



HUFVUDSTADEN

Interim Report January – March 2016

Interim Report January–March 2016

- Profit after tax for the period was SEK 738 million (447), equivalent to SEK 3.58 per share (2.17). The increase is due mainly to higher unrealized changes in the value of the property holdings.
- Gross profit from the Group amounted to SEK 305 million (284), an increase of 7 per cent. The increase can be attributed largely to higher rental revenue.
- Consolidated net revenue amounted to SEK 431 million (413), an increase of 4 per cent.
- The fair value of the property holdings was SEK 32,655 million (31,740 at the turn of the year), resulting in a net asset value of SEK 119 per share (118 at the turn of the year), following a deduction of the dividend paid of SEK 3.10 per share. Unrealized changes in value for the period totalled SEK 689 million (366).
- The equity ratio was 59 per cent (57), the net loan-to-value ratio was 18 per cent (18) and the interest coverage ratio multiple was 9.0 (9.1).
- The rental vacancy level at the period-end was 4.3 per cent (6.5). Excluding projects in progress, the rental vacancy level was 2.3 per cent (5.5).
- The acquisition of the Inom Vallgraven 3:2 property in central Gothenburg was completed on March 1 with a property value of SEK 82 million.

GROUP

RESULTS

Property management¹⁾

Net rents from property management during the period amounted to SEK 410.2 million (395.2). Gross profit was SEK 296.1 million (278.3). The increase can be attributed mainly to reduced costs for vacant space and higher gross rents in conjunction with new leases and renegotiations.

The turnover-based rent supplement is reported during the fourth quarter. The turnover-based rent supplement the previous year was SEK 18.1 million. Otherwise, there are no material seasonal variations in rents.

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

Parking operations

Operations comprise parking operations at Parkaden AB in Stockholm. Net revenue was SEK 21.0 million (17.9). The improvement is the result of an increase in short-term and contractual income. Expenses totalled SEK -12.4 million (-12.0) and gross profit SEK 8.6 million (5.9).

Other profit and loss items

Central administration totalled SEK -9.2 million (-9.0). Changes in the value of properties totalled SEK 689.3 million (365.9) and changes in interest derivatives totalled SEK -5.2 million (-22.6).

Financial income and expense

Net financial income and expense amounted to SEK -32.9 million (-29.6). The increase can be attributed mainly to a higher borrowing.

Tax

The Group's tax for the period was SEK -208.4 million (-142.1), of which SEK -26.0 million (-27.9) was current tax and SEK -182.4 million (-114.2) was deferred tax. The increase in deferred tax can be attributed to higher unrealized changes in the value of the property holdings.

Profit for the period

The consolidated profit after tax amounted to SEK 738.3 million (446.8). The increase in profit can be attributed to higher unrealized changes in the value of the property holdings and higher gross profit.

¹⁾ The acquired property Inom Vallgraven 3:2 in Gothenburg is included with effect from March 1, 2016.

ACQUISITIONS AND INVESTMENTS

The total investment in properties during the period, including company acquisitions, and equipment was SEK 208.4 million (78.4). The Company's acquisition of the property Inom Vallgraven 3:2 in central Gothenburg was completed on March 1, 2016. The property's rentable floor space is approximately 1,600 square metres, comprising mainly offices. The acquisition was implemented by means of a company acquisition with an underlying property value of SEK 82 million.

PROPERTY HOLDINGS

The fair value of the Hufvudstaden property holdings is based on an internal valuation and as at March 31, 2016 it was estimated to be SEK 32,655 million (31,740 at the turn of the year). The increase can be attributed to unrealized changes in value, investment in the property holdings and a property acquisition. Rentable floor space was approximately 388,500 square metres (387,000 at the turn of the year).

The rental vacancy level as at March 31, 2016 was 4.3 per cent (4.5 at the turn of the year) and the floor space vacancy level was 5.7 per cent (6.1 at the turn of the year). The decrease in vacancy can be attributed to offices in Stockholm and Gothenburg. The rental vacancy level, excluding current development projects, was 2.3 per cent (3.2 at the turn of the year).

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 the period was estimated at SEK 689.3 million (365.9). The value of the property holdings as at March 31, 2016 was SEK 32.7 billion, including investments for the period. The unrealized increase in value can be attributed to the effect of rising market rents and a slightly lower yield requirement.

The average yield requirement on the above valuation date was 4.1 per cent (4.1 at the turn of the year).

