

CENTRUM

ANNUAL REPORT 2015

URBAN ENVIRONMENTS THAT GENERATE VALUE

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VIBRANT URBAN ENVIRONMENTS

Atrium Ljungberg owns, develops and manages properties. Our primary focus is on retail and offices, but our vibrant urban environments also include residential properties and cultural, service and educational facilities. We create city districts where people want to be, today and tomorrow. We are located where Sweden is growing: Stockholm, Uppsala, Malmö and Gothenburg.

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

Atrium Ljungberg has been listed on the NASDAQ Stockholm Exchange since 1994.



ATRIUM LJUNGBERG

48 

NUMBER OF PROPERTIES

31 

PROPERTY VALUE, SEK BILLION

2.1 

CONTRACTED ANNUAL RENT, SEK BILLION

1,034

LETTING AREA, M² '000

94 

LETTING RATE, %

283 

NUMBER OF EMPLOYEES

2015 IN BRIEF

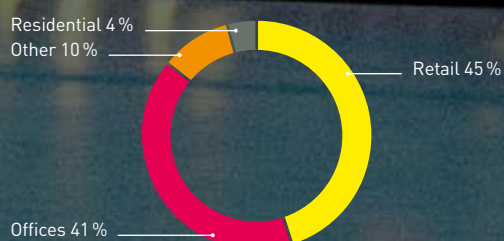
- ▶ The Group's net sales totalled SEK 2,468 million (SEK 2,311 m), of which rental income represented 86 per cent.
- ▶ The operating surplus increased to SEK 1,450 million (1,345 m), corresponding to an increase of 7.9 per cent.
- ▶ The profit before changes in value totalled SEK 945.4 million (SEK 843.5 m), corresponding to an increase of 12.1 per cent.
- ▶ The net profit for the year totalled SEK 2,783.5 million (SEK 645.2 m).
- ▶ Investments during the year in Atrium Ljungberg's own properties amounted to SEK 768 million (SEK 707 m).

KEY RATIOS

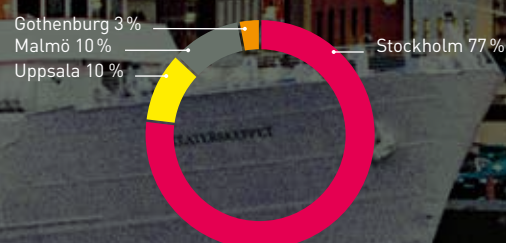
	2015	2014
Net sales, SEK m	2,468	2,311
Operating surplus, SEK m	1,450	1,345
Profit/loss before changes in value, SEK m	945	844
Profit after tax, SEK m	2,784	645
Total investments, SEK m	1,640	2,380
Cash flow from operating activities, SEK m	1,006	734
Letting rate, %	94	93
Equity/assets ratio, %	43.7	39.6
Gearing ratio, %	43.0	45.5
Average interest rate at the end of the period, %	2.9	3.2

	2015	2014
Interest coverage ratio, multiple	3.3	3.0
Earnings per share, SEK	20.89	4.89
Profit/loss before changes in value less nominal tax, SEK/share	5.54	4.98
Dividend, SEK/share (proposed for 2015)	3.55	3.30
Share price as per 31 December, SEK/share	133.00	114.70
Shareholders' equity, SEK/share	104.73	87.00
Net worth EPRA NNNNAV, SEK/share	122.95	96.66

CONTRACTED ANNUAL RENT PER PREMISES TYPE



CONTRACTED ANNUAL RENT PER REGION



2015 IN BRIEF

Q1

NEW PROJECT OPPORTUNITIES IN BARKARBY, JÄRFÄLLA

- Atrium Ljungberg and Järfälla Municipality concluded a land allocation and collaboration agreement to develop a regional meeting place, consisting of 50,000 m² GFA in Barkarbystaden, for learning, culture, trade and industry and higher education.
- A retail property was completed in Gränbystaden in Uppsala, where Blomsterlandet opened a new store.
- In 2015 we were ranked as one of Sweden's best workplaces by Great Place To Work®, for the second year in a row.
- Possession of an office building (leasehold Stora Katrineberg 16) in Liljeholmen, Stockholm. The property was acquired at the end of 2014.
- The operating surplus from property management increased to SEK 344.2 million (SEK 328.6 m), with an operating surplus margin of 67 per cent (66%).

Q2

IMPORTANT ACQUISITION IN GOTHENBURG AND SUBSTANTIAL LETTING IN SICKLA

- Our first acquisition in Gothenburg. Three office properties totalling 35,000 m² letting area were acquired in the Lindholmen district.
- A 10-year agreement for approximately 5,000 m² was concluded with Stora Enso's Biomaterial division in the Sickla Front office building in Sickla.
- The Annual General Meeting elected Johan Ljungberg as the Chairman of Atrium Ljungberg's Board after retiring Dag Klackenborg.
- The accumulated operating surplus from property management increased to SEK 701.4 million (SEK 656.8 m), which corresponds to an operating surplus margin of 68 per cent (67%).

Q3

PROJECT PORTFOLIO CONCENTRATION AND PROJECT STARTS IN SICKLA

- Sale of four retail properties totalling 63,300 m² (Kvarteret Igor, Mittpunkten, Rotebro Handel and Orminge Centrum). The transaction was subject to a financing condition.
- An agreement was concluded with the Swedish National Courts Administration for the lease of 10,700 m² of office space at Uddvägen in Sickla. As a result, construction was started on two office buildings totalling 25,000 m² letting area and a parking garage.
- Possession of the three properties at Lindholmen in Gothenburg, which were acquired during the summer of 2015. A local organisation was established on site.
- Letting of some 5,600 m² in the Gränby Köpstad project in Gränbystaden in Uppsala.
- The accumulated operating surplus from property management increased to SEK 1,084 million (SEK 1,020 m), which corresponds to an operating surplus margin of 69 per cent (69%).

Q4

CONTINUED DEVELOPMENT OF GRÄNBYSTADEN IN UPPSALA

- A decision was taken to start construction on a residential building with approximately 60 rental apartments in Gränbystaden in Uppsala. The project is the starting shot of our increased investment in residential properties, which are an important part of developing vibrant urban environments.
- Completion of a building in Gränbystaden where City Gross, amongst others, opened.
- Construction start of two additional buildings in Gränbystaden where ÖoB, Arken Zoo and three restaurants will open in spring 2016.
- The conditions for the previously communicated sale of four retail properties were fulfilled and the transaction was concluded. The properties were vacated on 30 November respectively 1 December.
- Annica Ånäs, the company's CFO, was appointed by the Board of Directors as acting CEO during CEO Ingall Berglund's sick leave.
- The accumulated operating surplus from property management increased to SEK 1,450 million (SEK 1,345 m), which corresponds to an operating surplus margin of 68 per cent (68%).

OUR CITY CREATES



encounters and meetings, interaction, resource and energy efficiency, identity, history, security, satisfaction, dialogue, participation, proximity and comfort.

Welcome.



SUSTAINABLE URBAN DEVELOPMENT CREATES VALUE GROWTH

WE ATTAINED RECORD-BREAKING profit in 2015, and it was an eventful year. We have established ourselves in Gothenburg, which means we are located in the four largest cities in Sweden. We have concentrated our property portfolio to prioritised markets and intensified our sustainability initiatives. We are now increasing the rate of investment in our project portfolio in line with our vision: "Our city – where everyone thrives".

RESULTS 2015

The solid property market resulted in us appreciating the value of our properties by 8 per cent over the year, and it is gratifying that we attained record-breaking profit of SEK 2.8 billion. Our operating surplus increased by 8 per cent, and growth in profit before changes in value amounted to 12 per cent.

WE ARE LOCATED IN QUICKLY GROWING METROPOLITAN AREAS

The increasing urbanisation and population growth continue to drive growth in the metropolitan regions, which is in line with our strategic focus on the four largest cities in Sweden. The acquisition of three office properties in the Lindholmen

district in the expansive Gothenburg market was a strategic step. We envisage vast development potential for the area coupled with our expertise in building vibrant and distinctly attractive city districts. We also established a local organisation, which will work closely with our tenants and create future development opportunities in Gothenburg.

Stockholm continues to be Sweden's primary growth engine and our most important subsidiary market. Occupancy is increasing and city centres are growing together with local suburbs, which are increasing in both number and size. For us this entails, in close collaboration with the municipalities, helping to develop large areas into city districts with a mixture of businesses and natural meeting places that create an attractive atmosphere.



I have now taken the baton and will continue to lead the development of Atrium Ljungberg on the basis of our long-term strategy.



Good public transport is required for an area to be attractive. Three new underground routes in the Greater Stockholm area are being planned, and we own properties or are planning projects along all of the new routes. One of these is Barkarby-staden where Atrium Ljungberg and Järfälla Municipality have concluded a land allocation and collaboration agreement. Together we will develop a regional meeting place for learning, trade and industry and culture and housing. The new Barkarbystaden will be a city with low energy consumption and good opportunities for sustainable development.

Uppsala, a quickly growing and dynamic city, is our second largest subsidiary market. We continued to develop Gränbystaden over the year, and completed two buildings. We also began construction on an additional three buildings in the area, and are continuing our long-term plan to make Gränbystaden Uppsala's second city centre.

With its strategic location in the Öresund region, Malmö is also an important subsidiary market. Our long-term efforts to create a vibrant city district in Mobilia in Malmö are ongoing, and we are clearly witnessing increased interest from new retail players despite stiff competition in the region. The next step in Mobilia will be new construction and extensions, with retail, residential and cultural activities.

There is a great deal of demand for our residential properties, and housing is a requirement when creating attractive urban environments. Consequently, we will supplement several of our retail areas with rental and tenant-owned dwellings, and we are now launching a housing initiative in Gränbystaden where 450 apartments will be built. We are

also planning to build up to 1,000 apartments in Sickla. The challenge faced by residential development involves the long detailed development plan processes.

WE DEVELOP SUSTAINABLE CITIES

In December we made a decision regarding a new sustainability strategy to intensify our sustainability management. The aim is to be the leading property company within sustainable urban development. We will achieve this by concentrating on areas where we can develop city districts with a mixture of businesses. As we own large areas, opportunities arise for close collaboration with municipalities where together we can create attractive city districts with sustainable transport, meeting places, environmentally friendly residential properties and green spaces.

Digitisation and e-commerce will greatly impact how meeting places of the future develop, since they will gradually change buying behaviour, working life and working methods. It is important that we continue to create flexible and innovative retail hubs and workplaces in order to satisfy new needs on the part of consumers and tenants.

Since 2011, we have certified all major new builds in accordance with the global BREEAM environmental classification system, and our residential properties in accordance with the Sweden Green Building Council's Environmental Building certification. We have also signed the UN Global Compact, and support its principles. Our goal is for energy consumption per m² to drop by 20 per cent and for the proportion of green lease contracts to constitute half of the contracted



It is gratifying that we were once again ranked as one of the best workplaces in Sweden.

annual rent by 2021. We started down this path in 2015, and I believe we will surpass our goals.

We have fantastically competent and committed employees. Commitment and job satisfaction go hand in hand, and it is gratifying that we were once again ranked as one of the best workplaces in Sweden according to Great Place to Work®. We aim to offer a work environment that produces sustainable employees, and we implement a "Vision Zero" approach to accidents at the workplace and stress-related illness. A good company is created together with flourishing employees, good collaboration partners and satisfied customers.

HIGHER RATE OF INVESTMENT AHEAD

In 2015 our net investment amounted to SEK 350 million when we sold four retail properties, in line with our strategy. The sales free up resources for our long-term investment strategy, but in the short-term this entails a reduction to the rolling cash flow. At the same time, we are accelerating the pace on the project front, which will provide new cash flows in the long-term. The investment volume should reach just over a billion, or slightly higher, which is in line with our long-term level of ambition.

OUTLOOK FOR 2016

The property market was very strong in 2015. We have seen top rents for office premises in Stockholm and yield requirements that continue to decline. The number of property transactions has been at a high level, and I expect that in 2016 the market climate will also continue to be favourable. When the market eventually turns, we will be well-equipped with a strong balance sheet and strong key ratios.

The forecast for profit before changes in value is SEK 900 million for 2016 in comparison to SEK 945 million in 2015. The forecast is influenced by the sale of four retail properties.

BATON HAS BEEN PASSED

Our CEO Ingalill Berglund went on sick leave in September 2015, and I was appointed as acting CEO in October. When I understood that it could be a while before Ingalill returned to work, my focus shifted to ensuring that the company did not lose momentum. A strong management group and competent and dedicated employees enabled us to keep the pace. I was asked to take over the role as regular CEO in February 2016, and it is with great pleasure and pride that I have accepted the assignment. It feels fantastic to be given the opportunity to lead a company with such committed employees, core values that are important to me and a business model I am passionate about. I am grateful for the eight years I was able to work with Ingalill. I have now taken the baton and will continue to lead the development of Atrium Ljungberg on the basis of our long-term strategy. The journey will be an exciting one.

Finally, I would like to thank all of the employees who have contributed to our strong results. I would also like to thank all our customers and collaboration partners for good cooperation and the strong and recurrent confidence that they have in us.

Annica Ånäs, CEO



We decided on a new sustainability strategy in December. The aim is to be the leading property company within sustainable urban development.

Annica Ånäs, CEO



URBAN ENVIRONMENTS THAT GENERATE VALUE



PROJECT DEVELOPMENT

For you as a tenant

Our project development comprises reconstruction and new builds in attractive growth markets, generally in connection with existing property holdings. We stay alert to find new business opportunities together with our customers, and we utilise our own employees to ensure continuity from concept to occupancy. By creating meeting places with a mixture of activities, we generate added value for our customers where the different players benefit from one another.

For you as an owner

The projects generate good value growth for Atrium Ljungberg and the company's owners. Our goal is for project return in our new build and extension projects to be at least 20 per cent. Our broad project portfolio helps us increase the value and total yield of our portfolio.

For society

We create complete and sustainable urban environments where people can live, be, work and reside over time. We make use of financial, social and environmental values.



VALUES

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.

COLLABORATION

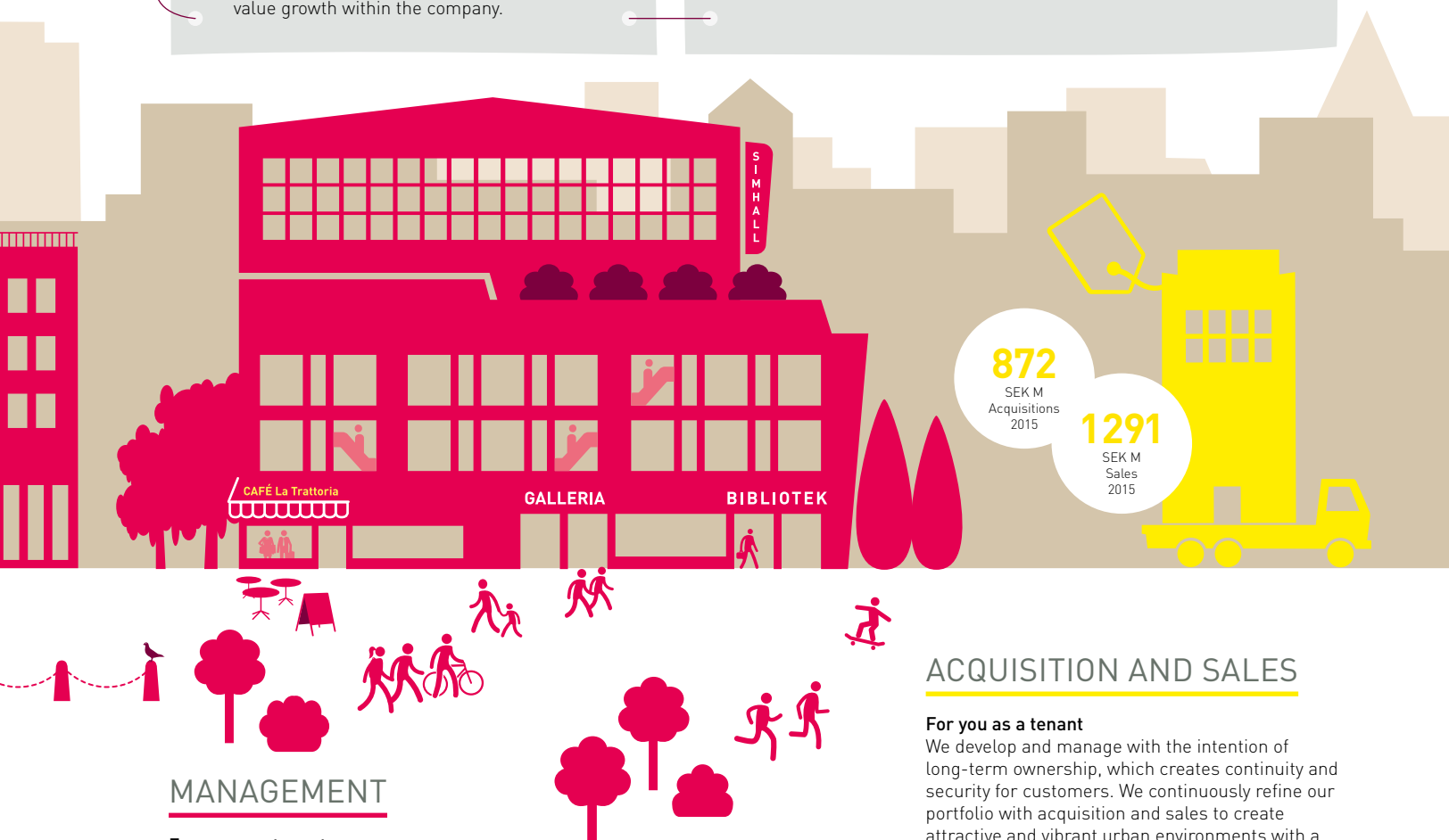
We at Atrium Ljungberg work together. When we develop and manage meeting places, we do so in collaboration with customers, municipalities, inhabitants, residents and other stakeholders. That which we contribute to society is much too important to do in any other way.

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.



MANAGEMENT

For you as a tenant

Atrium Ljungberg is a long-term landlord that engages in ongoing and close collaboration with our customers. Local management allows us to intercept and understand customer needs early on, and thus create the conditions needed for them to conduct profitable business.

For you as an owner

We manage effectively with a steadily increasing operating surplus, which also contributes to higher property values. Our portfolio is concentrated to attractive areas in the four metropolitan regions where growth is the strongest.

For society

We work together at Atrium Ljungberg. We manage and develop our meeting places in collaboration with municipalities, inhabitants, residents and other stakeholders. We are very involved on a local level in the areas where we operate.

ACQUISITION AND SALES

For you as a tenant

We develop and manage with the intention of long-term ownership, which creates continuity and security for customers. We continuously refine our portfolio with acquisition and sales to create attractive and vibrant urban environments with a large flow of people. Properties are only sold if they do not fit into our strategy.

For you as an owner

We continuously refine our portfolio, which means it is broad and has a risk spread and strong total yield.

For society

In conjunction with acquisition, the object is reviewed, and we identify areas that can be improved in order to utilise and develop the financial, social and environmental values.

LONG-TERM APPROACH

Our business and our working methods are based on a long-term approach. This applies both to our ownership and in relation to customers and collaboration partners.

RELIABILITY

We keep our promises. We can be trusted in all contexts, and a handshake is enough.

INNOVATIVE THINKING

Thinking innovatively throughout the entire business process and in everything we do helps us find efficient and creative solutions.

GOALS FOR PROFITABILITY, STABLE GROWTH AND SUSTAINABILITY

WE HAVE CLEAR goals for profitability and growth, long-term stability and corporate responsibility.

Our focus is on growth in the operating surplus. This, together with a stable capital structure, generates excellent conditions for good growth in value. We also have concrete goals for working in a long-term and sustainable manner in relation to climate and employee issues.

PROFITABILITY AND GROWTH

Development of the operating surplus is the key to our success. Together with the value growth from investments, this lays the foundation for total yield.

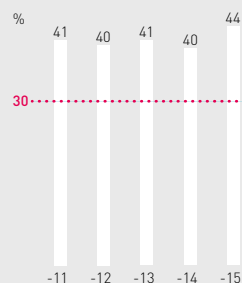
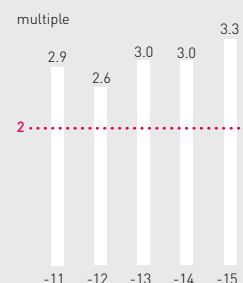
Goals	<p>The operating surplus is to increase by 10 % a year.</p> <p>We are to invest SEK 1 billion every year in our own projects.</p> <p>For investment decisions from 2012 forward, the goal is for the return on new build and extension projects to be 20 %.</p> <p>The dividend is to correspond to a minimum of 50 % of the profit before changes in value, after nominal tax.</p>																																																
Description	<p>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 dividend yield on the projects exceeds the market's yield requirements.</p> <p>See pages 44–45 for further information about our projects.</p> <p>The owners will share in the company's profits from a long-term perspective by means of stable dividend payments. See pages 105–107 for further information about the share and our shareholders.</p>																																																
Goal fulfilment 2015	<div><div><div><div>X</div><p>In 2015, the operating surplus increased by 7.9 %. The increase can primarily be attributed to the additional operating surplus from acquired properties and projects that were completed in 2014.</p></div><div><p>Investments in Atrium Ljungberg's own properties amounted to SEK 768 million and primarily concerned Gränby Köpstad, Sickla Front II, Gränby Centrum and Farsta Centrum.</p><p>No new build or extension projects were completed in 2015, which means the goal of a 20 per cent project return cannot be followed up for 2015.</p></div><div><div><div>Proposed dividend 2015</div><div>3,55</div><div>SEK/share</div></div><p>A dividend of SEK 3.55/share is proposed for 2015, corresponding to a dividend payment of 64 % of the profit available for distribution, and a dividend yield of 2.7 %.</p></div></div></div>																																																
Historic goal fulfilment	<div><div><div><p>Operating surplus</p><table><tr><th>Year</th><th>2011</th><th>2012</th><th>2013</th><th>2014</th><th>2015</th></tr><tr><td>Value</td><td>6.4</td><td>11.8</td><td>6.0</td><td>3.6</td><td>7.9</td></tr></table></div><div><p>Investments</p><table><tr><th>Year</th><th>2011</th><th>2012</th><th>2013</th><th>2014</th><th>2015</th></tr><tr><td>Value</td><td>1,050</td><td>1,512</td><td>1,302</td><td>707</td><td>768</td></tr></table></div><div><p>Project return and investments</p><table><tr><th>Year</th><th>2011</th><th>2012</th><th>2013</th><th>2014</th><th>2015</th></tr><tr><td>Value</td><td>17</td><td>15</td><td>13.61</td><td>15</td><td>10.88</td></tr></table><p>Total investment for completed projects per year for which project return was measured, SEK million</p></div><div><p>Dividend yield</p><table><tr><th>Year</th><th>2011</th><th>2012</th><th>2013</th><th>2014</th><th>2015</th></tr><tr><td>Value</td><td>66</td><td>68</td><td>61</td><td>67</td><td>64</td></tr></table></div></div></div>	Year	2011	2012	2013	2014	2015	Value	6.4	11.8	6.0	3.6	7.9	Year	2011	2012	2013	2014	2015	Value	1,050	1,512	1,302	707	768	Year	2011	2012	2013	2014	2015	Value	17	15	13.61	15	10.88	Year	2011	2012	2013	2014	2015	Value	66	68	61	67	64
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LONG-TERM STABILITY

Our strong capital base contributes to long-term stability and creates the conditions needed for successful business. Our goal of long-term stability has been fully achieved.

43.7
per cent

Continued high equity/asset ratio

Goals	The minimum assets/equity ratio is to be 30 %.		The minimum interest coverage ratio is to be a multiple of 2.0.																									
Description	The company's capital base is to 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 is to cover interest costs by a wide margin.																											
Goal fulfilment 2015	The equity/assets ratio continues to be high and was 43.7 %.		The interest coverage ratio was a multiple of 3.3.																									
Historic goal fulfilment	 <table><caption>Equity/assets ratio (%)</caption><thead><tr><th>Year</th><th>-11</th><th>-12</th><th>-13</th><th>-14</th><th>-15</th></tr></thead><tbody><tr><td>Ratio (%)</td><td>41</td><td>40</td><td>41</td><td>40</td><td>44</td></tr></tbody></table>		Year	-11	-12	-13	-14	-15	Ratio (%)	41	40	41	40	44	 <table><caption>Interest coverage ratio (multiple)</caption><thead><tr><th>Year</th><th>-11</th><th>-12</th><th>-13</th><th>-14</th><th>-15</th></tr></thead><tbody><tr><td>Ratio (multiple)</td><td>2.9</td><td>2.6</td><td>3.0</td><td>3.0</td><td>3.3</td></tr></tbody></table>		Year	-11	-12	-13	-14	-15	Ratio (multiple)	2.9	2.6	3.0	3.0	3.3
Year	-11	-12	-13	-14	-15																							
Ratio (%)	41	40	41	40	44																							
Year	-11	-12	-13	-14	-15																							
Ratio (multiple)	2.9	2.6	3.0	3.0	3.3																							

87
per cent

Exceeded goal – GPTW index

CORPORATE SOCIAL RESPONSIBILITY

We are gradually strengthening our focus on corporate social responsibility. A goal was added last year on reducing energy consumption, and the previous goal on green lease contracts was reformulated. An increased focus on residential properties has resulted in us supplementing our goals related to new builds by adding the Sweden Green Building Council's Environmental Building certification, which is more suitable for residential properties than BREEAM.

Goals	All major new builds are to be environmentally certified – business premises in accordance with BREEAM and residential properties in accordance with the Sweden Green Building Council's Environmental Building certification.	Energy consumption per m ² 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.	As one aspect of having sustainable employees, we are to be one of Sweden's best workplaces.												
Description	We have chosen to environmentally certify our business premises in accordance with the BREEAM environmental classification system, with the goal of achieving a rating of "very good" at a minimum. Our residential properties are to be certified in accordance with the Sweden Green Building Council's Environmental Building certification, with the goal of achieving a rating of "silver" at a minimum. <i>See pages 24–29 for further information about our sustainability work.</i>	We are to reduce our energy consumption, which represents not only a significant portion of a building's operating cost, but also impacts the climate. We are to support our tenants and facilitate their efforts to conduct their activities in a resource-efficient manner. Green lease contracts are a joint undertaking to reduce environmental impact together. <i>See pages 24–29 for further information about our sustainability work.</i>		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 %. <i>See pages 31–32 for further information about GPTW.</i>												
Goal fulfilment 2015	All major new build projects of business premises have been certified with a rating of "very good". None of our residential properties are ready for final certification.	Energy consumption was reduced by 9.5 % between 2014 and 2015.	As per 31/12/2015, 5.5 % of the contracted annual rent derived from green lease contracts.	The employee survey for 2015 shows that we exceeded our goals and achieved an index of 87 %.												
Historic goal fulfilment	The revised goal was followed up in 2015 for the first time.	This goal was followed up in 2015 for the first time.	This goal was followed up in 2015 for the first time.	<table><caption>GPTW Index Data</caption><thead><tr><th>Year</th><th>Index (%)</th></tr></thead><tbody><tr><td>-11</td><td>76</td></tr><tr><td>-12</td><td>81</td></tr><tr><td>-13</td><td>84</td></tr><tr><td>-14</td><td>87</td></tr><tr><td>-15</td><td>87</td></tr></tbody></table>	Year	Index (%)	-11	76	-12	81	-13	84	-14	87	-15	87
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STRATEGY WITH CLEAR DIRECTION

OUR STRATEGY HELPS us do the right things at the right places. The strategy also describes how we are to do those things: with focus on sustainability, customers and commitment.

STRATEGY

VALUE-ENHANCING FACTORS

Atrium Ljungberg is to focus on developing **environments for the retail and office sectors** and, where possible, add housing, service, culture and education.

The mixture increases the flow of people at the location and creates synergies for everyone involved, which subsequently provides greater opportunities to conduct successful business.



We are **to develop and improve** properties and development rights.

We create value growth within the company through active management and high return in our project development.

We are to establish a presence in **strong subsidiary markets in large urban regions** where there is potential for long-term population growth.

Long-term population growth creates the prerequisites for long-term profitability, both for us and our customers.

We are to 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.

We **focus on our customers** in everything we do. **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.

We are to conduct and manage the entire business process **in-house** using **our in-house expertise**.

By conducting the entire business process ourselves, including project development, we can take care of our customers and generate value growth over time.

Sustainability work is integrated in the business strategy and constitutes an important component of our offering.



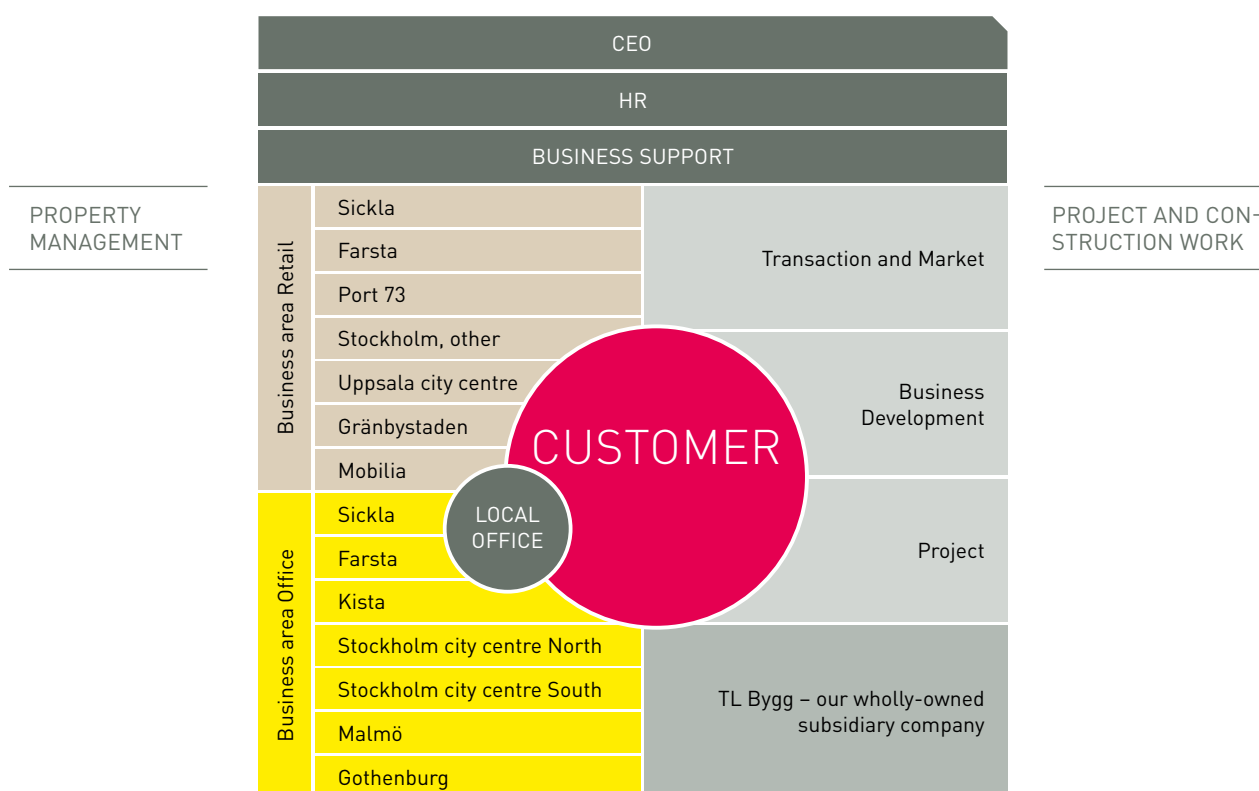
Building sustainably for the future enhances both the company's value and results, as well as the outside world's confidence in us.

We are to have committed **employees** who are passionate about what we do. Our core values – a long-termism, collaboration, reliability and innovative thinking – are to be firmly rooted.

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

ORGANISATION THAT SUPPORTS BUSINESS

OUR ORGANISATION FOCUSES on the customer and supports business. We work close to our customers and have short decision-making processes. Operations are divided into two branches: Property Management and Project and Construction Work.



CLOSE TO CUSTOMERS

Our organisation is designed to focus on the customer and the business, 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, Project, and our 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 ten local offices where the majority of our employees have their day-to-day workplaces within walking distance of their 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, purchasing and legal affairs.

FOUR REASONS TO OWN SHARES IN ATRIUM LJUNGBERG

AS A SHAREHOLDER in Atrium Ljungberg you receive a stable dividend yield at low risk. At the same time, you have the potential for a healthy long-term total return on your investment in relation to the company's interesting project portfolio. Investing in Atrium Ljungberg also means investing in sustainable urban development.

1 STABLE DIVIDEND YIELD

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

2 LOW RISK

– Atrium Ljungberg has a strong financial position with strong key ratios, such as a low gearing ratio and high interest coverage ratio. We are located in attractive markets with strong growth.

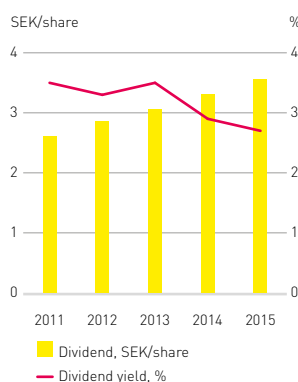
3 POTENTIAL FOR GOOD VALUE GROWTH

– With a planned investment rate of SEK 1 billion per year and a goal of 20 per cent profit on new build and extension projects, Atrium Ljungberg – and hence the share – has excellent potential for good value growth over time. The total return over the last five years was 13.4 per cent per year on average.

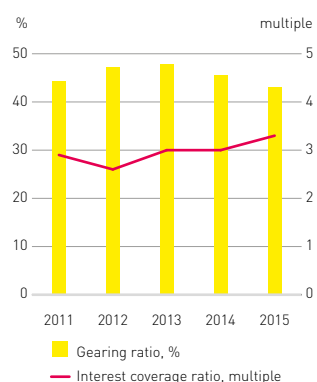
4 SUSTAINABLE URBAN DEVELOPMENT

– Sustainability work is integrated in the business model where we continuously develop our areas in a sustainable direction. We are a long-term player that takes responsibility for the impact of our business on human beings and the environment.

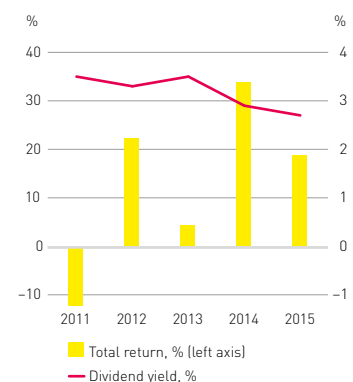
Dividend and dividend yield



Gearing ratio and interest coverage ratio



Share's yield



RECORD-LOW YIELD REQUIREMENTS IN STRONG PROPERTY MARKET

THE RIKSBANK'S HUNT for inflation has resulted in historically low interest rates. Interest in property investments continues to grow at the same rate that yields for other assets are declining. This has forced yield requirements for properties to drop and helped transaction volumes return to the same level as before the financial crisis in 2008.

Development in the property market is closely linked to the development of market conditions, inflation and interest rates. The underlying earning capacity of properties is dependent on how profitable tenants are and the state of their solvency, as well what they believe the future holds when signing new lease contracts. Lease contracts are generally linked to inflation, in which case rent is adjusted upwards with the CPI. Interest costs for property owners constitute a large proportion of the total costs; these are greater than for other sectors since the property sector is capital intensive. At the same time, interest rate levels also affect yield requirements for properties and, ultimately, property values.

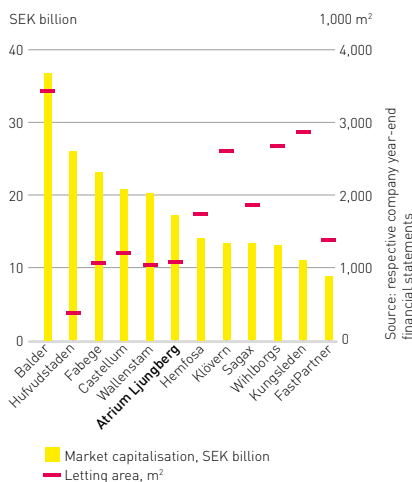
EXPANSIVE MONETARY POLICY WITH NEGATIVE INTEREST RATES

Sweden has been characterised by a very expansive monetary policy despite stable economic trends in 2014 and 2015. The economy grew by around 4.5 per cent in 2015, primarily due to domestic demand deriving from household consumption

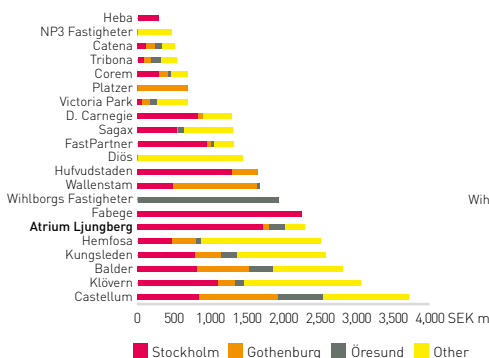
and housing construction. The large number of refugees arriving to Sweden is expected to further strengthen growth in the country during the next few years as a result of increased government expenditure. The National Institute of Economic Research is forecasting growth in GDP of 3.9 per cent in 2016 and 2.5 per cent in 2017. In spite of the positive economic trend and higher employment, unemployment is only expected to decrease slightly in 2016 and 2017 since the workforce is expected to increase at the same rate as employment.

Measured as CPI, inflation was 0.1 per cent in 2015, but it is expected to rise over the coming years and reach the target of 2 per cent by the end of 2016. This is the result of the expansive monetary policy that the Riksbank has pursued with bond purchases and reductions of the repo rate. The key interest rate was lowered during the year to reach a negative level for the first time and it was -0.35 per cent at the end of 2015. The Riksbank does not believe the repo rate will increase until the second half of 2017.

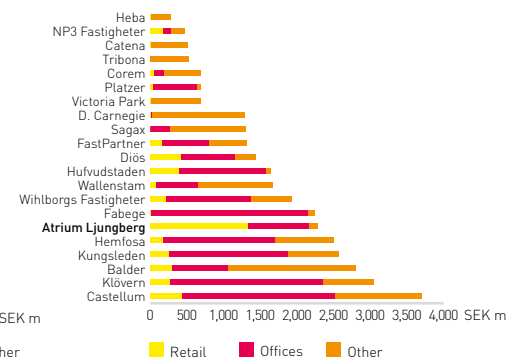
Market capitalisation and letting area as per 31/12/2015, the largest listed property companies



Rental value per region¹⁾, listed property companies



Rental value per usage¹⁾, listed property companies



¹⁾ From Leimdörfer's Company Overview, based on the property portfolio reporting for Q3 2015. Refers to investment properties.

CONTINUED HIGH TRANSACTION VOLUME

The Swedish property market continues to be robust, and it was characterised by a high level of activity in 2015, as was the case the previous year. The large capital contribution that derives from domestic institutions and pension capital aimed at the property sector has been a significant contributory factor in relation to the positive market situation. The main reason for the capital inflow can be attributed to yields being very low on the institutions' and pension firms' interest-bearing portfolios. This has resulted in increased interest in property investments, which offer inflation-proofed yields that are deemed to lie between bonds and shares regarding level of risk.

According to Savills, property sales reached SEK 151 billion in value in 2015, which is right below the record volume that was reached in 2014, and is the same level as transaction volumes prior to the financial crisis in 2008. The number of transactions in 2015, however, was higher than the number the previous year. The retail segment had a record high number of transactions, and 57 per cent more retail properties were sold in 2015 compared to 2014.

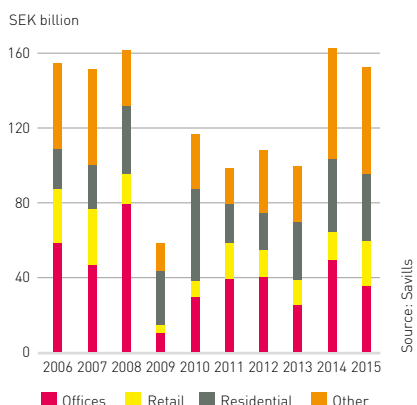
Office properties is a segment that has had lower sales in 2015 than the average transaction volume during the past ten years. However, this does not indicate decreased demand for office properties; rather, it is more a matter of few property owners being interested in selling.

HISTORICALLY LOW YIELD REQUIREMENTS

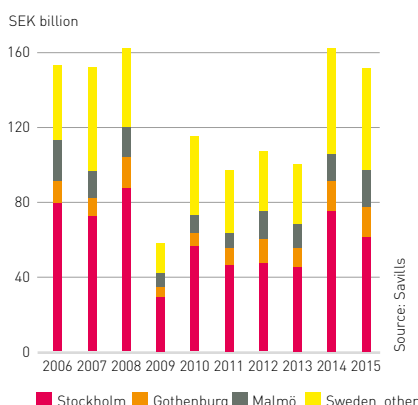
Since 2010, the great interest in property investments has resulted in declining yield requirements and thus increased property values. Dividend yield requirements dropped to historically very low levels in 2015.

With a forecast of continued low interest rates and good access to capital, there are strong indicators that the property market will remain robust in 2016 as well. The great interest among institutions for high-quality properties will continue to grow, and it is deemed that dividend yield requirements for these properties will remain at historically low levels. At the same time, high demand in relation to supply has resulted in an increasing number of investors having to look for investments in inferior locations within all segments; thus, it is believed that the difference in yield requirements for the best and the more inferior locations will continue to decrease.

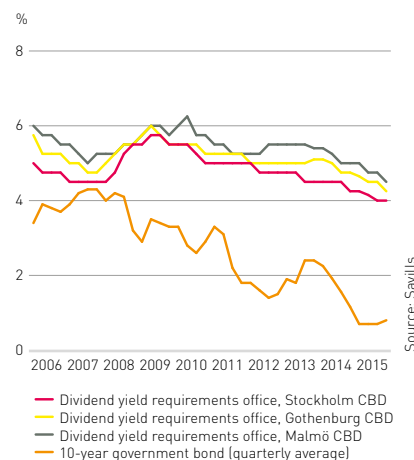
Transaction volume per property type



Transaction volume per geographic area



Dividend yield requirements for office and 10-year government bond interest



LOW VACANCIES DRIVE UP RENTAL LEVELS IN THE OFFICE MARKET

ATRIUM LJUNGBERG OWNS office properties in Stockholm, Gothenburg and Malmö where most of the country's population growth is expected to take place. Economic conditions have brought about high demand for modern premises, which means that the level of vacancies has dropped and market rents have increased in subsidiary markets.

The office rental market in Sweden is driven by a number of factors, whereby some are more important than others as regards creating attractive office space. When office areas are ranked, it is very important to be located in areas with a lot of people in circulation and close to a city centre, and there needs to be a wide range of restaurants, retail, schools, culture and service.

Large municipalities in Sweden are growing more quickly than small ones. In the next decade, almost all of Sweden's population growth is expected to take place in Sweden's three metropolitan regions. Between 2013 and 2053, the population in Stockholm, Gothenburg and Malmö is expected to increase by 37 per cent, while the population in sparsely populated municipalities is expected to decrease by 10 per cent.

Tenants are also increasingly demanding modern premises, and even though the green lease contract trend is still not very strong, modern properties that have a clear environmental profile are perceived to be more attractive. Tenants are also demanding environmentally certified properties to a greater extent.

STOCKHOLM MARKET

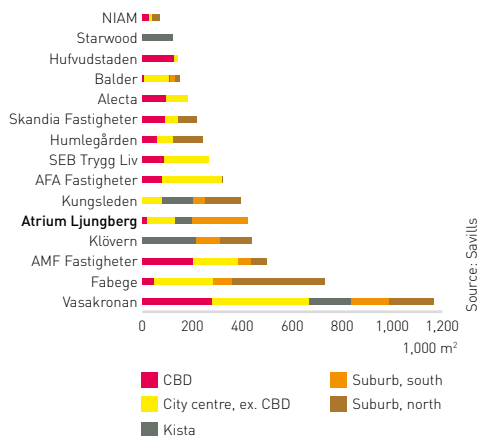
Stockholm is Sweden's growth engine, and Stockholm Municipality represents approximately one third of Sweden's

GDP. The percentage has steadily increased over the past 20 years. The city also has one of Europe's highest GDP per capita. Stockholm is increasingly becoming a services city, and the services sector developed positively during the year; forward-looking indicators for the sector also look positive. Letting processes in the office rental market, however, are still relatively lengthy, and tenants are still behaving cautiously. The lack of modern offices inside the city is becoming substantial, which has resulted in positive upward pressure on rental levels.

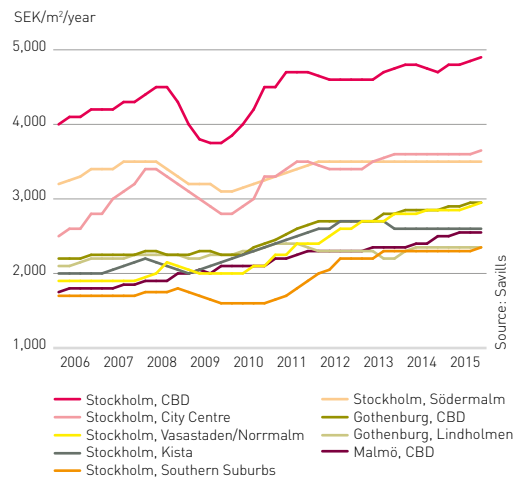
The trend of companies and public authorities to move out of central areas, CBD, to more peripheral areas has continued. For example, three out of the four largest banks have moved or are going to move all or some of their operations to areas in the inner suburbs. Their vacated spaces, however, have quickly been let; the level of vacancies in CBD was at a record low of 4.6 per cent at the end of the year. When the vacancy level is under five per cent, this usually indicates strong development of market rents.

The rental market outside the city was stable over the year with rising rental levels and low vacancy. Many companies within technology, games, design, advertising and media have moved here. Accessibility will increase further when Citybanan

Letting area for office space in Stockholm



Rental trend in Stockholm, Gothenburg and Malmö¹⁾



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

is completed in 2017, thus positively contributing to the development.

The office rental market in Stockholm's southern suburbs is also stable and should be positively impacted by future urban development projects in Slakthusområdet, Årsta and Liljeholmen, for example.

Kista is one area in Stockholm faced with major challenges with its 14 per cent vacancy level.

