

A large, stylized logo consisting of the letters 'A' and 'L' intertwined, rendered in a dark teal color. The 'A' is on the left and the 'L' is on the right, with their curves overlapping. The background is a gradient of teal and dark teal.

**INTERIM REPORT 2016**  
JANUARY – SEPTEMBER



# INTERIM REPORT

## 1 JANUARY–30 SEPTEMBER 2016

- ▶ NET SALES totalled SEK 1,711 million (SEK 1,830 m), of which rental income increased to SEK 1,597 million (SEK 1,571 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 1,115 million (SEK 1,084 m), an increase of 2.9 per cent. The increase is mainly attributable to property acquisitions, new lettings and renegotiations. The surplus ratio increased to 70 per cent (69%).
- ▶ THE PROFIT BEFORE CHANGES IN VALUE increased to SEK 737 million (SEK 718 m).
- ▶ UNREALISED CHANGES IN THE VALUE of properties amounted to SEK 1,289 million (SEK 1,400 m). Unrealised changes in the value of derivatives amounted to SEK –613 million (SEK 39 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 1,121 million (SEK 1,684 m), corresponding to SEK 8.41/share (SEK 12.64/share). The change is mainly attributable to unrealised changes in the value of derivatives.
- ▶ INVESTMENTS in Atrium Ljungberg's own properties amounted to SEK 620 million (SEK 500 m).
- ▶ ACQUISITION OF PROPERTIES amounted to SEK 1,467 million (SEK 872 m).
- ▶ THE 2016 PROFIT FORECAST before changes in value and tax is unchanged at SEK 940 million.

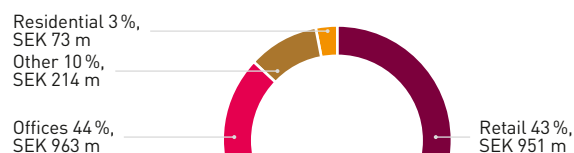
### SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- ▶ Acquisition and occupancy of the office property Eken 6 in Sundbyberg with approximately 28,500 m<sup>2</sup> letting area. This is Atrium Ljungberg's first acquisition Sundbyberg.
- ▶ We received our first environmental certification of an existing building when the retail hub Port 73 in Haninge was certified in accordance with BREEAM In-Use.

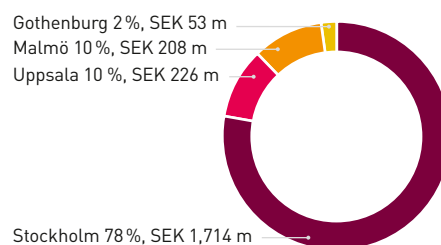
KEY RATIOS	2016 Jan–Sep	2015 Jan–Sep	2016 Jul–Sep	2015 Jul–Sep
Net sales, SEK	1,711	1,830	572	643
Profit/loss before changes in value, SEK m	737	718	265	257
Net profit/loss for the period, SEK m	1,121	1,684	418	240
Investments in own properties, SEK m	620	500	213	187
Acquisition of properties, SEK m	1,467	872	1,014	–
Cash flow from operating activities, SEK m	702	776	328	211
Letting rate, %	94	94	94	94
Equity/assets ratio, %	41.3	40.4	41.3	40.4
Adjusted gearing ratio, %	43.7	45.6	43.7	45.6
Interest coverage ratio, multiple	3.5	3.4	3.8	3.5
Average interest rate at period end, %	2.3	2.8	2.3	2.8
Earnings per share, SEK	8.41	12.64	3.14	1.80
Profit/loss before changes in value less nominal tax, SEK/share	4.31	4.20	1.55	1.50
Share price at period end, SEK/share	149.60	126.60	149.60	126.60
EPRA NNAV (Triple net asset value), SEK/share	130.18	113.89	130.18	113.89
Shareholders' equity, SEK/share	109.68	96.45	109.68	96.45

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

## BOOM AND STRONG RENTAL MARKET

The recovery of the global economy is sluggish and there is great economic political uncertainty across the globe, among other things as a result of the British referendum on exit from the EU. The economic signs have been unclear after the referendum result and it is still too early to draw clear conclusions on the effects of Brexit.

Despite this, there is a lot to indicate that the boom is continuing in Sweden and that the economic slump during the first half of 2016 was temporary. The GDP growth forecast of the National Institute of Economic Research for 2016 is 3.3 per cent and it is mainly driven by higher consumption and investments.

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, both for retail and office premises. HUI Research predicts a revenue growth of 4.0 per cent in the Swedish retail sector in 2016. During the first eight months of the year the retail sector's sales increased by 3.9 per cent, measured in rolling prices. Atrium Ljungberg's large retail hubs had a sales increase of 4.9 per cent during the corresponding period where the increase has primarily been affected by new establishments in Gränbystaden in Uppsala.

## NET LETTING PROVIDES HIGHER FUTURE INCOME

Our net letting amounted to SEK 16 million during the third quarter. It has been impacted positively by lettings which have been conducted in connection with the reconstruction in the shopping centre in Gränbystaden and by new office lettings in Glashuset on Drottninggatan in Stockholm. The net letting has been impacted negatively by the fact that we are now starting a large improvement and transformation project of Forumgallerian in central Uppsala. We have had to terminate certain lease contracts in order to accommodate the project. Accumulated for the first three quarters, net letting amounted to approximately SEK 90 million, which indicates higher rental income in the future.

We have conducted several positive renegotiations and lettings which have resulted in that rental income for comparable portfolio increased by 4.5 per cent over the first three quarters.

The operating surplus increased by three per cent to SEK 1,115 million during the first



"I am proud that we have now also certified an already existing retail hub, Port 73, in accordance with BREEAM In-Use. The work on certifying our existing portfolio will continue."

three quarters. The operating surplus has been affected positively by contributions from acquired properties, new lettings and renegotiations and negatively by property sales.

During the first three quarters we have revalued the property value by SEK 1.3 billion, corresponding to 4.2 per cent. Approximately 40 per cent of the revaluation can be attributed to changes in the operating net, such as higher market rents. However, the lower interest level has entailed that the revaluation of our derivatives portfolio had a negative impact on the profit.

Our forecast for the profit before changes in value continues to amount to SEK 940 million.

## RESPONSIBILITY AND SUSTAINABILITY

We are a responsible company which acts with a long-term perspective and in a sustainable manner. Among other things, it is essential for us that any disparities which breach legislation, ethics, morals or our policies are highlighted and investigated. Therefore we have now established a whistleblowing system which allows us to quickly identify any improprieties and investigate these as soon as possible. Our current strong values ensure a

reliable corporate culture. The whistleblowing function is a further step towards improving our procedures and demonstrating our responsibility.

Since 2011 Atrium Ljungberg certifies all major new buildings with BREEAM. We work with the sustainability perspective in each decision we make and the BREEAM certification provides us with a good foundation for continued well-reasoned sustainability work. It is great that in October we received an award for the year's best BREEAM project from the organisation Sweden Green Building Council. The award is for one of our new buildings in Gränbystaden. I am also proud that we have now also certified an already existing building. I am also proud that we have now also certified an already existing building. The entire retail hub Port 73 in Haninge has been certified in accordance with BREEAM In-Use, an environmental certification which shows that Port 73 fulfils the stringently imposed requirements within, among others, the areas of energy efficiency and waste management. The grade 'Very Good' is acknowledgement of consistent sustainability work in our management of the property. We will now continue to work on environmental certification of both existing buildings and our project properties.

