

A mannequin is the central focus, wearing a black and white patterned dress with a large white "Q4" overlay. The mannequin has a white head and is wearing large, clear, futuristic-looking glasses. The dress features a complex pattern of black and white shapes, including stripes and a large white swirl. The background is a blurred outdoor setting with a large, curved structure and a crowd of people.

Q4

HUFVUDSTADEN
Year-End Report 2015

HUFVUDSTADEN

Year-End Report 2015

- **Profit for the year before tax increased by SEK 1,928 million, totalling SEK 4,449 million (2,521). The increase can be attributed to higher unrealized changes in the value of the property holdings.**
- **Gross profit from property management amounted to SEK 1,144 million (1,145). The increase can be attributed mainly to higher gross rents, counteracted by increased costs in development projects due to vacant space, maintenance and additional staff.**
- **Consolidated net revenue totalled SEK 1,689 million (1,665).**
- **Profit after tax was SEK 3,470 million (2,001), equivalent to SEK 16.82 per share (9.70).**
- **The Board proposes an increase in the dividend to SEK 3.10 per share (2.90).**
- **The fair value of the property holdings was set at SEK 31.7 billion (27.8), resulting in a net asset value of SEK 118 per share (100).**
- **The equity ratio was 61 per cent (59), the net loan-to-value ratio was 17 per cent (19) and the interest coverage ratio multiple was 9.1 (8.5).**
- **The rental vacancy level at the year-end was 4.5 per cent (5.6). Excluding current development projects, the rental vacancy level was 3.2 per cent (5.2).**

GROUP

RESULTS

Property management

Net rents from property management during the year amounted to SEK 1,610.7 million (1,596.4). The increase can be attributed to higher rents in conjunction with renegotiations and new leases as well as a higher turnover-based rent supplement, counteracted by higher costs for vacant space in conjunction with projects. Gross profit was SEK 1,144.2 million (1,144.7). The profit has been charged with costs in conjunction with upgrading of the Femman Shopping Precinct and NK, which has resulted in higher maintenance costs in conjunction with evacuation of store tenants.

The turnover-based rent supplement is reported during the fourth quarter and amounted to SEK 18.1 million (10.9), of which the NK properties accounted for SEK 16.9 million (10.0). Otherwise, there are no material seasonal variations in rents.

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

Parking operations

Operations comprise parking operations at Parkaden AB in Stockholm. Net revenue was SEK 78.3 million

(68.9). The improvement is the result of an increase in short-term income and contractual income. Expenses totalled SEK 50.4 million (49.8) and gross profit SEK 27.9 million (19.1).

Other profit and loss items

Central administration totalled SEK -38.8 million (-36.2). Changes in the value of properties totalled SEK 3,426.5 million (1,708.6) and changes in interest derivatives totalled SEK 11.8 million (-185.8).

Financial income and expense

Net financial income and expense amounted to SEK -123.0 million (-129.9).

Tax

The Group's tax for the period was SEK -978.5 million (-519.2), of which SEK -105.5 million was current tax (-93.8) and SEK -873.0 million was deferred tax (-425.4). The increase in deferred tax can be attributed to higher unrealized changes in the value of the property holdings.

Profit for the year

The consolidated profit after tax amounted to SEK 3,470.1 million (2,001.3). The increase in profit can be attributed to higher unrealized changes in the value of the property holdings.

ACQUISITIONS AND INVESTMENTS

The total investment in properties and equipment during the period was SEK 500.3 million (244.2). The increase can be attributed to current development projects in existing properties, mainly in Gothenburg.

PROPERTY HOLDINGS

The fair value of the Hufvudstaden property holdings is based on an internal valuation and as at December 31, 2015 it was estimated to be SEK 31,740 million (27,817). The increase can be attributed to unrealized changes in value and investments in the property holdings. Rentable floor space totalled approximately 387,000 square metres (387,000).

The rental vacancy level as at December 31 was 4.5 per cent (5.6) and the floor space vacancy level was 6.1 per cent (7.2). The decrease in vacant space can be attributed mainly to office holdings in Stockholm. The rental vacancy level excluding current development projects was 3.2 per cent (5.2).

