

JANUARY TO JUNE

INTERIM REPORT 2018

INTERIM REPORT

1 JANUARY–30 JUNE 2018

- **Net sales** increased to SEK 1,311 million [1,262] with rental income increasing to SEK 1,198 million (1,191). Rental income in like-for-like portfolios increased by 4.4 per cent.
- **The letting rate** amounted to 94 per cent (1/1/2018, 95), including project properties.
- **The operating surplus** from property management increased to SEK 831 million (823), an increase of 1.0 per cent. The increase is due primarily to new rentals including rentals of projects, renegotiations, lower property costs and the effect of acquired properties. Operating surplus in the previous year was positively affected by a settlement of SEK 40 million from a rent dispute. The operating surplus margin is unchanged at 69 per cent (69).
- **The profit** before changes in value increased to SEK 621 million (589).
- **Unrealised** changes in the value of properties amounted to SEK 1,216 million (SEK 1,356) and are mainly explained by higher net operating income as well as market's lower yield requirements. Unrealised changes in the value of derivatives amounted to SEK -72 million (112).
- **The profit for the period** amounted to SEK 1,733 million (1,638), corresponding to SEK 13.06/share (12.30).
- **Investments** in own properties increased to SEK 775 million (749).
- **Property** acquisitions amounted to SEK 167 million (1,823).
- **Sales** of properties amounted to SEK 127 million (-).
- **The forecast** for 2018 is unchanged at SEK 1,200 million in profit before changes in value. The profit after tax is expected to amount to SEK 1,852 million, corresponding to SEK 14.01/share.

Key ratios ¹⁾	2018 Jan–Jun	2017 Jan–Jun	2018 Apr–Jun	2017 Apr–Jun
Net sales, SEK m	1,311	1,262	656	671
Profit/loss before changes in value, SEK m	621	589	312	315
Net profit/loss for the period, SEK m	1,733	1,638	1,116	1,016
Investments in investment properties, SEK m	775	749	411	398
Acquisition of properties, SEK m	167	1,823	167	-23
Cash flow from operating activities, SEK m	547	539	232	267
Letting rate, %	94	94	94	94
Operating surplus margin, %	69	69	71	70
Equity/assets ratio, %	43.9	41.9	43.9	41.9
Gearing ratio, %	42.4	44.4	42.4	44.4
Adjusted gearing ratio, %	42.8	44.4	42.8	44.4
Interest coverage ratio, multiple	5.0	4.1	5.1	4.4
Average interest rate for interest-bearing liabilities, %	1.6	2.0	1.6	2.0
Earnings per share, SEK	13.06	12.30	8.44	7.63
EPRA ESP, SEK/share	4.26	4.13	2.13	2.20
Cash flow, SEK/share	4.12	4.04	1.75	2.00
Market value, SEK/share	144.60	140.50	144.60	140.50
EPRA NNNNAV, SEK/share	171.17	154.86	171.17	154.86
Shareholders' equity, SEK/share	145.46	129.82	145.46	129.82

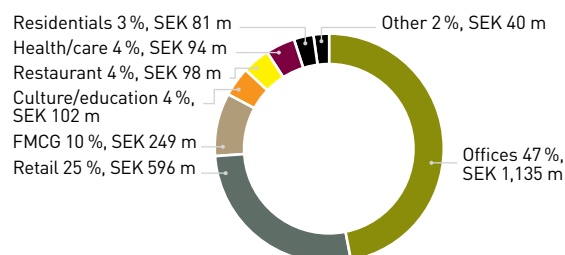
¹⁾ For definitions, see pages 25–26

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.

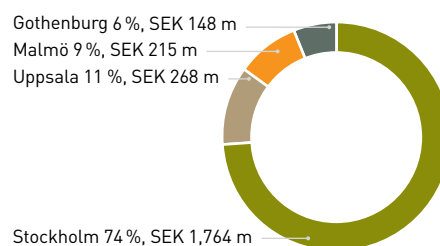
SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- At the end of April the property Kylfacket 3 was acquired in Slakthusområdet, one of the most interesting development areas in Stockholm. The date of possession was 1 June.
- In April the property Dragarbrunn 19:1 was sold, better known as Rådhuset (City Hall) in Uppsala. The sale was completed on 2 May.
- A land allocation agreement was signed with the city of Stockholm for Södra Torn 1 and Södermalm 7:87 (Mälarterrassen) at Slussen.
- A land allocation agreement was signed with the city of Stockholm for Solna Haga 3:6 and part of Solna Haga 4:17 in Östra Hagastaden.
- A detailed development plan for 500 residential properties at Nobelberget in Sickla, Nacka, gained legal force at the end of May.
- The decision has been taken to start the development of public space and construct a parking facility containing some 100 parking spaces plus 650 m² of offices/other space (Nobelgaraget) at Nobelberget in Sickla.
- A buy-back programme of the company's own shares started at the end of April.

Contracted annual rent per premises type



Contracted annual rent per region



CEO'S STATEMENT

PROFIT IN THE FIRST SIX MONTHS

During the first six months, operating surplus increased by 1.0 per cent to SEK 831 million. We carried out several positive renegotiations and rental income increased by 4.4 per cent in like-for-like portfolios during the period. The profit before changes in value increased by SEK 32 million to SEK 621 million in the first six months.

ACQUISITION IN SLAKTHUSOMRÅDET

Slakthusområdet, just south of Stockholm city, is an exciting development area with well-known buildings in the vicinity, including the Tele2 Arena and Globen. At the end of April we acquired a small property in this area called Kylfacket 3. The property comprises approximately 4,500 m² and was acquired for SEK 150 million. Our property is part of the first detailed development plan phase for the future development of Slakthusområdet. The area has a great deal of potential, and the aim is to develop the property with a mixture of food, culture and creative office environments to fit in with the rest of the city district that will emerge.

LAND ALLOCATIONS

In the second quarter we received two land allocations in the city of Stockholm. The first is for Mälarterassen in the emerging Slussen, 6,000 m² GFA, located directly adjacent to Södermalm square and the wharf down towards Gamla Stan. The aim is to create a meeting place for food and culture for Stockholm's residents and visitors. It is expected that the new meeting place will be inaugurated by 2025. Mälarterassen will be a good complement to our current portfolio on Södermalm, where we currently own the properties Glashuset and Sjömansinstitutet in Slussen, as well as Söderhallarna at Medborgarplatsen. This land allocation enables us to create a really good context on Södermalm, where different businesses can strengthen and develop each other.

We have also won a land allocation competition in Hagastaden in Stockholm. We are already heavily involved in this city district, as we own and manage properties measuring just over 90,000 m² in the area. We also have our Life City project, comprising approximately 32,000 m² GFA of offices, with construction start after the summer. The land allocation competition is for a new and rapidly emerging district in Östra Hagastaden with the properties Solna Haga 3:6 and part of Solna Haga 4:17, as well as a development right of approximately 16,000–20,000 m² GFA of offices. This land allocation



I am proud that we in the first six months received two land allocations in the city of Stockholm. The first is for Mälarterassen in the emerging Slussen. The second is for a new and rapidly emerging district in Östra Hagastaden in Stockholm.



tion allows us to further contribute to the development of Hagastaden and to continue with our long-term plan to create attractive urban environments in this area.

SALE OF RÅDHUSET

In April we sold the property Dragarbrunn 19:1 in Uppsala, better known as Rådhuset (City Hall). Rådhuset is a well-known brand with strong cultural and historical roots in Uppsala. However, Rådhuset deviates from our other properties where focus is on developing attractive urban environments with a mixture of retail, offices, residential, service, culture and education. The property comprises a total of approximately 3,000 m² of lettable area with an underlying property value of SEK 127 million.

DETAILED DEVELOPMENT PLAN READY IN SICKLA

Our plans to develop Nobelberget in Sickla have now been given the green light, as the detailed development plan gained legal force in May. This site will be transformed into a new city district with creative offices, culture and just over 500 residential properties. The sale of the first district with 68 residential properties will commence in autumn, with construction planned in the first quarter of 2019 and occupancy in 2020. As soon as summer is over, work will start on expanding public spaces and building a car park with more than 100 parking spaces as well as 650 m² of premises.

The development of the remaining residential properties will be carried out gradu-

ally. The rate of this development will depend on market demand.

BUY-BACK OF OWN SHARES

In April we started a buy-back programme of our own shares, and as of 30 June the company owned 1,645,000 shares, corresponding to 1.2 per cent of the total number of shares. The share price has increased by approximately 10 per cent since the start of the buy-back programme. The share's liquidity has also strengthened.

OUTLOOK FOR 2018

The Swedish economy is strong and many analysts believe that we have now reached the peak of the economic cycle. Both the Riksbank and banking analysts expect a negative key interest rate up until 2019. The rental market continues to be strong in the areas where we are active and the transaction volume of properties remains high with historically low yield requirements.

Our 2018 profit forecast before changes in value is unchanged at SEK 1,200 million.

After a busy first six months, it will soon be time for all our employees, customers and partners to enjoy a well-deserved holiday. I am looking forward to the autumn and for business to continue at a high pace.

