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HUFVUDSTADEN
Half-year Report January – June 2013

Half-year Report January–June 2013

- Profit after tax for the period was SEK 844 million (654), equivalent to SEK 4.09 per share (3.17). The increase can be attributed mainly to a higher unrealized change in value compared to the previous year.
- Gross profit from property management increased by 6 per cent and amounted to SEK 558 million (527), mainly due to increased rental revenue.
- The fair value of the property holdings was set at SEK 24.9 billion (23.1 at the turn of the year).
- The net asset value was SEK 86 per share (84 at the turn of the year).
- The equity ratio was 56 per cent (55), the net loan-to-value ratio was 23 per cent (19) and the interest coverage ratio multiple was 8.2 (6.2).
- Consolidated net revenue amounted to SEK 795 million (763), an increase of 4 per cent.
- The rental vacancy level at the period-end was 4.8 per cent (3.7 at the turn of the year).

GROUP

RESULTS

Property management¹

Net rents from property management during the period amounted to SEK 760.9 million (728.1), an increase of 5 per cent. The gross profit increased by 6 per cent to SEK 557.6 million (527.2). The increase can be attributed to higher rents in conjunction with renegotiations and new leases as well as result deriving from the acquired Nordstaden 8:26 property in Gothenburg.

The turnover-based rent supplement at the NK properties is reported during the fourth quarter. The turnover-based rent supplement the previous year was SEK 8.8 million. Otherwise, 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 was SEK 33.6 million (34.5), expenses SEK 24.4 million (24.3) and gross profit SEK 9.2 million (10.2).

Other profit and loss items

Central administration totalled SEK -16.9 million (-16.4). Changes in the value of property holdings totalled SEK 507.4 million (419.8) and changes in interest derivatives totalled SEK 89.6 million (32.6).

Financial income and expense

Net financial income and expense amounted to SEK -62.4 million (-82.3). Despite increased borrowing in conjunction with property acquisitions, net costs decreased due to a lower average rate of interest.

Tax

The Group's tax for the period was SEK -240.6 million (-237.4), of which SEK -78.5 million was actual tax (-101.8) and SEK -162.1 million was deferred tax (-135.6).

Profit for the period

The consolidated profit after tax amounted to SEK 843.9 million (653.7). The increase is due mainly to a higher unrealized increase in the value of the property holdings and the derivative portfolio.

¹ The acquired property Nordstaden 8:26 is included from March 7, 2013.

ACQUISITIONS AND INVESTMENTS

The total investment in properties and equipment during the period was SEK 1,375.1 million (82.9). The increase can be attributed to the acquisition of the Nordstaden 8:26 property in Gothenburg for SEK 1,265 million.

PROPERTY HOLDINGS

The fair value of the Hufvudstaden property holdings is based on an internal valuation and is as of June 30, 2013 estimated at SEK 24,939 million (23,058 at the turn of the year). The increase can be attributed to property acquisitions, investments in the property holdings and unrealized changes in value. Rentable floor space totalled 388,000 square metres.

The rental vacancy level as of June 30, 2013 was 4.8 per cent (3.7 at the turn of the year) and the floor space vacancy level was 6.3 per cent (5.4 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.

A continuous update is 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 take the form, for example, of major lettings, terminations and material changes in the yield requirements.

In the light of the above, the unrealized change in value of the property holdings for the first half of 2013 was SEK 507.4 million (419.8). The total value of the property holdings as of June 30, 2013 was SEK 24.9 billion, including acquisitions and investments made during the period. The unrealized increase in value can be attributed to the effect of slightly lower yield requirements for certain properties as well as new and renegotiated leases.

The average yield requirement at the above valuation point was 4.8 per cent (4.8 at the turn of the year).

Valuation method

Valuation of the property holdings is done by assessing each individual property's fair value. The valuation is 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 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. If there have been few or no transactions within the property's sub-area, an analysis is made of transactions in neighbouring areas. Even transactions not concluded provide guidance on market yield requirements. The yield requirement can vary between different regions and different sub-areas within the regions. Account is 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 equivalent properties where the land is freehold. The net operating income of the properties is based on market rental income, the long-term rental vacancy level and normalized operating and maintenance costs.

