

# HUFVUDSTADEN

## Interim Report January – September 2009

- The gross profit from property management for comparable holdings increased by 5 per cent to SEK 699 million (666). The improvement in profit can be attributed mainly to higher rents and lower maintenance costs.
- The result for the period after tax was SEK -356 million (-406), equivalent to SEK -1.73 per share (-1.97). The corresponding result for the third quarter was SEK 145 million (-320).
- The equity ratio was 55 per cent, the net loan-to-value ratio was 17 per cent and the interest coverage ratio multiple was 6.9.
- The fair value of the property holdings was set at SEK 18.2 billion (19.1 at the turn of the year). The net asset value was SEK 62 per share (66 at the turn of the year).
- The consolidated net revenue for comparable holdings amounted to SEK 1,020 million (1,001), an increase of 2 per cent.
- The rental vacancy level at the end of the period was 5.8 per cent (5.3 at the turn of the year) and excluding projects in progress 3.2 per cent (2.9 at the turn of the year).
- For the second year in succession, Hufvudstaden has the most satisfied office tenants according to the Fastighetsbarometern Customer Satisfaction Survey.

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### GROUP

#### RESULTS

##### Property management

Gross profit for the period totalled SEK 699.2 million (666.0), an increase of 5 per cent. The increase can be attributed mainly to higher rents in conjunction with renegotiations and lower maintenance costs. Net rents from property management during the period amounted to SEK 972.4 million (953.8).

The turnover-based rent supplement at the NK properties is reported during the fourth quarter. The turnover-based rent supplement the preceding year was SEK 10.1 million. Apart from this there are no material seasonal variations regarding rents.

The property management results for each business area for comparable holdings are reported on page 5.

##### Parking operations

Operations comprise parking operations at Parkaden AB in Stockholm. Net revenue amounted to SEK 47.1 million (46.9), expenses amounted to SEK 35.1 million (34.1) and gross profit amounted to SEK 12.0 million (12.8).

##### Other Income Statement items

Central administration totalled SEK -19.9 million (-21.4). Changes in the value of investment properties totalled SEK -1,057.8 million (-1,083.8) and changes in the value of interest derivatives totalled SEK -13.5 million (-18.4).

### **Financial income and expense**

Net financial income and expense amounted to SEK -97.6 million (-113.6). The decrease in the net cost can be explained by lower short-term market interest rates.

### **Tax**

The Group's tax (actual and deferred) for the period was SEK 121.5 million (152.5), of which SEK -102.8 million was actual tax (-111.1) and SEK 224.3 million deferred tax (263.6). The positive tax figure can be explained by the dissolution of deferred tax due to unrealized decreases in value.

### **Profit for the period**

The consolidated profit after tax amounted to SEK -356.1 million (-405.9).

### **ACQUISITIONS AND INVESTMENTS**

Investments during the period in properties and equipment totalled SEK 200.3 million (135.4).

### **PROPERTY PORTFOLIO**

The fair value of the Hufvudstaden property portfolio as of September 30, 2009 was estimated at SEK 18,224 million (19,083 at the turn of the year). The decrease can be attributed to the net of investments in the property holdings and unrealized changes in value. The rentable floor space was 353,560 square metres (354,245 at the turn of the year).

The total rental vacancy level as of September 30 was 5.8 per cent (5.3 at the turn of the year) and the total rental vacancy level was 6.9 per cent (5.9 at the turn of the year). The rental vacancy level excluding projects in progress was 3.2 per cent (2.9 at the turn of the year).

### **Property value and net asset value**

Each quarter Hufvudstaden makes an internal valuation of the fair value of each individual property. The assessment is made on the basis of the property's earning capacity and the market's yield requirement. The assessment is made on the basis of a valuation according to the direct yield method. To assure the valuers, external valuations for part of the property holdings are obtained at least once a year.

