



INTERIM REPORT 2016
JANUARY – JUNE

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1 JANUARY–30 JUNE 2016

- ▶ NET SALES totalled SEK 1,139 million (SEK 1,187 m), of which rental income increased to SEK 1,062 million (SEK 1,037 m).
- ▶ THE LETTING RATE amounted to 94 per cent (94% as of 01/01/2016), including project properties.
- ▶ THE OPERATING SURPLUS from property management increased to SEK 731 million (SEK 701 m), an increase of 4.3 per cent. The increase in operating surplus is mainly attributable to property acquisitions and lettings. The surplus ratio increased to 69 per cent (68%).
- ▶ THE PROFIT BEFORE CHANGES IN VALUE increased to SEK 472 million (SEK 461 m).
- ▶ UNREALISED CHANGES IN THE VALUE of properties amounted to SEK 973 million (SEK 1,184 m). Unrealised changes in the value of derivatives amounted to SEK -559 million (SEK 205 m) as a result of a decrease in market interest rates on the terms covered by the derivatives.
- ▶ NET PROFIT FOR THE PERIOD totalled SEK 702 million (SEK 1,444 m), corresponding to SEK 5.27/share (SEK 10.84/share). The change is mainly attributable to unrealised changes in the value of properties and derivatives.
- ▶ INVESTMENTS in Atrium Ljungberg's own properties amounted to SEK 407 million (SEK 313 m).
- ▶ ACQUISITION OF PROPERTIES amounted to SEK 453 million (SEK 871 m).
- ▶ THE 2016 PROFIT FORECAST before changes in value and tax is increased to SEK 940 million mainly due to property acquisitions.

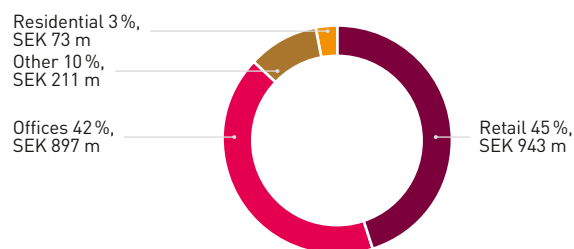
SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- ▶ Acquisition of the office property Borgarfjord 3 in Kista with approximately 13,500 m² letting area.
- ▶ A lease contract was concluded with Järfälla municipality on renting 10,800 m² in the first phase of BAS Barkarby in Barkarbystaden. The lease contract is conditional on the approved detailed development plan and land transfer agreement as well as investment decisions.
- ▶ Three buildings for five new stores and restaurants were completed in Northen Gränbystaden. In addition, a square and outdoor playground were inaugurated in the area.
- ▶ Nacka District Court sentenced Casco Adhesives AB (AkzoNobel) as liable to pay damages to Atrium Ljungberg for revocation of a lease contract in Sickla Front I in Sickla.
- ▶ Atrium Ljungberg's organisation was adapted to support our business model and vision in an even better manner.

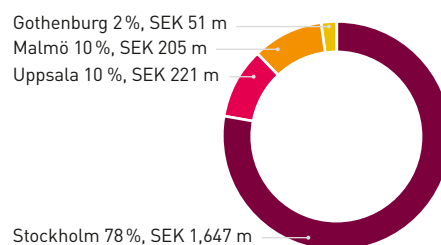
KEY RATIOS	2016 Jan–Jun	2015 Jan–Jun	2016 Apr–Jun	2015 Apr–Jun
Net sales, SEK	1,139	1,187	575	607
Profit/loss before changes in value, SEK m	472	461	249	238
Net profit/loss for the period, SEK m	702	1,444	760	1,138
Total investments, SEK m	860	1,184	659	1,035
Cash flow from operating activities, SEK m	374	564	156	265
Letting rate, %	94	94	94	94
Equity/assets ratio, %	41.8	39.7	41.8	39.7
Adjusted gearing ratio, %	43.6	45.9	43.6	45.9
Interest coverage ratio, multiple	3.4	3.3	3.5	3.4
Average interest rate at period end, %	2.5	2.8	2.5	2.8
Earnings per share, SEK	5.27	10.84	5.70	8.54
Profit/loss before changes in value less nominal tax, SEK/share	2.76	2.70	1.46	1.40
Share price at period end, SEK/share	136.50	108.50	136.50	108.50
EPRA NNAV (Triple net asset value), SEK/share	126.40	111.48	126.40	111.48
Shareholders' equity, SEK/share	106.51	94.62	106.51	94.62

This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

Contracted annual rent per premises type



Contracted annual rent per region



CEO'S STATEMENT

FIRST SIX MONTHS

There is currently a high pace in the property sector. Activity in the transaction market continues to be high and the rental market is strong. Our renegotiations during the period have been positive and rental income for comparable portfolio increased by 4.5 per cent. Several new lettings, where the largest is the agreement with Järfälla municipality for BAS Barkarby, have contributed to net letting of as much as SEK 70 million for the second quarter. Several new lettings have also been conducted in our other market areas, among other areas at Lindholmen in Gothenburg, where the vacancy has declined significantly.

The operating surplus during the first six months increased by 4.3 per cent to SEK 731 million, primarily as a result of contributions from acquired properties, new lettings and renegotiations.

We have revalued the property value by approximately SEK 1 billion, of which roughly half can be attributed to successful renegotiations and new lettings. However, the lower interest level has entailed that the revaluation of our derivatives portfolio had a negative impact on the profit.

MORE STRATEGIC ACQUISITIONS

Our growth strategy requires both development of the existing portfolio by means of new build and extension projects as well as acquisitions. From the start of the year up until a few days in July we have made several strategic acquisitions of SEK 1.5 billion in total. In March we acquired a small office and health care property at Möllevången in Malmö where we want to strengthen our presence in the city centre and in April we supplemented our properties in Kista through acquisition of a modern office property in a good location. We have also established ourselves in a new subsidiary market by acquiring a large office property in Sundbyberg in northern Stockholm. Several major development projects are ongoing in Sundbyberg and over the coming years an extensive transformation will take place in the central areas where 40,000 m² of land will be developed over a track area for offices, residentials and parks. The population forecasts indicate that the number of residents will increase from 46,000 residents at



"We have conducted several strategically important acquisitions and also established ourselves in a new subsidiary market by acquiring a large office property in Sundbyberg."

present to 70,000 residents by 2030. We want to be a part of the development of Sundbyberg and I hope that we can grow in the area in the future.

IMPORTANT STEP FOR BAS BARKARBY

It is very gratifying that we have taken an important step forward in Barkarby in Järfälla. Here, together with Järfälla municipality, we want to create an attractive, regional meeting place for higher education, businesses as well as cultural and leisure activities. Järfälla municipality's decision to rent approximately 11,000 m² for, among other things, upper secondary education, a multi-purpose hall and library are an important foundation for now continuing to fill BAS Barkarby with exciting content.

ORGANISATION THAT SUPPORTS THE BUSINESS MODEL

We have adapted our organisation so that it supports our business model in an even better manner. The previous division in the business areas Retail and Offices has now been merged to one business area under the

designation Property and all letting operations have been coordinated under the business area Transaction and establishment. By means of this adaptation we are strengthening our method of creating sustainable city districts with a focus on value growth and are taking a further step towards our vision "Our city – where everyone thrives."

JUDGMENT IN RENT DISPUTE

In June Nacka District Court communicated its judgment in the dispute with Casco Adhesives (Akzo Nobel) regarding revocation of the lease contract for Sickla Front I which they did in 2013. The judgment established that Casco Adhesives is liable to pay damages to Atrium Ljungberg and should compensate us for the litigation expenses. The amount of damages will be tried in a separate court hearing. It is positive that the City Court has ruled in our favour. However, Casco Adhesives has appealed the judgment to Svea Court of Appeal, which means that it will take more time until the dispute is finally settled.

OUTLOOK FOR 2016

Sweden's economy continues to do well and the National Institute of Economic Research assesses that the economy will grow by 3.6 per cent during 2016 and by 2.1 per cent during 2017. Both the Riksbank and banking analysts expect a negative key interest rate up until the middle of 2018.

HUI Research predicts growth within the retail sector of roughly four per cent for the current year. Store sales in our large retail hubs had a collective growth of 4.9 per cent between January – May. Sales were primarily affected by new establishments in Gränbystaden in Uppsala. Retail sales in Sweden increased by 4.5 per cent in current prices over the same period, a growth rate that has been possible thanks to a growing population, low interest rates and more jobs, which has strengthened the purchasing power of households.

Our forecast for profit before changes in value is increased to SEK 940 million mainly due to property acquisitions which we have conducted including Eken 6 in Sundbyberg.

