Pareto Securities Project Finance

Company Description

KRONA

Public Real Estate AB

Published as a part of Krona Public Real Estate AB (publ)'s application for listing on Spotlight

Spotlight

Spotlight is a business unit of ATS Finans AB, a securities company under the supervision of the Swedish Financial Supervisory Authority. Spotlight operates an MTF platform and companies listed on Spotlight have undertaken to adhere to Spotlight's Regulation. Among other things, the Regulation is intended to ensure that shareholders and other participants in the market receive correct, immediate and concurrent information in all circumstances that may affect the Company's share price.

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Manager:

Pareto Securities

This Company Description is dated 29 March 2021

IMPORTANT INFORMATION

This company description with appendices (jointly referred to as the "**Company Description**") has been prepared in order to provide information about Krona Public Real Estate AB (publ), corporate identification number 559298-1707, a public limited liability company (the "**Company**") and its business in connection with the listing of the Company's shares on Spotlight. The BidCo (as defined below), on behalf of itself and the Company, has appointed Pareto Securities AS and Pareto Securities AB (jointly the "**Manager**" or "**Pareto**") to act as financial advisor. This Company Description has been prepared by the Company and the BidCo and is not approved by or registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). This Company Description has been reviewed and approved by Spotlight.

See section 1 (*List of Definitions*) for an explanation of words and terms used throughout the Company Description.

Sources and disclaimer of liability

The information in the Company Description has been prepared to the best of our judgement and reasonable steps have been taken to ensure that the information included in the Company Description is not incorrect in any material respect and does not entail any material omissions that can be expected to materially affect the meaning of its contents.

The information includes industry market data in the public domain, as well as estimates obtained from several third-party sources, including from the Vendor (as defined below), the Vendor's subsidiaries and industry publications. The Manager believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of the Vendor's data. Financial information in this Company Description has not been audited and/or reviewed by auditors unless otherwise stated. Pareto disclaims, to the extent permissible under applicable legislation, any liability for any loss as the result of any of the information given being misleading, incorrect or incomplete, as well as for any loss otherwise incurred as the result of an investment in the Company.

The Company Description includes and is based on, among other things, forward-looking information and statements relating to the activities, financial position and earnings of the Company and/or the industry in which the Company operates. The forward-looking statements include assumptions, estimates and expectations on the part of the Company and the Manager and are based mainly on information provided by the Vendor, or reasonable assumptions based on information available to the Company and the Manager. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks and uncertainties that may cause actual events or outcome to differ materially from any anticipated development, with the implication that final earnings or developments on the part of the Company may deviate materially from the estimates presented herein. Neither Pareto nor the Company can guarantee the correctness or quality of the suppositions underpinning any assumptions, estimates and expectations, nor can they accept any liability in relation to whether any assumptions, estimates and expectations are actually correct or realised. All investors will need to perform their own independent assessment of such estimates/expectations, and all investors must themselves verify the assumptions which form the basis for the forward-looking statements. Neither the Company, nor Pareto can give any assurance as to the correctness of such information and statements or the correctness of the assumptions on which such information and statements are based.

The information included in the Company Description cannot be used for any other purpose than the assessment of an investment in the Shares in the Company.

The contents of the Company Description shall not be construed as legal advice, investment advice or tax advice. All investors are encouraged to seek such advice from their own advisors. Services provided by Pareto that has been engaged as the Company's financial advisor does not render – and shall not be deemed to render – any advice or recommendations as to an investment in Shares.

Governing law and dispute resolution

This Company Description is subject to Swedish law. Any disputes regarding this Company Description which cannot be solved amicably, shall be referred to the ordinary courts of Sweden and the applicant accepts the non-exclusive jurisdiction of the Stockholm District Court.

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APPENDICES

Appendix 1: Articles of association of the Company

1 LIST OF DEFINITIONS

Adjusted EBITDA	EBITDA (as defined below) as adjusted for value adjustments, capital gains/losses and transactions costs related to the Transaction
Agreed Portfolio Value	NOK 1,360,000,000
BidCo	Krona Eiendom AS, a limited liability company incorporated in Norway, Norwegian corporate identification number 918 047 255, which is a wholly owned subsidiary of the Company
Business Management Agreements	The business management agreements between the Business Manager and the Company and the BidCo, respectively regarding the management of the Group, (each a "**Business Management Agreement**")
Business Manager	PBM
CAPEX	Capital Expenditure
Closing	The consummation of the acquisition of the Target, which occurred on 16 March 2021
Company	Krona Public Real Estate AB (publ), a public limited liability company incorporated in Sweden, Swedish corporate identification number 559298-1707
Company Costs	All costs related to the management of the Group, which are not defined as Property Related Costs, for example the fee to the Business Manager, the Technical Follow-up Manager and other necessary administration costs
Company Description	This Company Description, dated 29 March 2021
CPI	Norwegian cost-of-living index, published by Statistisk Sentralbyrå (SSB) and/or Swedish consumer price index (Sw. *konsumentprisindex*), published by Statistics Sweden (Sw. *Statistiska Centralbyrån*)
Debt Facility	The BidCo's bond issue in an aggregate total amount of approximately NOK 884,000,000, which was used to finance the Transaction, together with the capital raised in the Recent Equity Issue
Dividend Yield	Annualised total cash dividend payments to the holders of the Shares divided by the total amount raised through the Recent Equity Issue
EBITDA	Earnings on a consolidated basis before interest, taxes, depreciation and amortisation of eventual goodwill
Gross Portfolio Value	NOK 1,344,233,333
Group	The Company and all of its subsidiaries including the Target, (each a "**Group Company**" and jointly the "**Group Companies**")

Group Costs	Annual costs associated with the Group's operations, including the Property Related Costs and the Company Costs
Kirkegata 2A	Land no. 7013 title, no. 8 in Kongsberg Municipality
Kirkegata 4A	Land no. 7013 title, no. 7 in Kongsberg Municipality
Kirkegata 6	Land no. 7013, title no. 3 in Kongsberg Municipality
Kirketorget 2	Land no. 7013 title, no. 9 and no. 11 in Kongsberg Municipality
Kirketorget 2B	Land no. 7013 title, no. 10 in Kongsberg Municipality
KKE	Kongsberg Kommunale Eiendom KF, a municipal enterprise (Nw. *kommunalt foretak)*, incorporated in Norway, Norwegian corporate identification number 976 662 156
Krona	Land no. 7013 title, no. 5 in Kongsberg Municipality (main property)
Lease Agreements	The lease agreements between the Tenants and the Target, (each a "**Lease Agreement**")
LTV	Loan to value (Debt Facility divided by the Agreed Portfolio Value)
Local Property Manager	Reine ADU AS
Local Property Management Agreement	The local property management agreement between Reine ADU AS and the Target regarding the management of the Portfolio and the Target
Manager or **Pareto**	Pareto Securities AS, a limited liability company, incorporated in Norway, Norwegian corporate identification number 956 632 374 and Pareto Securities AB, a limited liability company, incorporated in Sweden, Swedish corporate identification number 556206-8956
Money Laundering Act	The Swedish Money Laundering and Terrorist Financing (Prevention) Act (Sw. *lag (2017:630) om åtgärder mot penningtvätt och finansiering av terrorism*)
MTF	Multilateral trading facility
Net Real Estate Yield	Annualised, unlevered, NOI, divided by the Gross Portfolio Value
NOI	Net operating income, being all amounts payable to the Group arising from or in connection with any lease and the Rental Guarantee, less any Property Related Costs
Nordic Trustee	Nordic Trustee AS, a limited liability company, incorporated in Norway, Norwegian corporate identification number 963 342 624
PBM	Pareto Business Management AS, a limited liability company, incorporated in Norway, Norwegian corporate identification number 940 952 395 and Pareto Business Management AB, a public limited liability company, incorporated in Sweden, Swedish corporate identification number 556742-5581
Portfolio or **Properties**	The registered freehold properties Krona, Kirkegata 2 A, Kirkegata 4 A, Kirketorget 2, Kirketorget 2 B and Skauløkka and the buildings

	located thereon in Kongsberg, Norway subject to acquisition through the acquisition of the Target, each a "Property"
Property Related Costs	All non-recoverable operating costs (excluding Company Costs and CAPEX) connected to the handling of the Portfolio
Recent Equity Issue	The issuance of 4,484,100 new Shares in the Company resolved on an extraordinary general meeting on 17 February 2021
Rental Guarantee	The rental guarantee granted by the Vendor under the Share Purchase Agreement for the 458.5 square metres vacant areas, which comprise of approximately 0.8% of the Rental Income (approximately NOK 457,196 excl. VAT, adjusted for tax as a deduction in the purchase price), and expires three years from the Closing of the Transaction. The Rental Guarantee also covers an additional area of 114 square metres corresponding to NOK 48 842, for only one year. In addition, the Rental Guarantee covers a proportional part of joint costs. The Rental Guarantee shall be adjusted 1 January each year in accordance with changes in the CPI, with base index being November 2020. Further the compensation under the Rental Guarantee is adjusted proportionally if vacant spaces are let out.
Rental Income	Annual base rent including index 2021 from the Lease Agreements and the Rental Guarantee
Share Purchase Agreement	The share purchase agreement entered into on 17 February 2021 between the BidCo as purchaser and the Vendor as seller regarding the purchase of all shares in the Target, and indirectly the Properties
Shares	The 4,484,100 shares in the Company
Skauløkka	Land no. 7222 title no. 1 and land no. 7223 title no. 1, both in Kongsberg municipality
Target	KKP Eiendom AS, a limited liability company, incorporated in Norway, Norwegian corporate identification number 999 513 468
Technical Follow-up Agreement	The technical follow-up agreement between the Technical Follow-up Manager and the Company or any of its subsidiaries regarding the technical follow-up of the Properties
Technical Follow-up Manager	PBM
Tenants	All tenants within the Properties, (each a "**Tenant**")
Transaction	All transactions, including but not limited to the transfers under the Share Purchase Agreement
USN	The University of South-Eastern Norway, corporate identification number 911 770 709
VAT	Value Added Tax
Vendor	NAF Gårdene AS, a limited liability company, incorporated in Norway, Norwegian corporate identification number 933 115 453

Viken County	Viken Fylkeskommune, corporate identification number 921 693 230
WAULT	The weighted average unexpired lease term of the Lease Agreement and the Rental Guarantee as of 1 March 2021

2 RESPONSIBILITY STATEMENT

The board of directors of the Company is responsible for the information given in this Company Description. The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Company Description is, to the best of the Company's knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Company Description and in the documents incorporated by reference which derive from the Vendor and other third parties have, as far as the Company is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Company Description is, to the best of the board member's knowledge, in accordance with the facts and contains no omission likely to affect its import.

The board of directors of Krona Public Real Estate AB (publ)

3 INVESTMENT SUMMARY

This summary should be read as an introduction to the Company Description, and is entirely subordinated to the more detailed information contained in this Company Description including its appendices. Any decision to invest in the Shares should be based on an assessment of all information in this Company Description and any other relevant information. In particular, potential investors should carefully consider the risk factors mentioned in section 4 (Risk factors).

For an explanation of definitions and terms used throughout this Company Description, please refer to section 1 (List of Definitions).

3.1 Summary of the Company, the Tenants and the Portfolio

The Company is a Swedish public limited liability company which has, through the BidCo, acquired all shares in the Target, which was the sole owner of the Portfolio.

The Portfolio includes Krona, the parking facility Skauløkka and four adjacent properties, where Krona is the main Property with approximately 92% of the Rental Income. In total, the Portfolio consists of 38,705 square metres of lettable area of which 12,752 square metres consists of the parking facility Skauløkka with its 462 parking lots.

The Portfolio

Education & culture centre	Garage & building right	Multi-let office properties			
1 Krona	2 Skauløkka	3 Kirketorget 2	4 Kirketorget 2B	5 Kirkegata 2A	6 Kirkegata 4A
24,267 m² Public tenants - School, culture hall, library and cinema	12,752 m² Parking facility with future development potential	371 m² Public tenant and foundation - Office	230 m² Public tenant - Cafe/Office	193 m² Office	892 m² Public tenant - Office
91.8% of total rent	4.9% of total rent	0.9% of total rent	0.5% of total rent	0.3% of total rent	1.6% of total rent

Source: the Vendor

Krona is a modern education and culture centre completed in July 2015, with 100% public sector Tenants. Krona gathers core culture and educational functions including university, vocational school, library, cinema, culture scene and public offices. Krona is the hub and link between the technology park, the university and the culture scene in Kongsberg.

The other four properties consist of three detached and listed wooden buildings built in the 1820s and one additional building built in 1912, which are located on the square outside the entrance to Krona and are linked to and supports the Tenants in Krona. The premises are mainly rented out as offices and meeting rooms.

The Portfolio is located in Kongsberg approximately 40 minutes from Drammen and approximately 70 minutes from Oslo by car or train. Kongsberg is known as an industrial city, mainly due to the technology park – a tech hub housing approximately 5,500 employees and approximately 40 companies.

There are in total six unique Tenants within the Portfolio. The three largest Tenants are all public sector Tenants represented by the state, county and municipality and they account for almost 97% of the Rental Income *per annum*. The three largest Tenants have all contributed to making Krona into an important gathering point in the region with a wide range of cultural offering.

The estimated Rental Income for the year 2021, is estimated to approximately NOK 59.5 million, corresponding to approximately NOK 1,538 per square metre. The Lease Agreements (excluding the lease agreement with One Park AS at Skauløkka) are 100% adjusted in accordance with Norwegian CPI. The NOI of the Portfolio is estimated to amount to approximately NOK 56.0 million, equivalent to a Net Real Estate Yield of approximately 4.2%.

The Vendor provides a Rental Guarantee for the vacant areas totalling an income of NOK 506,038 *per annum* of which NOK 457,196 *per annum* is valid three years from Closing and the remaining NOK 48,842 *per annum* is valid one year from Closing.

3.2 Summary of financial information

The purchase price of the Shares was based on the Agreed Portfolio Value of NOK 1,360,000,000 and was financed with the Recent Equity Issue of SEK 448,410,000, equivalent to approximately NOK 457,000,000 at the time of allocation of the Shares, and the Debt Facility of NOK 884,000,000.

Key financial figures include:

- Net Real Estate Yield of approximately 4.2%
- Estimated Dividend Yield of approximately 6.5%(1)
- Initial LTV of approximately 65% based on the Agreed Portfolio Value

Note: (1) Dividends from the Company to its shareholders will be paid in SEK. The general meeting of the Company will decide on a dividend amount in SEK, taking into consideration, inter alia, the profit of the Company, which pursuant to Swedish corporate law will be the maximum amount which may be distributed to the shareholders of the Company. The Company estimates to distribute annual dividends in a SEK amount equivalent to 6.50% calculated on a share price of SEK 100 and the NOK/SEK exchange rate of 0.9812. However, as the Target receives rents in NOK and the Company distributes dividends in SEK, the Company's SEK dividend capacity will vary based on the applicable exchange rate for SEK/NOK. Further, an investor which calculates its investment in another currency than SEK will be subject to exchange rate risk in relation SEK and such other currency.

3.3 Summary of the Recent Equity Issue

For regulatory purposes the BidCo raised capital in the Company through the Recent Equity Issue, where the Company issued a total of 4,484,100 Shares in the Company during February 2020 at a price of SEK 100 per share. The formal resolution to issue a total of maximum 4,800,000 new shares in the Company was taken on an extraordinary general meeting on 17 February 2021, and the resolution of the extraordinary general meeting was, in accordance with the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*), based upon a proposal by the board of directors.

In connection with the Recent Equity Issue, the shares that existed in the Company prior to the Recent Equity Issue were redeemed at a redemption price of SEK 500,000 in aggregate, and for this purpose, the share capital was reduced by SEK 500,000.

4 RISK FACTORS

Prospective investors should be aware that investments in shares are always associated with risks. The financial performance of the Company and its subsidiaries from time to time and the risks associated with the Group's business are important when making a decision to invest in the Shares. There can be no guarantees or assurances that the Company's objectives are met and that an investment in turn will generate a positive return for the investor. A number of factors influence and could influence the Group's operations and financial performance and ultimately the Company's ability to pay dividends. In this section a number of risk factors are illustrated and discussed, both general risks pertaining to the Company's operations and material risks related to the Shares as financial instruments. The risks described below are not the only ones the Group is exposed to.

Only a limited due diligence review was performed on the Targets based on the documentation made available to the Manager by the Vendor, with respect to the Portfolio and the Target. Without prejudice to the generality of the foregoing, the legal review did not include matters relating to the technical functions of the buildings or the technical construction of the buildings. Financing agreements was excluded from the scope of legal review. Additional risks that are not currently known to the Company, or that the Company currently considers to be immaterial, could have a material adverse effect on the Group's business. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their relative significance.

There is no guarantee that all documentation and information relevant to the legal review was provided by the Vendor. The outstanding documentation may therefore contain hidden liabilities or obligations and further subsequent risks not known at the date of this Company Description.

This Company Description contains forward-looking statements based on current expectations which involve risks and uncertainties. The actual results could differ materially from the results anticipated in these forward-looking statements as a result of many factors, including, but not limited to, the risk factors set forth in this section and elsewhere in this Company Description. The cautionary statements made in this Company Description should be read as being applicable to all forward-looking statements wherever they appear in this Company Description. There is a risk that the current expectations, and as such the forward-looking statements, are not correct. If so, it could affect the Group's financial conditions and the equity returns negatively.

4.1 General risk factors and deviation from forward looking statements

It should be emphasised that an investment in the Company is subject to risk. Investors should be aware of the fact that such investment might involve loss. A risk not previously having materialised in the form of loss does not mean that such risk does not still pose a real threat to the activities, opportunities and financial position of the Company, or the value of its shares. Investors are encouraged to consult their own advisors with a view to determining whether an investment in the Company is suitable for them. Such loss will be limited to each investor's investment in the Company. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment. The list below comprises the most important risk factors related to the Recent Equity Issue. All of these risk factors are important, and the risk factors are not listed in order of importance.

Further, this Company Description contains forward-looking statements based on current expectations which involve risks and uncertainties. The actual results could differ materially from the results anticipated in these forward-looking statements as a result of many factors, including, but not limited to, the risk factors set forth in this section and elsewhere in this Company Description. The cautionary statements made in this Company Description should be read as being applicable to all forward-looking statements wherever they appear in this Company Description.

4.2 Limited or no substantial operating history

The Company is in a development stage and has recently been formed for the purpose of carrying out its business plan. Although the Business Manager, the Technical Follow-up Manager and the Local Property Manager has many years' experience in the business sector, the Company is new and as such has no operating history. The Company is therefore depending on the Business Manager, the Technical Follow-up Manager and the Local Property Manager in order to carry out its business plan and conduct its day-to-day business.

If the Business Manager and/or the Local Property Manager fails to carry out the Company's business plan in a satisfactory manner, there is a risk that the Company and the Group would not be able to operate in accordance with its business plan, comply with its obligations or claim benefits under other third party agreement, which may result in delays in meeting its business plan, increased costs, potential damages or terminated agreements. There is also a risk that the Group would have to procure management services from other providers on terms less favourable, if such services are available at all. If any of the above risks would materialise, it could adversely affect Group's business, financial condition and equity returns.

4.3 Market risk

The risk associated with real estate investments is primarily determined by the uncertainty of the value of the properties involved. This risk can thus be defined as those factors that influence property valuations. The main factors are the supply of, and demand for, commercial properties, as well as the yields that investors are willing to accept when purchasing real estate.

The real estate market is influenced by the vacancy rate in the market. The vacancy rate is influenced by several factors on both a micro and macro level. Negative changes in the general economic situation, including business and private spending, may adversely affect the demand for commercial premises. The free capacity is also influenced by construction and refurbishment activity. Furthermore, the real estate market is influenced by the demand for the type of real estate that the Group owns. During certain periods there might be fierce competition for a few real estate objects, and it might be difficult to purchase desired objects at the desired price. In other periods, it might be difficult to sell real estate objects at the desired price. A decrease in the value of the Properties would adversely affect the valuation of the Group's property portfolio and hence have an adverse effect on the Group's business, financial condition and equity returns.

4.4 Transaction risk

The Share Purchase Agreement contains customary limitations as to which claims can be made against the Vendor and at what point in time these claims can be made. In addition, the Target may also have hidden liabilities which do not relate to any of the Properties and there is a risk that any potential losses incurred due to such liabilities cannot be possible to claim from the Vendor, and may therefore have a negative effect on the Group's financial condition and equity returns.

The Share Purchase Agreement is based on a marked standard agreement commonly used on the Norwegian property market for sale and purchase of private limited liability companies, which includes customary warranties and indemnities customised for transactions with W&I insurance.

As a condition precedent for Closing, the Vendor has, on behalf of the Target, made a self-correction in accordance with the Norwegian Tax Administration Act and requested a voluntary correction regarding choice of balance group and thereby the depreciation rate (from 4% to 2%) for the Properties (except for Skauløkka) for the income years of 2015–2019 and also re-adjustment of loss carry forward in the Target's balance sheet. Furthermore, the Vendor has granted the BidCo a compensation of NOK 11,200,000 in the purchase price due to incorrect tax depreciation rates. As the Target has a large amount of loss carry-forward, the increase in taxable income will not result in any payable tax for the Target but will decrease the amount of loss carry-forward significantly. In addition to the abovementioned compensation, the Vendor has also granted a compensation to the BidCo due to certain technical issues on the Properties, please see further below in section 4.13.

4.5 Operational risk

The financial status and strength of the Tenants of the Properties, and thus their ability to pay rent etc., will always be a decisive factor when evaluating the risk of property companies. Operational risk also includes risk related to restrictions in the Lease Agreements, risk related to legal claims from any of the Tenants or authorities, including tax authorities and other third parties, risk for increased maintenance costs, risk for decreased technical conditions and risk for hidden defects and emissions. In the event that any or all of the Tenants are not able to pay rent under the Lease Agreements, this could have a material adverse effect on the Group's business, financial condition and equity returns.

