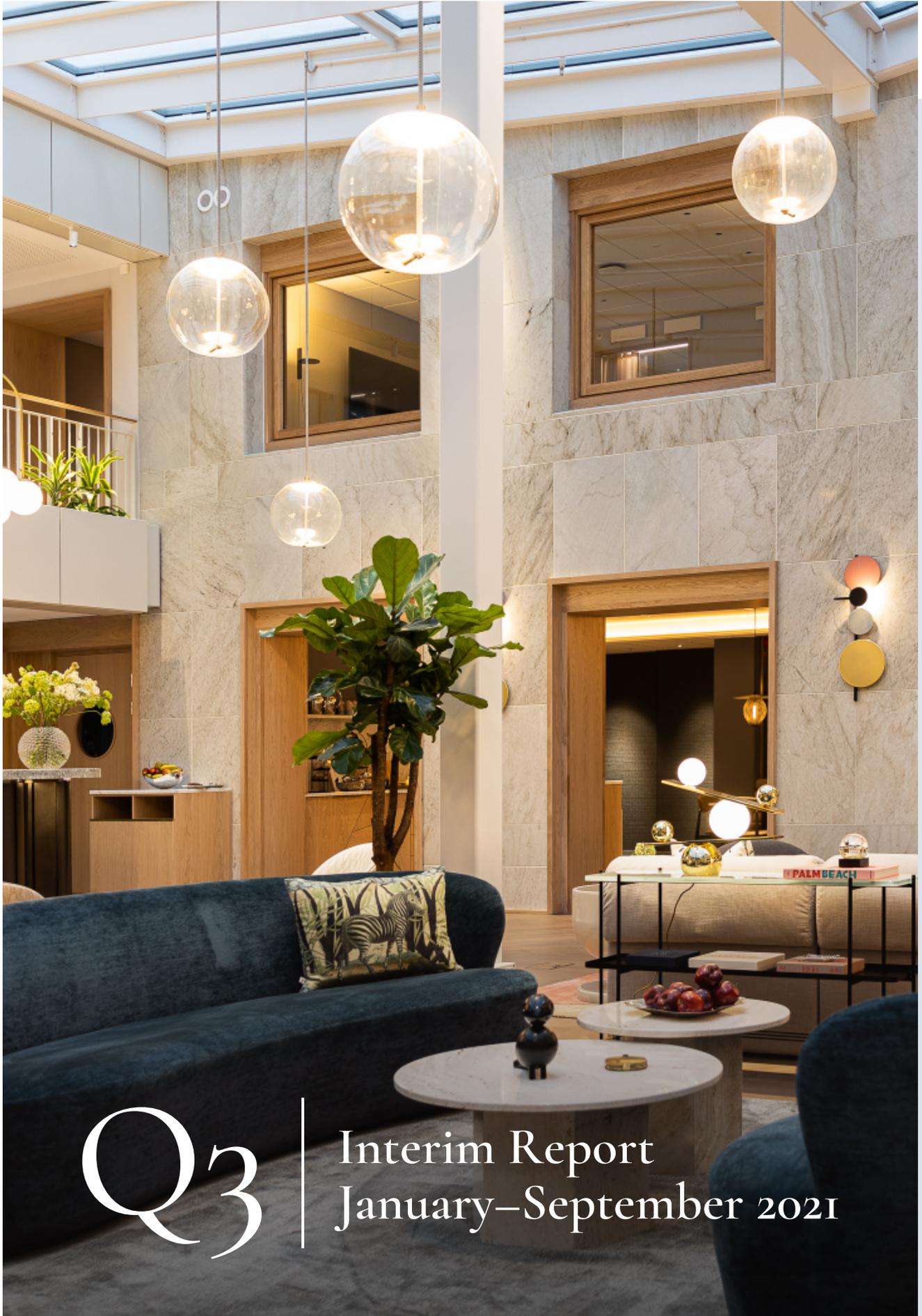


HUFVUDSTADEN



Q3

Interim Report
January–September 2021

HUFVUDSTADEN

Interim Report January–September 2021

- Net revenue from property management was SEK 1,339 million (1,281), an increase of 5 per cent. Elimination of intra-Group rent revenue amounted to SEK 109 million (33), attributable primarily to NK Retail.
- Gross profit from property management increased by 4 per cent, totalling SEK 932 million (897), which is attributable primarily to higher rent revenue. Elimination of intra-Group rent revenue amounted to SEK 109 million (33).
- Net profit for the period after tax was SEK 1,271 million (-1,003), equivalent to SEK 6.28 per share (-4.87). The increase is attributable to positive unrealised changes in value in the property holdings.
- The fair value of the property holdings was SEK 46.8 billion (45.6 at year-end), resulting in net tangible assets (EPRA NTA) of SEK 178 per share (173 at year-end). Unrealised changes in the value of the property holdings amounted to SEK 735 million (-2,070) for the period.
- The equity ratio was 60 per cent (61), the net loan-to-value ratio was 19 per cent (19), and the interest coverage ratio multiple was 9.5 (9.2).
- The rental vacancy level at the end of the period was 8.4 per cent (9.1). Excluding current development projects, the rental vacancy level was 7.0 per cent (4.7).
- Hufvudstaden has the most satisfied office tenants in the industry, and won Fastighetsbarometern Customer Satisfaction Index for the fourth consecutive year in the large company category.

Operating events during the third quarter

Hufvudstaden has launched its framework for green bonds and increased its established MTN programme to SEK 12 billion. Hufvudstaden issued its first green bond of SEK 1 billion in early October.

In the Vildmannen 7 property in Bibliotekstan, the foundation work involving complicated underwater concreting behind the preserved stone façade has been completed. Reconstruction subsequently commenced, with estimated completion in 2023.

A lease for nearly 800 square metres office space in the Achilles 1 property in Gamla Stan, Stockholm, has been signed with Mindset.

The auditing firm Grant Thornton has renewed its lease for approximately 2,000 square metres of office space in the Fyran property in Gothenburg.

Normal has signed a lease for just over 500 square metres of store space in the Orgelpipan 7 property in Stockholm.

Performance measures

SEK m	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net revenue, property management ¹⁾	1,339	1,281	1,724
Gross profit, property management ¹⁾	932	897	1,194
Unrealised changes in property value, investment properties	735	-2,070	-2,930
Operating profit or loss	1,700	-1,129	-1,702
Profit or loss for the period	1,271	-1,003	-1,462
Fair value of properties, SEK bn	46.8	46.3	45.6
Net loan-to-value ratio, properties, %	18.9	18.6	18.8
Interest coverage ratio, multiple	9.5	9.2	9.1
Rental vacancy level, excl. projects (EPRA vacancy rate), %	7.0	4.7	6.7
Earnings from property management after nominal tax (EPRA EPS) per share, SEK	3.82	3.59	4.80
Net tangible assets (EPRA NTA) per share, SEK	178	176	173

¹⁾ After elimination of intra-Group rent revenue of SEK 108.7 million for January–September 2021, SEK 32.9 million for January–September 2020 and SEK 43.9 million for January–December 2020.

