

HUFVUDSTADEN

Q1

Interim Report
January-March 2023

HUFVUDSTADEN

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- Net revenue from property management was SEK 503 million (449), an increase of 12 per cent. Including intra-Group rent revenue, net revenue from property management was SEK 551 million (499).
- Gross profit from property management increased by 15 per cent, totalling SEK 331 million (288). Including intra-Group rent revenue, gross profit from property management was SEK 379 million (338).
- Net result for the period was SEK -499 million (380), equivalent to SEK -2.47 per share (1.88). The decrease can be attributed to negative unrealised changes in the value of the property holdings.
- The fair value of the property holdings was SEK 48.9 billion (49.5 at year-end), resulting in a net reinstatement value (EPRA NRV) of SEK 195 per share (201 at year-end) after dividend payment of SEK 2.70 per share. Unrealised changes in the value of the property holdings amounted to SEK -906 million (227) for the period.
- The equity ratio was 60 per cent (60), the net loan-to-value ratio was 20 per cent (19), and the interest coverage ratio multiple was 6.2 (7.6).
- The rental vacancy rate at the end of the period was 8.5 per cent (9.7). Excluding current development projects, the rental vacancy rate was 5.4 per cent (6.7).

Operating events during the first quarter

At the Orgelpipan 7 property on Klarabergsgatan, Stockholm, THE WORKS signed a lease for approximately 2,500 square metres of office space. THE WORKS provides cost-effective co-working in properties that are under development. Investigations are being carried out for future redevelopment and expansion for Orgelpipan 7.

The brand Stone Island signed a lease for a new store at the Packarhuset 4 property in Bibliotekstan. Concurrent with this new opening, the brand will vacate from its previous store in the area.

At the NK department store in Stockholm, the luxury brand Loewe reallocated to a larger department of approximately 140 square metres.

The Hööks brand opened a pop-up store of approximately 200 square metres in the Femman shopping centre in Gothenburg. Hööks offers a wide range of products for the outdoors as well as for equestrian sport sector aiming towards riders, horses and dogs.

The Hair & Beauty department of approximately 260 square metres opened on the street level at the NK department store in Gothenburg.

Performance measures

SEK m	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net revenue, property management, gross	551	499	2,055
Rent revenue, intra-Group	-49	-50	-200
Net revenue, property management, net	503	449	1,855
Gross profit, property management	331	288	1,235
Unrealised changes in property value, investment properties	-906	227	-209
Operating profit	-575	517	1,089
Net profit for the period	-499	380	722
Fair value of properties, SEK bn	48.9	49.2	49.5
Net loan-to-value ratio, properties, %	20.0	18.7	18.7
Interest coverage ratio, multiple	6.2	7.6	7.7
EPRA vacancy rate, %	5.4	6.7	4.0
EPRA EPS, SEK	1.25	1.15	5.07
EPRA NRV per share, SEK	195	199	201



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We started the year with a strong gross profit from property management, which increased by 15 per cent. This is positive since we have several major development projects ongoing at the same time as we are experiencing a period of rising interest rates and global uncertainty. In the current market situation, Hufvudstaden has a favourable position with a low loan-to-value ratio and properties in prime locations.

We have noted continuing interest in our office premises in the best city locations in Stockholm and Gothenburg. Several customers are clearly stating that they are seeking the most attractive offices in central locations close to service, shops and cultural offering. These are factors that have become even more important after the pandemic to encourage office workers to choose the office instead of working remotely.

Anders Nygren
President

GROUP

RESULTS

Property management

Net revenue from property management excluding intra-Group rents of SEK 48.5 million (50.3) totalled SEK 502.9 million (448.7) for the period. The increase was attributable primarily to indexation as well as higher gross rents related to new leases and renegotiations. Since early 2022, net revenue was charged with vacant premises attributable to the entire Inom Vallgraven 12 block in Gothenburg being emptied for the Johanna project. Operating expenses amounted to SEK -172.2 million (-160.7). Operating expenses increased during the period, mainly related to higher energy costs. Gross profit was SEK 330.7 million (288.0) excluding intra-Group rents.

The sales-based rent supplement is reported during the fourth quarter. The sales-based rent supplement for the preceding year totalled SEK 12.0 million, of which the NK properties accounted for SEK 9.9 million. Apart from the sales-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.

