

2014 ANNUAL REPORT

THE WAY WE BUILD THE CITY



The page features a white background with large, abstract geometric shapes in magenta, dark red, and yellow. The magenta shape is at the top left, the dark red shape is at the bottom left, and the yellow shape is at the bottom right.

BRINGING OUT THE LOCATION'S SOUL

Successfully creating attractive locations is a matter of understanding life in the shopping area, workplace and neighbourhood. It is a matter of calling attention to the best features of the location and taking advantage of its unique possibilities, history and soul. Equally as important is having the ability to transform good ideas into action. We are proud of our accomplishments thus far. But we are not finished.

Our vision is constantly in focus and we will continue to create new locations with exciting businesses and activities in the retail, office, service, culture and education sectors. Just as we always have done. Over the next few years we are also planning on additional residential projects – which is an important component of creating vibrant urban environments.

THE RESULTS IN BRIEF

- The Group's net sales totalled SEK 2,311 million (SEK 2,362 m), of which rental income increased to SEK 1,981 million (SEK 1,956 m). Net sales for project and construction work totalled SEK 331 million (SEK 405 m).

The increase in rental income is primarily explained by additional rental income from the most recently completed phases of Mobilia, Port 73 and Farsta, and the newly acquired properties in Sickla and Malmö. New lettings have also contributed to the increased income. Rental income has been impacted negatively by loss of rental income from sold properties. The decrease in net sales is primarily attributable to lower net sales for TL Bygg.

- The operating surplus increased to SEK 1,344.6 million (1,297.3 m), corresponding to 3.6 per cent. The profit before changes in value increased to SEK 843.5 million (829.0 m), corresponding to 1.7 per cent.

In addition to the change in rental income in accordance with the above, property expenses have declined by SEK 23 million. The decrease primarily relates to lower costs of leasehold fees, certain service charge-related costs and operating costs such as heating and snow clearance.

- Unrealised changes in the value of properties totalled SEK 860.6 million (SEK 142.5 m). The reported value of the property portfolio was SEK 28,163 million (SEK 25,008 m), and the valuation's average yield requirement was 5.6 per cent (5.7%). Unrealised changes in the value of financial instruments amounted to SEK -894.0 million (SEK 342.6 m).

The change in value of the properties corresponds to 3.2 per cent, and is primarily explained by lower yield requirements. The negative change in value of financial instruments is due to lower market interest rates.

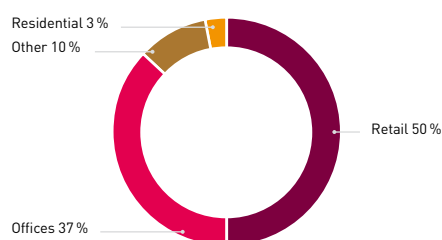
- The net profit for the year totalled SEK 645.2 million (SEK 1,108.3 m), corresponding to SEK 4.89/share (SEK 8.52/share). The Board of Directors proposes a dividend payment of SEK 3.30/share (SEK 3.05/share).

The decrease in profit is entirely explained by an increased deficit in the derivatives portfolio. The dividend corresponds to a dividend yield of 2.9 per cent (3.5%).

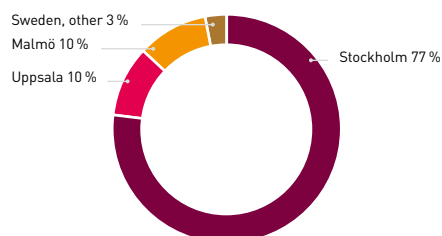
- During 2014 we invested SEK 707 million (SEK 1,302 m) in our own properties. Acquired properties total SEK 1,673 million (SEK 0 m). Sale of properties amounts to SEK 94 million (SEK 1,012 m).

The year's investments refer primarily to Kvarteret NOD in Kista, Gränby Köpstad in Uppsala and ICA Kvantum in Farsta. During 2014 we acquired three properties: Sicklaön 83:33 Nobelberget in Sickla, Dimman 11 in Malmö and Stora Katrineberg 16 in Stockholm. In July, Fatbursbrunnen 17 in Stockholm was sold and vacated.

Contracted annual rent per premises type



Contracted annual rent per region



	2014	2013	2012	2011	2010
Net sales, SEK	2,311	2,362	2,078	2,018	1,936
Operating surplus, SEK m	1,345	1,297	1,224	1,095	1,030
Profit/loss before changes in value, SEK m	844	829	739	694	669
Net profit/loss for the period, SEK m	645	1,108	1,031	905	916
Investments, SEK m	707	1,302	1,512	1,050	1,047
Cash flow from operating activities, SEK m	734	854	832	640	671
Letting rate, %	93	95	95	94	94
Equity/assets ratio, %	39.6	41.1	40.3	41.2	42.9
Gearing ratio, %	45.5	47.8	47.3	45.1	45.7
Average interest rate at period end, %	3.2	3.6	3.9	4.2	3.8
Interest coverage ratio, multiple	3.0	3.0	2.6	2.9	3.1
Earnings per share, SEK	4.89	8.52	7.92	6.95	7.03
Profit/loss before changes in value less nominal tax, SEK/share	4.98	4.97	4.19	3.93	3.79
Dividend, SEK/share (proposed for 2014)	3.30	3.05	2.85	2.60	2.40
Share price as per 31 December, SEK/share	114.70	88.00	87.00	73.25	86.50
Shareholders' equity, SEK/share	87.00	84.67	78.79	73.30	69.91
Net worth SEK/share, 10% deferred tax	96.66	93.09	86.67	83.03	77.98

SIGNIFICANT EVENTS IN 2014

Q1

- We vacated the PUB department store in Stockholm's city centre.
- Opening of several new stores and restaurant concepts at Port 73 in Haninge and Mobilia in Malmö.
- Acquisition of Sicklaön 83:33 Nobelberget in Sickla, Nacka – a property with the possibility to construct new housing and office premises.
- Acquisition of the Dimman 11 property in central Malmö, which is our first office building outside Stockholm and part of a long-term strategy for growth in Malmö.
- We were ranked as one of Sweden's best workplaces in 2014 by Great Place to Work®.
- We completed two residential buildings with seventy rental apartments in Mobilia.
- The detailed development plan for a new bus garage at Katarinaberget at Slussen was stopped, so new construction on our land allocation in front of Glashuset will likely be delayed.

Q2

- The Annual General Meeting elected Erik Langby and Simon de Château as new members of Atrium Ljungberg's Board.
- We started construction on an additional two retail properties in Gränby Köpstad in Uppsala.
- We completed and inaugurated an extension in Farsta Centrum where, amongst others, ICA Kvantum opened.
- The two largest shareholders and Atrium Ljungberg AB sold B shares corresponding to 8.3 per cent of the capital with the aim of spreading ownership and increasing liquidity in Atrium Ljungberg's share.
- Legal proceedings against AkzoNobel were started, due to its rescission of the lease contract for the Sickla Front office property.

Q3

- Sale and relinquishment of the Fatbursbrunnen 17 property on Södermalm in Stockholm
- Opening of restaurant building in Gränby Köpstad in Uppsala with three new restaurant concepts.
- We were awarded the City of Malmö Urban Planning Prize of the Year, Årets Stadsbyggnadspris, for the transformation of Mobilia.
- The first phase of Kvarteret NOD in Kista was completed and ready for occupancy.

Q4

- Inauguration of Kvarteret NOD in Kista.
- We signed several new agreements in Kvarteret NOD for almost 5,500 m².
- We received a land allocation in the Hagastaden area of approximately 1,000 m².
- Acquisition of the Stora Katrineberg 16 leasehold in Liljeholmen in Stockholm – an office building consisting of 40,000 m².

Stockholm, Uppsala and Malmö

WE ARE IN SWEDEN'S GROWTH AREAS

NUMBER OF PROPERTIES: 49

PROPERTY VALUE: SEK 28 billion

CONTRACTED ANNUAL RENT: SEK 2.1 billion

TOTAL LETTING AREA: 1,062,000 m²

LETTING RATE: 93%

NUMBER OF EMPLOYEES: 282

LARGEST OWNERS: Stockholm Consumer Cooperative society, the Ljungberg family and the Holmström family

BRIEF INFORMATION ABOUT ATRIUM LJUNGBERG

Atrium Ljungberg owns, develops and manages properties and areas, primarily for the retail and office sectors. Our vision, "Our city – where everyone thrives", is an expression for what we want to achieve – exciting urban environments where everything you desire is close by and where people want to be, today and tomorrow.

The properties are the core of our operations, but what really makes a difference are the squares, shopping streets and clever mix of players and neighbours.

Together with customers, suppliers, municipalities and other partners, we grow stronger and help places develop and grow.

Deciding to build property and places for the future is every bit as obvious to us as deciding that our business is to create long-term value – for us, our customers and society.

Large Cap

NASDAQ STOCKHOLM

- ▶ **AS A CUSTOMER** you obtain security and good conditions for running a profitable business, both now and in the future. We are a long-term landlord that engages in ongoing and close dialogues with our customers.
- ▶ **AS A SHAREHOLDER** you receive a stable yield at a low risk. At the same time, you have the potential to achieve a strong total yield through the company's large project portfolio.
- ▶ **FOR SOCIETY** we create environments that will last. Sustainable urban development allows us to create economic, environmental and societal value.

10 billion

IN POTENTIAL PROJECTS

"Our long-term owner perspective is second nature to us. We live with our projects, and that which we create today is meant to last a long time."

Ingalill Berglund, CEO





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URBAN CONCEPT CREATES BUSINESS OPPORTUNITIES

LAST YEAR, 2014, was an eventful one, and it included many positive aspects. Profits exceeded our forecast, and we made three major acquisitions that will contribute to our future profit growth. We will continue to create new urban environments, and together with Järfälla Municipality, we will develop Barkarby College/Symbiosis into a meeting place for learning, culture, trade and industry, for example.

RESULTS 2014

It has been an eventful year for Atrium Ljungberg with many positive aspects, such as three new acquisitions with significant future potential, project opportunities in new subsidiary markets and continued stable profit growth.

We surpassed our forecast with a profit before changes in value, which amounted to SEK 844 million against the forecast of SEK 815 million. The operating surplus for 2014 increased by 3.6 per cent and deducting effects of conducted sales, the increase amounted to approximately six per cent. Market interest rates fell significantly during the year and our average interest rate was reduced by 0.4 percentage points to a low 3.2 per cent at the end of the year. However, the net interest expense was encumbered with the capital cost of our project acquisitions and by Sickla Front. Currently they result in negative cash flows but at the same time comprise a future potential.

The strong property market has resulted in increased property prices with a value increase for our existing property portfolio of SEK 861 million. At the same time, lower market interest rates create temporary deficits in the derivatives portfolio which encumber the profit in terms of accounting, however without any cash flow effects. We invested just over SEK 700 million in our own properties during the year and at the same time net acquired properties for SEK 1.6 billion.

FOCUS ON STRONG SUBSIDIARY MARKETS

Atrium Ljungberg's strategy is to maintain presence in strong subsidiary markets in large urban regions where growth is high. The clear trend towards increased urbanisation is driving growth in the large urban regions, and strong population growth benefits both businesses and consumption.

Stockholm, one of our largest subsidiary markets, continues to serve as Sweden's growth engine. The majority of our properties are found here in the city centre and inner suburbs. Good public transport is critical in terms of how attractive an area is, and we own property along two of the new underground routes being planned for the region. Both Hagastaden and Sickla will be accessible by the underground. We also have the possibility to grow along the third route towards Barkarbystaden since we

recently won a land allocation competition for a central location in the new Barkarbystaden. The new underground lines will not be completed for several more years, but in 2017, the new cross-town light rail link, Tvärbanan, will be extended from Hammarby Sjöstad to Sickla.

As a result of acquiring Stora Katrineberg 16, which is a large office building located in close proximity to both the underground and the cross-town light rail link in Liljeholmen, we also strengthen our presence and our offer in an area of Stockholm we believe has exciting potential for the future.

Uppsala is our second largest market; it shows potential with substantial population growth and major urban development projects in the works. Amongst other things, the municipality is planning new urban development in conjunction with our Gränby Centrum. We also own land in the area and are planning to continue developing retail and service facilities, supplemented with housing and cultural and educational facilities in the emerging Gränbystaden.

Our third market, Malmö, has had weaker growth since competition has been stiff in the retail sector there. We believe in Malmö from a long-term perspective, however, and our ambition is to continue developing the Mobilia city district, which was awarded the City of Malmö 2014 Urban Planning Prize, Stadsbyggnadspris, after our most recent project. We strengthened our position in Malmö in March by purchasing an office property close to attractive Möllevångstorget.

We currently do not have any properties or projects in Gothenburg. We are interested in the region and are assessing the possibility of establishing ourselves there as well. For this to be possible, however, it is important to find property or land that will enable us to work with a large urban development project. We will become a significant player in this role and a natural discussion partner for the projects being planned.

Over time, we have managed to maintain a low level of vacancy by focusing on strong locations. At the beginning of 2015, the letting rate was 93 per cent. We believe that the positive rental trend will continue in our subsidiary markets and that vacancies will remain a low levels.



“The project portfolio comprises approximately SEK ten billion in potential projects, and we also own land with significant development potential from a long-term perspective.”

**PROJECTS IMPORTANT FOR LONG-TERM
VALUE CREATION**

Project development has helped us create value growth in the company over the years. The project portfolio comprises approximately SEK ten billion in potential projects, and we also own land with significant development potential from a long-term perspective.

Our goal is annually to invest SEK one billion in new build and extension projects that yield a return of 20 per cent. We currently have significant potential in planned urban development projects, and are currently working for the detailed development plans to be completed and gain legal force. Just over two-thirds of the project portfolios are in Sickla and Uppsala. Stockholm city centre, where we have development rights in Hagastaden and near Slussen for a total of 50,000 m², represents around 20 per cent. And through land allocation in Barkarby, we have

the opportunity to develop approximately 50,000 m² in a very expansive area of Stockholm. In 2014 the investment volume for the Group totalled just over SEK 700 million. One reason we have not reached the investment target of one billion is that several large projects were concluded at the end of 2013 and the beginning of 2014, at the same time that ongoing projects are in the early stages. I estimate the 2015 project volume to be at approximately the same level, and for the rate of investment to increase heavily in 2016.

The project portfolio has equally large shares of housing, retail and offices, and thus significantly differs from our existing property portfolio where just over half are retail properties and only three per cent are residential properties. In order to create vibrant city districts, housing is a necessary component, and we consider our investment in residential property to be strategically important. Our planned residential business will strengthen our



“In order to create vibrant city districts, housing is a necessary component and we consider our investment in residential property to be strategically important. We are convinced that the city district concept makes it easier for us to lease premises and sell our planned housing.”

brand and lead to profitability and value growth. We already own 700 apartments, and additional apartments will enable more efficient management. Atrium Ljungberg has a long history in residential development, for example via our construction company TL Bygg. TL Bygg also contributes to both profitability and competitive advantages since the company can provide cost-efficient part construction and tenant-specific adaptations on short notice for all of our business.

WE CREATE NEW CITY DISTRICTS

We are convinced that our strategy to develop large areas into city districts with a mixture of businesses makes our offer and premises more attractive. The city district concept will also make it easier for us to sell our planned housing in the future. The interaction between an area's businesses, meeting places and outdoor spaces creates a valuable context for both tenants and the people who go there to shop or do errands.

When developing entire city districts, it is important to create a positive atmosphere that encompasses a wide range of service facilities that are attractive to residents and visitors. Being able to offer a workplace in an attractive area also helps companies to attract competent employees. The retail range in our areas is to provide the type of variety and strong offering that consistently entices consumers to choose our retail hubs over other retail centres or e-trade every day. We believe that by creating good conditions for all of our stakeholders, we provide strong store flows, and our close dialogue with our tenants allows us to satisfy both their needs and those of consumers. It is in this way we have developed four retail centres that are among the fifteen largest in Sweden in terms of net sales. The shopping area in Sickla is the third largest in Sweden.

SUSTAINABILITY

Our long-term owner perspective is second nature to us. We live with our projects, and that which we create today is to last a long time. We want to promote the development of sustainable places and city districts. All of our large new build projects are BREEAM certified. Furthermore, our energy consumption is to drop by 20 per cent by 2021. We have also signed the UN Global Compact and support its principles. With a clear focus as we move ahead, we will continue to raise the level of ambition for our sustainability work.

It is also gratifying that we are once again ranked as one of the best workplaces in Sweden according to Great Place to Work®, and that our employees believe Atrium Ljungberg is an excellent workplace. Successful sustainability work and a good company are created together with customers, partners and

employees, and I would like to take this opportunity to thank all of you for your confidence and excellent cooperation on every level, including all of the great work during the year. Collaboration in particular is one of our core values that is firmly planted in our organisation. My firm conviction and belief is that by working together we grow much stronger, and the results for everyone involved are immensely improved.

Our vision, “Our city – where everyone thrives”, is an expression for what we want to achieve – exciting urban environments where everything you desire is close by and where people want to work, live and be, today and tomorrow. With all aspects of our offering and the collected expertise of our employees, customers and partners, we have good opportunities to attain the vision.

OUTLOOK 2015

The transaction volumes in 2014 were once again at record levels, and there are strong indicators that the property market will remain strong. The population growth, historically low interest rates and good access to capital are beneficial to the market. Demand for office premises, stores and residential properties in our subsidiary markets is still high. And with our financial strength and unique expertise, we will continue to work actively to build tomorrow's sustainable cities. With the work that was conducted during 2014, we have created the conditions for good resource growth during 2015 as well. The profit before changes in value and tax is estimated to amount to SEK 920 million in comparison to SEK 844 million for 2014.



Ingalill Berglund, CEO

BUSINESS CONCEPT

Our long-term approach to ownership, development and management enables us to offer our customers attractive retail, office and urban environments in strong subsidiary markets. Our in-house expertise and holistic perspective enable us to generate added value for our customers and partners and to create value growth within the company.

VISION – OUR CITY – WHERE EVERYONE THRIVES

Our city is a place where everything you need and desire is right next door. A number of businesses meet here, creating an exciting urban environment where anyone would want to be. Here you can work, shop, conduct business, live, study, socialise and be entertained – everything that is part of life. Our locations have a soul and everyone should feel at home. Where people want to live – the city thrives.

VALUES



LONG-TERM
APPROACH

COOPERATION

RELIABILITY

INNOVATIVE
THINKING

Our values permeate everything we do and guide us in our encounters with customers and other stakeholders. Solicitude for people and the environment makes up part of our business activities through our business concept, vision, values, business processes, action plans and daily routines.

THE CITY – A PROFITABLE BUSINESS

Atrium Ljungberg's business model creates profitability and value growth, mostly through long-term property ownership, management and improvement, as well as through project development of properties. Our construction business also contributes to profitability, as do our property acquisitions and sales.



Project development

Our project development comprises both new build and reconstruction and extension properties, and is conducted in attractive locations in large urban regions, generally in connection with existing property holdings. Our projects are run by our own personnel – from concept phase to move in. Project yields – with a goal of 20 per cent project return – are meant to provide better profitability than acquiring properties with an existing cash flow. Consequently, projects contribute both to net operating growth and value growth.

Our wholly owned subsidiary TL Bygg, a construction company, also generates a profit from year to year.

707
SEK M
Investment 2014

Management business

Our property portfolio primarily consists of retail and office properties concentrated in large urban regions. To build complete urban environments, we also develop our areas with residential properties, as well as cultural, educational and service facilities as a means to increase the added value for tenants, customers and society as a whole. We also have our own management organisation that works closely with tenants to satisfy their needs in the best way possible, while staying open to new business opportunities.

By improving our property portfolio, working on letting rate and conducting effective management, our operating net surplus and consequently both the cash flow and property values increase. The operating net reached SEK 1,345 million in 2014.

1,345
SEK M
Operating net 2014

Acquisition and sales

We have a long-term owner perspective. We develop and manage with the aim of long-term ownership. We acquire new properties and land if we can achieve strategic benefits and generate good operating net surplus, or generate a good yield through project development.

Properties are only sold if they do not fit into our strategy.

1,673
SEK M
Property acquisition 2014

GOALS

Atrium Ljungberg's operations focus on growth in the operating surplus. This, together with a stable capital structure, generates excellent conditions for good growth in value. Our goals are divided into three areas:

- ▶ profitability and growth
- ▶ long-term stability
- ▶ Corporate Social Responsibility

PROFITABILITY AND GROWTH

GOALS

The operating surplus shall increase by 10 % a year.

We shall invest SEK 1 billion every year in in-house projects.

For investment decisions from 2012 forward, the goal is for the return on new build and extension projects to 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 assets/equity ratio shall be 30 %.

The minimum interest coverage ratio shall be a multiple of 2.0.

CORPORATE SOCIAL RESPONSIBILITY

All major new builds shall be environmentally certified in accordance with BREEAM.

Energy consumption per m² is to decrease by 20 % between 2014 and 2021.

By 2021, the proportion of green lease contracts is to be 50 % of the contracted annual rent.

We shall be one of Sweden's best workplaces.

DESCRIPTION	GOAL FULFILMENT 2014	HISTORIC GOAL FULFILMENT												
By investing in our own new build and reconstruction projects, reducing vacancy levels, and ensuring cost-effective management, we will increase our operating surplus by 10 % a year. The investments also generate growth in the value of our properties and the company in that the yield on the projects exceeds the market's yield requirements. See pages 39–81 for further information about our projects.	The operating surplus increased over the year by 3.6% due to the annual effect of completed projects in 2013, additional operating nets for completed projects in 2014 and acquired properties. The operating net was negatively impacted by the sold Torgvågen 7 property being vacated.	<table><tr><th>Year</th><th>Operating surplus (%)</th></tr><tr><td>2010</td><td>-2.1</td></tr><tr><td>2011</td><td>6.4</td></tr><tr><td>2012</td><td>11.8</td></tr><tr><td>2013</td><td>6.0</td></tr><tr><td>2014</td><td>3.6</td></tr></table>	Year	Operating surplus (%)	2010	-2.1	2011	6.4	2012	11.8	2013	6.0	2014	3.6
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Investments in our own properties amounted to SEK 707 million and primarily pertain to NOD in Kista, ICA Kvantum in Farsta and Gränby Köpstad in Uppsala.	<table><tr><th>Year</th><th>Investments (SEK m)</th></tr><tr><td>2010</td><td>1,047</td></tr><tr><td>2011</td><td>1,050</td></tr><tr><td>2012</td><td>1,512</td></tr><tr><td>2013</td><td>1,302</td></tr><tr><td>2014</td><td>707</td></tr></table>	Year	Investments (SEK m)	2010	1,047	2011	1,050	2012	1,512	2013	1,302	2014	707	
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Three new build and extension projects were completed during the year ¹⁾ : residential property in Mobilia, ICA Kvantum in Farsta and NOD in Kista. Total investment for these projects amounts to SEK 1,088 million including land acquisition. The project return was 15 %, corresponding to SEK 158 million.	<table><tr><th>Year</th><th>Project return (%)</th></tr><tr><td>2010</td><td>0.0</td></tr><tr><td>2011</td><td>0.0</td></tr><tr><td>2012</td><td>17.0</td></tr><tr><td>2013</td><td>15.0</td></tr><tr><td>2014</td><td>15.0</td></tr></table>	Year	Project return (%)	2010	0.0	2011	0.0	2012	17.0	2013	15.0	2014	15.0	
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2012	17.0													
2013	15.0													
2014	15.0													
The owners will share in the company's profits from a long-term perspective by means of stable dividend payments. See pages 101–104 for further information about the share and the owners.	A dividend of SEK 3.30/share is proposed for 2014, corresponding to a dividend payment of 66.8% of the profit available for distribution, and a dividend yield of 2.9 %.	<table><tr><th>Year</th><th>Dividend payment (%)</th></tr><tr><td>2010</td><td>63.4</td></tr><tr><td>2011</td><td>66.2</td></tr><tr><td>2012</td><td>68.0</td></tr><tr><td>2013</td><td>61.4</td></tr><tr><td>2014</td><td>66.8</td></tr></table>	Year	Dividend payment (%)	2010	63.4	2011	66.2	2012	68.0	2013	61.4	2014	66.8
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2014	66.8													
The company's capital base shall be strong, to help ensure long-term stability and generate the conditions needed to do good business in different market situations. The rolling cash flow shall cover interest costs by a wide margin.	The equity/assets ratio continues to be high and was 39.6 %.	<table><tr><th>Year</th><th>Equity/assets ratio (%)</th></tr><tr><td>2010</td><td>42.9</td></tr><tr><td>2011</td><td>41.2</td></tr><tr><td>2012</td><td>40.3</td></tr><tr><td>2013</td><td>41.1</td></tr><tr><td>2014</td><td>39.6</td></tr></table>	Year	Equity/assets ratio (%)	2010	42.9	2011	41.2	2012	40.3	2013	41.1	2014	39.6
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2011	41.2													
2012	40.3													
2013	41.1													
2014	39.6													
	The interest coverage ratio was a multiple of 3.0.	<table><tr><th>Year</th><th>Interest coverage ratio (multiple)</th></tr><tr><td>2010</td><td>3.1</td></tr><tr><td>2011</td><td>2.9</td></tr><tr><td>2012</td><td>2.6</td></tr><tr><td>2013</td><td>3.0</td></tr><tr><td>2014</td><td>3.0</td></tr></table>	Year	Interest coverage ratio (multiple)	2010	3.1	2011	2.9	2012	2.6	2013	3.0	2014	3.0
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2010	3.1													
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2013	3.0													
2014	3.0													
We have chosen to environmentally certify our major new build projects in accordance with the BREEAM environmental classification system. The goal is, at a minimum, to achieve a rating of "very good". See pages 20–29 for further information about our sustainability work.	Atrium Ljungberg obtained its first definitive BREEAM certificate in 2014 for HK Intrum Justitia in Sickla, where we obtained the rating of "excellent". An additional six BREEAM projects are under way.	All of our major new build projects that have been certified have received a rating of at least "very good".												
Atrium Ljungberg has developed a new long-standing goal to reduce energy consumption: heating, cooling, property electricity and tenant electricity. See pages 20–29 for further information about our sustainability work.	The goal is new and monitoring will begin in 2015.	The goal is new and monitoring will begin in 2015.												
The goal for 2014 was to increase the number of green lease contracts and voluntary sustainability agreements. We have clarified and quantified the goal for 2015. See pages 20–29 for further information about our sustainability work.	The goal has been reformulated and monitoring will begin in 2015.	The goal has been reformulated and monitoring will begin in 2015.												
Since 2011, we have taken part in the Great Place to Work® (GPTW) evaluation of "Sweden's best workplaces", where our strengths and developmental areas as an employer are identified by means of an employee survey. Our goal is to achieve a minimum average index of 85%. See pages 26–27 for further information about GPTW.	The employee survey for 2014 shows that we exceeded our goals and achieved an index of 87%.	<table><tr><th>Year</th><th>GPTW index (%)</th></tr><tr><td>2011</td><td>76</td></tr><tr><td>2012</td><td>81</td></tr><tr><td>2013</td><td>84</td></tr><tr><td>2014</td><td>87</td></tr></table>	Year	GPTW index (%)	2011	76	2012	81	2013	84	2014	87		
Year	GPTW index (%)													
2011	76													
2012	81													
2013	84													
2014	87													

¹⁾ The Sickla Front property will be reported later since the result will be impacted by the outcome of a dispute with AkzoNobel.

HOW WE CREATE ATTRACTIVE URBAN ENVIRONMENTS

STRATEGIES AND 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.
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 yields and high return in our project development.
Strong subsidiary markets in growth towns in Sweden	We shall establish a presence in strong subsidiary markets in large urban regions where the potential exists for long-term population growth.	Long-term population growth creates the prerequisites for long-term profitability, both for us and our customers.
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. Collaboration 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 driving the entire business process ourselves, including project development, we can take care of our customers and generate value growth 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 results and the outside world's confidence in us.
Passionate employees 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 want to be long-term customers.

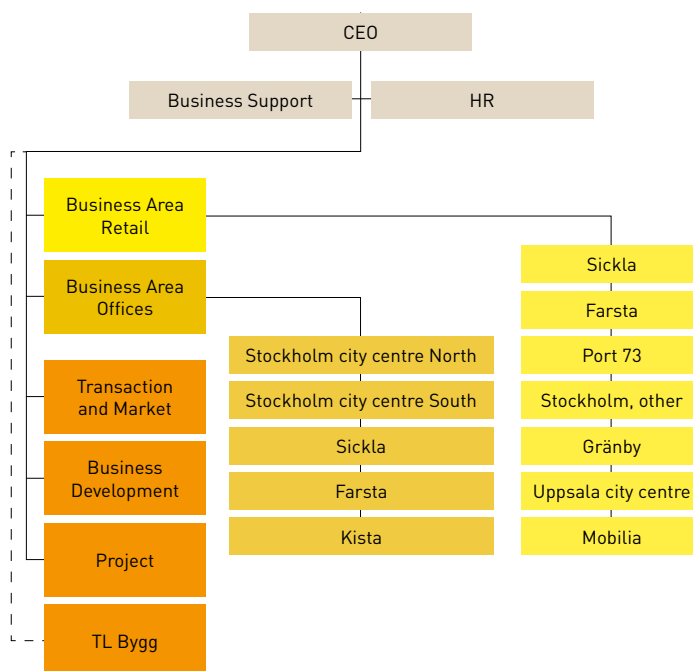
ORGANISATION CLOSE TO THE CUSTOMER

Our organisation is designed to focus on the customer and the transaction, to be close to our customers, and to have short decision-making routes within the business process. Our operations are divided into two branches, namely property management and project and construction work. Our management activities are conducted in two business areas: one for retail properties and the other for offices.

Organisationally, project and construction work is divided into four units, namely transaction and market, business development, projects, and the subsidiary company, TL Bygg.

Our properties and areas are managed locally by our own, on-site staff. The management of our market areas is broken down by geographical area. Our head office is located in Sickla in Nacka Municipality, and we also have nine local offices where the majority of our employees have their day-to-day workplaces within walking distance of the customers.

Our support functions are divided into HR and business support. Business support includes functions such as accounts, finance, investor relations (IR), communication, IT support, and legal affairs.





STRONG PROPERTY MARKET WITH RECORD-HIGH VOLUMES

TRANSACTION VOLUMES in the Swedish property market are back at record levels thanks to low interest rates and good access to capital. Domestic consumption and investment in residential property will serve as the locomotive for continued economic growth in 2015.

The eurozone countries' financial markets were stabilised in 2014, and economic development was aided by low oil prices. The situation in Europe continues to be uncertain. Germany has slowed and both Italy and France are expected to post zero growth in 2015. Most commentators expect growth to remain weak in 2015 as well. Factors indicating a better economic climate globally include the USA's continued strong growth and oil prices that have remained low.

The Swedish economy grew by about 1.7 per cent in 2014, which was below expectations at the beginning of the year. Primarily export to the eurozone countries was weaker than expected, and it was instead domestic consumption and investment in residential property that contributed to economic growth. These aspects are expected to drive growth in the period to come as well. The key interest rate was lowered to zero at the end of 2014, and the Riksbank does not believe the key interest rate will increase until the second half of 2016.

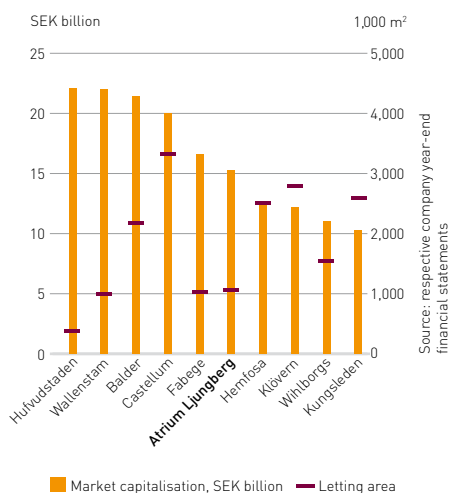
The low interest rate, rising real wages and an improved labour market all contribute to a more positive outlook on the

future by consumers, which benefits growth. The Swedish National Institute of Economic Research is forecasting growth in GDP of 2.3 per cent in 2015. The labour market developed positively in 2014 with a gradual increase in employment, but unemployment still remains at relatively high levels. In 2015, unemployment is expected to decrease slightly and inflation to be close to zero per cent.

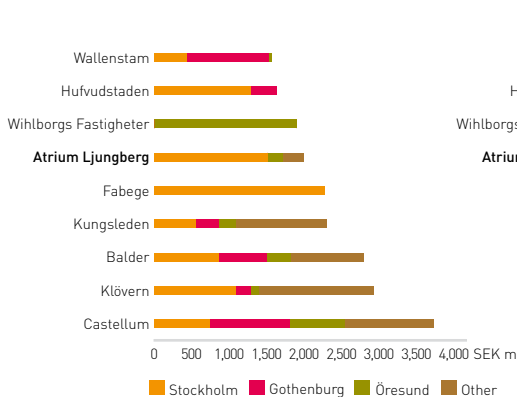
HIGH ACTIVITY IN THE PROPERTY MARKET

The property market was characterised by high activity in 2014 thanks to low interest rates and good access to capital. The low interest rates make property yields attractive in comparison to other investments, which explains the continued strong interest in this type of investment. According to Savills, the transaction volume during 2014 amounted to SEK 160 billion, which is a 60 per cent increase compared to 2013. Volumes are at the same level as during the record years before the financial crisis in 2008. The number of transactions is also increasing. Completed transactions over SEK 25 million

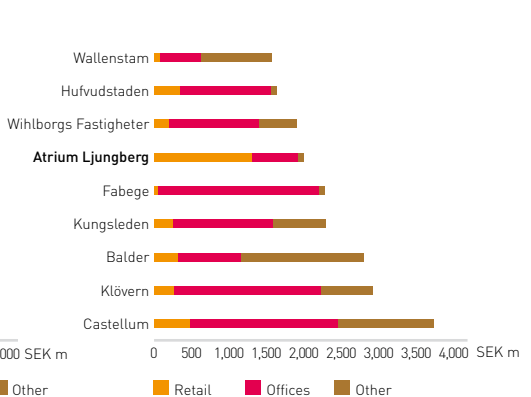
Market capitalisation and letting area as per 31/12/2014, listed property companies



Rental value per region ¹⁾



Rental value per premises type ¹⁾



¹⁾ From Leimdörfer's Company Overview, based on the property portfolio of each company's reporting for Q3 2014. Refers to investment properties.

numbered 540, which is a 26 per cent increase compared to 2013.

Commercial properties (office, retail, warehouse, industry and hotel) represented 60 per cent of the transaction volumes in 2014. Residential and public properties have continued to be a popular segment for investment. Carnegie & Co's purchase of Hyresbostäder HBS II's property portfolio for SEK 6.5 billion was one of the largest transactions during the year. Another major transaction within retail properties was Olav Thon's purchase of five retail centres from Steen & Ström for SEK 3.2 billion.

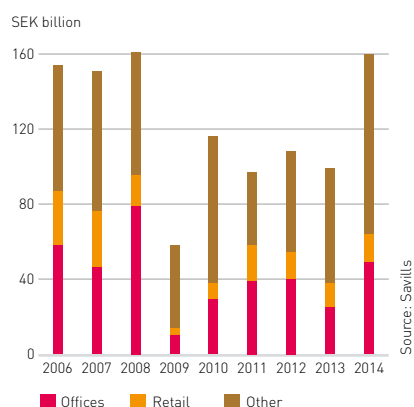
LACK OF OBJECTS INCREASES INTEREST IN SECONDARY PROPERTIES

There is a great deal of interest in high-quality office properties in the central business areas of large cities (CBD), which in combination with a lack of objects has led to rising prices. The dividend yield for prime properties has fallen below five per cent, and according to Savills this has only happened previously a couple of times over the past thirty years.

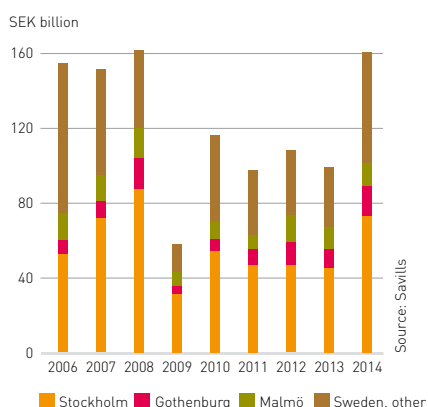
A great deal indicates that the property market will remain strong in 2015 with high transaction volumes within all segments. The great interest among institutions for high-quality properties will continue to grow, leading to the prediction that yield requirements for these properties will remain at historically low levels. Transaction activity among listed property companies continues to grow. Savills estimates that property values in 2015 will remain stable or increase for prime objects, and that secondary properties will also increase in value since investors are expanding their property portfolios due to a lack of attractive objects in central locations.

Interest in investing in the Swedish property market has increased on the part of foreign investors as well. Savills estimates that the number of international buyers will increase further during 2015.

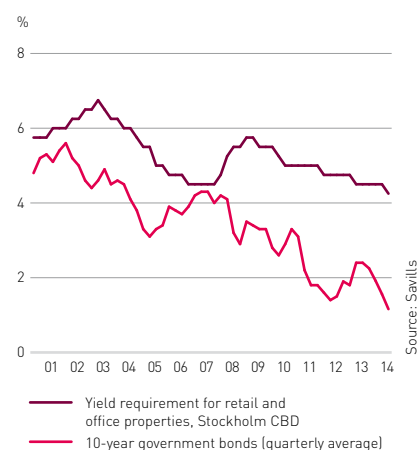
Transaction volume per property type



Transaction volume per geographic area



Dividend yield for retail and office, and 10-year government bond



POSITIVE OUTLOOK FOR THE RETAIL SECTOR

ATRIUM LJUNGBERG IS one of the largest owners of retail spaces in Sweden. Our retail properties represent about one half of our total rental value, so the retail sector's development is an important factor for us.

Sales in the retail sector started gaining momentum again in 2014, and total sales grew by 3.4 per cent compared to the previous year. The volume amounted to SEK 669 billion. The grocery retail sector, which has served as a locomotive for the retail sector for several years, increased once again by 2.2 per cent.

Demand for infrequent retail goods and the majority of the sub-sectors have developed positively. Infrequent retail's sales grew by 4.4 per cent during 2014. Low mortgage rates in combination with real wage increases and a stable labour market are a few of the reasons households are once again consuming infrequent retail goods, which are characterised as being less needs-driven.

THE RETAIL SECTOR'S WINNERS AND LOSERS

Capital-heavy industries experienced the best development over the year, especially goods connected with the home. Low interest rates and rising prices for housing have improved opportunities for Swedish households to borrow money to purchase capital goods. The furniture sector experienced the strongest growth in the retail sector with a sales increase of a substantial 8.2 per cent. The interior design sector experienced strong development as well, with a sales increase of 3.7 per cent.

A long-standing negative sales trend in the electronics sector was broken in 2014. The industry's margins are still low, but companies are working to expand their offer, and new features within mobile telephony and game consoles helped sales of electronics goods to increase by 5.3 per cent.

The toy sector was one of the losers in the retail sector; sales decreased by 1.4 per cent in 2014. Thus the negative trend is still in place, and the industry has shown negative sales growth three years in a row. The diminished sales are due to stiff competition from department stores, the grocery retail sector and the electronics sector. Another explanation for the drop in sales is digitalisation, since tablets, for example, are replacing traditional toys to a large degree.

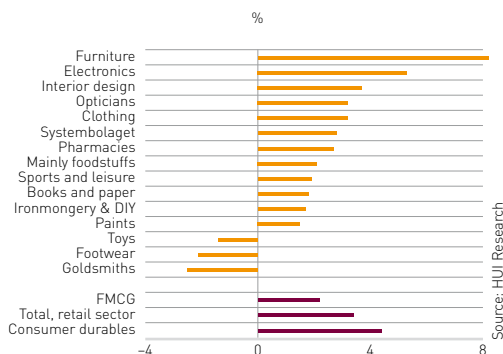
E-TRADE

E-trade's sales during 2014 were SEK 42.5 billion, corresponding to a 16 per cent increase. E-trade represented 6 per cent of total retail, and the toy sector and DIY sector experienced the strongest growth during the year. E-trade has become an increasingly important sales channel, and combining online sales and retail trade in stores has proven successful. Fear on the part of retail companies that consumers would use only the physical stores as showrooms has proven to be unjustified. Rather, studies show just the opposite to be true; that is, consumers start the buying process online and then conclude it in the store. To remain competitive in the future, it will become increasingly important for companies in the retail sector to be able to meet the customer in different sales channels.

THE RETAIL SECTOR'S REGIONAL DEVELOPMENT

Growth in the retail sector is to a large degree driven by population growth. During 2014, sales increased the most in Malmö and

Retail sector's development in 2014 compared to 2013 (rolling prices)



Retail sector's development and forecast for 1991–2016 (rolling prices)



Stockholm, with a six respectively two per cent increase in net sales.

Investments continue to be made in retail, and the number of retail centres is increasing, which means local competition is getting stiffer. The Mall of Scandinavia retail centre in Solna outside of Stockholm, with just over 100,000 m² of retail space, will be ready for inauguration in autumn 2015.

Major investments in the retail sector have also been made in Malmö over the past few years. Many of the projects have now been completed, such as Emporia, Triangeln and Caroli, as well as the major extension of Mobilia.

RETAIL YEAR 2015

The outlook for the retail sector in 2015 is optimistic. A number of positive conditions such as low mortgage rates, good real wage increases and strengthened employment support this. HUI Research anticipates that sales for the total retail sector will grow by three per cent during 2015. HUI Research estimates that the proposed tougher amortisation demands will have a limited effect on household consumption.

In the retail sector, sales in the grocery retail sector are expected to increase by 2.5 per cent in 2015. The slightly lower growth rate is due to households being expected to prioritise consumption in other areas of the retail sector and because the rate of price increases for food is expected to slow slightly next year. However, increased demand for quality goods in a higher price segment is expected to keep up sales in the grocery retail sector nevertheless.

Many consumers prefer to prioritise ecological, locally grown and Swedish raw products over others.

Within infrequent retail, sales are expected to grow by 3.5 per cent during 2015. The furniture, electronics, sports and recreational sectors are the industries expected to experience the strongest sales growth over the next year. The trend for industries connected to the home to drive growth in infrequent retail is expected to continue.

ATRIUM LJUNGBERG'S RETAIL HUBS

Atrium Ljungberg's retail hubs are located in strong locations, primarily in Stockholm, Uppsala and Malmö. With retail as the base, we develop urban environments where retail is supplemented by businesses and activities within service, culture and education, as well as office workplaces and residential properties.

The stores at Atrium Ljungberg's five largest retail hubs – Sickla, Farsta Centrum, Port 73, Gränby Centrum and Mobilia – collectively reported a net sales trend of 6.3 per cent compared to last year. Mobilia and Port 73 were responsible for the largest increases, primarily due to the expansion of the retail hubs.

OUR MARKET SHARE

In our subsidiary markets, we have the largest market share in Nacka and Haninge, corresponding to 54 respectively 23 per cent.

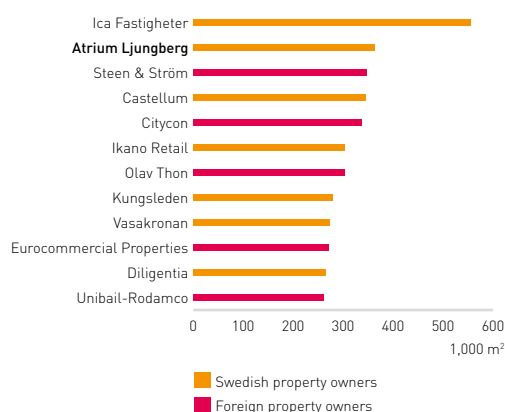
Atrium Ljungberg's market shares in subsidiary markets, Retail

Municipality	Net sales municipality, SEK m ¹¹	Share Atrium Ljungberg, %
Malmö (Mobilia)	22,192	7
Uppsala (Gränby Centrum, Rådhuset, Forumgallerian)	13,728	18
Nacka (Sickla Köp kvarter, Orminge Centrum)	6,536	54
Stockholm (Farsta Centrum, Glashuset Drottninggatan, Västberga Handel)	62,854	5
Haninge (Port 73)	4,000	23

¹¹ Refers to net sales per municipality 2013.

Source: HUI Research

Retail letting area in Sweden ¹¹



¹¹ Estimated area, as per 31 December 2014.

STABLE MARKET FOR OFFICE PROPERTY

THE RENTAL MARKET for offices in Stockholm and Malmö was stable during 2014. The substantial population growth and growing service sector in the regions safeguard future demand for office premises.

STOCKHOLM MARKET

The rental market for offices in Stockholm was stable during 2014, with an average vacancy level of just over four per cent. The vacancy level for Stockholm's central business area, CBD, was just under six per cent. The higher vacancy level is due to several large companies moving out of the city centre, and others are preparing to leave. At the same time, several reconstruction projects are about to be completed, which means there will be an expanded offering of spacious and modern office premises. The coming vacancies, however, are relatively well distributed over the years, and a growing service sector in the region should help them be well absorbed.

Since there has been a shortage of spacious and modern premises in Stockholm's city centre, demand has increased outside the heart of the city. Rents have increased over the past few years for the prime premises on Norrmalm and Södermalm. Vacancy levels are low and will not rise in the short term, which indicates the rental market will remain positive with stable demand for office premises.

The office rental market in Stockholm's southern suburbs is also stable and should be positively impacted by future urban development projects. The rental market in Kista will likely be faced with a period of rising vacancy levels. Vacancy levels at present are relatively high, and there is a risk that they will rise further when both Ericsson and Tele2 vacate their old and not entirely appropriate premises for new ones in 2015 and 2016.

Kista's strength, however, is that it is a well-known IT and telecom cluster, which helps maintain the attractiveness of the area.

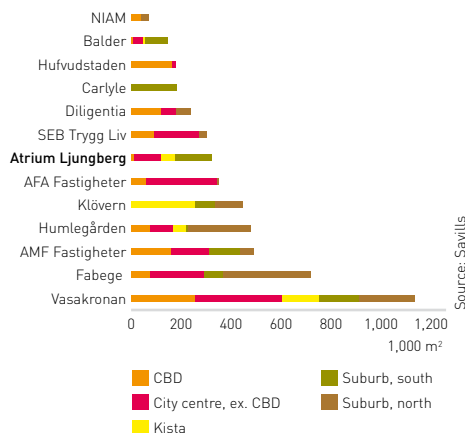
The majority of Stockholm's new construction projects are in Arenastaden in Solna and to some extent in the city centre. These projects are either fully let or of a size that should prevent them from having a negative impact on rental levels.

MALMÖ MARKET

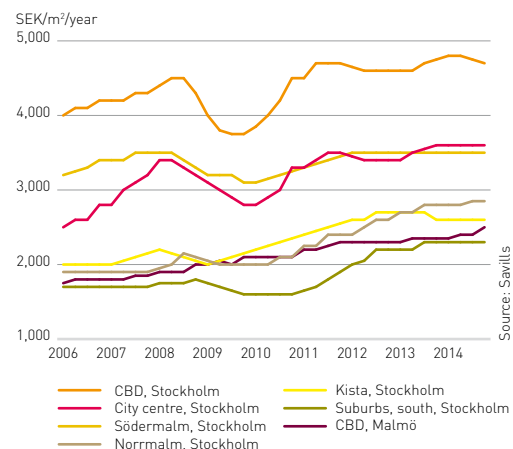
The rental trend in Malmö was stable during 2014 even though the level of vacancies in the central business areas rose to about ten per cent. The trend of large tenants vacating older premises for new buildings at Universitetsholmen, Västra hamnen and Hyllie has continued. However Hyllie seems to be the more popular choice for companies to set up operations, as letting is moving steadily forward in the new build projects. Vacancies are starting to arise in the first new production phases in Västra hamnen, as the original tenants select entirely new properties. There is, however, no risk of a general drop in rent in the Malmö market; rather, the risk is greater for the older property portfolios.

During 2014, the office area in Malmö increased by around 27,000 m², and an additional 50,000 m² is expected to be completed during 2015; the majority of the office premises are already let.

Letting area for office space in Stockholm



Rental trend in Stockholm and Malmö ¹⁾



¹⁾ The average rent for very good premises in the best locations.

ATRIUM LJUNGBERG'S OFFICE PROPERTIES

We believe that the office rental market in Stockholm, where we have most of our property portfolio, will continue to develop favourably over the coming years. Companies continue to show a great deal of interest in setting up operations in Hagastaden, and we primarily see that the area's life science specialism is attracting companies within the health care sector. The demand for office premises is also great on Södermalm and the vacancy level is low. In Ärvinge in Kista the trend has been weaker.

We purchased our first office property in Malmö, Dimman 11, in 2014, and we intend to acquire additional properties.

OUR MARKET SHARE

In our subsidiary markets for office property, we have the largest market share in Stockholm's southern suburbs, corresponding to 12 per cent.

Atrium Ljungberg's market shares in subsidiary markets, Offices

Subsidiary markets	m ² office space, ('000 m ²)	Share Atrium Ljungberg, %
Stockholm		
City centre, excl. CBD	3,577	4
Kista	932	7
Southern suburbs	1,657	12
Malmö		
Central Malmö, Västra hamnen, Hyllie	997	2

Source: Savills and Strateg Fastighetskonsult



WITH SOLICITUDE FOR PEOPLE AND THE ENVIRONMENT

ATRIUM LJUNGBERG AIMS to create sustainable and attractive environments where people want to live, work and be – today and tomorrow. A value-governed organisation with motivated employees and close collaboration with our stakeholders form the basis for achieving this.

We work from a long-term perspective, and as owner, manager and developer, we are a significant player in the markets and areas in which we operate. Our position gives us the possibility and responsibility to think multi-dimensionally and with respect for people, the environment and the economy.

At the same rate that understanding of human impact on climate changes has increased, and insight that the Earth's resources are finite and that urbanisation is continuing, efforts to promote sustainable management and urban development have become more topical. Expectations for Atrium Ljungberg to be a knowledgeable and far-sighted partner have increased, and we constantly work to develop in a sustainable direction.

It is a matter of extending the lifetime of properties, using resources efficiently, building relationships that create value and ensuring that our business model is sustainable in the long-term. In practice this means that we, together with our tenants and partners, find solutions and methods to increase the sustainability performance of the properties. This in turn improves our own, our tenants' and the city's conservation of resources, which improves our competitiveness.

Social sustainability is decisive for the attractiveness of the location and the willingness to live, work and be there. We develop the places where we are active by creating new

experiences and meeting platforms, or by otherwise reinforcing the social structure.

By building and managing in a sustainable manner for the future, we give our customers the conditions they need for their operations from a long-term perspective, at the same time that Atrium Ljungberg continues to enjoy the confidence of the outside world.

One prerequisite of success is competent, motivated and engaged employees. We work to ensure a positive and safe work environment and a culture where all employees feel involved. Sustainable employees help lay the foundation for success, development and profitability.

VALUES AND GOALS

Atrium Ljungberg is driven by values, and our values permeate everything we do and guide us in our encounters with customers and other stakeholders. Solicitude for people and the environment are part of our operations through our vision and business concept, and our values and business processes.