## PROJECT PORTFOLIO WITH VAST OPPORTUNITIES

We have ongoing projects with a total investment of SEK 1.6 billion with a remaining investment of approximately SEK 1 billion. The largest project is currently the district Sickla Front II where the Swedish National Courts Administration will become a significant tenant.

In addition to our ongoing projects, we have the opportunity to invest an additional SEK 9 billion within the land we own and the land allocations which we possess. One third of these project opportunities refer to the production of residentials. Intensive work is currently ongoing to create procedures for the residential business model and concretise our residential offer. We expect to be able to start sale of the first tenant-owned dwellings at the end of 2017. With more residentials in our areas we are moving even closer to our clear vision of a city where everyone thrives.

Annica Änäs, CEO

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	2016	2015	2016	2015	2015	2015/2016
	1/1–30/9	1/1–30/9	1/7–30/9	1/7–30/9	1/1–31/12	1/10–30/9
Rental income	1,597	1,571	535	534	2,122	2,148
Net sales, project and construction work	114	259	37	109	346	201
<b>Net sales</b>	<b>1,711</b>	<b>1,830</b>	<b>572</b>	<b>643</b>	<b>2,468</b>	<b>2,349</b>
Property management costs						
Service charge-related costs	-127	-131	-36	-36	-177	-174
Other operating costs	-109	-113	-39	-34	-150	-146
Management costs	-90	-92	-27	-28	-136	-134
Repairs	-32	-31	-11	-11	-47	-48
Property tax	-96	-94	-28	-32	-126	-128
Leasehold fees	-20	-20	-8	-8	-26	-26
Non-deductible VAT	-7	-7	-2	-2	-10	-10
	-481	-486	-151	-151	-671	-666
Project and construction work costs	-126	-273	-44	-118	-372	-225
<b>Gross profit</b>	<b>1,103</b>	<b>1,071</b>	<b>377</b>	<b>374</b>	<b>1,425</b>	<b>1,457</b>
– of which gross profit property management (operating surplus)	1,115	1,084	384	384	1,450	1,482
– of which gross profit project and construction work	-12	-14	-7	-9	-26	-24
Central administration, property management	-65	-39	-16	-14	-60	-87
Central administration, project and construction work	-10	-11	-3	-3	-15	-14
	-76	-50	-19	-16	-76	-101
Financial income	1	1	1	1	2	1
Financial expenses	-292	-303	-94	-101	-405	-394
	-291	-302	-93	-100	-403	-392
<b>Profit before changes in value</b>	<b>737</b>	<b>718</b>	<b>265</b>	<b>257</b>	<b>945</b>	<b>964</b>
<b>Changes in value</b>						
Properties, unrealised	1,289	1,400	316	216	2,328	2,217
Properties, realised	6	1	13	–	-44	-38
Derivatives, unrealised	-613	39	-54	-165	201	-452
	682	1,440	275	50	2,485	1,727
<b>Profit before tax</b>	<b>1,418</b>	<b>2,158</b>	<b>539</b>	<b>307</b>	<b>3,431</b>	<b>2,691</b>
Current tax	-4	-24	-1	-5	-17	4
Deferred tax	-294	-450	-120	-63	-630	-474
	-298	-475	-121	-68	-647	-470
<b>Net profit for the period</b>	<b>1,121</b>	<b>1,684</b>	<b>418</b>	<b>240</b>	<b>2,784</b>	<b>2,220</b>
<b>Other comprehensive income</b>						
<i>Items which will be reclassified to the profit/loss</i>						
Cash flow hedging	14	20	5	5	25	17
Tax attributable to other reported income and expenses	-3	-4	-1	-1	-5	-4
<b>Total other comprehensive income</b>	<b>11</b>	<b>16</b>	<b>4</b>	<b>4</b>	<b>19</b>	<b>13</b>
<b>Total comprehensive income for the period</b>	<b>1,132</b>	<b>1,699</b>	<b>422</b>	<b>244</b>	<b>2,803</b>	<b>2,232</b>
Earnings per share, SEK	8.41	12.64	3.14	1.80	20.89	16.67

# PROFIT, JANUARY–SEPTEMBER 2016

## NET SALES

The Group's net sales for the period totalled SEK 1,711 million (SEK 1,830 m), of which rental income comprised SEK 1,597 million (SEK 1,571 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. Rental income increased by 4.5 percent in comparable portfolios. 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 and Stora Katrineberg 16 in Liljeholmen which we took into possession on 2 May 2015.

During the first three quarters, non-recurring remuneration of SEK 2 million (SEK 14 m) was received for premature vacating of premises.

## RENTAL INCOME TREND

	2016 1/1–30/6	2015 1/1–30/6	Change, %
Comparable portfolio	1,447	1,385	4.5
Non-recurring remuneration	2	14	
Project properties	29	20	
Properties acquired	118	60	
Properties sold	–	92	
<b>Rental income</b>	<b>1,597</b>	<b>1,571</b>	<b>1.7</b>

## PROPERTY EXPENSES

Property expenses totalled SEK –481 million (SEK –486 m). For comparable portfolio the property expenses have increased by 2.0 per cent in comparison to the corresponding period last year, which is in line with the increase during the first quarter.

## PROPERTY MANAGEMENT COSTS TREND

	2016 1/1–30/6	2015 1/1–30/6	Change, %
Comparable portfolio	–435	–426	2.0
Project properties	–10	–9	
Properties acquired	–37	–18	
Properties sold	–	–33	
<b>Property management costs</b>	<b>–481</b>	<b>–486</b>	<b>–1.0</b>

## GROSS PROFIT/LOSS

The gross profit for the property management activities (the operating surplus) increased to SEK 1,115 million (SEK 1,084 m), corresponding to 2.9 per cent. The increase mainly relates to contributions from acquired properties, new lettings and renegotiations. The surplus ratio increased to 70 per cent (69%).

The gross profit for project and construction activities totalled SEK –12 million (SEK –14 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 11 million (SEK 7 m) and was affected both in the outcome and the comparative period of forcing costs in a construction project performed during 2015.

## CENTRAL ADMINISTRATION

Central administration comprises of costs for the company management as well as central support functions. The cost for the period amounted to SEK –76 million (SEK –50 m) and has been affected by costs in connection with changes in the company management as well as investments in certain central functions.

## FINANCIAL INCOME AND EXPENSES

Financial expenses for the period amounted to SEK –292 million (SEK –303 m). SEK 13 million (SEK 4 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 2.3 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 1,289 million (SEK 1,400 m). For more information, refer to the section on the property portfolio on page 8.

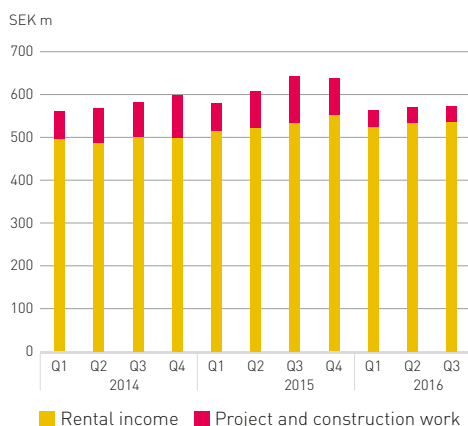
Unrealised changes in the value of derivatives totalled SEK –613 million (SEK 39 m) as a result of lower market interest rates.

