

# HUFVUDSTADEN

## Year-End Report 2009

- The operating result before changes in value increased by 5 per cent to SEK 915 million (875). The improved profit can be attributed mainly to higher rents and lower maintenance costs.
- The result for the year was SEK -357 million (-449), equivalent to SEK -1.73 per share (-2.18). The change in result can be attributed to a net of unrealized decrease in value in property holdings during the year and dissolution of deferred tax compared to previous year.
- The equity ratio was 55 per cent (56), the net loan-to-value ratio was 16 per cent (16) and the interest coverage ratio multiple was 7.0 (5.5).
- The Board proposes an increase in the ordinary dividend to SEK 2.10 per share (1.90).
- The fair value of the property holdings at the year-end was set at SEK 18.1 billion (19.1), equivalent to a net asset value of SEK 62 per share (66).
- The consolidated net revenue amounted to SEK 1,372 million (1,348), an increase of 2 per cent.
- The rental vacancy level at the year-end was 6.2 per cent (5.3) and excluding projects in progress 4.0 per cent (2.9).

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### GROUP

#### RESULTS

##### Property management

Gross profit for the period totalled SEK 924.0 million (887.3), an increase of 4 per cent. The increase can be attributed mainly to higher rents in conjunction with renegotiations. Property management expenses amounted to SEK 380.8 million (394.9). The decrease can be attributed mainly to higher costs during the previous year for the evacuation of tenants. Net rents from property management during the year totalled SEK 1,304.8 million (1,282.2).

The turnover-based rent supplement at the NK properties amounted to SEK 5.6 million (10.1). The decrease can be attributed to an increase in minimum rents in conjunction with renegotiations. Apart from this there were no 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 amounted to SEK 66.9 million (65.4), expenses amounted to SEK 47.0 million (45.8) and gross profit amounted to SEK 19.9 million (19.6).

##### Other Income Statement items

Central administration totalled SEK -29.2 million (-32.0). Changes in the value of investment properties totalled SEK -1,239.1 million (-1,629.4) and changes in the value of interest derivatives totalled SEK -25.6 million (-126.6).

## Financial income and expense

Net financial income and expense amounted to SEK -128.1 million (-144.3). The decrease in the net cost can be explained by lower interest rates for loans with short fixed interest terms.

## Tax

The Group's tax (actual and deferred) for the year was SEK 120.6 million (576.2), of which SEK -159.4 million was actual tax (-115.8) and SEK 280.0 million was deferred tax (692.0). The positive tax figure can be explained by the dissolution of deferred tax as a result of unrealized decreases in value.

## Profit for the year

The consolidated profit after tax amounted to SEK -357.5 million (-449.2). The change in the result is due mainly to the net of the unrealized decrease in value of the property holdings and the dissolution of deferred tax.

## ACQUISITIONS AND INVESTMENTS

Investments during the year in properties and equipment totalled SEK 285.4 million (184.8).

## PROPERTY PORTFOLIO

The fair value of the Hufvudstaden property holdings as of December 31, 2009 was SEK 18,125 million (19,083). The decrease can be attributed to the net of unrealized changes in value and investments in the property holdings. The rentable floor space was 354,063 square metres (354,245).

The total rental vacancy level as of December 31, 2009 was 6.2 per cent (5.3) and the total rental vacancy level was 7.4 per cent (5.9). The rental vacancy level excluding projects in progress was 4.0 per cent (2.9).

## Property value and net asset value

Each quarter Hufvudstaden makes an internal valuation of the fair value of each individual property. The purpose of the valuation is to assess the fair value of the property holdings. 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 in the property holdings during 2009 was set at SEK -1.2 billion. The total value of the property holdings as of December 31, 2009 was SEK 18.1 billion, including investments made during the year. The unrealized change in value can be explained by a slightly higher direct yield requirement as a result of uncertainty in the credit market, the downturn in the economy and the slightly weaker rental market. The average direct yield requirement in conjunction with the above valuation was 5.3 per cent (5.1).

