

HUFVUDSTADEN

Interim Report January – June 2007

- Profit for the period after tax amounted to SEK 1,143.6 million (664.0), equivalent to SEK 5.54 per share (3.22).
- The gross profit from property management increased by 14.7 per cent to SEK 415.3 million (362.0). The improvement in profit can be attributed to reduced vacant space, lower maintenance costs and higher rents.
- The fair value of the property holdings was SEK 19.0 billion (17.4 at the turn of the year).
- The net asset value per share was SEK 66 (71 at the turn of the year). During the period, a dividend of SEK 11.60 per share was paid.
- Net sales for the Group for the period amounted to SEK 611.7 million (567.6), an increase of 7.8 per cent.
- The rental vacancy level at the period-end was 4.9 per cent (6.5 at the turn of the year).

CONSOLIDATED RESULTS

Property management¹

Gross profit for the year totalled SEK 415.3 million (362.0) an increase of 14.7 per cent. The increase can be explained by lower rental losses on vacant space, lower maintenance costs and higher rents. Net rents from property management during the period amounted to SEK 581.4 million (542.1).

The turnover-based rent supplement at the NK department stores is reported in the fourth quarter. The turnover-based rent supplement for the previous year was SEK 10.3 million. Apart from this there are no seasonal variations in rents.

The property management profit for each business area is reported on page 7.

Reported discontinued operations

The sale in December of the World Trade Center in Stockholm, i.e. Vasaterminalen AB with the subsidiaries World Trade Center Stockholm AB and WTC Parkering AB, was classified as discontinued opera-

tions. The completion date was February 1, 2007.

This means that Profit from discontinued operations for the first half of 2007 refers to an adjustment of the purchase sum and for the same period in 2006 to the result from WTC.

Other operations

Other operations include parking operations at Parkaden in Stockholm.

Net revenue amounted to SEK 30.3 million (25.5), expenses amounted to SEK 22.6 million (22.9) and gross profit amounted to SEK 7.7 million (2.6).

Other Income Statement items

Central administration totalled SEK -15.0 million (-13.8). Changes in the value of investment properties totalled SEK 1,208.4 million (539.5) and in interest derivatives SEK 17.1 million (0.0).

Financial income and expense

Net financial income and expense amounted to SEK -54.9 million (-65.7). The improved net financial income and expense can be attributed to interest income on the payment received from the sale of the World Trade Center.

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

Tax

The Group's tax (current and deferred) for the period totalled SEK -441.6 million (-231.8), of which SEK -76.6 million was current tax and SEK -365.0 million deferred tax.

Profit for the period

Profit for the period after tax was SEK 1,143.6 million (664.0).

ACQUISITIONS AND INVESTMENTS

On May 14, 2007 an agreement was signed regarding the acquisition of the property Rännilen 15 at Norrmalmstorg in Stockholm. The purchase sum was SEK 312.5 million and the completion date was June 1, 2007. This means that Hufvudstaden now has all properties on the Rännilen block.

The total investments in properties and equipment during the period was SEK 371.5 million (92.2).

PROPERTY PORTFOLIO

The fair value of the Hufvudstaden property portfolio as of June 30, 2007 was set at SEK 19.0 billion (17.4 at the turn of the year). The increase can be attributed to unrealized changes in value, the acquisition of Rännilen 15 and investments in the property portfolio. The rentable floor space was 354,141 square metres (350,895 at the turn of the year). The total floor space vacancy level as of June 30 was 6.4 per cent (8.1 at the turn of the year) and the total rental vacancy level was 4.9 per cent (6.5 at the turn of the year).

