

HUFVUDSTADEN

PRESS RELEASE

Profit after net financial income and expense increased by 55 per cent to SEK 274.3 million

- Profit after net financial income and expense for the period amounted to SEK 274.3 million (176.5). Items affecting comparability are included to the amount of SEK 25.7 million (18.1).
- Profit after tax totalled SEK 203.1 million (128.7).
- Net rents from property management increased by 12.8 per cent compared with the preceding year and the gross profit by 34.1 per cent, or 17.4 per cent excluding costs for special projects.
- Danske Bank is the new tenant at Norrmalmstorg 1 and will take up occupancy at the turn of the year 2003/2004.

Stockholm, August 26, 2002

HUFVUDSTADEN AB (publ)

Ivo Stopner
President

Enclosure: Interim Report, January – June, 2002.

Questions will be answered by Ivo Stopner and Magnus Jacobson, telephone +46 8-762 90 00

HUFVUDSTADEN

Half-yearly Report, January – June 2002

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- ***Profit after tax totalled SEK 203.1 million (128.7).***
- ***Net rents from property management increased by 12.8 per cent compared with the preceding year and the gross profit by 34.1 per cent, or 17.4 per cent excluding costs for special projects.***
- ***Danske Bank is the new tenant at Norrmalmstorg 1 and will take up occupancy at the turn of the year 2003/2004.***

CONSOLIDATED RESULTS

Property management¹

Gross profit for the period totalled SEK 349.2 million (260.4), an increase of 34.1 per cent. Excluding costs for special projects, the gross profit rose by 17.4 per cent.

Net rents from property management during the period amounted to SEK 619.1 million (549.0), equivalent to an increase of 12.8 per cent.

Of the net rents from property management, the Stockholm Business Area accounted for SEK 421.2 million (374.0), the NK Business Area for SEK 134.8 million (121.1) and the Gothenburg Business Area for SEK 63.1 million (53.9).

Property management expenses for the period totalled SEK 269.9 million (288.6). Divided according to business area, the Stockholm Business Area accounted for SEK 151.4 million (188.8), the NK Business Area for SEK 97.2 million (74.2) and the Gothenburg Business Area for SEK 21.3 million (25.6).

SEK m	Sth	NK	Gbg	Total
Net rents	421.2	134.8	63.1	619.1
Costs	-151.4	-97.2	-21.3	-269.9
Gross profit	269.8	37.6	41.8	349.2

The turnover-based rental supplement for the NK properties, which totalled SEK 20.1 million in 2001, is reported during the fourth quarter. Apart from this there are no seasonal variations.

Other operations

Other operations include parking operations at Parkaden in Stockholm, conference operations at the World Trade Center in Stockholm and hotel operations² at Norrmalmstorg 1 in Stockholm.

Net sales amounted to SEK 65.6 million (60.1), expenses amounted to SEK 56.8 million (49.5) and gross profit totalled SEK 8.8 million (10.6).

Other income statement items

Central administration totalled SEK -16.7 million (-15.3).

Items affecting comparability for the period totalled SEK 25.7 million (18.1) and refer to the effect of a change in circumstances in conjunction with the repayment of funds by Alecta.

Net financial income and expense amounted to SEK -92.7 million (-97.3).

The Group's tax (both paid and deferred) for the period totalled SEK -71.2 million (-47.8).

SPECIAL PROJECTS

Special projects refer to measures taken to improve and develop the properties. The costs that arise in conjunction with this are in the short term a charge on profit. In the long term, however, special projects increase the return on property holdings.

The profit was charged with costs of SEK 20.6 million (54.5). Costs for the period refer mainly to the reconstruction of the lower floor of NK Stockholm.

Extensive refurbishment and development of Norrmalmstorg 1 has commenced with the aim of recreating the character of the building as a leading centre for retailing, finance and legal firms. The ma-

¹ The property holdings remained unchanged between the first six months of 2001 and the first six months of 2002.

² Hotel operations were wound down at the end of the period.

jority of the project is due to be completed by the turn of the year 2003/2004.