In 2015, office space in Stockholm increased by around 38,000 m², which corresponds to approximately 0.3 per cent of the office stock, and it is estimated that an additional 225,000 m² will be completed in 2016. The majority of new build projects are concentrated to the northern suburbs, primarily Solna and Kista, but production is also increasing in other areas and the inner city as well. A significant portion of the upcoming and newly produced office space has already been let, but the number of speculative projects is increasing.

GOTHENBURG MARKET

Economic conditions in the Gothenburg region are moving towards a positive phase with strong economic indexes and an improved rate of employment. The positive development in the labour market means that unemployment is approaching the same levels that apply in Stockholm. Relocation to the region is the highest it has been in the 21st century.

Rental levels in Gothenburg CBD increased in 2015, and by the end of the year we had reached levels never previously achieved in Gothenburg. This is believed to be a direct effect of the very low level of vacancies; the declining trend for vacancies has been evident for the past ten years, and the level was just under five per cent at the end of 2015.

A large number of new build projects are under way in Gothenburg, primarily in areas close to the water along Göta Älv in Lindholmen, for example. The physical development here is currently in a very expansive period, and the goal is for 50 per cent more people to work, study or live here by 2020 compared to today.

In 2015, office space in Gothenburg increased by about 60,000 m², which corresponds to around 1.8 per cent of the office stock. The majority was built in the city centre, which has alleviated the great demand on office space there. It is believed that an additional 60,000 m² will be completed in 2016; the majority of the office space has already been let.

MALMÖ MARKET

The Öresund region has had weak growth the past few years, but it appears the trend will be broken, with increased growth as a result of strong development on a national level. The labour market is deemed to be moving in a more positive

direction, but unemployment is expected to drop here more slowly than in other parts of the country. This can partly be explained by the substantial growth in population.

The rental level in Malmö CBD has moved in a stable upward direction the past ten years, even though vacancy levels have been volatile. Rental levels increased in 2015 as well, even though the vacancy level rose to around 13 per cent. One reason for the increased vacancy levels in the inner city can be attributed to the Hyllie area, which provides good public transport options; the area has become a competitor to central Malmö and Västra Hamnen.

In 2015, office space in Malmö increased by around 29,000 m², which corresponds to approximately 2.9 per cent of the office stock, and an additional 32,000 m² will be completed in 2016.

ATRIUM LJUNGBERG'S OFFICE PROPERTIES

We believe that the office rental market in our subsidiary markets will continue to develop positively in the coming years. Companies continue to show a great deal of interest in setting up operations in Hagastaden in Stockholm, and we primarily see that the area's life science specialism is attracting companies within the health care sector. Demand is great and vacancies are low in Södermalm as well. We have large project volumes under way in Sickla with the Sickla Front II office project start, and some space has already been let. There is a great deal of interest here in smaller scale office premises.

In 2015 we acquired office properties in Lindholmen in Gothenburg, which is a new subsidiary market for us. Our ambition is to continue growing through acquisition in both Gothenburg and Malmö.

Atrium Ljungberg's market shares in subsidiary markets, Office

Subsidiary markets	m ² office space, ('000 m ²)	Share Atrium Ljungberg, %
Stockholm		
City centre, excl. CBD	3,410	4
Kista	972	7
Southern suburbs	1,657	11
Gothenburg		
Lindholmen	276	12
Malmö		
Central Malmö, Västra Hamnen, Hyllie	997	2

Source: Savills and Strateg Fastighetskonsult

STRONG DEVELOPMENT FOR RETAIL SECTOR

ATRIUM LJUNGBERG IS one of the largest owners of retail properties in Sweden. Retail space represents just under half of our total rental value, which means development of the retail sector is important to us. When summarising the 2015 retail year, it is clear that development is the strongest since the financial crisis in 2008.

The retail sector's total sales in Sweden in 2015 increased by 5.7 per cent and amounted to SEK 726 billion. Households still have good consumption ability. The savings rate remains high, which indicates some degree of fundamental insecurity on the part of consumers in relation to the economy. At the same time, it is clear that consumption of capital goods has developed positively during the year, which indicates a positive outlook on personal finances and the economy. New car sales, for example, had a very strong year, and the retail sector's capital-heavy sub-markets also showed good growth.

FMCG sector's sales increased by 4.1 per cent, and sales in consumer durables grew by 7.1 per cent in 2015.

E-COMMERCE

In 2015, e-commerce sales reached just over SEK 50.1 billion, corresponding to growth of around 19 per cent. Consequently, there is no doubt that e-commerce's strong development continues. Sectors that have been represented in e-commerce for a longer amount of time, such as books and media and the clothing and footwear sector, demonstrate lower growth figures, while relatively new sectors such as hardware and DIY, furniture and home furnishing and food demonstrate the strongest growth. Children's items and the toy sector are

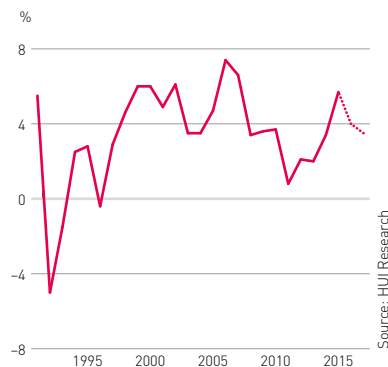
exceptions; they demonstrated strong growth in 2015 despite their digital maturity.

Digital commerce continues to develop robustly as a consequence of changed consumption patterns, new innovations, a strong Swedish economy and new digital sector ventures. Development during the year in digital commerce largely corresponds to the development in physical retail with high growth figures in sectors related to the home. Groceries online is a growing sector. With more players in the food sector being represented digitally, new innovations, ongoing changes in consumption patterns and improved and more efficient logistics solutions, it is very likely that digital food commerce will continue to develop very robustly in the coming years.

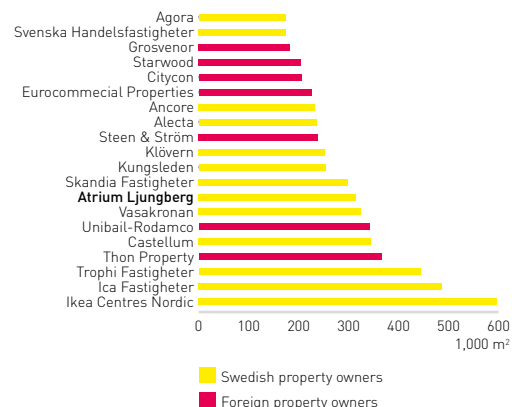
SUSTAINABILITY IN THE RETAIL SECTOR

Increased focus on sustainability can be identified in many sectors and contexts. In retail this is apparent in the number of new and ongoing changes. Interest in ecological food has increased significantly the past few years. In 2014, ecological food sales increased by 38 per cent, and several of the major grocery store chains indicated sales increases of 40–60 per cent in 2015. In some categories of goods, demand is even deemed to be higher than supply.

Retail sector's development and forecast for 1991–2017 (rolling prices)



Retail letting area in Sweden ¹⁾



Environmentally friendly consumer durables goods is one area that has not had a breakthrough in the same way as ecological food. One example of this is environmentally friendly clothing that is already available for purchase in some stores. The spread of environmentally friendly goods will likely increase in the coming years.

The retail sector is also showing signs of making changes and moving towards sustainability. Property owners in general are showing increasing interest in environmental certification of buildings. Another sustainability trend that can be identified in shopping centres located in large cities is increased focus on means of transport other than cars, whereby access to public transport is becoming increasingly important and bicycle parking areas are being built to a greater extent.

The growing second-hand market is another sign of increased consumer interest in sustainability. Primarily charity organisations dominate the market, but sales via e-commerce have increased in this area as well. The Nordic area's first "social supermarket" also opened in Stockholm in 2015, where goods are donated by other stores or wholesalers. The store offers job training and helps reduce food waste. This type of specialised store with focus on sustainability will likely increase in number in the future.

DEVELOPMENT OF NEW RETAIL

After a period of strong focus on Malmö and several new retail projects that have been completed, many players are now turning their gaze to Gothenburg. Gothenburg has major development opportunities in terms of retail commerce, and several new projects have been initiated, or construction has been started, in just a short amount of time. A total of 215,000 m² new retail space is being planned in Gothenburg, which can be compared to 150,000 m² being planned in Stockholm and just a few thousand m² being planned in Malmö.

The Mall of Scandinavia opened in Solna, just outside of Stockholm, at the end of 2015 with just over 100,000 m² retail space. Sales are expected to reach approximately SEK 4 billion a year, which is as much as the highest selling retail centre, Nordstan in Gothenburg, achieved in 2015 according to HUI Research's Shopping Center Survey ("Köpcentrum-barometern").

RETAIL YEAR 2016

Expectations remain high for 2016 in relation to household consumption. Increased real wages in combination with continued low interest rates and inflation are deemed to be the primary reasons for the increased consumption capacity. HUI Research's forecast for the retail sector's sales in 2016 was 3.5 per cent up until December 2015. In December, the forecast was revised to 3.9 per cent as a result of the large number of newly arrived refugees to Sweden.

ATRIUM LJUNGBERG'S RETAIL HUBS

Our retail hubs are located in the strong regions of Stockholm, Uppsala and Malmö. The stores within our five largest retail hubs – Sickla, Farsta Centrum, Port 73, Gränbystaden and Mobilia – collectively reported a sales increase of 5.9 per cent in 2015 compared to the previous year.

Atrium Ljungberg's market shares in subsidiary markets, Retail

Municipality	Sales municipality, SEK m ¹⁾	Share Atrium Ljungberg, %
Malmö (Mobilia)	22,800	8
Uppsala (Gränbystaden, Rådhuset, Forumgallerian)	14,100	18
Nacka (Sickla)	6,700	48
Stockholm (Farsta Centrum, Västberga Handel)	64,900	5
Haninge (Port 73)	4,300	20

¹⁾ Refers to sales per municipality 2014.

Source: HUI Research

TRENDS FOR FUTURE RETAIL

DIGITISATION BRINGS NEW consumer behaviour, new preferences, new habits and entirely new business models, which means that the conditions for urban space and the properties there are changing. For us as a property owner, it means new expectations and new opportunities.

Boundaries that were previously quite clear – between work and spare time, public and private, consumption and production – are in the process of dissolution. Digitisation, which is progressing faster than ever before, is one important driver in the development, and the consequences of digitisation are fundamentally changing the retail sector. This entails several new challenges, as well as great opportunities. Property owners and the retail sector have to create spaces, environments and contexts (both physical and digital) that are attractive and relevant to consumers whose behaviour and preferences quickly change at the same rate as the outside world.

There are two driving forces underlying the trends – we call them “the death of demography” and “the creative economy”.

DEATH OF DEMOGRAPHY

Consumer behaviour is becoming increasingly difficult to understand through studies based on simple demographic categories such as age and gender. For retail, the dissolved boundaries mean that consumers have to be understood based on new points of departure and must be regarded – and communicated with – as individuals, based on their life-style, values and interests. High demands will be placed on players in the retail sector as regards understanding the target group in an in-depth and individualised manner. Previously accepted models for segmentation of target groups, which are primarily based on demographic variables, become insufficient.

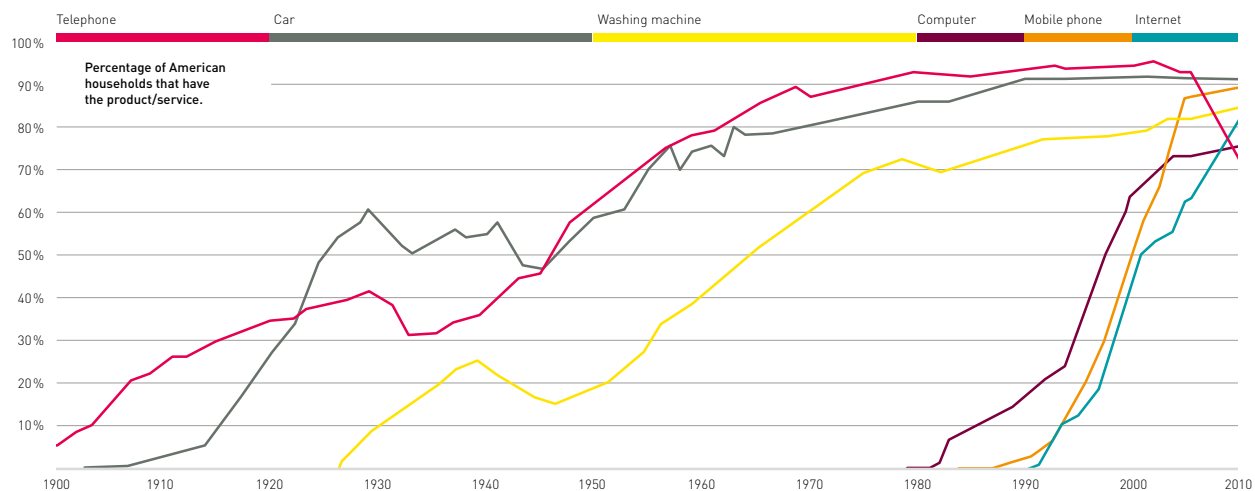
The death of demography may well mean the death of mass communication as well.

CREATIVE ECONOMY

Boundaries between work and spare time are also in the process of dissolution. This applies both to how we regard our jobs and how we actually work. The rise of what is known as hybrid spaces – places where previously separate functions are now mixed together – are an important aspect of the development. For the retail sector, this might mean new and exciting opportunities for innovative service and product development that addresses and utilises changed consumer behaviour.

One of the most comprehensive changes in the outside world that retail is faced with today involves the categories of “consumer” and “producer” increasingly tending to merge together. Consumers are no longer interested in being passive recipients of products and services – they want to take active part in the process. Including consumers in various ways when new ideas and concepts are being produced builds both loyalty and commitment.

People want to live in cities and urban spaces that teem with creativity. Giving consumers access to platforms where they can be creative is a business opportunity worth utilising. Consequently, it no longer suffices as a retail player only to be creative in one's own business development – innovative thinking is also required in relation to creating opportunities.



If we compare the consumption rate for telephones, cars and washing machines with computers, mobile phones and Internet, we see that consumption is much quicker today. The retail sector is encountering an outside world that is more variable and more complex than ever before.

4 TRENDS

CREATIVE SPACE

– TO CREATE ATTRACTIVE FLOWS

Dynamic and creative spaces are environments where people want to be. Helping to create this type of context can lead to attractive consumer flows for the retail sector.

”

The value of human encounters increases in the digital world.”

Stefan Hyttfors, futurist and speaker

CURATORSHIP

– TO MAKE THE STORE INTERESTING

Helping consumers pick and choose – and as a retailer or retail hub being able to talk about and justify choices related to range or mixture of stores – is becoming increasingly important in order to create interesting and attractive spaces and environments.

”

I believe in storytelling that creates relevance. The human brain is programmed for stories.”

Erik Modig, researcher, Stockholm School of Economics

METAIL

– TO UNDERSTAND THE CUSTOMER AND BUILD LOYALTY

The technical development that enables us to communicate with the customer in real time and on an individual level offers new opportunities for retailers to set themselves apart, and to make shopping more enjoyable and meaningful for consumers. It also means buying patterns can be analysed and the customer can be understood in entirely new ways.

”

Thus far, digitisation has entailed an increasingly disloyal consumer, but the opportunities afforded by metail mean retail can once again begin building loyalty.”

Jonas Arnberg, chief economist, Swedish Trade Federation

COLLABORATIVE FORCE

– TO HELP CONSUMERS AND SIMPLIFY MATTERS FOR THEM

Traditional retail is faced with a challenge when ownership becomes less important to consumers – but an opportunity also arises to fill new functions for consumers as regards service, and to become a hub in the new sharing economy.

”

Increased citizen participation helps guarantee sustainable urban development over time.”

Caroline Curman, architect, Tengbom

WE CREATE SUSTAINABLE ENVIRONMENTS

ATRIUM LJUNGBERG CREATES 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.

STRATEGY AND GOVERNANCE

OUR ROLE

The issue of sustainable urban development and management becomes topical as populations in metropolitan regions grow and we gain insight into the fact that the earth's resources are limited and humans impact the climate. Consequently, expectations for Atrium Ljungberg to be a knowledgeable and far-sighted partner have increased, and we constantly work to develop in a sustainable direction.

Atrium Ljungberg takes a long-term approach and has a broad range of experience – we own, build, develop and manage properties. We are a significant player in the areas where we operate, and we have a large property portfolio in Sweden's strongest growth markets. This gives us good opportunities to take an active role and develop improved urban qualities, including a mixture of businesses and meeting places – which contributes to a sense of well-being and security.

Atrium Ljungberg has the property portfolio, expertise and financial strength required for turnkey projects and long-term investments.

SUSTAINABILITY STRATEGY

We want to strengthen our competitiveness and business through a broad approach where solicitude for people and the environment are natural components. Based on our business and dialogue with the company's most important stakeholders, we have further developed our sustainability strategy:

SUSTAINABLE URBAN DEVELOPMENT: We develop our areas in a sustainable direction as a means to improve their attractiveness. Doing so creates value for tenants, municipalities and other stakeholders that utilise the space, as well as for us as a company.

ENVIRONMENT AND RESOURCE USE: Resource use, primarily energy use, represents not only a significant portion of a building's operating and production cost, but also its climate impact. Consequently, we focus on improving resource efficiency. By supporting and collaborating with our tenants, we can help them in their endeavour to conduct their activities in a resource-efficient manner. By joining forces, we can reduce resource use and environmental impact, and we can achieve more together than individually.

SUSTAINABLE EMPLOYEES: One condition for achieving good results is competent, motivated and engaged employees. We work to ensure a positive and safe work environment and a culture that is characterised by participation. Sustainable employees help lay the foundation for development and profitability.

BUSINESS ETHICS AND PURCHASING: Trustworthiness is of central importance to us. We uphold sound business practices in our own operations and in relation to suppliers and other partners.

GOALS

Our sustainability goals are based on the company's values. During the year, we developed several new goals that focus on reduced resource use. See pages 27 and 31 for further information on the goals and outcomes.

GOVERNING SUSTAINABILITY WORK

Atrium Ljungberg's Board lays down the company's overall sustainability policy and other related policies. These are evaluated and revised annually. Our policies are available in their entirety on our website.

We conducted an analysis of the company's key sustainability issues. The materiality analysis served as the basis for developing our strategy, goals and plan for sustainability work. Read more about the analysis in the annual report's GRI supplement, which is available on our website.

Sustainability is an integrated aspect of all operations, and managers are responsible for its implementation.

IN DIALOGUE WITH STAKEHOLDERS

We conduct dialogue with stakeholders that are part of our core business or that are affected by it. Our most important stakeholders are tenants, owners/investors, employees and the municipalities where we operate. Representatives of these stakeholder groups helped conduct the 2015 materiality analysis. We also conducted an in-depth interactive web survey with the Group's employees as a means to better understand their expectations and to intercept good ideas related to corporate responsibility.

SUSTAINABLE URBAN DEVELOPMENT

Urbanisation is a strong trend – in Sweden as well. This brings challenges as well as opportunities for companies like us. We have far-reaching visions for our locations.

During the year we clarified the strategy for how our areas are to be managed and developed. The strategy includes our working method, which is based on dialogue and participation. It also contains components that help strengthen the area's urban qualities, meeting places and identity. Through a careful mixture of content in buildings and design of public spaces, we create urban life, green oases, security and well-being. Our locations are resource efficient and facilitate sustainable behaviour.

An essential aspect of the strategy has been integrated in our daily activities for several years, and we will continue to work to make strides and develop our locations. See pages 46–89 for further information, and page 27 for further information on certification of buildings.

“An essential aspect of the strategy has been integrated in our daily activities for several years.”

Annica Ånäs, CEO, Atrium Ljungberg

STRATEGIES FOR SUSTAINABLE URBAN DEVELOPMENT

IDENTITY AND HISTORY

Our locations are to be characterised by their unique qualities and history, which is why we take advantage of their cultural history. Contemporary culture also constitutes an important component in our city.

Read about the Nobelberget example on page 26.

DIALOGUE AND PARTICIPATION

We fortify our locations by collaborating with local players. We manage and develop our locations in dialogue with tenants and local players such as residents, visitors, the business community and associations. Good dialogue with the municipalities plays a decisive role since Atrium Ljungberg is involved in urban development, local business and infrastructure.

See an example of our commitment in relation to Hagastaden's development on page 58.

RESOURCE AND ENERGY EFFICIENCY

In the sustainable city, we take a resource-efficient and circular approach. We recycle and re-use materials in a smart way. We contribute to joint and efficient resource use, and facilitate sustainable behaviour.

See an example of circular economy on page 29, and read about TL Bygg's renovation of residential properties on page 90.

DIVERSITY AND FLEXIBILITY

Our locations house many different activities – retail and work are integrated with housing, service, culture and education. Our buildings are meant to stand for a long time, and they are to have the capacity to develop over time based on shifting needs and social changes.

ENCOUNTERS AND INTERACTION

Atrium Ljungberg's manner of developing city districts includes investments in that which is needed for interaction, networks and learning. It is for this reason that we link shopping streets, and reinforce nodes and social structures. We develop different types of meeting places. It might be a matter of meetings and encounters between and within the business community, associations, culture and education. The issue also pertains to integrating cafés and restaurants.

Read about an example, Nod in Kista, on page 61.

ECOSYSTEMS AND SPECIES DIVERSITY

We develop green spaces to promote biodiversity. By working with ecosystem services, we utilise land, walls and roofs in an efficient and sustainable manner. Trees, green roofs and smart surface water management help Atrium Ljungberg ensure its properties take the climate into account, at the

same time that we create attractive environments.

CLOSE PROXIMITY AND COMFORT

Our locations offer shopping and a number of other comforts. We also make the locations accessible in a manner that benefits health and the environment. It is to be easy to walk and bicycle, as well as to travel by public transport and electric car. We collaborate with municipalities on the design of bicycle paths and regional and local public transport. We resolve parking in a space-efficient manner in order to optimise land usage and maximise proximity.

See an example of how we transformed the Mobilia city district on page 85.

SECURITY AND SATISFACTION

We focus on people and build in human scale with a carefully designed ground floor. Meticulous planning and a mixture of activities ensure that the locations are populated during different times of the day and year, which increases the level of security and satisfaction. Squares, shopping streets and parks are to be perceived as open and inclusive, as well as promote meetings and encounters, relaxation and play.

See an example of our work in relation to social issues in Farsta Centrum on page 35.



OUR CITY CREATES IDENTITY AND HISTORY

EXCELLENT CULTURAL OFFERING AT NOBELBERGET

When building the city, we are keen not only on preserving the soul and cultural history of our locations, we also want to emphasise the contemporary culture there. At Nobelberget in Sickla, we are planning to build residential properties and offices in the long run, but in the meantime we are utilising the vacant industrial premises for cultural and concert activities such as the YARD club, Sónar festival and the critically acclaimed production Satans Demokrati. A superb, urban cultural offering in unique premises, which attracts many visitors to Sickla.

We utilise cultural history and unique qualities.



ENVIRONMENT AND RESOURCE USE

In 2008, Sweden adopted a climate and energy pact with national goals. By 2020, Sweden is to improve energy efficiency by 20 per cent compared to 2008, the percentage of renewable energy is to increase and greenhouse gas emissions are to decrease. These goals impact policy orientation, as well as the requirements that are placed on companies such as Atrium Ljungberg.

The construction and property sector accounts for roughly one third of Sweden's energy use. Energy and resources in the form of material are required to build houses. Energy in the form of electricity, heating and cooling is also used in operation. Large amounts of energy are also used during transports to and from our properties.

Energy constitutes the single largest operating cost during a property's lifetime. This means that the properties' energy performance has great significance for our cost development. Waste management and recycling are also pressing questions for our tenants and are important for both the economy and the environment.

CERTIFICATION

Since 2011, we have been certifying major new builds in accordance with the BREEAM environmental classification system. BREEAM addresses several different aspects such as energy and water consumption, health, transport, materials, waste, land usage, emissions, ecology and management. The certification also means that the process and the end result are reviewed by a third party.

BREEAM helps us to build using durable materials, select the most energy efficient practices and take into account the properties' entire life cycle. An important component is also to health and the indoor environment for those using the building, for example the noise environment, light conditions, air and water quality are considered. Thanks to BREEAM, the properties' environmental performance is also becoming more communicable in respect of tenants and also internationally comparable.

During the year, we also started to apply BREEAM In-Use, which is a system for the certification of existing buildings. The first application was a pilot project in one of our retail hubs.

BREEAM is not suitable for residential properties. Instead, we will certify new residential properties in accordance with the Sweden Green Building Council's Environmental Building certification system.

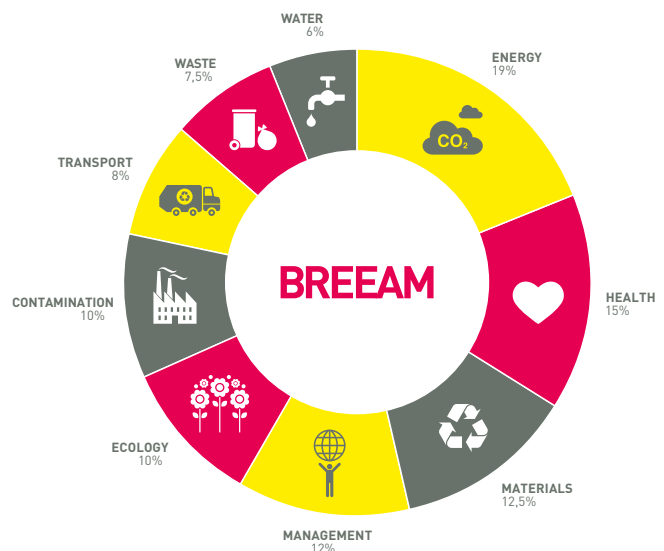
ENVIRONMENTAL AND RESOURCE EFFICIENCY TARGETS

Targets	Outcome 2015
All major new builds must be environmentally certified. Premises in accordance with BREEAM with the goal of achieving, as a minimum, a rating of "very good" and residential properties in accordance with the Sweden Green Building Council's Environmental Building certification with the goal of achieving a minimum rating of "silver". The target is supplemented with the Sweden Green Building Council's Environmental Building certification.	All major new build projects of premises have been certified with a minimum rating of "very good". During 2015, six buildings in Nod and Gränby were certified with the rating "very good". No residential properties are ready for final certification.
Energy consumption per m ² is to decrease by 20 % between 2014 and 2021.	Energy consumption has diminished 9.5 % between 2014 and 2015.
By 2021, the proportion of green lease contracts is to be 50 % of the contracted annual rent.	Of the contracted annual rent, 5.5 % derived from green lease contracts.

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 of environmental aspects and the properties are rated in relation to the certification (see picture below). Energy and health are the most significant elements in the rating.



ENERGY USE

The goal is to reduce Atrium Ljungberg's energy use by 20 per cent between 2014 and 2021. In the first year, energy use was reduced by 9.5 per cent. We are looking to long-term energy efficiency to achieve the energy target. Together with other property owners and the City of Stockholm, we have also undertaken to reduce our energy use by ten per cent between 2012 and 2015. We were very close to reaching the target and reduced our energy consumption per m² by 9.5 per cent in this period.

A majority of our properties use district heating as their heat source. We also have one property with geothermal heating and one project property which is heated with wood pellets and oil. Comfort cooling has been installed in the majority of the properties. This type of cooling is provided partly by district cooling and partly by self-generated cooling.

Electricity is responsible for the greatest share of our energy consumption. Usually, we ourselves provide the tenants with electricity and, with a few exceptions, we charge on the basis of consumption, which creates incentives for resource efficiency. Some tenants have their own suppliers and subscriptions.

As the properties become more energy efficient in the use phase, an ever greater proportion of their total energy use derives from the construction phase. It therefore becomes more important to reduce energy use in this part of the properties' life cycle. Amongst other things, BREEAM is applied for support purposes. BREEAM's requirements include the use of energy in the construction phase, for example for the establishment of the building and temporary heating and lighting. An essential part of the energy use is also derived from the materials used in the building. In order to reduce the need for extensive rebuilds and demolitions, a property must be robust in design and use. It is to be flexible and adaptable to new and modified needs.

Energy consumption/carbon dioxide emissions, performance 2015

Area ¹⁾	Unit	2015	2014	2013	2012	2011
Heating	kWh/m ²	79	92	86	84	92
District cooling	kWh/m ²	17	19	24	18	27
Tenant electricity	kWh/m ²	87	90	–	–	–
Property electricity	kWh/m ²	59	67	–	–	–
CO ₂ , total	kg CO ₂ /m ²	5.8	–	–	–	–
Water	m ³ /m ²	0.61	0.57	0.59	0.61	0.64

See the GRI supplement which can be accessed at www.atriumljungberg.se for comments on these statistics.

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

District cooling does not include self-generated cooling.

Electricity for self-generated cooling is included. Tenant electricity is estimated for tenants with their own subscriptions.

Carbon dioxide based on energy supplied to the building: electricity (including tenant electricity), heating and district cooling. We report our carbon dioxide emissions in accordance with Carbon Disclosure Project (CDP). Total carbon dioxide emissions amounted to 5.8 kg CO₂/m².

The area is based on total letting area (excluding garage) indexed by a factor of 1.15. Purchased and sold properties are calculated in relationship to period of ownership.

MEASURES TO REDUCE ENERGY USE

During the year, we set targets for each market area within the company. The sub-targets must contribute to the Group's overall energy target. We developed our system to monitor energy use. The aim is to monitor the energy use overall as well as per business area, market area and building. The next step will be to introduce refined measurement and control where there is a need for additional operational efficiency.

We have a plan that all properties should have undergone energy auditing up to and including 2017. We prioritise buildings which must be rebuilt, which have high energy use and/or which must be certified.

CARBON DIOXIDE EMISSIONS

We report our carbon dioxide emissions in accordance with Carbon Disclosure Project (CDP). Total carbon dioxide emissions amounted to 5.8 kg CO₂/m².

The extent of the emissions and the environmental impact partly depends on our energy suppliers' production mix, i.e. which fuels are used to produce district heating, cooling and electricity. The electricity we use ourselves and which we provide as standard to the tenants is hydroelectric power with a guarantee of origin. We optionally provide eco-labelled electricity and electricity from wind power.

In the case of district heating and cooling, we rely on the local supplier on each site and the variation in environmental performance is very large.

COLLABORATION WITH TENANTS AND GREEN LEASE CONTRACTS

Sustainable and cost-efficient solutions are created in close collaboration between tenants and property owners. Green lease contracts are an example of a joint undertaking to reduce environmental impacts together.

During the year, we trained our market area managers and lessors in the field of green rental contracts. We also developed also templates for agreements, meetings and action plans. The focus is on developing collaboration with our tenants and to support them in their sustainability work.

During the year, after developing the offer, we signed the first contracts. At the end of the year, 5.5 per cent of contracted annual rent was covered by green rental contracts. The target is to achieve at least 50 per cent by 2021.

LANDLORD WITH CIRCULAR OPPORTUNITIES

Sweden's second-hand market is growing in line with the increasing demand for second-hand goods such as furniture and clothing. Recycling is also a strong trend. We very much want to contribute. Our goal is to have at one second-hand player per retail hub by the year 2017. In addition, we are happy to see that businesses which extend product life cycles, such as tailors and shoemakers, are establishing themselves in our retail hubs.

For the second year in a row, we backed the "Återwin-win" campaign in eight of our retail centres, where customers were encouraged to hand in used clothing. Even our office tenants in Kista, Liljeholmen and in Södermalm in Stockholm joined the campaign. This year's campaign took place in collaboration with Stadsmissionen. The result was 110 tonnes (46 tonnes in 2014) of clothes and other textiles collected for Stadsmissionen.

MATERIAL USE

A large part of the building resource use and environmental performance is derived from its use of materials. The BREEAM certification system helps us to make life cycle analyses of materials and to take into account re-use, robustness and responsible material selection.

RECYCLING AND WASTE

Effective recycling and waste management can result in environmental and cost savings in all phases of a building; production, management and decommissioning. In the case of major new builds, we use BREEAM to set goals and monitor recycling, waste quantities and waste-related costs. Where appropriate, demolition is also monitored in accordance with BREEAM.

Atrium Ljungberg provides recycling in all properties. Well-functioning systems for recycling and waste management are important to our tenants and the issue therefore has higher priority. Commercial tenants also want improved individual monitoring and better incentives for resource efficiency. During the year, Atrium Ljungberg therefore adopted a new target; by 2021 at the latest to all major retail hubs must offer individual monitoring and billing of waste.

During the year, we also defined extended ambitions for recycling in our office and commercial buildings.

**OUR CITY CREATES RESOURCE AND ENERGY EFFICIENCY****CIRCULAR ECONOMY AT THE RETAIL HUBS**

We are trying to promote the concept of circularity as far as possible and a new target for 2017 is to have at least one second-hand player in each retail hub. Our Återwin-win campaigns, where customers can drop off worn clothing for charitable purposes, has become a regular part of our business. During the year, the campaign was carried out in collaboration with Stadsmissionen.

In a different initiative together with Stadsmissionen, EU migrants were employed in wrapping up Christmas presents in Gränby Centrum.

We are taking a resource-efficient and circular approach, recycling and reusing materials in a smart way.



87%

AVERAGE CONFIDENCE INDEX

We are taking 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 target is to achieve an average confidence index of 85 per cent. In 2015 we achieved 87 per cent and were named one of Sweden's best workplaces.



THE FOUNDATION FOR SUCCESS

Atrium Ljungberg's employees are the foundation for the company's development, success and profitability. Sustainable employees are employees who are happy, thrive, perform and develop over time. To facilitate this, they need clear and communicated goals, ongoing feedback, development and a good workplace culture.

TARGET FOR SUSTAINABLE EMPLOYEES

Target	Outcome 2015
We should 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 goals and achieved an index of 87 %.

VALUE-BASED WORK

The values of long-termism, collaboration, reliability and innovative thinking govern our business and our encounters with our customers and other stakeholders. The business is based on a long-term approach to both ownership and relationships. We collaborate with a wide range of external partners and internally within the organisation which creates new opportunities for the customers and for us.

Atrium Ljungberg stands for reliability. We take major responsibility, keep our promises and do not promise more than we can deliver. The capacity and the ability to be innovative in all processes means that we follow our own path and achieve innovative solutions.

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.

The so-called Performance Management process is our main tool for development and performance. The process 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.

The Performance Management process also means that managers and employees together receive a half-year assessment, develop an individual development plan and evaluate the year's work. In addition to this, every employee has at least eight ongoing feedback discussions with their manager during the year.

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, both informally in everyday life and in development calls and other formal

context. Our managers should have a coaching and individualised leadership role and be available for the employees.

ONE OF SWEDEN'S BEST WORKPLACES ONCE AGAIN

For the second year in a row, Atrium Ljungberg was ranked as one of Sweden's best workplaces in the medium-sized organisation category. The ranking is based on Great Place To Work® (GPTW). The result is two thirds based on an employee survey and one-third on the assessment of a culture profile that amongst other things describes how the company functions in terms of employment, development and communication. We have carried out the GPTW's employee survey since 2011 and it has a major impact on our improvement work.

During 2015, we also exceeded our goal of an average confidence index of 85 per cent. The result was 87 per cent, the same high level as in 2014.

DIFFERENT BACKGROUNDS AND SKILLS

People have different experiences and different outlooks and means of expression. We want to bring out the best in every employee. We therefore try to be an equal workplace with great diversity in all functions and at all levels. All employees should to be afforded the same opportunities in relation to terms of employment, skills development and promotion within the framework of their know-how, willingness and/or ability.

We have a clear recruitment process that takes into account professional competence, personal characteristics and motivation. We also have a solid wage structure process taking into account industry statistics and how the employees' individual objectives are met. The wages are reviewed annually and there should be no appreciable differences. These procedures contribute greatly to equal terms within the company.

Key ratios

	31/12/2015	31/12/2014
Average number of employees	282	282
Employee turnover, %	9.7	11.0
Percentage collective agreements, %	100	100
Average age, years	42.3	44.3
Women, %	26	21
Men, %	74	79
Years employed	8.2	8.0

Gender breakdown, 2015

	Men	Women	Total
Board of Directors	4	2	6
Total			
Company management	4	4	8
Mid-level management	15	11	26
Other	191	58	249
Total	210	73	283

“Our employees form the basis for the company’s success, development and profitability.”

Helena Martini, HR Director, Atrium Ljungberg

HEALTH AND SAFETY

Our work environment policy aims to promote health and create a secure and constructive workplace for all employees. During the year, we incorporated our wellness services in a health portal. The portal makes it possible to handle health-related activities and administration, such as ordering training cards or reserving a massage. We can also monitor different health investments via the portal.

Health and safety risk are common in our business and industry. Atrium Ljungberg has a zero-tolerance attitude towards stress-related illnesses and workplace accidents. We hold regular working environmental training courses for our project managers and technical managers and for managers of our subsidiary company TL Bygg.

Read more about TL Bygg on page 91 and about suppliers on page 33.

Sick leave broken down by gender, %

	2015	2014
Men	5.0	4.5
Women	4.8	5.7
Total	4.9	4.8

Sick leave broken down by age categories, %

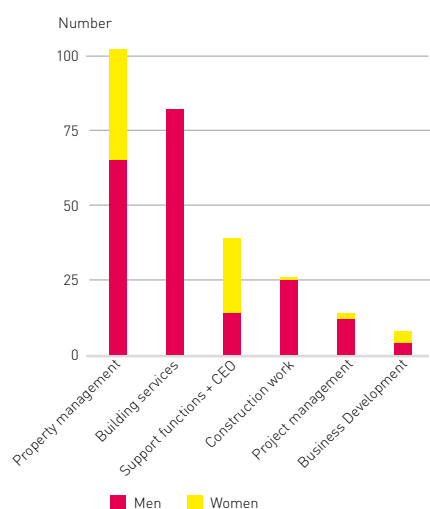
	2015	2014
29 years or younger	3.8	3.3
30-49 years	3.8	3.8
50 years or older	7.7	8.0
Total	4.9	4.8

Accidents and related absence

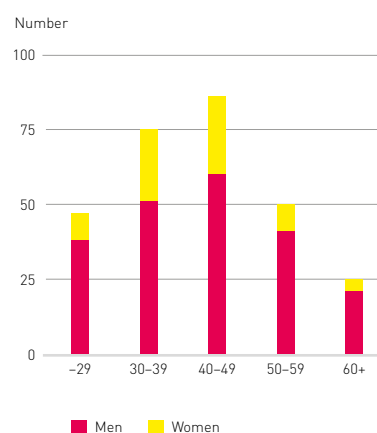
	Number of workplace accidents ¹⁾	Number of days absence in absolute terms
Atrium Ljungberg	4	6
TL Bygg	6	16
Total	10	22
Men	10	22
Women	0	0
Total	10	22

¹⁾ Reported to the Swedish Work Environment Authority

Number of employees per function in 2015



Age breakdown in 2015



SOUND BUSINESS PRACTICES AND RELATIONSHIPS

We promote sound business practices in our own activities and in relationships with suppliers and other partners. 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.

BUSINESS WITH INTEGRITY

Atrium Ljungberg's ethics and supplier policy is based on the company's values and covers all employees and suppliers. The policy includes our code of conduct and guidelines for how we do business. The policy is available on our website.

TL Bygg adheres to the Swedish Anti-Corruption Institute's Industrial Code and the Swedish Construction Federation's Code of Conduct for legal and appropriate action.

At our annual conference attended by Atrium Ljungberg's employees and TL Bygg's officials, the theme was evaluation reliability and we had briefings and group discussions on the subject of anti-corruption.

During the autumn of 2015 we started mapping of corruption risks and in 2016 a function for whistleblowing will be introduced. We will also review and update the policy and procedures on the basis of the result of risk mapping.

PURCHASING AND SUPPLIERS

Atrium Ljungberg is a major purchaser with thousands of suppliers. We communicate to them our values, expectations and requirements. Each individual project or assignment

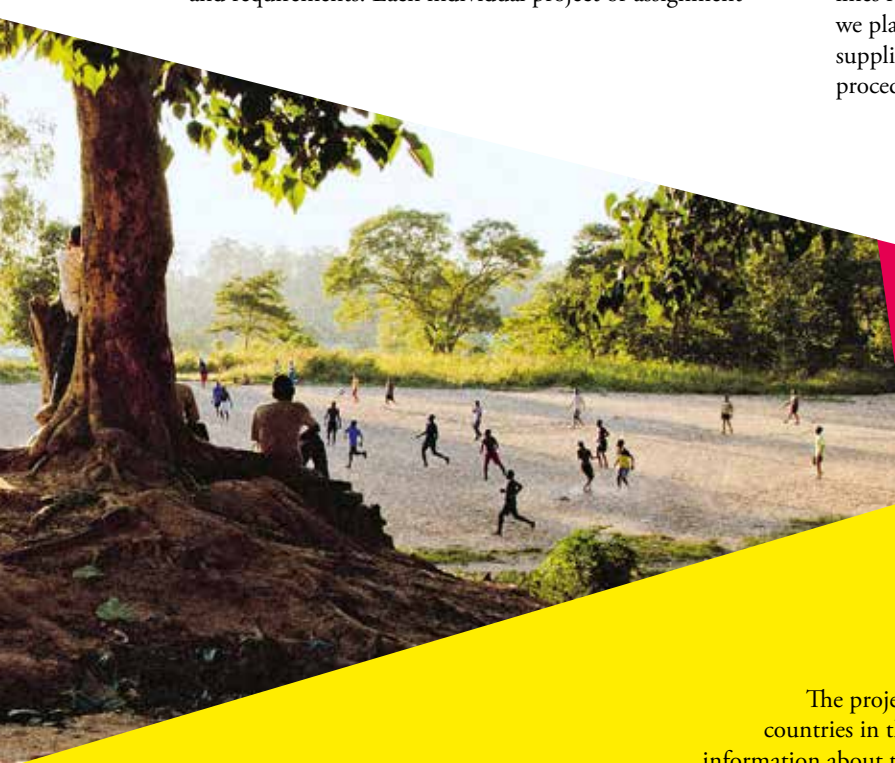
places specific requirements that are defined in the contract for services or delivery agreement. Contracts within the framework of our major construction projects contain detailed requirements for the environment, quality and the working environment. These requirements were updated during the year. To ensure good material selection, we began using the environmental database the Swedish Building Materials Assessment. The database is already used by TL Bygg and in certain Atrium Ljungberg projects.

We introduced a new role in the form of a purchasing manager starting in January 2016. The aim is to provide effective support to the entire organisation by coordinating purchases resulting in higher quality and reduced costs. The role is also an important aspect in terms of even better meeting our requirements in relation to sustainability and business ethics.

CODE OF CONDUCT FOR THE INDUSTRY

During the year we were involved in the development of an industry-wide code of conduct for suppliers and a corresponding system for self-declaration. The purpose of an industry-wide code of conduct is that many property owners place the same requirements on suppliers and thus have greater opportunity to affect them positively. When the code of conduct is finalised, we will implement it in the organisation.

We have an ethics and supplier policy that sets out guidelines for how we do business and clarifies which requirements we place on our suppliers. During 2016 we will identify our supplier risks and review the need to develop policies and procedures.



SUPPORT FOR UNICEF

Together with other companies in the property sector, we have supported UNICEF's project "Companies for Malawi".

The project benefits vulnerable children in Malawi, one of the poorest countries in the world. Atrium Ljungberg's two Malawi ambassadors share information about the project in our organisation. Employees are demonstrating great commitment and amongst other things have donated money to UNICEF by being world parents and taking part in the "Spring för livet" race.

THE PROPERTY PORTFOLIO IN FIGURES

ATRIUM LJUNGBERG'S PROPERTY portfolio is concentrated to strong growth regions and includes properties with a value of SEK 31 billion. A strong property market with reduced yield requirements together with higher rents as a result of the new lettings and renegotiations has led to unrealised changes in value of SEK 2.3 billion during the year, corresponding to just over 8 per cent.

PROPERTY PORTFOLIO

Atrium Ljungberg's property portfolio primarily comprises conveniently located and modern retail and office properties in the growth regions of Stockholm, Uppsala and Malmö and since 2015 also in Gothenburg. Stockholm is the largest region with 77 per cent of the contracted annual rent. The property portfolio contains a total of 48 properties with a total letting area of 1,034,000 m². Our residential portfolio comprises 695 apartments located in Ärvinge in Kista and Mobilia in Malmö.

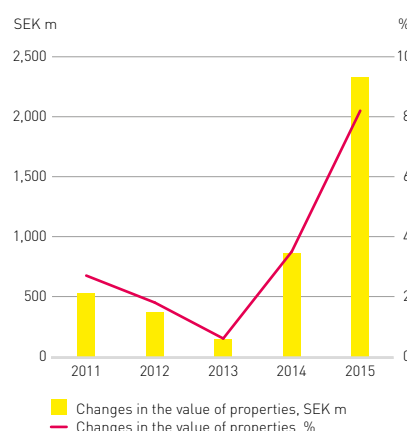
During the year, three properties were acquired in Gothenburg with a letting area of approximately 35,000 m² and approximately 400 parking spaces. In addition, four commercial properties with a letting area of approximately 63,000 m² were sold during the year as part of our work to concentrate the property portfolio in our priority markets.

PROPERTY VALUE

The market value of the property portfolio at the end of the year totalled SEK 30,841 million (SEK 28,163 m). The average dividend yield requirement in the valuation was 5.2 per cent (5.6%). Development rights and land account for SEK 729 million of the total value. Based on the detailed development plans that have gained final approval, there are development rights of approximately 125,000 m² GFA in the portfolio, including obtained land allocations. Furthermore, there are project plans to create an additional 288,000 m² GFA development rights, see page 45 for more information. Investments in Atrium Ljungberg's own properties during the year

totalled SEK 768 million (SEK 707 m). During the year, we acquired three properties with a book value of SEK 872 million (SEK 1,673 m), and sold four properties with a book value of SEK 1,291 million (SEK 94 m). Realised changes in the value of properties totalled SEK –33 million (SEK 8 m) during the year, and unrealised changes in the value of properties totalled SEK 2,328 million (SEK 861 m), corresponding to an increase in value of 8.2 per cent during the year. The change in value is explained mainly by the market's lower yield requirements for the majority of properties and higher rents as a result of new lettings and renegotiations.