Net revenue for NK Retail amounted to SEK 177.5 million (164.1). Costs excluding intra-Group rents of SEK -29.5 million (-33.7) were SEK -177.3 million (-162.9). Gross profit for NK Retail excluding intra-Group rental costs was SEK 0.2 million (1.2). Sales for NK Retail are impacted by seasonal variations, with the first quarter of the year normally being the weakest and the fourth quarter the strongest.

Net revenue for other operations amounted to SEK 34.3 million (31.0). Costs excluding intra-Group rents of SEK -19.0 million (-16.6) were SEK -20.9 million (-17.1). Gross profit excluding intra-Group rental costs was SEK 13.4 million (13.9).

For further information, see Segment Reporting on page 9.

Other profit and loss items

Central administration totalled SEK -13.0 million (-12.8). Unrealised changes in value of investment properties totalled SEK -906.4 million (227.0). For further information, see pages 4-5.

Financial income and expense

Net financial income and expense totalled SEK -52.2 million (-38.0). Interest income was SEK 1.8 million (0.0). Borrowing costs totalled SEK -48.2 million (-32.4) and interest expenses for leasing, primarily ground rents, totalled SEK -5.8 million (-5.6). The increase in financial expenses for borrowing was largely attributable to a higher average interest rate. For further information, see pages 5-6.

Tax

The Group's tax for the period was SEK 127.9 million (-99.3), of which SEK -26.5 million (-19.1) in current tax and SEK 154.4 million (-80.2) in deferred tax. The change in deferred tax can be attributed to the period's negative unrealised changes in the value of the property holdings.

Net profit or loss for the period

The consolidated net result was SEK -499.4 million (380.0). The decrease can be attributed to the period's negative unrealised changes in the value of 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 March 31, 2023 was SEK 48,909 million (49,547 at year-end). The decrease can be attributed to negative unrealised changes in value of the property holdings but was partially offset by investments during the period. Rentable floor space totalled approximately 386,100 square metres (386,600 at year-end).

The total rental vacancy rate as at March 31, 2023 was 8.5 per cent (7.0 at year-end) and the total floor space vacancy rate was 13.0 per cent (11.2 at year-end). The rental vacancy rate, excluding current development projects (EPRA vacancy rate), totalled 5.4 per cent (4.0 at year-end). The increase in the rental vacancy rate, excluding current development projects, was primarily attributable to a couple of office tenants relocating. New leases have already been signed for several of these spaces.

Acquisitions and investments

Total investments for the period amounted to SEK 283.8 million (203.3).

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

Reconstruction of Vildmannen 7 in Bibliotekstan is now in its final phase. Work with the façades is complete and the building is now weatherproof. Interior work with installations, bathrooms and plumbing systems as well as retail premises continues. Outside the building, the street environment is being restored. All office spaces of approximately 2,900 square metres have been leased to Cirio Law Firm. Several leases for retail spaces have been signed, including with Chanel Fragrance and Beauty Boutique and A.P.C., each of about 100 square metres. The new building will offer highly modern and efficient offices as well as attractive stores in a unique environment. Accession to premises will begin in July this year.

In the Hästhuvudet 13 property, at the Sveavägen and Kungsgatan intersection in Stockholm, a major redevelopment of approximately 3,100 square metres of office space and upgrade of technical installations is being undertaken. The project is expected to be completed around the turn of the year 2023/2024.

The extensive redevelopment and expansion of the Johanna project continues at the Inom Vallgraven 12 block in Gothenburg. During the quarter, work with planning, sheet piling, foundation and frame as well as new window openings was carried out. Environmental remediation and an archaeological investigation were completed. The first of two cranes were erected in the block.

The project comprises a total of approximately 44,000 square metres gross area and rentable floor space is expected to increase by approximately 11,600 square metres. Completion is expected late 2025 or early 2026.

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 unrealised change in value of the property holdings for the period was SEK -906.4 million (227.0). The total value of the property holdings as at March 31, 2023 was SEK 48.9 billion, including investments for the period. The unrealised change in value is mainly due to higher yield requirements.

The average yield requirement increased by 4 basis points compared to the fourth quarter of 2022 and stood at 3.8 per cent at the above valuation (3.7 at year-end).

