

# JANUARY SEPTEMBER

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INTERIM REPORT 2018

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## 1 JANUARY–30 SEPTEMBER 2018

- **Net sales** increased to SEK 1,968 million (1,890) of which rental income increased to SEK 1,799 million (1,786). Rental income in like-for-like portfolios increased by 3.6 per cent.
- **The letting rate** amounted to 94 per cent (1/1/2018, 95), including project properties.
- **Net letting** amounted to SEK 116 million (11), of which SEK 83 million (41) referred to project properties.
- **The operating surplus** from property management increased to SEK 1,254 million (1,246). The operating surplus margin is unchanged at 70 per cent (70).
- **The profit** before changes in value increased to SEK 937 million (909).
- **Unrealised** changes in the value of investment properties amounted to SEK 1,390 million (1,688). Unrealised changes in the value of derivatives amounted to SEK 27 million (136).
- **The profit for the period** amounted to SEK 2,151 million (2,162), corresponding to SEK 16.25/share (16.23).
- **Investments** in Atrium Ljungberg's own properties amounted to SEK 1,176 million (1,171).
- **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 considered to amount to SEK 2,390 million, corresponding to SEK 18.09/share.

Key ratios <sup>1)</sup>	2018 Jan–Sep	2017 Jan–Sep	2018 Jul–Sep	2017 Jul–Sep
Net sales, SEK m	1,968	1,890	656	628
Profit/loss before changes in value, SEK m	937	909	317	320
Net profit/loss for the period, SEK m	2,151	2,162	418	524
Investments in investment properties, SEK m	1,176	1,171	401	422
Acquisition of properties, SEK m	167	1,823	–	–
Cash flow from operating activities, SEK m	990	806	442	268
Letting rate, %	94	94	94	94
Operating surplus margin, %	70	70	70	71
Equity/assets ratio, %	44.0	42.7	44.0	42.7
Gearing ratio, %	43.8	43.3	43.8	43.3
Interest coverage ratio, multiple	5.1	4.2	5.4	4.5
Average interest rate for interest-bearing liabilities, %	1.4	2.0	1.4	2.0
Earnings per share, SEK	16.25	16.23	3.18	3.93
EPRA ESP, SEK/share	6.86	6.31	2.61	2.20
Cash flow, SEK/share	7.48	6.05	3.36	2.01
Market value, SEK/share	161.20	142.00	161.20	142.00
EPRA NNNNAV, SEK/share	175.28	159.75	175.28	159.75
Shareholders' equity, SEK/share	148.67	133.79	148.67	133.79

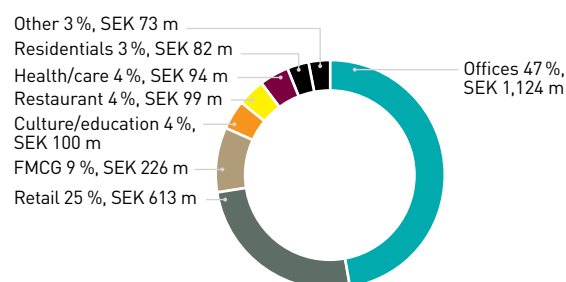
<sup>1)</sup> For definitions, see pages 25–26

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.

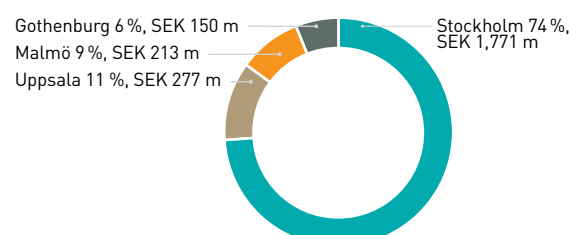
### SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- A letter of intent has been signed with the city of Stockholm for both acquiring existing properties and signing agreements for land allocations in Slakthusområdet in southern Stockholm. These acquisitions and the development of land allocations represent a total of 200,000 m<sup>2</sup> GFA.
- We have rented a large amount of office space, totalling 17,000 m<sup>2</sup>, to Academic Work in Hagastaden, Stockholm. This new lease agreement enables us to start construction of our Life City project, which is expected to be completed in the first half of 2021.
- We have started to sell the first 25 of the 68 tenant-owned dwellings in the first stage of Nobelberget in Sickla, Nacka.

### Contracted annual rent per premises type



### Contracted annual rent per region



# CEO'S STATEMENT

## THREE QUARTERS

The business pace has been high during the year. We have bought and sold properties, signed a letter of intent for a major acquisition and land allocations with the City of Stockholm and launched a new major Project development. We are also making good progress in ongoing project developments. Our earnings for the first three quarters have been stable year-on-year, even though a rent dispute settlement last year had a positive effect on profit amounting to SEK 45 million. We also sold some properties. Rental income in the like-for-like portfolio increased by 3.6 per cent, which demonstrates effective management. I would also like to emphasise our low average interest rate of 1.4 per cent with a fixed interest period of 4.2 years, which signals proper focus on our financing. Profit before changes in value is SEK 937 million, corresponding to a year-on-year increase of SEK 28 million.

## LETTER OF INTENT SLAKTHUSOMRÅDET

I am both proud of and pleased with the letter of intent that Atrium Ljungberg signed with the City of Stockholm in August. The letter of intent gives us the opportunity both to acquire existing properties and sign a land allocation agreement for Slakthusområdet, located just south of the Stockholm city centre. Acquisitions and land allocations amount to approximately 200,000 m<sup>2</sup> GFA, and we estimate the total investment to reach SEK 8 billion.

Slakthusområdet is on the brink of enormous development that is expected to continue until 2030. Our vision, which we share with the City of Stockholm, is for the area to become an obvious meeting place for offices, residential, dining, culture and experiences. The area and its buildings have a unique cultural and industrial history that we want to take advantage of and develop carefully — in the same way we have developed other locations such as Sickla and Mobilia. Slakthusområdet will become a new, dynamic and attractive city district, with parallels to the Meatpacking District in New York and Kings Cross in London.

Our aim is for Slakthusområdet to become a true driving force for the entire Söderort suburban area. To this end, we are planning to add office space for both large, well-established companies and small start-ups. The new Slakthusområdet area will also offer a rich cultural environment with live music, clubs, theatres and street food markets.

For a location to stay vibrant every hour of the day and night, it needs not only workplaces, restaurants and cultural activities, it also needs homes. Slakthusområdet will offer a mix of tenant-owned dwellings and rentals in a range of sizes.

The deal is Atrium Ljungberg's biggest ever and a crucial initiative in our strategy to create sustainable and innovative urban environments.

## SUBSTANTIAL LETTING IN LIFE CITY

In September we announced that we have signed a lease contract with Academic Work, who has decided to move a large part of their operations to our Life City project in Hagastaden, Stockholm. The lease agreement is one of the biggest in Atrium Ljungberg's history and comprises just over 17,000 m<sup>2</sup> of office



**I am both proud of and pleased with the letter of intent that Atrium Ljungberg signed with the City of Stockholm regarding Slakthusområdet. Our vision is for the area to become Stockholm's obvious meeting place for offices, homes, dining, culture and experiences.**



space in the property. The project is expected to be completed during the first half of 2021.

The lease agreement is completely in line with our ambition to continue promoting the development of Hagastaden, which will be one of the world's foremost clusters for life science. There is a great deal of interest in our Life City project, and our goal is for the property to become an obvious meeting place for business, health care and research.

The signed lease agreement means we will now launch the project, which entails a total investment of approximately SEK 1.9 billion, including previous land acquisition. The assessed rental value is SEK 106 million plus surcharges.

## SALES LAUNCH OF TENANT-OWNED DWELLINGS AT NOBELBERGET

I have spoken previously about the detailed development plan for Nobelberget in Sickla, which gained legal force in May 2018. The transformation of Nobelberget into a new city district with 500 residential units, creative offices and culture has begun. During the last weekend in September, we launched sales for the first 25 tenant-owned dwellings out of a total of 68 in the first stage. The sales launch attracted a large number of visitors, which is testament to Sickla's power of attraction and the substantial interest in living there that exists.

## SUSTAINABILITY

A few years ago, in 2014 to be exact, we set several sustainability goals for Atrium Ljungberg, for example to reduce energy consumption by 30 per cent and to enter green lease agreements with our tenants with the aim of green contracts accounting for at least 50 per cent of contracted annual rent by 2021.

In addition to energy consumption targets and green agreements, over the last quarter we introduced further initiatives for sustainable solutions in and around our properties. For example, we have installed just over 700 charging spots for electric cars, and by the end of 2018 we aim to have installed 1,000 spots.

Sustainability is a broad area and includes much more than just energy consumption and green agreements. Our vision is for everyone to want to live in our city, and in this respect social sustainability is an important aspect. At the time of writing, one of Sweden's largest campaigns to collect used clothing is under way — 'Återwin-win' — which we conduct together with Stadsmissionen. Over the past four years, a total of 291 tonnes of clothing has been collected, and the proceeds go to Stadsmissionen's efforts to help people who live under vulnerable conditions. I am proud of the initiative and impressed by the commitment we witness on the part of the individuals who come to our collection stations.

## PROSPECTS AHEAD

The market has recently shown signs of concern due to development in retail. We recognise that several players are facing financial challenges, so we are actively working to change and develop the range offered at our retail hubs to satisfy consumer demand and cope with changed consumer behaviour.

Future interest rate increases are also a cause for concern, as is how the increases will impact property companies. Atrium Ljungberg has stable results, a strong financial position with a low gearing ratio, a low average interest rate and a good fixed interest rate. Above all, however, our property portfolio is both top quality and found in strategic locations. We have the muscle needed to run the company regardless of the economy's state. I believe that the low interest rates will continue for a relatively long period of time since it would be difficult to raise them in Sweden right now since we are entering a period of lower growth.

We are reiterating our forecast for 2018 of reaching a profit before changes in value of SEK 1,200 million.

