

# HUFVUDSTADEN

## Year-End Report 2008

- The gross profit from property management for comparable holdings increased by 4 per cent to SEK 874 million (839). The improvement in profit can be attributed mainly to higher rents.
- The result for the year was SEK -449 million (2,401), equivalent to SEK -2.18 per share (11.64). The fall can be attributed to an unrealized decrease in value in property holdings during the year of SEK 1,629 million compared with the unrealized increase in value the previous year (2,598).
- The equity ratio was 56 per cent, the net loan-to-value ratio was 16 per cent and the interest coverage ratio multiple was 5.5.
- The Board proposes an increase in the ordinary dividend to SEK 1.90 per share (1.75).
- The fair value of the property holdings was set at SEK 19.1 billion (20.5), equivalent to a net asset value of SEK 66 per share (73).
- The consolidated net revenue for comparable holdings amounted to SEK 1,332 million (1,266), an increase of 5 per cent.
- The rental vacancy level at the year-end was 5.3 per cent (3.3) and excluding projects in progress 2.9 per cent (3.2).

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### GROUP

### RESULTS

#### Property management <sup>1</sup>

Gross profit for the year totalled SEK 887.3 million (847.5). For comparable holdings the gross profit increased to SEK 874.2 million, an increase of 4.2 per cent. The increase can be attributed mainly to higher rents in conjunction with new leases and renegotiations as well as a slightly lower level of rental losses on vacant premises. Property Management expenses amounted to SEK 394.9 million (365.7). The increase can be attributed mainly to

higher maintenance costs as a result of evacuation of tenants as well as a rise in energy prices. Net rents from property management during the period totalled SEK 1,282.2 million (1,213.2).

The turnover-based rent supplement at the NK properties amounted to SEK 10.1 million (16.8). Apart from this there were no seasonal variations in rents.

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

#### Parking operations

Operations comprise parking operations at Parkaden AB in Stockholm.

Net revenue amounted to SEK 65.4 million (63.0), expenses amounted to SEK 45.8 million (45.4) and gross profit amounted to SEK 19.6 million (17.6).

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<sup>1</sup> The acquired property Rännilen 15 is included with effect from June 1, 2007. Otherwise, the property holdings remain unchanged compared with the same period the previous year.

### Other Income Statement items

Central administration totalled SEK -32.0 million (-30.8). Changes in the value of investment properties totalled SEK -1,629.4 million (2,597.7) and changes in the value of interest derivatives totalled SEK -126.6 million (16.5).

### Financial income and expense

Net financial income and expense amounted to SEK -144.3 million (-126.6). The increase in the net cost can be explained by the higher short-term market interest rates for a large part of the year as a result of uncertainty on the credit market.

### Tax

The Group's tax (actual and deferred) for the year totalled SEK 576.2 million (-927.6), of which SEK -115.8 million was actual tax (-103.8) and SEK 692.0 million deferred tax (-823.8). The positive tax figure can be explained by the dissolution of deferred tax on negative changes in value and by the recalculation of earlier deferred taxes from 28 per cent to 26.3 per cent. This is the result of a reduction in corporation tax with effect from 2009.

### Profit for the year

The consolidated profit after tax for the year amounted to SEK -449.2 million (2,400.9). The fall in profit can be attributed to an unrealized decrease in the value of the property holdings of SEK 1,629.4 million compared with the unrealized increase in value the preceding year (2,597.7).

### ACQUISITIONS AND INVESTMENTS

Investments during the year in properties and equipment totalled SEK 184.8 million (527.7). The property Rännilen 15 was acquired the previous year for SEK 312 million.

### PROPERTY PORTFOLIO

The fair value of the Hufvudstaden property portfolio as of December 31, 2008 was estimated at SEK 19,083 million (20,530). The decrease can be attributed to the net of unrealized changes in value and investments in the property holdings. The rentable floor space was 354,245 square metres (353,685).

The total rental vacancy level as of December 31 was 5.3 per cent (3.3) and the total rental vacancy level was 5.9 per cent (4.6). The rental vacancy level excluding projects in progress was 2.9 per cent (3.2).

### Property value and net asset value

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

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

terminations and material changes in the yield requirement.

