

HUFVUDSTADEN

Year-End Report 2007

- The gross profit from property management for comparable holdings increased by 14 per cent to SEK 839 million (734). The improvement can be attributed mainly to higher rents and a fall in the level of vacant space.
- Profit for the year amounted to SEK 2,401 million (3,423) equivalent to SEK 11.64 per share (16.60). The lower profit can be attributed to the disposal of the World Trade Center the previous year.
- The Board proposes an increase in the ordinary dividend to SEK 1.75 per share (1.60).
- The fair value of the property holdings was set at SEK 20.5 billion at the turn of the year (17.4), which gives a net asset value per share of SEK 73 (71).
- Net sales for the Group for comparable holdings amounted to SEK 1,266 million (1,153), an increase of 10 per cent.
- The rental vacancy level at the year-end was 3.3 per cent (6.5).

GROUP

RESULTS

Property management ¹

Gross profit for the year totalled SEK 847.5 million (734.1). For comparable holdings, the gross profit was SEK 839.1 million, an increase of 14.3 per cent. The increase can be attributed mainly to higher rents and a fall in rental losses on vacant premises. Net rents from property management during the period amounted to SEK 1,213.2 million (1,096.5).

The turnover-based rent supplement for the NK department stores amounted to SEK 16.8 million (10.3). Apart from this there were no seasonal variations in rents.

The property management results for each business area are reported on page 7.

¹ The acquired property Rännilen 15 is included with effect from June 1, 2007. The World Trade Center is reported as discontinued operations. Otherwise, the property holdings remain unchanged compared with the same period the previous year.

Reporting of discontinued operations

The result from discontinued operations for 2007 refers to an adjustment of the purchase sum and the result for 2006 the divested the World Trade Center operations.

Other operations

Other operations include parking operations at Parkaden in Stockholm.

Net revenue amounted to SEK 63.0 million (56.0), expenses amounted to SEK 45.4 million (45.0) and gross profit amounted to SEK 17.6 million (11.0).

Other Income Statement items

Central administration totalled SEK -30.8 million (-31.5). Changes in the value of investment properties totalled SEK 2,597.7 million (2,647.5) and in interest derivatives SEK 16.5 million (0.0).

Financial income and expense

Net financial income and expense amounted to SEK -126.6 million (-140.3). The improvement in financial income and expense can be attributed to interest income on payment from the sale of the World Trade Center.

Tax

The Group's tax (actual and deferred) for the year totalled SEK 927.6 million (903.9), of which SEK 103.8 million (98.2) was actual tax and SEK 823.8 million (805.7) deferred tax.

Profit for the year

The consolidated profit after tax for the year for continuing operations amounted to SEK 2,394.3 million (2,316.9), an increase of 3.3 per cent. Profit for the year after tax was SEK 2,400.9 million (3,423.2). The fall in profit can be attributed to the disposal of World Trade Center the previous year.

ACQUISITIONS AND INVESTMENTS

On May 14, 2007 an agreement was signed regarding the acquisition of the property Rännilen 15 at Norrmalmstorg in Stockholm. The purchase sum was SEK 312.5 million and the completion date was June 1, 2007. Hufvudstaden thus owns all the properties on the Rännilen block. Through a property regulation the property Rännilen 15 has since October 2007 been part of Rännilen 19.

Investments during the year in properties and equipment totalled SEK 527.7 million (193.4).

PROPERTY PORTFOLIO

The fair value of the Hufvudstaden property portfolio as of December 31, 2007 was estimated at SEK 20,530 million (17,409). The increase can be attributed to unrealised changes in value, the acquisition of Rännilen 15 and investments in the property holdings. The rentable floor space was 353,685 square metres (350,895).

The total rental vacancy level as of December 31 was 3.3 per cent (6.5) and the total floor space vacancy level was 4.6 per cent (8.1).

Property value and net asset value

Hufvudstaden has made an internal valuation of the Company's properties. The aim of the valuation is to assess the fair value of the property holdings as of December 31, 2007. The valuation was made using the earning capacity of the properties and the market's yield requirement as a starting point.

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 requirements. In the light of the above, the increase in value as of the turn of the year was estimated at SEK 2.6 billion. The total value of the property holdings as of December 31, 2007 was SEK 20.5 billion, including investments. The increase can be attributed mainly to an estimated lower direct yield requirement as a result of the continued extensive interest in commercial properties and a strong rental development. The average direct yield requirement for the property holdings in conjunction with the above valuation was 4.6 per cent (4.8).