Goals	Outcome 2014
All major new builds shall be environmentally certified in accordance with BREEAM with the goal, at a minimum, of achieving a rating of "very good".	All of our major new build projects have been certified with a minimum rating of "very good", with the exception of the residential property in Mobilia since BREEAM is not suitable for housing. We obtained our first definitive BREEAM certificate in 2014. The certificate is for the office portion of HK Intrum Justitia in Sickla, where we obtained the rating of "excellent". The building has restaurant and store premises that are not included in the certification.
Energy consumption per m ² is to decrease by 20 % between 2014 and 2021.	The goal is new and monitoring will begin in 2015.
By 2021, the proportion of green lease contracts is to be 50 % of the contracted annual rent.	The goal has been reformulated and monitoring will begin in 2015.
We shall be one of Sweden's best workplaces. Our goal is to achieve an average confidence index of 85 % in the Great Place To Work® evaluation.	We exceeded our goal and achieved an index of 87 %.



EXPERTISE THAT BUILDS THE CITY

SUSTAINABILITY MANAGER – WITH FOCUS ON RESPONSIBILITY AND CUSTOMER BENEFIT

We aim to do everything we take on properly and with a long-term approach. Sustainability is an important aspect of our operations. Emma Henriksson's role as sustainability manager involves promoting integrated sustainability work in our business strategies and offers.

"I try to meet as many customers as possible to gain a deeper understanding of their challenges. Together we can find better solutions for how we can contribute to improved sustainability."

We do this for our customers, to strengthen our business and to leave a better world to our children."

THE WAY WE BUILD THE CITY.



SUSTAINABLE URBAN DEVELOPMENT

Urbanisation is one of the world's strongest trends, and Sweden is no exception. Urbanisation brings challenges, as well as new business opportunities to companies like ours that are active in several strong growth markets. We promote the development of sustainable places and city districts. We contribute to the efficiency and co-utilisation of resources, and thus contribute to sustainable behaviour.

People must be able to meet, develop and run their various businesses at our locations. Our environments are to contribute to the urban fabric and be accessible – by both public transport and bicycle. We develop our locations with a mixture of businesses where retail and work places are integrated with culture, residential properties, service and education.

WE WANT TO MANAGE HISTORY

It is important to us that the point of departure for our places is always the people who live and are active there, and that the place's character has ties to its location and history. In several of our areas, we have opted to preserve and develop old properties and add modern features – a mixture of old and new that results in a dynamic impression, identity and variation of expression and architecture. Sickla is one example where we have created

a vibrant city district in an old industrial area. The transformation of Mobilia is also based on the idea of utilising cultural history and values that generate identity. We have preserved parts of the old textile factory and combined them with modern architecture. Our properties in Hagastaden are an additional example of how we develop old industrial properties into modern, functional office environments.

WE INVEST IN SOCIAL STRUCTURES

The way we develop city districts means we invest in physical aspects that support social structures. This might pertain to creating the right conditions for meetings between large and small companies or for specific industries. Meeting places for the culture and education sectors is also an important aspect. Not least this means working to ensure that restaurants and consumer-oriented concepts fit in with the context and provide unique value for visitors.

Atrium Ljungberg is involved in Start-Up Stockholm, which aims to help new entrepreneurs start up and run companies. We also contribute through Hotspot Kista and Hotspot Farsta, our entrepreneurial development centres. The centres provide office premises to entrepreneurs who want to develop their companies and build networks at a flexible price. The entrepreneurs have access to workspaces in a creative office environment and share, for example, meeting rooms and education facilities with other entrepreneurs.

To the left: Jimmy Möller is employed as a technical coordinator. An important aspect of Jimmy's job is to support management of the energy efficiency project. To the right: In 2014 we received a BREEAM certificate with a rating of "excellent" for the Intrum Justitia office building in Sickla.



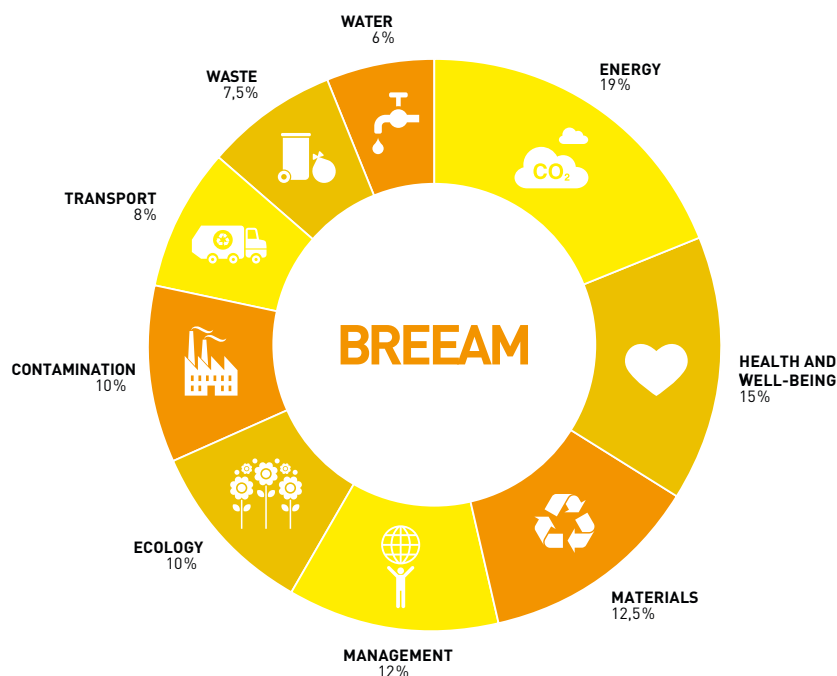
ABOUT BREEAM

BRE Environmental Assessment Method, BREEAM, is the most widely applied environmental certification system for built environments in Europe. BREEAM demands are more stringent than existing legislation and take an overall approach to a building's environmental performance. Certification takes the building's environmental impact into account during the construction phase, management and operations, as well as during usage.

The assessment method consists of ten categories in various environmental areas (see image to the right). A rating is given in conjunction with certification based on how many points or per cent a project receives. Energy as an area has the greatest impact on the rating.

BREEAM's objectives:

- Reduce the environmental impact from buildings
- Enable assessment of a building's environmental benefits
- Offer a credible ecolabel
- Stimulate demand for sustainable buildings



WE DEVELOP THE CITY TOGETHER

We are an active co-creator of the areas in which we are active, and we have regular contact with the people who are affected by our operations. We engage our stakeholders in dialogue and take part in local collaboration projects, associations and networks, in addition to sharing our expertise. The dialogues give us valuable insights and pertain to everything from identifying how land, buildings and infrastructure can be utilised to which cultural activities are suitable for our locations. The dialogues also provide an important basis for developing new meeting places.

Positive and close cooperation with municipalities is important for our operations since Atrium Ljungberg is involved in issues related to urban development, infrastructure and development of local business. Examples of collaboration projects where we have been very much involved include Stockholm Life in Hagastaden, Kista Science City, Stockholm Business Region and the "Tyngdpunkt Farsta" and "Världsklass Uppsala" projects.

Haninge's collaboration group is another forum; there we work to develop Haninge together with other property owners and the municipality. Other types of dialogue include workshops with politicians and civil servants, for example in Nacka on issues such as urban development in Sickla, and in Uppsala on issues such as urban development in Gränby.

We are greatly involved in issues related to the development of the city centres; examples include Uppsala Citysamverkan, Västerås Citysamverkan and Destination Östersund. Read more in our GRI supplement at www.atriumljungberg.se.

ACCESSIBILITY AND SAFETY

We want to improve accessibility to environmentally friendly travel such as public transport, bicycles and electric cars. We are investing in bicycle parking for visitors and bicycle storage rooms and dressing rooms for employees. We collaborate with municipalities on the design of bicycle lanes, regional and local public transport and provide customers and visitors with proposals for alternative modes of transport and optimised travel planning.

Safety in the environments surrounding our properties is always a top priority. We collaborate with the Police, municipality, businesses, associations and other property owners for an increased level of security in public spaces. Work focuses on preventing and avoiding threats, theft and robbery, for example.

Our office properties and retail hubs are to be accessible, secure and safe for everyone, regardless of any disabilities.

CERTIFICATION OF NEW BUILDS

Since 2011, we certify major new builds in accordance with the BREEAM environmental classification system. Certifying our properties means we can ensure that several environmental aspects are observed. BREEAM addresses several different aspects such as energy and water consumption, health, transport, materials, waste, land usage, emissions, ecology and management. Certification also entails a third party reviewing the process and final result. This helps us continuously evaluate our decisions to ensure we build with sustainable materials, choose the most energy-efficient methods and work from the perspective of life cycle. At the same time, it is an investment and provides environmental performance that is internationally comparable.

SUSTAINABLE RESOURCE UTILISATION

Sustainable property is to be robust in design and utilisation. It is to be flexible and adaptable to new and modified needs. Our locations and environments are to be environmentally friendly, with energy efficiency as their hallmark.

We work to help our tenants with their sustainability efforts. Good collaboration with our tenants and other stakeholders helps us reach effective resource utilisation together.

ENERGY CONSUMPTION

The construction and property sector is a significant consumer of energy, both in Sweden and globally. In total, the construction and property sector consumes about one third of Sweden's energy, and the sector has been working to reduce this dominance for a long time.

In 2008, Sweden adopted a climate and energy pact with national goals. By 2020 Sweden is to have improved energy efficiency by 20 per cent compared to 2008, the percentage of renewable energy is to be 50 per cent and greenhouse gas emissions are to be reduced by 40 per cent compared to 1990. The goals impact policy orientation, standards and requirements.

Energy constitutes the single largest operations cost during the lifetime of a building, and prices have been developing substantially for a long period of time. It is for this reason that the properties' energy performance is also significant for our cost development.

Together with other property owners and the City of Stockholm, we committed to a Climate Pact to reduce our energy consumption by 10 per cent between 2012 and 2015. We increased our energy consumption per m² by one per cent between 2012 and 2014. The rise is due to an increase in heat consumption per m² due to the purchase of a project property we intend to develop.

Our greatest challenge and opportunity in terms of energy is related to making management more energy efficient. To achieve and live up to our energy goals and commitments in the Climate Pact, we will focus on energy-saving measures in our existing portfolio during 2015. We have started a long-term energy efficiency project for which we hope to see the initial results in 2015.

In 2014 we introduced a new position: technical coordinator. One important aspect of the new position involves supporting management of the energy efficiency project as regards analysis, planning, implementation and follow-up, for example

District heating is used at all of our properties as the source of heat, with the exception of a project property we purchased that is heated with wood pellets and oil. This is the only fossil fuel heating in our buildings. Comfort cooling has been installed in the majority of the properties. This type of cooling is provided by district cooling and by self-generated cooling from machinery in the building. When investing in existing cooling machinery, we always consider whether to convert to district cooling.

Electricity is responsible for the greatest share of our energy consumption. The electricity we use ourselves and the electricity that we provide as standard to our tenants is carbon dioxide-free, hydroelectric power with a guarantee of origin. We can also supply ecolabelled and wind power electricity as an option.

As we continue to build more energy efficiently, an increasingly

larger proportion of a property's overall energy consumption during the lifetime of the building can be attributed to the construction stage. Consequently, it is becoming increasingly important to reduce energy consumption during the construction phase as well. BREEAM certification is a helpful tool in this respect, since certification requires monitoring of energy consumption during the construction phase. Examples include setting up the construction site, temporary heating and lighting.

CARBON DIOXIDE EMISSIONS

We report our carbon dioxide emissions in accordance with Carbon Disclosure Project (CDP). Carbon dioxide emissions increased by 3 kWh/m² from 2013 to 2014. The increase can be attributed to the type of heating used in a project property we purchased that we intend to develop. The extent of the combined environmental impact and our carbon dioxide emissions partly depends on our energy suppliers' production mix, i.e. the raw materials used to produce district heating, cooling and electricity.

Energy consumption/carbon dioxide emissions, results 2014

Area ¹⁾	Unit	2014	2013	2012
Heating	kWh/m ²	92	86	84
District cooling	kWh/m ²	19	24	18
Electricity	kWh/m ²	135	133	141
CO ₂ , total	g CO ₂ /kWh	29	26	28
Water	m ³ /m ²	0.57	0.59	0.61

See the GRI supplement for comments on the statistics.
See www.atriumljungberg.se for more information.

¹⁾ **Heating** has a normal-year correction for each location.

District cooling does not include self-generated cooling.

Electricity used by Atrium Ljungberg and that it supplies to tenants. Electricity for self-generated cooling is included.

Carbon dioxide based on energy supplied to the building: electricity, heating and district cooling.

Water used in Atrium Ljungberg's properties is supplied by the municipality.

Origin data All values are based on the amount of media purchased from suppliers. The area is based on total letting area (minus garage) raised by a factor of 1.15. Purchased and sold properties are calculated in relationship to period of ownership.

COLLABORATION WITH TENANTS AND GREEN LEASE CONTRACTS

Sustainable and cost-efficient solutions are created in close collaboration between tenants and the property owner. We are mutually dependent on each other, and working together opens up opportunities that would otherwise be closed if working alone. Green lease contracts constitute a joint commitment by us and the tenant to work together to achieve reduced environmental impact. The goal for 2014 was to increase the number of green lease contracts. The goal was reformulated during the year to stipulate that the percentage of green lease contracts is to be 50 per cent of the contracted annual rent by 2021.

We have already started actively promoting the green lease contract process together with our tenants.

WASTE

All of our properties currently have recycling. We continuously develop waste management in cooperation with tenants and on the basis of their wishes. Structured and efficient recycling can provide cost savings during the construction, management and decommissioning phases of a building.

CIRCULAR ECONOMY AT OUR RETAIL HUBS

The second-hand market in Sweden is growing, and demand for previously owned furniture, fittings, fixtures and clothing has grown over the past few years. Among players in the retail sector, charity organisations primarily dominate in the textile market. Re-utilisation and recycling, that is making new things from old products, are also trends.

During autumn 2014, eight of Atrium Ljungberg's retail centres joined together in the "Återvin-win" campaign to encourage customers to donate their used clothing. The campaign resulted in an impressive 46 tonnes of clothing and textiles being donated to aid initiatives for Syrian refugees in Lebanon.

We are positive to businesses that provide mending and repairing services such as tailors and shoe repair. Vehicle pools are another example of circular economy; they allow cars to be co-utilised rather than leaving them unused for much of the day. At Port 73 in Haninge, we have provided the conditions needed for a local player to invest in building up a vehicle pool.

INDUSTRY COLLABORATION FOR INCREASED SUSTAINABILITY

We signed the Climate Pact of the City of Stockholm in 2009. The aim of the Climate Pact is for all involved players to reduce their greenhouse gas emissions by 2015. Since 2014 we have, as one of 13 property companies, been a member of the City of Stockholm's forum for sustainable properties. There we share knowledge and experience with the aim of making the properties more energy efficient and sustainable.

Atrium Ljungberg is a member of Sweden Green Building Council's BREEAM committee, which is responsible for strategies related to management, assessment and development of the certification system.





87%

AVERAGE CONFIDENCE INDEX

IMPROVED RESULTS IN ALL DIMENSIONS
OF THE EMPLOYEE SURVEY

GREAT PLACE TO WORK®

WHAT? Atrium Ljungberg takes part in the Great Place to Work® (GPTW) evaluation of "Sweden's best workplaces". GPTW identifies our strengths and developmental areas as an employer by means of an employee survey, which is divided into the dimensions of credibility, respect, fairness, pride, and camaraderie.

Our goal is to achieve an average confidence index of 85 per cent – and to be one of the best workplaces in Sweden.

WHY? GPTW provides an important basis for prioritising among improvement activities in the organisation and gauging our success in relation to the company's goals.

RESULTS, 2014

- ▶ We achieved an average confidence index of 87 per cent, which is three percentage points higher than the previous year and two percentage points above our goal.
- ▶ Ninety-four (90 %) per cent of our employees assess Atrium Ljungberg as a very good workplace.
- ▶ The single most positive development pertained to the improved ability of managers to involve employees in decisions that concern their duties or work environment.



SUSTAINABLE EMPLOYEES

Employees form the basis for our success, development and profitability. Sustainable employees are employees who are happy, thrive, perform and develop over time. Both the individual and the organisation benefit. For our employees to be sustainable, they need clear and communicated goals, ongoing feedback, development and a good workplace culture.

MOTIVATION AND COMMITMENT

We create the motivation and commitment needed to achieve even better results by clearly communicating expectations, coordination and delegation, and by maintaining an ongoing dialogue with our employees. We also create the conditions needed for a positive culture and good work environment where everyone feels involved and is given the opportunity to contribute to the company's success.

Performance management as a working model is our most important tool in terms of providing the appropriate structure. The model helps managers and employees set goals that not only show us where we are to go, but also how we are to get there by working in accordance with our values and adhering to the working methods that are important to each professional role.

A workplace culture is jointly built by the company and employees, and it is important that all employees contribute and do their part to promote well-being. We encourage open dialogue between managers and employees – not only in formal development discussions and at information meetings, but even more so in everyday dealings. We want our managers to have a coaching leadership style and to be accessible to employees.

ONE OF SWEDEN'S BEST WORKPLACES

We have been conducting the Great Place to Work® employee survey since 2011. To a large degree, it governs the improvement activities we conduct. In the category for medium-sized organisations, Atrium Ljungberg was ranked as one of the best places to work on the Great Place To Work's annual list of "Sweden's Best Workplaces 2014". The results are weighted on two-thirds of the employee survey and one-third of a cultural profile that describes how the company actively works with employment, development, communication and other areas of activity to create an excellent workplace culture.

In 2014 we continued to build on our existing solid platform, which resulted in improved results in all areas. We also exceeded our goal of an average confidence index of 85 per cent. We improved our results by three percentage points and achieved 87 per cent.

ACHIEVED DURING THE YEAR

In 2014 we followed up and focused on areas from the previous year's employee survey where we had identified opportunities for improvement. For example, we have improved the process for introducing new employees. We have also continued to develop leadership through regular meetings for all of the company's managers and produced clearer managerial support with specific pages on the intranet for managers.

During the year, all of the managers took part in an in-depth project on the company's values in relation to personal values. This was followed up by a project on values for all employees in conjunction, for example, with our joint corporate conference.

In 2014 we also launched our Atrium Ljungberg Academy on a small scale. The Atrium Ljungberg Academy aims to ensure a holistic approach to skills development for each employee.

ACTIVITIES AHEAD

In 2015 we will continue to develop the Atrium Ljungberg Academy by adding additional coordinated training activities.

We will also implement activities to further strengthen our employer brand; for example, important aspects include increased presence in social media channels and developed cooperation with universities, institutions of higher learning and vocational universities.

In 2015 we will also recruit a new graduate for a trainee position. The aim of the trainee position is for the person to work over a two-year period in all of our business areas to then be permanently employed by the company.

We will step up our focus on sustainable employees and on sustainable leadership during 2015. Amongst other things, we will review our wellness initiative and look into how we can promote health even more.

The project on values will continue with regular managerial meetings and employee workshops.

DIFFERENT BACKGROUNDS AND SKILLS

People have different experiences, modes of expression and opinions, and we want the best qualities of all of our employees to be utilised. We are convinced that the best ideas are born during interaction between people with different backgrounds, experience and skills, and that diversity contributes to a stimulating work climate. Consequently, we strive to achieve equality and diversity within all areas and functions of the company. All of our employees are to be given the same opportunities in relation to employment, training, development and promotions within the framework of their know-how, willingness and/or ability.

100%

EQUALITY IN SENIOR MANAGEMENT

Key ratios

	31/12/2014	31/12/2013
Average number of employees	282	285
Staff turnover, %	11.0	11.9
Percentage collective agreements, %	100	100
Average age, years	44.3	43.5
Women, %	21	21
Men, %	79	79
Years employed	8.0	7.9

Gender breakdown, 2014

	Men	Women	Total
Board of Directors	6	1	7
Total	6	1	7
Senior management	4	4	8
Mid-level management	9	8	17
Other	205	52	257
Total	218	64	282

HEALTH AND SAFETY

Atrium Ljungberg's work environment policy aims to promote health and create a secure, stimulating and constructive workplace for all employees.

The construction and property industry entails risks for health and safety for its own employees, as well as for people working as contractors and suppliers. Construction and even some maintenance work on roofs, for example, entail a risk of serious accidents. We offer regular work environment courses for our project managers to ensure that we follow the applicable rules and to reduce the risk of accidents. The work being done by TL Bygg is described in more detail on page 88.

Sick leave broken down by gender, %

	2014	2013
Men	4.5	3.6
Women	5.7	7.3
Total absence	4.8	4.4

Sick leave broken down by age categories, %

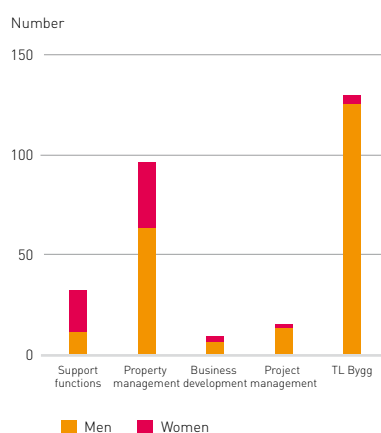
	2014	2013
29 years or younger	3.3	3.7
30-49 years	3.8	3.8
50 years or older	8.0	6.4
Total absence	4.8	4.4

Accidents and related absence

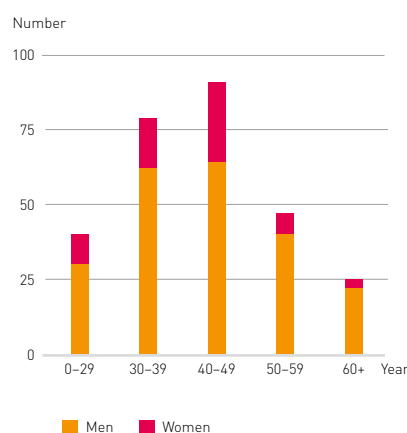
	Number of workplace accidents ¹⁾	Number of days absence in absolute terms
Atrium Ljungberg	6	61
TL Bygg	11	106

¹⁾ Reported to the Swedish Work Environment Authority

Number of employees per function in 2014



Age breakdown in 2014



GOVERNING OUR SUSTAINABILITY WORK

Atrium Ljungberg's Board lays down the company's overall sustainability policy. The CEO has ultimate responsibility for ensuring the policy is adhered to and delegates responsibility to managers and project managers in the organisation. Sustainability work is to be an integrated aspect of all operations, and managers have specific responsibility for its implementation; a sustainability plan must be produced every year and include measurable goals, concrete actions and follow-up of measures.

A new position was introduced during the year – sustainability manager. The sustainability manager has overall responsibility for managing, coordinating and prioritising our sustainability work and for ensuring that we are at the forefront.

We have been a signatory of the UN Global Compact since 2009, and hence stand behind the ten principles concerning human rights, labour law, the environment and anti-corruption.

STAKEHOLDER ENGAGEMENT

We are in contact with various stakeholder groups that are part of our core business or that are affected by it in different ways. A project was launched in the autumn to involve our stakeholders in identifying Atrium Ljungberg's most essential issues, and based on them develop our goals and strategies.

BRIBES AND CORRUPTION

The construction and property industry is an at risk industry in terms of bribes and corruption. We have an ethics and supplier policy which is based on the company's values and which sets

out the guidelines for how we do business. The policy is the first step in efforts to create and maintain a sound business culture and to obstruct bribes and corruption. TL Bygg, our subsidiary, adheres to the Swedish Anti-Corruption Institute's Code on Gifts, Rewards and other Benefits in Business and the Swedish Construction Federation's Code of Conduct for legal and appropriate action.

We will review whether we need to bolster our preventative measures further during 2015.

DEMANDS ON SUPPLIERS

We communicate our values, expectations and demands to consultants and suppliers as part of our business process. Each individual project or assignment sets specific requirements that are defined in the contract for services or delivery agreement. The specified requirements include quality, the environment and work environment.

POLICIES

Atrium Ljungberg's policies are available in their entirety on our website. Management and the Board evaluate and revise the policies and guidelines when required, but at least every year.



We have been a signatory of the UN Global Compact since 2009, and hence stand behind the ten principles concerning human rights, labour law, the environment and anti-corruption.

SUPPORT TO UNICEF

Together with a number of companies in the property sector, we support Unicef's "Companies for Malawi" project. The project supports Unicef's efforts to help vulnerable children in Malawi, one of the poorest countries in the world. Our two appointed Malawi ambassadors are tasked with sharing information about the project in our organisation. Our employees have become greatly involved in the project by donating money and taking part in the "Spring för livet" race, for example. Over 40 employees took part in the race in 2014, and Atrium Ljungberg won the award for the organisation that contributed the most money to "Spring för livet".



THE PROPERTY PORTFOLIO IN FIGURES

ATRIUM LJUNGBERG'S PROPERTY portfolio comprises 49 properties with a total letting area of 1,062,000 m². The portfolio is concentrated to strong growth regions. The higher operating nets and lowered yield requirements on certain subsidiary markets have resulted in the property value increasing by SEK 861 million during the year, reaching just over SEK 28 billion by the end of the year.

PROPERTY PORTFOLIO

Atrium Ljungberg's property portfolio primarily comprises conveniently located and modern retail and office properties with a concentration in the Stockholm, Uppsala and Malmö growth regions, with the Stockholm region the biggest of the three, accounting for 77 per cent of the contracted yearly rents. The property portfolio includes a total of 49 properties with a total letting area of 1,062,000 m². Our residential portfolio comprises 695 apartments located in Ärvinge in Kista and Mobilia in Malmö.

PROPERTY VALUE

The market value of the property portfolio at the end of the year totalled SEK 28,163 million (SEK 25,008 m). The average dividend yield in the valuation is 5.6 per cent (5.7 %). Development rights and land account for SEK 625 million of the total value. Based on the detailed development plans that have gained final approval, there is a total of approximately 135,000 m² GFA in the portfolio, including obtained land allocation. Furthermore, there are project plans to create an additional 318,000 m² GFA development rights.

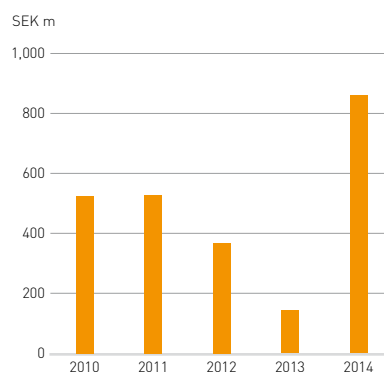
Investments in Atrium Ljungberg's own properties during the year totalled SEK 707 million (SEK 1,302 m). During the year we acquired three properties with a book value of SEK 1,673 million (SEK 0 m), and sold one property with a book value of SEK 85 million (SEK 1,012 m). Realised changes in the value of properties totalled SEK 8 million (SEK –2 m) during the year, and unrealised changes in the value of properties totalled

SEK 861 million (142 m), corresponding to an increase in value of 3.4 per cent during the year. The change in value is primarily due to lowered yield requirements, mostly for offices in Stockholm city centre as well as certain retail properties.

Unrealised changes in value, 2014

	SEK m
Change in yield requirements	705
Change in operating nets	84
Change in investments	72
Total	861

Unrealised changes in value, properties



Property portfolio, 31/12/2014

Property portfolio by segment	Letting area, 1,000 m ²	Fair value, SEK m	Fair value, SEK/m ²	Rental value, SEK m ²⁾	Rental value, SEK/m ²	Economic letting rate, %	January–December 2014 ¹⁾			Yield ¹⁾
							Rental income, SEK m	Property costs, SEK m	Operating surplus, SEK m	%
Business area Retail	523	13,925	25,928	1,149	2,194	96	1,098	–387	711	5.3
Business Area Offices	472	12,237	26,603	975	2,066	94	828	–228	600	5.4
Total	995	26,161	26,283	2,124	2,134	95	1,926	–615	1,311	5.4
Project properties, including land and development rights	67	2,002	N/A ³⁾	122	1,827	60	45	–17	28	1.3
Total	1,062	28,163		2,246	2,144	93	1,970	–632	1,338	5.0
Properties sold							10	–4	6	
Total Group							1,981	–636	1,345	

¹⁾ Refers to reported result during the year.

²⁾ Reported rental value is based on the immediately subsequent quarter.

³⁾ Letting area for new production is not reported until the project is completed and the figures hence do not accurately represent the actual situation.

Changes in the value of the property portfolio

	SEK m	Number
Property portfolio, 01/01/2014	25,008	47
Acquisitions	1,673	3
Sale	-85	-1
Investments in our own properties	707	-
Unrealised changes in value	861	-
Property portfolio, 31/12/2014	28,163	49

VALUATION METHOD

All of the properties in the portfolio are classified as investment properties and are reported at fair value (market value). The portfolio is valued every quarter. During the year, properties corresponding to 54 per cent of the market value of the property portfolio were externally valued by Forum Fastighetsekonomi and Savills. The remainder of the portfolio was subject to an internal valuation with market rents, operating costs, vacancies and yield requirements quality assured by Forum Fastighetsekonomi.

The valuations are based on a cash flow calculation with individually estimated yield requirements for each property and activity. The yield requirement is determined using the location price method, which means that information is gathered from transactions completed for comparable properties. The calculation period is normally between 5 and 10 years but may, in certain cases, be longer due to the contractual situation.

The long-term earning capacity of each property is assessed during the valuation. Analyses and an assessment of the underlying factors that impact the value form the basis of the valuation, for example:

- existing rental levels and market rents for the respective properties and an analysis of the long-term nature of existing tenants
- operating and maintenance costs in the short and long-term, based on the property's and company's actual costs
- future vacancies
- the technical and commercial condition of the properties
- planned reconstructions, extensions and new builds and other investment requirements
- yield requirements for completed transactions in comparable markets and objects

Project properties are valued as completed buildings, less remaining investments. A risk surcharge is added to the yield requirement on the basis of the current phase of the project. Development rights are valued on the basis of an estimated market value per m² GFA, and only include development rights for detailed development plans that have gained final approval. Acquired land is valued at the acquisition value.

Assessing the property portfolio's market value on the basis of normalised operating net and specific separate adjustments is described in the table below.

Dividend yield per premises type

Premises type, %	Interval	Average
Offices	4.5-8.0	5.6
Retail	4.5-7.5	5.6
Residential	3.8-4.8	3.9
Other	4.5-8.0	6.1
Total	3.8-8.0	5.6

Dividend yield per region

Region, %	Interval	Average
Stockholm	3.8-8.0	5.5
Uppsala	4.8-6.0	5.6
Malmö	4.3-7.0	5.8
Sweden, other	6.3-7.0	6.6
Total	3.8-8.0	5.6

Value based on normalised operating net

SEK m	Management	Project	Total
Rental value	2,131	139	2,270
Long-term vacancy (3.5 %)	-67	-7	-74
Rental income	2,064	132	2,196
Property expenses	-588	-25	-613
Normalised operating net	1,476	107	1,583
Yield requirement	5.6 %	6.1 %	5.6 %
Yield requirement before adjustments	26,352	1,755	28,108
Adjustments			
Current value of remaining investments	-343	-248	-591
Initial vacancies	-52	-51	-102
Other adjustments	275	-72	203
Land and development rights	0	640	640
Registration of title deeds costs	-72	-23	-95
Fair value	26,161	2,002	28,163

RENTAL INCOME

The contracted yearly rents totalled SEK 2,090 million (SEK 1,900 m) at the end of the year, and break down into 50 per cent derived from retail, 37 per cent from offices, 3 per cent residential and 10 per cent other such as education, culture, service and parking. The rental value, i.e. contracted annual rent and estimated market rents for vacant space, amounted to SEK 2,246 million (SEK 2,008 m), which gives an economic letting rate of 93 per cent (95%) including project properties. The letting rate including project properties was affected since the entire Kvarteret NOD area and Sickla Front are included. Excluding project properties, the letting rate was 95 per cent (95%). Calculated based on letting area, 16 per cent (14%) was vacant.

The commercial lease contract portfolio, i.e. all contracts excluding residential, is well-diversified and comprises 2,656 lease contracts with an average contracted annual rent of SEK 760 thousand. The average remaining term of the lease contracts at the year-end was 3.5 years (3.6 yrs). During 2015, 12 per cent of the leases will be subject to renegotiation. Ninety-six per cent of the lease contracts have an index clause linked to inflation. Thirty-seven per cent of contracted annual rent, excluding other supplements, is based on net sales-based rent, and the rent is

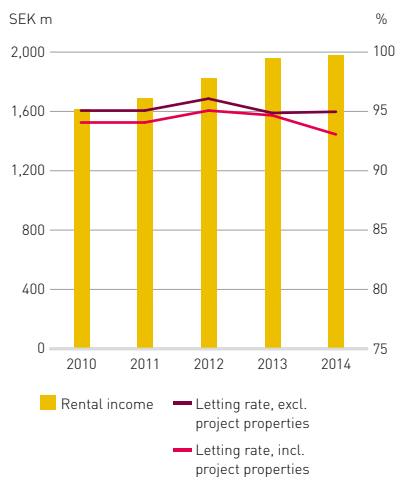
consequently based on the tenant's net sales. Minimum rental provisions ensure, however, that rental levels are maintained. Net sales surcharges on the minimum rent comprised one per cent of the company's total contracted annual rent at the end of the year, excluding other supplements.

The largest tenants are reported under the Risks and risk management section on pages 93–97.

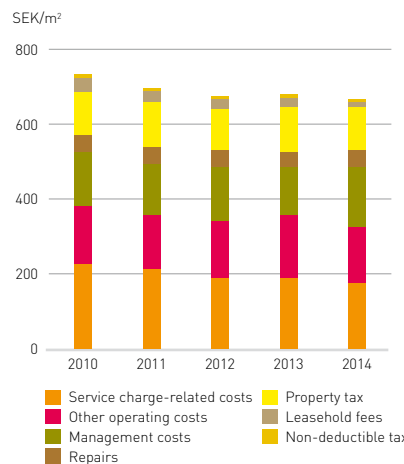
PROPERTY COSTS

Property costs in 2014 totalled SEK 636 million (SEK 659 m). Corrected for acquisitions and new builds, which have been adjusted to full-year value, and for properties sold that have been eliminated, property costs totalled SEK 667/m² (SEK 680/m²), whereby primarily service charge-related costs and other operating costs have decreased slightly. The cost of operating retail properties in general and retail centres in particular is generally higher than for other types of commercial properties. These operating costs are, to some extent, covered by passing them on to the tenants in the form of rental surcharges.

Rental income and letting rate

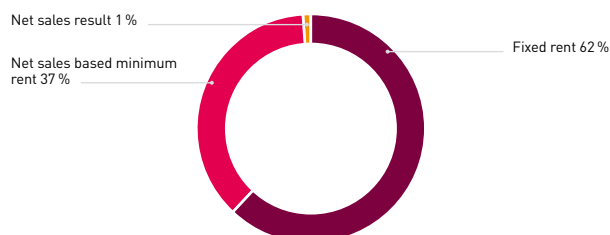


Property costs ¹⁾

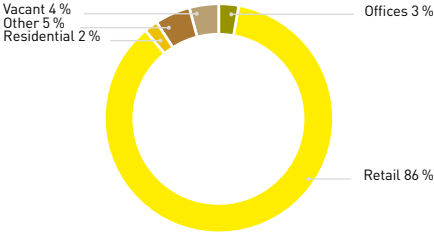
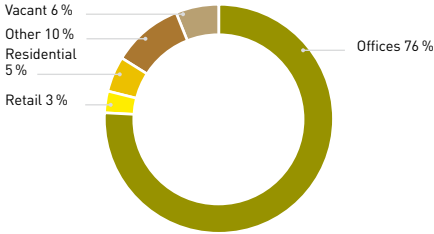
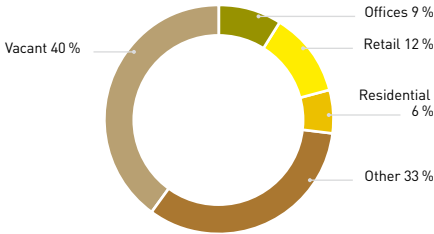
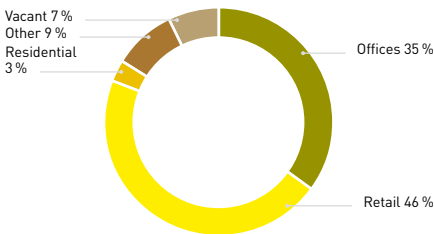


¹⁾ Adjusted by excluding properties sold and by adjusting new acquisitions and new builds for the full year.

Contracted annual rent excluding other supplements



SEGMENT OVERVIEW

SEGMENT	KEY RATIOS		RENTAL VALUE PER PREMISES TYPE
BUSINESS AREA RETAIL 49% of the total rental value derived from the Retail business unit	Rental value, SEK m	1,149	
	Letting rate, %	96	
	Letting area, 1,000 m ²	523	
	Market value, SEK per m ²	25,928	
	Percentage of total market value, %	49	
BUSINESS AREA OFFICES 45% of the total rental value derived from the Offices business unit	Rental value, SEK m	975	
	Letting rate, %	94	
	Letting area, 1,000 m ²	472	
	Market value, SEK per m ²	26,603	
	Percentage of total market value, %	44	
PROJECT PROPERTIES 6% of the total rental value derived from project properties	Rental value, SEK m	122	
	Letting rate, %	60	
	Letting area, 1,000 m ²	67	
	Market value, SEK per m ²	N/A ¹¹	
	Percentage of total market value, %	7	
TOTAL	Rental value, SEK m	2,246	
	Letting rate, %	93	
	Letting area, 1,000 m ²	1,062	
	Market value, SEK per m ²	N/A ¹¹	

¹¹ Letting area for new production is not reported until the project is completed and the figures hence do not accurately represent the actual situation.

PROPERTY LIST

			Letting area, m²								Rateable value, SEK m	Rental value, SEK m	Economic letting rate, %	
Property name	Municipality	Address/Description	Lease-hold	Year of construction/reconstruction	Retail	Offices	Residential	Garage	Other	Total				
STOCKHOLM														
1	Adam & Eva 17	Stockholm	Drottninggatan 68		1929/2006	3,627	4,175			289	8,091	406	45	99
2	Arbetsstolen 3	Stockholm	Västbergavägen 4–12		1955/2008	15,733	755			916	17,404	59	30	98
3	Blästern 6	Stockholm	Gävlegatan 20–22		1939/1995	1,279	19,863		6,468	3,193	30,803	437	64	77
4	Blästern 11	Stockholm	Hälsingegatan 43–45		1930/2006	2,554	40,230		9,632	1,862	54,278	929	130	93
5	Borgarnäs 1 ¹⁾	Stockholm	Borgarfjordsgatan 12	L ²⁾	2014	737	15,671		6,705	10,860	33,973		68	59
6	Fatburen 1	Stockholm	Söderhallarna		1991	2,240	9,042		3,773	3,360	18,415	345	45	99
7	Fatburssjön 8	Stockholm	Magnus Ladulåsgatan 63		1930/2006		6,704			1,113	7,817	199	23	100
8	Härden 14	Stockholm	S:t Eriksgatan 113		1932/1957	807	6,237		2,000	233	9,277	123	19	98
9	Kolding 1	Stockholm	Ärvinge, Kista	L	1993		128	15,800	3,087		19,015	188	22	99
10	Kolding 2	Stockholm	Ärvinge, Kista	L	1992	516	406	20,802	1,750	70	23,544	191	28	100
11	Kolding 3	Stockholm	Ärvinge, Kista	L	1993	954	16,099	1,256	6,848	820	25,977	163	41	88
12	Kolding 4	Stockholm	Ärvinge, Kista	L	1993/2001	251	23,882		8,067	1,185	33,385	388	54	85
13	Proppen 6	Stockholm	Textilgatan 31		1937/2008	978	10,342			1,244	12,564	226	31	98
14	Roddaren 7	Stockholm	S:t Eriksgatan 46		1900/1995	818	6,927		780	175	8,700	162	25	100
15	Skotten 6	Stockholm	Glashuset Drottninggatan		1959/2008	6,295	3,594			2,016	11,905	522	59	97
16	Storö 2	Stockholm	Farsta Centrum	L	1961/2006	5,210	4,081			2,204	11,495	114	28	93
17	Storö 15	Stockholm	Farsta Centrum	L	1961/1998	217				1,315	1,532		3	100
18	Storö 21	Stockholm	Farsta Centrum	L	1961/2010	42,754	22,474		13,692	10,914	89,834	1,193	214	94
19	Storö 23	Stockholm	Farsta Centrum	L	1961/1998	1,370	2,110		1,470	3,419	8,369		16	99
20	Storö 24 ¹⁾	Stockholm	Farsta Centrum		2014	3,479					3,479	46	7	97
21	Tranbodarne 12	Stockholm	Glashuset Slussen, Katarinavägen 15	L	1974/2006	92	23,200		2,886	12	26,190	710	84	100
22	Orminge 47:1	Nacka	Orminge Centrum		1967/1992	10,519	59			283	10,861	136	23	100
23	Sicklaön 83:22	Nacka	Sickla Köp- och Affärskvarter		1998/2012	71,999	56,578		47,470	30,912	206,959	2,727	435	96
24	Sicklaön 83:32 ¹⁾	Nacka	Uddvägen 1		1877/2014		10,100			305	10,405	126	17	6
25	Sicklaön 83:33 ¹⁾	Nacka	Sickla Industriväg 4–6		1943/1970	595	7,181			5,385	13,113	118	18	77
26	Sicklaön 87:1	Nacka	Alphydevägen 4		1962	87				2,476	2,563		3	100
27	Sicklaön 115:1	Nacka	Planiavägen 1		1929		370				370	1		97
28	Sicklaön 115:4	Nacka	Sjötorpsvägen 3–14					921			921	28	1	100
29	Sicklaön 117:1	Nacka	Planiavägen 3		1967	2,592	330			435	3,357	11	3	38
30	Sicklaön 117:2	Nacka	Sjötorpsvägen 6		1909					176	176	5		
31	Sicklaön 117:17	Nacka	Planiavägen 5–7		1978					1,629	1,629		4	100
32	Sicklaön 265:5	Nacka	Atlasvägen 2		1981									
33	Sicklaön 346:1	Nacka	Uddvägen 7		1981	484	4,500				4,984	49	10	97
34	Stora Katrineberg 16	Stockholm	Katrinebergsvägen 4–12	L	1750/1945/1988		40,327		1,709	873	42,909	729	93	97
35	Söderby Huvudgård 2:43 Haninge	Haninge	Port 73		1974/2013	33,331				2,989	36,320	330	69	94
36	Västnora 4:26	Haninge	Västnora											
37	Ribban 16	Nynäshamn	Backluravägen											
38	Resan 1	Sollentuna	Konsumentvägen 2		1972					1,160	1,160	5	1	
39	Rotundan 1	Sollentuna	Rotebro Handel		1965/2010	19,759				175	19,934	119	32	93
Total						229,229	335,365	38,779	116,337	91,998	811,707	10,787	1,746	92

¹⁾ All or part of the property was classified as a project property as per 31/12/2014.²⁾ A decision on potential land acquisition will be made in 2015.



PROPERTY LIST

	Property name	Municipality	Address/Description	Lease- hold	Year of construc- tion/recon- struction	Letting area, m²					Rateable value, SEK m	Rental value, SEK m	Economic letting rate, %	
						Retail	Offices	Resi- dential	Garage	Other				Total
UPPSALA														
40-41	Brillinge 8:1, 9:1 ¹⁾	Uppsala	Gränby		2013	1,301					1,301	21	4	100
42	Dragarbrunn 19:1	Uppsala	Rådhuset		1645/2012	2,515				420	2,935	40	9	92
43	Dragarbrunn 27:2	Uppsala	Forumgallerian		1902/2005	10,036	4,606	1 140		405	16,186	371	49	96
44	Gränby 21:4	Uppsala	Gränby Centrum		1971/2011	40,971	491			1,998	43,459	566	144	99
Total						54,823	5,097	1 140		2,822	63,881	998	206	98
MALMÖ														
45	Bohus 7	Malmö	Mobilia		1966/2010	5,822	183	11,248	6,680	35	23,968	188	29	90
46	Bohus 8 ¹⁾	Malmö	Mobilia		1968/2013	46,589	3,603	4,103	37,800	6,686	98,781	888	168	92
47	Dimman 11	Malmö	Barkgatan 2-8		1940/2014		3,474			12,240	15,714		22	98
Total						52,411	7,260	15,351	44,480	18,961	138,462	1,075	220	92
SWEDEN, OTHER														
48	Igor 8	Västerås	Kvarteret Igor		1970/2010	15,156	888		11,230	2,643	29,917	232	48	99
49	Månadsmötet 9	Östersund	Mittpunkten		1962/2009	11,588	595		6,129	94	18,406	136	26	90
Total						26,744	1,483		17,359	2,737	48,323	367	73	96
Total						363,206	349,204	55,269	178,176	116,518	1,062,373	13,228	2,245	93

¹⁾ All or part of the property was classified as a project property as per 31/12/2014.

CHANGES IN THE PROPERTY PORTFOLIO 2014

PROPERTIES ACQUIRED

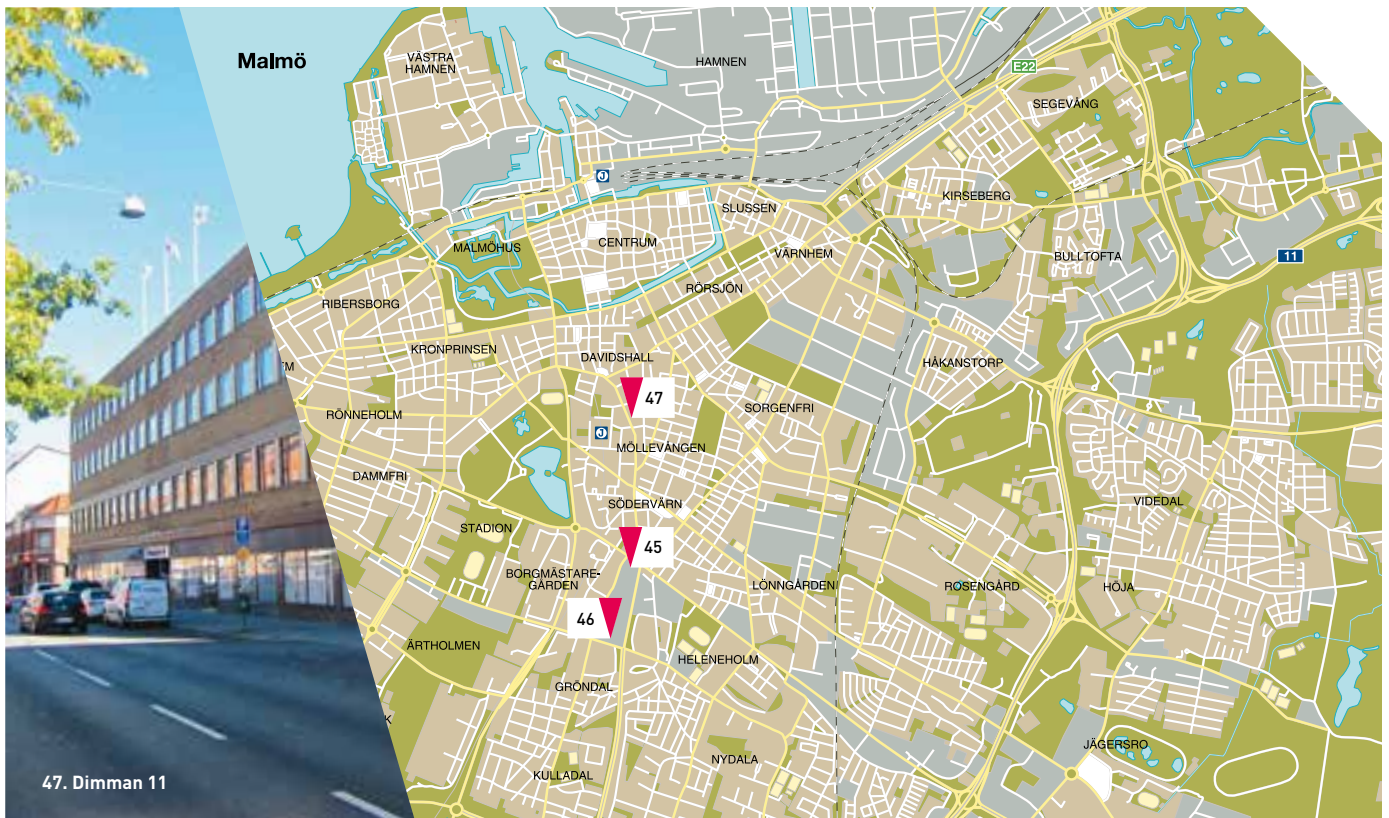
Property name	Municipality	Letting area, m²	Period ¹⁾	Possession
Sicklaön 83:33	Nacka	13,113	Q1 2014	28/02/2014
Dimman 11	Malmö	15,714	Q1 2014	29/04/2014
Stora Katrineberg 16	Stockholm	42,909	Q4 2014	02/02/2015

PROPERTIES SOLD

Property name	Municipality	Letting area, m²	Period ¹⁾	Date vacated
Torgvägen 7	Stockholm	16,608	Q3 2013	30/01/2014
Storbygård 1:15, 1:31 ²⁾	Nynäshamn		Q4 2013	15/01/2014
Fatbursbrunnen 17	Stockholm	2,843	Q3 2014	08/07/2014

¹⁾ Net profit/loss for the period for reported sales/acquisition.

²⁾ Refers to small plots in Nynäshamn.



INVESTMENTS IN OUR OWN PROPERTIES, ACQUISITIONS AND SALES

PROPERTY DEVELOPMENT IS critical to Atrium Ljungberg's value growth. Our existing project portfolio will enable us to invest in the equivalent of approximately SEK ten billion in the future. Our goal is to invest SEK one billion every year in our own development projects that yield a return of 20 per cent for new builds and extensions. In 2014, we invested a total of SEK 707 million in our own development projects.

INVESTMENTS IN OUR OWN PROPERTIES

Our goal is to invest SEK one billion in our own development projects every year, where new build and extension projects yield a return of 20 per cent, thus generating good value growth within the company and healthy growth in the company's cash flows. The projects make the biggest contribution to achieving our growth objective of a ten per cent increase in the operating net per annum.

The rate at which we can complete the projects depends on the market situation and the progress made in the detailed development plan. These issues are handled by our business development staff on a daily basis in close cooperation with internal resources such as project managers and managers, but principally with our customers and partners. A project is not usually started until we have secured a minimum yield level in the form of signed lease contracts.

In 2014, we invested SEK 707 million in our own properties, of which SEK 437 million was in project properties. Four development projects were completed during the year.

PROPERTY TRANSACTIONS

We acquire properties primarily to gain access to development rights and future development projects, or to obtain strategic benefits. We make all of our acquisitions with the intention of long-term ownership and management of the properties. Properties valued at SEK 1,673 million were acquired during the year.

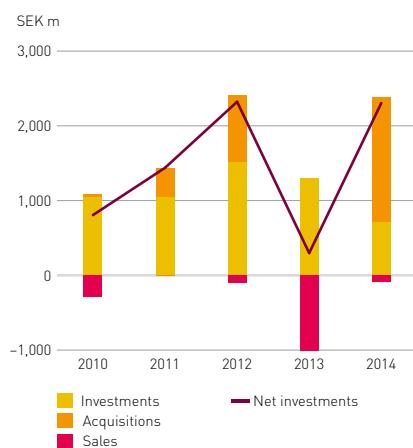
In February 2014, Sicklaön 83:33, Nobelberget in Sickla, Nacka was acquired. The property has a total area of roughly 35,000 m². A detailed development plan process is in progress to create both offices and housing on the property.

