

HUFVUDSTADEN

PRESS RELEASE

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- For comparable property holdings, the net rents from property management rose by 8.9 per cent to SEK 491.2 M, compared with the corresponding period last year.
- The positive trend in rents in central Stockholm and central Gothenburg is continuing. New top annual rents were noted of SEK 5,500 per square meter in Stockholm and SEK 2,000 per square meter in Gothenburg.
- The property Pumpstocken 13 at Biblioteksgatan in Stockholm was acquired for SEK 184 M, with completion on September 1, 2000.
- After the end of the period an agreement was reached on the acquisition of the Citypalatset property at Norrmalmstorg in Stockholm. The total investment is SEK 1,100 M. Completion will be on October 2, 2000.
- A new share issue worth SEK 845 M is proposed.

Stockholm, August 11, 2000

HUFVUDSTADEN AB (publ)

Ivo Stopner
President

Enclosure: Interim Report, January – June 2000.

*Questions will be answered by Ivo Stopner and Clas Hjorth,
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CONSOLIDATED RESULTS

Property management

Gross profit totalled SEK 211.2 M (208.0).

Excluding costs for special projects, the gross profit rose by 13.0 per cent.

Net rents from property management during the period amounted to SEK 491.2 M (446.1)¹, equivalent to an increase of 10.1 per cent. For comparable property holdings, the increase was 8.9 per cent. Of the net rents from property management, the Stockholm Business Area accounted for SEK 330.7 M (244.7), the NK Business Area for SEK 114.0 M (103.3) and the Gothenburg Business Area for SEK 46.5 M (45.1).

The increase includes SEK 15.5 M net from acquisitions and divestments.

Property management expenses during the period totalled SEK 280.0 M (238.1)¹. The increase in expenses of SEK 41.9 M includes expenses for special projects amounting to SEK 24.2 M. Divided according to business area, the Stockholm Business Area accounted for SEK 182.9 M (106.5), the NK Business Area for SEK 74.3 M (75.4) and the Gothenburg Business Area for SEK 22.8 M (21.2). The increase in expenses within the Stockholm Business Area is attributable mainly to acquisitions, increased property tax and increased maintenance costs. Of the total maintenance costs for the Stockholm Business Area, special projects accounted for SEK 26.7 M (2.2).

¹ The 1999 figure includes properties that now have been sold.

Other operations²

Other operations include parking operations at Parkaden in Stockholm and parking and conference operations at the World Trade Center in Stockholm.

The gross profit for the period totalled SEK 10.7 M (6.3). Net sales amounted to SEK 46.9 M (52.5).

Operating expenses amounted to SEK 36.2 M (46.2).

Other income statement items

Central administration totalled SEK -13.8 M (-19.6) and comprises mainly salary and office expenses for the group management and group staffs.

Items affecting comparability for the period totalled SEK 56.0 M (353.7)³, the whole of which is in the form of a claim against SPP.

The profit on participations in associated companies, SEK 3.5 M (12.5)⁴, arose from the sale of shares in FASAB Fastighetssystem AB.

Net financial income and expense amounted to SEK -115.7 M (-109.2).

The Group's tax expense (both paid and deferred) for the period totalled SEK -40.7 M (-10.9).

² The result from the now divested Sheraton Göteborg Hotel & Towers are included in the 1999 figure.

³ Refers to the preceding year, mainly a capital gain on the disposal of shares in subsidiaries.

⁴ The preceding year's figure refers entirely to Vasaterminalen AB.

SPECIAL PROJECTS

Special projects refer to measures taken to improve and develop the properties. The costs that arise in conjunction with this are in the short term a charge on profit. In the long term, however, special projects increase the return on the property holdings.

The profit for the period was charged with costs amounting to SEK 26.7 M (2.5) for two projects: Orgelpipan 7, which involves the conversion of over 10,000 square meters for Postgirot Bank AB, due for completion at the end of 2001, and the Håsthuvudet 13 property, involving extensive conversion and extension work, which has now been completed.

ACQUISITIONS AND INVESTMENTS

The remaining two-thirds of the shares in Vasaterminalen AB were acquired on January 1, 2000 for SEK 891 M. Vasaterminalen AB owns the World Trade Center Building⁵ in Stockholm. The rentable space in the building is around 45,000 square meters plus garage space.

In June, the Pumpstocken 13 property was acquired for SEK 184 M. The completion date was September 1, 2000. The property is located at Biblioteksgatan 12 in Stockholm. The rentable space is 2,791 square meters and the whole of the property has been leased out. The annual rental value, based on current contracts, is approximately SEK 8.5 M, excluding the property tax supplement.

Total investments in properties and equipment, excluding acquisitions, totaled SEK 44.6 M during the period (104.7). The largest single item is the construction of a new building on the Skären block at Norrmalmstorg in Stockholm.

