



ATRIUM LJUNGBERG

**Q1 2014**

INTERIM REPORT  
JANUARY - MARCH



## THIS IS ATRIUM LJUNGBERG

• NUMBER OF PROPERTIES	49
• PROPERTY VALUE	SEK 25.8 BILLION
• CONTRACTED ANNUAL RENT	SEK 1.9 BILLION
• TOTAL LETTING AREA	964,000 M <sup>2</sup>
• LETTING RATE	95 PER CENT
• NUMBER OF EMPLOYEES	280

Atrium Ljungberg aims to create sustainable and attractive urban environments where people want to be – today and tomorrow. Our locations and environments are to contribute to society's development and provide the conditions needed for growth and business. Properties are the core of our operations, but we are actually more interested in the people who spend their time in the environments that we create. Together with customers, suppliers, municipalities and other partners, we obtain places to develop and grow.

- Atrium Ljungberg is **one of Sweden's largest listed property companies** and has been listed on the NASDAQ OMX Stockholm Exchange since 1994.
- We **own, develop and manage** properties and areas – primarily for the retail and office sectors.
- In order to create **attractive locations** that are vibrant around the clock, we provide residential properties and cultural, service and educational facilities in our areas. The operations enrich one another and the combinations generate added value for our customers and society at large.

## OUR BUSINESS

- Atrium Ljungberg takes a **long-term approach to property ownership** – we develop and manage for the long-term.
- We **create value growth** by developing and improving new and existing properties and development rights, and by conducting active and customer-orientated property management.
- We **manage and run the whole business process** using our own personnel – from acquisition, the creative process and concept development, through planning, construction, leasing and management of the property. This gives insight into and understanding of the big picture and generates added value for the customer.

## OUR GOALS

Atrium Ljungberg's operations focus at all times on the customer and business. Our goals can be divided into three categories:

- **Profitability and growth** – the operating net shall increase by 10% per annum, we shall invest SEK 1 billion each year in in-house projects, and the return on new build and extension projects shall be 20%. The dividend shall correspond to a minimum of 50% of the profit before changes in value, after nominal tax.
- **Long-term stability** – the minimum equity/assets ratio shall be 30% and the interest coverage ratio shall be a multiple of 2.0.
- **Corporate social responsibility** – all major new builds shall be environmentally certified and we shall be one of Sweden's best workplaces.

## OUR LOCATIONS

- We are primarily located in **Stockholm, Uppsala and Malmö**. We develop areas and city districts in these three regions with a mixture of businesses, several of which are based on strong retail hubs.
- Most of our **office portfolio** is found in the growth areas in Stockholm: Sickla, Farsta, Södermalm, Hagastaden and Kista.
- Our **residential properties** are an integral part of the city district of Ärvinge in Kista and the Mobilia area in Malmö. Our ambition is subsequently to add residential properties to our other areas where there are natural conditions in place to do so.

Find out more at: [www.atriumljungberg.se](http://www.atriumljungberg.se)

## OUR STRATEGIES & VALUE-ENHANCING FACTORS

### RETAIL – OFFICES – URBAN ENVIRONMENTS

Atrium Ljungberg shall focus on developing environments for retail and office purposes and, where possible, add housing, service, culture and education.

➤ *The blend increases the flow of people at the location and creates synergy effects for everyone involved, which subsequently provides greater opportunities to conduct successful business.*

### STRONG SUBSIDIARY MARKETS IN SWEDISH GROWTH TOWNS

We shall establish a presence in strong subsidiary markets in Stockholm, Uppsala and Malmö where the potential exists for long-term population growth.

➤ *Long-term population growth creates the conditions needed for long-term profitability, both for ourselves and our customers.*

### IMPROVEMENT AND DEVELOPMENT OF PROPERTIES AND DEVELOPMENT RIGHTS

We shall develop and improve properties and development rights.

➤ *We create value growth within the company through long-term earnings and high return in our project development.*

### SIGNIFICANT PLAYER

We shall be a significant player with large, unified units in each subsidiary market.

➤ *As a significant player, we can lead and influence development and create urban environments with longevity.*

### LONG-TERM PARTNERSHIPS THAT FOCUS ON THE CUSTOMER

Our focus, in everything we do, shall be on our customers. The cooperation with customers, suppliers, municipalities and other stakeholders should be close, long-term, stable and personal.

➤ *Through collaboration we find innovative solutions and together we create long-term sustainable and attractive environments.*

### IN-HOUSE EXPERTISE AND EXPERIENCE

We shall conduct and manage the entire business process in-house using our in-house expertise.

➤ *By managing the development and building process ourselves, we can satisfy our customers' requirements and create project benefits over time.*

### INTEGRAL SUSTAINABILITY

Sustainability work shall be integrated in the business strategy and comprise an important component of our offering.

➤ *Building sustainably for the future enhances both the company's value and profits, as well as our surrounding world's confidence in us.*

### EMPLOYEES WITH PASSION AND WIDELY SUPPORTED CORE VALUES

We shall have committed employees who are passionate about what we do. Our core values – a long-term approach, cooperation, reliability and innovative thinking – shall be firmly rooted in the workforce psyche.

➤ *In-depth commitment strengthens our brand, and living up to our core values ensures our tenants will want to be long-term customers.*

## OUR BUSINESS MODEL

Atrium Ljungberg's business model generates profitability and growth in value through continuous improvement and efficient, customer-orientated management of properties. The model is based on a number of business processes. All of these processes are conducted in-house and several of the company's functions participate to varying degrees, depending on the stage in the process.

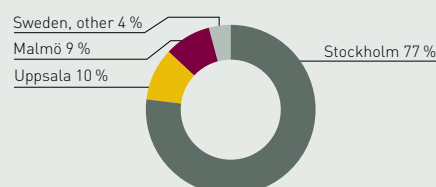


## THE RESULTS IN BRIEF

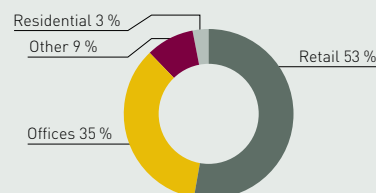
- NET SALES amounted to SEK 562 million (SEK 579 m), of which rental income increased to SEK 495 million (SEK 488 m).
- THE LETTING RATE was 95 per cent (95 % as of 31 December 2013), including project properties.
- THE OPERATING SURPLUS from property management increased to SEK 328.6 million (SEK 305.3 m).
- THE PROFIT BEFORE CHANGES IN VALUE increased to SEK 210.5 million (SEK 188.7 m).
- UNREALISED CHANGES IN THE VALUE of properties amounted to SEK 0.0 million (SEK 0.0 m). Unrealised changes in the value of financial instruments amounted to SEK -190.6 million (SEK 121.5 m).
- NET PROFIT FOR THE PERIOD amounted to SEK 16.9 million (SEK 241.8 m), corresponding to SEK 0.13/share (SEK 1.86/share).
- INVESTMENTS in Atrium Ljungberg's own properties amounted to SEK 185 million (SEK 320 m). Properties were acquired for a total of SEK 620 million (SEK 0 m).
- THE 2014 PROFIT FORECAST before changes in value and tax is unchanged to SEK 800 million.

KEY RATIOS	2014 Jan - Mar	2013 Jan - Mar	2013 Jan - Dec
Net sales, SEK	562	579	2,362
Profit/loss before changes in value, SEK m	211	189	829
Net profit/loss for the period, SEK m	17	242	1,108
Investments, SEK m	185	320	1,302
Cash flow from operating activities, SEK m	117	175	854
Letting rate, %	95	95	95
Equity/assets ratio, %	41.3	40.7	41.1
Gearing ratio, %	46.8	47.4	47.8
Average interest rate at period end, %	3.6	3.7	3.6
Interest coverage ratio, multiple	3.0	2.7	3.0
Earnings per share, SEK	0.13	1.86	8.52
Profit/loss before changes in value less nominal tax, SEK/share	1.26	1.13	4.97
Share price, SEK	98.35	91.00	88.00
Shareholders' equity, SEK/share	84.85	80.71	84.67
Net worth, SEK/share, 10% deferred tax	93.41	88.73	93.09

CONTRACTED ANNUAL RENT PER REGION



CONTRACTED ANNUAL RENT PER PREMISES TYPE



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.

