Event, a Capital Event, a Substantial Repurchase Event, a Tax Deductibility Event, a Withholding Tax Event, or any combination of the foregoing;

Subordinated Indebtedness means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up or Issuer Re-construction to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities;

Subsidiary means in relation to any Person (the **first Person**) at any particular time, any other Person:

- (a) which is a subsidiary (*Sw. dotterföretag*) to the first Person, directly or indirectly, as defined in the Swedish Companies Act (*Sw. aktiebolagslagen 2005:551*); or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

a **Substantial Repurchase Event** shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Capital Securities equal to or greater than 75 per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes, any Further Capital Securities);

TARGET System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

Talons has the meaning given in the preamble to these Conditions;

Tax Deductibility Event means that, as a result of a Tax Law Change, the Issuer is no longer entitled to claim a deduction in respect of payments relating to the Capital Securities in computing its taxation liabilities for Swedish tax purposes (a **Tax Deduction**) or the amount of any Tax Deduction is materially reduced in either case in circumstances where unsubordinated debt obligations of the Issuer continue to be fully or partly tax deductible for such purposes;

Tax Jurisdiction means the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction (or any political subdivision or any authority thereof or therein having power to tax) to which payments made by the Issuer of principal, premium and interest (including Arrears of Interest) on the Capital Securities become generally subject;

Tax Law Change means (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of Sweden, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation, (b) any governmental action, or (c) any amendment to, clarification of, or change in the application, official position or the official published interpretation of such law, treaty (or regulations thereunder) or governmental action or any official published interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in Sweden, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the Issue Date;

Taxes has the meaning given in Condition 11 (*Taxation*); and

a **Withholding Tax Event** shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Securities pursuant to Condition 11 (*Taxation*) and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

SUMMARY OF PROVISIONS RELATING TO THE CAPITAL SECURITIES WHILE REPRESENTED BY THE GLOBAL CAPITAL SECURITIES

*The following is a summary of the provisions to be contained in the Temporary Global Capital Security and the Permanent Global Capital Security (together the **Global Capital Securities**) which will apply to, and in some cases modify, the Conditions of the Capital Securities while the Capital Securities are represented by the Global Capital Securities.*

1. Accountholders

For so long as any of the Capital Securities are represented by one or both of the Global Capital Securities and such Global Capital Security(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear, if Euroclear shall be an accountholder of Clearstream, or Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Capital Securities (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Capital Securities standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Holders) other than with respect to the payment of principal, premium and interest on such principal amount of such Capital Securities, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Capital Security in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Capital Security.

2. Payments

On and after the Exchange Date, no payment will be made on the Temporary Global Capital Security unless exchange for an interest in the Permanent Global Capital Security is improperly withheld or refused. Payments of principal and interest in respect of Capital Securities represented by a Global Capital Security will, subject as set out below, be made to the bearer of such Global Capital Security and, if no further payment falls to be made in respect of the Capital Securities, against surrender of such Global Capital Security to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Holders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Capital Security by or on behalf of the Fiscal Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Capital Securities. Payments of interest on the Temporary Global Capital Security (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Capital Securities are represented by one or both of the Global Capital Securities and such Global Capital Security(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Holders may be given by delivery of the relevant notice to

Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders rather than by publication as required by Condition 18 (*Notices*), provided that, so long as the Capital Securities are admitted to trading on the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**), notices shall also be published in accordance with the rules of Euronext Dublin. Any such notice shall be deemed to have been given to the Holders on the date on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Capital Securities held by a Holder are represented by a Global Capital Security, notices to be given by such Holder may be given by such Holder (where applicable) through the applicable clearing system's operational procedures approved for this purpose and otherwise in such manner as the Fiscal Agent and the applicable clearing system approve for this purpose.

4. Interest Calculation

For so long as all of the Capital Securities are represented by the Temporary Global Capital Security and/or the Permanent Global Capital Security (as the case may be), interest shall be calculated in respect of the entire principal amount of Capital Securities represented by the Temporary Global Capital Security and/or the Permanent Global Capital Security (as the case may be) and not per Calculation Amount as provided in Condition 4(b) (*Interest - Interest Accrual*).

5. Exchange and benefits

The Permanent Global Capital Security will be exchangeable in whole but not in part (free of charge to the holder) for definitive Capital Securities only if (each of the following being an **Exchange Event**):

- (a) any of the circumstances described in Condition 12(a) (*Default and Enforcement - Proceedings*) occurs; or
- (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.

The Issuer will promptly give notice to Holders if an Exchange Event occurs. Thereupon, in the case of paragraph (a) or (b) above, the holder of the Permanent Global Capital Security, acting on the instructions of one or more of the Accountholders, may give notice to the Issuer and the Fiscal Agent of its intention to exchange the Permanent Global Capital Security for definitive Capital Securities. Any exchange shall occur no later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent. Exchanges will be made upon presentation of the Permanent Global Capital Security at the office of the Fiscal Agent on any day on which banks are open for general business in London. In exchange for the Permanent Global Capital Security the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Capital Securities (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Capital Security), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Permanent Global Capital Security, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Capital Securities.

In the event that a Global Capital Security (or any part of it) has become due and repayable in accordance with the Conditions and payment in full of the amount due has not been made to the bearer, then from 8.00 p.m. (London time) on such day each Accountholder will become entitled to proceed directly against the Issuer on, and subject to, the terms of the Deed of Covenant executed by the Issuer on 2 September 2021 in respect of the Capital Securities and the bearer will have no further rights under the Global Capital Security (but without prejudice to the rights any person may have under the Deed of Covenant).

6. Prescription

Claims against the Issuer in respect of principal or premium and interest on the Capital Securities represented by a Global Capital Security will be prescribed after ten years (in respect of claims relating to principal and premium) and five years (in respect of claims relating to interest including Arrears of Interest) from the Relevant Date (as defined in Condition 21 (*Definitions*)).

7. Cancellation

Cancellation of any Capital Security represented by a Global Capital Security and required by the Conditions to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Fiscal Agent of the reduction in the principal amount of the relevant Global Capital Security on the relevant part of the schedule thereto.

8. Euroclear and Clearstream, Luxembourg

Capital Securities represented by a Global Capital Security are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Capital Securities and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system through which interests in the Capital Securities are held.

USE OF PROCEEDS

The proceeds from the issuance of the Capital Securities, from which will be deducted the underwriting discounts and expenses associated with the offering, are expected to amount to EUR 1,000,000,000. The Issuer intends to allocate an amount equal to the net proceeds from the issuance of the Capital Securities for general corporate purposes including investments, acquisitions, development projects and the refinancing of existing debt.

DESCRIPTION OF THE ISSUER AND THE GROUP

General

Castellum AB was incorporated on 24 September 1993 as a public limited liability company under the laws of the Kingdom of Sweden (**Sweden**) pursuant to the Swedish Companies Act (Sw. *aktiebolagslagen 2005:551*) and registered in Sweden with registration number 556475-5550. The address of its registered office and domicile is Östra Hamngatan 16, Gothenburg, Sweden, its telephone number is +46 31 60 74 00 and its website is www.castellum.se Castellum was listed on the Stockholm stock exchange (**Stockholm NASDAQ**) on 23 May 1997.

Castellum is one of the largest listed real estate groups in Sweden by reported property market value². As at 30 June 2021, Castellum's property values amounted to SEK 97.2 billion. Castellum owns, develops and manages a real estate portfolio comprising office, warehousing/logistics and public sector properties. The property portfolio is owned and managed under the Castellum brand through a decentralised organisation with a strong and clear local presence in 15 cities in Sweden and also in Copenhagen, Denmark as well as, after the acquisition of the real estate company Kielo in early July 2021 Helsinki, Tampere, Turku and Lahti. As at 30 June 2021 Castellum's property portfolio comprised 558 properties with a total leasable area of 3.8 million square metres generating total income of SEK 5,941 million over the prior twelve month period.

Ownership structure

As at 30 June 2021 Castellum AB had approximately 89,000 shareholders, with 30 per cent. of shares registered to non-Swedish international investors. In Sweden, the lowest threshold for disclosure of holdings (so called 'flagging') is five per cent. of all shares or votes in a company. One Swedish shareholder, Rutger Arnhult, has disclosed ownership of over twenty per cent. and two foreign shareholders, APG Asset Management and BlackRock have disclosed a holding of five per cent or more.

The following tables provide a summary of the consolidated statement of comprehensive income, balance sheet and key performance indicators of the Group for the years ended and as at 31 December 2020 and 31 December 2019:

Consolidated statement of comprehensive income in summary

SEK million	Jan-Dec 2019	Jan-Dec 2020
Rental income	5,265	5,438
Service income	452	454
Co-working income	104	112
Income	5,821	6,004

² Based on Castellum's calculations based on publicly available information.

SEK million	Jan-Dec 2019	Jan-Dec 2020
Operating expenses	-711	-654
Maintenance	-157	-145
Property tax	-367	-371
Co-working expenses	-99	-120
Letting and property administration	-374	-379
Net operating income	4,113	4,335
Central administrative expenses	-163	-149
Acquisition costs	-9	-25
Interest income	2	6
Interest cost	-784	-792
Financing fees etc for acquisitions	-	-70
Letting cost / Site leasehold fee	-22	-20
Income from property management including acquisition costs / financing costs	3,137	3,380
<i>-of which income from property management*</i>	3,146	3,380
Goodwill, impairment	-179	-
<i>Changes in value</i>		
Properties	3,918	3,863
Derivatives	-111	-120
Income before tax	6,765	7,028
Current tax	-165	-247
Deferred tax	-950	-1,166
Net income for the period/year	5,650	5,615
Other total net income		

SEK million	Jan-Dec 2019	Jan-Dec 2020
Items that will be reclassified to net income for the year		
Translation difference of currencies etc.	92	-216
Change in values on derivatives, currency hedge	-47	44
Total net income for the period/year**	5,695	5,443

* For calculation of key performance indicators see “*Alternative Performance Measures and Other Key Performance Indicators*”, below.

** Net income and total net income for the period/year is entirely assignable to the parent company's shareholders.

Consolidated balance sheet

SEK million	31 Dec 2019	31 Dec 2020
ASSETS		
<i>Fixed assets</i>		
Investment properties	95,168	103,042
Tangible fixed assets	156	170
Leases, right-of-use	846	888
Financial assets	-	2,729
Goodwill	1,691	1,673
Other fixed assets	23	30
Total fixed assets	97,884	108,532
<i>Current assets</i>		
Rent receivables	70	47
Receivables, property sales	3	220
Other receivables	430	554

Repaid expenses and accrued income	425	402
Cash and cash equivalents	<u>173</u>	<u>161</u>
Total current assets	<u>1,101</u>	<u>1,384</u>
TOTAL ASSETS	<u>98,985</u>	<u>109,916</u>

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	<u>43,777</u>	<u>48,243</u>
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Liabilities

Long term liabilities

Deferred tax liability	10,153	11,376
Other provisions	5	3
Derivatives	715	1,132
Long-term interest bearing liabilities	40,826	45,720
Other long-term liabilities / lease liabilities	<u>846</u>	<u>888</u>
Total long-term liabilities	<u>52,545</u>	<u>59,119</u>

Short-term liabilities

Accounts payable	203	126
Tax liabilities	256	423
Other liabilities	685	623
Accrued expenses and prepaid income	1,519	1,382
<i>Total short-term liabilities</i>	<u>2,663</u>	<u>2,554</u>
Total liabilities	<u>55,208</u>	<u>61,673</u>

TOTAL EQUITY AND LIABILITIES	<u>98,985</u>	<u>109,916</u>
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Pledged assets (property mortgages)	20,903	21,231
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Pledged assets (chattel mortgages)	-	-
Contingent liabilities	-	-

Key performance indicators

For definitions of key performance indicators please see “*Alternative Performance Measures and Other Key Performance Indicators*”.

	June 2021	June 2020
	(unaudited)	
EPRA NRV (SEK million)	61,895	54,233
EPRA NRV SEK/share	227	199
EPRA NTA SEK/share	219	190
EPRA Vacancy Rate	7%	6%

Financial

Net operating income margin	69%	72%
Interest coverage ratio	532%	529%
Net investments (SEK million)	-8,986	1,378
Loan to value ratio (vs. total assets only)	38%	41%

Property related

Rental value, SEK/square metre	1,629	1,533
Economic occupancy rate	93.1%	93.9%
Property costs, SEK/square metre	425	363
Property value, SEK/square metre	25,998	22,541

History

1997	Castellum listed on the Stockholm NASDAQ's O-list.
2016	Castellum acquired Norrporten AB and divested properties in northern parts of Sweden.
2020-2021	Castellum divested significant parts of the logistics portfolio.

