

HUFVUDSTADEN

Half-year Report January–June 2011

- Profit after tax for the period was SEK 916 million (391), equivalent to SEK 4.44 per share (1.90). The increase can be attributed mainly to the rise in the value of the property holdings.
- Gross profit from property management increased by 3 per cent to SEK 465 million (451), due mainly to higher rents.
- The fair value of the property holdings was set at SEK 21.3 billion (20.1 at the turn of the year).
- The net asset value was SEK 73 per share (70 at the turn of the year).
- The equity ratio was 56 per cent, the net loan-to-value ratio was 17 per cent and the interest coverage ratio multiple was 6.8.
- Consolidated net revenue amounted to SEK 708 million (681), an increase of 4 per cent.
- The rental vacancy level at the period-end was 5.7 per cent (5.1 at the turn of the year).

GROUP

RESULTS

Property management¹

Net rents from property management during the period amounted to SEK 673.8 million (645.7), an increase of 4 per cent, and the gross profit was SEK 465.1 million (450.5). The increase in profit can be attributed mainly to higher gross rents as a result of increased rents in conjunction with renegotiations and a rise in the index.

The turnover-based rent supplement at the NK properties is reported during the fourth quarter. The previous year the turnover-based rent supplement was SEK 10.7 million. Apart from this there are no material seasonal variations in rents.

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

Parking operations

Operations comprise parking operations at Parkaden AB in Stockholm. Net revenue amounted to SEK 33.8 million (35.1), expenses amounted to SEK 24.3 million (24.1) and gross profit amounted to SEK 9.5 million (11.0).

Other profit and loss items

Central administration totalled SEK -15.5 million (-15.3). Changes in the value of investment properties totalled SEK 840.5 million (184.5) and changes in interest derivatives totalled SEK 10.9 million (-38.6).

Financial income and expense

Net financial income and expense amounted to SEK -66.1 million (-58.0). The increase in net cost can be attributed mainly to higher short-term market interest rates and increased borrowing.

¹ The properties Inom Vallgraven 12:1 and 12:9 are included with effect from March 30, 2010. Otherwise the property holdings remained unchanged compared with the same period the previous year.

Tax

The Group's tax (actual and deferred tax) for the period was SEK -328.1 million (-143.1), of which SEK -60.4 million was actual tax (-67.3) and SEK -267.7 million was deferred tax (-75.8).

Profit for the period

The consolidated profit after tax amounted to SEK 916.3 million (391.0). The improvement in the profit is due to unrealized increases in the value of the property holdings.

ACQUISITIONS AND INVESTMENTS

Investment in properties and equipment during the period totalled SEK 266.9 million (311.0). Investment during the year mainly refers to the extension of the Femman property in Nordstan. Tenants are expected to move in gradually, commencing in autumn 2011.

PROPERTY PORTFOLIO

The fair value of the Hufvudstaden property holdings as of June 30, 2011 is estimated at SEK 21,254 million (20,148 at the turn of the year). The increase can be attributed to unrealized changes in value and investments in the property holdings. Rentable floor space was 357,000 square metres.

The rental vacancy level as of June 30, 2011 was 5.7 per cent (5.1 at the turn of the year) and the floor space vacancy level was 7.6 per cent (6.8 at the turn of the year).

Property value and net asset value

At the end of each quarter Hufvudstaden makes an internal valuation of each individual property. The purpose of the valuation is to assess the fair value of the property holdings. To assure the 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 examines 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, a change in the value of the property holdings was considered to have taken place for the first half of 2011 amounting to SEK 841 million. The total value of the property holdings as of June 30, 2011 was SEK 21.3 billion, including investments made during the year. The unrealized increase in value can be explained by slightly lower yield requirements and slightly higher rents.

The average yield requirement for the property holdings at the above valuation was 4.8 per cent (5.0 at the turn of the year).

Valuation method

Valuation of the property holdings has taken place by assessing the fair value of each individual property. The assessment was carried out on application of a valuation made using a variation on the location price method, known as the net capitalization method. The method means that the market's yield requirement is

set in relation to the net operating income of the properties.