The Dimman 11 property in Malmö was acquired in March. The property houses cultural, education and office operations. After extensive reconstruction and new construction, total letting area is now approximately 16,000 m².

In December, Stora Katrineberg 16, an office building of approximately 40,000 m² in Liljeholmen, Stockholm, was acquired.

During the year, Fatbursbrunnen 17 on Södermalm in Stockholm was sold at a book value of SEK 85 million.

Investments, acquisitions and sales



Acquisitions 2014

Property name	Municipality	Additional letting area, m ²	Possession
Sicklaön 83:33	Nacka	13,113	28/02/2014
Dimman 11	Malmö	15,714	29/04/2014
Stora Katrineberg 16	Stockholm	42,909	02/02/2015

Sales 2014

Property name	Municipality	Deductible letting area, m ²	Date vacated
Fatbursbrunnen 17	Stockholm	2,843	08/07/2014



COMPLETED, ONGOING AND POTENTIAL PROJECTS

Four major projects were completed in 2014: two residential buildings in Mobilia in Malmö, a new building for ICA Kvantum in Farsta Centrum, Kvarteret NOD in Kista and the office building Sickla Front in Sickla. The remaining investment volume for project properties at the end of the year totalled approximately SEK 260 million, of which SEK 150 million is for future tenant-specific adaptations in NOD and Sickla Front.

A building in part of phase 1 in Gränby Köpstad was inaugurated with three restaurants during the year. The remaining buildings will be completed over the course of 2015.

During the year we have continued to focus on creating new development opportunities for the future, and we are working on several detailed development plans in conjunction with our areas. The plans relate to all of our areas and are evenly distributed between retail, office and residential premises and a small amount of educational premises. The estimated project volume for potential but not yet determined projects totalled SEK 10 billion at the end of the year.

Projects completed in 2014

Project/Phase	Municipality	Letting area, Retail, m ²	Offices, letting area, m ²	Residential, letting area, m ²	Parking, GFA	Measure, new build/reconstruction ¹⁾	Investment, SEK m	Of which remaining	Completed	Rental value excl. surcharges, SEK m ²⁾	Letting rate, %	Environmental certification	READ MORE on page
Mobilia, rental apartments	Malmö			4,100		new build	100		Q1	7	100		58
ICA Kvantum, Farsta	Stockholm	3,900			5,000	new build/reconstruction	150		Q2	N/A ³⁾	98		52
Kvarteret NOD, Kista	Stockholm		27,000		6,000	new build	700	70 ⁴⁾	Q3	68	76	BREEAM	72
Sickla Front, Sickla	Nacka		10,500			new build	350	80 ⁴⁾	Q3	24	N/A ³⁾	BREEAM	44
Total		3,900	37,500	4,100	11,000		1,300	150					

¹⁾ New build and/or reconstruction. ²⁾ Excl. any net sales result.

³⁾ Rental value/letting rate is not, with reference to individual business transactions, reported as a subtotal. ⁴⁾ Refers to remaining tenant-specific adaptations.

Ongoing projects 2014

Project/Phase	Municipality	Retail, letting area, m ²	Measure, new build/reconstruction ¹⁾	Investment, SEK m	Of which remaining, 31/12/2014	Completed	Rental value excl. surcharges, SEK m ²⁾	Letting rate, %	Environmental certification	READ MORE on page
Gränby Köpstad	Uppsala	15,500	new build	300	110	2014/2015 ³⁾	26	65	BREEAM	64
Total		15,500		300	110					

¹⁾ New build and/or reconstruction. ²⁾ Excl. any net sales result.

³⁾ Covers approximately 50,000 m² GFA in total. Investment decisions and completion take place in stages, among other things, connected to letting.

Potential development projects

	Municipality	Premises type ¹⁾	Project area, m ² , GFA		Inv., SEK m ²⁾	READ MORE on page
			Detailed development plan exists	Change to detailed development plan required		
Sickla	Nacka	Retail	14,000	2,000		45-46
Sickla	Nacka	Offices	12,000	63,000		45-46
Sickla	Nacka	Residential		101,000		45-46
Sickla	Nacka	Education		18,000		45-46
Gränby Köpstad	Uppsala	Retail	29,000			64
Gränby Centrum	Uppsala	Retail		48,000		64
Gränby Centrum	Uppsala	Residential		36,000		64
Mobilia	Malmö	Retail	14,000			58
Port 73	Haninge	Retail	8,000			80
Hagastaden ³⁾	Stockholm	Offices	36,000			68
Hagastaden ⁴⁾	Stockholm	Retail	1,000			68
Farsta Centrum	Stockholm	Retail	5,000			52
Södermalm ⁵⁾	Stockholm	Offices	16,000			76
Barkarby ⁶⁾	Järfälla	Retail		3,000		
Barkarby ⁶⁾	Järfälla	Offices		10,000		
Barkarby ⁶⁾	Järfälla	Residential		12,000		
Barkarby ⁶⁾	Järfälla	Education		25,000		
Total			135,000	318,000	10,000	

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

²⁾ The investment volume includes possible land acquisition.

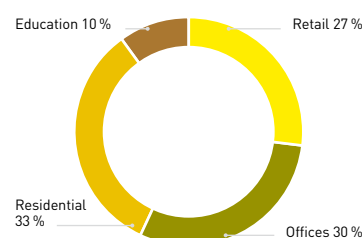
³⁾ Refers to a land allocation with the option of acquiring land with a development right of approximately 36,000m² GFA alongside Solnavägen (part of the Vasastaden 1:45 property).

⁴⁾ Refers to a land allocation with the option of transferring land with development rights of just under 1,000 m² GFA alongside Norra Stationsgatan.

⁵⁾ Refers to a land allocation with the option of acquiring land with development rights of approximately 16,000-18,000 m² GFA on Stadsgårdsleden in front of Glashuset at Slussen.

⁶⁾ Refers to a land allocation with the option of acquiring land with development rights of approximately 50,000 m² GFA, which was received in February 2015.

Estimated project area per premises type



SICKLA

GROWING CITY DISTRICT
WITH STRONG INDUSTRIAL HERITAGE

Atrium Ljungberg has been developing Sickla since 1997 when the property portfolio was acquired from Atlas Copco. Since then we have transformed the industrial area into a dynamic city district in a new and rapidly growing area of Stockholm. The area's industrial heritage and long history are reflected in the carefully renovated industrial buildings.



22%

OF TOTAL RENTAL VALUE IS FROM SICKLA

Geographic location

Sickla is located in south-eastern Stockholm at the boundary between Stockholm and Nacka. Sickla is located close to Hammarby Sjöstad and Södermalm, and is adjacent to the Södra Länken link and Värmdöleden, which is the cross-town route to Nacka and Värmdö. Travel time from Slussen is approximately seven minutes.

Population of Nacka Municipality, Hammarby Sjöstad and Södermalm

Population of Nacka Municipality: 95,000
The population is expected to grow by 25,000 by 2025, at which point it will total 120,000.
Population of Hammarby Sjöstad: 21,000
Population of Södermalm: 105,000

NEW CITY DISTRICT SINCE 1898

THE FUTURE NACKA STAD

Nacka Stad is the name of the new, dense and mixed area that Nacka Municipality is planning to create on the western part of Sicklaön. The vision for Nacka Stad is for it to be an intimate and innovative part of Stockholm, where it is easy to live, be and work. Amongst other things, 14,000 residential units, an underground station and an extension of the Tvärbanan cross-town light rail link are being planned. Work to extend the cross-town light rail link started in 2014, and traffic is planned for the second half of 2017. The planned entrance and exit for the cross-town light rail link will be at Sickla Station next to Sickla Köpkvarter. As part of a major underground initiative in the entire Stockholm region, there are plans to extend the underground past Sickla with stations at Sickla and Nacka Centrum. Underground traffic should be operational by 2025.

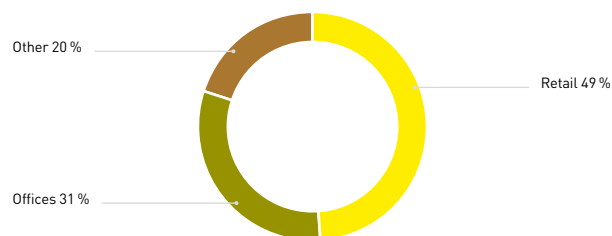
WHAT MAKES A CITY

The combination of retail hub, workplaces, culture, service and education make Sickla one of our most complete urban environments. The area's industrial heritage and long history create a unique atmosphere where streets and shopping streets criss-cross and where old meets new. Atlas Copco's mine from 1938 is located under the company's current head office, and is used for product development, amongst other things.

In addition to modern office properties, there are also several educational organisations located close to one of Sweden's largest retail hubs. Kunskapsgallerian houses upper secondary schools with different specialisations, a university and a circus school. Designgymnasiet offers education in design with several specialisations.

Dieselverkstaden, which was previously a site for industrial manufacturing, is currently a popular cultural centre with a museum, library, theatre and cinema, for example, as well as an extensive offering of drama, music, dance, media, art and design. You will also find a gym and Sweden's largest indoor climbing facility here.

Types of premises in Sickla, contracted annual rent



SICKLA

“IN OUR NEIGHBOURHOOD”

The shopping area in Sickla is Sweden's third largest retail hub, measured as the businesses' total net sales. It is an established meeting place with a strong urban soul and busy street life, where the offering is characterised by diversity, variety and contrast. Small speciality shops are mixed with large established chains, restaurants, cafés and covered markets.

www.sickla.se

Key ratios Sickla Retail

Type of retail hub	Regional retail centre
Retail letting area, m ²	75,300
Stores and services, number	160
Stores' net sales, SEK m	3,100
Visitors, number	14,500,000
Parking spaces, number	2,600
Bicycle parking spaces, number	400
Rental value, SEK m	257

WORKPLACES CLOSE TO SICKLA'S ENTIRE RANGE

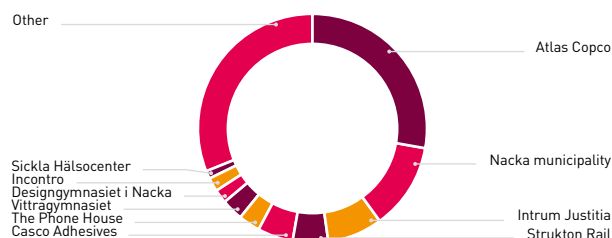
A number of different companies have operations in Sickla – everything from major companies such as Atlas Copco, Intrum Justitia and Phonehouse to small businesses. There is also a business centre in the area where new and small businesses can lease premises with access to shared facilities.

Companies such as Swedbank, Lindex (head office) and PQR Consult chose to set up operations in Sickla during the year.

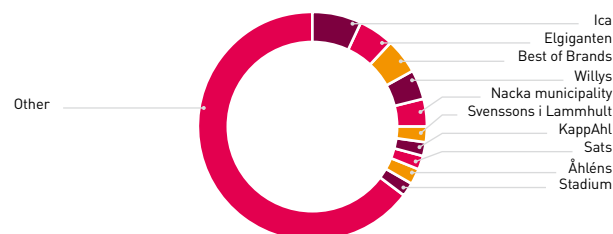
Key ratios Sickla Offices

Office letting area, m ²	79,000
Rental value, SEK m	234

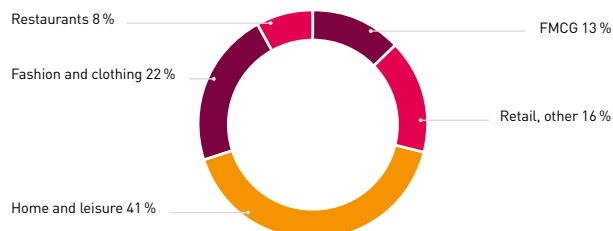
Largest office customers in Sickla, contracted annual rent



Largest retail customers in Sickla, contracted annual rent



Retail sector break down in Sickla, contracted annual rent





SICKLA FRONT MEETS FUTURE DEMANDS

In 2014, the Sickla Front office building was completed and is now ready for final tenant adaptation as letting takes place. The first tenant will move into the building in March 2015.

Sickla Front is strategically located on Uddvägen between Sickla and Hammarby Sjöstad, with a Tvärbanan cross-town light rail link station just a stone's throw away from the building and a number of bus routes that operate in the area. The property will offer rational and representative

office environments that meet the environmental and sustainability requirements of the future, and it will be certified in accordance with BREEAM.

During the second quarter of 2014, Atrium Ljungberg submitted an application for summons directed against AkzoNobel, which in 2013 rescinded the lease contract it signed for Sickla Front in 2010. The main proceedings in the District Court are planned for December 2015.

The Sickla Front office building in Sickla was completed in 2014. The property offers rational and representative office environments.



POTENTIAL

ATTRACTIVE HOUSING IN A NEIGHBOURHOOD SETTING

In accordance with Nacka Municipality's residential vision and comprehensive plan, we want to develop the eastern part of Sickla at Kyrkviken. We will create approximately 500 attractive residential units and add service in a pleasant neighbourhood setting. Kyrkviken is located next to the waterfront, public transport and a wide shopping range.

Work on the planning programme is ongoing, and work on the detailed development plan will commence in 2015.

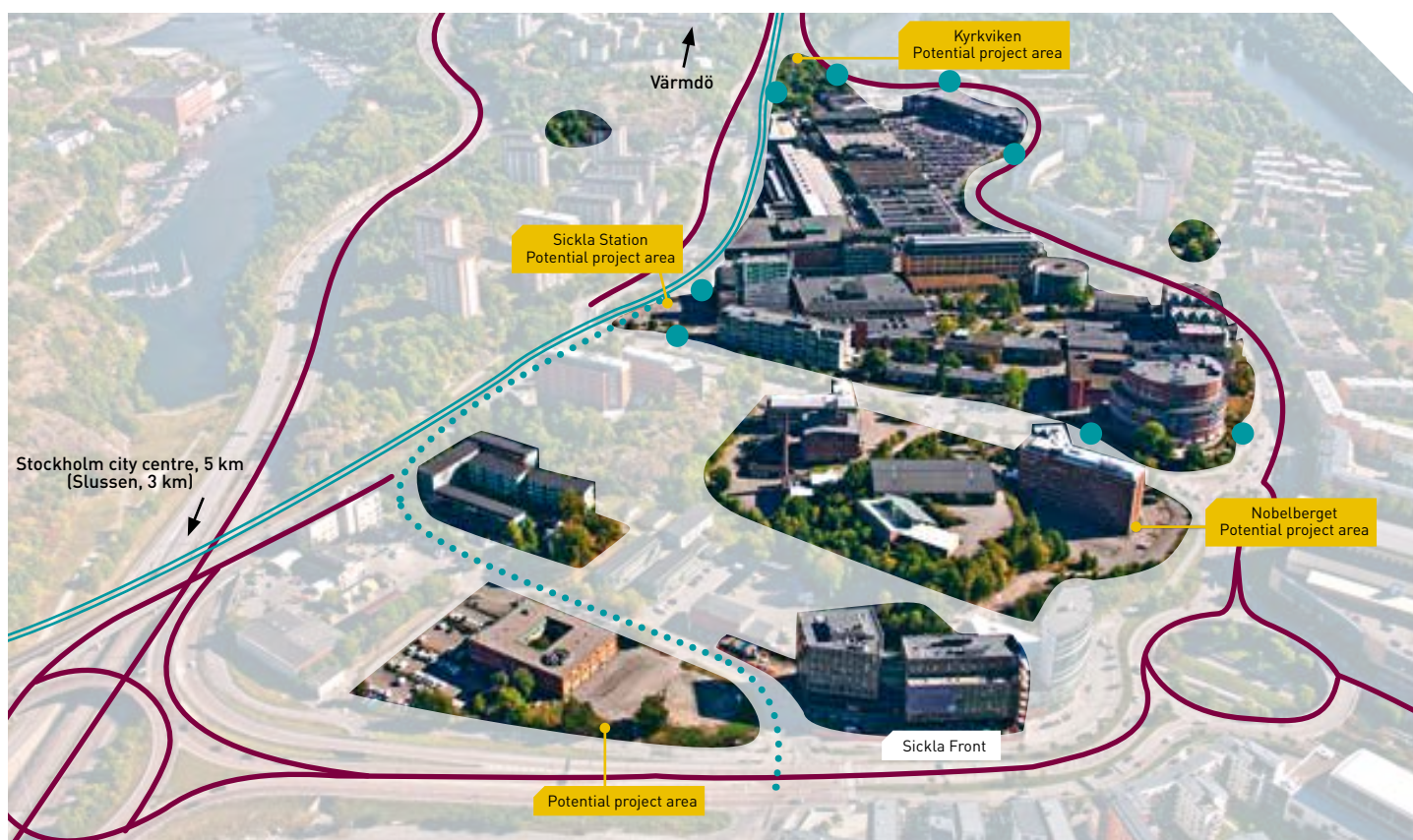
POTENTIAL

PROFILE BUILDING AT SICKLA STATION

There is a project under way in Nacka Municipality to extend the Tvärbanan cross-town light rail link from the current terminus at Sickla Udde in Hammarby Sjöstad to Sickla Station. The extension will create an attractive alternative for travelling by public transport to Nacka and contribute to the development of the western part of the Sicklaön area into a more unified and dense city district.

As part of Tvärbanan's detailed development plan, Atrium Ljungberg has a development right at Sickla Station next to the planned entrance and exit for Tvärbanan. Here we plan to create a profile building of approximately 7,500 m² GFA with office, retail and service content that will be the cross-town light rail link traveller's first encounter with Sickla. Construction start-up for our building will potentially be Q2 2017.

● Bus stop/Saltsjöbanan Station Saltsjöbanan Planned section of Tvärbanan — Important traffic routes



POTENTIAL

DISTRICT GIVES SICKLA A NEW ENTRANCE

We own a large parcel of land with existing industrial property on the western part of Sicklaön, alongside Sicklavägen and Uddvägen. Our ambition here is to transform the closed industrial area into an attractive and inviting urban area for both large and small office operations. We want the location to provide Sickla with a new entrance, serve as a bridge between the old and the new Sickla and be a natural link where Sickla meets Hammarby Sjöstad.

The project consists of two office buildings with a total of almost 26,000 m² letting area and around 450 parking spaces. The buildings are planned to be six stories tall with a flexible floor plan for 900–1,200 new workplaces, depending on the design of the offices. The Tvärbanan cross-town light rail link will run by the new district on the way to Sickla Station.

The detailed development plan is expected to gain legal force during Q1 2015, with construction start-up during the year.

POTENTIAL

NOBELBERGET TO BECOME A CITY DISTRICT

In February, we acquired property with project opportunities on Nobelberget on Sickla Industriväg in Sickla. The property currently has several office buildings that are partially let.

This is a strategic acquisition which allows us to link the Hammarby Sjöstad and Sickla city districts in a natural way. On Nobelberget, we would like to develop an attractive and dense city district, including both housing and premises for businesses and education, by both building new buildings and preserving old ones. Detailed development planning is under way and expected to be complete in 2016.

210,000

M² POTENTIAL PROJECT AREA IN SICKLA



EXPERTISE THAT BUILDS THE CITY

FLOOR MANAGER – OUR DAILY POINT OF CONTACT WITH THE CUSTOMER

Customers are the most important thing we have, which is why we speak to them every day. As floor manager, Fredrik Ek takes care of our daily communication with tenants in the Sickla shopping area.

"The people working in the stores in Sickla know me and can always approach me with their opinions, questions and ideas. If I am unable to help right away, I make sure they get in touch with the right person. We have the same goal – to make Sickla the natural choice for our visitors and store customers."

Regular and close contact with our customers helps us quickly resolve problems, and at the same time be aware of their needs so they can stay focused on their business."

THE WAY WE BUILD THE CITY.

FARSTA

ONE OF STOCKHOLM'S
FOCAL POINTS

Fifty years ago, Farsta Centrum was one of the first locations where workplaces, housing and the centre were integrated into one and the same location. The unique 1960s character lives on through the well-known building fronts, and the area is still a very important hub and a natural meeting place in southern Stockholm.





12%

OF TOTAL RENTAL VALUE IS FROM FARSTA

Geographic location

Farsta Centrum, in the Farsta city district, is a hub in the southern suburban area of Stockholm

Farsta is bordered by Tyresö to the east, Haninge to the south, and Huddinge to the west. Stockholm's city centre is 20 minutes away by public transport.

ATTRACTIVE CITY CENTRE IN A WALKABLE CITY

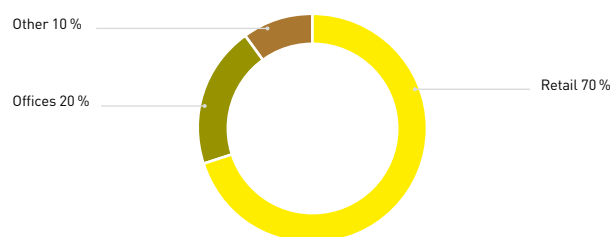
Farsta Centrum has good public transport options and is a well-established and good location for retail, meeting and working. It has a well-developed infrastructure, with underground and commuter train stations, bus traffic and links to the Nynäsvägen cross-town route. The regional catchment area extends across five different municipalities and also covers a large part of southern Greater Stockholm.

COMMON AMBITION FOR AN ATTRACTIVE CITY CENTRE

The City of Stockholm's comprehensive plan identifies Farsta as a focal point in Stockholm. As Stockholm grows, Farsta enables the creation of additional housing and workplaces, expanded retail, cultural and sports-related activities and social services. Our significant property portfolio in Farsta means we have a high level of involvement in Farsta's development programme, which is a collaboration initiative with the City of Stockholm and other

stakeholders. The programme is being conducted within the framework of the "Tyngdpunkt Farsta" vision and development programme. Farsta Centrum is a mainstay issue in the programme. We share with the City of Stockholm a common ambition for Farsta Centrum to be transformed from a suburban centre tailored to cars to an attractive city centre in a walkable city.

Types of premises in Farsta , contracted annual rent





Farsta Centrum was inaugurated in 1960. It was the largest retail centre in Sweden and one of the first locations where workplaces, housing and the centre were integrated into one and the same location. It was an innovative way of thinking and many areas followed suit. With its current extensive range of stores, workplaces, cultural centres, educational facilities, services and fitness and health care facilities, Farsta Centrum functions not only as one of Stockholm's biggest retail hubs, but also as a major city district centre and an important meeting place. The unique 1960s character lives on through the well-known building fronts.

In 2014, Farsta Centrum was awarded first place in the Guldnickel 2014 competition, which is the Swedish championship in direct marketing. The award was for the "Modereturen" campaign in the Retail category.

GOAL OF STRONG FOOD DESTINATION

Over the years, we have completed several reconstruction projects to help Farsta Centrum meet today's demands for convenient and conscious shopping. Our plan is to continue renewing the centre. By reconstructing and converting storage areas, we are strengthening and clarifying the food and grocery offering on the lower level as well, which currently has businesses such as Hemköp, Coop Konsum and Systembolaget. We are creating a city square milieu with open and attractive food and delicatessen outlets. Reconstruction should be completed during autumn 2015.

www.farstacentrum.se

Key ratios Farsta Centrum

Type of retail hub	Regional retail centre
Retail letting area, m ²	61,600
Stores and services, number	150
Stores' net sales, SEK m	2,300
Visitors, number	16,000,000
Parking spaces, number	1,700
Bicycle parking spaces, number	160
Rental value, SEK m	200

IMPORTANT PLACE FOR WORK

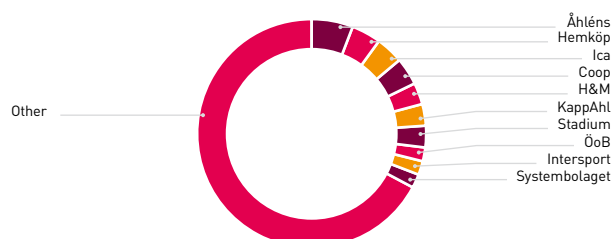
In Farsta, we own almost 38,000 m² of office property.

We signed a 10-year contract in 2014 with the City of Stockholm's social welfare and elderly services for just over 4,000 m² office space that can accommodate 220 workplaces. Occupancy took place in February 2015. The City of Stockholm was already a major tenant in Farsta Centrum with the Farsta City District Committee and Jobbtorg. With the relocation of the social welfare and elderly services, Farsta Centrum is now one of the City of Stockholm's largest workplaces.

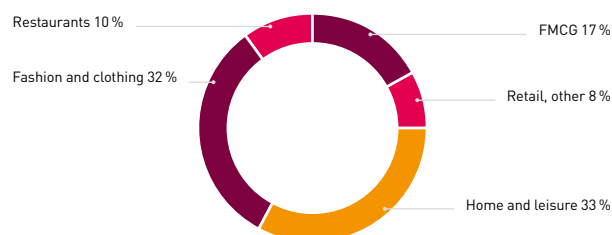
Key ratios Farsta Centrum Offices

Office letting area, m ²	37,900
Rental value, SEK m	69

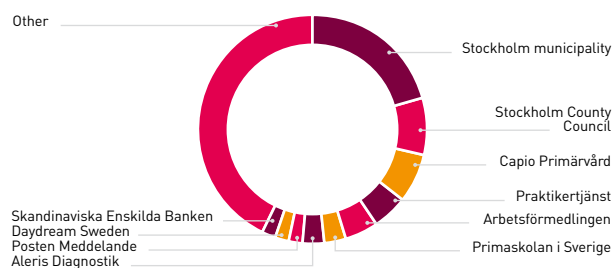
Largest retail customers in Farsta, contracted annual rent



Retail sector break down in Farsta, contracted annual rent



Largest office customers in Farsta, contracted annual rent



PROJECT

COMPLETED

ICA KVANTUM INAUGURATED IN A NEW BUILDING

At the beginning of May we inaugurated a 3,900 m² reconstruction and extension section in Farsta Centrum, where ICA Kvantum and an additional three stores opened. The new ICA Kvantum is a modern and rational grocery store with generous hours of operation and a large offering. The venture is one aspect involved in strengthening the overall grocery offering at Farsta Centrum, and the store will be a substantial food destination. The new building is connected to the retail centre, and contains a new two-storey parking garage with just over 140 parking spaces.

5,000

M² POTENTIAL PROJECT AREA
IN FARSTA CENTRUM

POTENTIAL

LONG-TERM DEVELOPMENT PLANS

We want to continue developing Farsta Centrum with our and the City of Stockholm's common ambition to achieve an attractive city centre.

The transformation of Farsta Centrum entails a mixture of functions and activities. We have identified a long-term need to create up to 20,000 m² additional area for retail, approximately 10,000 m² for workplaces and social services and 5,000 m² for education. In addition, there is space for 1,000–1,500 residential units.

A programme proposal will be available for consultation in May 2015. The aim is subsequently to identify suitable projects that in different phases will gradually transform Farsta Centrum into a walkable city by 2030.

● Bus stop/underground entrance — Underground — Important traffic routes





EXPERTISE THAT BUILDS THE CITY

SAFETY MANAGER – COMMITTED TO A SAFE ENVIRONMENT

Stefan Karlsson, the safety and operations manager at Farsta Centrum, has the type of commitment that stretches far beyond keys and alarms. He collaborates closely with the local Ung och Stolt association on preventative measures for the young people who previously caused problems at Farsta Centrum. Amongst other things, the association offers premises for boxing practice; Stefan works out with the young people there in his spare time.

"I know what has been missing in the area, and boxing is a good way to intercept and get to know the young people there. Ung och Stolt also has an open house that security guards and police can attend to help them build bridges."

As a direct result of the efforts, damage and insecurity have greatly decreased at Farsta Centrum during the course of 2014. This is our way of contributing to a city where everyone wants to live."

THE WAY WE BUILD THE CITY.



MALMÖ

ONE OF THE LARGEST LABOUR MARKETS
IN THE NORDIC AREA



We recognised the potential offered by Mobilia's unique industrial history early on. We have made major strides in the work involved in transforming the former textile factory from a retail centre into a city district that offers more than merely retail. We were awarded the 2014 Urban Planning Prize, Stadsbyggnadspris, as a result of these efforts. We continue to grow in Malmö, and are now taking part in the development of Möllevången – an exciting area in the city centre.



10%

OF TOTAL RENTAL VALUE
IS FROM MALMÖ

Geographic location

Mobilia is located in Malmö's southern city centre district, only two kilometres from Malmö city centre itself. Mobilia is surrounded by Malmö's most important cross-town routes: Trelleborgsvägen, Ystadsvägen and Stadiongatan.

The Dimman 11 office property is located at Möllvången (Möllan) in the south-eastern part of central Malmö.

Population of Malmö Municipality

Population of Malmö Municipality: 313,000

Malmö's population is expected to grow to 377,000 inhabitants by 2025.

QUICKLY GROWING CITY WITH POSSIBILITIES

Approximately 3.8 million people currently live in the Öresund region, which is the largest labour market in the Nordic region. Malmö's population has grown for the 29th year in a row, and is expected to grow to 377,000 inhabitants by 2025 – an increase of 64,000 people since 2013. The new inhabitants are expected to have purchasing power of SEK 2.2 billion by 2020 for grocery and infrequent retail goods.

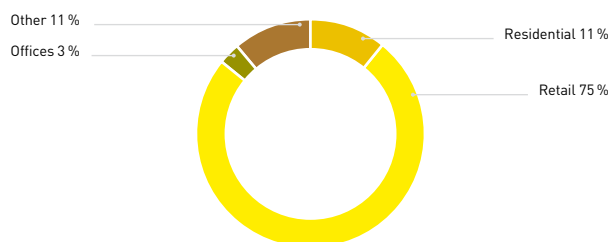
CITY CENTRE MERGING WITH MOBILIA

Malmö's city centre is growing, and the City of Malmö is planning to develop and densify the urban environment around Mobilia to ensure Mobilia becomes a natural part of Malmö's city centre. There are plans to continue developing Medeon, which is located adjacent to Mobilia. Medeon is a research park with around forty players in life science, including Skåne University Hospital, Lund University and Malmö University. New residential areas are also being planned around Mobilia.

WE WANT TO CONTINUE GROWING IN MALMÖ

Our ambition is for Mobilia to continue developing as a city district, and we are making plans for more retail, cultural centres and housing. We have strengthened our position in the Malmö market as a result of acquiring the Dimman 11 office property at Möllervången in central Malmö. Find out more about the acquisition on page 57.

Types of premises in Malmö, contracted annual rent



mobilia

“AT THE HEART OF MALMÖ
AND ITS RESIDENTS”

Over the course of just a few years, Mobilia retail centre has been transformed from a traditional retail centre into a vibrant city district in Malmö's city centre. We inaugurated the most recent and largest phase in autumn 2014 when around 40 new stores and restaurants opened for operation. Mobilia continued to strengthen the range of new store and restaurant concepts in 2014. In addition to retail and a large element of restaurants and service, the city district now also has housing and a vibrant city square milieu with pavement cafés and restaurants, and paths for pedestrians and bicycles. Mobilia also offers office premises.

The old textile factory's heritage, the area's true origin, gives it a character of its own. The former textile factory's machine room, which long stood unused, now houses, amongst other things, a food court that is home to several different restaurant concepts.

Together with Fojab Arkitekter and Jais Arkitekter, Atrium Ljungberg won the City of Malmö 2014 Urban Planning Prize of the Year, Årets Stadsbyggnadspris, for the transformation of Mobilia. The Committee for the Urban Planning Prize highlighted the holistic view in the transformation and stated that “special care has been taken to preserve and remind one of the area's historic industrial significance, as well to build with new technology in an old environment with positive results. The area has received new functions and new content without losing the historic industrial significance of the area”.

www.mobilia.se

Key ratios Mobilia

Type of retail hub	Regional retail centre
Retail letting area, m ²	59,100
Stores and services, number	113
Stores' net sales, SEK m	1,650
Visitors, number	13,000,000
Parking spaces, number	2,000
Bicycle parking spaces, number	600
Rental value, SEK m	172

RESIDENTIAL PROPERTY – ONE ASPECT OF MOBILIA

Atrium Ljungberg has a total of 270 apartments in Mobilia, around seventy of which were built 2013–2014. MKB, a municipal housing company, has built a new 15-storey high-rise building adjacent to Mobilia, with a total of 54 apartments.

FIRST OFFICE ACQUISITION OUTSIDE STOCKHOLM

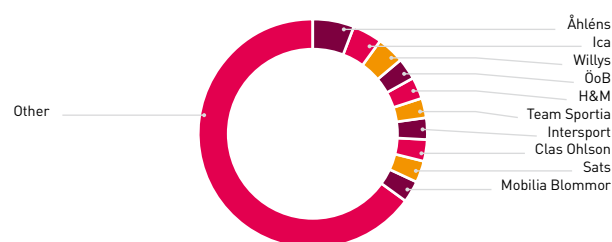
We acquired the Dimman 11 office property at Möllervången in the south-eastern part of central Malmö. Möllan is a former factory area where several old buildings have been preserved. Over the last decade the area has undergone a major transformation and is now an attractive area with a broad offering of culture and housing.

Our new property houses cultural, education and office operations. The City of Malmö rents approximately half of the area in a 20-year agreement. Academedia and CDON are two of the other tenants. Major reconstruction and extension work has been ongoing, and in January 2015, the City of Malmö established city archives, offices, a restaurant and a cinema. The property has a total letting area of approximately 16,000 m².

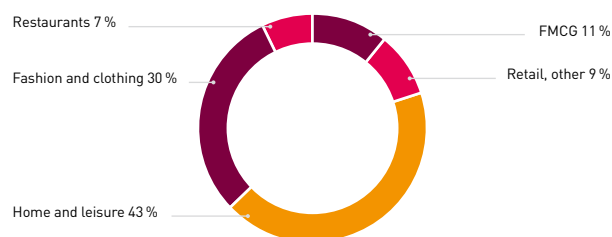
Key ratios Malmö Offices

Office letting area, m ²	19,500
Rental value, SEK m	25

Largest retail customers in Malmö, contracted annual rent



Retail sector break down in Malmö, contracted annual rent



PROJECT

COMPLETED

POTENTIAL

HOUSING HAS CREATED A VIBRANT ENVIRONMENT

We have built two residential buildings right next to Mobilia; they are 9 respectively 16 stories tall, with around seventy new apartments. Occupancy was completed in May 2014. The residential properties with businesses on the bottom floors have been a major contributor to creating a vibrant environment in and around Mobilia. Atrium Ljungberg now owns and manages a total of 270 rental apartments in Mobilia.

TRANSFORMATION OF MOBILIA CONTINUES

We are planning to continue developing Mobilia. The next step involves the reconstruction and extension of approximately 14,000 m² GFA for retail, housing and cultural activities in a prime location at the heart of the city district. The new phase will create greater links between Mobilia's different parts and provide opportunities to further develop the square at the heart of the district. The apartments in the new building will turn inwards towards the square to create a lively sensation in the area at all hours of the day, and our ambition is also for more restaurants to begin operating there.

Some minor adjustments to the detailed development plan are required before construction start-up; the changes are expected to be completed during the first half of 2015.

14,000

M² POTENTIAL PROJECT AREA IN MALMÖ

● Bus stop — Important traffic routes





EXPERTISE THAT BUILDS THE CITY

BUSINESS DEVELOPER – REALISING THE VISION

As a business developer, Peter Svanberg realises the vision of creating flourishing, sustainable places to which people are drawn.

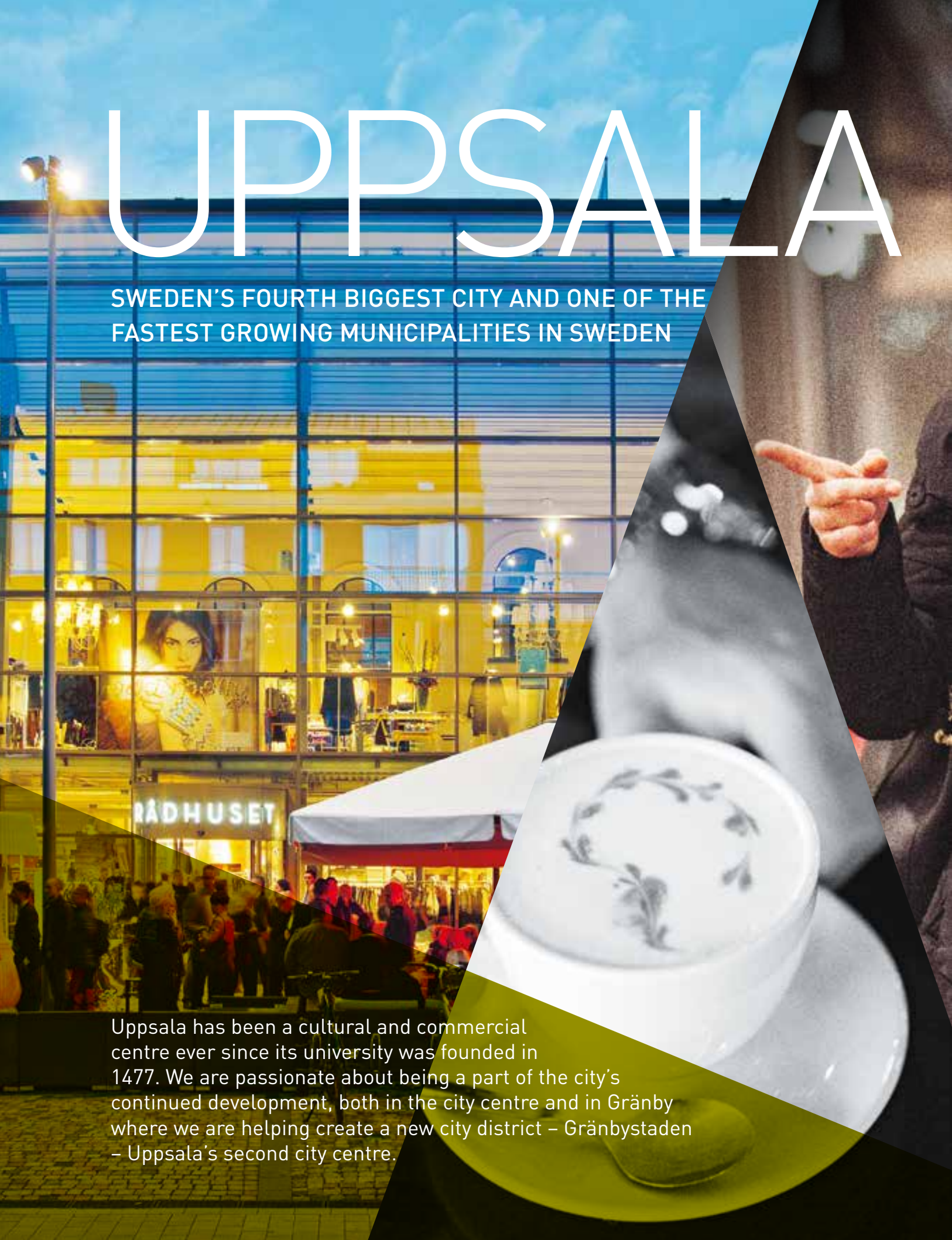
"For Mobilia, it is a matter of allowing the original industrial buildings to encounter new, modern buildings and to fill the area with different functions. Consequently, we focus on more than just retail. Housing, restaurant concepts and, not least, culture are very important components of an attractive location."

Our next step in the development of Mobilia is to create Malmö's next town square that will function for decades to come."

THE WAY WE BUILD THE CITY.

UPPSALA

SWEDEN'S FOURTH BIGGEST CITY AND ONE OF THE
FASTEST GROWING MUNICIPALITIES IN SWEDEN



Uppsala has been a cultural and commercial centre ever since its university was founded in 1477. We are passionate about being a part of the city's continued development, both in the city centre and in Gränby where we are helping create a new city district – Gränbystaden – Uppsala's second city centre.



9%

OF TOTAL RENTAL VALUE
IS FROM UPPSALA

Geographic location

The Gränby city district is located in the eastern part of Uppsala, and is strategically located close to the north exit from E4.

Gränby Centrum is about two kilometres away from Uppsala's city centre.

Forumgallerian and Rådhuset are located at the heart of Uppsala's city centre.

Population of Uppsala Municipality

Population of Uppsala Municipality: 205,000

Population is expected to reach 350,000 by 2050.

CITY WITH STRONG POWER OF ATTRACTION

Uppsala is growing and developing in several areas, and has been the fourth largest city since 2011, as well as one of the fastest growing municipalities in Sweden. Population is expected to grow by almost 3,000 inhabitants a year, and by 2020 the population is expected to have increased by nine per cent – which corresponds to a 15 per cent increase in consumption. Measured per inhabitant, housing construction is among the highest in the country, and public buildings and infrastructure investments in the billions testify to the city's attractiveness.

GRÄNBY TAKING NEW SHAPE

The Gränby city district is faced with major changes, and is in the process of taking shape as one of the most important and expansive city districts in Uppsala. Our well-established Gränby Centrum property is found here, as is our new retail area just to the north of Gränby Centrum, where we also have a construction project under way. Close to our places in the city district, several residential projects are under way or are being planned for approximately 8,000 new residential units and a number of sports facilities. It is likely that within a few years, the Gränby city district will be completely integrated with Uppsala city centre.

Gränby's location next to E4 and frequent bus service lines make Gränby easy to access. A new travel centre right next to Gränby Centrum is being planned, which will serve as a central hub with both local and regional traffic. There are also plans in place for tram traffic between Gränby and Uppsala Central Station.



"MORE SPACE FOR SHOPPING"

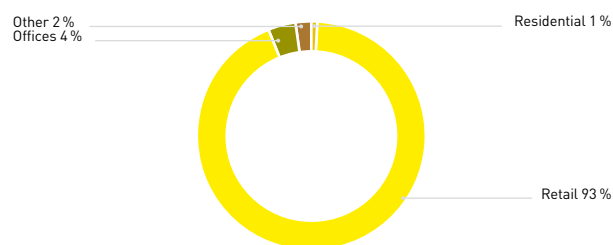
Gränby Centrum is Uppsala's only retail centre with everything under one roof, and is the county's leading regional retail hub.

Over the past few years, the centre, with a history from 1971, has been expanded, improved and modernised in several phases. Gränby Centrum has made strides for several years in *Market* magazine's annual survey on Sweden's retail centres, and was named Sweden's fifth most appreciated retail centre in 2014. Visitors primarily appreciated the environment, comfort, range of stores, location and accessibility.

We started interior reconstruction of Gränby Centrum in 2014. The aim is, amongst other things, to vitalise the area previously occupied by Coop by strengthening the commercial expression there.

www.granbycentrum.se

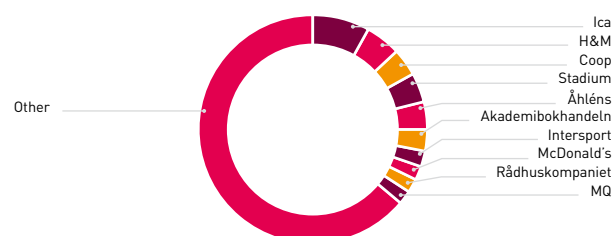
Types of premises in Uppsala, contracted annual rent



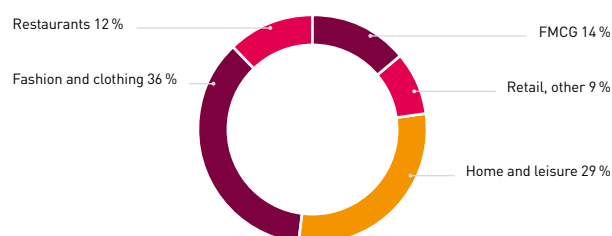
Key ratios Gränby Centrum

Type of retail hub	Regional retail centre
Letting area, m ²	43,500
Stores and services, number	105
Stores' net sales, SEK m	2,000
Visitors, number	6,000,000
Parking spaces, number	1,800
Bicycle parking spaces, number	500
Rental value, SEK m	144

Largest retail customers in Uppsala, contracted annual rent



Retail sector break down in Uppsala, contracted annual rent





“LONG LIVE THE INDIVIDUAL”

Forumgallerian is located at the heart of central Uppsala, with a large flow to and from Uppsala's travel centre. The shopping centre was originally inaugurated as a Forum department store in 1952, and was Sweden's first self-service department store. It was rebuilt in 1992 when it obtained its current appearance and name, Forumgallerian.

Forumgallerian has a strong mix of stores with everything from fashion stores unique to Uppsala, such as Monki and Volt, to Uppsala's largest book store, Akademibokhandeln. A newly opened restaurant, Annabel's och Biztron, is located in the older section of the old spirits palace. In addition to 40 stores and restaurants, Forumgallerian also has offices and housing.

www.forumgallerian.se

Key ratios Forumgallerian

Type of retail hub	City shopping centre
Letting area, m ²	16,200
Stores and services, number	40
Stores' net sales, SEK m	350
Visitors, number	5,000,000
Rental value, SEK m	49



“STYLISH SINCE 1645”

Rådhuset is located at Stora Torget in the heart of central Uppsala. It is one of the city's most well-known profile buildings and dates back to 1645. Atrium Ljungberg inaugurated the new Rådhuset in 2012, which had been carefully and scrupulously transformed into a modern fashion department store that is out of the ordinary. Strong brands are offered here in a unique environment where old meets new, and where the building's tradition and history have been preserved from floor to ceiling and blended with a modern atmosphere.

In 2014, Rådhuset was named “Fashion Store of the Year” in the Uppsala Vimmel Awards, and also received the prize for “Digital Campaign of the Year” for its “Radio Rådhuset” campaign.

www.radhusetuppsala.se

Key ratios Rådhuset

Type of retail hub	City shopping centre
Letting area, m ²	2,900
Stores and services, number	4
Stores' net sales, SEK m	70
Visitors, number	500,000
Rental value, SEK m	9

PROJECT

COMPLETED

OTHER RESTAURANT BUILDING IN GRÄNBY KÖPSTAD

We will continue the gradual development of the project we call Gränby Köpstad, our new bulk retail hub in north-east Uppsala. McDonald's was first to open in 2013, and at the end of July 2014, we completed the area's second restaurant building where three new restaurant concepts opened.

ADDITIONAL PLAYERS TO OPEN IN 2015

Construction on an additional two buildings in Gränby Köpstad began in 2014. Blomsterlandet will open in one building in March 2015, and Apotek Hjärtat and City Gross will open in the second building in September and October 2015 respectively.

The long-term ambition is to create a retail area of approximately 50,000 m² with a city feel and an offering that focuses on the home, where the entire family can run its errands in a rational and inspiring environment. The offering is to supplement the retail range in the existing Gränby Centrum and be a natural part of Gränbystaden as a whole. Read more about Gränbystaden to the right.

ONGOING

POTENTIAL

GRÄNBYSTADEN – UPPSALA'S SECOND CITY CENTRE

Our vision for Gränby Centrum and the surrounding area is to create Uppsala's second city centre – Gränbystaden – with retail, culture, restaurants, housing and offices in a dense neighbourhood structure. The plan is to create housing of 40,000 m² GFA, offices of close to 10,000 m² GFA and to expand and improve the retail range by 80,000 m² GFA. Together with modern public transport and improved conditions for pedestrians and cyclists, an attractive and vibrant city district will be made possible. The close proximity to central Uppsala will result in Gränbystaden becoming an extension and integrated part of Uppsala city centre.

A vision programme for Gränby Centrum and the surrounding area as a whole has been produced and will form the basis for future development work. New land acquisition and a new detailed development plan are required for the vision to be implemented.

113,000

M² POTENTIAL PROJECT AREA IN UPPSALA

● Bus stop — Important traffic routes

VISION IMAGE GRÄNBY





EXPERTISE THAT BUILDS THE CITY

PROJECT MANAGER – BUILDING FOR IN-HOUSE MANAGEMENT

The project manager role concerns more than budgets and schedules. One of Tommi Pakola's most important tasks involves creating commitment and communicating a clear target to all involved contractors. He is the project director in Uppsala.

"Getting everyone excited about what we are to achieve together is critical to our success. Our new retail hub in Gränby concerns more than just a few buildings. We are going to build part of Gränbystaden, Uppsala's second city centre."

We run our projects with our own project managers, because we know that committed employees better pave the way for in-house management, in a sustainable and long-term manner."

THE WAY WE BUILD THE CITY.



HAGA- STADEN

ONE OF STOCKHOLM'S LARGEST URBAN
DEVELOPMENT PROJECTS

10%

OF TOTAL RENTAL VALUE
IS FROM HAGASTADEN

Geographic location

Hagastaden is located between Vasastaden and the Karolinska Hospital in Stockholm. The city district will link Stockholm to Solna through the new regional hospital, New Karolinska Solna (NKS).

ARENA FOR LIFE SCIENCE

One of Stockholm's biggest urban development projects ever is under way in the Hagastaden area of Stockholm. The area begins at Karolinska Hospital and stretches to Norrtull.

The new city district will be a world-leading arena for life sciences – an umbrella term for fields of science such as biology, medicine, chemistry, technology and informatics which have the common aim of improving human life and health. Space will be made here for 50,000 workplaces, 5,000 residential units, service and cultural facilities, restaurants and parks in an investment totalling approximately SEK 60 billion.

Development and establishment work is being performed as a collaboration initiative between the City of Stockholm, Stockholm County Council, three universities (Karolinska Institutet, KTH Royal Institute of Technology and Stockholm University) and the business world. Together the organisations work through the Stockholm Science City Foundation.

Over the past few years, Hagastaden has become one of Stockholm's hottest office markets. There has been a great deal of interest on the part of businesses to set up operations here – primarily due to the focus of the city district and the opportunities offered there.

MAJOR RENTAL ACTIVITIES IN 2014

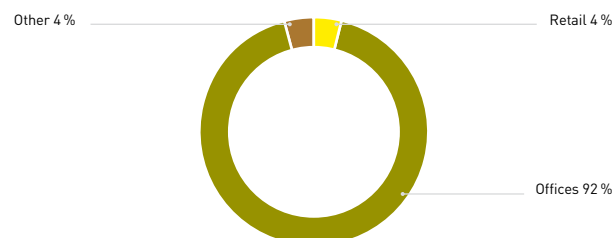
Atrium Ljungberg is an active and important player in Hagastaden. We own and manage properties totalling just over 94,000 m². The properties are old industrial buildings from the 1930s that have been reconstructed and extended into modern office premises, but with their industrial character intact.

In 2014, we signed a contract with Nordic Morning, a communication firm, for 3,500 m². The company moved in with its holding company and four of its agencies in January 2015. We also signed a contract with MSD, a global health and medical care company, for 2,000 m². After almost 25 years in Sollentuna, MSD is moving to Hagastaden and will become part of the major life science initiative there. Occupancy will take place in March 2015.