PROPERTY PORTFOLIO

The book value of Hufvudstaden's property portfolio as of June 30, 2000 was SEK 8,539.3 M and the rentable space was 485,988 square meters. The total floor space vacancy rate on the same date was 2.4 per cent (4.1 at the year-end) and the vacancy rate based on rental income was 2.1 per cent (3.7 at the year-end).

THE RENTAL MARKET

Rents in Hufvudstaden's prioritized market areas, central Stockholm and central Gothenburg, continued to rise during the period. The demand for well-situated office and retail premises in the most attractive positions continued to rise and outstripped supply. New leases on offices in the most attractive locations in Stockholm, such as the Golden Triangle, carried annual rents on the SEK 5,500 per square meter level, excluding the property tax supplement. Within the same area, annual rents for retailing space were between SEK 11,000 and 15,000 per square meter, excluding the property tax supplement.

Rents in Gothenburg for modern office and retailing premises in prime locations have also continued to rise, while the vacancy level continues to fall. New leases for office premises in the most attractive locations carried annual rents in the region of SEK 2,000 per square meter, excluding the property tax supplement. In the case of leases for prime site retailing space, annual rents varied from SEK 5,000 to SEK 8,500 per square meter, excluding the property tax supplement.

FINANCING STRUCTURE

Hufvudstaden's borrowing as of June 30, 2000 amounted to SEK 4,787.8 M (3,637.9 at the year-end). The average period of fixed interest was 20 months and the average interest rate was 5.0 per cent. Net liabilities amounted to SEK 4,673.4 M (3,563.2 at the year-end).

Capital tie-up structure, June 30, 2000

Maturity date	Volume, SEK M	%
2000	840.8	18
2001	816.2	17
2002	1,130.3	24
2003	600.5	12
2004	900.0	19
2005	500.0	10
Total	4,787.8	100

Fixed interest structure, June 30, 2000

Maturity date	Volume, SEK M	%	Average APR, %
2000	1,640.8	34	4.9
2001	816.2	17	5.8
2002	830.3	17	4.8
2003	600.5	13	4.4
2004	900.0	19	5.3
Total	4,787.8	100	5.0

PARENT COMPANY

The Parent Company reported a profit of SEK 57.8 M (173.1). Liquid funds at the period-end amounted to SEK 110.3 M (73.9 at the year-end). Investments in properties and equipment during the period amounted to SEK 30.2 M (95.1).

MISCELLANEOUS

The compulsory purchase proceedings to acquire the minority shareholdings in AB Nordiska Kompaniet, previously NK Cityfastigheter AB (publ), have been concluded following arbitration, upon which the redemption sum was set in accordance with Hufvudstaden's claim. The judgment is expected to take legal effect at the end of August 2000.

SPP

A claim against SPP in the form of company-linked surplus funds totalling SEK 90.7 M has been discounted in the light of market interest rates and

⁵ The World Trade Center building is handled entirely as a building held for resale.

the period of time it is expected to be used.

EVENTS AFTER THE END OF THE PERIOD

An agreement was reached on August 2 regarding the acquisition of all shares in Beheer-en Beleggingsmaatschappij Gradoma B.V., which owns the Citypalatset property at Norrmalmstorg in Stockholm. Completion will be on October 2.

The purchase sum for the shares is SEK 1,100 M plus acquired liabilities and is based on an estimated property value of SEK 1,100 M.

The acquisition of Citypalatset is in line with Hufvudstaden's strategy of concentrating its property holdings on central Stockholm and central Gothenburg.

Citypalatset is a unique commercial building in a prime location at Norrmalmstorg, consisting of the whole of the Packarhuset 4 block, and has not been sold on the property market since it was constructed in 1932. Because of the central location of the property, Hufvudstaden feels that there are considerable economies of scale to be gained along with other properties in the so-called Golden Triangle and the NK building on Hamngatan. The property offers a number of opportunities for future development, including an increase in the retailing space.

The property is on freehold land and is one of Stockholm's most well-known buildings, with a strong identity. The whole of the property has been leased out. The rentable space is approximately 15,000 square meters and is broken down as follows:

Type of premises	Floor space, m ²	%
Office	7,900	53
Hotel	2,800	18
Retail, restaurant	3,700	25
Other	600	4
	15,000	100

The annual rental income from Citypalatset, based on current contracts, is around SEK 36 M, excluding the property tax supplement. Current market rents are well above this figure. Hufvudstaden assesses the current annual market rent for the property to be SEK 65-75 M, excluding the property tax supplement.

NEW SHARE ISSUE

The Board has decided to propose a new share issue of SEK 845 M. Notification of an extraordinary general meeting will be sent out shortly.

It is proposed that a new share issue takes place, with a preferential right for Hufvudstaden's shareholders, where for every four shares a new share may be subscribed for at a price of SEK 20. The same issue is underwritten in full by L E Lundbergföretagen AB.

The reason for the new share issue is to finance in part property acquisitions made during the year at

a cost of SEK 2,200 M. These are the World Trade Center building, Pumpstocken 13 on Biblioteksgatan and Citypalatset on Norrmalmstorg, all located in central Stockholm.

