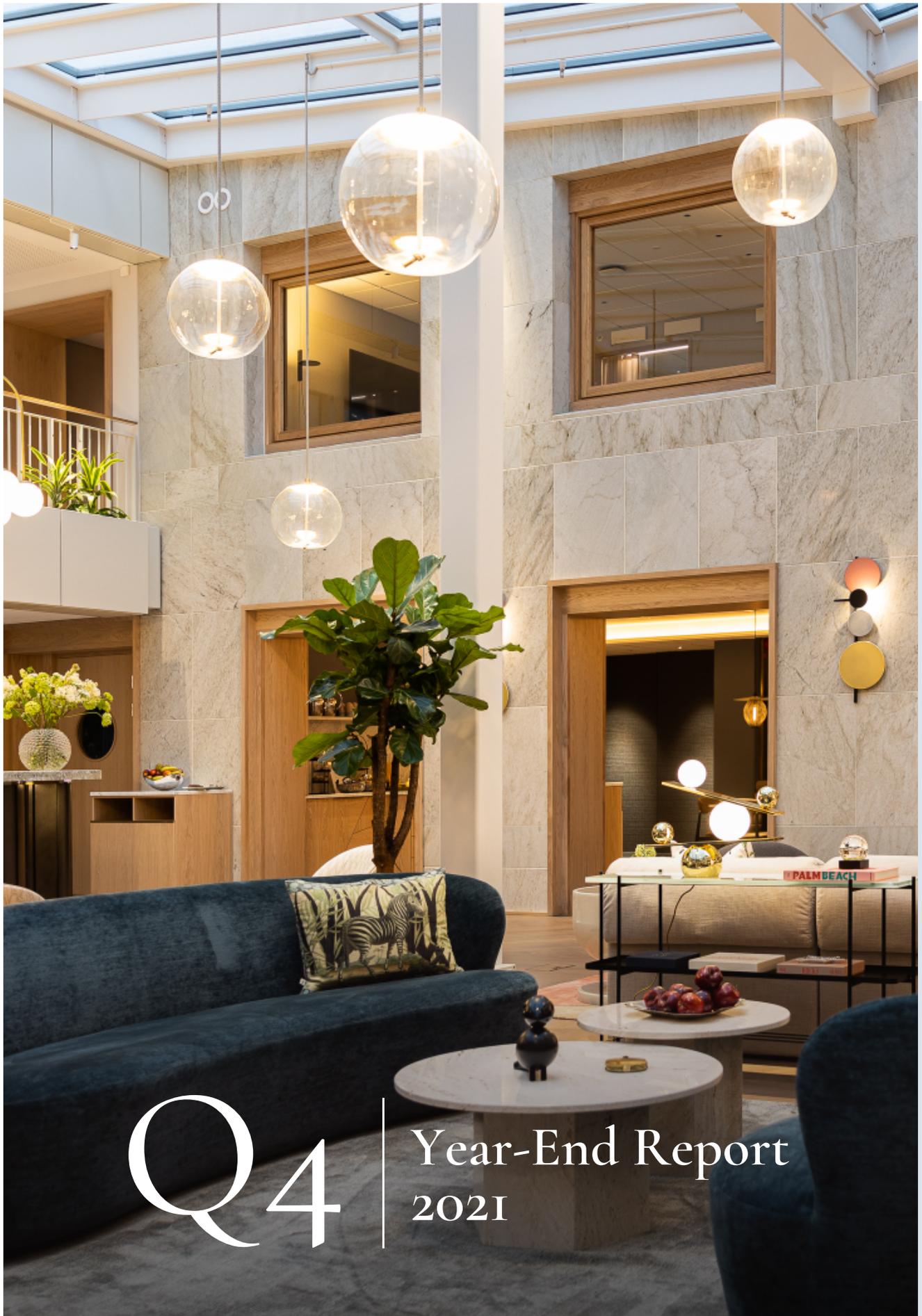


HUFVUDSTADEN



Q4

Year-End Report
2021

HUFVUDSTADEN

Year-End Report 2021

- Net revenue from property management was SEK 1,783 million (1,724), an increase of 3 per cent. Elimination of intra-Group rent revenue amounted to SEK 153 million (44), attributable primarily to NK Retail.
- Gross profit from property management increased by 2 per cent, totalling SEK 1,221 million (1,194), which is attributable primarily to higher rent revenue. Elimination of intra-Group rent revenue amounted to SEK 153 million (44).
- The net profit for the year was SEK 2,955 million (-1,462), equivalent to SEK 14.61 per share (-7.13). The increase is attributable to positive unrealised changes in value in the property holdings.
- The Board proposes an increase in dividend to SEK 2.60 per share (2.50).
- The fair value of the property holdings was SEK 48.8 billion (45.6), resulting in net tangible assets (EPRA NTA) of SEK 188 per share (173). Unrealised changes in the value of the property holdings amounted to SEK 2,579 million (-2,930) for the year.
- The equity ratio was 61 per cent (60), the net loan-to-value ratio was 18 per cent (19), and the interest coverage ratio multiple was 9.3 (9.1).
- The rental vacancy rate at the end of the period was 7.3 per cent (8.2). Excluding current development projects, the rental vacancy rate was 5.9 per cent (6.7).