For more information, refer to the section on financing on page 10.

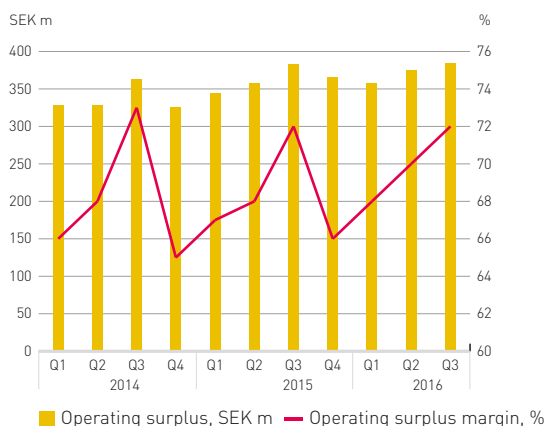
## TAXES

The current tax for the period totalled SEK –4 million (SEK –24 m) and has been affected by, among other things, fiscally deductible

## Net sales



## Operating surplus and operating surplus margin



depreciation and investments, and by loss carry-forwards from the previous year's tax assessment.

Deferred tax totals SEK -294 million (SEK -450 m). The lower cost mainly relates to lower unrealised changes in values of properties and derivatives compared with the previous year.

#### TAX CALCULATION, 30/09/2016

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	1,418	
Tax deductible		
depreciation	-394	394
investments	-152	152
Non-taxable/non-deductible		
changes in the value of properties, unrealised	-1,289	1,289
changes in the value of properties, realised	20	-11
changes in the value of derivatives, unrealised	613	-613
consolidated capitalisation of borrowing	-13	13
provision for pension commitments	2	-12
Other fiscal adjustments	-2	-
<b>Taxable profit/loss before loss carry-forwards</b>	<b>206</b>	<b>1,210</b>
Loss carry-forwards utilised	-198	135
Taxable profit/loss	8	1,345
<b>Of which 22% current/deferred tax</b>	<b>-2</b>	<b>-296</b>
Revaluation of previous tax assessments and other adjustments	-2	2
<b>Reported tax expense</b>	<b>-4</b>	<b>-294</b>

At the end of the period the Group's accumulated fiscal deficit amounted to SEK 64 million (SEK 196 m as of 31/12/2015), of which SEK 52 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 737 million (SEK 718 m).

Net profit for the period totalled SEK 1,121 million (SEK 1,684 m), which corresponds to SEK 8.41/share (SEK 12.64/share) and was primarily affected by unrealised changes in the value of derivatives.

#### RESULT 1 JULY-30 SEPTEMBER

The Group's posted net sales for the third quarter of the year totalled SEK 572 million (SEK 643 m), of which rental income comprised SEK 535 million (SEK 534 m). Rental income has been impacted by addition-

al rental income from acquired properties, new letting and renegotiations, but also by the effect of sold properties.

During the third quarter, no non-recurring remuneration for premature vacating of premises was received (SEK 8 m).

Property expenses totalled SEK -151 million (SEK -151 m).

The costs for central administration amounted to SEK -19 million (SEK -16 m) for the third quarter.

Financial expenses for the third quarter amounted to SEK -94 million (SEK -101 m). During the period SEK 1 million (SEK 2 m) in interest expenses has been capitalised as an investment in property projects.

Unrealised changes in value of properties totalled SEK 316 million (SEK 216 m) and are mainly explained by the market's lower yield requirements. Unrealised changes in value of financial instruments totalled SEK -54 million (SEK -165 m) as market interest rates have fallen on the terms covered by the derivatives.

The current tax for the period totalled SEK -1 million (SEK -5 m). The net profit for the period increased to SEK 418 million (SEK 240 m), corresponding to SEK 3.14/share (SEK 1.80/share).

#### CONTRACTED ANNUAL RENT AND LETTING RATE

The Group's contracted annual rent amounted to SEK 2,201 million on 01/07/2016 (SEK 2,054 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 2,350 million on 01/10/2016 (SEK 2,192 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 16 million (SEK 16 m) during the third quarter of 2016, and has primarily been impacted by a number of major office lettings in Stockholm city centre and lettings in the shopping centre in Gränbystaden.

The time lag between net letting and its effect on profit is assessed to be 3-6 months.

#### PROFIT FORECAST

The profit forecast for 2016 before changes in value and tax is unchanged at SEK 940 million. The profit forecast after tax is SEK 1,275 million, corresponding to SEK 9.57/share and includes changes in value as of 30/09/2016.

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

#### LETTING RATE

	01/10/2016			01/10/2015		
	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %
Offices	1,049	960	92	946	874	92
Retail	971	922	95	1,061	1,019	96
Other	212	202	95	216	195	90
Residential	72	72	100	71	71	100
Business area Property	2,304	2,157	94	2,295	2,158	94
Project properties including land and development rights	45	44	98	26	23	91
<b>Total</b>	<b>2,350</b>	<b>2,201</b>	<b>94</b>	<b>2,321</b>	<b>2,181</b>	<b>94</b>

# CONSOLIDATED BALANCE SHEETS SUMMARY

Amounts in SEK m	30/09/2016	30/09/2015	30/06/2016	30/06/2015	31/12/2015
<b>ASSETS</b>					
Investment properties	34,195	30,936	32,654	30,532	30,841
Goodwill	263	274	263	274	263
Other fixed assets	41	45	29	49	48
<b>Total fixed assets</b>	<b>34,499</b>	<b>31,255</b>	<b>32,955</b>	<b>30,855</b>	<b>31,152</b>
Current assets	586	486	594	460	405
Liquid assets	255	59	421	417	389
<b>Total current assets</b>	<b>841</b>	<b>545</b>	<b>1,015</b>	<b>877</b>	<b>795</b>
<b>Total assets</b>	<b>35,340</b>	<b>31,800</b>	<b>33,971</b>	<b>31,731</b>	<b>31,947</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
Shareholders' equity	14,612	12,849	14,189	12,606	13,953
Deferred tax liability	3,545	3,129	3,443	3,067	3,275
Long-term interest-bearing liabilities	11,796	11,357	11,237	11,213	10,976
Derivatives	1,207	786	1,154	621	621
Other long-term liabilities	52	31	38	30	32
<b>Total long-term liabilities</b>	<b>16,601</b>	<b>15,303</b>	<b>15,872</b>	<b>14,930</b>	<b>14,905</b>
Current interest-bearing liabilities	3,150	2,738	2,992	2,401	2,285
Derivatives	13	1	16	6	0
Other current liabilities	964	909	901	1,789	804
<b>Total current liabilities</b>	<b>4,127</b>	<b>3,648</b>	<b>3,909</b>	<b>4,196</b>	<b>3,090</b>
<b>Total shareholders' equity and liabilities</b>	<b>35,340</b>	<b>31,800</b>	<b>33,971</b>	<b>31,731</b>	<b>31,947</b>

