

HUFVUDSTADEN



CHANEL

Q4

Year-End Report
2023

Year-End Report 2023

- Net revenue from property management was SEK 2,033 million (1,855), an increase of 10 per cent. Including intra-Group rental revenue, net revenue from property management was SEK 2,216 million (2,055).
- Gross profit from property management increased by 10 per cent, totalling SEK 1,359 million (1,235). Including intra-Group rental revenue, gross profit from property management was SEK 1,542 million (1,435).
- Net result for the period was SEK -1,927 million (722), equivalent to SEK -9.53 per share (3.57). The decrease is attributed to negative unrealised changes in the value of the property holdings.
- The Board proposes an unchanged dividend of SEK 2.70 per share (2.70).
- The fair value of the property holdings was SEK 46.7 billion (49.5), resulting in a net reinstatement value (EPRA NRV) of SEK 185 per share (201). Unrealised changes in the value of the property holdings amounted to SEK -4,042 million (-209).
- The equity ratio was 59 per cent (61), the net loan-to-value ratio was 21 per cent (19), and the interest coverage ratio was 4.9 (7.7).
- The rental vacancy rate at year-end was 8.8 per cent (7.0). Excluding current development projects, the rental vacancy level was 5.7 per cent (4.0).

OPERATING EVENTS DURING THE FOURTH QUARTER

Hufvudstaden achieved a first place in GRESB's international sustainability ranking in the "Office and retail" category in Europe.

The Svärdfisken 2 property in Stockholm was environmentally certified in accordance with BREEAM In-Use with the rating Very Good.

Several offices were let in Stockholm and Gothenburg. In the Kvasten 9 property, a lease was signed with Norvestor for approximately 600 square metres of office space and in the Fyran property, a lease was signed with BeGreen for approximately 500 square metres of office space.

In the Vildmannen 7 property in Bibliotekstan, where reconstruction work has been completed, the VANBRUUN jewellery brand signed a lease for an approximately 200 square-metre store.

In the Pumpstocken 10 property in Bibliotekstan, Swedish brands Malina and Soft Goat will open a joint store of about 115 square metres during the spring.

In the Svärdfisken 2 property, a lease was signed with Stockholm International Film Festival for continued cinema operations in the Skandia Theater.

PERFORMANCE MEASURES

SEK m	Jan-Dec 2023	Jan-Dec 2022
Net revenue, property management, gross	2,216	2,055
Rent revenue, intra-Group	-183	-200
Net revenue, property management, net	2,033	1,855
Gross profit, property management	1,359	1,235
Unrealised changes in property value, investment properties	-4,042	-209
Operating result	-2,256	1,089
Net result for the period	-1,927	722
Fair value of properties, SEK bn	46.7	49.5
Net loan-to-value ratio, properties, %	20.9	18.7
Interest coverage ratio, multiple	4.9	7.7
EPRA vacancy rate, %	5.7	4.0
EPRA EPS, SEK	7.08	5.07
EPRA Company specific Adjusted EPS, SEK	5.25	5.07
EPRA NRV per share, SEK	185	201



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I am proud of our achievements in 2023. We increased our gross profit from property management for the third consecutive year, and our strong financial position will enable continued development of our marketplaces. The office rental market is still stable in central locations and more retailers are feeling confident about the future.

Our development projects are making good progress and the largest project, the Johanna project in Gothenburg, has come halfway towards its scheduled completion in two years. The public have been very curious about the block's development and potential tenants are starting to show a great deal of interest.

Anders Nygren
PRESIDENT

GROUP

RESULTS

Property management

Net revenue from property management excluding intra-Group rents of SEK 182.9 million (199.8) totalled SEK 2,033.1 million (1,854.9) for the year. The increase was attributable primarily to indexation, as well as higher gross rents in conjunction with new leases and renegotiations of offices. 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 -673.7 million (-620.0). The increase was mainly attributable to higher costs for property management, development projects and property tax. Gross profit was SEK 1,359.4 million (1,234.9) excluding intra-Group rents.

The sales-based rent supplement is reported in the fourth quarter and totalled SEK 8.9 million (12.0), of which the NK properties accounted for SEK 6.8 million (9.9). 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 11.

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 789.5 million (760.2). Costs excluding intra-Group rents of SEK -106.7 million (-133.6), were SEK -731.7 million (-691.5). Gross profit for NK Retail excluding intra-Group rental costs was SEK 57.8 million (68.7). The decrease was mainly due to higher purchasing costs, lower sales at full price and that a higher proportion of sales took place in product categories with lower gross profit. Sales for NK Retail are impacted by seasonal variations, with the first quarter of the year normally being the weakest and the fourth quarter being the strongest.

