



ATRIUM LJUNGBERG

**Q22014**

INTERIM REPORT  
JANUARY - JUNE



## THIS IS ATRIUM LJUNGBERG

• NUMBER OF PROPERTIES	49
• PROPERTY VALUE	SEK 26.4 BILLION
• CONTRACTED ANNUAL RENT	SEK 1.9 BILLION
• TOTAL LETTING AREA	971,000 M <sup>2</sup>
• LETTING RATE	95 PER CENT
• NUMBER OF EMPLOYEES	279

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

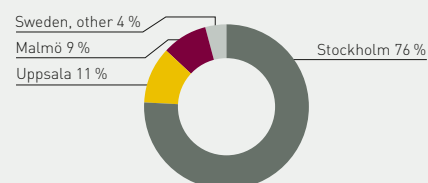
- NET SALES totalled SEK 1,131 million (SEK 1,172 m), of which rental income increased to SEK 981 million (SEK 970 m).
- THE LETTING RATE amounted to 95 per cent (95 % as of 31st December 2013), including project properties.
- THE OPERATING SURPLUS from property management increased to SEK 656.8 million (SEK 629.0 m).
- THE PROFIT BEFORE CHANGES IN VALUE increased to SEK 424.2 million (SEK 395.0 m).
- UNREALISED CHANGES IN THE VALUE of properties increased to SEK 426.1 million (SEK 141.5 m). Unrealised changes in the value of financial instruments amounted to SEK -454.5 million (SEK 312.9 m).
- NET PROFIT FOR THE PERIOD totalled SEK 311.0 million (SEK 664.7 m), corresponding to SEK 2.38/share (SEK 5.11/share).
- INVESTMENTS in Atrium Ljungberg's own properties amounted to SEK 345 million (SEK 613 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 raised to SEK 815 million.

### KEY RATIOS

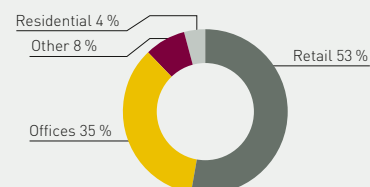
	2014 Jan – June	2013 Jan – June	2014 Apr – June	2013 Apr – June
Net sales, SEK m	1,131	1,172	568	594
Profit/loss before changes in value, SEK m	424	395	214	206
Net profit/loss for the period, SEK m	311	665	294	423
Investments, SEK m	345	613	160	293
Cash flow from operating activities, SEK m	358	328	241	153
Letting rate, %	95	95	95	95
Equity/assets ratio, %	41.0	40.2	41.0	40.2
Gearing ratio, %	46.5	48.7	46.5	48.7
Average interest rate at period end, %	3.6	3.6	3.6	3.6
Interest coverage ratio, multiple	3.1	2.8	3.2	3.0
Earnings per share, SEK	2.38	5.11	2.23	3.25
Profit/loss before changes in value less nominal tax, SEK/share	2.53	2.37	1.27	1.24
Market value, SEK/share	109.00	85.00	109.00	85.00
Shareholders' equity, SEK/share	84.40	81.16	84.40	81.16
Net worth, SEK/share, 10% deferred tax	93.30	89.45	93.30	89.45

This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

#### CONTRACTED ANNUAL RENT PER REGION



#### CONTRACTED ANNUAL RENT PER PREMISES TYPE



# CEO'S STATEMENT

*ATRIUM LJUNGBERG CONTINUES to demonstrate steady growth and profit before changes in value and tax is increasing by 7 per cent. With the aim of increasing liquidity in the share through the distribution of ownership, the company together with the primary owners sold shares corresponding to 8.3 per cent of the capital in mid-May. A strong property market combined with an exciting project portfolio creates conditions for future value growth.*



Atrium Ljungberg continues to demonstrate stable growth in its management outcome during the first six months of 2014. The operating surplus is increasing by four per cent and the profit before changes in value is increasing by seven per cent. Our large retail hubs are reporting good sales growth of eight per cent, driven in particular by Mobilia and Port 73 due to projects that were completed in 2013. Our letting rate has remained at 95 per cent, and rental levels are stable.

Good access to capital, historically low interest rates and an increased risk appetite contributed to a strong property market. This has led to increased transaction volume during the period and higher values for good properties in attractive locations. For us, the stronger property market and higher operating nets resulted in an appreciation in our property portfolio of SEK 426 million, which corresponds to 1.7 per cent. At the same time the low interest rates are creating a higher deficit value in the derivatives portfolio, which is being written down by SEK 454 million.

During the spring we initiated legal proceedings against AkzoNobel following its rescission of the lease contract for the Sickla Front office property. It is our assessment that it will take several years before these proceedings are concluded. The property value was written down by SEK 100 million in the report for the third

During the first six months of the year we have invested SEK 345 million in our ongoing projects and the investment volume for 2014 is expected to total around SEK 600 million, which is lower than previous years.

We have been placing considerable focus for some time on creating new development opportunities for the future, and several detailed development planning processes are under way. In Sickla alone we are currently planning for the development of around 1,000 apartments and more than 30,000 m<sup>2</sup> of new commercial area. The extension of the Tvärbanan and the future extension of the subway in the direction of Nacka will make Sickla an increasingly attractive location for both residential and office buildings. Work on a major detailed development plan for almost 500 apartments and around 30,000 m<sup>2</sup> of new commercial area is also under way in Gränby Centrum in Uppsala. As a whole, we estimate the potential investments in our project portfolio to be SEK 9 billion. These project opportunities are distributed among all of our areas but are primarily in Uppsala and Sickla. The growth potential of the project portfolio is considerable, and the portfolio also creates conditions for further increasing the future attractiveness of our locations.

Investors are very interested in the Atrium Ljungberg share, and international investors in particular. However, limited liquidity in the share and uncertainty about the ability to quickly sell large blocks of shares on the stock exchange have deterred a number of investors from investing in the company. Action was therefore taken in the middle of May to spread the distribution of the share, and the primary owners, the Stockholm Consumer Cooperative society and the Ljungberg family, sold shares corresponding to six per cent of the capital. In conjunction with this, Atrium Ljungberg also sold its repurchased shares corresponding to just over two per cent of the capital. Demand was very strong and the shares were initially distributed among around 200 owners. During the month following the distribution, trade in the share increased by 200 per cent compared to the corresponding period before the transaction.

Thanks to properties in attractive locations, a stable rental market and a large project portfolio, the future looks bright. The profit forecast before changes in value and tax for 2014 is being raised by SEK 15 million to SEK 815 million.

*Ingalill Berglund,*  
CEO

---

*"We have focused on creating new development opportunities for the future. As a whole, we estimate the potential investments in our project portfolio to be SEK 9 billion."*

quarter of 2013 for, among other things, an assumed vacancy period and reconstruction costs. The building will be completely converted to offices during the autumn. We have not yet signed any new lease contracts for the property, but are noting clear interest from the market.

Other ongoing projects include the completion of Kvarteret NOD in Kista and the development of Gränby Köpstad in Uppsala. Occupancy of the first phase of NOD has begun and will continue during the autumn. The official inauguration will be held at the beginning of October.

The development of Gränby Köpstad is in full swing and it will be a new, attractive retail area that complements Gränby Centrum in one of Uppsala's fastest-growing districts.

