

Close-up of property in Slakthusområdet, Stockholm.

“WE HAVE TAKEN A VERY STRONG STRATEGIC APPROACH TO THE FUTURE, WHICH IS REFLECTED IN OUR QUARTERLY REPORT.”

RENTAL INCOME, LIKE-FOR-LIKE PORTFOLIOS, %

5.6

PROFIT BEFORE CHANGES IN VALUE, SEK MILLION

306

THE FORECAST FOR PROFIT BEFORE CHANGES IN VALUE, SEK MILLION

1,200

- › **Net sales** increased to SEK 665 million (SEK 656 m) of which rental income increased to SEK 633 million (SEK 601 m). Rental income in like-for-like portfolios increased by 5.6 per cent partly related to increased property tax.
- › **The operating surplus¹¹** from property management increased to SEK 420 million (SEK 409 m), excluding the effects of the implementation of IFRS 16; this is an increase of 2.7 per cent. This increase is mostly a result of new lettings.
- › **Profit before changes in value** fell to SEK 306 million (SEK 309 m).
- › **Unrealised changes in the value** of investment properties totalled SEK 148 million (SEK 499 m) which is due to an increase in the net operating income. Unrealised changes in the value of derivatives amounted to SEK –160 million (–2).
- › **Profit for the period** totalled SEK 220 million (SEK 618 m). The decline is mainly explained by lower unrealised changes in value.
- › **Net letting** amounted to SEK –33 million (SEK 10 m), of which SEK 10 million (SEK 3 m) referred to project properties.
- › **The forecast** for profit before changes in value in 2019 is SEK 1,200 million. Profit after tax is expected to amount to SEK 940 million, corresponding to SEK 7.22/share.

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- › Decision to start construction in the following projects: Bas Barkarby in Järfälla and Life City in Hagastaden.
- › Decision to start the project for the first residential district in Nobelberget in Sickla and the reconstruction project Panncentralen in Sickla, and the final phase of Forumkvarteret, Uppsala.

Key ratios¹¹

	Quarter 2019 Jan–Mar	Quarter 2018 Jan–Mar	Full-year 2018 Jan–Dec
Property value, SEK m	44,765	41,733	44,201
Operating surplus margin, %	66	68	68
Average interest rate for interest-bearing liabilities, %	1.7	1.7	1.6
Market value, SEK/share	158.80	123.00	152.00
EPRA NAV, SEK/share	193.37	178.44	194.82

Financial goals¹¹

Investments in own properties, >SEK 2,000 million per year	398	364	1,758
Return on shareholders' equity, >10 % over time	4.3	13.3	17.7
Gearing ratio, <45 %	41.8	41.9	41.9
Interest coverage ratio, >2.0	4.6	5.0	5.0

¹¹ Operating surplus and other earnings figures that are affected by the implementation of IFRS 16 are recognised in the comments for comparisons between the periods exclusive of the effects of the implementation of IFRS 16. This means that earnings figures, such as operating surplus, in the comments differ from the figures in the income statement. The effect of the implementation of IFRS 16 has resulted in the leasehold fees for 2019 being recognised in net financial items instead of being included in property management costs. All of the key ratios for 2019 have been calculated exclusive of the effects of the implementation of IFRS 16. See page 19 for the full key ratios table and pages 25–27 for definitions.

CEO'S STATEMENT

FIRST QUARTER RESULTS AND FORECAST FOR 2019

In the first quarter of 2019 rental income increased by more than SEK 30 million to SEK 633 million. Rental income rose in like-for-like portfolios by 5.6 per cent. Operating net increased by almost SEK 11 million, and was affected by net sales of property, among other things. All in all we are delivering a stable profit before changes in value for Q1 when compared with last year. Our forecast for a profit before changes in value of SEK 1,200 million remains unchanged.

We have invested almost SEK 400 million in our own properties during the quarter, and with more project starts over the year, the forecast is for us to invest SEK 2 billion over the course of the full year.

We have taken a very strong strategic approach to the future, which is reflected in our quarterly report. Among other things, we have replaced properties with high rental levels and high operating surplus margins with properties that are being prepared for upcoming projects. This naturally affects short-term profit.

We have recruited and will continue to recruit new expertise within business development, projects, management and business support with the aim of preparing the company for a higher rate of investment, larger property portfolio and new business opportunities and challenges associated with digitalisation.

RETAIL DEVELOPMENT

We see a positive sales trend at our retail hubs, and rental growth in the segment remains favourable. Some retail companies are struggling, however, and some of them have been restructured or have entered bankruptcy. We have consequently been forced to take on some bad debt expense this quarter. I have a lot of confidence in the future of our retail hubs, however. They are strategically located in growth areas, and we are actively working to fill them with relevant and attractive content that generates large flows.

NEW FINANCIAL GOALS

In February we decided to update the company's financial goals. The goal for net operating growth was replaced by a goal for a return on shareholder's equity of 10 per cent per annum over time. The goal for the equity/assets ratio was replaced by a goal for a maximum gearing ratio of 45 per cent, which is an important parameter in our rating from Moody's. The investment goal in our own properties was increased from SEK 1 billion to SEK 2 billion per year. The goals for project returns, interest coverage ratio, dividend and corporate social responsibility remain unchanged. I'm particularly proud of the fact that we've successfully developed our future project portfolio to such a level that we've been able to raise our investment goal to SEK 2 billion per year.

STATUS OF SLAKTHUSOMRÅDET

I've previously talked about our letter of intent for Slakthusområdet with the City of Stockholm. The acquisition of properties and the land allocations that will be developed amount to a total of 200,000 m² GFA, with the total investment amounting to approximately SEK 8 billion between 2019 and 2030. Decisions were made in the Development and the Property Committee in the City of Stockholm and the Board of S:t Erik Markutveckling in February 2019. This deal is also conditional on the approval of the city council, which is planned for May. Possession of the first properties is expected in June.

CONSTRUCTION STARTING IN SEVERAL PROJECTS THIS SPRING

In Barkarby we are planning a first phase of 24,000 m², where we are working with Järfälla Municipality to create Bas Barkarby, a multi-functional district for learning, culture, sports and business. Järfälla Municipality will rent almost 11,000 m² for an upper-secondary school. Construction will start in April 2019 with occupancy planned for the spring of 2022.

I'm also delighted to announce that the building permit for our Life City project in Hagastaden was granted at the end of March. This means that we can start construction in this project, which comprises 27,500 m² letting area. The largest tenant is Academic Work with an agreement for 17,000 m². Occupancy is planned for the spring of 2022.

In February we decided to start the first residential district in Nobelberget in Sickla with tenant owned dwellings. So far 14 of the 68 apartments have been reserved, which represents 21 per cent. The reason why we



I'm proud that we've developed our future project portfolio, enabling us to increase our investment goal to SEK 2 billion per year in own properties.

started this project, despite the relatively low number of booking contracts, is that we are confident in this product and the supply of tenant-owned dwellings will be lower on completion than it is today. The total risk for us is relatively low as our other ongoing projects mostly comprise commercial properties. The first residentials are expected to be ready for occupancy in 2020.

MOBILIA IS BEING DEVELOPED

We are developing and enhancing the content in Mobilia. Mobilia is already a central location in southern Malmö for retail and services, but we're now adding healthcare, culture and entertainment as well. At the time of writing we've started to build Torghuset, which will contain more residentials, a cinema and a cultural building for children. One important feature of the further development of Mobilia is to expand the range of social services. The second floor of Centrumhuset will have a new focus, becoming a cluster for healthcare and preventative health. We've already signed a lease contract with Folketandvården and a health care centre, both of which are expected to open in the autumn of 2020.

WE HAVE RECEIVED SEVERAL AWARDS

We have recently received several awards. In 2018 we were named "Commercial Property Company of the Year" and received the award for "Property Acquisition of the Year" for the acquisition of Katarinahuset in Slussen. We also came in third place in the "Best Letting of the Year" category.

One of our goals is to be one of Sweden's best workplaces. This is why we have taken part in the Great Place to Work® evaluation of 'Sweden's Best Workplaces' for many years. For the sixth year in a row, we came out on top in the category for medium-sized companies.

In March we were announced as a finalist in the competition for Sweden's best "Business Wellness Company". We have also been recognised for our gender equality work. The Allbright foundation ranked us as the third most equal listed company in Sweden, and we also won the "Diversity Impact Awards" competition. It is extremely gratifying to be recognised both for our business acumen and our corporate culture.

Annica Ånäs, CEO

ATRIUM LJUNGBERG AS AN INVESTMENT

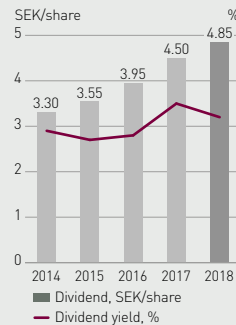
As a shareholder of Atrium Ljungberg, you receive a stable dividend yield at a low risk. At the same time, you have the potential for a healthy long-term total yield on your investment with regard to the company's interesting project portfolio on attractive growth markets. Investing in Atrium Ljungberg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

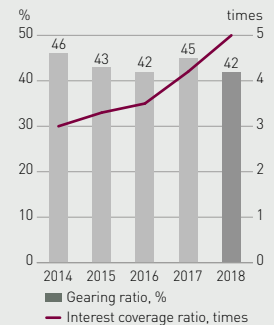
Dividend and share dividend yield



LOW FINANCIAL RISK

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

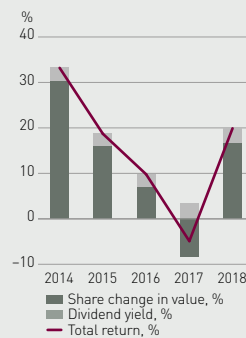
Gearing ratio and interest coverage ratio



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 yield



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 people and the environment.



51

NUMBER OF PROPERTIES

45

PROPERTY VALUE, SEK BILLION

2.6

CONTRACTED ANNUAL RENT, SEK BILLION

1,166

TOTAL LETTING AREA, 1,000 M²

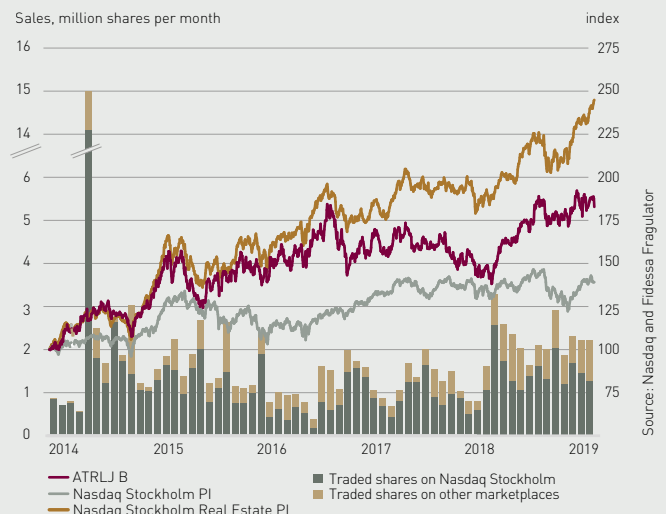
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LETTING RATE INCLUDING PROJECT PROPERTY, %

313

AVERAGE NUMBER OF EMPLOYEES

The Atrium Ljungberg share



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter 2019 1/1–31/3	Quarter 2018 1/1–31/3	Full-year 2018 1/1–31/12	12 months 2018/2019 1/4–31/3
Amounts in SEK m				
Rental income	633	601	2,412	2,444
Sales, project and construction work	32	54	217	195
Net sales	665	656	2,629	2,638
Property management costs				
Service charge-related costs	–58	–58	–186	–186
Other operating costs	–52	–38	–173	–188
Management costs	–41	–35	–157	–163
Repairs	–15	–15	–58	–58
Property tax	–38	–36	–150	–151
Leasehold fees	–	–7	–27	–20
Non-deductible VAT	–3	–3	–12	–12
	–206	–192	–764	–777
Project and construction work costs	–37	–55	–246	–229
Gross profit/loss	422	408	1,619	1,632
— of which gross profit/loss property management (operating surplus)	427	409	1,648	1,667
— of which gross profit/loss from project and construction work	–5	–1	–29	–33
Central administration, property management	–19	–17	–73	–74
Central administration, project and construction work	–7	–4	–30	–32
	–25	–21	–103	–106
Financial income	0	0	1	1
Financial expenses	–84	–78	–303	–309
Leasehold fees	–7	–	–	–7
	–91	–78	–302	–315
Profit/loss before changes in value	306	309	1,214	1,211
Changes in value				
Properties, unrealised	148	499	2,516	2,165
Properties, realised	17	5	121	133
Derivatives, unrealised	–160	–2	–70	–228
Derivatives, realised	–	–	1	1
	5	502	2,568	2,071
Profit/loss before tax	311	811	3,781	3,281
Current tax	–34	–30	–35	–39
Deferred tax	–56	–163	–294	–187
	–91	–193	–329	–226
Profit/loss for the period	220	618	3,453	3,056
Other comprehensive income				
Items which will be reclassified to profit/loss				
Cash flow hedging	4	5	16	17
Tax attributable to other reported income and expenses	–1	–1	–4	–4
Total other comprehensive income	3	4	13	13
Total comprehensive income for the period	223	621	3,466	3,069
Earnings per share, SEK	1.69	4.64	26.15	23.27

PROFIT, JANUARY–MARCH 2019

CHANGES IN THE PROPERTY PORTFOLIO

For the first quarter earlier acquisitions and divestments have impact on the result. Additions from acquired properties primarily regards Tranbodarne 11 in Stockholm, with possession 1st November 2018. Divestments of properties primarily regards Blästern 6 and Roddaren 7, vacated 1st November 2018 and Arbetsstolen 3, vacated 20th December 2018.