Annica Ånäs, CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	2016 1/1–30/6	2015 1/1–30/6	2016 1/4–30/6	2015 1/4–30/6	2015 1/1–31/12	2015/2016 1/7–30/6
Rental income	1,062	1,037	538	522	2,122	2,147
Net sales, project and construction work	78	151	37	85	346	273
Net sales	1,139	1,187	575	607	2,468	2,420
Property management costs						
Service charge-related costs	-91	-94	-38	-38	-177	-174
Other operating costs	-70	-79	-34	-41	-150	-142
Management costs	-63	-64	-36	-36	-136	-135
Repairs	-22	-20	-12	-10	-47	-49
Property tax	-68	-62	-35	-31	-126	-131
Leasehold fees	-12	-13	-6	-7	-26	-26
Non-deductible VAT	-5	-5	-2	-2	-10	-11
	-331	-335	-164	-165	-671	-667
Project and construction work costs	-82	-155	-41	-85	-372	-299
Gross profit	727	697	371	357	1,425	1,454
– of which gross profit property management (operating surplus)	731	701	375	357	1,450	1,480
– of which gross profit project and construction work	-5	-4	-4	-1	-26	-26
Central administration, property management	-50	-26	-20	-13	-60	-84
Central administration, project and construction work	-7	-8	-4	-4	-15	-15
	-57	-34	-24	-18	-76	-98
Financial income	1	1	0	0	2	2
Financial expenses	-198	-202	-99	-101	-405	-401
	-198	-202	-98	-101	-403	-399
Profit before changes in value	472	461	249	238	945	956
Changes in value						
Properties, unrealised	973	1,184	959	818	2,328	2,117
Properties, realised	-7	1	-1	1	-33	-40
Derivatives, unrealised	-559	205	-248	403	201	-563
Goodwill, write-downs	-	-	-	-	-11	-11
	407	1,390	710	1,222	2,485	1,503
Profit before tax	879	1,851	959	1,460	3,431	2,459
Current tax	-2	-19	5	-16	-17	0
Deferred tax	-175	-388	-204	-306	-630	-417
	-177	-407	-199	-322	-647	-417
Net profit for the period	702	1,444	760	1,138	2,784	2,042
Other comprehensive income						
<i>Items which will be reclassified to the profit/loss</i>						
Cash flow hedging	10	15	5	7	25	19
Tax attributable to other reported income and expenses	-2	-3	-1	-2	-5	-4
Total other comprehensive income	7	12	4	6	19	15
Total comprehensive income for the period	710	1,456	763	1,144	2,803	2,057
Earnings per share, SEK	5.27	10.84	5.70	8.54	20.89	15.44

PROFIT, JANUARY–JUNE 2016

NET SALES

The Group's net sales for the period totalled SEK 1,139 million (SEK 1,187 m), of which rental income comprised SEK 1,062 million (SEK 1,037 m). The change in rental income is primarily explained by additional rental income from acquired properties, as well as new letting and renegotiations, but also by the effect of sold properties. Net Sales, Project and construction work was lower than the corresponding period last year following lower external sales for TL bygg.

Contributions from acquired properties primarily relate to the properties Lundbyvassen 4:7 and Lundbyvassen 4:13 in Gothenburg, which we took into possession on 30 September 2015.

During the first six months, non-recurring remuneration of SEK 2 million (SEK 6 m) was received for premature vacating of premises.

RENTAL INCOME TREND

	2016 1/1–30/6	2015 1/1–30/6	Change, %
Comparable portfolio	967	925	4.5
Project properties	19	12	
Properties acquired	76	37	
Properties sold	–	62	
Rental income	1,062	1,037	2.4

PROPERTY EXPENSES

Property expenses totalled SEK –331 million (SEK –335 m). For the comparable portfolio, property expenses have increased by 2.0 per cent in comparison with the the same period last year.

PROPERTY MANAGEMENT COSTS TREND

	2016 1/1–30/6	2015 1/1–30/6	Change, %
Comparable portfolio	–299	–293	2.0
Project properties	–7	–6	
Properties acquired	–25	–11	
Properties sold	–	–24	
Property management costs	–331	–335	–1.3

GROSS PROFIT/LOSS

The gross profit for the property management activities (the operating surplus) increased to SEK 731 million (SEK 701 m), corresponding to 4.3 per cent. The increase mainly relates to contributions from acquired properties and new letting and renegotiations, as well as a slightly lower cost level. The surplus ratio amounted to 69 per cent (68%).

The gross profit for project and construction activities totalled SEK –5 million (SEK –4 m). Costs in connection with ongoing development projects that cannot be capitalised have been charged to profit/loss. TL Bygg's gross profit amounted to SEK 10 million (SEK 12 m).

CENTRAL ADMINISTRATION

Central administration comprises of costs for the company management as well as central support functions. The cost for the first six months amounted to SEK –57 million (SEK –34 m) and has been affected by costs in connection with changes in the company management as well as investments in development of certain central functions.

FINANCIAL INCOME AND EXPENSES

Financial expenses for the period amounted to SEK –198 million (SEK –202 m). SEK 2 million (SEK 2 m) in interest expenses has been capitalised as an investment in property projects during the period.

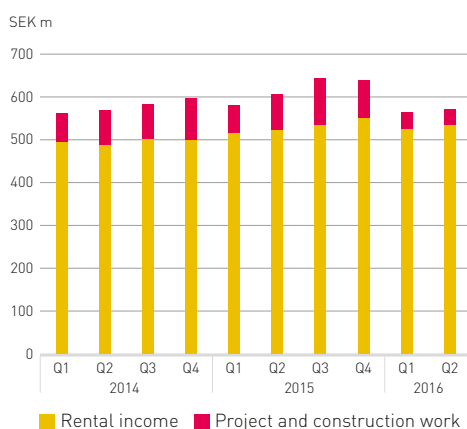
The average interest rate at the end of the period amounted to 2.5 per cent (2.8% as of 31/12/2015). For more information, refer to the section on financing on page 10.

CHANGES IN VALUE

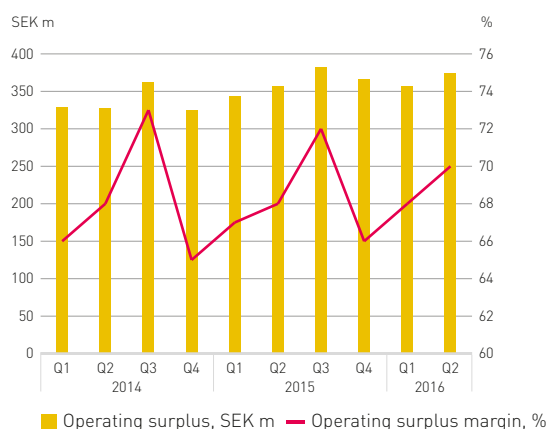
Unrealised changes in the value of properties totalled SEK 973 million (SEK 1,184 m). For more information, refer to the section on the property portfolio on page 8.

Unrealised changes in the value of derivatives totalled SEK –559 million (SEK 205 m) as a result of lower market interest rates. For more information, refer to the section on financing on page 10.

Net sales



Operating surplus and operating surplus margin



TAXES

The current tax for the period totalled SEK –2 million (SEK –19 m) and has been affected by, among other things, fiscally deductible depreciation and investments, and by loss carry-forwards from the previous year's tax assessment.

The change in deferred tax totals SEK –175 million (SEK –388 m). The decrease mainly relates to lower unrealised changes in values of properties and derivatives compared with the previous year.

TAX CALCULATION, 30/06/2016

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	879	-
Tax deductible		
depreciation	-258	258
investments	-105	105
Non-taxable/non-deductible		
changes in the value of properties, unrealised	-973	973
changes in the value of properties, realised	7	-11
changes in the value of derivatives, unrealised	559	-559
consolidated capitalisation of borrowing	-11	11
Other fiscal adjustments	1	-
Taxable profit/loss before loss carry-forwards	99	777
Loss carry-forwards utilised	-96	40
Taxable profit/loss	3	817
Of which 22% current/deferred tax	-1	-180
Revaluation of previous tax assessments and other adjustments	-2	5
Reported tax expense	-2	-175

At the end of the period the Group's accumulated fiscal deficit amounted to SEK 115 million (SEK 196 m as of 31/12/2015), of which SEK 96 m (SEK 136 m as of 31/12/2015) comprises the base of the Group's deferred tax receivable.

RESULTS

The profit before changes in value increased to SEK 472 million (SEK 461 m).

Net profit for the period totalled SEK 702 million (SEK 1,444 m), corresponding to SEK 5.27/share (SEK 10.84/share).

RESULT 1 APRIL–30 JUNE

The Group's posted net sales for the second quarter of the year totalled SEK 575 million (SEK 607 m), of which rental income comprised SEK 538 million (SEK 522 m). The change in rental income is primarily explained by additional rental income from acquired properties, as well as new letting and renegotiations, but also by the effect of sold properties.

During the second quarter, no non-recurring remuneration for premature vacating of premises was received (SEK 3 m).

Property expenses totalled SEK –164 million (SEK –165 m).

The costs for central administration amounted to SEK –24 million (SEK –18 m) for the second quarter.

Financial expenses for the second quarter amounted to SEK –99 million (SEK –101 m). During the period SEK 1 million (SEK 1 m) in interest expenses has been capitalised as an investment in property projects.

Unrealised changes in value of properties totalled SEK 959 million (SEK 818 m) and are mainly explained by the market's lower yield requirements for several properties as well as higher rental levels due to renegotiations and new leases. Unrealised changes in value of financial instruments totalled SEK –248 million (SEK 403 m) as market interest rates have fallen on the terms covered by the derivatives.

The current tax for the second quarter totalled SEK 5 million (SEK –16 m) and the net profit for the period totalled SEK 760 million (SEK 1,138 m), corresponding to SEK 5.70/share (SEK 8.54/share).