## THE MARKET AND MANAGEMENT

The recovery on the global market that has been emerging since the end of 2013 is now much more evident. Improvements continue to be fragmented, but as a whole the global economy is expected to post higher growth this year than in 2013. The Swedish economy is also advancing in the proper direction. The rate of investment demonstrated strong growth during the first quarter of the year, but household consumption continued to be the main driver behind the growth. A slight improvement in exports has also been discernible in recent quarters. All in all, there are signs that a more tangible recovery is right around the corner. At the same time, inflation is very low. In an effort to reach the inflation target of two per cent, The Riksbank lowered the repo interest rate in July by 0.5 percentage point to 0.25 per cent and it is believed that it will remain at this low level until the end of 2015. The Swedish National Institute of Economic Research is forecasting growth in GDP of 2.2 per cent for 2014. HUI Research predicts positive growth of approximately three per cent in the Swedish retail sector in 2014. The Swedish retail sector grew by 3.3 per cent during the period January to May 2014, measured in rolling prices and in comparison with the corresponding period in 2013.

Atrium Ljungberg's major retail hubs – Sickla, Farsta Centrum, Port 73, Gränby Centrum and Mobilia – collectively reported a positive net sales trend during the period January–May, growing by eight per cent in comparison with the corresponding period in 2013. Total net sales are primarily affected by newly opened stores in Port 73 and Mobilia. Retail competition in Malmö is fierce, but Mobilia has a strong position as one of the leading

and historically successful retail hubs. We are noticing a great interest in opening new stores.

The office rental market in the Stockholm region is holding its own. There are now signs of increased demand and higher rent levels when signing new lease contracts. Low vacancies and limited construction of new office premises in Stockholm city centre has increased interest in the premises outside the city centre. For Atrium Ljungberg, this is primarily noticeable in Hagastaden where the new university hospital, New Karolinska Solna, and the growth of the new city district have garnered considerable interest. There has also been a clear increase in interest in Södermalm and Farsta, where our office premises are more or less fully let.

On 29 April, we took possession of the office property, Dimman 11, in Malmö, which we had acquired in March. The property is fully let and extensive reconstruction and extension work is ongoing for the tenant, the City of Malmö, which will establish city archives, offices, restaurant and a cinema. The expected occupancy date is 1 January 2015.

Net letting during the second quarter of 2014, i.e. newly agreed contracted annual rents during the second quarter, less annual rents due to the termination of a lease contract, amounted to to SEK 4 million. To facilitate future projects, an agreement to vacate the premises was reached with a tenant. This had a negative impact on net letting by almost SEK –10 million.

## PROJECTS

Atrium Ljungberg has invested a total of SEK 345 million in own development projects during the first six months of 2014. These investments refer primarily to Kvarteret NOD in Kista, Gränby Köpstad in Uppsala and Ica Kvantum in

Farsta. The remaining investment volume for ongoing projects totally amounted to approximately SEK 460 million on 30 June.

## MOBILIA

Occupancy of the rental apartments in the two residential buildings which we have built right next to the Mobilia city district is now complete. The residential properties with businesses on the bottom floors have been a major contributor to creating a living environment in and around Mobilia.

## FARSTA CENTRUM

At the beginning of May a 3,900 m<sup>2</sup> renovation and extension in Farsta Centrum for Ica Kvantum and an additional three new stores was inaugurated. The new building also has a two-story garage with more than 140 parking spaces. The new establishments complement Farsta Centrum's total offering and are a step towards strengthening the centre's grocery and food selection.

## SICKLA

The Sickla Front office building in between Sickla and Hammarby Sjöstad is now in its final stages and will be completed in the autumn of 2014. Sickla Front offers rational and representative office environments that meet the environmental and sustainability requirements of the future. The property will be certified in accordance with the BREEAM environmental certification system.

During the second quarter, Atrium Ljungberg submitted an application for summons directed against AkzoNobel, which rescinded in 2013 the lease contract signed for Sickla Front in 2010. No new lease contract has been signed to date.

## 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 SEK m	Completion date	Rental value excl. surcharge, SEK m	Letting rate, %
Mobilia, Rental apartments, Bohus 8, Malmö		4,100	Residential	100	0	Q1 2014	7	100
Farsta Centrum, Ica Kvantum, Storö 24, Stockholm	400	3,500	Retail/Parking	150	0	Q2 2014	N/A <sup>2)</sup>	98
Kvarteret NOD, Kista Gård, Borgarnäs 1, Stockholm		27,000	Offices/Other	700	150	Q3 2014	68	54
Sickla Front, Sicklaön 83:32, Nacka		10,100	Offices	350	90	Q3 2014	22	–
Gränby Köpstad, part of Phase 1, Brillinge 8:1/9:1, Uppsala		15,500	Retail/Other	300	220	2014/2015 <sup>3)</sup>	27	62
<b>Total</b>	<b>400</b>	<b>60,200</b>		<b>1,600</b>	<b>460</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 up-grading 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 completed on an ongoing basis. Three restaurants will open in July 2014. Blomsterlandet, Apoteket and City Gross will open between March and November 2015.

## GRÄNBÝ

The development of the new retail hub in Gränby Köpstad in north-eastern Uppsala is gradually progressing. Right now work is nearing completion on the construction of a building for three restaurant operators that will open in July. Contracts have been signed with Blomsterlandet, Apoteket and City Gross, which will open between March and November 2015.

With Gränby Köpstad, we aim to create a unified area for approximately 50,000 m<sup>2</sup> of rational bulk retail that complements the existing Gränby Centrum to form a competitive and attractive retail area.

## KVARTERET NOD

Our work to build Kvarteret NOD in Kista has been ongoing since 2011 and the building totals 27,000 m<sup>2</sup>. Occupancy of the first phase of 14,000 m<sup>2</sup> has begun and will be completed during the autumn. The remaining area will be completed as it is let.

NOD will be a unique meeting place for innovation and creativity within ICT (information and communication technology), where the mix of education, business and research will create the prerequisites for the emergence of new ideas and businesses. The largest tenant is Stockholm University with three different businesses: Department of Computer and Systems Sciences (DSV), the eGovlab research unit and Digital Art Center – a public arena for art and new technology. Other educational organisations in NOD include Stockholm Science & Innovation School (SSIS), a municipal secondary school with a focus on science, entrepreneurship and innovation, and Cornerstone, one of the largest companies in Sweden for further

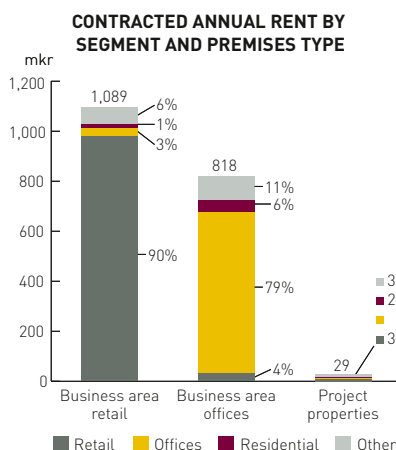
IT training. Other new tenants will be Kista Science City, the Member 24 gym, software developer SenseGraphics and the restaurant, café and seminar concept, Eatery. The official inauguration is 2 October.

NOD is built to be sustainable in the long-term and will be certified in accordance with the BREEAM environmental certification system.

## NEW SEGMENT DIVISION

As from 1/1/2014 we report our segments in two lines of business: Property management and Project and construction activities. Property management is divided into Business Area Retail, Business Area Offices and Project Properties. Project and construction activities are divided into the Project Development and TL Bygg segments.

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



## RENTAL INCOME TREND, 2014

The Group's contracted annual rent (rent incl. surcharges of, for example, property tax and electricity) amounted to SEK 1,937 million at 1/7/2014.