In the light of the above, the change in value during 2008 was estimated at SEK -1.6 billion. The total value of the property holdings as of December 31, 2008 was SEK 19.1 billion, including investments made during the year. The unrealized change in value can be attributed mainly to an estimated higher direct yield requirement as a result of uncertainty on the credit market and the downturn in the economy. This has, however, been counteracted by the effect of increased market rents. The average direct yield requirement in conjunction with the above valuation was 5.1 per cent (4.6).

### 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 varied 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 for office and retailing properties have been applied:

Stockholm	4.75-5.5 per cent
Gothenburg	5.25-6.0 per cent
Property holdings, average	5.1 per cent

### Sensitivity analysis, property valuation

	Change +/-	Impact on profit before tax, +/-
Rental revenue	SEK 100/m <sup>2</sup>	SEK 700 m
Property costs	SEK 50/m <sup>2</sup>	SEK 350 m
Rental vacancy level	1.0 percentage points	SEK 260 m
Yield requirement	0.5 percentage points	SEK 2,100 m

### External valuation

To guarantee the valuation, external valuations were obtained at the turn of the year from two valuation companies, DTZ Sverige AB and Forum Fastighetsekonomi AB. The external valuations cover 10 properties and are equivalent to 22 per cent of the internally assessed fair value and the equivalent proportion for the whole of 2008 was 43 per cent. The starting point for the selection of the properties was that the objects selected should represent different property categories, towns, locations, technical standard and construction standard. The properties that underwent an external valuation were Rän-

nilen 8, Rännilen 11, Hästhuvudet 13, Grönlandet Södra 11, Kåkenhusen 39, Orgelpipan 7, Achilles 1, Kungliga Trädgården 5, Inom Vallgraven 12:10 and Hästskon 10.

The external valuation companies have set a market value for these properties of SEK 4.3 billion with a range of +/- 2-7 per cent. Hufvudstaden's internal valuation of the same properties was SEK 4.2 billion. The internal valuations are thus SEK 0.1 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.

#### Net asset value

Based on this valuation of the property holdings, the net asset value is SEK 13.7 billion or SEK 66 per share after tax. When calculating the net asset value, calculated deferred tax has been used. This has been set at 10 per cent of the difference between the assessed fair value and the residual value for tax purposes and has been assessed in the light of current tax legislation, which means that properties can be sold by a limited company without tax implications. The purchaser, however, loses the basis for depreciation, which could justify some compensation, which has been set at 10 per cent. If the tax rate for deferred tax according to the Balance Sheet (26.3 per cent) is used in the calculation, the net asset value would have been SEK 10.9 billion or SEK 53 per share. If the tax rate is assumed to be 0 per cent, the net asset value would be SEK 15.4 billion or SEK 74 per share.

#### RENTAL MARKET

Interest in modern, flexible office space in prime locations in central Stockholm was stable during the period, despite the financial crisis and the gradual weakening in the rate of economic growth. Vacant space in this category has continued to remain low and rents have levelled out. For office lettings in Stockholm's most attractive locations in 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 has also been high. Rents for prime location retailing space are in the range SEK 12,000-17,000 per square metre per year, excluding the property tax supplement.

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

During the year, Hufvudstaden renegotiated leases equivalent to approximately SEK 199 million in annual rent revenue. Renegotiations of both office and retailing premises resulted in an average increase in rent levels of approximately 14 per cent (6).

#### FINANCING STRUCTURE

Hufvudstaden's borrowing as of December 31, 2008 amounted to SEK 3,400.0 million (3,400.0). The average fixed interest period was 43 months (40), the average capital tie-up period was 51 months (53) and the average interest rate cost was 4.0 per cent (4.6). Net liabilities amounted to SEK 3,112.0 million (3,069.3).

The fair value of interest swaps as of December 31 was SEK -144.8 million (55.0). The change in value of financial instruments during the year affected the income statement by SEK -126.6 million, or SEK -93.3 million after tax, and the hedge reserve in equity by SEK -52.6 million after tax.