There is a continuous update made during the year of the internal valuation of the properties in order to take into account purchases, sales and investments. Hufvudstaden also investigates on a continuous basis whether there are other indications of changes in the fair value of the properties. This could, for example, take the form of major lettings, terminations and material changes in the yield requirement.

In the light of the above, no change in value in the property holdings is considered to have taken place during the third quarter of 2009 apart from investments totalling SEK 64 million. The total value of the property holdings as of September 30, 2009 was SEK 18.2 billion, including investments. In the valuation no material change in the direct yield requirement is considered to have taken place and the rental market remains generally unchanged compared with the second quarter of 2009.

The average direct yield requirement for property holdings in conjunction with the above valuation was 5.3 per cent (5.1 at the turn of the year).

### **Net asset value**

Based on the valuation of the property holdings, the net asset value was SEK 12.8 billion or SEK 62 per

share after tax. When calculating the net asset value, calculated deferred tax has been used. This has been set at 10 per cent of the difference between the assessed fair value of the properties and the residual value for tax purposes and has been assessed in the light of current tax legislation, which means that properties can be sold by a limited company without tax implications. The purchaser, however, loses the basis for depreciation, which could justify some compensation, which has been set at 10 per cent. If the tax rate according to the Statement of Financial Position (26.3 per cent) had been used in the calculation, the net asset value would have been SEK 10.2 billion or SEK 50 per share. If the tax rate is assumed to be 0 per cent, the net asset value would be SEK 14.4 billion or SEK 70 per share.

### **HUFVUDSTADEN HAS MOST SATISFIED CUSTOMERS**

For the second year in succession, Hufvudstaden has the most satisfied office tenants according to the Fastighetsbarometern Customer Satisfaction Survey. This is the fifth time Hufvudstaden has emerged the winner in the survey, which is directed at office tenants. The results showed that Hufvudstaden had the highest scores for office location, service and image.

### **RENTAL MARKET**

Interest in modern, flexible office space in prime locations in central Stockholm was stable during the period, despite the financial crisis. Vacant space in this category has continued to remain low. Rents, however, have been subject to certain downward pressure. Despite this, rents in conjunction with renegotiations and new leases for office space in Stockholm's most attractive locations in the Golden Triangle, at Norrmalmstorg/Hamngatan and in the Hötorg area, rents were noted of SEK 3,500-4,800 per square metre per year, excluding the property tax supplement. Interest in well-situated retail premises in the same sub-markets has also been high. Rents for prime-location retailing space are in the range SEK 12,000-17,000 per square metre per year, excluding the property tax supplement.

Demand for modern office premises in the central sub-markets of Gothenburg has also been stable. There was, however, a continued low level of interest in properties of a low standard requiring modernization and this is also the case in Stockholm. Market rents for modern, well-planned office premises in prime locations were between SEK 1,600 and SEK 2,300 per square metre per year, excluding the property tax supplement. For retail premises the market rent remained on the same level, SEK 5,000-10,000 per square metre per year, excluding the property tax supplement.

The Group's current renegotiations for both office and retail premises have proceeded in accordance with our expectations. A total of 34,636 square metres were renegotiated during the period at a value of SEK 132 million. On average, these renegotiations resulted in a rent increase of approximately 9 per cent.

## FINANCING STRUCTURE

Hufvudstaden's borrowing as of September 30, 2009 amounted to SEK 3,400.0 million (3,400.0 at the turn of the year). The average fixed interest period was 35 months (43 at the turn of the year), the average capital tie-up period was 42 months (51 at the turn of the year) and the average interest rate cost was 3.6 per cent (4.0 at the turn of the year). Interest-bearing net liabilities amounted to SEK 3,090.0 million (2,975.0 at the turn of the year).

The fair value of interest swaps as of September 30, 2009 was SEK -132.3 million (-144.8 at the turn of the year).