Valuation method

Valuation of the property holdings was done by assessing each individual property's fair value. The valuation took place on the basis of the valuation using the direct yield method.

The net operating income is based on market-adapted rental income with a deduction for a calculated long-term rental vacancy level of 5-7 per cent. A deduction has been made for standard operating and maintenance costs.

The yield requirements used in the valuation varies between regions and between sub-areas within the regions. The assessment of the yield requirements is based on information obtained about the market's yield requirements in respect of the purchase and sale of comparable properties in similar locations. Consideration has also been given to different property types, the technical standard and the building design. For leasehold properties, the calculation was based on a yield requirement that was 0.25 percentage points higher than for properties where the land is freehold.

In making the valuation, the following direct yield requirement figures have been applied:

Stockholm	4.0-5.25 per cent
Gothenburg	4.5-5.75 per cent
Property holdings, average	4.6 per cent

Sensitivity analysis, property valuation

	Change +/-	Impact on profit before tax, +/-
Rental revenue	SEK 100/m ²	SEK 740 m
Property costs	SEK 50/m ²	SEK 390 m
Rental vacancy level	1.0 percentage points	SEK 290 m
Yield requirement	0.5 percentage points	SEK 2,500 m

External valuation

To guarantee the valuation, external valuations have been made by two valuation companies, DTZ Sverige AB and FS Fastighetsstrategi AB. The external valuations cover 14 properties and are equivalent to 40 per cent of the internally assessed fair value. The starting point for the selection of the properties was that the objects selected should represent different property categories, towns, locations, technical standards and construction standards. The properties that underwent an external valuation were Achilles 1, Grönlandet Södra 11, Hästskon 10, Kvassten 2 and 6, Kåkenhusen 39, Orgelpipan 7, Oxhuvudet 18, Rännilen 19 and Svärdfisken 2 in Stockholm as well as Inom Vallgraven 12:8, 12:10 and 20:4 and Nordstan 8:24 in Gothenburg.

The external valuation companies have set a fair value for these properties of SEK 8.6 billion with a range of +/- 3-9 per cent. Hufvudstaden's internal valuation of the same properties was SEK 8.2 billion. The internal valuations are thus SEK 0.4 billion below the external valuations. A comparison between the internal and external valuations reveals that Hufvudstaden's valuations are within the value range stated by the external valuation companies apart from two minor properties. It is Hufvudstaden's assessment, among other things, that the value of the

SVärdfisken 2 property is slightly lower as a result of the fact that a large proportion is made up of a listed cinema.

Net asset value

Based on this valuation of the property holdings, the net asset value is SEK 15.1 billion or SEK 73 per share after tax. When calculating the net asset value, calculated deferred tax has been used. This has been calculated 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 according to the Balance Sheet (28 per cent) is used in the calculation, the net asset value would have been SEK 11.8 billion or SEK 57 per share. If the tax rate is assumed to be 0 per cent, the net asset value would have been SEK 16.9 billion or SEK 82 per share.

RENTAL MARKET

Interest in flexible, high-quality office space in prime locations in sub-markets of central Stockholm gradually increased during the period, mainly as a result of improved economic growth in Sweden and the Stockholm region. Vacant space in this category has fallen and rents have risen. For office leases in Stockholm's most attractive locations within the Golden Triangle, at Norrmalmstorg/Hamngatan and in the Hötorg area, rents were noted of SEK 3,800-5,000 per square metre per year, excluding the property tax supplement. Interest in well-situated retail premises in the same sub-markets remained high. Rents for prime location retailing space are in the range SEK 12,000-16,000 per square metre per year, excluding the property tax supplement.

Demand for modern, flexible office premises in the central parts of Gothenburg has increased with rising rents as a result. There was, however, a continued low level of interest in properties of low standard requiring modernization and this is the same in Stockholm. Market rents for modern, well-arranged, high-quality office premises in prime locations were between SEK 1,600 and SEK 2,200 per square metre per year, excluding the property tax supplement. For prime site retail premises the market rent was SEK 5,000-9,000 per square metre per year, excluding the property tax supplement.

During the year, Hufvudstaden renegotiated leases, equivalent to approximately SEK 153 million in annual rent revenue. Renegotiations of office premises on average resulted in slightly higher rents whilst rents for retail premises rose by over 9 per cent. In total, the renegotiations resulted in a rise in rents by an average of around 6 per cent.