Annica Ånäs, CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	2018	2017	2018	2017	2017	2017/2018
	1/1–30/6	1/1–30/6	1/4–30/6	1/4–30/6	1/1–31/12	1/7–30/6
Rental income	1,198	1,191	597	624	2,389	2,396
Sales, project and construction work	113	71	59	48	174	216
Net sales	1,311	1,262	656	671	2,563	2,612
Property management costs						
Service charge-related costs	-96	-100	-38	-40	-186	-182
Other operating costs	-75	-80	-38	-41	-157	-153
Management costs	-74	-69	-38	-39	-153	-158
Repairs	-31	-24	-16	-12	-58	-65
Property tax	-71	-70	-35	-37	-142	-144
Leasehold fees	-13	-20	-6	-13	-35	-28
Non-deductible VAT	-6	-6	-3	-3	-11	-12
	-367	-368	-175	-185	-742	-741
Project and construction work costs	-120	-84	-65	-66	-206	-242
Gross profit/loss	824	811	416	421	1,616	1,629
<i>– of which gross profit/loss property management (operating surplus)</i>	831	823	422	439	1,647	1,655
<i>– of which gross profit/loss from project and construction work</i>	-7	-12	-6	-18	-31	-26
Central administration, property management	-34	-26	-17	-9	-48	-57
Central administration, project and construction work	-15	-7	-11	-3	-16	-23
	-49	-33	-28	-12	-64	-80
Financial income	1	0	0	0	1	1
Financial expenses	-155	-189	-76	-93	-372	-338
	-154	-188	-76	-93	-372	-337
Profit/loss before changes in value	621	589	312	315	1,180	1,212
Changes in value						
Properties, unrealised	1,216	1,356	717	912	1,817	1,677
Properties, realised	11	-0	6	-	-4	7
Derivatives, unrealised	-72	112	-70	77	121	-62
Derivatives, realised	-	-	-	-	-5	-5
	1,155	1,468	653	989	1,930	1,617
Profit/loss before tax	1,776	2,057	965	1,304	3,110	2,829
Current tax	-57	-25	-26	-25	-9	-40
Deferred tax	14	-394	177	-263	-542	-135
	-43	-419	151	-288	-551	-175
Profit/loss for the period	1,733	1,638	1,116	1,016	2,559	2,654
Other comprehensive income						
<i>Items which will be reclassified to profit/loss</i>						
Cash flow hedging	8	9	3	5	18	16
Tax attributable to other reported income and expenses	-2	-2	-1	-1	-4	-4
Total other comprehensive income	6	7	3	4	14	13
Total comprehensive income for the period	1,739	1,646	1,118	1,020	2,573	2,667
Earnings per share, SEK	13.06	12.30	8.44	7.63	19.21	19.96

PROFIT/LOSS JANUARY–JUNE 2018

NET SALES

The Group's net sales for the period increased to SEK 1,311 million (1,262), of which rental income comprised SEK 1,198 million (1,191). The rental income increased by 4.4 per cent in the comparable portfolio compared to the same period of the previous year.

During the year, non-recurring payments of SEK 3 million (45) were received for premature vacating of premises. In the previous year, SEK 45 million was received in a settlement in a rent dispute, of which SEK 40 million increased rental income.

RENTAL INCOME TREND

	2018 1/1–30/6	2017 1/1–30/6	Change, %
Like-for-like portfolio	1,082	1,037	4.4
Non-recurring remuneration	3	45	
Project properties	58	43	
Properties acquired	47	25	
Properties sold	8	41	
Rental income	1,198	1,191	0.6

At the end of the period the market value for the like-for-like portfolio was SEK 35,968 million excluding building rights, corresponding to 84 per cent of the property portfolio's total value.

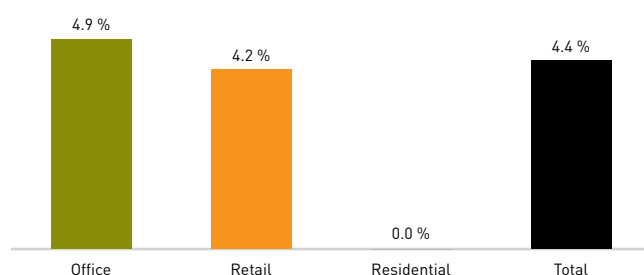
PROPERTY EXPENSES

The property costs totalled SEK –367 million (–368). For the like-for-like portfolio, property costs have fallen by 0.7 per cent compared with the corresponding period last year. This reduction in property costs is primarily explained by the introduction of IFRS 9 Financial Instruments, which has affected the principles for reserves for doubtful trade receivables and the cost for retroactive leasehold fees in 2017.

PROPERTY COSTS TREND

	2018 1/1–30/6	2017 1/1–30/6	Change, %
Like-for-like portfolio	–321	–324	–0.7
Project properties	–27	–19	
Properties acquired	–16	–8	
Properties sold	–3	–16	
Property management costs	–367	–368	–0.1

Like-for-like net rental income growth



GROSS PROFIT/LOSS

The gross profit for the property management activities (the operating surplus) increased to SEK 831 million (823), corresponding to 1.0 per cent. The previous year's operating surplus was positively affected by a settlement of a rent expense of SEK 40 million. For the like-for-like portfolio, the gross profit for property management increased by 6.7 per cent compared with the corresponding period last year. The increase in the like-for-like portfolio was due primarily to new rentals, renegotiations and lower property costs. The surplus ratio is unchanged at 69 per cent (69) compared to the same period of the previous year.

Contributions from acquired properties primarily relate to the property Lindholmen 30:1 in Gothenburg, which was taken over on 29 March 2017.

The gross profit for project and construction activities totalled SEK –7 million (–12). The better gross profit is primarily due to a higher gross profit in TL Bygg, as well as lower marketing costs in project and construction activities. Internal Group sales for the period in TL Bygg amounted to SEK 183 million (269), which corresponds to 63 per cent (85) of total sales. TL Bygg's gross profit, including intra-group transactions amounted to SEK 18 million (17).

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.

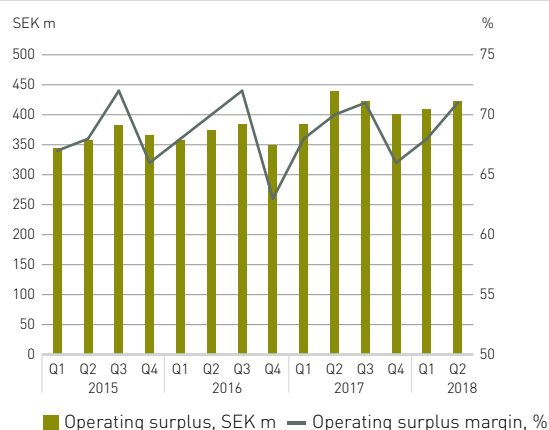
CENTRAL ADMINISTRATION

Central administration comprises costs for the company management as well as central support functions. The cost for the period amounted to SEK –49 million (–33). The increase in central administration costs is due primarily to a positive one-off effect in the previous year from a settlement in a rent dispute, as well as a new central administration unit for tenant-owned dwellings.

FINANCIAL INCOME AND EXPENSES

Financial expenses for the period amounted to SEK –155 million (–189) despite increased interest-bearing liabilities. The average interest rate at the end of the period amounted to 1.6 per cent (2.0). For more information, refer to the section on financing on page 13.

Operating surplus and operating surplus margin



CONT. PROFIT/LOSS JANUARY–JUNE 2018

CHANGES IN VALUE

Unrealised changes in the value of investment properties amounted to SEK 1,216 million (SEK 1,356 m) and are mainly explained by higher net operating income and the market's lower yield requirements. For more information, refer to the section on the property portfolio on page 8.

Unrealised changes in the value of derivatives totalled SEK –72 million (112) due to lower market rates.

TAXES

The current tax for the period totalled SEK –57 million (–25). The current tax has been affected by tax deductible depreciation and investments, and by loss carry-forwards from previous years and restructuring of interest rate derivatives.

The change in deferred tax amounted to SEK 14 million (–394) and has primarily been impacted by unrealised changes in the value of properties and derivatives, and a change in the tax rate.

The government has decided to lower the tax rate in two steps, first to 21.4 percent in 2019 and then to 20.6 percent in 2021. Atrium Ljungberg has chosen to calculate the deferred tax liability on the lower tax rate since tax liabilities are not expected to be realized in any significant extent in 2019 och 2020.

The Group's accumulated tax deficit amounted to SEK 23 million (54), of which SEK 23 million (54) comprises the base of the Group's deferred tax receivable.

The residual tax value of the property stock amounts to SEK 16,209 million (15,929).

TAX CALCULATION, 30/06/2018

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	1,776	
Tax deductible		
depreciation	–206	206
investments	–125	125
Non-taxable/non-deductible		
changes in the value of properties, unrealised	–1,216	1,216
changes in the value of properties, realised	–11	0
changes in the value of derivatives, unrealised	–72	72
consolidated capitalisation of borrowing	–8	8
consolidated internal profit	9	–9
Other fiscal adjustments	–14	75
Taxable profit/loss before loss carry-forwards	277	1,549
Change in loss carry-forwards	–16	18
Taxable profit/loss	261	1,567
Of which 22 per cent current/20.6 per cent deferred tax	–57	–323
Effect of change in tax rate	–	337
Reported tax expense	–57	14

Rental value and letting rate

Premises type	01/07/2018			01/07/2017		
	Rental value, SEK m	Rental value, SEK/m ²	Letting rate, %	Rental value, SEK m	Rental value, SEK/m ²	Letting rate, %
Office	1,155	2,610	95	1,080	2,497	96
Retail	925	3,536	94	978	3,259	95
Other	217	1,793	95	217	1,902	96
Residential	79	1,385	100	71	1,327	99
Garage/parking	59	–	93	60	–	94
Business area Property	2,435	2,694	95	2,407	2,605	95
Project properties	105		84	120		62
Total	2,540		94	2,526		94

RESULTS

The profit before changes in value increased to SEK 621 million (589).