Taking into account known contract changes, the contracted annual rent for the fourth quarter of 2014 is expected to increase by around SEK 30 million. The changes comprise upcoming known notices of termination and contracted new lets as well as contracted annual rents for projects which were completed during the year, for example Kvarteret NOD in Kista. The amount of contracted annual rent does not include any letting assumptions for vacancies.

The rental value, i.e. contracted annual rent and estimated market rents for vacant space in existing condition, amounted to SEK 2,048 million (SEK 2,010 m) as at 1/7/2014, which gives an economic letting rate of 95 per cent (95%) including project properties.

## PROPERTY PORTFOLIO AND TRANSACTIONS

The Swedish property market continued to be strong and is continuing to demonstrate a strong positive trend since there is a high willingness to invest and good access to capital. At the same time the interest rate is at historically low levels.

There is considerable interest in all types of properties, in particular office properties and residential properties, and several major sales were completed during the first six months of the year.

According to Savills, the transaction volume on the Swedish property market during the first six month amounted to SEK 67 billion, which is a rise of 41 per cent compared to the first six months of 2013.

## CONTRACTED ANNUAL RENT TREND, SEK M

	2013 result <sup>1)</sup>	2014 Q1 <sup>2)</sup>	2014 Q2 <sup>2)</sup>	2014 Q3 <sup>3)</sup>	2014 Q4 <sup>3)</sup>
Business Area Retail	1,026	1,095	1,091	1,089	1,089
Business Area Offices	826	831	836	818	821
Project properties	34	11	25	29	57
<b>Total</b>	<b>1,887</b>	<b>1,937</b>	<b>1,953</b>	<b>1,937</b>	<b>1,968</b>
Properties sold	70	30	–	–	–
<b>Total</b>	<b>1,956</b>	<b>1,967</b>	<b>1,953</b>	<b>1,937</b>	<b>1,968</b>

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

	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %
Business area Retail	1,140	1,089	96
Business area Office	872	818	94
Project properties	37	29	80
<b>Total</b>	<b>2,048</b>	<b>1,937</b>	<b>95</b>

<sup>1)</sup> The 2013 result has been recalculated in accordance with the classification of the property portfolio as of Q2 2014.

<sup>2)</sup> Q1 and Q2 refer to the result recalculated on a per annum basis.

<sup>3)</sup> Contracted annual rent for Q3–Q4 includes known contract changes in the respective quarters.

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



## 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 971,000 m<sup>2</sup>.

## CHANGE IN THE VALUE OF THE PROPERTY PORTFOLIO

	SEK m	Number
Property portfolio, 01/01/2014	25,008	47
Acquisitions	620	2
New builds, reconstruction and extension	345	–
Unrealised changes in value	426	–
<b>Property portfolio, 30/06/2014</b>	<b>26,400</b>	<b>49</b>

## PROPERTY VALUES

Atrium Ljungberg has commissioned an external valuation of 18 per cent of the property portfolio's value during the second quarter. The valuation was carried out by Forum Fastighets-ekonomi and Savills. The remainder of the portfolio was subject to an internal valuation with market rents, costs, vacancies and yield requirements quality assured by Forum Fastighetsekonomi.

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. Acquired land with ongoing detailed development plans is valued at cost. 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 reported value of the property portfolio totalled SEK 26,400 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 345 million (SEK 613 m). The unrealised change in value totalled SEK 426 million (SEK 142 m). The change in value is primarily attributable to higher operating nets and lowered yield requirements for certain properties, primarily offices in Stockholm inner city.

## UNREALISED CHANGES IN VALUE

	SEK m
Change in yield requirements	167
Change in operating nets	220
Change in project investments	39
<b>Total</b>	<b>426</b>

## YIELD REQUIREMENT PER PREMISES TYPE, %

Premises type	Interval	Average
Offices	4.6–8.0	5.8
Retail	4.6–8.0	5.8
Residential	3.9–4.8	4.2
Other	4.6–8.0	6.1
<b>Total</b>	<b>3.9–8.0</b>	<b>5.7</b>

## YIELD REQUIREMENTS PER REGION, %

Region	Interval	Average
Stockholm	3.9–8.0	5.7
Uppsala	5.8–6.7	5.8
Malmö	5.5–6.4	5.8
Sweden other	6.4–7.3	6.6
<b>Total</b>	<b>3.9–8.0</b>	<b>5.7</b>

## SALES AND NET PROFIT, 1 JANUARY–30 JUNE

The Group's posted net sales for the first six months totalled SEK 1,131 million (SEK 1,172 m), of which rental income comprised SEK 981 million (SEK 970 m). The change in net sales is primarily attributable to TL Bygg. The change in rental income can be explained in part by the additional rental income from the most recently completed phases of Mobilia and Port 73 and the newly inaugurated areas in Farsta and Gränby, but it was also negatively affected by the loss of rental income due to the sale of properties. The profit before changes in value totalled SEK 424.2 million (SEK 395.0 m). Unrealised changes in the value of properties totalled SEK 426.1 million (SEK 141.5 m). Unrealised changes in the value of financial instruments totalled SEK –454.5 million (SEK 312.9 m). Net profit for the period totalled SEK 311.0 million (SEK 664.7 m), which corresponds to SEK 2.38/share (SEK 5.11/share).

## SALES AND NET PROFIT, 1 APRIL–30 JUNE

The Group's posted net sales for the second quarter of the year totalled SEK 568 million (SEK 594 m), of which rental income comprised SEK 486 million (SEK 482 m). The profit before changes in value totalled SEK 213.7 million (SEK 206.3 m). Unrealised changes in value

## PROPERTY PORTFOLIO, 30/06/2014

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	524	13,757	26,249	1,140	2,175	96
Business Area Offices	425	10,905	25,682	872	2,053	94
<b>Total</b>	<b>949</b>	<b>24,661</b>	<b>25,995</b>	<b>2,011</b>	<b>2,120</b>	<b>95</b>
Project properties	23	1,483	N/A <sup>2)</sup>	37	1,618	80
Land and development rights		256				
<b>Total</b>	<b>971</b>	<b>26,400</b>	<b>N/A<sup>2)</sup></b>	<b>2,048</b>	<b>2,108</b>	<b>95</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.

of properties totalled SEK 426.1 million (SEK 141.5 m). Unrealised changes in value of financial instruments totalled SEK –263.9 million (SEK 191.4 m). Net profit for the period totalled SEK 294.1 million (SEK 422.9 m).

## PROJECT AND CONSTRUCTION ACTIVITIES

Net sales by the project and construction work for the first six months totalled SEK 149 million (SEK 202 m). TL Bygg's net sales totalled SEK 189 million (SEK 250 m), SEK 46 million (SEK 61 m) of which comprised work on behalf of Group companies. The gross profit for project and construction activities, which have been charged with ongoing project development costs, totalled SEK –4.3 million (SEK 3.9 m). TL Bygg's operations continue to demonstrate good profitability with a gross profit of SEK 15.5 million (22.5)

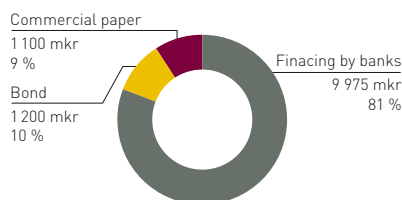
## FINANCING

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 81 per cent of the total loan volume during the second quarter.