Extensive rebuilding of the lower floor of NK Stockholm is taking place with the aim of improving accessibility and creating a wider range of shops. Among other things the NK Market Hall will open at the end of September 2002. The whole reconstruction of the lower floor of NK Stockholm will be completed during the first half of 2003.

During the remainder of the year the profit will be charged with a higher cost per quarter for special projects.

INVESTMENTS

Investments in properties and equipment during the period totalled SEK 39.4 million (75.4). The largest single items are the planning of Norrmalmstorg 1 and the reconstruction of the lower floor of NK Stockholm.

PROPERTY PORTFOLIO

The book value of Hufvudstaden's property portfolio as at June 30, 2002 was SEK 10,554.1 million (10,562.6 at the turn of the year) and the rentable space was 434,710 square metres (434,562 at the turn of the year).

The total floor space vacancy level as at June 30 was 5.7 per cent (3.9 at the turn of the year) and the total rental vacancy level was 6.3 per cent (3.9 at the turn of the year). The increase is due mainly to the release of floor space in the project property Norrmalmstorg 1 and a continued weak new lease market. Excluding the project property Norrmalmstorg 1, the total floor space vacancy level was 4.6 per cent and the rental vacancy level was 4.9 per cent. It is estimated that vacancies will continue to increase during the year.

RENTAL MARKET

Market rents for office space in central Stockholm fell during the period, mainly as a result of continued weak growth in the economy and an increase in the level of vacant space. Despite this, rents of SEK 4,000-5,500 per square metre per year, excluding the property tax supplement, were noted for new leases for office space in the most attractive locations in Stockholm, within the Golden Triangle and at Norrmalmstorg. In the same area the strong demand for retailing space has continued although available floor space was virtually non-existent. Rent levels of SEK 10,000-12,000 per square metre per year, excluding the property tax supplement, were noted.

Interest in modern office and retailing premises in the most sought-after locations in Gothenburg was stable. On the office market there is a balance between supply and demand whilst the level of vacant space in the most attractive areas is low. Market rents for prime location office space were between SEK 1,600 and 2,000 per square metre per year, excluding the property tax supplement. Market rents for store premises continue to be good. Market rents for prime location retailing space are between SEK 5,000 and 8,500 per square metre per year, excluding the property tax supplement.

The Group's current negotiations regarding both office and retailing premises have proceeded well. Around 53,000 square metres, at a value of SEK 161 million, were renegotiated during the period. On

average, these renegotiations resulted in an increase in rental income of 24 per cent.

NEW LEASE AGREEMENT, NORRMALMSTORG 1

Danske Bank has signed a lease agreement for the upper office floor at Norrmalmstorg 1 amounting to 7,500 square metres and will take up occupancy at the turn of the year 2003/2004. The lease is for 11 years. The property has total floor space of 15,000 square metres, of which 10,700 is office space.

FINANCING STRUCTURE

Hufvudstaden's borrowing as of June 30, 2002 amounted to SEK 4,086.3 million (4,061.6 at the turn of the year). The average fixed interest period was 23 months (28 at the turn of the year), the average capital tie-up period was 28 months (25 at the turn of the year) and the average interest rate was 5.0 per cent (5.0 at the turn of the year). Net liabilities amounted to SEK 3,965.9 million (3,923.5 at the turn of the year).

Capital tie-up structure, June 30, 2002

Maturity date	Volume, SEK m	Share, %
2002	700.1	17
2003	600.6	15
2004	905.6	22
2005	500.0	12
2006	790.0	19
2007	590.0	15
Total	4,086.3	100

Fixed interest structure, June 30, 2002

Maturity date	Volume, SEK m	Share, %	Average APR, %
2002	1,280.1	31	4.6
2003	600.6	15	4.4
2004	905.6	22	5.3
2005	300.0	7	5.6
2006	1,000.0	25	5.6
Total	4,086.3	100	5.0

PARENT COMPANY

The profit for the period after net financial income and expense was SEK 177.4 million (-154.9). Liquid funds at the period-end amounted to SEK 100.6 million (127.3 at the turn of the year). Investments in properties and equipment during the period amounted to SEK 15.2 million (63.7).

SECOND QUARTER³

The gross profit for property management was SEK 165.9 million (131.2). Excluding costs for special projects, the gross profit increased by SEK 15.7 million or 9.4 per cent.