### Capital tie-up structure, September 30, 2009

Maturity date	Volume, SEK m	Share, %
2010	500.0	15
2011	950.0	28
2012	250.0	7
2013	950.0	28
2017	750.0	22
Total	3,400.0	100

### Fixed interest structure, September 30, 2009

Maturity date	Volume, SEK m	Share, %	Average AER, %
2009	700.0	20	0.9
2010	500.0	15	4.1
2011	600.0	18	3.6
2012	250.0	7	4.9
2013	600.0	18	3.9
2017	750.0	22	4.8
Total	3,400.0	100	3.6

## SHARES AND SHAREHOLDERS

Hufvudstaden, whose shares are listed on NASDAQ OMX Stockholm, had 19,149 shareholders at the turn of the year. The proportion of foreign ownership as of September 30, 2009 was 22 per cent of the total number of outstanding shares (20). The A-share price as of September 30, 2009 was SEK 56.00 and the stock exchange value was SEK 12.1 billion.

### Shares bought back

The total number of shares held by Hufvudstaden as of September 30, 2009 was 5,006,000 A-shares, equivalent to 2.4 per cent of the total number of issued shares. No buy-backs were made during the period or after the end of the reporting period. At the 2009 Annual General Meeting the Board was granted renewed authorization to acquire up to 10 per cent of all the issued shares and to assign company shares.

### Buy-back of shares as of September 30, 2009, million shares

	Total number of shares	Company holdings	Held by other shareholders
As of January 1, 2009	211.3	5.0	206.3
Buy-back	-	-	-
As of September 30, 2009	211.3	5.0	206.3

## THIRD QUARTER

The gross profit from Property Management amounted to SEK 237.9 million (231.3). The change can be attributed mainly to higher rents in conjunction with renegotiations and lower property tax as a result of a reduction in the taxable value. The net rents amounted to SEK 322.5 million (320.1). Property management costs amounted to SEK 84.6 million (88.8).

The gross profit from parking operations amounted to SEK 3.4 million (3.5). Net revenue amounted to SEK 15.1 million (14.6) and costs amounted to SEK 11.7 million (11.1).

Changes in the value of investment properties amounted to SEK 0 million (-586.7) and for interest derivatives SEK -6.6 million (-44.4). Financial income and expense amounted to SEK -30.6 million (-39.0). The improvement in net financial income of and expense and can be attributed to lower, short-term interest rates.

The profit after tax was SEK 145.5 million (-319.8).

## MATERIAL RISKS AND UNCERTAINTY FACTORS

The Group is mainly exposed to financing, interest and credit risks and changes in value in the property holdings. The Company has not identified any material risks and uncertainties other than those described in the 2008 Annual Report.

## MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

There were no material transactions with associated parties during the period.

## ACCOUNTING PRINCIPLES

This Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. IFRS 8 Operating segments has been implemented. The follow-up that was made internally for each segment concurs with the specification on page 5. With effect from the beginning of this financial year, the Company ceased hedge reporting of interest derivatives. Otherwise the accounting principles and computation methods are the same as those applied in the 2008 Annual Report.

## FORTHCOMING INFORMATION

Year-end Report 2009 February 12, 2010  
Annual Report 2009 March 2010  
Annual General Meeting in Stockholm 2010 March 25, 2010

The information in this Interim Report is information that Hufvudstaden AB (publ) is obliged to publish according to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on November 5, 2009 at 11:00.

*This information is also published on Hufvudstaden's website, [www.hufvudstaden.se](http://www.hufvudstaden.se).*

*Questions can be answered by Ivo Stopner, President, and Magnus Jacobson, Head of Finance, telephone +46 (0)8-762 90 00.*

