

JANUARY TO DECEMBER

PRELIMINARY FINANCIAL STATEMENT 2017

INTERIM REPORT

1 JANUARY–31 DECEMBER 2017

- ▶ **NET SALES** increased to SEK 2,563 million (SEK 2,299 m) of which rental income increased to SEK 2,389 million (SEK 2,150 m). Rental income in like-for-like portfolios increased by 4.4 per cent.
- ▶ **THE LETTING RATE** was 95 per cent (93%), including project properties.
- ▶ **THE OPERATING SURPLUS** from property management increased to SEK 1,647 million (SEK 1,458 m), an increase of 13.0 per cent. This increase is primarily the result of acquired properties and contributions from new lettings and renegotiations. The surplus ratio increased to 69 per cent (68%).
- ▶ **THE PROFIT BEFORE CHANGES IN VALUE** increased to SEK 1,180 million (SEK 965 m).
- ▶ **THE UNREALISED CHANGES IN THE VALUE OF INVESTMENT PROPERTIES** amounted to SEK 1,817 million (SEK 2,772 m) and are mainly explained by higher rental levels, but also by the market's lower yield requirement. Unrealised changes in the value of derivatives amounted to SEK 121 million (SEK -307 m) as market interest rates during the period increased on the terms covered by the derivatives.
- ▶ **NET PROFIT FOR THE PERIOD** totalled SEK 2,559 million (SEK 2,681 m), corresponding to SEK 19.21/share (SEK 20.13/share).
- ▶ **INVESTMENTS** in Atrium Ljungberg's own properties increased to SEK 1,593 million (SEK 1,002 m).
- ▶ **Acquisition of properties** increased to SEK 2,265 million (SEK 1,461 m).
- ▶ **SALE OF PROPERTIES** amounted to SEK 868 million (SEK 23).
- ▶ The Board proposes a dividend of SEK 4.50/share (SEK 3.95/share).
- ▶ **THE 2018 PROFIT FORECAST** before changes in value is SEK 1,200 million. The profit after tax amounts to SEK 940 million, corresponding to SEK 7.06/share.

KEY RATIOS ¹⁾	2017 Jan – Dec	2016 Jan – Dec	2017 Oct – Dec	2016 Oct – Dec
Net sales, SEK m	2,563	2,299	673	588
Profit/loss before changes in value, SEK m	1,180	965	271	228
Net profit/loss for the period, SEK m	2,559	2,681	396	1 582
Investments in Atrium Ljungberg's own properties, SEK m	1,593	1,002	426	382
Acquisition of properties, SEK m	2,265	1,461	421	–
Cash flow from operating activities, SEK m	1,166	949	363	247
Letting rate, %	95	93	95	93
Operating surplus margin, %	69	68	67	62
Equity/assets ratio, %	42.6	43.7	42.6	43,7
Adjusted gearing ratio, %	44.1	41.9	44.1	41,9
Interest coverage ratio, multiple	4.2	3.5	3.9	3,5
Average interest rate at the period end, %	1.7	2.3	1.7	2,3
Earnings per share, SEK	19.21	20.13	2.98	11,72
EPRA ESP, SEK/share	8.15	6,98	1.90	1,73
Cash flow, SEK/share	8.75	7,12	2.70	1,85
Share price at period end, SEK/share	130.30	142.30	130.30	142,30
EPRA NNNV, SEK/share	162.57	144.38	162.57	144,38
Shareholders' equity, SEK/share	136.79	121.42	136.79	121,42

¹⁾ For definitions, see pages 22 and 23.

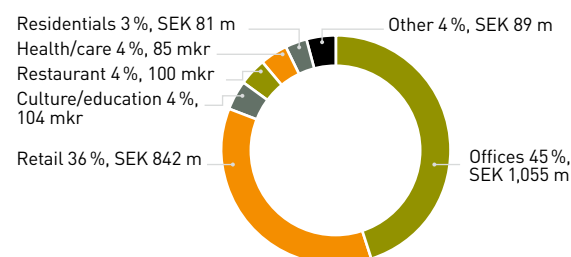
²⁾ Including possession of Fatburen 2, Söderhallarna on Medborgarplatsen.

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.

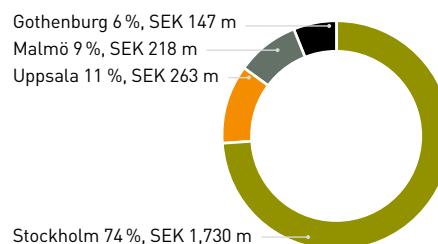
SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- ▶ An agreement was concluded for the sale of the property Söderby Huvudgård 2:43 (retail hub Port 73) in Haninge.
- ▶ A lease was signed with Nordic Choice Hotels to open a hotel in Sickla. A reconstruction and extension project of the 'Tapetfabriken' (Wallpaper Factory) got underway, which will include a hotel and offices.
- ▶ A development agreement with a land transfer for part of the property Vasastaden 1:16 and 1:45 in Hagastaden (the future Molekylen district) was approved by Stockholm city council. We are planning for our Life City project at the property, with a development right of approximately 32,000 m² GFA. The date of possession will be in the first six months of 2018.
- ▶ An agreement for approximately 7,000 m² office space in Liljeholmen in Stockholm was concluded with H&M.
- ▶ The Kista+ office concept in Kista was completed following a major reconstruction project, and IBM's Swedish head office moved in to approximately 6,500 m².
- ▶ The first residential building was completed in Gränbystaden in Uppsala.

Contracted annual rent per premises type



Contracted annual rent per region



CEO'S STATEMENT

RESULTS 2017

I can summarise 2017 by saying once again that we have delivered strong results that were higher than had been forecast. We are exceeding all our financial targets for growth and long-term stability. I am particularly pleased that we have increased our operating surplus by as much as 13 per cent. This increase is due to our property acquisitions, but also due to the excellent work carried out in our daily property management and the fact that we have completed several successful new negotiations and renegotiations of leases.

STRONG AND STABLE IN THE LONG TERM

Atrium Ljungberg is a financially stable company, with an equity/assets ratio and interest coverage ratio well above our targets. In 2017 our financial stability was confirmed when we were given an external investment-grade rating by Moody's. This external rating, our active financial work and the introduction of green bonds have resulted in a differential loan portfolio with an average interest rate of 1.7 per cent, and a fixed interest period of 4.4 years. Our strong financial position puts us in a good position to continue our project development.

INVESTMENT RATE ABOVE OUR TARGET

Our aim for 2017 was to increase the investment rate and carry out investments totalling SEK 1.5 billion in Atrium Ljungberg's own properties. The goal was also to start construction projects with a total investment volume of approximately SEK 2 billion. Looking at the figures, our investment rate was higher than that. Investments in our own properties amounted to SEK 1.6 billion, and we have started several construction projects in Sickla, Gränbystaden and Mobilia. These projects will be completed in 2018–2020.

ACQUISITIONS WHERE WE WILL GROW

In 2017 we acquired properties for a value of SEK 2.3 billion. One of the acquisitions was Sjömansinstitutet at Slussen in Stockholm, which is next to Glashuset, which we already own. Our position in the attractive area of Södermalm has now been strengthened, and as soon as our land allocation in front of Glashuset is realised, it will give us better overall planning of the area.

During the year we also took into possession Fatburen 2 at Medborgarplatsen in Södermalm. This means that we now own and manage both the properties which Söderhallarna comprises.

Another acquisition, Lindholmen 30:1 in Gothenburg is a large office property that has been fully leased to Ericsson. This acquisition saw us double our portfolio in Gothenburg, taking us to the next stage in our



"We are exceeding all our financial targets for growth and stability. I am particularly pleased that we have increased our operating surplus by as much as 13 per cent."

ambition to continue to grow in the interesting Gothenburg market.

Just before the end of the year, we sold the retail hub Port 73 in Haninge. Port 73 had been a successful development project, but for us it is important to be able to develop our sites into urban environments where retail is part of the overall experience, and there was limited opportunity to add, for example, residential properties and offices to Port 73 in the foreseeable future. The sale was made in a buoyant market.

PROJECT PORTFOLIO WITH POTENTIAL

Atrium Ljungberg's growth is secured through our extensive project portfolio. We currently have ongoing construction projects with a remaining investment of SEK 2.5 billion. In 2018 we will complete the Sickla Front II office building in Sickla, the expansion of Gränbystaden shopping centre in Uppsala and two more residential properties in Gränbystaden. We will also continue to develop the shopping square in Mobilia, and the 1898 and Tapetfabriken projects in Sickla.

In addition to the ongoing projects, our project portfolio enables us to invest an additional SEK 14.5 billion within the land we own and the land allocations that we possess. We are working hard to start construction on two exciting projects this year, Life City in Hagastaden and Bas Barkarby in Järfälla.

In 2018 we assess that the investments in our own properties will be SEK 1.5 billion.

RESIDENTIAL PROPERTIES – THE CHERRY ON THE CAKE

We are continuing to create sustainable and vibrant urban environments by combining different operations in the same place. For an urban environment to be vibrant, residential properties are an absolute necessity.

However, residential properties are just the cherry on the cake for our business, which focuses on offices and retail – it is our management business that is our bread and butter. Our residential properties will be built in our existing areas and on land that we have owned for a long period of time. We will build residential properties at the rate that we think is best for our business.

We are planning to start selling the first phase of residential properties in Nobelberget in Sickla during the last six months of 2018. The construction is planned to start at the beginning of 2019.

FUTURE PROSPECTS AND FORECAST

The Swedish economy remains buoyant and there are strong indicators that 2018 will be another good year for property. It looks like there will continue to be high demand, particularly for office properties in Stockholm. The concern in the industry is related to the development of e-commerce. E-commerce is the area in the retail sector that is showing the most growth, accounting for 9 per cent of total retail sales in Sweden.

This development will affect all players in retail in one way or another, but it is important to remember that consumption increases in the long term in areas of strong population growth, in terms of the physical consumption of goods and services. Footfall increases in the attractive spaces in these areas, spaces that contain offices, restaurants and cafes, service, education, health and nursing. I am convinced that the future is bright for retail in these kinds of areas. And these are exactly the kind of places we are good at developing.

The forecast for profit before changes in value is SEK 1,200 million for 2018, compared to the outcome of SEK 1,180 million in 2017.