## 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 a valuation using a variation on the location price method, known as the net capitalization method. The method means that the market's yield requirement is put 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. The yield requirement can vary between different regions and different sub-areas within the regions. The net operating income of the properties is based on market rental income, long-term rental vacancy level and normalized operating and maintenance costs. Account has 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 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                  | 5.0-5.5 per cent |
| Gothenburg                 | 5.5-6.0 per cent |
| Property holdings, average | 5.3 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 250 m                        |
| Yield requirement    | 0.5 percentage points  | SEK 1,700 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 Fastighets-ekonomi AB. The external valuations cover nine properties and are equivalent to 29 per cent of the internally assessed fair value. For the full year 2009, external valuations equivalent to 48 per cent were made. 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 Grönlandet Södra 11, Hästskon 10, Inom Vallgraven 10:9, Inom Vallgraven 12:10, Järnplåten 28, Medusa 1, Orgelpipan 7, Pumpstocken 10 and Skären 9.

The external valuation companies have set a market value for these properties of SEK 5.2 billion with a range of approximately +/- 5 per cent. Hufvudstaden's internal valuation of the same properties was SEK 5.2 billion. The internal valuations thus concur with the external valuations.

### Net asset value

Based on the valuation of the property holdings, the net asset value was SEK 12.8 billion or SEK 62 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 of the properties and the residual value for tax purposes for the properties 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 Statement of Financial Position (26.3 per cent) had been used in the calculation, the net asset value would have been SEK 10.2 billion or SEK 50 per share. If the tax rate had been 0 per cent, the net asset value would be SEK 14.4 billion or SEK 70 per share.

### RENTAL MARKET

Interest in modern, flexible office space in prime locations in central Stockholm was stable during the year, despite the downturn in the economy. Vacant space in this category has continued to remain low. Rents, however, have been subject to certain downward pressure. In conjunction with renegotiations and new leases for office space in Stockholm's most attractive locations in Bibliotekstan, at Norrmalmstorg/Hamngatan and in the Hötorg area, rents were noted of SEK 3,500-4,800 per square metre per year, excluding the property tax supplement. Interest in well-situated retail premises in the same sub-markets has also been high. Rents for prime-location retailing space are in the range SEK 12,000-17,000 per square metre per year, excluding the property tax supplement.

Demand for modern office premises in the central sub-markets of Gothenburg has also been stable. There was, however, a continued low level of interest in properties of a low standard requiring modernization and this is also the case in Stockholm. Market rents for modern, well-planned office premises in prime locations were between SEK 1,600 and SEK 2,300 per square metre per year, excluding the property tax supplement. For retail premises the market rent remained on the same level, SEK 5,000-11,000 per square metre per year, excluding the property tax supplement.

During the year, Hufvudstaden renegotiated agreements equivalent to SEK 208.0 million in annual rental income. Lease renegotiations for office and retailing premises led to an average increase in the rent levels of approximately 9 per cent (14).

### FINANCING STRUCTURE

Hufvudstaden's borrowing as of December 31, 2009 amounted to SEK 3,400.0 million (3,400.0). The average fixed interest period was 36 months (43), the average capital tie-up period was 39 months (51) and the average annualized equivalent interest rate was 3.7 per cent (4.0). Interest-bearing net liabilities amounted to SEK 2,990.0 million (2,975.0).

The fair value of interest swaps as of December 31, 2009 was SEK -135.8 million (-144.8).

### Capital tie-up structure, December 31, 2009

| Maturity Date | Volume, SEK m | Share, % |
|---------------|---------------|----------|
| 2010          | 500,0         | 15       |
| 2011          | 950,0         | 28       |
| 2012          | 250,0         | 7        |
| 2013          | 950,0         | 28       |
| 2017          | 750,0         | 22       |
| Total         | 3,400,0       | 100      |

### Räntebindningsstruktur, 31 december 2009

| Maturity Date | Volume, SEK m | Share, % | Average AER, % |
|---------------|---------------|----------|----------------|
| 2010          | 1,000,0       | 29       | 2,5            |
| 2011          | 600,0         | 18       | 3,6            |
| 2012          | 250,0         | 7        | 4,9            |
| 2013          | 600,0         | 18       | 3,9            |
| 2014          | 200,0         | 6        | 3,6            |
| 2017          | 750,0         | 22       | 4,8            |
| Total         | 3,400,0       | 100      | 3,7            |

### SHARES AND SHAREHOLDERS

Hufvudstaden, whose shares are listed on NASDAQ OMX Stockholm, had 19,057 shareholders at the turn of the year. The proportion of foreign ownership as of December 31, 2009 was 20 per cent of the total number of outstanding shares (22). In January 2010, SEB Trygg Liv announced that they had disposed of the majority of their shares. The series A share price as of December 31, 2009 was SEK 54.25 and stock exchange value was SEK 11.9 billion.