In making the valuation, the following yield requirement figures for office and retailing properties have been applied:

Stockholm	4.4-5.1 per cent
Gothenburg	4.7-6.0 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 the valuation. However, the price can only be set when a transaction has been completed. In conjunction with a property valuation, a range is often given to indicate the degree of uncertainty surrounding the estimates of fair value. The range is usually +/- 5 per cent but can vary depending, among other things, on the market situation, the technical standard of the property and investment requirements. Hufvudstaden's property holdings are valued at SEK 24.9 billion with a degree of uncertainty of +/- 5 per cent, which means that the assessed fair value varies by +/-SEK 1.2 billion. Below are the key factors that influence the valuation and the consequent impact on profit.

Sensitivity analysis, property valuation

	Change +/-	Impact on profit before tax, +/-
Rental revenue	SEK 100/m ²	SEK 810 m
Property costs	SEK 50/m ²	SEK 405 m
Rental vacancy level	1.0 percentage points	SEK 340 m
Yield requirement	0.25percentage points	SEK 1,300 m

External valuation

To guarantee the valuation, external valuations were obtained from three valuation companies, Forum Fastighetsekonomi AB, Newsec Advice AB and NAI Svefa AB. The external valuations cover 11 properties and are equivalent to 31 per cent of the internally assessed fair value. The starting point for selecting 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, Hästhuvudet 13, Järnplåten 28, Kungliga Trädgården 5, Kvasten 2, Kåkenhusen 39, Orgelpipan 7, Packarhuset 4, Pumpstocken 10 (part of), Vildmannen 7 in Stockholm and Inom Vallgraven 10:9 (NK) in Gothenburg.

The external valuation companies set a market value for these properties of SEK 8.1 billion. Hufvudstaden's internal valuation of the same properties was SEK 7.8 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, following a deduction for the dividend paid, was SEK 17.7 billion or SEK 86 per share after tax. When calculating the net asset value, cal-

culated deferred tax has been used. This has been set at 5 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 5 per cent. If the tax rate according to the Balance Sheet (22 per cent) had been used in the calculation, the net asset value would have been SEK 14.2 billion or SEK 69 per share. If the tax rate was assumed to be 0 per cent, the net asset value would have been SEK 18.8 billion or SEK 91 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 remained low and rents are stable. 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 4,200 and SEK 5,000 per square metre per year, excluding the property tax supplement. Interest in prime-location retail premises in the same sub-markets has also been high with rents ranging from SEK 13,000 to SEK 19,000 per square metre per year, excluding the property tax supplement.

Demand for modern office premises in the central sub-markets of Gothenburg has been good with a slight rise in rents. Market rents for modern, well-planned office premises in prime locations have risen and were between SEK 2,000 and SEK 2,700 per square metre per year, excluding the property tax supplement. For retail premises, the market rents were between SEK 6,000 and SEK 13,000 per square metre per year, excluding the property tax supplement.

The Group's renegotiations of retail and office leases have proceeded in line with our expectations. In total, 18,700 square metres were renegotiated during the period at a rental value of SEK 77 million. On average, these renegotiations have resulted in an increase in rent of approximately 4 per cent.

FINANCING STRUCTURE

Hufvudstaden's borrowing as of June 30, 2013 amounted to SEK 5,950 million (4,700 at the turn of the year). During the first half of the year, bonds were issued totalling SEK 1,200 million and the total outstanding amount is SEK 1,700 million. Outstanding commercial paper amounted to SEK 1,400 million. Hufvudstaden ensures that at any point in time there are unutilized loan assurances to cover all outstanding commercial paper. The average fixed interest period was 44 months (47 at the turn of the year), the average capital tie-up period was 50 months (47 at the turn of the year) and the average annual equivalent rate was 2.3 per cent (2.1 at the turn of the year). The net interest-bearing debt was SEK 5,644 million (4,203 at the turn of the year).

The fair value of all interest swaps as of June 30, 2013 was SEK 66.6 million (-23.0 at the turn of the year).

Capital tie-up structure, June 30, 2013

Maturity Date	Volume, SEK m	Share, %
2014	200.0	3
2015	400.0	7
2016	1,000.0	17
2017	2,650.0	45
2018	1,200.0	20
2019	500.0	8
Total	5,950.0	100

Fixed interest structure, June 30, 2013

Maturity Date	Volume, SEK m	Share, %	Average AER, %
2013	1,300.0	22	1.9
2014	100.0	2	2.1
2016	500.0	8	2.3
2017	1,500.0	25	1.8
2018	1,800.0	30	2.6
2019	750.0	13	2.9
Total	5,950.0	100	2.3

SECOND QUARTER

The gross profit from property management amounted to SEK 294.1 million (263.7), an increase of 12 per cent. The change can be attributed mainly to higher gross rents and the result deriving from the acquired Nordstaden 8:26 property in Gothenburg. Net rents amounted to SEK 388.0 million (364.9), an increase of 6 per cent. Property management costs amounted to SEK 93.9 million (101.2). The decrease can be attributed mainly to lower maintenance costs.