# 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		
<b>Opening balance, as per 1 January 2015</b>	<b>333</b>	<b>3,960</b>	<b>-88</b>	<b>7,385</b>		<b>11,590</b>
Profit for the period				1,684		1,684
Other comprehensive income			16			16
Dividend, SEK 3.30/share				-440		-440
<b>Closing balance as per 30 September 2015</b>	<b>333</b>	<b>3,960</b>	<b>-72</b>	<b>8,629</b>		<b>12,849</b>
Profit for the period				1,100		1,100
Other comprehensive income			4			4
<b>Closing balance as per 31 December 2015</b>	<b>333</b>	<b>3,960</b>	<b>-69</b>	<b>9,729</b>		<b>13,953</b>
Profit for the period				1,121		1,121
Other comprehensive income			11			11
Dividend, SEK 3.55/share				-473		-473
<b>Closing balance as per 30 September 2016</b>	<b>333</b>	<b>3,960</b>	<b>-57</b>	<b>10,376</b>		<b>14,612</b>

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. The average number of outstanding shares for the period 01/01/2016–30/09/2016 amounted 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 and increasing market rents. Continued large interest in property investments as a result of the low yield for other assets has resulted in that the market's yield requirements have continued to decline.

According to Savills, the transaction volume in the Swedish property market during the three first quarters of 2016 amounted to SEK 134 billion, which is 34 per cent higher than the corresponding period last year.

## 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 1,105,000 m<sup>2</sup>.

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

In April, the office property Borgarfjord 3 was acquired and taken into possession, located in Kista with 13,500 m<sup>2</sup> of letting area. The acquisition took place through a share deal with an underlying property value of SEK 325 million.

In July, the office property Eken 6 was acquired, located in Sundbyberg with 28,500 m<sup>2</sup> of letting area. The acquisition took place through a share deal with an underlying property value of SEK 1,059 million. The date of possession was in September.

### Change in the value of the property portfolio

SEK m	2016 1/1–30/9	2015 1/1–30/9
Fair value (market value), beginning of period	30,841	28,163
Acquired properties (after deductions for deferred tax)	1,467	872
Sales	-23	-
Investments in our own properties	620	500
Unrealised changes in value	1,289	1,400
<b>Fair value, period end</b>	<b>34,195</b>	<b>30,936</b>

## PROPERTY VALUES

Atrium Ljungberg has conducted an internal valuation of its property portfolio during the third quarter.

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 m<sup>2</sup> 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 unrealised change in value during the period amounted to SEK 1,289 million (SEK 1,400 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	30/09/2016	30/09/2015
Change in yield requirements	789	1,209
Change in operating nets	476	189
Change in investments	25	2
<b>Total</b>	<b>1,289</b>	<b>1,400</b>

### Yield requirement per premises type

%	Interval	30/09/2016 Average	31/12/2015 Average
Offices	3.8–6.8	5.1	5.2
Retail	3.8–6.3	5.2	5.2
Residential	3.2–3.8	3.4	3.7
Other	3.9–6.8	5.4	5.5
<b>Total</b>	<b>3.2–6.8</b>	<b>5.1</b>	<b>5.2</b>

### Yield requirement per region

%	Interval	30/09/2016 Average	31/12/2015 Average
Stockholm	3.2–6.8	5.1	5.1
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	5.3
<b>Total</b>	<b>3.2–6.8</b>	<b>5.1</b>	<b>5.2</b>

## PROPERTY PORTFOLIO

Property portfolio by segment <sup>1)</sup>	30/09/2016			30/09/2015		
	Letting area, 1,000 m <sup>2</sup>	Fair value, SEK m	Fair value, SEK/m <sup>2</sup> <sup>1)</sup>	Letting area, 1,000 m <sup>2</sup>	Fair value, SEK m <sup>1)</sup>	Fair value, SEK/m <sup>2</sup> <sup>1)</sup>
Office properties	565	16,707	29,551	507	13,629	26,873
Retail properties	431	14,731	34,145	511	15,011	29,385
Residential properties	71	1,328	18,787	71	1,227	17,378
Business area Property	1,067	32,765	30,695	1,089	29,867	27,436
Project properties, including land and development rights	37	1,429	N/A <sup>2)</sup>	21	1,068	N/A <sup>2)</sup>
<b>Total</b>	<b>1,105</b>	<b>34,195</b>		<b>1,110</b>	<b>30,936</b>	

<sup>1)</sup> Square meters including garage.

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



## ONGOING PROJECTS

During the first three quarters of 2016, we invested SEK 620 million (SEK 500 m) in our own properties, of which SEK 250 million (SEK 145 m) 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 of the shopping centre in Gränbystaden and in tenant-specific adaptations in, among other, Hagastaden and Glashuset by Slussen. The remaining investment volume for ongoing project properties amounted to approximately SEK 1,050 million on 30 September.

### NORTHERN GRÄNBYSTADEN – UPPSALA

In Northern Gränbystaden the work is progressing to create an approximately 50 000 m<sup>2</sup> large retail area as a part of entire Gränbystaden. The three buildings which were completed during the second quarter are almost fully let and another restaurant opened during September. Northern Gränbystaden now comprises of a total of 16 stores and restaurants.

The construction of another building will start at the end of 2016. Among other businesses, Elon will open here in September 2017.

### GRÄNBÝ ENTRÉ BUILDING 1 – UPPSALA

The construction of a residential building close to the shopping centre in Gränbystaden is in full swing. The residential building will house roughly sixty rental apartments as well as business premises on two floors. All business premises have been let.

The building 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 premises 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 are creating an attractive district for large and small office businesses which links together Hammarby Sjöstad with the Sickla area. The project covers approximately 25,000 m<sup>2</sup> of letting office area and parking area of 14,000 m<sup>2</sup> GFA.

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

## POTENTIAL DEVELOPMENT PROJECTS

Our existing project portfolio with ongoing and future projects enables investments corresponding to approximately SEK 10 billion. In terms of area, our 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. The rate at which we can complete the projects depends on the market situation and the progress made in the detailed development plan process.

## POTENTIAL PROJECT STARTS 2017–2018

We are planning several project starts during 2017–2018 which are covered by current detailed development plans and others depend on new detailed development plans.

**In Barkarby** in Järfälla we have a land allocation with a development right of approximately 50,000 m<sup>2</sup> GFA. Together with Järfälla municipality, work is ongoing to create BAS Barkarby, a regional meeting place for learning, businesses and culture. 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.

**In Sickla** during mid-2017 we expect to start extension of the former wallpaper factory with 7,000 m<sup>2</sup> for hotel and/or office operations. Reconstruction and extension by Järnvägsgatan for 9,000 m<sup>2</sup> for retail, office and health care operations is expected to start at the end of 2017. Both projects are covered by current detailed development plans. In addition, detailed development plans are ongoing for residential for our properties on Gillevägen, Nobelberget and in Kyrkviken and for reconstruction and extension of Svindersviksskolan from the current 3,000 m<sup>2</sup> to approximately 9,000 m<sup>2</sup>.

**In Gränbystaden** in Uppsala our aim is to create Uppsala's second city centre. A new detailed development plan which was adopted in the spring of 2016 enables development of approximately 60,000 m<sup>2</sup> of GFA for retail, residential, culture, offices, service and education as well as 11,000 m<sup>2</sup> of GFA for parking. In addition to the apartments which are currently being constructed, we are planning for an additional 130 rental apartments focusing on restaurants, service, retail and offices on the two bottom floors. Construction is expected to start in the spring of 2017 with occupancy at the end of 2018 and start of 2019.