Property value and net asset value

At the turn of each year Hufvudstaden makes an internal valuation of the fair value of each individual property. The assessment is made using a valuation according to the direct yield method as a basis. To assure the values, external valuations are obtained for part of the property holdings. The internal valuation of the properties is updated continuously during the year with purchases, sales and investments. Hufvudstaden also examines on a continuous basis if there are other indications of changes in the fair value of the properties. This could, for example, take the form of major lettings, terminations and material changes in the yield requirements. In the light of the above, the value of the property holdings, in addition to investments made, is considered to have increased by SEK 1.2 billion during the period and consequently the fair value of the property holdings as at June 30, 2007 was set at SEK 19.0 billion. The increase can be explained mainly by an estimated lower direct yield requirement as a result of the continued high interest in commercial properties in central Stockholm and Gothenburg by both Swedish and international investors. The average direct yield requirement for the property holdings was, in conjunction with the above valuation, to 4.5 per cent (4.8 at the turn of the year).

Net asset value

Based on the valuation of the property holdings, the net asset value is SEK 13.6 billion or SEK 66 per share after tax. When calculating the net asset value,

calculated deferred tax has been used. This was calculated at 10 per cent of the difference between the assessed fair value and the residual value of the properties for tax purposes and was assessed in the light of current tax legislation, which means that properties can be sold by a limited company without tax implications. The purchaser, however, loses the basis for depreciation, which could justify some compensation, which has been set at 10 per cent. If the tax rate according to the Balance Sheet (28 per cent) is used in the calculation, the net asset value would have been SEK 10.6 billion or SEK 51 per share. If the tax rate is assumed to be 0 per cent, the net asset value would have been SEK 15.2 billion or SEK 74 per share.

RENTAL MARKET

Interest in high-quality office space in prime locations in sub-markets of central Stockholm increased substantially during the period, mainly as a result of the positive economic growth in Sweden and the Stockholm region. Vacant space for this type of property has fallen and rents have risen. For office leases in Stockholm's most attractive locations within the Golden Triangle, at Norrmalmstorg/Hamngatan and in the Hötorg area, rents were noted of SEK 3,800-4,700 per square metre per year, excluding the property tax supplement. Interest in well-situated retail premises in the same sub-markets remained high. Rents for prime location retailing space are in the range SEK 12,000-15,000 per square metre per year, excluding the property tax supplement.

Demand for modern, flexible office premises in the central sub-markets of Gothenburg has increased with a positive growth in rents as a result. However, as in Stockholm, the level of interest in properties of a low standard requiring modernization continues to be weak. Market rents for modern, well-arranged, high-quality office premises in prime locations were between SEK 1,600 and SEK 2,200 per square metre per year, excluding the property tax supplement. For prime site retail premises the market rent was SEK 5,000-9,000 per square metre per year, excluding the property tax supplement.

The Group's current renegotiations in respect of both retailing and office premises have proceeded in line with our expectations. In total, approximately 27,800 square metres were renegotiated during the period to a value of approximately SEK 109 million. On average, these renegotiations have resulted in an increase in rent of approximately 4 per cent.

FINANCING STRUCTURE

Hufvudstaden's borrowing as at June 30, 2007 amounted to SEK 3,325.0 million (3,365.0 at the turn of the year). The average fixed interest period was 37 months (23 at the turn of the year), the average capital tie-up period was 46 months (33 at the turn of the year) and the average interest cost was 4.2 per cent (4.0 at the turn of the year). Net liabilities amounted to SEK 3,266.1 million (3,324.6 at the turn of the year).

The true value of interest swaps as of June 30 was SEK 63.6 million (17.5 at the turn of the year). The change in value of financial instruments from

December 31, 2006 up to and including June 30, 2007 affected the Income Statement by SEK 17.1 million or SEK 12.3 million after tax and the hedge reserve in equity by SEK 20.9 million after tax.

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

Capital tie-up structure, June 30, 2007

Maturity date	Volume, SEK m	Share, %
2007	425.0	13
2008	600.0	18
2010	500.0	15
2011	950.0	28
2013	350.0	11
2017	500.0	15
Total	3,325.0	100

Fixed interest structure, June 30, 2007

Maturity date	Volume, SEK m	Share, %	Average APR, %
2007	1,025.0	30	3.9
2008	600.0	18	4.8
2010	500.0	15	4.1
2011	350.0	11	3.9
2013	350.0	11	4.1
2017	500.0	15	4.7
Total	3,325.0	100	4.2

SHARES AND SHAREHOLDERS

Hufvudstaden, whose shares are listed on the Nordic Exchange in Stockholm, had approximately 19,600 shareholders at the period-end. The proportion of foreign ownership as at June 30 was 19.9 per cent of the total number of outstanding shares (20.1 at the turn of the year). The A-share price as at June 29, 2007 was SEK 79, equivalent to a market value of SEK 16.3 billion, calculated on the total number of outstanding shares.