Castellum acquired approximately 18 per cent of the shares in Entra ASA and, on 27 August 2021, further acquired approximately 12 per cent. of the shares.

Business model and Strategic Plan

The Group's operations comprise the ownership, management, development of and investment in commercial premises through a decentralised and customer focused organisation with a focus on ensuring stable cash flow and operating with low financial risk.

Castellum's strategic plan, which is reviewed annually by the Board of Directors, consists of a number of building blocks designed to achieve the overall objective of ten per cent. annual growth in income from property management on a SEK per share basis in order to create shareholder value.

Castellum's objective is to create successful and sustainable workplaces in Nordic growth regions by keeping close to its customers and their needs, while at the same time being at the forefront of innovation in terms of expertise and service offerings to customers.

Castellum has sought to implement the strategic plan through various means, in particular by ensuring that its sustainability work is an integrated part of the Group's daily operations, for example, ensuring that processes become more energy efficient and that less water is used across the Group's portfolio, as well as choosing renewable energy sources over non-renewable ones. Castellum also certifies all new developments according to various environmental standards (both international (e.g. BREEAM³) and domestic (e.g. Miljöbyggnad⁴)), as well as carrying out ecosystem surveys.

Business strategy and operations

At an operational level, Castellum's business strategy consists of five core elements:

Product strategy

The growth of e-commerce has had, and continues to have, a significant impact on the retail and logistics sectors. Castellum has partly pre-empted and also been actively responding to this evolution. Castellum has for a number of years been reducing the proportion of pure retail space in its portfolio and simultaneously developed its logistics portfolio. Castellum considers itself to be well positioned to take a leading role in the e-commerce logistics chain, due to its well-located buildings and land, including major hubs along the key logistics routes down to consumer handling in the major cities.

³ BREEAM is a leading sustainability assessment method for projects, infrastructure and buildings. It recognises and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment.

⁴ The Sweden Green Building Council is a non-profit organisation owned by its members, open to all companies and organisations within the Swedish construction and real estate sector who wish to develop and influence environmental and sustainability work in the industry. It has been an established member of the World Green Building Council since 2011.

Customer strategy

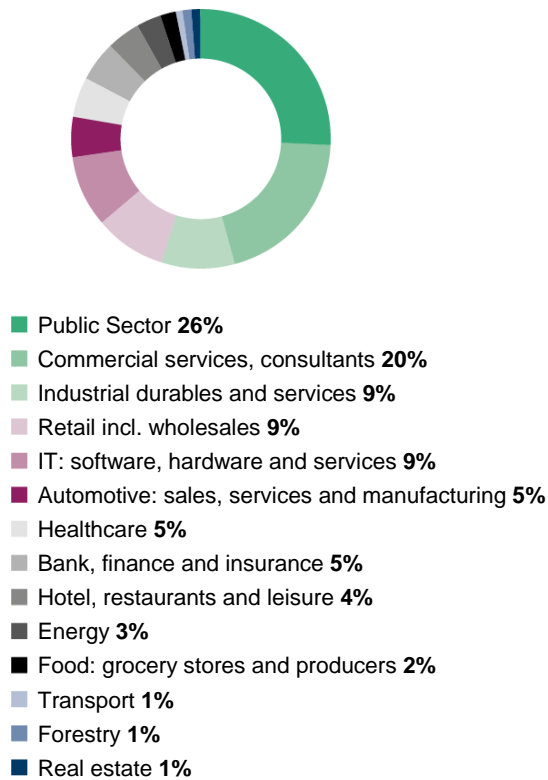
Castellum's customers consist primarily of tenants from the following sectors: public sector agencies and authorities; commercial services, consultants and retail, including wholesalers. Castellum aims to tailor its offering to existing and potential customers by offering premises that meet the customers' specific needs and objectives. Castellum seeks to maintain a broad customer base that provides risk diversification across industry, lease maturity and the individual tenants.

A clear customer focus is achieved through building long-term relationships, maintaining a local presence and providing high service levels in order to meet customer expectations. Customer requirements change over time and Castellum's property portfolio offers energy efficient, versatile and sustainable premises to meet customer requirements. In addition, Castellum aims to provide innovative solutions to changing customer demands. Through its customer focussed offering, Castellum's goal is to position the Group as the first choice for Nordic enterprises, authorities and municipalities.

More specifically, Castellum has sought to establish an active dialogue with customers through the Group's team of property managers and maintenance teams who are typically employed directly by Castellum rather than by third party service providers. This allows Castellum both to collect data and intelligence about its customers' needs and to be proactive in meeting those needs. This knowledge and experience of customer behaviours, needs and demands provides useful insights for Castellum's innovation lab, Next20.

The table below shows the breakdown of Castellum's commercial leases distributed by sector (as a percentage of total rental income) as at 31 December 2020:

Commercial Leases distributed by customer category



Portfolio strategy

Castellum develops and manages its property portfolio to support growth in income from property management. Castellum initiates and implements transactions locally, regionally, nationally and internationally throughout the Nordic region. Castellum's properties are located in cities with strong economic growth in Sweden as well as Copenhagen and Finland with a focus on Helsinki, and the property portfolio is well-diversified in terms of regions, cities, tenants and use of premises. Castellum acquired its first properties in Copenhagen in 2011, and as at 30 June 2021 those properties had a market value of approximately SEK 5.4 billion. In 2018, Castellum also entered the Finnish market and has lately continued to expand its property asset base there to a current value of some SEK 7 billion with a focus on Helsinki but also the cities Tampere, Turku and Lahti. Castellum aims to further increase its office property portfolio in Helsinki over the medium-long term.

As a result of strategic investments and divestments that Castellum has made over the past years, as at 30 June 2021 the market value of Castellum's total property portfolio was SEK 97.2 billion.

Castellum's strategy is to improve the quality of its portfolio through the development of new modern properties and also through the refurbishment and extension of its existing properties in an economically efficient manner while also maintaining its sustainability commitment which enables it to command rent increases.

Castellum's aim is for such investments to contribute to achieving its overall growth target for income from property management within three years. Investments are normally financed with internally generated funds and external loan financing from banks as well as from the money and capital markets.

Growth strategy

In order to achieve the goal of ten per cent. growth in income from property management per share, annual net investments should amount to approximately five per cent. of the property value. Castellum's operations focus on growth in cash flow which, together with low financial risk are what Castellum believes to be the preconditions for healthy value growth in the Group alongside competitive dividends to its shareholders. To improve its cash flow and quality, the intention is that the property portfolio should continually be refined and improved through new investments as well as divestments in order to raise the quality and density of the portfolio. The Group aims to create sustained growth through increased rental levels, higher rents, and cost efficiency measures, as well as new construction, extensions and reconstructions that provide a high return and increase the quality of the property portfolio. In order to achieve its overall growth objective, as described above, Castellum has pursued investment opportunities outside Sweden, in Copenhagen and Finland with a focus on Helsinki.

Funding strategy

Castellum's goal is to maintain low financial risk. The chosen main key ratios for risk measurement are the loan-to-value ratio and the interest-coverage ratio. The funding strategy is further addressed in the section entitled "*Financing and capital structure*" below.

Development portfolio

In order to promote long-term and sustainable growth Castellum aims to continuously refine and develop its real estate portfolio by investing in new developments, extensions and redevelopments, as well as making new acquisitions. Castellum ensures that investments must be sustainable, while meeting customer demand and matching tenants' requirements for premises and workplaces. New developments are gradually added to Castellum's real estate portfolio through the acquisition of suitable properties as well as unutilised building rights.

Enhancement of the real estate portfolio requires annual investments in new developments, extensions and redevelopments of properties in the existing portfolio. An example of a major ongoing project is S ve Airport, a three million-square metre space just outside Gothenburg known as Castellum S ve which was acquired in 2018-2019 and is expected to be developed substantially in the coming years. In 2020 work began on the structural plan for the entire area and there are plans to construct an approximately 800,000 square metre modern logistics and business premises at Castellum S ve, in stages over a ten-year period. An innovation cluster for developing sustainable transportation and mobility, as well as testing grounds for air and ground vehicles, is expected to be created in parallel with the long-term development in the area.

Transaction Activities and Investments

Property acquisitions and the reallocation of capital through divestments of property has been an important strategy for Castellum's portfolio growth and continues to be a central part of the Group's strategy, particularly in terms of realising its portfolio strategy. Castellum has invested SEK 67 billion over the last ten years (2011 – 2020), an average of SEK 6.7 billion per year. During the same period Castellum disposed of properties with a total value of approximately SEK 21 billion.

Normally annual net investments amount to approximately five per cent. of the Group's total property value (on a rolling basis though typically with reference to the latest calendar year-end).

Sustainability

Castellum seeks to promote sustainable development and strives to integrate its sustainability initiatives into its operations. It is Castellum's aim that sustainability should characterise its entire business from ownership, property management and property portfolio development to customer relationships, employees and financing. Corporate social responsibility is crucial to Castellum's short and long-term success. Castellum's commitment to this goal is intended to increase profitability through having an offering with a clear sustainable focus (e.g. environmental certified buildings, sustainable building materials, renewable energy sources, nearly zero energy buildings, ecosystem services and incentives for entrepreneurs to create job opportunities in Castellum developments).

In 2017, new sustainability goals were adopted by the Board of Directors and incorporated into the current sustainability policy. Castellum's "agenda for the sustainable city" consists of a number of on-going goals and sub-goals until 2030. The table below sets out the goals which are divided into four sections and which are measured on a quarterly or annual basis. The four sections are: future-proofing, the planet, social responsibility and well-being. Castellum's agenda is ambitious and includes challenging objectives such as achieving net-zero CO2 emissions by 2030 and reaching a gender-equal organisation for all occupational categories at all levels of seniority by 2030.

Future-proofing

Goal
50 per cent. of the real estate portfolio in square metres will be environmentally certified by 2025.
100 per cent. in all new developments and in larger redevelopments to be environmentally certified
Ecosystem services shall be evaluated in new developments and in larger redevelopments

The Planet

Goal
1 per cent. water-use reduction per year
1.5 per cent. energy-efficiency improvement per year
100 per cent. non-fossil fuel powered vehicles by 2020
15 per cent. lower energy consumption compared with 2015
Net-zero carbon dioxide emissions by 2030
Net zero in Property management (Scope 1 & 2): <1.3 Kg CO2e per square metre

Net zero in Project development (Scope 3): 15 per cent. reduction in CO2e emissions per square metre in new production of office.
100 per cent. non-fossil fuel energy by 2030

Social responsibility

Goal
4 per cent. of Castellum's workforce are to be apprentices on an annual basis
Create job opportunities in projects for young people and the long term unemployed
Bonus to entrepreneurs who hire apprentices for our projects
100 per cent. of Castellum's employees to undergo training in Castellum's code of conduct

Well-being

Goal
Equality among all occupational categories by 2025 (representing women and men, 40-60 per cent.)
20 per cent. employees with international background by 2025
Short-term absenteeism (<2 per cent.)
Long-term absenteeism (<3 per cent.)

FINANCING AND CAPITAL STRUCTURE

Castellum's overarching goal is to maintain a low level of financial risk which is reflected in a target average loan to value ratio not exceeding 50 per cent. and an interest coverage ratio of at least 200 per cent. as stipulated in Castellum's financial policy, which is set out below. As at 30 June 2021, the loan to value ratio was 38 per cent. (expressed in relation to Total Assets) and the interest coverage ratio was 532 per cent.

Castellum's funding strategy is designed to support the business operations and manage the Group's financial risks. This strategy is reflected in a finance policy, which is set and reviewed annually by the Board of Directors. The policy governs the allocation of responsibilities and risk mandates and establishes principles regarding monitoring, reporting, and control of financing activities and sources.

The general funding strategy includes diversification among funding sources and securing liquidity-reserves, which together with strong financial key ratios and high transparency versus relevant stakeholders such as lenders and investors, is intended to contribute to high financial flexibility.

The following table sets out the key requirements contained in the finance policy and Castellum's performance in respect of each as at 30 June 2021.

