

HUFVUDSTADEN

1999





Hamngatan 18-20, Stockholm

Hufvudstaden owns, manages and develops commercial properties in the most attractive and most central parts of Stockholm and Gothenburg.

In this year’s Annual Report we have chosen to present some of these buildings in settings that reflect the immutable pulse of modern city life.

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Annual General Meeting

The Annual General Meeting will take place at 5 p.m. on Tuesday, March 21, 2000 at the World Trade Center, Klarabergsviadukten 70 in Stockholm.

Notice to attend the Annual General Meeting will be published in the Swedish Official Gazette, Dagens Nyheter and Svenska Dagbladet.

Notification

Shareholders who wish to attend the Annual General Meeting must be registered in the Värdepapperscentralen VPC AB (Swedish Securities Register Centre) shareholders' register by Friday March 10, 2000 at the latest and must notify Hufvudstaden by 4 p.m. on Thursday March 16, 2000 at the latest. Notification, preferably in writing, should be made to Hufvudstaden AB, NK 100, SE-111 77 Stockholm. Notification can also be made by fax +46-8-762 90 01, by e-mail anm@hufvudstaden.se or by telephone +46-8-762 90 00.

Dividend

The Board of Directors proposes that a dividend of SEK 0.85 per share, totalling SEK 143.7 m, be paid for 1999. The record date is March 24, 2000 and payment is expected to be made on March 29, 2000.

Change of address

Shareholders that are legal entities or are not registered as residing in Sweden, and who have changed name, address or account number, should notify Värdepapperscentralen VPC AB of the change as soon as possible through the institution with which their account is registered.

Financial information

Interim report January – March 2000	May 10, 2000
Interim report January – June 2000	August 10, 2000
Interim report January – September 2000	October 25, 2000
Year-end report for 2000	February 8, 2001
Annual Report 2000	March 2001

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

Hufvudstaden in brief

1999

January. An office building was acquired at Hästhuvudet on Hötorget in Stockholm. Acquisition date January 4. President Tomas Billing announced that he wished to resign.

February. All shares in Hufvudstadens Hotel AB, which owns and operates Sheraton Göteborg Hotel & Towers, were sold. Acquisition date April 30. Planning commenced for new construction and refurbishment at Hästhuvudet on Kungsgatan in Stockholm. The head office was moved to NK Stockholm at Regeringsgatan 38.

March. The Forum shopping precinct in Sundsvall was sold. Acquisition date April 1. Ivo Stopner took over as the new president.

April. The S:t Per shopping precinct in Uppsala, the Punkt shopping precinct in Västerås and the Domino shopping precinct in Norrköping were all sold. Acquisition date July 1.

June. NK Cityfastigheter AB changed name to AB Nordiska Kompaniet.

August. A new business plan was adopted, which in short means that the operating focus of the company will be central Stockholm and central Gothenburg. Operations were divided into three business areas – Stockholm, NK and Gothenburg.

November. Hufvudstaden came top in the Fastighetsbarometern customer satisfaction survey. All shares in Vasaterminalen AB, which owns the World Trade Center building in Stockholm, were acquired. Acquisition date January 1, 2000.

December. Planning commenced for a new construction project at the Stora Katrineberg district of Liljeholmen in Stockholm. All properties Year 2000 compliant. Hufvudstaden entered the Swedish Environmental Fund Top Companies list for 2000.

History

1915. Fastighetsaktiebolaget Hufvudstaden was founded by, among others, Ivar Kreuger.

1919. Hufvudstaden owned 40 properties in Stockholm.

1932. In the wake of the Kreuger crash, Skandinaviska Banken became the owner of Hufvudstaden.

1933. In conjunction with the reconstruction of Hufvudstaden, the company acquired a controlling interest in AB Svensk Filmindustri, which was previously owned by Ivar Kreuger. Film and cinema operations were sold to Dagens Nyheter in 1974.

1937. Skandinaviska Banken formed the investment company Custos with the aim of taking over the bank's interests in companies it had acquired, primarily Hufvudstaden.

1938. Hufvudstaden listed on the Stockholm Stock Exchange.

1940. At the beginning of the 1940s, Hufvudstaden owned 68 properties, of which 60 were in Stockholm and eight in provincial towns.

1964. Hufvudstaden's new head office on Norrmalmstorg was completed.

1967. Hufvudstaden acquired interests in Gothenburg through the purchase of three properties on Drottninggatan and Södra Hamngatan.

1970. Hufvudstaden commenced its international expansion when, together with the Royal Swedish Academy of Engineering Sciences and Statsföretag, it built the Sweden Center Building in Tokyo.

1984. Hufvudstaden acquired the TransMatch property company from Swedish Match. TransMatch had properties in Paris, Oslo, Amsterdam and Lisbon.

1996. The company focused operations on Sweden. Foreign operations were transferred to the shareholders and were listed on the Stockholm Stock Exchange in 1997. The new company, Hufvudstaden International, was purchased later in the year by Diligentia.

1997. The operating focus was more on commercial property. Following the sale of two residential properties the company no longer had what could be termed purely residential properties.

1998. NK Cityfastigheter AB was acquired. Fastighetsbolaget Hufvudstaden changed name to Hufvudstaden AB.

Statement by the President

Positive economic development

The Swedish economy continued to develop positively during the year. Inflation was low and rose only marginally. Unemployment, which has been high in Sweden for many years, fell slightly to 5.3 per cent at the end of 1999. The difficulty in recruiting qualified personnel has increased. Interest rates were nominally low, even taking into account the fact that from the mid-year point rates began to rise again. The real interest rate, however, remained high.

Economic growth in Sweden has continued and private consumption has once again gathered momentum. This has resulted in the retail sector expanding more strongly than it has done for a long time. The weakening of the economy feared during the autumn failed to materialize and was instead replaced by renewed belief in the future and a greater propensity to invest. The situation, however, was very disjointed, with considerable variations between different areas. In and around the city regions the already strong economic growth was reinforced while in smaller provincial centres, with large numbers of people moving away, economic growth was weak and in certain cases negative. The influx of private individuals and companies into the city regions has also increased and contributed to the strong rate of expansion on Hufvudstaden's rental markets, particularly Stockholm, which grew considerably during the year.

Profit for the year

Profit after financial items rose in 1999 rose to SEK 577.0 m. The corresponding profit figure for 1998 was SEK 234.0 m pro forma. During 1999 the shares in Hufvudstaden Hotel AB and all the shopping precinct companies were sold, resulting in a capital gain of SEK 359.0 m, which is the most important explanation for the difference between the years.

The profit after tax was SEK 524.1 m (218.3 pro forma), equivalent to SEK 3.10 per share (1.29 pro forma).

Business plan and organization

During the autumn an overview was made of the business plan, which is presented in full on page 10. Hufvudstaden's vision is that the company should be consistently perceived as Sweden's most attractive property company. This means that the total product package – property, position, service and the attitude and professional skills of the staff – should be the best on the market. The quality of both the product and the

service to the customer are extremely important in the development of Hufvudstaden. Operations should be marked by proximity and availability to the customer, facilitated by Hufvudstaden's strong specialization and the concentration of its property portfolio.

To be able to offer customers the level of service they demand, Hufvudstaden works mainly with its own personnel. At the mid-year point the company was organized into three business areas – Stockholm, NK and Gothenburg. The idea was to create a simple yet distinct organization with a clear mandate aimed at satisfying customer needs and demands as rapidly and efficiently as possible.

Satisfied Customer Index 1999

In November Hufvudstaden once again emerged the winner in the Fastighetsbarometern satisfied customer survey. Of the fourteen leading Swedish property companies that took part, Hufvudstaden had the most satisfied customers. Hufvudstaden has participated on four occasions and has come out top every time. I would like to take the opportunity to thank all our customers for placing their trust in us and the personnel at the company for their excellent work during the year. I promise that we will endeavour to be an even better partner in the future.

Hufvudstaden's markets

The flow of commercial and industrial enterprises into the Stockholm and Gothenburg regions and strong economic growth have resulted in an increase in demand during the year for well-situated office and retailing premises. This has benefited Hufvudstaden's modern, centrally-located properties, with good communications and parking facilities. The high demand for premises in Stockholm has been reinforced even further by the extremely low level of new construction during the year.

The market rent for office space in Stockholm rose during the year by 20-30 per cent. Top rents of SEK 4,000–4,500 per square metre per year, excluding the property tax supplement, were noted. In Gothenburg, the market rent for modern offices in prime positions was between SEK 1,500 and SEK 1,800 per square metre. There was a strong rise in rents for prime site stores in Stockholm and a number of lease agreements on the SEK 15,000 per square metre level were signed. By way of comparison, it can be noted that the highest level two years ago was around SEK 8,000 per square metre. In Gothenburg the market

rent for prime site stores was around SEK 6,000 per square metre.

Hufvudstaden's rental vacancy rate at the year-end was 3.8 per cent in Stockholm and 2.7 per cent in Gothenburg. The floor space vacancy rates were 4.1 per cent and 3.7 per cent respectively.

Sales and acquisitions

Hufvudstaden has concentrated its property portfolio during the year, both geographically and in terms of use. During the first quarter the shares in Hufvudstadens Hotel AB, which ran Sheraton Göteborg Hotel & Towers, were sold to Nordic Renting AB and Galleria Forum i Sundsvall AB was sold to Fastighets AB Norrporten. During the second quarter the shares in Galleria S:t Per i Uppsala AB and Punkt Fastighets AB (Västerås) were sold to Aros Tornet AB and Galleria Domino i Norrköping AB was sold to Malmstaden AB.

In January the Hästhuvudet 3 property at Hötorget in central Stockholm was sold. The property is currently undergoing complete refurbishment. In November, the remaining 66.6 per cent of the shares in Vasaterminalen AB, which owns the World Trade Center building in Stockholm, were acquired for SEK 891.3 m. The World Trade Center is one of the most well-known buildings in Sweden with a strong identity and a very strong position on the rental market. The building has one of the best communication positions in Sweden and is linked directly to Stockholm Central Station, the underground system, traffic to Arlanda Airport, long-distance bus facilities and other means of communication. The rentable space is around 45,000 square metres.

Market position

Following these sales and acquisitions the property holdings are concentrated in central Stockholm and central Gothenburg. Hufvudstaden is thus one of the most specialized and concentrated property companies in Sweden and the standard of our properties is consistently high. Older premises are gradually being rebuilt so that we can offer quality and use floor space



effectively. In doing so we can continually reinforce our position as a market leader within our market segment and in our key target groups.

Prospects and trends

The concentration of the property portfolio has resulted in a channelling of resources into the central Stockholm and central Gothenburg markets. A number of refurbishment and extension projects were initiated during 1999. If these are implemented, further rentable floor space will be added to the portfolio. These new

projects will also contribute to an increase in rental levels in the portfolio. In the short term, however, the increased refurbishment and vacancy costs will be charged to profit. The World Trade Center will be integrated into Hufvudstaden's organization and the work of developing NK will continue. The NK building in Stockholm will be modernized and developed with new technology and new retailing space. The high quality of our properties, a stable rental market and good co-operation with our customers mean that Hufvudstaden is well equipped to meet the future.

Growth within Hufvudstaden's rental markets is expected to remain good with growth in both the retailing and office segments. The transformation of Gothenburg from a traditional industrial centre to an area with a more service-oriented commercial sector will have a positive impact on rents. Generally speaking, all industrial, commercial and population growth will be centred on the city areas, with Stockholm standing out in particular. I am therefore looking forward with confidence to an exciting and even more interesting year for Hufvudstaden and its customers.

Stockholm, February 2000


Ivo Stopner
President

Vision, business concept, objectives and strategies

Vision

Hufvudstaden should be consistently perceived as the most attractive property company in Sweden.

Business concept

Through its properties in central Stockholm and central Gothenburg Hufvudstaden will offer successful companies high-quality office and retailing premises in attractive marketplaces.

Financial objectives

- The property index (CREX) will be exceeded.
- The share dividend will account for more than half the net profit from current operations.
- The adjusted equity/assets ratio will be at least 40 per cent over time.
- The share liquidity will be high.

Operating objectives

- Hufvudstaden will gradually increase its profit from current operations.
- Hufvudstaden will have the most satisfied customers in the industry.
- Hufvudstaden will have the most developed property portfolio in the industry.
- Hufvudstaden will have the most professional personnel in the business and they will display a passion for the customer, business acumen and professional know-how.
- Hufvudstaden will be the price leader on all its markets.

Strategies to achieve the above objectives

Customer focus. Hufvudstaden will work in close co-operation with its customers and will contribute on an ongoing basis to improving their business potential and competitiveness.

Quality. Hufvudstaden will have quality and environmental systems that ensure the highest possible level of quality in all the company’s products and services.

Skills development. Hufvudstaden will systematically ensure that personnel can develop their skills, with a focus on professional know-how and attitudes.

Business development. Hufvudstaden will create added value in its property holdings through active business development.

Fulfilment of objectives, 1999

Financial objectives

- CREX has been exceeded.
- In accordance with a proposal from the board, the dividend will be 73.5 per cent of the profit from current operations.
- The adjusted equity/assets ratio was in excess of 40 per cent at the end of 1999.
- The liquidity was below the average for CREX.

Operating objectives

- Hufvudstaden increased its profit from current operations.
- Hufvudstaden came top in the Fastighetsbarometern customer satisfaction survey.
- Hufvudstaden is working steadfastly to develop its property holdings, including the creation of new building rights and the utilization of old building rights.
- Hufvudstaden is the price leader on all its key submarkets.

Five-year summary

Income statements ⁽¹⁾						
SEK m	1999	Pro forma 1998	Legal 1998	Legal 1997	Legal 1996	Legal 1995
Net sales						
Property management	866	864	734	530	685	679
Other sales	79	171	171	175	176	175
	945	1 035	905	705	861	854
Operating expenses						
Maintenance, operation and administration	-255	-235	-173	-114	-199	-220
Ground rents	-18	-15	-15	-10	-16	-17
Property tax	-61	-63	-54	-43	-43	33
Depreciation	-128	-134	-100	-61	-50	-66
Property management	-462	-447	-342	-228	-308	-270
Other operations	-65	-140	-140	-143	-146	-149
Gross profit	418	448	423	334	407	435
of which Property management	404	417	392	302	377	409
of which Other operations	14	31	31	32	30	26
Central administration	-33	-40	-31	-34	-32	-30
Items affecting comparability	362	48	48	13	10	201
Operating profit	747	456	440	313	385	606
Financial income and expense	-170	-222	-184	-55	-162	-216
Profit before tax	577	234	256	258	223	390
Tax	-53	-16	-17	-75	-61	-72
Profit for the year	524	218	239	183	162	318
Balance sheets ^{(1) (2)}						
Assets						
Properties in Sweden	7 116	7 909	7 909	4 717	1 908	1 492
Properties outside Sweden	-	-	-	-	2 637	2 940
Other fixed assets	324	410	410	398	263	311
Current assets	136	142	142	186	342	386
Total assets	7 576	8 461	8 461	5 301	5 150	5 129
Shareholders' equity and liabilities						
Shareholders' equity	3 310	2 921	2 921	1 663	1 600	1 387
Convertible subordinated loans	-	-	-	-	-	290
Interest-bearing liabilities	3 638	4 919	4 919	3 312	3 214	3 125
Other liabilities	628	621	621	326	336	327
Total shareholders' equity and liabilities	7 576	8 461	8 461	5 301	5 150	5 129
Property holdings ^{(3) (6)}						
Tax assessment value, SEK m	5 736	6 178	6 178	4 067	3 100	3 670
Rentable floor space, 1,000 m²	429	587	587	341	372	387
Acquisition of properties, SEK m ⁽²⁾	82	3 360	3 360	-	-	-
Investments in properties, SEK m ⁽²⁾	66	21	21	17	45	62
Sale of properties, SEK m ^{(2) (6)}	813	146	146	71	15	282
Operating net, SEK per m²	1 239	940	839	1 064	870	928
Key ratios ⁽⁴⁾						
Return on shareholders' equity, % ⁽²⁾	16.8	10.4	10.4	11.2	10.0	23.9
Return on working capital, % ⁽²⁾	10.5	7.4	7.4	8.7	8.8	13.8
Equity/assets ratio, % ⁽²⁾	43.7	34.5	34.5	31.4	31.1	27.0
Debt/equity, multiple ⁽²⁾	1.1	1.7	1.7	2.0	2.0	2.2
Mortgage ratio, properties, % ⁽²⁾	51.1	62.2	62.2	70.2	70.7	77.0
Average interest on interest-bearing liabilities, % ⁽²⁾	4.7	5.2	5.2	5.2	5.9	7.8
Interest coverage, multiple	3.9	1.9	2.2	2.5	2.2	1.6
Cash flow from current operations, SEK m ⁽²⁾	425.6	-	35.7	-	-	-
Cash flow for the year, SEK m ⁽²⁾	-1.0	-	31.6	-	-	-
Floor space vacancy rate, % ⁽²⁾	4.1	3.3	3.3	3.8	6.5	8.0
Rental vacancy rate, % ⁽²⁾	3.7	2.5	2.5	3.3	5.4	-
Share price, Series A at year-end, SEK	29.50	23.50	23.50	30.50	49.00	48.00
P/E ratio	9.5	18.2	16.5	22.3	40.6	19.1
Profit for the year per share, SEK	3.10	1.29	1.42	1.37	1.21	2.51
Shareholders' equity per share, SEK ⁽²⁾	19.58	17.28	17.28	12.43	11.96	10.97
Book value of properties per share, SEK ⁽²⁾	42.10	46.79	46.79	35.26	33.97	35.03
Cash flow for the year per share, SEK ⁽²⁾	-0.01	-	0.19	-	-	-
Cash flow per share from current operations, SEK ⁽²⁾	2.52	-	0.21	-	-	-
Dividend per share, SEK	0.85 ⁽⁴⁾	0.80	0.80	0.75	-	1.35
Dividend proportion, %	27.4	61.9	56.5	54.8	-	53.7
Number of shares at year-end	169 017 547	169 017 547	169 017 547	133 755 388	133 755 388	126 517 076

(1) 1995 excluding participations in associated companies.
(2) Pro forma balance sheets have not been prepared. The values stated are for the legal units.
(3) Excluding Förvaltnings AB Birger Jarl.
(4) Proposal by the Board of Directors.
(5) During 1999 only companies with properties were sold to a book value of SEK 812.7 m.
(6) Figures for 1995–96 do not include properties abroad.



