



ATRIUM LJUNGBERG

INTERIM REPORT
JANUARY – MARCH 2015

Q1

INTERIM REPORT

1 JANUARY–31 MARCH 2015

- ▶ NET SALES increased to SEK 580 million (SEK 562 m), of which rental income increased to SEK 515 million (SEK 495 m).
- ▶ THE LETTING RATE amounted to 93 per cent (93% as of 31/12/2014), including project properties.
- ▶ THE OPERATING SURPLUS from property management increased to SEK 344.2 million (SEK 328.6 m), which corresponds to an operating surplus margin of 67 per cent (66%). The increase in operating surplus can mainly be attributed to completed projects and property acquisitions.
- ▶ THE PROFIT BEFORE CHANGES IN VALUE increased to SEK 222.7 million (SEK 210.5 m).
- ▶ UNREALISED CHANGES IN THE VALUE of properties amounted to SEK 366.4 million (SEK 0 m) due to lower yield requirements. Unrealised changes in the value of derivatives amounted to SEK –198.5 million (SEK –190.6 m), as market interest rates fell during the period.
- ▶ THE NET PROFIT FOR THE PERIOD totalled SEK 305.7 million (SEK 16.9 m), corresponding to SEK 2.29 /share (SEK 0.13/share). The increase is mainly attributable to an increased operating surplus due to completed projects and property acquisitions as well as increased property values due to lower yield requirements.
- ▶ INVESTMENTS in Atrium Ljungberg's own properties amounted to SEK 149 million (SEK 185 m).
- ▶ THE 2015 PROFIT FORECAST before changes in value and tax is unchanged at SEK 920 million.

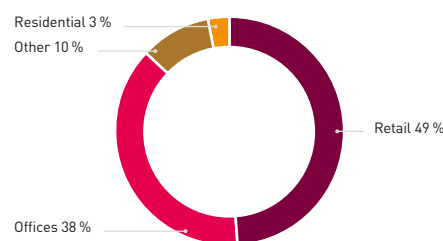
SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- ▶ Possession of office building (leasehold Stora Katrineberg 16) in Liljeholmen Stockholm. The property was acquired at the end of 2014.
- ▶ Retail property was completed in Gränbystaden in Uppsala where Blomsterlandet opened a new store in March.
- ▶ Decision on land allocation and collaboration agreement between the municipality of Järfälla and Atrium Ljungberg to develop Barkarby College in Barkarbystaden. The agreement provides exclusive rights to Atrium Ljungberg to negotiate with the municipality of Järfälla until 2019 on the conditions for development, which comprise 50,000 m² GFA in total.
- ▶ Atrium Ljungberg was again ranked as one of the best in the Great Place to Work list of "Sweden's best workplaces 2014."

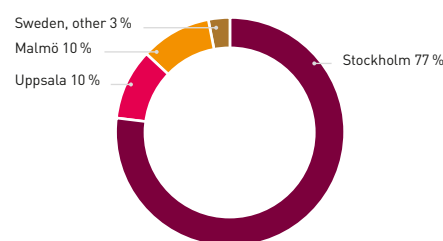
KEY RATIOS

	2015 Jan – Mar	2014 Jan – Mar	2014 Jan – Dec
Net sales, SEK	580	562	2,311
Profit/loss before changes in value, SEK m	223	211	844
Net profit/loss for the period, SEK m	306	17	645
Investments, SEK m	149	185	707
Cash flow from operating activities, SEK m	300	117	734
Letting rate, %	93	95	93
Equity/assets ratio, %	39.8	41.3	39.6
Gearing ratio, %	46.4	46.8	45.5
Average interest rate at period end, %	3.0	3.6	3.2
Interest coverage ratio, multiple	3.2	3.0	3.0
Earnings per share, SEK	2.29	0.13	4.89
Profit/loss before changes in value less nominal tax, SEK/share	1.30	1.26	4.98
Market value, SEK/share	131.30	98.35	114.70
Shareholders' equity, SEK/share	89.34	84.85	87.00
EPRA NNAV (Triple net asset value), SEK/share	104.95	98.54	101.87

Contracted annual rent per premises type



Contracted annual rent per region



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

CEO'S STATEMENT



“The profit for the first quarter continues to grow in line with our forecast.”

FAVOURABLE CONDITIONS FOR PROPERTY COMPANIES

During the first quarter Sweden's economy was characterised by the Riksbank's focus on the inflation target of 2 per cent and a historically low interest rate after reductions of the repo rate to -0.25 per cent. Inflation, CPI was only 0.1 per cent in February. At the same time, the growth rate in the Swedish economy is increasing like the households' belief in the future. Low interest rates and higher purchasing power have also contributed to a positive trend within the Swedish retail sector in January and February with an overall growth of 4.8 per cent. However, the focus on profitability in the retail sector is increasing with more precise establishment criteria for our retail tenants.

In the large urban regions, the rental market for office premises in locations close to the city has continued to strengthen, with increasing rental levels and decreasing vacancies. The current economic conditions, combined with large volumes of capital which will be invested have created greater interest in property investments, squeezed yield

requirements further and driven property prices upwards. All in all, currently the market is favourable for property companies.

RISING PROPERTY VALUES AND POSITIVE NET LETTING

The market value of Atrium Ljungberg's properties has increased by SEK 366 million as a result of the market's lowered yield requirements. The average interest rate in our loan portfolio declined from 3.2 per cent at the start of the year to 3.0 per cent at the end of the period. However, lowered market interest rates also result in higher deficits for our derivatives which have been written down by SEK 199 million.

Our economic letting rate remains at 93 per cent and net letting during the first quarter amounted to SEK 17 million. In April we also signed a 10 year lease contract with Stora Enso for approximately 5,000 m² in the office property Sickla Front in Sickla. We are very pleased that Stora Enso has chosen Sickla Front and that 60 per cent of the property has now been let. Occupancy will take place starting on 1 June and gradually during the autumn.

In our large retail hubs; Sickla, Farsta Centrum, Port 73, Gränby Centrum and Mobilia, the total sales of stores increased by 4.4 per cent during the period January-February, compared to the corresponding period last year. As of 2015, the sales increase is primarily generated in the existing property portfolio as the large extension projects were completed in 2013.

NEW SUBSIDIARY MARKETS

We are continuing to develop our property portfolio with new acquisitions and project opportunities in new subsidiary markets. In February we took possession of Stora Katrineberg in Liljeholmen in Stockholm, an office property of 40,000 m² which is almost fully let. We also won a land allocation competition which will give us the opportunity to develop both educational facilities and offices, as well as residentials, culture and service in the fast growing Barkarbystaden in Järfälla. The land allocation comprises approximately 50,000 m² GFA. In 2016 we are planning to start the first phase by constructing Barkarby College, a dynamic meeting place for learning, culture, business as well as higher education

with, among others, the municipality of Järfälla as one of the tenants. All in all, we are well-positioned in the markets where Greater Stockholm is expanding.