Annica Ånäs, CEO

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	2018	2017	2018	2017	2017	2017/2018
	1/1–30/9	1/1–30/9	1/7–30/9	1/7–30/9	1/1–31/12	1/10–30/9
Rental income	1,799	1,786	601	595	2,389	2,402
Sales, project and construction work	169	104	55	33	174	239
<b>Net sales</b>	<b>1,968</b>	<b>1,890</b>	<b>656</b>	<b>628</b>	<b>2,563</b>	<b>2,641</b>
Property management costs						
Service charge-related costs	-137	-137	-41	-37	-186	-186
Other operating costs	-118	-120	-43	-41	-157	-155
Management costs	-109	-102	-36	-33	-153	-160
Repairs	-41	-36	-10	-12	-58	-63
Property tax	-108	-107	-37	-36	-142	-144
Leasehold fees	-22	-29	-9	-9	-35	-28
Non-deductible VAT	-9	-8	-3	-3	-11	-12
	-545	-540	-178	-172	-742	-747
Project and construction work costs	-186	-124	-66	-40	-206	-268
<b>Gross profit/loss</b>	<b>1,236</b>	<b>1,227</b>	<b>412</b>	<b>416</b>	<b>1,616</b>	<b>1,625</b>
<i>– of which gross profit/loss property management (operating surplus)</i>	1,254	1,246	423	423	1,647	1,655
<i>– of which gross profit/loss from project and construction work</i>	-18	-20	-11	-7	-31	-29
Central administration, property management	-50	-27	-17	-1	-48	-73
Central administration, project and construction work	-22	-11	-6	-3	-16	-26
	-72	-38	-23	-5	-64	-98
Financial income	1	1	0	0	1	1
Financial expenses	-227	-280	-73	-92	-372	-319
	-226	-280	-72	-91	-372	-318
<b>Profit/loss before changes in value</b>	<b>937</b>	<b>909</b>	<b>317</b>	<b>320</b>	<b>1,180</b>	<b>1,208</b>
<b>Changes in value</b>						
Properties, unrealised	1,390	1,688	174	332	1,817	1,519
Properties, realised	9	-	-1	-	-4	5
Derivatives, unrealised	27	136	99	24	121	12
Derivatives, realised	1	-	1	-	-5	-4
	1,427	1,825	272	357	1,930	1,532
<b>Profit/loss before tax</b>	<b>2,365</b>	<b>2,733</b>	<b>589</b>	<b>676</b>	<b>3,110</b>	<b>2,741</b>
Current tax	-31	-48	26	-24	-9	9
Deferred tax	-183	-522	-197	-129	-542	-202
	-213	-571	-171	-152	-551	-193
<b>Profit/loss for the period</b>	<b>2,151</b>	<b>2,162</b>	<b>418</b>	<b>524</b>	<b>2,559</b>	<b>2,548</b>
<b>Other comprehensive income</b>						
<i>Items which will be reclassified to profit/loss</i>						
Cash flow hedging	13	14	4	4	18	16
Tax attributable to other reported income and expenses	-3	-3	-1	-1	-4	-4
<b>Total other comprehensive income</b>	<b>10</b>	<b>11</b>	<b>3</b>	<b>3</b>	<b>14</b>	<b>13</b>
<b>Total comprehensive income for the period</b>	<b>2,161</b>	<b>2,173</b>	<b>421</b>	<b>527</b>	<b>2,573</b>	<b>2,560</b>
Earnings per share, SEK	16.25	16.23	3.18	3.93	19.21	19.22

# RESULTS JANUARY–SEPTEMBER 2018

## NET SALES

The Group's net sales for the period increased to SEK 1,968 million (1,890), of which rental income comprised SEK 1,799 million (1,786). The rental income increased by 3.6 per cent in the comparable portfolio compared to the same period of the previous year.

During the year, non-recurring payments of SEK 4 million (8) 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 1/1–30/9	2017 1/1–30/9	Change, %
Like-for-like portfolio	1,620	1,564	3.6
Non-recurring remuneration	4	48	
Project properties	95	62	
Properties acquired	72	51	
Properties sold	8	61	
<b>Rental income</b>	<b>1,799</b>	<b>1,786</b>	<b>0.7</b>

At the end of the period the market value for the like-for-like portfolio was SEK 36,085 million excluding building rights, corresponding to 83 per cent of the property portfolio's total value.

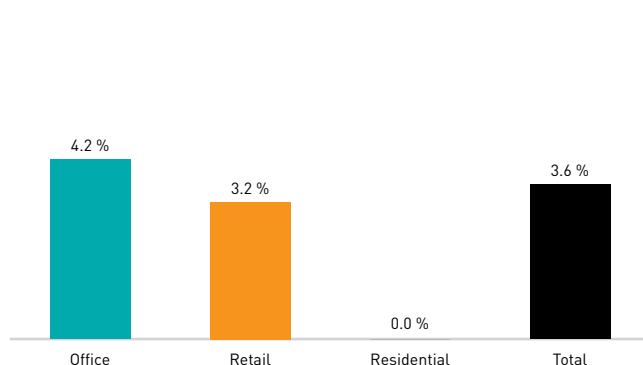
## PROPERTY EXPENSES

The property costs totalled SEK –545 million (–540). For the like-for-like portfolio, property costs have increased by 2.4 per cent compared with the corresponding period last year. The increase in property costs is mostly due to higher costs for property maintenance and repairs. 2017 was affected by retroactive costs of SEK 7 million for leasehold fees.

## PROPERTY COSTS TREND

	2018 1/1–30/9	2017 1/1–30/9	Change, %
Like-for-like portfolio	–479	–468	2.4
Project properties	–40	–30	
Properties acquired	–23	–18	
Properties sold	–3	–24	
<b>Property management costs</b>	<b>–545</b>	<b>–540</b>	<b>1.0</b>

## Like-for-like net rental income growth



## GROSS PROFIT/LOSS

The gross profit for the property management activities (the operating surplus) increased to SEK 1,254 million (1,246), corresponding to 0.6 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 4.1 per cent compared with the corresponding period last year. This increase is mostly due to new rentals, renegotiations and lower costs for anticipated customer losses due to the amended principles for the provisions for doubtful trade receivables in accordance with IFRS 9 Financial Instruments. The surplus ratio is unchanged at 70 per cent (70) 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 –18 million (–20). 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 269 million (395), which corresponds to 63 per cent (83) of total sales. TL Bygg's gross profit, including intra-group transactions amounted to SEK 25 million (24).

## 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.

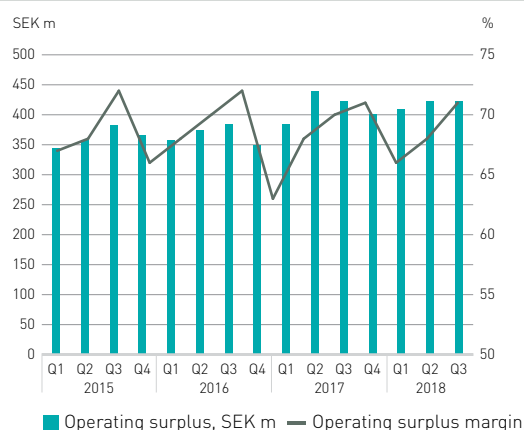
## CENTRAL ADMINISTRATION

Central administration comprises of costs for the company management as well as central support functions. The cost for the period amounted to SEK –72 million (–38). The increase in central administration costs is mostly due to positive non-recurrent effects last year for the retroactive settlement of the occupational pension totalling SEK 13 million and a settlement in a rent dispute totalling SEK 5 million. In 2018 there has been central administration for tenant-owned dwellings.

## FINANCIAL INCOME AND EXPENSES

Financial expenses for the period amounted to SEK –227 million (–280) despite higher interest-bearing liabilities. The average interest rate at the end of the period amounted to 1.4 per cent (2.0). For more information, refer to the section on financing on page 13.

## Operating surplus and operating surplus margin



## CONT. RESULTS JANUARY–SEPTEMBER 2018

### CHANGES IN VALUE

Unrealised changes in the value of investment properties amounted to SEK 1,390 million (SEK 1,688 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 27 million (136) due to higher market rates.

### TAXES

The current tax for the period totalled SEK –31 million (–48). 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 –183 million (–522) and has primarily been impacted by unrealised changes in the value of properties and derivatives, and a change in the tax rate from 22 per cent to 20.6 per cent.

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 22 million (23), of which SEK 22 million (23) comprises the base of the Group's deferred tax receivable.

The residual tax value of the property stock amounts to SEK 16,348 million (16,209, 31/12/2017).

### TAX CALCULATION, 30/09/2018

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	2,365	
Tax deductible		
depreciation	–340	340
investments	–212	212
Non-taxable/non-deductible		
changes in the value of properties, unrealised	–1,390	1,390
changes in the value of properties, realised	–9	–
changes in the value of derivatives, unrealised	–27	27
changes in the value of derivatives, realised	–191	191
consolidated capitalisation of borrowing	–12	12
consolidated internal profit	10	–10
Other fiscal adjustments	–35	97
<b>Taxable profit/loss before loss carry-forwards</b>	<b>159</b>	<b>2,260</b>
Change in loss carry-forwards	–17	18
<b>Taxable profit/loss</b>	<b>142</b>	<b>2,278</b>
<b>Of which 22 per cent current/22 per cent deferred tax</b>	<b>–31</b>	<b>–501</b>
Effect of change in tax rate	–	318
<b>Reported tax expense</b>	<b>–31</b>	<b>–183</b>

### Rental value and letting rate

Premises type	01/10/2018			01/10/2017		
	Rental value, SEK m	Rental value, SEK/m <sup>2</sup>	Letting rate, %	Rental value, SEK m	Rental value, SEK/m <sup>2</sup>	Letting rate, %
Offices	1,136	2,569	94	1,087	2,526	96
Retail	910	3,477	95	980	3,276	94
Other	223	1,832	95	219	1,903	96
Residential	79	1,399	100	72	1,337	100
Garage/parking	60	–	93	58	–	95
<b>Business area Property</b>	<b>2,408</b>	<b>2,661</b>	<b>95</b>	<b>2,415</b>	<b>2,193</b>	<b>95</b>
Project properties	163		83	120		63
<b>Total</b>	<b>2,571</b>		<b>94</b>	<b>2,535</b>		<b>94</b>

### PROFIT

The profit before changes in value increased to SEK 937 million (909).

The profit for the period amounted to SEK 2,151 million (2,162), corresponding to SEK 16.25/share (16.23).

### NET LETTING

Net letting, i.e. newly agreed contracted annual rents less annual rents terminated due to clients vacating the premises, amounted to SEK 116 million (11) during the first three quarters, of which SEK 83 (41) refers to project properties. A high proportion of net letting is from a new lease agreement with Academic Work in Life City in Hagastaden.

The time lag between net letting and its effect on profit is assessed to be 3–30 months.