The Tenant USN has a right to prematurely terminate the lease agreement regarding the leased premises of 11,601 square metres in the main building on Krona and 67 square metres of lettable area in Kirkegata 4. The break option for the main building Krona can only be used if certain prerequisites are fulfilled. See section 4.10 below "Risks related to rental income and risks related to break options" for further information.

If any of the break options are exercised, this may result in a vacancy in the relevant part of the premises, and consequently a decreased Rental Income. There are certain risks involved with obtaining new tenants, such as a potential higher counterparty risks and increased costs due to renovations or adjustments of the premises for such new tenant, which could affect the Group's business, financial condition and equity returns negatively. In addition, the Group's ability to negotiate new Lease Agreements on favorable terms and the Group's ability to obtain new Tenants is dependent upon, *inter alia*, the general condition of the real estate market at such time.

Currently, there are certain ongoing projects and contemplated construction works within the Properties. Furthermore, if any of the Properties must be renovated and/or adjusted in the future, e.g. to serve the needs of a new tenant, or serve several tenants instead of a single tenant, such investments could affect the Group's financial condition and equity returns negatively. There could also be a period when there are no Tenant(s) and consequently no income for the Group. The realisation of any of the risks described above could have an adverse effect on the Group's business, financial condition and equity returns.

4.6 Tenants risk

The Group is dependent on the Lease Agreements, and as such, the financial strength of the Tenants is critical for the Group's business. In the event that any of the Tenants are not able to pay their rent, this could have a material adverse effect on the Group's business, financial condition and equity returns. Financial difficulties on the part of Tenants may result in the Company having to find new Tenants in an unfavourable market, thus failing to achieve the same cash flow from the Properties. The Vendor has granted a Rental Guarantee for vacant areas to the purchaser under the Share Purchase Agreement, which comprise of approximately 0.8% (approximately NOK 506,038) of the Rental Income, and a majority of the Rental Guarantee expires three years from the Closing of the Transaction.

Reference is made to Section 8 for more information on the Tenants. The information on the Tenants is based on information in the public domain. The Manager has not commissioned any independent verification of such information.

Approximately 45% of the Portfolios’ lettable area, excluding the parking space in Skauløkka, are let to USN and approximately 37% of the Portfolio' lettable area, excluding the parking space in Skauløkka, are let to KKE, having the effect that the Group is highly dependent on the income relating to the Lease Agreements with USN and KKE and the financial strength of such Tenants. In the event that such Tenants are not able to pay rent under their respective Lease Agreement, this could have a material adverse effect on the Group's business, financial condition and equity returns. The lease agreements with USN and KKE both run until 15 July 2035. However, USN has a right to prematurely terminate the Lease Agreement regarding certain parts of the leased premises (see section 3.10 below).

Furthermore, the rent for one of the Group's Tenants has been reduced from the original contractual rent of NOK 394,800 to NOK 216,000 as from 1 January 2020 as a result of the Tenant not being able to pay the full rent. The reduced contractual rent of such Lease Agreement is subject to renegotiation each year after completion of the annual accounts and no security has been provided in respect of such Tenant's obligations under the relevant Lease Agreement. After the reduction of the original rent amount, the Tenant has had continued challenges with rent payments with unpaid lease instalments. Should such Tenant continue to have further challenges with rent payments this would have an adverse effect on the Group's business, financial condition and equity returns.

4.7 Counterparty risk

The Group is dependent on the Vendor's ability to fulfil its obligations and undertakings, including warranties and indemnities, under the Share Purchase Agreement, meaning that the financial strength of the Vendor is critical and the Group's exposure of economic risks is increased. In the event the Vendor is not able to fulfil its liabilities under the Share Purchase Agreement, this could have an adverse effect on the Group's business, financial condition and equity returns.

The BidCo has a W&I-insurance in respect of its risk exposure under the Share Purchase Agreement (the "**W&I-Insurance**"). The W&I-Insurance took effect on the Closing date and the remedy for the BidCo as a consequence of any breach of the Vendor's warranties in the Share Purchase Agreement (limited to unknown issues at Closing) will be a right for the BidCo to claim compensation from the insurer under the insurance policy. The liability period for ordinary warranties under the Share Purchase Agreement is limited to two years and fundamental warranties (ownership and title) under the Share Purchase Agreement are limited to seven years. However, there is a risk that the scope of the W&I Insurance coverage may not cover all risks that materialise in relation to the Vendor under the Share Purchase Agreement. In such case, the total amount of the Group's losses would not be compensated by the W&I Insurance. Hence, there is a risk that the Group will be required to pay for any losses, damages and liabilities, which would have an adverse effect on the Group's business, financial position and equity returns.

4.8 Risks relating to demerger of interest swap agreement

A demerger of an interest rate swap agreement held by the Target was recently demerged by the Target. With a demerger follows liability under section 14-11 of the Limited Liability Companies Act (Nw. *solidaransvar*). The Vendor shall in accordance with the Share Purchase Agreement, keep the Company indemnified for such liability during a period of five years from Closing. Should the Company not be indemnified for such liability, this could have an adverse effect on the Group's business, financial condition and equity returns.

4.9 Property risk

Returns from the Properties will depend largely upon the amount of rental income generated from the Properties, the costs and expenses incurred in the maintenance and management of the Properties, necessary investments in the Properties and upon changes in its market value. Rental income and the market value for properties are generally affected by overall conditions in the economy, such as growth in gross domestic product, employment trends, inflation and changes of interest rates. Both property values and rental income may also be affected by competition from other property owners, or the perceptions of prospective buyers and/or the attractiveness from tenants, convenience and safety of the Properties. In the event any such risks are materialised it could negatively impact the business, financial condition and equity returns of the Group.

4.10 Risks related to rental income and risks related to break options

The property market is affected by the vacancy and other real estate supply in the market at the end of the lease term and the demand for the type of premises held by the Group. If the Group's premises cannot, at the end of the relevant lease term, be re-let on similar terms, such vacancies will influence the cash flow and the value of the Group. It may also become significantly more difficult to realise the Properties and/or any Group Company.

Although the core public functions gathered at the Properties (particularly on Krona) are considered to have a long time horizon, there is still a risk that some of the functions might be resolved to be relocated or terminated, due to e.g. municipal mergers, changes in education system plans etc. In particular, there is a risk related to the break option in the lease agreement with USN, in respect of Krona, which gives such Tenant the right to terminate the lease agreement with 12 months written notice if the Norwegian parliament (Nw. *Stortinget*) or the Norwegian Government makes a resolution to cease operations in and abolishing USN. Such notice can in any case be given no earlier than when the lease has been running for 12 years (i.e. such notice can be given no earlier than after 15 July 2027). Consequently, the vacation date can take place no earlier than 13 years after the Lease Agreement with USN commenced (i.e. the vacation date can take place no earlier than 15 July 2028). If the break option is exercised, USN has, in accordance with the relevant Lease Agreement, an obligation to pay a penalty to the Target as landlord. If the right of break option is exercised, USN must pay a lump sum to the Target as follows: a) If the termination means that the total duration of the lease, calculated from the date of when the Lease Agreement commenced and up until vacation, is 15 years or shorter, the lump sum will be equal to the annual rent for the leased object as per the date of termination of such lease agreement multiplied by three or b) If the termination means that the total duration of the lease, calculated from the date of when the Lease Agreement commenced and up until the date of vacation, is shorter than 20 years (but longer than 15 years), the lump sum will be equal to the monthly rent for the leased object at the date of termination multiplied by 15.

The Tenant USN also rents 67 square metres on Kirkegata 4, where USN has an option to terminate the relevant Lease Agreement with vacation as per 1 May 2022. If USN wants to exercise this option, it must give written notice to the Target of such break option no later than 1 May 2021. Furthermore, Kongsberg Kommunale Eiendom KF rents 230 square metres on Kirketorget 2, which may be terminated (by both parties) with 12 month's written notice.

Furthermore, there is a re-letting risk related to the expiration of Rental Guarantee from the Vendor under the Share Purchase Agreement related to vacant areas. The Rental Guarantee comprises of approximately 0.8% (approximately NOK 506,038) of the Rental Income, and a majority of the Rental Income expires three years from Closing of the Transaction. There is also a re-letting risk related to certain non-public contracts with a shorter lease term. Please see section 7.5 for an overview of the Lease Agreements. The Vendor shall under the Rental Guarantee cover necessary Tenant improvements for vacant areas, including sign on fees to the extent that this is not covered by a rent that is higher than the Rental Guarantee. If the vacant areas are still vacant after the expiration of the Rental Guarantee, any tenant improvements may need to be financed with the proceeds from the Target.

If the Properties, or any part of it, is damaged to such extent it can no longer be used for the intended purpose, or if the authorities due to the Properties condition issue a prohibition to use the premises, or if other obstacles occur which affect the Tenant's right to use the premises, there is a risk that the relevant Lease Agreement may expire in advance. Also see information in section 4.19 regarding fire/damage. If any part of the Properties is damaged or the use of the Properties is limited due to a decision by the authorities, there is also a risk that the Tenant, under certain circumstances, may be entitled to pay a lower rent than agreed in the Lease Agreement. If the Lease Agreement would expire in advance, or if the rents would be subject to a material reduction, this could have an adverse effect on the Group's business, financial condition and equity returns.

4.11 Risks relating to unforeseen costs regarding the Properties

There is a risk that the Target, in its capacity as property owner, will be liable for future costs regarding the Properties. In the event the responsibility for costs relating to maintenance as well as investments and repairs at the Properties are not clearly regulated under the Lease Agreements, the Target, in its capacity as landlord, will likely be liable for these costs. In the event of ambiguity regarding allocation of responsibility in the Lease Agreements, the Target, in its capacity as landlord and property owner, could risk unforeseeable costs, which could have a negative effect on the Group's financial condition, business and equity returns.

Maintenance of the Properties is regulated in the Lease Agreements. Under the Lease Agreements, the Target is responsible for external maintenance and operation and maintenance of outdoor areas, and the Tenants are responsible for internal maintenance on the Properties. The Target is further responsible for replacement of technical installations, when these can no longer be maintained in an economical manner. The Tenants also cover a proportional part of joint costs for common areas. However, some of the Lease Agreements include a regulation with a cap of what a Tenant is to cover under the obligation to pay for joint costs. There is a risk that the costs of maintenance, upgrades and replacements will be higher than expected and that the Target, as landlord of the Properties, will not be able to cover the costs of necessary measures from the relevant Tenant.

With regards to unforeseen costs, property investments and property management always contain a technical risk related to the operations of the Properties, including, but not limited to, construction issues, hidden defects and damage (including through fire or other natural disasters). These types of technical problems could result in significant unforeseen costs relating to the Properties. If the Properties encounter any such unforeseen costs in the future, and the Group is unable to pass such increased costs on to its Tenants, this could substantially increase the costs relating to such Properties, which could adversely affect the Group's business, financial condition and equity returns.

4.12 Increased maintenance costs

The estimated maintenance and capital expenses on which the forward-looking statements have been calculated are based upon information from the Vendor, historic maintenance costs for the Properties and a limited technical due diligence conducted on the Properties. There is a risk that the maintenance costs and capital expenses for various reasons may exceed the estimated maintenance costs and capital expenses presented herein, and could therefore adversely affect the Group's financial condition and equity returns.

4.13 Technical state/technical operational risks

As the owner of a property, there will at all times be a risk associated with damage, construction defects, maintenance of the properties as well as replacements of technical facilities at the end of their life or unexpected breakdown.

A limited technical due diligence has been conducted with respect to the Properties (the "**Technical DD**") on behalf of the BidCo in connection with the Transaction. Not all parts of the Properties have been investigated in the Technical-DD because of limited access due to COVID-19 (as defined below). The report from the Technical DD includes cost estimates as well as current maintenance needs and estimates for future maintenance needs for the coming years. Certain issues were identified on the Properties as noncompliant with public requirements, such as certain public requirements in respect to minimum parking spaces as further described in section 4.17. Furthermore, certain deductions on the purchase price of the shares in the Target is included in the Share Purchase Agreement amounting to approximately NOK 1,048,000 and certain agreed costs is to be corrected by the Vendor at the Vendor's cost amounting to approximately NOK 847,000. Some of the findings in the report of the Technical DD have already been corrected at the cost of the Vendor amounting to approximately NOK 1,310,000.

Furthermore, some of the Properties are likely to have, due to their age as well as such Properties potential stricter requirements due to their historical listing status, a higher level of risk relating to maintenance and upgrade costs. Therefore, there is a risk that the maintenance costs and capital expenses for the Group in respect of such Properties may exceed the estimated maintenance costs and capital expenses presented herein, and thus, could have an adverse effect on the Group's business, financial condition and equity returns.

Even though a technical condition assessment of the Properties has been carried out, there is still a risk that maintenance needs or hidden defects have not been discovered. If there are hidden defects in any of the Properties, there is a risk that the Vendor and/or contractor will not be able to cover the costs of repairing such defects or that such costs will be covered by insurance. Should any of the risks above materialise, there is a risk that this could have an adverse effect on the Group's business, financial condition and equity returns.

4.14 Construction risk

The main building, i.e. Krona, was newly constructed in 2015. Construction projects involve certain inherent risks related to general construction defects, forbidden use of the properties for the intended purposes, other latent defects, damages and pollutions that may be revealed after the construction is completed. If these technical problems would occur or emerge in a later stage it may have a negative effect on the Group's financial condition, its business and equity returns.

4.15 Risk related to cultural heritage and conservation properties

According to an archaeological examination, there is a registered archaeological site at Skauløkka regarding Norway's first classified road. The archaeological site may restrict the possibility to develop and exploit such Property going forward and can therefore affect the valuation of such Property, which could have an adverse effect on the Group's business, financial condition and equity returns.

Furthermore, some of the Properties (including any buildings on such Property) are zoned as protected and conservation properties (Nw. *verneverdig*). Normally, a cultural heritage registration may have an impact in respect of development and investors in the Company must expect that the parts of the Properties that are affected by such cultural heritage registration are less flexible with regard to any further development (if deemed relevant in the future) compared to properties that are not registered with cultural heritage.

4.16 Risk related to development potential

According to the Vendor, there is development potential in connection with the parking facility on Skauløkka. This involves a potential to develop residential units on the roof of the parking facility. In March 2019, Kongsberg municipality approved an application for general admission for 54 units to be built on the roof of Skauløkka parking garage, which amounts to approximately 4,640 square metres GFA (gross floor area). The approval was given based on several conditions that must be met in order to obtain a project start-up permit (IG). This potential has been externally assessed and valued, by both Newsec and Cushman&Wakefield, at approximately NOK 30,000,000. The Group has not executed any detailed assessment of the development potential of such Property. As such, the project budget and estimated return does not account for a potential development, except from an overall value split of the Gross Asset Value, where NOK 30,000,000 is allocated to development potential. The Group will explore the development potential of the parking facility Skauløkka further, and the Group might also consider other ways, not described herein, to utilise this development potential. However, there is a risk that the actual volume and value of the development potential of the parking facility on Skauløkka will deviate from the assumptions in the external valuations mentioned above, or that the Group will not be able to complete or materialise such development potential at all. Furthermore, development of any of the Properties will also fundamentally rely on prevailing market conditions and how they relate to such potential development.

4.17 Risk related to parking spaces

The parking spaces at Skauløkka is used in order to fulfil public requirement regarding parking spaces on Skauløkka. The minimum parking requirement for public parking (Nw. *parkeringsnorm*) for Krona is 469 parking spaces. Krona only includes seven parking spaces (all handicap spaces), meaning that 462 parking spaces in the parking facility at Skauløkka, which according to the general permission (Nw. *rammetillatelse*) includes 468 parking spaces, is necessary for fulfilment of the public parking requirement for parking spaces at Krona. The Target currently has 28 parking spaces in the parking garage on Skauløkka rented out to Kongsberg municipality and 47 of the parking spaces in the parking garage shall be reserved for the apartments under construction on the roof of the Skauløkka, and can thus not be used to fulfil the public requirement of minimum parking spaces of Krona. As a result of this, there is a shortage of parking spaces in the parking garage to fulfil the minimum parking requirement for Krona and there is a risk that such Property is not in compliance with public requirements in respect of minimum parking spaces. The Bidco is, during a period of five years from Closing, granted an indemnification from the Vendor in the Share Purchase Agreement related to none compliance with the public requirements.

Additionally, there is a requirement in the zoning plan for Krona that parking spaces located at other properties than Krona is registered with the relevant authority (Nw. *tingslyst*), i.e. there is a requirement to register such parking agreement with the relevant authority. This public requirement is not met at the date of this Company Description. Consequently, even though the matter is also covered by the indemnification mentioned in the paragraph above, such breach of public requirements, could lead to Kongsberg municipality issuing an order for rectification (Nw. *pålegg om retting*) in combination with a daily fine until the parking agreement has been registered with the relevant authority, which could have an adverse effect on the Group's business, financial condition and equity returns.

4.18 Risk related to property boarders

Parts of the roofs of the buildings located at Kirketorget 2, Kirketorget 2b and Kirkegata 4a goes across their property borders and over a pavement/road unit with land no. 2089 title no. 1, to which Kongsberg municipality is the owner. The Target has no agreement with Kongsberg municipality, where consent has been granted by Kongsberg municipality to the Target for exceeding the borders of Krona. Thus, there is a risk that, as an ultimate consequence, Kongsberg municipality can issue orders related to this, which could have an adverse effect on the Group's business, financial condition and equity returns.

4.19 Fire/damage and duty to rebuild

The majority of the Lease Agreements (including all Lease Agreements at Krona and the Lease Agreement with USN at Kirkegata 4) state that if the leased object is destroyed by fire or any other casualty, the Target as landlord is obliged to repair/rebuild the leased object, provided that the relevant Tenant so requires and the necessary permits are granted by the relevant public authorities. Furthermore, in accordance with the majority of the Lease Agreements, should the Target not be able to repair and/or rebuild the leased object within 24 months after such damage has occurred and if the Target during this repairing and/or rebuilding period does not offer suitable replacement premises to the relevant Tenant and pay for all expenses relating to the relocation of the such Tenant to the replacement premises and later on the return to the leased object after the rebuilding period, such Tenant may terminate the relevant Lease Agreement.

Thus, there is a risk that the Target may be ordered to repair and/or rebuild a building even though such rebuild may not be the most commercially or financially favourable option for the Group. Should this risk materialise, this could have an adverse effect on the Group's business, financial conditions and equity returns.

Furthermore, the relevant Tenant will only have to pay ordinary market rent for any replacement premises during such period as such replacement premises are used, always provided that such ordinary market rent does not exceed the rent applicable under the relevant Lease Agreement at the relevant time. Should the ordinary market rent for any replacement premises exceed the rent under the relevant Lease Agreement, such Tenant will only have to pay the rent applicable under the relevant Lease Agreement and the Target would be unable to pass such increased costs on to such Tenant. Should this risk materialise, this could have an adverse effect on the Group's business, financial condition and equity returns.

The Target is entitled to waive its rights and obligation in case of force majeure, fire or any other casualty, in relation to the lease agreements for Skauløkka, Kirketorget 2 and Kirkegata 4 A, apart from the lease agreement with USN regarding Kirkegata 4 A.

4.20 Potential lack of protection under Lease Agreements

No security or guarantees has been provided by, or for the liabilities of, any Tenant under any of the Lease Agreements. In the event the Group would have to claim fulfilment under any of the Lease Agreements, there is hence a risk that the Group would have insufficient coverage in this respect, which could have an adverse effect on the Group's financial position and equity returns.

4.21 Risk relating to informal Lease Agreements

The Group has entered into a Lease Agreement with the Tenant USN in respect of a 468 square metres café premises on Krona, which has not been formalised in a written agreement. Any ambiguity in terms of, for example, the level of rent to be paid, in such lease agreement may adversely affect the Group. If this risk would materialise, this could have a negative impact on the Group's operations, financial position, results and equity returns.

4.22 Risk related to assignment of Lease Agreements

None of the tenants on Krona may assign the relevant lease agreements to another party, in full or in part, without the prior written consent of the Target. However, the Target may not unreasonably withhold such consent. This is a deviation from Norwegian background law and market practice, according to which such consent may be withheld at the unfettered discretion of the landlord. However, assignment of a lease agreement to e.g. other county administrational entities as a result of organisational changes in the county administrational activities or to another entity which constitutes a part of the Norwegian State (i.e. to a public sector entity) may not be considered as an assignment that would need the Target's prior written consent. Should any of the Tenants assign its relevant lease agreement to a private sector entity, this could have an adverse effect on the Group's business, financial condition and equity returns.

4.23 Environmental and technical risk

According to the polluter pays-principle established under Norwegian environmental law, the operator who has contributed to pollution will as a main principle be responsible for remediation. However, should it not be possible to locate the polluter, the property owner is subsidiary responsible for remediation and associated costs. The Norwegian regulations are drafted so as to include any person who possesses, does, or initiates anything that may entail a risk of pollution. This means that the pollution control authorities are free to determine which one of the parties (e.g. landlord or tenant) should be considered liable for possible contamination. Accordingly, there is a risk that the Target in its capacity as property owner may be held responsible for costly remediation.