Birger Jarlsgatan 7-9, Stockholm

Hufvudstaden shares and shareholders

Share capital

Hufvudstaden was founded in 1915 with share capital of SEK 0.6 m, i.e. 6,000 shares at a par value of SEK 100. To date, two share issues, four non-share issues, nine bonus issues and four share splits have been implemented. During the period, three convertible subordinated loans were issued: 1978/88, 1982/92, and 1986/96. All these loans have been converted or redeemed. At the 1999 year-end the share capital amounted to SEK 845.1 m. The par value of each share is SEK 5.

Share categories

Hufvudstaden has two share categories, Series A and Series C. Both categories are listed on the Stockholm Stock Exchange. Series A carries one vote per share and the round lot is 500 shares. Series C carries 100 votes per share and the round lot is 500 shares.

In 1919 the shares consisted of ordinary shares, which carried 100 votes per share, and preference shares, which carried one vote per share. In 1937 all the ordinary shares were converted into Series C shares and preference shares were converted into

Series A and Series B shares. Series A and C shares were restricted and Series B shares were non-restricted. In 1938 Series A and Series B shares were listed on the Stockholm Stock Exchange. In 1992, Series A and Series C shares were converted into non-restricted shares and Series A and Series B shares were combined as Series A shares.

Ownership structure

At the year-end the number of shareholders was 27,360. The largest shareholder was Lundberg's with 37.9 per cent of the equity and 86.1 per cent of the votes. Skandia's ownership amounted to 14.4 per cent of the equity and 2.9 per cent of the votes and SEB Trygg Liv's ownership amounted to 12.0 per cent of the equity and 2.5 per cent of the votes.

As of December 31, 1999 institutions with holdings of over 100,000 shares held a total of 141,593,725 shares, equivalent to 87.6 per cent of the shares and 96.2 per cent of the votes. Of these, 37 were Swedish institutions, which together held a total of 137,908,009 shares, equivalent to 85.5 per cent of the equity and 95.8 per cent of the votes. There were eight foreign institutions with holdings of over 100,000 shares. Their holdings amounted to 3,685,716 shares, equivalent to 2.2 per cent of the total number of shares and 0.4 per cent of the total number of votes. In addition, two Swedish and one foreign private individual held more than 100,000 shares.

During the year the number of shareholders increased by 3,373, mainly due to the fact that NCC transferred its shares in Hufvudstaden to NCC's shareholders.

The proportion of foreign ownership has fallen during the year from 3.7 to 2.3 per cent of the equity. 24,449 shareholders, 89.4 per cent of the total number of shareholders, held 1,000 shares or less. Forty-eight shareholders, who each held more than 100,000 shares, had 88.5 per cent of the equity.

Ownership structure					
December 31, 1999		Number of share-holders	Proportion of share-holders, %	Number of shares	Number of shares, %
1 - 500		21 809	79.7	3 045 153	1.8
501 - 1 000		2 640	9.7	2 157 413	1.3
1 001 - 2 000		1 396	5.1	2 166 171	1.3
2 001 - 5 000		903	3.3	2 979 434	1.7
5 001 - 10 000		308	1.1	2 393 063	1.4
10 001 - 20 000		146	0.5	2 070 457	1.2
20 001 - 50 000		80	0.3	2 521 999	1.5
50 001 - 100 000		30	0.1	2 146 420	1.3
100 001 -		48	0.2	149 537 437	88.5
Total		27 360	100.0	169 017 547	100.0

Market capitalization

At the end of 1999, Hufvudstaden's total market value was SEK 4,993.0 m.

Trading during 1999 amounted to 21 per cent of the market value, compared with 94 per cent for listed companies.

Ten largest focused property companies	
December 31, 1999	Market value, SEK m
Drott	9 704
Hufvudstaden	4 993
Diligentia ⁽¹⁾	4 358
Castellum ⁽¹⁾	4 100
Asticus ⁽²⁾	3 669
Tornet	3 468
Wihlborg's	2 840
Balder	2 490
Piren	2 390
Diös	1 200

(1) Castellum made a bid for Diligentia in January 2000.

(2) Delisted on December 29, 1999.

Source: SIX

Ten largest shareholders					
December 31, 1999	Series A shares	Series C shares	Total number of shares	Proportion of share capital, %	Proportion of votes, %
Lundberg's	57 563 490	6 540 458	64 103 948	37.9	86.1
Skandia	24 321 636		24 321 636	14.4	2.9
SEB Trygg Liv	20 261 466		20 261 466	12.0	2.5
Robur	12 462 962		12 462 962	7.4	1.5
SPP	7 639 172		7 639 172	4.5	0.9
Försäkringsbolaget Pensionsgaranti	3 321 000		3 321 000	2.0	0.4
Svenska Arbetsgivareföreningen	3 000 000		3 000 000	1.8	0.4
Nordbanken (including funds)	2 443 983		2 443 983	1.4	0.3
ABN Amro Bank, Netherlands	1 763 000		1 763 000	1.0	0.2
Stena Fastigheter	1 422 250		1 422 250	0.8	0.2
Other shareholders	28 175 646	102 484	28 278 130	16.8	4.6
Total	162 374 605	6 642 942	169 017 547	100.0	100.0

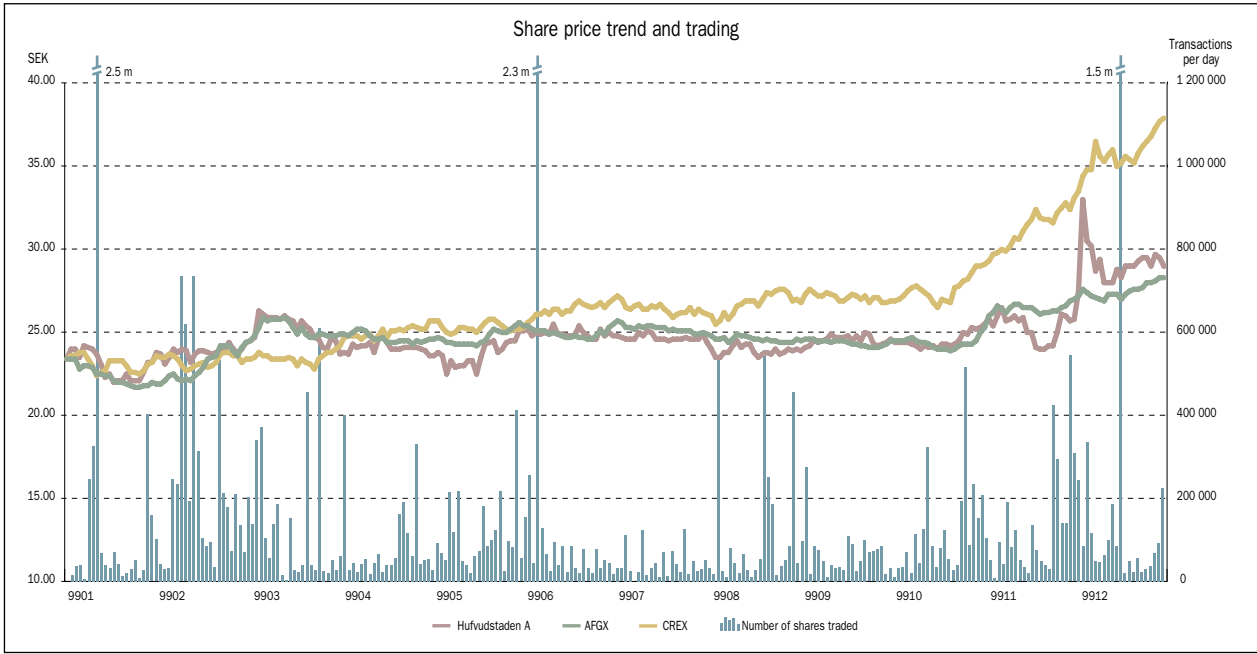
(1) Series A and Series C shares were restricted and Series B non-restricted. The original ordinary shares carried 100 votes and the preference shares one vote. In 1937, all ordinary shares were converted into Series C shares and preference shares into Series A and Series B shares.

(2) Restricted Series A and Series B shares were converted into non-restricted shares and Series A and Series B shares were subsequently combined to become Series A shares.

Dividend policy

Hufvudstaden intends to pay out more than half the net profit from current operations as a dividend unless investments or the company’s financial position generally justify a deviation.

For the 1999 financial year it is proposed that the dividend should be SEK 0.85 per share, equivalent to 27.4 per cent of the net profit or 73.5 per cent of current operations after tax (average rate of tax).



The above graph shows the share price trend from January 1999 in relation to the Carnegie Real Estate Index (CREX) and the Affärsvärlden General Index (AFGX).

Data per share ⁽¹⁾					
	1999	Pro forma 1998	Legal 1997	Legal 1996	Legal 1995
Profit for the year, SEK	3.10	1.29	1.37	1.21	2.51
Dividend, SEK	0.85 ⁽³⁾	0.80	0.75	-	1.35
Dividend share, %	27.4	61.9	54.8	-	53.7
Shareholders' equity, SEK	19.58	17.28 ⁽²⁾	12.43	11.96	10.97
Book value of properties, SEK	42.10	46.79 ⁽²⁾	35.26	33.97	35.03
Cash flow for the year, SEK	-0.01	-	-	-	-
Cash flow per share from current operations, SEK	2.52	-	-	-	-
Share price, Series A at year-end, SEK	29.50	23.50	30.50	49.00	48.00
Number of shares at year-end	169 017 547	169 017 547	133 755 388	133 755 388	126 517 076

(1) 1995, excluding participations in associated companies.
(2) Pro forma balance sheets not prepared. The values given refer to the legal units.
(3) Proposed dividend.

Market description

Hufvudstaden’s markets are Stockholm and Gothenburg, where the company owns commercial properties that are mainly in the most central business districts of the city centres. This makes Hufvudstaden one of the most specialized property companies in Sweden.

Economic development

Economic activity in Sweden, Europe and the USA was high during the year with good growth and greater international interest in Sweden. The increased international presence is particularly noticeable in the city regions, where more and more companies from the EU and the USA are establishing new operations. Swedish companies are also growing, with a marked rise in the number of new, IT-related companies. The new companies are drawn mainly to city regions that already have an expanding business and commercial sector, coupled with a wide range of universities, colleges and cultural activities. This trend is particularly evident in the Stockholm and Gothenburg regions, where Stockholm’s position in relation to Sweden in general is becoming more distinct.

Geographical concentration

The property markets in Sweden and in the EU are characterized strongly by the fact that population and commercial growth is concentrated on the city regions. Population growth in the Greater Stockholm region is currently higher than in Sweden as a whole. This geographical concentration has become very obvious and is expected to increase in the years to come. Consequently, no other region in Sweden can be compared with Stockholm in terms of rents and rent increases. Gothenburg has developed positively even if the level of geographical concentration is not quite as noticeable as in Stockholm.

Operating net and direct yield

Operating net trends and direct yield demands are of major significance to the property market. The property acquisitions made during the year in the most attractive locations in Stockholm and Gothenburg revealed a slight fall in direct yield demands. Direct yield demands for modern office and retailing properties in these locations were around five per cent in Stockholm and between six and seven per cent in Gothenburg.

Direct yield demands are largely dependent on expected

business cycle and real interest rate trends. Real interest rates are still high.

Investments in office and retailing premises

Total floor space in the city of Stockholm is 47 million square metres, including 13 million square metres of commercial space. Investment in commercial premises rose during the year. The addition of new premises is currently running at 20,000 – 25,000 square metres per year although this additional space is too low to meet the demand for modern, well-situated offices and stores.

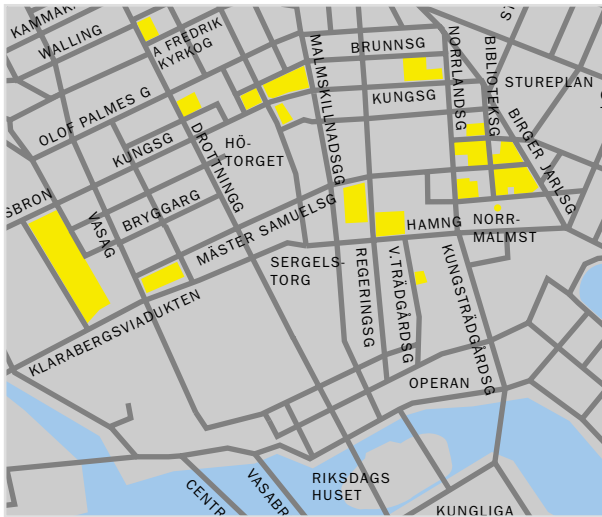
Major projects in the city of Stockholm include the Blåmannen district on Drottninggatan and the Jericho and Grävlingen districts on Regeringsgatan. In the area around the centre of Stockholm activity is increasing with the construction of two new hotels. In the west of the city, an international congress centre is planned beside the Klara Mail Terminal as well as another large hotel. Frösundaport, Hagaporten and Södra Frösunda are examples of major office projects already under way near the central “tull” areas.

Within the city of Gothenburg there are six million square metres of office and retailing space, of which 4.7 million square metres are office space. In Gothenburg the trend in recent years has been broken with the commencement or planning of a number of major projects. These include the construction of 65,000 square metres of hotel, office and garage premises near the police headquarters, around 30,000 square metres of office space on Södra Gubberogatan, hotel and office construction at Nils Ericsonsplatsen, Ericsson’s establishment at Lindholmen, possible development of a further 160,000 square metres at Lindholmen and a twin high-rise building at Hotel Gothia.

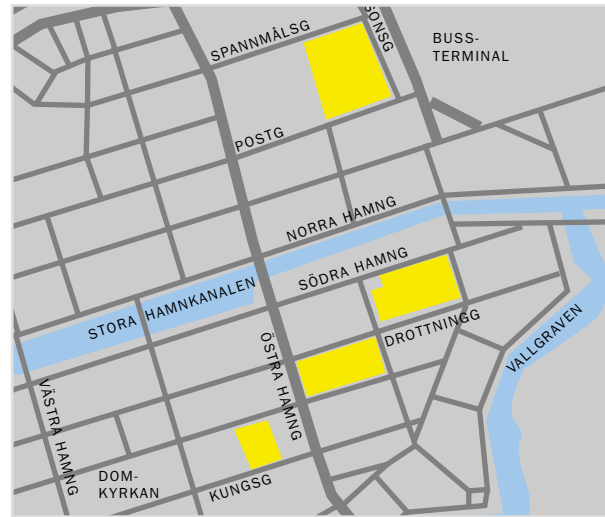
Rental market in Stockholm

The level of vacant space in Stockholm fell during the year while the demand for centrally-located office, retailing and garage premises rose considerably. The result overall was a strong rental market. The fall in the volume of vacant premises on the market can be explained largely by the increasing need in the commercial and industrial sectors for new or expanded premises in combination with a limited volume of new production. A further explanation is the political decision to prioritize the construction of residential property in the city.





Hufvudstaden's properties in central Stockholm.

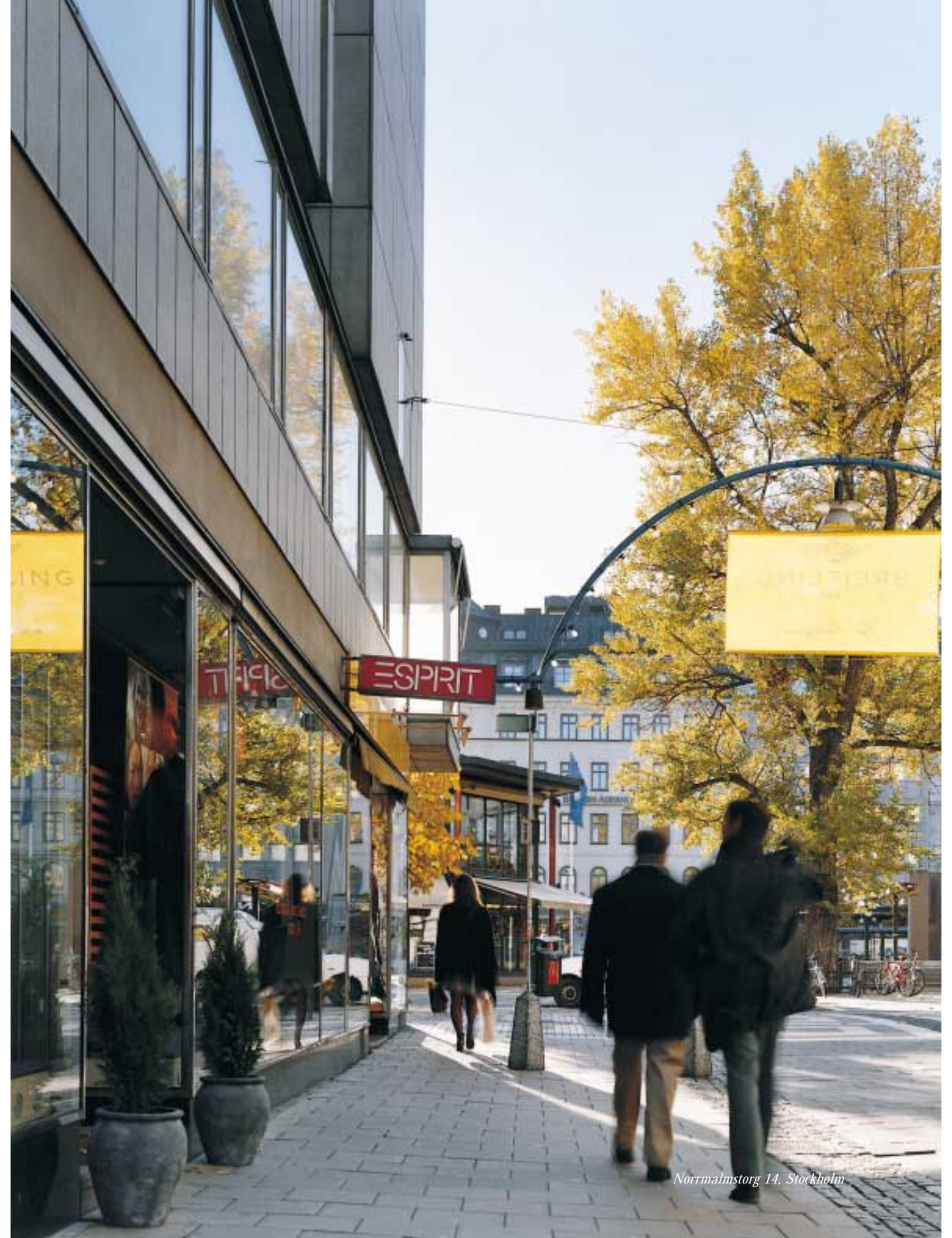


Hufvudstaden's properties in Gothenburg.

prime sales space was very limited – probably less than one per cent – while demand has risen sharply.