COVID-19

During the third quarter of the year, the spread of contagion has largely remained stable in Sweden, and the burden on health care has been manageable. At the same time, the vaccination rate has increased and government agencies have gradually removed their recommendations and restrictions. On 29 September, the recommendation to work from home was lifted along with the last restrictions on restaurants, stores and events.

International tourism was extremely weak during the summer and early autumn, but domestic tourism increased. The flows of people in central Stockholm and Gothenburg have begun to return, though from low levels.

A certain change was noted in the latter part of the third quarter for Hufvudstaden's centrally located properties and marketplaces in the two largest cities in Sweden. The capacity of several tenants, primarily in the retail and restaurant segments, to pay remains impaired. Earnings in the interim accounts for Q1–Q3 2021 were charged with rent reductions of approximately SEK 98 million (131) attributable to covid-19, before recognised compensation from the commercial rent support scheme. Compensation recognised from the state totalled SEK 47 million (39), which yielded a net effect of approximately SEK 51 million (92).

In many cases, Hufvudstaden has long-term relationships with its tenants, which is a core element in our business concept. We support tenants in all matters related to premises, in good times and bad. It is estimated that the

increase in the number of discussions with retail and restaurant tenants will continue for some time to come. The effect on operating results will therefore continue in upcoming quarters, albeit with diminishing effect.

In the office rental market, interest in premises increased in the second and third quarters of the year. Several leases have been signed, but the leasing process is taking longer. In light of this, Hufvudstaden's vacancy rate has increased. However, the assessment is that the rental market is performing positively but a lag means that the vacancy rate will be somewhat above the normal interval in the coming quarters.

Hufvudstaden is following official recommendations and directives on how to manage transmission of the virus. The Company's financial position is strong, and conditions are good for the continued development of our properties and marketplaces.

While the pandemic has in all likelihood accelerated social changes, we firmly believe that people will still want to - and need to - meet in the future, both professionally and socially. Face-to-face encounters create opportunities to exchange ideas, innovate and do business, as well culture and experiences. Offices, stores and restaurants are a prerequisite for all of this. The assessment is therefore that centrally located properties in the two largest cities in Sweden remain attractive and we are convinced that our business model will be the foundation of favorable profit growth over time.

GROUP

RESULTS

Property management

Net revenue from property management after elimination of intra-Group rents of SEK 108.7 million (32.9) totalled SEK 1,339.4 million (1,281.1) for the period. Gross profit was SEK 932.1 million (897.1) after elimination of intra-Group rents. The increase was attributable primarily to decreased rent reductions and bad debt losses for stores and restaurants in conjunction with covid-19, as well as higher gross rents related to renegotiations, new leases and indexation.

Turnover-based rent supplements are recognised in the fourth quarter. Turnover-based rent supplements for the preceding year totalled SEK 4.6 million. Apart from this, there are no other material seasonal variations in rents.

The property management results for each business area are reported on page 9.

Other segments

Other segments comprise NK Retail and other operations. Other operations consist of Cecil Coworking, NK e-commerce and the parking business in Parkaden AB.

NK Retail accessed the NK business on 3 February of this year. Net revenue amounted to SEK 379.1 million (-). Costs after elimination of

intra-Group rents of SEK -68.1 million (-) were SEK -325.6 million (-). Profit for NK Retail excluding intra-Group rental costs was SEK 53.5 million (-).

Net revenue for other operations amounted to SEK 66.4 million (52.1). The increase is attributable primarily to the newly-started Cecil Coworking and NK e-commerce operations as well as increased parking revenue. Costs after elimination of intra-Group rents of SEK -40.6 million (-32.9) were SEK -50.8 million (-8.1). The increase is attributable to Cecil Coworking and NK e-commerce operations. Profit excluding intra-Group rental costs was SEK 15.6 million (44.0). For further information, see page 9.

Other profit and loss items

Central administration totalled SEK -36.7 million (-34.5). Unrealised changes in the value of investment properties totalled SEK 735.2 million (-2,070.2). For further information, see pages 4–5.

Financial income and expense

Net financial income and expense amounted to SEK -101.3 million (-98.9), of which SEK -84.4 million (-82.1) refers to the cost of borrowing, and SEK -16.9 million (-16.8) to leasing costs, primarily ground rents. For further information, see page 6.

Tax

The Group's tax for the period was SEK -327.3 million (225.0), of which SEK -89.1 million (-92.8) in current tax and SEK -238.2 million (317.8) in deferred tax. The increase in deferred tax is attributable primarily to positive unrealised changes in value in property holdings.

Net profit/loss for the period

The consolidated net profit was SEK 1,271.1 million (-1,002.8). The increase is attributable to positive unrealised changes in value in the property holdings.

PROPERTY HOLDINGS

The fair value of the Hufvudstaden property holdings is based on an internal valuation, where classification takes place on level 3 according to IFRS 13. The assessed value as at 30 September 2021 was SEK 46,768 million (45,637 at year-end). The increase is attributable to positive unrealised changes in value and investments. Rentable floor space totalled approximately 386,600 square metres (386,800 at year-end).

The total rental vacancy level as at 30 September 2021 was 8.4 per cent (8.2 at year-end) and the total floor space vacancy level was 10.9 per cent (9.8 at year-end). The rental vacancy level, excluding current development projects (EPRA vacancy rate), totalled 7.0 per cent (6.7 at year-end).

Acquisitions and investments

Total investments were SEK 447.8 million (698.8), of which investments in properties and other non-current assets were SEK 408.0 million (698.8).

At present, current and planned projects are worth approximately SEK 3-4 billion. Major projects are presented in the table below.

The work on developing the NK department stores continued during the third quarter. A development project is in progress on the women's floors at both NK Stockholm and NK Gothenburg, with changed customer flows and new department designs. To respond to changes in consumer behaviour, NK e-commerce was launched on a limited basis in the autumn of 2020. The process of connecting more departments continued during the quarter.

In the Vildmannen 7 property in Bibliotekstan, the foundation work involving complicated underwater concreting has been completed. The reconstruction work behind the preserved stone façade facing the street will begin during the autumn. The new building will offer highly modern and efficient offices as well as attractive stores in a unique environment. Completion is estimated during 2023.

A new local plan was received for the Inom Vallgraven 12 block in Gothenburg at the end of 2019. The new local plan allows for additional building permissions of around 15,000 square metres in gross area. Planning is in progress as part of an extensive redevelopment and expansion project. Preparatory work also took place during the quarter. The estimated production start will be in early 2022. A partnership agreement had previously been signed, with NCC as the main contractor. The estimated completion will be in late 2025 or early 2026. Existing residential units in the block will be replaced by new ones in the Inom Vallgraven 3:2 property. Major maintenance is being undertaken in conjunction with the residential project at Inom Vallgraven 3:2.