Interest-bearing liabilities totalled SEK 12,275 million at the period end, with an average rate of 3.6 per cent (3.6 % as of 31/12/2013), including the cost of loan guarantees. The average capital commitment term was 3.1 years (3.0 % as of 31/12/2013) and the average fixed interest term was 4.9 years (4.4 % as of 31/12/2013). During the period, the fixed interest term increased through the extension of interest rate swaps of SEK 1,000 million with a term of around four years to a term of 14 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 Profit and Loss Statement. The unrealised change in the value of financial instruments totalled SEK –454.5 million (SEK 312.9 m) as interest rates had fallen on the terms covered by the derivatives. The deficit book value of the derivatives portfolio totalled SEK –422.5 million (31/12/2013, SEK 14.9 m) at the period end.

### SOURCE OF FINANCE



## FIXED INTEREST<sup>11</sup>

Fixed interest term	Amount, SEK m	Per-cent, age, %	Average interest, %
Variable + 3M Stibor	2,030	17	2.4
2014	1,429	12	2.3
2015	550	4	3.8
2016	1,085	9	3.8
2017	630	5	3.7
2018	849	7	3.8
2019 and thereafter	5,702	46	4.1
<b>Total</b>	<b>12,275</b>	<b>100</b>	<b>3.6</b>

<sup>11</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

	Amount, SEK m	Percentage, %
2014	–	–
2015	2,709	22
2016	3,685	30
2017	2,730	22
2018	1,482	12
2019 and thereafter	1,669	14
<b>Total</b>	<b>12,275</b>	<b>100</b>
Prepaid financing costs	–12	
<b>Interest-bearing liabilities in accordance with the Balance Sheet</b>	<b>12,263</b>	

## KEY RATIOS FINANCING

	30/06/2014	31/12/2013
Interest-bearing liabilities, SEK m	12,275	12,427
Gearing ratio, %	46.5	47.8
Average fixed interest term, yrs.	4.9	4.4
Average capital commitment term, yrs.	3.1	3.0
Average interest rate for interest-bearing liabilities, %	3.6	3.6
Shareholders' equity, SEK m	11,243	11,021

## TAXES

The current tax for the period totalled SEK –17.4 million (SEK –16.8 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 2011. The case concerned the taxation of a property transaction carried out in 2004 via a limited partnership. Provision was made for the tax demand of SEK 91.5 million and interest of SEK 15.8 million in the company's accounts during 2012. At the end of 2013 the Administrative Court of Appeal dismissed the Company's appeal, and in January the entire tax demand, including interest charges, was paid to the Swedish Tax Agency. The company has appealed the ruling and has applied for leave to appeal in the Supreme Administrative Court. A leave to appeal was not granted.

In June 2014, the Swedish Committee on Corporate Taxation, which was appointed by the Government to review corporate taxation, submitted its final report. Atrium Ljungberg is primarily affected by the Committee's proposal to eliminate the right to make deductions for negative net financial items and instead introduce a flat deduction of 25 per cent on taxable profit. This would entail a higher tax expense for Atrium Ljungberg. For the years 2009–2013 Atrium Ljungberg reported on average current tax of 3 per cent in relation to profit before changes in value. If the Swedish Committee on Corporate Taxation's proposal had been applied during these years, the corresponding current tax would have been 12 per cent. The Committee proposes that the provisions enter into force on 1 January 2016.

## TAX CALCULATION, 30/06/2014

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	397.1	
Fiscally deductible		
depreciation	–247.2	247.2
investments	–45.8	45.8
Non-taxable/non-deductible		
changes in the value of properties, unrealised	–426.1	426.1
changes in the value of properties, realised	–1.3	–0.7
changes in the value of financial instruments, unrealised	454.5	–454.5
consolidated capitalisation of borrowing costs	–12.5	12.5
Other fiscal adjustments	–3.1	1.6
Fiscal profit/loss before loss carry-forwards	115.5	278.1
Loss carry-forwards, opening balance	–23.1	23.1
Fiscally deductible investments, adjustment from previous years	–12.0	10.8
Other adjustments of losses carried forward	–1.2	–
<b>Taxable profit/loss</b>	<b>79.1</b>	<b>312.1</b>
<b>Of which 22% current/deferred tax</b>	<b>–17.4</b>	<b>–68.7</b>



## 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.

## NOMINATION COMMITTEE

The Nomination Committee, as per a resolution by the Annual General Meeting, comprises representatives of the company's five biggest shareholders on 30 April 2014. The Nomination Committee consists of Lars Ericson representing the Stockholm Consumer Cooperative society, Eva Gottfridsdotter-Nilsson representing Länsförsäkringar, Per-Erik Hasselberg representing the Holmström family, Johan Ljungberg representing the Ljungberg family, and Ilkka Tomperi representing the mutual occupational pension insurance company, Varma. The Nomination Committee will henceforth appoint its Chairman. For additional information, please see our website: [www.atriumljungberg.se](http://www.atriumljungberg.se).

## THE SHARE AND THE SHAREHOLDERS

In mid-May Atrium Ljungberg sold its holdings of repurchased shares totalling 3,063,748 B shares, which corresponds to 2.3 per cent of capital. The sale was made in conjunction with the sale of a combined 8,000,000 B shares, which corresponds to 6.0 percent of capital, by the largest shareholders, the Stockholm Consumer Cooperative society and the Ljungberg family. The purpose of the sale for all parties was to increase liquidity in the share and thereby make it easier for investors to buy and sell large blocks of shares on the stock exchange. The sale price was SEK 97 per share and brought the company SEK 295 million in cash and cash equivalents. As a whole, the holdings were divided among around 200 shareholders.

## EVENTS AFTER THE CLOSING DAY

On the 8th of July, a final agreement was reached for the sale and possession of Fatbursbrunnen 17 after all of the conditions in a previous agreement had been met. The property, which is located on Södermalm in Stockholm, has a total letting area of around 2,800 m<sup>2</sup> and houses currently primarily a school. The sale took place through a divestment of shares. The purchase price is based on a property value of SEK 94 million. The transaction will yield a profit after tax of around SEK 13 million and will be reported in the third quarter of 2014.

## PROFIT FORECAST

The profit forecast before changes in value and tax for 2014 is raised by SEK 15 million to SEK 815 million. The profit forecast after tax is SEK 628 million, corresponding to SEK 4.75/share and including changes in value as of 30/06/2014. The forecast includes the effect of the Fatbursbrunnen 17 sale on profit. Other future changes in value and any future acquisitions and sales of properties have not been taken into account in the forecast.

### MAJOR SHAREHOLDERS, 30/06/2014

	Number ('000)			Percentage, %	
	Class A shares	Class B shares	Total	Votes	Capital
Ljungberg family	1,810	27,080	28,890	26.7	21.7
The Stockholm Consumer Cooperative society	–	38,966	38,966	23.0	29.2
Holmström family	1,810	14,958	16,768	19.5	12.6
The mutual occupational pension insurance company, Varma	–	7,143	7,143	4.2	5.4
Länsförsäkringar Fonder	–	6,320	6,320	3.7	4.7
Ulf Holmlund	380	395	775	2.5	0.6
Carnegi Fonder	–	4,003	4,003	2.4	3.0
SHB Fonder	–	2,689	2,689	1.6	2.0
AFA Försäkring	–	2,366	2,366	1.4	1.8
Nordea Fonder	–	2,253	2,253	1.3	1.7
Other	–	23,047	23,047	13.6	17.3
<b>Total outstanding shares</b>	<b>4,000</b>	<b>129,221</b>	<b>133,221</b>	<b>100</b>	<b>100</b>
Shares bought back	–	–	–	–	–
<b>Total number of shares issued</b>	<b>4,000</b>	<b>129,221</b>	<b>133,221</b>	<b>100</b>	<b>100</b>



