

HUFVUDSTADEN

Interim Report January – March 2009

- The gross profit from property management for comparable holdings increased by 2 per cent to SEK 230 million (225). The improvement in profit can be attributed mainly to higher rents.
- The result for the year after tax was SEK -308 million (120), equivalent to SEK -1.49 per share (0.58). The fall can be attributed to an unrealized decrease in the value of the property holdings during the period of SEK -563 million (0).
- The equity ratio was 54 per cent, the net loan-to-value ratio was 17 per cent and the interest coverage ratio multiple was 6.7.
- The fair value of the property holdings was set at SEK 18.6 billion (19.1 at the turn of the year).
- The net asset value following a deduction for the decided dividend was SEK 63 per share (66 at the turn of the year).
- The consolidated net revenue for comparable holdings amounted to SEK 342 million (334), an increase of 2 per cent.
- The rental vacancy level at the period-end was 6.3 per cent (5.3 at the turn of the year) and excluding projects in progress 3.7 per cent (2.9 at the turn of the year).

GROUP

RESULTS

Property management

Gross profit for the period totalled SEK 230.0 million (225.4), an increase of 2.0 per cent. The increase can be attributed mainly to higher rents. Rents from property management during the period amounted to SEK 325.7 million (317.6).

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

The property management results for each business area for comparable holdings are reported on page 6.

Parking operations

Operations comprise parking operations at Parkaden AB in Stockholm. Net revenue amounted to SEK 16.2 million (16.2), expenses amounted to SEK 11.8 million (11.7) and gross profit amounted to SEK 4.4 million (4.5).

Other Income Statement items

Central administration totalled SEK -7.1 million (-7.7). Changes in the value of investment properties totalled SEK -562.7 million (0.0) and changes in the value of interest derivatives totalled SEK -45.3 million (-17.9).

Financial income and expense

Net financial income and expense amounted to SEK -34.8 million (-35.8). The decrease in the net cost

can be explained by the higher short-term market interest rates.

Tax

The Group's tax (actual and deferred) for the period was SEK 107.8 million (-48.5), of which SEK -33.2 million was actual tax (-39.1) and SEK 141.0 million deferred tax (-9.4). The positive tax figure can be explained by the dissolution of deferred tax on unrealized changes in value.

Profit for the period

The consolidated profit after tax amounted to SEK -307.7 million (120.0). The fall in profit can be attributed to an unrealized decrease in the value of the property holdings of SEK -562.7 million (0.0).

ACQUISITIONS AND INVESTMENTS

Investments during the period in properties and equipment totalled SEK 62.0 million (45.6).

PROPERTY PORTFOLIO

The fair value of the Hufvudstaden property portfolio as of March 31, 2009 was estimated at SEK 18,582 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 354,448 square metres (354,245 at the turn of the year).

The total rental vacancy level as of March 31 was 6.3 per cent (5.3 at the turn of the year) and the floor space vacancy level was 7.3 per cent (5.9 at the turn of the year). The rental vacancy level excluding projects in progress was 3.7 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 valuations, 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, the change in value of the property holdings during the first quarter of 2009 was estimated at SEK -0.6 billion. The total value of the property holdings as of March 31, 2009 was SEK 18.6 billion, including investments. The unrealized change in value can be attributed mainly to a slightly higher direct yield requirement as a result of uncertainty on the credit market and a weak economic climate. The average direct yield requirement for property holdings in conjunction with the above valuation was 5.2 per cent (5.1 at the turn of the year).

Net asset value

Based on this valuation of the property holdings, the net asset value, following a deduction for a decided dividend, was SEK 12.9 billion or SEK 63 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 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 for deferred tax according to the Balance Sheet (26.3 per cent) is used in the calculation, the net asset value would have been SEK 10.3 billion or SEK 50 per share. If the tax rate is assumed to be 0 per cent, the net asset value would be SEK 14.5 billion or SEK 70 per share.

RENTAL MARKET

Interest in modern, flexible office space in prime locations in central Stockholm was stable during the period, despite the financial crisis and the gradual weakening in the rate of economic growth. 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 3,600-5,000 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.

FINANCING STRUCTURE

Hufvudstaden's borrowing as of March 31, 2009 amounted to SEK 3,400.0 million (3,400.0 at the turn of the year). The average fixed interest period was 40 months (43 at the turn of the year), the average capital tie-up period was 48 months (51 at the turn of the year) and the average interest rate cost was 3.7 per cent (4.0 at the turn of the year). Interest-bearing net liabilities amounted to SEK 3,246.9 million (2,975.0 at the turn of the year).

The fair value of interest swaps as of March 31 was SEK -181.4 million (-144.8 at the turn of the year).

Capital tie-up structure, March 31, 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, March 31, 2009

Maturity date	Volume, SEK m	Share, %	Average AER, %
2009	700.0	20	1.5
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	3.7

SHARES AND SHAREHOLDERS

Hufvudstaden, whose shares are listed on NASDAQ OMX Stockholm, had 18,977 shareholders at the period-end. The proportion of foreign ownership as of March 31, 2009 was 17 per cent of the total number of outstanding shares (14). The A-share price as of March 31, 2009 was SEK 42.40 and the stock exchange value was SEK 9.3 billion.