4.24 Financial risk

Financial risks include, but is not limited to, risk of not achieving the desired leverage ratio, not fulfilling loan obligations, interest rate fluctuations, risk related to effects of fair value adjustments and changes in laws and rules regarding tax and duties. Apart from the lease agreement with One Park AS at Skauløkka, the Tenants' rent is subject to indexation based on changes in the Norwegian CPI (consumer price index). However, under the lease agreements with USN and KKE at Krona, the rent shall not be adjusted to fall below the rent that was agreed on the date of entering into the relevant lease agreement. Under the Lease Agreement with Viken County the rent shall not be adjusted to fall below the last adjusted rent. Deviations from the estimated CPI may have a negative effect on the Group's liquidity, dividends and expected equity returns. The rent under the lease agreement with One Park AS at Skauløkka is based on turnover from short term parking at Skauløkka, without any minimum rent. Thus, if the turnover from short term parking at Skauløkka would be less then expected, this could have an adverse effect on the Group's business, financial condition and equity returns.

4.25 Financing risk

The Group is deemed to be sufficiently funded following the Recent Equity Issue and the entering into of the Debt Facility set out in this Company Description. However, additional capital needs, due to for example unforeseen costs and/or larger capital expenditures than expected, cannot be ruled out. There is a risk that the Group cannot satisfy such additional capital need on favourable terms, or at all, which could have an adverse effect on the Group's business, financial condition and equity returns.

4.26 Refinancing risk

At maturity of the Group's debts, the Group will be required to refinance such debt. The Group's ability to successfully refinance such debt is dependent on the conditions of the financial markets in general at such time. As a result, there is a risk that the Group's access to financing sources at a particular time may not be available on favourable terms, or available at all.

The Group will also, in connection with a refinancing of its debts, be exposed to interest risks on interest bearing current and non-current liabilities. Changes in interest rates on the Group's liabilities will affect the Group's cash flow and liquidity, and could hence potentially adversely affect the Group's financial conditions and the equity returns. The Group's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and equity returns. The Debt Facility has a maturity of five years.

4.27 Compliance with the terms and conditions of the Debt Facility

The Debt Facility makes the Group subject to a number of covenants dictating what actions the Group may and may not take. Should the Group breach these covenants, it may e.g. trigger mandatory pre-payment (put-option) of the Debt Facility. Furthermore, additional financing costs may incur and the Debt Facility may be accelerated for immediate payment, which could ultimately result in bankruptcy and liquidation of the Group. Such events would negatively affect the Group's financial condition and equity returns.

The Debt Facility contains an ownership clause (i.e. a change of control clause). Such ownership clause might restrict any person's right to acquire or control more than a certain agreed share of the capital and/or voting rights of the Company or any other Group Company. Should any person acquire or obtain ownership or control exceeding the agreed share, the amount outstanding under the Debt Facility may, in whole or in part, be declared due and payable at short notice. There is a risk that a refinancing in connection with such event would lead to increased costs for the Group and could therefore adversely affect the Group's business, financial conditions and equity returns.

4.28 Risks relating to the Coronavirus disease (COVID-19)

The 2019 novel coronavirus ("**COVID-19**") outbreak has during 2020 and is continuing to have an indeterminable adverse impact on the world economy. COVID-19 was reportedly first discovered in Wuhan, Hubei Province, China, in 2019, and the World Health Organization declared COVID-19 a pandemic on 11 March 2020. The COVID-19 outbreak has become a widespread health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, in February to April 2020 the COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity worldwide. The trading price of the Shares may therefore be adversely affected by the continuing economic uncertainty caused by COVID-19. Furthermore, COVID-19 may have a negative adverse effect on the Shares liquidity on the secondary market.

Furthermore, there is a risk that the COVID-19 outbreak could have a negative effect on the value of the Properties. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations. Moreover, due to COVID-19, there is a risk that the global downturn could affect the liquidity position of existing Tenants, which in turn may require such Tenants to postpone rental payments or cause defaults under lease agreements. For instance, a Tenant has received rental discounts during 2020 due to, including, but not limited to, COVID-19. The COVID-19 crisis' impact on the Group's current and future Tenants could lead to increased vacancies and a decrease in rental income for the Group, which could have a material adverse effect on the Group's operations, financial position and equity returns.

4.29 Geographic risk

This Company Description contains certain market information relating to the property market in Norway in general, and in the Kongsberg municipality area in particular and the segment for public use properties. Market values of properties in such area may decline in the future and negatively impact the Group's business, its financial condition and the equity returns.

4.30 Management risk

The Group is initially dependent upon the Business Manager, the Local Property Manager and the Technical Follow-up Manager for the implementation of its strategy and the operation of its activities. Although the Business Management Agreements are non-terminable during the first five years from signing (with certain exceptions) and thereafter prolonged until terminated with a notice period of 12 months, there is an uncertainty with regard to the management of the Company in the event of a termination of the Business Management Agreements, which would also result in a termination of the Technical Follow-up Agreement.

As of the date of this Company Description, the Business Manager is negotiating the terms of the Local Property Management Agreement with the Local Property Manager. As a result, there is a risk that the Group's access to management services turn out more expensive or might only be available at less favourable terms than expected by the Group, which could have an adverse effect on the Group’s business, financial condition and equity returns. In addition, the Group will be dependent upon the services and products of certain other consultants, contractors and other service providers in order to successfully pursue with the Group's business plan. There is a risk that the

Group cannot purchase new management services or other necessary services or products on favorable terms, or at all, which could have an adverse effect on the Group's business, financial condition and equity returns.

4.31 Terminal value risk

Property and property related assets are inherently difficult to appraise due to the individual nature of each property and due to the fact that there is not necessarily a liquid market or clear price mechanism. As a result, valuations may be subject to substantial uncertainties. There is a risk that the estimates resulting from the valuation process will not reflect the actual sales price. Any future property market recession could materially adversely affect the value of the Properties.

4.32 Risk related to future share issues

If the Company would need additional capital in the future, the lack of participation from investors could pose a risk to the Company's financial position (until such further issue is completed). In addition, should the Company in the future choose to increase its share capital by way of a share issue, existing shareholders would under most circumstances have a preferential right to subscribe for Shares unless the shareholders of the Company resolve to approve a deviation from such rights at a general meeting. Existing shareholders in jurisdictions where participation in such share issue would require additional prospectuses, registration and/or other measures than those required under Swedish law could be excluded from their right to subscribe for new shares if such shares or shareholder rights are not registered under i.e. the U.S. Securities Act or equivalent regulations in other concerned jurisdictions and if no exemptions from the registration requirements are applicable.

As of the day of this Company Description, it is unlikely that the Company will apply for such registration and it cannot be guaranteed that any exemption from registration requirements will be applicable which could have the effect that the ownership of shareholders being based abroad is diluted. Furthermore, investors who are not participating, or who are not given the possibility to participate, in future issues will risk having their ownership diluted.

4.33 Legal and regulatory risks

Investments in the Shares involve certain risks, including the risk that a party may successfully litigate against the Group, which may result in a reduction in the assets of the Group. Changes in laws relating to ownership of land could have an adverse effect on the value of Shares. New laws may be introduced which may be retrospective and affect environmental planning, land use and/or development regulations.

Government authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection and safety and other matters. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from the Company, as well as adversely affecting the value of any of the Properties. Government authorities could use the right of expropriation of any of the Properties if the requirements for expropriations are satisfied. Any expropriation will entitle the Group to compensation but the Group's financial condition may, irrespective of such compensation, be negatively affected.

4.34 Processing of personal data

The Group will register, process, store and uses personal data in the course of its business on servers owned by the Business Manager, the Manager and/or the Company, located in Sweden and/or Norway. It is of high importance that the Group registers, processes and uses personal data in accordance with applicable personal data legislation and requirements. In May 2018, the General Data Protection Regulation ("**GDPR**"), issued by the

European Union ("**EU**"), entered into force. The implementation of a system for personal data processing and actions needed to ensure compliance with the GDPR may involve certain costs for the Group. The implementation and the maintenance of a system for personal data processing is important as data processing in breach of the GDPR could result in fines amounting to a maximum of EUR 20,000,000 or 4% of the Group's global turnover. If the Group fails to comply with the GDPR, this may have a negative impact on the Group's business, financial condition and equity returns.

4.35 Risks relating to amended or new legislation

This document is based on Swedish law in force at the date of this Company Description. The Group will also enter into agreements governed by Norwegian law in force at the date of such agreements. No assurance can be given on the impact of any possible future legislative measures, regulations, changes or modifications to administrative practices or case law.

4.36 Risk relating to the Shares

The intention is that the Company will apply for listing of the Shares on Spotlight following completion of the Transaction. However, there is a risk that the Shares will not be admitted to trading. Even if the Shares are admitted to trading on Spotlight, there is a risk that active trading in the Shares will not occur and hence there is a risk that a liquid market for trading in the Shares will not occur or be maintained. Furthermore, the subscription price of the Shares in the Recent Equity Issue may not be indicative compared to the market price of the Shares if they are admitted for trading on Spotlight or any other MTF.

Real estate is considered an illiquid asset and normally it takes months to invest in and realise direct investments in properties. The Shares' liquidity is uncertain, and it can be difficult to sell the Shares in the secondary market. An investor can only exit the investment through a sale of the Shares in the secondary market or if the Company sells any of the Properties. Investments in the Shares are only suitable for investors who can bear the risks associated with a lack of liquidity in the Shares.

4.37 Dilution in case of a new share issue

In connection with the listing of the Shares with Spotlight, the Shares will have to be distributed to a certain number of shareholders in order to meet the listing requirements of Spotlight. However, if such distribution proves insufficient to meet the requirements of Spotlight, a new share issue may need to be carried out which could result in a dilution (in respect of number of shares) of the existing (at the time of the issue) shareholders' holding in the Company. As such new share issue would be made on market conditions, there would however be no financial dilution of the Shares.

Furthermore, the Company may need further equity in the future, inadequate participation in any future share issue on the part of investors may pose a risk to the solvency of the Company until such share issue has been completed. Investors that do not participate in future share issues will risk dilution of their ownership interests. A capital need may for example arise upon a future refurbishment of the Properties, or other necessary investments pertaining to the Properties, if the costs are not funded by a bank or another debt provider.

4.38 Currency risk

The Shares and the dividends in respect of the Shares will be denominated and payable in SEK. If investors measure their investment return by reference to a currency other than SEK, an investment in the Shares will entail foreign exchange related risk due to, among other factors, possible significant changes in the value of SEK relative to the currency by reference to which investors measure the return on their investment. This could cause a decrease in the value and the returns of the Shares and could result in a loss to investors when the return of the Shares is translated into the currency by reference to which the investors measure the return on their investments. As a result, there is a risk that investors may receive less return on the Shares than expected, or no return at all.

4.39 Risks relating to the Company's ability to pay dividends

The Company's ability to pay dividends is dependent on several factors, such as the Group's distributable reserves and liquidity situation, as well as any limitation imposed by applicable law and regulations. Furthermore, any payment of dividend may be subject to the lender's approval and certain covenants in the financing documentation. Any payment of dividend from the Group is dependent on a proposal from the board of directors of the Company and ultimately the decision by a general meeting. There is a risk that the Company will not be able to pay dividends as projected in this Company Description.

Furthermore, dividends from the Company to its shareholders will be denominated in SEK and dividends from the Target to the Company will be denominated in NOK. Hence, the Company is exposed to certain currency risks in respect of distributions from the Target to the Company and from the Company to its shareholders. The general meeting of the Company will decide on a dividend amount in SEK, taking into consideration, *inter alia*, the profit of the Company, which pursuant to Swedish corporate law will be the maximum amount which may be distributed to the shareholders. The Company estimates to distribute annual dividends to its shareholders in a SEK amount equivalent to 6.50% calculated on a share price of SEK 100 and the NOK/SEK exchange rate of 0.9812. However, as the Target receives rents in NOK and the Company distributes dividends in SEK, the Company's SEK ability to pay dividends will vary based on the applicable exchange rate for SEK/NOK. Consequently, fluctuations in the exchange rate of SEK and NOK may have a material impact on the Company's ability to pay dividends to its shareholders. The realisation of any of the risks described above could have an adverse effect on the Group's equity returns.

4.40 Tax risk

The Group's main tax risks are related to changes to or possible erroneous interpretations of tax legislation. Such changes or erroneous interpretations could lead to tax increases or other financial losses. Realisation of such risks might have a material adverse effect on the Group's business, financial condition, and equity returns.

It is possible that the Group has made or will make interpretations on the tax provisions that differ from those of the Swedish Tax Agency (Sw. *Skatteverket*) or Norwegian Tax Administration (Nw. *Skatteetaten*), and that as a result, the Swedish Tax Agency or Norwegian Tax Administration will impose taxes, tax rate increases, administrative penalties, or other consequences on any of the Group Companies. This could have a material adverse effect on the Group's business, financial condition, or results of operations, and affect the Group’s business, financial condition, and equity returns negatively.

The information in this Company Description are based on laws, regulations, case law and administrative practice as applicable on the date of this Company Description. Rules or the application of rules may change, to a certain extent also with retroactive effect. With regard to VAT, in particular, practice has been determined by administrative opinions, and it happens that new opinions deviate from earlier opinions. Amendments to tax rules may result in investors being faced with new and different investment conditions, including reduced profitability of the project.

4.41 VAT

Companies engaged in lease of Norwegian real estate to tenants which are engaged in business activities that are liable to VAT, or lease to public institutions entitled to compensation for VAT (municipalities and county municipalities), may apply for voluntary registration in the VAT Register. A voluntary registration will entitle a company to deduct input VAT on costs related to the VAT liable lease, e.g. building costs, maintenance and services. Such lease must, on the lessor's hand, be invoiced with VAT.

On the other hand, lease of Norwegian premises to tenants engaged in VAT exempt activities (e.g. educational institutions, governmental bodies etc.) cannot be comprised by the voluntary registration. This implies that the landlord cannot invoice the rent with VAT, and will subsequently not have the right to deduct input VAT incurred in relation to the lease. Thus, input VAT constitutes a cost.

The Target currently holds tenants which mainly is VAT liable or comprised by the VAT compensation scheme for municipalities and county municipalities, implying that such tenants are comprised by the Target's voluntary registration. Based on information from the Vendor, USN is the only Tenant that cannot be comprised by the voluntary registration. Based on calculations made with effect from 31/12-2020, the Target's VAT position is estimated to be approximately 58% VAT liable activities in the premises. This *pro rata* key is calculated based on total VAT liable sales compared to total sales in the Target. The due diligence process has not resulted in any grounds for challenging the estimated VAT position or the principles applied. Any changes to the VAT position in the company, e.g. an increase of VAT exempt use that cannot be comprised by the voluntary registration, may result in a negative adjustment of the VAT position in the Target, implying that input VAT on building costs previously deducted may be subject to reimbursements.

The Lease Agreement with USN contains a form of VAT compensation that the Tenant pays to compensate the Target as landlord for its VAT costs as VAT is not deductible, however the joint costs have a cap. Should any of the risks described above materialise, this could have an adverse effect on the Group's business, financial condition and equity returns.

4.42 Risks relating to real estate tax

There is currently property tax in the municipality of Kongsberg. If the rate is increased or the basis for property tax is amended on at a later point in time, this may affect the investment yield. A new valuation of the basis for the property tax may be effected every tenth year. After ten years, each municipality have an opportunity to, instead of effecting a new valuation, make an administrative adjustment (Nw. *kontorjustering*) of up to 10% compared with the existing appraised value. Should the actual real estate tax for the current or the following financial years be higher than the estimate included in the review, it would affect the projected cash flow of the Target as the real estate tax is not reimbursed by the Tenants.

4.43 Risk related to balance group

The buildings on the Properties has been depreciated by 4% on the balance group for buildings. However, the Vendor informed under the due diligence process that the correct depreciation rate for Krona, Kirketorget 2 and Kirkegata 4 are 2% on the balance group for commercial buildings. The use of the building determines the placing in a balance group and the choice of depreciation rate. Buildings that are used for office, school and education activities are considered as commercial buildings. In the event of "mixed use", a main-use assessment determines the depreciation rate.

The Vendor has, on behalf of the BidCo, made a self correction in accordance with the Norwegian Tax Administration Act and requested a voluntary correction regarding choice of balance group and thereby the depreciation rate (from 4% to 2%) for the Properties (except for Skauløkka) for the income years of 2015–2019 and also re-adjustment of loss carry forward in the Target's balance sheet. Furthermore, the Vendor has granted the purchaser a compensation of NOK 11,200,000 in the purchase price due to incorrect tax depreciation rate. As the Target has a large amount of loss carry-forward, the increase in taxable income will not result in any payable tax for the Target, but will decrease the amount of loss carry-forward significantly.

4.44 Risk related to interest restriction rules

4.44.1 *Sweden*

Under the Swedish interest deduction limitation rules, there is a general limitation for interest deductions in the corporate sector by way of an EBITDA-rule. Under the EBITDA-rule, net interest expenses, i.e. the difference between the taxpayer's interest income and deductible interest expenses when the expenses are higher, are only deductible up to 30% of the taxpayer's tax adjusted EBITDA. A simplification rule has also been implemented, under which negative net interest below SEK 5 million is deductible without having to satisfy the general interest deduction limitation rule. If the company is part of a group, the total deducted negative net interest of the group may not exceed SEK 5 million under the simplification rule.

Net interest expenses that are not deductible according to the EBITDA-rule can be carried forward for up to six years.

In connection with the introduction of the general interest deduction limitation rules, the Swedish corporate tax rate was reduced from 22% to 20.6% (as of 1 January 2021).

If the Company reports negative net interest, the interest deduction limitation rules could, depending on e.g. the Group's net operating income and financial structure, have a material adverse effect on the Group's business, financial condition, or results of operations, and affect the Group's financial conditions and equity returns negatively if interest expenses are not deemed as deductible for tax purposes, increasing the taxable result and the tax to be paid. It is however, not envisaged that the Company will be debt financed as financing will be put in place on the level of the Norwegian companies.

4.44.2 *Norway*

Norwegian tax law imposes rules concerning limitations on interest deductions. Under the new rules introduced with effect from 1 January 2019, interest deductions on intercompany loans and external loans are limited to 25% of a specifically defined profit ("taxable EBITDA"). The right to deduct interest is, however, not limited if the total net interest costs of the group companies tax resident in Norway (independently or combined) are NOK 25,000,000 or lower (however, in relation to loans from affiliated persons or entities outside of the Group, the threshold is NOK 5,000,000). The borrower may nevertheless maintain a right to deduct all interest expenses if the equity ratio of the Norwegian entity, or alternatively the average of all Norwegian entities in the Group (provided that they deliver a consolidated balance that includes all Group Companies subject to Norwegian taxes), is equal to or higher than the equity ratio of the Group globally (the equity escape rule). The calculation of the equity ratio is the year's end of the fiscal year prior to the income year, i.e. the equity ratio for 2021 will be based on the balance as of December 31, 2020.

Non-deductible interest expenses can be carried forward 10 years, and should not be affected by any future changes in the ownership of the company.

With the current interest levels, it is not expected that the Norwegian companies would be materially affected by the Norwegian interest deduction limitation rules as the Norwegian companies do not exceed the NOK 25,000,000 threshold. However, adverse implications may potentially arise in case the interest levels significantly increase in the future. Please note that for the year of acquisition, debt arrangement fees etc. will be considered interest costs for interest limitation purposes. Thus, it is expected that interest costs will exceed the NOK 25,000,000 threshold in FY21 and interest deductions may be denied.

4.45 AIFM risk

The Alternative Investment Fund Managers Directive 2011/61/EU has been implemented in Sweden. However, there are still some unresolved/unclear issues regarding how to interpret the directive. The Company has deemed itself to fall outside of the scope of the AIFM Directive due to its industrial purpose, i.e. because the Company shall indirectly generate returns through the Properties' operations in the market and not necessarily by divesting the Properties and due to that the investors are deemed to have ongoing influence over the day to day management of the Company i.e. through the right to be represented on the Company's board of directors and that key decisions related to the Company's activities have to be approved by the general meeting of the Company. However, there is a risk that the Company may be considered an AIF, which would among other result in additional costs to a depositary and a manager.

The Company will be the direct owner of the BidCo, which indirectly owns the Properties. As long as the BidCo is prevented from raising capital from more than one investor, it will not be considered an AIF provided that the sole investor is not an AIF, cf. ESMA Guidelines on key concepts of the AIFMD. The BidCo has stipulated in its articles of association that the Company shall be the only shareholder, and since it is the assessment of the Company that it is not an AIF, the BidCo is also deemed to fall outside the scope of the AIFM Directive.

The AIF assessment of the Company is based on the Swedish implementation of the AIFM Directive. The definition of what constitutes an AIF should in principal be the same in all jurisdictions that have implemented the Directive, but in practice it cannot be ruled out that the Norwegian Financial Supervisory Authority will have a different interpretation of the AIFM Directive. Thus, it is possible that the Company will be considered an AIF in Norway, including the BidCo by extension. In addition to the consequences cited above, this could trigger the need for a license to market the Company on a cross-border basis to Norwegian investors.

A consequence of being designated as an AIF is *inter alia* that the Company will be subject to Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation). This will entail requirements to disclose information in pre-contractual documents and periodic reports about the manner in which sustainability risks are integrated into the Company's investment decisions and the likely impacts of sustainability risks on the returns of the Company, and several granular disclosures with regards to principal adverse impact the Company has on sustainability factors. The Company may also be required to disclose the proportion of underlying investments that are environmentally sustainable in accordance with Regulation 2020/852 (Taxonomy Regulation).

4.46 Exchange rate risks

The Company reports in SEK but the Group has NOK as functional currency in its business operations. As the exchange rate for SEK/NOK fluctuates, these fluctuations lead to a transaction exposure as the transactions made in NOK needs to be recalculated into the Company's reporting currency, SEK. Thus, there is a risk that this will have an adverse effect on the Group's business, financial condition and equity returns.