CONTRACTED ANNUAL RENT AND LETTING RATE

The Group's contracted annual rent amounted to SEK 2,122 million on 01/07/2016 (SEK 2,090 m as of 01/01/2016). The rental value, i.e. contracted annual rent and estimated market rents for vacant space in existing condition, amounted to SEK 2,267 million on 01/07/2016 (SEK 2,246 m as of 01/01/2016). The economic letting rate thereby amounted to 94 per cent (94% as of 01/01/2016) excluding project properties, and 94 per cent (94% as of 01/01/2016) including project properties.

NET LETTING

Net letting, i.e. newly agreed contracted annual rents less annual rents terminated due to clients vacating the premises, amounted to SEK 70 million (SEK 29 m) during the second quarter of 2016, of which SEK 41 million is from new lettings in the projects BAS Barkarby, Northern Gränbystaden and Gränby Entré.

The time lag between net letting and its effect on profit is assessed to be 3–36 months.

SEASONAL EFFECTS

The operating surplus is impacted by seasonal variations in operating costs. Generally costs are higher during the first and last quarter of the year, primarily caused by higher costs of heating and property maintenance.

PROFIT FORECAST

The forecast profit for 2016 before changes in value and tax is increased to SEK 940 million. The forecast profit after tax is SEK 1,060 million, corresponding to SEK 7.96/share and includes changes in value as of 30/06/2016. The property Eken 6 that was acquired in July is included in the forecast.

Future changes in value and any additional future property acquisitions and sales of properties have not been taken into account in the forecast.

EVENTS AFTER THE CLOSING DAY

On 7 July Atrium Ljungberg concluded an agreement on acquisition of the office property Eken 6 in Sundbyberg. The property totals 28,500 m² and was acquired at an underlying property value of SEK 1,059 million and a rental value of SEK 68 million. The date of possession is 15 September 2016.

LETTING RATE

	01/07/2016			01/07/2015		
	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %
Business area Property	2,226	2,081	94	2,277	2,137	94
Project properties	44	43	97	25	22	90
Total	2,267	2,122	94	2,302	2,159	94

CONSOLIDATED BALANCE SHEETS SUMMARY

Amounts in SEK m	30/06/2016	30/06/2015	31/03/2016	31/03/2015	31/12/2015
ASSETS					
Investment properties	32,654	30,532	31,157	28,678	30,841
Goodwill	263	274	263	274	263
Other fixed assets	39	49	45	40	48
Total fixed assets	32,955	30,855	31,464	28,993	31,152
Current assets	594	460	568	484	405
Derivatives	–	–	1	–	–
Liquid assets	421	417	179	452	389
Total current assets	1,015	877	747	935	795
Total assets	33,971	31,731	32,211	29,928	31,947
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	14,189	12,606	13,899	11,901	13,953
Deferred tax liability	3,443	3,067	3,243	2,757	3,275
Long-term interest-bearing liabilities	11,237	11,213	9,594	10,520	10,976
Derivatives	1,154	621	927	1,037	621
Other long-term liabilities	38	30	34	29	32
Total long-term liabilities	15,872	14,930	13,799	14,343	14,905
Current interest-bearing liabilities	2,992	2,401	3,442	2,773	2,285
Derivatives	16	6	–	–	0
Other current liabilities	901	1,789	1,071	910	804
Total current liabilities	3,309	4,196	4,514	3,684	3,090
Total shareholders' equity and liabilities	33,971	31,731	32,211	29,928	31,947

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK m	Attributable to the Parent Company shareholders					Total shareholders' equity
	Share capital	Other capital contributed	Hedging provisions	Profits brought forward		
Opening balance, as per 1 January 2015	333	3,960	–88	7,385		11,590
Profit for the period				306		306
Other comprehensive income			6			6
Closing balance as per 30 June 2015	333	3,960	–82	7,690		11,901
Profit for the period				2,478		2,478
Other comprehensive income			13			13
Dividend, SEK 3.30/share				–440		–440
Closing balance as per 31 December 2015	333	3,960	–69	9,729		13,953
Profit for the period				702		702
Other comprehensive income			7			7
Dividend, SEK 3.55/share				–473		–473
Closing balance as per 30 June 2016	333	3,960	–61	9,958		14,189

There are a total of 133,220,736 (133,220,736) shares, of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. At the period end, there were a total of 133,220,736 (133,220,736 as of 31/12/2015) outstanding shares. Average number of outstanding shares for the period 01/01/2016–30/06/2016 amount to 133,220,736 (133,220,736).

PROPERTY PORTFOLIO

THE PROPERTY MARKET

The Swedish property market continues to be strong. The underlying fundamentals are good with low vacancies, higher market rents and a continued large interest in property investments as a result of the low yield for other assets. The market's yield requirements have continued to fall during the period, but the increase in value in the market is primarily driven by higher rents.

According to Savills, the transaction volume in the Swedish property market in the first half of 2016 amounted to SEK 98 billion, which is 48 per cent higher than the corresponding period last year, and the highest number for the first six months to date. The high volume is influenced by Castellum's acquisition of Norrporten during the period.

OUR PROPERTY PORTFOLIO

Atrium Ljungberg's property portfolio consists of 50 properties located in Stockholm, Uppsala, Malmö and Gothenburg. Our portfolio, which mainly consists of retail and office properties, is made up of modern, attractive properties with a total letting area of 1,077,000 m².

In March the property Malmen 12 in central Malmö was acquired, an office and health care property totalling approximately 7,500 m² of letting area. The acquisition will take place through a share deal with an underlying property value of SEK 125 million. The date of possession was 2 May 2016.

In April, the property Borgarfjord 3 was acquired and taken into possession, an office property in Kista in Stockholm with approximately 13,500 m² of letting area. The acquisition was made through a share deal with an underlying property value of SEK 325 million.

Change in the value of the property portfolio

	2016 1/1–31/3	2015 1/1–31/3
SEK m		
Fair value, beginning of period	30,841	28,163
Acquired properties (after deductions for deferred tax)	453	871
Sale	-21	-
Investments in our own properties	407	313
Unrealised changes in value	973	1,184
Fair value, period end	32,654	30,531

PROPERTY VALUES

Atrium Ljungberg has commissioned an external market valuation of 27 per cent of the property portfolio's total value during the second quarter of the year. The valuation was carried out by Forum Fastighetsekonomi and Savills. The remainder of the portfolio was subject to an internal valuation with market rents, costs, vacancies and yield requirements quality assured by Forum Fastighetsekonomi.

The market valuation is based on analyses of completed property transactions for properties of a similar standard and in a similar location, in order to assess the market's yield requirements. The valuation also entails cash flow calculations, with individual assessments of the earning capacity of each individual property. Assumed rental levels in conjunction

with contract expirations correspond to current market rent levels. Operating costs have been assessed on the basis of the company's actual costs. Development rights have been valued on the basis of an estimated market value per m² of gross floor area and include only those development rights that are confirmed in accordance with approved detailed development plans. Acquired land is valued at the acquisition value. Project properties are valued on the basis of completed projects, less remaining investments. A risk surcharge is added to the yield requirement on the basis of the current phase of the project.

The reported fair value (market value) of the property portfolio totalled SEK 32,654 million as of 30/06/2016 (SEK 30,841 m as of 31/12/2015). The average yield requirement in the valuation was 5.1 per cent (5.2 per cent as of 31/12/2015). Investments in Atrium Ljungberg's own properties during the period totalled SEK 407 million (SEK 313 m). The unrealised change in value amounted to SEK 973 million (SEK 1,184 m) and is explained by the market's lower yield requirements and higher rents as a result of new letting and renegotiations.

Unrealised changes in value

SEK m	30/06/2016	30/06/2015
Change in yield requirements	522	993
Change in operating nets	426	189
Change in investments	25	2
Total	973	1,184

Yield requirement per premises type

%	Interval	30/06/2016	30/06/2015
		Average	Average
Offices	3.9–6.8	5.1	5.5
Retail	3.9–6.3	5.2	5.5
Residential	3.2–3.8	3.4	3.9
Other	3.9–6.8	5.4	5.8
Total	3.2–6.8	5.1	5.5

Yield requirement per region

%	Interval	30/06/2016	30/06/2015
		Average	Average
Stockholm	3.2–6.8	5.1	5.4
Uppsala	3.5–5.7	5.6	5.6
Malmö	3.8–6.5	5.6	5.7
Gothenburg	5.0–5.5	5.0	5.5
Total	3.2–6.8	5.1	5.5

ONGOING PROJECTS

During the first six months of 2016, we invested SEK 407 million in our own properties, of which SEK 139 million was in project properties. The investments in project properties mainly refer to Northern Gränbystaden and Sickla Front II. Other investments mainly refer to major internal renovation

PROPERTY PORTFOLIO

Property portfolio by segment ¹⁾	30/06/2016			30/06/2015		
	Letting area, 1,000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾	Letting area, 1,000 m ²	Fair value, SEK m ¹⁾	Fair value, SEK/m ² ¹⁾
Business area Property	1,040	31,342	30,149	1,089	29,506	27,096
Project properties, including land and development rights	37	1,312	N/A ²⁾	21	1,026	N/A ²⁾
Total	1,077	32,654		1,110	30,531	

¹⁾ Square meters including garage.