**INCOME STATEMENTS – SUMMARY**

<b>GROUP, SEK m</b>	<b>July- September 2009</b>	<b>July- September 2008</b>	<b>January- September 2009</b>	<b>January- September 2008</b>	<b>January- December 2008</b>
<b>Net revenue</b>					
Property management	322.5	320.1	972.4	953.8	1,282.2
Parking operations	15.1	14.6	47.1	46.9	65.4
	<b>337.6</b>	<b>334.7</b>	<b>1,019.5</b>	<b>1,000.7</b>	<b>1,347.6</b>
<b>Property management expenses</b>					
Maintenance	-3.6	-5.7	-14.9	-31.0	-43.8
Operations and administration	-49.6	-49.2	-159.2	-155.3	-216.0
Ground rents	-4.0	-4.0	-12.1	-12.1	-16.1
Property tax	-27.4	-29.9	-87.0	-89.4	-119.0
<b>Property operations expenses</b>	<b>-84.6</b>	<b>-88.8</b>	<b>-273.2</b>	<b>-287.8</b>	<b>-394.9</b>
Parking operations	-11.7	-11.1	-35.1	-34.1	-45.8
<b>Operating expenses</b>	<b>-96.3</b>	<b>-99.9</b>	<b>-308.3</b>	<b>-321.9</b>	<b>-440.7</b>
<b>Gross profit</b>	<b>241.3</b>	<b>234.8</b>	<b>711.2</b>	<b>678.8</b>	<b>906.9</b>
- of which Property management	237.9	231.3	699.2	666.0	887.3
- of which Parking operations	3.4	3.5	12.0	12.8	19.6
Central administration	-5.2	-7.0	-19.9	-21.4	-32.0
<b>Operating profit before changes in value</b>	<b>236.1</b>	<b>227.8</b>	<b>691.3</b>	<b>657.4</b>	<b>874.9</b>
<b>Changes in value</b>					
Investment properties	--	-586.7	-1,057.8	-1,083.8	-1,629.4
Interest derivatives	-6.6	-44.4	-13.5	-18.4	-126.6
<b>Operating profit</b>	<b>229.5</b>	<b>-403.3</b>	<b>-380.0</b>	<b>-444.8</b>	<b>-881.1</b>
Financial income and expense	-30.6	-39.0	-97.6	-113.6	-144.3
<b>Result before tax</b>	<b>198.9</b>	<b>-442.3</b>	<b>-477.6</b>	<b>-558.4</b>	<b>-1,025.4</b>
Tax	-53.4	122.5	121.5	152.5	576.2
<b>Result after tax</b>	<b>145.5</b>	<b>-319.8</b>	<b>-356.1</b>	<b>-405.9</b>	<b>-449.2</b>
<b>Other comprehensive income:</b>					
Change in hedging reserve	6.3	-19.1	19.1	-7.1	-48.8
<b>Total comprehensive income for the period</b>	<b>151.8</b>	<b>-338.9</b>	<b>-337.0</b>	<b>-413.0</b>	<b>-498.0</b>
Average number of outstanding shares after buy-backs during the period	206,265,933	206,265,933	206,265,933	206,265,933	206,265,933
Result after tax per share before and after dilution SEK	0.70	-1.55	-1.73	-1.97	-2.18

**BALANCE SHEETS - SUMMARY**

<b>GROUP, SEK m</b>	<b>September 30 2009</b>	<b>September 30 2008</b>	<b>December 31 2008</b>
Investment properties	18,224.0	19,580.4	19,083.2
Other fixed assets	11.6	40.4	11.6
<b>Total fixed assets</b>	<b>18,235.6</b>	<b>19,620.8</b>	<b>19,094.8</b>
Current assets	373.1	367.0	489.2
<b>Total assets</b>	<b>18,608.7</b>	<b>19,987.8</b>	<b>19,584.0</b>
Equity	10,220.8	11,034.7	10,949.7
Non-current liabilities to credit institutes	2,900.0	3,400.0	3,400.0
Deferred tax liability	4,389.4	5,056.9	4,606.9
Other non-current liabilities	130.2	3.4	147.9
Pension provisions	5.8	5.2	5.0
<b>Total non-current liabilities</b>	<b>7,425.4</b>	<b>8,465.5</b>	<b>8,159.8</b>
Current, interest-bearing liabilities	500.0	-	-
Other liabilities	462.5	487.6	474.5
<b>Total current liabilities</b>	<b>962.5</b>	<b>487.6</b>	<b>474.5</b>
<b>Total equity and liabilities</b>	<b>18,608.7</b>	<b>19,987.8</b>	<b>19,584.0</b>