ONE OF SWEDEN'S BEST WORKPLACES

In March we were ranked as one of Sweden's best workplaces by the Great Place to Work list for the second year in a row. Our latest employee survey shows that in 2014 we increased our confidence index to 87 per cent, and thereby exceeded our internally established target of 85 per cent. I am proud and delighted that Atrium Ljungberg is such an attractive company with satisfied and committed employees. It is also an important prerequisite for us to be able to position ourselves strongly in the competition for the best skills in the future.

OUTLOOK FOR 2015

The economy is expected to continue to strengthen, though at a moderate pace. The National Institute of Economic Research (NIER) assesses that the Swedish economy will grow by 2.7 per cent in 2015, the Riksbank signals a continued negative interest rate until mid-2016 and HUI Research, predicts a growth within the retail sector of 3.0 per cent for the current year. Atrium Ljungberg's conditions are good as the markets in which we operate are stronger than the average in Sweden and there are strong indicators that the property market will continue to develop positively in these regions.

The profit for the first quarter continues to grow in line with our forecast. The operating surplus is increasing by approximately 5 per cent in a market without inflation growth. The project portfolio is increasing in volume and amounts to approximately SEK 10 billion, but many projects are in an early phase. My assessment is that we will be able to start new projects at the end of 2015 and start of 2016.

Our forecast for profit before changes in value and tax is unchanged at SEK 920 million in comparison to SEK 844 million for 2014. Future changes in value, property acquisitions or sales of properties have not been taken into account in the forecast.

Ingalill Berglund,
CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	2015 1/1–31/3	2014 1/1–31/3	2014 1/1–31/12	2014/2015 1/4–31/3
Rental income	514.5	495.1	1,980.5	1,999.9
Net sales, project and construction work	65.9	67.1	330.8	329.6
Net sales	580.4	562.2	2,311.3	2,329.5
Property management costs				
Service charge-related costs	-56.8	-52.5	-175.6	-179.9
Other operating costs	-38.2	-38.4	-147.3	-147.1
Management costs	-27.2	-28.5	-131.6	-130.3
Repairs	-9.4	-9.2	-44.4	-44.6
Property tax	-30.8	-30.5	-115.0	-115.3
Leasehold fees	-5.2	-4.3	-13.6	-14.5
Non-deductible VAT	-2.7	-3.1	-8.4	-8.0
	-170.3	-166.5	-635.9	-639.7
Project and construction work costs	-69.6	-68.4	-341.6	-342.8
Gross profit	340.5	327.3	1,333.8	1,347.0
– of which gross profit property management (operating surplus)	344.2	328.6	1,344.6	1,360.2
– of which gross profit project and construction work	-3.7	-1.3	-10.8	-13.2
Central administration, property management	-12.9	-9.2	-53.3	-57.0
Central administration, project and construction work	-3.9	-3.1	-14.0	-14.8
	-16.8	-12.3	-67.3	-71.8
Financial income	0.4	0.7	1.5	1.2
Financial expenses	-101.4	-105.2	-424.5	-420.7
	-101.0	-104.5	-423.0	-419.5
Profit before changes in value	222.7	210.5	843.5	855.7
Changes in value				
Properties, unrealised	366.4	–	860.6	1,227.0
Properties, realised	–	0.9	8.3	7.4
Derivatives, unrealised	-198.5	-190.6	-894.0	-901.9
Goodwill, write-downs	–	–	0.0	0.0
	167.9	-189.7	-25.1	332.5
Profit before tax	390.6	20.8	818.4	1,188.2
Current tax	-3.0	-7.6	-16.2	-11.6
Deferred tax	-81.9	3.7	-157.0	-242.6
	-84.9	-3.9	-173.2	-254.2
Net profit for the period	305.7	16.9	645.2	934.0
Other comprehensive income				
<i>Items which will be reclassified to the profit/loss</i>				
Cash flow hedging	7.8	8.6	32.7	31.9
Tax attributable to other reported income and expenses	-1.7	-1.9	-7.2	-7.0
Total other comprehensive income	6.1	6.7	25.5	24.9
Total comprehensive income for the period	311.8	23.6	670.7	958.9
Earnings per share, SEK	2.29	0.13	4.89	7.03

PROFIT, JANUARY–MARCH 2015

NET SALES

The Group's posted net sales for the period totalled SEK 580 million (SEK 562 m), of which rental income comprised SEK 515 million (SEK 495 m). The increase in rental income is primarily explained by additional rental income from projects which were completed last year, as well as acquired and sold properties. Projects which were completed in 2014, which affect the period's rental income are mainly Kvarteret NOD in Kista, Ica Kvantum in Farsta and new residentials in Mobilia in Malmö.

Contributions from acquired properties primarily relate to the properties Dimman 11 in Malmö, which we took in possession in April 2014, and Stora Katrineberg 16 in Stockholm, which we took in possession on 2 February 2015.

During the first quarter, non-recurring remuneration for premature vacating of premises was received by SEK 3.2 million (SEK 3.6 m). Rental income from sold properties amounted to SEK 0 million (SEK 8.8 m) for the first quarter.

PROPERTY EXPENSES

Property expenses totalled SEK -170.3 million (SEK -166.5 m). Compared to the first quarter of last year, the costs have increased slightly. The increase refers to a larger property portfolio, explained by completed projects and property acquisitions.

GROSS PROFIT/LOSS

The gross profit for the property management activities (the operating surplus) increased to SEK 344.2 million (328.6 m), corresponding to 4.7 per cent. The increase primarily refers to completed projects in 2014 as well as acquired properties. Gross profit/loss from sold properties amounted to SEK 0 million (SEK 5.0 m). The surplus margin increased to 67 per cent (66%).

The gross profit for project and construction activities totalled SEK -3.7 million (SEK -1.3 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 5.3 million (SEK 8.4 m).

CENTRAL ADMINISTRATION

Central administration comprises of costs for the company management as well as central support functions. The cost for the first quarter amounted to SEK -16.8 million (SEK -12.3 m) and has been affected within digital communication, but also an invoicing principle from central administration to property administration.

FINANCIAL INCOME AND EXPENSES

Financial expenses amounted to SEK -101.4 million (SEK -105.2 m) for the period. During the period SEK 1.2 million (SEK 7.7 m) in interest expenses has been capitalised as an investment in property projects.

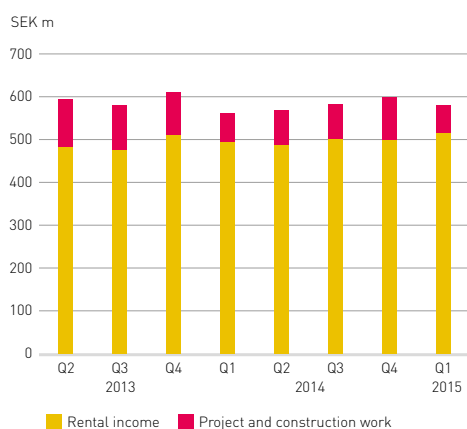
The average interest rate at the end of the period amounted to 3.0 per cent (3.2% as of 31/12/2014). For more information, refer to the section on financing on page 10.