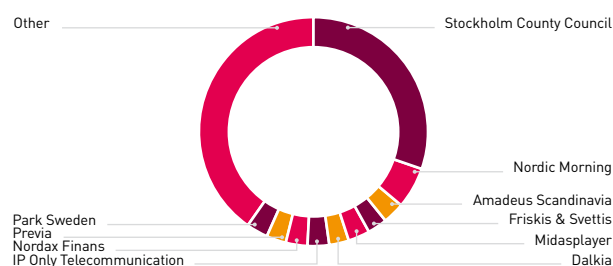
Key ratios Hagastaden

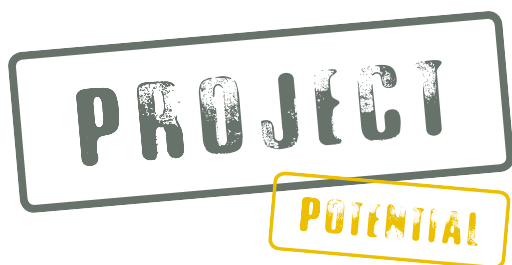
Letting area, m ²	94,358
Rental value, SEK m	213

Types of premises in Hagastaden, contracted annual rent



Largest customers in Hagastaden, contracted annual rent





MOLEKYLEN DISTRICT – AT THE HEART OF HAGASTADEN

Atrium Ljungberg has a land allocation with the option of acquiring land with building rights of 36,000 m² right at the heart of the expansive life science cluster at the Molekylen district alongside Solnavägen. The development will contribute to the vision of Hagastaden as a life science cluster. Construction start-up for the first phase is planned for 2016 at the earliest.

GENEN DISTRICT CHALLENGES AND INSPIRES

In December 2014, Atrium Ljungberg obtained a land allocation of just under 1,000 m² in the Genen district in Hagastaden. The land allocation is above the descent to the new garage on Norra Stationsgatan. The ambition is to create a meeting place that weaves together the different parts of the science city's different components, with an architecture that challenges and inspires. The building and content offer added value to both existing and new tenants, as well as to the people who live in and visit the area. The building will have two storeys and a roof terrace. An architect and a proposal for the building's design, with which we will proceed, were selected in February 2015. The goal is for construction to start in 2016.

37,000

M² POTENTIAL PROJECT AREA IN HAGASTADEN

● Planned underground entrance ● Planned Citybanan entrance — Important traffic routes ● Land allocation Molekylen and Genen





EXPERTISE THAT BUILDS THE CITY

TENANT – MOST IMPORTANT OF ALL

For MSD, a leading global health and medical care company, the context was decisive. The location in the heart of the emerging life science cluster in Hagastaden next to New Karolinska could not have been better for one of Sweden's most expansive pharmaceutical companies.

"For MSD in Sweden, it is important to be part of the new cluster's development as early as possible and thereby gain access to the dynamics and expertise now being gathered in a geographically limited area," says Jacob Tellgren, CEO of MSD in Sweden.

For us, it is never just a matter of leasing premises. Having MSD as a tenant not only strengthens MSD and us, it also reinforces the life science cluster at Hagastaden and consequently society as a whole.

THE WAY WE BUILD THE CITY.



KISTA

WORLD-LEADING CLUSTER WITHIN INFORMATION
AND COMMUNICATION TECHNOLOGY

9%

OF TOTAL RENTAL VALUE IS FROM KISTA

Geographic location

Kista is located north Stockholm. There are excellent transport options to Stockholm city centre, the surrounding municipalities and Arlanda Airport via the nearby E4 and E18 motorways, underground, buses and commuter train. The new cross-town light rail link which is expected to be completed in 2018 will also provide good transport options to Bromma Airport and on to Alvik.

BUSINESS, CITY AND ACADEMIA – WORKING TOGETHER TO ACHIEVE THE VISION

Kista and Kista Science City are located in one of Sweden's most dynamic and expansive regions and form a world-leading cluster within information and communication technology (ICT). Few places in the world can demonstrate the high concentration of expertise, innovation and business opportunities within this field as Kista can, with its over 1,100 ICT companies and multitude of internationally prominent researchers.

Over a ten-year period, the number of people working in the area has increased by 20 per cent, and development will continue through a collaboration initiative between the city, trade and industry and academia to achieve the vision of "Kista in 2020: one of the world's most important science cities".

FIRST DISTRICT IN THE NEW KISTA

Kvarteret NOD, which we completed in 2014, is the first district in an entirely new area of Kista. Around 2,500 residential units are being planned in the immediate area, and 360 of these will be in Kista Torn – Stockholm's tallest residential building. The new development will add vibrancy and life to the area, and it is an important element of Kista's development into a more vibrant city. Find out more about NOD on page 72.

OUR OFFICES AND HOUSING

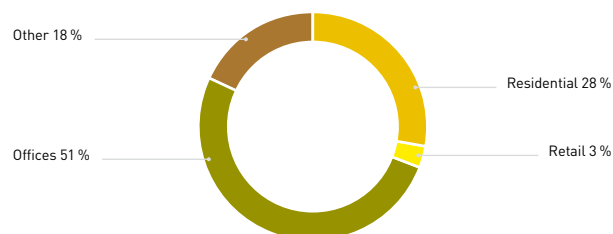
Ärvinge is a vibrant city district where we have combined different businesses that mutually benefit one another. Our properties in the Ärvinge city district include offices, and are home to international companies such as Oracle, Atea, Arrow Electronics, Ingram Micro and Huawei.

We built a small-scale garden city in Ärvinge back in the early 1990s. The 435 rental units are located in direct proximity to workplaces, public transport, restaurants and other local service.

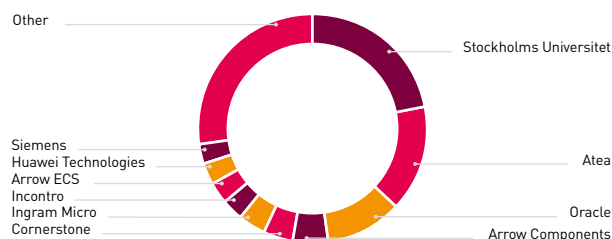
Key ratios Kista

Letting area, m ²	135,900
Rental value, SEK m	213

Types of premises in Kista, contracted annual rent



Largest customers in Kista, contracted annual rent



PROJECT

COMPLETED

NOD CONTRIBUTES TO THE SCIENCE CITY

Through our most recent project in Kista, Kvarteret NOD, we have taken the next step in terms of contributing to the science city. NOD has now been completed. NOD was inaugurated at the beginning of October 2014, and occupancy of the 27,000 m² meeting place is largely complete. Operations at NOD are in full swing, and almost 7,000 students from Stockholm University and Stockholm Science & Innovation School have started their studies on upper secondary and university level. Several companies have started up operations in the building as well.

The vision for NOD has been to create a bridge between research, education, innovation, business and entrepreneurship. After establishing research and education as the foundation, we proceeded in 2014 to sign several lease contracts with strong and innovative companies in the IT sector such as Fujitsu Sweden, which is part of the Fujitsu group, one of the largest IT companies in the world. Fujitsu will move into NOD in October 2015.

MORE THAN AN OFFICE BUILDING

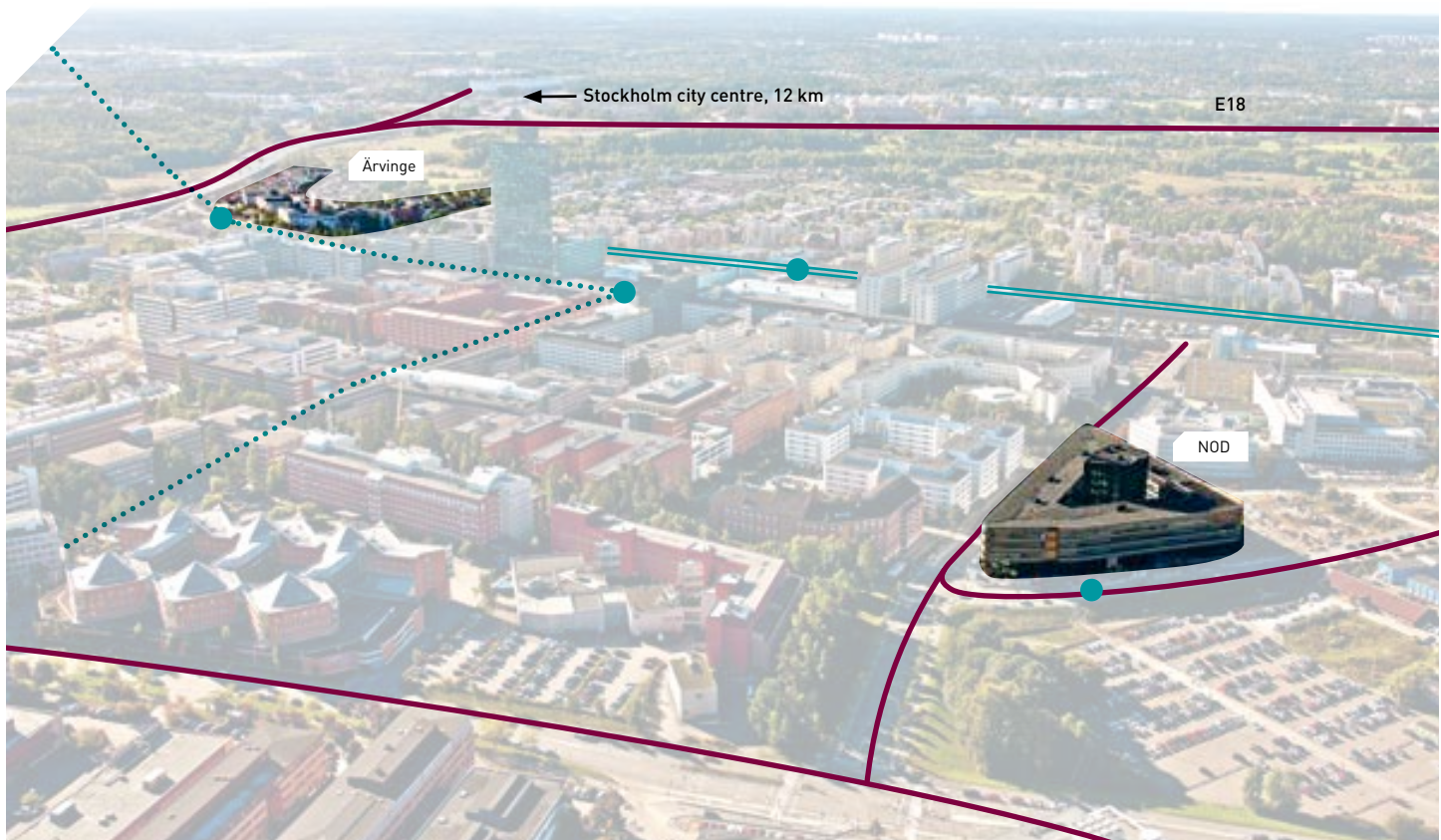
NOD is so much more than just an office building. The new “Hotspot NOD” is located here. It is an entrepreneurs’ centre with both an open office landscape and individual offices for lease, including several common and clever functions and digital solutions, as well as a large area for events, exhibitions and other activities.

THE VISION HAS BEEN REALISED

NOD has received a great deal of attention from the start. The meeting place is recognised as being at the forefront, innovative and creative, in addition to being an important part of Kista’s continued growth. We have successfully reached our ambition of creating a place where research and academia can be promoted and cross-fertilised with other businesses and where new business concepts can be established and grow.

NOD was built to be modern, sustainable, flexible and attractive in the long-term, and has obtained an initial BREEAM certification rating of “very good”, with the opportunity to obtain an “excellent” rating.

● Bus stop/underground/Tvärbanan station — Underground Planned section of Tvärbanan — Important traffic routes





EXPERTISE THAT BUILDS THE CITY

ARCHITECTS – SHAPE THE PLACES THAT FORM SOCIETY

Our buildings are always to support our visions. NOD in Kista – with its unique mixture of content from academia, research, culture and business – exemplifies this very clearly.

“Organising the interface between research and society from a purely spatial perspective was a major challenge faced by the project,” says Ari Leinonen, CEO of Scheiwiller Svensson Arkitektkontor.

“Many buildings in Kista are closed and secretive. Our vision has been for NOD to be an open and inviting hub,” says Olof Philipson, the architect who is handling the much debated project.

Working closely with the architect ensures that our values permeate the entire project.

THE WAY WE BUILD THE CITY.

SÖDER- MALM

TRENDY CITY DISTRICT THAT TEEMS WITH LIFE

9%

OF TOTAL RENTAL VALUE
IS FROM SÖDERMALM

Geographic location

The Södermalm city district in Stockholm city centre, commonly known as Söder, is bordered by Slussen in the north and Skanstull in the south.

RENTAL OFFICE MARKET STRONGER HERE THAN EVER BEFORE

Södermalm in Stockholm teems with life, and is an attractive area for living, spending time and working. Over the years, the city district has grown into a strong area for offices, primarily for the public sector and creative businesses.

RECONSTRUCTION OF SLUSSEN

Some reconstruction projects commenced after the detailed development plan for the Nya Slussen project gained legal force in autumn 2013. However, the detailed development plan for a new bus garage at Katarinaberget was annulled in spring 2014 by the Land and Environment Court, which means the project will be delayed 3–4 years. A political decision was made in September 2014 to review the entire Nya Slussen project. The review was performed by an independent group of experts that submitted its report in January 2015. The group of experts' judgement in brief is that the decisions made in the project were made based on relevant facts without any irregularities or errors. Most of the construction work has stopped while waiting for a political decision on the project's continuation.

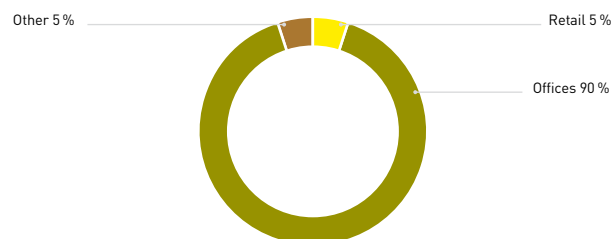
OFFICE PROPERTIES AT PRIME LOCATIONS

Our office properties on Södermalm are found at prime locations at Slussen and Medborgarplatsen. We own one of Stockholm's best-known buildings, Glashuset, which is located at Slussen and which attracts many companies with strong brands. In Söderhallarna at Medborgarplatsen, we own modern premises right at the heart of Södermalm's vibrant mix of people, retail outlets and restaurants.

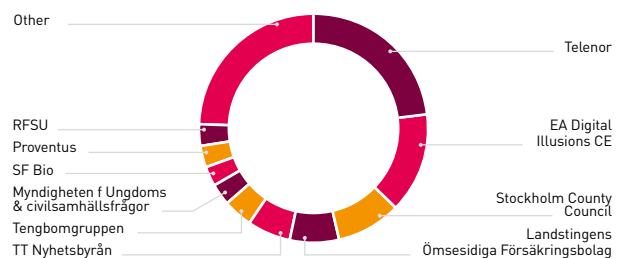
Key ratios Södermalm

Letting area, m ²	52,400
Rental value, SEK m	152

Types of premises in Södermalm, contracted annual rent



Largest customers in Södermalm, contracted annual rent



PROJECT

POTENTIAL

LAND ALLOCATION AT SLUSSEN

Atrium Ljungberg's land allocation, which is located on Stads-
gårdsleden in front of Glashuset, includes building rights for
16,000 m² for offices, retail and service. If an agreement on
acquisition and development is reached, construction can begin
during the latter phases of Slussen's transformation process.

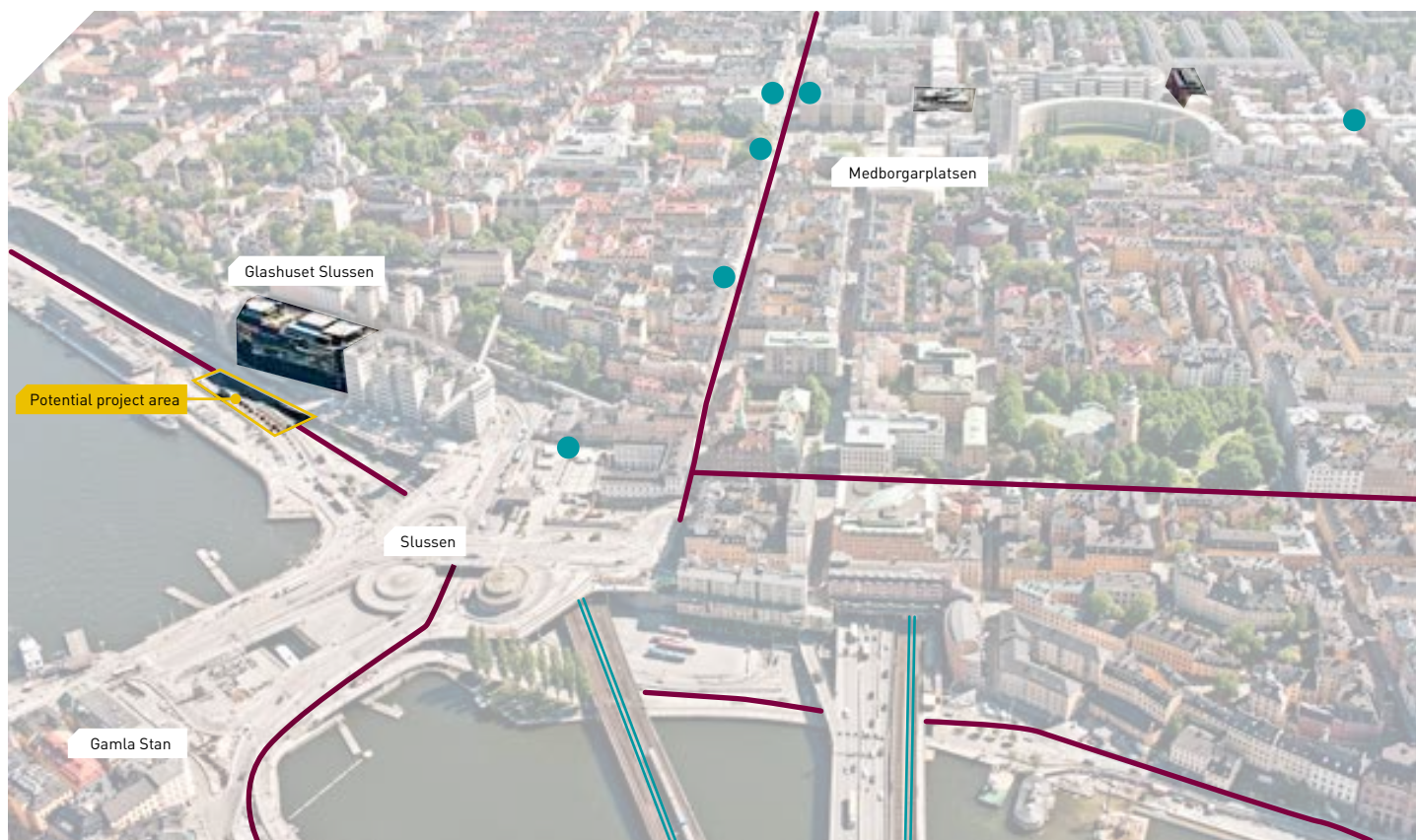
Since the detailed development plan for the new bus garage
was annulled in spring 2014, a new one has to be produced,
which means the schedule for implementing our land allocation
is also delayed.

Implementation is dependent on the temporary bus terminal,
which is located in the area for the land allocation, obtaining
final placement elsewhere. Construction start-up is being
planned at present for 2023 at the earliest.

16,000

M² POTENTIAL PROJECT AREA ON SÖDERMALM

● Underground entrance/commuter train station — Underground/railway — Important traffic routes ● Land allocation



EXPERTISE THAT BUILDS THE CITY

BUSINESS DEVELOPER WITH VALUABLE SPECIALIST EXPERTISE

With in-house specialist expertise in municipal processes, we can do the right things in the right order in long processes with the municipality. Ulrika Hellström is a business developer with extensive experience in planning and development issues in both the public and private sectors. She is involved in the early projects in Slussen, Barkarby and Hagastaden, for example.

"With my know-how on the processes involved in producing programmes and detailed development plans and obtaining building permits, I can run my own projects and help other business developers in their communication with municipalities."

Our specialist expertise gives us business advantages that allow us to work in a long-term and sustainable manner."

THE WAY WE BUILD THE CITY.



HANINGE

ATTRACTIVE GROWTH MUNICIPALITY
LOCATED CLOSE TO NATURE

3%

OF TOTAL RENTAL VALUE
IS FROM HANINGE

Geographic location

Haninge is located just south of Stockholm. Port 73 in Haninge is located at the intersection of road 73 (Nynäsvägen) and the Gudöbroleden cross-town link between Haninge, Tyresö and Nynäshamn.

Population of Haninge Municipality

Population of Haninge Municipality: 81,000
Haninge is expected to grow to close to 92,000 inhabitants by 2023.



NAMED OUT AS A REGIONAL CITY CENTRE

Haninge, in the southern part of Greater Stockholm, is a growth municipality where major infrastructure initiatives are ongoing and new ones are being planned. In Greater Stockholm's development plan (RUFs), Haninge has been named as a regional city centre, and it is believed that the entire region will experience strong population growth over the next few years.

The extension of the motorway to Nynäshamn has shortened travel time to Stockholm. Accessibility will improve further with the planned new commuter train station in the Vega city district, for which completion is planned for 2019. The massive urban development project for the Vega city district, which will create around 10,000 new residential units, has now begun and is scheduled for completion within a ten-year period.

PORT 73 IN A TRADITIONAL RETAIL AREA

We have developed Port 73 in a step-by-step since its inauguration in 2010 in a traditional retail area in the heart of Södertörn in Haninge; today it is one of our five largest retail areas together with Sickla, Farsta Centrum, Mobilia and Gränby Centrum. Since the mid 1970s, this regional hub has been one of Sweden's leading destinations for grocery retail. Port 73's geographic placement next to road 73 in the middle of the traffic hub that links Haninge, Tyresö and Nynäshamn gives Port 73 a clearly visual location in the traffic flow of the 90,000 passing vehicles daily.

PORT 73

"PART OF YOUR DAY"

Port 73 combines rational bulk retail and strong grocery retail with a shopping centre's diverse offering of stores and restaurants.

In conjunction with the inauguration of the third phase in 2013, around ten new stores opened in an approximately 10,000 m² extension. In Q1 2014, the offering grew additionally with Nordic Wellness, a gym and wellness company, and an additional four new concepts. Port 73 now comprises around forty different stores, restaurants and service outlets with a total area of just over 36,000 m².

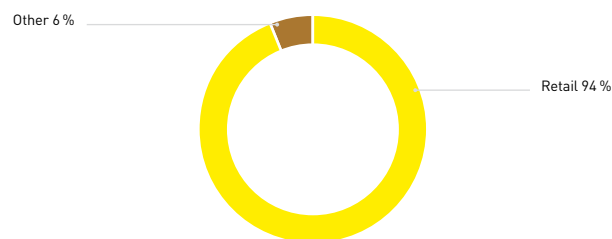
Among all the retail centres in the Greater Stockholm area, Port 74 ranked second in Market magazine's 2014 annual consumer survey on Sweden's retail centres. Visitors primarily appreciated the high degree of accessibility. They also felt like Port 73's range offers unusually good value for the money.

www.port73.se

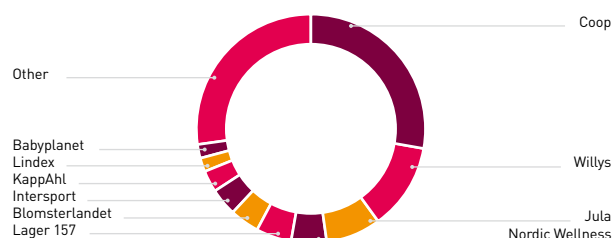
Key ratios Port 73

Type of retail hub	Out-of-town
Letting area, m ²	36,300
Stores and services, number	41
Stores' net sales, SEK m	900
Visitors, number	5,000,000
Parking spaces, number	1,000
Bicycle parking spaces, number	100
Rental value, SEK m	69

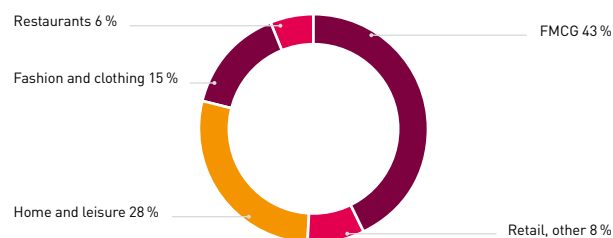
Types of premises in Haninge, contracted annual rent



Largest customers in Haninge, contracted annual rent



Sector break down in Haninge, contracted annual rent





LARGER OFFERING IN THE SHORT-TERM

We aim to continue expanding Port 73's offering. We currently have a valid detailed development plan where the ambition is to add additional retail, culture and service.

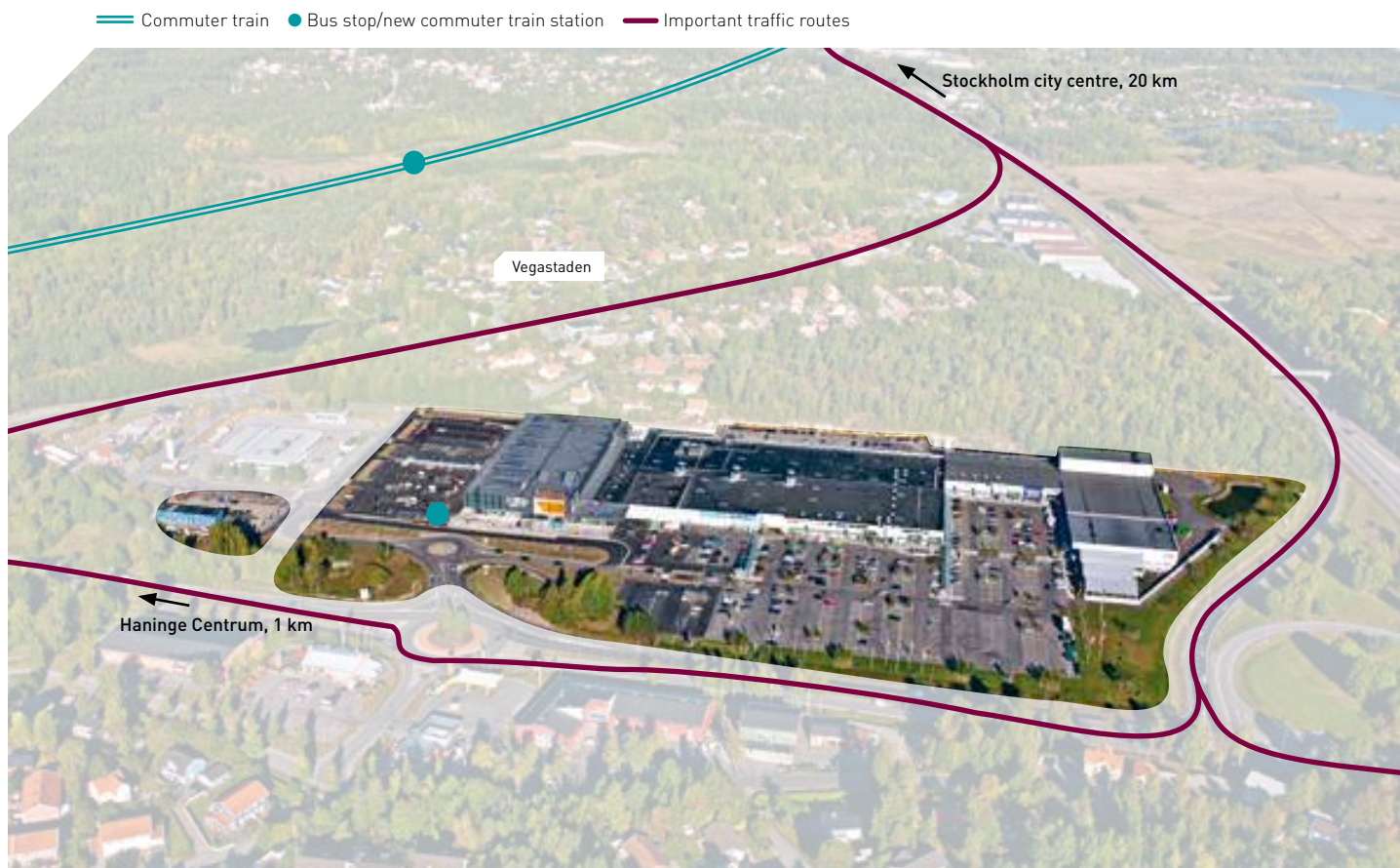
VIBRANT CITY DISTRICT IN THE LONG-TERM

A planning programme was adopted in autumn 2014 for continued development of the area surrounding Port 73. The programme comprises retail and service facilities, supplemented by housing in a varied neighbourhood structure with generous parks and better possibilities for pedestrians and cyclists.

Our long-term vision for Port 73 is to create a vibrant and attractive city district in Haninge, which will merge and become a natural part of Haninge's city centre. We also aim to add housing and possibly retail next to Port 73, including elements of culture and service. Land acquisition and a new detailed development plan are required for the vision to be implemented.

8,000

M² POTENTIAL PROJECT AREA IN HANINGE





EXPERTISE THAT BUILDS THE CITY

WORKING TOGETHER WITH THE MUNICIPALITY TO ACHIEVE A COMMON VISION

The municipalities we collaborate with know we mean business. The residents of a city should be able to conduct all aspects of their lives there: working, shopping, doing business, living, studying, socialising and being entertained. The community that we help to create is to be based on the dynamics that arise when all parts are allowed to flourish together.

"In order for us as a municipality to realise the vision of Haninge becoming a regional city centre, we need to collaborate with capable property owners who share our vision," says Sara Eriksdotter Bjurström, who is head of the planning and building permit department in Haninge Municipality.

Working together and maintaining close and regular dialogue with the municipality and other property owners allows us to create long-term value – for us, our customers and the community in which we work.

THE WAY WE BUILD THE CITY.

ADDITIONAL PROPERTIES IN OUR PORTFOLIO



KVARTERET IGOR, VÄSTERÅS

The entirely reconstructed Kvarteret Igor shopping centre in Västerås has linked the different parts of the city together for many years and helped strengthen Västerås' city retail. Today Igor is an inspiring destination with a strong focus on fashion. A new food concept with a restaurant, café and store opened in spring 2014.

www.kvarteretigor.se

Key ratios Kvarteret Igor

Type of retail hub	City shopping centre
Letting area, m ²	29,900
Stores and services, number	43
Stores' net sales, SEK m	500
Visitors, number	3,000,000
Parking spaces, number	300
Rental value, SEK m	48



ORMINGE CENTRUM, NACKA

Orminge Centrum in Nacka is a classic city district shopping centre with all the elements one would expect, such as food, infrequent retail and commercial and public services. Two new exciting food concepts opened in 2014 in the centre – a bakery and a sushi and Japanese restaurant. The new businesses are part of Atrium Ljungberg's strategy to develop Orminge Centrum into a potent food destination for customers all over Saltsjö-Boo.

www.ormingecentrum.se

Key ratios Orminge Centrum

Type of retail hub	City district shopping centre
Letting area, m ²	10,900
Stores and services, number	26
Stores' net sales, SEK m	450
Visitors, number	2,000,000
Parking spaces, number	260
Rental value, SEK m	23

DROTTNINGGATAN, STOCKHOLM

We own two classic properties on Drottninggatan in central Stockholm, which is one of Stockholm's prime locations. Glashuset is a modern five-storey retail hub with some of the fashion market's most powerful players, including Esprit and Weekday, for example. Fashion company Zara is the largest tenant of Drottninggatan 68, the other property. Both properties also contain offices.

Key ratios Drottninggatan

Type of retail hub	City shopping centre
Letting area retail, m ²	10,000
Letting area offices, m ²	7,700
Stores and services, number	15
Stores' net sales, SEK m	250
Rental value, SEK m	104

ROTEBRO● HANDEL

ROTEBRO HANDEL, STOCKHOLM

Rotebro Handel is a strong destination for grocery retail, with Coop, Willys and Systembolaget forming the hub's base.

Key ratios Rotebro Handel

Type of retail hub	Out-of-town
Letting area, m ²	19,900
Stores and services, number	11
Stores' net sales, SEK m	650
Parking spaces, number	600
Rental value, SEK m	32

Västberga Handel

VÄSTBERGA HANDEL, STOCKHOLM

Västberga Handel offers a combination of attractive grocery retail, infrequent retail and bulk retail.

Key ratios Västberga Handel

Type of retail hub	Out-of-town
Letting area, m ²	17,400
Stores and services, number	5
Stores' net sales, SEK m	500
Parking spaces, number	530
Rental value, SEK m	30



MITTPUNKTEN, ÖSTERSUND

Mittpunkten, with its diverse fashion and services offering, enjoys a strong position in Östersund.

www.mittpunkten.net

Key ratios Mittpunkten

Type of retail hub	Out-of-town
Letting area, m ²	18,400
Stores and services, number	21
Stores' net sales, SEK m	400
Visitors, number	3,500,000
Parking spaces, number	200
Rental value, SEK m	26

KUNGSHOLMEN

Our property on Kungsholmen is located at Fridhemsplan. It was built around the turn of the previous century, and originally housed a bicycle factory. Today it has been converted into a modern office building where the old industrial character has been preserved.

LILJEHOLMEN

At the end of 2014, we acquired Stora Katrineberg 16 in Stockholm, a property that is close to 40,000 m². It is strategically located at Liljeholmshamnen next to Marievik's office area and Liljeholmen's shopping centre. Liljeholmen and Marievik form an established office cluster with market-leading companies. Services are in close proximity, as are good transport links within a few minutes walking distance, and access to E4/E20 is easy.

The property is practically fully let to roughly thirty well-reputed companies, of which Grontmij, Roche, Stockholm County Council, Boehringer Ingelheim and VIA Egencia are the five largest office tenants.

In accordance with the City of Stockholm's vision of

HAMMARBY SJÖSTAD

Hammarby Sjöstad is an internationally acknowledged and recognised city district. Our property on Textilgatan is located in a prime location in close proximity to public transport.




allowing the city centre to expand southwards, there are plans to further develop and densify the area with attractive residential properties and services to strengthen the link with Södermalm.

Stora Katrineberg 16 supplements our existing properties on Södermalm and connects the portfolios in a good manner. The city's plans for the area are completely in line with our way of working to develop urban environments with a blend of different businesses.

In 2014, we acquired Stora Katrineberg 16 in Liljeholmen in Stockholm.





EXPERTISE THAT BUILDS THE CITY

TL BYGG IN THE FAMILY – PROVIDES A BETTER PRODUCT AND BENEFITS THE CUSTOMER

Our construction projects are complex and require a great deal of experience, expertise and flexibility. TL Bygg is crucial in this respect. Atrium Ljungberg is a stable and long-term owner, and TL Bygg is a reliable and strong contractor. Together we conduct many projects with an efficient, controlled and flexible process. We know each other well and share both our values and our premises.

“Cooperation develops us and results in an improved product and more cost-efficient production. We also have a great deal of experience in residential development, so in the upcoming initiative to build more housing, our expertise will be very valuable,” says Martin Douhan, work supervisor at TL Bygg.

A construction company helps us expand and strengthen our business. We become nimble and flexible, and gain greater control over our construction projects. This benefits us, TL Bygg, our projects and, not least, our customers.

THE WAY WE BUILD THE CITY.

TL BYGG – SUBSIDIARY WITH BROAD EXPERTISE

COOPERATION IS ONE of Atrium Ljungberg's and TL Bygg's most important core values.

Working together gives us greater opportunities to implement a large number of projects with an efficient, controlled and flexible process, which benefits both us and our customers.

TL Bygg AB, our wholly owned subsidiary, was formed in 1983; however, the building contractor has its roots in the construction and property company founded by Tage Ljungberg in the mid 1940s. The company has a strong building tradition and extensive expertise throughout the entire organisation. The existing customer relations are primarily found in Stockholm and Uppsala, and the company's main clients are property companies, insurance companies, municipalities, county councils and state-owned companies.

In 2014, TL Bygg performed work for Atrium Ljungberg corresponding to 27 per cent of the company's total net sales.

VARYING AND COMPLEX ASSIGNMENTS

TL Bygg works with all types turnkey contract and pure construction contract assignments, where the company takes on full responsibility for the project's quality, the environment and the work environment. Work is always performed on the basis of the company's core values.

In 2014, TL Bygg conducted projects for ICA Fastigheter, Unibail-Rodamco/SF Bio AB, Nacka Municipality, Apotek Hjärtat and Stockholmshem, for example. The project for ICA Fastigheter comprised a 17,000 m² store in Barkarby and a smaller adjacent retail property and gym. TL Bygg also took part in Atrium Ljungberg's new construction project for a retail

and restaurant building in Gränby in Uppsala, as well as several tenant-specific adaptations for Atrium Ljungberg's office properties in Hagastaden.

Construction on SF's biggest and most modern cinema started during the year in the Mall of Scandinavia. Construction on the cinema, which includes several auditoriums and a VIP cinema with a restaurant and bar, places high demands on noise rating, scheduling and logistics.

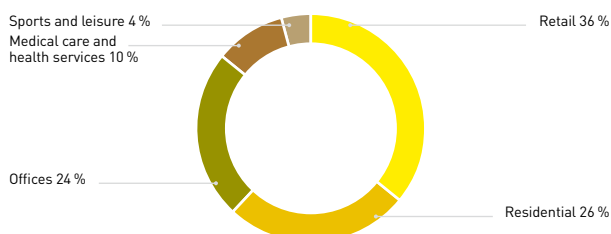
The total renovation of five empty apartment buildings in Gröndal is another major project that was started in 2014. The outdoor environment will also be renewed. This project is being performed on behalf of Stockholmshem.

At the end of the year, the order book contained SEK 283 million.

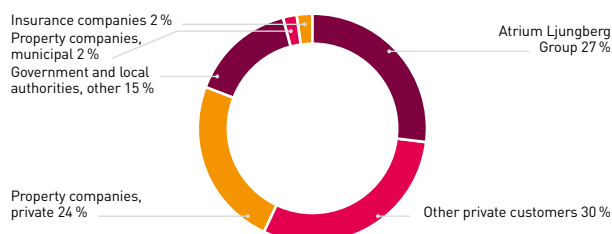
PROUD MASTER BUILDER TRADITION

TL Bygg is a profitable company with strong core values. The values have been well grounded in the organisation for a long time, and are based on a proud master builder tradition. They are crucial to our efforts to build and develop both areas and urban environments.

Sales per assignment type



Sales per client category



- **Long-term approach** means both good relations and sustainable construction.
- **Reliability** entails taking responsibility, consistently producing top quality and keeping promises.
- **Cooperation** means creating added value for everyone involved and optimising results – by participating and being flexible.
- **Commitment** means enthusiastically approaching duties, with a constant desire to surpass both one's own and the customer's expectations.

FOCUS ON COMPETENCE, QUALITY AND THE WORK ENVIRONMENT

Competence and quality are critical factors for TL Bygg's success. The company's employees ensure long-term commitment, high quality and a high level of expertise. Our employees have expertise in both construction and project management and in costing and purchasing, and the company continuously invests in training

and skills development for all of the occupational groups at the company. Working in this manner ensures a high level of quality in everything we do.

Another important issue is the work environment and quality management in the construction output. All managers are trained in work environment responsibility, thus involving them in the work. The company also takes an active and long-term approach in order to minimise environmental impact, by employing sound planning, inspection of integrated materials and waste recycling.

TL Bygg is a member of the trade and employers' organisation, the Swedish Construction Federation, and supports its goals and visions for modern employee contracts, a sound construction industry, and safe workplaces.

Find out more at: www.tlbygg.se

IN BRIEF

CONSTRUCTION COMPANY OPERATING PRIMARILY IN THE GREATER STOCKHOLM AREA

CERTIFIED IN ACCORDANCE WITH BFK9K – A PRODUCT CERTIFICATION SYSTEM FOR THE CONSTRUCTION INDUSTRY

NUMBER OF EMPLOYEES: 130 (39 ADMINISTRATIVE EMPLOYEES, 91 SKILLED WORKERS)

NET SALES, 2014: SEK 418.1 MILLION

PROFIT AFTER NET FINANCIAL ITEMS, 2014: SEK 17.9 MILLION

ORDER BOOK AT 2014 YEAR-END: SEK 283 MILLION

CEO: JOHAN EDLUND



Summary of income statements

SEK m	2014	2013	2012	2011	2010
Net sales, external clients	306.5	378.1	225.6	292.8	304.5
Net sales, Group companies	111.6	113.7	152.9	135.7	69.4
Net sales, total	418.1	491.8	378.5	428.5	373.9
Operating profit/loss	15.3	35.2	19.5	32.3	30.9
Net financial items	2.6	1.9	1.1	0.8	0.9
Profit after net financial items	17.9	37.1	20.6	33.1	31.8
Number of employees	130	135	122	120	113



FINANCIAL
REPORTS 2014

DIRECTORS' REPORT

THE BOARD OF Directors and the CEO of Atrium Ljungberg AB (publ.), company ID no. 556175-7047, hereby submit the annual accounts and the consolidated accounts for the 2014 financial year. The figures shown in parentheses refer to the preceding financial year. The Corporate Governance Statement is presented on pages 106–111.

THE OPERATIONS

Atrium Ljungberg is one of Sweden's biggest listed property companies. We own, develop and manage properties and areas – primarily for the retail and office sectors. The operations are conducted with a view to long-term ownership. We generate growth in value by developing and upgrading new and existing properties and development rights and by conducting active and customer-orientated property management. We lead and manage the entire business process with our employees, which provides knowledge and understanding of the entirety and generates added value for the customer. Our development projects generate a long-term yield.

FINANCIAL GOALS

Our objective is for the operating surplus to increase by 10 per cent per annum. A total of SEK 1 billion shall be invested in the Group's in-house development projects per annum and shall yield a return of 20 per cent for new builds and extension projects. During 2014 the operating surplus increased by 3.6 per cent compared to the previous year. Investments during 2014 in Atrium Ljungberg's own properties amounted to SEK 707 million (SEK 1,302 m). The total investment for completed development projects; two residential buildings in Mobilia in Malmö, Ica Kvantum in Farsta Centrum and Kvarteret NOD in Kista amounts to SEK 1,088 million, including land acquisition. The project return for these projects amounted to 15 per cent.

The financial goals for the Group also state that the equity/assets ratio shall be a minimum of 30 per cent and that the interest coverage ratio multiple shall be a minimum of 2.0. At the 2014 year-end, the equity/assets ratio was 39.6 per cent (41.1) and the interest coverage ratio multiple was 3.0 (3.0).

DIVIDEND

The dividend paid to shareholders shall comprise a minimum of 50 per cent of the profit before changes in value and after nominal tax. The proposed dividend for 2014 totals SEK 3.30 per share (SEK 3.05 per share), corresponding to a dividend share of 66.8 per cent (61.4 %).

MARKET

THE SWEDISH ECONOMY

The Swedish economy has had a weak positive trend during the autumn. Growth has been driven by domestic demand while export has been weak, primarily due to the financial challenges of the Euro zone. GDP increased during 2014 by 1.7 per cent.

Households continue to be the most important driving force in the Swedish economy, while purchasing power may be dampened by tax increases and amortisation demands. It is assessed that Swedish companies will increase their investment rate and exports are predicted to increase as growth in the surrounding environment gradually increases. The forecast of the National Institute of Economic Research for GDP is that it will increase by 2.3 per cent in 2015 and 3.1 per cent in 2016.

RETAIL MARKET

The retail market in Sweden developed positively during the autumn of 2014 and Christmas trade achieved a new record. December sales increased by 5.0 per cent in comparison to the previous year. The retail sector grew by 3.4 per cent during the period January – December 2014, measured in rolling prices and in comparison with the corresponding period in 2013.

HUI Research predicts positive growth of 3.0 per cent in the Swedish retail sector in 2015 and 3.5 per cent in 2016.

In 2014, Atrium Ljungberg's major retail hubs, namely Sickla, Farsta Centrum, Port 73, Gränby Centrum and Mobilia have

reported a collective positive year-on-year increase in net sales of 6.3 per cent compared to the previous year, where Mobilia and Port 73 account for the largest increases, primarily as a result of expansion of the retail hubs. Retail in Malmö continues to be challenging, but Malmö has a strong position and good conditions to continue being one of Malmö's leading retail hubs.

Rental levels for Atrium Ljungberg's retail properties have remained the same during 2014.

OFFICE RENTAL MARKET

The office rental market in Stockholm has had stronger growth during 2014 compared to the previous year. Through continued strong population expansion and greater employment, we assess that the office rental market in Stockholm will continue to develop favourably over coming years. Low vacancies and limited construction of new office premises in Stockholm city centre has increased interest in the premises outside the city centre. The interest in establishing in Hagastaden continues to be large and we can primarily see that the area's Life Science specialism is attracting companies within the health care sector. The demand for office premises is also large on Södermalm and the vacancy level is low. In Ärvinge in Kista the trend has been weaker.

MANAGEMENT

NET LETTING

Net letting for 2014, i.e. newly agreed contracted annual rents, less annual rents terminated due to clients vacating the premises, amounts to SEK 6 million. Significant new lets are City Gross in Gränby Köpstad in Uppsala, the Social Services Department in Farsta and Fujitsu in Kvarteret NOD in Kista. Major notices of termination during the year were Coop Extra in Gränby Centrum in Uppsala and Oracle in Ärvinge Kista.

RENTAL INCOME AND LETTING RATE

The Group's contracted annual rent amounted to SEK 2,090 million on 01/01/2015 (SEK 1,900 m). The rental value, i.e. contracted annual rent and estimated market rents for vacant space in existing condition, amounted to SEK 2,246 million (SEK 2,008 m) on 01/01/2015. The economic letting rate thereby amounted to 95 per cent (95) excluding project properties, and 93 per cent (93) including project properties. The contract and rental value have been impacted by the year's three acquired properties and that the project properties Kvarteret NOD and Sickla Front since the third quarter have been included.

Letting rate ¹⁾

	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %
Business area Retail	1,149	1,100	96
Business area Offices	975	916	94
Total	2,124	2,016	95
Project properties	122	73	60
Total	2,246	2,090	93

¹⁾ Reported letting rates are based on the immediately subsequent quarter after the accounting date.

PROFIT AND FINANCIAL POSITION

Comments on the net profit for the year and financial position are contained on pages 115, 117 and 119.

PROJECT PROPERTIES

During 2014 investments in own properties amounted to SEK 707 million, of which SEK 437 million in project properties. Four large projects were completed during the year; two residential buildings in Mobilia in Malmö, a new building for Ica Kvantum in Farsta Centrum, Kvarteret NOD in Kista and the office building Sickla Front in Sickla. The remaining investment volume for project properties amounted to approximately SEK 260 million at the turn of the year.

RENTAL APARTMENTS MOBILIA – MALMÖ

Two residential buildings with seventy rental apartments in the city district Mobilia were completed at the start of the year. The last occupancies took place during May. The residential properties with businesses on the bottom floors have been a major contributor to creating a vibrant environment in and around Mobilia.

ICA KVANTUM – FARSTA CENTRUM

At the start of May a 3,900 m² renovation and extension in Farsta Centrum for Ica Kvantum and an additional three stores were 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 offerings.

KVARTERET NOD – KISTA

During the autumn of 2014 we completed Kvarteret NOD in Kista on the exterior and at the start of October the first interior part of approximately half of total 27,000 m² was completed. The remaining interior parts of the building will be completed as letting takes place.

After establishing operations within academia, research and culture as a foundation in NOD, during the last quarter of 2014 we concluded agreements with several strong and innovative companies within the IT sector, of which Fujitsu Sverige is one. Fujitsu will move into NOD during the autumn of 2015. Other contracted companies have moved in.

NOD has received a great deal of attention and has been described as an innovative and creative meeting place which is at the forefront and comprises an important area for the continued growth of Kista. The building initially attained the BREEAM certification Very Good, with the possibility of achieving Excellent.

SICKLA FRONT – SICKLA

The office building Sickla Front in Sickla was completed during the autumn of 2014. Tenant-specific adaptations are ongoing in line with letting and at the start of March 2015 the first tenant will move into its premises. Sickla Front will be certified in accordance with the BREEAM environmental certification system.

During the second quarter of 2014, Atrium Ljungberg submitted an application for summons directed against AkzoNobel, which in 2013 rescinded the lease contract it signed for Sickla Front in 2010. The main proceedings in the District Court are planned for December 2015.

GRÄNBY KÖPSTAD – UPPSALA

A gradual development of the new big-box hub in north-east Uppsala has continued during the year. At the end of July 2014 the area's other restaurant building was completed where three restaurant concepts opened. Construction of two additional buildings started during the year. In one building Blomsterlandet will open during March 2015 and in the second building Apoteket and City Gross will open during September and October 2015 respectively.

The aim is to create a retail hub of approximately 50,000 m² with a city feel and a range focusing on the home where the entire family can run its errands in a rational and inspiring environment. The range should supplement the retail range in the existing Gränby Centrum.

POTENTIAL DEVELOPMENT PROJECTS

During the year significant work was conducted to develop new detailed development plans for our future development projects. Additional potential development projects include Nobelberget in Sickla which was acquired during the year in which both offices and residentials may be built based on a change to the detailed development plan. After the turn of the year a collaboration and land allocation agreement was concluded

with the municipality of Järfälla about a development right of approximately 50,000 m² GFA in Barkarbystaden in north-western Stockholm.

The estimated project volume of potential but not yet determined projects thereby amounts to approximately SEK 10 billion, an increase of approximately SEK 3 billion compared to the previous year. In terms of area, the plans cover equally large parts of residentials, retail and offices and approximately two-thirds of the project portfolio is in Sickla and Uppsala.

PROPERTY TRANSACTIONS

During the year we acquired three properties with a book value of SEK 1,673 million (0) and sold a property with a book value of SEK 85 million (SEK 1,012 m). On 31 January 2015, the Torgvågen 7 property, better known as the PUB department store, was vacated. The property was sold in July 2013.

In February the property Sicklaön 83:33, Nobelberget in Sickla, Nacka was acquired. The property has a total area of approximately 35,000 m² which includes several office buildings which are partially rented. A detailed development plan process is in progress to create both offices and residentials on the property. The purchase price amounted to SEK 355 million.

The property Dimman 11 in Malmö was acquired in March. The property houses cultural, education and office operations. After extensive reconstruction and extension, the property now has a total area of approximately 16,000 m². The acquisition took place

through a company transaction with an underlying property value of SEK 265 million.

In December the property Stora Katrineberg 16, Point Liljeholmen, an office building of approximately 40,000 m² was acquired. The acquisition took place through a company transaction with an underlying property value of SEK 1.1 billion. The date of possession was 2 February 2015.

In July 2014 an agreement was concluded on the sale and vacating of the property Fatbursbrunnen 17 on Södermalm in Stockholm. The property has a letting area of approximately 2,800 m² and primarily housed school operations. The sale took place through a divestment of shares. The underlying property value amounted to SEK 94 million.

PROPERTY VALUES

All of the properties in our portfolio are classified as investment properties and are reported at fair value (market value). Properties corresponding to 54 per cent of the value have been valued externally during the year. The external valuations were conducted by Forum Fastighetsekonomi and Savills. The remaining properties were subject to an internal valuation with market rents, operating costs, vacancies and yield requirements quality assured by Forum Fastighetsekonomi. The reported value of the property portfolio totalled SEK 28,163 million (SEK 25,008 m). The average return requirement in the valuation is 5.6 per cent (5.7 %). The unrealised change in value totalled SEK 861 million (SEK 142 m), and is primarily explained by lower yield requirements for certain

properties, primarily for offices in Stockholm city centre and some large retail properties.

See more in note 15, Investment properties, page 137.

FINANCING

The Group's financing is described on pages 99–100.

NEW SEGMENT DIVISION

As of 1 January 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.