FINANCING STRUCTURE

Hufvudstaden's borrowing as of December 31, 2007 amounted to SEK 3,400.0 million (3,365.0). The average fixed interest period was 40 months (23), the average capital tie-up period was 53 months (33)

and the average interest rate cost was 4.6 per cent (4.0). Net liabilities amounted to SEK 3,069.3 million (3,324.6).

The fair value of interest swaps as of December 31 was SEK 55.0 million (17.5). The change in value of financial instruments during the year affected the income statement by SEK 16.5 million, or SEK 11.9 million after tax, and the hedge reserve in equity by SEK 15.1 million after tax.

Interest swaps were previously reported as cash flow hedges, which means the changes in value are reported against equity. With effect from the second quarter of 2007, new interest swap agreements were reported either as cash flow hedges or as a change in value in profit and loss.

Capital tie-up structure, December 31, 2007

Maturity date	Volume, SEK m	Share, %
2008	600.0	17
2010	500.0	15
2011	950.0	28
2012	250.0	8
2013	350.0	10
2017	750.0	22
Total	3,400.0	100

Fixed interest structure, December 31, 2007

Maturity date	Volume, SEK m	Of which reported for hedging	Share, %	Average APR, %
2008	1,200.0	600.0	35	5.0
2010	500.0	500.0	15	4.1
2011	350.0	350.0	10	3.9
2012	250.0	-	8	4.9
2013	350.0	350.0	10	4.1
2017	750.0	-	22	4.8
Total	3,400.0	1,800.0	100	4.6

SHARES AND SHAREHOLDERS

Hufvudstaden, whose shares are listed on the OMX Nordic Stock Exchange in Stockholm, had 19,533 shareholders at the year-end. The proportion of foreign ownership as of December 31 was 20.3 per cent of the total number of outstanding shares (20.1). The A-share price as of December 31, 2007 was SEK 62.00, equivalent to a market value of SEK 13.1 billion, calculated on the total number of outstanding shares.

The largest shareholder groups as of December 31, 2007

	Shares, %	Votes, %
Lundbergs	44.2	87.6
SEB Trygg Liv	11.1	2.3
Mellon funds	2.9	0.6
JP Morgan funds	2.1	0.5
Citibank funds	2.0	0.4
State Street Bank & Trust	1.9	0.4
Swedbank Robur funds	1.9	0.4
Skandia Liv	1.9	0.4
KAS Depositary Trust funds	1.2	0.2
FGCS funds	1.2	0.2
SEB funds	1.1	0.2
Northern Trust funds	1.1	0.2
Other shareholders	25.0	6.1
Outstanding shares	97.6	99.5
Held by Hufvudstaden	2.4	0.5
Total number of issued shares	100.0	100.0

Shares bought back

The total number of shares held by Hufvudstaden as of December 31, 2007 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 year or after the end of the reporting period. At the 2007 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 December 31, 2007, million shares

	Total number of shares	Held by Hufvudstaden	Other shareholders
As of Jan 1, 2007	211.3	5.0	206.3
Buy-back	-	-	-
As of Dec 31, 2007	211.3	5.0	206.3

FOURTH QUARTER²

The gross profit from property management was SEK 220.8 million (183.3). The increase can be attributed to, among other things, higher rents, a fall in rent losses on vacant premises and lower maintenance costs. Net rents totalled SEK 322.9 million (286.3). Property management costs amounted to SEK 102.1 million (102.9).

The gross profit from Other operations was SEK 7.1 million (6.2). Net revenue was SEK 18.6 million (17.7) and operating costs SEK 11.5 million (11.5).

The changes in value of investment properties totalled SEK 1,389.3 million (2,108.0) and in interest derivatives SEK 3.4 million (0.0).

NEW BUSINESS AREA DIVISION

Following the sale of the World Trade Center, the number of business areas in the Group was reduced to three, Stockholm City East, Stockholm City West and Gothenburg. The former business area NK, with the NK department stores in Stockholm and Gothenburg, are now part of the Stockholm City West business area.

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 Annual Report 2006.

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. The accounting principles remained unchanged compared with the most recent annual report.

PROPOSED DIVIDEND

The Board of Directors proposes an increase in the ordinary dividend to SEK 1.75 per share.