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014	2013	2014	2013	2013	2013/2014
Amounts in SEK m	1/1–30/6	1/1–30/6	1/4–30/6	1/4–30/6	1/1–31/12	1/7–30/6
Rental income	981.2	970.0	486.1	481.7	1,956.2	1,967.4
Net sales, project and construction work	149.4	202.3	82.3	112.1	405.3	352.4
<b>Net sales</b>	<b>1,130.6</b>	<b>1,172.3</b>	<b>568.4</b>	<b>593.8</b>	<b>2,361.5</b>	<b>2,319.8</b>
Property management costs						
Service charge-related costs	–91.7	–91.9	–39.2	–35.4	–178.9	–178.7
Other operating costs	–75.0	–82.5	–36.6	–38.9	–156.1	–148.6
Management costs	–66.2	–65.2	–37.7	–32.4	–128.9	–129.9
Repairs	–18.2	–17.5	–9.0	–9.1	–41.0	–41.7
Property tax	–60.2	–65.1	–29.7	–33.1	–119.5	–114.6
Leasehold fees	–8.6	–13.3	–4.3	–6.6	–24.7	–20.0
Non-deductible VAT	–4.5	–5.5	–1.4	–2.5	–9.8	–8.8
	–324.4	–341.0	–157.9	–158.0	–658.9	–642.3
Project and construction work costs	–153.7	–198.4	–85.3	–111.8	–394.3	–349.6
<b>Gross profit</b>	<b>652.5</b>	<b>632.9</b>	<b>325.2</b>	<b>324.0</b>	<b>1,308.3</b>	<b>1,327.9</b>
– of which gross profit property management (operating surplus)	656.8	629.0	328.2	323.7	1,297.3	1,325.1
– of which gross profit project and construction work	–4.3	3.9	–3.0	0.3	11.0	2.8
Central administration, property management	–19.1	–19.5	–9.9	–11.1	–47.1	–46.7
Central administration, project and construction work	–7.2	–5.6	–4.1	–3.0	–14.4	–16.0
	–26.3	–25.1	–14.0	–14.1	–61.5	–62.7
Financial income	0.8	0.8	0.1	0.6	2.8	2.8
Financial expenses	–202.8	–213.6	–97.6	–104.2	–420.6	–409.8
	–202.0	–212.8	–97.5	–103.6	–417.8	–407.0
<b>Profit before changes in value</b>	<b>424.2</b>	<b>395.0</b>	<b>213.7</b>	<b>206.3</b>	<b>829.0</b>	<b>858.2</b>
<b>Changes in value</b>						
Properties, unrealised	426.1	141.5	426.1	141.5	142.5	427.1
Properties, realised	1.3	2.0	0.4	2.0	–1.6	–2.3
Financial instruments, unrealised <sup>1)</sup>	–454.5	312.9	–263.9	191.4	342.6	–424.8
Goodwill, write-downs	–	–	–	–	–33.4	–33.4
	–27.1	456.4	162.6	334.9	450.1	–33.4
<b>Profit before tax</b>	<b>397.1</b>	<b>851.4</b>	<b>376.3</b>	<b>541.2</b>	<b>1,279.1</b>	<b>824.8</b>
Current tax	–17.4	–16.8	–9.8	–11.9	6.1	5.5
Deferred tax	–68.7	–169.9	–72.4	–106.4	–176.9	–75.7
	–86.1	–186.7	–82.2	–118.3	–170.8	–70.2
<b>Net profit for the period</b>	<b>311.0</b>	<b>664.7</b>	<b>294.1</b>	<b>422.9</b>	<b>1,108.3</b>	<b>754.6</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>	17.2	18.7	8.6	8.7	35.9	34.4
Tax attributable to other reported income and expenses	–3.8	–4.1	–1.9	–1.9	–7.9	–7.6
<b>Total other comprehensive income</b>	<b>13.4</b>	<b>14.6</b>	<b>6.7</b>	<b>6.8</b>	<b>28.0</b>	<b>26.8</b>
<b>Total comprehensive income for the period</b>	<b>324.4</b>	<b>679.3</b>	<b>300.8</b>	<b>429.7</b>	<b>1,136.3</b>	<b>781.4</b>
Earnings per share, SEK	2.38	5.11	2.23	3.25	8.52	5.78

For note references, see page 18.



# SEGMENT REPORTING 1/1–30/6 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	Properties sold	Property management, total	Project development <sup>1)</sup>	TL Bygg	Project and construction activities, total	Non-allocated items and eliminations	The Group
Rental income	549.2	416.0	8.6	7.4	981.2					981.2
Net sales, project and construction work						6.5	188.5	195.0	-45.6	149.4
<b>Net sales</b>	<b>549.2</b>	<b>416.0</b>	<b>8.6</b>	<b>7.4</b>	<b>981.2</b>	<b>6.5</b>	<b>188.5</b>	<b>195.0</b>	<b>-45.6</b>	<b>1,130.6</b>
Property management costs	-195.1	-122.2	-3.7	-3.4	-324.4					-324.4
Project and construction work costs						-26.3	-173.0	-199.3	45.6	-153.7
<b>Gross profit</b>	<b>354.1</b>	<b>293.8</b>	<b>4.9</b>	<b>4.0</b>	<b>656.8</b>	<b>-19.8</b>	<b>15.5</b>	<b>-4.3</b>	<b>0.0</b>	<b>652.5</b>
– of which gross profit/loss from property management	354.1	293.8	4.9	4.0	656.8					656.8
– of which gross profit/loss from project and construction work						-19.8	15.5	-4.3		-4.3
Central administration, property management					-19.1					-19.1
Central administration, project and construction work							-7.2	-7.2		-7.2
Financial income									0.8	0.8
Financial expenses									-202.8	-202.8
<b>Profit/loss before changes in value</b>	<b>354.1</b>	<b>293.8</b>	<b>4.9</b>	<b>4.0</b>	<b>637.7</b>	<b>-19.8</b>	<b>8.3</b>	<b>-11.5</b>	<b>-202.0</b>	<b>424.2</b>
Unrealised changes in value, properties	200.3	196.8	29.0		426.1					426.1
Realised changes in value, properties				1.3	1.3					1.3
Unrealised changes in value, financial instruments									-454.5	-454.5
	200.3	196.8	29.0	1.3	427.4				-454.5	-27.1
Current tax									-17.4	-17.4
Deferred tax									-68.7	-68.7
<b>Net profit/loss for the period</b>	<b>554.4</b>	<b>490.6</b>	<b>33.9</b>	<b>5.3</b>	<b>1,065.1</b>	<b>-19.8</b>	<b>8.3</b>	<b>-11.5</b>	<b>-742.6</b>	<b>311.0</b>
<b>Investments, acquisitions, disposals per business segment</b>										
Investments, investment properties	82.7	35.3	226.9		344.9					344.9
Investments, project and construction work							0.2	0.2		0.2
Acquisitions, investment properties		265.0	355.0		620.0					620.0
	<b>82.7</b>	<b>300.3</b>	<b>581.9</b>		<b>964.9</b>		<b>0.2</b>	<b>0.2</b>		<b>965.1</b>
<b>Assets per business segment, period end</b>										
Investment properties	13,756.5	10,904.5	1,738.5		26,399.5					26,399.5
Project and construction work							79.7	79.7		79.7
Unallocated joint assets									911.2	911.2
<b>Total assets</b>	<b>13,756.5</b>	<b>10,904.5</b>	<b>1,738.5</b>		<b>26,399.5</b>		<b>79.7</b>	<b>79.7</b>	<b>911.2</b>	<b>27,390.4</b>