Net profit for the period totalled SEK 1,733 million (SEK 1,638 m), which corresponds to SEK 13.06/share (SEK 12,30/share) and was primarily affected by lower tax expenses.

NET LETTING

Net letting, i.e. newly agreed contracted annual rents less annual rents terminated due to clients vacating the premises, amounted to SEK 40 million (–15) during the first six months, of which SEK 12 (36) refers to project properties. A large portion of the net rental consists of the letting to Convendum in Stockholm and DollarStore in Gränbystaden.

The time lag between net letting and its effect on profit is assessed to be 3–12 months.

CONTRACTED ANNUAL RENT AND LETTING RATE

The contracted annual rent amounted to SEK 2,396 million on 01/07/2018 (2,357 on 01/01/2018) and the rental value amounted to SEK 2,540 million (2,494 on 01/01/2018). This gives a letting rate of 94 per cent (95 on 01/01/2018) including project properties and of 95 per cent (95 on 01/01/2018) excluding project properties. The EPRA vacancy rate is thus 5 per cent (5 per cent as of 01/01/2018).

The average remaining term for contracted rent excluding residentials and parking, was 3.6 years as of 01/07/2018 (3.6 years as of 01/01/2018).

PROFIT FORECAST

The forecast for the profit before changes in value for the full year of 2018 is unchanged at SEK 1,200 million. The profit after tax is expected to amount to SEK 1,852 million, which corresponds to SEK 14.01/share.¹⁾ Future changes in value and any future property acquisitions and sales of properties have not been taken into account in the forecast.

1) Calculated on 132,146,996 shares, corresponding to the average number of outstanding shares for the full year, before dilution, if no additional acquisitions of the company's own shares are carried out. Read more about Buy-back of shares and Number of outstanding shares on page 20

CONSOLIDATED BALANCE SHEETS SUMMARY

Amounts in SEK m	30/06/2018	30/06/2017	31/03/2018	31/03/2017	31/12/2017
ASSETS					
Investment properties	42,012	39,981	40,858	38,694	39,991
Goodwill	240	263	240	263	240
Other fixed assets	48	43	47	40	45
Total fixed assets	42,300	40,287	41,145	38,997	40,276
Development properties	880	–	876	–	870
Current assets	362	606	397	469	1,272
Liquid assets	100	374	415	152	344
Total current assets	1,342	980	1,689	622	2,487
Total assets	43,642	41,267	42,834	39,618	42,763
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	19,138	17,295	18,844	16,802	18,223
Deferred tax liability	4,518	4,387	4,693	4,130	4,531
Long-term interest-bearing liabilities	15,234	17,020	15,433	15,721	16,415
Derivatives	547	787	481	865	484
Other long-term liabilities	77	64	73	63	73
Total long-term liabilities	20,378	22,223	20,680	20,779	21,503
Short-term interest-bearing liabilities	2,947	732	2,040	1,175	1,832
Derivatives	–	0	–	4	0
Other current liabilities	1,179	980	1,270	858	1,205
Total current liabilities	4,126	1,712	3,310	2,038	3,037
Total shareholders' equity and liabilities	43,642	41,267	42,834	39,618	42,763

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK m	Attributable to the Parent Company shareholders					Total shareholders' equity
	Share capital	Other capital contributed	Hedging reserves	Profits brought forward	Own shares	
Opening balance as per 1 January 2017	333	3,960	-54	11,937	–	16,176
Profit/loss for the period				1,638		1,638
Other comprehensive income			7			7
Dividend, SEK 3.95/share				-526		-526
Closing balance, as per 30 June 2017	333	3,960	-46	13,049	–	17,295
Profit/loss for the period				921		921
Other comprehensive income			7			7
Closing balance, as per 31 December 2017	333	3,960	-39	13,970	–	18,223
Profit/loss for the period				1,733		1,733
Other comprehensive income			6			6
Changed tax rate			-1			-1
Acquisition of own shares					-225	-225
Option premiums received				1		1
Dividend, SEK 4.50/share				-599		-599
Closing balance, as per 30 June 2018	333	3,960	-34	15,105	-225	19,138

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. During the period Atrium Ljungberg acquired 1,645,000 (–) class B shares. At the end of the period the parent company has 1,645,000 (31/12/2017, 0) of its own class B shares. The number of outstanding shares amounted to 131,575,736 (31/12/2017, 133,220,736) at the end of the period. The average number of outstanding shares for the period from 01/01/2018 to 30/06/2018 amounts to 132,727,725 (133,220,736).

PROPERTY PORTFOLIO

THE PROPERTY MARKET

The office rental levels in Stockholm are among the highest in Europe; they are only higher in London and Paris. Office rents have increased by approximately 45 per cent in Stockholm's CBD since the start of 2015. This healthy growth in office rents can be explained, for example, by the expanding co-working market, as well as high growth reported in both GDP and employment.

Although yield requirements remain low, there is a greater spread as location has become even more important. Interest rates are expected to remain low in the coming years, but yield requirements may be forced upwards by greater inflationary pressure. The growth in office rents is also expected to slow down during the rest of 2018 and 2019 due to lower growth in employment and Completion of new office space.

This year the transaction volume in the Swedish property market stands at SEK 50 billion so far. In the second quarter, the transaction volume amounted to SEK 26 billion, compared with SEK 46 billion in the previous 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 1,139,000 m².

In April an agreement was signed for the sale of the property Dragarbrunn 19:1. The sales price was based on an underlying property value of SEK 127 million and the divestment was completed in May.

In April the property Kylfacket 3 in Stockholm was acquired at an underlying property value of SEK 150 million, and it was taken into possession in June. The intention is to develop this property based on a new detailed development plan.

DEVELOPMENT PROPERTIES

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.

Changes in the property portfolio

	2018 1/1-30/6	2017 1/1-30/6	2017 1/1-31/12
Investment properties			
Fair value at the start of the period	39,991	36,054	36,054
Acquisitions (after deduction of deferred tax)	167	1,823	2,265
Sales	-127	-	-868
Investments in our own properties	765	749	1,593
Unrealised changes in value	1,216	1,356	1,817
Reclassification to Development properties	-	-	-870
Fair value at the end of the period	42,012	39,981	39,991
Development properties			
At beginning of period	870	-	-
Reclassification from Investment properties	-	-	870
Investments	10	-	-
Development properties, at period end	880	-	-
Property portfolio, total	42,892	39,981	40,861

PROPERTY VALUES

Atrium Ljungberg commissioned an external market valuation of 38 per cent of its property portfolio's total value in the second quarter of the year. The valuation was carried out by Forum Fastighetsekonomi and Savills. The remaining properties in the portfolio were subject to an internal valuation with market rents, costs, vacancies and yield requirements quality assured by Forum.

The market valuation is based on analyses of completed property transactions for properties of a similar standard and in a similar location, in order to assess the market's yield requirements. The valuation also entails cash flow calculations, with individual assessments of the earning capacity of each individual property. Assumed rental levels in conjunction with contract expirations correspond to current market rent levels. Operating costs have been assessed on the basis of the company's actual costs. Development rights have been valued 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.

Property portfolio

Property type	30/06/2018			30/06/2017		
	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾
Office properties	670	22,067	42,220	620	20,069	39,467
Retail properties	333	14,590	50,431	413	14,956	44,918
Residential properties	76	1,720	26,492	71	1,469	24,867
Total	1,080	38,377	43,764	1,104	36,494	40,525
Project properties	41	2,917		75	2,807	E/T ²⁾
Land and development rights	-	718		-	680	
Total Investment properties	1,121	42,012		1,179	39,981	
Development properties	18	880		-	-	
Total Properties	1,139	42,892		1,179	38,981	

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

The unrealised changes in value during the period amounted to SEK 1,216 million (SEK 1,356 m) and are mainly explained by higher net operating income net and the market's lower yield requirements.

Unrealised changes in value, properties

SEK m	30/06/2018	30/06/2017
Change in yield requirements	355	684
Change in operating net etc.	861	672
Total	1,216	1,356

Dividend yield requirement per premises type

		30/06/2018	31/12/2017
%	Interval	Average	Average
Office	3.6–6.3	4.6	4.7
Retail	3.7–6.2	4.9	5.0
Residential	2.9–3.8	3.2	3.1
Other	3.7–6.3	5.0	5.1
Total	2.9–6.3	4.7	4.7

Dividend yield requirement per region

		30/06/2018	31/12/2017
%	Interval	Average	Average
Stockholm	2.9–6.3	4.6	4.7
Uppsala	4.5–5.3	5.0	5.1
Malmö	3.8–6.2	5.4	5.4
Gothenburg	4.5–4.5	4.5	4.6
Total	2.9–6.3	4.7	4.7

CONFIRMED PROJECTS

During the first six months of 2018, investments in own properties amounted to SEK 775 million (749), of which SEK 505 million (450) was in project properties. Investments in project properties relate primarily to Sickla Front II and Gränbystaden. The other investments relate primarily to tenant adaptations in properties in Sickla, the city of Stockholm and Liljeholmen.