## CHANGES IN EQUITY - SUMMARY

GROUP, SEK m	January- September 2009	January- September 2008	January- December 2008
Equity, opening balance	10,949.7	11,808.7	11,808.7
Total comprehensive income for the period	-337.0	-413.0	-498.0
Dividend	-391.9	-361.0	-361.0
<b>Equity, closing balance</b>	<b>10,220.8</b>	<b>11,034.7</b>	<b>10,949.7</b>

## CASH FLOW STATEMENTS - SUMMARY

GROUP, SEK m	January- September 2009	January- September 2008	January- December 2008
Result after financial items	-477.6	-558.4	-1,025.40
Depreciation/impairments	6.0	3.3	4.4
Change in value, investment properties	1,057.8	1,083.80	1,629.40
Change in value, interest derivatives	13.5	18.4	126.6
Other changes	0.7	-0.4	-0.6
Tax paid	-138.2	-63.2	-71.5
<b>Cash flow from current operations before changes in working capital</b>	<b>462.2</b>	<b>483.5</b>	<b>662.9</b>
Increase/decrease in operating receivables	27.1	31.8	11.5
Increase/decrease in operating liabilities	6.2	32.5	21.9
<b>Cash flow from current operations</b>	<b>495.5</b>	<b>547.8</b>	<b>696.3</b>
Investments in investment properties	-198.6	-133.7	-182.1
Investments in equipment	-1.7	-1.7	-2.7
Change in financial assets	-0.8	0.4	2.6
<b>Cash flow from investments</b>	<b>-201.1</b>	<b>-135.0</b>	<b>-182.2</b>
Dividend paid	-391.9	-361.0	-361.0
<b>Cash flow from financing</b>	<b>-391.9</b>	<b>-361.0</b>	<b>-361.0</b>
<b>Cash flow for the period</b>	<b>-97.5</b>	<b>51.8</b>	<b>153.1</b>
Liquid funds at the beginning of the period	438.9	285.8	285.8
Liquid funds at the period-end	341.4	337.6	438.9

## PLEGDED ASSETS AND CONTINGENT LIABILITIES

GROUP, SEK m	September 30 2009	September 30 2008	December 31 2008
<b>Pledged asset</b>			
Mortgages	1,706.2	1,706.4	1,706.4
Endowment insurance	4.5	3.8	3.6
<b>Total pledged assets</b>	<b>1,710.7</b>	<b>1,710.2</b>	<b>1,710.0</b>
Contingent liabilities	None	None	None

## SEGMENT REPORT - SUMMARY

GROUP, SEK m	Stockholm city East Business Area		Stockholm city West Business Area		Gothenburg Business Area		Totalt	
	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep
	2009	2008	2009	2008	2009	2008	2009	2008
<i>Comparable holdings</i>								
Net revenue	434.8	436.8	408.3	392.9	129.3	124.1	972.4	953.8
Property costs	-102.7	-99.3	-136.8	-151.8	-33.7	-36.7	-273.2	-287.8
<b>Gross profit, Property management</b>	<b>332.1</b>	<b>337.5</b>	<b>271.5</b>	<b>241.1</b>	<b>95.6</b>	<b>87.4</b>	<b>699.2</b>	<b>666.0</b>
Parking operations			12.0	12.8			12.0	12.8
Central administration							-19.9	-21.4
<b>Changes in value</b>								
Investment properties							-1,057.8	-1,083.8
Interest derivatives							-13.5	-18.4
<b>Operating result</b>							<b>-380.0</b>	<b>-444.8</b>
Financial income and expense							-97.6	-113.6
<b>Result before tax</b>							<b>-477.6</b>	<b>-558.4</b>

