

## Proposed distribution and motivated statement regarding proposed distribution of profit year 2018 to the shareholders of Castellum AB (publ)

### Proposed distribution

The Board of Directors has proposed that the retained profits, amounting to

SEK 17,636,605,774 shall be appropriated as follows:

Dividend to shareholders with SEK 5.30 per share	SEK 1,447,966,180
Carried forward to the new accounts	<u>SEK 16,188,639,594</u>
Sum	SEK 17,636,605,774

The Board of Directors proposes a distribution of SEK 5.30 per share, distributed to the shareholders in two equal payments of SEK 2.65 per share. The first record day for distribution is proposed to be Monday, March 26, 2018 and the second record day for distribution is proposed to be Monday, September 24, 2018.

There are 273,201,166 shares in the company, of which none of the shares are currently owned by the company itself.

### Reasons

The group's equity has been calculated in accordance with IFRS standards, approved by the EU, as well as in accordance with Swedish law by application of the recommendation RFR 1 (Supplementary Accounting Rules for groups) by the Swedish Financial Reporting Board. The equity of the parent company has been calculated in accordance with Swedish law and by application of the recommendation RFR 2 (Accounting for Legal Entities) of the Swedish Financial Reporting Board.

The proposed distribution constitutes 57 per cent of the group's income from property management, which is in line with the expressed objective to distribute at least 50 per cent of the group's income from property management, having considered investment plans, consolidation needs, liquidity and overall position. The group's net income after tax amounted to SEKm 5,876. The distribution policy is based on the group's income from property management, and as a result non-affecting cash flow increases and/or decreases in value of the group's properties and on interest and currency derivatives, do not normally affect the distribution. Such non-affecting cash flow profit or loss, have neither been taken into account in previous year's resolutions regarding distribution of profit.

The Board of Directors concludes that the company's restricted equity is fully covered after the proposed distribution.

The Board of Directors also concludes that the proposed distribution to the shareholders is justified considering the parameters in section 17 subsection 3, second and third paragraphs of the Swedish Companies Act (the nature, scope and risks of the business as well as consolidation needs, liquidity and overall position). Accordingly, the Board of Directors would like to emphasise the following.

### **The nature, scope and risks of the business**

The Board of Directors estimates that the equity of the company as well as of the group will, after the proposed distribution, be sufficient in relation to the nature, scope and risks of the business. The Board of Directors has in this context considered, inter alia, the historical development of the company and the group, budgeted development, investment plans and the economic situation.

### **Consolidation needs, liquidity and overall position**

#### *Consolidation needs*

The Board of Directors has made a general estimation of the financial position of the company and the group, and the possibilities to fulfil their obligations. The proposed dividend constitutes eight per cent of the company's equity and four per cent of the group's equity. The group's loan to value ratio and interest coverage ratio 2017 amounted to 47 per cent and 386 per cent respectively. The expressed objective for the group's capital structure, implying a loan to value ratio which not permanently exceeds 55 per cent and an interest coverage ratio of at least 200 per cent, will be maintained after the proposed dividend. The capital structure of the company and the group is sound considering the prevailing conditions of the real property business. In light of the above, the Board of Directors concludes that the company and the group have all the necessary requirements to manage future business risks and also to carry potential losses. Planned investments have been considered when deciding on the proposed dividend.

#### *Liquidity*

The proposed dividend will not affect the company's or the group's ability to meet their payment obligations in a timely manner. The company and the group have good access to liquidity reserves through short-term as well as long-term credits. The credits may be utilised at short notice, implying that the company and the group are prepared to handle liquidity fluctuations as well as possible unexpected events.

#### *Overall position*

The Board of Directors has considered all other known conditions, which might affect the financial position of the company and the group, which have not been considered within the scope of the considerations above. In this respect, no circumstances have been found that indicate that the proposed dividend would not be justified.

### **Evaluation to actual value**

Derivatives instruments and other financial instruments have been valued to the actual value in accordance with section 4 subsection 14 a of the Swedish Annual Accounts Act. The valuation has presented an undervalue of SEKm 1,055 after tax, which has affected the equity by the mentioned amount.

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Gothenburg, January 24, 2018  
CASTELLUM AB (publ)  
The Board of Directors