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 were applied:

Yield requirements, property valuation

Stockholm	3.7-4.3 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 32.7 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 960 m
Property costs	SEK 50/sqm	SEK 480 m
Rental vacancy level	1.0 percentage points	SEK 430 m
Yield requirement	0.25 percentage points	SEK 2,000 m

¹⁾ Valuation date: March 31, 2016

Net asset value

Based on the valuation of the property holdings, the non-current net asset value according to the Balance Sheet (EPRA NAV) was SEK 26.1 billion or SEK 127 per share. The current net asset value (EPRA NNAV) was SEK 24.5 billion or SEK 119 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, March 31, 2016

	SEK m	SEK/ share
Equity according to the Balance Sheet	19,665.6	95
<i>Reversal</i>		
Derivatives according to the Balance Sheet	142.6	1
Deferred tax according to the Balance Sheet	6,249.2	31
Non-current net asset value (EPRA NAV)	26,057.4	127
<i>Deductions</i>		
Derivatives as stated above	-142.6	-1
Estimated deferred tax 5%	-1,420.3	-7
Current net asset value (EPRA NNAV)	24,494.5	119

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 the rent trend has been positive. 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 4,600

and SEK 6,000 per square metre per year, excluding the property tax supplement. In the same sub-markets, interest in prime-location retail premises has remained 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 they were between SEK 2,200 and SEK 3,100 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 14,400 square metres were renegotiated during the year at a rental value of SEK 68 million.

FINANCING STRUCTURE

Hufvudstaden's borrowing as at March 31, 2016 amounted to SEK 6,350 million (5,750 at the turn of the year).

Hufvudstaden has an MTN programme in place totalling SEK 4 billion with a total outstanding amount of SEK 2.3 billion. Outstanding commercial paper amounted to SEK 1.1 billion. Hufvudstaden ensures that at any point in time there are unutilized loan assurances to cover all outstanding commercial paper.

The average fixed interest period was 27 months (27 at the turn of the year), the average capital tie-up period was 40 months (27 at the turn of the year) and the average annual equivalent interest rate was 2.1 per cent (2.1 at the turn of the year). Net interest-bearing debt was SEK 5,904 million (5,307 at the turn of the year).

The fair value of all interest derivatives as at March 31, 2016 was SEK -142.6 million (-137.4 at the turn of the year). The negative figure can be explained by lower market interest rates.

Capital tie-up structure, March 31, 2016

Maturity Date	Volume, SEK m ¹⁾	Share, %
2017	1,750	27
2018	1,300	20
2019	500	8
2020	1,000	16
2021	1,500	24
2022	300	5
Total	6,350	100

¹⁾ Capital tie-up for commercial paper loans has been calculated according to the underlying loan assurances.

Fixed interest structure, March 31, 2016

Maturity Date	Volume, SEK m	Share, %	Average AER, %
2016	1,300	20	1.0
2017	1,500	24	1.8
2018	1,800	28	2.6
2019	950	15	2.9
2021	500	8	1.8
2022	300	5	2.1
Total	6,350	100	2.1

MISCELLANEOUS

Daniel Massot, Head of the Gothenburg Business Area and a member of the Executive Management, will be stepping down after seven years with the Company and will leave after the summer.

Fredrik Ottosson has been appointed as new Head of the Gothenburg Business Area and he will also be a member of the Executive Management. He will take up his new position by the beginning of August at the latest.

SHARES AND SHAREHOLDERS

Hufvudstaden, whose shares are listed on NASDAQ Stockholm, had 20,818 shareholders at the end of the period. The proportion of foreign ownership as at March 31, 2016 was 31.7 per cent of the total number of outstanding shares (32.1 at the turn of the year). The series A share price as at March 31, 2016 was SEK 128.70 and market capitalization was SEK 27.8 billion.

Shares bought back

The total number of shares held by Hufvudstaden as at March 31, 2016 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 2016 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.

Buy-back of shares as at March 31, 2016, million shares

	Total number of shares	Company holdings	Held by other shareholders
As of January 1, 2016	211.3	5.0	206.3
Buy-back	-	-	-
As of March 31, 2016	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 presented in the 2015 Annual Report.

MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

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

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. The accounting principles and computation base are otherwise 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.

FORTHCOMING INFORMATION

Half-year Report, January-June 2016	August 22, 2016
Interim Report, January-September 2016	November 9, 2016
Year-End Report 2016	February 16, 2017
Annual Report 2016	March 2017
Annual Meeting in Stockholm 2017	March 23, 2017

The information in this Interim Report is information that Hufvudstaden AB (publ) is obliged to publish under the Securities Market Act and/or the Financial Instruments Trading Act. The information was published on May 3, 2016.