Net rents totalled SEK 307.7 million (277.0), an increase of SEK 30.7 million per cent, attributable mainly to rent increases.

³ The comparative figures refer to the second quarter of 2001. Property holdings remained unchanged between the second quarter of 2001 and the second quarter of 2002.

Property management expenses totalled SEK 141.8 million (145.8), a fall of SEK 4.0 million.

The gross profit from Other operations totalled SEK 3.7 million (4.6). Net sales totalled SEK 33.8 million (29.3) and operating expenses totalled SEK 30.1 million (24.7).

Items affecting comparability amounted to SEK 25.7 million (-0.6) and refer to the effect of a change in circumstances in conjunction with the repayment of funds by Alecta.

ACCOUNTING PRINCIPLES

This Interim Report has been prepared in accordance with recommendation RR20 Interim Reports, issued by the Swedish Financial Accounting Standards Council.

Compared with the 2001 Annual Report, the following new recommendations have been applied since January 1, 2002: RR1:00 Consolidated Ac-

counts, RR15 Intangible Assets, RR16 Provisions, Contingent Liabilities and Eventuality Assets and RR17, Write-downs. The application of these recommendations has not had any material impact on the Company's financial results and position. In other respects, the same accounting principles have been applied as in the annual report for the preceding year.

FORTHCOMING INFORMATION

Interim Report, Jan-Sept 2002	October 22, 2002
Year-end Report 2002	February 13, 2003
Annual Report 2002	March 2003

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

CONSOLIDATED INCOME STATEMENTS - SUMMARY

SEK m	January- June 2002	January- June 2001	January- December 2001
Net sales			
Property management	619.1	549.0	1,134.4
Other operations	65.6	60.1	125.2
	684.7	609.1	1,259.6
Operating expenses			
Special projects	-20.6	-54.5	-100.3
Maintenance	-16.2	-29.0	-54.4
Operations and administration	-103.9	-92.6	-192.6
Ground rents	-15.8	-15.2	-30.5
Property tax	-64.7	-51.6	-103.1
Depreciation	-48.7	-45.7	-92.4
Property management	-269.9	-288.6	-573.3
Other operations	-56.8	-49.5	-101.7
	-326.7	-338.1	-675.0
Gross profit	358.0	271.0	584.6
- of which Property management	349.2	260.4	561.1
- of which Other operations	8.8	10.6	23.5
Central administration	-16.7	-15.3	-32.0
Items affecting comparability	25.7	18.1	18.9
Operating profit	367.0	273.8	571.5
Financial income and expense	-92.7	-97.3	-191.0
Profit after net financial income and expense	274.3	176.5	380.5
Tax	-71.2	-47.8	102.4
Profit for the period	203.1	128.7	482.9

CONSOLIDATED BALANCE SHEETS - SUMMARY

SEK m		June 30, 2002	June, 30 2001	December 31 2001
Properties		10,554.1	10,561.3	10,562.6
Other fixed assets		134.8	203.7	181.5
Current assets		301.6	202.2	246.6
Total assets		10,990.5	10,967.2	10,990.7
Restricted equity	Note 1, 2	2,254.0	2,323.7	2,254.0
Non-restricted equity	Note 1, 2	2,403.3	1,987.6	2,411.5
Interest-bearing liabilities		4,086.3	4,417.1	4,061.6
Other liabilities and provisions		2,246.9	2,238.8	2,263.6
Total equity and liabilities		10,990.5	10,967.2	10,990.7
Pledged assets and contingent liabilities		1,918.9	2,038.0	2,037.1