CHANGES IN VALUE

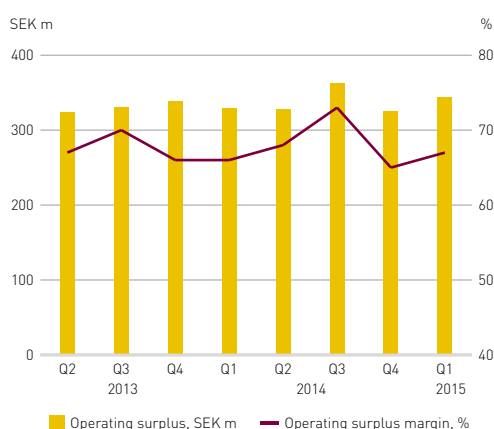
Unrealised changes in the value of properties totalled SEK 366.4 million (SEK 0 m), and are explained by lower yield requirements for certain properties, primarily for offices in Stockholm city centre and certain retail properties. For more information, refer to the section on the property portfolio on page 8.

Unrealised changes in the value of derivatives totalled SEK -198.5 million (SEK -190.6 m) as a result of lower market interest rates. For more information, refer to the section on financing on page 10.

Net sales



Operating surplus



TAXES

The current tax for the period totalled SEK –3.0 million (SEK –7.6 m) and has been affected 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 –81.9 million (SEK 3.7 m).

TAX CALCULATION, 31/03/2015

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	390.6	
Fiscally deductible		
depreciation	-128.9	128.9
investments	-53.9	53.9
Non-taxable/non-deductible		
changes in the value of properties, unrealised	-366.4	366.4
changes in the value of derivatives, unrealised	198.5	-198.5
consolidated capitalisation of borrowing	-4.3	4.3
Other fiscal adjustments	-0.4	-
Fiscal profit/loss before loss carry-forwards	35.2	354.9
Loss carry-forwards, opening balance	-122.8	122.8
Other adjustments of loss carry-forwards	-2.5	-
Property acquisition through companies		
Loss carry-forwards, closing balance	103.0	-103.0
Taxable profit/loss	13.0	374.7
Of which 22% current/deferred tax	-2.9	-82.4
Revaluation of previous tax assessments and other adjustments	-0.1	0.5
Reported tax expense	-3.0	-81.9

PROFIT/LOSS

The profit before changes in value totalled SEK 222.7 million (SEK 210.5 m).

The net profit for the period totalled SEK 305.7 million (SEK 16.9 m), corresponding to SEK 2.29/share (SEK 0.13/share).

CONTRACTED ANNUAL RENT AND LETTING RATE

The Group's contracted annual rent amounted to SEK 2,088 million on 01/04/2015 (SEK 2,090 m as of 01/01/2015). The rental value, i.e. contracted annual rent and estimated market rents for vacant space in existing condition, amounted to SEK 2,247 million on 01/04/2015 (SEK 2,246 m as of 01/01/2015). The economic letting rate thereby amounted to 93 per cent (95% as of 01/01/2015) excluding project properties, and 93 per cent (93% as of 01/01/2015) including project properties.

LETTING RATE¹⁾

	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %
Business area Retail	1,156	1,105	96
Business area Offices	1,065	962	90
Total	2,221	2,066	93
Project properties	26	22	85
Total	2,247	2,088	93

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

NET LETTING

Net letting during the first quarter of 2015, i.e. newly agreed contracted annual rents less annual rents due to termination of lease contracts, amounted to SEK 17 million, and was primarily impacted by several office lettings in Sickla, Hagastaden and Ärvinge.

The time lag between net letting and its effect on profit is assessed as 3–6 months.

PROFIT FORECAST

The profit forecast for 2015 before changes in value and tax is unchanged at SEK 920 million, compared to the forecast provided most recently. The profit forecast after tax is SEK 850 million, corresponding to SEK 6.38/share and including changes in value as of 31/03/2015. Future changes in value and any future property acquisitions and sales of properties have not been taken into account in the forecast.

EVENTS AFTER THE CLOSING DAY

In April we signed a 10 year contract with the global company Stora Enso for approximately 5,000 m² in Sickla Front in Sickla. Occupancy will take place starting on 1 June and gradually during the autumn. In the property the company will establish a new innovation centre which will concentrate research and business development within renewable materials.

CONSOLIDATED BALANCE SHEETS SUMMARY

Amounts in SEK m	2015-03-31	2014-03-31	2014-12-31
ASSETS			
Investment properties	28,678.3	25,813.3	28,163.4
Goodwill	274.2	274.3	274.2
Other fixed assets	40.2	17.1	44.6
Total fixed assets	28,992.7	26,104.7	28,482.2
Current assets	483.7	378.0	378.6
Liquid assets	451.7	251.8	414.8
Total current assets	935.4	629.8	793.4
Total assets	29,928.1	26,734.5	29,275.6
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	11,901.4	11,044.3	11,589.6
Deferred tax liability	2,757.4	2,508.4	2,677.5
Long-term interest-bearing liabilities	10,519.8	11,251.4	9,807.1
Derivatives	1,037.1	167.1	846.4
Other long-term liabilities	28.9	26.8	27.2
Total long-term liabilities	14,343.2	13,953.7	13,358.2
Current interest-bearing liabilities	2,773.4	712.6	2,510.3
Other current liabilities	910.1	1,023.9	1,817.5
Total current liabilities	3,683.5	1,736.5	4,327.8
Total shareholders' equity and liabilities	29,928.1	26,734.5	29,275.6

CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY

Amounts in SEK m	Attributable to the Parent Company shareholders				Total shareholders' equity
	Share capital	Other capital contributed	Hedging provisions	Profits brought forward	
Opening balance, as per 1 January 2014	333.0	3,959.8	-113.3	6,841.2	11,020.7
Profit for the period				16.9	16.9
Other comprehensive income			6.7		6.7
Closing balance as per 31 March 2014	333.0	3,959.8	-106.6	6,858.1	11,044.3
Profit for the period				628.3	628.3
Other comprehensive income			18.8		18.8
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	3,959.8	-87.8	7,384.6	11,589.6
Profit for the period				305.7	305.7
Other comprehensive income			6.1		6.1
Closing balance as per 31 March 2015	333.0	3,959.8	-81.7	7,690.3	11,901.4

There are a total of 133,220,736 (133,220,736) shares, of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. At the period end, there were a total of 133,220,736 (133,220,736 as of 31/12/2014) outstanding shares. Average number of outstanding shares for the period 01/01/2015–31/03/2015 amount to 133,220,736 (130,156,988).

PROPERTY PORTFOLIO

THE PROPERTY MARKET

The Swedish property market continues to be strong and the interest in property investments continues to grow in line with the yield for other assets declining. The access to debt through the bank and capital market is good. Combined with the historically low interest rate, the interest in property investments has resulted in continued squeezed yield requirements during the first quarter of 2015.

According to Savills, the transaction volume in the Swedish property market in the first quarter of 2015 amounted to SEK 24 billion, which is 8 per cent lower than the corresponding period last year. This is probably the result of record-high sales in the previous quarter. The retail segment has comprised a larger share than usual, with sales of several large retail properties during the period.