4.47 Break cost risk

If the BidCo redeems the entire Debt Facility or parts thereof prior to the maturity date, certain break costs may apply. There are certain scenarios where the BidCo is required to redeem bonds or have the option to do so. In the event that either (i) the BidCo sells all its shares in the Target or (ii) the Target or the BidCo (as applicable) disposes of any of the Properties, the BidCo may redeem all of the outstanding bonds at a price of the highest of (a) 100% of the nominal amount of the bonds and (b) the make whole price. Upon the occurrence of a change of control event (being that a person or a group of persons acting in concert acquires more than 50% ownership in the Company or if the Company ceases to own and control 100% of the shares in the BidCo), each bondholder has a right to require that the BidCo purchases its bonds at a price equal to 101% of the nominal amount (plus accrued and unpaid interest on the bonds). If the Debt Facility is refinanced on a date falling 57 months after the issue date, the repurchase price is 100.25% of the nominal amount.

The factors mentioned above are not comprehensive and there may be other risks that relate to or may be associated with an investment in the Company.

5 THE RECENT EQUITY ISSUE

5.1 The Recent Equity Issue

The BidCo has acquired 100% of the shares in the Target from the Vendor. The purchase price for the Target is based on the Agreed Portfolio Value of NOK 1,360,000,000 subject to customary purchase price adjustments.

The Company has, on behalf of the BidCo, raised equity in the amount of SEK 448,410,000 by an equity issue in which the Company issued 4,484,100 new shares, to partially finance the acquisition.

The proceeds of SEK 448,410,000, equivalent to approximately NOK 457,000,000 at the time of allocation of the Shares, from the Recent Equity Issue have, together with the NOK 884,000,000 from the Debt Facility, exclusively been applied towards fully funding the acquisition of the Target, including transaction costs and working capital requirements.

The Recent Equity Issue was based on a formal resolution to issue up to 4,800,000 new Shares in the Company, taken by an extraordinary general meeting on 17 February 2021. The resolution of the extraordinary general meeting was, in accordance with the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*), based upon a proposal by the board of directors.

In connection with the Recent Equity Issue, the 500,000 shares that existed prior to the Recent Equity Issue was redeemed at a redemption price of SEK 1 per share, and for this purpose, the share capital was reduced by SEK 500,000. Following the Recent Equity Issue, the Shares comprise all shares in the Company and the registered share capital of the Company amounts to SEK 4,484,100.

Pareto was the sole manager of the Recent Equity Issue and the arranger of the Debt Facility.

5.2 Costs

The overall costs of the Company in relation to the Transaction and the Recent Equity Issue are expected to amount to approximately NOK 53.4 million. The aggregate net proceeds of the Company will be approximately NOK 403.6 million after start-up costs in relation to the Recent Equity Issue.

Please find provisions on future fees to the Manager and the Business Managers in sections 10.2 (*The Business Management Agreements),* 10.3 *(The Technical Follow-up Agreement)* and 10.5 (*Other future fees to Pareto*).

5.3 Dividends

Dividends from the Company to its shareholders will be paid in SEK. The general meeting of the Company will decide on a dividend amount in SEK, taking into consideration, *inter alia*, the profit of the Company, which pursuant to Swedish corporate law will be the maximum amount which may be distributed to the shareholders of the Company. The Company plans to distribute annual dividends in a SEK amount equivalent to 6.50%, calculated on a share price of SEK 100 and a NOK/SEK exchange rate of 0.9812. However, as the Target receives rents in NOK and the Company distributes dividends in SEK, the Company's SEK dividend capacity will vary based on the applicable exchange rate for SEK/NOK. Further, an investor which calculates its investment in another currency than SEK will be subject to exchange rate risk in relation SEK and such other currency.

6 THE COMPANY AND THE TRANSACTION

6.1 The Company

The Company is a Swedish public limited liability company named Krona Public Real Estate AB (publ), with corporate identification number 559298-1707, registered with the Swedish Companies Registration Office since 25 January 2021. The registered address of the Company is P.O. Box 7415, 103 91 Stockholm. The Company and the operations of the Company will be governed by Swedish law.

The Company was established by PBM for regulatory purposes in order to raise the Equity Issue on behalf of the BidCo, and has no previous business history. The Company is the ultimate parent company of the Group and the direct parent company of the BidCo and the indirect parent company of the Target.

The object of the Company is to manage fixed and movable property or manage companies that directly or indirectly own fixed and movable property and collect funding for its business and conduct business related thereto. The first acquisition of the Company was the Portfolio which was acquired indirectly by the Company through the acquisition of the Target.

The articles of association of the Company are included as Appendix 1 to this Company Description.

6.1.1 *Board of directors and the management of the Company*

The duties and responsibilities of the board of directors follow from Swedish law and include the overall management and control of the Company. The board of directors is elected by the extraordinary general meeting of the Company. The board of directors currently consists of three members.

Interim board of directors and CEO

Name	Position	Number of Shares in the Company
Johan Åskogh	Chairman of the Board	0
Oskar Wigsén	Board Member (CEO)	0
Sara Williamson	Board Member	0

Source: the Company

All board members in the interim board of directors are employed by PBM. The new board of directors, which is likely to include representatives of the investors in the Company, will be appointed at the extraordinary general meeting which is expected to be held on 6 May 2021. The interim board of directors will therefore be replaced following the annual general meeting. The Company has not entered into any agreements with any member of the board of directors concerning benefits after the resignation of the assignment.

Please refer to section 10 for additional information regarding the management of the Company.

The proposed board members are Gunnar Isaksson, Bernt Johansson, Olof Pergament and Börje Hed, please refer to section 6.1.3 for further information. The remuneration to the proposed members of the new board of directors will be SEK 60,000 to the chairman of the board and SEK 40,000 to the directors excluding employment tax.

The members of the interim board of directors have been part of the board of directors in the following other Companies, outside the Group, during the past five years:

Board of director assignments for the interim board of directors

Oskar Wigsén

Ongoing board assignments:

Backaheden Fastighets AB
Backaheden Midco 1 AB
Backaheden Midco 2 AB
Aarhus Residentials Denmark AB
One Publicus Gröna Draken 15 AB
Korsängen Midco AB
Korsängen Fastighets AB
Vårdfastigheter i Henån AB

Previous board assignments:

Korsängen Target AB
S88 Etablering AB
UA Gröna Etablering AB
Fibernät i Mellansverige AB
Open Infra Mälardalen AB
Fleming Properties AB
Borglanda Fastighets AB
Borglanda S88 AB

Sara Williamson

Ongoing board assignments:

Backaheden Fastighets AB
Backaheden Midco 1 AB
Backaheden Midco 2 AB
Aarhus Residentials Denmark AB
Pareto Business Management AB
Origa Care Holding AB
Halmslätten Umeå AB
Halmslätten Halmstad AB
Halmslätten Midco 2 AB
Halmslätten Midco 1 AB

Previous board assignments:

SG Scandinavian Fastigheter AB
Korsängen Target AB
Vrangelsro 5:4 Fastighets AB
Pilängen Logistik I AB
Umeå Logistiken 3 Fastighets AB
Mitt Vard Bolag AB
Vårdfastigheter Sverige I AB (publ)
Pilängen Logistik AB
SG Helsingborg AB
Korsängen Fastighets AB
SG Scandinavian AB
Origa Care AB (publ)
Halmslätten Fastighets AB
Slutplattan VOMVI 106098 AB
Korsängen Midco AB

Johan Åskogh

Ongoing board assignments:

Backaheden Fastighets AB
Backaheden Midco 1 AB
Backaheden Midco 2 AB
Aarhus Residentials Denmark AB
Logistri Portfolio 2 AB
LP2 Sillö 6 AB
LP2 Åkaren 7 KDÄ AB
LP2 Åkaren 7 AB
LP2 Ösby 1:32 AB
LP2 Skyttbrink 29 AB
LP2 Prestando 1 AB
LP2 Solsten 1:127 AB
LP2 Falevi 2:1 AB
LP2 Lärlingen 2 AB
LP2 Revisorn 7 AB
Halmslätten Fastighets AB
Halmslätten Umeå AB
Halmslätten Halmstad AB
Halmslätten Midco 2 AB
Halmslätten Midco 1 AB
Origa Care Holding AB
Sydsvenska Hem AB (publ)
Fastighets AB Ridskolan
Projektbolag Del Y AB
Kävlinge Fastighets AB
Vårdboende i Västerparken AB
Nya Centrumfastigheter i Lomma AB
Sydsvenska Hem förvärvsbolag 6 AB
Pareto Logistics Sweden AB
LP1 Olofström Holje 103:9 AB
LP1 Örebro Tackjärnet 3 AB
LP1 Tingsryd Tingsryd 3:14 AB
LP1 Nybro Tallen 58 AB
LP1 Götene Skräddaren 1 AB
LP1 Lidköping Sävare 19:12 AB
LP1 Jönköping Älgskytten 13 AB
LP1 Tingsryd Tingsryd 3:14 KDÄ AB
LP1 Olofström Holje 103:9 KDÄ AB
Pareto GIMLE Holding 1 AB
Pareto GIMLE Holding 2 AB
Pareto GIMLE Holding 3 AB
Pareto GIMLE Holding 4 AB

Previous board assignments:

Jönköping Logistics PropCo AB
Norrköping Logistics PropCo AB
Vrangelsro 5:4 Fastighets AB
Umeå Logistiken 3 Fastighets AB
Fastighetsaktiebolaget Värmdö Ösby 1:32
Logistri Tallen Fastighets AB
Bråviken Logistik AB (publ)
HåNi Konsult AB
Nyköping Logistics PropCo AB
Fastighetsaktiebolaget Värmdö Ösby 1:32
Industri- och Logistikhus i Jönköping AB
Industri- och Logistikhus i Götene AB
Logistri Sävare Fastighets AB
Tingsryd 3:14 Fastighets AB
Industri- och Logistikhus i Olofström AB
Stensö Holding AB
Logistri Örebro AB
MJ Etablering IV AB
MJ Etablering VII AB
Hemsö Verkmästaren Holding AB

	One Publicus Fastighets AB Serneke Projektfastigheter Eskilstuna AB Fibernät i Mellansverige AB Open Infra Mälardalen AB One Publicus Lagern 4 AB MS Etablering IV AB (publ) MS Etablering II AB Wenaas Ottersland AB Bråviken Logistik Jönköping AB Bråviken Logistik Nyköping AB Bråviken Logistik Norrköping AB Bråviken Logistik Fastigheter AB Logistri Örebro Fastigheter AB AK Etablering AB PBM Etablering 1 AB (publ) Slutplattan VOMVI 106098 AB

Source: the interim board of directors

None of the members of the proposed board of directors of the Company has been convicted in fraud-related crimes, has been prohibited from carrying on business, or been engaged as a board member or as a holder of a managerial position in a company going bankrupt or being liquidated during the past five years.

The members of the proposed board of directors have been part of the board of directors in the following other Companies, outside the Group, during the past five years:

Other current board of director assignments for the proposed board of directors

Gunnar Isaksson	Bernt Johansson
Ongoing board assignments:	**Ongoing board assignments:**
Investmentaktiebolaget Cyclops (559099-4512) Investmentaktiebolaget Polyfemos (559099-4496) Investmentaktiebolaget Lodun (559099-4504) HvU Assurance & Advisory AB (559299-0161) Thyberg & Öberg Förvaltning AB (556995-4901) Aktiebolaget Enebybergs Plåtslageri (556195-2614)	Arosholm Aktiebolag (556348-4442) Holm Trävaror AB (556042-3641) Fanérimporten Aktiebolag (556049-1614) Carstens Aktiebolag (556059-6776) Kärnsund Wood Link AB (556227-1360) Skandinaviska Träimport AB (556509-5949) ArosHolm Fastighets AB (556995-2798) ArosHolm Medical Consulting AB (559232-4700) House of Far East Aktiebolag (556239-4741) Varumärkesgrossisten Kyrkljus AB (556156-4211)

Olof Pergament	Börje Hed
Ongoing board assignments:	**Ongoing board assignments:**
S:t Erik Fastighets AB (556045-0206) Adèlehill AB (556520-7460) Great Space Sweden AB (559059-9097) House Be i Åre AB (559089-6451) NorthWorx AB (559090-9478) W & P Invest AB (559215-2283)	Cabrero AB (556539-1892) Cartagena AB (559184-5531) Fastigheten Ottan AB (559058-4172) Lunds Kommuns Fastighets AB (556050-4341) Riksfärdtjänsten Sverige AB (556306-4590) Fastigheten Hovshaga Centrum AB (556752-5638) Transportdoktorerna Konsult Aktiebolag (556306-4608) Fastigheten Skärvet AB (559024-3779) Fastigheten Vändplatsen AB (559228-8590)

Source: the proposed board of directors

Companies of which the members of the interim board of directors and the proposed members of the new board of directors have held at least 10% of the capital or voting rights during the past five years are presented in the following table. Any companies of which the members currently hold at least 10% of the capital or the voting rights are also presented in the following table.

Companies of which the interim board of directors holds, or previously held, more than 10% of the shares

Oskar Wigsén	Johan Åskogh
Current holdings:	**Current holdings:**
-	-
Former holdings:	**Former holdings:**
-	Håni Konsult AB
Sara Williamson	
Current holdings:	
-	
Former holdings:	
-	

Source: the interim board of directors

Companies of which the proposed board of directors holds, or previously held, more than 10% of the shares

Gunnar Isaksson	Bernt Johansson
Current holdings:	**Current holdings:**
Investment AB Polyfemos (559099-4496) Investment AB Cyclops (559099-4512)	Arosholm AB (556348-4442) ArosHolm Fastighets AB (556995-2798) ArosHolm Medical Consulting AB (559232-4700)
Former holdings:	**Former holdings:**
Investment AB Kybele (556873-5509)	-

Olof Pergament	Börje Hed
Current holdings:	**Current holdings:**
Adélehill AB (556520-7460)	Transportdoktorerna Konsult AB (556306-4608) Cabrero AB (556539-1892)
Former holdings:	**Former holdings:**
-	-

Source: the proposed board of directors

Please refer to section 10 (*The management of the Company*) for additional information regarding the management of the Company.

6.1.2 *The CEO of Krona Public Real Estate AB (publ)*

The CEO of Krona Public Real Estate AB (publ) is Oskar Wigsén. Mr Wigsén is employed by the Business Manager and will not receive any salary from the Company in the regard of his role as CEO. Although Mr. Wigsén is intended to be replaced as a member of the board of directors at the upcoming extraordinary general meeting of the Company, there are no intentions to replace Mr. Wigsén as the CEO of the Company. Mr. Wigsén's tasks correspond to the tasks of the Business Manager, which are presented in section 11.2. Please see Mr. Wigséns's CV below.

Oskar Wigsen, CEO:

- Employed as Business Manager at Pareto Business Management AB
- CEO of Korsängen Fastighets AB
- Holds a M.Sc in Real Estate and Construction Management from the Royal Institute of Technology, Stockholm´

6.1.3 *Proposed board of directors of Krona Public Real Estate AB (publ)*

The extraordinary general meeting is expected to be held on 6 May 2021. At this extraordinary general meeting, a new board of directors will be elected. The proposed board of directors of the Company is presented below. Please note that each proposed board member's ownership in the Company is as of the date of this Company Description. Companies of which the proposed members of the board of directors currently holds, or have held during the past five years, at least 10% of the capital or voting rights are presented above in section 6.1.1.

Gunnar Isaksson – proposed board member

- Education: University of Warwick, Warwick Business School, Business Studies 1997-98, University of Uppsala, Business, Economics, Political Science and Greek and Roman History 1988-93.
- Current position as CEO and Founder, Investmentaktiebolaget Cyclops, since 2018. Investments in Property and Property Related Services Companies.
- Previous experience as CEO and Founder of Hestia Group 2007-2018, Director Marketing & Sales at Synerco AB 2005-07, Director Business Development at Dalkia Facilities Management AB 2002-05 and Consultant at Caminus Strategic Consulting Ltd, 2000-01
- Current board assignments: Refer to table in section 6.1.1
- Former board assignments: Refer to table in section 6.1.1
- Ownership in the Company: 12,500 shares through Investmentaktiebolaget Polyfemos (100% ownership) and 50,000 shares through ownership in Investmentaktiebolaget Cyclops (50% ownership in Investmentaktiebolaget Cyclops which owns 100,000 shares)
- Independent in relation to the Company and larger shareholders

Bernt Johansson – proposed board member

- Education: Degree of Master of Science in Business and Economics, Lund University
- Current position as chairman of the board at Arosholm AB, ArosHolm Fastighets AB och ArosHolm Medical Consulting AB
- Previous experience from ABB, SKF and Holm Trävaror AB
- Current board assignments: Refer to table in section 6.1.1
- Former board assignments: Refer to table in section 6.1.1
- Ownership in the Company: 53,000 shares through direct ownership and 47,000 shares through investment company (100% ownership)
- Independent in relation to the Company and larger shareholders

Olof Pergament – proposed board member

- Education: Master's degree in real estate and construction management, KTH Stockholm
- Current position as owner at Adelehill AB which provides real estate consultancy services and CEO at NorthWorx AB, establishment and management of CoWorking concepts
- Previous experience as deputy CEO at Westerlind Fastigheter AB, Head of property management at Amasten Holding AB (publ), Head of residential asset management at AFA Fastigheter, Head of property management at ByggVesta Fastighetsförvaltning AB
- Current board assignments: Refer to table in section 6.1.1
- Former board assignments: Refer to table in section 6.1.1
- Ownership in the Company: 100,000 shares (ownership by related party)
- Independent in relation to the Company and larger shareholders

Börje Hed – proposed board member

- Education: Master degree in science and Degree as Doctor of Technology
- Current position as CEO of Cabrero AB and owner of Cartagena AB
- Current board assignments: Refer to table in section 6.1.1
- Former board assignments: Refer to table in section 6.1.1
- Ownership in the Company: 35,000 shares through ownership via investment company Cabrero AB (35% ownership in Cabrero AB which owns 100,000 shares)
- Independent in relation to the Company and larger shareholders

6.2 The Shares

All shares in the Company have equal voting rights (1 vote per share) and equal rights to dividends. The Share's ISIN code is SE0015657895, CFI code is ESVUFR, FISN code is KRONAPUBL/SH and the ticker at Spotlight will be KRONA. The Shares are registered by Euroclear Sweden AB that also handles the Company's share register. Shareholders may not receive physical share certificates and all trades with the Shares are handled electronically through banks or other financial institutions. The Shares of the Company are freely transferrable, subject to formal legal requirements and restrictions. Expected first day of trading on Spotlight is on or about 31 March 2021. The Company has engaged Pareto as liquidity provider for the Shares.

Please refer to section 10 for additional information regarding the management of the Company.

6.3 Subsidiaries

The Company has one fully owned, immediate subsidiary named Krona Eiendom AS, corporate identification number 918 047 255, registered with the Norwegian Companies Registration Office since 14 November 2016.

The objects of the BidCo is to manage fixed and movable property or manage companies that directly or indirectly own fixed and movable property and collect funding for its business and conduct business related thereto. The immediate subsidiary of the BidCo is the Target. The BidCo is intended to be merged into the Target within 12 months post Closing of the Transaction. The BidCo is the borrower under the Debt Facility.

The Share Purchase Agreement for the acquisition of the Target was entered into on 17 February 2021, with the Vendor as seller and the BidCo as purchaser.

6.4 The Target

The Target is the Norwegian limited liability company KKP Eiendom AS with corporate identification number 999 513 468, registered with the Norwegian Companies Registration Office since 12 January 2013. The registered address of the Target is c/o Pareto Business Management AS, Dronning Mauds gate 3, 0250 Oslo, Norway. The Target and the operations of the Target will be governed by Norwegian law.

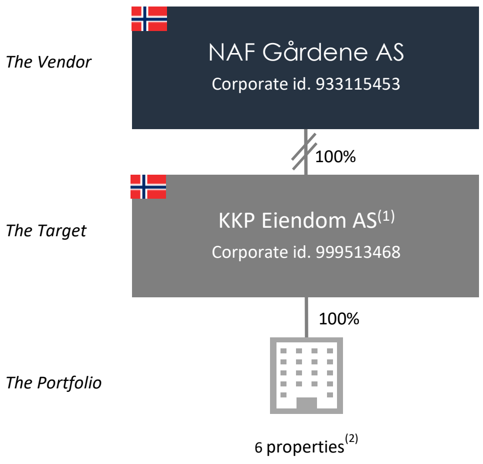
The object of KKP Eiendom AS is development, purchase, sale, operation and management of real estate located in Kongsberg municipality based on commercial terms.

6.5 Transaction and Group structure

The Transaction was structured as an acquisition of 100% of the shares in the Target by the BidCo, with the Company as the indirect owner. The Target is the sole owner of the Properties.

The group structure before the Transaction is illustrated below.

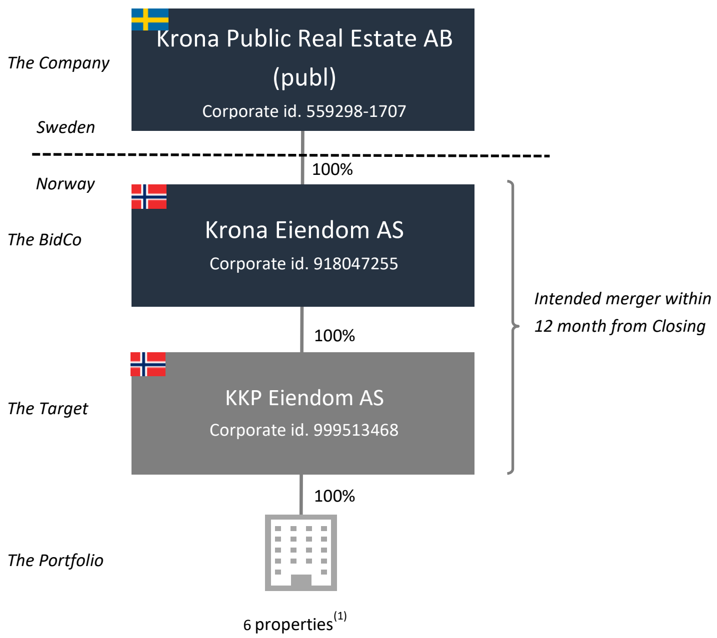
Group structure before Transaction



Note: (1) A merger and demerger was conducted before Closing to create the Group Structure presented (2) Hasbergs vei 36 (Krona) land no. 7013/title no. 5, Kirketorget 2 land no. 7013/title no. 9 an no. 11, Kirketorget 2B land no. 7013/title no. 10, Kirkegata 2A land no. 7013/title no. 8, Kirkegata 4A land no. 7013/title no. 7, and Hasbergs vei 66 (Skauløkka) land no. 7222 title no. 1 and land no. 7223 title no. 1 , all in Kongsberg municipality.
Source: the Company, the Vendor

The current Group's structure post Transaction is illustrated below.

