

Press release

Redemption of Shares in AB Custos and increased dividend to SEK 7.25 (5.75) per share

Custos' Board of Directors today decided to propose that the Annual general meeting on April 15, 1998 approves a proposal regarding the right to redeem each twelfth Custos share with payment consisting of shares in Hufvudstaden. The proposed redemption amount is 7 Hufvudstaden series A shares for every redeemed share in Custos. At December 15, 1998 this corresponded to SEK 217 per redeemed share, to be compared with Custos' net asset value of SEK 199 per share. Owners of Custos series A shares will, as an alternative to receiving 7 Hufvudstaden series A shares, be offered to instead receive 5 Hufvudstaden series A shares and 2 Hufvudstaden series C shares.

Shares tendered for redemption will qualify for Custos' dividend for 1997. Custos' Board of Directors proposes a dividend of SEK 7.25 (5.75) per share for the year 1997, an increase of 26%.

Redemption will be effected through a reduction of the share capital by an amount corresponding to the par value (SEK 25 per share) of the redeemed shares and by utilising unappropriated earnings. If all shareholders accept the offer, 3,600,002 shares in Custos will be redeemed with payment consisting of 25,200,014 shares in Hufvudstaden, corresponding to a market value of MSEK 781 at December 15, 1997.

The reason for the redemption is that Custos' Board of Directors and Executive Management consider the investment company discount in Custos to be higher than is acceptable. The share redemption provides shareholders with an opportunity to receive the entire net asset value for a part of their shareholding. At December 15, 1997 Custos' discount to net asset value amounted to 20 % for both Custos Series A and for Custos Series B shares.

"For Custos, this is a measure showing that we are serious in our ambition to eliminate the discount in our share price" says Christer Gardell, CEO of Custos.

The background to the redemption payment consisting of shares in Hufvudstaden is that Custos' Board of Directors and Executive Management regard a distribution of Custos' shares in Hufvudstaden to Custos' owners as beneficial for both Custos and Hufvudstaden.

”Custos’ strategy, which emphasises active ownership in companies with a high potential for value creation, has contributed to the recapitalisation, split-up and refocusing of Hufvudstaden carried out during 1997. After these measures Hufvudstaden is well positioned to participate in the restructuring of the Swedish property market. Our view is that Hufvudstaden will benefit from a more dispersed ownership and that Hufvudstaden’s access to capital for offensive measures will increase” comments Christer Gardell.

Stockholm, December 16, 1997

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For further questions please contact Mr Christer Gardell (+46 8 440 57 70).

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