NET SALES

The Group's net sales for the period increased to SEK 665 million (SEK 656 m), of which rental income comprised SEK 633 million (SEK 601 m). The rental income increased by 5.6 per cent in like-for-like portfolios compared to the same period of the previous year of which office 5.3 per cent and retail 7.0 per cent. The increase in rental income for like-for-like portfolios is mostly explained by new rentals, renegotiations and SEK 5 million higher surcharges for property tax. The development of rental income for retail is mostly due to the completion of the extension in Gränby and letting out vacant properties in Q1 in 2018.

During the year, non-recurring payments of SEK 2 million (SEK 2 m) were received for the premature vacating of premises.

RENTAL INCOME TREND

	Quarter 2019 1/1–31/3	Quarter 2018 1/1–31/3	Change, %
Like-for-like portfolio	566	536	5.6
Non-recurring remuneration	2	2	
Project properties	45	23	
Properties acquired	20	0	
Properties sold	0	40	
Rental income	633	601	5.3

At the end of the period the market value for the like-for-like portfolio was SEK 37,348 million excluding development rights, corresponding to 83 per cent of the property portfolio's total value.

PROPERTY EXPENSES

Property expenses totalled SEK –206 million (SEK –192) and SEK –213 million (SEK –192) excluding the effects of IFRS 16. For like-for-like portfolios, property costs increased by 16.2 per cent compared with the corresponding period last year. The increase in property costs mostly comes from higher operating costs, which results from higher costs for bad debts and increased management costs, for example from the Leveriet concept. Property tax increased by

SEK 6 million in like-for-like portfolios but non-recurring costs in the first quarter reduced this increase for the property portfolio as a whole.

PROPERTY COSTS TREND

	Quarter 2019 1/1–31/3	Quarter 2018 1/1–31/3	Change, %
Like-for-like portfolio	–196	–169	16.2
Project properties	–18	–11	
Properties acquired	1	0	
Properties sold	0	–13	
Property management costs	–213	–192	10.9

GROSS PROFIT/LOSS PROPERTY MANAGEMENT

The gross profit for property management totalled SEK 427 million (SEK 409) and SEK 420 million (SEK 409) excluding the effects of IFRS 16. This increase is mostly due to higher operating net from project properties following the completion of projects where tenants have taken up occupancy. In the previous year the sale of properties was higher than contributions from acquired properties, which had a negative effect on operating surplus.

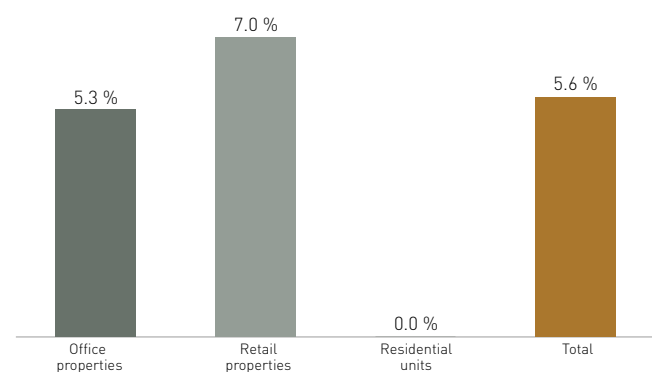
For the like-for-like portfolio, the gross profit for property management increased by 0.7 per cent compared with the corresponding period last year. This increase is mostly due to new rentals and renegotiations, but has also been negatively impacted by higher property costs resulting from bad debt and increased management costs, for example the Leveriet concept.

The surplus ratio fell to 66 per cent (68 %) because of the vacation of properties with relatively higher gross margins and has also higher bad debts, primarily due to the bankruptcy of Best of Brands and BR Leksaker.

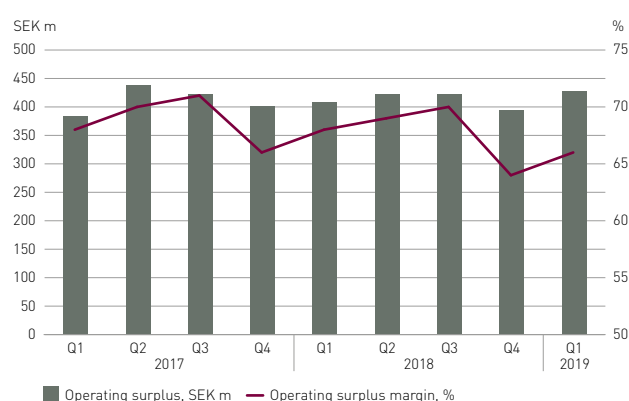
GROSS PROFIT/LOSS PROJECT AND CONSTRUCTION WORK

The gross profit for project and construction activities totalled SEK –5 million (SEK –1 m). The fall in gross profit is mostly attributed to a lower gross profit for TL Bygg, higher marketing costs in project and construction work, and a lower gross profit for business development and the project department. Internal Group sales for the period in TL Bygg amounted to SEK 75 million (SEK 99 m), which corresponds to 71 per cent (67 %) of total sales. TL Bygg's gross profit, including intra-group transactions amounted to SEK 5 million (SEK 9 m).

Like-for-like net rental income growth



Operating surplus and operating surplus margin



SEASONAL EFFECTS

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

CENTRAL ADMINISTRATION

Central administration comprises of costs for the company management as well as central support functions. The cost for the period amounted to SEK –25 million (SEK –21 m). The increase in central administration costs is mostly due promotion of our company's future growth.

FINANCIAL INCOME AND EXPENSES

Financial expenses for the period amounted to SEK –84 million (SEK –78 m), excluding leasehold fees. This increase is mostly due to higher interest-bearing liabilities. The average interest rate at the end of the period amounted to 1.7 per cent (1.7%). For more information, refer to the section on financing on page 14.

CHANGES IN VALUE

Unrealised changes in the value of investment properties totalled SEK 148 million (SEK 499 m), which is due to an increase in net operating income. For more information, refer to the section on property values on page 8.

Unrealised changes in the value of derivatives totalled SEK –160 million (SEK –2 m) as a result of lower market interest rates.

TAX

The current tax for the period totalled SEK –34 million (SEK –30 m). The current tax has been affected by tax deductible depreciation and investments, and by losses carried forward from previous years and restructuring of interest rate derivatives. The change in deferred tax amounted to SEK –56 million (SEK –163 m) and has

primarily been impacted by unrealised changes in the value of properties, the sale of properties and derivatives. The comparison year has also been affected by a reduction in the tax rate from 22.0 to 20.6 per cent.

The company tax rate for the 2019 tax year has been reduced to 21.4 per cent (22.0% in 2018). The reduction in the company tax rate is taking place in two stages from 2019. The next reduction will be in 2021, when the company tax rate will be 20.6 per cent. The deferred tax liability has been calculated on the lower tax rate since tax liabilities are not expected to be realised in any significant extent in 2019 and 2020.

The Group's accumulated tax deficit amounted to SEK 9 million (SEK 22 m) and comprises the base of the Group's deferred tax receivable.

The residual tax value of the property stock amounts to SEK 15,781 million (SEK 15,980 m).

TAX CALCULATION, 31/03/2019

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	311	
Tax deductible depreciation	–92	92
investments	–59	59
Non-taxable/non-deductible		
changes in the value of properties, unrealised	–148	148
changes in the value of properties, realised	–17	17
changes in the value of derivatives, unrealised	160	–160
consolidated capitalisation of borrowing	–3	3
consolidated internal profit	3	–3
Other fiscal adjustments	12	34
Taxable profit/loss before loss carry-forwards	167	191
Change in loss carry-forwards	–	–
Taxable profit/loss	167	191
Of which 21.4 per cent current/20.6 per cent deferred tax	–34	–39
Reversal of deferred tax for properties sold		–17
Reported tax expense	–34	–56

PROFIT

Profit before changes in value fell to SEK 306 million (309).

Profit for the period amounted to SEK 220 million (618), corresponding to SEK 1.69/share (4.64).

PROFIT FORECAST

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 7.22/share. Future 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.

MOBILIA Torghuset is currently being built in Mobilia. It will contain 74 rental apartments as well as stores, a new large cinema, and Funnys Äventyr, a cultural building for children that focuses on reading, playing and learning.



CONSOLIDATED BALANCE SHEETS SUMMARY

Amounts in SEK m	31/03/2019	31/03/2018	31/12/2018
ASSETS			
Investment properties	43,859	40,858	43,310
Leasehold	1,114	–	–
Goodwill	225	240	225
Other fixed assets	51	47	45
Total fixed assets	45,249	41,145	43,579
Development properties	906	876	891
Current assets	434	397	323
Liquid assets	420	415	335
Total current assets	1,760	1,689	1,549
Total assets	47,009	42,834	45,128
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20,240	18,844	20,696
Deferred tax liability	4,638	4,693	4,598
Long-term interest-bearing liabilities	18,727	15,433	18,506
Long-term financial leasing liability	1,114	–	–
Derivatives	521	481	349
Other long-term liabilities	206	73	202
Total long-term liabilities	25,205	20,680	23,655
Short-term interest-bearing liabilities	–	2,040	0
Other current liabilities	1,564	1,270	777
Total current liabilities	1,564	3,310	777
Total shareholders' equity and liabilities	47,009	42,834	45,128

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK m	Attributable to the Parent Company shareholders				Total shareholders' equity
	Share capital	Other capital contributed	Hedging reserves	Profits brought forward	
Opening balance as per 1 January 2018	333	3,960	–39	13,970	18,223
Profit/loss for the period				618	618
Other comprehensive income			4		4
Closing balance as per 31 March 2018	333	3,960	–36	14,588	18,844
Profit/loss for the period				2,835	2,835
Other comprehensive income			10		10
Option premiums received				1	1
Acquisition of own shares				–396	–396
Dividend, SEK 4.50/share				–599	–599
Closing balance, as per 31 December 2018	333	3,960	–26	16,429	20,696
Profit/loss for the period				220	219
Other comprehensive income			3		3
Dividend, SEK 4.85/share				–631	–631
Acquisition of own shares				–48	–48
Closing balance as per 31 March 2019	333	3,960	–23	15,970	20,240

There are a total of 133,220,736 (133,220,736) shares, of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. During the period Atrium Ljungberg acquired 297,000 (–) class B shares. As of 31 March the company owns 3,058,000 class B shares. The number of outstanding shares amounted to 130,162,736 (31/12/2018, 130,459,736) at the end of the period. The average number of outstanding shares for the period from 1/1/2019 to 31/3/2019 amounts to 130,360,814 (133,220,736).