# CEO'S STATEMENT

*ATRIUM LJUNGBERG HAS had a positive start to the year. Our profit performance is stable and we have a high level of business activity. During the first quarter we transferred the PUB department store to new owners and acquired two new properties, in Sickla and in Malmö.*



The operations are continuing to develop at a good pace with a high level of activity in rental discussions and in project and acquisition issues. The operating surplus increased by 8 per cent during the first quarter. The profit before changes in value and tax increased by approximately 12 per cent. The interest rate level has continued to be favourable and we have also succeeded well with the issue of two new bonds of SEK 600 million in total in the capital market.

As interest rates have declined since the turn of the year, this also results in a write-down of the derivatives portfolio.

Two quarters have passed since we completed our latest projects, Port 73 in Haninge and Mobilia in Malmö. Port 73 has had a very strong development since the inauguration in August with higher customer flows and higher sales.

Gränby in Uppsala will offer many development opportunities for several years in the future. In Gränby Köpstad we are now taking an important and strategic step forward given the construction start of two new buildings for City Gross and Blomsterlandet. We are also managing detailed development plan work to expand Gränby Centrum and to add residences next to Gränbyparken.

the property. By developing Nobelberget we can connect our portfolio in a functional way in Sickla from east to west and continue the work on creating attractive areas and building dense and mixed cities. Through the acquisition of Dimman 11, we are taking a new step into the Malmö market, for the first time with an office location outside Stockholm. The area close to Möllvångstorget is exciting as a gradual transformation of these areas is taking place. The area comprises a base for many creative industries and educational organisations and is increasingly becoming more attractive for residences, which is also noticeable through greater new building in the surroundings. The City of Malmö is the largest tenant in Dimman 11 with a 20 year agreement, and as of 2015 will open operations in the building such as city archives, a cinema and restaurants.

The work on Slussen's remodelling has started and a water court ruling has been received. Consequently the necessary equipment and planned diversion can be conducted. However the detailed development plan for a new bus garage in Katarinaberget by Slussen has been stopped. The City of Stockholm estimates that it will take three to four years before a new detailed development plan for this part will be in place. Meanwhile the renovation work is continuing and the period for the provisional bus parking in front of Glashuset will be extended until further notice. Consequently our planned new construction in front of Glashuset will probably be delayed.

We are delighted to announce that we have been chosen as "Sweden's Best Workplaces of 2014" by Great Place to Work®. This is the result of systematic work on creating excellent leaders and satisfied employees who trust the people they work with, feel proud about what they do and have a good relationship with their colleagues. I am convinced that the work will also result in us becoming an even better and more profitable company.

The 2014 profit forecast before changes in value and tax is unchanged at SEK 800 million.

We are continuing to work on creating new business opportunities and have a good basis for the rest of the year.

*Ingalill Berglund,  
CEO*

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"Through the acquisition of Dimman 11 in Malmö, we are taking a new step into the Malmö market, for the first time with an office location outside Stockholm."

In January we transferred the PUB department store to a new owner. However we have also expanded our property portfolio with two new acquisitions, the property on Nobelberget in Sickla and the property Dimman 11 in central Malmö. We took possession of Nobelberget at the end of February and several of the buildings are currently vacant there. We are currently managing detailed development plan work to create opportunities for new offices and a large number of residences on

## THE MARKET AND MANAGEMENT

Overall the Swedish economy was weak during 2013, but had a clear upswing with good growth during the fourth quarter. At the start of 2014, both exports and investments reduced the growth but are now deemed to turn upwards and contribute positively to GDP. At the same time households will remain an important engine for the Swedish economy. Households have all the prerequisites for consumption as the real incomes continue to rise at a good rate, interest rates are low and saving is high. The Swedish National Institute of Economic Research is forecasting a growth in GDP of 2.6 per cent for 2014. HUI Research predicts a positive growth of approximately three per cent in the Swedish retail sector in 2014. The Swedish retail sector grew by 2.9 per cent during the period from January to February 2014, measured in rolling prices and in comparison with the corresponding period in 2013.

Atrium Ljungberg's major retail hubs – Sickla Köp kvarter, Farsta Centrum, Port 73, Gränby Centrum and Mobilia – collectively reported a positive net sales trend during the period January–February, growing by 8.3 per cent in comparison with the corresponding period last year. Sales are primarily affected by the new openings in Port 73 and Mobilia.

Trade in Malmö is generally challenging, but Malmö has a strong position and good conditions to continue being one of the leading retail hubs. Several new stores opened during the first quarter and in August the fashion company Best of Brands will enter Mobilia with its first store outside Stockholm. In Port 73 the number of visitors increased significantly and all retail spaces have been let.

Coop has decided to close Coop Extra in Gränby Centrum in Uppsala. The lease con-

tract will run to 31 March 2016 and the store will close on 30 April 2014. The spaces will be divided and will provide space for more stores with different content, which will strengthen Gränby Centrum's total offering.

The lengthy decision processes of retail companies persist, which results in continued long lead times for decisions on signing new lease contracts. Rental levels for Atrium Ljungberg's retail premises have not changed.

The demand for office premises in Stockholm levelled off in the latter part of 2013 and the first quarter of 2014 as a result of the low Swedish growth rate in 2013. However, as earlier the demand for the Stockholm market is higher compared to the rest of Sweden as Stockholm continues to expand and both population and employment are increasing. The vacancy level and supply growth in Stockholm city centre are low and the interest in premises outside Stockholm's city centre continues to be strong.

We notice continued interest in office premises in our subsidiary markets where Hagastaden increasingly attracts more companies and organisations. In Farsta all our office spaces are now let after a lease contract of approximately 4,000 m<sup>2</sup> was concluded with the Social Services Department in Stockholm. Rental levels in our office property portfolio are stable.

Net letting during the first quarter of 2014, i.e. newly agreed contracted annual rents during the quarter, less annual rents terminated due to clients vacating the premises, amounted to SEK four million. Net letting has primarily been affected by Coop Extra closing its store in Uppsala but also by new lets such as, for example City Gross which will open in Gränby Köpstad and the Social Service Department in Stockholm moving to Farsta.

## PROJECTS

Investments in own development projects amounted to SEK 185 million during the first quarter of 2014. It is primarily Kvarteret Nod in Kista, Gränby Köpstad in Uppsala and Ica Kvantum in Farsta.

The remaining investment volume for ongoing projects amounted to approximately SEK 600 million on 31 March.

### MOBILIA

Occupancy of the two residential buildings which we built right next to Mobilia started in October and will continue up to and including May 2014. All apartments have been let with the exception of one apartment which is reserved for a planned preschool.

### GRÄNBY

The development of Gränby Köpstad will continue and another building will be constructed on the site with three restaurant operators; Pizza Hut, Chop Chop and Subway. Opening will take place in July – August 2014. Agreements have also been concluded with Blomsterlandet and City Gross for establishment in Gränby Köpstad and pre-planning of two new buildings for these operations has started. The planned opening of Blomsterlandet is scheduled for the spring of 2015 and for City Gross in November 2015.

### SICKLA

The Sickla Front office building is now being completed without tenant-specific adaptations for AkzoNobel which rescinded its lease contract at the end of 2013. As communicated earlier, Atrium Ljungberg will direct claims for damages against AkzoNobel and an application for summons will be submitted during the spring.

## PROJECT PROPERTIES <sup>1)</sup>

Project/Property/Location	Reconstruction, letting area m <sup>2</sup>	New build, letting area m <sup>2</sup>	Premises type	Investment, SEK m	Of which remaining	Completion date	Rental value excl. surcharge, SEK m	Letting rate,%
Mobilia, Rental apartments, Bohus 8, Malmö		4,100	Residential	100	10	Q1 2014	7	99
Farsta Centrum, Ica Kvantum, Storö 24, Stockholm	400	3,500	Retail/Parking	150	20	Q2 2014	E/T <sup>2)</sup>	93
Kvarteret NOD, Kista Gård, Borgarnäs 1, Stockholm		27,000	Offices/Other	750	230	Q3 2014	67	52
Gränby Köpstad, part of Phase 1, Brillinge 8:1, 9:1, Uppsala		15,500	Other	300	250	2014/15 <sup>3)</sup>	27	58
Sickla Front, Sicklaön 83:32, Nacka		10,100	Offices	350	110	Q3 2015	22	–
<b>Total</b>	<b>400</b>	<b>60,200</b>		<b>1,650</b>	<b>620</b>			

<sup>1)</sup> The term, project properties, refers to an individual property or a clearly delimited part of a property that has been vacated in order to permit the renovation and upgrading of the property, irrespective of whether construction work has begun. 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<sup>st</sup> January of the year after completion.