Property value and net asset value

At the end of each quarter, Hufvudstaden makes an internal valuation of each individual property. The purpose of the valuation is to assess the fair value of the property holdings. To assure the valuation, external valuations of part of the property holdings are obtained at least once a year.

A continuous update is made during the year of the internal valuation of the properties, taking into account purchases, sales and investments. Hufvudstaden also examines on a continuous basis whether there are other indications of changes in the fair value of the properties. This could take the form, for example, of major leases, terminations and material changes in yield requirements.

In the light of the above, the unrealized change in value of the property holdings for 2015 was estimated at SEK 3,426.5 million (1,708.6). The value of the property holdings as at December 31, 2015 was SEK 31.7 billion, including investments. The unrealized increase in value can be attributed mainly to the effect of lower yield requirements and increased rents in conjunction with new and renegotiated leases.

The average yield requirement at the above valuation point was 4.1 per cent (4.5).

Valuation method

Valuation of the property holdings is done by assessing each individual property's fair value. The valuation is made using a variation on the location price method, known as the net capitalization method. The method means that the market's yield requirement is set in relation to the net operating income of the properties.

The yield requirement is based on information compiled about the market's yield requirement for actual purchases and sales of comparable properties in similar locations. If there have been few or no transactions within the property's sub-area, an analysis is made of transactions in neighbouring areas. Even transactions that have yet to be finalized provide guidance on market yield requirements. The yield requirement can vary between different regions and different sub-areas within the regions. Account is also taken of the type of property, the technical standard, the building construction and major investment needs. For leasehold properties, the calculation was based on a yield requirement that was 0.25 percentage points higher than for equivalent properties where the land is freehold.

The net operating income of the properties is based on market rental income, the long-term rental vacancy level and normalized operating and maintenance costs.

When making the valuation, the following yield requirement figures for office and retail properties have been applied:

Yield requirements, property valuation

Stockholm	3.8-4.3 per cent
Gothenburg	4.1-4.8 per cent
Property holdings, average	4.1 per cent

Sensitivity analysis

Fair value is an assessment of the probable sales price on the market at the time of the valuation. However, the price can only be set when a transaction has been completed. In conjunction with an external property valuation, a range is often given to indicate the degree of uncertainty surrounding the estimates of fair value. The range is usually +/- 5 per cent but can vary depending, among other things, on the market situation, the technical standard of the property and investment requirements. Hufvudstaden's property holdings are valued at SEK 31.7 billion with a degree of uncertainty of +/- 5 per cent, which means that the assessed fair value varies by +/- SEK 1.6 billion. Below are the most important factors that influence the valuation and the consequent impact on profit.

Sensitivity analysis, property valuation¹

	Change, +/-	Impact on profit before tax, +/-
Rental revenue	SEK 100/sqm	SEK 950 m
Property costs	SEK 50/sqm	SEK 475 m
Rental vacancy level	1.0 percentage points	SEK 420 m
Yield requirement	0.25 percentage points	SEK 1,950 m

¹ Valuation date: December 31, 2015

External valuation

To guarantee the valuation, external estimates were obtained from three valuation companies, Forum Fastighetsekonomi, NAI Svefa and Newsec Advice. The external valuations as at December 31, 2015 covered eight properties and are equivalent to 37 per cent of the internally assessed fair value. The corresponding proportion at the mid-year point was 33 per cent. The basis for the selection of the properties was that the properties should represent different property categories, towns, locations, technical standard and construction standard. The properties that underwent an external valuation as at December 31, 2015 were Grönlandet Södra 11, Hästen 19 and 20 (NK Stockholm), Kvasten 9, Kåkenhusen 40 (part of), Oxhuvudet 18, Rännilen 8 and Rännilen 11 in Stockholm as well as Inom Vallgraven 12:10 in Gothenburg.

The external valuation companies have set a market value for these properties of SEK 12.0 billion. Hufvudstaden's internal valuation of the same properties was SEK 11.6 billion. The internal valuations thus concur well with the external valuations.