Operating events during the fourth quarter

Building permission was received for the Johanna project in Gothenburg. The project will be initiated at the beginning of 2022 and on completion will contain approximately 32,000 square metres of rentable space.

For the second consecutive year, Hufvudstaden placed first in GRESB's international sustainability ranking in the "Office and retail" category in Europe.

The consulting company Sitowise signed a lease for about 1,500 square metres of office space in Femman in Gothenburg.

Cirio law firm signed a lease for office space of approximately 2,200 in the ongoing Vildmannen 7 project in Bibliotekstan with access in 2023.

In the Skären 9 property in Bibliotekstan, the brand Samsøe Samsøe and the mobility brand Lynk & Co signed leases for a combined total of about 300 square metres of retail space.

MAX will open a restaurant of about 550 square metres in the Kåkenhusen 40 property on Kungsgatan in Stockholm.

Performance measures

SEK m	Jan–Dec 2021	Jan–Dec 2020
Net revenue, property management ¹⁾	1,783	1,724
Gross profit, property management ¹⁾	1,221	1,194
Unrealised changes in property value, investment properties	2,579	-2,930
Operating profit or loss	3,865	-1,702
Profit or loss for the period	2,955	-1,462
Fair value of properties, SEK bn	48.8	45.6
Net loan-to-value ratio, properties, %	17.9	18.8
Interest coverage ratio, multiple	9.3	9.1
Rental vacancy rate, excl. projects (EPRA vacancy rate), %	5.9	6.7
Earnings from property management after nominal tax (EPRA EPS) per share, SEK	5.10	4.80
Net tangible assets (EPRA NTA) per share, SEK	188	173

¹⁾ After elimination of intra-Group rent revenue of SEK 153.0 million for January–December 2021 and SEK 43.9 million for January–December 2020.

COVID-19

At the beginning of the fourth quarter of the year, the transmission of covid-19 remained low in Sweden. The burden on health care services was manageable. The vaccination rate with two vaccine doses was more than 80 per cent and the third dose of the vaccine had begun to be administered to the population. The authorities have gradually removed their recommendations and restrictions.

The omicron mutation of the coronavirus resulted in an increase in transmissions at the end of the year. On December 23rd, recommendation was introduced that those who could work from home should do so. Several restrictions were again imposed on stores and restaurants regarding the number of visitors and opening hours. Despite the high spread of infection, the number of seriously ill people did not rise to the levels measured during the earlier waves of infection.

International tourism remained weak during the autumn and winter, but domestic tourism increased somewhat. The flows of people in central Stockholm and Gothenburg recovered during the autumn and at the beginning of the winter. Sales in stores and restaurants increased and for some months, 2019 levels were exceeded.

A turnaround was noted during the fourth quarter for Hufvudstaden's centrally located properties and marketplaces in the two largest cities in Sweden. The payment capacity of retail and restaurant tenants was strengthened, although several continue to be impacted financially by the recent years' restrictions and recommendations. Earnings for 2021 were charged with rent reductions of

approximately SEK 107 million (163) attributable to covid-19, before recognised compensation from the state commercial rent support scheme. Compensation recognised from the state totalled SEK 47 million (40), which yielded a net effect of approximately SEK 60 million (123).

In many cases, Hufvudstaden has long 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. The company is following official recommendations and directives on how to manage transmission of the virus. The relatively rapid recovery in the autumn in terms of sales in our marketplaces shows that properties that offer consumers attractive meeting and retail spaces with unique shopping experiences have good possibilities to meet changed consumer behaviors in the future as well.

Hufvudstaden's financial position is strong, with good conditions to continue to develop our properties and marketplaces.

The pandemic has in all likelihood accelerated social changes, but 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 as arts- and culture experiences. Therefore, the assessment is that offices, stores and restaurants in centrally located properties in the two largest cities in Sweden will 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 153.0 million (43.9) totalled SEK 1,783.5 million (1,724.0) for the year. Gross profit was SEK 1,221.1 million (1,193.5) 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.

The turnover-based rent supplement is reported during the fourth quarter and amounted to SEK 8.8 million (4.6), of which the NK properties accounted for SEK 6.3 million (3.3). Apart from the turnover-based rent supplement, 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 February 3, 2021. Net revenue amounted to SEK 604.0

million (-). Costs after elimination of intra-Group rents of SEK -98.6 million (-) were SEK -507.9 million (-). Profit for NK Retail excluding intra-Group rental costs was SEK 96.1 million (-).

Net revenue from other operations amounted to SEK 100.4 million (71.7). 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 -54.4 million (-43.9) were SEK -74.0 million (-25.3). The increase is attributable to Cecil Coworking and NK e-commerce operations. Profit excluding intra-Group rental costs was SEK 26.4 million (46.4). For further information, see page 9.

