

The Revised Offer is not being made, and this press release may not be distributed, directly or indirectly, in or into, nor will any tender of shares be accepted from or on behalf of holders in, any jurisdiction (including without limitation Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or Switzerland) or the United States in which the making of the Revised Offer, the distribution of this press release or the acceptance of any tender of shares would contravene applicable laws or regulations or require further offer documents, filings or other measures in addition to those required under Norwegian law. For further information, please see section entitled “Important notice” and “Notice for U.S. shareholders” below.



Press release

Gothenburg, December 18, 2020

Castellum announces an increased share exchange and cash offer to Entra's shareholders and the sale of a mature stabilized asset portfolio at a 20% premium to book value to Blackstone

A. Increased share exchange and cash offer to Entra's shareholders

On November 26, 2020, Castellum Aktiebolag (publ) (“Castellum”) announced the intention to launch a share exchange and cash offer to eligible Entra ASA's (“Entra”) shareholders (the “Offer” and the “Offer Announcement”, respectively). Castellum now increases the consideration in the Offer by 13.9%¹ (the “Revised Offer”) by offering each eligible Entra shareholder 8 newly issued Castellum shares for every 13 shares in Entra and NOK 54.39 in cash per share in Entra, representing a total value of NOK 185² per Entra share excluding synergies. The acceptance period for the Revised Offer is expected to commence on or around January 8, 2021.

The Revised Offer consideration consists of a combination of newly issued shares in Castellum and cash for Entra shares. Castellum is offering to each eligible Entra shareholder 8 newly issued Castellum shares for every 13 shares in Entra and NOK 54.39 in cash per share in Entra (collectively, the “**Revised Base Case Consideration**”), valuing each Entra share at NOK 185 at announcement of the Revised Offer³. In aggregate, a total of up to 102,850,495 Castellum shares will be issued, and a total of up to NOK 9,091,033,453 will be paid in cash as consideration for Entra shares (excluding 15,000,000 Entra shares already owned by Castellum).

As an alternative to the Revised Base Case Consideration, Castellum is offering eligible Entra shareholders a mix & match facility, through which each eligible Entra shareholder is, subject to the restrictions set out below, given the possibility to elect, either:

¹ Based on Castellum share price at closing on December 17, 2020, of SEK 204.80, SEK/NOK FX rate of 1.0363 applied (source: Norges Bank), implying a per share Offer value of NOK 162.36 and a per share Revised Offer value of NOK 185

² Based on Castellum share price at closing on December 17, 2020, of SEK 204.80, SEK/NOK FX rate of 1.0363 applied (source: Norges Bank)

³ Based on Castellum share price at closing on December 17, 2020, of SEK 204.80, SEK/NOK FX rate of 1.0363 applied (source: Norges Bank)

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- a) to receive as much cash consideration as possible (in addition to the default cash consideration of NOK 54.39 per share in Entra), and thus as few newly issued Castellum shares as possible; or
- b) to receive as many newly issued Castellum shares as possible (in addition to the default share entitlement of 8 newly issued Castellum shares for every 13 shares in Entra), and thus as little cash consideration as possible.

The relative proportion of the consideration in terms of newly issued Castellum shares and cash will not be varied as a result of elections made under the mix & match facility. In order for individual shareholders in Entra to receive a higher proportion of a certain requested consideration alternative under the mix & match facility, other shareholders must have made the reverse elections to a corresponding extent. If no elections are made under the mix & match facility, the Entra shares tendered will be tendered for the Revised Base Case Consideration. If tenders made by Entra shareholders under the mix & match facility are not fully matched, they will be scaled down on a pro rata basis in relation to the number of shares tendered by the respective shareholder.

The Revised Offer in summary

- Castellum increases the Offer by offering 8 newly issued Castellum shares for every 13 shares in Entra and NOK 54.39 in cash per share in Entra. The Revised Offer values each share in Entra at NOK 185⁴ exclusive of synergies and any profit and valuation uplift from the sale of assets to Blackstone at a material premium to book value, as further described in Section B below
- The Revised Offer represents a premium of:
 - 28.7% to Entra’s undisturbed closing share price as of November 23, 2020
 - 41.6% to Entra’s volume weighted average share price for the 3-month period ending November 23, 2020
 - 14.2% to Entra’s reported Q3 2020 EPRA NRV⁵
- The transaction is expected to result in cost and financing synergies of at least SEK 300 million per year. Entra shareholders will own approximately 27% of the shares in the combined company and will benefit from the value of the synergies, which will provide additional value of approximately NOK 16 per Entra share⁶. In addition, Entra shareholders who accept the Revised Offer would receive a further value uplift, resulting from the EPRA NRV increase from the premium realized in the asset portfolio sale, as described in Section B below, of approximately SEK 8 per Castellum share
- Other terms and conditions of the Revised Offer remain unchanged compared to the Offer, as described in the Offer Announcement

