

HUFVUDSTADEN

PRESS RELEASE

Profit after net financial income and expense increased by 36.1 per cent to SEK 371.0 million

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- Net rents from property management increased by 11.6 per cent compared with the preceding year and the gross profit by 22.9 per cent, or 14.2 per cent excluding costs for special projects.
- Zara is the new store tenant at Norrmalmstorg 1 and plans to take up occupancy in autumn 2003.

Stockholm, October 22, 2002

HUFVUDSTADEN AB (publ)

Ivo Stopner
President

Enclosure: Interim Report, January – September, 2002.

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

HUFVUDSTADEN

Interim Report January – September 2002

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CONSOLIDATED RESULTS

Property management¹

Gross profit for the period totalled SEK 499.0 million (406.0), an increase of 22.9 per cent. Excluding costs for special projects, the gross profit rose by 14.2 per cent.

Net rents from property management during the period amounted to SEK 920.4 million (824.4), equivalent to an increase of 11.6 per cent.

Of the net rents from property management, the Stockholm Business Area accounted for SEK 627.3 million (562.6), the NK Business Area for SEK 200.2 million (181.3) and the Gothenburg Business Area for SEK 92.9 million (80.5).

Property management expenses for the period totalled SEK 421.4 million (418.4). Divided according to business area, the Stockholm Business Area accounted for SEK 246.7 million (272.3), the NK Business Area for SEK 143.3 million (109.3) and the Gothenburg Business Area for SEK 31.4 million (36.8).

SEK m	Sth	NK	Gbg	Total
Net rents	627.3	200.2	92.9	920.4
Costs	-246.7	-143.3	-31.4	-421.4
Gross profit	380.6	56.9	61.5	499.0

The turnover-based rent supplement for the NK properties, which totalled SEK 20.1 million in 2001, will be 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 85.5 million (87.5), expenses amounted to SEK 75.9 million (71.6) and gross profit totalled SEK 9.6 million (15.9).

Other income statement items

Central administration totalled SEK -23.1 million (-22.3).

Items affecting comparability for the period totalled SEK 25.7 million (18.9) and refer to the effect of a change in circumstances in conjunction with the repayment of funds by Alecta. Hufvudstaden is not affected by Alecta's decision to freeze temporarily company-linked funds.

Net financial income and expense amounted to SEK -140.2 million (-145.9).

The Group's tax (both paid and deferred) for the period totalled SEK 96.8 million (+38.3). In 2001, a positive tax figure arose as a result of a change in the income tax assessment for 1998.

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 such costs to the amount of SEK 47.3 million (72.4). 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 3 quarters of 2001 and the same period in 2002.

² Hotel operations ceased in June 2002.

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

Extensive refurbishment 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 opened in September 2002. The whole reconstruction of the lower floor of NK Stockholm will be completed during the first half of 2003.

INVESTMENTS

Investments in properties and equipment during the period totalled SEK 71.7 million (86.4). 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 September 30, 2002 was SEK 10,558.4 million (10,562.6 at the turn of the year) and the rentable space was 435,177 square metres (434,562 at the turn of the year).

The total floor space vacancy level as at September 30 was 7.7 per cent (3.9 at the turn of the year) and the total rental vacancy level was 8.2 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 5.0 per cent and the rental vacancy level was 5.2 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 4,000-4,500 per square metre per year, excluding the property tax supplement, were noted for new office leases 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 has been a slight increase in vacant space whilst at the same time there is a balance between supply and demand in the most attractive areas. 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 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 66,000 square metres, at a value of SEK 226 million, were renegotiated during the period. On average, these renegotiations resulted in an increase in rental income of 32 per cent.

NEW STORE TENANT, NORRMALMSTORG 1

Zara Sverige AB, which is owned by Inditex, has signed a lease for a large proportion of the ground floor and the first floor on the corner of Norrlandsgatan and Hamngatan, amounting to 1,600 square metres, and is due to take up occupancy in autumn 2003. The lease is for 12 years. The largest tenant in the building will be Danske Bank, which will lease the upper office floors, equivalent to 7,500 square metres, which it is planned will be ready for occupation at the turn of the year 2003/2004.