The gross profit from parking operations was SEK 4.5 million (5.0). Net revenue was SEK 16.7 million (17.1) and costs SEK 12.2 million (12.1).

Changes in the value of properties amounted to 434.2 million (225.1) and changes in the value of interest derivatives amounted to SEK 50.6 million (-15.3). Net financial income and expense totalled SEK -32.6 million (-42.6). Despite the increase in borrowing in conjunction with property acquisitions, the net cost has fallen as a result of a lower average rate of interest.

SHARES AND SHAREHOLDERS

Hufvudstaden, whose shares are listed on NASDAQ OMX Stockholm, had 17,600 shareholders at the end of the period. The proportion of foreign ownership as of June 30, 2013 was 30.0 per cent of the total number of outstanding shares (29.9 at the turn of the year). The series A share price as of June 30, 2013 was SEK 80.20 and market capitalization was SEK 17.4 billion.

Shares bought back

The total number of shares held by Hufvudstaden as of June 30, 2013 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 or after the end of the reporting period. At the 2013 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, 2013,
million shares**

	Total number of shares	Company holdings	Held by other share- holders
As of January 1, 2013	211.3	5.0	206.3
Buy-back	-	-	-
As of June 30, 2013	211.3	5.0	206.3

**EXECUTIVE MANAGEMENT ACQUIRE CALL
OPTIONS**

As of June 28, all members of the executive management acquired call options in Hufvudstaden AB subject to market terms and conditions. The President has acquired 100,000 call options and the other six members of the executive management hold a total of 190,000 call options. The options were issued by K W Kapitalförvaltning AB, a company wholly owned by Fredrik Lundberg. The transaction does not entail any cost for Hufvudstaden AB.

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 2012 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 and applicable stipulations in the Annual Accounts Act. IFRS 13 has been applied since January 1, 2013, otherwise the accounting principles and computation base are the same as those applied in the most recent Annual Report. Derivatives are valued at fair value in the Statement of Financial Position. All derivatives are classified as Level 2 according to IFRS 13. There is no set-off of financial assets and liabilities and there are no agreements that permit netting possible. Other financial assets and liabilities are reported at the accrued acquisition value, which in all material respects concurs with the fair value.

FORTHCOMING INFORMATION

Interim Report, January-September 2013	November 7, 2013
Year-End Report 2013	February 13, 2014
Annual Report 2013	March 2014
Annual General Meeting in Stockholm 2014	March 20, 2014

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 22, 2013.

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 2013	April- June 2012	January- June 2013	January- June 2012	January- December 2012
Net revenue					
Property management	388.0	364.9	760.9	728.1	1,472.0
Parking operations	16.7	17.1	33.6	34.5	69.7
	404.7	382.0	794.5	762.6	1,541.7
Property management expenses					
Maintenance	-2.4	-11.4	-10.9	-17.2	-35.5
Operation and administration	-53.4	-53.7	-117.7	-111.7	-227.1
Ground rents	-4.2	-4.0	-8.3	-7.9	-16.3
Property tax	-33.9	-32.1	-66.4	-64.1	-128.2
	-93.9	-101.2	-203.3	-200.9	-407.1
Parking operations, expenses	-12.2	-12.1	-24.4	-24.3	-49.4
Operating expenses	-106.1	-113.3	-227.7	-225.2	-456.5
Gross profit	298.6	268.7	566.8	537.4	1,085.2
- of which Property management	294.1	263.7	557.6	527.2	1,064.9
- of which Parking operations	4.5	5.0	9.2	10.2	20.3
Central administration	-8.5	-8.6	-16.9	-16.4	-34.1
Operating profit before changes in value	290.1	260.1	549.9	521.0	1,051.1
Changes in value					
Properties	434.2	225.1	507.4	419.8	620.6
Interest derivatives	50.6	-15.3	89.6	32.6	-25.4
Operating profit	774.9	469.9	1,146.9	973.4	1,646.3
Financial income and expense	-32.6	-42.6	-62.4	-82.3	-160.7
Profit before tax	742.3	427.3	1,084.5	891.1	1,485.6
Tax	-164.3	-114.2	-240.6	-237.4	453.8
Profit after tax	578.0	313.1	843.9	653.7	1,939.4
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	578.0	313.1	843.9	653.7	1,939.4
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	2.80	1.52	4.09	3.17	9.40