**KEY RATIOS**

<b>GROUP, SEK m</b>	<b>Sep 30 2009</b>	<b>Sep 30 2008</b>	<b>Full Year 2008</b>	<b>Full Year 2007</b>	<b>Full Year 2006</b>	<b>Full Year 2005</b>
<b>Property-related</b>						
Rentable floor space, sq. m.	353,560	353,883	354,245	353,685	350,895	407,694
Rental vacancy level, %	5.8	3.0	5.3	3.3	6.5	7.1
Floor space vacancy level, %	6.9	4.2	5.9	4.6	8.1	8.7
Fair value, SEK bn	18.2	19.6	19.1	20.5	17.4	16.3
<b>Financial</b>						
Return on equity, %	-2.0	-2.4	-3.9	20.4	33.6	15.9
Return on capital employed, %	-1.0	-1.4	-5.7	22.3	23.9	16.5
Equity ratio, %	54.9	55.2	55.9	56.4	57.4	52.2
Interest coverage ratio, times	6.9	5.5	5.5	6.2	5.1	5.7
Loan-to-value ratio, properties, %	18.7	17.4	17.8	16.6	19.3	21.7
Net loan-to-value ratio, properties, %	17.0	15.9	15.6	15.8	19.3	21.7
<b>Data per share</b>						
Profit for the period, SEK	-1.73	-1.97	-2.18	11.64	16.6	6.47
Equity, SEK	49.55	53.5	53.09	57.25	57.14	41.77
Properties, fair value, SEK	88.35	94.93	92.52	99.53	84.40	78.91
Net asset value, SEK	62.00	69.00	66.00	73.00	71.00	53.00
Number of outstanding shares, 1,000	206,266	206,266	206,266	206,266	206,266	206,266
Number of issued shares, 1,000	211,272	211,272	211,272	211,272	211,272	211,272

**PARENT COMPANY****PROFIT AND POSITION**

Net revenue amounted to SEK 595.4 million (592.4).

Gross profit amounted to SEK 273.0 million (315.5).

The decrease can be attributed primarily to higher maintenance costs.

Net financial income/expense was SEK 622.0 million (-113.6). This figure included a dividend of SEK 718.0 million (0) from subsidiaries.

Liquid funds at the period-end amounted to SEK 341.3 million (337.3). Investments in properties and equipment during the period totalled SEK 33.3 million (33.7).

any material risks and uncertainties other than those described in the 2008 Annual Report.

**MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES**

There were no material transactions with associated parties during the period.

**ACCOUNTING PRINCIPLES**

The Parent Company applies the same accounting principles as in the most recent annual report.

**MATERIAL RISKS AND UNCERTAINTY FACTORS**

The Company is mainly exposed to financing, interest and credit risks. The Company has not identified

**INCOME STATEMENT - SUMMARY**

<b>PARENT COMPANY, SEK m</b>	<b>July- September 2009</b>	<b>July- September 2008</b>	<b>January- September 2009</b>	<b>January- September 2008</b>	<b>January- September 2008</b>
Net revenue	197.8	199.0	595.4	592.3	789.1
Operating expenses	-100.4	-91.9	-322.4	-276.9	-387.6
<b>Gross profit</b>	<b>97.4</b>	<b>107.1</b>	<b>273.0</b>	<b>315.4</b>	<b>401.5</b>
Central administration	-5.2	-7.0	-19.9	-21.4	-32.0
Changes in value, interest derivatives	-6.6	-44.3	-13.5	-18.3	-126.6
<b>Operating profit</b>	<b>85.6</b>	<b>55.8</b>	<b>239.6</b>	<b>275.7</b>	<b>242.9</b>
Financial income and expense	-30.6	-39.0	622.0	-113.6	-144.3
<b>Operating profit after net interest income/expense</b>	<b>55.0</b>	<b>16.8</b>	<b>861.6</b>	<b>162.1</b>	<b>98.6</b>
Appropriations	-	-	-	-	-95.7
<b>Profit before tax</b>	<b>55.0</b>	<b>16.8</b>	<b>861.6</b>	<b>162.1</b>	<b>2.9</b>
Tax	-16.0	-6.1	-41.9	-49.6	66.2
<b>Profit for the period</b>	<b>39.0</b>	<b>10.7</b>	<b>819.7</b>	<b>112.5</b>	<b>69.1</b>