Net revenue for other operations amounted to SEK 139.0 million (130.7). Costs excluding intra-Group rents of SEK -76.2 million (-66.2) were SEK -87.0 million (-80.7). Gross profit excluding intra-Group rental costs was SEK 52.0 million (50.0).

For further information, see Segment Reporting on page 11.

Other profit and loss items

Central administration totalled SEK -53.2 million (-55.7). Unrealised changes in the value of investment properties totalled SEK -4,042.4 million (-209.1). For further information, see pages 4–5. Items affecting comparability were SEK 370.3 million (-) and refer to insurance compensation for reconstruction of the Vildmannen 7 property after the extensive fire in 2017.

Financial income and expense

Financial income and expense totalled SEK -279.1 million (-184.5). Interest income was SEK 9.8 million (2.2). Borrowing costs totalled SEK -266.2 million (-163.8), of which fees for withdrawal of new mortgage deeds comprised SEK 0.0 million (-20.6). Interest expenses for leasing, primarily ground rents, totalled SEK -22.7 million (-22.9). The increase in financial expenses for borrowing was largely attributable to a higher average interest rate. For further information, see page 6.

Tax

The Group's tax for the year was SEK 608.0 million (-182.3), of which SEK -70.4 million (-91.2) in current tax and SEK 678.4 million (-91.1) in deferred tax. The change in deferred tax is attributed to the period's negative unrealised changes in the value of the property holdings.

Net result for the year

The consolidated net result was SEK -1,927.2 million (722.0). 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 of December 31, 2023 was SEK 46,743 million (49,547). The decrease can be attributed to negative unrealised changes in the value of the property holdings, but was partially offset by investments during the period. Rentable floor space totalled approximately 390,800 square metres (386,600), the increase is attributable to the completion of Vildmannen 7.

The total rental vacancy rate as of December 31, 2023 was 8.8 per cent (7.0) and the total floor space vacancy rate was 12.9 per cent (11.2). The rental vacancy rate, excluding current development projects (EPRA vacancy rate), totalled 5.7 per cent (4.0). The increase was mainly attributable to move outs of a few office and retail premises and a couple of additional vacant floor spaces in the completed Vildmannen 7 building. New leases have already been signed for some of these premises.

Acquisitions and investments

Total investments amounted to SEK 1,301.7 million (1,017.9).

At present, current and planned projects are worth approximately SEK 2 billion. Major projects are presented in the table below.

The reconstruction of Vildmannen 7 in Bibliotekstan was completed and the new building was inaugurated at the end of summer. Cirio Law Firm leases all office spaces of about 2,900 square metres. Chanel Fragrance and Beauty Boutique, A.P.C. and ATP Atelier have opened stores in the property. Leases have been signed for the remaining two stores, whereby all office and retail premises are now leased. The new building offers highly modern and efficient offices as well as attractive stores in a unique environment.

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 an upgrade of technical installations is in progress. The strategy and market consulting company Simon Kucher has already signed a lease for approximately 900 square metres and the IT consultancy company HCL Tech for around 550 square metres of office space.

The extensive redevelopment and expansion of the Johanna project continues at the Inom Vallgraven 12 block in Gothenburg. Excavation has been completed to the block's foundation depth. The new base plate has been partially cast for the extension and the extension frame has mostly reached full construction height. Installation work is in progress in the basement level of the existing part. On this part of the block, the installation

of windows, façades and terrace and roof membranes is almost complete. 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 in late 2025 or early 2026.

In the NK department stores in Stockholm and Gothenburg, the physical and digital development has continued with a focus on efficiencies and improved communication with customers. The number of redevelopments was slightly lower during the year and the work was more focused on activities and experiences that drive visits and sales.

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 the value of the property holdings for 2023 was SEK -4,042.4 million (-209.1). The total value of the property holdings as at December 31, 2023 was SEK 46.7 billion, including investments made during the year. The unrealised decrease in value was primarily due to increasing yield requirements, but was offset to some extent by the effect of higher rents.

The average yield requirement increased 15 basis points compared to the third quarter of 2023 and was 4.1 per cent at the above valuation (3.7 at previous year-end).

Valuation method

Valuation of the property holdings is carried out by assessing the fair value of each individual property. The valuation is conducted using a variation of the location price method, known as the net capitalisation method. The method means that the market yield requirements are put 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.

Major current and planned projects in the fourth 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	Completed	Office, retail & residential	4,750	4,750	800	2023
Stockholm	Hästhuvudet 13	Current	Office	3,100	–	135	2024
Stockholm	Packarhuset 4	Planning	Office	9,800	–	160	2025
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.

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. 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 rental 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 valuation¹⁾

Stockholm	3.7-4.2 per cent
Gothenburg	4.7-4.9 per cent
Property holdings, average	4.1 per cent

¹⁾ Valuation date: December 31, 2023.

