



ANNUAL REPORT AND
SUSTAINABILITY REPORT 2017

A NEW ERA FOR THE CITY

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Read about Digital Natives on pages 24–25





THE CITIES OF THE FUTURE ARE TAKING SHAPE

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

Urban innovation is our development work to build urban environments at the cutting edge. An essential part of this process is to learn from others. We are always curious. We want to learn, try out new ideas and find new ways of collaborating.

Working with strategic partners, we are developing spaces for culture and creativity; spaces for innovation and entrepreneurship, where people and worlds meet and where different thoughts, backgrounds, sectors and ideas come together to create something entirely new.

This is how we create attractive spaces for the future and value for the city.

ATRIUM LJUNGBERG AS AN INVESTMENT

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

Dividend and share dividend yield



Gearing ratio and interest coverage ratio



Share's total return



FOUR REASONS TO OWN SHARES IN ATRIUM LJUNGBERG

1

STABLE DIVIDEND YIELD

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

2

LOW FINANCIAL RISK

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

3

POTENTIAL FOR GOOD VALUE GROWTH

With a planned investment rate of SEK 1 billion per year and a goal of 20 per cent return on property development 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.

4

SUSTAINABLE URBAN DEVELOPMENT

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

atrium ljungberg in figures

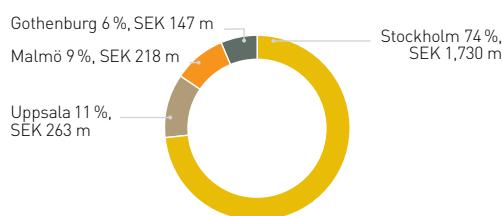
2.4	Contracted annual rent, SEK billion
95	Letting rate, %
41	Property value, SEK billion
53	Number of properties
232	Energy consumption, kWh/m ²
295	Number of employees
1,146	Letting area, m ² '000

Key ratios	2017	2016
Net sales, SEK m	2,563	2,299
Operating surplus, SEK m	1,647	1,458
Profit/loss before changes in value, SEK m	1,180	965
Profit after tax, SEK m	2,559	2,681
Investments in Atrium Ljungberg's own properties, SEK m	1,593	1,002
Acquisition of properties, SEK m	2,265	1,461
Cash flow from operating activities, SEK m	1,166	949
Letting rate, %	95	93
Operating surplus margin, %	69	68
Equity/assets ratio, %	42.6	43.7
Gearing ratio, %	44.7	41.9
Adjusted gearing ratio, %	44.1	41.9
Average interest rate on interest-bearing liabilities (at end of period), %	1.7	2.3
Interest coverage ratio, multiple	4.2	3.5
Earnings per share, SEK	19.21	20.13
Profit/loss before changes in value less nominal tax, SEK/share	6.91	5.65
Dividend, SEK/share (proposed for 2017)	4.50	3.95
Share price as of 31 December SEK/share	130.30	142.30
Shareholders' equity, SEK/share	136.79	121.42
EPRA NAV, SEK/share	172.59	156.21
EPRA NNNAV, SEK/share	162.57	144.38

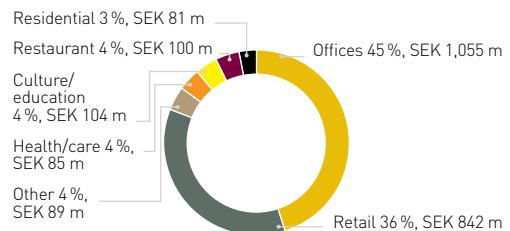
This annual report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

"We are exceeding all our financial targets for growth and stability."

Contracted annual rent per region



Contracted annual rent per premises type



SIGNIFICANT EVENTS 2017

Acquisition of properties for SEK 2.3 billion.

Divestment of the Port 73 retail hub in Haninge.

Several **awards** including “One of Sweden’s best workplaces”, the Sweden Green Building Council’s award “Positive contribution to sustainable urban development” and a finalist for the AllBright prize.

Start of several new construction projects in Sickla, Gränbytaden and Mobilia, with a total investment of more than SEK 2 billion.

Complete strategy for our **residential offer** and adapting the organisation to this new initiative.

Strategic investment in innovative urban development.

High rate of investment by investing SEK 1.6 billion in Atrium Ljungberg’s own properties.

New project opportunities through land allocations with a development right of approximately 50,000 m² GFA.

Several **recruitments** to equip and strengthen the organisation for the new projects that are coming in the next few years.



THIS IS ATRIUM LJUNGBERG

We own, develop and manage properties totalling 1,146,000 m² letting area with a property value of SEK 41 billion.

Our focus is on developing attractive urban environments in
Stockholm, Gothenburg, Malmö and Uppsala.

Working with the municipalities, our customers and people living in the city, we build
vibrant urban environments

where offices, residential and retail are mixed with culture, service and education.

This is how we create spaces where people and worlds meet, creating something entirely new.

And this is how we create value

– for us, our customers and the communities where we operate.

This is truly sustainable and innovative
urban development.



WE HAVE EXCEEDED OUR GOALS

WE ARE DELIVERING strong results and exceeding all of our financial targets. We are also maintaining a high investment rate, with several new construction projects launched during the year. We are currently working hard to start construction of two exciting projects in 2018: Life City in Hagastaden and Bas Barkarby in Järfälla.

RESULTS 2017

I can summarise 2017 by saying that we once again have delivered strong results that were higher than had been forecast. We are exceeding all our financial targets for growth and long-term stability. I am particularly pleased that we have increased our operating surplus by as much as 13 per cent. This increase is due to our property acquisitions, but also due to the excellent work carried out in our daily property management and the fact that we have completed several successful new lettings and renegotiations of leases.

Our strong financial position and large project portfolio put us in a good position to continue our project development.

STRONG AND STABLE IN THE LONG TERM

Atrium Ljungberg is a financially stable company, with an equity/assets ratio and interest coverage ratio well above our targets. In 2017 our financial stability was confirmed when we were given an external investment-grade rating by Moody's. This external rating, our active financial work and the introduction of green bonds have resulted in a differential loan portfolio with an average interest rate of 1.7 per cent, and a fixed interest period of 4.4 years. Our strong financial position puts us in a good position to continue our project development.

INVESTMENT RATE ABOVE OUR TARGET

Our aim for 2017 was to increase the investment rate and carry out investments totalling SEK 1.5 billion in Atrium Ljungberg's own properties. The goal was also to start construction projects with a total investment volume of approximately SEK 2 billion. Looking at the figures, our investment rate was higher than that. Investments in our own properties amounted to SEK 1.6 billion, and we have started several construction projects in Sickla, Gränbytaden and Mobilia. These projects will be completed in 2018–2020.

ACQUISITIONS WHERE WE WILL GROW

In 2017 we acquired properties for a value of SEK 2.3 billion. One of the acquisitions was Sjömansinstitutet in Slussen in Stockholm, which is next to Glashuset, which we already own. Our position in the attractive area of Södermalm has now been strengthened, and as soon as our land allocation in front of Glashuset is realised, it will give us better overall planning of the area. During the year we also took into possession Fatburen 2 at Medborgarplatsen in Södermalm. This means that we now own and manage both the properties which Söderhallarna comprises.

Another acquisition, Lindholmen 30:1 in Gothenburg is a large office property that has been fully let to Ericsson. This acquisition saw us double our portfolio in Gothenburg, taking us to the next stage in our ambition to continue to grow in the interesting Gothenburg market.

Just before the end of the year, we sold the retail hub Port 73 in Haninge. Port 73 had been a successful development project, but for us it is important to be able to develop our spaces into urban environments where retail is part of the overall experience, and there was limited opportunity to add, for example, residential properties and offices to Port 73 in the foreseeable future. The sale was made in a buoyant market.

PROJECT PORTFOLIO WITH POTENTIAL

Atrium Ljungberg's growth is secured through our extensive project portfolio. We currently have ongoing construction projects with a remaining investment of SEK 2.5 billion. In 2018 we will complete the Sickla Front II office building in Sickla, the expansion of Gränbytaden shopping centre in Uppsala and two more residential properties in Gränbytaden. We will also continue to develop the Torghusen in Mobilia, and the 1898 and Tapetfabriken projects in Sickla.

In addition to the ongoing projects, our project portfolio enables us to invest an additional SEK 14 billion within the land we own and the land allocations

CEO'S STATEMENT

that we possess. We are working hard to start construction on two exciting projects in 2018: Life City in Hagastaden and the first phase of Bas Barkarby in Järfälla, totalling approximately 50,000 m² letting area.

In 2018 we assess that the investments in our own properties will be SEK 1.5 billion.

RESIDENTIAL PROPERTIES – THE ICING ON THE CAKE

We are continuing to create sustainable and vibrant urban environments by combining different operations in the same place. For an urban environment to be vibrant, residential properties are an absolute necessity. Residential properties are the icing on the cake for our business, which focuses on offices and retail, and our management business gives us basic security.

These residential properties will be built in our existing areas and on land that we have owned for a long period of time. We will build residential properties at the rate that we think is best for our business. The first phase of residential properties in Nobelberget in Sickla is planned for the second half of 2018, with construction starting at the beginning of 2019.

STRONG EMPLOYER BRAND

Despite the booming property and construction market, we have been successful in our recruitment work. We are able to attract people who are extremely skilled and share the company's fundamental values. This confirms our strong employer brand, which is the result of our work to become one of Sweden's best workplaces, a goal we have achieved over the past four years. In the most recent employee survey, 95 per cent of our employees said that Atrium Ljungberg is a very good workplace. This is something I am extremely proud of, and it puts us in a good position to remain successful in the future.

INNOVATION YEAR FOCUSING ON DIGITALISATION

Identifying our customers' needs early on has always been crucial for us and will become even more important as a result of the digitalisation trend. A digital lifestyle creates new needs and enables new, effective solutions.

2018 is Atrium Ljungberg's innovation year, where we will be stepping up our work on innovation and digitalisation. We will use our collaboration concepts, Studio Atrium Ljungberg and Atrium Ljungberg Lab, where we are working with partners to gain more detailed information about various topics. We are doing all of this to understand how digitalisation affects people's behaviour and how it will affect our customers and their future needs, and therefore our commercial offering. Every employee is involved in this innovation year, both through individual development goals and efficiency targets.

FUTURE PROSPECTS AND FORECAST

The Swedish economy remains buoyant and there are strong indicators that 2018 will be another good year for the property market. It looks like there will continue to be high demand, particularly for office properties in Stockholm. The concern in the industry is related to the development of e-commerce. E-commerce accounts for 9 per cent of the total retail sales in Sweden and is the area in the retail sector that is showing the most growth. This development will affect all players in retail in one way or another, but it is important to remember that consumption increases in the long term in areas of strong population growth, in terms of the consumption of goods and services in physical stores. Footfall increases in the attractive spaces in these areas, spaces that contain offices, restaurants and cafes, service, education, culture, health and nursing. I am convinced that the future is bright for retail in these kinds of areas. And these are exactly that kind of places that we are good at developing and managing.

The forecast for profit before changes in value is SEK 1,200 million for 2018, compared to SEK 1,180 million in 2017.

Finally, I would like to thank all of our tenants and partners. Together we create spaces that are good for all of our businesses. And thank you as well to all our employees for your hard work. I am looking forward to an exciting 2018!



Annica Ånäs, CEO



This year we are going to be studying innovation and digitalisation issues in greater detail. We are doing all of this to understand how digitalisation affects people's behaviour and how it will affect our customers and their future needs.

URBAN ENVIRONMENTS THAT GENERATE VALUE

SEK 1,593 million
Investment 2017

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 in strong subsidiary markets. Our in-house expertise and holistic perspective enable us to generate added value for our customers and partners and to create value growth within the company.

VISION: Our city – where everyone thrives

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

VALUES

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

PROJECT DEVELOPMENT

STAKEHOLDER STAKEHOLDER VALUE



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



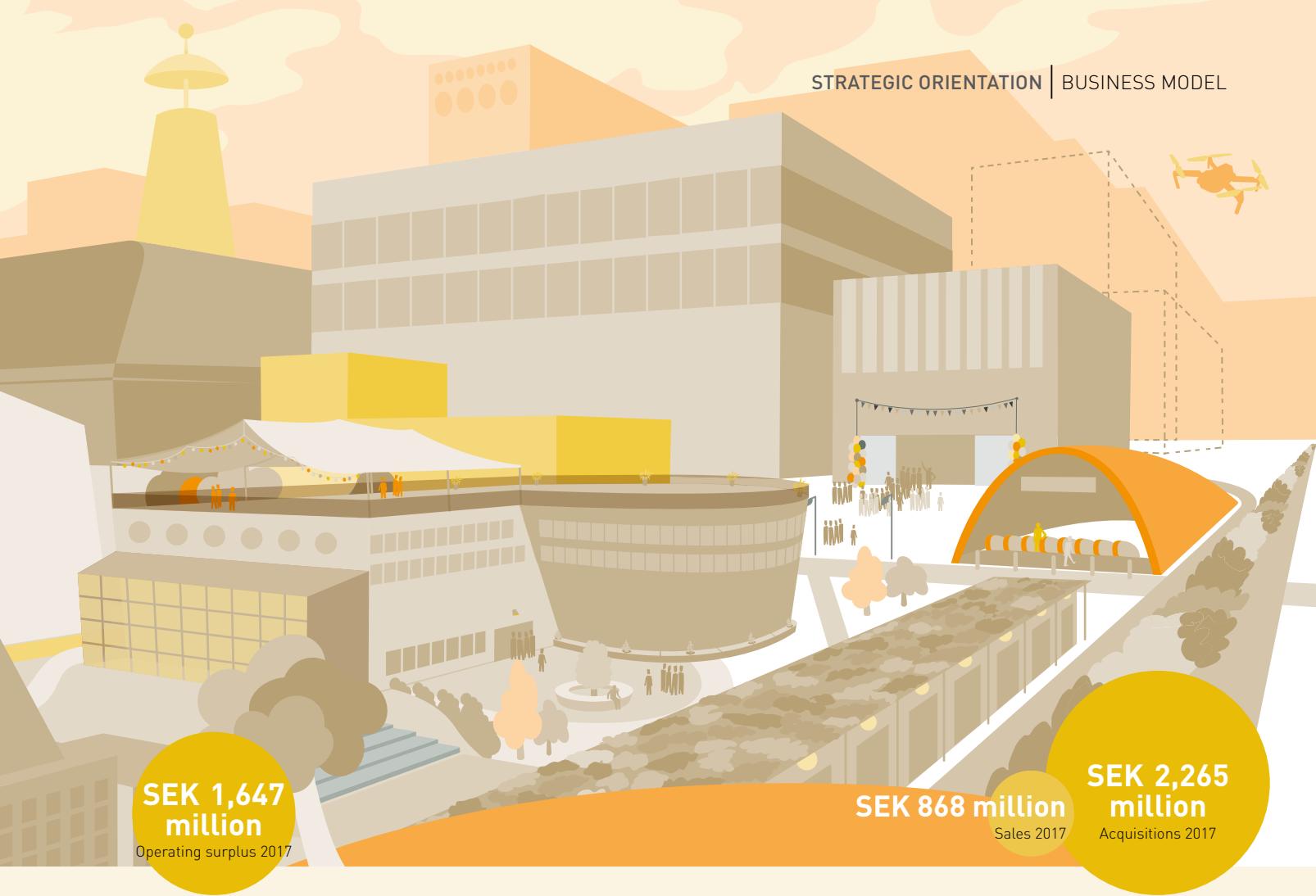
The projects generate good value growth for Atrium Ljungberg and the company's owners. Our goal is for project return in our new build and extension projects to be at least 20 per cent. Our broad project portfolio helps us increase the value and total yield of our portfolio.



We create complete and sustainable urban environments where people can live, be, work and reside over time. We take advantage of the financial, social and environmental values that already exist, and add new ones.

COLLABORATION

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



MANAGEMENT

STAKEHOLDER STAKEHOLDER VALUE



We are a long-term landlord that closely collaborates with our customers. Having local management allows us to intercept and understand customer needs early on, and therefore create the conditions needed for them to conduct profitable and sustainable business.



We manage our properties effectively and have a steadily increasing operating surplus, which also contributes to higher property values. Our portfolio is concentrated to attractive areas in four metropolitan areas where growth is strong.



We work together at Atrium Ljungberg. We are very involved on a local level in the areas where we operate. We create the conditions needed for vibrant areas with a mixture of offices, retail, service, residential, education and culture.

ACQUISITION AND SALES

STAKEHOLDER STAKEHOLDER VALUE



We develop and manage with the intention of long-term ownership, which creates continuity and security for the customers. We refine our portfolio by selling the properties that we judge not to meet our strategy, and acquiring properties where we believe we can add value in the future. From 2018 Atrium Ljungberg will develop tenant-owned dwellings. As the residential business develops, we will sell the tenant-owned dwellings that we are constructing.



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



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

LONG-TERM APPROACH

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

RELIABILITY

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

INNOVATIVE THINKING

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

GOALS FOR PROFITABILITY AND GROWTH, STABILITY AND SUSTAINABILITY

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

PROFITABILITY AND GROWTH

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

Goals	The operating surplus is to increase by 10% a year.	We are to invest SEK 1 billion every year in our own projects. For investment decisions from 2012 forward, the goal is for the return on new build and extension projects to be 20%.	The dividend is to correspond to a minimum of 50% of the profit before changes in value, after nominal tax.																																				
Description	<p>By investing in our own new build and reconstruction projects, reducing vacancy levels, and ensuring cost-effective management, we will increase our operating surplus by 10% a year.</p> <p>The investments also generate growth in the value of our properties and the company in that the dividend yield on the projects exceeds the market's yield requirements. See pages 42-77 for further information about our projects.</p>	<p>In 2017, the operating surplus increased by 13.0%. Strong operating net and strategic acquisitions contributed to this increase.</p>	<p>The owners will share in the company's profits from a long-term perspective by means of stable dividend payments. See pages 96-97 for further information about the share and our shareholders.</p>																																				
Goal fulfilment 2017		<p>Investments in our own properties amounted to SEK 1,593 million and primarily concerned Gränbystaden and Sickla.</p>	<p>Proposed dividend 2017 4.50 SEK/share</p>																																				
Historic goal fulfilment	<p>Increased operating surplus</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>2013</td><td>6.0</td></tr> <tr><td>2014</td><td>3.6</td></tr> <tr><td>2015</td><td>7.9</td></tr> <tr><td>2016</td><td>0.5</td></tr> <tr><td>2017</td><td>13.0</td></tr> </tbody> </table>	Year	Value (%)	2013	6.0	2014	3.6	2015	7.9	2016	0.5	2017	13.0	<p>Investments</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Value (SEK m)</th> </tr> </thead> <tbody> <tr><td>2013</td><td>1,302</td></tr> <tr><td>2014</td><td>707</td></tr> <tr><td>2015</td><td>768</td></tr> <tr><td>2016</td><td>1,002</td></tr> <tr><td>2017</td><td>1,593</td></tr> </tbody> </table>	Year	Value (SEK m)	2013	1,302	2014	707	2015	768	2016	1,002	2017	1,593	<p>Dividend</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>2013</td><td>61</td></tr> <tr><td>2014</td><td>67</td></tr> <tr><td>2015</td><td>64</td></tr> <tr><td>2016</td><td>70</td></tr> <tr><td>2017</td><td>65</td></tr> </tbody> </table>	Year	Value (%)	2013	61	2014	67	2015	64	2016	70	2017	65
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Enables growth.

LONG-TERM STABILITY

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

Goals	The minimum assets/equity ratio is to be 30 %.																									
Description	The company's capital base is to be strong, to help ensure long-term stability and generate the conditions needed to do good business in different market situations. The rolling cash flow is to cover interest costs by a wide margin.																									
Goal fulfilment 2017	The equity/assets ratio continues to be high and was 42.6%.	The interest coverage ratio was a multiple of 4.2.																								
Historic goal fulfilment	<p>Continued high equity</p> <p>43 per cent</p> <table border="1"> <caption>Equity/assets ratio</caption> <thead> <tr> <th>Year</th> <th>Ratio (%)</th> </tr> </thead> <tbody> <tr><td>2013</td><td>41</td></tr> <tr><td>2014</td><td>40</td></tr> <tr><td>2015</td><td>44</td></tr> <tr><td>2016</td><td>44</td></tr> <tr><td>2017</td><td>43</td></tr> </tbody> </table>	Year	Ratio (%)	2013	41	2014	40	2015	44	2016	44	2017	43	<p>Interest coverage ratio</p> <table border="1"> <caption>Interest coverage ratio</caption> <thead> <tr> <th>Year</th> <th>Ratio (multiple)</th> </tr> </thead> <tbody> <tr><td>2013</td><td>3.0</td></tr> <tr><td>2014</td><td>3.0</td></tr> <tr><td>2015</td><td>3.3</td></tr> <tr><td>2016</td><td>3.5</td></tr> <tr><td>2017</td><td>4.2</td></tr> </tbody> </table>	Year	Ratio (multiple)	2013	3.0	2014	3.0	2015	3.3	2016	3.5	2017	4.2
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We can attract talent.



Exceeded goal
– GPTW index

88
per cent

SUSTAINABLE ENTERPRISE

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

Goals	By 2021, 100 per cent of our properties are to be certified (with the exception of project properties and properties acquired over the past two years).	Energy consumption per m ² is to decrease by 30 per cent between 2014 and 2021.	By 2021, the proportion of green lease contracts is to be 50 per cent of the contracted annual rent.	We will be one of Sweden's best workplaces, as a part of having sustainable employees.																																				
Description	We have chosen to obtain environmental certification for our premises in accordance with the BREEAM environmental classification system. Our residential properties are to be certified in accordance with Miljöbyggnad. See pages 26–33 for further information about our sustainability work.	We are to reduce our energy consumption, which represents not only a significant portion of a building's operating cost, but also impacts the climate. We are to support our tenants and facilitate their efforts to conduct their activities in a resource-efficient manner. Green lease contracts are a joint undertaking to reduce environmental impact together. See pages 26–33 for further information about our sustainability work.	We have taken part in the Great Place to Work® (GPTW) evaluation of 'Sweden's best workplaces' since 2011. Our goal is to achieve a minimum average index of 85 per cent. The results do not include TL Bygg's employees. Find out more about GPTW on page 30.																																					
Goal fulfilment 2017	As of 31/12/2017, 16 per cent of our letting area was certified.	Energy consumption was reduced by 14 per cent per m ² between 2014 and 2017. The increase in consumption in 2017 was related to an acquisition.	As of 31/12/2017, 18 per cent of the contracted annual rent derived from green lease contracts.	The employee survey for 2017 shows that we exceeded our goals and achieved an index of 88 per cent. ✓																																				
Historic goal fulfilment	<p>Share of certified properties</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Share (%)</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>13</td> </tr> <tr> <td>2017</td> <td>16</td> </tr> </tbody> </table>	Year	Share (%)	2016	13	2017	16	<p>Energy consumption</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Consumption (kWh/m²)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>268</td> </tr> <tr> <td>2015</td> <td>242</td> </tr> <tr> <td>2016</td> <td>224</td> </tr> <tr> <td>2017</td> <td>232</td> </tr> </tbody> </table>	Year	Consumption (kWh/m²)	2014	268	2015	242	2016	224	2017	232	<p>Green lease contracts</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Proportion (%)</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>6</td> </tr> <tr> <td>2016</td> <td>10</td> </tr> <tr> <td>2017</td> <td>18</td> </tr> </tbody> </table>	Year	Proportion (%)	2015	6	2016	10	2017	18	<p>Employees</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Index (%)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>84</td> </tr> <tr> <td>2014</td> <td>87</td> </tr> <tr> <td>2015</td> <td>87</td> </tr> <tr> <td>2016</td> <td>89</td> </tr> <tr> <td>2017</td> <td>88</td> </tr> </tbody> </table>	Year	Index (%)	2013	84	2014	87	2015	87	2016	89	2017	88
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2017	18																																							
Year	Index (%)																																							
2013	84																																							
2014	87																																							
2015	87																																							
2016	89																																							
2017	88																																							

STRATEGY WITH A CLEAR DIRECTION

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

STRATEGY

We will focus on developing **attractive urban environments** for offices and retail, supplemented with residential, culture, service and education.

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

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

We are to be a **significant player** with large, unified units in each subsidiary market.

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

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

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

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

VALUE-ENHANCING FACTORS

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

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

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

As a significant player, we can lead and influence development and create urban environments with longevity.

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

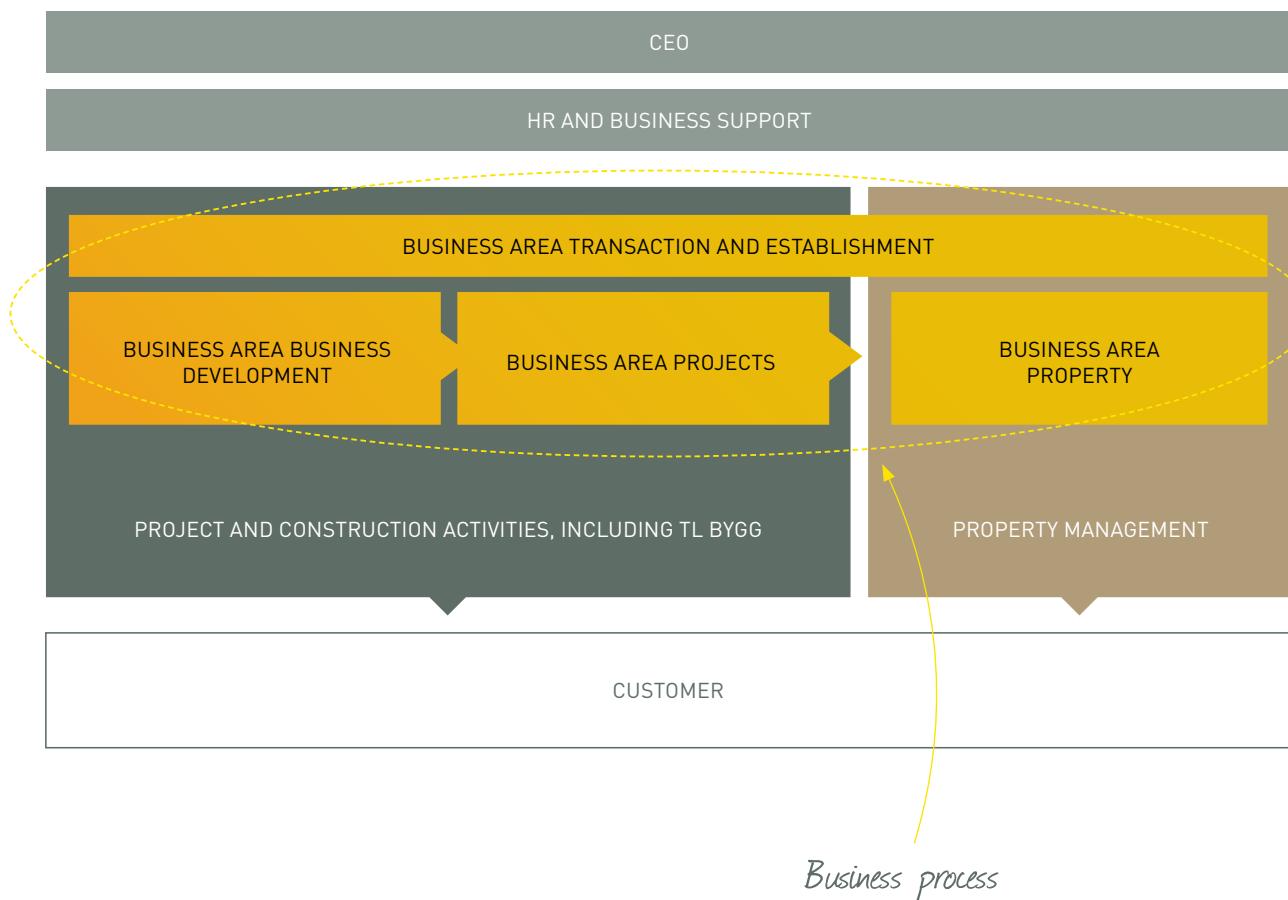
By conducting the entire business process ourselves, including project development, we can take care of our customers and generate value growth over time.

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

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

ORGANISATION IN LINE WITH OUR VISION

AN ORGANISATION THAT supports our business model helps us create sustainable city districts that harmonise with our vision. We have a flat organisation structure that promotes short decision-making processes and collaboration.



CLOSE TO CUSTOMERS

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

Our properties and areas are managed locally by our own, on-site staff. The management of our market areas is broken down by geographical area. Our head office is located in Sickla in Nacka, and we also have ten local offices where many of our employees have their regular workplaces close to our customers.

Transactions and Leasing identifies and implements new acquisitions within the framework of the strategy. The business

area is also responsible for processing of new customers, letting premises for retail and offices, and the sales of tenant-owned dwellings.

Project and Construction activities include Business Development, Projects and our subsidiary TL Bygg.

Our support functions are divided into HR and Business Support. Business Support includes Finance, Treasury, Investor Relations (IR), Communication, Digital Development and Sustainability, IT Support, Purchasing, Legal Affairs and Lease Administration.

SUSTAINABLE URBAN DEVELOPMENT

We have far-reaching visions for our locations, and our working method is based on dialogue and participation. We aim to strengthen the area's urban qualities, meeting places and identity. Through a careful mixture of content in buildings and design of

public spaces, we create urban life, green oases, security and well-being. Our locations are to be resource efficient and facilitate a sustainable lifestyle.

STRATEGIES FOR SUSTAINABLE URBAN DEVELOPMENT

IDENTITY AND HISTORY



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

DIALOGUE AND PARTICIPATION



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

RESOURCE AND ENERGY EFFICIENCY



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

DIVERSITY AND FLEXIBILITY



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

ENCOUNTERS AND INTERACTION



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

ECOSYSTEMS AND SPECIES DIVERSITY



We develop green spaces to promote species diversity. By working with ecosystem services, we utilise land, walls and roofs in an efficient and sustainable manner. Trees, green roofs and smart surface water management help us ensure that our properties take the climate change into account, at the same time that we create attractive environments.

CLOSE PROXIMITY AND COMFORT



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

SECURITY AND WELL-BEING



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

NOBEL BERGET

Nobelberget in Sickla is a successful example of how we work with innovative urban development. While work on a detailed development plan is underway for a new residential area, we have been collaborating with passionate business people and creators to develop a new and valued artistic and alternative cultural hub.

We have been working with many people from the worlds of music, theatre, art and clubs to develop this space into one of Stockholm's most exciting cultural areas. This culture fosters creativity, innovation and awareness, which in turn generates a range of socio-economic benefits.

What Nobelberget has taught us is that at places where people and worlds meet, something entirely new can arise.

NOBELBERGET IS CREATED IN PARTNERSHIP WITH CREATORS

Nobelberget has become a highly creative hub for clubs, music, the dramatic arts, technology and start-ups, with a culture of participation and hacks, attracting thousands of new visitors to the area. At the House of Gather, musicians, designers, film makers and architects have their workspaces, making Nobelberget into a dynamic location for both visitors and artists. The most recent addition is Nobelberget Market, a regular market that has quickly become one of the largest markets in Stockholm, offering vintage items, food, design and culture. Every time the market is on, the area is filled with thousands of visitors.

In 2018 the transformation of Nobelberget into a residential area will get underway, linking Sickla with Hammarby Sjöstad. We want to preserve what Nobelberget stands for today; creativity and culture, which is why several of the creators at Nobelberget have been involved in the co-creation process. We will preserve the characteristic brick building Formalinfabriken, which will become a new meeting place for co-creation, where unexpected collaborations can take place and new ideas can emerge.

What Nobelberget has taught us is that at places where people and worlds meet, something entirely new can arise. Adding different kinds of culture creates new meeting places, which is crucial for the attractiveness of a location, and for encouraging people to live, work and socialise in the area.

We are creating new meeting places for different activities on the ground floors of the buildings. In our streets and squares, the rich variety of ideas is expressed through changing art installations, touring cultural experiences and eye-catching events.

PROPERTY MARKET REMAINS STRONG

THE HIGH TURNOVER in the transaction market continued in 2017, with both office and retail properties continuing to attract investors. The main driving forces of the property market are expected to remain favourable, providing a good foundation for 2018.

HIGH TURNOVER IN THE TRANSACTION MARKET

Interest in property investments has been high in recent years and the property market remained strong in 2017. Property transactions reached at a total value of around SEK 150 billion during the year, which is consistent with the average annual volume over the past five years. Although the transaction volume fell slightly compared to 2016, it should be noted that 2016 was an exceptionally strong year.

In terms of turnover, residential was the largest segment, with a turnover of SEK 39 billion. Office properties was the second largest segment, with a total transaction volume of SEK 29 billion and a market share of 19 per cent. The interest in investing in retail properties was also high, with the transaction volume in the segment amounting to SEK 25 billion. This represents a market share of 16 per cent, making retail properties the third largest segment.

FOREIGN INVESTORS LOOKING TO SWEDEN

The Swedish property market has become increasingly popular among foreign investors, with the highest level of interest for many years. Property acquisitions from foreign investors totalled SEK 40 billion in 2017, compared with SEK 33 and SEK 29

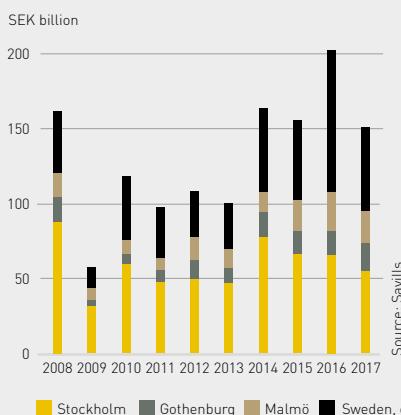
billion in 2015 and 2016 respectively. Foreign investors accounted for 26 per cent of the total transaction volume, which is the highest percentage seen since before the financial crisis in 2008.

GOOD FOUNDATIONS FOR 2018

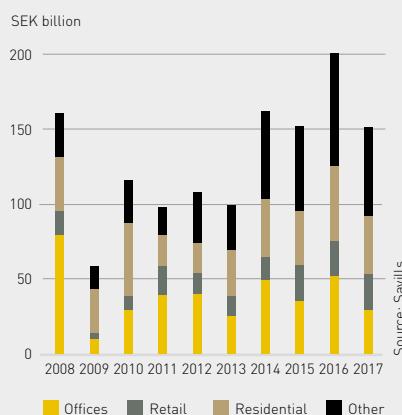
The commercial property sector is an extremely capital-intensive sector and has been impacted by the low interest rates. Low interest rates have made large quantities of capital available for property investments, which has resulted in higher demand for properties. High demand has led to a market where dividend yield requirements are at historically very low levels for all property segments. Although the demand is highest in Sweden's three major cities, the lack of supply has forced investors into more secondary markets and objects.

Despite a slowdown in the transaction market, the conditions for 2018 are looking good. Chief among these are the high level of interest among investors, the positive pressure on office rents and the low vacancy rates.

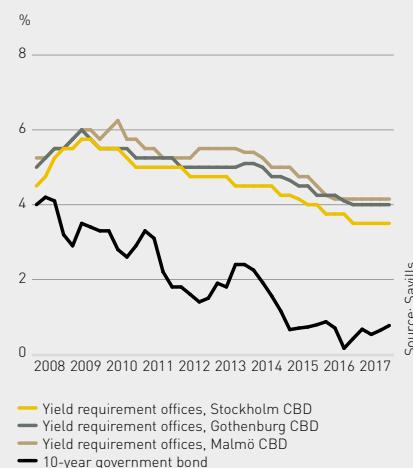
Transaction volume per geographic area



Transaction volume per property type



Yield requirement for offices and 10-year government bond interest



STRONG DEMAND FOR OFFICES IN MAJOR CITIES

atrium ljungberg's office properties are located in the areas where the demand for office premises is highest, i.e. Stockholm, Gothenburg and Malmö.

STRONG DEMAND FOR OFFICE SPACE

The office rental market remains very strong in the major cities in Sweden, driven primarily by a strong economy combined with strong demographic growth in these cities. The vacancy rates in Stockholm and Gothenburg have dropped to historically low levels and speculative office projects are being let quickly. The strong rental trend is also driven by modern, activity-based offices that are streamlining the use of the premises. As a result, the tenants can pay a higher rent per square metre, without it having a major impact on the cost per workspace. There is a lot to indicate that the office market will continue to be strong in 2018 in the major cities, with demand still high, positive rental growth, particularly in central areas, and the vacancy rate remaining low.

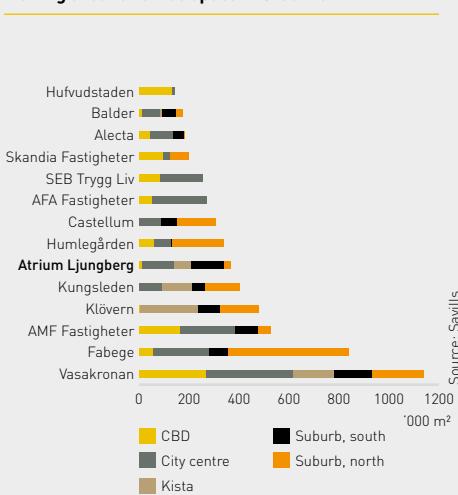
HIGHER DEMAND FOR GOOD SURROUNDINGS

What office tenants are looking for most at the moment are central locations and good communications. Other important factors when constructing offices is to ensure that the locations have a wide range of services and restaurants, as well as residential, as this contributes to a vibrant environment, buzzing with life 24 hours a day.

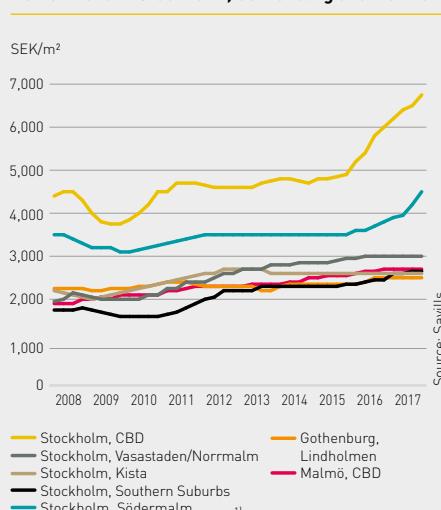
STOCKHOLM – LIMITED STOCK OF OFFICES

Office rents in Central Stockholm have risen significantly in recent years, with one of the strongest growth rates in Europe. Not only has there been a limited number of new office spaces, but many office premises have also been converted into residential or hotels, for example, adding further to the imbalance between supply and demand.

Letting area for office space in Stockholm



Rental trend in Stockholm, Gothenburg and Malmö¹⁾



Atrium Ljungberg's market shares in subsidiary markets, Office

Subsidiary markets	M ² office space, ('000 m ²)	Share Atrium Ljungberg
Stockholm		
City centre, excl. CBD	4,980	2 %
Kista	835	8 %
Solna/Sunbyberg	1,925	1 %
Gothenburg		
Lindholmen	293	28 %
Malmö		
City centre, incl. CBD	1,585	1 %

Source: Savills and Strateg Fastighetskonsult

GOTHENBURG – A FLOURISHING REGION

The office rental market is strong in Gothenburg as well. The region has a flourishing economy, with high demand for modern premises in attractive locations. There has only been a slight injection of new premises in the past two years, and the majority of office space is let before buildings are completed.

MALMÖ – STABLE, POSITIVE TREND

Although the office vacancy rate in Malmö CBD (Central Business District) fell in 2017, it is still higher than both Stockholm and Gothenburg. The main reason for this is the fact that new production volumes have been relatively high in Malmö for some time now, with some being built speculatively. However, there has been a stable, positive trend for rental levels since the financial crisis of 2008.

THE DESIGN OF OFFICES IS BECOMING INCREASINGLY IMPORTANT

The generations that are entering today's labour market are placing different demands on offices than previous generations. They are challenging the workplaces of tomorrow, and are more demanding in terms of the design and location of the premises. Younger generations want more flexible office solutions, where you are not tied to one physical space, as has been the case in the traditional office landscapes. One example of what people are starting to ask for more and more is coworking spaces, which are like an office hotel, focusing on social aspects such as a shared culture and networking.

RETAIL SECTOR GROWING AND DEVELOPING

IN 2017 the retail sector reported its 21st year of consecutive growth. This has been achieved, despite the crisis in the 1990s, the IT bubble and the most recent financial crisis. In recent years, retail has reported a much better trend than Sweden's GDP, with the gap between the two widening.

RETAIL SECTOR GREW STEADILY IN 2017

Population growth and higher consumption per capita are key factors for this strong retail trend. In recent years the trend has been bolstered by low interest rates combined with a strong labour market. In 2017 total retail sales, including e-commerce, increased by SEK 16 billion, amounting to SEK 767 billion. This corresponds to a 2.1 per cent increase compared with 2016.

E-COMMERCE CAPTURING MARKET SHARES

Total e-commerce sales grew by SEK 9 billion to SEK 67 billion in 2017, which is an increase of 16 per cent. E-commerce increased its share of total retail from 8 to 9 per cent, while the market shares between the FMCG sector and the consumer durables sector differed considerably. While the FMCG sector is only just getting started with e-commerce, with just over 2 per cent of sales online, consumer durables have already reached a market share of 14 per cent. Fast-growing sectors during the year were the food sector, the furniture sector, hardware and DIY, and the toy sector.