### CONTRACTED ANNUAL RENT AND LETTING RATE

The contracted annual rent amounted to SEK 2,411 million on 01/10/2018 (2,357 on 01/01/2018) and the rental value amounted to SEK 2,571 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 3.8 years as of 01/10/2018 (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 2,390 million, which corresponds to SEK 18.09/share <sup>1)</sup>. Future changes in value and any future property acquisitions and sales of properties have not been taken into account in the forecast.

<sup>1)</sup> Calculated on 132,125,320 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	30/09/2018	30/09/2017	30/06/2018	30/06/2017	31/12/2017
<b>ASSETS</b>					
Investment properties	42,584	40,735	42,012	39,981	39,991
Goodwill	240	263	240	263	240
Other fixed assets	47	39	48	43	45
<b>Total fixed assets</b>	<b>42,871</b>	<b>41,037</b>	<b>42,300</b>	<b>40,287</b>	<b>40,276</b>
Development properties	883	-	880	-	870
Current assets	303	578	362	606	1,272
Liquid assets	368	109	100	374	344
<b>Total current assets</b>	<b>1,554</b>	<b>687</b>	<b>1,342</b>	<b>980</b>	<b>2,487</b>
<b>Total assets</b>	<b>44,426</b>	<b>41,724</b>	<b>43,642</b>	<b>41,267</b>	<b>42,763</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
Shareholders' equity	19,554	17,823	19,138	17,295	18,223
Deferred tax liability	4,719	4,513	4,518	4,387	4,531
Long-term interest-bearing liabilities	15,745	15,965	15,234	17,020	16,415
Derivatives	253	759	547	787	484
Other long-term liabilities	82	65	78	64	73
<b>Total long-term liabilities</b>	<b>20,799</b>	<b>21,302</b>	<b>20,378</b>	<b>22,259</b>	<b>21,503</b>
Short-term interest-bearing liabilities	3,291	1,682	2,947	732	1,832
Other current liabilities	783	917	1,179	980	1,205
<b>Total current liabilities</b>	<b>4,073</b>	<b>2,599</b>	<b>4,126</b>	<b>1,712</b>	<b>3,037</b>
<b>Total shareholders' equity and liabilities</b>	<b>44,426</b>	<b>41,724</b>	<b>43,642</b>	<b>41,267</b>	<b>42,763</b>

# CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK m	Attributable to the Parent Company shareholders					Total shareholders' equity
	Share capital	Other capital contributed	Hedging reserves	Profits brought forward	Own shares	
<b>Opening balance as per 1 January 2017</b>	<b>333</b>	<b>3,960</b>	<b>-54</b>	<b>11,937</b>		<b>16,176</b>
Profit/loss for the period				2,162		2,162
Other comprehensive income			10			10
Dividend, SEK 3.95/share				-526		-526
<b>Closing balance, as per 30 September 2017</b>	<b>333</b>	<b>3,960</b>	<b>-44</b>	<b>13,574</b>		<b>17,823</b>
Profit/loss for the period				395		395
Other comprehensive income			4			4
<b>Closing balance, as per 31 December 2017</b>	<b>333</b>	<b>3,960</b>	<b>-40</b>	<b>13,970</b>		<b>18,223</b>
Profit/loss for the period				2,151		2,151
Other comprehensive income			10			10
Acquisition of own shares					-232	-232
Option premiums received				1		1
Dividend, SEK 4.50/share				-599		-599
<b>Closing balance, as per 30 September 2018</b>	<b>333</b>	<b>3,960</b>	<b>-30</b>	<b>15,523</b>	<b>-232</b>	<b>19,554</b>

There are a total of 133,220,736 (133,220,736) shares, of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. During the period Atrium Ljungberg acquired 1,691,000 (-) class B shares. At the end of the period the parent company has 1,691,000 (31/12/2017, 0) of its own class B shares. The number of outstanding shares amounted to 131,529,736 (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 30/09/2018 amounts to 132,326,029 (133,220,736).



# PROPERTY PORTFOLIO

## THE PROPERTY MARKET

Demand on the office rental market remains strong as a result of good conditions in the economy combined with the fact that the majority of office spaces in the pipeline have not reached the market yet. This has resulted in high rental levels and low vacancies. In the retail sector, some companies have experienced difficulties as a result of e-commerce's increasing share of total retail sales. This is leading to higher demands on property owners to create vibrant retail hubs.

Although yield requirements remain low, there is a greater spread as location has become even more important.

The transaction volume in the Swedish property market stands at SEK 103 billion so far this year, compared with SEK 99 billion in the same period of 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 1,167,000 m<sup>2</sup>.

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.

In September Molekylen 1 (Life City), which was acquired at the end of 2017 for a purchase price of SEK 432 million, was taken into possession.

## 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.

## PROPERTY VALUES

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

### Property portfolio

Property type	30/09/2018			30/09/2017		
	Letting area, '000 m <sup>2</sup>	Fair value, SEK m	Fair value, SEK/m <sup>2</sup> <sup>1)</sup>	Letting area, '000 m <sup>2</sup>	Fair value, SEK m	Fair value, SEK/m <sup>2</sup> <sup>1)</sup>
Office properties	671	22,180	42,429	620	20,317	39,953
Retail properties	334	14,591	50,388	410	15,048	45,565
Residential properties	77	1,726	26,462	71	1,479	25,044
<b>Total</b>	<b>1,081</b>	<b>38,497</b>	<b>43,868</b>	<b>1,101</b>	<b>36,845</b>	<b>41,036</b>
Project properties	68	3,216	E/T <sup>2)</sup>	77	3,207	E/T <sup>2)</sup>
Land and development rights	-	871		-	683	
<b>Total Investment properties</b>	<b>1,149</b>	<b>42,584</b>		<b>1,178</b>	<b>40,735</b>	
Development properties	18	883		-	-	
<b>Total Properties</b>	<b>1,167</b>	<b>43,467</b>		<b>1,178</b>	<b>40,735</b>	

<sup>1)</sup> m<sup>2</sup> excluding garage.

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

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 m<sup>2</sup> of GFA for determined development rights in accordance with an approved detailed development plan or where the detailed development plan is assessed to enter into force within the near future. Project properties are valued on the basis of completed projects, less remaining investments. A risk surcharge is added to the yield requirement on the basis of the current phase of the project.

The unrealised changes in value during the period amounted to SEK 1,390 million (SEK 1,688 m) and are mainly explained by higher net operating income net and the market's lower yield requirements.

### Changes in the property portfolio

	2018 1/1-30/9	2017 1/1-30/9	2017 1/1-31/12
<b>Investment properties</b>			
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	1,163	1,171	1,593
Unrealised changes in value	1,390	1,688	1,817
Reclassification to Development properties	-	-	-870
<b>Fair value at the end of the period</b>	<b>42,584</b>	<b>40,736</b>	<b>39,991</b>
<b>Development properties</b>			
At beginning of period	870	-	-
Reclassification from Investment properties	-	-	870
Investments	13	-	-
<b>Development properties, at period end</b>	<b>883</b>	<b>0</b>	<b>870</b>
<b>Property portfolio, total</b>	<b>43,467</b>	<b>40,736</b>	<b>40,861</b>



## CONT. PROPERTY PORTFOLIO

### Unrealised changes in value, properties

SEK m	30/09/2018	30/09/2017
Change in yield requirements	355	714
Change in operating net etc.	1,035	973
<b>Total</b>	<b>1,390</b>	<b>1,688</b>

### Dividend yield requirement per premises type

		30/09/2018	31/12/2017
%	Interval	Average	Average
Offices	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
<b>Total</b>	<b>2.9–6.3</b>	<b>4.7</b>	<b>4.7</b>

### Dividend yield requirement per region

		30/09/2018	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
<b>Total</b>	<b>2.9–6.3</b>	<b>4.7</b>	<b>4.7</b>

### CONFIRMED PROJECTS

During the first three quarters of 2018, investments in own properties amounted to SEK 1,176 million (1,171), of which SEK 764 million (716) 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 and Liljeholmen.

The remaining investment volume for confirmed projects amounted to approximately SEK 3,250 million as of 30 September.

#### SICKLA - NACKA

**Sickla Front II** – The completion of Sickla Front II is now in its final phase. Sickla Front II comprises two office buildings of approximately 25,300 m<sup>2</sup> letting area in total as well as 14,000 m<sup>2</sup> GFA parking area. Along with the adjacent office property that was constructed in 2015, they form the Sickla Front district, which 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, moved in on 1 October. Other tenants include Yamaha Motor Europe, the IT security company Sec-Maker, and the company Vroom which operates in the Swedish vehicle market. Occupancy will take place gradually in the autumn of 2018 and the spring of 2019.

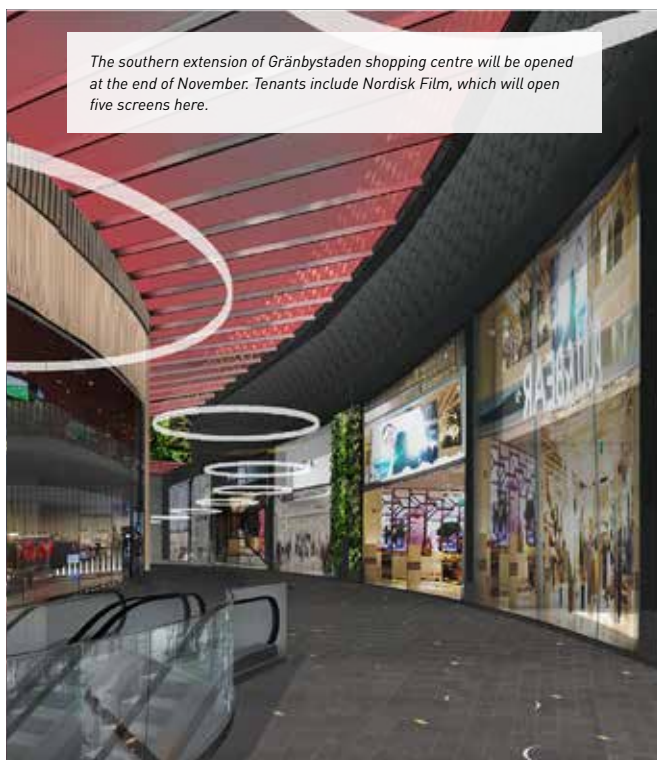
**Sickla 1898, Curanten** – In the autumn of 2017, work started on the reconstruction and extension project Sickla 1898, Curanten. The building is located in Sickla's historical soul, where AB Diesels Motorer's first factory was constructed in 1898. A health care destination called Curanten is being created here, with stores, cafes and restaurants on the ground floor. The project comprises a total of 11,700 m<sup>2</sup> letting area, which includes 8,100 m<sup>2</sup> for health care and 3,600 m<sup>2</sup> for service, restaurants and retail. Ground was broken for this project in August this year. An agreement has been signed with Sickla Hälsocenter, which will be the first tenant in the building, and occupancy will start at the end of 2020.