Sensitivity analysis

Fair value is an assessment of the probable sales price on the market at the time of 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 46.7 billion. A degree of uncertainty of +/- 5 per cent, which means that the estimated fair value varies by +/- SEK 2.3 billion. Below are the key factors that influence the valuation and the consequent impact on profit or loss before tax.

Sensitivity analysis, property valuation¹⁾

	Change, +/-	Impact on profit or loss before tax, +/-
Rental revenue	SEK 100/sq m	SEK 980 m
Property costs	SEK 50/sq m	SEK 490 m
Rental vacancy rate	1.0 percentage points	SEK 640 m
Yield requirement	0.25 percentage points	SEK 2,910 m

¹⁾ Valuation date: December 31, 2023.

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 valuations at December 31, 2023 comprised nine properties, equivalent to 47 per cent of the internally assessed fair value. The corresponding proportion at mid-year was 33 per cent. The basis for selection was that the selected properties should

represent variations in property category, town, location, technical standard, and construction standard. The properties that underwent an external valuation at December 31, 2023 were Grönlandet Södra 11, Hästen 19 and 20 (NK Stockholm), Kåkenhusen 40 (part of), Orgelpipan 7, Packarhuset 4, Rännilen 11, Skären 9 and Vildmännan 7 in Stockholm and Nordstaden 8:24 (part of) in Gothenburg.

The external valuation companies set a fair value for these properties of SEK 22.9 billion. Hufvudstaden's internal valuation of the same properties was SEK 22.2 billion. The internal valuations thus concur well with the external valuations.

Net asset value

Based on the valuation of the property holdings, the net reinstatement value (EPRA NRV) is SEK 37.5 billion or SEK 185 per share. Net tangible assets (EPRA NTA) were SEK 35.3 billion or SEK 175 per share following a deduction of estimated actual deferred tax liabilities. This assessment is based on current tax legislation and market practice, which means that properties can be sold via a limited company without tax implications. The estimated actual deferred tax has been assumed to be 5 per cent.

Net asset value, December 31, 2023

	SEK m	SEK/share
Equity	28,788.6	142
<i>Reversal</i>		
Recognised deferred tax ¹⁾	8,695.9	43
EPRA NRV	37,484.5	185
<i>Deduction</i>		
Intangible assets	-94.5	0
Estimated actual deferred tax 5%	-2,110.7	-10
EPRA NTA	35,279.3	175
<i>Reversal</i>		
Intangible assets as above	94.5	0
Recognised deferred tax ¹⁾ less estimated actual deferred tax	-6,585.2	-33
EPRA NDV	28,788.6	142

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, the office rental market was stable in the final quarter of 2023. The letting process took somewhat longer compared to the initial part of the year. The demand was mainly for modern and flexible office premises 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 7,000–9,800 per square metre and year, excluding the property tax supplement. Market demand 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 11,000–25,000 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 within the range of SEK 3,200–4,100 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 and year, excluding the property tax supplement. The outcome from the Group's renegotiations was positive for office premises and negative for retail premises. During the period, a total of 46,000 square metres were renegotiated at an annual rental value of SEK 334 million. On average, the renegotiations resulted in a rent decrease of approximately 2 per cent, compared with indexed rent at the end of 2023.

FINANCING

Hufvudstaden's financing requirements are met through a number of the major Nordic banks and the capital market. Total borrowings as of December 31, 2023 amounted to SEK 9,400 million (9,000). Interest-bearing net debt was SEK 9,018 million (8,547). In addition, the lease liability according to IFRS 16 amounted to SEK 729 million (712) and total net debt was SEK 9,747 million (9,259). In addition to outstanding loans, there are unutilised loan commitments amounting to SEK 4,800 million.

Hufvudstaden has an MTN programme totalling SEK 12,000 million, and a commercial paper programme amounting to SEK 3,000 million. The amount outstanding in bonds was SEK 6,100 million and there was SEK 1,100 million in commercial paper.

Hufvudstaden ensures that at any point in time there are unutilised loan assurances covering all outstanding commercial paper. As of December 31, 2023, cash and cash equivalents and unutilised loan commitments amounted to SEK 5,182 million, which covers all maturities for the next two years.

Financing facilities, SEK m, December 31, 2023

Loan/facility type	Framework/ facility volume	Unutilised
MTN programme	12,000	5,900
Comm. paper programme	3,000	1,900
Bank loans and commitment	7,000	4,800

The average fixed interest period was 1.2 years (1.7), the average capital tie-up period was 2.2 years (2.6) and the average effective rate of interest was 3.2 per cent (1.9) including, and 3.1 per cent (1.7) 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 a variable rate of interest. Of the long-term borrowings, SEK 4,300 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 223.0 million (397.3). These values have been calculated according to level 2 in IFRS 13, i.e., the value has been calculated based on official market listings.

