



IT'S THE PEOPLE
WHO MAKES THE CITY

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ABOUT THIS REPORT

Atrium Ljungberg reports the Group's financial and non-financial information in a joint report. This report reflects our operations and integrates financial, sustainability and corporate governance information to provide an overall and cohesive description.

Atrium Ljungberg's legal annual report includes the Directors' Report and the Financial Reports, and can be found on pages 68–141.

Atrium Ljungberg's Sustainability Report, in accordance with the Swedish Annual Accounts Act, can be found on pages 18–25 and 129–139.

Atrium Ljungberg's Sustainability Report has been drawn up in accordance with the Core level of the GRI Standards. We have taken into account the Construction and Real Estate Sector Supplement, CRESS. We have taken into consideration the EPRA Sustainability Best Practices Recommendations Guidelines.

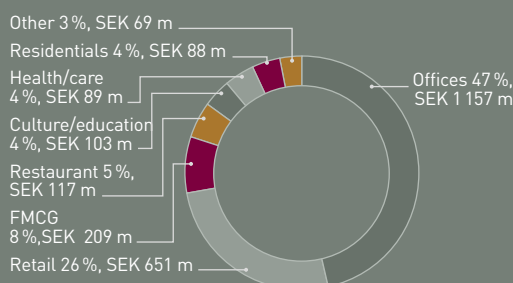
BRIEF INFORMATION ABOUT ATRIUM LJUNGBERG

We own, develop and manage properties totalling 1,129,000 m² letting area with a property value of SEK 44 billion. Our focus is on developing attractive urban environments in Stockholm, Uppsala, Malmö and Gothenburg.

Working with the municipalities, our customers and people living in the city, we build vibrant urban environments where offices, residential units and retail are mixed with culture, services and education.

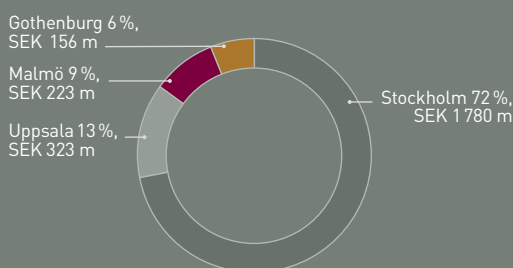
We strongly believe in innovation and the development of attractive spaces for the future. And attractive city districts are not only about beautiful buildings. What happens inside and between the buildings is just as important.

SUSTAINABLE URBAN DEVELOPMENT FOCUSING ON OFFICES...



47 per cent of the contracted annual rent is for offices in Stockholm, Gothenburg, Malmö and Uppsala.

...IN THE STOCKHOLM AREA



72 per cent of the contracted annual rent is for Stockholm.

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

IT'S THE PEOPLE WHO MAKE THE CITY

Many different components have to come together to create a city that is vibrant around the clock. Workplaces and residential are a fundamental part of this. Retail and service functions make our day-to-day lives easier. Learning environments for all ages enable us to develop. We can share a rich cultural, food and entertainment life with our friends and families. However, what is needed most to create urban life is the people themselves. People who make sure that the city can be as buzzing and vibrant as we want it to be.

In this report you will meet people who are adding to the urban life at our sites in different ways:

Meet Erik Rydman,
from HiQ who found the perfect location for their new office in Glashuset in Slussen. See page 16 for further details.

Meet Martin Lagerberg,
from Nobelberget who talks about the urban cultural programme that has attracted 500,000 visitors. See page 26 for further details.

Meet Linda Malmberg,
who has tried Leveriet, a new concept where e-commerce and physical retail meet. See page 32 for further details.

Meet Marita Svensson,
who has recently moved into one of the brand new rental apartments that we have built in Gränbystaden. See page 58 for further details.



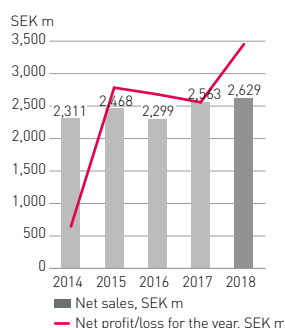
2018 IN BRIEF

- > A letter of intent with the City of Stockholm to acquire existing properties and land allocations for a total of approximately 200,000 m² GFA in Slakthusområdet. A total investment of SEK 8 billion between 2019 and 2030.
- > Acquisition of Katarinahuset in Slussen and Kylfacket 3 in Slakthusområdet.
- > Sale of Västberga Handel, Roddaren 7 and Blästern 6 in Stockholm, and Rådhuset in Uppsala.
- > Land allocations obtained in Slussen and Hagastaden.
- > Decisions on several new building projects, for example Hagastaden and Järfälla.
- > Detailed development plan completed and the start of sales of tenant-owned dwellings in the first district in Nobelberget, Stockholm.
- > High investment rate in own properties of SEK 1.8 billion.
- > The company's largest lease contract ever signed with Academic Work in Life City.
- > Several awards, including "One of Sweden's best workplaces", "Sweden's best-looking office", nomination for the Swedish Arts & Business Awards and a finalist in the Allbright Prize.

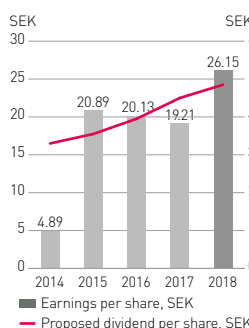
See page 11 for further information on the goals and outcomes.

2018 IN FIGURES

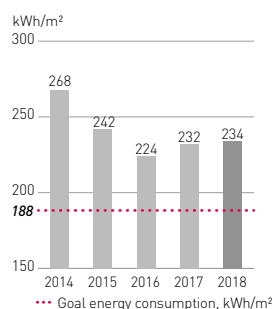
Net sales and profit, SEK m



Earnings per share
Proposed dividend, SEK/share



Energy consumption



	2018	2017
Profitability and growth		
Net sales, SEK m	▲ 2,629	2,563
Operating surplus, SEK m	▲ 1,648	1,647
Profit/loss before changes in value, SEK m	▲ 1,214	1,180
Profit for the year after tax, SEK m	▲ 3,453	2,559
Investments in Atrium Ljungberg's own properties, SEK m	▲ 1,758	1,593
Acquisition of properties, SEK m	▼ 1,727	2,265
Sale of properties, SEK m	▲ 2,662	868
Cash flow from operating activities, SEK m	▲ 1,260	1,166
Letting rate, %	95	95
Operating surplus margin, %	▼ 68	69
Long-term stability		
Equity/assets ratio, %	▲ 45.9	42.6
Gearing ratio, %	▼ 41.9	44.7
Adjusted gearing ratio, %	▼ 41.9	44.1
Average interest rate on interest-bearing liabilities (at end of period), %	▼ 1.6	1.7
Interest coverage ratio	▲ 5.0	4.2

	2018	2017
Sustainable enterprise		
Share of certified properties, %	▲ 34	16
Energy consumption, kWh/m²	▲ 234	232
Share of green lease contracts, %	▲ 27	18
Employee index, % ¹⁾	88	88
The share		
Earnings per share, SEK	▲ 26.15	19.21
Profit/loss before changes in value less nominal tax, SEK/share	▲ 7.26	6.91
Dividend, SEK/share (proposed for 2018)	▲ 4.85	4.50
Share price as of 31 December SEK/share	▲ 152.00	130.30
Shareholders' equity, SEK/share	▲ 158.64	136.79
EPRA NAV SEK/share	▲ 194.82	172.59
EPRA NNNNAV SEK/share	▲ 184.93	162.57
Property		
Property value, SEK billion	▲ 44	41
Contracted annual rent, SEK billion	▲ 2.5	2.4
Number of properties	▼ 51	53
Letting area, m² '000	▼ 1,129	1,146

¹⁾ TL Bygg is recognised separately, see page 23.



ATRIUM LJUNGBERG AS AN INVESTMENT

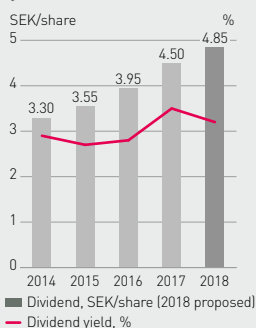
As a shareholder of Atrium Ljungberg, you receive a stable dividend yield at a low risk. At the same time, you have the potential for a healthy long-term total return on your investment with regard to the company's interesting project portfolio on attractive growth markets. Investing in Atrium Ljungberg also means investing in sustainable urban development.

FOUR REASONS TO OWN SHARES IN ATRIUM LJUNGBERG:

STABLE DIVIDEND YIELD

The dividend yield over the past five years has been 3.1 per cent per year on average. The dividends paid per share by the company since its listing on the stock exchange in 1994 have never dropped.

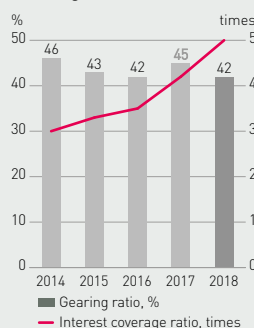
Dividend and share dividend yield



LOW FINANCIAL RISK

We are in a strong financial position, with solid key ratios such as a low gearing ratio and a high interest coverage ratio, and an investment grade rating from Moody's of Baa2 with a stable outlook.

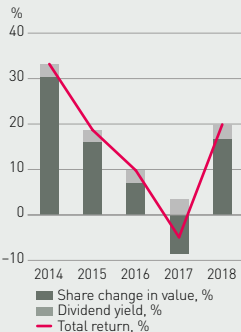
Gearing ratio and interest coverage ratio



POTENTIAL FOR GOOD VALUE GROWTH

With a planned investment rate of SEK 2 billion per year and a goal of 20 per cent return on new build and extension projects, Atrium Ljungberg – and therefore the share – has excellent potential for good value growth over time. The total yield over the past five years has been 12 per cent per year on average.

Share's total return



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.



AN INCREDIBLE YEAR

2018 was a year filled with important deals for Atrium Ljungberg. We made strategic deals and also signed a historic agreement with the City of Stockholm for the development of Slakthusområdet. We have a large project portfolio that guarantees long-term growth. The profit is the best ever in the company's history.

PROFIT AND FORECAST

The profit for the year is the best in Atrium Ljungberg's history. We maintained a high pace in our business during the year, both in the transactions we carried out and the number of projects we started. We sold retail properties and were also involved in a major property exchange that will have a significant impact on profit in the long term. Although these deals have a long-term benefit and are strategically correct, they will cause a negative effect on profit in the short term. In 2017 we also received a settlement of SEK 45 million from a dispute. Despite this we have delivered a slightly better profit than the previous year. Profit before changes in value totalled SEK 1,214 million. If we look ahead, 2019 is looking stable. The Riksbank (Sweden's central bank) is signalling further interest rate hikes in the summer, which we have taken into consideration in our forecast. Although our operating net will increase, we also believe that our interest expenses will rise by a corresponding amount, which explains why our forecast for profit before changes in value is SEK 1,200 million for 2019.

FINANCIAL GOALS

It has been a long time since we updated our financial goals. The focus will continue to be on profitability and growth, as well as financial stability. Now that we have this incredible project portfolio, it is time to increase the investment goal for our project development from SEK 1 billion to SEK 2 billion per year. We are replacing our equity/assets ratio goal with a gearing ratio goal of a maximum of 45 per cent over time, because our impressive external rating will remain in focus in the future.

Finally we are leaving our operating net surplus goal and introducing a return on shareholders' equity goal of 10 per cent per annum. One of the reasons for this is that our project portfolio contains a high proportion of projects for tenant-owned dwellings that will give a good return but no net operating growth. All of these new goals are relevant in the long term.

ACQUISITIONS, SALES AND LAND ALLOCATIONS

2018 was an intense year for Atrium Ljungberg; we have never closed so many major deals before. At the end of April we sold Rådhuset in Uppsala, and a few weeks later we took our first step into Slakthusområdet in Stockholm by acquiring the Kylfacket 3 property in the south-eastern part of the area. This property is located in the first phase of the detailed development plan for the future development of Slakthusområdet.

We also obtained several land allocations during the year. For example, we won a land allocation competition in Östra Hagastaden in Stockholm from the City of Stockholm and Stockholm County Council for a unique district that will become the city's northern gateway. I'm so happy that Atrium Ljungberg will get

the chance to continue contributing to the development of Hagastaden. This is an area where we are already heavily involved through our Life City project, which will be constructed on the overbuild of the Essingeleden motorway.

In the middle of June we signed another land allocation agreement with the City of Stockholm for Mälarterrassen in Slussen in Stockholm. Here we will be working with the city to create a vibrant meeting place focusing on food and culture that will strengthen and develop the entire area.

In the autumn we continued to grow in Slussen when we acquired Katarinahuset as part of an exchange deal with Folksam Fastigheter. We also took over a land allocation directly in front of the property. As part of this deal we sold two properties; one in Hagastaden and one on Kungsholmen in Stockholm. Katarinahuset is an incredible property with strong roots in Stockholm. This acquisition strengthens our position in Södermalm and in particular improves our ability to be involved in the development of Slussen.

The year ended with us selling Västberga Handel in Stockholm. Our focus is on developing attractive urban environments and we made the assessment that we could not develop the site within the foreseeable future in a way that supports our vision and business concept.

SLAKTHUSOMRÅDET

In 2018 we closed our biggest deal ever when we signed the agreement with the City of Stockholm for Slakthusområdet. This agreement involves us acquiring existing properties and getting land allocations in Slakthusområdet, just to the south of Stockholm city centre. The letter of intent was published in August and the agreements were signed at the end of the year. The acquisitions and land allocations that will be developed comprise a total of approximately 200,000 m² GFA, where offices account for approximately 40 per cent and residential units for approximately 25 per cent. The remaining percentage comprises culture, retail/restaurants, hotel, education, etc. We have assessed the total investment to be approximately SEK 8 billion. This deal is a key investment in our strategy to create sustainable and innovative urban environments.

Slakthusområdet is on the brink of a huge development that is expected to continue until 2030. This is one of Stockholm's largest city development projects in modern times and our vision, which we share with the city, is for Slakthusområdet to become an engine for the entire south side of Stockholm. The area will become the obvious meeting place in Stockholm for offices, housing, food, culture and experiences. A new dynamic city district that will become Stockholm's equivalent of Kings Cross in London.

”

2018 was an intense year; we have never closed so many major deals before. The profit for the year was the best in Atrium Ljungberg's history.



We want the new Slakthusområdet to be an attractive city district that is vibrant around the clock, which is why we will be providing offices for both large, established companies alongside start-ups that focus on new business entrepreneurs and creators. However, if a place is going to be vibrant around the clock, not only workplaces, restaurants and culture are needed, but also residential. This is why there is going to be a mix of both tenant-owned and rental apartments in Slakthusområdet with a mix of different apartment sizes.

LARGE PROJECT PORTFOLIO

We have a large project portfolio that enables us to continue to grow strongly. At the time of writing we have ongoing projects that require a remaining investment of SEK 4 billion, and potential future investments of SEK 17 billion, mostly concentrated in Sickla, Gränbystaden and Slussen. The project portfolio will increase further when the deal for Slakthusområdet are complete following the approvals in the committees and the city council.

At the end of September a lease contract was announced with Academic Work, which has decided to move a large part of its operations to the new Life City in Hagastaden, Stockholm. The rental value of this lease agreement is the highest in Atrium Ljungberg's history, covering more than 17,000 m² of offices

in the property, which is expected to be completed in the first six months of 2021. We thereby decided to start this project, which involves a total investment of approximately SEK 1.9 billion, including previous land acquisitions, and a rental value of approximately SEK 106 million plus surcharges.

In Sickla there is development towards a dense and mixed city. At the beginning of the autumn the ground was broken for the new Tapetfabriken hotel which will be run by Nordic Choice Hotels through its Clarion Collection chain. Curanten, a health-care building, is also being constructed next to Tapetfabriken. Slightly further away is Nobelberget, where the foundation work is underway for the first residential district there. In 2026 the underground extension to Sickla will be completed and in June a proposal for a 23-storey station house was presented, which will not only include the underground entrance, but also a hotel and offices. However, the detailed development plan must be changed first.

During the final week in September we started to sell the first 68 apartments in the first phase of Nobelberget. The start of the sale attracted many people and there was a high level of interest, which confirms the attractiveness of Sickla as a residential area as well. Nobelberget will become a new city district, where we are planning for 500 residential units, creative offices, culture, nature and meeting places.

The southern section of Gränbystaden was opened in Uppsala after several years' of intense construction work. This has given Gränbystaden a larger and more varied range with 17 new stores, restaurants and offices, with a strong injection of entertainment through Nordisk Film's first 4DX cinema in Sweden. We have also added 200 rental apartments to the site and a garage with 280 parking spaces.

A lot is also taking place in Malmö, where we are continuing to develop Mobilia. Construction of Torghuset is taking place in the heart of the district, where we are creating not only residential and retail properties, but also two major new cultural investments. One is Nordisk Film's ultra-modern cinema with five screens. The other is Funnys Äventyr, a unique cultural centre for children that focuses on reading, learning and playing.

SUSTAINABILITY

One step in Atrium Ljungberg's work on developing sustainable urban environments is our major investment in charging points for electric cars and plug-in hybrids. In 2018 we actually made the biggest installation in Sweden, installing more than 700 charging points in places such as Kista and Hagastaden. The goal is to have 1,000 charging points in our property portfolio in 2019. We also installed Stockholm's largest solar panels installation in Sickla.

We support, and it is our intention to continue to support, the UN's Global Compact and I am convinced that we can contribute to the UN's global goals for achieving sustainable development through our operations.

2018 YEAR OF INNOVATION

Digitalisation and innovation go hand in hand and it is not always easy to distinguish between the two. Understanding our customers' needs has always been of central importance for us and it will become even more important in the future. Digital solutions – and in particular a digital lifestyle – creates new needs and new solutions. A key to being able to develop the deals of the future is to really understand the end customer. 2018 was Atrium Ljungberg's Year of Innovation and we worked intensely on these issues in different ways throughout the company.

Just in time for Christmas shopping, we launched Leveriet, a brand new parcel collection concept in snug store environments with staff who are service-oriented and knowledgeable. This investment is a brand new concept to integrate the growing e-commerce into physical environments, increase service and guarantee the purchasing experience from the moment an order is made online to collecting the parcel. As everyone is aware, retail is undergoing a major transformation because of the development of e-commerce. I am convinced that the physical location, where people meet, will fulfil an important role in society and will be crucial for retail in the future as well.

SWEDEN'S BEST-LOOKING OFFICE

The competition for Sweden's best-looking office is held every year. This competition aims to highlight the country's breadth in smart and good-looking offices, and the criteria that are assessed are style, work environment and innovation. This year Atrium Ljungberg's new head office was voted as the winner among

Slakthusområdet will become the obvious meeting place in Stockholm for offices, housing, food, culture and experiences. A new, dynamic city district and an engine for the entire south side of Stockholm.



84 nominations. Our aim is to be a leader in our office offering, so it is particularly enjoyable that we have been recognised for our own brand new head office.

When developing our new office, we moved to a fully activity-based working method, which is reflected in the design and layout of the office. We do not have any fixed workplaces. Instead the area is divided into different environments where employees can choose a place based on their needs and tasks. If we are going to drive innovation, we have to think in an innovative way ourselves. We wanted to find a working method that would be inspirational and promote creativity. With this new activity-based working method, we have developed a creative environment that promotes efficient and productive work and also shows that we are far ahead in the development of the office of the future.

One of Atrium Ljungberg's overall business goals is to be one of Sweden's best workplaces. Since 2011 we have taken part in Great Place to Work's® evaluation of "Sweden's best workplaces" where strengths and developmental areas as an employer are identified. For the fifth year in row we were placed at the top for medium-sized companies and we exceeded our internal goal. To continue to be a successful company, we need to have satisfied employees who are happy and who are developing.

FUTURE OUTLOOK

The economy in Sweden has been strong for many years. But it looks as though we have passed the peak of this boom. Growth

is slowing down in Sweden. Although it is difficult to predict what will happen in the years to come, many people are talking about a soft landing.

The conditions for Atrium Ljungberg will remain good in the future. We operate in Sweden's four major cities and we have a large project portfolio that guarantees growth. It is primarily the lack of attractive offices in central locations that will result in the high demand continuing.

The challenge is on the retail side, where e-commerce accounts for all of the growth. We are working actively to ensure that our locations have attractive and relevant content. In our city development strategy, retail, services and restaurants are essential for creating attractive places where people want to spend time. We will not be happy until "everyone thrives in our city".

Thank you to all of our customers, our employees and our partners for an incredible 2018!


Annica Ånäs, CEO



URBAN DEVELOPMENT THAT CREATES VALUE

Atrium Ljungberg develops attractive and sustainable urban environments where people want to live, work and be – today and tomorrow. This vision enables us to create value growth for the company, our shareholders and society.

BUSINESS CONCEPT

Our long-term approach to ownership, development and management enables us to offer our customers attractive urban environments for offices, retail and residential units in strong subsidiary markets. Our in-house expertise and holistic perspective enable us to generate added value for 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 activities meet here, creating an exciting urban environment where everyone would like to be. Here you can work, shop, conduct business, live, study, socialise and be entertained – everything that is part of life. Our locations have a soul and everyone should feel at home. Where people want to live – the city thrives.

VALUES

Our values permeate everything we do and guide us in our encounters with customers and other stakeholders. Care 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

Collaborating across boundaries allows us to create entirely new opportunities – both for ourselves and for our customers.

LONG-TERMISM

The future permeates everything we do – from our ownership and sustainable solutions to how we work within the company and in relation to our customers and partners.

RELIABILITY

We keep our promises. The motto of 'a handshake is enough' is every bit as relevant today as it always has been.

INNOVATIVE THINKING

We recognise opportunities and always find the best solutions in our own way. We want to learn, try out new ideas and find new ways of collaborating.

BUSINESS MODEL



PROJECT DEVELOPMENT

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

ORGANISATION IN LINE WITH OUR VISION

Our organisation is designed to support our business model and the way we create sustainable city districts, with a focus on value growth, being close to our customers and short decision-making processes. Operations are divided into two branches: Project and Construction Activities and Property Management. Project and Construction Activities include Business Development, Projects and our subsidiary TL Bygg.

Our properties and areas are managed locally by our own, on-site staff. Transactions and Leasing identifies and carries out new acquisitions within the framework of the strategy. This business area is also responsible for canvassing new customers, letting premises for retail and offices, and the sales of tenant-owned dwellings.

Our support functions are divided into HR and Business Support. Business Support comprises Accounts, Finance, Analysis, Investor



MANAGEMENT

We also have our own management organisation that works closely with the tenants to satisfy their needs in the best way possible, while staying open to new business opportunities.

ACQUISITIONS AND SALES

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

CREATING VALUE FOR STAKEHOLDERS



CUSTOMER

We are a long-term landlord that closely collaborates with our customers, which creates continuity and confidence. Local management allows us to intercept and understand customer needs early on, and therefore create the conditions needed for them to develop and conduct profitable, sustainable business. Meeting places with a mixture of activities generate added value for our customers where the different players benefit from one another.



OWNER

Our business model, innovative sustainable urban development and a broad project portfolio concentrated among attractive areas in four growing metropolitan regions lay the foundation for a stable investment rate. By investing in our own properties and managing them effectively, we create good value growth for Atrium Ljungberg and its owners.



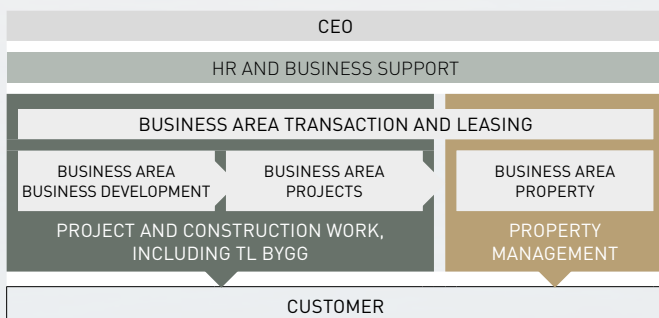
SOCIETY

We create sustainable urban environments where people want to live, be, work and reside over time. We take advantage of the financial, social and environmental values that already exist and add new ones that increase the attractiveness of the location. We create the conditions needed for vibrant areas with a mixture of offices, retail, services, residential units, education and culture, and we take on a lot of responsibility for a location in terms of security, services, parks, etc.



EMPLOYEES

We have in place well-integrated basic values and a good workplace culture, clear goals and potential for development, which allows our employees to be happy, to thrive and to deliver at the best possible level. Our workplace stimulates collaboration, creativity and efficiency, which are essential components if a company is to succeed.



Relations, Communication and Marketing, Sustainability and Digital Development, IT Support, Purchasing, Legal Affairs and Lease Administration.

STRATEGY THAT FOCUSES ON VALUE GROWTH

Our strategy helps us do the right things at the right places. The strategy also describes how we are to do these things: with a focus on customers, sustainability and commitment. It enables us to create innovative sustainable urban environments with good value growth over time.

STRATEGY

VALUE-ENHANCING FACTORS

We will focus on developing **attractive urban environments** for offices and retail, supplemented with residential units, culture, service 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 will develop and improve **properties and development rights**.

We create value growth within the company through active management, and generate project returns in our project development.

We will establish a presence **in strong subsidiary markets** in metropolitan areas where there is potential for long-term population growth.

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

We will 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 **will focus on our customers** in everything we do. **Collaboration** with customers, suppliers, municipalities and other stakeholders will be close, long-term, stable and committed.

Through relationships and collaboration based on trust we find innovative solutions, and together create long-term sustainable and attractive environments.

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

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

The sustainability work is integrated into the business strategy and constitutes an important component of our offering. We improve our own and our customers' resource efficiency.

Good resource efficiency strengthens the company's value and results, as well as the outside world's confidence in us.

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

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.

GOALS FOR PROFITABILITY AND SUSTAINABLE ENTERPRISE

We have clear goals for profitability and growth, long-term stability and sustainable enterprise. At the start of 2019 we updated our financial goals, which included us increasing the investment goal for our project development and introducing a return on shareholders' equity goal.

PROFITABILITY AND GROWTH

The development of profit is key to our success. This is the basis of our yield, along with value growth from investments.

Goals	<p>Return on shareholders' equity of 10 per cent per annum over time (a new goal from 2019).</p> <p>We will invest SEK 2 billion every year in our own projects. This goal was increased in February 2019 to SEK 2 billion. The aim is for new build and extension projects to yield a return of 20 per cent.</p> <p>The dividend is to correspond to a minimum of 50 per cent of profit before changes in value, after nominal tax.</p>																																				
Description	<p>By investing in our own new build and extension projects, reducing vacancy levels and ensuring cost-effective management, administration and financing, return on shareholders' equity will amount to 10 per cent per annum over time.</p> <p>These investments generate value growth for the properties and the company as the dividend yield for these projects are higher than the market's yield requirements. See pages 37-41 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 80-81 for further information about the share and our shareholders.</p>																																				
Goal fulfilment 2018	<p>Return on shareholders' equity amounted to 17.7 per cent. ✓</p> <p>Investments in our own properties amounted to SEK 1,758 million and were mostly in Gränbystaden and Sickla. ✓</p> <p>Proposed dividend 2018 SEK 4.85 per share ✓</p> <p>A dividend of SEK 4.85 per share is proposed for 2018, corresponding to a dividend payment of 67.6 per cent of the profit available for distribution, and a dividend yield of 3.2 per cent.</p>																																				
Historic goal fulfilment	<p>Return on shareholders' equity</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Return on shareholders' equity (%)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>5.7</td> </tr> <tr> <td>2015</td> <td>21.8</td> </tr> <tr> <td>2016</td> <td>17.8</td> </tr> <tr> <td>2017</td> <td>15.0</td> </tr> <tr> <td>2018</td> <td>17.7</td> </tr> </tbody> </table> <p>Investments</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Investments (SEK m)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>707</td> </tr> <tr> <td>2015</td> <td>768</td> </tr> <tr> <td>2016</td> <td>1,002</td> </tr> <tr> <td>2017</td> <td>1,593</td> </tr> <tr> <td>2018</td> <td>1,758</td> </tr> </tbody> </table> <p>Dividend</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Dividend (%)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>67</td> </tr> <tr> <td>2015</td> <td>64</td> </tr> <tr> <td>2016</td> <td>70</td> </tr> <tr> <td>2017</td> <td>65</td> </tr> <tr> <td>2018</td> <td>68</td> </tr> </tbody> </table>	Year	Return on shareholders' equity (%)	2014	5.7	2015	21.8	2016	17.8	2017	15.0	2018	17.7	Year	Investments (SEK m)	2014	707	2015	768	2016	1,002	2017	1,593	2018	1,758	Year	Dividend (%)	2014	67	2015	64	2016	70	2017	65	2018	68
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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.


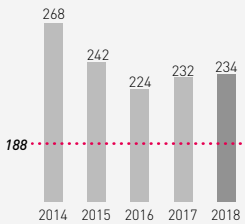
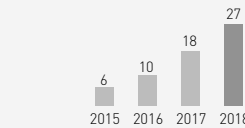
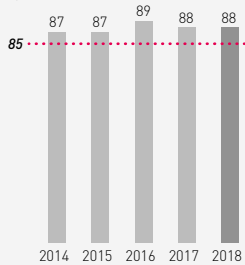
Goals	A maximum gearing ratio of 45 per cent (new goal from 2019).		The minimum interest coverage ratio is to be a multiple of 2.0.																									
Description	The company's capital base is to be strong in order to help ensure long-term stability and generate the conditions needed to do good business in different market situations. The cash flow from operating activities is to cover interest costs by a wide margin.																											
Goal fulfilment 2018	The gearing ratio was 41.9 per cent. ✓		The interest coverage ratio was a multiple of 5.0. ✓																									
Historic goal fulfilment	<div><div>Gearing ratio</div><div>41.9 per cent</div></div> <div><div>Gearing ratio</div><div><table><tr><th>Year</th><th>Gearing ratio (%)</th></tr><tr><td>2014</td><td>45.5</td></tr><tr><td>2015</td><td>43.8</td></tr><tr><td>2016</td><td>41.9</td></tr><tr><td>2017</td><td>44.7</td></tr><tr><td>2018</td><td>41.9</td></tr></table></div></div> <div><div>Interest coverage ratio</div><div><table><tr><th>Year</th><th>Interest coverage ratio (times)</th></tr><tr><td>2014</td><td>3.0</td></tr><tr><td>2015</td><td>3.3</td></tr><tr><td>2016</td><td>3.5</td></tr><tr><td>2017</td><td>4.2</td></tr><tr><td>2018</td><td>5.0</td></tr></table></div></div>		Year	Gearing ratio (%)	2014	45.5	2015	43.8	2016	41.9	2017	44.7	2018	41.9	Year	Interest coverage ratio (times)	2014	3.0	2015	3.3	2016	3.5	2017	4.2	2018	5.0		
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SUSTAINABLE ENTERPRISE

We are gradually strengthening our focus on sustainable enterprise. We have been certifying major new builds of premises since 2011. We will continue the process to certify our entire portfolio, and we have extended our goal to include both new builds and existing buildings.

Exceeded goal –
GPTW index

88
per cent

Goals	By 2021, 100 per cent of our properties are to be certified (with the exception of project properties and properties acquired over the past two years).	Energy consumption per square metre is to decrease by 30 per cent between 2014 and 2021.	By 2021, the proportion of green lease contracts is to be 50 per cent of the contracted annual rent.	We will be one of Sweden's best workplaces and this will help us to have sustainable employees.
Description	We have chosen to obtain environmental certification for our premises in accordance with the BREEAM environmental classification system. Our residential properties are to be certified in accordance with the Sweden Green Building Council's Environmental Building certification (Miljöbyggnad). Project properties and properties acquired over the past two years are exempt and are not included in the goal. See pages 18-25 for further information about our sustainability work.	We will reduce our energy consumption, which represents not only a significant portion of a building's operating cost, but also impacts the climate. We will 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. See pages 18-25 for further information about our sustainability work.		We have taken part in the Great Place to Work® (GPTW) evaluation of 'Sweden's best workplaces' since 2011. Our goal is to achieve a minimum average index of 85 per cent. The results do not include TL Bygg's employees. See page 23 for further details.
Goal fulfilment 2018	On 31 December 2018, 34 per cent of the letting area was certified.	Energy consumption fell by 13 per cent per square metre between 2014 and 2018. Energy consumption amounted to 234 kWh per square metre in 2018. This rise is due to the hot summer that increased the need for cooling.	On 31 December 2018, 27 per cent of the contracted annual rent was from green lease contracts.	The employee survey for 2018 shows that we exceeded our goal and achieved an index of 88 per cent. ✓
Historic goal fulfilment	Share of certified properties % 100 	Energy consumption kWh/m² 	Green lease contracts % 50 	Employee index % 85 

GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT

We have been a signatory of the UN Global Compact since 2009, and stand behind the ten principles concerning human rights, labour law, the environment and anti-corruption. We have also carried out analyses to see which of the UN's 17 global goals and their sub-goals for sustainable development we can contribute to through our activities.

In October 2018 we mapped the global goals against Atrium Ljungberg's focus areas and strategies. Based on this we have selected the ten global goals and sub-goals that we are able to contribute to.



GOAL 3 – GOOD HEALTH AND WELL-BEING

Sub-goal: 3.9

Our properties must be designed to create health and well-being for people who spend time there. By using the Swedish Building Materials Assessment and obtaining environmental certifications for our properties, we contribute to reducing hazardous chemicals and construction materials, and prevent pollution of the air, water and ground. A good indoor climate in the properties is very important for health. This enables us to help reduce the amount of illness in society.

See page 19 for further details.

GOAL 5 – GENDER EQUALITY

Sub-goal: 5.1

We are working constantly to increase gender equality and remove discrimination at the workplace. We have an equal gender distribution in our company management team and in staff functions – in 2018 we ranked as the third most equal company out of the 329 Swedish companies listed on the stock exchange. This work is continuing, focusing primarily on the occupational groups within construction and property management.

See page 22 for further details.

GOAL 6: CLEAN WATER AND SANITATION

Sub-goal: 6.3 and 6.4

The properties are to be resource-efficient and make it easier to live a sustainable lifestyle. This is why we certify our buildings with the environmental certifications BREEAM, BREEAM In-Use and Miljöbyggnad. We can contribute to using water efficiently

and ensuring a sustainable abstraction of fresh water in order to combat water shortages, particularly when developing city districts and buildings, but also when selecting materials. We contribute to improving water quality by minimising emissions and pollutants into the water and through smart surface water management.

See page 19 and note H6 for further details.

GOAL 7: AFFORDABLE AND CLEAN ENERGY

Sub-goal: 7.2 and 7.3

By only purchasing electricity from hydroelectric power and having our own photovoltaic installations on the properties, we contribute to increasing the share of renewable energy in the global energy mix. We are reducing energy consumption in our buildings using different measures and this helps to increase the global improvement rate for energy efficiency.

See pages 19–20 for further details.

GOAL 8: DECENT WORK AND ECONOMIC GROWTH

Sub-goal: 8.8

We work actively to promote a safe and secure work environment and good working conditions for our own employees and sub-contractors. Combating human rights violations is an important part of our work and the requirements we place on our suppliers.

See pages 22–25 for further details.



BAT BOXES

Mobilia's 100 steps to a sustainable site can be seen in a variety of different ways. Everything from environmentally certified buildings and 700 new bike parks to bat boxes. Bats are one of the oldest kinds of animal in the world and they form an ecologically important group of animals. At Mobilia we have built new homes for these protected animals.

GOAL 11: SUSTAINABLE CITIES AND COMMUNITIES

Sub-goal: 11.3, 11.6 and 11.7

We play an active role in the urbanisation of cities through the work that we do. Our business is based on sustainable, innovative urban development. We work with customers, suppliers and municipalities in the planning, construction and management of the properties and together we create sustainable cities and societies. By ensuring that we have a good mix of content in the buildings and designing public spaces and green areas, we create urban life, green oases, security and well-being that includes everyone. We also work to reduce the cities' negative environmental impact per person.

See pages 18–21 for further details.

GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Sub-goal: 12.2, 12.4 and 12.5

Our ambition is to contribute to more sustainable consumption and production by working with our own resource efficiency, as well as the resource efficiency of our suppliers and customers. We are striving to reduce energy consumption, handle chemicals and waste in an eco-friendly way, and reduce emissions by having environmental certifications for our buildings, sorting waste at source at our construction sites, and imposing requirements on our suppliers. We contribute to increasing recycling and reuse among our tenants and visitors by providing recycling solutions at all properties, running recycling campaigns and ensuring that there are second-hand shops at our retail hubs.

See pages 18–21 for further details.

GOAL 13: CLIMATE ACTION

Sub-goal: 13.1

We are working to reduce energy consumption and the use of fossil fuels in order to reduce carbon dioxide emissions and therefore combat climate changes. We also want to give the cities and the properties greater resistance and a better ability to adapt to climate-related dangers and natural catastrophes. Trees, green roofs and smart surface water management help us to adapt our properties to the climate.

See pages 19–21 for further details.

GOAL 15: LIFE ON LAND

Sub-goal: 15.5

It is important to contribute to reducing the destruction of natural habitats, halting biodiversity loss and protecting and preventing the extinction of threatened species. We can do this by creating green spaces that promote species diversity, working on ecosystem services and using trees, land, walls and roofs in a sustainable way in our urban environments.

See pages 16, 48, 51, 52 and 53 and above for further details.

GOAL 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

Sub-goal: 16.5

We work proactively to minimise all forms of corruption and bribes, both among our employees and among suppliers and customers. This is our way of contributing to a peaceful and inclusive society.

See pages 24–25 for further details.



THEME: IT'S THE PEOPLE WHO MAKE THE CITY

“SLUSSEN WILL BECOME THE HOTTEST AREA IN STOCKHOLM”

When the consultancy company HiQ was looking for a new office, it was important to find the perfect premises for the needs of the business, but also a good location for its employees. The removal van is now on its way to Glashuset at Slussen, one of Stockholm's best-known buildings.

The area around Slussen in central Stockholm is undergoing a major transformation at the moment. The ambition is to make this historic hub a more attractive place to visit. An overbuild over the roads, more walkways and bike paths, new buildings for offices, restaurants, culture and retail, parks and a new bus terminal in Katarinaberget are just some of the changes taking place. The consultancy company HiQ will have front row seats to the construction work.

“Slussen is a hub with good communications, which is important for our customers and our employees. Södermalm is such a wonderful city district and Slussen will become the

hottest area in Stockholm when the construction is complete,” says Erik Ridman, Head of Communications at HiQ.

HiQ is a Nordic consultancy company that works on simplifying and improving people's lives using technology, design and communication. A total of 1,600 people work at HiQ, which has 10 offices in Sweden, Finland, Poland and Russia. When we meet HiQ at the end of January 2019, its new head office and Stockholm office is being completed. They are moving from Regeringsgatan to Glashuset at Stadsgårdskajen, which is a well-known building for many people who live in Stockholm. HiQ will occupy the entire seventh floor, which measures just over 2,900 m².

ABOUT SLUSSEN

In Slussen we own the well-known buildings Sjömansinstitutet, Glashuset and Katarinahuset. We have also land allocations for two new buildings in front of them and for the development of Mälarterrassen.



“We are a company that is growing strongly and we basically didn’t have enough space at our current premises. We saw the opportunity to merge several offices in the Stockholm area and bring our employees together under one roof. We first looked at expanding our current premises, but decided quite quickly that we wanted to look for a new home.”

For HiQ it is important for it to be easy for both employees and customers to get to and from the office. The company is investing heavily in creating a good atmosphere, including a rehearsal space that is used regularly by ten HiQ bands. The office is the consultant’s hub and is used for many staff activities, events, seminars and customer activities. This is why it was important to find flexible premises that could easily be changed around if necessary. The entire floor is open allowing everyone to enjoy the breathtaking view of Saltsjön, Gamla Stan and Djurgården.

“It’s an incredible building! Although it’s many years old, it feels extremely modern. We want the office to be full of energy with seamless flows and it should be easy to collaborate. You

should feel that things are happening all the time. Atrium Ljungberg has been extremely receptive during the construction process and has helped us to create an office environment that is perfect for our operations.”

Another two buildings will be constructed in front of the current building Glashuset, Sjömansinstitutet and Katarinahuset. A new destination for food and culture in Mälarterrassen is also being developed, as well as a retail hub underground that links buses, the underground and Saltsjöbanan. Slussen will be a place where people will want to stay and spend time rather than just pass through; a meeting place for both people in Stockholm and visitors to the city.

“IT consultants are often located in the heart of the city, so it’s good for us to do something different and move to Söder. Now that we’ve moved here, I’m sure that many more will follow,” concludes Erik and laughs.

CARING FOR PEOPLE AND THE ENVIRONMENT

We create attractive and sustainable urban environments and properties where people want to live, work and be for many years to come. This is why we take a long-term, responsible perspective when we own, build, develop and manage properties and urban districts.

OUR ROLE AND IMPACT

The issue of sustainable urban development has become more topical as urbanisation and population in metropolitan areas have grown. Awareness that the earth's resources are limited and that humans impact the climate has grown. The construction and property sector accounts for roughly one third of Sweden's energy consumption, and it has a large impact on the climate. There are also risks in our industry associated with health and safety, corruption and violations of human rights. It is therefore important for us that we take care of people and the environment in all of our operations.

Atrium Ljungberg is active during the entire lifecycle of a building; as a developer of new properties, a buyer of construction materials and services, a developer and contractor, a property manager and a leasing manager for properties, but also at the final stage of a building when it is going to be demolished. We impose requirements on our suppliers and work with our tenants to achieve more than we could do by ourselves individually. By doing this we are trying to guide the entire value chain in a sustainable direction.

GOVERNING SUSTAINABILITY

The Board of Directors evaluates and annually establishes the company's overall sustainability policy and other policies governing sustainability; the equality and discrimination policy, supplier policy, business ethics policy, tax policy, whistleblowing policy and work environment policy.

The CEO has ultimate responsibility for ensuring the policies are observed and delegates responsibility to managers and project managers in the organisation. The sustainability work is a natural and integral part of all operations and the managers have a specific responsibility for its implementation.

There is dialogue with the key stakeholder groups to ensure that we have identified our most important sustainability issues. We use the results of the materiality analysis as the basis for developing our focus areas, goals and policies. A sustainability strategy is drawn up every year with quantifiable goals and concrete measures, and these measures are followed up. Sustainability risks are evaluated every year.

See pages 10–15 for further information about Atrium Ljungberg's goals and strategies. For more information about our materiality analysis, stakeholder dialogue and governing our sustainability work, see note [H1](#) and [H2](#).

OUR FOUR FOCUS AREAS

1. SUSTAINABLE URBAN DEVELOPMENT

We develop sustainable city districts and properties to increase the attractiveness of the areas and create value for tenants, municipalities, others who use the sites and us ourselves. The properties must be designed with care for people and the environment. They must be resource-efficient and make it easier for people to lead a sustainable lifestyle.

See pages 8–10 for further information on our strategy for sustainable urban development.

2. ENVIRONMENT AND RESOURCE UTILISATION

Resource utilisation, primarily energy consumption, represents a significant portion of a building's operating and production cost, and its climate impact. Consequently, we focus on improving our own and our customers' resource efficiency.

See pages 19–21 for further information about the environment and resource utilisation.

3. SUSTAINABLE EMPLOYEES

One condition for achieving good results is competent, engaged and healthy 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.

See pages 22–24 for further information about employees.

4. BUSINESS ETHICS AND SUPPLIERS

Trustworthiness is of central importance to us. We uphold sound business practices in our own operations and in relation to suppliers and other partners. We impose the same requirements on our suppliers as we do on ourselves in terms of the environment, work environment, working conditions and human rights.

See pages 24–25 for further information about business ethics and suppliers.

ENVIRONMENT AND RESOURCE UTILISATION

At Atrium Ljungberg we work to continually improve our own and our customers' resource-efficiency and environmental performance. Important elements of this work include environmental certifications for buildings and reducing energy consumption.

BUILDINGS WITH ENVIRONMENTAL CERTIFICATIONS

Atrium Ljungberg obtains environmental certifications for commercial new builds in accordance with the BREEAM environmental classification system; for existing buildings in accordance with BREEAM In-Use; and residential buildings in accordance with Miljöbyggnad (Sweden Green Building Council's Environmental Building certification). On 31 December 2018, 34 per cent (16 %) of the letting area was certified.

These certifications contribute to more sustainable properties and make environmental performance more comparable and easier to communicate to tenants. BREEAM assesses the building's environmental performance within several different areas: energy consumption, indoor climate, water conservation, waste management, land usage, and impact on the local environment. BREEAM also assesses and rates how the building is positioned in relation to public transport, selection of building materials and which pollutants the building might produce. Our minimum level for the BREEAM certification for new builds is the grade 'very good'.

For the Miljöbyggnad certification system, our minimum level for residential new builds is the grade 'silver'. Sweden Green Building Council's requirements in relation to energy, material use and the indoor environment are extensive. A third party conducts the audit and rates the various aspects.

When purchasing building materials, we use the Swedish Building Materials Assessment – an online system with building materials that have been environmentally assessed, helping to minimise the environmental impact during the construction work. This system also helps us to adhere to the UN's Precautionary Principle, which means that if there is a threat of serious harm to

the environment, the lack of scientific certainty should not be used as a reason to postpone cost-effective measures to prevent environmental destruction. We see these certifications as a continual process that enables us to find development areas that we can improve before the next certification.

These environmental certifications also comprise the main components in our framework for green bonds. On 31 December we had SEK 4.5 billion of outstanding green bonds. See page 78 for further details.

ENERGY CONSUMPTION HELPED BY THE SUN

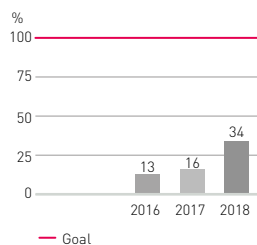
Electricity accounts for the highest share of our energy consumption. We normally provide the tenants with electricity ourselves and charge based on actual consumption, which creates incentives for resource efficiency.

We purchase hydroelectric electricity and have our own photovoltaic installations. In 2018 three new photovoltaic installations were put in place in Sickla, enabling us to increase our production of renewable energy.

A majority of our properties use district heating as their heat source. We also have two properties that are heated with geothermal heating and one project property that is heated with wood pellets and oil.

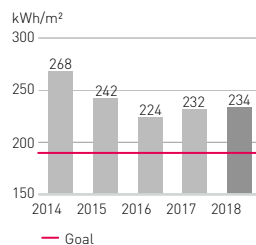
Comfort cooling has been installed in the majority of the properties. This type of cooling is provided by purchased district cooling and by self-generated cooling. A property that was acquired in 2017 also requires high amounts of process cooling. The use of cooling at all of our properties increased as a result of the hot summer.

Share of certified properties



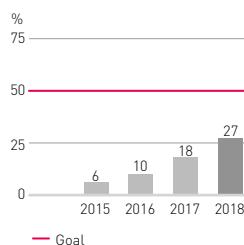
100 per cent of our properties will be certified by 2021. Project properties and buildings acquired within the past two years are not included in this goal. In 2018 the proportion of certified letting area increased to 34 (16 %) per cent. Read more about definitions in note [H6](#).

Energy consumption



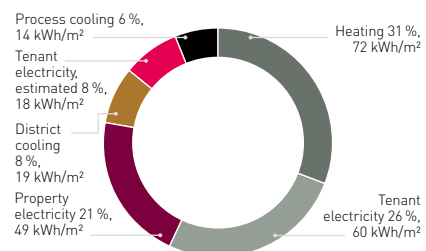
Energy consumption per square metre is to decrease by 30 per cent between 2014 and 2021. We reduced our energy consumption by 13 per cent between 2014 and 2018. The increase compared with 2017 was due to the hot summer, which resulted in a greater need for cooling. See definitions in note [H3](#).

Green lease contracts



By 2021, the proportion of green lease contracts is to be 50 per cent of the contracted annual rent. The proportion of green lease contracts was 27 per cent (18 %) on 31 December 2018. Read more about definitions of green lease contracts in note [H7](#).

Energy intensity – distribution



Energy consumption per square metre was affected by the hot summer. The use of heating fell, while the use of district cooling, process cooling and tenant electricity increased. The total energy consumption for 2018, weighted to an average year, amounted to 260 GWh, which is an increase from 257 GWh in the previous year.

Energy intensityDevelopment, weighted to an average year kWh/m²

Area ¹⁾	Unit	2018	2017	2016
Property energy				
Heating	kWh/m ²	72	76	77
District cooling	kWh/m ²	19	15	19
Property electricity	kWh/m ²	49	50	50
Total property energy	kWh/m²	141	140	147
Tenant energy				
Tenant electricity	kWh/m ²	60	63	55
Tenant electricity, estimated	kWh/m ²	18	19	22
Process cooling	kWh/m ²	14	11	–
Total tenant energy	kWh/m²	92	93	78
Total energy intensity	kWh/m²	234	232	224

¹⁾ See note H3.**EFFICIENT ENERGY CONSUMPTION**

The company has reduced its energy consumption by 13 per cent since 2014. Total energy consumption per square metre for 2018 amounted to 234 kWh/m², which is an increase on the previous year. In 2018 the use of heating decreased, while the use of cooling increased as a result of the hot summer. In the past five years, the amount of property energy has fallen compared with the reference years due to greater energy awareness among our employees and energy efficiency measures.

During the construction phase the BREEAM certifications support us to reduce energy consumption. Our properties are also designed to be flexible and can be adapted to changes in needs, which reduces the need for extensive rebuilding work. Total energy consumption is also affected by the construction materials used. Wooden materials require much less energy at the manufacturing stage than concrete, for example.

During the year we continued work on the energy auditing of our property portfolio that we started in 2016. The majority of properties have now been audited. We have implemented measures, such as the operational optimisation of ventilation, replacing control equipment, and optimising heat recovery in order to reduce energy consumption. A project was carried out in Gothenburg where new ventilation with a higher recovery rate started to be used. Next year a cooling unit with heat recovery will be installed, which will contribute to the property's heat and cooling needs for every day of the year.

During the year, 24 of our employees completed the course Energiylftet, which provides participants with knowledge of low energy construction and the construction process for both new builds and the renovation of low energy buildings. Energi-myndigheten are behind this programme in collaboration with a number of other players.

We also support our customers in their work on resource efficiency. Our overall energy goals include the total energy consumption of our tenants. We work together to find potential efficiency measures in the premises.

CARBON DIOXIDE EMISSIONS AND CLIMATE IMPACT

Our carbon dioxide emissions amounted to a total of 7.5 kg CO₂e/m² in 2018 (6.7), which is an increase on the previous year. Carbon dioxide emissions mostly originate from heating our properties with district heat and from visitors coming to our retail hubs by car. A very small proportion is from electricity consumption at the properties or business trips.

Carbon dioxide emissions from using district heating and their environmental load depend partly on the fuel that our district heating suppliers use. In the case of district heating and district cooling, we rely on the local supplier at each location, and environmental performance varies a great deal.