OUTLOOK FOR 2015

Atrium Ljungberg is well-positioned as growth in the markets in which the company has a presence is expected to be stronger than the average for Sweden as a whole.

The investment volume in own properties for 2015 is assessed as amounting to approximately SEK 700 million.

The profit for 2015 will be affected by completed projects and conducted property acquisitions. The forecast profit before changes in value and tax for 2015 is SEK 920 million. The forecast net profit after tax is SEK 720 million, corresponding to SEK 5.40/share. Changes in value and any future property acquisitions and sales have not been taken into account in the forecast.

Acquisitions 2014

Property name	Municipality	Additional letting area, m ²	Occupancy
Sicklaön 83:33	Nacka	13,113	28/02/2014
Dimman 11	Malmö	15,714	29/04/2014
Stora Katrineberg 16	Stockholm	42,909	02/02/2015

Sales 2014

Property name	Municipality	Deductible letting area, m ²	Date vacated
Fatbursbrunnen 17	Stockholm	2,843	08/07/2014

RISKS AND RISK MANAGEMENT

ATRIUM LJUNGBERG'S PROPERTY portfolio is primarily focused on retail and office operations in the Swedish market. We are thereby exposed to the performance of the Swedish economy as a whole and in particular the markets in which we operate. The Board of Directors has overall responsibility for risk management while the operational work has been delegated to the CEO and the various business areas.

Taking into account our operations, prioritised areas for risk management are; property valuation, project and construction activities, letting and financing. Our operations and the opportunity to attain our goals are affected by both external factors and business risks. We cannot influence external factors, but we

can work in a preventative manner and be prepared for different scenarios.

The Board of Directors has overall responsibility for risk management while the operational work has been delegated to the CEO and the various business areas. Risk management in the administration and

project and construction activities is largely decentralised while financing, insurance and property valuation are managed centrally by business support. Also see the corporate governance statement, pages 106–111 and internal control, pages 112–113.

RISKS

MANAGEMENT AND OPPORTUNITIES

Property values

The property portfolio is estimated at fair value in the balance sheet and changes are reported in the income statement. The market value is determined by the supply and demand balance, which in turn affects the yield requirements and expected operating surplus which the market's players accept. A lower yield requirement affects the market value positively as well as a higher operating net.

The demand, both positive and negative, can be affected by changed detailed development plans or the access to public transportation in the area where the property is situated.

The real estate valuation is based on a number of input data and assumptions. In the valuation process there is a risk of us making incorrect assumptions and that the valuation thereby becomes incorrect.

Our strategy entails maintaining a presence in growth locations where the prerequisites exist for long-term population growth. We assess that these locations are better equipped to cope with both economic upturns and downturns than the average market in Sweden.

The variables which determine the market value are external factors which we cannot directly influence. By working with our management and developing our areas to attractive places for existing and potential tenants with a long-term approach, the demand for our premises increases. This in turn forms the basis of better cash flows from our properties.

It is important for us to work with close and long-term relations with stakeholders on the development of old and new environments. Through collaboration we can find innovative solutions and together we create long-term sustainable and attractive environments.

The real estate valuation is done on a quarterly basis. Approximately 40–50 per cent of the market value is valued externally every year by two different valuation companies. Our internal valuations are subjected to quality assurance by an external valuation consultant. See more in note 15 on page 137.

The table below shows how the effects of different parameters impact the market value.

Sensitivity analysis, property valuation

Value parameter	Assumption	Impact on value, SEK m
Rental level	+/- 10 %	+/- 2,640
Operating cost	+/- SEK 50/m ²	-/+745
Yield requirement	+/- 0.25 %	-1,189 /+1,304
Long-term vacancy level	+/- 2 %	-/+ 794

The changes in the value of properties also affect the company's key ratios and the following sensitivity analysis shows how Atrium Ljungberg's gearing ratio is affected by changes in value of +/- 10 %.

Sensitivity analysis, change in value

Properties	-10 %	0	+10 %
Change in value, SEK m	-2,816	0	2,816
Gearing ratio	50 %	46 %	41 %

RISKS

MANAGEMENT AND OPPORTUNITIES

Environment/Sustainability

Under the provisions of the Swedish Environmental Code, the primary rule is that persons who pursue or have pursued an activity or taken a measure that is a contributory cause of the pollution activity that has contributed to a contamination incident or to a serious case of environmental damage shall be obliged to carry out investigations and to carry out or pay for after-treatment. The property owner can also, under certain circumstances, be secondarily liable.

We conduct surveys and screening work in conjunction with property acquisitions and ahead of new projects in order to identify any potential environmental risks. A plan is drawn up, where appropriate, detailing how these risks are to be managed and the measures that can be taken to prevent or hinder any negative impact.

The process also contributes to identifying opportunities and characteristics which can improve the performance of the property, for example, energy efficiency, improvement of availability or decontamination of substances and materials with a negative impact on human beings and the environment.

Investments and projects

Property development through investments in in-house properties and development rights is very important in terms of the company's value growth. A limited project portfolio can reduce future growth.

Atrium Ljungberg's expansion also takes place through acquisition of properties. Risks during the acquisition are that the letting rate and rental trend will be lower than expected or that the technical standard is lower than the conducted assessments. Another risk is that there are unexpected environmental consequences. During the acquisition of properties through companies there is also a tax risk.

Our project and construction activities include both development and construction of own properties and properties of other parties through the subsidiary TL Bygg. Risks in these activities are that the customers' needs and expectations are not fulfilled, that the projects are more expensive due to miscalculation or changed conditions. The current economy also affects the cost trend of material and labour force.

If long-term growth is to be maintained in the future, topping up the project portfolio as part of the ongoing search for new business opportunities is vital for us. The estimated project volume of potential but not yet determined projects amounts to approximately SEK 10 billion, an increase of approximately SEK 3 billion compared to the previous year.

The risks during an acquisition are prevented by a due-diligence process in which we inspect the property and examine agreements and accounts with both internal and external specialists. An acquisition may also develop in a better manner than what we expected at the time of acquisition.

All acquisitions are made with the intention of owning and developing the properties in the long-term.

In order to counter the risks, projects are conducted from the concept stage to completion using the company's in-house expertise, thereby ensuring that we have continuous direct contact with the customers, short decision-making pathways, a rapid and simple handover to the management team, and a big picture perspective that generates the potential for coming up with unique solutions.

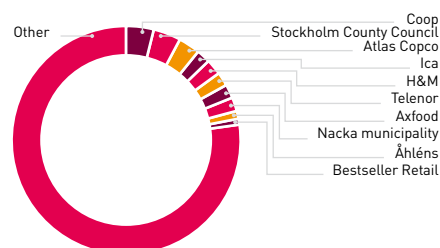
All investment decisions where the sum to be invested exceeds SEK 20 million are taken by the Board of Directors. For sums of less than SEK 20 million, investment decisions are taken in accordance with the applicable approvals list within the company.

A steering group, comprising of one person from the company management and personnel from the business development, project management and management teams, is appointed for projects where the investment equals or exceeds SEK 20 million, and are all actively involved throughout the process. The steering group ensures that the project is conducted cost-effectively and that it meets customer demands.

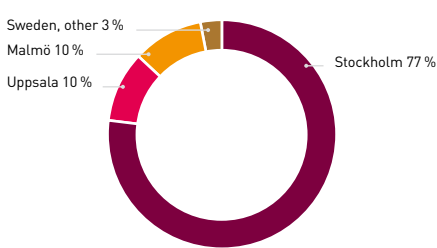
The company applies its prudence concept to all investments and hence no investments are made without having secured a reasonable yield by agreeing lease contracts or in combination with good conditions in the rental market. Our goal, in conjunction with new builds and extensions, is a return on the investment of 20 per cent.

Projects are insured during the construction period and with regard to guarantee undertakings after completion.

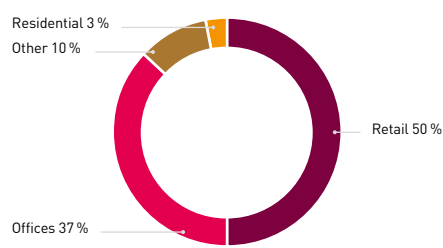
Ten largest customers, contracted annual rent



Contracted annual rent per region



Contracted annual rent per premises type



RISKS

MANAGEMENT AND OPPORTUNITIES

Rental income and tenant structure

Our rental income is affected by the economic performance in the subsidiary markets in which we operate and by how successfully we develop the areas where our properties are located.

Economic growth is assumed to result in increased demand for premises, with lower vacancies as a result – a trend which, in turn, usually leads to higher market rents. A negative economic trend is assumed to result in the opposite effect.

Tenant structure

Atrium Ljungberg's strategy is to build urban environments with a focus on retail and office operations but where we also supplement with accommodation, service, culture and education. The mix increases the flow of people at the location and creates synergy effects for all players. With this strategy the demand for our areas increases and we attain a good risk spread in the tenant structure.

At the turn of the year 2014/2015, we had a total of 2,656 commercial lease contracts (2,551) with a large spread over the terms and tenant structure. The annual rent for the biggest single contract accounts for less than 2 per cent of the company's rental income. The ten biggest customers account for 23 per cent (25 %) of the rental income. The average remaining lease term in the contract portfolio was 3.5 years (3.6 years), excluding residential.

Changes in market rents

Changes in market rents have a limited effect on rental income in the short-term because the commercial lease contracts are usually signed for a term of 3 to 5 years. The average remaining contract term for concluded contracts is approximately three years for retail and office properties and slightly longer for the rest. When the contract term for each lease contract has elapsed, our rental income is affected by the trend of market rents. This entails both a risk and an opportunity.

Net sales-based rent

A fixed rent and a net sales clause, whereby the tenant pays a surcharge on the rent, based on its net sales, is commonplace in lease contracts for retail space. In an economic upturn, this generates the potential for increased rental income if the situation is reversed, the risk is limited by the fact that the tenant pays a fixed minimum rent. The variable net sales surcharge totalled approximately 0.9 per cent (0.9 per cent) of the total rental income in 2014.

Letting rate

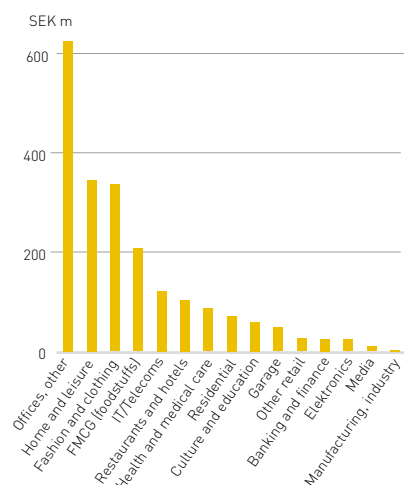
A change in the company's letting rate has a relatively rapid effect on income.

That tenants move away due to changed needs is a natural part of a property company's operations. By working based on a long-term approach with relations with both our existing and prospective customers, we create close contact and we can thereby meet the customers' local needs in a timely manner. This combined with the fact that we are located in strong subsidiary markets results in that we can prevent and reduce the risk of large vacancies.

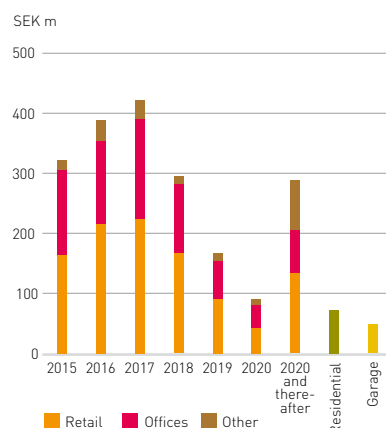
A long-term vacancy level of between 2 and 3 per cent is deemed to be necessary in order to ensure our ability to meet customer requirements and maintain a desired flexibility.

The letting rate for 2014 was 93 per cent (95 %), including project properties. The slightly lower letting rate depends on unlet premises in the completed project properties Sickla Front and Kista NOD.

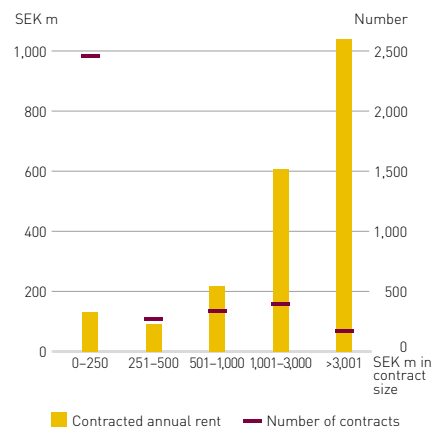
Contracted annual rent per industry



Contracted annual rent per maturity year and premises type



Contracted annual rent per contract size



RISKS	MANAGEMENT AND OPPORTUNITIES
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E-commerce

E-commerce has become an important sales channel. Several retail companies are establishing online stores and consumer maturity is gradually increasing.

We are monitoring the trend closely and also have a close dialogue with our retail customers. At present no one can predict with certainty precisely how and to what extent the expanding e-commerce market will change the consumption pattern, and thereby the retail market. For us it is important to build attractive areas and premises with flexibility and create areas which can easily be adapted based on new conditions. In recent times combining online trade and retail sale has also been successful as the consumer can attain further experiences in the physical store and have the opportunity of collection and return of purchased goods.

Property expenses

Changed property expenses can impact the property's operating net and thereby indirectly also the market value of the property. A large share of the cost is linked to energy consumption in the form of heating, cooling and electricity.

Property expenses are impacted by seasonal variations. Generally costs are higher during the first and last quarter of the year, primarily caused by higher costs of heating and property maintenance.

Some of the property costs are passed on to the tenant through regulations in the lease contracts and cost increases or savings consequently only have a limited impact on our results. Any vacancies that arise do, however, affect the result, not only in the form of lost rental income but in the form of costs that cannot be passed on to the tenants. We work purposefully, for the benefit of both our tenants and the company, to increase the efficiency of our consumption. As a part of this, Atrium Ljungberg has set a new goal of reducing energy consumption per square metre between the years 2014 and 2021 by 20 per cent.

Unforeseen damage and repairs can have a negative effect on the company's results and are prevented by means of a long-term maintenance programme in order to maintain a good standard throughout the property portfolio.

We have ten properties with leasehold. The leasehold agreements are usually renegotiated at 10 or 20 year intervals. See more on leasehold fees for 2014 in note 6 on page 132.

Supplier risk

Supplier risk refers to the risk that our suppliers cannot fulfil their deliveries or that they use unethical business practices.

Atrium Ljungberg's ethics and suppliers policy forms the basis during procurement of goods and services. The policy comprises Atrium Ljungberg's guidelines for doing business and should contribute to supplier safety, quality, cost-efficiency and strengthening of partner relations and the brand. Our activities should be characterised by honesty, credibility and a long-term approach. Furthermore, Atrium Ljungberg has signed the United Nations Global Compact and we have thereby undertaken to observe and promote protection of human rights, the work environment, environmental considerations and anti-corruption. The same requirements are imposed on our suppliers.

Unpredictable events in our properties

Our properties can be affected by unpredictable events in the form of fire, water damages and other damages.

We continuously work with preventative measures such as, for example, our properties having updated fire alarms, sprinkler systems, entrance control systems and trained security officers. Action plans in the event of any incidents are developed together with our suppliers of security services. All of our properties are insured for their full value through Länsförsäkringar.

Credit and currency risk

The term, credit risk, refers to the risk that our tenants will be unable to fulfil their payment obligations.

We have no income or any financing in foreign currencies. The only exception is purchases made in foreign currency, which entails a small currency risk.

In principle we have a good risk spread by having a large number of tenants in different industries. Each market area evaluates the tenant's ability to pay the contracted rent, both when a new contract is signed and on a rolling basis throughout the rental term. In some cases this is supplemented with collateral pledged by the tenant in the form of deposits or bank guarantees. At the end of 2014 received deposits amounted to SEK 25 million (SEK 23 m) and bank guarantees to SEK 39 million (SEK 34 m).

Sensitivity analysis, cash flows

	Change, %	Effect on profit, year 1, SEK m	Effect on profit, full-year, SEK m	Bad debt losses SEK m	
Rental income	+/- 5 %	+/- 16	+/- 105	2010	5.2
Property management costs	+/- 5 %	-/+ 32	-/+ 32	2011	0.8
Letting rate	+/- 1 % unit	+/- 22	+/- 22	2012	4.3
Atrium Ljungberg's average borrowing rate	+/- 1 % unit	-/+ 26	-/+ 123	2013	6.1
				2014	6.8

¹⁾ The effect on the profit in year 1 relates to the effect in the immediately subsequent year with reference to fixed terms in lease contracts and loan agreements.

RISKS**MANAGEMENT AND OPPORTUNITIES****Financing, interest and cash flow**

Property operations are a capital-intensive sector, which often entails a range of financial risks. The primary risks are fluctuations in the profit and cash flow due to interest rate changes, along with refinancing risks and credit risks in association with contract renegotiations and investment volumes, given the company's high investment rate.

Financial operations are regulated by our financial policy, which is reviewed at least once a year and adopted by the Board of Directors.

The interest maturity structure has been spread over different terms in order to limit the risk of severe fluctuations in interest expenses. This is done with, among other things, interest derivatives which entail a flexible and cost-efficient way to extend the interest term of the loans.

In order to limit the refinancing risk, a maximum of 50 per cent of the financing is provided for by an individual lender. There are currently credit agreements with five different lenders. Furthermore, we have supplemented our financing by banks with certificates and MTN programmes. Atrium Ljungberg's low gearing ratio, strong key ratios, and good relationships with the banks all bode well for good potential access to new financing. See pages 99–100 for further information about financing.

Expertise

The ability to attract and retain skilled personnel is an important prerequisite for our success.

We work in a structured way with values, building support for our objectives, monitoring performance, and development programmes for employees and managers. One of our overall company's goals is to become one of Sweden's best workplaces in accordance with "Great Place to Work®." For 2014 we exceeded the target with an index of 87 per cent, see further on page 26–27.

Administrative processes

Insufficient procedures and checks in the company's work processes and administration may result in extra costs. The work processes are often supported by IT systems which streamline the administration and prevent human errors and mistakes. Disruption in these IT systems can entail additional costs.

We constantly work to update and develop IT systems to prevent disruptions. The internal checks are supplemented by external ones carried out by Atrium Ljungberg's chosen auditors and other experts.

Taxes

We may be affected by changes in tax legislation, such as the level of corporation tax, property tax or other amendments to tax legislation or the interpretation thereof.

Our finance and accounts department works continuously with the evaluation of changes to tax legislation and interpretations thereof.

In June 2014 the Swedish Committee on 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 of the taxable profit. This would entail a higher tax expense for Atrium Ljungberg. The proposal has been submitted for feedback and the majority of the bodies reject the proposal. It is proposed that the new rules will enter into force on 1 January 2016, but the assessors do not believe that this is possible in light of that the consultative bodies have presented aspects which should be taken into account in the continued work.

The Government has also proposed setting up investigations to review the presence of property packaging and registration of property as tools for tax planning.

Deferred tax

Current accounting regulations require deferred tax liabilities to be reported as if all property sales were taxed at 22 per cent. However, the effective tax burden is less than 22 per cent as a result of any tax being paid in the distant future. The size of the effective deferred tax liabilities depends on several factors, among other things the company's tax position, how long the properties will be held and the market's pricing of the deferred tax liability in conjunction with sales through companies.

Assuming a deferred tax rate of 10 per cent for costing purposes, the deferred tax totals SEK 1,116 million, rather than the reported value of SEK 2,678 million, which would have a positive effect on shareholders' equity of SEK 1,562 million. See page 103 for the calculation.



HISTORICALLY LOW MARKET INTEREST RATES

ATRIUM LJUNGBERG'S ASSETS are valued at approximately SEK 29 billion and are primarily financed by means of shareholders' equity and loan liabilities to banks. The operations are capital-intensive and access to capital and the choice of capital structure are, therefore, important in achieving the desired combination of financing cost relative to financial risk.

FINANCE MARKET 2014

During 2014 the Swedish economy was divided into two. The domestic economy was relatively strong while exports became stagnant. In the absence of a higher rate of inflation, the Riksbank lowered the key interest rate on two occasions. In July it was lowered by 50 points from 0.75 to 0.25 per cent and in October down to a historically low zero per cent. The Swedish market interest rates fell steadily during the year. Historically low levels were recorded for all terms. Viewed over the year, the 5 year swap interest rate declined by 154 points and on the last trading day of the year was recorded as 0.65 per cent. For the 3 month Stibor the change was 68 points down to 0.26 per cent.

FINANCE MARKET 2015

Recovery in the surrounding environment is expected to continue over the coming years, even if it is slow. However, the economic trend will differ between the different regions. It will be reflected in greater differences in monetary policy between, for

example, the USA and the Euro zone. Households are expected to be the most important driving force in the Swedish economy, while Swedish companies are expected to increase their investment rate. Exports are deemed to increase at the rate growth in the surrounding environment gradually increases.

Interest rates will be very low during 2015. Most commentators expect that the first interest rate rise by the Riksbank will be conducted at the end of 2016 at the earliest. At the end of February 2015 the market's pricing of the 3 month Stibor was approximately zero per cent.

FINANCING AND FINANCIAL POLICY

Property operations are a capital-intensive sector, which often entails a range of financial risks. The primary risks are fluctuations in the profit and cash flow due to interest rate changes, along with refinancing risks and credit risks in association with contract renegotiations and investment volumes, given the company's high investment rate of approximately SEK 1 billion per year. Financial

operations are regulated by our financial policy, which is reviewed at least once a year and adopted by the Board of Directors.

CAPITAL STRUCTURE AND CAPITAL MARKET

Atrium Ljungberg has shareholders' equity totalling SEK 11,590 million and liabilities totalling SEK 17,686 million, SEK 12,327 million of which refer to interest-bearing liabilities. The gearing ratio, i.e. the percentage of interest-bearing liabilities in relation to the value of the property holdings, is 46 per cent, which is a relatively low gearing ratio in comparison with those of other listed Swedish property companies.

The banks are Atrium Ljungberg's biggest financiers, and bank loans account for 79 per cent of the total loan volume. As a supplement to bank financing there is a certificate programme and an MTN programme. The framework amounts for the programmes total SEK 2 and SEK 3 billion. Outstanding commercial papers totalled SEK 1,460 million at the turn of the year and bonds of SEK 1,100 million were issued under the MTN

Financial policy, 2014

	Goal/Mandate	Result, 31/12/2014
Gearing ratio, commercial properties	max. 70 %	67 %
Gearing ratio, residential property	max. 75 %	67 %
Gearing ratio, the Group	max. 50 %	46 %
Percentage of interest falling due within 12 months	0–55 %	30 %
Percentage of loans falling due within 12 months	10–30 %	20 %
Currency risk, financing	Not permitted	None
Bank deposits	SEK 0–200 million	SEK 415 million
Unutilised overdraft facility	SEK 300–500 million	SEK 300 million
Number of financing providers, banks	3–7	5
Loan volume with a single provider	max. 50 %	34 %
Percentage of loan volume with the capital market	max. 25 %	21 %

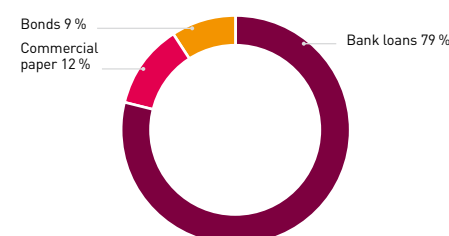
Financial goals

	Goals	Result, 31/12/2014
Equity/assets ratio	Min. 30 %	40 %
Interest coverage ratio	> Multiple of 2	Multiple of 3.0

Capital structure

SEK m	2014	2013
Shareholders' equity	11,590	11,021
Interest-bearing liabilities	12,327	12,427
Non-interest-bearing liabilities	2,681	866
Deferred tax liability	2,678	2,516
Total shareholders' equity and liabilities	29,276	26,830

Interest-bearing liabilities



programme. Unutilised lines of credit amounted to SEK 1,750 million and the company has an overdraft facility totalling SEK 300 million.

CAPITAL COMMITMENT AND FIXED INTEREST

Atrium Ljungberg's property ownership is a long-term commitment and long-term financing is hence required. Long-term capital commitment also reduces the refinancing risk. At the turn of the year the remaining capital commitment period was 2.7 years in comparison to 3.0 years at the beginning of the year.

Interest expenses are the biggest single cost item in the Income Statement. They are affected primarily by changes in market rates and the credit market preconditions that influence the margin required by lenders. Interest rates are fixed for a variety of terms in order to reduce the fluctuations in interest expenses. We use tools such as interest derivatives, which offer a flexible and cost-effective way of extending the interest term of the loans, in order to achieve the desired fixed interest periods. The average fixed

interest term amounted to 4.4 years at the beginning of the year and to 4.8 years at the year-end. Interest swaps have been entered into for a total value of SEK 7,461 million, net including shortened swaps, with terms maturing between 2015 and 2029. In addition, there is SEK 900 million in forward-started swaps.

FINANCIAL INSTRUMENTS

Interest derivatives shall, in accordance with the accounting regulation, IAS 39, be valued at market rate, which means that an unrealised surplus or deficit value arises if the agreed interest rate deviates from the current market rate. The amount is recognised directly against the result. During maturity a derivative contract's market value has been entirely dissolved and the change in value over time has thereby not impacted shareholders' equity. The unrealised change in the value of financial instruments totalled SEK -894.0 million (SEK 342.6 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 -846.4 million (SEK 14.9 m) at the turn of the year.

SECURITIES

Our borrowing is largely secured by mortgages on properties. Of the interest-bearing liabilities, SEK 9,767 million is secured by mortgage deeds and SEK 2,560 million is unsecured.

The Parent Company also, as a supplement to mortgages on properties, sometimes issues a guarantee undertaking for the subsidiary companies' borrowing. Guarantee undertakings for subsidiary companies amounted to SEK 200 million (SEK 575 m) for 2015.

COVENANTS

Covenants, i.e. the terms and conditions a bank requires for providing a credit and which entail that a credit is due for payment if the terms and conditions are not fulfilled, are similar in the various credit agreements. The agreements primarily prescribe a minimum interest coverage margin multiple of 1.30–1.75, a maximum gearing ratio of 65–75 per cent, and a minimum equity/assets ratio of 25–30 per cent.

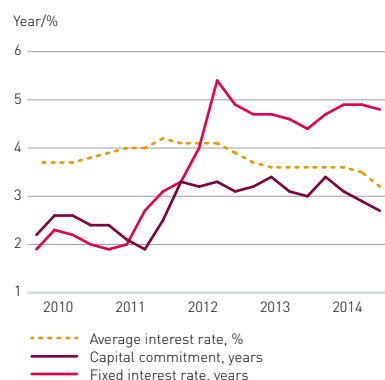
Capital commitment

Fixed interest term	Amount, SEK m	Percentage, %
2015	2,510	20
2016	2,935	24
2017	3,730	30
2018	1,482	12
2019	840	7
2020 and thereafter	829	7
Total	12,327	100

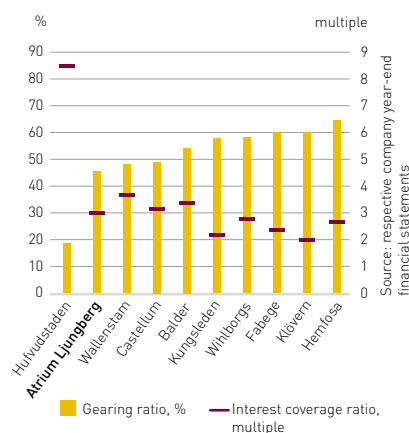
Fixed interest

Fixed interest term	Amount, SEK m	Percentage, %	Average interest rate, %
Variable + 3 month STIBOR	2,018	16	1.8
2015	1,742	14	1.2
2016	1,085	9	3.8
2017	630	5	3.7
2018	849	7	3.8
2019	606	5	4.0
2020 and thereafter	5,396	44	4.1
Total	12,327	100	3.2

Average interest and capital commitment and fixed interest rate



Gearing ratio and interest coverage ratio, listed property companies



Financial key ratios

	31/12/2014	31/12/2013
Interest-bearing liabilities	12,327	12,427
Gearing ratio, %	45.5	47.8
Average fixed interest term, years	4.8	4.4
Average capital commitment term, years	2.7	3.0
Average interest rate for interest-bearing liabilities, %	3.2	3.6
Shareholders' equity, SEK m	11,590	11,021
Equity/assets ratio, %	39.6	41.1

A STABLE YIELD AND GOOD VALUE GROWTH OVER TIME

AS A SHAREHOLDER in Atrium Ljungberg, you will receive a stable dividend yield at a low risk and, at the same time, enjoy the potential for a healthy long-term total yield on your investment in the light of the company's interesting project portfolio.

THREE REASONS TO OWN SHARES IN ATRIUM LJUNGBERG

1

A STABLE DIVIDEND YIELD

– The dividend yield over the last five years was 3.2 per cent per year on average. The dividends paid by the company since its flotation in 1994 have never fallen in SEK per share.

2

LOW RISK

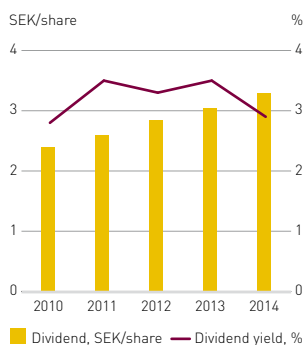
– The company's operations are stable and its financial position is strong, with solid key ratios such as a low gearing ratio and high interest coverage ratio.

3

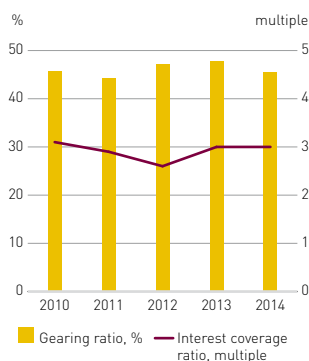
POTENTIAL FOR GOOD VALUE GROWTH

– With a planned investment rate of SEK 1 billion per year and a goal of 20 per cent returns on new build and extension projects, the company – and hence the share – has excellent potential for good value growth over time. – The total yield over the last five years was 16.1 per cent per year on average.

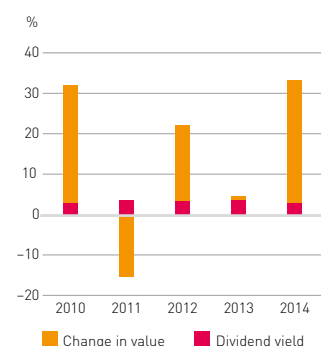
Dividend and dividend yield



Gearing ratio and interest coverage ratio



The share's change in value and dividend yield



MARKET CAPITALISATION

Market capitalisation, i.e. the value of all outstanding shares, amounted to SEK 15,280 million at the turn of the year. This makes Atrium Ljungberg the sixth largest listed property company in Sweden.

SHARE PRICE TREND AND YIELD

During the year the share price of class B share increased by 30 per cent to SEK 114.7 (SEK 88.00). The year's highest closing price amounted to SEK 117.3 and the lowest to SEK 86.9. The average total yield for the class B share, corresponding to the total of paid dividend and price growth amounted to 16.1 per cent per year over the last five years. The corresponding yield during the same period on NASDAQ Stockholm (SIX

Return) was 14.7 per cent and for the Swedish property index (EPRA) it was 15.5 per cent.

RETAIL AND SALES

Atrium Ljungberg's class B share (LJGRB) is listed on the NASDAQ Stockholm exchange and is traded on the list for large companies, Large Cap. During 2014 a total of SEK 33.5 million shares (15.2 m) were sold at a value of SEK 3.4 billion (SEK 1.3 bn). Of these 83 per cent (96 %) were traded on NASDAQ Stockholm and the remaining on other marketplaces such as BOAT and BATS OTC.

With the aim of increasing trading in shares, during the spring ownership of the shares was spread when the principal owners the Stockholm Consumer Cooperative society and the Ljungberg family together sold class

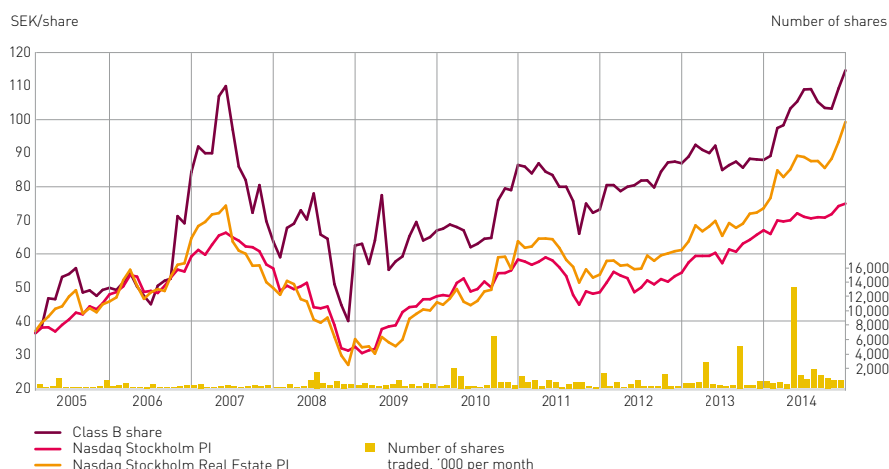
B shares corresponding to six per cent of the capital. In conjunction with this, Atrium Ljungberg also sold its repurchased shares corresponding to just over two per cent of the capital. The shares were divided initially among approximately 200 owners.

The share's turnover rate increased to 26 per cent (11 %) during the year.

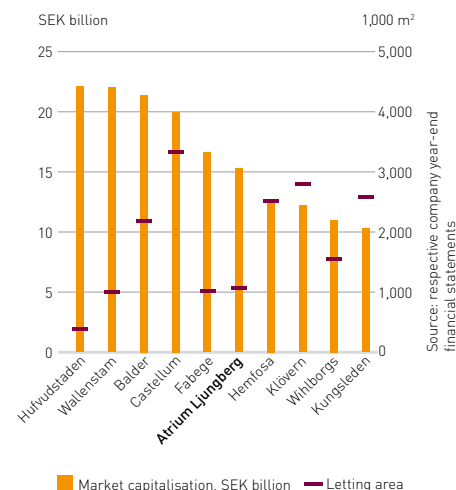
LIQUIDITY

Atrium Ljungberg has engaged Remium as a liquidity guarantor in order to improve the share's liquidity. Remium has undertaken to set bid and ask prices on a daily basis for a volume of shares corresponding to SEK 30,000, with a maximum difference of 4 per cent on the basis of the ask price.

The Atrium Ljungberg share



Market capitalisation and letting area as per 31/12/2014, listed property companies



Data per share

	2014	2013	2012	2011	2010
Share price, 31 December	114.70	88.00	87.00	73.25	86.50
Price trends, %	30.3	1.1	18.8	-15.3	29.1
Shareholders' equity, SEK/share	87.00	84.67	78.79	73.30	69.91
Earnings per share, SEK	4.89	8.52	7.92	6.95	7.03
Profit/loss before changes in value, less nominal tax, SEK/share	4.98	4.97	4.19	3.93	3.79
Dividend (2014 proposed), SEK/share	3.30	3.05	2.85	2.60	2.40
Share dividend yield, %	2.9	3.5	3.3	3.5	2.8
Share's total yield, %	33.8	4.4	22.3	-12.5	32.5
Number of shares issued, '000	133,221	133,221	133,221	133,221	133,221
Number of outstanding shares at end of period, thousand	133,221	130,157	130,157	130,157	130,157
Average number of outstanding shares, '000	132,072	130,157	130,157	130,157	130,157

DIVIDEND

The dividend shall correspond to a minimum of 50 per cent of the profit before changes in value after nominal tax, unless investments or the company's financial position in general motivates a deviation from this norm. For the 2014 financial year a dividend of SEK 3.30 (SEK 3.05) per share is proposed, which corresponds to a dividend yield of 2.9 per cent (3.5%) calculated on the share price at the end of the year.

NET WORTH

As Atrium Ljungberg's properties are reported at fair value and deferred tax is reported at 22 per cent of the difference between fair value and fiscal value, the net worth can be

calculated on the basis of the Balance Sheet equity. It should be borne in mind, however, that the effective tax rate is probably lower than 22 per cent as a result of any tax being paid in the distant future. The size of the effective deferred tax liabilities depends on several factors, among other things the company's tax position, how long the properties will be held and the market's pricing of the deferred tax liability in conjunction with sales through companies. Deferred tax liabilities are commonly valued in the interval between 0–10 per cent.

The shareholders' equity of the company amounted to SEK 11,590 million at the turn of the year, corresponding to SEK 87 (SEK 85) per share. The net worth, with a calcula-

tion of deferred tax for properties of ten per cent, corresponds to SEK 97 per share at the same time.

Atrium Ljungberg has a substantial project portfolio in which the development of our own development rights generates growth in value. The future value potential of the project portfolio has not been taken into account when reporting the company's net worth. Find out more about the project portfolio on page 39.

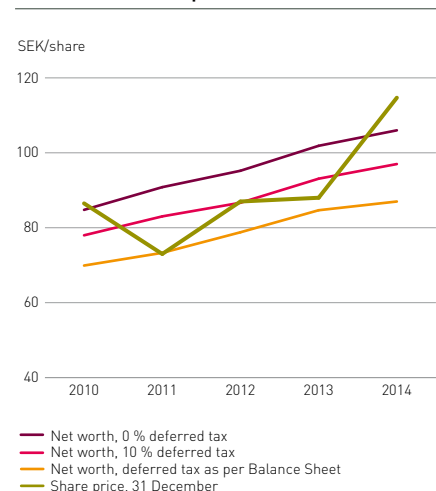
OWNERSHIP STRUCTURE

The number of registered shares amounted at the turn of the year to 133,220,736 shares, of which 4,000,000 are class A shares and 129,220,736 are class B shares. These were

Net worth

	2014	2013	2012	2011	2010
Shareholders' equity, as per Balance Sheet, SEK m	11,590	11,021	10,255	9,541	9,099
Reversal of goodwill, as per Balance Sheet, SEK m	-274	-274	-308	-390	-390
Reversal of deferred tax in respect of investment properties, SEK m	2,864	2,512	2,445	2,671	2,325
Net worth at 0% deferred tax, SEK m	14,179	13,259	12,392	11,822	11,034
Deferred tax, 10%, SEK m	-1,302	-1,142	-1,111	-1,016	-884
Net worth at 10% deferred tax, SEK m	12,877	12,117	11,281	10,807	10,150
Net worth, SEK/share, 0% deferred tax	106	102	95	91	85
Net worth, SEK/share, 10% deferred tax	97	93	87	83	78
Net worth, SEK/share, deferred tax, as per Balance Sheet	87	85	79	73	70
Share price, 31 December	115	88	87	73	86

Net worth and share price



owned by 2,883 shareholders in total. 87 per cent (91 %) of the ownership was based in Sweden, approximately 73 per cent of which is based in Stockholm County.

One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. The Articles of Association include a pre-emption clause with regard to class A shares whereby shareholders wishing to sell their shares must first offer them to other holders of class A shares. There is also an agreement

between the company's class A shareholders whereby if the pre-emption right is not exercised, the class A shares should be converted to class B shares before a transfer may occur.

INFORMATION FOR SHAREHOLDERS

Atrium Ljungberg's primary information channel is the company's website, www.atriumljungberg.se. All press releases and financial reports are published here. The financial reports are available in both

Swedish and English. Press releases are available by email or text message in conjunction with publication. The website also contains an up-to-date description of the company's operations and ongoing projects. Regular meetings are organised for analysts, shareholders, potential investors and financiers, both in Sweden and abroad.

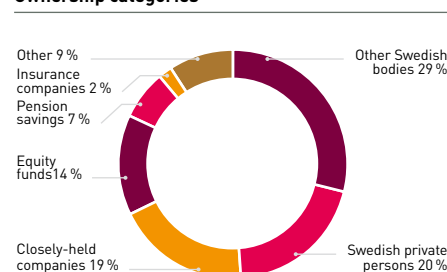
Major shareholders on 31/12/2014

	Class A shares ('000)	Class B shares ('000)	Share of votes	Share of capital
The Stockholm Consumer Cooperative society		38,966	23.0	29.2
Ljungberg family	1,810	27,066	26.7	21.7
Holmström family	1,810	14,958	19.5	12.6
The mutual occupational pension insurance company, Varma		7,143	4.2	5.4
Carnegie Fonder		4,807	2.8	3.6
Länsförsäkringar asset management		3,924	2.3	2.9
Swedbank Robur funds		2,671	1.6	2.0
SHB funds		2,606	1.5	2.0
Nordea funds		2,248	1.3	1.7
Ulf Holmlund	380	368	2.5	0.6
Other		24,464	14.5	18.4
Total number of shares issued	4,000	129,221	100.0	100.0

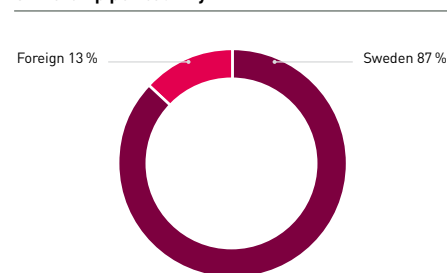
Shareholding structure on 31/12/2014

Shareholding, number of shares	Number of owners	Percentage, %	Number of shares, ('000)	Percentage, %
1-1,000	2,228	77	572	0
1,001-10,000	451	16	1,493	1
10,001-50,000	104	4	2,467	2
50,001-100,000	27	1	1,897	1
100,001-500,000	40	1	9,037	7
500,001-1,000,000	15	1	11,205	8
1,000,001-	18	1	106,549	80
Total	2,883	100	133,221	100

Ownership categories



Ownership per country



Monitoring by analysts

ABG Sundal Collier	Fredric Cyon
Carnegie Investment Bank	Tobias Kaj
Handelsbanken Capital Markets	Albin Sandberg
Nordea	Niclas Höglund
Pareto Öhman	Johan Edberg
Remium	Henrik Dahlgren
SEB Enskilda	Nicolas McBeath
Swedbank Markets	Jan Ihrfelt

Calendar

2015 Annual General Meeting	21/04/2015
Interim Report, January-March 2015	21/04/2015
Interim Report, January-June 2015	10/07/2015
Interim Report, January-September 2015	23/10/2015
2015 Preliminary Financial Statements	Feb. 2016
2015 Annual Report	Mar. 2016



FOR FURTHER INFORMATION, PLEASE CONTACT

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 Tel: +46 (0)8 615 89 00
annica.anas@atriumljungberg.se

WE BUILD FOR LONG-TERM GROWTH

ATRIUM LJUNGBERG'S STRATEGY is to develop projects, manage and own attractive retail, office and full-service environments in the long-term in strong markets. We should be an interesting collaboration partner and offer urban environments where people want to be.

The most important assignment of the Board of Directors is to be observant of whether the strategy is functioning. It is functioning to the highest degree for Atrium Ljungberg. We are located in expanding subsidiary markets in Stockholm, Uppsala and Malmö and we select our areas and tenants very carefully. In the future we would also like to have Gothenburg in our property portfolio. The City of Stockholm and neighbouring municipalities have expressed a desire to expand and we can envisage great opportunities for profitable project development in the region.

There is a business logic in that all our projects, in addition to retail and offices, should also include residential. It creates vibrant and attractive urban environments. Municipalities of large cities also have pressure to provide more residential. By building apartments on a large scale, we become an attractive partner for them. We expect the projects over coming years to be distributed evenly among offices, retail and residential.

NEED FOR RETAIL HUBS

It is sometimes claimed that there is an over establishment of retail hubs in large urban regions. We do not agree with this claim as the fast population growth in urban areas has resulted in that the need of retail hubs

is still unsatisfied. However, increased e-commerce may comprise a threat against the stores which sell goods which are also suitable for online trading. Nonetheless, I do not believe that future consumers will abandon clothing or grocery stores, which comprise the lion's share of our retail centres' offering. Trade of groceries online is still increasing, but cannot see any signs of volumes decreasing in the physical stores. It has also been noted that online retail is levelling out for certain industries and book trade is an example where growth is the same as for traditional trade.

THE ATRIUM LJUNGBERG SHARE IS ATTRACTIVE

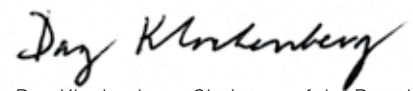
We are delighted that the large interest in the Atrium Ljungberg share from abroad is continuing. The fourth largest owner is Finnish Varma. The Swedish property market attracts foreign investors as it has a good reputation in the surrounding community owing to its high level of transparency, well-functioning legislation and lower transaction costs than in other parts of Europe. Atrium Ljungberg is particularly attractive as we have a concentrated portfolio of retail-related properties in attractive growth regions.

In order to facilitate trade of the share,

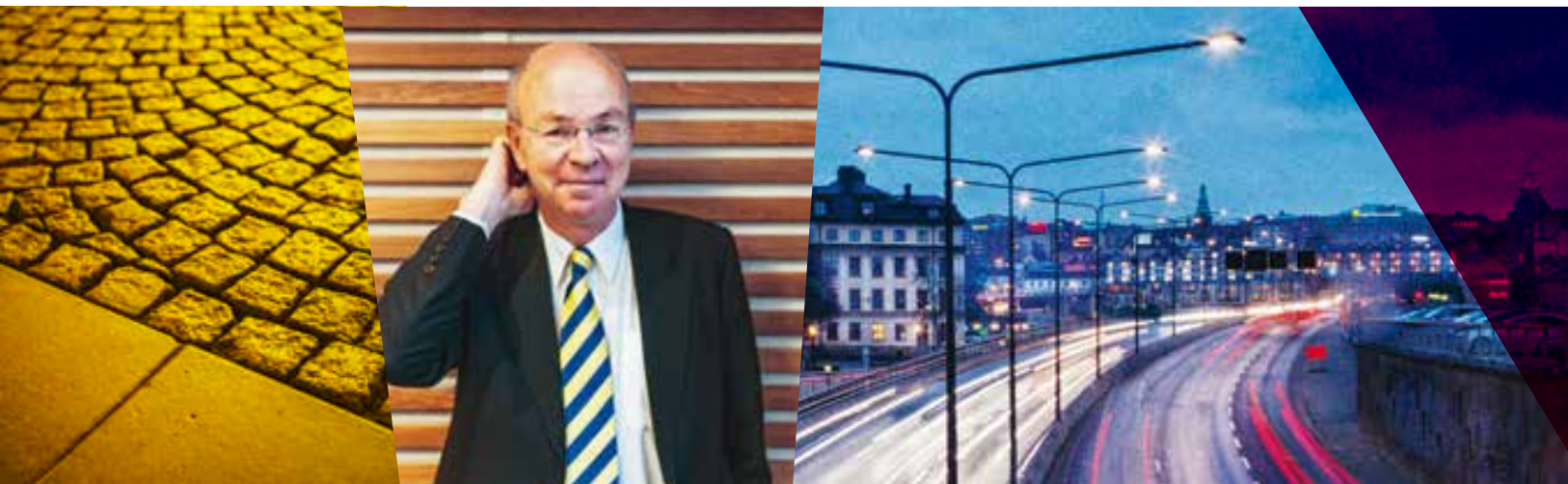
several measures have been taken with the aim of increasing liquidity. During 2014 Atrium Ljungberg sold its holdings of repurchased shares corresponding to 2.3 per cent of the total number of shares. The sale was conducted at the same time as the Stockholm Consumer Cooperative society and the Ljungberg family together sold 8,000,000 class B shares, corresponding to 6.0 per cent of the total holding.

Our activities are based on a long-term approach and low risk. Our financial position is strong with a low gearing ratio. It helps us to cope with times of economic uncertainty and downturn in a better manner. It also ensures continued stable dividend growth, which is the foundation of an attractive yield for our shareholders in the long-run.

As we now enter 2015, we are doing so with the knowledge that Atrium Ljungberg is located in expanding areas. We have both cash and credit opportunities, as a result of which we can continue developing future and profitable projects.



Dag Klackenborg, Chairman of the Board



CORPORATE GOVERNANCE REPORT

Atrium Ljungberg AB is a Swedish public limited company with registered offices in Nacka. The Articles of Association prescribe the company's operations as follows: the company shall conduct construction operations, own and manage real property or leaseholds and securities, conduct trade in properties, and engage in any and all other activities compatible therewith. The Articles of Association do not contain any provisions for changes in the Articles of Association. The company's class B share (LJGRB) is listed on the NASDAQ Stockholm exchange, the Large Cap. The foundation of corporate governance comprises the Articles of Association, the Swedish Companies Act, other applicable laws and ordinances, the regulatory framework of the stock exchange, the Global Reporting Initiative (GRI), internal guidelines and policies and the Swedish Code of Corporate Governance, ("the Code"). The overriding purpose of the Code is to strengthen the confidence of Swedish quoted companies by promoting a positive development of the corporate governance. These norms are not compulsory but are based on the principle that any deviations should be

specified and explained. During the year the company has not reported any deviations from the Code and has otherwise complied with good practice in the stock market. Atrium Ljungberg strives for openness for the company's decision-making pathways, responsibilities, and different control systems.

GOVERNANCE STRUCTURE

The structure of corporate governance within Atrium Ljungberg is presented in the image below and the following sections.

OWNERS AND SHARES

The company's share capital amounted to SEK 333,051,840 on 31 December 2014, divided among 4,000,000 class A shares (ten votes per share) and 129,220,736 class B shares (one vote per share). In May 2014 the company sold its holding, 3063748 class B shares. There is no restriction on voting rights. The company's market capitalisation at the year-end totalled SEK 15,280 million. Atrium Ljungberg's target is for the dividend to correspond to at least 50 per cent of the profit before changes in value after nominal tax unless investments or the company's

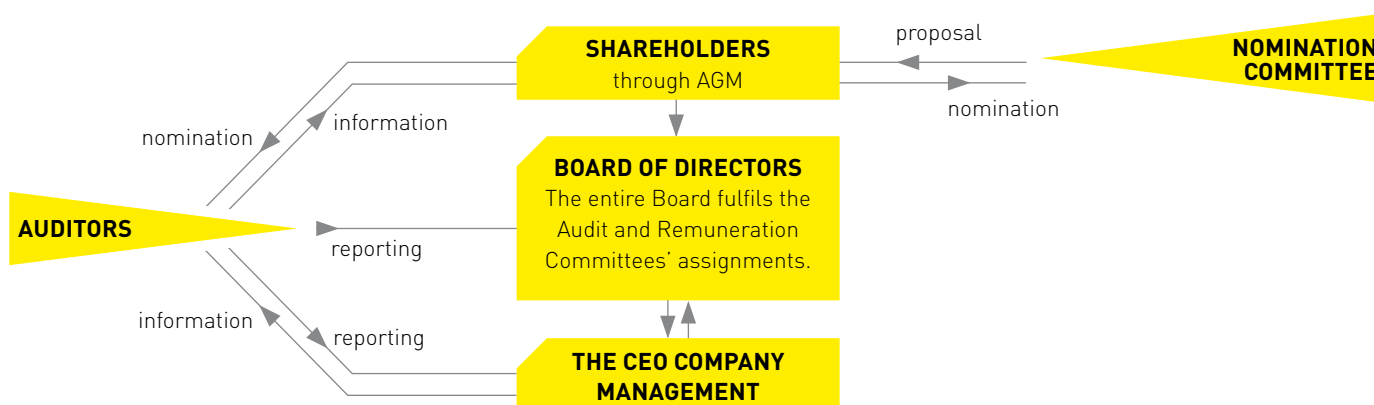
financial position otherwise mandate a deviation from this norm.