⁴ Based on Castellum share price at closing on December 17, 2020, of SEK 204.80, SEK/NOK FX rate of 1.0363 applied (source: Norges Bank)

⁵ EPRA Net Reinstatement Value, defined as Equity as recognised in the balance sheet, adjusted for interest rate swaps, goodwill relating to deferred tax, and deferred tax in its entirety.

⁶ Maximum synergies value per Entra share based on a shareholder electing to receive the maximum amount of shares in the mix & match facility

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Henrik Saxborn, CEO of Castellum, comments: *“Through the transactions announced today we demonstrate two things: the value of Castellum’s property portfolio, which through the sale agreement with Blackstone highlights that the market values the portfolio at a 20% premium to our book value, and that Entra’s shareholders receive significant value in a combination with Castellum. I am convinced that Castellum is the ideal long-term partner for Entra, and as a result we are increasing our bid by 13.9% and invite Entra’s shareholders to participate in the value creation from the profits from the property portfolio sale as well as from future synergies. We have a high level of respect for Entra’s operations and employees and recognise the implications of Entra’s government-owned history and government tenant base in Norway. It is also of equal importance that the interests of the Norwegian citizens and pension funds who have invested into Entra are safeguarded in a professional and judicious way. Together we will build a better tomorrow with sustainable cities and prove an industry leader in corporate governance, shareholder value and financial discipline”.*

Key terms for launch and completion of the Revised Offer

The Revised Offer will be made in accordance with the Norwegian Securities Trading Act Chapter 6 pertaining to voluntary tender offers (Nw: *frivillig tilbud*) pursuant to an offer document that shall be approved by the Oslo Stock Exchange (the “**Offer Document**”). The Offer Document will include all terms and conditions of the Revised Offer. The Revised Offer may only be accepted on the basis of the Offer Document. The key terms for launch and completion of the Revised Offer remain unchanged, as described in the Offer Announcement.

Indicative timetable for the Revised Offer

The acceptance period for the Revised Offer is expected to commence on or around January 8, 2021 and end on or around February 5, 2021. The Offer Document is expected to be made public shortly before the commencement of the acceptance period. Assuming no amendments to the acceptance period, settlement is expected mid February, 2021.

Castellum reserves the right to extend the acceptance period for the Revised Offer and to postpone the settlement date.

B. Sale of a mature stabilized asset portfolio to Blackstone

Castellum announces in connection with the Revised Offer the signing of two sale agreements to divest a portfolio of 214 mature stabilized assets, comprising primarily assets in the warehouse/logistics and light industry segments in Sweden to Arckle Holdco S.à r.l., a company affiliated to funds managed by The Blackstone Group (“Blackstone”) for net proceeds of SEK 18.1 billion. The assets will be incorporated into Blackstone’s pan-European last mile logistics platform, Mileway. The price of the entire portfolio exceeds the most recent valuation of the properties by 20% and implies an exit yield of 4.7%.

The asset portfolio sale to Blackstone in summary

Castellum divests 214 properties

Sale price: SEK 18.1 billion after deduction of deferred tax of approximately SEK 900 million

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Rental value: SEK 1,200 million