Property value and net asset value

At the end of each quarter, Hufvudstaden carries out an internal valuation of each individual property. The purpose of the valuation is to assess the fair value of the property holdings. To assure the quality of the valuation, external valuations of parts of the property holdings are obtained at least once a year. A continuous update is made during the year of the internal valuation of the properties in order to take account of purchases, sales and investments. Hufvudstaden also examines on a continuous basis whether there are other indications of changes in the fair value of the properties. These indications could take the form, for example, of major leases, terminations, and material changes in the yield requirements.

In the light of the above, the assessed unrealised change in the value of the property holdings for the period was SEK 735.2 million (-2,070.2). The total value of the property holdings as at 30 September 2021 was SEK 46.8 billion, including investments made during the period. The unrealised increase in value is due to slightly falling yield requirements for properties in Stockholm with a larger element of office premises and the effect of slightly higher rents.

The average yield requirement fell 3 basis points compared to the second quarter and stood at 3.6 per cent at the above valuation (3.7 at year-end).

Major current and planned projects in the third quarter 2021

City	Property	Status	Type of premises	Rentable floor space (sq m)	Of which added floor space (sq m)	Estimated investment ¹⁾ (SEK m)	Estimated completion (year)
Stockholm	Vildmannen 7	Foundation work, planning	Office, retail & residential	4,800	4,800	800	2023
Stockholm	Orgelpipan 7	Local planning	Office	-	-	-	-
Gothenburg	Inom Vallgraven 3:2	Current	Residential	1,300	-	160	2022/2023
Gothenburg	NK Gothenburg	Current	Retail	2,900	-	85	2021/2022
Gothenburg	Inom Vallgraven 12 block	Planning	Office, retail & restaurant	31,600	11,600	2,200	2025/2026
Gothenburg	NK Gothenburg	Local planning	Office, retail & restaurant	-	-	-	-

¹⁾ Includes estimated costs for rent losses and financing that are continuously recognised in profit and loss as well as costs for evacuation. The investment in the Vildmannen 7 property includes extraordinary costs resulting from the fire in 2017.

Valuation method

Valuation of the property holdings is carried out by assessing the fair value of each individual property. The valuation is made using a variation on the location price method, known as the net capitalisation method. The method involves setting the market's yield requirement in relation to the net operating income of the properties. In the case of other project properties and undeveloped land, the valuation is based on a completed building with a deduction for construction costs, as well as financial costs and the cost of vacant space that arose during the construction period.

The yield requirement is based on information compiled about the market's yield requirement for actual purchases and sales of comparable properties in similar locations. If there have been few or no transactions within the property's subarea, an analysis is made of transactions in neighbouring areas. Even transactions that have yet to be finalized provide guidance on market yield requirements.

The yield requirement can vary between different regions and different subareas within the regions. Account is also taken of the type of property, the technical standard, the construction of the building, and major investment requirements. For leasehold properties, the calculation is based on a yield requirement that was 0.25 percentage points higher than for equivalent properties where the land is freehold. The net operating income of the properties is based on market rent revenue, the long-term rental vacancy level, and normalised operating and maintenance costs. If there is greater uncertainty than normal, this is offset by the increased direct yield requirements in the valuation.

When making the valuation, the following yield requirement figures for office and retail properties have been applied:

Yield requirements, property valuation¹⁾

Stockholm	3.2-3.7 per cent
Gothenburg	4.2-4.8 per cent
Property holdings, average	3.6 per cent

¹⁾ Valuation date: 30 September 2021

Sensitivity analysis

Fair value is an estimation of the probable sales price on the market at the time of the valuation. However, the price can only be set when a transaction has been completed. In the case of an external property valuation, a range is often given to indicate the degree of uncertainty surrounding the estimates of fair value. The range is usually +/- 5 per cent but can vary depending, in part, on the market situation, the technical standard of the property, and investment requirements. Hufvudstaden's property holdings are valued at SEK 46.8 billion, with a degree of uncertainty of +/- 5 per cent, which means that the estimated fair value varies by +/- SEK 2.3 billion. Below are the key factors that influence the valuation and the consequent impact on profit or loss before tax.

Sensitivity analysis, property valuation¹⁾

	Change, +/-	Impact on profit or loss before tax, +/-
Rental revenue	SEK 100/sq m	SEK 1,080 m
Property costs	SEK 50/sq m	SEK 540 m
Rental vacancy level	1.0 percentage points	SEK 610 m
Yield requirement	0.25 percentage points	SEK 3,250 m

¹⁾ Valuation date: 30 September 2021

Net asset value

Based on the valuation of the property holdings, the current net reinstatement value (EPRA NRV) is SEK

38.2 billion or SEK 189 per share. Net tangible assets (EPRA NTA) amounted to SEK 36.0 billion or SEK 178 per share after a deduction for estimated deferred tax. This assessment is based on current tax legislation and market practice, which means that properties can be sold via a limited company without tax implications. The estimated deferred tax has been assumed at 5 per cent.

Net asset value, 30 September 2021

	SEK m	SEK/ share
Equity according to the balance sheet	29,381.8	145
<i>Reversal</i>		
Deferred tax ¹⁾	8,854.3	44
Long-term EPRA NRV	38,236.1	189
<i>Deduction</i>		
Intangible assets	-98.2	0
Estimated fair liability, deferred tax 5%	-2,149.1	-11
EPRA NTA	35,988.8	178
<i>Reversal</i>		
Intangible assets as above	98.2	0
Deferred tax in its entirety	-6,705.2	-33
EPRA NDV	29,381.8	145

¹⁾ Deferred tax according to the balance sheet related to investment properties and right-of-use assets attributable to ground rents.

HUFVUDSTADEN HAS THE MOST SATISFIED OFFICE TENANTS IN THE INDUSTRY

Fastighetsbarometern¹⁾ is the industry's consumer satisfaction index. With a score of 86 on a 100-point scale, Hufvudstaden clearly topped the large company category for the fourth consecutive year. The average for the entire industry was 76. Hufvudstaden has the highest value in image, problem reporting, communication, contact person and location.

RENTAL MARKET

The demand for modern, flexible office premises in the best locations in Stockholm City remained stable or increased slightly. Vacancy levels rose somewhat within the normal interval, and in Stockholm's most attractive locations-Bibliotekstan, Norrmalmstorg/Hamngatan, and the Hötorget area-market rents for office premises were estimated at SEK 6,300-8,700 per square metre and year, excluding the property tax supplement. The market for retail premises during the quarter continued to be affected by the impacts of the covid-19 pandemic, even though a slight increase in interest was noted in prime locations. Market rent levels were difficult to assess, but are assumed to have declined somewhat, at least temporarily, compared to before the pandemic. Estimated market rents in prime retail locations were SEK 13,000-25,000 per square metre and year, excluding the property tax supplement.

In the central sub-markets of Gothenburg, the demand for modern and flexible office premises remained somewhat hesitant. Vacancies rose slightly and market rents in the most attractive locations were estimated at SEK 2,900-3,800 per square metre and year, excluding the property tax supplement. For retail premises in prime locations, market rents are slightly declining and amounted to SEK 5,000-14,000 per square metre per year, excluding the property tax supplement.