The remaining investment volume for confirmed projects amounted to approximately SEK 2,070 million as of 30 June.

SICKLA - NACKA

Sickla Front II – The completion of Sickla Front II in Sickla is in its final phase and comprises of two office buildings of approximately 25,300 m² letting area in total as well as 14,000 m² GFA 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 Swedish National Courts Administration, which includes Nacka District Court, the Rent and Tenancy Tribunal and the Land and Environmental Court, will take possession of their premises in the middle of July 2018. Other tenants include Yamaha Motor Europe, the IT security company SecMaker, and the company Vroom which operates in the Swedish vehicle market. Occupancy will take place in the autumn of 2018.

Sickla 1898, Curanten – In the autumn of 2017, work started on the reconstruction and extension project Sickla 1898. The building is located in Sickla's historical soul, where AB Diesels Motorer's first factory was constructed in 1898. We are creating a health care destination called Curanten here, with stores, cafes and restaurants on the ground floor. 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 2020.

Sickla Tapetfabriken – The reconstruction and extension of a former office building in Sickla, known as "Tapetfabriken" (Wall-



In February Atrium Ljungberg and the municipality of Nacka were invited to take part in a parallel assignment in Sickla. This assignment was to produce a proposal for the development of a new station building, containing an underground station, offices, retail, services and a hotel.



In June Atrium Ljungberg won the land allocation competition for Östra Hagastaden from the city of Stockholm and Stockholm County Council. This competition is for a unique and leading district, which will become the city's northern gateway.

CONT. PROPERTY PORTFOLIO

paper Factory) is under way. Tapetfabriken is planned to comprise 9,700 m², with a hotel and offices, as well as a garage. The tenant is going to be Nordic Choice Hotels, which will open a 7,200 m² hotel with more than 150 hotel rooms and a 2,000 m² lobby with a restaurant, event spaces and conference premises. The hotel will open in the spring of 2020.

By transforming the former closed 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.

Nobelgaraget – The detailed development plan for Nobelberget gained legal force in May 2018, so the project for the garage and premises in the first residential district got underway. Construction is expected to be complete in 2020.

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, work is underway to construct an additional building, where Jula, Jysk and Rusta will open stores in the autumn of 2018. In the second quarter an agreement was also signed with DollarStore for 4,700 m², which will move in at the beginning of 2019. The big-box hub in Gränbystaden will then have a letting area of 31,500 m².

Gränby Entré buildings 2 and 3 – Three buildings containing rental apartments, commercial premises and offices are being built next to Gränbystaden galleria. Building 1 has been occupied since the autumn of 2017, with 63 rental apartments, a health centre, a bank, food outlets and services. Buildings 2 and 3 contain a total of just under 140 rental apartments, as well as premises, where a

number of restaurants and cafes will open. The apartments in building 2 were released via Uppsala Bostadsförmedling in May 2018, generating a high level of interest. Most of the 71 apartments have been let, as well as large sections of the office space. The final apartments in building 3 were released in the autumn of 2018 and will be ready for occupancy at the start 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 at the end of November 2018.

Gränbystaden, south entrance – An extension project is under way at Gränbystaden galleria, which comprises an additional 11,800 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 November 2018.

MOBILIA – MALMÖ

Mobilia Torghuset – A building permit was granted in May, with starting clearance for a new construction and extension of approximately 13,500 m² of letting area. The ground work has started and the building is expected to be complete in the spring of 2020, which is when Nordisk Film will open a cinema and 74 rental apartments will be ready for occupancy. This building marks the final stage in the central square at Mobilia, which includes plans for a cultural centre for children.

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 2018 work focused mainly on



An urban city centre district is being created in Forumkvarteret with a strong offering of retail, restaurants and cafes. Unique office environments are being built with an industrial character, as well as terraces onto the pedestrian zone and Forumtorget.

CONT. PROPERTY PORTFOLIO

improving and reconstructing the shopping centre section, making space available and creating a clear internal concourse. The offer has been strengthened by the establishment of Espresso House on two floors and the restaurant chain Egon, which is expected to open in the third quarter of 2018.

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.

This new part of the shopping centre is planned to be opened at the beginning of 2019.

POTENTIAL DEVELOPMENT PROJECTS

Our existing project portfolio with our own land and land allocations enables future investments corresponding to more than SEK 15 billion. In terms of area, half of the project portfolio consists of residential and half of offices, retail, education and hotels. The

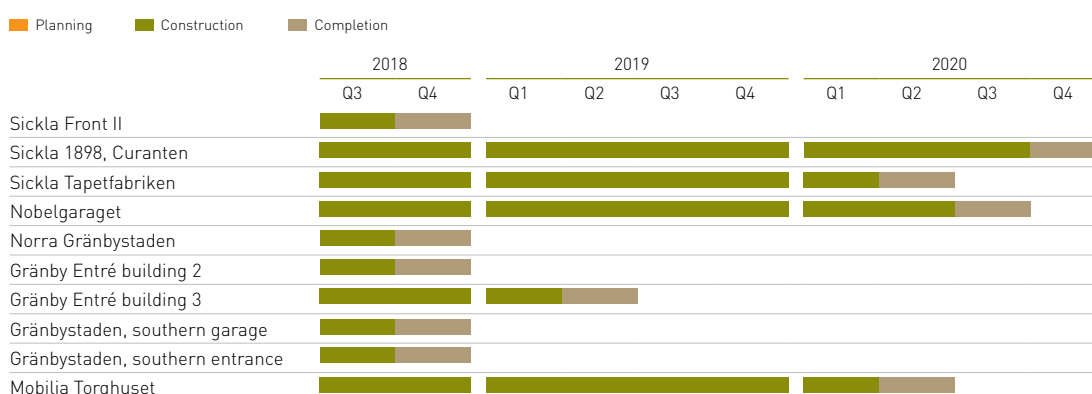
project portfolio is divided among all our areas where Sickla and Uppsala account for approximately 70 per cent. The rate at which we can complete the projects depends on the market situation and the progress made in the detailed development plan process. A project market area is not usually started until we have secured a minimum return in the form of signed lease contracts.

The projects that we expect to begin 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 the Sickla Galleria for approximately 3,000 m² GFA for retail, plus two floors for a parking garage with approximately 220 parking spaces. There is a complete detailed development plan for this expansion, and construction is expected to start in 2019.

CONFIRMED PROJECTS, NEW BUILDS AND EXTENSIONS



CONFIRMED PROJECTS

Project, property	Municipality	Retail, letting area, m ²	Letting area, Office, m ²	Letting area, Residential, m ²	Parking, GFA	Total investment, SEK m ¹⁾	Of which remaining, SEK m	Completed	Fair value, SEK m	Assessed rental value, SEK m ²⁾	Letting rate, %	Environmental certification
New builds and extensions												
Sickla Front II, Sicklaön 346:1	Nacka		25,300	14,000	830	190	2018	66	54 ⁵⁾		Breem	
Sickla 1898, Curanten, Sicklaön 83:22	Nacka	3,600	8,100		510	460	2020	33			Breem	
Sickla Tapetfabriken, Sicklaön 83:22	Nacka	7,200	2,600		4,600	380	2020	E/T ³⁾	E/T ³⁾		BREEM	
Nobelgaraget, Sicklaön 83:33	Nacka	600			3,500	60	2020	4				
Northern Gränbystaden, Brillinge 8:1/9:1	Uppsala	31,500			570	20	2014–2018 ⁴⁾	51	97		Breem	
Gränby Entré hus 2, Gränby 21:4	Uppsala	900	1,300	3,300	230	80	2018	14	48 ⁵⁾		Green Building	
Gränby Entre building 3, Gränby 21:4	Uppsala	1,200	1,300	3,400	240	170	2019	15	9 ⁶⁾		Green Building	
Gränbystaden, southern garage, Gränby 21:4	Uppsala			11,500	190	10	2018				Breem In-Use	
Gränbystaden, south entrance, Gränby 21:4	Uppsala	11,800			340	180	2018	36	75		Breem In-Use	
Mobilia Torghuset, Bohus 8	Malmö	9,400	3,800		520	440	2020	35	30 ⁷⁾		Breem/ Environmental building	
Reconstruction												
Forumkvarteret, Dragarbrunn 27:2	Uppsala	6,200	5,100	1,400	290	120	2019	41	78		Breem In-Use	
Total		72,400	43,700	11,900	33,600	4,160	2,070		2,917⁸⁾			
Other project properties									718			
Total project properties									3,635			

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

²⁾ Excluding premiums and any net sales result.

³⁾ Rental value/letting rate is 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 46 per cent. The letting rate for residential is 52 per cent.

⁶⁾ The letting rate for commercial premises amounts to 18 per cent. Residential are let closer to completion.

⁷⁾ The letting rate for commercial premises amounts to 37 per cent. Residential are let closer to completion.

⁸⁾ Divided into SEK 2,314 million for new building and extensions and SEK 603 million for reconstructions.

CONT. PROPERTY PORTFOLIO

The detailed development plan for 500 residential properties in Nobelberget gained legal force in May 2018 and the first 68 tenant-owned dwellings will start to be sold in the autumn. Construction is planned to start in the first quarter of 2019, with occupancy in 2020. The development of the remaining residential properties will be carried out gradually. The rate of this development will depend on market demand. At Nobelberget we want to create an attractive and dense urban environment with residential as well as office premises and cultural activities. Detailed planning work for approximately 700 apartments in Kyrkviken and 60 in Gillevägen in Sickla is in progress.