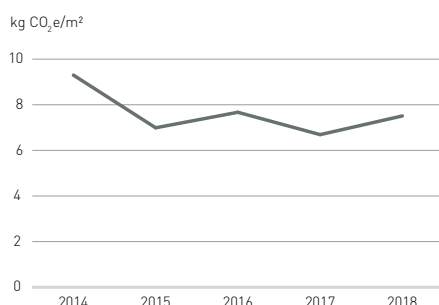
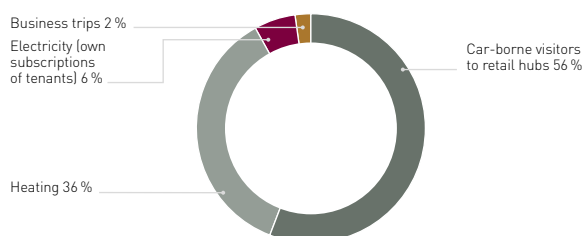
To reduce carbon dioxide emissions from visitors who come by car, we provide electric charging points at car parks and increase the number of parking spaces for bikes.

The electricity we use and that we supply to our tenants is renewable and carbon dioxide-free. This comprises hydroelectric power with a guarantee of origin with the Golden standard. We use certified carbon dioxide-free electricity at all of our properties, except for one. To compensate for this we are supporting a wind power project in India this year.

Read more about carbon dioxide emissions per building type in note H4.

GREEN LEASE CONTRACTS

Atrium Ljungberg's green lease contracts are an example of the collaboration between the property owner and tenant, working together to reduce the environmental impact in the properties. This joint commitment includes energy, waste and transport. The tenants are interested in contributing to sustainable solutions and efficiency measures. These green lease contracts are particularly popular when signing new contracts. At the end of the 2018,

Carbon dioxide intensity from energy consumption**Carbon dioxide emissions – distribution**

green lease contracts accounted for 27 per cent (18 %) of the contracted annual rent. The goal is to achieve at least 50 per cent by 2021.

RECYCLING AND BILLING OF WASTE

We provide recycling at all of our properties. Our tenants want to monitor their own goals for recycling and waste management and we want to make it worth their while to be resource-efficient. This is why we started to introduce individual measuring of waste in 2015. Atrium Ljungberg set the goal of offering individual monitoring and billing of waste at all of our retail hubs by 2021. This now includes office buildings as well.

In the construction and property industry it has been difficult up to now to monitor the amount of waste and recycled materials as there have been no effective systems in place for this. In 2018 TL Bygg signed an agreement with a contractor that has a promising system for sorting, recycling and waste management at construction sites that can also measure the amount of waste that goes for recycling and to landfill.

Our customers have also shown great interest in reusing materials. For the fifth year in a row, we backed the 'Åter-vin-win' campaign in Malmö, Gothenburg, Stockholm and Uppsala, where customers were encouraged to hand in used clothing. Not only retail hubs and stores took part in the campaign, but also office tenants. The result for 2018 was 37 tonnes of collected clothing and textiles that were donated to Stadsmissionen. A total of 328 tonnes has been collected over the past five years.

SOLAR PANELS PROVIDE ENERGY FOR THE HEAD OFFICE

In the autumn of 2018 Stockholm County's largest photovoltaic installation was put on the roofs of three buildings at the Sicklaön 83:22 property in Sickla. Photovoltaic installations form an important part of our sustainability work. Using the energy provided by the sun and producing our own renewable electricity is important in helping us tackle the climate challenges that we are facing. This installation is one of the largest in Sweden. It measures 4,500 m² and covers the roofs at Luftverkstaden,

Gallerian and Magasinet. It will be able to produce 550,000 kilowatt hours of electricity over the period of a year. The solar panels on the roof of our own head office in Luftverkstaden make the office completely electricity-neutral as the production and use will balance each other out. The solar panel installation in Sickla will prove beneficial both financially and for the environment.



OUR EMPLOYEES

Atrium Ljungberg has a total of 310 employees, who lay the foundation for the Group's development and success. Our employees are to be happy, thrive, perform and develop over time. To facilitate this, they need clear and communicated goals, continual feedback, development, a good workplace culture and a safe work environment.

Atrium Ljungberg is growing, which means that the need for employees and competence is increasing. At the end of 2018 the Group had 310 (296) employees, of whom 100 (100) per cent have collective agreements. We almost only hire employees on a full-time and permanent basis. Pay is based on statistics from the industry and the individual performance of the employees. Pay is reviewed annually and there are no unjustified differences between the sexes.

The workforce remains at a relatively stable level during the year, except during the summer when summer workers are employed in the property management. We also provide placements for apprentices from the vocational courses at upper secondary schools, from the KTH Royal Institute of Technology and higher vocational education programmes.

Employee per function at end of year

	2018			2017		
	Number of employees	Share of women	Share of men	Number of employees	Share of women	Share of men
Property management	117	36 %	64 %	114	34 %	66 %
Construction	55	–	100 %	60	–	100 %
Support functions + CEO	65	49 %	51 %	57	49 %	51 %
Construction work	41	7 %	93 %	35	11 %	89 %
Business Development	13	38 %	62 %	11	36 %	64 %
Project management	19	21 %	79 %	19	21 %	79 %
Total	310	28 %	72 %	296	27 %	73 %

Number of employees at end of year

	2018			2017		
	Number of employees	Share of women	Share of men	Number of employees	Share of women	Share of men
of which full-time	308	27 %	73 %	294	27 %	73 %
of which part-time	2	100 %	–	2	50 %	50 %

The diversity indicators reported by Atrium Ljungberg include gender and age. Read more about gender and age distribution and employee movement in note [H8](#).

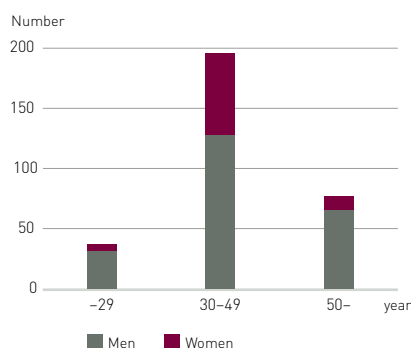
GENDER EQUALITY AND EQUAL VALUE

Our fundamental approach is that everyone has equal value and the right to equal treatment. Employees are to be afforded the same opportunities for their employment conditions, skills development and promotion within the framework of their own competence and willingness. Working conditions are governed by collective agreements. No incidents of discrimination were reported during the year, which was also the case in 2017. There is no difference in pay due to gender.

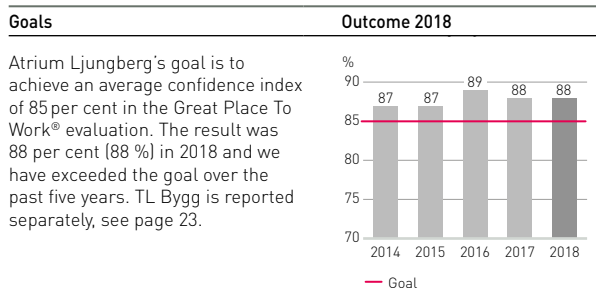
Although the property and construction industry is still dominated by men, Atrium Ljungberg has achieved an even gender distribution in its management team, at middle manager level and for its administrative support functions. The proportion of women in the Group as a whole increased during the year. In 2018 we were ranked the third most equal company out of the 329 companies on the stock exchange by Allbright, which analyses gender distribution among senior executives.

There are still areas we need to develop. For example, the skilled workers within the Group are overwhelmingly men. The Me-Too movement and the construction industry's #Sista spiken i kistan (Final nail in the coffin) highlighted the need for change.

Age and gender breakdown in 2018



Employee goals and outcomes



88 % Average confidence index

7.2 Average years employed

4 | 3 Women and men respectively in company management

43.1 Average age, years

In 2018 TL Bygg started work on inclusion that was firmly established throughout the company through conferences, workshops and presentations. A female network was also started.

EMPLOYEE DEVELOPMENT

Employee engagement and competence play a pivotal role in Atrium Ljungberg's success. Working for us should be stimulating and satisfying. If employees are to feel engaged, it is important for everyone to understand what is expected of them and how their input contributes to and is essential for our business.

Our Performance Management process helps managers and employees focus on the right things and focus on the employee's development. This process includes career development reviews, action plans and follow-ups. All of Atrium Ljungberg's employees and TL Bygg's salaried employees are involved in this process. Each employee is given individual goals and action plans for development, performance, innovation and sustainability. This is carried out during the annual performance reviews and the follow-up twice a year. The employees also have at least four regular feedback sessions with their manager.

Every year the employees evaluate their managers and this feedback is used to develop leadership. TL Bygg also holds annual career performance reviews with all of its skilled workers.

During the year courses were held on various themes, including personal efficiency, contract law and the work environment. Leaders at Atrium Ljungberg take part in management days twice a year, often with external presenters with themes such as leadership in change and innovation.

ONE OF SWEDEN'S BEST WORKPLACES

We want to be one of Sweden's best workplaces. Every year the survey Great Place To Work® (GPTW) is carried out. Atrium Ljungberg has been using this survey since 2011 and all employees are involved. Over the past six years the results have exceeded the goal for an average confidence index of 85 per cent. The result in 2018 was 88 per cent, which was unchanged from 2017. This result clearly shows that employees appreciate the new activity-based office in Sickla, following the head office and the local office in Sickla moving in together at the beginning of 2018. One area for development that we have seen in the survey is the information that leaders give to their employees about important issues and any changes.

TL Bygg has also been using the GPTW survey since 2011 and has included skilled workers since 2016. The goal for 2018 was 82 per cent, with a multi-year goal of 86 per cent. The result for 2018 was 84 per cent, which is clearly better than the 2017 index, which was 76 per cent. This result reflects the work that was carried out during the year to create participation and a feeling of solidarity. A joint conference was held for the entire company during the year. Various subjects were discussed at the conference, such as inclusion, gender equality and diversity.



INTEGRATION PROGRAMME IN UPPSALA

In 2015 we faced one of the worst refugee catastrophes since the Second World War. Atrium Ljungberg, just like many others, was asked to provide residential units to new arrivals. We did not hesitate to say yes, but we wanted to do more. A home is not enough to get a good start in society. In 2017 we launched the Welcome Programme where five people were given a placement, a residential unit in Gränbystaden and a sponsor. The programme ran for a year and ended in October 2018. Three of the five people who took part have gained permanent employment and one is studying full time.

HEALTH AND SAFETY

Serious health and safety risks are common in the property and construction industry. Atrium Ljungberg has a zero-tolerance approach to stress-related illnesses and workplace accidents.

In the autumn of 2018, 150 employees at Atrium Ljungberg had health checks to discover any ill health. For offices, the health and safety risks are primarily related to stress, which affects mental health. The Group provides health promotion support for its employees by subsidising gym memberships, massages at the workplace and encouraging various exercise activities. The Wellnet health promotion platform has been used since 2013. We also have internal traffic rules for how we work with meetings, emails and telephones. During the career development reviews, a personal sustainability goal is set for each individual. Atrium Ljungberg's employees also have voluntary health insurance that provides access to health care, conversational support and rehabilitation.

Injuries to hands are the most common accidents when managing properties and carrying out construction work. Regular work environment courses are run for project managers, technical administrators and salaried employees in production at TL Bygg in order to prevent workplace accidents. A work environment committee meets four times per year. There are order and safety rules at each workplace, safety officers are appointed and safety rounds are carried out. It is important to maintain this safety work, which is why TL Bygg has appointed a quality, environment and work environment manager to support these activities.

TL Bygg's management system is certified in accordance with BF9K, which is a management and product certification system that sets requirements for quality, the environment and the work environment. It works in the same way as an ISO certification, but the system has been directly adapted for the construction

industry. TL Bygg has been certified since 2002 and works actively to reduce its environmental impact. It has rules and procedures in place to ensure that every employee has a good work environment. Every year a third party audit is carried out; in 2018 this was performed by Det Norske Veritas.

In 2018 sick leave amounted to 5 per cent (4) of the total contracted working hours in the Atrium Ljungberg Group. It is primarily sick leave among women that has slightly increased. Read more about sick leave distributed by age group in note [H9](#).

Sick leave by gender, % of total contracted working hours

	2018	2017	2016
Men	4 %	5 %	4 %
Women	6 %	4 %	3 %
Total absence	5 %	4 %	4 %

In 2018 there were 3 (6) work-related injuries that resulted in sick leave of one working day or more. None of them were considered to be a serious injury. There was one wound on a hand; one injury to an arm resulting from a falling object; and one bruising to the ribs. There was one serious back injury caused by a falling object, but this did not result in any sick leave.

There have been no fatalities within the group or at any of Atrium Ljungberg's construction sites during the year, or earlier. See note [H8](#) and page 154 for further details and definitions.

Accidents and related absence

Number	Men	Women	No. of absence days, absolute figures
Accidents with sick leave	3	–	150
Sickness or other ill health	1	–	–
Accidents without sick leave	8	1	–
Near accidents	2	–	–
Commuting accident ¹⁾	5	–	–
Total	19	1	150

¹⁾ A commuting accident is an accident that takes place outside of working hours, on the way to and from work.

Work-related injuries and injury rate (LTIR)

	2018		2017	
	No. of cases	Rate	No. of cases	Rate
Atrium Ljungberg	1	2.7	2	5.7
TL Bygg	2	8.7	4	17.0
Total	3	5.0	6	10.3
Men	3	5.0	6	10.3
Women	–	–	–	–
Total	3	5.0	6	10.3

The injury rate is reported per one million working hours.

Lost working hours due to work-related injury or sickness (Lost Day Rate)

	2018		2017	
	No. of days	Rate	No. of days	Rate
Atrium Ljungberg	4	0.0	23	0.1
TL Bygg	146	0.4	59	0.2
Total	150	0.2	82	0.1
Men	150	0.2	82	0.1
Women	–	–	–	–
Total	150	0.2	82	0.1

BUSINESS ETHICS

Atrium Ljungberg shall be a long-term and reliable partner in all of its relationships. This is why we are working proactively to combat the risks of bribes, corruption and human rights violations in the property and construction industry.

The entire operations are audited every year to identify any risks of corruption and human rights violations. The biggest risks within the property and construction industry, are particularly in terms of bribes and gifts, special prices for friends when leasing, hiring illegal workers, labour migration and tax evasion. Atrium Ljungberg uses sound business practices, which is why it works actively on business ethics among employees and imposes requirements on suppliers and sub-contractors.

EMPLOYEE CODE OF CONDUCT

Our values – long-termism, collaboration, reliability and innovative thinking – form the basis of everything we do at the company. Employees must act in an honest way and with care, commitment and integrity to business partners and other employees.

The business ethics policy is also our code of conduct and applies to all employees and temporary employees. We have also

guidelines in place for entertainment, gifts and benefits that provides more concrete guidelines for the employees, and a training package with ethical dilemmas that has been used in courses with all employees since 2017. We provide introduction training for new employees and temporary employees as well, where business ethics plays an important role.

TL Bygg has its own business ethics policy and has signed and supports the Swedish Construction Federation's Code of Conduct and applies the Swedish Anti-Corruption Institute's Code of Business Conduct. They are also certified in accordance with the management and product certification system BF9K.

WHISTLEBLOWER FUNCTION

Atrium Ljungberg has a whistleblower function that enables people to report suspicions of corruption and other crimes or policy deviations anonymously. Both employees and partners can use this function or can turn to their line manager. This function is provided by an external supplier and any reports are handled by a special steering group for the whistleblower function.

There were no reports via this function in 2018 and no cases of corruption were discovered.

BUSINESS ETHICS IN THE SUPPLIER CHAIN

We play an active role throughout the value chain – from acquiring land at an early stage of the areas' urban planning to driving a sustainable process through development, construction, management, and at the final stage, demolition and recycling. The company is therefore a major buyer and client with 968 different suppliers of goods and services. Framework agreements have been signed with 78 of these suppliers. TL Bygg had 371 suppliers in 2018. There were no major changes to the supplier chain during the year.

The major purchasing categories are:

- Building contractors, including carpenters, electricians, sheet-metal workers
- Construction materials
- Energy, primarily electricity and district heating
- Operation and maintenance services, such as cleaning
- Consultancy services, including architects, project managers and administrative support

Our suppliers also have their own subcontractors, for example, for construction materials, their workforce, fuel, transport and waste management.

SUPPLIER CHECKS

Our suppliers are seen as an extension of our own operations. The goods and services that we purchase must be produced with care for people and the environment. Our supplier policy is our Supplier Code of Conduct. It is based on Fastighetsägarna's Supplier Code of Conduct, which sets out the minimum requirements that we impose on the entire supplier chain. It covers issues surrounding business ethics, the environment, work environment, working conditions and human rights.

When agreements are signed, the supplier must sign the supplier policy, which is added as an appendix to the agreement. We monitor new suppliers by evaluating to see whether our supplier policy has been signed. In addition, we, or a third party, perform audits of selected suppliers every year.

In 2018 a total of 102 of 165 new suppliers signed the supplier policy. During the year 20 desk audits were performed of selected existing framework customers. No serious infringements were identified.

Suppliers within cleaning, demolition and snow removal from roofs are examples of industries where there are risks of infringements. If serious infringements are discovered, this could result in the agreement being terminated.

Some purchases are made directly in the construction projects and as part of the property management and are not procured centrally through framework agreements. The project manager is responsible for ensuring that the suppliers read and understand the supplier policy.

TL Bygg imposes requirements on its suppliers to observe the certification system BF9K's requirements for quality, the environment and work environment. In 2018 TL Bygg employed a purchasing manager and started a review of the processes for purchasing and supplier audits. There were no coordinated audits of new or existing suppliers during the year.

TAX POLICY

We pay tax in Sweden, which comprises current tax, property tax, non-deductible VAT, stamp duty, social security payments and special payroll tax. Atrium Ljungberg's tax policy states that we will be a reliable, long-term and responsible member of society that consistently complies with laws and regulations and balances shareholder interests with public interests. Taxes must be checked, reported and paid correctly.

The company undertakes not to conduct aggressive tax planning. Aggressive tax planning relates to transactions that are not for commercial reasons, but only aim to reduce tax. The tax policy is available at al.se. Read more about tax paid in note [H9](#).



THEME: IT'S THE PEOPLE WHO MAKE THE CITY

“NOBELBERGET HAS BEEN INCREDIBLY IMPORTANT FOR STOCKHOLM'S CULTURAL LIFE”

In Nobelberget in Sickla we have been working with Nacka Municipality and several partners to build up a cultural hub that has attracted more than 500,000 visitors in four years. One of the key people behind the project is Martin Lagerberg.

The first meeting between Martin Lagerberg and Atrium Ljungberg was held in the autumn of 2014. Atrium Ljungberg had recently acquired Akzo Nobel's former industrial area in Nobelberget, which is between Sickla and Hammarby Sjöstad. Work on a detailed development plan to develop a new city district had already begun, but there were thoughts early on to bring this desolate area to life while the planning process was underway. Several key people from Stockholm's concert, club and entertainment circles were engaged, including Martin Lagerberg.

“From the start the idea was to organise a food truck festival,

but as soon as we saw the premises we realised that we could do so much more on Nobelberget.”

Martin is the CEO of Nobelberget's club and concert activities and has been involved in Stockholm's cultural life for many years. For example, he helped to start Restaurang Landet in 2005, a restaurant, bar and stage that has attracted people to Telefonplan in southern Stockholm for many years. Martin has also been involved in organising several festivals. In Nobelberget the Nobelberget organisation has had its offices right next to the large concert arena, premises that used to be a sports hall and

ABOUT NOBELBERGET

Nobelberget is between Hammarby Sjöstad and Sickla and until a few years ago it was a secluded industrial and office area. The site is now being developed into a vibrant city district.



warehouse. Martin highlights how important it is for all of the players, including property owners and municipalities, to dare to try and to continually build trust in one another. This is crucial for the success of this kind of project.

“We’ve created Nobelberget together. It would have been impossible to organise the programmes for this site by ourselves. Nobelberget is a large area; in terms in size it is somewhere between club performances and Annexet. This is why we’ve had to work with the biggest content suppliers, booking companies and festival organisers. But we’ve also tried to help new players that are getting bigger. Nobelberget has been incredibly important for Stockholm’s cultural life and has helped us to bring several international artists to Stockholm.”

When the activities at Nobelberget started, the plan was for them to last for around a year and a half, but the agreement was extended several times as the detailed planning process overran. Over the past four years there have been more than 200 clubs, 170 concerts, 22 festivals and eight markets at Nobelberget, which has had more than 500,000 visitors.

“I’m so proud that we’ve been able to have so many different kinds of events. We had no idea of what to expect. We’ve filled a gap on the market with Nobelberget.”

The last festival was held in Nobelberget in January 2019 and



Nobelberget will be developed into a city district with 500 residential units, creative offices, culture, nature and meeting places. There is an open exhibition about the project in Sickla Galleria.

the area is now entering a new phase. However, the cultural heritage that was built up in a short time at the site will be preserved in the new city district that is now being created. Several of the players that were involved will move into the rebuilt Formalin-fabriken in the summer of 2019. For Martin and his colleagues, their sights are set on a new location, Slakthusområdet.

“It’ll be exciting to see what the site will look like in a few years if our story is preserved in this area. We now want to continue to develop Stockholm’s concert and club life with Atrium Ljungberg. And Slakthusområdet is a perfect place for us to do this together,” says Martin.

HIGH INTEREST IN PROPERTY INVESTMENTS

The transaction market has reported high and stable sales volumes in recent years and this trend seems to be continuing. Low interest rates combined with rising rental levels have encouraged a strong interest in property investments, including from foreign investors.

THE TRANSACTION MARKET

Demand for property investments has been high in recent years and the Swedish property market remained strong in 2018. Properties totalling a value of approximately SEK 159 billion were sold during the year, which is in line with the average annual volumes of the previous five years.

In terms of sales, residential units are the largest segment, with a sales volume of approximately SEK 51 billion, which is a historically high level. Office properties were the second largest segment with a total transaction volume of SEK 32 billion and a market share of 21 per cent. Retail properties accounted for SEK 14 billion and a market share of 9 per cent. Interest in retail properties is high and the price difference between retail hubs in good locations and retail hubs in worse locations has widened.

FOREIGN INVESTORS

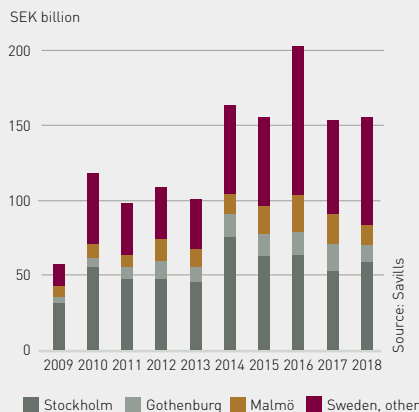
Interest from foreign investors remained strong during the year and the Swedish property market is still considered to be an attractive market. Property acquisitions from foreign investors amounted to a total of SEK 43 billion in 2018, corresponding to a market share of 27 per cent, compared with 26 per cent in 2017. The growing proportion of foreign investors has been a clear trend since the financial crisis of 2008.

CONDITIONS FOR 2019

The expectations for 2019 are slightly lower than last year, following an autumn with reduced growth forecasts and an external environment that has created volatile stock exchanges. The low interest rate environment has had a major impact on the commercial property sector, which is a very capital-intensive industry. The low interest rates have made high amounts of capital available and encouraged an increase in demand for properties. This has resulted in a market where yield requirements have been down at historically very low levels in all property segments. Although the demand is assessed as being the highest of Sweden's three major cities, the lack of supply has moved investors to more secondary markets and objects.

In December 2018 the Riksbank (Sweden's central bank) announced an increase in the repo rate of 0.25 percentage units to -0.25 per cent to slowly normalise monetary policy. The cautious change in the interest rate climate will probably not have a major impact on the transaction volumes for 2019. It seems as though interest in property investments will be strong, combined with a positive impact on office rents and low vacancies in 2019.

Transaction volume per geographic area



Transaction volume per property type



Yield requirements for offices and 10-year government bond interest



STRONG OFFICE MARKET CONTINUES

Atrium Ljungberg's office properties are primarily in Stockholm, Gothenburg and Malmö where the rental market has developed very favourably in recent years. A growing population, a strong economic climate and more efficient workplaces are the reasons for this.

HIGH DEMAND FOR OFFICE SPACE

Sweden's population is becoming more concentrated around the three major cities of Stockholm, Gothenburg and Malmö. The proportion of the population who are of working age is also higher in these major cities than in the rest of the country and this trend is expected to continue in the future. The high and growing population figure creates greater demand for workplaces, social services and accommodation, and in turn, properties.

The office rental market is very strong in Stockholm, Gothenburg and Malmö, driven by the strong economic climate and demographic development in the cities. For example, vacancy rates in Stockholm and Gothenburg have been down at historically low levels and speculative office projects are being leased quickly.

STOCKHOLM

Central Stockholm has seen office rents increasing strongly and this growth rate will be one of the strongest in Europe. Trends such as activity-based and modern offices are among the reasons for this significant increase in rents. This makes the use of the premises more efficient for the tenants, enabling them to pay a higher rent per square metre without this having a major impact on the cost per workplace. In central Stockholm there has been a limited amount of new office space in recent years and there is a high number of office properties that are being converted, for example, to residential units or hotels, which is further driving the imbalance between supply and demand. It seems likely that the office market in the major cities will remain strong in 2019

with high demand, positive rental growth, particularly in central areas, and that the low vacancy rate will continue.

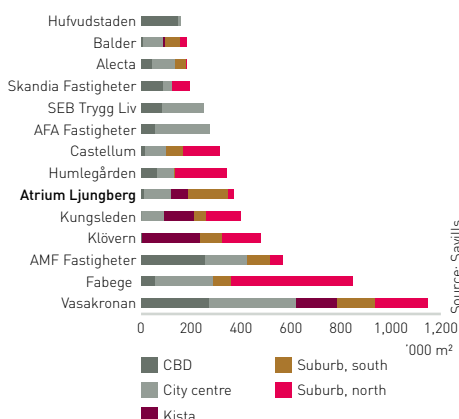
GOTHENBURG

The office market is strong in Gothenburg as well. The region is in good shape, which is driving growth and enterprise. The vacancy rate for offices in Gothenburg CBD has fluctuated between 2.5–3.0 per cent in 2018, which is historically low and shows that demand for premises in attractive locations is very high. There has been a limited addition of new builds over the past two years and the majority of the space has been leased before completion. The prospects for Gothenburg look good and given the current situation, there is space for rental growth in several subsidiary markets, while the vacancy rates look set to remain low.

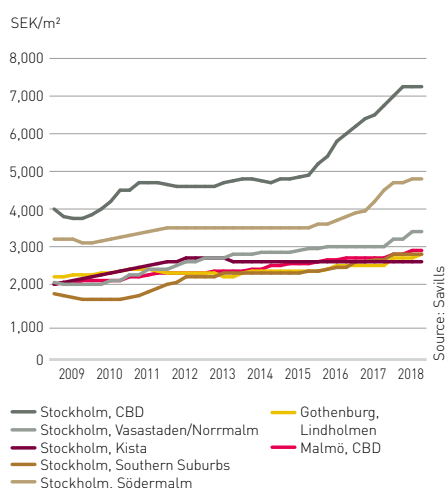
MALMÖ

The vacancy rates for offices in Malmö CBD fell during the year, but remain higher than in Stockholm and Gothenburg. The main reason for this is that the new build volumes have remained relatively high in Malmö for several years, where some of these volumes are being built completely or partly on speculation. The trend for rental levels has remained positive and stable since the financial crisis.

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.

Atrium Ljungberg's market shares in subsidiary markets, Office

Subsidiary markets	Office space, '000 m ²	Share Atrium Ljungberg
Stockholm		
CBD	1,790	1 %
City centre	5,022	2 %
Inner suburbs	3,658	9 %
Kista	879	8 %
Gothenburg		
Lindholmen	298	22 %
Malmö		
City centre, incl. CBD	1,600	2 %

Source: Savills and Strateg Fastighetskonsult

RETAIL IN CHANGE

Retail has reported 22 years of growth in a row and has benefited from population growth, low unemployment and a continued low repo rate. The strong position of e-commerce was reinforced during the year, with growth amounting to 15 per cent. Retail increased by 2.5 per cent as a whole in 2018 with Christmas sales breaking records again.

RETAIL YEAR 2018

After a cautious start to the year, sales growth picked up in the spring before slowing down during the record hot summer, when consumers were prioritising different activities to shopping. Growth was slightly more stable in the autumn, but the year ended with a negative trend in Christmas sales. This resulted in retail growing by 2.5 per cent in current prices, which corresponds to SEK 19 billion. Total sales amounted to SEK 786 billion. Everyday commodities, optics, electronics and goods for the home contributed most to this growth, based on current prices. The growth in retail is primarily driven by increases in prices more than higher sales volumes. Clothing remains a segment facing major challenges, with sales falling by 1.2 per cent.

The total sales at our four regional retail hubs, Sickla, Farsta Centrum, Gränbystaden and Mobilia, reported a combined increase of 1.1 per cent compared with the previous year.

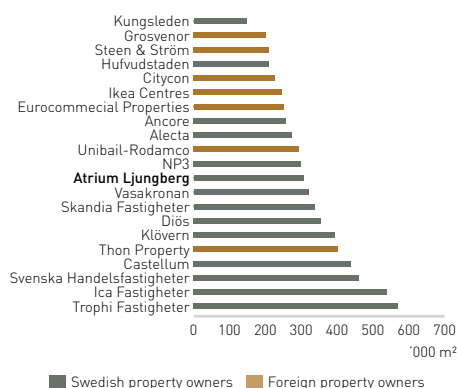
RETAIL IS CHANGING

In 2017 there was a shift in the trends when e-commerce accounted for almost all growth in consumer durables. E-commerce's strong position was confirmed in 2018, with growth amounting to 15 per cent, which corresponded to an increase of SEK 10 billion. E-commerce's total sales amounted to SEK 77 billion, increasing the market share of online shopping to 10 per cent. The sectors that showed the quickest growth online were food, furnishing/furniture and sport/leisure.

The rumours that Amazon would establish on the Swedish market intensified in 2018, but the entry of the American giant into Sweden did not take place. If Amazon were to launch in Sweden, it would contribute to an increase in growth for e-commerce, so this possibility is being carefully monitored. It would have such a major impact because of Amazon's size in all respects. The company's annual sales are more than double the sales for Swedish retail trade as a whole.

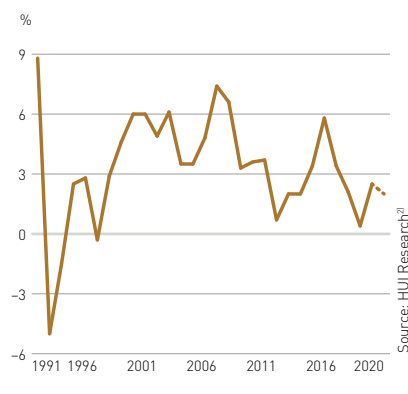
The new consumption patterns caused by digitalisation are creating new commercial opportunities and conditions for retail. As e-commerce is growing, an increasing number of retail companies are getting closer to the customer and their everyday movements. Goods coming to the customer rather than the other way around feels like a natural step for retail. This is being seen by an increasing number of volume retail companies establishing city concepts. Bauhaus, ÖoB and DollarStore are examples of this. In parallel with this, pop-ups and mobile stores have become increasingly popular. These mobile stores are still a new phenomenon in Sweden, but they have been around for several years in other countries such as the USA. Amazon's Treasure Truck is a store on wheels that sells selected goods, while also acting as a collection point for goods bought online. In the spring of 2018 Ikea launched mobile stores on the Swedish market that focus on kitchens in order to reach customer groups that live far away from the chain's main stores. It seems likely that an increasing number of chains will try to find new ways of getting close to their customers, both physically and digitally.

Retail letting area in Sweden¹⁾



¹⁾ Estimated area, as per 31 December 2018.

Retail sector's development and forecast for 1991–2019 (rolling prices)



²⁾ The figures from HUI Research could potentially be updated.

Atrium Ljungberg's market shares in subsidiary markets, Retail

Municipality	Sales municipality, SEK m ¹⁾	Share Atrium Ljungberg
Stockholm	70,423	3%
Nacka	7,244	44%
Uppsala	15,446	18%
Malmö	25,105	7%

¹⁾ Refers to sales per municipality 2017.

Source: HUI Research

RESIDENTIAL UNITS IN GROWTH REGIONS

Our residential portfolio is divided among the Stockholm region, Uppsala and Malmö. Despite stricter rules for offering credit for mortgages and a high supply, prices stabilised in 2018. Although the demand for tenant-owned dwellings is stable, the market for tenant-owned dwellings in new builds remains cautious.

CAUTIOUS MARKET FOR TENANT-OWNED DWELLINGS, NEW BUILDS

The prices for tenant-owned dwellings fell in the second half of 2017 and the effect was seen on all of Atrium Ljungberg's markets. In 2018 the prices of tenant-owned dwellings stabilised at levels that are historically very high. Factors such as population growth, urbanisation, economic growth and historically low interest rates are resulting in strong demand for residential units. However, access to credit has been affected by the credit restrictions that were introduced in 2018, reducing the purchasing power of the customers. The number of apartment blocks that were started to be built fell in Sweden, particularly in Stockholm and Uppsala. The number of building permits granted suggests that this trend will continue in 2019. However, a high number of apartment blocks were completed in 2018. The high supply of residential new builds and residential units on the secondary market have made customers cautious.

Demand for tenant-owned dwellings on Atrium Ljungberg's markets remains strong. The waiting times for mediated new builds are showing higher or stable demand.

STOCKHOLM

Residential prices stabilised in Stockholm in 2018 and there has been an increase in the supply of residential units. The credit restrictions that were introduced during the year had a major impact on several customer segments in the Stockholm region, which resulted in the housing market remaining cautious. Over the past year this was reflected in a clear reduction in both the number of rental and tenant-owned dwellings that had started to be built and in the number of building permit applications. The

population in Stockholm continued to rise, with an increase of 1.6 per cent during the year. The waiting time for new rental builds in Stockholm was the longest it had been for many years.

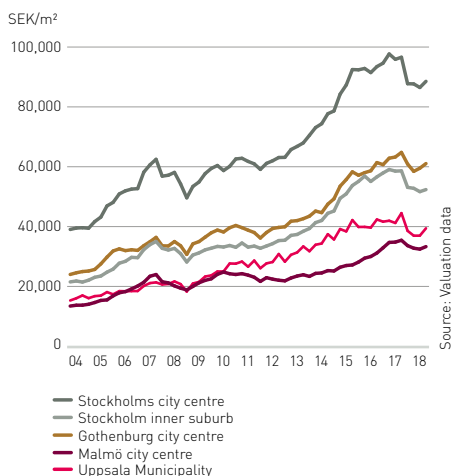
UPPSALA

There is high demand in the housing market in Uppsala. The high rate of new builds is affecting the market and in recent years many new residential builds have been completed in Uppsala. Uppsala is experiencing the same kind of decline in the number of new buildings that are starting to be built, but the number of new tenant-owned dwellings that have started to be built has fallen even more. During the year we saw minor price fluctuations on the Uppsala market, but these were normal across the seasons. The year started and ended with housing prices at roughly the same level. The Uppsala region is growing more quickly than the three major city regions, reporting a population growth rate of more than 2 per cent for the first three quarters of the year. Growth in the Uppsala region is primarily a result of a strong net domestic figure for people moving to the area.

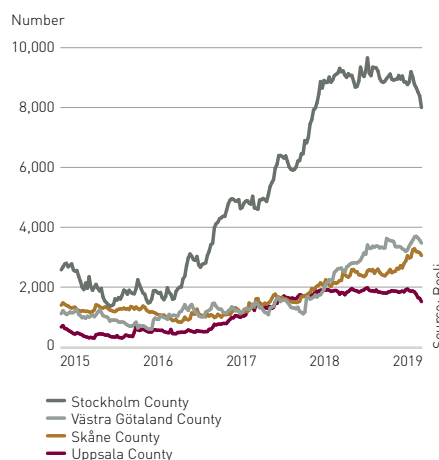
MALMÖ

The number of new apartment blocks that had started to be built increased in the first three quarters, compared with 2017. The population of the Malmö region grew by approximately 1.5 per cent in 2018. In Malmö the average waiting time fell for first-hand rental contracts and there is stable demand for rental properties. Prices for tenant-owned dwellings have remained stable, despite an increase in the supply of new builds and the secondary market.

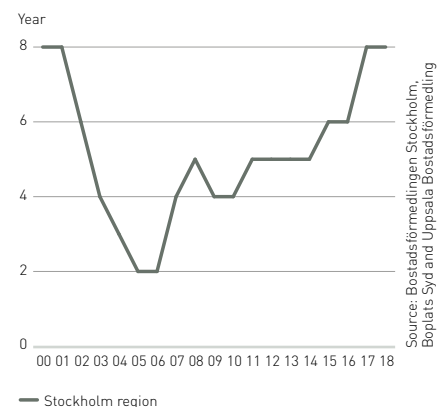
Prices for tenant-owned dwellings in selected areas, fixed prices



New residential builds for sale



Waiting time in number of years for new build rental apartments





THEME: IT'S THE PEOPLE WHO MAKE THE CITY

“IT’S SO HANDY THAT YOU CAN TRY ON CLOTHES THAT YOU’VE ORDERED.”

Retail is changing as e-commerce develops. The collection point is the final piece of the puzzle for online shopping, but it is an experience that is not always as good as people would like. Linda Malmberg has tested Leveriet, a new service that will make the final stage in e-commerce just as pleasurable as the rest of the shopping experience.

According to a new survey from Kantar Sifo on behalf of Atrium Ljungberg, four out of ten people think that the main problems with parcel collection are the long waiting times and/or the fact that the location is cramped or inconvenient. Our new parcel collection concept Leveriet has addressed this and we want to change the shopping experience at the final destination of e-commerce; parcel collection. Someone who has already tried this service is Linda Malmberg.

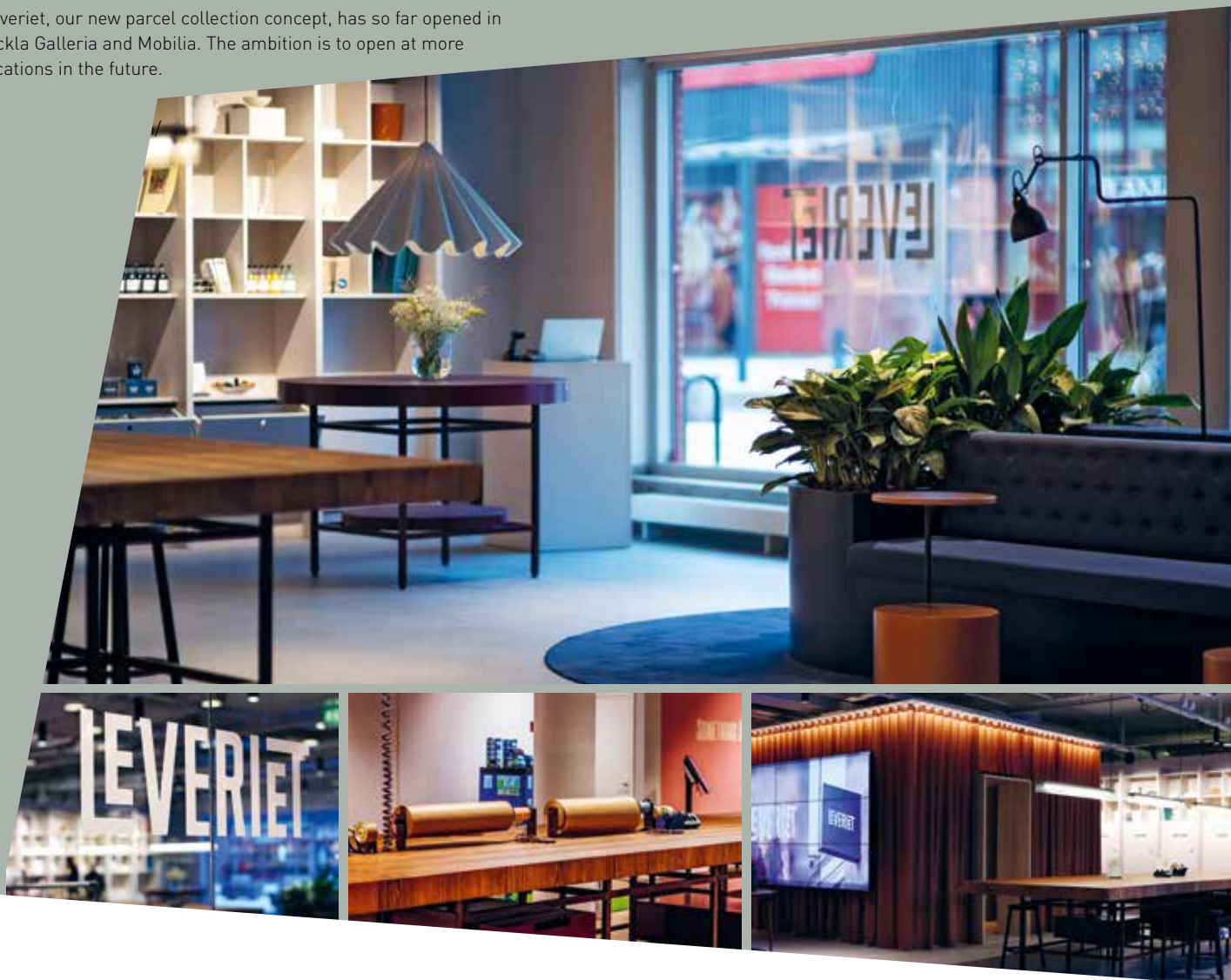
“It was so convenient. I had to send a parcel back and I knew that Leveriet had just opened. I thought that I had to try it out as it is located in ‘my’ Mobilia.”

It is not that strange that Linda calls it ‘hers’. For ten years she has been the store manager of Väskor & Annat, a store that her father started at Mobilia more than 50 years ago. The store sells suitcases, handbags, backpacks, wallets and work bags. Linda explains that she does a lot of online shopping these days, often clothes for her teenage children. She normally has her goods delivered to the supermarket she shops in, but this is mostly through habit. Linda thinks that it is very likely that Leveriet will be her collection point of choice in the future.

“The environment is so pleasant. It’s not a small, cramped collection point, but a cosier and calmer environment. It’s so

ABOUT LEVERIET

Leveriet, our new parcel collection concept, has so far opened in Sickla Galleria and Mobilia. The ambition is to open at more locations in the future.



convenient that you can try on clothes here and it's easier to send things back. What is also good is the fact that the major distributors are all at the same place, so you don't have to go to several different collection points."

Leveriet offers high-quality service and long opening times, as well as add-on services such as fitting rooms, parcel packaging and the chance to get rid of cumbersome packaging. E-commerce companies are also able to display and exhibit their products at the premises, enabling them to establish personal and physical contact with their customers. Leveriet is first being tested in Sickla and Mobilia, but the ambition is to roll out this concept at more locations.

A major development is underway in Mobilia to make it into a vibrant city district with retail, residential units, restaurants and services. Torgarhuset is being built at the moment, a brand new building where Nordisk Film will open a new cinema. Funnys Äventyr is also opening here, a unique cultural centre for children. The focus here will be on children playing, reading

and learning with characters such as Pettson & Findus, Mumin and Alfons Åberg. Torgarhuset will also contain 74 new rental apartments.

"I really think that the development in Mobilia is something positive. Having both a cinema and a cultural centre for children will be so great. It feels a bit like you're at home in Mobilia as it's so cosy here," concludes Linda before rushing back to her store to look after her customers.

OUR PROPERTY PORTFOLIO IN FIGURES

Atrium Ljungberg's property portfolio is concentrated to strong growth regions in Sweden with a property value of SEK 44 billion. Our properties comprise offices, retail and residential units, and are concentrated to central locations in Stockholm, Gothenburg, Malmö and Uppsala.

PROPERTY PORTFOLIO

Our property portfolio primarily comprises office and retail properties in the growth regions of Stockholm, Gothenburg, Malmö and Uppsala. The property portfolio contains a total of 51 properties with a total letting area of 1,129,000 m². Our residential portfolio comprises around 800 apartments located in Ärvinge in Kista, Mobilia in Malmö, and Gränbystaden in Uppsala.

2 | 4

Properties acquired and sold

1.1

Million m²

During the year two properties were acquired and four properties were sold.

In April an agreement was signed to sell the Dragarbrunn 19:1 property, better known as Rådhuset, in Uppsala. The purchase price was based on an underlying property value of SEK 127 million and the property was vacated in May.

In April the property Kylfacket 3 in Slakthusområdet in Stockholm was acquired at an underlying property value of SEK 150 million, and it was taken into possession in June. The intention is to develop this property based on a new detailed development plan.

In September Molekylen 1 in Hagastaden (land for Life City) was taken into possession. It was acquired at the end of 2017 for a purchase price of SEK 432 million.

In October Tranbodarne 11 in Slussen in Stockholm was acquired at an underlying property value of SEK 1,530 million. At the same time the Blåstern 6 property in Hagastaden and the Roddaren 7 property in Kungsholmen in Stockholm were sold at an underlying property value of SEK 2,175 million. These properties were taken into possession/vacated in November.

In December Arbetesstolen 3, better known as Västberga Handel, in Stockholm was sold. The purchase price was based on an underlying property value of SEK 437 million.

PROPERTY VALUE

The market value of the property portfolio at the end of the year totalled SEK 44,201 million (SEK 40,861 m). The average yield requirement in the valuation was 4.6 per cent (4.7 %). Development rights and land account for SEK 877 million (SEK 684 m); see pages 38–41 for further information about our projects.

Unrealised changes in the value of properties during the year totalled SEK 2,516 million (SEK 1,817 m). The change in value is explained mainly by higher rents as a result of new lettings and renegotiations. Read more about property valuation in note [T1](#).

Changes in the property portfolio

	2018	2017
Fair value at the start of the period	40,861	36,054
Acquisitions (after deduction of deferred tax)	1,727	2,265
Sales	-2,662	-868
Investments in own properties	1,758	1,593
Unrealised changes in value	2,516	1,817
Fair value at the end of the period	44,201	40,861

Property portfolio, 31/12/2018

	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾
Office properties	654	22,517	43,893
Retail properties	321	14,297	51,672
Residential properties	81	1,768	25,502
Business area Property	1,055	38,582	44,914
Project properties	68	3,851	E/T ²⁾
Land and development rights	–	877	
Total	1,123	43,310	
Development properties	6	890	
Total Group	1,129	44,201	

¹⁾ Square metres excluding garage.

²⁾ Letting area for new builds is not reported until the project is completed and the figures therefore do not accurately represent the actual situation.

2018

Rental income, SEK m	Property costs, SEK m	Operating surplus, SEK m	Operating surplus mar- gin, %
1,219	-337	882	72
967	-339	628	65
86	-32	54	63
2,272	-708	1,564	69
133	-53	80	60
–	–	–	–
2,405	-761	1,644	68
7	-3	4	61
2,412	-764	1,648	68

Unrealised changes in value

	2018	2017
Change in yield requirements	487	947
Change in operating net etc.	2,029	865
Development rights	-	-5
Total	2,516	1,817

RENTAL INCOME

The contracted annual rent at the end of the year totalled SEK 2,483 million (SEK 2,357 m). The rental value, i.e. contracted annual rent and estimated market rents for vacant space, amounted to SEK 2,637 million (SEK 2,494 m). This gives an economic letting rate including project properties of 95 per cent (95 %), and excluding project properties of 95 per cent (95 %). The EPRA vacancy rate is therefore 5 per cent (5 %). Calculated based on letting area, the letting rate was 85 per cent (84 %).

The commercial lease contract portfolio, i.e. all lease contracts excluding residential units and garage/parking, is well-diversified and comprises 1,814 (1,820) lease contracts with an average contracted annual rent of SEK 1.4 million (SEK 1.2 m). The average remaining term of the contracts at the year-end was

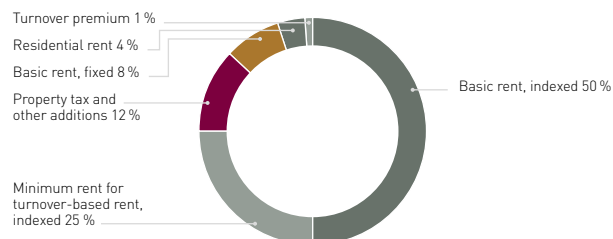
4.0 years (3.6 years). In 2019, 11 per cent (12 %) of the contracted annual rents will be subject to renegotiation.

95 per cent (94 %) of the contracted annual rent is regulated with an index clause linked to inflation. 25 per cent (26 %) of the contracted annual rent has a turnover-based rent where rent is regulated based on the tenant's turnover. The rental levels have, however, been secured through agreed minimum rents, and turnover premiums in addition to the minimum rent comprises 1 per cent (1 %) of the contracted annual rent. The surplus ratio fell during the year to 68 per cent (69 %), which can be explained by, for example, changes in the property portfolio.

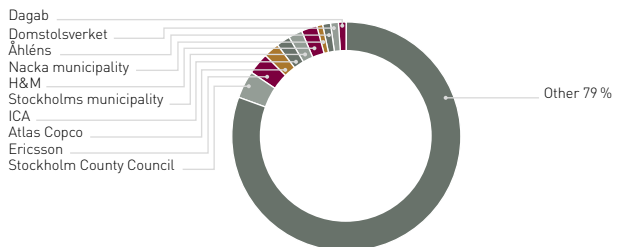
PROPERTY COSTS

Property costs totalled SEK -764 million (SEK -742 m) during the year. Corrected for acquisitions, new builds and sales, property costs totalled SEK -647/m² (SEK -666/m²). The cost of operating retail properties in general and retail centres in particular is generally higher than for other types of commercial properties. These operating costs are, to some extent, covered by passing them on to the tenants in the form of rental surcharges.

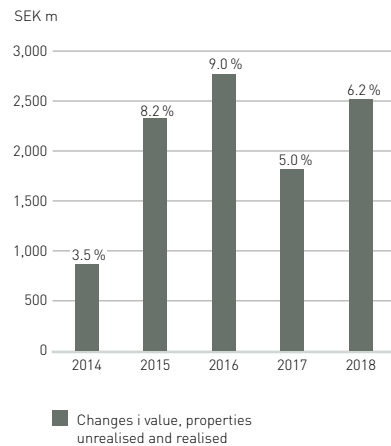
Distribution by contracted annual rent



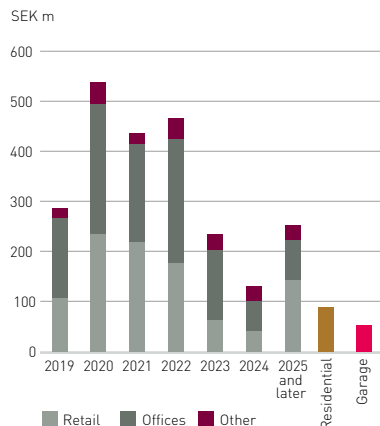
Ten largest tenants, contracted annual rent



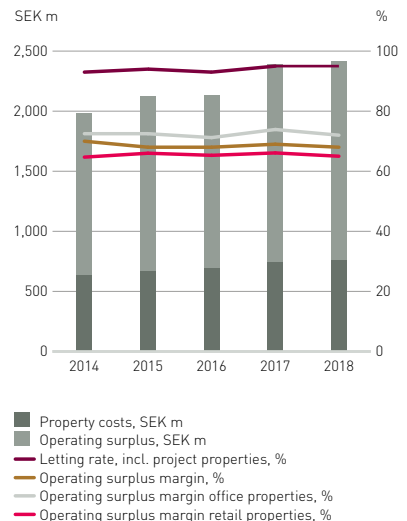
Changes in property value



Contracted annual rent per maturity year and premises type



Operating surplus, letting rate and operating surplus margin



PROPERTY INVESTMENTS AND SALES

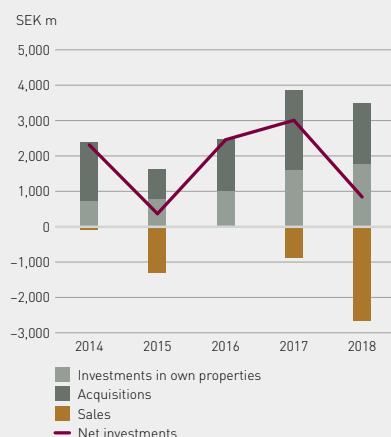
PROPERTY DEVELOPMENT is an important aspect of Atrium Ljungberg's value growth. Our project portfolio make possible for us to invest the equivalent of approximately SEK 21 billion in the future. The goal is to invest at least SEK 2 billion per year in our own development projects, where new build and extension projects yield a return of at least 20 per cent; this generates good value growth within the company and healthy growth in the company's cash flows.