The yield requirement is based on information obtained regarding the market's yield requirement for current purchases and sales of comparable properties in similar locations. The yield requirement can vary between regions and between different sub-areas within the regions. The calculation of the properties' net operating income is based on market rental income, long-term rental vacancies and normalized operating and maintenance costs. The type of property, technical standard, building design and major investment requirements are also taken into account. For properties held on leasehold the calculation is based on a yield requirement that is 0.25 percentage points higher than for equivalent properties where the land is freehold.

In the valuation the following direct yield requirement has been applied for office and retail properties:

Stockholm	4.5-5.0 per cent
Gothenburg	5.0-6.0 per cent
Property holdings, average	4.8 per cent

Sensitivity analysis

Fair value is an assessment of the probable sales price on the market at the time of valuation. The price can, however, only be set once a transaction has been implemented. When valuing the property, a range is often stated to indicate the uncertainty regarding estimating fair value. The value range is usually +/-5 per cent but can vary depending on, for example, the market situation, the technical standard of the property and investment requirements. Hufvudstaden's property holdings are valued at SEK 21.3 billion with an uncertainty range of +/-5 per cent, which means that the assessed fair value can vary by +/- SEK 1.1 billion. The following are the key factors that influence the valuation and the ensuing impact on results.

Sensitivity analysis, property valuation

	Change +/-	Impact on profit before tax +/-
Rental revenue	SEK 100/m ²	SEK 750 m
Property costs	SEK 50/m ²	SEK 375 m
Rental vacancy Level	1.0 percentage points	SEK 300 m
Yield requirement	0.25 percentage points	SEK 1,100 m

External valuation

To assure the valuations, external valuations were obtained from three valuation companies: Forum Fastighetsekonomi AB, Savills and Newsec. The external valuations include 10 properties and are equivalent to 23 per cent of the internally assessed fair value. The properties were chosen on the basis that the objects selected should represent different property categories, towns and locations as well as technical and construction standard. The properties valued externally are Skären 9, Vildmannen 7, Rännilen 11, and Rännilen 18, Kvasten 9, Järnplåten 28, Kåkenhusen 39, Achilles 1, Hästskon 10 in Stockholm and Inom Vallgraven 12:10 in Gothenburg.

The external valuation companies have quoted a fair value of SEK 5.0 billion. Hufvudstaden's internal valuation of the same properties was SEK 4.9 billion. The internal valuations thus concur well with the external valuations.

Net asset value

Based on the valuation of the property holdings, the net asset value was SEK 15.0 billion or SEK 73 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. The assessment is made in the light of current tax legislation, which means that properties can be sold via a limited company without tax implications. The 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 (26.3 per cent) had been used in the calculation, the net asset value would have been SEK 12.0 billion or SEK 58 per share. If the tax rate is assumed to be 0 per cent, the net asset value would be SEK 16.9 billion or SEK 82 per share.

RENTAL MARKET

Interest in modern, flexible office space in prime locations in central Stockholm continued to be good during the period. Vacant space in this category has continued to remain low and rents are rising slightly. In conjunction with renegotiations and new leases for office space in Stockholm's most attractive locations in Bibliotekstan, at Norrmalmstorg/Hamngatan and in the Hötorget area, rents were noted of between SEK 4,000 and SEK 5,000 per square metre per year, excluding property tax supplement. Interest in prime-location retail premises in the same sub-markets has also been high with rents ranging from SEK 12,000 to SEK 18,000 per square metre per year, excluding property tax supplement.

Demand for modern office premises in the central sub-markets of Gothenburg has been good. Market rents for modern, well-planned office premises in prime locations were between SEK 1,800 and SEK 2,400 per square metre per year, excluding property tax supplement. For retail premises the market rents were between SEK 6,000 and SEK 12,000 per square metre per year, excluding property tax supplement.

FINANCING STRUCTURE

Hufvudstaden's borrowing as of June 30, 2011, amounted to SEK 3,900.0 million (3,600.0 at the turn of the year). The average fixed interest period was 31 months (31 at the turn of the year), the average capital tie-up period was 60 months (43 at the turn of the year) and the average annual interest rate was 3.7 per cent (3.6 at the turn of the year).

The fair value of interest swaps as of June 30, 2011 was SEK -73.5 million (-84.4 at the turn of the year). The positive value trend can be explained by higher market interest rates.