OUR PROPERTY PORTFOLIO

Atrium Ljungberg's property portfolio comprises 49 properties located primarily in Stockholm, Uppsala and Malmö. Our property portfolio, which mainly consists of retail and office properties, is made up of modern and attractive properties with a total letting area of 1,064,000 m². No property acquisitions or sales were conducted during the quarter.

Change in the value of the property portfolio

	SEK m	Antal
Property portfolio, 31/12/2014	28,163	49
Investments in our own properties	149	-
Unrealised changes in value	366	-
Property portfolio, 31/03/2015	28,678	49

PROPERTY VALUES

During the first quarter, Atrium Ljungberg internally valued the entire property portfolio and assumed yield requirements have been subject to quality assurance by Forum Fastighetsekonomi. The market valuation is based on analyses of completed property transactions for properties of a similar standard and in a similar location, in order to assess the market's yield requirements. The valuation also entails cash flow calculations, with individual

assessments of the earning capacity of each property. Assumed rental levels in conjunction with contract expirations correspond to current market rent levels. Operating costs have been assessed on the basis of the company's actual costs. Development rights have been valued on the basis of an estimated market value per m² GFA 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 yield requirement on the basis of the current phase of the project.

The reported value of the property portfolio totalled SEK 28,678 million (SEK 28,163 m as of 31/12/2014). The average dividend yield requirement in the valuation is 5.6 per cent (5.6% as of 31/12/2014). Investments in Atrium Ljungberg's own properties during the period totalled SEK 149 million (SEK 185 m). The unrealised change in value totalled SEK 366 million (SEK 0 m), and is primarily explained by lower yield requirements for certain properties, primarily for offices in Stockholm city centre and some retail properties.

Unrealised changes in value

	mkr
Change in yield requirements	367
Change in operating nets	-5
Change in investments	4
Total	366

Yield requirement per premises type, %

Premises type	Interval	Average
Offices	4.4-8.0	5.5
Retail	4.4-7.5	5.6
Residential	3.8-4.8	3.9
Other	4.4-8.0	6.1
Total	3.8-8.0	5.6

Property portfolio, 31/03/2015

Property portfolio by segment	Letting area, 1,000 m ²	Fair value, SEK m	Fair value, SEK m ²	Rental value, SEK m ¹¹	Rental value, SEK m/m ²	Economic letting rate, %
Business area Retail	531	14,381	26,019	1,156	2,178	96
Business area Offices	516	13,416	27,099	1,065	2,065	90
Total	1,046	27,796	26,567	2,221	2,122	93
Project properties, including land and development rights	18	882	N/A ²¹	26	1,478	85
Total	1,064	28,678		2,247	2,111	93

¹¹ Reported rental value is based on the immediately subsequent quarter.

²¹ Letting area for new production is not reported until the project is completed and the figures hence do not accurately represent the actual situation.

Yield 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

ONGOING PROJECTS

Atrium Ljungberg has invested a total of SEK 149 million in its own properties during the first quarter of 2015. We invested SEK 49 million in ongoing projects and this refers to the project Gränby Köpstad in Gränbystaden in Uppsala. The remaining investment volume for ongoing projects amounted to approximately SEK 90 million on 31 March.

GRÄNBÝ KÖPSTAD WITHIN GRÄNBÝSTADEN – UPPSALA

We are continuing the development of the new retail hub in north-eastern Uppsala. Two restaurant buildings with a total of four restaurant concepts were completed in 2014 and during the first quarter of 2015 a retail property for Blomsterlandet which was opened in the middle of March was completed. The construction of another retail property is ongoing. Apotek Hjärtat and City Gross will open here in September and October 2015.

Our plans for the new retail hub are to create an area of approximately 50,000 m² with a city feel and a retail offering that focuses on the home. The offering should supplement the existing offering of Gränby Centrum which is located nearby. The aim is for the retail hub to become a natural part of the entirety in the emerging city district Gränbystaden in the long-term. Gränbystaden will cover both the new retail hub and Gränby Centrum and the neighbourhood, where we are planning for additional retail, workplaces, cultural activities, restaurants and residential.

POTENTIAL DEVELOPMENT PROJECTS

At present we are managing several detailed development plan processes in conjunction with our areas to create new development opportunities for the future. In terms of area, the plans cover equally large areas of residentials, retail and office premises and a smaller share for educational facilities. The plans are divided in all our areas with a focus on Sickla and Uppsala, where approximately two-thirds of the project portfolio is located.

During the first quarter of 2015 we concluded a collaboration and land allocation agreement with the municipality of Järfälla for a development right of approximately 50,000 m² GFA in Barkarby-staden in north-western Stockholm, which entails business opportunities in a new market.

The estimated project volume for potential but not yet determined projects totalled SEK 10 billion on 31 March.

POTENTIAL PROJECT STARTS IN 2015

We are at the final stage of a number of detail development plan processes which we assess will enter into force during 2015. Construction start is planned for the end of 2015 and start of 2016, but depends on lease contracts being concluded.

ONGOING PROJECTS

Project/Property/Location	New build, letting area, m ²	Premises type	Investment, SEK m	Of which remaining, SEK m	Completion date	Rental value excl. surcharges, SEK m	Letting rate, %
Gränby Köpstad within Gränbystaden, Brillinge 8:1/9:1, Uppsala	15,800	Retail/Other	300	90	2014/2015 ¹¹	27	66
Total	15,800		300	90		27	66

¹¹ Covers approximately 50,000 m² GFA in total. Investment decisions and completion take place in stages, among other things, connected to letting.

FINANCING

THE FINANCIAL MARKET

The Swedish economy is progressing relatively well. GDP growth during the fourth quarter of 2014 has amounted to 2.7 per cent on a per annum basis. Even exports, which remained stagnant for a long time have increased. The Riksbank have not appear to attach any major importance to that the economy of Sweden is progressing fairly well, but the focus is completely on inflation and inflation expectations. During the first quarter of 2015, the Riksbank lowered the repo rate on two occasions and on 31 March it was -0.25 per cent.

Stibor 3 months amounted to -0.07 per cent on 31/03/2015. The market's pricing of Stibor 3 months is -0.18--0.20 per cent during 2015.

The National Institute of Economic Research (NIER) assesses that the Swedish economy will grow by 3.1 per cent in 2015 in comparison to growth in 2014 which amounted to 2.1 per cent.

INTEREST-BEARING LIABILITIES

Atrium Ljungberg meets its financing requirements through five Nordic banks and the capital market. The banks are Atrium Ljungberg's biggest financiers, and bank loans accounted for 77 per cent of the total loan volume during the first quarter. Interest-bearing liabilities at the end of the period amounted to SEK 13,301 million, an increase of SEK 974 million during the period, as a result of the acquisition of Stora Katrineberg 16, Liljeholmen.

The average interest rate amounted to 3.0 per cent, both excluding and including unutilised loan guarantees. Unutilised loan guarantees amounted to SEK 1,750 million. The unutilised overdraft facility amounted to SEK 300 million. The average fixed interest term was 4.7 years and the capital commitment term was 2.9 years.