	Policy	Covenant Commitment	Performance
	<i>as at 30 June 2021</i>		
Loan to value ratio (vs, Property value only)	Not exceeding 50 per cent.	Not exceeding 65 per cent.	43 per cent.
Interest coverage ratio	At least 200 per cent.	At least 150 per cent.	532 per cent.
Secured debt/total assets	–	Not exceeding 45 per cent.	5 per cent.
Funding risk			
- average capital tied up	At least 2 years	–	3.7 years
- proportion maturing within 1 year	No more than 30 per cent. of outstanding loans and unutilised credit agreements	–	18 per cent.
- average maturing credit price	At least 1.5 years	–	3.0 years
- liquidity reserve	Committed credit agreements corresponding to SEK 750 million and 4.5 months upcoming loan maturities	–	Achieved
Interest rate risk			
- average interest duration	1.5-4.5 years	–	3.2 years
- proportion maturing within 6 months	No more than 50 per cent.	–	42 per cent.
Credit and counterparty risk			
- rating restriction	Credit institutions with high ratings, at least S&P BBB+	–	Achieved
Currency risk			
- translation exposure	Net investments are hedged	–	Achieved
- transaction exposure	Handled if exceeding SEK 25 million	–	Achieved

Castellum's financial activities are conducted in accordance with the finance policy to meet long and short-term funding requirements and ensure liquidity while maintaining low and stable net interest costs. Castellum's current external borrowing includes a combination of bank lending through revolving credit facilities and term-loans, and bonds issued in international capital markets as well as the domestic Swedish capital market, and also commercial paper issued in the domestic Swedish capital markets. In addition to external borrowing, Castellum manages its capital structure through share repurchases, sales of treasury shares and issuances of new shares to provide finance for investments as required.

The Group manages financial risks through close control and monitoring. Financial risks are managed through ongoing monitoring of Castellum's financing activities which are reported quarterly to both the Audit and Finance Committee as well as the Board of Directors. Castellum regularly monitors future funding needs based on assumptions about earnings, net investment volume, property value growth and maturity profile of the existing debt portfolio, as well as covenants in loan agreements and interest-rate risk exposure. Furthermore, sensitivity analyses are conducted to understand how changes in the real estate

portfolio, as well as movements in market interest rates and property values, affect the balance sheet and earnings.

Interest bearing liabilities

As at 31 December 2020, Castellum had available credit facilities totalling SEK 63,500 million* (31 December 2019: SEK 60,604 million), of which SEK 46,894 million (31 December 2019: SEK 49,433 million) was long-term and SEK 16,606 million (31 December 2019: SEK 11,171 million) was short-term. As at 31 December 2020 the average duration of Castellum's credit agreements was 3.8 years (3.8 years as at 31 December 2019). As at 30 June 2021 Castellum had credit facilities totalling SEK 61,574 million of which SEK 44,582 million was long term and SEK 16,992 million was short term. The average duration of Castellum's utilised facilities was 3.7 years.

The table below shows the structure of Castellum's interest bearing liabilities as at 30 June 2021:

CREDIT MATURITY STRUCTURE (REMAINING TERM) as at 30 JUNE 2021

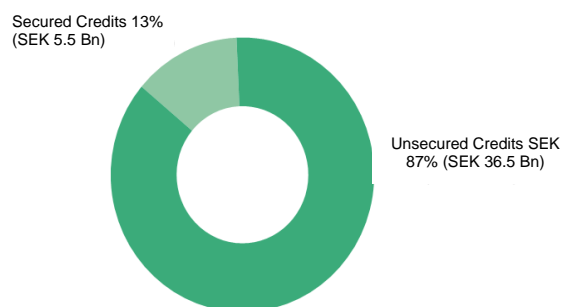
<u>Credit agreements</u>	<u>Total available*</u>	<u>Bank utilised</u>	<u>MTN/CP issued**</u>	<u>Total utilised</u>
<u>(SEK million)</u>				
0 - 1 year	16,992	-177	10,870	10,694
1 - 2 years	10,410	11	6,499	6,510
2 - 3 years	12,086	879	6,807	7,686
3 - 4 years	5,550	11	3,539	3,550
4 - 5 years	7,721	1,461	3,310	4,771
> 5 years	8,815	3,350	5,466	8,815
Total	61,574	5,535	36,491	42,026

* Total available bank credit facilities plus utilised issuance under the domestic commercial paper programme and domestic medium term note programme and the EMTN programme.

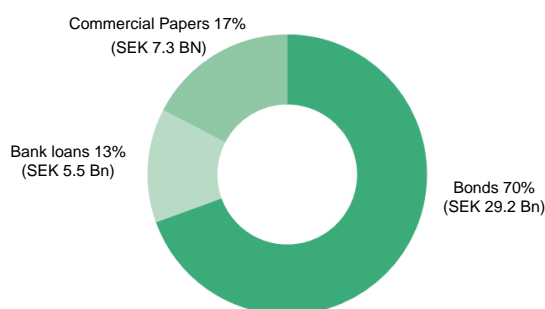
** Total issuances under the domestic commercial paper programme and domestic medium term note programme and the EMTN programme.

The charts below show the composition of Castellum's interest bearing debt as at 30 June 2021.

Distribution of Interest bearing liabilities, 30 June 2021



Utilised Credit facilities, 30 June 2021



Interest rate maturity structure

In order to secure a stable and low net interest cash flow, the interest rate maturity schedule is distributed over time. As at 31 December 2020 the average fixed interest term was 2.6 years (3.3 years as at 31 December 2019) and the average effective interest rate, excluding cost for unutilised bank credit facilities, was 1.82 per cent. (1.99 per cent. as at 31 December 2019). As at 30 June 2021 the average fixed interest term was 3.2 years and the average effective interest rate excluding cost for utilised bank credit facilities, was 1.66 per cent. Castellum utilises interest rate derivatives to achieve the desired interest rate maturity structure. Castellum sees interest rate derivatives as cost efficient and flexible tools to achieve the desired fixed interest term.

The table below shows Castellum's interest rate maturity structure as at 30 June 2021.

<u>Maturity</u>	<u>SEK million*</u>	<u>Share (%)</u>	<u>Average interest rate (%)**</u>	<u>Average fixed interest rate term (years)</u>
0 - 1 year	18,862	45	1.75	0.2
1 - 2 years	3,499	8	0.93	1.5
2 - 3 years	4,892	12	2.40	2.4
3 - 4 years	2,296	6	1.38	3.5

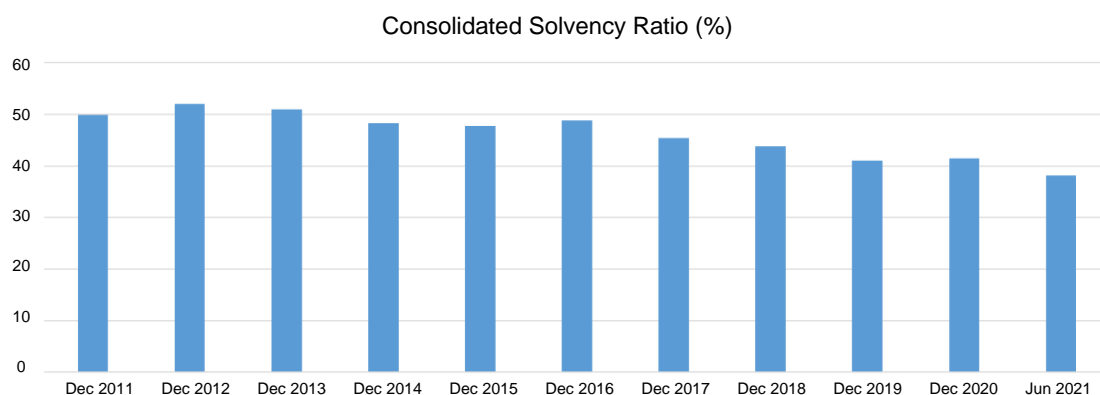
4 - 5 years	999	2	1.49	4.4
5-10 years	11,478	27	1.50	8.6
Total	42,026	100	1.66	3.2

* Including exchange rate differences for MTNs

** Calculated on the net volume of interest-bearing liabilities and derivatives

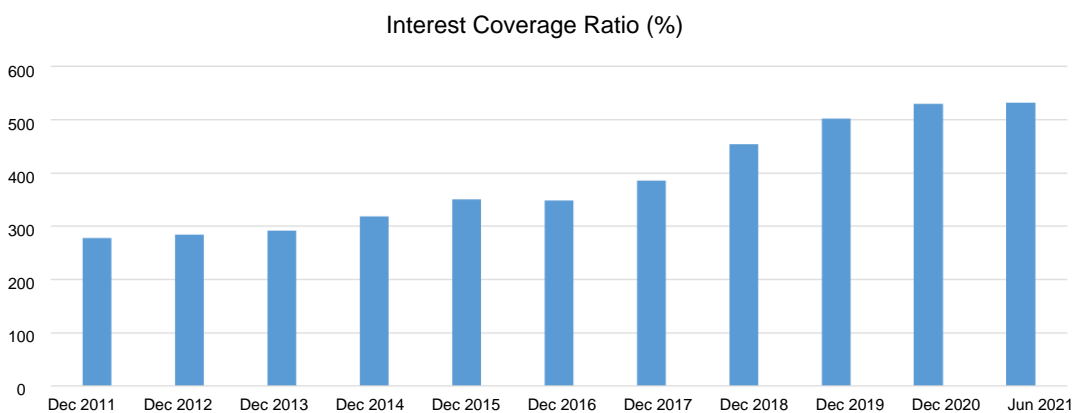
Consolidated Solvency Ratio

The following graph sets out Castellum's consolidated total debt to total assets ratio as at 31 December in each of the years between 2011 and 2020 and as at 30 June 2021.



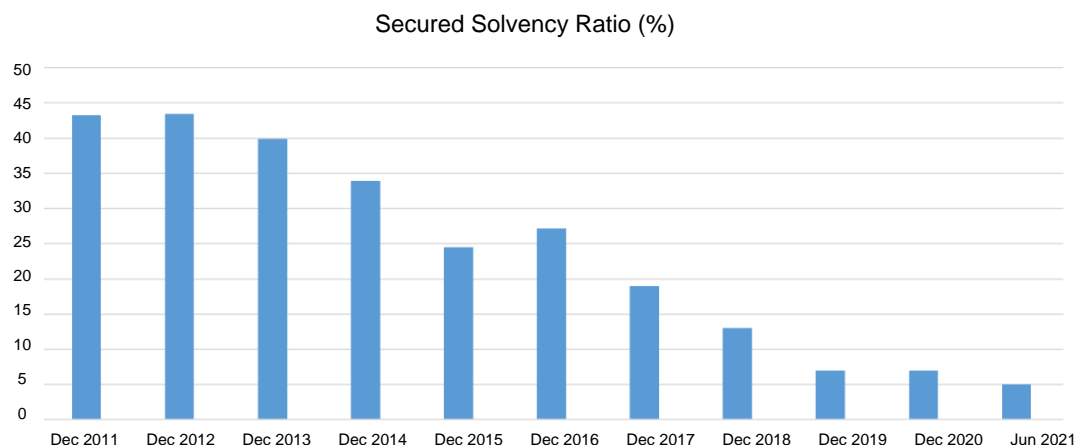
Interest coverage ratio (Consolidated Coverage Ratio)

The following graph sets out Castellum's interest coverage ratio as at 31 December in each of the years between 2011 and 2020 and as at 30 June 2021.



Secured debt in relation to total assets

The following graph sets out Castellum's consolidated secured debt to total assets ratio as at 31 December in each of the years between 2011 and 2020 and as at 30 June 2021.



Unencumbered assets

As at 31 December 2020 Castellum had an Unencumbered Assets Ratio (as defined in "Alternative Performance Measures and Other Key Performance Indicators") equivalent to 61 per cent. As at 30 June 2021 the equivalent ratio was 60 per cent.

MARKET OVERVIEW

The Group's operations are affected by macroeconomic trends, particularly in Sweden, Denmark and Finland and by the development of the local property markets in those jurisdictions. Castellum considers that big cities provide the greatest growth potential, due to their larger population relative to other parts of the country, which generates and supports a larger labour market, a more diversified trade and industry structure and thus opportunities for research and a greater range of trade, entertainment and culture.

The local property markets in medium-sized cities may also offer opportunities for growth as they often show a positive correlation with increasing economic activity, which is influenced by factors such as well-developed infrastructure, well trained manpower, population growth and low unemployment. The recent macroeconomic trends in Castellum's relevant geographies have been supportive of growth, despite the impact of the Covid-19 pandemic. Negative effects on GDP-growth during 2020, as well as a small increase in unemployment levels, have, as at the date of these Listing Particulars not had any major negative effects on Castellum's overall business.