Finally, I would like to thank all of our tenants and partners. Together we create spaces that are good for all of our businesses. And thank you as well to all our employees for your hard work. I am looking forward to an exciting 2018!

Annica Ånäs,
CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	2017 1/1–31/12	2016 1/1–31/12	2017 1/10–31/12	2016 1/10–31/12
Rental income	2,389	2,150	603	553
Sales, project and construction work	174	149	70	35
Net sales	2,563	2,299	673	588
Property management costs				
Service charge-related costs	–186	–176	–49	–48
Other operating costs	–157	–154	–37	–45
Management costs	–153	–148	–51	–58
Repairs	–58	–50	–22	–18
Property tax	–142	–130	–36	–34
Leasehold fees	–35	–25	–5	–5
Non-deductible VAT	–11	–10	–3	–3
	–742	–692	–202	–211
Project and construction work costs	–206	–162	–82	–35
Gross profit/loss	1,616	1,445	389	342
– of which gross profit/loss property management (operating surplus)	1,647	1,458	401	342
– of which gross profit/loss from project and construction work	–31	–12	–12	–1
Central administration, property management	–48	–82	–21	–17
Central administration, project and construction work	–16	–15	–5	–5
	–64	–97	–26	–22
Financial income	1	1	0	0
Financial expenses	–372	–385	–92	–92
	–372	–384	–92	–92
Profit/loss before changes in value	1,180	965	271	228
Changes in value				
Properties, unrealised	1,817	2,772	129	1,483
Properties, realised	–4	6	–4	–
Derivatives, unrealised	121	–307	–15	307
Derivatives, realised	–5	–	–5	–
	1,930	2,471	105	1,790
Profit/loss before tax	3,110	3,436	376	2,018
Current tax	–9	–4	40	0
Deferred tax	–542	–751	–20	–457
	–551	–755	20	–457
Profit for the period	2,559	2,681	396	1,561
Other comprehensive income				
<i>Items which will be reclassified to profit/loss</i>				
Cash flow hedging	18	19	4	5
Tax attributable to other reported income and expenses	–4	–4	–1	–1
Total other comprehensive income	14	15	3	4
Total comprehensive income for the period	2,573	2,696	400	1,565
Earnings per share, SEK	19.21	20.13	2.98	11.72

RESULTS JANUARY–DECEMBER 2017

NET SALES

The Group's net sales for the year increased to SEK 2,563 million (SEK 2,299 m), of which rental income comprised SEK 2,389 million (SEK 2,150 m).

During the year, non-recurring remuneration of SEK 13 million (SEK 2 m) was received for premature vacating of premises. During the year SEK 45 million was received in a settlement in a rent dispute, of which SEK 40 million increases rental income.

RENTAL INCOME TREND

	2017 1/1–31/12	2016 1/1–31/12	Change, %
Like-for-like portfolio	2,109	2,020	4.4
Non-recurring remuneration	53	2	
Project properties	82	86	
Properties acquired	145	41	
Rental income	2,389	2,150	11.1

At the end of the year the market value for the like-for-like portfolio was SEK 33,227 million excluding building rights, corresponding to 81 per cent of the property portfolio's total value.

PROPERTY COSTS

Property costs totalled SEK –742 million (SEK –692). For the like-for-like portfolio, property costs have increased by 1.3 per cent compared with the corresponding period last year. The lower increase in property costs are mainly due to a positive effect of bad debt provision previous year and lower bad debts losses compared to previous year.

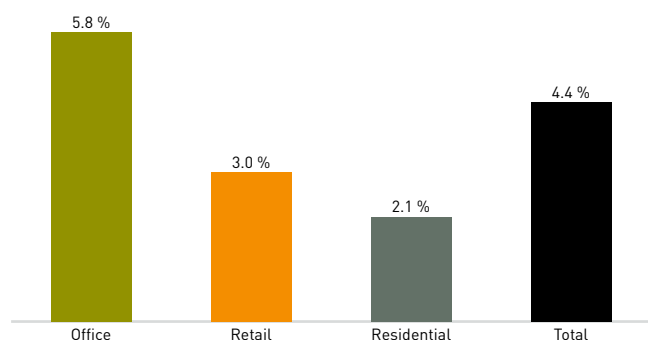
PROPERTY COSTS TREND

	2017 1/1–31/12	2016 1/1–31/12	Change, %
Like-for-like portfolio	–653	–644	1.3
Project properties	–36	–36	
Properties acquired	–53	–12	
Property management costs	–742	–692	7.2

GROSS PROFIT/LOSS

The gross profit for the property management activities (the operating surplus) increased to SEK 1,647 million (SEK 1,458 m), corresponding to 13.0 per cent. The increase is primarily the result of acquired properties and a settlement in the rent dispute but also contributions from new lettings and renegotiations. The operating surplus margin is increased to 69 per cent (68%).

Like-for-like net rental income growth



Contributions from acquired properties primarily relate to the properties Lindholmen 30:1 in Gothenburg which was taken into possession on 29 March 2017 and Eken 6 in Sundbyberg which was taken into possession on 15 September 2016.

The gross profit for project and construction activities totalled SEK –31 million (SEK –12 m). The lower result is primarily explained by the elimination of internal profit in TL Bygg AB as well as higher marketing costs and sunk costs for development projects.

TL Bygg's gross profit amounted to SEK 32 million (SEK 20 m). The increase is mainly due to two external projects that had a negative impact on the profit in 2016 and historically high intra-group sales year 2017.

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.

CENTRAL ADMINISTRATION

Central administration comprises costs for the company management as well as central support functions. The cost for the year amounted to SEK –64 million (SEK –97 m). Higher costs last year are mainly explained by costs associated with changes in the company management.

During the third quarter, SEK 13 million was received as retro-active settlement for occupational pension, which reduces the cost of central administration.

During the second quarter, SEK 45 million was received in a settlement in a rent dispute, of which SEK 5 million reduces the cost of central administration.

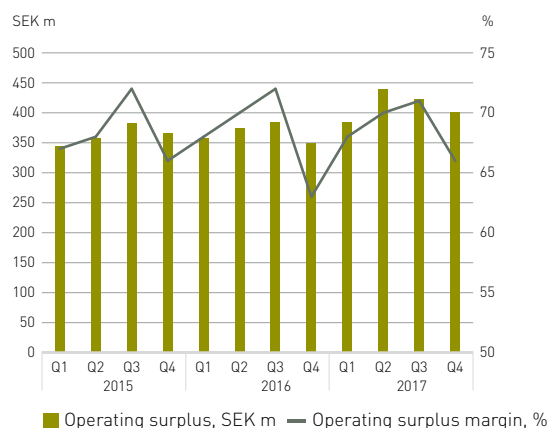
FINANCIAL INCOME AND EXPENSES

Financial expenses for the period amounted to SEK –372 million (SEK –385 m) despite higher interest-bearing liabilities. The average interest rate at the end of the period amounted to 1.7 per cent (2.3%). For more information, refer to the section on financing on page 12.

CHANGES IN VALUE

Unrealised changes in the value of properties amounted to SEK 1,817 million (SEK 2,772 m) and are mainly explained by higher rental levels and the market's lower yield requirements. For more information, refer to the section on the property portfolio on page 8.

Operating surplus and operating surplus margin



CONT. RESULTS JANUARY–DECEMBER 2017

Unrealised changes in the value of derivatives increased to SEK 121 million (SEK –307 m) as market interest rates during the period increased on the terms covered by the derivatives.

TAXES

The current tax for the period totalled SEK –9 million (SEK –4 m). The current tax has been affected by tax deductible depreciation and investments, and by loss carry-forwards from the previous year's tax assessment.

The change in deferred tax amounts to SEK –542 million (SEK –751 m) and has primarily been impacted by deferred tax on unrealised changes in the value of properties and derivatives and the use of tax loss carry-forwards.

At the end of the period the Group's accumulated fiscal deficit amounted to SEK 29 million (SEK 117 m as of 31/12/2017), of which SEK 29 million (SEK 101 m) comprises the base of the Group's deferred tax receivable.

The fiscal value of investment properties amounts to SEK 15,890 million (SEK 14,053 m).

TAX CALCULATION, 31/12/2017

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	3,110	–
Tax deductible		
depreciation	–522	522
investments	–257	257
Non-taxable/non-deductible		
changes in the value of properties, unrealised	–1,817	1,817
changes in the value of properties, realised	44	–435
changes in the value of derivatives, unrealised	–121	121
changes in the value of derivatives, realised	–285	285
consolidated capitalisation of borrowing	–15	15
consolidated capitalisation of mortgages	–4	4
consolidated internal profit	–	–26
Other fiscal adjustments	11	–197
Taxable profit/loss before loss carry-forwards	138	2,362
Change in loss carry-forwards	–96	101
Taxable profit/loss	42	2,463
Of which 22% current/deferred tax	–9	–542
Reported tax expense	–9	–542

PROFIT

The profit before changes in value increased to SEK 1,180 million (SEK 965 m).

Net profit for the period totalled SEK 2,559 million (SEK 2,681 m), which corresponds to SEK 19.21 per share (SEK 20.13 per share) and was primarily affected by higher operating surplus and unrealised changes in the value of properties and derivatives.

NET LETTING

Net letting, i.e. newly agreed contracted annual rents less annual rents terminated due to clients vacating the premises, amounted to SEK 28 million (SEK 26 m) during the fourth quarter, of which SEK 19 million (SEK 5 m) refers to project properties.

Total net letting in 2017 amounted to SEK 40 million (SEK 128 m) out of which SEK 59 million (SEK 28 m) relates to projects properties. In the time lag between net letting and its effect on profit is assessed to be 3–24 months.

CONTRACTED ANNUAL RENT AND LETTING RATE

The Group's contracted annual rent amounted to SEK 2,357 million on 01/01/2018 (SEK 2,208 m as of 01/01/2017) and the rental value amounted to SEK 2,494 million (SEK 2,374 m as of 01/01/2017). This gives a letting rate including project properties of 95 per cent (93% as of 01/01/2017) and excluding project properties of 95 per cent (93% as of 01/01/2017). The EPRA vacancy rate is thus 5 per cent (7% as of 01/01/2017).

The average remaining term for contracted rent excluding residentials and parking, was 3.6 years as of 01/01/2017 (3.7 years as of 01/01/2017).