In addition, detailed development plans are ongoing for the area just north of the existing shopping centre which can enable the development of additional 20,000 m<sup>2</sup> GFA for retail and 30,000 m<sup>2</sup> of GFA for parking.

**In Hagastaden**, in the centre of the emerging life science cluster, we have a land allocation with a development right of 30,000 m<sup>2</sup> GFA. Here we want to create Life City – a new centre for science and innovation and a meeting place for businesses, academia and society. Construction is expected to start at the end of 2017.

**In Mobilia** in Malmö our plans include new construction and extension of approximately 14,000 m<sup>2</sup> 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 around the turn of the year 2017/2018.

## ONGOING PROJECTS

Project/Property/Location	Municipality	Letting area, Retail, m <sup>2</sup>	Letting area, Office, m <sup>2</sup>	Residential, letting area, m <sup>2</sup>	Parking, GFA	Measure, new build/reconstruction	Investment, SEK m	Of which remaining	Completed	Rental value excl. surcharges, SEK m <sup>11</sup>	Letting rate, %	Environmental certification
Northern Gränbystaden, Brillinge 8:1/9:1	Uppsala	19,900				new build	400	20	2014–2017 <sup>2)</sup>	35	96	BREEAM
Gränby Entré building 1, Gränby 21:4	Uppsala	2,700		3,100		new build	220	190	2017	15	62 <sup>3)</sup>	Environmental Building
Gränbystaden, southern garage, Gränby 21:4	Uppsala				11,000	new build	180	160	2017	<sup>4)</sup>		sl
Sickla Front II, Sicklaön 346:1	Nacka		25,000		14,000	new build	830	680	2018	63	N/A <sup>4)</sup>	BREEAM
<b>Total</b>		<b>22,600</b>	<b>25,000</b>	<b>3,100</b>	<b>25,000</b>		<b>1,630</b>	<b>1,050</b>		<b>113</b>		

<sup>1)</sup> Excluding any additional turnover outcome.

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

<sup>3)</sup> Letting rate for commercial premises amounts to 96 per cent. Letting of residentials takes place closer to completion.

<sup>4)</sup> The garage will be used as a free of charge guest parking.

<sup>5)</sup> The entire property will be certified in accordance with BREEAM In-Use.

<sup>6)</sup> Letting rate is not, with regard to individual business transactions, reported as a subsidiary amount.

# FINANCING

## THE FINANCIAL MARKET

Recovery of the global economy continues to be sluggish. The economic political uncertainty is still large, among other things, as a result of the referendum on Great Britain leaving the EU. The economic signs have not been clear-cut after the referendum results and it is still too early to draw clear conclusions on the effects.

Growth in the Swedish economy weakened during the first half of 2016 after a very strong development in 2015. There is a lot to suggest that the decline was temporary and that the boom will continue. Growth is primarily driven by higher consumption and investments. The GDP growth forecast of the National Institute of Economic Research for 2016 is 3.3 per cent, which indicates good continued growth. The forecast for 2017 is 2.0 per cent.

The variable interest rate, 3M Stibor, remains at a low level and was -0.51 per cent at the turn of the quarter, which is a decline by 0.22 percentage points during the year. The long-term interest rate also remains at low level. The 10 year swap interest rate was 0.63 per cent at the turn of the quarter.

## 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 58 per cent of the total loan volume at the turn of the quarter. Interest-bearing liabilities at the end of the period amounted to SEK 14,947 million (SEK 14,095 m). During the third quarter liabilities increased by SEK 718 million and can primarily be attributed to property acquisitions. The change consists mainly of net repayment of bank loans of SEK 200 million, a net increase of outstanding volume of commercial papers by SEK 500 million and one new bond that was issued of a total of SEK 400 million.

At period end, the average interest rate amounted to 2.3 per cent (2.8). Including unutilised loan guarantees the average interest rate amounted to 2.4 per cent (2.8). There were no unutilised loan guarantees in addition to loan guarantees which cover outstanding commercial papers. The unutilised overdraft facility amounted to SEK 300 million (SEK 300 m). The average fixed interest term was 4.2 years (4.4 years) and the capital commitment term was 3.2 years (2.9 years).

## COLLATERAL

Our borrowing is largely secured by real estate mortgages. Of the interest-bearing liabilities, SEK 8,704 million (SEK 9,952 m) is secured by mortgage deeds and SEK 6,243 million (SEK 4,143) is unsecured.

## DERIVATIVES

At the end of the period, the derivative portfolio comprised of SEK 9,125 million (SEK 8,411 m) in interest swaps, with maturity between the years 2016–2029. In addition, there is SEK 900 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 Statement. 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 period totalled SEK -613 million (SEK 39 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 -1,220 million (SEK -621 m as of 31/12/2015) at the end of the period.

## Fixed interest

Fixed interest term	Amount, SEK m	Percentage, %	Average interest, % <sup>1)</sup>
2016	3,097	21	0.7
2017	3,355	22	1.1
2018	949	6	3.3
2019	–	–	–
2020	600	4	4.3
2021 and thereafter	6,946	46	3.5
<b>Total</b>	<b>14,947</b>	<b>100</b>	<b>2.3</b>

<sup>1)</sup> 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.

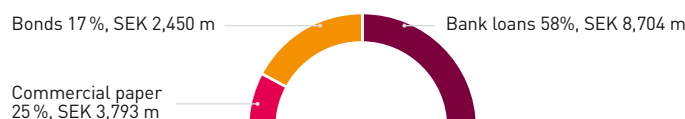
## Capital commitment

Maturity date	Amount, SEK m	Percentage, %
2016	–	–
2017	3,643	24
2018	3,947	26
2019	2,770	19
2020	648	4
2021 and thereafter	3,938	26
<b>Total</b>	<b>14,947</b>	<b>100</b>

## Key ratios financing

	30/09/2016	31/12/2015
Interest-bearing liabilities, SEK m	14,947	13,261
Shareholders' equity, SEK m	14,612	13,953
Gearing ratio, %	43.7	43.0
Adjusted gearing ratio, %	43.7	43.0
Average fixed interest term, years	4.2	4.4
Average capital commitment term, years	3.2	3.1
Average interest rate for interest-bearing liabilities, %	2.3	2.9