PHYSICAL SHOPPING IS TURNING INTO AN EXPERIENCE

In the future it will be essential for all physical retail to add something extra to supplement their offer, giving consumers as many reasons as possible to visit a physical location. This could include, for example, restaurants, experiences, entertainment,

healthcare, culture and workplaces. Despite digitalisation, these are the kinds of activities that encourage people to meet at a location, and to socialise, eat and shop there. This is something that Atrium Ljungberg has embraced when creating the meeting places of the future. Mixing activities is not only a good idea from an urban development perspective, it is also essential for retail spaces to flourish in an increasingly competitive market.

FORECAST FOR THE RETAIL SECTOR IN 2018

HUI Research forecasts growth of 2.5 per cent for the retail sector as a whole in 2018 and 15 per cent for e-commerce. Low interest rates and a strong labour market are expected to continue to have a positive effect on the development of the retail sector, while the Swedish government's proposal to increase child benefit and pensions will further promote retail consumption.

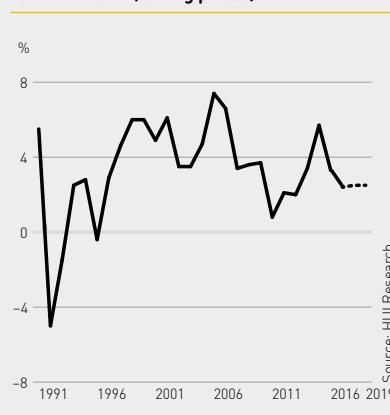
ATRIUM LJUNGBERG'S RETAIL HUBS

Our retail hubs are located in the strong regions of Stockholm, Uppsala and Malmö. The stores within our largest retail hubs, Sickla, Farsta Centrum, Gränbygatan, Port 73 and Mobilia, collectively reported a sales increase of 1.0 per cent (4.0 %) in 2017 compared to the previous year. Total sales are SEK 14 billion, with 60 million visitors.

Retail letting area in Sweden¹⁾



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



Atrium Ljungberg's market shares in subsidiary markets, Retail

Municipality	Sales municipality, SEK m ¹⁾	Share Atrium Ljungberg
Malmö (Mobilia)	24,779	7 %
Nacka (shopping district in Sickla)	7,163	45 %
Stockholm (Farsta Centrum, Västberga Handel)	69,700	5 %
Uppsala (Forumgallerian, Gränbygatan, Rådhuset)	15,280	18 %

¹⁾ Refers to sales per municipality 2016.

Source: HUI Research

¹⁾ Swedish property owners ²⁾ Foreign property owners

¹⁾ Estimated area, as per 31 December 2017.



Our popular retail hubs in Stockholm, Malmö and Uppsala attracted more than 60 million visitors in 2017.

Digital Natives create spaces for the future

We are now seeing how a generation of young people in their thirties are leaving their childless single lives to start families. This generation is particularly interesting for two reasons. Firstly, there are many of them, representing one of the most numerous generations in Sweden, and secondly, they are digital, having grown up with the Internet, computers and mobiles since they were born. Today's Digital Natives will be society's defining generation for the next 20 years.

Atrium Ljungberg has worked with Kairos Future to produce a report on Digital Natives, born 1985 and later, and on how they will affect the design of future spaces. This report has investigated young people's values, consumer habits and communication patterns.

Every generation is shaped not only by their parents, but also by the environment in which they grow up and the spirit of their time. Digital Natives are young people who are ordered, both as a reaction against the rebelliousness of previous generations, and the fact that they have grown up in an era of uncertainty. They are characterised by order, responsibility and authenticity, and by the fact that the most important sphere is their own. The community they have chosen for themselves.

Digital Natives are many and they are family-oriented. This means that we can expect a new baby boom up until 2030. For people managing different locations and retail, it will therefore be extremely important to be aware of how Digital Natives want to organise their lives.

This report ends with a summary of five truths for future places of retail, work and meetings.

5

Truths for places of the future





1

DIGITAL NATIVES SHOW THE WAY TO THE THIRD PLACE

Retail space per SEK invested, office space per employee and living space per person are all getting smaller. As these spaces get smaller, it generates a need to go to other spaces momentarily. When the office, home or store is not enough, new places are needed for larger groups, temporary jobs and engaging shopping experiences. The third place, that is, the place outside the home and work, will need to enable this to a greater extent.

2

THE PURCHASE IS MORE THAN THE PRODUCT/VENUE

For Digital Natives, the mobile phone is the hub of their lives. Basically, everything they do starts on the mobile phone before they are physically at the place itself. The purchase does not start at the store and the meeting does not start in the conference room. The young people of today plan, chat, and involve each other before a visit, and creating a buzz about it beforehand and afterwards can be the most important objective. A place where people can meet, enjoy themselves and exchange ideas and goods becomes part of a world where the prologue and epilogue are as important as the main story.

3

OUR CITY, OUR SPHERE

Digital Natives are proving more and more that their small local life is what they value the most. Life circles around the well-being of their own sphere. This gets even stronger when they have families of their own, as we know that the lives of young children revolve around the local area. In the future, we have to think of the city in terms of a collective. But this is not enough. Added to this is the art of driving processes that strengthen and interact with people's multifaceted spheres; in an interaction between the physical and the virtual.

4

INFLUENCERS IS THE NEW NORMAL

Today 'influencers' have an ever-increasing impact on the everyday lives and reality of the Digital Natives. Celebrities on Instagram, YouTube and Snapchat can influence many people, with their millions of followers, who in turn share their posts, photos and videos. Digital Natives influence each other, but also the older generations. The key is about understanding how authority today is created by influencing rather than through facts. It is through conscious influence and dialogue that places and actors can become relevant to the young; and in the next stage for the elderly as well.

5

THE AGE OF FREEDOM OF CHOICE IS COMING TO AN END

When the consumption-critical seventies became the nineties, a massive supply explosion opened up and a demand-driven economy accelerated. People who were young at this time were strongly characterised by this, but found it difficult to manage the large supply. We see the same challenges with today's Digital Natives, but people are sobering up and realising that everything is not possible. As they focus on the small life and no longer fear what is not perfect, they actively learn to say no to unnecessary freedom of choice and to recruit decision-makers for those areas that do not engage them.

In the future, places and businesses that want Digital Native's eyes and ears will be forced to build their offers on truly customised solutions to pass the various consumers' automatic digital eye-catching eyes.

No-one knows exactly how the digital families with children will shape the places of the future. However, we want to continue to create solutions that are relevant both today and tomorrow.

The "Our sphere" report can be downloaded in its entirety at www.al.se.

WE CREATE SUSTAINABLE URBAN ENVIRONMENTS

atrium ljungberg creates attractive and sustainable urban environments where people want to live, work and be – today and tomorrow. A value-governed organisation with motivated and innovative employees and close collaboration with our stakeholders form the basis for achieving this.

FOCUS AREAS

OUR ROLE

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

We have the property portfolio, expertise and financial strength required for turnkey projects and long-term investments.

The issue of sustainable urban development has become more topical as urbanisation and population in metropolitan areas have grown. Awareness that the earth's resources are limited and that humans impact the climate has also grown.

The construction and property sector accounts for roughly one third of Sweden's energy consumption, and it has a large impact on the climate. Atrium Ljungberg is consequently an important player and a far-sighted partner that helps develop the areas where we operate in a sustainable direction.

With a clear customer focus, we develop collaboration with our tenants and join forces to reduce resource utilisation and environmental impact, and thus make greater progress than we could if we worked individually.

GOVERNANCE SUSTAINABILITY

Atrium Ljungberg's Board lays down the company's overall sustainability policy. In accordance with this policy, we maintain a dialogue with the stakeholders who form part of our core business, or who are affected by it, to ensure that we have identified our central sustainability areas. We use the results of the materiality analysis as the basis for developing our focus areas, goals and relevant policies. Read more about our materiality analysis and the governance of our sustainability work in note [SR1](#) and [SR2](#).

Sustainable employees help lay the foundation for development and profitability.

FOCUS AREAS SUSTAINABILITY

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

URBAN DEVELOPMENT We develop our areas in a sustainable direction as a means to improve their attractiveness. Doing so creates value for tenants, municipalities and other stakeholders that utilise the space, as well as for us as a company. See page 17 for further information on our strategy for urban development.

ENVIRONMENT AND RESOURCE UTILISATION: Resource utilisation, primarily energy consumption, represents not only a significant portion of a building's operating and production cost, but also its climate impact. Consequently, we focus on improving our own and our customers' resource efficiency. See pages 27-29 for further information about the environment and resource utilisation.

EMPLOYEES: One condition for achieving good results is competent, motivated and engaged employees. We work to ensure a positive and safe work environment and a culture that is characterised by participation. Sustainable employees help lay the foundation for development and profitability. See pages 30-31 for further information about employees.

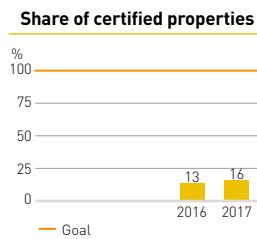
BUSINESS ETHICS: Trustworthiness is of central importance to us. We uphold sound business practices in our own operations and in relation to suppliers and other partners. Find out more about business ethics on page 33.

ENVIRONMENT AND RESOURCE UTILISATION

We aim to improve our own and our customers' resource efficiency and environmental performance on a continuous basis. Reducing energy consumption is important in terms of both operating costs and impact on the climate.

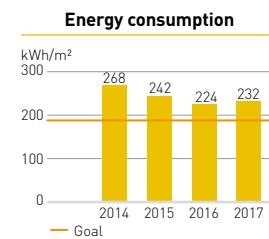
Environmental and resource efficiency goals

By 2021, 100 % of our properties are to be certified. Project properties and buildings acquired within the past two years are not included in the target. Read more about definitions in note [SR6](#).



Energy consumption per m² is to decrease by 30 per cent between 2014 and 2021. We reduced our energy consumption by 14 per cent between 2014 and 2017.

Energy intensity consists of all heating, cooling and electricity, including the tenants' energy consumption. Read more about definitions in note [SR3](#).



By 2021, the proportion of green lease contracts is to be 50 per cent of the contracted annual rent. Read more about definitions of green lease contracts in note [SR7](#).

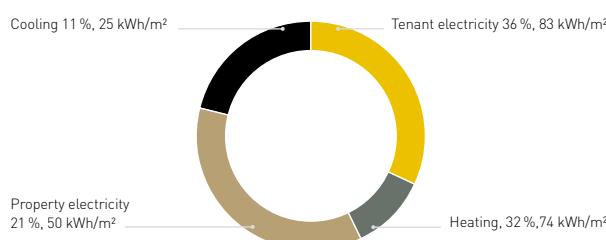


CERTIFICATION

Since 2011, we have certified major new builds of commercial premises in accordance with the global BREEAM environmental classification system. Our minimum level for new production is the rating 'Very Good'. In 2016 we also started work to certify our existing buildings in accordance with BREEAM In-Use.

BREEAM assesses the building's environmental performance within several different areas: energy consumption, indoor climate including ventilation and lighting, water conservation, waste management and land usage, as well as the impact on the local environment. BREEAM also assesses and rates how the building is positioned in relation to public transport, selection of building materials and which pollutants the building might produce.

BREEAM is not suitable for residential properties. Rather, since 2015, we have certified our residential properties in accordance with the Sweden Green Building Council's Environmental Building certification system. Our minimum level for new production is the 'Silver' rating. The Sweden Green Building Council's requirements in relation to energy, materials and the indoor environment are extensive. A third party conducts the audit and rates the various aspects. BREEAM and the Sweden Green Building Council help us build in a more sustainable manner. Certification makes it easier to compare the buildings' environmental performance and to communicate with tenants about it. These certifications also comprise the main components in our framework for green bonds.

Energy consumption – distribution

Total energy consumption amounts to 232 GWh for 2017.

14%

ENERGY REDUCTION PER M² SINCE 2014

*Find out more about our energy consumption
on page 147.*

ENERGY CONSUMPTION

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

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

As the properties become more energy efficient in the use phase, an ever greater proportion of their total energy consumption derives from the construction phase. Consequently, it is important to reduce energy consumption in the construction phase as well, and BREEAM is helpful in this respect. Certification includes requirements related to energy consumption during construction site set-up and temporary heating and lighting. A substantial part of the energy consumption is also derived from the materials used in the building. This year we became more involved in building with wood, as wood is a material that requires much less energy during the construction process. In order to reduce the need for extensive reconstructions and demolitions, our properties are to be flexible and adaptable to new and modified needs.

Outcome 2017 Energy Intensity

Area ¹⁾	Unit	2017	2016	2015
Property energy				
Heating	kWh/m ²	76	77	79
Comfort cooling	kWh/m ²	15	19	17
Property electricity	kWh/m ²	50	50	59
Total property energy	kWh/m²	140	147	155
Tenant energy				
Tenant electricity	kWh/m ²	63	55	87
Process cooling	kWh/m ²	11	–	–
Tenant electricity, estimated	kWh/m ²	19	22	22
Total tenant energy	kWh/m²	93	78	87
Total energy intensity	kWh/m²	232	224	242

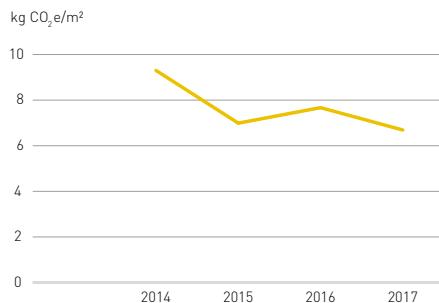
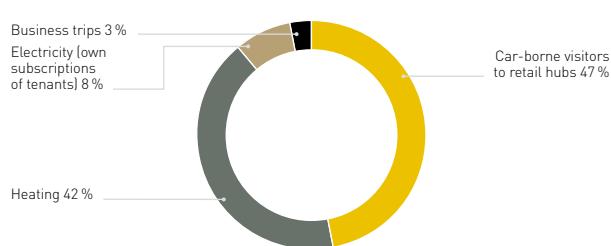
1) See note **SR3** on page 148.

MEASURES TO REDUCE ENERGY CONSUMPTION

We have reduced our energy consumption by 14 per cent since 2014. The reduction is due in part to a greater focus on energy-related issues, implemented operational optimisations and other measures, but it is also due to changes in our property portfolio. The total energy intensity increased from the previous year, solely as a result of acquired properties in which tenants have energy-intensive operations, which affect the key figures for the consumption of electricity and cooling. The key figures for property electricity and heating fell compared with the previous year.

We believe in the importance of helping our customers in their efforts to achieve resource efficiency. Consequently, our overall energy goal includes the tenants' total energy consumption, i.e. including their electricity consumption.

We charted in detail the energy consumption in most of our buildings, which has prepared them for certification. This work has resulted in a large number of concrete measures to promote energy efficiency. The data we have collected and the measures are being documented systematically, creating a clear overview when following up the status of the measures that have been taken.

Carbon dioxide intensity from energy consumption**Carbon dioxide emissions – distribution****CARBON DIOXIDE EMISSIONS**

Total carbon dioxide emissions arising from our energy consumption amounted to 6.7 kg CO₂e/m², primarily from district heating. The main sources of our total emissions are visitors who travel by car to our retail hubs.

The extent of the emissions and the environmental impact partly depends on our energy suppliers' production mix, i.e. which fuels are used to produce district heating and district cooling. In the case of district heating and district cooling, we rely on the local supplier at each location, and environmental performance varies a great deal. Carbon dioxide intensity fell by 20 per cent compared with the previous year. This reduction is due to us reducing our district heating consumption.

The electricity we use ourselves and which we provide as standard to the tenants is renewable and carbon dioxide-free. This comprises hydroelectric power with a guarantee of origin with the Golden standard. This is certified carbon dioxide-free electricity, where we have chosen to support the new production of a solar power plant in India.

Read more about carbon dioxide emissions per building type in note [SR4](#).

COLLABORATION AND GREEN LEASE CONTRACTS

Sustainable and cost-efficient solutions are created in close collaboration between tenants and property owners. Green lease contracts are an example of a joint undertaking to reduce environmental impact together; they comprise energy, waste and transportation, for example. At the end of the 2017, 18 per cent of contracted annual rent was covered by green rental contracts. The goal is to achieve at least 50 per cent by 2021.

LANDLORD WITH CIRCULAR OPPORTUNITIES

Sweden's second-hand market is growing in line with the increasing demand for second-hand goods such as furniture and clothing. We very much want to contribute. Our goal is to have at least one second-hand player per large retail hub by 2017. By the end of 2017 we had achieved our target of having at least one second-hand player at all of our major retail hubs. In addition, we are happy to see that businesses which extend product life cycles, such as tailors and shoemakers, are establishing themselves in our retail hubs.

For the fourth year in a row, we carried out the 'Återwin-win' campaign in our retail hubs, where customers were encouraged to hand in used clothing. Several office tenants also joined the campaign. The result for 2017 was 58 tonnes of collected clothing and other textiles for Stadsmissionen. A total of 290 tonnes has been collected over the past four years.

RECYCLING AND WASTE

Well-functioning systems for recycling and waste management are important for our tenants. Atrium Ljungberg provides recycling at all properties. We have started introducing individual measurement of waste as a means to assist our tenants additionally. Our tenants want resource efficiency to be rewarded, as well as the possibility to monitor their recycling goals. We support these wishes. It is for this reason that in 2015, Atrium Ljungberg set the goal of being able to offer individual monitoring and billing of waste at our retail hubs by 2021. Since then we have extended our ambition to include office buildings as well. By the end of December 2017, 5 per cent of our buildings had individual billing of waste. We have one major pilot project underway, in which we are working on developing billing solutions.

4 | 3 **88 %**

WOMEN RESPECTIVELY MEN AVERAGE CONFIDENCE INDEX IN COMPANY MANAGEMENT

6 **43**

YEARS EMPLOYED

AVERAGE AGE, YEARS

Goals for employees



EMPLOYEES

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

ONE OF SWEDEN'S BEST WORKPLACES

For the fourth year in a row, Atrium Ljungberg was named as one of Sweden's best workplaces. The ranking is based on Great Place To Work® (GPTW). We have carried out the GPTW employee survey for Atrium Ljungberg's employees since 2011, and it has a major impact on our improvement work, both at department and company level. In 2017, we exceeded our goal to achieve an average confidence index of 85 per cent. We achieved 88 per cent. All in all, 95 per cent of our employees think that Atrium Ljungberg is a very good workplace.

One area that the employees rate relatively low is our tools and premises. We have carried out a lot of work to address this. One of the results of this work is that we will be moving the head office for both Atrium Ljungberg and the office premises for Sickla in 2018, and we will introduce an activity-based working method. TL Bygg's employees are not included when monitoring the goals. TL Bygg uses the results from its employee survey in a similar way.

EMPLOYEE DEVELOPMENT

The skills of employees and their ability to use them are essential, both so that we remain competitive and so that employees feel that working for us is stimulating and satisfying. Mandatory career development reviews, action plans and follow-up are all part of our skills development process for employees. All employees within Atrium Ljungberg as well as administrative employees within TL Bygg are comprised by the Group's Performance Management process.

The Performance Management process is our main tool for development and performance. The process helps managers and employees set goals that not only show us where we are to go, but also how we are to get there by working in accordance with our values.

The Performance Management process also means that directors and employees together receive a half-year assessment, develop an individual development plan and evaluate the year's work. In addition to this, every employee has at least four ongoing feedback discussions with his or her manager during the year. During the year we developed the Performance Management process, with feedback to managers about their leadership. TL Bygg's skilled workers also have regular career development reviews. 100 per cent of employees had career development reviews in 2017. TL Bygg has a career development structure for its skilled employees, which includes procedures for career development reviews and employee surveys.

We have a leadership programme for all of Atrium Ljungberg's new managers, project leaders and business developers. In 2017 we trained all of Atrium Ljungberg employees in personal efficiency. This training gave us tools for greater productivity, greater efficiency, greater control, less stress and a better work-life balance. TL Bygg has its own training programme and a leadership programme, which also includes individual coaching.

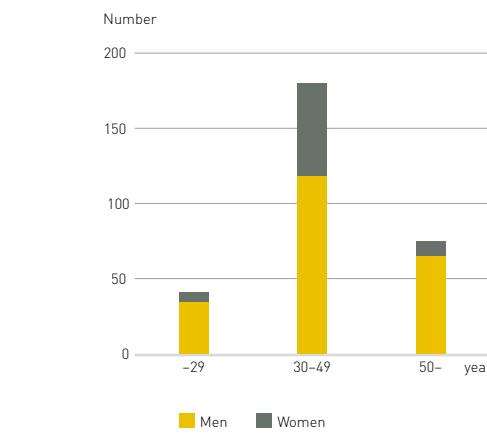
DIFFERENT BACKGROUNDS AND SKILLS

All employees are to be afforded the same opportunities in relation to terms of employment, skills development and promotion within the framework of their know-how, willingness and/or ability.

We have a clear recruitment process that takes into account professional competence, personal characteristics and motivation. We also have a sound wage structure process that takes industry statistics and the employees' individual performance and goals into account. The wages are reviewed annually and there may be no unjustified differences.

The employee survey in GPTW includes issues about fairness. The results are followed up every year for each department, together with the department manager and employee.

These procedures contribute greatly to equal terms within the company. No cases of discrimination were reported during the year, just as in 2016. Read more about gender and age distribution in note [SR8](#).

Age breakdown in 2017

100%

OF THE EMPLOYEES HAVE COLLECTIVE AGREEMENTS

NUMBER OF EMPLOYEES

100 per cent of employees are covered by a collective bargaining agreement. Atrium Ljungberg almost only hires employees on a full-time or part-time employment basis. We also hire summer workers in our management organisation and extra personnel who wrap packages at our retail hubs around Christmastime. We employ approximately 100 people annually on an hourly basis, the majority of which are youths. Other than this, the company's number of employees remains relatively constant over the year.

Read more about employee movement in note [SR8](#).

Employees per function

	2017			2016		
	Number of employees	Share of women	Share of men	Number of employees	Share of women	Share of men
Property management	114	34 %	66 %	107	33 %	67 %
Construction	60	–	100 %	70	–	100 %
Support functions + CEO	57	49 %	51 %	51	57 %	43 %
Construction work	35	11 %	89 %	29	7 %	93 %
Business Development	11	36 %	64 %	9	39 %	61 %
Project management	19	21 %	79 %	15	13 %	87 %
Total	296	27 %	73 %	281	25 %	75 %

Number of employees

	2017			2016		
	Number of employees	Share of women	Share of men	Number of employees	Share of women	Share of men
Permanent employees						
of which full-time	294	27 %	73 %	281	25 %	75 %
of which part-time	2	50 %	50 %	–	–	–

The diversity indicators reported by Atrium Ljungberg include gender and age.

HEALTH

We have a zero-tolerance attitude towards stress-related illnesses and workplace accidents. We utilise the positive initiatives from employees and have an activity group, whose purpose is to organise and coordinate activities that promote a healthy lifestyle. During the year, this activity group organised different activities, including participation in the Bellmanstafetten and Midnattsloppet runs.

SAFETY

Serious health and safety risks are common in our business and industry. We have a zero-tolerance attitude towards workplace accidents. We hold regular work environment training courses for our project managers and technical managers as well as for managers at our subsidiary TL Bygg. Read more about TL Bygg on page 78 and about suppliers on page 31.

In 2017 there were 15 cases of work-related illnesses. Six of these cases resulted in sick leave. No fatalities occurred within the Group or at any of Atrium Ljungberg's building sites.

Sick leave broken down by gender, %

	2017	2016	2015
Men	5 %	4 %	5 %
Women	4 %	3 %	5 %
Total absence	4 %	4 %	5 %

Accidents and related absence

	Number of workplace accidents ¹¹			Number of days absence in absolute terms		
	2017	2016	2015	2017	2016	2015
Atrium Ljungberg	6	6	4	34	21	6
TL Bygg	9	5	6	61	80	16
Total	15	11	10	95	101	22
Men	14	10	10	95	101	22
Women	1	1	–	–	–	–
Total	15	11	10	95	101	22

¹¹ Reported to the Swedish Work Environment Authority



We play an active role in associations,
trade associations and lobby organisations.



Atrium Ljungberg's main memberships in associations and organisations include the Swedish Property Federation, Sweden Green Building Council, the Stockholm Chamber of Commerce, EPRA, Almega, the Confederation of Swedish Enterprise, SNS, IFMA, Kultur & Näringsliv, Sveriges HR Förening and the Nordic Council of Shopping Centers. TL Bygg is a member of the Swedish Construction Federation and Stockholms Byggmästarförening.

BUSINESS ETHICS

We promote sound business practices in our own activities and in relationships with suppliers and other partners. We have been a signatory of the UN Global Compact since 2009, and hence stand behind the ten principles concerning human rights, labour practices, the environment and anticorruption.

VALUE-BASED WORK

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

Atrium Ljungberg stands for reliability. We take a great deal of responsibility, keep our promises and do not promise more than we can deliver. Our capacity and ability to innovate in all processes means that we follow our own path and achieve innovative solutions.

BUSINESS WITH INTEGRITY

The construction and property industry is an at risk industry in terms of bribes and corruption, so we work proactively to combat these risks. In 2016 we charted our purchasing, leasing and transaction process. The results from this work formed the basis for developing our policies and guidelines. Our business ethics policy is based on the company's values, and it comprises all regular employees and temporary employees. The policy constitutes our code of conduct and is available on our website. In 2017 we developed guidelines for entertainment, gifts and benefits in order to provide more concrete guidance. To provide internal support for these guidelines, we have produced support material for managers, which the company's managers have worked through with their departments (except for TL Bygg). We have a whistleblowing function that enables people to make an anonymous report when there are suspicions of corruption and other offences or policy deviations.

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

One incidence of corruption was discovered during the year, which resulted in the employee resigning.

PURCHASING AND SUPPLIERS

Atrium Ljungberg's suppliers are an extension of our own operations. Sustainable and cost-effective supply chains are therefore essential for us to jointly contribute to sustainable development. Atrium Ljungberg is a major purchaser with around 900 suppliers, primarily within construction contracting, finance, energy, operations and maintenance. These suppliers in turn use sub-suppliers for construction material, for example, and subcontractors in our construction contracting, as well as fuel in district heating. We developed our purchasing process in 2017 in order to obtain effective support for the entire organisation and to satisfy our requirements related to sustainability and business ethics to an even greater extent. The risk sectors that we have identified are

primarily cleaning and roof shovelling. The entire construction industry faces risks associated with health and accidents, for example, during demolition work and putting up scaffolding.

We have a supplier policy that constitutes our code of conduct for suppliers and is based on the company's basic values. The code of conduct helps promote continued implementation of the Atrium Ljungberg Group's commitment to international standards such as Universal Declaration of Human Rights, ILO Core Conventions and the Ten principles of the United Nations Global Compact. The code specifies the minimum requirements that the Atrium Ljungberg Group's suppliers must respect and meet in their own operations and supply chain.

The code of conduct is essentially based on the Swedish Property Federation's code of conduct for suppliers. The industry-wide code of conduct means that many property owners place the same requirements on suppliers, which gives us greater opportunities to influence them.

The new purchasing process covers both framework agreements and individual orders, and we set specific requirements that are defined in the contract for services or delivery agreements, and which include the Code of Conduct as an attachment that has to be signed. The implementation of the new purchasing process has progressed further for framework agreements than for individual orders.

Agreements within the framework of our major construction projects contain detailed requirements for the environment, quality and the work environment. To ensure good material selection, we use the environmental database called Swedish Building Materials Assessment.

MONITORING AND AUDITING

We have carried out a pilot project to follow up and monitor our suppliers, which cover our current contract suppliers for cleaning services and a selection of the 50 new framework agreements that were entered into during the year. During the year 18 suppliers were evaluated based on the requirements we set in the Code of Conduct for social responsibility and the environment. 15 per cent of our new framework agreements were evaluated during the year. These evaluations have shown that many of our cleaning suppliers have come a long way in their sustainability work, and show a positive attitude to continuing to develop their procedures based on our wishes. The audits that were performed on site did not find any deviations to the Code of Conduct.

TAX

We are to be a reliable, long-term and responsible member of society that consistently complies with laws and regulations and that, when required, transparently balances shareholder interests with public interests. We have a social responsibility to pay taxes as well as an obligation to shareholders to monitor and minimise all expenses in the company, including tax expenses. In cases where the rules and regulations are unclear or ambiguous, interpretation is to be based on the spirit of the law, and Atrium Ljungberg is to act proactively and transparently through open claims, advance notification and in dialogue with the Swedish Tax Agency. See further in note [SR9](#).

MEETING PLACES

Our incredible meeting places – where different knowledge, experiences and backgrounds get the chance to meet, learn from each other, and create something new together. We have many years' experience of finding new forms of collaboration.

Dieselverkstaden brings different activities together, including a library, theatre, cinema, restaurant and art centre. It is also home to one of the largest indoor climbing centres in the Nordic region. A popular meeting place for many people

PLACES WHERE DIFFERENT ACTIVITIES CAN ENHANCE EACH OTHER

From Dieselverkstaden – Nacka's cultural hub containing everything from an art centre to climbing walls, to the Kunskapsgallerian shopping centre in Sickla – a unique learning environment where the upper-secondary school, high school, business, research and organisations live side by side. In Node in Kista, learning, academia, research, culture and industry are brought together in an open, creative and dynamic meeting place.

In 2018 we hope to start building two brand new meeting places: Life City in Hagastaden – a centre for business, research and healthcare, which is being built at the most visual location in Scandinavia; and Bas Barkarby – a multi-functional area in the heart of the growing city district of Barkarbystaden, to promote learning focused on science and technology, as well as culture, sports and business.

We are always curious. We want to learn, try out new ideas and find new ways of collaborating with other players.

Together we will create value for the city.

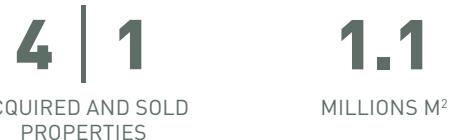


THE PROPERTY PORTFOLIO IN NUMBERS

atrium ljungberg's property portfolio is concentrated to strong growth regions in Sweden and includes properties with a value of SEK 41 billion. Our properties comprise offices, retail and residential, and are concentrated to central locations in the areas where we operate.

PROPERTY PORTFOLIO

Our property portfolio primarily comprises office and retail properties in the growth regions of Stockholm, Gothenburg, Malmö and Uppsala. The property portfolio contains a total of 53 properties with a total letting area of 1,146,000 m². Our residential portfolio comprises around 800 apartments located in Årvinge in Kista, Mobilia in Malmö, and Gränbystaden in Uppsala.



We acquired four properties and sold one property during the year. In March, we took possession of Fatburen 2, Söderhallarna in Stockholm. The property houses a food market, retail and offices with a total lettable area of approximately 9,600 m². In March the property Tranbodarne 13, located in Slussen in Stockholm, was acquired and taken into possession, with approximately 3,300 m² letting area for offices and residential. The office property Lindholmen 30:1 on Lindholmen in Gothenburg was also acquired and taken into possession, with approximately 37,000 m² letting area. In October an agreement was concluded to acquire parts of the properties Vasastaden 1:16 and 1:45, comprising 32,000 m² GFA, for our Life City project in the future Molekylen district. Our acquisitions have been strategic and add space to the urban environments where we already have a foothold and would like to continue to develop. In December an agreement was concluded to sell the Söderby Huvudgård 2:43 property in Haninge. This property comprises the retail hub Port 73.

Property portfolio, 31/12/2017

	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾
Office properties	619	20,425	40,281
Retail properties	373	14,400	49,098
Residential properties	71	1,412	23,882
Business area Property	1,063	36,237	42,162
Project properties	60	3,070	E/T ²⁾
Land and development rights	-	684	
Total	1,123	39,991	
Development properties	23	870	
Total Group	1,146	40,861	

¹⁾ m² excluding garage.

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

PROPERTY VALUE

The market value of the property portfolio at the end of the year totalled SEK 40,861 million (SEK 36,054 m). The average yield requirement in the valuation was 4.7 per cent (4.9 %). Development rights and land account for SEK 684 million (702 SEK m); see pages 38–41 for further information about our projects.

Unrealised changes in the value of properties during the year totalled SEK 1,817 million (SEK 2,772 m). The change in value is equally due to the market's lower yield requirements and higher rents as it is to the result of new lettings and renegotiations.

Read more about property valuation in note [A1](#).

Changes in the property portfolio

	2017	2016
Fair value at the start of the period	36,054	30,841
Acquisitions (after deduction of deferred tax)	2,265	1,461
Sales	-868	-23
Investments in our own properties	1,593	1,002
Unrealised changes in value	1,817	2,772
Fair value at the end of the period	40,861	36,054

Unrealised changes in value

	2017	2016
Change in yield requirements	947	1,799
Change in operating nets, etc.	865	639
Development rights	5	334
Total	1,817	2,772

2017

	Rental income, SEK m	Property costs, SEK m	Operating surplus, SEK m	Operating surplus margin, %
1,223	-334	889	73	
996	-338	658	66	
87	-34	54	62	
2,307	-706	1,601	69	
76	-34	42	55	
-	-	-	-	
2,383	-740	1,643	69	
6	-2	4	65	
2,389	-742	1,647	69	

RENTAL INCOME

The contracted annual rent at the end of the year totalled SEK 2,357 million (SEK 2,208 m). The rental value, i.e. contracted annual rent and estimated market rents for vacant space, amounted to SEK 2,494 million (SEK 2,374 m). This gives an economic letting rate including project properties of 95 per cent (93 %), and excluding project properties of 95 per cent (93 %). The EPRA vacancy rate is therefore 5 per cent (7 %). Calculated based on letting area, the letting rate was 84 per cent (84 %).

The commercial lease contract portfolio, i.e. all lease contracts excluding residential and garage/parking, is well-diversified and comprises 1,820 lease contracts (1,865) with an average contracted annual rent of SEK 1.2 million (1.1 m). The average remaining term at the turn of the year was 3.6 years (3.7 years). During 2018, 12 per cent (11 %) of the contracted annual rents will be subject to renegotiation.

94 per cent (94 %) of the contracted annual rent is regulated with an index clause linked to inflation. 26 per cent (28 %) of the contracted annual rent has a sales-based rent where rent is

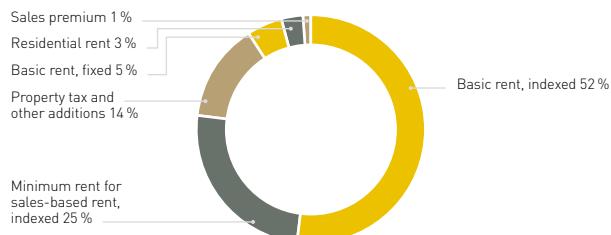
regulated based on the tenant's sales. The rental levels have, however, been secured through agreed minimum rents, and sales premiums in addition to the minimum rent comprises 1 per cent (1%) of the contracted annual rent.

PROPERTY COSTS

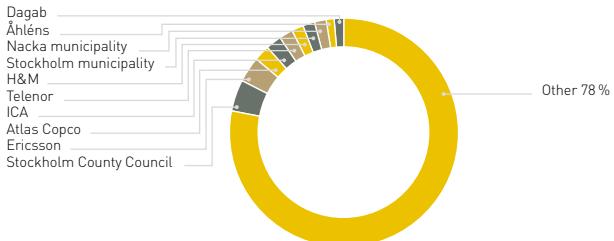
Property costs totalled SEK -742 million (SEK 692 m) during the year. Corrected for acquisitions, new builds and sales, property costs totalled SEK 647/m² (SEK 666/m²). The cost of operating retail properties in general and retail centres in particular is generally higher than for other types of commercial properties. These operating costs are, to some extent, covered by passing them on to the tenants in the form of rental surcharges.

The ten largest tenants account for 22 per cent of the contracted annual rent.

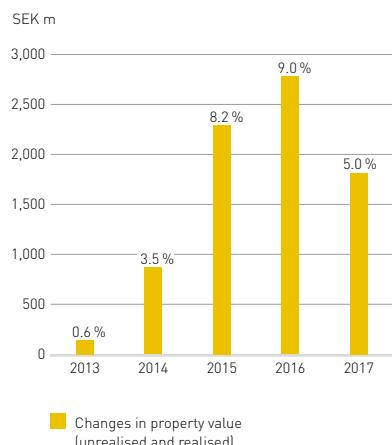
Distribution by contracted annual rent



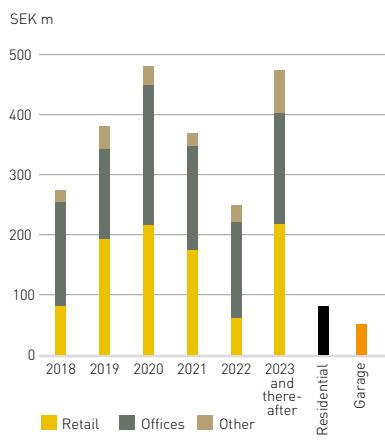
Ten largest tenants, contracted annual rent



Changes in property value



Contracted annual rent per maturity year and premises type



Operating surplus, letting rate and operating surplus margin



INVESTMENTS IN OUR OWN PROPERTIES, ACQUISITIONS AND SALES

PROPERTY DEVELOPMENT is an important aspect of Atrium Ljungberg's value growth. Our project portfolio will enable us to invest the equivalent of approximately SEK 14 billion in the future. The goal is to invest at least SEK 1 billion per year in our own development projects, where new build and extension projects yield a return of at least 20 per cent, thus generating good value growth within the company and healthy growth in the company's cash flows. The projects help us achieve our growth objective of a ten per cent increase in the operating net per annum.

IN TERMS OF AREA, THERE ARE 632,000 M² of confirmed and potential projects. 46 per cent of this area is for residential, while the rest is for offices, retail, education and a hotel. The project portfolio is divided among all our areas, with Sickla and Uppsala accounting for the majority of the project area.

THE RATE AT WHICH we can complete the projects depends on the market situation and the progress made in the detailed development plan process. We work with these issues on a daily basis in close collaboration with our customers and partners. Projects are not normally started until we have secured a minimum rate of return in the form of signed lease contracts.

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

*Read more about investments
and projects on the pages
that follow.*

PROPERTY TRANSACTIONS

In 2017 we acquired properties for a book value of approximately SEK 2.3 billion. These acquisitions refer to the retail and office property Fatburen 2 in Södermalm in Stockholm, the office property Tranbodarne 13 in Slussen in Stockholm, and the office property Lindholmen 30:1 in Lindholmen in Gothenburg. A development agreement was also concluded with the City of Stockholm with a land transfer for part of the property Västastaden 1:16 and 1:45 in Hagastaden (the future Molekylen district), and relates to our Life City project. At the end of the year we concluded an agreement to sell the Söderby Huvudgård 2:43 property, Port 73, in Haninge.

NEW LAND ALLOCATIONS AND LAND RESERVATIONS

At the beginning of 2017 we received a land allocation with a development right of approximately 50,000 m² GFA just south of Gränbystaden, Uppsala. In September 2017 we were appointed by the City of Stockholm as a partner in the development of approximately 5,000 m² GFA at Mälarterassen, in Slussen in Stockholm.

Acquisitions 2017

Property name	Municipality	Additional letting area, m ² ¹⁾	Possession
Fatburen 2	Stockholm	9,587	31/03/2017
Lindholmen 30:1	Gothenburg	37,035	29/03/2017
Tranbodarne 13	Stockholm	3,304	30/03/2017
Molekylen District	Stockholm	-	In 2018

¹⁾ Incl. garage area.

Investments, acquisitions and sales



Sales 2017

Property name	Municipality	Deductible letting area, m ²	Date vacated
Söderby Huvudgård 2:43	Haninge	36,337	01/02/2018

CONFIRMED PROJECTS

In 2017, we invested a total of SEK 1.6 billion in our own properties, of which more than SEK 900 million was in project properties. Investments in project properties mainly referred to the Sickla Front II office building, the Gränby Entré building 1 residential property, the south garage in Gränbystaden, as well as the reconstruction of Forumkvarteret. Other investments mainly referred to tenant-specific adaptations in properties in Stockholm city, Liljeholmen and Farsta Centrum in Stockholm, as well as properties in Lindholmen in Gothenburg, and in Gränbystaden shopping centre in Uppsala.

Our ongoing projects are found in Uppsala, Sickla and Malmö. In Gränbystaden in Uppsala, we are building for more

retail, services and culture, and constructing buildings with elements of commercial premises. Major transformation work is underway in Forumkvarteret, located in Uppsala, which includes retail and offices. In Sickla we are completing Sickla Front II, which consists of two office buildings and a parking garage, while in Malmö we are building a shopping square at Mobilia, including retail, residential and culture. The remaining investment volume for confirmed projects amounted to approximately SEK 2.5 billion at the turn of the year. It is assessed that the investment volume in our own properties will reach approximately SEK 1.5 billion in 2018. See pages 42-77 for further information about the confirmed and ongoing projects.