²⁾ Letting area for new production is not reported until the project is completed and the figures hence do not accurately represent the actual situation.

of the shopping centre in Gränbystaden and in residential and office sections in Forumgallerian, renovation of a garage in Hagastaden and a number of tenant-specific adaptations in, among other, Glashuset in Slussen and in Hagastaden. The remaining investment volume for ongoing project properties amounted to approximately SEK 1,120 million on 30 June.

NORTHERN GRÄNBYSTADEN – UPPSALA

In Northern Gränbystaden our work is continuing to create an approximately 50 000 m² large retail area as a part of entire Gränbystaden. During the second quarter we completed three buildings where four new stores and restaurants opened between May–June and a restaurant will open in August. In June we also inaugurated a new square in the area with an outdoor playground and open-air café. There are now a total of 15 businesses in Northern Gränbystaden with a letting area of approximately 18,000 m². All completed areas are fully let.

In June it was decided to start construction of another building in the area. Among other businesses, Elon will open here in September 2017.

GRÄNBÝ ENTRÉ BUILDING 1 – UPPSALA

A new detailed development plan in Gränbystaden entered into force in March. The detailed development plan enables approximately 60,000 m² of GFA for retail, residential, culture, offices, service and education as well as 11,000 m² of GFA for parking. We thus started construction of our first residential project in Uppsala, a residential building with 62 rental apartments and business premises on two floors. Gränby Entré will be certified in accordance with the Environmental level silver. Occupancy is expected to take place in the autumn of 2017.

GRÄNBÝSTADEN, SOUTHERN GARAGE – UPPSALA

South of the shopping centre in Gränbystaden we have started to construct a parking garage with approximately 300 underground parking spaces. The parking garage is being constructed for preventative purposes for upcoming retail and residential areas on top of the garage.

SICKLA FRONT II – STOCKHOLM

The construction of two office buildings and a parking garage on Uddvägen in Sickla is progressing according to plan. Here we want to create an attractive district for large and small office businesses which links together Hammarby Sjöstad with the Sickla area. The project covers approximately 25,000 m² of letting office area in total and 14,000 m² GFA of parking area.

The Swedish National Courts Administration will become a significant tenant with occupancy scheduled for the second quarter of 2018.

POTENTIAL DEVELOPMENT PROJECTS

Our existing project portfolio enables us to invest the equivalent of approximately SEK 9 billion in the future. The rate at which we can complete the projects depends on the market situation and the progress made in the detailed development plan process.

In terms of area, our long-term development plans cover approximately equally large areas of residential, retail and office premises as well as some educational facilities. The plans are distributed among all

our areas, with three-quarters of the project portfolio located in Sickla and Uppsala, but with Järfälla also comprising a large part.

POTENTIAL PROJECT STARTS DURING 2016–2017

We are planning several project starts during the end of 2016 and in 2017, some of which are covered by current detailed development plans and others depend on new detailed development plans.

In Mobilia in Malmö our immediate plans include new construction and extension of approximately 14,000 m² for retail, residential and cultural activities in the heart of the district as well as establishment of several restaurants in towards Mobilia's square. The project is covered by current detailed development plans and construction is expected to start in 2017.

In Sickla during 2017 we expect to start extension of the former wall-paper factory with 7,000 m² for hotel and/or office operations and we are planning to start reconstruction and extension by Järnvägsgatan for 9,000 m² of retail and offices. Both projects are covered by current detailed development plans. In addition, work is ongoing on a new detailed development plan for Gillevägen where we are planning to build approximately 50 new tenant-owned dwellings with expected construction start in 2017. In addition to the afore-mentioned, we are also managing other detailed development plans in Sickla for both residential and offices.

In Gränbystaden the aim is to create Uppsala's second city centre. A new detailed development plan entered into force in March 2016 which enables approximately 60,000 m² of GFA for retail, residential, culture, offices, service and education as well as 11,000 m² of GFA for parking. There we are making plans to start construction of 130 more rental dwellings during 2017, in addition to the apartments which are currently being constructed. Furthermore, work is ongoing on new detailed development plans for additional 20,000 m² GFA for retail and 30,000 m² GFA for parking just north of the existing shopping centre.

In Hagastaden, in the centre of the emerging life science cluster, we have a land allocation with a development right of 30,000 m² GFA. Here we are planning for Life City – a new centre for science and innovation and a meeting place for businesses, academia and society. Construction is expected to start during 2017.

In Barkarby in Järfälla we have a land allocation with a development right of approximately 50,000 m² GFA. Together with Järfälla municipality, work is ongoing here to create a regional meeting place for learning, businesses and culture; BAS Barkarby. In June Järfälla municipality decided on renting approximately 10,800 m² for upper secondary education, a multi-purpose hall, library and other cultural activities. The lease contract is conditional on the approved detailed development plan, land transfer agreement and investment decisions in Atrium Ljungberg's Board of Directors. Construction of the first phase, which covers approximately half of the total development right, is planned to start during the first quarter of 2017. Occupancy is expected to take place in the summer of 2019.

ONGOING PROJECTS

Project/Property/Location	Municipality	Letting area, Retail, m ²	Letting area, Office, m ²	Residential, letting area, m ²	Parking, GFA	Measure, new build/reconstruction	Investment, SEK m	Of which remaining	Completed	Rental value excl. surcharges, SEK m ¹¹	Letting rate, %	Environmental certification
Northern Gränbystaden, Brillinge 8:1/9:1	Uppsala	19,900				new build	390	20	2014–2017 ²⁾	35	97	BREEAM
Gränby Entré building 1, Gränby 21:4	Uppsala	2,700		3,100		new build	220	200	2017	15	60 ³⁾	Environmental Building
Gränbystaden, southern garage, Gränby 21:4	Uppsala				11,000	new build	180	170	2017	4)		
Sickla Front II, Sicklaön 346:1	Nacka		25,000		14,000	new build	830	730	2018	63	N/A ⁵⁾	BREEAM
Total		22,600	25,000	3,100	25,000		1,620	1,120		113		

¹⁾ Excluding any additional turnover outcome.

²⁾ Covers approximately 45,000 m² GFA in total. Investment decisions and completion take place in stages, among other things, connected to letting.

³⁾ Letting rate for commercial premises amounts to 96 per cent. Letting of residential takes place closer to completion.

⁴⁾ The garage will be used as a free of charge guest parking.

⁵⁾ Letting rate is not, with regard to individual business transactions, reported as a subsidiary amount.

FINANCING

THE FINANCIAL MARKET

The recovery of the global economy continues to be sluggish where, among other things, the recovery of the Euro area is taking a long time and the ECB is waiting to increase the key interest rate. At the end of June Great Britain voted for a Brexit, that is, an exit from the EU which made its mark with falling stock exchanges and interest rates across the globe. There is great uncertainty surrounding the effects of Brexit, which will probably lead to greater uncertainty in the financial market.

There has been high growth in the Swedish economy over the past year and the Swedish economy will experience a boom this year according to the National Institute of Economic Research. Growth is driven by a strong development of household consumption and investments. The GDP growth forecast of the National Institute of Economic Research for 2016 is 3.6 per cent, which indicates good continued growth.

The variable rate, 3M Stibor, continued to fall and was -0.53 per cent at the turn of the half-year, which is a decline by 0.24 percentage points during the year. The long-term interest rate has fallen even more, the 10-year swap interest rate during the year has declined by 0.90 percentage points and was at a historic low of 0.76 per cent at the turn of the half-year.

INTEREST-BEARING LIABILITIES

Atrium Ljungberg meets its financing requirements through five Nordic banks and the capital market. The banks are Atrium Ljungberg's biggest financiers, and bank loans accounted for 62 per cent of the total loan volume at the turn of the half-year. Interest-bearing liabilities at the end of the period amounted to SEK 14,229 million (SEK 13,613). During the second quarter liabilities increased by SEK 1,190 million. The change consists mainly of net repayment of bank loans of SEK 300 million, an increase by SEK 600 million in outstanding commercial papers and two new bonds that were issued of a total of SEK 900 million.

At period end, the average interest rate amounted to 2.5 per cent (2.8). Including unutilised loan guarantees the average interest rate amounted to 2.6 per cent (2.9). Unutilised lines of credit in addition to outstanding commercial papers amounted to SEK 475 million (SEK 140 m). The unutilised overdraft facility amounted to SEK 300 million (300). The average fixed interest term was 4.5 years (4.4) and the capital commitment term was 3.0 years (2.9).

COLLATERAL

Our borrowing is largely secured by real estate mortgages. Of the interest-bearing liabilities, SEK 8,865 million (SEK 10,561 m) is secured by mortgage deeds and SEK 5,365 million (SEK 3,060) is unsecured.

DERIVATIVES

At the end of the period, the derivative portfolio comprised of SEK 8,825 million (SEK 7,911 m) in interest swaps, net including shortened swaps, with maturity between the years 2016–2029. In addition, there is SEK 400 million in forward-started swaps starting in 2017. The derivatives portfolio is valued at market rate in conjunction with every closing of the accounts and the change in value is reported via the Profit and Loss State-

ment. During final maturity, a derivative contract's market value has been entirely dissolved and the change in value over time has thereby not impacted shareholders' equity.