Competition

Market share

In Sweden, Castellum's market share among the 200 largest property owners amounts to approximately four to five per cent. for office, logistics and public sector properties in terms of value of the real estate assets (according to Castellum's estimates based on publicly available information). Apart from the dozen or so Swedish listed companies, the largest real estate owners in Sweden are public corporations and Swedish and foreign institutional investors. In addition, there are also a number of smaller real estate owners such

as real estate and construction companies, and individuals. Competition in the transaction market for properties is considerable in the Nordic region. The competition in Sweden differs from Helsinki and Copenhagen, where the competition mainly consists of institutions and larger funds. In Helsinki and Copenhagen, foreign investors generally account for a larger share of the total transaction volume compared to Sweden. Castellum's market share in Copenhagen for offices is between 1.5-3 per cent. by value based on Castellum's calculations for the central business district (**CBD**) or Greater Copenhagen area. Castellum's market share for the office market in Finland is estimated to be between 2-3 per cent. by value. Historically the transaction volume in the Nordic region has been high. This has particularly been the case in Sweden over the last 4-5 years and there has been considerable competition for attractive properties.

Rental market

Office properties

In Castellum's submarkets in Sweden, the rental market for office space showed more uncertainty in 2020 compared to previous years due to the ongoing Covid-19 pandemic. Whilst it is still too early to conclusively discuss the long-term effects of Covid-19 on rental and vacancy levels, at the start of the Covid-19 pandemic Castellum had historically low vacancy levels and record high rental levels in all markets, and as at the date of these Listing Particulars Castellum continues to offer office space at similar rental levels as prior to the Covid-19 pandemic. Despite the persisting uncertainty, Castellum continues to conduct viewings of premises and conduct business transactions and in the first half of 2021, net lettings were positive. It remains to be seen what, if any, lasting consequences the Covid-19 pandemic will have on tenant behaviour and requirements and thus on demand for office space.

Rental levels remained stable in the Swedish major cities Stockholm, Gothenburg and Malmö in 2020 and the first half of 2021 as a result of continued low vacancy rates in the CBDs and the most attractive submarkets. In the short term, the offering of new construction will be limited and primarily let in advance. Office rents in regional cities have remained stable in 2021. In Helsinki's CBD, office rents remained stable in 2020 and consolidated on previous levels in the first half of 2021. Whilst strong demand has spread from the CBD in Helsinki to the surrounding areas, there is a higher vacancy rate in secondary areas, as well as in properties of lower quality. In Copenhagen's CBD, office rents also remained stable in the first half of 2021. The high number of access to land and building rights in and around the city, however, tends to be a limiting factor for rent potential.

Logistics and warehouse facilities

The warehouse and logistics property segment is experiencing strong demand, based mainly on the growth in e-commerce. The strongest underlying factor driving logistics market performance in 2020 was the continuing shift from retail space to storage space. The Covid-19 pandemic accelerated this process, and the structural changes have been constant over time. Increasing demands from consumers for shorter lead times from ordering a product online to receiving the product, results in particularly strong demand and rental growth of warehouse and logistics properties with goods sorting yards located close to the city centres with easy access to densely populated areas – so called “last mile” hubs. If Sweden continues to follow more mature markets where goods can be delivered within one hour, the logistics market is expected to continue to transform at a high pace and demand is expected to increase.

Demand for logistics facilities has historically been and is still highest in the Gothenburg area, where the largest port in the Nordics is located. Other strategic logistic locations in Sweden include the Greater Stockholm area, Örebro, Helsingborg, Malmö and Jönköping areas.

Larger, general purposes logistic facilities which do not need to be city-proximate and where land is available for new construction have shown a stable to slightly growing rent trend over the past three or four years, while the "last mile-segment" has seen more profound growth in rent levels due to an increase in demand combined with a lack of available land for building new logistic facilities close to the bigger cities.

New developments in Sweden continue with approximately 550,000 square metres (properties >10,000 square metres) being completed in 2020 (2019: 650,000 square metres, which was slightly short of the record volumes produced in 2018). A total of almost 780,000 square metres (properties >10,000 square metres) is expected to be delivered in Sweden in 2021 according to Intelligent Logistik. The majority of new developments are constructed in the regions of Östergötland and Öresund. Between 2009 and 2020, Stockholm and Gothenburg accounted for almost 50 per cent. of the total construction in Sweden. Despite the increase in construction volumes, vacancy rates continue to be at low levels due to strong demand.⁵

Transaction market

The property transactions market remained strong in 2020 and during the first half of 2021, despite increased uncertainty due to the Covid-19 pandemic and the fact that the full macroeconomic effects of the Covid-19 pandemic remain uncertain. Interest from investors in the Swedish property market remained strong, especially in regards to those property market categories with secure cash flows, such as public sector properties and logistics properties.

The table below shows the market yield in Castellum's key cities in the office segment over the past ten years:

Yield (per cent.)						
Year	Stockholm ⁽¹⁾	Gothenburg ⁽¹⁾	Malmö ⁽¹⁾	Copenhagen ⁽²⁾	Helsinki ⁽²⁾	
2011	4.75	5.5	5.75	5.00	5.00	
2012	4.7	5.5	5.75	5.00	5.00	
2013	4.7	5.5	5.75	5.00	5.00	
2014	4.4	5.25	5.5	4.75	4.75	
2015	3.75	4.5	5	4.50	4.50	
2016	3.5	4.25	4.25	4.25	4.25	
2017	3.25	4.00	4.25	4.00	4.00	
2018	3.25	3.8	4.25	3.75	3.60	
2019	3.25	3.8	4.25	3.75	3.4	
2020	3.25	3.8	4.25	3.50	3.4	

⁽¹⁾ Source: Forum Fastighetsekonomi.

⁽²⁾ Source: Jones Lang Lasalle.

The volume of transactions with a transaction value of over SEK 40 million in Sweden during 2020 totalled approximately SEK 183 billion (compared to SEK 218 billion for 2019) with over 447 transactions (compared to 440 transactions in 2019). The transaction market has remained strong in 2021; during the

⁵ Unless otherwise indicated, data included in the "Rental market" section represents Castellum's assessment based on publicly available information.

first half of 2021, major portfolio transactions continued to take place in the warehouse/logistics segment at historically low yields and several transactions were also concluded in the office segment at favourable levels.

The share of foreign investors in 2020 was approximately 27 per cent., which was a historically high figure and demonstrates that the Nordic property market remains attractive to international investors.

In Castellum's Swedish markets (Stockholm, Gothenburg, Uppsala and Malmö) the required yield for office properties remained stable during 2020, however the number of comparative transactions following the outbreak of the Covid-19 pandemic has remained somewhat limited for the office segment. Properties with secure cash flows such as public sector properties, and compound property portfolios that generate healthy cash flows, are attractive to investors in the low interest rate environment, which results in falling required yields.

Warehouse and logistics properties continue to attract a growing number of both domestic and international investors, driven largely by the growth of e-commerce, a trend that has strengthened during the Covid-19 pandemic. Low levels of supply among attractive logistics properties, together with high investor demand, resulted in a fall in required yields in 2020.

In Denmark, the transaction volumes in the property market totalled approximately DKK 65 billion in 2020 and the mood among investors remains strong. The required yield for offices in the CBD in Copenhagen remained stable around 3.5 per cent in the first half of 2021.

In Finland, the transaction volume in the Finnish property market totalled approximately EUR 5.0 billion in 2020. There is considerable demand among investors for the most attractive objects, and the required yield for offices in the CBD of Helsinki is estimated to be 3.4 per cent., which is roughly on a level with Stockholm. Increased investor interest has been noted for secondary and development properties as well.⁶

PROPERTY PORTFOLIO

The Castellum property portfolio is located in expected growth areas in Sweden, Finland with a focus on Helsinki, and Copenhagen in Denmark. As at 30 June 2021 the commercial portfolio consisted of 54 per cent. offices, 19 per cent. public sector properties (customers that are directly or indirectly tax funded), 12 per cent. warehouse and logistics, 7 per cent. retail and 2 per cent. light industry. This refers to the property's primary rental value with regard to the type of premises.

Property locations range from inner-city sites to well-situated working-areas with good public transportation and services. The remaining 6 per cent. consists of developments and undeveloped land.

Castellum's property portfolio as at 30 June 2021

Below is a table illustrating Castellum's regions with focus on the distribution of properties.

Category	30 June 2021						January-June 2021				
	No. of properties	Area thousand sq.m.	Property value, MSEK	NOI SEK/sq. m.	Rental value, MSEK	NOI SEK/sq. m.	Occupancy rate	Income, MSEK	Property costs, MSEK	NOI SEK/sq. m.	Net operating

⁶ All data in the "Transaction market" section has been sourced from Newsec except for (i) data relating to Finland which has been sourced from KTI, Finland and (ii) the yield data contained in the table which is as per the footnotes below the table.

												income MSEK
OFFICES												
Stockholm	33	323	16,450	50,900	410	2,537	90.9%	369	74	459	295	
West	63	360	11,234	31,207	333	1,848	89.6%	302	64	355	238	
Central	77	536	11,321	21,131	431	1,611	91.9%	392	100	371	292	
Öresund	25	128	5,824	26,699	209	1,919	92.8%	189	41	377	148	
North	2	5	103	20,506	4	1,618	97.1%	4	1	467	3	
Denmark	15	148	4,628	31,249	153	2,061	92.6%	137	38	516	99	
Finland	7	58	2,758	47,419	79	2,707	93.8%	71	21	710	50	
Total Office	222	1,648	52,318	31,739	1,619	1,964	91.5%	1,464	339	411	1,125	
PUBLIC SECTOR												
PROPERTIES												
Stockholm	9	61	3,363	54,686	83	2,689	98.4%	80	12	385	68	
West	11	77	1,593	20,653	52	1,360	91.3%	47	9	226	38	
Central	30	283	7,874	27,865	248	1,756	96.5%	238	50	355	188	
Öresund	8	86	3,086	35,948	89	2,080	98.5%	88	13	303	75	
North	10	100	2,102	20,985	76	1,510	97.1%	75	14	286	61	
Denmark	1	12	620	51,305	15	2,535	98.6%	15	2	404	13	
Total Public sector properties	69	619	18,638	30,095	563	1,820	96.7%	543	100	325	443	
WAREHOUSE/LOGISTICS												
Stockholm	20	119	2,960	24,936	78	1,320	94.3%	72	12	199	60	
West	53	445	6,339	14,242	196	881	92.5%	176	37	166	139	
Central	18	101	1,082	10,741	41	803	86.3%	35	9	172	26	
Öresund	22	119	1,543	13,015	55	919	92.4%	49	10	175	39	
Denmark	1	18	164	8,968	7	811	76.5%	6	3	288	3	
Total Warehouse/Logistics	114	802	12,088	15,084	377	940	91.9%	338	71	176	267	
RETAIL												
Stockholm	23	131	3,207	24,470	107	1,636	98.8%	103	13	199	90	
West	11	50	1,097	21,741	38	1,502	97.5%	37	3	128	34	
Central	22	118	1,909	16,242	77	1,317	97.5%	74	15	255	59	
Öresund	12	51	944	18,672	39	1,538	87.7%	33	8	309	25	
Total Retail	68	350	7,157	20,467	261	1,496	96.6%	247	39	224	208	
LIGHT INDUSTRY												
Stockholm	11	40	748	18,955	24	1,204	96.4%	23	5	257	18	
West	11	39	485	12,347	17	865	95.1%	16	3	152	13	
Central	8	23	317	13,584	11	992	97.9%	11	3	222	8	
Öresund	1	13	129	6	6	856	83.7%	5	1	163	4	
Total Light industry investment properties	31	115	1,679	14,554	58	1,007	95.1%	55	12	205	43	
Total after lettings and property administration										752	425	1,895
Projects	36	267	4,785	-	-	68	-	45	18	-	27	
Undeveloped land	18	-	585	-	-	-	-	-	-	-	-	
Total	558	3,801	97,250	2,946	-	-	-	2,692	770	-	1,922	

The table above relates to the properties owned by Castellum at the end of the period and reflects the income and costs of the properties as if they had been owned during the entire period. The discrepancy between the net operating income of MSEK 1,922 reported and the net operating income of MSEK 2,304 in the income statement is explained by the deduction of the net operating income of on properties sold during the period, by the MSEK 2 upward adjustment of the net operating income on properties acquired/completed during the period, which

are recalculated as if they had been owned or completed during the whole period and the exclusion of MSEK -13 from the coworking company.