Shares bought back

The total number of shares held by Hufvudstaden as of March 31, 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 March 31, 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 March 31, 2009	211.3	5.0	206.3

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 6. With effect from this financial year, the Company has 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

Interim Report, January-June 2009	August 26, 2009
Interim Report, January-September 2009	November 5, 2009
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 May 6, 2009 at 11.15am.

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

Any questions can be answered by Ivo Stopner, President, and Magnus Jacobson, Head of Finance, telephone +46-8-762 90 00.

INCOME STATEMENTS – SUMMARY

GROUP SEK m	January- March 2009	January- March 2008	January- December 2008
Net revenue			
Property management	325.7	317.6	1,282.2
Parking operations	16.2	16.2	65.4
	341.9	333.8	1,347.6
Property management expenses			
Maintenance	-4.8	-4.9	-43.8
Operations and administration	-57.1	-53.5	-216.0
Ground rents	-4.0	-4.0	-16.1
Property tax	-29.8	-29.8	-119.0
Property management expenses	-95.7	-92.2	-394.9
Parking operations	-11.8	-11.7	-45.8
Operating expenses	-107.5	-103.9	-440.7
Gross profit	234.4	229.9	906.9
- of which Property management	230.0	225.4	887.3
- of which Parking operations	4.4	4.5	19.6
Central administration	-7.1	-7.7	-32.0
Operating profit before changes in value	227.3	222.2	874.9
Changes in value			
Investment properties	-562.7	-	-1,629.4
Interest derivatives	-45.3	-17.9	-126.6
Operating result	-380.7	204.3	-881.1
Financial income and expense	-34.8	-35.8	-144.3
Result before tax	-415.5	168.5	-1,025.4
Tax	107.8	-48.5	576.2
Result after tax	-307.7	120.0	-449.2
Other comprehensive income:			
Change in hedging reserve	6.4	-8.0	-48.8
Total comprehensive income for the period	-301.3	112.0	-498.0
Average number of outstanding shares after buy-backs during the period	206,265,933	206,265,933	206,265,933
Result after tax per share before and after dilution, SEK	-1.49	0.58	-2.18

BALANCE SHEETS – SUMMARY

GROUP SEK m	March 31, 2009	March 31, 2008	December 31, 2008
Investment properties	18,582.0	20,575.7	19,083.2
Other fixed assets	11.3	41.4	11.6
Total fixed assets	18,593.3	20,617.1	19,094.8
Current assets	589.2	555.2	489.2
Total assets	19,182.5	21,172.3	19,584.0
Equity	10,256.5	11,559.7	10,949.7
Non-current liabilities to credit institutes	3,400.0	2,800.0	3,400.0
Deferred tax liability	4,468.2	5,329.6	4,606.9
Other non-current liabilities	173.5	5.0	147.9
Pension provisions	5.0	5.3	5.0
Total non-current liabilities	8,046.7	8,139.9	8,159.8
Current, interest-bearing liabilities	-	600.0	-
Other liabilities	879.3	872.7	474.5
Total current liabilities	879.3	1,472.7	474.5
Total equity and liabilities	19,182.5	21,172.3	19,584.0

CHANGES IN EQUITY – SUMMARY

GROUP, SEK m	January- March 2009	January- March 2008	January- December 2008
Equity, opening balance	10,949.7	11,808.7	11,808.7
Total comprehensive income for the period	-301.3	112.0	-498.0
Dividends	-391.9	-361.0	-361.0
Equity, closing balance	10,256.5	11,559.7	10,949.7

CASH FLOW STATEMENTS – SUMMARY

GROUP, SEK m	January- March 2009	January- March 2008	January- December 2008
Result after financial items	-415.5	168.5	-1,025.4
Depreciation/impairments	1.7	0.9	4.4
Change in value, investment properties	562.7	-	1,629.4
Change in value, interest derivatives	45.3	17.9	126.6
Other changes	0.0	-0.4	-0.6
Tax paid	-90.6	-16.2	-71.5
Cash flow from current operations before changes in working capital	103.6	170.7	662.9
Increase/decrease in operating receivables	21.6	27.0	11.5
Increase/decrease in operating liabilities	47.3	81.1	21.9
Cash flow from current operations	172.5	278.8	696.3
Investments in investment properties	-61.5	-45.2	-182.1
Investments in equipment	-0.5	-0.4	-2.7
Change in financial assets	0.0	0.3	2.6
Cash flow from investments	-62.0	-45.3	-182.2
Dividend paid	-	-	-361.0
Cash flow from financing	0.0	0.0	-361.0
Cash flow for the period	110.5	233.5	153.1
Liquid funds at the beginning of the period	438.9	285.8	285.8
Liquid funds at the period-end	549.4	519.3	438.9