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



Our project Sickla Front II is in its final phase. The Swedish National Courts Administration opened its new premises at the beginning of October and the remaining tenants will move in gradually in the autumn of 2018 and the spring of 2019.

Images: Carl-Johan Erikson



The southern extension of Gränbystaden shopping centre will be opened at the end of November. Tenants include Nordisk Film, which will open five screens here.

## CONT. PROPERTY PORTFOLIO

paper Factory) is under way. This is where Kåbergs Tapeter started its business in 1906. The building is planned to comprise 9,700 m<sup>2</sup>, with a hotel, offices and a garage. The largest tenant is Nordic Choice Hotels, which will open a hotel of 7,200 m<sup>2</sup>. The hotel will have 156 hotel rooms and a 2,000 m<sup>2</sup> lobby area with restaurants, events areas and conference premises. Ground was broken in September and the hotel is planned to be completed in the third quarter of 2020.

**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. The ground work is under way and it is expected to be completed in 2020.

### HAGASTADEN – STOCKHOLM

**Life City** – 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.

In September a decision was taken to start the Life City project in Hagastaden, with a lease agreement for 17,000 m<sup>2</sup> signed with Academic Work. The project, which is next to Nya Karolinska Solna, represents 32,000 m<sup>2</sup> GFA and an investment of SEK 1.9 billion including the land acquisition. The property registration and possession took place in September 2018, and construction is expected to start before the end of the year, with occupancy in the summer of 2021.

### 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 October this year. DollarStore is planning to open its store in the same building at the end of January/beginning of February 2019 in an area covering 4,700 m<sup>2</sup>. The big-box

hub in Gränbystaden will then have a leasable area of approximately 31,500 m<sup>2</sup>.

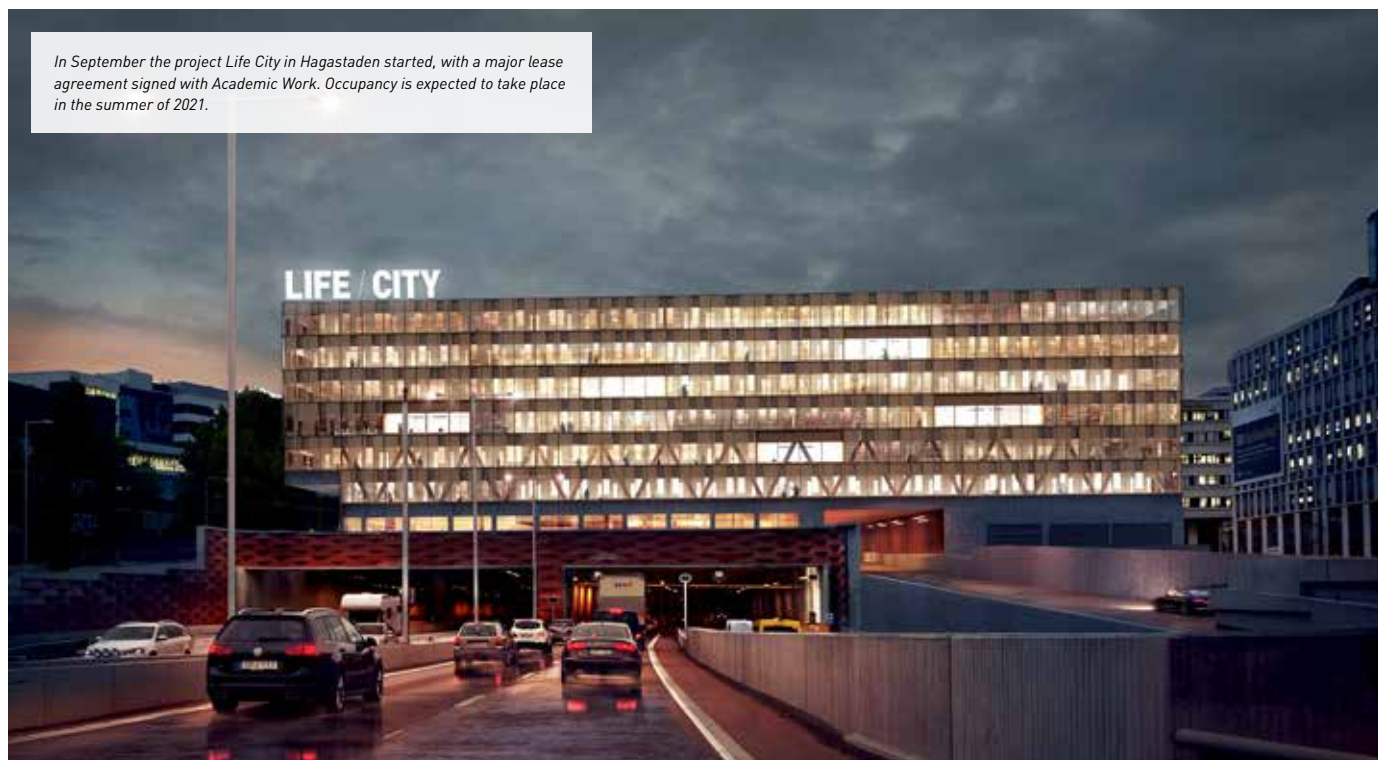
**Gränby Entré buildings 2 and 3** – Three buildings containing rental apartments, commercial premises and offices are being built next to Gränbystaden shopping centre. Building 1 has been occupied since the autumn of 2017, with 63 rental apartments, a health centre, a bank, food outlets and services. Buildings 2 and 3 contain a total of just under 140 rental apartments, offices and premises, where a number of restaurants and cafes will open. The apartments are mediated through Uppsala Bostadsförmedling. All of the residential properties and office spaces in the second building have been let, as well as the majority of the premises on street level. The apartments in the third and last building in the project 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 be opened at the same time as the grand opening on 22 November 2018.

**Gränbystaden, south entrance** – A reconstruction and extension project at the southern entrance, which comprises 11,800 m<sup>2</sup> letting area for retail, restaurants, culture and entertainment, is in its final phase. The extension, which includes the cinema chain Nordisk Film and the restaurant chain O'Learys, will be opened on 22 November 2018.

### MOBILIA – MALMÖ

**Mobilia Torghuset** – A building permit was granted in May this year, with starting clearance for a new construction and extension of approximately 13,500 m<sup>2</sup> of letting area. The foundation work is now complete and the building shell is planned to be erected in the coming quarters. The project is expected to be completed in the spring of 2020, with, for example, Nordisk Film opening a cinema and tenants moving into the 74 finished apartments. This building marks the final stage in the central square at Mobilia, which includes plans for a cultural centre for children.



*In September the project Life City in Hagastaden started, with a major lease agreement signed with Academic Work. Occupancy is expected to take place in the summer of 2021.*

## CONT. PROPERTY PORTFOLIO

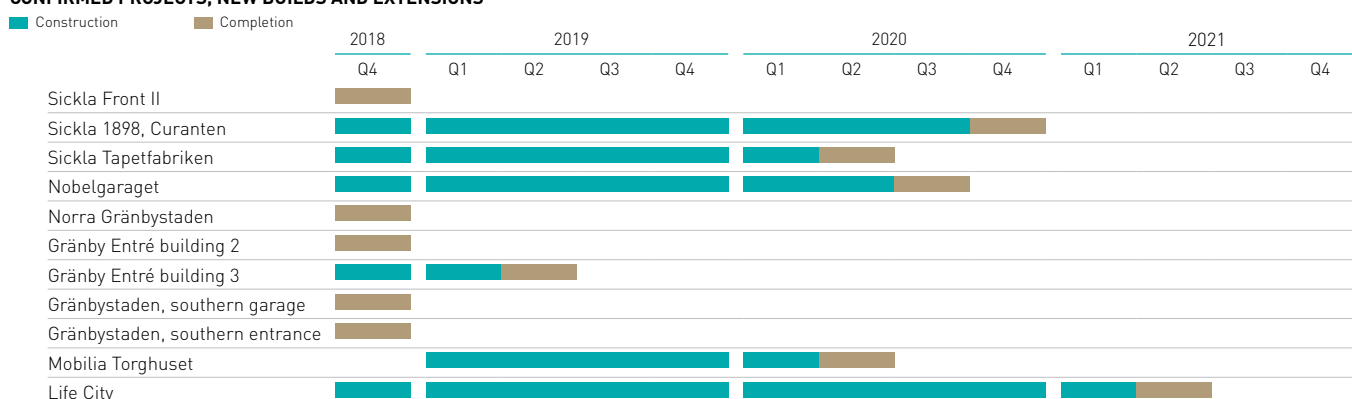
### FORUMKVARTERET – UPPSALA

**Forumkvarteret** – In Forumkvarteret in the centre of Uppsala, we are in the final phase of major reconstruction work for all parts of the property. Forumkvarteret has offices, residential properties and a shopping centre with stores and restaurants. During the year work has focused mainly on improving and reconstructing the shopping centre section, making space available and creating a clear internal concourse. The retail offering is concentrated on the street level and has been enhanced with several new establishments, including the shoe concept Sneakers Point, Espresso House, and the Norwegian restaurant chain Egon, which opened in September.

During the year Uppsala Municipality has carried out a major refurbishment of Forumtorget, which has become a vibrant meeting place with, for example, a number of pavement cafes. This new part of the shopping centre is planned to be opened at the beginning of 2019. Work is under way in parallel with this to develop new, modern office spaces in the upper levels of the property.