### Largest shareholders as of December 31, 2009

|                                    | Number of shares, % | Number of votes, % |
|------------------------------------|---------------------|--------------------|
| Lundbergs                          | 44.2                | 87.6               |
| SEB Trygg Liv                      | 11.1                | 2.3                |
| State Street Bank and Trust        | 2.3                 | 0.5                |
| Mellon Fonder                      | 2.1                 | 0.4                |
| JP Morgan fonder med Chase Bank    | 2.0                 | 0.4                |
| Danske Capital Sverige             | 1.5                 | 0.3                |
| Försäkringsbolaget Pensionsgaranti | 1.2                 | 0.3                |
| SIX SIS AG                         | 1.2                 | 0.2                |
| Other shareholders                 | 32.0                | 7.5                |
| Outstanding shares                 | 97.6                | 99.5               |
| Company holding                    | 2.4                 | 0.5                |
| All issued shares                  | 100.0               | 100.0              |

### Shares bought back

The total number of shares held by Hufvudstaden as of December 31, 2009 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 the year or after the end of the reporting period. At the 2009 Annual General Meeting the Board was granted renewed authorization to acquire up to 10 per cent of all the issued shares and to assign company shares. On March 25, 2010, the Board of Directors will propose the Annual General Meeting renew authorization to acquire and assign company shares.

### Buy-back of shares as of December 31, 2009, million shares

|                         | Total number of shares | Company holdings | Held by other shareholders |
|-------------------------|------------------------|------------------|----------------------------|
| As of January 1, 2009   | 211.3                  | 5.0              | 206.3                      |
| Buy-back                | -                      | -                | -                          |
| As of December 31, 2009 | 211.3                  | 5.0              | 206.3                      |

### FOURTH QUARTER

The gross profit from property management was SEK 224.8 million (221.3). Net rents totalled SEK 332.4 million (328.4). The increase can be attributed to higher rents in conjunction with renegotiations. Property management costs amounted to SEK 107.6 million (107.1).

The gross profit from parking operations was SEK 7.9 million (6.8). Net revenue was SEK 19.8 million (18.5) and operating costs SEK 11.9 million (11.7).

The changes in value of investment properties totalled SEK -181.3 million (-545.6) which can be attributed to a slightly weaker rental market. Changes in the value of interest derivatives totalled SEK -12.1 million (-108.2).

### 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 2008 Annual Report.

### MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

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

### ACCOUNTING PRINCIPLES

Hufvudstaden applies the EU-adopted IFRS standards and interpretations thereof (IFRIC). This Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. The following new accounting principles have been applied since January 1, 2009: IAS 1 Presentation of Financial Statements. The change has meant that income and costs which were previously reported directly against equity are now reported against other comprehensive income, which is presented after the result for the year in an extended Statement of Comprehensive Income. IFRS 8 Operating segments.

Implementation has not meant any change in the division into segments. However, an adaptation has been made so that the segments reported in the financial statements concur with the information followed up by the executive management. IFRS 7 Financial instruments. Amendments to IFRS 7 have resulted in the addition of further information requirements. IAS 23 Borrowing costs. The change means that in the acquisition value of qualified assets borrowing costs are capitalized. Otherwise the accounting principles and computation methods are the same as those applied in the most recent Annual Report.

### PROPOSED DIVIDEND

The Board of Directors proposes an increase in the ordinary dividend to SEK 2.10 per share.

### PROPOSAL FOR THE ELECTION OF A BOARD

The Company's main shareholders have notified the Company 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 25, 2010 at the Grand Hotel, Vinterträdgården, Stockholm. The Annual Report for 2009 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 2009                       | March 2010        |
| Annual General Meeting in Stockholm 2010 | March 25, 2010    |
| Interim Report, January-March 2010       | May 3, 2010       |
| Interim Report, January-June 2010        | August 25, 2010   |
| Interim Report, January-September 2010   | November 10, 2010 |

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 12, 2010 at 11.45 a.m.