MARKET AND PROPERTY PORTFOLIO

THE PROPERTY MARKET

Rental levels for offices continue to rise, particularly in Gothenburg and Uppsala. Although the top rents in Stockholm CBD have stabilised, the rents in the other parts of the market continue to rise.

According to Savills, the transaction volume on the Swedish property market amounted to SEK 42 billion in the first quarter, which is the highest figure ever for a first quarter and almost twice as much as the first quarter last year. Foreign investors have remained active and account for 43 per cent of the transaction volume.

The dividend yield requirements are stable at low levels thanks to the continued strong interest in investing in properties.

On the housing market, prices have stabilised and prices on both apartment and houses remained unchanged during the last months.

The supply is still at record levels, both of new production and on the succession market.

PROPERTY PORTFOLIO

Our property portfolio is concentrated to central locations in the growth regions of Stockholm, Gothenburg, Malmö and Uppsala, with Stockholm accounting for 72 per cent of the contracted annual rent. The property portfolio contains a total of 51 properties with a total letting area of 1,166,000 m².

There were no acquisitions or sales during the period. The title has been paid for the acquisition of Molekylen 1 (land for Life City).

CONTRACTED ANNUAL RENT AND LETTING RATE

As of 1 April 2019 the contracted annual rent stood at SEK 2,553 million (SEK 2,365 m). The economic letting rate including project properties was 93 per cent (94 %), and excluding project properties, 94 per cent (95 %). The EPRA vacancy rate was therefore 6 per cent (5 %). The fall in the letting rate is due to two properties, Sickla Front II and Gränby Entré building 3, being completed, but not yet being fully let.

The average remaining term for contracted rent excluding residentials and parking was 3.5 years as of 1 April 2019 (3.5).

NET LETTING

Net letting, i.e. newly agreed contracted annual rents less annual rents terminated due to clients vacating the premises, amounted to SEK -33 million (SEK 10 m) during the first quarter, of which SEK 10 (SEK 3) refers to project properties. Several of the notices of termination are for properties that are being prepared for projects, but have not yet been classified as project properties, for example, in Slussen, Medborgarplatsen and Slakthusområdet.

The time lag between net letting and its effect on profit is assessed to be 3-18 months.

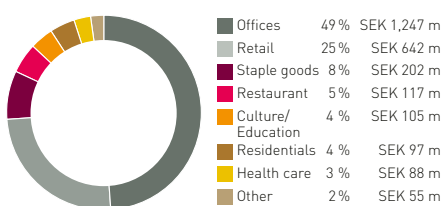
Net letting

- Negative letting affected, for example, by notices of termination for properties that are being prepared for projects



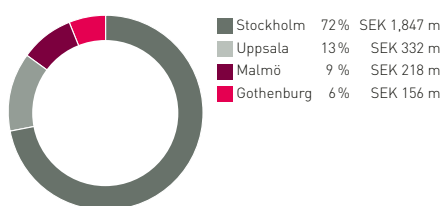
Contracted annual rent per premises type

- Half comprises offices



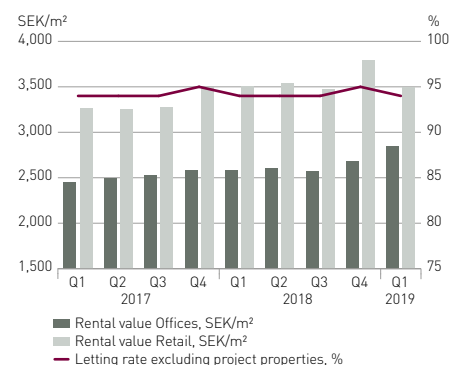
Contracted annual rent per region

- Concentrated to the growth regions



Rental value per square metre and letting rate

- Stable letting rate over time



Rental value and letting rate

Premises type	1/4/2019		
	Rental value, SEK m	Rental value, SEK/m ¹⁾	Letting rate, %
Offices	1,267	2,844	94
Retail	991	3,497	94
Other	226	1,965	94
Residential	87	1,452	100
Garage/parking	56	-	93
Business area Property	2,628	2,906	94
Project properties	106		73
Property portfolio, total	2,734		93

¹⁾ m² excluding garage.

Premises type	1/4/2018		
	Rental value, SEK m	Rental value, SEK/m ¹⁾	Letting rate, %
Offices	1,138	2,586	95
Retail	924	3,504	95
Other	219	1,856	95
Residential	78	1,381	100
Garage/parking	52	-	93
Business area Property	2,411	2,686	95
Project properties	101		79
Property portfolio, total	2,512		94

PROPERTY VALUATION

During the first quarter, Atrium Ljungberg internally valued the entire property portfolio and assumed yield requirements have been subject to quality assurance by Forum Fastighetsekonomi.

The market valuation is based on analyses of completed property transactions for properties of a similar standard and in a similar location, in order to assess the market's yield requirements. The valuation also entails cash flow calculations, with individual assessments of the earning capacity of each 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.

CHANGE IN VALUE

The unrealised change in value during the period amounted to SEK 148 million (SEK 499 m), which is mainly due to a higher operating net.

Unrealised changes in value, properties

SEK m	Quarter 2019 1/1–31/3	Quarter 2018 1/1–31/3
Change in yield requirements	–	289
Change in operating net, etc.	148	210
Total	148	499

DEVELOPMENT PROPERTIES

Development properties are properties that are intended to be developed into tenant-owned dwellings before being sold. The development properties are recognised at the lowest of the investments expended and the estimated net realisable value.

Changes in the property portfolio

SEK m	Quarter 2019 1/1–31/3	Quarter 2018 1/1–31/3	Full-year 2018 1/1–31/12
Investment properties			
Fair value at the start of the period	43,310	39,991	39,991
Acquisitions (after deduction of deferred tax)	18	10	1,727
Sales	–	–	–2,662
Investments in our own properties	383	357	1,738
Unrealised changes in value	148	499	2,516
Fair value at the end of the period	43,859	40,858	43,310
Development properties			
At beginning of period	891	870	870
Investments	15	6	21
Development properties, at period end	906	876	891
Property portfolio, total	44,765	41,733	44,201

Dividend yield requirement per premises type

%	Interval	31/3/2019 Average	31/12/2018 Average
Offices	3.6–6.3	4.5	4.5
Retail	3.6–6.2	4.9	4.9
Residential	2.9–3.8	3.2	3.2
Other	3.7–6.3	5.0	5.0
Total	2.9–6.3	4.6	4.6

Dividend yield requirement per region

%	Interval	31/3/2019 Average	31/12/2018 Average
Stockholm	2.9–6.3	4.5	4.5
Uppsala	4.5–5.8	5.2	5.2
Malmö	3.8–5.9	5.4	5.4
Gothenburg	4.5–5.0	4.5	4.5
Total	2.9–6.3	4.6	4.6

Property portfolio

Property type	31/03/2019			2018-03-31		
	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ¹⁾	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ¹⁾
Office properties	688	23,861	44,528	669	21,455	41,157
Retail properties	367	15,531	49,840	336	14,419	49,356
Residential properties	82	2,038	29,007	76	1,694	26,091
Total	1,137	41,430	45,144	1,082	37,568	42,770
Project properties	23	2,148		40	2,589	
Land and development rights	–	281		–	701	
Total Investment properties	1,160	43,859		1,122	40,858	
Development properties	6	906		23	876	
Property portfolio, total	1,166	44,765		1,145	41,733	

¹⁾ m² excluding garage. Letting area for new production is not reported until the project is completed and the figures hence do not accurately represent the actual situation.

INVESTMENTS AND PROJECTS

CONFIRMED AND COMPLETED PROJECTS

During the first quarter of 2019, investments in own properties amounted to SEK 398 million (SEK 364 m), of which SEK 202 million (SEK 253 m) was in project properties and SEK 15 million (SEK 6 m) in development properties. Investments in project properties relate primarily to Sickla, Mobilia and Gränbystaden. The other investments relate primarily to tenant adaptations in properties in Sickla, Södermalm, Sundbyberg and Liljeholmen.

No projects were completed in the first quarter and the remaining investment volume for confirmed projects amounted to SEK 3,730 million as of 31 March.

SICKLA – NACKA

Curanten – 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. Framing is currently underway and the two lowest floors are already in place. Occupancy is expected to start at the end of 2020.

Sickla Tapetfabriken – The reconstruction of Tapetfabriken is underway. The foundation work is almost complete and the building shell will start to be erected in the spring. 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 7,200 m² hotel with 156 hotel rooms and a 2,000 m² lobby with a restaurant, event spaces and conference premises. The hotel is planned to be completed in the third quarter of 2020.

Nobelbergsgaraget – 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 has started. The ground work is underway and it is expected to be completed in 2020.

Formalinfabriken – A former industrial building in Nobelberget which used to be a laboratory and offices is being reconstructed. The building comprises approximately 2,000 m² across four levels. From the time of its acquisition Atrium Ljungberg has been working to create 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.

The installation work is underway and painting is being carried out in the public areas. Occupancy is planned for the summer of 2019.



NOBELBERGET In the second quarter of 2019 we will start to build a total of 68 tenant-owned apartments. The residentials are expected to be ready for occupancy in 2020.

Panncentralen – A pre-school with six departments is being created in Nobelberget in the area's old power station. This old brick building will have a new extension and a playground will be created next to the power station. An agreement was signed in the first quarter with a pre-school organisation and the pre-school is scheduled to open in 2020.

Nobelberget, brf Sicklastråket – Brf Sicklastråket will contain 68 tenant-owned apartments and is the first residential building to be built in Nobelberget. 3D imaging will be used for this property with the apartments being built on top of Nobelbergsgaraget.

Sales started for this tenant-owned apartment project in the autumn of 2018. At the moment 21 per cent of the apartments have been reserved. Signing of the binding contracts and the start of construction is planned for the second quarter of 2019. The entire district will be completed in 2020.

HAGASTADEN – STOCKHOLM

Life City – In the heart of the emerging life science cluster in Hagastaden, we are creating 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 this project, with a lease agreement for 17,000 m² signed with Academic Work. The building, which is next to Nya Karolinska Solna, covers 27,500 m² and represents 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. The building permit was received at the end of March 2019 and an agreement with Trafikverket was signed in the beginning of April. Which is why we are now starting construction in this project. 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 30,000 m² GFA. In close collaboration 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. Järfälla Municipality will lease almost 11,000 m² for upper secondary education, a multi-purpose hall, a library and other cultural activities.

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. Construction will start in April 2019 with occupancy expected during the spring 2022.