PROFIT FORECAST

The 2018 profit forecast before changes in value and tax amounts to SEK 1,200 million. The forecast net profit after tax is SEK 940 million, corresponding to SEK 7.06 per share. Future changes in value and any future property acquisitions and sales of properties have not been taken into account in the forecast.

RENTAL VALUE AND LETTING RATE

Premises type	31/12/2017			31/12/2016		
	Rental value, SEK m	Rental value, SEK/m ²	Letting rate, %	Rental value, SEK m	Rental value, SEK/m ²	Letting rate, %
Office	1,102	2,580	95	979	2,422	90
Retail	928	3,495	95	955	3,201	96
Other	215	1,860	95	214	1,877	96
Residentials	79	1,385	100	71	1,327	98
Garage/parking	51	–	92	62	–	98
Business area Property	2,375	2,686	95	2,280	2,622	93
Project properties	119	–	81	94	–	88
Land and development rights	–	–	–	–	–	–
Total	2,494		95	2,374		93

CONSOLIDATED BALANCE SHEETS SUMMARY

Amounts in SEK m	31/12/2017	31/12/2016	30/09/2017	30/09/2016
ASSETS				
Investment properties	39,991	36,054	40,735	34,195
Goodwill	240	263	263	263
Other fixed assets	45	52	39	41
Total fixed assets	40,276	36,368	41,037	34,499
Development properties	870	–	–	–
Current assets	1,272 ¹⁾	357	578	586
Liquid assets	344	276	109	255
Total current assets	2,487	633	687	841
Total assets	42,763	37,001	41,724	35,340
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	18,223	16,176	17,823	14,612
Deferred tax liability	4,531	4,010	4,513	3,545
Long-term interest-bearing liabilities	16,415	13,125	15,965	11,796
Derivatives	484	900	759	1,207
Other long-term liabilities	73	60	65	52
Total long-term liabilities	21,503	18,095	21,302	16,601
Short-term interest-bearing liabilities	1,832	1,970	1,682	3,150
Derivatives	0	9	0	13
Other current liabilities	1,205 ²⁾	751	917	964
Total current liabilities	3,037	2,730	1,712	4,127
Total shareholders' equity and liabilities	42,763	37,001	41,724	35,340

¹⁾ Including undue payment regarding the sale of Port 73.

²⁾ Including undue payment regarding the acquisition of Molekylen.

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK m	Attributable to the Parent Company shareholders				
	Share capital	Other capital contributed	Hedging reserves	Profits brought forward	Total shareholders' equity
Opening balance as per 1 January 2016	333	3,960	-69	9,729	13,953
Profit for the period				2,681	2,681
Other comprehensive income			15		15
Dividend, SEK 3.55/share				-473	-473
Closing balance, as per 31 December 2016	333	3,960	-54	11,937	16,176
Change in shareholders' equity, 2017					
Profit for the period				2,559	2,559
Other comprehensive income			14		14
Dividend, SEK 3.95/share				-526	-526
Closing balance, as per 31 December 2017	333	3,960	-39	13,970	18,223

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 end of the period, the number of outstanding shares amounted to 133,220,736 (133,220,736 as of 31/12/2016). The average number of outstanding shares for the period 01/01/2017 – 31/12/2017 amounts to 133,220,736 (133,220,736).

PROPERTY PORTFOLIO

THE PROPERTY MARKET

The rental levels for offices are continuing to rise, mostly due to the prices of renegotiated rents being at the same levels as new leases. The low dividend yield requirements have stabilised despite access to capital remaining strong. Potential future changes in regulations following investigations on packaging and restrictions to interest deduction remain causes of concern in the market.

The transaction volume in the Swedish property market amounted to SEK 49 billion in the fourth quarter, while the total for 2017 as a whole was SEK 147 billion according to Newsec. This reflects the levels seen in previous years, except for the record volumes last year.

OUR PROPERTY PORTFOLIO

Atrium Ljungberg's property portfolio consists of 53 properties located in Stockholm, Gothenburg, Malmö and Uppsala. Our portfolio, which mainly consists of office and retail properties, has a total letting area of 1,146,000 m².

In November 2016 an agreement was signed for the acquisition of Fatburen 2, Söderhallarna in Stockholm, and it was taken into possession in March this year. The property houses a food market, retail and offices with a total lettable area of approximately 8,500 m². The purchase price amounted to SEK 380 million.

In March the property Tranbodarne 13, located in Slussen in Stockholm, was acquired and taken into possession, with a lettable area of approximately 3,300 m² offices and residentials. The acquisition was made through a share deal with an underlying property value of SEK 252 million.

In March the office property Lindholmen 30:1 on Lindholmen in Gothenburg was also acquired and taken into possession, with approximately 37,000 m² lettable area. The acquisition was made through a share deal with an underlying property value of approximately SEK 1,300 million.

In October an agreement was concluded to acquire parts of the properties Vasastaden 1:16 and 1:45 at a price of SEK 432 million, comprising 31,800 m² GFA, for our Life City project in the future Molekylen district. The date of possession is planned for the first six months of 2018.

In December an agreement was concluded to sell the Söderby Huvudgård 2:43 property in Haninge. This property comprises the retail hub Port 73 and was sold through a share deal with an underlying property value of SEK 977 million. It was vacated at the beginning of February 2018.

DEVELOPMENT PROPERTIES

During the fourth quarter Atrium Ljungberg decided to reclassify some Investment Properties in Sickla as Development Properties, totalling SEK 870 million. This includes 23,000 m² letting area that is expected to be demolished before development. Development properties are properties that are intended to be developed into tenant-owned dwellings before being sold. The development properties are recognised at the lowest of the costs expended and the estimated net realisable value. The reclassification from Investment Properties to Development Properties is recognised at the fair value that was established most recently, which was on 30 September 2017.

Changes in the property portfolio

	2017	2016
SEK m	1/1–31/12	1/1–31/12
Fair value at the start of the period	36,054	30,841
Acquisitions (after deduction of deferred tax)	2,265	1,461
Sale	–868	–23
Investments in our own properties	1,593	1,002
Unrealised changes in value	1,817	2,772
Reclassified as Development properties	–870	–
Fair value at the end of the period	39,991	36,054

Development properties

At the beginning of period	–	–
Reclassifications from Investment Properties	870	–
Investments	–	–
Development properties, at end of period	870	–
Total property portfolio	40,861	36 054

PROPERTY VALUES

Atrium Ljungberg has conducted an internal valuation of its property portfolio during the third quarter. During the year, 38 per cent of the property portfolio's total value has been externally valued.

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 compa-

PROPERTY PORTFOLIO

Property type	31/12/2017			31/12/2016		
	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	Fair value, SEK/m ² ¹⁾
Office properties	637	20,425	40,281	584	17,716	37,247
Retail properties	356	14,400	49,098	415	14,400	43,006
Residential properties	76	1,412	23,882	71	1,390	23,530
Total	1,069	36,237	42,162	1,070	33,506	38,533
Project properties	77	3,070	E/T ²⁾	54	1,846	E/T ²⁾
Land and development rights	–	684		–	702	
Total	1,146	39,991		1,124	36,054	
Exploateringsfastigheter	–	870		–	–	
Summa Fastigheter	1,146	40,861		1,124	36,054	

¹⁾ m² excluding 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.

CONT. PROPERTY PORTFOLIO

ny's actual costs. Development rights have been valued based on an assessed market value per m² of GFA for determined development rights in accordance with an approved detailed development plan or where the detailed development plan is assessed to enter into force within the near future. 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 changes in value during the period amounted to SEK 1,817 million (SEK 2,772 m) and are mainly explained by higher rental levels and the market's lower yield requirements.

Unrealised changes in value, properties

SEK m	31/12/2017	31/12/2016
Change in yield requirements	947	1,799
Change in operating net etc.	865	639
Development rights	5	334
Total	1,817	2,772

Dividend yield requirement per premises type

%	31/12/2017		31/12/2016
	Interval	Average	Average
Office	3.7–6.5	4.7	4.8
Retail	3.7–6.2	5.0	5.0
Residentials	2.9–3.8	3.1	3.2
Other	3.7–6.3	5.1	5.2
Total	2.9–6.5	4.7	4.9

Dividend yield requirement per region

%	31/12/2017		31/12/2016
	Interval	Average	Average
Stockholm	2.9–6.5	4.7	4.8
Uppsala	5.0–5.2	5.1	5.3
Malmö	3.8–6.3	5.4	5.5
Göteborg	4.6–5.1	4.6	4.8
Total	2.9–6.5	4.7	4.9

CONFIRMED PROJECTS

In 2017 investments in own properties amounted to SEK 1,593 million (SEK 1,002 m), of which SEK 922 million (SEK 509 m) in project properties. Investments in project properties mainly refer to the Sickla Front II office building, the Gränby Entré building 1 residential property, the south garage in Gränbystaden as well as the reconstruction of Forumkvarteret. Other investments mainly refer to tenant-specific adaptations in properties in Stockholm city, Liljeholmen and Farsta Centrum in Stockholm, as well as properties in Lindholmen in Gothenburg, and in Gränbystaden shopping centre in Uppsala.

The remaining investment volume for confirmed project properties amounted to approximately SEK 2.5 billion on 31 December.

SICKLA – NACKA

Sickla Front II – The completion of Sickla Front II in Sickla is in its final phase. Sickla Front II comprises two office buildings of approximately 25,300 m² letting area in total as well as 14,000 m² GFA of parking area. Along with the adjacent office property that was constructed in 2015, they form the Sickla Front district, which now provides a clear entrance to the Sickla city district, linking Sickla with Hammarby Sjöstad. The move will take place in the summer and autumn of 2018. The Swedish National Courts Administration, which includes Nacka District Court, the Rent and Tenancy Tribunal and the Land and Environmental Court, as well as Yamaha Motor Europe are among the tenants.

Sickla 1898 – In the autumn of 2017, work started on the reconstruction and extension project Sickla 1898. The location is historically Sickla's soul, where AB Diesels Motorer's first factory was constructed in 1898. We are creating a health care destination here, along with shops, a cafe and a restaurant. The project comprises a total of 11,700 m² letting area, which includes 8,100 m² for health care and 3,600 m² for retail. Occupancy will start at the end of 2019.

Sickla Tapetfabriken – The reconstruction and extension of a former office building in Sickla, known as 'Tapetfabriken' (Wallpaper Factory) got underway. Tapetfabriken is planned to comprise 9,700 m², with a hotel and offices, as well as a garage. At the beginning of 2018 we concluded an agreement with Nordic Choice Hotels, which will open a 7,200 m² hotel with more than 150 hotel rooms and a lobby with a restaurant, events areas and conference premises. The hotel will open in the spring of 2020.