<sup>2)</sup> Rental value is not, with regard to individual business transactions, reported as a subsidiary amount and the total amount hence cannot be reported.

<sup>3)</sup> The project is being completed continuously. Three restaurants will open in July – August 2014, Blomsterlandet will open during spring 2015 and City Gross opens in November 2015.

## FARSTA CENTRUM

The work on new construction of Ica Kvantum in Farsta Centrum is continuing according to plan. The new building covers approximately 3,900 m<sup>2</sup> and a parking garage with approximately 160 parking places. Opening will take place on 7 May 2014.

## KVARTERET NOD

The completion of Kvarteret NOD in Kista is now in the final phase. NOD will be an attractive location for everyone who lives, works and is active in Kista, for trade and industry, students, researchers and entrepreneurs. The total letting area amounts to 27,000 m<sup>2</sup>. During the first quarter an agreement has been concluded with the gym concept Member 24 and with eGovlab – a research unit within Stockholm University. Occupancy will start at the turn of the half-year of 2014.

NOD will be certified in accordance with the BREEAM environmental certification system.

## SLUSSEN

The detailed development plan for Nya Slussen gained final approval in September 2013. During the first quarter of 2014 the Land and Environment Court heard the appeal of the detailed development plan for the bus garage in Katarinaberget. The City of Stockholm did not get leave to appeal, which means that the detailed development plan work for this part needs to be done again. The work is expected to take three to four years. The City of Stockholm is planning for construction start of Nya Slussen during 2014, but as a whole the project will most likely suffer delays.

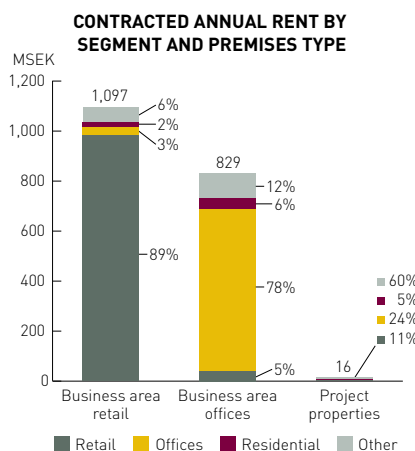
## BREEAM CERTIFICATION OF NEW BUILDS

Atrium Ljungberg's goal, as part of its sustainability work, is to environmentally certify all of our major new builds. We have chosen to certify in accordance with the BREEAM environmental classification system. Certification work is in progress for the Sickla Front project in Sickla and for Kvarteret NOD in Kista.

## NEW SEGMENT DIVISION

As of the first quarter of 2014, we will report our segments in two lines of business; property management and project and construction activities. Property management is divided into the Business area Retail, Business area Offices and Project properties. Project and construction activities are divided into Project development and TL Bygg.

The table below shows the distribution of contracted annual rents per premises type in each segment for the property management.



## RENTAL INCOME TREND, 2014

The Group's contracted annual rent (rent incl. rent surcharges of, for example, property tax and electricity), based on the second quarter of 2014, amounted to SEK 1,942 million (SEK 1,903 m), and was affected by completed projects such as the phase inauguration in Mobilia in Malmö and Port 73 in Haninge but was also affected by conducted property sales and acquisitions.

Based on the existing contract stock, taking into account known contract changes, the rental income for 2014 is expected to increase by approximately SEK 33 million. The changes comprise upcoming known notices of termination and new lets as well as contracted annual rents for projects which are completed during the year, for example, ICA Kvantum in Farsta Centrum and Kvarteret NOD.

The amount of contracted annual rent does not include any letting assumptions for existing vacancies.

The rental value, i.e. contracted annual rent and estimated market rents for vacant space in existing condition, amounted to SEK 2,035 million (SEK 2,002 m), which means a letting rate of 95 per cent (95% as of 31/12/2013).

## PROPERTY PORTFOLIO AND TRANSACTIONS

The Swedish property market continues to be strong with good access to capital and a high willingness to invest. Financing opportunities have improved further during the first quarter of 2014, which results in both lower financing costs and the opportunity for higher gearing ratios. The large interest in properties of a high

## CONTRACTED ANNUAL RENT TREND, SEK M

	2013 result <sup>1)</sup>	2014 Q1 <sup>2)</sup>	2014 Q2 <sup>3)</sup>	2014 Q3 <sup>3)</sup>	2014 Q4 <sup>3)</sup>
Business area Retail	1,026	1,097	1,097	1,094	1,096
Business area Offices	826	831	829	819	820
Project properties	34	9	16	32	58
<b>Total</b>	<b>1,887</b>	<b>1,937</b>	<b>1,942</b>	<b>1,945</b>	<b>1,975</b>
Properties sold	70	-	-	-	-
<b>Total</b>	<b>1,956</b>	<b>1,937</b>	<b>1,942</b>	<b>1,945</b>	<b>1,975</b>

## LETTING RATE <sup>4)</sup>

	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %
Business area Retail	1,146	1,097	96
Business area Offices	868	829	96
Project properties	21	16	76
<b>Total</b>	<b>2,035</b>	<b>1,942</b>	<b>95</b>

<sup>1)</sup> The 2013 result has been recalculated in accordance with the classification of the property portfolio as of Q1 2014.

<sup>2)</sup> Q1 refers to the result recalculated on a per annum basis.

<sup>3)</sup> Rental levels include known contract changes in the respective quarters. Contracted annual rent including known contract changes.

<sup>4)</sup> Reported letting rates are based on the immediately subsequent quarter after the closing day. The table excludes the value of the properties sold.



quality in attractive locations has persisted, at the same time as interest in commercial properties in worse locations has increased.

According to Savills, the transaction volume on the Swedish property market during the first quarter amounted to SEK 26 billion, which is a rise of 55 per cent compared to the first quarter of 2013.

The PUB department store which was sold in July 2013 was vacated on 31 January 2014.

In February the property Sicklaön 83:33, Nobelberget in Sickla, Nacka was acquired. The property has a total area of approximately 35,000 m<sup>2</sup> which currently includes several office buildings which are partially rented. A detailed development plan process is in progress to create both offices and residential on the property. The purchase price amounted to SEK 355 million and the date of possession of the property was 28 February 2014.

The property Dimman 11 in Malmö was acquired in March. The property, is fully let and houses cultural, education and office operations. Extensive reconstruction and extension is currently in progress. Upon completion the property will have a total letting area of approximately 16,000 m<sup>2</sup>. The acquisition took place through a corporate deal with an underlying property value of SEK 265 million and the date of possession of the property is 29 April 2014.

#### OUR PROPERTY PORTFOLIO

Atrium Ljungberg's property portfolio comprises 49 properties located primarily in Stockholm, Uppsala and Malmö. Our property portfolio, which mainly consists of retail and office properties, is made up of modern and attractive properties with a total letting area of 964,000 m<sup>2</sup>.

#### CHANGE IN THE VALUE OF THE PROPERTY PORTFOLIO

	SEK m	Number
Property portfolio, 31/12/2013	25,008	47
Acquisitions	620	2
New builds, reconstruction and extension	185	-
<b>Property portfolio, 31/03/2014</b>	<b>25,813</b>	<b>49</b>

#### PROPERTY VALUES

Atrium Ljungberg has conducted an internal valuation of its entire property portfolio during the first quarter. The market valuation is based on analyses of completed property transactions for properties of a similar standard and in a similar location, in order to assess the market's yield requirements. The valuation also entails cash flow calculations, with individual assessments of the earnings capacity of each individual property. Assumed rental levels in conjunction with contract expirations correspond to current market rent levels. Operating costs have been assessed on the basis of the company's actual costs. Development rights have been valued on the basis of an estimated market value per m<sup>2</sup> and include only those development rights that are confirmed in accordance with approved detailed development plans. 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.