At Sickla station we have a building right of approximately 7,500 m² GFA next to the future underground railway station for retail, services and offices. We are working with the municipality of Nacka to investigate the possibility of a larger building. This could form the basis of a new detailed development plan, which would provide a total of more than 20,000 m² GFA of office and hotel space. Work on the underground will start in 2019, in parallel with work on a new detailed development plan.

Detailed planning work is also underway for the 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, which includes 50 apartments, is expected to start in 2019, with occupancy during 2020.

In Northern Gränbystaden there are opportunities to develop a further 5,000 m² GFA more retail.

At the beginning of 2017, we received a land allocation beside the Gränbystaden shopping centre with a building right of approximately

50,000 m² GFA. This gives us the ability to continue to develop Gränbystaden towards the vision of creating a second urban core for Uppsala.

In Hagastaden in Stockholm, we have the possibility of constructing 32,000 m² GFA beside Nya Karolinska Solna (NKS). In October 2017, Stockholm City Council adopted a resolution on a development agreement with transfer of land. After property adjustment, we expect to be able to take possession of the land after the summer of 2018. Here, in the heart of the emerging life science cluster, we want to create Life City, a new centre for activities supporting cluster building in life science.

Construction of Life City is expected to start in the third quarter of 2018, with occupancy during the spring of 2021. The start of construction is dependent on the approval by the city of Stockholm for carrying through a tunnel construction.

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. Together with Järfälla Municipality, we are planning to create Bas Barkarby, a multi-functional district in the heart of the growing Barkarbystaden. It will promote learning focused on science and technology as well as culture, sports and business. 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 gained legal force in January 2018 and a decision on an environmental permit from the Land and Environmental Court is expected in January 2019.

Construction of the first phase of Bas Barkarby can only start once the environmental permit has been obtained. Work should therefore be able to start in February 2019, with occupancy in 2021.

FINANCING

THE FINANCIAL MARKET

Although economic development in the market is strong, there is greater uncertainty than before, for example, because of more trade restrictions and the economic/political developments in Italy. The Swedish economy remains strong, with inflation close to the target of two per cent. The Riksbank is continuing its expansive monetary policy in order to keep the pressure on inflation. The growth in the Swedish economy is being maintained through strong exports, but it has been weakened slightly as a result of a fall in residential investments. In June, the National Institute of Economic Research assessed growth in GDP at 2.4 per cent for 2018 and 2.1 per cent for 2019.

The variable rate, 3M Stibor, amounted to -0.35 per cent at the turn of the half-year, compared to -0.46 per cent at the beginning of the year. The 10-year swap interest rate was 1.12 per cent at the turn of the half-year, compared to 1.20 per cent at the beginning of the year.

INTEREST-BEARING LIABILITIES

Atrium Ljungberg meets its financing requirements through five Nordic banks and the capital market. Bank loans accounted for 46 per cent (51) of the total loan volume at the end of the period. Interest-bearing liabilities at the end of the period amounted to SEK 18,181 million (17,753). During the second quarter, interest-bearing liabilities increased by SEK 708 million, primarily through capital market financing. This increase has mostly been used for the dividend and for ongoing projects.

The average interest rate at period end amounted to 1.6 per cent (2.0). Including unutilised loan guarantees the average interest rate amounted to 1.7 per cent (2.0). The average fixed interest term was 4.2 years (3.9 years) and the average capital commitment term was 3.6 years (3.9 years).

Unutilised loan guarantees in addition to loan guarantees which cover outstanding commercial paper amounted to SEK 1,440 million (1,156). The unutilised overdraft facility amounted to SEK 300 million (SEK 300 m).

COLLATERAL

Atrium Ljungberg's borrowing is partly secured by real estate mortgages. Of the interest-bearing liabilities, SEK 8,446 million (9,035) is secured by mortgage deeds which corresponds to 19 per cent (22) in relation to the total assets.

DERIVATIVES

At the end of the period, the derivative portfolio comprised of SEK 9,296 million (8,896) in interest swaps, with maturity between 2021 and 2029.

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 change in value of derivatives amounted to SEK -72 million (112) during the period. The deficit book value of the derivatives portfolio totalled SEK -547 million (-1,170) at the end of the period.

PUBLIC RATING AND INCREASED BOND VOLUME

In February 2017, we received an investment grade rating from the credit rating agency Moody's and was awarded a Baa2 grade with stable outlook. An updated report was received at the beginning of 2018 that confirmed these levels.

During the second quarter 2018, two bond issues were carried out with a total volume of SEK 750 million. The volume of outstanding bonds under the MTN programme increased during the year from SEK 5,700 million to SEK 6,550 million.

GREEN BONDS

A green framework linked to the MTN programme was published in 2017. This enables green financing with a clear link to our sustainable projects. There was SEK 3,350 million in green bonds outstanding at the end of the period.

Atrium Ljungberg signed a land allocation agreement with the city of Stockholm for Mälarterrassen at Slussen. We will create a meeting place here for food and culture for Stockholm's residents and visitors.



Fixed interest

Fixed interest term	Amount, SEK m	Percentage, %	Average interest, % ¹¹
2018	6,085	34	0.7
2019	800	4	0.2
2020	1,300	7	0.6
2021	1,260	7	3.9
2022	1,000	6	2.6
2023 and thereafter	7,736	43	2.6
Total	18,181	100	1.6

¹¹ 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.

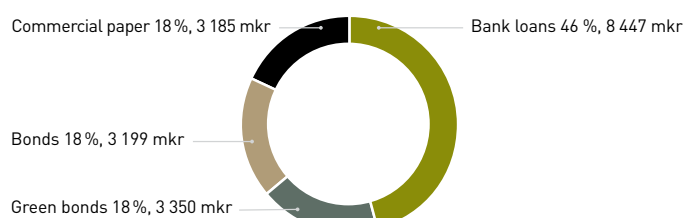
Capital commitment

Fixed interest term	Amount, SEK m	Percentage, %
2018	-	-
2019	4,187	23
2020	5,035	28
2021	1,894	10
2022	3,517	19
2023 and thereafter	3,548	20
Total	18,181	100

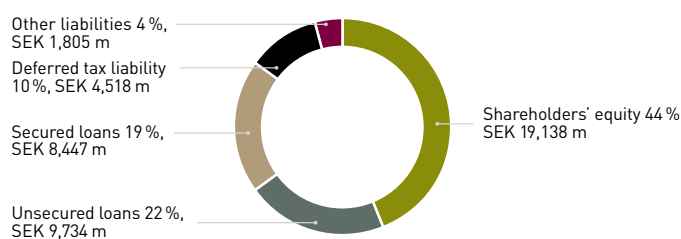
Key ratios financing

	30/06/2018	31/12/2017
Interest-bearing liabilities, SEK m	18,181	18,247
Shareholders' equity, SEK m	19,138	18,223
Adjusted gearing ratio, %	42.8	44.1
Average fixed interest term, years	4.2	4.4
Average capital commitment term, years	3.6	3.5
Average interest rate for interest-bearing liabilities, %	1.6	1.7

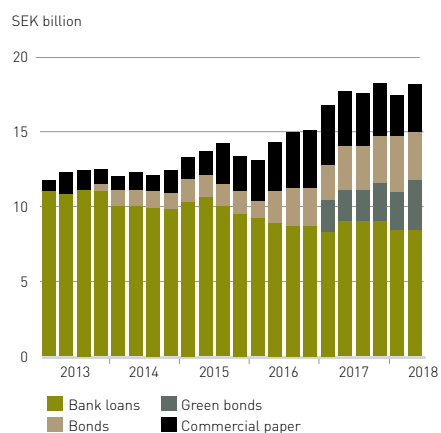
Interest-bearing liabilities



Capital structure



Development in financing sources 2013–2018



CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	2018 1/1–30/6	2017 1/1–30/6	2018 1/4–30/6	2017 1/4–30/6	2017 1/1–31/2	2017/2018 1/7–30/6
OPERATING ACTIVITIES						
Profit/loss before changes in value	621	589	312	315	1,180	1,209
Reversal of depreciation and write-downs	5	4	3	2	8	10
Other items not included in the cash flow	-1	3	1	1	12	9
Tax paid	-25	-22	-9	-13	-4	-6
Cash flow from operating activities before changes in working capital	600	573	307	305	1,197	1,224
Net change in working capital	-53	-35	-75	-38	-31	-50
Cash flow from operating activities	547	539	232	267	1,166	1,174
INVESTMENT ACTIVITIES						
Acquisition of investment properties	-167	-1,823	-167	23	-1,833	-178
Reconstruction and new construction of investment properties	-775	-749	-411	-398	-1,593	-1,619
Sale of investment properties	1,047	-	145	-	-	1,047
Purchase/sale of equipment	-12	-6	-3	-4	-17	-23
Cash flow from investment activities	93	-2,577	-436	-378	-3,443	-773
FINANCING ACTIVITIES						
Change in other long-term liabilities	5	4	5	2	12	13
Loans raised	2,440	3,975	1,723	1,800	5,178	3,644
Amortisation of debts	-2,507	-1,318	-1,015	-943	-2,028	-3,217
Exercise of derivatives	-	-	-	-	-290	-290
Dividends paid	-599	-526	-599	-526	-526	-599
Buy-back of own shares	-225	-	-225	-	-	-225
Cash flow from financing activities	-885	2,135	-110	333	2,346	-674
Cash flow for the period	-244	97	-314	221	68	-273
Liquid assets at the beginning of the period	344	276	414	153	276	374
Liquid assets at the end of the period	100	374	100	374	344	100

COMMENTS ON THE CASH FLOW STATEMENT

The cash flow from operating activities totalled SEK 547 million (539), corresponding to SEK 4.12/share (4.04). The higher cash flow during the period compared to the same period last year is mainly explained by net operating results.