Property valuation

Castellum undertakes internal valuations of the entire property portfolio on a quarterly basis. Castellum records the investment properties at fair value and had as of 31 December 2020 conducted internal valuations of all properties in its portfolio. The valuations were carried out in a uniform manner, based on a 10-year cash flow model and on an individual assessment for each property, reflecting both future earnings capacity and required market yield. In the valuation of a property's future earnings capacity, consideration is taken of potential changes in rental levels, occupancy rates and property costs as well as an assumed inflation level of 1.5 per cent. Property valuations are calculations performed according to accepted principles and on the basis of certain assumptions, including a value range of +/- 5-10 per cent. to reflect the uncertainty existing in the various assumptions and calculations

In order to corroborate the internal valuations, Castellum arranges valuations by external providers of at least 50 per cent. by value of the portfolio each year, carried out pursuant to professional industry standards. As at 31 December 2020 (the date of the latest external valuation) Forum Fastighetsekonomi in Sweden, and CBRE in Denmark had between them valued 54 per cent. of Castellum's property portfolio and these reports showed a net deviation for the portfolio being approximately SEK 746 million lower in aggregate than Castellum's internal valuations (a net deviation of 1.4 per cent.).

Portfolio and asset management initiatives

While Castellum has an overarching portfolio strategy, it also has more nuanced asset management initiatives in each of its geographic regions, driven by specific regional challenges and opportunities. The table below summarises the key initiatives in each region:

Stockholm	<ul style="list-style-type: none"> • Ongoing portfolio recycling to move the concentration of the portfolio to more central locations. • A focus on strong net leasing and renegotiating (due to the strong rental market). • Active role in urban development: looking for land and projects to develop.
Öresund	<ul style="list-style-type: none"> • Ongoing portfolio recycling to achieve a higher density in specific locations. • Active role in urban development: looking for land and projects to develop.
West	<ul style="list-style-type: none"> • Active role in urban development: looking for land and projects to develop. • A focus on strong net leasing and renegotiating (due to the strong rental market). • Ongoing portfolio recycling to achieve a higher density in specific locations.
North	<ul style="list-style-type: none"> • Active role in urban development: looking for land and projects to develop.
Central	<ul style="list-style-type: none"> • A focus on strong net leasing and renegotiating (due to the strong rental market). • Active role in urban development: looking for land and projects to develop.

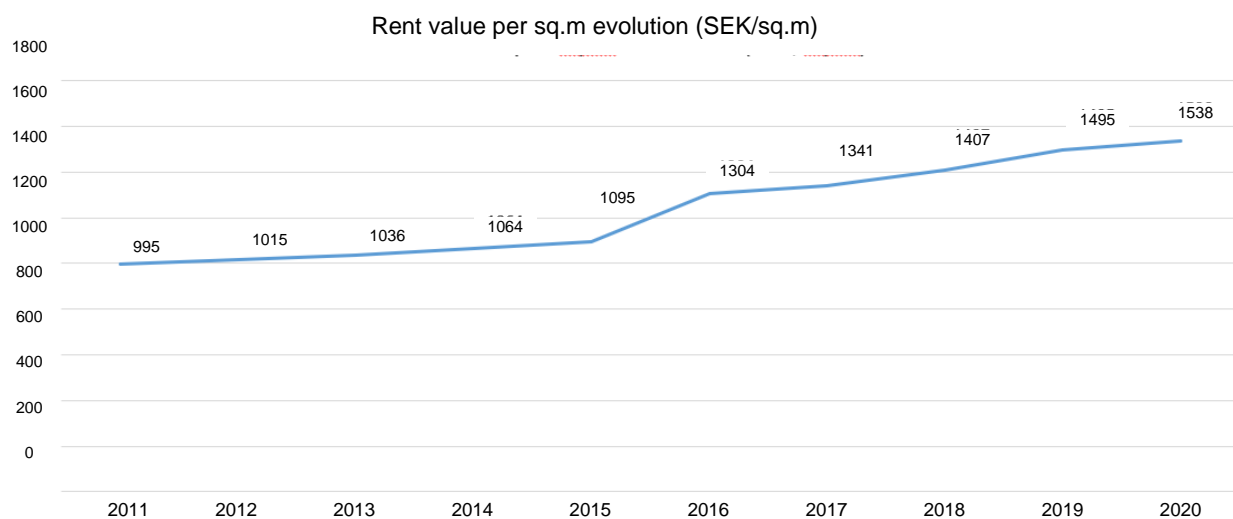
Helsinki	<ul style="list-style-type: none"> Grow the office and logistics segment and over time to become one of the biggest real estate owners major Finnish growth areas/cities.
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Tenants and lease structure

Total income

The total income, including services income, as at 31 December 2020 amounted to SEK 6,004 million (31 December 2019: SEK 5,821 million). Total average rental level for the total portfolio, including charged heating, cooling and property tax amounted to SEK 1,538 per square metre as at 31 December 2020 (31 December 2019: SEK 1,495).

Rental levels have in the comparable portfolio increased by approximately 2 per cent. compared with 2019 levels, which has been driven by, *inter alia*, indexation and renegotiations carried out. The chart below shows the average rent per square metre across Castellum's property portfolio over the past ten years.



The chart below shows the rental income broken down by geographic region as at 31 December 2020.

Region	Total rental income (SEK million)
Central	1,595
West	1,365
Öresund	1,262
Stockholm-North	1,611
Finland	59
Co-working	112

Total	6,004
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Tenants and customers

Castellum's property portfolio is well distributed over various segments, with almost half comprising office buildings and a quarter comprising public sector properties. The latter provide a stable and secure income base, in the form of customers as well as longer contract durations. As at 30 June 2021 Castellum's exposure to the retail segment (including grocery stores and car dealerships) represented 7 per cent. of income value. Another type of retail exposure also occurs in the warehouse and logistics segment in the form of storage and distribution from the rapidly-growing e-commerce segment, which has had a positive effect on rental growth and contributes to the transformation of well-located properties for the "last mile segment" (see "*Competition - Rental market - Logistics and warehouse facilities*", above). No industry sector is above 26 per cent. of lease value concentration and no single tenant is above 4 per cent. of lease value concentration.

Lease structure

Castellum's contract portfolio as at 30 June 2021, comprising approximately 5,300 commercial contracts and approximately 400 residential leases consists of a well-diversified and large customer base. Castellum has a balanced risk diversification in the contract portfolio regarding geography, type of premises, size, term to maturity and customer industry. Castellum's customers represent a broad segment of Swedish, Danish and Finnish trade and industry. The single largest lease accounted for 2 per cent of the Group's total rental income, while the corresponding figure for the single largest customer was 4 per cent. of the Group's total rental income, for the financial year ended 31 December 2020, meaning that Castellum's exposure to a single customer credit risk is low.

The table below presents Castellum's lease size structure for the following categories: Commercial, Residential and Parking spaces and other.

LEASE SIZE as at 30 June 2021

<u>(SEK million)</u>	<u>No. of leases</u>	<u>Share (%)</u>	<u>Lease value (SEK million)</u>	<u>Share (%)</u>
Commercial				
< 0.25	2,590	23	187	3
0.25-0.5	851	7	314	6
0.5-1.0	791	7	560	11
1.0-3.0	738	6	1,262	24
< 3.0	351	3	2,815	53
Total	5,	46	5,138	97
Residential	443	4	42	1
Parking spaces and other	5,752	50	110	2
Total	11,516	100	5,290	100

Castellum's rental agreements are based on standard agreements produced by the Swedish Property Federation in cooperation with the Federation of Swedish Merchants. Commercial leases are generally signed for three to five years, with a nine-month notice period, and rents are paid quarterly, in advance. The rental level can change when the lease in question is due for renegotiation. As at 30 June 2021 the average remaining lease duration in the portfolio was 3.9 years (31 December 2020: 3.9 years).

Leases usually include a base rent i.e. the rent agreed upon when signing the contract and an index clause that provides an annual adjustment of the rent: either as a certain percentage of the previous year's inflation or as a minimum upward adjustment of a set percentage. A lease usually contains an addendum for the tenant's share of the property's total heating, cooling and property tax costs.

Lease maturity structure

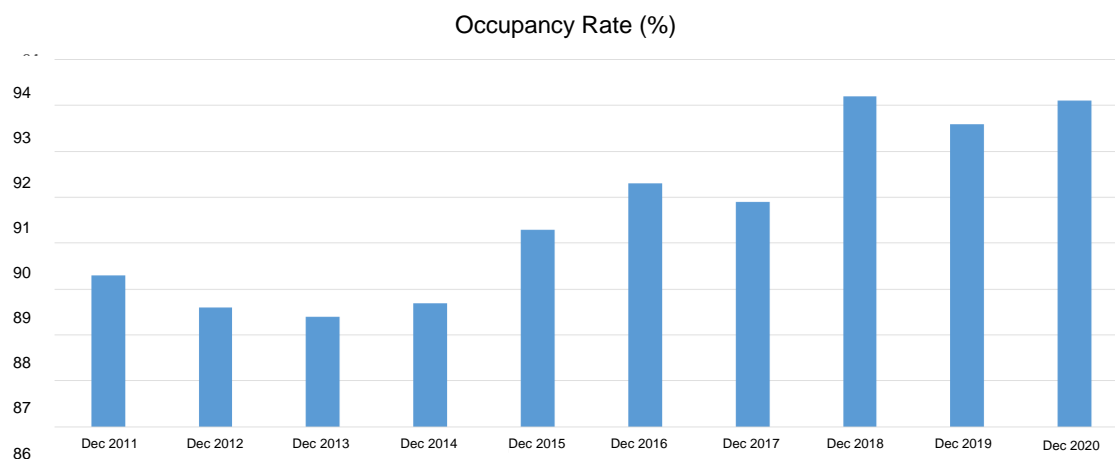
Contract maturity for Castellum's portfolio is shown in the table below.

LEASE MATURITY STRUCTURE as at 30 June 2021

SEK million	No. of leases	Lease value (SEK million)	Percentage of value (%)
Commercial, term			
2021	776	78	1
2022	1,593	849	16
2023	1,184	1,038	20
2024	979	909	18
2025	390	608	11
2026+	399	1,656	31
Total commercial	5,321	5,138	97
Residential	443	42	1
Parking spaces and other	5,752	110	2
Total	11,516	5,290	100

Occupancy rate

Castellum's occupancy rate was 93.1 per cent. as at 31 December 2020 (31 December 2019: 92.6 per cent.). The graph below shows the occupancy rate across all of Castellum's properties as at 31 December 2020 and 31 December 2019 and the years previous to that. In addition to market pressures generally, vacancy rates are also impacted by on-going new developments as Castellum from time to time initiates new projects without them being fully pre-let.



Economic Occupancy

The table below shows the occupancy rate for Castellum's property portfolio per property type and per region as at 30 June 2021.

	Offices	Public sector properties	Warehouses/logistics	Retail	Light industry	
Stockholm	90.9%	98.4%	94.3%	98.8%	96.4%	
West	89.6%	91.3%	92.5%	97.5%	95.1%	
Central	91.9%	96.5%	86.3%	97.5%	97.9%	
Öresund	92.8%	98.5%	92.4%	87.7%	83.7%	
North	97.1%	97.1%	-	-	-	
Denmark	92.6%	98.6	76.5%	-	-	
Finland	93.8%	-	-	-	-	
Total	91.5%	96.7	91.9%	96.6%	95.1%	93.1%

ORGANISATION

Employees and organisation

As at 30 June 2021, Castellum had a total of 439 full-time employees (compared to 421 at 31 December 2020). The parent company contains the corporate function for accounting and finance with a shared business system. Supporting corporate functions include: IT, Human Resources, Sustainability, Legal, Transaction and Communication. In a number of cases, these departments are also represented at a local

level. Castellum's business is currently divided into the following regions: West, Stockholm, Central, North, Öresund (incl. Copenhagen) and Finland.

Board of Directors and Executive Group Management

Board of Directors

According to Castellum's articles of association, the Board of Directors (the **Board**) shall consist of no less than four and no more than eight members. Board members are elected at the annual general meeting (**AGM**) and will hold office from their appointment until the conclusion of the first AGM following their appointment. There are no limitations for how many times members of the Board can be re-elected, nor is there any maximum number of terms a member can serve.

As at the date of these Listing Particulars, Castellum's Board consists of seven members. The current members of the Board (elected at the 2020 annual general meeting held on 25 March 2021 for the period until the 2022 annual general meeting) are as follows:

<u>Name</u>	<u>Year of birth</u>	<u>Board member since</u>	<u>Title</u>	<u>Other Board assignments</u>
Rutger Arnhult	1967	2021	Chairman of the Board ⁷	Chairman of the board in M2 Asset Management AB (publ).
Anna-Karin Celsing	1962	2021	Board member	Board member in Carnegie Investment Bank AB (publ), Volati AB (publ), Landshypotek Bank AB (publ), OX ₂ AB, Lannebo Fonder AB and Tim Bergling Foundation.
Anna Kinberg Batra	1970	2021	Board member	Chairman of the board in Soltech Energy Sweden AB (publ). Board member in Carasent ASA, SJR and Swedish Space Corporation.
Zdravkok Markovski	1964	2020	Board member	Board member in Besqab AB (publ) and ZM & Co AB.
Joacim Sjöberg	1964	2020	Board member	CEO and board member in Valhalla Corporate Advisor AB. Chairman of the board in Moonlighting Industries AB. Board member in Wästbygg Gruppen AB (publ) and KlaraBo Svergie AB.
Christina Karlsson Kazeem	1965	2016	Board member	CEO in ETTELVA Arkitekter AB. Chairman of the Board in Creador AB and Millimeter Arkitekter AB.
Per Berggren	1959	2007	Board member	Chairman of the board in Slättö Förvaltning AB, board member in Fasticon Kompetens Holding AB and White Arkitekter AB.