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 of 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 of construction costs, as well as financial expenses 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 have been concluded in the property's sub-area, transactions in the adjoining area are analysed. Even transactions that have yet to be finalised or other impacting factors provide guidance on market yield requirements.

The yield requirement can vary between different regions and different sub-areas within the regions.

Major current and planned projects in the first quarter 2023

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	Hästhuvudet 13	Current	Office	3,100	-	135	2023/2024
Stockholm	Orgelpipan 7	Local planning	Office	-	-	-	-
Gothenburg	Inom Vallgraven 12 block	Current	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.

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 is 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 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 valuation¹⁾

Stockholm	3.4-3.8 per cent
Gothenburg	4.3-4.6 per cent
Property holdings, average	3.8 per cent

¹⁾ Valuation date: March 31, 2023.

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 48.9 billion, with a degree of uncertainty of +/- 5 per cent, would mean that 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 valuation¹⁾

	Change, +/-	Impact on profit or loss before tax, +/-
Rental revenue	SEK 100/sq m	SEK 1,060 m
Property costs	SEK 50/sq m	SEK 530 m
Rental vacancy rate	1.0 percentage points	SEK 670 m
Yield requirement	0.25 percentage points	SEK 3,350 m

¹⁾ Valuation date: March 31, 2023.

Net asset value

Based on the valuation of the property holdings, the net reinstatement value (EPRA NRV) is SEK 39.4 billion or SEK 195 per share. Net tangible assets (EPRA NTA) were SEK 37.1 billion or SEK 183 per share following a deduction of estimated actual deferred tax liabilities. This assessment is made in the light of current tax legislation, which means that properties can be sold via a limited company without tax implications. The estimated actual deferred tax has been assumed to be 5 per cent.

Net asset value, March 31, 2023

	SEK m	SEK/share
Equity	30,216.4	149
Reversal		
Recognised deferred tax ¹⁾	9,218.6	46
EPRA NRV	39,435.0	195
Deduction		
Intangible assets	-92.1	-1
Estimated actual deferred tax 5%	-2,237.5	-11
EPRA NTA	37,105.4	183
Reversal		
Intangible assets as above	92.1	1
Recognised deferred tax ¹⁾ less estimated actual deferred tax	-6,981.1	-35
EPRA NDV	30,216.4	149

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

RENTAL MARKET

The office rental market in Stockholm City remained stable, with good demand on mainly modern and flexible offices in the best locations. Vacancy levels remained within the normal range and in Stockholm's most attractive locations – Bibliotekstan, Norrmalmstorg/Hamngatan, and the Hötorget area – market rents for modern offices were estimated at SEK 6,700–9,200 per square metre and year, excluding the property tax supplement. Demand in the market for retail premises was stable and several leases were signed. The market rents for retail premises in prime commercial locations were in the range of SEK 11,000–24,000 per square metre and year, excluding the property tax supplement.

In the central sub-markets of Gothenburg, the demand was mainly for modern and flexible office premises. Vacancies were higher than the normal range and market rents in the most attractive locations were between SEK 3,200–4,000 per square metre and year, excluding the property tax supplement. For retail premises in central commercial locations, market rents were between SEK 3,000–13,000 per square metre per year, excluding the property tax supplement.

The Group's renegotiations for office premises have developed positively, while renegotiations for retail premises led to lower rents.

FINANCING

Hufvudstaden's financing requirements are met through a number of the major Nordic banks and the capital market. Total borrowings as at March 31, 2023 amounted to SEK 9,500 million (9,000 at year-end). Interest-bearing net debt was SEK 9,074 million (8,547 at year-end). In addition, the lease liability according to IFRS 16 amounted to SEK 714 million (712 at year-end), and total net debt was SEK 9,788 million (9,259 at year-end). In addition to outstanding loans, there are unutilised loan commitments amounting to SEK 5,000 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 6,000 million and there was SEK 1,000 million in commercial paper. Hufvudstaden ensures that at any point in time there are unutilised loan assurances to cover all outstanding commercial paper. As at March 31, 2023, cash and cash equivalents and unutilised loan commitments amounted to SEK 5,426 million, which covers all maturities for the next three years.