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

# SEGMENT REPORTING 1/1–30/6 2013

Amounts in SEK m	Business area Retail	Business area Office	Project properties	Properties sold	Property management, total	Project development <sup>1)</sup>	TL Bygg	Project and construction activities, total	Non-allocated items and eliminations	The Group
Rental income	525.0	410.6	0.4	34.0	970.0					970.0
Net sales, project and construction work						13.1	250.1	263.2	–60.9	202.3
<b>Net sales</b>	<b>525.0</b>	<b>410.6</b>	<b>0.4</b>	<b>34.0</b>	<b>970.0</b>	<b>13.1</b>	<b>250.1</b>	<b>263.2</b>	<b>–60.9</b>	<b>1,172.3</b>
Property management costs	–194.9	–129.3	–0.7	–16.1	–341.0					–341.0
Project and construction work costs						–31.7	–227.6	–259.3	60.9	–198.4
<b>Gross profit</b>	<b>330.1</b>	<b>281.3</b>	<b>–0.3</b>	<b>17.9</b>	<b>629.0</b>	<b>–18.6</b>	<b>22.5</b>	<b>3.9</b>	<b>0.0</b>	<b>632.9</b>
– of which gross profit/loss from property management	330.1	281.3	–0.3	17.9	629.0					629.0
– of which gross profit/loss from project and construction work						–18.6	22.5	3.9		3.9
Central administration, property management					–19.5					–19.5
Central administration, project and construction work							–5.6	–5.6		–5.6
Financial income									0.8	0.8
Financial expenses									–213.6	–213.6
<b>Profit/loss before changes in value</b>	<b>330.1</b>	<b>281.3</b>	<b>–0.3</b>	<b>17.9</b>	<b>609.5</b>	<b>–18.6</b>	<b>16.9</b>	<b>–1.7</b>	<b>–212.8</b>	<b>395.0</b>
Unrealised changes in value, properties	138.1	34.2	–28.3	–2.5	141.5					141.5
Realised changes in value, properties				2.0	2.0					2.0
Unrealised changes in value, financial instruments									312.9	312.9
	138.1	34.2	–28.3	–0.5	143.5				312.9	456.4
Current tax									–16.8	–16.8
Deferred tax									–169.9	–169.9
<b>Net profit/loss for the period</b>	<b>468.2</b>	<b>315.5</b>	<b>–28.6</b>	<b>17.4</b>	<b>753.0</b>	<b>–18.6</b>	<b>16.9</b>	<b>–1.7</b>	<b>–86.6</b>	<b>664.7</b>
<b>Investments, acquisitions, disposals per business segment</b>										
Investments, investment properties	32.5	90.2	486.7	3.6	613.0					613.0
Investments, project and construction work										
Acquisitions, investment properties										
	32.5	90.2	486.7	3.6	613.0					613.0
<b>Assets per business segment, period end</b>										
Investment properties	12,568.9	9,945.6	1,803.2	1,013.0	25,330.7					25,330.7
Project and construction work							83.4	83.4		83.4
Unallocated joint assets									841.4	841.4
<b>Total assets</b>	<b>12,568.9</b>	<b>9,945.6</b>	<b>1,803.2</b>	<b>1,013.0</b>	<b>25,330.7</b>		<b>83.4</b>	<b>83.4</b>	<b>841.4</b>	<b>26,255.5</b>

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

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

# CONSOLIDATED BALANCE SHEETS SUMMARY

Amounts in SEK m	30.6.2014	30.6.2013	31.3.2014	31.3.2013	31.12.2013
<b>ASSETS</b>					
Investment properties	26,399.5	25,330.7	25,813.3	24,896.5	25,008.5
Goodwill	274.3	307.6	274.3	307.6	274.3
Derivatives	–	–	–	–	14.9
Other fixed assets	17.1	17.9	17.1	19.5	23.0
<b>Total fixed assets</b>	<b>26,690.9</b>	<b>25,656.2</b>	<b>26,104.7</b>	<b>25,223.6</b>	<b>25,320.7</b>
Current assets	430.9	349.5	378.0	346.3	1,323.0
Liquid assets	268.6	249.8	251.8	228.8	186.6
<b>Total current assets</b>	<b>699.5</b>	<b>599.3</b>	<b>629.8</b>	<b>575.1</b>	<b>1,509.6</b>
<b>Total assets</b>	<b>27,390.4</b>	<b>26,255.5</b>	<b>26,734.5</b>	<b>25,798.7</b>	<b>26,830.3</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
Shareholders' equity	11,243.3	10,563.7	11,044.3	10,504.9	11,020.7
Deferred tax liability	2,584.5	2,534.9	2,508.4	2,426.7	2,515.7
Long-term interest-bearing liabilities <sup>2)</sup>	11,490.1	10,711.5	11,251.4	9,372.0	10,660.2
Derivatives	414.6	32.0	167.1	231.9	–
Other long-term liabilities	27.6	23.5	26.8	23.1	25.1
<b>Total long-term liabilities</b>	<b>14,516.8</b>	<b>13,301.9</b>	<b>13,953.7</b>	<b>12,053.7</b>	<b>13,201.0</b>
Current provisions	–	106.5	–	106.2	–
Current interest-bearing liabilities <sup>2)</sup>	772.6	1,615.7	712.6	2,424.9	1,753.6
Derivatives	7.9	–	–	0.2	–
Other current liabilities	849.8	667.7	1,023.9	708.8	855.0
<b>Total current liabilities</b>	<b>1,630.3</b>	<b>2,389.9</b>	<b>1,736.5</b>	<b>3,240.1</b>	<b>2,608.6</b>
<b>Total shareholders' equity and liabilities</b>	<b>27,390.4</b>	<b>26,255.5</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				664.7	664.7
Other comprehensive income			14.6		14.6
Dividend, SEK 2.85/share				–370.9	–370.9
<b>Closing balance per 30 June 2013</b>	<b>333.0</b>	<b>3,959.8</b>	<b>–126.7</b>	<b>6,397.6</b>	<b>10,563.7</b>
Profit for the period				443.6	443.6
Other comprehensive income			13.4		13.4
<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				311.0	311.0
Other comprehensive income			13.4		13.4
Sale of repurchased shares				295.1	295.1
Dividend, SEK 3.05/share				–397.0	–397.0
<b>Closing balance as per 30 June 2014</b>	<b>333.0</b>	<b>3,959.8</b>	<b>–99.9</b>	<b>7,050.4</b>	<b>11,243.3</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 133,220,736 (130,156,988) outstanding shares. Average number of outstanding shares amount to 130,922,925 (130,156,988). At the end of the period the company does not hold any of its own shares (3,063,748 class B shares).

For note references, see page 18.