The largest shareholder groups as at June 30, 2007

	Shares, %	Votes, %
Lundbergs	44.2	87.6
SEB Trygg Liv	11.1	2.3
Mellon funds	2.6	0.5
JP Morgan funds	2.6	0.5
State Street Bank and Trust funds	2.4	0.5
Robur funds	2.3	0.5
Citibank funds	2.2	0.4
Skandia Liv	2.0	0.4
Northern Trust funds	1.6	0.3
Fortis Banque funds	1.2	0.3
Other shareholders	25.4	6.2
Outstanding shares	97.6	99.5
Hufvudstaden	2.4	0.5
Total issued shares	100.0	100.0

Shares bought back

The total number of shares held by Hufvudstaden as at June 30, 2007 was 5,006,000 A-shares, equivalent to 2.4 per cent of the total number of issued shares. No buy-backs were made during the period or after the end of the reporting period. At the 2007 Annual General Meeting the Board was granted renewed authorization to acquire up to 10 per cent of all the issued shares and to assign company shares.

Buy-back of shares as at June 30, 2007, million shares

	Total number of shares	Held by Hufvudstaden	Other shareholders
As at January 1, 2007	211.3	5.0	206.3
Buy-back	-	-	-
As at June 30, 2007	211.3	5.0	206.3

SECOND QUARTER²

The gross profit on Property Management amounted to SEK 212.9 million (192.4). The increase can be explained by lower rental losses for vacant premises, lower maintenance costs and higher rents. The net rents amounted to SEK 293.0 million (272.8). Property management costs amounted to SEK 80.1 million (80.4).

The gross profit for Other operations amounted to SEK 3.5 million (1.3). Net revenue amounted to SEK 14.9 million (13.1) and operating costs to SEK 11.4 million (11.8).

Changes in value in investment properties amounted to SEK 1,208.4 million (539.5) and in interest derivatives to SEK 17.1 million (0.0).

NEW BUSINESS AREA DIVISION

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

MATERIAL RISKS AND UNCERTAINTY FACTORS

The Group is mainly exposed to financing, interest and credit risks. In addition, the Group is exposed to changes in value of the property holdings. The Company has not identified any material risks and uncertainties other than those described in the Annual Report.

KEY TRANSACTIONS WITH RELATED PARTIES

No key transactions have taken place with related parties.

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

ACCOUNTING PRINCIPLES

This Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles remain unchanged compared with the most recent annual report. The Transparency Directive has been implemented in Sweden since July 1, 2007.

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

For further information, please contact Ivo Stopner, CEO, or Magnus Jacobson, CFO, telephone +46 (0)8 762 90 00.

FORTHCOMING INFORMATION

Interim Report, January-September 2007	November 1, 2007
Year-End Report for 2007	February 14, 2008
Annual Report 2007	March 2008
Annual General Meeting in Stockholm 2008	March 27, 2008