Capital tie-up structure, June 30, 2011

Maturity Date	Volume, SEK m	Share, %
2012	250.0	7
2013	950.0	24
2017	2,700.0	69
Total	3,900.0	100

Fixed interest structure, June 30, 2011

Maturity Date	Volume, SEK m	Share, %	Average AER, %
2011	1,200.0	31	2.8
2012	450.0	12	3.9
2013	600.0	15	3.9
2014	200.0	5	3.6
2015	300.0	8	3.6
2016	400.0	10	3.5
2017	750.0	19	4.8
Total	3,900.0	100	3.7

SHARES AND SHAREHOLDERS

Hufvudstaden, whose shares are listed on NASDAQ OMX Stockholm, had 18,461 shareholders at the end of the period. The proportion of foreign ownership as of June 30, 2011 was 27 per cent of the total number of outstanding shares (25 at the turn of the year). The series A share price as of June 30, 2011 was SEK 75.80 and market capitalization was SEK 16.6 billion.

Shares bought back

The total number of shares held by Hufvudstaden as of June 30, 2011 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 period or after the end of the reporting period. At the 2011 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 June 30, 2011, million shares

	Total number of shares	Company holdings	Held by other shareholders
As of January 1, 2011	211.3	5.0	206.3
Buy-back	-	-	-
As of June 30, 2011	211.3	5.0	206.3

SECOND QUARTER

The gross profit from property management amounted to SEK 240.4 million (225.9), an increase of 6%. The change can be attributed mainly to higher gross rents and a lower level of vacant space. Net rents amounted to SEK 339.0 million (324.3). Property management costs amounted to SEK 98.6 million (98.4).

The gross profit from parking operations amounted to SEK 4.6 million (5.4). Net revenue amounted to SEK 16.7 million (17.4) and costs amounted to SEK 12.1 million (12.0).

Changes in the value of investment properties amounted to SEK 723.9 million (184.5) and for interest derivatives SEK -32.1 million (-16.0). Net financial income and expense amounted to SEK -34.3 million (-30.0). The increase in net cost can be ex-

plained by higher short-term market interest rates and increased borrowing.

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 2010 Annual Report.

MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

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

ACCOUNTING PRINCIPLES

Hufvudstaden applies the EU-endorsed IFRS standards and interpretations thereof (IFRIC). This Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. With effect from 2011, Hufvudstaden reports costs for internal project management as part of maintenance

project expense. In other respects the accounting principles and computation methods are the same as those applied in the most recent Annual Report.

FORTHCOMING INFORMATION

Interim Report, January-September 2011	November 3, 2011
Year-End Report 2011	February 9, 2012
Annual Report 2011	March 2012
Annual General Meeting in Stockholm 2012	March 22, 2012

The information in this Interim 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 August 24, 2011.

This information is also published on Hufvudstaden's website, 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	April- June 2011	April- June 2010	January- June 2011	January- June 2010	January- December 2010
Net revenue					
Property management	339.0	324.3	673.8	645.7	1,321.0
Parking operations	16.7	17.4	33.8	35.1	71.1
	355.7	341.7	707.6	680.8	1,392.1
Property management expenses					
Maintenance	-7.0	-7.6	-15.6	-12.4	-28.4
Operation and administration	-56.1	-57.1	-122.3	-117.8	-234.9
Ground rents	-4.0	-3.9	-7.8	-5.6	-13.3
Property tax	-31.5	-29.8	-63.0	-59.4	-124.1
Property management expenses	-98.6	-98.4	-208.7	-195.2	-400.7
Parking operations, costs	-12.1	-12.0	-24.3	-24.1	-47.5
Operating expenses	-110.7	-110.4	-233.0	-219.3	-448.2
Gross profit	245.0	231.3	474.6	461.5	943.9
- of which Property management	240.4	225.9	465.1	450.5	920.3
- of which Parking operations	4.6	5.4	9.5	11.0	23.6
Central administration	-7.9	-8.5	-15.5	-15.3	-31.0
Operating profit before changes in value	237.1	222.8	459.1	446.2	912.9
Changes in value					
Investment properties	723.9	184.5	840.5	184.5	1,490.3
Interest derivatives	-32.1	-16.0	10.9	-38.6	51.4
Operating profit	928.9	391.3	1,310.5	592.1	2,454.6
Financial income and expense	-34.3	-30.0	-66.1	-58.0	-102.7
Profit before tax	894.6	361.3	1,244.4	534.1	2,351.9
Tax	-235.6	-96.4	-328.1	-143.1	-618.6
Result after tax	659.0	264.9	916.3	391.0	1,733.3
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	659.0	264.9	916.3	391.0	1,733.3
Average number of outstanding shares following buy-backs during the period	206,265,933	206,265,933	206,265,933	206,265,933	206,265,933
Profit for the period after tax per share before and after dilution, SEK	3.19	1.28	4.44	1.90	8.40