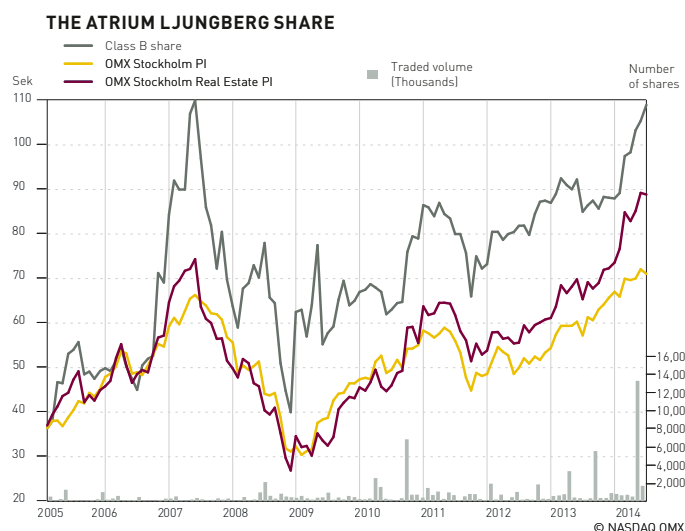
# CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	<b>2014</b> 1/1–30/6	2013 1/1–30/6	2014 1/4–30/6	2013 1/4–30/6	2013 1/1–31/12	2013/2014 1/7–30/6
<b>OPERATING ACTIVITIES</b>						
Profit before tax	397.1	851.4	376.3	541.2	1,279.1	824.8
Reversal of depreciation and write-downs	3.0	3.0	1.4	1.5	6.1	6.1
Realised changes in value, investment properties	–1.3	–2.0	–0.4	–2.0	1.6	2.3
Unrealised changes in value, investment properties	–426.1	–141.5	–426.1	–141.5	–142.5	–427.1
Unrealised changes in value, financial instruments	454.5	–312.9	263.9	–191.4	–342.6	424.8
Other items not included in the cash flow	8.4	7.8	4.3	6.0	54.2	54.8
Tax paid	–159.2	–29.2	–21.1	–33.1	–86.5	–216.5
<b>Cash flow from operating activities before changes in working capital</b>	<b>276.4</b>	<b>376.6</b>	<b>198.3</b>	<b>180.7</b>	<b>769.4</b>	<b>669.2</b>
Net change in working capital	81.4	–48.5	42.8	–27.5	84.8	214.7
<b>Cash flow from operating activities</b>	<b>357.8</b>	<b>328.1</b>	<b>241.1</b>	<b>153.2</b>	<b>854.2</b>	<b>883.9</b>
<b>INVESTMENT ACTIVITIES</b>						
Acquisition of properties	–600.0	–	–245.0	–	–	–600.0
Reconstruction and new construction of properties	–344.9	–613.0	–160.1	–292.7	–1,301.8	–1,033.7
Sale of properties	938.4	–	–	–	32.0	970.4
Acquisition/sale of equipment	–3.2	–1.0	–2.3	–	–3.3	–5.5
<b>Cash flow from investment activities</b>	<b>–9.7</b>	<b>–614.0</b>	<b>–407.4</b>	<b>–292.7</b>	<b>–1,273.1</b>	<b>–668.8</b>
<b>FINANCING ACTIVITIES</b>						
Change in other long-term receivables	2.5	0.8	0.8	0.4	1.7	3.4
Loans raised	1,135.1	1,921.3	335.1	1,131.9	3,409.8	2,623.6
Amortisation of debts	–1,301.8	–1,204.0	–50.9	–600.9	–2,623.6	–2,721.4
Sale of repurchased shares	295.1	–	295.1	–	–	295.1
Dividend paid	–397.0	–370.9	–397.0	–370.9	–370.9	–397.0
<b>Cash flow from financing activities</b>	<b>–266.1</b>	<b>347.2</b>	<b>183.1</b>	<b>160.5</b>	<b>417.0</b>	<b>–196.3</b>
<b>Cash flow for the period</b>	<b>82.0</b>	<b>61.3</b>	<b>16.8</b>	<b>21.0</b>	<b>–1.9</b>	<b>18.8</b>
<b>Liquid assets at the beginning of the period</b>	<b>186.6</b>	<b>188.5</b>	<b>251.8</b>	<b>228.8</b>	<b>188.5</b>	<b>249.8</b>
<b>Liquid assets at the end of the period</b>	<b>268.6</b>	<b>249.8</b>	<b>268.6</b>	<b>249.8</b>	<b>186.6</b>	<b>268.6</b>

# KEY RATIOS

	2014 1/1–30/6	2013 1/1–30/6	2014 1/4–30/6	2013 1/4–30/6	2013 1/1–31/12	2013/2014 1/7–30/6
<b>PROPERTY-RELATED KEY RATIOS</b>						
Letting rate, %	95	95	95	95	95	95
Operating surplus margin, %	67	65	68	67	66	67
Letting area, '000 m <sup>2</sup>	971	903	971	903	941	971
Investments in properties, SEK m	345	613	160	293	1,302	1,034
Number of properties	49	51	49	51	47	49
<b>FINANCIAL KEY RATIOS</b>						
Equity/assets ratio, %	41.0	40.2	41.0	40.2	41.1	41.0
Debt/equity ratio, multiple	1.1	1.2	1.1	1.2	1.1	1.1
Gearing ratio, %	46.5	48.7	46.5	48.7	47.8	46.5
Interest coverage margin, multiple	3.1	2.8	3.2	3.0	3.0	3.1
Average rate of interest on interest-bearing liabilities (at period end), %	3.6	3.6	3.6	3.6	3.6	3.6
Return on shareholders' equity, %	5.6	12.8	10.6	16.1	10.4	6.9
Return on shareholders' equity, excluding changes in value, %	5.9	6.0	6.0	6.2	6.0	5.9
Return on assets, %	4.4	8.2	7.0	9.9	6.5	4.6
Return on assets excluding changes in value, %	4.6	4.7	4.6	4.8	4.7	4.6
<b>DATA PER SHARE</b>						
Earnings per share, SEK	2.38	5.11	2.23	3.25	8.52	5.78
Profit before changes in value less nominal tax, SEK	2.53	2.37	1.27	1.24	4.97	5.13
Cash flow, SEK	2.73	2.52	1.83	1.18	6.56	6.77
Shareholders' equity, SEK	84.40	81.16	84.40	81.16	84.67	84.40
Net worth, 10% deferred tax, SEK	93.30	89.45	93.30	89.45	93.09	93.30
Share price, SEK	109.00	85.00	109.00	85.00	88.00	109.00
Average number of outstanding shares, '000 <sup>1)</sup>	130,923	130,157	131,689	130,157	130,157	130,540
Number of outstanding shares at end of period, '000 <sup>1)</sup>	133,221	130,157	133,221	130,157	130,157	133,221
<b>EMPLOYEES</b>						
Average number of employees	279	282	279	282	285	279

<sup>1)</sup> Registered number of shares less 3,063,748 class B shares bought back. At 15/5/2014 the company sold its total holdings of repurchased shares.