Financing facilities, SEK m, March 31, 2023

Loan/facility type	Framework/ facility volume	Unutilised
MTN programme	12,000	6,000
Comm. paper programme	3,000	2,000
Bank loans and commitment	7,500	5,000

The average fixed interest period was 1.5 years (1.7 at year-end), the average capital tie-up period was 2.5 years (2.6 at year-end), and the average effective rate of interest was 2.5 per cent (1.9 at year-end) including, and 2.3 per cent (1.7 at year-end) 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 5,000 million carries a fixed rate of interest. Financial assets and liabilities are recognised at amortised cost, which essentially concurs with fair value, apart from the bond loans. For bond loans with a fixed rate of interest, the surplus value is SEK 346.1 million (397.3 at year-end). These values were calculated on the basis of level 2 in IFRS 13, which means that the value has been calculated based on official market listings.

Fixed interest structure, March 31, 2023

Maturity, year	Credit amount, SEK m	AER, % ^{1), 2)}	Proportion, %
< 1	4,500	3.7	48
1 - 2	2,000	1.2	21
2 - 3	500	1.2	5
3 - 4	2,500	1.4	26
Total	9,500	2.5	100

¹⁾ The cost for unutilised loan commitments is allocated in the table in the period in which the credit matures.

²⁾ The average effective rate excluding cost for unutilised loan commitments was 2.3 per cent.

Capital tie-up structure, SEK m, March 31, 2023

Maturity, year	Bank-loans	Bonds/ Comm.paper	Total	Unutilised
< 1	1,000	2,000	3,000	1,000
1 - 2	-	2,000	2,000	1,000
2 - 3	500	500	1,000	1,000
3 - 4	-	2,500	2,500	1,000
4 - 5	1,000	-	1,000	1,000
Total	2,500	7,000	9,500	5,000

Green financing

A framework for green bonds was established in September 2021. The aim is to finance green properties and investments in projects promoting climate transition and sustainability. A total of SEK 1.5 billion has been issued in green bonds. During the previous year, Hufvudstaden signed green loan agreements that comply with the issuing institutions' framework for green financing. Green loan agreements amounted to SEK 1.5 billion and total green financing amounted to SEK 3.0 billion at the end of the period, corresponding to 32 per cent of total borrowing. The goal is to gradually increase the share of green financing.

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 34,796 shareholders at the end of the period. The proportion of foreign ownership as at March 31, 2023 was 20.5 per cent (21.0 at year-end) of the total number of outstanding shares. The Class A share price as at March 31, 2023 was SEK 140.70, and total market capitalisation of all shares based on the Class A share price was SEK 29.7 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. In the first quarter of 2023, no Class C shares were converted into Class A shares.

Share structure as at March 31, 2023

Share class	Number of shares	Number of votes	Equity %	Votes %
A (1 vote)	203,000,110	203,000,110	96.1	19.7
C (100 votes)	8,271,823	827,182,300	3.9	80.3
Total	211,271,933	1,030,182,410	100.0	100.0

Shares bought back

Treasury shares held at March 31, 2023 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 2023 Annual General Meeting, the Board of Directors was granted renewed authorisation to acquire Class A shares up to 10 per cent of all issued shares and to transfer treasury shares held by the company.

Share buybacks as at March 31, 2023

Million shares	Total number of shares	Treasury shares	Other shareholders
As at January 1, 2023	211.3	9.0	202.3
Buyback	-	-	-
As at March 31, 2023	211.3	9.0	202.3

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 geopolitical security situation in Europe has deteriorated sharply due to the war in Ukraine following Russia's invasion. This has resulted in negative effects on the financial markets. The impact on the energy market was also large, with periodically significantly higher prices. Inflation is at its highest level for a long time, largely driven by higher prices for energy, food and materials. To combat inflation, several central banks have increased policy rates.

Other than the above, no other material risks or uncertainties have been identified apart from those described in the Annual and Sustainability Report 2022.

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. Accounting policies and computation bases remained unchanged from the most recent Annual and Sustainability Report.

New standards and interpretations

New and amended standards that took effect in 2023 have not had any significant effects on the Group's financial reporting.

