

Statement and proposal of the Board of Directors of SkiStar AB (publ) (item 6 on the agenda of the extraordinary general meeting on 22 June 2021)

Statement of the Board of Directors of SkiStar AB (publ) in accordance with Chapter 16 a, Section 7 of the Swedish Companies Act regarding certain related party transactions and proposal for resolution

According to Chapter 16 a of the Swedish Companies Act, certain related-party transactions must be submitted to the general meeting for approval. The statement below refers to all transactions that the Board has chosen to submit to the extraordinary general meeting for resolution and was prepared partly considering Chapter 16 a, Section 7 of the Swedish Companies Act in applicable parts and partly to provide shareholders with relevant information about the transactions concerned in other parts.

Background

SkiStar AB (publ), corporate identity number (CID) 556093-6949 (hereinafter "the Company" or "SkiStar"), and Peab AB (publ), CID 556061-4330, currently operate indirectly, through subsidiaries and joint venture companies, jointly controlled operations in the form of property ownership and development, including premises for hotel operations. This joint activity is partly conducted through the 50/50 ownership of a joint venture company called Skiab Invest AB, CID 556848-5220, and partly through other companies indirectly half-owned by the parties as stated below under *Current structure*.

SkiStar and Peab AB (publ) intend to bring together under one joint venture structure SkiStar companies and Peab Group companies that currently conduct jointly controlled operations as well as companies in the SkiStar Group that are intended to be conducted as such jointly controlled operations going forward. In this structure, the currently established joint venture company Skiab Invest AB is intended to constitute the parent company. Consequently, the parties intend to create an overall structure for ownership and management of the jointly owned companies and indirectly the jointly owned properties, which the Board believes will financially, structurally and operationally benefit SkiStar and its shareholders.

Current structure

At present, the ownership and structure of the companies covered by the restructuring are as follows.

- Fjällinvest AB, CID 556426-8380, a Swedish subsidiary wholly owned by SkiStar, and Peab Sverige AB, CID 556848-9202, a subsidiary of Peab AB (publ), each own 50 percent of Skiab Invest AB.
- Skiab Invest AB owns companies and, indirectly, properties as follows:

- i) all shares in Blästervallen Fastighets AB, CID 556702-2875,
 - ii) all shares in Åre Sadeln Invest AB, CID 556751-7221, which in turn owns all shares in Åre Invest AB, CID 556535-3579, and
 - iii) 19 percent of the shares in Sadeln Fjällgården Linbane AB, CID 556659-6747.
- SkiStar indirectly owns, through the wholly owned Swedish subsidiaries listed below, properties with building rights for residential dwellings and tourist lodges, as well as commercial premises in the Sälen, Vemdalen and Åre areas as follows:
 - i) Hundfjället Centrum AB, CID 556233-4549, owns (under name change to) Timmerbyn Village Lindvallen AB, CID 559304-5593, and indirectly the property Malung-Sälen Västra Sälen 7:323,
 - ii) Vemdalen Logi AB, CID 556208-7634, owns (under name change to) Björnrike Fastighets AB, CID 559304-5585, and indirectly the property Vemdalens Kyrkby 43:310,
 - iii) SkiStar Åre Mark AB, CID 559023-2830, owns i) (under name change to) Tegefjäll Fastighets AB, CID 559304-5577, and indirectly the properties Åre Totten 1:60 and Åre Totten 1:205, and ii) (under name change to) Lodge Åre AB, CID 559304-5569, and indirectly the property Åre Mörviken 1:156, and
 - iv) Fjällinvest AB owns Lindvallens Sportfastighet Förvaltning AB, CID 559304-5619, and indirectly the properties Malung-Sälen Västra Sälen 5:675 and Malung-Sälen Västra Sälen 5:676.
- SkiStar owns the wholly owned subsidiary SkiStar Lodge Hundfjället AB, CID 556086-0990, which owns the property Malung-Sälen Rörbäcksnäs 20:581 (**Skilodge Hundfjället**).
- Hundfjället Servicecenter AB, CID 556675-5913, a subsidiary wholly owned by SkiStar indirectly, owns the wholly owned subsidiary (under name change to) Lodge Lindvallen AB, CID 559304-5601, which owns the property Malung Sälen Västra Sälen 5:513 (**Skilodge Lindvallen**).
- Fjällinvest Norge AS, CID 993 753 084, a Norwegian subsidiary wholly owned by Fjällinvest AB, and Peab FU Holding 5 AB, CID 556979-7698, each own 50 percent of the Norwegian company Skiab Invest AS, CID 915 659 454, which owns the Norwegian property part of gnr 72 bnr 182 (**Hem Suites Hemsedal**).