GRÄNBYSTADEN – UPPSALA

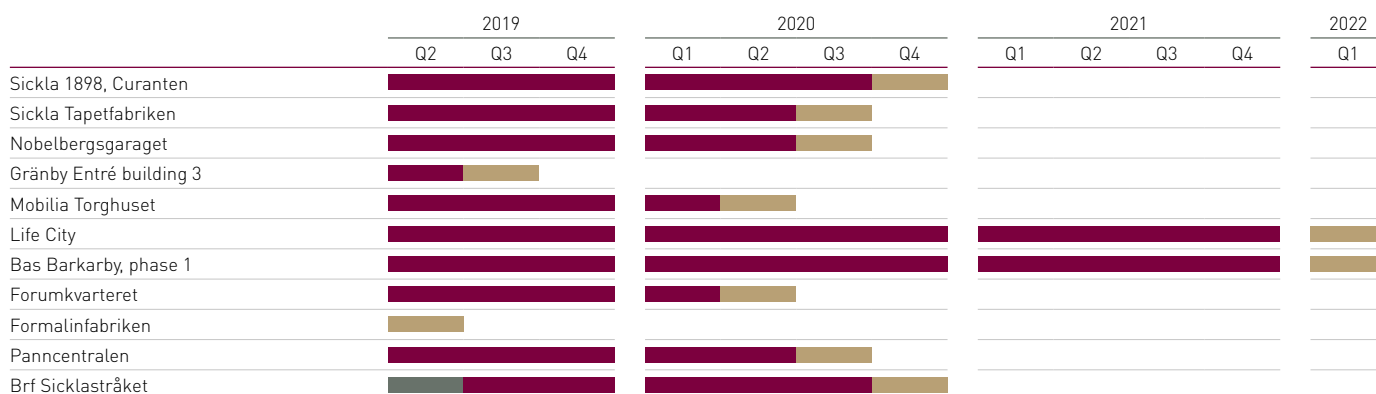
Gränby Entré building 3 – We have built three buildings containing rental apartments, commercial premises and offices next to Gränbystaden shopping centre. Building 1, with 63 rental apartments, a health centre, bank, dining and services were occupied in the autumn of 2017; while building 2, with 71 rental apartments was ready for occupancy in the autumn of 2018. Building 3 contains 66 rental apartments, offices and premises, where we are planning, for example, restaurants and other service activities. All residentials are let and occupied. Work to let out the remaining office spaces and premises on the street level is currently underway. The apartments have been mediated through Uppsala Bostadsförmedling. The house is completed during autumn 2019.

FORUMKVARTERET – UPPSALA

Forumkvarteret – In Forumkvarteret in the centre of Uppsala, we are in the final phase of major reconstruction work for all parts of

Schedule for confirmed projects

■ Planning ■ Construction ■ Completion



Confirmed projects

Project, property, municipality	Letting area, m²				Total investment, SEK m ¹⁾	Of which remaining, SEK m	Fair value, SEK m	Rental value, SEK m ²⁾	Letting rate, %	Environmental certification
	Retail	Offices	Residen- tials	Parking, GFA						
New builds and extensions										
Sickla 1898, Curanten, Sicklaön 83:22, Nacka	3,600	8,100			530	380		39	E/T ³⁾	Breeam
Sickla Tapetfabriken, Sicklaön 83:22, Nacka	7,200	2,600		4,600	400	270		24	E/T ³⁾	Breeam
Nobelbergsgaraget, Sicklaön 83:33, Nacka	600			3,500	60	50		4		
Gränby Entre building 3, Gränby 21:5, Uppsala	1,200	1,300	3,400		240	70		15	64 ⁴⁾	Miljöbyggnad
Mobilia Torghuset, Bohus 8, Malmö	9,400		3,800		540	380		37	34 ⁵⁾	Breeam
Life City, Molekylen 1, Stockholm		27,500		4,400	1,870	1,340		107	E/T ³⁾	Breeam
Bas Barkarby, Barkarby 2:64, Järfälla		24,100			830	770		55	E/T ³⁾	Breeam
Reconstruction										
Forumkvarteret, Dragarbrunn 27:2, Uppsala	6,200	7,400	1,400	1,300	360	120		50	84	Breeam In-Use
Formalinfabriken, Sicklaön 83:33, Nacka		2,000			60	30		4		Breeam In-Use
Panncentralen, Sicklaön 83:33, Nacka		1,000			80	70		E/T ³⁾	100	Miljöbyggnad
Tenant-owned dwellings										
Brf Sicklastråket, Sicklaön 83:33, Nacka ⁷⁾			4,500		300	250				Miljöbyggnad
Total	28.200	74.000	13.100	13.800	5.270	3.730	2.202 ⁶⁾			

¹⁾ Including any land acquisition in connection with the project implementation, but excluding any initial values such as the market value of a demolished building.

²⁾ Excluding premiums and any net sales result.

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

⁴⁾ The letting rate for commercial premises amounts to 31 per cent. The letting rate for residentials is 100 per cent.

⁵⁾ The letting rate for commercial premises amounts to 41 per cent. Residential units are let closer to completion.

⁶⁾ Divided into SEK 1,444 million for new building and extensions, SEK 704 million for reconstructions and SEK 54 for tenant-owned dwelling projects.

⁷⁾ 14 of the 68 tenant-owned apartments have been reserved with booking contracts.

the property. Forumkvarteret has offices, residential properties and a shopping centre with stores and restaurants. In 2018 the work focused mainly on improving and reconstructing the shopping centre section, making space available and creating a clear internal concourse. The retail offering is concentrated on the street level and has been enhanced with several new players.

In 2019 work is continuing on developing new, modern office environments on the upper floors in the property which will be ready for occupancy in 2019 and 2020. Rental agreements have been signed with Academic Work, Tengbom Arkitekter and Helenius VVS-konsulter, which will all move in during 2019.

The new shopping centre section is scheduled to be opened in the spring of 2019. Our ambition is for Forumkvarteret to become an urban city centre district that is vibrant 24 hours a day.

MOBILIA – MALMÖ

Mobilia Torghuset – Work on new construction and an extension of approximately 13,500 m² letting area is underway. The foundation work is complete, the building shell is being erected and some parts of the building have reached their full height. The frame is expected to be complete after the summer of 2019. Tenants, which include Nordisk Film and Funnys Äventyr, will open gradually in 2020. Occupancy of the 74 new rental apartments will take place in parallel with this. This building is the final phase of the central square in Mobilia.

POTENTIAL DEVELOPMENT PROJECTS

Our current project portfolio with new projects and major reconstruction work enables future investments of approximately SEK 17 billion, which includes potential land acquisitions through land allocations.

In terms of area, almost half of the project portfolio consists of offices, and half of residentials, retail and education. The project portfolio is divided among all our areas with Sickla and Gränbystaden accounting 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.

As well as the above, we have a purchase agreement with the City of Stockholm for the acquisition of both existing properties and land allocations in Slakthusområdet, Stockholm. This acquisition is conditional on the approval of the city council; for more information, see page 13.

The projects that we expect to begin in 2019-2020 are described below. Some projects are covered by current detailed development plans and others are dependent on new detailed development plans.

POTENTIAL PROJECT STARTS 2019-2020

In Sickla there are plans for an extension of the Sickla shopping centre of approximately 3,000 m² GFA for retail, plus a two-storey parking garage with approximately 220 parking spaces. There is a complete detailed development plan for this expansion, and construction is expected to start in 2019.

The detailed development plan for 500 residentials in Nobelberget became legally binding in May 2018 and the sale of the first 68 tenant-owned dwellings was underway in the first quarter. The development of the remaining residential properties will be carried out gradually. The rate of this development will depend on market demand. At Nobelberget we want to create an attractive and dense urban environment with residentials as well as office premises and cultural activities.

Potential projects

	Municipality	Premises type ¹⁾	Project area, m ² , GFA		Potential investment, SEK m ^{2) 4)}
			Detailed development plan exists	Change to detailed development plan required	
Barkarby	Järfälla	Residential	9,000		
Barkarby	Järfälla	Offices	10,000		
Lindholmen	Gothenburg	Offices		6,000	
Hagastaden	Stockholm	Offices		16,000	
Hagastaden	Stockholm	Retail	1,000		
Mobilia	Malmö	Offices	6,000		
Malmö	Malmö	Retail	16,000		
Sickla	Nacka	Education		9,000	
Sickla	Nacka	Residential	41,000	94,000	
Sickla	Nacka	Offices		22,000	
Sickla	Nacka	Retail	5,000		
Sundbyberg	Sundbyberg	Offices		39,000	
Södermalm	Stockholm	Offices	69,000		
Södermalm	Stockholm	Retail	6,000		
Uppsala	Uppsala	Residential	22,000	21,000	
Uppsala	Uppsala	Offices		43,000	
Uppsala	Uppsala	Retail	5,000	23,000	
Total ^{3) 4)}			190,000	273,000	17,000
AGREEMENT WITH THE CITY OF STOCKHOLM ⁵⁾					
Slakthusområdet	Stockholm	Offices		77,000	
	Stockholm	Residential		44,000	
	Stockholm	Retail		28,000	
	Stockholm	Culture		11,000	
	Stockholm	Training		7,000	
Total				167,000	7,000⁷⁾

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

²⁾ The investment volume includes possible land acquisition.

³⁾ Of which construction is 76,000 m².

⁴⁾ The total relates to 117,000 m² GFA of land allocations.

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

⁶⁾ Relates to investments in existing properties and future development rights.

⁷⁾ Includes initial acquisition in June 2019, excluding the option to acquire Palmfelt Center.



At Sickla station we have a building right of approximately 7,500 m² GFA next to the future underground railway station for retail, services and offices. 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, which contains an underground station, offices and a hotel. Work on the extension of the underground will start in 2019, along with work on a new detailed development plan.

In Gränbystaden we are continuing to develop Uppsala's second city centre, with a mix of retail, offices and residential as well as service and cultural activities. In addition to the rental apartments which have been built next to the southern section of the shopping centre, we are planning approximately 250 more residential in the area. Construction of 50 apartments in the first phase, which is contained within the detailed development plan, is expected to take place in 2019, with possession during 2020. We are also investigating the possibility of starting detailed development work for extending the northern and western part of the shopping centre area with space for retail, healthcare, offices, parking and residential.

In northern Gränbystaden there is the opportunity to develop the last piece of land with approximately 5,000 m² GFA for retail and offices.

At the beginning of 2017, we received a land allocation beside the Gränbystaden shopping centre with a potential building right of 45,000 m² GFA. Detailed development planning is underway and expected to be complete in 2020.

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 30,000 m² GFA. This is expected to be complete in the spring 2022. 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 properties.

SLAKTHUSOMRÅDET

Atrium Ljungberg has signed a purchase agreement with the City of Stockholm to acquire existing properties and to obtain land allocations in Slakthusområdet just to the south of Stockholm's city centre.

The acquisition of the existing properties will be carried out in two stages, with possession of 51,000 m² letting area expected in June 2019 and an option to acquire Palmfelt Center, measuring 32,000 m² letting area, once a new detailed development plan becomes legally binding, but by 31 December 2021 at the latest. This deal also includes options, with Atrium Ljungberg being able to order land allocations of approximately 100,000 m² GFA. The acquisitions and developed land allocations amount to a total of approximately 200,000 m² GFA for offices and residential, supplemented with culture, retail, a restaurant, hotel, education, etc. The total investment will amount to approximately SEK 8 billion between 2019 and 2030.

The initial acquisition comprises 51,000 m² letting area with a rental value of SEK 73 million. The letting rate is currently 95 per cent. The properties in this acquisition include historically important buildings in the northern part of Slakthusområdet. The purchase price is based on an underlying property value of SEK 1,120 million. This deal is planned to be executed through a company acquisition. Decisions about this agreement were made in the Development Committee and the Property Committee in the City of Stockholm, and in the Board of S:t Erik Markutveckling in February 2019. The acquisition is also conditional on the approval of the city council, which is planned for May 2019.

SLAKTHUSOMRÅDET Our vision for Slakthusområdet is for this to be the obvious meeting place for offices, homes, dining, culture and experiences. An engine for the entire Söderort.



FINANCING

THE FINANCIAL MARKET

The economic outlook on the market remains good, but growth has started to slow down and political uncertainty has increased. The trade tariffs that the USA has introduced against China have had a negative impact on the Chinese economy and additional tariffs may negatively affect world trade. The major issue for the eurozone is how Britain's exit from the EU will be resolved and what impact this could have.

Although the growth in the Swedish economy has weakened, the decline is expected to be mild as we have a strong labour market and a stable rate of inflation. In March the National Institute of Economic Research assessed growth in GDP to be 1.5 per cent for 2019 and 1.6 per cent for 2020.

The variable rate, 3M Stibor, passed the zero mark in March for the first time in four years, amounting to 0.01 per cent at the end of the quarter compared with -0.13 per cent at the end of last year. The 10-year swap interest rate continued to fall during the quarter and amounted to 0.84 per cent at the end of the quarter compared to 1.13 per cent at the end of last year.