The outcome from Group renegotiations was negative for retail premises and positive for office premises. During the period, a total of 41,100 square metres were renegotiated at a rental value of SEK 222 million. On average, the renegotiations resulted in an increase in rent of approximately 5 per cent.

¹⁾ Fastighetsbarometern (The Property Barometer) is organised by the Swedish Property Federation and the consulting company CFI Group.

FINANCING

Hufvudstaden's financing requirements are met through a number of the major Nordic banks and the capital market. Total borrowings as at 30 September 2021 amounted to SEK 8,850 million (8,650 at year-end). Interest-bearing net debt was SEK 8,132 million (7,866 at year-end). In addition, leasing debt according to IFRS 16 amounted to SEK 718 million (720 at year-end), and total net debt was SEK 8,850 million (8,586 at year-end). In addition to outstanding loans, there are unutilised loan commitments amounting to SEK 3,500 million.

Hufvudstaden's MTN programme was increased from SEK 8,000 million to SEK 12,000 million during the period, and the total amount outstanding is SEK 7,200 million. A framework for green bonds was established during the period for the purpose of financing green properties and projects for climate transition and sustainability. In addition, there is a commercial paper programme amounting to SEK 3,000 million, with SEK 650 million outstanding. Hufvudstaden ensures that at any point in time there are unutilised loan commitments to cover all outstanding commercial paper.

Financing facilities, SEK m, 30 September 2021

Loan/facility type	Framework/ facility volume	Utilised
MTN programme	12,000	7,200
Comm. paper programme	3,000	650
Bank loans incl. loan commitments	4,500	1,000

The average fixed interest period was 2.0 years (1.8 at year-end), the average capital tie-up period was 2.3 years (2.6 at year-end), and the average equivalent rate of interest was 1.3 per cent (1.3 at year-end) including, and 1.2 per cent (1.1 at year-end) excluding, costs for unutilised loan commitments. The capital tie-up period for commercial paper loans was calculated based on the underlying loan commitments. To achieve the desired interest payment structure, borrowing takes place at both a fixed and variable rate of interest. Of the long-term borrowings, SEK 6,000 million carries a fixed rate of interest. Financial assets and liabilities are recognised at amortised cost, which concurs in all essentials with fair value.

Fixed interest structure, 30 September 2021

Maturity, year	Credit amount, SEK m	AER, % ^{1), 2)}	Proportion, %
< 1	2,850	1.4	32
1 - 2	2,500	1.3	28
2 - 3	500	1.5	6
3 - 4	1,500	1.1	17
4 - 5	1,500	1.2	17
Total	8,850	1.3	100

¹⁾ The credit margins in the tables are allocated to the period in which the credit is reported.

²⁾ The average effective rate excluding cost for unutilised loan commitments was 1.2 per cent.

Capital tie-up structure, SEK m, 30 September 2021

Maturity, year	Credit agreement	Utilised:			Proportion, %
		Bank loans	Bonds/ Comm. paper	Total	
< 1	3,350	500	1,850	2,350	27
1 - 2	2,500	-	2,500	2,500	28
2 - 3	2,500	500	500	1,000	11
3 - 4	2,500	-	1,500	1,500	17
4 - 5	1,500	-	1,500	1,500	17
Total	12,350	1,000	7,850	8,850	100

THIRD QUARTER

Gross profit from property management after elimination of intra-Group rents of SEK 45.7 million (10.9) totalled SEK 317.5 million (293.0), up 8 per cent. The increase was attributable primarily to decreased rent reductions and bad debt losses for stores and restaurants in conjunction with covid-19, as well as higher gross rents related to renegotiations, new leases and indexation.

Net revenue after elimination of intra-Group rents of SEK 45.7 million (10.9) totalled SEK 448.7 million (417.1), up 8 per cent. Operating costs amounted to SEK -131.2 million (-124.1).

Net revenue for NK Retail amounted to SEK 156.3 million (-). Costs after elimination of intra-Group rents of SEK -31.8 million (-) were SEK -136.7 million (-). Profit for NK Retail excluding intra-Group rental costs was SEK 19.6 million (-).

Net revenue for other operations amounted to SEK 27.4 million (17.2). Costs after elimination of intra-Group rents of SEK -13.9 million (-10.9) were SEK -16.8 million (-3.9). Profit excluding intra-Group rental costs was SEK 10.6 million (13.3).

Changes in value of investment properties amounted to SEK 328.4 million (-155.5). Net financial income and expense totalled SEK -34.5 million (-32.9).

SHARES AND SHAREHOLDERS

Hufvudstaden class A shares are listed on NASDAQ Stockholm. The company's class C shares were delisted from NASDAQ Stockholm in January 2020. The company had 41,155 shareholders at the end of the period. The proportion of foreign ownership as at 30 September 2021 was 26.2 per cent (28.0 at year-end) of the total number of outstanding shares. The class A share price as at 30 September 2021 was SEK 131.10, and total market capitalization of all shares based on the class A share price was SEK 27.7 billion.

Conversion of Hufvudstaden's class C shares

At the 2001 Annual General Meeting a conversion clause was added to Hufvudstaden's articles of association. Shareholders have the right at any time to request conversion of class C shares into class A shares. During the third quarter of 2021, no conversions took place.

Share structure as at 30 September 2021

Share class	Number of shares	Number of votes	Equity, %	Votes, %
A (1 vote)	203,000,080	203,000,080	96.1	19.7
C (100 votes)	8,271,853	827,185,300	3.9	80.3
Total	211,271,933	1,030,185,380	100.0	100.0

Shares bought back

Treasury shares held at 30 September 2021 totalled 8,965,000 class A shares, corresponding to 4.2 per cent of all shares issued and 0.9 per cent of the total number of votes. No buyback took place during the period or after the end of the reporting period. At the 2021 Annual General Meeting, the Board of Directors was granted renewed authorisation to acquire class A shares up to 10 per cent of all shares outstanding and to transfer treasury shares held by the company.

Share buybacks as at 30 September 2021

Million shares	Total no. of shares	Treasury shares	Other shareholders
As at 1 January 2021	211.3	9.0	202.3
Buyback	-	-	-
As at 30 September 2021	211.3	9.0	202.3

EVENTS DURING THE PERIOD

Acquisition of business

On 3 February 2021, the Group accessed the NK business in Departments & Stores Europe AB. The business encompasses the operation of approximately 40 departments within fashion, cosmetics and jewellery at NK Stockholm and NK Gothenburg, together comprising around 25 per cent of the total number of departments in the two department stores. Turnover for the business amounted to approximately SEK 770 million for the 2019/2020 financial year. The purchase price was SEK 58 million and corresponds to the value of the inventory. The acquisition has been financed with existing cash and cash equivalents.