Other profit and loss items

Central administration totalled SEK -57.9 million (-47.4). In the fourth quarter, the cost of bonus of SEK -9.2 million (-2.3) was included. Unrealised changes in the value of investment properties totalled SEK 2,579.3 million (-2,929.9). For further information, see pages 4-6.

Financial income and expense

Net financial income and expense amounted to SEK -138.9 million (-131.7), of which SEK -116.4 million

(-109.3) refers to the cost of borrowing, and SEK -22.5 million (-22.4) to leasing costs, primarily ground rents. The increase in financial expenses related to borrowing is due to increased borrowing. For further information, see page 6.

Tax

The Group's tax for the period was SEK -770.8 million (371.5), of which SEK -110.2 million (-99.3) in current tax and SEK -660.6 million (470.8) in deferred tax. The increase in deferred tax is attributable primarily to positive unrealised changes in value in property holdings.

Net profit or loss for the year

The consolidated net profit was SEK 2,955.3 million (-1,461.7). The improvement was 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 December 31, 2021 was SEK 48,790 million (45,637). The increase is attributable to higher unrealised changes in value and investments. Rentable floor space totalled approximately 386,500 square metres (386,800).

The total rental vacancy rate as at December 31, 2021 was 7.3 per cent (8.2) and the total floor space vacancy rate was 10.2 per cent (9.8). The rental vacancy rate, excluding current development projects (EPRA vacancy rate), totalled 5.9 per cent (6.7).

Acquisitions and investments

Total investments were SEK 628.3 million (948.9), of which investments in properties and other non-current assets were SEK 588.5 million (948.9).

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

Current and planned development projects are progressing as scheduled despite the covid-19 pandemic.

Development of the women's floors in the NK Department Stores in Stockholm and Gothenburg is ongoing. The projects aim to create a more efficient layout with new designs for the departments and improved customer flows. 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 final quarter of the year.

In Vildmannen 7 in Bibliotekstan, the foundation work was completed. The work on the frame and

facade is ongoing. During the quarter, material deliveries of installations were also made. A lease was signed with Cirio law firm for approximately 2,200 square metres of office space. Interest is strong in the remaining office space of about 700 square metres. The new building will offer highly modern and efficient offices as well as attractive stores in a unique environment. The building will be accessed in stages in 2023.

In Gothenburg, planning and preparatory work continued ahead of the extensive redevelopment and expansion of the Johanna project in the Inom Vallgraven 12 block. The new local plan allows for additional building permissions of around 15,000 square metres in gross area. At the end of 2021, building permission was obtained for the project. A partnership agreement had previously been signed, with NCC as the main contractor. Production commenced during the first quarter of 2022 and completion is scheduled for the turn of the year 2025/2026. In total, the project is estimated to result in the lettable area increasing by approximately 11,600 square metres. In the Inom Vallgraven 3:2 property, the conversion into housing and major maintenance measures are in progress and the project is expected to be completed at the end of 2022.

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 2021 was SEK 2,579.3 million (-2,929.9). The total value of the property holdings as at December 31, 2021 was SEK 48.8 billion, including investments made during the year. The unrealised increase in value was primarily due to the effect of falling yield requirements but also to higher rents for offices.

The average yield requirement fell 14 basis points on average compared to the third quarter and stood at 3.5 per cent at the above valuation (3.7 at the preceding year-end).

Major current and planned projects in the fourth quarter 2021

City	Property	Status	Type of premises	Project floor space (sq m)	Of which added floor space (sq m)	Estimated investment ¹⁾ (SEK m)	Estimated completion (year)
Stockholm	Vildmannen 7	Current	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 capitalization 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 few or no deals are concluded in the property's sub-area, transactions in the adjoining area are analyzed. Even transactions that have yet to be finalized provide guidance on market yield requirements.

The yield requirement can vary between different regions and different sub-areas 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 0.20 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 rate, 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 carrying out the valuation, the following yield requirement figures for office and retail properties have been applied:

Yield requirements, property valuation ¹⁾

Stockholm	3.1-3.5 per cent
Gothenburg	4.0-4.8 per cent
Property holdings, average	3.5 per cent

¹⁾ Valuation date: December 31, 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 value range is usually +/- 5 per cent but can vary depending, among other things, on the market situation, the technical standard of the property, and investment requirements. Hufvudstaden's property holdings are valued at SEK 48.8 billion, with a degree of uncertainty of +/- 5 per cent, the estimated fair value varies by +/- SEK 2.4 billion. Below are the key factors that influence the valuation and the consequent impact on profit or loss before tax.