COLLATERAL

Our borrowing is primarily secured by real estate mortgages. Of the interest-bearing liabilities, SEK 10,311 million is secured by real estate mortgage and SEK 2,990 million is unsecured.

DERIVATIVES

At the end of the period, the derivatives portfolio comprised of SEK 7,911 million in interest swaps, net including shortened swaps, with maturity between the years 2016-2029. In addition, there is SEK 1,300 million in forward-started swaps. The derivatives portfolio is valued at market rate in conjunction with every year-end closing and the change in value is reported via the Profit and Loss Statement. During final 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 derivatives totalled SEK -198.5 million [SEK -190,6 m] as market interest rates have fallen on the terms covered by the derivatives. The deficit book value of the derivatives portfolio totalled SEK -1,037.1 million [SEK -846.4 m as of 31/12/2014] at the period end.

Fixed interest ¹⁾

Fixed interest term	Amount, SEK m	Percentage, %	Average interest, %
Variable + 3M Stibor	2,262	17	1.4
2015	1,952	15	1.0
2016	1,155	9	3.6
2017	630	5	3.6
2018	849	6	3.7
2019	606	5	3.9
2020 and thereafter	5,846	44	3.9
Total	13,301	100	3.0

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

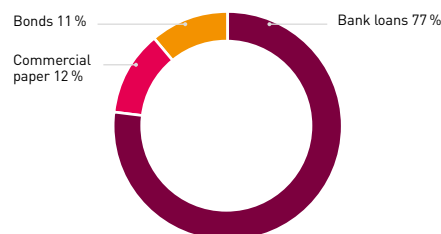
Capital commitment

Maturity date	Amount, SEK m	Percentage, %
2015	1,503	11
2016	3,005	23
2017	4,455	36
2018	1,482	11
2019	1,120	6
2020 and thereafter	1,735	13
Total	13,301	100
Prepaid financing costs	-8	
Interest-bearing liabilities in accordance with the Balance Sheet	13,293	

Key ratios financing

	31/03/2015	31/12/2014
Interest-bearing liabilities, SEK m	13,301	12,327
Gearing ratio, %	46.4	45.5
Average fixed interest term, years	4.7	4.8
Average capital commitment term, years	2.9	2.7
Average interest rate for interest-bearing liabilities, %	3.0	3.2
Shareholders' equity, SEK m	11,901	11,590

Interest-bearing liabilities



CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	2015 1/1–31/3	2014 1/1–31/3	2014 1/1–31/12	2014/2015 1/4–31/3
OPERATING ACTIVITIES				
Profit before tax	390.6	20.8	818.4	1,188.2
Reversal of depreciation and write-downs	1.8	1.6	6.5	6.7
Realised changes in value, investment properties	–	–0.9	–8.3	–7.4
Unrealised changes in value, investment properties	–366.4	–	–860.6	–1,227.0
Unrealised changes in value, derivatives	198.5	190.6	894.0	901.9
Other items not included in the cash flow	3.9	4.1	17.8	17.6
Tax paid	–53.7	–138.1	–193.9	–109.5
Cash flow from operating activities before changes in working capital	174.7	78.1	673.9	770.5
Net change in working capital	125.0	38.6	60.5	146.9
Cash flow from operating activities	299.7	116.7	734.4	917.4
INVESTMENT ACTIVITIES				
Acquisition of properties	–1,086.1	–355.0	–620.0	–1,351.1
Reconstruction and new construction of properties	–148.5	–184.8	–706.6	–670.3
Sale of properties	–	938.4	1,031.9	93.5
Acquisition/sale of equipment	–1.8	–0.9	–7.3	–8.2
Cash flow from investment activities	–1,236.4	397.7	–302.0	–1,936.1
FINANCING ACTIVITIES				
Change in other long-term liabilities	1.8	1.7	2.5	2.6
Loans raised	1,562.8	800.0	2,180.4	2,943.2
Amortisation of debts	–591.0	–1,250.9	–2,285.2	–1,625.3
Sale of repurchased shares	–	–	295.1	295.1
Dividend paid	–	–	–397.0	–397.0
Cash flow from financing activities	973.6	–449.2	–204.2	1,218.6
Cash flow for the period	36.9	65.2	228.2	199.9
Liquid assets at the beginning of the period	414.8	186.6	186.6	251.8
Liquid assets at the end of the period	451.7	251.8	414.8	451.7

COMMENTS ON THE CASH FLOW STATEMENT

The cash flow from operating activities totalled SEK 299.7 million (SEK 116.7 m), corresponding to SEK 2.25/share (SEK 0.90/share). The higher cash flow during the first quarter 2015 compared to the same period previous year can be explained by a positive change of the operating capital and that 2014 was encumbered by payment of a tax demand to the Swedish tax agency. The tax demand totalled SEK 107 million.

Investment activities have been charged to the cash flow by SEK –1,236.4 million (SEK 397.7) and are primarily the result of paid purchase sum for Stora Katrineberg 16 in Liljeholmen,

Stockholm. During the first quarter 2014 we received payment for the sale of Torgvågen 7 (Pub), which affected the cash flow positively.

The cash flow within financing activities amounted to SEK 973.6 million (SEK –449.2 m) and has been affected by raising of new loans for financing investments and acquisitions which have been made. 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 210 million (SEK 850 m), amounted to SEK 961.7 million at the end of the period (SEK 1,004.8 m as of 31/12/2014).

SEGMENT REPORTING 1/1–31/3 2015

Atrium Ljungberg's segmentation is based on 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 Project development and TL Bygg.

Amounts in SEK m	Business area Retail	Business area Office	Project properties	Properties sold	Property management, total	Project development ¹⁾	TL Bygg	Project and construction activities, total	Non-allocated items and eliminations	The Group
Rental income	273.3	235.7	5.5		514.5					514.5
Net sales, project and construction work						4.1	91.9	96.0	-30.1	65.9
Net sales	273.3	235.7	5.5		514.5	4.1	91.9	96.0	-30.1	580.4
Property management costs	-97.1	-70.1	-3.1		-170.3					-170.3
Project and construction work costs						-13.1	-86.6	-99.7	30.1	-69.6
Gross profit	176.2	165.6	2.4		344.2	-9.0	5.3	-3.7	0.0	340.5
<i>- of which gross profit/loss from property management</i>	176.2	165.6	2.4		344.2					344.2
<i>- of which gross profit/loss from project and construction work</i>						-9.0	5.3	-3.7		-3.7
Central administration, property management					-12.9					-12.9
Central administration, project and construction work							-3.9	-3.9		-3.9
Financial income									0.4	0.4
Financial expenses									-101.4	-101.4
Profit/loss before changes in value	176.2	165.6	2.4		331.3	-9.0	1.4	-7.6	-101.0	222.7
Properties, unrealised changes in value	165.0	197.0	4.4		366.4					366.4
Properties, realised changes in value										
Derivatives, unrealised changes in value									-198.5	-198.5
	165.0	197.0	4.4		366.4				-198.5	167.9
Current tax									-3.0	-3.0
Deferred tax									-81.9	-81.9
Net profit/loss for the period	341.2	362.6	6.8		697.7	-9.0	1.4	-7.6	-384.4	305.7
Investments and acquisitions per business segment										
Investments, investment properties	42.1	57.6	48.8		148.5					148.5
Investments, project and construction work							0.4	0.4		0.4
Acquisitions, investment properties	42.1	57.6	48.8		148.5		0.4	0.4		148.9
Assets per business segment, period end										
Investment properties	14,380.5	13,415.6	882.2		28,678.3					28,678.3
Project and construction work							170.9	170.9		170.9
Non-allocated assets in common									1,078.9	1,078.9
Total assets	14,380.5	13,415.6	882.2		28,678.3		170.9	170.9	1,078.9	29,928.1

¹⁾ Profit/loss in Project Development refers primarily to costs from investigations in previous project phases and ongoing development projects.