FORTHCOMING INFORMATION

Half-year Report January-June 2023	August 24, 2023
Interim Report January-September 2023	November 9, 2023
Year-end Report 2023	February 15, 2024
Annual and Sustainability Report 2023	February 2024
Annual General Meeting 2024	March 21, 2024

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 May 11, 2023.

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 telephone +46 8 762 90 00.

REPORT ON RESULTS - SUMMARY

GROUP, SEK m	January- March 2023	January- March 2022	January- December 2022
Net revenue¹⁾			
Property management, gross	551.4	499.0	2,054.7
Rent revenue, intra-Group	-48.5	-50.3	-199.8
Property management, net	502.9	448.7	1,854.9
Other segments	211.8	195.1	890.9
	714.7	643.8	2,745.8
Property management expenses			
Maintenance	-13.3	-11.5	-32.1
Operation and administration	-98.0	-85.7	-355.0
Property tax	-59.3	-62.0	-227.0
Depreciation	-1.6	-1.5	-5.9
Property management expenses	-172.2	-160.7	-620.0
Other segments, gross expenses	-246.7	-230.3	-972.0
Rental expenses, intra-Group	48.5	50.3	199.8
Other segments, net expenses	-198.2	-180.0	-772.2
Operating expenses	-370.4	-340.7	-1,392.2
Gross profit	344.3	303.1	1,353.6
- of which Property management	330.7	288.0	1,234.9
- of which Other segments	13.6	15.1	118.7
Central administration	-13.0	-12.8	-55.7
Operating profit before changes in value	331.3	290.3	1,297.9
Changes in value, investment properties	-906.4	227.0	-209.1
Operating profit or loss	-575.1	517.3	1,088.8
Financial income and expense	-52.2	-38.0	-184.5
Profit or loss before tax	-627.3	479.3	904.3
Tax	127.9	-99.3	-182.3
Net profit or loss	-499.4	380.0	722.0
Other comprehensive income	-	-	-
Total comprehensive income or loss for the period	-499.4	380.0	722.0
Average number of outstanding shares	202,306,933	202,306,933	202,306,933
Net earnings for the period per share before and after dilution, SEK	-2.47	1.88	3.57

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

REPORT ON FINANCIAL POSITION - SUMMARY

GROUP, SEK m	March 31, 2023	March 31, 2022	December 31, 2022
Investment properties	48,909.4	49,205.8	49,546.9
Right of use assets	713.5	713.7	711.0
Other non-current assets	167.9	155.0	165.4
Total non-current assets	49,790.8	50,074.5	50,423.3
Current assets	958.6	1,058.7	812.1
Total assets	50,749.4	51,133.2	51,235.4
Equity	30,216.4	30,920.0	31,262.0
Non-current interest-bearing liabilities	6,500.0	6,500.0	6,500.0
Deferred tax liabilities	9,098.8	9,242.3	9,253.2
Non-current leasing liabilities	706.1	705.4	702.8
Other non-current liabilities	102.7	92.7	104.0
Other provisions	31.3	32.8	31.7
Total non-current liabilities	16,438.9	16,573.2	16,591.7
Current interest-bearing liabilities	3,000.0	2,600.0	2,500.0
Current leasing liabilities	8.2	9.1	9.0
Other liabilities	1,085.9	1,030.9	872.7
Total current liabilities	4,094.1	3,640.0	3,381.7
Total equity and liabilities	50,749.4	51,133.2	51,235.4

REPORT ON CHANGES IN EQUITY - SUMMARY

GROUP, SEK m	January-March 2023	January-March 2022	January-December 2022
Equity, opening balance	31,262.0	31,066.0	31,066.0
Total comprehensive income or loss for the period	-499.4	380.0	722.0
Dividend	-546.2	-526.0	-526.0
Equity, closing balance	30,216.4	30,920.0	31,262.0