BALANCE SHEETS – SUMMARY

GROUP, SEK m	June 30, 2011	June 30, 2010	December 31, 2010
Investment properties	21,254.4	18,619.8	20,148.3
Other fixed assets	12.1	13.0	12.3
Total fixed assets	21,266.5	18,632.8	20,160.6
Current assets	235.5	213.6	378.5
Total assets	21,502.0	18,846.4	20,539.1
Equity	11,968.0	10,183.7	11,526.0
Non-current liabilities to credit institutions	3,900.0	2,650.0	2,650.0
Deferred tax liabilities	5,056.5	4,411.7	4,788.8
Other non-current liabilities	79.4	178.0	87.2
Pension provisions	7.7	6.7	7.4
Total non-current liabilities	9,043.6	7,246.4	7,533.4
Current, interest-bearing liabilities	-	950.0	950.0
Other liabilities	490.4	466.3	529.7
Total current liabilities	490.4	1,416.3	1,479.7
Total equity and liabilities	21,502.0	18,846.4	20,539.1

CHANGES IN EQUITY – SUMMARY

GROUP, SEK m	January- June 2011	January- June 2010	January- December 2010
Equity, opening balance	11,526.0	10,225.9	10,225.9
Total comprehensive income for the period	916.3	391.0	1,733.3
Dividends	-474.4	-433.2	-433.2
Equity, closing balance	11,968.0	10,183.7	11,526.0

STATEMENTS OF CASH FLOWS – SUMMARY

GROUP, SEK m	January- June 2011	January- June 2010	January- December 2010
Result before tax	1,244.4	534.1	2,351.9
Depreciation/impairments	5.5	2.3	4.1
Change in value, investment properties	-840.5	-184.5	-1,490.3
Change in value, interest derivatives	-10.9	38.6	-51.4
Other changes	0.3	0.4	1.1
Tax paid	-126.5	-136.0	-195.3
Cash flow from current operations before changes in working capital	272.3	254.9	620.1
Increase/decrease in operating receivables	3.6	10.5	5.4
Increase/decrease in operating liabilities	30.0	42.5	65.9
Cash flow from current operations	305.9	307.9	691.4
Investments in investment properties	-265.5	-310.0	-532.7
Investments in equipment	-1.4	-1.0	-1.7
Change in non-current receivable	-0.2	-0.3	-0.8
Cash flow from investments	-267.1	-311.3	-535.2
Dividend paid	-474.4	-433.2	-433.2
Loans raised	300.0	200.0	200.0
Cash flow from financing	-174.4	-233.2	-233.2
Cash flow for the period	-135.6	-236.6	-77.0
Liquid funds at the beginning of the period	347.9	424.9	424.9
Liquid funds at the period-end	212.3	188.3	347.9
Cash flow for the period per share, SEK	-0.66	-1.15	-0.37

PLEGGED ASSETS AND CONTINGENT LIABILITIES

GROUP, SEK m	June 30, 2011	June 30, 2010	December 31, 2010
Pledged assets			
Mortgages	2,081.2	1,806.2	1,806.2
Endowment insurance	6.0	5.2	5.7
Total pledged assets	2,087.2	1,811.4	1,811.9
Contingent liabilities	None	None	None