IN TERMS OF AREA THERE ARE 650,000 M² of confirmed and potential projects, where half of the area is for offices and the other half is residential units, retail, education, and hotels, with retail representing 10 per cent. The project portfolio is divided among all our areas, with Sickla and Uppsala accounting for the majority of the project area.

WE CREATE SUSTAINABLE URBAN DEVELOPMENT by planning and creating future development opportunities using our own in-house competence at an early stage. The ability to complete the projects depends on the market situation and the progress made in the detailed development plan. We work with these issues on a daily basis in close collaboration with our customers and partners. Projects are not normally started until we have secured a minimum rate of return in the form of signed lease contracts.

WE ACQUIRE properties to create value growth or to obtain strategic benefits. This pertains both to acquiring land in order to gain access to development rights for future development projects and to acquiring investment properties that have development potential.

Investments, acquisitions and sales



PROPERTY TRANSACTIONS

We acquired properties with a book value of SEK 1,727 billion in 2018. These acquisitions were Kylfacket 3 in Slakthusområdet, Stockholm, as well as Tranbodarne 11 in Slussen, Stockholm. These were acquired in October through an exchange deal with Folksam where Blästern 6 in Hagastaden and Roddaren 7 in Kungsholmen were sold. In September Molekylen 1 (land for Life City) was taken into possession, following the acquisition agreement that was signed in 2017.

In April an agreement was signed for the sale of the Dragarbrunn 19:1 property in Uppsala, and in December an agreement was signed for the sale of Arbetsstolen 3, known as Västberga Handel, in Stockholm.

NEW LAND ALLOCATIONS AND LAND RESERVATIONS

In June 2018 two land allocation agreements were signed with the City of Stockholm; one in Hagastaden, Stockholm that is for 16,000–20 000 m² of offices, and one that is for a meeting place for food and culture of approximately 6,000 m² GFA in Mälarterassen, Slussen in Stockholm.

Acquisitions 2018

Property name	Municipality	Additional letting area, m ² ¹⁾	Possession
Kylfacket 3	Stockholm	4,511	01/06/2018
Tranbodarne 11	Stockholm	21,566	01/11/2018

Sales 2018

Property name	Municipality	Deductible letting area, m ² ¹⁾	Date vacated
Dragarbrunn 19:1	Uppsala	2,978	02/05/2018
Blästern 6	Stockholm	30,791	01/11/2018
Roddaren 7	Stockholm	8,705	01/11/2018
Arbetsstolen 3	Stockholm	17,960	20/12/2018

¹⁾ Including garage.

Properties taken into possession, 2018

Property name	Municipality	Possession
Molekylen 1 ¹⁾	Stockholm Land for Life City	07/09/2018

¹⁾ Acquisition agreements 2017.

CONFIRMED PROJECTS

In 2018, we invested a total of SEK 1.8 billion in our own properties, of which more than SEK 1.2 billion was in project properties. Investments in project properties were mostly for the Sickla Front II office building and several projects in Gränby-staden in Uppsala. The other investments related primarily to tenant adaptations in properties in Sickla, Slussen and Liljeholmen.

Projects completed in 2018 were Sickla Front II, Gränby Entré building 2, Gränbystaden south entrance, and Gränbystaden south garage.

Our confirmed projects are in Uppsala, Sickla, Järfälla, Hagastaden and Malmö. In Gränbystaden in Uppsala, residential units are being built that include commercial premises. Major transformation work is underway in Forumkvarteret in Uppsala,

which includes retail and offices. There are four projects that are currently underway in Sickla: the building of Curanten which will become a healthcare destination; Tapetfabriken which will be a hotel and an office property; in Nobelberget work has started on Formalinfabriken; and Nobelgaraget. In Hagastaden a decision was made to start the Life City project with 27,500 m² of offices. In Malmö we are building a shopping square in Mobilia, which will contain retail, residential units and cultural activities. The remaining investment volume for confirmed projects amounted to approximately SEK 3.8 billion at the end of the year. It is assessed that the investment volume in our own properties will reach approximately SEK 2 billion in 2019. See pages 38–39 for further information about the confirmed and ongoing projects.

CONFIRMED PROJECTS

Project, property, municipality	Letting area, m²				Total investment, SEK m ¹⁾	Of which remaining, SEK m	Completed	Fair value, SEK m	Rental value, SEK m ²⁾	Letting rate, %	Environmental certification	READ MORE on page
	Retail	Offices	Residential units	Parking, GFA								
New builds and extensions												
Sickla Front II, Sicklaön 346:1, Nacka		25,300		14,000	810	90	2018		66	58	BREEAM	46
Sickla 1898, Curanten, Sicklaön 83:22, Nacka	3,600	8,100			530	410	2020		39	E/T ³⁾	BREEAM	46
Sickla Tapetfabriken, Sicklaön 83:22, Nacka	7,200	2,600		4,600	390	290	2020		E/T ³⁾	E/T ³⁾	BREEAM	46
Nobelgaraget, Sicklaön 83:33, Nacka	600			3,500	60	60	2020		4			46
Norra Gränbystaden, Brillinge 8:1/9:1, Uppsala	31,600				580	10	2014–2018 ⁴⁾		51	97	BREEAM	56
Gränby Entre building 2, Gränby 21:5, Uppsala	900	1,300	3,300		230	20	2018		15	96 ⁵⁾	Miljöbyggnad	57
Gränby Entre building 3, Gränby 21:5, Uppsala	1,200	1,300	3,400		240	100	2019		15	41 ⁶⁾	Miljöbyggnad	57
Gränbystaden, south garage, Gränby 21:4, Uppsala				11,500	200	10	2018				BREEAM In-Use	57
Gränbystaden, south entrance, Gränby 21:4, Uppsala	9,800				360	60	2018		31	86	BREEAM In-Use	57
Mobilia Torghuset, Bohus 8, Malmö	9,400		3,800		540	410	2020		37	34 ⁷⁾	BREEAM/Miljöbyggnad	62
Life City, Molekylen 1, Stockholm		27,500		4,400	1,870	1,350	2021		107	E/T ³⁾	BREEAM	49
Bas Barkarby, part of Barkarby 2:2, Järfälla		24,400			830	780	2021		E/T ³⁾	E/T ³⁾	BREEAM	54
Reconstruction												
Forumkvarteret, Dragarbrunn 27:2, Uppsala	6,200	7,400	1,400	1,300	360	140	2020		49	82	BREEAM In-Use	60
Formalinfabriken, Sicklaön 83:33, Nacka		2,000			50	40	2019		4		BREEAM In-Use	47
Total	70 500	99 900	11 900	39 300	7 050	3 770		3 851 ⁸⁾				

¹⁾ Including any land acquisitions in connection with the project implementation, but excluding any initial values such as demolition of buildings.

²⁾ Excluding premiums and any sales based rent.

³⁾ Rental value/letting rate is not reported as a subtotal with regard to individual business transactions.

⁴⁾ Covers approximately 45,000 m² GFA in total. Investment decisions and completion take place in stages, among other things connected to letting.

⁵⁾ The letting rate for commercial premises amounts to 93 per cent. The letting rate for residential units is 100 per cent.

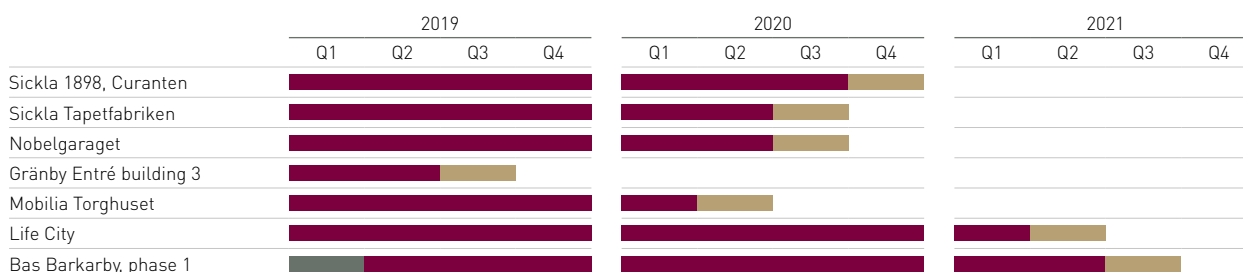
⁶⁾ The letting rate for commercial premises amounts to 30 per cent. Residential units are let closer to completion.

⁷⁾ The letting rate for commercial premises amounts to 41 per cent. Residential units are let closer to completion.

⁸⁾ Divided into SEK 3,144 million for new building and extensions and SEK 707 million for reconstructions.

CONFIRMED PROJECTS, NEW BUILDS AND EXTENSIONS

■ Planning ■ Construction ■ Completion



EXAMPLES OF CONFIRMED PROJECTS



BAS BARKARBY Together with Järfälla Municipality, we are creating Bas Barkarby, a multi-functional district for learning, culture, sports and business in the heart of the growing city district of Barkarbystaden.

LIFE CITY In the heart of the emerging life science cluster, we are creating Life City, a new centre for development and services linked to healthcare and research.



SICKLA FRONT II The Sickla Front district is a clear entrance to Sickla and connects this city district with Hammarby Sjöstad. The Swedish National Courts Administration, which includes Nacka District Court, has moved in and the project is now complete.



TAPETFABRIKEN Plans have been made for a hotel, offices and a garage in the old Tapetfabriken (wallpaper factory). The largest tenant is Nordic Choice Hotels, which will open a hotel with 156 rooms, a restaurant and conference facilities.



GRÄNBY ENTRÉ By the shopping centre we have built three buildings with a total of 200 rental apartments, commercial premises and offices. Buildings 1 and 2 are complete and are occupied; in Building 3 the residential units will be ready for occupancy in the spring of 2019.

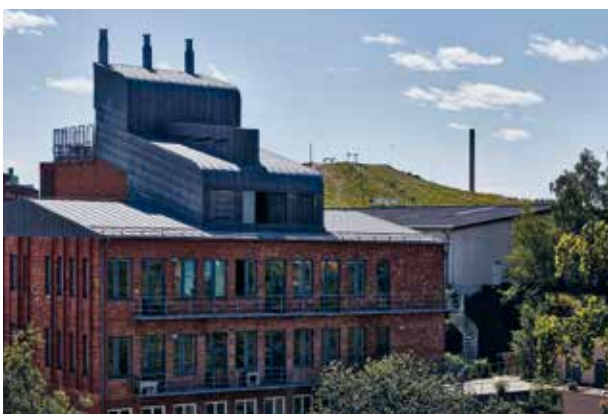
MOBILIA TORGHUSET Torghuset is expected to be completed in the spring of 2020 and there are plans for 74 rental apartments, a cinema and a cultural centre for children.



GRÄNBYSTADEN The southern extension of Gränbystaden Galleria, with 17 new stores and restaurants, was opened in November 2018.



FORMALINFABRIKEN In the old industrial building, there are plans for cultural activities, offices, a cafe and restaurant, and a community centre for residential units in Nobelberget.



POTENTIAL PROJECTS

In addition to the confirmed projects that are underway, there is a project portfolio with new projects and reconstruction work that enables future investments of approximately SEK 17 billion, which includes potential land acquisitions through land allocations. In terms of area, half of the project portfolio consists of offices, and half of residential units, retail, education and hotels. The project portfolio is divided among all our areas, with Sickla and Gränbystaden accounting for 60 per cent. The rate at which we can complete the projects depends on the market situation and the progress made in the detailed development plan process.

A project is not usually started until we have secured a minimum return in the form of signed lease contracts. We believe that several detailed development plans will become legally binding in 2019. We will start construction of phase 1 of Bas Barkarby in Järfälla, as well as the first tenant-owned project in Nobelberget in Sickla.

LETTER OF INTENT SLAKTHUSOMRÅDET

In August 2018 Atrium Ljungberg signed a letter of intent with the City of Stockholm to acquire the existing properties and to obtain land allocations in Slakthusområdet, just to the south of Stockholm city centre.

The existing properties will be acquired in two phases, where

access to 51,000 m² letting area is expected in June 2019 with an option for 32,000 m² letting area once a new detailed development plan becomes legally binding, but no later than 31 December 2021. This deal also includes options that enable Atrium Ljungberg to suborder land allocations of approximately 100,000 m² GFA. The acquisitions and land allocations that will be developed comprise a total of approximately 200,000 m² GFA for offices and residential units, alongside culture, retail/restaurants, hotels, education, etc. The total investment amounts to approximately SEK 8 billion between 2019 and 2030.

The initial acquisition comprises 51,000 m² letting area and a rental value of SEK 73 million. The current letting rate is 95 per cent. The properties that form part of this acquisition include culturally significant buildings in the northern part of Slakthusområdet. The purchase price is based on an underlying property value of SEK 1,120 million. The deal is being made through a company acquisition.

The agreement requires decisions from the Development and Property Committees in the City of Stockholm and the Board of Directors of St Erik Markutveckling, which are all planned to be made in February 2019. The acquisition is also conditional on the approval of Stockholm City Council, which is planned for May 2019. Possession of the properties is scheduled for June 2019.

POTENTIAL PROJECTS

	Municipality	Premises type ¹⁾	Project area, m ² , GFA		Inv. SEK m ² ⁴⁾	READ MORE on page
			Detailed development plan exists	Change to detailed development plan required		
Barkarby	Järfälla	Residential	9,000			54
Barkarby	Järfälla	Offices	10,000			54
City	Stockholm	Hotels	8,000			
Lindholmen	Gothenburg	Offices		6,000		64
Hagastaden	Stockholm	Offices		16,000		49
Hagastaden	Stockholm	Retail	1,000			49
Mobilia	Malmö	Retail	16,000			62
Malmö	Malmö	Offices	6,000			63
Sickla	Nacka	Education		9,000		47
Sickla	Nacka	Residential	28,000	99,000		47
Sickla	Nacka	Offices	1,000	22,000		47
Sickla	Nacka	Retail	5,000			47
Sundbyberg	Sundbyberg	Offices		39,000		53
Södermalm	Stockholm	Offices	69,000			51
Södermalm	Stockholm	Retail	1,000			51
Uppsala	Uppsala	Residential	22,000	35,000		57
Uppsala	Uppsala	Offices	2,000	43,000		57
Uppsala	Uppsala	Retail	5,000	18,000		57
Total^{3) 4)}			184,000	288,000	17,000	
AGREEMENT WITH THE CITY OF STOCKHOLM ⁵⁾						
Slakthusområdet	Stockholm	Offices		77,000		42
	Stockholm	Residential		44,000		42
	Stockholm	Retail		28,000		42
	Stockholm	Culture		11,000		42
	Stockholm	Training		7,000		42
Total				167,000	7,000	

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

²⁾ The investment volume includes potential land acquisitions.

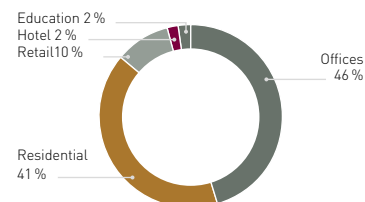
³⁾ Of which reconstruction is 110,000 m².

⁴⁾ The total refers to 111,000 m² GFA of land allocations.

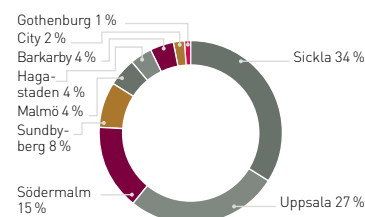
⁵⁾ Conditional on committee decisions and decisions in the city council.

⁴⁾ Relates to investments in existing properties and future development rights.

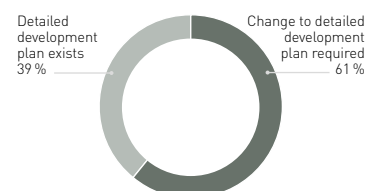
Potential projects by premises type



Potential projects by area



Potential projects by detailed development plan



EXAMPLES OF POTENTIAL PROJECTS



GRÄNBYSTADEN We are developing Uppsala's second city centre, with a mix of retail, offices and residential units. We have a land allocation by the shopping centre with a potential development right of 50,000 m² GFA.



RESIDENTIAL UNITS KYRKVIKEN Detailed planning work is underway for approximately 700 apartments in Kyrkviken and on the street Gillevägen. Kyrkviken will become an attractive residential area by the water, which will link naturally to Sickla.

ÖSTRA HAGASTADEN In 2018 we won a land allocation competition for a unique district that will become the city's northern gateway. The competition was for the Solna Haga 3:6 property and part of Solna Haga 4:17, a development right of approximately 16,000–20,000 m² GFA.



SICKLA STATIONSHUS At Sickla Station we have a development right for approximately 7,500 m² GFA at the future underground station. An investigation is currently underway to assess whether it is possible to build a 23-storey building with offices and hotels.



SLUSSEN LAND ALLOCATIONS In Slussen we have several land allocations, including directly in front of Katarinahuset at Stadsgårdskajen.

OUR VISION FOR SLAKT-HUSOMRÅDET

Atrium Ljungberg's vision for Slakthusområdet is to become the whole of Stockholm's meeting place for food, culture and experiences and an engine for the entire south side of Stockholm. The old buildings house 100 years of history of entrepreneurship, food, drink and events. This is something we have embraced and are going to develop now that we are making our mark for the next 100 years. No matter whether you are heading home or going out, working or on holiday, Slakthusområdet will be the place for you – 24 hours a day.

On 31 January 1912 King Gustav V opened Stockholm's first public slaughterhouse ('slakthus') just south of Södermalm in Stockholm. At the same time slaughter restrictions were introduced in the city to control the problems of hygiene and a lack of supervision. This marked the start of 100 years of slaughtering livestock and food production in Slakthusområdet.

One hundred years ago it was on the very outskirts of the city, but today it is a central part of modern Stockholm. The city is growing rapidly and there is a great need to develop new sites where the inhabitants can reside, work and live. The City of Stockholm has therefore signed a partnership agreement with Atrium Ljungberg to develop large parts of Slakthusområdet; an agreement with acquisitions, land allocations and options amounting to just over 200,000 m² GFA. The people of Stockholm will now gain access to the old brick buildings in the area when new life is breathed into this city district. We are extremely interested in and have a lot of experience of developing sites with a strong cultural identity, such as Sickla in Nacka and Mobilia in Malmö, and this site gives us an opportunity to do this again.

Our vision is for Slakthusområdet to be the whole of Stockholm's meeting place for food, culture and experiences and to become an engine for the entire south side of Stockholm. Slakthusområdet will reflect the breadth in creativity, entrepreneurship and innovation that Sweden is known for around the world. Stockholm competes with other international cities and metropolitan areas to attract and retain talent, and to create environments for the growth of new companies. The culture, art and night life of a major city – what the site offers outside working hours – have become an important competitive tool for enterprise, entrepreneurship and tourism. This is why Slakthusområdet is being

developed to become an urban 24-hour city where innovation, technology and creative industries are right next to food, culture and experiences.

We are planning and building for a city that is alive 24 hours a day with a strong cultural offering; from theatres and art, to the music scene and clubs. We are also going to focus on the food history in this city district by providing a lot of space for different kinds of food companies, everything from fine dining to modern street food concepts. Hand-picked stores along the street Rökerigatan will have a unique appearance in these former industrial environments. In the north-west part of Slakthusområdet we are creating a learning district where we are developing environments where academia, business, the public sector and civil society can work together. A high number of residential units will be added to the area with a mix of both tenant-owned dwellings and rentals in a range of apartment sizes.

The development of Slakthusområdet will take a long time, but because we have a broad network of long-term partners, we can fill this site with interesting content immediately. This will allow this city district to thrive from day one, before, during and after the construction period.

ABOUT SLAKTHUSOMRÅDET

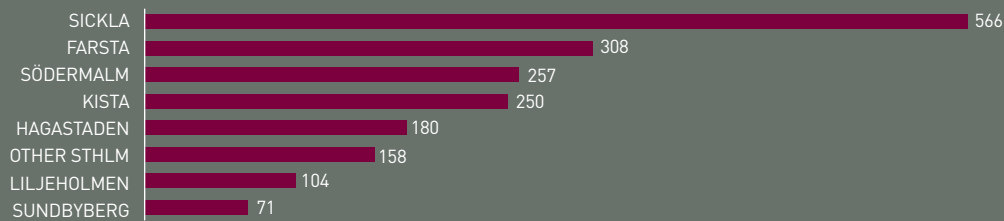
Slakthusområdet is one of Stockholm's largest urban development projects in modern times. The deal with the City of Stockholm includes acquisitions, land allocations and options that total almost 200,000 m² GFA.



STOCKHOLM

The Stockholm region is one of the five fastest growing regions in Europe and the city is preparing to make space for more than a million Stockholmers. 30 major urban development projects are currently underway or are being planned, everything from creating new city districts to improving public transport. Atrium Ljungberg is part of Stockholm's development and can be found on several strong subsidiary markets in the region, including Sickla, Farsta, Södermalm, Hagastaden, Kista, Sundbyberg, Liljeholmen, Barkarby and Slakthusområdet. Stockholm accounts for 72 per cent of Atrium Ljungberg's contracted annual rent.

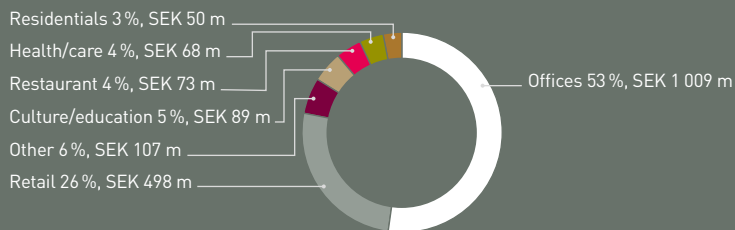
Rental value, SEK m



Total letting area, '000 m²



Types of premises in Stockholm, rental value



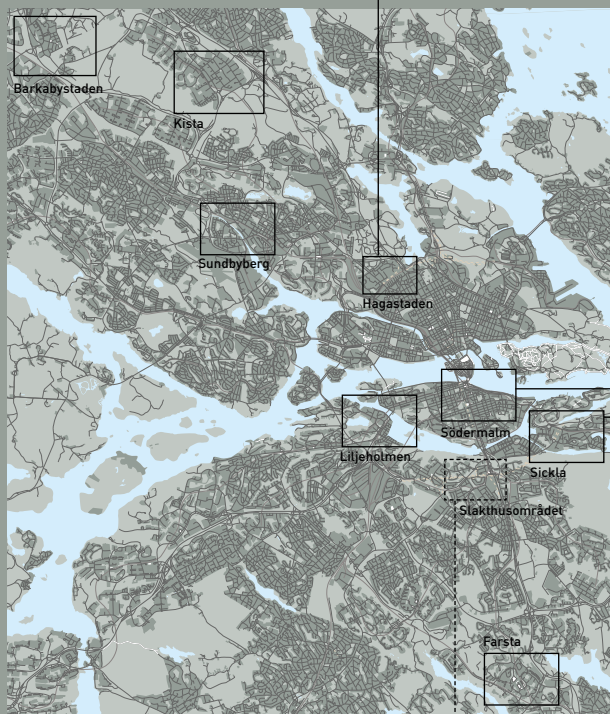
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Stockholm accounts for as much as 72 per cent of Atrium Ljungberg's contracted annual rent.

PRIORITY AREAS WITH DEVELOPMENT POTENTIAL



OUR AREAS



In 2018 Atrium Ljungberg signed a letter of intent with the City of Stockholm to acquire existing properties and sign agreements for land allocations in Slakthusområdet just to the south of Stockholm city centre. The area will undergo a major transformation and the vision is to create a dynamic city district and meeting place for offices, housing, food, culture and experiences. The acquisitions and land allocations amount to a total of approximately 200,000 m² GFA, with offices accounting for approximately 40 per cent. Slakthusområdet is one of Stockholm's largest urban development projects in modern times. The first properties were acquired in June 2018. Construction is planned to start in the first quarter of 2021 and work will last until 2030.

Hagastaden is one of our priority areas. We own and manage more than 60,000 m² here, primarily for offices. We are heavily involved at this site, where we are working with the City of Stockholm and other property owners to develop Hagastaden into one of the world's leading life science clusters. Our Life City project will be a centre for development and services connected to healthcare and research. The building, measuring 27,500 m², will be located at one of the most visible places in Scandinavia; above the E4, where 73 million people pass by every year.

In recent years we have increased our property portfolio in Södermalm focusing on Slussen where we own, for example, the Glashuset, Katarinhuset and Sjömansinstitutet properties, and additional development rights along the street Stadsgårdskajen. In the spring of 2018 we also signed an agreement with the City of Stockholm to develop the future Mälarterrassen in Slussen.



Our largest area is Sickla in Nacka, where we manage and develop more than 200,000 m² of offices, retail, culture, learning and residential units. There are a number of development projects underway in Sickla, including Curanten, a building focusing on healthcare, and Tapetfabriken, a new hotel that will be part of Nordic Choice Hotels. The expansion of the underground is expected to be complete by 2026. Nacka will gain three stations, one of which will be in Sickla. We are therefore planning to build Stationshuset, one of Nacka's first tall buildings with 23 storeys. This will contain the underground station as well as offices and a hotel. In 2018 we also started to sell tenant-owned dwellings in the first residential district in Nobelberget. We are developing a brand new city district here with 500 residential units, offices, a pre-school, cultural activities, nature and meeting places.

% of total rental value: **22 %**
 Letting area, offices, m²: **79,000**
 Rental value, offices, SEK m: **222**
 Letting area, retail, m²: **74,000**
 Rental value, retail, SEK m: **251**
 No. of stores, restaurants, services: **160**
 Store sales, SEK billion: **3.2**
 No. of visitors per year: **14 million**



SICKLA NEW CITY DISTRICT SINCE 1898

More than 20 years ago Atrium Ljungberg acquired the old industrial site where Atlas Copco used to manufacture both drills and diesel engines, with a history dating back to 1898. We have now developed the area into an inspirational mix of old and new in a unique atmosphere where people live and work next to shops, restaurants, education, culture and international companies. And this development is continuing. During the year we started to build a hotel in the old wallpaper factory, we are building a brand new building for healthcare at Sickla station, and we also started to sell 68 of around 500 tenant-owned dwellings in Nobelberget.

At the beginning of the year Sickla Köp kvarter, one of Stockholm's largest retail hubs with 150 stores, restaurants and services, was named the most popular retail hub in Stockholm by Evimetrix.

While waiting for the completed detailed development plan for Nobelberget, the site has been an exciting cultural area with music, theatre and art that has attracted hundreds of thousands of visitors over the past four years. This unusual cultural project ended in January 2019 to create space for new apartments in this attractive area. The knowledge and experience from Nobelberget are something we are taking with us when developing Slakthusområdet, which is just a few kilometres from there.

CONFIRMED PROJECTS

SICKLA FRONT II – NEW DISTRICT IN SICKLA

The Sickla Front II project is now complete. The project comprises two buildings for large and small offices with public spaces on the ground floor and a garage. The buildings are on the street Uddvägen and, along with the adjacent office building that was completed in 2015, they form the Sickla Front district, which provides a clear entrance to the Sickla city district, linking Sickla with Hammarby Sjöstad. In October 2018 the Swedish National Courts Administration moved in, which includes Nacka District Court, the Rent and Tenancy Tribunal and the Land and Environmental Court. More tenants have been moving in and this will continue in the spring of 2019.

THE OLD WALLPAPER FACTORY WILL BECOME A HOTEL

Tapetfabriken, where the award-winning Kåberg manufactured wallpaper for more than a hundred years, has been dismantled. In its place we are building a hotel where Nordic Choice Hotels will open with just over 150 hotel rooms and a 2,000 m² lobby area with a restaurant, event spaces and conference premises. The original bricks from the old wallpaper factory will be reused and the ambition is to preserve its history in the new hotel operations.

The hotel will open in the spring of 2020 and, along with the future residential district, will help to increase well-being and security, with a vibrant street life late into the evenings and at night.

The building comprises a 9,700 m² hotel and offices, as well as a garage.

CURANTEN – A HEALTHCARE BUILDING

The reconstruction and extension project Curanten is underway on the street Järnvägsgatan, close to Sickla station. We are creating a healthcare destination here, including primary care, a health centre, a dental practice and a physiotherapist in functional and modern premises. The ground floors will house stores, a cafe and a restaurant. The location is historically Sickla's soul, where AB Diesels Motorer's first factory was constructed in 1898.

The project comprises a total of 11,700 m² letting area, which includes 8,100 m² for healthcare and 3,600 m² for retail, with occupancy planned for 2020.

NOBELGARAGET

The detailed development plan for Nobelberget became legally binding in May 2018, so the project for the garage and premises in the first residential district got underway. The ground work is under way and it is expected to be completed in 2020.

CONFIRMED PROJECTS, NEW BUILDS AND EXTENSIONS

■ Planning ■ Construction ■ Completion

	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sickla 1898, Curanten	■	■	■	■	■	■	■	■				
Sickla Tapetfabriken	■	■	■	■	■	■	■	■				
Nobelgaraget	■	■	■	■	■	■	■	■				



FORMALINFABRIKEN

Formalinfabriken is an old industrial building in Nobelberget that used to be a laboratory and offices. The building comprises approximately 2,000 m² across four levels. From its acquisition until today Atrium Ljungberg has been working on creating a cultural hub in Nobelberget. Culture will play an important role in the future of Nobelberget and Formalinfabriken will house parts of this, supplemented with offices, a cafe and a restaurant. A community centre for the residential units is also being planned in Formalinfabriken as a location for dinners, meetings and corporate events. Construction started in the fourth quarter of 2018 with occupancy planned for the summer of 2019. Internal demolition work is now complete and the installation work is underway.

POTENTIAL PROJECTS

SICKLA GALLERIA EXPANDING

In Sickla Galleria we are planning an extension of approximately 3,000 m² GFA for retail and two floors for a parking garage with approximately 220 parking spaces. There is a complete detailed development plan for the expansion.

SICKLA STATION

At Sickla Station we are planning a new building in parallel with the future underground station in Sickla. We have a development right here for approximately 7,500 m² GFA for offices, retail and service. A parallel architectural assignment has been carried out with Nacka Municipality. The proposal from Kanozi Arkitekter was selected for a 23-storey building of approximately 21,000 m² GFA for offices, the underground station and a hotel.

When the underground opens in 2026, Sickla will become a hub for public transport with the underground, cross-town light rail link, Saltsjöbanan and buses to Slussen and towards Nacka and Värmdö.

RESIDENTIAL UNITS CONTRIBUTE TO URBAN LIFE

The detailed development plan for 500 residential units in Nobelberget became legally binding in May 2018 and the first phase of 68 tenant-owned dwellings started to be sold in September 2018. An attractive and dense urban environment will be created with residential units, restaurants, a pre-school and offices.

Detailed development plans are underway for residential units in both Kyrkviken and on the street Gillevägen in Sickla. Kyrkviken is in the eastern part of Sickla right next to the waterfront, public transport and the wide range of stores, restaurants and services at the shopping district. We are planning to create 700 attractive residential units here, and add services in a pleasant neighbourhood setting. We have plans to build 60 new tenant-owned dwellings on Gillevägen, a few hundred metres from the shopping district in Sickla.

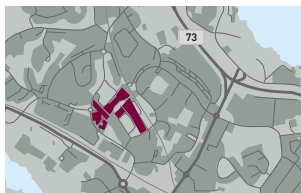
EXPANSION PLANS FOR THE SVINDERSVIKS SCHOOL

Growth in Nacka Municipality is high, increasing the need for social services. An expansion is being planned for the Svindersviks primary school in Sickla, which is currently for pupils from pre-school class to Grade 9. We have the opportunity to reconstruct and extend the school from its current 3,000 m² GFA to approximately 9,000 m² GFA. The detailed development plan process is under way.



Sickla Front forms the entrance to Sickla and links the city district with Hammarby Sjöstad.

% of total rental value: **12 %**
 Letting area, offices, m²: **31,000**
 Rental value, offices, SEK m: **70**
 Letting area, retail, m²: **52,000**
 Rental value, retail, SEK m: **206**
 No. of stores, restaurants, services: **157**
 Store sales, SEK billion: **2.4**
 No. of visitors per year: **17 million**



FARSTA SERVING THE PEOPLE IN THE SOUTH OF STOCKHOLM FOR ALMOST 60 YEARS

Farsta Centrum has been part of the everyday life of people living in Farsta for nearly 60 years. From when the doors opened in 1960 it was a place for work, residential units and a shopping square where people used to meet to spend time together and do business. The centre is now an attractive regional retail hub with more than 17 million visitors every year and with 150 stores, restaurants and services. Farsta Centrum is also one of the biggest centres of a city district in Stockholm, with a total of 2,500 office workplaces, including for Farsta City District Committee, Jobbtorget and the Social and Elderly Care Administration.

The characteristic facades from the 1960s have been well-preserved and have even been moved indoors, where we are rebuilding and renovating them.

ONE OF STOCKHOLM'S FOCAL POINTS

Farsta is one of the first ABC communities, a place where work, residential units and centres were all collected in one place. There are now major plans to develop Farsta into one complete, modern and walkable city district.

POTENTIAL PROJECTS

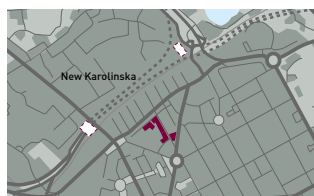
We already have an approved detailed development plan for an additional 5,000 m² of retail.

A project started in 2013 to investigate whether Farsta could be developed into a complete, modern and walkable district. As well as the residential units, there are plans focusing on additional retail, activities and public functions that a rapidly increasing population requires, for example, pre-schools, a school, parks and green structures.



Farsta Centrum is one of the most visited retail hubs in Stockholm with a well-developed infrastructure and approximately 2,500 office workplaces. The ambition that we and the City of Stockholm have is to develop Farsta Centrum into an attractive core in the future walkable city of Farsta.

% of total rental value: **7 %**
 Letting area, offices, m²: **46,000**
 Rental value, offices, SEK m: **158**



HAGASTADEN

ONE OF THE WORLD'S LEADING LIFE SCIENCE CLUSTERS

The urban development project that is underway in Hagastaden is one of the largest ever undertaken in Stockholm. By 2025, a new city district will have arisen that links Stockholm with Solna and creates one of the world's leading life science clusters. The area will have 50,000 workplaces, and business, research and entrepreneurship will combine with residential units, meeting places, restaurants and services. Norra Stationsgatan will become a hub in this new city district where Stockholm meets Solna. Until 2020 ten property owners, developers and the City of Stockholm will develop new and existing districts, focusing on food experiences, vibrant shopping streets and a quality offering of services.

Hagastaden already has good accessibility and this will be further enhanced when a new underground station comes to this city district. The underground is being extended with a new line (Yellow Line) from Odenplan to Arenastaden. Three new stations will be created along this link, connecting Vasastaden with Solna: Hagastaden, Hagalund and Arenastaden. It is scheduled to open in 2024.

ONE OF THE LARGEST PROPERTY OWNERS IN HAGASTADEN

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 more than 60,000 m² of characteristic industrial properties, such as the former Apotekarnes Mineralvattenfabrik, Glashuset and PV-palatset. All of the properties have been converted and extended to accommodate modern offices, which preserve the industrial character and provide efficient spaces.

By managing existing properties, new projects and land allocations, we have a great opportunity to be involved with developing Hagastaden into a dynamic and attractive area with an evident metropolitan character and one of the world's leading life science clusters.

CONFIRMED PROJECTS

LIFE CITY – THE HEART AND THE BRAINS IN HAGASTADEN

Atrium Ljungberg has a land allocation with a development right of 32,000 m² GFA in one of the most visible locations in Sweden, with some of the most important players in life science as neighbours: the New Karolinska Solna University Hospital (NKS), KTH Royal Institute of Technology and Stockholm University.

Here, in the heart of the emerging life science cluster, we are creating Life City, a new centre for development and services linked to healthcare and research. The property will have a total letting area of approximately 27,000 m². The entry level will be a dynamic meeting place with joint functions, as well as co-working spaces and offices higher up in the building. In 2018 an agreement was signed with Academic Work, which will rent 17,000 m² of offices when they merge large parts of their operations.

The building is expected to be ready for occupancy in 2021.

POTENTIAL PROJECTS

NEW LAND ALLOCATION IN A UNIQUE AND PROMINENT DISTRICT

In June 2018 Atrium Ljungberg won the land allocation competition in Östra Hagastaden from the City of Stockholm and Stockholm County Council. The competition was for a unique and very prominent district in the area that will become the city's northern gateway. The ambition is to develop unique office environments on site with public activities on the ground floors. The land allocation was for the Solna Haga 3:6 properties and part of Solna Haga 4:17; as well as a development right of approximately 16,000-20,000 m² GFA of offices. Construction of the new district is expected to start in 2022 and be completed in 2024.

Atrium Ljungberg already has a land allocation of almost 1,000 m² on Norra Stationsgatan.

CONFIRMED PROJECTS, NEW BUILDS AND EXTENSIONS

■ Planning ■ Construction ■ Completion



% of total rental value: **10 %**
 Letting area, offices, m²: **68,000**
 Rental value, offices, SEK m: **142**



KISTA CLUSTER FOR WORLD-LEADING TECHNOLOGY DEVELOPMENT

Kista Science City is the largest ICT (Information and Communication Technology) cluster in Europe and the third largest in the world.

AN ATTRACTIVE URBAN ENVIRONMENT

We are playing an active role in the work to make Kista an even more attractive urban environment with a mix of workplaces, residential units, services and education, along with the City of Stockholm and other property owners in the area. The plans for new residential units, streets, walkways and bike paths, a square, meeting places and a retail area will help Kista become an even more dynamic and vibrant place for people to work and live in. Kista already enjoys a strong position because of its extensive business community and its attractive geographic location close to Stockholm city centre, Arlanda and Uppsala, but the plans to extend the cross-town light rail link will further enhance its position.

Kista is one of Atrium Ljungberg's oldest subsidiary markets. We built a garden city here – Ärvinge – back in the early 1990s. This is an area where residential units mix with major international companies, with innovative challengers and the next generation's ICT companies in a peaceful and pleasant environment.

FLEXIBLE PREMISES IN KISTA FRONT AND KISTA+

Kista Front is an office property measuring 60,000 m² that has efficient spaces and good conference and meeting options. There are also several restaurants and good services close by. Kista Front is also excellently positioned along the E18 for signs due to the 70,000 cars that pass by every day.

The Kista+ property was acquired in 2016 and is a modern, newly renovated and environmentally-certified office building within walking distance of Kista underground station. IBM is a major tenant in Kista+.

NOD – CONTRIBUTION TO THE SCIENCE CITY

The Nod district is a meeting place for ICT, innovation, learning and creativity. Here we have created natural places for meetings and flexible office solutions where people and companies with different competences can meet and develop together.

Companies like Fujitsu Sverige, SenseGraphics, Esri Sverige and Cornerstone come together in Nod in the same buildings as KTH Royal Institute of Technology, Stockholm University and the Stockholm Science & Innovation School.

Nod is a meeting place for ICT, innovation, learning and creativity. This is where major international companies, small start-ups and students from Stockholm University and the Stockholm Science & Innovation School meet.



% of total rental value: **10 %**
 Letting area, offices, m²: **63,000**
 Rental value, offices, SEK m: **212**



SÖDERMALM

CITY DISTRICT WITH HEART AND SOUL

The old labour district of Södermalm has now been modernised, but the essential heart and soul remain in the culture at Söder. The city district is a popular place to live, but also attractive for offices, especially for creative enterprises and the public sector. Stockholm's major reconstruction project, Nya Slussen, is in full swing and will continue to affect the area until 2025. Slussen will be an attractive meeting place with new squares, quays and the first park in the area. Transport options, pedestrians and cyclists will obtain more space, at the same time as the area for road traffic will be reduced and adjusted in order to accommodate current traffic flows.

STRENGTHENED POSITION THROUGH NEW ACQUISITIONS

Our properties are in the best locations in Södermalm. In Slussen we own Glashuset, one of Stockholm's best-known buildings, and Sjömansinstitutet. In October 2018 we acquired Tranbodarne 11, also called Katarinahuset, by Glashuset. The property, measuring 22,000 m² letting area, will be refurbished and modernised. Attractive and modern office space with public-access ground floors are being planned. In conjunction with the refurbishment, we are also looking into the possibility of developing a link to the future retail hub and public transport hub at Slussen. In 2018 rental agreements were signed with the co-working company Convendum for more than 5,100 m² and with SEB for more than 800 m² in Glashuset.

SÖDERHALLARNA UNDERGOING A TRANSFORMATION

We own Söderhallarna at Medborgarplatsen. We aim to make this into an obvious meeting place for food, culture and creativity at Södermalm. We are working on a new detailed development plan to enable us to open up the façade towards the square to help generate more life and safe environments around Medborgarplatsen.

A long-term partnership was started with Sweden Foodtech in the spring of 2018, a company that has also moved into Söderhallarna. Sweden Foodtech will be an important partner in developing several of our sites that have a high number of food-related companies, including Söderhallarna, Mälarterrassen and Slakthusområdet.

POTENTIAL PROJECTS

MÄLARTERRASSEN

In June 2018 a land allocation agreement was signed with the City of Stockholm for 6,000 m² GFA. Mälarterrassen is being built by Södermalmstorg and the quay heading down towards Gamla Stan and will be a central location when Nya Slussen

develops. The ambition is for Mälarterrassen to become a meeting place with restaurants, cafes and cultural activities for Stockholm's inhabitants and visitors. Construction is expected to start in 2022 and it will be opened by 2025.

LAND ALLOCATIONS ALONG STADSGÅRDSKAJEN

We have a land allocation for a development right on the street Stadsgårdsleden in front of Glashuset. The development right is for approximately 18,000 m² GFA for offices, retail and service. When we acquired Katarinahuset, we also acquired a development right in front of the building of approximately 7,500 m² GFA for offices, retail and services. 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.



Our ambition for Söderhallarna is to open it up to Medborgarplatsen and to create an exciting meeting place with the food market as the main driving force. In October 2018 the famous chef and baker Sébastien Boudet opened his artisanal bakery 'Sébastien på Söder'.

% of total rental value: **4 %**
 Letting area, offices, m²: **36,000**
 Rental value, offices, SEK m: **92**



LILJEHOLMEN

AN EXTENSION OF SÖDERMALM

Since the beginning of the 2000s Liljeholmen has undergone a major transformation to become a mixed city district. It is now an important hub for public transport in Stockholm. Its good location will be further enhanced when an underground line is built between Älvsjö and Fridhemsplan via Liljeholmen. In the future this district will become a clear part of the inner city and will be linked with Södermalm through buildings along the street Södertäljevägen. There are plans to make this into a major city street.

The comprehensive plan for the City of Stockholm states that the city wants to use the good opportunities in Liljeholmen to create more workplaces in Söderort. We want to play an active role in the development of this area. Lövholmen is right next to this area and will undergo major changes in the years to come. When Cementa's factory complex moves, there will be an opportunity to develop this into a city district with more than 2,000 residential units, a school and pre-schools, parks and offices.

PROPERTY WITH STRONG BRANDS

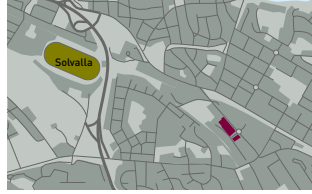
Atrium Ljungberg owns a large office property with three buildings, totalling approximately 40,000 m² letting area. The Stora Katrineberg property is by Liljeholmshamnen close to the Liljeholmstorget shopping centre, the underground and Marievik's office area. At the end of 2018 H&M moved into approximately 7,000 m² of office space in one of the buildings. The premises that are used for the company's global support functions have been fully adapted to the activity-based concept at the company. Other tenants include Bankgirot and Boulebar.

There is also an unexpected cultural treasure in the heart of this urban environment. A genuine 1770 house, which was originally a summer house where King Karl XIV Johan used to pass by to rejuvenate on trips southwards. The building is currently being used by an accounting firm.



The City of Stockholm's vision is to allow the inner city to grow further south and to link Liljeholmen with Södermalm. We want to be involved in developing this area with attractive office workplaces and service.

% of total rental value: **3 %**
 Letting area, offices, m²: **26,000**
 Rental value, offices, SEK m: **59**



SUNDBYBERG

ONE OF THE FASTEST GROWING MUNICIPALITIES IN STOCKHOLM

Sundbyberg is in north-west Stockholm close to flights, major roads and good public transport with buses, the cross-town light rail link, the underground and commuter trains. Sundbyberg is also one of the municipalities that is growing the fastest in the whole of Stockholm County.

In March 2018 the Municipal Executive Board approved the planning programme for Sundbyberg's new city core. This has been made possible as the train tracks that divided central Sundbyberg into two parts are being moved into tunnels. The new city core will be a vibrant, safe and connected environment with residential units, offices and parks, and will also become an effective hub for public transport as a new commuter train station is being built.

The tunnel will start to be built in 2020 at the earliest.

Construction is expected to take eight years and the new city core will be built when the Sundbyberg tunnel is complete.

Approximately 50,000 inhabitants currently live in the city of Sundbyberg. By 2030 the number of inhabitants is expected

to rise to 77,000 and we think that Solna/Sundbyberg is an interesting market for us to develop.

CHOCOLATE FACTORY THAT WAS TRANSFORMED INTO A MODERN OFFICE

In the central parts of Sundbyberg we own Chokladfabriken (the Chocolate Factory); a modern and flexible office property that has preserved its industrial character. Marabou's chocolate factory was here from the start, with roots dating back to the early 1900s in this building. In the 1990s the property was transformed into offices, while preserving the historic heritage.

Chokladfabriken currently consists of a main building, an extension and a garage. The old industrial heritage has been preserved, with generous windows and high ceilings, with a lot of light and space.

In the centre of Sundbyberg we own Chokladfabriken (the Chocolate Factory); a modern office property that has preserved its industrial character. The building used to be home to Marabou's chocolate factory.



Construction start: **March 2019**
Moving in: **Summer 2021**
Project area, phase 1: **24,400 m²**



BARKARBY

REGIONAL HUB FOR RESEARCH, DEVELOPMENT AND HIGHER EDUCATION

Barkarby is the largest expansion area in the Stockholm region. In the next 15 years a brand new city district, Barkarbystaden, will emerge with almost 20,000 residential units, workplaces, schools, healthcare, retail, culture, restaurants and services.

The development of Barkarbystaden offers a unique opportunity for businesses, society, universities and higher education institutions to work together on innovation, and the practical application of new technology and new solutions within areas such as communications. Järfälla Municipality's vision is for the area to become a regional hub for research, development and higher education.

Barkarbystaden is being developed for low energy consumption and the conditions are right for sustainable development. The ambition is for this city district to become western Stockholm's new hub in a few years' time for underground trains, long-distance trains and commuter trains.

CONFIRMED PROJECTS MULTI-FUNCTIONAL DISTRICT

In Barkarby we have a land allocation with the option of acquiring land with a development right of approximately 50,000 m² GFA. Together with Järfälla Municipality, we want to create

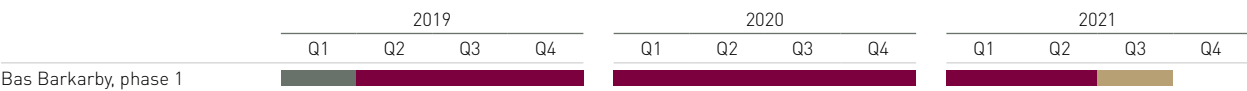
Bas Barkarby, a multi-functional district in the heart of the growing Barkarbystaden. Bas Barkarby will promote learning focused on science and technology as well as culture, sports and business. This will be a place where individuals – both students and business people – study, work, meet and develop together.

Järfälla Municipality will lease almost 11,000 m² of the first phase for upper secondary education, a multi-purpose hall, a library and other cultural activities. The leases are conditional on the land transfer agreement being concluded. In 2016 a letter of intent was signed with E.ON to establish a new Stockholm office in Bas Barkarby. Working with E.ON we will make Bas Barkarby into an environmental and socially sustainable workplace.

Bas Barkarby will be built in two phases. The detailed development plan that covers the first of these two phases became legally binding in January 2018, and a decision on environmental permits was received at the end of December 2018 from the Land and Environmental Court. Construction of the first phase of 24,400 m² is expected to start by March 2019 at the earliest, with occupancy in the summer of 2021.

CONFIRMED PROJECTS, NEW BUILDS AND EXTENSIONS

■ Planning ■ Construction ■ Completion



We will work with Järfälla Municipality to create Bas Barkarby, a multi-functional area in the heart of the growing Barkarbystaden.

UPPSALA

Uppsala is Sweden's fourth largest city and one of the fastest growing municipalities in the country. The population is increasing by approximately 3,000 people per year and Uppsala has a market growth of 15 per cent. Investments worth billions of Swedish krona in public buildings, infrastructure and residential units show just how attractive this city is.

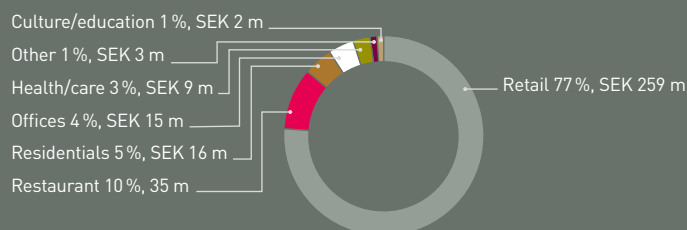
Rental value, SEK m



Total letting area, '000 m²



Types of premises in Uppsala, rental value



OUR AREAS



In Gränbystaden we are continuing to develop Uppsala's second city centre, with a mix of retail, offices and residential units, as well as services and cultural activities. In addition to the rental apartments that are currently occupied and under construction, we are planning for an additional 250 residential units in the area. We also have a land allocation beside the Gränbystaden Galleria with a potential 50,000 m² GFA for the development of several office workplaces, retail and services.



Uppsala is one of Atrium Ljungberg's most important markets and accounts for 11 per cent of the company's contracted annual rent. Here we are focusing on operations in Gränbystaden and the city centre. We are part of the development of Uppsala's city core where we are adding, for example, more than 4,000 m² of new, attractive offices in Forumkvarteret. The ambition is for Forumkvarteret to become an urban city centre district with a strong offering of retail, restaurants and cafes, combined with residential units and office environments.