Fixed interest structure, December 31, 2023

Maturity, year	Credit, SEK m	AER, %	Proportion, %
<1	5,100	4.7 ¹⁾	54
1–2	1,300	1.7	14
2–3	2,500	1.2	27
3–4	500	2.2	5
Total	9,400	3.2²⁾	100

¹⁾ Including costs for unutilised loan commitments.

²⁾ The average effective rate excluding costs for unutilised loan commitments was 3.1 per cent.

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

Maturity, year	Bank loans	Bonds/ Comm.paper	Total liabilities	Unutilised commitments
<1	–	2,100	2,100	1,000
1–2	1,200	2,100	3,300	800
2–3	–	2,500	2,500	1,000
3–4	1,000	500	1,500	2,000
Total	2,200	7,200	9,400	4,800

Green financing

The aim of green financing is to finance green properties and investments in projects promoting climate transition and sustainability. Hufvudstaden has a total of SEK 4.6 billion in green financing, corresponding to 49 per cent of total borrowing. Green bonds are issued in accordance with Hufvudstaden's framework, which complies with the Green Bond Principles. The frameworks of the issuing institutions are complied with when taking up green bank loans. Out of total green financing, bonds amounted to SEK 2.6 billion and bank loans amounted to SEK 2.0 billion. The goal is to gradually increase the proportion of green financing.

FOURTH QUARTER

Net revenue from property management excluding intra-Group rents of SEK 43.7 million (49.8) totalled SEK 518.0 million (490.2), an increase of 6 per cent. The increase was attributable primarily to indexation as well as higher gross rents in conjunction with renegotiations and new leases. Operating expenses amounted to SEK -188.6 million (-169.7). The increase was attributable primarily to higher costs for marketing, development projects, energy and snow clearing. Gross profit from property management excluding intra-Group rents of SEK 43.7 million (49.8) totalled SEK 329.4 million (320.5).

Net revenue for NK Retail amounted to SEK 243.1 million (220.2). Costs excluding intra-Group rents of SEK -24.7 million (-33.3) were SEK -211.5 million (-192.3). Gross profit for NK Retail excluding intra-Group rental costs was SEK 31.6 million (27.9).

Net revenue for other operations amounted to SEK 37.4 million (35.4). Costs excluding intra-Group rents of SEK -19.0 million (-16.5) were SEK -24.5 million (-25.2). Gross profit excluding intra-Group rental costs was SEK 12.9 million (10.2).

Changes in the value of investment properties amounted to SEK -1,188.1 million (-703.7). Items affecting comparability were SEK 370.3 million (–) and refers to insurance compensation for reconstruction of the Vildmannen 7 property after the extensive fire in 2017. Net financial income and expense totalled SEK -80.9 million (-60.7).

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 33,113 shareholders at the end of the year. The proportion of foreign ownership as of December 31, 2023 was 20.0 per cent (21.0) of the total number of outstanding shares. The Class A share price as of December 31, 2023 was SEK 142.10, and total market capitalisation of all shares based on the Class A share price was SEK 30.0 billion.

Largest shareholders, December 31, 2023

Shareholders	Number of shares, %	Number of votes, %
L E Lundbergföretagen	45.2	87.9
AMF	9.2	1.9
State Street Bank and Trust	4.2	0.9
BNY Mellon	2.2	0.4
JP Morgan Chase Bank	2.1	0.4
The Lundberg family including companies	1.7	1.0
BNP Paribas, Luxembourg	1.3	0.3
Spiltan Funds	1.2	0.2
Norges Bank	1.2	0.2
Handelsbanken Funds	1.0	0.2
Skogstornet	1.0	0.2
Other shareholders	25.5	5.5
Shares outstanding	95.8	99.1
Company holdings	4.2	0.9
Total number of issued shares	100.0	100.0

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 year, 1,097 Class C shares were converted to Class A shares.

Share structure as of December 31, 2023

Share class	Number of shares	Number of votes	Equity, %	Votes, %
A (1 vote)	203,001,207	203,001,207	96.1	19.7
C (100 votes)	8,270,726	827,072,600	3.9	80.3
Total	211,271,933	1,030,073,807	100.0	100.0

Shares bought back

Treasury shares held as of December 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 of December 31, 2023

Million shares	Total number of shares	Treasury shares	Other shareholders
As of January 1, 2023	211.3	9.0	202.3
Buyback	–	–	–
As of December 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 security situation in the world has deteriorated sharply due to wars in Europe and the Middle East. This has led to greater uncertainty and high inflation. Periodically, the pricing of energy has been highly volatile. To contain inflation, central banks raised their policy rates. When inflation slowed during the autumn, several central

banks kept their policy rates on hold at the end of the year.