By transforming the former office building into a hotel, with an open ground floor that has meeting places and a restaurant for the public, we are continuing to develop Sickla into an even more vibrant urban environment.

GRÄNBYSTADEN – UPPSALA

During the year we worked in Gränbystaden on new builds and extensions at both the area's northern part and by Gränbystaden shopping centre.

Norra Gränbystaden – At the big-box hub in Northern Gränbystaden a building of 1,000 m² letting area was completed in the fourth quarter of 2017, with Elon opening a new store in October. Work is currently underway on constructing another building, where companies like Jula, Jysk and Rusta will be opening stores in the autumn of 2018. The big-box hub in Gränbystaden will then comprise a total of 31,300 m² letting area.

Gränby Entré buildings 1, 2 and 3 – Work was carried out during the year on constructing three residential properties next to Gränbystaden shopping centre. The residential properties contain a total of approximately 200 rental apartments, as well as commercial premises. Tenants moved into 62 apartments in one of the buildings in October 2017. A restaurant, health centre and bank were established on the lower floors, while the street and square area between the shopping centre and the residential properties was completed. The apartments for the other two buildings will start to be released through the housing agency in the spring of 2018, with occupancy at the end of 2018 and the beginning of 2019.

Gränbystaden, south garage – Next to Gränbystaden shopping centre, construction is ongoing of a parking garage with approximately 275 underground parking spaces. The garage will open in the autumn of 2018.

Gränbystaden, south entrance – An extension project is underway at Gränbystaden Galleria, which comprises an additional 11,700 m² letting area for retail, restaurants, culture and entertainment. Nordisk Film will open a cinema and O'Learys will open a restaurant here at the end of 2018.

MOBILIA – MALMÖ

Mobilia Torghuset – We have started preparing for the new construction and extension of approximately 13,500 m² letting area in Mobilia. We will create additional areas for retail, residentials, restaurants and cultural activities in the heart of the district. The shopping square will start to be built in the spring of 2018 and is expected to be completed in the spring of 2020, when Nordisk Film will open a cinema in part of the building.

CONT. PROPERTY PORTFOLIO

KISTA

Part of Kista+ – A major reconstruction and re-profiling of our Kista+ office property in Kista have been completed, and in November, IBM's Swedish head office moved into approximately 6,500 m². The exterior of the building has been changed, while the premises have been modernised and adapted to IBM's needs, and to enable them to be let to more tenants. The entrance has been opened up to the busy Kistagången, with public spaces being created, for example, by establishing a cafe there.

FORUMKVARTERET – UPPSALA

In Forumkvarteret in the centre of Uppsala, major reconstruction work has been carried out in all parts of the property for some time. Forumkvarteret has offices, residential properties and a shopping centre with stores and restaurants. In 2017 work focused mainly on improving and reconstructing the shopping centre section, making space available and creating a clear internal concourse.

Our ambition with Forumkvarteret is to create a city centre district with a strong offering of retail, restaurants and cafes, combined with attractive office environments.

The new shopping centre is planned to be opened for Christmas shopping in 2018.

POTENTIAL DEVELOPMENT PROJECTS

Our existing project portfolio with own land and land allocations enables future investments corresponding to approximately SEK 14.5 billion. In terms of area, half of the project portfolio consists of residential and half of offices, retail, education and hotels. The project portfolio is divided among all our areas where Sickla and Uppsala account for approximately 70 per cent. The rate at which we can complete the projects depends on the market situation and the progress made in the detailed development plan process. A project market area is not usually started until we have secured a minimum return in the form of signed lease contracts.

The construction projects which we are planning to start in 2018–2019 are described below. Some projects are covered by current detailed development plans and others are dependent on new detailed development plans.

POTENTIAL PROJECT STARTS 2018–2019

In Sickla we are planning an extension of Sickla shopping centre of approximately 3,000 m² GFA for retail, and two floors for a parking garage with approximately 220 parking spaces. There is a complete detailed development plan for the expansion and the construction is expected to start at the beginning of 2019.

Detailed development plans are ongoing for residential at Nobelberget, Kyrkviken and Gillevägen in Sickla. We expect a detailed development plan for Nobelberget to be completed in the spring of 2018 and are planning to start selling the first 70 tenant-owned dwellings in the second half of 2018. At Nobelberget we want to create an attractive and dense urban environment with approximately 500 residential as well as office premises and cultural activities.

At Sickla station we are planning a profile building of approximately 7,500 m² GFA. The station building, which will be the first encounter that travellers have with Sickla, will house offices, retail and service. Detailed development planning is under way, and construction is expected to start in 2019.

Detailed development plans are also ongoing for reconstruction and extension of Svindersviksskolan from the current 3,000 m² to approximately 9,000 m² GFA.

In Gränbystaden in Uppsala we want to continue to create urban qualities and develop the area with a mix of retail, offices and residential as well as service and cultural activities. In addition to the rental apartments which are being constructed (see page 10), we are planning for approximately 250 more tenant-owned dwellings in the area. Construction of the first phase is expected to take place in 2019, with possession during 2020.

CONFIRMED PROJECTS

Project, property	Municipality	Letting area, Retail, m ²	Letting area, Offices, m ²	Letting area, Residential, m ²	Parking, GFA	Total investment, SEK m ¹	Of which remaining, SEK m	Completed	Fair value, SEK m	Rental value excl. additions, SEK m ²	Letting rate, %	Environmental certification
New builds and extensions												
Sickla Front II, Sicklaön 346:1	Nacka	25,300		14,000	830	300	2018		65	N/A ³⁾		Breeam
Sickla 1898, Sicklaön 83:22	Nacka	3,600	8,100		510	500	2020		33	–		Breeam
Sickla Tapetfabriken, Sicklaön 83:22	Nacka	7,200	2,500		350	340	2020		N/A ³⁾	N/A ³⁾		Breeam
Northern Gränbystaden, Brillinge 8:1/9:1	Uppsala	31,300			570	80	2014–2018 ⁴⁾		50	85		Breeam
Gränby Entré building 1, Gränby 21:5	Uppsala	2,700	3,100		240	20	2017		16	100		Miljöbyggnad
Gränby Entré building 2, Gränby 21:4	Uppsala	900	1,300	3,300	230	160	2018		14	17 ⁵⁾		Miljöbyggnad
Gränby Entré building 3, Gränby 21:4	Uppsala	1,100	1,300	3,400	240	210	2019		15	9 ⁶⁾		Miljöbyggnad
Gränbystaden, south garage, Gränby 21:4	Uppsala			11,500	190	10	2018		–			Breeam In-Use
Gränbystaden, south entrance, Gränby 21:4	Uppsala	11,800			330	250	2018		36	52		Breeam In-Use
Mobilia Torghuset, Bohus 8	Malmö	9,700	3,800		520	470	2020		38	33 ⁷⁾		Breeam/Miljöbyggnad
Reconstruction												
Part of Kista+, Borgarfjord 3	Stockholm	7,500			80	0	2017		N/A ³⁾	N/A ³⁾		Breeam In-Use
Forumkvarteret, Dragarbrunn 27:2	Uppsala	8,100	3,000	1,400	270	150	2018		39	72		Breeam In-Use
Total		76,400	49,000	15,000	25,500	4,360	2,490		3,106⁸⁾			
Other project properties									684			
Total project properties									3,790			

¹⁾ Including any land acquisition in connection with the project implementation, but exclusive any initial values such as demolition of buildings.

²⁾ Excluding any net sales result.

³⁾ Letting rate not reported as a subtotal with regard to individual business transactions.

⁴⁾ Covers approximately 45,000 m² GFA in total. Investment decisions and completion take place in stages, among other things, connected to letting.

⁵⁾ The letting rate for commercial premises amounts to 99%. The letting rate for residential is 100%.

⁶⁾ The letting rate for commercial premises amounts to 35%. Residential are leased closer to completion.

⁷⁾ The letting rate for commercial premises amounts to 40%. Residential are leased closer to completion.

⁸⁾ SEK 2,080 million new building and extensions and SEK 1,026 million reconstruction.

In Hagastaden in Stockholm we have had a land allocation with a development right of 32,000 m² GFA for a while next to the New Karolinska Solna (NKS) Hospital. In October 2017 the city council took a decision on a development agreement with a land transfer. We are planning to create a Life City here in the heart of the emerging life science cluster, a centre and meeting place for players within Hagastaden's core operations of research, health care and care services.

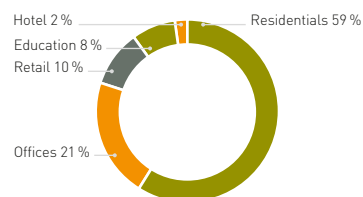
Construction of Life City is expected to start in the middle of 2018 with occupancy during the autumn of 2020.

In Barkarby in Järfälla we have a land allocation with the option of acquiring land with a development right of approximately 50,000 m² GFA. We are working with Järfälla Municipality on plans to create Bas Barkarby, a regional meeting place for learning, businesses and culture. Järfälla Municipality will lease almost 11,000 m² of the first phase for upper secondary education, a multi-purpose hall, a library and other cultural activities. The leases are conditional on the land transfer agreement being concluded.

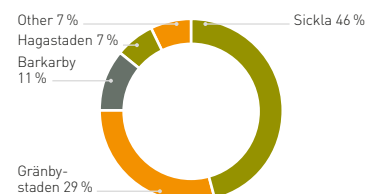
The detailed development plan that covers the first of two stages was adopted in January 2018, and a decision on environmental permits is expected to be made in the summer of 2018 by the Land and Environmental Court.

Construction of the first phase of Bas Barkarby is expected to start by the summer of 2018 at the earliest, with occupancy in the spring of 2021.