The new share issue will reinforce Hufvudstaden's financial position, which will also provide further scope for investment in both the existing property portfolio and in new properties.

FORTHCOMING INFORMATION

Interim Report, Jan-Sept 2000	October 25, 2000
Year-end Report 2000	February 16, 2001
Annual Report 2000	March, 2001

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

DEFINITIONS

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. It should be noted that Central administration attributable to Other operations is included in the Other operations item.

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

Floor space vacancy rate. Total vacant floor space in square meters 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, is popularly known as the Golden Triangle.

Investments. Expenses relating to planned maintenance, adaptation of premises and special projects, capitalized or expensed in accordance with tax legislation.

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

Profit for the period. Profit after tax for the period.

Profit for the period per share. Profit after tax for the period in relation to the number of shares at the period-end.

Property tax supplement. Property tax reimbursed to the company by tenants.

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

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

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

CONSOLIDATED INCOME STATEMENTS – SUMMARY

SEK M	January-June 2000	January-June 1999	January- December 1999
Net Sales			
Property management	491.2	446.1	865.5
Other operations	46.9	52.5	79.3
	538.1	498.6	944.8
Operating expenses			
Maintenance (1)	-72.0	-37.6	-97.1
Operation and administration	-87.5	-89.1	-157.9
Ground rents	-18.8	-8.9	-17.7
Property tax	-44.8	-32.7	-61.1
Depreciation	-56.9	-69.8	-127.4
Property management	-280.0	-238.1	-461.2
Other operations	-36.2	-46.2	-65.5
	-316.2	-284.3	-526.7
Gross profit	221.9	214.3	418.1
- of which Property management	211.2	208.0	404.3
- of which Other operations	10.7	6.3	13.8
Central administration	-13.8	-19.6	-33.0
Items affecting comparability	56.0	353.7	361.7
Operating profit	264.1	548.4	746.8
Result from participations in associated companies	3.5	12.5	30.9
Financial income and expense	-115.7	-109.2	-200.7
Profit before tax	151.9	451.7	577.0
Tax	-40.7	-10.9	-52.9
Profit for the period	111.2	440.8	524.1
(1) Including costs for special projects	-26.7	-2.5	-9.7

CONSOLIDATED BALANCE SHEETS – SUMMARY

SEK M	June 30, 2000	December 31, 1999
Properties	8,539.3	7,116.2
Other fixed assets	174.7	323.5
Other current assets	183.7	135.8
Total assets	8,897.7	7,575.5
Restricted equity	2,300.1	2,300.1
Non-restricted equity	977.4	1,009.8
Interest-bearing liabilities	4,787.8	3,637.9
Other liabilities	832.4	627.7
Total equity and liabilities	8,897.7	7,575.5

CONSOLIDATED CASH FLOW STATEMENTS – SUMMARY

SEK M	January-June, 2000	January- December 1999
Cash flow from current operations	167.6	425.6
Cash flow from investment operations	-934.0	951.5
Cash flow from financing operations	806.1	-1,378.1
Cash flow for the period	39.7	-1.0
Liquid funds at the beginning of the period	74.7	75.7
Liquid funds at the period-end	114.4	74.7

PROFIT TREND

	January- March, 2000	January- March, 1999	April- June, 2000	April- June, 1999	January- June, 2000	January- June, 1999
SEK M						
Income	276.2	266.6	261.9	232.0	538.1	498.6
Expenses	-177.9	-162.7	-138.3	-121.6	-316.2	-284.3
Gross profit	98.3	103.9	123.6	110.4	221.9	214.3
Central administration	-7.4	-9.6	-6.4	-10.0	-13.8	-19.6
Items affecting comparability	0	317.5	56.0	36.2	56.0	353.7
Net financial income/expense	-55.4	-50.5	-56.8	-46.2	-112.2	-96.7
Income tax	-3.3	-5.3	-37.4	-5.6	-40.7	-10.9
Profit for the period	32.2	356.0	79.0	84.8	111.2	440.8

KEY RATIOS

	June 30, 2000	June 30, 1999	December 31, 1999
Visible equity ratio, %	36.8	38.6	43.7
Equity per share, SEK	19.39	19.09	19.58
Book value of properties per share, SEK	50.52	42.25	42.10
Profit for the period per share, SEK	0.66	2.61	3.10
Number of shares at the period-end	169,017,547	169,017,547	169,017,547

Stockholm, August 11, 2000

Ivo Stopner
President

REVIEW REPORT

I have reviewed this interim report in accordance with the recommendation issued by FAR, the Swedish Institute of Authorized Public Accountants.

A review is very limited compared with an audit. Nothing has emerged to indicate that this interim report does not satisfy the requirements laid down in the Swedish Stock Exchange Act and the Swedish Annual Accounts Act.

Stockholm, August 11, 2000

Bo Ribers
Authorized Public Accountant

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