The Swedish Security Service (Säpo) has maintained the terrorist threat level at four on a five-level scale, which means that the threat level in and against Sweden is assessed as high. Hufvudstaden is monitoring the development and follows the recommendations and advice provided by the authorities.

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.

EU TAXONOMY

To achieve the EU's climate goals and objectives under the European Green Deal, the EU has decided on a taxonomy whose purpose is to define which economic activities are sustainable. Hufvudstaden reports in accordance with the Taxonomy Regulation and a summary table is presented below. Full disclosure will be published in the Annual and Sustainability Report for 2023.

	Total, SEK m	Taxonomy-eligible, %	Taxonomy-aligned, %	Taxonomy, non-eligible, %
Turnover	2,962	73	11	27
CapEx	1,301	95	1	5
OpEx	90	70	8	30

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.

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, Katarina Ljungqvist, Fredrik Lundberg, Anders Nygren, Fredrik Persson and Sten Peterson be re-elected, and that Fredrik Lundberg be re-elected as Chairman of the Board. The auditing company PricewaterhouseCoopers AB is proposed as the auditing company with Magnus Svensson Henryson as lead auditor.

PROPOSED DIVIDEND

The Board proposes an unchanged dividend of SEK 2.70 per share (2.70).

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, March 21, 2024 at 3:30 p.m. at the Grand Hôtel, Vinterträdgården, Stockholm. The Annual and Sustainability Report for 2023 will be available in the week beginning February 26, 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 and Sustainability Report 2023	February 2024
Annual General Meeting 2024	March 21, 2024
Interim Report January-March 2024	May 8, 2024
Half-year Report January-June 2024	August 22, 2024
Interim Report January-September 2024	November 7, 2024

The information in this Year-End 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 15, 2024.

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

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

REPORT ON RESULTS – SUMMARY

GROUP, SEK m	October-December 2023	October-December 2022	January-December 2023	January-December 2022
Net revenue¹⁾				
Property management, gross	561.7	540.0	2,216.0	2,054.7
Rent revenue, intra-Group	-43.7	-49.8	-182.9	-199.8
Property management, net	518.0	490.2	2,033.1	1,854.9
Other segments	280.5	255.6	928.5	890.9
	798.5	745.8	2,961.6	2,745.8
Property management expenses				
Maintenance	-12.9	-11.0	-46.4	-32.1
Operation and administration	-115.0	-98.9	-383.1	-355.0
Property tax	-57.7	-58.4	-236.4	-227.0
Depreciation	-3.0	-1.4	-7.8	-5.9
Property management expenses	-188.6	-169.7	-673.7	-620.0
Other segments, gross expenses	-279.7	-267.3	-1,001.6	-972.0
Rental expenses, intra-Group	43.7	49.8	182.9	199.8
Other segments, net expenses	-236.0	-217.5	-818.7	-772.2
Operating expenses	-424.6	-387.2	-1,492.4	-1,392.2
Gross profit	373.9	358.6	1,469.2	1,353.6
– of which Property management	329.4	320.5	1,359.4	1,234.9
– of which Other segments	44.5	38.1	109.8	118.7
Central administration	-15.1	-16.9	-53.2	-55.7
Operating profit before items affecting comparability and changes in value	358.8	341.7	1,416.0	1,297.9
Items affecting comparability ²⁾	370.3	–	370.3	–
Changes in value, investment properties	-1,188.1	-703.7	-4,042.4	-209.1
Operating result	-459.0	-362.0	-2,256.1	1,088.8
Financial income and expense	-80.9	-60.7	-279.1	-184.5
Result before tax	-539.9	-422.7	-2,535.2	904.3
Tax	197.6	92.1	608.0	-182.3
Net result	-342.3	-330.6	-1,927.2	722.0
Other comprehensive income	–	–	–	–
Total comprehensive income or loss for the period	-342.3	-330.6	-1,927.2	722.0
Average number of outstanding shares	202,306,933	202,306,933	202,306,933	202,306,933
Net earnings for the period per share before and after dilution, SEK	-1.69	-1.63	-9.53	3.57

¹⁾ For breakdown of net revenue, see table on page 11.

²⁾ Refers to insurance compensation for reconstruction of the Vildmannen 7 property after the extensive fire in 2017.