Occupancy rate: 92%

Total lettable area: 1,265,150 square meters

- In connection with the Revised Offer, Castellum has signed two sale agreements with Blackstone whereby Castellum will divest of 214 mature stabilized assets, comprising primarily assets in the warehouse/logistics and light industry segments in Sweden. The total lettable area for the sold portfolio is 1,265,150 square meters and the net proceeds amounts to SEK 18.1 billion, after deductions for deferred tax and expenses of approximately SEK 900 million. The sale will occur in two tranches with a first tranche of 39 properties for net proceeds of SEK 5.0 billion followed by sale of the second tranche, which is conditional on completion of the Revised Offer for Entra. The sale of each tranche is conditional on a restructuring for separation purposes only
- The asset portfolio sale is conditional upon Blackstone receiving customary competition clearances, which are expected to be received prior to the end of the acceptance period for the Revised Offer. The first tranche is expected to close around the end of the acceptance period for the Revised Offer and the second tranche is expected to close at the end of the first quarter 2021 or at the beginning of the second quarter 2021
- The profit and valuation uplift from the asset portfolio sale to Blackstone at a 20% premium to book value is expected to increase Castellum’s EPRA NRV by approximately SEK 8 per share upon completion of both tranches of the transaction
- The proceeds from the asset portfolio sale to Blackstone will be used to fund part of the cash portion of the Entra transaction and additional future investments. Castellum remains committed to maintaining one of the strongest balance sheets in the real estate sector for the combined business and expects to maintain credit metrics in-line with Castellum’s current levels. Following the combination with Entra, Castellum will in due course evaluate its capital position. If there is surplus capital resulting from the asset portfolio sale to Blackstone and after the Revised Offer, Castellum will consider a partial return of capital to its shareholders

Castellum will enjoy attractive exposure to the warehouse and logistics segment after the asset portfolio sale, including full retention of its warehouse and logistics asset management platform and development pipeline

Following the sale of the asset portfolio, Castellum will remain active in and retain a significant exposure to the warehouse and logistics segment with 40 assets on balance sheet and development projects, where S  ve Airport is one of the biggest projects. The retained income-producing assets have a total lettable area of approximately 360,000 square meters and represent approximately SEK 4.9 billion of asset value and approximately SEK 310 million in rental value. The development projects, expected to be completed over the next several years, will provide an additional lettable area of approximately 1 million square meters, including 800,000 square meters at S  ve Airport. Castellum’s ongoing presence in the warehouse and logistics segment will provide significant future growth potential, including upside from developments.

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Henrik Saxborn, comments the transaction with Blackstone: *“After developing and growing the warehouse/logistics and light industry portfolios, we are convinced it is the right time to crystallize a profit and divest a mature sub-portfolio at an attractive premium to book value. We will retain exposure to the warehouse/logistics and light industry asset class through existing income-generating assets, 100% of the logistics development pipeline and our logistics asset management platform.”*

Mileway comments on the transaction with Castellum: *“We are delighted to acquire this high-quality portfolio which will strengthen our exposure to Sweden’s largest and fastest growing markets and allow us to better support customer connectivity. We are long-term believers in the fundamental strength of the Swedish economy, and this is a natural progression as we continue to grow our last mile logistics portfolio across the region.”*

About Mileway

Mileway is the largest owner of last mile logistics real estate assets in Europe. It has a pan-European footprint, with over 1,400 assets across 10 major European economies. Mileway’s top four markets of the UK, Germany, the Netherlands and France represent over 80% of the portfolio, and it has a growing presence in the Nordics. Mileway is headquartered in Amsterdam and has a dedicated team of more than 250 employees, with a local presence in each of its markets. To find out more, visit: www.mileway.com.

Advisors

Castellum is being advised on the Revised Offer by J.P. Morgan Securities plc as lead financial advisor and by Danske Bank A/S as joint financial advisor, and Mannheimer Swartling Advokatbyrå and Advokatfirmaet BAHR AS as legal advisors.

On the sale of assets to Blackstone, Castellum is being advised by J.P. Morgan Securities plc as sole financial advisor and Mannheimer Swartling Advokatbyrå as legal advisor. Blackstone is being advised by BNP Paribas, Cushman & Wakefield, Roschier and Simpson Thacher & Bartlett.

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For further information please contact:

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This information is information that Castellum is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 16.05 CET on December 18, 2020.

About Castellum

Castellum is one of Sweden's largest listed real estate companies with a property value of SEK 98 billion. We are active in 17 Swedish growth regions as well as in Copenhagen and Helsinki. Every day, 250,000 people go to work in our premises. We develop flexible workplaces and logistics solutions in close proximity to city centres and with a lettable area of 4.3 million square meters. One of our sustainability goals is to be completely climate neutral by 2030. Castellum is the only Nordic real estate company selected by the Dow Jones Sustainability Index (DJSI). The Castellum share is listed on the Nasdaq Stockholm Large Cap.

Beyond expectations.

www.castellum.se

Invitation press conference

Investors, analysts and journalists are hereby invited to participate in a digital press conference about the offer at 16:15 am (CET) today.