## Interest-bearing liabilities



# CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	2016	2015	2016	2015	2015	2015/2016
	1/1-30/9	1/1-30/9	1/7-30/9	1/7-30/9	1/1-31/12	1/10-30/9
<b>OPERATING ACTIVITIES</b>						
Profit before tax	1,418	2,158	539	307	3,431	2,690
Reversal of depreciation and write-downs	4	6	3	2	8	8
Realised changes in value, properties	-6	-1	-13	-	33	27
Unrealised changes in value, properties	-1,289	-1,400	-316	-216	-2,328	-2,217
Unrealised changes in value, derivatives	613	-39	54	165	-201	452
Other items not included in the cash flow	5	9	3	2	17	14
Tax paid (incl. property tax)	-159	-140	-51	-41	-41	-60
<b>Cash flow from operating activities before changes in working capital</b>	<b>587</b>	<b>593</b>	<b>220</b>	<b>221</b>	<b>919</b>	<b>913</b>
Net change in working capital	115	183	108	-9	87	19
<b>Cash flow from operating activities</b>	<b>702</b>	<b>776</b>	<b>328</b>	<b>211</b>	<b>1,006</b>	<b>932</b>
<b>INVESTMENT ACTIVITIES</b>						
Acquisition of properties	-1,467	-1,958	-1,014	-862	-1,958	-1,467
Reconstruction and new construction of properties	-620	-500	-213	-187	-769	-889
Sale of properties	36	-	15	-	1,201	1,237
Acquisition/sale of equipment	-3	-7	-2	-1	-9	-5
<b>Cash flow from investment activities</b>	<b>-2,054</b>	<b>-2,465</b>	<b>-1,214</b>	<b>-1,050</b>	<b>-1,535</b>	<b>-1,124</b>
<b>FINANCING ACTIVITIES</b>						
Change in other long-term liabilities	8	4	3	1	5	9
Loans raised	4,792	3,610	1,471	1,420	3,811	4,993
Amortisation of debts	-3,110	-1,841	-755	-940	-2,873	4,142
Dividend paid	-473	-440	-	-	-440	-473
<b>Cash flow from financing activities</b>	<b>1,218</b>	<b>1,333</b>	<b>719</b>	<b>481</b>	<b>504</b>	<b>388</b>
<b>Cash flow for the period</b>	<b>-135</b>	<b>-356</b>	<b>-167</b>	<b>-358</b>	<b>-25</b>	<b>196</b>
<b>Liquid assets at the beginning of the period</b>	<b>389</b>	<b>415</b>	<b>421</b>	<b>417</b>	<b>415</b>	<b>59</b>
<b>Liquid assets at the end of the period</b>	<b>255</b>	<b>59</b>	<b>255</b>	<b>59</b>	<b>389</b>	<b>255</b>

## COMMENTS ON THE CASH FLOW STATEMENT

The cash flow from operating activities totalled SEK 702 million (SEK 776 m), corresponding to SEK 5.27/share (SEK 5.82/share). The lower cash flow during the period compared to the same period last year is mainly explained by a lower change in operating capital and higher paid tax.

SEK -2,054 million (SEK -2,465 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 1,218 million (SEK 1,333 m) due to net borrowing and dividend paid.

The Group's liquid assets amounted to SEK 255 million (SEK 59 m) at the end of the period. Available liquidity amounted to SEK 555 million (SEK 178 m) and comprised bank deposits of SEK 255 million (SEK 59 m), unutilised overdraft facilities of SEK 300 million (SEK 119 m) and unutilised lines of credit of SEK 0 million (SEK 0 m) in addition to credit facilities covering outstanding commercial papers.

# SEGMENT REPORTING 1/1–30/9 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 <sup>1)</sup>	TL Bygg	Project and construction activities, total	Non-allocated items and eliminations	The Group
Rental income	1,575	30		1,605				-8	1,597
Net sales, project and construction work					20	300	320	-206	114
<b>Net sales</b>	<b>1,575</b>	<b>30</b>		<b>1,605</b>	<b>20</b>	<b>300</b>	<b>320</b>	<b>-213</b>	<b>1,711</b>
Property management costs	-476	-10		-486				4	-481
Project and construction work costs					-44	-290	-334	208	-126
<b>Gross profit</b>	<b>1,098</b>	<b>20</b>		<b>1,118</b>	<b>-24</b>	<b>11</b>	<b>-14</b>	<b>-1</b>	<b>1,103</b>
<i>- of which gross profit/loss from property management</i>	1,098	20		1,118				-2	1,115
<i>- of which gross profit/loss from project and construction work</i>					-24	11	-14	2	-12
Central administration, property management				-66				1	-65
Central administration, project and construction work						-10	-10	0	-10
Financial income								1	1
Financial expenses								-292	-292
								-291	-291
<b>Profit/loss before changes in value</b>	<b>1,098</b>	<b>20</b>		<b>1,052</b>	<b>-24</b>	<b>1</b>	<b>-24</b>	<b>-291</b>	<b>737</b>
Properties, unrealised changes in value	1,254	36		1,289					1,289
Properties, realised changes in value			6	6					6
Derivatives, unrealised changes in value								-613	-613
	1,254	36	6	1,295				-613	682
Current tax								-4	-4
Deferred tax								-294	-294
<b>Net profit/loss for the period</b>	<b>2,352</b>	<b>55</b>	<b>6</b>	<b>2,347</b>	<b>-24</b>	<b>1</b>	<b>-24</b>	<b>-1,202</b>	<b>1,121</b>
<b>Investments and acquisitions</b>									
Investments, investment properties	370	250		620					620
Investments, project and construction work						3	3		3
Acquisitions, investment properties	1,467			1,467					1,467
<b>Total investments</b>	<b>1,837</b>	<b>250</b>		<b>2,087</b>		<b>3</b>	<b>3</b>		<b>2,090</b>
<b>Assets, period end</b>									
Investment properties	32,765	1,429		34,195					34,195
Non-allocated assets in common						90	90	1,055	1,145
<b>Total assets</b>	<b>32,765</b>	<b>1,429</b>		<b>34,195</b>		<b>90</b>	<b>90</b>	<b>1,055</b>	<b>35,340</b>

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

# SEGMENT REPORTING 1/1–30/9 2015<sup>1)</sup>

Amounts in SEK m	Business area Retail	Project properties	Properties sold <sup>2)</sup>	Property management, total	Project development <sup>3)</sup>	TL Bygg	Project and construction activities, total	Non-allocated items and eliminations	The Group
Rental income	1,470	17	92	1,579				-8	1,571
Net sales, project and construction work					29	340	369	-110	259
<b>Net sales</b>	<b>1,470</b>	<b>17</b>	<b>92</b>	<b>1,579</b>	<b>29</b>	<b>340</b>	<b>369</b>	<b>-118</b>	<b>1,830</b>
Property management costs	-450	-7	-33	-490				4	-486
Project and construction work costs					-52	-333	-385	112	-273
<b>Gross profit</b>	<b>1,020</b>	<b>10</b>	<b>59</b>	<b>1,088</b>	<b>-23</b>	<b>-7</b>	<b>-16</b>	<b>-2</b>	<b>1,071</b>
<i>- of which gross profit/loss from property management</i>	1,020	10	59	1,088				-4	1,084
<i>- of which gross profit/loss from project and construction work</i>					-23	7	-16	2	-14
Central administration, property management				-39				1	-39
Central administration, project and construction work						-11	-11	0	-11
Financial income								1	1
Financial expenses								-303	-303
								-302	-302
<b>Profit/loss before changes in value</b>	<b>1,020</b>	<b>10</b>	<b>59</b>	<b>1,049</b>	<b>-23</b>	<b>-4</b>	<b>-27</b>	<b>-302</b>	<b>718</b>
Properties, unrealised changes in value	1,389	11		1,400					1,400
Properties, realised changes in value			1	1					1
Derivatives, unrealised changes in value								39	39
	1,389	11	1	1,401				39	1,440
Current tax								-24	-24
Deferred tax								-450	-450
<b>Net profit/loss for the period</b>	<b>2,409</b>	<b>21</b>	<b>59</b>	<b>2,450</b>	<b>-23</b>	<b>-4</b>	<b>-27</b>	<b>-737</b>	<b>1,684</b>
<b>Investments and acquisitions</b>									
Investments, investment properties	355	145		500					500
Investments, project and construction work						0	0		0
Acquisitions, investment properties	872			872					872
<b>Total investments</b>	<b>1,227</b>	<b>145</b>		<b>1,372</b>		<b>0</b>	<b>0</b>		<b>1,372</b>
<b>Assets per business segment, period end</b>									
Investment properties	29,867	1,068		30,936					30,936
Other assets						126	126	739	864
<b>Total assets</b>	<b>29,867</b>	<b>1,068</b>		<b>30,936</b>		<b>126</b>	<b>126</b>	<b>739</b>	<b>31,800</b>

<sup>1)</sup> Segment reporting has been recalculated taking into account the merger of previous Business area Retail and Business area Offices.