REPORT ON FINANCIAL POSITION – SUMMARY

GROUP, SEK m	December 31, 2023	December 31, 2022
Investment properties	46,742.8	49,546.9
Right of use assets	727.9	711.0
Other non-current assets	183.5	165.4
Total non-current assets	47,654.2	50,423.3
Current assets	789.4	812.1
Total assets	48,443.6	51,235.4
Equity	28,788.6	31,262.0
Non-current interest-bearing liabilities	7,300.0	6,500.0
Deferred tax liabilities	8,574.8	9,253.2
Non-current leasing liabilities	721.0	702.8
Other non-current liabilities	99.7	104.0
Other provisions	28.7	31.7
Total non-current liabilities	16,724.2	16,591.7
Current interest-bearing liabilities	2,100.0	2,500.0
Current leasing liabilities	8.0	9.0
Other liabilities	822.8	872.7
Total current liabilities	2,930.8	3,381.7
Total equity and liabilities	48,443.6	51,235.4

REPORT ON CHANGES IN EQUITY – SUMMARY

GROUP, SEK m	January- December 2023	January- December 2022
Equity, opening balance	31,262.0	31,066.0
Total comprehensive income or loss for the period	-1,927.2	722.0
Dividend	-546.2	-526.0
Equity, closing balance	28,788.6	31,262.0

REPORT ON CASH FLOWS – SUMMARY

GROUP, SEK m	January- December 2023	January- December 2022
Income before tax	-2,535.2	904.3
Depreciation/impairments	52.8	53.4
Items affecting comparability ¹⁾	-187.8	–
Changes in value, investment properties	4,042.4	209.1
Other changes	-2.4	-0.4
Income tax paid	-70.4	-91.2
Cash flow from current operations before changes in working capital	1,299.4	1,075.2
Increase/decrease in inventory	-38.2	-69.9
Increase/decrease in operating receivables	-9.6	-35.2
Increase/decrease in operating liabilities	133.7	54.2
Cash flow from current operations	1,385.3	1,024.3
Investments in properties	-1,238.3	-966.3
Investments in other non-current assets	-62.7	-51.5
Cash flow from investments	-1,301.0	-1,017.8
Loans raised	5,200.0	2,800.0
Amortisation of loan debt	-4,800.0	-3,000.0
Amortisation of leasing debt	-8.7	-9.5
Dividend paid	-546.2	-526.0
Cash flow from financing	-154.9	-735.5
Cash flow for the period	-70.6	-729.0
Cash and cash equivalents at the beginning of the period	453.0	1,182.0
Cash and cash equivalents at the period-end	382.4	453.0
Cash flow from current operations per share, SEK	6.85	5.06
Cash flow for the period per share, SEK	-0.35	-3.60

¹⁾ Pertains to previous insurance compensation on account for reconstruction of the Vildmannen 7 property after the extensive fire in 2017.

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 (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-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Property management										
Net revenue	1,404.1	1,273.8	484.0	477.3	327.9	303.6	-182.9	-199.8	2,033.1	1,854.9
Property management expenses	-313.4	-295.0	-253.1	-217.5	-107.2	-107.5			-673.7	-620.0
Gross profit property management	1,090.7	978.8	230.9	259.8	220.7	196.1	-182.9	-199.8	1,359.4	1,234.9
NK Retail										
Net revenue			789.5	760.2					789.5	760.2
Expenses			-838.4	-825.1			106.7	133.6	-731.7	-691.5
Gross profit NK Retail			-48.9	-64.9			106.7	133.6	57.8	68.7
Other operations										
Net revenue	44.4	41.0	94.6	89.7					139.0	130.7
Expenses	-42.9	-36.4	-120.3	-110.5			76.2	66.2	-87.0	-80.7
Gross profit other operations	1.5	4.6	-25.7	-20.8			76.2	66.2	52.0	50.0
Central administration									-53.2	-55.7
Items affecting comparability ¹⁾									370.3	–
Changes in value, investment properties									-4,042.4	-209.1
Operating result									-2,256.1	1,088.8
Financial income and expense									-279.1	-184.5
Result before tax									-2,535.2	904.3

¹⁾ Refers to insurance compensation for reconstruction of the Vildmannen 7 property after the extensive fire in 2017.

BREAKDOWN OF NET REVENUE

SEK m	Group		Parent Company	
	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Rent revenue	2,047.0	1,870.8	1,533.2	1,397.2
Service revenue	125.1	114.8	52.7	47.2
Sale of goods	789.5	760.2	–	–
Total net revenue	2,961.6	2,745.8	1,585.9	1,444.4