Analyses of completed transactions indicate that yield requirements have remained unchanged since the start of the new year. Other assumptions are also adjudged to be on a par with previously applied assumptions. The value of the properties has thereby only been adjusted to take into account the period's investments.

The reported value of the property portfolio on 31/03/2014 totalled SEK 25,813 million (SEK 25,008 m as of 31/12/2013). The average yield requirement in the valuation is 5.7 per cent (5.7% as of 31/12/2013). Investments in Atrium Ljungberg's own properties during the period totalled SEK 185 million (SEK 320 m), and acquisition of properties amounted to SEK 620 million (SEK 0 m).

#### YIELD REQUIREMENT PER PREMISES TYPE, %

Premises type	Interval	Average
Offices	4.7-8.0	5.8
Retail	4.7-8.0	5.8
Residential	4.0-4.8	4.2
Other	4.7-8.0	6.2
<b>Total</b>	<b>4.0-8.0</b>	<b>5.7</b>

#### YIELD REQUIREMENT PER REGION, %

Region	Interval	Average
Stockholm	4.0-8.0	5.7
Uppsala	5.8-6.0	5.8
Malmö	5.5-6.4	5.8
Sweden, other	6.4-7.3	6.7
<b>Total</b>	<b>4.0-8.0</b>	<b>5.7</b>

#### SALES AND NET PROFIT, 1 JANUARY - 31 MARCH

The Group's posted net sales for the first quarter of the year totalled SEK 562 million (SEK 579 m), of which rental income comprised SEK 495 million (SEK 488 m). The increase in rental income is explained mainly by income in completed phases in Mobilia and Port 73, but has also been affected by sold properties. The profit before changes in value totalled SEK 210.5 million (SEK 188.7 m). Unrealised changes in the value of properties totalled SEK 0 million (SEK 0 m). Unrealised changes in the value of financial instruments totalled SEK

#### PROPERTY PORTFOLIO, 31/03/2014

Property portfolio by segment	Letting area, 1,000 m <sup>2</sup>	Fair value, SEK m	Fair value, SEK/m <sup>2</sup>	Rental value, SEK m <sup>1)</sup>	Rental value, SEK/m <sup>2</sup>	Economic letting rate, %
Business area Retail	525	13,526	25,781	1,146	2,185	9%
Business area Offices	425	10,688	25,177	868	2,044	9%
<b>Total</b>	<b>949</b>	<b>24,215</b>	<b>25,511</b>	<b>2,014</b>	<b>2,122</b>	<b>9%</b>
Project properties	15	1,308	N/A <sup>2)</sup>	21	1,446	7%
Land and development rights	-	290				
<b>Total</b>	<b>964</b>	<b>25,813</b>	<b>N/A<sup>2)</sup></b>	<b>2,035</b>	<b>2,112</b>	<b>9%</b>

<sup>1)</sup> Reported rental value is based on the immediately subsequent quarter.

<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.

–190.6 million (SEK 121.5 m). Net profit for the period totalled SEK 16.9 million (SEK 241.8 m), corresponding to SEK 0.13/share (SEK 1.86/share), and has been affected by the valuation of financial instruments.

## PROJECT AND CONSTRUCTION ACTIVITIES

Net sales for project and construction activities for the period totalled SEK 67 million (SEK 90 m). TL Bygg's net sales during the period totalled SEK 88 million (SEK 116 m), SEK 22 million (SEK 30 m) of which comprised work on behalf of Group companies.

The gross profit for project and construction activities totalled SEK –1.3 million (SEK 3.6 m). Ongoing project development costs have been charged to the result.

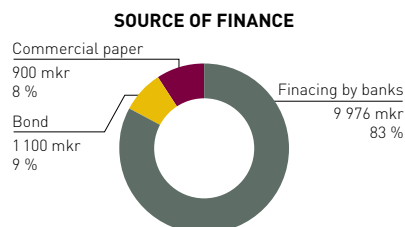
## FINANCING

Atrium Ljungberg meets its financing requirements through five Nordic banks and the capital market. The banks are Atrium Ljungberg's biggest financiers, and bank loans accounted for 83 per cent of the total loan volume during the first quarter. During the first quarter two issues were conducted under the company's MTN programme. A 5 year bond loan of SEK

300 m was issued on 3M Stibor + 1.30 per cent and a 2 year bond loan of SEK 300 m was issued with a fixed interest rate of SEK 1.76 per cent, corresponding to Stibor 3M + 0.64 per cent. The bonds are senior, unsecured.

Interest-bearing liabilities totalled SEK 11,976 million at the period end, with an average interest rate of 3.6 per cent (3.7%). The average fixed interest term was 4.4 years and the capital commitment term was 3.3 years.

The derivatives portfolio comprised SEK 7,461 million in interest swaps at the period-end. These interest swaps are valued at market rate in conjunction with every period-end closing and the change in value is reported via the Income Statement. The unrealised change in the value of financial instruments totalled SEK –190.6 million (SEK 121.5 m) as interest rates had fallen on the terms of the derivatives taken out in relation to those during the period. The deficit book value of the derivatives portfolio totalled SEK –167.1 million at the period end (14.9 as of 31/12/2013).



## FIXED INTEREST<sup>1)</sup>

Fixed interest term	Amount, SEK m	Percent-age, %	Average interest, %
Variable + 3M Stibor	1,881	16	2.4
2014	1,429	12	2.5
2015	400	3	4.6
2016	1,385	12	3.5
2017	830	7	3.8
2018	849	7	3.8
2019 and thereafter	5,202	43	4.1
<b>Total</b>	<b>11,976</b>	<b>100</b>	<b>3.6</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.

## CAPITAL COMMITMENT

Maturity date	Amount, SEK m	Percentage, %
2014	–	–
2015	2,750	23
2016	3,685	31
2017	2,730	23
2018	1,482	12
2019 and thereafter	1,329	11
<b>Total</b>	<b>11,976</b>	<b>100</b>
Prepaid financing costs	–12	
Interest-bearing liabilities in accordance with the Balance Sheet	11,964	

## TAX CALCULATION, 31/03/2014

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	20.8	
Fiscally deductible		
depreciation	–122.1	122.1
investments	–19.5	19.5
Non-taxable/non-deductible		
changes in the value of properties, unrealised	–	–
changes in the value of properties, realised	–0.9	–0.7
changes in the value of financial instruments, unrealised	190.6	–190.6
consolidated capitalisation of borrowing costs	–7.7	7.7
Other fiscal adjustments	–2.4	2.2
Fiscal profit/loss before loss carry-forwards	58.7	–39.7
Loss carry-forwards, opening balance	–23.1	23.1
Fiscally deductible investments, adjustment from previous years	–1.2	–
<b>Taxable profit/loss</b>	<b>34.4</b>	<b>–16.5</b>
<b>Of which 22% current/deferred tax</b>	<b>–7.6</b>	<b>3.7</b>



## FINANCIAL KEY RATIOS

	31/03/2014	31/12/2013
Interest-bearing liabilities, SEK m	11,976	12,427
Gearing ratio, %	46.8	47.8
Average fixed interest term, years	4.4	4.4
Average capital commitment term, years	3.3	3.0
Average interest rate for interest-bearing liabilities, %	3.6	3.6
Shareholders' equity, SEK m	11,044	11,021

## TAXES

The current tax for the period totalled SEK -7.6 million (SEK -4.9 m) and has been affected by, amongst other things, fiscally deductible depreciation and investments, and by loss carry-forwards from the previous year's tax assessment.

As previously communicated, Atrium Ljungberg has appealed a ruling by the Swedish Administrative Court on a tax case. The case concerns the taxation of a property transaction carried out in 2004 via a limited partnership. The ruling by the Swedish Administrative Court entails an increase in the tax assessment of SEK 326.7 million, which equates to a tax demand for SEK 91.5 million and SEK 15.8 million in estimated interest. Provision was made for the tax demand in the company's accounts in 2012. At the end of 2013 the Administrative Court of Appeal dismissed the Company's appeal, and in January 2014 the entire tax demand, including interest charges, was paid to the Swedish Tax Agency.