CONFIRMED PROJECTS

Project, property	Municipality	Letting area, Retail, m ²	Letting area, Office, m ²	Letting area, Residential, m ² Parking, GFA	Total investment, SEK m ¹⁾	Of which remaining, SEK m	Completed	Fair value, SEK m	Rental value, SEK m ²⁾	Letting rate, %	Environmental certification	READ MORE on page
New builds and extensions												
Sickla Front II, Sicklaön 346:1	Nacka	25,300		14,000	830	300	2018	65	E/T ³⁾		BREEAM	47
Sickla 1898, Sicklaön 83:22	Nacka	3,600	8,100		510	500	2020	33	-		BREEAM	47
Sickla Tapetfabriken, Sicklaön 83:22	Nacka	7,200	2,500		350	340	2020	E/T ³⁾	E/T ³⁾		BREEAM	47
Northern Gränbystaden, Brällinge 8:1/9:1	Uppsala	31,300			570	80	2018 ⁴⁾	50	85		BREEAM	63
Gränby Entré hus 1, Gränby 21:5	Uppsala	2,700		3,100	240	20	2017	16	100	Miljöbyggnad	63	
Gränby Entré hus 2, Gränby 21:4	Uppsala	900	1,300	3,300	230	160	2018	14	17 ⁵⁾	Miljöbyggnad	63	
Gränby Entré hus 3, Gränby 21:4	Uppsala	1,100	1,300	3,400	240	210	2019	15	9 ⁶⁾	Miljöbyggnad	63	
Gränbystaden, southern garage, Gränby 21:4	Uppsala			11,500	190	10	2018	-	-	BREEAM In-Use	63	
Gränbystaden, south entrance, Gränby 21:4	Uppsala	11,800			330	250	2018	36	52	BREEAM In-Use	63	
Mobilia Torghuset, Bohus 8	Malmö	9,700		3,800	520	470	2020	38	33 ⁷⁾	BREEAM/ Miljöbyggnad	70	
Reconstruction												
Part of Kista+, Borgarfjord 3	Stockholm		7,500		80	0	2017	E/T ³⁾	E/T ³⁾	BREEAM In-Use	51	
Forumkvarteret, Dragarbrunn 27:2	Uppsala	8,100	3,000	1,400	270	150	2018	39	72	BREEAM In-Use	64	
Total ongoing projects		76,400	49,000	15,000	25,500	4,360	2,490		3,106⁸⁾			
Other project properties									684			
Total project properties									3,790			

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

²⁾ Excluding any net sales result.

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

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

⁵⁾ The letting rate for commercial premises amounts to 35 per cent. Residential are let closer to completion.

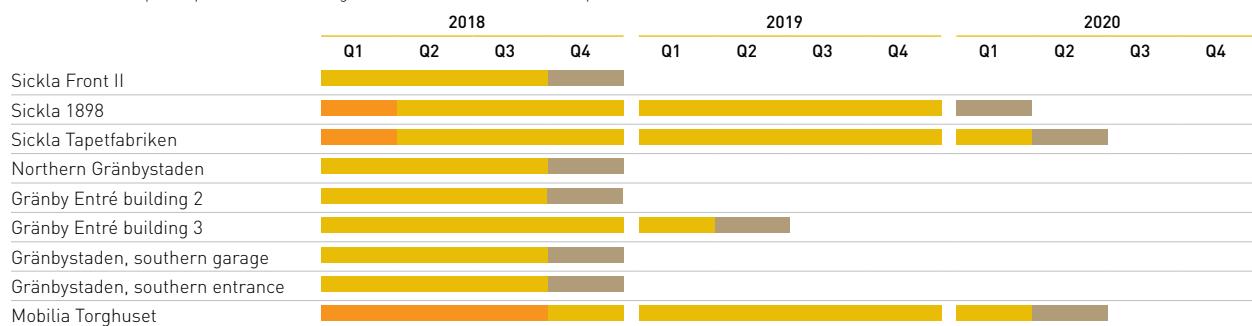
⁶⁾ The letting rate for commercial premises amounts to 17 per cent. Residential are let closer to completion.

⁷⁾ The letting rate for commercial premises amounts to 40 per cent. Residential are leased closer to completion.

⁸⁾ SEK 2,080 million new building and extensions and SEK 1,026 million reconstruction.

CONFIRMED PROJECTS, NEW BUILDS AND EXTENSIONS

■ Detailed development plans ■ Planning ■ Construction ■ Completion



POTENTIAL PROJECTS

In addition to the ongoing projects, our project portfolio enables us to make future investments of approximately SEK 14 billion within the land we own and the land allocations that we possess. We are expecting several detailed development plan to enter into force in 2018 and our ambition is to start construction on the projects Life City in Hagastaden and phase 1 of Bas Barkarby in Järfälla.

See pages 42-77 for further information about potential projects.

A wide-ranging project portfolio with a potential investment of SEK 14 billion.

POTENTIAL PROJECTS

	Municipality	Premises type ¹⁾	Project area, m ² , GFA		Inv., SEK m ²⁾	READ MORE on page
			Detailed development plan exists	Change to detailed development plan required		
Barkarby ³⁾	Järfälla	Education		30,000		57
Barkarby ³⁾	Järfälla	Residential		9,000		57
Barkarby ³⁾	Järfälla	Offices		11,000		57
Farsta Centrum	Stockholm	Retail	5,000			49
Uppsala City	Uppsala	Offices	3,000			64
Gränbytaden ⁴⁾	Uppsala	Retail	10,000	25,000		62
Gränbytaden ⁴⁾	Uppsala	Residentials	36,000	50,000		62
Gränbytaden ⁴⁾	Uppsala	Offices		15,000		62
Hagastaden ⁵⁾	Stockholm	Retail	1,000			50
Hagastaden ⁶⁾	Stockholm	Offices	32,000			50
Sickla	Nacka	Offices	7,000	13,000		48
Sickla	Nacka	Retail	6,000			48
Sickla	Nacka	Residentials		179,000		48
Sickla	Nacka	Education		9,000		48
Södermalm ⁷⁾	Stockholm	Office	17,000			54
Stockholm City	Stockholm	Hotels	8,000			54
Total			125,000	341,000	14,000	

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

²⁾ The investment volume includes possible land acquisition.

³⁾ Refers to a land allocation with the option of acquiring land with a development right of approximately 50,000 m² GFA in Barkarbytaden.

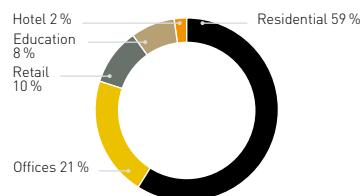
⁴⁾ 70,000 m² GFA refers to land allocation.

⁵⁾ Refers to a land allocation with the option of transferring land with development rights of approximately 1,000 m² GFA alongside Norra Stationsgatan.

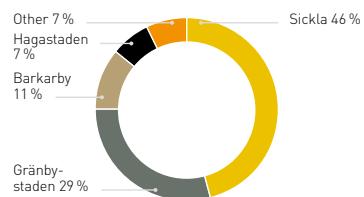
⁶⁾ Refers to a land allocation with the option of leasing land with a development right of just under 30,000 m² GFA alongside Solnavägen (part of the Vasastaden 1:45 property).

⁷⁾ Refers to a land allocation with the option of acquiring land with a development right of approximately 16,000–18,000 m² GFA on Stadsgårdsleden in front of Glashuset.

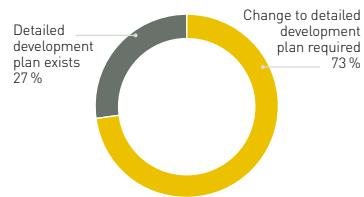
Potential projects by premises type



Potential projects by area



Potential projects by detailed development plan



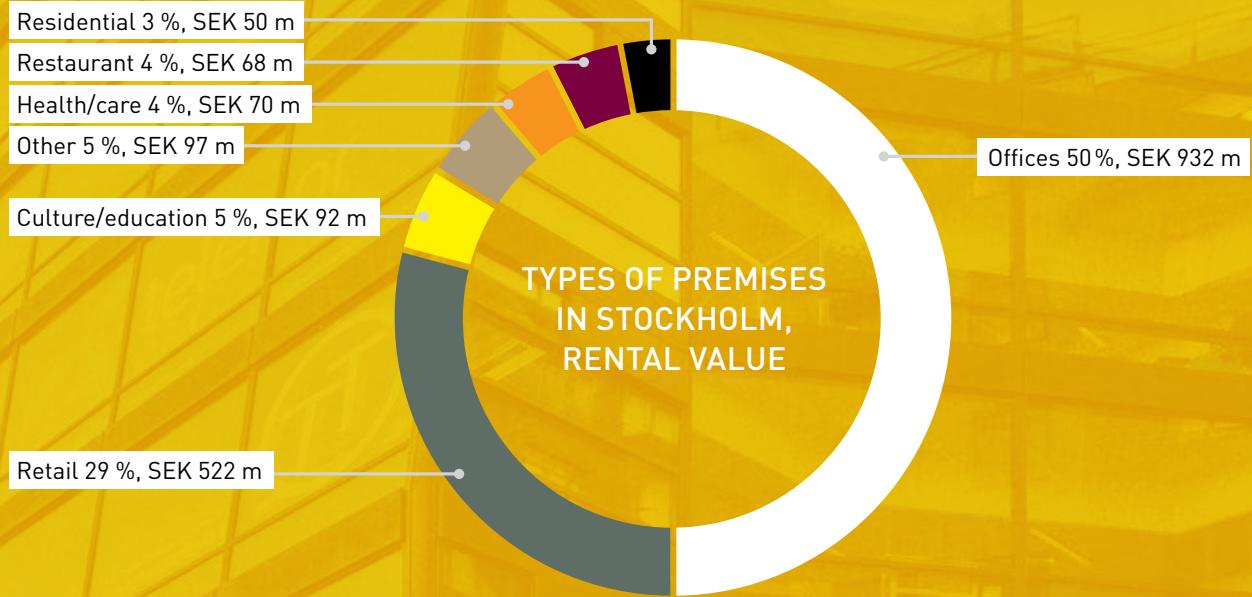
STOCKHOLM



74%

of total rental value derives from Stockholm

The City of Stockholm currently has just over 900,000 inhabitants.
By 2025 the city is expected to have 1.1 million inhabitants and
the county 2.6 million inhabitants.



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



Read more about our areas and properties at [al.se](#)

OUR AREAS | STOCKHOLM

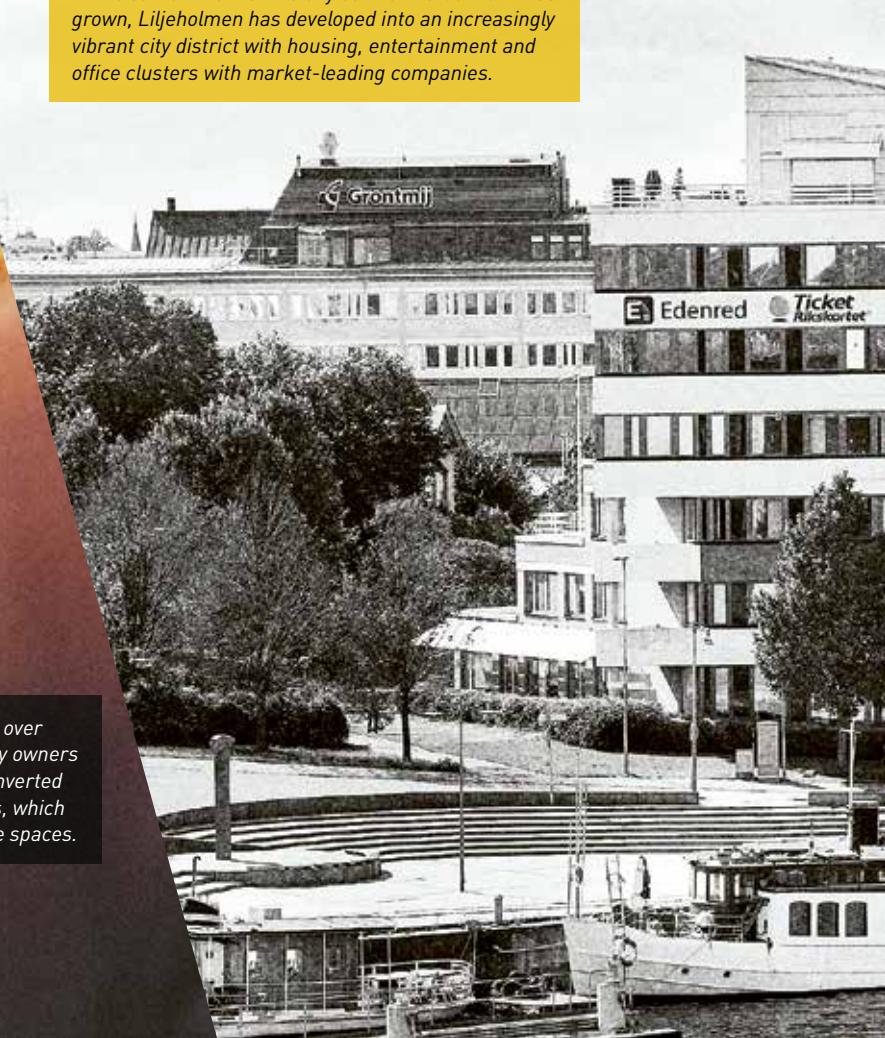
To attract people to a place that is vibrant every hour of the day, every day of the year, there must be a variety of reasons for people to go there. One of these reasons is to do different activities and sports.



At the same time that the city centre in Stockholm has grown, Liljeholmen has developed into an increasingly vibrant city district with housing, entertainment and office clusters with market-leading companies.



Atrium Ljungberg has been in Hagastaden for over two decades, and is one of the largest property owners in the area. All of the properties have been converted and extended to accommodate modern offices, which preserve the industrial character and effective spaces.





*Farsta is one of Sweden's ABC communities.
It remains one of Stockholm's largest city
districts where people come to meet and
have a good time.*



SICKLA

NEW CITY DISTRICT SINCE 1898

Wide range of activities in a traditional environment.

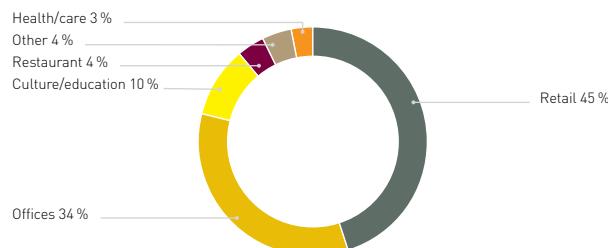
20 %OF TOTAL RENTAL VALUE
DERIVES FROM SICKLA**75,000**RETAIL LETTING
AREA, M²**67,000**OFFICE LETTING
AREA, M²**160**STORES AND SERVICES,
NUMBER**14**MILLION VISITORS
PER YEAR**249**RENTAL VALUE, RETAIL,
SEK M**170**RENTAL VALUE, OFFICES,
INCLUDING GARAGE SEK M**3,254**STORES' SALES,
SEK M

Sickla has strong roots in Sweden's industrial history. This is where the Wallenberg company AB Diesel Motorer started its factory at the end of the 19th century, later becoming Atlas Copco, which still has its head office in Sickla. The area's industrial history is distinct, and it creates a unique atmosphere where old meets new.

The shopping district forms the heart of Sickla, and is one of the largest retail hubs in Stockholm, and the most popular retail site in Stockholm in 2017, according to a survey by Eviematrix. Next to the shopping district, there is a cultural centre called Dieselverkstaden, which houses a library, theatre, cinema and other cultural activities. Sickla has schools, and small and large companies where approximately 5,000 people work.

Nobelberget in Sickla used to be a disused and secluded industrial and office property. To make the most of the area's potential while waiting for the completed detailed development plans for the residential, we have been working with people from the worlds of music, theatre, art and clubs to develop Nobelberget into one of the most exciting cultural areas of Stockholm. In recent years Nobelberget has attracted hundreds of thousands of visitors.

Types of premises in Sickla, rental value

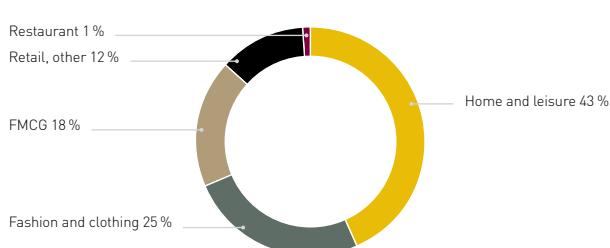


NEW CROSS-TOWN LIGHT RAIL COMPLETE

The vision of Nacka Municipality is to develop western Sicklaön to create a more coherent and dense city district. 14,000 residential units and several infrastructure projects are being planned here. The extended cross-town light rail, which now runs from Solna to Sickla, was put into service in the summer of 2017, and a new underground link is expected to be up and running by 2025. The entrance and exit for the cross-town light rail is at Sickla Station next to the shopping district, and the entrance to the new underground is planned to be in the same place.

We will continue our long-term efforts to create and improve new exciting places in Sickla. Out of respect for the area's history, we are taking the historic industrial heritage into the future.

Sector break down retail in Sickla, contracted annual rent



214,000M² GFA POTENTIAL
PROJECT AREA**100,000**POPULATION OF
NACKA MUNICIPALITY**7 min**JOURNEY TIME FROM SLUSSEN.
SICKLA IS IN THE SOUTH-EASTERN PART
OF THE GREATER STOCKHOLM AREA

■ ONGOING AND CONFIRMED PROJECTS

■ SICKLA FRONT II – NEW DISTRICT IN SICKLA

At Uddvägen in Sickla, we are completing Sickla Front II, two office buildings for both large and small office businesses as well as a parking garage. The ground floor is being designed to accommodate activities for the public. Along with the adjacent office property that was constructed in 2015, they form the Sickla Front district, which now provides a clear entrance to Sickla, linking Sickla with Hammarby Sjöstad. The Swedish National Courts Administration and Yamaha Motor Europe are among the tenants who will move in during the summer and autumn of 2018.

■ THE TAPETFABRIKEN TO BECOME A HOTEL

The Tapetfabriken (Wallpaper Factory), which is now an office property, is where the prize-winning wallpaper manufacturer Käbergs Tapetfabrik started more than 100 years ago. This office property will now be converted into a hotel and offices, measuring 9,700 m² with a garage.

At the beginning of 2018 we concluded an agreement with Nordic Choice Hotels, which will open a hotel with more than

150 hotel rooms and a lobby area of 2,000 m², with a restaurant, events areas and conference rooms. By transforming the former office building into a hotel, with an open ground floor that has meeting places and a restaurant for the public, we are providing Sickla with more urban qualities.

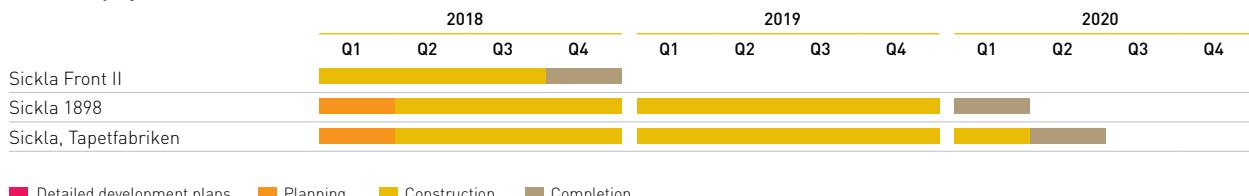
The hotel will open in the spring of 2020.

■ SICKLA 1898 – HEALTHCARE FACILITY

In the autumn of 2017, work started on the reconstruction and extension project 1898 on Järnvägsgatan in Sickla. We are creating a healthcare destination here, including doctor's surgeries, dentists and physiotherapists in functional and modern premises. The ground floors will house stores, a cafe and a restaurant. The location is historically Sickla's soul, where AB Diesels Motorer's first factory was constructed in 1898.

Project 1898 comprises a total of 11,700 m² letting area, which includes 8,100 m² for health care and 3,600 m² for retail. Occupancy will start at the end of 2019.

Confirmed projects



SICKLA

POTENTIAL PROJECTS

SICKLA SHOPPING CENTRE EXPANDING

In Sickla Galleria we are planning an extension of approximately 3,000 m² GFA for retail and two floors for a parking garage with approximately 220 parking spaces. There is a complete detailed development plan for the expansion and construction is expected to start at the beginning of 2019.

NEW BUILDING AT THE UNDERGROUND STATION

At Sickla Station we are planning a new building at the future underground station in Sickla. The station building will be the first encounter that many visitors will have with Sickla and will be home to retail, services and offices. Along with Nacka Municipality, we are investigating the possibility of a larger building that could house more offices and possibly a hotel. Detailed development planning is under way, and construction is expected to start in 2019.

EXPANSION PLANS FOR THE SVINDERSVIKS SCHOOL

Nacka municipality's strong growth means an increased need for social services. An expansion is being planned for the Svindersviks primary school in Sickla, which is for pupils from pre-school class to Grade 9. We have the opportunity to reconstruct and extend the school from its current 3,000 m² GFA to approximately 9,000 m² GFA. The detailed development plan process is under way.

RESIDENTIALS FOR GREATER URBAN LIFE

Detailed development plans are ongoing for residential at Nobelberget, Kyrkviken and Gillevägen in Sickla.

At Nobelberget we are creating an attractive and dense urban environment with approximately 500 residential, as well as office premises. We want to preserve what Nobelberget stands for today: creativity and culture. This is why several players who are active in Nobelberget are currently involved in this development work.

We expect a detailed development plan for Nobelberget to be completed in the spring of 2018 and are planning to start selling the first 70 tenant-owned dwellings in the second half of 2018.

See pages 18–19 for further information about Nobelberget.

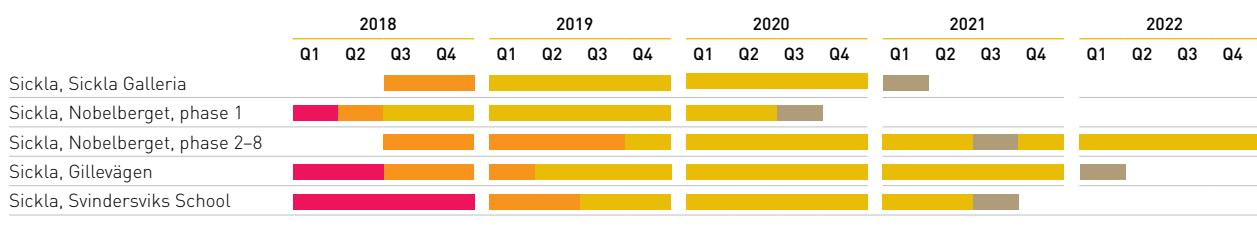
Kyrkviken is located in the eastern part of Sickla in direct proximity to the waterfront, public transport and a wide shopping range. We aim to create 700 attractive residential here, and add service in a pleasant neighbourhood setting.

At Gillevägen, a few hundred metres from the shopping district in Sickla, we have plans to build 60 new tenant-owned dwellings.



Nobelberget will be an attractive residential area that links Sickla with Hammarby Sjöstad.

Potential projects with construction starting 2018–2019



■ Detailed development plans ■ Planning ■ Construction ■ Completion

FARSTA

ONE OF STOCKHOLM'S LARGEST
CITY DISTRICT CENTRES

Has been part of the everyday life of people living in Farsta for more than 50 years.

12%

OF TOTAL RENTAL VALUE
DERIVES FROM FARSTA

51,000

RETAIL LETTING
AREA, M²

30,000

OFFICE LETTING
AREA, M²

150

STORES AND SERVICES,
NUMBER

18

MILLION VISITORS
PER YEAR

197

RENTAL VALUE, RETAIL,
SEK M

65

RENTAL VALUE, OFFICES,
INCLUDING GARAGE SEK M

2,500

STORES' SALES,
SEK M

One of the first ABC communities in Sweden was created in Farsta over 50 years ago. Farsta Centrum is still one of Stockholm's largest city district centres and an important meeting place, with 150 stores, restaurants and services. It is home to cultural activities, education companies and other companies, with approximately 2,500 office workplaces. It is also where the City of Stockholm has one of its largest workplaces, with the Farsta City District Committee, Jobbtorget and the Social and Elderly Care Administration.

FOCUS AREA IN COMPREHENSIVE PLAN

The City of Stockholm has major plans in place for Farsta's development as a whole, including more residential and work-places and a larger range of retail, culture, sports and service. Stockholm's new comprehensive plan identifies central Farsta as a focus area that offers good opportunities for this type of development.

POTENTIAL PROJECTS

FROM SUBURBAN CENTRE TO WALKABLE CITY

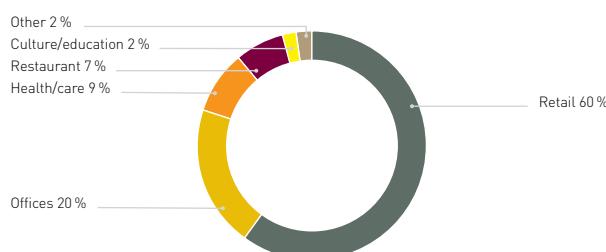
As a significant property owner in Farsta, we are involved in the vision and development programme that is being conducted within the framework of 'Tyngdpunkt Farsta', a collaboration initiative between the city and the business community. The aim is to create conditions to help central Farsta become an attractive focal point in the southern suburbs by 2030.

Our ambition, in common with the City of Stockholm, is gradually to transform the area into a walkable city with an attractive city centre that offers a mixture of functions and activities.

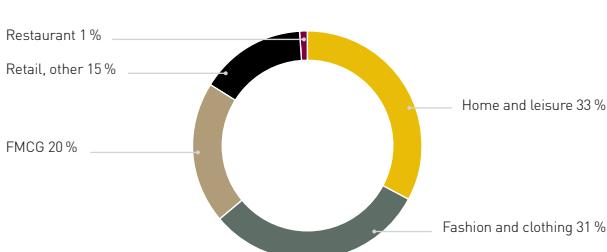
We have identified a long-term need to create up to 20,000 m² of additional space for retail, approximately 10,000 m² for work-places and social services and 5,000 m² for education and culture.

The detailed development plans have not started yet.

Types of premises in Farsta, rental value



Sector break down retail in Farsta, contracted annual rent



HAGASTADEN

WORLD-CLASS SCIENCE CITY

10 %OF TOTAL RENTAL VALUE
DERIVES FROM HAGASTADEN**94,000**LETTING AREA,
M²**243**RENTAL VALUE
INCL. GARAGE, SEK M**33,000**M2 GFA POTENTIAL
PROJECT AREA

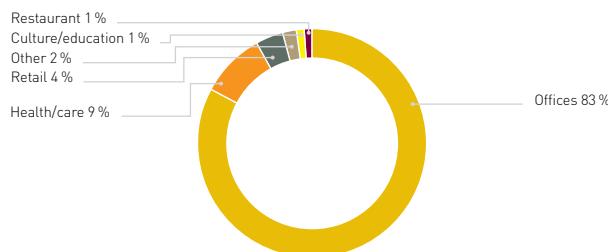
The urban development project that is underway in Hagastaden is one of the largest ever undertaken in Stockholm. By 2025, a new city district will have arisen that merges Stockholm and Solna into one of the world's foremost clusters for life science. In the area, which starts at the New Karolinska Solna (NKS) Hospital and extends to Norrtull, business, research and entrepreneurship will be mixed with residential, meeting places, restaurants and service.

Hagastaden will gain a new underground station, when the underground is extended with a new line (Yellow Line) from Odenplan to Arenastaden. Three new stations will be created along this link, connecting Vasastaden with Solna: Hagastaden, Hagalund and Arenastaden. It is planned to open in 2024.

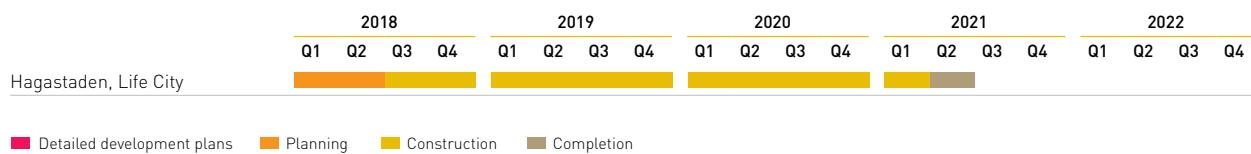
PROPERTY OWNER FOR OVER TWO DECADES

Atrium Ljungberg has been in Hagastaden for over two decades, and is one of the largest property owners in the area. Here we own and manage industrial properties characteristic of the 1930s, such as the former Apotekarnes Mineralvattenfabrik, Glashuset and PV-palatset. All of the properties have been converted and extended to accommodate modern offices, which preserve the industrial character and effective premises.

Types of premises in Hagastaden, rental value



Potential projects with construction starting 2018–2019



With our existing property portfolio and newly acquired land, we are in a position to contribute to the future vision of Hagastaden.

POTENTIAL PROJECTS

LIFE CITY – THE HEART OF STOCKHOLM'S NEW CLUSTER

We have had a land allocation with a development right of 32,000 m² GFA for some time in one of Sweden's best areas for public transport and next to the New Karolinska Solna (NKS) Hospital. In October 2017 the city council took a decision on a development agreement with a land transfer. The date of possession will be in the spring of 2018.

In the heart of the emerging life science cluster, we are creating an extraordinary site called Life City, a new centre for commercial development and services linked to healthcare and research.

Construction of Life City is expected to start in the middle of 2018 with occupancy planned for the beginning of 2021.

LAND ALLOCATION IN A STRATEGIC LOCATION

On Norra Stationsgatan, we have a land allocation of nearly 1,000 m² GFA. Our vision is to create an inviting meeting place for life science businesses and organisations. The building and its content will also offer added value for the people who visit and live in the area.

KISTA

CLUSTER FOR WORLD-LEADING
TECHNOLOGY DEVELOPMENT

9 %

OF TOTAL RENTAL VALUE
DERIVES FROM KISTA

148,000

LETTING AREA INCLUDING
RESIDENTIALS, M²

226

RENTAL VALUE
INCL. GARAGE, SEK M

In the space of 30 years, Kista has been transformed from being an industrial area to a place for world-leading research and technology development. Kista currently has a strong position due to the significant trade and industry there and its attractive geographical location close to city of Stockholm, Arlanda Airport and Uppsala.

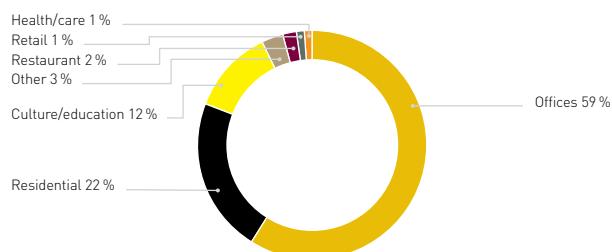
BILLION INVESTMENTS

Kista is undergoing a vast transformation. In recent years, it has attracted investments worth billions of Swedish krona, with new commercial areas, hotels and a trade fair hall. Infrastructure has been strengthened, mainly through new road links. The environment in Kista will become increasingly urban, and within a few years, thousands of residential units will have been built and the cross-town light rail link will pass Kista. The 'Kistagrenen' of the cross-town light rail link will enable connection between Kista and the commuter train in Helenelund and with Bromma Airport. It is expected to be completed by 2023. Two of the stops along the eight-kilometre line will be built next to our properties in Ärvinge, and one at Kista Centrum.

BUSINESS SUPPORT AREAS AT KISTA FRONT

Atrium Ljungberg has a long history in Kista, ever since we created the Ärvinge city district in the 1990s, an area that integrates different types of housing with offices, restaurants and local service. This is also where we own the office building Kista Front, with efficient offices for organisations that require good conference and meeting options. Kista Front is also excellently positioned for signs due to the 70,000 cars that pass by every day.

Types of premises in Kista, rental value



NOD – CONTRIBUTION TO THE SCIENCE CITY

In 2014 we completed our contribution to the science city, in an entirely new part of Kista: Kvarteret Nod. Nod is a meeting place for ICT, innovation, education and creativity. Here we have created natural meeting places and flexible office solutions, where people and companies with different skills come together and develop together. Cross-border meetings take place every day between small and medium-sized ICT companies, universities, schools and start-ups.

In 2017 Stockholm Science & Innovation School, an upper secondary school, doubled its premises in Nod. The school is run in collaboration with selected global companies, KTH Royal Institute of Technology, and Stockholm University, and attracts pupils from the whole of Greater Stockholm.

Nod is also home to companies such as Fujitsu Sverige, SenseGraphics, Esri Sverige and Cornerstone.

COMPLETED PROJECTS

REPROFILING FOR IBM

In one of our office properties in Kista, Kista+, we completed a major reconstruction and reprofiling project in the autumn of 2017, with IBM's Swedish head office moving into approximately 6,500 m². The exterior of the building has been changed, while the premises have been modernised and adapted to IBM's needs, and so that it can be let to more tenants. The entrance has been opened up to the busy Kistagången, with public spaces being created, for example, by establishing a cafe there.

Kista+ is strategically located along Kistagången and Torshamngatan, within walking distance of Kista Galleria/Kista's underground station and Helenelund's commuter train station. The development of Kista+ played a major role in IBM's decision to relocate its operations here.

SÖDER- HALLARNA

The background of the poster features a collage of several photographs. At the top right is a close-up of green leafy vegetables. Below it is a bowl of creamy, yellowish-orange soup with chunks of cauliflower and garnished with cilantro. To the left of the soup is a person wearing a white VR headset, looking upwards. In the bottom right corner, a person's legs and feet are shown; one foot is wearing a bright red shoe and the other is in a purple sock. The overall composition is dynamic, with overlapping and partially visible images.

We aim to make Söderhallarna the obvious meeting place for food, culture and creativity on Södermalm for Stockholmers. An accessible, vibrant and bustling meeting place at any time of the day. Street life, taking place throughout the day and night, helps to provide a sense of security and makes it an exciting place.

Film, stage, state-of-the-art VR technology and kids' activities are all ideas we are thinking of when developing the new Söderhallarna.



The new Söderhallarna will contain a wide range of activities that will attract many different target groups and will create a place that is vibrant, both during the day and in the evening.



A MEETING PLACE FULL OF STREET LIFE

We were entrusted with acquiring Söderhallarna at Medborgarplatsen from the City of Stockholm. This is a task that we are taking extremely seriously.

We are looking forward to creating an inspirational gastronomic centre, rooted in the local area, but with influences from the whole world. One natural goal of this project is sustainability, particularly bearing in the mind the major impact that food has on the environment.

But the new Söderhallarna will be more than just food. Film, stage, state-of-the-art VR technology and kids' activities are all ideas we are thinking of. A good mix creates dynamism, enhancing the place commercially and in terms of its profile. We will offer innovative holistic solutions that make both working life and everyday life easier for creative companies, from start-ups to major businesses. A "second home" where you want to come early in the morning or stay behind after work.

Creating new links, clarifying thoroughfares and opening up the facade to the square helps to create a vibrant and safe place throughout the day and night. Working with the city, we want to activate the whole of Medborgarplatsen and fill it with content all year round.

It will take a few years before the new Söderhallarna are fully in place, but based on our experiences from Nobelberget, we know that a place can be made interesting before and during the construction period.

SÖDERMALM

CITY DISTRICT WITH
HEART AND SOUL

8 %

OF TOTAL RENTAL VALUE
DERIVES FROM SÖDERMALM

65,000

LETTING AREA,
M²

208

RENTAL VALUE
INCL. GARAGE, SEK M

17,000

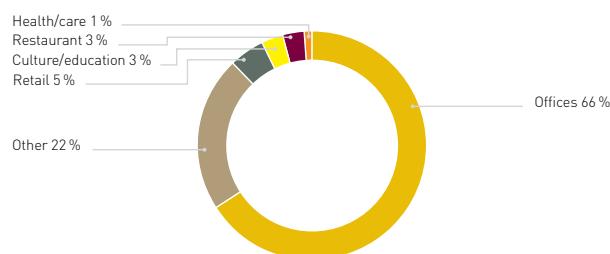
M² GFA POTENTIAL
PROJECT AREA

The old working district of Södermalm has now been modernised, but the essential heart and soul remain in the culture at Söder. The city district is a popular place to live, but also attractive for offices, especially for creative enterprises and the public sector.

Our properties are located in excellent locations in Södermalm; in Slussen and Medborgarplatsen. In Slussen we own Glashuset, which is one of Stockholm's best-known buildings, and Sjömansinstitutet, which is right next to Glashuset. In 2017 we signed lease agreements with the consultancy firm HiQ, which will move into almost 3,000 m² in Glashuset in the spring of 2018 and the spring of 2019.

At Medborgarplatsen we own both the properties that make up Söderhallarna. We would like to make Söderhallarna the obvious meeting place for food, culture and creativity in Södermalm for Stockholmers. By increasing accessibility by opening up the facade towards the square, for example, we aim to generate more street life and increase security around Medborgarplatsen. In 2017 one important piece of the puzzle was put into place with the office section of Söderhallarna; this was when the global media group Omnicom Media Group moved its Swedish operations into newly renovated premises of almost 2,300 m².

Types of premises in Södermalm, rental value



NEW SLUSSEN PROJECT

Stockholm's major reconstruction project, Nya Slussen, is in full swing and will continue to affect the area during the next few years. Slussen will be an attractive meeting place with new squares, quays and the first park in the area. Transport options, pedestrians and cyclists will obtain more space, at the same time as the area for road traffic will be reduced and adjusted in order to accommodate current traffic flows.

A revised detailed development plan for a new bus garage and bus terminal at Katarinaberget was adopted in the spring of 2017. A detailed development plan is expected to enter into force in the spring of 2019. The bus garage and bus terminal are expected to be completed in 2023. The City of Stockholm can then begin work to cover Stadsgårdssleden. The entire Nya Slussen project is expected to be completed by 2025.

POTENTIAL PROJECTS

LAND ALLOCATION IN SLUSSEN

We have a land allocation with a development right on Stadsgårdssleden in front of Glashuset. The development right is for approximately 17,000 m² GFA for offices, retail and service. If an agreement on acquisition and development is concluded, construction can begin during the latter phases of Slussen's transformation process which is currently expected to be 2025 at the earliest.

MÄLARTERRASSEN

In September 2017 we were appointed by the City of Stockholm as a partner in the development of approximately 5,000 m² GFA at Mälarterrassen, Slussen. The objective is to negotiate the conditions for development and conclude a land allocation agreement during the spring of 2018.

Mälarterrassen will be a public building, right next to Södermalm square and the wharf down towards Gamla stan. It is planned that the building of approximately 3,000 m² of letting area will house, among other things, cafes, restaurants, cultural activities and meeting places.

The aim is for construction to start in 2020/2021 and the inauguration of the premises to take place by 2025 at the latest.

LILJEHOLMEN

STRONG LOCATION WITH
TIES TO SÖDERMALM

4 %

OF TOTAL RENTAL VALUE
DERIVES FROM LILJEHOLMEN

55,000

LETTING AREA,
M²

95

RENTAL VALUE
INCL. GARAGE, SEK M

Liljeholmen and nearby Marievik are an established office cluster, where several market-leading companies have offices. The City of Stockholm's vision is to allow the city centre to expand southwards, which is why there are plans to further develop and densify the area with attractive residential properties and services to strengthen the link with Södermalm. In 2017 Cementa decided to move its depot from the area, which will enable more than 2,000 new residential units.

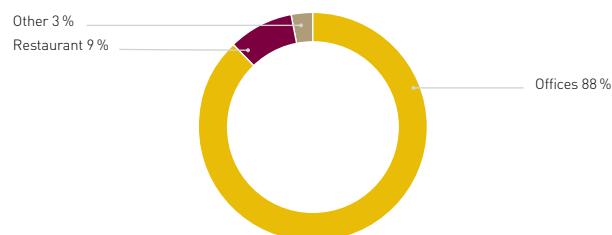
PROPERTY WITH STRONG BRANDS

Atrium Ljungberg's portfolio in Liljeholmen comprises an office property with three buildings, totalling approximately 40,000 m² letting area. The property is located at Liljeholmshamnen at Marievik's office district and Liljeholmen's shopping centre, with a boat service to Gröndal directly from the quay.

In 2017 Bankgirot moved into around 7,000 m² office space in one of the buildings, after we had carried out major renovation work and upgraded the entire property. During the year Boulebar also opened a large venue with boules courts, bars and a restaurant with a terrace, representing their largest investment ever.

In the autumn of 2017 we concluded an agreement with H&M, which has decided to expand its operations for its global support functions by letting approximately 7,000 m² office space in our premises. H&M's will move into the new premises at the beginning of 2019, by which time they will have been fully adapted to the company's activity-based concept.

Types of premises in Liljeholmen, rental value



SUNDBYBERG

GROWING MUNICIPALITY
POSITIONED FOR THE FUTURE

2 %

OF TOTAL RENTAL VALUE DERIVES
FROM SUNDBYBERG

47,000

LETTING AREA,
M²

57

RENTAL VALUE
INCL. GARAGE, SEK M

Sundbyberg, north west of Stockholm, is only five minutes from Bromma Airport. Sundbyberg offers good public transport, green areas and a rich service, restaurant and cultural life, making the municipality an attractive location for both companies and housing.

Sundbyberg will undergo extensive development over the next few years. The track area, which currently divides the centre will be covered by 2025, providing space for new parks, residential and offices. Other parts of Sundbyberg will also be developed, and the number of inhabitants is expected to increase substantially over the next few years.

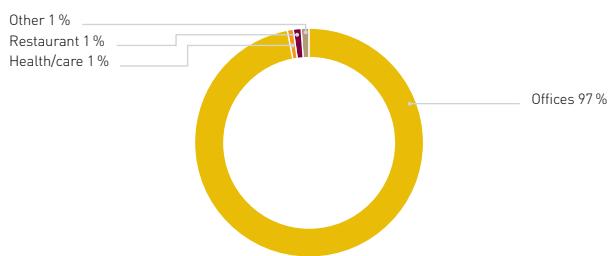
We consider Solna/Sundbyberg to be an interesting market where future development projects provide opportunities for us to continue growing.

CHOCOLATE FACTORY WITH FLEXIBLE OFFICE PREMISES

In central Sundbyberg we own a modern and flexible office property with an industrial character in what was previously Marabou's chocolate factory. Marabou relocated its chocolate manufacturing operations in the 1990s, and the building was reconstructed into offices that kept the historic industrial character intact.

The property currently consists of a main building, an extension and a garage. A great deal of the property's industrial character has been preserved – including the generous ceiling height, large windows, light and space.