The press conference will be hosted by Castellum's CEO Henrik Saxborn. The presentation will also include a Q&A session and will be held in English.

You can access the press conference via the following link:

<https://tv.streamfabriken.com/castellum-press-conference-december-2020>

Important notice

The Revised Offer is not capable of being accepted by persons who are located or resident in the United States unless they are qualified institutional buyers (“QIBs”) (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended), and any purported acceptance of the Revised Offer by persons located or resident in the United States other than QIBs or which, at the sole discretion of Castellum, appear to be made in respect of Entra shares beneficially held by persons located or resident in the United States other than QIBs will not be accepted. By accepting the Revised Offer, Entra shareholders, unless participating pursuant to the exception for QIBs referred to above, will be deemed to represent and warrant, on behalf of themselves and any person on whose behalf they beneficially hold Entra shares, that they are not located or resident in the United States. (See “Notice for U.S. shareholders” below.)

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any such jurisdiction. To the extent permitted by applicable law, Castellum disclaims any responsibility or liability for any violations of any such restrictions and Castellum reserves the right to disregard any purported acceptance of the Revised Offer resulting directly or indirectly from a violation of any of these restrictions.

Statements in this press release relating to any future status or circumstances, including statements regarding future performance, growth and other trend projections and the other effects of the Revised Offer, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as “anticipate”, “believe”, “expect”, “intend”, “plan”, “seek”, “will”, “would” or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that could occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside Castellum’s control. Any forward-looking statements in this press release speak only as of the date on which they are made and Castellum has no obligation (and undertakes no such obligation) to update or revise any of them, whether as a result of new information, future events or otherwise.

Notice for U.S. shareholders

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The Revised Offer is made for the issued and outstanding shares in Entra, which is domiciled in Norway, and is subject to Norwegian disclosure and procedural requirements. The Revised Offer is made in the United States to QIBs pursuant to Section 14(e) and Regulation 14E under the U.S. Securities Exchange Act as of 1934 (“**Exchange Act**”), subject to exemptions provided by Rule 14d-1(d) under the Exchange Act for a “Tier II” tender offer, and otherwise in accordance with the disclosure and procedural requirements of Norwegian law, including with respect to the Revised Offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments, which are different from those of the United States. In particular, the financial information included in this press release has been prepared in accordance with applicable accounting standards in Norway and Sweden, which may not be comparable to the financial statements or financial information of U.S. companies. The Revised Offer is made to Entra’s shareholders resident in the United States that are QIBs on the same terms and conditions as those made to all other shareholders of Entra to whom an offer is made. Any information documents, including the Revised Offer Document, are being disseminated to U.S. shareholders that are QIBs on a basis comparable to the method that such documents are provided to Entra’s other shareholders.

To the extent permissible under applicable law or regulations, Castellum and its affiliates or its brokers and its brokers’ affiliates (acting as agents for Castellum or its affiliates, as applicable) may from time to time and during the pendency of the Revised Offer, and other than pursuant to the Revised Offer, directly or indirectly, purchase or arrange to purchase, the shares in Entra or any securities that are convertible into, exchangeable for or exercisable for such shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. To the extent information about such purchases or arrangements to purchase is made public in Norway, such information will be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders of Entra of such information. In addition, the financial advisers to Castellum may also engage in ordinary course trading activities in securities of Entra, which may include purchases or arrangements to purchase such securities. To the extent required in Norway, any information about such purchases will be made public in Norway in the manner required by Norwegian law.

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Neither the SEC nor any U.S. state securities commission has approved or disapproved the Revised Offer, passed upon the merits or fairness of the Revised Offer, or passed any comment upon the adequacy, accuracy or completeness of the disclosure in the Revised Offer Document. Any representation to the contrary is a criminal offence in the United States.

It may be difficult for Entra’s shareholders to enforce their rights and any claims they may have arising under the U.S. federal securities laws, since Castellum and Entra are located in non-U.S. jurisdictions, and some or all of their respective officers and directors may be residents of non-U.S. jurisdictions. Entra’s shareholders may not be able to sue Castellum or Entra or their respective officers or directors in a non-U.S. court for violations of the U.S. federal securities laws. It may be difficult to compel Castellum and Entra and their respective affiliates to subject themselves to a U.S. court’s judgment.