% of total rental value: **11 %**
 Letting area, offices, m²: **1,000**
 Rental value, offices, SEK m: **2**
 Letting area, retail, m²: **79,000**
 Rental value, retail, SEK m: **257**
 No. of stores, restaurants, services: **161**
 Store sales, SEK billion: **2.7**
 No. of visitors per year: **11 million**



GRÄNBYSTADEN

UPPSALA'S SECOND CITY CENTRE IS EMERGING

Uppsala has been a cultural and commercial centre for many hundreds of years, but a new Uppsala is now being created. The city population is growing by nine per cent per year and in 2050 Uppsala is expected to have 340,000 inhabitants. Atrium Ljungberg wants to be involved in this development.

Gränbystaden is our largest development area and one of the most expansive parts of Uppsala, which looks likely to be fully integrated into the city centre within a few years. Several projects are ongoing and being planned by different players, primarily the development of housing, but also sports facilities and a public transport hub.

Our vision is to create Uppsala's second city centre, a vibrant city district that complements Uppsala city. This is why our work in Gränbystaden is not only about retail and commercial

opportunities, but also developing offices, workplaces, residential properties, culture and exciting meetings.

CONFIRMED PROJECTS

We are continuing to create urban qualities and develop Gränbystaden. Several new builds and extensions will be constructed at both the area's northern part and by Gränbystaden Galleria over the next few years.

EXTENSION OF THE SHOPPING CENTRE

In Gränbystaden Galleria a reconstruction and extension project was completed, which comprises approximately 11,800 m² letting area for retail, restaurants, culture and entertainment. On 22 November, 17 new stores and restaurants were opened,

We are continuing to develop Gränbystaden and create urban qualities with, for example, residential units, office workplaces, restaurants and experiences. The three buildings by Gränbystaden Galleria house a total of 200 rental apartments, offices and commercial properties and will be fully completed in the spring of 2019.





along with Nordisk Film, a cinema with five screens, and an O'Leary's restaurant with a bowling hall and a new concept for children.

BIG-BOX HUB ALMOST COMPLETE

Another building was built and opened at the big-box hub in northern Gränbystaden, which is almost complete. Jula, Jysk and Rusta moved into this new building during the autumn of 2018 and DollarStore at the beginning of 2019. When it is completed, northern Gränbystaden will comprise a total of 45,000 m² GFA.

RESIDENTIAL BUILDINGS OCCUPIED

Gränby Entré building 2 was completed by Gränbystaden Galleria. This is a residential building with a total of approximately 60 rental apartments, as well as offices and commercial premises on the ground floors. New office tenants include Rikshem, which moved its entire Uppsala office to Gränbystaden. The apartments were mediated through a local housing authority and were occupied at the end of 2018. Building 3 will be completed

The floor plans of the apartments in Gränbystaden have been carefully thought out and modern materials have been used. All of them have a balcony and all three buildings have elevated inner courtyards with common outdoor areas.



in 2019 with additional offices, commercial premises and apartments.

UNDERGROUND PARKING

A garage was completed with 280 parking spaces and opened in November 2018. It is under the residential buildings next to Gränbystaden Galleria.

POTENTIAL PROJECTS

RESIDENTIAL UNITS, RETAIL AND CULTURE

In addition to the rental apartments, we are planning approximately 250 more residential properties in the area. Construction of the first phase is expected to take place in 2019, with occupancy during 2020.

In Northern Gränbystaden, there are opportunities to develop approximately 5,000 m² GFA more for retail. The development is gradually progressing in line with the letting work.

In addition, work on the detailed development plan has started in the area just north of the shopping centre, which will enable the development of an additional 10,000 m² GFA for retail and offices, 25,000 m² GFA for residential units, and 30,000 m² GFA for parking.

At the beginning of 2017 we received a land allocation with a development right of approximately 50,000 m² GFA just south of Gränbystaden Galleria. Acquiring the land gives us the opportunity to continue intensely to develop Gränbystaden towards our vision of creating Uppsala's second city centre.

CONFIRMED PROJECTS, NEW BUILDS AND EXTENSIONS

■ Planning ■ Construction ■ Completion

	2019			
	Q1	Q2	Q3	Q4
Gränby Entré building 3				

2020			
Q1	Q2	Q3	Q4

2021			
Q1	Q2	Q3	Q4



THEME: IT'S THE PEOPLE WHO MAKE THE CITY

“EVERYTHING IS RIGHT ON THE DOORSTEP HERE”

Leaving everything behind to move 400 kilometers may seem strange for many people. But this is not something that scared 73-year-old Marita when she moved from her home town of Falköping to Gränbystaden in Uppsala. It is a decision that she definitely does not regret.

In October 2017 Atrium Ljungberg's first residential building was completed in Gränbystaden with more than 60 rental apartments. Marita Svensson was one of the first to move in; into a two-room apartment measuring 55 m². Marita has two sons and five grandchildren living in Uppsala and decided to move closer to the family. The removal van first went from a house in Falköping to an apartment in Sigtuna to make it easier for her to find a permanent home. Marita joined Uppsala Bostadsförmedling's housing queue and it was not long before she was offered an apartment in Gränbystaden and she accepted straight away.

“I really enjoy it here!” I take the lift down and everything is on the doorstep. All of the shops in the shopping centre, the dentist and health centre; and I often go for walks in Gränbyparken and pass by the 4H Farm. It's so peaceful and quiet, even though there is building work in the area,” says Marita.

It is not surprising that there is building work in Gränbystaden. Since Marita moved in, two more residential buildings have been completed. In the autumn the south extension of Gränbystaden Galleria was completed, which contains 20 stores and restaurants, as well as Nordisk Film's first Swedish cinema with Sweden's first

ABOUT GRÄNBYSTADEN

In November the southern extension of Gränbystaden Galleria centre opened, which is home to a cinema, several restaurants and stores. In the summer, Sara-Stina's square will be completed, located between the shopping centre and the residential buildings.



4DX theatre. The 4DX concept is an innovative technology that allows the visitor to experience the action in a film using 19 different effects, from rain, snow and fog in the theatre, to moveable chairs that shake and swing with every turn during an exciting car chase. Although Marita has not been to the cinema yet, she has been to O'Learys, which has recently opened. "We went there to have something to eat and went bowling. They were so friendly. There is so much for the family, it felt almost like a play centre. It was packed when we were there."

When the extension of the shopping centre was completed, the new bus hub opened in Gränbystaden, a central hub with both local and regional transport. These buses allow Marita to get to central Uppsala quickly and easily, and to see her sons and grandchildren.

"It's wonderful. I just walk straight through the shopping centre and I can then go wherever I want."

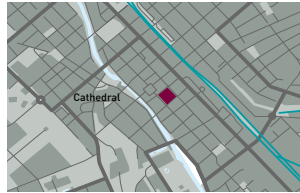
One of her sons, Carl-David, is actually within walking distance. This is because he runs a dental practice called Nordic

Dental, which is in the neighbouring building. The residential buildings have a total of more than 200 fully let apartments, but also 4,500 m² of office space, a restaurant, a cafe, services and stores.

The development of Gränbystaden will continue for many years. Atrium Ljungberg's vision for the whole of Gränbystaden 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. Although the dust is starting to settle around Maria's building, there is still one more thing left.

"Now I'm looking forward to seeing what Sara-Stina's square will be like. This will be a real boost for the area and I'll hopefully get a wonderful view from my balcony in the summer," concludes Marita.

% of total rental value: **2%**
 Letting area, offices, m²: **5,000**
 Rental value, offices, SEK m: **13**
 Letting area, retail, m²: **8,000**
 Rental value, retail, SEK m: **37**
 No. of stores, restaurants, services: **32**
 Store sales, SEK billion: **200**
 No. of visitors per year: **2.5 million**



UPPSALA CITY

AN URBAN INNER CITY DISTRICT IN THE HEART OF THE CITY

In Uppsala city centre, we own, manage and develop one of the city's best known places; Forumgallerian. The site comprises an entire district that contains retail, offices and residential units.

CONFIRMED PROJECTS

FORUMGALLERIAN BECOMES FORUMKVARTERET

Since 2015 work has been underway to transform Forumgallerian into an urban inner city district with a wide range of retail stores, restaurants and cafes, combined with attractive office environments and residential units. In 2018 several new stores and restaurants opened, including the Norwegian restaurant

chain Egon. Knightec was one of the companies that has moved into the offices. In 2019 Tengbom Arkitekter and Academic Work will also move in. In terms of retail, work focused mainly on improving and reconstructing the shopping centre section, making space available and creating a clear internal concourse.

As part of this transformation, Forumgallerian (Forum shopping centre) is also changing its name to Forumkvarteret (Forum district) to better reflect what is at the site. The retail sections will open in the spring of 2019.



In Forumkvarteret we are creating an urban inner city district that will be vibrant 24 hours a day. We will enhance the area with new stores, cafes and restaurants combined with attractive residential properties and office environments.

MALMÖ

With its strategic location in the Öresund region, Malmö is a strong growth area. The region is one of the largest labour markets in the Nordic region with almost 4 million inhabitants. At Atrium Ljungberg we believe strongly in Malmö and we want to continue to grow here.

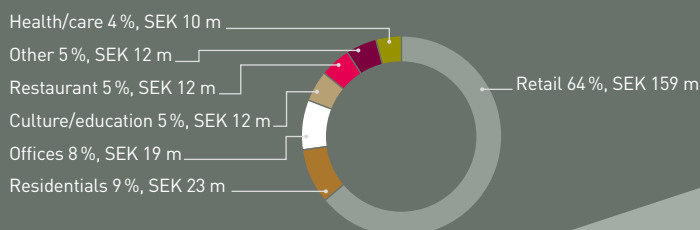
Rental value, SEK m



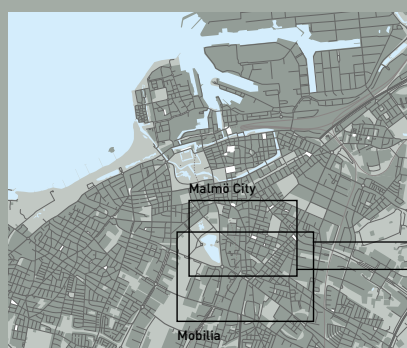
Total letting area, '000 m²



Types of premises in Malmö, rental value



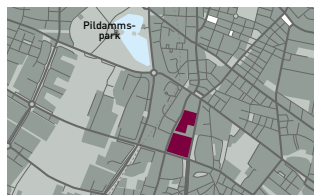
OUR AREAS



Mobilia is a historic site that is firmly anchored in Malmö. At the start of the 20th century, Manufakturaktiebolaget had its textile factory here. At the end of the 1960s textile production stopped at the site and Mobilia was converted into the retail site that is so loved by people today. We have owned Mobilia for more than 20 years. Over the years we have developed Mobilia from a shopping centre to a vibrant city district with retail, residential units, culture and services. In 2020 Torghuset will be completed, which will have not only more residential units, but also a new, modern cinema, and Funnys Äventyr – a new cultural centre for children. Funnys Äventyr is one of the biggest cultural investments for children in Sweden measuring 3,000 m². It focuses on playing, reading and learning.

As well as our long-term urban development project in Mobilia, we have also been playing an active role in the development of Möllevången in the city centre. Möllevången used to be a factory area and is now one of central Malmö's most exciting and cultural meeting places where many companies in the creative industries have decided to move. Atrium Ljungberg owns two properties, Dimman 11 and Malmen 12. The tenants at our Dimman property include Academia and the gaming giant Massive Entertainment.

% of total rental value: **8%**
 Letting area, offices, m²: **2,000**
 Rental value, offices, SEK m: **4**
 Letting area, retail, m²: **53,000**
 Rental value, retail, SEK m: **170**
 No. of stores: **110**
 Store sales, SEK billion: **1.8**
 No. of visitors per year: **14 million**



MOBILIA IN MALMÖ SINCE 1899

Mobilia is in Malmö's southern city centre district, only two kilometres from Malmö city centre. The area is surrounded by the city's three most important cross-town routes: Trelleborgsvägen, Ystadvägen and Stadiogatan. Its proximity to Malmö city centre also enables a large number of people to get there by bus, bicycle or on foot.

As the city centre is growing, the urban environment in and around Mobilia is continuing to develop and densify, becoming a natural part of it. In addition to Atrium Ljungberg's own development of Mobilia, the city is planning new residential areas around the area. The research park Medeon is right next to Mobilia, with 40 players within life science. Medeon is a possible development area with a lot of potential. The same area is also home to Skåne University Hospital, Lund University and Malmö University.

FROM SHOPPING CENTRE TO CITY DISTRICT

Mobilia has a unique industrial history and we recognised the potential of this old textile factory at an early stage. Mobilia has been on a real journey in recent years. We have transformed a traditional shopping centre into a vibrant city district that not only has stores, cafes and restaurants, but also services, office premises and 270 rental apartments. The central square with pavement cafes, and paths for pedestrians and bicycles, acts as a central meeting place and links the various parts of the area together.

The industrial heritage from the old textile factory has been preserved during the transformation. We have highlighted the buildings' unique character, and combined it with modern architecture and sustainable materials. This is where old meets new, giving Mobilia a clear soul and a complete character of its own. A wide range of sustainability measures are being carried out at

Mobilia, including everything from charging stations for electric cars and bee hives on the roof to recycling textiles through close collaboration with Malmö Stadsmission. In the coming years Mobilia will take 100 steps to achieve the position as Malmö's greenest retail district.

CONFIRMED PROJECTS

A DESTINATION FOR THE ENTIRE REGION

We are continuing to develop Mobilia into a place where people want to be, which is alive 24 hours a day. In the heart of the district, a new construction and extension project called Torg-huset is underway, measuring approximately 13,500 m² letting area. Here we are creating additional areas for retail, residential units, restaurants and cultural activities. This new building is the final piece of the puzzle on the site to transform the square in this district into the attractive and vibrant meeting place that we have been working towards.

In Torghuset we are establishing two major cultural investments in our work to make Mobilia a destination for the entire region. One is an ultra-modern cinema with five screens. The cinema is planned to open in the spring of 2020. The other is Funnys Äventyr, a unique cultural centre measuring 3,000 m² that focuses on playing, reading and learning. Funnys Äventyr is one of the biggest cultural investments for children in Sweden. The person behind this initiative is Staffan Götestam, a playwright and director, and one of the founders of Junibacken in Stockholm. In the spring of 2018 Malmö City Council decided to support the project with a grant of SEK 12 million. The aim is to open Funnys Äventyr in the spring of 2020.

CONFIRMED PROJECTS, NEW BUILDS AND EXTENSIONS

■ Planning ■ Construction ■ Completion



% of total rental value: **2%**
 Letting area, offices, m²: **9,000**
 Rental value, offices, SEK m: **16**



MALMÖ CITY/MÖLLEVÅNGEN

DYNAMIC HUB IN THE CENTRE OF MALMÖ

Möllevången is a city district in Malmö around Möllevångstorget and Folkets Park, a former factory area where several old buildings have been preserved. Over the last decade the area has undergone a major transformation and “Möllan” is now a dynamic meeting place, known for its many bars, exciting stores and its lively markets. There is a broad mix in the people, enterprise, food and culture here.

WANTING TO GROW IN MALMÖ CITY

In Möllevången we own the office properties Dimman 11 and Malmen 12. Dimman 11 contains cultural and educational activities as well as offices, where the City of Malmö is a major tenant, housing Malmö's city archives, a restaurant and a cinema. In June 2018 we signed an agreement with the world-leading games developer Massive Entertainment to let 1,600 m².

Malmen 12 is a small office and healthcare property that is located in close proximity to Dimman 11. The largest tenants are the City of Malmö and Region Skåne.

Our long-term strategy is to grow in Malmö City and we see future potential in Möllevången. We want to continue to be involved in the development of this exciting area.

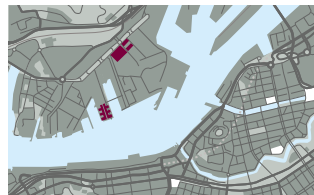
We can see the future potential of Möllevången in Malmö and we want to play an active role in the long-term development of the site.



GOTHENBURG

Although Gothenburg is an old city, it is a relatively new city for Atrium Ljungberg. Following several acquisitions in Lindholmen, we are now part of the extensive urban development work. The aim is to link the city together by creating new, sustainable urban environments where people can easily get across the river.

% of total rental value: **6%**
Letting area, offices, m²: **68,000**
Rental value, offices, SEK m: **157**



LINDHOLMEN FROM A SHIPBUILDING AREA TO A KNOWLEDGE-INTENSIVE INDUSTRY

Lindholmen is Gothenburg's most expansive city district and the development area comprises central Gothenburg on both sides of the river Göta älv. Lindholmen used to be a shipbuilding area and has now become an attractive city district for office establishments that attract both Swedish and international development-intensive technology companies, many with links to the automotive industry. The area is also an international knowledge cluster with many researchers and students associated with Lindholmen Science Park and Chalmers.

Lindholmen is currently being transformed into a vibrant and attractive city centre. The Vision Älvtaden project aims to link the two sides of the city by creating new, sustainable urban environments and meeting places, where pedestrians, cyclists and motorists can easily cross the river from the city centre. Work is underway to build additional residential units, offices, services and the first skyscraper in Gothenburg. Lindholmen's operations currently employ almost 20,000 people. The plan is for 30,000

people to work and live here, and for the area to become a vibrant and buzzing city district, even after office hours.

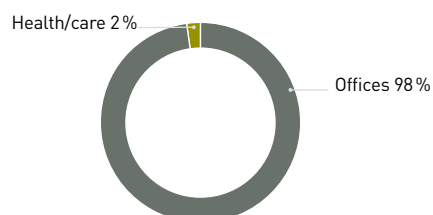
FULLY LET

Atrium Ljungberg owns three properties in Lindholmen with a total of 82,000 m² letting area. The properties have modern and flexible premises with details from the shipbuilding era, which breathes soul and history into the site. Our tenants operate primarily in the fields of technology and energy and the properties are currently fully let.

AMBITION TO CONTINUE TO GROW

With a portfolio of around 82,000 m² letting area, we are now a major player in Lindholmen. Our local involvement allows us to continue collaborating with the city and other businesses to generate added value for the area. We want to continue to develop our properties, which includes adding operations within culture and learning. Our strength is to create dynamic full-service environments where people want to be and where different operations are side by side. And we will continue our work on sustainable urban development in Gothenburg. Since our entry onto the Gothenburg market, we have been clear with our ambition to continue to grow in the city, within offices, retail and residential units.

Types of premises in Lindholmen, rental value



TL BYGG – A COLLABORATION THAT STRENGTHENS OUR BUSINESS

Our close collaboration with TL Bygg broadens Atrium Ljungberg's offering and strengthens our business. We work on projects together with a high level of efficiency and flexibility. This collaboration helps both companies develop, and generates a better product and more cost-efficient production.

TL Bygg AB was formed in 1983. It has its roots in the construction and property company that was founded by the builder Tage Ljungberg in the middle of the 1940s, and which makes up part of our companies' DNA. The strong values that were formed there live on today in the culture of both TL Bygg and Atrium Ljungberg. TL Bygg has an historic construction tradition, a wide range of competence and strong environmental awareness.

The company's business areas focus mostly on residential units and offices in turnkey contracts and pure construction contract assignments. Customers are primarily found in Stockholm and Uppsala, and the main clients are Atrium Ljungberg, other property companies, the state and various municipalities.

COLLABORATION THAT STRENGTHENS OUR BUSINESS

Close collaboration between TL Bygg and Atrium Ljungberg allows us to conduct a large number of projects with an efficient, controlled and flexible process. Collaboration helps both companies develop, and leads to a better product and more cost-efficient production. TL Bygg has competence for the entire chain and can be involved right from the start of the project to find both financially and environmentally sustainable solutions. They can take on both an advisory and producing role in our projects, while their extensive expertise means that no projects are impossible to run and implement.

SAFETY AND SUSTAINABILITY PROVIDE A STABLE FOUNDATION

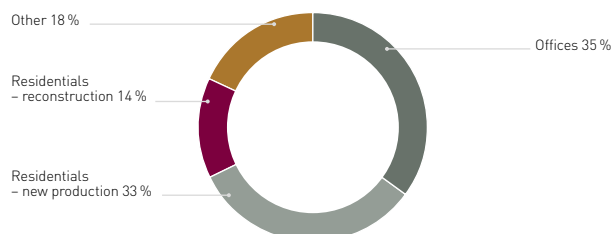
The company works actively with sustainability issues, which forms an integral part of its business models, customer perspectives, production and employee attitudes. This work comprises the entire business, from business ethics and production to environmental and social responsibility, where TL Bygg has the competence required to lead the work in the construction process towards environmentally-certified buildings and properties. This creates reassurance and knowledge that they will always meet our very strict requirements and expectations.

They are 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 the federation's goals and visions for modern employee contracts, a sound construction industry and safe workplaces.

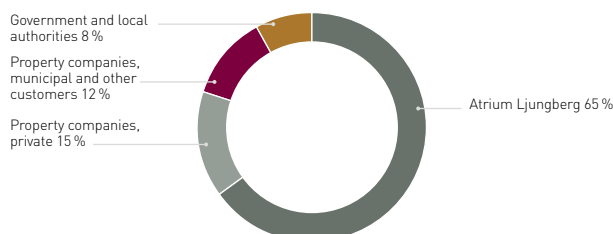
SOCIAL COMMITMENT

For TL Bygg it is important to build for the entire city and the people in it. This is why they include social commitment in the concept "long-term construction". They sponsor and collaborate with organisations that work with vulnerable people in society and work actively on measures to promote employment and integration. One example of this is regular and successful work with Novare Potential, which aims to guide new arrivals into the Swedish labour market.

Sales per assignment type



Sales per client category



**Construction company**

operating primarily in the Greater Stockholm area

BF9K
Certified

A management and product certification system for the construction industry

593

Net sales, SEK m
2018

315

Order book, SEK million
At 2018 year-end


9
Profit, SEK m

after net financial items 2018

113
Number of employees

58 administrative employees, 55 skilled workers

**A CONSTRUCTION COMPANY FOR EVERYONE**

In 2018 work started on inclusion that was firmly anchored throughout the company through conferences, workshops and presentations. This work will secure a culture of equality that will then spread throughout the industry. TL Bygg imposes the same strict requirements on its partners as it does on itself with zero tolerance to discrimination stipulated in the agreements. They take a clear position that all people are of equal value and they adopt a zero tolerance approach to discrimination and victimisation.

INTERNAL AND EXTERNAL PROJECTS

In 2018 65 per cent of the total sales comprised work on behalf of Atrium Ljungberg with projects within offices and residential properties. The company is a general contractor for our residential investments in Gränbystaden in Uppsala and a turnkey contractor for district 1 in Nobelberget in Sickla. Work on the residential buildings in Gränbystaden started at the beginning of 2016 and will conclude in the spring of 2019 when the final building will be ready for occupancy. TL Bygg will be the turnkey contractor for our projects in Nobelberget which total SEK 1.5-2.0 billion and will last ten years into the future. They also carry out major tenant adaptations at our properties, such as the work that was completed for H&M in Liljeholmen and Tikkurila i Hammarby Sjöstad in 2018.

The company's long-term goals include reaching SEK 1 billion in sales and having an equal balance between external and internal projects. This is why it has invested heavily over the past financial year, primarily in prestigious recruitments and goal-oriented work in HR and communications/market. These investments form part of their long-term plan, but they have already borne

fruit with their first external new build project, with Vectura as the client. They will also continue to be allocated projects with regular customers, such as Stockholmia, AKIFA and Frälsningsarmén.

STRONG IN UNCERTAIN TIMES

This is an uncertain period in the construction industry, but TL Bygg is showing positive results and is continuing to build up its organisation. Historically the company has expanded and reported good results during recessions, which is why they are looking to the future with confidence. In 2018 they made changes to the organisational structure so that it could focus more on employees and customers. They have set up departments for purchasing and the after-market, and strengthened their departments for HR, Quality, the Environment, Work Environment (KMA), as well as sales and purchasing in order to achieve their long-term and strategic goals.

INTERNAL GROUP ASSIGNMENTS AFFECT THEIR PROFIT

A high proportion of TL Bygg's projects is within the Group, where there is no profit but payment for expenses as stipulated in agreements. Years when there is a high percentage of internal projects tend to have a negative effect on the company's profit as staff resources are allocated at the expense of external ones. As well as the importance of project distribution, competition for external projects in TL Bygg's segments has toughened in recent years.

FIND OUT MORE AT: WWW.TLBYGG.SE

Summary of income statements

SEK m	2018	2017	2016	2015	2014
Net sales, external clients	207	120	121	335	307
Net sales, Group companies	386	518	314	137	113
Net sales, total	593	638	435	472	418
Operating profit/loss	8	16	4	-11	15
Net financial items	1	0	0	2	3
Profit after net financial items	9	16	4	-9	18
Number of employees	113	114	110	120	130

A modern interior space featuring several black leather armchairs arranged around a round wooden coffee table. A large, multi-arm lamp hangs from the ceiling, casting a warm glow. A television is mounted on the wall in the background. The room has a dark, textured rug and a glass block wall on the left side.

FINANCIAL REPORTS 2018

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 2018 financial year. The figures shown in parentheses refer to the preceding financial year. The legal annual report including the directors' report has, with the exception of the corporate governance report, the statement of the Chairman of the Board, and the Sustainability Report, been revised and can be found on pages 68–81, 90–128, 140–145.

THE OPERATIONS

Atrium Ljungberg is one of Sweden's biggest listed property companies. We develop attractive urban environments for offices, retail and residential properties in strong subsidiary markets. 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 2018

According to the 2018 financial goals, the operating surplus is to increase by ten per cent a year. A total of SEK 1 billion shall be invested in the Group's in-house development projects per annum and shall yield a return of 20 per cent for new builds and extension projects. During 2018 the operating surplus increased by 0.1 per cent (13.0 %) compared to the previous year. Investments during the year in Atrium Ljungberg's own properties totalled SEK 1,758 million (SEK 1,593 m). 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 2018 year-end, the equity/assets ratio was 45.9 per cent (42.6 %) and the interest coverage ratio multiple was 5.0 (4.2).

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. A dividend of SEK 4.85 per share (SEK 4.50 per share) is proposed for the financial year, which corresponds to a dividend of SEK 67.6

per cent of the distributable profit (65.1 %) and a dividend yield of 3.2 per cent (3.5 %).

MARKET

FINANCE MARKET

Although the global economy remains strong, the year was characterised by higher uncertainty and volatility. It looks as though the boom reached its peak during the year and growth in GDP can be expected to be lower from now on. The Swedish economy continued to show high growth, but this slowed down in the second half of the year. Domestic growth was inhibited as a result of the slowdown in the residential market with fewer homes being built. As the rate of inflation is approaching the inflation target, the Riksbank raised the repo rate to –0.25 per cent in December. In December, the National Institute of Economic Research assessed growth in GDP of 2.2 per cent in 2018, but assesses that it will fall to 1.3 per cent in 2019. The variable rate, 3M Stibor amounted to –0.13 per cent compared with –0.46 per cent at the beginning of the year. At the end of the year, the 10-year swap rate amounted to 1.13 per cent compared with 1.20 per cent at the beginning of the year.

PROPERTY MARKET

The transaction volume totalled SEK 159 billion during the year, which can be compared with volumes of SEK 147 billion in the previous year. In terms of turnover, residential properties represented the largest segment, with a turnover of approximately SEK 51 billion. Office properties was the second largest segment, with a total transaction volume of SEK 32 billion and a market share of 21 per cent. Interest in investing in warehouses and logistics properties has been growing in recent years, with this segment accounting for the third highest turnover with a market share of eleven per cent. Retail properties reported SEK 14 billion with a market share of nine per cent. There is a great deal of interest in retail properties, where the price difference between

favourable locations and less favourable locations has increased.

OFFICE MARKET

The Swedish population is becoming increasingly concentrated to three large cities — Stockholm, Gothenburg and Malmö. The share of the population of working age is also higher in the large cities than in the rest of the country, a trend which is expected continue in the future. The large and growing population generates increased demand for workplaces, social services and housing, and subsequently property. Driven by the current boom and the demographic development of Stockholm, Gothenburg and Malmö, the office rental market is very strong in the three cities. Among other things, the vacancy rates in Stockholm and Gothenburg have dropped to historically low levels and speculative office projects are being let quickly.

RETAIL MARKET

After a cautious start of the year, sales growth accelerated during the spring before slowing down during the summer when record-breaking heat caused consumers to select activities other than shopping. Growth was slightly more stable during the autumn, and the year concluded with record-breaking Christmas shopping sales. This means that the retail sector grew by 2.5 per cent in rolling prices, corresponding to SEK 19 billion. Total sales in the sector were SEK 786 billion. Clothing continues to be a segment faced by major challenges, and sales fell by 1.2 per cent. E-commerce's strong position was reinforced in 2018 and growth reached 15 per cent, which corresponds to an increase of SEK 10 billion. Total e-commerce sales therefore were SEK 77 billion, which boosted the market share of online retail to ten per cent. The fastest growing sectors online were food, fittings/furniture and sports/recreation.

RESIDENTIAL MARKET

Prices for tenant-owned dwellings declined during the second half of 2017, and the effects were evident in all of Atrium Ljungberg's markets. In 2018, prices for tenant-owned dwellings stabilised on levels that are historically very high. Factors such as population growth, urbanisation, economic growth and historically low interest rates have resulted in a strong demand for residential property. Access to credit, however, has been impacted by the credit restrictions that were introduced in 2018 and which have diminished the buying power of customers. The amount of construction on new apartment blocks has decreased in Sweden as a whole, but this is especially true in Stockholm and Uppsala.

PROPERTY MANAGEMENT

NET LETTING

Net letting, i.e. newly agreed contracted annual rents less annual rents terminated due to clients vacating the premises, amounted to SEK 144 million (SEK 40 m) during the year, of which SEK 92 million (SEK 59 m) refers to project properties. A high proportion of net letting is from new lease contracts with Convendum in Glas-huset at Slussen and Academic Work in Life City in Hagastaden. The time lag between net letting and its effect on profit is assessed to be 3–30 months.

RENTAL INCOME AND LETTING RATE

The contracted annual rent amounted to SEK 2,483 million on 01/01/2019 (SEK 2,357 m) and the rental value was SEK 2,637 million (SEK 2,494 m). This gives a letting rate including project properties of 95 per cent (95 %), and excluding project properties of 95 per cent (95 %). The EPRA vacancy rate is therefore 5 per cent (5 %). The average remaining term for contracted rent excluding residential and parking was 4.0 years as of 01/01/2019 (3.6 years).

Letting rate¹¹

	Rental value, SEK m	Rental value, SEK/m ²	Letting rate, %
Business area Property	2,470	2,812	95
Project properties	167	–	85
Total	2,637	–	95

¹¹ 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 found on pages 92–97.

PROJECT PROPERTIES

CONFIRMED AND COMPLETED

In 2018 investments in own properties amounted to SEK 1,758 million (SEK 1,593 m), of which SEK 1,216 million (SEK 922 m) in project properties. Investments in project properties relate primarily to Sickla Front II, Gränbystaden, Mobilia Torghuset and Curanten in Sickla. The other investments relate mostly to tenant adaptations in properties in Sickla, Slussen and Liljeholmen. The remaining investment volume for confirmed projects amounted to approximately SEK 3,770 million on 31 December. The projects that were completed in 2018 are Sickla Front II, Norra Gränbystaden, Gränby Entré building 2, Gränbystaden southern entrance and Gränbystaden southern garage.

SICKLA — NACKA

Sickla Front II — The Sickla Front II project, comprising two office buildings with 25,300 m² letting area in total as well as 14,000 m² GFA parking area, has now been completed. Along with the adjacent office property that was constructed in 2015, they form the Sickla Front district, which provides a clear entrance to the Sickla city district, linking Sickla with Hammarby Sjöstad. The Swedish National Courts Administration, which includes Nacka District Court, the Rent and Tenancy Tribunal and the Land and Environmental Court, have moved in.

Curanten — The foundation work is now complete and the building shell is currently being erected. In Curanten we are planning a healthcare destination, with stores, cafes and restaurants on the ground floor. The project comprises a total of 11,700 m² letting area, which includes 8,100 m² for healthcare and 3,600 m² for service, restaurants and retail. Occupancy is expected to start at the end of 2020.

Sickla Tapetfabriken — The reconstruction and extension of a former factory building in Sickla, known as "Tapetfabriken" (Wallpaper Factory) is underway. The blasting work on site is almost complete and work has started on the foundation. The building is planned to comprise 9,700 m², with a hotel, offices and a garage. The largest tenant is Nordic Choice Hotels, which will open a hotel consisting of 7,200 m². The hotel will have 156 hotel rooms and a 2,000 m² lobby area with restaurants, event areas and conference premises. The hotel is planned to be completed in the third quarter of 2020.

Nobelgaraget — The detailed development plan for Nobelberget gained legal

force in May 2018, so the project for the garage and premises in the first residential district got underway. The ground work is underway and it is expected to be completed in 2020.

Formalinfabriken is an old industrial building at Nobelberget that used to be a laboratory and offices. The building comprises approximately 2,000 m² on four levels. From its acquisition until today, Atrium Ljungberg has been working on creating a cultural hub in Nobelberget. The future Nobelberget and Formalinfabriken will house parts of this, supplemented with offices, cafes and restaurants. A community centre for the residential property is also being planned in Formalinfabriken as a location for dinners, meetings and corporate events. Construction started in the fourth quarter of 2018 with occupancy planned for the summer of 2019.

HAGASTADEN — STOCKHOLM

Life City — In the heart of the emerging life science cluster, we want to create Life City, a new centre for commercial development and services linked to healthcare and research. We want to bring together activities that support cluster building in life science. In September 2018 a decision was taken to start the Life City project in Hagastaden, with a lease contract for 17,000 m² signed with Academic Work. The project, which is next to Nya Karolinska Solna, represents 32,000 m² habitable GFA and an investment of SEK 1.9 billion including the land acquisition. The property registration and possession took place in September 2018, and construction is expected to start in the second quarter of 2019 at the earliest, provided that the building permit is granted in the first quarter of 2019. Occupancy is expected to take place in the spring of 2022.

BAS BARKARBY — JÄRFÄLLA

Bas Barkarby — In Barkarby in Järfälla, a land transfer agreement has been signed for a first stage of approximately 24,400 m² GFA. Together with Järfälla Municipality, we are planning to create Bas Barkarby, a multi-functional district for learning, culture, sports and business in the heart of the growing city district of Barkarbystaden. Järfälla Municipality will lease almost 11,000 m² for upper secondary education, a multi-purpose hall, a library and other cultural activities. The detailed development plan gained legal force in January 2018. A decision has been taken on the first phase of Bas Barkarby

following an environmental permit being granted and becoming legally binding at the Land and Environmental Court at the end of December 2018. Occupancy is expected to take place in the autumn of 2021.

GRÄNBYSTADEN — UPPSALA

Norra Gränbystaden — In northern Gränbystaden the latest building is complete and has been fully let to Julia, Rusta, Jysk and DollarStore. This means that the area as a whole now covers almost 45,000 m² GFA.

Gränby Entré buildings 2 and 3 — Three buildings containing rental apartments, commercial premises and offices are being built next to Gränbystaden Galleria. Building 1 has been occupied since the autumn of 2017, with 63 rental apartments, a health centre, a bank, food outlets and services. Building 2 with 71 rental apartments has been occupied since the autumn of 2018. Building 3 contains 66 rental apartments, offices and premises, where a number of restaurants and cafes will open in 2019. All of the residential properties and office spaces in the first two buildings have been let, as well as the majority of the premises on street level.

Gränbystaden, southern garage — The parking garage with almost 280 parking spaces is complete, and it opened at the same time as the southern extension.

Gränbystaden, southern entrance — On 22 November 2018 the doors opened to the southern extension of the shopping centre offering a wider range with almost 20 tenants. The extension contains areas for retail, entertainment, restaurants and offices.

MOBILIA — MALMÖ

Mobilie Torghuset — Work on new construction and an extension of approximately 13,500 m² of letting area is underway. The foundation work is complete. The building shell is being erected in the spring and will be completed after the summer of 2019.

The project is expected to be completed in the spring of 2020, with, for example, Nordisk Film opening a cinema and tenants moving into the 74 finished apartments. This building marks the final stage in the central square at Mobilia, which includes plans for a cultural centre for children.

FORUMKVARTERET — UPPSALA

In **Forumkvarteret** in the centre of Uppsala, we are in the final phase of major reconstruction work for all parts of the property. Forumkvarteret has offices, residential properties and a shopping centre with stores and restaurants. In 2018 Uppsala Municipality carried out a major refurbishment of Forumtorget, which has become a vibrant meeting place with, among other things, a number of pavement cafes. The new shopping centre is scheduled to be opened in 2019. Our ambition is for Forumkvarteret to become an urban city centre district with a strong offering of retail, restaurants and cafes, combined with attractive office environments

POTENTIAL DEVELOPMENT PROJECTS

Our current project portfolio with new projects and major reconstruction work enables future investments of approximately SEK 21 billion, which includes potential land acquisitions through land allocations. In terms of area, half of the project portfolio consists of offices, and half of residential property, retail, education and hotels. The project portfolio is divided among all our areas where Sickla and Gränbystaden account for approximately 60 per cent. The rate at which we can complete the projects depends on the market situation and the progress made in the detailed development plan process. A project is not usually started until we have secured a minimum yield level in the form of signed lease contracts. In addition to the above, we have signed a letter of intent with the City of Stockholm to

acquire existing properties and land allocations in Slakthusområdet in Stockholm.

POTENTIAL PROJECT STARTS 2019-2020

In **Sickla** we are planning an extension of the Sickla Galleria of approximately 3,000 m² GFA for retail, plus a two-storey parking garage with approximately 220 parking spaces. The detailed development plan for 500 residential properties in Nobelberget became legally binding in May 2018. Sales have started and are currently ongoing for the first residential district. Detailed planning work for approximately 700 apartments in Kyrkviken and 60 apartments in Gillevägen in Sickla is in progress. At Sickla station we have a building right of approximately 7,500 m² GFA for retail, services and offices next to the future underground railway station. A parallel architectural assignment has been carried out with Nacka Municipality. Kanozi architects were selected with their concept of a 23-storey building with approximately 21,000 m² GFA. The aim is to create a building that has an underground station, offices and a hotel. Detailed planning work is also underway for the reconstruction and extension of Svindersviksskolan from the current 3,000 m² to approximately 9,000 m² GFA.

In **Gränbystaden** we are continuing to develop Uppsala's second city centre, with a mix of retail, offices and residential property as well as service and cultural activities. In addition to the rental apartments which are currently being constructed (see page 10), we are planning for approximately 250 more tenant-owned dwellings in the area. We are also looking into the possibility of starting detailed development planning for the extension of the northern and western sections of the shopping centre area, providing space for retail, parking and residential properties. In Northern Gränbystaden there are opportunities to develop approximately 5,000 m² GFA for retail and offices. At the beginning of 2017, we received a land allocation next to the Gränbystaden Galleria with a potential building right of 40,000 m² GFA.

In terms of the **Bas Barkarby district** in Järfälla, which comprises a total of approximately 50,000 m² GFA, we have decided to start the first stage of approximately 24,400 m² GFA. This should be completed in the autumn of 2021. The second stage of this district comprises approximately 20,000 m² GFA, for which we have signed a new land allocation agreement to build both commercial operations and residential units.

Acquisitions 2018

Property name	Municipality	Additional letting area, m ²	Possession
Kylfacket 3	Stockholm	4,511	01/06/2018
Tranbodarne 11	Stockholm	21,566	01/11/2018

Sales 2018

Property name	Municipality	Deductible letting area, m ²	Date vacated
Dragarbrunn 19:1	Uppsala	2,978	02/05/2018
Blästern 6	Stockholm	30,791	01/11/2018
Roddaren 7	Stockholm	8,705	01/11/2018
Arbetsstolen 3	Stockholm	17,960	20/12/2018

LETTER OF INTENT SLAKTHUSOMRÅDET

In August 2018 Atrium Ljungberg signed a letter of intent with the City of Stockholm to acquire the existing properties and land allocations in Slakthusområdet, just to the south of Stockholm city centre.

The existing properties will be acquired in two phases, where access to 51,000 m² of letting area is expected in June 2019 with an option for 32,000 m² of letting area once a new detailed development plan has come into force, but no later than 31 December 2021. This deal also includes options that enable Atrium Ljungberg to call off land allocations of approximately 100,000 m² GFA. The acquisitions and land allocations that have been developed comprise a total of approximately 200,000 m² GFA for offices and residential units, alongside culture, retail/restaurants, hotels, education, etc. The total investment will amount to approximately SEK 8 billion between 2019 and 2030.

The initial acquisition comprises 51,000 m² of letting area with a rental value of SEK 73 million. The letting rate at present is 95 per cent. The properties that form part of this acquisition include culturally significant buildings in the northern part of Slakthusområdet. The purchase price is based on an underlying property value of SEK 1,120 million. The deal is being struck through a company acquisition.

The agreement requires decisions from the Development and Property Committees in the City of Stockholm and the Board of Directors of St Erik Markutveckling. All of these decisions are planned for February 2019. The acquisition is also conditional on the approval of Stockholm City Council, which is planned in May 2019. Possession of the properties is scheduled for June 2019.

PROPERTY TRANSACTIONS

In April an agreement was signed for the sale of the property Dragarbrunn 19:1. The sales price was based on an underlying property value of SEK 127 million and the divestment was completed in May.

In April the Kylfacket 3 property in Stockholm was acquired at an underlying property value of SEK 150 million, and it was taken into possession in June. The intention is to develop this property based on a new detailed development plan.

In September Molekylen 1 (land for Life City), which was acquired at the end of 2017 for a purchase price of SEK 432 million, was taken into possession.

In October Tranbodarne 11 in Stockholm was acquired at an underlying property value

of SEK 1,530 million. At the same time the Blåstern 6 and Roddaren 7 properties in Stockholm were sold at an underlying property value of SEK 2,175 million. These properties were taken into possession/vacated in November. In December Arbetsstolen 3 in Stockholm was sold and vacated. The purchase price was based on an underlying property value of SEK 437 million.

PROPERTY VALUES

Atrium Ljungberg had 62 per cent of its property portfolio externally valued during the year, of which 25 per cent was conducted during the fourth quarter. The remaining properties were subject to an internal valuation. Market rents, operating costs, vacancies and yield requirements were quality assured by external valuation experts. The market valuation is based on analyses of completed property transactions for properties of a similar standard and in a similar location, in order to assess the market's yield requirements.

The valuation also entails cash flow calculations, with individual assessments of the earning capacity of each 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 based on an assessed market value per m² of GFA for determined development rights in accordance with an approved detailed development plan or where the detailed development plan is assessed to enter into force within the near future. 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 unrealised changes in value during the period amounted to SEK 2,516 million (SEK 1,817 m) and are mainly explained by higher net operating income and to a lesser extent by the market's lower yield requirements.

The value of Atrium Ljungberg's properties on 31/12/2018 was SEK 44,201 million (SEK 40,861 m), and the average yield requirement was 4.6 per cent (4.7 %).

EVENTS AFTER THE CLOSING DAY

In January 2019 an agreement was entered into with the City of Stockholm regarding Slakthusområdet in Stockholm; see above.

In February 2019 Atrium Ljungberg's Board of Directors decided to change the

company's financial goals. The goal for net operating growth is being replaced with a goal for a return on shareholder's equity of ten per cent per annum over time, while the goal for the equity/assets ratio is being replaced with a goal for a maximum gearing ratio of 45 per cent. The investment goal is being increased to SEK 2 billion per year. The goals for return on projects, interest coverage ratio, dividend and corporate social responsibility remain unchanged. See pages 11–13 for further details.

In February 2019 Atrium Ljungberg's Board of Directors decided to launch the first tenant-owned dwelling district at Nobelberget in Sickla. At the end of the year, 13 out of the 68 apartments (19 per cent) had been booked.

OUTLOOK FOR 2019

Atrium Ljungberg's outlook remains positive. Despite signs of the economy slowing down, we believe that our strong locations combined with our project development will contribute to continued value growth for our company. The forecast for profit before changes in value amounts to SEK 1,200 million in comparison to SEK 1,214 million for 2018.

The Riksbank has signalled further interest rate hikes in the summer of 2019, which we have taken into consideration in our outlook. Although operating net for the business will increase, we believe that interest expenses will rise by a corresponding extent. The forecast net profit after tax is SEK 940 million, corresponding to SEK 7.21/share.

Changes in value and any other future property acquisitions and sales, except for the initial acquisition in Slakthusområdet, have not been taken into account in the forecast. The investment volume in our own properties for 2019 is assessed to total approximately SEK 2 billion.

SUSTAINABILITY REPORT

Atrium Ljungberg has produced a separate sustainability report in accordance with the Swedish Annual Accounts Act. This report encompasses Atrium Ljungberg AB (publ) and all of its subsidiaries. The Sustainability Report is on pages 18–25 and 129–139 and is not part of the financial report.

RISKS AND RISK MANAGEMENT

ATRIUM LJUNGBERG'S PROPERTY PORTFOLIO is primarily focused on urban development with different content, including office and retail operations. We only operate in the Swedish market, and are thereby exposed to the performance of the Swedish economy as a whole and in particular the locations in which we operate. The Board of Directors has overall responsibility for risk management, while the operational work has been delegated to the CEO.

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 preventative manner and be prepared for different scenarios. Operational risks are mainly handled by being aware of the risks and

working continuously on minimising any negative impact.

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.

The following section describes these risks based on their probability, and the extent of the consequences that these risks are assessed to have on Atrium Ljungberg's financial position and future earning capacity.

Also see the corporate governance statement, pages 84–87 and internal control, pages 90–91.

AREA	RISK	PROBABILITY	CONSEQUENCE
MANAGEMENT AND PROPERTY PORTFOLIO	Property values		
	Assumptions for property valuation		
	Unpredictable events in our properties		
	Rental income		
	Letting rate		
	Property costs		
INVESTMENTS AND ACQUISITIONS	Investments		
	Acquisitions		
	Project portfolio		
EMPLOYEES AND SUPPLIERS	Expertise		
	Suppliers		
	Corruption		
	Health and safety		
FINANCIAL RISKS	Credit risk		
	Currency risk		
	Interest		
	Refinancing		
ENVIRONMENT AND OUTSIDE WORLD	Contamination in our properties		
	Climate changes		
	Requirements for more efficient energy consumption		
	E-commerce		
	Digitalisation		
	Changed tax rate		
	"Paketeringsutredningen"; public investigation regarding taxation in conjunction with the sale of packaged real estate		

MANAGEMENT AND PROPERTY PORTFOLIO

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Property values	The property portfolio is reported at fair value, market value. The market value is determined by the expected yield that the players on the market accept, and by the expected operating net. A lower yield requirement affects the market value positively as well as a higher expected future operating net.	By working in the long-term with our management and developing our areas into attractive spaces, we create the conditions for better and more stable operating net from our properties. However, the market's yield requirement is an external factor that we cannot influence.
Assumptions for property valuation	The real estate valuation is based on a number of financial input data and assumptions. In the valuation process there is a risk that the assumptions that have been made do not reflect the current market conditions, which means that the valuation could be incorrect.	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 T1 on pages 113–115.
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, updated fire alarms, sprinkler systems, entrance control systems and trained security officers. All properties are insured for their full value through If.
Rental income	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 will probably lead to 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.	We build urban environments with a focus on office and retail operations, which are supplemented with housing, service, culture and education. This mix makes us less sensitive to the economic development and increases the risk spread in the tenant structure. As commercial lease contracts are normally signed for a term of three to five years, changed market rents gradually have an impact on rental income. As only one per cent of the rental income comprises sales-based rent, in the short-term Atrium Ljungberg is affected by declining sales of retail hubs to a very small extent. However, in the long-term it impacts the demand of the premises.
Letting rate	A change in the company's letting rate has an effect on income.	By operating in strong subsidiary markets with close relations with both existing and potential customers, we can satisfy the customers' need for premises in a timely manner and thereby prevent and reduce the risk of high vacancy levels.

Sensitivity analysis, property valuation

Value parameter	Assumption	Impact on value, SEK m
Rental level	+/- 10 %	+/- 4,270
Operating cost	+/- 10 %	-/+704
Yield requirement	+/- 0.25 % units	-2 082/+2 191
Long-term vacancy level	+/- 2 %	-/+ 1,147

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

Sensitivity analysis, change in value

Change property value	-10 %	0 %	+10 %
Change in value, SEK m	-4,420	-	4,420
Gearing ratio	46 %	42 %	38 %

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 %.

MANAGEMENT AND PROPERTY PORTFOLIO, cont.

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Property costs	<p>Changed property costs can impact the property's operating net and thereby 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.</p> <p>Property costs 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.</p>	<p>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 affect the result, not only in the form of lost rental income, but also in the form of costs that cannot be passed on to the tenants.</p> <p>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 30 per cent.</p> <p>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.</p> <p>We have ten properties with leasehold. The leasehold agreements are usually renegotiated at 10 or 20 year intervals. See more on leasehold fees in note IK4 on page 108.</p>

INVESTMENTS AND ACQUISITIONS

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Investments	Atrium Ljungberg develops and constructs its own properties in its project activities. Risks in these activities are that the projects will be more expensive than expected due to miscalculation, changed conditions or higher purchasing prices.	<p>The projects are mostly run through divided contracts, which enables flexible production and cost-efficiency in production. In-house expertise is used in our residential development through our subsidiary company TL Bygg. We always have direct contact with the customers, short decision-making processes, as well as a rapid and simple handover to the management team.</p> <p>The company applies its prudence concept to all investments. This means that no investments are made without having secured a reasonable yield through signed lease contracts.</p>
Acquisitions	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.	The risks during an acquisition are prevented by a due diligence process always being carried out, in which we inspect the property and examine agreements, accounts and fiscal aspects with both internal and external specialists. All acquisitions are made with the intention of owning and developing the properties in the long-term.
Project portfolio	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.	The company has a large project portfolio, and to maintain long-term growth, we are constantly searching for new business opportunities and projects through continuous dialogue with municipalities and other market players. See pages 37–45 for further information about our project portfolio.

Sensitivity analysis cash flows

	Change, %	Effect on profit, year 1, SEK m	Effect on profit, full-year, SEK m
Rental income	+/- 5 %	+/- 14	+/- 121
Property management costs	+/- 5 %	-/+ 38	-/+ 38
Letting rate	+/- 1 % unit	+/- 26	+/- 26
Atrium Ljungberg's average borrowing rate	+/- 1 % unit	-/+ 69	-/+ 185

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	
2014	7
2015	15
2016	12
2017	8
2018	17

EMPLOYEES AND SUPPLIERS

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Expertise	The ability to attract and retain skilled personnel is an important prerequisite for our success.	By being one of Sweden's best workplaces in accordance with "Great Place to Work®", we can both attract and retain competent personnel. See page 23 for further details.
Suppliers	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, working conditions and human rights that have been imposed.	Atrium Ljungberg's purchasing function comprises efficient support for the entire organisation by coordinating purchasing. This results in higher quality and lower costs. Furthermore, the purchasing function ensures that the Group's suppliers comply with Atrium Ljungberg's requirements within sustainability and business ethics.
Health and safety	Health and safety risk are common in our business and industry.	We have a zero-tolerance attitude towards stress-related illnesses and workplace accidents. We hold regular work environment training courses for our project managers and technical managers as well as for managers at our subsidiary TL Bygg. We provide health insurance for employees, and the company's Performance Management process includes a clear dialogue between managers and employees.
Corruption	Improprieties that affect Atrium Ljungberg may damage our brand and staff.	Atrium Ljungberg has established a whistleblowing service through an external party. In this manner we can guarantee a system with highest secrecy and total anonymity which makes it safe for our employees, customers and collaboration partners to submit a complaint. Complaints can be submitted through our website and are then handled by the external party. There is a policy for business ethics with guidelines which provide more concrete guidance.