Group structure post Transaction



Note: (1) Hasbergs vei 36 (Krona) land no. 7013/title no. 5, Kirketorget 2 land no. 7013/title no. 9 an no. 11, Kirketorget 2B land no. 7013/title no. 10, Kirkegata 2A land no. 7013/title no. 8, Kirkegata 4A land no. 7013/title no. 7, and Hasbergs vei 66 (Skauløkka) land no. 7222 title no. 1 and land no. 7223 title no. 1 , all in Kongsberg municipality..
Source: the Company, the Vendor

The Share Purchase Agreement, was entered into on 17 February 2021 with closing on 16 March 2021. The Share Purchase Agreement was negotiated between representatives of the BidCo and representatives of the Vendor. The Share Purchase Agreement is assessed by the Company to be in line with Norwegian market standards and based on a market standard agreement commonly used on the Norwegian property market for sale and purchase of private limited liability companies, which includes customary warranties and indemnities customised for transactions with W&I insurance. The main elements in the Share Purchase Agreement have been structured as follows:

- The acquisition was carried out by means of an acquisition of 100% of the shares in the Target
- The purchase price was based on the Agreed Property Value and was paid upon Closing
- The Agreed Property Value was subject to customary purchase price adjustments, such as Deferred Tax Discount
- A deduction of NOK 11,200,000 in the purchase price due to incorrect tax depreciation rates
- In addition to the abovementioned compensation, the Vendor has also granted a compensation to the BidCo due to certain technical issues on the Properties of NOK 1,048,000 and NOK 3,518,667 related to incorrect CPI adjustment
- Indemnification from the Vendor regarding any potential liability under section 14-11 of the Limited Liability Companies Act (Nw. *solidaransvar*) due to the demerger, cf. further in chapter 4.8
- Closing occurred on 16 March 2021
- The Share Purchase Agreement is governed by Norwegian law

The purchase price payable on Closing was a preliminary amount based on a pro forma balance sheet and the final purchase price will be calculated based on the closing accounts to be prepared by the Vendor and reviewed by the Target's auditor and the Company following Closing. All existing internal loans of the Target were repaid by the Subsidiaries, on behalf of the Target, at Closing.

The Vendor provides a Rental Guarantee for the vacant premises for up to three years (however a smaller part, 114 square metres is only granted for one year). The Rental Guarantee includes that the Bidco and the Vendor shall jointly, and on certain specified terms, work for appointing new tenants for the vacant premises during the Rental Guarantee period. The Vendor shall (as an adjustment in the purchase price) cover necessary Tenant improvements for vacant area, including sign on fees to the extent that this is not covered by a higher rent than the Rental Guarantee. If the vacant area is still vacant after the expiration of the Rental Guarantee, any tenant improvements may need to be financed with the proceeds from the Target.

The Share Purchase Agreement contains warranties regarding, *inter alia*, the Target, the Properties, the Lease Agreements, tax and insurance, collectively deemed by the Group and its legal advisors to be in line with Norwegian market practice with customary limitations regarding the Vendor's liability for breach of warranties and in respect of thresholds and time limits for making claims.

The BidCo is insured through a W&I-Insurance in respect of its risk exposure under the Share Purchase Agreement in respect of the consequence of a breach of the Vendor's warranties under the Share Purchase Agreement. The W&I-Insurance took effect as from Closing and the remedy for the BidCo as a consequence of any breach of the Vendor's warranties in the Share Purchase Agreement (limited to unknown issues at Closing) is a right for the BidCo to claim compensation from the insurer under the insurance policy. The liability period for ordinary warranties under the Share Purchase Agreement is limited to two years and fundamental warranties (ownership and title) and Tax warranties under the Share Purchase Agreement are limited to seven years.

The insurance terms are assessed by the Company to be in line with Norwegian market standards and Norwegian market practice.

6.6 Contact information

The Company's contact information is stated below.

Address:
Krona Public Real Estate AB (publ)
c/o Pareto Business Management
Box 7415
103 91 Stockholm
Sweden

Phone:
Pareto Business Management: 08-402 50 00
LEI:
549300MWRB00KNKEUY58

Website:
www.kronapublic.se

7 THE PORTFOLIO

Unless otherwise explicitly stated, the Vendor or the Vendor's broker is the source of all information contained in this section.

7.1 Location

The Portfolio is located close to the city centre in Kongsberg and Kongsberg technology park. Kongsberg is known as an industrial city, mainly due to the technology park – a tech hub housing approximately 5,500 employees and approximately 40 companies. The companies include FMC, Kongsberg Gruppen, GKN Aerospace and Siemens Energy among others. Being closer to the technology park was an important criterion for USN when they initiated project Krona, and both USN and the vocational school is reported to have become much more closely integrated with the various academic communities in the technology park.

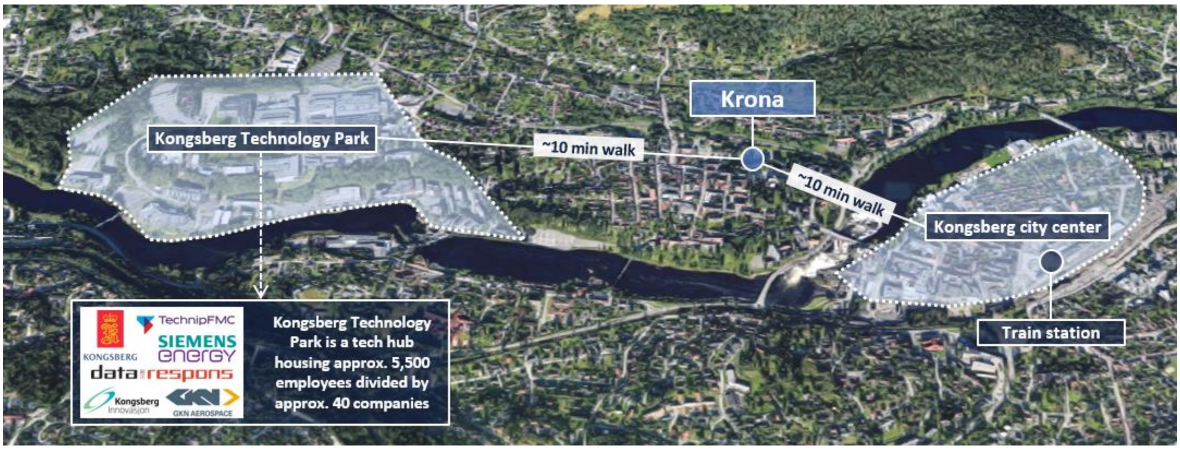
Another reason behind Krona's location is that Kongsberg municipality wanted to locate all important public functions to one location. There are several additional important public functions nearby Krona which are managed by Kongsberg municipality, including Kongsberg culture school, the iconic town hall and Kongsberg Church. In addition, Kongsberg is famous in Norway for arranging many cultural events and a majority of these are arranged nearby the Portfolio.

The Portfolios' surrounding area is characterised by residentials and commercial buildings. There is a strong supply of necessary community services located within walking distance from the Portfolio including grocery stores, a small shopping centre, pharmacy, healthcare and restaurants. Furthermore, Vinmonopolet has its only store in Kongsberg near the Portfolio.

Micro location

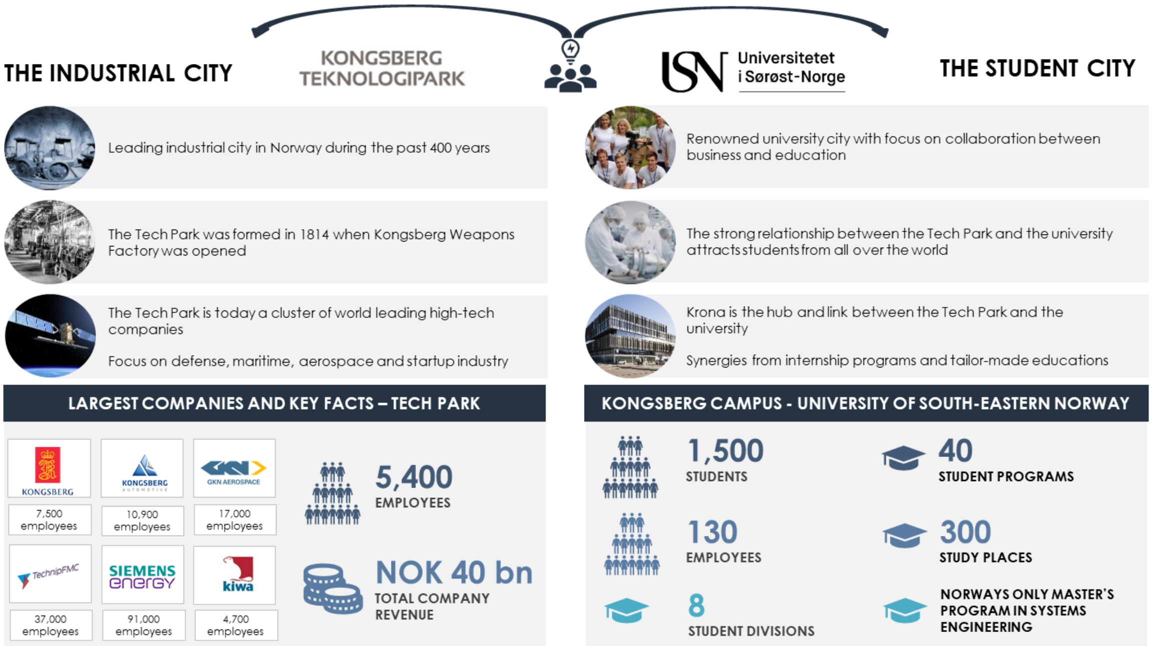
Sources: the vendor, Eniro, Google maps

Location in Kongsberg



Sources: the Vendor, Eniro, Google maps

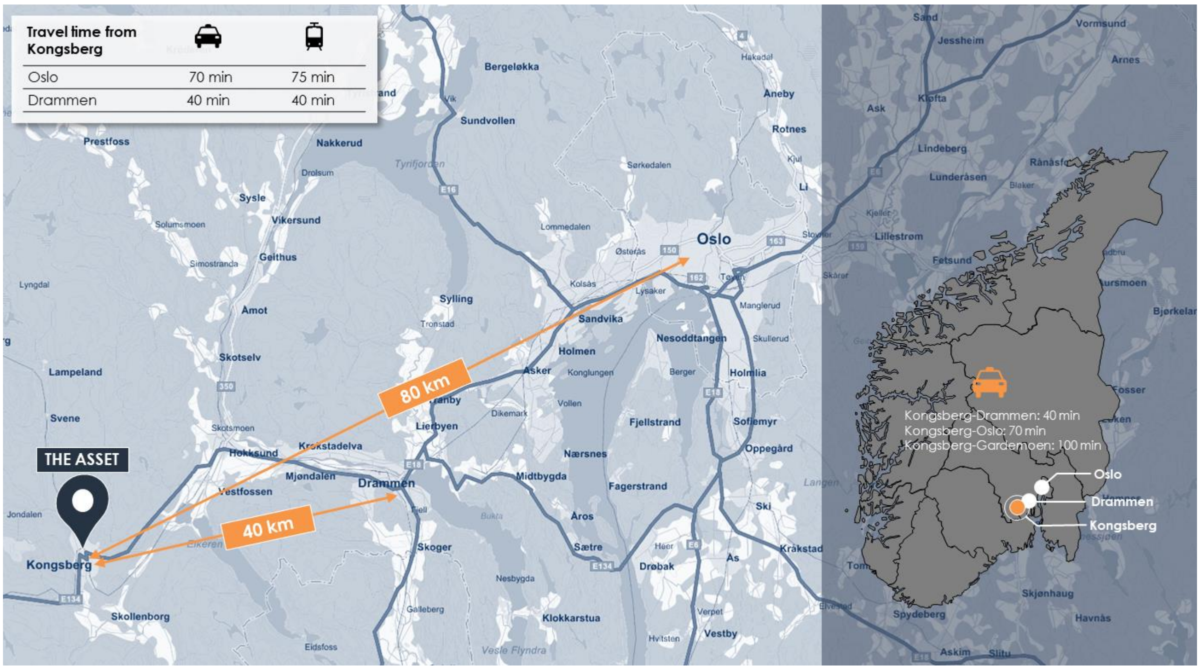
Kongsberg is a leading industrial and university city



Sources: Kongsberg, Kongsberg Automotive, GKN Aerospace, TechnipFMC, Siemens, Kiwa, the Vendor and USN

Kongsberg is located approximately 40 minutes from Drammen and approximately 70 minutes from Oslo by car or train. In recent years, Kongsberg municipality has made significant investments in infrastructure in the municipality. The new European Highway 134 (E134) was completed in July 2020 and the new route of E134 was built outside Kongsberg city centre, mainly in tunnels, and the new route passes Kongsberg technology park. Furthermore, Kongsberg technology park will get a new entrance directly from E134, which will increase the technology park's accessibility.

Macro location

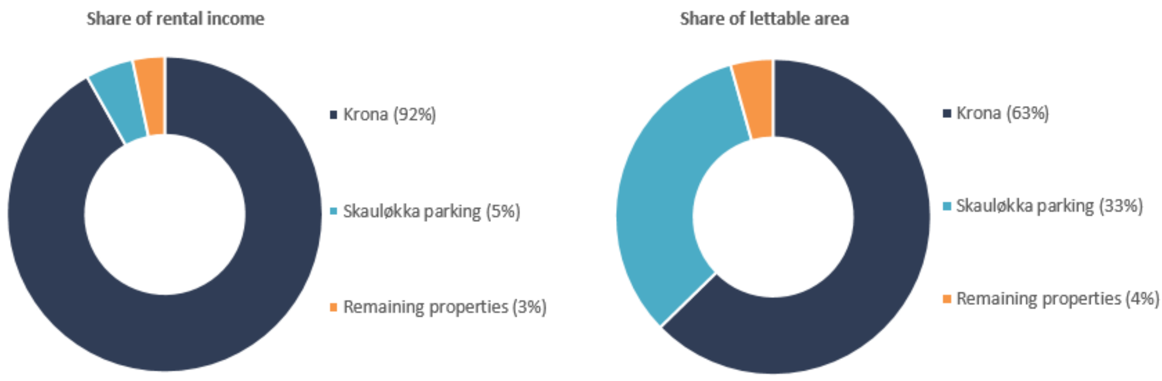


Sources: the vendor, Eniro, Google maps

7.2 Portfolio description

The Portfolio includes Krona, the parking facility Skauløkka and four adjacent properties, where Krona is the main property with approximately 92% of the Rental Income. The other four properties are linked to and supports the Tenants on Krona.

Share of rental income and lettable area per Property unit



Source: the Vendor

The Portfolio

Education & culture centre	Garage & building right	Multi-let office properties			
1 Krona	2 Skauløkka	3 Kirketorget 2	4 Kirketorget 2B	5 Kirkegata 2A	6 Kirkegata 4A
24,267 m²	12,752 m²	371 m²	230 m²	193 m²	892 m²
Public tenants - School, culture hall, library and cinema	Parking facility with future development potential	Public tenant and foundation - Office	Public tenant - Cafe/Office	Office	Public tenant - Office
91.8% of total rent	4.9% of total rent	0.9% of total rent	0.5% of total rent	0.3% of total rent	1.6% of total rent

Source: the Vendor

7.2.1 *Krona – the main building*

Krona is a modern education and culture centre, with 100% public sector Tenants. The Property gathers core culture and educational functions including university, vocational school, library, cinema, culture scene and public offices. Krona is the hub and link between the technology park, the university and the culture scene in Kongsberg.

Krona

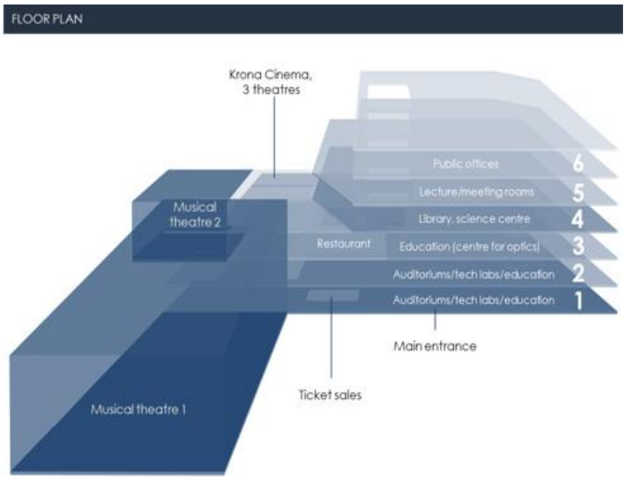
Source: the Vendor
Note: (1) As per 1 March 2021.

The project Krona was initiated by USN (The University of South-eastern Norway), based on a desire to relocate their university campus closer to the technology park and the city centre. Kongsberg municipality's intention with the project was to combine additional core public functions, such as cinema, culture hall and library in one location. This resulted in a joint project by Kongsberg municipality and a property developer chosen by the municipality.

Krona was completed in July 2015. After its completion, both the vocational school and the university have become much more closely integrated with businesses in the technology park. Krona has furthermore become an important gathering point in the region with a unique cultural scene. There are specialised areas in Krona which are utilised jointly by different Tenants, which contributes to high flexibility and efficiency. The cinema halls are for instance used as lecture halls for USN during the day and as a cinema in the evening, and the municipal council webcasts their council meetings from one of the auditoriums. The two musical theatres have spacious premises with generous floor to ceiling heights. The largest of the two musical theatres has a maximum capacity of 1,200 people. Both the musical theatre and the cinemas are top modern with advanced equipment. In the musical theatre, several installations are integrated in the building with adjustable amphitheatre and high-tech adjustable acoustics. Below follows a floor plan and description of the type of use of the premises within Krona.

General floor plan – Krona

TYPE OF USE		
6	• Public offices - *Kongsberg service and development department* - *The Norwegian church* - *KKE*	• *Vocational school in Viken* • *Kongsberg region* • *Kongsberg Municipality*
5	• Teaching rooms - University / Vocational School • Meeting rooms - University /	Vocational School • Service square - University / Vocational School
4	• Library - University / Vocational School • Kongsberg Public Library	• Youth office • Kongsberg Science Center
3	• National Center for Optics, Vision and Eye Health - University • Student Association - Haspa	Café • Kongsberg Norwegian Center • Kongsberg Music theatre - Sølvsalen
2	• Auditoriums • Cinemas • Class rooms • Technology laboratories	• Group rooms • Student Parliament, Student Council
1	• Auditoriums • Technology laboratories • Class rooms	• Kongsberg Music theatre • Kiosk / ticket sales • Toilets / wardrobes



Source: the Vendor

7.2.2 *Skauløkka – the parking facility*

Skauløkka is a detached car park facility located 200 meters from Krona. The car park covers Krona's tenants and other guests' needs, at the same time as it helps to solve the need for parking generally in the district. OnePark operates and maintain the car park, and offers short-term parking (NOK 22 / hour) and long-term parking (NOK 1,700 / month).

Skauløkka

Source: the Vendor
Note: (1) As per 1 March 2021.

According to the Vendor, there is development potential in connection to the parking facility Skauløkka. This involves a potential to develop residential units on the roof of the parking facility. In March 2019, Kongsberg municipality approved an application for general admission for 54 residential units to be built on the roof of Skauløkka parking garage, ~4,640 square metres gross building area. The approval was given based on several conditions that must be met in order to obtain a project start-up permit (Nw. IG).

The Manager has not executed any independent assessment of the development potential nor a valuation of it. The Company will upon handover explore this potential further and might also consider other ways to utilise the development potential. There is a risk that actual volume of the development potential will deviate from the assumptions stated in this Company Description, or that such a development will not be completed or materialised at all. A development will also fundamentally rely on prevailing market conditions.

In the purchase agreement with Kongsberg municipality of 2014 regarding the Target's acquisition of Skauløkka, the municipality has reserved the right to additional payment if more than 6,000 square metres gross building area is built on the roof of the parking garage. The applicable general permission is for a development totalling 4,640 square metres gross building area, which means that such additional payment is not relevant.

Potential development

Source: the Vendor

7.2.3 *The Remaining Four Buildings*

The four remaining buildings, Kirkegata 2A, Kirkegata 4A, Kirketorget 2B and Kirketorget 2 (the "**Remaining Four Buildings**") consist of three detached and listed wooden buildings built in the 1820s including one garage and one additional building built in 1912, which are located on the square outside the entrance to Krona. The Remaining Four Buildings connect Krona with the historic wooden district in the area and the townhall on the other side of the squareand are mainly rented out as offices and meeting rooms used by the Tenants within Krona for administration purposes, but also comprise a café rented by the municipality and one premise let by a private tenant. Some of the Remaining Four Buildings have been upgraded in connection with the establishment of Krona, according to the Vendor. However, as The Remaining Four Buildings are listed and older buildings, they are expected to contain higher risk related to technical standard, maintenance and upgrading costs per square metres lettable area compared to Krona and Skauløkka.