SEGMENT REPORTING 1/1–31/3 2014

Amounts in SEK m	Business area Retail	Business area Office	Project properties	Properties sold	Property management, total	Project development ¹⁾	TL Bygg	Project and construction activities, total	Non-allocated items and eliminations	The Group
Rental income	277.7	206.4	2.2	8.8	495.1					495.1
Net sales, project and construction work						1.8	87.6	89.4	-22.3	67.1
Net sales	277.7	206.4	2.2	8.8	495.1	1.8	87.6	89.4	-22.3	562.2
Property management costs	-102.0	-59.6	-1.1	-3.8	-166.5					-166.5
Project and construction work costs						-11.5	-79.2	-90.7	22.3	-68.4
Gross profit	175.7	146.8	1.1	5.0	328.6	-9.7	8.4	-1.3	0.0	327.3
<i>– of which gross profit/loss from property management</i>	175.7	146.8	1.1	5.0	328.6					328.6
<i>– of which gross profit/loss from project and construction work</i>						-9.7	8.4	-1.3		-1.3
Central administration, property management					-9.2					-9.2
Central administration, project and construction work							-3.1	-3.1		-3.1
Financial income									0.7	0.7
Financial expenses									-105.2	-105.2
Profit/loss before changes in value	175.7	146.8	1.1	5.0	319.4	-9.7	5.3	-4.4	-104.5	210.5
Properties, unrealised changes in value										
Properties, realised changes in value	0.9				0.9					0.9
Derivatives, unrealised changes in value									-190.6	-190.6
	0.9				0.9				-190.6	-189.7
Current tax									-7.6	-7.6
Deferred tax									3.7	3.7
Net profit/loss for the period	176.6	146.8	1.1	5.0	320.3	-9.7	5.3	-4.4	-299.0	16.9
Investments and acquisitions per business segment										
Investments, investment properties	52.6	15.8	116.3		184.7					184.7
Investments, project and construction work							0.2	0.2		0.2
Acquisitions, investment properties		265.0	355.0		620.0					620.0
	52.6	280.8	471.3		804.7		0.2	0.2		804.9
Assets per business segment, period end										
Investment properties	13,526.4	10,688.3	1,598.6		25,813.3					25,813.3
Project and construction work							143.4	143.4		143.4
Non-allocated assets in common									777.8	777.8
Total assets	13,526.4	10,688.3	1,598.6		25,813.3		143.4	143.4	777.8	26,734.5

¹⁾ Profit/loss in Project Development refers primarily to costs from investigations in previous project phases and ongoing development projects.

KEY RATIOS

	2015 1/1-31/3	2014 1/1-31/3	2014 1/1-31/12	2014/2015 1/4-31/3
PROPERTY-RELATED KEY RATIOS				
Letting rate, %	93	95	93	93
Operating surplus margin, %	67	66	68	68
Letting area, '000 m ²	1,064	964	1,062	1,064
Investments in properties, SEK m	149	185	707	671
Number of properties	49	49	49	49
FINANCIAL KEY RATIOS				
Equity/assets ratio, %	39.8	41.3	39.6	39.8
Gearing ratio, %	46.4	46.8	45.5	46.4
Interest coverage margin, multiple	3.2	3.0	3.0	3.0
Average rate of interest on interest-bearing liabilities (at period end), %	3.0	3.6	3.2	3.0
Return on shareholders' equity, %	10.4	0.6	5.7	8.1
Return on shareholders' equity, excluding changes in value, %	5.9	5.9	5.8	5.9
Return on total assets, %	6.6	1.9	4.4	5.7
Return on total assets excluding changes in value, %	4.4	4.7	4.5	4.5
DATA PER SHARE				
Earnings per share, SEK	2.29	0.13	4.89	7.03
Profit before changes in value less applicable nominal tax, SEK	1.30	1.26	4.98	5.02
EPRA EPS (Earnings per share), SEK	1.61	1.52	6.15	6.24
Cash flow, SEK	2.25	0.90	5.56	6.91
Shareholders' equity, SEK	89.34	84.85	87.00	89.34
EPRA NAV (Net asset value), SEK	115.59	103.30	111.19	115.59
EPRA NNAV (Triple net asset value), SEK ²⁾	104.95	98.54	101.87	104.95
Share price, SEK	131.30	98.35	114.70	131.30
Average number of outstanding shares, '000 ¹⁾	133,221	130,157	132,072	132,838
Number of outstanding shares at end of period, '000 ¹⁾	133,221	130,157	133,221	133,221
EMPLOYEES				
Average number of employees	280	280	282	281

¹⁾ At 15/5/2014 the company sold its total holdings of repurchased shares (3,063,748).

²⁾ For calculation of EPRA NNAV, an estimated deferred tax of 4 per cent has been used.

The Atrium Ljungberg share



THREE REASONS TO OWN SHARES IN ATRIUM LJUNGBERG

- ▶ **A stable dividend yield** – The dividend yield over the last five years was 3.2 per cent. The dividend paid by the company since its flotation in 1994 have never fallen in SEK per share.
- ▶ **Low risk** – The company's operations are stable and its financial position is strong, with solid key ratios such as a low gearing ratio and high interest coverage margin.
- ▶ **Potential for good value growth** – With a planned investment rate of SEK 1 billion per year and a goal of 20 per cent returns on new build and extension projects, the company – and hence the share – has excellent potential for good value growth over time.