Investment activities have contributed to a positive cash flow by SEK 93 million (-2,577) relating to sales of properties.

The cash flow in financing activities amounted to SEK -885 million (2,135) as a consequence of repayments in connection with sales of properties.

Available liquidity amounted to SEK 1,840 million (1,830) and comprised bank deposits of SEK 100 million (374), unutilised overdraft facilities of SEK 300 million (300) and unutilised lines of credit of SEK 1,440 million (1,156) in addition to credit facilities covering outstanding commercial paper.

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:

- 100 per cent of our properties will be certified by 2021.
- Energy consumption per square metre will decrease by 30 per cent between 2014 and 2021.
- The proportion of green lease contracts will be 50 per cent of the contracted annual rent by 2021.
- We will be one of Sweden's best workplaces, which forms part of our aim to have sustainable employees and to 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. On 30/06/2018, 23 per cent (18 on 30/06/2017) of leasable area was certified.

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 by purchased district cooling and by self-generated cooling.

The key figure for tenant electricity has increased as a result of acquired properties in which tenants run property energy-intensive operations. This affects the key figures for process cooling and tenant electricity. The key figures for property energy fell compared with the previous year.

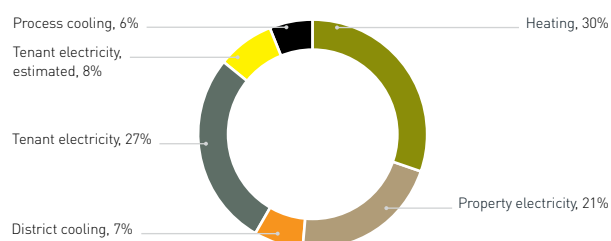
Compared with the reference year, 2014, the total energy intensity has fallen by 14 per cent, and the key figure for property energy has fallen by 25 per cent compared with the same reference year.

ENERGY INTENSITY 30/06/2018

kWh/m ²	2017/2018		2016/2017		Change	
	1/7-30/6	1/7-30/6	1/7-30/6	1/7-30/6	Change compared to 2014 ¹⁾	Change compared to 2014 ¹⁾
Heating	68	79	-14%	-26%		
Property electricity	49	48	1%	-27%		
District cooling	16	16	0%	-25%		
Sub-total property energy	133	143	-7%	-25%		
Tenant electricity	63	55	15%	1%		
Tenant electricity, estimated	19	22	-14%	-34%		
Process cooling	14	- ²⁾	-	-		
Total energy intensity	230	229	3%	-14%		

¹⁾ Reference year

²⁾ At 30/06/2017 there were no properties with this type of energy



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.

	2018	2017	2017
	30/6	30/6	31/12
Green lease contracts, share of contracted annual rent	21%	15%	18%

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 at least 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.

SEK m	2018	2017	2017	2017/2018
	1/1-30/6	1/1-30/6	1/1-31/12	1/7-30/6
Suppliers	1,050	974	2,120	2,196
Employees	100	93	166	173
Lenders	162	205	387	344
Society	205	169	303	339
Owners ¹⁾	823	526	526	823
Economic value distributed²⁾	2,340	1,966	3,501	3,875

¹⁾ Refers to the dividend and buy-back of shares.

²⁾ Economic value distributed corresponds to economic value generated. See reconciliation on Atrium Ljungberg's website.

TAX

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, in its tax policy Atrium Ljungberg undertakes not to conduct aggressive tax planning. Aggressive tax planning refers to arrangements which only aim to minimise the tax without links to own business activities.

SEK m	2018	2017	2017	2017/2018
	1/1-30/6	1/1-30/6	1/1-31/12	1/7-30/6
Current tax	57	25	9	41
Property tax	71	70	142	143
Non-deductible VAT	33	22	54	65
Stamp duty	-	4	4	-
Social security payments	27	26	53	54
Special payroll tax	3	2	6	7
Taxes	192	149	268	311
Leasehold fees	13	20	35	28
Society	205	169	303	339

GREEN BONDS

A green framework linked to the MTN programme was published in 2017. This enables green financing with a clear link to our sustainable projects. There was SEK 3,350 million in green bonds outstanding at the end of the period.

SEGMENT REPORTING

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

30/06/2018	Properties	Project development ¹⁾	TL Bygg	Project and construction activities	Non-allocated items and eliminations	The Group
Amounts in SEK m						
Rental income	1,204				-6	1,198
Sales, project and construction work		6	290	296	-183	113
Net sales	1,204	6	290	296	-189	1,311
Property management costs	-370				3	-367
Project and construction work costs		-25	-272	-297	177	-120
Gross profit/loss	834	-19	18	-1	-9	824
Central administration	-35	-7	-8	-15	1	-49
Financial income and expenses					-154	-154
Profit/loss before changes in value	799	-26	10	-16	-162	-621
Changes in value	1,227				-72	1,155
Tax					-43	-43
Profit/loss for the period	2,026	-26	10	-16	-277	1,733
Investments and acquisitions	765	10	2	12		777
Assets, period end	42,012	880	77	957	674	43,642

30/06/2017	Properties	Project development ¹⁾	TL Bygg	Project and construction activities	Non-allocated items and eliminations	The Group
Amounts in SEK m						
Rental income	1,197				-6	1,191
Sales, project and construction work		25	315	340	-269	71
Net sales	1,197	25	315	340	-275	1,262
Property management costs	-372				4	-368
Project and construction work costs		-43	-298	-341	257	-84
Gross profit/loss	825	-18	17	-1	-14	811
Central administration	-27		-8	-8	1	-33
Financial income and expenses					-188	-188
Profit/loss before changes in value	798	-18	9	-9	-201	589
Changes in value	1,356 ²⁾				112 ³⁾	1,468
Tax					-419	-419
Profit/loss for the period	2,154	-18	9	-9	-508	1,638
Investments and acquisitions	2,572		2	2	4	2,578
Assets, period end	39,981 ⁴⁾		107	107	1,178	41,267

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

²⁾ Properties, unrealised SEK 1,216 (1,356) million. Properties, realised SEK 11 (-0) million.

³⁾ Unrealised value changes derivatives SEK -72 (112) million. Realised changes in value of derivatives - (-).

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

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

Revenue type per segment, 30/06/2018	Properties	Project development	TL Bygg	Project and construction activities	Non-allocated items and eliminations	The Group
Rental income	1,204				-6	1,198
Sales, project and construction work						
of which Turnkey contracts, fixed price			59	59		59
of which Turnkey contracts, open account			88	88	-64	24
of which Performance contracts, fixed price			21	21		21
of which Performance contracts, open account			120	120	-119	1
of which Other		6		6		6
Total Project and construction sales		6	290	296	-183	113
Total Net sales	1,204	6	290	296	-189	1,311

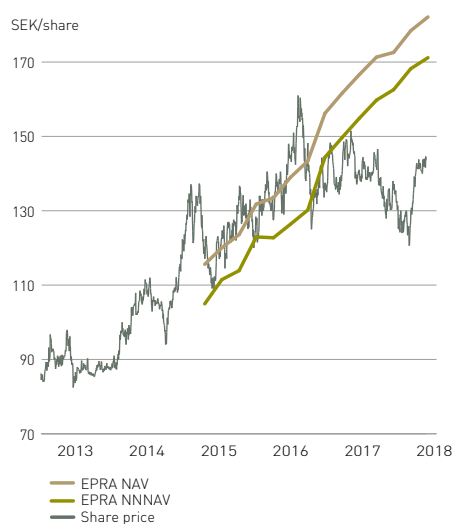
KEY RATIOS ^{1) 2)}

	2018	2017	2018	2017	2017	2017/2018
	1/1-30/6	1/1-30/6	1/4-30/6	1/4-30/6	1/1-31/12	1/7-30/6
PROPERTY-RELATED KEY RATIOS						
Letting rate, %	94	94	94	94	95	94
Operating surplus margin, %	69	69	71	70	69	69
Letting area, '000 m ²	1,139	1,179	1,139	1,179	1,146	1,139
Investments in investment properties, SEK m	775	749	411	398	1,593	1,619
Number of properties (period end)	53	54	53	54	53	53
FINANCIAL KEY RATIOS						
Equity/assets ratio, %	43.9	41.9	43.9	41.9	42.6	43.9
Gearing ratio %	42.4	44.4	42.4	44.4	44.7	42.4
Adjusted gearing ratio, %	42.8	44.4	42.8	44.4	44.1	42.8
Interest coverage ratio, multiple	5.0	4.1	5.1	4.4	4.2	4.6
Average interest rate for interest-bearing liabilities, %	1.6	2.0	1.6	2.0	1.7	1.6
Return on shareholders' equity, %	18.6	19.6	23.5	23.8	15.0	14.6
Return on shareholders' equity, excluding changes in value, %	5.2	5.5	5.0	5.7	5.5	5.3
Return on total assets, %	8.9	11.5	9.6	13.8	8.7	7.9
Return on total assets excluding changes in value, %	2.8	3.1	2.8	3.2	3.1	3.0
DATA PER SHARE						
Earnings per share, SEK	13.06	12.30	8.44	7.63	19.21	19.96
Profit/loss before changes in value less applicable nominal tax, SEK	3.68	3.45	1.85	1.84	6.91	7.18
EPRA EPS, SEK	4.26	4.13	2.13	2.20	8.15	8.37
Cash flow, SEK	4.12	4.04	1.75	2.00	8.75	8.83
Shareholders' equity, SEK	145.46	129.82	145.46	129.82	136.79	145.46
Share price, SEK	144.60	140.50	144.60	140.50	130.30	144.60
EPRA NNNAV, SEK	171.17	154.86	171.17	154.86	162.57	171.17
Average number of outstanding shares, '000	132,728	133,221	132,240	133,221	133,221	132,976
Number of outstanding shares at end of period, thousand	131,576	133,221	131,576	133,221	133,221	131,576
EMPLOYEES						
Average number of employees	304	287	306	291	295	302