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

Questions can be answered by Ivo Stopner, President, and Ingvor Sundbom, CFO, telephone +46 8-762 90 00.

INCOME STATEMENTS – SUMMARY

GROUP, SEK m	January-March, 2016	January-March, 2015	January-December, 2015
Net revenue			
Property management	410.2	395.2	1,610.7
Parking operations	21.0	17.9	78.3
	431.2	413.1	1,689.0
Property management expenses			
Maintenance	-5.3	-8.8	-34.4
Operation and administration	-65.6	-64.5	-256.5
Ground rents	-5.4	-5.1	-21.5
Property tax	-37.8	-38.5	-154.1
Property management expenses	-114.1	-116.9	-466.5
Parking operations, expenses	-12.4	-12.0	-50.4
Operating expenses	-126.5	-128.9	-516.9
Gross profit	304.7	284.2	1,172.1
- of which Property management	296.1	278.3	1,144.2
- of which Parking operations	8.6	5.9	27.9
Central administration	-9.2	-9.0	-38.8
Operating profit before changes in value	295.5	275.2	1,133.3
Changes in value			
Properties	689.3	365.9	3,426.5
Interest derivatives	-5.2	-22.6	11.8
Operating profit	979.6	618.5	4,571.6
Financial income/expense	-32.9	-29.6	-123.0
Profit before tax	946.7	588.9	4,448.6
Tax	-208.4	-142.1	-978.5
Profit after tax	738.3	446.8	3,470.1
Other comprehensive income	-	-	-
Total comprehensive income for the period	738.3	446.8	3,470.1
Average number of outstanding shares following buy-backs during the period	206,265,933	206,265,933	206,265,933
Profit for the period after tax per share before and after dilution, SEK	3.58	2.17	16.82

BALANCE SHEETS – SUMMARY

GROUP, SEK m	March 31, 2016	March 31, 2015	December 31, 2015
Properties	32,655.1	28,261.3	31,740.5
Other non-current assets	17.8	15.6	17.7
Total non-current assets	32,672.9	28,276.9	31,758.2
Current assets	701.9	809.8	564.4
Total assets	33,374.8	29,086.7	32,322.6
Equity	19,665.6	16,543.4	19,566.7
Non-current interest-bearing liabilities	5,000.0	4,350.0	4,650.0
Deferred tax liabilities	6,411.6	5,470.4	6,229.2
Other non-current liabilities	163.6	192.4	157.6
Pension provisions	13.2	11.2	12.9
Total non-current liabilities	11,588.4	10,024.0	11,049.7
Current interest-bearing liabilities	1,350.0	1,400.0	1,100.0
Other liabilities	770.8	1,119.3	606.2
Total current liabilities	2,120.8	2,519.3	1,706.2
Total equity and liabilities	33,374.8	29,086.7	32,322.6

CHANGES IN EQUITY – SUMMARY

GROUP, SEK m	January-March, 2016	January-March, 2015	January-December, 2015
Equity, opening balance	19,566.7	16,694.8	16,694.8
Total comprehensive income for the period	738.3	446.8	3,470.1
Dividend	-639.4	-598.2	-598.2
Equity, closing balance	19,665.6	16,543.4	19,566.7

STATEMENTS OF CASH FLOWS – SUMMARY

GROUP, SEK m	January-March, 2016	January-March, 2015	January-December, 2015
Result before tax	946.7	588.9	4,448.6
Depreciation/impairments	1.7	1.5	8.2
Unrealized change in value, properties	-689.3	-365.9	-3,426.5
Unrealized change in value, interest derivatives	5.2	22.6	-11.8
Other changes	0.3	0.5	2.3
Tax paid	-58.0	-8.3	-90.0
Cash flow from current operations before changes in working capital	206.6	239.3	930.8
Increase/decrease in operating receivables	-75.3	20.5	-35.2
Increase/decrease in operating liabilities	164.9	-12.8	71.9
Cash flow from current operations	296.2	247.0	967.5
Acquisition of subsidiary	-60.9	-	-
Investments in properties	-146.9	-78.0	-496.6
Investments in equipment	-0.6	-0.4	-3.7
Cash flow from investments	-208.4	-78.4	-500.3
Loans raised	1,400.0	900.0	2,200.0
Amortization of loan debt	-817.2	-800.0	-2,100.0
Dividend paid	-639.4	-	-598.2
Cash flow from financing	-56.6	100.0	-498.2
Cash flow for the period	31.2	268.6	-31.0
Cash and cash equivalents at the beginning of the period	443.2	474.2	474.2
Cash and cash equivalents at the period-end	474.4	742.8	443.2
Cash flow for the period per share, SEK	0.15	1.30	-0.15