Sensitivity analysis, property valuation ¹⁾

	Change, +/-	Impact on profit or loss before tax, +/-
Rental revenue	SEK 100/sq m	SEK 1,120 m
Property costs	SEK 50/sq m	SEK 560 m
Rental vacancy rate	1.0 percentage points	SEK 660 m
Yield requirement	0.25 percentage points	SEK 3,550 m

¹⁾ Valuation date: December 31, 2021

External valuation

To assure the quality of the valuation, external estimates were obtained from three independent valuation companies: Cushman & Wakefield, Forum

Fastighetsekonomi, and Newsec Advice. The external valuation as at December 31, 2021 comprises ten properties, equivalent to 47 per cent of the internally assessed fair value. The corresponding proportions were 50 per cent at mid-year and 29 per cent during the first quarter of the year. The basis for selection was that the properties should represent variations in property category, town, location, technical standard, and construction standard. The properties that underwent an external valuation as at December 31, 2021 were Grönlandet Södra 11, Hästen 19 and 20 (NK Stockholm), Järnplåten 28, Kvasten 2, Orgelpipan 7, Packarhuset 4, Pumpstocken 10 (part of) and Rånåilen 19 (part of) in Stockholm, and Inom Vallgraven 10:9 (NK Gothenburg) and Nordstaden 8:24 (part of) in Gothenburg.

The external valuation companies set a fair value for these properties of SEK 24.1 billion.

Hufvudstaden's internal valuation of the same properties was SEK 23.1 billion. The internal valuations thus concur well with the external valuations.

Net asset value

Based on the valuation of the property holdings, the current net reinstatement value (EPRA NRV) was SEK 40.3 billion or SEK 199 per share. Net tangible assets (EPRA NTA) amounted to SEK 38.0 billion or SEK 188 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 assessed deferred tax has been assumed at 5 per cent.

Net asset value, December 31, 2021

	SEK m	SEK/ share
Equity according to the balance sheet	31,066.0	154
<i>Reversal</i>		
Deferred tax ¹⁾	9,274.0	45
Long-term EPRA NRV	40,340.0	199
<i>Deduction</i>		
Intangible assets	-96.7	0
Estimated fair liability, deferred tax 5%	-2,251.0	-11
EPRA NTA	37,992.3	188
<i>Reversal</i>		
Intangible assets as above	96.7	0
Deferred tax in its entirety	-7,023.0	-34
EPRA NDV	31,066.0	154

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

RENTAL MARKET

In Stockholm City, activity in the office market increased, with rising demand for modern, flexible office premises in a prime location. Vacancy rates rose somewhat and in Stockholm's most attractive locations - Bibliotekstan, Normalmstorg/Hamngatan, and the Hötorget area - market rents for office premises were estimated at SEK 6,400-8,800 per square metre and year, excluding property tax supplement. The market for retail premises recovered somewhat during the fourth quarter and more leases were signed. Market rent levels were difficult to assess, but are assumed to have declined somewhat, at least temporarily, compared to before the covid-19 pandemic. Estimated market rents in prime retail locations were SEK 12,000-24,000 per square metre and year, excluding property tax supplement.

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

amounted to SEK 4,000-13,000 per square metre per year, excluding property tax supplement. The outcome from the Group renegotiations was positive for office premises and negative for retail premises. During the year, a total of 42,600 square metres were renegotiated at a rental value of SEK 231 million. On average, the renegotiations resulted in a rent increase of approximately 5 per cent.

FINANCING

Hufvudstaden's financing requirements are met through a number of the major Nordic banks and the capital market. Total borrowing as at December 31, 2021 amounted to SEK 9,200 million (8,650). Interest-bearing net debt was SEK 8,018 million (7,866). In addition, leasing debt according to IFRS 16 amounted to SEK 716 million (720), total net debt was SEK 8,734 million (8,586). In addition to outstanding loans, there are unutilized loan commitments amounting to SEK 3,500 million.

Hufvudstaden has an MTN programme totalling SEK 12,000 million, and a commercial paper programme amounting to SEK 3,000 million. The outstanding amount in bonds was SEK 7,700 million and there was SEK 500 million in commercial paper. Hufvudstaden ensures that at any point in time there are unutilized loan commitments to cover all outstanding commercial paper.

Financing facilities, SEK m, December 31, 2021

Loan/facility type	Framework/ facility volume	Utilized
MTN programme	12,000	7,700
Comm. paper programme	3,000	500
Bank loans incl. loan commitments	4,500	1,000

The average fixed interest period was 2.2 years (1.8), the average capital tie-up period was 2.6 years (2.6) and the average annual equivalent interest rate was 1.3 per cent (1.3), including, and 1.2 per cent (1.1), excluding the cost of 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 6,500 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, December 31, 2021

Maturity, year	Credit amount SEK m	AER, % ¹⁾²⁾	Proportion, %
< 1	2,700	1.4	29
1 - 2	2,000	1.3	22
2 - 3	1,000	1.4	11
3 - 4	1,000	1.0	11
4 - 5	2,500	1.2	27
Total	9,200	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, December 31, 2021

Maturity, Year	Credit Agreement	Utilized:			Unutilized
		Bank loans	Bonds/Commer. paper	Total	
< 1	2,200	500	1,700	2,200	-
1 - 2	3,000	500	2,000	2,500	500
2 - 3	3,000	-	1,000	1,000	2 000
3 - 4	2,000	-	1,000	1,000	1 000
4 - 5	2,500	-	2,500	2,500	-
Total	12,700	1,000	8,200	9,200	3 500

FOURTH QUARTER

Gross profit from property management after elimination of intra-Group rents of SEK 44.3 million (11.0) totalled SEK 289.0 million (296.4), down 2 per cent.