The transformation of Gothenburg from a traditional industrial centre into a city with a more differentiated and service-oriented business sector has had a positive impact on trade.

The best positions for stores in central Gothenburg are felt to be Östra Nordstaden, Fredsgatan and Kungsgatan between Fredsgatan and Västra Hamngatan. The best retailing locations in the Gothenburg region are the city centre, Östra Nordstaden, Backaplan, Källered, Frölunda Torg and Angereds Centrum.



Norrmalmstorg 14, Stockholm



Kungsgatan 4-10, Stockholm

Stockholm Business Area

Property holdings

At the year-end the Stockholm Business Area consisted of 32 properties (32)⁽¹⁾. The properties had a book value of SEK 4,439.4 m (4,369.3). The rentable space was 282,964 square metres (280,380). The vacant space was 5.1 per cent (3.1) and the rental vacancy rate was 4.9 per cent (2.1). The increase is due mainly to current refurbishment projects.

The property holdings are commercial and consist of office and retailing premises.

Gross profit

The gross profit for the Stockholm Business Area for 1999 was SEK 263.9 m (254.8), an increase on the preceding year of 3.6 per cent. Net sales totalled SEK 492.7 m (433.8), an increase on the preceding year of 13.6 per cent. Costs amounted to SEK 228.8 m (179.0).

New rentals totalled 16,271 square metres (15,771), equivalent to annual rental revenue of SEK 45.9 m (43.8). Renegotiated lease agreements totalled 49,965 square metres (29,657), equivalent to annual rental revenue of SEK 116.7 m (72.5).

The positive trend was due mainly to the adaptation of the renegotiable part of the lease agreements to market rents and to new rentals on a higher level. Total gross rental revenue increased by SEK 65.5 m, equivalent to an increase of 14.7 per cent.

Growth in holdings

During the year the Business Area's rentable space rose by 2,584 square metres, partly through the acquisition of a 2,200

square metre property at Hötorget in Stockholm and partly through the development and utilization of unutilized building rights. At the year-end the Business Area had just under 6,000 square metres of unutilized building rights.

Rental market

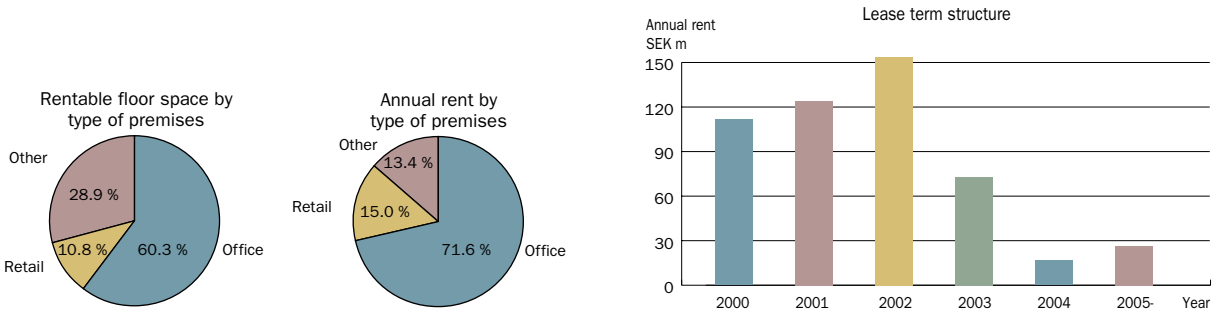
The rental market within the Business Area developed very positively during the year. The demand for premises rose sharply. This resulted in a major increase in market rents of between 20 and 30 per cent.

The market rents for office premises in the most attractive locations exceeded SEK 4,000 per square metre per year, excluding the property tax supplement, and top rents in excess of SEK 4,300 per square metre were noted.

For store premises, market growth was even stronger. In prime locations, a rise of around 40 per cent was noted.

Customers

The customer structure within the Stockholm Business Area consists mainly of companies that value centrally-located, high-quality premises. The dominant sectors are stockbroking firms, law firms, advertising agencies, computer and media companies and companies within the banking and finance sector. In total there are 627 customers within the Business Area, consisting of 262 offices, 128 retail outlets, two cinemas, 21 restaurants and 214 storage facilities. The ten largest customers rent 67,164 square metres (69,999), representing annual rent revenue of SEK 132.0 m (128.6).



(1) Following property redesignation in 1999, what was formerly Hästhuvudet 3, acquired on January 4, 1999, became part of Hästhuvudet 13.



NK Hamngatan 18-20, Stockholm



NK Östra Hamngatan 42, Göteborg

NK Business Area

Property holdings

At the year-end the NK Business Area included the NK department stores in Stockholm and Gothenburg and the Hästskon 10 property (the covered, multi-storey Parkaden parking facility) in Stockholm. The properties had a book value of SEK 2,050.2 m (2,085.2). The rentable space was 88,341 square metres (87,793). The vacant space rate was 0.4 per cent (0.3) and the rental vacancy rate 0.3 per cent (0.3).

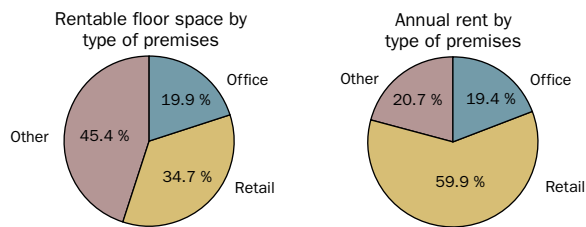
At the year-end the NK department store in Stockholm had over one hundred store tenants and nine restaurants and cafés. The rentable store space was 24,370 square metres. Sales amounted to SEK 1,674.1 m (1,561.2). Apart from the department store the building also housed 12,142 square metres of office premises.

At the year-end the Parkaden multi-storey car park in Stockholm had 800 parking spaces as well as store, restaurant and gym premises. The rentable floor space was 36,353 square metres.

At the year-end the NK department store in Gothenburg had some 40 store tenants, a restaurant square, a café and other catering establishments. The rentable store space was 10,079 square metres. Sales amounted to SEK 378.2 m (347.1). Apart from the department store the building also housed 5,397 square metres of office premises.

Gross profit ⁽¹⁾

The gross profit for the NK Business Area in 1999 was SEK 73.4 m (74.5), an decrease on the preceding year of 1.5 per cent. Net sales totalled SEK 229.3 m (221.6), an increase on the preceding year of 3.5 per cent. Of the net sales SEK 22.0 m (20.6) was in the form of a so-called turnover supplement. The costs amounted to SEK 155.9 m (147.1), of which SEK 21.3 m (23.8) was charged to the customers in the form of an operating supplement for rented and common space.



Renegotiated lease agreements totalled 8,892 square metres (4,004), equivalent to an annual rent of SEK 28.8 m (15.9).

Growth in holdings

Some twenty stores carried out rebuilding work and in doing so developed their business concept and their competitiveness. 279 square metres of sales area were added following the conversion of office space to retailing space.

Rental and retailing markets

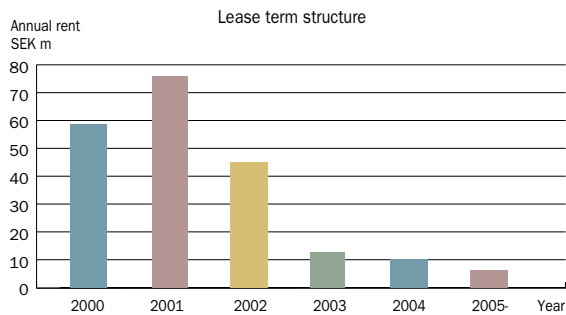
The rental market for our store premises developed positively. The NK department stores are in the very best positions in Stockholm and Gothenburg.

The retail trade in Sweden had a good year. According to the Retail Survey Institute (HUI) sales at current prices increased within the consumer goods sector by 5.5 per cent. Ready-made clothing sales also increased by 5.5 per cent.

During the year the NK Business Area reinforced its position on each market and increased sales by 7.5 per cent compared with the preceding year.

Customers

The Business Area's customers are often strong, well-known brands that place considerable emphasis on establishing operations in attractive marketplaces. Many of the strongest international and Swedish brands are represented at the NK department stores. The Business Area customers include advertising agencies, international banks, management consultants, investment companies and law firms. In total there are around 375 customers within the Business Area, consisting of 46 offices, 160 retail outlets, 11 restaurants and 158 storage facilities. The ten largest customers rent 18,096 square metres (16,747), representing annual rent revenue of SEK 69.5 m (52.4).



(1) Income statement figures in brackets are pro forma for 1998 unless stated otherwise.

Gothenburg Business Area

Property holdings

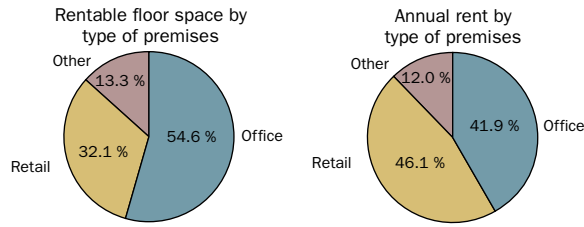
At the year-end the Gothenburg Business Area included four properties (four). The properties had a book value of SEK 626.6 m (631.0). The rentable space was 57,910 square metres (57,777). The vacant space rate was 4.7 per cent (8.1) and the rental vacancy rate 3.9 per cent (6.8).

The property holdings are entirely commercial and consist of four office buildings. The largest building houses the Femmanhuset shopping precinct, which is in turn part of the Östra Nordstan shopping precinct.

Gross profit

The gross profit for the Gothenburg Business Area in 1999 was SEK 48.1 m (46.7), an increase on the preceding year of 3.0 per cent. Net sales totalled SEK 90.5 m (86.1), an increase on the preceding year of 5.1 per cent. Costs amounted to SEK 42.4 per cent (39.4).

New rentals for offices and retail outlets totalled 2,485 square metres (5,372), equivalent to an annual rent of SEK 3.1 m (7.4). Renegotiated leases totalled 10,115 square metres (3,711), equivalent to an annual rent of SEK 19.8 m (4.1).



Rental market

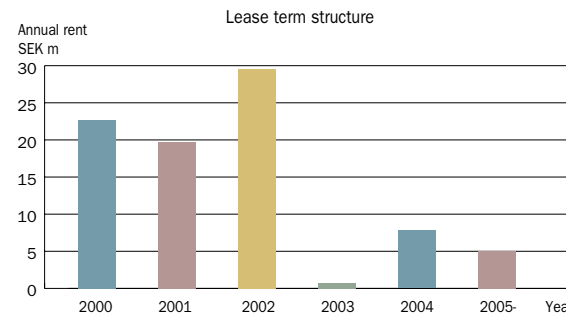
The rental market within the Business Area has developed very positively during the year. This was particularly noticeable in the fall in vacancies and the increase in rent levels.

In the case of Hufvudstaden's properties in the City of Gothenburg the rise was between 10 and 20 per cent. The market rents for office premises in prime locations exceeded SEK 1,500, per square metre per year, excluding the property tax supplement. The improvement in the market for store premises was even stronger. Top figures for the best sales areas were noted of between SEK 5,500 and 8,500 per square metre per year, excluding the property tax supplement.

Customers

The customer structure within the Business Area consists principally of companies that need centrally-located, high-quality premises. The dominant sectors are law firms, accountants, the media, telecommunications companies, public authorities and associations. In total, there are 194 customers within the Business Area, consisting of 51 offices, 71 retail outlets, one cinema, seven restaurants and 64 storage facilities. The ten largest customers rent 25,125 square metres (21,948), representing annual rent revenue of SEK 33.5 m (28.8).

New rentals were mainly to existing customers who, because of the upturn in the economy, required more space.





Femman, Nordstadstorget 6, Göteborg

The Group's brand names

Brand names have become a valuable asset. The value of a brand name consists of its positioning on the market and how well known it is within different target groups.

The brand name should quickly identify and distinguish a company's services and products from those of other companies and should represent a unique product with a well-known image. The brand name is a type of warranty and facilitates the customer's choice.

A well-established brand name provides benefits in the form of brand name loyalty, increased market shares and income and improved profit margins.

The significance of the brand name is expected to increase in the future and the Group's three strong brand names – Hufvudstaden, NK and World Trade Center (Stockholm) – are therefore a valuable asset.

Hufvudstaden

Hufvudstaden, which was founded 85 years ago, rapidly became one of Sweden's leading property companies and is today one of the strongest brand marks in the property industry. The brand name is well known and represents high quality, good service and long-term thinking in the management of its commercial properties in prime business locations in Stockholm and Gothenburg.

NK

NK is one of Sweden's strongest and most well-known brand names. It has reinforced and developed its value since 1902. The principle task of preserving and implementing the long-term build-up of the brand name is the basis of NK's ability to generate increased rental income and in doing so the value of the properties.

The NK brand name now has a very strong position among Swedish and international consumers. This success is founded on close co-operation between the property owners and customers, where co-operation is concretized in the implementation of the property and marketing plans.

World Trade Center (Stockholm)

The World Trade Center brand name is known throughout the world and stands for centrally located, high-class office and conference facilities with high-quality service within international trade. It is a symbol of security, credibility and quality. The strength of the brand name allows the World Trade Center in Stockholm to profile itself as an international, high-class workplace and meeting point. The World Trade Center concept gives the property in Stockholm a unique position on the rental market. Few other buildings in Stockholm can offer its tenants the same broad range of services.

Other operations

Parkaden

Parkaden AB, a wholly-owned subsidiary of Hufvudstaden, runs parking operations in three properties owned by Hufvudstaden:

- Parkaden, Regeringsgatan 55 (near the NK department store), 800 spaces
- Continentalgaraget, Mäster Samuelsgatan 69 (near Central Station), 300 spaces
- Roddaren: Kronobergsgatan 33 (at Kungsholmen), 115 spaces

Parkaden is an important service function for stores and offices in the city area and offers secure, easily-accessible parking in prime locations.

Income increased to SEK 51.4 m (47.4), due particularly to increased charges. The costs increased by SEK 3.5 m to SEK 38.0 m (34.5). The operating profit totalled SEK 13.4 m (12.9).

Income statements – summary					
SEK m	1999	1998	1997	1996	1995
Net sales	51.4	47.4	44.1	40.7	37.7
Operating costs	-33.6	-30.9	-23.5	-22.8	-23.6
Depreciation	-1.0	-0.9	-1.5	-0.7	-0.8
Gross profit	16.8	15.6	19.1	17.2	13.3
Central administration	-3.4	-2.7	-3.1	-2.7	-2.1
Operating profit	13.4	12.9	16.0	14.5	11.2

World Trade Center

Vasaterminalen AB is one of the companies partly owned by Hufvudstaden during 1999 and is reported as an associated company in the consolidated accounts. In November, 66.6 per cent of the shares in Vasaterminalen AB were acquired by Hufvudstaden AB, which then held all the shares in the company. The acquisition date was January 1, 2000. Vasaterminalen AB owns and runs the World Trade Center in Stockholm. The building is linked directly to Stockholm Central Station, the underground system, traffic to Arlanda Airport, long-distance bus facilities and other means of transport. The building houses office, conference and exhibition premises, a hotel, restaurants and Cityterminalen.

The floor space totals 82,500 square metres, the breakdown of which is presented below. Vasaterminalen AB has approximately 45,000 square metres of rentable space and a garage. The site covers 22,100 square metres. The property is let by Swedish State Railways (SJ) on a site leasehold basis to Vasaterminalen AB. The ground rent amounts to SEK 20.0 m per year and the next ground rent review is on March 1, 2010.

The market rent for prime office space at the year-end was in excess of SEK 4,000 per square metre per year, excluding the property tax supplement. All office premises are let. Net

sales increased by 11.5 per cent to SEK 146.0 m (130.9). The operating profit increased to SEK 69.8 m (62.5). The profit for the year after tax increased to SEK 105.8 m (72.2). One-third of the profit for the period, SEK 35.3 m, is part of Hufvudstaden's profit and is reported as profit participation in associated companies.

Floor space utilization, December 31, 1999	
Bus terminal and technical space	25 300 sq. m.
Offices	37 200 sq. m.
Hotel	3 500 sq. m.
Restaurants	1 700 sq. m.
Conference and exhibition facilities	2 500 sq. m.
Garage	12 300 sq. m.
Total	82 500 sq. m.

Income statements – summary					
SEK m	1999	1998	1997	1996	1995
Net sales	146.0	130.9	126.4	117.2	101.1
Operating costs	-71.9	-64.8	-59.7	-55.7	-47.7
Depreciation	-1.5	-1.1	-0.7	-0.8	-1.1
Gross profit	72.6	65.0	66.0	60.7	52.3
Central administration	-2.8	-2.5	-2.5	-2.3	-2.3
Operating profit	69.8	62.5	63.5	58.4	50.0



Birger Jarlsgatan 11, 13, Stockholm

Property development

Hufvudstaden is working actively to develop the high quality and efficiency of its property portfolio. The aim is to create good growth in value and, in co-operation with the customers, adapt offices and stores to new conditions.

Development projects can be divided into three main areas: reconstruction and investment in existing properties, development of new and existing building rights and the acquisition of project properties. During the year 25,500 square metres of existing properties were refurbished. Refurbishment has meant that the premises now have a higher technical standard and more efficient planning of the available floor space. The refurbishment has given the customers a better product and Hufvudstaden a better operating net. The planning of two building rights commenced during the year.