PLEGGED ASSETS AND CONTINGENT LIABILITIES

GROUP, SEK m	March 31, 2009	March 31, 2008	December 31, 2008
Pledged assets			
Mortgages	1,706.4	1,706.4	1,706.4
Endowment insurance	3.6	3.8	3.6
Total pledged assets	1,710.0	1,710.2	1,710.0
Contingent liabilities	None	None	None

SEGMENT REPORT – SUMMARY

Group, SEK m	Stockholm City East Business Area		Stockholm City West Business Area		Gothenburg Business Area		Total	
	Jan- March 2009	Jan- March 2008	Jan- March 2009	Jan- March 2008	Jan- March 2009	Jan- March 2008	Jan- March 2009	Jan- March 2008
Comparable holdings								
Net revenue	145.3	144.4	136.8	131.0	43.6	42.2	325.7	317.6
Property costs	-35.7	-31.1	-48.6	-48.8	-11.4	-12.3	-95.7	-92.2
Gross profit, Property management	109.6	113.3	88.2	82.2	32.2	29.9	230.0	225.4
Parking operations			4.4	4.5			4.4	4.5
Central administration							-7.1	-7.7
Changes in value								
Investment properties							-562.7	-
Interest derivatives							-45.3	-17.9
Operating result							-380.7	204.3
Financial income and expense							-34.8	-35.8
Result before tax							-415.5	168.5

KEY RATIOS

GROUP	March 31, 2009	March 31, 2008	Full-year 2008	Full-year 2007	Full-year 2006	Full-year 2005
Property-related						
Rentable floor space, sq. m	354,448	353,767	354,245	353,685	350,895	407,694
Rental vacancy level, %	6.3	3.8	5.3	3.3	6.5	7.1
Floor space vacancy level, %	7.3	4.7	5.9	4.6	8.1	8.7
Fair value, SEK bn	18.6	20.6	19.1	20.5	17.4	16.3
Financial						
Return on equity, %	0.8	4.4	-3.9	20.4	33.6	15.9
Return on capital employed, %	2.0	5.6	-5.7	22.3	23.9	16.5
Equity ratio, %	53.5	54.6	55.9	56.4	57.4	52.2
Interest coverage ratio, times	6.7	5.7	5.5	6.2	5.1	5.7
Loan-to-value ratio, properties, %	18.3	16.5	17.8	16.6	19.3	21.7
Net loan-to-value ratio, properties, %	17.5	15.7	15.6	15.8	19.3	21.7
Data per share						
Result for the period, SEK	-1.49	0.58	-2.18	11.64	16.60	6.47
Equity, SEK	49.72	56.04	53.09	57.25	57.14	41.77
Properties, fair value, SEK	90.09	99.75	92.52	99.53	84.40	78.91
Net asset value, SEK	63.00	72.00	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 199.1 million (196.9). Profit for the period after net financial income/expense was SEK 2.0 million (45.6).

Liquid funds at the period-end amounted to SEK 549.2 million (519.1). Investments in properties and equipment during the period totalled SEK 11.2 million (14.6).

MATERIAL RISKS AND UNCERTAINTY FACTORS

The Company is mainly exposed to financing, interest and credit risks. 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

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

INCOME STATEMENTS – SUMMARY

PARENT COMPANY, SEK m	January- March 2009	January- March 2008	January- December 2008
Net revenue	199.1	196.9	789.1
Operating expenses	-110.3	-89.9	-387.6
Gross profit	88.8	107.0	401.5
Central administration	-7.1	-7.7	-32.0
Changes in value, interest derivatives	-45.3	-17.9	-126.6
Operating profit	36.4	81.4	242.9
Financial income and expense	-34.4	-35.8	-144.3
Profit after net interest income/expense	2.0	45.6	98.6
Appropriations	-	-	-95.7
Profit before tax	2.0	45.6	2.9
Tax	-2.1	-14.2	66.2
Result for the period	-0.1	31.4	69.1

BALANCE SHEETS – SUMMARY

PARENT COMPANY, SEK m	March 31, 2009	March 31, 2008	December 31, 2008
Investment properties	5,964.1	5,976.3	5,966.6
Other fixed assets	2,834.1	2,862.4	2,834.5
Total fixed assets	8,798.2	8,838.7	8,801.1
Current assets	576.0	550.9	472.8
Total assets	9,374.2	9,389.6	9,273.9
Restricted equity	1,978.7	1,975.2	1,978.7
Unrestricted equity	988.9	1,190.8	1,374.5
Total equity	2,967.6	3,166.0	3,353.2
Untaxed reserves	757.2	661.5	757.2
Appropriations	1,095.7	-	1,105.1
Non-current liabilities	3,574.1	4,027.4	3,548.5
Current liabilities	979.6	1,534.7	509.9
Total liabilities	6,406.6	6,223.6	5,920.7
Total equity and liabilities	9,374.2	9,389.6	9,273.9

Stockholm, May 6, 2009

Ivo Stopner
President

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

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, decided based on an evaluation according to the direct yield method.

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, Normalmstorg 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.

Net liabilities. Interest-bearing liabilities, including decided dividend less interest-bearing assets.

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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