#### Capital tie-up structure, December 31, 2008

Maturity date	Volume, SEK m	Share, %
2010	500.0	15
2011	950.0	28
2012	250.0	8
2013	950.0	27
2017	750.0	22
Total	3,400.0	100

#### Fixed interest structure, December 31, 2008

Maturity date	Volume, SEK m	Of which reported for hedging	Share, %	Average APR, %
2009	700.0	-	19	3.3
2010	500.0	500.0	15	4.1
2011	600.0	350.0	18	3.6
2012	250.0	-	8	4.9
2013	600.0	350.0	18	3.9
2017	750.0	-	22	4.8
Total	3 400.0	1,200.0	100	4.0

#### SHARES AND SHAREHOLDERS

Hufvudstaden, whose shares are listed on NASDAQ OMX Stockholm, had 18,977 shareholders at the year-end. The proportion of foreign ownership as of December 31, 2008 was 22.2 per cent of the total number of outstanding shares (20.3). The A-share price as of December 31, 2008 was SEK 55.25, equivalent to a stock exchange value of SEK 11.7 billion, calculated on the total number of outstanding shares.

#### The largest shareholders as of December 31, 2008

	Number of shares, %	Number of votes, %
Lundbergs	44.2	88.0
SEB Trygg Liv	11.1	2.3
State Street Bank & Trust funds	3.4	0.7
Mellon funds	3.2	0.7
Second AP Fund	2.6	0.5
Swedbank Robur funds	2.3	0.5
JP Morgan funds with Chase Bank	1.9	0.4
Other shareholders	28.9	6.9
Outstanding shares	97.6	100.0
Company holdings	2.4	-
Total number of issued shares	100.0	100.0

### Shares bought back

The total number of shares held by Hufvudstaden as of December 31, 2008 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 2008 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. On March 26, 2009, the Board of Directors will propose renewed authorization to acquire and assign company shares.

### Buy-back of shares as of December 31, 2008, million shares

	Total number of shares	Company holdings	Held by other shareholders
As of January 1, 2008	211.3	5.0	206.3
Buy-back	-	-	-
As of December 31, 2008	211.3	5.0	206.3

### FOURTH QUARTER<sup>2</sup>

The gross profit from property management was SEK 221.3 million (220.8). Net rents totalled SEK 328.4 million (322.9). The increase can be attributed to higher rents in conjunction with new leases and renegotiations. Property management costs amounted to SEK 107.1 million (102.1). The increase can be attributed to higher maintenance costs as a result of evacuation of tenants.

The gross profit from parking operations was SEK 6.8 million (7.1). Net revenue was SEK 18.5 million (18.6) and operating costs SEK 11.7 million (11.5).

The changes in value of investment properties totalled SEK -545.6 million (1,389.3) and in interest derivatives SEK -108.2 million (3.4).

### 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 2007 Annual Report.

### MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

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

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

### ACCOUNTING PRINCIPLES

This Year-End 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 1.90 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.

### ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 4pm on Thursday, March 26, 2008 at the Grand Hotel, Vinterträdgården, Stockholm. The Annual Report for 2008 will be available at the Company's office in week 10 and on the Company's website. It will also be distributed to those shareholders who have expressed an interest.

### FORTHCOMING INFORMATION

Annual Report 2008	March 2009
Annual General Meeting in Stockholm 2009	March 26, 2009
Interim Report, January-March 2009	May 6, 2009
Interim Report, January-June 2009	August 26, 2009
Interim Report, January-September 2009	November 5, 2009

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 13, 2009 at 8.30am.