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

### CONFIRMED PROJECTS, NEW BUILDS AND EXTENSIONS



### POTENTIAL DEVELOPMENT PROJECTS

Our existing project portfolio with own land and land allocations enables future investments corresponding to approximately SEK 14 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 Gränbystaden account for approximately 55 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

**I Sickla** we are planning an extension of the Sickla shopping centre of approximately 3,000 m<sup>2</sup> GFA for retail, plus a two-storey 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

Project, property	Municipality	Retail, letting area, m <sup>2</sup>	Letting area, Office, m <sup>2</sup>	Letting area, Residential, m <sup>2</sup>	Parking, GFA	Total investment, SEK m <sup>1)</sup>	Of which remaining, SEK m	Completed	Fair value, SEK m	Assessed rental value, SEK m <sup>2)</sup>	Letting rate, %	Environmental certification
<b>New builds and extensions</b>												
Sickla Front II, Sicklaön 346:1	Nacka		25,300	14,000	820	150	2018	66	54	Breeam		
Sickla 1898, Curanten, Sicklaön 83:22	Nacka	3,600	8,100		510	460	2020	33	–	Breeam		
Sickla Tapetfabriken, Sicklaön 83:22	Nacka	7,200	2,600	4,600	380	320	2020	E/T <sup>3)</sup>	E/T <sup>3)</sup>	BREEAM		
Nobelgaraget, Sicklaön 83:33	Nacka	600		3,500	60	60	2020	4	–			
Northern Gränbystaden, Brillinge 8:1/9:1	Uppsala	31,600			570	10	2014–2018 <sup>4)</sup>	51	97	Breeam		
Gränby Entre building 2, Gränby 21:4	Uppsala	900	1,300	3,300	230	50	2018	15	91 <sup>5)</sup>	Green Building		
Gränby Entre building 3, Gränby 21:4	Uppsala	1,200	1,300	3,400	240	140	2019	15	10 <sup>6)</sup>	Green Building		
Gränbystaden, southern garage, Gränby 21:4	Uppsala			11,500	190	10	2018			Breeam In-Use		
Gränbystaden, south entrance, Gränby 21:4	Uppsala	11,800			340	130	2018	36	84	Breeam In-Use		
Mobilia Torghuset, Bohus 8	Malmö	9,400	3,800		540	460	2020	37	34 <sup>7)</sup>	Breeam/ Environmental building		
Life City, Molekylen 1	Stockholm		27,100	4,400	1,860	1,370	2021	106	E/T <sup>3)</sup>	Breeam		
<b>Reconstruction</b>												
Forumkvarteret, Dragarbrunn 27:2	Uppsala	6,200	5,100	1,400	290	110	2019	42	82	Breeam In-Use		
<b>Total</b>		<b>72,500</b>	<b>70,800</b>	<b>11,900</b>	<b>38,000</b>	<b>6,030</b>	<b>3,250</b>		<b>3,216<sup>8)</sup></b>			
Other project properties									871			
<b>Total project properties</b>									<b>4,087</b>			

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

<sup>2)</sup> Excluding premiums and any net sales result.

<sup>3)</sup> Rental value/letting rate is not reported as a subtotal with regard to individual business transactions.

<sup>4)</sup> Covers approximately 45,000 m<sup>2</sup> GFA in total. Investment decisions and completion take place in stages, among other things connected to letting.

<sup>5)</sup> The letting rate for commercial premises amounts to 82 per cent. The letting rate for residential is 100 per cent.

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

<sup>7)</sup> The letting rate for commercial premises amounts to 41 per cent. Residential are let closer to completion.

<sup>8)</sup> Divided into SEK 2,600 million for new building and extensions and SEK 617 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 25 of the 68 tenant-owned dwellings in the first stage started to be sold on 29 September. 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. 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 apartments in Gillevägen in Sickla is in progress.

At Sickla station we have a building right of approximately 7,500 m<sup>2</sup> GFA next to the future underground railway station for retail, services and offices. A parallel architectural assignment has been carried out with Nacka Municipality. Kanozi architects were selected with their concept of a 23-storey building with approximately 21,000 m<sup>2</sup> GFA. The aim is to create a building that has an underground station, offices and a hotel. Work on the extension of the underground will start in 2019, along 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 m<sup>2</sup> to approximately 9,000 m<sup>2</sup> GFA.

**In Gränbystaden** we are continuing to develop Uppsala's second city centre, with a mix of retail, offices and residential as well as service and cultural activities. In addition to the rental apartments which are currently being constructed (see page 10), we are planning for approximately 250 more tenant-owned dwellings in the area. Construction of 50 apartments in the first phase is expected to take place in 2019, with possession during 2020. In addition, the conditions are being analysed for an extension/reconstruction of the northern part of the shopping centre and for more residential properties in the area.

In Northern Gränbystaden there are opportunities to develop a further 5,000 m<sup>2</sup> GFA more retail.

At the beginning of 2017, we received a land allocation beside the Gränbystaden shopping centre with a potential building right of 50,000 m<sup>2</sup> GFA. Detailed development work is under way and is expected to take place in 2018–2020.

**In Barkarby** in Järfälla a land transfer agreement has been signed for a first stage of approximately 30,000 m<sup>2</sup> GFA. Together with Järfälla Municipality, we are planning to create BAS Barkarby, a multi-functional district for learning, culture, sports and business in the heart of the growing city district of Barkarbystaden. Järfälla Municipality will lease almost 11,000 m<sup>2</sup> for upper secondary education, a multi-purpose hall, a library and other cultural activities. The detailed development plan gained legal force in January 2018.

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 the autumn of 2021.

The second stage of this district comprises approximately 20,000 m<sup>2</sup> GFA, for which we have signed a new land allocation agreement to build both commercial operations and residential properties.

### LETTER OF INTENT SLAKTHUSOMRÅDET

Atrium Ljungberg has signed a letter of intent with the City of Stockholm to acquire the existing properties as well as to sign a land location agreement in the Slakthus area just to the south of Stockholm city.

The existing properties will be acquired in two phases, where access to some 70,000 square metres of GFA will be possible in the second quarter of 2019, and around 30,000 square metres of GFA once a new detail plan has come into force, but no later than 31 December 2021. In addition, the letter of intent states that the company will sign a land allocation agreement for around 100,000 square metres of GFA. The acquisitions and land allocations that have been developed amount to a total of some 200,000 square metres of GFA, with offices accounting for around 40 per cent, and residential units for about 25 per cent. The remaining percentage comprises culture, retail/restaurants, hotel, education etc.

The purchase price for the acquisitions will be based on property valuations by external independent parties, while the price of the land allocations will be implemented at defined market levels. The letter of intent was decided of the Property Committee on 16 October and at the Development Committee on 18 October, and will be decided of the board of S:t Erik Markutveckling AB on 19 October. The acquisition will be conditional and based on a decision by the city council of Stockholm City which is expected to be made during the first quarter of 2019.



# FINANCING

## THE FINANCIAL MARKET

Although economic development in the market remains strong, it has been more subdued this year compared to 2017. The Swedish economy continues to report high growth. Inflation is at the target level of two per cent, which is partly due to rising energy prices. The Riksbank (Sweden's central bank) has announced that the first interest rate rise is expected at the end of 2018.

In October, the National Institute of Economic Research assessed growth in GDP at 2.4 per cent for 2018 and 1.9 per cent for 2019.

The variable rate, 3M Stibor, amounted to -0.46 per cent at the end of the quarter, which is the same level as at the beginning of the year. The 10-year swap interest rate was 1.26 per cent at the end of the quarter, 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 44 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 19,036 million (17,650). During the third quarter, interest-bearing liabilities increased by SEK 855 million, primarily through capital market financing. This increase has mostly been used for property acquisitions and ongoing projects.

The average interest rate at the end of the period amounted to 1.4 per cent (2.0). Including unutilised loan guarantees the average interest rate amounted to 1.5 per cent (2.0). This reduction is mostly due to restructuring derivatives and lower credit margins. The average fixed interest term was 4.2 years (4.0 years) and the average capital commitment term was 3.4 years (3.6 years). The interest coverage ratio for the period amounts to 5.1 (4.2).

Unutilised loan guarantees in addition to loan guarantees which cover outstanding commercial paper amounted to SEK 390 million (1,265). 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 8,448 million (9,040) 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 SEK 9,296 million (9,396) in interest swaps, with maturity between 2021 and 2029.

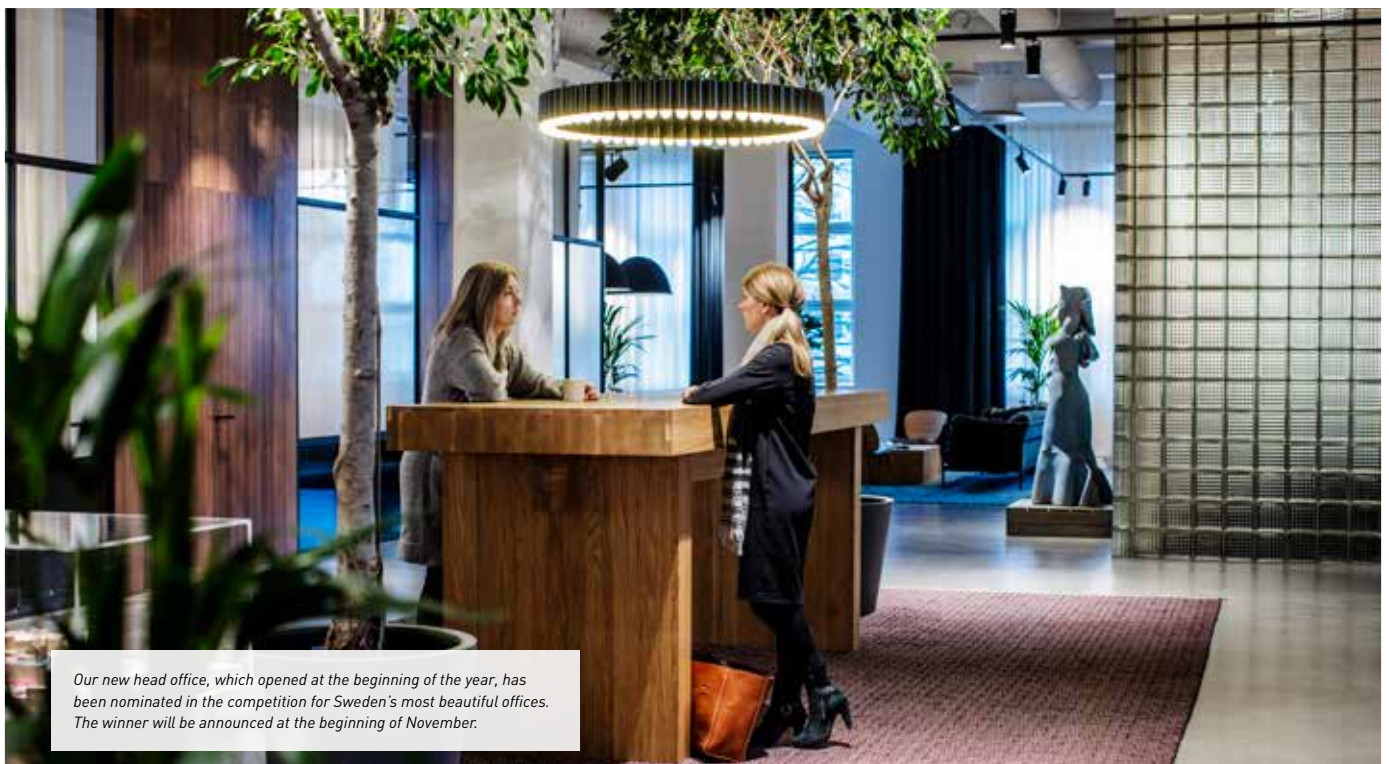
A restructuring was carried out in July, with interest derivatives being redeemed at a nominal value of SEK 1,485 million in order to improve future net interest income. At the same time, new interest derivatives were taken out with a lower interest rate and longer average fixed terms.