PERFORMANCE MEASURES

GROUP	Full year 2023	Full year 2022
Property-related		
Rentable floor space, 1,000 m ²	390.8	386.6
Rental vacancy rate, %	8.8	7.0
Floor space vacancy rate, %	12.9	11.2
Fair value, SEK bn	46.7	49.5
Surplus ratio, %	69.6	69.8
Net operating income, SEK m	1,542.3	1,434.7
Financial		
Return on equity, %	-6.4	2.3
Return on equity, adjusted, %	3.0	2.8
Return on capital employed, %	-5.6	2.6
Equity ratio, %	59	61
Interest coverage ratio, multiple	4.9	7.7
Debt/equity ratio, multiple	0.3	0.3
Net loan-to-value ratio, properties, %	20.9	18.7
Gross margin, %	49.6	49.3
Data per share		
Net earnings per share for the period, SEK	-9.53	3.57
Equity, SEK	142.30	154.53
Properties, fair value, SEK	231.05	244.91
Number of outstanding shares, 1,000	202,307	202,307
Average number of outstanding shares, 1,000	202,307	202,307
Number of issued shares, 1,000	211,272	211,272
EPRA		
EPRA Earnings, SEK m	1,433	1,025
EPRA Company specific Adjusted Earnings, SEK m	1,063	1,025
EPRA EPS, SEK	7.08	5.07
EPRA Company specific Adjusted EPS, SEK	5.25	5.07
EPRA NRV (Net reinstatement value), SEK m	37,484.5	40,635.1
EPRA NRV per share, SEK	185	201
EPRA NTA (Net tangible assets), SEK m	35,279.3	38,270.8
EPRA NTA per share, SEK	175	189
EPRA NDV (Net disposal value), SEK m	28,788.6	31,262.0
EPRA NDV per share, SEK	142	155
EPRA vacancy rate, %	5.7	4.0

PERFORMANCE MEASURES PER QUARTER

GROUP	Oct-Dec 2023	Jul-Sep 2023	Apr-Jun 2023	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022
Share price, series A share, SEK	142.10	121.00	128.10	140.70	148.30	122.30	113.00	133.80
Net revenue, SEK m	799	722	726	715	746	672	684	644
Return on equity, %	-6.4	-4.4	-3.0	0.5	2.4	4.2	4.0	3.1
Return on equity, adjusted, %	3.1	3.1	3.0	2.8	2.9	2.9	2.9	2.6
Equity ratio, %	59	59	59	60	61	61	61	60
Gross margin, %	46.8	52.7	51.0	48.2	48.1	51.2	50.8	47.1
Surplus ratio, %	66.4	71.8	71.4	68.8	68.6	71.7	71.2	67.8
Net operating income, SEK m	373.1	397.8	392.2	379.2	370.3	364.9	361.2	338.3
Net profit or loss per share for the period, SEK	-1.69	-1.05	-4.31	-2.47	-1.63	1.46	1.86	1.88
Equity per share, SEK	142.30	143.99	145.04	149.36	154.53	156.16	154.70	152.84
EPRA EPS, SEK	3.14	1.33	1.37	1.25	1.29	1.30	1.33	1.15
EPRA Company specific Adjusted EPS, SEK	1.31	1.33	1.37	1.25	1.29	1.30	1.33	1.15
EPRA NRV per share, SEK	185	188	189	195	201	203	201	199
Cash flow per share from current operations, SEK	3.43	0.66	1.25	1.51	1.01	1.36	1.45	1.24

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 16.

SEK m	Full year 2023	Full year 2022
Net asset value, see page 5.		
Return on equity, adjusted, %		
Net result for the year	-1,927	722
Reversal of items affecting comparability and changes in value	3,672	209
Reversal of tax on items affecting comparability and changes in value	-833	-43
Net result for the year, adjusted	912	888
Average equity	30,026	31,164
Return on equity, adjusted, %	3.0	2.8
Net debt		
Non-current interest-bearing liabilities	7,300	6,500
Non-current leasing liabilities	721	703
Current interest-bearing liabilities	2,100	2,500
Current lease liabilities	8	9
Cash and cash equivalents	-382	-453
Net debt	9,747	9,259
Equity ratio		
Equity	28,789	31,262
Total assets	48,444	51,235
Equity ratio, %	59	61
Net loan-to-value ratio, properties		
Net debt	9,747	9,259
Carrying amount, properties	46,743	49,547
Net loan-to-value ratio, properties, %	20.9	18.7
Interest coverage ratio		
Profit or loss before tax	-2,535	904
Reversal of items affecting comparability and changes in value	3,672	209
Financial expense ¹⁾	289	166
Total	1,426	1,279
Financial expense ¹⁾	289	166
Interest coverage ratio, multiple	4.9	7.7
EPRA Earnings (Earnings from property mgmt. after nom. tax)		
Operating result	-2,256	1,089
Reversal of changes in value	4,042	209
Financial income and expense	-279	-185
Earnings from property management	1,507	1,113
Current tax, earnings from property management	-74	-88
EPRA Earnings (Earnings from property mgmt. after nom. tax)	1,433	1,025
Reversal of items affecting comparability	-370	-
EPRA Company specific Adjusted Earnings, SEK m	1,063	1,025
Average number of outstanding shares, million	202.3	202.3
EPRA EPS, SEK	7.08	5.07
EPRA Company specific Adjusted EPS, SEK	5.25	5.07
EPRA vacancy rate, %		
Rental value for vacant space, in total	211	155
Rental value for vacant space, project	74	68
Total rental value	2,381	2,214
Vacancy rate, in total, %	8.8	7.0
Vacancy rate, project, %	3.1	3.0
EPRA vacancy rate, %	5.7	4.0

¹⁾ Excluding fees for withdrawal of mortgage deeds.