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

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

**INCOME STATEMENTS – SUMMARY**

GROUP, SEK m	October - December 2008	October- December 2007	January- December 2008	January- December 2007
<b>Net sales</b>				
Property management	328.4	322.9	1,282.2	1,213.2
Parking operations	18.5	18.6	65.4	63.0
	<b>346.9</b>	<b>341.5</b>	<b>1,347.6</b>	<b>1,276.2</b>
<b>Property management expenses</b>				
Maintenance	-12.8	-12.4	-43.8	-26.4
Operation and administration	-60.7	-59.6	-216.0	-208.3
Ground rents	-4.0	-4.0	-16.1	-16.1
Property tax	-29.6	-26.1	-119.0	-114.9
<b>Property management expenses</b>	<b>-107.1</b>	<b>-102.1</b>	<b>-394.9</b>	<b>-365.7</b>
Parking operations, expenses	-11.7	-11.5	-45.8	-45.4
<b>Operating expenses</b>	<b>-118.8</b>	<b>-113.6</b>	<b>-440.7</b>	<b>-411.1</b>
<b>Gross profit</b>	<b>228.1</b>	<b>227.9</b>	<b>906.9</b>	<b>865.1</b>
- of which Property management	221.3	220.8	887.3	847.5
- of which Parking operations	6.8	7.1	19.6	17.6
Central administration	-10.6	-9.2	-32.0	-30.8
<b>Operating profit before changes in value</b>	<b>217.5</b>	<b>218.7</b>	<b>874.9</b>	<b>834.3</b>
<b>Changes in value</b>				
Investment properties	-545.6	1,389.3	-1,629.4	2,597.7
Interest derivatives	-108.2	3.4	-126.6	16.5
<b>Operating profit</b>	<b>-436.3</b>	<b>1,611.4</b>	<b>-881.1</b>	<b>3,448.5</b>
Financial income and expense	-30.7	-36.0	-144.3	-126.6
<b>Profit after net interest income and expense</b>	<b>-467.0</b>	<b>1,575.4</b>	<b>-1,025.4</b>	<b>3,321.9</b>
Tax	423.7	-438.3	576.2	-927.6
<b>Profit from continuing operations</b>	<b>-43.3</b>	<b>1,137.1</b>	<b>-449.2</b>	<b>2,394.3</b>
Profit from discontinued operations, net after tax	0.0	0.0	0.0	6.6
<b>Profit for the period/year</b>	<b>-43.3</b>	<b>1,137.1</b>	<b>-449.2</b>	<b>2,400.9</b>
Average number of outstanding shares following buy-backs during the period	206,265,933	206,265,933	206,265,933	206,265,933
Profit per share from continuing operations during the period/year before and after dilution, SEK	-0.21	5.51	-2.18	11.61
Profit per share for the period/year, SEK	-0.21	5.51	-2.18	11.64

**BALANCE SHEETS – SUMMARY**

GROUP SEK m	December 31 2008	December 31 2007
Investment properties	19,083.2	20,530.5
Other fixed assets	11.6	69.1
<b>Total fixed assets</b>	<b>19,094.8</b>	<b>20,599.6</b>
Current assets	489.2	349.5
<b>Total assets</b>	<b>19,584.0</b>	<b>20,949.1</b>
Equity	10,949.7	11,808.7
Non-current, interest-bearing liabilities	3,400.0	2,800.0
Deferred tax liability	4,606.9	5,323.3
Other non-current liabilities	147.9	3.7
Pension provisions	5.0	5.7
<b>Total non-current liabilities</b>	<b>8,159.8</b>	<b>8,132.7</b>
Other current, interest-bearing liabilities	-	600.0
Other liabilities	474.5	407.7
<b>Total current liabilities</b>	<b>474.5</b>	<b>1,007.7</b>
<b>Total equity and liabilities</b>	<b>19,584.0</b>	<b>20,949.1</b>

## PLEGDED ASSETS AND CONTINGENT LIABILITIES

GROUP, SEK m	December 31, 2008	December 31, 2007
<b>Pledged assets</b>		
Mortgages	1,706.4	1,706.4
Endowment insurance	3.6	4.1
<b>Total pledged assets</b>	<b>1,710.0</b>	<b>1,710.0</b>
Contingent liabilities	None	None

## CHANGES IN EQUITY

GROUP, SEK m	January- December 2008	January- December 2007
Opening equity	11,808.7	11,785.3
Change for the year in the hedging reserve	-73.1	21.0
Tax attributable to the hedging reserve	20.5	-5.9
Recalculation, deferred tax, 26.3%	3.8	-
Total changes in wealth, reported directly against equity,		
excluding dividends	-48.8	15.1
Result for the year	-449.2	2,400.9
Total changes in wealth	-498.0	2,416.0
Dividends	-361.0	-2,392.7
<b>Closing equity</b>	<b>10,949.7</b>	<b>11,808.7</b>

## CASH FLOW STATEMENTS – SUMMARY

GROUP, SEK m	January- December 2008	January- December 2007
Profit after financial items	-1,025.4	3,328.5
Depreciation and impairments	4.4	4.7
Result, sale of fixed assets	-	-6.6
Change in value, investment properties	1,629.4	-2,597.7
Change in value, interest derivatives	126.6	-16.5
Other changes	-0.6	-0.2
Income tax paid	-71.5	-97.1
Cash flow from current operations before changes in working capital	662.9	615.1
Increase/decrease, operating receivables	11.5	-30.3
Increase/decrease, operating liabilities	21.9	-465.5
<b>Cash flow from current operations</b>	<b>696.3</b>	<b>119.3</b>
Sale of subsidiary	-	3,011.7
Investment in investment properties	-182.1	-524.0
Investment in equipment	-2.7	-3.7
Change in non-current receivable	2.6	-0.2
<b>Cash flow from investments</b>	<b>-182.2</b>	<b>2,483.8</b>
Loans raised	-	500.0
Amortization of loan liability	-	-465.0
Dividend paid	-361.0	-2,392.7
<b>Cash flow from financing</b>	<b>-361.0</b>	<b>-2,357.7</b>
<b>Cash flow for the year</b>	<b>153.1</b>	<b>245.4</b>
Liquid funds at the beginning of the year	285.8	40.4
Liquid funds at the year-end	438.9	285.8