Atrium Ljungberg has contested the ruling of the Administrative Court of Appeal and has applied for leave to appeal in the Supreme Administrative Court. Atrium Ljungberg has conducted an analysis of the Group's property transactions for the years from 2004 onwards. No other similar transaction has been identified.

## MARKET DEVELOPMENT, RISKS AND UNCERTAINTY FACTORS

Atrium Ljungberg's property portfolio, with retail, office and full-service environments, is primarily located in strong subsidiary markets in the growth regions of Stockholm, Uppsala and Malmö.

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

For further information on risks and uncertainty factors in general, please see Atrium Ljungberg's 2013 Annual Report and the section entitled "Opportunities and Risks" on pages 88-91.

## ANNUAL GENERAL MEETING

The Annual General Meeting of the company, held on 7 April 2014, resolved that the Board of Directors shall comprise seven ordinary

members. Dag Klackenbergh, Sune Dahlqvist, Thomas Evers, Anna Hallberg and Johan Ljungberg were re-elected and Simon de Château and Erik Langby were newly elected for the period until the end of the next Annual General Meeting.

It was further resolved that a new Nomination Committee would, ahead of the 2015 Annual General Meeting, comprise representatives of the company's five biggest shareholders on 30 April 2014. The members of the Nomination Committee will be announced no later than 13 June 2014.

A dividend payment of SEK 3.05 per share (SEK 2.85/share) was approved.

The Annual General Meeting resolved to authorise the Board of Directors to transfer the company's own class B shares, provided that certain specified preconditions are met, during the period until the next Annual General Meeting.

Full minutes of the Annual General Meeting will be available on Atrium Ljungberg's website.

## PROFIT FORECAST

The forecast profit before changes in value and tax for 2014 is unchanged SEK 800 million. The forecast profit after tax is SEK 470 million, corresponding to SEK 3.61/share and including changes in value as of 31/03/2014. Future changes in value and any future acquisitions and sales of properties have not been taken into account in the forecast.



*The acquisition of Nobelberget creates project opportunities for new offices and residences and connects our portfolio in Sickla from east to west.*



*The property Dimman 11 in Malmö was acquired in March. The acquisition is Atrium Ljungberg's first office building outside Stockholm and is a part of a long-term strategy for growth in the Malmö market.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	2014	2013	2013	2013/2014
	1/1–31/3	1/1–31/3	1/1–31/12	1/4–31/3
Rental income	495.1	488.3	1,956.2	1,963.0
Net sales, project and construction work	67.1	90.2	405.3	382.2
<b>Net sales</b>	<b>562.2</b>	<b>578.5</b>	<b>2,361.5</b>	<b>2,345.2</b>
Property management costs				
Service charge-related costs	-52.5	-56.5	-178.9	-174.9
Other operating costs	-38.4	-43.6	-156.1	-150.9
Management costs	-28.5	-32.8	-128.9	-124.6
Repairs	-9.2	-8.4	-41.0	-41.8
Property tax	-30.5	-32.0	-119.5	-118.0
Leasehold fees	-4.3	-6.7	-24.7	-22.3
Non-deductible VAT	-3.1	-3.0	-9.8	-9.9
	-166.5	-183.0	-658.9	-642.4
Project and construction work costs	-68.4	-86.6	-394.3	-376.1
<b>Gross profit</b>	<b>327.3</b>	<b>308.9</b>	<b>1,308.3</b>	<b>1,326.7</b>
– of which gross profit property management (operating surplus)	328.6	305.3	1,297.3	1,320.6
– of which gross profit project and construction work	-1.3	3.6	11.0	6.1
Central administration, property management	-9.2	-8.4	-47.1	-47.9
Central administration, project and construction work	-3.1	-2.6	-14.4	-14.9
	-12.3	-11.0	-61.5	-62.8
Financial income	0.7	0.2	2.8	3.3
Financial expenses	-105.2	-109.4	-420.6	-416.4
	-104.5	-109.2	-417.8	-413.1
<b>Profit before changes in value</b>	<b>210.5</b>	<b>188.7</b>	<b>829.0</b>	<b>850.8</b>
<b>Changes in value</b>				
Properties, unrealised	-	-	142.5	142.5
Properties, realised	0.9	-	-1.6	-0.7
Financial instruments, unrealised <sup>1)</sup>	-190.6	121.5	342.6	30.5
Goodwill, write-downs	-	-	-33.4	-33.4
	-189.7	121.5	450.1	138.9
<b>Profit before tax</b>	<b>20.8</b>	<b>310.2</b>	<b>1,279.1</b>	<b>989.7</b>
Current tax	-7.6	-4.9	6.1	3.4
Deferred tax	3.7	-63.5	-176.9	-109.7
	-3.9	-68.4	-170.8	-106.3
<b>Net profit for the period</b>	<b>16.9</b>	<b>241.8</b>	<b>1,108.3</b>	<b>883.4</b>
<b>Other comprehensive income</b>				
<i>Items that will be reclassified to net profit for the period</i>				
Cash flow hedging <sup>1)</sup>	8.6	10.0	35.9	34.5
Tax attributable to other reported income and expenses	-1.9	-2.2	-7.9	-7.6
<b>Total other comprehensive income</b>	<b>6.7</b>	<b>7.8</b>	<b>28.0</b>	<b>26.9</b>
<b>Total comprehensive income for the period</b>	<b>23.6</b>	<b>249.6</b>	<b>1,136.3</b>	<b>910.3</b>
Earnings per share, SEK	0.13	1.86	8.52	6.79

For note references, see page 18.

# SEGMENT REPORTING 1/1–31/3 2014

Atrium Ljungberg's segmentation is based on two business areas: property management and project and construction activities. Property management is divided into the Business area Retail, Business area Offices and Project properties. Project and construction activities are divided into project development and TL Bygg.

Amounts in SEK m	Business area Retail	Business area Office	Project properties	Property management, total	Project development	TL Bygg	Project and construction activities, total	Non-allocated items and eliminations	The Group
Rental income	285.1	207.8	2.2	495.1					495.1
Net sales, project and construction work					1.8	87.6	89.4	-22.3	67.1
<b>Net sales</b>	<b>285.1</b>	<b>207.8</b>	<b>2.2</b>	<b>495.1</b>	<b>1.8</b>	<b>87.6</b>	<b>89.4</b>	<b>-22.3</b>	<b>562.2</b>
Property management costs	-105.4	-60.0	-1.1	-166.5					-166.5
Project and construction work costs					-11.5	-79.2	-90.7	22.3	-68.4
<b>Gross profit <sup>1)</sup></b>	<b>179.7</b>	<b>147.8</b>	<b>1.1</b>	<b>328.6</b>	<b>-9.7</b>	<b>8.4</b>	<b>-1.3</b>	<b>0.0</b>	<b>327.3</b>
<i>- of which gross profit/loss from property management</i>	179.7	147.8	1.1	328.6					328.6
<i>- of which gross profit/loss from project and construction work</i>					-9.7	8.4	-1.3		-1.3
Central administration, property management				-9.2					-9.2
Central administration, project and construction work							-3.1		-3.1
Financial income								0.7	0.7
Financial expenses								-105.2	-105.2
<b>Profit/loss before changes in value</b>	<b>179.7</b>	<b>147.8</b>	<b>1.1</b>	<b>319.4</b>	<b>-9.7</b>	<b>8.4</b>	<b>-4.4</b>	<b>-104.5</b>	<b>210.5</b>
Unrealised changes in value, properties									
Realised changes in value, properties	0.9			0.9					0.9
Unrealised changes in value, financial instruments								-190.6	-190.6
	0.9			0.9				-190.6	-189.7
Current tax								-7.6	-7.6
Deferred tax								3.7	3.7
<b>Net profit/loss for the period</b>	<b>180.6</b>	<b>147.8</b>	<b>1.1</b>	<b>320.3</b>	<b>-9.7</b>	<b>8.4</b>	<b>-4.4</b>	<b>-299.0</b>	<b>16.9</b>
<b>Investments, acquisitions, disposals per business segment</b>									
Investments, investment properties	52.6	15.8	116.3	184.7					184.7
Investments, project and construction work							0.2		0.2
Acquisitions, investment properties		265.0	355.0	620.0					620.0
	<b>52.6</b>	<b>280.8</b>	<b>471.3</b>	<b>804.7</b>			<b>0.2</b>		<b>804.9</b>
<b>Assets per business segment, period end</b>									
Investment properties	13,526.4	10,688.3	1,598.6	25,813.3					25,813.3
Project and construction work							143.4		143.4
Unallocated joint assets								777.8	777.8
<b>Total assets</b>	<b>13,526.4</b>	<b>10,688.3</b>	<b>1,598.6</b>	<b>25,813.3</b>			<b>143.4</b>	<b>777.8</b>	<b>26,734.5</b>

<sup>1)</sup> Included in gross profit are SEK 4.0 m referring to sold property.