INTEREST-BEARING LIABILITIES

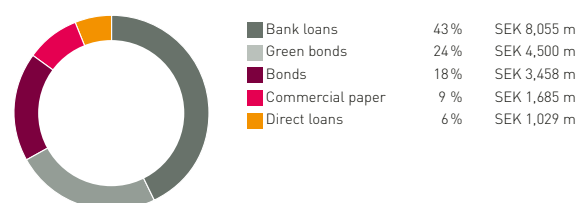
Atrium Ljungberg meets its financing requirements through the capital market, Nordic banks and direct financing. Bank loans accounted for 43 per cent (48 %) of the total loan volume at the end of the period. Interest-bearing liabilities at the end of the period amounted to SEK 18,727 million (SEK 17,473 m). During the first quarter interest-bearing liabilities increased by SEK 221 million, which was mostly due to the ongoing investments in Atrium Ljungberg's own properties. Outstanding bonds under the MTN programme amounted to SEK 7,958 million (SEK 6,300 m).

The average interest rate at the end of the period amounted to 1.7 per cent (1.7 %). Including unutilised loan guarantees the average interest rate amounted to 1.8 per cent (1.8 %). The average fixed interest term was 4.1 years (4.4 years) and the average capital commitment term was 4.7 years (3.5 years). The interest coverage ratio for the period amounted to 4.6 (5.0). According to the company's financial goals, the gearing ratio is to be less than 45 per cent over the long term. At the end of the quarter it amounted to 41.8 per cent (41.9 %).

Unutilised loan guarantees in addition to loan guarantees which cover outstanding commercial paper amounted to SEK 3,260 million (SEK 2,150 m). The unutilised overdraft facility amounted to SEK 300 million (SEK 300 m).

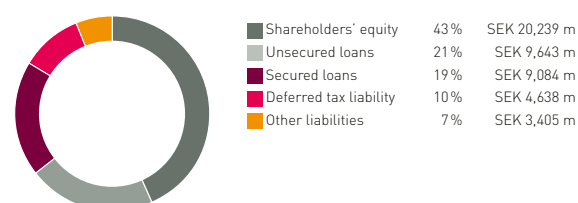
Interest-bearing liabilities

– SEK 18.7 billion in liabilities with a diversified capital base



Capital structure

– 19 per cent of the assets are secured loans



LEVERIET The new Leveriet concept integrates e-commerce into physical environments. The aim is to increase service and enhance the shopping experience, from purchasing online to collecting the packages. Leveriet is available in Sickla, Nacka and Mobilia in Malmö.

COLLATERAL

Atrium Ljungberg's borrowing is partly secured by real estate mortgages. Of the interest-bearing liabilities, SEK 9,084 million (SEK 8,448 m) is secured by mortgage deeds which corresponds to 19 per cent (20 %) in relation to the total assets.

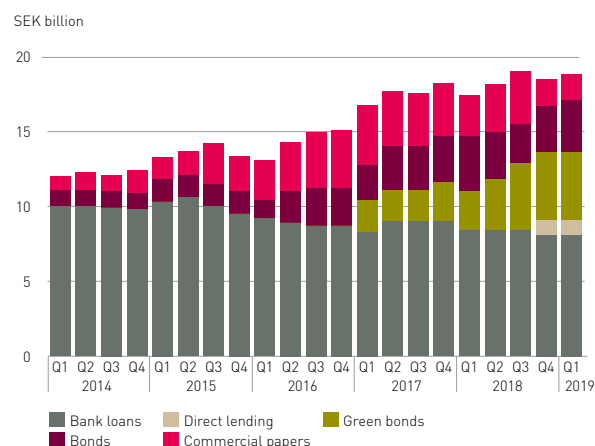
DERIVATIVES

At the end of the period, the derivative portfolio comprised SEK 9,796 million (SEK 9,296 m) in interest rate swaps and currency swaps, with maturity between 2021 and 2029. Currency swaps are being used to hedge against foreign exchange risk for bond loans in Norwegian krone.

The derivatives portfolio is valued at market rate in conjunction with every closing of the accounts and the change in value is reported via the income statement. The unrealised change in the value of derivatives during the period totalled SEK -160 million (SEK -2 m) as market interest rates fell on the terms covered by the derivatives during the period. The deficit book value of the derivatives portfolio totalled SEK -521 million (SEK -481 m) at the end of the period.

Development of financing sources

– The increase in financing volume has mostly been achieved through the capital market.



Fixed interest

Maturity date	Amount, SEK m	Percentage, %	Average interest, % ¹¹
2019	6,631	35	1.1
2020	1,300	7	0.5
2021	1,175	6	1.8
2022	400	2	1.7
2023	736	4	1.6
2024 and thereafter	8,485	45	2.5
Total	18,727	100	1.7

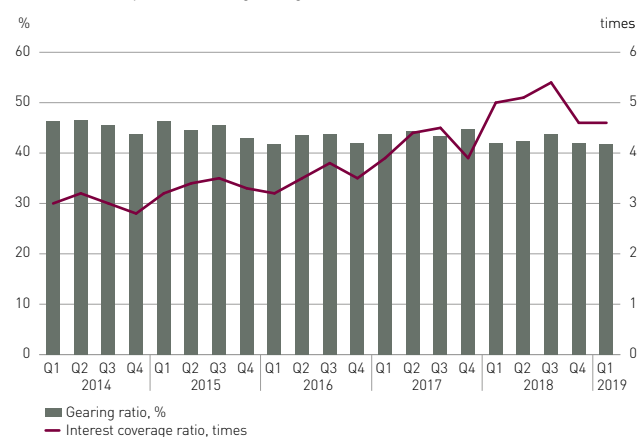
¹¹ The average credit margin for variable interest rates is spread over the time segment during which the derivative falls due for payment. The average interest is reported excluding the cost of unutilised loan guarantees.

Capital commitment

Maturity date	Amount, SEK m	Percentage, %
2019	–	–
2020	2,118	11
2021	4,851	26
2022	3,618	19
2023	1,408	8
2024 and thereafter	6,733	36
Total	18,727	100

Gearing ratio and interest coverage ratio

– Stable development of the gearing ratio

**PUBLIC RATING**

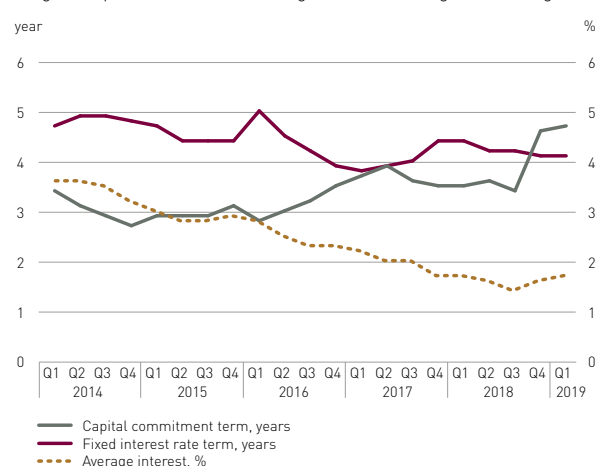
The company has an investment grade rating from the credit rating agency Moody's and was awarded Baa2 grade with a stable outlook. An updated report was received at the beginning of April 2019 that confirmed these levels.

GREEN BONDS

Atrium Ljungberg has a green framework that is linked to the MTN programme. This enables green financing with a clear link to our sustainable projects. There was SEK 4,500 million in green bonds outstanding at the end of the period.

Average interest and capital commitment and fixed interest rate

– Higher capital commitment through direct financing and Norwegian bonds



PHOTOVOLTAIC PANELS In the autumn of 2018 Stockholm County's largest photovoltaic installation was put on the roofs of three buildings in Sickla. This is an example of a project that has been funded through green bonds.



CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	Quarter 2019 1/1–31/3	Quarter 2018 1/1–31/3	Full-year 2018 1/1–31/12	12 months 2018/2019 1/4–31/3
OPERATING ACTIVITIES				
Profit/loss before changes in value	306	309	1,214	1,211
Reversal of depreciation and write-downs	1	3	11	9
Other items not included in the cash flow	-17	-2	17	-2
Tax paid	-8	-16	-14	-6
Cash flow from operating activities before changes in working capital	283	293	1,228	1,213
Net change in working capital	59	22	32	70
Cash flow from operating activities	342	316	1,260	1,282
INVESTMENT ACTIVITIES				
Acquisition of investment properties	-18	-	-2,159	-2,177
Reconstruction and new construction of investment properties	-398	-364	-1,758	-1,791
Sale of investment properties	-	902	3,582	2,681
Investment in financial fixed assets	-7	-	-	-7
Purchase/sale of equipment	-	-9	-13	-4
Cash flow from investment activities	-423	529	-348	- 1,298
FINANCING ACTIVITIES				
Change in other long-term liabilities	3	0	10	13
Loans raised	644	718	5,867	5,794
Amortisation of debts	-434	-1,492	-5,612	-4,553
Exercise of derivatives	-	-	-191	-191
Dividends paid	-	-	-599	-599
Buy-back of own shares	-48	-	-396	-444
Cash flow from financing activities	166	-774	-920	21
Cash flow for the period	85	70	-9	5
Liquid assets at the beginning of the period	335	344	344	415
Liquid assets at the end of the period	420	415	335	420

COMMENTS ON THE CASH FLOW STATEMENT

The cash flow from operating activities totalled SEK 342 million (SEK 316 m), corresponding to SEK 2.59/share (2.37). The higher cash flow during the period compared to the same period last year is mainly explained by the change in operating capital.

Investment activities have contributed to a negative cash flow by SEK -423 million (SEK 529 m), primarily relating to investments in own properties.

The cash flow in financing activities amounted to SEK 166 million (SEK -774 m) as a consequence of new loans and the buy-back of own shares.

Available liquidity amounted to SEK 3,680 million (SEK 2,865 m) and comprised bank deposits of SEK 420 million (SEK 415 m), unutilised overdraft facilities of SEK 300 million (SEK 300 m) and unutilised lines of credit of SEK 2,960 million (SEK 2,150 m) in addition to credit facilities covering outstanding commercial paper.

SUSTAINABILITY

SUSTAINABLE ENTERPRISE

One of Atrium Ljungberg's overall operational goals is Corporate Social Responsibility. In this context we have defined four sustainability goals which are monitored quarterly:

- 100 per cent of our investment properties will be environmentally certified by 2021 (excluding project properties and properties acquired during the last two years)..
- Energy consumption per square metre will decrease by 30 per cent between 2014 and 2021.
- The proportion of green lease contracts will be 50 per cent of the contracted annual rent by 2021.
- We will be one of Sweden's best workplaces, which forms part of our aim to have sustainable employees and to be an attractive employer.

ENVIRONMENTAL CERTIFICATION

We have chosen to certify our commercial premises in accordance with BREEAM and our residential in accordance with Miljöbyggnad. On 31 March 2019, 35 per cent (18 %) of letting area was certified.

ENERGY CONSUMPTION

Electricity is responsible for the greatest share of our energy consumption. Usually, we provide our tenants with electricity and charge them on the basis of actual consumption, which creates incentives for resource efficiency. A majority of our properties use district heating as their heat source. The cooling that is installed in our properties is provided by purchased district cooling and by self-generated cooling. The use of process cooling has increased by 3 per cent compared to the previous period. The increase during comparable periods is mostly due to the hot summer of 2018.

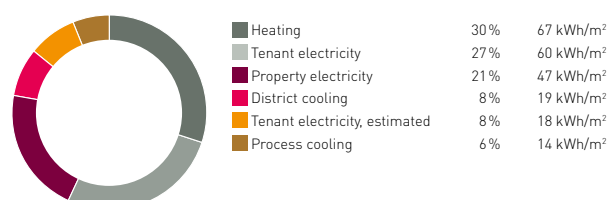
ENERGY INTENSITY

kWh/m ²	12 months 2018/2019 1/4–31/3	12 months 2017/2018 1/4–31/3	Change	Change compared to 2014 ¹⁾
Heating	67	68	–1 %	–27 %
Property electricity	47	49	–4 %	–30 %
District cooling	19	14	36 %	0 %
Sub-total property energy	133	131	2 %	–25 %
Tenant electricity	60	63	–5 %	–3 %
Tenant electricity, estimated	18	18	3 %	–34 %
Process cooling	14	14	3 %	–
Total energy intensity	227	227	0 %	–15 %

¹⁾ Reference year.