Types of premises in Sundbyberg, rental value



BARKARBY

LARGEST EXPANSION AREA
IN THE STOCKHOLM REGION

50,000

M² GFA POTENTIAL PROJECT AREA

Barkarby is the largest expansion area in the Stockholm region. Over a 15-year period, a brand new city district, Barkarbystaden, will emerge with almost 40,000 new inhabitants and workplaces, schools, stores, cafes, restaurants, culture and services, with the overall goal of achieving a sustainable Järfälla.

Barkarbystaden is being developed for low energy consumption and good opportunities for sustainable development, and within a few years this district will become western Stockholm's new hub for underground trains, long-distance trains and commuter trains.



For more information about how the plans are progressing, visit also

POTENTIAL PROJECT

INNOVATIVE AND MULTIFUNCTIONAL

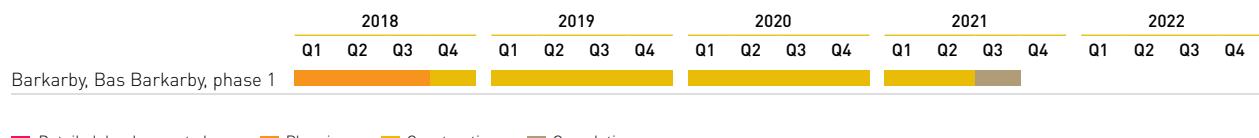
In Barkarby we have a land allocation with the option of acquiring land with a development right of approximately 50,000 m² GFA. Together with Järfälla Municipality, we are planning to create Bas Barkarby, a multi-functional district in the heart of the growing Barkarbystaden. It will promote learning focused on science and technology as well as culture, sports and business. This will be a place where individuals – both students and business people – study, work, meet and develop together.

Järfälla Municipality will lease almost 11,000 m² of the first phase for upper secondary education, a multi-purpose hall, a library and other cultural activities. The leases are conditional on the land transfer agreement being concluded.

We will become part of the development in Järfälla through BAS Barkarby in one of Stockholm's most exciting urban development areas and destinations.

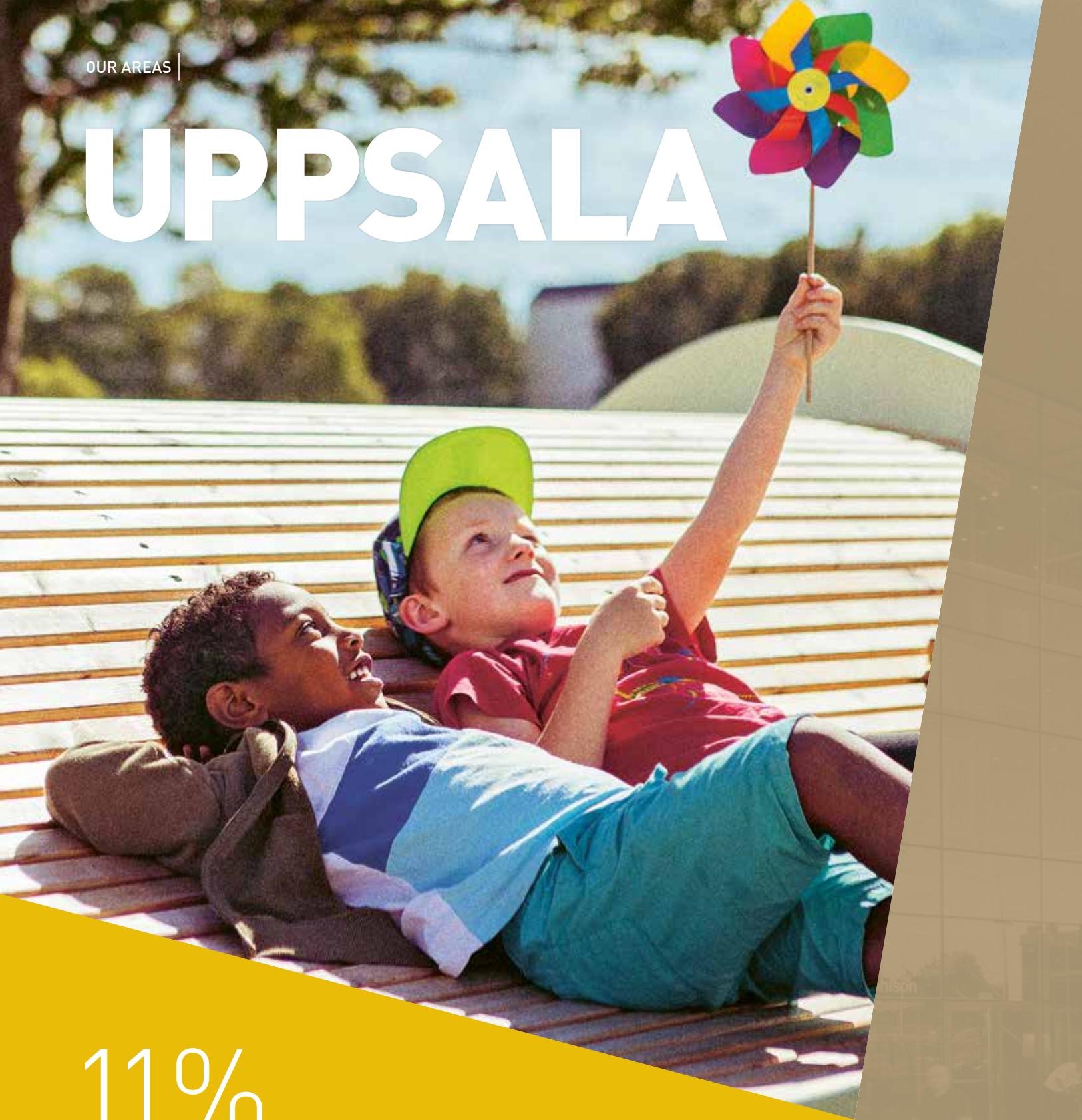
BAS Barkarby will be built in two phases. The detailed development plan that covers the first of these two phases was adopted in January 2018, and a decision on environmental permits is expected to be made in the summer of 2018 by the Land and Environmental Court. Construction of the first phase is expected to start by the summer of 2018 at the earliest, with occupancy in the spring of 2021.

Potential projects with construction starting 2018–2019



OUR AREAS |

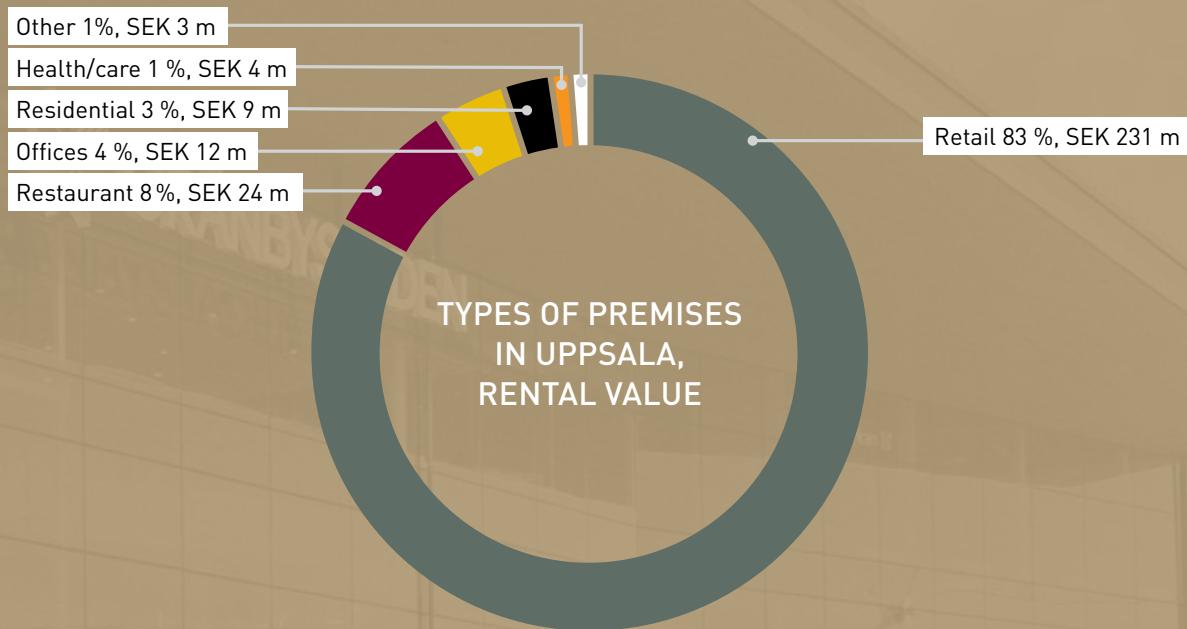
UPPSALA



11%

of total rental value derives from Uppsala

Uppsala is Sweden's fourth largest city with 220,000 inhabitants.
By 2025 Uppsala Municipality is expected to have 245,000 inhabitants
and the county 400,000 inhabitants.



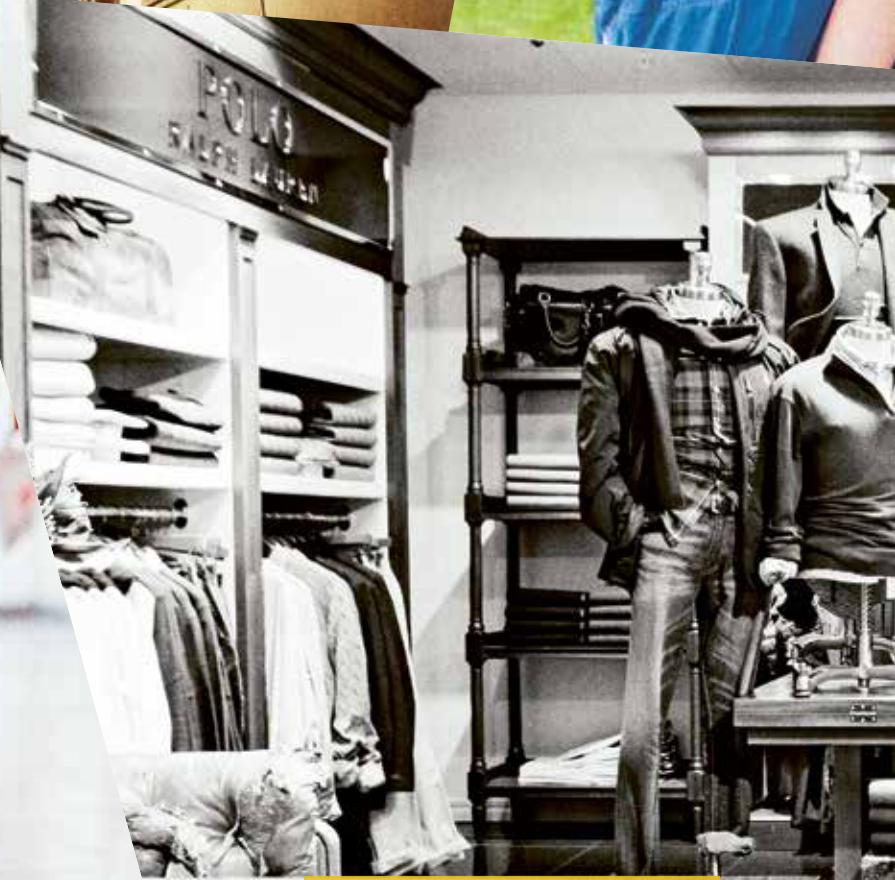
We are investing heavily in Uppsala
– one of the most rapidly growing
municipalities in Sweden.



Read more about our areas and properties at [al.se](#)



Our vision to make Gränbytaden Uppsala's second city centre is continuing. There are plans for a total of 8,000 new residential units.



The old city hall building in Uppsala dates back to the 17th century and is now a fashion department store with strong brands in a unique environment.



Green and pleasant spaces are also needed, where people can relax and recharge their batteries, among the dynamic and vibrant city environment. There is a popular 4H Farm within walking distance of Gränbygården.



Supplements the heart of the city and meets a growing need.

UPPSALA'S SECOND CITY CENTRE

GRÄNBYSTADEN

9 %
OF TOTAL RENTAL VALUE
DERIVES FROM GRÄNBYSTADEN

69,000
RETAIL LETTING AREA,
M²

140
STORES AND SERVICES,
NUMBER

9.9
MILLION VISITORS
PER YEAR

210
RENTAL VALUE, RETAIL,
SEK M

2,600
STORES' SALES,
SEK M

Growth is high in Uppsala, with the number of inhabitants increasing by 9 per cent a year, and market growth at 15 per cent. Uppsala is a priority market for Atrium Ljungberg, where we are greatly involved with its development and investing heavily.

Gränbystaden is one of the most expansive districts of Uppsala, and within a few years will probably be completely integrated with Uppsala's city centre. Projects being planned and run by other players are also found here, including thousands of new residential units, a number of sports facilities, and a public transport hub.

Our vision is to create a vibrant city district in Gränbystaden that is a complement to Uppsala city. This is why our work in Gränbystaden is not only about retail and commercial opportunities, but also residential properties, workplaces, culture and an exciting place for meetings.

CITY DISTRICT STARTING TO TAKE SHAPE

In 2017 we focused on the major interior reconstruction of the Gränbystaden Galleria and started work on a major extension to the shopping centre. During the year a total of 24 new stores and restaurants opened, or moved into brand new premises in Gränbystaden. The new stores in the shopping centre include the first Swedish store from the fashion chain Comma, Uppsala Stadsmission, Ohlssons Tyger and Levi's Store.

At the big-box hub in Northern Gränbystaden a building of

approximately 1,000 m² letting area was completed, with Elon opening a new store in October.

Construction of three residential buildings with 60 apartments was completed close to Gränbystaden shopping centre. Occupancy took place in October 2017. A restaurant, health centre and bank were established on the lower floors, while the street and square area between the shopping centre and the residential properties was completed.

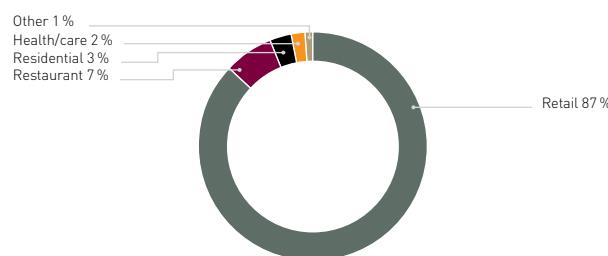
ONGOING AND CONFIRMED PROJECTS

We are continuing to create urban qualities and develop Gränbystaden with a mix of retail, offices and residential, as well as service and cultural activities. Several new builds and extensions will be constructed at both the area's northern part and by Gränbystaden shopping centre over the next few years.

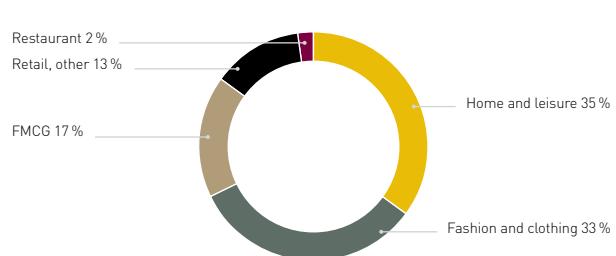
■ EXTENSION OF THE SHOPPING CENTRE

In Gränbystaden shopping centre, a reconstruction and extension project was started, which comprises an additional 11,800 m² letting area for retail, restaurants, culture and entertainment. Nordisk Film will open a cinema and O'Learys will open a restaurant here at the end of 2018.

Types of premises in Gränbystaden, rental value



Sector break down retail in Gränbystaden, contracted annual rent



136,000M² GFA POTENTIAL
PROJECT AREA**2 km**DISTANCE FROM GRÄNBYSTADEN TO
THE CITY OF UPPSALA**■ BIG-BOX HUB ALMOST COMPLETE**

The big-box hub in Northern Gränby is almost complete, and we are now adding a new building for retail. Stores including Jula, Jysk and Rusta will move in during the autumn of 2018. After the completion, Northern Gränby will be a total of 31,000 m² letting area.

■ RESIDENTIAL BUILDINGS EMERGING

We are now constructing Gränby Entré buildings 2 and 3, two residential buildings with a total of approximately 130 rental apartments next to Gränby shopping centre, as well as business premises on the ground floors. The apartments will start to be released through the housing agency in the spring of 2018, with occupancy at the end of 2018 and the beginning of 2019.

■ UNDERGROUND PARKING

Next to Gränby shopping centre, construction is ongoing of a parking garage with approximately 275 underground parking spaces. The garage will open in the autumn of 2018.

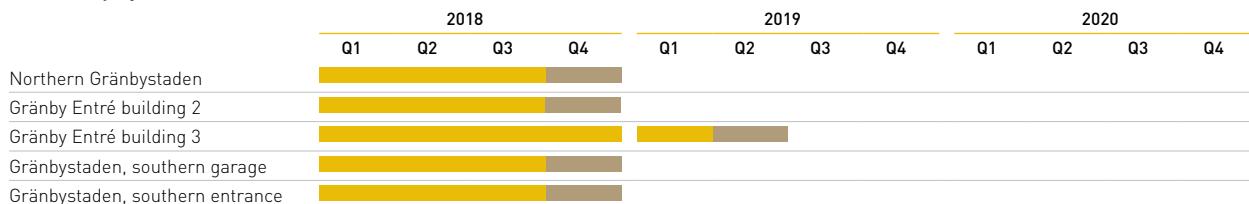
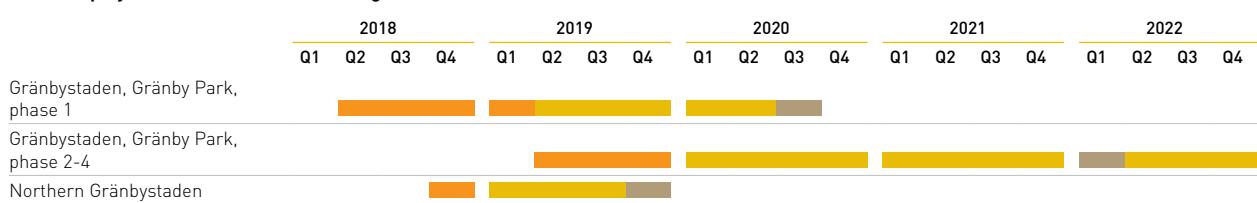
■ POTENTIAL PROJECTS**■ RESIDENTIALS, RETAIL AND CULTURE**

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

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

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

At the beginning of 2017 we received a land allocation with a development right of approximately 50,000 m² GFA just south of Gränby Galleria in Uppsala. As a result of the opportunity to acquire the land, we can strongly continue to develop Gränby towards our vision of creating Uppsala's second city centre.

Confirmed projects**Potential projects with construction starting 2018–2019**

■ Detailed development plans ■ Planning ■ Construction ■ Completion

UPPSALA CITY

ONE OF SWEDEN'S OLDEST
CITY CENTRES

2 %

OF TOTAL RENTAL VALUE
DERIVES FROM UPPSALA CITY

16,000

LETTING AREA, M²
FORUMGALLERIAN

31

STORES AND SERVICES
NUMBER

3,000

LETTING AREA, M² RÅDHUSET

250

STORES' SALES,
SEK M

3,000

M² GFA POTENTIAL
PROJECT AREA

We own and manage two of the most well-known retail hubs in Uppsala: Forumgallerian and Rådhuset. Both properties are located in the centre: one in the pedestrian zone and one at Stora Torget.

RÅDHUSET

Rådhuset, which dates back to the 17th century, was opened as a modern fashion department store close to six years ago. Strong brand names are offered here in a unique environment. This is where Svenssons Krogar, Uppsala's largest restaurant operator, runs a restaurant, bar and cafe concept with a total area of approximately 500 m², as well as an open-air cafe in Stora Torget. Rådhuset's top floor consists of office premises.

FORUMGALLERIAN

Forumgallerian has been a retail hub since 1953, and it forms part of an entire district with residential, offices and retail. In 2017 the international beauty chain Sephora chose Forumgallerian for its first establishment in Uppsala, while Espresso House concluded an agreement for approximately 400 m² on two floors with an open-air serving area at the nearby Forumtorget. In the office section, companies such as Structor and Kitchen Time moved into new, modern office premises.

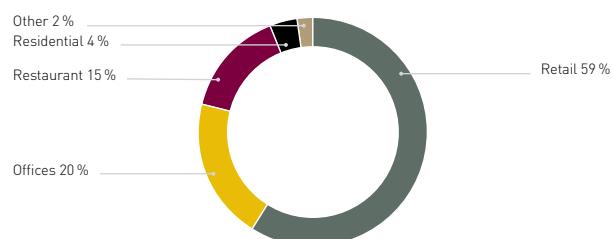
ONGOING AND CONFIRMED PROJECTS

■ FORUMKVARTERET MORE THAN A SHOPPING CENTRE

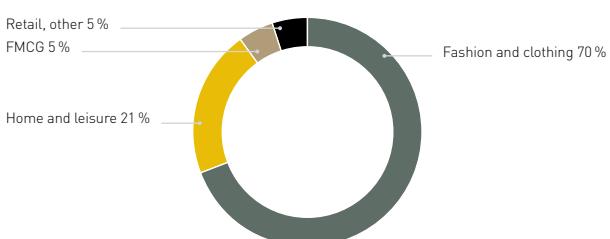
In 2015 we started work on transforming Forumkvarteret. We have now improved the office premises and apartments and in 2017 work focused mainly on improving and reconstructing the shopping centre section, making space available and creating a clear internal concourse.

Our ambition with Forumkvarteret is to create an urban city centre district with a strong offering of retail, restaurants and cafes, combined with attractive office environments. The entire shopping centre is planned to be complete for Christmas shopping in 2018.

Types of premises in Uppsala city, rental value



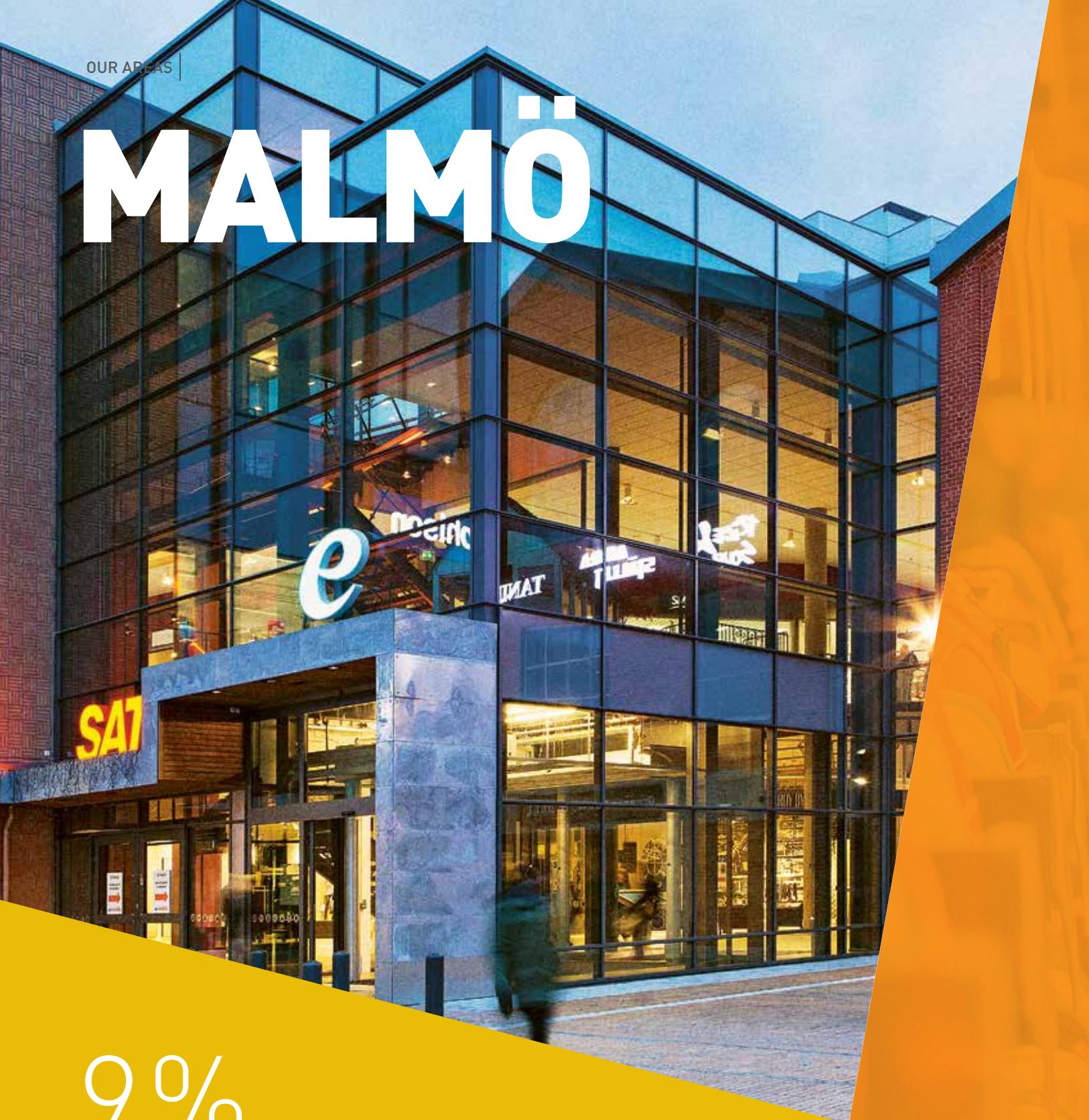
Sector break down retail in Uppsala city, contracted annual rent



The image is a collage composed of three distinct photographs. The top-left photograph shows a man with a beard and short hair, wearing a blue and white striped t-shirt, sitting at a wooden table and smiling at a woman. The woman, with dark skin and braided hair, is laughing and resting her chin on her hand. They are in a bright, possibly outdoor or well-lit indoor, setting with other people blurred in the background. The bottom-right photograph shows a modern dining room interior. A long, light-colored wooden table is set with plates, cutlery, and glasses. Several chairs are tucked under the table. In the background, there's a large window looking out onto a bright, airy space, and a sofa is visible in the distance.

The trend for people to meet and eat out is becoming stronger.

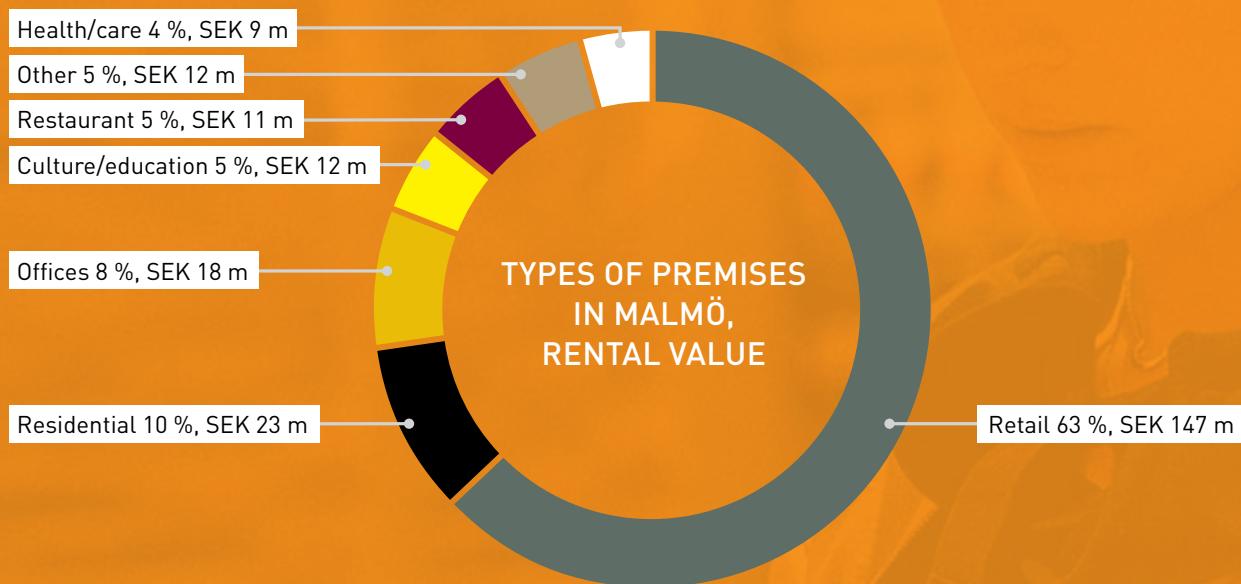
MALMÖ



9%

of total rental value derives from Malmö

Malmö is Sweden's third largest city with 334,000 inhabitants.
By 2025 the City of Malmö is expected to have 375,000 inhabitants
and the county 1.46 million inhabitants.



We believe in Malmö and aim to continue to grow here. In addition to our city development project at Mobilia, we are now involved in the development of Möllevången – the culturally exciting area in the city centre.



Read more about our areas and properties at [al.se](#)



An increase in the number of attractive residential units is planned in the next extension of Mobilia.

An ultra-modern cinema with five screens will open in the spring of 2020.



At the Fabriken restaurant, you can enjoy a meal in an environment steeped in textile history.



The old, magnificent brick buildings are now home to cafes, restaurants and stores.

MOBILIA

IN MÄLÖ SINCE 1899

8 %OF TOTAL RENTAL VALUE
DERIVES FROM MOBILIA**52,000**RETAIL LETTING AREA,
M²**140**STORES AND SERVICES,
NUMBER**1.8**MILLION VISITORS
PER YEAR**158**RENTAL VALUE, RETAIL,
SEK M**1,819**STORES' SALES,
SEK M

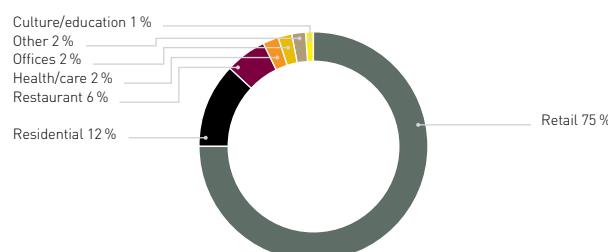
Mobilia, in Malmö's southern city centre district, is only two kilometres from Malmö City. It is surrounded by the city's most important cross-town routes: Trelleborgsvägen, Ystadsvägen and Stadiongatan, and its proximity to Malmö City enables a large number of people to get here by bus, bicycle or on foot.

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

MOBILIA'S TRANSFORMATION

Mobilia, which is one of Malmö's oldest and busiest retail centres, has made a substantial journey in recent years. We have transformed a traditional retail centre into a vibrant city district, with several new stores, cafes, restaurants and service facilities. Our portfolio also includes office premises and 270 residential units, including 70 fully integrated with Mobilia's other buildings. A square with pavement cafes, and paths for pedestrians and bicycles, acts as a central meeting place, linking the various parts of the area together.

Types of premises in Mobilia, rental value



The industrial heritage from the old textile factory, the origin of Mobilia, has been used during the transformation. We have highlighted the buildings' unique industrial and historical character, and combined it with modern architecture and sustainable materials. This is where old meets new, giving Mobilia a clear soul and a character of its own.

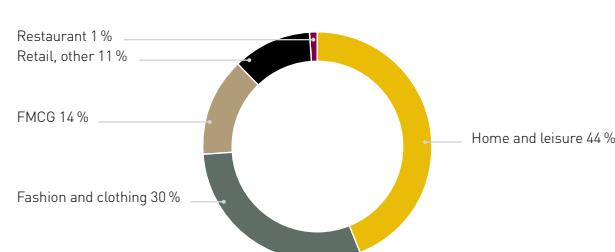
ONGOING AND CONFIRMED PROJECTS

CULTURE TAKING PLACE AT MOBILIA

We are continuing to develop Mobilia into a place where people want to be, which is alive 24 hours a day. In the heart of the district, we have started work on a new construction and extension project, Mobilia Torghuset, with approximately 13,500 m² letting area. Here we are creating additional areas for retail, residential, restaurants and cultural activities. This new shopping square will make the links between Mobilia's different parts clearer, and we can further develop the square right at the heart of the district, in order to create an even more vibrant and attractive environment.

Torghuset is enabling two major cultural investments. One is the ultra-modern cinema with five screens, for which we concluded an agreement with Nordisk Film in 2017. The cinema

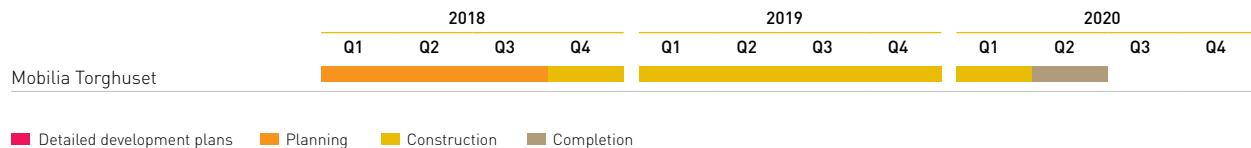
Sector break down retail in Mobilia, contracted annual rent



is planned to open in the spring of 2020. The other potential cultural investment is Funnys Äventyr, a unique cultural centre for children, focusing on playing, reading and learning. Staffan

Götestam is behind the initiative; he is a playwright and director, and one of the founders of Junibacken in Stockholm. The aim is to open Funnys Äventyr in the spring of 2020.

Confirmed projects



MÄLÖ CITY/ MÖLLEVÅNGEN

DYNAMIC MEETING PLACE IN
THE HEART OF MÄLÖ

2 %

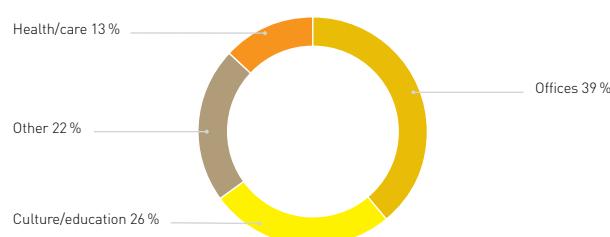
OF TOTAL RENTAL VALUE
DERIVES FROM MÄLÖ CITY

25,000

LETTING AREA, M²
MÄLÖ CITY

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

Types of premises in Malmö city, rental value



WANTING TO GROW IN MÄLÖ CITY

In Möllevången we own the office properties Dimman 11 and Malmen 12. Dimman 11 contains cultural and educational activities as well as offices, where the City of Malmö is a major tenant, housing Malmö's city archives, a restaurant and a cinema. Malmen 12 is a small office and healthcare property that is located in close proximity to Dimman 11. The largest tenants are the City of Malmö and Region Skåne.

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

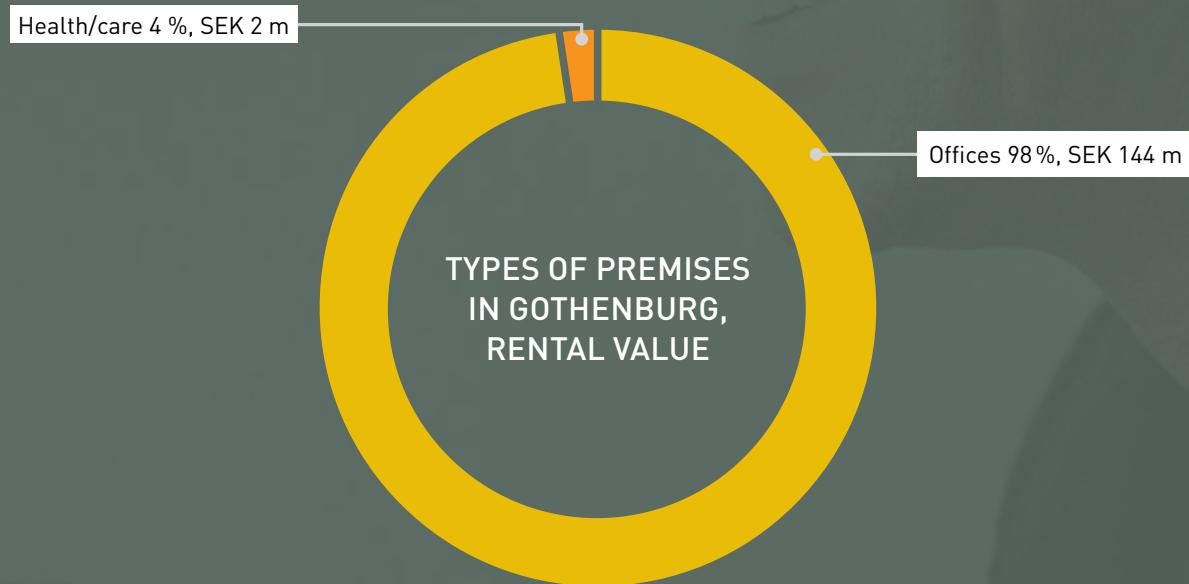
Möllevångstorget is known for its many bars, exciting stores and its lively markets.

GOTHENBURG

6%

of total rental value derives from Gothenburg

Gothenburg is Sweden's second largest city with 564,000 inhabitants.
By 2025 Gothenburg Municipality is expected to have 605,000 inhabitants.



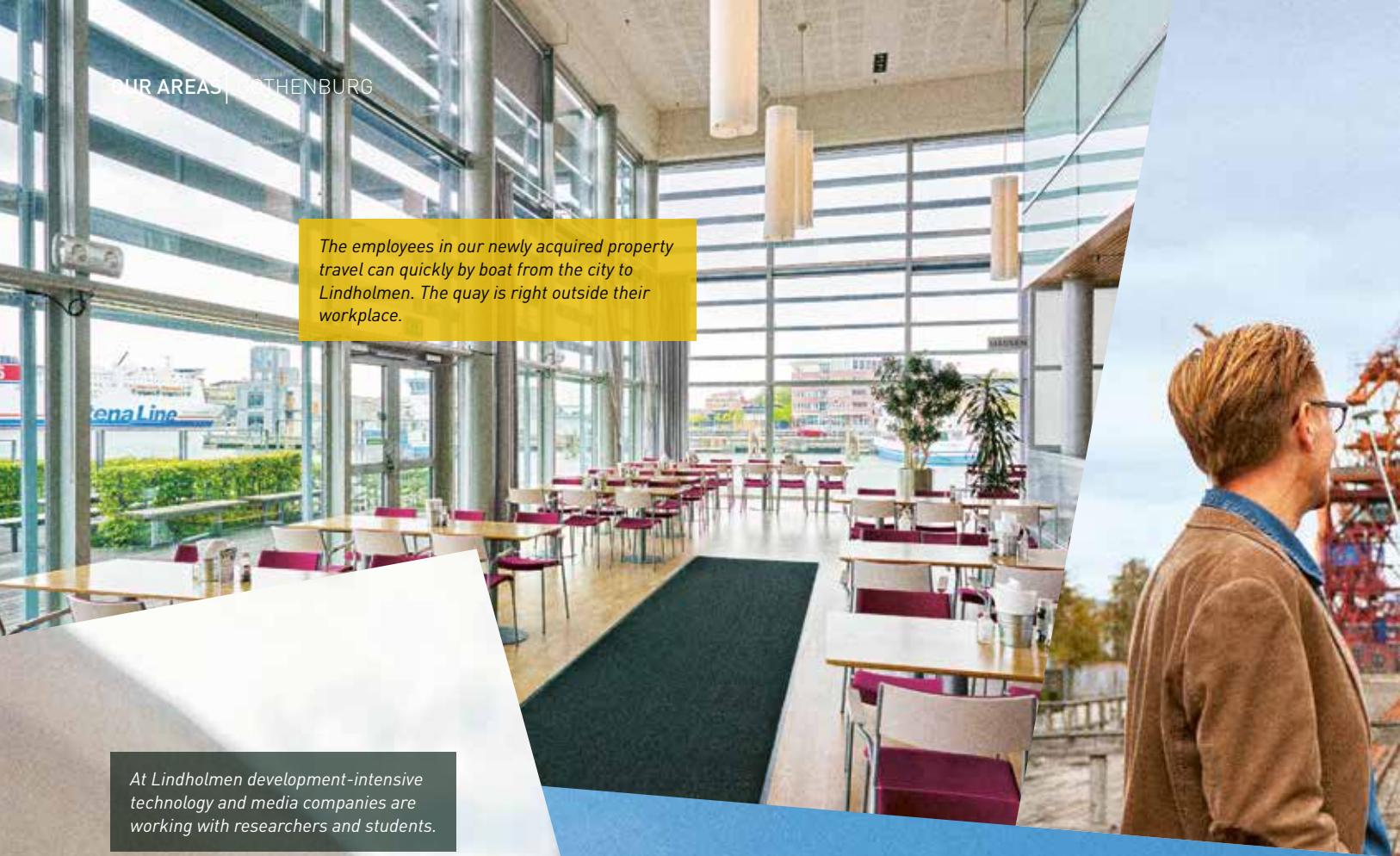
In 2017 we doubled our property portfolio in Gothenburg. We are part of extensive urban development work in Lindholmen.



Read more about our areas and properties at [al.se](#)

OUR AREAS | GOTTHENBURG

The employees in our newly acquired property travel can quickly by boat from the city to Lindholmen. The quay is right outside their workplace.



At Lindholmen development-intensive technology and media companies are working with researchers and students.





In the heyday of the shipbuilding era, a few thousand people worked in Lindholmen. Almost 200,000 people now live and work in the area.

We are part of the extensive work to develop Gothenburg's city environment.

LINDHOLMEN

FROM SHIPBUILDING AREA
TO A GENUINE CITY DISTRICT

6 %

OF TOTAL RENTAL VALUE
DERIVES FROM LINDHOLMEN

82,000

OFFICE LETTING AREA, M²
LINDHOLMEN

147

RENTAL VALUE, INCLUDING GARAGE
SEK M

Lindholmen in Gothenburg is an expansive area of Älvstaden, a development area comprising central Gothenburg on both sides of the River Göta. Lindholmen, which used to be a shipping area, is now an attractive city district for offices that attract both Swedish and international development-intensive technology and media companies. The area is also an international knowledge cluster with many researchers and students linked to Lindholmen Science Park and Chalmers.