Changes in value, properties



Property portfolio, 31/12/2015

Property portfolio by segment	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ²⁾	Rental value, SEK m ³⁾	Rental value, SEK/m ² ²⁾	Economic letting rate, %
Business area Retail	451	13,998	31,032	1,039	2,303	95
Business area Offices	556	15,694	28,247	1,123	2,022	92
Total	1,007	29,692	29,495	2,162	2,147	94
Project properties, including land and development rights	28	1,150	E/T ⁴⁾	30	1,074	97
Total	1,034	30,841		2,192	2,119	94
Properties sold						
Total Group						

January-December 2015¹⁾

Rental income, SEK m	Property costs, SEK m	Operating surplus, SEK m
995	-341	654
991	-278	713
1,986	-619	1,367
24	-10	14
2,010	-629	1,381
112	-43	69
2,122	-671	1,450

¹⁾ Refers to reported result during the year.

²⁾ m² including garage.

³⁾ Reported rental value is based on the immediately subsequent quarter.

⁴⁾ Letting area for new production is not reported until the project is completed and the figures hence do not accurately represent the actual situation.

Unrealised changes in value, 2015

	SEK m
Change in yield requirements	2,139
Change in operating nets	187
Change in investments	2
Total	2,328

Change in the value of the property portfolio

	SEK m	Number
Property portfolio, 31/12/2014	28,163	49
Acquisitions (after deduction of deferred tax)	872	3
Sale	-1,291	-4
Investments in our own properties	768	-
Unrealised changes in value	2,328	-
Property portfolio, 31/12/2015	30,841	48

VALUATION

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 39 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 assumed 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 rent levels and market rents for respective premises
- existing tenants and contract structure
- current and future vacancies
- operating and maintenance costs in the short and long-term, based on the property's and company's actual costs
- the technical and commercial condition of the properties
- planned reconstructions, extensions and new builds and other investment requirements
- yield requirements for completed and uncompleted transactions in comparable properties markets

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.

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

Dividend yield requirement per premises type

Premises type, %	Interval	Average
Office	3.9-7.3	5.2
Retail	3.9-7.3	5.2
Residential	3.7-4.0	3.7
Other	3.9-7.3	5.5
Total	3.7-7.3	5.2

Dividend yield requirement per region

Region, %	Interval	Average
Stockholm	3.7-7.3	5.1
Uppsala	3.8-5.7	5.6
Malmö	3.9-6.8	5.7
Gothenburg	5.3-6.0	5.3
Total	3.7-7.3	5.2

Value based on normalised operating net

SEK m	Management	Project	Total
Rental value	2,235	39	2,275
Long-term vacancy (3.5%)	-80	-1	-81
Rental income	2,155	38	2,194
Property expenses	-592	-12	-604
Normalised operating net	1,563	26	1,590
Yield requirement	5.2%	6.1%	5.2%
Yield requirement before adjustments	30,065	428	30,494
Adjustments			
Current value of remaining investments	-676	-61	-737
Initial vacancies	-97	-2	-99
Other adjustments	476	73	549
Land and development rights	-	729	729
Registration of title deeds costs	-78	-17	-95
Fair value	29,692	1,149	30,841

RENTAL INCOME

The contracted yearly rents totalled SEK 2,054 million (SEK 2,090 m) at the end of the year, and break down into 44 per cent derived from retail, 40 per cent from office, 3 per cent residential and 13 per cent other, such as education, culture and service. The rental value, i.e. contracted annual rent and estimated market rents for vacant space, amounted to SEK 2,192 million (SEK 2,246 m). This gives an economic letting rate of 94 per cent (93 %), including project properties, and 94 per cent (95 %), excluding project properties. Calculated based on letting area, the vacancy level was 17 per cent (16 %).

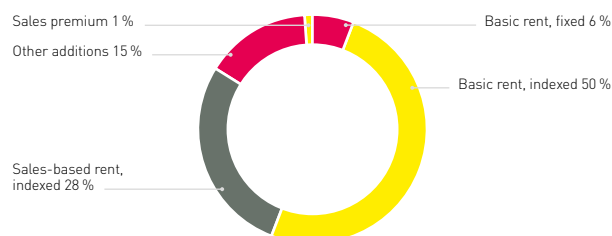
The commercial lease contract portfolio, i.e. all contracts excluding residential, is well-diversified and comprises 2,737 lease contracts with an average contracted annual rent of SEK 724,000. The average remaining term of the lease contracts at the year-end was 3.4 years (3.5 yrs). During 2016, 32 per cent of the leases will be subject to renegotiation. Ninety-four per cent of contracted annual rent is regulated with an index clause linked to inflation. Twenty-nine per cent of the contracted annual rent has a sales-based rent where rent is regulated based on the tenant's sales. Minimum rental provisions ensure, however, that rental levels are maintained. Sales premium on the minimum rent comprised one per cent of the company's contracted annual rent at the end of the year.

More contract information, including reporting of the largest tenants, is available under the section Risks and risk management on pages 97–101.

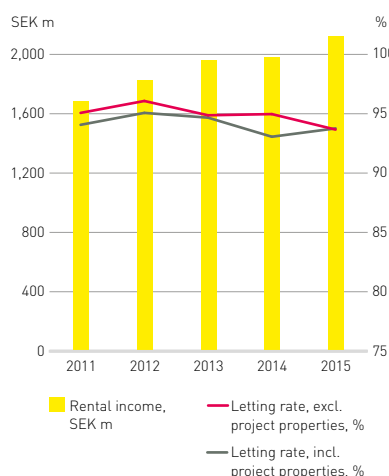
PROPERTY COSTS

Property costs in 2015 totalled SEK 671 million (SEK 636 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 644/m² (SEK 667/m²), whereby primarily other operational costs and service charge-related costs have decreased. The cost of operating retail properties in general and shopping 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.

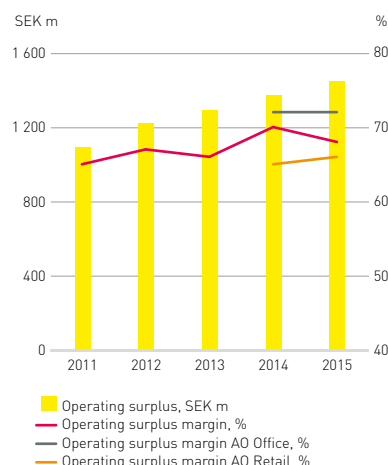
Distribution by contracted annual rent



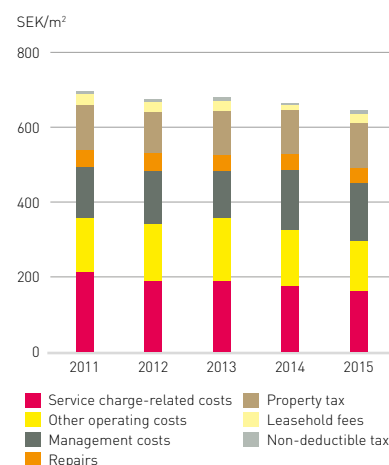
Rental income and letting rate



Operating surplus and operating surplus margin

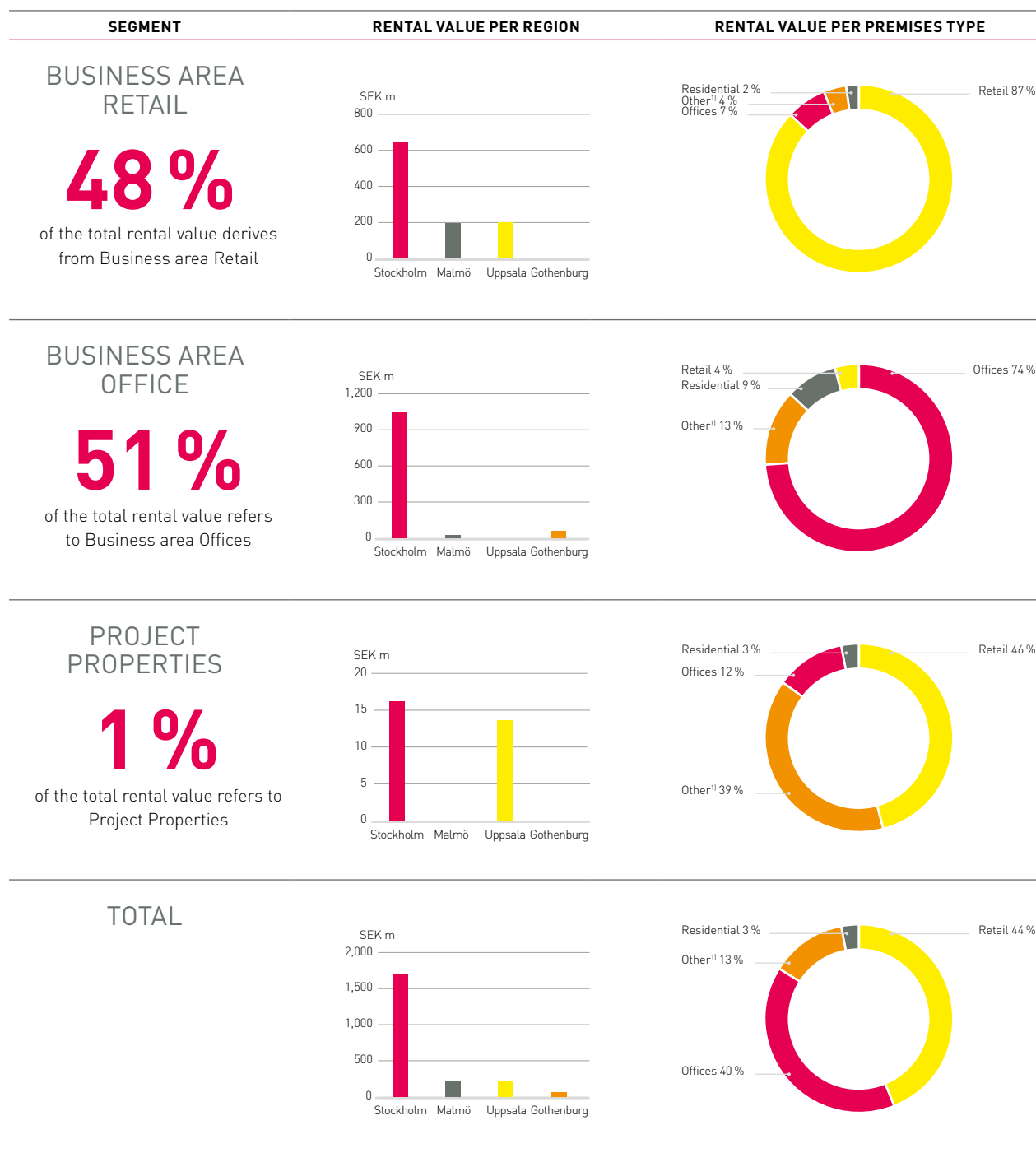


Property costs¹¹



¹¹ Adjusted by excluding properties sold and by adjusting new acquisitions and new builds for the full year.

SEGMENT OVERVIEW

¹⁾ Also includes training, culture and service.

PROPERTY LIST

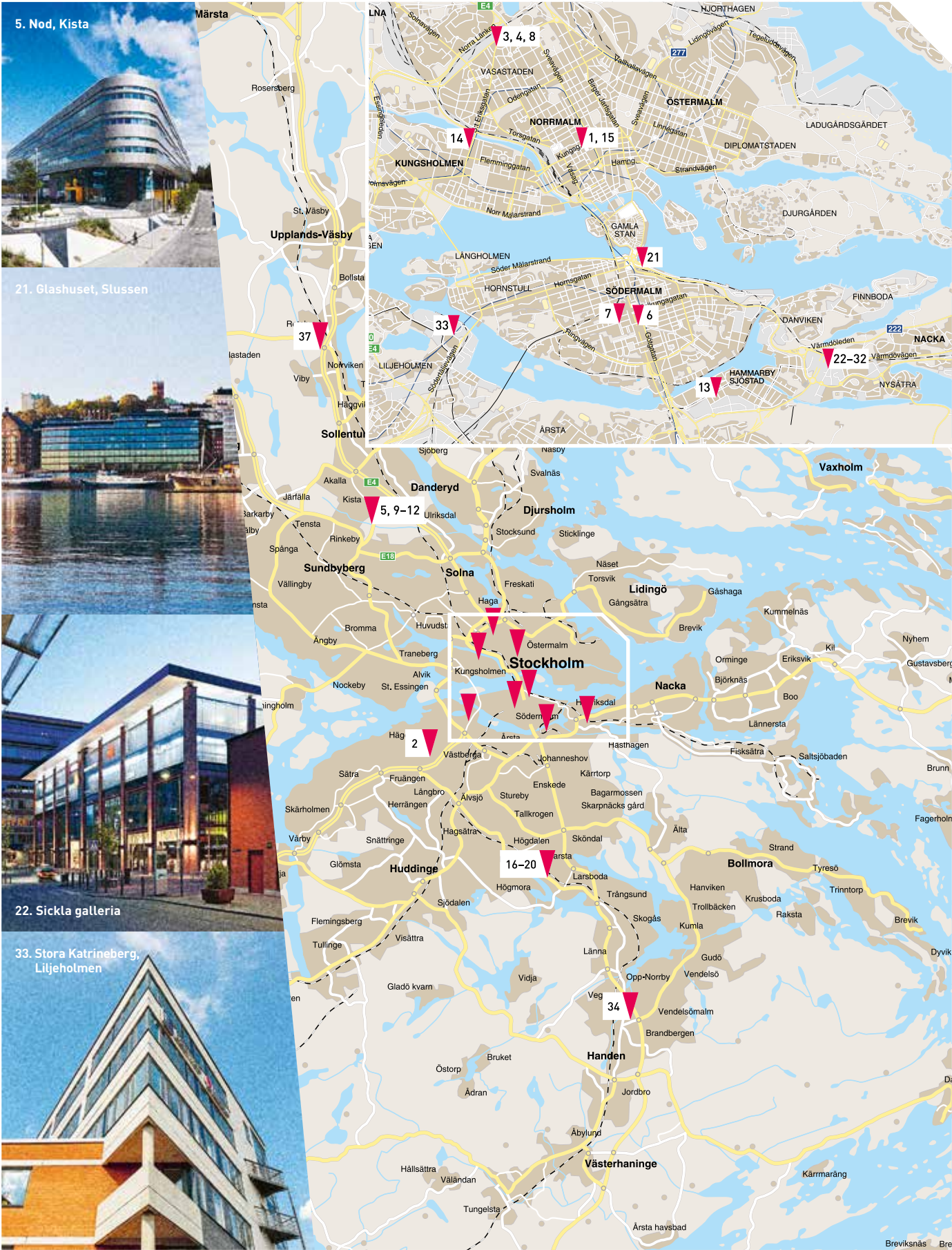
	Property name	Municipality	Address/Description	Lease- hold	Year of construction/ reconstruction	Letting area, m²					Total	Rateable value, SEK m	Rental value, SEK m	Economic letting rate, %
						Retail	Office	Resi- dential	Garage	Other ¹⁾				
STOCKHOLM														
1	Adam & Eva 17	Stockholm	Drottninggatan 68		1929/2006	3,298	4,505			289	8,091	406	46	99
2	Arbetsstolen 3	Stockholm	Västbergavägen 4-12		1955/2008	16,127	755			624	17,506	59	31	99
3	Blästern 6	Stockholm	Gävlegatan 20-22		1939/1995	1,279	19,721		6,468	3,357	30,825	437	70	93
4	Blästern 11	Stockholm	Hälsingegatan 43-45		1930/2006	2,554	38,632		9,632	3,612	54,430	929	130	91
5	Borgarnäs 1 ²⁾	Stockholm	Borgarfjordsgatan 12	T ³⁾	2014	737	15,542		6,705	10,989	33,973		71	80
6	Fatburen 1	Stockholm	Söderhallarna		1991	2,242	9,042		3,773	3,360	18,417	345	46	99
7	Fatburssjön 8	Stockholm	Magnus Ladulåsgatan 63		1930/2006		6,704			1,113	7,817	199	24	100
8	Härden 14	Stockholm	S:t Eriksgatan 113		1932/1957	807	6,237		2,000	184	9,228	123	15	83
9	Kolding 1	Stockholm	Ärvinge, Kista	T	1993		128	15,800	3,087		19,015	188	22	99
10	Kolding 2	Stockholm	Ärvinge, Kista	T	1992	516	406	20,803	1,750	70	23,545	191	28	100
11	Kolding 3	Stockholm	Ärvinge, Kista	T	1993	954	16,099	1,256	6,848	820	25,977	163	40	88
12	Kolding 4	Stockholm	Ärvinge, Kista	T	1993/2001	251	24,107		8,067	977	33,402	388	47	70
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	6,948		780	154	8,700	162	26	95
15	Skotten 6	Stockholm	Glashuset Drottninggatan		1959/2008	5,200	4,664			2,018	11,882	522	60	92
16	Storö 2	Stockholm	Farsta Centrum	T	1961/2006	5,210	4,081			2,204	11,495	114	29	95
17	Storö 15	Stockholm	Farsta Centrum	T	1961/1998	217				1,315	1,532		3	100
18	Storö 21	Stockholm	Farsta Centrum	T	1961/2010	41,935	23,520		13,692	10,717	89,864	1,193	220	96
19	Storö 23	Stockholm	Farsta Centrum	T	1961/1998	1,370	2,110		1,470	3,407	8,357		16	99
20	Storö 24	Stockholm	Farsta Centrum		2014	3,479					3,479	46	8	98
21	Tranbodarne 12	Stockholm	Glashuset Slussen, Katarinavägen 15	T	1974/2006	92	23,200		2,886	12	26,190	710	85	100
22	Sicklaön 83:22	Nacka	Sickla Köp- och Affärskvarter		1998/2012	71,302	56,854		47,470	31,041	206,667	2,727	443	96
23	Sicklaön 83:32 ²⁾	Nacka	Uddvägen 1		1877/2014		9,767			341	10,108	126	24	72
24	Sicklaön 83:33 ⁴⁾	Nacka	Sickla Industriväg 4-6		1943/1970		2,607			13,908	16,515	118	15	94
25	Sicklaön 87:1	Nacka	Alphyddvägen 4		1962	87				2,476	2,563		3	100
26	Sicklaön 115:1	Nacka	Planiavägen 1		1929		370				370	1	0	97
27	Sicklaön 115:4	Nacka	Sjötörpsvägen 3-14					921			921	28	1	100
28	Sicklaön 117:1	Nacka	Planiavägen 3		1967	2,592	330			435	3,357	11	3	38
29	Sicklaön 117:2	Nacka	Sjötörpsvägen 6		1909					176	176	5		
30	Sicklaön 117:17	Nacka	Planiavägen 5-7		1978					1,629	1,629		4	100
31	Sicklaön 265:5	Nacka	Atlasvägen 2		1981									
32	Sicklaön 346:1 ⁴⁾	Nacka	Uddvägen 7		1981							49		68
33	Stora Katrineberg 16	Stockholm	Katrinebergsvägen 4-12	T	1750/1945/1988	2,436	37,645			2,505	42,586	729	95	95
34	Söderby Huvudgård 2:43	Haninge	Port 73		1974/2013	33,056				2,989	36,045	330	67	99
35	Västnora 4:26	Haninge	Västnora											
36	Ribban 16	Nynäshamn	Backluravägen											
37	Resan 1	Sollentuna	Konsumentvägen 2		1972					1,160	1,160	5	1	
Total Stockholm						197,537	324,315	38,781	114,628	103,126	778,386	10,532	1,704	94

¹⁾ Other includes, amongst other things, education, culture and service enterprises.

²⁾ All or part of the property is BREEAM certified.

³⁾ Decision on potential land acquisition will be made in 2016.

⁴⁾ All or part of the property classified as a project property as per 31/12/2015.

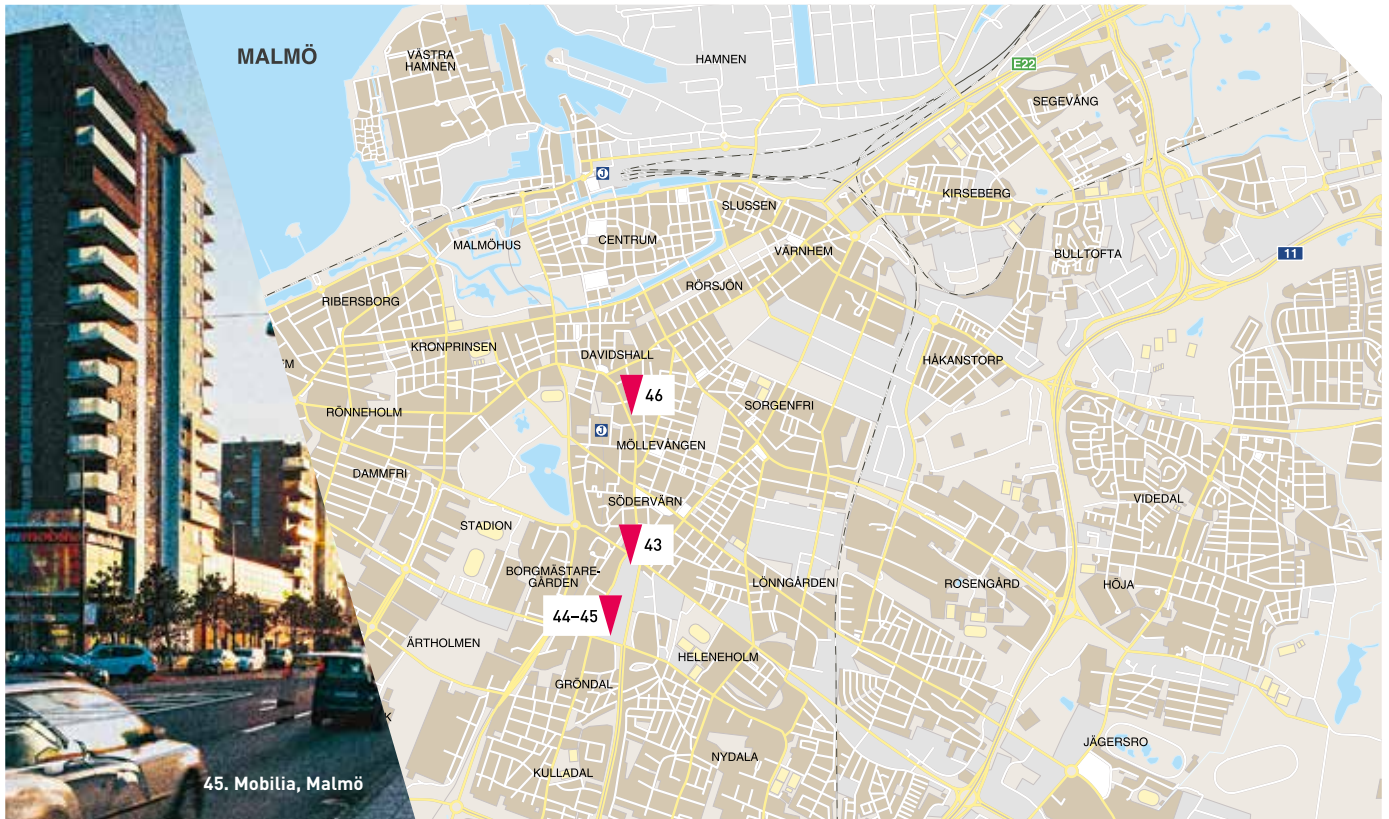


PROPERTY LIST

Property name	Municipality	Address/Description	Lease- hold	Year of con- struction/ reconstruc- tion	Letting area, m²					Total	Rateable value, SEK m	Rental value, SEK m	Economic letting rate, %
					Retail	Office	Residen- tial	Garage	Other ¹⁾				
UPPSALA													
38-39	Brillinge 8:1, 9:1 ^{2) 3)}	Uppsala	Gränbystaden	2013	10,313					10,313	21	14	100
40	Dragarbrunn 19:1	Uppsala	Rådhuset	1645/2012	2,274	391			341	3,006	40	9	100
41	Dragarbrunn 27:2	Uppsala	Forumgallerian	1902/2005	10,011	4,606	1,140		501	16,257	371	47	89
42	Gränby 21:4	Uppsala	Gränby Centrum	1971/2011	40,683	491			2,069	43,242	566	144	99
Total Uppsala					63,281	5,488	1,140		2,910	72,818	998	213	97
MALMÖ													
43	Bohus 7	Malmö	Mobilia	1966/2010	5,824	183	11,248	6,680	35	23,970	188	29	92
44	Bohus 8	Malmö	Mobilia	1968/2013	47,965	3,603		37,800	5,391	94,759	888	158	90
45	Bohus 9	Malmö	Mobilia	2014			4,103			4,103		7	100
46	Dimman 11	Malmö	Barkgatan 2-8	1940/2014		3,474			12,196	15,670		23	98
Total Malmö					53,789	7,260	15,351	44,480	17,622	138,501	1,075	217	91
GOTHENBURG													
47	Lundbyvassen 4:7	Gothenburg	Regnbågsgatan 4-6	1989		17,694			168	17,862	186	28	81
48	Lundbyvassen 4:13	Gothenburg	Lindholmsallén 12-20	1957/2007	392	11,924		10,050	4,487	26,853	254	30	89
Total Gothenburg					392	29,618		10,050	4,655	44,715	440	59	85
Total Sweden					314,998	266,680	55,271	169,158	128,313	1,034,420	13,046	2,192	94

¹⁾ Other includes, amongst other things, education, culture and service enterprises.
²⁾ All or part of the property is BREEAM certified.
³⁾ All or part of the property classified as a project property as per 31/12/2015.





CHANGES IN THE PROPERTY PORTFOLIO 2015

PROPERTIES ACQUIRED

Property name	Municipality	Letting area, m ²	Period ¹⁾	Possession
Stora Katrineberg 16	Stockholm	42,586	Q4 2014	02/02/2015
Lundbyvassen 4:7	Gothenburg	7,283	Q2 2015	30/09/2015
Lundbyvassen 4:8 ²⁾	Gothenburg	10,579	Q2 2015	30/09/2015
Lundbyvassen 4:13	Gothenburg	26,853	Q2 2015	30/09/2015

SOLD PROPERTIES

Property name	Municipality	Letting area, m ²	Period ¹⁾	Date vacated
Orminge 47:1	Nacka	10,849	Q4 2015	30/11/2015
Rotundan 1	Sollentuna	19,934	Q4 2015	30/11/2015
Igor 8	Västerås	29,917	Q4 2015	01/12/2015
Månadsmötet 9	Östersund	18,438	Q4 2015	01/12/2015

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

²⁾ After acquisition, the property has been regulated into Lunbyvassen 4:7.

INVESTMENTS IN OUR OWN PROPERTIES, ACQUISITIONS AND SALES

PROPERTY DEVELOPMENT IS crucial to Atrium Ljungberg's value growth. Our existing project portfolio enables us to invest the equivalent of approximately SEK 9 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 2015, we invested a total of SEK 768 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 collaboration 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 2015, we invested SEK 768 million in our own properties, of which SEK 219 million was in project properties. No development projects were completed during the year.

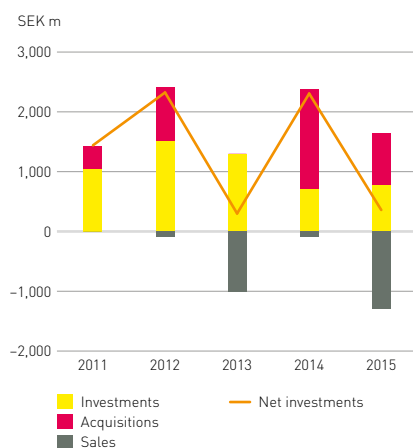
PROPERTY TRANSACTIONS

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 872 million were acquired during the year. These acquisitions relate to three office buildings on Lindholmen in Gothenburg.

In February, Stora Katrineberg, which was acquired in December 2014, was taken possession of.

During the year, four commercial properties were sold; Orminge Centrum in Nacka, Kvarteret Igor in Västerås, Mittpunkten in Östersund and Rotebro Handel in Sollentuna. The book value for these amounted to SEK 1,291 million.

Investments, acquisitions and sales



Acquisitions 2015

Property name	Municipality	Additional letting area, m ²	Possession
Lundbyvassen 4:7	Gothenburg	7,283	30/09/2015
Lundbyvassen 4:8 ¹⁾	Gothenburg	10,579	30/09/2015
Lundbyvassen 4:13	Gothenburg	26,853	30/09/2015

¹⁾ After acquisition, the property has been regulated into Lunbyvassen 4:7.

Sales 2015

Property name	Municipality	Deductible letting area, m ²	Date vacated
Orminge 47:1	Nacka	10,849	30/11/2015
Rotundan 1	Sollentuna	19,934	30/11/2015
Igor 8	Västerås	29,917	01/12/2015
Månadsmötet 9	Östersund	18,438	01/12/2015

PROJECTS

COMPLETED, ONGOING AND POTENTIAL PROJECTS

In 2015, we invested SEK 768 million in our own properties, of which SEK 219 million was in project properties. The investments in project properties mainly refer to Gränby Köpstad within Gränbystaden in Uppsala and Sickla Front II in Sickla. Other investments mainly refer to major internal renovation of Gränby Centrum and Farsta Centrum and a number of tenant-specific adaptations in Hagastaden.

In Gränbystaden, we completed two new buildings within the framework of a major project and started construction of a further three buildings for retail and restaurants. At the start of 2016, we began ground works for construction of residential properties in Gränby Entré in the immediate vicinity of Gränby Centrum.

During the autumn, we also started a large project, Sickla Front II, comprising two office buildings and a car park on Uddvägen in Sickla.

The remaining investment volume for ongoing projects amounted to approximately SEK 1,040 million at the turn of the year.

Several detailed development plan processes are under way for other areas in our portfolio, which we believe will enter into force during 2016. In terms of immediate plans, we are planning to start further projects in Gränbystaden in Uppsala, in Barkarby in Järfälla and in Hagastaden in Stockholm. In terms of area, our long-term development plans cover equally large areas of residential properties, retail and office premises as well as some educational facilities. The plans are distributed among all our areas, with three-quarters of the project portfolio located in Sickla and Uppsala, but with Järfälla also comprising a large part.

Our existing project portfolio enables us to invest the equivalent of approximately SEK 9 billion in the future.

ONGOING PROJECTS 2015

Project/Phase	Municipality	Letting area, Retail, m ²	Letting area, Office, m ²	Letting area, Residential, m ²	Parking, GFA	Measure, new build/reconstruction	Inv, SEK m	Of which remaining, 31/12/2015	Completed	Rental value excl. surcharges, SEK m ²	Letting rate, %	Environmental certification	READ MORE on page
Gränby Köpstad within Gränbystaden, Brillinge 8:1/9:1	Uppsala	18,700				new build	370	50	2014–2016 ¹⁾	32	95	BREEAM	75
Gränby Entré building 1, Gränby 21:4	Uppsala	2,700		3,100		new build	220	220	2017	15	33 ³⁾	Environmental building	75
Sickla Front, Sicklaön 346:1	Nacka		25,000		14,000	new build	830	770	2018	63	E/T ⁴⁾	BREEAM	50
Total		21,400	25,000	3,100	14,000		1,420	1,040		110			

¹⁾ Covers approximately 50,000 m² GFA in total. Investment decisions and completion take place in stages, among other things, connected to letting.

²⁾ Excluding any sales result.

³⁾ The letting rate for commercial premises amounts to 53%. The residential buildings are closer to completion.

⁴⁾ Letting rate not reported as a subtotal with regard to individual business transactions.

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	3,000		50-51
Sickla	Nacka	Office	14,000	30,000		50-51
Sickla	Nacka	Residential		107,000		50-51
Sickla	Nacka	Education		18,000		50-51
Gränby Köpstad	Uppsala	Retail	23,000			76
Gränby Centrum	Uppsala	Retail		47,000		76
Gränby Centrum	Uppsala	Residential		30,000		76
Forumgallerian	Uppsala	Residential		3,000		77
Mobilia	Malmö	Retail	14,000			83
Port 73	Haninge	Retail	8,000			67
Hagastaden ³⁾	Stockholm	Office	30,000			57
Hagastaden ⁴⁾	Stockholm	Retail	1,000			57
Farsta Centrum	Stockholm	Retail	5,000			54
Södermalm ⁵⁾	Stockholm	Office	16,000			63
Barkarby ⁴⁾	Järfälla	Retail		3,000		69
Barkarby ⁴⁾	Järfälla	Office		10,000		69
Barkarby ⁴⁾	Järfälla	Residential		12,000		69
Barkarby ⁴⁾	Järfälla	Education		25,000		69
Total			125,000	288,000	9,000	

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

²⁾ The investment volume includes possible land acquisition.

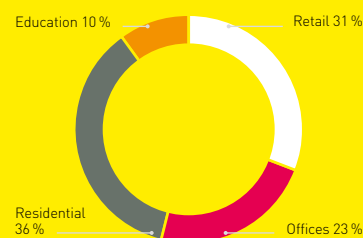
³⁾ Refers to a land allocation with the option of acquiring land with a development right of approximately 30,000 m² GFA alongside Solnavägen (part of the Vasastaden 1:45 property).

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

⁵⁾ Refers to a land allocation with the option of acquiring land with a development right 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 a development right of approximately 50,000 m² GFA in Barkarbystaden.

Estimated project area per premises type



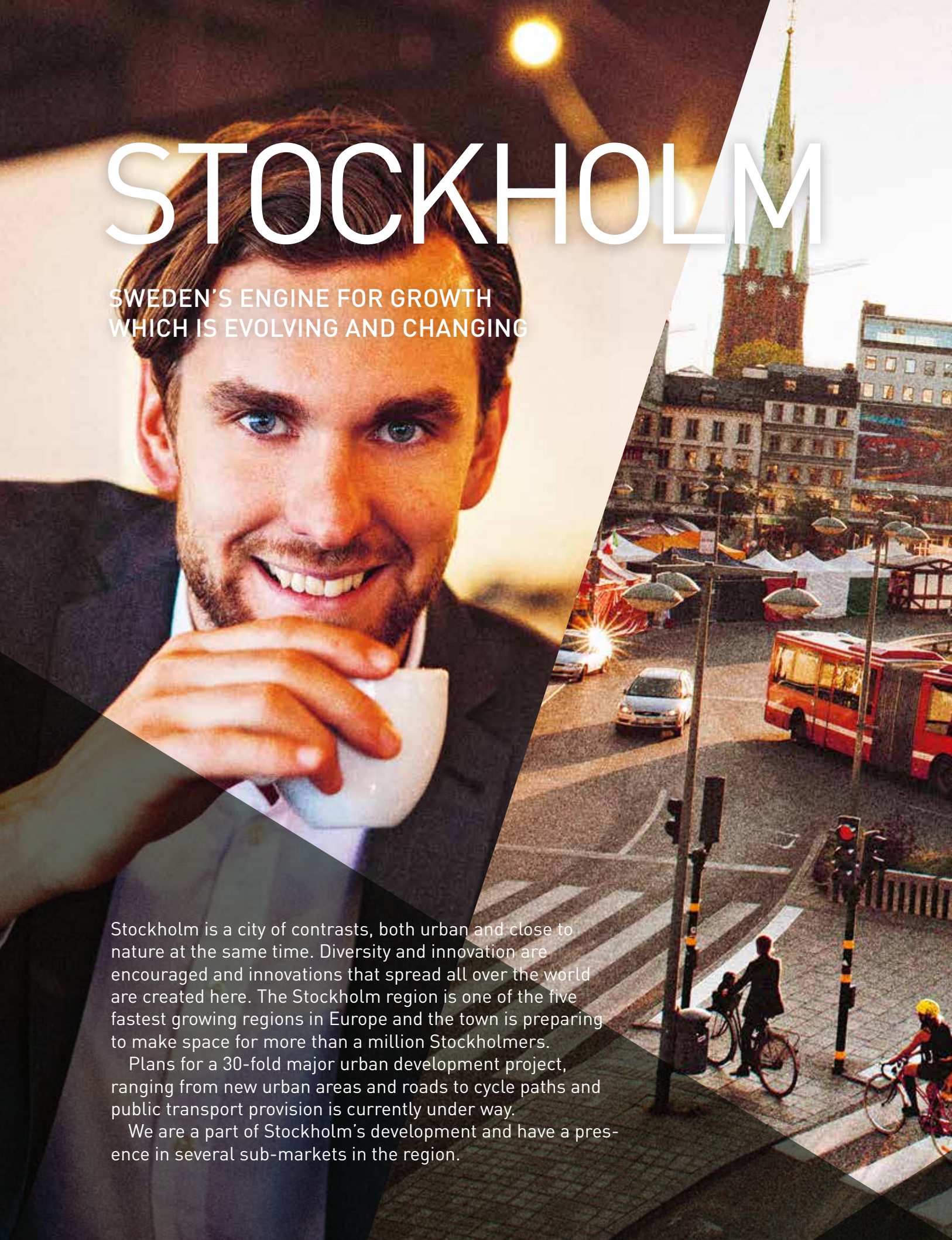
STOCKHOLM

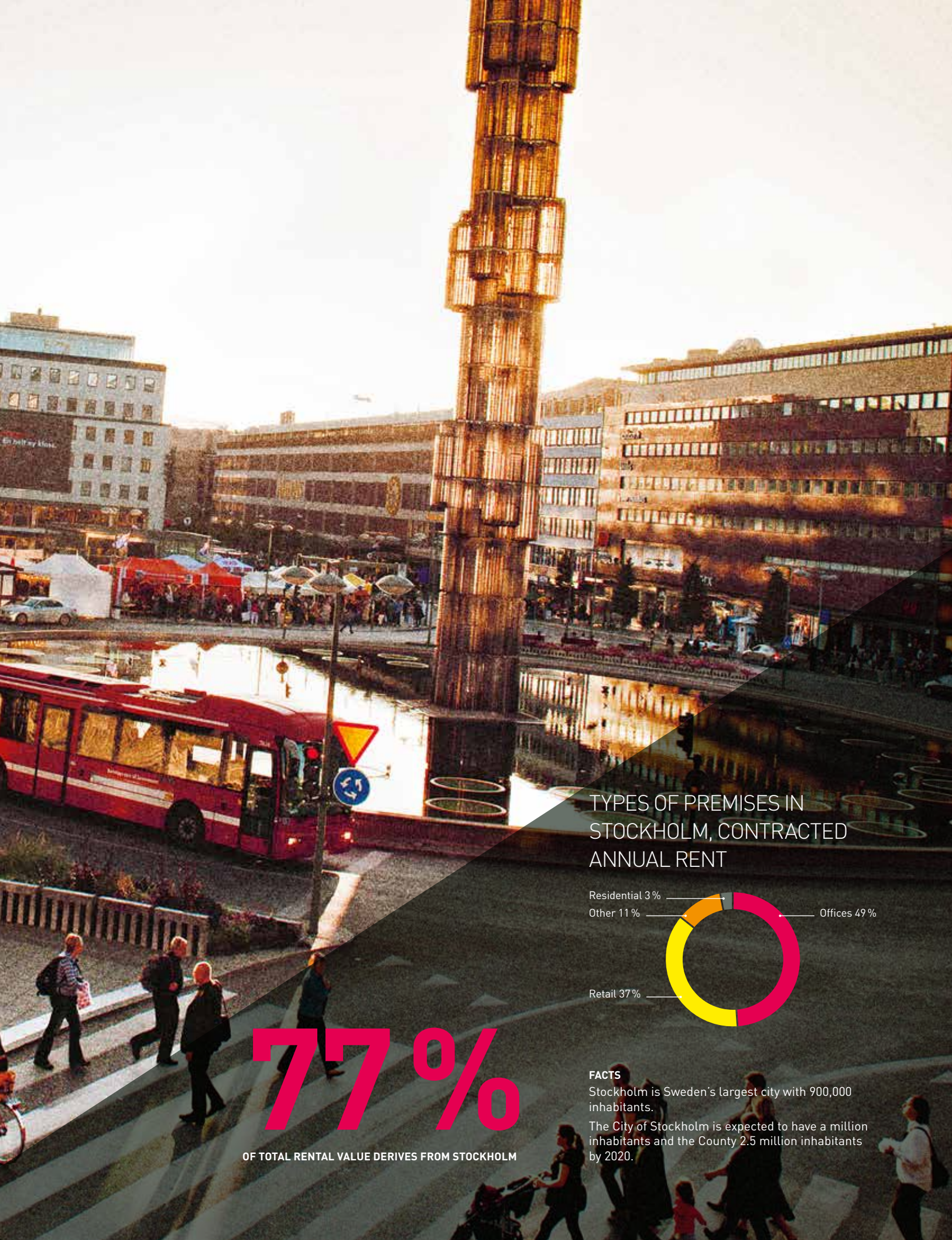
SWEDEN'S ENGINE FOR GROWTH
WHICH IS EVOLVING AND CHANGING

Stockholm is a city of contrasts, both urban and close to nature at the same time. Diversity and innovation are encouraged and innovations that spread all over the world are created here. The Stockholm region is one of the five fastest growing regions in Europe and the town is preparing to make space for more than a million Stockholmers.

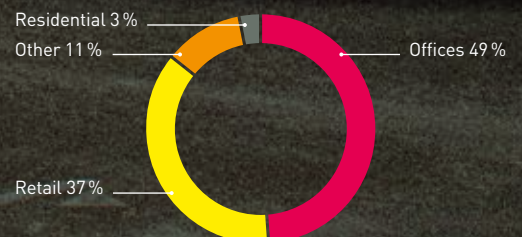
Plans for a 30-fold major urban development project, ranging from new urban areas and roads to cycle paths and public transport provision is currently under way.

We are a part of Stockholm's development and have a presence in several sub-markets in the region.





TYPES OF PREMISES IN STOCKHOLM, CONTRACTED ANNUAL RENT



77%

OF TOTAL RENTAL VALUE DERIVES FROM STOCKHOLM

FACTS

Stockholm is Sweden's largest city with 900,000 inhabitants.

The City of Stockholm is expected to have a million inhabitants and the County 2.5 million inhabitants by 2020.

SICKLA

GROWING CITY DISTRICT WITH
STRONG INDUSTRIAL HERITAGE.

23%

OF TOTAL RENTAL VALUE DERIVES FROM SICKLA

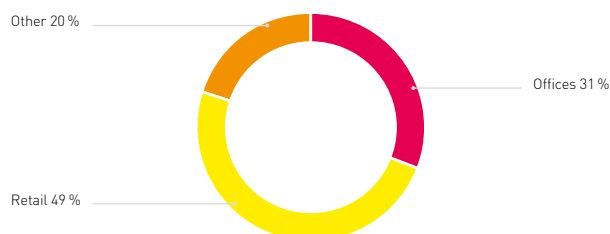


DENSE AND MIXED CITY ON SICKLAÖN

Nacka municipality's vision for western Sicklaön is for a close and innovative part of Stockholm, where it is attractive and easy to live, be and work. Here, 14,000 residential units, an underground station and an extension of the Tvärbanan cross-town light rail link are being planned.

Work on the cross-town light rail link is in full swing with services expected to start in the second half of 2017. The entrance and exit for the cross-town light rail link will be at Sickla Station next to our shopping district. As part of a major underground initiative, there are also plans to extend the underground past Sickla with a station at Sickla. The new underground rail system is expected to be operational by 2025. The extension of the cross-town rail link will create a new attractive alternative for travelling by public transport to Nacka and contribute to the development of the western Sicklaön into a more unified and dense city district.

Types of premises in Sickla, contracted annual rent



ONE OF OUR MOST COMPLETE URBAN ENVIRONMENTS

The combination of retail hub, workplaces and cultural, service and learning activities makes Sickla one of our most complete urban environments where the industrial heritage and long history is reflected in the carefully renovated industrial real estate.

Right next to our shopping district, one of Sweden's largest retail hubs, there are also modern office properties, as well as the Designgymnasiet and Kunskapsgallerian. Several craft and studio shops add character to the area and the renowned Urban Deli – a retail food establishment, restaurant, bakery and market hall in one – creates life and movement amongst the office properties at Hesselmanns Torg.

Dieselverkstaden, which was previously a site for industrial manufacturing, is currently a popular cultural centre with a museum, library, theatre and cinema and other cultural establishments. You will also find a gym and a large indoor climbing facility here.

On Nobelberget, where we have long-term plans for, amongst other things, residential buildings, we are temporarily using the empty industrial premises for cultural activities and concerts, a cultural investment which we want to export to other parts of Sickla when residential construction starts.



SICKLA

www.sickla.se

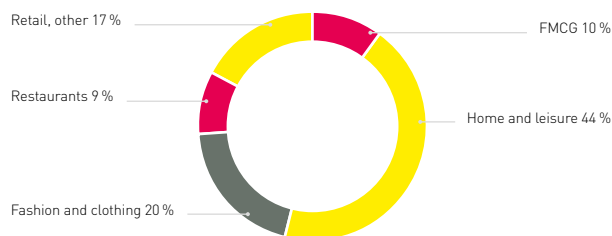
In the shopping district in Sickla, the offer is characterised by diversity, variety and contrast. This context, in the middle of a vibrant urban environment and right next to workplaces and cultural, service and educational activities, means the shopping district has an urban soul rarely found in the more traditional retail centres.

During the year, a new store from Selected by R.O.O.M & Habitat was established, amongst others. The shopping district was ranked Stockholmers' favourite retail hub in 2015 in the Evimetrix annual survey of how Stockholmers value city centres, shopping centres and retail hubs in the county.

Key ratios Sickla Retail

Type of retail hub	Regional retail centre
Retail letting area, m ²	90,700
Stores and services, number	164
Stores' sales, SEK m	3,250
Visitors, number	14,500,000
Parking spaces, number	2,600
Bicycle parking spaces, number	400
Rental value, SEK m	263

Sector break down in Sickla, contracted annual rent



SICKLA AS A PLACE OF WORK

A variety of large companies, such as Atlas Copco and Intrum Justitia are established in Sickla. In 2015, Stora Enso's Bio-materials division moved into the Sickla Front office building and the Swedish National Courts Administration will become the tenants in office buildings under construction.

There is also a business centre in the area where new and small businesses can lease premises with access to shared facilities.

Key ratios Sickla Office

Office letting area, m ²	103,200
Rental value, including garage SEK m	229

ONGOING PROJECTS

SICKLA FRONT II – DISTRICT GIVES SICKLA A NEW ENTRANCE

During the autumn of 2015 we started construction of two new office buildings on Uddvägen in Sickla, where we own a large area of land with an industrial feel. A lease contract was signed with the Swedish National Courts Administration at the beginning of September for around 10,700 m² of office space. The Swedish National Courts Administration, which includes the Nacka District Court, the Rent and Tenancy Tribunal and the Land and Environmental Court, will become a significant tenant in one of the new office buildings. Possession of the premises is planned for the second quarter of 2018.