REPORT ON CASH FLOWS - SUMMARY

GROUP, SEK m	January-March 2023	January-March 2022	January-December 2022
Income before tax	-627.3	479.3	904.3
Depreciation/impairments	20.0	20.6	53.4
Changes in value, investment properties	906.4	-227.0	209.1
Other changes	-0.5	0.8	-0.4
Income tax paid	-26.5	-19.1	-91.2
Cash flow from current operations before changes in working capital	272.1	254.6	1,075.2
Increase/decrease in inventory	-4.7	-5.3	-69.9
Increase/decrease in operating receivables	-174.3	-199.3	-35.2
Increase/decrease in operating liabilities	212.0	201.1	54.2
Cash flow from current operations	305.1	251.1	1,024.3
Investments in properties	-268.9	-189.2	-966.3
Investments in other non-current assets	-14.9	-14.1	-51.5
Cash flow from investments	-283.8	-203.3	-1,017.8
Loans raised	1,500.0	800.0	2,800.0
Amortisation of loan debt	-1,000.0	-900.0	-3,000.0
Amortisation of leasing debt	-2.5	-2.4	-9.5
Dividend paid	-546.2	-526.0	-526.0
Cash flow from financing	-48.7	-628.4	-735.5
Cash flow for the period	-27.4	-580.6	-729.0
Cash and cash equivalents at the beginning of the period	453.0	1,182.0	1,182.0
Cash and cash equivalents at the period-end	425.6	601.4	453.0
Cash flow from current operations per share, SEK	1.51	1.24	5.06
Cash flow for the period per share, SEK	-0.14	-2.87	-3.60

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 (Business Area Stockholm) and NK e-commerce and the parking business in Parkaden AB (Business Area NK). 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-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022
Property management										
Net revenue	347.3	307.9	121.1	116.7	83.0	74.4	-48.5	-50.3	502.9	448.7
Property management expenses	-79.6	-72.5	-64.5	-60.3	-28.1	-27.9			-172.2	-160.7
Gross profit property management	267.7	235.4	56.6	56.4	54.9	46.5	-48.5	-50.3	330.7	288.0
NK Retail										
Net revenue			177.5	164.1					177.5	164.1
Expenses			-206.8	-196.6			29.5	33.7	-177.3	-162.9
Gross profit NK Retail			-29.3	-32.5			29.5	33.7	0.2	1.2
Other operations										
Net revenue	11.5	9.7	22.8	21.3					34.3	31.0
Expenses	-10.6	-8.4	-29.3	-25.3			19.0	16.6	-20.9	-17.1
Gross profit other operations	0.9	1.3	-6.5	-4.0			19.0	16.6	13.4	13.9
Central administration									-13.0	-12.8
Changes in value, investment properties									-906.4	227.0
Operating profit or loss									-575.1	517.3
Financial income and expense									-52.2	-38.0
Profit or loss before tax									-627.3	479.3

BREAKDOWN OF NET REVENUE

SEK m	Group			Parent Company		
	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Rent revenue	505.7	453.4	1,870.8	379.8	338.3	1,397.2
Service revenue	31.5	26.3	114.8	14.0	11.0	47.2
Sale of goods	177.5	164.1	760.2	-	-	-
Total net revenue	714.7	643.8	2,745.8	393.8	349.3	1,444.4

PERFORMANCE MEASURES

GROUP	March 31, 2023	March 31, 2022	Full year 2022
Property-related			
Rentable floor space, 1,000 m ²	386.1	386.4	386.6
Rental vacancy rate, %	8.5	9.7	7.0
Floor space vacancy rate, %	13.0	14.7	11.2
Fair value, SEK bn	48.9	49.2	49.5
Surplus ratio, %	68.8	67.8	69.8
Net operating income, SEK m	379.2	338.3	1,434.7
Financial			
Return on equity, %	0.5	3.1	2.3
Return on capital employed, %	1.0	3.4	2.6
Equity ratio, %	60	60	61
Interest coverage ratio, multiple	6.2	7.6	7.7
Debt/equity ratio, multiple	0.3	0.3	0.3
Net loan-to-value ratio, properties, %	20.0	18.7	18.7
Gross margin, %	48.2	47.1	49.3
Data per share			
Net earnings per share for the period, SEK	-2.47	1.88	3.57
Equity, SEK	149.36	152.84	154.53
Properties, fair value, SEK	241.76	243.22	244.91
Number of outstanding shares, 1,000	202,307	202,307	202,307
Average number of outstanding shares, 1,000	202,307	202,307	202,307
Number of issued shares, 1,000	211,272	211,272	211,272
EPRA			
EPRA Earnings (Earnings from property mgmt. after nom. tax), SEK m	252	233	1,025
EPRA EPS, SEK	1.25	1.15	5.07
EPRA NRV (Net reinstatement value), SEK m	39,435.0	40,278.8	40,635.1
EPRA NRV per share, SEK	195	199	201
EPRA NTA (Net tangible assets), SEK m	37,105.4	37,913.9	38,270.8
EPRA NTA per share, SEK	183	187	189
EPRA NDV (Net disposal value), SEK m	30,216.4	30,920.0	31,262.0
EPRA NDV per share, SEK	149	153	155
EPRA vacancy rate, %	5.4	6.7	4.0