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

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

**INCOME STATEMENTS – SUMMARY**

| GROUP, SEK m  | October -<br>December<br>2009 | October-<br>December<br>2008 | January-<br>December<br>2009 | January-<br>December<br>2008 |
|---|-------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Net sales</b>  |                               |                              |                              |                              |
| Property management   | 332.4                         | 328.4                        | 1,304.8                      | 1,282.2                      |
| Parking operations  | 19.8                          | 18.5                         | 66.9                         | 65.4                         |
|   | <b>352.2</b>                  | <b>346.9</b>                 | <b>1,371.7</b>               | <b>1,347.6</b>               |
| <b>Property management expenses</b>   |                               |                              |                              |                              |
| Maintenance   | -13.6                         | -12.8                        | -28.5                        | -43.8                        |
| Operation and administration  | -60.4                         | -60.7                        | -219.6                       | -216.0                       |
| Ground rents  | -4.1                          | -4.0                         | -16.2                        | -16.1                        |
| Property tax  | -29.5                         | -29.6                        | -116.5                       | -119.0                       |
| <b>Property management expenses</b>   | <b>-107.6</b>                 | <b>-107.1</b>                | <b>-380.8</b>                | <b>-394.9</b>                |
| Parking operations, costs   | -11.9                         | -11.7                        | -47.0                        | -45.8                        |
| <b>Operating expenses</b>   | <b>-119.5</b>                 | <b>-118.8</b>                | <b>-427.8</b>                | <b>-440.7</b>                |
| <b>Gross profit</b>   | <b>232.7</b>                  | <b>228.1</b>                 | <b>943.9</b>                 | <b>906.9</b>                 |
| - of which Property management  | 224.8                         | 221.3                        | 924.0                        | 887.3                        |
| - of which Parking operations   | 7.9                           | 6.8                          | 19.9                         | 19.6                         |
| Central administration  | -9.3                          | -10.6                        | -29.2                        | -32.0                        |
| <b>Operating profit before changes in value</b>                               | <b>223.4</b>                  | <b>217.5</b>                 | <b>914.7</b>                 | <b>874.9</b>                 |
| <b>Changes in value</b>   |                               |                              |                              |                              |
| Investment properties   | -181.3                        | -545.6                       | -1,239.1                     | -1,629.4                     |
| Interest derivatives  | -12.1                         | -108.2                       | -25.6                        | -126.6                       |
| <b>Operating result</b>   | <b>30.0</b>                   | <b>-436.3</b>                | <b>-350.0</b>                | <b>-881.1</b>                |
| Financial income and expense  | -30.5                         | -30.7                        | -128.1                       | -144.3                       |
| <b>Result before tax</b>  | <b>-0.5</b>                   | <b>-467.0</b>                | <b>-478.1</b>                | <b>-1,025.4</b>              |
| Tax   | -0.9                          | 423.7                        | 120.6                        | 576.2                        |
| <b>Result after tax</b>   | <b>-1.4</b>                   | <b>-43.3</b>                 | <b>-357.5</b>                | <b>-449.2</b>                |
| <b>Other comprehensive income:</b>  |                               |                              |                              |                              |
| Change in hedging reserve   | 6.4                           | -41.7                        | 25.5                         | -48.8                        |
| <b>Total comprehensive income for the period/year</b>                         | <b>5.0</b>                    | <b>-85.0</b>                 | <b>-332.0</b>                | <b>-498.0</b>                |
| Average number of outstanding shares following buy-backs during the period    | 206,265,933                   | 206,265,933                  | 206,265,933                  | 206,265,933                  |
| Result for the period/year after tax per share before and after dilution, SEK | -0.01                         | -0.21                        | -1.73                        | -2.18                        |