Energy intensity

– 40 % of the total energy intensity comprises the tenants' energy used for their activities



SUSTAINABLE EMPLOYEES

We have taken part in the Great Place to Work® evaluation of "Sweden's best workplaces" since 2011. Our goal is to achieve an average index of at least 85 per cent. In 2018 we exceeded our goals and achieved an index of 88 per cent (88).

GREEN LEASE CONTRACTS

Sustainable and cost-efficient solutions are created in close collaboration between tenants and property owners. Green lease contracts are an example of a joint undertaking to reduce environmental impact together; they comprise energy, waste and transportation, for example. The goal is for green contracts to account for at least 50 per cent of contracted annual rent by 2021.

	01/04/2019	01/04/2018
Green lease contracts, share of contracted annual rent	28 %	20 %

ECONOMIC VALUE DISTRIBUTED

Atrium Ljungberg creates value by management, development and acquisition of properties. The generated economic value mainly comprises rental income, investments and unrealised changes in the value of properties. There is a description below of how the created economic values are distributed between suppliers, employees, lenders, society and the owners.

SEK m	Quarter 2019 1/1–31/3	Quarter 2018 1/1–31/3	Full-year 2018 1/1–31/12	12 months 2018/2019 1/4–31/3
Directly generated economic value				
Revenue	670	1,158	5,197	4,709
Economic value distributed				
Payments to suppliers	633	504	2,289	2,418
Salaries and compensation to employees	31	29	180	182
Fees and compensation to the Board and CEO	7	5	24	26
Payments to financiers, net	87	82	314	319
Tax to society	126	115	335	346
Dividends to shareholders	631	599	599	631
Total distributed economic value¹⁾	1,515	1,334	3,741	3,922
Economic value distributed²⁾	–845	–176	1,456	787

¹⁾ Economic value distributed corresponds to economic value generated.

TAX

Atrium Ljungberg's directly distributed economic value to society comprises taxes and leasehold fees. Taxes mainly comprise current tax, property tax, non-deductible VAT, stamp duty and social security payments. 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. Read more about Atrium Ljungberg's tax policy on page 25 in our Annual Report.

SEK m	Quarter 2019 1/1–31/3	Quarter 2018 1/1–31/3	Full-year 2018 1/1–31/12	12 months 2017/2018 1/4–31/3
Current tax	34	30	35	39
Property tax	38	36	150	152
Non-deductible VAT	17	13	61	65
Stamp duty	18	15	–	3
Social security payments	10	12	54	53
Special payroll tax	2	2	7	7
Taxes	119	108	308	319
Leasehold fees	7	7	27	27
Society	126	115	335	346

GREEN BONDS

Atrium Ljungberg has a green framework that is linked to the MTN programme. This enables green financing with a clear link to our sustainable projects. There was SEK 4,500 million in green bonds outstanding at the end of the period.

SEGMENT REPORTING

Atrium Ljungberg's segmentation is based on two business areas: Properties and Project and construction activities.

31/3/2019						
Amounts in SEK m	Properties	Project development ¹⁾	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	636				-3	633
Sales, project and construction work		14	106	120	-88	32
Net sales	636	14	106	120	-91	665
Property management costs	-209				3	-206
Project and construction work costs		-8	-101	-109	72	-37
Gross profit/loss	427	6	5	11	75	422
Central administration	-19	-1	-6	-7		-25
Financial income and expenses					-91	-91
Profit/loss before changes in value	408	5	-1	5	-107	306
Changes in value	165 ²⁾				-160 ³⁾	5
Tax					-91	-91
Profit/loss for the period	573	5	-1	5	-357	220
Investments and acquisitions	383	15		15		398
Assets, period end	44,973 ⁴⁾	906 ⁵⁾	162	1,068	969	47,009

31/3/2018						
Amounts in SEK m	Properties	Project development ¹⁾	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	604				-3	601
Sales, project and construction work		5	148	153	-99	54
Net sales	604	5	148	153	-102	656
Property management costs	-194				2	-192
Project and construction work costs		-12	-139	-151	96	-55
Gross profit/loss	410	-7	9	412	-4	408
Central administration	-17		-4	-21	0	-21
Financial income and expenses					-78	-78
Profit/loss before changes in value	393	-7	5	391	-82	309
Changes in value	504 ²⁾				-23 ³⁾	502
Tax					-193	-193
Profit/loss for the period	504	-7	5	391	-277	618
Investments and acquisitions	382		1	1		383
Assets, period end	40,857 ⁴⁾	876 ⁵⁾	120	996	981	42,834

¹⁾ The profit within project development mainly refers to costs of investigations at early project stages and ongoing development projects.

²⁾ Properties, unrealised SEK 148 (499) million. Properties, realised SEK 17 (5) million.

³⁾ Unrealised value changes derivatives SEK -160 [-2] million. Realised changes in value of derivatives - [-].

⁴⁾ Refers only to Investment Properties. Other assets attributable to the segment are reported under Non-allocated items and eliminations.

⁵⁾ Refers only to Development Properties. Other assets attributable to the segment are reported under Non-allocated items and eliminations.

Revenue type per segment, 31/03/2019						
	Properties	Project development	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	636				-3	633
Sales, project and construction work						
of which Turnkey contracts, fixed price			14	14	-2	12
of which Turnkey contracts, open account			51	51	-48	3
of which Performance contracts, fixed price			13	13	-	13
of which Performance contracts, open account			28	28	-24	4
of which Other		14		14	-14	-
Total Project and construction sales		14	106	120	-88	32
Total Net sales	636	14	106	120	-91	665

KEY RATIOS¹⁾

	Quarter 2019 1/1–31/3	Quarter 2018 1/1–31/3	Full-year 2018 1/1–31/12	12 months 2018/2019 1/4–31/3
PROPERTY-RELATED KEY RATIOS				
Letting rate including project property, %	93	94	95	93
Operating surplus margin, %	66	68	68	68
Letting area, '000 m ²	1,166	1,145	1,129	1,146
Investments in investment properties, SEK m	398	357	1,758	1,791
Number of properties (period end)	51	53	51	51
FINANCIAL KEY RATIOS				
Equity/assets ratio, %	44.1	44.0	45.9	44.1
Gearing ratio %	41.8	41.9	41.9	41.8
Adjusted gearing ratio, %	41.8	42.3	41.9	41.8
Interest coverage ratio	4.6	5.0	5.0	4.9
Average interest rate for interest-bearing liabilities, %	1.7	1.7	1.6	1.7
Return on shareholders' equity, %	4.3	13.3	17.7	15.6
Return on shareholders' equity, excluding changes in value, %	4.5	5.2	5.1	4.9
Return on total assets, %	3.5	8.3	9.3	8.1
Return on total assets excluding changes in value, %	2.7	2.8	2.7	2.7
DATA PER SHARE				
Earnings per share, SEK	1.69	4.64	26.15	23.27
Profit/loss before changes in value less applicable nominal tax, SEK	1.85	1.81	7.26	7.27
Cash flow, SEK	2.59	2.37	9.54	9.67
Shareholders' equity, SEK	155.48	141.45	158.64	155.48
Share price, SEK	158.80	123.00	152.00	158.80
Average number of outstanding shares, '000	132,019	133,221	132,019	132,551
Number of outstanding shares at end of period, '000	130,163	133,221	130,460	130,163
EMPLOYEES				
Average number of employees	313	295	302	308

EPRA KEY RATIOS¹⁾

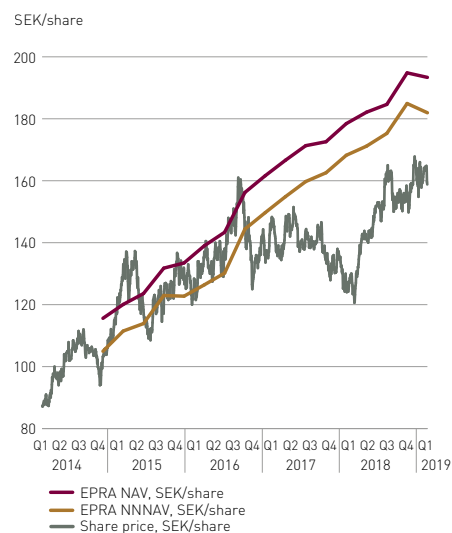
	Quarter 31/3/2019	Quarter 31/3/2018	Full-year 31/12/2018
EPRA Earnings, SEK m	271	279	1,172
EPRA EPS, SEK/share	2.08	2.10	8.99
EPRA NAV, SEK m	25,169	23,772	25,416
EPRA NAV, SEK/share	193.37	178.44	194.82
EPRA NNNNAV ²⁾ , SEK m	23,682	22,410	24,126
EPRA NNNNAV ²⁾ , SEK/share	182.29	168.22	184.93
EPRA Vacancy rate, %	6 %	6 %	5 %

¹⁾ When calculating EPRA NNNNAV an estimated deferred tax of 4 % has been used. See the definitions on pages 25–27, and see the reconciliation for key ratios at www.al.se.

²⁾ For calculation of EPRA NNNNAV, an estimated deferred tax of 4.0 per cent has been used.

EPRA NAV, EPRA NNNNAV and share price

– The share was traded at a discount of 18 % against EPRA NAV at the end of the quarter



QUARTERLY SUMMARY

INCOME STATEMENTS

	2019	2018	2018	2018	2018	2017	2017	2017
Amounts in SEK m	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Rental income	633	613	601	597	601	603	595	624
Sales, project and construction work	32	48	55	59	54	70	33	48
Net sales	665	661	656	656	656	673	628	671
Property management costs	-206	-218	-178	-175	-192	-202	-172	-185
Project and construction work costs	-37	-60	-66	-65	-55	-82	-40	-66
Gross profit/loss	422	383	412	416	408	389	416	421
— of which gross profit/loss property management (operating surplus)	427	395	423	422	409	401	423	439
— of which gross profit/loss from project and construction work	-5	-12	-11	-6	-1	-12	-7	-18
Central administration, property management	-19	-21	-17	-17	-17	-21	-1	-9
Central administration, project and construction work	-7	-10	-6	-11	-4	-5	-3	-3
	-25	-31	-23	-28	-21	-26	-5	-12
Financial income and expenses	-91	-76	-72	-76	-78	-92	-91	-93
Profit/loss before changes in value	306	276	317	312	309	271	320	315
Properties, unrealised changes in value	148	1,125	174	717	499	129	332	912
Properties, realised changes in value	17	112	-1	6	5	-4	-	-
Derivatives, unrealised changes in value	-160	-97	99	-70	-2	-15	24	77
Derivatives, realised changes in value	-	-	1	-	-	-5	-	-
	5	1,140	272	653	502	105	357	989
Profit/loss before tax	311	1,417	589	965	811	376	676	1,304
Tax	-91	-115	-171	151	-193	20	-152	-88
Profit/loss for the period	220	1,301	418	1,116	618	396	524	1,016