- Fjällinvest Norge AS and Peab Eiendomsutvikling AS, CID 987 099 011, each own 50 percent of:
 - i) the Norwegian company Mountainresort Trysil AS, CID 996 284 115, which in turn owns the Norwegian companies Mountainresort Trysil Drift AS, CID 996 830 551, and Trysil Fageråsen Eiendom AS, CID 991 201 300, which owns the Norwegian property gnr 33 bnr 921 (**MRT Trysil**), and
 - ii) the Norwegian company Trysil Hotellutvikling AS, CID 987 054 409, which in turn owns the Norwegian companies Trysilfjellet Hotelldrift AS, CID 988 288 667, and Hotell Leiligheter AS, CID 990 459 479, which owns the Norwegian property gnr 37 bnr 1135 (**THU Trysil**), and
 - iii) the Norwegian company Trysil Suiter AS, CID 991 276 068, which owns the undeveloped Norwegian property gnr 37 bnr 1348.

- Fjällinvest AB owns:
 - i) the Norwegian subsidiary Fjällinvest Norge AS, which in turn owns the Norwegian company Hemsedal Alpin Hotell AS, CID 985 289 085, which owns the Norwegian property part of gnr 72 bnr 147, (**Alpin Lodge Hemsedal**).

Description of the restructuring

Following the restructuring, which includes share transfer agreements between the parties listed below, the following transactions will have taken place by 15 September 2021, provided that the terms of the agreements regarding retained or new external financing on accepted terms have been met:

- A wholly owned subsidiary of Skiab Invest AB (**Projektfastigheter AB**), which at the time will have been acquired as a shelf company by Skiab Invest AB, has acquired from:
 - i) SkiStar Invest AB:
 - a) Blästervallen Fastighets AB,
 - b) Åre Sadeln Invest AB and indirectly Åre Invest AB, and
 - c) the 19 percent of the shares in Sadeln Fjällgården Linbane AB that Skiab Invest AB owns.

 - ii) Hundfjellet Centrum AB:

- a) (under name change to) Timmerbyn Village Lindvallen AB with associated property.
 - iii) Vemdalen Logi AB:
 - a) (under name change to) Björnrike Fastighets AB with associated property.
 - iv) SkiStar Åre Mark AB:
 - a) (under name change to) Tegefjäll Fastighets AB with associated properties, and
 - b) (under name change to) Lodge Åre AB with associated property.
 - v) Fjällinvest AB:
 - a) Lindvallens Sportfastighet Förvaltning AB with associated properties.
- A wholly owned subsidiary of Skiab Invest AB (**Sverigefastigheter AB**), which at the time will have been acquired as a shelf company by Skiab Invest AB, has acquired from:
 - i) SkiStar:
 - a) SkiStar Lodge Hundfjället AB and indirectly the property Skilodge Hundfjället.
 - ii) Hundfjället Servicecenter AB:
 - a) (under name change to) Lodge Lindvallen AB and indirectly the property Skilodge Lindvallen.
- A wholly owned Norwegian subsidiary of Skiab Invest AB (**Norgefastigheter AS**), which at the time will have been acquired as a shelf company by Skiab Invest AB, has acquired from:
 - i) Fjällinvest Norge AS (50 percent) and Peab FU Holding 5 AB (50 percent):
 - a) the Norwegian company Skiab Invest AS and indirectly the Norwegian property Hem Suites Hemsedal.
 - i) Fjällinvest Norge AS (50 percent) and Peab Eiendomsutvikling AS (50 percent):

- a) the Norwegian company Mountainresort Trysil AS and thereby indirectly the Norwegian companies Mountainresort Trysil Drift AS and Trysil Fageråsen Eiendom AS, which own the Norwegian property MRT Trysil,
 - b) the Norwegian company Trysil Hotellutvikling AS and thereby indirectly the Norwegian companies Trysilfjellet Hotell drift AS and Hotell Leiligheter AS, which own the Norwegian property THU Trysil, and
 - c) the Norwegian company Trysil Suiter AS and indirectly the Norwegian property gnr 37 bnr 1348, and
- iii) Fjällinvest Norge AB:
- a) the Norwegian company Hemsedal Alpin Hotell AS and indirectly the property Alpin Lodge Hemsedal.
- Each of the property-owning companies SkiStar Lodge Hundfjället AB, (under name change to) Lodge Lindvallen AB, Skiab Invest AS, Hotell Leiligheter AS, Trysil Fageråsen Eiendom AS and Hemsedal Alpin Hotell AS shall, following the acquisitions, enter leases with SkiStar as lessors (for Swedish companies and properties) and with SkiStar Norge AS, CID 977 107 520, (for Norwegian companies and properties) as tenants. The leases are intended to have a term of 12–25 years. As part of the conclusion of leases pertaining to Norwegian companies and properties, certain equipment belonging to the rental properties will be transferred to SkiStar Norge AS. Additionally, companies within the SkiStar and Peab Groups intend to capitalise Skiab Invest AB in proportion to their respective holdings.

The Board's assessment and proposal to the general meeting

SkiStar's Board estimates that the proposed restructuring will lead to strategic benefits for SkiStar. The restructuring provides greater opportunities for long-term growth and value creation, as the Company can concentrate on being a professional developer and leading holiday organiser of mountain tourism all year round in Scandinavia. Within the framework of the SkiStar Lodge concept, SkiStar can offer guests attractive holiday accommodation. The restructuring should also lead to operational benefits by providing SkiStar with better conditions for operational management and by freeing up capital. By bringing together the operations jointly managed with Peab under Skiab Invest AB, more emphasis can be placed on professional management and development of recreational properties, with greater opportunities to grow.