**BALANCE SHEETS – SUMMARY**

| GROUP, SEK m                          | December 31,<br>2009 | December 31,<br>2008 |
|---------------------------------------|----------------------|----------------------|
| Investment properties                 | 18,125.3             | 19,083.2             |
| Other fixed assets                    | 13.5                 | 11.6                 |
| <b>Total fixed assets</b>             | <b>18,138.8</b>      | <b>19,094.8</b>      |
| Current assets                        | 461.2                | 489.2                |
| <b>Total assets</b>                   | <b>18,600.0</b>      | <b>19,584.0</b>      |
| Equity                                | 10,225.9             | 10,949.7             |
| Non-current liabilities               | 2,900.0              | 3,400.0              |
| Deferred tax liability                | 4,335.9              | 4,606.9              |
| Other non-current liabilities         | 138.0                | 147.9                |
| Pension provisions                    | 6.3                  | 5.0                  |
| <b>Total non-current liabilities</b>  | <b>7,380.2</b>       | <b>8,159.8</b>       |
| Current, interest-bearing liabilities | 500.0                | -                    |
| Other liabilities                     | 493.9                | 474.5                |
| <b>Total current liabilities</b>      | <b>993.9</b>         | <b>474.5</b>         |
| <b>Total equity and liabilities</b>   | <b>18,600.0</b>      | <b>19,584.0</b>      |

## CHANGES IN EQUITY, SUMMARY

| GROUP, SEK m                            | January-December<br>2009 | January-December<br>2008 |
|---|--------------------------|--------------------------|
| Equity, opening balance                 | 10,949.7                 | 11,808.7                 |
| Total comprehensive income for the year | -332.0                   | -498.0                   |
| Dividend                                | -391.9                   | -361.0                   |
| <b>Equity, closing balance</b>          | <b>10,225.9</b>          | <b>10,949.7</b>          |

## CASH FLOW STATEMENTS – SUMMARY

| GROUP, SEK m   | January-December<br>2009 | January-December<br>2008 |
|--|--------------------------|--------------------------|
| Result before tax  | -478.1                   | -1,025.4                 |
| Depreciation/impairments   | 6.0                      | 4.4                      |
| Change in value, investment properties                                     | 1,239.1                  | 1,629.4                  |
| Change in value, interest derivatives                                      | 25.6                     | 126.6                    |
| Other changes  | 1.2                      | -0.6                     |
| Tax paid   | -165.1                   | -71.5                    |
| <b>Cash flow from current operations before changes in working capital</b> | <b>628.7</b>             | <b>662.9</b>             |
| Increase/decrease in operating receivables                                 | 11.5                     | 11.5                     |
| Increase/decrease in operating liabilities                                 | 24.3                     | 21.9                     |
| <b>Cash flow from current operations</b>                                   | <b>664.5</b>             | <b>696.3</b>             |
| Investments in investment properties                                       | -281.2                   | -182.1                   |
| Investments in equipment   | -4.2                     | -2.7                     |
| Change in non-current receivable   | -1.2                     | 2.6                      |
| <b>Cash flow from investments</b>  | <b>-286.6</b>            | <b>-182.2</b>            |
| Dividend paid  | -391.9                   | -361.0                   |
| <b>Cash flow from financing</b>  | <b>-391.9</b>            | <b>-361.0</b>            |
| <b>Cash flow for the year</b>  | <b>-14.0</b>             | <b>153.1</b>             |
| Liquid funds at the beginning of the year                                  | 438.9                    | 285.8                    |
| Liquid funds at the year-end   | 424.9                    | 438.9                    |

## PLEGGED ASSETS AND CONTINGENT LIABILITIES

| GROUP, SEK m                | December 31,<br>2009 | December 31,<br>2008 |
|-----------------------------|----------------------|----------------------|
| <b>Pledged assets</b>       |                      |                      |
| Mortgages                   | 1,706.2              | 1,706.4              |
| Endowment insurance         | 4.8                  | 3.6                  |
| <b>Total pledged assets</b> | <b>1,711.0</b>       | <b>1,710.0</b>       |
| Contingent liabilities      | None                 | None                 |