The number of shareholders amounted to 2,883 at the year-end. The following owners have direct or indirect shareholding in the company which represents at least a tenth of the number of votes for all shares in the company; the Stockholm Consumer Cooperative society (29.2% of the capital and 23.0% of the votes), the Ljungberg family (21.7% of the capital and 26.7% of the votes) and the Holmström family (12.6% of the capital and 19.5% of the votes). More information on the ownership structure is contained in the table on page 104.

ANNUAL GENERAL MEETING

The shareholders' influence within the company is exercised through the Annual General Meeting (AGM) of the company's shareholders, which is the company's most senior decision-making body and should be held within six months of the end of the financial year. The AGM appoints the Board of Directors and the company's auditors, and adopts principles governing remuneration to the Board of Directors, the auditors, and the company's

Governance structure of Atrium Ljungberg



Internal steering instruments

Business concept, business plan, goals and strategies, the formal work plan of the Board of Directors, the CEO's instructions, policies, job descriptions, core values, delegation instructions and authorisation instructions.

External steering instruments

The Nordic Exchange rules for issues, the Swedish Code of Corporate Governance, the Swedish Companies Act, IFRS, the Swedish Annual Accounts Act, GRI and other relevant legislation.

senior executives. The Meeting also takes decisions with regard to the Articles of Association, dividends, and any changes to the share capital. The AGM should also adopt the balance sheet and income statements and decide on the discharge from liability for the Board of Directors and the CEO. The date of the AGM is announced in conjunction with the Interim Report of 30 September at the latest. Notices convening the Annual General Meeting shall be issued 4–6 weeks before the meeting and shall be issued by means of press releases, announcements in the Swedish Official Gazette, and on the company's website, www.atriumljungberg.se. The issue of the convening notice shall be announced in the Dagens Nyheter newspaper. Shareholders are entitled to have an issue discussed at the meeting if the Board is provided with notice thereof no later than seven weeks before the meeting is held. The 2014 Annual General Meeting was held on 7 April which was attended by 78 shareholders representing 83.2 per cent of the share capital and 86.8 per cent of the votes. The Annual General Meeting took decisions on, amongst other things, the following issues:

- the adoption of Income Statements and Balance Sheets for the Parent Company and the Group;

- the granting of discharge from liability for the Board of Directors and the CEO;
- the determination of the appropriation of profits entailing a dividend of SEK 3.05 per share;
- the election of the Board of Directors;
- the determination of Directors' fees totalling SEK 1,600,000, broken down as SEK 400,000 payable to the Chairman of the Board and SEK 200,000 payable to each of the Board Members;
- the determination of Auditors' fees in accordance with an approved presentation of invoice;
- the establishment of a Nomination Committee representing the five biggest shareholders by vote as of 30 April 2014;
- the adoption of guidelines for the remuneration of senior executives within the Group;
- the authorisation of the Board to transfer, on one or more occasions, the company's holdings of its own class B shares in a regulated market where the shares are listed or in conjunction with the acquisition of companies, operations or properties;

Minutes of the Annual General Meeting and other meeting documents are available on the company's website.

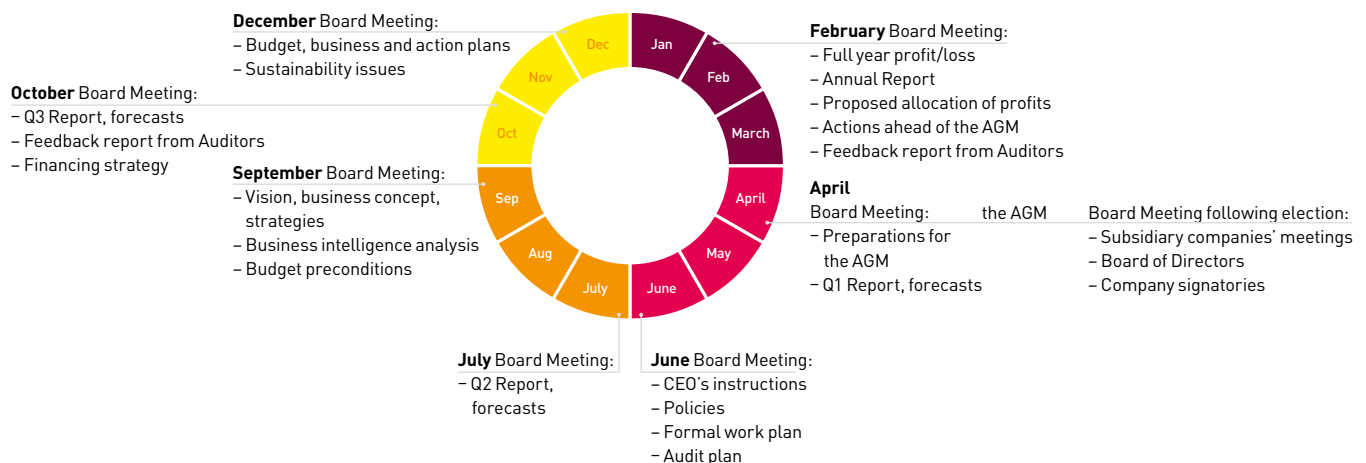
BOARD OF DIRECTORS

The Board has comprised of seven members during the year (information about the members is contained on page 110). The Code states that a majority of the Board shall be independent in relation to the company and the senior executives. At least two of the independent members must also be independent in relation to the company's major shareholders. The composition of the Board complies with the independence requirements. The Articles of Association do not contain any provisions on the appointment and dismissal of board members.

The Board has an overall responsibility for the company's organisation, the financial reporting and for ensuring that the management of the company's affairs is handled in a manner which ensures that the interests of owners for long-term good capital yield are fulfilled. The responsibility also covers efficient and appropriate systems for governance, internal control and risk management.

As a supplement for the Swedish Companies Act, the Articles of Association and the Code, the Board annually determines a formal work plan (including the CEO's instructions, instructions for the financial reporting, business plan and budget, ethics and suppliers policy, affiliated policy, equal opportunity and discrimination policy, sustainability policy, work environment policy,

The Board's annual planning in addition to standing items, such as investment decisions, progress report, ongoing projects and management, liquidity and financing



communication policy, financial policy, crisis policy and IT policy). The formal work plan regulates the Board's work structure. The Chairman of the Board organises and leads the work of the Board, ensures that the Board has the expertise and know-how required to perform its duties, that the Board receives the information and decision data required for its work, that the Board's resolutions are implemented, and that the work of the Board is evaluated every year. The Board's assignments include setting operational goals and strategies, appointing, evaluating and if necessary dismissing the CEO, ensuring that effective systems are put in place for monitoring and control of the company's operations and that there is compliance with legislative and other requirements, and deciding on transfer of properties and companies as well as investments of SEK 20 million or more. The work of the Board and CEO should be evaluated annually. The formal work plan prescribes that the Board shall, over and above the Board Meeting following election, meet at least five times per year. The Board has held eight ordinary Board Meetings of which one Board Meeting following election was held during the year.

In 2014, the Board laid down the overall goals for the company's operations and decided on the strategies needed to achieve these goals. Goals and goal fulfilment are described on pages 10–11 of the Annual report. The Board has decided on all investments in excess of SEK 20 million and on property acquisitions and sales carried out. There has been a strong focus on ongoing and future investment projects, transfer of land and financing issues. Feedback reports

from the Group management with regard to the company's economic and financial position, sustainability reporting, current market issues, and ongoing projects have been presented at the Board Meetings. Results in comparison with the budget have been reported quarterly during the year, together with revised forecasts for the financial year. The annual planning of the Board is presented in the image on the previous page.

The Board members have appropriate collected experience, expertise and breadth with respect to Atrium Ljungberg's operations, development phases and conditions in general. The formal work plan does not contain any provisions on work allocation between the members. The entire Board has comprised the Audit and Remuneration Committees, in that the Board has deemed it more appropriate to address these issues within the context of the normal work of the Board. The Remuneration Committee prepares, complies with and evaluates issues concerning terms of employment and any programmes for variable remuneration for the company management, guidelines for remuneration of senior executives and remuneration structures and levels in the company. The Audit Committee is responsible for preparation of the Board's work on quality assurance of the company's financial reporting, regularly meets the company's auditors to learn about the focus and scope of the audit and to discuss the coordination between the external and internal audit and view of the company's risks, establishes guidelines for which services besides the audit the company may procure from the company's auditor, evaluates the audit effort and informs the company's Nomination

Committee about the results of the evaluation and assists the Nomination Committee for preparing proposals for auditors and remuneration of the audit effort.

The company's auditors have reported on their work and observations to the Board on two occasions during the year, on one of these occasions without the presence of the company management. The Board has evaluated the work of the CEO, and under the direction of the Chairman of the Board and Nomination Committee, conducted an in-depth evaluation of the Board's work and members. A feedback report on the evaluation was submitted to the Board.

The company's Legal Counsel has acted as Secretary to the Board. The Chairman of the Board has had frequent ongoing contact with the CEO during the year.

THE CEO AND SENIOR EXECUTIVES

The company management comprises the CEO and seven managers responsible for the property management functions (retail and offices), business development, transaction and markets, project implementation, business support and HR functions. In addition to ongoing matters within each function, the company management has prioritised issues concerning ongoing investment projects, transfer of land, financing issues, business development and sustainability issues.

Ingalill Berglund (born in 1964) took over as CEO of the company in 2011. She joined Atrium Ljungberg in 2001 as the company's CFO and has almost 20 years' experience in the property industry, gained at companies such as Stadshypotek Fastigheter and Skolfastigheter i Stockholm (Sisab). Ingalill

The board of directors, 2014

		Elected	Remuneration, SEK	Independent*	Independent**	Note	Board Meetings
Dag Klackenborg	Chairman	2004	400,000	Yes	Yes	1)	8 of 8
Sune Dahlqvist	Member	2006	200,000	Yes	No	2)	8 of 8
Thomas Evers	Member	2011	200,000	Yes	No		8 of 8
Anna Hallberg	Member	2009	200,000	Yes	Yes		8 of 8
Johan Ljungberg	Member	2001	200,000	Yes	No	3), 4)	8 of 8
Simon de Château	Member	2014	200,000	Yes	Yes	5)	6 of 8
Erik Landby	Member	2014	200,000	Yes	Yes	5)	6 of 8
Anders Nylander	Member	2011	–	No	Yes	6)	2 of 8

* Independent in relation to the company and the company management

** Independent in relation to the company's major shareholders

¹⁾ Chairman of the Board as of the 2011 Annual General Meeting

²⁾ Chairman of the Stockholm Consumer Cooperative Society, which is one of the company's major shareholders. Deputy Member, 2006–2011

³⁾ Deputy Member of the Board, 2001–2009

⁴⁾ Directly and/or indirectly a major shareholder in the company

⁵⁾ Elected at the 2014 Annual General Meeting

⁶⁾ Member of the Board up to the 2014 Annual General Meeting

Berglund has no other significant directorships. She holds 40,000 class B shares in Atrium Ljungberg and has no shareholdings in companies with which Atrium Ljungberg has significant commercial links.

The other members of the senior management are presented on page 111 and the organisation structure on page 12.

REMUNERATION FOR SENIOR EXECUTIVES

Resolutions regarding guidelines for remuneration for senior executives were adopted at the Annual General Meeting held in 2014, which conform to the proposals for guidelines for 2015. Salaries and other terms of employment for the company management shall be market-based and competitive, but shall not be market leaders in terms of salary paid in relation to other comparable companies. The guidelines shall apply for the senior management team which consists of the CEO and seven other senior executives. The CEO's remuneration shall be proposed by the Chairman and determined by the Board of Directors. Remuneration payable to other members of the senior management team shall be proposed by the CEO and approved by the Board. Remuneration payable to the senior company management team, including the CEO, comprises a fixed salary. No variable salary or performance-related remuneration shall be payable. The CEO's retirement age is 62, while that of the other members of the company management is 65. Pension plans are defined contribution plans, and the company hence has no additional obligations after payment of the annual premiums.

The CEOs shall, if notice of termination is given by the company, be entitled to a 12 month notice period and severance pay corresponding to 12 months' salary. No other severance pay is payable. Other members of the senior management have notice periods of up to 6 months. The terms and conditions applied by the company for other Group employees, either in accordance with collective agreements or in accordance with unilateral undertakings by the company to the employees, shall otherwise apply, where applicable, to the company management. Departure from the above-mentioned guidelines by the Board of Directors is permitted if there are specific grounds for doing so in a particular instance.

AUDITING

The accounting firm of Ernst & Young AB was elected at the 2011 Annual General Meeting to act as auditors for Atrium Ljungberg for the period up to and including the end of 2015 Annual General Meeting. Authorised Public Accountant, Jonas Svensson has been appointed as the auditor in charge who will sign the Audit Report together with Authorised Public Accountant Ingemar Rindstig.

The auditing team has ongoing contact for information purposes with the company during the year, over and above the review activities conducted. The Board meets with the auditor at least twice a year, one of which meetings is held in the absence of the company management. The company's auditors audit the annual financial statements and also carry out a review of the interim accounts as per 30 September and review the company's internal controls.

NOMINATION COMMITTEE

The Nomination Committee is the General Meeting's body for preparing the meeting's resolutions on appointment-related issues. The Nomination Committee shall propose a basis for the Meeting's handling of the following issues:

- the election of the Chairman of the Meeting, the Chairman of the Board and other Members of the Board of Directors of the company;
- the determination of Directors' fees for the Chairman of the Board, other Board Members, and any remuneration for committee work and, where relevant, the election and remuneration of Auditors;
- decisions on principles relating to the structure of the Nomination Committee ahead of impending Annual General Meetings.

At the Annual General Meeting held on 7 April 2014, it was decided that the Nomination Committee for the 2015 Annual General Meeting shall comprise representatives of the company's five biggest shareholders by votes, as of 30 April 2014. The Nomination Committee's members were appointed, consisting of Lars Ericson representing the Stockholm Consumer Cooperative society, Eva Gottfridsdotter-Nilsson representing Länsförsäkringar, Per-Erik Hasselberg (also the Nomination Committee's Chairman) representing the Holmström family, Johan Ljungberg representing the Ljungberg family, and Ilkka Tomperi representing the mutual occupational pension insurance company, Varma.

Remuneration for company management 2014

SEK k	Basic salary/fee	Other remuneration	Other benefits	Pension costs	Share-related remuneration	Total
Ingalill Berglund, CEO	3,694	–	49	937	–	4,680
Other senior executives	9,811	216	276	2,585	–	12,888

BOARD OF DIRECTORS



From the left: Sune Dahlqvist, Erik Langby, Thomas Evers, Anna Hallberg, Simon de Chateau, Dag Klackenberg and Johan Ljungberg.

SUNE DAHLQVIST

Member of the Board. Born 1948. LO's folk high school. Former Negotiations Manager for the Swedish Union of Tenants, Stockholm Region. Member of the Board since 2011. Deputy Member of the Board, 2006–2011. **Other significant directorships:** Chairman of the Board of Stockholm Consumer Cooperative Society. Member of the Boards of the Swedish Cooperative Union (KF), Folksam Liv and the Teskedsorden. Member of KF's Audit Committee. **Atrium Ljungberg shareholding:** 1,000 class B shares.

SIMON DE CHÂTEAU

Member of the Board. Born 1970. Graduate Business Administrator, Stockholm School of Economics. Chief Investment Officer in Alma Property Partners 2014–. Member of the Board since 2014. **Other significant directorships:** Member of the Boards of Sveafastigheter Fund II AB, Sveafastigheter Fund III AB and Cormorant Pharmaceuticals AB. **Atrium Ljungberg shareholding:** No shareholding.

ERIK LANGBY

Member of the Board. Born 1951. Social Sciences education, Stockholm University. Chairman of the municipal executive board of Nacka 1983–2012. **Other significant directorships:** Chairman of the board of The Structural Fund Partnership in Stockholm (EU funds). Chairman of Sjukvårds- och omsorgsnämnden (the Health and Social Care Committee) in Norrtälje. Member of the Board of the Moderate Party's party executive and Hegeli Public Affairs AB. **Atrium Ljungberg shareholding:** No shareholding.

DAG KLACKENBERG

Chairman of the Board. Born 1948. Graduate Business Administrator, LL.B. CEO of the Swedish Trade Federation 2001–2013. Member of the Board since 2004. **Other significant directorships:** Chairman of the Boards of Ersta Sköndal högskola AB, Nyréns Arkitektkontor AB, AB Svensk Byggtjänst and ScandBook AB. **Atrium Ljungberg shareholding:** 4,000 class B shares.

THOMAS EVERS

Member of the Board. Born 1957. LL.B. from University of Lund. Senior Counsel at the Stockholm Consumer Cooperative Society. Member of the Board since 2011. No other significant directorships. **Atrium Ljungberg shareholding:** 2,000 class B shares.

JOHAN LJUNGBERG

Member of the Board. Born 1972. Graduate Engineer. Chairman of the Board of Tagehus AB. Member of the Board since 2009. Deputy Member of the Board between 2001 and 2009, and Member of the Board for part of 2006. **Other significant directorships:** Member of the Boards of companies within the Tagehus Group. Chairman of the Board of Credentia AB. **Atrium Ljungberg shareholding:** 1,206,400 class A shares and 4,067,600 class B shares.

ANNA HALLBERG

Member of the Board. Born 1963. Economics & Law graduate of the Gothenburg School of Economics and Business Administration. Deputy CEO of Almi Företagspartner AB. Member of the Board since 2009. **Other significant directorships:** Member of the Boards of Högskolan Väst and companies within the Almi Group. **Atrium Ljungberg shareholding:** 2,000 class B shares.

COMPANY MANAGEMENT TEAM



From the left: Angela Berg, Annica Ånäs, Jonas Törnell, Mattias Celinder, Ingalill Berglund, Linus Kjellberg, Micael Averborg and Helena Martini.

ANGELA BERG

Born 1975. Project Manager. Employed by the Atrium Ljungberg Group since 2011.

Atrium Ljungberg shareholding:
No shareholding.

ANNICA ÅNÄS

Born 1971. CFO. Employed by the Atrium Ljungberg Group since 2011, also employed between 2008–2010.

Atrium Ljungberg shareholding:
3,000 class B shares.

JONAS TÖRNELL

Born 1957. Business Area Director, Offices. Employed by the Atrium Ljungberg Group since 2013, also employed between 1988–2007.

Atrium Ljungberg shareholding:
22,028 class B shares.

MATTIAS CELINDER

Born 1972. Business Area Director, Retail. Employed by the Atrium Ljungberg Group since 2006.

Atrium Ljungberg shareholding:
401 class B shares.

INGALILL BERGLUND

Born 1964. CEO. Employed by the Atrium Ljungberg Group since 2001. Twenty years of experience of the property sector. No other significant directorships outside the company.

Atrium Ljungberg shareholding:
40,000 class B shares.

LINUS KJELLBERG

Born 1972. Business Development Director. Employed by the Atrium Ljungberg Group since 2003.

Atrium Ljungberg shareholding:
No shareholding.

MICAEL AVERBORG

Born 1965. Business Area Director, Transaction and Markets. Employed by the Atrium Ljungberg Group since 2000.

Atrium Ljungberg shareholding:
1,500 class B shares.

HELENA MARTINI

Born 1965. HR Manager. Employed by the Atrium Ljungberg Group since 2010.

Atrium Ljungberg shareholding:
No shareholding.

INTERNAL CONTROL

THE BOARD OF Directors is, subject to the provisions of the Swedish Companies Act and the Swedish Code of Corporate Governance, responsible for the company's internal control. This report has been prepared in accordance with chapter. 6, §6 of the Swedish Annual Accounts Act and is consequently limited to internal control in respect of the financial reporting. The company has, in order to describe the internal control, followed the framework established by COSO (the Committee of Sponsoring Organisations), which comprises five components, namely control environment, risk management and assessment, control activities, information and communication, and follow-up work.

CONTROL ENVIRONMENT

The Board of Directors has overall responsibility for ensuring good internal control and effective risk management. The Board adopts a formal work plan every year, laying down the Board's responsibilities and regulating the Board's internal division of labour. The Board has decided that the entire Board shall comprise both the Audit Committee and the Remuneration Committee. The Board exercises its control primarily through the annual adoption of policy documents, CEO's instructions, delegation instructions, instructions for the financial reporting, operational goals and strategies, and business plans and budgets. The company's policies are:

- Ethics and suppliers policy
- Affiliated policy
- Equal opportunity and discrimination policy
- Sustainability policy
- Work environment policy
- Communication policy
- Financial policy
- IT policy
- Crisis policy

The company management is responsible for structuring, documenting, maintaining and testing the systems and processes needed to minimise risks as part of the operating activities and financial reporting. There are, in addition to policy documents, delegation instructions, authorisation instructions, and job descriptions for the respective employees containing details of the employees' responsibilities and authorities, and standardised reporting routines.

The company also has very well-supported core values that permeate every aspect of

our operations, such as reliability, a long-term approach, and collaboration.

Atrium Ljungberg is also a member of the Global Compact and has consequently signed up to the ten principles in the fields of human rights, labour law, the environment and anti-corruption. The company has also, since 2008, reported in accordance with GRI (Global Reporting Initiative). A GRI index is presented on pages 153–154 of the Annual Report. For a more detailed presentation, see the company's website at www.atriumljungberg.se.

RISK MANAGEMENT AND ASSESSMENT

Risk assessment means that Atrium Ljungberg has identified the work processes and Income Statement and Balance Sheet items where there is a risk that inaccuracy, incompleteness, or improprieties could arise if the requisite control activities are not built into the routines. Risk assessment accordingly analyses whether errors could occur and, if so, how and where they could occur in the process. The risk assessment work has identified the items where the risk of significant errors is greatest, namely items where the sums involved in the transactions are substantial or where the process is highly complex and requires strong internal control. The three most important risk areas are: project operations, property valuation and financing activities.

PROJECT OPERATIONS

During 2014 the company invested SEK 707 million in own properties, of which the investment in the office project NOD in Kista and the investment in Gränby Köpstad

account for the largest share. No investments are made until a reasonable yield can be secured. Detailed costing calculations based on extensive expertise in the field are carried out in order to minimise the risks inherent in construction projects. Procurement is conducted cost-effectively using in-house project managers by means of a so-called divided contract process whereby several operators are allowed to submit quotes for individual components of the construction project. Project reviews are conducted every quarter and attended by the Chairperson of the steering group, business developers, project managers, the CFO, and the project controller. Project reports are submitted on a rolling basis to the company management and the Board, noting any deviations from the plan.

PROPERTY VALUATION

Monitoring trends in the property market in order to ensure the ability to assess the properties' market values is one of the important components of the valuation process. During 2014 the company consequently conducted quarterly reconciliations with external valuation experts. The company conducts internal valuations during each quarter and also conducts external valuations at the turn of the full-year and half-year. For 2014, 54 per cent of the property portfolio has been externally valued. External valuation experts also quality assure assumed rents, costs, vacancies and yield requirements in conjunction with the internal valuation processes.

FINANCING ACTIVITIES

Property operations are a capital-intensive sector, which often entails a range of financial risks. The main risks involve fluctuations in profits and cash flow as a result of changes in interest rates, and refinancing risks.

These risks are regulated in the company's financial policy and are monitored continuously by the company's management and Board of Directors. The Board also monitors compliance with mandates specified in the financial policy.

The following processes have also been analysed during the year in addition to the above-mentioned risk areas:

- The year-end accounts process
- Routines in conjunction with property transactions
- The payroll process
- The letting process
- Tax and VAT administration
- The purchasing process
- IT systems

See the section entitled "Risks and risk management" on pages 93–97 with regard to other risks identified.

CONTROL ACTIVITIES

A number of control activities have been introduced in order to prevent inaccuracies occurring and with the aim of ensuring that the control goals are fulfilled. The work on risk assessment and structuring of control activities has been conducted by individuals involved in the respective processes on an ongoing basis, in cooperation with the company's controllers, Senior Controller, and CFO in order to ensure participation and an under-

standing of the risks and the importance of conducting internal controls. Internally, the company also works continuously to evaluate and enhance the efficiency of its control activities. The controls are carried out both at an overall level, through analyses of results and key ratios, and at a detailed level by defining a number of control points in the ongoing processes and routine descriptions. The company's results are compared with budgets and forecasts every quarter and ongoing projects are monitored in relation to Board resolutions. Detailed commentaries are submitted to the company management and Board of Directors in accordance with standardised reporting routines as part of the follow-up work.

INFORMATION AND COMMUNICATION

The Annual Accounts, Preliminary Financial Statement, Interim Reports and other ongoing information are prepared in accordance with Swedish legislative requirements and praxis. The information provision shall be characterised by transparency and shall be reliable. A communications policy regulating the way in which information is to be provided has been established in order to ensure that external communication with the stock market is correct. Our aim is to generate an understanding of and confidence in the operations on the part of owners, investors, analysts and other stakeholders.

The company management is responsible for informing relevant employees of their responsibilities with regard to the maintenance of good internal control. Employees are kept up to date with regulations and policies via the company's intranet and information

meetings. The creation of job descriptions for every position within the company also ensures clarity with regard to division of responsibility.

FOLLOW-UP WORK

All process descriptions, policies and steering documents are updated as necessary, but at least once a year. An evaluation of the internal controls is also conducted every year. Both the senior management and the Board of Directors are notified of the results. Atrium Ljungberg has no internal audit department. The system for internal controls is followed up by the Group's CFO, the Senior Controller, Accounting Managers, the company's Controllers (who have specialist competence), and through self-evaluation, and feedback is provided to the Board of Directors. These controls are deemed to be necessary and sufficient to generate appropriate knowledge, feedback of experience and high quality in the ongoing accountancy work, and hence in the financial reporting. The company's auditors also conduct ongoing reviews of the company's internal controls and report their findings on the company's internal control to the company's senior management and Board. For 2014 the auditors considered the following focus areas during the review of internal control; project operations, the letting process, purchasing process, payroll process, year-end accounts process and property valuation. The 2014 feedback report of the auditors shows that Atrium Ljungberg has very good internal control. The Board believes that the establishment of a separate internal audit function is consequently not justified.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Note	2014	2013
Rental income	5	1,980.5	1,956.2
Net sales, project and construction work		330.8	405.3
Net sales	2	2,311.3	2,361.5
Property management costs			
Service charge-related costs		-175.6	-178.9
Other operating costs		-147.3	-156.1
Management costs		-131.6	-128.9
Repairs		-44.4	-41.0
Property tax		-115.0	-119.5
Leasehold fees		-13.6	-24.7
Non-deductible VAT		-8.4	-9.8
	6,7,8,9	-635.9	-658.9
Project and construction work costs		-341.6	-394.3
Gross profit/loss		1,333.8	1,308.3
– of which gross profit property management (operating surplus)		1,344.6	1,297.3
– of which gross profit/loss from project and construction work	10	-10.8	11.0
Central administration, property management		-53.3	-47.1
Central administration, project and construction work		-14.0	-14.4
	3,7,8,9	-67.3	-61.5
Financial income	12	1.5	2.8
Financial expenses	12	-424.5	-420.6
		-423.0	-417.8
Profit/loss before changes in value		843.5	829.0
Changes in value			
Properties, unrealised	15	860.6	142.5
Properties, realised		8.3	-1.6
Financial instruments, unrealised	28	-894.0	342.6
Goodwill write-downs	13	0.0	-33.4
		-25.1	450.1
Profit/loss before tax		818.4	1,279.1
Current tax	14	-16.2	6.1
Deferred tax	14	-157.0	-176.9
		-173.2	-170.8
Net profit/loss for the year		645.2	1,108.3
Other comprehensive income			
<i>Items which will be reclassified to the profit/loss</i>			
Cash flow hedging	28	32.7	35.9
Tax attributable to other reported income and expenses	26	-7.2	-7.9
Total other comprehensive income		25.5	28.0
Total comprehensive income for the year		670.7	1,136.3
Data per share			
Earnings per share, SEK		4.89	8.52
Average number of outstanding shares, '000		132,072	130,157

COMMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NET SALES

The Group's net sales totalled SEK 2,311 million (SEK 2,362 m). Rental income for 2014 totalled SEK 1,981 million (SEK 1,956 m), corresponding to a year-on-year increase of 1.2 per cent. The increase is primarily explained by additional rental income from the most recently completed phases of Mobilia, Port 73 and Farsta, as well as acquired properties and new letting. During the year non-recurring remuneration for premature vacating of premises was received by SEK 12.8 million (SEK 6.5 m). Rental income has been impacted negatively by loss of rental income for sold properties.

The letting rate was 93 per cent (95%), including project properties. Contracted annual rents at the year-end totalled SEK 2,090 million (SEK 1,900 m).

Net sales for project and construction activities during the year totalled SEK 331 million (SEK 405 m). TL Bygg's net sales totalled SEK 418 million (SEK 492 m), of which SEK 112 million (SEK 114 m) comprised work on behalf of Group companies.

PROPERTY COSTS

Property expenses totalled SEK -635.9 million (SEK -658.9 m), corresponding to a decrease of 3.5 per cent. The cost decrease is primarily explained by lower operating costs as well as heating and snow clearance. Lower costs for

leasehold fees primarily related to Farsta and Tranbodarne by Slussen.

GROSS PROFIT

The gross profit for property management (operating surplus) amounted to SEK 1,344.6 million (SEK 1,297.3 m), an increase of 3.6 per cent. The operating surplus margin was 68 per cent (66%). In addition to the change in rental income in accordance with the above, property expenses have declined by SEK 23 million.

The gross profit for project and construction activities totalled SEK -10.8 million (SEK 11.0 m). Costs in connection with ongoing development projects that cannot be capitalised have been charged to the result. TL Bygg's gross profit amounted to SEK 29.3 million (SEK 49.6 m).

CENTRAL ADMINISTRATION

Central administration comprises the costs in connection with the company management and central support functions, and other costs not associated with property administration. Central administration for project and construction work includes TL Bygg's costs in connection with the CEO, administrative personnel, IT and premises-related costs.

The costs for 2014 totalled SEK -53.3 million (SEK -47.1 m). The change primarily relates to investments within communication and business support.

FINANCIAL INCOME AND EXPENSES

Financial expenses amounted to SEK -424.5 million (SEK -420.6 m). During the year SEK 15.2 million (SEK 39.5 m) in interest expenses has been capitalised as an investment in property projects. Financial income totalled SEK 1.5 million (SEK 2.8 m).

CHANGES IN VALUE

Unrealised changes in the value of properties totalled SEK 860.6 million (SEK 142.5 m) and are explained in the table below.

Unrealised changes in value

	SEK m
Change in yield requirements	705
Change in operating nets	84
Change in investments	72
Total	861

Realised changes in the value of properties totalled SEK 8.3 million (SEK -1.6 m) and are attributable to the sale of the property Fatbursbrunnen 17.

At the end of the year, the derivatives portfolio comprised of SEK 7,461 million in interest swaps, net including shortened swaps. In addition, there is SEK 900 million in forward-started swaps. Interest swaps are subjected to market valuation and the changes in value is reported in the Income Statement. Unrealised changes in the value of financial instruments for the year totalled SEK -894.0 million (SEK 342.6 m) as a result of lower market interest rates.

TAX

The current tax for the year totalled SEK -16.2 million (SEK 6.1 m) and has been reduced by, among other things, fiscally deductible depreciation and investments, and by loss carry-forwards from the previous year's tax assessment.

The change in deferred tax totals SEK -157.0 million (SEK -176.9 m).

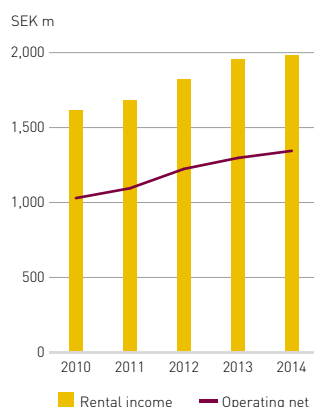
PROFIT

The Group posted a profit before changes in value of SEK 843.5 million (SEK 829.0 m), an increase of 1.7 per cent. The net profit for the year totals SEK 645.2 million (SEK 1,108.3 m), corresponding to SEK 4.89/share (SEK 8.52/share).

OTHER COMPREHENSIVE INCOME

Other comprehensive income reports reversal of the hedging reserve in shareholders' equity which relates to the derivatives (interest swaps) which until 31/12/2011 applied hedge accounting. As of this date Atrium Ljungberg does not apply hedge accounting to these instruments.

Rental income and operating surplus



CONSOLIDATED BALANCE SHEETS

Amounts in SEK m	Note	31/12/2014	31/12/2013
ASSETS			
Fixed assets			
Investment properties	15, 16	28,163.4	25,008.5
Tangible fixed assets	18	17.5	16.9
Goodwill	13	274.2	274.3
Participations in associated companies	19	0.1	0.1
Deferred tax receivable	21	27.0	5.1
Derivatives	28	–	14.9
Other long-term receivables		–	0.9
Total fixed assets		28,482.2	25,320.7
Current assets			
Accounts receivable	22	102.5	92.6
Tax receivables		85.3	126.4
Other receivables	23	77.6	1,004.7
Prepaid costs and accrued income	24	113.2	99.3
Liquid assets	27, 28	414.8	186.6
Total current assets		793.4	1,509.6
Total assets		29,275.6	26,830.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		333.0	333.0
Other capital contributed		3,959.8	3,959.8
Provisions		–87.8	–113.3
Profits brought forward including net profit/loss for the year		7,384.6	6,841.2
Total shareholders' equity attributable to the Parent Company's shareholders		11,589.6	11,020.7
Long-term liabilities			
Deferred tax liability	26	2,677.5	2,515.7
Long-term interest-bearing liabilities	27, 28	9,807.1	10,660.2
Derivatives	28	846.4	–
Other long-term liabilities	29	27.2	25.1
Total long-term liabilities		13,358.2	13,201.0
Current liabilities			
Current interest-bearing liabilities	27, 28	2,510.3	1,753.6
Accounts payable		130.0	118.7
Other liabilities	30	1,127.5	136.3
Accrued costs and prepaid income	31	560.0	600.0
Total current liabilities		4,327.8	2,608.6
Total shareholders' equity and liabilities		29,275.6	26,830.3
MEMORANDUM ITEMS			
Collateral pledged for liabilities to credit institutions			
Property mortgages		11,559.3	12,250.8
Other collateral pledged			
Floating charges		15.0	15.0
		11,574.3	12,265.8
Guarantee engagements			
Guarantee undertakings		0.1	0.1

COMMENTS ON THE CONSOLIDATED BALANCE SHEETS

FIXED ASSETS

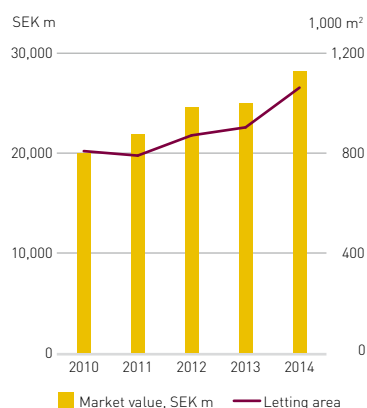
The market value of the investment properties at the turn of the year totalled SEK 28,163 million (SEK 25,008 m). Development rights and undeveloped land account for SEK 625 million (SEK 290 m) of this total. Investments in Atrium Ljungberg's own properties totalled SEK 707 million (SEK 1,302 m). During the year the properties Dimman 11 in Malmö, Sicklaön 83:33, Nobelberget in Sickla, Nacka and Stora Katrineberg 16 in Liljeholmen were acquired.

The year's sales relate to the property Fatbursbrunnen 17 in Stockholm. The sale was based on a property value of SEK 94 million. At the start of the year the property Torgvågen 7 (Pub) was vacated. The sale was conducted in July 2013. The year's unrealised changes in the value of the investment properties totalled SEK 861 million (SEK 142 m).

Change in the value of the property portfolio

SEK m	2014	2013
Property portfolio on 1 January	25,008	24,576
Acquisitions	1,673	-
Investments in our own properties	707	1,302
Sale	-85	-1,012
Unrealised changes in value	861	142
Property portfolio on 31 December	28,163	25,008

The properties' market value and letting area



The consolidated goodwill arose in conjunction with an operational acquisition and comprises the difference between nominal tax and the tax which the company actually included during the acquisition. The reported goodwill has fallen by a total of SEK 0.1 million during the year. The reduction is attributable to the year's property sale.

A deferred tax receivable for loss carry-forwards totalling SEK 5.1 million was reported at the beginning of the year. The deferred tax receivable calculated on the basis of the fiscal deficit as of 31/12/2014 totals SEK 27.0 million. The increase is attributable to property acquisition through companies.

The market valuation of derivatives at the year-end totalled SEK -846.4 million (SEK 14.9 m).

CURRENT ASSETS

Liquid assets at the end of the financial year totalled SEK 414.8 million (SEK 186.6 m). Other current assets have decreased by SEK 944 million. The decrease is primarily attributable to received purchase sum to the sale of Torgvågen 7 (Pub).

SHAREHOLDERS' EQUITY

Shareholders' equity on the closing day totalled SEK 11,589.6 million (SEK 11,020.7 m), corresponding to SEK 87.00/share (SEK 84.67/share). The change in the shareholders' equity is primarily attributable to the net profit for the year of SEK 645.2 million and the divestment of own shares of SEK 295.1 million. The hedging reserve has decreased by SEK 25.5 million. The change in the hedging reserve refers to the successive reversal of the opening hedging reserve due to the fact that the Group no longer applies hedge accounting to interest swaps.

The dividend paid, which was approved at the Annual General Meeting held on 7 April 2014, totalled SEK 397.0 million. The equity/assets ratio at the year-end was 39.6 per cent (41.1%). The net worth, calculated on the basis of 10 per cent deferred tax for

properties, totalled SEK 96.66/share (SEK 93.09/share).

DEFERRED TAX LIABILITY

Deferred tax liability is reported at 22 per cent of temporary differences between fiscal values and book values, primarily with regard to investment properties and financial instruments. The reported liability as of 31/12/2014 totalled SEK 2,677.5 million (SEK 2,515.7 m). The year-on-year change is due to unrealised changes in the value of properties and financial instruments, fiscal depreciation of buildings, and direct deductions for investments.

The probable effective tax rate is lower than 22 per cent. See further calculation of the company's net worth on page 103.

INTEREST-BEARING LIABILITIES

At the turn of the year, the interest-bearing liabilities in accordance with the balance sheet totalled SEK 12,317 million (SEK 12,414 m), a net decrease of SEK 97 million. Amortisation of interest-bearing liabilities has been enabled through a positive cash flow during the year from the sale of Torgvågen 7 and from the sale of own repurchased shares in the company. The average capital commitment term was 2.7 years (3.0 years). The average fixed interest term was 4.8 years (4.4 years). The gearing ratio was 45.5 per cent (47.8%).

Atrium Ljungberg's financing is described in more detail on pages 99–100.

OTHER LIABILITIES

At the start of the year a current liability of SEK 107.2 million was reported for a tax dispute including estimated accrued interest charges. The amount, including interest, was paid to the Swedish Tax Agency in January 2014. Unpaid purchase money for acquisition of the property Stora Katrineberg 16 is included in the closing balance.

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK m	Attributable to the Parent Company shareholders				
	Share capital	Other capital contributed	Hedging reserves	Profits brought forward	Total shareholders' equity
Opening balance as per 1 January 2013	333.0	3,959.8	-141.3	6,103.8	10,255.3
Net profit/loss for the year				1,108.3	1,108.3
Other comprehensive income			28.0		28.0
Dividend, SEK 2.85/share				-370.9	-370.9
Closing balance, as per 31 December 2013	333.0	3,959.8	-113.3	6,841.2	11,020.7
Change in shareholders' equity, 2014					
Net profit/loss for the year				645.2	645.2
Other comprehensive income			25.5		25.5
Sale of repurchased share				295.1	295.1
Dividend, SEK 3.05/share				-397.0	-397.0
Closing balance, as per 31 December 2014	333.0	3,959.8	-87.8	7,384.6	11,589.6

There are a total of 133,220,736 (133,220,736) shares, of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. At the end of the year, the number of outstanding shares amounted to 133,220,736 (130,156,988). The average number of outstanding shares for 2014 amounts to 132,071,831 (130,156,988). At the end of the year the company did not have any holding of own shares (previous year 3,063,748 class B shares). The quota value of the share is SEK 2.50.

CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	Note	2014	2013
OPERATING ACTIVITIES			
Profit/loss before tax		818.4	1,279.1
Reversal of depreciation and write-downs	9	6.5	6.1
Realised changes in value, investment properties		-8.3	1.6
Unrealised changes in value, investment properties	15	-860.6	-142.5
Unrealised changes in value, financial instruments		894.0	-342.6
Other items not included in the cash flow		17.8	54.2
Tax paid		-193.9	-86.5
Cash flow from operating activities before changes in working capital		673.9	769.4
Increase/decrease in current receivables		-35.1	79.1
Increase/decrease in current liabilities		95.6	5.7
Change in working capital		60.5	84.8
Cash flow from operating activities		734.4	854.2
INVESTMENT ACTIVITIES			
Acquisition of properties	15	-620.0	-
Reconstruction and new construction of properties	15	-706.6	-1,301.8
Sale of properties		1,031.9	32.0
Purchases of machinery and equipment		-7.3	-3.3
Cash flow from investment activities		-302.0	-1,273.1
FINANCING ACTIVITIES			
Change in other long-term liabilities		2.5	1.7
Loans raised	27	2,180.4	3,409.8
Amortisation of debts	27	-2,285.2	-2,623.6
Sale of repurchased shares		295.1	-
Dividend paid		-397.0	-370.9
Cash flow from financing activities		-204.2	417.0
Cash flow for the year		228.2	-1.9
Liquid assets at the beginning of the year		186.6	188.5
Liquid assets at the end of the year		414.8	186.6
Information on interest paid			
Interest received totalled		1.5	2.5
Interest paid totalled		-435.6	-459.0
Information on liquid assets at the end of the year			
Bank deposits, excluding blocked funds		414.8	186.6

COMMENTS ON THE CONSOLIDATED STATEMENTS OF CASH FLOW

The cash flow from operating activities totalled SEK 734.4 million (SEK 854.2 m), corresponding to SEK 5.56/share (SEK 6.56/share). Paid tax includes SEK 107 million which relates to payment of a tax demand to the Swedish Tax Agency. SEK -302.0 million (SEK -1,273.1 m) in investment activities has been charged to the cash flow and refers primarily to investments in Atrium Ljungberg's

own properties and acquisition of the properties Dimman 11 and Sicklaön 83:33. The sale of the Fatbursbrunnen 17 property has affected the cash flow by SEK 94 million. The property Torgvågen 7 (Pub) was vacated in January 2014 and this has affected the cash flow by SEK 938 million.

The cash flow within the financing activities totals SEK -204.2 million (SEK 417.0 m).

The Group's liquidity, including unutilised overdraft facilities totalling SEK 300 million and unutilised lines of credit in addition to outstanding commercial papers of SEK 290 million (SEK 800 m) amounted to SEK 1,004.8 million (SEK 1,286.6 m) at the end of the year.

INCOME STATEMENTS PARENT COMPANY

Amounts in SEK m	Note	2014	2013
Net sales		164.0	171.6
Management and production costs	7,8,9	-109.5	-177.8
Gross profit/loss	10	54.5	-6.2
Profit/loss on property sales		-	-15.2
Central administration and marketing	3,7,8,9	-52.7	-46.9
Operating profit/loss	4,5,6	1.8	-68.3
Result of participations in Group companies	11	579.7	281.6
Interest income and similar profit/loss items	12	536.7	396.7
Interest expenses and similar profit/loss items	12	-456.5	-432.7
		659.9	245.6
Profit/loss after financial items		661.7	177.3
Appropriations	25	-103.3	28.2
Profit/loss before tax		558.4	205.5
Current tax	14	-14.3	3.9
Deferred tax	14	-22.6	-3.7
		-36.9	0.2
Net profit/loss for the year		521.5	205.7

STATEMENT OF COMPREHENSIVE INCOME PARENT COMPANY

Net profit/loss for the year as per Income Statement	521.5	205.7
Other comprehensive income	-	-
Total comprehensive income for the year	521.5	205.7
Dividend per share, SEK (2014, proposed)	3.30	3.05

COMMENTS ON THE PARENT COMPANY ACCOUNTS

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 164.0 million (SEK 171.6 m). The reduction in net sales was due to a smaller property portfolio as the company

has sold properties to other group companies. Operating profit/loss totalled SEK 1.8 million (SEK -68.3 m). The change in operating profit is the result of that the previous year contained a write-down of the value of one property. The profit/loss after financial items totals SEK 661.7 million (SEK 177.3 m) and has been affected by higher interest income

from lending to subsidiary companies as well as higher dividends from subsidiary companies which amounted to SEK 395 million (SEK 200 m). Interest-bearing liabilities amount to SEK 8,261 million (SEK 7,822 m). These funds finance the company's property portfolio and are lent on to other Group companies.

BALANCE SHEETS PARENT COMPANY

Amounts in SEK m	Note	31/12/2014	31/12/2013
ASSETS			
Fixed assets			
Tangible fixed assets			
Investment properties	16, 17	1,366.6	1,308.4
Machinery and equipment	18	7.8	10.1
Total tangible fixed assets		1,374.4	1,318.5
Financial fixed assets			
Participations in Group companies	20	2,422.1	2,223.6
Total financial fixed assets		2,422.1	2,223.6
Total fixed assets		3,796.5	3,542.1
Current assets			
Accounts receivable	22	2.3	1.1
Receivables from Group companies	4, 28	13,628.8	13,521.6
Tax receivables		24.4	37.9
Other receivables	23	10.5	15.3
Prepaid costs and accrued income	24	12.7	16.6
Liquid assets	28	321.2	102.5
Total current assets		13,999.9	13,695.0
Total assets		17,796.4	17,237.1
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital (133,220,736 shares, quota value: SEK 2.5)		333.0	333.0
Statutory reserve		265.4	265.4
		598.4	598.4
<i>Non-restricted shareholders' equity</i>			
Share premium reserve		3,948.4	3,948.4
Profit brought forward		2,219.6	2,115.8
Net profit/loss for the year		521.5	205.7
		6,689.6	6,270.0
Total shareholders' equity		7,288.0	6,868.4
Untaxed reserves	25	36.1	25.8
Provisions			
Deferred tax liability	26	235.5	212.8
Long-term liabilities			
Long-term interest-bearing liabilities	27, 28	7,350.1	6,768.8
Other long-term liabilities	29	25.2	22.5
Total long-term liabilities		7,375.3	6,791.3
Current liabilities			
Current interest-bearing liabilities	27, 28	910.8	1,053.6
Accounts payable		15.7	13.8
Liabilities to Group companies	4, 28	1,852.4	2,185.5
Other liabilities	30	7.4	5.9
Accrued costs and prepaid income	31	75.2	80.0
Total current liabilities		2,861.5	3,338.8
Total shareholders' equity and liabilities		17,796.4	17,237.1
MEMORANDUM ITEMS			
Collateral pledged for liabilities to credit institutions			
Property mortgages		1,351.4	1,324.3
Property mortgages made available by subsidiary companies		4,989.8	6,305.5
		6,341.2	7,629.8
Guarantee engagements			
Guarantee undertakings for subsidiary companies		200.0	575.0
Liabilities as limited partner in limited partnerships		157.0	151.3
		357.0	726.3

CHANGES IN SHAREHOLDERS' EQUITY PARENT COMPANY

Amounts in SEK m	Share capital	Statutory reserve	Share premium reserve	Profits brought forward	Total share-holders' equity
Opening balance as per 1 January 2013	333.0	265.4	3,948.4	2,486.8	7,033.6
Net profit/loss for the year				205.7	205.7
Dividend, SEK 2.85/share				-370.9	-370.9
Closing balance, as per 31 December 2013	333.0	265.4	3,948.4	2,321.6	6,868.4
Net profit/loss for the year				521.5	521.5
Sale of repurchased shares				295.1	295.1
Dividend, SEK 3.05/share				-397.0	-397.0
Closing balance, as per 31 December 2014	333.0	265.4	3,948.4	2,741.2	7,288.0

There are a total of 133,220,736 (133,220,736) shares, of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. At the end of the year, the number of outstanding shares amounted to 133,220,736 (130,156,988). The average number of outstanding shares for 2014 amounts to 132,071,831 (130,156,988). At the end of the year the company did not have any holding of own shares (previous year 3,063,748 class B shares). The quota value of the share is SEK 2.50.

STATEMENTS OF CASH FLOW PARENT COMPANY

Amounts in SEK m	Note	2014	2013
OPERATING ACTIVITIES			
Profit/loss before tax		558.4	205.5
Reversal of depreciation and write-downs	9	17.5	90.0
Reversal of the profit/loss on property sales		-	15.2
Unreceived dividends from subsidiary companies		-395.0	-200.0
Other items not included in the cash flow		-71.7	-89.5
Tax paid		-9.4	-8.4
Cash flow from operating activities before changes in working capital		99.8	12.9
Increase/decrease in current receivables		6.2	8.1
Increase/decrease in current liabilities		7.2	-22.8
Change in working capital		13.4	-14.7
Cash flow from operating activities		113.2	-1.8
INVESTMENT ACTIVITIES			
Participations in Group companies		-42.1	-20.1
Purchase/sale of machinery and equipment		-1.1	-0.7
Reconstruction and new construction of properties		-72.3	-150.8
Sale of properties		-	54.6
Cash flow from investment activities		-115.5	-117.0
FINANCING ACTIVITIES			
Change in other long-term liabilities		2.7	6.1
Change in receivables from Group companies		610.4	-2,194.2
Change in liabilities to Group companies		-720.4	767.0
Loans raised	27	2,180.4	3,959.8
Amortisation of debts	27	-1,750.2	-2,083.6
Sale of repurchased shares		295.1	-
Dividend paid		-397.0	-370.9
Cash flow from financing activities		221.0	84.2
Cash flow for the year		218.7	-34.6
Liquid assets at the beginning of the year		102.5	137.1
Liquid assets at the end of the year		321.2	102.5
Information on interest paid			
Interest received totalled		536.7	396.7
Interest paid totalled		-449.8	-432.0
Information on liquid assets at the end of the year			
Bank deposits		321.2	102.5

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SUPPLEMENTARY INFORMATION – NOTES

NOTE 1. ACCOUNTING PRINCIPLES

GENERAL INFORMATION

Atrium Ljungberg AB (publ.), company ID no.: 556175-7047, is registered in Sweden with registered offices in Nacka and visiting address of Sickla Industriväg 19, SE-131 04 Nacka. Atrium Ljungberg's class B share has been listed on the NASDAQ Stockholm Exchange since 1994. Atrium Ljungberg shall engage in the long-term ownership, development and management of retail properties, office properties and full-service environments in strong subsidiary markets, primarily in large urban regions, and shall engage in project and construction activities. The annual accounts and the consolidated accounts in respect of the 2014 financial year were approved for publication by the Board of Directors on 10 March 2015. It is proposed that the Income Statement and Balance Sheet contained in the Annual Accounts be adopted at the Annual General Meeting held on 21 April 2015.

GROUNDS FOR THE CONSOLIDATED ACCOUNTS

The Consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as of 31 December 2014. The Consolidated accounts have also been prepared in accordance with Swedish law through the application of RFR 1, Complementary accounting regulations for corporate groups, issued by the Swedish Accounting Standards Board.