The unrealised change in the value of derivatives during the first quarter totalled SEK -559 million (SEK -205 m) as market interest rates have fallen on the terms covered by the derivatives during the period. The deficit book value of the derivatives portfolio totalled SEK -1,170 million (SEK -627 m) at the end of the period.

Fixed interest ¹⁾

Fixed interest term	Amount, SEK m	Percentage, %	Average interest, %
2016	4,299	30	0.7
2017	1,435	10	1.7
2018	949	7	3.3
2019	–	–	–
2020	600	4	4.3
2021 and thereafter	6,946	49	3.5
Total	14,229	100	2.5

¹⁾ The average credit margin for variable interest rates is spread over the time segment during which the derivative falls due for payment. The average interest is reported excluding the cost of unutilised loan guarantees.

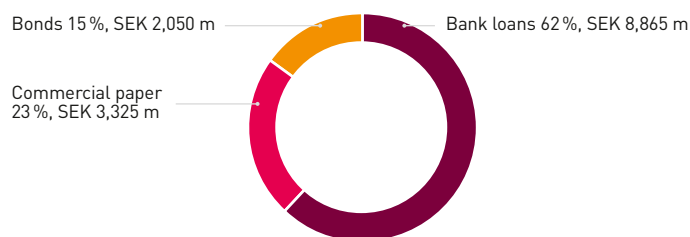
Capital commitment

Maturity date	Amount, SEK m	Percentage, %
2016	445	3
2017	4,260	30
2018	4,047	28
2019	1,520	11
2020	648	5
2021 and thereafter	3,309	23
Total	14,229	100

Key ratios financing

	30/06/2016	30/06/2015
Interest-bearing liabilities, SEK m	14,229	13,261
Shareholders' equity, SEK m	14,189	13,953
Gearing ratio, %	43.6	43.0
Adjusted gearing ratio, %	43.6	43.0
Average fixed interest term, years	4.5	4.4
Average capital commitment term, years	3.0	3.1
Average interest rate for interest-bearing liabilities, %	2.5	2.9

Interest-bearing liabilities



CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	2016 1/1-30/6	2015 1/1-30/6	2016 1/4-30/6	2015 1/4-30/6	2015 1/1-31/12	2015/2016 1/7-30/6
OPERATING ACTIVITIES						
Profit before tax	879	1,851	959	1,460	3,431	2,459
Reversal of depreciation and write-downs	1	4	-1	2	8	5
Realised changes in value, properties	7	-1	1	-1	33	41
Unrealised changes in value, properties	-973	-1,184	-959	-818	-2,328	-2,117
Unrealised changes in value, derivatives	559	-205	248	-403	-201	563
Other items not included in the cash flow	2	6	0	2	17	13
Tax paid	108	-99	-42	-46	-41	-49
Cash flow from operating activities before changes in working capital	367	372	206	198	919	914
Net change in working capital	7	192	-50	67	87	-99
Cash flow from operating activities	374	564	156	265	1,006	816
INVESTMENT ACTIVITIES						
Acquisition of properties	-453	-1,096	-453	-10	-1,958	-1,315
Reconstruction and new construction of properties	-407	-313	-206	-164	-769	-863
Sale of properties	21	-	21	-	1,201	1,222
Acquisition/sale of equipment	-1	-6	1	-4	-9	-5
Cash flow from investment activities	-841	-1,415	-637	-179	-1,535	-961
FINANCING ACTIVITIES						
Change in other long-term liabilities	5	3	4	1	5	7
Loans raised	3,321	2,190	2,298	628	3,811	4,942
Amortisation of debts	-2,355	-901	-1,105	-310	-2,873	-4,327
Dividend paid	-473	-440	-473	-440	-440	-473
Cash flow from financing activities	499	852	725	-121	504	149
Cash flow for the period	32	2	243	-35	-25	4
Liquid assets at the beginning of the period	389	415	179	452	415	417
Liquid assets at the end of the period	421	417	421	417	389	421

COMMENTS ON THE CASH FLOW STATEMENT

The cash flow from operating activities totalled SEK 374 million (SEK 564 m), corresponding to SEK 2.81/share (SEK 4.24/share). The higher cash flow in the first half of 2016 compared to the corresponding period of last year is mainly explained by a lower change in operating capital, lower acquisition volume and lower net borrowing.

SEK -841 million (SEK -1,415 m) in investment activities has been charged to the cash flow and refers to acquisitions of properties and investments in Atrium Ljungberg's own properties.

The cash flow within financing activities amounted to SEK -499 million (SEK 852 m) due to net borrowing and dividend paid.

The Group's liquidity amounted to SEK 1,196 million at the end of the period (SEK 857 m). The liquidity includes liquid assets of SEK 421 million (SEK 417 m), unutilised overdraft facilities of SEK 300 million (SEK 300 m) and unutilised lines of credit SEK of 475 million (SEK 140 m) in addition to credit facilities covering outstanding commercial papers.

SEGMENT REPORTING 1/1–30/6 2016

Atrium Ljungberg's segmentation is based on two lines of business: Property management and Project and construction activities. As from Q2 2016 Property management is divided into Business area

Property and Project properties. Project and construction activities are divided into Project development and TL Bygg.

Amounts in SEK m	Business area Property	Project properties	Properties sold	Property management, total	Project development ¹⁾	TL Bygg	Project and construction activities, total	Non-allocated items and eliminations	The Group
Rental income	1,048	19		1,067				-5	1,062
Net sales, project and construction work					10	202	212	-134	78
Net sales	1,048	19		1,067	10	202	212	-139	1,139
Property management costs	-327	-7		-334				3	-331
Project and construction work costs					-26	-192	-217	135	-82
Gross profit	721	12		733	-16	10	-6	-1	727
<i>- of which gross profit/loss from property management</i>	721	12		733				-2	731
<i>- of which gross profit/loss from project and construction work</i>					-16	10	-6	1	-5
Central administration, property management				-51				1	-50
Central administration, project and construction work						-8	-8	0	-7
Financial income								1	1
Financial expenses								-198	-198
Profit/loss before changes in value	721	12		683	-16	2	-13	-198	472
Properties, unrealised changes in value	944	29		973					973
Properties, realised changes in value			-7	-7					-7
Derivatives, unrealised changes in value								-559	-559
	944	29	-7	966				-559	407
Current tax								-2	-2
Deferred tax								-175	-175
Net profit/loss for the period	1,665	41	-7	1,649	-16	2	-13	-933	702
Investments and acquisitions									
Investments, investment properties	268	139		407					407
Investments, project and construction work						1	1		1
Acquisitions, investment properties	453			453					453
Total investments	722	139		861		1	1		862
Assets, period end									
Investment properties	31,342	1,312		32,654					32,654
Non-allocated assets in common						91	91	1,226	1,317
Total assets	31,342	1,312		32,654		91	91	1,226	33,971

¹⁾ Profit/loss in Project development refers primarily to costs from investigations in previous project phases and ongoing development projects.

SEGMENT REPORTING 1/1–30/6 2015

Amounts in SEK m	Business area Property	Project properties	Properties sold ²⁾	Property management, total	Project development ¹⁾	TL Bygg	Project and construction activities, total	Non-allocated items and eliminations	The Group
Rental income	968	12	62	1,042				5	1,037
Net sales, project and construction work					10	199	209	-58	151
Net sales	968	12	62	1,042	10	199	209	-63	1,187
Property management costs	-308	-6	-24	-338				3	-335
Project and construction work costs					-27	-186	-213	58	-155
Gross profit	660	6	38	704	-17	12	-4	-2	697
<i>- of which gross profit/loss from property management</i>	<i>660</i>	<i>6</i>	<i>68</i>	<i>704</i>				<i>-2</i>	<i>701</i>
<i>- of which gross profit/loss from project and construction work</i>					<i>-17</i>	<i>12</i>	<i>-4</i>	<i>0</i>	<i>-4</i>
Central administration, property management				-27				1	-26
Central administration, project and construction work						-8	-8	0	-8
Financial income								1	1
Financial expenses								-202	-202
Profit/loss before changes in value	660	6	38	676	-17	4	-13	-202	461
Properties, unrealised changes in value	1,173	11		1,184					1,184
Properties, realised changes in value			1	1					1
Derivatives, unrealised changes in value								205	205
	1,173	11	1	1,185				205	1,390
Current tax								-19	-19
Deferred tax								-388	388
Net profit/loss for the period	1,833	17	38	1,861	-17	4	-13	-405	1,444
Investments and acquisitions									
Investments, investment properties	210	103		313					313
Investments, project and construction work						1	1		1
Acquisitions, investment properties	871			871					871
Total investments	1,081	103		1,184		1	1		1,184
Assets, period end									
Investment properties	29,506	1,026		30,532					30,532
Other assets						97	97	1,103	1,200
Total assets	29,506	1,026		30,532		97	97	1,103	31,731

¹⁾ Profit/loss in Project development refers primarily to costs from investigations in previous project phases and ongoing development projects.