FINANCIAL RISKS

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Credit risk	The term, credit risk, refers to the risk that our tenants will be unable to fulfil their payment obligations.	Each market area continuously evaluates the capacity of new and existing tenants to pay the agreed rent. In many cases, default in payment of rent is secured through deposits and bank guarantees. A large number of tenants in different sectors ensures a good risk spread.
Currency risk	Currency risk refers to the risk that our income will be lower or the costs higher when agreements are entered into in a different currency to Swedish krona.	We have no income or any financing in foreign currencies. The only exception is purchases made in foreign currency, which involves a low currency risk.
Interest	The main risks involve fluctuations in profits and cash flow as a result of changes in interest rates.	The interest maturity structure has been spread over different terms through interest derivatives in order to limit the risk of severe fluctuations in interest expenses. See pages 78–79 for further information.
Refinancing	There are refinancing risks and credit risks linked to renegotiations of existing credit and financing of future investments.	In order to limit the refinancing risk, a maximum of 50 per cent of the financing is provided for by an individual lender. Atrium Ljungberg has credit agreements with five different lenders in banks, and also has financing in the capital market through certificates and MTN programmes. Read more about financing on pages 77–79.

ENVIRONMENT AND OUTSIDE WORLD

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Contamination in our properties	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.	We conduct surveys and screening work ahead of property acquisitions and new projects in order to identify any potential environmental risks. The process also contributes to identifying opportunities for energy efficiency and reducing the incidence of materials with a negative impact on human beings and the environment.
Climate changes	Extreme weather conditions such as cloudburst, storms and large temperature fluctuations as a result of global climate changes risk damaging our property portfolio and increasing the construction and development cost of properties.	Atrium Ljungberg works continuously on improved maintenance in order to increase the resistance of our properties during extreme weather conditions. The risks are considered to the highest degree possible for new production and major reconstruction projects.
Requirements for more efficient energy consumption	Increased agency requirements for energy consumption.	Atrium Ljungberg works continuously on energy efficiency through implementation of new technology in both the existing property portfolio and for new production, which results in lower current expenses. See pages 19–21 for further information about our work.
E-commerce	E-commerce has become an important sales channel, and sales volume is increasing every year. Several retail companies are establishing online stores. This impacts the demand for retail premises.	According to HUI Research, e-commerce accounted for nine per cent of the total retail sector in 2018. We are monitoring the trend closely and also have a close dialogue with our retail customers. Atrium Ljungberg builds places with attractiveness and flexible premises which can be adapted to 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.
Digitalisation	Digitalisation is having a major impact on society. It is changing people's behaviour, with customer expectations rapidly increasing. Some sectors have gone through significant market changes, with new players, usually platform companies, establishing themselves and capturing large market shares.	Atrium Ljungberg is investing in innovation and digital development. We are looking at ways to transform our current business and identify new business opportunities. We have a strong customer focus and we are developing processes to carry out innovation projects quickly and test new business concepts. It is all about creating value for the final consumer.
Deferred tax	Current accounting regulations require deferred tax liabilities to be reported as if all property sales were taxed at 20.6 per cent. However, the size of the actual deferred tax liability depends on the company's tax position, how long Atrium Ljungberg has had the property and the market's pricing of the deferred tax liability in conjunction with sale of the property through companies.	The Group's recognised deferred tax for properties amounted to SEK 4,598 million, calculated with a 20.6 per cent tax rate. Assuming a deferred tax rate of 4 per cent (in accordance with EPRA NNNAV) for costing purposes for properties, the deferred tax would total SEK 941 million, which would have a positive effect on shareholders' equity of SEK 3,687 million.
"Paketeringsutredningen"; public investigation regarding taxation in conjunction with the sale of packaged real estate	The investigation committee proposes that companies which sell real estate packaged in a company should be taxed based on market value. Under current regulations, shares in property holding companies are sold tax-free. The investigation committee proposes that taxation should be in line with traditionally transacted real estate. The Government has communicated that the process is ongoing.	Atrium Ljungberg is closely following the development; however, based on the political situation, the company believes there is very little risk of the proposals from the investigation being implemented in the near future. In the event that the proposals are adopted, we will review our procedures in relation to transactions.

STRONG FINANCIAL POSITION

Atrium Ljungberg's assets are valued at SEK 45 billion and are primarily financed by means of shareholders' equity and loan capital. Atrium Ljungberg is a long-term property owner with a strong financial position. Because the business is capital-intensive, always having access to financing is important. The selection of capital structure provides the desired combination of financial risk relative to financing cost.

FINANCE MARKET 2018

Although the global economy remains strong, the year was characterised by higher uncertainty and volatility. It looks as though the boom reached its peak during the year and growth in GDP can be expected to be lower from now on. The Swedish economy continues to show high growth, but it slowed down in the second half of the year. Domestic growth was inhibited as a result of the slowdown in the residential market with fewer homes being built. As the rate of inflation is approaching the inflation target, the Riksbank raised the repo rate to -0.25 per cent in December. In December, the National Institute of Economic Research assessed growth in GDP to be 2.2 per cent in 2018, but assesses that it will fall to 1.3 per cent in 2019.

The variable rate, 3M Stibor, amounted to -0.13 per cent at year end compared with -0.46 per cent at the beginning of the year. At the end of the year, the 10-year swap rate

amounted to 1.13 per cent compared with 1.20 per cent at the beginning of the year.

FINANCE MARKET 2019

The global economic outlook continues to be positive, but political uncertainty has increased. One important issue for the Euro zone will be how the UK's exit from the EU is concluded as well as the subsequent effects. There is also a risk of escalation in the trade conflict between the U.S. and China.

The Swedish economy has slowed down, but the decline is expected to be mild with a strong labour market and inflation which is around the Riksbank's target of two per cent for the coming years. The Riksbank forecasts that the repo rate will increase during the second half of 2019.

FINANCING AND FINANCIAL POLICY

Owning, managing and developing properties is a capital-intensive sector, which often

entails a range of financial risks. The primary risk is liquidity risk in the form of refinancing risks and credit risks in association with renegotiations of loans, bond maturity and new financing requirements, taking into account investments in our own properties and acquisitions. Another risk involves fluctuations in profits and cash flow as a result of changes in interest rates. 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 aims for the distribution between shareholders' equity and loan capital to provide an acceptable level of risk. Shareholders' equity totalled SEK 20,696 million (SEK 18,223 m) and liabilities totalled SEK 24,432 million (SEK 24,540 m), of which SEK 18,506 million (SEK 18,247 m) refers to interest-bearing liabilities. The company's financial goals specify that from a long-

Financial policy 2018

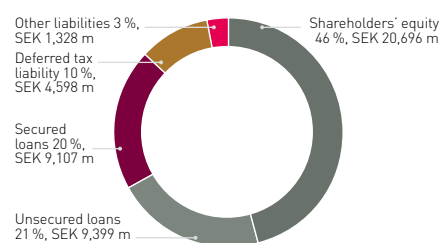
	Goal/Mandate	Result, 31/12/2018
Gearing ratio, commercial properties	max. 70 %	69 %
Gearing ratio, residential property	max. 75 %	63 %
Gearing ratio, the Group	max. 50 %	42 %
Percentage of interest falling due within 12 months	0–55 %	37 %
Percentage of loans falling due within 12 months	10–30 %	0 %
Currency risk, financing	Not permitted	None
Bank deposits	SEK 0–200 million	SEK 335 million
Unutilised overdraft facility	SEK 300–500 million	SEK 300 million
Number of financing providers, banks	3–7	6
Loan volume with a single provider	max. 50 %	15 %
Lines of credit and liquid assets/loan maturity term 4.5 months	min. 100 %	achieved

Financial goals

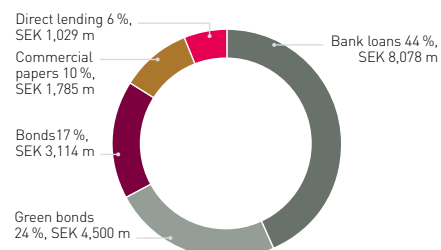
	Goal	Result, 31/12/2018
Gearing ratio ¹⁾	max. 45 %	41.9 %
Interest coverage ratio	> Multiple of 2	Multiple of 5.0

¹⁾ Gearing ratio from 2019 is a financial goal

Capital structure



Interest-bearing liabilities



term perspective, the gearing ratio is to be below 45 per cent. At the end of the year, it was 41.9 per cent (44.7%). In the past 10 years, the gearing ratio has been 39.8 per cent at the lowest point, and 45.7 per cent at the highest.

In order to widen the financing base further, bonds totalling NOK 500 million with a maturity of ten years were issued at the end of October. The bonds are listed on Nasdaq OMX under Atrium Ljungberg's MTN programme. The company also took out a credit facility of SEK 1,560 million in November, using Gränbystaden Galleria as security. The credit facility was taken out as direct financing with Allianz Real Estate and Brunswick Real Estate as the counterparties, and it has a maturity of approximately ten years. These financing sources also enabled longer capital commitment.

Capital market financing represents the largest share of financing and makes up 51 per cent of the total loan volume. Capital market financing consists of bonds in Swedish krona and Norwegian krone which were issued under the company's MTN programme. It is supplemented by short-term financing through the company's commercial paper programme. Bank financing

represented SEK 8,078 million and 44 per cent (50 %) of the loan volume.

CAPITAL MARKET FINANCING AND A GREEN FRAMEWORK

Since 2013 Atrium Ljungberg has been financed through the capital market, when the company established both a commercial paper programme and an MTN programme. At the turn of the year, the framework amount for the commercial paper programme was SEK 5 billion, and SEK 10 billion for the MTN programme. In recent years, capital market financing has increased as a proportion of the total loan volume and is an important source of financing. In 2018 we issued seven bonds with a total volume of SEK 2,711 million.

In total there are bonds amounting to SEK 7,615 million (SEK 5,700 m) outstanding in the MTN programme, while outstanding commercial papers amounted to SEK 1,786 million (SEK 3,510 m) at the end of the year. Unutilised loan guarantees in addition to loan guarantees that cover outstanding commercial papers amounted to SEK 2,860 million (SEK 1,365 m). The company also has an unutilised overdraft facility totalling SEK 300 million (SEK 300 m).

The company has a green framework linked to the MTN programme. Green bonds totalling SEK 1,900 million were issued during the year. Green bonds represent 59 per cent of the outstanding bond volume.

CAPITAL COMMITMENT AND FIXED INTEREST

Our property ownership is a long-term commitment, requiring long-term financing. Long-term capital commitment also reduces the refinancing risk. The remaining capital commitment term at the turn of the year was 4.6 years (3.5 years).

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 of lenders. Interest rates are fixed for a variety of terms in order to reduce the fluctuations in interest expenses. We use tools such as interest derivatives, which offer a flexible and cost-effective way of extending the interest term of the loans without having to change the terms of the underlying loans, in order to reduce the interest risk and achieve the desired fixed interest term.

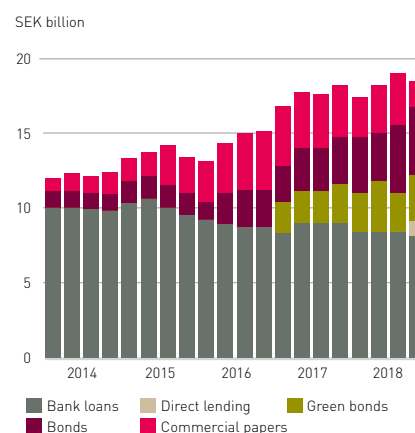
The average interest rate was 1.6 per cent (1.7%) at the end of the year. Including

Bonds issued in 2018

Bond	Issued	Due	Term, year	Fixed/variable rate	Volume, SEK m	Issue spread over 3M Stibor	Note
117	2018 January	2020 January	2.0	Fixed	300	0.45 %	
118	2018 April	2021 April	3.0	Fixed	500	0.67 %	Green
119	2018 May	2023 May	5.0	Variable	250	1.05 %	Green
120	2018 July	2021 July	3.0	Variable	500	0.65 %	Green
121	2018 September	2021 September	3.0	Variable	350	0.65 %	Green
122	2018 September	2021 September	3.0	Fixed	300	0.65 %	Green
NOK 201 ¹⁾	2018 November	2028 November	10.0	Fixed	500	1.55 %	

¹⁾ Issued in Norwegian krone

Development in financing sources 2014–2018



unutilised loan guarantees the average interest rate was 1.6 per cent (1.7). This reduction is mostly due to reduced credit margins and the restructuring of the interest derivatives portfolio. The average fixed interest term was 4.1 years (4.4 years) at year-end. Interest swaps have been entered into for a total value of SEK 9,296 million (SEK 9,396 m) with terms maturing between 2021 and 2029.

FINANCIAL INSTRUMENTS

Interest derivatives are used to achieve the desired fixed interest term and level of interest risk. Currency derivatives have been used to eliminate the currency exposure that arises when bonds are issued in Norwegian krone. Derivative instruments shall, in accordance with the accounting regulation IFRS 9, 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. At maturity an interest contract's market value has been entirely dissolved and the change in value over time has thereby not impacted shareholders' equity.

A restructuring was carried out in July, with interest derivatives being redeemed at a nominal value of SEK 1,485 million in order to improve future interest cost. At the same time, new interest derivatives were taken out with a lower interest rate and longer average fixed terms.

The unrealised change in the value of financial instruments totalled SEK -70 million (SEK 121 m) as interest rates had fallen on the terms of the derivatives taken out in relation to those during the period. The deficit book value of the derivatives portfolio totalled SEK -349 million (SEK -484 m) at the turn of the year.

SECURITIES

Our borrowing is to some extent secured by real estate mortgages. Of the interest-bearing liabilities, SEK 9,106 million (SEK 9,037 m) is secured by mortgage deeds and SEK 9,400 million (SEK 9,210 m) is unsecured. The share of secured financing is 20 per cent (21%) in relation to the total assets.

In addition to providing security over mortgage deeds, the parent company in some cases grants security over shares in

the property holding subsidiaries. The parent company also provides guarantee undertakings for the subsidiaries' undertakings in connection with guarantee commitments or borrowing. Guarantee undertakings of the parent company for subsidiary companies amounted to SEK 1,240 million (SEK 200 m) at the turn of the year.

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.

PUBLIC RATING

Atrium Ljungberg has an investment grade rating from the credit rating agency Moody's and was awarded Baa2 grade with a stable outlook. An updated report was received at the beginning of 2018 that confirmed these levels.

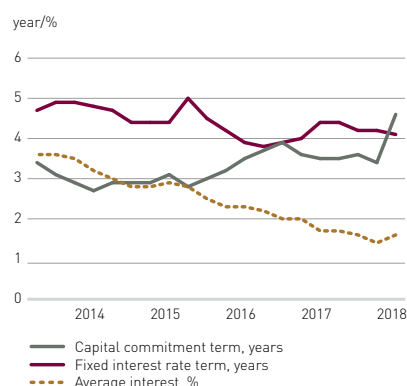
Capital commitment

Maturity date	Amount, SEK m	Percentage, %
2019	–	–
2020	2,985	16
2021	4,851	26
2022	3,617	20
2023	1,408	8
2024 and thereafter	5,645	31
Total	18,506	100

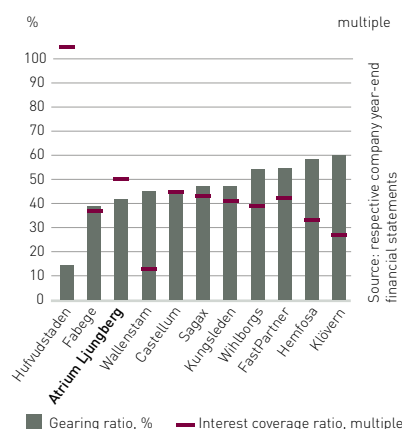
Fixed interest

Maturity date	Amount, SEK m	Percentage, %	Average interest, %
2019	6,910	37	0.9
2020	1,300	7	0.6
2021	1,175	6	1.8
2022	400	2	1.6
2023	736	4	1.6
2024 and thereafter	7,985	43	2.5
Total	18,506	100	1.6

Average interest and capital commitment and fixed interest rate



Gearing ratio and interest coverage ratio as per 31/12/2018, the largest listed property companies



Financial key ratios

	31/12/2018	31/12/2017
Interest-bearing liabilities	18,506	18,247
Shareholders' equity, SEK m	20,696	18,223
Gearing ratio, %	41.9	44.7
Adjusted gearing ratio, %	41.9	44.1
Average fixed interest term, years	4.1	4.4
Average capital commitment term, years	4.6	3.5
Average interest rate for interest-bearing liabilities, %	1.6	1.7
Interest coverage ratio, multiple	5.0	4.2

THE ATRIUM LJUNGBERG SHARE

Atrium Ljungberg is one of Sweden's biggest listed property companies, and the dividend paid by the company have never fallen in SEK per share since its listing on the Stockholm Stock Exchange in 1994.

MARKET CAPITALISATION

Market capitalisation, i.e. the value of all outstanding shares, amounted to SEK 19,642 million (SEK 16,837 m) at the turn of the year. This makes Atrium Ljungberg one of the biggest listed property companies in Sweden.

SHARE PRICE TREND AND YIELD

During the year the share price of the class B share increased by 16.7 per cent to SEK 152.00 (SEK 130.30). The year's highest price amounted to SEK 165.00 and the lowest to SEK 120.60.

The total return for the share, corresponding to the total of distributed dividend and share price growth, was 20.1 per cent (-5.6 per cent) during the year. The corresponding return for OMXS Benchmark GI, which contains a selection of the largest and most traded shares on Nasdaq, was -4.6 per cent (10.4%) and for OMXS Real Estate GI, with the listed property companies on the Nasdaq Stockholm exchange, was 12.1 per cent (9.3%).

RETAIL AND SALES

Atrium Ljungberg's class B share (ATRLJ B) is listed on the Nasdaq Stockholm exchange and is traded on the list for large companies, Large Cap. During 2018 a total of SEK 16.3 million shares (15.7 m) were sold at a value of SEK 2.4 billion (SEK 2.2 bn). Of these

68 per cent (74%) were traded on Nasdaq Stockholm and the remaining on other marketplaces such as BOAT, Bats and Turquoise. The turnover rate was 18 per cent (11%).

LIQUIDITY

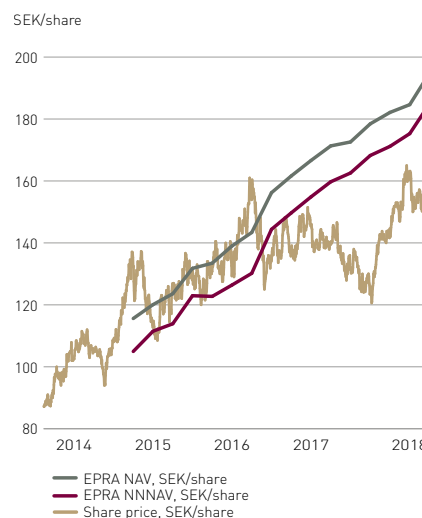
Atrium Ljungberg has engaged Erik Penser Bank as a liquidity guarantor in order to improve the share's liquidity. Erik Penser Bank has undertaken to set bid and ask prices on a daily basis for a volume of shares corresponding to SEK 65,000, with a maximum difference of one per cent on the basis of the ask price.

EPRA NAV AND EPRA NNNAV

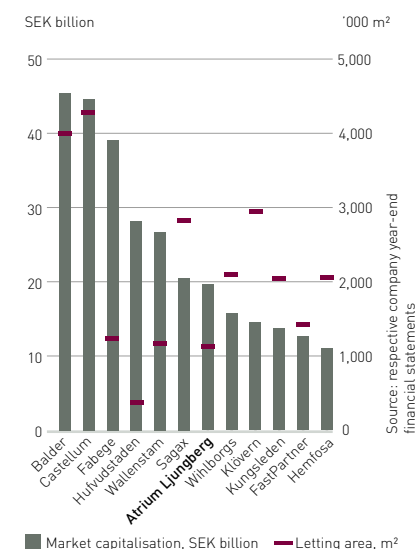
As Atrium Ljungberg's properties are reported at fair value, the net worth can be calculated on the basis of the balance sheet equity. EPRA NAV and EPRA NNNAV are reported in accordance with the EPRA's guidelines; see the notes **E** on pages 123–124.

Atrium Ljungberg has a substantial project portfolio in which the development of its own development rights generates growth in value. The calculation of EPRA NAV and EPRA NNNAV do not take into account future value potential of the project portfolio. See pages 37–45 for further information about the project portfolios.

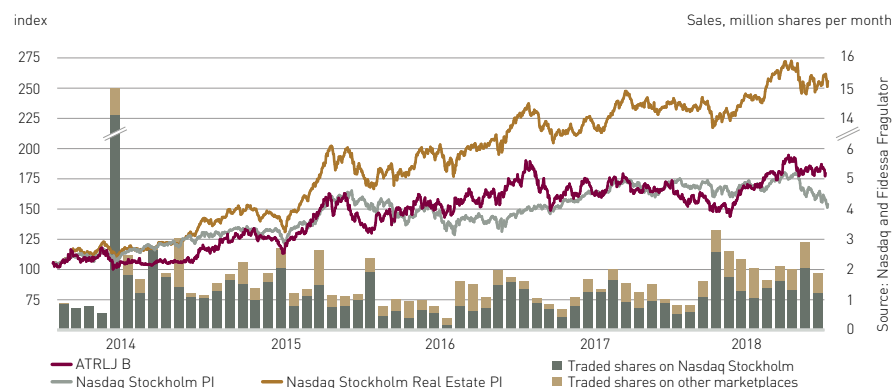
EPRA NAV, EPRA NNNAV and share price



Market capitalisation and letting area as per 31/12/2018, the largest listed property companies



The Atrium Ljungberg share



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 2018 financial year a dividend of SEK 4.85 (SEK 4.50) per share is proposed, which corresponds to a dividend yield of 3.2 per cent (3.5 %) calculated on the share price at the end of the year.

OWNERSHIP STRUCTURE

At the turn of the year there were 5,575 shareholders (4,750 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 63.8 per cent in total. Foreign ownership amounted to 15 per cent (16 %).

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.

BUY-BACK OF SHARES

On 28 March 2018, the Board of Atrium Ljungberg decided to initiate a buy-back of its own shares. The buy-back programme started on 20 April 2018. The aim of the programme is to secure the supply of shares in accordance with the Group's stock option programme, and to give the Board more flexibility in its work on the company's capital structure, which will therefore help to increase shareholder value. As of 31 December the company owned 2,761,000 class B shares. The buy-back has been in the range of SEK 132.20–157.03 per share.

Major shareholders on 31/12/2018

	Class A shares, '000	Class B shares, '000	Share of votes, %	Share of capital, %
Ljungberg family	2,190	27,166	29.5	22.0
The Stockholm Consumer Cooperative Society	–	38,866	23.3	29.2
Holmström family	1,810	14,692	19.7	12.4
Carnegie Funds	–	8,753	5.3	6.6
Varma pension insurance	–	8,117	4.9	6.1
AFA insurance	–	2,399	1.4	1.8
Handelsbanken Funds	–	2,050	1.2	1.5
Norges Bank	–	1,541	0.9	1.2
Margareta af Ugglas	–	1,445	0.9	1.1
Ilmarinen pension insurance	–	1,405	0.8	1.1
Other	–	20,026	12.0	17.1
Total outstanding shares	4,000	126,460	100.0	100.0
Shares bought back	–	2,761	–	2.1
Total number of shares issued	4,000	129,221	100.0	100.0

Shareholding structure on 31/12/2018

Size class	Number of shares	Capital, %	Votes, %	Number of known owners	Share of known owners, %
1–1,000	668,599	0.5	0.4	5,034	90.3
1,001–10,000	3,836,035	2.9	2.3	488	8.8
10,001–100,000	11,499,615	8.6	6.8	37	0.7
100,001–2,000,000	7,003,482	5.3	4.1	5	0.1
2,000,001–10,000,000	49,559,680	37.2	50.6	9	0.2
10,000,001–	55,900,908	42.0	33.0	2	0.0
Anonymous ownership	4,752,417	3.6	2.8	N/A	N/A
Total	133,220,736	100.0	100.0	5,575	100.0

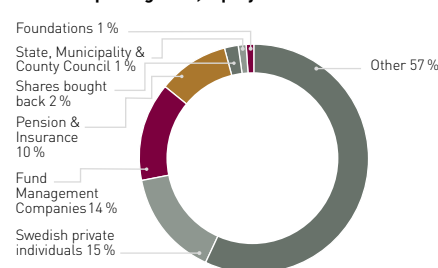
INFORMATION FOR SHAREHOLDERS

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

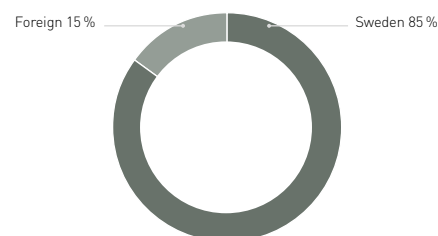
Monitoring by analysts

ABG Sundal Collier	Tobias Kaj
Carnegie Investment Bank	Erik Granström
DNB	Mattias Montgomery
Handelsbanken Capital Markets	David Hemmish
Kepler Cheuvreux/Swedbank	Jan Ihrfelt
Nordea	Niclas Höglund
Pareto Securities	Johan Edberg
SEB Merchant Banking	Stefan Andersson

Ownership categories, equity



Ownership per country



CALENDAR

2019 Annual General Meeting	27/03/2019
Interim Report:	
January–March 2019	12/04/2019
January–June 2019	09/07/2019
January–September 2019	18/10/2019
2019 Preliminary Financial Statements	February 2020
2019 Annual Report	March 2020

STRONG LEADERSHIP DEVELOPS VISION FURTHER

Atrium Ljungberg is continuing its efforts to develop our vision, "Our city – where everyone thrives". We took a big step in the right direction in 2018 by making several acquisitions with great development potential, Slakthusområdet in Stockholm in particular — a unique area where we are planning attractive urban development. It is with a great deal of confidence that I, in my role as Chairman of the Board, am entering 2019.

High activity is one way of characterising 2018. I would say that it was one of the most expansive years in the company's history. This level of activity is completely in line with our vision and strategy of with a high investment rate, to offer our customers and stakeholders attractive urban environments.

We have been pursuing this laborious work for many years, and it intensified in 2018 — not least with our agreement with the City of Stockholm to acquire Slakthusområdet and the acquisition of Katarinahuset at Slussen. One decisive reason for our growth-oriented urban development is that Atrium Ljungberg's executive management, with Annica Ånäs at the helm, is talented, driven, ambitious and, perhaps most important of all, truly long-term in approach.

FAVOURABLE URBAN DEVELOPMENT THAT CREATES VALUE

We continued to make great strides during the year in terms of being a leading urban developer. Atrium Ljungberg's compass is unambiguous: we develop spaces with urban life and a variety of content, where people can live, work, socialise, shop and do errands. This approach creates value for the people who live and work in our areas, as well as for investors, shareholders, municipalities and society as a whole.

Our agreement concerning Slakthusområdet, located south of the Stockholm city centre, is completely in line with this vision. Over the next years, we will create a small city with workplaces, homes, retail and cultural offerings — this is a project with a high degree of sustainability. Favourable urban development must always, to the greatest possible extent, aim to simplify life for all stakeholders.

It is gratifying that in both Slakthusområdet and other urban development projects, we will be able to inject residential property as a natural part of a context. Doing so will lead to a more diversified portfolio and operations. Since Atrium Ljungberg owns a great deal of land, it is a natural step for us to develop attractive residential property on our own land.

CHANGING WORLD

The future will bring major changes. Retail will be reshaped in a major way, and it is unclear how it will develop in the future. Atrium Ljungberg is addressing this challenge with a great deal of respect and humility — as well as proactively. We do not have all of the answers, but 2018 was a year of innovation for the company which resulted in a considerable number of initiatives aimed at satisfying our customers' needs. Management keeps these issues in mind in all of its discussions and in relation to the company's development.

Both property companies and politicians face challenges in the residential market. There is a huge need for residential properties in many areas of the country, not least where Atrium Ljungberg is active, but the market is uncertain and cautious. Our residential investment is underway. Our financial strength and our brand are important components in terms of being able to effectively deliver on our promises in these uncertain times as well.

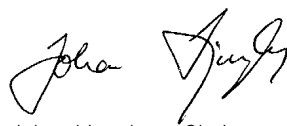
Capital, primarily loan capital, is the most important commodity for a property company. Interest rates are still very low, but what the future holds is increasingly unclear. Atrium Ljungberg has taken steps in this respect as well to ensure long-term, secure financing. We added two new sources of financing to our loan stock during the year: direct financing with an institutional partner and a bond issue in Norwegian krone. This diversifies our loan stock and provides long-term security.

NEW EXPERTISE ON THE BOARD OF DIRECTORS

Sara Laurell has been a new name on our Board since March 2018. She has solid know-how in retail. She was previously the CEO of one of our tenant companies and has worked as a management consultant within global retail. Sara brings additional insights and understanding to our current change management process.

THANK YOU TO EVERYONE WHO MADE IT POSSIBLE

Atrium Ljungberg's business model is based on us generating profit by working together with our customers and focusing on our properties and project development. We do not rely on cyclical fluctuations or market-wide increases in value. Atrium Ljungberg has worked this way for a long time and will continue to do so in the future. Naturally, none of this would have been possible without the committed individuals working at the company. I would therefore like to say thank you very much to the fantastic employees at Atrium Ljungberg for all your work over the past year.



Johan Ljungberg, Chairman of the Board

”

When speaking of 2018 at Atrium Ljungberg, the year is characterised as being highly active. I would say that it was one of the most expansive years in the company's history.



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.

Steering instruments

Internal steering instruments

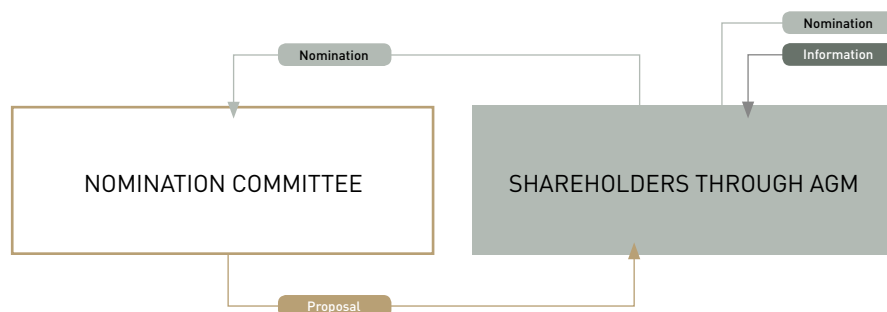
The business concept, business plan, goals and strategies, the formal work plan of the Board of Directors, the CEO's instructions, policies, job descriptions, delegation instructions and authorisation instructions and core values.

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.

5,575

Number of shareholders at year-end



GOVERNANCE STRUCTURE

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

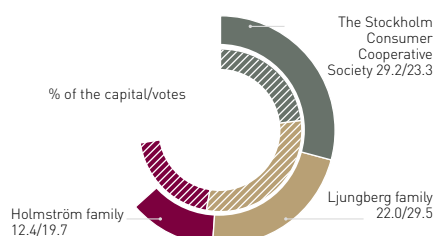
NOMINATION COMMITTEE

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 28 March 2018, it was decided that the Nomination Committee for the 2019 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

Owners that represent at least 1/10 of the number of votes



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.

OWNERS AND SHARES

The company's share capital amounted to SEK 333,051,840 on 31 December 2018, 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 holds 2,761,000 own class B shares. With the exception of holding own shares, there is no restriction on voting rights. The company's market capitalisation at year-end totalled SEK 19,642 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. More information on the ownership structure is available on pages 80–81. Also refer to the diagram found there.

ANNUAL GENERAL MEETING

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



tion 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.al.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 2018 Annual General Meeting was held on 28 March and was attended by 160 shareholders representing 83.7 per cent of the share capital and 87.2 per cent of the votes. The Annual General Meeting took decisions on, amongst other things, the following issues:

- adoption of income statements and balance sheets for the parent company and the Group;
- granting of discharge from liability for the Board of Directors and the CEO;
- determination of the appropriation of profits entailing a dividend of SEK 4.50 per share;
- election of the Board of Directors;
- determination of Directors' fees totalling SEK 1,540,000, broken down as SEK 440,000 payable to the Chairman of the Board and SEK 220,000 payable to each of the Board Members;
- determination of Auditors' fees in accordance with an approved presentation of invoice;

- establishment of a nomination committee representing the five biggest shareholders by vote as of the last banking day in February 2018;
- guidelines for the remuneration of senior executives within the Group;
- decision on loan subsidy programme for senior executives when acquiring shares in the company;
- decision on employee stock option programme;
- authorisation to the Board of Directors, on one or several occasions, to acquire as many class B shares that the company's holding at the respective time does not exceed 10 per cent of all shares in the company, 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

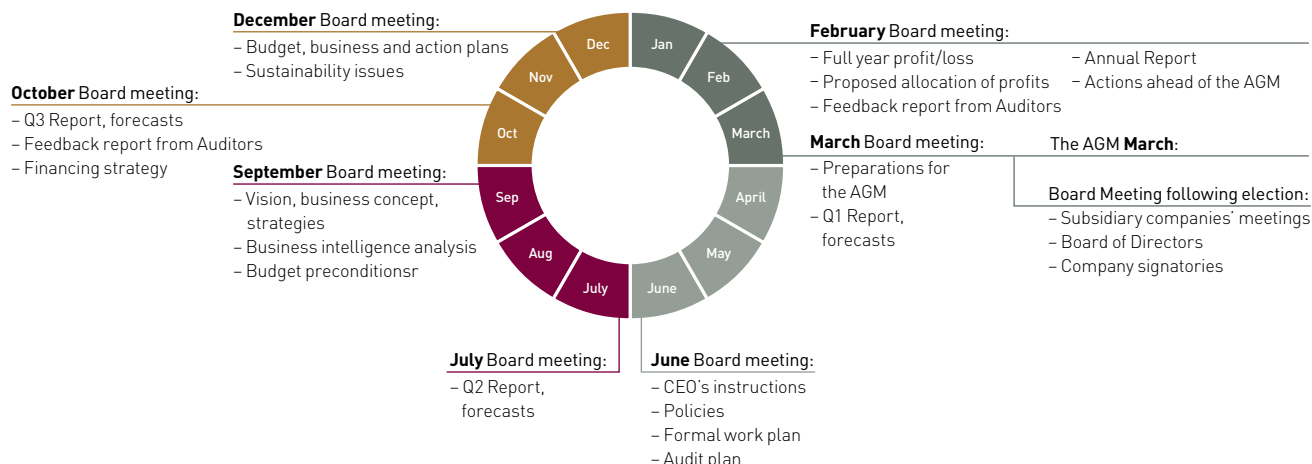
The Board has comprised of six members during the year (information about the members is contained on page 88). The Code states that a majority of the Board shall be independent in relation to the company and the senior executives. At least two of the independent members must also be independent in relation 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 overall responsibility for the company's organisation, financial reporting and for ensuring that management of the company's affairs is handled in a manner which ensures that the interests of owners for long-term favourable capital

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

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



Board of Directors, 2018

		Elected	Remuneration, SEK	Independent*	Independent**	Note	Board Meetings
Johan Ljungberg	Chairman	2001	440,000	Yes	No	¹⁾	8 of 8
Sune Dahlgvist	Member	2006	220,000	Yes	Yes	²⁾	8 of 8
Simon de Château	Member	2014	220,000	Yes	Yes		8 of 8
Anna Hallberg	Member	2009	220,000	Yes	Yes		8 of 8
Erik Langby	Member	2014	220,000	Yes	Yes		8 of 8
Sara Laurell	Member	2018	220,000	Yes	Yes	³⁾	6 of 8

People who resigned from the AGM in 2018:

Hanna Graflund Sleyman	Member	2015	–	Yes	Yes	⁴⁾	2 of 8
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* Independent in relation to the company and the company management.

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

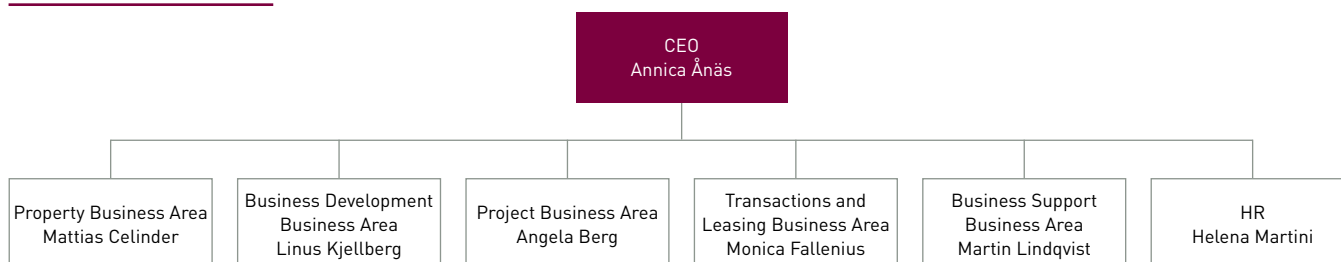
¹⁾ Chairman of the Board as of the 2015 Annual General Meeting. Member 2009–2015. Deputy Member, 2001–2009. Directly and/or indirectly a major shareholder in the company.

²⁾ Deputy Member of the Board, 2006–2011.

³⁾ Elected at the 2018 Annual General Meeting.

⁴⁾ Member until the Annual General Meeting in 2018.

Company Management



Remuneration for company management 2018

SEK k	Basic salary/fee	Other remuneration	Other benefits	Pension costs	Share-related remuneration	Total
Annica Ånäs, CEO	5,847	–	39	1,914	–	7,800
Other senior executives	11,701	96	219	2,883	–	14,899

In 2018, 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 11–13 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 Board's work structure and efficiency are evaluated annually and presented to the

Nomination Committee. The work of the CEO is evaluated continually and at least once a year without company management being present.

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 company management being present.

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

CEO AND COMPANY MANAGEMENT

The structure of the company management team appears in the image on page 86. 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.

Annica Ånäs (born in 1971) took over as CEO of the company in February 2016. She was employed in the company in 2011 as the company's CFO and was also an employee 2008–2010. Annica Ånäs also has experience as CFO at Hemsö Fastigheter and served as CEO within the communication sector. She also has experience of several directorships including the listed Finnish property company Technopolis. Annica Ånäs has been proposed for election to JM AB's Board of Directors from March 2019. Annica Ånäs has an academic background as Legal Counsel and Graduate Business Administrator. Annica Ånäs holds 38,000 class B shares in Atrium Ljungberg. She has no shareholdings in companies with which Atrium Ljungberg has significant commercial links.

The other members of the senior management are presented on page 105 and the organisation structure on page 86.

REMUNERATION FOR SENIOR EXECUTIVES

Resolutions regarding guidelines for remuneration for senior executives were adopted at the Annual General Meeting held in 2018, which conform to the proposals for guidelines for 2019. 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 six 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. A loan subsidy programme was adopted at the 2018 Annual General Meeting for senior executives when acquiring shares in the company. 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

Ernst & Young was elected at the 2015 Annual General Meeting to act as auditors with authorised public accountant Jonas Svensson as the auditor in charge. In 2016 Jonas Svensson was replaced by authorised public accountant Ingemar Rindstig. Jonas Svensson was reinstated as the principal auditor in 2018.

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.

BOARD OF DIRECTORS



Top row from the left: Simon de Château, Sara Laurell and Erik Langby. Bottom row from the left: Sune Dahlqvist, Anna Hallberg and Johan Ljungberg.

SIMON DE CHÂTEAU

Function: Member of the Board.
Profession/Elected to Board of Directors year: Chief Investment Officer in Alma Property Partners. Member of the Board since 2014.
Education: Graduate Business Administrator, the Stockholm School of Economics.
Relevant professional experience: CEO of Sveafastigheter, head of corporate finance and analyst at Leimdörfer.
Other significant directorships¹⁾: Chairman of the Board of Alma Property Partners AB. Member of the Board of Willhem AB (publ) and Akka Egendom AB.
Born: 1970.
Own and related parties' shareholding: 20,000 class B shares.

SUNE DAHLQVIST

Function: Member of the Board.
Profession/Elected to Board of Directors year: Former negotiations director for the Swedish Union of Tenants, Stockholm Region. Member of the Board since 2011. Deputy Member of the Board, 2006–2011.
Education: LO's folk high school.
Relevant professional experience: extensive experience in the property industry and within urban and community planning.
Other significant directorships¹⁾: Chairman of Fastighetsbolaget Folkets Hus Åkersberga AB.
Born: 1948.
Own and related parties' shareholding: 1,000 class B shares.

¹⁾ Does not include intra-Group directorships.

SARA LAURELL

Function: Member of the Board.
Profession/Elected to Board of Directors year: Management Consultant and CEO/2018.
Education: Graduate Business Administrator, Stockholm School of Economics and MBA Harvard Business School.
Relevant professional experience: Five years' experience in retail transformation, including five years as the CEO of Twilfit and ten years as a management consultant.
Other significant directorships¹⁾: No other significant directorships.
Born: 1971.
Own and related parties' shareholding: 2,495 class B shares.

ANNA HALLBERG

Function: Member of the Board.
Profession/Elected to Board of Directors year: Deputy CEO of Almi Företagspartner AB. Member of the Board since 2009.
Education: Economics & Law graduate of the Gothenburg School of Economics and Business Administration.
Relevant professional experience: Deputy CEO of Almi Företagspartner AB, member of the Board of Lifco, management positions at SEB, project manager corporate & structure finance at Öhman Fondkommission.
Other significant directorships¹⁾: Member of the Board of Mid Sweden University and Lifco.
Born: 1963.
Own and related parties' shareholding: 2,000 class B shares.

ERIK LANGBY

Function: Member of the Board.
Profession/Elected to Board of Directors year: Chairman of the municipal executive board of Nacka 1983–2012. Member of the Board since 2014.
Education: Social sciences education, Stockholm University.
Relevant professional experience: Many years' experience as a municipal commissioner and county council board chairman. Owner of business focused on societal issues.
Other significant directorships¹⁾: Chairman of the Board of Nacka StrandsMässan AB. Member of the Board of Kommuninvest i Sverige AB and Bostadsrätterna Sverige. Chairman of the municipal council of Sigtuna Municipality.
Born: 1951.
Own and related parties' shareholding: 1,000 class B shares.

JOHAN LJUNGBERG

Function: Chairman of the Board.
Profession/Elected to Board of Directors year: Chairman of the Board of Tagehus AB. Member of the Board since 2009. Deputy Member of the Board 2001–2009, and Member of the Board for part of 2006.
Education: Graduate Engineer.
Relevant professional experience: Many years' experience from the property and capital market.
Other significant directorships¹⁾: Chairman of the Board and member of the Boards of companies within the Tagehus Group. Chairman of the Board of Credentia AB and John Mattsson.
Born: 1972.
Own and related parties' shareholding: 1,396,410 class A shares and 22,304,588 class B shares.

THE MANAGEMENT



Top row from the left: Angela Berg, Martin Lindqvist, Mattias Celinder and Helena Martini. Bottom row from the left: Monica Fallenius, Annica Ånäs and Linus Kjellberg.

ANGELA BERG

Function: Business Area Director, Projects.
Employed since: Employee of Atrium Ljungberg since 2011.

Education: Civil Engineering Graduate in Road and Water, KTH Royal Institute of Technology.

Relevant professional experience: Project management positions in the construction and property industry.

Other significant directorships¹⁾: Member of the Board of HENT AS.

Born: 1975.

Own and related parties' shareholding: 3,200 class B shares.

MONICA FALLENIUS

Function: Business Area Director, Transactions and Leasing.

Employed since: Employee of Atrium Ljungberg since 2017.

Education: Construction Engineer, Östersund University College. Property Management, KTH Royal Institute of Technology.

Relevant professional experience: Many years' experience from various companies and positions in the property industry.

Other significant directorships¹⁾: –

Born: 1972.

Own and related parties' shareholding: 14,500 class B shares.

MARTIN LINDQVIST

Function: CFO and Business Area Director, Business support.

Employed since: Employee of Atrium Ljungberg since 2016.

Education: M. Phil. in Business Administration, Mid Sweden University.

Relevant professional experience: Management positions and international experience from Tetra Pak, Munters and Aleris, among others.

Other significant directorships¹⁾: –

Born: 1970.

Own and related parties' shareholding: No shareholding.

ANNICA ÅNÄS

Function: CEO.

Employed since: Previously CFO. Employed by Atrium Ljungberg since 2011; also employed between 2008 and 2010.

Education: LL.B and Graduate Business Administrator

Relevant professional experience: CFO of Hemsö and CEO in the communication industry. Several directorships, for example property company Technopolis.

Other significant directorships¹⁾: –

Born: 1971.

Own and related parties' shareholding: 38,000 class B shares.

MATTIAS CELINDER

Function: Business Area Director, Properties.

Employed since: Employee of Atrium Ljungberg since 2006.

Education: Graduate Business Administrator

Relevant professional experience: Management positions in the hotel, restaurant and travel industries.

Other significant directorships¹⁾: –

Born: 1972.

Own and related parties' shareholding: 9,958 class B shares.

LINUS KJELLBERG

Function: Business Area Director, Business Development.

Employed since: Employee of Atrium Ljungberg since 2003.

Education: M. Phil. History and Urban Centre Planning, KTH.

Relevant professional experience: Business analyst, business developer and project manager in the property industry.

Other significant directorships¹⁾: Member of the Board of Barkarby Science AB.

Born: 1972.

Own and related parties' shareholding: 250 class B shares.

HELENA MARTINI

Function: HR Director.

Employed since: Employee of Atrium Ljungberg since 2010.

Education: Tourism Programme at Dalarna University College.

Relevant professional experience: HR Director at Microsoft.

Other significant directorships¹⁾: –

Born: 1965.

Own and related parties' shareholding: 10,660 class B shares.

¹⁾ Does not include intra-group directorships.

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

The company also has very well-supported core values that permeate every aspect of our operations, such as reliability, a long-term approach, and collaboration.

Atrium Ljungberg is also a member of

the Global Compact and has consequently signed up to the ten principles in the fields of human rights, labour law, the environment and anti-corruption. The company also reports in accordance with GRI (Global Reporting Initiative). A GRI index is presented on pages 155–156 of the Annual Report, and the company's formal Sustainability Report is available on pages 18–25 and 129–139. For a more detailed presentation, see the company's website at www.al.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 2018 the company invested SEK 1,758 million in own properties, of which the investments in Gränbystaden and Sickla 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

POLICIES ISSUED BY THE BOARD OF DIRECTORS

Policy for business ethics	Describes the behaviour that is expected of the employees
Supplier policy	Supplier Code of Conduct
Affiliated policy	Identifies related parties and transactions with related parties in accordance with the regulations
Equal opportunity and discrimination policy	Steering document about issues surrounding equal opportunities and all kinds of discrimination
Sustainability policy	Overall ambitions for the company's environmental and social responsibilities
Work environment policy	Guidelines for work environment management
Communication policy	Guidelines for our external and internal communication
Financial policy	Guidelines and regulations for how financial activities should be carried out
IT policy	Forms the basis for the company's approach to IT issues
Information security policy	The aim is to minimise risks that can jeopardise secrecy and confidentiality
Policy for processing personal data	Concerns personal data processing and protection
Whistleblowing policy	Enables employees and stakeholders to report any improprieties
Insider trading policy	Concerns securities trading
Crisis policy	Aims to avoid or limit crises
Tax policy	Guides our employees in what to do in tax issues

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 2018 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 2018, 62 per cent of the property portfolio has been externally valued. External valuation experts also quality assure assumed rents, costs, vacancies and yield requirements in conjunction with the internal valuation processes.

FINANCING ACTIVITIES

Property operations are a capital-intensive sector, which often entails a range of financial risks. The main risks involve fluctuations in profits and cash flow as a result of changes in interest rates, and refinancing risks. These risks are regulated in the company's financial policy and are monitored continuously by the company's management and Board of Directors. The Board also monitors compliance with mandates specified in the financial policy.

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

- The project process
- The letting process
- The purchasing process
- The payroll process
- The year-end accounts process
- The property valuation process
- The financing process
- Routines in conjunction with property transactions

See the section "Risks and risk management" on pages 72–76 with regard to other identified risks.

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

The company has an external whistleblower function and continually takes action to reduce the risk of corruption, for example, by auditing the company's suppliers or by offering in-house training.

INFORMATION AND COMMUNICATION

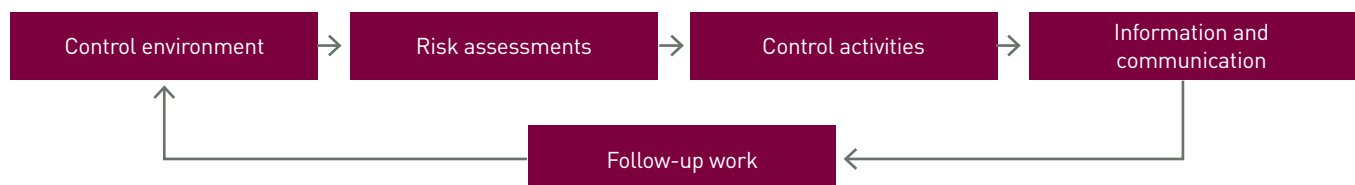
The Annual Accounts, Preliminary Financial Statement, Interim Reports and other ongoing information are prepared in accordance with Swedish legislative requirements and praxis. The information provision shall be characterised by transparency and shall be reliable. A corporate communication policy regulating 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 controls and report their findings on the company's internal control to the company's senior management and Board. For 2018 the auditors considered the following focus areas during the review of internal control; the project process, letting process, purchasing process, payroll process, year-end accounts process, property valuation process, financing process, procedures for property transactions. The 2018 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	2018	2017
Rental income	IK1	2,412	2,389
Sales, project and construction work		217	174
Net sales	IK3	2,629	2,563
Property management costs			
Service charge-related costs		-186	-186
Other operating costs		-173	-157
Management costs		-157	-153
Repairs		-58	-58
Property tax		-150	-142
Leasehold fees		-27	-35
Non-deductible VAT		-12	-11
	IK4-7	-764	-742
Project and construction work costs	IK8	-246	-206
Gross profit/loss	IK3	1,619	1,616
— of which gross profit/loss property management (operating surplus)		1,648	1,647
— of which gross profit/loss from project and construction work		-29	-31
Central administration, property management	IK2	-73	-48
Central administration, project and construction work	IK2	-30	-16
		-103	-64
Financial income	F3	1	1
Financial expenses	F3	-303	-372
		-302	-372
Profit/loss before changes in value		1,214	1,180
Changes in value			
Properties, unrealised	T1 IK9	2,516	1,817
Properties, realised	T1	121	-4
Derivatives, unrealised	F2	-70	121
Derivatives, realised	F2	1	-5
		2,568	1,930
Profit/loss before tax		3,781	3,110
Current tax	S1	-35	-9
Deferred tax	S1-3	-294	-542
		-329	-551
Net profit/loss for the year		3,453	2,559
Other comprehensive income			
Items which will be reclassified to profit/loss			
Cash flow hedging	F2	16	18
Tax attributable to other reported income and expenses	S3	-3	-4
Total other comprehensive income		13	14
Total comprehensive income for the year		3,466	2,573
Data per share			
Earnings per share, SEK		26.15	19.21
Average number of outstanding shares, '000		132,019	133,221

COMMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NET SALES

The Group's net sales totalled SEK 2,629 million (SEK 2,563 m), of which rental income increased to SEK 2,412 million (SEK 2,389 m). Rental income increased by 2.9 per cent (4.4 per) cent in like-for-like portfolios as a result of new letting and renegotiations. The letting rate was 95 per cent (95 %), including project properties. Contracted annual rents at the year-end totalled SEK 2,483 million (SEK 2,357 m). During the year, non-recurring payments of SEK 5 million (SEK 13 m) were received for premature vacating of premises. In the previous year, SEK 45 million was received in the settlement of a rent dispute, of which SEK 40 million increased rental income.