## 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 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
<b>Amounts in SEK m</b>								
Rental income	486.1	495.1	511.0	475.2	481.7	488.3	457.0	458.9
Net sales, project and construction work	82.3	67.1	98.3	104.7	112.1	90.2	66.0	65.7
<b>Net sales</b>	<b>568.4</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>
Property management costs	-157.9	-166.5	-173.1	-144.8	-158.0	-183.0	-164.8	-132.0
Project and construction work costs	-85.3	-68.4	-95.0	-100.9	-111.8	-86.6	-61.7	-63.2
<b>Gross profit</b>	<b>325.2</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>
– of which gross profit from property management	328.2	328.6	337.9	330.4	323.7	305.3	292.2	326.9
– of which gross profit from project and construction work	-3.0	-1.3	3.3	3.8	0.3	3.6	4.3	2.5
Central administration, property management	-9.9	-9.2	-16.2	-11.4	-11.1	-8.4	-13.1	-9.5
Central administration, project and construction work	-4.1	-3.1	-5.7	-3.1	-3.0	-2.6	-4.5	-4.9
	-14.0	-12.3	-21.9	-14.5	-14.1	-11.0	-17.5	-14.4
Financial income	0.1	0.7	1.2	0.8	0.6	0.2	2.5	1.1
Financial expenses	-97.6	-105.2	-107.7	-99.3	-104.2	-109.4	-108.5	-106.2
	-97.5	-104.5	-106.5	-98.5	-103.6	-109.2	-106.0	-105.1
<b>Profit before changes in value</b>	<b>213.7</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>
Unrealised changes in value, properties	426.1	–	101.0	-100.0	141.5	–	123.3	–
Realised changes in value, properties	0.4	0.9	-1.6	-2.0	2.0	–	-0.1	32.8
Unrealised changes in value, financial instruments	-263.9	-190.6	1.4	28.3	191.4	121.5	-55.9	-147.9
Goodwill write-downs	–	–	-0.1	-33.3	–	–	-74.9	-7.3
	162.6	-189.7	100.7	-107.0	334.9	121.5	-7.6	-122.4
<b>Profit before tax</b>	<b>376.3</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>
Tax	-82.2	-3.9	-60.9	76.8	-118.3	-68.4	410.9	1.2
<b>Net profit for the period</b>	<b>294.1</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>KEY RATIOS</b>								
	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
<b>Property-related key ratios</b>								
Letting rate, %	95	95	95	95	95	95	95	95
Operating surplus margin, %	68	66	66	70	67	63	64	71
Letting area, '000 m <sup>2</sup>	971	964	941	940	903	903	903	887
Investments in properties, SEK m	160	185	360	329	293	320	465	347
Number of properties	49	49	47	50	51	57	57	54
<b>Financial key ratios</b>								
Equity/assets ratio, %	41.0	41.3	41.1	40.7	40.2	40.7	40.3	39.2
Debt/equity ratio, multiple	1.1	1.1	1.1	1.2	1.2	1.1	1.1	1.2
Gearing ratio, %	46.5	46.8	47.8	48.4	48.7	47.4	47.3	47.3
Interest coverage margin, multiple	3.2	3.0	3.0	3.2	3.0	2.7	2.6	3.0
Average rate of interest on interest-bearing liabilities (at period end), %	3.6	3.6	3.6	3.6	3.6	3.7	3.9	4.1
Return on shareholders' equity, %	10.6	0.6	9.3	7.2	16.1	9.3	23.1	3.7
Return on shareholders' equity, excluding changes in value, %	6.0	5.9	6.1	5.5	6.2	5.7	5.2	6.2
Return on total assets, %	7.0	1.9	6.3	3.2	9.9	6.5	4.4	3.1
Return on total assets excluding changes in value, %	4.6	4.7	4.8	4.4	4.8	4.7	4.5	5.0
<b>Data per share</b>								
Earnings per share, SEK	2.23	0.13	1.94	1.47	3.25	1.86	4.43	0.68
Profit before changes in value less applicable nominal tax, SEK	1.27	1.26	1.28	1.33	1.24	1.13	0.98	1.19
Cash flow, SEK	1.83	0.90	1.65	2.39	1.18	1.34	1.83	1.67
Shareholders' equity, SEK	84.40	84.85	84.67	82.68	81.16	80.71	78.79	74.37
Net worth, 10% deferred tax, SEK	93.30	93.41	93.09	90.66	89.45	88.73	86.67	84.80
Share price, SEK	109.00	98.35	88.00	85.70	85.00	91.00	87.00	84.50
Average number of outstanding shares, '000 <sup>1)</sup>	131,689	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>	133,221	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. At 15/5/2014 the company sold its total holdings of repurchased shares.

# 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 81.6 million (SEK 85.4 m). The operating profit/loss totalled SEK 6.0 million (SEK 14.6 m). Profit/loss after financial items totalled SEK 146.4 million (SEK 56.8 m) and has been affected by increased interest income.

## INCOME STATEMENTS PARENT COMPANY

Amounts in SEK m	2014 1/1–30/6	2013 1/1–30/6	2013 1/1–31/12
Net sales	81.6	85.4	171.6
Management and production costs	–56.2	–51.4	–177.8
<b>Gross profit</b>	<b>25.4</b>	<b>34.0</b>	<b>–6.2</b>
Profit/loss on property sales	–	–	–15.2
Central administration and marketing	–19.4	–19.4	–46.9
<b>Operating profit/loss</b>	<b>6.0</b>	<b>14.6</b>	<b>–68.3</b>
Result of participations in Group companies	92.8	84.1	281.6
Interest income and similar profit/loss items	266.0	176.3	396.7
Interest expenses and similar profit/loss items	–218.4	–218.2	–432.7
	140.4	42.2	245.6
<b>Profit/loss after financial items</b>	<b>146.4</b>	<b>56.8</b>	<b>177.3</b>
Appropriations	–5.2	0.4	28.2
Current tax	–17.1	–4.2	3.9
Deferred tax	–9.3	–8.6	–3.7
	–26.4	–12.8	0.2
<b>Net profit/loss for the period</b>	<b>114.8</b>	<b>44.4</b>	<b>205.7</b>

Interest-bearing liabilities amount to SEK 8,046 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	30.6.2014	30.6.2013	31.12.2013
<b>ASSETS</b>			
Tangible fixed assets	1,351.7	1,386.3	1,318.5
Financial fixed assets	2,316.4	2,184.0	2,223.6
Current assets	13,488.9	12,284.2	13,695.0
<b>Total assets</b>	<b>17,157.0</b>	<b>15,854.5</b>	<b>17,237.1</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	6,881.3	6,707.1	6,868.4
Untaxed reserves	31.0	9.4	25.8
Provisions	222.1	217.8	212.8
Long-term liabilities	7,717.6	6,338.2	6,791.3
Current liabilities	2,305.0	2,582.0	3,338.8
<b>Total shareholders' equity and liabilities</b>	<b>17,157.0</b>	<b>15,854.5</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, except for IFRIC 21 Levies.

During the second quarter, the EU approved IFRIC 21 Levies. According to this principle, levies imposed by the government shall be recognised in their entirety when the obligating event occurs. For Atrium Ljungberg, this affects its property tax. The obligating event occurs annually on 1 January. As a result, Atrium Ljungberg has reported an outstanding liability for this year's property tax in its accounts as per 30 June 2014. At the same time a prepaid cost for the property tax is also reported. The amount is distributed linearly across the fiscal year. The change in this accounting principle has not had an impact on consolidated earnings.

Otherwise, 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.

### 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.

### 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 30 June 2014 totals SEK –99.9 million.

2) The Group's reported interest-bearing liabilities total SEK 12,263 million (SEK 12,414 m as of 31/12/2013) and their fair value totals SEK 12,363 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)

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

Nacka, 10 July 2014

Dag Klackenborg  
Chairman of the Board

Sune Dahlqvist  
Member of the Board

Simon de Château  
Member of the Board

Thomas Evers  
Member of the Board

Anna Hallberg  
Member of the Board

Erik Langby  
Member of the Board

Johan Ljungberg  
Member of the Board

Ingalill Berglund  
CEO



# 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.–Sep. 2014	22 October 2014
Preliminary Financial Statement, 2014	20 February 2015
2014 Annual Report	March 2015
Interim Report, Jan.–March 2015	21 April 2015
Annual General Meeting	21 April 2015
Interim Report, Jan.–June 2015	10 July 2015
Interim Report, Jan.–Sep. 2015	23 October 2015



ATRIUM LJUNGBERG

Postal address: Box 4200, SE-131 04 Nacka. Street address: Sickla Industriväg 19  
Tel: +46 (0)8 615 89 00, fax: +46 (0)8 615 89 99, [info@atriumljungberg.se](mailto:info@atriumljungberg.se)  
Registered office: Nacka. Corporate ID no.: 556175-7047

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