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

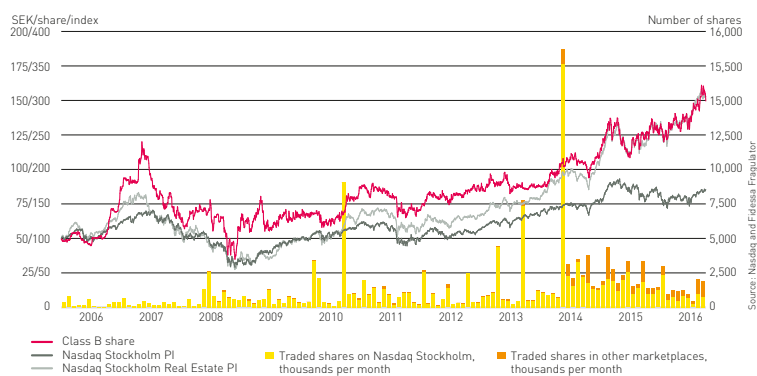
<sup>3)</sup> Profit/loss in Project development refers primarily to costs from investigations in previous project phases and ongoing development projects.

# KEY RATIOS

	2016 1/1-30/9	2015 1/1-30/9	2016 1/7-30/9	2015 1/7-30/9	2015 1/1-31/12	2015/2016 1/10-30/9
<b>PROPERTY-RELATED KEY RATIOS</b>						
Letting rate, %	94	94	94	94	94	94
Operating surplus margin, %	70	69	72	72	68	69
Letting area, '000 m <sup>2</sup>	1,105	1,110	1,105	1,110	1,034	1,105
Investments in own properties, SEK m	620	500	213	187	768	880
Number of properties (at period end)	50	52	50	52	48	50
<b>FINANCIAL KEY RATIOS</b>						
Equity/assets ratio, %	41.3	40.4	41.3	40.4	43.7	41.3
Gearing ratio, %	43.7	45.6	43.7	45.6	43.0	43.7
Adjusted gearing ratio, %	43.7	45.6	43.7	45.6	43.0	43.7
Interest coverage margin, multiple	3.5	3.4	3.8	3.5	3.3	3.4
Average rate of interest on interest-bearing liabilities (at period end), %	2.3	2.8	2.3	2.8	2.9	2.3
Return on shareholders' equity, %	10.5	18.4	11.6	7.5	21.8	16.2
Return on shareholders' equity, excluding changes in value, %	5.9	6.4	5.9	6.6	6.3	6.0
Return on total assets, %	6.8	10.7	7.3	5.1	12.5	9.2
Return on total assets excluding changes in value, %	4.2	4.5	4.2	4.6	4.6	4.2
<b>DATA PER SHARE</b>						
Earnings per share, SEK	8.41	12.64	3.14	1.80	20.89	16.67
Profit before changes in value less applicable nominal tax, SEK	4.31	4.20	1.55	1.50	5.54	5.64
EPRA EPS (Earnings per share), SEK	5.23	5.16	1.85	1.86	6.91	6.99
Cash flow, SEK	5.27	5.82	2.46	1.59	7.55	7.00
Shareholders' equity, SEK	109.68	96.45	109.68	96.45	104.73	109.68
EPRA NAV (Net asset value), SEK	143.36	123.58	143.36	123.58	131.78	143.36
EPRA NNNAV (Triple net asset value), SEK <sup>1)</sup>	130.18	113.89	130.18	113.89	122.95	130.18
Share price, SEK	149.60	126.60	149.60	126.60	133.00	149.60
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
<b>EMPLOYEES</b>						
Average number of employees	279	280	279	280	282	280

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

## The Atrium Ljungberg share



Source: Nasdaq and Fideusa Fragulator

## 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	2016	2016	2015	2015	2015	2015	2014
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Amounts in SEK m									
Rental income		535	538	524	551	534	522	515	499
Net sales, project and construction work		37	37	40	87	109	85	66	99
<b>Net sales</b>		<b>572</b>	<b>575</b>	<b>564</b>	<b>638</b>	<b>643</b>	<b>607</b>	<b>580</b>	<b>598</b>
Property management costs		-151	-164	-167	-185	-151	-165	-170	-174
Project and construction work costs		-44	-41	-41	-99	-118	-85	-70	-103
<b>Gross profit</b>		<b>377</b>	<b>371</b>	<b>356</b>	<b>354</b>	<b>374</b>	<b>357</b>	<b>341</b>	<b>321</b>
- of which gross profit from property management		384	375	357	366	383	357	344	325
- of which gross profit from project and construction work		-7	-4	-1	-12	-9	-1	-4	-4
Central administration, property management		-16	-20	-30	-21	-13	-13	-13	-21
Central administration, project and construction work		-3	-4	-3	-4	-3	-4	-4	-4
		-19	-24	-33	-25	-16	-18	-17	-24
Financial income and expenses		-93	-98	-100	-101	-100	-101	-101	-105
<b>Profit before changes in value</b>		<b>265</b>	<b>249</b>	<b>223</b>	<b>227</b>	<b>257</b>	<b>238</b>	<b>223</b>	<b>191</b>
Properties, unrealised changes in value		316	959	14	928	216	818	366	435
Properties, realised changes in value		13	-1	-6	-44	-	1	-	0
Derivatives, unrealised changes in value		-54	-248	-311	161	-165	403	-199	-271
		275	710	-303	1,045	50	1,222	168	163
<b>Profit before tax</b>		<b>539</b>	<b>959</b>	<b>-80</b>	<b>1,272</b>	<b>307</b>	<b>1,460</b>	<b>391</b>	<b>354</b>
Tax		-121	-199	22	-173	-68	-322	-85	-80
<b>Net profit for the period</b>		<b>418</b>	<b>760</b>	<b>-57</b>	<b>1,100</b>	<b>240</b>	<b>1,138</b>	<b>306</b>	<b>275</b>
<b>KEY RATIOS</b>									
<b>Property-related key ratios</b>		<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>
		<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>
Letting rate, %		94	94	94	94	94	94	93	93
Operating surplus margin, %		72	69	68	67	72	68	67	65
Letting area, '000 m <sup>2</sup>		1,105	1,077	1,052	1,034	1,110	1,110	1,064	1,062
Investments in own properties, SEK m		213	206	201	268	187	164	149	199
Number of properties		50	50	49	48	52	52	49	49
<b>Financial key ratios</b>									
Equity/assets ratio, %		41.3	41.8	43.1	43.7	40.4	39.7	39.8	39.6
Gearing ratio, %		43.7	43.6	41.8	43.0	45.6	44.6	46.4	43.7
Adjusted gearing ratio, %		43.7	43.6	42.0	43.0	45.6	45.9	46.4	45.5
Interest coverage margin, multiple		3.8	3.5	3.2	3.2	3.5	3.4	3.2	2.8
Average rate of interest on interest-bearing liabilities (at period end), %		2.3	2.5	2.8	2.9	2.8	2.8	3.0	3.2
Return on shareholders' equity, %		11.6	21.6	-1.7	32.8	7.5	37.2	10.4	9.6
Return on shareholders' equity, excluding changes in value, %		5.9	5.6	5.4	5.7	6.6	6.4	5.9	5.2
Return on total assets, %		7.3	12.8	0.3	17.2	5.1	20.3	6.6	6.5
Return on total assets excluding changes in value, %		4.2	4.2	4.1	4.3	4.6	4.5	4.4	4.2
<b>Data per share</b>									
Earnings per share, SEK		3.14	5.70	-0.43	8.25	1.80	8.54	2.29	2.06
Profit before changes in value less applicable nominal tax, SEK		1.55	1.46	1.31	1.33	1.50	1.40	1.30	1.12
EPRA Earnings per share (EPS), SEK		1.85	1.79	1.59	1.75	1.86	1.68	1.61	1.50
Cash flow, SEK		2.46	1.17	1.64	1.73	1.59	1.99	2.25	1.42
Shareholders' equity, SEK		109.68	106.51	104.33	104.73	96.45	94.62	89.34	87.00
EPRA NAV (Net asset value), SEK		143.36	139.01	133.46	131.78	123.58	120.07	115.59	111.19
EPRA NNNAV (Triple Net asset value), SEK <sup>1)</sup>		130.18	126.40	122.73	122.95	113.89	111.48	104.95	101.87
Share price, SEK		149.60	136.50	140.50	133.00	126.60	108.50	131.30	114.70
Average number of outstanding shares, '000 <sup>2)</sup>		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 <sup>2)</sup>		133,221	133,221	133,221	133,221	133,221	133,221	133,221	133,221