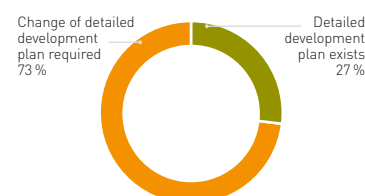
Potential development projects by premises type



Potential development projects by location



Potential development projects by detailed development plan



POTENTIAL DEVELOPMENT PROJECTS

	Municipality	Premises type ¹⁾	Project area, m ² , GFA		Inv., SEK m ²⁾
			Detailed development plan exists	Change to detailed development plan required	
Barkarby ³⁾	Järfälla	Education			30,000
Barkarby ³⁾	Järfälla	Residential			9,200
Barkarby ³⁾	Järfälla	Office			10,400
Farsta Centrum	Stockholm	Retail	5,000		
Forumgallerian	Uppsala	Residential	3,000		
Gränbystaden ⁴⁾	Uppsala	Retail	10,000		25,000
Gränbystaden ⁴⁾	Uppsala	Residential	36,000		50,000
Gränbystaden ⁴⁾	Uppsala	Office			15,000
Hagastaden ⁵⁾	Stockholm	Retail	1,000		
Hagastaden ⁶⁾	Stockholm	Office	32,000		
Sickla	Nacka	Office	7,000		13,000
Sickla	Nacka	Retail	6,000		
Sickla	Nacka	Residential			179,000
Sickla	Nacka	Education			9,000
Södermalm ⁷⁾	Stockholm	Office	17,000		
Stockholm City	Stockholm	Hotel	8,000		
Total			125,000	341,400	14,000

¹⁾ Anticipated premises use may change and may include other elements.

²⁾ The investment volume includes possible land acquisition.

³⁾ Refers to a land allocation with the option of acquiring land with a development right of approximately 50,000 m² GFA in Barkarbystaden.

⁴⁾ 70,000 m² GFA refers to a land allocation.

⁵⁾ Refers to a land allocation with the option of leasing land with a development right of approximately 30,000 m² GFA alongside Solnavägen (part of the Vasastaden 1:45 property).

⁶⁾ Refers to a land allocation with the option of transferring land with development rights of approximately 1,000 m² GFA alongside Norra Stationsgatan.

⁷⁾ Refers to a land allocation with the option of acquiring land with development rights of approximately 16,000–18,000 m² GFA on Stadsgårdsleden in front of Glashuset.

FINANCING

THE FINANCIAL MARKET

The global economy has remained strong. Growth in the European region has strengthened, while the US market is driving the global economy. Employment in the USA is at its lowest level in 17 years. Sweden's economy is also continuing to develop strongly, with high GDP growth. However, in the autumn there was general uncertainty surrounding the housing market that had a negative impact, and this could result in lower GDP growth. But this is compensated by higher investments in industry and the public sector. In December the National Institute of Economic Research assessed growth in GDP of 2.5 per cent in 2017 and 2.9 per cent in 2018.

The variable rate, 3M Stibor, amounted to -0.46 per cent compared with -0.60 per cent at the beginning of the year. At the end of the year, the 10-year swap rate amounted to 1.20 per cent compared with 1.15 per cent at the beginning of the year. At the start of 2018 the long-term interest rate has increased.

INTEREST-BEARING LIABILITIES

Atrium Ljungberg meets its financing requirements through five Nordic banks and the capital market. Bank loans accounted for 50 per cent (58%) of the total loan volume at the end of the period. Interest-bearing liabilities at the end of the period amounted to SEK 18,247 million (SEK 15,095 m). During the fourth quarter, liabilities increased by SEK 597 million.

At period end, the average interest rate amounted to 1.7 per cent (2.3%). Including unutilised loan guarantees the average interest rate amounted to 1.7 per cent (2.4%). The decrease is mainly due to lower credit margins and the restructuring of interest rate derivatives. The average fixed interest term was 4.4 years (3.9 years) and the average capital commitment term was 3.5 years (3.5 years).

Unutilised loan guarantees in addition to loan guarantees which cover outstanding commercial papers amounted to SEK 1,365 million (SEK 550 m). The unutilised overdraft facility amounted to SEK 300 million (SEK 300 m).

COLLATERAL

Our borrowing is partly secured by real estate mortgages. Of the interest-bearing liabilities, SEK 9,037 million (SEK 8,697 m) is secured by mortgage deeds which corresponds to 21 per cent (24%) in relation to the total assets.

DERIVATIVES

At the end of the period, the derivative portfolio comprised of SEK 9,396 million (SEK 9,125 m) in interest swaps, with maturity between the years 2018–2029.

Restructuring was carried out in December in order to improve future net interest income, with interest rate derivatives at a nominal value of SEK 3,236 million being redeemed. New interest rate derivatives were taken out at lower interest rates, with a longer average lock-in period.

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 Income Statement. The unrealised changes in the value of derivatives during the period totalled SEK 121 million (SEK -307 m) as market interest rates increased on the terms covered by the derivatives during the period. The deficit book value of the derivatives portfolio totalled SEK -484 million (SEK -909 m) at the end of the period.

PUBLIC RATING AND INCREASED BOND VOLUME

In February Atrium Ljungberg received an investment grade rating from the credit rating agency Moody's and was awarded a Baa2 grade with stable outlook.

During the year, the volume of outstanding bonds under the MTN programme increased from SEK 2,450 million to SEK 5,700 million.

FIXED INTEREST

Fixed interest term	Amount, SEK m	Percentage, %	Average interest, % ¹⁾
2018	7,251	40	0.6
2019	500	3	0.2
2020	1,000	5	0.7
2021	760	4	4.2
2022	1,000	5	2.7
2023 and thereafter	7,736	42	2.7
Total	18,247	100	1.7

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.

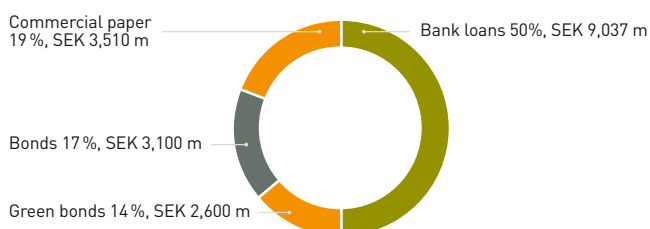
Capital commitment

Maturity date	Amount, SEK m	Percentage, %
2018	1,832	10
2019	4,077	22
2020	4,787	26
2021	1,394	8
2022	3,517	19
2023 and thereafter	2,640	14
Total	18,247	100

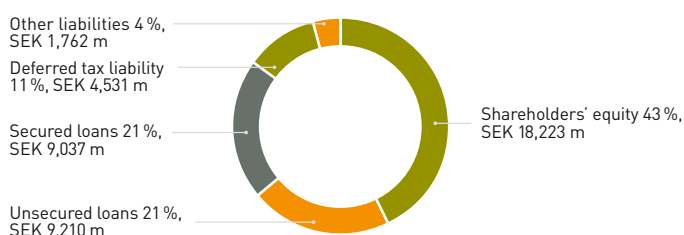
Key ratios financing

	31/12/2017	31/12/2016
Interest-bearing liabilities, SEK m	18,247	15,095
Shareholders' equity, SEK m	18,223	16,176
Gearing ratio, %	44.1	41.9
Average fixed interest term, years	4.4	3.9
Average capital commitment term, years	3.5	3.5
Average interest rate for interest-bearing liabilities, %	1.7	2.3

Interest-bearing liabilities



Capital structure



CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	2017 1/1–31/12	2016 1/1–31/12	2017 1/10–31/12	2016 1/10–31/12
OPERATING ACTIVITIES				
Profit/loss before tax	3,110	3,436	377	2,018
Reversal of depreciation and write-downs	8	6	2	2
Realised changes in value, investment properties	4	–6	4	–
Unrealised changes in value, investment properties	–1,817	–2,772	–129	–1,483
Realised changes in value, derivatives	5	–	5	–
Unrealised changes in value, derivatives	–121	307	15	–306
Other items not included in the cash flow	12	6	10	1
Tax paid	–4	–35	27	–8
Cash flow from operating activities before changes in working capital	1,197	941	310	223
Net change in working capital	–31	8	50	25
Cash flow from operating activities	1,166	949	359	247
INVESTMENT ACTIVITIES				
Acquisition of properties	–1,833	–1,461	–11	6
Reconstruction and new construction of properties	–1,593	–1,002	–426	–382
Sale of properties	–	36	–	–
Purchase/sale of equipment	–17	–8	–10	–5
Cash flow from investment activities	–3,443	–2,435	–443	–381
FINANCING ACTIVITIES				
Change in other long-term liabilities	12	16	6	8
Loans raised	5,178	5,090	1,203	298
Amortisation of debts	–2,028	–3,260	–600	–150
Redemption of derivatives	–290	–	–290	–
Dividends paid	–526	–473	–	–
Cash flow from financing activities	2,346	1,373	319	155
Cash flow for the period	68	–113	236	21
Liquid assets at the beginning of the period	276	389	109	255
Liquid assets at the end of the period	344	276	344	276

COMMENTS ON THE CASH FLOW STATEMENT

The cash flow from operating activities totalled SEK 1 166 million (SEK 949 m), corresponding to SEK 8.75/share (SEK 7.12/share). The higher cash flow during the period compared to the same period last year is mainly explained by net operating results.

SEK –3,443 million (SEK –2,435 m) 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 2,346 million (SEK 1,373 m) due to net borrowing for acquisitions and investments.

Available liquidity amounted to SEK 2,009million (SEK 1,126 m) and comprised bank deposits of SEK 344 million (SEK 276 m), unutilised overdraft facilities of SEK 300 million (SEK 300 m) and unutilised lines of credit of SEK 1,365 million (SEK 550 m) in addition to credit facilities covering outstanding commercial papers.

SUSTAINABILITY

SUSTAINABLE ENTERPRISE

One of Atrium Ljungberg's overall operational goals is Corporate Social Responsibility. In this context we have defined four sustainability goals which are monitored quarterly:

- ▶ By 2021, 100 per cent of our properties shall be certified.
- ▶ Energy consumption per square metre shall decrease by 20 per cent between the years 2014 and 2021. In February 2018 a decision was taken to increase this target to 30 per cent.
- ▶ By 2021, the proportion of green lease contracts shall be at least 50 per cent of the contracted annual rent.
- ▶ We shall be one of Sweden's best workplaces, as a part of having sustainable employees and be an attractive employer.

ENVIRONMENTAL CERTIFICATION

We have chosen to certify our commercial premises in accordance with BREEAM and our residential in accordance with Miljöbyggnad. By the end of the year, 16 per cent (13%) of lettable area was certified. This share has fallen since the previous quarter due to sales in the portfolio.