CONSOLIDATED CASH FLOW STATEMENTS - SUMMARY

SEK m	January- June 2002	January- June 2001	January- December 2001
Profit after net financial income and expense	274.3	176.5	380.5
Depreciation	48.7	48.0	97.3
Other adjustments	-31.3	-26.6	-2.0
Tax paid	-38.2	-115.7	30.2
Cash flow from current operations before changes in working capital	253.5	82.2	506.0
Increase/Decrease in operation receivables	-44.6	39.7	43.4
Decrease in operating liabilities	-46.2	-169.2	-172.8
Cash flow from current operations	162.7	-47.3	376.6
Property investments	-39.4	-71.9	-122.8
Amortization, long-term receivable	45.9	-	-
Other adjustments	-	-3.5	-5.6
Divestment of properties and other fixed assets	-	1.4	30.5
Cash flow from investment operations	6.5	-74.0	-97.9
Loan changes	24.4	168.9	-186.6
Dividend	-211.3	-179.6	-179.6
Cash flow from financing operations	-186.9	-10.7	-366.2
Cash flow for the period	-17.7	-132.0	-87.5
Liquid funds at the beginning of the period	138.1	225.6	225.6
Liquid funds at the period-end	120.4	93.6	138.1

FINANCIAL RESULTS – SUMMARY

SEK m	January- March 2002	January- March 2001	April- June 2002	April- June 2001	January- June 2002	January- June 2001
Net income	343.2	302.8	341.5	306.3	684.7	609.1
Costs	-154.8	-167.6	-171.9	-170.5	-326.7	-338.1
Gross profit	188.4	135.2	169.6	135.8	358.0	271.0
Central administration	-7.8	-8.8	-8.9	-6.5	-16.7	-15.3
Items affecting comparability	0.0	18.7	25.7	-0.6	25.7	18.1
Net interest income and expense	-46.6	-47.9	-46.1	-49.4	-92.7	-97.3
Tax	-40.1	-25.6	-31.1	-22.2	-71.2	-47.8
Profit for the period	93.9	71.6	109.2	57.1	203.1	128.7

NOTE 1. EQUITY AS OF 30-6-2002

SEK m	Restricted equity	Non-restricted equity	Total
At the beginning of the year according to the adopted balance sheet for the preceding year	2,254.0	2,411.5	4,665.5
Dividend, Parent Company	-	-211.3	-211.3
Profit for the period	-	203.1	203.1
At the period-end	2,254.0	2,403.3	4,657.3

NOTE 2. EQUITY AS OF 30-6-2001

SEK m	Restricted equity	Non-restricted equity	Total
At the beginning of the year according to the adopted balance sheet for the preceding year	1,925.9	2,443.1	4,369.0
Effect of change in accounting principle	-	-6.9	-6.9
Adjusted at the beginning of the year in accordance with the new accounting principle	1,925.9	2,436.2	4,362.1
Dividend, Parent Company	-	-179.6	-179.6
Transfer between restricted and non-restricted reserves	397.8	-397.8	0.0
Profit for the period	-	128.7	128.7
At the period-end	2,323.7	1,987.5	4,311.2

KEY RATIOS

	June 30, 2002	June 30, 2001	December 31, 2001
Reported equity ratio, %	42.4	39.3	42.4
Equity per share, SEK ¹⁾	22.04	20.41	22.08
Book value of properties per share, SEK ¹⁾	49.96	49.99	50.00
Profit for the period per share, SEK ¹⁾	0.96	0.61	2.29
Number of shares at the period-end	211,271,933	211,271,933	211,271,933

¹⁾ Data per share is calculated in accordance with the Swedish Financial Accounting Standards Council recommendation No 18.

Stockholm, August 26, 2002

Ivo Stopner
President

AUDITOR'S REVIEW REPORT

I have made an outline audit of the half-yearly report according to the recommendation issued by FAR.

An outline audit is materially limited compared with a full audit. Nothing has emerged to indicate that this half-yearly report does not comply with the stipulations in the Swedish Stock Market Act and Swedish Annual Accounts Act.

Stockholm, August 26, 2002

Bo Ribers
Authorized Public Accountant

DEFINITIONS

Central administration. Costs for Group management and Group staff functions, costs for maintaining the Company's stock exchange listing and other costs common to the Company. It should be noted that Central administration attributable to Other operations is included in the Other operations item.

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

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

Floor space vacancy level. Total vacant floor space in square metres in relation to the total rentable floor space.

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

Investments. Expenses related to planned maintenance, adaptation of premises and special projects, capitalized or expensed in accordance with tax legislation.

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

Profit per share for the period. Profit for the period in relation to the average number of outstanding shares during the period.

Property tax supplement. Property tax payments received from tenants.

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

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

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