QUARTERLY SUMMARY

INCOME STATEMENTS

Amounts in SEK m	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
Rental income	514.5	499.1	500.2	486.1	495.1	511.0	475.2	481.7
Net sales, project and construction work	65.9	98.7	82.7	82.3	67.1	98.3	104.7	112.1
Net sales	580.4	597.8	582.9	568.4	562.2	609.3	579.9	593.8
Property management costs	-170.3	-174.0	-137.5	-157.9	-166.5	-173.1	-144.8	-158.0
Project and construction work costs	-69.6	-103.1	-84.8	-85.3	-68.4	-95.0	-100.9	-111.8
Gross profit	340.5	320.7	360.6	325.2	327.3	341.2	334.2	324.0
– of which gross profit from property management	344.2	325.1	362.7	328.2	328.6	337.9	330.4	323.7
– of which gross profit from project and construction work	-3.7	-4.4	-2.1	-3.0	-1.3	3.3	3.8	0.3
Central administration, property management	-12.9	-20.6	-13.6	-9.9	-9.2	-16.2	-11.4	-11.1
Central administration, project and construction work	-3.9	-3.6	-3.2	-4.1	-3.1	-5.7	-3.1	-3.0
	-16.8	-24.2	-16.8	-14.0	-12.3	-21.9	-14.5	-14.1
Financial income and expenses	-101.0	-105.4	-115.6	-97.5	-104.5	-106.5	-98.5	-103.6
Profit before changes in value	222.7	191.1	228.2	213.7	210.5	212.8	221.2	206.3
Properties, unrealised changes in value	366.4	434.5	–	426.1	–	101.0	-100.0	141.5
Properties, realised changes in value	–	0.0	7.0	0.4	0.9	-1.6	-2.0	2.0
Derivatives, unrealised changes in value	-198.5	-271.2	-168.3	-263.9	-190.6	1.4	28.3	191.4
Goodwill, write-downs	–	–	0.0	–	–	-0.1	-33.3	–
	167.9	163.3	-161.3	162.6	-189.7	100.7	-107.0	334.9
Profit before tax	390.6	354.4	66.9	376.3	20.8	313.5	114.2	541.2
Tax	-84.9	-79.5	-7.6	-82.2	-3.9	-60.9	76.8	-118.3
Net profit for the period	305.7	274.9	59.3	294.1	16.9	252.6	191.0	422.9
KEY RATIOS								
Property-related key ratios	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
Letting rate, %	93	93	93	95	95	95	95	95
Operating surplus margin, %	67	65	73	68	66	66	70	67
Letting area, '000 m ²	1,064	1,062	1,012	971	964	941	940	903
Investments in properties, SEK m	149	199	163	160	185	360	329	293
Number of properties	49	49	48	49	49	47	50	51
Financial key ratios								
Equity/assets ratio, %	39.8	39.6	41.3	41.0	41.3	41.1	40.7	40.2
Gearing ratio, %	46.4	45.5	45.6	46.5	46.8	47.8	48.4	48.7
Interest coverage margin, multiple	3.2	2.8	3.0	3.2	3.0	3.0	3.2	3.0
Average rate of interest on interest-bearing liabilities (at period end), %	3.0	3.2	3.5	3.6	3.6	3.6	3.6	3.6
Return on shareholders' equity, %	10.4	9.6	2.1	10.6	0.6	9.3	7.2	16.1
Return on shareholders' equity, excluding changes in value, %	5.9	5.2	6.3	6.0	5.9	6.1	5.5	6.2
Return on total assets, %	6.6	6.5	2.7	7.0	1.9	6.3	3.2	9.9
Return on total assets excluding changes in value, %	4.4	4.2	5.0	4.6	4.7	4.8	4.4	4.8
Data per share								
Earnings per share, SEK	2.29	2.06	0.45	2.23	0.13	1.94	1.47	3.25
Profit before changes in value less applicable nominal tax, SEK	1.30	1.12	1.34	1.27	1.26	1.28	1.33	1.24
EPRA Earnings per share (EPS), SEK	1.61	1.50	1.60	1.53	1.52	1.88	1.56	1.49
Cash flow, SEK	2.25	1.42	1.41	1.83	0.90	1.65	2.39	1.18
Shareholders' equity, SEK	89.34	87.00	84.89	84.40	84.85	84.67	82.68	81.16
EPRA NAV (Net asset value), SEK	115.59	111.19	106.56	104.91	103.30	101.74	99.04	98.52
EPRA NNNAV (Triple Net asset value), SEK ²⁾	104.95	101.99	99.17	98.53	98.54	98.17	95.56	94.62
Share price, SEK	131.30	114.70	103.50	109.00	98.35	88.00	85.70	85.00
Average number of outstanding shares, '000 ¹⁾	133,221	133,221	133,221	131,689	130,157	130,157	130,157	130,157
Number of outstanding shares at end of period, '000 ¹⁾	133,221	133,221	133,221	133,221	130,157	130,157	130,157	130,157

¹⁾ At 15/5/2014 the company sold its total holdings of repurchased shares (3,063,748).

²⁾ For calculation of EPRA NNNAV, an estimated deferred tax of 4 per cent has been used.

PARENT COMPANY

The Parent Company's operations comprise Group-wide functions and the organisation for the management of the properties owned by the Parent Company and the subsidiary companies.

Net sales totalled SEK 70.7 million (SEK 72.4 m). The operating profit/loss totalled SEK -0.9 million (SEK 5.3 m). Profit/loss after financial items totalled SEK 63.3 million (SEK 66.8 m).

Interest-bearing liabilities amount to SEK 8,927 million (SEK 8,261 m as of 31/12/2014). These funds finance the parent company's property portfolio and are lent to other Group companies.

The Parent Company's layout in the Profit and Loss Statement has been changed. The change has not effected the operating profit/loss. The comparison figures have been updated accordingly.

INCOME STATEMENTS PARENT COMPANY

Amounts in SEK m	2015 1/1-31/3	2014 1/1-31/3	2014 1/1-31/12
Rental income	41.5	40.0	161.8
Management income	29.2	32.4	122.0
Net sales	70.7	72.4	283.8
Property expenses	-16.3	-14.1	-60.9
Management and administration expenses	-50.5	-48.9	-203.5
Depreciation	-4.8	-4.1	-17.6
Operating profit/loss	-0.9	5.3	1.8
Result of participations in Group companies	47.8	46.2	579.7
Interest income and similar profit/loss items	123.9	130.1	536.7
Interest expenses and similar profit/loss items	-107.5	-114.8	-456.5
	64.2	61.5	659.9
Profit/loss after financial items	63.3	66.8	661.7
Appropriations	-1.4	-2.6	-103.3
Profit/loss before tax	61.9	64.2	558.4
Current tax	-3.0	-7.3	-14.3
Deferred tax	-3.1	-4.4	-22.6
	-6.1	-11.7	-36.9
Profit for the period	55.8	52.5	521.5

SUMMARY BALANCE SHEETS PARENT COMPANY

Amounts in SEK m	31/03/2015	31/03/2014	31/12/2014
ASSETS			
Tangible fixed assets	1,385.0	1,331.5	1,374.4
Financial fixed assets	2,469.9	2,269.8	2,422.1
Current assets	14,728.9	13,445.3	13,999.9
Total assets	18,583.8	17,046.6	17,796.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	7,343.8	6,920.9	7,288.0
Untaxed reserves	37.5	28.4	36.1
Provisions	238.6	217.3	235.5
Long-term liabilities	8,420.7	7,818.1	7,375.3
Current liabilities	2,543.2	2,061.9	2,861.5
Total shareholders' equity and liabilities	18,583.8	17,046.6	17,796.4

OTHER INFORMATION

SUSTAINABILITY

One of Atrium Ljungberg's overall operational goals is Corporate Social Responsibility. We have defined four sustainability goals in this context. All our major new construction projects should be environmentally certified in accordance with BREEAM and the energy consumption per square metre should decrease by 20 per cent between the years 2014 and 2021. By 2021, the proportion of green lease contracts is also to be 50 per cent of the contracted annual rent. Finally, we shall be one of Sweden's best workplaces. The goals are monitored annually.