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 27 million (136) during the period. The deficit book value of the derivatives portfolio totalled SEK -253 million (-759) 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 third quarter 2018, three bond issues were carried out with a total volume of SEK 1,150 million. The volume of outstanding bonds under the MTN programme increased during the year from SEK 5,700 million to SEK 7,104 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 4,500 million in green bonds outstanding at the end of the period.

### Fixed interest

Fixed interest term	Amount, SEK m	Percentage, %	Average interest, % <sup>1)</sup>
2018	5,940	31	0.6
2019	1,500	8	0.1
2020	1,300	7	0.6
2021	1,175	6	1.7
2022	400	2	2.4
2023 and thereafter	8,721	46	2.4
<b>Total</b>	<b>19,036</b>	<b>100</b>	<b>1.4</b>

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

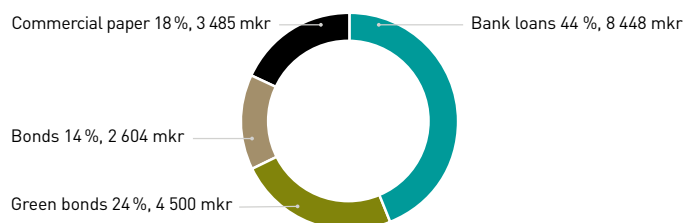
### Capital commitment

Maturity date	Amount, SEK m	Percentage, %
2018	-	-
2019	3,791	20
2020	5,036	26
2021	3,044	16
2022	3,617	19
2023 and thereafter	3,548	19
<b>Total</b>	<b>19,036</b>	<b>100</b>

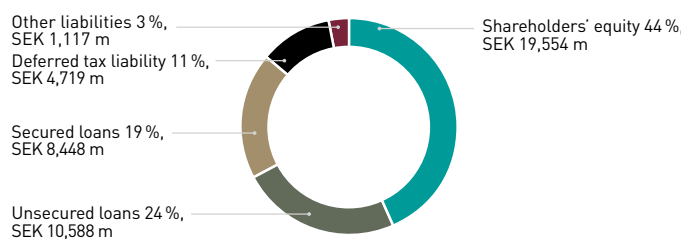
### Key ratios financing

	30/09/2018	31/12/2017
Interest-bearing liabilities, SEK m	19,036	18,247
Shareholders' equity, SEK m	19,554	18,223
Average fixed interest term, years	4.2	4.4
Average capital commitment term, years	3.4	3.5
Average interest rate for interest-bearing liabilities, %	1.4	1.7

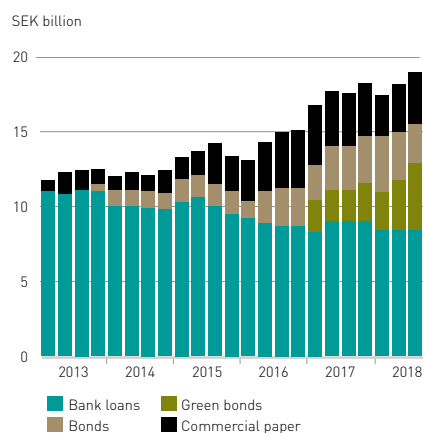
## Interest-bearing liabilities



## Capital structure



## Development in financing sources 2013–2018



# CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	2018 1/1–30/9	2017 1/1–30/9	2018 1/7–30/9	2017 1/7–30/9	2017 1/1–31/12	2017/2018 1/10–30/9
<b>OPERATING ACTIVITIES</b>						
<b>Profit/loss before changes in value</b>	<b>937</b>	<b>909</b>	<b>316</b>	<b>320</b>	<b>1,180</b>	<b>1,208</b>
Reversal of depreciation and write-downs	8	6	3	2	8	10
Other items not included in the cash flow	0	3	1	0	12	9
Tax paid	-34	-30	-9	-9	-4	-8
<b>Cash flow from operating activities before changes in working capital</b>	<b>911</b>	<b>887</b>	<b>311</b>	<b>314</b>	<b>1,197</b>	<b>1,221</b>
Net change in working capital	79	-81	132	-46	-31	-128
<b>Cash flow from operating activities</b>	<b>990</b>	<b>806</b>	<b>442</b>	<b>268</b>	<b>1,166</b>	<b>1,349</b>
<b>INVESTMENT ACTIVITIES</b>						
Acquisition of investment properties	-599	-1,823	-432	-	-1,833	-610
Reconstruction and new construction of investment properties	-1,176	-1,171	-401	-422	-1,593	-1,597
Sale of investment properties	1,047	-	-	-	-	1,047
Purchase/sale of equipment	-13	-7	-2	-2	-17	-23
<b>Cash flow from investment activities</b>	<b>-741</b>	<b>-3,001</b>	<b>-834</b>	<b>-424</b>	<b>-3,443</b>	<b>-1,183</b>
<b>FINANCING ACTIVITIES</b>						
Change in other long-term liabilities	10	6	4	1	12	16
Loans raised	4,090	3,975	1,650	-	5,178	5,294
Amortisation of debts	-3,303	-1,428	-796	-110	-2,028	-3,903
Exercise of derivatives	-191	-	-191	-	-290	-481
Dividends paid	-599	-526	-	-	-526	-599
Buy-back of own shares	-232	-	-8	-	-	-232
<b>Cash flow from financing activities</b>	<b>-225</b>	<b>2,027</b>	<b>659</b>	<b>-109</b>	<b>2,346</b>	<b>94</b>
<b>Cash flow for the period</b>	<b>24</b>	<b>-168</b>	<b>268</b>	<b>-265</b>	<b>68</b>	<b>260</b>
<b>Liquid assets at the beginning of the period</b>	<b>344</b>	<b>276</b>	<b>100</b>	<b>374</b>	<b>276</b>	<b>108</b>
<b>Liquid assets at the end of the period</b>	<b>368</b>	<b>109</b>	<b>368</b>	<b>109</b>	<b>344</b>	<b>368</b>

## COMMENTS ON THE CASH FLOW STATEMENT

The cash flow from operating activities totalled SEK 990 million (806), corresponding to SEK 7.48/share (6.05). The higher cash flow during the period compared to the same period last year is mainly explained by net operating results.

Investment operations have contributed a negative cash flow of SEK -741 million (SEK -3,001 m), which relates to acquisitions of properties and investments in Atrium Ljungberg's own properties.

The cash flow in financing activities amounted to SEK -225 million (2,027) as a consequence of repayments in connection with sales of properties, dividends and a buy-back of the company's own shares.

Available liquidity amounted to SEK 1,058 million (1,674) and comprised bank deposits of SEK 368 million (109), unutilised overdraft facilities of SEK 300 million (300) and unutilised lines of credit of SEK 390 million (1,265) 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 30/09/2018, 24 per cent (18 on 31/12/2017) of leasable area was certified.

## ENERGY CONSUMPTION

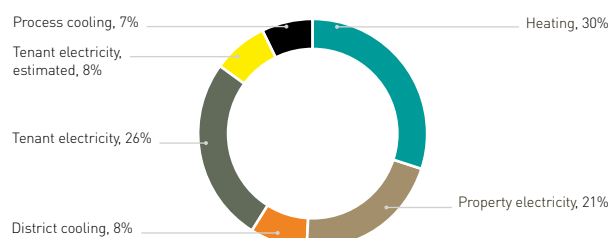
Electricity is responsible for the greatest share of our energy consumption. Usually, we provide the tenants with electricity and charge them on the basis of actual consumption, which creates incentives for resource efficiency. A majority of our properties use district heating as their heat source. We have two properties that are heated with geothermal heating and one project property that 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 use of process cooling has increased by 105 per cent compared to the previous period. This increase is mostly due to one property that was acquired in April 2017, where the tenant runs energy-intensive operations. It is only now that their energy consumption has been fully reflected in the statistics. We have also seen the use of cooling in our properties increase as a result of the hot summer. According to SMHI, the Swedish Meteorological and Hydrological Institute, the average temperature in July was 4.5 degrees higher than the normal average temperature and in August it was 2.5 degrees higher. Last year the average temperatures for these two months were at normal levels. The key figures for cooling are not normalised, unlike the key figures for heating.

Compared with the reference year, 2014, the total energy intensity has fallen by 12 per cent, and the key figure for property energy has fallen by 21 per cent compared with the same reference year.

## ENERGY INTENSITY 30/09/2018

kWh/m <sup>2</sup>	2017/2018 1/10-30/9	2016/2017 1/10-30/9	Change Change compared to 2014 <sup>1)</sup>	Change Change compared to 2014 <sup>1)</sup>
Heating	71	79	-10 %	-23 %
Property electricity	50	51	-2 %	-25 %
District cooling	19	15	27 %	0 %
<b>Sub-total property energy</b>	<b>141</b>	<b>145</b>	<b>-3 %</b>	<b>-21 %</b>
Tenant electricity	62	60	3 %	0 %
Tenant electricity, estimated	19	19	0 %	-32 %
Process cooling	15	7	114 %	-
<b>Total energy intensity</b>	<b>236</b>	<b>232</b>	<b>2 %</b>	<b>-12%</b>

<sup>1)</sup> Reference year



## 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 for green contracts to account for at least 50 per cent of contracted annual rent by 2021.

	2018 30/9	2017 30/9	2017 31/12
Green lease contracts, share of contracted annual rent	24 %	16 %	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 85 per cent. In 2017 we exceeded our goals and achieved an index of 88 per cent (88).