Hufvudstaden's President to retire at year-end

President Ivo Stopner is retiring at year-end 2021 after having served as President of Hufvudstaden since 1999. The Board of Directors has appointed Vice President Anders Nygren as the new President of Hufvudstaden and he will take office on 1 January 2022. In addition, the Board of Directors has appointed the company's CFO Åsa Roslund as Vice President and she will take office on 1 January 2022. As previously, Bo Wikare, Head of the NK Business Area, is also Vice President of Hufvudstaden.

MATERIAL RISKS AND UNCERTAINTIES

The Group is mainly exposed to financing, interest and credit risks and changes in the value of its property holdings. The Group has not identified any other material risks and uncertainties than those described in the 2020 Annual Report.

MATERIAL TRANSACTIONS WITH RELATED PARTIES

No material transactions with related parties took place during the period.

ACCOUNTING POLICIES

Hufvudstaden applies the EU-endorsed IFRS standards. This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting, and applicable provisions of the Swedish Annual Accounts Act. Disclosures according to IAS 34.16A are presented in both the financial statements and in other parts of the interim report. In addition to the accounting policies and computation bases applied in the 2020 Annual Report, the accounting policies below were applied for the first time in this interim report.

Revenue, NK Retail

Revenue is primarily generated through the sale of clothing, accessories, beauty products and jewellery to consumers. The Group's performance commitment is thus to provide goods to customers, either to consumers in the Group's own stores or to e-commerce

customers when goods are delivered to independent shippers. All revenue is recognised under the IFRS 15 category "at a point in time", meaning upon delivery. Revenue from the sale of goods at a fixed price is recognised when the company has transferred control of the good to the customer, which normally occurs at the time of sale when the customer takes the good with them out of the store, or upon delivery to an e-commerce customer under the terms and conditions of sale.

The main store sales take place with a 30-day open purchase (full right of return), which means that revenue from sales in stores is recognised less estimated returns. The estimated repayment for returned goods is recognised as a repayment liability (the amount the company is expected to owe the customer). The right to receive the goods being returned is recognised as inventory. Revenue also decreases with variable remuneration in the form of discounts and customer loyalty programmes. NK Retail has no discounts or bonus programmes that could comprise separate performance obligations, which is why the Group has only identified one performance obligation as described above. Sales revenue is recognised less VAT, returns and discounts as net revenue in the income statement under "Other segments".

Inventory

Inventory is measured at the lower of cost and net realisable value. The cost of inventory is calculated using the first-in, first-out (FIFO) method and includes fees that arose from acquiring inventory items and transporting them to their current location in their current condition.

New standards and interpretations

In addition to what is stated above, new and amended standards that took effect in 2021 have not had any significant effects on the Group's financial reporting.

FORTHCOMING INFORMATION

Year-end report for 2021	17 February 2022
Annual Report 2021	March 2022
Annual General Meeting 2022	24 March 2022

The information in this Interim Report is information that Hufvudstaden AB (publ) is obligated to publish under the EU Market Abuse Regulation and the Securities Market Act. The information was published through the auspices of the persons named below on 11 November 2021.

This information is also published on Hufvudstaden's website, www.hufvudstaden.se.

Questions can be answered by Ivo Stopner, President, or Åsa Roslund, CFO, on +46 (0)8 762 90 00.

INCOME STATEMENTS – SUMMARY

GROUP, SEK m	July-September 2021	July-September 2020	January-September 2021	January-September 2020	January-December 2020
Net revenue¹⁾					
Property management, gross	494.4	428.0	1,448.1	1,314.0	1,767.9
Rent revenue, intra-Group	-45.7	-10.9	-108.7	-32.9	-43.9
Property management, net	448.7	417.1	1,339.4	1,281.1	1,724.0
Other segments	183.7	17.2	445.5	52.1	71.7
	632.4	434.3	1,784.9	1,333.2	1,795.7
Property management expenses					
Maintenance	-6.2	-6.8	-16.6	-19.4	-27.0
Operation and administration	-72.0	-65.9	-233.2	-210.4	-298.1
Property tax	-51.5	-50.2	-153.1	-150.5	-200.3
Depreciation	-1.5	-1.2	-4.4	-3.7	-5.1
Property management expenses	-131.2	-124.1	-407.3	-384.0	-530.5
Other segments, gross expenses	-199.2	-14.8	-485.1	-41.0	-69.2
Rental expenses, intra-Group	45.7	10.9	108.7	32.9	43.9
Other segments, net expenses	-153.5	-3.9	-376.4	-8.1	-25.3
Operating expenses	-284.7	-128.0	-783.7	-392.1	-555.8
Gross profit	347.7	306.3	1,001.2	941.1	1,239.9
- of which Property management	317.5	293.0	932.1	897.1	1,193.5
- of which Other segments	30.2	13.3	69.1	44.0	46.4
Central administration	-12.2	-11.1	-36.7	-34.5	-47.4
Operating profit before items affecting comparability and changes in value	335.5	295.2	964.5	906.6	1,192.5
Items affecting comparability ²⁾	-	-	-	34.7	35.9
Changes in value, investment properties	328.4	-155.5	735.2	-2,070.2	-2,929.9
Operating profit or loss	663.9	139.7	1,699.7	-1,128.9	-1,701.5
Financial income or expense	-34.5	-32.9	-101.3	-98.9	-131.7
Profit or loss before tax	629.4	106.8	1,598.4	-1,227.8	-1,833.2
Tax	-127.7	-28.1	-327.3	225.0	371.5
Net profit or loss	501.7	78.7	1,271.1	-1,002.8	-1,461.7
Other comprehensive income	-	-	-	-	-
Total comprehensive income or loss for the period	501.7	78.7	1,271.1	-1,002.8	-1,461.7
Average number of outstanding shares	202,306,933	205,708,848	202,306,933	206,078,883	205,130,742
Net earnings for the period, per share before and after dilution, SEK	2.48	0.38	6.28	-4.87	-7.13

¹⁾ For a breakdown of net revenue, see table on page 10.

²⁾ Refers to insurance compensation for rent losses and emergency response costs after the fire in 2017 in the property Vildmannen 7.