PERFORMANCE MEASURES PER QUARTER

GROUP	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021
Share price, series A share, SEK	140.70	148.30	122.30	113.00	133.80	135.20	131.10	145.50
Net revenue, SEK m	715	746	672	684	644	703	632	635
Return on equity, %	0.5	2.4	4.2	4.0	3.1	9.8	5.3	4.5
Return on equity, adjusted %	2.8	2.9	2.9	2.9	2.6	3.0	3.3	3.4
Equity ratio, %	60	61	61	61	60	61	60	60
Gross margin, %	48.2	48.1	51.2	50.8	47.1	48.7	55.0	55.7
Surplus ratio, %	68.8	68.6	71.7	71.2	67.8	68.2	73.5	72.8
Net operating income, SEK m	379.2	370.3	364.9	361.2	338.3	333.3	363.2	360.1
Net profit or loss per share for the period, SEK	-2.47	-1.63	1.46	1.86	1.88	8.33	2.48	3.73
Equity per share, SEK	149.36	154.53	156.16	154.70	152.84	153.56	145.23	142.75
EPRA EPS, SEK	1.25	1.29	1.30	1.33	1.15	1.28	1.36	1.31
EPRA NRV per share, SEK	195	201	203	201	199	199	189	186
Cash flow per share from current operations, SEK	1.51	1.01	1.36	1.45	1.24	1.47	1.37	1.15

ALTERNATIVE PERFORMANCE MEASURES

Hufvudstaden applies the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures. According to these guidelines, alternative performance measures refer to a financial measurement of earnings performance, financial position, financial result or cash flow not defined according to IFRS or the Swedish Annual Accounts Act. Hufvudstaden is also a member of the European Public Real Estate Associations (EPRA) and reports financial key figures defined by EPRA. Below is the derivation of alternative performance measures. For definitions, see page 14.

SEK m	March 31, 2023	March 31, 2022	Full year 2022
Net asset value, see page 5.			
Net debt			
Non-current interest-bearing liabilities	6,500	6,500	6,500
Non-current leasing liabilities	706	705	703
Current interest-bearing liabilities	3,000	2,600	2,500
Current lease liabilities	8	9	9
Cash and cash equivalents	-426	-601	-453
Net debt	9,788	9,213	9,259
Equity ratio			
Equity	30,216	30,920	31,262
Total assets	50,749	51,133	51,235
Equity ratio, %	60	60	61
Net loan-to-value ratio, properties			
Net debt	9,788	9,213	9,259
Carrying amount, properties	48,909	49,206	49,547
Net loan-to-value ratio, properties, %	20.0	18.7	18.7
Interest coverage ratio			
Profit or loss before tax	210 ²⁾	1,236 ²⁾	904
Reversal of changes in value	906	-227	209
Financial expense ¹⁾	216 ²⁾	152 ²⁾	166
Total	1,332	1,161	1,279
Financial expense ¹⁾	216 ²⁾	152 ²⁾	166
Interest coverage ratio, multiple	6.2	7.6	7.7
EPRA Earnings (Earnings from property mgmt. after nom. tax)			
Operating profit or loss before changes in value	331	290	1,298
Financial income and expense	-52	-38	-185
Earnings from property management	279	252	1,113
Current tax, earnings from property management	-27	-19	-88
EPRA Earnings (Earnings from property mgmt. after nom. tax)	252	233	1,025
Average number of outstanding shares, million	202.3	202.3	202.3
EPRA EPS, SEK	1.25	1.15	5.07
EPRA vacancy rate, %			
Rental value for vacant space, in total	205	214	155
Rental value for vacant space, project	76	66	68
Total rental value	2,417	2,220	2,214
Vacancy rate, in total, %	8.5	9.7	7.0
Vacancy rate, project, %	3.1	3.0	3.0
EPRA vacancy rate, %	5.4	6.7	4.0

¹⁾ Excluding fees for withdrawal of mortgage deeds.