EPRA KEY RATIOS ^{1) 2)}

	30/06/2018	30/06/2017	31/12/2017
EPRA Earnings, SEK m	560	550	1,086
EPRA ESP, SEK/share	4.26	4.13	8.15
EPRA NAV, SEK m	23,964	22,195	22,992
EPRA NAV, SEK/share	182.13	166.60	172.59
EPRA NNNAV, SEK m	22,522	20,631	21,658
EPRA NNNAV, SEK/share	171.17	154.86	162.57
EPRA Vacancy rate	5%	5%	5%

EPRA NAV, EPRA NNNAV and share price



¹⁾ See definitions pages 25-26.

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

QUARTERLY SUMMARY

INCOME STATEMENTS

	2018	2018	2017	2017	2017	2017	2016	2016
Amounts in SEK m	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Rental income	597	601	603	595	624	567	553	535
Sales, project and construction work	59	54	70	33	48	24	35	37
Net sales	656	656	673	628	671	591	588	572
Property management costs	-175	-192	-202	-172	-185	-183	-211	-151
Project and construction work costs	-65	-55	-82	-40	-66	-18	-35	-44
Gross profit/loss	416	408	389	416	421	390	342	377
– of which gross profit/loss property management (operating surplus)	422	409	401	423	439	384	342	384
– of which gross profit/loss from project and construction work	-6	-1	-12	-7	-18	6	-1	-7
Central administration, property management	-17	-17	-21	-1	-9	-17	-17	-16
Central administration, project and construction work	-11	-4	-5	-3	-3	-4	-5	-3
	-28	-21	-26	-5	-12	-21	-22	-19
Financial income and expenses	-76	-78	-92	-91	-93	-95	-92	-93
Profit/loss before changes in value	312	309	271	320	315	274	228	265
Properties, unrealised changes in value	717	499	129	332	912	444	1,483	316
Properties, realised changes in value	6	5	-4	-	-	-0	-	13
Derivatives, unrealised changes in value	-70	-2	-15	24	77	35	307	-54
Derivatives, realised changes in value	-	-	-5	-	-	-	-	-
	653	502	105	357	989	479	1,790	275
Profit/loss before tax	965	811	376	676	1,304	753	2,018	539
Tax	151	-193	20	-152	-288	-131	-457	-121
Profit/loss for the period	1,116	618	396	524	1,016	622	1,561	418
KEY RATIOS ¹⁾²⁾								
	2018	2018	2017	2017	2017	2017	2016	2016
Property-related key ratios	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Letting rate, %	94	94	95	94	94	94	93	94
Operating surplus margin, %	71	68	67	71	70	68	62	72
Letting area, 1,000 m ² (period end)	1,139	1,145	1,146	1,178	1,179	1,176	1,124	1,105
Investments in properties, SEK m	411	364	426	422	398	351	382	213
Number of properties (period end)	53	53	53	54	54	53	50	50
Financial key ratios								
Equity/assets ratio, %	43.9	44.0	42.6	42.7	41.9	42.4	43.7	41.3
Gearing ratio, %	42.4	41.9	44.7	43.3	44.4	43.7	41.9	43.7
Adjusted gearing ratio, %	42.8	42.3	44.1	43.3	44.4	43.7	41.9	43.7
Interest coverage ratio, multiple	5.1	5.0	3.9	4.2	4.4	3.9	3.5	3.8
Average interest rate for interest-bearing liabilities, %	1.6	1.7	1.7	2.0	2.0	2.2	2.3	2.3
Return on shareholders' equity, %	23.5	13.3	8.9	11.9	23.8	15.1	40.6	11.6
Return on shareholders' equity, excluding changes in value, %	5.0	5.3	4.6	5.6	5.7	5.5	4.9	5.7
Return on total assets, %	9.6	8.3	4.4	7.4	13.8	8.9	23.3	7.3
Return on total assets excluding changes in value, %	2.8	2.8	2.7	3.1	3.2	3.0	2.8	3.2
Data per share								
Earnings per share, SEK	8.44	4.64	2.98	3.93	7.63	4.67	11.72	3.14
Profit/loss before changes in value less applicable nominal tax, SEK	1.85	1.81	1.59	1.87	1.84	1.60	1.34	1.55
EPRA EPS, SEK	2.13	2.10	1.90	2.20	1.89	1.91	1.73	1.85
Cash flow, SEK	1.75	2.37	2.72	2.01	2.00	2.04	1.85	2.46
Shareholders' equity, SEK	145.46	141.45	136.79	133.79	129.82	126.11	121.42	109.68
Long-term net worth (EPRA NAV), SEK	182.13	178.44	172.59	171.32	166.61	161.61	156.21	143.36
Current net worth (EPRA NNNNAV), SEK ³⁾	171.17	168.22	162.57	159.74	154.86	149.69	144.38	130.19
Share price, SEK	144.60	123.00	130.30	142.00	140.50	136.40	142.30	149.60
Average number of outstanding shares, '000	132,240	133,221	133,221	133,221	133,221	133,221	133,221	133,221
Number of outstanding shares at end of period, thousand	131,576	133,221	133,221	133,221	133,221	133,221	133,221	133,221

¹⁾ See definitions pages 25–26.

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

³⁾ For calculation of current net worth (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 198 million (212). The operating profit/loss totalled SEK 22 million (63). The profit/loss after financial items totalled SEK 104 million (105).

INCOME STATEMENTS PARENT COMPANY

Amounts in SEK m	2018 1/1–30/6	2017 1/1–30/6	2017 1/1–31/12
Rental income	89	126	214
Management income	109	86	225
Net sales	198	212	439
Property costs	-30	-31	-61
Management and administration expenses	-136	-109	-269
Depreciation	-10	-10	-20
Operating profit/loss	22	63	90
Result of participations in Group companies	-	-	450
Interest income and similar profit/loss items	278	271	557
Interest expenses and similar profit/loss items	-196	-229	-743
	82	42	264
Profit/loss after financial items	104	105	353
Appropriations	-0	-8	162
Profit/loss before tax	104	98	516
Current tax	-57	-25	-3
Deferred tax	2	-3	176
	-55	-28	172
Profit/loss for the period	49	69	688

Interest-bearing liabilities amount to SEK 15,325 million (14,685). 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	30/06/2018	30/06/2017	31/12/2017
ASSETS			
Tangible fixed assets	1,585	1,551	1,525
Financial fixed assets	901	456	1,459
Current assets	20,347	20,359	22,157
Total assets	22,657	22,365	25,141
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	6,990	7,145	7,764
Untaxed reserves	61	58	61
Provisions	108	292	98
Long-term liabilities	12,694	14,220	13,571
Current liabilities	2,804	650	3,646
Total shareholders' equity and liabilities	22,657	22,365	25,141

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.

For further information on risks and uncertainty factors in general, please see Atrium Ljungberg's 2017 Annual Report and the section entitled "Risks and risk management" on pages 88–92.

CHANGES OF RULES IN THE AREA OF TAX

On 14 June 2018 the Swedish Parliament decided on amendments to the Swedish Income Tax Act with regard to the tax rules for companies. This change in the law will come into force on 1 January 2019 and will limit the right to deduct interest for negative net interest income to 30 per cent of taxable EBITDA. Given Atrium Ljungberg's current earnings and leverage, an average rate of 2.4 per cent is required not to get full deduction for interest expenses.

The average interest rate today amounts to 1.6 per cent. The company tax rate will be reduced in two phases from the current 22 per cent; first to 21.4 per cent (2019) and finally to 20.6 per cent (2021). A general deduction, referred to as a primary deduction, has been introduced, with a deduction for impairment of 2 per cent per year for the first six years. This applies to newly-constructed buildings that are classified as apartment blocks according to the cadastral survey.

According to the Treasury Department, the parcelling study continues to be subject to administration.

BUY-BACK OF SHARES

On 28 March 2018, the Board of Atrium Ljungberg decided to initiate a buy-back of its own shares. The buy-back programme started on 20 April 2018. The aim of the programme is to secure the supply of shares in accordance with the Group's stock option programme, and to give the Board more flexibility in its work on the company's capital structure, which will therefore help to increase shareholder value. As of 30 June the company owns 1,645,000 class B shares. The buy-back has been in the range of SEK 132.20–143.21 per share.