Net revenue after elimination of intra-Group rents of SEK 44.3 million (11.0) totalled SEK 444.1 million (442.9). Operating costs amounted to SEK -155.1 million (-146.5).

Net revenue from NK Retail amounted to SEK 224.9 million (-). Costs after elimination of intra-Group rents of SEK -30.5 million (-) were SEK -182.3 million (-). Profit for NK Retail excluding intra-Group rental costs was SEK 42.6 million (-).

Net revenue from other operations amounted to SEK 34.0 million (19.6). Costs after elimination of intra-Group rents of SEK -13.8 million (-11.0) were SEK -23.2 million (-17.2). Profit excluding intra-Group rental costs was SEK 10.8 million (2.4).

Unrealised changes in the value of investment properties amounted to SEK 1,844.1 million (-859.7). Net financial income and expense totalled SEK -37.6 million (-32.8).

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 40,530 shareholders at the end of the year. The proportion of foreign ownership as at December 31, 2021 was 24.9 per cent (28.0) of the total number of outstanding shares. The class A share price as at December 31, 2021 was SEK 135.20, and total market capitalization of all shares based on the class A share price was SEK 27.4 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 fourth quarter of 2021, no conversions took place.

Share structure as at December 31, 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

Largest shareholder groups, December 31, 2021

Shareholder groups	Number of shares,%	Number of votes, %
LE Lundbergföretagen	44.8	87.8
State Street Bank and Trust	4.5	0.9
BNY Mellon Funds	4.2	0.9
Citi Bank	3.5	0.7
JP Morgan Funds	3.0	0.6
BNP Paribas	2.1	0.4
Spiltan Aktiefond	1.3	0.3
SEB Funds	1.2	0.2
The Northern Trust Company	1.0	0.2
Other shareholders	30.2	7.1
Outstanding shares	95.8	99.1
Company holdings	4.2	0.9
Total number of issued shares	100.0	100.0

Shares bought back

Treasury shares held at December 31, 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 December 31, 2021

Million shares	Total		
	number of shares	Treasury shares	Other shareholders
As at January 1, 2021	211.3	9.0	202.3
Buyback	-	-	-
As at December 31, 2021	211.3	9.0	202.3

EVENTS DURING THE PERIOD

On February 3, 2021, the Group accessed the NK business in Departments & Stores Europé AB. The business encompasses the operation of approximately 40 departments within fashion, cosmetics and jewelry 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.

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

There were no material transactions with related parties during the year.

EU TAXONOMY

In order to achieve the EU's climate goals and objectives within the EU's green growth strategy, the European Green Deal, the EU has decided on a taxonomy whose purpose is to define which economic activities are sustainable. In accordance with the mandatory reporting for 2021, Hufvudstaden reports the extent to which the Group's activities are covered by the EU taxonomy. The information is published as part of the Annual and Sustainability Report for 2021.

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 jewelry 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 are on approval for 30 days (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 acquisition value and net realizable value. The acquisition value 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.

EVENTS AFTER THE END OF THE PERIOD

On December 31, 2021, CEO Ivo Stopner entered retirement after having worked for more than 30 years in the company. On January 1, 2022, Anders Nygren became the new CEO of the company, with Åsa Roslund and Bo Wikare as Vice Presidents.

PROPOSAL REGARDING ELECTION OF THE BOARD OF DIRECTORS AND AUDITORS

The company's main shareholder, L E Lundberg-företagen AB, has notified the company of its intention to present a proposal at the Annual General Meeting that the current members of the Board of Directors, Claes Boustedt, Peter Egardt, Liv Forhaug, Louise Lindh, Fredrik Lundberg, Fredrik Persson and Sten Peterson be re-elected, and that Fredrik Lundberg be re-elected as Chairman of the Board. It is also proposed that Katarina Ljungqvist and Anders Nygren be elected for the first time. Anna-Greta Sjöberg and Ivo Stopner have declined re-election. The auditing company PricewaterhouseCoopers AB is proposed as the auditing company with Magnus Svensson Henryson as lead auditor.

PROPOSED DIVIDEND

The Board proposes an increase in dividend to SEK 2.60 per share (2.50).

ANNUAL GENERAL MEETING

The Annual General Meeting will be held by postal voting on Thursday, 24 March 2022. The Annual Report for 2021 will be available in the week beginning 28 February at the company's office and on the company's website. At the same time, it will be distributed to those shareholders who have made a request to that effect.

FORTHCOMING INFORMATION

Annual Report 2021	March 2022
Annual General Meeting 2022	March 24, 2022
Interim Report, January-March 2022	May 5, 2022
Half-year Report, January-June 2022	August 24, 2022
Interim Report, January-September 2022	November 10, 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 February 17, 2022.

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

Questions can be answered by Anders Nygren, President, or Åsa Roslund, Vice President and CFO, on +46-8-762 90 00.