**BALANCE SHEETS - SUMMARY**

<b>PARENT COMPANY, SEK m</b>	<b>September 30 2009</b>	<b>September 30 2008</b>	<b>December 31 2008</b>
Investment properties	5,957.1	5,967.4	5,972.5
Other fixed assets	2,834.3	2,863.3	2,828.6
<b>Total fixed assets</b>	<b>8,791.4</b>	<b>8,830.7</b>	<b>8,801.1</b>
Current assets	703.8	381.7	472.8
<b>Total assets</b>	<b>9,495.2</b>	<b>9,212.4</b>	<b>9,273.9</b>
Restricted equity	1,978.7	1,968.2	1,978.7
Unrestricted equity	1,821.5	1,279.8	1,374.5
<b>Total equity</b>	<b>3,800.2</b>	<b>3,248.0</b>	<b>3,353.2</b>
Untaxed reserves	757.2	661.5	757.2
Appropriations	1,109.8	1,224.1	1,105.1
Non-current liabilities	3,030.8	3,404.0	3,548.5
Current liabilities	797.2	674.8	509.9
<b>Total liabilities</b>	<b>5,695.0</b>	<b>5,964.4</b>	<b>5,920.7</b>
<b>Total equity and liabilities</b>	<b>9,495.2</b>	<b>9,212.4</b>	<b>9,273.9</b>

Stockholm, November 5, 2009

Ivo Stopner  
*President*

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

## DEFINITIONS

*Annual rent.* Gross rent calculated on an annual basis, excluding the turnover-based rent supplement. Vacant premises are reported at the market rent.

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

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

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

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

*Fair value.* The estimated market value of the properties.

*Floor space vacancy level.* Vacant floor space in square metres in relation to the total lettable floor space.

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

*Interest coverage ratio.* Profit after financial income and expense, excluding unrealized changes in value plus interest expense minus interest contributions in relation to the interest expense minus interest contributions.

*Investments.* Expenses related to value-enhancing improvements which entail future financial benefits are capitalized. Rebuilding costs of a maintenance nature are charged to profit.

*Loan-to-value ratio, properties.* Interest-bearing liabilities in relation to the properties' carrying values.

*Market value, properties.* The amount at which the properties could be transferred on condition that the transaction takes place between parties that are independent of each other and which have an interest in the transaction being completed. In accounting terms this is known as fair value.

*Net liabilities.* Interest-bearing liabilities, including decided dividend less current investments.

*Net loan-to-value ratio, properties.* Interest-bearing liabilities, including decided dividend, minus current investments in relation to the fair value of properties.

*Profit per share.* 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 losses.* Loss of revenue as a result of unlet space.

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

*Return on capital employed.* Profit before tax plus interest expense minus interest contributions in relation to the average capital employed. In the interim accounts the return has been recalculated on a full-year basis without consideration given to seasonal variations which normally arise in operations and with the exception of changes in value.

*Return on equity.* Profit after tax in relation to the average equity. In the interim accounts the return has been recalculated on a full-year basis without consideration given to seasonal variations that normally arise in operations and with the exception of changes in value.

*Tax.* Total tax for the Group comprises both actual tax and deferred tax.

*In some cases there has been rounding off, which means the tables and calculations do not always tally.*

*This document is in all respects a translation of the Swedish original Interim Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.*

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