## 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 1/1-30/9	2017 1/1-30/9	2017 1/1-31/12	2017/2018 1/10-30/9
Suppliers	1,595	1,508	2,120	2,207
Employees	145	135	166	176
Lenders	238	291	387	334
Society	247	265	303	285
Owners <sup>1)</sup>	831	526	526	831
<b>Economic value distributed<sup>2)</sup></b>	<b>3,056</b>	<b>2,725</b>	<b>3,501</b>	<b>3,832</b>

<sup>1)</sup> Refers to the dividend and buy-back of shares.

<sup>2)</sup> 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 1/1-30/9	2017 1/1-30/9	2017 1/1-31/12	2017/2018 1/10-30/9
Current tax	31	49	9	-8
Property tax	108	107	142	144
Non-deductible VAT	42	37	53	59
Stamp duty	-	4	4	-
Social security payments	39	37	53	56
Special payroll tax	5	4	6	7
<b>Taxes</b>	<b>225</b>	<b>236</b>	<b>268</b>	<b>257</b>
Leasehold fees	22	29	35	28
<b>Society</b>	<b>247</b>	<b>265</b>	<b>303</b>	<b>285</b>

## 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 4,500 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.

30/09/2018	Properties	Project development <sup>1)</sup>	TL Bygg	Project and construction activities	Non-allocated items and eliminations	The Group
Amounts in SEK m						
Rental income	1,808				-9	1,799
Sales, project and construction work		9	428	438	-269	169
<b>Net sales</b>	<b>1,808</b>	<b>9</b>	<b>428</b>	<b>438</b>	<b>-278</b>	<b>1,968</b>
Property management costs	-550				4	-545
Project and construction work costs		-41	-403	-444	258	-186
<b>Gross profit/loss</b>	<b>1,257</b>	<b>-32</b>	<b>25</b>	<b>-7</b>	<b>-16</b>	<b>1,236</b>
Central administration	-52	-10	-12	-22	2	-72
Financial income and expenses					-226	-226
<b>Profit/loss before changes in value</b>	<b>1,205</b>	<b>-42</b>	<b>13</b>	<b>-28</b>	<b>-240</b>	<b>937</b>
Changes in value	1,400				28	1,427
Tax					-213	-213
<b>Profit/loss for the period</b>	<b>2,605</b>	<b>-42</b>	<b>13</b>	<b>-28</b>	<b>-426</b>	<b>2,151</b>
Investments and acquisitions	1,330	13		13		1,343
Assets, period end	42,584	883	168	1,051	790	44,426

30/09/2017	Properties	Project development <sup>1)</sup>	TL Bygg	Project and construction activities	Non-allocated items and eliminations	The Group
Amounts in SEK m						
Rental income	1,795				-9	1,786
Sales, project and construction work		26	473	499	-395	104
<b>Net sales</b>	<b>1,795</b>	<b>26</b>	<b>473</b>	<b>499</b>	<b>-404</b>	<b>1,890</b>
Property management costs	-545				5	-540
Project and construction work costs		-53	-450	-502	378	-124
<b>Gross profit/loss</b>	<b>1,250</b>	<b>-27</b>	<b>24</b>	<b>-3</b>	<b>-21</b>	<b>1,227</b>
Central administration	-28		-11	-11	1	-38
Financial income and expenses					-280	-280
<b>Profit/loss before changes in value</b>	<b>1,222</b>	<b>-27</b>	<b>13</b>	<b>-14</b>	<b>-300</b>	<b>909</b>
Changes in value	1,688				136	1,825
Tax					-571	-571
<b>Profit/loss for the period</b>	<b>2,910</b>	<b>-27</b>	<b>13</b>	<b>-14</b>	<b>-741</b>	<b>2,162</b>
Investments and acquisitions	2,998		3	3		3,001
Assets, period end	40,735		193	193	796	41,724

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

Revenue type per segment, 30/09/2018	Properties	Project development	TL Bygg	Project and construction activities	Non-allocated items and eliminations	The Group
<b>Rental income</b>	<b>1,808</b>				<b>-9</b>	<b>1,799</b>
<b>Sales, project and construction work</b>						
of which Turnkey contracts, fixed price			82	82		82
of which Turnkey contracts, open account			136	136	-102	34
of which Performance contracts, fixed price			41	41		41
of which Performance contracts, open account			170	170	-167	3
of which Other		9		9		9
<b>Total Project and construction sales</b>		<b>9</b>	<b>428</b>	<b>438</b>	<b>-269</b>	<b>169</b>
<b>Total Net sales</b>	<b>1,808</b>	<b>9</b>	<b>428</b>	<b>438</b>	<b>-278</b>	<b>1,968</b>

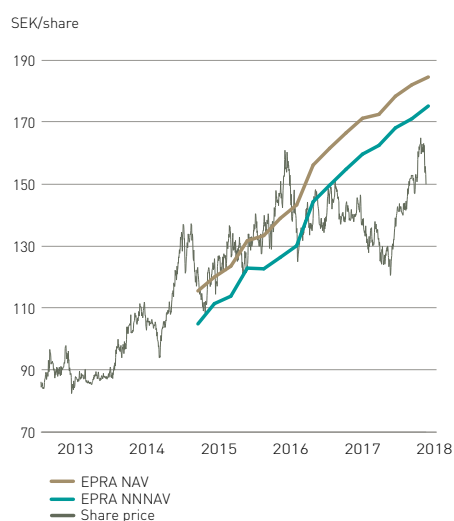
# KEY RATIOS <sup>1)</sup>

	2018	2017	2018	2017	2017	2017/2018
	1/1-30/9	1/1-30/9	1/7-30/9	1/7-30/9	1/1-31/12	1/10-30/9
<b>PROPERTY-RELATED KEY RATIOS</b>						
Letting rate, %	94	94	94	94	95	94
Operating surplus margin, %	70	70	70	71	69	69
Letting area, '000 m <sup>2</sup>	1,167	1,178	1,167	1,178	1,146	1,167
Investments in investment properties, SEK m	1,176	1,145	401	396	1,593	1,597
Number of properties (period end)	53	54	53	54	53	53
<b>FINANCIAL KEY RATIOS</b>						
Equity/assets ratio, %	44.0	42.7	44.0	42.7	42.6	44.0
Gearing ratio, %	43.8	43.3	43.8	43.3	44.7	43.8
Adjusted gearing ratio, %	43.8	43.3	43.8	43.3	44.1	43.8
Interest coverage ratio, multiple	5.1	4.2	5.4	4.5	4.2	4.8
Average interest rate for interest-bearing liabilities, %	1.4	2.0	1.4	2.0	1.7	1.4
Return on shareholders' equity, %	15.2	17.1	8.6	11.9	15.0	13.6
Return on shareholders' equity, excluding changes in value, %	5.2	5.7	5.1	5.6	5.5	5.2
Return on total assets, %	7.9	10.2	6.0	7.4	8.7	7.1
Return on total assets excluding changes in value, %	2.8	3.2	2.8	3.1	3.1	2.8
<b>DATA PER SHARE</b>						
Earnings per share, SEK	16.25	16.23	3.18	3.93	19.21	19.22
Profit/loss before changes in value less applicable nominal tax, SEK	5.56	5.32	1.88	1.87	6.91	7.17
EPRA EPS, SEK	6.86	6.31	2.61	2.20	8.15	8.77
Cash flow, SEK	7.48	6.05	3.36	2.01	8.75	10.18
Shareholders' equity, SEK	148.67	133.79	148.67	133.79	136.79	148.67
Share price, SEK	161.20	142.00	161.20	142.00	130.30	161.20
EPRA NNNAV, SEK	175.28	159.75	175.28	159.75	162.57	175.28
Average number of outstanding shares, '000	132,326	133,221	131,536	133,221	133,221	132,552
Number of outstanding shares at end of period, thousand	131,529	133,221	131,529	133,221	133,221	131,529
<b>EMPLOYEES</b>						
Average number of employees	305	286	305	285	295	304

# EPRA KEY RATIOS <sup>1)</sup>

	30/09/2018	30/09/2017	31/12/2017
EPRA Earnings, SEK m	903	841	1,086
EPRA ESP, SEK/share	6.86	6.31	8.15
EPRA NAV, SEK m	24,286	22,823	22,992
EPRA NAV, SEK/share	184.62	171.32	172.59
EPRA NNNAV, SEK m	23,055	21,282	21,658
EPRA NNNAV, SEK/share	175.28	159.75	162.57
EPRA Vacancy rate	5%	5%	5%

EPRA NAV, EPRA NNNAV and share price



<sup>1)</sup> See definitions pages 25-26, see reconciliation for key ratios on [www.al.se](http://www.al.se).