REPORT ON RESULTS

GROUP, SEK m	October-December 2021	October-December 2020	January-December 2021	January-December 2020
Net revenue¹⁾				
Property management, gross	488.4	453.9	1,936.5	1,767.9
Rent revenue, intra-Group	-44.3	-11.0	-153.0	-43.9
Property management, net	444.1	442.9	1,783.5	1,724.0
Other segments	258.9	19.6	704.4	71.7
	703.0	462.5	2,487.9	1,795.7
Property management expenses				
Maintenance	-9.7	-7.6	-26.3	-27.0
Operation and administration	-92.9	-87.7	-326.1	-298.1
Property tax	-51.1	-49.8	-204.2	-200.3
Depreciation	-1.4	-1.4	-5.8	-5.1
Property management expenses	-155.1	-146.5	-562.4	-530.5
Other segments, gross expenses	-249.8	-28.2	-734.9	-69.2
Rental expenses, intra-Group	44.3	11.0	153.0	43.9
Other segments, net expenses	-205.5	-17.2	-581.9	-25.3
Operating expenses	-360.6	-163.7	-1,144.3	-555.8
Gross profit	342.4	298.8	1,343.6	1,239.9
- of which Property management	289.0	296.4	1,221.1	1,193.5
- of which Other segments	53.4	2.4	122.5	46.4
Central administration	-21.2	-12.9	-57.9	-47.4
Operating profit before items affecting comparability and changes in value	321.2	285.9	1,285.7	1,192.5
Items affecting comparability ²⁾	-	1.2	-	35.9
Change in value, investment properties	1,844.1	-859.7	2,579.3	-2,929.9
Operating profit or loss	2,165.3	-572.6	3,865.0	-1,701.5
Financial income or expense	-37.6	-32.8	-138.9	-131.7
Profit or loss before tax	2,127.7	-605.4	3,726.1	-1,833.2
Tax	-443.5	146.5	-770.8	371.5
Net profit or loss	1,684.2	-458.9	2,955.3	-1,461.7
Other comprehensive income	-	-	-	-
Total comprehensive income or loss for the period	1,684.2	-458.9	2,955.3	-1,461.7
Average number of outstanding shares	202,306,933	202,306,933	202,306,933	205,130,742
Net earnings for the period, per share before and after dilution, SEK	8.33	-2.27	14.61	-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.

REPORT ON FINANCIAL POSITION

GROUP, SEK m	December 31, 2021	December 31, 2020
Investment properties	48,789.6	45,636.5
Right of use assets	715.4	716.6
Other non-current assets	147.5	156.9
Total non-current assets	49,652.5	46,510.0
Current assets	1,446.3	887.1
Total assets	51,098.8	47,397.1
Equity	31,066.0	28,616.5
Non-current interest-bearing liabilities	7,000.0	6,200.0
Deferred tax liabilities	9,162.1	8,501.5
Non-current leasing liabilities	706.9	709.6
Other non-current liabilities	87.7	84.3
Other provisions	31.9	26.2
Total non-current liabilities	16,988.6	15,521.6
Current interest-bearing liabilities	2,200.0	2,450.0
Current leasing liabilities	9.4	10.2
Other liabilities	834.8	798.8
Total current liabilities	3,044.2	3,259.0
Total equity and liabilities	51,098.8	47,397.1

REPORT ON CHANGES IN EQUITY

GROUP, SEK m	January-December 2021	January-December 2020
Equity, opening balance	28,616.5	31,382.7
Total comprehensive income or loss for the period	2,955.3	-1,461.7
Dividend	-505.8	-804.4
Share buyback	-	-500.0
Equity, closing balance	31,066.0	28,616.5

REPORT ON CASH FLOWS

GROUP, SEK m	January-December 2021	January-December 2020
Income before tax	3,726.1	-1,833.2
Depreciation/impairments	38.9	78.6
Changes in value, investment properties	-2,579.3	2,929.9
Other changes	5.3	0.5
Income tax paid	-110.3	-99.3
Cash flow from current operations before changes in working capital	1,080.7	1,076.5
Increase/decrease in inventory	-93.5	-
Increase/decrease in operating receivables	-4.5	-36.8
Increase/decrease in operating liabilities	11.6	32.5
Cash flow from current operations	994.3	1,072.2
Acquisition of business	-39.8	-
Investments in properties	-573.8	-885.9
Investments in other non-current assets	-14.7	-63.0
Cash flow from investments	-628.3	-948.9
Loans raised	4,250.0	3,450.0
Amortization of loan debt	-3,700.0	-3,150.0
Amortization of leasing debt	-11.8	-41.4
Dividend paid	-505.8	-804.4
Share buyback	-	-500.0
Cash flow from financing	32.4	-1,045.8
Cash flow for the period	398.4	-922.5
Cash and cash equivalents at the beginning of the period	783.6	1,706.1
Cash and cash equivalents at the period-end	1,182.0	783.6
Cash flow from current operations per share, SEK	4.91	5.23
Cash flow for the period per share, SEK	1.97	-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-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Property management										
Net revenue	1,167.5	1,052.6	446.1	376.0	322.9	339.3	-153.0	-43.9	1,783.5	1,724.0
Expenses	-252.5	-240.5	-208.5	-188.6	-101.4	-101.4			-562.4	-530.5
Gross profit property management	915.0	812.1	237.6	187.4	221.5	237.9	-153.0	-43.9	1,221.1	1,193.5
NK Retail¹⁾										
Net revenue			604.0						604.0	
Expenses			-606.5				98.6		-507.9	
Gross profit NK Retail			-2.5				98.6		96.1	
Other operations²⁾										
Net revenue	18.2	-	82.2	71.7					100.4	71.7
Expenses	-25.7	-3.9	-102.7	-65.3			54.4	43.9	-74.0	-25.3
Gross profit other operations	-7.5	-3.9	-20.5	6.4			54.4	43.9	26.4	46.4
Central administration									-57.9	-47.4
Items affecting comparability ³⁾									-	35.9
Changes in value, investment properties									2,579.3	-2,929.9
Operating profit or loss									3,865.0	-1,701.5
Financial income and expense									-138.9	-131.7
Profit or loss before tax									3,726.1	-1,833.2