The Remaining Four Buildings

3 Kirketorget 2

Gnr / Bnr	7013 / 5
Lettable area (%)	371 m² (1.0 %)
Est. rent 2021 (%)	NOK ~515,000 (0.9 %)
WAULT	~1.5 years
No. of tenants	2
Type of premise	Office

4 Kirketorget 2B

Gnr / Bnr	7013 / 5
Lettable area (%)	230 m² (0.6 %)
Est. rent 2021 (%)	NOK ~309,000 (0.5 %)
WAULT	~14.5 years
No. of tenants	1
Type of premise	Cafe

5 Kirkegata 2A

Gnr / Bnr	7013 / 5
Lettable area (%)	193 m² (0.5 %)
Est. rent 2021 (%)	NOK ~192,500 (0.3 %)
WAULT	~3.0 years
No. of tenants	2
Type of premise	Office

6 Kirkegata 4A

Gnr / Bnr	7013 / 5
Lettable area (%)	892 m² (2.0 %)
Est. rent 2021 (%)	NOK ~910,000 (1.5 %)
WAULT	~5.0 years
No. of tenants	2
Type of premise	Office

Source: the Vendor
Note: As per 1 March 2021

Kirkegata 2A, Kirkegata 4A, Kirketorget 2B and Kirketorget 2 was recently subdivided from Krona.

The building at Kirkegata 6, land no. 7013 title no. 3 (7013/3), was owned by Bragnesgården AS, but was subdivided from land no. 7013 title no. 3 and became a new property unit with land no. 7013 title no. 6 . The remaining parts of land no. 7013 title no. 3 after the subdivision, which consists of a meeting square and subterranean area (the "**Remainder**"), was transferred to the Target, by way of a merger between the newly established company (the proposed owner of the Remainder after subdivision) and Target before Closing.

7.3 Portfolio description summary and technical information

A summary of the Portfolio is presented in the following table.

Portfolio description - Summary

	Krona	Skauløkka	Kirketorget 2	Kirketorget 2B	Kirkegata 2A	Kirkegata 4A	Total
Gnr / Bnr	7013 / 5	7222 /1 and 7223/ 1	7013 / 9 and 7013/ 11	7013 / 10	7013 / 8	7013 / 7	-
Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	-
Lettable area, m^2	24,267	12,752	371	230	193	892	**38,705**
Lettable area, % of total	63%	33%	1.0%	0.6%	0.5%	2.0%	**100%**
Est. rent 2021, NOKm (NOK/m^2)[1]	54.7 (2,254)	2.9m (230)	0.5 (1,388)	0.3 (1,343)	0.2 (997)	0.9 (1,020)	**59.5 (1,538)**
Est. rent 2021, % of total	92%	4.9%	0.9%	0.5%	0.3%	1.5%	**100%**
WAULT, years[2]	~14.4	~6.1	~1.5	~14.5	~3.0	~5.0	**~13.7**
No. of Tenants	3	5	2	1	2	2	**15-**
Type of premise	Education, office, culture	Parking	Office	Cafe	Office	Office	-
Construction year	2015	2016	~1820	~1820	~1920	~1820	-

Notes: (1) Base rent plus index and rental guarantees in rent level for 2021 excluding supplements. (2) WAULT are calculated as per 1 March 2021 and excludes the break options mentioned in section 7.5.2.

A summary of the technical description per Property is presented in the following table.

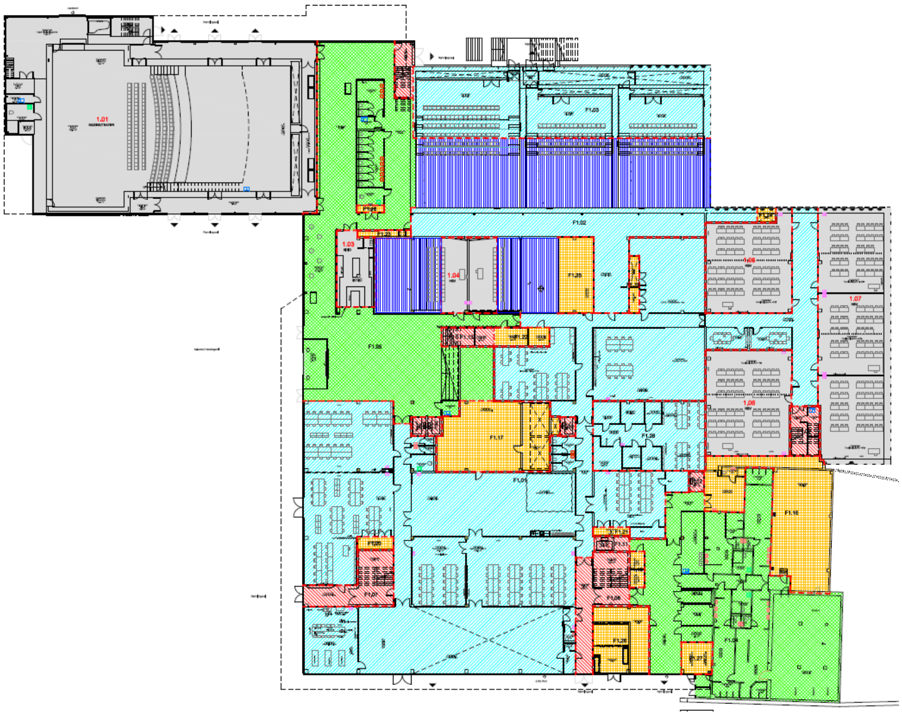
Technical description - Summary

	Krona	Skauløkka	Kirketorget 2	Kirketorget 2B	Kirkegata 2A	Kirkegata 4A
Foundation	Concrete piles and concrete slab	Not documented	Natural stone and bricks	Natural stone and bricks	Concrete foundation	Natural stone and bricks
Structure	Concrete and steel(1)	Concrete	Wood	Wood	Wood	Wood, cog jointed
Roof	Roofing felt (asphalt) and partly glass roof(2)	Welded asphalt board, roof area outside stairwell covered with tiles	Glazed roof tiles	Roof tiles	Roof tiles(3)	Roof tiles
Façade	Glass, aluminum, wall cladding, concrete elements.	Concrete elements	Wood panel	Wood panel	Wood panel	Cog jointed
Windows	Aluminum frame (3 layers of glass)	Not applicable	Wooden frame (1 layer of glass)	Wooden frame (1 layer of glass)	Wooden frame (1 layer of glass)	Wooden frame (1 layer of glass)
Heating	Geothermal heating (4)	Not applicable	Electric heating (hydrothermal radiators)	Electric heating (hydrothermal radiators)	Electrical panel heating	Electrical panel heating
Cooling	Cooling batteries connected to the ventilation system(5)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Ventilation	Centralised ventilation system(5)	Mechanical exhaust air	Mechanical exhaust air	Mechanical exhaust air	No ventilation	Mechanical exhaust air
No. of lifts	5 lifts	1 lift	Not applicable	Not applicable	Not applicable	Not applicable
Sprinkler & fire alarm	Sprinkler system including transmission to fire station	Sprinkler system including transmission to fire station	Automatic fire alarm system, transmission to fire station	Automatic fire alarm system, transmission to fire station	Automatic fire alarm system, transmission to fire station	Automatic fire alarm system, transmission to fire station

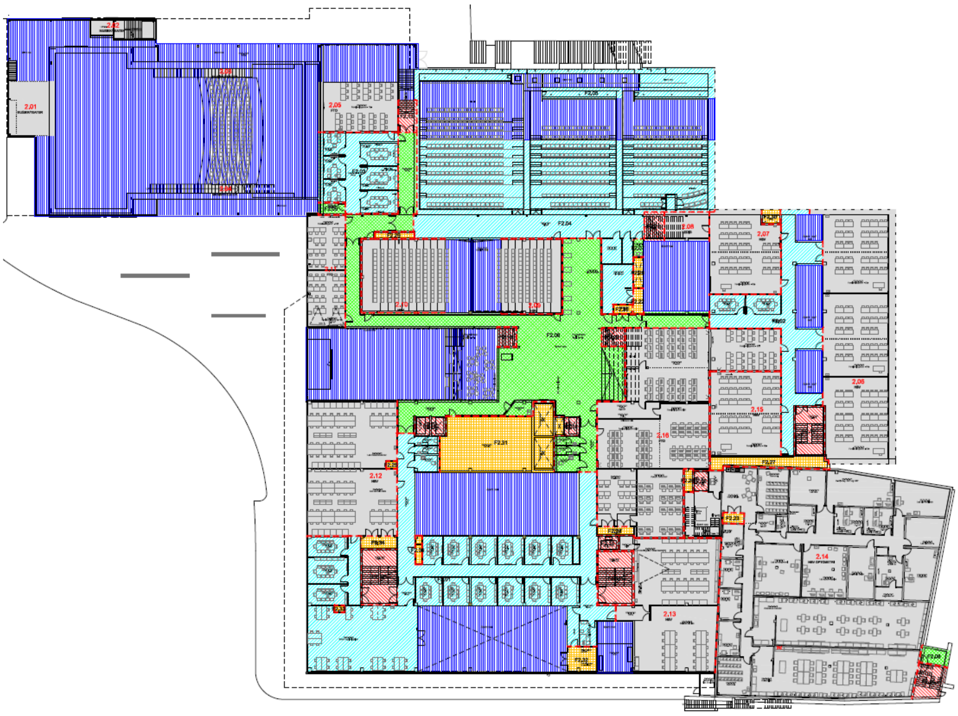
Notes: (1) Garage: wood structure (2) solar cells and roof tiles partially covering the roof (3) Roof was replaced in 2015 according to the Vendor (4) Additional electric boilers which are used during peak loads. (5) Incl. variable air volume system (VAV) and energy efficient operation program

7.4 Floor plan drawings of Krona

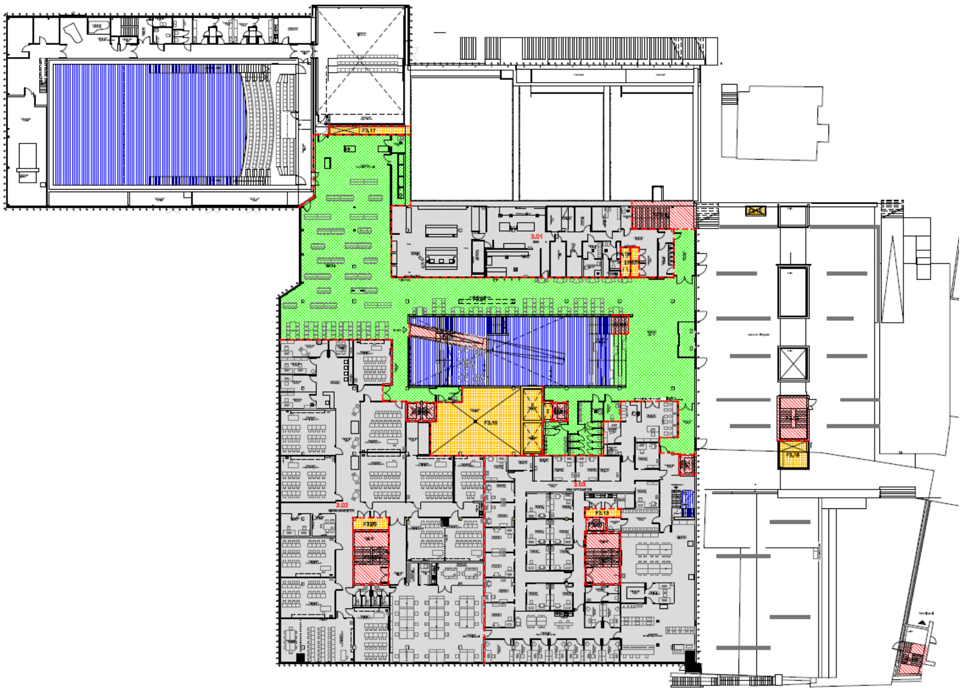
1st floor:



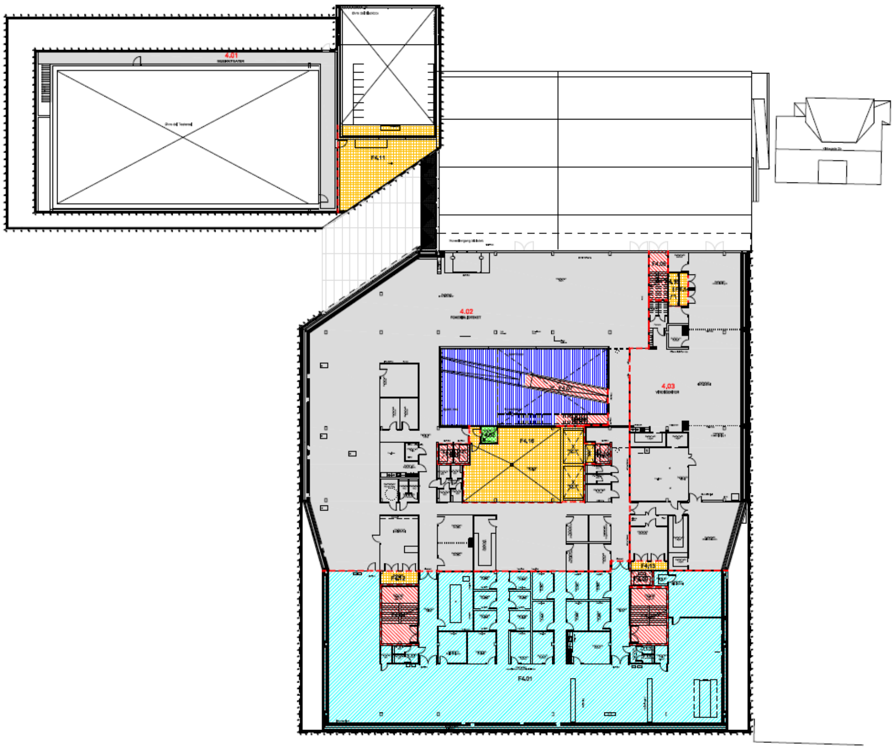
2nd floor:



3[rd] floor:



4[th] floor:



5th floor:

6th floor:

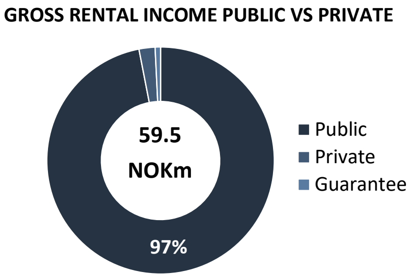
7.5 The Lease Agreements

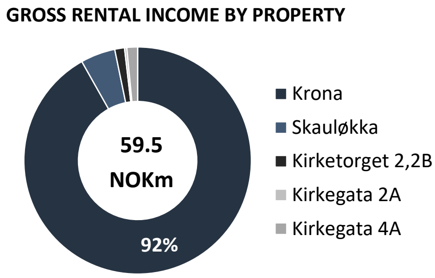
7.5.1 *Summary of the Lease Agreements*

The Portfolio is let to six different Tenants of which 97% of Rental Income *per annum* is derived from the three publicly financed Tenants; USN (approximately 42% of the Rental Income is derived from USN), KKE (approximately 43% of the Rental Income is derived from KKE) and Viken County (approximately 11% of the Rental Income is derived from Viken County). Remaining approximately 3% of the Rental Income is derived from OnePark (approximately 2%), and the Rental Guarantee for the vacant office premises (approximately 0.8%) of which approximately 88% is valid for three years and approximately 12% is valid for one year from Closing respectively. In addition, the two smaller Tenants, Kongsberg Bilpleie AS and Kongsberg Jazzfestival, together stands for less than 1% of the Rental Income.

Approximately 92% of Rental Income *per annum* is derived from the main property Krona, 5% of the Rental Income is related to the parking facility Skauløkka and the remaining 2% of the Rental Income is related to the the Remaining Four Buildings.

Tenant overview





Source: the Vendor

The Lease Agreements, except the Lease Agreement with One-Park AS, are adjusted 100% in accordance with the Norwegian CPI indexation as per 1 January each year. The tenant One-Park AS has turnover based rent and the estimated rent is described in chapter 7.5.2, i.e. with no CPI adjustments.

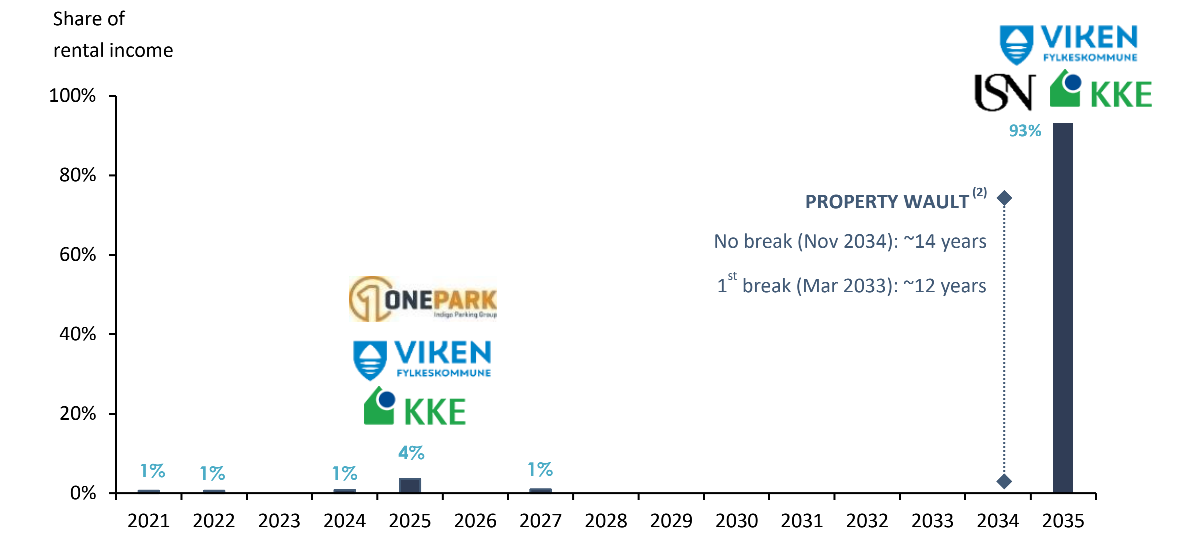
Commercial overview of lease terms[(1)]

	USN	KKE	VIKEN FYLKESKOMMUNE	OTHER TENANTS AND RENTAL GUARANTEES	TOTAL
Beneficial owner of Tenant	Norwegian state	Kongsberg municipality	County of Viken		
Share of rental income, %	42.4%	43.1%	11.3%	3.1%	100%
CPI adjustment	100%	100%	100%	100%[(2)]	100%[(2)]
Total area excluding parking, m^2	11,668	9,488	3,081	1,716	25,953
Rental income, NOKm[(3)]	25.3	25.7	6.7	1.9	59.5
Break options	Yes[(4)]	No	No	No	
WAULT excluding break option[(4,5)]	14.2	13.8	14.1	3.4	13.7
WAULT including break option[(4,6,7)]	10.3	13.8	14.1	3.4	12.0

Source: the Vendor

Notes: (1) Sum of all leases for each Tenant including calculated aggregated WAULT per Tenant (2) Excluding One Park which has turnover based rent without CPI adjustment (3) Base rent plus index for 2021 excluding supplements. (4) WAULT are calculated as per 1 March 2021 and excludes break options if not specifically stated. (5) The Tenant USN, has an option for extended lease period of 10 + 10 years to either 2045 or 2055 with a 24 months notice period during each lease period (6) The WAULT including break is calculated to first potential break per 2028-07-15 and including a 3 year lease penalty payable by the Tenant. (7) The penalty for utilising the break option amounts to 3-year rent if terminated less than 15 years from lease start and 1.25 year rent if the lease is terminated between 15-20 years from lease start.

Lease expiry schedule[(1)]



Note: (1) WAULT is calculated as per 1 March 2021 excluding break options. (2) The penalty for utilising the break option amounts to 3 year rent if terminated less than 15 years from lease start and 1.25 year rent if the lease is terminated between 15-20 years from lease start.
Source: the Vendor

7.5.2 Details in the Lease Agreements

In general, the Lease Agreements are overall considered as being in line with market standard, with a few deviations such as USN's break options and limitations regarding joint costs as described below.

Apart from USN's break option for the Lease Agreement regarding Krona, USN also has a Lease Agreement with the Target regarding a small area of 67 square metres on Kirkegata 4. USN has an option to terminate such Lease Agreement as per 1 May 2022 if USN give written notice to the Target of such termination no later than 1 May 2021. Furthermore, KKE leases a small premise of 230 square metres in Kirketorget 2, which may be terminated (by both KKE and the Target) with a 12 months written notice.

Rental payments and adjustments

The Lease Agreements are 100% adjusted in accordance with Norwegian CPI indexation as per January 1 each year (except the lease agreement with One-Park AS with turnover rent). The Rental Guarantee which represents approximately 1% of the Rental Income is subject to 100% indexation.

Under the Lease Agreements with USN and KKE at Krona, the rent shall not be adjusted to fall below the rent that was agreed on the date of entering into the relevant Lease Agreement. Under the Lease Agreement with Viken County the rent shall not be adjusted to fall below the last adjusted rent.

The Tenant One-Park AS has a turnover based rent. The rent for 2021 has been estimated to approximately NOK 998,000 and calculated based on a three-year historical average for the years 2016-2019. The turnover rent is calculated as 78% of turnover less than NOK 3 million and 89% of turnover exceeding NOK 3 million.

The Rental Income is primarily invoiced and paid quarterly in advance.