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

<sup>2)</sup> 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 240 million (SEK 232 m). The operating profit/loss totalled SEK 0 million (SEK 7 m). Profit/loss after financial items totalled SEK 159 million (SEK 194 m).

Interest-bearing liabilities amount to SEK 12,883 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	
	1/1–30/9	1/1–30/9	1/1–31/12
Rental income	126	124	169
Management income	114	108	209
<b>Net sales</b>	<b>240</b>	<b>232</b>	<b>378</b>
Property expenses	-35	-42	-58
Management and administration expenses	-190	-168	-240
Depreciation	-14	-15	-20
<b>Operating profit/loss</b>	<b>0</b>	<b>7</b>	<b>59</b>
Result of participations in Group companies	111	152	620
Interest income and similar profit/loss items	357	356	473
Interest expenses and similar profit/loss items	-309	-321	-426
	<b>159</b>	<b>187</b>	<b>667</b>
<b>Profit/loss after financial items</b>	<b>159</b>	<b>194</b>	<b>726</b>
Appropriations	-7	-4	-139
<b>Profit/loss before tax</b>	<b>152</b>	<b>190</b>	<b>587</b>
Current tax	-1	-24	-12
Deferred tax	-14	-16	-22
	-15	-40	-34
<b>Profit for the period</b>	<b>137</b>	<b>150</b>	<b>553</b>

## SUMMARY BALANCE SHEETS PARENT COMPANY

Amounts in SEK m	30/09/2016	30/09/2015	31/12/2015
	<b>ASSETS</b>		
Tangible fixed assets	1,473	1,421	1,439
Financial fixed assets	455	2,574	2,613
Current assets	18,540	15,911	14,721
<b>Total assets</b>	<b>20,468</b>	<b>19,906</b>	<b>18,773</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	7,065	6,998	7,401
Untaxed reserves	48	40	42
Provisions	285	252	258
Long-term liabilities	9,969	8,709	8,934
Current liabilities	3,100	3,906	2,138
<b>Total shareholders' equity and liabilities</b>	<b>20,468</b>	<b>19,906</b>	<b>18,773</b>

# 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 submitted its final report regarding the taxation of companies. 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.

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.



## 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.

## 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 and has been granted leave to appeal. The court proceedings are expected to start around the turn of the half-year of 2017.

## 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 name Property while letting operations were coordinated under the business area Transaction and establishment.

Micael Averborg, director of the business area Transaction and establishment and member of the management group, left his employment in September. Work on appointing a successor for Micael is now in progress.

## WHISTLEBLOWING

We manage our company in a long-term and sustainable manner. It is therefore important that improprieties which affect Atrium Ljungberg and which may seriously injure our staff are highlighted, investigated and prevented in as early a stage as possible. We have therefore decided to establish a whistleblowing service through an external party. In this manner we can guarantee a system with highest secrecy and total anonymity which makes it safe for our employees, customers and collaboration partners to submit a complaint. Complaints can be submitted through our website and are then handled by the external party.

## 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 14,947 million (SEK 13,261 m as of 31/12/2015) and their fair value totals SEK 14,991 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

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.

Reconciliation of APMs is available on Atrium Ljungberg's website, [www.al.se](http://www.al.se).

Nacka, 21 October 2016

Annika Ånäs, CEO

# AUDITOR'S REVIEW

**Atrium Ljungberg AB corporate identity number 556175-7047**

To the Board of Directors of Atrium Ljungberg AB

## **Introduction**

We have reviewed the condensed interim report for Atrium Ljungberg AB as at September 30, 2016 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other

review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 21 October 2016  
Ernst & Young AB

Ingemar Rindstig  
Authorised Public Accountant

Since 2011 all our major new buildings are certified with BREEAM. In September we received our first certification for an already existing building, the retail hub Port 73. The certification is acknowledgement of consistent sustainability work in the management. In the future we will environmentally certify both existing and new buildings.





# 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.

**Comparable portfolio**

Comparable portfolio refers to the properties which were not classified as project properties and were owned throughout the period and entire comparison period. Comparable portfolio is used to illustrate the trend of rental income excluding non-recurrent effects for premature vacating of premises and property expenses uninfluenced by project properties as well as acquired and sold properties.

**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, m<sup>2</sup>**

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

**Letting area, m<sup>2</sup>**

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.

**Property type**

The premises type which comprise the predominant share of the rental value of a register property determine the property type.

The market value is reported per property type.

**Premises type**

The operations managed in the individual premises determine the premises type: retail, offices, residential or other. Other includes, among other things, education, culture and service enterprises.

The letting rate and yield requirement are reported per premises type.

**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 m<sup>2</sup> 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	34
Contracted annual rent, SEK billion	2.2
Total letting area, 1,000 m <sup>2</sup>	1,105
Letting rate, %	94
Number of employees	279



## 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](http://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](http://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

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



Box 4200, SE-131 04 Nacka. Street address: Sickla Industriväg 19  
Tel: +46 (0)8 615 89 00, [info@al.se](mailto:info@al.se)  
Registered office: Nacka, Corporate ID no.: 556175-7047

[www.al.se](http://www.al.se)