KEY RATIOS ^{1) 2)}

	2019	2018	2018	2018	2018	2017	2017	2017
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Property-related key ratios								
Letting rate including project property, %	93	95	94	94	94	95	94	94
Operating surplus margin, %	66	64	70	71	68	67	71	70
Letting area, 1,000 m ² (period end)	1,166	1,129	1,167	1,139	1,145	1,146	1,178	1,179
Investments in properties, SEK m	398	583	401	411	364	426	422	398
Number of properties (period end)	51	51	53	53	53	53	54	54
Financial key ratios								
Equity/assets ratio, %	44.1	45.9	44.0	43.9	44.0	42.6	42.7	41.9
Gearing ratio, %	41.8	41.9	43.8	42.4	41.9	44.7	43.3	44.4
Adjusted gearing ratio, %	41.8	41.9	43.8	42.8	42.3	44.1	43.3	44.4
Interest coverage ratio	4.6	4.6	5.4	5.1	5.0	3.9	4.2	4.4
Average interest rate for interest-bearing liabilities, %	1.7	1.6	1.4	1.6	1.7	1.7	2.0	2.0
Return on shareholders' equity, %	4.3	25.8	8.6	23.5	13.3	8.9	11.9	23.8
Return on shareholders' equity, excluding changes in value, %	4.5	4.3	5.1	5.0	5.3	4.6	5.6	5.7
Return on total assets, %	3.5	13.3	6.0	9.6	8.3	4.4	7.4	13.8
Return on total assets excluding changes in value, %	2.7	2.5	2.8	2.8	2.8	2.7	3.1	3.2
Data per share								
Earnings per share, SEK	1.69	9.93	3.18	8.44	4.64	2.98	3.93	7.63
Profit/loss before changes in value less applicable nominal tax, SEK	1.85	1.65	1.88	1.85	1.81	1.59	1.87	1.84
EPRA EPS, SEK	2.08	2.06	2.61	2.13	2.10	1.90	2.20	1.89
Cash flow, SEK	2.59	2.05	3.36	1.75	2.37	2.72	2.01	2.00
Shareholders' equity, SEK	155.48	158.64	148.67	145.46	141.45	136.79	133.79	129.82
EPRA NAV, SEK	193.37	194.82	184.62	182.13	178.44	172.59	171.32	166.61
EPRA NNNNAV, SEK ³⁾	182.29	184.93	175.28	171.17	168.22	162.57	159.74	154.86
Share price, SEK	158.80	152.00	161.20	144.60	123.00	130.30	142.00	140.50
Average number of outstanding shares, '000	132,019	131,107	131,536	132,240	133,221	133,221	133,221	133,221
Number of outstanding shares at end of period, thousand	130,163	130,460	131,529	131,576	133,221	133,221	133,221	133,221

¹⁾ See definitions pages 23-27.

²⁾ See reconciliation for key ratios on Atrium Ljungberg's website.

³⁾ For calculation EPRA NNNNAV, an estimated deferred tax of 4.0 per cent has been used.

PARENT COMPANY

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

Net sales totalled SEK 112 million (SEK 99 m). The operating profit/loss totalled SEK 3 million (SEK 14 m). The profit/loss after financial items totalled SEK 61 million (SEK 55 m).

INCOME STATEMENTS PARENT COMPANY

	Quarter 2019	Quarter 2018	Full-year 2018
Amounts in SEK m	1/1–31/3	1/1–31/3	1/1–31/12
Rental income	39	45	176
Management income	73	54	300
Net sales	112	99	476
Property costs	–16	–15	–61
Management and administration expenses	–88	–64	–364
Capital gain/loss from the sale of properties	–	–	–72
Depreciation	–5	–5	–21
Operating profit/loss	3	14	–42
Result of participations in Group companies	–	–	500
Interest income and similar profit/loss items	153	141	565
Interest expenses and similar profit/loss items	–95	–99	–574
	58	41	491
Profit/loss after financial items	61	55	449
Appropriations	0	0	185
Profit/loss before tax	61	55	634
Current tax	0	–30	–35
Deferred tax	–1	–2	12
	–1	–32	–23
Profit/loss for the period	60	23	611

Interest-bearing liabilities amount to SEK 14,703 million (SEK 14,618 m). These funds finance the parent company's property portfolio and are lent on to other Group companies.

SUMMARY BALANCE SHEETS PARENT COMPANY

Amounts in SEK m	31/03/2019	31/03/2018	31/12/2018
ASSETS			
Tangible fixed assets	1,463	1,610	1,498
Financial fixed assets	891	1,033	956
Current assets	20,062	20,139	19,734
Total assets	22,416	22,782	22,188
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	6,762	7,787	7,381
Untaxed reserves	61	61	61
Provisions	99	113	99
Long-term liabilities	14,708	12,786	14,483
Current liabilities	786	2,035	164
Total shareholders' equity and liabilities	22,416	22,782	22,188

OTHER INFORMATION

MARKET DEVELOPMENT, RISKS AND UNCERTAINTY FACTORS

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

For further information on risks and uncertainty factors in general, please see Atrium Ljungberg's 2018 Annual Report and the section entitled "Risks and risk management" on pages 72–76.

CHANGES OF RULES IN THE AREA OF TAX

On 14 June 2018 the Swedish Parliament decided on amendments to the Swedish Income Tax Act with regard to the tax rules for companies. This change in the law came into force on 1 January 2019 and limits the right to deduct interest for negative net interest income to 30 per cent of taxable EBITDA. In its current financial

position Atrium Ljungberg will not be affected by this change, but a low level of capital lock-in could occur in individual subsidiaries. The company tax rate for the 2019 tax year has been reduced to 21.4 per cent (22.0 % in 2018). The reduction in the company tax rate is taking place in two stages from 2019. The next reduction will be in 2021, when the company tax rate will be 20.6 per cent. A general deduction, referred to as a primary deduction, has been introduced, with a deduction for impairment of 2 per cent per year for the first six years. This applies to newly-constructed buildings that are classified as apartment blocks according to the cadastral survey.

According to the Treasury Department, the parcelling study continues to be subject to administration.

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 March the company owns 3,058,000 class B shares. The buy-back has been in the range of SEK 132.20–165.96 per share.

NUMBER OF OUTSTANDING SHARES

At the end of the period the parent company had issued a total of 94,500 call options, which entitle Atrium Ljungberg's staff to acquire the equivalent number of class B shares. The underlying share price reached a rate on the closing day and during parts of this period that would justify a redemption of these options. However, no dilution from the utilisation of these options has been taken into account when calculating earnings per share, as the effect is immaterial.

RETAIL SECTOR'S SALES TREND

In the first two months of the year, total sales at our four largest regional retail hubs – Sickla, Farsta Centrum, Gränbystaden and Mobilia – increased by an overall 2.3 per cent compared to the same period of the previous year.

ACCOUNTING PRINCIPLES

Atrium Ljungberg's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS). The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies Swedish Financial Reporting Board's recommendation, RFR2 Accounting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles applied conform to those described in the 2018 Annual Report, except for the implementation of IFRS 16 Leasing.

Also refer to note IK 4 in the 2018 Annual Report, which shows the reconciliation between the leasing information in accordance with IAS 17 and IFRS 16 as of 1 January 2019.

In the parent company the leaseholds continue to be recognised as operating leases in accordance with the exception in RFR 2.

Valuation method for investment properties

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

Valuation method for derivatives

Derivatives (interest swap agreements) are valued at fair value in the Balance Sheet. Pursuant to the IFRS valuation hierarchy, the fair value of derivatives has been valued in accordance with level 2. This level means that the valuation is based on input data other than the listed prices, and which are observable for the asset or the liability, either directly or indirectly. The derivative agreements (ISDA agreements) include an option to net obligations in respect of the same counterparty.

Fair value interest-bearing liabilities

According to the balance sheet, the Group's reported interest-bearing liabilities total SEK 18,727 million (SEK 17,437 m) and their fair value totals SEK 18,923 million (SEK 17,551 m). The fair value calculation is based on discounted estimated future cash flows.

The discounting is effected on the basis of current market rates plus the relevant borrowing margin. The valuation is hereby conducted with IFRS valuation hierarchy level 2. Atrium Ljungberg is of the opinion, with regard to other financial assets and liabilities reported at accrued acquisition value, that the differences between book values and fair values are insignificant.

CHANGES TO ACCOUNTING PRINCIPLES AS A RESULT OF NEW IFRS IFRS 16 Leases

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.

Following the implementation of IFRS 16 on 1 January 2019 Atrium Ljungberg has recognised a right-of-use asset and a leasing liability in the balance sheet attributable to leaseholds. Leaseholds are considered to be perpetual leases in terms of IFRS 16 and are recognised at their fair value. This means that instead of being depreciated, the value of this right-of-use asset remains the same until the next renegotiation of the leasehold fee. The right-of-use asset is recognised in the balance sheet under the item "Leaseholds" and comprises part of the fair value of the investment properties. A long-term leasing liability is recognised that corresponds to the value of the right-of-use asset. The leasing liability is not amortised, with the value remaining unchanged until the renegotiation of the relevant leasehold fee.

The income statement has been affected by leasehold fees being reclassified from "Property management costs" to net financial expenses. The leasehold fees that are paid are recognised in their entirety as an interest expense as these leases are considered to be perpetual leases.

The cash flow statements will not be affected by the implementation of IFRS 16, as the cash flow statements are based on "Profit before changes in value".

Atrium Ljungberg has chosen to apply the simplified method and will not apply the standard retrospectively. In accordance with the simplified transition method, the comparison figures for 2018 have not been recalculated.

Atrium Ljungberg has elected to reverse the effect of the implementation of IFRS 16 when calculating the alternative performance measures that are presented in this report. This means that some of the definitions of the alternative performance measures have been changed. For more information, see pages 25–27.

EPRA

Atrium Ljungberg reports EPRA EPS, EPRA Vacancy rate, EPRA NAV as well as EPRA NNNNAV in accordance with the European Public Real Estate Association's definitions.

When calculating the EPRA NNNNAV (the triple net asset value), an estimated deferred tax of 4.0 per cent has been used for properties. The calculation of the tax rate is based on a discount rate of three per cent (real) and the fact that the property portfolio is realised over 50 years, where ten per cent of the properties are sold through transfer of property with a nominal tax rate of 20.6 per cent, and that 90 per cent are sold indirectly through transfer of shares with a tax deduction for the buyer of six per cent.

ALTERNATIVE PERFORMANCE MEASURES

Atrium Ljungberg applies the guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APMs). According to these guidelines, an APM is a financial measure of historical or future profit performance, financial position, financial results or cash flows which are not defined or stated in applicable rules for financial reporting; IFRS and the Swedish Annual Accounts Act.

Reconciliation of APMs is available on Atrium Ljungberg's website, www.al.se.

OUTLOOK FOR 2019

Atrium Ljungberg's conditions remain good. Despite signs of a slowdown in the economy, we believe that our strong position combined with our project development will contribute to continued value growth in the 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 7.22/share. Changes in value and any other future property acquisitions and sales have not been taken into account in the forecast, except for the initial acquisition in Slakthusområdet. The investment volume in own properties for 2019 is assessed to amount to approximately SEK 2 billion.

ANNUAL GENERAL MEETING AND NOMINATION COMMITTEE

The Annual General Meeting (AGM) of the company, held on 27 March 2019, resolved that the Board of Directors will consist of six ordinary members. Johan Ljungberg, Simon de Chateau, Anna Hallberg, Erik Langby and Sara Laurell were re-elected for the period until the next AGM. Conny Fogelström was elected as a new Board member. Johan Ljungberg was elected as the Chairman of the Board. Sune Dahlqvist declined re-election.

It was further resolved that a new Nomination Committee would, ahead of the 2020 Annual General Meeting, comprise representatives of the company's five biggest shareholders as of the last banking day of February 2019. The Nomination Committee therefore consists of Per-Erik Hasselberg, appointed by the Holmström family, Lars Ericson, appointed by the Stockholm Consumer

Cooperative Society, Hans Hedström, appointed by Carnegie Fonder, Johan Ljungberg, appointed by the Ljungberg family and Ilkka Tomperi, appointed by the mutual occupational pension insurance company Varma.

Öhrling PricewaterhouseCoopers AB was appointed as the auditor for the period until the end of the AGM in 2023, as proposed by the Nomination Committee. Helena Ehrenborg will be the auditor in charge.

A dividend payment of SEK 4.85 per share (SEK 4.50/share) was approved. The AGM resolved to authorise the Board of Directors to decide on an issue in kind on one or more occasions during the period until the next AGM totalling a maximum of SEK 13.3 million class B shares (corresponding to a dilution of approximately 10.0 per cent of the capital and 7.9 per cent of the votes). The reason why this authorisation was given is to enable the company to use its own shares to make payment in a time-efficient manner for any acquisitions of properties or companies.