**PROPERTY MANAGEMENT RESULTS PER BUSINESS AREA (COMPARABLE HOLDINGS)**

GROUP, SEK m	Stockholm City East Business Area		Stockholm City West Business Area		Gothenburg Business Area		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Net revenue	563.2	538.5	536.0	507.1	167.0	157.7	1,266.2	1,203.3
Property expenses	-139.7	-132.2	-202.2	-180.5	-50.1	-51.5	-392.0	-364.2
<b>Gross profit</b>	<b>423.5</b>	<b>406.3</b>	<b>333.8</b>	<b>326.6</b>	<b>116.9</b>	<b>106.2</b>	<b>874.2</b>	<b>839.1</b>

**PROFIT TREND – SUMMARY**

SEK m	January-March		April-June		July-September		October-December		January - December	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	333.8	303.8	332.2	307.9	334.7	323.0	346.9	341.5	1,347.6	1,276.2
Expenses	-103.9	-97.2	-118.1	-91.5	-99.9	-108.8	-118.8	-113.6	-440.7	-411.1
<b>Gross profit</b>	<b>229.9</b>	<b>206.6</b>	<b>214.1</b>	<b>216.4</b>	<b>234.8</b>	<b>214.2</b>	<b>228.1</b>	<b>227.9</b>	<b>906.9</b>	<b>865.1</b>
Central administration	-7.7	-6.9	-6.7	-8.1	-7.0	-6.6	-10.6	-9.2	-32.0	-30.8
<b>Changes in value</b>										
Investment properties	-	-	-497.1	1,208.4	-586.7	-	-545.6	1,389.3	-1,629.4	2,597.7
Interest derivatives	-17.9	-	43.9	17.1	-44.4	-4.0	-108.2	3.4	-126.6	16.5
Interest income and expense	-35.8	-21.5	-38.8	-33.4	-39.0	-35.7	-30.7	-36.0	-144.3	-126.6
Tax	-48.5	-53.4	78.5	-388.2	122.5	-47.7	423.7	-438.3	576.2	-927.6
<b>Result from continuing operations</b>	<b>120.0</b>	<b>124.8</b>	<b>-206.1</b>	<b>1,012.2</b>	<b>-319.8</b>	<b>120.2</b>	<b>-43.3</b>	<b>1,137.1</b>	<b>-449.2</b>	<b>2,394.3</b>
Profit from discontinued operations	-	6.6	-	-	-	-	-	-	-	6.6
<b>Result for the period</b>	<b>120.0</b>	<b>131.4</b>	<b>-206.1</b>	<b>1,012.2</b>	<b>-319.8</b>	<b>120.2</b>	<b>-43.3</b>	<b>1,137.1</b>	<b>-449.2</b>	<b>2,400.9</b>

**KEY RATIOS**

GROUP	Full year 2008	Full year 2007	Full year 2006	Full year 2005	Full year 2004
<b>Property-related</b>					
Rentable floor space, m <sup>2</sup>	354,245	353,685	350,895	407,694	407,375
Rental vacancy level, %	5.3	3.3	6.5	7.1	8.2
Floor space vacancy level, %	5.9	4.6	8.1	8.7	9.5
Fair value, SEK bn	19.1	20.5	17.4	16.3	15.0
<b>Financial</b>					
Return on equity, %	-3.9	20.4	33.6	15.9	9.8
Return on capital employed, %	-5.7	22.3	23.9	16.5	9.7
Equity ratio, %	55.9	56.4	57.4	52.2	53.8
Interest coverage ratio, multiple	5.5	6.2	5.1	5.7	3.5
Debt/equity ratio, multiple	0.3	0.3	0.3	0.4	0.4
Net loan-to-value ratio, properties, %	15.6	15.8	19.3	21.7	20.9
Loan-to-value ratio, properties, %	17.8	16.6	19.3	21.7	20.9
<b>Share data</b>					
Result for the period, SEK	-2.18	11.64	16.60	6.47	3.74
Equity, SEK	53.09	57.25	57.14	41.77	39.46
Fair value of properties, SEK	92.52	99.53	84.40	78.91	72.72
Net asset value, SEK	66.00	73.00	71.00	53.00	50.00
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