Supplements

All Tenants shall cover costs related to cleaning and media costs such as; water, sewage, heating, cooling, electricity and waste, caretaking services, running maintenance of their own premise. In addition, the Tenants shall also pay supplements for joint costs for common areas based on their share of the Portfolio's lettable area. For premises in the Krona facility the supplements for common costs include a cap for maximum costs to be reimbursed to the tenants, the cap is subject to yearly CPI adjustment.

Simplified demarcation list for the Portfolio

Party	Property tax	Utilities	Internal maintenance	External maintenance and replacement of technical installations	Insurance
Tenants		✓	✓		
Landlord	✓			✓	✓

Source: the Vendor

VAT compensation

All Tenants except USN are subject to VAT and comprised by the voluntary registration. The VAT position in the Target is estimated to be 58% as of 31/12-2020. Estimated rent 2021 *pro rata* is used instead of lettable area as basis for calculating the VAT position in the Target.

The Lease Agreement with USN contains a form of VAT compensation for the Target's VAT costs that are not deductible. However, the joint costs have a cap.

Break option for USN

The Lease Agreement with USN representing 42% of the Rental Income *per annum* includes a break option for USN to terminate the Lease Agreement with 12 months written notice to the Target if the Norwegian parliament (Nw. *Stortinget*) or the Norwegian Government would make a resolution to cease USN's operations by abolishing the University of South-Eastern Norway. Such notice from USN can in any case be given no earlier than when the Lease Agreement has been running for 12 years (i.e. such notice can be given after 15 July 2027 at the earliest). Consequently, vacation (the "**Date of Termination**") can take place no earlier than 13 years after the Lease Agreement commenced (i.e. the Date of Termination can occur on 15 July 2028 at the earliest). If the break option is exercised by USN, USN must pay a lump sum to the Target as landlord as follows: a) If the termination means that the total duration of the lease, calculated from the date of when the Lease Agreement commenced and up until vacation, is 15 years or shorter, the lump sum will be equal to the annual rent for the leased object as per the Date of Termination multiplied by 3 or b) If the termination means that the total duration of the lease, calculated from the date of when the Lease Agreement commenced and up until the date of vacation, is shorter than 20 years (but longer than 15 years), the lump sum will be equal to the monthly rent for the leased object at the Date of Termination multiplied by 15 equal to 1.25 year of rent.

Third party letting and assignment of the Lease Agreements

The Tenants in Krona are not entitled to transfer the Lease Agreements to a third party without the Target's prior written consent, such consent not being unreasonably withheld by the Target. This is a deviation from Norwegian background law and market practice in Norway, according to which such consent may be withheld at the unfettered discretion by the Target. Regarding the lease agreements with USN, the Target's consent is not required if USN assigns the lease to another entity which constitutes a part of the Norwegian State. Regarding the lease agreement with Viken County, assignment of the lease to other county administrational entities as a result of organisational changes in the county administrational activities will not be considered as an assignment.

For the remaining part of the Tenants, i.e. apart from Krona, the Target's prior written consent is also required however it varies whether such consent can be unreasonably withheld by the Target or if may be withheld at the unfettered discretion by the Target.

Security

None of the public sector Tenants have provided security for their obligations under the Lease Agreements, which however is in line with common practice for public sector tenants. Furthermore, no security has been provided from the two private Tenants Kongsberg Bilpleiesenter AS and One Park AS.

8 THE TENANTS

Unless otherwise explicitly stated, the Tenants, are the sources of all information contained in this section.

8.1 Summary of the Tenants

There are in total six unique Tenants within the Portfolio. The three largest Tenants are all public sector Tenants represented by the state, county and municipality and they account for almost 97% of the Rental Income *per annum*. The three largest Tenants have all contributed to making Krona into an important gathering point in the region with a wide range of cultural offering.

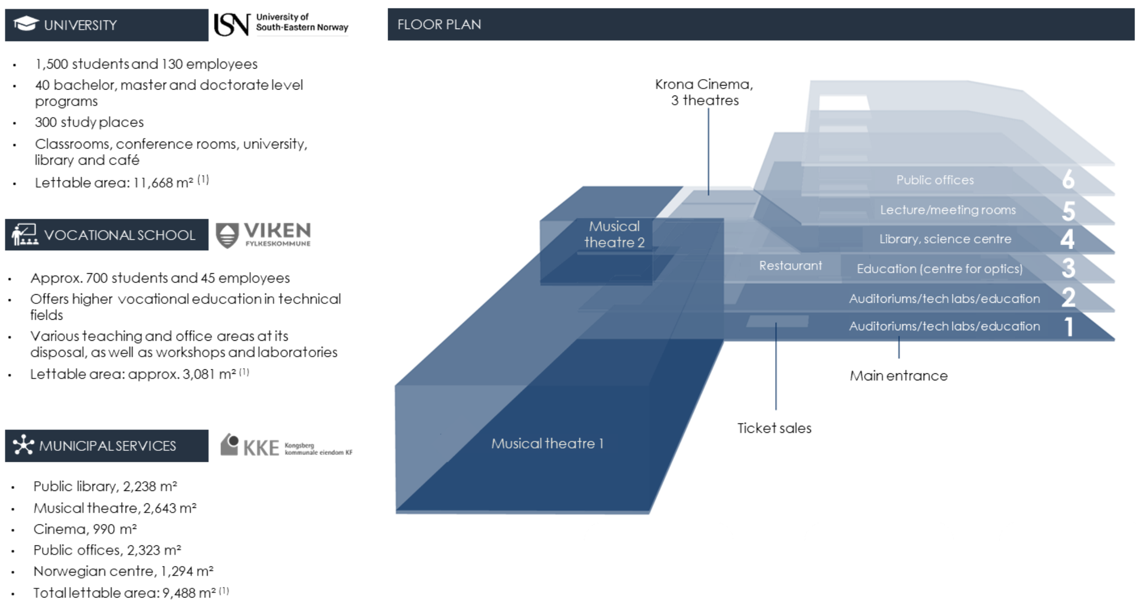
Below follows a short summary of some commercial terms in the lease agreements for the three largest Tenants and a general floor plan which illustrates what the Tenants are using their premises for.

Summary of the three largest lease agreements

Commercial terms	KKE	USN	Viken Fylkeskommune
Rental income 2021(1), NOKm	25.7	25.3	6.7
Share of rental income *per annum*, %	43.1	42.4	11.3
CPI indexation, %	100	100	100
WAULT(2)	13.8	14.2	14.1
Break options	No	Yes	No
Lettable area, m²	9,488	11,668	3,081
Nr. of leases	8	6	4
Nr. of parking spaces	55	30	8

Notes: *(1) Base rent plus index and rental guarantees in rent level for 2021 excluding supplements. (2) WAULT are calculated as per 1 March 2021 and excludes the break options mentioned in section 7.5.2.*

General floor plan – Krona



Source: the Vendor

8.2 KKE

KKE is the largest Tenant with its eight different leases and an annual Rental Income of approximately NOK 25.7 million *per annum*. KKE is 100% owned and directly funded by Kongsberg municipality.

Kongsberg municipality has approximately 28,000 inhabitants and the highest density of engineers in Norway. Kongsberg Municipality has during recent years made significant investments in infrastructure in order to increase the accessibility within the municipality.

Key facts Kongsberg Municipality

Kongsberg municipality key facts	
Population 2020	27,723
Population growth 2020	0.9%
Population forecast 2030	29,368
Largest sector	Industry, construction
# Students (higher edu.)	2,450
# Single houses	7,462
# Apartments	1,922

Source: the Vendor

KKE is responsible for the management of most of Kongsberg municipality's tenancies, properties and development projects. The group owns several educational and administration properties such as schools, healthcare buildings and sport halls. KKE has approximately 157,000 square metres under active asset management including commercial buildings, residentials and potential development projects, according to KKE's annual report from 2019.

The municipality has actively been working with the vision of having a vibrant culture scene in Kongsberg. The completion of Krona was a result from this vision where the municipality wanted to gather all culture functions into one asset. In 2016, Kongsberg was awarded with the price for being the best culture city in Norway.

The municipality operates several important culture functions from the Properties including a library, two musical theatres with 70,000 visitors in 2019, three cinemas and an elementary school for grown-ups, as well as public offices for its employees.

Type of premises leased by KKE

Type of use	**Area, m^2**	**Comment**
Public offices	2,323	Space for 120 employees
Music theatre	2,643	The premises are used for Concerts, theatre, conferences and more
Library	2,238	Located on the fourth floor
Elementary school	1,295	Space for 250 students and 30 employees
Three cinemas	840	3D cinemas with 70,000 visitors a normal year

Source: the Vendor and the Tenants

8.3 USN – University of South Eastern Norway

USN is the second largest Tenant with its six leases and an annual rental income of approximately NOK 25.3 million *per annum*. USN is directly owned and financed by the Norwegian state.

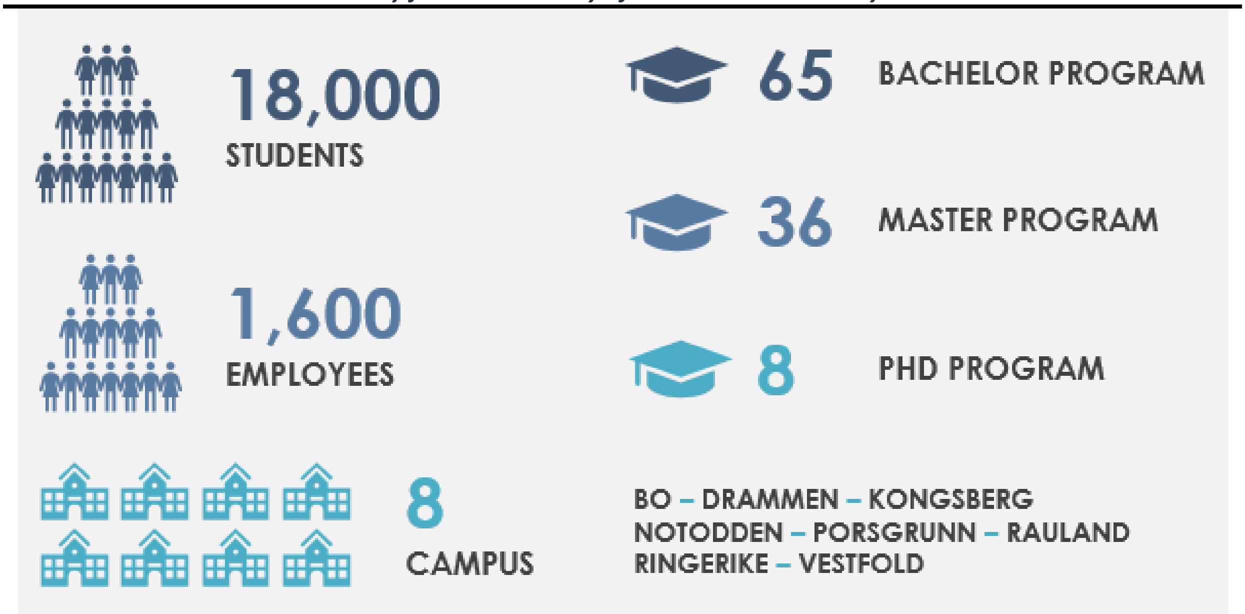
USN is Norway's fourth largest university with approximately 18,000 students and 1,600 employees, spread over eight campuses in Norway. USN was formed when Telemark, Buskerud and Vestfold University Colleges, merged between 2014 and 2016. The university offers 65 bachelor programs, 36 master programs and 8 PHD programs.

Project Krona was initiated by USN and Kongsberg municipality in 2011, based on a desire from USN to relocate their university campus closer to Kongsberg technology park and the city centre. Kongsberg municipality's intention was to gather core public functions, such as cinema, culture hall and library in one location.

USN was opened in 2015 and has today 1,500 students according to Cushman and Wakefield, divided between eight divisions. The divisions are technology, innovation, economics, administration and management, IT, political science, optometry and lighting design. The university has 130 employees and over 40 bachelor, master and doctorate level programs. Furthermore, the university has a strong relationship with the business community in Kongsberg and they have created several tailor-made educations and internship programs for companies working in Kongsberg.

USN's primary use for their premises on Krona are classrooms with over 300 study places, lecture halls and conference rooms. They also let premises for a library and a café amongst others.

Key facts – University of South Eastern Norway



Source: USN

8.4 Viken County – Fagskolen i Viken

Viken County is the third largest Tenant with its three leases and an annual rental income of approximately NOK 6.7 million *per annum*. The Tenant is directly owned and funded by Viken County.

Viken County is Norway's largest county with a population of more than 1.2 million inhabitants. The county was formed in 2020 by the merger of the counties Akershus, Buskerud and Østfold and three other municipalities. The county's responsibilities include upper secondary schools, culture, public roads and transport, public healthcare and dental services, amongst others.

Viken County is letting the premises within Krona on behalf of the Vocational School in Viken. The Vocational school was formally opened in 1959. In 2003 the vocational schools in Buskerud, Drammen and Kongsberg merged and co-located to Kongsberg. The school moved their operations into the Krona when it was completed in 2015. After its completion, both the vocational school and the university have become much more closely integrated with the various academic communities in Kongsberg technology park. During 2020 the school has changed its name to Vagskolen i Viken (Eng. "*Vocational School in Viken*").

As per the date of this Company Description, there are approximately 700 students at the Vocational School in Viken and 45 employees according to Cushman and Wakefield. The school is a practical school with a strong focus on preparing students for work life, especially in professions such as; building and construction, electricity, BIM and computer technology. The school is using many different types of premises within Krona including workshops, lecture rooms, office areas and laboratories.

8.5 Remaining tenants

The remaining three tenants comprise approximately 2.3% of the Rental Income *per annum* and includes One Park at Skauløkka (approximately 1.7% *per annum*), which operates 367 parking spaces, Kongsberg Bilpleie AS (approximately 0.4%), which offers car washing services, and Kongsberg Jazzfestival (approximately 0.3% *per annum*), which rents a smaller office in the Portfolio and arrange a yearly festival nearby the Portfolio.

In addition, there is a Rental Guarantee which will be paid by the Vendor corresponding to approximately 0.8% of the Rental Income *per annum*.

9 FINANCIAL INFORMATION

The estimates, projections and calculations in this section are based on assumptions supported by objective data. The estimates involve risks, uncertainties and other factors that may cause actual developments to differ materially from the anticipated development.

All calculations and estimates are based on current information, believed to be correct at the time of preparation of this Company Description. The Company cannot guarantee the correctness of the calculations, or the quality of the figures and assumptions underlying the calculations. Some of the assumptions made will or may be changed by the board of directors, and accordingly the estimates may then change. Please note that the expected return is not a guarantee of actual return. Actual return is also subject to the investor's tax position and may be affected by future changes in tax legislation.

The financial information has not been reviewed or audited by the Company's auditor, unless otherwise stated.

9.1 Transaction financing

The investment has an estimated project cost of NOK 1,341 million, and will include the following elements:

Project costs, rounded

Element	NOK ('000)
Agreed Portfolio Value	1,360,000
Compensation DD-findings(1)	-15,767
Gross Portfolio Value	**1,344,233**
Deferred tax discount	-59,009
Total investment	**1,285,224**
Sales and arrangement fee(2)	40,800
Debt financing arrangement fee(2)	7,072
Other start-up costs (transaction related)(3)	5,550
Working capital	2,354
Total project cost	**1,341,000**

Notes: (1) Purchase price reduction due to negative findings during the due diligence. The amount of NOK 15.8 refers to lower depreciation basis than communicated (NOK 11.2m), lower actual CPI-adjustment than estimated (NOK 3.5m) and technical findings (NOK 1.1m). (2) Refers to the equity issue fee and the arrangement fee in relation to the Debt Facility to Pareto. (3) Other start–up costs include cost for due diligence, valuation, listing on MTF, start-up costs for the Business Manager, Technical Follow-up Manager and others.
Source: the Company

9.2 Key figures

Key figures, rounded		
Estimated key figures	**Unit**	**Amount/percentage**
Debt Facility	NOK million	884.0
Equity Issue	SEK million	448.4
Rental income (1)	NOK million	59.5
NOI(2)	NOK million	56.0
Adjusted EBITDA(1)	NOK million	53.0
Net Real Estate Yield(2)	%	4.2
Dividend Yield(3)	%	6.5

Note: (1) Based on the Group's estimated income and costs as described further in section 9.7. (2) Based on Gross Portfolio Value. (3) Dividends from the Company to its shareholders will be paid in SEK. The general meeting of the Company will decide on a dividend amount in SEK, taking into consideration, *inter alia*, the profit of the Company, which pursuant to Swedish corporate law will be the maximum amount which may be distributed to the shareholders of the Company. The Company estimates to distribute annual dividends in a SEK amount equivalent to 6.50% calculated on a share price of SEK 100 and the NOK/SEK exchange rate of 0.9812. However, as the Target receives rents in NOK and the Company distributes dividends in SEK, the Company's SEK dividend capacity will vary based on the applicable exchange rate for SEK/NOK.
Source: the Company

The estimated project cost of NOK 1,341 million has been financed as set out below:

Project financing	
Element	**million**
Debt Facility	NOK 884
Recent Equity Issue(1)	SEK amount that equals NOK 457
Total Financing	**NOK 1,341**

Source: the Company
Note: (1) The equity issue amounted to SEK 448,410,000, which was exchanged into NOK based on a NOK/SEK exchange rate of 0.9812.

9.2.1 *The consolidated pro forma balance sheet as of 16 March 2021*

The consolidated pro forma balance sheet as per 16 March 2021 is presented in the table below. The consolidated pro forma balance sheet has not been reviewed by the Company's auditor.

Consolidated pro forma balance sheet per 16 March 2021

Consolidated pro forma balance sheet - Group(1) ***Values in SEK '000***	**16/03/2021**
Fixed assets(2),(3)	1,364,708
Total tangible assets	**1,364,708**
Financial assets	-
Total financial assets	-
Current assets	8,589
Total current assets	**8,589**
Total assets	**1,373,297**
Share capital	500
Share reserve	463,397
Total equity	**463,897**
Deferred tax(2)	16,012
Long-term liabilities(4)	888,066
Short term liabilities	5,322
Total liabilities	**909,400**
Total liabilities and equity	**1,373,297**

Note: (1) The Group includes entities in both Sweden and Norway. The consolidated figures are calculated in SEK based on the relevant FX-adjustment (2) In the consolidated pro forma balance sheet the Day 1-profit and related deferred tax liability are recognised on the investment properties as if the Day 1-profit had occurred as of 16 March 2021. (3) The value is based on an external valuation in January 2021 with FX-adjustment from NOK to SEK. (4) Long-term liabilities include external debt to credit institution of NOK 884 million calculated with relevant FX-adjustment to SEK 888.1 million in Group consolidation per 16 March 2021.
Source: The Company

9.3 Financial calendar

The Company will report under IFRS, and the Company's financial year starts on 1 July and ends on 31 June. The financial calendar of the Company is presented below.

Financial calendar	
Year-end report	31 August 2021
Annual report	2 September 2021
Extraordinary general meeting	6 May 2021

Source: the Company

9.4 Owners and share capital

In the table below are the Company's largest owners per 22 March 2021 presented.

Largest shareholders

Shareholder	Number of shares	Ownership share
Svea Ekonomi AB	250,000	5.6%
Daniel Marceau(1)	200,000	4.5%
Eton Family(1)	190,000	4.2%
K Öhlin Holding AB	130,000	2.9%
Anders Carlsson	100,000	2.2%
Bernt Johansson(1)	100,000	2.2%
Bhansali Capital limited	100,000	2.2%
Cabrero AB	100,000	2.2%
Familjen Kamprads stiftelse	100,000	2.2%
Farsviken AB	100,000	2.2%
Förvaltnings AB Maud Leander	100,000	2.2%
Gummesson Gruppen AB(1)	100,000	2.2%
Gunvald Berger	100,000	2.2%
Hans-Göran Stennert	100,000	2.2%
Investmentaktiebolaget Cyclops	100,000	2.2%
Invima AB	100,000	2.2%
Jan-Erik Jonsson	100,000	2.2%
KG Knutsson Fastighets AB	100,000	2.2%
Magnus Unger	100,000	2.2%
Schass Innab	100,000	2.2%
Other ~180 shareholders	2,114,100	47.1%
TOTAL	**4,484,100**	**100.0%**

Note: (1). Aggregated ownership through two or more accounts.
Source: the Company

There are 4,484,100 shares issued in the Company, and all issued shares are paid in full. All shares in the Company have equal voting rights and equal rights to dividends. The maximum number of shares in the Company in accordance with the articles of association is 16,000,000 shares. The development of the share capital is shown in the table below.

Share capital development

Date of registration	Event	Change in share capital (SEK)	Total share capital (SEK)
25/01/2021	Establishment	+ 500,000	500,000
18/03/2021	Recent Equity Issue	+ 4,484,100	4,984,100
18/03/2021	Redemption of shares	- 500,000	4,484,100

Source: the Company

9.5 Description of debt financing

The Manager was prior to the Transaction, on behalf of the Group, conducting an evaluation of debt financing options. A request for a proposal was distributed to a number of potential lenders in order to map the financing alternatives available to the Group. Based on indicative terms received, more detailed discussions were initiated with a Norwegian pension company.

The Debt Facility was structured as a bond issue based on the template for real estate financing in the Norwegian bond market. The entire bond issue was subscribed by a Norwegian pension company.