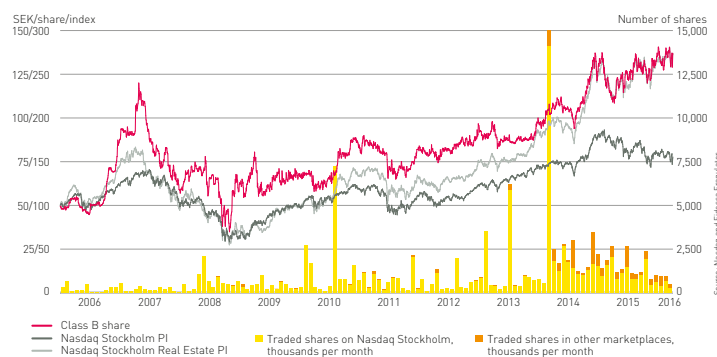
²⁾ Gross profit in segment reporting for the first quarter of 2015 has been adjusted referring to sold properties in the fourth quarter of 2015.

KEY RATIOS

	2016	2015	2016	2015	2015	2015/2016
	1/1-30/6	1/1-30/6	1/4-30/6	1/4-30/6	1/1-31/12	1/7-30/6
PROPERTY-RELATED KEY RATIOS						
Letting rate, %	94	94	94	94	94	94
Operating surplus margin, %	69	68	70	68	68	69
Letting area, '000 m ²	1,077	1,110	1,077	1,110	1,034	1,077
Investments in own properties, SEK m	407	313	453	164	768	863
Number of properties (at period end)	50	52	50	52	48	50
FINANCIAL KEY RATIOS						
Equity/assets ratio, %	41.8	39.7	41.8	39.7	43.7	41.8
Gearing ratio, %	43.6	44.6	43.6	44.6	43.0	43.6
Adjusted gearing ratio, %	43.6	45.9	43.6	45.9	43.0	43.6
Interest coverage margin, multiple	3.4	3.3	3.5	3.4	3.3	3.4
Average rate of interest on interest-bearing liabilities (at period end), %	2.5	2.8	2.5	2.8	2.9	2.5
Return on shareholders' equity, %	10.0	23.9	21.6	37.2	21.8	15.2
Return on shareholders' equity, excluding changes in value, %	5.7	6.2	5.6	6.4	6.3	6.1
Return on total assets, %	6.5	13.5	12.8	20.3	12.5	8.7
Return on total assets excluding changes in value, %	4.2	4.4	4.2	4.5	4.6	4.3
DATA PER SHARE						
Earnings per share, SEK	5.27	10.84	5.70	8.54	20.89	15.33
Profit before changes in value less applicable nominal tax, SEK	2.76	2.70	1.46	1.40	5.54	5.60
EPRA EPS (Earnings per share), SEK	3.09	3.30	1.50	1.68	6.91	6.71
Cash flow, SEK	2.81	4.24	1.17	1.99	7.55	6.12
Shareholders' equity, SEK	106.51	94.62	106.51	94.62	104.73	106.51
EPRA NAV (Net asset value), SEK	139.01	120.07	139.01	120.07	131.78	139.01
EPRA NNNAV (Triple net asset value), SEK ¹⁾	126.40	111.48	126.40	111.48	122.95	126.40
Share price, SEK	136.50	108.50	136.50	108.50	133.00	136.50
Average number of outstanding shares, '000	133,221	133,221	133,221	133,221	133,221	133,221
Number of outstanding shares at end of period, '000	133,221	133,221	133,221	133,221	133,221	133,221
EMPLOYEES						
Average number of employees	282	280	283	280	282	282

¹⁾ For calculation of EPRA NNNAV, an estimated deferred tax of 4 per cent has been used regarding properties.

The Atrium Ljungberg share



FOUR REASONS TO OWN SHARES IN ATRIUM LJUNGBERG

- ▶ **A stable dividend yield** – The dividend yield over the last five years was 3.2 per cent. The dividend paid by the company since its flotation in 1994 has never fallen in SEK per share.
- ▶ **Low risk** – The company's operations are stable and its financial position is strong, with solid key ratios such as a low gearing ratio and high interest coverage margin.
- ▶ **Potential for good value growth** – With a planned investment rate of SEK 1 billion per year and a goal of 20 per cent returns on new build and extension projects, the company – and hence the share – has excellent potential for good value growth over time.
- ▶ **Sustainable urban development** – The sustainability work is integrated in the business model where we continuously develop our areas in a sustainable direction. We are a long-term player which takes responsibility for the impact of our business on human beings and the environment.

QUARTERLY SUMMARY

INCOME STATEMENTS	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Amounts in SEK m								
Rental income	538	524	551	534	522	515	499	500
Net sales, project and construction work	37	40	87	109	85	66	99	83
Net sales	575	564	638	643	607	580	598	583
Property management costs	-164	-167	-185	-151	-165	-170	-174	-138
Project and construction work costs	-41	-41	-99	-118	-85	-70	-103	-85
Gross profit	371	356	354	374	357	341	321	361
– of which gross profit from property management	375	357	366	383	357	344	325	363
– of which gross profit from project and construction work	-4	-1	-12	-9	-1	-4	-4	-2
Central administration, property management	-20	-30	-21	-13	-13	-13	-21	-14
Central administration, project and construction work	-4	-3	-4	-3	-4	-4	-4	-3
	-24	-33	-25	-16	-18	-17	-24	-17
Financial income and expenses	-98	-100	-101	-100	-101	-101	-105	-116
Profit before changes in value	249	223	227	257	238	223	191	228
Properties, unrealised changes in value	959	14	928	216	818	366	435	-
Properties, realised changes in value	-1	-6	-33	-	1	-	0	7
Derivatives, unrealised changes in value	-248	-311	161	-165	403	-199	-271	-168
Goodwill, write-downs	-	-	-11	-	-	-	-	0
	710	-303	1,045	50	1,222	168	163	-161
Profit before tax	959	-80	1,272	307	1,460	391	354	67
Tax	-199	22	-173	-68	-322	-85	-80	-8
Net profit for the period	760	-57	1,100	240	1,138	306	275	59
KEY RATIOS								
Property-related key ratios	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Letting rate, %	94	94	94	94	94	93	93	93
Operating surplus margin, %	69	68	67	72	68	67	65	73
Letting area, '000 m ²	1,077	1,052	1,034	1,110	1,110	1,064	1,062	1,012
Investments in own properties, SEK m	206	201	268	187	164	149	199	163
Number of properties	50	49	48	52	52	49	49	48
Financial key ratios								
Equity/assets ratio, %	41.8	43.1	43.7	40.4	39.7	39.8	39.6	41.3
Gearing ratio, %	43.6	41.8	43.0	45.6	44.6	46.4	43.7	45.6
Adjusted gearing ratio, %	43.6	42.0	43.0	45.6	45.9	46.4	45.5	45.6
Interest coverage margin, multiple	3.5	3.2	3.2	3.5	3.4	3.2	2.8	3.0
Average rate of interest on interest-bearing liabilities (at period end), %	2.5	2.8	2.9	2.8	2.8	3.0	3.2	3.5
Return on shareholders' equity, %	21.6	-1.7	32.8	7.5	37.2	10.4	9.6	2.1
Return on shareholders' equity, excluding changes in value, %	5.6	5.4	5.7	6.6	6.4	5.9	5.2	6.3
Return on total assets, %	12.8	0.3	17.2	5.1	20.3	6.6	6.5	2.7
Return on total assets excluding changes in value, %	4.2	4.1	4.3	4.6	4.5	4.4	4.2	5.0
Data per share								
Earnings per share, SEK	5.70	-0.43	8.25	1.80	8.54	2.29	2.06	0.45
Profit before changes in value less applicable nominal tax, SEK	1.46	1.31	1.33	1.50	1.40	1.30	1.12	1.34
EPRA Earnings per share (EPS), SEK	1.50	1.59	1.75	1.86	1.68	1.61	1.50	1.60
Cash flow, SEK	1.17	1.64	1.73	1.59	1.99	2.25	1.42	1.41
Shareholders' equity, SEK	106.51	104.33	104.73	96.45	94.62	89.34	87.00	84.89
EPRA NAV (Net asset value), SEK	139.01	133.46	131.78	123.58	120.07	115.59	111.19	106.56
EPRA NNNAV (Triple Net asset value), SEK ¹⁾	126.40	122.73	122.95	113.89	111.48	104.95	101.87	99.17
Share price, SEK	136.50	140.50	133.00	126.60	108.50	131.30	114.70	103.50
Average number of outstanding shares, '000 ²⁾	133,221	133,221	133,221	133,221	133,221	133,221	133,221	133,221
Number of outstanding shares at end of period, '000 ²⁾	133,221	133,221	133,221	133,221	133,221	133,221	133,221	133,221

¹⁾ For calculation of EPRA NNNAV, an estimated deferred tax of 4 per cent has been used regarding properties.

²⁾ On 15/05/2014 the company sold its total holdings of repurchased shares (3,063,748).

PARENT COMPANY

The Parent Company's operations comprise group-wide functions and organisation for the management of the properties owned by the Parent Company and subsidiary companies.

Net sales totalled SEK 167 million (SEK 145 m). The operating profit/loss totalled SEK 0 million (SEK 3 m). Profit/loss after financial items totalled SEK 134 million (SEK 124 m).

Interest-bearing liabilities amount to SEK 11,556 million (SEK 9,685 m as of 31/12/2015). These funds finance the Parent Company's property portfolio and are lent to other Group companies.