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

²⁾ Cecil Coworking opened on February 1, 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-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Rent revenue	1,791.9	1,712.9	1,322.6	1,224.1
Service revenue	92.0	82.8	43.7	43.8
Sale of goods	604.0	-	-	-
Total net revenue	2,487.9	1,795.7	1,366.3	1,267.9

PERFORMANCE MEASURES

GROUP	Full year 2021	Full year 2020
Property-related		
Rentable floor space, 1,000 m ²	386.5	386.8
Rental vacancy rate, %	7.3	8.2
Floor space vacancy rate, %	10.2	9.8
Fair value, SEK bn	48.8	45.6
Surplus ratio, %	71.0	70.0
Net operating income, SEK m	1,374.1	1,237.4
Financial		
Return on equity, %	9.9	-4.9
Return on capital employed, %	9.8	-4.3
Equity ratio, %	61	60
Interest coverage ratio, multiple	9.3	9.1
Debt/equity ratio, multiple	0.3	0.3
Net loan-to-value ratio, properties, %	17.9	18.8
Gross margin, %	54.0	69.0
Data per share		
Net earnings per share for the period, SEK	14.61	-7.13
Equity, SEK	153.56	141.45
Properties, fair value, SEK	241.17	225.58
Number of outstanding shares, 1,000	202,307	202,307
Average number of outstanding shares, 1,000	202,307	205,131
Number of issued shares, 1,000	211,272	211,272
EPRA		
Earnings from property management after nominal tax (EPRA Earnings), SEK m	1,032	984
Earnings per share from property management after nominal tax (EPRA EPS), SEK	5.10	4.80
Net reinstatement value (EPRA NRV), SEK m	40,340.0	37,232.3
Net reinstatement value (EPRA NRV) per share, SEK	199	184
Net tangible assets (EPRA NTA), SEK m	37,992.3	35,014.4
Net tangible assets (EPRA NTA) per share, SEK	188	173
Net disposal value (EPRA NDV), SEK m	31,066.0	28,616.5
Net disposal value (EPRA NDV) per share, SEK	154	141
EPRA vacancy rate, %	5.9	6.7

PERFORMANCE MEASURES PER QUARTER

GROUP	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020
Share price, series A share, SEK	135.20	131.10	145.50	127.00	136.20	124.90	115.80	135.70
Net revenue, SEK m	703	632	635	518	463	434	409	490
Return on equity, %	9.8	5.3	4.5	2.1	-4.8	-2.8	-2.6	0.7
Return on equity, adjusted %	3.0	3.3	3.4	2.8	3.0	2.7	2.6	3.1
Equity ratio, %	61	60	60	59	60	61	62	62
Gross margin, %	48.7	55.0	55.7	57.9	64.6	70.5	68.2	71.1
Surplus ratio, %	68.2	73.5	72.8	69.2	67.7	71.0	68.4	72.6
Net operating income, SEK m	333.3	363.2	360.1	317.5	307.4	303.9	276.0	350.1
Net earnings per share for the period, SEK	8.33	2.48	3.73	0.07	-2.27	0.38	-2.83	-2.42
Equity per share, SEK	153.56	145.23	142.75	139.02	141.45	143.72	143.00	145.83
Earnings per share from property management after nominal tax (EPRA EPS), SEK	1.28	1.36	1.31	1.15	1.21	1.16	1.07	1.36
Net tangible assets (EPRA NTA) per share, SEK	188	178	175	171	173	176	175	178
Cash flow per share from current operations, SEK	1.47	1.37	1.15	0.93	1.37	1.46	1.42	0.98