Kungsgatan in Stockholm

Hufvudstaden acquired the Hästhuvudet 3 property at Hötorget in Stockholm in January 1999. Following the purchase the company became the owner of the whole Hästhuvudet block, located at the junction of Kungsgatan and Sveavägen. Hufvudstaden thus owns all the corner properties at this hub, with the exception of the Concert Hall.

During the autumn a block development project commenced, which involves the link-up of the existing building with the new building and the construction of an extension. This solution has improved flexibility, offers more efficient with more open utilization of floor space and has increased the rentable space by 300 square metres. Advanced technology is being installed to satisfy the demands being made on office premises

while still retaining the typical 1920s character of the buildings.

The Hästhuvudet block is an example of how, through active property development, Hufvudstaden is improving the efficiency of and adding to existing property holdings and in doing so it is creating new rentable space and generating a higher operating net. A creative and efficient environment has emerged, with approximately 100 workplaces.

Norrmalmstorg in Stockholm

The Skären 9 property was built by Hufvudstaden in 1983–1984. It has 9,300 square metres of rentable space, mainly office and store premises. Working actively to satisfy the increased demand from tenants for premises has led to Hufvudstaden making a major change in the plan during the year, resulting in an increase in building rights at Norrmalmstorg of 1,680 square metres. This has made possible, among other things, the construction of a new courtyard building, which complements the existing building very well.

Stora Katrineberg at Liljeholmen in Stockholm

The Stora Katrineberg 16 property at Liljeholmen has been owned by Hufvudstaden since 1998 on a site leasehold basis. It has 54,300 square metres of rentable space. On acquisition there were unutilized building rights in the block, which are now being exercised in the form of plans to construct a new building. The new building will add around 3,000 square metres of office and industrial premises with a direct link to the existing property.

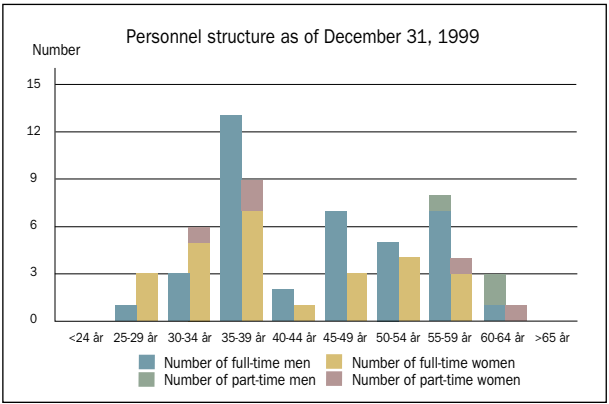
Personnel and organization

Number of employees

The average number of employees in the Group, calculated on a full-year basis, was 127, which is a decrease of 120 on the preceding year. The decrease can be attributed mainly to the divestments made during the year. At the year-end the Group employed 28 women and 43 men, measured on a full-time basis. Five women and three men were employed on a part-time basis. At the year-end, the Parent Company employed 25 women and 41 men, measured on a full-time basis. One woman and two men were employed on a part-time basis.

Average number of employees in the Group, calculated on a full-year basis				
	Men	Women	Total	Total
			1999	1998
<i>Parent company</i>				
Stockholm Business Area	19	4	23	23
NK Business Area	7	5	12	13
Gothenburg Business Area	5	1	6	6
Other units	11	13	24	32
Total, Parent Company	42	23	65	74
<i>Subsidiaries</i>				
Parkaden	3	3	6	7
Sheraton Göteborg Hotel and Towers	17	37	54	163
Others	0	2	2	3
Total, subsidiaries	20	42	62	173
Total	62	65	127	247

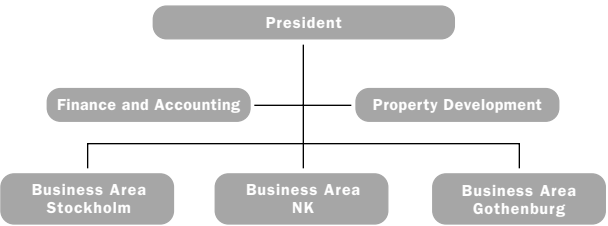
Hufvudstaden’s Board of Directors at the year-end consisted of eight men and the senior management team comprised five men. At the Group’s subsidiaries and associated companies, none of the 44 board members and five of 10 management team members were women. During the year, 11 employees terminated their employment and nine were recruited.



Number of employees at the year-end, measured as full-time positions.

Organization

Hufvudstaden’s operations are divided into three business areas – Stockholm, NK, and Gothenburg.



Skills development

During 1999, 216 Group employees attended a total of 2,390 hours of courses, equivalent to an average of 33 hours per employee.

Skills development included computer training courses, management training programmes and quality, environment and security programmes.

Bonus system

A Group bonus system was in place for 1999 with the aim of increasing employee motivation and commitment. Bonuses are paid on the basis of profit and customer satisfaction. The maximum bonus is SEK 10,000 per full-time employee and was the same for all employees with the exception of senior executives.

As all the criteria were met during 1999, employees received the maximum amount of SEK 0.6 m.

Hufvudstaden has confirmed a bonus system for 2000 based on criteria similar to those applied in 1999. An individual system, based on individual targets, company profits and customer satisfaction, is planned for those senior executives who are not eligible for the above bonus system.

Trade union organizations

The trade unions at the Parent Company are the Swedish Union of Technical and Clerical Employees (SIF) and the Building Management Workers’ Union and at Parkaden the Swedish Transport Workers’ Union.

Environment

Environmental policy

A new environmental policy was adopted during the year. In brief, this means that Hufvudstaden’s vision is to be at the forefront in the property industry in achieving an environmentally sustainable society. Operations will be governed by the general environmental objectives that will lead the environmental programme in the right direction. The strategy is to select measures that guide the company towards its environmental objectives and at the same time increase profitability and facilitate forthcoming improvements.

An extensive environmental programme was implemented during 1999, including a number of detailed objectives in the environmental policy.

Environmental objectives and fulfilment during 1999

The following environmental objectives were drawn up at the beginning of 1999.

Design an environmental programme that clearly allocates responsibility to the organization and create tools that support the day-to-day work. Responsibility for the environmental programme has been passed on through training, increased integration of environmentally-adapted refurbishment and environmental status assessments in which the persons responsible for the properties were involved.

Introduce an environmental management system that ensures the highest possible level of quality in all the services offered by the company. Planning commenced during the autumn to further develop an environmental management system.

Communicate the environmental programme to the tenants. District meetings were held during the autumn for all tenants to inform them about the environmental programme at Hufvudstaden and about the help and opportunities available to the tenants in their environmental programmes.

Reduce the total energy use by five per cent. The total energy use was reduced by 20 per cent during the year compared with 1998. This reduction was achieved mainly through the disposal of properties.

Implement environmental status reporting for all properties. An environmental inventory of all properties was carried out during the year. In Stockholm, the inventories were carried out by our

own personnel. The training of personnel and the production of an inventory base took place in co-operation with Natural Step. PCB inventories have also been made of the properties concerned.

Expand source sorting at acquired properties. At the NK department store in Gothenburg an environmental station has been completed and four environmental stations have been built at Stora Katrineberg 16 in Stockholm. Source sorting has been expanded at the NK department store and at Stubinen 2 in Stockholm.

Commence the phasing out of the oil-fired system at the NK department store in Stockholm. Through efficiency improvements the use of oil could be reduced by 60 per cent compared with the preceding year. The oil-fired system will be withdrawn from use in 2000 and replaced by a district heating system.

Phase out the oil-fired system in the central boiler at the Orgelpipan 7 property in Stockholm. The facility was replaced by a district heating system in July.

Phase out 1,200 kg of HCFC 22 coolant, equivalent to around 30 per cent of the remaining volume. A total of 1,054 kg was phased out during the year. The coolant volume was also reduced by 1,436 kg as a result of property divestment.

Qualify for the Swedish Environmental Fund Top Companies list for 2000. Hufvudstaden entered the list in December 1999.

Environmental activities during the year included:

- Co-ordination of returned paper handling and source sorting at customers.
- Expansion of environmentally-adapted refurbishment.
- Environmental training for employees. All employees have attended a basic environmental course.

Environmental situation at the year-end 1999

Energy. District heating, oil and gas are used for heating and electricity for cooling, ventilation, lifts and other facilities. The total energy consumption fell during the year from 112,052 MWh to 89,606 MWh as a result of property divestments.

A comparison between the years is shown as key data in the table below, adjusted for differences in outside temperature. The table shows that the total energy consumption per square

metre increased by 16 per cent compared with the mean values for the years 1995–1998. The increase can be attributed mainly to the increased use of electricity and district heating.

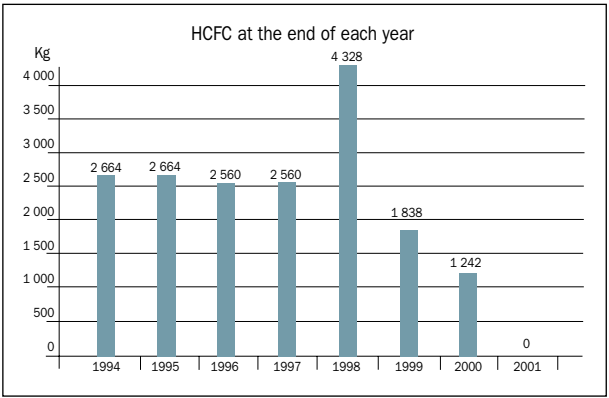
The central boiler at Orgelpipan 7 in Stockholm was closed down on July 1 and replaced by district heating. In the future the district heating facility will also serve 15 buildings on the Klara block, which have now been linked up. Temperature-corrected energy use fell by one per cent compared with the average figures for the years 1995/96–1997/98.

Annual temperature-corrected energy use					
KWh/m²	1999	1998	1997	1996	1995
District heating	82	80	92	97	88
Oil	2	3	0	0	0
Gas	2	2	3	3	3
Electricity	122	106	85	83	82
District cooling	12	6	15	8	8
Total	220	197	195	191	181

Water. Total water consumption fell during the year as a result of property divestments. Water consumption per rented square metre fell during the year by five per cent compared with the mean figure for the period 1995-1998.

Coolants. At the year-end Hufvudstaden had a total of 1,838 kg of HCFC 22 coolant (“soft freons”). During the year 1,054 kg were phased out. The replenished volume in relation to the installed volume fell during the year by 58 per cent compared with the mean figure for the period 1995–1998.

After the end of 2001 there will be a ban on replenishment and it is estimated that all HCFC 22 in Hufvudstaden’s properties will have been phased out by then. HCFC will be gradually replaced by district cooling and more environmentally-adapted coolants, generally HFC, which does not have a negative impact in the ozone layer although emissions do contribute to the greenhouse effect. The graph shows the total volume of the coolant HCFC 22.



Property acquisition is the main reason for the major increase in 1998. The fall in 1999 can be attributed partly to property divestment.

Waste. There is a source sorting system in place at all properties. Five environmental stations were added during the year. Generally speaking, paper, cardboard, soft plastics, glass, metals, batteries, fluorescent tubes, electronics and other environmentally-hazardous waste were sorted. The total volume of waste fell during the year as a result of property sales. The volume of mixed waste fell by 23 per cent compared with the preceding year.

Objectives 2000

During 2000, Hufvudstaden will endeavour to achieve the following detailed objectives:

- Follow up the results of the environmental assessments and prepare a programme of objectives and measures.
- Formulate guidelines for the environmental programme within the company’s different operating segments.
- Formulate and develop tools for the environmental programme in the company’s different operating segments.
- Introduce an environmental management system that ensures the highest possible level of quality in all the company’s services.
- Develop a range of environmental services and offer these to customers.
- Reduce overall energy consumption by five per cent.
- Build an environmental station at the NK department store in Stockholm.
- Phase out the oil-fired heating system at the NK department store in Stockholm.
- Phase out 596 kg of HCFC 22, equivalent to around 32 per cent of the total remaining volume.
- Qualify for inclusion in the Swedish Environmental Fund Top Companies list for 2001.

Further environmental information

The environmental policy in total and detailed information about the environmental organization and environmental programme are available on Hufvudstaden’s web site www.hufvudstaden.se

Environmental risks and disputes

Hufvudstaden has no current environmental disputes. The environmental risks it is felt exist within Hufvudstaden’s sphere of operations are of such a nature that they are covered by customary insurance or have been predicted and the costs have been included within the normal budget framework.

Opportunities and risks

Hufvudstaden’s potential to influence profits in the short-term is limited. Revenue is governed by relatively long leases – normally three to five years – and operating costs are difficult to change in the short term without sacrificing service and quality. Hufvudstaden’s profitability and operations are affected mainly by macroeconomic factors, such as the business cycle and interest rates, as well as political decisions. Forward planning and clear strategies are vital if a property company is to handle opportunities and risks successfully.

Rent trend

The rent trend involves both risks and opportunities. The risk is limited, however, by Hufvudstaden’s focus on properties in the most attractive commercial locations. The rent levels for vacant office premises are rapidly affected by a strengthening or weakening of the economy. The rent level for occupied premises with lease terms longer than three years is tied to the consumer price index. Rent changes take place when the leases are renewed.

Property tax

Increases in property tax constitute a risk although this risk is limited significantly as property tax is debited to Hufvudstaden’s tenants.

Rent loss on vacant premises

In the event of a downturn in the economy, the risk of vacancies is greater for Hufvudstaden’s office premises than for the Group’s retailing premises. There should always be some vacancies to permit refurbishment and rationalization and to test the market’s willingness to accept higher rents.

Lease terms

A long average term is an advantage when market rents are declining and a disadvantage when they are rising. Excessively frequent relocation and vacation give rise to considerable adaptation costs for premises. These costs cannot always be compensated for by increased rents. During 2000, 24.2 per cent of leases are due to be renegotiated with regard to the annual rent. The majority of these agreements will result in higher rents from the fourth quarter of 2000.

Sales-based rents

The principle of sales-based rent is applied mainly at the NK department stores. Hufvudstaden favours sales-based rents as they offer upward potential while at the same time the guaranteed basic rent in sales-based leases limits the risk of a decline in rents. Sales-based rent is particularly advantageous when retail sales rise or when a particular shopping district is doing well.

Concentration on the central Stockholm and central Gothenburg regions

The concentration of a property portfolio on a geographical market area could involve a potential increase in risk as a result of reduced diversification. In Hufvudstaden’s case, however, the risk is limited as Stockholm and Gothenburg are Sweden’s strongest market areas and the most attractive growth markets. Hufvudstaden’s property portfolio is also concentrated on the most commercial and attractive locations in the strongest sub-markets of central Stockholm and central Gothenburg.

Customer losses

Customer losses occur when customers go bankrupt or for other reasons are unable to meet their payment commitments. This risk always exists but since Hufvudstaden always selects customers with documented business skills and competitive operations, the risk is low. Hufvudstaden is one of the few companies that can actively choose its customers. This is mainly because the properties have a unique market position. Customer losses have been low in recent years.

Interest rate risk

The effect of a change in the interest rate on net financial income and expense over a certain period of time.

Financing risk

Financing risk means that financing cannot be secured or can only be done at a greatly increased cost as a result of disruptions in the financial system or as a result of disruptions in the relationship between the Group and its lenders.

Insurance

Hufvudstaden’s properties are insured for their full value.

Financing

Hufvudstaden’s finance function is a Group function charged with responsibility for financing and liquidity planning. The work is governed by the finance policy, which is aimed at securing the Group’s financing needs at the lowest possible cost and risk.

Hufvudstaden’s aim is to use surplus liquid funds to amortize existing loans although this should not entail any increase in costs. Hufvudstaden’s aim is to maintain a credit portfolio with a broad due date spread that permits amortization. Surplus liquid funds not used for amortization may only be invested in instruments with high liquidity and low risk.

Financing structure

Group borrowing at the year-end amounted to SEK 3,637.9 m (4,918.7) with an average effective rate of interest of 5.1 per cent (4.9). The decrease in Group borrowing is due mainly to sales during the year. The net liability was SEK 3,564.1 m (4,843.0). SEK 2,947.0 m of the total borrowing (1,390.7) is long-term.

The average capital tie-up period is 30 months (9) and the average fixed interest period is 33 months (9) (see Table 1).

Group borrowing as of February 1, 2000 amounted to SEK 4,635.6 m with an average effective rate of interest of 5.0 per cent. The increase in the Group’s borrowing since the year-end is due mainly the payment made in the middle of January in respect of the acquisition of Vasaterminalen AB. SEK 3,947.1 m of the total borrowing is long-term.

The average capital tie-up period is 32 months and the average fixed interest period is 24 months (see Table 2).

Table 1. Capital tie-up structure, December 31, 1999			
Due date	Volume, SEK m	Proportion, %	
2000	690.9	19	
2001	816.2	22	
2002	630.3	17	
2003	600.5	17	
2004	900.0	25	
Total	3 637.9	100	
Fixed interest structure, December 31, 1999			
Due date	Volume, SEK m	Proportion, %	Average effective interest, %
2000	490.9	13	5.2
2001	816.2	22	5.8
2002	830.3	23	4.8
2003	600.5	17	4.4
2004	900.0	25	5.3
Total	3 637.9	100	5.1

Table 2. Capital tie-up structure, February 1, 2000			
Due date	Volume, SEK m	Proportion, %	
2000	688.6	15	
2001	816.2	18	
2002	1 130.3	24	
2003	600.5	13	
2004	900.0	19	
2005	500.0	11	
Total	4 635.6	100	
Fixed interest structure, February 1, 2000			
Due date	Volume, SEK m	Proportion, %	Average effective interest, %
2000	1 488.6	32	4.7
2001	816.2	18	5.8
2002	830.3	18	4.8
2003	600.5	13	4.4
2004	900.0	19	5.3
Total	4 635.6	100	5.0

Sensitivity analysis

Group profit increases by SEK 42 m if rent levels rise by SEK 100 per square metre. If the floor space vacancy rate increases by one percentage point, operating profit falls by SEK 13 m. If operation and maintenance costs increase by 10 per cent the operating profit falls by SEK 16 m. If property tax increases by one percentage point, operating profit falls by SEK 8 m. An increase in the interest rate of one percentage point increases interest expense by SEK 5 m.