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

CONSOLIDATED INCOME STATEMENTS - SUMMARY

GROUP, SEK m	April- June 2007	April- June 2006	January- June 2007	January- June 2006	January- December 2006
Net revenue					
Property management	293.0	272.8	581.4	542.1	1,096.5
Other operations	14.9	13.1	30.3	25.5	56.0
	307.9	285.9	611.7	567.6	1,152.5
Operating expenses					
Maintenance	-2.8	-9.0	-8.9	-32.6	-61.5
Operation and administration	-49.9	-44.2	-102.5	-93.0	-192.3
Ground rents	-4.1	-3.9	-8.1	-7.9	-16.1
Property tax	-23.3	-23.3	-46.6	-46.6	-92.5
Property management expenses	-80.1	-80.4	-166.1	-180.1	-362.4
Other operations	-11.4	-11.8	-22.6	-22.9	-45.0
Operating expenses	-91.5	-92.2	-188.7	-203.0	-407.4
Gross profit	216.4	193.7	423.0	364.6	745.1
- of which Property management	212.9	192.4	415.3	362.0	734.1
- of which Other operations	3.5	1.3	7.7	2.6	11.0
Central administration	-8.1	-6.9	-15.0	-13.8	-31.5
Operating profit before changes in value	208.3	186.8	408.0	350.8	713.6
Changes in value					
Investment properties	1,208.4	539.5	1,208.4	539.5	2,647.5
Interest derivatives	17.1	-	17.1	-	-
Operating profit	1,433.8	726.3	1,633.5	890.3	3,361.1
Financial income and expense	-33.4	-31.6	-54.9	-65.7	-140.3
Profit after financial income and expense	1,400.4	694.7	1,578.6	824.6	3,220.8
Tax	-388.2	-187.9	-441.6	-231.8	-903.9
Profit from continuing operations	1,012.2	506.8	1,137.0	592.8	2,316.9
Profit from discontinued operations, net after tax	-	47.5	6.6	71.2	1,106.3
Profit for the period	1,012.2	554.3	1,143.6	664.0	3,423.2
Average number of outstanding shares after buy-backs during the period	206,265,933	206,265,933	206,265,933	206,265,933	206,265,933
Profit per share for the period, SEK	4.91	2.69	5.54	3.22	16.60

CONSOLIDATED BALANCE SHEETS – SUMMARY

GROUP, SEK m	June 30, 2007	June 30, 2006	December 31, 2006
Investment properties	18,986.0	16,934.9	17,408.8
Other fixed assets	16.0	54.4	14.7
Total fixed assets	19,002.0	16,989.3	17,423.5
Current assets	151.8	85.5	3,096.6
Total assets	19,153.8	17,074.8	20,520.1
Equity	10,557.1	9,020.2	11,785.3
Non-current, interest-bearing liabilities	2,300.0	2,600.0	2,400.0
Other liabilities	4.0	0.1	3.3
Pension provisions	6.3	5.5	6.0
Deferred tax liability	4,866.7	4,044.3	4,493.6
Total non-current liabilities	7,177.0	6,649.9	6,902.9
Other current, interest-bearing liabilities	1,025.0	940.0	965.0
Other liabilities	394.7	464.7	866.9
Total current liabilities	1,419.7	1,404.7	1,831.9
Total equity and liabilities	19,153.8	17,074.8	20,520.1

PLEDGED ASSETS AND CONTINGENT LIABILITIES

GROUP, SEK m	June 30, 2007	June 30, 2006	December 31, 2006
Pledged assets			
Mortgages	1,556.6	1,816.3	1,621.3
Endowment insurance	4.2	3.5	3.9
Total pledged assets	1,560.8	1,819.8	1,625.2
Contingent liabilities	None	None	None

CHANGES IN EQUITY

GROUP, SEK m	January- June 2007	January- June 2006	January- December 2006
Equity, opening balance	11,785.3	8,614.7	8,614.7
Changes in hedge reserve for the period	29.0	56.3	64.7
Tax attributable to hedge reserve	-8.1	-15.7	-18.1
Total changes in assets, reported directly against equity, excluding dividends	20.9	40.6	46.6
Profit for the period	1,143.6	664.0	3,423.2
Total changes in assets	1,164.5	704.6	3,469.8
Dividend	-2,392.7	-299.1	-299.1
Equity, closing balance	10,557.1	9,020.2	11,785.3