Net asset value

Based on the valuation of the property holdings, the non-current net asset value (EPRA NAV) was SEK 25.8 billion or SEK 125 per share. The current net asset value (EPRA NNAV) was SEK 24.3 billion or SEK 118 per share following a deduction for estimated deferred tax. The assessment is made in the light of current tax legislation, which means that properties can be sold via a limited company without tax implications. The estimated deferred tax has been set at 5 per cent.

Net asset value, December 31, 2015

	SEK m	SEK/ share
Equity according to the Balance Sheet	19,566.7	95
<i>Reversal</i>		
Derivatives according to the Balance Sheet	137.4	1
Deferred tax according to the Balance Sheet	6,065.6	29
Non-current net asset value (EPRA NAV)	25,769.7	125
<i>Deductions</i>		
Derivatives as stated above	-137.4	-1
Estimated deferred tax 5%	-1,378.6	-6
Current net asset value (EPRA NNAV)	24,253.7	118

RENTAL MARKET

Demand for modern, flexible office space in prime locations in central Stockholm continued to be strong during the period. Vacant space in this category has remained low and rents increased. In conjunction with renegotiations and new leases for office space in Stockholm's most attractive locations in Bibliotekstan, at Norrmalmstorg/Hamngatan and in the Hötorget area, rents were noted of between SEK 4,400 and SEK 5,800 per square metre per year, excluding the property tax supplement. In the same sub-markets, interest in prime-location retail premises has also been high with rents ranging from SEK 14,000 to SEK 23,000 per square metre per year, excluding the property tax supplement.

Demand for modern office premises in the central sub-markets of Gothenburg has been strong and vacant space continues to be low. Market rents have risen slightly and in prime locations were between SEK 2,200 and SEK 3,000 per square metre per year, excluding the property tax supplement. For retail premises, the market rents were between SEK 6,000 and SEK 14,000 per square metre per year, excluding the property tax supplement.

The Group's renegotiation of retail and office leases has resulted in a positive outcome. A total of 48,600 square metres were renegotiated during the period at a rental value of SEK 249 million. These renegotiations resulted in an average increase in rent of 6 per cent.

FINANCING STRUCTURE

Hufvudstaden's borrowing as at December 31, 2015 amounted to SEK 5,750 million (5,650).

Hufvudstaden has an MTN programme in place totalling SEK 4 billion with a total outstanding amount of SEK 2.1 billion. Outstanding commercial paper amounted to SEK 800 million. Hufvudstaden ensures that at any point in time there are unutilized loan assurances to cover all outstanding commercial paper.

At the year-end, the average fixed interest period was 27 months (33), the average capital tie-up period was 27 months (32) and the average annual equivalent rate was 2.1 per cent (2.2). The net interest-bearing debt was SEK 5,307 million (5,176).

The fair value of all interest derivatives as at December 31, 2015 was SEK -137.4 million (-149.1). The negative figure can be explained by lower market interest rates.

Capital tie-up structure, December 31, 2015

Maturity Date	Volume, SEK m ¹	Share, %
2016	300	5
2017	2,950	51
2018	1,700	30
2019	500	9
2022	300	5
Total	5,750	100

¹ Capital tie-up regarding commercial paper has been calculated based on underlying loan assurances.

Fixed interest structure, December 31, 2015

Maturity Date	Volume, SEK m	Share, %	Average AER, %
2016	1,200	21	1.0
2017	1,500	26	1.8
2018	1,800	31	2.6
2019	950	17	2.9
2022	300	5	2.1
Total	5,750	100	2.1

RESULTS, FOURTH QUARTER

Net rents amounted to SEK 427.4 million (409.5). The increase can be ascribed to higher rents and turnover-based rent supplement as well as a further reduction in costs for vacant premises. Property management costs amounted to SEK 124.7 million (121.9) and the gross profit amounted to SEK 302.7 million (287.6).

Gross profit from parking operations was SEK 10.5 million (6.8). Net revenue was SEK 23.7 million (19.8) and costs SEK 13.2 million (13.0).

Changes in the value of investment properties amounted to SEK 1,754.7 million (1,014.7) and changes in the value of interest derivatives amounted to SEK 18.4 million (-37.1). Net financial income and expense totalled SEK -31.6 million (-32.0).