Change in profit before tax		
	Change	Impact on profit 2000, SEK m
Rent level ⁽¹⁾	+/- SEK 100 per sq. m	42
Vacancy level ⁽²⁾	+/- 1 percentage point	13
Operation and maintenance	+/- 10 per cent	16
Property tax	+/- 1 percentage point	8
Interest level	+/- 1 percentage point	5

(1) Excluding residential contracts. Contracts in force not taken into account.

(2) Estimated floor space vacancy at SEK 3,000 per sq. m.

Administration Report

Comments on the income statements ⁽¹⁾

Property management

Net sales. Net sales increased during the year to SEK 865.5 m (864.2) of which the Stockholm Business Area accounted for SEK 492.7 m (433.8), the NK Business Area for SEK 229.3 m (221.6), the Gothenburg Business Area for SEK 90.5 m (86.1) and properties sold for SEK 53.0 m (122.7). The increase in net sales, SEK 1.3 m, includes acquired properties totalling SEK 33.2 m and properties sold totalling SEK -69.7 m.

Operating costs. Operating costs amounted to SEK 461.2 m (446.6) of which the Stockholm Business Area accounted for SEK 228.8 m (179.0), the NK Business Area for SEK 155.9 m (147,1), the Gothenburg Business Area for SEK 42.4 m (39.4) and properties sold for SEK 34.1 m (81.1). The increase in costs within the Stockholm Business Area is related mainly to acquired properties. Operating costs include depreciation totalling SEK 128.9 m (136.4).

Other operations

Net sales. Net sales amounted to SEK 79.3 m (170.4) which during the period were attributable to Parkaden SEK 51.4 m (47.4) and to Sheraton Göteborg Hotel & Towers, SEK 27.9 m (122.2)

Operating costs. Operating costs amounted to SEK 65.5 m (139.8)⁽²⁾, of which Parkaden accounted for SEK 38.0 m (34.5) and Sheraton Göteborg Hotel & Towers SEK 27.7 m (105.3). Operating costs include depreciation totalling SEK 2.4 m (3.2).

Total

Gross profit. Gross profit amounted to SEK 418,1 m (448.2), of which Property management accounted for SEK 404.3 m (417.6) and Other operations SEK 13.8 m (30.6).

Central administration. Central administration totalled SEK 33.0 m (40.1) and mainly includes salary and office overheads for senior executives and Group staffs.

Items affecting comparability. Items affecting comparability total-ling SEK 361.7 m (48.3) consisted mainly of profits on the sale of Sheraton Göteborg Hotel & Towers, SEK 311.6 m, and the Forum shopping precinct in Sundsvall, the S:t Per shopping precinct in Uppsala, the Punkt shopping precinct in Västerås and the Domino shopping precinct in Norrköping, totalling SEK 47.4 m.

Financial revenue and expense. Financial revenue and expense consists of three items.

Profit on participations in associated companies totalled SEK 30.9 m (24.1) of which Vasaterminalen AB⁽³⁾ accounted for SEK 35.3 m (24.1) and FASAB Fastighetssystem AB SEK -4.4 m (-).

Interest income and similar profit items amounted to SEK 0.7 m (3.1). It is Hufvudstaden's policy to use surplus liquidity to repay loans thus explaining the modest level of interest income.

Interest expenses and similar loss items amounted to SEK 201.4 m (253.6). The fall in this item amounted to SEK 52.2 m and could be attributed mainly to a lower borrowing volume. The item also includes respite interest on tax liabilities.

Tax, tax dispute and deficit deduction. The Group's tax amounted to SEK 52.9 m (15.7).

The tax authority in Stockholm has reassessed the parent company and the subsidiary Förvaltnings AB Norrilen (former-ly Hufvudstaden International AB). These tax assessments were determined in 1997 by the Court of Administrative Appeal in line with the assessment made by the tax authority. Hufvudsta-den has filed for judicial review and has lodged an appeal with the Administrative Court of Appeal. A provision has been made amounting to the equivalent of the tax authority's assess-ment and accrued interest on the additional tax.

During the year Hufvudstaden had largely utilized the tax carry-forward that remained from previous years.

Profit for the year. Profit for the year increased to SEK 524.1 m (218.3).

Comments on the balance sheets

The value of Buildings, Land and Building Equipment decreased as a result of the disposal of five properties. One property was acquired during the year.

Cash and bank balances amounted to SEK 74.7 m. Rent payment are mostly made at the end of each quarter, which may result in a temporary surplus. The liquidity is used mainly to amortize loans.

The Group's liabilities to credit institutions decreased to SEK 3,637.9 m (4,918.7). The lower level of borrowing can be attributed mainly to the sale of Sheraton Göteborg Hotel & Towers and the four shopping precincts. The dividend to share-holders was SEK 135.2 m (100.3).

Comments on changes in financial position

Cash flow from current operations amounted to SEK 425.6 m (35.7). Cash flow for the year amounted to SEK -1.0 m (31.6).

Acquisitions

The office property Hästhuvudet 3 at Hötorget in Stockholm was acquired during the first quarter of 1999. The purchase sum was SEK 82.0 m. This acquisition resulted in an additional 2,200 square metres of rentable space.

The remaining 66.6 per cent of the shares in Vasatermina-len AB, which owns and runs the World Trade Center building in Stockholm, were acquired at the end of the year. The pur-chase sum for the shares was SEK 891.3 m. The rentable floor space is approximately 45,000 square metres. Following the acquisition of the shares, which took place after the year-end, Vasaterminalen AB became a wholly-owned subsidiary of Huf-vudstaden.

Divestments

The shares in Hufvudstaden Hotel AB were divested during the year, including property companies and operating companies. The shares in Galleria Forum i Sundsvall AB, Galleria S:t Per i Uppsala AB, Punkt Fastighets AB (Västerås) and Galleria Domi-

no i Norrköping AB were also divested. The sales resulted in Group profits of SEK 359.0 m.

Investments

Investments made during the year amounted to SEK 151.1 m, of which SEK 3.4 m was for equipment, SEK 49.5 m for new construction and refurbishment, SEK 62.3 m for buildings, including building equipment, and SEK 35.9 for land.

Parent company

The Parent Company's net sales increased to SEK 506.4 m (479.4). The cost of operations increased to SEK 209.7 m (196.2). The gross profit increased as a result of the above to SEK 296.7 m (283.2).

Central administration costs amounted to SEK 35.7 m (28.4). Items affecting comparability amounted to SEK -27.1 m (33.8), due mainly to capital gains on the sale of shares in Group companies (see Note 3). The operating profit thus fell to SEK 233.9 m (288.6).

The profit on participations in associated companies amount-ed to SEK 251.6 m (240.0), of which SEK 121.6 m is an antici-pated dividend from a subsidiary company.

Of the Parent Company's net sales and property costs in Swedish kronor, 1.5 per cent of net sales and 2.5 per cent of property costs pertain to other companies in the Group.

SPP

According to information from SPP, surplus company-linked funds of SEK 90.7 m have been allocated to the Hufvudstaden Group. The surplus funds have not been included as an asset in the balance sheet.

Events after the year-end

The construction of the courtyard building at Skären on Små-landsgatan in Stockholm commenced in February.

The acquisition of shares in Vasaterminalen AB was com-pleted on January 1, 2000.

(1) Figures in brackets are pro forma for 1998 unless stated otherwise.

(2) During 1998 and 1999 a small profit was included from operations in the subsidiary Förvaltnings AB Birger Jarl, which has now been wound down.

(3) See World Trade Center section.



Income statements

SEK m	Note(s)	Group			Parent company	
		1999	Pro forma 1998	Legal 1998	1999	1998
<i>Net sales</i>						
Property management		865.5	864.2	734.1	506.4	479.4
Other operations		79.3	170.4	170.4	-	-
		944.8	1 034.6	904.5	506.4	479.4
<i>Operating expenses</i>						
Maintenance, operations and administration		-255.0	-234.7	-172.9	-114.8	-102.5
Ground rents		-17.7	-15.2	-14.7	-6.6	-6.6
Property tax		-61.1	-62.7	-54.2	-39.1	-38.9
Depreciation		-127.4	-134.0	-99.9	-49.2	-48.2
Property management		-461.2	-446.6	-341.7	-209.7	-196.2
Other operations		-65.5	-139.8	-139.8	-	-
		-526.7	-586.4	-481.5	-209.7	-196.2
Gross profit	1-2	418.1	448.2	423.0	296.7	283.2
Of which Property management	1	404.3	417.6	392.4	296.7	283.2
Of which Other operations	2	13.8	30.6	30.6	-	-
Central administration		-33.0	-40.1	-31.3	-35.7	-28.4
Items affecting comparability	3	361.7	48.3	48.7	-27.1	33.8
Operating profit	4-7	746.8	456.4	440.4	233.9	288.6
<i>Financial income and expense</i>						
Participations in associated companies		30.9	24.1	24.1	102.0	18.5
Participations in Group companies		-	-	-	251.6	240.0
Profit on other securities and receivables that are fixed assets	8	-	4.0	4.0	-	4.0
Interest income and similar profit items	9	0,7	3.1	2.2	26.3	4.6
Interest expenses and similar loss items	10	-201.4	-253.6	-214.6	-167.5	-185.3
		-169.8	-222.4	-184.3	212.4	81.8
Profit after financial items		577.0	234.0	256.1	446.3	370.4
Appropriations	11	-	-	-	22.5	22.8
Profit before tax		577.0	234.0	256.1	468.8	393.2
Tax	12	-52,9	-15.7	-16.9	-47.9	-
PROFIT FOR THE YEAR		524.1	218.3	239.2	420.9	393.2

Balance sheets

SEK m	Note(s)	Group Legal		Parent company	
		31-12-1999	31-12-1998	31-12-1999	31-12-1998
ASSETS					
Fixed assets					
<i>Tangible fixed assets</i>					
Buildings	13	3 944.1	4 674.9	1 910.1	1 905.0
Land	14	3 063.7	3 111.5	2 396.7	2 360.8
Building equipment	15	56.0	114.8	0.3	0.7
Land improvements	16	3.3	5.0	3.3	3.5
Equipment	17	5.8	19.5	3.1	2.7
New construction and refurbishment in progress		49.1	2.5	28.6	0.9
		7 122.0	7 928.2	4 342.1	4 273.6
<i>Financial fixed assets</i>					
Participations in Group companies	18	-	-	1 723.1	1 972.2
Receivables from Group companies		-	-	703.8	931.0
Participations in associated companies	19	308.3	383.8	409.1	413.5
Other long-term receivables		9.4	6.9	8.1	5.6
		317.7	390.7	2 844.1	3 322.3
Total fixed assets		7 439.7	8 318.9	7 186.2	7 595.9
Current assets					
<i>Properties held for resale</i>					
Inventories		-	0.6	-	-
		-	0.6	-	-
<i>Current receivables</i>					
Accounts receivable		24.0	21.8	2.3	2.1
Other receivables		5.9	12.9	0.1	3.0
Prepaid expenses and accrued income	20	31.2	31.1	15.2	8.6
		61.1	65.8	17.6	13.7
Cash and bank		74.7	75.7	73.9	40.8
Total current assets		135.8	142.1	91.5	54.5
TOTAL ASSETS		7 575.5	8 461.0	7 277.7	7 650.4

		Group Legal		Parent company	
SEK m	Note(s)	31-12-1999	31-12-1998	31-12-1999	31-12-1998
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
<i>Restricted equity</i>					
Share capital	21	845.1	845.1	845.1	845.1
Restricted reserves		1 455.0	1 491.5	1 360.2	1 360.2
Total restricted equity		2 300.1	2 336.6	2 205.3	2 205.3
<i>Non-restricted equity</i>					
Non-restricted reserves		485.7	345.2	569.8	435.0
Profit for the year		524.1	239.2	420.9	393.2
Total non-restricted equity		1 009.8	584.4	990.7	828.2
Total shareholders' equity	22	3 309.9	2 921.0	3 196.0	3 033.5
Untaxed reserves					
Tax equalization reserve		-	-	22.8	45.6
Accumulated additional depreciation, equipment		-	-	0.3	-
Tax allocation reserve		-	-	105.9	105.9
		-	-	129.0	151.5
Minority interest		-	0.7	-	-
Provisions					
Pension provisions		7.2	6.5	7.2	6.5
Deferred tax liability		174.0	196.7	-	-
		181.2	203.2	7.2	6.5
Long-term liabilities					
Liabilities to credit institutions	23	2 947.0	1 390.7	2 600.2	790.9
Liabilities to Group companies		-	-	589.7	115.1
Other interest-free liabilities		0.3	0.2	0.3	0.2
		2 947.3	1 390.9	3 190.2	906.2
Short-term liabilities					
Liabilities to credit institutions	23	690.9	3 528.0	475.6	3 279.8
Accounts payable		17.1	25.7	8.9	8.8
Liabilities to Group companies		-	-	21.0	-
Tax liabilities		158.5	127.3	84.2	83.6
Other interest-free liabilities	24	36.9	32.5	16.4	9.9
Accrued expenses					
and prepaid income	25	233.7	231.7	149.2	170.6
		1 137.1	3 945.2	755.3	3 552.7
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		7 575.5	8 461.0	7 277.7	7 650.4
Pledged assets					
Real estate mortgages, other	26	2 164.9	1 272.7	1 403.8	277.8
Other long-term receivables		5.4	4.9	5.4	4.9
		2 170.3	1 277.6	1 409.2	282.7
Contingent liabilities					
Sureties, other		0.6	0.7	0.6	0.7
Guarantees		0.7	0.8	0.7	0.8
		1.3	1.5	1.3	1.5

Statement of changes in financial position with notes

Group				Parent company	
SEK m	Note	1999	1998	1999	1998
Current operations					
Profit before appropriations and tax		577.0	256.1	446.3	370.4
Depreciation		131.7	97.4	50.3	49.7
Capital gains/losses		-359.0	-78.2	29.8	-56.6
Share in profit/loss of associated companies		75.5	-5.6	4.4	
Anticipated dividend from Group companies		-	-	-121.6	-240.0
Change in accrued interest liability		10.1	30.9	11.3	27.9
Income tax		-47.0	-20.3	-	-
Cash flow from current operations					
before changes in working capital	4	388.3	280.3	420.5	151.4
Cash flow from changes in working capital:					
Decrease (+) / Increase (-) in operating receivables		-21.2	5.0	2.2	6.3
Increase (+) / Decrease (-) in operating liabilities		58.5	-368.1	-31.6	47.9
Sale of properties held for resale		-	118.5	-	-
Cash flow from current operations		425.6	35.7	391.1	205.6
Investments					
Acquisition of net assets in Group companies/ shares and participations	1	-3.2	-286.3	-3.2	-327.4
Investments in properties		-143.0	-717.1	-117.3	-16.9
Net investments in other fixed assets		-5.3	-4.4	-3.5	-1.1
Sale of net assets in group companies	2	1 102.8	-	-	-
Sale of properties		-	146.0	-	146.0
Sale of shares and participations in Group companies		-	-	71.0	-
Sale of other fixed assets		0.2	0.7	-	2.0
Cash flow from investments		951.5	-861.1	-53.0	-197.4
Financing					
Loans raised		-	968.5	-	770.3
Amortization of loan liabilities	-1	242.9	-11.2	-994.6	-10.9
Dividend paid		-135.2	-100.3	-135.2	-100.3
Decrease/Increase in lending to Group companies		-	-	824.8	-660.5
Cash flow from financing		-1 378.1	857.0	-305.0	-1.4
Cash flow for the year		-1.0	31.6	33.1	6.8
Liquid funds at the beginning of the year		75.7	44.1	40.8	34.0
Liquid funds at the year-end	3	74.7	75.7	73.9	40.8

Note 1 Acquisition of Group companies.
AB Nordiska Kompaniet was acquired during 1998. The value of the acquired assets and liabilities according to the acquisition analysis was:

SEK m	Group	
	1999	1998
Properties	4.6	2 664.4
Other assets	-	26.6
Liquid funds	-	41.1
Minority interest	0.7	-0.7
Provisions	-0.5	-151.3
Long-term liabilities	-	-650.1
Short-term liabilities	-1.6	-483.0
	3.2	1 447.0
New share issue	-	-1 119.6
Purchase sum paid	3.2	327.4
Liquid funds in the acquired company	-	-41.1
Effect on the Group's liquid funds	3.2	286.3

Note 3 Liquid funds

SEK m	Group		Parent company	
	1999	1998	1999	1998
Cash and bank	74.7	75.7	73.9	40.8
Short-term investments	-	-	-	-
Amount at year-end	74.7	75.7	73.9	40.8

Note 2 Disposal of net assets in Group companies.
Sheraton Hotel & Towers and four shopping precincts were sold during the year. The value of the properties sold and the liabilities are as follows.

SEK m	Group	
	1999	1998
Properties	812.7	-
Equipment	12.8	-
Other assets	32.5	-
Allocations	-29.0	-
Long-term liabilities	-37.7	-
Short-term liabilities	-47.5	-
	743.8	-
Liquid funds in the divested companies	-9.1	-
Liabilities to Group companies	795.0	-
Purchase sum	316.9	-
Effect on the Group's liquid funds	1 102.8	-

Note 4 Interest received and paid

SEK m	Group		Parent company	
	1999	1998	1999	1998
Interest received	0.7	0.9	26.9	3.2
Interest paid	191.3	182.8	154.0	156.6

Accounting principles

Hufvudstaden’s income statements are classified according to function. Assets, provisions and liabilities are valued at the acquisition price unless otherwise stated.

Valuation principles, reclassification etc.

Intra-Group rents and costs. Intra-Group rents and costs are on market terms and are reported in their entirety as incurred.

Operating costs. Operating costs are reduced by rental revenues pertaining to premises rented externally.

Administration costs. Administration costs have been split into property management administration costs, which are included in gross profit, and central administration costs, which are included in operating profit.

Depreciation and capitalization principles. Hufvudstaden charges earnings at the highest tax-deductible cost. This includes refur-

bishment costs of a maintenance nature, depreciation and interest during the construction period.

Depreciation of equipment

Property management. Depreciation of equipment is included in property management administration.

Other operations. Depreciation of equipment is included in the cost of Other operations.