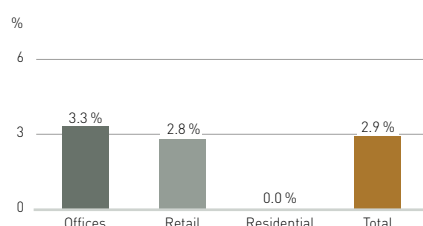
Sales for project and construction activities during the year totalled SEK 217 million (SEK 174 m). TL Bygg's sales totalled SEK 593 million (SEK 638 m), of which SEK 386 million (SEK 518 m) comprised intra-Group sales.

Rental income trend

	2018	2017	Change, %
Like-for-like portfolio	2,025	1,969	2.9
Non-recurring remuneration	5	53	
Project properties	140	90	
Properties acquired	116	67	
Properties sold	126	211	
Rental income	2,412	2,389	1.0

At the end of the period the market value for the comparable portfolio was SEK 36,085 million (SEK 33,227 m).

Like-for-like net rental income growth



PROPERTY COSTS

Property costs totalled SEK -764 million (SEK -742 m), corresponding to a year-on-year increase of 2.9 per cent. Property costs in comparable portfolios increased by 2.8 per cent (1.3 %). The increase in property costs is mostly due to higher operating costs caused by an increase in volumes when completing buildings, moving into project properties, cautious cost calculations in acquired properties, and operational cost increases.

Property costs trend

	2018	2017	Change, %
Like-for-like portfolio	-631	-613	2.8
Project properties	-56	-42	
Properties acquired	-45	-24	
Properties sold	-33	-62	
Property management costs	-764	-742	2.9

GROSS PROFIT

Gross profit for property management (operating surplus) increased to SEK 1,648 million (SEK 1,647 m), an increase of 0.1 per cent (13 %) compared to the previous year. The previous year's operating surplus was positively affected by a settlement of a rent expense of SEK 40 million. During the year the sale of properties was higher than the contribution from acquired properties which had a negative effect on operating surplus. The surplus ratio fell to 68 per cent (69 %), which is also linked to the vacating of properties with a relatively high gross margin. For the comparable portfolio, property expenses have increased by 2.9 per cent (5.8 %) in comparison to the previous year. This increase is mostly caused by new lettings and renegotiations. However, the vacating of premises during the year affected rental income, particularly in the fourth quarter. Amended principles for the provisions for doubtful trade receivables in accordance with IFRS 9 Financial Instruments have reduced the costs for anticipated customer losses.

The gross profit for project and construction activities totalled SEK -29 million (SEK -31 m). The improved gross profit is primarily due to a higher gross profit in TL Bygg, as well as lower marketing costs in project and construction activities.

CENTRAL ADMINISTRATION

Costs totalled SEK -103 million (SEK -64 m) during the year. The increase in central administration costs is mostly due to positive non-recurring effects the previous year for the retroactive settlement of the occupational pension totalling SEK 13 million and a settlement in a rent dispute totalling SEK 5 million. In 2018 central administration for tenant-owned dwellings has been added.

FINANCIAL INCOME AND EXPENSES

The financial costs amounted to SEK -303 million (SEK -372 m) and thereby were lower despite a higher share of interest-bearing

liabilities. Financial income totalled SEK 1 million (SEK 1 m).

CHANGES IN VALUE

Unrealised changes in the value of properties totalled SEK 2,516 million (SEK 1,817 m) and are explained in the table below.

Unrealised changes in value

SEK m	2018	2017
Change in yield requirements	487	947
Change in operating net, etc.	2,029	865
Development rights	-	5
Total	2,516	1,817

Realised changes in the value of properties totalled SEK 121 million (SEK -4 m).

At the end of the year, the derivative portfolio comprised SEK 9,296 million (9,396) in interest rate swaps and currency swaps, with maturity between 2018 and 2029. Currency swaps are used to hedge against foreign exchange risk for the bond loan in Norwegian krone. The unrealised change in the value of derivatives during the year totalled SEK -70 million (SEK 121 m) as market interest rates have increased on the terms covered by the derivatives during the period.

TAX

The current tax for the year totalled SEK -35 million (SEK -9 m) and has been affected by, among other things, tax deductible depreciation and investments, and by losses carried forward from the previous year's tax assessment.

The change in deferred tax amounted to SEK -294 million (SEK -542 m) and has primarily been impacted by unrealised changes in the value of properties, the sale of properties and derivatives, and a change in the tax rate from 22.0 to 20.6 per cent.

PROFIT

The Group posted a profit before changes in value of SEK 1,214 million (SEK 1,180 m), an increase of 2.9 per cent. The net profit for the year totalled SEK 3,453 million (SEK 2,559 m), corresponding to SEK 26.15/share (SEK 19.21/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.

CONSOLIDATED BALANCE SHEETS

Amounts in SEK m	Note	31/12/2018	31/12/2017
ASSETS			
Fixed assets			
Investment properties	T1	43,310	39,991
Tangible fixed assets	T3	32	27
Goodwill	T2	225	240
Participations in associated companies and joint ventures	KS2	0	0
Deferred tax receivable	S2	2	6
Other long-term receivables		10	11
Total fixed assets		43,579	40,276
Current assets			
Development properties	T7	891	870
Accounts receivable	T4	104	150
Tax receivables		0	18
Other receivables	T5	93	986
Prepaid costs and accrued income	T6	126	118
Liquid assets	F1-2	335	344
Total current assets		1,549	2,487
Total assets		45,128	42,763
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		333	333
Other capital contributed		3,960	3,960
Provisions		-26	-39
Profits brought forward including net profit/loss for the year		16,429	13,969
Total shareholders' equity attributable to the parent company's shareholders		20,696	18,223
Long-term liabilities			
Deferred tax liability	S3	4,598	4,531
Long-term interest-bearing liabilities	F1-2	18,506	16,415
Derivatives	F2	349	484
Other long-term liabilities	OS1	202	73
Total long-term liabilities		23,655	21,503
Current liabilities			
Short-term interest-bearing liabilities	F1-2	0	1,832
Accounts payable		208	206
Tax liabilities		3	0
Other liabilities	OS2	91	464
Accrued costs and prepaid income	OS3	475	535
Total current liabilities		777	3,037
Total shareholders' equity and liabilities		45,128	42,763

COMMENTS ON THE CONSOLIDATED BALANCE SHEETS

FIXED ASSETS

The reported value of the property portfolio totalled SEK 43,310 million (SEK 39,991 m) at year-end. Development rights and land account for SEK 877 million (SEK 684 m) of this total. Investments in Atrium Ljungberg's own properties amounted to SEK 1,758 million (1,593). During the year the properties Kylfacket 3 and Tranbodarne 11 were acquired. The year's sales relate to the properties Dragarbrunn 19:1, Blästern 6, Roddaren 7 and Arbetsstolen 3. The year's unrealised changes in the value of the investment properties totalled SEK 2,516 million (SEK 1,817 m).

CHANGE IN THE VALUE OF THE PROPERTY PORTFOLIO

SEK m	2018	2017
Property portfolio on 1 January	39,991	36,054
Acquisitions	1,727	2,265
Investments in our own properties	1,737	1,593
Sales	-2,662	-868
Unrealised changes in value	2,516	1,817
Reclassification to Development properties	-	-870
Property portfolio on 31 December	43,310	39,991

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 totalled SEK 225 million (SEK 240 m).

A deferred tax receivable for loss carry-forwards totalling SEK 6 million was reported at the beginning of the year. The deferred tax receivable calculated on the basis of the tax deficit as of 31/12/2018 totals SEK 2 million.

CURRENT ASSETS

Liquid assets at the end of the financial year totalled SEK 335 million (SEK 344 m). The remaining current assets decreased by SEK 928 million, which includes SEK 893 million for other receivables, primarily purchase price receivables.

DEVELOPMENT PROPERTIES

The development properties are recognised at the lowest of the costs expended and the estimated net realisable value.

Development properties

SEK m	2018	2017
At beginning of period	870	-
Reclassification from Investment properties	-	870
Investments	21	-
Development properties, at period end	891	870
Property portfolio, total	44,201	40,861

SHAREHOLDERS' EQUITY

Shareholders' equity on the closing day totalled SEK 20,696 million (SEK 18,223 m), corresponding to SEK 158.64/share (SEK 136.79/share). The change in the shareholders' equity is mainly attributable to the net profit for the year of SEK 3,453 million. The hedging reserve has decreased by SEK 13 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. During the year, the company conducted a buy-back of its own shares totalling SEK 396 million.

The dividend paid, which was approved at the Annual General Meeting held on 28 March 2018, totalled SEK 599 million. The equity/assets ratio at year-end was 45.9 per cent (42.6 %). Current EPRA NNNNAV amounted to SEK 184.93/share (SEK 162.57/share).

DEFERRED TAX LIABILITY

Deferred tax liability is reported at 20.6 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 31/12/2018 totalled SEK 4,598 million (SEK 4,531 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 20.6 per cent. See further calculation of the company's net worth on pages 123-124 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 18,506 million (SEK 18,247 m), a net increase of SEK 259 million. The raising of new loans refers to financing of investments and acquisitions.

The average capital commitment term was 4.6 years (3.5 years). The average fixed interest term was 4.1 years (4.4 years). The gearing ratio was 41.9 per cent (44.7 %).

The market value of derivatives at the turn of the year totalled SEK -349 million (SEK -484 m).

Atrium Ljungberg's financing is described in more detail on pages 77-79.

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK m	Attributable to the parent company shareholders				
	Share capital	Other capital contributed	Hedging reserves	Profits brought forward	Total share-holders' equity
Opening balance as per 1 January 2017	333	3,960	-54	11,937	16,176
Net profit/loss for the year				2,559	2,559
Other comprehensive income			14		14
Dividend, SEK 3.55/share				-526	-526
Closing balance, as per 31 December 2017	333	3,960	-39	13,970	18,223
Opening balance as per 1 January 2018	333	3,960	-39	13,970	18,223
Net profit/loss for the year				3,453	3,453
Other comprehensive income			13		13
Acquisition of own shares				-396	-396
Option premiums				1	1
Dividend, SEK 4.50/share				-599	-599
Closing balance, as per 31 December 2018	333	3,960	-26	16,429	20,696

There are a total of 133,220,736 shares (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. During the period Atrium Ljungberg acquired 2,761,000 (-) class B shares. At the end of the year, the number of outstanding shares amounted to 130,459,736 shares (133,220,736 shares). The average number of outstanding shares for 01/01/2018–31/12/2018 totals 132,018,709 shares (133,220,736 shares). The quota value of the share is SEK 2.50.

CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	Note	2018	2017
Profit/loss before tax		3,781	3,110
Reversal of depreciation and write-downs	IK7	11	8
Realised changes in value, investment properties		-121	4
Unrealised changes in value, investment properties	T1	-2,516	-1,817
Realised changes in value, financial instruments	F2	-1	5
Unrealised changes in value, financial instruments		70	-121
Other items not included in the cash flow		17	12
Tax paid		-14	-4
Cash flow from operating activities before changes in working capital		1,228	1,197
Net change in working capital		32	-31
Change in working capital		32	-31
Cash flow from operating activities		1,260	1,166
INVESTMENT ACTIVITIES			
Acquisition of properties	T1	-2,159	-1,833
Reconstruction and new construction of properties	T1	-1,758	-1,593
Sale of properties		3,582	-
Purchases of machinery and equipment		-13	-17
Cash flow from investment activities		-348	-3,443
FINANCING ACTIVITIES			
Change in other long-term liabilities		10	12
Loans raised	F1	5,867	5,178
Amortisation of debts	F1	-5,612	-2,028
Exercise of derivatives	F2	-191	-290
Buy-back of own shares		-396	-
Dividends paid		-599	-526
Cash flow from financing activities	F4	-920	2,346
Cash flow for the year		-9	68
Liquid assets at the beginning of the year		344	276
Liquid assets at the end of the year		335	344
Information on interest paid			
Interest received totalled		1	1
Interest paid totalled		-303	-372
Information on liquid assets at the end of the year			
Bank deposits, excluding blocked funds		335	344

COMMENTS ON THE CONSOLIDATED STATEMENTS OF CASH FLOW

The cash flow from operating activities totalled SEK 1,260 million (SEK 1,166 m), corresponding to SEK 9.54/share (SEK 8.75/share). The higher cash flow compared to last year is mainly explained by the increased net change in operating capital.

SEK -348 million (SEK -3,443 m) in investment activities was charged to the cash flow attributable to the sale of the

Dragarbrunn 19:1, Blästern 6, Roddaren 7 and Arbetsstolen 3 properties, the acquisition of the Kylfacket 3 and Tranbodarne 11 properties and investments in our own properties. The cash flow within financing activities amounted to SEK -920 million (SEK 2,346 m) as a consequence of amortisation of debts, net borrowing for acquisitions and investments and buy-back of own shares.

Available liquidity amounted to SEK 3,495 million (2,009) and comprised bank deposits of SEK 335 million (344), unutilised overdraft facilities of SEK 300 million (300) and unutilised lines of credit of SEK 2,860 million (1,365) in addition to credit facilities covering outstanding commercial paper.

INCOME STATEMENTS

PARENT COMPANY

Amounts in SEK m	Note	2018	2017
Rental income	IK 1	176	214
Management income		300	225
Net sales		476	439
Property costs	IK 4	-61	-61
Management and administration expenses	IK 5-6	-364	-269
Capital gain/loss from sale of properties		-72	-
Depreciation	IK 7	-21	-20
Operating profit/loss	A 5 IK 4	-42	90
Result of participations in Group companies	MB 2	500	450
Interest income and similar profit/loss items	F 3	565	557
Interest expenses and similar profit/loss items	F 3	-574	-743
		491	263
Profit/loss after financial items		449	353
Appropriations	MB 4	185	162
Profit/loss before tax		634	516
Current tax	S 1	-35	-3
Deferred tax	S 1-3	12	176
		-23	172
Net profit/loss for the year		611	688

STATEMENT OF COMPREHENSIVE

INCOME PARENT COMPANY

Net profit/loss for the year as per income statement	611	688
Other comprehensive income	-	-
Total comprehensive income for the year	611	688
Dividend per share, SEK (2018, proposed)	4.85	4.50

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 476 million (SEK 439 m). The higher sales mainly depend on increased project revenue. The higher number of employees has mainly affected management and administration expenses (by increasing the expenses). The operating

profit/loss totalled SEK -42 million (SEK 90 m). The profit/loss after financial items totals SEK 449 million (SEK 353 m) and was mainly affected by higher dividends from subsidiary companies. Dividends from subsidiaries totalled SEK 500 million (SEK 450 m). Interest-bearing liabilities amount to SEK 14,483 million (SEK 15,171 m). These funds finance the company's property portfolio and are lent on to other Group companies.

The parent company's cash flow from operating activities totalled SEK 259 (SEK -52 m). The cash flow from investment activities totalled SEK -13 million (SEK -592 m), and cash flow from financing activities totalled SEK -232 million (SEK 703 m). The cash flow for the year totalled SEK 14 million (SEK 59 m). Liquid assets at the end of the financial year totalled SEK 283 million (SEK 269 m).

BALANCE SHEETS

PARENT COMPANY

Amounts in SEK m	Note	31/12/2018	31/12/2017
ASSETS			
Fixed assets			
Tangible fixed assets			
Investment properties	T1 MB3	1,486	1,569
Machinery and equipment	T3	12	8
Total tangible fixed assets		1,498	1,578
Financial fixed assets			
Participations in Group companies	KS1 MB2	945	945
Other long-term receivables		11	11
Total financial fixed assets		956	956
Total fixed assets		2,454	2,535
Current assets			
Accounts receivable	T4	2	18
Receivables from Group companies	A5	19,405	22,113
Tax receivables		4	27
Other receivables	T5	8	4
Prepaid costs and accrued income	T6	32	186
Liquid assets	F2	283	269
Total current assets		19,734	22,617
Total assets		22,188	25,151
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital (133,220,736 shares, quota value: SEK 2.5)		333	333
Statutory reserve		265	265
		598	598
<i>Non-restricted shareholders' equity</i>			
Share premium reserve		3,948	3,948
Profit brought forward		2,224	2,529
Net profit/loss for the year		611	688
		6,782	7,165
Total shareholders' equity		7,381	7,764
Untaxed reserves	MB4	61	61
Provisions			
Pension provision		13	–
Deferred tax liability	S3	86	98
Total provisions		99	98
Long-term liabilities			
Long-term interest-bearing liabilities	F1-2	14,483	13,551
Other long-term liabilities	OS1	–	20
Total long-term liabilities		14,483	13,571
Current liabilities			
Short-term interest-bearing liabilities	F1-2	–	1,620
Accounts payable		34	23
Liabilities to Group companies	A5 F2	–	1,944
Other liabilities	OS2	53	9
Accrued costs and prepaid income	OS3	77	61
Total current liabilities		164	3,657
Total shareholders' equity and liabilities		22,188	25,151

CHANGES IN SHAREHOLDERS' EQUITY

PARENT COMPANY

Amounts in SEK m	Share capital	Statutory reserve	Share premium reserve	Profits brought forward	Total shareholders' equity
Opening balance as per 1 January 2017	333	265	3,948	3,056	7,602
Net profit/loss for the year				688	688
Dividend, SEK 3.95/share				-526	-526
Closing balance, as per 31 December 2017	333	265	3,948	3,218	7,764
Net profit/loss for the year				611	611
Option premiums received				1	1
Buy-back of own shares				-396	-396
Dividend, SEK 4.50/share				-599	-599
Closing balance, as per 31 December 2018	333	265	3,948	2,835	7,381

There are a total of 133,220,736 shares (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 parent company had 2,761,000 of its own class B shares (0 shares). At the end of the year, the number of outstanding shares totalled 130,459,736 shares (133,220,736 shares). The average number of outstanding shares for 2018 amounts to 132,018,709 shares (133,220,736 shares). The quota value of the share is SEK 2.50.

STATEMENTS OF CASH FLOW

PARENT COMPANY

Amounts in SEK m	Note	2018	2017
Profit/loss before tax		634	516
Reversal of depreciation and write-downs	IK 7	20	20
Capital gain/loss		72	4
Unreceived dividends from subsidiary companies	MB 2	-500	-450
Other items not included in the cash flow	MB 4	-185	-162
Tax paid		-12	-1
Cash flow from operating activities before changes in working capital		29	-71
Net change in working capital Increase/decrease in current receivables		230	19
Change in working capital		230	19
Cash flow from operating activities		259	-52
INVESTMENT ACTIVITIES			
Acquisitions of Group companies	KS 1	-	-503
Purchase/sale of machinery and equipment		-8	0
Reconstruction and new construction of properties	MB 3	-64	-89
Sale of properties		59	-
Cash flow from investment activities		-13	-592
FINANCING ACTIVITIES	F 4		
Change in other long-term liabilities		-	-37
Change in receivables from Group companies		3,393	-1,903
Change in liabilities to Group companies		-1,944	1,022
Loans raised	F 1	4,714	4,175
Amortisation of debts	F 1	-5,400	-2,028
Dividends paid		-599	-526
Buy-back of own shares		-396	-
Cash flow from financing activities		-232	703
Cash flow for the year		14	59
Liquid assets at the beginning of the year		269	211
Liquid assets at the end of the year		283	269
Information on interest paid			
Interest received totalled		565	557
Interest paid totalled		-574	-743
Information on liquid assets at the end of the year			
Bank deposits, excluding blocked funds		283	269

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A GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

A.1 GENERAL INFORMATION

Atrium Ljungberg AB (publ.), company ID no.: 556175-7047, is registered in Sweden with registered offices in Nacka and street address Smedjegatan 2C, 131 04 Nacka, 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 2018 financial year were approved for publication by the Board of Directors on 28 February 2019. It is proposed that the annual accounts and the consolidated accounts be adopted at the Annual General Meeting held on 27 March 2019.

A.2 CONSOLIDATED ACCOUNTS AND THEIR PREPARATION

SCOPE OF 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.

PREPARATION OF 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 2018. 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.

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. 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.

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.

Non-controlling interest are reported showing the non-controlling interest 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 non-controlling interest 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.

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 **T11**. 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 tax losses carried forward.

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 2018, exceed the costs expended for guarantee work during the year.

STATEMENT 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.

A.3 NEW STANDARDS AND INTERPRETATIONS

IFRS 9 Financial instruments

The Group has applied IFRS 9 Financial Instruments since 1 January 2018. The new standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 mainly entails changes to how financial assets and liabilities are classified and measured. The new standard also contains changes to principles for hedge accounting and introduces an impairment model which is based on expected credit losses instead of incurred losses.

The new standard has not entailed any significant change in the recognition of Atrium Ljungberg's financial assets other than trade receivables. The new impairment model for trade receivables means fundamental differences in how and when an impairment of a trade receivable is recognised. Nevertheless, the new principles have not had any substantial effect on the Group's financial position.

Recognition of the Group's financial liabilities, which consist mainly of interest-bearing liabilities, interest derivatives recognised at fair value via the income statement and other current liabilities, are not substantially affected by the new standard.

Since the Group has ceased to carry out hedge accounting, the Group's financial statements are not affected by the new standards for hedge accounting.

The change to IFRS 9 has not had any effect on the opening balance of equity 2018.

IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 Revenue from contracts with customers since 1 January 2018. The new standard replaces IAS 18 Revenues and IAS 11 Construction agreements with associated statements on interpretation. Recognition of revenue starts in IFRS 15 when control of goods or services is transferred to the customer, which differs from the approach in IAS 18 and IAS 11 where control starts when risks and benefits are transferred. Accordingly, the introduction of IFRS 15 entails a new approach for how revenue is reported compared to now.

The new standard has an extremely limited effect on the moment when the revenue from the construction activity is recognised.

In advance of the introduction of the new standard, there was a discussion within the industry as to which parts of a rental contract must be considered to constitute rent, and should therefore be recognised in accordance with IFRS 16 Leasing, and which parts constitute service, and should be recognised in accordance with IFRS 15. Since the service that Atrium Ljungberg provides to tenants is considered to take place under the rental contract, all payments are recognised as rent, as previously.

Revenue in Project development mainly refers to compensation for tenant-specific adaptations in conjunction with new lease contracts. Regardless of whether the Group invoices the tenant for expenses for conducted adaptations to premises on one occasion, or if equivalent revenue is obtained in the form of increased rent for all or parts of the lease period, the revenue comprises rent and must be reported in accordance with IFRS 16.

The recognition of construction income within the framework of TL Bygg's activities will not be affected by the new standard.

Property sales must be recognised at the date when control is transferred to the purchaser. Since a property sales contract normally severely limits the seller's ability to adopt any management measures with regarding to existing or new tenants as well as reconstructions from the contract date, Atrium Ljungberg, as previously, recognises property sales on the contract date unless there is any specific reason for it to do otherwise.

Atrium Ljungberg has decided to apply a cumulative, in other words future-oriented, method when changing to IFRS 15. This means that the Group does not present any supplementary disclosures for previous periods regarding any remaining performance obligations at the time of the transition. Furthermore, the transition has not had any effect on equity.

A.4 NEW STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET ENTERED INTO FORCE

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases with related interpretations as of 1 January 2019. The new standard requires lessees to report assets and liabilities attributable to all lease agreements, with the exception of agreements which are shorter than twelve months and/or refer to small amounts.

For lessees, the standard does not entail any immediate changes to reporting compared to current standards.

During 2018, Atrium Ljungberg analysed what effects the standard is expected to have on accounting of the Group's lease agreements. One aspect of the analysis involved identifying all of the Group's lease agreements. In the analysis, Atrium Ljungberg has identified the lease agreements below as significant:

- Leasehold agreements, for which lease payments amounted to SEK 27 million in 2018.

In addition to the above, the Group has identified lease agreements that are not deemed as significant for the Group. These lease agreements pertain to vehicles, software licences, office machinery, etc.

In terms of leasehold agreements, Atrium Ljungberg will recognise a lease asset and a lease liability in the balance sheet when changing to IFRS 16 as at 1 January 2019. The lease asset and lease liability for the site leasehold agreements amounted to SEK 1,113 million as at 1 January 2019. The income statement will be affected by leasehold fees being reclassified from "Property management costs" to net financial expenses, as the leasehold fees are recognised as an interest expense in accordance with IFRS 16. This reclassification would amount to SEK 27 million for the period January to December 2018. Atrium Ljungberg has chosen to apply the simplified method and will not apply the standard retrospectively. See further in note [IK 4](#).

A.5 EVENTS AFTER THE CLOSING DAY

In January 2019 an agreement was entered into with the City of Stockholm regarding Slakthusområdet in Stockholm.

In February 2019 Atrium Ljungberg's Board of Directors decided to change the company's financial goals. The goal for net operating growth is being replaced with a goal for the return on shareholder's equity of ten per cent per annum over time, while the goal for the equity/assets ratio is being replaced with a goal for a maximum gearing ratio of 45 per cent.

The investment goal is being increased to SEK 2 billion per year. The goals for return on projects, interest coverage ratio, dividend and corporate social responsibility remain unchanged. See pages 11–13 for further details.

In February 2019 Atrium Ljungberg's Board of Directors decided to launch the first tenant-owned dwelling district at Nobelberget in Sickla. At the end of the year, 13 out of the 68 apartments (19 per cent) had been booked.

A.6 INFORMATION ON 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 [KS 1](#).
- 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	
	2018	2017
Sale to subsidiary companies	317	228
Purchasing from subsidiaries	–34	–36
Interest income from subsidiaries	561	557
Dividends from subsidiaries	500	450
Interest expenses to subsidiaries	–93	–93
Receivables from related parties (Group companies)	19,405	22,113
Liabilities to related parties (Group companies)	–	1,944

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 [IK 6](#).

IK INCOME AND EXPENSES

REVENUE RECOGNITION

Revenue comprises rents and remuneration for external project and construction activities. All lease contracts are classified as operational lease 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 percentage of completion method. 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 of property costs 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 lease 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 lease 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 lease 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 note **IK1** and note **IK4**. All lease agreements are classified as operational lease 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 lease agreements are distributed linearly over the leasing period. Benefits received in conjunction with the signing of a lease agreement are reported linearly in the income statement over the term of the lease agreement. Increased leasing fees are distributed over the term of the lease agreement.

IK.1 INCOME AND LEASE CONTRACTS

As of 01/01/2019 the contracted annual rent amounted to SEK 2,483 million (SEK 2,357 m) in the Group, of which SEK 247 million (SEK 171 m) in the parent company.

Premises, contract maturity structure	The Group		Parent Company	
	Contracted rent, SEK m	Percentage, %	Contracted rent, SEK m	Percentage, %
2019	285	11	5	2
2020	539	22	31	12
2021	435	18	9	4
2022	466	19	12	5
2023	234	9	12	5
2024 and thereafter	383	15	118	46
Residential	88	4	49	20
Garage/parking	52	2	14	6
Total	2,483	100	247	100
Letting rate, Q1 2019 ¹⁾	Rental value, SEK m		Rental value, SEK/m ²⁾	
			Letting rate, %	
Offices	1,158		2,678	
Retail	945		3,789	
Residential	86		1,432	
Garage	54		–	
Other	226		1,933	
Business area Property	2,470		2,812	
Project properties	167		85	
Total	2,637		95	

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

²⁾ Excluding garage.

Lease contracts for retail space contain contractual terms that mandate a minimum rent and a net sales clause. One per cent of the contracted annual rent comprises the sales premium in addition to the minimum rent.

IK.2 CENTRAL ADMINISTRATION

ACCOUNTING PRINCIPLES

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, maintaining the stock market listing, and the production of the annual accounts. For depreciation of machinery and equipment associated with the central administration, see note [IK.9](#).

REMUNERATION TO AUDITORS

Central administration also includes remuneration to auditors, see the table below.

Fees and expenses paid to auditors	The Group		Parent Company	
	2018	2017	2018	2017
Ernst & Young AB				
– Audit engagement	2	2	2	2
– Accounting engagements over and above audit engagements	0	0	0	0
– Tax consultancy	0	0	0	0
Total	2	2	2	2

CENTRAL ADMINISTRATION FOR PROJECT AND CONSTRUCTION WORK

Central administration for project and construction work includes costs in connection with the CEO of TL Bygg and other support functions within the operations.

IK.3 SEGMENT REPORTING

ACCOUNTING PRINCIPLES

The identification of reportable segments is based on the internal reporting to the most senior executive decision maker, which is deemed to be the parent company's CEO. The Group is managed on the basis of the result measurement of gross profit divided by the identified and reportable operating segments shown below. Three profit and loss items are not divided by segment, namely central administration costs, financial items, and taxes. Sales between segments have been eliminated in the Group's sales. Accounting

principles applied for the segment reporting concur with the consolidated accounting principles and presentation formats for the income statement.

One hundred per cent of the Group's income was generated in the country where the parent company has its registered office, namely Sweden. No single customer accounts for more than 10 per cent of the Group's total revenue.

2018

Amounts in SEK m

	Properties	Project development	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	2,424				-12	2,412
Sales, project and construction work		9	593	602	-385	217
Net sales	2,424	9	593	602	397	2,629
Property management costs	-770				7	-764
Project and construction work costs		-52	-561	-613	367	-246
Gross profit/loss	1,653	-43	32	-11	-23	1,619
Central administration	-73	-11	-24	-35	5	-103
Financial income and expenses					-302	-302
Profit/loss before changes in value	1,580	-54	8	-47	-320	1,214
Changes in value	2,637				-69	2,568
Tax					-329	-329
Profit/loss for the period	4,217	-54	8	-47	-718	3,453
Investments and acquisitions	3,464	21		21		3,485
Assets, period end	43,310	891	188	1,079	740	45,128

2017

Amounts in SEK m

	Properties	Project development	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	2,401				-12	2,389
Sales, project and construction work		54	638	692	-518	174
Net sales	2,401	54	638	692	-530	2,563
Property management costs	-748				7	-742
Project and construction work costs		-96	-606	-702	496	-206
Gross profit/loss	1,653	-42	32	-10	-27	1,616
Central administration	-50		-17	-17	2	-64
Financial income and expenses					-372	-372
Profit/loss before changes in value	1,602	-42	15	-27	-397	1,180
Changes in value	1,813				116	1,930
Tax					-551	-551
Profit/loss for the period	3,415	-42	15	-27	-832	2,559
Investments and acquisitions	3,874		5	5		3,879
Assets, period end	39,899 ⁴⁾	870	194	1,064	1,800	42,763

- The outcome within project development mainly refers to costs of investigations at early project stages and ongoing development projects.
- Properties unrealised 2,516 (1,817). Properties, realised 121 (-4).
- Unrealised value changes derivatives -70 (121). Realised change in value of derivatives, 1 (-5).
- Refers only to investment properties. Other assets attributable to the segment are reported under Non-allocated items and eliminations.
- Refers only to development properties. Other assets attributable to the segment are reported under Non-allocated items and eliminations.

IK.4 LEASEHOLD AGREEMENTS AND OTHER LEASE AGREEMENTS

ACCOUNTING PRINCIPLES

Atrium Ljungberg is a lessee of a number of site leasehold agreements as well as other leases. These agreements are classified as operational leases where the lease payments are carried as expenses linearly in the income statement over the leasing period.

IFRS 16 Leasing will go into effect on 1 January 2019. Atrium Ljungberg has chosen to apply the simplified method and will not apply the standard retrospectively.

LEASEHOLD AGREEMENTS

The year's leasehold fees totalled SEK 27 million (SEK 35 m), of which SEK 7 million (SEK 6 m) refers to the parent company.

Leasehold agreements	The Group	Parent Company
maturity structure	Rent, Percentage, SEK m %	Rent, Percentage, SEK m %
2019	27 2	7 3
2020	27 2	7 3
2021	27 2	7 3
2022	27 2	7 3
2023 and thereafter	1,005 92	177 88
Total	1,113 100	205 100

OTHER LEASE AGREEMENTS

Agreed lease agreements refer primarily to vehicles, program licences and copying machines and have a maturity date of less than 3 years. The year's leasing costs in this category totalled SEK 13 million (SEK 9 m), while remaining costs during the term totalled SEK 21 million (SEK 15 m). These lease agreements will continue to be reported as operational lease agreements due to the low value.

Reconciliation operational leasing commitments

Operational leasing commitments on 31 December 2018	1,134
Short-term lease agreements which are carried as expenses	-
Lease agreements for low-value assets which are carried as expenses	-21
Variable leasing fees attributable to indexes or tariffs	-
Leasing debt on 1 January 2019	1,113

The above amounts will be reported as lease asset and lease debt on 1 January 2019.

IK.5 PERSONNEL EXPENSES

ACCOUNTING PRINCIPLES

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. According to a statement issued by the Swedish Financial Reporting Board, UFR 10, 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 Group		Parent Company	
SEK k	2018	2017 ¹⁾	2018	2017 ¹⁾
Board of Directors and senior executives				
Salaries	19,442	20,248	19,442	20,248
Payroll overhead	7,272	8,234	7,272	8,234
Pension costs	4,797	8,016	4,797	8,016
Other				
Salaries	155,825	148,888	102,165	95,316
Payroll overhead	54,389	51,178	35,575	32,492
Pension costs	24,460	17,513	18,971	13,074
Total	266,185	254,077	188,222	177,380

¹⁾ Comprises a notice period of 12 months and severance pay of 12 months for former CEO.

PENSIONS

The year's pension insurance fees in accordance with ITP for policies with Alecta total SEK 8 million (SEK 7 m). Alecta's surplus may be allocated to the policyholders and/or those insured. At the end of 2018, Alecta's surplus in the form of the collective consolidation level totalled 142 per cent (154 %).

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 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.

IK.6 REMUNERATION SENIOR EXECUTIVES

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.

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 six other senior executives. The CEO's remuneration shall be proposed by the Chairman and determined by the Board of Directors. Other remuneration payable to members of the senior management team shall be proposed by the CEO and approved by the Chairman. 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. A loan subsidy programme was adopted at the 2018 Annual General Meeting for senior executives when acquiring shares in the company. 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 89.

IK.6 REMUNERATION SENIOR EXECUTIVES, CONT.

	Basic salary/ Directors' fees	Other remuneration	Other benefits	Pension costs	Share-related remuneration	Total
2018 SEK k						
Chairman of the Board						
Johan Ljungberg	440	–	–	–	–	440
Other board members						
Anna Hallberg	220	–	–	–	–	220
Sara Laurell	220	–	–	–	–	220
Simon de Château	220	–	–	–	–	220
Erik Langby	220	–	–	–	–	220
Sune Dahlqvist	220	–	–	–	–	220
	1,540	–	–	–	–	1,540
CEO Annica Ånäs	5,847	–	39	1,914	–	7,800
Other senior executives	11,701	96	219	2,883	–	14,899
	17,548	96	258	4,797	–	22,699
Total	19,088	96	258	4,797	–	24,239
2017 SEK k						
Chairman of the Board						
Johan Ljungberg	400	–	–	–	–	400
Other board members						
Anna Hallberg	200	–	–	–	–	200
Hanna Sleyman	200	–	–	–	–	200
Graflund	200	–	–	–	–	200
Simon de Château	200	–	–	–	–	200
Erik Langby	200	–	–	–	–	200
Sune Dahlqvist	200	–	–	–	–	200
	1,400	–	–	–	–	1,400
CEO Annica Ånäs	5,510	–	49	1,989	–	7,548
Other senior executives	10,563	70	241	2,697	–	13,571
	16,073	70	290	4,686	–	21,119
Total	17,473	70	290	4,686	–	22,519

IK.7 DEPRECIATION AND WRITE-DOWNS

	The Group		Parent Company	
	2018	2017	2018	2017
Depreciation in management and production				
Investment properties	–	–	17	17
Machinery and equipment	7	5	0	0
	7	5	17	17
Depreciation in central administration				
Machinery and equipment	5	3	4	3
Total	11	8	21	20

NOTES

A	GENERAL INFORMATION AND ACCOUNTING REGULATIONS
IK	INCOME AND EXPENSES
S	TAX
T	ASSETS
OS	OPERATIONAL LIABILITIES

F	FINANCING AND CAPITAL STRUCTURE
E	EPRA KEY RATIOS
KS	GROUP STRUCTURE
MB	PARENT COMPANY'S ACCOUNTING PRINCIPLES AND SUPPLEMENTARY DISCLOSURES
H	SUSTAINABILITY

IK.8 PROJECT AND CONSTRUCTION ACTIVITIES

	The Group		Parent Company	
	2018	2017	2018	2017
Gross profit/loss, TL Bygg AB	13	7	–	–
Development project costs that cannot be capitalised	–42	–38	–30	–29
Total	–29	–31	30	29

ONGOING CONSTRUCTION AGREEMENTS

On the closing day engagement expenses including reported profit in respect of ongoing engagements in accordance with construction agreements amounted to SEK 186 million (SEK 87 m). Sums received from the client for ongoing engagements total SEK 5 million (SEK 3 m).

IK.9 UNREALISED CHANGES IN VALUE

Unrealised changes in value, properties	2018	2017
Change in yield requirements	487	947
Change in operating net, etc.	2,029	865
Development rights	–	5
Total	2,516	1,817

For further information, see note T1.

S TAX

S.1 CURRENT TAX

ACCOUNTING PRINCIPLES

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 costs and social security payments as property costs 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.

Tax calculation	Current tax		Deferred tax	
Group, SEK m	2018	2017	2018	2017
Reported profit/loss before tax	3,781	3,110	–	–
Tax deductible				
depreciation	–467	–522	467	522
investments	–307	–257	307	257
Non-taxable/non-deductible				
changes in the value of properties, unrealised	–2,516	–1,817	2 516	1,817
changes in the value of properties, realised	–121	44	121	–435
changes in the value of financial instruments, unrealised	70	–121	–70	121
changes in the value of financial instruments, realised	–191	–285	191	285
consolidated capitalisation of borrowing	–16	–15	16	19
consolidated internal profit	18	–	–18	–26
Other fiscal adjustments	–62	1	135	–197
Taxable profit/loss before loss carry-forwards	190	138	3,644	2,362
Change in loss carry-forwards	–29	–96	18	101
Taxable profit/loss	161	52	3,682	2,463
Of which 22 per cent current taxes/20.6 % deferred tax	–35	–9	–759	–542
Reversal of deferred tax for properties sold	–	–	147	–
Effect of change in tax rate			318	
Reported tax expense	–35	–9	–294	–542

S.1 CURRENT TAX, cont.

The income tax for limited companies in Sweden is 22 per cent. The government has decided to lower the tax rate in two steps, first to 21.4 percent in 2019 and then to 20.6 percent in 2021. Atrium Ljungberg has chosen to calculate the deferred tax liability at the lower tax rate since tax liabilities are not expected to be realised to any significant extent in 2019 and 2020. 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 of 2–5 per cent of buildings, 5 per cent of land improvements and 20–30 per cent of the areas and fixtures of a building or of the type of land improvements which comprise the building's furniture and fixtures and land inventory. Land is not subject to depreciation.

INVESTMENTS

Expenses in connection with renovation and maintenance work that has entailed an economic benefit and which can be calculated reliably, are capitalised in the accounting. However, the tax rules permit direct deduction for repair and maintenance and certain types of amendment work which technically entails reconstruction but which is normal in the business and which does not comprise the building's furniture and fixtures. Examples of such amendment work within Atrium Ljungberg are the tenant-specific adaptations which take place continuously along with renegotiation of lease contracts or during change of tenants.

UNREALISED CHANGES IN VALUE

In the consolidated accounts Atrium Ljungberg values investment properties and derivative instruments (interest swap agreements) at fair value. Changes in the market value are reported in the consolidated income statement. Accounting rules do not permit properties to be reported at fair value in the individual Group companies. The interest swap agreements which Atrium Ljungberg has concluded may, but do not need to, be reported in the individual Group company. Accordingly, no unrealised changes in value from investment properties or derivative instruments are reported in the individual companies.

SALE OF PROPERTIES

Properties may be sold directly or indirectly by the property holding subsidiary being sold. Profits from the sale of properties are taxable, while profits from the sale of companies in most cases are non-taxable.

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 an unutilised tax deficit from previous years in property companies which have been acquired by Atrium Ljungberg.

	The Group		Parent Company	
	2018	2017	2018	2017
Reconciliation of tax expenses				
Profit/loss before tax	3,781	3,110	634	520
Nominal tax rate, 22 %	-832	-684	-139	-114
Fiscal effect of				
changes in the value of properties, realised	-	86	-	-
other non-deductible expenses/non-taxable income	52	1	110	99
other fiscal adjustments	451	46	6	187
Reported tax expense/income	-329	-551	-23	173
of which current tax	-35	-9	-35	-3
of which deferred tax	-294	-542	12	176

	Current tax		Deferred tax	
	2018	2017	2018	2017
Tax calculation				
Parent Company, SEK m				
Reported profit/loss before tax	634	516	-	-
Change in difference between book and fiscal values of properties	-44	-36	44	36
Result of participations in Group companies	-500	-450	-	-
Other fiscal adjustments	72	1	-	-
Taxable profit/loss before loss carry-forwards	162	31	44	36
Loss carry-forwards utilised	-	-16	-	16
Taxable profit/loss	162	15	44	52
Of which 22 per cent current taxes/20.6 % deferred tax	-35	-3	-9	-11
Adjustment of tax in relation to previous years	-	-	21	187
Reported tax expense	-35	-3	12	176

S.2 DEFERRED TAX RECEIVABLE

ACCOUNTING PRINCIPLES

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. The tax deficit can be rolled forward and does not have a due date.

Capitalised loss carry-forwards	The Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance	6	22	-	4
Capitalised loss carry-forwards attributable to previous years	-	4	-	-
Additional loss carry-forwards	2	2	-	-
Loss carry-forwards utilised	-6	-21	-	-4
Closing balance	2	6	-	-

The Group's accumulated tax deficit was estimated at SEK 10 million (SEK 29 m) at the turn of the year 2018. The deferred tax receivable has been calculated for a deficit of SEK 10 million (SEK 29 m).

S.3 DEFERRED TAX LIABILITY

ACCOUNTING PRINCIPLES

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

	The Group					Parent Company	
	Investment properties	Development properties	Untaxed reserves	Interest derivatives	Total	Directly via the income statement.	Investment properties
Deferred tax liability							
Opening balance, as per 01/01/2017	4,041	-	169	-200	4,010	-	277
Change reported via the income statement	399	19	5	94	520	-	-
Change not reported via the income statement	-	-	-	-	-	-	176
Change reported via Comprehensive income	-	-	-	4	4	-	-
Closing balance, as per 31/12/2017	4,440	19	174	-102	4,531	-	98
Opening balance, as per 01/01/2018	4,440	19	174	-102	4,531	-	98
Effect of change in tax rate	-311	-1	-12	6	-318	-	-
Change reported via the Income Statement	299	55	12	15	381	-	-
Changes reported directly in the income statement	-	-	-	-	-	231	-12
Change reported via Comprehensive income	-	-	-	4	4	-	-
Closing balance, as per 31/12/2018	4,428	73	174	-77	4,598	231	86

T ASSETS

T.1 INVESTMENT PROPERTIES

ACCOUNTING PRINCIPLES

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 are in accordance with level 3 in the IFRS valuation hierarchy and reflects 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. The fair value reflects the market conditions on the closing day.

At year end Atrium Ljungberg classified all properties as investment properties. 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.

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 the 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.

Property portfolio, 31/12/2018

Property type	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾
Office properties	654	22,517	43,893
Retail properties	321	14,297	51,672
Residential properties	81	1,768	25,502
Business area Property	1,055	38,582	44,914
Project properties	68	3,851	E/T ²⁾
Land and development rights	–	877	–
Total Investment properties	1,123	43,310	
Development properties	6	890	
Total Group	1,129	44,201	

¹⁾ m² excluding garage. ²⁾ Letting area for new production is not reported until the project is completed, so the figures do not accurately represent the actual situation.

Property portfolio, 31/12/2017

Property type	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾
Office properties	619	20,425	40,281
Retail properties	373	14,400	49,098
Residential properties	71	1,412	23,882
Business area Property	1,063	36,237	42,162
Project properties	60	3,070	E/T ²⁾
Land and development rights	–	684	–
Total Investment properties	1,123	39,991	
Development properties	23	870	
Total Group	1,146	40,861	

¹⁾ m² excluding garage. ²⁾ Letting area for new production is not reported until the project is completed, so the figures do not accurately represent the actual situation.

Outcome 2018

Rental income, SEK m	Property costs, SEK m	Operating surplus, SEK m	Operating surplus margin, %
1,219	–337	882	72
967	–339	628	65
86	–32	54	63
2,272	–708	1,564	69
133	–53	80	60
–	–	–	–
2,405	–761	1,644	68
7	–3	4	61
2,412	–764	1,648	68

Outcome 2017

Rental income, SEK m	Property costs, SEK m	Operating surplus, SEK m	Operating surplus margin, %
1,223	–334	889	73
996	–338	658	66
87	–34	54	62
2,307	–706	1,601	69
76	–34	42	55
–	–	–	–
2,383	–740	1,643	69
6	–2	4	65
2,389	–742	1,647	69

T.1 INVESTMENT PROPERTIES, cont.

Rental value and letting rate

Premises type	31/12/2018			31/12/2017		
	Rental value, SEK m	Rental value, SEK/m ²	Letting rate, %	Rental value, SEK m	Rental value, SEK/m ²	Letting rate, %
Offices	1,158	2,678	95	1,102	2,580	95
Retail	945	3,789	95	928	3,495	95
Other	226	1,933	94	215	1,860	95
Residential	86	1,432	100	79	1,385	100
Garage	54	–	93	51	–	92
Business area Property	2,470	2,812	95	2,375	2,686	
Project properties	167		85	119	1,496	81
Land and development rights	–		–	–	–	–
Total	2,637		95	2,494	2,589	95

CHANGES DURING THE YEAR

The reported fair value of the property portfolio on 31/12/2018 totalled SEK 44,201 million (SEK 40,861 m). Investments in Atrium Ljungberg's own properties during the period totalled SEK 1,758 million (SEK 1,593 m). The unrealised change in value totalled SEK 2,516 million (SEK 1,817 m) during the year. The change in value is explained by the market's lower yield requirements and higher rents as a result of new lettings and renegotiations, which resulted in increased market rents. The average yield requirement in the valuation was 4.6 per cent (4.7 %).

During the year two properties were acquired and four properties were sold; see more under the Property portfolio in figures on page 36.

Change in the value of the property portfolio

SEK m	The Group	
	31/12/2018	31/12/2017
Fair value at the start of the period	40,861	36,054
Acquisitions (after deduction of deferred tax)	1,727	2,265
Sales	–2,662	–868
Investments in our own properties	1,758	1,593
Unrealised changes in value	2,516	1,817
Fair value at the end of the period	44,201	40,861
Of which Investment Properties	43,310	39,991
Of which Development Properties	891	870

For further information, see note 17.

The closing balance includes development rights and land of SEK 877 million (SEK 684 m).

Unrealised changes in value, properties

SEK m	2018	2017
Change in yield requirements	487	947
Change in operating net, etc.	2,029	865
Development rights	–	5
Total	2,516	1,817

VALUATION

Valuation process

The property portfolio is valued every quarter. As a part of ensuring that the valuation is fair, independent external valuation consultants are used, this year Forum Fastighetsekonomi and Savills. Properties corresponding to 62 per cent of the market value have been valued externally during the year. The remaining properties were subject to an internal valuation with market rents, operating costs, vacancies and yield requirements quality assured by Forum Fastighetsekonomi.

The fee for the valuation is not dependent on the properties' market value. The variable part is instead based on the properties' area, number of lease contracts and usage.

Data property valuation

The property valuation is based on observable and unobservable input data. Observable data which has greatest impact on the value is primarily current rent, actual operation and maintenance costs, planned investments and current vacancy level.

Yield requirement and expectations of rental levels 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 more difficult to derive changes in the yield requirement during certain periods.

Valuation method

The valuations were carried out in accordance with the International Valuation Standards (IVS).

Each property has been valued individually without taking any portfolio effect into consideration. The valuations are based on a cash flow calculation with individually estimated yield requirements for each property and activity. The yield requirement is used to determine the value through a current value calculation during the so-called calculation period and through a current value calculation of the residual value at the end of the calculation period. The calculation period is normally between 5 and 10 years but may, in certain cases, be longer due to the contractual situation.

The long-term earning capacity of each property is assessed 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.

T.1 INVESTMENT PROPERTIES, cont.

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.

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 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.

Development rights have been valued based on an assessed market value per m² of GFA for determined development rights in accordance with detailed development plans that have gained final approval or where the detailed development plan is assessed to enter into force within the near future.

Yield requirement per premises type in the valuation

Premises type, %	31/12/2018		31/12/2017
	Interval	Average	Average
Offices	3.6–6.3	4.5	4.7
Retail	3.7–6.2	4.9	5.0
Residential	2.9–3.8	3.2	3.1
Other	3.7–6.3	5.0	5.1
Total	2.9–6.3	4.6	4.7

Yield requirement per region in the valuation

Region, %	31/12/2018		31/12/2017
	Interval	Average	Average
Stockholm	2.9–6.3	4.5	4.7
Uppsala	4.5–5.8	5.2	5.1
Malmö	3.8–5.9	5.4	5.4
Gothenburg	4.5–4.5	4.5	4.6
Total	2.9–6.3	4.6	4.7

Sensitivity analysis, property valuation

The table below shows how changes in different parameters impact the market value of the properties.

Value parameter	Change in assumption	Value impact, SEK m	Value impact, %
Rental level	+/- 10 %	+/- 4,270	+/- 10 %
Operating cost	+/- 10 %	+/- 704	+/- 2 %
Yield requirement	+/- 0.25 % units	-2,082/+ 2,191	-4.7 %/+ 5.0 %
Long-term vacancy level	+/- 2 %	+/- 1,147	+/- 3 %

Sensitivity analysis, change in value

The following sensitivity analysis shows how a change in the properties' market value impacts the result and relevant key ratios.