PARENT COMPANY

RESULT AND FINANCIAL POSITION

Net revenue amounted to SEK 1,585.9 million (1,444.4). The increase was attributable primarily to indexation as well as higher gross rents in conjunction with new leases and renegotiations of offices. 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 -934.2 million (-835.3). The increase was attributable to maintenance costs for large development projects and to property management. Gross profit was SEK 651.7 million (609.1). Items affecting comparability amounted to SEK 315.0 million (-) and refers to insurance compensation of SEK 370.3 million for reconstruction of the Vildmannen 7 property after the extensive fire in 2017 and to SEK -55.3 million from disposal of a building in the Inom Vallgraven 12 block, where the Johanna project is in progress. Net financial income and expense was SEK -94.7 million (4.7).

Cash and cash equivalents at the end of the year amounted to SEK 372.2 million (441.5).

Investments in properties and inventory amounted to SEK 756.4 million (518.2).

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 7, 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

PARENT COMPANY, SEK m	October- December 2023	October- December 2022	January- December 2023	January- December 2022
Net revenue ¹⁾	402.9	381.8	1,585.9	1,444.4
Operating expenses	-250.2	-227.6	-934.2	-835.3
Gross profit	152.7	154.2	651.7	609.1
Central administration	-15.1	-16.8	-53.2	-55.8
Items affecting comparability ²⁾	366.4	–	315.0	–
Operating profit	504.0	137.4	913.5	553.3
Other financial income and expenses	74.6	105.0	-94.7	4.7
Profit after financial items	578.6	242.4	818.8	558.0
Appropriations	-72.8	-115.1	-72.8	-115.1
Profit before tax	505.8	127.3	746.0	442.9
Tax	-19.5	-24.9	-71.0	-91.3
Profit for the period	486.3	102.4	675.0	351.6
Statement of comprehensive income				
Profit for the period	486.3	102.4	675.0	351.6
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	486.3	102.4	675.0	351.6

¹⁾ For a breakdown of net revenue, see table on page 11.

²⁾ Refers to insurance compensation of SEK 370.3 million for reconstruction of the Vildmannen 7 property after the extensive fire in 2017 and to SEK -55.3 million from disposal of a building in the Inom Vallgraven 12 block, where the Johanna project is ongoing.

BALANCE SHEET – SUMMARY

PARENT COMPANY, SEK m	December 31, 2023	December 31, 2022
Investment properties	9,108.4	8,589.5
Other non-current assets	6,599.1	6,086.5
Total non-current assets	15,707.5	14,676.0
Current assets	745.2	771.6
Total assets	16,452.7	15,447.6
Restricted equity	1,978.7	1,978.7
Non-restricted equity	2,564.8	2,436.0
Total equity	4,543.5	4,414.7
Untaxed reserves	48.3	51.0
Provisions	909.9	911.5
Non-current liabilities	7,609.2	6,597.8
Current liabilities	3,341.8	3,472.6
Total equity and liabilities	16,452.7	15,447.6

Stockholm, February 15, 2024

Fredrik Lundberg
Chairman

Claes Boustedt
Board Member

Peter Egardt
Board Member

Liv Forhaug
Board Member

Louise Lindh
Board Member

Katarina Ljungqvist
Board Member

Anders Nygren
President
Board Member

Fredrik Persson
Board Member

Sten Peterson
Board Member

This Year-End Report has not been reviewed by the Company's auditors.

DEFINITIONS AND GLOSSARY

Finance

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

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

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

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

EPRA Earnings – Earnings from property management after nominal tax. Operating profit or loss before 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 Company specific Adjusted Earnings – Company specific Adjusted 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/loss excluding tax-adjusted items affecting comparability and 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.

EPRA Company specific Adjusted EPS. EPRA Company specific Adjusted 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 Normalmstorg, Birger Jarlsgatan, 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 Year-End Report in Swedish. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

ABOUT 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 dedicated and professional employees in the industry, with a strong customer focus and high business acumen.

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 high quality in all of the company's products and services.

Competence development. Employees should be systematically offered development, focusing on skills and the company's 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.

OUR BRANDS



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Company registration number: 556012-8240
Registered office: Stockholm



HUFVUDSTADEN