BALANCE SHEETS – SUMMARY

GROUP SEK m	30 September, 2021	30 September, 2020	31 December, 2020
Investment properties	46,768.3	46,266.1	45,636.5
Right of use assets	716.8	728.7	716.6
Other non-current assets	150.6	140.6	156.9
Total non-current assets	47,635.7	47,135.4	46,510.0
Current assets	1,064.7	491.8	887.1
Total assets	48,700.4	47,627.2	47,397.1
Equity	29,381.8	29,075.4	28,616.5
Non-current interest-bearing liabilities	6,500.0	6,200.0	6,200.0
Deferred tax liabilities	8,739.7	8,654.5	8,501.5
Non-current leasing liabilities	708.2	710.5	709.6
Other non-current liabilities	88.4	78.0	84.3
Other provisions	30.2	25.0	26.2
Total non-current liabilities	16,066.5	15,668.0	15,521.6
Current interest-bearing liabilities	2,350.0	2,050.0	2,450.0
Current leasing liabilities	9.3	18.6	10.2
Other liabilities	892.8	815.2	798.8
Total current liabilities	3,252.1	2,883.8	3,259.0
Total equity and liabilities	48,700.4	47,627.2	47,397.1

CHANGES IN EQUITY – SUMMARY

GROUP, SEK m	January-September 2021	January-September 2020	January-December 2020
Equity, opening balance	28,616.5	31,382.7	31,382.7
Total comprehensive income or loss for the period	1,271.1	-1,002.8	-1,461.7
Dividend	-505.8	-804.4	-804.4
Share buyback	-	-500.0	-500.0
Equity, closing balance	29,381.8	29,075.4	28,616.5

STATEMENTS OF CASH FLOWS – SUMMARY

GROUP, SEK m	January-September 2021	January-September 2020	January-December 2020
Income before tax	1,598.4	-1,227.8	-1,833.2
Depreciation/impairments	26.3	70.7	78.6
Changes in value, investment properties	-735.2	2,070.2	2,929.9
Other changes	4.0	-0.7	0.5
Income tax paid	-89.2	-118.3	-99.3
Cash flow from current operations before changes in working capital	804.3	794.1	1,076.5
Increase/decrease in inventory	-83.3	-	-
Increase/decrease in operating receivables	-94.3	-56.3	-36.8
Increase/decrease in operating liabilities	70.4	56.6	32.5
Cash flow from current operations	697.1	794.4	1,072.2
Acquisition of business	-39.8	-	-
Investments in properties	-396.6	-655.7	-885.9
Investments in other non-current assets	-11.4	-43.1	-63.0
Cash flow from investments	-447.8	-698.8	-948.9
Loans raised	3,250.0	2,650.0	3,450.0
Amortization of loan debt	-3,050.0	-2,750.0	-3,150.0
Amortization of leasing debt	-9.5	-31.1	-41.4
Dividend paid	-505.8	-804.4	-804.4
Share buyback	-	-500.0	-500.0
Cash flow from financing	-315.3	-1,435.5	-1,045.8
Cash flow for the period	-66.0	-1,339.9	-922.5
Cash and cash equivalents at the beginning of the period	783.6	1,706.1	1,706.1
Cash and cash equivalents at the period-end	717.6	366.2	783.6
Cash flow from current operations per share, SEK	3.45	3.85	5.23
Cash flow for the period per share, SEK	-0.33	-6.50	-4.50

SEGMENT REPORT – SUMMARY

The Group's operations are divided into three segments, property management, NK Retail and other operations. Other operations comprise of Cecil Coworking (Stockholm Business Area) and NK e-commerce and the parking business in Parkaden AB (NK Business Area). The segments are divided into the business areas, which are in line with the Company's operational control system.

GROUP, SEK m	Business Area Stockholm		Business Area NK		Business Area Gothenburg		Intra-Group elimination		Total	
	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Property management										
Net revenue	873.2	778.4	333.5	275.9	241.4	259.7	-108.7	-32.9	1,339.4	1,281.1
Expenses	-181.1	-175.1	-153.5	-136.0	-72.7	-72.9	-	-	-407.3	-384.0
Gross profit property management	692.1	603.3	180.0	139.9	168.7	186.8	-108.7	-32.9	932.1	897.1
NK Retail¹⁾										
Net revenue			379.1						379.1	
Expenses			-393.7				68.1		-325.6	
Gross profit NK Retail			-14.6				68.1		53.5	
Other operations²⁾										
Net revenue	9.5	-	56.9	52.1					66.4	52.1
Expenses	-18.1	-1.3	-73.3	-39.7			40.6	32.9	-50.8	-8.1
Gross profit other operations	-8.6	-1.3	-16.4	12.4			40.6	32.9	15.6	44.0
Central administration									-36.7	-34.5
Items affecting comparability ³⁾									-	34.7
Changes in value, investment properties									735.2	-2,070.2
Operating profit or loss									1,699.7	-1,128.9
Financial income and expense									-101.3	-98.9
Profit or loss before tax									1,598.4	-1,227.8

¹⁾ NK Retail accessed the NK-operations on 3 February 2021.

²⁾ Cecil Coworking opened on 1 February 2021. NK e-commerce started in a limited extent in the autumn of 2020.

³⁾ Refers to insurance compensation for rent losses and emergency response costs after the fire in 2017 in the property Vildmannen 7.

BREAKDOWN OF NET REVENUE

SEK m	Group			Parent Company		
	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Rent revenue	1,336.2	1,264.4	1,712.9	989.1	910.7	1,224.1
Service revenue	69.5	68.8	82.8	32.9	33.4	43.8
Sale of goods	379.2	-	-	-	-	-
Total net revenue	1,784.9	1,333.2	1,795.7	1,022.0	944.1	1,267.9

PERFORMANCE MEASURES

GROUP	30 September, 2021	30 September, 2020	Full year 2020
Property-related			
Rentable floor space, 1,000 m ²	386.6	384.0	386.8
Rental vacancy level, %	8.4	9.1	8.2
Floor space vacancy level, %	10.9	9.7	9.8
Fair value, SEK bn	46.8	46.3	45.6
Surplus ratio, %	71.9	70.8	70.0
Operating surplus, SEK m	1,040.8	930.0	1,237.4
Financial			
Return on equity, %	5.2	-2.6	-4.9
Return on capital employed, %	5.2	-2.1	-4.3
Equity ratio, %	60	61	60
Interest coverage ratio, multiple	9.5	9.2	9.1
Debt/equity ratio, multiple	0.3	0.3	0.3
Net loan-to-value ratio, properties, %	18.9	18.6	18.8
Gross margin, %	56.1	68.9	67.4
Data per share			
Net earnings per share for the period, SEK	6.28	-4.87	-7.13
Equity, SEK	145.23	143.72	141.45
Properties, fair value, SEK	231.18	228.69	225.58
Number of outstanding shares, 1,000	202,307	202,307	202,307
Average number of outstanding shares, 1,000	202,307	206,079	205,131
Number of issued shares, 1,000	211,272	211,272	211,272
EPRA			
Earnings from property management after nominal tax (EPRA Earnings), SEK m	773	741	984
Earnings per share from property management after nominal tax (EPRA EPS), SEK	3.82	3.59	4.80
Net reinstatement value (EPRA NRV), SEK m	38,236.1	37,828.1	37,232.3
Net reinstatement value (EPRA NRV) per share, SEK	189	187	184
Net tangible assets (EPRA NTA), SEK m	35,988.8	35,592.1	35,014.4
Net tangible assets (EPRA NTA) per share, SEK	178	176	173
Net disposal value (EPRA NDV), SEK m	29,381.8	29,075.4	28,616.5
Net disposal value (EPRA NDV) per share, SEK	145	144	141
EPRA vacancy rate, %	7.0	4.7	6.7