SHARES AND SHAREHOLDERS

Hufvudstaden, whose shares are listed on NASDAQ Stockholm, had 20,622 shareholders at the end of the period. The proportion of foreign ownership as at December 31, 2015 was 32.1 per cent of the total number of outstanding shares (32.1). The series A share price as at December 31, 2015 was SEK 119.90 and market capitalization was SEK 26.0 billion.

Largest shareholders as at December 31, 2015

	Number of shares, %	Number of votes, %
L E Lundbergföretagen	44.2	87.6
State Street Bank and Trust	6.1	1.2
JP Morgan Funds	4.5	0.9
Citi Bank	3.2	0.7
NTC Wealth	2.9	0.6
SEB Funds	2.1	0.4
BNP Paribas	1.9	0.4
Länsförsäkringar	1.7	0.4
APG	1.5	0.3
Other shareholders	29.5	7.0
Outstanding shares	97.6	99.5
Company holdings	2.4	0.5
Total issued shares	100.0	100.0

Shares bought back

The total number of shares held by Hufvudstaden as at December 31, 2015 was 5,006,000 series A shares, equivalent to 2.4 per cent of the total number of issued shares. No buy-backs were made during or after the end of the reporting period. At the 2015 Annual Meeting, the Board was granted renewed authorization to acquire series A shares up to 10 per cent of all the issued shares and to assign company shares. The Board of Directors will present a proposal at the Annual Meeting on March 17, 2016 that authorization to acquire and assign company shares be renewed.

Buy-back of shares as at December 31, 2015, million shares

	Total number of shares	Company holdings	Held by other shareholders
As of January 1, 2015	211.3	5.0	206.3
Buy-back	-	-	-
As of December 31, 2015	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 the value of the property holdings. The Company has not identified any material risks and uncertainties other than those described in the 2014 Annual Report.

MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

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

ACCOUNTING PRINCIPLES

Hufvudstaden applies the EU-endorsed IFRS standards and interpretations thereof (IFRIC). This Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable stipulations in the Annual Accounts Act. IFRIC 21, Levies, has been applied since January 1, 2015. The interpretation includes rules that state that government levies should be recorded in their entirety as a liability when the obligation arises, which affects the property tax for Hufvudstaden. Expensing remains unchanged, i.e. allocated to different periods throughout the year. Otherwise the accounting principles and computation base are the same as those applied in the most recent Annual Report. Derivatives are valued at fair value in the Balance Sheet. All derivatives are classified as Level 2 according to IFRS 13. There is no set-off of financial assets and liabilities and there are no agreements that permit netting. Other financial assets and liabilities are reported at the accrued acquisition value, which in all material respects concurs with the fair value.

PROPOSED DIVIDEND

The Board of Directors proposes that the dividend be increased to SEK 3.10 per share (2.90).

PROPOSAL REGARDING ELECTION OF A BOARD OF DIRECTORS AND AUDITORS

The Company's main shareholder have notified the Company of the intention to present a proposal to the Annual General Meeting that Claes Boustedt, Peter Egardt, Louise Lindh, Fredrik Lundberg, Sten Peterson, Anna-Greta Sjöberg and Ivo Stopner be re-elected as Board members and that Fredrik Lundberg be re-elected as Chairman of the Board. Further, new election of Liv Forhaug and Fredrik Persson is proposed. Bengt Braun and Hans Mertzig have declined re-election. It is

proposed that the auditing company KPMG AB be elected with Joakim Thilstedt as lead auditor.

Presentation of new board members

Liv Forhaug (Master of Science in Business and Economics, born 1970) is the Chief Strategy Officer of the ICA Gruppen AB since 2013. She has previous experience among other things as partner at McKinsey & Company and is a member of the Board of Hemtex AB and Thule Group AB.

Fredrik Persson (Master of Science in Business and Economics, born 1968) is the Chairman of the Board of the Swedish Trade Federation (Svensk Handel) since 2014 and of Axfood AB since 2009. He has previous experience among other things as president and CEO of Axel Johnson AB and is a member of the board of AB Electrolux, Lancelot Asset Management AB and the Confederation of Swedish Enterprise (Svenskt Näringsliv).

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 4pm on Thursday, March 17, 2016 at Grand Hôtel, Vinterträdgården, Stockholm. The Annual Report for 2015 will be available in week 8 at the Company's office and on the Company's website. At the same time, it will be distributed to those shareholders who have made a request to this effect.