²⁾ Recalculated 12 months.

PARENT COMPANY

RESULT AND FINANCIAL POSITION

Net revenue amounted to SEK 393.8 million (349.3). The increase was attributable primarily to indexation as well as higher gross rents related to new leases and renegotiations. Since early 2022, net revenue was charged with vacant premises attributable to the entire Inom Vallgraven 12 block in Gothenburg being emptied for the Johanna project.

Operating expenses amounted to SEK -217.3 million (-195.0). Maintenance costs increased mainly due to larger development projects. Energy costs were also a factor. Gross profit was SEK 176.5 million (154.3). Net financial income and expense totalled SEK -44.3 million (-30.3).

Cash and cash equivalents at the end of the period amounted to SEK 419.0 million (559.4). Investments in properties and inventory amounted to SEK 172.4 million (90.0).

MATERIAL RISKS AND UNCERTAINTIES

The Company is mainly exposed to financing, interest and credit risks. Other than what is stated for the Group on page 6, no other material risks or uncertainties have been identified apart from those described in the Annual and Sustainability Report 2022.

MATERIAL TRANSACTIONS WITH RELATED PARTIES

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

ACCOUNTING POLICIES

The Parent Company applies RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. This interim report 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 Annual and Sustainability Report 2022.

INCOME STATEMENT – SUMMARY

	January- March 2023	January- March 2022	January- December 2022
PARENT COMPANY, SEK m			
Net revenue ¹⁾	393.8	349.3	1,444.4
Operating expenses	-217.3	-195.0	-835.3
Gross profit	176.5	154.3	609.1
Central administration	-13.0	-12.8	-55.8
Operating profit	163.5	141.5	553.3
Other financial income and expenses	-44.3	-30.3	4.7
Profit after financial items	119.2	111.2	558.0
Appropriations	-	-	-115.1
Profit before tax	119.2	111.2	442.9
Tax	-24.6	-23.1	-91.3
Profit for the period	94.6	88.1	351.6
Statement of comprehensive income, SEK m			
Profit for the period	94.6	88.1	351.6
Other comprehensive income	-	-	-
Total comprehensive income for the period	94.6	88.1	351.6

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

BALANCE SHEET – SUMMARY

	March 31, 2023	March 31, 2022	December 31, 2022
PARENT COMPANY, SEK m			
Investment properties	8,713.3	8,302.3	8,589.5
Other non-current assets	6,084.3	6,089.9	6,086.5
Total non-current assets	14,797.6	14,392.2	14,676.0
Current assets	900.1	1,003.8	771.6
Total assets	15,697.7	15,396.0	15,447.6
Restricted equity	1,978.7	1,978.7	1,978.7
Non-restricted equity	1,984.4	2,172.5	2,436.0
Total equity	3,963.1	4,151.2	4,414.7
Untaxed reserves	51.0	52.8	51.0
Provisions	912.0	909.5	911.5
Non-current liabilities	6,596.6	6,587.0	6,597.8
Current liabilities	4,175.0	3,695.5	3,472.6
Total equity and liabilities	15,697.7	15,396.0	15,447.6

Stockholm, May 11, 2023

Anders Nygren
President

This Interim Report has not been the subject of an examination by the Company's auditor.

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 association 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 unutilised 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 estimated 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 financial expense in relation to financial 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 financial expense, have been recalculated on a full-year basis with no adjustments for seasonal variations that normally arise in the 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.

Earnings 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 financial 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 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.

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 Jarlgatan, Stureplan, and Norrlandsgatan, and which contains stores with high-class brand, 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".

Net operating income. Net revenue from property management including 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 including 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

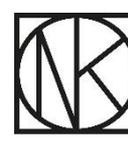
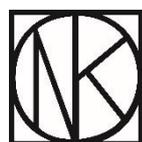
Customer focus. Hufvudstaden will work in close cooperation with its customers and contribute to continuously improving their business potential and competitiveness.

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.



NK RETAIL

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Registered office: Stockholm



HUFVUDSTADEN