# SEGMENT REPORTING 1/1–31/3 2013

Amounts in SEK m	Business area Retail	Business area Office	Project properties	Property management, total	Project development	TL Bygg	Project and construction activities, total	Non-allocated items and eliminations	The Group
Rental income	279.7	205.0	3.6	488.3					488.3
Net sales, project and construction work					4.7	115.6	120.3	-30.1	90.2
<b>Net sales</b>	<b>279.7</b>	<b>205.0</b>	<b>3.6</b>	<b>488.3</b>	<b>4.7</b>	<b>115.6</b>	<b>120.3</b>	<b>-30.1</b>	<b>578.5</b>
Property management costs	-109.6	-69.8	-3.6	-183.0					-183.0
Project and construction work costs					-11.0	-105.7	-116.7	30.1	-86.6
<b>Gross profit <sup>1)</sup></b>	<b>170.1</b>	<b>135.2</b>	<b>0.0</b>	<b>305.3</b>	<b>-6.3</b>	<b>9.9</b>	<b>3.6</b>	<b>0.0</b>	<b>308.9</b>
<i>- of which gross profit/loss from property management</i>	170.1	135.2	0.0	305.3					305.3
<i>- of which gross profit/loss from project and construction work</i>					-6.3	9.9	3.6		3.6
Central administration, property management				-8.4					-8.4
Central administration, project and construction work							-2.6		-2.6
Financial income								0.2	0.2
Financial expenses								-109.4	-109.4
<b>Profit/loss before changes in value</b>	<b>170.1</b>	<b>135.2</b>	<b>0.0</b>	<b>296.9</b>	<b>-6.3</b>	<b>9.9</b>	<b>1.0</b>	<b>-109.2</b>	<b>188.7</b>
Unrealised changes in value, properties									
Realised changes in value, properties									
Unrealised changes in value, financial instruments								121.5	121.5
								121.5	121.5
Current tax								-4.9	-4.9
Deferred tax								-63.5	-63.5
<b>Net profit/loss for the period</b>	<b>170.1</b>	<b>135.2</b>	<b>0.0</b>	<b>296.9</b>	<b>-6.3</b>	<b>9.9</b>	<b>1.0</b>	<b>-56.1</b>	<b>241.8</b>
<b>Investments, acquisitions, disposals per business segment</b>									
Investments, investment properties	11.0	61.5	247.8	320.3					320.3
Investments, project and construction work							0.0		0.0
Acquisitions, investment properties									
	<b>11.0</b>	<b>61.5</b>	<b>247.8</b>	<b>320.3</b>			<b>0.0</b>		<b>320.3</b>
<b>Assets per business segment, period end</b>									
Investment properties	13,799.2	9,504.6	1,592.7	24,896.5					24,896.5
Project and construction work							88.7		88.7
Unallocated joint assets								813.5	813.5
<b>Total assets</b>	<b>13,799.2</b>	<b>9,504.6</b>	<b>1,592.7</b>	<b>24,896.5</b>			<b>88.7</b>	<b>813.5</b>	<b>25,798.7</b>

<sup>1)</sup> Included in gross profit are SEK 33.7 m referring to sold properties.

The comparative figures for 2013 have been recalculated in accordance with the new segment reporting.



# CONSOLIDATED BALANCE SHEETS SUMMARY

Amounts in SEK m	31.3.2014	31.3.2013	31.12.2013
<b>ASSETS</b>			
Investment properties	25,813.3	24,896.5	25,008.5
Goodwill	274.3	307.6	274.3
Derivatives	–	–	14.9
Other fixed assets	17.1	19.5	23.0
<b>Total fixed assets</b>	<b>26,104.7</b>	<b>25,223.6</b>	<b>25,320.7</b>
Current assets	378.0	346.3	1,323.0
Liquid assets	251.8	228.8	186.6
<b>Total current assets</b>	<b>629.8</b>	<b>575.1</b>	<b>1,509.6</b>
<b>Total assets</b>	<b>26,734.5</b>	<b>25,798.7</b>	<b>26,830.3</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	11,044.3	10,504.9	11,020.7
Deferred tax liability	2,508.4	2,426.7	2,515.7
Long-term interest-bearing liabilities <sup>2)</sup>	11,251.4	9,372.0	10,660.2
Derivatives	167.1	231.9	–
Other long-term liabilities	26.8	23.1	25.1
<b>Total long-term liabilities</b>	<b>13,953.7</b>	<b>12,053.7</b>	<b>13,201.0</b>
Current provisions	–	106.2	–
Current interest-bearing liabilities <sup>2)</sup>	712.6	2,424.9	1,753.6
Derivatives	–	0.2	–
Other current liabilities	1,023.9	708.8	855.0
<b>Total current liabilities</b>	<b>1,736.5</b>	<b>3,240.1</b>	<b>2,608.6</b>
<b>Total shareholders' equity and liabilities</b>	<b>26,734.5</b>	<b>25,798.7</b>	<b>26,830.3</b>

# CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY

Amounts in SEK m	Attributable to the Parent Company shareholders				
	Share capital	Other capital contributed	Hedging provisions	Profits brought forward	Total shareholders' equity
<b>Opening balance, as per 1 January 2013</b>	<b>333.0</b>	<b>3,959.8</b>	<b>–141.3</b>	<b>6,103.8</b>	<b>10,255.3</b>
Profit for the period				241.8	241.8
Other comprehensive income			7.8		7.8
<b>Utgående balans per 31 March 2013</b>	<b>333.0</b>	<b>3,959.8</b>	<b>–133.5</b>	<b>6,345.6</b>	<b>10,504.9</b>
Profit for the period				866.5	866.5
Other comprehensive income			20.2		20.2
Dividend, SEK 2.85 /share				–370.9	–370.9
<b>Closing balance as per 31 December 2013</b>	<b>333.0</b>	<b>3,959.8</b>	<b>–113.3</b>	<b>6,841.2</b>	<b>11,020.7</b>
Profit for the period				16.9	16.9
Other comprehensive income			6.7		6.7
<b>Closing balance as per 31 March 2014</b>	<b>333.0</b>	<b>3,959.8</b>	<b>–106.6</b>	<b>6,858.1</b>	<b>11,044.3</b>

There are a total of 133,220,736 (133,220,736) shares, of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. At the period end, there were a total of 130,156,988 (130,156,988) outstanding shares, which corresponds to the average number of outstanding shares. The company holds 3,063,748 (3,063,748) of its own class B shares.