FORTHCOMING INFORMATION

Annual Report 2015	February 2016
Annual Meeting in Stockholm 2016	March 17, 2016
Interim Report, January-March 2016	May 3, 2016
Half-year Report, January-June 2016	August 22, 2016
Interim Report, January-September 2016	November 9, 2016

The information in this Year-End 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 published on February 11, 2016.

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

Questions can be answered by Ivo Stopner, President, or Åsa Roslund, Acting CFO, telephone +46 8-762 90 00.

INCOME STATEMENTS – SUMMARY

GROUP, SEK m	October- December 2015	October- December 2014	January- December 2015	January- December 2014
Net revenue				
Property management	427.4	409.5	1,610.7	1,596.4
Parking operations	23.7	19.8	78.3	68.9
	451.1	429.3	1,689.0	1,665.3
Property management expenses				
Maintenance	-10.4	-11.4	-34.4	-31.9
Operation and administration	-70.4	-67.2	-256.5	-248.6
Ground rents	-5.4	-4.8	-21.5	-17.0
Property tax	-38.5	-38.5	-154.1	-154.2
Property management expenses	-124.7	-121.9	-466.5	-451.7
Parking operations, expenses	-13.2	-13.0	-50.4	-49.8
Operating expenses	-137.9	-134.9	-516.9	-501.5
Gross profit	313.2	294.4	1,172.1	1,163.8
- of which Property management	302.7	287.6	1,144.2	1,144.7
- of which Parking operations	10.5	6.8	27.9	19.1
Central administration	-11.1	-9.3	-38.8	-36.2
Operating profit before changes in value	302.1	285.1	1,133.3	1,127.6
Changes in value				
Properties	1,754.7	1,014.7	3,426.5	1,708.6
Interest derivatives	18.4	-37.1	11.8	-185.8
Operating profit	2,075.2	1,262.7	4,571.6	2,650.4
Financial income/expense	-31.6	-32.0	-123.0	-129.9
Profit before tax	2,043.6	1,230.7	4,448.6	2,520.5
Tax	-435.3	-225.1	-978.5	-519.2
Profit after tax	1,608.3	1,005.6	3,470.1	2,001.3
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,608.3	1,005.6	3,470.1	2,001.3
Average number of outstanding shares following buy-backs during the period	206,265,933	206,265,933	206,265,933	206,265,933
Profit for the period after tax per share before and after dilution, SEK	7.80	4.88	16.82	9.70

BALANCE SHEETS – SUMMARY

GROUP, SEK m	December 31, 2015	December 31, 2014
Properties	31,740.5	27,817.4
Other non-current assets	17.7	15.4
Total non-current assets	31,758.2	27,832.8
Current assets	564.4	582.5
Total assets	32,322.6	28,415.3
Equity	19,566.7	16,694.8
Non-current interest-bearing liabilities	4,650.0	4,650.0
Deferred tax liabilities	6,229.2	5,356.2
Other non-current liabilities	157.6	168.7
Pension provisions	12.9	10.6
Total non-current liabilities	11,049.7	10,185.5
Current interest-bearing liabilities	1,100.0	1,000.0
Other liabilities	606.2	535.0
Total current liabilities	1,706.2	1,535.0
Total equity and liabilities	32,322.6	28,415.3

CHANGES IN EQUITY – SUMMARY

GROUP, SEK m	January-December 2015	January-December 2014
Equity, opening balance	16,694.8	15,260.7
Total comprehensive income for the period	3,470.1	2,001.3
Dividend	-598.2	-567.2
Equity, closing balance	19,566.7	16,694.8