Depreciation principles. Straight-line depreciation is based on the original acquisition amount and the estimated economic life. The depreciation period for equipment is 3–5 years.

Depreciation of properties

Straight-line depreciation is based on the original acquisition amount, adjusted for write-ups and write-downs where appropriate. A write-down is made for a permanent fall in value.

The following percentages are applied for depreciation:

- Buildings: offices 2 per cent
- Buildings: department stores, multi-storey car parks, hotels, restaurants 3 per cent
- Building equipment: 5–10 per cent
- Land improvements: 3.75 per cent

Depreciation of properties and mixed operations has been calculated by assessing the respective category of floor space for depreciation purposes. In the case of properties with a predominance of a particular category of floor space, the percentage for this category has been applied to the entire property.

Tax. Total tax for the Group comprises tax paid and deferred tax.

Deferred tax. Deferred tax is calculated on the Groupwide surplus value and other untaxed reserves, on the basis of the tax rate anticipated in the next year. However, latent tax on the acquisition amount for AB Nordiska Kompaniet has been calculated at 10 per cent. Hufvudstaden has thus utilized the exceptional provision in the Swedish Accounting Standards Council’s Recommendation No. 1, Appendix 3.

Receivables. Receivables are reported, following individual valuation, at the amount expected to be received.

Receivables and liabilities in foreign currency. Receivables and liabilities in foreign currency have been translated at the closing date exchange rate.

Group contribution. Group contributions are reported as a reduction or an increase in non-restricted equity in accordance with the statement made by the Swedish Accounting Standards Council’s Urgent Issues Committee.

Consolidated accounts

The consolidated accounts comprise the Parent Company and companies in which Hufvudstaden owned 50 per cent or more, directly or indirectly, at the year-end.

The consolidated accounts have been prepared in accordance with the acquisition method, which means that consolidated shareholder’s equity only includes earnings of the subsidiaries to the extent they occurred after acquisition. Acquired shareholder’s equity and untaxed reserves have thus been eliminated.

Companies acquired during the year are included in the consolidated accounts at an amount from and including the date of acquisition.

Surplus values are depreciated in accordance with the rules for the type of asset concerned.

Translation of the annual accounts of foreign subsidiaries has been made in accordance with the current method, involving translation of balance sheets at the year-end rate and income statements at average annual rates. Translation differences are reported in the balance sheet as restricted and non-restricted reserves, included in shareholders’ equity.

Profit/loss on participations in associated companies pertains to Vasaterminalen AB, which is reported in accordance with the equity method. FASAB, Fastighetssystem AB, is reported at the acquisition value with consideration given to write-downs.

Untaxed reserves have been divided into a deferred tax liability and shareholders’ equity.

Cash flow statement. From 1999 the Swedish Accounting Standards Council recommendation regarding cash flow (RR7) shall apply. The new rules means that amounts in the 1999 statement of changes in financial position have been adapted to the new cash flow statement.

Note 1 Property management, gross profit per business area, Group					
SEK m	Stockholm Business Area	NK Business Area	Gothenburg Business Area	Others	Total
1999 Legal					
Net sales	492.7	229.3	90.5	53.0	865.5
Maintenance	-57.9	-25.6	-8.7	-4.9	-97.1
Operation and administration	-65.0	-60.2	-18.0	-14.7	-157.9
Ground rent	-13.8	-3.9	-	-	-17.7
Property tax	-38.0	-14.7	-6.2	-2.2	-61.1
Depreciation	-54.1	-51.5	-9.5	-12.3	-127.4
Gross profit	263.9	73.4	48.1	18.9	404.3
1998 Pro forma					
Net sales	433.8	221.6	86.1	122.7	864.2
Maintenance	-27.7	-18.4	-5.3	-10.8	-62.2
Operation and administration	-58.0	-59.1	-18.4	-37.0	-172.5
Ground rent	-11.3	-3.9	-	-	-15.2
Property tax	-35.5	-14.2	-6.0	-7.0	-62.7
Depreciation	-46.5	-51.5	-9.7	-26.3	-134.0
Gross profit	254.8	74.5	46.7	41.6	417.6
1998 Legal					
Net sales	433.8	139.8	86.1	74.4	734.1
Maintenance	-27.7	-7.8	-5.3	-12.8	-53.6
Operation and administration	-58.0	-28.0	-18.4	-14.9	-119.3
Ground rent	-11.3	-3.4	-	-	-14.7
Property tax	-35.5	-8.1	-6.0	-4.6	-54.2
Depreciation	-46.5	-29.5	-9.7	-14.2	-99.9
Gross profit	254.8	63.0	46.7	27.9	392.4

Note 2 Other operations, gross profit per operating area, Group				
SEK m	Hotel operations ⁽¹⁾	Parking operations	Property development	Total
1999 Legal				
Net sales	27.9	51.4	-	79.3
Costs	-27.7	-38.0	0.2	-65.5
Gross profit	0.2	13.4	0.2	13.8
1998 Legal				
Net sales	122.2	47.4	0.8	170.4
Costs	-105.3	-34.5	-	-139.8
Gross profit	16.9	12.9	0.8	30.6
(1) The hotel operations were sold during the second quarter of 1999.				

Note 3 Items affecting comparability			
		Pro forma	Legal
SEK m	1999	1998	1998
<i>Group</i>			
Capital gain, properties	359.0	56.6	56.6
Repayment, pension fund	2.7	5.9	5.9
Capital gain, sales, property development	-	21.7	21.7
Restructuring cost	-	-15.2	-14.8
Costs in conjunction with termination of management agreement with Sheraton International	-	-19.7	-19.7
Sales costs, Sheraton	-	-1.0	-1.0
Total	361.7	48.3	48.7
SEK m	1999		Legal 1998
<i>Parent Company</i>			
Capital loss, shares in Group companies	-29.8		-
Capital gain, properties	-		56.6
Restructuring costs	-		-8.0
Repayment, pension fund	2.7		5.9
Costs in conjunction with termination of management agreement with Sheraton International	-		-19.7
Sales costs, Sheraton	-		-1.0
Total	-27.1		33.8

Note 5 Wages, salaries, other remuneration and social welfare contributions			
		Pro forma	Legal
SEK m	1999	1998	1998
<i>Group</i>			
<i>Wages, salaries and other remuneration</i>			
Board of Directors and President	3.6	5.8	5.1
Other	37.2	51.7	48.6
Total	40.8	57.5	53.7
<i>Social welfare contributions</i>			
Board of Directors and President	1.4	2.1	1.8
Other	17.6	24.9	23.3
Total	19.0	27.0	25.1
<i>Of which pension costs</i>			
Board of Directors and President	0.3	1.0	0.8
Other	4.1	5.6	5.2
Total	4.4	6.6	6.0
<i>Parent Company</i>			
<i>Wages, salaries and other remuneration</i>			
Board of Directors and President	3.3		3.5
Other	24.3		14.6
Total	27.6		18.1
<i>Social welfare contributions</i>			
Board of Directors and President	1.4		1.6
Other	12.2		8.3
Total	13.6		9.9
<i>Of which pension costs</i>			
Board of Directors and President	0.3		0.4
Other	3.3		3.3
Total	3.6		3.7

Note 4 Average number of employees						
			1999			Legal 1998
	Men	Women	Total	Men	Women	Total
<i>Group</i>						
Stockholm	40	25	65	39	23	62
(of which Parkaden)	(3)	(3)	(6)	(3)	(4)	(7)
Gothenburg	22	38	60	58	112	170
(of which Sheraton Göteborg Hotel & Towers)	(17)	(37)	(54)	(53)	(110)	(163)
Other cities	0	2	2	0	0	0
Total	62	65	127	97	135	232
<i>Parent Company</i>						
Stockholm	37	21	58	33	15	48
Gothenburg	5	2	7	4	1	5
Other cities	0	0	0	0	1	1
Total	42	23	65	37	17	54
				Pro forma 1998		
				Men	Women	Total
<i>Group</i>						
Stockholm				45	28	73
(of which Parkaden)				(3)	(4)	(7)
Gothenburg				58	112	170
(of which Sheraton Göteborg Hotel & Towers)				(53)	(110)	(163)
Other cities				1	3	4
Total				104	143	247
<i>Parent Company</i>						
Stockholm				33	15	48
Gothenburg				4	1	5
Other cities				0	1	1
Total				37	17	54

Note 6 Remuneration to Board Members and senior executives

Remuneration to the Chairman of the Board in 1999 amounted to SEK 240 k. Jan Sjöqvist, who is retiring from the Board, and Mats Jansson, who is joining the Board, each received SEK 55 k. The other five Board members each received a director's fee of SEK 110 k.

The President of AB Huvudstaden, Ivo Stopner, took up his appointment on 1 April, 1999, and for the period April-December received SEK 1,408 k, of which SEK 150 k was a bonus. Any director's fees from associated companies or subsidiaries are deducted from the remuneration received both by the President and by other senior executives. The President has the right to be given two years' notice of the termination of the contract of employment by the company. In turn, the contract of employment is subject to six months' notice by the President. A deduction will be made in both cases of any remuneration given by a new employer.

The previous President, Tomas Billing, left the company on 30 April, 1999. For the period January-April 1999, Tomas Billing received SEK 1,143 k, of which SEK 400 k was bonus.

Remuneration to other senior executives in 1999 amounted to a total of SEK 6,240 k, of which SEK 700 k was a bonus. The company is required to give other senior executives twelve months' notice of termination of the contract of employment. In turn, the contract of employment is subject to six months' notice by the senior executive. A deduction will be made in both cases of any remuneration from a new employer.

Pensions to both the President and other senior executives are in accordance in all essential respects with the customary pension plans.

Note 7 Fees and other emoluments to auditors

	Group 1999	Parent company 1999
SEK m		
<i>SET Revisionsbyrå AB</i>		
Audit assignments	0.6	0.6
Other assignments	0.3	0.3
Total	0.9	0.9
<i>KPMG Bohlins AB</i>		
Audit assignments	0.5	0.1
Other assignments	1.0	1.0
Total	1.5	1.1

Note 8 Receipts from other securities and receivables which are fixed assets

		Pro forma 1998	Legal 1998
SEK m	1999		
<i>Group</i>			
Dividend, AB Nordiska Kompaniet	-	4.0	4.0
<i>Parent Company</i>			
Dividend, AB Nordiska Kompaniet	-		4.0

Note 9 Interest income and similar profit items

		Pro forma 1998	Legal 1998
SEK m	1999		
<i>Group</i>			
Total	0.7	3.1	2.2
<i>Parent Company</i>			
Interest income, Group companies	25.9		1.1
Interest income, other	0.4		2.2
Foreign exchange gains	-		1.3
Total	26.3		4.6

Note 10 Interest expense and similar expense items

		Pro forma 1998	Legal 1998
SEK m	1999		
<i>Group</i>			
Interest expense	-201.4	-253.9	-214.9
Foreign exchange gains	-	0.3	0.3
Total	-201.4	-253.6	-214.6
<i>Parent Company</i>			
Interest income, Group companies	-6.1		-
Interest income, other	-159.3		-185.3
Foreign exchange losses	-2.1		-
Total	-167.5		-185.3

Note 11 Appropriations

		Legal 1998
SEK m	1999	
<i>Parent Company</i>		
Changes in tax equalization reserve K	22.8	22.8
Changes in excess accumulated depreciation	-0.3	-
Total	22.5	22.8

Note 12 Tax

		Pro forma 1998	Legal 1998
SEK m	1999		
<i>Group</i>			
Income tax	-47.0	-20.3	-20.3
Deferred tax	-5.9	4.6	3.4
Total	-52.9	-15.7	-16.9
<i>Parent Company</i>			
Income tax	-		-
Deferred tax	-47.9		-
Total	-47.9		-

Note 13 Buildings				
SEK m	Group		Parent Company	
	1999	1998	1999	1998
Acquisition value	3 951.0	1 423.9	1 177.7	1 183.6
Purchases	62.1	2 548.7	53.7	15.7
Sales	-827.3	-21.6	-	-21.6
Accumulated acquisition value	3 185.8	3 951.0	1 231.4	1 177.7
Depreciation	-498.1	-447.2	-381.1	-369.0
Sales	55.3	12.1	-	12.1
Depreciation for the year	-86.5	-63.0	-25.5	-24.2
Accumulated depreciation	-529.3	-498.1	-406.6	-381.1
Write-ups	1 317.3	1 423.9	1 108.4	1 208.4
Sales	-	-76.9	-	-76.9
Depreciation for the year on written-up amount	-29.7	-29.7	-23.1	-23.1
Accumulated write-ups, net	1 287.6	1 317.3	1 085.3	1 108.4
Write-downs	-95.3	-95.3	-	-
Sales	95.3	-	-	-
Accumulated write-downs	0.0	-95.3	-	-
Residual value according to plan	3 944.1	4 674.9	1 910.1	1 905.0
Tax value	4 962.0	5 348.2	3 146.4	3 026.9

Note 14 Land				
SEK m	Group		Parent Company	
	1999	1998	1999	1998
Acquisition value	888.2	180.4	167.9	169.8
Purchases	35.9	709.7	35.9	-
Sales	-83.7	-1.9	-	-1.9
Accumulated acquisition value	840.4	888.2	203.8	167.9
Depreciation	2 223.3	2 223.8	2 192.9	2 193.4
Sales	-	-0.5	-	-0.5
Accumulated depreciation net	2 223.3	2 223.3	2 192.9	2 192.9
Residual value according to plan	3 063.7	3 111.5	2 396.7	2 360.8
Tax value	774.2	829.4	751.3	708.5

Note 15 Building equipment				
SEK m	Group		Parent Company	
	1999	1998	1999	1998
Acquisition value	178.7	58.1	10.7	10.7
Purchases	0.2	120.6	-	-
Sales	-99.7	-	-	-
Accumulated acquisition value	79.2	178.7	10.7	10.7
Depreciation	-63.9	-56.9	-10.0	-9.4
Sales	51.8	-	-	-
Depreciation for the year	-11.1	-7.0	-0.4	-0.6
Accumulated depreciation	-23.2	-63.9	-10.4	-10.0
Residual value according to plan	56.0	114.8	0.3	0.7

Note 16 Land improvements				
SEK m	Group		Parent Company	
	1999	1998	1999	1998
Acquisition value	14.0	14.1	11.3	11.4
Sales	-2.7	-0.1	-	-0.1
Accumulated acquisition value	11.3	14.0	11.3	11.3
Depreciation	-9.0	-8.7	-7.8	-7.5
Sales	1.3	0.1	-	0.1
Depreciation for the year	-0.3	-0.4	-0.2	-0.4
Accumulated depreciation	-8.0	-9.0	-8.0	-7.8
Residual value according to plan	3.3	5.0	3.3	3.5

Note 17 Equipment				
SEK m	Group		Parent Company	
	1999	1998	1999	1998
Acquisition value	97.6	93.6	13.3	12.4
Purchases	3.4	4.7	1.6	0.9
Sales	-72.6	-0.7	-	-
Accumulated acquisition value	28.4	97.6	14.9	13.3
Depreciation	-78.1	-81.1	-10.6	-9.2
Reclassification ⁽¹⁾	-	7.9	-	-
Sales	59.6	0.4	-	-
Depreciation for the year	-4.1 ⁽²⁾	-5.3	-1.2	-1.4
Accumulated depreciation	-22.6	-78.1	-11.8	-10.6
Residual value according to plan	5.8	19.5	3.1	2.7

(1) Reclassification in conjunction with amended depreciation principles.
(2) Of which SEK 1.5 m Operation and administration, SEK 0.2 m Depreciation, SEK 2.0 m Other operations and SEK 0.4 Central administration.

Note 18 Participations in Group companies						
	Company reg. no.	Reg. office	Capital (votes), %	Number	Par value, 000	Book value SEK m
<i>Shares in subsidiaries</i>						
Fastighetsaktiebolaget Medusa	556018-7238	Stockholm	100	300	300	32.3
Fastighetsaktiebolaget Stora Katrineberg	556209-4614	Stockholm	100	200	100	-
Förvaltnings AB Norrilen	556011-4216	Stockholm	100	1 592 500	159 250	237.0
Förvaltnings AB Liljeholmstorget	556030-5251	Stockholm	100	1 000	100	-
AB Nordiska Kompaniet	556008-6281	Stockholm	100	19 460 666	97 303	1 452.5
Förvaltningsaktiebolaget Högsbohus	556009-0648	Stockholm	100	800	800	-
Förvaltnings Aktiebolaget Birger Jarl	556034-0274	Stockholm	100	10 000	1 000	1.1
Grand Hotel i Göteborg AB	556019-5405	Stockholm	100	150	150	-
Fastighets AB Hufvudstaden	556014-4411	Stockholm	100	500	250	0.1
Aktiebolaget Cityparkering	556020-7440	Stockholm	100	200	100	-
Hufvudstaden Fastighetsförvaltning AB	556556-7038	Stockholm	100	200	100	0.1
						1 723.1
<i>Owned by Förvaltnings AB Norrilen</i>						
Aktiebolaget Hamngatgaraget	556068-6601	Stockholm	100	3 000	300	231.5
Parkaden Aktiebolag	556085-3599	Stockholm	100	5 000	500	0.3
Hufvudstaden Deutschland GmbH		Berlin	100	1	DEM 100	-
						231.8
<i>Owned by AB Nordiska Kompaniet</i>						
NK Göteborg Kommanditbolag	916630-7000	Stockholm	99	99 ⁽¹⁾	1	0.0
NK Cityfastigheter AB	556023-1267	Stockholm	100	1 680	168	0.4
NK Concession Aktiebolag	556313-8733	Stockholm	100	1 000	100	0.1
						0.5

(1) Remainder owned by NK Concession Aktiebolag

Note 19 Participations in associated companies						
	Company reg. no.	Reg. office	Capital (votes), %	Number	Par value, 000	Book value SEK m
<i>Owned by the Parent Company</i>						
Vasaterminalen AB	556118-8722	Stockholm	33,3	674 000	67 400	409.1
FASAB Fastighetssystem AB ⁽¹⁾	556233-5249	Stockholm	29.3	10 552	1 319	0.0
						409.1
<i>Group</i>						
Shareholders' equity in Vasaterminalen						925.1
Participation 33.3 %						308.3
FASAB Fastighetssystem AB						0.0
						308.3

(1) Write-down in 1999 of SEK 4.4 m.