PROPOSAL FOR THE ELECTION OF A BOARD

Shareholders representing more than 50 per cent of the number of shares and votes in Hufvudstaden AB have notified the Board that they intend to propose at the Annual General Meeting that the present Board members be re-elected. There is also the intention to propose at the Annual General Meeting the election of George Pettersson as the Company's auditor and Joakim Thilsted as deputy auditor. Both are authorised public accountants, KPMG.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 4pm on Thursday, March 27, 2008 at the Grand Hotel, Vinterträdgården, Stockholm. The Annual Report for 2007 will be available at the Company's office and on the Company's website at least two weeks prior to the meeting. It will also be distributed at the beginning of March to those shareholders who have requested this.

FORTHCOMING INFORMATION

Annual Report 2007	March 2008
Annual General Meeting in Stockholm 2008	March 27, 2008
Interim Report, January-March 2008	May 8, 2008
Interim Report, January-June 2008	August 21, 2008
Interim Report, January-September 2008	October 30, 2008

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

Any questions can be answered by Ivo Stopner, CEO, and Magnus Jacobson, CFO, telephone +46-8-762 90 00.

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

² The comparison figure refers to the fourth quarter of 2006. The property Rännilen 15 is included with effect from June 1, 2007. The World Trade Center is reported as discontinued operations. Otherwise the property portfolio remains unchanged compared with the same period the preceding year.

CONSOLIDATED INCOME STATEMENTS – SUMMARY

GROUP, SEK m	October-December 2007	October-December 2006	January-December 2007	January-December 2006
Net revenue				
Property management	322.9	286.2	1,213.2	1,096.5
Other operations	18.6	17.7	63.0	56.0
	341.5	303.9	1,276.2	1,152.5
Operating expenses				
Maintenance	-12.4	-19.0	-26.4	-61.5
Operation and administration	-59.6	-57.3	-208.3	-192.3
Ground rents	-4.0	-4.0	-16.1	-16.1
Property tax	-26.1	-22.6	-114.9	-92.5
Property management costs	-102.1	-102.9	-365.7	-362.4
Other operations	-11.5	-11.5	-45.4	-45.0
Operating expenses	-113.6	-114.4	-411.1	-407.4
Gross profit	227.9	189.5	865.1	745.1
- of which Property management	220.8	183.3	847.5	734.1
- of which Other operations	7.1	6.2	17.6	11.0
Central administration	-9.2	-11.1	-30.8	-31.5
Operating profit before changes in value	218.7	178.4	834.3	713.6
Changes in value				
Investment properties	1,389.3	2,108.0	2,597.7	2,647.5
Interest derivatives	3.4	-	16.5	-
Operating profit	1,611.4	2,286.4	3,448.5	3,361.1
Financial income and expense	-36.0	-36.1	-126.6	-140.3
Profit before tax	1,575.4	2,250.3	3,321.9	3,220.8
Tax	-438.3	-626.0	-927.6	-903.9
Profit from continuing operations	1,137.1	1,624.3	2,394.3	2,316.9
Profit from discontinued operations, net after tax	-	1,013.6	6.6	1,106.3
Profit for the period	1,137.1	2,637.9	2,400.9	3,423.2
Average number of outstanding shares after buy-backs during the period	206,265,933	206,265,933	206,265,933	206,265,933
Profit for the period per share from continuing operations, before and after dilution	5.51	7.87	11.61	11.23
Profit for the period per share, SEK	5.51	12.79	11.64	16.60

CONSOLIDATED BALANCE SHEETS – SUMMARY

GROUP, SEK m	December 31, 2007	December 31, 2006
Investment properties	20,530.5	17,408.8
Other fixed assets	69.1	31.0
Total fixed assets	20,599.6	17,439.8
Current assets	349.5	3,080.3
Total assets	20,949.1	20,520.1
Equity	11,808.7	11,785.3
Non-current, interest-bearing liabilities	2,800.0	2,400.0
Other liabilities	3.7	3.3
Pensions provisions	5.7	6.0
Deferred tax liability	5,323.3	4,493.6
Total non-current liabilities	8,132.7	6,902.9
Current interest-bearing liabilities	600.0	965.0
Other liabilities	407.7	866.9
Total current liabilities	1,007.7	1,831.9
Total equity and liabilities	20,949.1	20,520.1

PLEGGED ASSETS AND CONTINGENT LIABILITIES

GROUP, SEK m	December 31, 2007	December 31, 2006
Pledged assets		
Mortgages	1,706.4	1,621.3
Endowment insurance	4.1	3.9
Total pledged assets	1,710.5	1,625.2
Contingent liabilities	None	None