STATEMENTS OF CASH FLOWS – SUMMARY

GROUP, SEK m	January-December 2015	January-December 2014
Result before tax	4,448.6	2,520.5
Depreciation/impairments	8.2	7.2
Unrealized change in value, properties	-3,426.5	-1,708.6
Unrealized change in value, interest derivatives	-11.8	185.8
Other changes	2.3	1.8
Tax paid	-90.0	-140.0
Cash flow from current operations before changes in working capital	930.8	866.7
Increase/decrease in operating receivables	-35.2	-14.9
Increase/decrease in operating liabilities	71.9	29.2
Cash flow from current operations	967.5	881.0
Investments in properties	-496.6	-239.6
Investments in equipment	-3.7	-4.6
Cash flow from investments	-500.3	-244.2
Loans raised	2,200.0	1,600.0
Amortization of loan debt	-2,100.0	-1,700.0
Dividend paid	-598.2	-567.2
Cash flow from financing	-498.2	-667.2
Cash flow for the period	-31.0	-30.4
Cash and cash equivalents at the beginning of the period	474.2	504.6
Cash and cash equivalents at the period-end	443.2	474.2
Cash flow for the period per share, SEK	-0.15	-0.15

SEGMENT REPORT – SUMMARY

GROUP, SEK m	Stockholm City East Business Area		Stockholm City West Business Area		Gothenburg Business Area		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Net revenue	703.8	695.6	636.8	626.7	270.1	274.1	1,610.7	1,596.4
Property costs	-176.5	-168.4	-210.0	-204.2	-80.0	-79.1	-466.5	-451.7
Gross profit, property management	527.3	527.2	426.8	422.5	190.1	195.0	1,144.2	1,144.7
Parking operations			27.9	19.1			27.9	19.1
Central administration							-38.8	-36.2
Changes in value								
Properties							3,426.5	1,708.6
Interest derivatives							11.8	-185.8
Operating profit							4,571.6	2,650.4
Financial income and expense							-123.0	-129.9
Profit before tax							4,448.6	2,520.5

PLEGDED ASSETS AND CONTINGENT LIABILITIES

GROUP, SEK m	December 31, 2015	December 31, 2014
Pledged assets		
Mortgages	1,451.3	1,451.3
Endowment insurance	10.2	8.4
Total pledged assets	1,461.5	1,459.7
Contingent liabilities	None	None

KEY RATIOS

GROUP	Full year 2015	Full year 2014	Full Year 2013	Full Year 2012	Full Year 2011
Property-related					
Rentable floor space, 1,000 m ²	387	387	387	367	365
Rental vacancy level, %	4.5	5.6	4.0	3.7	3.9
Floor space vacancy level, %	6.1	7.2	5.7	5.4	5.9
Fair value, SEK bn	31.7	27.8	25.9	23.1	22.3
Surplus ratio, %	69.4	69.9	70.3	70.4	67.1
Financial					
Return on equity, %	19.1	12.5	12.9	14.7	12.0
Return on capital employed, %	19.2	12.2	12.8	9.3	13.1
Equity ratio, %	61	59	58	59	55
Interest coverage ratio, multiple	9.1	8.5	8.3	6.4	7.0
Debt/equity ratio, multiple	0.3	0.3	0.3	0.3	0.3
Net loan-to-value ratio, properties, %	16.7	18.6	20.3	18.2	18.1
Data per share					
Profit/loss for the period, SEK	16.82	9.70	9.10	9.40	6.96
Equity, SEK	94.86	80.94	73.99	67.49	60.54
Properties, fair value, SEK	153.88	134.86	125.42	111.79	107.88
Net asset value (EPRA NNNNAV), SEK	118.00	100.00	92.00	84.00	76.00
Number of outstanding shares, 1,000	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

KEY RATIOS PER QUARTER

GROUP	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Net revenue, SEK m	451	416	409	413	429	410	412	414
Return on equity, %	19.7	12.0	9.3	5.8	13.5	7.6	7.5	5.0
Return on equity, adjusted, %	5.0	4.5	4.4	4.2	6.1	4.9	4.9	4.9
Equity ratio, %	61	59	59	57	59	57	57	56
Profit per share for the period, SEK	7.80	3.11	3.75	2.17	4.88	1.00	2.88	0.94
Equity per share, SEK	94.86	87.06	83.96	80.20	80.94	76.06	75.06	72.18
Net asset value (EPRA NNNNAV), per share, SEK	118.00	108.00	105.00	100.00	100.00	95.00	93.00	90.00
Cash flow per share from current operations, SEK	1.27	1.01	1.22	1.20	0.85	1.24	0.87	1.31

PARENT COMPANY

RESULT AND POSITION

Net revenue amounted to SEK 1,038.4 million (1,031.3). The increase can be attributed to higher gross rents in conjunction with renegotiations and new leases. The gross profit was SEK 322.9 million (530.6). Property management expenses have increased primarily as a result of higher maintenance costs in the Femman Shopping Precinct in Gothenburg and higher depreciation. Net financial income and expense was SEK 208.9 million (219.4). Profit for the year includes group contributions from subsidiaries totalling SEK 331.9 million (348.8).