Some of the stated transactions regarding the sale of shares and the conclusion of leases, etc. refers to such significant transactions between SkiStar and its related parties as referred to in Chapter 16 a of the Swedish Companies Act and thus requires approval from a SkiStar general meeting. This includes the following:

1. Projektfastigheter AB's acquisition of
 - (under name change to) Timmerbyn Village Lindvallen AB from Hundfjället Centrum AB,
 - (under name change to) Björnrike Fastighets AB from Vemdalen Logi AB,
 - (under name change to) Tegefjäll Fastighets AB and Lodge Åre AB from SkiStar Åre Mark AB, and
 - Lindvallens Sportfastighet Förvaltning AB from Fjällinvest AB.
2. Sverigefastigheter AB's acquisition of
 - SkiStar Lodge Hundfjället AB and indirectly the property Skilodge Hundfjället from SkiStar, and
 - (under name change to) Lodge Lindvallen AB and indirectly the property Skilodge Lindvallen from Hundfjället Servicecenter AB.
3. SkiStar's conclusion of leases with
 - Lodge Lindvallen AB regarding the property Skilodge Lindvallen, and
 - SkiStar Lodge Hundfjället AB regarding the property Skilodge Hundfjället.
4. SkiStar's capitalisation of Skiab Invest AB and subsidiaries in relation to SkiStar's participating interest.

The share transfers as above include the sale of properties from SkiStar, or a wholly owned Swedish subsidiary of SkiStar, for a total agreed property value of approximately SEK 907 million. The net proceeds tentatively amount to approximately SEK 409 million. The annual rent to be paid by SkiStar as a tenant under the leases is for Skilodge Lindvallen approximately SEK 10.3 million (rental period of 15 years) and for Skilodge Hundfjället approximately SEK 23.1 million (rental period of 25 years). SkiStar's share of the future capitalisation of Skiab Invest AB is estimated at approximately SEK 342 million after the restructuring.

Considering that SkiStar board member Fredrik Paulsson, directly and indirectly through his family and companies he controls, has significant shareholdings in both the Company and Peab AB, the restructuring is conditional on approval in its entirety from the SkiStar general meeting, subject to the majority requirements set out below.

Decisions on entering agreements regarding the various elements of the restructuring have been made by the boards of SkiStar and the SkiStar subsidiaries that are parties to the agreement in each transaction. Such parts of the transaction that pertain to transactions in wholly owned Swedish subsidiaries of the Company must receive approval from the general meeting of the subsidiary in accordance with Chapter 16 a Section 9 of the Swedish Companies Act.

SkiStar Board members Fredrik Paulsson and Anders Sundström, who could be considered to have a conflict of interest, have not participated in preparation of or decisions made about the restructuring on SkiStar's Board. The decisions were preceded by arm's length negotiations with the assistance of external advisers. The purchase prices and rental charges for transactions covered by the rules in Chapter 16 a of the Swedish Companies Act were agreed upon as per commercial negotiations between the parties where the fairness of the amounts for 1 and 2 above is supported by an independent valuation statement, which was obtained by SkiStar's board from external experts, in which the properties were valued at SEK 693.5 million. These properties are sold in the transaction at an agreed property value of approximately SEK 907 million. It is specifically noted that the agreed property value for Skilodge Hundfjället included therein also considers the future value of ongoing construction in addition to the value stated in the current valuation statement, which refers to the same property in undeveloped condition. For the purposes of item 3 above, the reasonableness is supported by fairness opinions obtained by SkiStar from external experts.

The transaction has a positive effect on earnings for SkiStar of approximately SEK 269 million for the period in which the transaction is carried out. There will also be a positive cash effect for SkiStar of approximately SEK 169 million in connection with the transaction. The equity/assets ratio decreases by 2.6 percentage points due to an increased lease liability, but the equity/assets ratio excluding IFRS 16 increases by 5.1 percentage points and strengthens SkiStar's balance sheet and financial position. However, the final impact on earnings and liquidity depends on the exchange rate that applies upon completion of the transaction. In addition to the positive earnings effect of the transaction, the conclusion of the leases provides a long-term opportunity for SkiStar to conduct a hotel business with annual sales of nearly SEK 400 million.

The Company's board has decided that the general meeting's decision to approve the restructuring as stated above and good practice on the stock market assumes that the rules in Chapter 16 of the Swedish Companies Act shall also apply, meaning that a valid resolution requires the support of shareholders holding not less than nine-tenths of both the shares voted and of the shares represented at the general meeting. In this respect, the applicable decision-making rules in Chapter 16 a, Sections 7–8 of the Swedish Companies Act must be observed.

The Board proposes that the extraordinary general meeting of SkiStar approve the proposed restructuring, including all transactions described above. As all proposed transactions are interdependent, the Board has decided that the issue of the meeting's approval shall be considered in concert as one decision.

Provided that the general meeting approves the restructuring as stated above, and that the conditions regarding external financing are met no later than 15 September 2021, all transactions are expected to be completed in the third quarter of calendar year 2021.