⁷ Rutger Arnhult was elected member of the board and chairman of the board at the AGM on 25 March 2021.

Rutger Arnhult owns, via companies, shares in the companies Corem Property Group AB and Klöver AB. Corem Property Group AB and Klöver AB operate, to some extent, business in the same markets 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, as far as Castellum is aware, there are no current or potential conflicts of interest between the duties of any of the directors of Castellum and their private interests and/or other duties.

The business address of each of the Directors of the Issuer is Castellum AB, Box 2269 403 14 Gothenburg, Sweden.

Executive Group Management

Executive Group Management comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Investment Officer, the HR Director, the Corporate Communications Director and the Managing Directors of each of the four main regions. Executive Group Management has joint responsibility for delivering on Group wide goals and strategies, and meetings mostly cover issues pertaining to overall operations. As at the date of these Listing Particulars, Castellum's Executive Group Management consists of eight people.

Name	Year of birth	Member of Executive Group management since	Position
Henrik Saxborn	1964	2006 ⁽¹⁾	Chief Executive Officer, Castellum AB
Ulrika Danielsson	1972	2006 ⁽²⁾	Chief Financial Officer, Castellum AB
Anna-Karin Nyman	1983	2018	Corporate Communications Director, Castellum AB
Helena Dino	1967	2020	Human Resources Director, Castellum AB
Martin Bjöörn	1976	2019	Managing Director Region Stockholm-North at Castellum AB
Mariette Hilmersson	1971	2018	Managing Director, Region West at Castellum AB
Per Gawelin	1978	2018	Managing Director, Region Central at Castellum AB
Ola Orsmark	1971	2014	Managing Director Region Öresund at Castellum AB

(1) Henrik Saxborn was appointed Chief Executive Officer 2013. He will resign as CEO and leave Castellum during the autumn of 2021. As at the date of these Listing Particulars, Castellum has not announced who will replace Henrik Saxborn. In the event that the Offer is successful, and the current CEO of Kungsleden, Biljana Pehrsson, accepts the offer to do so, Biljana Pehrsson will replace Henrik Saxborn as CEO of Castellum.

(2) Ulrika Danielsson was appointed Chief Financial Officer 2014. She will resign as CFO and leave Castellum during the autumn of 2021. As at the date of these Listing Particulars, Castellum has not announced who will replace Ulrika Danielsson. In the event that the Offer is successful, and the current Deputy CEO and CFO of Kungsleden, Ylva Sarby Westman accepts the offer to do so, Ylva Sarby Westman will replace Ulrika Danielsson as CFO of Castellum.

Recent Developments

Blackstone

Following on from the sale of a mixed portfolio with mostly older logistics properties for SEK 5 billion to real estate funds managed by Blackstone in 2020, in January 2021 Castellum agreed to divest a further 53 properties for SEK 4.8 billion. The divestment was completed in May 2021.

Kielo

In July 2021, Castellum acquired a Finnish property portfolio via the acquisition of the real estate company Kielo. The largest region in the portfolio is the Helsinki Metropolitan Area, which accounts for more than 50 per cent. of the portfolio's rental income, while the remainder is distributed between the towns of Tampere, Turku and Lahti, since Castellum divested the part of the portfolio relating to the city Jyväskylä. The total acquisition value, after divesting Jyväskylä, was approximately the equivalent of SEK 4.4 billion. The portfolio consists of modern and sustainable properties, most of which were built after 2000, featuring office space and facilities, such as conference venues and co-working areas, with a diversified tenant composition.

Castellum has also at the beginning of July 2021 acquired two office properties in Solna in the Stockholm region for a total value of SEK 2 billion.

Offer to acquire Kungsliden

The Offer

On 2 August 2021, Castellum announced its Offer to acquire Kungsliden in exchange for a combined consideration of shares in Castellum and cash. At this stage there can be no assurance that the acquisition will proceed on the basis of the terms of the Offer or alternative terms. Completion of the Offer is subject to customary conditions including, but not limited to, approval of the issuance of shares as consideration in the Offer by Castellum's shareholders, the Offer being accepted to such an extent that Castellum becomes the owner of shares representing more than 90 per cent. of the total number of outstanding shares in Kungsliden and receipt of all necessary regulatory and governmental approvals. Rutger Arnhult, representing approximately 21.4 per cent. of the outstanding share capital and votes in Castellum, has undertaken to vote in favour of authorising the board of directors to issue shares in Castellum as consideration for the Offer at the relevant extraordinary general meeting.

The board of directors of Kungsliden has unanimously recommended the shareholders of Kungsliden to accept the Offer and the recommendation is supported by a fairness opinion provided by Handelsbanken Capital Markets. Gösta Welandson (through companies), Ilija Batljan (through a company) and Olle Florén (directly and through companies), which together represent approximately 26.0 per cent. of the outstanding share capital and votes in Kungsliden have irrevocably undertaken to accept the Offer (subject only to a right to withdraw their acceptance in the event that, prior to the Offer being declared unconditional, a third party makes a competing offer worth at least 110 per cent. of the value of the Offer and Castellum does not match this within three business days of the third party offer being announced). The acceptance period of the Offer is expected to commence on or around 30 September 2021 and end on or around 29 October 2021, however, the process is currently at a very early stage. There can be no assurance as to the timeline for completion of the Offer nor can there be any assurance that the acquisition of Kungsliden will occur even if the Offer is accepted.

The Offer values each Kungsliden share at SEK 124.90 and the total value of the Offer is approximately SEK 26,860 million⁸. Castellum has offered each shareholder of Kungsliden, in respect of 70 per cent. 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 per cent. of the number of Kungsliden shares tendered by such shareholder, SEK 121 in cash per Kungsliden share. 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 (based on full acceptance of the Offer). Further, Castellum is offering shareholders of Kungsliden a 'mix & match' facility, whereby each Kungsliden shareholder, subject to certain restrictions, may elect to receive as much share consideration as possible or as much cash consideration as possible for their Kungsliden shares. However, the proportion between shares and cash will not be varied as a result of individual elections made under the mix and match facility, instead, in order for individual shareholders in

⁸ 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 Kungsliden. Shares held by Kungsliden have not been included when calculating the value of the Offer (currently 3,361,006 shares).

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.

Castellum will finance the cash consideration payable under the Offer through a combination of Castellum's existing cash reserves 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.

Lenner & Partners and Nordea Bank Abp, filial i Sverige are acting as financial advisors to Castellum in connection with the Offer.

Kungsleden

Kungsleden is a Swedish public limited liability company incorporated in Sweden and operating under Swedish law and its shares are admitted to trading on Nasdaq Stockholm's main market under the ticker KLED. Kungsleden is a Swedish property company focusing on commercial properties in Swedish growth regions, with a property value of approximately SEK 43 billion. Almost 90 per cent. of Kungsleden's property portfolio is in Stockholm, Gothenburg, Malmö and Västerås. Kungsleden focuses on a broad spectrum of operations and industries and customers consist of proprietorship to international groups and public administration. Kungsleden's property portfolio consists of 207 properties (including 15 development properties with a total yearly rental value of approximately SEK 2.8 billion (as of 30 June 2021). Kungsleden's business model is based on long-term ownership, active management, improvement and development of commercial facilities in growth regions in Sweden.

Rationale

The rationale behind the proposed business combination is to strengthen the Group's position as the largest listed commercial property groups in the Nordics region by reported property market value⁹. The management of Castellum expects the combination to create growth and shareholder value through an efficient common platform within property management, continued property acquisitions as well as development of existing properties portfolios whilst benefiting from an exchange of knowledge and operational synergies.

The management of Castellum believes that the combination with Kungsleden provides opportunities for synergies within operation, property management, property development and financing as Castellum's operations would be strengthened and efficiencies would be gained through the exchange of knowledge and utilisation of economies of scale.

The management of Castellum estimates that the annual synergies within property management and administration to amount to approximately SEK 185 million and expects these synergies to reach full effect within two to three years of the acquisition occurring. These synergies are expected to arise through cost savings and efficiency gains in property management, reduced central administration and elimination of overlapping functions in the combined company, particularly given that approximately 90 per cent. of the combined portfolio is in complimentary locations.

The combined company would have the opportunity for financial synergies in the event that it can successfully refinance Kungsleden's outstanding loans based on Castellum's higher credit rating. The management of Castellum estimates the annual financing cost synergies to be SEK 100 million. In addition,

⁹ Based on Castellum's calculations based on publicly available information.

the increased size of the Group, in the event that the acquisition proceeds, is expected to improve the Group's position and competitiveness in capital markets.

Further, the management of Castellum believes that there are unquantified revenue synergies through improved customer offering and enhanced local presence of the combined company as well as stronger combined ability to extract further value from existing sites and accelerate new projects.

There can be no assurance that any synergies will be realised or that there will be no adverse impact on the operations of the Group.

The Combined Company

If the acquisition of Kungsleden is successful, the combined property portfolio would have a market value of approximately SEK 140 billion consisting of 765 properties (including 69 development properties) with a broad geographic diversification within growth regions in Sweden, Finland and Denmark. Taking into account Castellum's ownership in Entra ASA following the purchase of additional shares on 27 August 2021 and acquisitions carried out in July 2021, the property value of the combined company would amount to approximately SEK 165 billion. In order to enable focus on prioritised growth regions, the management of Castellum intends to divest of certain properties within less prioritised areas if the combination proceeds. The combined property portfolio would mainly consist of office properties (approximately 58 per cent.), public sector properties (approximately 13 per cent.), warehouse, logistics and industry properties (approximately 14 per cent.) and retail properties (approximately 7 per cent.). The project portfolio of the combined company would correspond to just over 6 per cent. of the property value. The combined company would have a broad customer base represented by public authorities, municipalities and large corporates. The single largest tenant of the combined company is estimated to account for approximately 3 per cent. of the combined rental value and the average lease period for the total combined property portfolio is estimated to approximately 3.9 years.

Certain key metrics of the combined company's portfolio are presented below. This section contains certain financial measures that are not defined or recognised under IFRS. These financial measures have been included because Castellum believes they provide useful supplemental information to understand and analyse the combined company and the possibilities and synergies that may be achieved. Please refer to the section "*Unaudited Pro Forma Financial Information*" for pro forma figures reviewed by Castellum's auditor and please refer to the section "*Alternative Performance Measures and Other Key Performance Indicators*" for definitions and explanations of the metrics disclosed below.

Castellum has prepared the following 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. Consequently, potential investors should not overstate the importance of the unaudited pro forma financial information.

Loan to value	30 June 2021
Interest bearing liabilities, MSEK	70,545
Cash and cash equivalents, MSEK	-1,898
Net interest bearing liabilities, MSEK	68,647
Total assets, MSEK	163,369

Loan to value ratio	42%
Income from property management (pro forma), MSEK	Jan-June 2021
Income before tax	7,142
Reversed:	
Transaction costs	45
Financing fees etc. for acquisition	15
Change in value on properties	-4,495
Change in value on financial holdings	-296
Impairment of goodwill	53
Change in value on derivatives	-248
= Income from property management (pro forma)	2,216

Interest coverage ratio pro forma

Income from property management (pro forma), MSEK	2,216
Reversed:	
Net interest costs (pro forma), MSEK ⁽¹⁾	596
Income from property management, excl. net interest, MSEK	2,812
Interest coverage ratio, pro forma	472%

⁽¹⁾ Net interest costs has also, based on the principle applied by Castellum, been adjusted with the pro forma adjustment for financing fee acquisitions of MSEK 15 (i.e. net financing cost according to pro forma Statement of income of 611 less 15 = 596 MSEK).

If the acquisition proceeds, Castellum intends to remain based in Gothenburg. The expanded operation that Kungsleden will contribute to means that the combined company will have two headquarters, one in Stockholm and one in Gothenburg.