Cash and cash equivalents at the period-end amounted to SEK 442.6 million (474.0). Investments in properties and equipment during the year totalled SEK 117.8 million (91.5).

MATERIAL RISKS AND UNCERTAINTY FACTORS

The Company is exposed mainly to financing, interest and credit risks. The Company has not identified any material risks and uncertainties other than those described in the 2014 Annual Report.

MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

Apart from the dividend to the shareholders, there were no material transactions with associated parties during the period.

ACCOUNTING PRINCIPLES

The Interim Report for the Parent Company has been prepared in accordance with Section 9 of the Annual Accounts Act, Interim Reports. IFRIC 21, Levies, has been applied since January 1, 2015. The interpretation includes rules that state that government levies should be recorded in their entirety as a liability when the obligation arises, which affects the property tax for Hufvudstaden. Expensing remains unchanged, i.e. allocated to different periods throughout the year. Otherwise the accounting principles and computation base are the same as those applied in the most recent Annual Report.

INCOME STATEMENTS – SUMMARY

PARENT COMPANY, SEK m	October - December 2015	October - December 2014	January - December 2015	January - December 2014
Net revenue	267.4	261.0	1,038.4	1,031.3
Operating expenses	-158.8	-154.3	-715.5	-500.7
Gross profit	108.6	106.7	322.9	530.6
Central administration	-11.1	-9.3	-38.8	-36.2
Changes in value, interest derivatives	18.4	-37.2	11.8	-185.8
Operating profit	115.9	60.2	295.9	308.6
Group contribution	331.9	348.8	331.9	348.8
Other financial income and expense	-31.6	-32.0	-123.0	-129.4
Profit after financial items	416.2	377.0	504.8	528.0
Appropriations	1.7	-108.6	1.7	-108.6
Profit before tax	417.9	268.4	506.5	419.4
Tax	-77.7	-13.0	-111.3	-56.3
Profit for the period	340.2	255.4	395.2	363.1
Statement of comprehensive income, SEK m				
Profit for the period	340.2	255.4	395.2	363.1
<i>Other comprehensive income</i>	-	-	-	-
Comprehensive income for the period	340.2	255.4	395.2	363.1

BALANCE SHEETS – SUMMARY

PARENT COMPANY, SEK m	December 31, 2015	December 31, 2014
Properties	8,073.6	8,096.7
Other non-current assets	2,839.8	2,838.0
Total non-current assets	10,913.4	10,934.7
Current assets	900.5	949.3
Total assets	11,813.9	11,884.0
Restricted equity	1,978.7	1,978.7
Non-restricted equity	1,820.5	2,023.5
Total equity	3,799.2	4,002.2
Untaxed reserves	821.6	823.3
Appropriations	900.8	892.8
Non-current liabilities	4,804.0	4,818.2
Current liabilities	1,488.3	1,347.5
Total liabilities	8,014.7	7,881.8
Total equity and liabilities	11,813.9	11,884.0

Stockholm, February 11, 2016

Fredrik Lundberg
Chairman

Claes Boustedt
Board Member

Bengt Braun
Board Member

Peter Egardt
Board Member

Louise Lindh
Board Member

Hans Mertzig
Board Member

Sten Peterson
Board Member

Anna-Greta Sjöberg
Board Member

Ivo Stopner
President
Board Member

This Year-End Report has not been the subject of an examination by the Company's auditors.

DEFINITIONS AND GLOSSARY

Annual rent. Gross rent including supplement at the period-end, calculated on an annual basis. Vacant premises are reported at the market rent.

Bibliotekstan. The area between Norrmalmstorg, Birger Jarlsgatan, Stureplan and Norrlandsgatan and which contains stores with high-class brands.