Lindholmen is currently being transformed into a vibrant and attractive city centre. The Vision Älvstaden project aims to link the two sides of the city by creating new, sustainable urban environments and meeting places, where pedestrians, cyclists and motorists can easily cross the river from the city centre. Work is underway to build additional residential, offices, service and the first skyscraper in Gothenburg. Lindholmen's operations currently employ almost 20,000 people. The plan is for 30,000 people to work and live here, and for the area to become a vibrant and buzzing city district, even after office hours.

DOUBLING OF OUR PORTFOLIO

Atrium Ljungberg established itself in Gothenburg in the autumn of 2015 when it acquired two office properties in Lindholmen, properties with modern and flexible premises with details from the shipbuilding era, which breathes soul and history into the site. In 2017 we doubled our property portfolio by acquiring an additional office property of almost 37,000 m² letting area with modern office premises. The property, which has been fully

leased to Ericsson, is located right by the water in Lindholmen next to Chalmers University of Technology and Lindholmen Science Park.

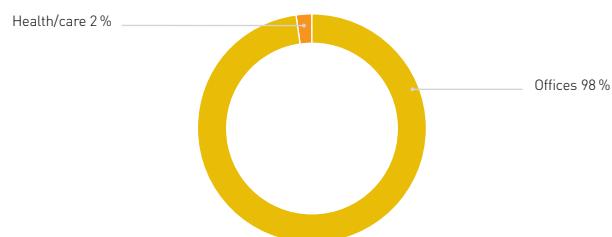
FULLY LET

During the year we carried out several tenant-specific adaptations in our properties. By carrying out major transformation work in one of the buildings, we have created common areas and made space for additional tenants. We also had several new lettings, and the premises are now fully let. Some of the tenants include Volvo, IBM, Valmet, Sykes, Esab, Älvstrand Utveckling and AKQA.

AMBITION TO CONTINUE TO GROW

With a portfolio of around 82,000 m² letting area, we are now a major player in Lindholmen. Our local involvement allows us to continue collaborating with the city and businesses to generate added value for the area. Since we entered the Gothenburg market, we have been clear with our aim to continue to grow in Gothenburg, and we are actively searching new acquisition opportunities that enable urban development.

Types of premises in Lindholmen, rental value





Pedestrians and cyclists will have more space when new sustainable urban environments are developed.

STUDIO atrium ljungberg

Our approach is based on dialogue and we are focusing heavily on identifying effective methods for dialogue and conversation.

People who have taken part include architects, creators and entrepreneurs within tech, international Burning Man leaders, outstanding researchers and urban developers.

During Branschdagen 2017 our office and retail tenants heard interesting predictions for the future by Fredrik Reinfeldt.



FORUM THAT PROMOTES KNOWLEDGE AND CREATES IDEAS

A photograph showing a man with dark hair and a beard, wearing a light grey hoodie with the number '5' on it, leaning over a table and gesturing with his hands while speaking. A woman with long brown hair and glasses, wearing a striped shirt, is seated across from him, looking towards him with an engaged expression. They appear to be in a professional or academic setting, possibly a workshop or meeting. A white mug is on the table between them.

We manage and improve our locations in dialogue with tenants, residents, visitors, the business community and associations. This provides us with broad and genuine knowledge of the location and the city district. The dialogues pertain to everything from identifying how land, buildings and infrastructure can be utilised to which cultural activities are suitable for our retail hubs. We also hold workshops with politicians and other players/partners on urban development issues and issues that concern the development of the city districts.

Studio Atrium Ljungberg is our forum that promotes knowledge, where we take initiatives for small and large meetings between people with different experiences and backgrounds. Our studio can take many forms. It can include everything from the food of the future via challenges in sustainable enterprise, to the importance of cultural locations within urban development. The shared goal is to disseminate ideas and find new collaboration to create the incredible dynamic locations where we all want to live and work.

Examples of Studio Atrium Ljungberg

SUSTAINABILITY DAY *February 2017, Grillska huset*

We researched how to be more resource-efficient and circular. How can we use premises, the building and the location to communicate sustainability?

UNDERGROUND MEETING WITH THINKERS WITHIN URBAN DEVELOPMENT *March 2017, Mine under Sickla*

Why is the participant culture the fastest growing movement in western society today, and what does this mean for Stockholm; today and in ten years?

THE FOOD OF THE FUTURE IN THE CITY OF FUTURE *August 2017, Söderhallarna*

Conversation on foodtech – digitalisation of services, new ingredients and approach, and how a food market can be a location where ideas meet people.

TL BYGG – A SUSTAINABLE PARTNER

DEVELOPING SUSTAINABLE ENVIRONMENTS comprises several services that are traditionally found outside the sphere of property companies. Our wholly-owned subsidiary TL Bygg allows us to take one step further in terms of impacting and governing the design of the different areas. TL Bygg consequently strengthens and simplifies Atrium Ljungberg's business.

TL Bygg consequently strengthens and simplifies Atrium Ljungberg's business. TL Bygg AB was formed in 1983. The strong values that were formed there live on today in the culture of both TL Bygg and Atrium Ljungberg. TL Bygg has an historic construction tradition, a wide range of competence and strong environmental awareness. Their mission "We build pride" is an intrinsic part of the entire company, where their core values and working methodology form a clear foundation in their projects.

TL Bygg works with many kinds of turnkey contract, but focuses on pure construction contract assignments, primarily for residential and offices. The projects assume full responsibility for quality, the environment and the work environment. Customers are primarily found in Stockholm and Uppsala, and the main clients, apart from Atrium Ljungberg, include property companies, the state and various municipalities.

COLLABORATION THAT STRENGTHENS OUR BUSINESS

Having our own construction company helps us expand and strengthen our business, and by working closely with TL Bygg, we implement a large number of projects with an efficient, controlled and flexible process. Collaboration helps both companies develop, and leads to a better product and more cost-efficient

Having our own construction company allows us to conduct many projects with an efficient, controlled and flexible process.

production. TL Bygg has competence for the entire chain and can be involved right from the start of the project to find both financially and environmentally sustainable solutions. They can take on both an advisory and producing role in our projects, while their extensive expertise means that no projects are impossible to run and implement.

TL Bygg has its own skilled workers, guaranteeing flexibility and efficiency, as they have the necessary competence in-house, which is a major advantage compared to their competitors. It also means an injection of production knowledge that can

be spread to every part of the organisation, contributing to an innovative corporate climate. Another benefit of having their own skilled workers is that they feel greater pride in the process and production, resulting in high quality.

RECRUITMENT AND DEVELOPMENT STRATEGY MAKES THEM MORE COMPETITIVE

TL Bygg operates in a competitive industry, where there is a major shortage of labour. To secure future recruitment and retain competence in-house, the company has a clear recruitment strategy that has proved successful.

When recruiting, TL Bygg's uses their employees' personal and professional networks. This working method has many advantages, both for the company and the individual, and resulted in many impressive recruitments in 2017. This strategy also guarantees that we have the right competence for projects where TL Bygg is hired as a contractor.

The company also invests heavily in personal development to ensure that this competence remains within the company. They achieve this through external and internal courses and by giving employees the opportunity to take on more responsible roles; this is a successful model that they have worked with and developed over a long period of time.

SECURITY AND SUSTAINABILITY – STABLE FOUNDATION FOR OPERATIONS

TL Bygg actively works with sustainability issues, which permeate its business models, customer perspectives, production and employees. This work comprises the entire business, from business ethics and production to environmental and social responsibility, where TL Bygg has the competence required to lead the work in the construction process towards environmentally certified buildings and properties. The long-term perspective aims to minimise negative impact on the environment and create sustainable employees. TL Bygg's values – long-termism, reliability, collaboration and commitment – form the basis of their entire business, not least their approach to employees where initiatives aim to ensure secure and safe working conditions, development opportunities and health promotion.

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

of the trade and employers' organisation, the Swedish Construction Federation, and supports the federation's goals and visions for modern employee contracts, a sound construction industry and safe workplaces.

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

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

SOCIAL SUSTAINABILITY

TL Bygg works actively with social sustainability, both generally throughout the organisation and individually in the projects themselves. They do this by working to create commercial and social benefits, both on their own initiative and in collaboration with customers.

Examples of their work on social sustainability are:

- Membership of the Swedish Construction Federation and a signatory to their Code of Conduct, which means that the company and its employees observe laws and regulations, and work for fair competition and modern relationships. It also adheres to the Swedish Anti-Corruption Institute's Industrial Code to further guarantee ethical behaviour.
- TL Bygg considers security and safety to be integral parts of their work on sustainability. This applies to both staff and residents in the area. In their projects, they work actively with health and safety by identifying and preventing risks:

Every workplace has its own specific rules on conduct and safety. They also carry out regular safety rounds and operational planning to make sure that safety work is in focus throughout the construction process. Administrative employees are trained in the Coordination of the Construction Work Environment (BAS-P/U), and a safety officer is appointed by the skilled workers. They report and follow up any near accidents in operations.

- The company also works with schools to offer apprenticeships in many of its projects. This has had positive results, with more than 90 per cent of the trainees later securing a job at the company.
- After a project is completed, every customer is able to give feedback on the work through NKI (Customer Satisfaction Index). This survey looks at a range of issues, including, for example, attitude, information and problem-solving.

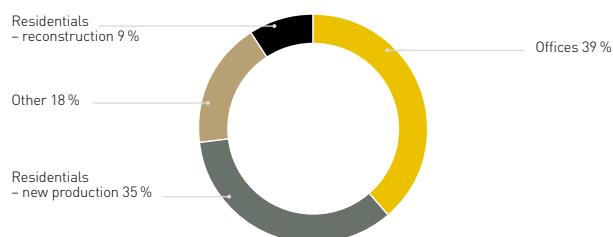
A CONSTRUCTION COMPANY FOR EVERYONE

TL Bygg aims to be a construction company for everyone. This means that everyone, irrespective of sex, ethical background, sexuality or religious belief, is and should feel welcome at the company. They share the equal opportunities policy with us at Atrium Ljungberg and use the same whistleblowing tool. However, they also face other challenges, as this is an industry that is plagued by these issues.

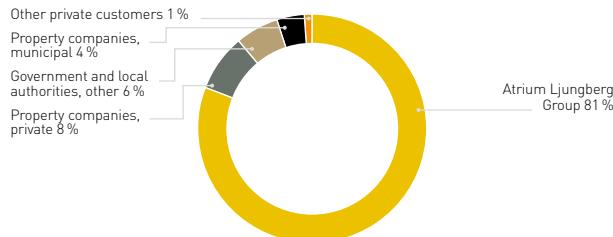
There has been a discriminatory culture in the construction industry for a long time, and no company in this industry can say that they are completely free from discrimination. This is why TL Bygg, in the wake of #metoo, started to promote their attitude throughout the company. This work will ensure not only that they live up to their zero-tolerance attitude within the company, but also are involved in encouraging other companies in the industry to promote equal opportunities.

They work actively to promote diversity by implementing the Equal Opportunities Policy in their recruitment strategy, internal and external communication, and the marketing of the company. One example of this is that the percentage of women working in administration is higher than the average for the industry.

Sales per assignment type



Sales per client category



PROJECTS 2017

In 2017, around 80 per cent of total sales comprised work for Atrium Ljungberg. TL Bygg is the general contractor for our housing initiatives in Gränbystaden in Uppsala where three residential buildings with a total of around 200 apartments will be built, as well as retail and office premises. The project was started in March 2016, and the first building was completed in the autumn of 2017. Another building is expected to be ready for occupancy in the autumn of 2018.

TL Bygg was also the general contractor for the reconstruction of Boulebar's premises in our property in Liljeholmen. The assignment included a total renovation of an old industrial premises occupying 1,300 m² on two floors, and they are now home to boules courts, bars, a restaurant and fountains.

Another collaboration project is the reconstruction of our own new head office in Luftverkstaden, Sickla. The project comprises 1,600 m² and is being built in two phases. The reconstruction of the office building will be the first to follow Atrium Ljungberg's brand new concept – activity-based premises with design, creative spaces and genuine craftsmanship.

In 2017 TL Bygg also had several external projects:

- TL Bygg is working on a reconstruction project for the City of Stockholm and St Erik Markutveckling AB – adapting offices for SISAB in Slakthusområdet, measuring 4,500 m². This will be SISAB's new head office.
- Commissioned by Järfällahus, they are converting existing premises into a cultural and activity centre in Söderhöjden, Järfälla. This building is expected to be opened in August 2018 and will be a meeting place, where creativity and engagement that flourish in the area can be harnessed and developed.
- TL Bygg has signed a contract with Stockholmia to extensively renovate their residential properties, a project that will be carried out in six phases. The building is in Gärde in Stockholm. Stockholmia has quickly become a repeat customer, proving that TL Bygg keeps to its values and is committed to reliability and long-termism.



Find out more at: www.tlbygg.se



CONSTRUCTION COMPANY
OPERATING PRIMARILY IN THE GREATER
STOCKHOLM AREA

BF9K

CERTIFIED
A MANAGEMENT AND PRODUCT
CERTIFICATION SYSTEM FOR THE
CONSTRUCTION INDUSTRY



NET SALES, SEK MILLION
2017



PROFIT, SEK MILLION
AFTER NET FINANCIAL ITEMS 2017



ORDER BOOK, SEK MILLION
AT 2017 YEAR-END



NUMBER OF EMPLOYEES
50 ADMINISTRATIVE EMPLOYEES,
64 SKILLED WORKERS

Summary of income statements

SEK m	2017	2016	2015	2014	2013
Net sales, external clients	120	121	335	307	378
Net sales, Group companies	518	314	137	113	114
Net sales, total	638	435	472	418	492
Operating profit/loss	16	4	-11	15	35
Net financial items	0	0	2	3	2
Profit after net financial items	16	4	-9	18	37
Number of employees	114	110	120	130	135

FINANCIAL REPORTS 2017



DIRECTORS' REPORT

THE BOARD OF Directors and the CEO of Atrium Ljungberg AB (publ.), company ID no. 556175-7047, hereby submit the annual accounts and the consolidated accounts for the 2017 financial year. The figures shown in parentheses refer to the preceding financial year. The legal annual report including the directors' report has, with the exception of the corporate governance report, the statement of the Chairman of the Board, and the Sustainability Report, been revised and can be found on pages 84–97, 106–144, 153–158.

THE OPERATIONS

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

FINANCIAL GOALS

Our objective is for the operating surplus to increase by 10 per cent per annum. A total of SEK 1 billion shall be invested in the Group's in-house development projects per annum and shall yield a return of 20 per cent for new builds and extension projects. During 2017 the operating surplus increased by 13.0 per cent [0.5%] compared to the previous year. Investments during the year in Atrium Ljungberg's own properties amounted to SEK 1,593 million [SEK 1,002 m]. The financial goals for the Group also state that the equity/assets ratio shall be a minimum of 30 per cent and that the interest coverage ratio multiple shall be a minimum of 2.0. At the 2017 year-end, the equity/assets ratio was 42.6 per cent [43.7%] and the interest coverage ratio multiple was 4.2 [3.5].

DIVIDEND

Dividend payments shall correspond to at least 50 per cent of the profit before changes in value, after estimated tax, unless investments or the company's financial position otherwise justify a deviation from this policy. A dividend of SEK 4.50 per share [SEK 3.95 per share] is proposed for the financial year,

which corresponds to a dividend of SEK 65.1 per cent of the distributable profit [SEK 69.9 per share] and a dividend yield of 3.5 per cent (2.8%).

MARKET

FINANCIAL MARKET

The global economy has remained strong. Growth in the European region has strengthened, while the US market is driving the global economy. Unemployment in the USA is at its lowest level in 17 years. Sweden's economy is also continuing to develop strongly, with high GDP growth and inflation. However, in the autumn there was general uncertainty surrounding the housing market that had a negative impact, and this could result in lower GDP growth. But this is compensated by higher investments in industry and the public sector. In December the National Institute of Economic Research assessed growth in GDP of 2.5 per cent in 2017 and 2.9 per cent in 2018. The variable rate, 3M Stibor, amounted to -0.46 per cent compared with -0.60 per cent at the beginning of the year. At the end of the year, the 10-year swap rate amounted to 1.20 per cent compared with 1.15 per cent at the beginning of the year. At the start of 2018 the long-term interest rate has increased.

PROPERTY MARKET

The rental levels for offices are continuing to rise, mostly due to the prices of renegotiated rents being at the same levels as new leases. Dividend yield requirements have stabilised at low levels, despite access to capital remaining strong. Potential future changes in regulations following investigations on "packaging" and restrictions to interest deduction remain causes of concern in the market. The transaction volume in the Swedish property market amounted to SEK 49 billion in the fourth quarter, while the total for 2017 as a whole was SEK 147 billion according to Newsec. This reflects

the levels seen in previous years, except for the record volumes last year.

OFFICE MARKET

The office rental market is very strong in the major cities in Sweden, driven primarily by a strong economy combined with strong demographic growth in these cities. The vacancy rates in Stockholm and Gothenburg have dropped to historically very low levels and the speculative office projects are being let quickly. The strong rental trend is also driven by modern, activity-based offices that are streamlining the use of the premises. As a result, the tenants can pay a higher rent per square metre, without it having a major impact on the cost per workplace. There is a lot to indicate that the office market will continue to be strong in 2018, with demand still high, positive rental growth, particularly in central areas, and the vacancy rate remaining low.

RETAIL MARKET

Population growth and higher consumption per capita are key factors in this development, which has been complemented in recent years by low interest rates combined with a strong labour market. In 2017 retail sales increased by SEK 16 billion, now amounting to SEK 767 billion, which is an increase of 2.1 per cent including e-commerce. Total e-commerce sales grew by SEK 9 billion to SEK 67 billion in 2017, which is an increase of 16 per cent. The market share of e-commerce therefore increased from 8 per cent to 9 per cent, with the market shares differing considerably between the FMCG sector and the consumer durables sector. While the FMCG sector is only just getting started with e-commerce, with just over 2 per cent of sales online, consumer durables have already reached a market share of 14 per cent. Fast-growing sectors during the year were the food sector, the furniture sector, hardware and DIY, and

the toy sector. In the future it will be essential for all physical retail to add something extra to supplement their offer, giving consumers as many reasons as possible to visit a physical location. This could include, for example, restaurants, experiences, entertainment, healthcare, culture and workplaces. Despite the increase in digitalisation, these are the kinds of activities that encourage people to meet at a location, and to socialise, eat and shop there. This is something that we at Atrium Ljungberg have embraced when creating the meeting places of the future. Mixing activities is not only a good idea from an urban development perspective, it is also essential for retail spaces to survive in an increasingly competitive market.

PROPERTY MANAGEMENT

NET LETTING

Net letting, i.e. newly agreed contracted annual rents less annual rents terminated due to clients vacating the premises, amounted to SEK 40 million (SEK 128 m) during the year, and has primarily been impacted by a number of office lettings. The time lag between net letting and its effect on profit is assessed to be 3-24 months.

RENTAL INCOME AND LETTING RATE

The contracted annual rent at the turn of the year totalled SEK 2,357 million (SEK 2,208 m) and the rental value amounted to SEK 2,494 million (SEK 2,374 m), respectively. This gives an economic letting rate including project properties of 95 per cent (93%), and excluding project properties of 95 per cent (93%). The EPRA vacancy rate is therefore 5 per cent (7%).

Letting rate¹¹

	Rental value, SEK m	Rental value, SEK/m ²	Letting rate, %
Business area Property	2,375	2,686	95
Project properties	119	-	81
Total	2,494	-	95

¹¹ Reported letting rates are based on the immediately subsequent quarter after the accounting date.

PROFIT AND FINANCIAL POSITION

Comments on the net profit for the year and financial position are contained on pages 108–116.

PROJECT PROPERTIES

CONFIRMED PROJECTS

In 2017 investments in own properties amounted to SEK 1,593 million (SEK 1,002 m), of which SEK 922 million (SEK 509 m) in project properties. Investments in project properties mainly refer to the Sickla Front II office building, the Gränby Entré building 1 residential property, the south garage in Gränbystaden as well as the reconstruction of Forumkvarteret. Other investments mainly refer to tenant-specific adaptations in properties in Stockholm city, Liljeholmen and Farsta Centrum in Stockholm, as well as properties in Lindholmen in Gothenburg, and in Gränbystaden shopping centre in Uppsala. The remaining investment volume for confirmed project properties amounted to approximately SEK 2.5 billion on 31 December.

SICKLA – NACKA

Sickla Front II – The completion of Sickla Front II in Sickla is in its final phase. Sickla Front II comprises two office buildings of approximately 25,300 m² letting area in total as well as 14,000 m² GFA parking area. Along with the adjacent office property that was constructed in 2015, they form the Sickla Front district, which now provides a

clear entrance to the Sickla city district, linking Sickla with Hammarby Sjöstad. The move will take place in the summer and autumn of 2018.

Sickla 1898 – In the autumn of 2017, work started on the reconstruction and extension project Sickla 1898. The location is historically Sickla's soul, where AB Diesels Motorer's first factory was constructed in 1898. We are creating a health care destination here, along with shops, a cafe and a restaurant. The project comprises a total of 11,700 m² letting area, which includes 8,100 m² for health care and 3,600 m² for retail.

Sickla Tapetfabriken – The reconstruction and extension of a former office building in Sickla, known as "Tapetfabriken" (Wallpaper Factory) got underway. Tapetfabriken is planned to comprise 9,700 m², with a hotel and offices, as well as a garage. At the beginning of 2018 we concluded an agreement with Nordic Choice Hotels, which will open a 7,200 m² hotel with more than 150 hotel rooms and a lobby with a restaurant, events areas and conference premises. The hotel will open in the spring of 2020. By transforming the former office building into a hotel, with an open ground floor that has meeting places and a restaurant for the public, we are continuing to develop Sickla into an even more vibrant urban environment.

GRÄNBYSTADEN – UPPSALA

During the year we worked in Gränbystaden on new builds and extensions at both the area's northern part and by Gränbystaden shopping centre.

Norra Gränbystaden – At the big-box hub in Northern Gränbystaden a building of 1,000 m² letting area was completed in the fourth quarter of 2017, with Elon opening a new store in October. Work is currently underway on constructing another building, where companies like Jula, Jysk and Rusta will be opening stores in the autumn of 2018.

Gränby Entré buildings 1, 2 and 3 –

Work was carried out during the year on constructing three residential properties next to Gränbytaden shopping centre. The residential properties contain a total of approximately 200 rental apartments, as well as commercial premises. Tenants moved into 62 apartments in one of the buildings in October 2017. A restaurant, health centre and bank were established on the lower floors, while the street and square area between the shopping centre and the residential properties was completed. The apartments for the other two buildings will start to be released through the housing agency in the spring of 2018, with occupancy at the end of 2018 and the beginning of 2019.

Gränbytaden, south garage –

Next to Gränbytaden shopping centre, construction is ongoing of a parking garage with approximately 275 underground parking spaces.

The garage will open in the autumn of 2018.

Gränbytaden, south entrance –

An extension project is underway at Gränbytaden Galleria, which comprises an additional 11,700 m² letting area for retail, restaurants, culture and entertainment. Nordisk Film will open a cinema and O'Learys will open a restaurant here at the end of 2018.

MOBILIA – MÅLÖ

Mobilia Torghuset – We have started preparing for the new construction and extension of approximately 13,500 m² letting area in Mobilia. We will create additional areas for retail, residential, restaurants and cultural activities in the heart of the district. The shopping square will start to be built in the spring of 2018 and is expected

to be completed in the spring of 2020, when Nordisk Film will open a cinema in part of the building.

KISTA – STOCKHOLM

Part of Kista+ – A major reconstruction and re-profiling of our Kista+ office property in Kista have been completed, and in November, IBM's Swedish head office moved into approximately 6,500 m².

FORUMKVARTERET – UPPSALA

In Forumkvarteret in the centre of Uppsala, major reconstruction work has been carried out in all parts of the property for some time. Forumkvarteret has offices, residential properties and a shopping centre with stores and restaurants. In 2017 work focused mainly on improving and reconstructing the shopping centre section, making space available and creating a clear internal concourse. Our ambition with Forumkvarteret is to create a city centre district with a strong offering of retail, restaurants and cafes, combined with attractive office environments. The entire shopping centre is planned to be ready for Christmas shopping in 2018.

POTENTIAL DEVELOPMENT PROJECTS

Our existing project portfolio with our own land and land allocations enables future investments corresponding to more than SEK 14 billion. In terms of area, half of the project portfolio consists of residential and half of offices, retail, education and hotel. The project portfolio is divided among all our areas where Sickla and Uppsala account for approximately 70 per cent. The rate at which we can complete the projects

depends on the market situation and the progress made in the detailed development plan process. A project is not usually started until we have secured a minimum return in the form of signed lease contracts.

POTENTIAL PROJECT STARTS 2018–2019

I Sickla we are planning an extension of Sickla shopping centre of approximately 3,000 m² GFA for retail, and two floors for a parking garage with approximately 220 parking spaces. There is a complete detailed development plan for the expansion and the construction is expected to start at the beginning of 2019. Detailed development plans are ongoing for residential at Nobelberget, Kyrkviken and Gillevägen in Sickla. We expect a detailed development plan for Nobelberget to be completed in the spring of 2018 and are planning to start selling the first 70 tenant-owned dwellings in the second half of 2018. At Nobelberget we want to create an attractive and dense urban environment with approximately 500 residential as well as office premises and cultural activities. At Sickla station we are planning a profile building of approximately 7,500 m² GFA. The station building, which will be the first encounter that travellers have with Sickla, will house offices, retail and service. Detailed development planning is under way, and construction is expected to start in 2019. Detailed development plans are also ongoing for the reconstruction and extension of Svindersviksskolan from the current 3,000 m² to approximately 9,000 m² GFA.

In Gränbytaden in Uppsala we want to continue to create urban qualities and develop the area with a mix of retail, offices and residential, as well as service and cultural activities. In addition to the rental apartments which are being constructed, we are planning for approximately 250 more residential properties in the area. Construction of the first phase is expected to take place in 2019, with possession during 2020.

In Hagastaden in Stockholm we have had a land allocation with a development right of 32,000 m² GFA for a while next to the New Karolinska Solna (NKS) Hospital. In October 2017 the city council took a decision on a development agreement with

Acquisitions 2017

Property name	Municipality	Additional letting area, m ²	Possession
Fatburen 2	Stockholm	9,587	March 2017
Tranbodarne 13	Stockholm	3,304	March 2017
Lindholmen 30:1	Gothenburg	37,035	March 2017
Molekylen District	Stockholm	–	In 2018

Sales 2017

Property name	Municipality	Deductible letting area, m ² ¹¹⁾	Date vacated
Söderby Huvudgård 2:43	Haninge	36,337	February 2018

a land transfer. We are planning to create Life City here in the heart of the emerging life science cluster, a centre and meeting place for players within Hagastaden's core operations of research, health care and care services. Construction of Life City is expected to start in the middle of 2018 with occupancy starting at the beginning of 2021.

In Barkarby in Järfälla, we have a development right of approximately 50,000 m² GFA. We are working with Järfälla Municipality on plans to create Bas Barkarby, a regional meeting place for learning, businesses and culture. Järfälla Municipality will lease almost 11,000 m² of the first phase for upper secondary education, a multi-purpose hall, a library and other cultural activities. The leases are conditional on the land transfer agreement being concluded. The detailed development plan that covers the first of two stages was adopted in January 2018, and a decision on environmental permits is expected to be made in the summer of 2018 by the Land and Environmental Court. Construction of the first phase of BAS Barkarby is expected to start by the summer of 2018 at the earliest, with occupancy in the spring of 2021.

PROPERTY TRANSACTIONS

In November 2016 an agreement was signed for the acquisition of Fatburen 2, Söderhallarna in Stockholm, and it was taken into possession in March this year. The property houses a food market, retail and offices with a total lettable area of approximately 8,500 m². The purchase price amounted to SEK 380 million. In March the property Trambodarne 13, located in Slussen in Stockholm, was acquired and taken into possession, with a lettable area of approximately 3,300 m² offices and residential. The acquisition was made through a share deal with an underlying property value of SEK 252 million. In March the office property Lindholmen 30:1 on Lindholmen in Gothenburg was also acquired and taken into possession, with approximately 37,000 m² lettable area. The acquisition was made through a share deal with an underlying property value of approximately SEK 1,300 million. In October an agreement was concluded to acquire parts of the properties Vasastaden 1:16 and

1:45 at a price of SEK 432 million, comprising 32,000 m² GFA, for our Life City project in the future Molekylen district. The date of possession is planned for the first six months of 2018. In December an agreement was concluded to sell the Söderby Huvudgård 2:43 property in Haninge. This property comprises the retail hub Port 73 and was sold through a share deal with an underlying property value of SEK 977 million. It was vacated at the beginning of February 2018.

PROPERTY VALUES

During 2017 we externally valued the equivalent of 38 per cent of the property portfolio's market value, of which 20 per cent was conducted during the fourth quarter. The valuations were carried out by Forum Fastighetsekonomi and Savills in accordance with the International Valuation Standards (IVS). The remaining properties were subject to an internal valuation with market rents, operating costs, vacancies and yield requirements quality assured by Forum Fastighetsekonomi. The market valuation is based on analyses of completed property transactions for properties of a similar standard and in a similar location, in order to assess the market's yield requirements. The valuation also entails cash flow calculations, with individual assessments of the earning capacity of each individual property. Assumed rental levels in conjunction with contract expirations correspond to current market rent levels. Operating costs have been assessed on the basis of the company's actual costs. Development rights have been valued based on an assessed market value per m² of GFA for determined development rights in accordance with an approved detailed development plan or where the detailed development plan is assessed to enter into force within the near future. Project properties are valued on the basis of completed projects, less remaining investments. A risk surcharge is added to the yield requirement on the basis of the current phase of the project.

The reported value of the property portfolio, including development properties, totalled SEK 40,861 million (SEK 36,054). The average yield requirement in the valuation is 4.7 per cent (4.9%). Investments

in Atrium Ljungberg's own properties during the period totalled SEK 1,593 million (SEK 1,002 m). The unrealised change in value amounted to SEK 1,817 million (SEK 2,772 m) and is primarily explained by the market's lower yield requirements for the majority of properties and higher rents as a result of new lettings and renegotiations.

OUTLOOK FOR 2018

Atrium Ljungberg's conditions are good. The higher urbanisation and population growth continue to drive growth in the metropolitan regions, where we are established. The investment volume in own properties for 2018 is assessed to amount to approximately SEK 1.5 billion. The forecast for profit before changes in value is SEK 1,200 million, compared to SEK 1,180 million in 2017. The forecast net profit after tax is SEK 940 million, corresponding to SEK 7.06/share. Changes in value and any other future property acquisitions and sales have not been taken into account in the forecast.

SUSTAINABILITY REPORT

Atrium Ljungberg has produced a separate sustainability report in accordance with the Swedish Annual Accounts Act. This report encompasses Atrium Ljungberg AB (publ) and all of its subsidiaries. The Sustainability Report is on pages 145–152 and is not part of the financial report.

RISKS AND RISK MANAGEMENT

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

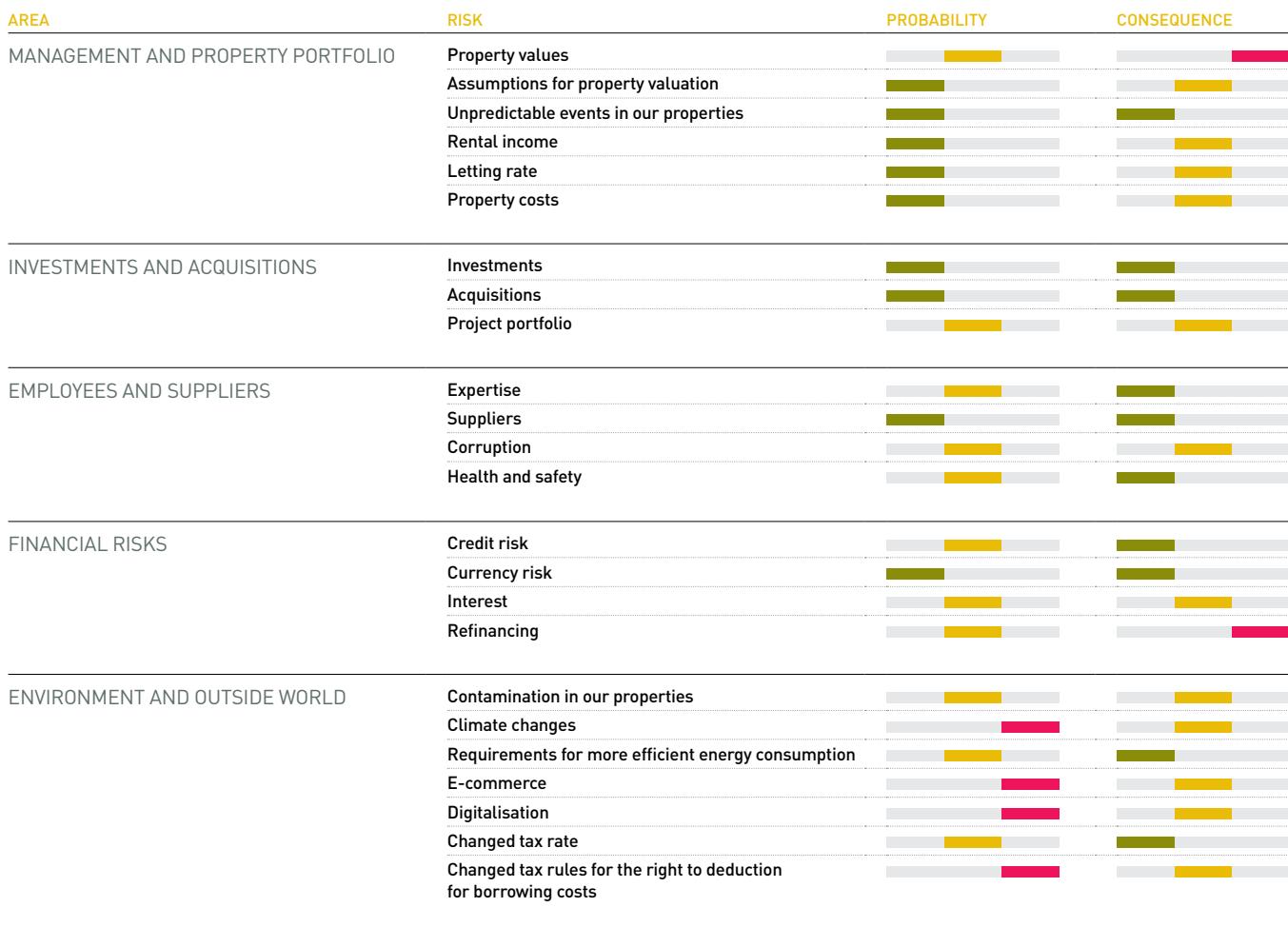
Taking into account our operations, prioritised areas for risk management are letting, project and construction activities, property valuation and financing. Our operations and the opportunity to attain our goals are affected by both external factors and business risks. We cannot influence external factors, but we can work in a preventative manner and be prepared for different scenarios. Operational risks are mainly handled by being aware of the risks and

working continuously on minimising any negative impact.

The Board of Directors has overall responsibility for risk management while the operational work has been delegated to the CEO and the various business areas. Risk management in the administration and project and construction activities is largely decentralised while financing, insurance and property valuation are managed centrally.

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

Also see the corporate governance statement, pages 100–103 and internal control, pages 106–107.



MANAGEMENT AND PROPERTY PORTFOLIO

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Property values	The property portfolio is estimated at fair value, market value. The market value is determined by the expected yield that the players on the market accept, and by the expected operating net. A lower yield requirement affects the market value positively as well as a higher expected future operating net.	By working in the long-term with our management and developing our areas into attractive spaces, we create the conditions for better and more stable operating net from our properties. However, the market's yield requirement is an external factor that we cannot influence.
Assumptions for property valuation	The real estate valuation is based on a number of financial input data and assumptions. In the valuation process there is a risk that the assumptions that have been made do not reflect the current market conditions, which means that the valuation could be incorrect.	The real estate valuation is done on a quarterly basis. Approximately 40–50 per cent of the market value is valued externally every year. Our internal valuations are subjected to quality assurance by independent valuers. See more in note A1 on pages 129–131.
Unpredictable events in our properties	Our properties can be affected by unpredictable events in the form of fire, water damages and other damages.	We continuously work with preventative measures such as, for example, updated fire alarms, sprinkler systems, entrance control systems and trained security officers. All properties are insured for their full value through If.
Rental income	Our rental income is affected by the economic performance in the subsidiary markets in which we operate and by how successfully we develop the areas where our properties are located. Economic growth will probably lead to increased demand for premises, with lower vacancies as a result; a trend which, in turn, usually leads to higher market rents. A negative economic trend is assumed to result in the opposite effect.	We build urban environments with a focus on office and retail operations, which are supplemented with housing, service, culture and education. This mix makes us less sensitive to the economic development and increases the risk spread in the tenant structure. As commercial lease contracts are normally signed for a term of three to five years, changed market rents gradually have an impact on rental income. As only 1 per cent of the rental income comprises sales-based rent, in the short-term Atrium Ljungberg is affected by declining sales of retail hubs to a very small extent. However, in the long-term it impacts the demand of the premises.
Letting rate	A change in the company's letting rate has an effect on income.	By operating in strong subsidiary markets with close relations with both existing and potential customers, we can satisfy the customers' need for premises in a timely manner and thereby prevent and reduce the risk of high vacancy levels.

We have increased our letting rate to 95 per cent



Sensitivity analysis, property valuation

Value parameter	Assumption	Impact on value, SEK m
Rental level	+/- 10%	+/- 4,060
Operating cost	+/- 10%	-/+743
Yield requirement	+/- 0.25% units	-1,973 /+2,205
Long-term vacancy level	+/- 2%	-/+ 1,160

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

Sensitivity analysis, change in value

Change property value	-10%	0%	+10%
Change in value, SEK m	-4,086	-	4,086
Gearing ratio	50 %	45 %	41 %

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

MANAGEMENT AND PROPERTY PORTFOLIO, cont.

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Property costs	<p>Changed property costs can impact the property's operating net and thereby also the market value of the property. A large share of the cost is linked to energy consumption in the form of heating, cooling and electricity.</p> <p>Property costs are impacted by seasonal variations. Generally costs are higher during the first and last quarter of the year, primarily caused by higher costs of heating and property maintenance.</p>	<p>Some of the property costs are passed on to the tenant through regulations in the lease contracts and cost increases or savings consequently only have a limited impact on our results. Any vacancies that arise affect the result, not only in the form of lost rental income, but also in the form of costs that cannot be passed on to the tenants.</p> <p>We work purposefully, for the benefit of both our tenants and the company, to increase the efficiency of our consumption. As a part of this, Atrium Ljungberg has set a goal of reducing energy consumption per square metre between the years 2014 and 2021 by 30 per cent.</p> <p>Unforeseen damage and repairs can have a negative effect on the company's results and are prevented by means of a long-term maintenance programme in order to maintain a good standard throughout the property portfolio.</p> <p>We have ten properties with leasehold. The leasehold agreements are usually renegotiated at 10 or 20 year intervals. See more on leasehold fees in note IE4 on page 124.</p>

INVESTMENTS AND ACQUISITIONS

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Investments	<p>Atrium Ljungberg develops and constructs its own properties in its project activities. Risks in these activities are that the projects will be more expensive than expected due to miscalculation, changed conditions or higher purchasing prices.</p>	<p>The projects are mostly run through divided contracts, which enables flexible production and cost-efficiency in production. In-house expertise is used in our residential development through our subsidiary company TL Bygg. We always have direct contact with the customers, short decision-making processes, as well as a rapid and simple handover to the management team.</p> <p>The company applies its prudence concept to all investments. This entails that no investments are made without having secured a reasonable yield by agreeing lease contracts.</p>
Acquisitions	<p>Atrium Ljungberg's expansion also takes place through acquisition of properties. Risks during the acquisition are that the letting rate and rental trend will be lower than expected or that the technical standard is lower than the conducted assessments. Another risk is that there are unexpected environmental consequences. During the acquisition of properties through companies there is also a tax risk.</p>	<p>The risks during an acquisition are prevented by a due diligence process always being carried out, in which we inspect the property and examine agreements, accounts and fiscal aspects with both internal and external specialists. All acquisitions are made with the intention of owning and developing the properties in the long-term.</p>
Project portfolio	<p>Property development through investments in in-house properties and production of development rights is very important in terms of the company's value growth. A limited project portfolio can reduce future growth.</p>	<p>The company has a large project portfolio, and to maintain long-term growth, we are constantly searching for new business opportunities and projects through continuous dialogue with municipalities and other market players. See pages 38–41 for further information about our project portfolio.</p>

Sensitivity analysis, cash flows

	Change, %	Effect on profit, year 1, SEK m	Effect on profit, full-year, SEK m
Rental income	+/- 5%	+/- 14	+/- 118
Property management costs	+/- 5%	-/+ 37	-/+ 37
Letting rate	+/- 1 % unit	+/- 25	+/- 25
Atrium Ljungberg's average borrowing rate	+/- 1 % unit	-/+ 73	-/+ 182

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

Bad debt losses

SEK m	
2013	6
2014	7
2015	15
2016	12
2017	8

EMPLOYEES AND SUPPLIERS

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Expertise	The ability to attract and retain skilled personnel is an important prerequisite for our success.	By being one of Sweden's best workplaces in accordance with "Great Place to Work®", we can both attract and retain competent personnel. See pages 30–31 for further information.
Suppliers	Supplier risk refers to the risk that our suppliers cannot fulfil their deliveries, that they use unethical business practices or do not fulfil the environmental requirements, working conditions and human rights that have been imposed.	Atrium Ljungberg's purchasing function comprises efficient support for the entire organisation by coordinating purchasing. This results in higher quality and lower costs. Furthermore, the purchasing function ensures that the Group's suppliers comply with Atrium Ljungberg's requirements within sustainability and business ethics.
Health and safety	Health and safety risk are common in our business and industry.	We have a zero-tolerance attitude towards stress-related illnesses and workplace accidents. We hold regular work environment training courses for our project managers and technical managers, as well as for managers at our subsidiary TL Bygg. We provide health insurance for the employees and the company's Performance Management process includes a clear dialogue between managers and employees.
Corruption	Improprieties that affect Atrium Ljungberg may damage our brand and staff.	Atrium Ljungberg has established a whistleblowing service through an external party. In this manner we can guarantee a system with highest secrecy and total anonymity which makes it safe for our employees, customers and collaboration partners to submit a complaint. Complaints can be submitted through our website and are then handled by the external party. There is a policy for business ethics with guidelines which provide more concrete guidance.