FINANCING STRUCTURE

Hufvudstaden's borrowing as at September 30, 2002 amounted to SEK 3,941.3 million (4,061.6 at the turn of the year). The average fixed interest period was 29 months (28 at the turn of the year), the average capital tie-up period was 26 months (25 at the turn of the year) and the average interest rate was 5.2 per cent (5.0 at the turn of the year). Net liabilities amounted to SEK 3,777.7 million (3,923.5 at the turn of the year).

Capital tie-up structure, September 30, 2002

Maturity date	Volume, SEK m	Share, %
2002	555.0	14
2003	600.7	15
2004	905.6	23
2005	500.0	13
2006	790.0	20
2007	590.0	15
Total	3,941.3	100

Fixed interest structure, September 30, 2002

Maturity date	Volume, SEK m	Share, %	Average APR, %
2002	635.0	16	4.8
2003	600.7	15	4.4
2004	905.6	23	5.3
2005	300.0	8	5.7
2006	1,000.0	25	5.7
2007	500.0	13	5.4
Total	3,941.3	100	5.2

PARENT COMPANY

The profit for the period after net financial income and expense was SEK 253.5 million (-116.3). Liquid funds at the period-end amounted to SEK 147.3 million (127.3 at the turn of the year). Investments in properties and equipment during the period amounted to SEK 20.3 million (71.0).

THIRD QUARTER³

The gross profit for property management was SEK 149.8 million (145.6). Excluding costs for special projects, the gross profit increased by SEK 13.0 million or 8.0 per cent.

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

Net rents totalled SEK 301.3 million (275.4), an increase of SEK 25.9 million, attributable mainly to rent increases.

Property management expenses totalled SEK 151.5 million (129.8), an increase of SEK 21.7 million.

The gross profit from Other operations totalled SEK 0.8 million (5.3). Net sales totalled SEK 19.9 million (27.4) and operating expenses totalled SEK 19.1 million (22.1).

Items affecting comparability amounted to SEK 0.0 million (0.8).

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 Accounts, RR15 Intangible Assets, RR16 Provisions, Contingent Liabilities and Contingency 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

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	July- September 2002	July- September 2001	January- September 2002	January- September 2001	January- December 2001
Net sales					
Property management	301.3	275.4	920.4	824.4	1,134.4
Other operations	19.9	27.4	85.5	87.5	125.2
	321.2	302.8	1,005.9	911.9	1,259.6
Operating expenses					
Special projects	-26.7	-17.9	-47.3	-72.4	-100.3
Maintenance	-15.0	-8.9	-31.2	-37.9	-54.4
Operations and administration	-44.6	-46.4	-148.5	-139.0	-192.6
Ground rents	-8.4	-7.7	-24.2	-22.9	-30.5
Property tax	-32.4	-25.9	-97.1	-77.5	-103.1
Depreciation	-24.4	-23.0	-73.1	-68.7	-92.4
Property management	-151.5	-129.8	-421.4	-418.4	-573.3
Other operations	-19.1	-22.1	-75.9	-71.6	-101.7
	-170.6	-151.9	-497.3	-490.0	-675.0
Gross profit	150.6	150.9	508.6	421.9	584.6
- of which Property management	149.8	145.6	499.0	406.0	561.1
- of which Other operations	0.8	5.3	9.6	15.9	23.5
Central administration	-6.4	-7.0	-23.1	-22.3	-32.0
Items affecting comparability	0.0	0.8	25.7	18.9	18.9
Operating profit	144.2	144.7	511.2	418.5	571.5
Financial income and expense	-47.5	-48.6	-140.2	-145.9	-191.0
Profit after net financial income and expense	96.7	96.1	371.0	272.6	380.5
Tax	-25.6	86.1	-96.8	38.3	102.4
Profit for the period	71.1	182.2	274.2	310.9	482.9