The project Sickla Front II, covers a total of approximately 25,000 m² of letting area and a parking garage of approximately 12,000 m² with around 450 parking places.

Our aim for the area is to create an attractive and urban district for large and small office operations. The area will give Sickla a new entrance and increase the appeal of the entire Sickla area. The extended Tvärbanan cross-town light rail link will run by the new district on the way to Sickla Station, which will further improve transport options to the area.

POTENTIAL PROJECTS

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 2016.

PROFILE BUILDING AT SICKLA STATION

As part of the Tvärbanan cross-town light rail link's detailed development plan, Atrium Ljungberg has a development right at Sickla Station, next to the planned entrance and exit for Tvärbanan, for a station in the extended underground railway. Our plans here are 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 and underground traveller's first encounter with Sickla. Construction start-up for our building will potentially be 2018 at the earliest.

NOBELBERGET TO BECOME A CITY DISTRICT

On Nobelberget on the Sickla Industriväg in Sickla, we own a property with a huge project opportunities. We would like to develop an attractive and dense city district here, including both housing and premises for businesses and education, by both building new buildings and preserving old ones. The development of Nobelberget gives us the opportunity to link the districts of Hammarby Sjöstad and Sickla in a natural way.

Nobelberget currently has empty industrial properties which we, in anticipation that the project can be started, are using for culture and concert activities. Detailed development planning is under way and expected to be complete in 2017.

186,000

M² POTENTIAL PROJECT AREA IN SICKLA

WALLPAPER FACTORY GETS A NEW LEASE OF LIFE

In the old wallpaper factory, we are planning an extension of 7,000 m² of floor space for hotel and/or office activities. It is expected that the extension can be begun in 2016 and accommodated within the existing detailed development plan.

50 NEW RESIDENTIAL BUILDINGS ON GILLEVÄGEN

At Gillevägen a few hundred meters from the shopping district, we have plans to build 50 new cooperative housing society dwellings. Work on the detailed development plan is ongoing and construction can take place in 2017.

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: Nacka municipality

95,000 inhabitants. The population is expected to grow by 25,000 by 2025, at which point it will total 120,000 inhabitants.

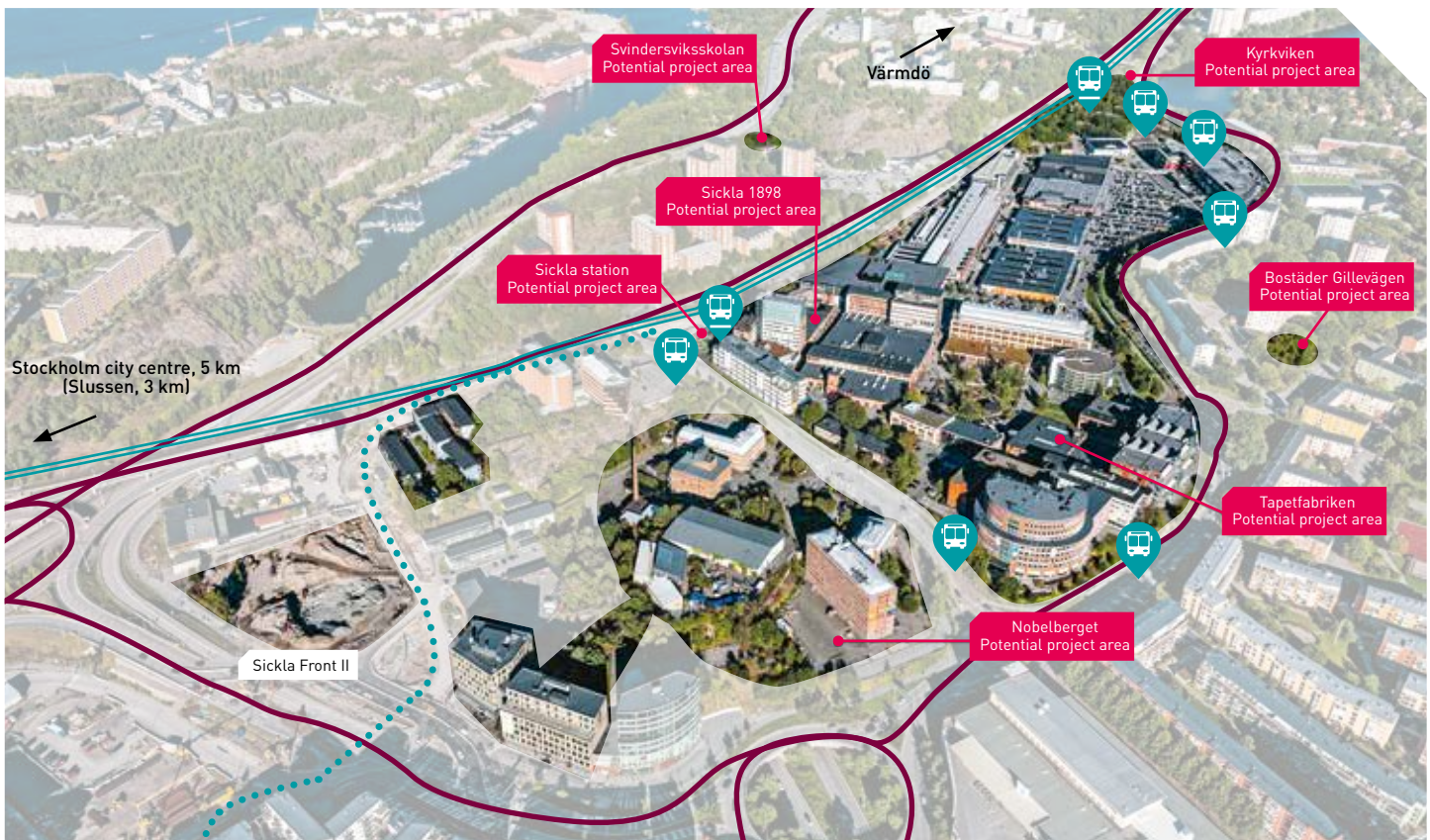
SVINDERSVIKS SCHOOL IS GROWING

Nacka municipality's strong growth means an increased need for social services. The Svindersviks primary school in Sickla, which holds pre-school class to Grade 9, is planned to be expanded to include an additional 10,000 m². Work on the detailed development plan will be carried out during 2016 and we expect to be able to start this extension in 2018.

SICKLA 1898

By rebuilding and extending the characteristic brick houses on Järnväggsgatan where the craft stores are today located, we have the opportunity to create a further 9,000 m² of retail and office space within the existing detailed development plan. A construction start for this rebuilding and extension is expected to be in 2017.

Bus stop Saltjöbanan station Saltjöbanan Planned section of Tvärbanan Important traffic routes



FARSTA

ONE OF STOCKHOLM'S LARGEST DISTRICT CENTRES AND AN IMPORTANT MEETING PLACE.

13%

OF TOTAL RENTAL VALUE DERIVES FROM FARSTA



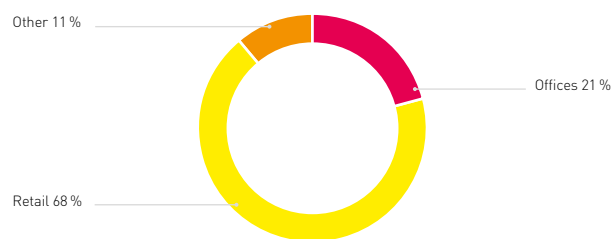
FROM SUBURBAN CENTRE TO WALKABLE CITY

The City of Stockholm's comprehensive plan has identified Farsta as one of nine focal points in Stockholm. As Stockholm grows, Farsta enables the creation of additional housing and workplaces, expanded retail, cultural and sports-related activities and social services.

As an important property owner in Farsta, we have a large part of the development work being carried out in close collaboration with the City of Stockholm and other stakeholders. The programme is being conducted within the framework of the "Tyngdpunkt Farsta" vision and development 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 which is scheduled for completion in 2030.

Types of premises in Farsta , contracted annual rent





www.farstacentrum.se

UNIQUE 60S CHARACTER

In Farsta Centrum, one of the first ABC communities was created over fifty years ago – a place where work, housing and centres were collected in one place. It was an new way of thinking then, but is a lot more common nowadays. Today it has a wide choice of stores, workplaces, cultural centres, educational facilities, services and fitness and health care facilities which make Farsta Centrum one of Stockholm's largest city district centres and an important meeting place.

We have managed to preserve the 60s character, where individually designed listed buildings and the well-known façade of the old Tempo house create a unique atmosphere. Farsta Centrum's lively markets unite the area and create a pleasant city feel.

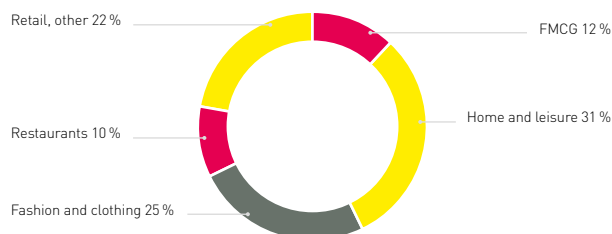
NEW FOOD DESTINATION

As part of a long-term strategy to develop Farsta Centrum as a strong food destination, Ica Quantum, amongst others, opened in a large renovation and extension in 2014. In 2015, efforts continued to rebuild and convert storage areas in the centre's lower shopping level. We have now created a market environment for food and beverage aficionados and substantially extended our range of restaurants, food stores and delicatessens. Six different restaurant and food concepts opened in the autumn. Previously Hemköp, Coop Konsum and Systembolaget were located on the same floor. The reconstruction included a total of 10,000 m² where we converted approximately 1,000 m² of storage space to retail space and created a new food market of approximately 500 m².

Key ratios Farsta Centrum retail

Type of retail hub	Regional retail centre
Retail letting area, m ²	60,500
Stores and services, number	160
Stores' sales, SEK m	2,500
Visitors, number	17,500,000
Parking spaces, number	1,700
Bicycle parking spaces, number	160
Rental value, SEK m	201

Sector break down in Farsta, contracted annual rent



WORKPLACE FARSTA CENTRUM

In Farsta, we own almost 39,000 m² of office property which is almost fully rented. This is one of the City of Stockholm's largest places of work. Farsta City District Committee and Jobbtorget have long been located here and, at the start of 2015, the Social and Elderly Care Administration moved into their premises, comprising almost 5,000 m² of office space, accommodating approximately 200 workplaces. During the year, SATS inaugurated a recently renovated establishment of slightly over 2,000 m².

Key ratios Farsta Centrum Office

Office letting area, m ²	39,000
Rental value, including garage SEK m	75

POTENTIAL PROJECTS

ATTRACTIVE CITY CENTRE

Our ambition, in common with the City of Stockholm, is to develop Farsta Centrum into an attractive city centre in the upcoming walkable city of Farsta.

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

A programme proposal was put forward for consultation in 2015. The work to develop detailed development plans on the basis of the focus of the program is expected to be able to commence during the first half of the year 2016. The aim is subsequently to identify suitable projects that in different phases will gradually transform Farsta Centrum into a walkable city by 2030.

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 area is 20 minutes away by public transport.

5,000

M² POTENTIAL PROJECT
AREA IN FARSTA

 Bus stop
  Underground entrance
  Underground
  Important traffic routes





OUR CITY CREATES SECURITY AND SATISFACTION

SOCIAL INTEGRATION PROVIDES A GOOD ENVIRONMENT

In Farsta we promote both social integration and the development of the physical environment to create satisfaction and security. The commitment amongst our employees and close collaboration with players such as monitoring companies and crime prevention councils, results in a good environment which everyone can enjoy. We also support the Ung & Stolt association whose activities for young people have made the neighbourhood safer. Security and availability are also created by dense and mixed development with shopping streets which are easy to navigate, and our commitment to an expanded range of cafes and restaurants has made Farsta Centrum a place where people are comfortable and choose to be, even in the evenings.

We create recreational value and life every day of the year.

HAGASTADEN

EVENTUALLY TO BE A
WORLD-LEADING ARENA
FOR LIFE SCIENCES.

10%

OF TOTAL RENTAL VALUE DERIVES FROM HAGASTADEN

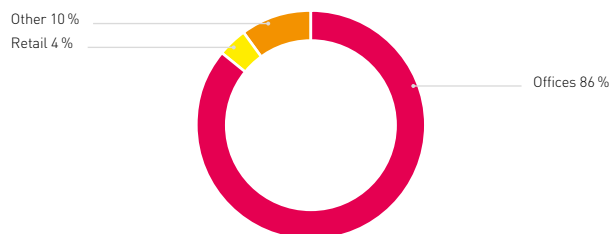


Hagastaden will go down in history as one of Stockholm's largest urban building projects. By 2025, Hagastaden will expand and link Stockholm and Solna with a new city district that will be one of the world's foremost clusters and arenas for players in the field of life science. In the area, which starts at the Karolinska hospital and extends to Norrtull, 50,000 jobs in business, research and entrepreneurship will be mixed with 5,000 residential buildings, several new meeting places and a well-developed service industry.

ONE OF STOCKHOLM'S HOTTEST OFFICE MARKETS

The interest in establishing premises here is huge and in the last few years, Hagastaden has become one of Stockholm's hottest office markets. It is mainly the city district's specialisation and opportunities which are appealing. In addition to an existing property portfolio of approximately 95,000 m², Atrium Ljungberg has two land allocations in the area.

Types of premises in Hagastaden, contracted annual rent



A SIGNIFICANT PROPERTY OWNER

Atrium Ljungberg has been in Hagastaden for nearly 25 years and is one of the largest property owners in the area. Here we own and manage industrial properties characteristic of the 1930s, such as the former Apotekarnes Mineralvattenfabrik, Glashuset and PV-palatset. All properties are converted and extended to accommodate modern offices, preserving the industrial character and effective spaces.

Some of our tenants in Hagastaden include Stockholm County Council, Vironova and the global health and medical care company MSD, who moved to Hagastaden in the first six months of 2015 in order to become part of the major life science initiative. At the beginning of the year the communications group Nordic Morning also established a presence and at the end of the year we signed contracts with several new players, including Reumatikerförbundet. Several existing tenants have increased the size of their premises and by the end of the year our properties in Hagastaden were almost fully let.

Key ratios Hagastaden

Office letting area, m ²	77,100
Rental value, including garage SEK m	227

POTENTIAL PROJECTS

LIFE CITY – THE HEART OF STOCKHOLM'S NEW CLUSTER

Atrium Ljungberg has a land allocation with the option of acquiring land with a development right for 30,000 m² GFA right in the expanding life science cluster in Hagastaden at New Karolinska (University Hospital) alongside Solnavägen.

Here we aim to create an exceptional place, Life City – a new centre for science and innovation. The vision is for Life City to be a platform and a meeting place for trade and industry, academia and society, where life science companies can access all the dynamics and skills which are now gathered in one limited area.

Our objective is for Life City to become the obvious meeting place for everyone working in Hagastaden. We are designing different types of work environments in the district in order to create the best conditions for innovative and dynamic collaboration initiatives.

Life City is becoming the heart of Hagastaden's life science cluster and Scandinavia's most visible presence with 200,000 people passing through every day.

Construction is expected to start at the end of 2017 at the earliest.

PLACE FOR CROSS-FERTILISING MEETINGS





On Norra Stationsgatan in Hagastaden, Atrium Ljungberg has a land allocation of nearly 1,000 m² GFA. The vision is to create here an inviting place and a context for cross-fertilisation meetings within the life science sector, strategically located in the centre of Hagastaden. 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.

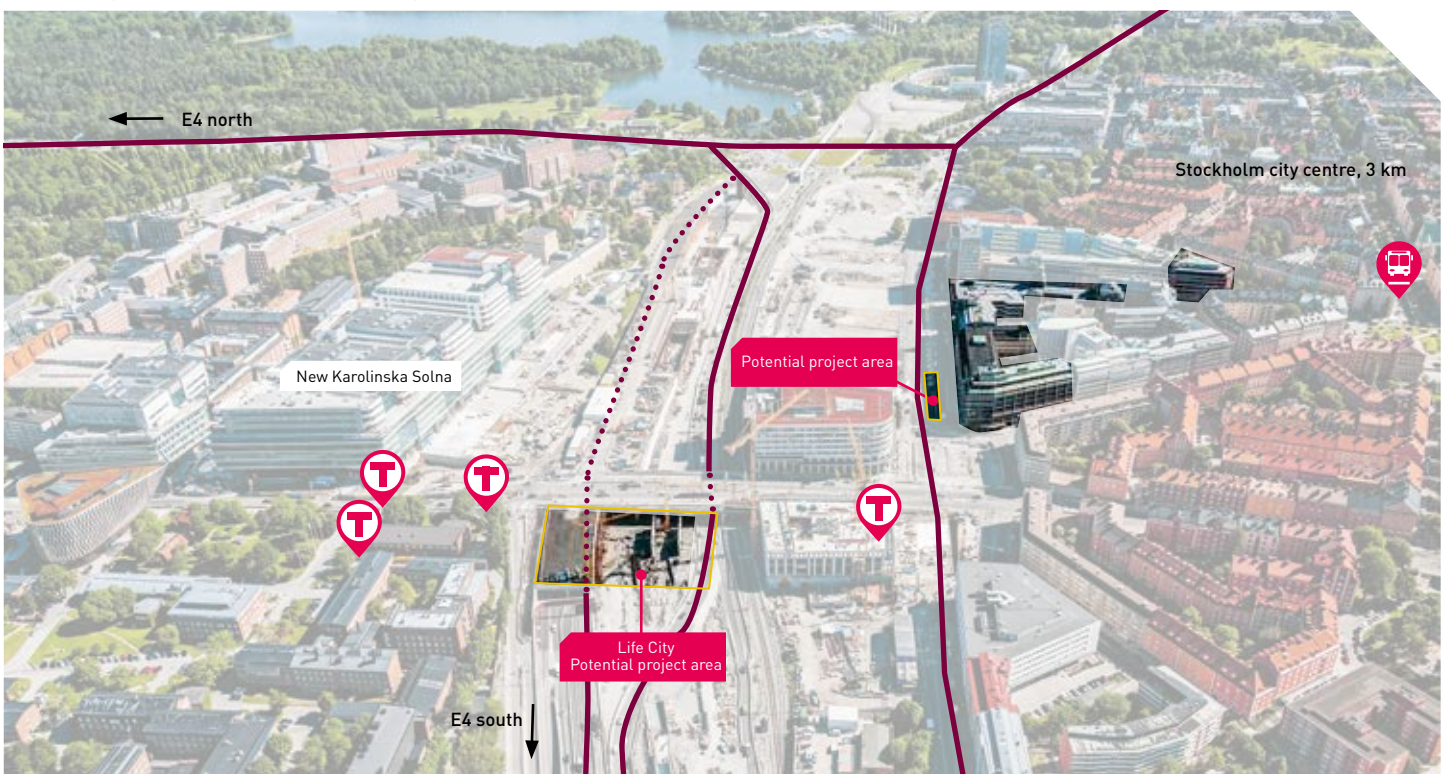
31,000

M² POTENTIAL PROJECT AREA IN 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).

 Planned underground entrance  Planned Citybanan entrance  Important traffic routes  Land allocation





OUR CITY CREATES DIALOGUE AND PARTICIPATION

TOWARDS COMMON GOALS

A completely new city district is developing in Hagastaden. To ensure the area is developed as effectively as possible, we are collaborating with other property owners in different working groups and are also represented on the board of Hagastaden Property Owners, which is working for Hagastaden's development. We are discussing local public transport with politicians, carrying out market activities with Stockholm Science City and ensuring that the district is vibrant and filled with attractive activities for both residents and businesses through the group Norra Stationsgatans Utveckling. Whilst we are of course normally competitors, through our various experiences, inputs and contacts we are becoming stronger together working towards the same goal – to create a dynamic new city district in Stockholm.

We are engaging people and working together.



KISTA

WORLD-LEADING CLUSTER IN
THE FIELD OF INFORMATION AND
COMMUNICATION TECHNOLOGY.

9%

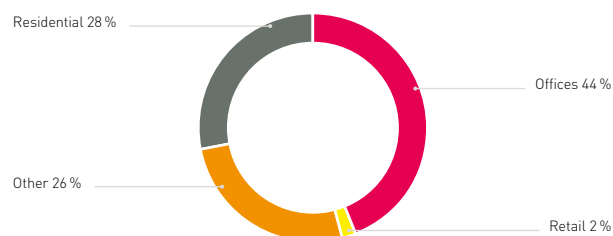
OF TOTAL RENTAL VALUE DERIVES FROM KISTA

Sweden's Silicon Valley – this is the name given to Kista since the 1980s when the town became known as Sweden's largest IT centre. Kista is one of Sweden's most dynamic and expansive regions and a world-leading cluster in the field of ICT (information and communication technology). Few places in the world can demonstrate the high concentration of expertise, innovation and business opportunities within ICT as Kista can. Several internationally prominent researchers are present here and from over 1,100 ICT companies, you will find the head offices of IBM and Ericsson, as well as Samsung and Nokia, which have established their Swedish offices in Kista.

CLEAR PRESENCE IN KISTA

Atrium Ljungberg has a long history in Kista. Already in the 1990s, we created a garden city in the district of Ärvinge, an area where the mixed types of housing are integrated with offices, restaurants and local services. In 2014 we completed the Nod meeting place, our contribution to the science city, in an entirely new part of Kista.

Types of premises in Kista, contracted annual rent



Around 2,500 residential units are being built in the immediate vicinity of Nod, and 360 of these will be in Kista Torn – Stockholm's tallest residential building. The new development is an important element of Kista's development into a more vibrant city.



www.kistanod.se

Nod is a dynamic melting pot for ICT, innovation, education and creativity, where people and companies with different skills meet and thrive. Since the start, the vision for the meeting place has been to create a bridge between business, research and education. After establishing operations in the fields of research and education as the basis, during 2014 and 2015 we continued to conclude lease contracts with strong and innovative companies within the IT sector.

Small and medium-sized ICT companies, the universities, schools and start-ups are located in Nod. The largest tenant is the Department of Computer and Systems Science at Stockholm University with nearly 7,000 students, 300 employees and a hundred graduate students. Other tenants include SenseGraphics, Esri Sverige, Cornerstone and Fujitsu Sverige who moved their Swedish head office here in the autumn of 2015. There are also organisations such as Kista Science City,

which markets Kista and promotes collaboration between academia, research, business and the City of Stockholm.

CONDITIONS FOR MEETINGS

In Nod, we have created natural meeting places and flexible office solutions, such as Hotspot and shared space, where tenants may access special premises. There are meeting rooms, an open atrium for major events and digital displays for art and communications. The building also houses Black Box, Stockholm University's multi-arena for events, and the DAC –Digital Art Centre. The restaurant on two floors with a café component is designed to quickly switch from serving lunch to an environment suitable for meetings, seminars and workshops.

Since the opening, several major activities have taken place in Nod, from events aimed at identifying the stars of the future to the exhibition Mobile Business. The meeting place has been visited by Nobel Prize winners and ministers and has been the venue for the awarding of prizes for Swedish engineering and the opening of art exhibitions. Nod is teeming with life with cross-border meetings happening every day.

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 2023 will also provide good transport options to Bromma Airport and on to Alvik.

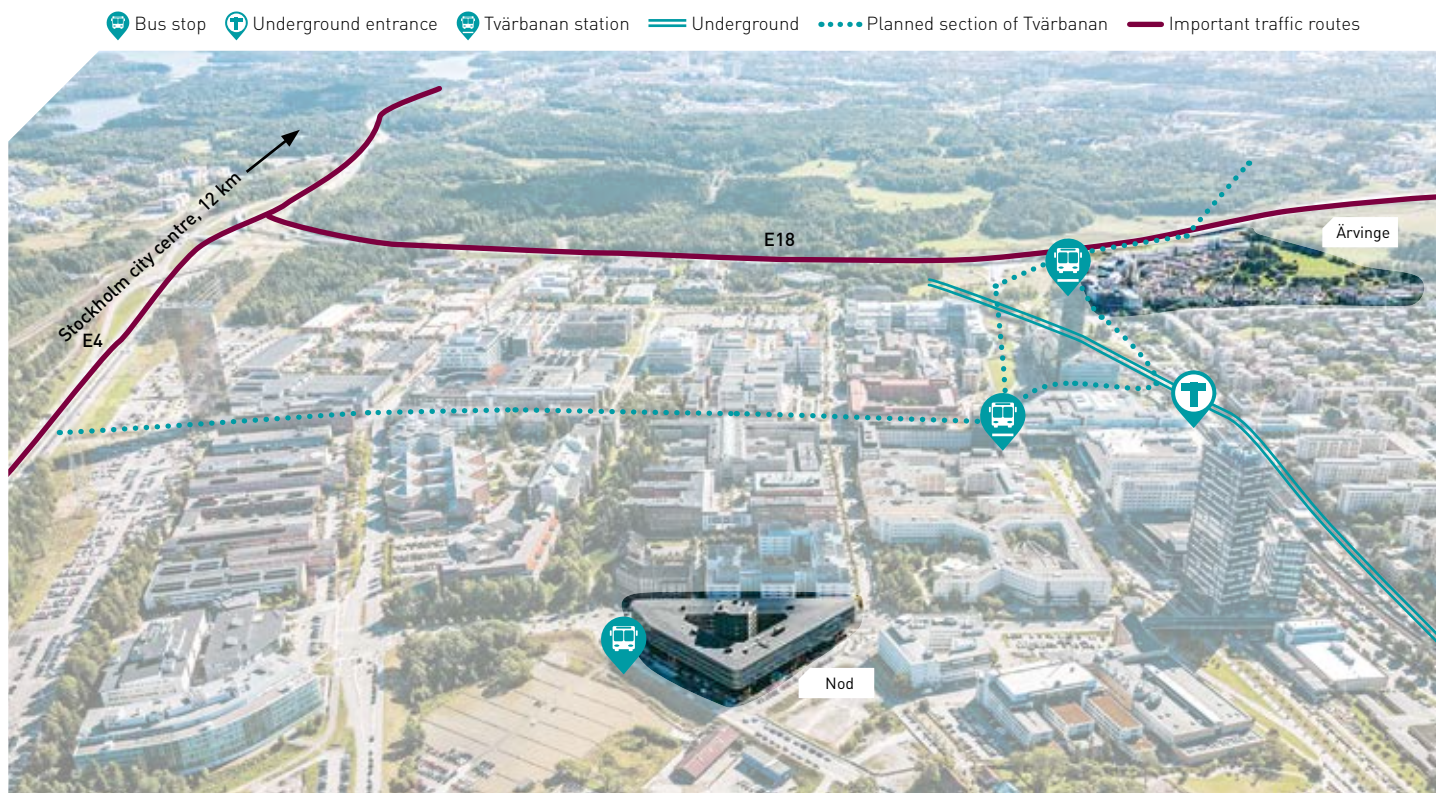
ÄRVIINGE – A VIBRANT CITY DISTRICT

Ärvinge is a vibrant city district in Kista where we have combined different businesses that mutually benefit one another. Offices, residential units, restaurants and services are all located here. Ärvinge is strategically situated next to the E18, a 5 minute walk from the underground and Kista Galleria with good communications with Stockholm City, Arlanda Airport and nearby municipalities. Some of our tenants in Ärvinge include Atea and Arrow Electronics. In 2015, two Swedish head offices were established on our premises in Ärvinge; Kone AB and Konica Minolta Business Sweden AB.

At our office premises in Ärvinge, flexible contracts and office solutions enable companies to expand or contract as required in a cost-effective way. They are also given access to special premises, such as showrooms, labs and training premises. The concept has been created to increase the ability of companies to operate and network with other development-oriented businesses in a natural context.

Key ratios Kista

Letting area, m ²	109,500
Rental value, including garage SEK m	208





OUR CITY CREATES MEETINGS AND INTERACTION

NOD – A SUCCESSFUL CONCEPT FOR THE CREATIVE EXCHANGE OF IDEAS

When the Department of Computer and Systems Science (DSV) at Stockholm University had grown out of its old premises and were looking for new ones, they wanted not just an environment with functional premises but also a meeting place where students and industry could more easily come in contact with each other. It was the beginning of a shared vision of Nod. A brand new building with exciting architecture and the physical conditions in the environment for meetings and cross-fertilisations between academia, industry and the public sector. Today, Nod is a dynamic melting pot for ICT, innovation, education and creativity, where people and companies with different skills come together and develop together.

We link shopping streets, develop meeting places and promote collaboration.

SÖDERMALM

TRENDY CITY DISTRICT THAT
TEEMS WITH LIFE.

7%

OF TOTAL RENTAL VALUE DERIVES FROM SÖDERMALM



Södermalm is a district of Stockholm oozing life and charm. The old working district has now been modernised, but the essential heart and soul remain in the culture which manifests itself in the historic buildings, plenty of restaurants and trendy hipster boutiques. Over the years, Södermalm has grown into an ever more vibrant place for offices, primarily for the public sector and creative businesses. The city district is also a very attractive part of Stockholm for residents.

RECONSTRUCTION OF SLUSSEN

The Nya Slussen project has now been revived after many ongoing reconstruction works were halted in the autumn of 2014. The reason for the break was a political decision to carry out an assessment of the whole project. An updated implementation decision was adopted by the Municipal Council of the City of Stockholm in September 2015 and all environmental permits are now in place.

A revision of the detailed development plan has been carried out to accommodate the new bus garage and bus terminal in Katarinaberget at Slussen, which was cancelled by

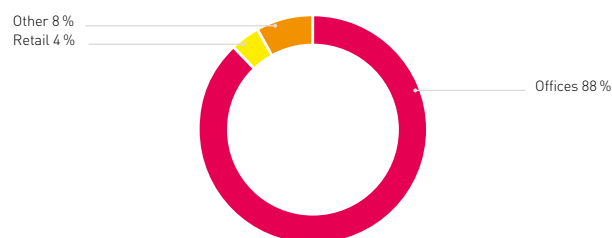
the Land and Environmental Court in the spring of 2014. The revised detailed emerged from a consultation at the beginning of 2016 and is expected to be adopted in 2018.

The reconstruction works at Slussen are already identified and will continue to affect the area over the next few years. Katarinavägen was closed to road traffic at the turn of the year 2015/2016 and will open again in 2019, when the new bridge is expected to be completed. The pipeline work and quayside building are also under way. The surface in front of the Glashuset will be a temporary bus terminal from the end of 2017 until the buses move to Katarinaberget in 2023. The City of Stockholm can then begin work to cover over Stadsgårdsleden where Atrium Ljungberg has a development right. The entire Nya Slussen project is expected to be completed by 2025.

OFFICE PROPERTIES IN PRIME LOCATIONS

Our office properties on Södermalm are found at prime locations at Slussen and Medborgarplatsen. At Slussen, we own one of Stockholm's best-known buildings, Glashuset, situated in a beautiful location at the approach to Stockholm. Glashuset has tenants such as Telenor, Tengbom, Proventus, Wingårdhs architects and TT. In Medborgarplatsen, right at the heart of Södermalm's vibrant mix of people, retail outlets and restaurants, we own a part of Söderhallarna, a property with modern premises with among others RFSU as one of the tenants. We also have our own local office here.

Types of premises in Södermalm, contracted annual rent



Key ratios Södermalm

Letting area, m ²	45,800
Rental value, including garage SEK m	154

POTENTIAL PROJECTS

LAND ALLOCATION AT SLUSSEN

Atrium Ljungberg has a land allocation with a development right on Stadsgårdsleden in front of Glashuset. The development right is for approximately 16,000 m² of offices, retail space and service outlets.



The start of construction depends on the timetable for the overall transformation of Slussen. If an agreement on acquisition and development is concluded, construction can begin during the latter phases of Slussen's transformation process which is currently expected to be 2025 at the earliest.

16,000

M² POTENTIAL PROJECT AREA ON SÖDERMALM

Geographic location

The Södermalm city district in Stockholm city centre is bordered by Slussen in the north and Skanstull in the south.

 Underground entrance  Saltsjöbanan/Commuter train  Underground/Railway/Saltsjöbanan  Important traffic routes  Land allocation



LILJEHOLMEN

ESTABLISHED OFFICE
CLUSTER WITH MARKET
LEADING COMPANIES.

4%

OF TOTAL RENTAL VALUE DERIVES FROM LILJEHOLMEN



At Liljeholmen, we have an office property, Stora Katrineberg, with 40,000 m², strategically located at Liljeholms- hamnen right by Marieviks office district and Liljeholmen's shopping centre, with a boat service to Gröndal directly from the quay.

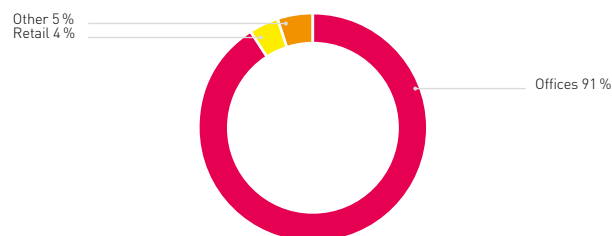
Liljeholmen and Marievik form an established office cluster with market-leading companies. Services are in close proximity, as are good transport links within a few minutes walking distance, and access to E4/E20 is easy.

TENANTS WITH STRONG BRANDS

The property accommodates roughly thirty reputable companies, of which Roche, Stockholm County Council, Boehringer Ingelheim and VIA Egencia are the largest tenants.

In accordance with the City of Stockholm's vision of 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.

Types of premises in Liljeholmen, contracted annual rent








Key ratios Liljeholmen

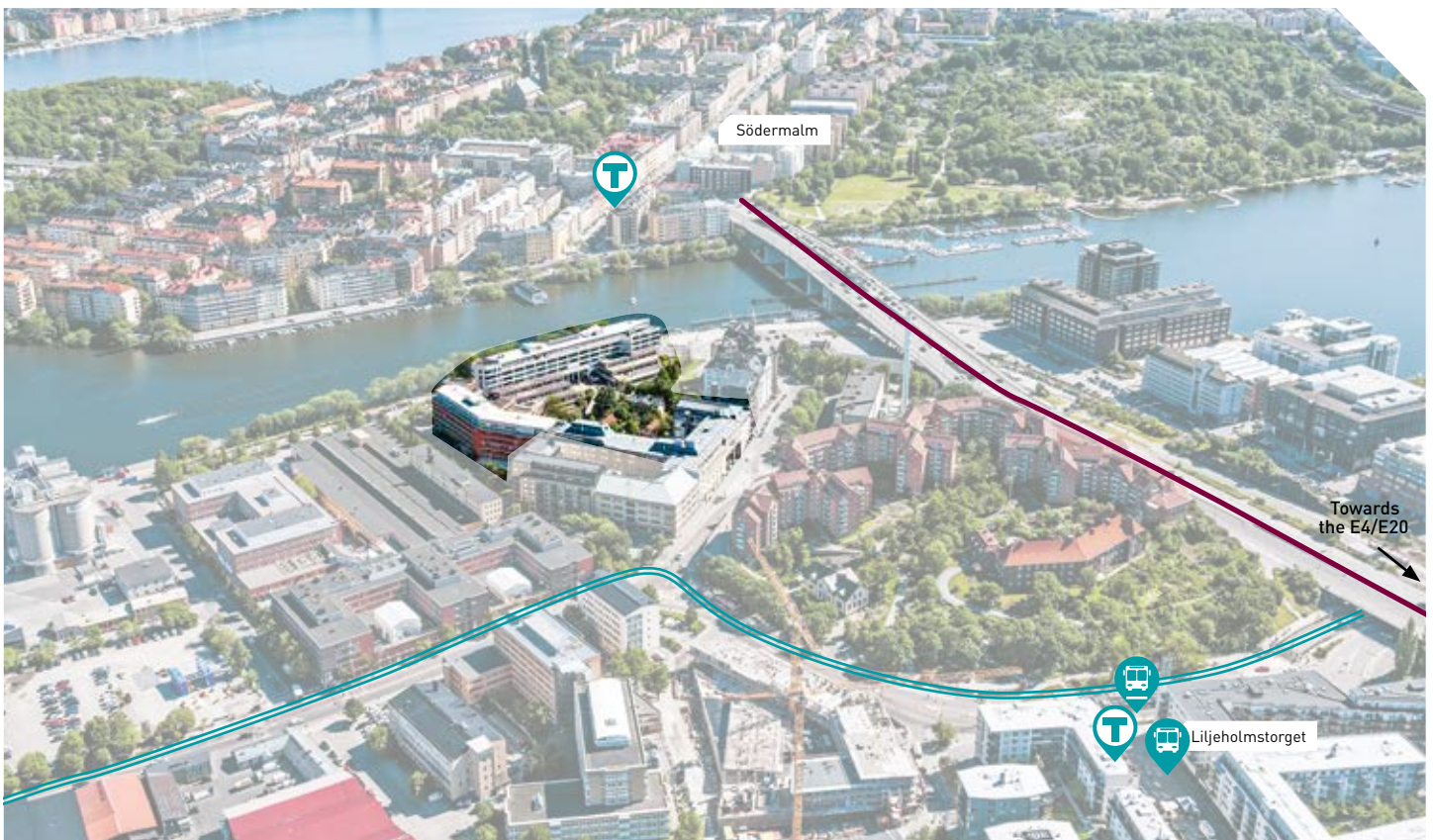
Letting area, m ²	42,600
Rental value, including garage SEK m	95



Geographic location

Liljeholmen is a district in the southern suburbs within the municipality of Stockholm. Liljeholmen borders the districts of Årsta, Midsommarkransen, Aspudden, Gröndal and Södermalm.

 Bus stop  Underground entrance  Tvärbanan station  Tvärbana  Important traffic routes



HANINGE

ATTRACTIVE GROWTH MUNICIPALITY
CLOSE TO NATURE.

3 %

OF TOTAL RENTAL VALUE DERIVES FROM HANINGE



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 in the future.

The extension of the motorway to Nynäshamn has been completed for some time and the major urban construction project Vega, a project for approximately 10,000 new residential units, is the first to build homes on site and occupancy has started. Ground work for a new commuter train station in Vega has begun and the station is expected to be operational by 2019.

RETAIL DESTINATION

Since the middle of the 1970s, the regional focal point in the middle of Södertörn in Haninge has been one of Sweden's leading retail destinations. Since opening in 2010, we have gradually developed our retail hub Port 73 in this location. Port 73's geographic location alongside road 73 in the middle of the traffic hub that links Haninge, Tyresö and Nynäshamn

gives Port 73 a clearly visible presence in the traffic flow of the 90,000 vehicles that pass by daily.

PORT 73

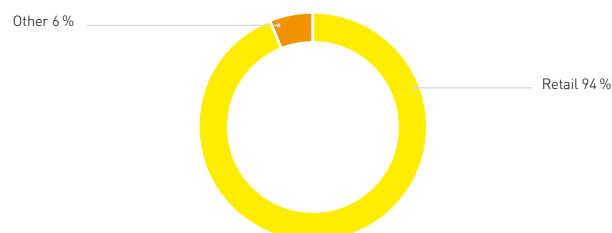
www.port73.se

Port 73 now consists of forty stores and restaurants. Here there are service enterprises, bulk retail outlets and a shopping centre with a diverse range of stores and restaurants.

Internal renovations were carried out in 2015 in the context of Coop Forum upgrading its store to its latest concept. During the year, a number of strong brands, such as Burger King and Kronans Apotek established a presence and a few tenants have doubled their floor space. The premises in Port 73 are fully let.

Port 73 was named Stockholm third best retail hub in 2015 in the Evimetrix annual survey of how Stockholmers value their centres, shopping centres and retail hubs in the county. Port 73 will be our first property that we environmentally certify in accordance with BREEAM in use. Our target is for 25 % of all newly signed contracts in Port 73 in 2016 to be so-called green contracts. For more information on green agreements, go to page 28.

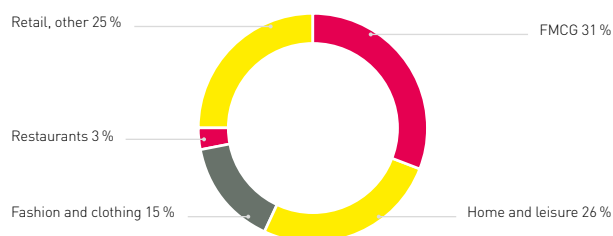
Types of premises in Haninge, contracted annual rent



Key ratios Port 73

Type of retail hub	Out-of-town
Retail letting area, m ²	36,000
Stores and services, number	41
Stores' sales, SEK m	900
Visitors, number	5,000,000
Parking spaces, number	1,000
Bicycle parking spaces, number	100
Rental value, SEK m	67

Sector break down in Haninge, contracted annual rent



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:

81,000 Haninge is expected to grow to close to 92,000 inhabitants by 2023.

POTENTIAL PROJECTS

CITY DISTRICT AS A NATURAL PART OF HANINGE

In the short term we aim to continue expanding Port 73's offering by adding additional retail, culture and services. We currently have a valid detailed development plan for this.

In the long term we want to further develop the area and add residential properties in the immediate vicinity of Port 73, in a varied neighbourhood with generous parks, and better options for pedestrians and cyclists. A planning programme was adopted in autumn 2014 for the continued development of the area surrounding Port 73

Our vision is to create a vibrant and attractive city district, which will merge and become a natural part of Haninge's city centre. Land acquisition and a new detailed development plan are required for the vision to be implemented.

8,000

M² POTENTIAL PROJECT AREA IN HANINGE

Commuter train Bus stop New commuter train station Important traffic routes



BARKARBY

WESTERN STOCKHOLM'S
NEW HUB.



Barkarbystaden in the municipality of Järfälla, with Stockholm Väst, the regional train traffic hub, is one of the largest expansion areas in the Stockholm area at this moment in time. In a ten-year period a brand new city district has emerged, with 40,000 new inhabitants, and almost 20,000 new residential properties, workplaces, schools, stores, cafés, restaurants, culture and services. It was already home to Barkarby Handelsplats, one of the largest external retail hubs in the country.

This area has been important for many centuries. Settlements, grave fields, rune stones and other ancient monuments show that people have lived here ever since the Bronze Age.

The southern part of Barkarbystaden is home to Järfälla Church, Barkarby Square and the Court House, which have all played central roles in history of the parish. Throughout

the 20th century Barkarby Fields with its airfield was an important centre for the development of both military and civil aviation in Sweden.

WESTERN STOCKHOLM'S NEW HUB

In a few years Barkarbystaden will become Stockholm's new hub. Underground trains, long-distance trains and commuter trains will stop in the area. The whole of Järfälla already enjoys excellent communications to Stockholm and was named "best commuter municipality" by Dagens Nyheter. The new Barkarbystaden will be a city with low energy consumption and good conditions for sustainable development.

POTENTIAL PROJECTS

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 Barkarbystaden. This collaboration agreement gives us the opportunity to develop both educational facilities and offices in a new market, as well as residential properties, culture and services in the fast growing Barkarbystaden.

As a first step, we and the municipality of Järfälla are planning to create a regional meeting place and training centre in a dynamic urban environment around the public transport hub Barkarby Station/Stockholm Väst. It will become a meeting point, where educational environments with primarily technical and natural science specialisms

together with elements of business, culture and service gather; a place where people want to be, meet and develop together.

Atrium Ljungberg was selected as a partner by the municipality of Järfälla because of our long-standing experience of building urban and educational environments and our previous experience of similar projects where many functions have been integrated into successful turnkey solutions.







The objective is that the construction start of the first phase of approximately half of the total development right will commence during 2017, with possession during 2019. The municipality of Järfälla will rent a part of the first phase for its own educational operations.

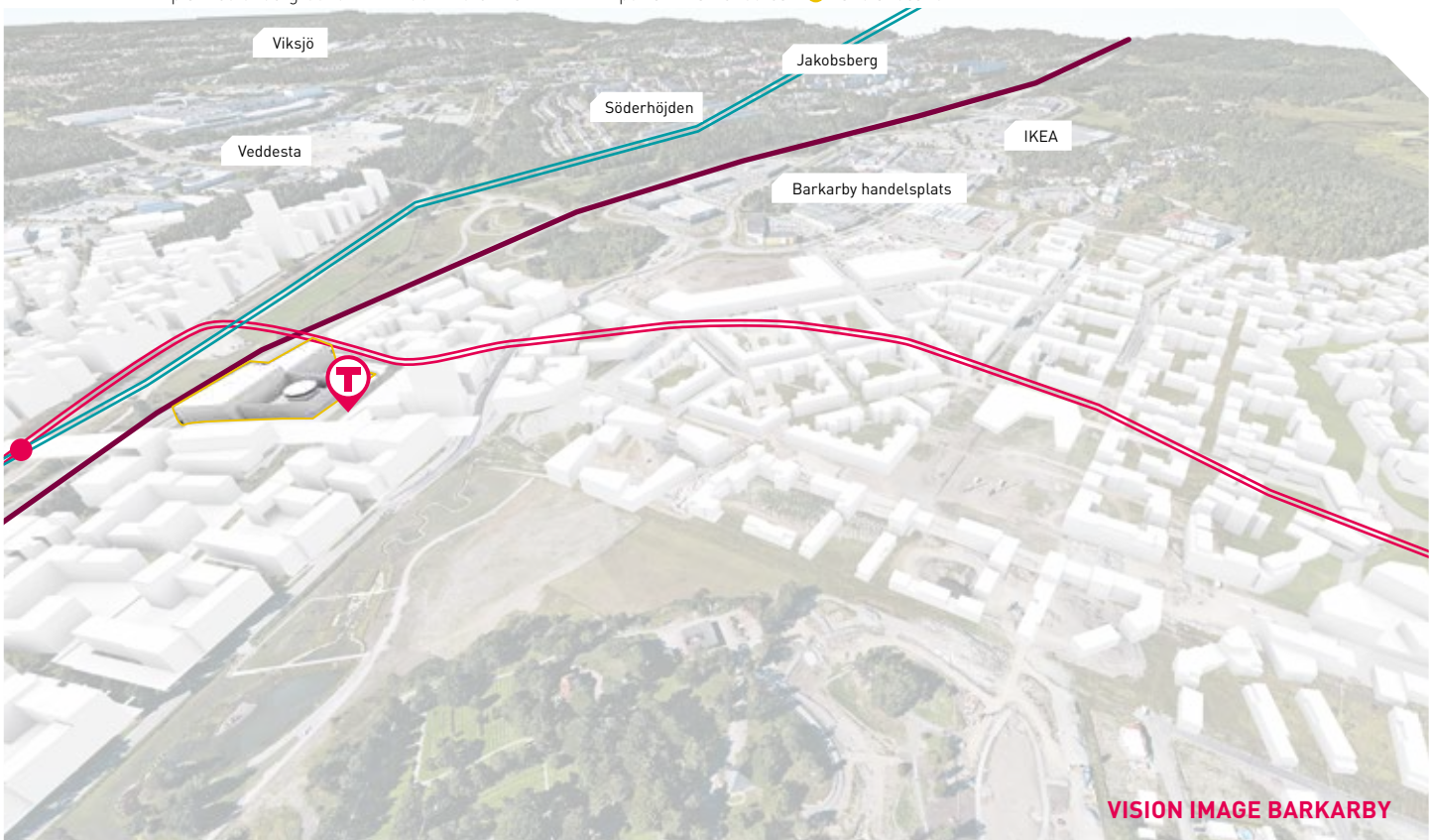
Geographic location

Barkarby is an area in the municipality of Järfälla, north-west of Stockholm. All of Järfälla currently enjoys excellent communications and in a few years Barkarbystaden will become western Stockholm's new hub for underground trains, long-distance trains and commuter trains.