Both Kungsleden and Castellum are committed to driving the development of green properties and sustainable development and Castellum intends to maintain its ambitious sustainability targets for the combined company in the event that the acquisition proceeds with a goal of becoming Europe's most sustainable property company.

If the acquisition proceeds, Castellum intends that the combined company will maintain its policy of having a loan-to-value ratio not exceeding 50 per cent. and it will also aim to maintain Castellum's rating, meaning it will continue to maintain an actual loan-to-value ratio below 45 per cent. Further, Castellum intends that the combined company will retain Castellum's financial target of annual growth in profit from property management per share of 10 per cent. and dividend of at least 50 per cent. per share of the profit from property management.

Rating

On 4 August 2021, Moody's affirmed Castellum's long-term issuer rating of Baa2 with stable outlook. The affirmation of the rating and outlook followed Castellum's announced voluntary public takeover bid to acquire Kungsleden on 2 August 2021 and reflects Castellum's temporary increase in leverage being balanced by Castellum's targeted reduction of leverage towards a level of below 45 per cent. by year-end 2021 and the expected improvements in business profile in the event that the Offer is accepted. There can be no assurance that this position will be maintained if the acquisition is not completed.

ALTERNATIVE PERFORMANCE MEASURES AND OTHER KEY PERFORMANCE INDICATORS

Definitions

Consolidated Solvency ratio

The consolidated solvency ratio is calculated by dividing total interest bearing liabilities with total consolidated assets at the balance sheet date.

Economic occupancy rate

Rental income accounted for during the period, less discounts, as a percentage of rental value for properties owned at the end of the period. Properties acquired/completed during the period have been restated as if they had been owned or completed during the whole year, while properties disposed of have been excluded entirely. Development projects and undeveloped land have been excluded.

EPRA NRV

Net Reinstatement Value Equity as recognised in the balance sheet, adjusted for interest rate swaps, goodwill relating to deferred tax, and deferred tax in its entirety. EPRA NRV per share is calculated as EPRA NRV divided by number of outstanding shares at the end of the period.

EPRA NTA

Net Tangible Assets Equity as recognised in the balance sheet following add-back of derivatives and goodwill, adjusted for actual deferred tax instead of nominal deferred tax. EPRA NTA per share is calculated as EPRA NTA divided by number of outstanding shares at the end of the period.

EPRA vacancy rate

Estimated market rental value of vacant space as a percentage of rental value for properties owned at the end of the period. Properties acquired/completed during the period have been restated as if they had been owned or completed during the whole year, while properties disposed of during the period have been excluded entirely. Development projects and undeveloped land have been excluded.

Income from property management

Net income following add-back of acquisition and restructuring costs, revaluation of results due to stepwise acquisitions, impairment of goodwill and changes in value, as well as tax for both the Group and for joint ventures. Income from property management per share is calculated as Income from property management divided by average number of outstanding shares for the period.

Interest coverage ratio

Income from property management after reversal of net financial items and income from property management in joint venture as a percentage of net interest items.

Loan to value ratio (vs. total assets only)

Interest-bearing liabilities after deduction for cash and cash equivalents as a percentage of total assets at the year-end

Loan to value ratio (investment properties only)

Interest-bearing liabilities after deduction for cash and cash equivalents as a percentage of the investment properties' fair value with deduction for acquired properties not taken in possession, and with addition for divested properties still in possession, at the year-end.

Net investments

Investments in investment properties at fair value through business combinations plus direct investments in investment properties plus investments in new constructions, extensions and reconstructions less sales of investment properties.

Net operating income margin

Net operating income as a percentage of rental income.

Rental income

Rents debited plus supplements such as reimbursement of heating costs and property tax.

Rental value

Rental income plus estimated market rent for vacant premises.

Secured debt/total assets

Secured debt at the balance sheet date divided by total assets at the balance sheet date.

Unencumbered Asset Ratio

Total market value of investment properties over which no security is granted, divided by Consolidated Total Assets.

Reconciliations and Additional Explanations

A number of the financial metrics presented by Castellum are not defined in accordance with IFRS. However, Castellum believes that these measures provide useful supplementary information to both investors and Castellum management, as they facilitate evaluation of group performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. These financial measurements should therefore not be seen as a substitute for metrics defined according to IFRS. Unless otherwise stated, the table below presents metrics, along with their reconciliation, which are not defined according to IFRS.

In the table below, number of shares used to calculate per share key metrics are presented:

	Jan-June 2021	Jan-June 2020	Jan-Dec 2020	Jan-Dec 2019
Number of shares for calculation of per share metrics				
Average number of shares, thousand (related to income statement metrics)	274,783	273,157	273,628	273,201
Average number of shares, thousand (related to balance sheet key metrics)	272,075	273,031	277,093	273,201

Income from property management

Castellum's operations are focused on cash flow growth from ongoing management operations (i.e. income growth from property management), the yearly target being a 10 per cent. increase in income from property management. Income from property management also forms the basis of the annual shareholder dividend:

at least 50 per cent. of income from property management. Income from property management is calculated before tax paid.

Income from property management	Jan-Dec 2020		Jan-Dec 2019	
	MSEK	SEK/share	MSEK	SEK/share
Income before tax	7,028	25.68	6,765	24.76
Reversed:				
Acquisition costs	25	0.09	9	0.03
Financing fees etc for acquisitions	70	0.26	-	-
Change in value on properties	-3,863	-14.12	-3,918	-14.34
Change in value on financial holdings	-	-	-	-
Impairment of goodwill	-	-	179	0.66
Change in value on derivatives	120	0.44	111	0.41
= Income from property management	3,380	12.35	3,146	11.52

Net operating income margin

The net operating profit margin measures how much net income is generated as a percentage of revenue. It is the ratio of net profits to revenues for Castellum. Net profit margin is expressed as a percentage. The net profit margin illustrates how much of each Swedish krona in revenue earned by Castellum translates into profit and can be used to compare performance over time.

	Jan-June 2021	Jan-June 2020
Net Operating income margin		
Net operating income, MSEK	2,034	2,170
Income, MSEK	2,936	2,999
Net operating income divided with income		
=Net operating income margin %	69%	72%

Net asset value

Net asset value describes the total equity that Castellum manages for its owners. Based on this equity, Castellum wants to create return and growth at a low level of risk. Net asset value can be calculated in different ways, where mainly time and turnover in the property portfolio impact on the value. Long-term net reinstatement value (EPRA NRV) is based on the balance sheet, with adjustments for items that will not lead to any short-term payment. In Castellum's case, these would include such items as goodwill, derivatives and deferred tax liability. Net tangible assets (EPRA NTA) is the same as EPRA NRV but with the difference that goodwill that is not attributed to deferred taxes is not seen as an asset. Furthermore, the deferred tax should be based on market value according to how Castellum has completed property transactions in recent years.

30 June 2021

30 June 2020

Net asset values	MSEK	SEK/share	MSEK	SEK/share
Equity according to the balance sheet	50,926	187	43,469	159
Reversed:				
Declared, undistributed dividend	949	3	888	3
Derivatives according to the balance sheet	653	2	863	3
Goodwill attributable to deferred tax	-1,427	-5	-1,480	-5
Deferred tax according to the balance sheet	10,794	40	10,493	39
EPRA NRV: Net reinstatement value	61,895	227	54,233	199
Deduction:				
Goodwill due to acquisition of United Spaces	-193	-1	-190	-1
Estimated real deferred tax, 4% ⁽¹⁾	-2,202	-7	-2,090	-8
EPRA NTA: Net tangible assets	59,500	219	51,953	190

(1) The net estimated real deferred tax liability has been estimated at 4 per cent. based on a discount rate of 3 per cent. Further, assessments have been made that tax loss carry forwards are realised in one year with a nominal tax of 20.6 per cent., and that the properties are realised in 50 years and where the entire portfolio is sold indirectly in corporate wrappers where the buyers tax discount is 7 per cent.

Financial risk

Castellum's strategy is to own, develop and manage properties at low financial risk. This is expressed in a loan-to-value ratio not permanently exceeding 50 per cent. and an interest coverage ratio of at least 200 per cent. Another important measure used by Castellum to manage financial risk is secured debt/total asset ratio which is a measure that provide information about the level of subordination for investors providing debt on an unsecured basis. Solvency ratio is a key metric which is used to measure Castellum's ability to meet the long-term obligations. A solvency ratio indicates whether the cash flows are sufficient to meet its long term liabilities. Finally, unencumbered asset ratio portrays the portion of investment properties that are not subject to any encumbrances (such as, for example creditor claims, mortgages, liens or other securities pledged) and is thus free from any potential claims from other creditors.

	Jan-June 2021	Jan-June 2020	Jan-Dec 2020	Jan-Dec 2019
Interest coverage ratio				
Income from property management, MSEK				
Reversed:	1,615	1,689	3,380	3,146
Net interest costs, MSEK	374	394	786	782
Income from property management, MSEK excluding net interest	1,989	2,083	4,166	3,928
Interest coverage ratio	532%	529%	530%	502%
Loan to value (vs. total assets only)		30 June 2021	30 June 2020	

Interest bearing liabilities, MSEK	43,023	41,834
Cash and cash equivalents, MSEK	-997	-200
Net interest bearing liabilities, MSEK	42,026	41,634
Total assets, MSEK	110,082	101,078
Loan to value ratio (vs. total assets only) (%)	38%	41%

30 June 2021

Loan to value (vs. investment properties only)	
Net interest bearing liabilities, MSEK (per above)	42 026
Investment properties, MSEK	97 250
Acquired properties not taken into possession, MSEK	-146
Divested properties still in Castellum's possession, MSEK	1 126
Investment properties, MSEK	98 230
Loan to value ratio (vs. investment properties only) (%)	43%

Unencumbered asset ratio

	<u>30 June 2021</u>	<u>31 December 2020</u>
Unencumbered assets ratio		
<u>Total assets, MSEK</u>	<u>110,082</u>	<u>109,916</u>
<u>Less secured assets, MSEK</u>	<u>-44,050</u>	<u>-42,416</u>
Unencumbered assets	66,032	67,500
Total assets, MSEK	110,082	109,916
<u>Unencumbered asset ratio</u>	<u>60%</u>	<u>61%</u>

Consolidated solvency ratio

	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Consolidated solvency ratio				
Total interest bearing liabilities (debt), MSEK	43,023	45,720	40,826	40,358
Total assets, MSEK	110,082	109,916	98,985	92,140
Consolidated solvency ratio	39%	42%	41%	44%

Secured debt to total asset ratio

	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Secured debt/total assets				
Total debt, MSEK	42,026	45,559	40,653	40,115
Less unsecured debt, MSEK	-36,491	-37,971	-33,404	-27,715
Secured debt, MSEK	5,535	7,588	7,249	12,400
Total assets, MSEK	110,082	109,916	98,985	92,140
Secured debt/total asset ratio	5%	7%	7%	13%

Net Investments

Net investments is an important key metric for Castellum in order to achieve the overall target of 10 per cent. growth in income from property management per share, Castellum will make annual net investments of at least 5 per cent. of the property value.

	<u>Jan-June 2021</u>	<u>Jan-June 2020</u>
Net investment, MSEK		
Acquisitions	335	292
New constructions, extensions and reconstruction	1,679	1,205
Total investments	2,014	1,497
Net sales prices	-11,000	-119
Net investments	-8,986	1,378

UNAUDITED 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. Consequently, potential investors should not overstate the importance of the unaudited pro forma financial information.

BACKGROUND

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

- in respect of 70 per cent. 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 per cent. of the number of Kungsliden shares tendered by such shareholder, SEK 121 in cash per Kungsliden 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 per cent. of the total number of outstanding shares in Kungsliden 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 IFRS 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 20 to Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation and has been compiled in a manner consistent with the accounting principles of Castellum, IFRS as adopted by the EU, which are described in Castellum's annual report for 2020.

Castellum's auditor, Deloitte AB has given an assurance report on the compilation of pro forma financial information, included in these Listing Particulars — *“Independent Auditor's Assurance Report on the Compilation of Pro Forma Financial Information included in Listing Particulars”*.