BALANCE SHEETS – SUMMARY

GROUP, SEK m	June 30, 2013	June 30, 2012	December 31, 2012
Properties	24,938.7	22,753.3	23,057.5
Other non-current assets	77.8	11.3	11.0
Total non-current assets	25,016.5	22,764.6	23,068.5
Current assets	346.1	317.6	584.6
Total assets	25,362.6	23,082.2	23,653.1
Equity	14,228.5	12,635.2	13,920.9
Non-current interest-bearing liabilities	4,550.0	2,650.0	3,150.0
Deferred tax liabilities	4,703.4	5,307.0	4,541.3
Other non-current liabilities	14.6	152.6	34.5
Pension provisions	8.5	8.0	8.4
Total non-current liabilities	9,276.5	8,117.6	7,734.2
Current, interest-bearing liabilities	1,400.0	1,900.0	1,550.0
Other liabilities	457.6	429.4	448.0
Total current liabilities	1,857.6	2,329.4	1,998.0
Total equity and liabilities	25,362.6	23,082.2	23,653.1

CHANGES IN EQUITY – SUMMARY

GROUP, SEK m	January- June 2013	January- June 2012	January- December 2012
Equity, opening balance	13,920.9	12,486.9	12,486.9
Comprehensive income for the period	843.9	653.7	1,939.4
Dividend	-536.3	-505.4	-505.4
Equity, closing balance	14,228.5	12,635.2	13,920.9

STATEMENTS OF CASH FLOWS – SUMMARY

GROUP, SEK m	January- June 2013	January- June 2012	January- December 2012
Result before tax	1,084.5	891.1	1,485.6
Depreciation/impairments	2.2	5.1	7.3
Unrealized change in value, properties	-507.4	-419.8	-620.6
Unrealized change in value, interest derivatives	-89.6	-32.6	-160.6
Other changes	0.0	0.3	0.7
Tax paid	-28.9	-128.0	-203.5
Cash flow from current operations before changes in working capital	460.8	316.1	508.9
Increase/decrease in operating receivables	-4.1	21.6	20.1
Increase/decrease in operating liabilities	12.7	-39.3	-10.8
Cash flow from current operations	469.4	298.4	518.2
Investments in properties	-1,373.8	-82.2	-185.7
Investments in equipment	-1.3	-0.7	-1.3
Cash flow from investments	-1,375.1	-82.9	-187.0
Loans raised	2,200.0	175.0	1,100.0
Amortization of loan debt	-950.0	-	-775.0
Dividend paid	-536.3	-505.4	-505.4
Cash flow from financing	713.7	-330.4	-180.4
Cash flow for the period	-192.0	-114.9	150.8
Cash and cash equivalents at the beginning of the period	497.5	346.7	346.7
Cash and cash equivalents at the period-end	305.5	231.8	497.5
Cash flow for the period per share, SEK	-0.93	-0.56	0.73

SEGMENT REPORT – SUMMARY¹

	Stockholm City East Business Area		Stockholm City West Business Area		Gothenburg Business Area		Total	
GROUP, SEK m	January- June 2013	January - June 2012	January - June 2013	January - June 2012	January - June 2013	January - June 2012	January - June 2013	January - June 2012
Net revenue	341.7	338.2	299.7	296.2	119.5	93.7	760.9	728.1
Property costs	-79.4	-81.2	-93.5	-92.8	-30.4	-26.9	-203.3	-200.9
Gross profit, property management	262.3	257.0	206.2	203.4	89.1	66.8	557.6	527.2
Parking operations			9.2	10.2			9.2	10.2
Central administration							-16.9	-16.4
Changes in value								
Properties							507.4	419.8
Interest derivatives							89.6	32.6
Operating profit							1,146.9	973.4
Financial income and expense							-62.4	-82.3
Profit before tax							1,084.5	891.1

¹ For comparable holdings, net revenue for the Gothenburg Business Area and the Group and gross profit from property management should be increased by SEK 22.2 million and SEK 17.0 million respectively for 2012.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