ENERGY CONSUMPTION

Electricity is responsible for the greatest share of our energy consumption. Usually, we provide the tenants with electricity and, with a few exceptions, we charge on the basis of actual consumption, which creates incentives for resource efficiency. A majority of our properties use district heating as their heat source. We also have two properties with geothermal heating and one project property which is heated with wood pellets and oil. Cooling has been installed in the majority of the properties. This type of cooling is provided partly by district cooling and partly by self-generated cooling.

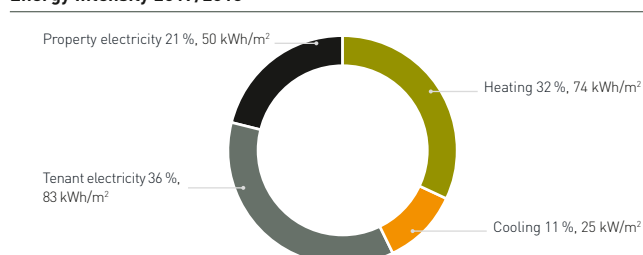
The total energy intensity increased from the previous year, solely as a result of acquired properties in which tenants have energy-intensive operations, which affect the key figures for the consumption of electricity and cooling. The key figures for property electricity and heating fell compared with the previous year.

Compared to the reference year 2014, the total energy intensity has fallen by 14 per cent.

Area	Unit	2017	2016	Change	Change
		1/1-31/12	1/1-31/12	%	against 2014 ¹⁾
Heating	kWh/m ²	74	78	-5	-20
Cooling	kWh/m ²	25	19	32	32
Tenant electricity	kWh/m ²	83	77	-7	-8
Property electricity	kWh/m ²	50	50	0	-25
Total energy intensity	kWh/m²	232	224	3	-14

¹⁾ Reference year

Energy Intensity 2017/2016



GREEN LEASE CONTRACTS

Sustainable and cost-efficient solutions are created in close collaboration between tenants and property owners. Green lease contracts are an example of a joint undertaking to reduce environmental impact together; they comprise energy, waste and transportation,

for example. The goal is to achieve at least 50 per cent of contracted annual rent by 2021.

	2017	2016
	31/12	31/12
Green lease contracts, share of contracted annual rent	18 %	10 %

SUSTAINABLE EMPLOYEES

We have taken part in the Great Place to Work® evaluation of "Sweden's best workplaces" since 2011. Our goal is to achieve an average index of 85 per cent. In 2017 we exceeded our goals and achieved an index of 88 per cent (89%).

ECONOMIC VALUE DISTRIBUTED

Atrium Ljungberg creates value by management, development and acquisition of properties. The generated economic value mainly comprises rental income, investments and unrealised changes in the value of properties. There is a description below of how the created economic values are distributed between suppliers, employees, lenders, society and the owners.

	2017	2016
	1/1-31/12	1/1-31/12
Suppliers	2,120	1,487
Employees	166	186
Lenders	387	388
Society	303	263
Owners	526	473
Economic value distributed¹⁾	3,501	2,798

¹⁾ Economic value distributed corresponds to economic value generated. See reconciliation on Atrium Ljungberg's website.

TAXES

Atrium Ljungberg's directly distributed economic value to society comprises taxes and leasehold fees. These taxes mainly comprise current tax, property tax, non-deductible VAT, stamp duty, social security payments and special payroll tax. The rules on these taxes are monitored carefully as this is an essential part of the commercial offer with requirements for high predictability and minimisation of administrative expenses. Within the framework of this, Atrium Ljungberg undertakes not to conduct aggressive tax planning in its tax policy. Aggressive tax planning refers to arrangements which only aim to minimise the tax without links to own business activities.

	2017	2016
	1/1-31/12	1/1-31/12
Current tax	9	4
Property tax	142	130
Non-deductible VAT	54	21
Stamp duty	4	23
Social security payments	53	52
Special payroll tax	6	8
Taxes	268	238
Leasehold fees	35	25
Society	303	263

GREEN BONDS

During this year a green framework linked to the MTN programme was published. This enables green financing with a clear link to our sustainable projects. During the year, green bonds worth SEK 2,600 billion were issued.

SEGMENT REPORTING

Atrium Ljungberg's segmentation is based on two business areas: Properties and Project and construction activities.

31/12/2017						
Amounts in SEK m	Properties	Project development ¹⁾	TL Bygg	Project and construction activities	Non-allocated items and eliminations	The Group
Rental income	2,401				-12	2,389
Sales, project and construction work		54	638	692	-518	174
Net sales	2,401	54	638	692	-530	2,563
Property management costs	-748				7	-742
Project and construction work costs		-96	-606	-702	496	-206
Gross profit/loss	1,653	-42	32	-10	-27	1,616
Central administration	-50		-17	-17	2	64
Financial income and expenses					-372	-372
Profit/loss before changes in value	1,602	-42	15	-27	-397	1,180
Changes in value	1,813 ²⁾				116 ³⁾	1,930
Tax					-551	-551
Profit for the period	3,415	-42	15	-27	-832	2,559
Investments and acquisitions	3,874		5	5		3,879
Assets, period end	39,991 ⁴⁾	870 ⁵⁾	194	1,064	1,800	42,763

¹⁾ The profit within Project development mainly refers to costs of investigations in early project stages and ongoing development projects.

²⁾ Properties, unrealised SEK 1,817 million. Properties, realised SEK -4 million.

³⁾ Derivatives, unrealised SEK 121 million. Derivatives, realised -5 million.

⁴⁾ Refers to investment properties only. Other assets attributable to the segment are reported under Non-allocated items and eliminations.

⁵⁾ Refers to development properties only. Other assets attributable to the segment are reported under Non-allocated items and eliminations.

31/12/2016						
Amounts in SEK m	Properties	Project development ¹⁾	TL Bygg	Project and construction activities	Non-allocated items and eliminations	The Group
Rental income	2,160				-10	2,150
Sales, project and construction work		28	435	463	-314	149
Net sales	2,160	28	435	463	-324	2,299
Property management costs	-698				6	-692
Project and construction work costs		-63	-415	-478	317	-162
Gross profit/loss	1,462	-35	20	-15	-2	1,445
Central administration	-83		-16	-16	2	-97
Financial income and expenses					-383	-383
Profit/loss before changes in value	1,380	-35	4	-31	-384	965
Changes in value	2,778 ²⁾				-307 ³⁾	2,471
Tax					-755	-755
Profit for the period	4,158	-35	4	-31	1,446	2,681
Investments and acquisitions	2,463					2,463
Assets, period end	36,054 ⁴⁾		104	104	843	37,001

¹⁾ The profit within Project development mainly refers to costs of investigations in early project stages and ongoing development projects.

²⁾ Properties, unrealised SEK 2,772 million. Properties, realised SEK 6 million.

³⁾ Derivatives, unrealised SEK -307 million.

⁴⁾ Refers to investment properties only. Other assets attributable to the segment are reported under Non-allocated items and eliminations.

KEY RATIOS

	2017 1/1–31/12	2016 1/1–31/12	2017 1/10–31/12	2016 1/10–31/12
PROPERTY-RELATED KEY RATIOS				
Letting rate, %	95	93	95	93
Operating surplus margin, %	69	68	67	62
Letting area, '000 m ²	1,146	1,124	1,146	1,124
Investments in properties, SEK m	1,593	1,002	426	382
Number of properties (period end)	53	50	53	50
FINANCIAL KEY RATIOS ¹⁾²⁾				
Equity/assets ratio, %	42.6	43.7	42.6	43.7
Gearing ratio %	44.7	41.9	44.7	41.9
Adjusted gearing ratio, %	44.1	41.9	44.1	41.9
Interest coverage ratio, multiple	4.2	3.5	3.9	3.5
Average interest rate for interest-bearing liabilities, %	1.7	2.3	1.7	2.3
Return on shareholders' equity, %	15.0	17.8	8.9	40.6
Return on shareholders' equity, excluding changes in value, %	5.5	5.8	4.6	4.9
Return on total assets, %	8.7	11.1	4.4	23.3
Return on total assets excluding changes in value, %	3.1	4.2	2.7	3.6
DATA PER SHARE				
Earnings per share, SEK	19.21	20.13	2.98	11.72
Profit/loss before changes in value less applicable nominal tax, SEK	6.91	5.65	1.59	1.34
EPRA EPS, SEK	8.15	6.96	1.90	1.73
Cash flow, SEK	8.75	7.12	2.70	1.85
Shareholders' equity, SEK	139.79	121.42	136.79	121.42
Share price at period end, SEK	130.30	142.30	130.30	142.30
EPRA NNNNAV, SEK	162.57	144.38	162.57	144.38
Average number of outstanding shares, '000	133,221	133,221	133,221	133,221
Number of outstanding shares at end of period, thousand	133,221	133,221	133,221	133,221
EMPLOYEES				
Average number of employees	295	281	301	280

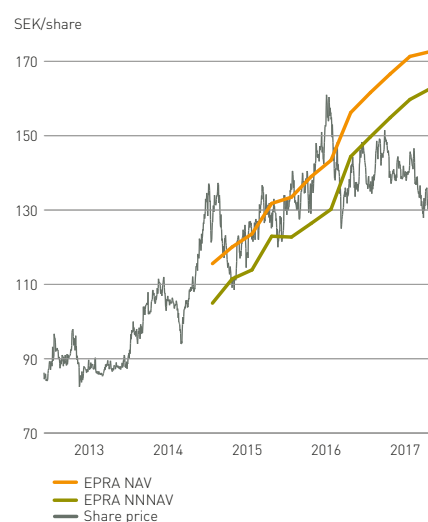
¹⁾ For definitions, see pages 22 and 23.

²⁾ See reconciliation for key ratios on Atrium Ljungberg's website.