	Change in market value of properties	Impact	Percentage impact
Profit/loss	+/- 10 %	SEK +/- 3,448 million	+/- 100 %
Shareholders' equity	+/- 10 %	SEK +/- 3,448 million	+/- 17 %
Gearing ratio	+/- 10 %	-3.8 % unit/+ 4.6 % unit	-9 %/+ 11 %
Equity/assets ratio	+/- 10 %	+3.8 % unit/- 4.5 % unit	+9 %/- 11 %

RATEABLE VALUES

The rateable value forms the basis of property tax for commercial properties. Municipal real estate charges are payable for residential properties in accordance with special provisions. The rateable values on the closing day are reported below.

Rateable values

	The Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Buildings	11,332	10,744	958	1,081
Land	4,594	4,489	215	273
Total	15,233		1,354	
Of which business premises in TL Bygg AB	2	2	-	-

T.2 GOODWILL

ACCOUNTING PRINCIPLES

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.

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.

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 thereby completely linked to deferred tax amount and therefore changes when a property with goodwill is sold.

	The Group	
	2018	2017
Opening acquisition value	326	349
Sale of property	-2	-23
Closing accumulated acquisition value	324	326
Opening write-downs	-86	-86
Write-down as a result of change to rate of taxation	-13	-
Closing accumulated write-downs	-99	-86
Closing balance	225	240

T.3 TANGIBLE FIXED ASSETS

ACCOUNTING PRINCIPLES

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.

IMPAIRMENT TESTING

Goodwill impairment testing shall be carried out annually, or more frequently if there is any indication that the reported value may not be recoverable.

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. The cash-generating units comprise the properties which were a part of the acquisition of Atrium Properties which the Group still owns at the end of the accounting period. If the recovery value of a cash-generating unit is determined to be lower than the reported value, the reported value of goodwill attributable to the cash-generating unit is reduced. Any reported write-downs of goodwill may not be reversed in a subsequent period.

In connection with the annual testing for any write-down requirement of goodwill, an estimate of the recoverable amount is made. As the cash-generating units comprise the properties which were a part of the acquisition of Atrium Properties, the recovery value corresponds to the property's fair value.

Each property has been valued individually without taking any portfolio effect into consideration. The long-term earning capacity of each property is assessed 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.

Discount rates which were used to determine the properties' fair value correspond to the yield requirements of properties which are based on comparable properties and markets. For further information, see note [T.1](#).

	The Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening acquisition values	69	60	25	25
Purchases	16	17	8	6
Sales/disposals	-5	-9	-	-6
Closing accumulated acquisition values	80	69	33	25
Opening depreciation	-41	-40	-17	20
Sales/disposals	4	8	-	6
Depreciation for the year	-11	-8	-4	-3
Closing accumulated depreciation	-48	-41	-21	-17
Closing residual value according to plan	32	27	12	8

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

T.4 ACCOUNTS RECEIVABLE

ACCOUNTING PRINCIPLES

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.

Rental and accounts receivable

	The Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Rental and accounts receivable	122	187	3	20
Doubtful rent receivables for which a provision has been made	-18	-36	-1	-2
Total rent receivables	104	151	2	18

The Group applies the simplified method for calculating bad debt losses. This method involves the expected credit losses during the entire term of the receivable being used as the basis for rental and accounts receivable. To calculate the expected credit losses, rental and accounts receivable have been grouped based on the characteristics of the credit risk and the number of days' delayed. The expected credit loss levels are based on the customers' payment history over a period of 36 months. As result, the loss reserve on 31 December 2018 for rental and accounts receivable was based on the following:

31 December 2018	Not due	Due between 1 and 60 days	Due after 60 days	Due after more than 120 days	Total
Expected loss level, %	0.2%	0.5%	20.2%	57.1%	
Reported amount rental and accounts receivable, gross	41	42	10	28	122
Bad debt loss reserve	0	0	-2	-16	-18

The change in bad debt loss reserve during the financial year is specified below:

Rental and accounts receivable	2018
As of 31 December — calculated in accordance with IAS 39	36
Recalculated amount reported in profit brought forward	-
Opening balance as of 1 January 2018 — calculated in accordance with IAS 9	36
Increase of loss reserve; change reported in income statement	8
Written off rental and accounts receivable during the year	-17
Reversal of unutilised amount	-9
Closing balance	18

Rental and accounts receivable is written off when there is no longer a reasonable expectation of repayment.

Bad debt loss of rental and accounts receivable is reported as bad debt loss — net within operating profit/loss. Recovery of amounts which have been previously written off are reported on the same line in the income statement.

T.5 OTHER RECEIVABLES

	The Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
VAT receivable	55	40	1	1
Purchase price receivable	-	902	-	-
Other receivables	38	44	7	3
Closing balance	93	986	8	4

T.6 PREPAID COSTS AND ACCRUED INCOME

	The Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Receivables from clients for ongoing engagements as per construction agreement	8	5	-	-
Other prepaid costs	35	25	19	9
Prepaid property tax	-	-	-	8
Distributed rent discounts	65	66	5	4
Accrued rent	18	23	-	3
Other accrued income	-	-	8	162
Closing balance	126	118	32	186

T.7 DEVELOPMENT PROPERTIES

Development properties are properties under development that are intended to be sold as tenant-owned associations after completion.

ACCOUNTING PRINCIPLE

Development properties are recognised at the lowest of their accumulated acquisition value and their net realisable value. The profit from future sales is recognised when the Group no longer controls the tenant-owner association.

The accumulated acquisition value comprises a property's acquisition cost plus the costs expended. If a property has been reclassified from an Investment Property to a Development Property, the acquisition cost comprises the fair value of the property that was established most recently.

	2018	2017
At beginning of year	870	-
Reclassification from Investment property	-	870
Costs expended	-	-
Investments	21	-
At end of year	891	870

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OS OPERATING LIABILITIES

OS.1 OTHER LONG-TERM LIABILITIES

	The Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Personnel-related liabilities	13	13	-	13
Deposits received from tenants	66	57	-	7
Additional purchase price	120	-	-	-
Guarantee reserve	3	3	-	-
Closing balance	202	73	-	20

OS.2 OTHER LIABILITIES

	The Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Personnel-related liabilities	10	9	10	7
Unpaid purchase price	-	432	-	-
Other liabilities	81	23	43	2
Closing balance	91	464	53	9

OS.3 ACCRUED COSTS AND PREPAID INCOME

	The Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Holiday pay liability and payroll overhead	25	27	22	27
Liabilities to clients for ongoing engagements in accordance with construction agreements	6	52	-	-
Accrued interest expenses	21	18	17	13
Accrued property tax	15	16	10	10
Other accrued costs and prepaid income	77	62	15	1
Prepaid rent	331	360	13	10
Closing balance	475	535	77	61

OS.4 COLLATERAL PLEDGED AND CONTINGENT LIABILITIES

Collateral pledged and liabilities to credit institutions	The Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Property mortgages	9,122	9,043	1,084	974
Property mortgages made available by subsidiary companies	-	-	4,002	6,197
Other collateral pledged				
Floating charges	-	-	-	-
Guarantee undertakings for subsidiary companies	-	-	1,240	200
Liabilities as limited partner in limited partnerships	-	-	-	-
Total	9,122	9,043	6,326	7,372

CONTINGENT LIABILITIES

Liability for damages for contamination or environmental damage

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. We conduct surveys and screening work ahead of property acquisitions and new projects in order to identify any potential environmental risks.

On the closing day Atrium Ljungberg is not aware of any such contamination or environmental damage which may materially impact the Group's financial position.

Disputes

From time to time Atrium Ljungberg is a party in legal processes and administrative proceedings related to letting, management and the development of properties.

On the closing day Atrium Ljungberg is not a party in any ongoing process which may have a material impact on the Group's financial position.

F FINANCING AND CAPITAL STRUCTURE

F.1 CAPITAL STRUCTURE

The Group aims 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 from 2019 are as follows:

- The gearing ratio shall be a maximum of 45 per cent.
- The minimum interest coverage ratio is to be a multiple 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 F.2 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

	31/12/2018		31/12/2017	
	Reported value	Fair value	Reported value	Fair value
The Group				
Long-term liabilities				
Liabilities to credit institutions	9,105	9,267	8,105	8,135
Bonds	7,615	7,692	4,800	4,837
Certificates ¹⁾	1,786	1,786	3,510	3,513
Current liabilities				
Liabilities to credit institutions	–	–	932	936
Bonds	–	–	901	901
Total loans	18,506	18,745	18,247	18,321
Liquid assets	–335		–344	
Net debt	18,171		17,903	
Shareholders' equity	20,696		18,223	
Total capital	38,867		36,126	

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 F.2.

	31/12/2018		31/12/2017	
	Reported value	Fair value	Reported value	Fair value
Parent Company				
Long-term liabilities				
Liabilities to credit institutions	5,082	5,100	5,249	5,272
Bonds	7,615	7,692	4,800	4,837
Certificates ¹⁾	1,786	1,786	3,510	3,513
Current liabilities				
Liabilities to credit institutions	–	–	720	723
Bonds	–	–	900	901
Liabilities to Group companies	–	–	1,931	1,931
Total loans	14,483	14,578	17,110	17,177

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

F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING PRINCIPLES

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 resources. 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. 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.

- Financial assets are valued at fair value via the income statement
- Financial assets are valued at accrued acquisition value.
- Financial liabilities valued at fair value via the income statement
- Financial liabilities are valued at accrued acquisition value.

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.

F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, CONT.

Categorisation of financial instruments ¹¹

The Group	Financial assets are valued at accrued acquisition value.		Financial assets/liabilities valued at fair value via the income statement		Financial liabilities are valued at accrued acquisition value.	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Accounts receivable	104	151	-	-	-	-
Other receivables	93	986	-	-	-	-
Liquid assets	335	344	-	-	-	-
Total	532	1,481	-	-	-	-
Interest-bearing liabilities	-	-	-	-	18,506	18,247
Derivatives	-	-	349	484	-	-
Other liabilities	-	-	-	-	91	464
Accounts payable	-	-	-	-	208	206
Total	-	-	349	484	18,805	18,917

¹¹ The fair value conforms to the book value of all financial instruments other than interest-bearing liabilities.

Derivatives (interest swap agreements and currency 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 -70 million (SEK -121 m), of which SEK -16 million (SEK -18 m) relates to reversal of hedging reserve. The reported net value for derivatives of SEK -349 million (SEK -484 m) comprises a positive value of SEK 0 million (SEK 11 m) and a negative value of SEK 349 million (SEK 494 m). 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

Parent Company	Financial assets are valued at accrued acquisition value		Financial liabilities are valued at accrued acquisition value	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Accounts receivable	2	3	-	-
Receivables from Group companies	19,405	22,113	-	-
Other receivables	8	16	-	-
Liquid assets	283	269	-	-
Total	19,698	22,401	-	-
Interest-bearing liabilities	-	-	14,483	15,171
Liabilities to Group companies	-	-	-	1,944
Accounts payable	-	-	34	23
Total	-	-	14,517	17,138

LIQUIDITY RISK

The term, liquidity risk refers to the company's risk that there will be insufficient liquid assets or credit for the company to be able to fulfil its payment undertakings. In order to ensure that the liquidity risk can be managed, a maximum of 30 per cent of the loan portfolio may fall due within one year and a maximum of 50 per cent of the loan financing may be obtained from a single creditor. The liquidity shall, furthermore, at all times total a minimum of SEK 300 million and a maximum of SEK 700 million, including liquidity reserves totalling a maximum of SEK 500 million and which may comprise current account overdrafts or loan guarantees. The Group's liquidity as of 31/12/2018, including unutilised current overdraft facilities totalling SEK 300 million, totalled SEK 635 million (SEK 644 m). At the turn of the year there were also revolving credit facilities of SEK 4,645 million (SEK 4,875 m). SEK 4,645 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 31/12/2018, was 4.6 years (3.5 years).

Capital commitment

Maturity date	The Group		Parent Company	
	Amount	Percentage, %	Amount	Percentage, %
2019	-	-	-	-
2020	2,985	16	1,673	12
2021	4,851	26	4,851	33
2022	3,617	20	1,934	13
2023	1,408	8	1,408	10
2024 and thereafter	5,645	31	4,616	32
Total	18,506	100	14,482	100

MARKET AND INTEREST RISK

The term, market risk, refers to the risk of an impact on the profit/loss as a consequence of changes in the outside world. The market risk is primarily attributable to the trend in interest levels for short and long-term borrowing and for market rent levels. In order to limit the interest risk, the interest payable is spread among 12 years. A maximum of 30 per cent of the loans may fall due for renegotiation.

F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, CONT.

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 31/12/2018 was 4.1 years (4.4 years). Interest-bearing liabilities at the end of the period totalled SEK 18,506 million (SEK 18,247 m) with an average interest rate of 1.6 per cent excluding and 1.6 per cent including unutilised loan guarantees.

The derivatives portfolio comprised SEK 9,296 million (SEK 9,396 m) in interest swaps at the end of the period. 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. Currency swaps are being used to hedge against foreign exchange risk for bond loans in Norwegian krone. The fair value of these interest swap agreements on the closing day totalled SEK -349 million (SEK -484 m).

Atrium Ljungberg has ceased, as of 1 January 2012, to apply hedge accounting to the interest swaps that hedge the interest flows on external loans. Unrealised changes in the value of derivatives are consequently reported directly to the profit/loss. The hedging reserve, which totalled SEK -164 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 31/12/2018 totals SEK -26 million (SEK -39 m) after adjustments for deferred tax calculated at a nominal rate of taxation of 20.6 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 aimed to spread the renegotiation dates for existing lease contracts as part of its efforts to reduce the market risk of temporary cyclical fluctuations. See note [IK2](#) for details of the percentage of income renegotiated during the year ahead. The weighted average remaining term for the lease contracts is 4.0 years (3.6 years).

Fixed interest term ¹⁾

	The Group		
	Loan amount	Percentage, %	Average interest, %
2019	6,910	38	0.9
2020	1,300	7	0.6
2021	1,175	6	1.8
2022	400	2	1.6
2023	736	4	1.6
2024 and thereafter	7,985	43	2.5
Total	18,506	100	1.6

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

Maturity structure, derivative instruments

Maturity year	Nominal amount, SEK m	Unrealised changes in value, SEK m	Average interest, %
2019	-	-	-
2020	-	-	-
2021	375	-27	2.8
2022	200	-2	0.6
2023	736	-4	0.5
2024 and thereafter	7,985	-316	1.4
Total	9,296	-349	1.4

CREDIT RISK

The term, credit risk, refers to the risk of a counterparty being unable to fulfil delivery or payment undertakings. Atrium Ljungberg's credit risks lie in the possibility that the tenants may be unable to fulfil their payment undertakings in accordance with applicable lease contracts. This risk is assessed when contracts are signed and the agreements are supplemented, where appropriate, with collateral pledged by the tenants in the form of deposits or bank guarantees corresponding to between 3 and 12 months' rent. Deposits and bank guarantees received totalled SEK 66 million (SEK 56 m) and SEK 89 million (SEK 67 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 a bond of NOK 500 million was issued, and the loan volume and coupon payments were secured with currency swaps, thus eliminating currency exposure.

Sensitivity analysis, cash flows ¹⁾

	Change, %	Effect on profit, year 1, SEK m	Effect on profit, full-year, SEK m
Rental income	+/- 5%	+/- 14	+/- 121
Property management costs	+/- 5%	-/+ 38	-/+ 38
Letting rate	+/- 1% unit	+/- 26	+/- 26
Atrium Ljungberg's average borrowing rate	+/- 1% unit	-/+ 69	-/+ 185

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

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F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, 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 Assets	31/12/2018					31/12/2017				
	2019	2020	2021	2022	2023 and thereafter	2018	2019	2020	2021	2022 and thereafter
Rent receivables	2,483	2,109	1,570	1,135	669	2,357	2,002	1,623	1,141	772
Accounts receivable	104	-	-	-	-	151	-	-	-	-
Other receivables	93	-	-	-	-	986	-	-	-	-
Liquid assets	335	-	-	-	-	344	-	-	-	-
Total	3,015	2,109	1,570	1,135	669	3,838	2,002	1,623	1,141	722
Liabilities	31/12/2018					31/12/2017				
	2019	2020	2021	2022	2023 and thereafter	2018	2019	2020	2021	2022 and thereafter
Interest-bearing liabilities incl. interest	-252	-3,205	-5,013	-3,711	-7,252	-1,930	-4,156	-4,850	-1,437	-6,180
Derivatives	-161	-164	-184	-246	-355	-205	-205	-205	-193	-169
Other current liabilities	-91	-	-	-	-	-464	-	-	-	-
Accounts payable	-208	-	-	-	-	-206	-	-	-	-
Total	-712	-3,369	-5,197	-3,957	-7,607	-2,805	-4,361	-5,055	-1,629	-6,349

Parent Company Assets	31/12/2018					31/12/2017				
	2019	2020	2021	2022	2023 and thereafter	2018	2019	2020	2021	2022 and thereafter
Rent receivables	247	193	162	153	141	172	154	140	93	84
Accounts receivable	2	-	-	-	-	3	-	-	-	-
Receivables from Group companies	19,405	-	-	-	-	22,113	-	-	-	-
Other receivables	8	-	-	-	-	16	-	-	-	-
Liquid assets	283	-	-	-	-	269	-	-	-	-
Total	19,945	193	162	153	141	22,573	154	140	93	84
Liabilities	31/12/2018					31/12/2017				
	2019	2020	2021	2022	2023 and thereafter	2018	2019	2020	2021	2022 and thereafter
Interest-bearing liabilities incl. interest	-156	-1,823	-4,961	-1,995	-6,089	-1,696	-3,595	-4,064	-1,423	-4,627
Derivatives	-161	-164	-184	-246	-355	-205	-205	-205	-193	-169
Liabilities to Group companies	-	-	-	-	-	-1,931	-	-	-	-
Accounts payable	-34	-	-	-	-	-23	-	-	-	-
Total	-351	-1,987	-5,145	-2,241	-6,444	-3,855	-3,800	-4,269	-1,615	-4,796

F.3 FINANCIAL INCOME AND EXPENSES

	The Group		Parent Company			The Group		Parent Company	
	2018	2017	2018	2017		2018	2017	2018	2017
Financial income					Financial expenses				
Interest income	0	0	0	0	Interest expenses	-303	-372	-289	-355
Other interest income	1	1	0	0	Other interest expenses	0	0	-191	-294
Interest income, tax-free	0	0	0	0	Non-deductible interest expenses	0	0	-	-
Other financial income	0	0	4	0	Other financial expenses	0	0	-1	0
Group interest income	-	-	561	557	Group interest expenses	-	-	-93	-95
Total	1	1	565	557	Total	-303	-372	-574	-743

Of which interest income and expenses of financial assets/liabilities which are valued at accrued acquisition value:

Interest income	0	0	565	557
Interest expenses	-303	-372	-574	-743
	-303	-372	-9	186

During the year, SEK 16 million (SEK 13 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 1.6 per cent (2.1 per cent). Interest expenses for investments in own properties have been carried as an expense in the parent company.

F.4 CASH FLOW FROM FINANCIAL LIABILITIES

	Derivatives	Long-term interest-bearing liabilities	Short-term interest-bearing liabilities	Other long-term liabilities	Total
Group, 1 January 2018	484	16,415	1,832	73	18,804
Loans raised	–	5,867	–	–	5,867
Amortisation of debts	–	–4,304	–1,308	–	–5,612
Deposits received and repaid	–	–	–	10	10
Exercise of derivatives	–191	–	–	–	–191
Cash items	–191	1,563	–1,308	10	74
Reclassification	–	524	–524	–	–
Dissolution of hedging reserve	–13	–	–	–	–13
Unrealised changes in value	69	–	–	–	69
Additional purchase price	–	–	–	120	120
Allocation of borrowing costs	–	4	–	–	4
Non-cash items	56	528	–524	120	180
Group, 31 December 2018	349	18,506	–	202	19,057

	Liabilities to Group companies	Long-term interest-bearing liabilities	Short-term interest-bearing liabilities	Other long-term liabilities	Total
Parent Company, 1 January 2018	1,944	13,551	1,620	20	17,135
Loans raised	–	4,714	–	–	4,714
Amortisation of debts	–	–4,304	–1,096	–	–5,400
Change in liabilities to Group companies	–1,944	–	–	–	–1,944
Deposits received and repaid	–	–	–	–20	–20
Cash items	–	410	–1,096	–20	–2,360
Reclassification	–	524	–524	–	–
Allocation of borrowing costs	–	–2	–	–	–2
Non-cash items	–	522	–524	–	–2
Parent Company, 31 December 2018	–	14,483	–	–	14,483

E EPRA KEY RATIOS

EPRA

Atrium Ljungberg is a member of the European Public Real Estate Association (EPRA). EPRA is an organisation which represents Europe's publicly listed real estate companies. The organisation strives to create a forum for debate and decisions on the issues which are decisive for the sector's future and to establish practice within accounting, reporting and corporate governance.

EPRA's practice for accounting and reporting is described in EPRA Best Practices Recommendations Guidelines (EPRA BPR). The recommendation contains key ratios which aim to increase transparency and comparability between Europe's publicly listed real estate companies. In the following notes Atrium Ljungberg reports EPRA key ratios and how they deviate from IFRS and other applicable benchmarks for the Group. Further reconciliation of these key ratios is available on the company's website.

E.1 EPRA EARNINGS AND EARNINGS PER SHARE (EPRA EPS)

Management result less nominal tax (EPRA Earnings) corresponds to profit before changes in value less calculated current tax excluding tax losses carried forward. The deducted tax has been calculated by taking into account tax deductible depreciation and investments.

Management result less nominal tax (EPRA Earnings) is considered as being important for investors who want to assess to what extent dividends are supported through recurrent management result.

	2018	2017
Profit/loss before changes in value	1,214	1,180
– Tax deductible depreciation	–467	–521
– Tax deductible investments	–307	–256
– Consolidated capitalisation of borrowing	–16	14
– Other items	–235	11
Taxable profit/loss before loss carry-forwards	189	428
Tax 22 % on taxable profit/loss before loss carry-forwards	–42	–94
Profit/loss before changes in value	1,214	1,180
– Tax 22 % on taxable profit/loss before loss carry-forwards	–42	–94
Management result less nominal tax (EPRA Earnings)	1,172	1,086
Management result less nominal tax (EPRA Earnings)	1,172	1,086
Number of outstanding shares, '000	130,460	133,221
Management result less nominal tax (EPRA EPS) per share	8.99	8.15

E.2 EPRA NAV

EPRA NAV corresponds to reported shareholders' equity with reversal of goodwill, interest derivatives and deferred tax. EPRA NAV represents the assessed fair value of a real estate company's net assets. The value presumes long-term ownership where the property portfolio's unrealised changes in value and realised changes in value for sale of properties are excluded. Furthermore, unrealised changes in the value of financial hedging instruments are reported at fair value as they will amount to zero as they are held until maturity.

EPRA NAV per share corresponds to EPRA NAV divided by the number of outstanding shares at the end of the period.

	The Group 2018	2017
Equity according to the balance sheet	20,696	18,223
Replacement:		
+ Fair value financial instruments	349	484
– Deferred tax receivable	–2	–6
+ Deferred tax liability	4,598	4,531
– Goodwill attributed to deferred tax	–225	–240
EPRA NAV	25,416	22,992
EPRA NAV	25,416	22,992
Number of outstanding shares at end of period, '000	130,460	133,221
EPRA NAV per share	194.82	172.59

E.3 EPRA NNNAV

EPRA NNNAV corresponds to reported shareholders' equity with reversal of goodwill and adjusted with estimated actual deferred tax. The value is expected to correspond to the estimated value of net assets at a given time, in contrast to EPRA NAV which reports the net asset value for long-term operation.

Assuming a deferred tax rate of four per cent (in accordance with EPRA's recommendation) for costing purposes for properties, the deferred tax totals SEK 941 million, rather than the reported value of SEK 4,598 million, which would have a positive effect on shareholders' equity of SEK 3,657 million.

EPRA NNNAV per share corresponds to EPRA NNNAV divided by the number of outstanding shares at the end of the period.

	The Group 2018	2017
EPRA NAV	25,416	22,992
– Fair value financial instruments	–349	–484
– Actual deferred tax liability	–941	–850
EPRA NNNAV	24,126	21,658
EPRA NNNAV	24,126	21,658
Number of outstanding shares at end of period, '000	130,460	133,221
EPRA NNNAV per share	184.93	162.57

E.4 EPRA VACANCY RATE

EPRA Vacancy rate shows how large share of the rental value is not obtained due to vacancies. EPRA Vacancy rate is calculated by dividing the rental value of vacant areas by the total rental value for the entire property portfolio if everything was let. Project properties are not included.

	The Group 01/01/2018	01/01/2017
Rental value vacant premises, excl. project properties	128	114
Rental value total, excl. project properties	2,470	2,375
EPRA Vacancy rate, %	5.2	4.8

E.5 TOTAL INVESTMENTS (CAPEX)

Total investments (EPRA CAPEX) are reported in the tables in accordance with EPRA BPR. Investments contain both revenue-increasing measures and capitalised maintenance.

	2018	2017
Acquisition of properties	2,159	1,833
Investments in project properties	1,216	922
Investments in land and development rights	36	44
Investments in sold properties	15	0
Investments in acquired properties	0	0
Investments in comparable portfolios	491	607
Total investments (EPRA CAPEX)	3,917	3,406

KS GROUP STRUCTURE

KS.1 PARTICIPATIONS IN GROUP COMPANIES

ACCOUNTING PRINCIPLES

The parent company's participations in Group companies are valued at the acquisition value less accumulated depreciation increased or decreased based on changes to the share of equity. A subsidiary's reported value is tested at least annually for any write-down requirement, or more frequently if there is any indication that the reported value may not be recoverable. During the write-down testing the estimated recoverable value is compared to the book value. The recovery value comprises the higher of the fair value less sales costs and the value in use. The value in use comprises the current value of future cash flows. Potential write-down is reported for cases when the decline in value can be deemed as permanent. Write-down and reversals of previous write-downs are reported in the income statement.

	Parent Company	
	31/12/2018	31/12/2017
Opening acquisition values	953	450
Acquisitions	0	0
Capital contribution	–	503
Change in share of equity	–	0
Sales	–	0
Closing accumulated acquisition values	953	953
Opening write-downs	–7	–7
Depreciation for the year	–	–
Closing accumulated write-downs	–7	–7
Closing balance	945	945

Parent company, Directly-owned company	Corporate ID no.	Registered office	Number of participations	Share of equity, %	Share-holders' equity, SEK k	Profit/loss	Book value, SEK m	
			31/12/2018	31/12/2018	31/12/2018 ¹⁾	2018 ¹⁾	31/12/2018	31/12/2017
Atrium Ljungberg Bostad Holding AB	559117-6440	Nacka	500	100	3	0	3	3
Atrium Ljungberg Holding 1 AB	556781-3059	Nacka	1,000	100	1,091	716	500	500
Atrium Ljungberg Holding 2 AB	556720-3111	Nacka	100,000	100	49	0	0	0
Atrium Ljungberg Holding 3 AB	556781-3117	Nacka	1,000	100	0	0	0	0
Atrium Ljungberg Holding 4 AB	559056-7730	Nacka	1,000	100	549	547	5	5
Atrium Ljungberg Holding 5 AB	559160-5729	Nacka	500	100	467	467	0	0
Atrium Ljungberg Slakthuset Holding AB	559183-0244	Nacka	500	100	0	0	0	0
Fastighetsaktiebolaget Blästern	556282-8052	Nacka	10,000	100	0	0	0	0
Fastighetsaktiebolaget Celtica	556350-9727	Nacka	2,781,000	100	186	0	167	167
LjungbergGruppen Holding AB	556669-3221	Nacka	1,000	100	885	835	190	190
TL Bygg AB	556225-4440	Nacka	10,000	100	79	0	80	80
Closing balance							945	945

¹⁾ Information is only provided for the companies which are a part of the Group on 31/12/2018.

NOTES

A	GENERAL INFORMATION AND ACCOUNTING REGULATIONS
IK	INCOME AND EXPENSES
S	TAX
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F	FINANCING AND CAPITAL STRUCTURE
E	EPRA KEY RATIOS
KS	GROUP STRUCTURE
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H	SUSTAINABILITY

KS.1 PARTICIPATIONS IN GROUP COMPANIES, cont.

Parent company, Indirectly owned companies ¹⁾	Corporate ID no.	Registered office	Number of participations	Share of equity, %	Shareholders' equity, SEK k	Profit/loss
			31/12/2018	31/12/2018	31/12/2018	2018
AB Farsta Centrum	556065-3023	Nacka	1,000	100	5	0
Atrium Ljungberg Bas Barkarby AB	559056-7540	Nacka	500	100	0	0
Atrium Ljungberg Borgarfjord 3 AB	556755-8076	Nacka	1,000	100	28	12
Atrium Ljungberg Bostad AB	559122-1378	Nacka	500	100	0	0
Atrium Ljungberg Citadellet AB	556994-4878	Nacka	500	100	29	-1
Atrium Ljungberg Conditor 1 AB	559155-0404	Nacka	500	100	0	0
Atrium Ljungberg Conditor 2 AB	559155-0487	Nacka	500	100	0	0
Atrium Ljungberg Conditor 3 AB	559155-0479	Nacka	500	100	0	0
Atrium Ljungberg Dimman AB	556659-3231	Nacka	1,000	100	193	73
Atrium Ljungberg Eken AB	556948-7555	Nacka	1,000	100	78	29
Atrium Ljungberg Fatburssjön AB	556021-7506	Nacka	1,500	100	2	0
Atrium Ljungberg Gränby Entré AB	556781-3091	Nacka	1,000	100	2	2
Atrium Ljungberg Gränby Köpstad AB	556731-8265	Nacka	1,000	100	13	5
Atrium Ljungberg Gränby Park Fastighet 1 AB	559172-9073	Nacka	500	100	0	0
Atrium Ljungberg Gränby Park Holding AB	559172-9024	Nacka	500	100	0	0
Atrium Ljungberg Hallvägen AB	559155-0453	Nacka	500	100	0	0
Atrium Ljungberg Hälsingegatan AB	556877-5687	Nacka	500	100	25	23
Atrium Ljungberg Kista NOD AB	556745-5182	Nacka	1,000	100	37	9
Atrium Ljungberg Kyrkviken AB	556781-3083	Nacka	1,000	100	1	0
Atrium Ljungberg Kyrkviken Holding AB	559117-6424	Nacka	500	100	2	0
Atrium Ljungberg Kyrkviken 1 AB	559117-6408	Nacka	500	100	3	0
Atrium Ljungberg Life City AB	559065-7713	Nacka	500	100	0	0
Atrium Ljungberg Mark Holding AB	559117-6416	Nacka	500	100	2	0
Atrium Ljungberg M2 AB	556994-4910	Nacka	500	100	26	11
Atrium Ljungberg Malmen AB	556165-6553	Nacka	1,000	100	11	2
Atrium Ljungberg Planivägen AB	556815-7852	Nacka	50,000	100	13	0
Atrium Ljungberg Resan AB	556948-4529	Nacka	1,000	100	3	0
Atrium Ljungberg S:t Eriksgatan AB	556914-0782	Nacka	50,000	100	11	2
Atrium Ljungberg Sickla Station AB	556781-3075	Nacka	1,000	100	0	0
Atrium Ljungberg Skotten AB	556948-4537	Nacka	1,000	100	37	11
Atrium Ljungberg Slakthuset Holding 1 AB	559183-0301	Nacka	500	100	0	0
Atrium Ljungberg Slakthuset Holding 2 AB	559183-0319	Nacka	500	100	0	0
Atrium Ljungberg Slakthuset Holding 3 AB	559183-0285	Nacka	500	100	0	0
Atrium Ljungberg Stiftare AB	559155-0396	Nacka	500	100	0	0
Atrium Ljungberg Stora Katrineberg AB	556600-3843	Nacka	1,000	100	134	119
Atrium Ljungberg The Point AB	559165-9916	Nacka	500	100	0	0
Atrium Ljungberg Tomtmark AB	556948-4545	Nacka	1,000	100	494	0
Atrium Ljungberg Tranbodarne 13 AB	556754-7947	Nacka	1,000	100	37	4
Atrium Ljungberg Lindholmospiren KB	969646-1509	Nacka	E/T	100	72	33
Atrium Ljungberg Uddvägen AB	556781-3067	Nacka	1,000	100	10	1
Farsta Centrum HB	916404-1361	Nacka	1,000	100	1,558	146
Fastighets AB Brogatan	556060-5536	Nacka	1,000	100	50	7
Fastighetsaktiebolaget Stadsgården	556029-0602	Nacka	31,993,074	100	1,095	30
Fastighetsaktiebolaget Österbotten	556019-4408	Nacka	1,250	100	-39	-41
Fatburstrappan Väst AB	556622-5966	Nacka	1,000	100	18	2
Gränby Centrum AB	556409-6708	Nacka	100	100	73	22
Impluvium Tretton AB	556781-3109	Nacka	1,000	100	0	0
Kommanditbolaget T-Bodarne	969646-1392	Nacka	1,000	100	645	59
Kommanditbolaget Wårbyriggen 1	969651-2251	Nacka	1,000	100	69	2
LjungbergGruppen Fastighets AB TX31	556688-4283	Nacka	1,000	100	37	16
LjungbergGruppen Svindersvik AB	556674-6045	Nacka	1,000	100	3	0

Table cont. next page

¹⁾ Information is only provided for the companies which are a part of the Group on 31/12/2018.

KS.1 PARTICIPATIONS IN GROUP COMPANIES, cont.

Parent company, Indirectly owned companies ¹⁾ , cont.	Corporate ID no.	Registered office	Number of participations 31/12/2018	Share of equity, % 31/12/2018	Shareholders' equity, SEK k 31/12/2018	Profit/loss 2018
Mobilia Nord AB	556745-4888	Nacka	1,000	100	16	4
Mobilia Shopping Centre AB	556412-5242	Nacka	100	100	117	40
Sickla Industrifastigheter Kommanditbolag	916616-1720	Nacka	1,000	100	2,754	209
Tranbodarne 11 KB	959542-9472	Nacka	1,000	100	440	31
Walls Fastighets AB	556004-9909	Nacka	6,000	100	18	4

¹⁾ Information is only provided for the companies which are a part of the Group on 31/12/2018.

KS.2 PARTICIPATIONS IN ASSOCIATED COMPANIES

ACCOUNTING PRINCIPLES

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.

	Number 31/12/2018	Share of equity 31/12/2018	Book value, SEK k 31/12/2018	31/12/2017
AB FB-sjön general partner 556605-5181 Registered office in Stockholm	500	50%	0	0
KB Fatburssjön 5 969670-3439 Registered office in Stockholm	4,999	50%	-	-

Closing balance

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

MB PARENT COMPANY'S ACCOUNTING PRINCIPLES AND SUPPLEMENTARY DISCLOSURES

MB.1 PARENT COMPANY ACCOUNTING PRINCIPLES

GENERAL:

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 interpretations 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.

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.

MB.2 PARENT COMPANY'S RESULT OF PARTICIPATIONS IN GROUP COMPANIES

ACCOUNTING PRINCIPLES

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 anticipated dividend.

Result of participations in Group companies

	Parent Company 2018	2017
Dividends from subsidiaries	500	450
Total	500	450

MB.3 PARENT COMPANY'S INVESTMENT PROPERTIES

ACCOUNTING PRINCIPLES

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 above 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.

	31/12/2018	31/12/2017
Investment properties		
Opening acquisition values	1,909	1,820
Sales	-154	-
Investments	64	89
Closing accumulated acquisition values	1,819	1,909
Opening depreciation	-267	-250
Sales	24	-
Depreciation for the year	-17	-17
Closing accumulated depreciation	-260	-267
Opening write-downs	-73	-73
Closing accumulated write-downs	-73	-73
Closing residual value according to plan	1,486	1,569
Fair value, investment properties	2,393	3,005

Valuation method is described in note **T1**.

MB.4 UNTAXED RESERVES / APPROPRIATIONS

ACCOUNTING PRINCIPLES

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 79.4 per cent reported as shareholders' equity and 20.6 per cent as deferred tax liabilities.

	31/12/2018	31/12/2017
Untaxed reserves		
Accumulated excess depreciation	61	61
Closing balance	61	61
Appropriations		
Excess depreciation equipment	-	-10
Group contributions received/made	185	173
Total	185	162

MB.5 PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The Board proposes the following treatment of unappropriated earnings to the Annual General Meeting. Read more about the Board's statement on proposed treatment of unappropriated earnings on page 140.

The following sum in the parent company is available for disposal by the Annual General Meeting:	
Profit brought forward	SEK 6,171,309,058
Net profit for the year	SEK 611,063,168
Total	SEK 6,782,372,226

The Board of Directors proposes that the unappropriated earnings be allocated as follows:	
That a dividend of SEK 4.85/share be paid to the shareholders	SEK 632,729,720
Carried forward	SEK 6,149,642,506
Total	SEK 6,782,372,226

H SUSTAINABILITY

H.1 GENERAL INFORMATION

The Annual Report comprises Atrium Ljungberg's Sustainability Report in line with the GRI Standards Core level, and the Communication on Progress for the UN's Global Compact. We have also observed the EPRA Sustainability Best Practices Recommendations Guidelines. EPRA indicators are reported in the sustainability notes **H4-7**. EPRA indicators for corporate governance (Gov-Board, Gov-Select) are reported in the Corporate Governance Statement on pages 84–89. Section H. Sustainability constitutes our Sustainability Report, in accordance with the Swedish Annual Accounts Act, together with the chapter on corporate sustainability on pages 18–25. The Sustainability Report comprises the entire Group; see note **KS1** and **KS2**. Atrium Ljungberg publishes the Sustainability Report annually. A limited assurance review has been performed by Atrium Ljungberg's external auditors.

This is Atrium Ljungberg's second Sustainability Report in accordance with the GRI Standards. Due to some indicators which have changed since GRI G4 was presented, there is only one comparative year in most of the tables.

There have been no significant changes to the organisation or our supply chain. During the year Atrium Ljungberg's property portfolio changed due to the sales, acquisitions and completion of new properties/projects. The changes do not affect the sustainability reporting appreciably, but should be considered for comparisons of energy consumption and emissions over time. No significant changes in scope or boundaries of the GRI reporting have been made. Relevant boundaries are described in each section.

Atrium Ljungberg's Board of Directors establishes the overall sustainability policy for the company and related policies, which cover the following areas: business ethics, anti-corruption and whistleblowing, suppliers, equal opportunity and non-discrimination

as well as taxes. The Supplier Policy includes human rights. A policy for processing personal data was also produced in 2018. Our policies are revised and updated annually. They are available in their entirety on our website.

Our Sustainability Policy highlights the fact that we need to maintain a continual dialogue with the stakeholders who form part of our core business, or who are affected by it, to ensure that we have identified our central sustainability issues. We use the results of the materiality analysis as the basis for developing our focus areas, goals and relevant policies. The Sustainability Policy emphasises the fact that these goals need to be measurable. The goals are monitored every quarter or annually, while the company's strategy and goals are evaluated and updated at least once a year by the Board and management team as part of planning for the following year and the budgetary work within the company. Our sustainability goals are also based on the company's values. See pages 11–13 for further information on the goals and outcomes.

Our sustainability risks are evaluated annually, along with other risks, by company management and the Board. Our main sustainability risks involve the supplier chain, climate change, the environment and energy, bribes/corruption, and health and safety. The construction and property industry is an at risk industry in terms of bribes and corruption. Our risks in the supplier chain include the environment, human rights and social issues. The entire construction industry contains risks associated with health and accidents, for example during demolition work and putting up scaffolding. Read more about risks and risk management on pages 72–76.

See pages 8–10 and 18 for further information about Atrium Ljungberg's business model, strategies and role in the value chain.

H.2 STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Atrium Ljungberg's most important stakeholders are customers, owners and investors, employees and municipalities. They are all important for our value creation. It is essential for us to maintain a dialogue with them in order to gain knowledge and lay the groundwork to provide a relevant offering.

To ensure that both we and our customers feel as though we are working towards the right goals, we keep our materiality analysis updated, mostly based on the results of our ongoing stakeholder dialogues. By having a dialogue with our stakeholders, we gain insight into their expectations in terms of our corporate sustainability. The areas included are energy, emissions, suppliers, anti-corruption, employment, health, training, non-discrimination and equal opportunity.

In 2015, we conducted a specific stakeholder dialogue process in the form of individual interviews, either in person or in some cases by phone, where at least three representatives per stakeholder group were interviewed. The employee dialogue took place through an interactive online survey. Using these initiatives as the point of departure, annual dialogues are conducted to intercept changed expectations. In 2018 we have seen an increased interest in climate issues among investors. They are interested in green bonds and Atrium Ljungberg's efforts in relation to energy and the climate.

H.2 STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS, cont.

The table below describes the issues that each stakeholder group has indicated as important, as well as our channels for ongoing dialogues.

Stakeholder dialogue and prioritised issues

Primary stakeholders	Prioritised issues	Channels for dialogue
Customers	Resource efficiency and recycling Certification of buildings and communication Work environment	Continuous dialogue in management Annual customer survey Collaboration in projects on new production, reconstruction and green lease contracts
Owners and investors	Governance and reporting Anti-corruption Responsible purchasing Resource efficiency Climate and climate change adjustment Certification of buildings Contribution for urban and social development	Feedback in connection with the sustainability assessment Investor meetings Annual strategy conference with the Board
Employees	Resource efficiency and recycling Environmental adaptations Contribution for urban and social development Professional development	Employee survey Performance management process Meetings and workshops
Municipalities	Environmental adaptations Contribution for urban and social development	Meetings and workshops Processing cases

We have identified a number of areas based on the Group's strategy, impact on the outside world, and our stakeholders' expectations, which we have developed into four focus areas for the company's sustainability work. The materiality analysis, which was carried out in 2015, clearly showed that the Board, the management team and

other stakeholders all mostly agreed on what the key areas were for Atrium Ljungberg. We also monitor changes in the outside world, the risk profile and whether new prioritised issues arise during our dialogues with stakeholders.

Reporting and governance of the focus areas

Focus area	GRI standards' areas	Indicators	Description of indicator	Governance, risk management and inspection
Sustainable urban development	Customer health and safety	CRE8	Type and number of sustainability/environmental certifications, labelling or processes applied for implementation of projects or construction of properties/facilities.	Governed by the strategy for sustainable urban development and certification goals. Goals on certifications are reported publicly every month.
Environment and resource efficiency	Energy	GRI 302-1, 302-3/CRE1	Energy consumption within the organisation and energy performance in buildings.	Governed by the Sustainability Policy and energy goals. Energy goals are reported publicly every quarter and internally every month.
	Emissions	201-2 GRI 305-1 GRI 305-2 GRI 305-3/CRE3	Financial implications and other risks and opportunities due to climate change. Direct and indirect greenhouse gas emissions (Scope 1, 2 and 3) and emissions intensity in buildings.	Governed by the Sustainability Policy, strategy for sustainable urban development, and energy goals. Climate and environmental risks are evaluated at least once every year by the Board of Directors. Emissions are reported in the Annual Report and to CDP.
Business ethics	Evaluation of suppliers in terms of working conditions and human rights	GRI 414-1	Percentage of new supplies that are evaluated with respect to social criteria	Governed by the Supplier Policy, which is appended to agreements. The purchasing process contains procedures for checks and reviews. Supplier risks are evaluated at least once every year by the Board of Directors.
	Evaluation of suppliers in terms of the environment	GRI 308-1	Percentage of suppliers that are evaluated in relation to the environment.	Governed by the Supplier Policy, which is appended to agreements. The purchasing process contains procedures for checks and reviews. Supplier risks are evaluated at least once every year by the Board of Directors.
	Anti-corruption	GRI 205-1 GRI 205-3	Percentage of operations that are assessed for risks related to corruption as well as the number of incidents of corruption.	Governed by the Business Ethics Policy and the Whistleblowing Policy. It is possible to make an anonymous report using the whistle-blowing function, when there are suspicions of any improprieties that contravene our values and policies.

H.2 STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS, cont.

Reporting and governance of the focus areas, cont.

Focus area	GRI standards' areas	Indicators	Description of indicator	Governance, risk management and inspection
Employees	Labour practices and working conditions	GRI 401-1	Employee turnover	Governed by the Sustainability Policy, the Equal Opportunity and Discrimination Policy and our goal to be one of Sweden's best workplaces. Key figures are monitored annually. The employee survey process governs our improvement work. Risks related to employees are evaluated at least once every year by the Board of Directors.
	Health and safety	GRI 403-2	Injuries, illnesses, absence as well as work-related fatalities.	Governed by a zero-tolerance approach to workplace accidents and stress-related illnesses, the Sustainability Policy and Business Ethics Policy. Procedures for training are in place. Key figures are monitored annually. Workplace accidents are reported to the Swedish Work Environment Authority. It is possible to make an anonymous report using the whistleblowing function, when there are suspicions of any improprieties or deficiencies that impact health and safety at the workplace.
	Training	GRI 404-2 GRI 404-3	Competence provision, including programmes for continuing training and lifelong learning to support continued employability and to help employees at the end of their employment. Percentage of employees receiving regular performance and career development reviews	Governed by the PM process and the equivalent career development for TL's skilled workers. Governs and documents the number of employees whose performance and development are evaluated digitally. Key figures are monitored annually.
	Diversity and equal opportunities	GRI 405-1	Composition of the Board and management team, and breakdown of other employees by sex, age group, minority group and other diversity indicators	Governed by the Equal Opportunities and Discrimination Policy. Reported annually. It is possible to make an anonymous report using the whistleblowing function, when there are suspicions of discrimination and harassment.
	Non-discrimination	GRI 406-1	Number of cases of discrimination	Governed by the Equal Opportunities and Discrimination Policy. Reported annually. It is possible to make an anonymous report using the whistleblowing function, when there are suspicions of discrimination and harassment.

We also report the outcome of the direct economic value that is generated and distributed to the various stakeholders in accordance with the GRI Standards' indicator 201-1, even if we do not consider it to be a focus area.

H.3 EXTERNAL INITIATIVES AND MEMBERSHIPS

Atrium Ljungberg has decided to support a number of international conventions and initiatives, and the company is also a member of several associations and organisations presented here.

INVOLVEMENT IN INTERNATIONAL CONVENTIONS AND INITIATIVES:

- UN Global Compact
- The UN's Sustainable Development Goals
- Universal Declaration of Human Rights
- ILO Core Conventions
- Swedish Anti-Corruption Institutes' Code of Business Conduct¹⁾
- Swedish Construction Federation's Code of Conduct for Legal and Appropriate Behaviour¹⁾

MEMBERSHIP IN ASSOCIATIONS AND TRADE ASSOCIATIONS:

- Fastighetsägarna
- Sweden Green Building Council
- Stockholm Chamber of Commerce
- EPRA
- Almega
- Confederation of Swedish Enterprise
- SNS
- IFMA, International Facility Management Association
- Kultur & Näringsliv
- Swedish Building Materials Assessment
- Swedish Construction Federation¹⁾
- The Swedish Association of HRM

¹⁾ Applies to the subsidiary TL Bygg.

NOTES

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H.4 ENERGY CONSUMPTION

Atrium Ljungberg reports energy consumption using EPRA's guidelines. The amount of energy refers to the amount that has been purchased from suppliers. The values from solar cells are taken from our own supplier meters. Heating and cooling, include tenant consumption. Tenant electricity is estimated for tenants with their own electricity subscription. The distribution between measured and standard value electricity is shown in the table below. The standard value was calculated by using the average value for the retail, food sector and office categories, where we have onward delivery of electricity. This key ratio was then multiplied by the letting area in the properties where we do not have onward delivery of electricity. The Swedish Energy Agency's key ratio is used for residential property since we do not have onward delivery of electricity and therefore lack the underlying data for residential property.

We use weighting to an average year for district heating, oil and pellets for each location. District cooling did not undergo normal-year correction in 2018, but an investigation was conducted and normal-year correction will be introduced in 2019.

The energy intensity measure includes fuel in the form of oil and pellets, heat, cooling and electricity, including tenants' energy consumption, and is measured per m². We use the total letting area, excluding the garage, indexed by a factor of 1.15, to include the shared areas and technical areas. We use the Swedish National Board of Housing's Building Regulations and use Atemp to define the area for which a building's energy consumption is to be calculated.

Atrium Ljungberg's goal is to reduce our energy consumption per m² by 30 per cent by 2021. We also include the energy consumption of our tenants in our target. Purchased and sold properties are calculated in relation to period of ownership. A comparison of like-for-like properties (LfL) indicates that energy consumption has increased by 3 per cent since 2017. In terms of like-for-like properties, we use the definition from EPRA, which states that properties must have been owned for at least two full reporting years before they are included in the reporting in order to ensure as comparable statistics between the years as possible.

Energy

				Absolute measures use (ABS)	
				Atrium Ljungberg Total	
EPRA Code	Unit	Indicator		2018	2017
Elec-Abs	MWh	Electricity	Total landlord-obtained electricity, measured		
Elec-LfL				54,957	55,018
<i>Property electricity, measured</i>			Total number of properties included in the indicator	52	51
Elec-Abs	MWh	Electricity	Total tenant-obtained electricity, measured		
Elec-LfL				66,480	69,579
<i>Total tenant-obtained electricity, measured</i>			Total number of properties included in the indicator	26	25
Elec-Abs	MWh	Electricity	Total tenant-obtained electricity, standard value		
Elec-LfL				20,435	22,880
<i>Total tenant-obtained electricity, standard value</i>			Total number of properties included in the indicator	26	26
DH&C-Abs	MWh		Total landlord-obtained heating and cooling		
DH&C-LfL				113,050	104,240
<i>Total district heating and cooling</i>			Total number of properties included in the indicator	52	51
Fuel-Oil			Total oil	220	133
			Total number of properties included in the indicator	1	1
Fuel-Pellets			Total pellets	1,472	1,949
			Total number of properties included in the indicator	1	1
Fuel-Abs			Total fuel (oil and pellets)		
Fuel-LfL				1,692	2,082
<i>Total fuel</i>			Total number of properties included in the indicator	1	1
			Share of the total fuel that is renewable	87%	94%
	MWh	Energy	Total energy use	256,614	251,251
	MWh	Energy	Total energy use (Degree day corrected)	259,786	257,160
Energy-Int	kWh/m ²	Energy intensity	Energy building intensity	234	232

The total number of properties is 52 (51).

The key figures for Like-for-like properties (LfL) have decreased in some cases even though the total energy consumption has increased. This is because the letting area in many of our properties has increased, which means the Atemp area used in the calculations has also increased and the key ratio has decreased. There have been minor adjustments to the 2017 figures.

Subsidiary TL Bygg is not included in the energy statistics.

