

## Annual General Meeting of Saab AB on 5 April 2023

### Agenda item 16

#### **THE BOARD OF DIRECTORS' PROPOSAL FOR APPROVAL OF AGREEMENTS WITH VECTURA**

##### **Background and reason**

Saab has an increased need for premises for the business area Kockums and the subsidiary Combitech AB in southern Sweden. The Board of Directors considers that a geographical consolidation of the operations in Skåne will lead to both cost and operational benefits. The Board of Directors has therefore resolved that the most appropriate is for the operations to have access to new office and industrial premises in Lund. Following an evaluation process of various options, the Board of Directors has concluded that the most advantageous and cost-effective way to implement this is to enter into agreements with a wholly-owned subsidiary of Vectura Fastigheter AB (a real estate company owned by Patricia Industries AB, which in turn is a subsidiary of Investor AB) on the main terms set out below. In short, the arrangement entails that the new premises will be owned, produced and financed by the Vectura group, and then leased to Saab.

According to Chapter 16 a, section 7 of the Swedish Companies Act (2005:551), significant transactions with related parties must be submitted to the General Meeting for approval. The Board of Directors hereby proposes that the Annual General Meeting resolves to approve the Share Purchase Agreement and the Lease Agreement (defined below) and submits a report pursuant to Chapter 16 a, section 7 of the Swedish Companies Act.

##### **Transactions with Vectura**

On 20 January 2023, Saab entered into a share purchase agreement with Vectura Kom Holding 2 AB (Reg. No. 559261-3102) ("Vectura") for the sale of all shares in Saab's subsidiary Fastighets AB Brunnshög (Reg. No. 559332-8684) (the "Real Estate Company" and the "Share Purchase Agreement", respectively). The Real Estate Company, which currently has no material assets, will, prior to the transfer of the shares ("Closing"), enter into an agreement with the municipality of Lund on the acquisition of the property Lund Höjdpunkten 5 (the "Property"). Saab will receive a total of SEK 75 million for the shares.

Vectura shall produce and finance a new construction project with premises adapted for Saab on the Property (the "Project"). A company within the Vectura group will enter into a design and build contract with Skanska Sverige AB for the Project prior to Closing.

On 23 January 2023, Saab entered into a lease agreement with the Real Estate Company for the new premises (the "Lease Agreement"). The premises, which are expected to have an area of approximately 22,000 square meters, are intended to be the base for Saab's operations in the Skåne region. Access to the premises is expected by the end of 2025. The Lease Agreement has an initial term of 20 years and an annual base rent of approximately SEK 55 million (the rent is determined by the final size of the premises)<sup>1</sup>. However, Saab is entitled to a rental discount of approximately SEK 113 million during the first three years, whereby the rental discount, as with the annual base rent, is subject to indexation pursuant to the consumer price index. The rental commitment over 20 years amounts to approximately SEK 985 million in nominal amounts. The Board of Directors considers the rent to be in line with the market. The new premises entail an annual rent reduction of approximately SEK 20 million compared to Saab's total annual base rent for the region today.

The Share Purchase Agreement is conditional upon, *inter alia*, the Real Estate Company obtaining a building permit for the Project and Saab's General Meeting resolving to approve the transactions pursuant to Chapter 16 a of the Swedish Companies Act. If the conditions are not met by 30 September 2023, the Share Purchase Agreement shall terminate. The Real Estate Company will then remain in Saab's ownership which, subject to building permit for the Project being granted, will continue to operate the Project on its own or find a buyer other than Vectura. Saab's assessment is that it is unlikely that a solution through its own operations or with another buyer is as advantageous and cost-effective as the agreement with Vectura.

The Share Purchase Agreement as well as the Lease Agreement contain penalty provisions aimed at preventing the ownership of Vectura, Vectura Fastigheter AB, the Real Estate Company or the Property from being altered in a way that is contrary to Saab's interests.

The total net present value of the transactions with Vectura amounts to approximately SEK 610 million. The net present value of the transactions has been calculated on the total rent, rental discount, and purchase price of the shares using a discount rate (WACC) and inflation assumptions. Provided that the Project is implemented as proposed, Saab will not have any project risk (e.g. construction costs) nor will it have any direct cash flow effect.

The Board of Directors considers that new premises in Skåne are necessary to meet Saab's increased needs in the region and that the entering of the Share Purchase Agreement and the Lease Agreement is the most advantageous and cost-effective way to achieve this. There have been no other interested parties able to offer equivalent or better terms than Vectura. The Board of Directors has also obtained an independent valuation from Newsec AB which confirms that

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<sup>1</sup> The number of square meters and the annual base rent are somewhat lower in the statement from Newsec AB due to that the premises was not finally designed at the time of the statement. However, the rent per square meter is unchanged.

the rent is on market terms. A statement from Newsec AB is available at the company's website [www.saab.com/agm](http://www.saab.com/agm). Finally, it is the Board of Directors' assessment that the transactions are carried out at arm's length and that the agreements contain customary terms and conditions.

### **Related party transaction**

Vectura Kom Holding 2 AB is a wholly-owned subsidiary of Vectura Fastigheter AB. Vectura Fastigheter AB is in turn (through Patricia Industries AB) an indirect wholly-owned subsidiary of Investor AB, which holds approximately 39.7 per cent of the votes and 30.2 per cent of the shares in Saab. The Real Estate Company will thus also be an indirect wholly-owned subsidiary of Investor AB after Closing. In view of Investor AB's shareholding, both Vectura Kom Holding 2 AB and the Real Estate Company (after Closing) are considered related parties to Saab pursuant to Chapter 16 a, section 3 of the Swedish Companies Act. Consequently, taking into account the value of the transactions, the Share Purchase Agreement and the Lease Agreement must be submitted to the General Meeting of Saab for approval.

In view of the above, the Board members Marcus Wallenberg and Daniel Nodhäll, who are not considered independent in relation to companies within the Investor group, have not participated in the preparation of the transactions or in the Board of Directors' resolutions regarding the transactions.

### **Proposal for resolution**

The Board of Directors proposes that the Annual General Meeting approves the Share Purchase Agreement and the Lease Agreement.

### **Majority requirements**

A resolution in accordance with the Board of Directors' proposal requires that shareholders representing more than half of the votes cast are in favour of the proposal. The shares and votes held, directly or indirectly, by Investor AB or companies in the same group, including Patricia Industries AB, Vectura Fastigheter AB and Vectura Kom Holding 2 AB, will not be taken into consideration.

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**Linköping in February 2023**

**The Board of Directors of Saab Aktiebolag (publ)**