EPRA KEY RATIOS

	31/12/2017	31/12/2016
EPRA Earnings, SEK m	1,086	930
EPRA EPS, SEK/share	8.15	6.98
EPRA NAV, SEK m	22,992	20,810
EPRA NAV, SEK/share	172.59	156.21
EPRA NNNNAV, SEK m	21,658	19,234
EPRA NNNNAV, SEK/share	162.57	144.38
EPRA Vacancy rate	5%	7%

EPRA NAV, EPRA NNNNAV and share price



QUARTERLY SUMMARY

INCOME STATEMENTS

	2017	2017	2017	2016	2016	2016	2016	2015
Amounts in SEK m	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	603	595	624	567	553	535	538	524
Sales, project and construction work	70	33	48	24	35	37	37	40
Net sales	673	628	671	591	588	572	575	564
Property management costs	-202	-172	-185	-183	-211	-151	-164	-167
Project and construction work costs	-82	-40	-66	-18	-35	-44	-41	-41
Gross profit/loss	389	416	421	390	342	377	371	356
– of which gross profit property management (operating surplus)	401	423	439	384	342	384	375	357
– of which gross profit/loss from project and construction work	-12	-7	-18	6	-1	-7	-4	-1
Central administration, property management	-21	-1	-9	-17	-17	-16	-20	-30
Central administration, project and construction work	-5	-3	-3	-4	-5	-3	-4	-3
	-26	-5	-12	-21	-22	-19	-24	-33
Financial income and expenses	-92	-91	-93	-95	-92	-93	-98	-100
Profit/loss before changes in value	271	320	315	274	228	265	249	223
Properties, unrealised changes in value	129	332	912	444	1,483	316	959	14
Properties, realised changes in value	-4	-	-	-0	-	13	-1	-6
Derivatives, unrealised changes in value	-15	24	77	35	307	-54	-248	-311
Derivatives, realised changes in value	-5	-	-	-	-	-	-	-
	105	357	989	479	1,790	275	710	-303
Profit/loss before tax	376	676	1,304	753	2,018	539	959	-80
Tax	20	-152	-252	-131	-457	-121	-199	22
Profit for the period	396	524	1,052	622	1,561	418	760	-57
KEY RATIOS ^{1) 2)}								
	2017	2017	2017	2016	2016	2016	2016	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Property-related key ratios								
Letting rate, %	95	94	94	94	93	94	94	94
Operating surplus margin, %	67	71	70	68	62	72	70	68
Letting area, 1,000 m ² (period end)	1,146	1,178	1,179	1,176	1,124	1,105	1,077	1,052
Investments in properties, SEK m	426	422	398	351	382	213	206	201
Number of properties (period end)	53	54	54	53	50	50	50	49
Financial key ratios								
Equity/assets ratio, %	42.6	42.7	41.9	42.4	43.7	41.3	41.8	43.1
Gearing ratio, %	44.7	43.3	44.4	43.7	41.9	43.7	43.6	41.8
Adjusted gearing ratio, %	44.1	43.3	44.4	43.7	41.9	43.7	43.6	42.0
Interest coverage ratio, multiple	3.9	4.2	4.4	3.9	3.5	3.8	3.5	3.2
Average interest rate for interest-bearing liabilities, %	1.7	2.0	2.0	2.2	2.3	2.3	2.5	2.8
Return on shareholders' equity, %	8.9	11.9	23.8	15.1	40.6	11.6	21.6	-1.7
Return on shareholders' equity, excluding changes in value, %	4.6	5.6	5.7	5.1	4.9	5.7	5.4	4.9
Return on total assets, %	4.4	7.4	13.8	8.9	23.3	7.3	12.8	0.3
Return on total assets excluding changes in value, %	2.7	3.1	3.2	3.0	2.8	3.2	3.3	3.1
Data per share								
Earnings per share, SEK	2.98	3.93	7.63	4.67	11.72	3.14	5.70	-0.43
Profit/loss before changes in value less applicable nominal tax, SEK	1.59	1.87	1.84	1.60	1.34	1.55	1.46	1.31
EPRA EPS, SEK	1.90	2.20	1.89	1.91	1.73	1.85	1.79	1.59
Cash flow, SEK	2.72	2.01	2.00	2.04	1.85	2.46	1.17	1.64
Shareholders' equity, SEK	136.79	133.79	129.82	126.11	121.42	109.68	106.51	104.33
EPRA NAV, SEK	172.59	171.32	166.61	161.61	156.21	143.36	139.01	133.46
EPRA NNNNAV, SEK ³⁾	162.57	159.74	154.86	149.69	144.38	130.19	126.40	122.73
Share price at period end, SEK	130.30	142.00	140.50	136.40	142.30	149.60	136.50	140.50
Average number of outstanding shares, '000	133,221	133,221	133,221	133,221	133,221	133,221	133,221	133,221
Number of outstanding shares at end of period, thousand	133,221	133,221	133,221	133,221	133,221	133,221	133,221	133,221

¹⁾ See reconciliation for key ratios on Atrium Ljungberg's website.

²⁾ For definitions, see pages 22 and 23.

³⁾ For calculation of EPRA NNNNAV, an estimated deferred tax of 4.0 per cent has been used.

PARENT COMPANY

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

Net sales totalled SEK 439 million (SEK 343 m). Operating profit/loss totalled SEK 90 million (SEK 14 m). The profit/loss after financial items totalled SEK 353 million (SEK 744 m).

INCOME STATEMENTS PARENT COMPANY

Amounts in SEK m	2017 1/1–31/12	2016 1/1–31/12
Rental income	214	169
Management income	225	175
Net sales	439	343
Property expenses	–61	–57
Management and administration expenses	–269	–254
Depreciation	–20	–19
Operating profit/loss	90	14
Result of participations in Group companies	450	665
Interest income and similar profit/loss items	557	484
Interest expenses and similar profit/loss items	–743	–418
Profit/loss after financial items	353	744
Appropriations	162	–50
Profit/loss before tax	516	694
Current tax	–3	0
Deferred tax	176	–16
	172	–16
Profit for the period	688	678

Interest-bearing liabilities amount to SEK 15,182 million (SEK 13,035 m). These funds finance the parent company's property portfolio and are lent on to other Group companies.

SUMMARY BALANCE SHEETS PARENT COMPANY

Amounts in SEK m	31/12/2017	31/12/2016
ASSETS		
Tangible fixed assets	1,525	1,497
Financial fixed assets	1,459	461
Current assets	22,157	20,575
Total assets	25,141	22,533
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	7,764	7,602
Untaxed reserves	61	50
Provisions	98	277
Long-term liabilities	13,571	11,310
Current liabilities	3,646	3,293
Total shareholders' equity and liabilities	25,141	22,533

OTHER INFORMATION

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, Gothenburg, Malmö and Uppsala. 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 and also has a strong financial position with strong key ratios, such as a low gearing ratio and high interest coverage ratio.

Several tax investigations are ongoing, which is creating some uncertainty and could result in higher taxation for the property sector in the form of more limited tax deductions in relation to interest expenses, higher title deed costs and increased taxation on property sales.

For further information on risks and uncertainty factors in general, please see Atrium Ljungberg's 2016 Annual Report and the section entitled "Risks and risk management" on pages 81–84.

RETAIL SECTOR'S SALES TREND

According to the Swedish Retail Sales Index (DHI), total retail sales in Sweden increased by 2.4 per cent including e-commerce for the period in 2017. During the period there was zero growth for retail trade in stores for consumer durables.

Total sales at our five largest regional retail hubs Sickla, Farsta Centrum, Port 73, Gränbystaden and Mobilia collectively reported an increase of 1.0 per cent.

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 2016 Annual Report.

New and revised standards from IFRS and interpretations from IFRIC to be applied by the Group as of 1 January 2017 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 18,247 million (SEK 15,095 m) and their fair value totals SEK 18,321 million (SEK 15,140 m). 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.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS AFTER 2017

IFRS 9

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement as of 1 January 2018. IFRS 9 mainly entails changes to how financial assets and liabilities are classified and measured. The new standard contains changes to principles for hedge accounting and for a write-down model which is based on expected credit losses instead of incurred losses. Atrium Ljungberg has analysed the effects the new standard is expected to have on accounting of the Group's financial instruments. Atrium Ljungberg's financial assets essentially consist of current receivables and liquid assets. The Group's financial liabilities primarily comprise interest-bearing liabilities, interest derivatives reported at fair value through the income statement and other current liabilities. The reporting of these instruments is not expected to change materially based on the changed principles in IFRS 9 for classification and measurement of financial assets and liabilities. As the Group has ceased hedge accounting, the new principles for hedge accounting will not impact the Group's reporting.

The new write-down model for receivables in IFRS 9 entails that provisions should be made for the risk of loss for all receivables, irrespective of whether there is an observable event which indicates a risk of loss. Provisions should be made in every closing of the accounts based on historical experiences of the size of the losses and expectation of their future development, in relation to the size of the receivables. Atrium Ljungberg's provision for doubtful receivables amounted to SEK 36 million (SEK 25 m) on the closing day, corresponding to 1.4 % (1.1 %) of the Group's net sales. During the year the Group's confirmed bad debt losses amounted to SEK 8 million (SEK 12 m), corresponding to 0.3 % (0.5 %) of the Group's net sales. Based on the new write-down model, future provisions for doubtful receivables are expected to be lower than is the case today since the confirmed bad debt losses are lower than the provisions for doubtful receivables. The difference, however is not expected to have a material effect on reporting.

Atrium Ljungberg will apply the new standard as of 1 January 2018. The change is not expected to have any effect on shareholders' equity.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts with related interpretations as of 1 January 2018.

Reporting of revenue starts in IFRS 15 as of the date control of a good or service is transferred to the customer, which differs from the approach in IAS 18 and IAS 11 where control starts when risks and benefits are transferred. Accordingly, the introduction of IFRS 15 entails a new approach for how revenue is reported compared to now.

During 2016, Atrium Ljungberg analysed the effects the new standard was expected to have on accounting of the different revenue streams in the Group's business areas. Project and construction activities have been analysed separately.

After analysing a selection of construction contracts, Atrium Ljungberg's assessment is that the new standard will have a very limited effect on the date that revenue from construction activities is reported.

A selection of leases within property management has been analysed. The analysis focused on what should be deemed as comprising rent and thereby be reported in accordance with IFRS 16 Leases and what comprises service and should be reported in accordance with IFRS 15. The definition of boundaries was a subject of discussion within the sector during 2017. Whether these revenue types are reported separately or not depends on the property company's lease agreements and how they are formulated, as well as in which country, for example, the leases were signed. Atrium Ljungberg has deemed that the service provided by the Group to tenants is comprised by the lease and that all compensation is to be deemed as rent.

A selection of contracts was analysed for project development in order to determine whether the contracts are covered by IFRS 15 or should be reported in accordance with IFRS 16. Revenue for these activities mainly refers to compensation for tenant-specific adaptations in conjunction with new lease agreements. Atrium Ljungberg's conclusion is that irrespective of whether the Group invoices the tenant for expenses for conducted adaptations to premises on one occasion, or if equivalent revenue is obtained in the form of increased rent for the entire or parts of the lease period, the revenue comprises rent and should be reported in accordance with IFRS 16.