ASSUMPTIONS AND BASIS FOR THE PRO FORMA FINANCIAL INFORMATION

Acceptance to the Offer

The acquisition 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 Leasingcost / 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 in 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. Lettingcost / Site leasehold fee in Castellum's statement of income are presented as Leasingcosts / Site leasehold fee in the pro forma statement of income. Impairment of goodwill in Castellum's statement of income is presented as Writedown goodwill in the pro forma statement of income. Finally Changes in value on financial holdings is presented as Changes in value on financial assets 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 bid 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 amortization 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 per cent. 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:

	Castellum (1 January – 30 June 2021) IFRS	Kungsleden (1 January – 30 June 2021) IFRS	Pro forma adjustments	Note	Castellum Pro forma Statement of income
STATEMENT OF INCOME					
<i>(SEK million)</i>					
Income	2,936	1,289	0		4,225
Property costs	-902	-404	0		-1,306
Net operating income	2 034	885	0		2,919
Central administrative expenses	-77	-47	0		-124
Transaction costs	0	0	-45	A1	-45
<i>Net financial costs</i>					
Net interest costs	-374	-172	-65	A2	-611
Dividend	46	0	0		46
Leasingcost / Site leasehold fee	-14	-15	0		-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	0		4,495
Changes in value on financial assets	296	0	0		296
Changes in value on derivatives	117	131	0		248
Writedown goodwill	-53	0	0		-53
Income before tax	5,097	2,155	-110		7,142
Current tax	-132	0	0		-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 totalling 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 totalling SEK 7,806 million, as well as transaction costs totalling 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 per cent. 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 totalling 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 totalling 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	Castellum 30 June 2021 IFRS	Kungsleden 30 June 2021 IFRS	Pro forma adjustments	Note	Castellum Pro forma Balance sheet
<i>(SEK million)</i>					
Investment properties	97,250	42,539	0		139,789
Goodwill	1,620	0	9,198	A	10,818
Leases, right-of-use	1,035	629	0		1,664
Financial assets	6,566	0	0		6,566
Other fixed assets	205	17	0		222
Derivatives	0	38	-38	E	0
Current receivables	2,409	3	0		2,412
Cash and cash equivalents	997	901	0		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	0		19
Interest-bearing liabilities	43,023	19,671	7,851	C	70,545
Derivatives	653	90	-38	E	705
Lease liability	1,035	629	0		1,664
Non-interest bearing liabilities	3,641	1,011	0		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 the Castellum 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 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 June 30 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, proforma adjustments

(SEK million)

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

C

Interest bearing debt has increased with the cash component in the Offer, equal to SEK 7,806 million and transactions 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 per cent. 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, proforma adjustments

(SEK million)

Temporary difference properties as at 31 December 2020	
according to Kungsleden's Annual Report	24,457
Deferred tax 20.6 per cent. 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
<u>Pro Forma Adjustment</u>	<u>1,705</u>

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 ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN LISTING PARTICULARS

To the Board of Directors of Castellum AB, corporate identity number: 556475-5550

Report on the Compilation of Pro Forma Financial Information Included in Listing Particulars

We have completed our assurance engagement to report on the compilation of pro forma financial information of Castellum AB ("Castellum") by the Board of Directors and Management 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 "Unaudited Pro Forma Financial Information" of the Listing Particulars dated 31 August 2021 issued by Castellum (the "Listing Particulars"). The applicable criteria on the basis of which the Board of Directors and Management of Castellum have compiled the pro forma financial information are specified in Annex 20 of the Commission delegated regulation (EU) No. 2019/980 and described in the section "Unaudited Pro Forma Financial Information" of the Listing Particulars.

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 AB (the "Offer") as set out in section "Unaudited Pro Forma Financial Information" of the Listing Particulars 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 AB's consolidated financial position and financial performance has been extracted by the Board of Directors and Management of Castellum from Castellum's and Kungsleden AB'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 AB.

The Board of Directors' and Management's Responsibility for the Pro Forma Financial Information

The Board of Directors and Management of Castellum are responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies *International Standard on Quality Control 1* 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 about whether the pro forma financial information has been compiled by the Board of Directors and Management of Castellum on the basis of the applicable criteria.

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 and Management have compiled, the pro forma financial information on the basis of the applicable criteria and whether this basis is consistent with the accounting policies of Castellum. Our work primarily consisted of comparing the unadjusted financial information with the source documents as described in section "Unaudited Pro Forma Financial Information" of the Listing Particulars, considering the evidence supporting the adjustments and discussing the pro forma financial information with Management of Castellum.

The aforementioned opinion does not require an audit of historical unadjusted financial information, the adjustments to conform the accounting policies of Kungsleden AB to the accounting policies of Castellum, or the assumptions summarized in section "Unaudited Pro Forma Financial Information" of the Listing Particulars. 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 listing particulars 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. Because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent Castellum's actual financial position or performance. 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 and Management 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:

- (i) The related pro forma adjustments give appropriate effect to those criteria;
- (ii) The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information;
- (iii) 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 "Unaudited Pro Forma Financial Information" of the Listing Particulars and that basis is consistent with the accounting policies applied by Castellum.

Gothenburg, 31 August 2021

Deloitte AB

Harald Jagner

Authorized Public Accountant

TAXATION

Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Capital Securities.

Swedish taxation

The following summary outlines certain Swedish tax consequences of the acquisition, ownership and disposal of Capital Securities. The summary is based on the laws of the Kingdom of Sweden as currently in effect and is intended to provide general information only. The summary is not exhaustive and thus does not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Capital Securities and is neither intended to be nor should be construed as legal or tax advice. In particular, the summary does not address the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies, not described below. Investors should consult their professional tax advisors regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Capital Securities in their particular circumstances.

Non-resident holders of Capital Securities

As used herein, a non-resident holder means a holder of Capital Securities who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Capital Securities, or (b) an entity not organised under the laws of Sweden.

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of any Capital Securities should not be subject to Swedish income tax provided that such holder does not carry out business activities from a permanent establishment in Sweden to which the Capital Securities are effectively connected. Under Swedish tax law, no withholding tax is imposed on payments of principal or interest to a non-resident holder of any Capital Securities.

Private individuals who are not resident in the Kingdom of Sweden for tax purposes may be liable to capital gains taxation in the Kingdom of Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in the Kingdom of Sweden or have lived permanently in the Kingdom of Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption.

Resident holders of Capital Securities

As used herein, a resident holder means a holder of Capital Securities who is (a) an individual who is a resident in Sweden for tax purposes or (b) an entity organised under the laws of Sweden.

Generally, all capital income (e.g. amounts that are considered to be interest for Swedish tax purposes and capital gains on the Capital Securities) obtained by individuals (and estates of deceased individuals) resident in Sweden for tax purposes will be taxable at a rate of 30 per cent.

Limited liability companies and other legal entities (except partnerships and estates of deceased individuals) are normally taxed on all income (including income from the disposal of the Capital Securities) as income from business operations at a flat rate of 20.6 per cent. as from 1 January 2021.

Swedish tax law does not impose withholding tax on payments of principal or interest to a resident holder of Capital Securities. However, if amounts that are considered to be interest for Swedish tax purposes are paid to a private individual (or an estate of a deceased individual) that is a resident holder of Capital Securities, Swedish preliminary tax (Sw: *preliminärskatt*) is normally withheld on such payments at a rate of 30 per cent.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

BNP Paribas, J.P. Morgan AG, Nordea Bank Abp and Swedbank AB (publ) (together, the **Joint Bookrunners**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 31 August 2021, jointly and severally agreed to subscribe or procure subscribers for the Capital Securities at the issue price of 100.00 per cent. of the principal amount of Capital Securities. The Issuer has agreed to pay the Joint Bookrunners a combined management and underwriting commission, will reimburse the Joint Bookrunners in respect of certain of their expenses, and has also agreed to indemnify the Joint Bookrunners against certain liabilities, incurred in connection with the issue of the Capital Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Capital Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (**Regulation S**).

The Capital Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Joint Bookrunner has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Capital Securities (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Joint Bookrunner has further agreed that it will have sent to each dealer to which it sells any Capital Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

Until 40 days after the commencement of the offering of the Capital Securities, an offer or sale of Capital Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the EEA. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom—Prohibition of Sales to UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the UK. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.

United Kingdom—Other regulatory restrictions

Each Joint Bookrunner has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Capital Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the UK.

Singapore

Each Joint Bookrunner has acknowledged that these Listing Particulars have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has represented and agreed that it has not offered or sold any Capital Securities or caused the Capital Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Capital Securities or cause the Capital Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, these Listing Particulars or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Capital Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Capital Securities pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

The Kingdom of Sweden

Each Joint Bookrunner has represented and agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Capital Securities or distribute any draft or definitive document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus for an offer to the public pursuant to the provisions of the Prospectus Regulation.

Japan

The Capital Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Joint Bookrunner has represented and agreed that it will not offer or sell any Capital Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Joint Bookrunner has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Capital Securities or possesses or distributes these Listing Particulars and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Capital Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Joint Bookrunner shall have any responsibility therefor.

None of the Issuer nor any of the Joint Bookrunners represents that Capital Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The issue of the Capital Securities was duly authorised by a resolution of the Board of Directors of the Issuer passed on 14 July 2021.

Listing of Capital Securities

Application has been made to Euronext Dublin for the Capital Securities to be admitted to the Official List and to trading on its Global Exchange Market, which is the exchange regulated market of Euronext Dublin. It is expected that admission of the Capital Securities to the Official List and to trading on the Global Exchange Market will be granted on or about 2 September 2021, subject only to the issue of the Capital Securities. The Global Exchange Market is not a regulated market for the purposes of MiFID II.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Capital Securities and is not itself seeking admission of the Capital Securities to the Official List or to trading on the Global Exchange Market.

Documents Available

For as long as the Capital Securities are listed on the Official List and admitted to trading on the Global Exchange Market, copies of the following documents will be available for inspection from <https://www.castellum.se/en/Investorrelations/financing/hybrid-securities/>:

- (a) the constitutional documents of the Issuer (with an English translation thereof);
- (b) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2020 and 31 December 2019, in each case, together with the auditors' reports in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis; and
- (c) the Deed of Covenant.

These Listing Particulars will be published on the website of Euronext Dublin at <https://live.euronext.com/> and will be available at <https://www.castellum.se/en/Investorrelations/financing/hybrid-securities/>.

Clearing Systems

The Capital Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS2380124227 and the Common Code is 238012422.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant or Material Change

There has been (i) no significant change in the financial or trading position of the Group since 30 June 2021 and (ii) there has been no material adverse change in the prospects of the Issuer since 31 December 2020.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of these Listing Particulars which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

Deloitte AB, Södra Hamngatan 53, Box 33, Gothenburg, Sweden, Swedish authorised public accountants (authorised and regulated by the Supervisory Board of Public Accountants – Karlavägen 104, 115 26 Stockholm, Sweden), have audited Castellum's accounts, without qualification, in accordance with IFRS for each of the financial years ended on 31 December 2020 and 31 December 2019.

Websites

For the avoidance of doubt, the content of any website referred to in these Listing Particulars does not form part of these Listing Particulars.

Joint Bookrunners Transacting with the Issuer

Certain of the Joint Bookrunners and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business. Certain of the Joint Bookrunners and their affiliates may have positions, deal or make markets in the Capital Securities, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Bookrunners or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Capital Securities. Any such positions could adversely affect future trading prices of Capital Securities. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Yield

For the period from (and including) the Issue Date to (but excluding) the First Reset Date, the yield on the Capital Securities is 3.127 per cent. per annum.

The yield is calculated at the Issue Date on the basis of the Issue Price of the Capital Securities. It is not an indication of future yield.

Interests of Natural and Legal Persons Involved in the Issue of the Capital Securities

Save for the commissions described under “*Subscription and Sale*”, so far as the Issuer is aware, no person involved in the issue of the Capital Securities has an interest material to the offer.

Language of these Listing Particulars

The language of these Listing Particulars is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

ISSUER

Castellum AB
Östra Hamngatan 16
Gothenburg
Sweden

FISCAL AGENT AND CALCULATION AGENT

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

LEGAL ADVISERS

To the Issuer as to English law

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Issuer as to Swedish law

Mannheimer Swartling Advokatbyrå AB
Östra Hamngatan 16
Box 2235
SE-403 14 Göteborg
Sweden

To the Joint Bookrunners as to English and Swedish law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

Linklaters LLP
Regeringsgatan 67
Box 7833
SE-103 98 Stockholm
Sweden

AUDITORS

Deloitte AB
Södra Hamngatan 53
Box 33, Gothenburg
Sweden

JOINT STRUCTURING AGENTS TO THE ISSUER

J.P. Morgan AG
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Nordea Bank Abp
Satamaradankatu 5
Helsinki
FI – 00020 Nordea
Finland

JOINT BOOKRUNNERS

BNP Paribas
16, boulevard des Italiens
75009 Paris
France

J.P. Morgan AG
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Nordea Bank Abp
Satamaradankatu 5
Helsinki
FI – 00020 Nordea
Finland

Swedbank AB (publ)
SE-105 34 Stockholm
Sweden

LISTING AGENT

Arthur Cox Listing Services Limited
Ten Earlsfort Terrace
Dublin 2
Ireland