CONSOLIDATED CASH FLOW STATEMENTS – SUMMARY

GROUP, SEK m	January- June 2007	January- June 2006	January- December 2006
Profit after financial items	1,585.2	927.5	4,371.0
Change in value, investment properties	-1,208.4	-570.0	-2,678.0
Change in value, interest derivatives	-17.1	-	-
Depreciation/impairments	2.2	1.9	4.4
Capital gain, sale of fixed assets	-6.6	-	-986.2
Change, other provisions	-	-48.5	-46.8
Other changes	0.4	-0.1	0.3
Tax paid	-54.2	-92.6	-113.9
Cash flow from current operations before changes in working capital	301.5	218.2	550.8
Increase/decrease in operating receivables	3.9	-6.1	-5.5
Increase/decrease in operating liabilities	-494.1	84.2	62.7
Cash flow from current operations	-188.7	296.3	608.0
Payment received from sale of subsidiary	3,011.7	-	-23.3
Investments in investment properties	-368.8	-88.9	-185.4
Investments in equipment	-2.7	-3.3	-8.0
Amortization, non-current receivables	-0.3	16.1	15.4
Cash flow from investments	2,639.9	-76.1	-201.3
Loan raised	360.0	195.0	260.0
Amortization of loan liability	-400.0	-180.0	-420.0
Dividend paid	-2,392.7	-299.1	-299.1
Cash flow from financing	-2,432.7	-284.1	-459.1
Cash flow for the period	18.5	-63.9	-52.4
Liquid funds at the beginning of the period	40.4	92.8	92.8
Liquid funds at the period-end	58.9	28.9	40.4

PROPERTY MANAGEMENT – PROFIT PER BUSINESS AREA (COMPARABLE HOLDINGS)

GROUP, SEK m	Stockholm City East Business Area		Stockholm City West Business Area		Gothenburg Business Area		Total	
	Jan-Jun 2007	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2006
Net revenue	264.3	254.0	240.5	214.8	75.3	73.3	580.1	542.1
Property costs	-63.5	-68.1	-79.6	-91.3	-22.9	-20.7	-166.0	-180.1
Gross profit	200.8	185.9	160.9	123.5	52.4	52.6	414.1	362.0

KEY RATIOS

GROUP	June 30, 2007	June 30, 2006	Full year 2006	Full year 2005	Full year 2004	Full year 2003 ¹
Property-related						
Rentable floor space, sq m	354,141	407,512	350,895	407,694	407,375	437,994
Rental vacancy level, %	4.9	8.5	6.5	7.1	8.2	8.1
Floor space vacancy level, %	6.4	10.1	8.1	8.7	9.5	8.7
Fair value, SEK bn	19.0	16.9	17.4	16.3	15.0	15.1
Financial						
Return on equity, %	12.5	10.3	33.6	15.9	9.8	7.7
Return on equity employed, %	13.9	10.9	23.9	16.5	9.7	7.4
Equity ratio, %	55.1	52.8	57.4	52.2	53.8	43.8
Interest coverage ratio, times	6.6	7.0	5.1	5.7	3.5	3.2
Data per share						
Profit per share, SEK	5.54	3.22	16.60	6.47	3.74	1.78
Equity, SEK	51.18	43.73	57.14	41.77	39.46	23.23
Properties, fair value, SEK	92.05	82.10	84.40	78.91	72.72	73.21
Net asset value, SEK	66.00	56.00	71.00	53.00	50.00	43.00
Number of outstanding shares, 1,000	206,266	206,266	206,266	206,266	206,266	206,266
Number of issued shares, 1,000	211,272	211,272	211,272	211,272	211,272	211,272

¹ No recalculation according to IFRS has taken place for 2003, which would mainly affect the Income Statement items Depreciation and Changes in value and the Balance Sheet items Investment properties and Deferred taxes.

PARENT COMPANY
PROFIT AND FINANCIAL POSITION

Net revenue amounted to SEK 356.3 million (331.6). The profit for the period after net financial income and expense was SEK 142.2 million (66.8). The increase can be explained by reduced costs for vacant space and lower maintenance costs. The net financial income and expense has been improved as a result of interest income on the payment received from the WTC sale.

Liquid funds at the period-end amounted to SEK 58.7 million (28.7). Investments in property and equipment during the period amounted to SEK 321.7 million (28.3).

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 Annual Report.