Proposed distribution of profit

According to the Consolidated Balance Sheet, the Group’s non-restricted shareholders’ equity was SEK 1,009.8 m, of which profit for the year is SEK 524.1 m. No allocation to restricted reserves is required.	Balance brought forward	SEK 569.8 m
	Profit for the year	SEK 420.9 m
		SEK 990.7 m
	be appropriated as follows:	
	Dividend to the shareholders, SEK 0.85 per share	SEK 143.7 m
	To be carried forward	SEK 847.0 m
		SEK 990.7 m

Stockholm, February 10, 2000

	Fredrik Lundberg		
	Chairman		
Claes Boustedt	Bo Ingemarson	Mats Jansson	
Lars Lundquist	Curt G Olsson	Bo Waldemarson	Ivo Stopner
			President

Auditors’ Report

To the Annual General Meeting of Hufvudstaden AB (publ), company registration number 556012-8240.

We have examined the annual accounts, the consolidated accounts and the accounting records, and also the administration of the Board of Directors and the President of Hufvudstaden AB for 1999. The Board of Directors and the President are responsible for the accounting records and the administration. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration on the basis of our audit.

The examination has been carried out in accordance with generally accepted auditing standards in Sweden. This means that we have planned and performed the audit to assure ourselves to a reasonable extent that the annual accounts and the consolidated accounts do not contain material errors. An audit includes examining a selection of the supporting documents for amounts and other information in the accounting records.

An audit also includes an examination of the accounting principles and their application by the Board of Directors and the President and an assessment of the overall information in the annual accounts and the consolidated accounts. As a basis for our statement on discharge from liability we have examined material decisions, measures and conditions in the Company to enable us to assess whether any Board Member or the Presi-

dent is liable for compensation to the Company. We have also examined whether any board member or the President has acted in any way that is contrary to the Companies Act, the Annual Accounts Act or the Articles of Association. We consider that our audit gives us reasonable grounds for our statements below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and thereby provides a fair picture of the Company's and the Group's financial results and financial position in accordance with generally accepted accounting principles in Sweden.

We recommend that the annual general meeting adopts the income statement and balance sheet for the Parent Company and for the Group, that the profit of the parent company be distributed according to the proposal in the Administration Report and that the members of the Board and the President be discharged from liability for the financial year.

Stockholm, February 10, 2000

SET Revisionsbyrå AB KPMG Bohlins AB

Klas Alm Bo Ribers
Authorized Public Accountant Authorized Public Accountant

Note 20 Prepaid expenses and accrued income					
SEK m	1999	1998			
Group					
Accrued rent revenue	18.8	20.9			
Prepaid expenses	3.7	8.7			
Accrued interest revenue	6.1	-			
Other	2.6	1.5			
Total	31.2	31.1			
Parent Company					
Accrued rent revenue	6.7	5.8			
Prepaid expenses	0.7	2.8			
Accrued interest revenue	6.1	-			
Other	1.7	-			
Total	15.2	8.6			

Note 21 Share capital				
Breakdown according to share class, SEK m	1999	1998		
A	162 374 605 shares	811.9	811.9	
C	6 642 942 shares	33.2	33.2	
Total	169 017 547 shares	845.1	845.1	

Note 22 Shareholders’ equity					
	Share capital	Restricted reserves	Non-restricted reserves	Profit for the year	Total
SEK m					
Group					
At January 1	845.1	1 491.5	345.2	239.2	2 921.0
Appropriation of profits			239.2	-239.2	0.0
Parent Company dividend			-135.2		-135.2
Transfer between restricted and non-restricted reserves		-35.2	35.2		0.0
Translation differences in foreign subsidiaries		-1.3	1.3		0.0
Profit for the year				524.1	524.1
At December 31	845.1	1 455.0	485.7	524.1	3 309.9
Parent Company					
At January 1	845.1	1 360.2	435.0	393.2	3 033.5
Appropriation of profits			393.2	-393.2	0.0
Parent Company dividend			-135.2		-135.2
Group contribution granted			-123.2		-123.2
Profit for the year				420.9	420.9
At December 31	845.1	1 360.2 ⁽¹⁾	569.8	420.9	3 196.0

(1) Of which SEK 943.3 m is a premium reserve.

Note 23 Liabilities to credit institutions				
	Group		Parent Company	
SEK m	1999	1998	1999	1998
Credit facility	-	-	-	-
Other	3 637.9	4 918.7	3 075.8	4 070.7
Total	3 637.9	4 918.7	3 075.8	4 070.7
Credit facility granted	45.0	50.0	45.0	45.0
Maturity 1 year	690.9	3 528.0	475.6	3 279.8
Maturity 2 years	816.2	443.6	600.0	190.6
Maturity 3 years	630.3	816.3	499.9	600.1
Maturity 4 years	600.5	130.5	600.3	0.1
Maturity 5 year	900.0	0.3	900.0	0.1
Total	3 637.9	4 918.7	3 075.8	4 070.7

Note 24 Other interest-free liabilities		
SEK m	1999	1998
Group		
VAT deduction	16.7	12.4
Other	20.2	20.1
Total	36.9	32.5
Parent Company		
VAT deduction	10.1	7.5
Other	6.3	2.4
Total	16.4	9.9

Note 26 Pledged securities for liabilities to credit institutions				
	Group		Parent Company	
SEK m	1999	1998	1999	1998
Property mortgages	2 164.9	1 272.7	1 403.8 ⁽¹⁾	277.8

(1) Of which mortgages in subsidiaries’ property amount to SEK 150.0 m.

Note 25 Accrued expenses and prepaid income				
	Group		Parent Company	
SEK m	1999	1998	1999	1998
Accrued interest	57.9	41.7	56.1	38.7
Prepaid rent	112.6	130.2	70.3	92.9
Other	63.2	59.8	22.8	39.0
Total	233.7	231.7	149.2	170.6

Board of Directors and Auditors



Fredrik Lundberg

Born 1951, graduate engineer, graduate in business administration/economics. Chairman, Board member since 1998. President and CEO of L E Lundbergföretagen AB. Chairman of Holmen AB and Cardo AB. Board member of Modo Paper AB and NCC AB. Holding in Hufvudstaden: 1,303,166 shares (through private companies, including family).



Claes Boustedt

Born 1962, graduate in business administration/economics. Board member since 1998. Vice President of L E Lundbergföretagen AB. President of L E Lundberg Kapitalförvaltning AB. Board member of FR FastighetsRenting AB. Holding in Hufvudstaden: -



Lars Lundquist

Born 1948, graduate in business administration/economics. Board member since 1995. Vice President of SEB. Acting CEO of BfG Bank AG, Germany. Board member of Fastighets AB Celtica. Holding in Hufvudstaden: 2,000 shares.



Curt G Olsson

Born 1927, graduate in business administration/economics. Board member since 1983. Chairman of SEB Skandinaviska Enskilda Bankens Pensionsstiftelse, Ruter Dam, Stiftelsen Bankforskningssinstitutet and the Department of Business Administration Development Council at Stockholm University. Board member of Märta and Gunnar V Philipsons Stiftelse. Holding in Hufvudstaden: 4,250 shares (including family).



Bo Ingemarson

Born 1950, graduate in business administration/economics. Board member since 1998. President of If Skadeförsäkring AB. Board member of Munters AB. Holding in Hufvudstaden: -



Mats Jansson

Born 1951, university studies. Board member since 1999. President and CEO of Oy Karl Fazer Ab, Finland. Board member of Swedish Match AB. Holding in Hufvudstaden: -



Bo Waldemarson

Born 1938, senior secondary school engineering and economics programmes. Board member since 1998. Director of L E Lundbergföretagen AB. Chairman of Vasaterminalen AB. Holding in Hufvudstaden: -



Ivo Stopner

Born 1962, graduate engineer. President and Board member since 1999. Holding in Hufvudstaden: 275 shares (including family) and call options equivalent to 7,000 shares.

The Board consists of eight members, all elected at the Annual General Meeting. There are no deputy members. The Board includes members who have links with Lundbergs, Skandia and SEB Trygg-Hansa, which are major shareholders in Hufvudstaden. The President is also a member of the Board. Other executives of the company present business issues at Board meetings. During the 1999 financial year, the Board held ten meetings. Functions fulfilled by the Board comply with the routines laid down by the Board regarding the allocation of duties for the Board and the President.

Secretary: *Mats Müllern, born 1944, lawyer, Gedda & Ekdahl Advokatbyrå. Board secretary since 1998.*

Auditors: *SET Revisionsbyrå AB, auditor in charge Klas Alm, Authorized Public Accountant. KPMG Bohlins AB, auditor in charge Bo Ribers, Authorized Public Accountant.*

Senior Executives

Senior management consists of five senior executives: the President and the heads of the Stockholm Business Area, NK Business Area, Gothenburg Business Area, Accounting and Finance and Property Development.

The team met regularly during the 1999 financial year. The senior management team complies with the procedures laid down for operations. There are no special committees.



Ivo Stopner

Born 1962, graduate engineer.
President and acting head of the NK Business Area since 1999 and employed since 1990.
Holding in Hufvudstaden: 275 shares (including family) and call options equivalent to 7,000 shares.



Bo Wikare

Born 1963, graduate engineer.
Head of the Stockholm Business Area since 1999 and employed since 1994.
Holding in Hufvudstaden: 50 shares and call options equivalent to 7,000 shares.



Lennart Borggren

Born 1946, graduate engineer.
Head of Property Development since 1999 and employed since 1981.
President of Parkaden AB.
Holding in Hufvudstaden: 1,322 shares (including family) and call options equivalent to 15,000 shares.



Clas Hjorth

Born 1963, graduate in business administration/economics.
Head of Accounting and Finance and employed since 1999.
Holding in Hufvudstaden: 1,000 shares.



Eric Nihlmark

Born 1952, graduate engineer.
Head of the Gothenburg Business Area since 1999. Employed since 1983.
Holding in Hufvudstaden: -



Mäster Samuelsgatan 1-5, 2-4, Stockholm

Properties

Property designation	Address	Site area sq. m.	Year of purchase	Year of construction/ refurbishment	Tax assessment value 1999, SEK m	Book value, SEK m	Rentable space, sq. m								
							Offices	Stores	Restau- rants	Cinemas	Ware- houses	Garage	Resi- dential	Miscel- laneous	Total
Stockholm Business Area															
Norrmalmstorg Management Area															
	Kungl Trädgården 5	Västra Trädgårdsgatan 8	673	1984	1984/95	48.2	68.9	2 617	0	0	0	0	0	0	2 617
	Kvasten 2	Norrlandsgatan 16, Jakobsbergsgatan 11	935	1966	1987	102.7	124.6	2 799	327	452	0	285	792	0	4 655
	Kvasten 6	Biblioteksgatan 5, Mäster Samuelsgatan 6–8	2 075	1915	1917/90	148.8	169.2	3 578	944	292	1 738	170	480	0	7 202
	Kvasten 9	Biblioteksgatan 7, Jakobsbergsgatan 5–9	822	1955	1978/95	95.5	91.1	2 511	738	0	0	303	0	0	3 552
	Norrmalm 2:62 ¹⁾	Norrmalmstorg, Café Palmhuset	0	1992	1993	7.5	6.5	0	59	114	0	0	0	0	173
	Pumpstocken 10	Birger Jarlsgatan 13, Mäster Samuelsgatan 2	570	1917	1897/1995	56.3	58.0	1 815	717	0	0	110	0	0	2 642
	Pumpstocken 11	Biblioteksgatan 10, Mäster Samuelsgatan 4	736	1991	1897/1996	76.2	144.8	1 637	608	453	0	0	192	0	2 890
	Pumpstocken 12	Birger Jarlsgatan 15, Jakobsbergsgatan 1	792	1978	1901/95	72.5	66.3	2 369	240	1 040	0	179	0	0	3 828
	Rännilen 8	Birger Jarlsgatan 11, Mäster Samuelsgatan 1	645	1917	1900/90	66.8	51.1	1 931	497	0	0	85	0	0	2 513
	Rännilen 11	Biblioteksgatan 6–8, Mäster Samuelsgatan 5	776	1958	1902/85	56.2	60.5	1 593	1 310	0	0	0	0	0	2 903
	Rännilen 18 ²⁾	Birger Jarlsgatan 7–9, Smålandsgatan 8–10	1 677	1963	1888/1986	195.0	300.1	5 393	832	725	0	367	0	0	7 317
	Rännilen 19	Norrmalmstorg 14, Biblioteksgatan 2–4,													
		Mäster Samuelsgatan 3	1 544	1931/39	1902/64/90	220.2	262.1	5 856	1 639	0	0	174	1 033	0	8 702
	Skären 9	Smålandsgatan 20, Norrlandsgatan 10	2 195	1917	1984	253.7	305.6	6 015	1 855	0	0	160	1 255	0	9 285
	Vildmannen 7 ²⁾	Biblioteksgatan 9, Jakobsbergsgatan 6	1 291	1918	1897/1996	61.1	79.7	1 935	664	856	0	0	900	1	4 356
	Total		14 731			1 460.7	1 788.5	40 049	10 430	3 932	1 738	1 833	3 560	1 092	62 635
Kungsgatan Management Area															
	Hästhuvudet 13 ³⁾	Sveavägen 21–23, Kungsgatan 40–42,													
		Apelbergsgatan 35–37, Olofsgatan 2–4	1 302	1929/99	1919/94/99	110.3	186.4	4 829	430	1 122	0	266	0	0	6 647
	Järnplåten 28	Sveavägen 24–26, Oxtorgsgatan 18–20,													
		Kungsgatan 39	1 086	1928/54	1958/95	128.7	136.6	6 677	1 621	0	0	943	0	0	9 241
	Kåkenhusen 31	Kungsgatan 10, Brunnsgatan 9	839	1921	1930/84	54.2	41.2	2 499	660	0	0	199	0	0	3 358
	Kåkenhusen 32	Kungsgatan 8, Brunnsgatan 7	1 026	1921	1928/85	67.5	141.8	3 336	602	0	0	327	0	0	4 265
	Kåkenhusen 33	Kungsgatan 6, Brunnsgatan 5	1 030	1921	1928/89	72.0	42.3	2 798	673	0	0	216	0	0	3 687
	Kåkenhusen 34	Kungsgatan 4 A–B, Norrlandsgatan 29	893	1921	1926/91	94.2	94.7	3 019	822	555	0	75	0	0	4 471
	Orgelpipan 7 ⁴⁾	Klarabergsgatan 56–64, Vasagatan 24–26,													
		Mäster Samuelsgatan 65–73, Klara Norra Kyrkogata 3–5	6 099	1979	1964	271.3	273.4	10 685	3 557	2 724	0	3 631	9 433	0	30 030
	Oxhuvudet 15 ²⁾	Kungsgatan 38, Sveavägen 28–30, Apelbergsgatan 33	876	1926	1931/89	126.3	115.0	3 663	1 458	0	0	726	0	0	5 847
	Oxhuvudet 16 ²⁾	Kungsgatan 34–36, Apelbergsgatan 31	2 385	1926	1931/85	247.5	368.4	12 388	2 197	0	0	491	1 922	0	17 003
	Oxhuvudet 17 ²⁾	Kungsgatan 32, Malmskillnadsgatan 39,													
		Apelbergsgatan 29	1 106	1926	1931/91	130.0	83.7	5 525	1 272	0	0	299	0	0	7 096
	Total		16 642			1 302.0	1 483.5	55 419	13 292	4 401	0	7 173	11 355	0	91 645
Malmarna Management Area															
	Achilles 1 ²⁾	Slussplan 5–9, Skeppsbron 48,			1600-talet/										
		Södra Dryckesgränd 1, Järntorgsgatan 7	1 046	1979	1974	82.5	57.9	4 601	351	0	0	97	0	0	5 049
	Grönlandet Södra 11	Drottninggatan 92–94, Wallingatan 5,													
		Adolf Fredriks Kyrkogata 12	1 662	1923	1911/91	102.5	125.8	6 162	377	253	0	2 007	0	0	8 799
	Medusa 1 ²⁾ ⁵⁾	Kornhamnstorg 61, Slussplan 1–3, Järntorgsgatan 6	547	1980	1878/1991	44.5	38.7	1 302	242	259	0	47	0	298	2 148
	Roddaren 58	Fleminggatan 40, S:t Eriksgatan 44,													
		Kronobergsgatan 33	4 923	1966	1974	147.7	103.8	4 891	2 941	407	0	1 842	3 615	6 519	20 215
	Schönborg 6	Götgatan 20, 22 A–B	1 473	1918/42	1960	87.3	70.1	3 509	1 028	0	0	95	2 108	4 328	11 068
	Stora Katrineberg 16 ⁶⁾	Liljeholmsvägen 2–6, 12–18, Liljeholmsstrand 1–7,			i etapper										
		Katrinebergsvägen 4–16, Mejerivägen 1–3 A	25 496	1998	1984/1992	255.4	572.0	35 601	0	2 728	0	961	15 022	0	54 313
	Stubinen 2 ⁷⁾	Liljeholmstorget 5–11	6 545	1998	1972	145.0	116.3	15 154	1 619	870	0	1 951	0	0	19 594
	Svärdfisken 2 ²⁾	Drottninggatan 82, Apelbergsgatan 50–52,													
		Olof Palmes Gata 13	1 854	1921	1851/1987	96.2	82.8	3 938	175	0	1 807	367	1 211	0	7 498
	Total		43 546			961.1	1 167.4	75 158	6 733	4 517	1 807	7 367	21 956	11 145	128 684
	Total Stockholm Business Area		74 919			3 723.8	4 439.4	170 626	30 455	12 850	3 545	16 373	36 871	12 237	7 282 964
NK Business Area															
Stockholm															
	Hästen 19 och 20,	Hamngatan 18–20, 29–33, Regerings-	19 733	1998	1915/91	1 026.3	1 578.0	12 142	19 880	1 705	0	2 778	0	0	36 512
	Spektern 14 ⁸⁾	gatan 26–32, 36–40													
	Hätskon 10 ⁹⁾	Regeringsgatan 49–53, Mäster Samuelsgatan 29–33	4 921	1977	1964/95	172.5	211.1	0	2 699	512	0	8 659	24 482	0	36 353
Gothenburg															
	Within Vallgraven 10:9 ¹⁰⁾	Östra Hamngatan 42, Kyrkogatan 54, Fredsgatan 5–7,													
		Drottninggatan 39, 45	4 519	1998	1964/94	194.9	261.1	5 397	8 032	1 349	0	696	0	0	15 476
	Total NK Business Area		29 173			1 393.7	2 050.2	17 539	30 611	3 566	0	12 133	24 482	0	88 341
Gothenburg Business Area															
	Within Vallgraven 12:8	Drottninggatan 52	394	1967	1875	5.5	4.4	393	203	0	0	305	0	0	901
	Within Vallgraven 12:10	Södra Hamngatan 49–57, Östra Larmgatan 1,													
		Drottninggatan 54–60	4 167	1967	1975	117.2	108.1	10 237	2 938	408	0	759	1 275	0	15 617
	Within Vallgraven 20:4 ¹¹⁾	Kungsgatan 46	982	1974	1914	0.0	12.6	504	466	0	1 184	57	0	0	2 211
	Nordstaden 8:24	Postgatan 26–32, Nordstadstorget 6,													
		Spannmålsgatan 19, Nils Ericssonsgatan 17	8 404	1979	1972	402.7	452.0	20 469	14 967	1 533	0	2 164	0	0	39 181
	Nordstaden GA:5 ¹²⁾	Nordstadstorget m fl				93.3	49.5	0	0	0	0	0	0	0	0
	Total Gothenburg Business Area		13 947			618.7	626.6	31 603	18 574	1 941	1 184	3 285	1 275	0	57 910
	TOTAL		118 039			5 736.2	7 116.2	219 768	79 640	18 357	4 729	31 791	62 628	12 237	65 429 215