Assets and liabilities are reported at acquisition values, with the exception of investment properties and derivative instruments, which are valued and reported at fair value. The consolidated accounting principles described have been applied consistently to all periods presented in the Group's financial reports, unless otherwise indicated below. The functional currency of the Parent Company is the Swedish krona, which is also the reporting currency for the Parent Company and the Group. All amounts are shown in SEK million unless otherwise indicated.

Significant assessments and assumptions in connection with the application of the Group's accounting principles

Preparing financial reports in accordance with IFRS requires the Board of Directors and the company management to make assessments and estimates that affect the application of the accounting principles and the reported values of assets, liabilities, income and expenses. Assumptions and estimates are based on, amongst other things, historical experience and other factors deemed relevant under the circumstances currently obtaining. These assumptions and estimates are used to assess the reported values of assets, liabilities, income and expenses whose value is not otherwise clear from other sources. The actual result may deviate from these estimates and assessments.

Assumptions and estimates are analysed regularly by the Board of Directors and senior management. Changes are reflected in the accounts for the period when the change is made if the change only affects the current period. If the change affects the current period and subsequent periods, the accounts are affected in accordance therewith. The assumptions deemed most significant when preparing the financial reports are described below.

The investment properties are valued at fair value. The valuation includes assessments and assumptions that are regarded as critical to the values reported. Assumptions made, uncertainty factors and assessments are described in greater detail in Note 15.

An assessment is made, in conjunction with the acquisition of companies, of whether the acquisition shall be classified as an asset acquisition or an operational acquisition. An asset acquisition is deemed to exist if the acquisition refers to properties but does not include any organisation or management processes required to conduct the operations. Other acquisitions are classified as operational acquisitions.

An assessment is made, in conjunction with property transactions, of when the transfer of risks and benefits occurs. This assessment acts as a guide to when the transaction is recognised.

An assessment of the potential for offset-

ting the deficit against future profits is made during valuation of loss carry-forwards.

Allocations to the guarantee reserve for construction work are made in the amount of 0.5 per cent of the contract sum during the guarantee period. The allocation is based on historical experience and an assessment of the risks inherent in ongoing projects. The allocations, as of 31 December 2014, exceed the costs expended for guarantee work during the year.

Consolidated accounts

The Consolidated accounts comprise the Parent Company, Atrium Ljungberg AB, and the companies over which the Parent Company has a controlling influence (subsidiary companies). The parent company has controlling influence when it is exposed to or has entitlement to variable yield from its engagement in a company and can affect the yield using influence over the company. This is normally fulfilled when the parent company directly or indirectly holds shares which represent more than 50 per cent of the votes. Controlling influence can also be exercised in ways other than through share ownership.

The results of subsidiary companies acquired or sold during the year are included in the Consolidated Statement of Comprehensive Income up to and including the date when the transaction occurred, i.e. when the controlling influence ceased.

If the accounting principles of the subsidiary companies deviate from those of the Group, the subsidiary companies' accounting is adjusted to comply with the same principles as other Group companies.

Internal transactions between Group companies and intra-Group transactions are eliminated in conjunction with the preparation of the consolidated accounts.

Acquisitions

During an acquisition an assessment is done to ascertain whether it is an operational acquisition or an asset acquisition. An operational acquisition is defined in accordance with IFRS 3 and requires that assets and liabilities which are acquired should comprise a business/operation. When a group of assets or net assets is acquired which does not

comprise a business/operation, it is classified as an asset acquisition.

For acquisition of a subsidiary, the assets of which only comprise a property and lack management organisation and administration, the acquisition is classified as an asset acquisition in most cases. The acquisition value of assets or net assets is divided among the individual identifiable assets and liabilities based on their relative fair values at the time of acquisition.

Acquisition of an independent business thus only comprises an operational acquisition and is reported using the acquisition accounting method. The acquisition value of an operational acquisition comprises the fair value on the transaction date of assets paid, of liabilities arising or assumed, and of the shareholders' equity instruments issued by the acquiring party in return for controlling influence over the acquired unit. Acquired and identifiable assets, liabilities and contingent liabilities are valued at fair value on the acquisition date. If the acquisition value of the participations acquired exceeds the sum of the fair value of acquired and identifiable assets, liabilities and contingent liabilities, the difference is reported as goodwill. If the acquisition cost is lower than the fair value calculated in the manner described above, the difference is reported directly in the Income Statement.

Minority interests are reported showing the minority owners' proportional share of the reported fair value of assets, liabilities and contingent liabilities. Any difference between the acquisition value of the participations acquired and the fair value of acquired and identified assets and liabilities in conjunction with the acquisition of minority holdings is reported directly to shareholders' equity.

Associated companies

Associated companies are companies in which the Group has a controlling influence, normally through a shareholding of minimum 20 per cent and maximum 50 per cent and is reported using the equity method. Under the equity method, participations in associated companies are reported at the acquisition value on the acquisition date and subsequently adjusted by the Group's share of the change in the associated company's net assets. The Group's book value of the shares in the associated companies corresponds to the Group's share in the associated companies' shareholders' equity and any residual value

of consolidated surplus and deficit values. Participations in associated companies are reported in Note 19.

Segment reporting

As of 1 January 2014, Atrium Ljungberg has changed its segment reporting to two lines of business: Property management and Project and construction activities. Property management is divided in a business area for retail and one for offices, as well as project properties and properties sold. Project and construction activities are divided into project development and the subsidiary TL Bygg. The identification of reportable segments is based on the internal reporting to the most senior executive decision maker which, for Atrium Ljungberg, is deemed to be the CEO. The Group is managed and reported on the basis of the result measurement of gross profit divided by the identified and reportable operating segments. Three profit and loss items are not divided by segment, namely central administration costs, financial items, and taxes. Accounting principles applied in the segment reporting concur with the consolidated accounting principles and presentation formats for the Income Statement.

INCOME STATEMENT

Revenue recognition

Revenue comprises rents and remuneration for external project and construction activities. All lease contracts are classified as operational leasing agreements. Rental income is distributed linearly over the term of the contract other than when the terms of the lease contract are such that a different form of distribution would better reflect the way in which the economic benefits attributable to the letting of the investment property change over time. Rental payments in advance are reported as prepaid income. The gross rent includes items in respect of costs passed on for property tax, electricity and heating. Substantial rent discounts have been distributed over the term of the contracts. Net sales-based rent has been estimated in the closing accounts on the basis of reported net sales data. Net sales-based rent is determined in subsequent years once tenants' auditors have determined the tenants' net sales. Any difference between the determined and estimated annual rent is reported as an amended determination in the period in which the annual rent is determined.

Project and construction revenue is reported as the project progresses, i.e. in accordance with so-called successive revenue recognition. The degree of recognition – the degree of completion – is primarily determined on the basis of project costs expended in relation to the estimated total engagement expenses in conjunction with completion. If the result of a project cannot be reliably calculated, a revenue is recognised that corresponds to expenses disbursed as of the closing day. Anticipated losses are reported immediately as a cost. The difference between recognised project revenue and as yet uninvoiced amounts is reported as an asset in accordance with the successive revenue recognition method. Equally, the difference between an invoiced amount and as yet unrecognised project revenue is reported as a liability.

Dividend income is reported when the shareholders' right to receive payment has been confirmed.

Interest income is reported over the interest term, applying the effective interest method. Effective interest is the interest that ensures that the current value of all future payments received and made during the fixed interest term is the same as the reported value of the receivable.

Property management costs

The concept property expenses includes both direct and indirect expenses of managing a property. Direct expenses relate to service charge-related costs, maintenance costs, leasehold fees and property tax. Service charge-related costs cover electricity, heating, cooling, water and sewage. Indirect expenses relate to costs of letting, rent administration and accounting.

Leasing

A leasing agreement is an agreement whereby a lessor grants a lessee the right, on agreed terms and conditions for a contractually agreed period of time, to make use of an asset in return for payment. Leasing is classified as either financial or operational leasing in the Consolidated accounts. A financial leasing agreement exists when the economic risks and benefits associated with ownership are transferred, in every significant respect, to the lessee. If this is not the case, then the agreement is an operational leasing agreement.

Atrium Ljungberg is the lessor in conjunction with the granting of premises to tenants

and lessees for vehicles and leasehold fees. Details of these agreements are shown in Notes 5 and 6. All leasing agreements are classified as operational leasing agreements in that a significant portion of the risks and benefits associated with ownership are retained by the lessor. Income and expenses in respect of leasing agreements are distributed linearly over the leasing period. Benefits received in conjunction with the signing of a leasing agreement are reported linearly in the Income Statement over the term of the leasing agreement. Increased leasing fees are distributed over the term of the leasing agreement.

Central administration

Central administration comprises the costs in connection with the company management and central support functions, and the costs of stock market quotation, for example, and other costs not associated with property administration. Central administration for project and construction work includes costs in connection with the CEO of TL Bygg and other support functions within the operations.

Remuneration to employees

Remuneration to employees in the form of salaries, paid leave, paid absence due to sickness etc., and pensions, are reported as they are earned. Pensions and other remuneration after employment ceases are classified as defined contribution or defined benefit pension plans.

Defined contribution pension plans

The company pays defined fees to a separate, independent legal entity for defined contribution pension plans and has no obligation to pay any additional fees. Costs are charged to the Group's profit/loss as the benefits are earned. The Group has only one defined benefit pension plan (the Alecta plan) for which information reliable enough to report it in accordance with the rules governing defined contribution pension plans is unavailable. See Note 8 for further details.

Changes in value

Changes in fair value for investment properties and financial instruments are reported in the Income Statement as unrealised changes in value.

Profits or losses arising in conjunction with the sale or disposal of investment properties comprise the difference between

the sale price and the reported value which is based on the most recently conducted valuation at fair value. Profits or losses from a sale of an investment property are reported as realised changes in value in the Income Statement. A property sale is reported on the date of contract, unless there are specific contractual terms and conditions in the purchase agreement.

Write-downs of goodwill occur in connection with the sale of property which has goodwill connected to it and for changed nominal tax rate.

Taxes

Current tax is calculated on the basis of the taxable profit/loss for the period and is reported as an expense or income in the Income Statement. The taxable profit/loss differs from the reported profit/loss in the Income Statement in that it has been adjusted for non-taxable income and non-deductible expenses and for income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated using the tax rates confirmed or announced as of the closing day.

Property tax and advertising tax are reported as property expenses and payroll tax as property expenses and central administration. The obligation to pay property tax is based on the existing property portfolio at the start of the year. Due to this, the entire property tax is entered as a liability on 1 January every year to later be distributed linearly over the year. The share which is not carried as an expense is reported as a prepaid cost.

Deferred tax is reported on the difference between the reported and fiscal values of assets and liabilities. Changes in the reported deferred tax receivable or liability are reported as an expense or income in the Income Statement, except when the tax is related to items which are reported in Other comprehensive income.

BALANCE SHEET

Investment properties

Investment properties, i.e. properties held in order to generate rental income and/or increased value gains, are reported on an ongoing basis at fair value in the Balance Sheet. The valuation took place in accordance with level 3 in the IFRS valuation hierarchy and is based on estimated market values, which correspond to the value at which ownership of a property could be transferred

between knowledgeable parties who are mutually independent and who have an interest in completing the transaction. Changes in fair value are reported in the Income Statement as unrealised changes in value. See Note 15 for details of property valuation.

The term investment properties includes buildings and land, land improvement, building and land-related equipment as well as on-going work. Any properties that are being built or developed for future use as investment properties are also reported as investment properties.

Investments in investment properties are initially reported at acquisition value. The acquisition value includes transaction costs, legal costs and stamp duty directly related to acquisitions and any additional mortgage deed and loan costs. Borrowing costs are capitalised in conjunction with major renovation or new construction projects to the extent that they have arisen during the construction period. Interest expenses are calculated on the basis of the Group's average interest rate on all loans.

Expenses in connection with renovation and maintenance work that has entailed an economic benefit for the Group and which can be calculated reliably, are capitalised. Other expenses in connection with repairs and ongoing maintenance are reported as repair costs and are included in the operating surplus. Property sales are reported in conjunction with the transfer of the risks and benefits associated with title from the vendor to the purchaser, which normally coincides with the contract date unless the specific contractual terms and conditions mandate that this occurs on some other date.

If the company uses a property for its own internal purposes, e.g. for administrative purposes, the property only constitutes an investment property if a minority of the property is used for internal purposes.

Tangible fixed assets

Tangible fixed assets are reported at the acquisition value less accumulated depreciation and write-downs. The acquisition value includes expenses directly attributable to the acquisition of the asset. Additional expenses are added to the asset's reported value or reported as a separate asset only if it is likely that future economic benefits associated with the asset will be received by the Group and when the acquisition value of the asset can be reliably calculated.

The useful life of computer equipment and of other machinery and equipment has been calculated at three years and five years, respectively. Depreciation is effected linearly over the useful life and is reported in the Income Statement as expenses in the property management or on the line for central administration. The residual value of the assets and their useful life is reviewed on every closing day and adjusted when necessary.

Write-downs and reversals of write-downs

An impairment test of the Group's assets is conducted in conjunction with the preparation of annual accounts. An asset's reported value is written down to its recoverable amount if its reported value exceeds the recoverable amount. The recoverable amount comprises whichever is the higher of the value in use and the fair value, minus selling expenses. When conducting an impairment test, assets are grouped together at the lowest levels at which there are separate, identifiable revenue streams (known as cash-generating units). If there are any indications that a previous write-down is no longer justified, either wholly or in part, the asset's reported value shall be increased. Write-downs are reported as a cost in the Income Statement.

Goodwill

Goodwill arising in conjunction with the preparation of the Consolidated accounts comprises the difference between the acquisition value and the Group's share of the fair value of an acquired subsidiary company's identifiable net assets on the acquisition date. Goodwill reported within the Group is attributable to the difference between nominal tax and calculated tax applied in conjunction with operational acquisitions. The company's goodwill is, therefore, fully linked to the deferred tax. Goodwill is reported on the acquisition date at the acquisition value and is subsequently valued at the acquisition value after any deductions for write-downs.

When conducting impairment testing, goodwill is allocated to the cash-generating units that are expected to benefit from the synergies arising in conjunction with the acquisition. Goodwill impairment testing shall be carried out annually, or more frequently if there is any indication that the reported value may not be recoverable. If the recovery value of a cash-generating unit is determined to be lower than the reported value, the write-down amount shall be allocated, starting

with a reduction in the value of goodwill attributed to the cash-generating unit, followed by a reduction in the reported value of goodwill attributable to other assets within a unit. Any reported write-downs of goodwill may not be reversed in a subsequent period.

The remaining reported value of goodwill is taken into account when calculating the capital gain or loss in conjunction with the sale of a subsidiary company or associated company.

Financial instruments

A financial instrument is each form of agreement which gives rise to a financial asset or financial liability. Financial assets in the Balance Sheet refer to loans receivable, derivatives, rents receivable, accounts receivable, other receivables and liquid assets. Financial liabilities refer to loans payable, derivatives, other current liabilities and accounts payable. Reporting of financial instruments in the Balance Sheet takes place when the company becomes a party to the instrument's contractual terms and conditions. An asset is eliminated from the Balance Sheet when the rights contained in the agreement are realised, fall due, or when the company loses control over it. A liability is eliminated from the Balance Sheet when the undertaking in the agreement is fulfilled or otherwise ceases to obtain. Trading date accounting is applied for derivative instruments and settlement date accounting for on demand purchases or sales of financial assets. The company conducts impairment testing on every closing day to determine whether there are objective indications that events indicate a requirement to write down a financial asset or group of financial assets.

The financial instruments of the Group are classified in accordance with the following and specified in Note 28.

- Financial assets are valued at fair value via the Income Statement
- Loan receivables and accounts receivable
- Financial liabilities valued at fair value via the Income Statement
- Other financial liabilities

Financial assets/liabilities valued at fair value via the Income Statement

The Group's derivative instruments are included in this category. These are valued at their fair value in the Balance Sheet and reported as an asset if the fair value is positive for Atrium Ljungberg and as a liability if the

fair value is negative. Changes in fair value are reported in the Income Statement as unrealised changes in value of financial instruments. The purpose of derivative instruments is to achieve the desired fixed interest term for its interest-bearing liabilities. The risk hedged is the risk of changes in future interest payments resulting from changes in market interest rates for a given portion of the company's liabilities to credit institutions.

Before 2012 the Group applied hedge accounting to the derivative instruments. The hedging reserve in respect of derivatives to which hedge accounting was previously applied is reversed linearly to Other comprehensive income for the terms of the respective derivatives.

Determining fair value for financial instruments

The fair value of derivatives (interest swap agreements) is determined by discounting estimated cash flows. The discounting is based on observable yield curves. Yield curves are based on current market interest rates on the closing day. The fair value is, therefore, determined in accordance with level 2 of IFRS 13. Atrium Ljungberg currently has no financial assets or liabilities where the valuation is based on level 1 or 3. The reported value for all financial assets and liabilities, unless otherwise stated in a Note to the Accounts, is deemed to constitute a good approximation of the fair value.

Loan receivables and accounts receivable

This category includes loan receivables, rents receivable, accounts receivable, other receivables and liquid resources. Receivables are valued at amortized cost. Loan receivables and accounts receivable with a short term are valued at nominal acquisition value without discounting less receivables deemed to be doubtful. Write-downs of accounts receivable are reported in expenses for property management activities.

Liquid assets/cash and bank balances

Liquid assets comprise investments with a term of three months or less that can easily and with an insignificant risk of changes in value be converted to cash. Atrium Ljungberg's financial policy states that investments of liquid resources are only permitted in cash, treasury bills or fixed income funds and must be convertible to liquid assets within 3 days.

Other financial liabilities

Other financial liabilities refer to loans payable, other current liabilities and accounts payable. Loans payable are reported at amortized cost, which means that expenses in connection with borrowing are distributed over the term of the loan. Other current liabilities and accounts payable with a short term are reported at nominal acquisition value.

Long-term liabilities have an anticipated term in excess of one year while current liabilities have an anticipated term of less than one year. Current liabilities which are covered by unutilised long-term credit agreements are considered to be long-term.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported in a net amount in the Balance Sheet when a legal right to offset exists and when an intention to regulate the items with a net amount or to simultaneously realise the asset and settle the debt exists. The derivative agreements (ISDA agreements) include an option to net obligations in respect of the same counterparty and the Group's derivatives are thereby offset.

Provisions

Provisions are reported in the Balance Sheet when an undertaking exists and it is likely that the undertaking must be fulfilled and that the amount can be reliably calculated but the date when the undertaking must be fulfilled is unknown or unclear. Provisions are reported in the Consolidated Balance Sheet as long-term or current liabilities.

Deferred tax

Deferred tax is reported on the difference between the reported value of assets and liabilities in the financial reports and the fiscal value used when calculating the taxable result. Deferred tax is reported using the so-called Balance Sheet method. Deferred tax liabilities are reported for, in principle, all taxable temporary differences, and deferred tax receivables are reported for, in principle, all deductible temporary differences to the extent that it is likely that the amounts can be used to offset future taxable surpluses. Deferred tax liabilities and tax receivables are not reported if the temporary difference is attributable to goodwill or if they arise as a result of a transaction that constitutes the first reporting of an asset or liability (which

is not a corporate acquisition) and which, at the time of the transaction, affects neither the reported nor the fiscal profit/loss.

The reported value of deferred tax receivables is reviewed in conjunction with the preparation of every set of financial statements and reduced to the extent that it is no longer likely that sufficient taxable surpluses will be available for offsetting, either wholly or in part, against the deferred tax receivable.

Deferred tax is calculated using the tax rates expected to apply for the period during which the asset is recovered or the debt settled, based on the tax rates (and tax legislation) confirmed or announced as of the closing day. Deferred tax receivables and tax liabilities are offset when they are attributable to income tax levied by the same authority and when the Group intends to settle the tax demand using a net amount.

Contingent liabilities

A contingent liability is reported when a possible undertaking exists as a result of a transpired event or any future uncertainty that is not reported as a liability or provision, in that an outflow of resources is unlikely.

Statements of cash flow

Statements of cash flow are prepared using the indirect method, in accordance with IAS 7, and the profit/loss is consequently adjusted for transactions that have not entailed payments received or made and for income and expenses that can be attributed to investment and/or financial activities.

PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company applies the same accounting principles as the Group with the exceptions and additions regulated in the RFR 2, Reporting for legal entities recommendation issued by the Swedish Financial Reporting Board. This means that in its annual accounts for the legal entity the Parent company shall apply all of the IFRS standards and pronouncements approved by the EU wherever this is possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act and with reference to the link between accounting and taxation.

Dividends, group contributions and shareholders' contribution

Received dividend is reported when the shareholders' right to receive payment has been confirmed. If it is deemed to be certain that a later decision on dividends will be decided at the upcoming Annual General Meeting in the paying subsidiary company, the parent company enters the income earlier, referred to as anticipatory dividend.

Group contributions received and made are reported as appropriations.

Paid shareholders' contribution is reported in the parent company as an increase of participations in subsidiary companies and in the receiving subsidiary company as an increase in non-restricted shareholders' equity.

Investment properties, parent company

Properties are valued at the acquisition value less accumulated depreciation and write-downs and come under the heading of Investment properties in the Parent Company's Balance Sheet. The term investment properties includes buildings and land, land improvement, building and land-related equipment as well as ongoing work.

Expenses which entail future financial benefits and where the expense can be calculated in a reliable manner have been added to the acquisition value. Ongoing maintenance which is not covered by the afore-mentioned description has been carried as an expense.

Depreciation according to plan is charged to the operating profit/loss of the Parent Company. Depreciation according to plan is effected in the amount of 1 per cent of the acquisition value for buildings, land improvements and building equipment. The buildings are fiscally depreciated in the amount of between 2 and 4 per cent of the acquisition value, while land improvements are depreciated in the amount of 5 per cent. Building equipment is fiscally depreciated in the amount of 20–30 per cent of the acquisition value. The difference between depreciation according to plan and fiscal depreciation is reported under appropriations. Deferred tax on the difference between booked and fiscal depreciation of buildings and land improvements is reported as deferred tax in the Income Statement and as a deferred tax liability in the Balance Sheet.

Participations in Group companies

Participations in Group companies are reported using the acquisition value method. Acquisition-related costs for subsidiary companies, which are carried as expenses in the Consolidated accounts, are included in the acquisition value for participations in subsidiary companies. Impairment testing of the reported value of participations in subsidiary companies is carried out when there are indications that a write-down requirement exists.

Provisions and financial guarantee agreements

Provisions are reported under a separate heading in the Parent Company's Balance Sheet. The Parent Company applies the relaxation rule in RFR 2 with regard to the reporting of financial guarantee agreements to the benefit of subsidiary companies and associated companies, which means that IAS 39 is not applied to such guarantee agreements. Rather, the Parent Company reports a provision in respect of financial guarantee agreements when the company has an undertaking for which an outflow of resources will probably be required in order to settle the obligation.

Untaxed reserves

The amount allocated to untaxed reserves in the Parent Company comprises taxable temporary differences. The deferred tax liability attributable to the untaxed reserves in the Parent Company is not reported separately due to the link between accounting and taxation. Untaxed reserves are, however, broken down within the Group, with 78 per cent reported as shareholders' equity and 22 per cent as deferred tax liabilities.

NEW ACCOUNTING PRINCIPLES

The new and amended standards and interpretations which have been applied as of 1 January 2014 have had no significant effect on Atrium Ljungberg's financial reports, but have impacted the submitted disclosures.

- **IFRS 10 Consolidated Financial Statements.** The standard contains uniform regulations governing which units shall be consolidated, and has replaced IAS 27 Consolidated and Separate Financial Statements, and SIC 12, which addresses so-called Special Purpose Entities. The standard has not had any material effect on the financial reports.
- **IFRS 11 Joint Arrangements.** The standard addresses the reporting of so-called joint arrangements and has replaced IAS 31 Interests in joint ventures. Atrium Ljungberg currently has no units to which the new standard will apply.
- **IFRS 12 Disclosure of Interests in Other Entities.** Augmented disclosure requirements for subsidiary companies, joint arrangements and associated companies have been grouped together within a single standard and have resulted in a limited increase in disclosures.
- **Amendment to IAS 32 Financial instruments Classification with respect to offsetting financial assets and liabilities.**
- **IFRIC 21 Levies.** The interpretation clarifies when a liability for levies should be reported. Levies are charges/taxes which state or equivalent bodies impose on companies in accordance with laws/ordinances with the exception of income taxes, penalties and fines. In its accounts as per 30 June 2014, Atrium Ljungberg has entered the total property tax for the year as a liability for the properties we own at the start of a calendar year. This liability item is distributed continuously during the year.

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

The International Accounting Standards Board (IASB) has issued a number of amendments to standards which will enter into force in 2015 and 2016. None of these are expected to have any significant impact on Atrium Ljungberg's financial reports.

- **IFRS 9 Financial Instruments.** The standard will replace IAS 39 Financial instruments: Recognition and Measurement. It contains rules for classification and valuation of financial assets and liabilities, write-down of financial instruments and hedge accounting. The standard should be applied as of 2018 but has not yet been approved by the EU. Atrium Ljungberg has not yet evaluated the new standard but preliminarily assesses that it will not have any significant impact on the financial reports.
- **IFRS 15 Revenue from Contracts with Customers.** The standard addresses the reporting of income from contracts and from the sale of certain non-financial assets. It will replace IAS 11 Construction Contracts and IAS 18 Revenue as well as related interpretations. The standard should be applied as of 2017 but has not yet been approved by the EU. Atrium Ljungberg has not yet evaluated the new standard but preliminarily assesses that it will have a limited impact on the financial reports.

NOTE 2. SEGMENT REPORTING

Atrium Ljungberg's segmentation is based on two business areas: property management and project and construction activities. Property management is divided into the Business areas Retail,

Business area Offices and Project properties. Project and construction activities are divided into Project development and TL Bygg.

2014	Business area Retail	Business Area Offices	Project properties	Properties sold	Property man- agement, total	Project development ¹⁾	TL Bygg	Project and construction work in total	Non-allocated items and eliminations	The Group
Amounts in SEK m										
Rental income	1,098.0	827.6	44.5	10.4	1,980.5					1,980.5
Net sales, project and construction work						24.3	418.1	442.4	-111.6	330.8
Net sales	1,098.0	827.6	44.5	10.4	1,980.5	24.3	418.1	442.4	-111.6	2,311.3
Property management costs	-387.1	-228.0	-16.7	-4.1	-635.9					-635.9
Project and construction work costs						-64.4	-388.8	-453.2	111.6	-341.6
Gross profit/loss	710.9	599.6	27.8	6.3	1,344.6	-40.1	29.3	-10.8	0.0	1,333.8
– of which gross profit/loss from property management	710.9	599.6	27.8	6.3	1,344.6					1,344.6
– of which gross profit/loss from project and construction work						-40.1	29.3	-10.8		-10.8
Central administration, property management					-53.3					-53.3
Central administration, project and construction work							-14.0	-14.0		-14.0
Financial income									1.5	1.5
Financial expenses									-424.5	-424.5
Profit/loss before changes in value	710.9	599.6	27.8	6.3	1,291.3	-40.1	15.3	-24.8	-423.0	843.5
Unrealised changes in value, properties	301.9	476.5	82.2		860.6					860.6
Realised changes in value, properties				8.3	8.3					8.3
Unrealised changes in value, financial instruments									-894.0	-894.0
	301.9	476.5	82.2	8.3	868.9				-894.0	-25.1
Current tax									-16.2	-16.2
Deferred tax									-157.0	-157.0
Profit for the period	1,012.8	1,076.1	110.0	14.6	2,160.2	-40.1	15.3	-24.8	-1,490.2	645.2
Investments and acquisitions per business segment										
Investments, investment properties	149.1	120.2	437.3		706.6					706.6
Investments, project and construction work							0.4	0.4		0.4
Acquisitions, investment properties		1,318.0	355.0		1,673.0					1,673.0
	149.1	1,438.2	792.3		2,379.6		0.4	0.4		2,380.0
Assets per business segment, period end										
Investment properties	13,924.5	12,236.9	2,002.0		28,163.4					28,163.4
Project and construction work						105.9	105.9			105.9
Non-allocated assets in common									1,006.3	1,006.3
Total assets	13,924.5	12,236.9	2,002.0		28,163.4	105.9	105.9	1,006.3		29,275.6

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

100 per cent of the income was generated in Sweden, i.e. in the country in which Atrium Ljungberg has its registered office. The intra-group sales in respect of project and construction activities within the Group totalled SEK 112 million (SEK 114 m) and have been eliminated in the Group's net sales.

Engagement expenses in respect of ongoing engagements in accordance with construction agreements totalled SEK 245 million

(SEK 266 m) and the reported profit totalled SEK 7.4 million (SEK 16.5 m). Sums received from the client for ongoing engagements total SEK 6.3 million (SEK 1.5 m). Project and construction work assets comprise fixed assets and current assets, excluding liquid assets. No customer accounts for more than 10 per cent of the company's total revenue.

2013	Business area Retail	Business Area Offices	Project properties	Properties sold	Property man- agement, total	Project development ¹⁾	TL Bygg	Project and construction work in total	Non-allocated items and eliminations	The Group
Amounts in SEK m										
Rental income	1,061.2	818.0	1.3	75.7	1,956.2					1,956.2
Net sales, project and construction work						27.3	491.8	519.1	-113.8	405.3
Net sales	1,061.2	818.0	1.3	75.7	1,956.2	27.3	491.8	519.1	-113.8	2,361.5
Property management costs	-373.9	-246.8	-0.9	-37.3	-658.9					-658.9
Project and construction work costs						-67.6	-440.5	-508.1	113.8	-394.3
Gross profit/loss	687.3	571.2	0.4	38.4	1,297.3	-40.3	51.3	11.0	0.0	1,308.3
– of which gross profit/loss from property management	687.3	571.2	0.4	38.4	1,297.3					1,297.3
– of which gross profit/loss from project and construction work						-40.3	51.3	11.0		11.0
Central administration, property management					-47.1					-47.1
Central administration, project and construction work							-14.4	-14.4		-14.4
Financial income									2.8	2.8
Financial expenses									-420.6	-420.6
Profit/loss before changes in value	687.3	571.2	0.4	38.4	1,250.2	-40.3	36.9	-3.4	-417.8	829.0
Unrealised changes in value, properties	240.2	72.0	-169.7		142.5					142.5
Realised changes in value, properties				-1.6	-1.6					-1.6
Unrealised changes in value, financial instruments									342.6	342.6
Write-downs, goodwill				-33.4	-33.4					-33.4
	240.2	72.0	-169.7	-35.0	107.5				342.6	450.1
Current tax									6.1	6.1
Deferred tax									-176.9	-176.9
Profit for the period	927.5	643.2	-169.3	3.4	1,357.7	-40.3	36.9	-3.4	-246.0	1,108.3
Investments and acquisitions per business segment										
Investments, investment properties	71.0	137.4	1,093.4		1,301.8					1,301.8
Investments, project and construction work							1.0	1.0		1.0
	71.0	137.4	1,093.4		1,301.8		1.0	1.0		1,302.8
Assets per business segment, period end										
Investment properties	12,709.5	10,030.5	2,268.5		25,008.5					25,008.5
Project and construction work						73.4	73.4			73.4
Non-allocated assets in common									1,748.4	1,748.4
Total assets	12,709.5	10,030.5	2,268.5		25,008.5		73.4	73.4	1,748.4	26,830.3

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

Comparison figures for 2013 were adjusted in accordance with new segment reporting.

NOTE 3. CENTRAL ADMINISTRATION

Central administration comprises the costs in connection with the Board of Directors, the CEO, and other senior executives, and of audit and corporate costs in respect of, inter alia, the provision of information for shareholders, the costs of maintaining the stock market listing, and the production of the annual accounts, together with depreciation of machinery and equipment associated with the administration. See Note 9.

Fees and expenses paid to auditors	The Group		Parent Company	
	2014	2013	2014	2013
Audit engagement:				
Ernst & Young AB	1.5	1.2	1.5	1.2
Accounting engagements over and above audit engagements:				
Ernst & Young AB	0.3	0.2	0.3	0.2
Tax consultancy:				
Ernst & Young AB	0.1	0.1	0.1	0.1
Total	1.9	1.5	1.9	1.5

NOTE 4. DISCLOSURE OF RELATED PARTIES

The following legal entities and physical persons have been identified as related parties of Atrium Ljungberg AB:

- All companies within the Atrium Ljungberg Group, see note 20
- Board members and company management and their close family members
- Companies controlled by board members, company management or their family members
- Our principal owners, the Stockholm Consumer Cooperative society, the Ljungberg family with companies and the Family Holmström with companies

Transactions and dealings between the parent company and other group companies

	Parent Company	
	2014	2013
Sale to subsidiary companies	114.8	104.4
Purchasing from subsidiaries	-31.6	-35.4
Interest income from subsidiaries	536.3	394.7
Dividends from subsidiaries	395.0	200.0
Interest expenses to subsidiaries	-129.7	-129.1
Receivables from related parties (Group companies)	13,628.8	13,521.6
Liabilities to related parties (Group companies)	1,852.4	2,185.5

Other

The board member Simon de Château is the owner of Alma Property Partners. No transactions between Alma Property Partners and Atrium Ljungberg have taken place during the year. Furthermore, a company which is owned by one board member is leasing premises in one of our properties. Atrium Ljungberg also sells management services to one of the principal owners. The sale took place on market terms and at an insignificant amount for both parties.

Remuneration to the Board of Directors and company management is shown in Note 8.

NOTE 5. LEASE CONTRACTS

The reported annual rent for agreed lease contracts totalled SEK 2,090 million (SEK 1,900 m) in the first quarter of 2015 within the Group, SEK 161 million (SEK 158 m) of which was within the Parent Company.

Premises, Contract	The Group		Parent Company	
	Rent, SEK m	Percentage, %	Rent, SEK m	Percentage, %
Maturity structure				
2015	322	15	37	23
2016	388	19	14	8
2017	423	20	17	10
2018	294	14	3	2
2019	166	8	31	19
2020	90	4	1	1
2021 and thereafter	288	14	0	0
Garage/parking	48	2	12	7
Residentials	72	3	47	29
Total	2,090	100	161	100

	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %
Letting rate, Q1 2015¹⁾			
Business area Retail	1,149	1,100	96
Business area Offices	975	916	94
Total	2,124	2,016	95
Project properties	122	73	60
Total	2,246	2,090	93

¹⁾ Reported letting rates are based on the immediately subsequent quarter after the accounting date.

Lease contracts for retail space contain contractual terms that mandate a minimum rent and a net sales clause. One per cent of the contracted annual rent excluding surcharge comprises the net sales surcharge in addition to the minimum rent.

NOTE 6. LEASEHOLD AGREEMENTS AND OTHER LEASING AGREEMENTS

The year's leasehold fees totalled SEK 13.6 million (SEK 24.7 m), SEK 6.7 million (SEK 6.8 m) of which refers to the Parent Company. Lower costs for leasehold fees compared to the previous year primarily relate to Farsta and Tranbodarne 12 by Slussen.

Leasehold agreements	The Group		Parent Company	
	Rent, SEK m	Percentage, %	Rent, SEK m	Percentage, %
Maturity structure				
2015	4.7	13	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019 and thereafter	31.2	87	6.7	100
Total	35.9	100	6.7	100

Leasing agreements

Agreed leasing agreements refer primarily to vehicles and copying machines and have a maturity date of less than 3 years. The year's leasing costs in this category totalled SEK 3.6 million (SEK 3.7 m), while remaining costs totalled SEK 11.0 million (SEK 8.8 m).

NOTE 7. PERSONNEL

	The Group		Parent Company	
Average number of employees	2014	2013	2014	2013
Men	218	225	93	94
Women	64	60	59	56
	282	285	152	150
Gender breakdown – Board of Directors and management				
Men, Board	6	5	–	–
Women, Board	1	1	–	–
Men, company management	4	4	–	–
Women, company management	4	4	–	–

NOTE 8. SALARIES, OTHER REMUNERATION AND PAYROLL OVERHEADS

	The Group		Parent Company	
SEK k	2014	2013	2014	2013
Board of Directors and senior executives				
Salaries	15,646	13,885	15,646	13,885
Payroll overheads	5,662	4,776	5,662	4,776
Pension costs	3,522	3,108	3,522	3,108
Other				
Salaries	126,558	128,468	72,292	70,992
Payroll overheads	40,820	42,475	23,982	23,705
Pension costs	15,192	11,966	11,322	8,416
Total	207,400	204,678	132,420	124,882

Senior executives' terms and remuneration

Salaries and other terms of employment for the company management shall be market-based and competitive, but shall not be market leaders in terms of salary paid in relation to other comparable companies. The guidelines shall apply for the senior management team which consists of the CEO and seven other senior executives. The CEO's remuneration shall be proposed by the Chairman and determined by the Board of Directors. Remuneration payable to other members of the senior management team shall be proposed by the CEO and approved by the Board. Remuneration payable to the senior company management team, including the CEO, comprises a fixed salary. No variable salary or performance-related remuneration shall be payable. The CEO's retirement age is 62, while that of the other members of the company management is 65. Pension plans are defined contribution plans, and the company hence has no additional obligations after payment of the annual premiums.

The CEO shall, if notice of termination is given by the company, be entitled to a 12 month notice period and severance pay corresponding to 12 months' salary. No other severance pay is payable. Other members of the senior management have notice periods of up to 6 months. The terms and conditions applied by the company for other Group employees, either in accordance with collective agreements or in accordance with unilateral undertakings by the company to the employees, shall otherwise apply, where applicable, to the company management. Departure from the above-mentioned guidelines by the Board of Directors is permitted if there are specific grounds for doing so in a particular instance.

The company management team is presented on page 111.

Note 8, cont.

	Basic salary/ Directors' fees	Other remuner- ation	Other benefits	Pension costs	Share- related remun- eration	Total
2014 SEK k						
Chairman of the Board						
Dag Klackenberg	400	–	–	–	–	400
Other Members of the Board						
Anna Hallberg	200	–	–	–	–	200
Erik Langby	200	–	–	–	–	200
Johan Ljungberg	200	–	–	–	–	200
Simon de Château	200	–	–	–	–	200
Sune Dahlqvist	200	–	–	–	–	200
Thomas Evers	200	–	–	–	–	200
	1,600	–	–	–	–	1,600
CEO, Ingalill Berglund	3,694	–	49	937	–	4,680
Other senior executives	9,811	216	276	2,585	–	12,888
	13,505	216	325	3,522	–	17,568
Total	15,105	216	325	3,522	–	19,168

	Basic salary/ Directors' fees	Other remuner- ation	Other benefits	Pension costs	Share- related remun- eration	Total
2013 SEK k						
Chairman of the Board						
Dag Klackenberg	400	–	–	–	–	400
Other Members of the Board						
Anders Nylander	200	–	–	–	–	200
Anna Hallberg	200	–	–	–	–	200
Johan Ljungberg	200	–	–	–	–	200
Sune Dahlqvist	200	–	–	–	–	200
Thomas Evers	200	–	–	–	–	200
	1,400	–	–	–	–	1,400
CEO, Ingalill Berglund	3,044	–	44	937	–	4,025
Other senior executives	9,034	72	291	2,171	–	11,568
	12,078	72	335	3,108	–	15,593
Total	13,478	72	335	3,108	–	16,993

Pensions

Undertakings for old age pensions and family pensions for salaried workers in Sweden are secured through an insurance policy with Alecta. According to a statement issued by the Swedish Financial Reporting Board, UFR 3, this is a defined benefit plan that comprises several employers. A pension plan in accordance with ITP (supplementary pensions for salaried employees) that is secured through an insurance policy with Alecta shall, for those financial years for which the company has not had access to information that enables this plan to be reported as a defined benefit plan, be reported as a defined contribution plan. The year's pension insurance fees in accordance with ITP for the policy with Alecta total SEK 6.1 million (SEK 5.6 m). Alecta's surplus may be allocated to the policyholders and/or those insured. At the end of 2014, Alecta's surplus in the form of the collective consolidation level totalled 143 per cent (148 %).

NOTES

Note 8, cont.

The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance undertakings calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond to IAS 19.

The CEO of the Parent Company may retire from the age of 62. The premium is a defined contribution one, and the company consequently has no additional undertaking once the annual premium has been paid. The pensionable age for senior executives other than the CEO is 65. All pensions are, with the exception of the defined benefit ITP plan in accordance with collective agreements, defined benefit pension plans.

NOTE 9. DEPRECIATION AND WRITE-DOWNS

	The Group		Parent Company	
	2014	2013	2014	2013
Depreciation in management and production				
Investment properties	–	–	14.1	13.6
Machinery and equipment	3.3	2.9	0.2	0.2
	3.3	2.9	14.3	13.8
Write-downs in management and production				
Ongoing work	–	–	–	73.0
Depreciation in central administration				
Machinery and equipment	3.2	3.2	3.2	3.2
Total	6.5	6.1	17.5	90.0

NOTE 10. GROSS PROFIT/LOSS PROJECT AND CONSTRUCTION WORK

	The Group		Parent Company	
	2014	2013	2014	2013
Gross profit/loss, TL Bygg AB	29.3	49.6	–	–
Development project costs that cannot be capitalised	–40.1	–38.6	–33.5	–24.4
Total	–10.8	11.0	–33.5	–24.4

NOTE 11. RESULT OF PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	2014	2013
Dividends from subsidiaries	395.0	200.0
Result of participations in Sickla Industri-fastigheter KB, 916616-1720	184.7	81.6
Total	579.7	281.6

NOTE 12. FINANCIAL INCOME AND EXPENSES

	The Group		Parent Company	
	2014	2013	2014	2013
Financial income				
Interest income	0.3	1.5	0.2	1.5
Other interest income	0.5	0.4	0.0	0.1
Interest income, tax-free	0.6	0.6	0.2	0.3
Other financial income	0.1	0.3	0.0	0.0
Group interest income	–	–	536.3	394.7
Total	1.5	2.8	536.7	396.7

Financial expenses				
Interest expenses	–423.7	–417.1	–326.4	–301.4
Other interest expenses	–0.4	–1.2	–0.1	–1.2
Non-deductible interest expenses	–0.1	–1.3	–	0.0
Other financial expenses	–0.3	–1.0	–0.3	–1.0
Group interest expenses	–	–	–129.7	–129.1
Total	–424.5	–420.6	–456.5	–432.7

Of which interest income and expenses of financial assets/liabilities which are valued at accrued acquisition value:

Interest income	0.8	1.9	536.5	396.3
Interest expenses	–424.1	–418.3	–456.2	–431.8

During the year, SEK 15.2 million (SEK 39.5 m) of interest expenses which relate to investments in the Group's own properties has been capitalised. The average interest rate which has been used during the calculation amounts to 3.6 per cent (3.7 per cent). Interest expenses for investments in own properties have been carried as an expense in the Parent Company.

NOTE 13. GOODWILL

On 17 October 2006, LjungbergGruppen AB acquired all of the shares in Atrium Fastigheter AB through payment in the form of newly issued shares. The closing rate on 16 October 2006 has been used to calculate the acquisition value and shareholders' equity. Goodwill arose in conjunction with the acquisition that was attributable to the difference between nominal tax and the estimated tax for costing purposes applied in conjunction with the acquisition. Goodwill is consequently entirely connected with deferred tax.

	The Group	
	2014	2013
Opening acquisition value	361.8	403.7
Sale of property	–0.1	–41.9
Closing accumulated acquisition value	361.7	361.8
Opening write-downs	–87.6	–96.1
Sale of property	0.0	8.5
Closing accumulated write-downs	–87.6	–87.6
Closing balance	274.2	274.3

NOTE 14. TAX

Tax calculation The Group	Current tax		Deferred tax	
	2014	2013	2014	2013
Reported profit/loss before tax	818.4	1,279.1	–	–
Fiscally deductible				
depreciation	–531.1	–613.3	531.1	613.3
investments	–156.2	–128.8	156.2	128.8
Non-taxable/non-deductible				
changes in the value of properties, unrealised	–860.6	–142.5	860.6	142.5
changes in the value of properties, realised	–8.3	1.6	–27.3	–526.4
changes in the value of financial instruments, unrealised	894.0	–342.6	–894.0	342.6
consolidated capitalisation of borrowing costs	–15.2	–46.9	15.2	46.9
goodwill write-downs	0.0	33.4	–	–
other income and expenses	4.3	5.4	3.0	–3.0
Other fiscal adjustments	–1.7	–1.4	–	–7.3
Fiscal profit/loss before loss carry-forwards	143.6	44.1	644.8	737.3
Loss carry-forwards from previous tax assessments	–23.1	–16.3	23.1	16.3
Fiscally deductible investments, adjustment from previous years	–61.8	–48.9	60.6	48.9
Other adjustments of loss carry-forwards from previous tax assessments	3.3	–2.0	–	–
Property acquisition through companies	–108.5	–	–	–
Loss carry-forwards, closing balance	122.8	23.1	–14.3	–23.1
Taxable profit/loss	76.3	–	714.2	779.4
Of which 22% tax	–16.8	–	–157.1	–171.5
Adjustment of tax in relation to previous years				
Fiscally deductible investments	0.7	7.6	–0.7	–7.6
other adjustments	–0.1	–1.5	0.8	2.1
Reported tax expense/income	–16.2	6.1	–157.0	–176.9

The income tax for limited companies in Sweden is 22 per cent. In the Income Statement tax is divided between current tax and deferred tax. Current tax is the tax which is calculated on the basis of the taxable profit for a period in each individual group company, after profit equalisation through group contributions. The sum of the group company's taxable profit is often lower than the Group's accounting profit, mainly depending on tax depreciation, difference in the handling of investments in repair, maintenance and reconstruction, unrealised changes in value, the opportunity to sell properties through companies tax-free, difference in handling of borrowing costs in construction projects and utilisation of previous years' deficit.

Depreciation

As Atrium Ljungberg has chosen to report investment properties at fair value, no depreciation for these is reported in the consolidated accounts. However, the tax rules permit depreciation by 2–5 per cent of buildings, 5 per cent of land improvements and 20–30 per cent of the areas and fixtures of a building or of the type of land improvements which comprise the building's furniture and fixtures and land inventory. Land is not subject to depreciation.

Investments

Expenses in connection with renovation and maintenance work that has entailed an economic benefit and which can be calculated reliably, are capitalised in the accounting. However, the tax rules permit direct

deduction for repair and maintenance and certain types of amendment work which technically entails reconstruction but which is normal in the business and which does not comprise the building's furniture and fixtures. Examples of such amendment work within Atrium Ljungberg are the tenant-specific adaptations which take place continuously along with renegotiation of lease contracts or during change of tenants.

Unrealised changes in value

In the consolidated accounts Atrium Ljungberg values investment properties and derivative instruments (interest swap agreements) at fair value. Changes in the market value are reported in the consolidated income statement. Accounting rules do not permit properties to be reported at fair value in the individual group companies. The interest swap agreements which Atrium Ljungberg has concluded may, but do not need to, be reported in the individual group company. Accordingly, no unrealised changes in value from investment properties or derivative instruments are reported in the individual companies.

Sale of properties

Properties may be sold directly or indirectly by the property holding subsidiary being sold. Profits from the sale of properties are taxable, while profits from the sale of companies in most cases are non-taxable.

Note 14, cont.

Borrowing costs

In the consolidated accounts Atrium Ljungberg capitalises loan charges during major reconstruction and extensions to the extent they arose during the construction period. However, the accounting rules allow reporting of these as a cost in the individual group companies, whereby the cost is also directly tax deductible.

Deficit from previous years

The current tax is calculated on the basis of the taxable profit for the taxation year. This profit may, sometimes with certain limitations, be

reduced by unutilised tax deficits which have emerged during previous tax years.

The deficit which exists within Atrium Ljungberg has primarily emerged through examination of previous years' income tax assessments or by there being unutilised tax deficit from previous years in property companies which have been acquired by Atrium Ljungberg.

Tax calculation	Current tax		Deferred tax	
	2014	2013	2014	2013
Parent Company				
Reported profit/loss before tax	558.5	205.5	–	–
Change in difference between book and fiscal values of properties	–101.5	–21.0	101.5	21.0
Dividend from trade-related participations	–395.0	–200.0	–	–
Disposal of properties	2.2	15.2	–	–13.0
Other fiscal adjustments	3.5	0.3	–	–8.5
Taxable profit/loss	67.8	0.0	101.5	–0.6
Of which 22 % tax	–14.9	–	–22.3	0.1
Adjustment of tax in relation to previous years	0.6	3.9	–0.2	–3.8
Reported tax expense/income	–14.3	3.9	–22.6	–3.7

Reconciliation of tax expenses	The Group		Parent Company	
	2014	2013	2014	2013
Profit/loss before tax	818.4	1,279.1	558.4	205.5
Nominal tax rate, 22 %	–180.0	–281.4	–122.9	–45.2
Fiscal effect of				
changes in the value of properties, realised	7.8	115.5	–0.5	–0.5
goodwill write-downs	–	–7.3	–	–
other non-deductible expenses/non-taxable income	–1.6	–0.5	86.9	44.0
other fiscal adjustments	0.6	3.1	–0.5	1.9
Reported tax expense/income	–173.2	–170.8	–36.9	0.2
of which current tax	–16.2	6.1	–14.3	3.9
of which deferred tax	–157.0	–176.9	–22.6	–3.7

NOTE 15. INVESTMENT PROPERTIES

CHANGE IN THE VALUE OF THE PROPERTY PORTFOLIO

	The Group	
	31/12/2014	31/12/2013
Opening balance	25,008.5	24,576.2
Acquisitions	1,672.7	–
Sales	–85.0	–1,012.0
Investments in our own properties	706.6	1,301.8
Unrealised changes in value	860.6	142.5
Closing balance	28,163.4	25,008.5

The closing balance includes development rights and undeveloped land of SEK 625 million (SEK 290.0 m).

The reported value of the property portfolio as of 31/12/2014 totalled SEK 28,163 million (SEK 25,008 m). The average return requirement in the valuation is 5.6 per cent (5.7%). Investments in Atrium Ljungberg's own properties during the period totalled SEK 707 million (SEK 1,302 m). During the year three properties were acquired, Sicklaön 83:33, Dimman 11 and Stora Katrineberg 16, at a book value of SEK 1,673 million (SEK 0 m). One property, Fatbursbrunnen 17, was sold at a book value of SEK 85 million (SEK 1,012 m). The unrealised change in value totalled SEK 861 million (SEK 142 m) during the year. The change in value is explained by lower yield requirements for certain properties, primarily for offices in Stockholm city centre, but also for some large retail properties.

Definition and classification

Investment properties are properties held by the owner with the aim of generating rental income, or an increase in value, or a combination of the same. Atrium Ljungberg had, at the year-end, classified all of its properties as investment properties and they shall consequently be valued at fair value. The fair value of the investment properties is the price at which the property could be transferred between knowledgeable parties who are mutually independent and who have an interest in completing the transaction. The fair value of the investment property shall reflect the market conditions on the closing day. The properties in which Atrium Ljungberg also has offices in which to conduct its own administration and management have been classified as investment properties in that the percentage of the building used by the company for its own purposes is marginal.