INCOME STATEMENTS PARENT COMPANY

Amounts in SEK m	2016	2015	
	1/1–30/6	1/1–30/6	1/1–31/12
Rental income	83	83	169
Management income	84	62	209
Net sales	167	145	378
Property expenses	-24	-29	-58
Management and administration expenses	-133	-103	-240
Depreciation	-10	-10	-20
Operating profit/loss	0	3	59
Result of participations in Group companies	111	93	620
Interest income and similar profit/loss items	229	243	473
Interest expenses and similar profit/loss items	-207	-214	-426
	134	121	667
Profit/loss after financial items	134	124	726
Appropriations	-4	-3	-139
Profit/loss before tax	129	121	587
Current tax	0	-19	-12
Deferred tax	-11	-9	-22
	-11	-28	-34
Profit for the period	118	93	553

SUMMARY BALANCE SHEETS PARENT COMPANY

Amounts in SEK m	30/06/2016	30/06/2015	31/12/2015
	ASSETS		
Tangible fixed assets	1,463	1,409	1,439
Financial fixed assets	2,724	2,515	2,613
Current assets	14,877	14,618	14,721
Total assets	19,064	18,542	18,773
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	7,045	6,942	7,401
Untaxed reserves	46	39	42
Provisions	269	244	258
Long-term liabilities	9,401	9,114	8,934
Current liabilities	2,303	2,204	2,138
Total shareholders' equity and liabilities	19,064	18,542	18,773

OTHER INFORMATION

SUSTAINABILITY

One of Atrium Ljungberg's overall operational goals is Corporate Social Responsibility. We have defined four sustainability goals in this context. All our major new construction projects should be environmentally certified in accordance with BREEAM and the energy consumption per square metre should decrease by 20 per cent between the years 2014 and 2021. By 2021, the proportion of green lease contracts is also to be 50 per cent of the contracted annual rent. Finally, we shall be one of Sweden's best workplaces. The goals are monitored annually.

MARKET DEVELOPMENT, RISKS AND UNCERTAINTY FACTORS

Atrium Ljungberg's property portfolio, with retail, offices and full-service environments, is primarily located in strong subsidiary markets in the expanding regions Stockholm, Uppsala, Malmö and Gothenburg. The primary prioritised risk management areas, in

light of both their complexity and size of the amounts involved, are letting, property valuation, project activities and financing. The company has good procedures for managing these risks. The company also has a strong financial position with strong key ratios, such as a low gearing ratio and high interest coverage ratio.

In June 2014, the Swedish Committee on Corporate Taxation, which was appointed by the Government to review corporate taxation, submitted its final report. Atrium Ljungberg is primarily affected by the Committee's proposal to eliminate the right to make deductions for negative net financial items and instead introduce a flat deduction of 25 per cent of the taxable profit. This would entail a higher tax expense for Atrium Ljungberg. The proposal was submitted for feedback and answers were received during the autumn of 2014. The majority of the bodies rejected the proposal. Pursuant to the Government's spring bill, any new rules will enter into force on 1 January 2017 at the earliest.

For further information on risks and uncertainty factors in general, please see Atrium Ljungberg's 2015 Annual Report and the section entitled "Risks and risk management" on pages 97–101.

ONGOING DISPUTES

On 3 June Nacka District Court communicated its judgment in the dispute with Casco Adhesives AB (Akzo Nobel). The dispute refers to the revocation of a lease contract which was conducted in 2013 regarding renting of premises in Sickla Front I, Nacka. The District Court established that Casco Adhesives AB is liable to pay damages to Atrium Ljungberg and has an obligation to indemnify for the litigation costs. The amount of damages will be tried in separate court proceedings. Casco Adhesives AB has appealed the judgment to Svea Court of Appeal. Leave to appeal has not been communicated yet.

ORGANISATION

Atrium Ljungberg changed the organisation on 1 June. The previous division in the Business areas Retail and Offices was merged to one Business area under the designation Property while letting operations were coordinated under the Business area Transaction and establishment.

ACCOUNTING PRINCIPLES

Atrium Ljungberg's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS). The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies Swedish Financial Reporting Board's recommendation, RFR2 Accounting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles applied conform to those described in the 2015 Annual Report.

New and revised standards from IFRS and interpretations from IFRIC to be applied by the Group as of 1 January 2016 have had no effect on the Group's results or financial position.

Valuation method for investment properties

Investment properties are valued at fair value in the Balance Sheet. The valuation took place in accordance with level 3 in the IFRS valuation hierarchy.

Valuation method for derivatives

Derivatives (interest swap agreements) are valued at fair value in the Balance Sheet. Pursuant to the IFRS valuation hierarchy, the fair value of derivatives has been valued in accordance with level 2. This level means that the valuation is based on input data other than the listed prices, and which are observable for the asset or the liability, either directly or indirectly. The derivative agreements (ISDA-agreements) include an option to net obligations in respect of the same counterparty.

Fair value interest-bearing liabilities

According to the Balance Sheet, the Group's reported interest-bearing liabilities total SEK 14,229 million (SEK 13,261 m as of 31/12/2015) and their fair value totals SEK 14,283 million (SEK

13,318 m as of 31/12/2015). The fair value calculation is based on discounted estimated future cash flows. The discounting is effected on the basis of current market rates plus the relevant borrowing margin. The valuation is hereby conducted with IFRS valuation hierarchy level 2. Atrium Ljungberg is of the opinion, with regard to other financial assets and liabilities reported at accrued acquisition value, that the differences between book values and fair values are insignificant.

EPRA

As of 1 January 2015, Atrium Ljungberg reports EPRA EPS, EPRA NAV as well as EPRA NNNAV in accordance with the European Public Real Estate Association.

For calculation of EPRA NNNAV (the triple net asset value), an estimated deferred tax of 4 per cent has been used regarding properties. The calculation of the tax rate is based on a discount rate of 3.0 per cent (real) and that the property portfolio is realised over 50 years, where 10 per cent of the properties are sold directly with a nominal tax rate of 22 per cent and that 90 per cent are sold indirectly through transfer of shares with a tax deduction for the buyer of 6 per cent.

Alternative Performance Measures

For the first time Atrium Ljungberg applies the guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APMs). The guidelines aim to make APMs in financial reports more comprehensible, reliable and comparable and thereby promote their applicability.

According to these guidelines, an APM is a financial measure of historical or future profit performance, financial position, financial results or cash flows which are not defined or stated in applicable rules for financial reporting; IFRS and the Swedish Annual Accounts Act.

The guidelines are mandatory for financial reports which are published after 3 July 2016.

Reconciliation of APMs is available on Atrium Ljungberg's website, www.al.se.

The Interim Report has not been subject to review by the company's auditors.

The Board of Directors and the CEO hereby attest that the Q2 Interim Report provides an accurate overview of the operations, position and results of the Parent Company and the Group and that it describes significant risks and uncertainty factors faced by the company and the companies that make up the corporate Group.

Nacka, 12 July 2016

Johan Ljungberg
Chairman of the Board

Sune Dahlqvist
Member of the Board

Simon de Château
Member of the Board

Anna Hallberg
Member of the Board

Erik Langby
Member of the Board

Hanna Graflund Sleyman
Member of the Board

Annica Ånäs
CEO



BAS Barkarby in Järfälla.

The lease contract which was concluded with Järfälla municipality in June is an important step for continuing to fill the building with exciting content for learning, businesses, culture and residentials.



DEFINITIONS

FINANCIAL DEFINITIONS

Adjusted gearing ratio

Interest-bearing liabilities as a percentage of the sum of the properties' fair values at the end of the period, less properties acquired but not possessed and plus properties sold but not vacated.

Adjusted gearing ratio is used to illustrate Atrium Ljungberg's financial risk.

Average capital commitment

Average remaining term until final maturity of all credits in the liabilities portfolio.

The average capital commitment is used to illustrate Atrium Ljungberg's financial risk.

Average fixed interest

Average remaining term until interest settlement date of all credits in the liabilities portfolio.

The average fixed interest is used to illustrate Atrium Ljungberg's financial risk.

Average interest

Weighted average contracted interest for all credits in the liabilities portfolio at the end of the period excluding unutilised credit facilities.

The average interest is used to illustrate Atrium Ljungberg's financial risk.

Average number of outstanding shares

Number of registered shares at the end of the period less bought-back shares, which do not provide entitlement to dividend or voting rights.

Average number of outstanding shares

Weighted average number of outstanding shares calculated in accordance with IAS 33.

Cash flow per share, SEK

Cash flow from operating activities divided by the average number of outstanding shares.

Cash flow per share, SEK is used to illustrate Atrium Ljungberg's cash flow, and particularly its dividend capacity.

Comparable portfolio

Comparable portfolio refers to the properties which were not classified as project properties and were owned throughout the period and comparison period.

Comparable portfolio is used to illustrate the trend of rental income and property costs uninfluenced by project properties as well as acquired and sold properties.

Dividend pay-out ratio, %

Dividend per share as a percentage of the profit/loss per share before changes in value, less applicable nominal tax.

Dividend pay-out ratio is used to illustrate how large share of the results is shifted out to the Group's owners and reinvested in the operations respectively.

Earnings per share, SEK

Net profit/loss for the period divided by the average number of outstanding shares after dilution.