- 1) The property is held on a leasehold basis.
- 2) The tax assessment value for land has not been set. The property is classified as a listed building.
- 3) Following property redesignation, what was formerly Hästhuvudet 3, acquired on January 4, 1999, is also included.
- 4) Leasehold. The ground rent is SEK 6.4 m a year until October 31, 2004 and is reviewed every tenth year. In addition, there is the tax assessment value for land of SEK 107.5 m.
- 5) Owned by the subsidiary Fastighetsaktiebolaget Medusa.
- 6) Owned by the subsidiary Fastighetsaktiebolaget Stora Katrineberg. Leasehold. The ground rent is SEK 2.9 m a year until July 1, 2005 and is reviewed every tenth year. In addition, there is the tax assessment value for land of SEK 27.2 m.
- 7) Owned by the subsidiary Förvaltnings AB Liljeholmstorget. Leasehold. The ground rent is SEK 4.2 m a year until February 1, 2002 and is reviewed every tenth year. In addition, there is the tax assessment value for land of SEK 15.0 m.
- 8) Owned by the subsidiary AB Nordiska Kompaniet. Hästen 20 and Spektern 14 are leasehold. The ground rents are SEK 0.7 m and SEK 0.2 m a year, fixed until October 1, 2035 and reviewed every 20 years. In addition, there is the tax assessment value for land of SEK 22.0 m.
- 9) Owned by the subsidiary AB Hamngatsgaraget. Leasehold. The ground rent is SEK 3.0 m a year until August 31, 2004 and is reviewed every tenth year. In addition, there is the tax assessment value for land of SEK 58.8 m.
- 10) Owned by the subsidiary NK Göteborg KB.
- 11) The tax assessment value has not been set. The property is classified as a listed building.
- 12) This property is jointly owned and includes parking operations, some leasing of premises and service of pedestrian precincts, loading areas, cooling and emergency power supplies. The tax assessment value refers to Hufvudstaden’s proportion of 29.5 per cent, equivalent to 25,359 square metres.

Statistics

Property holdings as of 31-12-1999 ⁽¹⁾																
	Stockholm Business Area				NK Business Area				Gothenburg Business Area				Total			
	1999		1998		1999		1998		1999		1998		1999		1998	
	SEK m	per sq. m.	SEK m	per sq. m.	SEK m	per sq. m.	SEK m	per sq. m.	SEK m	per sq. m.	SEK m	per sq. m.	SEK m	per sq. m.	SEK m	per sq. m.
Gross rent	511.8	1 808	482.5	1 707	233.6	2 644	226.6	2 581	93.8	1 620	89.6	1 551	839.2	1 955	798.7	1 865
(of which property tax supplement)	(33.8)	(119)	(30.5)	(108)	(11.5)	(130)	(11.5)	(131)	(5.0)	(86)	(4.8)	(83)	(50.3)	(117)	(46.8)	(109)
Rent losses, vacant premises	-18.5	-65	-18.5	-65	-3.1	-35	-3.9	-44	-3.3	-57	-3.9	-68	-24.9	-58	-26.3	-61
Customer losses	-0.6	-2	0.1	0	-1.2	-14	-1.1	-13			0.4	7	-1.8	-4	-0.6	-1
Net sales	492.7	1 741	464.1	1 642	229.3	2 595	221.6	2 524	90.5	1 563	86.1	1 490	812.5	1 893	771.8	1 803
Maintenance	-57.9	-205	-34.6	-122	-25.6	-290	-18.4	-210	-8.7	-150	-5.3	-92	-92.2	-215	-58.3	-136
Operating costs	-48.8	-172	-48.6	-172	-42.7	-483	-47.3	-539	-15.6	-269	-14.8	-256	-107.1	-250	-110.7	-259
Property tax	-38.0	-134	-37.3	-132	-14.7	-166	-14.2	-162	-6.2	-108	-6.0	-104	-58.9	-137	-57.5	-134
Leasehold ground rents	-13.8	-49	-13.8	-49	-3.9	-44	-3.9	-44					-17.7	-41	-17.7	-41
Total property expenses	-158.5	-560	-134.3	-475	-86.9	-983	-83.8	-955	-30.5	-527	-26.1	-452	-275.9	-643	-244.2	-570
Operating net	334.2	1 181	329.8	1 167	142.4	1 612	137.8	1 569	60.0	1 036	60.0	1 038	536.6	1 250	527.6	1 233
Administration	-16.2	-57	-14.0	-50	-17.5	-198	-11.8	-133	-2.4	-41	-3.6	-62	-36.1	-84	-29.4	-69
Depreciation	-54.1	-190	-53.9	-190	-51.5	-583	-51.5	-587	-9.5	-164	-9.7	-168	-115.1	-268	-115.1	-269
Gross profit	263.9	933	261.9	927	73.4	831	74.5	849	48.1	831	46.7	808	385.4	898	383.1	895
Adjustment			-7.1										18.9		34.5	
Gross profit according to report	263.9		254.8		73.4		74.5		48.1		46.7		404.3		417.6	

(1) Comparable holdings 1998 and 1999. The values of acquired properties have been recalculated upwards to the full-year value. Properties sold have been excluded.

Property data per Business Area and category of use ⁽¹⁾								
	Stockholm Business Area		NK Business Area		Gothenburg Business Area		Total	
	1999	1998	1999	1998	1999	1998	1999	1998
No. of properties ⁽²⁾	32	32	3	3	4	4	39	39
Floor space. sq. m.	282 964	282 580	88 341	87 793	57 910	57 777	429 215	428 150
Floor space vacancy rate, %	5.1	3.9	0.4	0.3	4.7	8.1	4.1	3.7
Rental vacancy rate, %	4.9	3.2	0.3	0.3	3.9	6.8	3.7	2.8
No. of vacant parking spaces	1 239	1 239	800	800	51	51	2 090	2 090
Book value, SEK m	4 439.4	4 369.3	2 050.2	2 085.2	626.6	631.0	7 116.2	7 085.5
- of which investments made during the year	124.2	710.5	16.5	1 888.6	5.0	4.0	145.7	2 603.1

(1) Comparable holdings 1998 and 1999. The values of acquired properties have been recalculated to full-year values. Properties sold have been excluded.

(2) Following property redesignation in 1999, what was formerly Hästhuvudet 3, acquired on January 4, 1999, is also included in Hästhuvudet 13.

Rentable space and annual rent per business area and category of use, 31–12–1999								
	Stockholm Business Area		NK Business Area		Gothenburg Business Area		Total	
	Area,	Annual rent,	Area,	Annual rent,	Area,	Annual rent,	Area,	Annual rent,
	sq. m.	SEK m	sq. m.	SEK m	sq. m.	SEK m	sq. m.	SEK m
Office	170 626	380.2	17 539	41.1	31 603	36.5	219 768	457.8
Stores and restaurants	43 305	104.6	34 177	135.8	20 515	44.9	97 997	285.3
Cinemas	3 545	4.0			1 184	1.1	4 729	5.1
Storage and miscellaneous	16 380	14.0	12 143	13.2	3 333	3.6	31 856	30.8
Garages	36 871	17.7	24 482	21.6	1 275	1.0	62 628	40.3
Residential	12 237	10.6					12 237	10.6
Total	282 964	531.1	88 341	211.7	57 910	87.1	429 215	829.9

Floor space vacancy and rental vacancies per business area and category of use, 31–12–1999								
	Stockholm Business Area		NK Business Area		Gothenburg Business Area		Total	
	Vacant floor,	Rental vacancy,	Vacant floor,	Rental vacancy,	Vacant floor,	Rental vacancy,	Vacant floor,	Rental vacancy,
	space, sq. m.	SEK m	space, sq. m.	SEK m	space, sq. m.	SEK m	space, sq. m.	SEK m
Office	6 403	17.5	93	0.1	2 325	3.0	8 821	20.6
Stores and restaurants	1 333	3.5	120	0.4	81	0.1	1 534	4.0
Cinemas								
Storage and miscellaneous	5 069	3.9	127	0.1	70	0.1	5 266	4.1
Garages	1 387	0.8			225	0.2	1 612	1.0
Residential	266	0.2					266	0.2
Total	14 458	25.9	340	0.6	2 701	3.4	17 499	29.9

Lease Term structure 31–12–1999 ⁽¹⁾⁽²⁾⁽³⁾							
Number of contracts	2000	2001	2002	2003	2004	2005-	Total
Stockholm Business Area							
Offices	63	84	72	33	7	4	263
Stores	32	40	49	5	1	1	128
Miscellaneous	264	152	91	28	6	10	551
Total	359	276	212	66	14	15	942
Proportion, %	38.1	29.3	22.5	7.0	1.5	1.6	100.0
NK Business Area							
Offices	11	13	10	3	2	1	40
Stores	25	71	47	12	1	1	157
Miscellaneous	24	35	32	5	1	2	99
Total	60	119	89	20	4	4	296
Proportion, %	20.3	40.2	30.1	6.8	1.3	1.3	100.0
Gothenburg Business Area							
Offices	9	13	25	3	2	1	53
Stores	28	13	22	1	5	2	71
Miscellaneous	24	31	39	9	3	1	107
Total	61	57	86	13	10	4	231
Proportion, %	26.4	24.7	37.2	5.6	4.4	1.7	100.0
Hufvudstaden total							
Offices	83	110	107	39	11	6	356
Stores	85	124	118	18	7	4	356
Miscellaneous	312	218	162	42	10	13	757
Total	480	452	387	99	28	23	1 469
Proportion, %	32.7	30.8	26.3	6.7	1.9	1.6	100.0
Annual rent (SEK m) ⁽⁴⁾	2000	2001	2002	2003	2004	2005-	Total
Sockholm Business Area							
Offices	75.9	83.4	105.5	65.2	14.0	25.3	369.3
Stores	16.1	22.9	31.0	4.7	2.3	1.1	78.1
Miscellaneous	19.6	17.8	15.1	3.1	0.5	0.1	56.2
Total	111.6	124.1	151.6	73.0	16.8	26.5	503.6
Proportion, %	22.2	24.6	30.1	14.5	3.3	5.3	100.0
NK Business Area							
Offices	6.3	17.4	4.1	0.2	6.1	1.9	36.0
Stores	22.3	54.3	36.0	12.2	2.8	1.7	129.3
Miscellaneous	30.3	4.1	4.9	0.1	1.4	2.6	43.4
Total	58.9	75.8	45.0	12.5	10.3	6.2	208.7
Proportion, %	28.2	36.3	21.6	6.0	4.9	3.0	100.0
Gothenburg Business Area							
Offices	7.6	5.1	18.6	0.3	2.0	1.3	34.9
Stores	11.2	11.5	9.0	0.1	4.7	3.6	40.1
Miscellaneous	3.9	3.1	1.9	0.3	1.1	0.0	10.3
Total	22.7	19.7	29.5	0.7	7.8	4.9	85.3
Proportion, %	26.6	23.1	34.6	0.8	9.1	5.8	100.0
Hufvudstaden total							
Offices	89.8	105.9	128.2	65.7	22.1	28.5	440.2
Stores	49.6	88.7	76.0	17.0	9.8	6.4	247.5
Miscellaneous	53.8	25.0	21.9	3.5	3.0	2.7	109.9
Total	193.2	219.6	226.1	86.2	34.9	37.6	797.6
Proportion, %	24.2	27.5	28.3	10.8	4.5	4.7	100.0

(1) Including contracts signed for future occupation/implementation, excluding rent as of 31–12–1999.

(2) Excluding floor space (storage and offices) used by Hufvudstaden for its own use.

(3) Including Parkaden AB's contracts in the NK Business Area.

(4) Annual rent defined as the gross rent, excluding sales-based rental supplements.

Annual rent by size ⁽¹⁾⁽²⁾⁽³⁾			
SEK 1,000	No. contracts	Annual rent ⁽⁴⁾	Proportion, %
0–99	884	29 024	3.6
100–499	356	96 399	12.1
500–999	176	124 607	15.7
1 000–2 499	165	257 653	32.5
2 500–4 999	44	148 086	18.7
5 000–9 999	5	31 578	4.0
10 000–	6	106 387	13.4
Total	1 636	793 734	100.0

(1) Excluding floor space (storage and offices) used by Hufvudstaden for its own use.

(2) Including residential contracts.

(3) Contracts with annual rent as of 31–12–99.

(4) Defined as the gross rent, excluding sales-based rental supplement.

Definitions

Adjusted equity/assets ratio. Shareholders’ equity and the surplus value of properties following a deduction for deferred tax in relation to total assets.

Annual rent. Gross rent at the end of the period, calculated on an annual basis.

Average number of full-time employees. The work volume carried out during the year expressed as the number of full-time employees. (Paid hours of attendance in relation to normal annual working hours in the company.)

Central administration. The cost for Group Management and Group staff functions, the cost of maintaining the company’s stock exchange listing and other Group costs. It should be noted that Central administration attributable to Other operations is included in the Other operations item.

Correction for temperature differences. Correction for temperature differences between different years according to the Swedish Meteorological and Hydrological Institute’s conversion factors.

Debt/equity ratio. Net liabilities in relation to shareholders' equity at the year-end.

Dividend proportion. Dividend per share divided by profit for the year per share.

Equity/assets ratio. Shareholders’ equity at the year-end in relation to total assets.

Floor space vacancy. Total area of vacant premises in square metres.

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

Foreign exchange risk. Foreign exchange risk is defined as the risk that the Group’s value will be influenced by a change in foreign exchange rates.

Freon. The brand name for halogenated hydrocarbons, which break down the ozone layer and contribute to the greenhouse effect.

Golden Triangle. The central business district in Stockholm between Stureplan, Norrmalmstorg and Nybroplan, bordered by Hamngatan, Regeringsgatan, Kungsgatan and Birger Jarlsgatan in Stockholm.

Gross rental. Gross rental is defined as the contracted rent and includes the estimated market rent of vacant premises.

Interest coverage ratio. Profit after Financial income and expense plus interest expense less interest contributions in relation to interest expense less interest contributions.

Interest rate risk. The impact of a change in interest rate on net financial income and expense over a certain period.

Investments. Expenses related to planned maintenance and adaptation of premises are capitalized and expensed in accordance with fiscal legislation.

Legal 1998. AB Nordiska Kompaniet was consolidated from June 30, 1998, i.e. only profit for the second half of the year is included. Acquired and sold properties are included to the extent they were held during the year.

Legal 1999. Properties acquired and sold are included to the extent they were held during the year. Hästhuvudet 3 was included for twelve months. As regards the properties sold, Sheraton Göteborg Hotel & Towers was included for four months, the Forum shopping precinct in Sundsvall for four months and the shopping precincts S:t Per in Uppsala, Punkt in Västerås and Domino in Norrköping were held for six months.

Mortgage ratio, properties. Interest-bearing liabilities in relation to the book value of the properties.

Net liabilities. Interest-bearing liabilities less interest-bearing assets.

New rentals. Leases signed during the year with a tenant different from the tenant that leased the premises before or for premises that were previously vacant.

Operating net. Net property management sales less the cost of operation, maintenance and administration, ground rents and property tax.

P/E ratio. Share price at the year-end in relation to cash flow per share.

Profit for the year. Profit after tax for the period.

Profit for the year per share. Profit for the year after tax for the period in relation to the number of shares at the year-end.

Pro forma 1998. Refers to Hufvudstaden with AB Nordiska Kompaniet consolidated as if it had been held for the whole year. In the pro forma accounts Hufvudstaden’s and AB Nordiska Kompaniet’s accounting principles have been harmonized. Corrections have not been made for other properties acquired or sold.

Property. Area of land, with or without buildings, constituting a legal unit.

Property tax supplement. Reimbursement from tenants of property tax.

Renegotiated leases. New leases with an existing tenant, which after notice of termination for a change in terms began to apply during the year with either the same or amended terms.

Rentable floor space. Total area available for renting.

Rental loss. Loss of revenue as a result of vacancies.

Rental vacancies. Vacant floor space at an estimated market rent.

Rental vacancy rate. Vacant floor space at an estimated market rent in relation to the total annual rent.

Return on shareholders' equity. Profit for the year in relation to average shareholders’ equity.

Return on working capital. Profit before appropriations and tax plus interest expense less interest contribution in relation to the average capital employed.

Shareholders’ equity per share. Shareholders’ equity in relation to the number of shares at the year-end.

Working capital. Working capital refers to total assets less non-interest-bearing liabilities and deferred tax liabilities.

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