GROUP, SEK m	June 30, 2013	June 30, 2012	December 31, 2012
Pledged assets			
Mortgages	1,781.3	1,956.2	1,956.2
Endowment insurance	6.6	6.3	6.6
Total pledged assets	1,787.9	1,962.5	1,962.8
Contingent liabilities	None	None	None

KEY RATIOS

GROUP	June 30, 2013	June 30, 2012	Full Year 2012	Full Year 2011	Full Year 2010	Full Year 2009
Property-related						
Rentable floor space, 1,000 m ²	388	367	367	365	358	354
Rental vacancy level, %	4.8	3.8	3.7	3.9	5.1	6.2
Floor space vacancy level, %	6.3	5.6	5.4	5.9	6.8	7.4
Fair value, SEK bn	24.9	22.8	23.1	22.3	20.1	18.1
Surplus ratio, %	71.3	70.5	70.4	67.1	67.8	68.8
Financial						
Return on equity, %	8.6	7.7	14.7	12.0	15.9	-3.4
Return on capital employed, %	8.7	8.7	9.3	13.1	17.2	-2.5
Equity ratio, %	56.1	54.7	58.9	55.0	56.1	55.0
Interest coverage ratio, multiple	8.2	6.2	6.4	7.0	7.7	7.0
Debt/equity ratio, multiple	0.4	0.3	0.3	0.3	0.3	0.3
Net loan-to-value ratio, properties, %	22.6	19.0	18.2	18.1	16.1	16.4
Data per share						
Profit/loss for the period, SEK	4.09	3.17	9.40	6.96	8.40	-1.73
Equity, SEK	68.98	61.26	67.49	60.54	55.88	49.58
Properties, fair value, SEK	120.91	110.31	111.79	107.88	97.68	87.87
Net asset value, SEK	86.00	77.00	84.00	76.00	70.00	62.00
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-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011
Net revenue, SEK m	405	390	398	381	382	381	380	350
Return on equity, %	8.9	5.7	31.0	7.7	7.6	6.5	12.4	9.6
Return on equity, adjusted, %	5.6	5.1	28.0	5.3	5.0	5.1	5.4	4.7
Equity ratio, %	56.1	54.2	58.9	55.0	54.7	54.1	55.0	55.6
Profit/share for the period, SEK	2.80	1.29	5.56	0.68	1.52	1.65	2.06	0.45
Equity per share, SEK	68.98	66.18	67.49	61.93	61.26	59.74	60.54	58.47
Net asset value per share, SEK	86.00	83.00	84.00	77.00	77.00	75.00	76.00	73.00
Cash flow per share from current operations, SEK	1.10	1.17	0.27	0.79	0.85	0.59	0.53	0.69

PARENT COMPANY

RESULT AND POSITION

Net revenue amounted to SEK 475.5 million (442.4). The gross profit was SEK 264.6 million (238.2). The increase in net revenue can be attributed to higher rents following renegotiations as well as revenue from the newly acquired property Nordstaden 8:26 in Gothenburg. Net financial income and expense was SEK -62.4 million (-79.1).

Cash and cash equivalents at the period-end amounted to SEK 305.3 million (231.6). Investments in properties and equipment during the period totalled SEK 1,293.7 million (10.9). The increase can be attributed to the acquisition of the Nordstaden 8:26 property in Gothenburg.

MATERIAL RISKS AND UNCERTAINTY FACTORS

The Company is exposed mainly to financing, interest and credit risks. The Company has not identified any material risks and uncertainties other than those described in the 2012 Annual Report.

MATERIAL TRANSACTIONS WITH ASSOCIATED PARTIES

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

ACCOUNTING PRINCIPLES

The interim report for the Parent Company has been prepared in accordance with Section 9 of the Annual Accounts Act, Interim Financial Statements. The Parent Company applies the same accounting principles as in the most recent annual report.