## **PARENT COMPANY**

### **PROFIT AND POSITION**

Net revenue amounted to SEK 789.1 million (740.1). The gross profit was SEK 401.5 million (342.1). The increase can be attributed to higher rents in conjunction with new leases and renegotiations. The profit for the year was SEK 69.1 million (85.7). The reduction can be explained by the negative change in value of interest derivatives.

Liquid funds at the year-end amounted to SEK 438.7 million (285.5). Investments in properties and equipment during the period totalled SEK 47.6 million (368.2).

### **MATERIAL RISKS AND UNCERTAINTY FACTORS**

The Company 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 2007 Annual Report.

### **MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES**

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

### **ACCOUNTING PRINCIPLES**

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

## INCOME STATEMENTS – SUMMARY

PARENT COMPANY, SEK m	October-December 2008	October-December 2007	January-December 2008	January-December 2007
Net revenue	196.8	192.2	789.1	740.1
Operating expenses	-110.6	-139.0	-387.6	-398.0
<b>Gross profit</b>	<b>86.2</b>	<b>53.2</b>	<b>401.5</b>	<b>342.1</b>
Central administration	-10.6	-9.2	-32.0	-30.8
Changes in value, interest derivatives	-108.3	3.4	-126.6	16.5
<b>Operating result</b>	<b>-32.7</b>	<b>47.4</b>	<b>242.9</b>	<b>327.8</b>
Financial income and expense	-30.7	-36.5	-144.3	-125.1
Capital gain on sale of subsidiary	-	-	-	6.6
<b>Result after net financial income and expense</b>	<b>-63.4</b>	<b>10.9</b>	<b>98.6</b>	<b>209.3</b>
Appropriations	-95.7	-100.9	-95.7	-100.9
<b>Result before tax</b>	<b>-159.1</b>	<b>-90.0</b>	<b>2.9</b>	<b>108.4</b>
Tax	115.8	-20.8	66.2	-22.7
<b>Result for the period/year</b>	<b>-43.3</b>	<b>-110.8</b>	<b>69.1</b>	<b>85.7</b>

## BALANCE SHEETS – SUMMARY

PARENT COMPANY, SEK m	December 31, 2008	December 31, 2007
Investment properties	5,966.6	5,972.9
Other fixed assets	2,834.5	2,891.5
Total fixed assets	8,801.1	8,864.4
Current assets	472.8	328.4
<b>Total assets</b>	<b>9,273.9</b>	<b>9,192.8</b>
Restricted equity	1,978.7	1,978.7
Non-restricted equity	1,374.5	1,524.9
Total equity	3,353.2	3,503.6
Untaxed reserves	757.2	661.5
Provisions	1,105.1	1,231.6
Non-current liabilities	3,548.5	2,804.2
Current liabilities	509.9	991.9
Total liabilities	5,920.7	5,689.2
<b>Total equity and liabilities</b>	<b>9,273.9</b>	<b>9,192.8</b>

Stockholm, February 12, 2009

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  
President

This Year-End Report has not been the subject of a separate review by the Company's auditor.

## DEFINITIONS

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

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

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

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

*Equity ratio.* Equity 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 Jarls gatan, Norrlandsgatan and Hamngatan.

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

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

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

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

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

*Profit per share.* Profit for the period in relation to the average number of outstanding shares during the period.

*Property tax supplement.* Property tax payments received from tenants.

*Rental losses.* Loss of revenue as a result of vacancies.

*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.

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

Hufvudstaden AB (publ)  
NK 100, SE-111 77 Stockholm  
Visiting address: Regeringsgatan 38  
Telephone: +46 8-762 90 00 Fax: +46 8-762 90 01  
E-mail: [info@hufvudstaden.se](mailto:info@hufvudstaden.se) Website: [www.hufvudstaden.se](http://www.hufvudstaden.se)  
Company registration number: 556012-8240  
Domicile: Stockholm