# QUARTERLY SUMMARY

## INCOME STATEMENTS

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Amounts in SEK m								
Rental income	601	597	601	603	595	624	567	553
Sales, project and construction work	55	59	54	70	33	48	24	35
<b>Net sales</b>	<b>656</b>	<b>656</b>	<b>656</b>	<b>673</b>	<b>628</b>	<b>671</b>	<b>591</b>	<b>588</b>
Property management costs	-178	-175	-192	-202	-172	-185	-183	-211
Project and construction work costs	-66	-65	-55	-82	-40	-66	-18	-35
<b>Gross profit/loss</b>	<b>412</b>	<b>416</b>	<b>408</b>	<b>389</b>	<b>416</b>	<b>421</b>	<b>390</b>	<b>342</b>
– of which gross profit/loss property management (operating surplus)	423	422	409	401	423	439	384	342
– of which gross profit/loss from project and construction work	-11	-6	-1	-12	-7	-18	6	-1
Central administration, property management	-17	-17	-17	-21	-1	-9	-17	-17
Central administration, project and construction work	-6	-11	-4	-5	-3	-3	-4	-5
	-23	-28	-21	-26	-5	-12	-21	-22
Financial income and expenses	-72	-76	-78	-92	-91	-93	-95	-92
<b>Profit/loss before changes in value</b>	<b>317</b>	<b>312</b>	<b>309</b>	<b>271</b>	<b>320</b>	<b>315</b>	<b>274</b>	<b>228</b>
Properties, unrealised changes in value	174	717	499	129	332	912	444	1,483
Properties, realised changes in value	-1	6	5	-4	-	-	-	-
Derivatives, unrealised changes in value	99	-70	-2	-15	24	77	35	307
Derivatives, realised changes in value	1	-	-	-5	-	-	-	-
	272	653	502	105	357	989	479	1,790
<b>Profit/loss before tax</b>	<b>589</b>	<b>965</b>	<b>811</b>	<b>376</b>	<b>676</b>	<b>1,304</b>	<b>753</b>	<b>2,018</b>
Tax	-171	151	-193	20	-152	-288	-131	-457
<b>Profit/loss for the period</b>	<b>418</b>	<b>1,116</b>	<b>618</b>	<b>396</b>	<b>524</b>	<b>1,016</b>	<b>622</b>	<b>1,561</b>
<b>KEY RATIOS <sup>1)2)</sup></b>								
	<b>2018 Q3</b>	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
<b>Property-related key ratios</b>								
Letting rate, %	94	94	94	95	94	94	94	93
Operating surplus margin, %	70	71	68	67	71	70	68	62
Letting area, 1,000 m <sup>2</sup> (period end)	1,167	1,139	1,145	1,146	1,178	1,179	1,176	1,124
Investments in properties, SEK m	401	411	364	426	422	398	351	382
Number of properties (period end)	53	53	53	53	54	54	53	50
<b>Financial key ratios</b>								
Equity/assets ratio, %	44.0	43.9	44.0	42.6	42.7	41.9	42.4	43.7
Gearing ratio, %	43.8	42.4	41.9	44.7	43.3	44.4	43.7	41.9
Adjusted gearing ratio, %	43.8	42.8	42.3	44.1	43.3	44.4	43.7	41.9
Interest coverage ratio, multiple	5.4	5.1	5.0	3.9	4.2	4.4	3.9	3.5
Average interest rate for interest-bearing liabilities, %	1.4	1.6	1.7	1.7	2.0	2.0	2.2	2.3
Return on shareholders' equity, %	8.6	23.5	13.3	8.9	11.9	23.8	15.1	40.6
Return on shareholders' equity, excluding changes in value, %	5.1	5.0	5.3	4.6	5.6	5.7	5.5	4.9
Return on total assets, %	6.0	9.6	8.3	4.4	7.4	13.8	8.9	23.3
Return on total assets excluding changes in value, %	2.8	2.8	2.8	2.7	3.1	3.2	3.0	2.8
<b>Data per share</b>								
Earnings per share, SEK	3.18	8.44	4.64	2.98	3.93	7.63	4.67	11.72
Profit/loss before changes in value less applicable nominal tax, SEK	1.88	1.85	1.81	1.59	1.87	1.84	1.60	1.34
EPRA EPS, SEK	2.61	2.13	2.10	1.90	2.20	1.89	1.91	1.73
Cash flow, SEK	3.36	1.75	2.37	2.72	2.01	2.00	2.04	1.85
Shareholders' equity, SEK	148.67	145.46	141.45	136.79	133.79	129.82	126.11	121.42
Long-term net worth (EPRA NAV), SEK	184.62	182.13	178.44	172.59	171.32	166.61	161.61	156.21
Current net worth (EPRA NNNNAV), SEK <sup>3)</sup>	175.28	171.17	168.22	162.57	159.75	154.86	149.69	144.38
Share price, SEK	161.20	144.60	123.00	130.30	142.00	140.50	136.40	142.30
Average number of outstanding shares, '000	131,536	132,240	133,221	133,221	133,221	133,221	133,221	133,221
Number of outstanding shares at end of period, thousand	131,529	131,576	133,221	133,221	133,221	133,221	133,221	133,221

<sup>1)</sup> See definitions pages 25–26.

<sup>2)</sup> See reconciliation for key ratios on Atrium Ljungberg's website.

<sup>3)</sup> 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 292 million (309). The operating profit/loss totalled SEK 27 million (86). The profit/loss after financial items totalled SEK -31 million (158).

## INCOME STATEMENTS PARENT COMPANY

Amounts in SEK m	2018 1/1-30/9	2017 1/1-30/9	2017 1/1-31/12
Rental income	134	171	214
Management income	158	138	225
<b>Net sales</b>	<b>292</b>	<b>309</b>	<b>439</b>
Property costs	-44	-38	-61
Management and administration expenses	-205	-170	-269
Depreciation	-16	-15	-20
<b>Operating profit/loss</b>	<b>27</b>	<b>86</b>	<b>90</b>
Result of participations in Group companies	-	-	450
Interest income and similar profit/loss items	420	413	557
Interest expenses and similar profit/loss items	-478	-341	-743
	<b>-58</b>	<b>72</b>	<b>264</b>
<b>Profit/loss after financial items</b>	<b>-31</b>	<b>158</b>	<b>354</b>
Appropriations	-1	-7	162
<b>Profit/loss before tax</b>	<b>-32</b>	<b>151</b>	<b>516</b>
Current tax	7	-48	-3
Deferred tax	-1	181	176
	<b>6</b>	<b>133</b>	<b>172</b>
<b>Profit/loss for the period</b>	<b>-26</b>	<b>284</b>	<b>688</b>

Interest-bearing liabilities amount to SEK 16,179 million (14,824). 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	30/09/2018	30/09/2017	31/12/2017
<b>ASSETS</b>			
Tangible fixed assets	1,607	1,579	1,525
Financial fixed assets	897	1,005	1,459
Current assets	20,882	19,734	22,157
<b>Total assets</b>	<b>23,386</b>	<b>22,317</b>	<b>25,141</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	6,908	7,359	7,764
Untaxed reserves	61	58	61
Provisions	98	104	98
Long-term liabilities	13,547	13,161	13,571
Current liabilities	2,772	1,635	3,646
<b>Total shareholders' equity and liabilities</b>	<b>23,386</b>	<b>22,317</b>	<b>25,141</b>

# OTHER INFORMATION

## MARKET DEVELOPMENT, RISKS AND UNCERTAINTY FACTORS

Atrium Ljungberg's property portfolio, with office, retail 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 1.4 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 September the company owns 1,691,000 class B shares. The buy-back has been in the range of SEK 132.20-149.20 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 entitle Atrium Ljungberg's staff to acquire the equivalent number of class B shares. The underlying share price reached a rate on the closing day and during parts of this period that would justify a redemption of these options. However, no dilution from the utilisation of these options has been taken into account when calculating earnings per share, as the effect is immaterial.

## RETAIL SECTOR'S SALES TREND

In the first eight months of the year, total sales at our four regional retail hubs – Sickla, Farsta Centrum, Gränbystaden and Mobilia – increased by an overall 0.7 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 19,036 million (17,650) and their fair value totals SEK 19,116 million (17,716). 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 Bygg's 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 re-constructions 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.

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

During 2018, 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.

In terms of leasehold agreements, Atrium Ljungberg will recognise a lease asset and a lease liability in the balance sheet when changing to IFRS 16 as at 1 January 2019. The lease asset and lease liability for the leasehold agreements amounted to SEK 1,221 million as at 30 September 2018. The income statement will be affected by leasehold fees being reclassified from "Property management costs" to net financial expenses, as the leasehold fees are recognised as an interest expense in accordance with IFRS 16. This reclassification would amount to SEK 22 million for the period January to September 2018.

#### 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.

## AUDITOR'S REVIEW REPORT

Atrium Ljungberg AB corporate identity number 556175-7047

To the Board of Atrium Ljungberg AB

#### Introduction

We have reviewed the condensed interim report for Atrium Ljungberg AB as at 30 September, 2018 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

#### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different purpose and a substantially less scope than an audit

#### CAPITAL MARKET DAY

On 15 February 2019 we will be releasing the 2018 Preliminary Financial Statements. We will be holding a capital market day in conjunction with this, where we will be presenting, among other things, our visions for Slakthusområdet.

#### ANNUAL GENERAL MEETING 2019

The Annual General Meeting will be held on Wednesday 27 March at SF-bio in Sickla, Nacka.

Shareholders who would like an item to be discussed at this meeting should submit their proposal by 7 February 2019 at the latest.

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

#### EVENTS AFTER THE CLOSING DAY

No significant events have occurred since the closing day.

Nacka, 19 October 2018

Annica Ånäs, CEO

conducted in accordance with International Standards on Auditing and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain such a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not have the assurance of a conclusion expressed based on an audit.

#### Conclusion

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

Stockholm, 19 October 2018

Ernst & Young AB

Jonas Svensson  
Authorised Public Accountant



# 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 residencies, 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

## 1,167

TOTAL LETTING AREA, 1,000 M<sup>2</sup>

## 94

LETTING RATE, %

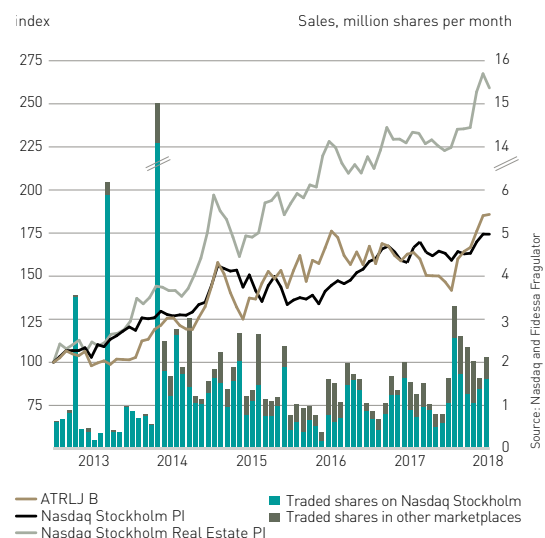
## 305

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 will correspond to a minimum of 50% of the profit before changes in value, after nominal tax.

### LONG-TERM STABILITY

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

### CORPORATE SOCIAL RESPONSIBILITY

100% of our properties will be to be environmentally certified by 2021. Energy consumption per m<sup>2</sup> is to decrease by 30 per cent between 2014 and 2021. By 2021, the proportion of green lease contracts is to be 50% 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 NNAV 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 NNAV 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, m<sup>2</sup>

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.

### Environmental building

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

### 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, m<sup>2</sup>

Total area available for letting.

### Letting rate, %

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

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

### 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 lease contracts are 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](http://www.al.se).

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

**THE ANNUAL REPORT** and interim reports are available on our website. The annual report is 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](http://www.al.se). The site also provides updated information on our operations, our properties and projects, financial key ratios, the share, and much more besides. The information on the website is also available in English.

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## PUBLICATION OF FINANCIAL INFORMATION

2018 Preliminary Financial Statements	15/02/2019
Capital Market Day	15/02/2019
2018 Annual Report	March 2019
Annual General Meeting	27/03/2019
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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