Main indicative terms of the Debt Facility

Bondholder:	Norwegian pension company
Borrower:	The BidCo
Guarantors:	None
Structure:	Bond issue
Bond Trustee	Nordic Trustee AS
Amount:	NOK 884 million
LTV:	65%, based on the Agreed Portfolio Value
Maturity:	5 years
Interest rate:	Fixed all-in interest rate of 2.75%
Amortisation:	Bullet on final maturity date
Call option / break fee	Make-whole if called as a result of a disposal event (disposal by the BidCo of its shares in the Target or a disposal by the Target of the Properties) and 100.25% of the loan amount if called 57 months after the issue date.
Covenants:	**Hard covenants** • Loan to value ratio does not at any time exceed 75%; and • Book equity ratio at no time is less than 20%; and • Interest cover ratio at no time is less than 1.5x. **Soft covenants** • Loan to value ratio does not at any time exceed 70%
Undertakings:	According to market standards
Ownership clause:	Company to own and control 100% of the BidCo and no person or group of persons acting in concert to own and control more than 50% of the shares in the Company.
Security package:	The security package includes, *inter alia,* mortgages over the Properties covering the full Debt Facility amount , pledges over the shares in the BidCo and the Target, pledges over intragroup and shareholder loans, and pledges over insurance policies, rental income and bank accounts respectively by way of a floating charge.
Arrangement fee:	One-time arrangement fee of 0.8% of the total amount of the Debt Facility to Pareto Securities debt financing team

Sources: the Company, the lender

The BidCo has entered into a bond agreement with the bank based on the commercial terms set out above.

9.6 Estimated dividends

Dividend to investors are estimated at approximately 6.5% *per annum*, calculated on a share price of SEK 100 and a NOK/SEK exchange rate of 0.9812. However, as the Target receives rents in NOK and the Company distributes dividends in SEK, the Company's SEK dividend capacity will vary based on the applicable exchange rate for SEK/NOK. The first dividend is expected to be distributed at the end of Q3 2021 but is conditional upon a decision by the general meeting of the Company. Dividends are dependent on the Group's distributable reserves and liquidity situation, and dividends may be subject to the relevant lender's approval or certain covenants in the financing documentation. Ultimately, the future dividend policy of the Company will be determined by the general meeting of the Company following a proposal from the board of directors.

All Shares have equal rights to dividends. The shareholders registered in the Company's share register on each record date shall be considered authorised to receive dividends; in case of bonus issues (Sw. *fondemission*), to receive new shares, and to execute the shareholders' right to subscribe for new shares in rights issues.

If a shareholder cannot be reached through the Euroclear system, its claim on dividends is limited only by the general limitation period (Sw: *lagstadgad preskriptiontid*). After the limitation period, the dividend will accrue to the Company.

There are no restrictions to receive dividends for shareholders residing outside Sweden. For shareholders with other domicile for tax purposes than Sweden, ordinary Swedish withholding tax will be deducted from the dividend.

9.7 Estimated income and costs

Estimated non-recoverable Property Related Costs and Company Costs are presented in the table below. The figures are based on the Vendor's budget, the Company's assumptions and experiences of the Manager, the Business Manager and the Technical Follow-up Manager.

Total annual Property Related Costs are estimated to approximately NOK 3.6 million including non-deductible VAT. Of these costs, approximately NOK 1.2 million refers to property tax and NOK 241,000 to insurance.

Long-term annual Company Costs, including, *inter alia,* fee to the Business Manager and the Local Property Manager, auditing cost, fee to the security agent Nordic Trustee, listing cost, fee to the board of directors and other fees are estimated to approximately NOK 3.0 million including non-deductible VAT (rounded figure). The Company's long-term EBITDA margin, calculated as EBITDA divided by Rental Income, is estimated to approximately 89%.

The Group Costs are estimated to approximately NOK 6.6 million for 2021, equivalent to approximately NOK 170 per square metres.

Estimated income and costs, full year basis in 2021 years values, rounded figures

Element	m^2	NOK ('000)	NOK/m^2
Rental income – Premises(1)	25,953	56,611	2,181
Rental income – Parking(1)	12,752	2,934	230
Total rental income	**38,705**	**59,545**	**1,538**
Property Related Costs		-3,571	-92
Net operating income	**38,705**	**55,974**	**1,446**
Technical management		-166	-4
Business management		-1,188	-31
Auditing, Euroclear, Nordic Trustee, listing fee, directors' fee and other		-1,648	-43
Adjusted EBITDA	**38,705**	**52,973**	**1,369**

Note: (1) Base rent plus index and rental guarantees in rent level for 2021 excluding supplements.
Source: The Company

10 THE MANAGEMENT OF THE COMPANY

10.1 Board of directors, management and ownership structure

The board of directors currently comprises three directors: Johan Åskogh as chairman of the board, Oskar Wigsén as board member and Sara Williamson as board member, all of whom are employees of PBM. After the extraordinary general meeting which is expected to be held on 6 May 2021 the board is proposed to comprise four members: Gunnar Isaksson, Bernt Johansson, Börje Hed and Olof Pergament.

Prior to the Transaction, the Company was a shelf company without any activities or employees, and with a minimum capital of SEK 500,000. The sole shareholder of the Company was Pareto Business Management AB. All shares held by Pareto Business Management AB was redeemed by way of a share capital reduction in connection with the registration of the Recent Equity Issue, as described in section 5.1 (*The Recent Equity Issue).*

10.1.1 *The Business Manager and the Technical Follow-up Manager*

The Company and the BidCo has entered into the Business Management Agreements and the Technical Follow-up Agreement with PBM for business management and technical follow-up services. PBM is an affiliate company within the Pareto group and manages the portfolio of direct real estate investments arranged by Pareto. The PBM group has a team of approximately 35 people working with property, business and technical management with resources across all real estate segments and services. Currently, the PBM group has approximately EUR 4.4 billion and approximately 1.9 million square metres under management across all segments and services.

PBM - the organisation

Source: PBM

10.2 The Business Management Agreements

The Business Management Agreements are valid for a period of five years from the earliest of the signing of the agreement and closing of the transaction (as defined in the Mandate Agreement, entered into on 12 January 2021) (the "**Original Termination Date**"), with an automatic extension period of three years at a time, unless the agreement is terminated in accordance with Sub-clause (a) or (b) below. The Business Management Agreements may be terminated by either party in writing at the earlier of the following dates:

a) on the Original Termination Date provided that the Business Management Agreements have been terminated with 12 months written notice, and

b) the date on which (i) such termination is requested by 2/3 of the shareholders of the Group Companies due to the Business Manager's material breach of such agreement, or (ii) such termination is requested by the Business Managers due to the Group Companies material breach of such agreement, provided that such material breach has not been remedied within a reasonable time after written complaint from the other party.

If the Master Agreement with Pareto is terminated by the Company, see section 10.5 for further details, the Business Manager shall be entitled to terminate the Business Management Agreements with effect from the same date. Also, if the Business Management Agreements are terminated by a Group Company, the Manager has the right to terminate the Master Agreement at the same time as cessation of the Business Management Agreements.

Tasks under the Business Management Agreements include, *inter alia*, the following:

a) act as CEO of the Group;

b) Group accounting;

c) financial reports of the Group;

d) support on investor relations and public authorities queries;

e) cash management and loan agreement compliance;

f) tax and VAT handling and consulting services;

g) board activities and handling of general meetings; and

h) Coordinating the reporting of the Local Property Manager.

For any services not defined in the Business Management Agreements, or services performed after the Business Management Agreements have expired, the Business Manager shall receive a project management fee as agreed between the Business Manager and the board of directors of the Company or the BidCo (as applicable) or any other of the Group Companies. Examples of such additional services to be carried out by the Business Manager are coordinating building projects, renegotiation of lease agreements and refinancing of Group Companies' loans. For refinancing of the Group Companies' loan(s), in accordance with the Business Management Agreement with the BidCO, the Business Manager's project management fee is 0.1% of the refinanced amount.

The Business Manager shall receive management fees in an aggregate amount of NOK 970,000 *per annum*, excluding VAT, 2021 (annualised) in consideration for its services rendered as Business Manager under the Business Management Agreements. The management fees shall be paid half-yearly in advance. In addition, the Business Manager shall receive a start-up fee of NOK 250,000, excluding VAT (non-recurring item) under the Business Management Agreement with the Company. The start-up fee shall be payable at the same time as the first management fee.

The management fees shall be adjusted annually by 100% of the change in Norwegian or Swedish CPI (as applicable), with the first such adjustments taking place in January 2022. The first adjustments shall be based on the index values as of October 2020 or 15 November 2020 (as applicable), with reference to the index values as of October 2021 or 15 November 2021 (as applicable). If the change in either Norwegian or Swedish CPI is negative, no adjustment is to be done in respect of such management fee.

If the Business Manager is obliged to perform other reporting duties from public authorities or the lease structure is considerably altered, the Business Manager shall be entitled to adjust the fixed fees in accordance therewith.

The Business Manager has authority to, at the expense of the Group, to engage consultants when this is considered to be in the best interest of the Group, or its owners.

The Group shall cover reasonably incurred and documented expenses in addition to the remuneration of the Business Manager, including, *Inter alia*, the following:

a) audit expenses;

b) expenses relating to professional assistance, including assistance from accountants or lawyers;

c) costs relating to external assistance in updating the register of shareholders, e.g. fees to Euroclear Sweden AB, Aksjeservice and any other providers of such services;

d) costs relating to external assistance in relation to the Debt Facility, e.g. fees to Nordic Trustee, NT Services AS, Verdipapirsentralen ASA and any other providers of services relating to the Debt Facility;

e) external costs in connection with letting or sale;

f) assistance related to Health, Environment and Safety (HES) tasks, inspections, maintenance, repairs or improvements, upgrades or other building or technical matters related to the Portfolio;

g) any necessary travel, daily allowance and representation expenses;

h) expenses related to keeping insider log and board portal;

i) other direct and indirect costs incurred by the Business Manager in relation to work outside the scope of the Business Manager's duties as specified under items clause 1 of the Business Management Agreements;

j) extraordinary costs and expenses incurred by the Business Manager in order to ensure that the Group is managed in accordance with Swedish or Norwegian laws and regulations (as applicable) which have taken effect after the date of the Business Management Agreements;

k) expenses related to valuation; and

l) other costs directly related to the operation of the Group Companies.

Should the Group acquire additional properties (an "**Additional Property**") or additional subsidiaries (an "**Additional Subsidiary**"), the Company shall be entitled to include the management of an Additional Property or Additional Subsidiary, as applicable, in the Services described in the Business Management Agreement with the Company provided that (i) such management would be included in the services if they were performed by the Business Manager or any third party engaged by the Business Manager for the Company, and (ii) the Business Manager is compensated for the additional work by an increase of the relevant management fee in a way satisfactory to the Business Manager.

10.3 The Technical Follow-up Agreement

The Technical Follow-up Agreement is valid for as long as the Business Management Agreements are valid and shall be terminated automatically as any of the Business Management Agreements are terminated. The Technical Follow-up Agreement is terminated with immediate effect in case of a material breach either by (i) such termination is requested by 2/3 of the shareholders of the Group Companies due to the Technical Follow-up Manager's material breach, or (ii) such termination is requested by the Technical Follow-up Manager due to the Group Companies', material breach of the Technical Follow-up Agreement, provided that such material breach has not been remedied within a reasonable time after written complaint from the other party. In case of termination due to either party's material breach of this agreement, the termination shall enter into effect immediately.

The Technical Follow-up Manager shall:

a) conduct inspections of the Properties two times per year. The Technical Follow-up Manager shall, in connection therewith, hold meeting(s) with the property caretaker to review an HSE form;

b) prepare, on the basis of the inspection, an inspection report; and

c) of its own accord keep the BidCo informed of any special circumstances of material importance that comes to its knowledge in connection with its performance of the agreement.

The Technical Follow-up Manager shall receive a management fee from the BidCo in the amount of NOK 150,000 per year (excluding VAT). The fee shall be paid half-yearly in advance.

The fee shall be adjusted annually by 100% of the change in Norwegian CPI, with the first such adjustment taking place in January 2022. The first adjustment shall be based on the index value as of 15 November 2020, with reference to the index value as of 15 November 2021. If the change in CPI is negative, no adjustment is to be done.

Any work falling outside the Technical Follow-up Manager's scope, including any follow-up of deviations discovered during the inspection and any call-outs to the Portfolio, the BidCo's, or any of its subsidiaries, responsibility as landlord according to the Lease Agreements with respect to the Portfolio, any emergency or urgency services relating to the Portfolio and any other work not included in the Technical Follow-up Manager's scope (**"Additional Work"**), shall be compensated separately by the BidCo, or any of its subsidiaries, at the basic rate for each item as set out in the Technical Follow-up Agreement. Compensation for any travel expenses, accommodation, daily allowance or representation expenses shall be additional thereto. Furthermore, to the extent more extensive services are needed in connection to the Additional Work, the hourly rate of NOK 1,250, excluding VAT, will apply. The hourly rate shall be adjusted on annual basis on same terms as the management fee.

10.4 Local Management in Norway

The local property management will be managed through an agreement with the Local Property Manager.

10.4.1 *The Local Property Management Agreement*

The Local Property Management Agreement is as of the date of this Company Description still under negotiation. Below is a summary of the estimated future terms on arm's length.

The scope of the Local Property Management Agreement is planned to, *inter alia*, include day-to-day management of the Portfolio in accordance with instructions from the owner and the board of directors, representation of the company externally toward Tenants, responsibility for required technical management and follow-up as well as coordination for potential development projects.

The fee under the Local Property Management Agreement that is not recoverable from the Tenants is budgeted to approximately NOK 500,000 *per annum* excluding VAT, which excludes any janitorial services and running maintenance activities that are reinvoiced to the Tenant (or Tenants as the case may be).

10.5 Other future fees to Pareto

Pareto has, under the Master Agreement, an exclusive right to be appointed as manager and advisor to the Company (and its subsidiaries) if the Company (or its subsidiaries) wishes to carry out any transaction. A transaction within the meaning of the Master Agreement includes (but is not limited to) any sale or other transfer (including by way of merger or de-merger) of the Shares of the Company or of any other company within the Group, as well as any sale or other transfer of underlying property, any acquisition of other businesses, companies or properties, any construction of new properties, as well as any share issue, refinancing, re-syndication or restructuring of the Company or any Group Company.

The Master Agreement is continual and may be terminated after the earlier of (i) the date that is five years after the date of conclusion of the Master Agreement and (ii) the date on which 2/3 of the shareholders of a Group

Company request it. Termination of the Master Agreement after five years as mentioned in (i) shall require 12 months' written notice. In the event of termination as mentioned in (ii), such termination shall enter into effect immediately.

If a party materially breaches its obligations pursuant to the Master Agreement, and such party does not rectify such breach within reasonable time following the other party's written notice of such breach, the other party can revoke the Master Agreement with written notice.

If the Master Agreement with Pareto is terminated by the Company, the Business Manager shall be entitled to terminate the Business Management Agreements with effect from the same date. Also, if the Business Management Agreements are terminated by the Group Companies, the Manager has the right to terminate the Master Agreement at the same time as cessation of the Business Management Agreements.

Save for any termination by a Group Company in accordance with above, a Group Company shall pay the Manager a consideration equal to 1% of the gross real estate value of the relevant Property (or Properties as the case may be) owned by the relevant Group Company (the "**Exit Fee**") if (i) a realisation of shares of one or more of the Company's subsidiaries take place, although the calculation of commission shall only take into account the Properties and the liabilities thus spun off from the group, (ii) a sale or other realisation of one or more of the Properties of the group (including by way of merger or de-merger) ((i) and (ii) are hereafter referred to as the "**Exit Transaction**") or (iii), if the Master Agreement is terminated and the Group Company during a 12 month period from the Master Agreement is terminated, agrees (conditionally or unconditionally), or receives a bid which leads to an Exit Transaction or completes an Exit Transaction. In relation to (i) - (iii) above, the Manager is entitled to an Exit Fee even though the Manager has not contributed to such realisation The Exit Fee falls due immediately upon the other party's receipt of the notice of termination in accordance with the details set out in an invoice in relation to the Exit Fee.

Pareto is entitled to an annual fee of NOK 100,000, excluding VAT, under the Master Agreement. The fee shall be paid half-yearly in advance.

The annual fee shall be adjusted annually by 100% of the change in Swedish CPI, with the first such adjustment taking place in January 2022. The first adjustment shall be based on the index value as of October 2020, with reference to the index value as of October 2021. If the change in Swedish CPI is negative, no adjustment is to be done.

10.6 Potential conflict of interest

Potential investors are hereby informed that the interim board members of the Company are employed by the Business Manager as at the date of this Company Description. Prior to the completion of the Recent Equity Issue and the redemption of the Business Manager's shares in the Company, the Company was owned by the Business Manager. The employees of the Manager involved in the Transaction have contributed, *inter alia*, to the negotiation of the Share Purchase Agreement acceptance with the Vendor, the documentation for the Debt Facility, the Business Management Agreements, the Technical Follow-up Agreement, the Mandate Agreement for the Recent Equity Issue as well as the Master Agreement for financial services.

The Manager has incurred, and will incur, costs on behalf of the Company in relation to the Transaction (such as for example costs relating to legal, financial and technical assistance). The Manager has recognised that the foregoing may represent a conflict of interest, and even if such conflicts of interests are deemed to be limited, the Manager has undertaken measures so that the Transaction and the work relating thereto has been and is conducted with a focus on the best interests of the Company.

The information presented in the Company Description is up to date as at the date specified on its front page. The Manager refers to all relevant and updated information if a decision to acquire shares in the Company is taken at a later stage.

To the extent that Pareto collaborates with other subsidiaries to Pareto Securities AS in connection with the placement of the Shares of the Company, these will jointly with Pareto be considered the "**Manager**" for purposes of the Company Description. Such collaboration with other companies in the Pareto group shall not entitle the Manager to any additional fee unless specifically mentioned in the Company Description.

All inquiries relating to this Company Description should be directed to the Manager. No other person has been authorised to give any information about, or make any representation on behalf of, the Company in connection with the subject-matter of this Company Description and, if given or made, such other information or representation must not be relied upon as having been authorised by the Company or the Manager.

10.7 Auditor

The Company's auditor is, since February 2021, Ernst & Young Aktiebolag, corporate identification number 556053-5873. The auditor in charge for the audit is Fredric Hävrén, Authorised Public Accountant.

10.8 Employees

The Company does not have any employees.

11 APPENDIX 1

BOLAGSORDNING FÖR KRONA PUBLIC REAL ESTATE AB

Org.nr 559298-1707

§ 1 Företagsnamn
Bolagets företagsnamn är Krona Public Real Estate AB. Bolaget är publikt (publ).

§ 2 Styrelsens säte
Styrelsen har sitt säte i Stockholm.

§ 3 Verksamhet
Bolaget ska förvalta fast och lös egendom eller förvalta bolag som direkt eller indirekt äger fast eller lös egendom och upphämta finansiering för sin verksamhet samt bedriva därmed förenlig verksamhet.

§ 4 Aktiekapital och antal aktier
Aktiekapitalet utgör lägst 4 000 000 kronor och högst 16 000 000 kronor. Antalet aktier ska vara lägst 4 000 000 stycken och högst 16 000 000 stycken.

§ 5 Styrelse
Styrelsen ska bestå av lägst 3 och högst 7 ledamöter utan suppleanter.

§ 6 Revisorer
Bolaget ska ha 1 revisor utan revisorssuppleanter eller ett registrerat revisionsbolag.

§ 7 Kallelse till bolagsstämma
Kallelse till bolagsstämma ska ske genom annonsering i Post- och Inrikes Tidningar och genom att kallelsen hålls tillgänglig på bolagets webbplats. Samtidigt som kallelse sker ska bolaget genom annonsering i Svenska Dagbladet upplysa om att kallelse har skett.

Kallelse till årsstämma samt till extra bolagsstämma där fråga om ändring av bolagsordningen kommer att behandlas skall utfärdas tidigast sex och senast fyra veckor före stämman. Kallelse till annan extra bolagsstämma skall utfärdas tidigast sex och senast två veckor före stämman.

§ 8 Rätt att delta i bolagsstämma
Aktieägare som vill delta i bolagsstämma skall dels vara upptagen i utskrift eller annan framställning av aktieboken avseende förhållandena sex bankdagar före stämman, dels göra anmälan till bolaget den dag som anges i kallelsen till stämman. Sistnämnda dag får inte vara söndag, annan allmän helgdag,

lördag, midsommarafton, julafton eller nyårsafton och inte infalla tidigare än femte vardagen före stämman. Aktieägare får ha med sig ett eller två biträden vid bolagsstämma om aktieägaren anmäler antalet biträden till bolaget på det sätt som anges i första meningen i denna paragraf.

§ 9 Öppnande av stämma

Styrelsens ordförande eller den styrelsen därtill utser öppnar bolagsstämman och leder förhandlingarna till dess ordförande vid stämman valts.

§ 10 Årsstämma

Årsstämma hålls årligen inom sex månader efter räkenskapsårets utgång.

På årsstämma ska följande ärenden förekomma.

1. Val av ordförande vid stämman,
2. Upprättande och godkännande av röstlängd,
3. Godkännande av dagordning,
4. I förekommande fall, val av en eller två justeringspersoner,
5. Prövning av om stämman blivit behörigen sammankallad,
6. Föredragning av framlagd årsredovisning och revisionsberättelse samt koncernredovisning och koncernrevisionsberättelse,
7. Beslut om
   (a) fastställande av resultaträkning och balansräkning, samt koncernresultaträkning och koncernbalansräkning,
   (b) dispositioner beträffande vinst eller förlust enligt den fastställda balansräkningen,
   (c) ansvarsfrihet åt styrelseledamöter och verkställande direktör,
8. Fastställande av styrelse- och revisorsarvoden,
9. Val av styrelse och revisionsbolag eller revisorer,
10. Annat ärende, som ankommer på stämman enligt aktiebolagslagen eller bolagsordningen.

§ 11 Räkenskapsår

Bolagets räkenskapsår ska omfatta tiden den 1 juli – den 30 juni.

§ 12 Avstämningsförbehåll

Bolagets aktier skall vara registrerade i ett avstämningsregister enligt lagen (1998:1479) om kontoföring av finansiella instrument