EPRA

The European Public Real Estate Association is a trade organisation for publicly listed real estate companies and investors in Europe which sets standards for the financial reporting.

EPRA EPS (Earnings per share), SEK

Profit/loss before changes in value, less calculated current tax excluding loss carry-forwards, divided by the average number of outstanding shares. The deducted tax has been calculated by taking into account tax deductible depreciation and investments.

EPRA EPS is used to provide stakeholders information on Atrium Ljungberg's management result per share calculated in a uniform manner for publicly listed real estate companies.

Equity/assets ratio, %

Reported shareholders' equity as a percentage of the balance sheet total at the end of the period.

The equity/assets ratio is used to illustrate Atrium Ljungberg's interest rate sensitivity and financial stability.

Equity per share, SEK

Reported equity divided by the number of outstanding shares at the end of the period.

Equity per share is used to illustrate the owners' share of the company's total assets per share.

Gearing ratio, %

Interest-bearing liabilities as a percentage of the sum of the properties' fair value at the end of the period.

The gearing ratio is used to illustrate Atrium Ljungberg's financial risk.

Gross profit/loss project and construction work

Project and construction sales minus project and construction costs.

Gross profit/loss property management

Rental income less property management costs.

Interest coverage ratio, multiple

Profit/loss before changes in value, plus interest expenses divided by interest expenses.

The interest coverage ratio is used to illustrate how sensitive the company's results are to interest rate changes.

Net worth EPRA NAV (Net asset value)/share, SEK

Reported shareholders' equity with reversal of goodwill, interest derivatives and deferred tax, divided by the number of outstanding shares at the end of the period.

Net worth EPRA NAV/share is used to provide stakeholders information on Atrium Ljungberg's current net worth per share calculated in a uniform manner for publicly listed real estate companies.

Net worth EPRA NNAV (Triple net asset value)/share, SEK

Reported shareholders' equity with reversal of goodwill and adjusted with estimated actual deferred tax, divided by the number of outstanding shares at the end of the period.

Net worth EPRA NNAV/share is used to provide stakeholders information on Atrium Ljungberg's long-term net worth per share calculated in a uniform manner for publicly listed real estate companies.

Profit/loss before changes in value per share, SEK

Profit/loss before changes in value, less current tax, divided by the average number of outstanding shares.

Profit/loss before changes in value per share is used to illustrate the ongoing management operations.

Property costs

Total property management costs, which exclude central administration.

Return on shareholders' equity, %

Net profit/loss for the year as a percentage of average shareholders' equity.

Return on shareholders' equity is used to illustrate Atrium Ljungberg's capacity to generate profit on the owners' capital in the Group.

Return on total assets, %

Profit/loss before tax plus interest expenses as a percentage of the average balance sheet total.

Return on total assets is used to illustrate Atrium Ljungberg's capacity to generate profit on the Group's assets uninfluenced by the Group's financing.

Share dividend yield, %

The proposed share dividend as a percentage of the share price at the end of the previous year.

The share's dividend yield is used to illustrate which current yield shareholders are expected to receive.

Share's total yield, %

The year's change in the share price plus the distributed dividend during the year as a percentage of the share price at the end of the previous year.

The share's total yield is used to illustrate the shareholders' total yield on their ownership in Atrium Ljungberg.

PROPERTY-RELATED DEFINITIONS**Breeam**

Is an environmental certification system developed in Europe for built environments. BREEAM takes a big picture approach to environmental performance. The areas addressed by BREEAM are energy and water consumption, health, transport, materials, waste, land usage, emissions, ecology and management.

Environmental building

Environmental building is a certification system for buildings which are based on Swedish construction practice and covers energy, the indoor environment and material.

GFA, m²

GFA (Gross Floor Area) refers to the building's total area, including outer walls.

Letting area, m²

Total area available for letting.

Letting rate, %

Contracted annual rents as a percentage of the rental value in conjunction with full letting. Reported figures are based on the immediately subsequent quarter.

The letting rate is used to illustrate the Group's efficiency in the use of its investment properties.

Net letting

Total contracted annual rent for new lets less annual rents terminated due to clients vacating the premises for the period.

Net letting is used to illustrate the letting situation.

Operating surplus

Refers to Gross profit/loss in property management.

Operating surplus margin, %

Gross profit/loss from property management as a percentage of the reported rental income.

Operating surplus margin is used to illustrate how large share of the Group's rental income remains after property expenses. The operating surplus margin also forms the basis of valuation of the Group's investment properties.

Project property

An individual property or a clearly delimited part of a property that has been vacated in order to permit the renovation and upgrading of the property. The term, project property, also refers to buildings under construction and to undeveloped land and development rights. Reclassification from project property to completed property occurs on 1 January of the year after completion.

Project return, %

Market value after completed project minus total investment as a percentage of total investment.

Project return is used to illustrate value creation in the project operations.

Rental value

Contracted annual rents including rent surcharges (e.g. for property tax and electricity) and estimated market rents for vacant space in existing condition.

Rental value is used to illustrate the Group's income potential.

ABOUT ATRIUM LJUNGBERG

Atrium Ljungberg owns, develops and manages properties. Our primary focus is on retail and offices, but our vibrant urban environments also include residential properties and cultural, service and educational facilities. We create city districts where people want to be, today and tomorrow. We are located where Sweden is growing: Stockholm, Uppsala, Malmö and Gothenburg.

Deciding to build attractive spaces for the future is every bit as obvious to us as deciding to create long-term value – for us, our customers and for society.

Atrium Ljungberg has been listed on the NASDAQ Stockholm Exchange since 1994.



BUSINESS CONCEPT

Our long-term approach to ownership, development and management enables us to offer our customers attractive retail, office and urban environments in strong subsidiary markets. Our in-house expertise and holistic perspective enable us to generate added value for our customers and partners and to create value growth within the company.

GOALS

Atrium Ljungberg's operations focus on growth in the operating surplus. This, together with a stable capital structure, generates excellent conditions for good growth in value. Our goals are divided into three areas:

▶ PROFITABILITY AND GROWTH

The operating net shall increase by 10% per annum, we shall invest SEK 1 billion each year in in-house projects, and the return on new build and extension projects shall be 20%. The dividend shall correspond to a minimum of 50% of the project profit before changes in value, after nominal tax.

▶ LONG-TERM STABILITY

Long-term stability – the minimum equity/assets ratio shall be 30% and the interest coverage ratio shall be a multiple of 2.0.

▶ CORPORATE SOCIAL RESPONSIBILITY

All major new builds shall be environmentally certified in accordance with BREEAM. Energy consumption per m² is to decrease by 20% between 2014 and 2021. By 2021, the proportion of green lease contracts is to be 50% of the contracted annual rent. We shall be one of Sweden's best workplaces.

FACTS

Number of properties	50
Property value, SEK billion	33
Contracted annual rent, SEK billion	2.1
Total letting area, 1,000 m ²	1,077
Letting rate, %	94
Number of employees	282



BUSINESS MODEL

Atrium Ljungberg's business model creates profitability and value growth, mostly through long-term property ownership, management and improvement, as well as through project development of properties. Our construction business also contributes to profitability, as do our property acquisitions and sales.

STRATEGIES

- ▶ Focus on developing environments for retail and office operations and, where possible, add housing, service, culture and education.
- ▶ Develop and improve properties and development rights.
- ▶ Operate in strong subsidiary markets in large urban regions.
- ▶ Be a significant player with large, unified units in each subsidiary market.
- ▶ Our focus, in everything we do, shall be on our customers. Collaboration with customers, suppliers, municipalities and other stakeholders should be close, long-term, stable and personal.
- ▶ Conduct and manage the entire business process in-house using our in-house expertise.
- ▶ The sustainability work should be integrated in the business strategy and should comprise an important component of our offering.
- ▶ Have committed employees who are passionate about what we do.

INFORMATION FROM ATRIUM LJUNGBERG

THE INFORMATION we release to the market concerning Atrium Ljungberg's operations shall be transparent, clear and correct in order to build market confidence in our company and our brand.

AS A LISTED COMPANY Atrium Ljungberg is subject to the rules of the listing agreement with the NASDAQ Stockholm exchange. Significant events, interim reports and preliminary financial statements are published immediately via press releases and the information is also available on the company's website: www.al.se.

REGULAR MEETINGS WITH analysts, investors, shareholders and financiers, and with our customers and partners, enable us to provide ongoing information on our company, current events and operational changes.

THE ANNUAL REPORT and interim reports are available on our website. The Annual Report is distributed in printed format by post to shareholders who have actively requested it. Interim reports and preliminary financial statements are translated into English and both language versions are published simultaneously on our website. The annual reports are translated into English shortly after the publication of the Swedish language version.

INTERESTED PARTIES can subscribe to both financial reports and press releases via our website: www.al.se. The site also provides updated information on our operations, our properties and projects, financial key ratios, the share, and much more besides. The information on the website is also available in English.

PUBLICATION OF FINANCIAL INFORMATION

Interim report Jan–Sep 2016	21/10/2016
Preliminary financial statement 2016	23/02/2017
2016 Annual Report	Mar. 2017
Annual General Meeting	5/04/2017
Interim report Jan–Mar 2017	20/04/2017
Interim report Jan–Jun 2017	12/07/2017
Interim report Jan–Sep 2017	18/10/2017



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