## SEGMENT REPORT - SUMMARY

| GROUP, SEK m                             | Stockholm city<br>East Business Area |              | Stockholm city<br>West Business Area |              | Gothenburg<br>Business Area |              | Total         |                 |
|--|--------------------------------------|--------------|--------------------------------------|--------------|-----------------------------|--------------|---------------|-----------------|
|  | Jan-<br>Dec                          | Jan-<br>Dec  | Jan-<br>Dec                          | Jan-<br>Dec  | Jan-<br>Dec                 | Jan-<br>Dec  | Jan-<br>Dec   | Jan-<br>Dec     |
|  | 2009                                 | 2008         | 2009                                 | 2008         | 2009                        | 2008         | 2009          | 2008            |
| <i>Comparable holdings</i>               |                                      |              |                                      |              |                             |              |               |                 |
| Net revenue                              | 579.7                                | 579.2        | 552.3                                | 536.0        | 172.8                       | 167.0        | 1,304.8       | 1,282.2         |
| Property costs                           | -143.7                               | -142.6       | -188.2                               | -202.2       | -48.9                       | -50.1        | -380.8        | -394.9          |
| <b>Gross profit, Property management</b> | <b>436.0</b>                         | <b>436.6</b> | <b>364.1</b>                         | <b>333.8</b> | <b>123.9</b>                | <b>116.9</b> | <b>924.0</b>  | <b>887.3</b>    |
| Parking operations                       |                                      |              | 19.9                                 | 19.6         |                             |              | 19.9          | 19.6            |
| Central administration                   |                                      |              |                                      |              |                             |              | -29.2         | -32.0           |
| <b>Changes in value</b>                  |                                      |              |                                      |              |                             |              |               |                 |
| Investment properties                    |                                      |              |                                      |              |                             |              | -1,239.1      | -1,629.4        |
| Interest derivatives                     |                                      |              |                                      |              |                             |              | -25.6         | -126.6          |
| <b>Operating result</b>                  |                                      |              |                                      |              |                             |              | <b>-350.0</b> | <b>-881.1</b>   |
| Financial income and expense             |                                      |              |                                      |              |                             |              | -128.1        | -144.3          |
| <b>Result before tax</b>                 |                                      |              |                                      |              |                             |              | <b>-478.1</b> | <b>-1,025.4</b> |

## KEY RATIOS

| GROUP                                  | Full year<br>2009 | Full year<br>2008 | Full year<br>2007 | Full year<br>2006 | Full year<br>2005 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Property-related</b>                |                   |                   |                   |                   |                   |
| Rentable floor space, m <sup>2</sup>   | 354,063           | 354,245           | 353,685           | 350,895           | 407,694           |
| Rental vacancy level, %                | 6.2               | 5.3               | 3.3               | 6.5               | 7.1               |
| Floor space vacancy level, %           | 7.4               | 5.9               | 4.6               | 8.1               | 8.7               |
| Fair value, SEK bn                     | 18.1              | 19.1              | 20.5              | 17.4              | 16.3              |
| <b>Financial</b>                       |                   |                   |                   |                   |                   |
| Return on equity, %                    | -3.4              | -3.9              | 20.4              | 33.6              | 15.9              |
| Return on capital employed, %          | -2.4              | -5.7              | 22.3              | 23.9              | 16.5              |
| Equity ratio, %                        | 55.0              | 55.9              | 56.4              | 57.4              | 52.2              |
| Interest coverage ratio, multiple      | 7.0               | 5.5               | 6.2               | 5.1               | 5.7               |
| Debt/equity ratio, multiple            | 0.3               | 0.3               | 0.3               | 0.3               | 0.4               |
| Net loan-to-value ratio, properties, % | 16.4              | 15.6              | 15.8              | 19.3              | 21.7              |
| Loan-to-value ratio, properties, %     | 18.8              | 17.8              | 16.6              | 19.3              | 21.7              |
| <b>Data per share</b>                  |                   |                   |                   |                   |                   |
| Result for the period, SEK             | -1.73             | -2.18             | 11.64             | 16.60             | 6.47              |
| Equity, SEK                            | 49.58             | 53.09             | 57.25             | 57.14             | 41.77             |
| Properties, fair value SEK             | 87.87             | 92.52             | 99.53             | 84.40             | 78.91             |
| Net asset value, SEK                   | 62.00             | 66.00             | 73.00             | 71.00             | 53.00             |
| Number of outstanding shares, 1,000    | 206,266           | 206,266           | 206,266           | 206,266           | 206,266           |
| Number of issued shares, 1,000         | 211,272           | 211,272           | 211,272           | 211,272           | 211,272           |

## PARENT COMPANY

### RESULT AND POSITION

Net revenue amounted to SEK 796.0 million (789.1). Gross profit amounted to SEK 332.6 million (401.5). The decrease can be attributed primarily to higher maintenance costs by reason of the redevelopment of Rännilen 18. Net financial income/expense was SEK 591.4 million (-144.3). This figure includes dividend of SEK 718.0 million (-) from subsidiaries. The result for the year was SEK 900.9 million (69.1).