CONSOLIDATED BALANCE SHEETS - SUMMARY

SEK m		September 30 2002	September 30 2001	December 31 2001
Properties		10,558.4	10,547.8	10,562.6
Other fixed assets		133.8	203.4	181.5
Current assets		303.7	305.7	246.6
Total assets		10,995.9	11,056.9	10,990.7
Restricted equity	Note 1, 2	2,253.0	2,323.7	2,254.0
Non-restricted equity	Note 1, 2	2,475.4	2,169.8	2,411.5
Interest-bearing liabilities		3,941.3	4,292.8	4,061.6
Other liabilities and provisions		2,326.2	2,270.6	2,263.6
Total equity and liabilities		10,995.9	11,056.9	10,990.7
Pledged assets and contingent liabilities		1,918.1	2,037.4	2,037.1

CONSOLIDATED CASH FLOW STATEMENTS - SUMMARY

SEK m	January- September 2002	January- September 2001	January- December 2001
Profit after net financial income and expense	371.0	272.6	380.5
Depreciation	75.1	72.3	97.3
Other adjustments	-18.2	-0.7	-2.0
Tax paid	-63.8	-129.1	30.2
Cash flow from current operations before changes in working capital	364.1	215.1	506.0
Increase/decrease in operation receivables	12.4	44.3	43.4
Increase/decrease in operating liabilities	52.1	-171.6	-172.8
Cash flow from current operations	428.6	87.8	376.6
Property investments	-71.7	-81.4	-122.8
Amortization, long-term receivable	0.2	-	-
Other adjustments	-	-5.0	-5.6
Divestment of properties and other fixed assets	-	1.8	30.5
Cash flow from investment operations	-71.5	-84.6	-97.9
Loan changes	-120.3	44.6	-186.6
Dividend	-211.3	-179.6	-179.6
Cash flow from financing operations	-331.6	-135.0	-366.2
Cash flow for the period	25.5	-131.8	-87.5
Liquid funds at the beginning of the period	138.1	225.6	225.6
Liquid funds at the period-end	163.6	93.8	138.1

FINANCIAL RESULTS – SUMMARY

SEK m	Jan- March 2002	Jan- March 2001	April- June 2002	April- June 2001	July- Sept 2002	July- Sept 2001	Jan- Sept 2002	Jan- Sept 2001
Income	343.2	302.8	341.5	306.3	321.2	302.8	1,005.9	911.9
Costs	-154.8	-167.6	-171.9	-170.5	-170.6	-151.9	-497.3	-490.0
Gross profit	188.4	135.2	169.6	135.8	150.6	150.9	508.6	421.9
Central administration	-7.8	-8.8	-8.9	-6.5	-6.4	-7.0	-23.1	-22.3
Items affecting comparability	0.0	18.7	25.7	-0.6	0.0	0.8	25.7	18.9
Net financial income and expense	-46.6	-47.9	-46.1	-49.4	-47.5	-48.6	-140.2	-145.9
Tax	-40.1	-25.6	-31.1	-22.2	-25.6	86.1	-96.8	38.3
Profit for the period	93.9	71.6	109.2	57.1	71.1	182.2	274.2	310.9

NOTE 1. EQUITY AS AT 30-9-2002

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
Transfer between restricted and non-restricted reserves	-1.0	1.0	0.0
Profit for the period	-	274.2	274.2
At the period-end	2,253.0	2,475.4	4,728.4

NOTE 2. EQUITY AS AT 30-9-2001

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	2,443.2	4,369.1
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	2,436.3	4,362.2
Dividend, Parent Company	-	-179.6	-179.6
Transfer between restricted and non-restricted reserves	397.8	-397.8	0.0
Profit for the period	-	310.9	310.9
At the period-end	2,323.7	2,169.8	4,493.5

KEY RATIOS

	September 30, 2002	September 30, 2001	December 31, 2001
Reported equity ratio, %	43.0	40.6	42.4
Equity per share, SEK ¹⁾	22.38	21.27	22.08
Book value of properties per share, SEK ¹⁾	49.98	49.93	50.00
Profit per share for the period, SEK ¹⁾	1.30	1.47	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 RR18.

Stockholm, October 22, 2002

Ivo Stopner
President

This interim report has not been the subject of an examination by the Company's auditor.

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 Jarlgatan, Norrlandsgatan and Hamngatan.

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

Net liability. 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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