50,000

M² POTENTIAL PROJECT AREA IN BARKARBY

-  Planned underground entrance
-  Stockholm Väst planned hub for underground trains, commuter trains, regional trains and buses:
-  planned underground
-  Commuter train
-  Important traffic routes
-  Land allocation



FURTHER PROPERTIES IN STOCKHOLM

DROTTNINGGATAN, STOCKHOLM

We own two classic properties on Drottninggatan in central Stockholm, which is one of Stockholm's prime locations. Glashuset on Drottninggatan is a modern five-storey retail hub with some of the fashion market's most powerful players, including Jack&Jones, Vero Moda and Weekday. 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	10,800
Letting area office, m ²	9,200
Rental value, SEK m	106

VÄSTBERGA HANDEL, STOCKHOLM

Västberga Handel is just outside Hornstull in southern Stockholm with stores such as Coop Forum, Cykloteket, Sporthuset, Budo Fitness and Rusta. Systembolaget also opened a store here in 2015. The fact that this area is close to the city districts of Liljeholmen, Älvsjö and Hägersten makes it easily accessible for many people. The outdoor environment in the area has recently been improved and it is now greener with more grass, trees and bushes, and has better walkways and cycle paths.

Key ratios Västberga Handel

Type of retail hub	Out-of-town
Letting area, m ²	17,500
Stores and services, number	7
Stores' sales, SEK m	500
Parking spaces, number	600
Rental value, SEK m	31

KUNGSHOLMEN

Our property in Kungsholmen is at Fridhemsplan and was originally a bicycle factory from the turn of the previous century. It is now a modern office building, where the old industrial character has been preserved.

HAMMARBY SJÖSTAD

Hammarby Sjöstad is an internationally acknowledged and recognised city district in Stockholm that is close to both nature and the inner city. Residential properties, offices, shopping and services combined with parks, walkways and cycle paths have made the city charming and pleasant. We have a property here at Textilgatan 31, in an area where Sjöstaden and Södermalm meet.



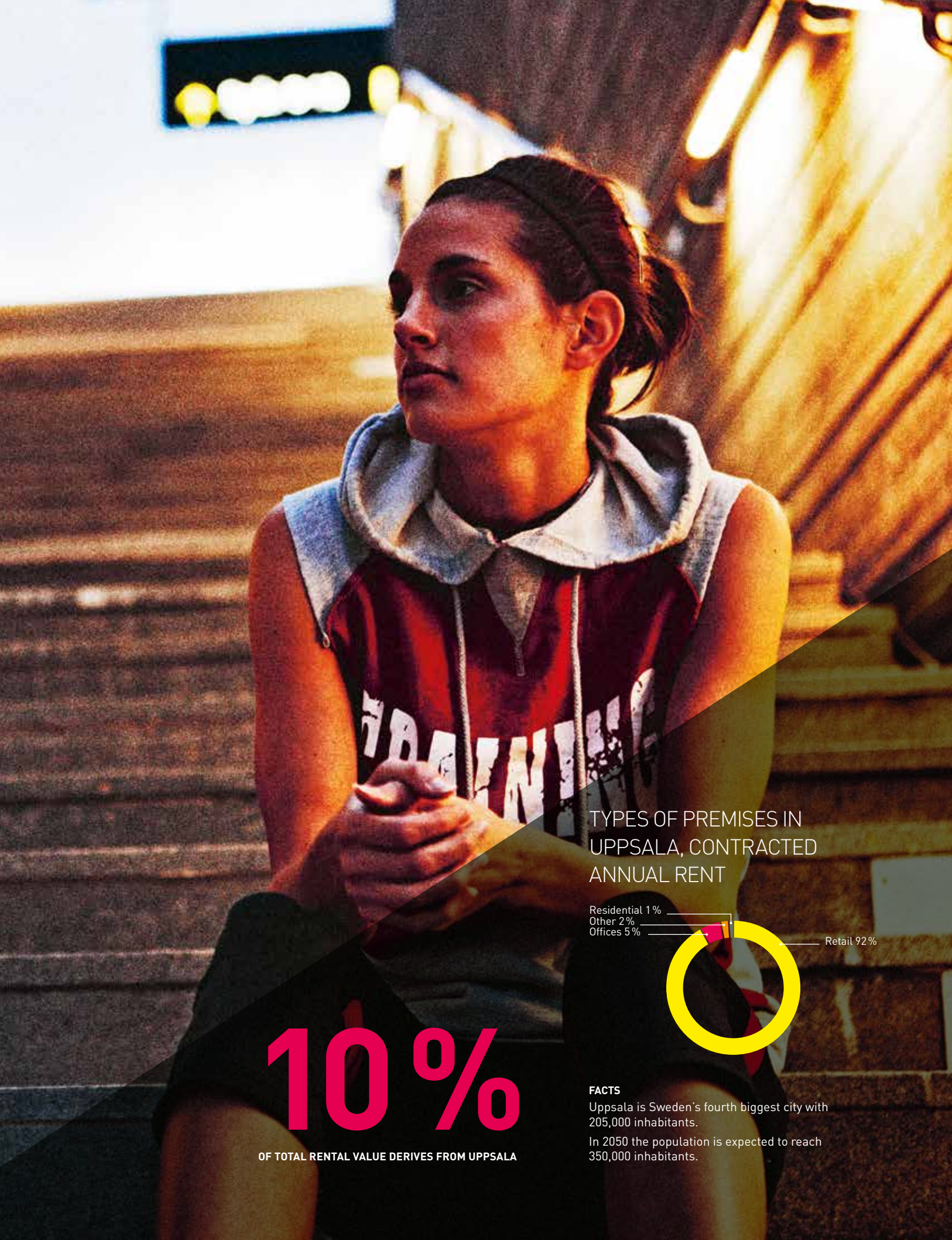
A nighttime photograph of Uppsala, Sweden. The Uppsala Cathedral, with its three prominent spires, is illuminated and stands out against the dark blue twilight sky. In the foreground, a riverside cafe with several tables and umbrellas is filled with people, creating a warm, social atmosphere. The cafe is situated along a stone wall overlooking a small stream or river. To the right, a large, multi-story building with many lit windows is visible, partially obscured by trees. The overall scene is a blend of historic architecture and modern urban life.

UPPSALA

CITY WITH THE POWER OF ATTRACTION

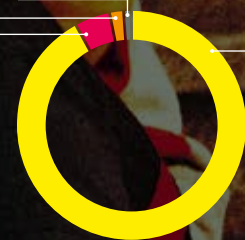
Uppsala is Sweden's fourth biggest city and one of the fastest growing municipalities in Sweden. Measured per inhabitant, housing construction is among the highest in the country, and public buildings and infrastructure investments in the billions testify to the city's attractiveness.

We are excited about helping to develop the city centre and we will continue to be a driving force in the development of Gränbystaden – a brand new city district and Uppsala's second city centre.



TYPES OF PREMISES IN
UPPSALA, CONTRACTED
ANNUAL RENT

Residential 1%
Other 2%
Offices 5%
Retail 92%



10%

OF TOTAL RENTAL VALUE DERIVES FROM UPPSALA

FACTS

Uppsala is Sweden's fourth biggest city with 205,000 inhabitants.

In 2050 the population is expected to reach 350,000 inhabitants.

GRÄNBY-STADEN

ONE OF THE MOST EXPANSIVE CITY DISTRICTS IN UPPSALA.

7%

OF TOTAL RENTAL VALUE DERIVES FROM GRÄNBYSTADEN

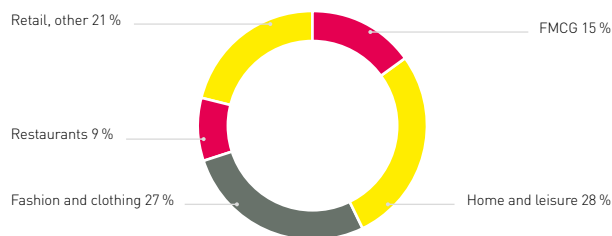


The Gränby city district in north-east Uppsala is faced with major changes, and is in the process of taking shape as one of the most important and expansive city districts in Uppsala. This is where the development of Gränbystaden is taking place, Uppsala's second city centre. It will probably be completely integrated with Uppsala's main city centre in a few years.

Our well-established Gränby Centrum property is found in this area, as is a retail area just to the north of Gränby Centrum. Our vision for the whole of Gränbystaden, including Gränby Centrum, is to create a new, attractive and exciting city district in Uppsala. This is why Gränbystaden is not only about retail and commercial opportunities, but also residential properties, workplaces, culture and an exciting place for meetings.

Projects by other actors are also under way in the area, including several residential projects with approximately 8,000 new residential units and a number of sports facilities.

Sector break down in Gränbystaden, contracted annual rent



GRÄNBY CENTRUM – PART OF GRÄNBYSTADEN


www.granbycentrum.se

Gränby Centrum is Uppsala's only retail centre with everything under one roof. In recent years we have expanded and modernised the centre in several phases. In 2015 we worked with major interior reconstruction, for example, the area previously occupied by Coop has been transformed into new premises and has strengthened the commercial expression of the centre.

Stores have moved around and others have moved in during the year, including Systembolaget, which opened a pilot store to test their future store concept. During the year we also concluded agreements with Starbucks, which chose Gränby Centrum as its first establishment in Uppsala. Starbucks opened in January 2016.

NEW RETAIL AREA TAKES SHAPE IN GRÄNBYSTADEN


www.granbystaden.se

A new retail area is being developed just a stone's throw away from Gränby Centrum, in the northern part of Gränbystaden. This work is already well under way and there are now ten restaurants and stores. The offering is geared towards the home, and the whole family can run their errands in a rational and inspirational environment.

The retail hub is planned to be around 50,000 m² when it has been fully developed and the ambition is to create an area with an urban feel that complements Gränby Centrum's offering.

Key ratios Gränbystaden (including Gränby Centrum)

Type of retail hub	Regional retail centre
Retail letting area, m ²	53,600
Stores and services, number	116
Stores' sales, SEK m	2,200
Visitors, number	7,500,000
Parking spaces, number	2,600
Bicycle parking spaces, number	600
Rental value, SEK m	157

COMPLETED PROJECTS

SEVERAL NEW STORES

In 2015 we completed two additional buildings in the northern part of Gränbystaden, where Blomsterlandet, City Gross, Apotek Hjärtat and a hairdressing salon opened. At the start of 2016 Barnens Land also opened a large sports and adventure land.

ONGOING PROJECTS

GRÄNBYSTADEN GROWS

Construction has started on an additional three buildings in the north of Gränbystaden. Among others, Arken Zoo, ÖoB and three restaurants will open here during the first six months of 2016. In connection with the store openings, we are also inaugurating an outdoor theme playground and a square with an open-air café.

GRÄNBY ENTRÉ BUILDING 1

At the start of 2016 we started ground work for constructing residential properties in Gränby Entré in the immediate vicinity of Gränby Centrum. In the first phase, a residential building with 62 space-efficient and well-planned rented dwellings will be built. The residential building is expected to be ready for occupancy in the autumn of 2017.

POTENTIAL PROJECTS

UPPSALA'S SECOND CITY CENTRE

Our future development plans for Gränbystaden include both Gränby Centrum and the surrounding areas, and the retail area in the northern part of the area. In addition to the residential project Gränby Entré for 62 rental apartments, which is already under way, we are planning for an additional 130 rented dwellings with a construction start in 2017 and for approximately 250 cooperative housing society dwellings with a planned construction start in 2019. A new detailed development plan for Gränby Centrum gained legal force in the first quarter of 2016. The detailed development plan

covers a large area and enables further businesses for retail, culture, services and education in addition to the residential properties.

The development of Gränbystaden is being carried out in collaboration with the municipality of Uppsala, where for example a new travel centre is being planned right next to Gränby Centrum, which will serve as a central hub for both local and regional traffic. It will create improved conditions for pedestrians and cyclists, and there is also a vision for tram traffic between Gränbystaden and Uppsala Central Station.



Geographic location

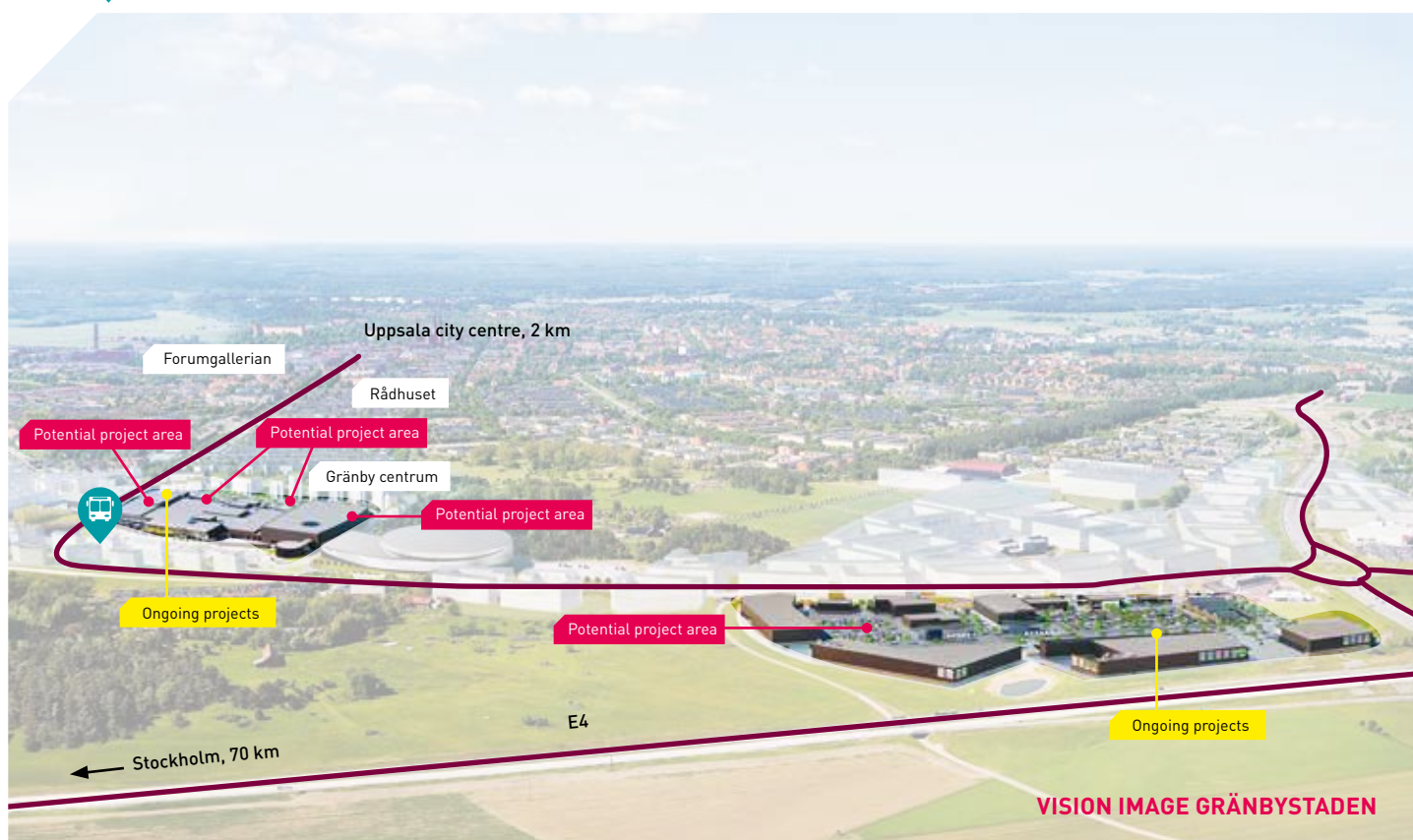
Gränbystaden with Gränby Centrum and our new retail hub is located in the eastern part of Uppsala, and is strategically located close to the north exit from E4.

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

100,000

M² POTENTIAL PROJECT AREA IN GRÄNBYSTADEN

 Bus stop  Important traffic routes



UPPSALA CITY

HISTORIC CITY WITH A STRONG POWER OF ATTRACTION.

3 %

OF TOTAL RENTAL VALUE DERIVES FROM UPPSALA CITY



FORUMGALLERIAN

www.forumgallerian.se

Forumgallerian is a complete district that is located at the heart of central Uppsala, with a large flow to and from Uppsala's travel centre. There is a strong mix of stores and restaurants, but also several offices and residential properties.

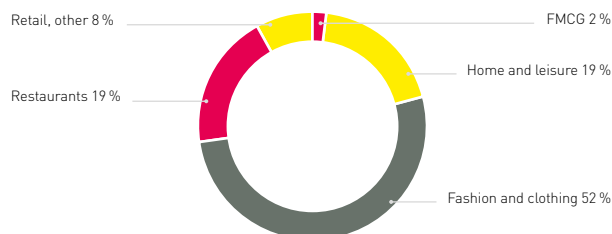
Our ambition is to create a more vibrant district of Forumgallerian. There are plans to improve the office premises, new residential projects that include both rented dwellings and cooperative housing society dwellings, and reconstruction of the shopping centre with a greater focus on fashion.



Key ratios Forumgallerian

Type of retail hub	City shopping centre
Letting area, m ²	16,300
Stores and services, number	40
Stores' sales, SEK m	350
Visitors, number	5,000,000
Rental value, SEK m	47

Sector break down in Uppsala City, contracted annual rent





Rådhuset is one of the city's most well-known profile buildings and is a real landmark. It is located at Stora Torget in the heart of central Uppsala. Few places in Uppsala have the same exciting and long history as Rådhuset.

Since 2012 Rådhuset has been a fashion department store, after we bought the building in 2006 and then carefully renovated it, showing the utmost respect for the soul and history of the building. We spent a lot of time and thought in the restoration work and carefully selected the materials. Its historic heritage is mixed with fashion stores and restaurants in a different and exciting atmosphere.

Geographic location

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

— Important traffic routes Pedestrian zone

NEW FOOD EXPERIENCES AT RÅDHUSET

In 2015 we signed an agreement with Uppsala's largest restaurant operator Svenssons Krogar. Svenssons Krogar will run all restaurant operations at Rådhuset in a total area of around 500 m² as well as an open-air café in the courtyard of Rådhuset. During the year the estate agents Widerlöv opened an office on the top floor of Rådhuset. Rådhuset was also named Fashion Store of the Year 2014 at the Uppsala Vimmel Awards.

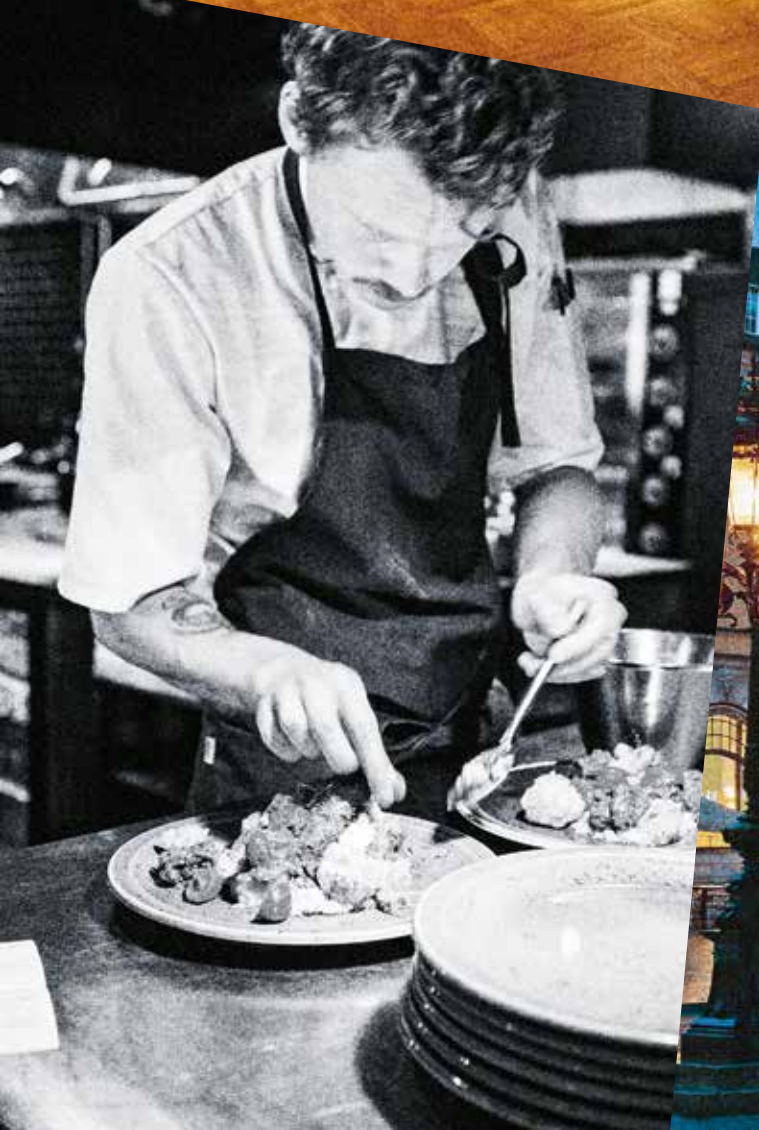
Key ratios Rådhuset

Type of retail hub	City shopping centre
Letting area, m ²	3,000
Stores and services, number	3
Stores' sales, SEK m	65
Visitors, number	500,000
Rental value, SEK m	9

3,000

M² POTENTIAL PROJECT AREA IN UPPSALA CITY





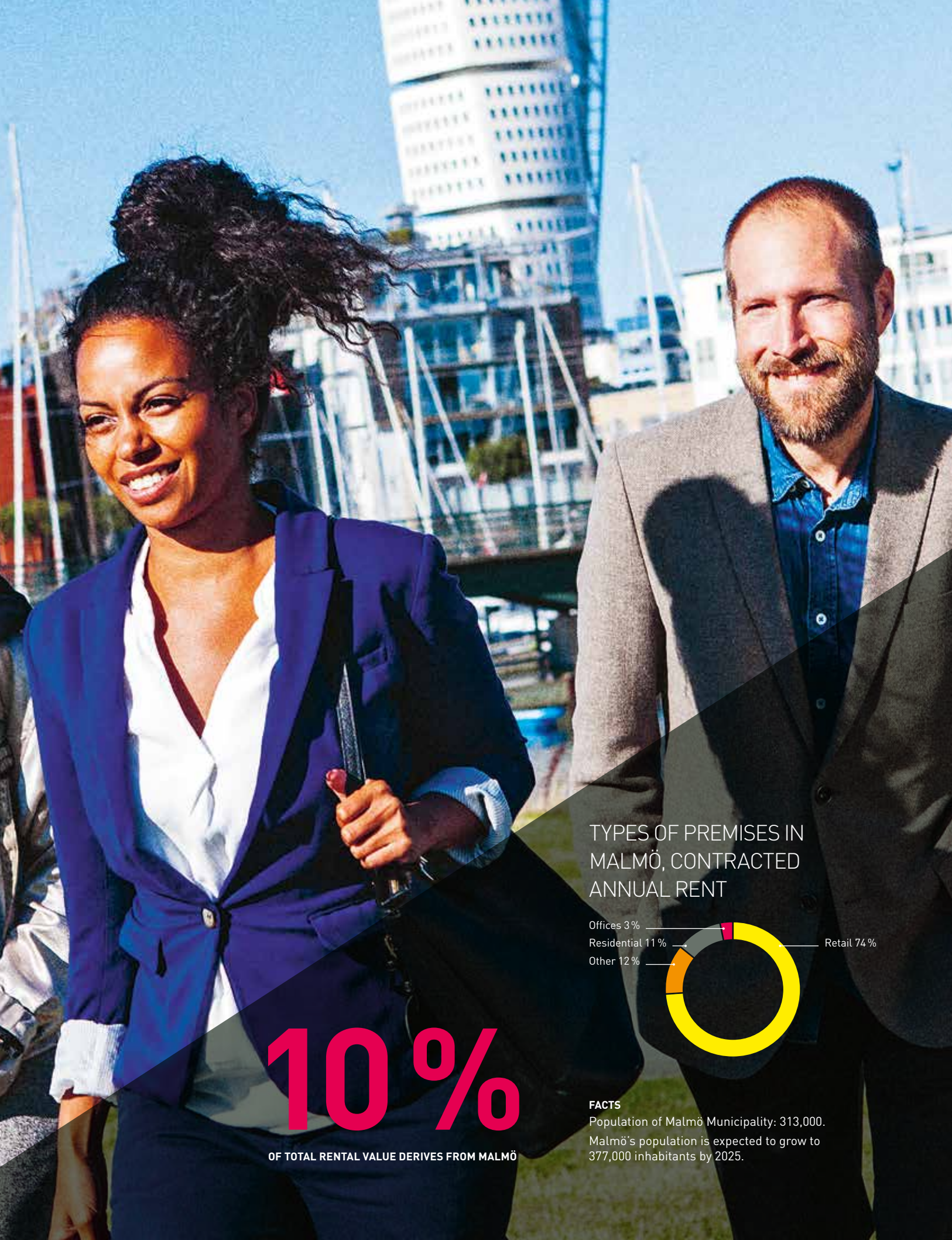
MALMÖ

ONE OF THE LARGEST LABOUR
MARKETS IN THE NORDIC AREA

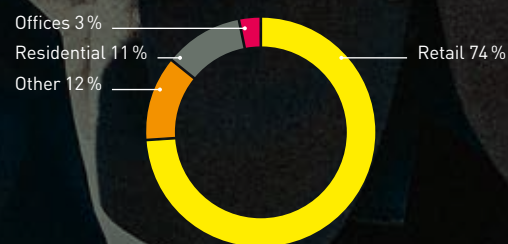
Few cities in Sweden are as flourishing and dynamic as Malmö. Malmö, with its strategic location in the Öresund region, is a growth town and an exciting city with attitude, history and soul. The region is one of the largest labour markets in the Nordic region with 3.8 million inhabitants.

We believe in Malmö and will continue to grow here. In addition to our long-term city development project with Mobilia, we are now also involved in the development of Möllevången – the culturally exciting area in the city centre.





TYPES OF PREMISES IN MALMÖ, CONTRACTED ANNUAL RENT



10 %

OF TOTAL RENTAL VALUE DERIVES FROM MALMÖ

FACTS

Population of Malmö Municipality: 313,000.
Malmö's population is expected to grow to
377,000 inhabitants by 2025.

MOBILIA

FROM A RETAIL CENTRE TO A
VIBRANT CITY DISTRICT.

9%

OF TOTAL RENTAL VALUE DERIVES FROM MOBILIA



www.mobilia.se

ARCHITECTURAL GEM WITH AN INDUSTRIAL HERITAGE

Mobilia, with its origins in the old textile factory, is a real architectural gem and its industrial heritage creates both attitude and soul. For several years we have been working on transforming a traditional retail centre into a vibrant city district. The unique historical character of the buildings has been highlighted and combined with modern architecture and sustainable materials. Several brick façades have been reconstructed with recycled bricks, while the cast iron windows in the engine house have been preserved. This location has been extensively developed in different phases and filled with many stores, cafés, restaurants, services, new residential properties, a square with open-air cafés, and walkways and cycle paths. There are also several office premises here.

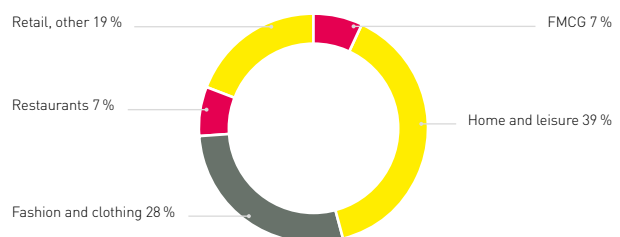
NEW OPENINGS IN 2015

In 2015 the restaurant Fabriken opened in the renovated tower house, with new owners and a new concept. More concepts that have opened in Mobilia are Skechers, Cartoon Store and Subway.

Key ratios Mobilia

Type of retail hub	Regional retail centre
Retail letting area, m ²	59,200
Stores and services, number	110
Stores' sales, SEK m	1,800
Visitors, number	14,000,000
Parking spaces, number	2,000
Bicycle parking spaces, number	600
Rental value, SEK m	169

Sector break down in Mobilia, contracted annual rent



POTENTIAL PROJECTS

MORE HOUSING PROPERTIES, RETAIL AND CULTURE

The work on transforming Mobilia into a vibrant city district has been carried out in different phases, and we are continuing to develop the location. The next step involves the reconstruction and extension of approximately 14,000 m² for retail, housing and cultural activities in the heart of the city district. This will create greater links between Mobilia's different parts and provide opportunities to further develop the square at

the heart of the district. The residential properties in the new building will be certified with the Sweden Green Building Council's Environmental Building certification, and will face into the square. We will also set up more restaurants that face into the square, as we want to do everything we can to create a vibrant and attractive environment.

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.

14,000
M² POTENTIAL PROJECT AREA
IN MOBILIA

 Bus stop  Important traffic routes



MALMÖ CITY – MÖLLEVÅNGEN

INFLUENCES FROM EVERY
CORNER OF THE WORLD.

1%

OF TOTAL RENTAL VALUE DERIVES FROM MALMÖ CITY



TRENDY CULTURAL MECCA

Möllevången (Möllan) is an exciting former factory area in central Malmö where several old buildings have been preserved. In the past decade the area has been extensively developed and Möllan is now well-known for its many pubs, restaurants and night clubs. Its food and stores boast a broad ethnic mix and there is a diverse cultural offering.

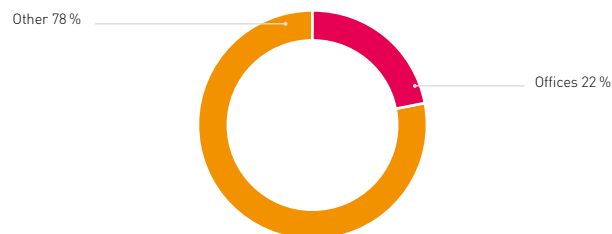
OUR PROPERTY AT MÖLLAN

We own the property Dimman 11 here, which has cultural, educational and office premises. A 25-year agreement for just over 5,000 m² has been renegotiated with the city of Malmö for their city archives. The city of Malmö also hires premises for a cinema and restaurant. The cinema opened at the end of February 2015. Academedia and CDON are two other tenants. We are carrying out major work to renovate and improve the façade and main entrance of the property.

Key ratios Malmö Office

Office letting area, m ²	15,700
Rental value, including garage SEK m	23

Types of premises in Malmö City, contracted annual rent



Geographic location

Möllevången (Möllan) is located in the south-eastern part of central Malmö.



OUR CITY CREATES PROXIMITY AND CONVENIENCE

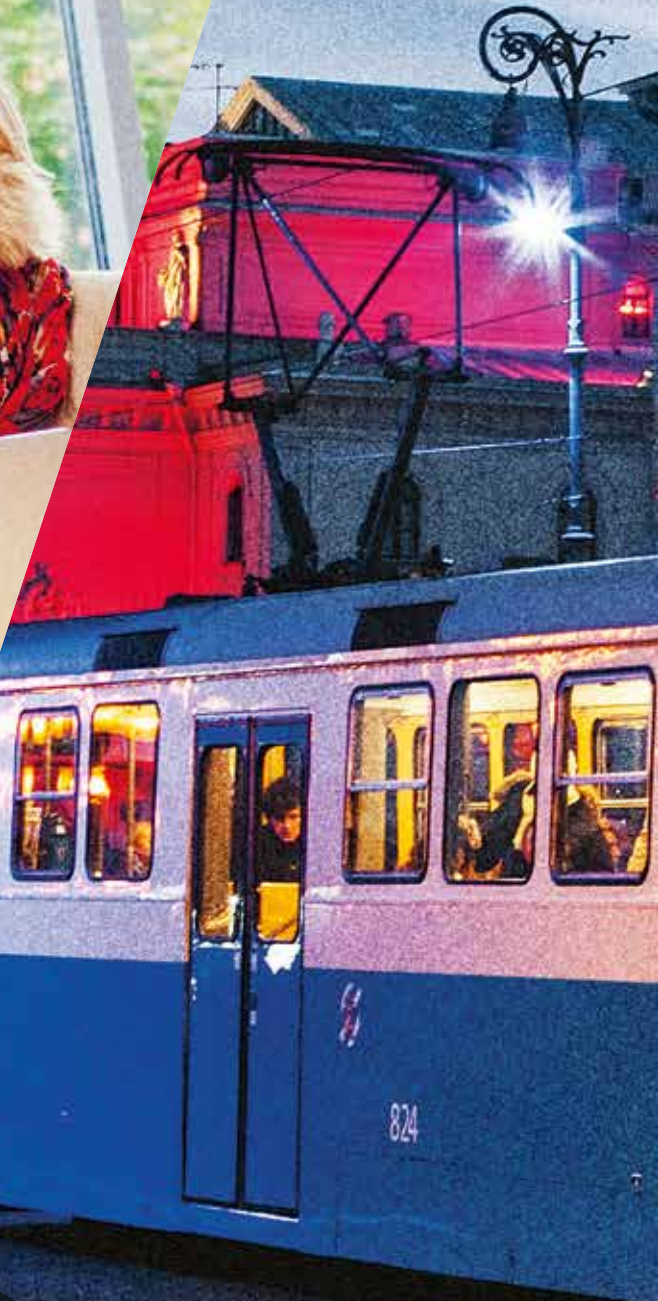
A NATURAL PART OF MALMÖ

With new pedestrian crossings, cycle paths and shopping streets that are connected with the rest of the city network, Mobilia has become more easily accessible and integrated with the rest of Malmö. An open and inviting place with a vibrant street environment where you can move freely through the area, even when the retail centre is closed. Transforming a car park into a square has created a pleasant urban environment, with open-air cafés and residential properties. There is also a new preschool, conveniently located for people living in Mobilia, reducing the amount of time they need to travel. The preschool's outdoor area has a playground and lots of greenery. It is built on the roof of the retail centre, which is one way of using the space in a smart way.

We are prioritising pedestrians, cyclists, public transport and space-efficient planning.

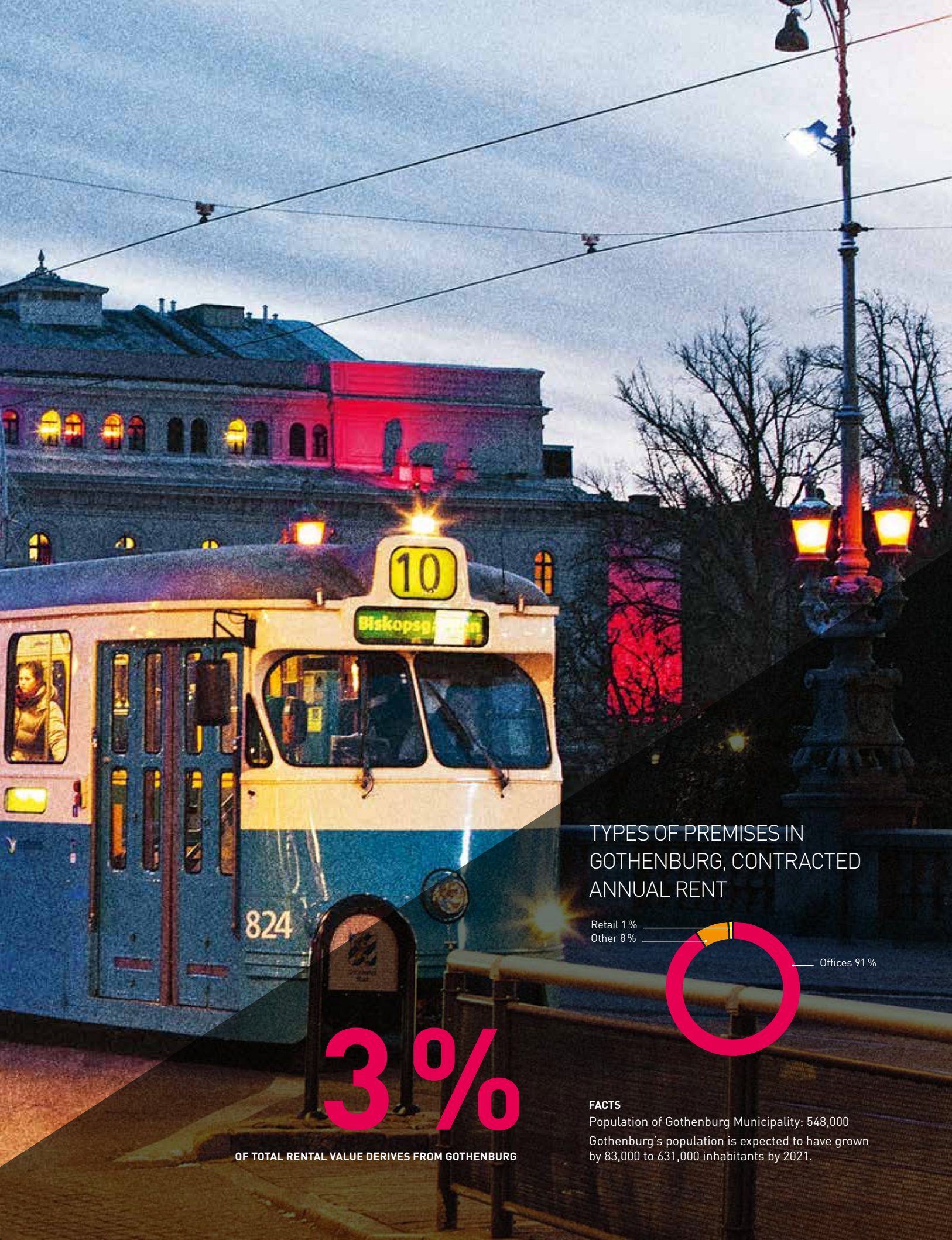
GOTHENBURG

LEADING ENGINEERING HUB AND
KNOWLEDGE-INTENSIVE INDUSTRY



Although Gothenburg is an old city, it is a new city for Atrium Ljungberg. Our acquisition at Lindholmen means that we are now part of the extensive city development work that is currently under way in Gothenburg. Just like our other locations, here we want to develop long-term sustainable urban environments together with the municipality, tenants and other collaboration partners.

We are just starting our relationship with Gothenburg and we are investing in a long and fruitful relationship with this city in the heart of Scandinavia.



TYPES OF PREMISES IN GOTHENBURG, CONTRACTED ANNUAL RENT



3%

OF TOTAL RENTAL VALUE DERIVES FROM GOTHENBURG

FACTS

Population of Gothenburg Municipality: 548,000
Gothenburg's population is expected to have grown
by 83,000 to 631,000 inhabitants by 2021.

LINDHOLMEN

EXPANSIVE CITY DISTRICT UNDER TRANSFORMATION.

3 %

OF TOTAL RENTAL VALUE DERIVES FROM LINDHOLMEN



IN FOCUS FOR THE CITY DEVELOPMENT IN GOTHENBURG

The former shipbuilding area of Lindholmen is on the Hising side of the Göta Älv. It is in a central location and is now an expansive area of Älvstaden in Gothenburg. Älvstaden has the centre of Gothenburg on both sides of the river. The city is working in a targeted way through its “Vision Älvstaden” project to link both sides of the river. New, sustainable urban environments and meeting places are being planned, where pedestrians, cyclists and motorists can easily travel across the river from the city centre.

A VIBRANT AND BUZZING CITY DISTRICT

Lindholmen is currently being transformed into a vibrant and attractive inner city centre. It is a modern office area and international knowledge cluster with development-intensive technology and media companies, as well as researchers and students.

In the heyday of the shipbuilding era, a few thousand people worked here at most. Now there are almost 20,000 people who are working or studying in Lindholmen.

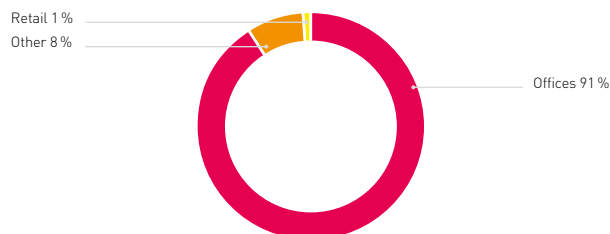
Lindholmen Science Park and Chalmers, around 350 companies specialising in the vehicle industry, ICT, media and technology and roughly thirty restaurants are located here.

The work on making the area more urbanised by building residential properties, services, more business premises and Gothenburg’s first real skyscraper is in full swing. The plan is for 30,000 people to work and live here by 2021 and for the area to become a vibrant and buzzing city district, including after office hours.

Key ratios Lindholmen

Office letting area, m ²	34,700
Rental value, including garage SEK m	59

Types of premises in Lindholmen, contracted annual rent



OUR PROPERTIES IN LINDHOLMEN

Atrium Ljungberg has owned properties in Lindholmen since the autumn of 2015. The properties cover approximately 35,000 m² total letting area and a garage with approximately 400 parking places. The buildings contain modern and flexible office premises, with details from the shipbuilding era, breathing soul and history into the site. Tenants in the buildings include Volvo, IBM, Valmet, Sykes, Esab and Älvstranden Utveckling. In December 2015 the wholly-

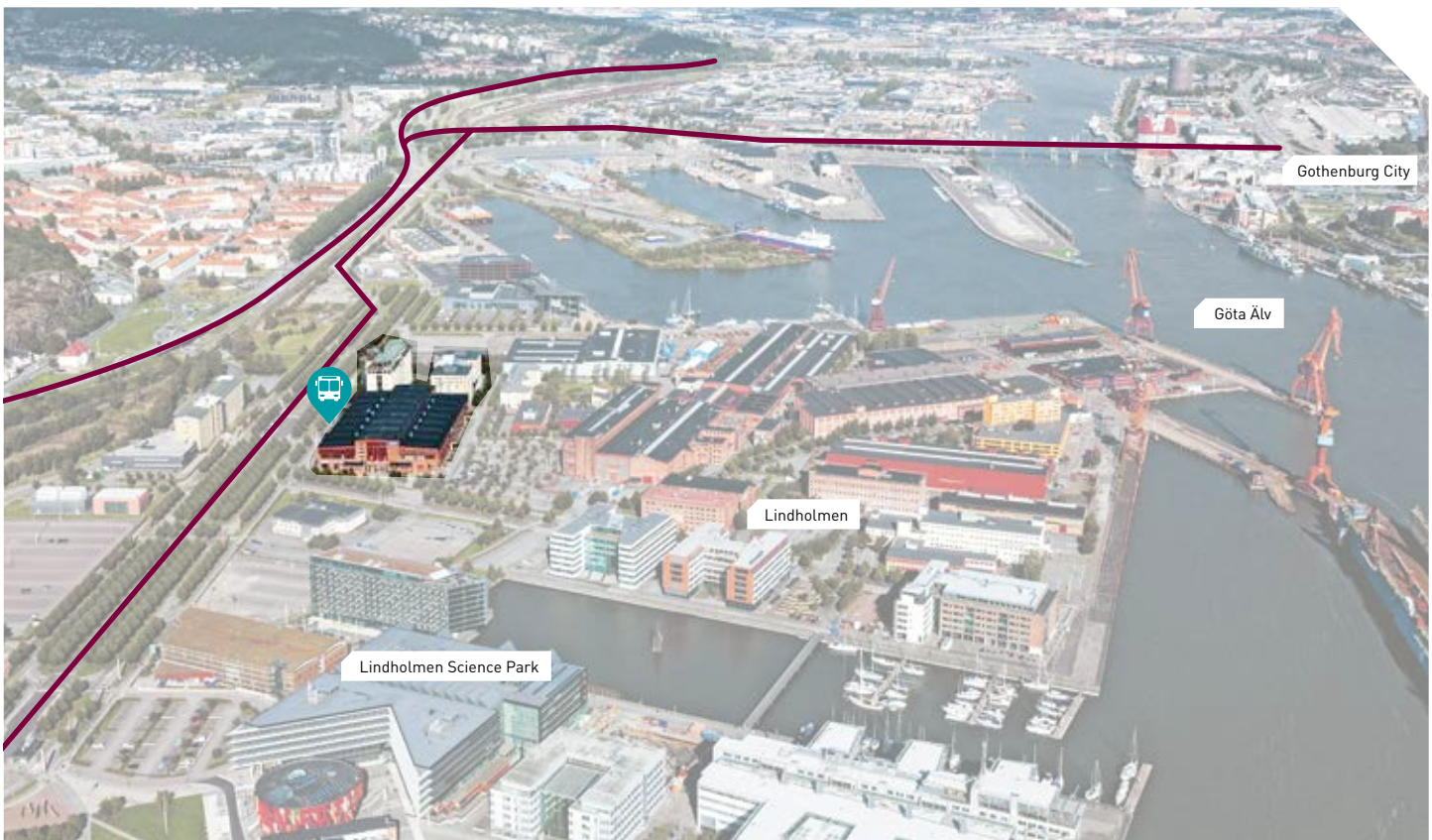
owned municipal city development company Älvstranden Utveckling moved its head office into our premises. In the autumn of 2015 we also set up our own local office on site.


We will continue to develop our current properties in Lindholmen, adding cultural and educational premises. We will also actively search for new acquisition opportunities so that we can continue to add offices, retail and residential properties in the area.