KEY TRANSACTIONS WITH RELATED PARTIES

Apart from the dividend to the shareholders no key transactions have taken place with related parties.

ACCOUNTING PRINCIPLES

The Parent Company applied the same accounting principles as in the most recent annual report. The Transparency Directive has been implemented in Sweden since July 1, 2007.

INCOME STATEMENTS – SUMMARY

PARENT COMPANY, SEK m	April- June 2007	April- June 2006	January- June 2007	January- June 2006	January- December 2006
Net revenue					
Property management	179.7	165.5	356.3	331.6	666.0
	179.7	165.5	356.3	331.6	666.0
Operating expenses					
Maintenance	-17.5	-39.3	-41.0	-78.0	-149.0
Operation and administration	-26.4	-22.5	-53.4	-48.1	-95.3
Ground rents	-2.0	-1.9	-4.0	-3.9	-8.0
Property tax	-16.5	-16.4	-32.8	-32.8	-64.8
Depreciation	-9.8	-9.2	-19.5	-18.4	-37.7
Operating expenses	-72.2	-89.3	-150.7	-181.2	-354.8
Gross profit	107.5	76.2	205.6	150.4	311.2
Central administration	-8.1	-6.9	-15.1	-13.8	-31.5
Operating profit	99.4	69.3	190.5	136.6	279.7
Financial income and expense	-33.4	-35.6	-54.9	-69.8	1,473.7
Capital gain, sale of subsidiary	-	-	6.6	-	-
Profit after financial income and expense	66.0	33.7	142.2	66.8	1,753.4
Appropriations	-	-	-	-	-124.0
Profit before tax	66.0	33.7	142.2	66.8	1,629.4
Tax	-21.3	-10.1	-40.1	-20.2	-7.0
Profit for the period	44.7	23.6	102.1	46.6	1,622.4

BALANCE SHEETS – SUMMARY

PARENT COMPANY, SEK m	June 30, 2007	June 30, 2006	December 31, 2006
Investment properties	5,949.6	5,641.6	5,649.5
Other fixed assets	2,838.2	4,338.8	2,837.2
Total fixed assets	8,787.8	9,980.4	8,486.7
Current assets	77.7	79.9	3,086.8
Total assets	8,865.5	10,060.3	11,573.5
Restricted equity	1,985.7	1,999.7	1,992.7
Non-restricted equity	1,368.2	1,833.5	3,651.8
Total equity	3,353.9	3,833.2	5,644.5
Untaxed reserves	560.6	436.6	560.6
Non-current liabilities	3,530.0	3,827.7	3,628.7
Current liabilities	1,421.0	1,962.8	1,739.7
Total liabilities	5,511.6	6,227.1	5,929.0
Total equity and liabilities	8,865.5	10,060.3	11,573.5

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 describes material risks and uncertainties that face the Company and the companies which are included in the Group.

Stockholm, August 20, 2007

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

I have reviewed the semi-annual report of Hufvudstaden AB (publ), reg. no 556012-8240, as of June 30, 2007 and for the six-month period then ended. The Board of directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. My responsibility is to express a conclusion on this semi-annual report based on my review.

Scope of Review

I conducted my review in accordance with the Standard on Review Engagements (SÖG) 2410, *Review of Interim Financial Information 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 accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices.

The procedures performed in a review do not enable me to obtain a level of assurance that would make me aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the semi-annual report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the group and in accordance with the Annual Accounts Act for the parent company.

Stockholm August 20, 2007

Bo Ribers
Authorized public accountant

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 at the period-end in relation to total assets.

Fair value. The estimated market value of the properties, decided based on an evaluation according to the direct yield method.

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

Golden Triangle. The central business district in Stockholm, between Stureplan, Norrmalmstorg and Nybroplan and bordered by Birger Jarlsgatan, Norrlandsgatan and Hamngatan.

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

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

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

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

Property tax supplement. Property tax payments received from tenants.

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

Return on capital employed. Profit after appropriations and 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 which 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.

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
Domicile: Stockholm