CHANGES IN EQUITY

GROUP, SEK m	January- December 2007	January- December 2006
Equity, opening balance	11,785.3	8,614.7
Changes in hedge reserve for the period	21.0	64.7
Tax attributable to hedge reserve	-5.9	-18.1
Total changes in assets, reported directly against equity, excluding dividends	15.1	46.6
Profit for the year	2,400.9	3,423.2
Total changes in assets	2,416.0	3,469.8
Dividend	-2,392.7	-299.1
Equity, closing balance	11,808.7	11,785.3

CONSOLIDATED CASH FLOW STATEMENTS – SUMMARY

GROUP, SEK m	January- December 2007	January- December 2006
Profit from financial items	3,328.5	4,371.0
Depreciation/impairment	4.7	4.4
Capital gain, sale of fixed assets	-6.6	-986.2
Change, other provisions	-	-46.8
Change in value, investment properties	-2,597.7	-2,678.0
Change in value, interest derivatives	-16.5	-
Other changes	-0.2	0.3
Income tax paid	-97.1	-113.9
Cash flow from current operations before changes in working capital	615.1	550.8
Increase/decrease in operating receivables	-30.3	-5.5
Increase/decrease in operating liabilities	-465.5	62.7
Cash flow from current operations	119.3	608.0
Payment received from sale of subsidiary	3,011.7	-23.3
Investments in investment properties	-524.0	-185.4
Investments in equipment	-3.7	-8.0
Amortization, non-current receivables	-0.2	15.4
Cash flow from investments	2,483.8	-201.3
Loan raised	500.0	260.0
Amortization of loan liability	-465.0	-420.0
Dividend paid	-2,392.7	-299.1
Cash flow from financing	-2,357.7	-459.1
Cash flow for the period	245.4	-52.4
Liquid funds at the beginning of the period	40.4	92.8
Liquid funds at the period-end	285.8	40.4

PROPERTY MANAGEMENT – PROFIT PER BUSINESS AREA (COMPARABLE HOLDINGS)

GROUP, SEK m	Stockholm City East Business Area		Stockholm City West Business Area		Gothenburg Business Area		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Net revenue	538.5	509.8	507.1	442.2	157.7	144.5	1,203.3	1,096.5
Property costs	-132.2	-137.5	-180.5	-182.8	-51.5	-42.1	-364.2	-362.4
Gross profit	406.3	372.3	326.6	259.4	106.2	102.4	839.1	734.1

FINANCIAL RESULTS – SUMMARY

SEK m	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec		Jan-Dec	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Income	303.8	281.7	307.9	285.9	323.0	281.0	341.5	303.9	1 276.2	1 152.5
Costs	-97.2	-110.8	-91.5	-92.2	-108.8	-90.0	-113.6	-114.4	-411.1	-407.4
Gross profit	206.6	170.9	216.4	193.7	214.2	191.0	227.9	189.5	865.1	745.1
Central administration	-6.9	-6.9	-8.1	-6.9	-6.6	-6.6	-9.2	-11.1	-30.8	-31.5
Changes in value, properties	-	-	1,208.4	539.5	-	-	1,389.3	2,108.0	2,597.7	2,647.5
Changes in value, interest derivatives	-	-	17.1	-	-4.0	-	3.4	-	16.5	-
Financial income and expense	-21.5	-34.1	-33.4	-31.6	-35.7	-38.5	-36.0	-36.1	-126.6	-140.3
Tax	-53.4	-43.9	-388.2	-187.9	-47.7	-46.1	-438.3	-626.0	-927.6	-903.9
Profit from continuing operations	124.8	86.0	1,012.2	506.8	120.2	99.8	1,137.1	1,624.3	2,394.3	2,316.9
Profit from discontinued operations	6.6	23.7	-	47.5	-	21.5	-	1,013.6	6.6	1,106.3
Profit for the period	131.4	109.7	1,012.2	554.3	120.2	121.3	1,137.1	2,637.9	2,400.9	3,423.2

KEY RATIOS

GROUP	Full year 2007	Full year 2006	Full year 2005	Full year 2004	Full year 2003
Property-related					
Rentable floor space, sq m	353,685	350,895	407,694	407,375	437,994
Rental vacancy level, %	3.3	6.5	7.1	8.2	8.1
Floor space vacancy level, %	4.6	8.1	8.7	9.5	8.7
Fair value, SEK bn	20.5	17.4	16.3	15.0	15.1
Financial					
Return on equity, %	20.4	33.6	15.9	9.8	7.7
Return on equity employed, %	22.3	23.9	16.5	9.7	7.4
Equity ratio, %	56.4	57.4	52.2	53.8	43.8
Interest coverage ratio, times	6.2	5.1	5.7	3.5	3.2
Loan to value ratio, properties, %	16.6	19.3	21.7	20.9	35.3
Data per share					
Profit for the year, SEK	11.64	16.60	6.47	3.74	1.78
Equity, SEK	57.25	57.14	41.77	39.46	23.23
Properties, fair value, SEK	99.53	84.40	78.91	72.72	73.21
Net asset value, SEK	73.00	71.00	53.00	50.00	43.00
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