NUMBER OF OUTSTANDING SHARES

At the end of the period the parent company had issued a total of 94,500 call options, which entitles Atrium Ljungberg's staff to acquire the equivalent number of class B shares. As the price of the underlying share, either at closing day nor during the period, has reached the strike level justifying to call for redemption of the options, no dilution from the utilisation of these options has been taken into account when calculating the number of shares.

RETAIL SECTOR'S SALES TREND

In the first five months of the year, total sales at our four regional retail hubs – Sickla, Farsta Centrum, Gränbystaden and Mobilia – increased by an overall 0.5 per cent compared to the same period of the previous year.

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 2017 Annual Report.

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 18,181 million (17,753) and their fair value totals SEK 18,268 million (17,829). 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 STANDARDS AND INTERPRETATIONS

IFRS 9 Financial instruments

The Group has applied IFRS 9 Financial Instruments since 1 January 2018. The new standard 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 also contains changes to principles for hedge accounting and introduces an impairment model which is based on expected credit losses instead of incurred losses.

The new standard has not entailed any significant change in the recognition of Atrium Ljungberg's financial assets other than trade

receivables. The new impairment model for trade receivables means fundamental differences in how and when an impairment of a trade receivable is recognised. Nevertheless, the new principles have not had any substantial effect on the Group's financial position.

Recognition of the Group's financial liabilities, which consist mainly of interest-bearing liabilities, interest derivatives recognised at fair value via the income statement and other current liabilities, is not substantially affected by the new standard.

Since the Group has ceased to carry out hedge accounting, the Group's financial statements are not affected by the new standards for hedge accounting.

The change to IFRS 9 has not had any effect on equity.

IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 Revenue from contracts with customers since 1 January 2018. The new standard replaces IAS 18 Revenues and IAS 11 Construction agreements with associated statements on interpretation. Recognition of revenue starts in IFRS 15 when control of goods or services 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.

The new standard has an extremely limited effect on the moment when the revenue from the construction activity is recognised.

In advance of the introduction of the new standard, there was a discussion within the industry as to which parts of a rental contract must be considered to constitute rent, and should therefore be recognised in accordance with IFRS 16 Leasing, and which parts constitute service, and should be recognised in accordance with IFRS 15. Since the service that Atrium Ljungberg provides to tenants is considered to take place under the rental contract, all payments are recognised as rent, as previously.

Revenue in Project development mainly refers to compensation for tenant-specific adaptations in conjunction with new lease agreements. Regardless 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 all or parts of the lease period, the revenue comprises rent and must be reported in accordance with IFRS 16.

The recognition of construction income within the framework of TL Byggs' activities will not be affected by the new standard.

Property sales must be recognised at the date when control is transferred to the purchaser. Since a property sales contract normally severely limits the seller's ability to adopt any management measures with regarding to existing or new tenants as well as reconstructions from the contract date, Atrium Ljungberg, as previously, recognises property sales on the contract date unless there is any specific reason for it to do otherwise.

Atrium Ljungberg has decided to apply a cumulative, i.e. future-oriented, method when changing to IFRS 15. This means that the Group does not present any supplementary disclosures for previous periods regarding any remaining performance obligations at the time of the transition. Furthermore, the transition has not had any effect on equity.

NEW STANDARDS AND AMENDED STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET ENTERED INTO FORCE

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 leases 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 amounted to SEK 35 million in 2017
- Cars, for which lease payments amounted to SEK 4 million in 2017

In addition to the above, the Group has identified lease agreements that 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 Vacancy rate, EPRA NAV as well as EPRA NNNAV in accordance with the European Public Real Estate Association's definitions.

When calculating the 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 three per cent (real) and the fact that the property portfolio is realised over 50 years, where ten 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 six 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.

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

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

Nacka, 10 July 2018

Johan Ljungberg
Chairman of the Board

Sune Dahlgvist
Member of the Board

Simon de Château
Member of the Board

Anna Hallberg
Member of the Board

Erik Langby
Member of the Board

Sara Laurell
Member of the Board

Annica Ånäs
CEO

ABOUT US

Atrium Ljungberg is one of Sweden's biggest listed property companies. We own, develop and manage properties in growth markets in Stockholm, Gothenburg, Malmö and Uppsala. Our focus is on developing attractive urban environments for offices and retail, supplemented with residential, culture, service and education.

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 offices, retail 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

43

PROPERTY VALUE, SEK BILLION

2.4

CONTRACTED ANNUAL RENT, SEK BILLION

1,139

TOTAL LETTING AREA, 1,000 M2

94

LETTING RATE, %

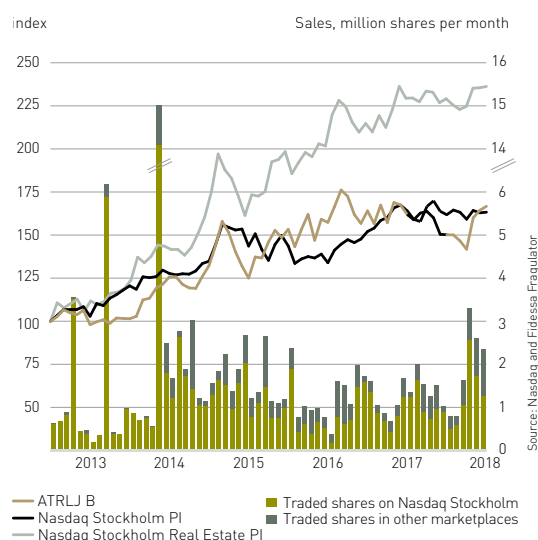
304

AVERAGE NUMBER OF EMPLOYEES

FOUR REASONS TO OWN SHARES IN ATRIUM LJUNGBERG

- 1 A stable dividend yield** – The dividend yield for the share over the past five years amounted to 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 are in 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 will increase by 10 per cent per annum, we will invest SEK 1 billion each year in in-house projects, and the return on new build and extension projects will be 20 per cent. The dividend shall correspond to a minimum of 50 per cent of the profit before changes in value, after nominal tax.

LONG-TERM STABILITY

The minimum equity/assets ratio must be a minimum of 30 per cent and the interest coverage ratio must be a minimum 2.0 times.

CORPORATE SOCIAL RESPONSIBILITY

100 per cent of our properties will to be environmentally certified by 2021. Energy consumption per m² is to decrease by 30 per cent between 2014 and 2021. By 2021, the proportion of green lease contracts is to be 50 per cent of the contracted annual rent. We will be one of Sweden's best workplaces.

STRATEGIES

- › We will focus on developing **attractive urban environments** for offices and retail, supplemented with residentials, culture, service 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.
- › Focus **on our customers** in everything we do. **Collaboration** with customers, suppliers, municipalities and other stakeholders should be close, long-term, stable and committed.
- › Conduct and manage the entire business process **in-house** using our in-house expertise.
- › **The sustainability work** is integrated into the business strategy and constitutes an important component of our offering. We improve our own and our customers' resource efficiency.
- › To have **committed employees** who are passionate about what we do and who have well-established basic values.

DEFINITIONS

FINANCIAL DEFINITIONS

Share dividend yield, %

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

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

Share's total yield, %

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

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

EPRA NNNAV 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.

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.

Return on shareholders' equity, %

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

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

Return on 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, %

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

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

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.

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 property management

Rental income less property management costs.

Gross profit/loss project and construction work

Project and construction sales minus project and construction costs.

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.

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.

Property costs

Total property management costs, which exclude central administration.

Management result less nominal tax (EPRA EPS) 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.

Management result less nominal tax (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.

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 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 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.

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.

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.

EPRA NAV 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.

Average number of outstanding shares

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

Earnings per share, SEK

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

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.

Interest coverage ratio, multiple

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

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

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.

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.

PROPERTY-RELATED DEFINITIONS

Breem

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.

GFA, m²

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

Operating surplus

Refers to Gross profit/loss in property 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.

Development properties

Development properties are properties that are built or unbuilt that the Group owns in order to develop and sell them as tenant-owned dwellings. These properties are recognised as current assets, even though some of the properties are managed and generate rental income while they are waiting to be developed.

They are recognised at the lowest of their accumulated acquisition value and their net realisable value.

Property type

The premises type which comprises the predominant share of the rental value of a register property determines 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.

Like-for-like portfolio

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

Comparable portfolio is used to illustrate the trend of rental income excluding non-recurrent effects for premature vacating of premises and property costs uninfluenced by project properties as well as acquired and sold properties.

Premises type

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

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

Green Building

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

Net letting

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

Net letting is used to illustrate the letting situation.

Project property

An individual property or a clearly delimited part of a property with rebuilding or extension work in progress or planned that significantly affects the operating surplus of the property. The term, project property, also refers to buildings under construction and to undeveloped land and development rights. Reclassification from project property to completed property occurs on 1 January of the year after completion.

Project return, %

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

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

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.

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.

SUSTAINABILITY-RELATED DEFINITIONS

Economic value distributed, Suppliers

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

Economic value distributed, Employees comprise 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, 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.

Economic value distributed, Owners

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

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 must 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

Interim report Jan–Sep 2018	19/10/2018
2018 Preliminary Financial Statements	15/02/2019
2018 Annual Report	Mar. 2019
Annual General Meeting	28/03/2019
Interim report Jan–Mar 2019	12/04/2019
Interim report Jan–Jun 2019	10/07/2019
Interim report Jan–Sep 2019	18/10/2019



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