# CONSOLIDATED STATEMENTS OF CASH FLOW

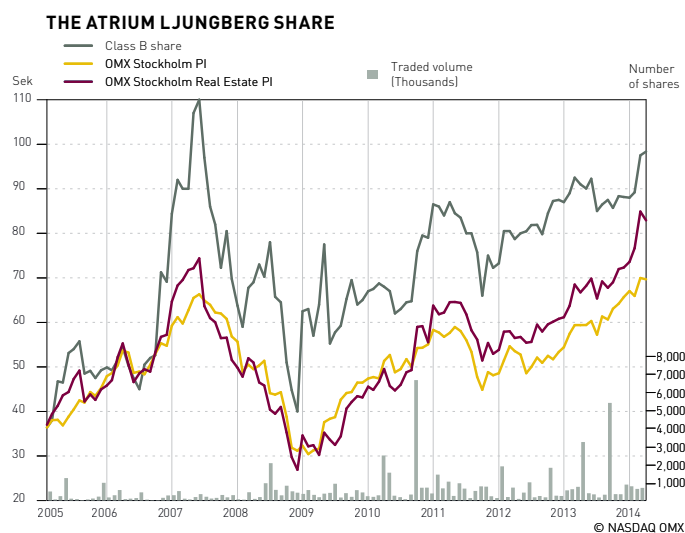
Amounts in SEK m	<b>2014</b> 1/1–31/3	2013 1/1–31/3	2013 1/1–31/12	2013/2014 1/4–31/3
<b>OPERATING ACTIVITIES</b>				
Profit before tax	20.8	310.2	1,279.1	989.7
Reversal of depreciation and write-downs	1.6	1.5	6.1	6.2
Realised changes in value, investment properties	-0.9	-	1.6	0.7
Unrealised changes in value, investment properties	-	-	-142.5	-142.5
Unrealised changes in value, financial instruments	190.6	-121.5	-342.6	-30.5
Other items not included in the cash flow	4.1	1.8	54.2	56.5
Tax paid	-138.1	3.9	-86.5	-228.5
<b>Cash flow from operating activities before changes in working capital</b>	<b>78.1</b>	<b>195.9</b>	<b>769.4</b>	<b>651.6</b>
Net change in working capital	38.6	-21.0	84.8	144.4
<b>Cash flow from operating activities</b>	<b>116.7</b>	<b>174.9</b>	<b>854.2</b>	<b>796.0</b>
<b>INVESTMENT ACTIVITIES</b>				
Acquisition of properties	-355.0	-	-	-355.0
Reconstruction and new construction of properties	-184.8	-320.3	-1,301.8	-1,166.3
Sale of properties	938.4	-	32.0	970.4
Acquisition/sale of equipment	-0.9	-1.0	-3.3	-3.2
<b>Cash flow from investment activities</b>	<b>397.7</b>	<b>-321.3</b>	<b>-1,273.1</b>	<b>-554.1</b>
<b>FINANCING ACTIVITIES</b>				
Change in other long-term receivables	1.7	0.4	1.7	3.0
Loans raised	800.0	789.4	3,409.8	3,420.4
Amortisation of debts	-1,250.9	-603.1	-2,623.6	-3,271.4
Dividend paid	-	-	-370.9	-370.9
<b>Cash flow from financing activities</b>	<b>-449.2</b>	<b>186.7</b>	<b>417.0</b>	<b>-218.9</b>
<b>Cash flow for the period</b>	<b>65.2</b>	<b>40.3</b>	<b>-1.9</b>	<b>23.0</b>
<b>Liquid assets at the beginning of the period</b>	<b>186.6</b>	<b>188.5</b>	<b>188.5</b>	<b>228.8</b>
<b>Liquid assets at the end of the period</b>	<b>251.8</b>	<b>228.8</b>	<b>186.6</b>	<b>251.8</b>



# KEY RATIOS

	2014 1/1–31/3	2013 1/1–31/3	2013 1/1–31/12	2013/2014 1/4–31/3
<b>PROPERTY-RELATED KEY RATIOS</b>				
Letting rate, %	95	95	95	95
Operating surplus margin, %	66	63	66	67
Letting area, '000 m <sup>2</sup>	964	903	941	964
Investments in properties, SEK m	185	320	1,302	1,167
Number of properties	49	57	47	49
<b>FINANCIAL KEY RATIOS</b>				
Equity/assets ratio, %	41.3	40.7	41.1	41.3
Debt/equity ratio, multiple	1.1	1.1	1.1	1.1
Gearing ratio, %	46.8	47.4	47.8	46.8
Interest coverage margin, multiple	3.0	2.7	3.0	3.0
Average rate of interest on interest-bearing liabilities (at period end), %	3.6	3.7	3.6	3.6
Return on shareholders' equity, %	0.6	9.3	10.4	8.2
Return on shareholders' equity, excluding changes in value, %	5.9	5.7	6.0	6.0
Return on assets, %	1.9	6.5	6.5	5.4
Return on assets excluding changes in value, %	4.7	4.7	4.7	4.7
<b>DATA PER SHARE</b>				
Earnings per share, SEK	0.13	1.86	8.52	6.79
Profit before changes in value less nominal tax, SEK	1.26	1.13	4.97	5.10
Cash flow, SEK	0.90	1.34	6.56	6.12
Shareholders' equity, SEK	84.85	80.71	84.67	84.85
Net worth, 10% deferred tax, SEK	93.41	88.73	93.09	93.41
Share price, SEK	98.35	91.00	88.00	98.35
Average number of outstanding shares, '000 <sup>1)</sup>	130,157	130,157	130,157	130,157
Number of outstanding shares at end of period, '000 <sup>1)</sup>	130,157	130,157	130,157	130,157
<b>EMPLOYEES</b>				
Average number of employees	280	276	285	280

<sup>1)</sup> Registered number of shares less 3,063,748 class B shares bought back.



## THREE REASONS TO OWN SHARES IN ATRIUM LJUNGBERG

**A stable dividend yield** – The dividend yield over the last five years was 3.3 per cent. The dividends paid by the company since its flotation in 1994 have never fallen in SEK per share.

**Low risk** – The company's operations are stable and its financial position is strong, with solid key ratios such as a low gearing ratio and high interest coverage margin.

**Potential for good value growth** – With a planned investment rate of SEK 1 billion per year and a goal of 20 per cent returns on new build and extension projects, the company – and hence the share – has excellent potential for good value growth over time.

# QUARTERLY SUMMARY

## INCOME STATEMENTS

	2014	2013	2013	2013	2013	2012	2012	2012
Amounts in SEK m	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Rental income	495.1	511.0	475.2	481.7	488.3	457.0	458.9	453.7
Net sales, project and construction work	67.1	98.3	104.7	112.1	90.2	66.0	65.7	58.3
<b>Net sales</b>	<b>562.2</b>	<b>609.3</b>	<b>579.9</b>	<b>593.8</b>	<b>578.5</b>	<b>523.0</b>	<b>524.6</b>	<b>512.0</b>
Property management costs	-166.5	-173.1	-144.8	-158.0	-183.0	-164.8	-132.0	-140.3
Project and construction work costs	-68.4	-95.0	-100.9	-111.8	-86.6	-61.7	-63.2	-57.7
<b>Gross profit</b>	<b>327.3</b>	<b>341.2</b>	<b>334.2</b>	<b>324.0</b>	<b>308.9</b>	<b>296.5</b>	<b>329.4</b>	<b>314.0</b>
– of which gross profit from property management	328.6	337.9	330.4	323.7	305.3	292.2	326.9	313.4
– of which gross profit from project and construction work	-1.3	3.3	3.8	0.3	3.6	4.3	2.5	0.6
Central administration, property management	-9.2	-16.2	-11.4	-11.1	-8.4	-13.1	-9.5	-9.4
Central administration, project and construction work	-3.1	-5.7	-3.1	-3.0	-2.6	-4.5	-4.9	-4.5
	-12.3	-21.9	-14.5	-14.1	-11.0	-17.5	-14.4	-13.9
Financial income	0.7	1.2	0.8	0.6	0.2	2.5	1.1	2.4
Financial expenses	-105.2	-107.7	-99.3	-104.2	-109.4	-108.5	-106.2	-124.3
	-104.5	-106.5	-98.5	-103.6	-109.2	-106.0	-105.1	-121.9
<b>Profit before changes in value</b>	<b>210.5</b>	<b>212.8</b>	<b>221.2</b>	<b>206.3</b>	<b>188.7</b>	<b>173.0</b>	<b>209.9</b>	<b>178.2</b>
Unrealised changes in value, properties	–	101.0	-100.0	141.5	–	123.3	–	244.5
Realised changes in value, properties	0.9	-1.6	-2.0	2.0	–	-0.1	32.8	–
Unrealised changes in value, financial instruments	-190.6	1.4	28.3	191.4	121.5	-55.9	-147.9	-85.3
Goodwill write-downs	–	-0.1	-33.3	–	–	-74.9	-7.3	–
	-189.7	100.7	-107.0	334.9	121.5	-7.6	-122.4	159.2
<b>Profit before tax</b>	<b>20.8</b>	<b>313.5</b>	<b>114.2</b>	<b>541.2</b>	<b>310.2</b>	<b>165.4</b>	<b>87.5</b>	<b>337.4</b>
Tax	-3.9	-60.9	76.8	-118.3	-68.4	410.9	1.2	-184.5
<b>Net profit for the period</b>	<b>16.9</b>	<b>252.6</b>	<b>191.0</b>	<b>422.9</b>	<b>241.8</b>	<b>576.3</b>	<b>88.7</b>	<b>152.9</b>
<b>KEY RATIOS</b>								
	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>
<b>Property-related key ratios</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
Letting rate, %	95	95	95	95	95	95	95	95
Operating surplus margin, %	66	66	70	67	63	64	71	69
Letting area, '000 m <sup>2</sup>	964	941	940	903	903	903	887	888
Investments in properties, SEK m	185	360	329	293	320	465	347	386
Number of properties	49	47	50	51	57	57	54	54
<b>Financial key ratios</b>								
Equity/assets ratio, %	41.3	41.1	40.7	40.2	40.7	40.3	39.2	39.1
Debt/equity ratio, multiple	1.1	1.1	1.2	1.2	1.1	1.1	1.2	1.2
Gearing ratio, %	46.8	47.8	48.4	48.7	47.4	47.3	47.3	48.0
Interest coverage margin, multiple	3.0	3.0	3.2	3.0	2.7	2.6	3.0	2.4
Average rate of interest on interest-bearing liabilities [at period end], %	3.6	3.6	3.6	3.6	3.7	3.9	4.1	4.1
Return on shareholders' equity, %	0.6	9.3	7.2	16.1	9.3	23.1	3.7	6.3
Return on shareholders' equity, excluding changes in value,	5.9	6.1	5.5	6.2	5.7	5.2	6.2	5.4
Return on total assets, %	1.9	6.3	3.2	9.9	6.5	4.4	3.1	7.6
Return on total assets excluding changes in value, %	4.7	4.8	4.4	4.8	4.7	4.5	5.0	5.0
<b>Data per share</b>								
Earnings per share, SEK	0.13	1.94	1.47	3.25	1.86	4.43	0.68	1.17
Profit before changes in value less applicable nominal tax, SEK	1.26	1.28	1.33	1.24	1.13	0.98	1.19	1.01
Cash flow, SEK	0.90	1.65	2.39	1.18	1.34	1.83	1.67	2.42
Shareholders' equity, SEK	84.85	84.67	82.68	81.16	80.71	78.79	74.37	73.63
Net worth, 10% deferred tax, SEK	93.41	93.09	90.66	89.45	88.73	86.67	84.80	83.94
Share price, SEK	98.35	88.00	85.70	85.00	91.00	87.00	84.50	81.85
Average number of outstanding shares, '000 <sup>1)</sup>	130,157	130,157	130,157	130,157	130,157	130,157	130,157	130,157
Number of outstanding shares at end of period, '000 <sup>1)</sup>	130,157	130,157	130,157	130,157	130,157	130,157	130,157	130,157