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Like-for-like (LFL) per property type

Offices			Retail			Residential			Atrium Ljungberg Total		
2018	2017	Change	2018	2017	Change	2018	2017	Change	2018	2017	Change
20,590	16,899	18 %	31,213	31,449	-1 %	1,518	1,614	-6 %	53,426	49,962	7 %
25	21		15	15		4	4		44	41	
16,227	17,771	-10 %	32,228	36,972	-15 %	0	0	0 %	48,617	54,779	-13 %
25	21		15	15		4	4		44	41	
11,028	8,456	23 %	4,183	4,183	0 %	2,379	2,379	0 %	17,590	15,019	15 %
25	21		15	15		4	4		44	41	
47,785	40,624	15 %	28,972	30,335	-5 %	7,540	7,751	-3 %	84,297	78,709	7 %
25	21		15	15		4	4		44	41	
220	133	39 %	-	-	0 %	-	-	0 %	220	133	39 %
1	1		-	-		-	-		1	1	
1,472	1,949	-32 %	-	-	0 %	-	-	0 %	1,472	1,949	-32 %
1	1		-	-		-	-		1	1	
1,692	2,082	-23 %	-	-	0 %	-	-	0 %	1,692	2,082	-23 %
1	1		-	-		-	-		1	1	
87 %	94 %								87 %	94 %	
97,321	85,831	12 %	96,596	102,939	-7 %	11,437	11,780	-3 %	205,622	200,550	3 %
98,189	87,554	11 %	98,520	104,440	-6 %	12,417	12,253	1 %	209,394	204,247	3 %
183	252	-38 %	278	339	-22 %	182	177	3 %	217	226	-4 %

H.5 CARBON DIOXIDE EMISSIONS

Atrium Ljungberg reports carbon dioxide emissions in accordance with Greenhouse Gas Protocol, which internationally is the most common method for voluntarily calculating a company's greenhouse gas emissions. Since 2007, which is also our base year, we have been reporting to CDP, which includes the calculations of our emissions for Scope 1, 2 and 3.

Emissions from heating consumption in Scope 1 and 2 are based on actual consumption. The emission figures for calculating emissions from oil, pellets, electricity and district cooling have been obtained from the relevant supplier. The emission figures for district heating have been obtained from the Swedish District Heating Association, where the values from previous years have been used. We use "Nordisk elmix" to calculate emissions for electricity using the location-based method and from tenants that have their own electricity subscription.

Emissions in Scope 3, which are generated from our visitors' journeys to and from our retail hubs, are based on a rough estimate of habits and travel patterns. Emission figures for car journeys to our retail hubs and service 10 km correspond to a general car, according to the flat rates from the Swedish Environmental Protec-

tion Agency. The same flat rates have been used for business trips with a private car.

Financial impact of climate risks

Every year we provide CDP with a rough estimate of what the financial impact of our climate risks would be should they transpire. We have valued our total climate risk at SEK 270 million (SEK 268 m). SEK 19 million is from the increase in energy consumption in 2018, which could have been caused by the change in temperature. SEK 10 million is from the higher management costs, which could have been caused by higher cloudburst. SEK 241 million is from our brand risks, which could have been caused by tenants not wishing to renegotiate their agreements.

Read more about climate risks in our public CDP report. To reduce these climate risks, we are working with certifications for our buildings, green lease contracts, and to reduce fossil fuel usage in our energy consumption.

Greenhouse gas emissions

EPRA Code	Unit	Indicator	Absolute measures use (ABS)	
			Atrium Ljungberg Total	
			2018	2017
GHG-Dir-Abs	Tonne CO ₂ e	Direct	320	337
GHG-Dir-LfL		Scope 1		
GHG-Indir-Abs		Indirect	7,736	6,951
GHG-Indir-LfL		Other indirect	10,607	10,032
GHG-Int	kg CO ₂ e/m ²	GHG Intensity	8	7

Scope 2 in the table has been calculated using market-based principles. Atrium Ljungberg's Scope 2 emissions which were calculated using location-based principles totalled 19,483 tonnes CO₂e in 2018.

The value for Scope 3 has been recalculated since Farsta Centrum was not included in the previous year's Annual Report. The total number of properties is 52 [51].

H.6 WATER

We report water data using EPRA's guidelines, which show the properties' water consumption. Water refers to water that Atrium Ljungberg has purchased from suppliers. All of Atrium Ljungberg's properties are included in the statistics. We do not report water consumption for all of the Group's construction sites or ongoing projects, but we have begun measuring consumption for a few large projects.

Water

EPRA Code	Unit	Indicator	Absolute measures use (ABS)	
			Atrium Ljungberg Total	
			2018	2017
Water-Abs	m ³	Water	515,290	524,431
Water-LfL				
Water-Int	m ³ /m ²	Building water intensity	466	471
of applicable properties		Total number of properties included in the indicator	52	51

Water consumption diminished slightly during the year and totalled 515,290 [524,431] cubic metres. The total number of properties is 52 [51].

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H.5 CARBON DIOXIDE EMISSIONS, cont.

Carbon dioxide emissions, origin

Scope	Activity	Data source	Conversion factor
Scope 1	Use of oil in property	Data from suppliers	Heating oil 246 g CO ₂ /kWh
Scope 1	Use of pellets in property	Data from suppliers	Pellets 6 g CO ₂ /kWh
Scope 1	Business trips using service and company cars	Data from Autoplan and an estimate of the use of individual cars outside Autoplan	Emission factor for each vehicle
Scope 2	Electricity consumption in properties	Data from suppliers for market-based calculations. Data for location-based calculations from "Nordisk elmix". "Nordisk elmix" is also used for tenants with their own electricity subscription	Market based: 0 g CO ₂ /kWh Location based: 100 g CO ₂ /kWh
Scope 2	District cooling consumption in properties	Data from suppliers	Emissions factor for each supplier
Scope 2	District heating consumption in properties	Data from Svensk Fjärrvärme, one year time lag	Emissions factor for each supplier
Scope 3	Business trips by air	Data from travel agency, in accordance with STS standard	Kg CO ₂ STS standard for each trip
Scope 3	Private vehicle used for work	Internal data from the finance system for mileage payments for business trips using a private car	0.163 kg CO ₂ /km flat rate taken from the Swedish Environmental Protection Agency.
Scope 3	Visitors to retail hubs	Estimated data based on travel habits and customer surveys	0.163 kg CO ₂ /km flat rate taken from the Swedish Environmental Protection Agency.

Like-for-like (LFL) per property type

Offices			Retail			Residential			Atrium Ljungberg Total		
2018	2017	Change	2018	2017	Change	2018	2017	Change	2018	2017	Change
73	58	21 %	0	0	0 %	0	0	0 %	73	58	21 %
3,279	2,527	23 %	3,458	3,114	9.9 %	1,491	1,157	22 %	6,523	5,757	12 %
7	6	9 %	8	7	13 %	11	10	7 %	7	7	9 %

H.6 WATER, cont.

Like-for-like (LFL) per property type

Offices			Retail			Residential			Atrium Ljungberg Total		
2018	2017	Change	2018	2017	Change	2018	2017	Change	2018	2017	Change
162,257	152,558	6 %	108,592	224,489	-107 %	98,605	96,433	2 %	369,454	473,480	-28 %
305	346	-14 %	311	583	-88 %	1,449	1,398	4 %	386	529	-37 %
25	21		15	15		4	4		44	41	

H.7 CERTIFIED BUILDINGS

Certified buildings are buildings that have been awarded a sustainability certificate from an independent certification body. The certifications that we include in our statistics are BREEAM, BREEAM In-Use, LEED and Miljöbyggnad.

Our target is for 100 per cent of Atrium Ljungberg's properties to be certified, and when monitoring this goal, the outcome is calculated

as the share of letting area that has been certified divided by the total letting area.

Buildings acquired within the past two years are not included in the target, but are included in the EPRA key figure for certifications. The base year for both goal monitoring and the EPRA key figure is 2016.

Atrium Ljungberg										
Sustainability certified buildings		Miljöbyggnad		BREEAM In-Use		LEED		BREEAM		Total sustainability certified assets
EPRA Code	Indicator	2018	2017	2018	2017	2018	2017	2018	2017	2018
Cert-tot	Number of certified assets	2	1	9	2	–	1	11	10	22
	Certified area (m²)	10,178	5,801	245,793	58,672	–	13,550	109,507	98,603	333,429
	Certified area, share of total portfolio (%)	1	1	22	5	–	1	10	9	30

In 2018, the proportion of certified buildings went from 15 to 30 per cent, primarily the result of eight existing buildings being certified in accordance with BREEAM In-Use.

One certified building was sold during the year. We do not have any LEED-certified buildings any more since that certification has expired.

H.8 GREEN LEASE CONTRACTS

Green lease contracts are contracts that have the Swedish Property Federation's standard green appendix. This appendix is attached to the lease contract.

Atrium Ljungberg's target is for the proportion of green lease contracts to reach 50 per cent of contracted annual rent by 2021. At the end of 2018, 27 per cent (18 %) of our contracted annual rent came under a green lease contract.

Monitoring of the target includes ongoing lease contracts as of the end of December that have a green appendix. All types of premises are included, with the exception of residential properties and garages which do not have green appendices at present. The lease value for the contracts that have a green appendix is divided by the total rental value in the same area of use.

H.9 EMPLOYEES

Average number of employees, distributed by gender

	The Group		Parent Company	
	2018	2017	2018	2017
Men	219	219	118	115
Women	83	76	72	65
	302	295	190	180

Number of employees

The average number of employees increased in 2018. Atrium Ljungberg does not divide employees by region, but reports the Group's employees as a whole. We only report our own employees. We only use fixed-term employment to a very limited extent, which is why they are not included in our reporting of employees. Reporting in the following tables in H.9 refers to the number of individuals at the end of the year.

H.9 EMPLOYEES, cont.

Employee turnover (EPRA Emp-Turnover)

	2018			2017		
	Men	Women	Total	Men	Women	Total
<i>Year's change in number of employees</i>						
Number of employees at start of the year	218	83	301	211	70	281
New hirings	28	15	43	29	18	47
Resignations	22	12	34	23	9	32
Number of employees at year-end	224	86	310	217	79	296
<i>New employees</i>						
under 30	10	2	12	5	4	9
30–49	15	12	27	19	14	33
50 and above	3	1	4	5	0	5
Total	28	15	43	29	18	47
<i>Resignations</i>						
under 30	5	1	6	3	4	7
30–49	9	10	19	13	2	15
50 and above	8	1	9	7	3	10
Total	22	12	34	23	9	32

H.9 EMPLOYEES, cont.

Employees divided by form of employment and employment type

	2018			2017		
	Men	Women	Total	Men	Women	Total
<i>Form of employment</i>						
Skilled employees	95	4	99	101	3	104
Administrative employees	129	82	211	116	76	192
Number of employees at year-end	224	86	310	217	79	296
<i>Type of employment</i>						
Full-time	224	84	308	216	78	294
Part-time	–	2	2	1	1	2
Total	224	86	310	217	79	296

Employees divided by age and sex (EPRA Diversity-Emp)

	2018			2017		
	Men	Women	Total	Men	Women	Total
<i>Age distribution all employees</i>						
under 30	31	6	37	34	7	41
30–49	128	68	196	118	62	180
50 and above	65	12	77	65	10	75
Total	224	86	310	217	79	296

Age distribution company management

	Men	Women	Total	Men	Women	Total
under 30	–	–	–	–	–	–
30–49	3	3	6	3	3	6
50 and above	–	1	1	–	1	1
Total	3	4	7	3	4	7

Age distribution other managers and employees

	Men	Women	Total	Men	Women	Total
under 30	31	6	37	34	7	41
30–49	123	64	187	115	59	174
50 and above	63	10	73	65	9	74
Total	217	80	297	214	74	289

Age distribution Board of Directors

	Men	Women	Total	Men	Women	Total
under 30	–	–	–	–	–	–
30–49	2	1	3	2	1	3
50 and above	2	1	3	2	1	3
Total	4	2	6	4	2	6

Gender distribution

	Men	Women	Total	Men	Women	Total
Board of Directors	4	2	6	4	2	6
Company management	3	4	7	3	4	7
Mid-level management	24	13	37	20	10	30
Other	193	67	260	194	65	259
Total	224	86	310	221	81	302

H.9 EMPLOYEES, cont.

Sick leave and injuries

The Group's sick leave increased slightly in 2018, but is basically unchanged from the previous year. Atrium Ljungberg actively works with "sustainable employees" and has a zero-tolerance attitude towards stress-related illnesses and work-related injuries. All employees also have a personal sustainability target which is monitored continuously during the year.

Sick leave (EPRA H&S-Emp)

Sick leave is distributed by age and gender, % of total working hours	2018			2017		
	Men	Women	Total	Men	Women	Total
under 30	3.5	1.0	3.1	4.9	1.6	4.3
30–49	3.2	6.1	4.1	2.9	3.3	3.0
50 and above	6.5	7.5	6.7	7.0	8.2	7.2
Total	4.3	6.0	4.8	4.5	4.0	4.4

Only our own employees are included in the statistics for sick leave and injuries. We base our calculations on total working hours of 368,089 for Atrium Ljungberg and 230,442 hours for TL Bygg, which in total amounts to 598,531 hours in 2018. Day refers to contracted work days, not calendar days.

Read more about our employees and their sick leave, work-related injuries, fatalities, etc. on pages 22–24.

H.10 DIRECT ECONOMIC VALUE AND TAX

Atrium Ljungberg creates value through its management, development and acquisition of properties in Sweden. The generated economic value mainly comprises rental income, investments and unrealised changes in the value of properties.

The generated economic value is distributed between suppliers, employees, lenders, society and the owners. Economic value distributed corresponds to economic value generated. The largest share of our distributed economic value refers to payments to suppliers for the products and services we purchase. For definitions, see page 154.

SEK m	2018	2017
Directly generated economic value		
Revenue	5,197	4,493
Economic value distributed		
Payments to suppliers	2,289	2,120
Salaries and compensation to employees	180	166
Fees and compensation to the Board and CEO	24	28
Payments to financiers, net	314	387
Tax to society	335	303
Dividends to shareholders	599	526
<i>Total distributed economic value¹⁾</i>	<i>3,741</i>	<i>3,530</i>
Economic value — remaining in the company	1,456	963

¹⁾ Economic value distributed corresponds to economic value generated.

H.10 DIRECT ECONOMIC VALUE AND TAX, cont.

Atrium Ljungberg's directly distributed economic value to society comprises taxes and leasehold fees. These taxes mainly comprise current tax, property tax, non-deductible VAT, stamp duty, social security payments and special payroll tax. The rules on these taxes are monitored carefully as this is an essential part of the commercial offer with requirements for high predictability and minimisation of administrative expenses. Within the framework of this, in its tax policy Atrium Ljungberg undertakes not to conduct aggressive tax planning. Aggressive tax planning refers to arrangements which only aim to minimise the tax without links to own business activities. The Tax Policy is available in its entirety on our website.

In 2018 Atrium Ljungberg decided to pay some interest in advance due to the new tax rules for 2019 regarding tax relief for interest. The new rules only allow the company to deduct up to 30 per cent of the interest expense.

Tax	2018	2017
Current tax	35	9
Property tax	150	142
Non-deductible VAT	61	53
Stamp duty	–	4
Social security payments	54	53
Special payroll tax	7	6
Total taxes	308	268
Leasehold fees	27	35
Total to society	335	303

H.11 ANTI-CORRUPTION

Corruption refers to the misuse of a position of power or trust for a person's own benefit or for the benefit of others. We report cases of corruption which concern regular employees and temporary employees. All of our operations, 100 per cent, have been examined for corruption, and the main risks identified during this examination relate to suppliers, letting and transactions.

No cases of corruption were confirmed in 2018.

Incidents of corruption	2018	2017
Number of confirmed incidents of corruption	–	1
Number of employees who have had to resign as a result of corruption	–	1
Number of collaboration agreements that have been terminated as a result of corruption	–	–
Legal procedures for corruption that have been brought against the organisation and our employees	–	–

H.12 SUPPLIERS

Supplier refers to those that invoiced at least SEK 100,000 in 2018. New supplier refers to those with which Atrium Ljungberg signed a new agreement during the year.

We have previously used Fastighetsägarna's self-evaluation form to evaluate suppliers, but Fastighetsägarna discontinued this database in 2018. No self-evaluation forms have been submitted to Atrium Ljungberg in 2018.

When agreements are signed, the supplier must sign the supplier policy, which is added as an appendix to the agreement. Atrium Ljungberg monitors new suppliers by ensuring our supplier policy has been signed.

In 2018, agreements were signed with 165 new suppliers; 30 of these have a framework agreement. Of these, 102 signed Atrium Ljungberg's supplier policy. In addition, we, or a third party, perform audits of a selection of existing suppliers with a framework agreement every year.

See page 23 for further information on purchasing and suppliers.

Supplier inspections 2018	2018	2017
Percentage of new suppliers that have signed Atrium Ljungberg's supplier policy ¹⁾	62 %	48 %
Number of existing suppliers that have been reviewed ²⁾	20	18
Number of audits at the supplier's place of business	0	0

¹⁾ The key ratio is based on new suppliers that signed an agreement during the year. This year, in addition to the framework agreements, we have included new agreements signed within the project organisation and property management. For this reason, the 2017 outcome has been revised compared to the 2017 Annual Report.

²⁾ The key ratio specifies the number of suppliers with existing central framework agreements that have been reviewed during the year, which corresponds to a proportion of 26 per cent. According to GRI Standards 308-1 and 414-1, the new suppliers are to be reviewed based on environmental and social criteria. We have instead chosen to report the number of existing suppliers with a framework agreement that were reviewed during the year, since reviewing existing suppliers more in depth instead of new suppliers was of greater interest during the year. The subsidiaries are not included in the reporting.

H.13 BOARD'S SIGNATURES

The Board and CEO ensure that the Sustainability Report has been produced in accordance with the Swedish Annual Accounts Act.

Nacka, 28 February 2019

Johan Ljungberg
Chairman of the Board

Sune Dahlqvist
Member of the Board

Simon de Château
Member of the Board

Sara Laurell
Member of the Board

Anna Hallberg
Member of the Board

Erik Langby
Member of the Board

Annica Ånäs
CEO

H.14 THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the General Meeting of Atrium Ljungberg AB (publ), corporate identity number 556175-7047

Assignment and responsibilities

The Board of Directors is responsible for the 2018 Sustainability Report and for it being prepared in accordance with the Swedish Annual Accounts Act.

Focus and scope of the examination

Our examination has been conducted in accordance with FAR's recommendation RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report 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. We believe that the examination has provided us with sufficient basis for our opinions.

Statement

A sustainability report has been prepared.

Stockholm, 28 February 2019

Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

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 6,171,309,058
Net profit for the year	SEK 611,063,168
Total	SEK 6,782,372,226

The Board of Directors proposes that the unappropriated earnings be allocated as follows:

That a dividend of SEK 4.85/share be paid to the shareholders	SEK 632,729,720
Carried forward	SEK 6,149,642,506
Total	SEK 6,782,372,226

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 2018 is shown in the 2018 annual accounts. The principles applied to the valuation of assets, provisions and liabilities are shown in the notes on pages 102–128 of the Annual Report.

It is apparent from the appropriation of profits proposal that the Board proposes payment of a dividend of SEK 4.85 per share, corresponding to a total sum of approximately SEK 633 million. The proposed dividend comprises 8.6 per cent of the parent company's shareholders' equity and 3.1 per cent of the Group's shareholders' equity. Funds available for payment as dividends within the parent company at the end of the 2018 financial year totalled SEK 6,782 million. The record date for distribution of profits proposed by the Board of Directors is Friday 29 March 2019.

It is apparent, inter alia, from the annual accounts that the Group's equity/assets ratio is 45.9 per cent. The proposed dividend does not comprise fulfilment of the investments deemed necessary. The company's financial position does not give occasion to assume anything other than that the com-

pany 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, 28 February 2019

Atrium Ljungberg AB (publ)
Board of directors

ANNUAL ACCOUNTS SIGNATORIES

The Board of Directors and the CEO hereby assure 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, 28 February 2019

Johan Ljungberg
Chairman of the Board

Sune Dahlqvist
Member of the Board

Simon de Château
Member of the Board

Sara Laurell
Member of the Board

Anna Hallberg
Member of the Board

Erik Langby
Member of the Board

Annica Ånäs
CEO

Our Auditor's Report was submitted on 28 February 2019.
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

AUDITORS' REPORT

To the General Meeting of Atrium Ljungberg AB (publ), corporate identity number 556175-7047

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Atrium Ljungberg AB (publ) for the year 2018, except for the corporate governance statement on pages 84-89. The annual accounts and consolidated accounts of the company are included on pages 67-81, 84-128 and 140-141 in this document.

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 2018 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 2018 and of their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 84-89. 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, to the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. The description below of how this audit was performed in these areas must be read in this context.

We have fulfilled the responsibilities described in the Auditor's responsibilities section of the annual report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the annual accounts and consolidated accounts. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion.

VALUATION INVESTMENT PROPERTIES

DESCRIPTION OF THE AREA

The fair value of investment properties in the Group amounted to SEK 43,310 million on 31 December 2018. On the closing day, 31 December 2018, some parts of the property portfolio were valued by external valuation experts and some valued internally. The valuations are yield-based in accordance with the cash flow model, which entails that future cash flows are forecast. The yield requirement of properties is assessed based on each property's unique risk and conducted transactions in the market for objects of a similar nature. Based on the high degree of assumptions and assessments which are made in connection with the property valuation, we believe that this area is a particularly important area in our audit. A description of the valuation of the property holding is stated in the section on significant assessments in note **A2** and note on investment properties **T1**.

HOW OUR AUDIT ADDRESSED THIS MATTER

In our audit we have evaluated the company's process for property valuation by, among other things, evaluating the valuation method and input data in the prepared valuations. We have evaluated the skills and objectivity of the external valuation experts. We have made comparisons to known market information. Based on our valuation expertise, we have reviewed the model used for property valuation. We have also reviewed the reasonability of the assumptions made such as yield requirements, vacancy rate, rental income and operating costs based on our valuation expertise. We have reviewed the disclosures provided in the annual accounts.

INCOME TAX

DESCRIPTION OF THE AREA

The tax expense in accordance with the consolidated statement of comprehensive income amounted to SEK –329 million, of which SEK –35 million related to current tax expense and SEK –294 deferred tax expense. The Group reports SEK 2 million as deferred tax receivables and SEK 4,598 million as deferred tax liabilities. The description of current tax and deferred tax is stated in the annual accounts in note 51. The calculation and reporting of current tax and deferred tax are complex and contain a high degree of assessments and assumptions. These include the basis for tax depreciation, directly deductible reconstruction costs, and the sale of properties separately or in legal form. During the year, the Group invested SEK 1,758 million in existing properties, acquired properties at an underlying property value of SEK 1,727 million and sold properties for SEK 2,662 million.

Based on the assessments and assumptions made in connection with the calculation of income taxes, we deem this area to be particularly important in our audit.

HOW OUR AUDIT ADDRESSED THIS MATTER

In our audit we have evaluated and reviewed the company's process for the calculation of current and deferred tax. We have reviewed a selection of the legal companies' calculations of current tax in the Group. We have examined the handling of tax deductible direct deductions, and examined a selection of direct deductions. We have also examined property sales, and examined calculations of the Group's deferred tax. By making use of our tax specialists, we have assessed the application against applicable tax legislation. We have reviewed the disclosures provided in the annual accounts.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-66, 82-83, 129-139 and 147-158. The Board of Directors and the CEO are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and for ensuring they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance

with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error; design and perform examination procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if

such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of Atrium Ljungberg AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the 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.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities in accordance

with this are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's

type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss are based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement with starting point in risk and materiality. This means that we focus the examination on such actions, areas

and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. 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.

AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for that the corporate governance statement on pages 84-89 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our 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. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Jakobsbergsgatan 24, SE-103 99 Stockholm, Sweden, was appointed as Atrium Ljungberg AB's (publ) auditor by the general meeting on 21 April 2015, and has been the company's auditor since 7 April 2011.

Stockholm, 28 February 2019

Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

THE AUDITOR'S LIMITED ASSURANCE REPORT ON ATRIUM LJUNGBERG AB (PUBL)'s SUSTAIN- ABILITY REPORT

To Atrium Ljungberg AB (publ.), company ID no.: 556175-7047

INTRODUCTION

We have been engaged by the Board of Directors of Atrium Ljungberg AB (publ) to undertake a limited assurance engagement of Atrium Ljungberg AB's (publ) Sustainability Report for the year 2018. The company has defined the scope of the Sustainability Report on pages 18–25 and 129–139 in this document.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND COMPANY MANAGEMENT FOR THE SUSTAINABILITY REPORT

The Board of Directors and company management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 129 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our review in accordance with ISAE 3000. Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. A review has a different purpose and a substantially less scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented guidelines and procedures regarding compliance with ethical requirements, professional

standards and applicable legal and regulatory requirements. We are independent of Atrium Ljungberg AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed in a review do not enable us to obtain such a level of assurance that would make us aware of all significant matters that might be identified in an audit.

Therefore, the conclusion expressed based on a review does not have the assurance of a conclusion expressed based on an audit.

Our review is based on the criteria defined by the Board of Directors and company management, as described above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

STATEMENT

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report has not been prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and company management.

Stockholm, 28 February 2019
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

Marianne Förander
Specialist member of FAR



The work of art "Den blå klänningen" (The Blue Dress) by Hertha Hillfon brightens up our head office.

MULTI-YEAR OVERVIEW

Amounts in SEK m	2018	2017	2016	2015	2014
INCOME STATEMENTS					
Rental income	2,412	2,389	2,150	2,122	1,980
Sales, project and construction work	217	174	149	346	331
Net sales	2,629	2,563	2,299	2,468	2,311
Property management costs	-764	-742	-692	-671	-636
Project and construction work costs	-246	-206	-162	-372	-342
Gross profit/loss	1,619	1,616	1,445	1,425	1,334
– of which gross profit/loss from property management	1,648	1,647	1,458	1,450	1,345
– of which gross profit/loss from project and construction work	-29	-31	-12	-26	-11
Central administration, property management	-73	-48	-82	-60	-53
Central administration, project and construction work	-30	-16	-15	-15	-14
	-103	-64	-97	-76	-67
Financial income	1	1	1	2	2
Financial expenses	-303	-372	-385	-405	-425
	-302	-372	-384	-403	-423
Profit/loss before changes in value	1,214	1,180	965	945	844
Properties, unrealised changes in value	2,516	1,817	2,772	2,328	861
Properties, realised changes in value	121	-4	6	-44	8
Financial instruments, unrealised changes in value	-70	121	-307	201	-894
Financial instruments, realised changes in value	1	-5	-	-	-
	2,568	1,930	2,471	2,485	-25
Profit/loss before tax	3,781	3,110	3,436	3,431	818
Current tax	-35	-9	-4	-17	-16
Deferred tax	-294	-542	-751	-630	-157
Net profit/loss for the year	3,453	2,559	2,681	2,784	645
BALANCE SHEETS					
Investment properties	43,310	39,991	36,054	30,841	28,163
Goodwill	225	240	263	263	274
Other fixed assets	45	45	52	48	45
Development properties	891	870	-	-	-
Current assets	323	1,272	357	405	379
Liquid assets	335	344	276	389	415
Total assets	45,128	42,763	37,001	31,947	29,276
Shareholders' equity	20,696	18,223	16,176	13,953	11,590
Deferred tax liability	4,598	4,531	4,010	3,275	2,678
Long-term interest-bearing liabilities	18,506	16,415	13,125	10,976	9,807
Long-term derivatives	349	484	900	621	846
Other long-term liabilities	202	73	60	32	27
Short-term interest-bearing liabilities	-	1,832	1,970	2,285	2,510
Short-term derivatives	-	-	9	-	-
Other current liabilities	777	1,205	751	804	1,818
Total shareholders' equity and liabilities	45,128	42,763	37,001	31,947	29,276

Amounts in SEK m	2018	2017	2016	2015	2014
CASH FLOW STATEMENTS					
Cash flow from operating activities	1,260	1,166	949	1,006	734
Cash flow from investment activities	-348	-3 443	-2 435	-1 535	-302
Cash flow from financing activities	-920	2,346	1,373	504	-204
Cash flow for the year	-9	68	-113	-25	228
KEY RATIOS					
<i>Property-related key ratios</i>					
Letting rate, %	95	95	93	94	93
Operating surplus margin, %	68	69	68	68	68
Letting area, '000 m ²	1,129	1,146	1,124	1,034	1,062
Investments in properties, SEK m	1,758	1,593	1,002	768	707
Number of properties	51	53	50	48	49
<i>Financial key ratios</i>					
Equity/assets ratio, %	45.9	42.6	43.7	43.7	39.6
Gearing ratio, %	41.9	44.7	41.9	43.0	45.5
Adjusted gearing ratio, %	41.9	44.1	41.9	43.0	45.5
Interest coverage ratio, multiple	5.0	4.2	3.5	3.3	3.0
Average interest on interest-bearing liabilities (at period end), %	1.6	1.7	2.3	2.9	3.2
Return on shareholders' equity, %	17.7	15.0	17.8	21.8	5.7
Return on shareholders' equity, excluding changes in value, %	5.1	5.5	5.8	6.3	5.8
Return on total assets, %	9.3	8.7	11.1	12.5	4.4
Return on total assets excluding changes in value, %	2.7	3.1	4.2	4.6	4.5
<i>Data per share</i>					
Earnings per share, SEK	26.15	19.21	20.13	20.89	4.89
EPRA EPS, SEK	8.99	8.15	5.65	5.54	4.98
Dividend (2018 proposed), SEK	4.85	4.50	3.95	3.55	3.30
Dividend pay-out ratio, %	67.6	65.1	69.9	64.1	66.8
Share dividend yield, %	3.2	3.5	2.8	2.7	2.9
Cash flow, SEK	9.54	8.75	7.12	7.55	5.56
Shareholders' equity, SEK	158.64	136.79	121.42	104.73	87.00
Long-term net worth (EPRA NAV), SEK	194.82	172.59	156.21	131.78	111.19
EPRA NNNNAV, SEK	184.93	162.57	144.38	122.95	101.87
Share price on 31 December, SEK	152.00	130.30	142.30	133.00	114.70
Average number of outstanding shares, '000	132,019	133,221	133,221	133,221	132,072
Number of outstanding shares at end of period, thousand	130,460	133,221	133,221	133,221	133,221
<i>Employees</i>					
Average number of employees	302	295	281	282	282

PROPERTY LIST

		Letting area, m²															
Municipality/Property name	Address/Description	Leasehold	Year of construction/ reconstruction	Land area, m²	Possession	Proprietary share, %						Total					
							Retail	Offices	Residential	Garage	Other¹)		Rateable value, SEK m	Rental value, SEK m	Letting rate, %		
STOCKHOLM																	
1	Adam & Eva 17		Drottninggatan 68	1929/2006	1,777	Before 2007	100	3,304	4,507			137	7,948	480	53	97	
2	Blåstern 11 ¹)		Hälsingegatan 43–45	1930/2006	11,584	Before 2007	100	1,557	39,521		9,632	4,563	55,273	1,000	154	99	
3	Borgarfjord 3 ¹)		Kistagången 6, Torshamnsgatan 29	1984/2010	5,204	20/04/2016	100		13,550				13,550	175	34	66	
4	Borgarnäs 1 ¹)	L	Kista Gårdsväg 2	2014	7,945	06/02/2012	100	948	13,623		6,700	10,778	32,049		73	98	
5	Borgmästaren 1	L	Glashuset Slussen Katarinavägen 15	1974/2006	4,487	Before 2007	100	92	23,110		2,886	335	26,423	754	69	90	
6	Fatburen 1		Söderhallarna	1991	4,643	Before 2007	100	4,912	13,172		4,923	5,047	28,054	638	72	98	
7	Fatburssjön 8		Magnus Ladulåsgatan 63	1930/2006	1,396	Before 2007	100		6,643			1,231	7,874	237	27	94	
8	Härden 14		S:t Eriksgatan 113	1932/1957	1,134	19/12/2012	100	807	6,258		1,800	241	9,106	128	26	98	
9	Kolding 1	L	Ärvinge, Kista	1993	27,713	Before 2007	100		128	15,801	3,087		19,016	201	23	99	
10	Kolding 2	L	Ärvinge, Kista	1992	21,632	Before 2007	100	566	398	20,804	1,750	78	23,596	211	30	98	
11	Kolding 3 ¹)	L	Ärvinge, Kista	1993	13,676	Before 2007	100	954	16,113	1,256	6,848	820	25,991	195	46	93	
12	Kolding 4 ¹)	L	Ärvinge, Kista	1993/2001	24,332	Before 2007	100	251	24,034		8,067	1,050	33,402	396	45	62	
13	Kylfacket 3		Hallmästarvägen 2	1936	3,384	01/06/2018	100		3,060			1,451	4,511	18	3	100	
14	Molekylen 1		Land in Hagastaden		5,592	In 2018	100										
15	Proppen 6		Textilgatan 31	1937/2008	2,607	Before 2007	100	978	11,073			732	12,783	247	30	90	
16	Skotten 6		Glashuset Drottninggatan 63	1959/2008	1,485	Before 2007	100	5,293	5,099			2,133	12,525	597	73	97	
17	Stora Katrineberg 16	L	Katrinebergsvägen 4-12, Lilje- holmsvägen 14-18	1750/1945/1988	24,383	02/02/2015	100	3,381	35,779		12,400	2,977	54,537	791	104	98	
18	Storö 15	L	Farsta Centrum	1961/2006	6,175	Before 2007	100	220				2,192	11,649	126	35	100	
19	Storö 2	L	Farsta Centrum	1961/1998	558	Before 2007	100	5,039	4,418			1,315	1,535		4	100	
20	Storö 21	L	Farsta Centrum	1961/2010	36,374	Before 2007	100	42,014	24,477		13,692	9,981	90,164	1,128	241	95	
21	Storö 23	L	Farsta Centrum	1961/1998	2,814	Before 2007	100	1,370	2,225		1,470	3,260	8,325		19	95	
22	Storö 24		Farsta Centrum	2014	6,309	Before 2007	100	3,384					3,384	58	10	100	
23	Tranbodarne 11		Katarinavägen 3-11	1912/1965	3,587	01/11/2018	100	2,489	16,895			2,182	21,566	1	77	100	
24	Tranbodarne 13		Sjömansinstitutet	1929/1998	502	30/03/2017	100	116	2,723	435		30	3,304	102	13	100	
Total Stockholm					219,293			77,674	266,806	38,296	73,255	50,534	506,564	7,483	1,257	95	
NACKA																	
25	Sicklaön 83:22 ¹) ²)		Sickla Köp- och Affärskvarter	1898/2012	168,913	Before 2007	100	71,389	50,627		47,470	32,198	201,684	2,255	474	95	
26	Sicklaön 83:32 ¹)		Uddvägen 1, Sickla Front I	2014	12,268	Before 2007	100		9,673			585	10,258	171	30	98	
27	Sicklaön 83:33 ²)		Sickla Industriväg 4–6	1943/1970	35,156	27/02/2014	100							97	2	78	
28	Sicklaön 87:1		Alphyddevägen 4	1962	11,006	Before 2007	100	87				2,476	2,563		4	100	
29	Sicklaön 115:1 ²)		Planrivägen 1	1929	2,249	Before 2007	100		370				370	2		100	
30	Sicklaön 115:4 ²)		Sjötorpsvägen 3–14		9,375	15/06/2011	100			921			921	40	1	80	
31	Sicklaön 117:1 ²)		Planrivägen 3	1967	2,823	26/11/2010	100	2,592	330			435	3,357	11	2	72	
32	Sicklaön 117:2 ²)		Sjötorpsvägen 6	1909	1,368	26/11/2010	100							7			
33	Sicklaön 117:17 ²)		Planrivägen 5–7	1978	10,175	Before 2007	100					1,629	1,629		4	100	
34	Sicklaön 265:5 ²)		Atlasvägen 2		2,029	Before 2007	100										
35	Sicklaön 346:1 ²)		Uddvägen 7, Sickla Front II		10,524	Before 2007	100		18,429			45	18,474	241	50	75	
Total Nacka					265,886			74,068	79,429	921	47,470	37,368	239,256	2,823	566	93	
HANINGE																	
36	Västnora 4:26		Västnora		2,084	Before 2007	100										
Total Haninge					2,084												
SUNDBYBERG																	
37	Eken 6 ¹)		Löfströms Allé 5	1916/1997	12,382	15/09/2016	100	46	25,737		19 000	2,343	47,126	394	71	91	
Total Sundbyberg					12,382			46	25,737		19,000	2,343	47,126	394	71	91	
NYNÄSHAMN																	
38	Ribban 16		Backluravägen		1,308	Before 2007	100										
Total Nvnäshamn					1,308												

¹⁾ All or part of the property is BREEAM, Miljöbyggnad or LEED certified.

²⁾ All or part of the property classified as a project property as per 31/12/2018.



Property name	Address/Description	Leasehold	Year of construction/ reconstruction	Land area, m²	Possession	Letting area, m²							Rateable value, SEK m	Rental value, SEK m	Letting rate, %	
						Proprietary share, %		Retail	Offices	Residential	Garage	Other ¹⁾				Total
UPPSALA																
39	Brillinge 9:1 ¹⁾²⁾	Gränbystaden	2013–2017	25,965	05/04/2011	100	5,854					5,904	49	13	100	
40	Brillinge 8:1 ¹⁾²⁾	Gränbystaden	2013–2017	71,556	05/04/2011	100	26,394	107			132	26,633	169	42	100	
41	Dragarbrunn 27:2 ²⁾	Forumgallerian	1902/2005	6,714	Before 2007	100	8,256	5,140	1,420	1,260	867	16,943	399	53	77	
42	Gränby 21:4 ²⁾	Gränbystaden Galleria	1971/2011	108,177	Before 2007	100	45,287	491			4,987	50,764	1,116	203	99	
43	Gränby 21:5 ¹⁾²⁾	Gränby Entréhus	2017	1,813	05/04/2017	100	1,947	344	6,494		1,393	10,178	160	27	98	
Total Uppsala				214,225			87,737	6,082	7,914	1,260	7,429	110,422	1,894	338	96	
MALMÖ																
44	Bohus 7	Mobilia	1966/2010	12,023	2008-02	100	5,806	183	11,248	6,680	35	23,952	233	30	85	
45	Bohus 8 ¹⁾²⁾	Mobilia	1968/2013	76,745	Before 2007	100	46,774	1,722		37,800	4,638	90,934	951	171	90	
46	Bohus 9	Mobilia	2014	979	Before 2007	100			4,103			4,103	79	7	100	
47	Dimman 11 ¹⁾	Barkgatan 2–8	1940/2014	4,278	29/04/2014	100		5,150			10,849	15,999		29	93	
48	Malmen 12 ¹⁾	Barkgatan 9–13	1971	2,464	02/05/2016	100		3,490		1,900	4,021	9,411		10	100	
Total Malmö				96,489			52,580	10,545	15,351	46,380	19,543	144,399	1,263	247	90	
GOTHENBURG																
49	Lundbyvassen 4:7	Regnbågsgatan 4–6, Lindholmsallén 10	1989	6,414	30/9/2016	100		15,709			177	15,886	207	33	100	
50	Lundbyvassen 4:13	Götaverksgatan 2–8, Lindholmsallén 12–20	1957/2007	12,205	30/9/2016	100	392	15,475		10,050	2,793	28,710	278	40	100	
51	Lindholmen 30:1	Lindholmospiren 11	2002	13,647	29/03/2017	100		37,035				37,035	558	84	100	
Total Gothenburg				32,266			392	68,219		10,050	2,970	81,631	1,043	157	100	
Total Sweden				843,933			292,497	456,818	62,482	197,415	120,186	1,129,398	14,900	2,637	95	

¹⁾ All or part of the property is BREEAM, Miljöbyggnad or LEED certified.

²⁾ All or part of the property classified as a project property as per 31/12/2018.




DEFINITIONS

FINANCIAL DEFINITIONS

ADJUSTED 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.

The adjusted gearing ratio is used to illustrate Atrium Ljungberg's financial risk.

AVERAGE CAPITAL COMMITMENT, YEARS

Average remaining term until final maturity of all credits in the liabilities portfolio.

The average capital commitment is used to illustrate Atrium Ljungberg's financial risk.

AVERAGE FIXED INTEREST, YEARS

Average remaining term until interest settlement date of all credits in the liabilities portfolio.

The average fixed interest is used to illustrate Atrium Ljungberg's financial risk.

AVERAGE INTEREST RATE FOR INTEREST-BEARING LIABILITIES, %

Weighted average contracted interest for all credits in the liabilities portfolio at the end of the period excluding unutilised credit facilities.

The average interest is used to illustrate Atrium Ljungberg's financial risk.

AVERAGE NUMBER OF OUTSTANDING SHARES

Weighted average number of outstanding shares calculated in accordance with IAS 33.

CASH FLOW PER SHARE, SEK

Cash flow from operating activities divided by the average number of outstanding shares.

Cash flow per share, SEK is used to illustrate Atrium Ljungberg's cash flow, and particularly its dividend capacity.

DIVIDEND PAY-OUT RATIO, %

Dividend per share as a percentage of the profit/loss per share before changes in value, less applicable nominal tax.

Dividend pay-out ratio is used to illustrate how large share of the results is shifted out to the Group's owners and reinvested in the operations respectively.

EARNINGS PER SHARE, SEK

Net profit/loss for the period divided by the average number of outstanding shares after dilution.

EPRA

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

EPRA NAV PER 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.

Long-term net worth (EPRA NAV) per share is used to provide stakeholders information on Atrium Ljungberg's current net worth per share calculated in a uniform manner for publicly listed real estate companies.

EPRA NNNAV PER 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.

EPRA NNNAV per share is used to provide stakeholders information on Atrium Ljungberg's long-term net worth per share calculated in a uniform manner for publicly listed real estate companies.

EQUITY/ASSETS RATIO, %

Reported shareholders' equity as a percentage of the balance sheet total at the end of the period.

EQUITY PER SHARE, SEK

Reported equity divided by the number of outstanding shares at the end of the period.

Equity per share is used to illustrate the owners' share of the company's total assets per share.

GEARING RATIO, %

Interest-bearing liabilities as a percentage of the sum of the properties' fair value at the end of the period.

The gearing ratio is used to illustrate Atrium Ljungberg's financial risk.

GROSS PROFIT/LOSS PROJECT AND CONSTRUCTION WORK

Project and construction sales minus project and construction costs.

GROSS PROFIT/LOSS PROPERTY MANAGEMENT

Rental income less property management costs.

INTEREST COVERAGE RATIO, MULTIPLE

Profit/loss before changes in value, plus interest expenses divided by interest expenses.

The interest coverage ratio is used to illustrate how sensitive the company's results are to interest rate changes.

The equity/assets ratio is used to illustrate Atrium Ljungberg's interest rate sensitivity and financial stability.

MANAGEMENT RESULT LESS NOMINAL TAX (EPRA EPS) PER SHARE, SEK

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

Management result less nominal tax (EPRA EPS) is used to provide stakeholders information on Atrium Ljungberg's management result per share calculated in a uniform manner for publicly listed real estate companies.

NUMBER OF OUTSTANDING SHARES

Number of registered shares at the end of the period less repurchased shares, which do not provide entitlement to dividend or voting rights.

PROFIT/LOSS BEFORE CHANGES IN VALUE PER SHARE, SEK

Profit/loss before changes in value, less current tax, divided by the average number of outstanding shares.

Profit/loss before changes in value per share is used to illustrate the ongoing management operations.

PROPERTY COSTS

Total property management costs, which exclude central administration.

RETURN ON SHAREHOLDERS' EQUITY, %

Net profit/loss for the year as a percentage of average shareholders' equity.

Return on shareholders' equity is used to illustrate Atrium Ljungberg's capacity to generate profit on the owners' capital in the Group.

RETURN ON SHAREHOLDERS' EQUITY, EXCLUDING CHANGES IN VALUE, %

Net profit/loss for the year as a percentage of average shareholders' equity excluding changes in value.

Return on shareholders' equity excluding changes in value is used to illustrate Atrium Ljungberg's capacity to generate current cash flow on the owners' capital in the Group.

RETURN ON TOTAL ASSETS, %

Profit/loss before tax plus interest expenses as a percentage of the average balance sheet total.

Return on total assets is used to illustrate Atrium Ljungberg's capacity to generate profit on the Group's assets uninfluenced by the Group's financing.

RETURN ON TOTAL ASSETS EXCLUDING CHANGES IN VALUE %

Profit/loss before changes in value plus interest expenses as a percentage of the average balance sheet total.

Return on total assets excluding changes in value is used to illustrate Atrium Ljungberg's capacity to generate current cash flow on the Group's assets uninfluenced by the Group's financing.

SHARE DIVIDEND YIELD, %

The proposed share dividend as a percentage of the share price at the end of the previous year.

The share's dividend yield is used to illustrate which current yield shareholders are expected to receive.

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.

The share's total yield is used to illustrate the shareholders' total yield on their ownership in Atrium Ljungberg.

BREEAM

Is an environmental certification system developed in Europe for built environments. 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.

DEVELOPMENT PROPERTIES

Development properties are properties that are built or unbuilt that the Group owns in order to develop and sell them as tenant-owned dwellings. These properties are recognised as current assets, even though some of the properties are managed and generate rental income while they are waiting to be developed.

They are recognised at the lowest of their accumulated acquisition value and their net realisable value.

EPRA VACANCY RATE, %

The rental value of unlet premises divided by the rental value of the entire property portfolio. Project properties are excluded.

The EPRA Vacancy rate is reported in accordance with the EPRA's definition of vacancy rate, which enables comparison between different companies.

GFA, M²

GFA (Gross Floor Area) refers to the building's total area, including outer walls.

LEED

LEED is a sustainability certification for new production and existing buildings. The version of LEED which is often used to certify commercial properties assesses the building's environmental performance based on the areas: Local environment, water consumption, energy consumption, materials and indoor climate. In addition, bonus points can be attained for innovation in the project and regional considerations.

Atrium Ljungberg does not certify in accordance with LEED, but has acquired a property which is already certified in accordance with LEED.

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.

The letting rate is used to illustrate the Group's efficiency in the use of its investment properties.

LIKE-FOR-LIKE PORTFOLIO

Comparable portfolio refers to the properties which were not classified as project properties and were owned throughout the period and entire comparison period.

Comparable portfolio is used to illustrate the trend of rental income excluding non-recurrent effects for premature vacating of premises and property costs uninfluenced by project properties as well as acquired and sold properties.

PROPERTY-RELATED DEFINITIONS

MILJÖBYGGNAD

Miljöbyggnad is a certification system for buildings and is based on Swedish construction practice and covers energy, the indoor environment and material.

NET LETTING

Total contracted annual rent for new lets less annual rents terminated due to clients vacating the premises for the period.

Net letting is used to illustrate the letting situation.

OPERATING SURPLUS

Refers to Gross profit/loss in property management.

OPERATING SURPLUS MARGIN, %

Gross profit/loss from property management as a percentage of the reported rental income.

Operating surplus margin is used to illustrate how large share of the Group's rental income remains after property costs. The operating surplus margin also forms the basis of valuation of the Group's investment properties.

PREMISES TYPE

The operations managed in the individual premises determine the premises type: retail, offices, residential or other. Other includes, among other things, education, culture and service enterprises.

The letting rate and yield requirement are reported per premises type.

PROJECT PROPERTY

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. 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, %

Market value after completed project minus total investment as a percentage of total investment.

Project return is used to illustrate value creation in the project operations.

PROPERTY TYPE

The premises type which comprises the predominant share of the rental value of a register property determines the property type.

The market value is reported per property type.

RENTAL VALUE

Contracted annual rents including rent surcharges (e.g. for property tax and electricity) and estimated market rents for vacant space in existing condition.

Rental value is used to illustrate the Group's income potential.

SUSTAINABILITY-RELATED DEFINITIONS

ACCIDENT RATE (LTIR)

The number of work-related accidents per million worked hours, which leads to absence of at least one contracted work day.

DIRECTLY GENERATED AND DISTRIBUTED ECONOMIC VALUE

Generated value: Composed of Atrium Ljungberg's net sales and financial income.

Distributed value: Composed of Atrium Ljungberg's payments to suppliers, salaries and compensation to employees, fees and compensation to the Board, CEO and senior executives, net payments to financiers, tax and fees to society and dividends to shareholders.

Payments to suppliers: Composed of operative costs for purchases of materials, products, premises and services from suppliers.

Salaries and compensation to employees: Composed of the period's total salary and pension costs, including benefits. Employees do not include consultants or other temporary staff.

Fees and compensation to the Board, CEO and senior executives: Composed of compensation to Board members, as well as fixed salary, other compensation and pension costs for the CEO and other senior executives. For more information, see note IK6.

Net payments to financiers: Composed of the period's reported interest expenses plus consolidated capitalised interest expenses. Describes Atrium Ljungberg's total compensation to lenders.

Tax and fees to society: Composed of the total compensation to the Government during the period in the form of leasehold fees and total taxes and charges to the Swedish Government. Deferred tax is not included.

Dividends to shareholders: Composed of the period's paid dividends.

Economic value — remaining in the company: Composed of generated value minus distributed value.

ENERGY INTENSITY

Total energy consumption from Heating, Cooling, Tenant electricity and Property electricity divided by the average estimated total heated letting area, excluding garage.

GREEN LEASE CONTRACTS, %

Contracted annual rent for commercial premises excluding the garage and storage for lease contracts with green rent supplement in per cent of contracted annual rent for commercial premises excluding the garage and storage. Green rent supplement is a supplement to the agreement from the Swedish Property Federation in which the tenant and landlord jointly undertake to reduce the environmental impact and covers, for example, energy, waste and transport. Reported figures are based on the immediately subsequent quarter.

LOSS OF WORKING HOURS DUE TO WORK-RELATED ACCIDENTS OR SICKNESS (LOST DAY RATE)

The number of lost work days due to work-related accident or illness, per total number of contracted work days during the year.

GRI INDEX

Atrium Ljungberg's Sustainability Report has been drawn up in accordance with the Core level of the GRI Standards. We have also taken into account the Construction and Real Estate Sector Supplement, CRESS. We have also taken the EPRA Sustainability Best Practices Recommendations Guidelines into account.

ABBREVIATIONS:

GRI: Global Reporting Initiatives
 CRE: Industry specific disclosures, from the Construction & Real Estate Sector Supplement

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GRI 103: Governance 2016	103-1, 103-2, 103-3	Description of significant topics, limitations, governance and evaluation	18, 22–24, 129–131
GRI 406: Non-discrimination 2016	406-1	Number of cases of discrimination	22
AUDIT OF SUPPLIERS			
GRI 103: Governance 2016	103-1, 103-2, 103-3	Description of significant topics, limitations, governance and evaluation	18, 25, 75, 129–131
GRI 414: Evaluation of suppliers in terms of social criteria 2016	414-1	New supplies that are reviewed with respect to social criteria	25, 138

INDUSTRY-SPECIFIC INFORMATION			
CRE: ENVIRONMENTAL IMPACT			
GRI 103: Governance 2016	103-1, 103-2, 103-3	Description of significant topics, limitations, governance and evaluation	18, 19–20, 76, 129–131
	CRE1	Energy performance in buildings	19–20, 132–133
	CRE3	Emission intensity in buildings	20, 134
CRE: PRODUCT LIABILITY			
GRI 103: Governance 2016	103-1, 103-2, 103-3	Description of significant topics, limitations, governance and evaluation	18, 19, 129–131
	CRE8	Type and number of sustainability/environmental certifications, labelling or processes applied for implementation of projects or construction of properties/facilities	19, 136

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INFORMATION

THE INFORMATION we release to the market concerning our 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.al.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.al.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 2019	12/04/2019
Interim report Jan–Jun 2019	09/07/2019
Interim report Jan–Sep 2019	18/10/2019
2019 Preliminary Financial Statements	Feb. 2020
2019 Annual Report	Mar. 2020

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will take place on Wednesday 27 March 2019 at 17.00 (CET), at Filmstaden, Marcusplatsen 19 in Sickla, Nacka. Notices convening the meeting will 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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