The AGM also unanimously resolved to authorise the Board of Directors to make a decision to acquire on one or more occasions during the period until the next AGM as many class B shares to ensure that the company's holdings do not exceed 10 per cent of all the shares in the company at any given time. In addition the AGM unanimously resolved to authorise the Board of Directors to make a decision to transfer its own class B shares on one or more occasions during the period until the next AGM. The maximum number of class B shares that may be transferred is the total number of the company's own class B shares that it has at any given time. These authorisations aim to provide the Board of Directors with greater flexibility in its work on the company's capital structure, which will therefore help to increase shareholder value, and to enable the company to use its own shares to make payment in a time-efficient manner for any acquisitions of properties or companies.

Full minutes are available on Atrium Ljungberg's website at www.al.se.

The Interim Report has not been subject to review by the company's auditors.

Nacka, 12 April 2019

Annica Ånäs
CEO

ATRIUM LJUNGBERG IN BRIEF

Atrium Ljungberg is one of Sweden's biggest listed property companies. We own, develop and manage properties in growth markets in Stockholm, Gothenburg, Malmö and Uppsala. Our focus is on developing attractive urban environments for offices and retail, supplemented with residentials, culture, service and education. Deciding to build attractive spaces for the future is every bit as obvious to us as deciding to create long-term value – for us, our customers and for society.

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

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 our customers and partners and to create value growth within the company.

BUSINESS MODEL

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



PROJECT DEVELOPMENT Our project development comprises both new build and reconstruction and extension properties, and is conducted in attractive locations in large urban regions, generally in connection with existing property holdings. Our projects are run by our own personnel – from 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.

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

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.

STRATEGIES

- We will focus on developing **attractive urban environments** for offices and retail, supplemented with residentials, culture, service and education.
- Develop and improve **properties** and **development rights**.
- Operate in **strong subsidiary markets** in large urban regions.
- Be a **significant player** with large, unified units in each subsidiary market.
- Focus **on our customers** in everything we do. **Collaboration** with customers, suppliers, municipalities and other stakeholders should be close, long-term, stable and committed.
- Conduct and manage the entire business process **in-house** using our in-house expertise.
- **Sustainability work** is integrated in the business strategy and constitutes an important component of our offering. We improve our own and our customers' resource efficiency.
- To have **committed employees** who are passionate about what we do and who have well-established basic values.

GOALS

Atrium Ljungberg's operations focus on value growth with a stable capital structure. Our goals are divided into three areas:

PROFITABILITY AND GROWTH

Return on shareholders' equity will be 10 per cent over time, we will invest SEK 2 billion each year in in-house projects, and the return on new build and extension projects will be 20 per cent. The dividend will correspond to a minimum of 50 % of the profit before changes in value, after nominal tax.

LONG-TERM STABILITY

A gearing ratio of a maximum of 45 per cent and a minimum interest coverage ratio of 2.0.

CORPORATE SOCIAL RESPONSIBILITY

By 2021, 100 per cent of our properties are to be environmentally-certified. Energy consumption per m² is to decrease by 30 % between 2014 and 2021. By 2021, the proportion of green lease contracts is to be 50 % of the contracted annual rent. We will be one of Sweden's best workplaces.

DEFINITIONS

FINANCIAL DEFINITIONS

The effect of the implementation of IFRS 16

Atrium Ljungberg has applied IFRS 16 Leasing since 1 January 2019.

The implementation of IFRS 16 Leasing has resulted in Atrium Ljungberg recognising a financial asset and liability for leaseholds in the balance sheet. In the income statement leasehold fees have been re-classified from 'Property management costs' to net financial expenses. Atrium Ljungberg has elected to use the simplified transition method and is not applying the standard retrospectively.

In order to increase comparability, Atrium Ljungberg has elected to reverse the effect of the implementation of IFRS 16 when calculating the alternative performance measures in this report.

This means that the definitions of the following alternative performance measures have been changed:

- Return on total assets, %
- Return on total assets excluding changes in value, %
- Gearing ratio, %
- Adjusted gearing ratio, %
- Interest coverage ratio, multiple
- Equity/assets ratio, %
- Operating surplus margin

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.

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 current net worth 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 bought-back shares, which do not provide entitlement to dividend or voting rights.

Return on shareholders' equity, %

Net profit/loss for the year as a percentage of average shareholders' equity.

Return on 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, excluding leaseholds.

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, excluding leasehold fees, as a percentage of the average balance sheet total, excluding leaseholds.

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.

Gearing ratio, %

Interest-bearing liabilities, excluding the liability for financial leasing for leaseholds, 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 property management

Rental income minus expenses for property management activities with a reversal of leasehold fees which, pursuant to IFRS 16, are recognised as an interest expense in the income statement.

Gross profit/loss project and construction work

Project and construction sales minus project and construction costs.

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.

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.

Property costs

The total of the 'Property management costs' with a reversal of the leasehold fees which, pursuant to IFRS 16 are recognised as an interest expense in the income statement, which excludes central administration.

Management result less nominal tax (EPRA EPS) per share, SEK

Profit/loss before changes in value, less calculated current tax excluding loss carry-forwards, 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.

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 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 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.

Adjusted gearing ratio, %

Interest-bearing liabilities, excluding the liability for financial leasing for leaseholds, 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.

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.

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 long term net worth per share calculated in a uniform manner for publicly listed real estate companies.

Average number of outstanding shares

Weighted average number of outstanding shares calculated in accordance with IAS 33.

Earnings per share, SEK

Net profit/loss for the period divided by the average number of outstanding shares after dilution.

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.

Interest coverage ratio, multiple

Profit/loss before changes in value, plus interest expenses divided by interest expenses, excluding leasehold fees, which, according to IFRS 16, have been reclassified as an interest expense.

The interest coverage ratio is used to illustrate how sensitive the company's results are to interest rate changes.

Equity/assets ratio, %

Reported shareholders' equity as a percentage of the balance sheet total, excluding leaseholds, at the end of the period.

The equity/assets ratio is used to illustrate Atrium Ljungberg's interest rate sensitivity and financial stability.

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.

PROPERTY-RELATED DEFINITIONS**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.

GFA, m²

GFA (Gross Floor Area) refers to the building's total area, including outer walls.

Operating surplus

This refers to the gross profit with a reversal of leasehold fees which, according to IFRS 16, are recognised as an interest expense in property management.

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.

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.

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 and development of rental income in like-for-like portfolios recognised 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.

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.

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.

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.

Miljöbyggnad

Environmental building is a certification system for buildings which are 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.

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.

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.

Operating surplus margin, %

The gross profit for property management with a reversal of leasehold fees which, pursuant to IFRS 16, are recognised as an interest expense in the income statement as a percentage of recognised 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.

SUSTAINABILITY-RELATED DEFINITIONS**Directly generated and distributed economic value**

Generated value: Composed of Atrium Ljungberg's net sales and fair value changes.

Distributed value: This comprises Atrium Ljungberg's payments to suppliers, salaries and remuneration to employees, fees and remuneration to the Board of Directors, the CEO and senior executives, net payments to financiers, taxes and fees to society, and the dividend to the 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: This comprises the period's recognised interest expenses with a supplement for the consolidated capitalised interest and describes Atrium Ljungberg's total remuneration to lenders.

Tax and fees to society: This comprises the total payment to the state during the period in the form of leasehold fees, as well as total taxes and charges to the Swedish state. 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.

Accident rate (LTIR)

The number of work-related accidents per million worked hours, which leads to absence of at least one contracted work day.

Lost working hours as a result of a work-related accident or illness (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.

INFORMATION FROM ATRIUM LJUNGBERG

THE INFORMATION we release to the market concerning Atrium Ljungberg's operations must 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.

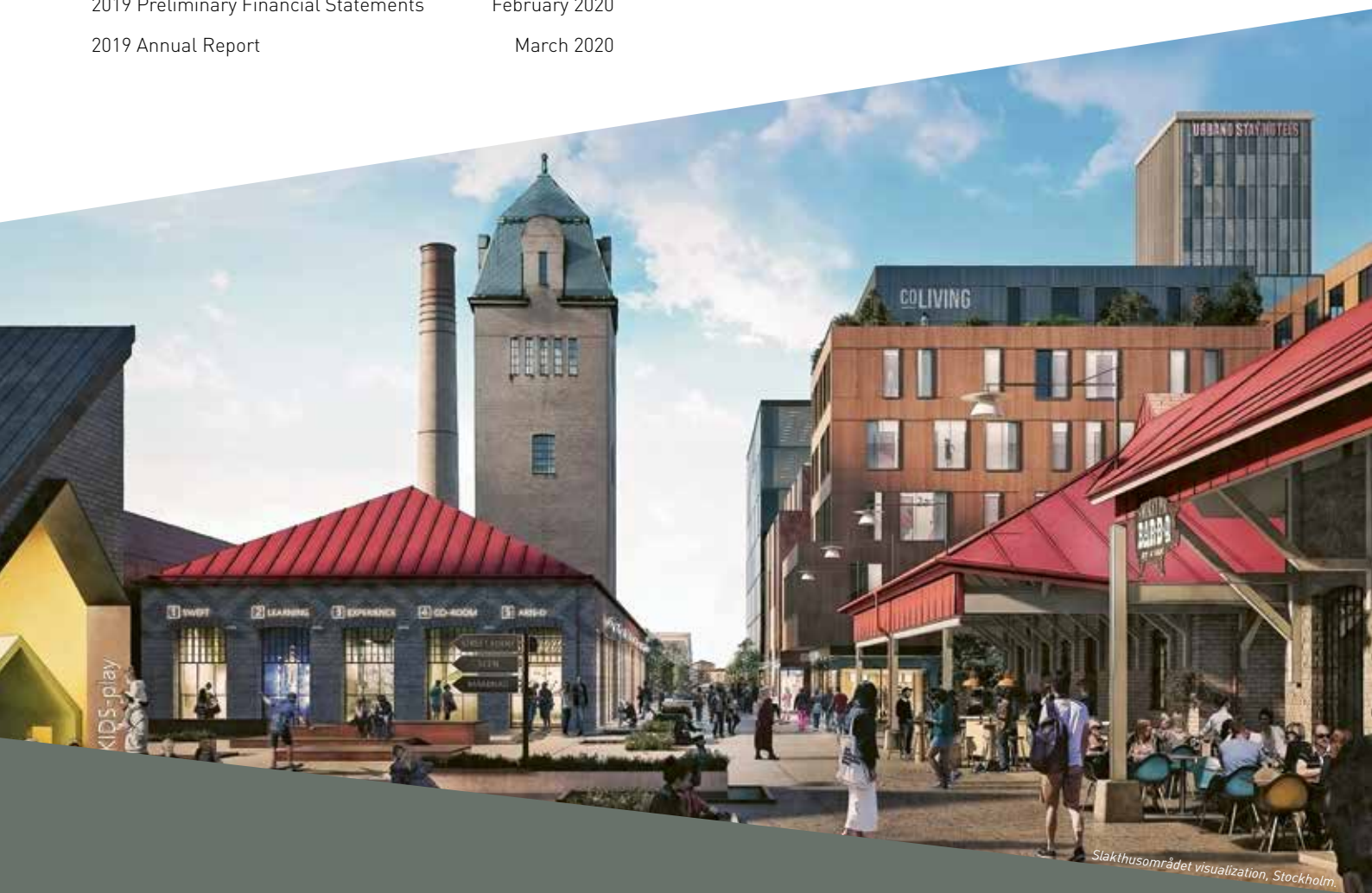
REGULAR MEETINGS WITH analysts, investors, shareholders and financiers, and with our customers and partners, enable us to provide ongoing information on our company, current events and operational changes.

THE ANNUAL REPORT and interim reports are available on our website. The annual report is also distributed in printed format by post to shareholders who have actively requested it. 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–Jun 2019	09/07/2019
Interim report Jan–Sep 2019	18/10/2019
2019 Preliminary Financial Statements	February 2020
2019 Annual Report	March 2020



Slakthusområdet visualization, Stockholm.