FINANCIAL RISKS

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Credit risk	The term, credit risk, refers to the risk that our tenants will be unable to fulfil their payment obligations.	Each market area continuously evaluates the capacity of new and existing tenants to pay the agreed rent. In many cases, default in payment of rent is secured through deposits and bank guarantees. A large number of tenants in different sectors ensures a good risk spread.
Currency risk	Currency risk refers to the risk that our income will be lower or the costs higher when agreements are entered into in a different currency to Swedish krona.	We have no income or any financing in foreign currencies. The only exception is purchases made in foreign currency, which involves a low currency risk.
Interest	The main risks involve fluctuations in profits and cash flow as a result of changes in interest rates.	The interest maturity structure has been spread over different terms through interest derivatives in order to limit the risk of severe fluctuations in interest expenses. See pages 93–95 for further information.
Refinancing	There are refinancing risks and credit risks linked to renegotiations of existing credit and financing of future investments.	In order to limit the refinancing risk, a maximum of 50 per cent of the financing is provided for by an individual lender. Atrium Ljungberg has credit agreements with five different lenders in banks, and also has financing in the capital market through certificates and MTN programmes. See pages 93–95 for further information about financing.

ENVIRONMENT AND OUTSIDE WORLD

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Contamination in our properties	According to the Swedish Environmental Code, the property owner may be liable to defray measures resulting from a contamination incident or a serious case of environmental damage.	We conduct surveys and screening work ahead of property acquisitions and new projects in order to identify any potential environmental risks. The process also contributes to identifying opportunities for energy efficiency and reducing the incidence of materials with a negative impact on human beings and the environment.
Climate changes	Extreme weather conditions such as cloudburst, storms and large temperature fluctuations as a result of global climate changes risk damaging our property portfolio and increasing the construction and development cost of properties.	Atrium Ljungberg works continuously on improvement maintenance in order to increase the resistance of our properties during extreme weather conditions. The risks are considered to the highest degree possible for new production and major reconstruction projects.
Requirements for more efficient energy consumption	Increased agency requirements for energy consumption.	Atrium Ljungberg works continuously on energy efficiency through implementation of new technology in both the existing property portfolio and for new production, which results in lower current expenses. See pages 27–29 for further information about our energy work.
E-commerce	E-commerce has become an important sales channel and the sales volume is increasing annually from e-commerce. Several retail companies are establishing online stores. This may impact the demand for retail premises.	According to HUI Research, e-commerce accounted for 9 per cent of the total retail sector in 2017. We are monitoring the trend closely and also have a close dialogue with our retail customers. Atrium Ljungberg builds places with attractiveness and flexible premises which can be adapted to new conditions. In recent times combining online trade and retail sale has also been successful as the consumer can attain further experiences in the physical store and have the opportunity of collection and return of purchased goods.
Digitalisation	Digitalisation is having a major impact on society. It is changing people's behaviour, with customer expectations rapidly increasing. Some sectors have gone through significant market changes, with new players, usually platform companies, establishing themselves and capturing large market shares.	Atrium Ljungberg is investing in innovation and digital development. We are looking at ways to transform our current business and identify new business opportunities. We have a strong customer focus and we are developing processes to carry out innovation projects quickly and test new business concepts. It is all about creating value for the final consumer.
Changed tax rate	Current accounting regulations require deferred tax liabilities to be reported as if all property sales were taxed at 22 per cent. However, the size of the actual deferred tax liability depends on the company's tax position, how long we have held the property and the market's pricing of the deferred tax liability in conjunction with sale of the property through companies.	The Group's recognised deferred tax for properties amounted to SEK 4,459 million. A reduction in corporation tax to 20 per cent would strengthen shareholders' equity by SEK 405 million, as the recognised deferred tax would be lower than today. Assuming a deferred tax rate of 4 per cent (in accordance with EPRA NNNAV) for costing purposes for properties, the deferred tax would total SEK 944 million, which would have a positive effect on shareholders' equity of SEK 3,513 million.
Changed tax rules for the right to deduction for borrowing costs	The EU Directive against tax avoidance should be implemented in Swedish legislation by the end of 2018 at the latest. The Directive aims to combat tax avoidance and stop advanced tax planning. The EU Directive specifies the minimum level of measures which individual countries must implement. This may include a restriction of the current right to deduction for interest rates and other borrowing costs.	No definitive legislative proposal has been published yet, although one is expected in the spring of 2018. The final fiscal effect of the change in the law cannot currently be presented, but Atrium Ljungberg is monitoring the development. At the current low interest rates, the proposal will not have any effect on Atrium Ljungberg, but the tax expense would be affected if interest levels were higher than today.

STRONG FINANCIAL POSITION

ATRIUM LJUNGBERG'S ASSETS are valued at SEK 43 billion and are primarily financed by means of shareholders' equity and loan capital. The operations are capital-intensive, so it is always important to have access to financing, and the choice of capital structure is important in achieving the desired combination of financing risk relative to financial cost.

The objective is for the equity/assets ratio to exceed 30 per cent and the interest coverage ratio to be a multiple of 2.0.

FINANCE MARKET 2017

The global economy has remained strong, with growth in the European region strengthening and the US market driving the global economy, with unemployment in the USA at its lowest level in 17 years.

Sweden's economy is also continuing to develop strongly, with high GDP growth and strong inflation. However, in the autumn there was general uncertainty surrounding the housing market that had a negative impact, and this could result in lower GDP growth. But this is compensated by higher investments in industry and the public sector. In December, the National Institute of Economic Research assessed growth in GDP of 2.5 per cent in 2017 and 2.9 per cent in 2018.

The variable rate, 3M Stibor, amounted to -0.46 per cent compared with -0.60 per cent at the beginning of the year. At the end of the year, the 10-year swap rate amounted

to 1.20 per cent compared with 1.15 per cent at the beginning of the year. At the start of 2018, the long-term interest rate has increased.

FINANCE MARKET 2018

One of the most important driving forces for global growth in 2017 was a less contractionary fiscal policy and interest rates remaining low. Strong and wide-ranging industrial production, along with a good economic climate in an increasing number of economies in 2018 have laid the foundation for this growth to continue.

Important issues for the Euro area will arise when the ECB reduces its asset purchases, and when the loan rate is increased.

The Swedish economy has a good position with strong GDP growth and rising inflation. A slowdown in residential investments is expected to have a moderate im-

pact on the continued development.

The forecast from the Riksbank (Central Bank of Sweden) indicates that an increase in the repo rate will not take place until the second half of 2018.

FINANCING AND FINANCIAL POLICY

Owning, managing and developing properties is a capital-intensive sector, which often entails a range of financial risks. The primary risks are fluctuations in the profit and cash flow due to interest rate changes, along with refinancing risks and credit risks in association with renegotiations of loans, bond maturity and new financing requirements taking into account investments in own properties and acquisitions. Financial operations are regulated by our financial policy, which is reviewed at least once a year and adopted by the Board of Directors.

Financial policy 2017

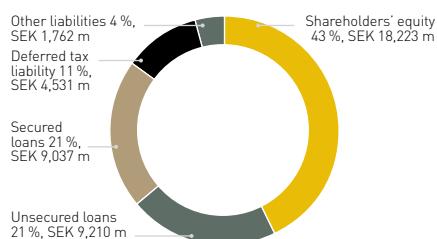
	Goal/Mandate	Result, 31/12/2017
Gearing ratio, commercial properties	max. 70%	70% ¹⁾
Gearing ratio, residential property	max. 75%	66%
Gearing ratio, the Group	max. 50%	44%
Percentage of interest falling due within 12 months	0–55%	40%
Percentage of loans falling due within 12 months	10–30%	10%
Currency risk, financing	Not permitted	None
Bank deposits	SEK 0–200 million	SEK 344 million
Unutilised overdraft facility	SEK 300–500 million	SEK 300 million
Number of financing providers, banks	3–7	5
Loan volume with a single provider	max. 50%	16%
Lines of credit and liquid assets/loan maturity term	min. 100%	achieved
4.5 months		

¹⁾ A loan with a gearing rate of 83 per cent was amortised at the beginning of 2018 to meet covenants pursuant to a loan agreement.

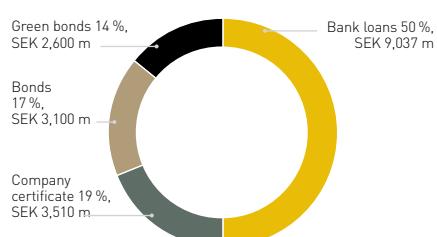
Financial goals

	Goals	Result, 31/12/2017
Equity/assets ratio	min. 30%	42.6%
Interest coverage ratio	> Multiple of 2	Multiple of 4.2

Capital structure



Interest-bearing liabilities



CAPITAL STRUCTURE AND CAPITAL MARKET

Atrium Ljungberg has shareholders' equity totalling SEK 18,223 million (SEK 16,176 m) and liabilities totalling SEK 24,540 million (SEK 20,825 m), of which SEK 18,247 million (SEK 15,095 m) refers to interest-bearing liabilities. According to the fiscal policy, the gearing ratio should be less than 50 per cent in the long term. At the end of the year, it amounted to 44.1 per cent (41.9%). In the past 10 years, the gearing ratio has been 39.8 per cent at its lowest, and 45.7 per cent at its highest.

Bank financing comprises 50 per cent of the total loan volume (58). Other financing is made available on the capital market, through a commercial paper programme and bonds under an MTN programme.

CAPITAL MARKET FINANCING AND A GREEN FRAMEWORK

Since 2013 Atrium Ljungberg has been financed through the capital market, when the company establishing both a commercial paper programme and an MTN programme. At the turn of the year, the framework

amount for the commercial paper programme was SEK 5 billion, and SEK 7 billion for the MTN programme. In recent years, capital market financing has increased as a proportion of the total loan volume and is an important source of financing. In 2017 we issued 10 bonds with a total volume of SEK 4,100 million.

In total there are bonds amounting to SEK 5,700 million (SEK 2,450 m) outstanding in the MTN programme, while outstanding commercial papers amounted to SEK 3,510 million (SEK 3,949) at the end of the year. Unutilised loan guarantees in addition to loan guarantees that cover outstanding commercial papers amounted to SEK 1,365 million (SEK 550 m). The company also has an unutilised overdraft facility totalling SEK 300 million (SEK 300 m).

In February 2017 a green framework linked to the MTN programme was published. The first green bonds were issued in connection with this. Green bonds totalling SEK 2,600 million were issued during the year, corresponding to 46 per cent of the outstanding bond volume.

CAPITAL COMMITMENT AND FIXED INTEREST

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

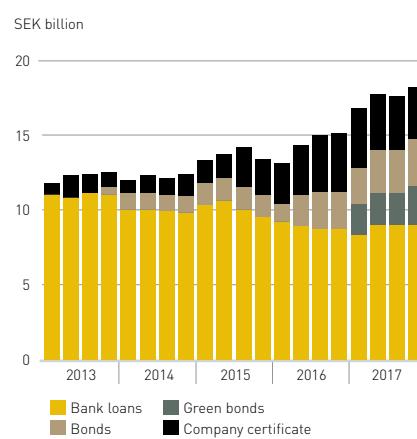
Interest expenses are the biggest single cost item in the Income Statement. They are affected primarily by changes in market rates and the credit market preconditions that influence the margin of lenders. Interest rates are fixed for a variety of terms in order to reduce the fluctuations in interest expenses. We use tools such as interest derivatives, which offer a flexible and cost-effective way of extending the interest term of the loans, in order to reduce the interest risk and achieve the desired fixed interest term. An interest derivative is when a company receives a variable rate, while paying a fixed rate, or vice versa.

The average interest rate amounted to 1.7 per cent (2.3%) at the end of the year. Including unutilised loan guarantees the average interest rate amounted to 1.7 per

Bonds issued in 2017

Bond	Issued	Due	Term, year	Fixed/varia-ble rate	Volume, SEK m	Issue spread over 3M Stibor	Note
108	2017 March	2022 March	5.0	Variable	1,100	1.05%	Green
109	2017 March	2022 March	5.0	Fixed	200	1.05%	Green
110	2017 March	2020 March	3.0	Variable	300	0.77%	Green
111	2017 March	2020 March	3.0	Fixed	500	0.77%	Green
112	2017 June	2019 June	2.0	Variable	300	0.55%	
113	2017 June	2019 June	2.0	Fixed	500	0.55%	
114	2017 October	2020 October	3.0	Fixed	500	0.60%	
115	2017 October	2023 October	6.0	Variable	300	1.05%	Green
115-2	2017 December	2023 October	5.8	Variable	200	1.15%	Green
116	2017 December	2019 December	2.0	Fixed	200	0.45%	

Development in financing sources 2013–2017



cent (2.4%). This reduction is mostly due to reduced credit margins and the restructuring of the interest derivatives portfolio. The average fixed interest term amounted to 4.4 years (3.9 years) at the year-end. Interest swaps have been entered into for a total value of SEK 9,396 million (SEK 9,125 m) with terms maturing between 2018 and 2029.

FINANCIAL INSTRUMENTS

Interest derivatives shall, in accordance with the accounting regulation, IAS 39, be valued at market rate, which means that an unrealised surplus or deficit value arises if the agreed interest rate deviates from the current market rate. The amount is recognised directly against the result. During maturity a derivative contract's market value was entirely dissolved and the change in value over time has thereby not impacted shareholders' equity.

A restructuring was carried out in December, with interest derivatives being redeemed at a nominal value of SEK 3,236 million in order to improve future net interest income. At the same time, new interest

derivatives were taken out with a lower interest rate and longer average fixed terms.

The unrealised change in the value of financial instruments totalled SEK 121 million (-SEK 307 m) as interest rates had fallen on the terms covered by derivatives during the period. The deficit book value of the derivatives portfolio totalled SEK -484 million (SEK -909 m) at the turn of the year.

SECURITIES

Our borrowing is to some extent secured by real estate mortgages. Of the interest-bearing liabilities, SEK 9,037 million (SEK 8,697 m) is secured by mortgage deeds and SEK 9,211 million (SEK 6,399 m) is unsecured. The share of secured financing is 21 per cent (24%) in relation to the total assets.

In addition to providing security over real estate mortgage certificates, the parent company in some cases grants security over shares in the property holding subsidiaries. The parent company also provides guarantee undertakings for the subsidiaries' undertakings in connection with guarantee com-

mitments or borrowing. Guarantee undertakings of the parent company for subsidiary companies amounted to SEK 200 million (SEK 200 m) at the turn of the year.

COVENANTS

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

PUBLIC RATING

In February 2017 Atrium Ljungberg received an investment grade rating from the credit rating agency Moody's and has been awarded Baa2 grade with a stable outlook.

Average interest rate fell to 1.7 per cent



Capital commitment

Fixed interest term	Amount, SEK m	Percentage, %
2018	1,832	10
2019	4,077	22
2020	4,787	26
2021	1,394	8
2022	3,517	19
2023 and thereafter	2,640	14
Total	18,247	100

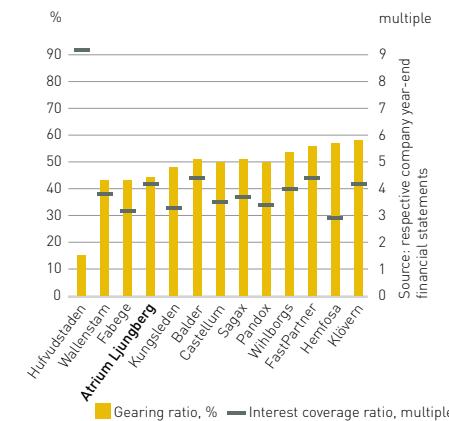
Average interest and capital commitment and fixed interest rate



Fixed interest

Fixed interest term	Amount, SEK m	Percentage, %	Average interest, %
2018	7,251	40	0.6
2019	500	3	0.2
2020	1,000	5	0.7
2021	760	4	4.2
2022	1,000	5	2.7
2023 and thereafter	7,736	42	2.7
Total	18,247	100	1.7

Gearing ratio and interest coverage ratio as per 31/12/2017, the largest listed property companies



Financial key ratios

	31/12/2017	31/12/2016
Interest-bearing liabilities	18,247	15,095
Shareholders' equity, SEK m	18,223	16,176
Gearing ratio, %	44.7	41.9
Adjusted gearing ratio, %	44.1	41.9
Average fixed interest term, years	4.4	3.9
Average capital commitment term, years	3.5	3.5
Average interest rate for interest-bearing liabilities, %	1.7	2.3
Interest coverage ratio, multiple	4.2	3.5

THE ATRIUM LJUNGBERG SHARE

Increase in EPRA NAV of 10 per cent during the year

ATRIUM LJUNGBERG IS one of Sweden's biggest listed property companies, and the dividends paid by the company have never fallen in SEK per share since its listing on the Stockholm Stock Exchange in 1994.

MARKET CAPITALISATION

Market capitalisation, i.e. the value of all outstanding shares, amounted to SEK 16,837 million (SEK 18,388 m) at the turn of the year. This makes Atrium Ljungberg one of the largest listed property companies in Sweden.

SHARE PRICE TREND AND YIELD

During the year the share price of the class B share fell by 8.4 per cent to SEK 130.30 (SEK 142.30). The year's highest rate amounted to SEK 153.20 and the lowest to SEK 120.00.

The total return for the share, corresponding to the total of distributed dividend and share price growth, was -5.6 per cent (9.7 per cent) during the year. The corresponding return for OMXS Benchmark GI, which contains a selection of the largest and most traded shares on Nasdaq, was 10.4 per cent (13.0%) and for OMXS Real Estate GI, with the listed property companies on the Nasdaq Stockholm exchange, was 9.3 per cent (12.4%).

RETAIL AND SALES

Atrium Ljungberg's class B share (ATRLJ B) is listed on the NASDAQ Stockholm exchange and is traded on the list for large companies, Large Cap. During 2017 a total of SEK 15.7 million shares (SEK 13.6 m) were transacted

at a value of SEK 2.2 billion (SEK 1.8 bn). Of these 74 per cent (72%) were traded on Nasdaq Stockholm and the remaining on other marketplaces such as BOAT, Bats and Turquoise. The turnover rate was 12 per cent (11%).

LIQUIDITY

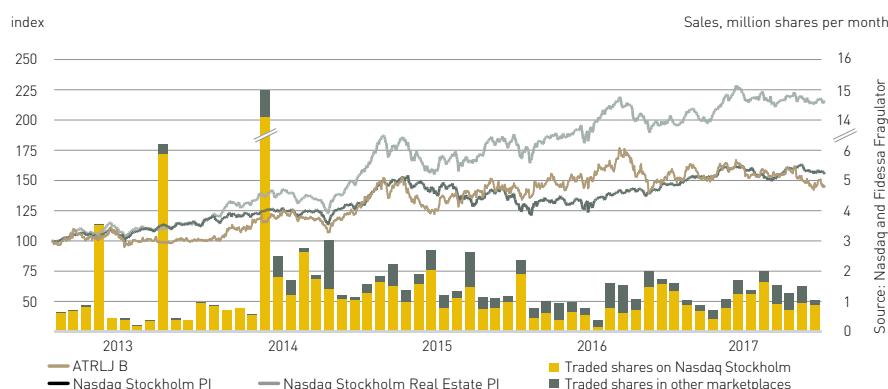
Atrium Ljungberg has engaged Remium as a market maker in order to improve the share's liquidity. Remium has undertaken to set bid and ask prices on a daily basis for a volume of shares corresponding to SEK 30,000, with a maximum difference of 4 per cent on the basis of the ask price.

EPRA NAV AND EPRA NNNAV

As Atrium Ljungberg's properties are reported at fair value, the net worth can be calculated on the basis of the Balance Sheet equity. EPRA NAV and EPRA NNNAV are reported in accordance with the EPRA's guidelines, see the notes [E](#) on page 140.

Atrium Ljungberg has a substantial project portfolio in which the development of its own development rights generates growth in value. The calculation of EPRA NAV and EPRA NNNAV do not take into account future value potential of the project portfolio. See pages 38–41 for further information about the project portfolios.

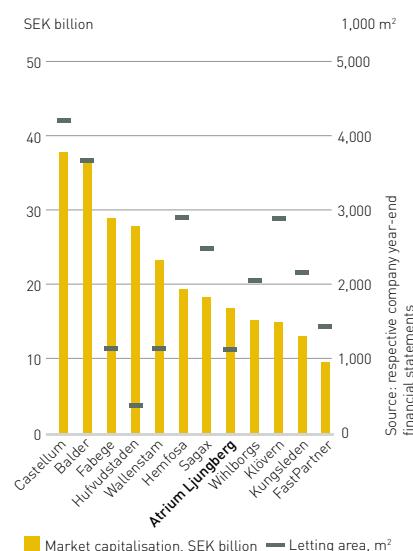
The Atrium Ljungberg share



EPRA NAV, EPRA NNNAV and share price



Market capitalisation and letting area as per 31/12/2017, the largest listed property companies



DIVIDEND

The dividend shall correspond to a minimum of 50 per cent of the profit before changes in value after nominal tax, unless investments or the company's financial position in general motivates a deviation from this norm. For the 2017 financial year a dividend of SEK 4.50 (SEK 3.95) per share is proposed, which corresponds to a dividend yield of 3.5 per cent (2.8%) calculated on the share price at the end of the year.

OWNERSHIP STRUCTURE

At the turn of the year there were 4,750 shareholders (3,698) in Atrium Ljungberg. The largest owners are the Stockholm Consumer Cooperative Society, together with the Ljungberg family and the Holmström family, who together own 63.8 per cent in total. The foreign ownership amounted to 16 per cent (15%).

One class A share grants entitlement to ten votes and one class B share grants

entitlement to one vote. The Articles of Association include a pre-emption clause with regard to class A shares whereby shareholders wishing to sell their shares must first offer them to other holders of class A shares. There is also an agreement between the company's class A shareholders whereby if the pre-emption right is not exercised, the class A shares should be converted to class B shares before a transfer may occur.

Major shareholders on 31/12/2017

	Class A shares, '000)	Class B shares, '000)	Share of votes, %	Share of capital, %
Ljungberg family	2,190	27,166	29.0	22.0
The Stockholm Consumer Cooperative Society	–	38,966	23.0	29.2
Holmström family	1,810	14,958	19.5	12.6
Carnegie Fonder	–	8,928	5.3	6.7
The mutual occupational pension insurance company, Varma	–	8,117	4.8	6.1
Swedbank Robur Fonder	–	1,868	1.1	1.4
AFA Försäkring	–	1,671	1.0	1.3
Fjärde AP-Fonden	–	1,661	1.0	1.2
Handelsbanken Fonder	–	1,600	0.9	1.2
Margaretha af Ugglas	–	1,445	0.9	1.1
Other	–	22,841	13.5	17.1
Total number of shares issued	4,000	129,221	100	100

Shareholding structure on 31/12/2017

Size class	Number of shares	Capital	Votes	Number of known owners	Percentage of known owners
1–1,000	676,982	0.5%	0.4%	4,204	88.5%
1,001–10,000	1,349,328	1.0%	0.8%	420	8.8%
10,001–50,000	1,141,322	0.9%	0.7%	58	1.2%
50,001–100,000	1,109,092	0.8%	0.7%	16	0.3%
100,001–500,000	7,011,847	5.3%	4.1%	29	0.6%
500,001–1,000,000	4,029,249	3.0%	2.4%	6	0.1%
1,000,001–	113,142,947	84.9%	88.1%	17	0.4%
Anonymous ownership	4,759,969	3.6%	2.8%	–	–
Total	133,220,736	100.0%	100.0%	4,750	100.0 %

INFORMATION FOR SHAREHOLDERS

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

Monitoring by analysts

ABG Sundal Collier	Tobias Kaj
Carnegie Investment Bank	Erik Granström
Handelsbanken Capital Markets	Albin Sandberg
Nordea	Niclas Höglund
Pareto Securities	Johan Edberg
Remium	Markus Henriksson
SEB Merchant Banking	Svante Krokfors
Kepler Cheuvreux/Swedbank	Jan Ihrfelt

CALENDAR

2018 Annual General Meeting	28/03/2018
Interim Report, January–March 2018	20/04/2018
Interim Report, January–June 2018	11/07/2018
Interim Report, January–September 2018	19/10/2018
2018 Preliminary Financial Statements	Feb. 2019
2018 Annual Report	Mar. 2019

PROJECT DEVELOPMENT CREATES VALUE

ALTHOUGH 2017 WAS A TURBULENT YEAR GLOBALLY, Atrium Ljungberg reported a stable and very strong year, exceeding all our financial targets. What is perhaps most pleasing is the high volume seen in our own development projects. We will continue this high rate of investment in 2018 and beyond. As Chairman, I am ultimately responsible for Atrium Ljungberg, and this always feels like a privilege, particularly after the kind of year that we have just enjoyed.

BUSINESS CONCEPT AND VISION THAT CREATE VALUE

Our vision "Our city – where everyone thrives" guides the company in the direction towards what we ultimately want to create: vibrant spaces full of activity from early in the morning until late at night. Spaces with urban life and a variety of content, where people can live, work, socialise, shop and do errands. This vision is also helping us to develop our areas in a sustainable manner. This is not only important from a social, financial and environmental perspective, it also enhances the attractiveness of the area, and creates value for the people who live and work there, as well as investors, shareholders, municipalities and society as a whole.

Atrium Ljungberg's business concept is primarily rooted in value creation in project development. An investment in one of our projects yields far more than what the completed property is valued at. This kind of yield creates profit for these projects that can be used as equity in future projects. Our business concept is not dependent on reduced yield requirements in the market. However, it is natural for cyclical fluctuations to affect our opportunity to successfully run projects. This business model enables the company to grow in most scenarios in line with the goals that have been set, while keeping to a low gearing ratio and an unchanged or higher dividend.

STRATEGY FOR VIBRANT URBAN ENVIRONMENTS

Our clear strategy for how and where Atrium Ljungberg will grow remains: we will develop urban environments as coherent units in strong subsidiary markets in metropolitan regions. We achieve this by developing and improving our large portfolio of properties and development rights. This is based on office and retail spaces, which we supplement with residential, culture, service and education.

Residential are a natural feature of an urban environment. Atrium Ljungberg is now investing in residential properties, and residential will play an important role in our areas in the future, even though they comprise a small percentage of the total property value.

The vision "Our city – where everyone thrives" is ambitious. It places high demands on the flexibility and the design of our urban environments. At a time when circumstances are rapidly changing, we, as both a property owner and an urban developer, need to be extremely sensitive to the needs of our customers and visitors.

I would like to point out that Atrium Ljungberg is in a good position to make the adaptations that are needed to continue to create the flow of people to our areas, because we have a variety of premises at each location and we have an effective way of collaborating.

DIGITALISATION AND E-COMMERCE

Digital trends have a strong impact on the way in which people live, work, reside and consume. Digitalisation creates many opportunities and will force everyone to think in a new way, no matter whether you are property owners, urban planners, or business people selling goods and services. This is a key issue in every property segment, and perhaps even more important for retail. In the long term, I think there will be an even closer partnership between property owners and retail. In the future we will be dependent on each other, just as we are now.

Atrium Ljungberg's urban environments are in strong, geographic locations. They generate high footfall and are a natural place for people to meet and shop. This strength enables us to create added value for our customers. Atrium Ljungberg has close dialogue with its customers, and I believe that we are well-equipped to work with our customers to design spaces based on future needs.

SHAREHOLDER VALUE

The Board, company management and all of our employees work every day to achieve our vision. If we do this correctly, it creates shareholder value. Although this is long-term work, we are definitely going in the right direction; the company is profitable and is generating significant profit that is being reinvested into the company and distributed among the shareholders. In the 23 years that we have been a listed company, our dividend has either been unchanged or higher.

NEW BOARD MEMBER WITH COMPETENCE IN RETAIL

Before the Annual General Meeting in March 2018, Hanna Graflund Sleyman decided not to stand for re-election. The Nomination Committee is proposing Sara Laurell as a new Board member. Sara Laurell has extensive retail experience, including a period as the CEO of a clothing chain, which is a tenant in Atrium Ljungberg's portfolio.

Sara Laurell therefore shares Hanna Graflund's expertise in retail.

THANK YOU FOR YOUR WORK LAST YEAR

Finally, I would once again like to emphasise how successful 2017 was, where we reported strong results and exceeded our goals. Delivering at this level over long periods is very demanding for every employee. Although the company's balance sheet contains a lot of bricks, stone and concrete, the value is created by everyone who works for the company on a daily basis. I would therefore like to say thank you very much to the exceptional employees at Atrium Ljungberg for all of the work over the past year.

Johan Ljungberg, Chairman of the Board



CORPORATE GOVERNANCE REPORT

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

Steering instruments

Internal steering instruments

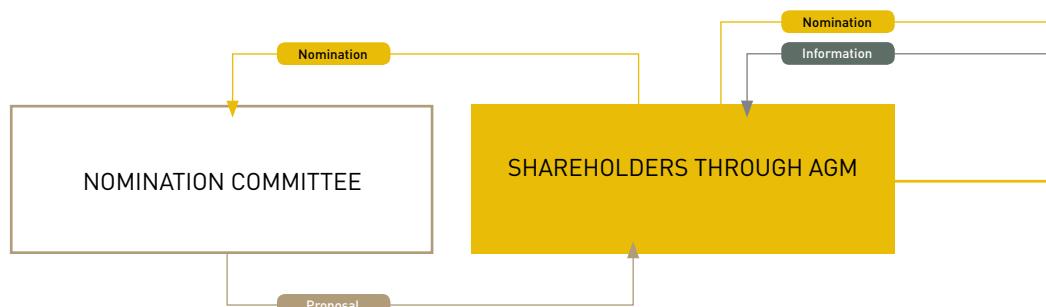
Business concept, business plan, goals and strategies, the formal work plan of the Board of Directors, the CEO's instructions, policies, job descriptions, delegation instructions and authorisation instructions and core values.

External steering instruments

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

4,750

Number of shareholders at year-end



GOVERNANCE STRUCTURE

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

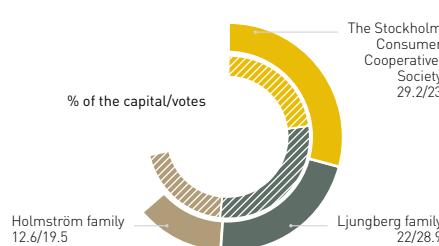
NOMINATION COMMITTEE

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

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

At the Annual General Meeting held on 5 April 2017, it was decided that the Nomination Committee for the 2018 Annual General Meeting shall comprise representatives of the company's five biggest shareholders by

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



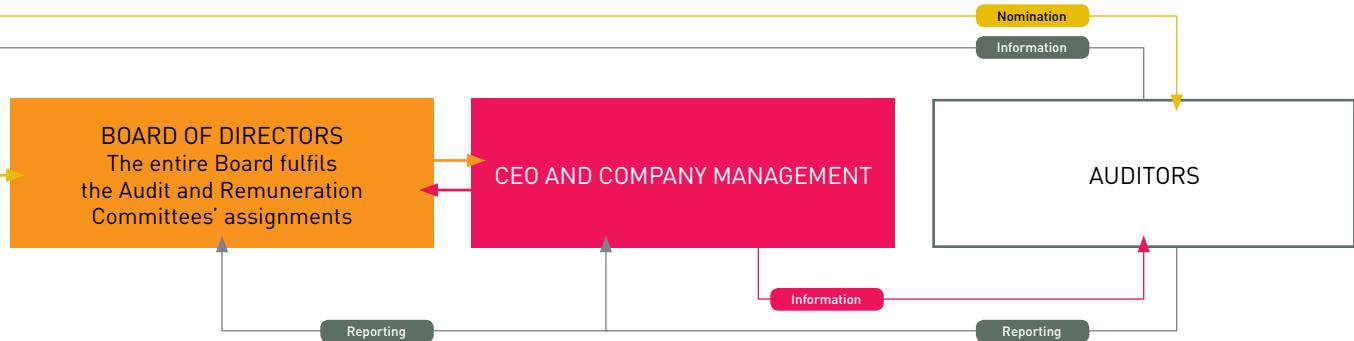
votes, as of the last banking day in February. The Nomination Committee's members were appointed, consisting of Lars Ericson representing the Stockholm Consumer Cooperative society, Per Erik Hasselberg (also the Nomination Committee's Chairman) representing the Holmström family, Hans Hedström representing Carnegie Fonder, Johan Ljungberg representing the Ljungberg family, and Ilkka Tomperi representing the mutual occupational pension insurance company, Varma. In some cases the Nomination Committee can increase the number of members to maximum seven.

OWNERS AND SHARES

The company's share capital amounted to SEK 333,051,840 on 31 December 2017, divided among 4,000,000 class A shares (ten votes per share) and 129,220,736 class B shares (one vote per share). The company does not own class B shares. There is no restriction on voting rights. The company's market capitalisation at the year-end totalled SEK 16,837 million. Atrium Ljungberg's target is for the dividend to correspond to at least 50 per cent of the profit before changes in value after nominal tax unless investments or the company's financial position otherwise mandate a deviation from this norm. More information on the ownership structure is contained in the table on page 97. Also refer to the diagram on this page.

ANNUAL GENERAL MEETING

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



tion to the Board of Directors, the auditors, and the company's senior executives. The Meeting also takes decisions with regard to the Articles of Association, dividends, and any changes to the share capital. The AGM should also adopt the balance sheet and income statements and decide on the discharge from liability for the Board of Directors and the CEO. The date of the AGM is announced in conjunction with the Interim Report of 30 September at the latest. Notices convening the Annual General Meeting shall be issued 4–6 weeks before the meeting and shall be issued by means of press releases, announcements in the Swedish Official Gazette, and on the company's website, www.al.se. The issue of the convening notice shall be announced in the Dagens Nyheter newspaper. Shareholders are entitled to have an issue discussed at the meeting if the Board is provided with notice thereof no later than seven weeks before the meeting is held. The 2017 Annual General Meeting was held on 5 April which was attended by 155 share-holders representing 81.6 per cent of the share capital and 85.5 per cent of the votes. The Annual General Meeting took decisions on, amongst other things, the following issues:

- the adoption of Income Statements and Balance Sheets for the Parent Company and the Group;
- the granting of discharge from liability for the Board of Directors and the CEO;
- the determination of the appropriation of profits entailing a dividend of SEK 3.95 per share;
- the election of the Board of Directors;
- the determination of Directors' fees totalling SEK 1,400,000, broken down as SEK 400,000 payable to the Chairman of the Board and SEK 200,000 payable to each of the Board Members;

- the determination of Auditors' fees in accordance with an approved presentation of invoice;
- the establishment of a nomination committee representing the five biggest shareholders by vote as of the last banking day in February 2017;
- guidelines for the remuneration of senior executives within the Group;
- authorisation to the Board of Directors to, on one or several occasions, acquire as many class B shares that the company's holding at the respective time does not exceed 10 per cent of all shares in the company, in a regulated market where the shares are listed;
- authorisation to the Board of Directors to, on one or several occasions, decide on an issue in kind of maximum SEK 13.3 million shares of class B.

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

BOARD OF DIRECTORS

The Board has comprised of six members during the year (information about the members is contained on page 104). The Code states that a majority of the Board shall be independent in relation to the company and the senior executives. At least two of the independent members must also be independent in relation to the company's major shareholders. The composition of the Board complies with the independence requirements. The Articles of Association do not contain any provisions on the appointment and dismissal of board members.

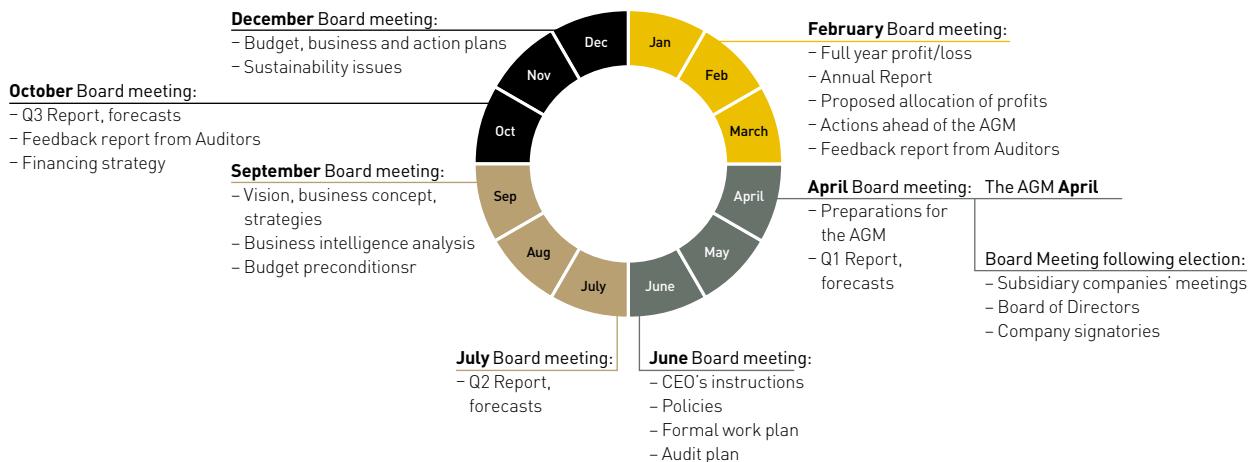
The Board has an overall responsibility for the company's organisation, the financial reporting and for ensuring that the management of the company's affairs is handled in a manner which ensures that the interests of owners for long-term good capital yield are fulfilled. The responsibility also covers

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

As a supplement to the Swedish Companies Act, the Articles of Association and the Code, the Board annually determines a formal work plan (*including the CEO's instructions, instructions for the financial reporting, business plan and budget, policy for business ethics, suppliers policy, affiliated policy, equal opportunity and discrimination policy, sustainability policy, work environment policy, corporate communication policy, financial policy, crisis policy, IT policy, whistleblowing policy, affiliated policy and tax policy*). The formal work plan regulates the Board's work structure. The Chairman of the Board organises and leads the work of the Board, ensures that the Board has the expertise and know-how required to perform its duties, that the Board receives the information and decision data required for its work, that the Board's resolutions are implemented, and that the work of the Board is evaluated every year. The Board's assignments include setting operational goals and strategies, appointing, evaluating and if necessary dismissing the CEO, ensuring that effective systems are put in place for monitoring and control of the company's operations and that there is compliance with legislative and other requirements, and deciding on transfer of properties and companies as well as investments of SEK 20 million or more. The work of the Board and CEO should be evaluated annually. The formal work plan prescribes that the Board shall, over and above the Board Meeting following election, meet at least five times per year. The Board has held 9 ordinary Board Meetings of which one Board Meeting following election was held during the year.

In 2017, the Board laid down the overall goals for the company's operations and decided on the strategies needed to achieve

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



Board of Directors 2017

		Elected	Remuneration, SEK	Independent*	Independent**	Note	Board Meetings
Johan Ljungberg	Chairman	2001	400,000	Yes	No	1)	9 of 9
Sune Dahlqvist	Member	2006	200,000	Yes	Yes	2)	9 of 9
Simon de Château	Member	2014	200,000	Yes	Yes		9 of 9
Hanna Graflund Sleyman	Member	2015	200,000	Yes	Yes		8 of 9
Anna Hallberg	Member	2009	200,000	Yes	Yes		9 of 9
Erik Langby	Member	2014	200,000	Yes	Yes		9 of 9

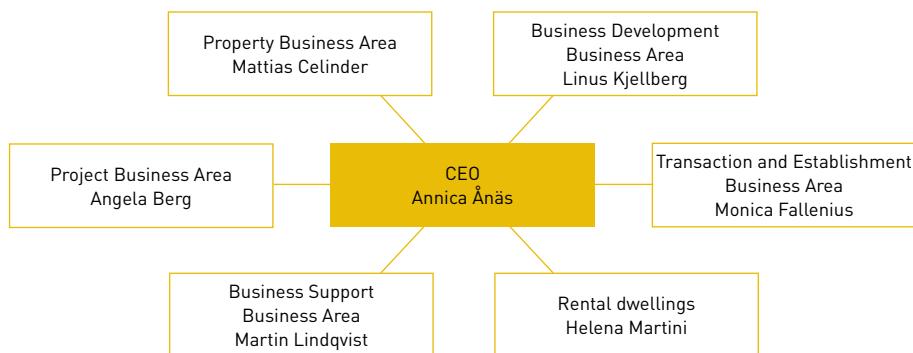
* Independent in relation to the company and the company management

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

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

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

Company management



Remuneration for company management 2017

SEK k	Basic salary/fee	Other remuneration	Other benefits	Pension costs	Share-related remuneration	Total
Annica Ånäs, CEO	5,510	–	49	1,989	–	7,548
Other senior executives	10,563	70	241	2,697	–	13,571

these goals. Goals and goal fulfilment are described on pages 12–14 of the Annual report. The Board has decided on all investments in excess of SEK 20 million and on property acquisitions and sales carried out. There has been a strong focus on ongoing and future investment projects, sustainability issues, transfer of land and financing issues. Feedback reports from the Group management with regard to the company's economic and financial position, sustainability reporting, current market issues, and ongoing projects have been presented at the Board Meetings. Results in comparison with the budget have been reported quarterly during the year, together with revised forecasts for the financial year. The annual planning of the Board is presented in the image on the next page.