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	Full year 2021	Full year 2020
Net asset value, see page 5.		
Net debt		
Non-current interest-bearing liabilities	7,000	6,200
Non-current leasing liabilities	707	710
Current interest-bearing liabilities	2,200	2,450
Current lease liabilities	9	10
Cash and cash equivalents	-1,182	-784
Net debt	8,734	8,586
Equity ratio		
Equity	31,066	28,617
Total assets	51,099	47,397
Equity ratio, %	61	60
Net loan-to-value ratio, properties		
Interest-bearing liabilities	9,200	8,650
Leasing liabilities	716	720
Interest-bearing assets	-1,182	-784
Total	8,734	8,586
Carrying amount, properties	48,790	45,637
Net loan-to-value ratio, properties, %	17.9	18.8
Interest coverage ratio		
Income before tax	3,726	-1,833
Reversal of items affecting comparability and changes in value	-2,579	2,894
Interest expense	139	132
Total	1,286	1,193
Interest expense	139	132
Interest coverage ratio, multiple	9.3	9.1
Earnings from property management after nominal tax (EPRA Earnings)		
Operating profit or loss before items affecting comparability and changes in value	1,286	1,193
Financial income or expense	-139	-132
Earnings from property management	1,147	1,061
Current tax, earnings from property management	-115	-77
Earnings from property management after nominal tax (EPRA Earnings)	1,032	984
Average number of outstanding shares, million	202.3	205.1
Earnings per share from property management after nominal tax (EPRA EPS), SEK	5.10	4.80
Vacancy rate excl. project (EPRA vacancy rate)		
Rental value for vacant space, in total	154	167
Rental value for vacant space, project	29	29
Total rental value	2,095	2,020
Vacancy rate, in total, %	7.3	8.2
Vacancy rate, project, %	1.4	1.5
Vacancy rate excl. project (EPRA vacancy rate), %	5.9	6.7

PARENT COMPANY

RESULTS AND FINANCIAL POSITION

Net revenue amounted to SEK 1,366.3 million (1,267.9). 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 for stores and restaurants in conjunction with covid-19.

Operating costs amounted to SEK -692.3 million (-857.7). The decrease is attributable to lower maintenance costs, mainly as a result of a smaller scope of major current development projects. Gross profit was SEK 674.0 million (410.2). Net financial income and expense was SEK -38.9 million (2,333.7).

Cash and cash equivalents at the end of the year amounted to SEK 1,137.0 million (749.6). Investments in properties, intangible assets, equipment and shares in subsidiaries amounted to SEK 183.6 million (384.0).

MATERIAL RISKS AND UNCERTAINTIES

The Company 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

	October- December 2021	October- December 2020	January- December 2021	January- December 2020
PARENT COMPANY, SEK m				
Net revenue ¹⁾	344.3	323.8	1,366.3	1,267.9
Operating expenses	-206.8	-223.1	-692.3	-857.7
Gross profit	137.5	100.7	674.0	410.2
Central administration	-21.1	-12.9	-57.8	-47.4
Items affecting comparability ²⁾	-	1.2	-	35.9
Operating profit	116.4	89.0	616.2	398.7
Impairment of shares in Group companies	-	-10.8	-51.3	-10.8
Other financial income and expense	96.8	2,426.5	12.4	2,344.5
Profit after financial items	213.2	2,504.7	577.3	2,732.4
Appropriations	-110.3	69.3	-110.3	69.3
Profit before tax	102.9	2,574.0	467.0	2,801.7
Tax	-21.3	-32.4	-105.8	-102.2
Profit for the period	81.6	2,541.6	361.2	2,699.5
Statement of comprehensive income, SEK m				
Profit for the period	81.6	2,541.6	361.2	2,699.5
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	81.6	2,541.6	361.2	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

	December 31, 2021	December 31, 2020
PARENT COMPANY, SEK m		
Investment properties	8,262.2	8,263.8
Other non-current assets	6,089.7	2,696.1
Total non-current assets	14,351.9	10,959.9
Current assets	1,386.3	4,037.3
Total assets	15,738.2	14,997.2
Restricted equity	1,978.7	1,978.7
Non-restricted equity	2,610.4	2,755.0
Total equity	4,589.1	4,733.7
Untaxed reserves	52.8	38.7
Provisions	907.8	900.2
Non-current liabilities	7,082.0	6,277.2
Current liabilities	3,106.5	3,047.4
Total equity and liabilities	15,738.2	14,997.2

Stockholm, February 17, 2022

Fredrik Lundberg
Chairman

Anders Nygren
President

Claes Boustedt
Board Member

Peter Egardt
Board Member

Liv Forhaug
Board Member

Louise Lindh
Board Member

Fredrik Persson
Board Member

Sten Peterson
Board Member

Anna-Greta Sjöberg
Board Member

Ivo Stopner
Board Member

This Year-End Report has not been the subject to an examination 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 Normalmalmstorg, Birger Jarls-gatan, 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 Brunnspar-ken 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".

Net operating income. Net revenue from property management before elimination of intra-Group 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 net revenue from property management before elimination of intra-Group 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.

Purpose

Shaping the city of the future together, since 1915.

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

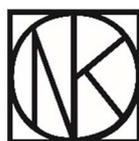
Customer focus. Hufvudstaden will work in close cooperation with its customers and contribute to continuously improving their business potential and competitiveness.

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.



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HUFVUDSTADEN