Geographic location

Lindholmen is in a central location on the Hising side of the Göta Älv in the central parts of Gothenburg. There are good communications here, including boats and buses into the centre.

 Bus stop  Important traffic routes



A man in a dark suit and light blue shirt stands with his hands in his pockets, smiling. He is positioned in front of a brick building. The building has a red brick facade, a white-framed window, and a small balcony with a black railing. A bicycle is parked in a rack in front of the building. The man's reflection is visible in a glass surface behind him.

OUR CITY CREATES RESOURCE
AND ENERGY EFFICIENCY

TL BYGG – INVESTING IN SUSTAINABLE CONSTRUCTION

Our construction projects are complex and require a great deal of expertise, experience and adaptation. TL Bygg's successful investment in building and renovating residential properties with an eco-friendly focus often involves many small actions that come together to create a smart overall solution that is sustainable in the long term. The strategy in the renovation of a number of apartment blocks in Gröndal in Stockholm is to be energy-efficient and to make upgrades, rather than replacing materials. The railings from the balconettes are being reused in the construction of new, larger balconies, some of the period features are being preserved, and the façade lighting has been carefully selected to match the style of the buildings. It is a sustainable renovation project that also preserves the character of the building.

We are taking a resource-efficient and circular approach, recycling and reusing materials in a smart way.

TL BYGG – BUILDING FOR A SUSTAINABLE SOCIETY



TAKING A LONG-TERM APPROACH is one of most important core values of Atrium Ljungberg and TL Bygg. By taking a long-term approach to what we do, working effectively together and integrating sustainability into both our operations, we are continuing to contribute to sustainable development – which is something we all benefit from.

TL Bygg AB, our wholly-owned subsidiary, was formed in 1983, but has its roots in the construction and property company founded by Tage Ljungberg in the middle of the 1940s. The company has a historic construction tradition, a wide range of competence and strong environmental awareness. It works primarily with customers in Stockholm and Uppsala, and its main clients, apart from Atrium Ljungberg, include other property companies, the state and various municipalities.

BUILDING FOR THE SUSTAINABLE CITY

TL Bygg works with all kinds of turnkey contract and pure construction contract assignments, primarily for residential properties and offices. In its projects, the company takes on full responsibility for the project's quality, the environment and the work environment. This work is always performed on the basis of the company's core values: a long-term approach, reliability, collaboration and commitment.

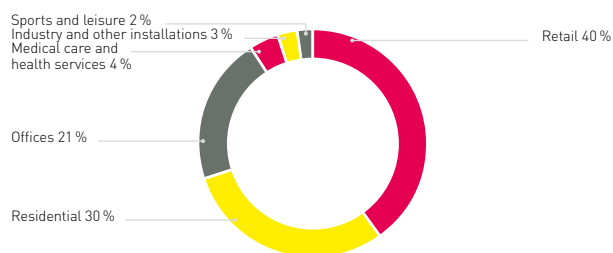
TL Bygg monitors developments in society and works actively with sustainability issues. This forms an integral part

of its business models, customer perspectives, production and employees. Urbanisation and investments in sustainable urban development not only require TL Bygg to work systematically on minimising its negative impact on the environment, but also to focus on sustainability internally and to take social responsibility. Working strategically for sustainable employees includes investments in secure and safe working conditions, development opportunities and health promotion.

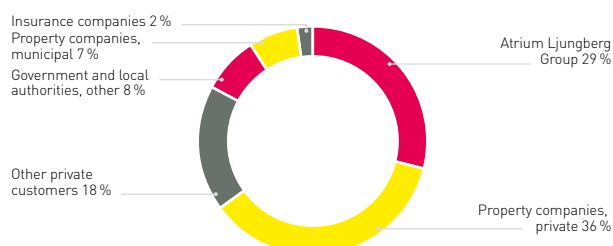
Examples of TL Bygg's work on quality and the work environment include:

- ▶ Training for all administrative employees in work environment responsibility in order to increase their skills in the work environment and safety at the workplace.
- ▶ Its primary procurements are only from ranges that have been environmentally inspected.
- ▶ Business ethics training in the Swedish Construction Federation's Code of Conduct.
- ▶ Clear and measurable waste targets to reduce the amount of unsorted waste at the workplaces.

Sales per assignment type



Sales per client category



SUSTAINABILITY AT EVERY STAGE

TL Bygg is a stable company with strong core values that are firmly rooted in the organisation and are crucial in its work to build and develop buildings, areas and urban environments that are sustainable in the long term. Its work on sustainable construction is being increasingly integrated throughout its operations – from business ethics and production to environmental and social responsibility.

The employees are critical for TL Bygg's success. The company's sustainable work environment ensures long-term commitment, high quality and a high level of expertise. Working at every stage to contribute to a better world is becoming an even more central part of TL Bygg – which is building and strengthening an organisation to meet the sustainability requirements of the future.

TL Bygg is certified in accordance with the management system BF9K, which sets requirements for quality, the environment and the work environment.

The company is also 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.

ASSIGNMENTS CARRIED OUT IN 2015

In 2015, TL Bygg performed work for Atrium Ljungberg corresponding to 29 per cent of the company's total sales. Examples of joint projects include the brand new city district of Gränbystaden in Uppsala. This work is continuing in 2016, with new apartment blocks with offices, stores and restaurants in the two lowest floors and apartments on the upper floors. Gränbystaden is a good example of the collaboration and exchange of knowledge between Atrium Ljungberg and TL Bygg. Other examples of collaboration include several tenant-specific adaptations of Atrium Ljungberg's office properties in Hagastaden and Sickla.

During the year the construction of SF's largest and most modern cinema was completed in the Mall of Scandinavia. This has been certified in accordance with the global environmental and sustainability standard BREEAM, being rated Excellent in the Design phase.

Commissioned by Stockholmshem, five apartment blocks are being completely renovated and the outdoor environment is being renewed in Gröndal in Stockholm. This project shows sustainable construction, where existing materials have been reused and adapted to today's modern needs. Projects like Gröndal, where the focus has shifted from replacing to upgrading, show that renovation can also be transformed into sustainable behaviour.

Another unique residential project that was completed during the year was Brf Saltsjöterrassen, where TL Bygg transformed KF's previous building with laboratories, factories and offices into residential properties. The building has been constructed using sustainable materials throughout and its multi-faceted architecture has a clear industrial character.

RESULTS 2015

TL Bygg's operating profit for 2015 fell by SEK 26.1 million compared with 2014, which is mostly due to acceleration costs in a construction contract that it had carried out.

Find out more at: www.tlbygg.se



CONSTRUCTION COMPANY
OPERATING PRIMARILY IN THE GREATER STOCKHOLM AREA

471.9

NET SALES, SEK MILLION
2015

-8.5

PROFIT, SEK MILLION
AFTER NET FINANCIAL ITEMS 2015

BF9K

CERTIFIED
A MANAGEMENT AND PRODUCT CERTIFICATION
SYSTEM FOR THE CONSTRUCTION INDUSTRY

201

ORDER BOOK, SEK MILLION
AT 2015 YEAR-END

120

NUMBER OF EMPLOYEES
38 ADMINISTRATIVE EMPLOYEES, 82 SKILLED WORKERS

Summary of income statements

SEK m	2015	2014	2013	2012	2011
Net sales, external clients	334.6	306.5	378.1	225.6	292.8
Net sales, Group companies	137.3	111.6	113.7	152.9	135.7
Net sales, total	471.9	418.1	491.8	378.5	428.5
Operating profit/loss	-10.8	15.3	35.2	19.5	32.3
Net financial items	2.4	2.6	1.9	1.1	0.8
Profit after net financial items	-8.5	17.9	37.1	20.6	33.1
Number of employees	120	130	135	122	120



FINANCIAL REPORTS 2015



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 2015 financial year. The figures shown in parentheses refer to the preceding financial year. The legal annual report including the directors' report is, with the exception of the corporate governance report and statement of the Chairman of the Board, revised and covers pages 93–108 as well as 116–151.

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. Our goal is to invest SEK 1 billion every year in our own development projects that yield 20 per cent profit on new build and extension projects. During 2015 the operating surplus increased by 7.9 per cent compared to the previous year. Investments during the year in Atrium Ljungberg's own properties amounted to SEK 768 million (SEK 707 m). No development projects have been completed this year, which is why no reporting is taking place against the target of 20 per cent profit on projects. 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 2015 year-end, the equity/assets ratio was 43.7 per cent (39.6%) and the interest coverage ratio multiple was 3.3 (3.0).

DIVIDEND

Dividend payments shall correspond to at least 50 per cent of the profit before changes in value, after estimated tax, unless investments or the company's financial position otherwise justify a deviation from this policy. A dividend of SEK 3.55 per share (SEK 3.30/share) is proposed for the financial year, which corresponds to a dividend of SEK 64.1 per cent of the distributable profit (SEK 66.8/share) and a dividend yield of 2.7 per cent (2.9%).

MARKET

FINANCE MARKET

During the year there has been great focus on the Riksbank and the monetary policy which has been managed. In February 2015 the Riksbank chose to lower the repo rate from the zero interest rate to a negative interest of –0.10 per cent. During the year the negative rate was lowered further and at the turn of the year amounted to –0.35 per cent.

The variable interest rate, the 3 month Stibor, has continued to decline and amounted to –0.30 per cent at the turn of the year. The difference of interest between short-term interest and long-term interest rate has increased during the year, but the long-term interest rate is still at a historically low level. The 10 year swap interest rate was 1.66 per cent at the turn of the year.

PROPERTY MARKET

The Swedish property market continues to be strong. The underlying fundamentals are good with low vacancies, higher rent and a continued large interest in property investments as a result of the low yield for other assets. The downward pressure on yield requirements has continued with higher property values as a result.

According to Savills, the transaction volume in the Swedish property market during 2015 amounted to SEK 151 billion, six per cent lower than the record level of the previous year. The number of transactions has been higher this year, but the very large portfolio transactions have been fewer.

OFFICE MARKET

Atrium Ljungberg owns office properties in Stockholm, Gothenburg and Malmö where most of the country's population growth is expected to take place. Economic conditions have entailed high demand for modern premises, which means that the level of vacancies has dropped and market rents have increased in most of our subsidiary markets.

Stockholm is increasingly becoming a services city, and the services sector developed positively during the year. Letting processes in the office rental market, however, are still relatively lengthy, and tenants are still behaving

cautiously. The lack of modern offices inside the city is becoming substantial, which has resulted in positive upward pressure on rental levels. The trend of companies and public authorities moving out of central areas, CBD, to more peripheral areas has continued. The vacated spaces, however, have quickly been let; the level of vacancies in CBD was at a record low of 4.6 per cent at the end of the year.

Economic conditions in the Gothenburg region are moving towards a positive phase and unemployment is starting to reach the same levels which exist in Stockholm. Rental levels in Gothenburg CBD increased in 2015, and by the end of the year we had reached levels never previously achieved in Gothenburg. This is believed to be a direct effect of the very low level of vacancies; the declining trend for vacancies has been evident for the past ten years, and the level was just under five per cent at the end of 2015.

The Öresund region has had weak growth the past few years, but it appears the trend will be broken, with increased growth as a result of strong development nationally. The rental level in Malmö CBD has moved in a stable upward direction the past ten years, even though vacancy levels have been volatile. Rental levels increased in 2015 as well, even though the vacancy level rose to around 13 per cent.

RETAIL MARKET

The retail sector's total sales in Sweden in 2015 increased by 5.7 per cent and amounted to SEK 726 billion, the strongest growth since the financial crisis in 2008. Households still have good ability to consume. The savings rate remains high, which indicates some degree of fundamental insecurity on the part of consumers in relation to the economy. At the same time, it is clear that consumption of capital goods has developed positively during the year, which indicates a positive outlook on personal finances and the economy.

In 2015, e-commerce's sales reached just over SEK 50.1 billion, corresponding to growth of around 19 per cent and thus there is no doubt that the strong trend of e-commerce will continue. Changes in consumption patterns, new innovations, a strong Swedish

economy and new digital industry establishments are accelerating the trend.

Our retail hubs are located in the strong regions of Stockholm, Uppsala and Malmö. The stores within our five largest retail hubs – Sickla, Farsta Centrum, Port 73, Gränbystaden and Mobilia – collectively reported a sales increase of 5.9 per cent in 2015 compared to last year.

MANAGEMENT

NET LETTING

Net letting, i.e. newly agreed contracted annual rents, less contracted annual rents terminated due to clients vacating the premises, amounted to SEK –1 million during the fourth quarter, and SEK 62 million in total during 2015. The time lag between net letting and its effect on profit is assessed to be 3–6 months.

RENTAL INCOME AND LETTING RATE

The Group's contracted annual rent amounted to SEK 2,054 million on 01/01/2016 (SEK 2,090 m). The rental value, i.e. contracted annual rent and estimated market rents for vacant space in existing condition, amounted to SEK 2,192 million (SEK 2,246 m) on 01/01/2016. The reduction is the result of four properties being sold and vacated during the year, but the rental value has also been affected by the acquisition and possession of three properties. The economic letting rate amounted to 94 per cent (95%) excluding project properties, and 94 per cent (93%) including project properties.

Letting rate ¹⁾

	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %
Business area Retail	1,039	989	95
Business Area Offices	1,123	1,036	92
Total	2,162	2,025	94
Project properties	30	29	97
Total	2,192	2,054	94

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 119, 121 and 123.

PROJECT PROPERTIES

In 2015 investments in Atrium Ljungberg's own properties amounted to SEK 768 million, of which SEK 219 million in project properties primarily concerning Gränby Köpstad within Gränbystaden and Sickla Front II. Other investments mainly refer to major internal renovation of Gränby Centrum and Farsta Centrum and a number of tenant-specific adaptations in Hagastaden.

The remaining investment volume for ongoing projects amounted to approximately SEK 1,040 million at the turn of the year.

GRÄNBÝ KÖPSTAD WITHIN GRÄNBÝSTADEN – UPPSALA

During the year we continued development of the retail hub in Gränbystaden, the city district in northeast Uppsala which is undergoing major changes and which within a few years will probably be completely integrated with Uppsala's city centre. We completed two more buildings where, among others, Blomsterlandet, City Gross and Apotek Hjärtat opened during the spring and autumn. In February 2016 we will also open the retail chain Barnens Land and a sports and adventure land – a new type of activity centre for the entire family.

We have also started construction of three more buildings in Gränbystaden. Among others, Arken Zoo, ÖoB and three restaurants will open here during the first six months of 2016. In connection with the completion of these buildings, an outdoor theme playground and a square with an open-air café will also be inaugurated. The total letting area for the new retail hub thereby amounts to 18,700 m².

Atrium Ljungberg's long-term plans for this retail area are to create a volume retail area of around 50,000 m² that has the feel of a city centre and offers a selection that complements Gränby Centrum. In the long run the retail hub will become a natural part of the emerging city district Gränbystaden which also covers Gränby Centrum and its surroundings.

GRÄNBÝ ENTRÉ BUILDING 1 – UPPSALA

As a part of developing Gränbystaden, we have started ground work for constructing residential in Gränby Entré in the immediate vicinity of Gränby Centrum. In the first phase, a residential building with 62 space-efficient and well-planned rented dwellings will be built. The residential building is expected to be ready for occupancy during the second quarter of 2017.

There are plans for 130 more rented dwellings in Gränby Entré with construction start in 2017 and in Gränby Park for approximately 250 cooperative housing society dwellings with planned construction start in 2019.

A new detailed development plan which covers a large area by Gränby Centrum including areas for our residential projects is expected to gain legal force during the first quarter of 2016. The detailed development plan enables further businesses for retail as well as residential, culture, offices, service and education.

SICKLA FRONT II – STOCKHOLM

During the autumn of 2015 we started construction of two new office buildings on Uddvägen in Sickla, where we own a large area of land with an industrial feel. A lease contract was signed with the Swedish National Courts Administration at the beginning of September for around 10,700 m² of office space. The Swedish National Courts Administration, which includes the Nacka District Court, the Rent and Tenancy Tribunal and the Land and Environmental Court, will become a significant tenant in one of the new office buildings. Occupancy of the premises is planned for the second quarter of 2018. The project Sickla Front II, covers a total of approximately 25,000 m² of letting area and a parking garage of approximately 14,000 m² with around 450 parking places.

Our aim for the area is to create an attractive and urban district for large and small office operations. The area will give Sickla a new entrance and increase the appeal of the entire Sickla area. The extended Tvärbanan cross-town light rail link will run by the new district on the way to Sickla Station, which will further improve transport options to the area.

POTENTIAL DEVELOPMENT PROJECTS

An adjusted detailed development plan for part of Mobilia in Malmö entered into force in October 2015. The detailed development plan enables the continued development through new construction and extensions totalling around 14,000 m² GFA for retail, residential and cultural facilities in the centre of the urban district.

Several detailed development plan processes are underway for other areas in our portfolio, which we believe will enter into force during 2016. In terms of immediate plans, we are planning to start further projects in

Gränbystaden in Uppsala, in Barkarby in Järfälla and in Hagastaden in Stockholm.

Our vision for Gränbystaden is to create Uppsala's second city centre which will house retail, culture, restaurants, residentials and offices in a dense neighbourhood structure. The ongoing detailed development plan work covers residentials of 40,000 m² GFA and an expansion of the retail offering by approximately 20,000 m² GFA.

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 Barkarbystaden. As a first step, we are planning to create a regional meeting place and training centre in a dynamic urban environment around the public transport hub Barkarby station/Stockholm Väst.

In Hagastaden, in the centre of the emerging life science cluster, Atrium Ljungberg has a land allocation with the opportunity to acquire land with a development right of 30,000 m² GFA. Here we aim to create an exceptional place, Life City – a new centre for science and innovation and a meeting place for trade and industry, academia and society.

In addition to the afore-mentioned detailed development plan processes, we are also managing detailed development plans in Sickla for both residentials and offices.

In terms of area, our long-term development plans cover equally large areas of residentials, retail and office premises as well as some educational facilities. The plans are distributed among all our areas, with three-

fourths of the project portfolio is located in Sickla and Uppsala, but with Järfälla also comprising a large part.

Our existing project portfolio enables us to invest in the equivalent of approximately SEK 9 billion in the future. Our goal is to invest SEK 1 billion every year in our own development projects that yield 20 per cent profit on new build and extension projects.

PROPERTY TRANSACTIONS

During the year three properties were acquired in Gothenburg with a letting area of approximately 35,000 m² and roughly 400 parking places. Four retail properties were sold during the year with a letting area of approximately 63,000 m², a part of our work to concentrate the portfolio to our prioritised markets.

PROPERTY VALUES

During 2015 we externally valued the equivalent of 39 per cent of the property portfolio's market value, of which 24 per cent was conducted during the fourth quarter. The valuation was carried out 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 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 was conducted

through cash flow calculations, with individual assessments of the earning capacity of each individual property. Assumed rental levels in conjunction with contract expirations correspond to current market rent levels. Operating costs have been assessed on the basis of the company's actual costs. Development rights have been valued on the basis of an estimated market value per m² of gross floor area and include only those development rights that are confirmed in accordance with approved detailed development plans. Project properties are valued on the basis of completed projects, less remaining investments. A risk surcharge is added to the yield requirement on the basis of the current phase of the project.

The reported value of the property portfolio totalled SEK 30,841 million (SEK 28,163 m). The average yield requirement in the valuation is 5.2 per cent (5.6%). Investments in Atrium Ljungberg's own properties during the period totalled SEK 768 million (SEK 707 m). The unrealised change in value amounted to SEK 2,328 million (SEK 861 m) and is primarily explained by the market's lower yield requirements for the majority of properties and higher rents as a result of new letting and renegotiations.

See more in note 15, Investment properties, page 141.

OUTLOOK FOR 2016

Atrium Ljungberg's conditions are excellent. The higher urbanisation and population growth continue to drive growth in the metropolitan regions, where we are established.

The investment volume in own properties for 2016 is assessed to amount to approximately SEK 1 billion.

The forecast for profit before changes in value amounts to SEK 900 million in comparison to SEK 945 million for 2015. The forecast has been affected by the sale of four retail properties in 2015. The forecast net profit after tax is SEK 700 million, corresponding to SEK 5.25/share. Changes in value and any future property acquisitions and sales have not been taken into account in the forecast.

Acquisitions 2015

Property name	Municipality	Additional letting area, m ² ¹⁾	Possession
Lundbyvassen 4:7	Gothenburg	7,283	30/09/2015
Lundbyvassen 4:8 ²⁾	Gothenburg	10,525	30/09/2015
Lundbyvassen 4:13	Gothenburg	29,469	30/09/2015

Sales 2015

Property name	Municipality	Deductible letting area, m ² ¹⁾	Date vacated
Orminge 47:1	Nacka	10,849	30/11/2015
Rotundan 1	Sollentuna	19,934	30/11/2015
Igor 8	Västerås	29,917	01/12/2015
Månadsmötet 9	Östersund	18,438	01/12/2015

¹⁾ Incl. garage area.

²⁾ After the acquisition, the property has been regulated into Lundbyvassen 4:7.

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 letting, project and construction activities, property valuation 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 pre-

ventative manner and be prepared for different scenarios. Operational risks are mainly managed by awareness of the risks and continuous work on minimising the negative impact which may occur.

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. Also see the corporate governance statement, pages 110–113 and internal control, pages 116–117.

RISKS

MANAGEMENT AND OPPORTUNITIES

Property values

The property portfolio is estimated at fair value (market 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 expected yield which the market's players accept. A lower yield requirement affects the market value positively as well as a higher expected future operating net.

The real estate valuation is based on a number of input data and assumptions. In the valuation process there is a risk that the assumptions which have been made do not reflect the current market conditions and 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 and more stable cash flows from our properties.

The real estate valuation is done on a quarterly basis. Approximately 40–50 per cent of the market value is valued externally every year. Our internal valuations are subjected to quality assurance by independent valuers. See more in note 15 on pages 141–142.

Sensitivity analysis, property valuation

Value parameter	Assumption	Impact on value, SEK m
Rental level	+/- 10%	+/- 3,070
Operating cost	+/- SEK 50/m ²	-/+820
Yield requirement	+/- 0.25 %	-1,811 /+2,003
Long-term vacancy level	+/- 2 %	-/+ 892

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

Sensitivity analysis, change in value

Properties	-10 %	0	+10 %
Change in value, SEK m	-3,084	0	3,084
Gearing ratio	48 %	43 %	39 %

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

RISKS

Environment and climate

According to the Swedish Environmental Code, the property owner may be liable to defray measures resulting from a contamination incident or a serious case of environmental damage.

Increased agency requirements for energy consumption and additional increased requirements from customers in environmentally certified properties

In the long run, global climate change risks impacting our operations, for example, by higher costs for building properties which can handle extreme weather conditions.

Investments and projects

Property development through investments in in-house properties and production of 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.

MANAGEMENT AND OPPORTUNITIES

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.

Work is continuously ongoing to reduce energy consumption through streamlining and by using new technology during, for example, new production. This lowers consumption and thereby has a lower cost impact. Our overall goal is to reduce energy consumption per square metre between 2014 and 2021 by 20 per cent, during 2014–2015 energy consumption has reduced by 9.5 per cent.

The requirement for environmentally certified properties is increasing gradually from our customers and since 2011 all major new builds are environmentally certified. In 2021 the percentage of green lease contracts should be 50%, as a result of which sustainable and cost-efficient solutions are created in close collaboration between tenants and property owners.

Analyses on the effect of climate change on the operations are conducted on an overall level. The weather conditions which are mainly deemed to impact the operations are higher risk of cloudburst and higher temperature fluctuations. The risks are considered to the highest degree possible for new production and major reconstruction projects.

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 for potential but not yet determined projects totalled approximately SEK 9 billion.

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.

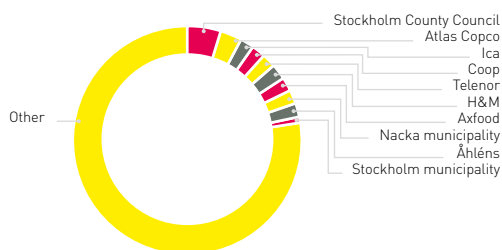
In order to counter the risks, projects are largely conducted from the concept stage to completion using the company's in-house expertise. This ensures that we have continuous direct contact with the customers, short decision-making pathways, a rapid and simple handover to the management team, and a 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.

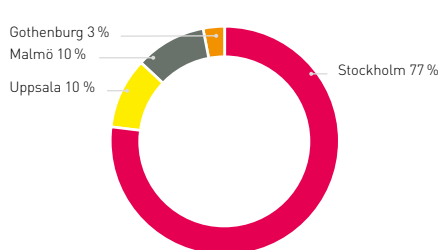
The company applies its prudence concept to all investments. This entails that no investments are made without having secured a reasonable yield by agreeing lease contracts or by good conditions in the rental market. Our goal, in conjunction with new builds and extensions is 20 per cent profit on projects.

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

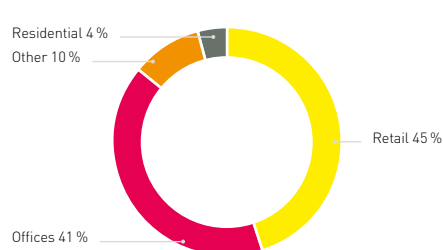
Ten largest customers, contracted annual rent



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 and increases the risk spread in the tenant structure.

At the turn of the year, we had a total of 2,737 commercial lease contracts 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 24 per cent of the rental income. The average remaining weighted lease term in the contract portfolio was 3.4 years excluding residential.

Changes in market rents

As commercial lease contracts are often signed for a term of three to five years, changed market rents have an impact on rental income gradually. By being a major property owner within the subsidiary markets in which we operate, we have significant opportunities to impact the rental trend through an improved urban environment, tenant mix and investments in modern premises.

Sales-based rent

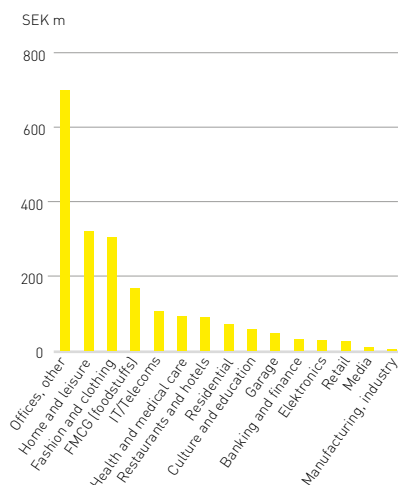
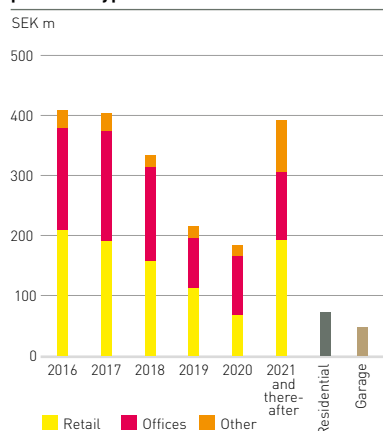
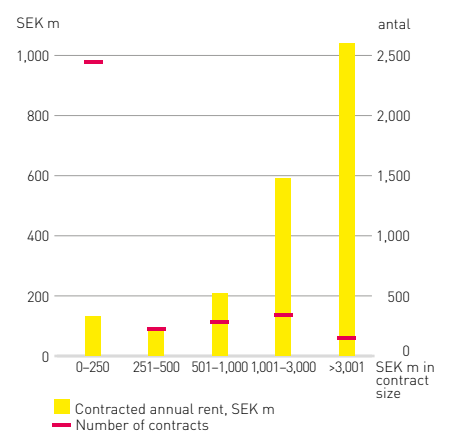
A fixed rent with a sales clause, whereby the tenant pays a surcharge on the rent, based on its sales, is commonplace in lease contracts for retail space. In an economic upturn, this generates the potential for increased rental income if the situation is reversed, the risk is limited by the fact that the tenant pays a fixed minimum rent. The variable sales premium totalled approximately 1 per cent of the contracted rent at the turn of the year".

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.

The letting rate at the turn of the year was 94 per cent (93%), including project properties.

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 and the sales volume is increasing annually from e-commerce. Several retail companies are establishing online stores. This may impact the demand for retail premises.

HUI Research assesses that e-commerce accounted for approximately 7 per cent of the total retail sector in 2015. We are monitoring the trend closely and also have a close dialogue with our retail customers. 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 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 2015 in note 6 on page 136.

Supplier risk

Supplier risk refers to the risk that our suppliers cannot fulfil their deliveries, that they use unethical business practices or do not fulfil the environmental requirements which have been imposed.

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 long-termism. 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. Read more about our work on anti-corruption and corporate social responsibility on page 33.

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 2015 received deposits amounted to SEK 30.0 million and bank guarantees to SEK 46.5 million.

Sensitivity analysis, cash flows

	Change, %	Effect on profit, year 1, SEK m	Effect on profit, full-year, SEK m
Rental income	+/- 5 %	+/- 20	+/- 103
Property management costs	+/- 5 %	-/+ 34	-/+ 34
Letting rate	+/- 1 % unit	+/- 22	+/- 22
Atrium Ljungberg's average borrowing rate	+/- 1 % unit	-/+ 38	-/+ 133

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.

Bad debt losses

SEK m	
2011	0.8
2012	4.3
2013	6.1
2014	6.8
2015	16.0

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 renegotiations of existing credit and capital for future investments taking into account 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, of which the largest has 26 per cent. Furthermore, we have supplemented our financing by banks with certificates and MTN programmes. Atrium Ljungberg's gearing ratio, key ratios, and good relationships with the banks all bode well for good potential access to new financing. See pages 103–104 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 2015 we exceeded the target with an index of 87 per cent, compared to the target of 85 per cent, see further on pages 31–32.

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 and changed legislation

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

We continuously monitor amendments to laws, tax legislation and its interpretation in order to make correct assessments in all situations. The risk of incorrect interpretation is minimised by means of continuous dialogue with external expertise and open claims against the Swedish Tax Agency.

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 of the property through companies.

Assuming a deferred tax rate of 4 per cent (in accordance with EPRA NNNAV) for costing purposes for properties, the deferred tax totals SEK 556 million, rather than the reported value of SEK 3,275 million, which would have a positive effect on shareholders' equity of SEK 2,426 million. See page 106 for the calculation.



LOW INTEREST RATES NOW EVEN LOWER

ATRIUM LJUNGBERG'S ASSETS ARE valued at approximately SEK 32 billion and are primarily financed by means of shareholders' equity and loan liabilities to banks and the capital market. 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 risk relative to financial cost.

FINANCE MARKET 2015

During the year there has been great focus on the Riksbank and the monetary policy which has been managed. In February the Riksbank chose to lower the repo rate from the zero interest rate to a negative interest of -0.10 per cent. During the year the negative rate was lowered further and at the turn of the year amounted to -0.35 per cent.

During the year the Swedish economy strengthened, and there is a clear upward trend in inflation. GDP increased by 4.5 per cent during 2015. This places Sweden at the top among the OECD countries. However, uncertainty on the strength of the global economy will persist and central banks around the world have adopted an expansive monetary policy during the year. At the end of the year the Federal Reserve increased the American key interest rate by 0.25 percentage points, which is a sign that the American economy is demonstrating an upward trend.

During the year the Swedish market interest rates fluctuated significantly, but the difference between the start and end of the year is relatively small for the long

interest rates. The 5 year swap interest rate increased during the year from 0.65 per cent to 0.75 per cent. For the 3 month Stibor the change was 0.57 percentage points down to -0.30 per cent.

FINANCE MARKET 2016

The global economic recovery continues to be sluggish where many growth economies, including China, are indicating lower growth in GDP which impacts the global growth forecast.

The lengthy recession in Sweden after the financial crisis is about to transform to a boom. The large influx of refugees entails significantly higher public expenses in the short-term, but as this will be financed by loans, the fiscal policy is expected to be expansive in 2016 and 2017.

The Riksbank is expected to increase the key interest rate first in 2017 as it takes time for the inflation to reach the inflation target. This results in continued low interest rates during 2016. At the end of February the market's pricing of the 3 month Stibor was approximately -0.48 per cent.

FINANCING AND FINANCIAL POLICY

The property sector is 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 renegotiations and new financial requirements taking into account acquisitions and investments in own properties. 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 13,953 million and liabilities totalling SEK 17,994 million, SEK 13,269 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 43 per cent, which is a relatively low gearing ratio in comparison with those of other listed Swedish property companies.

FINANCIAL POLICY, 2015

	Goal/Mandate	Result, 31/12/2015
Gearing ratio, commercial properties	max. 70 %	67 %
Gearing ratio, residential property	max. 75 %	66 %
Gearing ratio, the Group	max. 50 %	43 %
Percentage of interest falling due within 12 months	0-55 %	36 %
Percentage of loans falling due within 12 months	10-30 %	17 %
Currency risk, financing	Not permitted	None
Bank deposits	SEK 0-200 million	SEK 389 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 %	26 %

Financial goals

	Goals	Result, 31/12/2015
Equity/assets ratio	min. 30 %	44 %
Interest coverage ratio	> Multiple of 2	Multiple of 3.3

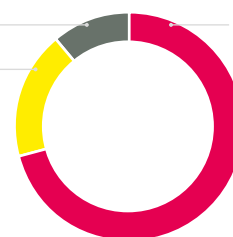
Capital structure

SEK m	2015	2014
Shareholders' equity	13,953	11,590
Interest-bearing liabilities	13,269	12,327
Non-interest-bearing liabilities	1,450	2,681
Deferred tax liability	3,275	2,678

Total shareholders' equity and liabilities 31,947 29,276

Interest-bearing liabilities

Bonds 11 %
Commercial paper 18 %
Bank loans 71 %



The banks are Atrium Ljungberg's biggest financiers, and bank loans account for 71 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 3 billion each. Outstanding commercial papers totalled SEK 2,350 million (SEK 1,460 m) at the turn of the year and bonds of SEK 1,450 million (SEK 1,100 m) were issued under the MTN programme. Unutilised lines of credit amounted to SEK 3,000 million (SEK 1,750 m) and the company also has an overdraft facility totalling SEK 300 million (SEK 300 m).

CAPITAL COMMITMENT AND FIXED INTEREST

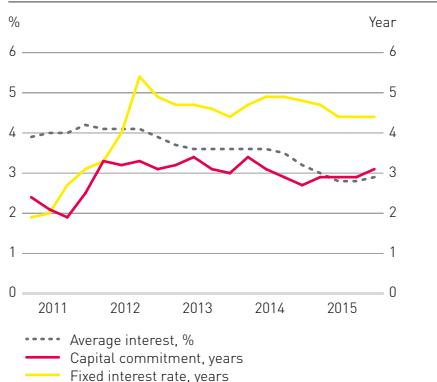
Atrium Ljungberg's property ownership is a long-term commitment and long-term financing is hence required. Long-term capital commitment also reduces the refinancing risk. At the turn of the year the remaining capital commitment period was 3.1 years in comparison to 2.7 years at the beginning of the year.

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.

Capital commitment

Fixed interest term	Amount, SEK m	Percentage, %
2016	2,285	17
2017	3,455	26
2018	3,432	26
2019	1,120	8
2020	653	5
2021 and thereafter	2,324	18
Total	13,269	100

Average interest and capital commitment and fixed interest rate



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 4.8 years at the beginning of the year and to 4.4 years at the year-end. Interest swaps have been entered into for a total value of SEK 8,411 million, net including shortened swaps, with terms maturing between 2016 and 2029. In addition, there is SEK 800 million in forward-starting 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 was 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 200.6 million (SEK -894.0 m) as interest rates had risen on the terms of the deriva-

tives taken out in relation to those during the period. The deficit book value of the derivatives portfolio totalled SEK -621.1 million (SEK -846.4 m) at the turn of the year.

SECURITIES

Our borrowing is largely secured by real estate mortgages. Of the interest-bearing liabilities, SEK 9,469 million is secured by mortgage deeds and SEK 3,800 million is unsecured.

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

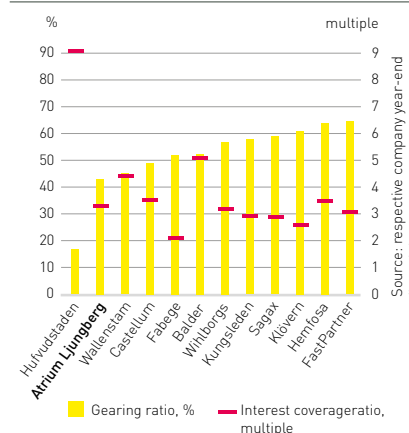
COVENANTS

Covenants, i.e. the terms and conditions a lender 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.

FIXED INTEREST

Fixed interest term	Amount, SEK m	Percentage, %	Average interest, %
Variable + 3 month STIBOR	1,753	13	1.0
2016	3,085	23	1.2
2017	630	5	3.6
2018	849	6	3.7
2019	606	5	3.8
2020	600	5	4.4
2021 and thereafter	5,746	43	3.8
Total	13,269	100	2.9

Gearing ratio and interest coverage ratio as per 31/12/2015, the largest listed property companies



Financial key ratios

	31/12/2015	31/12/2014
Interest-bearing liabilities	13,269	12,327
Shareholders' equity, SEK m	13,953	11,590
Gearing ratio, %	43.0	45.5
Equity/assets ratio, %	43.7	39.6
Average fixed interest term, years	4.4	4.8
Average capital commitment term, years	3.1	2.7
Average interest rate for interest-bearing liabilities, %	2.9	3.2
Interest coverage ratio, multiple	3.3	3.0

THE ATRIUM LJUNGBERG SHARE

PROPERTY SHARES HAVE been successful in 2015. During the year Atrium Ljungberg's class B share listed its highest share price to date with SEK 138.00 and had a total return of 18.8 per cent during the year.

MARKET CAPITALISATION

Market capitalisation, i.e. the value of all outstanding shares, amounted to SEK 17,186 million (SEK 14,821 m) at the turn of the year. This makes Atrium Ljungberg the sixth largest listed property company in Sweden.

SHARE PRICE TREND AND RETURN

During the year the share price of class B share increased by 16 per cent to SEK 133.0 (SEK 114.7). The year's highest rate amounted to SEK 138.0 and the lowest to SEK 105.1.

The total return for the share, corresponding to the total of distributed dividend, and share price growth, was

18.8 per cent (33.8%) during the year. The corresponding return for OMXS Benchmark GI, which contains a selection of largest and most traded shares on Nasdaq, was 6.1 per cent and for OMXS Real Estate GI it was 26.5 per cent.

RETAIL AND SALES

Atrium Ljungberg's class B share is listed on the Nasdaq Stockholm exchange and is traded on the list for large companies, Large Cap. During the year the share changed ticker name to ATRLJ B.

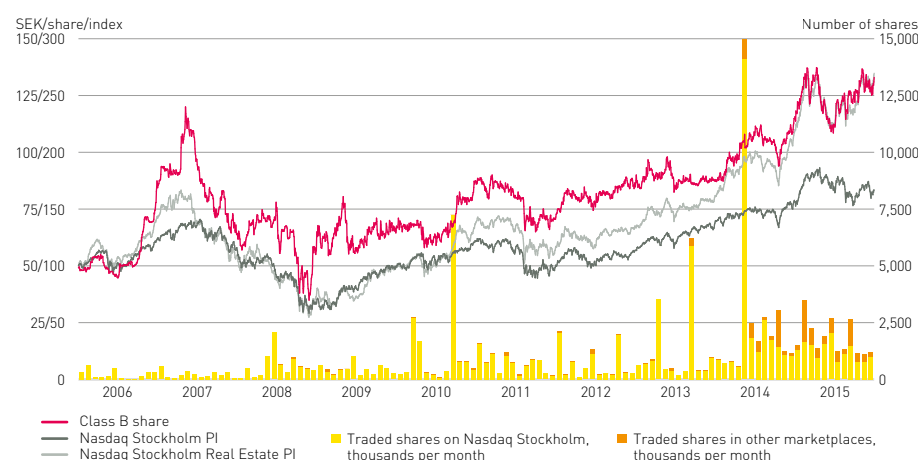
During 2015 a total of SEK 20.2 million shares (33.5 m) were sold at a value of SEK 2.5 billion (SEK 3.4 bn). Of these 73 per cent (83%) were traded on Nasdaq Stockholm

and the remaining on other marketplaces such as BOAT and BATS OTC. The turnover rate was 15 per cent (26%), where last year was impacted by the large share spread which was conducted during the spring of 2014.

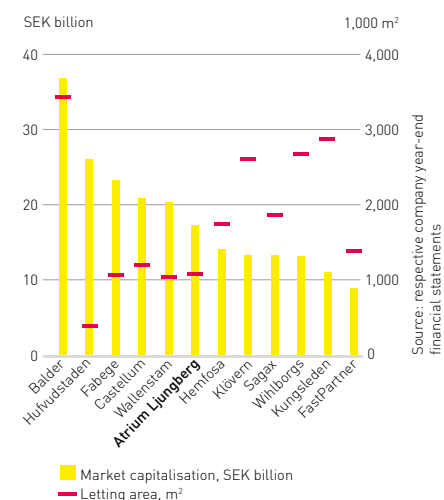
LIQUIDITY

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 31/12/2015, the largest listed property companies



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 2015 financial year a dividend of SEK 3.55 (SEK 3.30) per share is proposed, which corresponds to a dividend return of 2.7 per cent (2.9%) calculated on the share price at the end of the year.

NET WORTH EPRA NAV AND EPRA NNNAV

As Atrium Ljungberg's properties are reported at fair value, the net worth can be calculated on the basis of the Balance Sheet equity. As of 1 January 2015, EPRA NAV and EPRA NNNAV are reported in accordance with the European Public Real Estate Association. Estimated deferred tax for properties of 4 per cent has been

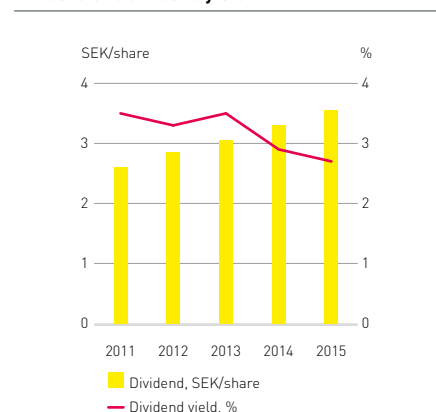
used for the calculation, see further Note 1 Accounting principles on page 132.

Atrium Ljungberg has a substantial project portfolio in which the development of our own development rights generates growth in value. The calculation of EPRA NAV and EPRA NNNAV does not take into account future value potential of the project portfolio. Find out more about the project portfolio on pages 44–45.

Data per share

	2015	2014	2013	2012	2011
Earnings per share, SEK	20.89	4.89	8.52	7.92	6.95
Profit/loss before changes in value less applicable nominal tax, SEK	5.54	4.98	4.97	4.19	3.93
EPRA EPS (Earnings per share), SEK	6.91	6.15	6.29	5.28	5.03
Cash flow, SEK	7.55	5.56	6.56	6.39	4.91
Shareholders' equity, SEK	104.73	87.00	84.67	78.79	73.30
Net worth EPRA NAV, SEK	131.78	111.19	99.40	95.11	63.46
Net worth EPRA NNNAV, SEK	122.95	101.87	95.91	89.43	58.38
Share price, 31 December	133.00	114.70	88.00	87.00	73.25
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	133,221	130,157	130,157	130,157
Average number of outstanding shares, '000	133,221	132,072	130,157	130,157	130,157

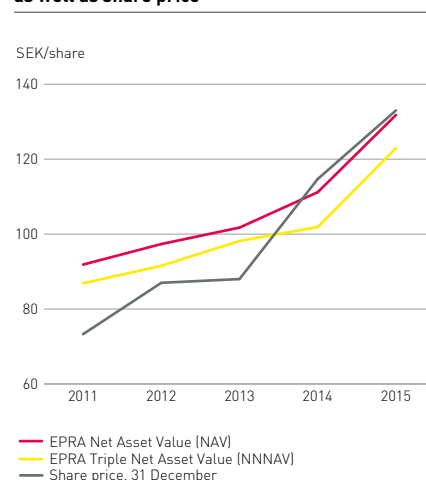
Dividend and dividend yield



Net worth EPRA NAV and EPRA NNNAV

	SEK m	SEK/share
Equity according to the Balance Sheet	13,953	104.7
Replacement:		
Fair value financial instruments	621	4.7
Deferred tax receivable	-30	-0.2
Deferred tax liability	3,275	24.6
Goodwill attributed to deferred tax	-263	-2.0
EPRA Net Asset Value (NAV)	17,556	131.8
Fair value financial instruments	-621	-4.7
Deferred tax liability	-556	-4.2
EPRA Triple Net Asset Value (NNNAV)	16,379	122.9

Net worth EPRA NAV and EPRA NNNAV as well as share price



SHARE STRUCTURE

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.

OWNERSHIP STRUCTURE

At the turn of the year there were 2,901 shareholders in Atrium Ljungberg. The largest owners are the Stockholm Consumer Cooperative Society, together

with the Ljungberg family and the Holmström family, who together own 64 per cent in total. The foreign ownership increased to 15 per cent (13%) during the year.

Major shareholders on 31/12/2015

	Class A shares (‘000)	Class B shares (‘000)	Share of votes	Share of capital
Ljungberg family	1,810	27,066	26.7	21.7
The Stockholm Consumer Cooperative society		38,966	23.0	29.2
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		6,838	4.0	5.1
Ulf Holmlund	380	323	2.4	0.5
Länsförsäkringar Fonder		3,410	2.0	2.6
Swedbank Robur funds		2,587	1.5	1.9
AFA Försäkringar		1,560	0.9	1.2
SHB Fonder		1,552	0.9	1.2
Other		24,818	14.7	18.6
Total number of shares issued	4,000	129,221	100	100

Shareholding structure on 31/12/2015

Shareholding, number of shares	Number of owners	Percentage, %	Number of shares, (‘000)	Percentage, %
1–1,000	2,316	80	562	0
1,001–10,000	420	14	1,370	1
10,001–50,000	82	3	1,748	1
50,001–100,000	20	1	1,328	1
100,001–500,000	35	1	8,740	7
500,001–1,000,000	10	0	6,601	5
1,000,001–	18	1	112,873	85
Total	2,901	100	133,221	100

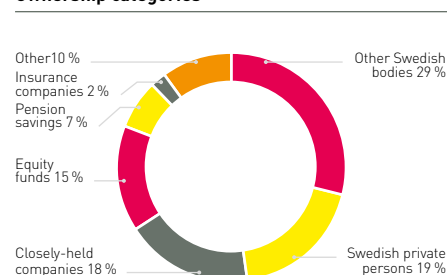
INFORMATION FOR SHAREHOLDERS

Atrium Ljungberg's primary information channel is the company's website, www.atriumljungberg.se. All press releases and financial reports are published here. Regular meetings are organised for analysts, shareholders, potential investors and financiers, both in Sweden and abroad.