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

The Board's work structure and efficiency are evaluated annually and presented to the Nomination Committee. The work of the CEO is evaluated continually and at least once a year without company management being present.

The company's auditors have reported on their work and observations to the Board on two occasions during the year, on one of these occasions without company management being present.

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

CEO AND COMPANY MANAGEMENT

The structure of the company management team appears in the image on page 16. In addition to ongoing matters within each function, the company management has prioritised issues concerning ongoing investment projects, transfer of land, financing issues, business development and sustainability issues.

Annica Ånäs (born in 1971) took over as CEO of the company in February 2016. She was employed in the company in 2011 as the company's CFO and was also an employee 2008–2010. Annica Ånäs also has experience as CFO at Hemsö Fastigheter and served as CEO within the communication sector. She also has experience of several directorships including the listed Finnish property company Technopolis. Annica Ånäs has an academic background as Legal Counsel and Graduate Business Administrator. Annica Ånäs holds 8,000 class B shares in Atrium Ljungberg. She has no shareholdings in companies with which Atrium Ljungberg has significant commercial links.

The other members of the senior management are presented on page 105 and the organisation structure on page 16.

REMUNERATION FOR SENIOR EXECUTIVES

Resolutions regarding guidelines for remuneration for senior executives were adopted at the Annual General Meeting held in 2017, which conform to the proposals for guidelines for 2018. Salaries and other terms of employment for the company management shall be market-based and competitive, but shall not be market leaders in terms of salary paid in relation to other comparable companies. The guidelines shall apply for

the senior management team which consists of the CEO and six other senior executives. The CEO's remuneration shall be proposed by the Chairman and determined by the Board of Directors. Remuneration payable to other members of the senior management team shall be proposed by the CEO and approved by the Board. Remuneration payable to the senior company management team, including the CEO, comprises a fixed salary. No variable salary or performance-related remuneration shall be payable. A pay subsidy programme is being proposed for the 2018 Annual General Meeting for senior executives when acquiring shares in the company. The CEO's retirement age is 62, while that of the other members of the company management is 65. Pension plans are defined contribution plans, and the company hence has no additional obligations after payment of the annual premiums.

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

AUDITING

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

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



From the left: Simon de Château, Johan Ljungberg, Anna Hallberg, Sune Dahlqvist, Hanna Graflund Sleyman and Erik Langby.
This photograph was taken at Gränbystadens Entré hus 2, which will be ready for occupancy in 2018. See pages 62–63 for further information about all our projects in Gränbystadens.

BOARD OF DIRECTORS

	SIMON DE CHÂTEAU	SUNE DAHLQVIST	ANNA HALLBERG
Function	Member of the Board.	Member of the Board.	Member of the Board.
Born	1970.	1948.	1963.
Education	Graduate Business Administrator, the Stockholm School of Economics.	LO's folk high school.	Economics & Law graduate of the Gothenburg School of Economics and Business Administration.
Profession/ Elected	Chief Investment Officer in Alma Property Partners. Member of the Board since 2014.	Former Negotiations Director for the Swedish Union of Tenants, Stockholm Region. Member of the Board since 2011. Deputy Member of the Board, 2006–2011.	Deputy CEO of Alma Företagspartner AB. Member of the Board since 2009.
Other significant directorships¹¹	Chairman of the Board of Alma Property Partners AB. Member of the Board of Willhem AB (publ) and Akka Egendom AB.	Member and Second Vice President of the Boards of the Swedish Cooperative Union (KF), member of KF's presiding committee and remuneration committee. Chairman of Fastighetsbolaget Folkets Hus Åkersberga AB.	Member of the Board of Lifco, Partnerinvest Norr and Mid Sweden University.
Shareholding	11,500 class B shares.	1,000 class B shares.	2,000 class B shares.
	HANNA GRAFLUND SLEYMAN	JOHAN LJUNGBERG	ERIK LANGBY
Function	Member of the Board.	Chairman of the Board.	Member of the Board.
Born	1978.	1972.	1951.
Education	Graduate Business Administrator, the Stockholm School of Economics.	Graduate Engineer.	Social Sciences education, Stockholm University
Profession/ Elected	CEO Departments & Stores (RNB, the NK part). Member of the Board since 2015.	Chairman of the Board of Tagehus AB. Member of the Board since 2009. Deputy Member of the Board 2001–2009, and Member of the Board for part of 2006.	Chairman of the municipal executive board of Nacka 1983–2012. Member of the Board since 2014.
Other significant directorships¹¹	Member of the Boards of companies within the RNB Group.	Chairman of the Board and member of the Boards of companies within the Tagehus Group. Chairman of the Board of Credentia AB.	Chairman of the Board of Nacka StrandsMässan AB, AB Solom and Texab AB. Member of the Board of Kommuninvest i Sverige AB.
Shareholding	No shareholding.	1,396,410 class A shares and 4,067,610 class B shares.	No shareholding.

¹¹ Does not include intra-group directorships.



From the left: Monica Fallenius, Mattias Celinder, Helena Martini, Angela Berg and Linus Kjellberg. Seated: Martin Lindqvist and Annica Ånäs.

This photograph was taken in Sickla Front II, where tenants including the Swedish National Courts Administration with Nacka District Court, the Rent and Tenancy Tribunal, and the Land and Environmental Court will move in during the summer/autumn of 2018. See pages 46–48 for further information about all our projects in Sickla.

THE MANAGEMENT

ANNICA ÅNÄS

Function	CEO
Born	1971.
Education	LL.B and Graduate Business Administrator
Employed	Previously CFO. Employed by the Atrium Ljungberg Group since 2011, also employed between 2008–2010.
Other significant directorships¹¹	–
Shareholding	8,000 class B shares.

ANGELA BERG

Business Area Director, Projects.
1975.
Civil Engineering Graduate in Road and Water, KTH Royal Institute of Technology.
Employed by the Atrium Ljungberg Group since 2011.
Member of the Board of HENT AS.

LINUS KJELLBERG

Business Area Director, Business Development.
1972.
M. Phil. History and Urban Centre Planning, KTH.
Employed by the Atrium Ljungberg Group since 2003.
–

MATTIAS CELINDER

Function	Business Area Director, Properties.
Born	1972.
Education	Graduate Business Administrator,
Employed since	Employed by the Atrium Ljungberg Group since 2006.
Other significant directorships¹¹	–
Shareholding	1,250 class B shares.

HELENA MARTINI

HR Director.
1965.
Tourism Programme at Dalarna University College.
Employed by the Atrium Ljungberg Group since 2010.
–
700 class B shares.

MONICA FALLENIUS

Business Area Director, Transaction and Establishment.
1972.
Construction Engineer, Östersund University College. Property Management, KTH Royal Institute of Technology.
Employed by the Atrium Ljungberg Group since 2017.
–
4,500 class B shares.

MARTIN LINDQVIST

CFO and Business Area Director, Business support.
1970.
M. Phil in Business Administration, Mid Sweden University.
Employed by the Atrium Ljungberg Group since 2016.
–
No shareholding.

¹¹ Does not include intra-group directorships.

INTERNAL CONTROL

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

CONTROL ENVIRONMENT

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

The company management is responsible for structuring, documenting, maintaining and testing the systems and processes needed to minimise risks as part of the operating activities and financial reporting.

There are, in addition to policy documents, delegation instructions, authorisation instructions, and job descriptions for the respective employees containing details of the employees' responsibilities and authorities, and standardised reporting routines.

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

Atrium Ljungberg is also a member of the Global Compact and has consequently signed up to the ten principles in the fields of human rights, labour law, the environment and anti-corruption. The company has also, since 2008, reported in accordance with GRI (Global Reporting Initiative). A GRI index is presented on pages 169–170 of the Annual Report. For a more detailed presentation, see the company's website at www.al.se.

RISK MANAGEMENT AND ASSESSMENT

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

PROJECT OPERATIONS

During 2017 the company invested SEK 1,593 million in own properties, of which the investments in Gränbystaden and Sickla account for the largest share. No investments are made until a reasonable yield can be secured. Detailed costing calculations based on extensive expertise in the field are carried out in order to minimise the risks inherent in construction projects. Procurement is conducted cost-effectively using in-house project managers by means of a so-called divided contract process whereby several operators are allowed to submit quotes for individual components of the construction project. Project reviews are conducted every quarter and attended by the Chairperson of the steering group, business developers, project managers, the CFO, and the project controller. Project reports are submitted on a rolling basis to the company management and the Board, noting any deviations from the plan.

POLICIES ISSUED BY THE BOARD OF DIRECTORS

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

PROPERTY VALUATION

Monitoring trends in the property market in order to ensure the ability to assess the properties' market values is one of the important components of the valuation process. During 2017 the company consequently conducted quarterly reconciliations with external valuation experts. The company conducts internal valuations during each quarter and also conducts external valuations at the turn of the full-year and half-year. For 2017, 38 per cent of the property portfolio has been externally valued. External valuation experts also quality assure assumed rents, costs, vacancies and yield requirements in conjunction with the internal valuation processes.

FINANCING ACTIVITIES

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

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

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

See the section entitled "Risks and risk management" on pages 88–92 with regard to other identified risks.

CONTROL ACTIVITIES

A number of control activities have been introduced in order to prevent inaccuracies occurring and with the aim of ensuring that the control goals are fulfilled. The work on risk assessment and structuring of control activities has been conducted by individuals

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

In 2016 a function for purchasing was established, a whistleblowing policy was introduced and a mapping of corruption risks was conducted in selected processes of the company.

INFORMATION AND COMMUNICATION

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

The company management is responsible for informing relevant employees of their responsibilities with regard to the maintenance of good internal control. Employees are kept up to date with regulations and policies via the company's intranet and information meetings. The creation of job descriptions for every position within the company also ensures clarity with regard to division of responsibility.

FOLLOW-UP WORK

All process descriptions, policies and steering documents are updated as necessary, but at least once a year. An evaluation of the internal controls is also conducted every year. Both the senior management and the Board of Directors are notified of the results. Atrium Ljungberg has no internal audit department. The system for internal controls is followed up by the Group's CFO, the Senior Controller, Accounting Managers, the company's Controllers (who have specialist competence), and through self-evaluation, and feedback is provided to the Board of Directors. These controls are deemed to be necessary and sufficient to generate appropriate knowledge, feedback of experience and high quality in the ongoing accountancy work, and hence in the financial reporting. The company's auditors also conduct ongoing reviews of the company's controls and report their findings on the company's internal control to the company's senior management and Board. For 2017 the auditors considered the following focus areas during the review of internal control; the project process, letting process, purchasing process, payroll process, year-end accounts process, property valuation process, financing process, procedures for property transactions. The 2017 feedback report of the auditors shows that Atrium Ljungberg has very good internal control. The Board believes that the establishment of a separate internal audit function is consequently not justified.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Note	2017	2016
Rental income	[IE1]	2,389	2,150
Net sales, project and construction work		174	149
Net sales	[IE3]	2,563	2,299
Property management costs		-186	-176
Service charge-related costs		-157	-154
Other operating costs		-153	-148
Management costs		-58	-50
Repairs		-142	-130
Property tax		-35	-25
Leasehold fees		-11	-10
Non-deductible VAT	[IE4-7]	-742	-692
Project and construction work costs	[IE8]	-206	-162
Gross profit/loss	[IE3]	1,616	1,445
- of which gross profit/loss property management (operating surplus)		1,647	1,458
- of which gross profit/loss from project and construction work		-31	-12
Central administration, property management		-48	-82
Central administration, project and construction work		-16	-15
		-64	-97
Financial income	[F3]	1	1
Financial expenses	[F3]	-372	-385
		-372	-384
Profit/loss before changes in value		1,180	965
Changes in value			
Properties, unrealised	[A1] [IE9]	1,817	2,772
Properties, realised	[A1]	-4	6
Derivatives, unrealised	[F2]	121	-307
Derivatives, realised	[F2]	-5	-
		1,930	2,471
Profit/loss before tax		3,110	3,436
Current tax	[T1]	-9	-4
Deferred tax	[T1-3]	-542	-751
		-551	-755
Net profit/loss for the year		2,559	2,681
Other comprehensive income			
Items which will be reclassified to profit/loss			
Cash flow hedging	[F2]	18	19
Tax attributable to other reported income and expenses	[T3]	-4	-4
Total other comprehensive income		14	15
Total comprehensive income for the year		2,573	2,696
Data per share			
Earnings per share, SEK		19.21	20.13
Average number of outstanding shares, '000		133,221	133,221

COMMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NET SALES

The Group's net sales totalled SEK 2,563 million (SEK 2,299 m). Rental income for the period increased to SEK 2,398 million (SEK 2,150 m), corresponding to a year-on-year increase of 11.1 per cent. Rental income increased by 4.4 per cent in like-for-like portfolios as a result of new letting and renegotiations. The letting rate was 95 per cent (93%), including project properties. Contracted annual rents at the year-end totalled SEK 2,357 million (SEK 2,208 m). During the year non-recurring remuneration of SEK 13 million (SEK 2 m) was received for premature vacating of premises. During the year SEK 45 million was received in a settlement in a rent dispute, of which SEK 40 million increases rental income.

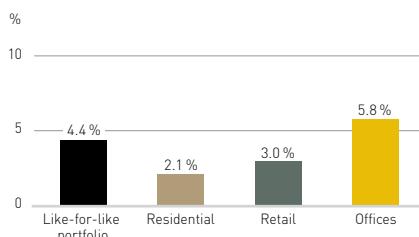
Sales for project and construction activities during the year totalled SEK 174 million (SEK 149 m). TL Bygg's sales totalled SEK 638 million (SEK 435 m), of which SEK 518 million (SEK 314 m) comprised intra-group sales.

Rental income trend

	2017	2016	Change, %
Like-for-like portfolio	2,109	2,020	4.4
Non-recurring remuneration	53	2	
Project properties	82	86	
Properties acquired	145	41	
Properties sold	-	-	
Rental income	2,389	2,150	11.1

At the end of the period the market value for the comparable portfolio was SEK 33,227 million (SEK 30,300 m).

Like-for-like net rental income growth



PROPERTY COSTS

Property costs totalled SEK -742 million (SEK -692 m), corresponding to a year-on-year increase of 7.2 per cent. Property costs in comparable portfolios increased by 1.3 per cent. The main reason for this small

increase in property costs was the use of a provision for anticipated losses from previous years, and lower confirmed bad debt losses compared with previous years.

Property costs trend

	2017	2016	Change, %
Like-for-like portfolio	-653	-644	1.3
Project properties	-36	-36	
Properties acquired	-53	-12	
Properties sold	-	-	
Property management costs	-742	-692	7.2

GROSS PROFIT

Gross profit for property management (operating surplus) increased to SEK 1,647 million (SEK 1,458 m), an increase of 13.0 per cent compared to the previous year. Operating surplus in comparable portfolios increased by approximately 5.8 per cent. The increase in gross profit is primarily the result of acquired properties and a settlement in a rent dispute, but also contributions from new lettings and renegotiations. The surplus ratio amounted to 69 per cent (68%). The gross profit for project and construction activities totalled SEK -31 million (SEK -12 m). The lower gross profit is primarily explained by a fundamental change in the elimination of internal profit in TL Bygg AB within the Group, as well as higher marketing costs, and development projects carried as an expense. TL Bygg's gross profit amounted to SEK 32 million (SEK 20 m). The increase is mainly due to two external projects that had a negative impact on the profit in 2016, as well as historically high intra-group sales in 2017.

CENTRAL ADMINISTRATION

Costs totalled SEK -64 million (SEK -97 m) during the year. The higher costs last year are mainly explained by costs associated with changes in company management. The year's costs were reduced by a retroactive settlement for the occupational pension, and a settlement in a rent dispute.

FINANCIAL INCOME AND EXPENSES

The financial costs amounted to SEK -372 million (SEK -385 m) and thereby reduced despite a higher share of interest-bearing liabilities. Financial income totalled SEK 1 million (SEK 1 m).

CHANGES IN VALUE

Unrealised changes in the value of properties totalled SEK 1,817 million (SEK 2,772 m) and are explained in the table below.

Unrealised changes in value

SEK m	2017	2016
Change in yield requirements	947	1,799
Change in operating net etc.	865	639
Development rights	5	334
Total	1,817	2,772

Realised changes in the value of properties totalled SEK -4 million (SEK 6 m).

At the end of the year, the derivative portfolio comprised of SEK 9,396 million (SEK 9,125 m) in interest swaps, with maturity between the years 2018–2029. The unrealised change in the value of derivatives during the year totalled SEK 121 million (SEK -307 m) as market interest rates have increased on the terms covered by the derivatives during the period.

TAX

The current tax for the year totalled SEK -9 million (SEK -4 m) and was affected by, among other things, tax deductible depreciation and investments, and by loss carry-forwards from the previous year's tax assessment, as well as the restructuring of the interest derivatives.

The change in deferred tax amounts to SEK -542 million (SEK -751 m) and has primarily been impacted by deferred tax on unrealised changes in the value of properties and derivatives and the use of tax loss carry-forwards.

PROFIT

The Group posted a profit before changes in value of SEK 1,180 million (SEK 965 m), an increase of 22.3 per cent. The net profit for the year totalled SEK 2,559 million (SEK 2,681 m), corresponding to SEK 19.21/share (SEK 20.13/share).

OTHER COMPREHENSIVE INCOME

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

CONSOLIDATED BALANCE SHEETS

Amounts in SEK m	Note	31/12/2017	31/12/2016
ASSETS			
Fixed assets			
Investment properties	A1	39,991	36,054
Tangible fixed assets	T3	27	20
Goodwill	A2	240	263
Participations in associated companies and joint ventures	GS2	0	0
Deferred tax receivable	T2	6	22
Other long-term receivables		11	10
Total fixed assets		40 276	36,368
Current assets			
Development properties	A7	870	-
Accounts receivable	A4	150	110
Tax receivables		18	24
Other receivables	A5	986	112
Prepaid costs and accrued income	A6	118	111
Liquid assets	F1-2	344	276
Total current assets		2,487	633
Total assets		42,763	37,001
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		333	333
Other capital contributed		3,960	3,960
Provisions		-39	-54
Profits brought forward including net profit/loss for the year		13,969	11,937
Total shareholders' equity attributable to the Parent Company's shareholders		18,223	16,176
Long-term liabilities			
Deferred tax liability	T3	4,531	4,010
Long-term interest-bearing liabilities	F1-2	16,415	13,125
Derivatives	F2	484	900
Other long-term liabilities	OL1	73	60
Total long-term liabilities		21,503	18,095
Current liabilities			
Current interest-bearing liabilities	F1-2	1,832	1,970
Derivatives	F2	0	9
Accounts payable		206	188
Other liabilities	OL2	464	53
Accrued costs and prepaid income	OL3	535	510
Total current liabilities		3,037	2,730
Total shareholders' equity and liabilities		42,763	37,001

COMMENTS ON THE CONSOLIDATED BALANCE SHEETS

FIXED ASSETS

The reported value of the property portfolio totalled SEK 39,991 million (SEK 36,054 m) at the year-end. Development rights and land account for SEK 684 million (SEK 702 m) of this total. Investments in Atrium Ljungberg's own properties amounted to SEK 1,593 million (SEK 1,002 m). During the year the properties Fatburen 2, Tranbodarne 13 and Lindholmen 30:1 were acquired. We also acquired the land for the Molekylen district, our Life City project. The year's sales relate to the property Söderby Huvudgård 2:43. The year's unrealised changes in the value of the investment properties totalled SEK 1,817 million (SEK 2,772 m).

Changes in the property portfolio

SEK m	2017	2016
Property portfolio on 1 January	36,054	30,841
Acquisitions	2,265	1,461
Investments in our own properties	1,593	1,002
Sales	-868	-23
Unrealised changes in value	1,817	2,772
Reclassification to Development properties	-870	-
Property portfolio on 31 December	39,991	36,054

The consolidated goodwill arose in conjunction with an operational acquisition and comprises the difference between nominal tax and the tax which the company actually included during the acquisition. The reported goodwill totalled SEK 240 million (SEK 263 m).

A deferred tax receivable for loss carry-forwards totalling SEK 22 million was reported at the beginning of the year. The deferred tax receivable calculated on the basis of the fiscal deficit as of 31/12/2017 totals SEK 6 million.

CURRENT ASSETS

Liquid assets at the end of the financial year totalled SEK 344 million (SEK 276 m). The remaining current assets increased by SEK 1,786 million, which includes SEK 870 million for development properties.

DEVELOPMENT PROPERTIES

During the fourth quarter Atrium Ljungberg decided to reclassify some Investment Properties in Sickla as Development Properties, totalling SEK 870 million. This includes 23,000 m² letting area that is expected to be demolished before development. 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 costs expended and the estimated net realisable value. The reclassification from Investment Properties to Development Properties is recognised at the fair value that was established most recently, which was on 30 September 2017.

Development properties

At beginning of period	-	-
Reclassification from Investment properties	870	-
Investments	-	-
Development properties, at period end	870	-
Property portfolio, total	40,861	36,054

SHAREHOLDERS' EQUITY

Shareholders' equity on the closing day totalled SEK 18,223 million (SEK 16,176 m), corresponding to SEK 136.79/share (SEK 121.42/share). The change in the shareholders' equity is mainly attributable to the net profit for the year of SEK 2,559 million. The hedging reserve decreased by SEK 15 million. The change in the hedging reserve refers to the successive reversal of the opening hedging reserve due to the fact that the Group no longer applies hedge accounting to interest swaps.

The dividend paid, which was approved at the Annual General Meeting held on 5 April 2017, totalled SEK 526 million. The equity/assets ratio at the year-end was 42.6 per cent (43.7%). Current EPRA NNNAV amounted to SEK 162.57/share (SEK 144.38/share).

DEFERRED TAX LIABILITY

Deferred tax liability is reported at 22 per cent of temporary differences between fiscal values and book values, primarily with regard to investment properties and financial instruments. The reported liability as of 31/12/2017 totalled SEK 4,531 million (SEK 4,010 m). The year-on-year change is attributable to unrealised changes in the value of properties and financial instruments, fiscal depreciation of buildings, and direct deductions for investments.

The probable effective tax rate is lower than 22 per cent. See further calculation of the company's net worth on pages 139–140 in accordance with EPRA.

INTEREST-BEARING LIABILITIES

At the turn of the year, the interest-bearing liabilities in accordance with the balance sheet totalled SEK 18,247 million (SEK 15,095 m), a net increase of SEK 3,152 million. The raising of new loans refers to financing of investments and acquisitions.

The average capital commitment term was 3.5 years (3.5 years). The average fixed interest term was 4.4 years (3.9 years). The gearing ratio was 44.7 per cent (41.9%).

The market value of derivatives at the turn of the year totalled SEK -484 million (SEK -909 m).

Atrium Ljungberg's financing is described in more detail on pages 93–95.

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 2016	333	3,960	-69	9,729	13,953
Net profit/loss for the year				2,681	2,681
Other comprehensive income			15		15
Dividend, SEK 3.30/share				-473	-473
Closing balance, as per 31 December 2016	333	3,960	-54	11,937	16,176
Opening balance as per 1 January 2017	333	3,960	-54	11,937	16,176
Net profit/loss for the year				2,559	2,559
Other comprehensive income			14		14
Dividend, SEK 3.55/share				-526	-526
Closing balance, as per 31 December 2017	333	3,960	-39	13,970	18,223

There are a total of 133,220,736 shares (133,220,736 shares), of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. At the end of the year, the number of outstanding shares amounted to 133,220,736 shares (133,220,736 shares). The average number of outstanding shares for 01/01/2017 – 31/12/2017 amounts to 133,220,736 shares (133,220,736 shares). The quota value of the share is SEK 2.50.

CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in SEK m	Note	2017	2016
Profit/loss before tax		3,110	3,436
Reversal of depreciation and write-downs	IE7	8	6
Realised changes in value, investment properties		4	-6
Unrealised changes in value, investment properties	A1	-1,817	-2,772
Realised changes in value, financial instruments	F2	5	-
Unrealised changes in value, financial instruments		-121	307
Other items not included in the cash flow		12	6
Tax paid		-4	-35
Cash flow from operating activities before changes in working capital		1,197	941
Net change in working capital		-31	8
Change in working capital		-31	8
Cash flow from operating activities		1,166	949
INVESTMENT ACTIVITIES			
Acquisition of properties	A1	-1,833	-1,461
Reconstruction and new construction of properties	A1	-1,593	-1,002
Sale of properties		-	36
Purchases of machinery and equipment		-17	-8
Cash flow from investment activities		-3,443	-2,435
FINANCING ACTIVITIES			
Change in other long-term liabilities		12	16
Loans raised	F1	5,178	5,090
Amortisation of debts	F1	-2,028	-3,260
Exercise of derivatives	F2	-290	-
Dividends paid		-526	-473
Cash flow from financing activities	F4	2,346	1,373
Cash flow for the year		68	-113
Liquid assets at the beginning of the year		276	389
Liquid assets at the end of the year		344	276
Information on interest paid			
Interest received totalled		1	1
Interest paid totalled		-372	-385
Information on liquid assets at the end of the year			
Bank deposits, excluding blocked funds		344	276

COMMENTS ON THE CONSOLIDATED STATEMENTS OF CASH FLOW

The cash flow from operating activities totalled SEK 1,166 million (SEK 949 m), corresponding to SEK 8.75/share (SEK 7.12/share). The higher cash flow compared to last year is mainly explained by EPRA EPS.

SEK -3,443 million (SEK -2,435 m) in investment activities was charged to the cash flow attributable to investments in Atrium Ljungberg's own properties as well as

the acquisition of the properties Fatburen 2 in Stockholm, Trambodarne 13 in Stockholm, and Lindholmen 30:1 in Gothenburg.

The cash flow within financing activities amounted to SEK 2,346 million (SEK 1,373 m) due to net borrowing for acquisitions and investments.

Available liquidity amounted to SEK 2,009 million (SEK 1,126 m) and comprised

bank deposits of SEK 344 million (SEK 276 m), unutilised overdraft facilities of SEK 300 million (SEK 300 m) and unutilised lines of credit of SEK 1,365 million (SEK 550 m) in addition to credit facilities covering outstanding commercial papers.

INCOME STATEMENTS PARENT COMPANY

Amounts in SEK m	Note	2017	2016
Rental income	[IE 1]	214	169
Management income		225	175
Net sales		439	343
Property costs	[IE 4]	-61	-57
Management and administration expenses	[IE 5-6]	-269	-254
Depreciation	[IE 7]	-20	-19
Operating profit/loss	[G15] [IE 4]	90	14
Result of participations in Group companies	[PC 2]	450	665
Interest income and similar profit/loss items	[F 3]	557	484
Interest expenses and similar profit/loss items	[F 3]	-743	-418
		263	731
Profit/loss after financial items		353	744
Appropriations	[PC 4]	162	-50
Profit/loss before tax		516	694
Current tax	[T 1]	-3	0
Deferred tax	[T 1-3]	176	-16
		172	-16
Net profit/loss for the year		688	678

STATEMENT OF COMPREHENSIVE INCOME PARENT COMPANY

Net profit/loss for the year as per Income Statement		688	678
Other comprehensive income		-	-
Total comprehensive income for the year		688	678
Dividend per share, SEK (2017, proposed)		4.50	3.95

COMMENTS ON THE PARENT COMPANY ACCOUNTS

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

Net sales totalled SEK 439 million (SEK 343 m). The higher sales mainly depend on a changed invoicing principle between the parent company and the Group's subsidiaries. This has also affected the management and administration expenses. The operating

profit/loss totalled SEK 90 million (SEK 14 m). The profit/loss after financial items totals SEK 353 million (SEK 744 m) and was mainly affected by higher dividends from subsidiary companies. Dividends from subsidiaries amounted to SEK 450 million (SEK 550 m). Interest-bearing liabilities amounted to SEK 15,171 million (SEK 13,024 m). These funds finance the company's property portfolio and are lent on to other Group companies.

The parent company's cash flow from operating activities amounted to SEK -52 (258) as a result of a negative change in working capital. The cash flow from financing activities totalled SEK 703 million (SEK -2,493 m). The cash flow for the year totalled SEK 59 million (SEK -149 m). Liquid assets at the end of the financial year totalled SEK 269 million (SEK 211 m).

BALANCE SHEETS PARENT COMPANY

Amounts in SEK m	Note	31/12/2017	31/12/2016
ASSETS			
Fixed assets			
Tangible fixed assets			
Investment properties	A1 PC3	1,569	1,497
Machinery and equipment	A3	8	5
Total tangible fixed assets		1,578	1,502
Financial fixed assets			
Participations in Group companies	G51 PC2	945	443
Deferred tax receivable		–	4
Other long-term receivables		11	10
Total financial fixed assets		956	456
Total fixed assets		2,535	1,958
Current assets			
Accounts receivable	A4	18	1
Receivables from Group companies	G15	22,113	20,217
Tax receivables		27	27
Other receivables	A5	4	11
Prepaid costs and accrued income	A6	186	108
Liquid assets	F2	269	211
Total current assets		22,617	20,575
Total assets		25,151	22,533
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital (133,220,736 shares, quota value: SEK 2.5)		333	333
Statutory reserve		265	265
		598	598
<i>Non-restricted shareholders' equity</i>			
Share premium reserve		3,948	3,948
Profit brought forward		2,529	2,382
Net profit/loss for the year		688	674
		7,165	7,004
Total shareholders' equity		7,764	7,602
Untaxed reserves	PC4	61	50
Provisions			
Deferred tax liability	T3	98	277
Long-term liabilities			
Long-term interest-bearing liabilities	F1-2	13,551	11,254
Other long-term liabilities	OL1	20	57
Total long-term liabilities		13,571	11,311
Current liabilities			
Current interest-bearing liabilities	F1-2	1,620	1,770
Accounts payable		23	21
Liabilities to Group companies	G15 F2	1,944	1,412
Other liabilities	OL2	9	14
Accrued costs and prepaid income	OL3	61	75
Total current liabilities		3,657	3,293
Total shareholders' equity and liabilities		25,151	22,533

CHANGES IN SHAREHOLDERS' EQUITY PARENT COMPANY

Amounts in SEK m	Share capital	Statutory reserve	Share premium reserve	Profits brought forward	Total shareholders' equity
Opening balance as per 1 January 2016	333	265	3,948	2,855	7,401
Net profit/loss for the year				674	674
Dividend, SEK 3.55/share				-473	-473
Closing balance, as per 31 December 2016	333	265	3,948	3,056	7,602
Net profit/loss for the year				688	688
Dividend, SEK 3.95/share				-526	-526
Closing balance, as per 31 December 2017	333	265	3,948	3,218	7,764

There are a total of 133,220,736 shares (133,220,736 shares), of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. At the end of the year, the number of outstanding shares amounted to 133,220,736 shares (133,220,736 shares). The average number of outstanding shares for 2017 amounts to 133,220,736 shares (133,220,736 shares). The quota value of the share is SEK 2.50.

STATEMENTS OF CASH FLOW PARENT COMPANY

Amounts in SEK m	Note	2017	2016
Profit/loss before tax		516	695
Reversal of depreciation and write-downs	[IE7]	20	19
Capital gain/loss		4	-3
Unreceived dividends from subsidiary companies	[PC2]	-450	-550
Other items not included in the cash flow	[PC4]	-162	38
Tax paid		-1	-29
Cash flow from operating activities before changes in working capital		-71	170
Net change in working capital Increase/decrease in current receivables		19	88
Change in working capital		19	88
Cash flow from operating activities		-52	258
INVESTMENT ACTIVITIES			
Result of participations in Group companies		-	-111
Sale of group companies		-	2,281
Acquisitions of Group companies	[GS1]	-503	-
Purchase/sale of machinery and equipment		0	-4
Reconstruction and new construction of properties	[PC3]	-89	-80
Cash flow from investment activities		-592	2,086
FINANCING ACTIVITIES	[F4]		
Change in other long-term liabilities		-37	18
Change in receivables from Group companies		-1,903	-5,521
Change in liabilities to Group companies		1,022	150
Loans raised	[F1]	4,175	5,088
Amortisation of debts	[F1]	-2,028	-1,755
Dividends paid		-526	-473
Cash flow from financing activities		703	-2,493
Cash flow for the year		59	-149
Liquid assets at the beginning of the year		211	359
Liquid assets at the end of the year		269	211
Information on interest paid			
Interest received totalled		557	484
Interest paid totalled		-743	-413
Information on liquid assets at the end of the year			
Bank deposits, excluding blocked funds		269	211

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SUPPLEMENTARY INFORMATION – NOTES

GI GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

GI.1 GENERAL INFORMATION

Atrium Ljungberg AB (publ.), company ID no.: 556175-7047, is registered in Sweden with registered offices in Nacka and visiting address of Sickla Industriväg 19, SE-131 04 Nacka. Atrium Ljungberg's class B share has been listed on the Nasdaq Stockholm Exchange since 1994. Atrium Ljungberg shall engage in the long-term ownership, development and management of retail properties, office properties and full-service environments in strong subsidiary markets, primarily in large urban regions, and shall engage in project and construction activities. The annual accounts and the consolidated accounts in respect of the 2017 financial year were approved for publication by the Board of Directors on 07 March 2018. It is proposed that the annual accounts and the consolidated accounts be adopted at the Annual General Meeting held on 28 March 2018.

GI.2 CONSOLIDATED ACCOUNTS AND THEIR PREPARATION

SCOPE OF CONSOLIDATED ACCOUNTS

The consolidated accounts comprise the Parent Company, Atrium Ljungberg AB, and the companies over which the Parent Company has a controlling influence (subsidiary companies). The parent company has controlling influence when it is exposed to or has entitlement to variable yield from its engagement in a company and can affect the yield using influence over the company. This is normally fulfilled when the parent company directly or indirectly holds shares which represent more than 50 per cent of the votes. Controlling influence can also be exercised in ways other than through share ownership.

The results of subsidiary companies acquired or sold during the year are included in the Consolidated Statement of Comprehensive Income up to and including the date when the transaction occurred, i.e. when the controlling influence arises and ceases.

PREPARATION OF THE CONSOLIDATED ACCOUNTS

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as of 31 December 2017. The consolidated accounts have also been prepared in accordance with Swedish law and with application of RFR 1, Complementary accounting regulations for corporate groups, issued by the Swedish Accounting Standards Board.

If the accounting principles of the subsidiary companies deviate from those of the Group, the subsidiary companies' accounting is adjusted to comply with the same principles as other Group companies.

Internal transactions between Group companies and intra-Group transactions are eliminated in conjunction with the preparation of the consolidated accounts. Assets and liabilities are reported at acquisition values, with the exception of investment properties and derivative instruments, which are valued and reported at fair value. The consolidated accounting principles described have been applied

consistently to all periods presented in the Group's financial reports, unless otherwise indicated below. The functional currency of the Parent Company is the Swedish krona, which is also the reporting currency for the Parent Company and the Group. All amounts are shown in SEK million unless otherwise indicated.

ACQUISITIONS

During an acquisition an assessment is done to ascertain whether it is an operational acquisition or an asset acquisition. An operational acquisition is defined in accordance with IFRS 3 and requires that assets and liabilities which are acquired should comprise a business/operation. When a group of assets or net assets is acquired which does not comprise a business/operation, it is classified as an asset acquisition.

For acquisition of a subsidiary, the assets of which only comprise a property and lack management organisation and administration, the acquisition is classified as an asset acquisition in most cases. The acquisition value of assets or net assets is divided among the individual identifiable assets and liabilities based on their relative fair values at the time of acquisition.

Acquisition of an independent business thus only comprises an operational acquisition and is reported using the acquisition accounting method. The acquisition value of an operational acquisition comprises the fair value on the transaction date of assets paid, of liabilities arising or assumed, and of the shareholders' equity instruments issued by the acquiring party in return for the controlling influence over the acquired unit. Acquired and identifiable assets, liabilities and contingent liabilities are valued at fair value on the acquisition date. If the acquisition value of the participations acquired exceeds the sum of the fair value of acquired and identifiable assets, liabilities and contingent liabilities, the difference is reported as goodwill. If the acquisition cost is lower than the fair value calculated in the manner described above, the difference is reported directly in the Income Statement.

Minority interests are reported showing the minority owners' proportional share of the reported fair value of assets, liabilities and contingent liabilities. Any difference between the acquisition value of the participations acquired and the fair value of acquired and identified assets and liabilities in conjunction with the acquisition of minority holdings is reported directly to shareholders' equity.

ASSOCIATED COMPANIES

Associated companies are companies in which the Group has a controlling influence, normally through a shareholding of minimum 20 per cent and maximum 50 per cent and is reported using the equity method. Under the equity method, participations in associated companies are reported at the acquisition value on the acquisition date and subsequently adjusted by the Group's share of the change in the associated company's net assets. The Group's book value of the shares in the associated companies corresponds to the Group's share in the associated companies' shareholders' equity and any residual value of consolidated surplus and deficit values.

SIGNIFICANT ASSESSMENTS AND ASSUMPTIONS IN CONNECTION WITH THE APPLICATION OF THE GROUP'S ACCOUNTING PRINCIPLES

Preparing financial reports in accordance with IFRS requires the Board of Directors and the company management to make assessments and estimates that affect the application of the accounting principles and the reported values of assets, liabilities, income and expenses.

Assumptions and estimates are based on, amongst other things, historical experience and other factors deemed relevant under the circumstances currently obtaining. These assumptions and estimates are used to assess the reported values of assets, liabilities, income and expenses whose value is not otherwise clear from other sources. The actual result may deviate from these estimates and assessments. Assumptions and estimates are analysed regularly by the Board of Directors and senior management. Changes are reflected in the accounts for the period when the change is made if the change only affects the current period. If the change affects the current period and subsequent periods, the accounts are affected in accordance therewith. The assumptions deemed most significant when preparing the financial reports are described below.

The investment properties are valued at fair value. The valuation includes assessments and assumptions that are regarded as critical to the values reported. Assumptions made, uncertainty factors and assessments are described in greater detail in note **A1**. An assessment is made, in conjunction with the acquisition of companies, of whether the acquisition shall be classified as an asset acquisition or an operational acquisition. An asset acquisition is deemed to exist if the acquisition refers to properties but does not include any organisation or management processes required to conduct the operations. Other acquisitions are classified as operational acquisitions.

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

An assessment of the potential for offsetting the deficit against future profits is made during valuation of loss carry-forwards.

Allocations to the guarantee reserve for construction work are made in the amount of 0.5 per cent of the contract sum during the guarantee period. The allocation is based on historical experience and an assessment of the risks inherent in ongoing projects. The allocations, as of 31 December 2017, exceed the costs expended for guarantee work during the year.

STATEMENT OF CASH FLOW

Statements of cash flow are prepared using the indirect method, in accordance with IAS 7, and the profit/loss is consequently adjusted for transactions that have not entailed payments received or made and for income and expenses that can be attributed to investment and/or financial activities.

NEW ACCOUNTING PRINCIPLES

Amendments to standards and interpretations which are applied as of 1 January 2017 are of a very limited scope and have not had any significant impact on Atrium Ljungberg's financial reports.

GI.3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET COME INTO FORCE

The International Accounting Standards Board (IASB) has issued new standards which will enter into force in 2018 and 2019. These are described below.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement as of 1 January 2018. IFRS 9 mainly entails changes to how financial assets and liabilities are classified and measured. The new standard contains changes to principles for hedge accounting and for a write-down model which is based on expected credit losses instead of incurred losses. Atrium Ljungberg has analysed the effects the new standard is expected to have on accounting of the Group's financial instruments.

Atrium Ljungberg's financial assets essentially consist of current receivables and liquid assets. The Group's financial liabilities primarily comprise interest-bearing liabilities, interest derivatives reported at fair value through the income statement and other current liabilities. See further in note **F2**. The reporting of these instruments is not expected to change materially based on the changed principles in IFRS 9 for classification and measurement of financial assets and liabilities.

As the Group has ceased hedge accounting, the new principles for hedge accounting will not impact the Group's reporting.

The new write-down model for receivables in IFRS 9 entails that provisions should be made for the risk of loss for all receivables, irrespective of whether there is an observable event which indicates a risk of loss. Provisions should be made in every closing of the accounts based on historical experiences of the size of the losses and expectation of their future development, in relation to the size of the receivables. Atrium Ljungberg's provision for doubtful receivables amounted to SEK 36 million (SEK 25 m) on the closing day, corresponding to 1.4 per cent (1.1%) of the Group's net sales. During the year the Group's confirmed bad debt losses amounted to SEK 8 million (SEK 12 m), corresponding to 0.3 per cent (0.5%) of the Group's net sales. See further in note **A5**. Based on the new write-down model, future provisions for doubtful receivables are expected to be lower than is the case today since the confirmed bad debt losses are lower than the provisions for doubtful receivables. However, this difference is not believed to have any material impact on the Group's financial position.