No recalculation according to IFRS has taken place for 2003, which would mainly affect the items Depreciation and Changes in value in the Income Statement as well as Investment properties and Deferred taxes in the Balance Sheet.

PARENT COMPANY

PROFIT AND FINANCIAL POSITION

Net revenue amounted to SEK 740.1 million (666.0). Profit after net financial income and expense was SEK 209.3 million (1,753.4). The fall in profit can be attributed to the disposal of the World Trade Center the previous year.

Liquid funds at the year-end amounted to SEK 285.5 million (39.7). Investments in properties and equipment during the period amounted to SEK 368.2 million (59.3).

MATERIAL RISKS AND UNCERTAINTY FACTORS

The Group 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 Annual Report 2006.

MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

Apart from a dividend to the shareholders there were no material transactions with associated parties.

ACCOUNTING PRINCIPLES

The parent company applies the same accounting principles as in conjunction with the most recent annual report, apart from the fact that IAS 39 has been applied, whereupon a recalculation has been made for 2006. This has meant that equity, after taking account of fiscal effects, has been affected to the amount of SEK -34.0 million as of January 1, 2006.

INCOME STATEMENTS – SUMMARY

PARENT COMPANY, SEK m	October- December 2007	October- December 2006	January- December 2007	January- December 2006
Net revenue	192.2	170.1	740.1	666.0
Operating expenses	-139.0	-91.7	-398.0	-354.8
Gross profit	53.2	78.4	342.1	311.2
Central administration	-9.2	-11.1	-30.8	-31.5
Changes in value, interest derivatives	3.4	-	16.5	-
Operating profit	47.4	67.3	327.8	279.7
Financial income and expense	-36.5	135.7	-125.1	30.1
Capital gain, sale of subsidiary	-	1,443.6	6.6	1,443.6
Profit after financial income and expense	10.9	1,646.6	209.3	1,753.4
Appropriations	-100.9	-124.0	-100.9	-124.0
Profit before tax	-90.0	1,522.6	108.4	1,629.4
Tax	-20.8	25.3	-22.7	-7.0
Profit for the period	-110.8	1,547.9	85.7	1,622.4

BALANCE SHEETS – SUMMARY

PARENT COMPANY, SEK m	December 31, 2007	December 31, 2006
Investment properties	5,972.9	5,649.5
Other fixed assets	2,891.5	2,853.5
Total fixed assets	8,864.4	8,503.0
Current assets	328.4	3,088.0
Total assets	9,192.8	11,591.0
Restricted equity	1,978.7	1,992.7
Non-restricted equity	1,524.9	3,664.4
Total equity	3,503.6	5,657.1
Untaxed reserves	661.5	560.6
Non-current liabilities	4,035.8	3,633.6
Current liabilities	991.9	1,739.7
Total liabilities	5,689.2	5,933.9
Total equity and liabilities	9,192.8	11,591.0

Stockholm, February 14, 2008

Fredrik Lundberg
Chairman of the Board

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
Board member
and CEO

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 in relation to total assets at the period-end.

Fair value. The estimated market value of the properties, which is determined based on a direct yield valuation.

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

Golden Triangle. The central business district in Stockholm, between Stureplan, Norrmalmstorg and Nybroplan and bordered by Birger 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, properties. Interest-bearing liabilities in relation to the properties' reported value.

Net liabilities. Interest-bearing liabilities less interest-bearing assets.

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

Return on capital employed. Profit before appropriations and tax plus interest expense minus interest contributions in relation to the average capital employed. In the interim accounts the yield is calculated on a full-year basis without taking into account seasonal variations that normally arise in business operations and with the exception of changes in value.

Return on equity. Profit for the period in relation to the average equity. In the interim accounts the yield is calculated on a full-year basis without taking into account seasonal variations that normally arise in business operations and with the exception of changes in value.

Tax. Total tax for the Group comprises both current tax and deferred tax.

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