A property sale is currently reported on the date of contract, unless there are specific contractual terms and conditions in the purchase agreement. In accordance with IFRS 15, sales should be reported when control transfers to the buyer. During the year Atrium Ljungberg analysed when control can be considered transferred when property is sold. The analysis found clauses in previously entered property sales agreements for which substantially limited Atrium Ljungberg's ability to implement measures in relation to existing or new tenants and extensions as of the date of contract, which is the date Atrium Ljungberg deemed control to have been transferred. In light of this, property sales will continue to be reported on the date of contract, unless there are special reasons for not doing so due to the specific situation.

The introduction of IFRS 15 is not expected to have any material effect on the Group's revenue and its allocation.

Atrium Ljungberg has decided to apply a cumulative, i.e. future-oriented, method when changing to IFRS 15.

This means it is not incumbent upon the Group to present any supplementary disclosures for previous periods regarding any re-

maintaining performance obligations at the time of the transition. Furthermore the change will not have a transition effect on shareholder's equity.

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases with related interpretations as of 1 January 2019. The new standard requires lessees to report assets and liabilities attributable to all lease agreements, with the exception of agreements which are shorter than twelve months and/or refer to small amounts. The reporting of these lease agreements may change as a result of the new standard.

For lessees, the standard does not entail any immediate changes to reporting compared to current standards.

During 2017, Atrium Ljungberg analysed what effects the standard is expected to have on accounting of the Group's lease agreements. One aspect of the analysis involved identifying all of the Group's lease agreements. In the analysis, Atrium Ljungberg has identified the lease agreements below as significant:

- Leasehold agreements, for which lease payments reached SEK 35 million in 2017
- Passenger cars, for which lease payments reached SEK 4 million in 2017

In addition to the above, the Group has identified lease agreements which are not deemed as significant for the Group. These lease agreements pertain to software licences, office machinery, etc.

How to report leasehold agreements is currently being discussed. The discussion primarily concerns calculation of lease liability in light of future index and interest rate adjustments and recognition of right-of-use assets as real value after the initial recognition of the asset. Since it has not yet been determined how these aspects are to be taken into account, Atrium Ljungberg cannot yet assess how the standard will impact Atrium Ljungberg's reporting. During the year Atrium Ljungberg will continue to monitor development in the area and update its assessment continuously.

EPRA

Atrium Ljungberg reports EPRA EPS, EPRA Vancancy rate, EPRA NAV as well as EPRA NNNAV in accordance with the European Public Real Estate Association's definitions.

For calculation of EPRA NNNAV (the triple net asset value), an estimated deferred tax of 4.0 per cent has been used for 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 through transfer of property 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). 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.

EVENTS AFTER THE CLOSING DAY

No significant events have occurred since the closing day.

OUTLOOK FOR 2018

Atrium Ljungberg's conditions are good. The higher urbanisation and population growth continue to drive growth in the metropolitan regions, where we are established.

The investment volume in own properties for 2018 is assessed to amount to approximately SEK 1.5 billion. The forecast for profit before changes in value amounts to SEK 1,200 million in comparison to SEK 1,180 million for 2017.

The forecast net profit after tax is SEK 940 million, corresponding to SEK 7.06/share. Changes in value and any other future property acquisitions and sales have not been taken into account in the forecast.

DIVIDEND

Dividend payments shall correspond to at least 50 per cent of the profit before changes in value, after estimated tax, unless investments or the company's financial position otherwise justify a deviation from this policy. A dividend of SEK 4.50 per share (SEK 3.95/share) is proposed for the financial year, which corresponds to a dividend of SEK 65.1 per cent of the distributable profit (SEK 69.9/share) and a dividend yield of 3.5 per cent (2.8%).

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday, 28th March 2018 at 17.00 (CET) in the SF bio building, at Marcusplatsen 19 in Sickla, Nacka. Notices convening the AGM will be sent by letters in the post to shareholders and the AGM will also be advertised in Post- och Inrikes Tidningar (the Official Swedish Gazette). A statement that the AGM has been convened will be published in the Dagens Nyheter daily newspaper. The Annual Report will be available on Atrium Ljungberg's website no later than three weeks before the AGM and will also be distributed by post to shareholders who have requested a printed version. Please see the company's website (www.al.se) for full details of the Nomination Committee's proposals and of the items on the agenda for the AGM.

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

Nacka, 16 February 2018

Annica Ånäs, CEO

Atrium Ljungberg doubled its property portfolio in Gothenburg by acquiring the office property Lindholmen 30:1. The property is located right by the water at Lindholmen, a central city district on the Hising side of Göta Älv, and it is a part of the large development area Älvstaden.



ABOUT US

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, Gothenburg, Malmö and Uppsala.

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 urban environments for retail, office and residential 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.

53

NUMBER OF PROPERTIES

41

PROPERTY VALUE, SEK BILLION

2.4

CONTRACTED ANNUAL RENT, SEK BILLION

1,146

TOTAL LETTING AREA, 1,000 M²

95

LETTING RATE, %

295

AVERAGE NUMBER OF EMPLOYEES

FOUR REASONS TO OWN SHARES IN ATRIUM LJUNGBERG

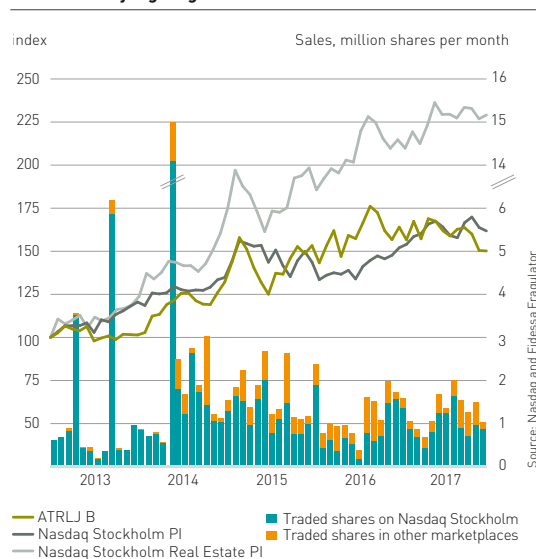
1 A stable dividend yield – The dividend yield over the last five years was 3.0 per cent. The dividends paid by the company since its flotation in 1994 have never fallen in SEK per share.

2 Low financial risk – We have a strong financial position, with solid key ratios such as a low gearing ratio and high interest coverage ratio, and an investment grade rating from Moody's of Baa2 with stable outlook.

3 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.

4 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 that takes responsibility for the impact of our business on human beings and the environment.

The Atrium Ljungberg share





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.

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 profit before changes in value, after nominal tax.

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

By 2021, 100% of our properties are to be environmentally certified. 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.

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.

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.

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

Average capital commitment, years

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, years

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 rate for interest-bearing liabilities, %

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

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.

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 (EPRA 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.

EPRA NAV (Net Asset Value) per 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.

EPRA NAV per 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.

EPRA NNNAV (Triple Net Asset Value) per share, SEK

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

EPRA NNNAV per 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.

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 profit/loss is to interest rate changes.

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.

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, excluding changes in value, %

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

Return on shareholders' equity excluding changes in value is used to illustrate Atrium Ljungberg's capacity to generate current cash flow on the owners' capital in the Group.

Return on total assets excluding changes in value %

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

Return on total assets excluding changes in value is used to illustrate Atrium Ljungberg's capacity to generate current cash flow 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 paid 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.

EPRA Vacancy rate, %

The rental value of unlet premises divided by the rental value of the entire property portfolio. Project properties are excluded.

The EPRA Vacancy rate is reported in accordance with the EPRA's definition of vacancy rate, which enables comparison between different companies.

GFA, m²

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

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.

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.

Like-for-like portfolio

Like-for-like portfolio refers to the properties which were not classified as project properties and were owned throughout the period and entire comparison period.

Like-for-like 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.

Net letting

Total contracted annual rent for new lettings less annual rents terminated due to notice to leave premises during 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 costs. The operating surplus margin also forms the basis of valuation of the Group's investment properties.

Premises type

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

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

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 activities.

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.

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.

SUSTAINABILITY-RELATED DEFINITIONS

Economic value distributed, Employees

Economic value distributed, Employees comprises the period's total payroll expenses and pension costs including benefits. Employees do not include consultants or other temporary staff.

Economic value distributed, Employees is used to describe Atrium Ljungberg's total compensation to its employees during the period.

Economic value distributed, Lenders

Economic value distributed, Lenders comprises the period's reported interest expenses plus consolidated capitalised interest expenses.

Economic value distributed, Lenders is used to describe Atrium Ljungberg's total compensation to lenders during the period.

Economic value distributed, Owners

Economic value distributed, Owners comprises the period's paid dividend.

Economic value distributed, Suppliers

Economic value distributed, Suppliers comprises the period's total expenses and investments besides those reported below Economic value distributed, Employees, Lenders, Society and Owners.

Economic value distributed, Suppliers is used to describe Atrium Ljungberg's total compensation to other companies during the period.

Economic value distributed, Society

Economic value distributed, Society comprises the sum of the period's leasehold fees and total taxes and charges to the State. Deferred tax has not been considered.

Economic value distributed, Society is used to describe Atrium Ljungberg's total compensation to the State during the period.

Energy intensity

Total energy consumption from Heating, Cooling, Tenant electricity and Property electricity divided by the average estimated total heated letting area, excluding garage.

Green lease contracts, %

Contracted annual rent for commercial premises excluding the garage and storage for lease contracts with green rent supplement in per cent of contracted annual rent for commercial premises excluding the garage and storage. Green rent supplement is a supplement to the agreement from the Swedish Property Federation in which the tenant and landlord jointly undertake to reduce the environmental impact and covers, for example, energy, waste and transport. Reported figures are based on the immediately subsequent quarter.

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 also distributed in printed format by post to shareholders who have actively requested it. Interim reports and preliminary financial statements are translated into English and all 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

2017 Annual Report	7 March 2018
Annual General Meeting	28 March 2018
Interim report Jan–Mar 2018	20 April 2018
Interim report Jan–Jun 2018	11 July 2018
Interim report Jan–Sep 2018	19 October 2018
Preliminary financial statement 2018	February 2019