SEGMENT REPORT – SUMMARY¹⁾

GROUP, SEK m	Stockholm City East Business Area		Stockholm City West Business Area		Gothenburg Business Area		Total	
	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015
	Net revenue	183.2	172.3	161.1	153.3	65.9	69.6	410.2
Property costs	-44.3	-43.4	-49.2	-52.4	-20.6	-21.1	-114.1	-116.9
Gross profit, property management	138.9	128.9	111.9	100.9	45.3	48.5	296.1	278.3
Parking operations			8.6	5.9			8.6	5.9
Central administration							-9.2	-9.0
Changes in value								
Properties							689.3	365.9
Interest derivatives							-5.2	-22.6
Operating profit							979.6	618.5
Financial income and expense							-32.9	-29.6
Profit before tax							946.7	588.9

¹⁾ For comparable holdings, net revenue and gross profit from property management for the Gothenburg Business Area and the Group should be increased by SEK 0.2 million and SEK 0.1 million for 2015 following the acquisition of the property Inom Vallgraven 3:2.

PLEGGED ASSETS AND CONTINGENT LIABILITIES

GROUP, SEK m	March 31, 2016	March 31, 2015	December 31, 2015
Pledged assets			
Mortgages	1,451.3	1,653.1	1,451.3
Endowment insurance	10.5	8.9	10.2
Total pledged assets	1,461.8	1,662.0	1,461.5
Contingent liabilities	None	None	None

KEY RATIOS

GROUP	March 31, 2016	March 31, 2015	Full year 2015	Full year 2014	Full year 2013	Full year 2012
Property-related						
Rentable floor space, 1,000 m ²	388	387	387	387	387	367
Rental vacancy level, %	4.3	6.5	4.5	5.6	4.0	3.7
Floor space vacancy level, %	5.7	8.0	6.1	7.2	5.7	5.4
Fair value, SEK bn	32.7	28.3	31.7	27.8	25.9	23.1
Surplus ratio, %	70.7	68.8	69.4	69.9	70.3	70.4
Financial						
Return on equity, %	6.8	5.8	19.1	12.5	12.9	14.7
Return on capital employed, %	7.2	6.4	19.2	12.2	12.8	9.3
Equity ratio, %	59	57	61	59	58	59
Interest coverage ratio, multiple	9.0	9.1	9.1	8.5	8.3	6.4
Debt/equity ratio, multiple	0.3	0.3	0.3	0.3	0.3	0.3
Net loan-to-value ratio, properties, %	18.0	17.7	16.7	18.6	20.3	18.2
Data per share						
Profit/loss for the period, SEK	3.58	2.17	16.82	9.70	9.10	9.40
Equity, SEK	95.34	80.20	94.86	80.94	73.99	67.49
Properties, fair value, SEK	158.32	137.01	153.88	134.86	125.42	111.79
Net asset value, (EPRA NNNNAV), SEK	119.00	100.00	118.00	100.00	92.00	84.00
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

KEY RATIOS PER QUARTER

GROUP	Jan-Mar 2016	Okt-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Okt-Dec 2014	Jul-Sep 2014	Apr-Jun 2014
Net revenue, SEK m	431	451	416	409	413	429	410	412
Return on equity, %	6.8	19.7	12.0	9.3	5.8	13.5	7.6	7.5
Return on equity, adjusted, %	4.1	5.0	4.5	4.4	4.2	6.1	4.9	4.9
Equity ratio, %	59	61	59	59	57	59	57	57
Profit per share for the period, SEK	3.58	7.80	3.11	3.75	2.17	4.88	1.00	2.88
Equity per share, SEK	95.34	94.86	87.06	83.96	80.20	80.94	76.06	75.06
Net asset value (EPRA NNNNAV), per share, SEK	119.00	118.00	108.00	105.00	100.00	100.00	95.00	93.00
Cash flow per share from current operations, SEK	1.44	1.27	1.01	1.22	1.20	0.85	1.24	0.87

PARENT COMPANY

RESULT AND POSITION

Net revenue amounted to SEK 265.6 million (257.5). The increase can be attributed mainly to lower costs for vacant space and higher gross rents in conjunction with new leases and renegotiations. Costs totalled SEK -194.2 million (-225.0). The decrease can be attributed mainly to lower maintenance costs. The gross profit was SEK 71.4 million (32.5). Net financial income and expense was SEK -32.9 million (-29.6).