Liquid funds at the year-end amounted to SEK 424.7 million (438.7). Investments in properties and equipment during the period totalled SEK 51.2 million (47.6).

### MATERIAL RISKS AND UNCERTAINTY FACTORS

The Company is mainly exposed to financing, interest and credit risks. The Company has not identified any material risks and uncertainties other than those described in the 2008 Annual Report.

### MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

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

### ACCOUNTING PRINCIPLES

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

## INCOME STATEMENTS – SUMMARY

|   | October-<br>December<br>2009 | October-<br>December<br>2008 | January-<br>December<br>2009 | January-<br>December<br>2008 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>PARENT COMPANY, SEK m</b>                    |                              |                              |                              |                              |
| Net revenue                                     | 200.7                        | 196.8                        | 796.0                        | 789.1                        |
| Operating expenses                              | -141.1                       | -110.6                       | -463.4                       | -387.6                       |
| <b>Gross profit</b>                             | <b>59.6</b>                  | <b>86.2</b>                  | <b>332.6</b>                 | <b>401.5</b>                 |
| Central administration                          | -9.3                         | -10.6                        | -29.2                        | -32.0                        |
| Changes in value, interest derivatives          | -12.1                        | -108.3                       | -25.6                        | -126.6                       |
| <b>Operating profit</b>                         | <b>38.2</b>                  | <b>-32.7</b>                 | <b>277.8</b>                 | <b>242.9</b>                 |
| Financial income and expense                    | -30.6                        | -30.7                        | 591.4                        | -144.3                       |
| <b>Result after net interest income/expense</b> | <b>7.6</b>                   | <b>-63.4</b>                 | <b>869.2</b>                 | <b>98.6</b>                  |
| Appropriations                                  | 103.1                        | -95.7                        | 103.1                        | -95.7                        |
| <b>Profit before tax</b>                        | <b>110.7</b>                 | <b>-159.1</b>                | <b>972.3</b>                 | <b>2.9</b>                   |
| Tax   | -29.5                        | 115.8                        | -71.4                        | 66.2                         |
| <b>Result for the period/year</b>               | <b>81.2</b>                  | <b>-43.3</b>                 | <b>900.9</b>                 | <b>69.1</b>                  |

**BALANCE SHEETS – SUMMARY**

| <b>PARENT COMPANY, SEK m</b>        | <b>December 31,<br/>2009</b> | <b>December 31,<br/>2008</b> |
|-------------------------------------|------------------------------|------------------------------|
| Investment properties               | 5,959.2                      | 5,966.6                      |
| Other fixed assets                  | 2,835.3                      | 2,834.5                      |
| Total fixed assets                  | 8,794.5                      | 8,801.1                      |
| Current assets                      | 943.0                        | 472.8                        |
| <b>Total assets</b>                 | <b>9,737.5</b>               | <b>9,273.9</b>               |
| Restricted equity                   | 1,978.7                      | 1,978.7                      |
| Non-restricted equity               | 2,133.6                      | 1,374.5                      |
| Total equity                        | 4,112.3                      | 3,353.2                      |
| Untaxed reserves                    | 654.1                        | 757.2                        |
| Appropriations                      | 1,109.6                      | 1,105.1                      |
| Non-current liabilities             | 3,038.5                      | 3,548.5                      |
| Current liabilities                 | 823.0                        | 509.9                        |
| Total liabilities                   | 5,625.2                      | 5,920.7                      |
| <b>Total equity and liabilities</b> | <b>9,737.5</b>               | <b>9,273.9</b>               |

Stockholm, February 12, 2010

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  
*Board Member  
and President*

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



## DEFINITIONS

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

*Biblioteksgatan.* 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.

*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 according to the direct yield method.

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

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

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

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

*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.

*Net liabilities.* Interest-bearing liabilities, including decided dividend less current investments.

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

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

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

*Rental losses.* Loss of revenue as a result of unlet space.

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

*Return on capital employed.* Profit before tax plus interest expense minus interest contributions in relation to the average capital employed. In the interim accounts the return has been recalculated on a full-year basis without consideration given to seasonal variations which normally arise in operations and with the exception of changes in value.

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

*Tax.* Total tax for the Group comprises both actual tax and deferred tax.

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

*This document is in all respects a translation of the Swedish original Interim Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.*

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  
Registered office: Stockholm