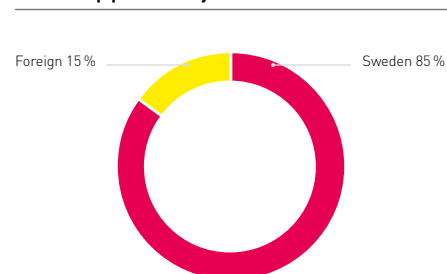
Monitoring by analysts

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

Ownership categories

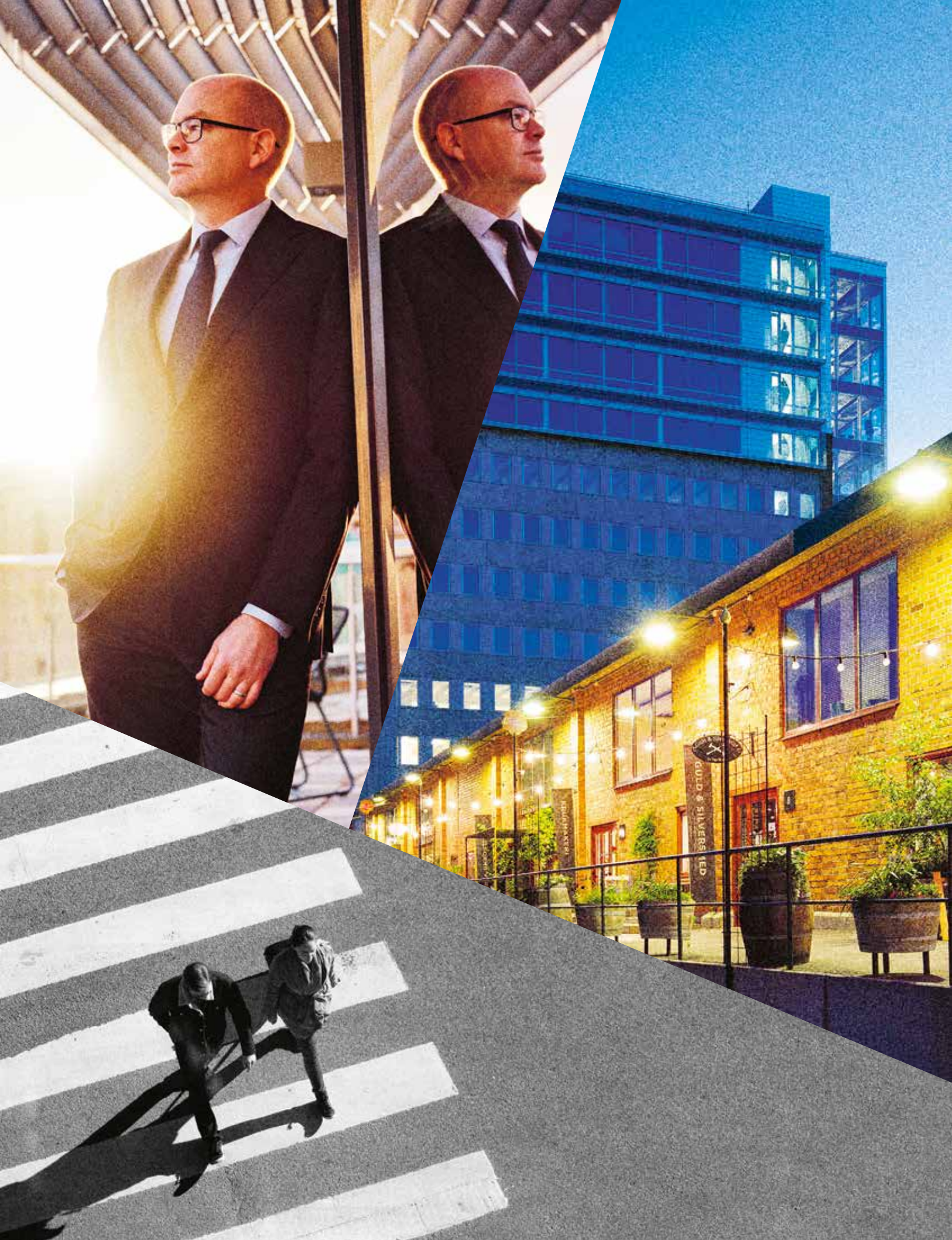


Ownership per country



CALENDAR

2016 Annual General Meeting	06/04/2016
Interim Report, January–March 2016	22/04/2016
Interim Report, January–June 2016	12/07/2016
Interim Report, January–September 2016	21/10/2016
2016 Preliminary Financial Statements	Feb. 2017
2016 Annual Report	Mar. 2017



LONG-TERM VALUES CREATED IN SUSTAINABLE CITY DISTRICTS

ATRIUM LJUNGBERG HAS developed fantastically over recent years and I am taking over the role of chairman with great earnestness after Dag Klackenbergh, who is leaving after four successful years characterised by expansion and profitability. I would like to express my sincere gratitude to Dag for his chairmanship as well as an instructive and rewarding collaboration. I would also like to thank the owners for the confidence.

Our vision, "Our city – where everyone thrives", makes it particularly exciting for me to take over helm as my absolute conviction is that attractive environments and a sustainable lifestyle also result in good long-term profitability for Atrium Ljungberg. "Our city – where everyone thrives", entails that we are really focusing on integrated sustainability where everything we do should be characterised by a sustainability perspective.

SUSTAINABILITY – A PREREQUISITE FOR LONG-TERM PROFITABILITY

Sustainability is not a new aspect in the current market. On several occasions I have seen business concepts which are largely based on investment in properties, conversion to different environmental classifications with the least possible resources, and due to this the properties can be sold at slightly higher prices. These initiatives are welcomed, but we see sustainability in a much wider perspective and the key to our success lies in sustainable construction of society. Of course every individual building should be as energy efficient as possible, but in addition to this we strive to be committed to urban development which plans roads, bicycle lanes, public transport as well as residential and offices based on the living and movement patterns of human beings. We need to understand how our current and future customers will and want to live in these environments. How can we facilitate their everyday life so that it easily becomes more resource-efficient and thereby a part of a more sustainable lifestyle? The assignment is difficult but the prerequisites are good with the right approach from the start, which is based on a holistic and sustainability perspective.

As chairman I am managing the work of

the Board of Directors to create long-term value. We are doing this by setting clear goals and ensuring that the operational activities are being managed in the absolute best manner. Our assignment also involves appointing the CEO, an issue which became topical when our CEO Ingalill Berglund was sick-listed in September 2015 and CFO Annica Ånäs was appointed as acting CEO in October. After close contact with Ingalill during the winter, we jointly decided in February 2016 on permanently switching over leadership in the company by Annica Ånäs taking over the role of CEO. This is a good solution. With Annica as CEO we get both continuity and a very competent leader who shares the company's strong values. She has worked within Atrium Ljungberg for eight years in total, as CFO since 2011 and as acting CEO over recent months. She has been a part of developing current operations and our vision, and will naturally have this as a framework when she leads the company forward in her own way. The journey will be an exciting one. I would like to express my deepest gratitude to Ingalill for fifteen fantastic years.

CORPORATE GOVERNANCE

The financial year 2015 was eventful and future-oriented from a corporate governance perspective. The Board of Directors has given the management an overall focus and taken a number of important decisions for Atrium Ljungberg's long-term development. In this context it is most noticeable that we have established ourselves as a player in Gothenburg and attained a clearer focus on core markets by selling a portfolio with retail properties situated outside these. Perhaps the most important assignment of the Board of Directors during the year has been to safeguard the work on Atrium

Ljungberg's sustainability strategy. It will permeate our entire operations in the future, from start to finish. Here we have a strong starting point, but also large development potential for the future.

THE SHARE SHOULD BE ATTRACTIVE

Atrium Ljungberg should be an attractive equity investment for a wide investor collective. As such profitability in the short-term, and even more importantly in the long-term, is a necessity. In addition, we must be able to offer reasonable liquidity in the share in order to suit institutional owners. The liquidity issue has been addressed by our main owners. Liquidity in the share has increased during 2015, which has resulted in both more shareholders and higher sales per trading day.

Atrium Ljungberg has a simple and well-tested business model which has had a good yield over time. However, the key to our success lies in our employees and not least a strong corporate culture which combines a disciplined approach with drive, enterprise and innovativeness. I am impressed by the drive and the leadership which the organisation demonstrates, both internally and externally. Together they lead to continuous development and that we are always progressing with our positions. Even though this human capital is not visible in our balance sheet, it is one of the company's most important assets. I would like to express my deepest gratitude for all the efforts during the year!



Johan Ljungberg, 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 (ATRLJ B) is listed on the NASDAQ OMX 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 2015, divided among 4,000,000 class A shares (ten votes per share) and 129,220,736 class B shares (one vote per share). The company does not own class B shares. There is no restriction on voting rights. The company's market capitalisation at the year-end totalled SEK 17,718 million. Atrium Ljungberg's target is for the dividend to correspond to at least 50 per cent of the

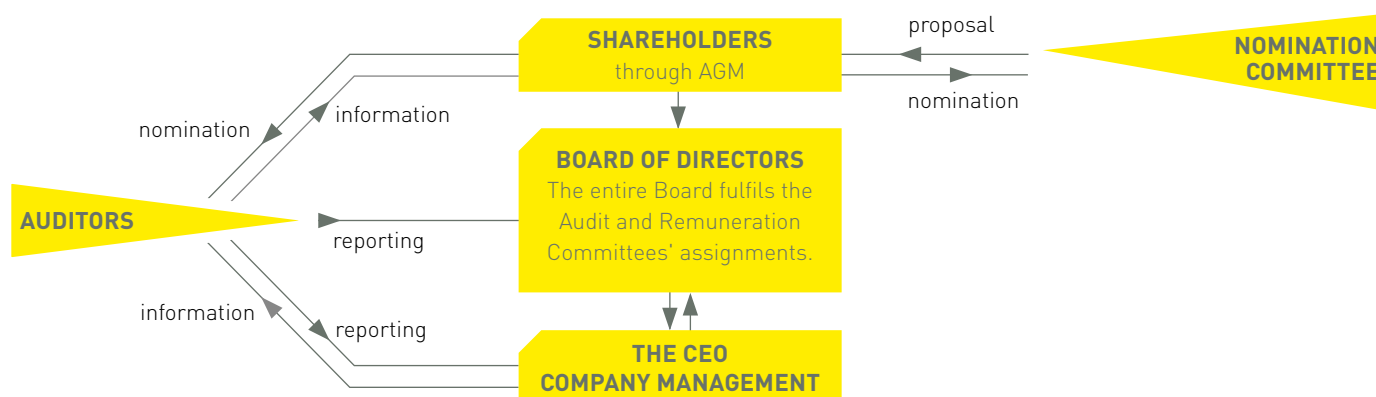
profit before changes in value after nominal tax unless investments or the company's financial position otherwise mandate a deviation from this norm.

The number of shareholders amounted to 2,901 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 107.

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,

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.

and adopts principles governing remuneration to the Board of Directors, the auditors, and the company's 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 2015 Annual General Meeting was held on 21 April which was attended by 161 shareholders representing 82.8 per cent of the share capital and 86.4 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 3.30 per share;
- the election of the Board of Directors;
- the determination of Directors' fees totalling SEK 1,400,000, 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;
- re-election of the auditing firm Ernst & Young AB and auditor in charge Jonas Svensson to sign the Audit Report together with Ingemar Rindstig;
- the establishment of a nomination committee representing the five biggest shareholders by vote as of the last banking day in February 2015;
- guidelines for the remuneration of senior executives within the Group;
- authorisation to the Board of Directors to, on one or several occasions, acquire as many class B shares that the company's holding at the respective time does not exceed 10% of all shares in the compa-

ny, in a regulated market where the shares are listed;

- authorisation to the Board of Directors to, on one or several occasions, decide on an issue in kind of maximum SEK 13.3 million shares of class B.

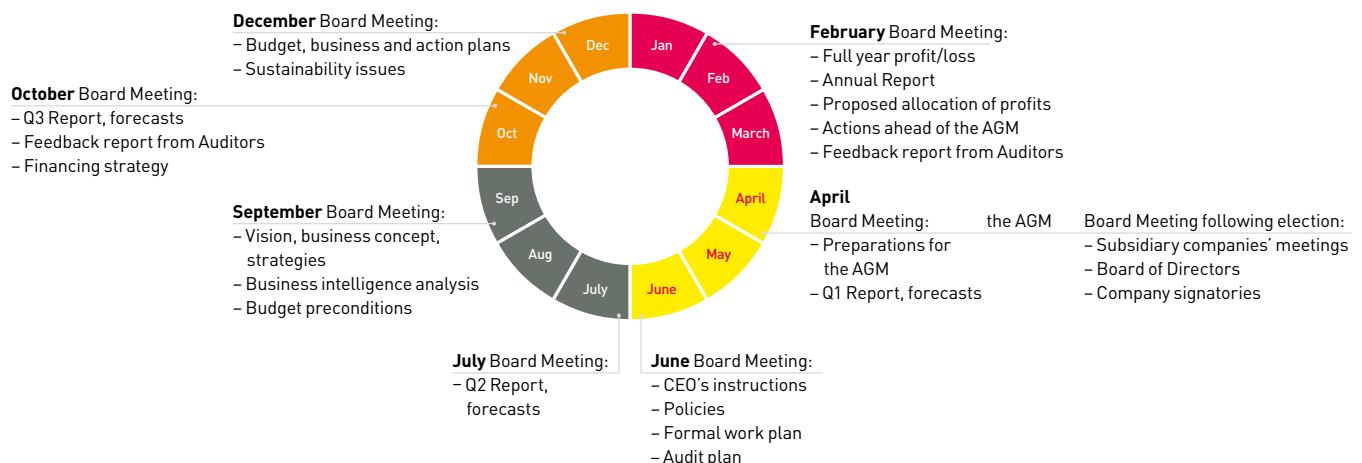
Minutes of the Annual General Meeting and other meeting documents are available on the company's website.

BOARD OF DIRECTORS

The Board has comprised of six members during the year (information about the members is contained on page 114). 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

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



also covers efficient and appropriate systems for governance, internal control and risk management.

As a supplement to 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, communication policy, financial policy, crisis policy, IT policy and affiliated 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 seven ordinary Board Meetings of which one Board Meeting following election was held during the year.

In 2015, 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 10–12 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, sustainability issues, 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 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 Board of Directors, 2015

		Elected	Remuneration, SEK	Independent*	Independent**	Note	Board Meetings
Johan Ljungberg	Chairman	2001	400,000	Yes	No	1)	7 of 7
Sune Dahlqvist	Member	2006	200 000	Yes	No	2)	7 of 7
Simon de Château	Member	2014	200 000	Yes	Yes		7 of 7
Hanna Graflund Sleyman	Member	2015	200 000	Yes	Yes	3)	5 of 7
Anna Hallberg	Member	2009	200 000	Yes	Yes		7 of 7
Erik Langby	Member	2014	200 000	Yes	Yes		5 of 7
People who resigned from the AGM in 2015:							
Dag Klackenber	Member	2004	400,000	Yes	Yes	4)	2 of 2
Thomas Evers	Member	2011	200 000	Yes	No	5)	2 of 2

* 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 2015 Annual General Meeting Member 2009–2015. Deputy Member, 2001–2009 Directly and indirectly a major shareholder in the company.

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

³⁾ Elected at the 2015 Annual General Meeting.

⁴⁾ Chairman until the Annual General Meeting in 2015.

⁵⁾ Member of the Board up to the 2015 Annual General Meeting.

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 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. Since September 2015 Ingalill Berglund has been on sick leave and left her role on 19 February 2016. She was succeeded by Annica Ånäs as of the same date.

The other members of the senior management are presented on page 115 and the organisation structure on page 14.

REMUNERATION FOR SENIOR EXECUTIVES

Resolutions regarding guidelines for remuneration for senior executives were adopted at the Annual General Meeting held in 2015, which conform to the proposals for guidelines for 2016. 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 guide-

lines 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.

AUDITING

The accounting firm of Ernst & Young AB was elected at the 2015 Annual General Meeting to act as auditors for Atrium Ljungberg for the period up to and including the end of 2019 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 21 April 2015, it was decided that the Nomination Committee for the 2016 Annual General Meeting shall comprise representatives of the company's five biggest shareholders by votes, as of the last banking day in February. The Nomination Committee's members were appointed, consisting of Lars Ericson representing the Stockholm Consumer Cooperative society, Per Erik Hasselberg (also the Nomination Committee's Chairman) representing the Holmström family, Hans Hedström representing Carnegie Fonder, Johan Ljungberg representing the Ljungberg family, and Ilkka Tomperi representing the mutual occupational pension insurance company, Varma. In some cases the Nomination Committee can increase the number of members to maximum seven.

Remuneration for company management 2015

SEK k	Basic salary/fee	Other remuneration	Other benefits	PensionShare-related costsremuneration	Total	
Ingalill Berglund, CEO	3,563	–	56	938	–	4,557
Other senior executives	11,386	116	297	2,978	–	14,777

BOARD OF DIRECTORS

JOHAN LJUNGBERG

Chairman 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:

Chairman of the Board and member of the Boards of companies within the Tagehus Group. Chairman of the Board of Credentia AB.

Atrium Ljungberg shareholding:

1,206,410 class A shares and 4,067,600 class B shares.



SIMON DE CHÂTEAU

Member of the Board. Born 1970. Graduate Business Administrator, the Stockholm School of Economics. Chief Investment Officer in Alma Property Partners. 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.

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 Sak and the Order of the Teaspoon. Member of KF's Audit Committee.

Atrium Ljungberg shareholding:

1,000 class B shares.



HANNA GRAFLUND SLEYMAN

Member of the Board. Born 1978. Graduate Business Administrator, the Stockholm School of Economics. CEO Departments & Stores, NK (RNB, the NK part). Member of the Board since 2015.

Other significant directorships:

Member of the Boards of companies within the RNB Group.

Atrium Ljungberg shareholding:

No shareholding.



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 Partnerinvest Norr, Högskolan Väst and companies within the Almi Group.

Atrium Ljungberg shareholding:

2,000 class B shares.

ERIK LANGBY

Member of the Board. Born 1951. Social Sciences education, Stockholm University. Chairman of the municipal executive board of Nacka 1983–2012. Member of the Board since 2014.

Other significant directorships:

Chairman of the Board of Nacka Strands-Mässan AB. Member of the Board of Kommuninvest i Sverige AB, HSB Omsorg AB as well as Hegeli Public Affairs AB.

Atrium Ljungberg shareholding:

No shareholding.



THE MANAGEMENT

ANNICA ÅNÄS

Born 1971. CEO. Took over as CEO on 19 February 2016. Acting CEO from October 2015. Previously CFO. Employed by the Atrium Ljungberg Group since 2011, also employed between 2008–2010.

Other significant directorships:
Member of the Board of Finnish listed property company Technopolis.

Atrium Ljungberg shareholding:
3,100 class B shares.



INGALILL BERGLUND

Born 1964. CEO up until 19 February 2016. Sick-listed from September 2015. Employed by the Atrium Ljungberg Group since 2001. No other significant directorships outside the company.

Atrium Ljungberg shareholding:
40,000 class B shares.

MICAEL AVERBERG

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

Atrium Ljungberg shareholding:
1,500 class B shares.



ANGELA BERG

Born 1975. Business Area Director, Projects. Employed by the Atrium Ljungberg Group since 2011.

Atrium Ljungberg shareholding:
No shareholding.

MATTIAS CELINDER

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

Atrium Ljungberg shareholding:
301 class B shares.



LINUS KJELLBERG

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

Atrium Ljungberg shareholding:
No shareholding.



HELENA MARTINI

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

Atrium Ljungberg shareholding:
200 class B shares.



JONAS TÖRNELL

Born 1957. Business Area Director, Offices 2013–2015

Atrium Ljungberg shareholding:
22,028 class B shares.

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, long-termism, 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 157–158 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 2015 the company invested SEK 768 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 2015 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 2015, 39 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 is 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 97–101 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 understanding of the risks and the impor-

tance 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.

During the autumn of 2015 we started mapping of corruption risks, we employed a purchasing manager and in 2016 a function for whistleblowing will be established.

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 2015 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 2015 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	2015	2014
Rental income	5	2,121.6	1,980.5
Sales, project and construction work		345.8	330.8
Net sales	2	2,467.5	2,311.3
Property management costs			
Service charge-related costs		-177.0	-175.6
Other operating costs		-150.4	-147.3
Management costs		-135.8	-131.6
Repairs		-46.5	-44.4
Property tax		-125.5	-115.0
Leasehold fees		-26.1	-13.6
Non-deductible VAT		-10.2	-8.4
	6,7,8,9	-671.2	-635.9
Project and construction work costs		-371.7	-341.6
Gross profit/loss		1,424.5	1,333.8
– of which gross profit property management (operating surplus)		1,450.4	1,344.6
– of which gross profit/loss from project and construction work	10	-25.9	-10.8
Central administration, property management		-60.4	-53.3
Central administration, project and construction work		-15.3	-14.0
	3,7,8,9	-75.8	-67.3
Financial income	12	1.5	1.5
Financial expenses	12	-404.9	-424.5
		-403.4	-423.0
Profit/loss before changes in value		945.4	843.5
CHANGES IN VALUE			
Properties, unrealised	15	2,328.3	860.6
Properties, realised		-32.7	8.3
Financial instruments, unrealised	28	200.6	-894.0
Goodwill write-downs	13	-11.1	0.0
		2,485.1	-25.1
Profit/loss before tax		3,430.5	818.4
Current tax	14	-16.9	-16.2
Deferred tax	14	-630.1	-157.0
		-647.0	-173.2
Net profit/loss for the year		2,783.5	645.2
Other comprehensive income			
<i>Items which will be reclassified to profit/loss</i>			
Cash flow hedging	28	24.7	32.7
Tax attributable to other reported income and expenses	26	-5.4	-7.2
Total other comprehensive income		19.3	25.5
Total comprehensive income for the year		2,802.8	670.7
Data per share			
Earnings per share, SEK		20.89	4.89
Average number of outstanding shares, '000		133,221	132,072

COMMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NET SALES

The Group's net sales totalled SEK 2,468 million (2311). Rental income for 2015 totalled SEK 2,122 million (SEK 1,981 m), corresponding to a year-on-year increase of 7.1 per cent. The increase is mainly explained by additional rental income from acquired properties and projects which have been completed over previous years.

Acquired properties are Stora Katrineberg 16 in Stockholm, with possession in February 2015, as well as properties in Gothenburg with possession on 30 September 2015.

Completed projects mainly comprise Kvarteret NOD in Kista, Ica Kvantum in Farsta, residentials in Mobilia and operations in Gränby Köpstad within Gränbystaden.

During the year non-recurring remuneration for premature vacating of premises was received by SEK 15.5 million (SEK 12.8 m). Rental income has been impacted negatively by loss of rental income for sold properties.

The letting rate was 94 per cent (93%), including project properties. Contracted annual rents at the year-end totalled SEK 2,054 million (SEK 2,090 m).

Sales for project and construction activities during the year totalled SEK 346 million (SEK 331 m). TL Bygg's sales totalled SEK 472 million (SEK 418 m), of which SEK 164 million (SEK 112 m) comprised work on behalf of Group companies.

PROPERTY COSTS

Property expenses totalled SEK -671.2 million (SEK -635.9 m), corresponding to an increase of 5.6 per cent. The cost increase is mainly attributable to a large property

portfolio resulting from property acquisitions and completed projects.

GROSS PROFIT

The gross profit for property management (operating surplus) amounted to SEK 1,450.4 million (SEK 1,344.6 m), an increase of 7.9 per cent. The operating surplus margin was 68 per cent (68%). The increase can primarily be attributed to the additional operating surplus from acquired properties and projects that were completed in 2014.

The gross profit for project and construction activities totalled SEK -25.9 million (SEK -10.8 m). TL Bygg's gross profit amounted to SEK 5.0 million (SEK 29.3 m). The lower gross profit in TL Bygg is mainly explained by acceleration costs in a completed construction contract.

Costs in connection with ongoing development projects for our real estate business that cannot be capitalised have been charged to the Group's gross profit/loss.

CENTRAL ADMINISTRATION

Central administration comprises the costs in connection with 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 the year totalled SEK -75.8 million (SEK -67.3 m). The change primarily relates to investments within communication and business support.

FINANCIAL INCOME AND EXPENSES

Financial expenses amounted to SEK -404.9 million (SEK -424.5 m). During the year SEK 5.4 million (SEK 15.2 m) in interest expenses has been capitalised as an investment in property projects. Financial income totalled SEK 1.5 million (SEK 1.5 m).

CHANGES IN VALUE

Unrealised changes in the value of properties totalled SEK 2,328.3 million (SEK 860.6 m) and are explained in the table below.

Unrealised changes in value

	SEK m
Change in yield requirements	2,139
Change in operating nets	187
Change in investments	2
Total	2,328

Realised changes in the value of properties totalled SEK -32.7 million (SEK 8.3 m) and refer to the sale of four retail properties during the fourth quarter.

At the end of the year, the derivatives portfolio comprised of SEK 8,411 million in interest swaps, net including shortened swaps. In addition, there is SEK 800 million in forward-started swaps. Interest swaps are subjected to market valuation and the change value is reported in the Income Statement. Unrealised changes in the value of derivatives totalled SEK 200.6 million (SEK -894.0 m) as a result of an increase in market interest rates on the terms covered by the derivatives.

TAX

The current tax for the year totalled SEK -16.9 million (SEK -16.2 m) and has been affected by, among other things, tax deductible depreciation and investments, and by loss carry-forwards from the previous year's tax assessment.

The change in deferred tax amounts to SEK -630.1 million (SEK -157.0 m) and has mainly been impacted by deferred tax on unrealised changes in the value of properties.

The total tax rate for 2015 is lower than the nominal tax rate of 22 per cent as a result of the sale of properties, through transfer of shares.

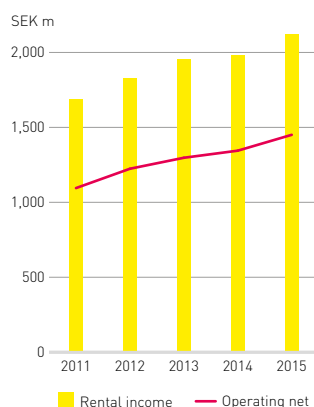
PROFIT

The Group posted a profit before changes in value of SEK 945.4 million (SEK 843.5 m), an increase of 12.1 per cent. The net profit for the year totals SEK 2,783.5 million (SEK 645.2 m), corresponding to SEK 20.89/share (SEK 4.89/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	31/12/2015	31/12/2014
ASSETS			
Fixed assets			
Investment properties	15, 16	30,841.2	28,163.4
Tangible fixed assets	18	18.0	17.5
Goodwill	13	263.1	274.2
Participations in associated companies and joint ventures	19	0.1	0.1
Deferred tax receivable	21	30.0	27.0
Other long-term receivables		–	–
Total fixed assets		31,152.3	28,482.2
Current assets			
Accounts receivable	22	108.3	102.5
Tax receivables		109.1	85.3
Other receivables	23	70.0	77.6
Prepaid costs and accrued income	24	118.0	113.2
Liquid assets	27, 28	389.4	414.8
Total current assets		794.8	793.4
Total assets		31,947.2	29,275.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		333.0	333.0
Other capital contributed		3,959.8	3,959.8
Provisions		–68.5	–87.8
Profits brought forward including net profit/loss for the year		9,728.5	7,384.6
Total shareholders' equity attributable to the Parent Company's shareholders		13,952.8	11,589.6
Long-term liabilities			
Deferred tax liability	26	3,275.3	2,677.5
Long-term interest-bearing liabilities	27, 28	10,976.0	9,807.1
Derivatives	28	620.9	846.4
Other long-term liabilities	29	32.4	27.2
Total long-term liabilities		14,904.6	13,358.2
Current liabilities			
Short-term interest-bearing liabilities	27, 28	2,285.4	2,510.3
Derivatives	28	0.2	–
Accounts payable		155.3	130.0
Other liabilities	30	52.5	1,127.5
Accrued costs and prepaid income	31	596.5	560.0
Total current liabilities		3,089.8	4,327.8
Total shareholders' equity and liabilities		31,947.2	29,275.6
MEMORANDUM ITEMS			
Collateral pledged for liabilities to credit institutions			
Property mortgages		9,469.3	11,559.3
Other collateral pledged			
Floating charges		15.0	15.0
		9,484.3	11,574.3
Guarantee engagements			
Guarantee undertakings		–	0.1

COMMENTS ON THE CONSOLIDATED BALANCE SHEETS

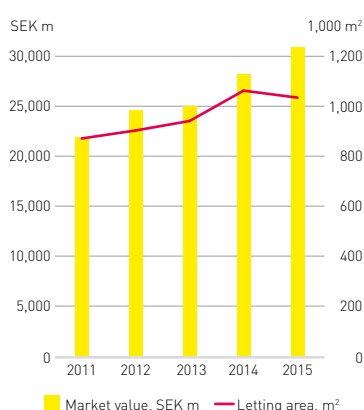
FIXED ASSETS

The reported value of the property portfolio totalled SEK 30,841 million (SEK 28,163 m) at the year-end. Development rights and land account for SEK 729 million (SEK 625 m) of this total. Investments in Atrium Ljungberg's own properties totalled SEK 768 million (SEK 707 m). During the year the properties Lundbyvassen 4:7, Lundbyvassen 4:8 and Lundbyvassen 4:13 have been acquired. The year's sales refer to the properties Igor 8, Månadsmötet 9, Rotundan 1 and Orminge 47:1. The year's unrealised changes in the value of the investment properties totalled SEK 2,328 million (SEK 861 m).

Changes in the value of the property portfolio

SEK m	2015	2014
Property portfolio on 1 January	28,163	25,008
Acquisitions	872	1,673
Investments in our own properties	768	707
Sale	-1,291	-85
Unrealised changes in value	2,328	861
Property portfolio on 31 December	30,841	28,163

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 11.1 million during the year. The reduction is attributable to the year's property sales.

A deferred tax receivable for loss carry-forwards totalling SEK 27.0 million was reported at the beginning of the year. The deferred tax receivable calculated on the basis of the fiscal deficit as of 31/12/2015 totals SEK 30.0 million.

The market valuation of derivatives at the year-end totalled SEK -621.1 million (SEK -846.4 m).

CURRENT ASSETS

Liquid assets at the end of the financial year totalled SEK 389.4 million (SEK 414.8 m). Other current assets have increased by SEK 27 million.

SHAREHOLDERS' EQUITY

Shareholders' equity on the closing day totalled SEK 13,952.8 million (SEK 11,589.6 m), corresponding to SEK 104.73/share (SEK 87.00/share). The change in the shareholders' equity is mainly attributable to the net profit for the year of SEK 2,783.5 million. The hedging reserve has decreased by SEK 19.3 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 439.6 million. The equity/assets ratio at the year-end was 43.7 per cent (39.6%). Net worth EPRA NNNNAV amounted to SEK 122.95/share (SEK 111.19/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 31/12/2015 totalled SEK 3,275.3 million (SEK 2,677.5 m). The year-on-year change is attributable 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 106 in accordance with EPRA.

INTEREST-BEARING LIABILITIES

At the turn of the year, the interest-bearing liabilities in accordance with the balance sheet totalled SEK 13,261 million (SEK 12,317 m), a net increase of SEK 944 million. The raising of new loans refers to financing of investments and acquisitions. Amortisation has been conducted mainly for sold properties.

The average capital commitment term was 3.1 years (2.7 years). The average fixed interest term was 4.4 years (4.8 years). The gearing ratio was 43.0 per cent (45.5%).

Atrium Ljungberg's financing is described in more detail on pages 103–104.

OTHER LIABILITIES

At the start of the year other current liabilities included unpaid purchase money for acquisition of the property Stora Katrineberg 16. The purchase money was regulated in February 2015.

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK m	Share capital	Attributable to the Parent Company shareholders			Total shareholders' equity
		Other capital contributed	Hedging reserves	Profits brought forward	
Opening balance as per 1 January 2014	333.0	3,959.8	-113.3	6,841.2	11,020.7
Net profit/loss for the year				645.2	645.2
Other comprehensive income			25.5		25.5
Divestment of own 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
Change in shareholders' equity, 2015					
Net profit/loss for the year				2,783.5	2,783.5
Other comprehensive income			19.3		19.3
Dividend, SEK 3.30/share				-439.6	-439.6
Closing balance, as per 31 December 2015	333.0	3,959.8	-68.5	9,728.5	13,952.8

The number of shares amounts to 133,220,736 shares (133,220,736 shares), of which 4,000,000 shares (4,000,000 shares) are of class A and 129,220,736 shares (129,220,736) are of class B.

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 shares (133,220,736 shares). The average number of outstanding shares for 2015 amounts to 133,220,736 shares (132,071,831 shares). The quota value of the share is SEK 2.50.

CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	Note	2015	2014
OPERATING ACTIVITIES			
Profit/loss before tax		3,430.5	818.4
Reversal of depreciation and write-downs	9	8.4	6.5
Realised changes in value, investment properties		32.7	-8.3
Unrealised changes in value, investment properties	15	-2,328.3	-860.6
Unrealised changes in value, financial instruments		-200.6	894.0
Other items not included in the cash flow		17.1	17.8
Taxes paid		-40.7	-193.9
Cash flow from operating activities before changes in working capital		919.1	673.9
Increase/decrease in current receivables		-3.1	-35.1
Increase/decrease in current liabilities		89.7	95.6
Change in working capital		86.6	60.5
Cash flow from operating activities		1,005.7	734.4
INVESTMENT ACTIVITIES			
Acquisition of properties	15	-1,958.2	-620.0
Reconstruction and new construction of properties	15	-769.0	-706.6
Sale of properties		1,201.4	1,031.9
Purchases of machinery and equipment		-8.9	-7.3
Cash flow from investment activities		-1,534.7	-302.0
FINANCING ACTIVITIES			
Change in other long-term liabilities		5.0	2.5
Loans raised	27	3,810.8	2,180.4
Amortisation of debts	27	-2,872.6	-2,285.2
Divestment of own shares		-	295.1
Dividends paid		-439.6	-397.0
Cash flow from financing activities		503.6	-204.2
Cash flow for the year		-25.4	228.2
Liquid assets at the beginning of the year		414.8	186.6
Liquid assets at the end of the year		389.4	414.8
Information on interest paid			
Interest received totalled		0.9	1.5
Interest paid totalled		-412.4	-435.6
Information on liquid assets at the end of the year			
Bank deposits, excluding blocked funds		389.4	414.8

COMMENTS ON THE CONSOLIDATED STATEMENTS OF CASH FLOW

The cash flow from operating activities totalled SEK 1,005.7 million (SEK 734.4 m), corresponding to SEK 7.55/share (SEK 5.56/share). The higher cash flow compared to the previous year is explained by a positive change in the operating capital of 26.1 and the remaining share by the operating activities. SEK -1 534.7 million (SEK -302.0 m) in investment activities has been charged to the cash flow and refers primarily to invest-

ments in Atrium Ljungberg's own properties as well as acquisition of the properties Stora Katrineberg 16 in Liljeholmen, Stockholm as well as the properties on Lindholmen in Gothenburg. The sale of four retail properties during the fourth quarter has affected the cash flow by SEK 1,201.4 million.

The cash flow from financing activities amounted to SEK 503.6 million (SEK -204.2 m) and has been affected by raising of new

loans for financing of 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 2,350 million (SEK 1,460 m) amounted to SEK 1,339.4 million (SEK 1,004.8 m) at the end of the year.

INCOME STATEMENTS PARENT COMPANY

Amounts in SEK m	Note	2015	2014
Rental income	5	169.2	161.8
Management income	7,8,9	208.5	122.0
Net sales	10	377.7	283.8
Property expenses		-58.2	-60.9
Management and administration expenses	3,7,8,9	-240.3	-203.5
Depreciation		-19.8	-17.6
Operating profit/loss	4,6	59.4	1.8
Result of participations in Group companies	11	620.3	579.7
Interest income and similar profit/loss items	12	472.7	536.7
Interest expenses and similar profit/loss items	12	-426.4	-456.5
		666.6	659.9
Profit/loss after financial items		726.0	661.7
Appropriations	25	-138.9	-103.3
Profit/loss before tax		587.1	558.4
Current tax	14	-12.0	-14.3
Deferred tax	14	-22.1	-22.6
		-34.1	-36.9
Net profit/loss for the year		553.0	521.5
Net profit/loss for the year as per Income Statement		553.0	521.5
Other comprehensive income		-	-
Total comprehensive income for the year		553.0	521.5
Dividend per share, SEK (2015, proposed)		3.55	3.30

STATEMENT OF COMPREHENSIVE INCOME PARENT COMPANY

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 377.7 million (SEK 283.8 m). The higher sales mainly depend on a changed invoicing principle between the parent company and the Group's subsidiaries. This has also affected

the management and administration expenses. Operating profit/loss totalled SEK 59.4 million (SEK 1.8 m). The profit/loss after financial items totals SEK 726.0 million (SEK 661.7 m) and was mainly affected by higher dividends from subsidiary companies. Dividends from subsidiaries amounted to SEK 430 million (SEK 395 m). Interest-bearing liabilities amount to SEK 9,685 million (SEK 8,261 m). These

funds finance the company's property portfolio and are lent on to other Group companies.

The parent company's setup for the income statement has been changed. The change has not entailed any effect on the operating profit. The comparison figures have been updated in accordance with the new setup.

BALANCE SHEETS PARENT COMPANY

Amounts in SEK m	Note	31/12/2015	31/12/2014
ASSETS			
Fixed assets			
Tangible fixed assets			
Investment properties	16, 17	1,433.5	1,366.6
Machinery and equipment	18	5.3	7.8
Total tangible fixed assets		1,438.8	1,374.4
Financial fixed assets			
Participations in Group companies	20	2,612.5	2,422.1
Total financial fixed assets		2,612.5	2,422.1
Total fixed assets		4,051.3	3,796.5
Current assets			
Accounts receivable	22	1.7	2.3
Receivables from Group companies	4, 27, 28	14,146.0	13,628.8
Tax receivables		27.6	24.4
Other receivables	23	9.0	10.5
Prepaid costs and accrued income	24	177.7	12.7
Liquid assets	28	359.3	321.2
Total current assets		14,721.3	13,999.9
Total assets		18,772.5	17,796.4
TOTAL 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		2,301.5	2,219.6
Net profit/loss for the year		553.0	521.5
		6,803.0	6,689.6
Total shareholders' equity		7,401.4	7,288.0
Untaxed reserves	25	41.5	36.1
Provisions			
Deferred tax liability	26	257.6	235.5
Long-term liabilities			
Long-term interest-bearing liabilities	27, 28	8,905.0	7,350.1
Other long-term liabilities	29	29.4	25.2
Total long-term liabilities		8,934.4	7,375.3
Current liabilities			
Short-term interest-bearing liabilities	27, 28	780.4	910.8
Accounts payable		12.7	15.7
Liabilities to Group companies	4, 28	1,262.2	1,852.4
Other liabilities	30	7.3	7.4
Accrued costs and prepaid income	31	75.1	75.2
Total current liabilities		2,137.7	2,861.5
Total shareholders' equity and liabilities		18,772.5	17,796.4
MEMORANDUM ITEMS			
Collateral pledged for liabilities to credit institutions			
Property mortgages		1,232.9	1,351.4
Property mortgages made available by subsidiary companies		4,660.4	4,989.8
		5,893.3	6,341.2
Guarantee engagements			
Guarantee undertakings for subsidiary companies		200.0	200.0
Liabilities as limited partner in limited partnerships		211.6	157.0
		411.6	357.0

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 2014	333.0	265.4	3,948.4	2,321.6	6,868.4
Net profit/loss for the year				521.5	521.5
Divestment of own 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
Net profit/loss for the year				553.0	553.0
Dividend, SEK 3.30/share				-439.6	-439.6
Closing balance, as per 31 December 2015	333.0	265.4	3,948.4	2,854.6	7,401.4

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 end of the year, the number of outstanding shares amounted to 133,220,736 (133,220,736). The average number of outstanding shares for 2015 amounts to 133,220,736 (132,071,831). The quota value of the share is SEK 2.50.

STATEMENTS OF CASH FLOW PARENT COMPANY

Amounts in SEK m	Note	2015	2014
OPERATING ACTIVITIES			
Profit/loss before tax		587.1	558.4
Reversal of depreciation and write-downs	9	19.8	17.5
Unreceived dividends from subsidiary companies		-430.0	-395.0
Other items not included in the cash flow		11.1	-71.7
Tax paid		-16.7	-9.4
Cash flow from operating activities before changes in working capital		171.3	99.8
Increase/decrease in current receivables		-161.3	6.2
Increase/decrease in current liabilities		-3.2	7.2
Change in working capital		-164.5	13.4
Cash flow from operating activities		6.8	113.2
INVESTMENT ACTIVITIES			
Participations in Group companies		-190.4	-42.1
Purchase/sale of machinery and equipment		-1.9	-1.1
Reconstruction and new construction of properties		-82.3	-72.3
Cash flow from investment activities		-274.6	-115.5
FINANCING ACTIVITIES			
Change in other long-term liabilities		4.2	2.7
Change in receivables from Group companies		-87.2	610.4
Change in liabilities to Group companies		-590.2	-720.4
Loans raised	27	3,500.8	2,180.4
Amortisation of debts	27	-2,082.1	-1,750.2
Divestment of own shares		-	295.1
Dividends paid		-439.6	-397.0
Cash flow from financing activities		305.9	221.0
Cash flow for the year		38.1	218.7
Liquid assets at the beginning of the year		321.2	102.5
Liquid assets at the end of the year		359.3	321.2
Information on interest paid			
Interest received totalled		472.7	536.7
Interest paid totalled		-425.0	-449.8
Information on liquid assets at the end of the year			
Bank deposits		359.3	321.2

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SUPPLEMENTARY INFORMATION – NOTES

NOTE 1. ACCOUNTING PRINCIPLES

GENERAL INFORMATION

Atrium Ljungberg AB (publ.), company ID no.: 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 2015 financial year were approved for publication by the Board of Directors on 9 March 2016. It is proposed that the annual accounts and the consolidated accounts be adopted at the Annual General Meeting held on 6 April 2016.

GROUND 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 2015. The consolidated accounts have also been prepared in accordance with Swedish law and with 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 offsetting 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 2015, 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 arises and ceases.

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 the 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

Atrium Ljungberg's segment reporting is based on 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. Sales-based rent has been estimated in the closing accounts on the basis of reported sales data. Sales-based rent is determined in subsequent years once tenants' auditors have determined the tenants' 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 invoiced amounts is reported as an asset. 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.

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 social security payments 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 or directly to shareholders' equity.

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 ongoing 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 real estate mortgage costs 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 assets. Receivables are valued at amortised 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.

Other financial liabilities

Other financial liabilities refer to loans payable, other current liabilities and accounts payable. Loans payable are reported at accrued acquisition value, 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 taxable 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.

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 4.0 per cent has been used for properties. The calculation of the tax rate is based on a discount rate of 3.0 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.

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

Amendments to standards and interpretations which are applied as of 1 January 2015 are of a very limited scope and have not had any significant impact on Atrium Ljungberg's financial reports.

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 2016 and 2017. 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 assesses that the new standard 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 2018 but has not yet been approved by the EU. The standard does not cover reporting of leasing agreements but may have some impact on reporting of project and construction work and on supplementary services for Atrium Ljungberg's tenants.
- IFRS 16 Leases. The standard requires that lessees report assets and liabilities attributable to all leasing agreements, with the exception of agreements which are shorter than twelve months and/or refer to small amounts. The reporting for lessors will essentially be unchanged. The standard replaces IAS 17 Leases as well as associated interpretations. The standard should be applied as of 2019 but has not yet been approved by the EU.

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 Business area Retail,

Business area Offices and Project properties. Project and construction activities are divided into Project development and TL Bygg.

2015	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	995.1	990.6	24.0	111.9	2,121.6					2,121.6
Sales, project and construction work						38.1	471.9	510.0	-164.2	345.8
Net sales	995.1	990.6	24.0	111.9	2,121.6	38.1	471.9	510.0	-164.2	2,467.5
Property management costs	-341.2	-277.8	-9.6	-42.6	-671.2					-671.2
Project and construction work costs						-69.0	-466.9	-535.9	164.2	-371.7
Gross profit/loss	653.9	712.8	14.4	69.3	1,450.4	-30.9	5.0	-25.9	0.0	1,424.5
- of which gross profit/loss from property manage- ment	653.9	712.8	14.4	69.3	1,450.4					1,450.4
- of which gross profit/loss from project and construction work						-30.9	5.0	-25.9		-25.9
Central administration, property management					-60.4					-60.4
Central administration, project and construction work							-15.3	-15.3		-15.3
Financial income									1.5	1.5
Financial expenses									-404.9	-404.9
Profit/loss before changes in value	653.9	712.8	14.4	69.3	1,390.0	-30.9	-10.3	-41.2	-403.4	945.4
Properties, unrealised changes in value	804.8	1,504.9	18.6		2,328.3					2,328.3
Properties, realised changes in value				-32.7	-32.7					-32.7
Derivatives, unrealised changes in value									200.6	200.6
Goodwill write-downs				-11.1	-11.1					-11.1
	804.8	1,504.9	18.6	-43.8	2,284.5				200.6	2,485.1
Current tax									-16.9	-16.9
Deferred tax									-630.1	-630.1
Profit for the period	1,458.7	2,217.7	33.0	25.5	3,674.5	-30.9	-10.3	-41.2	-849.8	2,783.5
Investments and acquisitions per business seg- ment										
Investments, investment properties	310.3	239.2	218.9		768.4					768.4
Investments, project and construction work							0.7	0.7		0.7
Acquisitions, investment properties		872.0			872.0					872.0
	310.3	1,111.2	218.9		1,640.4		0.7	0.7		1,641.1
Assets per business segment, period end										
Investment properties	13,997.6	15,694.1	1,149.5		30,841.2					30,841.2
Project and construction work							170.6	170.6		170.6
Non-allocated assets in common									935.4	935.4
Total assets	13,997.6	15,694.1	1,149.5		30,841.2		170.6	170.6	935.4	31,947.2

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 164 million (SEK 112 m) and have been eliminated in the Group's sales.