PERFORMANCE MEASURES PER QUARTER

GROUP	Jul-Sept 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sept 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019
Share price, series A share, SEK	131.10	145.50	127.00	136.20	124.90	115.80	135.70	185.10
Net revenue, SEK m	632	635	518	463	434	409	490	501
Return on equity, %	5.3	4.5	2.1	-4.8	-2.8	-2.6	0.7	10.9
Return on equity, adjusted, %	3.3	3.4	2.8	3.0	2.7	2.6	3.1	3.8
Equity ratio, %	60	60	59	60	61	62	62	62
Gross margin, %	55.0	55.7	57.9	63.1	68.8	66.4	71.1	69.1
Surplus ratio, %	73.5	72.8	69.2	67.7	71.0	68.4	72.6	70.4
Operating surplus, SEK m	363.2	360.1	317.5	307.4	303.9	276.0	350.1	344.1
Net earnings per share for the period, SEK	2.48	3.73	0.07	-2.27	0.38	-2.83	-2.42	5.34
Equity per share, SEK	145.23	142.75	139.02	141.45	143.72	143.00	145.83	152.15
Earnings per share from property management after nominal tax (EPRA EPS), SEK	1.36	1.31	1.15	1.21	1.16	1.07	1.36	1.38
Net tangible assets (EPRA NTA) per share, SEK	178	175	171	173	176	175	178	185
Cash flow per share from current operations, SEK	1.37	1.15	0.93	1.37	1.46	1.42	0.98	1.98

ALTERNATIVE PERFORMANCE MEASURES

Hufvudstaden applies the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures. A number of the performance measures above are alternative performance measures, i.e. a set of financial metrics not defined in IFRS or the Annual Accounts Act, and which are used to present the Company's development and improve comparability between periods. Definitions of performance measures are given in the glossary. Below is the derivation of alternative performance measures.

SEK m	30 September, 2021	30 September, 2020	Full year 2020
Net asset value, see page 5.			
Net debt			
Non-current interest-bearing liabilities	6,500	6,200	6,200
Non-current leasing liabilities	708	710	710
Current interest-bearing liabilities	2,350	2,050	2,450
Current lease liabilities	9	19	10
Cash and cash equivalents	-718	-366	-784
Net debt	8,850	8,613	8,586
Equity ratio			
Equity	29,382	29,075	28,617
Total assets	48,700	47,627	47,397
Equity ratio, %	60	61	60
Net loan-to-value ratio, properties			
Interest-bearing liabilities	8,850	8,250	8,650
Leasing liabilities	718	729	720
Interest-bearing assets	-718	-366	-784
Total	8,850	8,613	8,586
Carrying amount, properties	46,768	46,266	45,637
Net loan-to-value ratio, properties, %	18.9	18.6	18.8
Interest coverage ratio			
Income before tax	1,886 ¹⁾	-959 ¹⁾	-1,833
Reversal of items affecting comparability and changes in value	-735	2,036	2,894
Interest expense	135 ¹⁾	132 ¹⁾	132
Total	1,286	1,209	1,193
Interest expense	135 ¹⁾	132 ¹⁾	132
Interest coverage ratio, multiple	9.5	9.2	9.1
Earnings from property management after nominal tax (EPRA Earnings)			
Operating profit or loss before items affecting comparability and changes in value	965	907	1,193
Financial income and expense	-101	-99	-132
Earnings from property management	863	808	1,061
Current tax, earnings from property management	-90	-67	-77
Earnings from property management after nominal tax (EPRA Earnings)	773	741	984
Average number of outstanding shares, million	202.3	206.1	205.1
Earnings per share from property management after nominal tax (EPRA EPS), SEK	3.82	3.59	4.80

¹⁾ Recalculated 12 months.

PARENT COMPANY

RESULTS AND FINANCIAL POSITION

Net revenue amounted to SEK 1,022.0 million (944.1). The increase was attributable primarily to higher gross rents in conjunction with renegotiations, new leases and indexation, as well as to decreases in rent reductions and bad debt losses for stores and restaurants in conjunction with covid-19.

Operating costs amounted to SEK -485.5 million (-634.6). The decrease is attributable to lower maintenance costs, mainly as a result of fewer major current development projects. Gross profit was SEK 536.5 million (309.5). Profit from financial items amounted to SEK -135.7 million (-82.0), of which SEK -84.4 million (-82.0) refers to the cost of borrowing and SEK -51.3 million (-) refers to impairment of shares in Group companies.

Cash and cash equivalents at the end of the period amounted to SEK 700.9 million (345.9). Investments in properties, intangible assets, equipment and shares in subsidiaries amounted to SEK 122.5 million (287.2).

MATERIAL RISKS AND UNCERTAINTIES

Hufvudstaden is mainly exposed to financing, interest and credit risks. The Company has not identified any other material risks and uncertainties than those described in the 2020 Annual Report.

MATERIAL TRANSACTIONS WITH RELATED PARTIES

No material transactions with related parties took place during the period.

ACCOUNTING POLICIES

The parent company applies RFR2 Accounting for Legal Entities and the Swedish Annual Accounts Act. This interim report for the parent company has been prepared in accordance with Section 9 of the Annual Accounts Act, Interim Financial Statements. The accounting policies and basis for calculations remain unchanged from the 2020 Annual Report.

INCOME STATEMENTS – SUMMARY

PARENT COMPANY, SEK m	July- September 2021	July- September 2020	January- September 2021	January- September 2020	January- December 2020
Net revenue ¹⁾	345.8	310.0	1,022.0	944.1	1,267.9
Operating expenses	-187.0	-198.4	-485.5	-634.6	-857.7
Gross profit	158.8	111.6	536.5	309.5	410.2
Central administration	-12.2	-11.1	-36.7	-34.5	-47.4
Items affecting comparability ²⁾	-	-	-	34.7	35.9
Operating profit	146.6	100.5	499.8	309.7	398.7
Impairment of shares in Group companies	-26.5	-	-51.3	-	-10.8
Other financial income and expense	-28.9	-27.2	-84.4	-82.0	2,344.5
Profit after financial items	91.2	73.3	364.1	227.7	2,732.4
Appropriations	-	-	-	-	69.3
Profit before tax	91.2	73.3	364.1	227.7	2,801.7
Tax	-23.2	-21.7	-84.5	-69.8	-102.2
Profit for the period	68.0	51.6	279.6	157.9	2,699.5
Statement of comprehensive income, SEK m					
Profit for the period	68.0	51.6	279.6	157.9	2,699.5
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	68.0	51.6	279.6	157.9	2,699.5

¹⁾ For a breakdown of net revenue, see table on page 10.

²⁾ Refers to insurance compensation for rent losses and emergency response costs after the fire in 2017 in the property Vildmannen 7.