INCOME STATEMENTS – SUMMARY

PARENT COMPANY, SEK m	April- June 2013	April- June 2012	January- June 2013	January- June 2012	January- December 2012
Net revenue	245.9	221.7	475.5	442.4	890.9
Operating expenses	-98.8	-109.1	-210.9	-204.2	-415.5
Gross profit	147.1	112.6	264.6	238.2	475.4
Central administration	-8.5	-8.8	-16.9	-16.5	-34.1
Changes in value, interest derivatives	50.6	-15.3	89.6	32.6	-25.4
Operating profit	189.2	88.5	337.3	254.3	415.9
Group contribution	-	-	-	-	373.1
Financial income and expense	-32.7	-39.3	-62.4	-79.1	-157.8
Profit after financial items	156.5	49.2	274.9	175.2	631.2
Appropriations	-	-	-	-	-24.9
Profit before tax	156.5	49.2	274.9	175.2	606.3
Tax	-35.0	-13.8	-61.9	-47.9	-17.8
Profit for the period	121.5	35.4	213.0	127.3	588.5
Statement of comprehensive income, SEK m					
Profit for the period	121.5	35.4	213.0	127.3	588.5
<i>Other comprehensive income</i>	-	-	-	-	-
Comprehensive income for the period	121.5	35.4	213.0	127.3	588.5

BALANCE SHEETS – SUMMARY

PARENT COMPANY, SEK m	June 30, 2013	June 30, 2012	December 31, 2012
Properties	7,605.1	6,358.8	6,352.4
Other non-current assets	3,167.7	3,101.5	3,100.8
Total non-current assets	10,772.8	9,460.3	9,453.2
Current assets	910.2	905.8	1,250.4
Total assets	11,683.0	10,366.1	10,703.6
Restricted equity	1,978.7	1,978.7	1,978.7
Non-restricted equity	1,849.4	1,711.5	2,172.7
Total equity	3,828.1	3,690.2	4,151.4
Untaxed reserves	609.4	584.5	609.4
Provisions	966.1	1,096.2	945.6
Non-current liabilities	4,564.5	2,803.0	3,185.0
Current liabilities	1,714.9	2,192.2	1,812.2
Total liabilities	7,854.9	6,675.9	6,552.2
Total equity and liabilities	11,683.0	10,366.1	10,703.6

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 are considered to face the Parent Company and the companies that are included in the Group.

Stockholm, August 22, 2013

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

To the Board of Directors of Hufvudstaden AB (publ)

Introduction

We have reviewed the summary of the financial interim information for Hufvudstaden AB (publ), registration number 556012-8240, as of June 30, 2013 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. Our responsibility is to express a conclusion on this Interim Report based on our review.

Scope of review

We conducted our 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 accordance with the International Standards on Auditing

(ISA), 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 our review, nothing has come to our attention that causes us 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 22, 2013
KPMG AB

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 Normalmstorg, 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 that entail future financial benefits are capitalized. Rebuilding costs of an ongoing maintenance nature are charged to profit.

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.

MTN programme. Medium Term Note is a bond programme with a term of 1-15 years.

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 account being taken of seasonal variations that normally arise in operations and with the exception of changes in value.

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

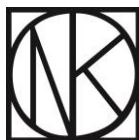
Return on equity, adjusted. Profit after tax, excluding changes in value, in relation to average equity. In the interim accounts, the return has been recalculated on a full-year basis without taking account of seasonal variations that normally arise in operations.

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

Hufvudstaden

Hufvudstaden, which was founded in 1915, rapidly became one of the leading property companies in Sweden and is today one of the country's strongest brands in the property sector. The brand is well known and represents high quality, good service and long-term thinking in the management and development of the Company's commercial properties in the most attractive business locations in Stockholm and Gothenburg.

Vision

Hufvudstaden shall be consistently perceived as, and prove to be, the most attractive property company in Sweden.

Business concept

With properties in central Stockholm and central Gothenburg, Hufvudstaden shall offer successful companies high-quality office and retailing premises in attractive marketplaces.

Financial objectives

- Hufvudstaden shares shall have good dividend growth over time and the dividend shall account for more than half the net profit from current operations.
- The equity ratio shall be at least 40 per cent over time.

Operating objectives

Hufvudstaden will:

- gradually increase profit from current operations.
- have the most satisfied customers in the industry.
- have the most developed property holdings in the industry.
- have the most professional personnel in the industry, with firm commitment to the customer, good business acumen and professional know-how.

Strategies to achieve the objectives

Customer focus. Hufvudstaden will work in close co-operation with its customers and contribute continuously to improving their business potential and competitiveness.

Quality. Quality and environmental systems will ensure the highest possible level of quality in all the Company's products and services.

Skills development. Systematic development of the knowledge and skills of the personnel will be ensured with a focus on professional know-how and values.

Business development. Active business development will create added value in the property holdings.

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Company registration number: 556012-8240
Registered office: Stockholm