<sup>1)</sup> Registered number of shares less 3,063,748 class B shares bought back.

# 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 40.3 million (SEK 42.8 m). The operating profit/loss totalled SEK 66.8 million (SEK 19.9 m) and has been affected by result of participations in the Group companies and increased interest income.

## INCOME STATEMENTS PARENT COMPANY

Amounts in SEK m	2014	2013	2013
	1/1-31/3	1/1-31/3	1/1-31/12
Net sales	40.3	42.8	171.6
Management and production costs	-25.8	-24.4	-177.8
<b>Gross profit</b>	<b>14.5</b>	<b>18.4</b>	<b>-6.2</b>
Profit/loss on property sales	-	-	-15.2
Central administration and marketing	-9.2	-8.4	-46.9
<b>Operating profit/loss</b>	<b>5.3</b>	<b>10.0</b>	<b>-68.3</b>
Result of participations in Group companies	46.2	39.5	281.6
Interest income and similar profit/loss items	130.1	80.2	396.7
Interest expenses and similar profit/loss items	-114.8	-109.8	-432.7
	61.5	9.9	245.6
<b>Profit/loss after financial items</b>	<b>66.8</b>	<b>19.9</b>	<b>177.3</b>
Appropriations	-2.6	0.2	28.2
Current tax	-7.3	-4.9	3.9
Deferred tax	-4.4	-4.5	-3.7
	-11.7	-9.4	0.2
<b>Net profit/loss for the period</b>	<b>52.5</b>	<b>10.7</b>	<b>205.7</b>

Interest-bearing liabilities amount to SEK 7,747 million (SEK 7,822 m as of 31st Dec. 2013). These funds finance the parent company's property portfolio and are lent on to other Group companies.

## SUMMARY BALANCE SHEETS PARENT COMPANY

Amounts in SEK m	31.3.2014	31.3.2013	31.12.2013
	<b>ASSETS</b>		
Tangible fixed assets	1,331.5	1,357.1	1,318.5
Financial fixed assets	2,269.8	6,259.3	2,223.6
Current assets	13,445.3	7,894.3	13,695.0
<b>Total assets</b>	<b>17,046.6</b>	<b>15,510.7</b>	<b>17,237.1</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	6,920.9	7,044.3	6,868.4
Untaxed reserves	28.4	9.6	25.8
Provisions	217.3	213.7	212.8
Long-term liabilities	7,818.1	4,997.4	6,791.3
Current liabilities	2,061.9	3,245.7	3,338.8
<b>Total shareholders' equity and liabilities</b>	<b>17,046.6</b>	<b>15,510.7</b>	<b>17,237.1</b>

# ACCOUNTING PRINCIPLES AND NOTE REFERENCES

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 correspond to those described in the 2013 Annual Report.

### Valuation method for investment properties

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

### Valuation method for financial instruments

Derivatives (interest swap agreements) are valued at fair value in the Balance Sheet and the fair value of derivatives has, in accordance with the IFRS valuation hierarchy, been valued in accordance with level 2. This level means that the valuation is based on input data other than the listed prices used in level 1, 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. Other financial instruments are not affected by the fair value hierarchy in that they are reported at the accrued acquisition value in the Balance Sheet.

New and revised standards from IFRS and interpretations from IFRIC to be applied by the Group as of 1 January 2014 have had no effect on the Group's results or financial position.

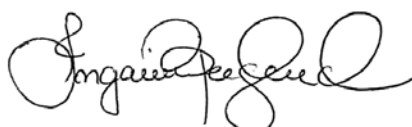
### NOTE REFERENCES FOR THE FINANCIAL REPORTS

1) Atrium Ljungberg has ceased, as of 1 January 2012, to apply hedge accounting to the interest swaps that hedge the interest flows on external loans. The hedging reserve, which totalled SEK -163.7 million on 31 December 2011, is being reversed linearly to Other comprehensive income over the terms of the respective derivatives. The remaining amount to be redeemed as of 31 March 2014 totals SEK -106.6 million.

2) The Group's reported interest-bearing liabilities total SEK 11,964 million (SEK 12,414 m as of 31/12/2013) and their fair value totals SEK 12,061 million (SEK 12,511 m as of 31/12/2013). 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. 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.

The Interim Report has not been subject to review by the company's auditors. For definitions please see [www.atriumljungberg.se](http://www.atriumljungberg.se)

Nacka, 15 April 2014



Ingalill Berglund, CEO

GREAT  
PLACE  
TO  
WORK®

Sveriges Bästa  
Arbetsplatser 2014  
Sweden



*Atrium Ljungberg received the award "Sweden's Best Workplaces of 2014" within the category of medium-sized companies.*

# INFORMATION FROM ATRIUM LJUNGBERG

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

**AS A LISTED COMPANY**, Atrium Ljungberg is subject to the rules of the listing agreement with the NASDAQ OMX 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.atriumljungberg.se](http://www.atriumljungberg.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.

**OUR ANNUAL REPORT** and our Interim Reports are available on our website and are also distributed in printed format by post to shareholders who have actively requested them. Interim Reports and preliminary financial statements are translated into English and both language versions are made available simultaneously on the website. The Annual Report is 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.atriumljungberg.se](http://www.atriumljungberg.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 our website is also available in English.

## PUBLICATION OF FINANCIAL INFORMATION

Interim Report, Jan – June 2014	10 July 2014
Interim Report, Jan – Sept. 2014	22 October 2014
Preliminary Financial Statement, 2014	February 2015
2014 Annual Report	March 2015



ATRIUM LJUNGBERG

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