BALANCE SHEETS – SUMMARY

PARENT COMPANY, SEK m	30 September, 2021	30 September, 2020	31 December, 2020
Investment properties	8,252.5	8,223.9	8,263.8
Other non-current assets	5,226.6	2,920.9	2,696.1
Total non-current assets	13,479.1	11,144.8	10,959.9
Current assets	1,524.6	1,121.7	4,037.3
Total assets	15,003.7	12,266.5	14,997.2
Restricted equity	1,978.7	1,978.7	1,978.7
Non-restricted equity	2,528.8	213.3	2,755.0
Total equity	4,507.5	2,192.0	4,733.7
Untaxed reserves	38.7	161.6	38.7
Provisions	906.1	898.6	900.2
Non-current liabilities	6,578.1	6,270.5	6,277.2
Current liabilities	2,973.3	2,743.8	3,047.4
Total equity and liabilities	15,003.7	12,266.5	14,997.2

Stockholm, November 11, 2021

Ivo Stopner
President

This interim report has not been reviewed by the company's auditors.

DEFINITIONS AND GLOSSARY

Finance

Capital employed. Total assets reduced by non-interest-bearing liabilities and deferred tax liabilities.

Central administration. Costs for Group management and Group staff functions, costs for maintaining the Company's stock exchange listing, and other costs common to the Company.

Debt/equity ratio. Net debt in relation to equity at the end of the period.

EPRA. European Public Real Estate Association. An interest organization for listed property companies in Europe.

EPRA Earnings - Earnings from property management after nominal tax. Operating profit or loss before items affecting comparability and changes in value minus financial income and expense and computed current tax, excluding a carry-forward of unutilized tax losses. The tax deducted has been calculated with account taken of tax-deductible depreciation and investments.

EPRA NDV - Net Disposal Value. Shareholders' equity according to the balance sheet.

EPRA NRV - Net Reinstatement Value. Shareholders' equity according to the balance sheet after reversal of interest rate derivatives and deferred tax according to the balance sheet, excluding deferred tax on assets and/or liabilities other than investment properties and right-of-use assets attributable to ground rents.

EPRA NTA - Net Tangible Assets. Shareholders' equity according to the balance sheet after reversal of derivative instruments and deduction for intangible assets, adjusted for actual deferred tax instead of nominal deferred tax.

Equity ratio. Equity at the end of the period in relation to total assets.

Gross margin. Gross profit in relation to net revenue.

Interest coverage ratio. Profit or loss after net financial income/expense, excluding items affecting comparability and changes in value, plus interest expense in relation to interest expense. In the interim accounts, net profit or loss after net financial income/expense, excluding items affecting comparability and changes in value, as well as interest expense, have been recalculated on a full-year basis with no adjustments for seasonal variations that normally arise in the company's operations.

Items affecting comparability. Items of a non-recurring nature and which make it difficult to compare between two given periods.

MTN programme. Medium Term Note is a bond programme with a term of 1-15 years.

Net debt. Interest-bearing liabilities including lease liabilities and decided dividend minus current investments and cash and cash equivalents.

Net loan-to-value ratio, properties. Net debt in relation to the carrying amount of properties.

Profit or loss from property management. Operating profit or loss before items affecting comparability and changes in value minus financial income and expense.

Return on capital employed. Profit or loss before tax plus interest expense in relation to average capital employed. In the interim accounts, the return has been recalculated on a full-year basis with no adjustments for seasonal variations

that normally arise in the Company's operations and with the exception of items affecting comparability and changes in value.

Return on equity. Net profit or loss in relation to average equity. In the interim accounts, the return has been recalculated on a full-year basis with no adjustments for seasonal variations that normally arise in the Company's operations and with the exception of items affecting comparability and changes in value.

Return on equity, adjusted. Net profit or loss, excluding changes in value, in relation to average equity. In the interim accounts, the return has been recalculated on a full-year basis with no adjustments for seasonal variations that normally arise in operations and with the exception of items affecting comparability and changes in value.

Tax. Total tax for the Group comprises both current tax and deferred tax.

Shares

Average number of outstanding shares. Weighted average number of outstanding shares during a defined period.

Earnings per share. Net profit or loss for the period in relation to the average number of outstanding shares during the period.

EPRA EPS. EPRA Earnings in relation to the average number of outstanding shares during the period.

Equity per share. Equity in relation to the number of outstanding shares at the end of the period.

Property

Annual rent. Gross rent at the end of the period, including supplements, calculated on an annual basis. Vacant premises are reported at the Estimated Rental Value (ERV).

Bibliotekstan. The area between Norrmalmstorg, Birger Jarlsgratan, Stureplan, and Norrlandsgatan, and which contains stores with high-class brands, restaurants and cafes.

EPRA vacancy rate. Estimated Market Rental Value (ERV) of vacant space divided by the ERV of all property holdings. Current development projects are excluded.

Fair value. The estimated market value of the properties.

Floor space vacancy rate. Vacant floor space in square metres in relation to the total rentable floor space.

Fredstan. The area around Fredsgatan between Brunnsparken and Trädgårdsföreningen, where the vision is to offer a unique range of stores, restaurants, and cultural events and facilities.

Market value, properties. The amount for which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. In accounting terms, this is known as "fair value".

Operating surplus. Rent revenue less costs for property management.

Property tax supplement. Property tax payments received from tenants.

Rental vacancy rate. Estimated Market Rental Value (ERV) of vacant space divided by the ERV of all property holdings.

Surplus ratio. Net operating income as a percentage of rent revenue.

In some cases, there has been rounding off, which means the tables and calculations do not always tally.

This document is in all respects a translation of the original Interim Report in Swedish. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

HUFVUDSTADEN

Hufvudstaden

Hufvudstaden was founded in 1915 and rapidly became one of the leading property companies in Sweden. Today it is one of the country's strongest brands in the property sector. The brand is well known and represents high quality, good service, and long-term thinking in the management and development of the Company's commercial properties in the most attractive business locations in Stockholm and Gothenburg.

Vision

Hufvudstaden will be consistently perceived as, and prove to be, the most attractive property company in Sweden.

Business concept

With properties in central Stockholm and central Gothenburg, Hufvudstaden will offer successful companies high-quality office and retail premises in attractive marketplaces.

Financial objectives

- Hufvudstaden shares will have good dividend growth over time, and the dividend will amount to more than half the net profit from current operations.
- The equity ratio will be at least 40 per cent over time.

Operating objectives

Hufvudstaden will:

- gradually increase profit from current operations.
- have the most satisfied customers in the industry.
- have the most developed property holdings in the industry.
- have the most professional employees in the industry, with firm commitment to the customer, good business acumen and professional know-how.

Strategies to achieve the objectives

Customer focus. Hufvudstaden will work in close cooperation with its customers and contribute to continuously improving their business potential and competitiveness.

Quality. Systematic quality management will ensure the highest possible level of quality in all of the company's products and services.

Competence development. Systematic development of the knowledge and skills of personnel will be ensured, with focus on professional know-how and values.

Business development. Active business development and adaptation to the digitalization of society will create added value in the property holdings.

Sustainability. Hufvudstaden will work actively and in the long term to ensure financial, environmental and social sustainability.



BIBLIOTEKSTAN



COWORKING



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GÖTEBORG



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Registered office: Stockholm



HUFVUDSTADEN