Valuation method

The real estate valuation is based on an estimated yield requirement for each property. The yield requirement is determined using the location price method, which means that information is gathered

from equivalent value transactions completed in equivalent value markets. The yield requirement is used to determine the value through a current value calculation during the so-called calculation period and through a current value calculation of the residual value at the end of the calculation period. The calculation period is normally between 5 and 10 years but may, in certain cases, be longer due to the contractual situation. The earning capacity of each property is assessed individually during the valuation. Income during the calculation period comprises agreed rental levels until such time as these lease contracts come to an end or are due for renegotiation. Rental income for the subsequent period is calculated at the market rent currently applicable. Operating and maintenance costs have been assessed based on the company's actual costs and are adjusted in line with the property's age and condition.

Development rights have been valued on the basis of an estimated market value per m² gross floor area and include only those development rights that are confirmed in accordance with approved detailed development plans. Acquired land is valued at the acquisition value. Project properties are valued on the basis of completed projects, less remaining investments. A risk surcharge is added to the return requirement on the basis of the current phase of the project.

The property valuation is based on observable and unobservable input data. Observable data which has greatest impact on the value is primarily current rent, property expenses, inflation, investments and current vacancy level. Yield requirement and expectations of rental level and vacancies include the input data which can be seen as unobservable. Yield requirement is derived from actual transactions. The number of comparison items which are sold can sometimes be few, which makes it difficult to derive changes in the yield requirement during certain periods. In addition, deriving the yield requirement from a transaction also requires knowledge of more conditions besides the purchase price. How sensitive the property value is to changes in the yield requirement, rental level and long-term vacancy level is illustrated in a separate table below the section Risks and risk management, page 93.

Independent valuation experts have conducted an external valuation of a normalised portfolio corresponding to 54 per cent of the total value, 35 per cent of which was valued at the end of 2014, as part of Atrium Ljungberg's efforts to ensure that the valuation is accurate. The valuations have been conducted by Forum Fastighets-ekonomi and Savills. The assumptions regarding rental levels and yield requirements used in the internal valuation have, furthermore, been quality assured by Forum Fastighetsekonomi.

NOTES

Note 15, cont.

Unrealised changes in value

SEK m	
Change in return requirements	705
Change in rental levels	84
Change in project investments	72
Total	861

Yield requirement per premises type

Premises type, %	Interval	Average
Offices	4.5–8.0	5.6
Stores	4.5–7.5	5.6
Residentials	3.8–4.8	3.9
Other	4.5–8.0	6.1
Total	3.8–8.0	5.6

Return requirement per region

Region, %	Interval	Average
Stockholm	3.8–8.0	5.5
Uppsala	4.8–6.0	5.6
Malmö	4.3–7.0	5.8
Sweden, other	6.3–7.0	6.6
Total	3.8–8.0	5.6

Sensitivity analysis, property valuation

Value parameter	Assumption	Impact on value, SEK m
Rental level	+/- 10 %	+/- 2,640
Operating cost	+/- SEK 50/m ²	+/- 745
Yield requirement	+/- 0.25 %	- 1,189/+ 1,304
Long-term vacancy level	+/- 2 %	+/- 794

The market value is described in the table below on the basis of normalised operating net, adjusted for, inter alia, initial effects, remaining investments and development rights.

Value based on normalised operating net

SEK m	Management	Project	Total
Rental value	2,131	139	2,270
Long-term vacancy (-3.5 %)	-67	-7	-74
Rental income	2,064	132	2,196
Property expenses	-588	-25	-613
Normalised operating net	1,476	107	1,583
Yield requirement	5.6 %	6.1 %	5.6 %
Yield requirement before adjustments	26,352	1,755	28,108
Adjustments			
Current value of remaining investments	-343	-248	-591
Initial vacancies	-52	-51	-102
Other adjustments	275	-72	203
Land and development rights	0	640	640
Registration of title deeds costs	-72	-23	-95
Fair value	26,161	2,002	28,163

Property portfolio, 31/12/2014

Property portfolio by segment	Letting area 1,000 m ²	Fair value, SEK m	Fair value, SEK/m ²	Rental value, SEK m ²⁾	Rental value, SEK/m ²	Economic letting rate, %	January–December 2014 ¹⁾			Yield ¹⁾
							Rental income, SEK m	Property costs, SEK m	Operating surplus, SEK m	%
Business area Retail	523	13,925	25,928	1,149	2,194	96	1,098	-387	711	5.3
Business Area Offices	472	12,237	26,603	975	2,066	94	828	-228	600	5.4
Total	995	26,161	26,283	2,124	2,134	95	1,926	-615	1,311	5.4
Project properties, including land and development rights	67	2,002	N/A ³⁾	122	1,827	60	45	-17	28	1.3
Total	1,062	28,163		2,246	2,144	93	1,970	-632	1,338	5.0
Properties sold							10	-4	6	
Total Group							1,981	-636	1,345	

¹⁾ Refers to actual result during the year.

²⁾ Reported rental value is based on the immediately subsequent quarter.

³⁾ Letting area for new production is not reported until the project is completed and the figures hence do not accurately represent the actual situation.

NOTE 16. RATEABLE VALUES

	The Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Buildings	9,674.3	8,468.4	960.0	910.5
Land	3,555.2	3,240.5	257.6	244.4
Total	13,229.5	11,708.9	1,217.6	1,154.9
Of which business premises in TL Bygg AB	1.8	1.8	–	–

NOTE 17. INVESTMENT PROPERTIES THE PARENT COMPANY

	Parent Company	
	31/12/2014	31/12/2013
Investment properties		
Opening acquisition values	1,586.1	1,513.5
Sales	–	–78.2
Investments	72.3	150.8
Closing accumulated acquisition values	1,658.4	1,586.1
Opening depreciation	–204.7	–199.4
Sales	–	8.4
Depreciation for the year	–14.1	–13.7
Closing accumulated depreciation	–218.8	–204.7
Opening write-downs	–73.0	–
Depreciation for the year	–	–73.0
Closing accumulated write-downs	–73.0	–73.0
Closing residual value according to plan	1,366.6	1,308.4
Fair value, investment properties	2,326.4	2,292.6
Valuation method is described in note 15.		

NOTE 18. TANGIBLE FIXED ASSETS

	The Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Opening acquisition values	59.2	56.0	39.1	38.5
Purchases	7.4	3.4	1.1	0.6
Sales/disposals	–10.8	–0.2	–9.2	–
Closing accumulated acquisition values	55.8	59.2	31.0	39.1
Opening depreciation	–42.3	–36.4	–29.0	–25.7
Sales/disposals	10.5	0.2	9.2	–
Depreciation for the year	–6.5	–6.1	–3.4	–3.3
Closing accumulated depreciation	–38.3	–42.3	–23.2	–29.0
Closing residual value according to plan	17.5	16.9	7.8	10.1

NOTE 19. PARTICIPATIONS IN ASSOCIATED COMPANIES

	Number	Share in equity	Book value, SEK k	
	31/12/2014	31/12/2014	31/12/2014	31/12/2013
AB FB-sjön, general partner, Corp. ID. no. 556605-5181				
Registered office in Stockholm	500	50 %	50	50
KB Fatburssjön 5, Corp. ID. no. 969670-3439				
Registered office in Stockholm	4,999	50 %	–	–
Gränby Miljö & Retur AB, Corp. ID. no. 556222-2199				
Registered office in Uppsala	–	–	–	30
Closing balance			50	80

AB FB-sjön general partner and KB Fatburssjön 5 have not conducted any operations during the year. All participations in Gränby Miljö & Retur AB have been sold during the year.

NOTE 20. PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	31/12/2014	31/12/2013
Opening acquisition values	5,307.1	9,303.4
Acquisitions	–	0.1
Capital contribution	13.9	42.1
Change in share of equity in limited partnership	184.7	81.6
Sales	–	–4,120.1
Closing accumulated acquisition values	5,505.7	5,307.1
Opening write-downs	–3,083.5	–3,083.5
Closing accumulated write-downs	–3,083.5	–3,083.5
Closing balance	2,422.1	2,223.6

NOTES

Note 20, cont.

Directly owned subsidiary companies	Corporate ID no.	Registered office	Number of participations	Share in equity, %	Book value, SEK k	
			31/12/2014	31/12/2014	31/12/2014	31/12/2013
TL Bygg AB	556225-4440	Nacka	10,000	100	79.9	66.0
Impluvium Tio AB	556063-1128	Nacka	10,000	100	4.8	4.8
Fastighets AB Blästern	556282-8052	Nacka	10,000	100	0.1	0.1
Årstalunden AB	556357-8094	Nacka	1,000	100	0.1	0.1
Atrium Ljungberg Holding 2 AB	556720-3111	Nacka	100,000	100	0.1	0.1
Sickla Industrifastigheter KB ¹⁾ ²⁾	916616-1720	Nacka	999	99.9	1,979.6	1,794.9
Suhob Fastighets AB	556739-7772	Nacka	1,000	100	0.3	0.3
LjungbergGruppen Holding AB	556669-3221	Nacka	1,000	100	189.9	189.9
Fastighets AB Celtica	556350-9727	Nacka	2,781,000	100	167.2	167.3
Atrium Ljungberg Holding 1 AB	556781-3059	Nacka	1,000	100	0.1	0.1
Closing balance					2,422.1	2,223.6

Indirectly owned subsidiary companies	Corporate ID no.	Registered office	Number of participations	Share in equity, %
			31/12/2014	31/12/2014
AB Farsta Centrum	556065-3023	Nacka	1,000	100
Atrium Ljungberg Dimman AB	556659-3231	Nacka	1,000	100
Atrium Ljungberg Fatburssjön AB	556021-7506	Nacka	1,500	100
Atrium Ljungberg Gränby Köpstad AB	556731-8265	Nacka	1,000	100
Atrium Ljungberg Gävlegatan 22 AB	556745-4870	Nacka	1,000	100
Atrium Ljungberg Hälsingegatan AB	556877-5687	Nacka	500	100
Atrium Ljungberg Igor AB	556791-7140	Nacka	1,000	100
Atrium Ljungberg Kista NOD AB	556745-5182	Nacka	1,000	100
Atrium Ljungberg Kyrkviken AB	556781-3083	Nacka	1,000	100
Atrium Ljungberg Orminge AB	556948-4511	Nacka	1,000	100
Atrium Ljungberg Planivägen AB	556815-7852	Nacka	50,000	100
Atrium Ljungberg Resan AB	556948-4529	Nacka	1,000	100
Atrium Ljungberg S:t Eriksgatan AB	556914-0782	Nacka	50,000	100
Atrium Ljungberg Skotten AB	556948-4537	Nacka	1,000	100
Atrium Ljungberg Tomtmark AB	556948-4545	Nacka	1,000	100
Atrium Ljungberg Uddvägen AB	556781-3067	Nacka	1,000	100
Atrium Ljungberg Östersund AB	556791-8510	Nacka	1,000	100
Atrium Ljungberg Rotundan AB	556791-7124	Nacka	1,000	100
Atrium Uppsala AB	556691-3603	Nacka	1,000	100
Farsta Centrum HB	916404-1361	Nacka	1,000	100
Farsta Centrumledning AB	556321-0896	Nacka	1,000	100
Fastighets AB Brogatan	556060-5536	Nacka	1,000	100
Fastighets AB Stadsgården	556029-0602	Nacka	31,993,074	100
Fastighets AB Österbotten	556019-4408	Nacka	1,250	100
Fatburstrappan Väst AB	556622-5966	Nacka	1,000	100
Gränby Centrum AB	556409-6708	Nacka	100	100
Impluvium Fjorton AB	556781-3117	Nacka	1,000	100
Impluvium Nio AB	556040-4229	Nacka	1,000	100
Impluvium Tolv AB	556781-3091	Nacka	1,000	100
Impluvium Tretton AB	556781-3109	Nacka	1,000	100
Impluvium Åtta AB	556781-3075	Nacka	1,000	100
Jupiter Fastighets AB	556015-4030	Nacka	400	100
KB Arbetsstolen 3	969651-2350	Nacka	1,000	100
KB T-Bodarne	969646-1392	Nacka	1,000	100
KB Wårbyriggen	969651-2251	Nacka	1,000	100
LjungbergGruppen Aktiebolag	556731-7283	Nacka	1,000	100
LjungbergGruppen Fastighets AB TX31	556688-4283	Nacka	1,000	100
LjungbergGruppen Svindersvik AB	556674-6045	Nacka	1,000	100
Mobilia Nord AB	556745-4888	Nacka	1,000	100
Mobilia Shopping Centre AB	556412-5242	Nacka	100	100
Svenska Kvarter AB	556717-8305	Nacka	1,000	100
Walls Fastighets AB	556004-9909	Nacka	6,000	100

¹⁾ The book value of participations in Sickla Industrifastigheter KB has increased by the year's profit of SEK 184.7 million (SEK 81.6 m).

²⁾ The remaining participations are owned by other Group companies.

NOTE 21. DEFERRED TAX RECEIVABLE

	The Group	
	31/12/2014	31/12/2013
Capitalised loss carry-forward		
Opening balance	5.1	3.6
Additional loss carry-forwards	39.6	11.2
Loss carry-forwards utilised	-17.7	-9.7
Closing balance	27.0	5.1

The Group's accumulated fiscal deficit is estimated at SEK 182.4 million (SEK 23.2 m) as per 31 December 2014. The deferred tax receivable has been calculated for a deficit of SEK 122.8 million (SEK 23.2 m).

NOTE 22. ACCOUNTS RECEIVABLE

	The Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Accounts receivable				
Accounts receivable not due and due up to 30 days	85.7	80.0	1.7	1.5
Accounts receivable due 31-60 days	1.4	4.9	0.2	-
Accounts receivable due >60 days	55.2	39.1	1.5	1.0
Doubtful receivables for which a provision has been made	-39.8	-31.4	-1.1	-1.4
Closing balance	102.5	92.6	2.3	1.1

The year's total cost for confirmed bad debt losses amounted to SEK 6.8 million (SEK 6.1 m) in total.

NOTE 26. DEFERRED TAX LIABILITY

	The Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Deferred tax liability				
Investment properties	2,753.0	2,432.6	235.5	212.8
Untaxed reserves	110.7	79.8	-	-
Interest derivatives	-186.2	3.3	-	-
Closing balance	2,677.5	2,515.7	235.5	212.8

	The Group			Parent Company	
	Investment properties	Untaxed reserves	Interest derivatives	Total	Investment properties
Deferred tax liability					
Opening balance, as per 01/01/2013	2,394.1	50.4	-80.0	2,364.5	209.2
Change reported via the Income Statement	73.5	29.4	75.4	178.3	3.7
Change not reported via the Income Statement	-35.0	-	-	-35.0	-
Change reported via Comprehensive income	-	-	7.9	7.9	-
Closing balance, as per 31/12/2013	2,432.6	79.8	3.3	2,515.7	212.8
Opening balance, as per 01/01/2014	2,432.6	79.8	3.3	2,515.7	212.8
Change reported via the Income Statement	320.4	30.9	-196.7	154.6	22.6
Change reported via Comprehensive income	-	-	7.2	7.2	-
Closing balance, as per 31/12/2014	2,753.0	110.7	-186.2	2,677.5	235.5

No deferred tax has been calculated on asset acquisitions in accordance with applicable accounting recommendations.

NOTE 23. OTHER RECEIVABLES

	The Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Receivable for property sale	-	945.0	-	-
VAT receivable	26.9	19.8	2.4	4.5
Other receivables	50.7	39.9	8.1	10.8
Closing balance	77.6	1,004.7	10.5	15.3

NOTE 24. PREPAID COSTS AND ACCRUED INCOME

	The Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Receivables from clients for ongoing engagements as per construction agreement	15.0	6.6	-	-
Other prepaid costs	29.2	16.7	6.6	6.0
Distributed rent discounts	41.6	38.4	3.1	4.3
Accrued rent	27.3	14.2	-	-
Other accrued income	0.1	23.4	3.0	6.3
Closing balance	113.2	99.3	12.7	16.6

NOTE 25. UNTAXED RESERVES/APPROPRIATIONS

	Parent Company	
	31/12/2014	31/12/2013
Untaxed reserves		
Accumulated excess depreciation	36.1	25.8
Closing balance	36.1	25.8
Appropriations		
Excess depreciation equipment	-10.3	-16.0
Group contributions received/made	-93.0	44.2
Total	-103.3	28.2

NOTE 27. ASSET MANAGEMENT

The Group endeavours to ensure a good profit performance, financial sustainability and a strong financial position. The economic and financial goals are set in order to provide a combination of a high return on shareholders' equity, high growth capacity, and financial stability.

The Group's financial goals are as follows:

- The equity/assets shall be a minimum of 30 per cent.
- The interest coverage ratio shall be a minimum of 2.0.
- The dividend shall correspond to a minimum of 50 per cent of the profit before changes in value after nominal tax, unless investments or the company's financial position in general motivates a deviation from this norm.

The terms to which the Group is subject in relation to external lenders apply to the equity/assets ratio, the interest coverage ratio, and the gearing ratio. The terms are subordinate to the Group's financial goals. The Group's capital structure comprises interest-bearing net borrowing and shareholders' equity attributable to the Parent Company's shareholders. This comprises share capital, other capital contributed and profits brought forward, including the net profit/loss for the year. The financing operations are described in greater detail in Note 28, Financial instruments and risk management.

Atrium Ljungberg's borrowing is primarily secured by means of mortgages on the Group's properties and, in some cases, guarantee undertakings issued by the Parent Company with regard to the subsidiaries' borrowing.

Capital structure

	31/12/2014		31/12/2013	
	Reported value	Fair value	Reported value	Fair value
The Group				
Long-term liabilities				
Liabilities to credit institutions	7,253.8	7,326.5	9,219.7	9,305.0
Bonds	1,100.0	1,107.5	500.0	501.9
Certificates ¹⁾	1,453.3	1,462.3	940.5	941.7
Current liabilities				
Liabilities to credit institutions	2,510.3	2,521.2	1,753.6	1,762.7
Total loans	12,317.4	12,417.4	12,413.8	12,511.3
Interest-bearing receivables				
Liquid assets	-414.8		-186.6	
Net debt	11,902.6		12,227.2	
Shareholders' equity	11,589.6		11,020.7	
Total capital	23,492.2		23,247.9	

¹⁾ Certificates which are covered by unutilised long-term credit agreements are classified as long-term liabilities.

Interest-bearing liabilities are reported at the amortized cost which is the reported value in the above table. The calculation of the fair value of liabilities to credit institutions is based on discounted estimated future cash flows. The discounting is effected on the basis of current market rates plus current borrowing margins. The valuation is hereby conducted with IFRS valuation hierarchy level 2. The valuation of derivatives is described in Note 28.

	31/12/2014		31/12/2013	
	Reported value	Fair value	Reported value	Fair value
Parent Company				
Long-term liabilities				
Liabilities to credit institutions	4,796.8	4,816.5	5,328.3	5,377.6
Bonds	1,100.0	1,107.5	500.0	501.9
Certificates ¹⁾	1,453.3	1,462.3	940.5	941.7
Current liabilities				
Liabilities to credit institutions	910.8	917.0	1,053.6	1,059.1
Liabilities to Group companies	1,852.4	-	2,185.5	-
Total loans	10,113.3		10,007.9	

¹⁾ Certificates which are covered by unutilised long-term credit agreements are classified as long-term liabilities.

NOTE 28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Principles governing financing and financial risk management**

Financing and financial risks are managed in accordance with guidelines laid down by Atrium Ljungberg's Board of Directors. The Group's treasury function, which is responsible for financing, liquidity

and financial risks, is concentrated within the Parent Company. The various categories of financial instrument held by the Group are shown in the table below.

Categorisation of financial instruments	Loan receivables and accounts receivable		Financial assets/liabilities valued at fair value via the Income Statement		Other financial liabilities	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
The Group						
Accounts receivable	102.5	92.6	-	-	-	-
Other long-term receivables	-	1.1	-	-	-	-
Derivatives	-	-	-	14.9	-	-
Other receivables	11.0	945.0	-	-	-	-
Liquid assets	414.8	186.6	-	-	-	-
Total	528.3	1,225.3	-	14.9	-	-

Note 28, cont.

Categorisation of financial instruments	Loan receivables and accounts receivable		Financial assets/liabilities valued at fair value via the Income Statement		Other financial liabilities	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
The Group						
Interest-bearing liabilities	–	–	–	–	12,317.4	12,413.8
Derivatives	–	–	846.4	–	–	–
Other liabilities	–	–	–	–	1,105.7	9.2
Accounts payable	–	–	–	–	130.0	118.7
Total	–	–	846.4	–	13,553.1	12,541.7

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, 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. Unrealised changes in value for the year amount to SEK –894.0 million (SEK 342.6 m), of which SEK –32.7 million (SEK –35.9 m) relates to re-entry of hedging reserve. The reported net value for derivatives of SEK –846.4 million comprises a positive value of SEK 4.1 million and a negative value of SEK 850.5 million. Other financial instruments are not affected by the fair value hierarchy in that they are reported at the amortized cost in the Balance Sheet.

Categorisation of financial instruments	Loan receivables and accounts receivable		Other financial liabilities	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Parent Company				
Accounts receivable	2.3	1.1	–	–
Receivables from Group companies	13,628.8	13,521.6	–	–
Liquid assets	321.2	102.5	–	–
Total	13,952.3	13,625.2	–	–
Interest-bearing liabilities	–	–	8,260.9	7,822.4
Liabilities to Group companies	–	–	1,852.4	2,185.5
Accounts payable	–	–	15.7	13.8
Total	–	–	10,129.0	10,021.7

Liquidity risk

The term, liquidity risk refers to the company's risk that there will be insufficient liquid assets or credit for the company to be able to fulfil its payment undertakings. In order to ensure that the liquidity risk can be managed, a maximum of 30 per cent of the loan portfolio may fall due within one year and a maximum of 50 per cent of the loan financing may be obtained from a single creditor. The liquidity shall, furthermore, at all times total a minimum of SEK 300 million and a maximum of SEK 700 million, including liquidity reserves totalling a maximum of SEK 500 million and which may comprise current account overdrafts or loan guarantees. The Group's liquidity as of 31/12/2014, including unutilised current overdraft facilities totalling SEK 300 million, totalled SEK 715 million (SEK 487 m). Current surplus liquidity shall be invested in short-term government, local authority and bank securities, or the equivalent issued by companies with the highest possible rating. It must be possible to convert the investment into cash within three days. At the turn of the year there were also revolving credit facilities of SEK 1,750 million. SEK 1,750

million of the credit facility was unutilised at the year-end. The table below shows the capital commitment structure of the loan portfolio. The average loan maturity term, as of 31/12/2014, was 2.7 years (3.0 years).

Capital commitment

	The Group		Parent Company	
	Amount	Percentage, %	Amount	Percentage, %
Fixed interest term				
2015	2,510	20	911	11
2016	2,935	24	1,430	17
2017	3,730	30	3,530	43
2018	1,482	12	1,270	15
2019	840	7	300	4
2020 and thereafter	829	7	829	10
Total	12,327	100	8,271	100
Prepaid financing costs	–10		–10	

Interest-bearing liabilities in accordance with the Balance Sheet

12,317 **8,261**

Market and interest risk

The term, market risk, refers to the risk of an impact on the profit/loss as a consequence of changes in the outside world. The market risk is primarily attributable to the trend in interest levels for short and long-term borrowing and for market rent levels. In order to limit the interest risk, the interest payable is spread among 15 years. A maximum of 30 per cent of the loans may fall due for renegotiation of the terms within 1 year and a maximum of 55 per cent of the interest payable may take place within 1 year. The fixed interest term table below itemises the due dates for the Group's interest-bearing liabilities. The average fixed interest term as of 31/12/2014 was 4.8 years (4.4 years). Interest-bearing liabilities at the period end totalled SEK 12,327 million (SEK 12,427 m) with an average interest rate of 3.2 per cent exclusive and 3.3 per cent including unutilised loan guarantees. At the end of the period, the derivatives portfolio comprised of SEK 7,461 million (SEK 7,461 m) in interest swaps, net including shortened swaps. In addition, there is SEK 900 million in forward-started swaps. The interest swap agreements are primarily used as a means of changing the fixed interest structure without changing the capital commitment in the loan portfolio. The fair value of these interest swap agreements on the closing day totalled SEK –846.4 million (SEK 14.9 m). 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. Unrealised changes in the value of derivatives are consequently reported directly to the profit/loss. 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 31/12/2014 totals SEK –87.8 million (SEK –113.3 m) after adjustments for deferred tax calculated at a nominal rate of taxation of 22 per cent.

Note 28, cont.

Interest on the loans falls due for payment quarterly up until 2029. These payments have an ongoing effect on the Income Statement during the terms of the loans in question in that accrued interest is reported.

Atrium Ljungberg has also endeavoured to spread the renegotiation dates for existing lease contracts as part of its efforts to reduce the annual market risk. For details of the percentage of income renegotiated during the year ahead, see Note 5. The weighted average remaining term for the lease contracts is 3.5 years (3.6 years).

Fixed interest term ¹¹

	The Group		
	Loan amount	Percentage, %	Average interest, %
Variable + 3 month Stibor	2,018	16	1.8
2015	1,742	14	1.2
2016	1,085	9	3.8
2017	630	5	3.7
2018	849	7	3.8
2019	606	5	4.0
2020 and thereafter	5,396	44	4.1
Total	12,327	100	3.2
Prepaid financing costs	-10		

Interest-bearing liabilities in accordance with the Balance Sheet

12,317

¹¹ The average credit margin for variable interest rates is spread over the time segment during which the derivative falls due for payment. The average interest is reported excluding the cost of unutilised loan guarantees.

Maturity structure, derivative instruments

Maturity year	Nominal amount, SEK m	Unrealised changes in value, SEK m	Average interest, %
2015	0	0	-
2016	-20	-3.4	-12.7
2017	630	-29.3	2.2
2018	849	-57.2	2.3
2019	606	-49.9	2.5
2020 and thereafter	5,396	-706.6	2.6
Total	7,461	-846.4	2.6

Maturity structure for financial instruments

The table below shows future undiscounted cash flows for the payment undertakings associated with the company's financial receivables and liabilities.

The Group

31/12/2014

31/12/2013

Assets	2015					2014				
	2015	2016	2017	2018	2019 and thereafter	2014	2015	2016	2017	2018 and thereafter
Rent receivables	2,090.0	1,649.0	1,261.0	838.0	544.0	1,900.0	1,602.0	1,233.0	895.0	536.0
Accounts receivable	102.5	-	-	-	-	92.6	-	-	-	-
Other receivables	11.3	-	-	-	-	-	-	-	-	-
Liquid assets	414.8	-	-	-	-	186.6	-	-	-	-
Total	2,618.4	1,649.0	1,261.0	838.0	544.0	2,179.2	1,602.0	1,233.0	895.0	536.0
Liabilities										
Interest-bearing liabilities incl. interest	-2,707.2	-3,072.0	-3,802.4	-1,514.0	-1,754.2	-2,025.2	-3,263.1	-3,527.7	-2,002.5	-2,492.5
Derivatives	-169.7	-167.8	-161.1	-149.8	-656.1	-116.0	-112.4	-107.3	-100.1	-357.5
Other current liabilities	-1,105.7	-	-	-	-	-9.2	-	-	-	-
Accounts payable	-130.0	-	-	-	-	-118.7	-	-	-	-
Total	-4,112.6	-3,239.8	-3,963.5	-1,663.8	-2,410.3	-2,269.1	-3,375.5	-3,635.0	-2,102.6	-2,850.0

Credit risk

The term, credit risk, refers to the risk of a counterparty being unable to fulfil delivery or payment undertakings. Atrium Ljungberg's credit risks lie in the possibility that the tenants may be unable to fulfil their payment undertakings in accordance with applicable lease contracts. This risk is assessed when contracts are signed and the agreements are supplemented, where appropriate, with collateral pledged by the tenants in the form of deposits or bank guarantees corresponding to between 3 and -12 months' rent. Deposits and bank guarantees received totalled SEK 25.2 million (SEK 22.5 m) and SEK 38.7 million (SEK 33.8 m), respectively, at the end of the year.

Currency risk

A currency risk arises when payment is made in a currency other than that in which the vendor's costs or the purchaser's income arises. Any such currency effect is reported in the Income Statement. Atrium Ljungberg only makes purchases in foreign currencies on an occasional basis and the currency risk is consequently small. During the year there was no currency effect. Atrium Ljungberg has no income or external financing in foreign currencies.

Sensitivity analysis, cash flows ¹¹

	Change, %	Effect on profit, year 1, SEK m	Effect on profit full-year, SEK m
Rental income	+/- 5 %	+/-16	+/-105
Property management costs	+/- 5 %	-/+ 32	-/+ 32
Letting rate	+/- 1 % unit	+/-22	+/-22
Atrium Ljungberg's average borrowing rate	+/- 1 % unit	-/+26	-/+ 123

¹¹ The effect on the profit in year 1 relates to the effect in the immediately subsequent year with reference to fixed terms in lease contracts and loan agreements. Effect on profit is before tax.

Note 28, cont.

Parent Company	31/12/2014					31/12/2013				
	2015	2016	2017	2018	2019 and thereafter	2014	2015	2016	2017	2018 and thereafter
Assets										
Rent receivables	161.0	66.0	52.0	35.0	32.0	158.0	90.0	54.0	41.0	29.0
Accounts receivable	2.3	–	–	–	–	1.1	–	–	–	–
Receivables from Group companies	13,628.8	–	–	–	–	13,521.6	–	–	–	–
Liquid assets	321.2	–	–	–	–	102.5	–	–	–	–
Total	14,113.3	66.0	52.0	35.0	32.0	13,783.2	90.0	54.0	41.0	29.0
Liabilities										
Interest-bearing liabilities incl. interest	–1,027.1	–1,528.9	–3,589.4	–1,294.2	–1,211.2	–834.7	–1,362.7	–1,550.2	–827.5	–1,945.2
Derivatives	–169.7	–167.8	–161.1	–149.8	–656.1	–116.0	–112.4	–107.3	–100.1	–357.4
Liabilities to Group companies	–1,852.4	–	–	–	–	–2,185.5	–	–	–	–
Accounts payable	–15.7	–	–	–	–	–13.8	–	–	–	–
Total	–3,064.9	–1,696.7	–3,750.5	–1,444.0	–1,867.3	–3,150.0	–1,475.1	–1,657.5	–927.6	–2,302.6

NOTE 29. OTHER LONG-TERM LIABILITIES

	The Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Deposits received from tenants	25.2	22.6	25.2	22.5
Guarantee reserve	2.1	2.5	–	–
Closing balance	27.2	25.1	25.2	22.5

NOTE 30. OTHER LIABILITIES

	The Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Liabilities in respect of property acquisitions	1,086.2	–	–	–
Liability for tax dispute	–	107.2	–	–
Personnel-related liabilities	7.9	7.1	6.7	5.9
Other liabilities	33.5	22.0	0.7	–
Closing balance	1,127.5	136.3	7.4	5.9

NOTE 31. ACCRUED COSTS AND PREPAID INCOME

	The Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Holiday pay liability and payroll overheads	28.0	26.3	18.6	14.3
Liabilities to clients for ongoing engagements in accordance with construction agreements	20.5	13.5	–	–
Accrued interest expenses	23.9	23.9	18.5	15.8
Accrued property tax	118.0	120.7	9.0	8.9
Other accrued costs	39.1	62.1	10.9	13.5
Prepaid rent	322.0	315.4	18.2	27.5
Other prepaid income	8.5	38.1	–	–
Closing balance	560.0	600.0	75.2	80.0

NOTE 32. EVENTS AFTER THE CLOSING DAY

On 2 February 2015 the property Stora Katrineberg 16, Point Lilje-holmen in Stockholm was taken over. The property comprises several connected buildings, with a total letting area of approximately 40,000 m.² The acquisition took place through a company transaction in December 2014. The underlying property value was SEK 1.1 billion.

On 3 February 2015 it was communicated that Atrium Ljungberg has won a land allocation competition for a new urban district of 50,000 m² in Barkarbystaden in Järfälla. Together with the municipality of Järfälla, Atrium Ljungberg will further develop Barkarby College to a regional meeting place for education, culture, trade and industry as well as higher education.

PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The following sum in the Parent Company is available for disposal by the Annual General Meeting:

Profit brought forward	SEK 6,168,043,515
Net profit for the year	SEK 521,490,160
Total	SEK 6,689,533,675

The Board of Directors proposes that the unappropriated earnings be allocated as follows:

That a dividend of SEK 3.30/share be paid to the shareholders	SEK 439,628,429
Carried forward	SEK 6,249,905,246
Total	SEK 6,689,533,675

BOARD STATEMENT CONCERNING THE PROPOSED DIVIDEND

The Board of Directors hereby issues the following statement in accordance with chapter 18, §4 of the Swedish Companies Act (2005:551). The Board's declaration that the proposed dividend is compatible with the provisions of chapter 17, § 3, sections 2 and 3 of the Swedish Companies Act is the following.

The nature and scope of the operations and the risks associated therewith

The nature and scope of the operations are specified in the Articles of Association and the published annual accounts. The operations conducted by the company do not entail risks over and above either those that arise or which may be expected to arise within the sector or those generally associated with commercial operations and the conduct thereof.

The financial position of the company and the Group

The financial position of the company and the Group on 31 December 2014 is shown in the 2014 annual accounts. The principles applied to the valuation of assets, provisions and liabilities are shown in Note 1 Accounting Principles, in the section of the Annual Report entitled Notes to the Accounts.

It is apparent from the treatment of unappropriated earnings proposal that the Board proposes payment of a dividend of SEK 3.30 per share, corresponding to a total sum of approximately SEK 440 million. The proposed dividend comprises 6.0 per cent of the Parent Company's shareholders' equity and 3.8 per cent of the Group's shareholders' equity. Funds available for payment as dividends within

the Parent Company at the end of the 2014 financial year totalled SEK 6,689.5 million. The record date for distribution of profits proposed by the Board of Directors is 23 April 2015.

It is apparent, inter alia, from the annual accounts that the Group's equity/assets ratio is 39.6 per cent. The proposed dividend does not jeopardise fulfilment of the investments deemed necessary. The company's financial position does not give occasion to assume anything other than that the company will be able to continue its operations and that the company can be expected to fulfil its undertakings in both the short and the long-term.

The defensibility of the dividend proposal

The Board of Directors is of the opinion, with reference to the above and to other information obtained by the Board, that the financial position of the company and the Group are such that the dividend proposal is defensible with reference to chapter 17, §3, sections 2 and 3 of the Swedish Companies Act, i.e. with reference to the requirements that the nature and scope of the operations and the risks it entails impose on the size of the company's and the Group's shareholders' equity and the consolidation requirements, liquidity and position in general of the company and the Group

Nacka, 10 March 2015

Atrium Ljungberg AB (publ)
Board of directors

ANNUAL ACCOUNTS SIGNATURES

The Board of Directors and the CEO hereby attest that the Consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and with generally accepted auditing principles, and that they provide a true and fair view of the Group's and the company's respective positions and results and that the Directors' Report for the

Group and the Directors' Report for the company are faithful representations of the development of the performance by the Group's and the company's operations, and of their respective positions and results, and that they describe significant risks and uncertainty factors faced by the companies that make up the Group.

Nacka, 10 March 2015

Dag Klackenberg
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

Johan Ljungberg
Member of the Board

Erik Langby
Member of the Board

Ingalill Berglund
CEO

Our Audit Report was submitted on 10 March 2015.

Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

Ingemar Rindstig
Authorised Public Accountant

AUDITORS' REPORT

To the annual meeting of the shareholders of Atrium Ljungberg AB (publ), corporate identity number 556175-7047

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Atrium Ljungberg AB (publ) for the year 2014, except for the corporate governance statement on pages 106-111. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 89-147.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and

consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 106-111. The director's report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Atrium Ljungberg AB (publ) for the year 2014. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the CEO are responsible for administration under the Companies Act and that the corporate governance statement on pages 106-111 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence which we have obtained is sufficient and appropriate in order to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the director's report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm 10 March 2015

Ernst & Young AB

Jonas Svensson
Authorized Public Accountant

Ingemar Rindstig
Authorized Public Accountant

MULTI-YEAR OVERVIEW

Amounts in SEK m	2014	2013	2012	2011	2010
INCOME STATEMENTS					
Rental income	1,980.5	1,956.2	1,824.8	1,686.3	1,613.5
Net sales, project and construction work	330.8	405.3	252.9	331.8	322.9
Net sales	2,311.3	2,361.5	2,077.7	2,018.1	1,936.4
Property management costs	-635.9	-658.9	-600.9	-591.3	-584.0
Project and construction work costs	-341.6	-394.3	-242.0	-317.0	-313.5
Gross profit/loss	1,333.8	1,308.3	1,234.8	1,109.8	1,038.9
– of which gross profit/loss from property management	1,344.6	1,297.3	1,224.0	1,095.0	1,029.5
– of which gross profit/loss from project and construction work	-10.8	11.0	10.9	14.8	9.4
Central administration, property management	-53.3	-47.1	-41.7	-44.1	-45.4
Central administration, project and construction work	-14.0	-14.4	-16.6	-12.2	-11.9
	-67.3	-61.5	-58.2	-56.3	-57.3
Financial income	1.5	2.8	13.9	10.6	7.7
Financial expenses	-424.5	-420.6	-451.3	-369.7	-320.6
	-423.0	-417.8	-437.4	-359.1	-313.0
Profit/loss before changes in value	843.5	829.0	739.2	694.4	668.6
Properties, unrealised changes in value	860.6	142.5	367.8	528.3	525.1
Properties, realised changes in value	8.3	-1.6	32.7	2.0	14.2
Financial instruments, unrealised changes in value	-894.0	342.6	-182.5	–	–
Goodwill write-downs	0.0	-33.4	-82.2	–	-16.9
	-25.1	450.1	135.8	530.3	522.4
Profit/loss before tax	818.4	1,279.1	875.0	1,224.7	1,191.0
Current tax	-16.2	6.1	-89.8	-1.5	-23.5
Deferred tax	-157.0	-176.9	245.6	-318.7	-252.1
Net profit/loss for the year	645.2	1,108.3	1,030.8	904.5	915.5
BALANCE SHEETS					
Investment properties	28,163.4	25,008.5	24,576.2	21,896.7	19,939.7
Goodwill	274.2	274.3	307.6	389.8	389.8
Other fixed assets	44.6	37.9	23.7	51.0	165.3
Current assets	378.6	1,323.0	370.9	564.1	275.5
Liquid assets	414.8	186.6	188.5	274.2	439.3
Total assets	29,275.6	26,830.3	25,466.9	23,175.8	21,209.6
Shareholders' equity	11,589.6	11,020.7	10,255.3	9,540.5	9,099.2
Deferred tax liability	2,677.5	2,515.7	2,364.5	2,612.5	2,320.4
Long-term interest-bearing liabilities	9,807.1	10,660.2	8,810.9	7,839.6	7,373.6
Other long-term liabilities	873.6	25.1	384.5	243.9	49.8
Short-term provisions	–	–	105.9	–	–
Current interest-bearing liabilities	2,510.3	1,753.6	2,802.4	1,881.3	1,736.9
Other current liabilities	1,817.5	855.0	743.4	1,058.0	629.8
Total shareholders' equity and liabilities	29,275.6	26,830.3	25,466.9	23,175.8	21,209.6

Amounts in SEK m

2014

2013

2012

2011

2010

CASH FLOW STATEMENTS

Cash flow from operating activities	734.4	854.2	831.9	639.7	671.1
Cash flow from investment activities	-302.0	-1,273.1	-2,471.6	-1,104.4	-794.2
Cash flow from financing activities	-204.2	417.0	1,554.0	299.6	329.8
Cash flow for the year	228.2	-1.9	-85.7	-165.1	206.7

KEY RATIOS*Property-related key ratios*

Letting rate, %	93	95	95	94	94
Operating surplus margin, %	68	66	67	65	64
Letting area, '000 m ²	1,062	941	903	871	790
Investments in properties, SEK m	707	1,302	1,512	1,050	1,047
Number of properties	49	47	57	54	49

Financial key ratios

Equity/assets ratio, %	39.6	41.1	40.3	41.2	42.9
Debt/equity ratio, multiple	1.1	1.1	1.1	1.0	1.0
Gearing ratio, %	45.5	47.8	47.3	45.1	45.7
Interest coverage ratio, multiple	3.0	3.0	2.6	2.9	3.1
Average rate of interest on interest-bearing liabilities (at period end), %	3.2	3.6	3.9	4.2	3.8
Return on shareholders' equity, %	5.7	10.4	10.4	9.7	10.5
Return on shareholders' equity, excluding changes in value, %	5.8	6.0	5.6	5.6	5.6
Return on total assets, %	4.4	6.5	5.5	7.2	7.4
Return on total assets excluding changes in value, %	4.5	4.7	4.9	4.8	4.8

Data per share

Earnings per share, SEK	4.89	8.52	7.92	6.95	7.03
Profit/loss before changes in value less applicable nominal tax, SEK	4.98	4.97	4.19	3.93	3.79
Dividend (2014 proposed), SEK	3.30	3.05	2.85	2.60	2.40
Dividend pay-out ratio, %	66.8	61.4	68.0	66.2	63.4
Share dividend yield, %	2.9	3.5	3.3	3.5	2.8
Cash flow, SEK	5.56	6.56	6.39	4.91	5.16
Shareholders' equity, SEK	87.00	84.67	78.79	73.30	69.91
Net worth per share, 10 % deferred tax, SEK	96.66	93.09	86.67	83.03	77.98
Share price on 31 December, SEK	114.70	88.00	87.00	73.25	86.50
Average number of outstanding shares, '000	132,072	130,157	130,157	130,157	130,157
Number of outstanding shares at end of period, thousand	133,221	130,157	130,157	130,157	130,157

Employees

Average number of employees	282	285	265	260	251
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DEFINITIONS

FINANCIAL DEFINITIONS

Average number of outstanding shares after dilution

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

Cash flow per share, SEK

Cash flow from operating activities divided by the average number of outstanding shares.

Debt/equity ratio, multiple

Interest-bearing liabilities divided by reported shareholders' equity.

Dividend pay-out ratio, %

Dividend per share as a percentage of the profit/loss per share before changes in value, less applicable nominal tax.

Earnings per share, SEK

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

Equity/assets ratio, %

Reported shareholders' equity as a percentage of the balance sheet total at the period end.

Equity per share, SEK

Reported equity divided by the number of outstanding shares at the period end.

Gearing ratio, %

Interest-bearing liabilities as a percentage of the sum of the properties' fair values at the end of the period, less properties acquired but not possessed and plus properties sold but not vacated.

Interest coverage ratio, multiple

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

Net worth per share, 10 % deferred tax, SEK

Equity per share calculated using a deferred tax rate of 10 per cent for investment properties.

Number of outstanding shares

Number of registered shares at end of period less shares bought back, which do not give entitlement to dividends.

P/E ratio

Market price at the period end divided by the profit/loss after tax per share for the previous 12-month period.

Profit/loss before changes in value per share, SEK

Profit/loss before changes in value, less applicable nominal tax, divided by the average number of outstanding shares.

Return on total assets, %

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

Return on shareholders' equity, %

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

Rounding off

As the figures have been rounded off to the nearest SEK million, the tables do not always add up.

Share dividend yield, %

Share dividend as a percentage of the share price on the accounting date.

Share's total yield, %

The year's change in the share price plus the dividend as a percentage of the share price at the previous accounting date.

PROPERTY-RELATED DEFINITIONS

BREEAM

Is an environmental certification system for built environments in Europe. BREEAM takes a big picture approach to a building's environmental performance. Areas addressed by BREEAM are divided into energy and water consumption, health, transport, materials, waste, land usage, ecology and management.

GFA, m²

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

Letting area, m²

Total area available for letting.

Letting rate, %

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

Net letting, SEK

The sum of agreed contracted annual rents for new lets for the period less annual rents terminated for vacation for the premises.

Operating surplus, SEK

Rental income less property management costs.

Operating surplus margin, %

Gross profit/loss from property management as a percentage of the reported rental income.

Project property

The term, project property, 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 in 1st January of the year after completion.

Rental value, SEK

Contracted yearly rents including rent surcharges (e.g. for property tax and electricity) and estimated market rents for vacant space as found.

GRI INDEX

Atrium Ljungberg's sustainability work has been reported for a number of years as a part of the Annual Report, and from 2008 Atrium Ljungberg reports in accordance with Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, version 3.0. Atrium Ljungberg believes that the report fulfils the information requirement for level C reporting, however the information has not been reviewed by a third party. Atrium Ljungberg is a signatory of the UN Global Compact and the Annual Report with related GRI complementary information comprises Atrium Ljungberg's Communication on Progress Report 2014.

The work on defining and developing the content of the report is based on the issues determined internally and in dialogue with the company's stakeholders to be material and involve critical aspects during planning, construction and management of sustainable environments for customers and visitors, and the company's role as a responsible employer. Data and information in the

report have been gathered during the 2014 calendar year and cover all properties owned by Atrium Ljungberg, adjusted for sales and acquisitions during the year. Environmental data and employee information includes the wholly-owned subsidiary company, TL Bygg. Any exceptions or limitations in respect to the data are indicated. The table below shows the degree to which the reporting fulfils the information required. The table includes GRI's all core indicators and additional indicators, and indicators from the sector supplement for the Construction and Real Estate Sector (CRESS) that Atrium Ljungberg has deemed to be material.

On Atrium Ljungberg's website there is GRI complementary information with complete GRI tables and complementary information on sustainability work. It contains comments which explain any deviations and the bases used for calculation.

GRI compl. means that information/more information is submitted in Atrium Ljungberg's GRI complementary information on www.atriumljungberg.se

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GRI INDEX

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EN6 Initiatives to provide energy-efficient or renewable energy based products and services	23, 24–25, GRI compl.	R
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EN8 Total water withdrawal by source	25, GRI compl.	R
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EN11 Location of land utilised in, or adjacent to, protected areas and areas of high biodiversity value	GRI compl.	R
EN12 Description of significant impacts of activities, products, and services on biodiversity	GRI compl.	R
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EN16 Total direct and indirect greenhouse gas emissions by weight	24, GRI compl.	R
EN17 Other relevant indirect greenhouse gas emissions by weight	24, GRI compl.	RD
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved	24–25, GRI compl.	R
EN19 Emissions of ozone-depleting substances by weight	GRI compl.	ER
EN20 NO _x , SO _x and other significant air emissions by type and weight	GRI compl.	ER
EN21 Total water discharge by quality and destination	GRI compl.	RE
EN22 Total weight of waste by type and disposal method	GRI compl.	RE
EN23 Total number and volume of significant spills	GRI compl.	ER
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EN26 Initiatives to mitigate environmental impacts of products and services	23–25	R
EN27 Percentage of products sold and their packaging materials that are reclaimed by category		ER
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EN29 Significant environmental impacts from transports	23, GRI compl.	RD
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LA12 Percentage of employees receiving regular performance and career development reviews	27, GRI compl.	R
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HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	GRI compl.	ER
HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	GRI compl.	ER
HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	GRI compl.	ER
Community		
S01 Programmes and practices that assess and manage the impacts of operations on communities	20–23, GRI compl.	R
S02 Percentage and total number of business units analysed for risks related to corruption	29	RD
Corruption		
S03 Percentage of employees trained in organisation's anti-corruption policies and procedures	29, GRI compl.	RE
S04 Actions taken in response to incidents of corruption	GRI compl.	R
Public policy		
S05 Public policy positions and participation in public policy development and lobbying	GRI compl.	R
Compliance		
S08 Significant fines or non-monetary sanctions for non-compliance with laws and regulations	GRI compl.	R
S09 Businesses with a significant potential impact on local society	22–25	RD
Customer health and safety		
PR1 Lifecycle stages in which health and safety impacts of products and services are assessed for improvement	9, 20–25, GRI compl.	RD
Product and service labelling		
PR3 Type of product and service information required by procedures	11, 23, GRI compl.	R
Product development		
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	GRI compl.	RD
Market communications		
PR6 Programmes for adherence to laws, standards, and voluntary codes related to marketing communications	GRI compl.	RE
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	GRI compl.	R
Construction & Real Estate Sector Supplement (CRESS)		
CRE8 Type and number of sustainability/environmental certifications, labelling or processes applied for implementation of projects or construction of properties/facilities	11, 23	R

EXPLANATION OF ABBREVIATIONS – DEGREE OF GRI FULFILLMENT

(R) Reported
(PR) Partially reported
(NR) Not reported
(I) Irrelevant given type and location of operations

ABBREVIATIONS – OTHER

GRI compl. stands for Atrium Ljungberg's GRI complementary information which is available on Atrium Ljungberg's website under Sustainable Enterprise
(C) Indicates a core indicator
(A) Indicates an additional indicator
CRE Indicates indicators developed for the construction and real estate sector

INFORMATION FROM ATRIUM LJUNGBERG

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

AS A LISTED COMPANY Atrium Ljungberg is subject to the rules of the listing agreement with the NASDAQ Stockholm exchange. Significant events, interim reports and preliminary financial statements are published immediately via press releases and the information is also available on the company's website: www.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.

THE ANNUAL REPORT and interim reports are available on our website and are 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 published simultaneously on our website. The annual reports are translated into English shortly after the publication of the Swedish language version.

INTERESTED PARTIES can subscribe to both financial reports and press releases via our website: www.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 the website is also available in English.

PUBLICATION OF FINANCIAL INFORMATION

Interim report Jan–Mar 2015	21/04/2015
Interim report Jan–June 2015	10/07/2015
Interim report Jan–Sep 2015	23/10/2015
Preliminary Financial Statement, 2015	February 2016
2015 Annual Report	March 2016

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will take place on Tuesday 21 April 2015 at 17.00 (CET), Kvarteret NOD, Borgarfjordsgatan 12 in Kista. Notices convening the AGM will be sent by letters in the post to shareholders and the AGM will also be advertised in Post- och Inrikes Tidningar (the Official Swedish Gazette). A statement that the AGM has been convened will be published in the Dagens Nyheter daily newspaper.

AWARDS AND NOMINATIONS

CITY OF MALMÖ URBAN PLANNING PRIZE OF 2014

Atrium Ljungberg was awarded the City of Malmö Urban Planning Prize for the transformation of Mobilia. The prize highlights new productions and improvements which contribute to improving the urban environment of Malmö.

SWEDEN'S BEST WORKPLACES 2014

Atrium Ljungberg was ranked as one of the best in the Great Place to Work® list of "Sweden's best workplaces 2014."

PROPERTY OWNER OF THE YEAR

Atrium Ljungberg was nominated as one of four property owners in Fastighetstidningen's (the Swedish Property Magazine's) competition Property owner of the year.

LANDLORD OF THE YEAR 2014

Atrium Ljungberg was nominated as Landlord of the year at the company Reitan Convenience Sweden's annual prize distribution.

BEST ANNUAL REPORT 2013

Atrium Ljungberg shared the first prize in Kanton's competition "Best annual report" in the category large companies listed on Nasdaq OMX Stockholm. The competition is Sweden's largest within financial communication and is the most extensive within investor relations.

THE SWEDISH PUBLISHING PRIZE

Atrium Ljungberg came second in the category "Annual reports quoted companies." The Swedish publishing prize is Sweden's most comprehensive graphic communication competition.

HUGIN & MUNIN PRIZE

Atrium Ljungberg came third in the business journal Fastighetsvärlden's communication competition for the property sector.



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