MARKET DEVELOPMENT, RISKS AND UNCERTAINTY FACTORS

Atrium Ljungberg's property portfolio, with retail, office and full-service environments, is primarily located in strong subsidiary markets in the expanding regions Stockholm, Uppsala and Malmö. The primary prioritised risk management areas, in light of both their complexity and size of the amounts involved, are letting, property valuation, project activities and financing. The company has good procedures for managing these risks. The company also has a strong financial position with solid key ratios, such as a low gearing ratio and high interest coverage ratio.

In June 2014, the Swedish Committee on Corporate Taxation, which was appointed by the Government to review corporate taxation, submitted its final report. Atrium Ljungberg is primarily affected by the Committee's proposal to eliminate the right to make deductions for negative net financial items and instead introduce a flat deduction of 25 per cent of the taxable profit. This would entail a higher tax expense for Atrium Ljungberg. The proposal has been submitted for feedback and answers were received during the autumn 2014. The majority of the bodies reject the proposal. Pursuant to the Government's spring bill, any new rules will enter into force on 1 January 2017 at the earliest.

For further information on risks and uncertainty factors in general, please see Atrium Ljungberg's 2014 Annual Report and the section entitled "Risks and risk management" on pages 93–97.

SEASONAL EFFECTS

The operating surplus is impacted by seasonal variations in operating costs. Generally costs are higher during the first and last quarter of the year, primarily caused by higher costs of heating and property maintenance.

ACCOUNTING PRINCIPLES

Atrium Ljungberg's Consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS). The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies Swedish Financial Reporting Board's recommendation, RFR2 Accounting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles applied conform to those described in the 2014 Annual Report.

New and revised standards from IFRS and interpretations from IFRIC to be applied by the Group as of 1 January 2015 have had no effect on the Group's results or financial position.

Valuation method for investment properties

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

Valuation method for derivatives

Derivatives (interest swap agreements) are valued at fair value in the Balance Sheet. Pursuant to the IFRS valuation hierarchy, the fair value of derivatives has been valued in accordance with level 2.

This level means that the valuation is based on input data other than the listed prices, and which are observable for the asset or the liability, either directly or indirectly. The derivative agreements (ISDA-agreements) include an option to net obligations in respect of the same counterparty.

Fair value interest-bearing liabilities

According to the Balance Sheet, the Group's reported interest-bearing liabilities total SEK 13,293 million (SEK 12,317 m as of 31/12/2014) and their fair value totals SEK 13,394 million (SEK 12,417 m as of 31/12/2014). The fair value calculation is based on discounted estimated future cash flows. The discounting is effected on the basis of current market rates plus the relevant borrowing margin. The valuation is hereby conducted with IFRS valuation hierarchy level 2. Atrium Ljungberg is of the opinion, with regard to other financial assets and liabilities reported at accrued acquisition value, that the differences between book values and fair values are insignificant.

EPRA

As of 1 January 2015, Atrium Ljungberg reports EPRA EPS, EPRA NAV as well as EPRA NNNAV in accordance with the European Public Real Estate Association.

For calculation of EPRA NNNAV (the triple net asset value), an estimated deferred tax of 4 per cent has been used. The calculation of the tax rate is based on a discount rate of 3 per cent (real) and that the property portfolio is realised over 50 years, where 10 per cent of the properties are sold directly with a nominal tax rate of 22 per cent and that 90 per cent are sold indirectly through transfer of shares with a tax deduction for the buyer of 6 per cent.

Nacka, 21 April 2015

Ingalill Berglund
CEO



In March Blomsterlandet opened in the newly-built retail property in Gränbystaden in Uppsala.

For the second year in a row, Atrium Ljungberg was ranked as one of Sweden's best workplaces. In addition, our HR director Helena Martini was chosen as "HR Personality of the Year."



DEFINITIONS

FINANCIAL DEFINITIONS

Average number of outstanding shares

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.

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 after dilution.

EPRA

The European Public Real Estate Association is a trade organisation for publicly listed real estate companies and investors in Europe which sets standards for the financial reporting.

EPRA EPS Earnings per share, SEK

Profit/loss before changes in value, less nominal tax, divided by the average number of outstanding shares. The deducted tax has been calculated by taking into account tax deductible depreciation and investments.

EPRA NAV (Net asset value)/share, SEK

Reported shareholders' equity with reversal of goodwill, interest derivatives and deferred tax, divided by the number of outstanding shares at the end of the period.

EPRA NNAV (Triple net asset value)/share, SEK

Reported shareholders' equity with reversal of goodwill and adjusted with estimated actual deferred tax, divided by the number of outstanding shares at the end of the period.

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.

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 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.

Project return, %

The market value after conducted project minus the total investment divided by the total investment.

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.

ABOUT ATRIUM LJUNGBERG

Atrium Ljungberg is **one of Sweden's largest listed property companies** and has been listed on the NASDAQ Stockholm Exchange since 1994. We own, develop and manage properties and areas – primarily for the retail and office sectors. We are primarily located in Stockholm, Uppsala and Malmö.

Our vision, "Our city – where everyone thrives", is an expression for what we want to achieve – exciting and sustainable urban environments where everything you desire is close by and where people want to be, today and tomorrow. 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 the society.

Number of properties	49
Property value, SEK billion	28.7
Contracted annual rent, SEK billion	2.1
Total letting area, m ²	1,064,000
Letting rate, %	93
Number of employees	280

GOALS

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

- ▶ **PROFITABILITY AND GROWTH**
The operating net shall increase by 10% per annum, we shall invest SEK 1 billion each year in in-house projects, and the project return on new build and extension projects shall be 20%. The dividend shall correspond to a minimum of 50% of the project profit before changes in value, after nominal tax.
- ▶ **LONG-TERM STABILITY**
The minimum equity/assets ratio shall be 30% and 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.

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.



BUSINESS MODEL

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

STRATEGIES

- ▶ Focus on developing environments for retail and office purposes and, where possible, add housing, service, culture and education.
- ▶ Develop and improve properties and development rights.
- ▶ Operate in strong subsidiary markets in large urban regions.
- ▶ Be a significant player with large, unified units in each subsidiary market.
- ▶ 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.
- ▶ Conduct and manage the entire business process in-house using our in-house expertise.
- ▶ The sustainability work should be integrated in the business strategy and should comprise an important component of our offering.
- ▶ Have committed employees who are passionate about what we do.

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 all language versions are published simultaneously on our website. The annual reports are translated into English shortly after the publication of the Swedish language version.

INTERESTED PARTIES can subscribe to both financial reports and press releases via our website: www.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–June 2015	10/07/2015
Interim report Jan–Sep 2015	23/10/2015
2015 Preliminary Financial Statements	Feb. 2016
2015 Annual Report	Mar. 2016



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