On the closing day engagement expenses including reported profit in respect of ongoing engagements in accordance with

construction agreements amount to SEK 427 million (SEK 253 m). Sums received from the client for ongoing engagements total SEK 3.1 million (SEK 6.3 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.

2014	Business area Retail ²⁾	Business Area Offices	Project properties	Properties sold ²⁾	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	974.8	827.6	44.5	133.6	1,980.5					1,980.5
Sales, project and construction work						24.3	418.1	442.4	-111.6	330.8
Net sales	974.8	827.6	44.5	133.6	1,980.5	24.3	418.1	442.4	-111.6	2,311.3
Property management costs	-343.7	-228.0	-16.7	-47.2	-635.9					-635.9
Project and construction work costs						-64.4	-388.8	-453.2	111.6	-341.6
Gross profit/loss	631.1	599.6	27.8	86.4	1,344.6	-40.1	29.3	-10.8	0.0	1,333.8
– of which gross profit/loss from property manage- ment	631.1	599.6	27.8	86.4	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	631.1	599.6	27.8	86.4	1,291.3	-40.1	15.3	-24.8	-423.0	843.5
Properties, unrealised changes in value	301.9	476.5	82.2		860.6					860.6
Properties, realised changes in value				8.3	8.3					8.3
Derivatives, unrealised changes in value									-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	933.0	1,076.1	110.0	94.7	2,160.2	-40.1	15.3	-24.8	-1,490.2	645.2
Investments and acquisitions per business seg- ment										
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.

²⁾ The gross profit in the segment reporting for 2014 has been adjusted for sold properties in the fourth quarter of 2015.

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	
	2015	2014	2015	2014
Audit engagement:				
Ernst & Young AB	1.5	1.5	1.5	1.5
Accounting engagements over and above audit engagements:				
Ernst & Young AB	0.1	0.3	0.1	0.3
Tax consultancy:				
Ernst & Young AB	0.1	0.1	0.1	0.1
Total	1.7	1.9	1.7	1.9

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 Holmström family with companies

Transactions and dealings between the parent company and other group companies

	Parent Company	
	2015	2014
Sale to subsidiary companies	209.7	114.8
Purchasing from subsidiaries	-38.1	-31.6
Interest income from subsidiaries	472.5	536.3
Dividends from subsidiaries	430.0	395.0
Interest expenses to subsidiaries	-96.4	-129.7
Receivables from related parties (Group companies)	14,146.0	13,628.8
Liabilities to related parties (Group companies)	1,262.2	1,852.4

Other

No other transactions between related parties and Atrium Ljungberg have taken place during the year.

Remuneration to the Board of Directors and company management is shown in Note 8.

NOTE 5. LEASE CONTRACTS

As of 01/01/2016 the contracted annual rent amounted to SEK 2,054 million (SEK 2,090 m) in the Group, of which SEK 163 million (SEK 161 m) in the parent company.

Premises, contract maturity structure	The Group	Parent Company
	Rent, SEK m	Rent, SEK m
2016	408	9
2017	404	23
2018	333	7
2019	214	17
2020	182	27
2021	78	2
2022 and thereafter	314	18
Residential	72	48
Garage/parking	48	11
Total	2,054	163

Letting rate, Q1 2016¹⁾	Rental value, SEK m	Contracted annual rent, SEK m	Letting rate, %
Business area Retail	1,039	989	95
Business area Offices	1,123	1,036	92
Total	2,162	2,025	94
Project properties	30	29	97
Total	2,192	2,054	94

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 sales clause. One per cent of the contracted annual rent comprises the sales premium in addition to the minimum rent.

NOTE 6. LEASEHOLD AGREEMENTS AND OTHER LEASING AGREEMENTS

The year's leasehold fees totalled SEK 26.4 million (SEK 13.6 m), SEK 7.2 million (SEK 6.7 m) of which refers to the Parent Company.

Leasehold agreements maturity structure	The Group	Parent Company
	Rent, SEK m	Rent, SEK m
2016	-	-
2017	-	-
2018	-	-
2019	0.6	-
2020 and thereafter	36.1	6.7
Total	36.7	6.7

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 4.1 million (SEK 3.6 m), while remaining costs during the term totalled SEK 8.9 million (SEK 11.0 m).

NOTE 7. PERSONNEL

	The Group		Parent Company	
	2015	2014	2015	2014
Average number of employees				
Men	214	218	94	93
Women	68	64	63	59
	282	282	157	152
Gender breakdown – Board of Directors and management				
Men, Board	4	6	–	–
Women, Board	2	1	–	–
Men, company management	3	4	–	–
Women, company management	4	4	–	–

NOTE 8. SALARIES, OTHER REMUNERATION AND PAYROLL OVERHEADS

	The Group		Parent Company	
SEK k	2015	2014	2015	2014
Board of Directors and senior executives				
Salaries	16,831	15,646	16,831	15,646
Payroll overheads	6,198	5,662	6,198	5,662
Pension costs	3,916	3,522	3,916	3,522
Other				
Salaries	130,987	126,558	78,438	72,292
Payroll overheads	44,679	40,820	27,296	23,982
Pension costs	15,655	15,192	11,883	11,322
Total	218,266	207,400	144,562	132,420

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 115.

	Basic salary/ Directors' fees	Other remuneration	Other benefits	Pension costs	Share-related remuneration	Total
2015 SEK k						
Chairman of the Board						
Johan Ljungberg	400	0	0	0	0	400
Other board members						
Anna Hallberg	200	0	0	0	0	200
Hanna Sleyman Graflund	200	0	0	0	0	200
Simon de Château	200	0	0	0	0	200
Erik Langby	200	0	0	0	0	200
Sune Dahlqvist	200	0	0	0	0	200
	1,400	0	0	0	0	1,400
CEO, Ingalill Berglund	3,563	0	56	938	0	4,557
Other senior executives	11,386	116	297	2,978	0	14,777
	14,949	116	353	3,916	0	19,334
Total	16,349	116	353	3,916	0	20,734

	Basic salary/ Directors' fees	Other remuneration	Other benefits	Pension costs	Share-related remuneration	Total
2014 SEK k						
Chairman of the Board						
Dag Klackenbergh	400	–	–	–	–	400
Other board members						
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

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 5.0 million (SEK 6.1 m). Alecta's surplus may be allocated to the policyholders and/or those insured. At the end of 2015, Alecta's surplus in the form of the collective consolidation level totalled 153 per cent (143 %).

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.

Board of Directors

Remuneration to the Board of Directors is based on fees determined by the Annual General Meeting. Directors' fees are paid as salary or invoicing from the Member of the Board's private firm or company. In the event the directors' fees are invoiced, this is conducted with a premium for an amount corresponding to the social security payments which Atrium Ljungberg does not need to pay accordingly.

NOTE 9. DEPRECIATION AND WRITE-DOWNS

	The Group		Parent Company	
	2015	2014	2015	2014
Depreciation in management and production				
Investment properties	–	–	15.4	14.1
Machinery and equipment	4.1	3.3	0.2	0.2
Total	4.1	3.3	15.6	14.3
Depreciation in central administration				
Machinery and equipment	4.2	3.2	4.2	3.2
Total	8.4	6.5	19.8	17.5

NOTE 10. GROSS PROFIT/LOSS PROJECT AND CONSTRUCTION WORK

	The Group		Parent Company	
	2015	2014	2015	2014
Gross profit/loss, TL Bygg AB	5.0	29.3	–	–
Development project costs that cannot be capitalised	–30.9	–40.1	–26.8	–33.5
Total	–25.9	–10.8	–26.8	–33.5

NOTE 11. RESULT OF PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	2015	2014
Dividends from subsidiaries	430.0	395.0
Result of participations in Sickla Industrifastigheter KB, 916616-1720	190.3	184.7
Total	620.3	579.7

NOTE 12. FINANCIAL INCOME AND EXPENSES

	2014		Parent Company	
	2014	2015	2014	2015
Financial income				
Interest income	0.0	0.3	0.0	0.2
Other interest income	0.7	0.5	0.1	0.0
Interest income, tax-free	0.2	0.6	0.1	0.2
Other financial income	0.6	0.1	0.0	0.0
Group interest income	–	–	472.5	536.3
Total	1.5	1.5	472.7	536.7
Financial expenses				
Interest expenses	–402.0	–423.7	–326.6	–326.4
Other interest expenses	–2.1	–0.4	–2.0	–0.1
Non-deductible interest expenses	–0.1	–0.1	–	–
Other financial expenses	–0.7	–0.3	–1.4	–0.3
Group interest expenses	–	–	–96.4	–129.7
Total	–404.9	–424.5	–426.4	–456.5
Of which interest income and expenses of financial assets/liabilities which are valued at accrued acquisition value:				
Interest income	0.7	0.8	472.6	536.5
Interest expenses	–404.1	–424.1	–425.0	–456.2

During the year, SEK 5.4 million (SEK 15.2 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 2.9 per cent (3.2 %). 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	
	2015	2014
Opening acquisition value	361.7	361.8
Sale of property	–12.6	–0.1
Closing accumulated acquisition value	349.1	361.7
Opening write-downs	–87.6	–87.6
Sale of property	1.5	0.0
Closing accumulated write-downs	–86.1	–87.6
Closing balance	263.1	274.2

NOTE 14. TAX

Tax calculation The Group	Current tax		Deferred tax	
	2015	2014	2015	2014
Reported profit/loss before tax	3,430.5	818.4	–	–
tax deductible				
depreciation	–572.2	–531.1	572.2	531.1
investments	–219.5	–156.2	219.5	156.2
disposal of building	–35.2		35.2	
Non-taxable/non-deductible				
changes in the value of properties, unrealised	–2,328.3	–860.6	2,328.3	860.6
changes in the value of properties, realised	32.7	–8.3	–531.5	–27.3
changes in the value of financial instruments, unrealised	–200.6	894.0	200.6	–894.0
consolidated capitalisation of borrowing costs	–8.4	–15.2	8.4	15.2
goodwill write-downs	11.1	0.0	–	–
other income and expenses	1.8	4.3	–	3.0
Other fiscal adjustments	–0.3	–1.7	1.0	–
Taxable profit/loss before loss carry-forwards	111.6	143.6	2,833.7	644.8
Loss carry-forwards from previous tax assessments	–122.8	–23.1	122.8	23.1
tax deductible investments, adjustment from previous years	–7.3	–61.8	7.3	60.6
Other adjustments of loss carry-forwards from previous tax assessments	–19.3	3.3	15.8	–
Property acquisition through companies	–20.6	–108.5	20.6	–
Loss carry-forwards, closing balance	136.2	122.8	–136.2	–14.3
Taxable profit/loss	77.9	76.3	2,863.9	714.2
Of which 22% tax	–17.1	–16.8	–630.1	–157.1
Adjustment of tax in relation to previous years	0.3	0.6	–	0.1
Reported tax expense/income	–16.9	–16.2	–630.1	–157.0

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 companies 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.

Note 14, cont.

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.

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	
	2015	2014	2015	2014
Parent Company				
Reported profit/loss before tax	587.1	558.5	–	–
Change in difference between book and fiscal values of properties	–99.2	–101.5	99.2	101.5
Dividend from trade-related participations	–430.0	–395.0	–	–
Disposal of properties	–	2.2	–	–
Other fiscal adjustments	0.4	3.5	1.4	–
Taxable profit/loss	58.3	67.8	100.6	101.5
Of which 22 % tax	–12.8	–14.9	–22.1	–22.3
Adjustment of tax in relation to previous years	0.8	0.6	–	–0.2
Reported tax expense/income	–12.0	–14.3	–22.1	–22.6
Reconciliation of tax expenses	The Group		Parent Company	
	2015	2014	2015	2014
Profit/loss before tax	3,430.5	818.4	587.1	558.4
Nominal tax rate, 22 %	–754.7	–180.0	–129.2	–122.9
Fiscal effect of				
changes in the value of properties, realised	109.7	7.8	–	–0.5
goodwill write-downs	–2.4	–	–	–
other non-deductible expenses/non-taxable income	–0.4	–1.6	94.6	86.9
other fiscal adjustments	0.9	0.6	0.5	–0.5
Reported tax expense/income	–646.9	–173.2	–34.1	–36.9
of which current tax	–16.9	–16.2	–12.0	–14.3
of which deferred tax	–630.1	–157.0	–22.1	–22.6

NOTE 15. INVESTMENT PROPERTIES**Change in the value of the property portfolio**

	The Group	
	31/12/2015	31/12/2014
Opening balance	28,163.4	25,008.5
Acquisitions (after deduction of deferred tax)	872.1	1,672.7
Sales	-1,291.0	-85.0
Investments in our own properties	768.4	706.6
Unrealised changes in value	2,328.3	860.6
Closing balance	30,841.2	28,163.4

The closing balance includes development rights and land of SEK 729 million (SEK 625 m).

The reported value of the property portfolio on 31/12/2015 totalled SEK 30,841 million (SEK 28,163 m). The average yield requirement in the valuation is 5.2 per cent (5.6%). Investments in Atrium Ljungberg's own properties during the period totalled SEK 768 million (SEK 707 m). During the year three properties were acquired, Lyndbyvassen 4:7, Lundbyvassen 4:8 and Lundbyvassen 4:13, at a book value of SEK 872 million (SEK 1,673 m). Four properties, Igor 8, Månadsmötet 9, Rotundan 1 and Orminge 47:1, were sold at a book value of SEK 1,291 million (SEK 85 m). The unrealised change in value totalled SEK 2,328 million (SEK 861 m) during the year. The change in value is explained mainly by the market's lower yield requirements for the majority of properties and higher rents as a result of new lettings and renegotiations.

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 present value calculation during the so-called calculation period and through a present 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. 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 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 97.

Independent valuation experts have conducted an external valuation corresponding to 39 per cent of the total value, 26 per cent of which was valued at the end of 2015, as part of Atrium Ljungberg's efforts to ensure that the valuation is accurate. The valuations have been conducted by Forum Fastighetsekonomi 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 yield requirements	2,139
Change in rental levels	187
Change in project investments	2
Total	2,328

Yield requirement per premises type

Premises type, %	Interval	Average
Offices	3.9–7.3	5.2
Retail	3.9–7.3	5.2
Residential	3.7–4.0	3.7
Other	3.9–7.3	5.5
Total	3.7–7.3	5.2

Yield requirements per region

Region, %	Interval	Average
Stockholm	3.7–7.3	5.1
Uppsala	3.8–5.7	5.7
Malmö	3.9–6.8	5.8
Gothenburg	5.3–6.0	5.3
Total	3.7–7.3	5.2

Sensitivity analysis, property valuation

Value parameter	Assumption	Impact on value, SEK m
Rental level	+/- 10 %	+/- 3,070
Operating cost	+/- SEK 50/m ²	+/- 820
Yield requirement	+/- 0.25 %	-1,811/+2,003
Long-term vacancy level	+/-2 %	+/- 892

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	2,235	39	2,275
Long-term vacancy (-3.5 %)	-80	-1	-81
Rental income	2,155	38	2,194
Property expenses	-592	-12	-604
Normalised operating net	1,563	26	1,590
Yield requirement	5.2 %	6.1 %	5.2 %
Yield requirement before adjustments	30,065	428	30,494
Adjustments			
Current value of remaining investments	-676	-61	-737
Initial vacancies	-97	-2	-99
Other adjustments	476	73	549
Land and development rights	0	729	729
Registration of title deeds costs	-78	-17	-95
Fair value	29,692	1,149	30,841

Property portfolio, 31/12/2015

Property portfolio by segment	Lettable area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾	Rental value, SEK m ²⁾	Rental value, SEK/m ² ¹⁾	Economic letting rate, %	January–December 2015		
							Rental income, SEK m	Property costs, SEK m	Operating surplus, SEK m
Business area Retail	451	13,998	31,032	1,039	2,303	95	995	-341	654
Business area Offices	556	15,694	28,247	1,123	2,022	92	991	-278	713
Total	1,007	29,692	29,495	2,162	2,147	94	1,986	-619	1,367
Project properties, including land and development rights	28	1,150	E/T ³⁾	30	1,074	97	24	-10	14
Total	1,034	30,841		2,192	2,119	94	2,010	-629	1,381
Properties sold							112	-43	69
Total Group							2,122	-671	1,450

¹⁾ Square meters including garage.

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.

⁴⁾ Refers to reported result during the year.

NOTE 16. RATEABLE VALUES

	The Group		Parent Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Buildings	9,516.0	9,674.3	960	960.0
Land	3,543.4	3,555.2	258	257.6
Total	13,059.4	13,229.5	1,217.5	1,217.6
Of which business premises in TL Bygg AB	1.8	1.8	–	–

NOTE 17. INVESTMENT PROPERTIES THE PARENT COMPANY

	Parent Company	
	31/12/2015	31/12/2014
Investment properties		
Opening acquisition values	1,658.4	1,586.1
Sales	–	–
Investments	82.3	72.3
Closing accumulated acquisition values	1,740.7	1,658.4
Opening depreciation	–218.8	–204.7
Sales	–	–
Depreciation for the year	–15.4	–14.1
Closing accumulated depreciation	–234.2	–218.8
Opening write-downs	–73.0	–73.0
Depreciation for the year	–	–
Closing accumulated write-downs	–73.0	–73.0
Closing residual value according to plan	1,433.5	1,366.6
Fair value, investment properties	2,499.8	2,326.4

Valuation method is described in note 15.

NOTE 18. TANGIBLE FIXED ASSETS

	The Group		Parent Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Opening acquisition values	55.8	59.2	31.0	39.1
Purchases	9.1	7.4	2.0	1.1
Sales/disposals	–0.1	–10.8	–	–9.2
Closing accumulated acquisition values	64.8	55.8	33.0	31.0
Opening depreciation	–38.3	–42.3	–23.2	–29.0
Sales/disposals	0.0	10.5	–	9.2
Depreciation for the year	–8.4	–6.5	–4.5	–3.4
Closing accumulated depreciation	–46.7	–38.3	–27.7	–23.2
Closing residual value according to plan	18.0	17.5	5.3	7.8

Tangible fixed assets mainly comprise machinery, equipment and computer equipment.

NOTE 19. PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	Number	Share in equity	Book value, SEK k	
	31/12/2015	31/12/2015	31/12/2015	31/12/2014
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 %	–	–
Closing balance			50	50

AB FB-sjön general partner and KB Fatburssjön 5 have not conducted any operations during the year.

NOTE 20. PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	31/12/2015	31/12/2014
Opening acquisition values	5,505.7	5,307.1
Acquisitions	0.1	–
Capital contribution	–	13.9
Change in share of equity in limited partnership	190.3	184.7
Sales	–	–
Closing accumulated acquisition values	5,696.0	5,505.7
Opening write-downs	–3,083.5	–3,083.5
Closing accumulated write-downs	–3,083.5	–3,083.5
Closing balance	2,612.5	2,422.1

NOTES

Note 20, cont.

Directly owned subsidiary companies	Corporate ID no.	Registered office	Number of participations	Share in equity, %	Book value, SEK k	
			31/12/2015	31/12/2015	31/12/2015	31/12/2014
Atrium Ljungberg Holding 1 AB	556781-3059	Nacka	1,000	100 %	0.1	0.1
Atrium Ljungberg Holding 2 AB	556720-3111	Nacka	100,000	100 %	0.1	0.1
Atrium Ljungberg Holding 3 AB	556781-3117	Nacka	1,000	100 %	0.1	–
Fastighets AB Blästern	556282-8052	Nacka	10,000	100 %	0.1	0.1
Fastighets AB Celtica	556350-9727	Nacka	2,781,000	100 %	167.2	167.2
Impluvium Tio AB	556063-1128	Nacka	10,000	100 %	4.8	4.8
LjungbergGruppen Holding AB	556669-3221	Nacka	1,000	100 %	189.9	189.9
Sickla Industrifastigheter KB ^{1) 2)}	916616-1720	Nacka	999	99.9 %	2,169.9	1,979.6
Suhob Fastighets AB	556739-7772	Nacka	1,000	100 %	0.3	0.3
TL Bygg AB	556225-4440	Nacka	10,000	100 %	79.9	79.9
Årstalunden AB	556357-8094	Nacka	1,000	100 %	0.1	0.1
Closing balance					2,612.5	2,422.1

Indirectly owned subsidiary companies	Corporate ID no.	Registered office	Number of participations	Share in equity, %		
			31/12/2015	31/12/2015		
AB Farsta Centrum	556065-3023	Nacka	1,000	100 %		
Atrium Ljungberg Citadellet AB	556994-4878	Nacka	500	100 %		
Atrium Ljungberg Dimman AB	556659-3231	Nacka	1,000	100 %		
Atrium Ljungberg Fatburssjön AB	556021-7506	Nacka	1,500	100 %		
Atrium Ljungberg Gränby Entré AB	556781-3091	Nacka	1,000	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 Kista NOD AB	556745-5182	Nacka	1,000	100 %		
Atrium Ljungberg Kyrkviken AB	556781-3083	Nacka	1,000	100 %		
Atrium Ljungberg M2 AB	556994-4910	Nacka	500	100 %		
Atrium Ljungberg Planivägen AB	556815-7852	Nacka	50,000	100 %		
Atrium Ljungberg Resan AB	556948-4529	Nacka	1,000	100 %		
Atrium Ljungberg Sickla Station AB	556781-3075	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 Stora Katrineberg AB	556600-3843	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 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 Nio AB	556040-4229	Nacka	1,000	100 %		
Impluvium Tretton AB	556781-3109	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 190.3 million (SEK 184.7 m).

²⁾ The remaining participations are owned by other Group companies.

NOTE 21. DEFERRED TAX RECEIVABLE

	The Group	
	31/12/2015	31/12/2014
Capitalised loss carry-forward		
Opening balance	27.0	5.1
Additional loss carry-forwards	12.2	39.6
Loss carry-forwards utilised	-9.2	-17.7
Closing balance	30.0	27.0

The Group's accumulated fiscal deficit is estimated at SEK 195.8 million (SEK 182.4 m) at the turn of the year 2015. The deferred tax receivable has been calculated for a deficit of SEK 136.2 million (SEK 122.8 m).

NOTE 22. ACCOUNTS RECEIVABLE

	The Group		Parent Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Accounts receivable				
Accounts receivable not due and due up to 30 days	55.4	85.7	1.7	1.7
Accounts receivable due 31-60 days	10.7	1.4	0.2	0.2
Accounts receivable due >60 days	68.8	55.2	1.2	1.5
Doubtful receivables for which a provision has been made	-26.6	-39.8	-1.4	-1.1
Closing balance	108.3	102.5	1.7	2.3

The year's total cost for confirmed bad debt losses amounted to SEK 15.3 million (SEK 6.8 m) in total.

NOTE 26. DEFERRED TAX LIABILITY

	The Group		Parent Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Deferred tax liability				
Investment properties	3,274.3	2,753.0	257.6	235.5
Untaxed reserves	137.7	110.7	-	-
Interest derivatives	-136.6	-186.2	-	-
Closing balance	3,275.3	2,677.5	257.6	235.5

	The Group				Parent Company
	Investment properties	Untaxed reserves	Interest derivatives	Total	Investment properties
Deferred tax liability					
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	320.9	30.9	-196.7	155.1	22.6
Change not reported via the Income Statement	-0.5	-	-	-0.5	-
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
Opening balance, as per 01/01/2015	2,753.0	110.7	-186.2	2,677.5	235.5
Change reported via the Income Statement	557.0	33.0	44.1	634.2	22.1
Change not reported via the Income Statement	-35.7	-6.1	-	-41.8	-
Change reported via Comprehensive income	-	-	5.4	5.4	-
Closing balance, as per 31/12/2015	3,274.3	137.7	-136.6	3,275.3	257.6

No deferred tax has been calculated on asset acquisitions in accordance with applicable accounting recommendations.

NOTE 23. OTHER RECEIVABLES

	The Group		Parent Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
VAT receivable	42.9	26.9	1.5	2.4
Other receivables	27.1	50.7	7.5	8.1
Closing balance	70.0	77.6	9.0	10.5

NOTE 24. PREPAID COSTS AND ACCRUED INCOME

	The Group		Parent Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Receivables from clients for ongoing engagements as per construction agreement	26.3	15.0	-	-
Other prepaid costs	13.8	29.2	4.6	6.6
Distributed rent discounts	49.0	41.6	2.9	3.1
Accrued rent	28.9	27.3	3.0	-
Other accrued income	0.0	0.1	167.2	3.0
Closing balance	118.0	113.2	177.7	12.7

NOTE 25. UNTAXED RESERVES/APPROPRIATIONS

	Parent Company	
	31/12/2015	31/12/2014
Untaxed reserves		
Accumulated excess depreciation	41.5	36.1
Closing balance	41.5	36.1
Appropriations		
Excess depreciation equipment	-5.4	-10.3
Group contributions received/made	-133.5	-93.0
Total	-138.9	-103.3

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 real estate mortgages in the Group and, in some cases, guarantee undertakings issued by the Parent Company with regard to the subsidiaries' borrowing.

Capital structure	31/12/2015		31/12/2014	
	Reported value	Fair value	Reported value	Fair value
The Group				
Long-term liabilities				
Liabilities to credit institutions	7,177.0	7,197.5	7,253.8	7,326.5
Bonds	1,450.0	1,453.3	1,100.0	1,107.5
Certificates ¹⁾	2,349.0	2,352.1	1,453.3	1,462.3
Current liabilities				
Liabilities to credit institutions	2,285.4	2,314.8	2,510.3	2,521.2
Total loans	13,261.4	13,317.7	12,317.4	12,417.4
Interest-bearing receivables				
Liquid assets	-389.4		-414.8	
Net debt	12,872.0		11,902.6	
Shareholders' equity	13,952.8		11,589.6	
Total capital	26,824.8		23,492.2	

¹⁾ Certificates which are covered by unutilised long-term credit agreements are classified as long-term liabilities.

Interest-bearing liabilities are reported at the accrued acquisition value 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.

Parent Company	31/12/2015		31/12/2014	
	Reported value	Fair value	Reported value	Fair value
Long-term liabilities				
Liabilities to credit institutions	5,106.0	5,122.7	4,796.8	4,816.5
Bonds	1,450.0	1,453.3	1,100.0	1,107.5
Certificates ¹⁾	2,329.0	2,352.1	1,453.3	1,462.3
Current liabilities				
Liabilities to credit institutions	780.4	788.5	910.8	917.0
Liabilities to Group companies	1,262.2		1,852.4	-
Total loans	10,947.6		10,113.3	

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Accounts receivable	108.3	102.5	-	-	-	-
Other long-term receivables	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Other receivables	11.6	11.0	-	-	-	-
Liquid assets	389.4	414.8	-	-	-	-
Total	509.3	528.3	-	-	-	-

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
The Group						
Interest-bearing liabilities	–	–	–	–	13,261.4	12,317.4
Derivatives	–	–	621.1	846.4	–	–
Other liabilities	–	–	–	–	21.8	1,105.7
Accounts payable	–	–	–	–	155.3	130.0
Total	–	–	621.1	846.4	13,438.5	13,553.1

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 200.6 million (SEK –894.0 m), of which SEK –24.7 million (SEK –32.7 m) relates to re-entry of hedging reserve. The reported net value for derivatives of SEK –621.1 million comprises a positive value of SEK 43.6 million and a negative value of SEK 664.7 million. Other financial instruments are not affected by the fair value hierarchy in that they are reported at the accrued acquisition value in the Balance Sheet.

Categorisation of financial instruments	Loan receivables and accounts receivable		Other financial liabilities	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Parent Company				
Accounts receivable	1.7	2.3	–	–
Receivables from Group companies	14,146.0	13,628.8	–	–
Other receivables	4.9	–	–	–
Liquid assets	359.3	321.2	–	–
Total	14,511.9	13,952.3	–	–
Interest-bearing liabilities	–	–	9,685.4	8,260.9
Liabilities to Group companies	–	–	1,262.2	1,852.4
Accounts payable	–	–	12.7	15.7
Total	–	–	10,960.3	10,129.0

Liquidity risk

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 31/12/2015, including unutilised current overdraft facilities totalling SEK 300 million, totalled SEK 689 million (SEK 715 m). At the turn

of the year there were also revolving credit facilities of SEK 3,000 million. SEK 3,000 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 31/12/2015, was 3.1 years (2.7 years).

Capital commitment

Maturity date	The Group		Parent Company	
	Amount	Percentage, %	Amount	Percentage, %
2016	2,285	17	780	8
2017	3,455	26	3,255	34
2018	3,432	26	3,220	33
2019	1,120	8	580	6
2020	653	5	343	4
2021 and thereafter	2,324	18	1,515	16
Total	13,269	100	9,693	100
Prepaid financing costs	–8		–8	

Interest-bearing liabilities in accordance with the Balance Sheet

13,261 9,685

Market and interest risk

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 14 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 31/12/2015 was 4.4 years (4.8 years). Interest-bearing liabilities at the end of the period totalled SEK 13,269 million (SEK 12,327 m) with an average interest rate of 2.9 per cent excluding and 2.9 per cent including unutilised loan guarantees.

At the end of the period, the derivatives portfolio comprised of SEK 8,411 million (SEK 7,461 m) in interest swaps, net including shortened swaps. In addition, there is SEK 800 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 –621.1 million (SEK –846.4 m).

Note 28, cont.

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 31/12/2015 totals SEK –68.5 million (SEK –87.8 m) after adjustments for deferred tax calculated at a nominal rate of taxation of 22 per cent.

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 market risk of temporary cyclical fluctuations. 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 3.4 years (3.5 years).

Fixed interest term ¹¹	The Group		
	Loan amount	Percentage, %	Average interest, %
Variable + 3 month Stibor	1,753	13	1.0
2016	3,085	23	1.2
2017	630	5	3.6
2018	849	6	3.7
2019	606	5	3.8
2020	600	5	4.4
2021 and thereafter	5,746	43	3.8
Total	13,269	100	2.9
Prepaid financing costs	–8		

**Interest-bearing liabilities
in accordance with the
Balance Sheet**

13,261

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, %
2016	–20	–0.2	12.7
2017	630	–23.1	2.2
2018	849	–51.6	2.3
2019	606	–45.3	2.5
2020	600	–63.3	3.0
2021 and thereafter	6,546	–437.6	2.1
Total	9,211	–621.1	2.2

Credit risk

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 29.4 million (SEK 25.2 m) and SEK 46.5 million (SEK 38.7 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%	+/- 20	+/- 103
Property management costs	+/- 5%	-/+ 34	-/+ 34
Letting rate	+/- 1% unit	+/- 22	+/- 22
Atrium Ljungberg's average interest rate	+/- 1% unit	-/+ 38	-/+ 133

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.

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	31/12/2015					31/12/2014				
	2016	2017	2018	2019	2020 and thereafter	2015	2016	2017	2018	2019 and thereafter
Assets										
Rent receivables	2,053.7	1,525.9	1,121.6	788.8	574.8	2,090.0	1,649.0	1,261.0	838.0	544.0
Accounts receivable	108.3	–	–	–	–	102.5	–	–	–	–
Other receivables	11.6	–	–	–	–	11.3	–	–	–	–
Liquid assets	389.4	–	–	–	–	414.8	–	–	–	–
Total	2,563.0	1,525.9	1,121.6	788.8	574.8	2,618.4	1,649.0	1,261.0	838.0	544.0
Liabilities										
Interest-bearing liabilities incl. interest	–2,395.9	–3,515.3	–3,471.3	–1,148.3	–3,061.8	–2,707.2	–3,072.0	–3,802.4	–1,514.0	–1,754.2
Derivatives	–234.7	–226.4	211.5	–185.0	–762.1	–169.7	–167.8	–161.1	–149.8	–656.1
Other current liabilities	–21.8	–	–	–	–	–1,105.7	–	–	–	–
Accounts payable	–155.3	–	–	–	–	–130.0	–	–	–	–
Total	–2,807.7	–3,741.7	–3,682.7	–1,333.3	–3,823.8	–4,112.6	–3,239.8	–3,963.5	–1,663.8	–2,410.3
Parent Company										
Assets										
Rent receivables	162.9	95.2	72.0	64.8	27.4	161.0	66.0	52.0	35.0	32.0
Accounts receivable	1.7	–	–	–	–	2.3	–	–	–	–
Receivables from Group companies	14,146.0	–	–	–	–	13,628.8	–	–	–	–
Other receivables	4.9	–	–	–	–	–	–	–	–	–
Liquid assets	359.3	–	–	–	–	321.2	–	–	–	–
Total	14,674.8	95.2	72.0	64.8	27.4	14,113.3	66.0	52.0	35.0	32.0
Liabilities										
Interest-bearing liabilities incl. interest	–849.9	–3,296.7	–3,244.1	–595.6	–1,920.8	–1,027.1	–1,528.9	–3,589.4	–1,294.2	–1,211.2
Derivatives	–234.7	–226.4	–211.5	–185.0	–762.1	–169.7	–167.8	–161.1	–149.8	–656.1
Liabilities to Group companies	–1,262.2	–	–	–	–	–1,852.4	–	–	–	–
Accounts payable	–12.7	–	–	–	–	–15.7	–	–	–	–
Total	–2,359.6	–3,523.1	–3,455.5	780.6	2,682.9	–3,064.9	–1,696.7	–3,750.5	–1,444.0	–1,867.3

NOTE 29. OTHER LONG-TERM LIABILITIES

	The Group		Parent Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Deposits received from tenants	30.0	25.1	29.4	25.1
Guarantee reserve	2.4	2.1	–	–
Closing balance	32.4	27.2	29.4	25.2

NOTE 30. OTHER LIABILITIES

	The Group		Parent Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Liabilities in respect of property acquisitions	–	1,086.2	–	–
Personnel-related liabilities	8.3	7.9	7.2	6.7
Other liabilities	44.3	33.5	0.1	0.7
Closing balance	52.5	1,127.5	7.3	7.4

NOTE 31. ACCRUED COSTS AND PREPAID INCOME

	The Group		Parent Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Holiday pay liability and payroll overheads	30.4	28.0	20.1	18.6
Liabilities to clients for ongoing engagements in accordance with construction agreements	7.6	20.5	–	–
Accrued interest expenses	23.9	23.9	18.5	18.5
Accrued property tax	123.6	118.0	9.0	9.0
Other accrued costs	42.1	39.1	6.8	10.9
Prepaid rent	363.2	322.0	20.7	18.2
Other prepaid income	5.7	8.5	–	–
Closing balance	596.5	560.0	75.1	75.2

NOTE 32. EVENTS AFTER THE CLOSING DAY

Together with CEO Ingall Berglund, on 19 February the Board of Directors of Atrium Ljungberg concluded an agreement on Ingall leaving her role as CEO of Atrium Ljungberg. Annica Ånäs, CFO and acting CEO, was appointed to succeed Ingall Berglund as of the same date.

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 6,249,905,247
Net profit for the year	SEK 552,975,699
Total	SEK 6,802,880,946

The Board of Directors proposes that the unappropriated earnings be allocated as follows:

That a dividend of SEK 3.55/share be paid to the shareholders	SEK 472,933,613
Carried forward	SEK 6,329,947,333
Total	SEK 6,802,880,946

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 2015 is shown in the 2015 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 3.55 per share, corresponding to a total sum of approximately SEK 473 million. The proposed dividend comprises 6.4 per cent of the Parent Company's shareholders' equity and 3.4 per cent of the Group's shareholders' equity. Funds available for payment as divi-

dends within the Parent Company at the end of the 2015 financial year totalled SEK 6,802.9 million. The record date for distribution of profits proposed by the Board of Directors is Friday 8 April 2016.

It is apparent, inter alia, from the annual accounts that the Group's equity/assets ratio is 43.7 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, 9 March 2016

Atrium Ljungberg AB (publ)
Board of Directors

ANNUAL ACCOUNTS SIGNATORIES

The Board of Directors and the Managing Director hereby attest that the consolidated accounts and the annual accounts have been prepared in accordance with the 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, 9 March 2016

Johan Ljungberg
Chairman of the Board

Sune Dahlqvist
Member of the Board

Simon de Château
Member of the Board

Hanna Graflund Sleyman
Member of the Board

Anna Hallberg
Member of the Board

Erik Langby
Member of the Board

Annica Ånäs
CEO

Our Audit Report was submitted on 9 March 2016.

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 2015, except for the corporate governance statement on pages 110–115. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 93–108 and 116–151.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director 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 Managing Director 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 2015 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 2015 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 110–115. The directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting 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 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 110–115 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 Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director 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 General Meeting that the profit be appropriated in accordance with the proposal in the directors' report and that the members of the Board of Directors and the CEO 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 9 March 2016

Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

Ingemar Rindstig
Authorised Public Accountant

MULTI-YEAR OVERVIEW

Amounts in SEK m	2015	2014	2013	2012	2011
INCOME STATEMENTS					
Rental income	2,122	1,980.5	1,956.2	1,824.8	1,686.3
Sales, project and construction work	345.8	330.8	405.3	252.9	331.8
Net sales	2,467.5	2,311.3	2,361.5	2,077.7	2,018.1
Property management costs	-671.2	-635.9	-658.9	-600.9	-591.3
Project and construction work costs	-371.7	-341.6	-394.3	-242.0	-317.0
Gross profit/loss	1,424.5	1,333.8	1,308.3	1,234.8	1,109.8
– of which gross profit/loss from property management	1,450.4	1,344.6	1,297.3	1,224.0	1,095.0
– of which gross profit/loss from project and construction work	-25.9	-10.8	11.0	10.9	14.8
Central administration, property management	-60.4	-53.3	-47.1	-41.7	-44.1
Central administration, project and construction work	-15.3	-14.0	-14.4	-16.6	-12.2
	-75.8	-67.3	-61.5	-58.2	-56.3
Financial income	1.5	1.5	2.8	13.9	10.6
Financial expenses	-404.9	-424.5	-420.6	-451.3	-369.7
	-403.4	-423.0	-417.8	-437.4	-359.1
Profit/loss before changes in value	945.4	843.5	829.0	739.2	694.4
Properties, unrealised changes in value	2,328.3	860.6	142.5	367.8	528.3
Properties, realised changes in value	-32.7	8.3	-1.6	32.7	2.0
Financial instruments, unrealised changes in value	200.6	-894.0	342.6	-182.5	–
Goodwill write-downs	-11.1	0.0	-33.4	-82.2	–
	2,485.1	-25.1	450.1	135.8	530.3
Profit/loss before tax	3,430.5	818.4	1,279.1	875.0	1,224.7
Current tax	-16.9	-16.2	6.1	-89.8	-1.5
Deferred tax	-630.1	-157.0	-176.9	245.6	-318.7
Net profit/loss for the year	2,783.5	645.2	1,108.3	1,030.8	904.5
BALANCE SHEETS					
Investment properties	30,841.2	28,163.4	25,008.5	24,576.2	21,896.7
Goodwill	263.1	274.2	274.3	307.6	389.8
Other fixed assets	48.0	44.6	37.9	23.7	51.0
Current assets	405.4	378.6	1,323.0	370.9	564.1
Liquid assets	389.4	414.8	186.6	188.5	274.2
Total assets	31,947.2	29,275.6	26,830.3	25,466.9	23,175.8
Shareholders' equity	13,952.8	11,589.6	11,020.7	10,255.3	9,540.5
Deferred tax liability	3,275.3	2,677.5	2,515.7	2,364.5	2,612.5
Long-term interest-bearing liabilities	10,976.0	9,807.1	10,660.2	8,810.9	7,839.6
Other long-term liabilities	653.3	873.6	25.1	384.5	243.9
Short-term provisions	–	–	–	105.9	–
Short-term interest-bearing liabilities	2,285.4	2,510.3	1,753.6	2,802.4	1,881.3
Other current liabilities	804.4	1,817.5	855.0	743.4	1,058.0
Total shareholders' equity and liabilities	31,947.2	29,275.6	26,830.3	25,466.9	23,175.8

Amounts in SEK m

	2015	2014	2013	2012	2011
CASH FLOW STATEMENTS					
Cash flow from operating activities	1,005.7	734.4	854.2	831.9	639.7
Cash flow from investment activities	-1,534.7	-302.0	-1,273.1	-2,471.6	-1,104.4
Cash flow from financing activities	503.6	-204.2	417.0	1,554.0	299.6
Cash flow for the year	-25.4	228.2	-1.9	-85.7	-165.1

KEY RATIOS*Property-related key ratios*

Letting rate, %	94	93	95	95	94
Operating surplus margin, %	68	68	66	67	65
Letting area, '000 m ²	1,034	1,062	941	903	871
Investments in properties, SEK m	768	707	1,302	1,512	1,050
Number of properties	48	49	47	57	54

Financial key ratios

Equity/assets ratio, %	43.7	39.6	41.1	40.3	41.2
Gearing ratio, %	43.0	45.5	47.8	47.3	45.1
Interest coverage ratio, multiple	3.3	3.0	3.0	2.6	2.9
Average rate of interest on interest-bearing liabilities (at the end of the period), %	2.9	3.2	3.6	3.9	4.2
Return on shareholders' equity, %	21.8	5.7	10.4	10.4	9.7
Return on shareholders' equity, excluding changes in value, %	6.3	5.8	6.0	5.6	5.6
Return on total assets, %	12.5	4.4	6.5	5.5	7.2
Return on total assets excluding changes in value, %	4.6	4.5	4.7	4.9	4.8

Data per share

Earnings per share, SEK	20.89	4.89	8.52	7.92	6.95
Profit/loss before changes in value less applicable nominal tax, SEK	5.54	4.98	4.97	4.19	3.93
Dividend (2015 proposed), SEK	3.55	3.30	3.05	2.85	2.60
Dividend pay-out ratio, %	64.1	66.8	61.4	68.0	66.2
Share dividend yield, %	2.7	2.9	3.5	3.3	3.5
Cash flow, SEK	7.55	5.56	6.56	6.39	4.91
Shareholders' equity, SEK	104.73	87.00	84.67	78.79	73.30
Net worth EPRA NAV, SEK	131.78	111.19	101.74	97.36	91.88
Net worth EPRA NNNNAV, SEK	122.95	101.87	98.17	92.08	87.27
Share price on 31 December, SEK	133.00	114.70	88.00	87.00	73.25
Average number of outstanding shares, '000	133,221	132,072	130,157	130,157	130,157
Number of outstanding shares at end of period, thousand	133,221	133,221	130,157	130,157	130,157

Employees

Average number of employees	282	282	285	265	260
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DEFINITIONS

FINANCIAL DEFINITIONS

Share dividend yield, %

The proposed 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 distributed dividend during the year as a percentage of the share price at the end of the previous year.

Average number of outstanding shares

Number of registered shares at the end of the period less bought-back shares, which do not provide entitlement to dividend or voting rights.

Return on shareholders' equity, %

Net profit/loss for the year as a percentage of average shareholders' equity.

Return on total assets, %

Profit/loss before tax plus interest expenses as a percentage of the average balance sheet total.

Rounding off

As the figures have been rounded off to the nearest SEK million, the tables do not always add up.

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.

Equity per share, SEK

Reported equity divided by the number of outstanding shares at the end of the period.

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.

Cash flow per share, SEK

Cash flow from operating activities divided by the average number of outstanding shares.

Interest coverage ratio, multiple

Weighted average number of outstanding shares calculated in accordance with IAS 33.

P/E ratio

Market price at the end of the year divided by the profit/loss after tax per share for the previous 12-month period.

Earnings per share, SEK

Net profit/loss for the year divided by the average number of outstanding shares after dilution.

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.

Interest coverage ratio, multiple

Profit/loss before changes in value, plus interest expenses divided by interest expenses.

Debt/equity ratio, multiple

Interest-bearing liabilities divided by reported shareholders' equity.

Equity/assets ratio, %

Reported shareholders' equity as a percentage of the balance sheet total at the end of the period.

Net worth 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.

Net worth EPRA NNNAV (Triple net asset value)/share, SEK

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

Dividend pay-out ratio, %

Dividend per share as a percentage of the profit/loss per share before changes in value, less applicable nominal tax.

PROPERTY-RELATED DEFINITIONS

BREEAM

Is an environmental certification system for built environments in Europe. BREEAM takes a big picture approach to environmental performance. The areas addressed by BREEAM are energy and water consumption, health, transport, materials, waste, land usage, emissions, ecology and management.

GFA, m²

GFA (Gross Floor Area) refers to the building's total area, including outer walls.

Operating surplus

Rental income less property management costs.

Rental value

Contracted yearly rents including rent surcharges (e.g. for property tax and electricity) and estimated market rents for vacant space as found.

Net letting

Total contracted annual rent for new lets less annual rents terminated due to clients vacating the premises for the period.

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 on 1 January of the year after completion.

Project return

The market value after conducted project minus the total investment as a percentage of the total investment.

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.

Operating surplus margin, %

Gross profit/loss from property management as a percentage of the reported rental income.

GRI INDEX

Atrium Ljungberg reports sustainability in accordance with the Global Reporting Initiatives (GRI) guidelines, version G4 and alternative Core. The Annual Report and related GRI complementary information is based on Atrium Ljungberg's sustainability reporting as well as the Communication on Progress for the UN's Global Compact. The information has not been audited by a third party.

The GRI index below specifies where the different disclosures are located. This includes general standard disclosures, specific standard disclosures as well as disclosures from the sector supplement for the Construction & Real Estate Sector Supplement (CRESS) which Atrium Ljungberg deems as relevant.

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Abbreviations:

AR: Atrium Ljungberg's annual report 2015

GRI: Atrium Ljungberg's GRI supplement for 2015

CRE: Industry specific disclosures, from the Construction & Real Estate Sector Supplement

DMA: Disclosure on management approach; disclosure on governance

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INFORMATION

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 the annual report is also distributed in printed format by post to shareholders who have actively requested them. Interim reports and preliminary financial statements are translated into English and 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–Mar 2016	22/04/2016
Interim report Jan–June 2016	12/07/2016
Interim report Jan–Sep 2016	21/10/2016
Preliminary Financial Statement, 2016	February 2017
2016 Annual Report	March 2017

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will take place on Wednesday 6 April 2016 at 17.00 (CET), Filmstaden, Marcusplatsen 19 in Sickla, Nacka. 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.



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