Cash and cash equivalents at the period-end amounted to SEK 446.6 million (742.6). Investments in properties and equipment during the period totalled SEK 40.8 million (25.5). Acquisitions of subsidiaries totalled SEK 62.1 million (-).

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 2015 Annual Report.

MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

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

ACCOUNTING PRINCIPLES

The Interim Report for the Parent Company has been prepared in accordance with Section 9 of the Annual Accounts Act, Interim Reporting. 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	January-March, 2016	January-March, 2015	January-December, 2015
Net revenue	265.6	257.5	1,038.4
Operating expenses	-194.2	-225.0	-715.5
Gross profit	71.4	32.5	322.9
Central administration	-9.2	-9.0	-38.8
Changes in value, interest derivatives	-5.2	-22.6	11.8
Operating profit	57.0	0.9	295.9
Group contribution	-	-	331.9
Other financial income and expense	-32.9	-29.6	-123.0
Profit after financial items	24.1	-28.7	504.8
Appropriations	-	-	1.7
Profit before tax	24.1	-28.7	506.5
Tax	-5.6	-6.2	-111.3
Profit for the period	18.5	-34.9	395.2
Statement of comprehensive income, SEK m			
Profit for the period	18.5	-34.9	395.2
<i>Other comprehensive income</i>	-	-	-
Comprehensive income for the period	18.5	-34.9	395.2

BALANCE SHEETS – SUMMARY

PARENT COMPANY, SEK m	March 31, 2016	March 31, 2015	December 31, 2015
Properties	8,079.0	8,012.1	8,073.6
Other non-current assets	2,901.8	2,838.4	2,839.8
Total non-current assets	10,980.8	10,850.5	10,913.4
Current assets	866.9	1,135.6	900.5
Total assets	11,847.7	11,986.1	11,813.9
Restricted equity	1,978.7	1,978.7	1,978.7
Non-restricted equity	1,199.6	1,390.4	1,820.5
Total equity	3,178.3	3,369.1	3,799.2
Untaxed reserves	821.6	823.3	821.6
Appropriations	900.8	889.2	900.8
Non-current liabilities	5,160.0	4,369.6	4,804.0
Current liabilities	1,787.0	2,534.9	1,488.3
Total liabilities	8,669.4	8,617.0	8,014.7
Total equity and liabilities	11,847.7	11,986.1	11,813.9

Stockholm, May 3, 2016

Ivo Stopner
President

This Interim Report has not been the subject of examination by the Company's auditors.

DEFINITIONS AND GLOSSARY

Annual rent. Gross rent at the period-end, including supplements, 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.

Fair 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 is 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 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 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.

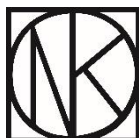
Return on equity, adjusted. Profit after tax, excluding changes in value, in relation to average equity. In the interim accounts, the return has been recalculated on a full-year basis without taking account of seasonal variations that normally arise in operations.

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

Founded in 1915, Hufvudstaden rapidly became one of the leading property companies in Sweden and is now one of the country's strongest brands in the property sector. The brand is well known and represents high quality, good service and long-term thinking in the management and development of the Company's 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.

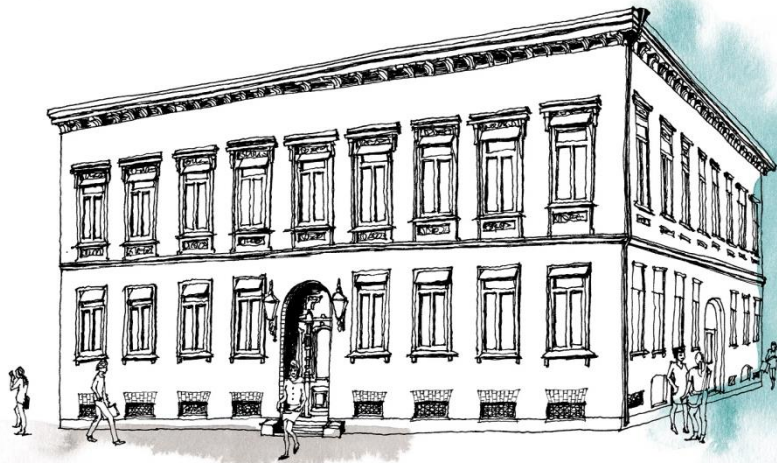
Strategies to achieve the objectives

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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