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.

EPRA. European Public Real Estate Association. Interest organization for listed property companies in Europe.

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.

Interest coverage ratio. Profit after financial items, excluding unrealized changes in value plus interest expense in relation to interest expense.

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.

MTN programme. Medium Term Note. A bond programme with a term of 1-15 years.

Net liabilities. Interest-bearing liabilities, including the decided dividend less current investments and cash and bank holdings.

Net loan-to-value ratio, properties. Net liabilities in relation to the carrying value of properties.

Profit per share. Profit for the period after tax 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 unleased 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 in relation to the average capital employed. In the interim accounts, the return has been recalculated on a full-year basis without account being taken of seasonal variations that normally arise in operations and with the exception of changes in value.

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

Return on equity, adjusted. Profit after tax, excluding changes in value, in relation to average equity. In the interim accounts, the return has been recalculated on a full-year basis without taking account of seasonal variations that normally arise in operations.

Surplus ratio. Gross profit in relation to net revenue.

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 original Interim Report in Swedish. In the event of any differences between this translation and the Swedish original, the latter shall prevail.



HUFVUDSTADEN

Hufvudstaden

2015 was a major anniversary year for Hufvudstaden. On September 2015 it was 100 years since the Company was founded. Hufvudstaden rapidly became one of the leading property companies in Sweden and today it is one of the strongest property industry brands in the country. The brand is well known and represents high quality, good service and long-term thinking in the management and development of its own commercial properties in prime business locations in Stockholm and Gothenburg.

Vision

Hufvudstaden shall be consistently perceived as, and prove to be, the most attractive property company in Sweden.

Business concept

With properties in central Stockholm and central Gothenburg, Hufvudstaden shall offer successful companies high-quality office and retailing premises in attractive marketplaces.

Financial objectives

- Hufvudstaden shares shall have good dividend growth over time and the dividend shall account for more than half the net profit from current operations.
- The equity ratio shall be at least 40 per cent over time.

Operating objectives

Hufvudstaden will:

- Gradually increase profit from current operations.
- Have the most satisfied customers in the industry.
- Have the most developed property holdings in the industry.
- Have the most professional personnel in the industry, with firm commitment to the customer, good business acumen and professional know-how.

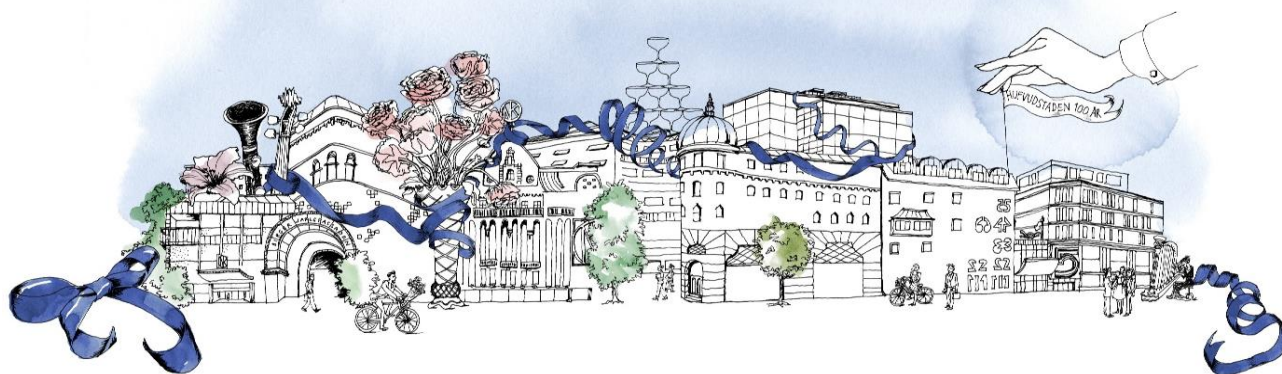
Strategies to achieve the objectives

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

Quality. Quality and environmental systems will ensure the highest possible level of quality in all the Company's products and services.

Skills development. Systematic development of the knowledge and skills of the personnel will be ensured with a focus on professional know-how and values.

Business development. Active business development will create added value in the property holdings.



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