SEGMENT REPORT – SUMMARY¹

GROUP, SEK m	Stockholm City East Business Area		Stockholm City West Business Area		Gothenburg Business Area		Total	
	Jan-June 2011	Jan-June 2010	Jan-June 2011	Jan-June 2010	Jan-June 2011	Jan-June 2010	Jan-June 2011	Jan-June 2010
Net revenue	298.7	279.9	282.7	277.5	92.4	88.3	673.8	645.7
Property costs	-80.5	-75.3	-99.0	-92.1	-29.2	-27.8	-208.7	-195.2
Gross profit, property management	218.2	204.6	183.7	185.4	63.2	60.5	465.1	450.5
Parking operations			9.5	11.0			9.5	11.0
Central administration							-15.5	-15.3
Changes in value								
Investment properties							840.5	184.5
Interest derivatives							10.9	-38.6
Operating profit							1,310.5	592.1
Financial income and expense							-66.1	-58.0
Profit before tax							1,244.4	534.1

¹ For comparable holdings, net revenue for the Gothenburg Business Area and for the Group should be increased by SEK 2.3 million and gross profit for 2010 by SEK 1.4 million.

KEY RATIOS

GROUP	June 30, 2011	June 30, 2010	Full Year 2010	Full Year 2009	Full Year 2008	Full Year 2007
Property-related						
Rentable floor space, 1,000 m ²	357	357	358	354	354	354
Rental vacancy level, %	5.7	6.6	5.1	6.2	5.3	3.3
Floor space vacancy level, %	7.6	8.0	6.8	7.4	5.9	4.6
Fair value, SEK bn	21.3	18.6	20.1	18.1	19.1	20.5
Financial						
Surplus ratio, %	67.1	67.8	67.8	68.8	67.3	67.8
Return on equity, %	10.1	6.5	15.9	-3.4	-3.9	20.4
Return on capital employed, %	11.0	7.3	16.7	-2.4	-5.7	22.3
Equity ratio, %	55.7	54.0	56.1	55.0	55.9	56.4
Interest coverage ratio, multiple	6.8	7.7	7.7	7.0	5.5	6.2
Debt/equity ratio, multiple	0.3	0.3	0.3	0.3	0.3	0.3
Net loan-to-value ratio, properties, %	17.4	18.3	16.1	16.4	15.6	15.8
Loan-to-value ratio, properties, %	18.3	19.3	17.9	18.8	17.8	16.6
Data per share						
Profit for the period, SEK	4.44	1.90	8.40	-1.73	-2.18	11.64
Equity, SEK	58.02	49.37	55.88	49.58	53.09	57.25
Properties, fair value, SEK	103.04	90.27	97.68	87.87	92.52	99.53
Net asset value, SEK	73.00	62.00	70.00	62.00	66.00	73.00
Number of outstanding shares, 1,000	206,266	206,266	206,266	206,266	206,266	206,266
Number of issued shares, 1,000	211,272	211,272	211,272	211,272	211,272	211,272

KEY RATIOS PER QUARTER

GROUP	Apr-June 2011	Jan-Mar 2011	Oct-Dec 2010	July-Sept 2010	Apr-June 2010	Jan-Mar 2010	Oct-Dec 2009	July-Sept 2009
Net revenue, SEK m	356	352	365	346	342	339	352	338
Return on equity, %	10.3	5.8	16.2	9.4	6.7	5.4	-3.6	-1.9
Return on equity, adjusted, %	5.0	4.9	6.0	5.7	5.6	5.7	5.5	5.9
Equity ratio, %	55.7	54.3	56.1	54.7	54.0	52.4	55.0	54.9
Profit/share for the period, SEK	3.19	1.25	4.44	2.07	1.29	0.61	-0.01	0.70
Equity per share, SEK	58.02	54.83	55.88	51.44	49.37	48.09	49.58	49.55
Net asset value per share, SEK	73.00	69.00	70.00	65.00	62.00	61.00	62.00	62.00
Cash flow from current operations per share, SEK	0.64	0.84	0.92	0.94	0.88	0.62	0.82	0.75

PARENT COMPANY

RESULT AND POSITION

Net sales amounted to SEK 411.1 million (388.5). The gross profit was SEK 149.6 million (164.8). The decrease can be attributed primarily to increased costs related to adaptation of premises. Net financial income and expense was SEK -66.1 million (-57.7).

Liquid funds at the period-end amounted to SEK 212.2 million (188.1). Investments in properties and equipment during the period totalled SEK 150.9 million (222.4).

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 2010 Annual Report.

MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

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

	April- June 2011	April- June 2010	January- June 2011	January- June 2010	January- December 2010
PARENT COMPANY, SEK m					
Net revenue	207.7	194.3	411.1	388.5	790.7
Operating expenses	-119.8	-120.4	-261.5	-223.7	-454.7
Gross profit	87.9	73.9	149.6	164.8	336.0
Central administration	-7.9	-8.4	-15.5	-15.2	-31.0
Changes in value, interest derivatives	-32.1	-16.0	10.9	-38.6	51.4
Operating profit	47.9	49.5	145.0	111.0	356.4
Other financial income and expense	-34.4	-29.7	-66.1	-57.7	-103.1
Profit after net interest income and expense	13.5	19.8	78.9	53.3	253.3
Appropriations	-	-	-	-	98.2
Profit before tax	13.5	19.8	78.9	53.3	351.5
Tax	-4.5	-6.7	-22.9	-16.8	-92.2
Profit for the period	9.0	13.1	56.0	36.5	259.3
Statement of comprehensive income, SEK m					
Profit for the period	9.0	13.1	56.0	36.5	259.3
<i>Other comprehensive income</i>	-	-	-	-	-
Comprehensive income for the period	9.0	13.1	56.0	36.5	259.3

BALANCE SHEETS – SUMMARY

	June 30, 2011	June 30, 2010	December 31, 2010
PARENT COMPANY, SEK m			
Investment properties	6,356.4	6,151.2	6,240.6
Other fixed assets	2,835.0	2,835.2	2,835.1
Total fixed assets	9,191.4	8,986.4	9,075.7
Current assets	610.0	598.7	837.2
Total assets	9,801.4	9,585.1	9,912.9
Restricted equity	1,978.7	1,978.7	1,978.7
Non-restricted equity	1,788.1	1,737.0	2,206.5
Total equity	3,766.8	3,715.7	4,185.2
Untaxed reserves	556.0	654.1	556.0
Appropriations	1,129.5	1,100.5	1,125.5
Non-current liabilities	3,980.0	2,818.0	2,737.7
Current liabilities	369.1	1,296.8	1,308.5
Total liabilities	6,034.6	5,869.4	5,727.7
Total equity and liabilities	9,801.4	9,585.1	9,912.9

BOARD CERTIFICATION

The Board of Directors and the President hereby certify that this Interim Report provides a true and fair overview of the Company's and the Group's operations, financial position and results and presents material risks and uncertainties that face the Company and the companies which are included in the Group.

Stockholm, August 24, 2011

Fredrik Lundberg
Chairman

Claes Boustedt
Board Member

Bengt Braun
Board Member

Peter Egardt
Board Member

Louise Lindh
Board Member

Hans Mertzig
Board Member

Sten Peterson
Board Member

Anna-Greta Sjöberg
Board Member

Ivo Stopner
*President and
Board Member*

REVIEW REPORT

Introduction

I have reviewed the summary of the financial interim information for Hufvudstaden AB (publ), registration number 556012-8240, as of June 30, 2011 and the six-month period ending as of this date. The Board of Directors and the President are responsible for the preparation and presentation of this Interim Report in accordance with IAS 34 and the Swedish Annual Accounts Act. My responsibility is to express a conclusion on this Interim Report based on my review.

Scope of review

I conducted my review in accordance with the Swedish Standard on Review Engagements (SÖG) 2410 *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accord-

ance with International Standards on Auditing and other generally accepted auditing standards in Sweden and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the Interim Report for the Group is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, August 24, 2011

George Pettersson
Authorized Public Accountant

DEFINITIONS AND GLOSSARY

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

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

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

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

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

Equity ratio. Equity at the period-end in relation to total assets.

Fair value. The estimated market value of the properties.

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

Interest coverage ratio. Profit after financial items, excluding unrealized changes in value plus interest expense 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 an ongoing 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 and cash and bank holdings.

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

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

Property tax supplement. Property tax payments received from tenants.

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

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

Return on capital employed. Profit before tax plus interest expense 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 being 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 being given to seasonal variations that normally arise in operations and with the exception of changes in value.

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

Surplus ratio. Gross profit in relation to net revenue.

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

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

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

Hufvudstaden 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 Website: www.hufvudstaden.se
Company registration number: 556012-8240
Registered office: Stockholm