Together with the new standard, the IASB is still considering how principles of insignificant modifications to loans should be interpreted. The view which is currently indicated entails that an effect on profit may arise for insignificant modifications, which differs from the reporting in accordance with IAS 39. As the Group normally does not agree with financiers on modifications to loan agreements, the potential change to IFRS 9 is not expected to have any significant effect on the Group's reporting.

Atrium Ljungberg will apply the new standard as of 1 January 2018. The change will not have an effect on shareholders' equity.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue as of 2018 and IAS 11 Construction Contracts with related interpretations:

- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 18 Transfers of Assets from Customers
- SIC 31 Revenue – Barter Transactions Involving Advertising Services

Reporting of revenue starts in IFRS 15 as of the date control of a good or service is transferred to the customer, which differs from the approach in IAS 18 and IAS 11 where control starts when risks

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OL	OPERATIONAL LIABILITIES	SR	SUSTAINABILITY REPORTING

GI.3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET COME INTO FORCE, CONT.

and benefits are transferred. Accordingly, the introduction of IFRS 15 entails a new approach for how revenue is reported compared to now.

During 2016, Atrium Ljungberg analysed the effects the new standard was expected to have on accounting of the different revenue streams in the Group's business areas. Project and construction activities have been analysed separately. In 2017 the Group continued this analysis, focusing on the quantification of any transitional effects. The following section describes the results from the analysis work in 2016 and 2017.

Construction activities

Constructions are conducted through the wholly-owned subsidiary TL Bygg. TL Bygg works primarily within residential and offices in turnkey contracts and pure construction contract assignments. In the analysis a selection of contracts has been reviewed in order to determine:

- whether there is an agreement based on the standard's criteria,
- whether the agreement contains one or several performance obligations,
- what the transaction price amounts to in accordance with the contract,
- how the transaction price should be divided for the different performance obligations, as well as
- when control has transferred to the customer, i.e. at what time revenue should be reported.

Furthermore, the review has covered whether there are costs for receiving the contracts.

Atrium Ljungberg's assessment is that the new standard will have a very limited effect on the date of reporting revenue of the construction activities.

Any existence of major quantities of material which has not yet been installed should be considered during the assessment of the degree of completion of a project during reporting of revenue over time, which is a change compared to the current situation. In the event that this exists, the corresponding share of revenue and result would be reported slightly later. However, the analysis has found that this is relatively uncommon.

Property management

A selection of leases within property management has been analysed. The analysis focused on what should be deemed as comprising rent and thereby be reported in accordance with IFRS 16 Leases and what comprises service and should be reported in accordance with IFRS 15. In 2017 the definition of boundaries was a subject of discussion within the sector. Whether these revenue types are reported separately or not depends on the property company's lease agreements and how they are formulated, as well as in which country, for example, the leases were signed. Atrium Ljungberg has deemed that the service provided by the Group to tenants is comprised by the lease and that all compensation is to be deemed as rent.

Project development

A selection of contracts was analysed for project development in order to determine whether the contracts are covered by IFRS 15 or should be reported in accordance with IFRS 16. Revenue for these activities

mainly refers to compensation for tenant-specific adaptations in conjunction with new lease agreements. Atrium Ljungberg's conclusion is that irrespective of whether the Group invoices the tenant for expenses for conducted adaptations to premises on one occasion, or if equivalent revenue is obtained in the form of increased rent for the entire or parts of the lease period, the revenue comprises rent and should be reported in accordance with IFRS 16.

Sale of investment properties

A property sale is currently reported on the date of contract, unless there are specific contractual terms and conditions in the purchase agreement. In accordance with IFRS 15, sale should be reported when control transfers to the buyer. During the year Atrium Ljungberg analysed when control can be considered transferred when a property is sold. The analysis found clauses in previously entered property sales agreements for which substantially limited Atrium Ljungberg's ability to implement measures in relation to existing or new tenants and extensions as of the date of contract, which is the date Atrium Ljungberg deemed control to have been transferred. In light of this, property sales will continue to be reported on the date of contract, unless there are special reasons for not doing so due to the specific situation.

Summary and choice of transition method

The introduction of IFRS 15 is not expected to have any material effect on the Group's revenue and its allocation.

Atrium Ljungberg has decided to apply a cumulative, i.e. future-oriented, method when changing to IFRS 15. This means it is not incumbent upon the Group to present any supplementary disclosures for previous periods regarding any remaining performance obligations at the time of the transition. Furthermore the change will not have a transition effect on shareholder's equity.

IFRS 16 LEASES

IFRS 16 Leases will replace IAS 17 Leases with related interpretations as of 2019:

- IFRIC 4 Determining Whether an Arrangement Contains a Lease
- SIC 15 Operating Leases – Incentives
- SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease

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. The reporting of these leases may change as a result of the new standard.

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

Identification of the Group's lease agreements

During 2017, Atrium Ljungberg analysed what effects the standard is expected to have on accounting of the Group's lease agreements. One aspect of the analysis involved identifying all of the Group's lease agreements. In the analysis, Atrium Ljungberg has identified the lease agreements below as significant:

- Leasehold agreements, for which lease payments reached SEK 35 million in 2017

GI.3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET COME INTO FORCE, CONT.

- Passenger cars, for which lease payments reached SEK 4 million in 2017

In addition to the above, the Group has identified lease agreements which are not deemed as significant for the Group. These lease agreements pertain to software licences, office machinery, etc. See further in note [IE4](#).

Leasehold fees

How to report leasehold agreements is currently being discussed. The discussion primarily concerns calculation of lease liability in light of future index and interest rate adjustments and recognition of right-of-use assets as real value after the initial recognition of the asset. Since it has not yet been determined how these aspects are to be taken into account, Atrium Ljungberg cannot yet assess how the standard will impact Atrium Ljungberg's reporting. During the year Atrium Ljungberg will continue to monitor development in the area and update its assessment continuously.

GI.4 EVENTS AFTER THE CLOSING DAY

No significant events have occurred since the closing day.

GI.5 INFORMATION ON RELATED PARTIES

The following legal entities and physical persons have been identified as related parties of Atrium Ljungberg AB:

- All companies within the Atrium Ljungberg Group, see note [GS1](#).
- Board members and company management and their close family members
- Companies controlled by board members, company management or their family members
- Our principal owners; the Stockholm Consumer Cooperative society, the Ljungberg family with companies and the Holmström family with companies

TRANSACTIONS AND DEALINGS BETWEEN THE PARENT COMPANY AND OTHER GROUP COMPANIES

	Parent Company	2017	2016
Sale to subsidiary companies	228	174	
Purchasing from subsidiaries	-36	-42	
Interest income from subsidiaries	557	484	
Dividends from subsidiaries	450	554	
Interest expenses to subsidiaries	-93	-72	
Receivables from related parties (Group companies)	22,113	20,217	
Liabilities to related parties (Group companies)	1,944	1,412	

OTHER

No other transactions between related parties and Atrium Ljungberg have taken place during the year. Remuneration to the Board of Directors and company management is shown in note [IE6](#).

IE INCOME AND EXPENSES

REVENUErecognition

Revenue comprises rents and remuneration for external project and construction activities. All lease contracts are classified as operational leasing agreements. Rental income is distributed linearly over the term of the contract other than when the terms of the lease contract are such that a different form of distribution would better reflect the way in which the economic benefits attributable to the letting of the investment property change over time. Rental payments in advance are reported as prepaid income. The gross rent includes items in respect of costs passed on for property tax, electricity and heating. Substantial rent discounts have been distributed over the term of the contracts. Sales-based rent has been estimated in the closing accounts on the basis of reported net sales data. Sales-based rent is determined in subsequent years once tenants' auditors have determined the tenants' sales. Any difference between the determined and estimated annual rent is reported as an amended determination in the period in which the annual rent is determined.

Project and construction revenue is reported as the project progresses, i.e. in accordance with so-called successive revenue recognition. The degree of recognition – the degree of completion – is primarily determined on the basis of project costs expended in relation to the estimated total engagement expenses in conjunction with completion. If the result of a project cannot be reliably calculated, a revenue is recognised that corresponds to expenses disbursed as of the closing day. Anticipated losses are reported immediately as a cost. The difference between recognised project revenue and as yet uninvited amounts is reported as an asset. Equally, the difference between an invoiced amount and as yet unrecognised project revenue is reported as a liability.

Dividend income is reported when the shareholders' right to receive payment has been confirmed.

Interest income is reported over the interest term, applying the effective interest method. Effective interest is the interest that ensures that the current value of all future payments received and made during the fixed interest term is the same as the reported value of the receivable.

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INCOME AND EXPENSES, CONT.

PROPERTY MANAGEMENT COSTS

The concept of property costs includes both direct and indirect expenses of managing a property. Direct expenses relate to service charge-related costs, maintenance costs, leasehold fees and property tax. Service charge-related costs cover electricity, heating, cooling, water and sewage. Indirect expenses relate to costs of letting, rent administration and accounting.

LEASING

A leasing agreement is an agreement whereby a lessor grants a lessee the right, on agreed terms and conditions for a contractually agreed period of time, to make use of an asset in return for payment. Leasing is classified as either financial or operational leasing in the consolidated accounts. A financial leasing agreement exists when

the economic risks and benefits associated with ownership are transferred, in every significant respect, to the lessee. If this is not the case, then the agreement is an operational leasing agreement.

Atrium Ljungberg is the lessor in conjunction with the granting of premises to tenants and lessees for vehicles and leasehold fees. Details of these agreements are shown in note **IE1** and note **IE4**. All leasing agreements are classified as operational leasing agreements in that a significant portion of the risks and benefits associated with ownership are retained by the lessor. Income and expenses in respect of leasing agreements are distributed linearly over the leasing period. Benefits received in conjunction with the signing of a leasing agreement are reported linearly in the Income Statement over the term of the leasing agreement. Increased leasing fees are distributed over the term of the leasing agreement.

IE.1 INCOME AND LEASE CONTRACTS

As of 01/01/2018 the contracted annual rent amounted to SEK 2,357 million (SEK 2,208 m) in the Group, of which SEK 171 million (SEK 166 m) in the parent company.

Premises, contract maturity structure	The Group		Parent Company	
	Contracted rent, SEK m	Percentage, %	Contracted rent, SEK m	Percentage, %
2018	273	12	5	3
2019	380	16	14	8
2020	482	20	47	27
2021	369	16	9	5
2022	248	11	7	4
2023 and thereafter	474	20	28	16
Residential	81	3	49	28
Garage/parking	50	2	13	8
Total	2,357	100	171	100
Letting rate, Q1 1 2018¹⁾	Rental value, SEK m	Rental value, SEK/m ²⁾	Letting rate, %	
Offices	1,102	2,580	95	
Retail	928	3,495	95	
Residential	79	1,385	100	
Garage	51	-	92	
Other	215	1,860	95	
Business area Property	2,375	2,686	95	
Project properties	119	1,496	81	
Total	2,494	2,589	95	

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

²⁾ Excluding garage.

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

IE.2 CENTRAL ADMINISTRATION

ACCOUNTING PRINCIPLES

Central administration comprises the costs in connection with the Board of Directors, the CEO, and other senior executives, and of audit and corporate costs in respect of, inter alia, the provision of information for shareholders, maintaining the stock market listing, and the production of the annual accounts. For depreciation of machinery and equipment associated with the central administration, see note **IE9**.

REMUNERATION TO AUDITORS

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

Fees and expenses paid to auditors	The Group		Parent Company	
	2017	2016	2017	2016
Ernst & Young AB				
- Audit engagement	2	2	2	2
- Accounting engagements over and above audit engagements	0	0	0	0
- Tax consultancy	0	0	0	0
Total	2	2	2	2

CENTRAL ADMINISTRATION FOR PROJECT AND CONSTRUCTION WORK

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

IE.3 SEGMENT REPORTING

ACCOUNTING PRINCIPLES

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

principles applied for the segment reporting concur with the consolidated accounting principles and presentation formats for the Income Statement.

100 per cent of the Group's income was generated in the country where the Parent Company has its registered office, namely Sweden. No single customer accounts for more than 10 per cent of the Group's total revenue.

2017 Amounts in SEK m	Properties	Project development ²⁾	TL Bygg	Project and construction activities	Non-allocated items and eliminations	The Group
Rental income	2,401				-12	2,389
Sales, project and construction work		54	638	692	-518	174
Net sales	2,401	54	638	692	-530	2,563
Property management costs	-748				7	-742
Project and construction work costs		-96	-606	-702	496	-206
Gross profit/loss	1,653	-42	32	-10	-27	1,616
Central administration	-50			-17	2	-64
Financial income and expenses					-372	-372
Profit/loss before changes in value	1,602	-42	15	-27	-397	1,180
Changes in value	1,813 ²⁾				116 ³⁾	1,930
Tax					-551	-551
Net profit/loss for the period	3,415	-42	15	-27	-832	2,559
Investments and acquisitions	3,874			5	5	3,879
Assets, period end	39,899 ⁴⁾	870 ⁵⁾	194	1,064	1,800	42,763

2016 Amounts in SEK m	Properties	Project development ²⁾	TL Bygg	Project and construction activities	Non-allocated items and eliminations	The Group
Rental income	2,160				-10	2,150
Net sales, project and construction work		28	435	463	-314	149
Net sales	2,160	28	435	463	-324	2,299
Property management costs	-698				6	-692
Project and construction work costs		-63	-415	-478	317	-162
Gross profit/loss	1,462	-35	20	-15	-2	1,445
Central administration	-83			-16	2	-97
Financial income and expenses					-383	-383
Profit/loss before changes in value	1,413	-35	4	-31	-384	965
Changes in value	2,778 ²⁾				-307 ³⁾	2,471
Tax					-755	-755
Net profit/loss for the period	4,158	-35	4	-31	-1,446	2,681
Investments and acquisitions	2,463					2,463
Assets, period end	36,054 ⁴⁾		104	104	843	37,001

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

²⁾ Properties, unrealised SEK 1,817 million (SEK 2,772 m). Properties, realised SEK -4 million (SEK 6 m).

³⁾ Derivatives, unrealised SEK 121 million (SEK -307 m). Derivatives, unrealised SEK -5 million (-).

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.

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IE.4

LEASEHOLD AGREEMENTS AND OTHER LEASING AGREEMENTS

ACCOUNTING PRINCIPLES

Atrium Ljungberg is a lessee of a number of site leasehold agreements as well as other leases. These agreements are classified as operational leases where the lease payments are carried as expenses linearly in the income statement over the leasing period.

LEASEHOLD AGREEMENTS

The year's leasehold fees totalled SEK 35 million (SEK 25 m), SEK 7 million (SEK 6 m) of which refers to the Parent Company.

Leasehold agreements maturity structure	The Group		Parent Company	
	Rent, SEK m	Percentage, %	Rent, SEK m	Percentage, %
2018	0	0	-	-
2019	0	2	-	-
2020	-	-	4	67
2021	4	15	-	-
2022 and thereafter	23	83	2	33
Total	28	100	7	100

OTHER LEASING AGREEMENTS

Agreed leasing agreements refer primarily to vehicles, program licences and copying machines and have a maturity date of less than 3 years. The year's leasing costs in this category totalled SEK 9 million (SEK 8 m), while remaining costs during the term totalled SEK 15 million (SEK 14 m).

IE.5

PERSONNEL EXPENSES

ACCOUNTING PRINCIPLES

Remuneration to employees in the form of salaries, paid leave, paid absence due to sickness, etc., and pensions, are reported as they are earned. Pensions and other remuneration after employment ceases are classified as defined contribution or defined benefit pension plans. The company pays defined fees to a separate, independent legal entity for defined contribution pension plans and has no obligation to pay any additional fees. Costs are charged to the Group's profit/loss as the benefits are earned. The Group has only one defined benefit pension plan, the Alecta plan. According to a statement issued by the Swedish Financial Reporting Board, UFR 10, this is a defined benefit plan that comprises several employers. A pension plan in accordance with ITP (supplementary pensions for salaried employees) that is secured through an insurance policy with Alecta shall, for those financial years for which the company has not had access to information that enables this plan to be reported as a defined benefit plan, be reported as a defined contribution plan.

IE.5

PERSONNEL EXPENSES, CONT.

SEK k	The Group		Parent Company	
	2017	2016 ^{II}	2017	2016 ^{II}
Board of Directors and senior executives				
Salaries	20,248	25,545	20,248	25,545
Payroll overheads	8,234	9,428	8,234	9,428
Pension costs	8,016	6,009	8,016	6,009
Other				
Salaries	148,888	136,381	95,316	87,229
Payroll overheads	51,178	47,186	32,492	30,524
Pension costs	17,513	17,901	13,074	14,066
Total	254,077	242,450	177,380	172,801

^{II} Comprises a notice period of 12 months and severance pay of 12 months for the former CEO.

PENSIONS

The year's pension insurance fees in accordance with ITP for the policy with Alecta total SEK 7 million (SEK 5 m). Alecta's surplus may be allocated to the policyholders and/or those insured. At the end of 2017, Alecta's surplus in the form of the collective consolidation level totalled 154 per cent (149%).

The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance undertakings calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond to IAS 19.

The CEO of the Parent Company may retire from the age of 62. The premium is a defined contribution one, and the company consequently has no additional undertaking once the annual premium has been paid. The pensionable age for senior executives other than the CEO is 65. All pensions are, with the exception of the defined benefit ITP plan in accordance with collective agreements, defined benefit pension plans.

IE.6

REMUNERATION SENIOR EXECUTIVES

BOARD OF DIRECTORS

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

SENIOR EXECUTIVES' TERMS AND REMUNERATION

Salaries and other terms of employment for the company management shall be market-based and competitive, but shall not be market leaders in terms of salary paid in relation to other comparable companies. The guidelines shall apply for the senior management team which consists of the CEO and seven other senior executives. The CEO's remuneration shall be proposed by the Chairman and determined by the Board of Directors. Remuneration payable to other members of the senior management team shall be proposed by the CEO and approved by the Board. Remuneration payable to the senior company management team, including the CEO, comprises a fixed salary. No variable salary or performance-related remuneration shall be payable. A pay subsidy programme is being proposed for

IE.6 REMUNERATION SENIOR EXECUTIVES, CONT.

the 2018 Annual General Meeting for senior executives when acquiring shares in the company. The CEO's retirement age is 62, while that of the other members of the company management is 65. Pension plans are defined contribution plans, and the company hence has no additional obligations after payment of the annual premiums.

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

The company management team is presented on page 105.

2017 SEK k	Basic salary/ Directors' fees	Other remunera- tion	Other benefits	Pension costs	Share- related remuneration	Total
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Chairman of the Board

Johan Ljungberg	400	-	-	-	-	400
Other board members						
Anna Hallberg	200	-	-	-	-	200
Hanna Sleyman Graflund	200	-	-	-	-	200
Simon de Château	200	-	-	-	-	200
Erik Langby	200	-	-	-	-	200
Sune Dahlqvist	200	-	-	-	-	200
	1,400	-	-	-	-	1,400

CEO Annica Ånäs	5,510	-	49	1,989	-	7,548
Other senior executives						
	10,563	70	241	2,697	-	13,571

Total	17,473	70	290	4,686	-	22,519
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2016 SEK k	Basic salary/ Directors' fees	Other remunera- tion	Other benefits	Pension costs	Share- related remuneration	Total
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Chairman of the Board

Johan Ljungberg	400	-	-	-	-	400
Other board members						
Anna Hallberg	200	-	-	-	-	200
Hanna Sleyman Graflund	200	-	-	-	-	200
Simon de Château	200	-	-	-	-	200
Erik Langby	200	-	-	-	-	200
Sune Dahlqvist	200	-	-	-	-	200
	1,400	-	-	-	-	1,400

CEO, Ingall Berglund	9,967 ⁱⁱ	-	55	2,673	-	12,695
CEO Annica Ånäs	3,856	-	56	985	-	4,897
Other senior executives						
	9,921	70	220	2,351	-	12,562
	23,744	70	331	6,009	-	30,154
Total	25,144	70	331	6,009	-	31,554

ⁱⁱ Refers to a notice period of 12 months and severance pay of 12 months.

IE.7 DEPRECIATION AND WRITE-DOWNS

	The Group	Parent Company	2017	2016	2017	2016
Depreciation in management and production						
Investment properties	-	-	17	16		
Machinery and equipment	5	5	0	0		
	5	5	17	16		
Depreciation in central administration						
Machinery and equipment	3	3	3	3		
Total	8	8	20	19		

IE.8 PROJECT AND CONSTRUCTION ACTIVITIES

	The Group	Parent Company	2017	2016	2017	2016
Gross profit/loss, TL Bygg AB						
	7	20	-	-		
Development project costs that cannot be capitalised						
	-38	-32	-29	-26		
Total	-31	-12	29	-25		

ONGOING CONSTRUCTION AGREEMENTS

On the closing day engagement expenses including reported profit in respect of ongoing engagements in accordance with construction agreements amount to SEK 87 million (SEK 72 m). Sums received from the client for ongoing engagements total SEK 3 million (SEK 3 m).

IE.9 UNREALISED CHANGES IN VALUE

Unrealised changes in value, properties	2017	2016
Change in yield requirements	947	1,799
Change in operating net etc.	865	639
Development rights	5	334
Total	1,817	2,772

For further information, see note A1.

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T TAX

T.1 CURRENT TAX

ACCOUNTING PRINCIPLES

Current tax is calculated on the basis of the taxable profit/loss for the period and is reported as an expense or income in the Income Statement. The taxable profit/loss differs from the reported profit/loss in the Income Statement in that it has been adjusted for non-taxable income and non-deductible expenses and for income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated using the tax rates confirmed or announced as of the closing day.

Property tax and advertising tax are reported as property costs and social security payments as property costs and central administration. The obligation to pay property tax is based on the existing property portfolio at the start of the year. Due to this, the entire property tax is entered as a liability on 1 January every year to later be distributed linearly over the year. The share which is not carried as an expense is reported as a prepaid cost.

Deferred tax is reported on the difference between the reported and fiscal values of assets and liabilities. Changes in the reported deferred tax receivable or liability are reported as an expense or income in the Income Statement, except when the tax is related to items which are reported in Other comprehensive income or directly to shareholders' equity.

Tax calculation Group, SEK m	Current tax		Deferred tax	
	2017	2016	2017	2016
Reported profit/loss before tax	3,110	3,436	-	-
Tax deductible				
depreciation	-522	-559	522	559
investments	-257	-234	257	234
Non-taxable/non-deductible				
changes in the value of properties, unrealised	-1,817	-2,772	1,817	2,772
changes in the value of properties, realised	44	9	-435	-11
changes in the value of financial instruments, unrealised	-121	307	121	-307
changes in the value of financial instruments, realised	-285	-	285	-
consolidated capitalisation of borrowing	-15	-14	19	14
consolidated internal profit	-	-	-26	-
Other fiscal adjustments	1	3	-197	-12
Taxable profit/loss before loss carry-forwards	138	176	2,362	3,249
Change in loss carry-forwards	-96	-167	101	156
Taxable profit/loss	52	9	2,463	3,405
Of which 22% tax	-9	-2	-542	-749
Adjustment of tax in relation to previous years	-	-2	-	-2
Reported tax expense	-9	-4	-542	-751

The income tax for limited companies in Sweden is 22 per cent. In the Income Statement tax is divided between current tax and deferred tax. Current tax is the tax which is calculated on the basis of the taxable profit for a period in each individual group company, after profit equalisation through group contributions. The sum of the group company's taxable profit is often lower than the Group's accounting profit, mainly depending on tax depreciation, difference in the handling of investments in repair, maintenance and reconstruction, unrealised changes in value, the opportunity to sell properties through companies tax-free, difference in handling of borrowing costs in construction projects and utilisation of previous years' deficit.

DEPRECIATION

As Atrium Ljungberg has chosen to report investment properties at fair value, no depreciation for these is reported in the consolidated accounts. However, the tax rules permit depreciation by 2–5 per cent of buildings, 5 per cent of land improvements and 20–30 per cent of the areas and fixtures of a building or of the type of land improvements which comprise the building's furniture and fixtures and land inventory. Land is not subject to depreciation.

INVESTMENTS

Expenses in connection with renovation and maintenance work that has entailed an economic benefit and which can be calculated reliably, are capitalised in the accounting. However, the tax rules permit direct deduction for repair and maintenance and certain types of amendment work which technically entails reconstruction but which is normal in the business and which does not comprise the building's furniture and fixtures. Examples of such amendment work within Atrium Ljungberg are the tenant-specific adaptations which take place continuously along with renegotiation of lease contracts or during change of tenants.

UNREALISED CHANGES IN VALUE

In the consolidated accounts Atrium Ljungberg values investment properties and derivative instruments (interest swap agreements) at fair value. Changes in the market value are reported in the consolidated income statement. Accounting rules do not permit properties to be reported at fair value in the individual group companies. The interest swap agreements which Atrium Ljungberg has concluded may, but do not need to, be reported in the individual group company. Accordingly, no unrealised changes in value from investment properties or derivative instruments are reported in the individual companies.

SALE OF PROPERTIES

Properties may be sold directly or indirectly by the property holding subsidiary being sold. Profits from the sale of properties are taxable, while profits from the sale of companies in most cases are non-taxable.

T.1 CURRENT TAX, cont.

BORROWING COSTS

In the consolidated accounts Atrium Ljungberg capitalises loan charges during major reconstruction and extensions to the extent they arose during the construction period. However, the accounting rules allow reporting of these as a cost in the individual group companies, whereby the cost is also directly tax deductible.

DEFICIT FROM PREVIOUS YEARS

The current tax is calculated on the basis of the taxable profit for the taxation year. This profit may, sometimes with certain limitations, be reduced by unutilised tax deficits which have emerged during previous tax years.

The deficit which exists within Atrium Ljungberg has primarily emerged through examination of previous years' income tax assessments or by there being unutilised tax deficit from previous years in property companies which have been acquired by Atrium Ljungberg.

Reconciliation of tax expenses	The Group		Parent Company	
	2017	2016	2017	2016
Profit/loss before tax	3,110	3,436	520	690
Nominal tax rate, 22%	-684	-756	-114	-152
Fiscal effect of				
changes in the value of properties, realised	86	0	-	-
other non-deductible expenses/ non-taxable income	1	-	99	146
other fiscal adjustments	46	5	187	-1
Reported tax expense/income	-551	-751	173	-6
of which current tax	-9	-2	-3	3
of which deferred tax	-542	-749	176	-9

Tax calculation	Current tax		Deferred tax	
	2017	2016	2017	2016
Reported profit/loss before tax	516	694	-	-
Change in difference between book and fiscal values of properties	-36	-42	36	42
Result of participations in Group companies	-450	-665	-	-
Other fiscal adjustments	1	-3	-	46
Taxable profit/loss before loss carry-forwards	31	-16	36	42
Loss carry-forwards utilised	-16	-	16	-
Capitalisation of loss carry-forwards	-	16	-	-16
Taxable profit/loss	15	-	52	72
Of which 22 per cent current tax	-3	-	-11	-16
Adjustment of tax in relation to previous years	-	0	187	-
Reported tax expense	-3	0	176	-16

T.2 DEFERRED TAX RECEIVABLE

ACCOUNTING PRINCIPLES

The reported value of deferred tax receivables is reviewed in conjunction with the preparation of every set of financial statements and reduced to the extent that it is no longer likely that sufficient taxable surpluses will be available for offsetting, either wholly or in part, against the deferred tax receivable.

Deferred tax is calculated using the tax rates expected to apply for the period during which the asset is recovered or the debt settled, based on the tax rates [and tax legislation] confirmed or announced as of the closing day. Deferred tax receivables and tax liabilities are offset when they are attributable to income tax levied by the same authority and when the Group intends to settle the tax demand using a net amount.

	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Capitalised loss carry-forwards	22	30	4	-
Opening balance	22	30	4	-
Capitalised loss carry-forwards attributable to previous years	4	-	-	-
Additional loss carry-forwards	2	22	-	4
Loss carry-forwards utilised	-21	-30	-4	-
Closing balance	6	22	-	4

The Group's accumulated fiscal deficit is estimated at SEK 29 million (SEK 101 m) at the turn of the year 2017. The deferred tax receivable has been calculated for a deficit of SEK 29 million (SEK 101 m).

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T.3 DEFERRED TAX LIABILITY

ACCOUNTING PRINCIPLES

Deferred tax is reported on the difference between the reported value of assets and liabilities in the financial reports and the fiscal value used when calculating the taxable result. Deferred tax is reported using the so-called Balance Sheet method. Deferred tax liabilities are reported for, in principle, all taxable temporary differences, and deferred tax receivables are reported for, in principle, all deductible temporary differences to the extent that it is likely that the amounts can be used to offset future taxable surpluses.

Deferred tax liabilities and tax receivables are not reported if the temporary difference is attributable to goodwill or if they arise as a result of a transaction that constitutes the first reporting of an asset or liability (which is not a corporate acquisition) and which, at the time of the transaction, affects neither the reported nor the taxable profit/loss. No deferred tax has been calculated on asset acquisitions in accordance with applicable accounting recommendations.

Deferred tax liability	The Group					Parent Company	
	Investment properties	Development properties	Untaxed reserves	Interest derivatives	Pensions		
Opening balance, as per 01/01/2016	3,274	–	138	–137	–	3,275	258
Change reported via the Income Statement	767	–	31	–67	–	731	20
Change not reported via the Income Statement	–	–	–	–	–	–	–
Change reported via Comprehensive income	–	–	–	4	–	4	–
Closing balance, as per 31/12/2016	4,041	–	169	–200	–	4,010	277
Opening balance, as per 01/01/2017	4,041	–	169	–200	–	4,010	277
Change reported via the Income Statement	399	19	12	94	–3	520	
Change not reported via the Income Statement	–	–	–	–	–	–	176
Change reported via Comprehensive income	–	–	–	4	–	4	
Closing balance, as per 31/12/2017	4,440	19	181	–102	–3	4,531	98

A ASSETS

A.1 INVESTMENT PROPERTIES

ACCOUNTING PRINCIPLES

Investment properties, i.e. properties held in order to generate rental income and/or increased value gains, are reported on an ongoing basis at fair value in the Balance Sheet. The valuation took place in accordance with level 3 in the IFRS valuation hierarchy and reflects estimated market values, which correspond to the value at which ownership of a property could be transferred between knowledgeable parties who are mutually independent and who have an interest in completing the transaction. The fair value reflects the market conditions on the closing day.

At the turn of the year Atrium Ljungberg classified all properties as investment properties. The term investment properties includes buildings and land, land improvement, building and land-related equipment as well as ongoing work. Any properties that are being built or developed for future use as investment properties are also reported as investment properties.

Investments in investment properties are initially reported at acquisition value. The acquisition value includes transaction costs, legal costs and stamp duty directly related to acquisitions and any additional real estate mortgage costs and loan costs. Borrowing costs are capitalised in conjunction with major renovation or new construction projects to the extent that they have arisen during the construction period. Interest expenses are calculated on the basis of the Group's average interest rate on all loans.

Expenses in connection with renovation and maintenance work that has entailed an economic benefit for the Group and which can be calculated reliably, are capitalised. Other expenses in connection with repairs and ongoing maintenance are reported as repair costs and are included in the operating surplus. Property sales are reported in conjunction with the transfer of the risks and benefits associated with title from the vendor to the purchaser, which normally coincides with the contract date unless the specific contractual terms and conditions mandate that this occurs on some other date.

Changes in fair value for investment properties and financial instruments are reported in the Income Statement as unrealised changes in value.

Profits or losses arising in conjunction with the sale or disposal of investment properties comprise the difference between the sale price and the reported value which is based on the most recently conducted valuation at fair value. Profits or losses from a sale of an investment property are reported as realised changes in value in the Income Statement. A property sale is reported on the date of contract, unless there are specific contractual terms and conditions in the purchase agreement.

Property portfolio, 31/12/2017

Property type	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾	Outcome 2017			
				Rental income, SEK m	Property costs, SEK m	Operating surplus, SEK m	Operating surplus margin, %
Office properties	619	20,425	40,281	1,223	-334	889	73
Retail properties	373	14,400	49,098	996	-338	658	66
Residential properties	71	1,412	23,882	87	-34	54	62
Business area Property	1,063	36,237	42,162	2,307	-706	1,601	69
Project properties	60	3,070	E/T ²⁾	76	-34	42	55
Land and development rights	-	684	-	-	-	-	-
Total Investment properties	1,123	39,991		2,383	-740	1,643	69
Development properties	23	870		6	-2	4	65
Total Group	1,146	40,861		2,389	-742	1,647	69

¹⁾ m² excluding garage. ²⁾Letting area for new production is not reported until the project is completed and the figures hence do not accurately represent the actual situation.

Property portfolio, 31/12/2016

Property type	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾	Outcome 2016			
				Rental income, SEK m	Property costs, SEK m	Operating surplus, SEK m	Operating surplus margin, %
Office properties	584	17,716	37,247	1,021	-293	728	71
Retail properties	415	14,400	43,006	963	-334	629	65
Residential properties	71	1,390	23,530	84	-30	53	64
Business area Property	1,070	33,506	38,533	2,068	-657	1,410	68
Project properties	54	1,846	E/T ²⁾	82	-35	48	58
Land and development rights	-	702	-	-	-	-	-
Total Investment properties	1,124	36,054		2,150	-692	1,458	68
Development properties				-	-	-	-
Total Group	1,124	36,054		2,150	-692	1,458	68

¹⁾ m² excluding garage. ²⁾Letting area for new production is not reported until the project is completed and the figures hence do not accurately represent the actual situation.

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A.1 INVESTMENT PROPERTIES, cont.

Rental value and letting rate	31/12/2017			31/12/2016		
	Rental value, SEK m	Rental value, SEK/m ²	Letting rate, %	Rental value, SEK m	Rental value, SEK/m ²	Letting rate, %
Premises type						
Offices	1,102	2,580	95	979	2,422	90
Retail	928	3,495	95	955	3,201	96
Other	215	1,860	95	214	1,877	96
Residential	79	1,385	100	71	1,327	98
Garage	51	–	92	62	–	98
Business area Property	2,375	2,686		2,280	2,622	93
Project properties	119	1,496	81	94	1,755	88
Land and development rights	–	–	–	–	–	–
Total	2,494	2,589	95	2,374	2,572	93

CHANGES DURING THE YEAR

The reported fair value of the property portfolio on 31/12/2017 totalled SEK 40,861 million [SEK 36,054 m]. Investments in Atrium Ljungberg's own properties during the period totalled SEK 1,593 million [SEK 1,002 m]. The unrealised change in value totalled SEK 1,817 million [SEK 2,772 m] during the year. The change in value is explained by the market's lower yield requirements and higher rents as a result of new lettings and renegotiations, and that a number of residential development rights are assessed to enter into force in the near future. The average dividend yield requirement in the valuation was 4.7 per cent [4.9 %].

During the year three properties have been acquired and one property has been sold, see more below the Property portfolio in figures on page 36.

Changes in the property portfolio

SEK m	The Group	
	31/12/2017	31/12/2016
Fair value at beginning of period	36,054	30,841
Acquisitions (after deduction of deferred tax)	2,265	1,461
Sales	–868	–23
Investments in our own properties	1,593	1,002
Unrealised changes in value	1,817	2,772
Fair value at the end of the period	40,861	36,054
Of which Investment Properties	39,991	36,054
Of which Development Properties	870	–

For further information, see note [A7](#).

The closing balance includes development rights and land of SEK 684 million [SEK 702 m].

Unrealised changes in value, properties

SEK m	2017	2016
Change in yield requirements	947	1,799
Change in operating net etc.	865	639
Development rights	5	334
Total	1,817	2,772

VALUATION

Valuation process

The property portfolio is valued every quarter. As a part of ensuring that the valuation is fair, independent external valuation consultants are used, this year Forum Fastighetsekonomi and Savills. Properties corresponding to 38 per cent of the market value have been valued externally during the year. The remaining properties were subject to an internal valuation with market rents, operating costs, vacancies and yield requirements quality assured by Forum Fastighetsekonomi.

The fee for the valuation is not dependent on the properties' market value. The variable part is instead based on the properties' area, number of lease contracts and usage.

Data property valuation

The property valuation is based on observable and unobservable input data. Observable data which has greatest impact on the value is primarily current rent, actual operation and maintenance costs, planned investments and current vacancy level.

Yield requirement and expectations of rental level and vacancies include the input data which can be seen as unobservable. Yield requirement is derived from actual transactions. The number of comparison items which are sold can sometimes be few, which makes it more difficult to derive changes in the yield requirement during certain periods.

Valuation method

The valuations were carried out in accordance with the International Valuation Standards (IVS).

Each property has been valued individually without taking any portfolio effect into consideration. The valuations are based on a cash flow calculation with individually estimated yield requirements for each property and activity. The yield requirement is used to determine the value through a current value calculation during the so-called calculation period and through a current value calculation of the residual value at the end of the calculation period. The calculation period is normally between 5 and 10 years but may, in certain cases, be longer due to the contractual situation.

The long-term earning capacity of each property is assessed during the valuation. Income during the calculation period comprises agreed rental levels until such time as these lease contracts come to an end or are due for renegotiation. Rental income for the subsequent period is calculated at the market rent currently applicable.

A.1 INVESTMENT PROPERTIES, cont.

Operating and maintenance costs have been assessed based on the company's actual costs and are adjusted in line with the property's age and condition.

Analyses and an assessment of the underlying factors that impact the value form the basis of the valuation, for example:

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

Project properties are valued on the basis of completed projects, less remaining investments. A risk surcharge is added to the yield requirement on the basis of the current phase of the project.

Development rights have been valued based on an assessed market value per m² of GFA for determined development rights in accordance with detailed development plans that have gained final approval or where the detailed development plan is assessed to enter into force within the near future.

Yield requirement per premises type in the valuation

Premises type, %	31/12/2017		31/12/2016
	Interval	Average	Average
Offices	3.7–6.5	4.7	4.8
Retail	3.7–6.2	5.0	5.0
Residential	2.9–3.8	3.1	3.2
Other	3.7–6.3	5.1	5.2
Total	2.9–6.5	4.7	4.9

Yield requirement per region in the valuation

Region, %	31/12/2017		31/12/2016
	Interval	Average	Average
Stockholm	2.9–6.5	4.7	4.8
Uppsala	5.0–5.2	5.1	5.3
Malmö	3.8–6.3	5.4	5.5
Gothenburg	4.6–5.1	4.6	4.8
Total	2.9–6.5	4.7	4.9

Sensitivity analysis, property valuation

The table below shows how changes in different parameters impact the market value of the properties.

Value parameter	Change in assumption	Value impact, SEK m	Value impact, %
Rental level	+/- 10%	+/- 4,060	+/- 10%
Operating cost	+/- 10%	+/- 743	+/- 2%
Yield requirement	+/- 0.25% units	-1,973/+2,205	-4.8%/+5.4%
Long-term vacancy level	+/- 2%	+/- 1,160	+/- 3%

Sensitivity analysis, change in value

The following sensitivity analysis shows how a change in the properties' market value impacts the result and relevant key ratios.

	Change in market value of properties	Impact	Percentage impact
Profit/loss	+/- 10%	+/- SEK 3,187 m	+/- 119%
Shareholders' equity	+/- 10%	+/- SEK 3,187 m	+/- 17%
Gearing ratio	+/- 10%	-4.1% unit/+5.0% unit	-9%/+11%
Equity/assets ratio	+/- 10%	+3.1% unit/-3.7% unit	+7%/-9%

RATEABLE VALUES

The rateable value forms the basis of property tax for commercial properties. Municipal real estate charges are payable for residential in accordance with special provisions. The rateable values on the closing day are reported below.

Rateable values

	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Buildings	10,744	9,973	1,081	1,081
Land	4,489	4,240	273	273
Total	15,233	14,213	1,354	1,354
Of which business premises in TL Bygg AB	2	2	-	-

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GI	GENERAL INFORMATION AND ACCOUNTING PRINCIPLES	F	FINANCING AND CAPITAL STRUCTURE
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A.2 GOODWILL

ACCOUNTING PRINCIPLES

Goodwill arising in conjunction with the preparation of the consolidated accounts comprises the difference between the acquisition value and the Group's share of the fair value of an acquired subsidiary company's identifiable net assets on the acquisition date. Goodwill reported within the Group is attributable to the difference between nominal tax and calculated tax applied in conjunction with operational acquisitions. The company's goodwill is, therefore, fully linked to the deferred tax. Goodwill is reported on the acquisition date at the acquisition value and is subsequently valued at the acquisition value after any deductions for write-downs.

The remaining reported value of goodwill is taken into account when calculating the capital gain or loss in conjunction with the sale of a subsidiary company or associated company.

On 17 October 2006, LjungbergGruppen AB acquired all of the shares in Atrium Fastigheter AB through payment in the form of newly issued shares. The closing rate on 16 October 2006 has been used to calculate the acquisition value and shareholders' equity. Goodwill arose in conjunction with the acquisition that was attributable to the difference between nominal tax and the estimated tax for costing purposes applied in conjunction with the acquisition. Goodwill is thereby completely linked to deferred tax amount and therefore changes when a property with goodwill is sold.

	The Group	
	2017	2016
Opening acquisition value	349	349
Sale of property	-23	0
Closing accumulated acquisition value	326	349
Opening write-downs	-86	-86
Sale of property	-	-
Closing accumulated write-downs	-86	-86
Closing balance	240	263

A.3 TANGIBLE FIXED ASSETS

ACCOUNTING PRINCIPLES

Tangible fixed assets are reported at the acquisition value less accumulated depreciation and write-downs. The acquisition value includes expenses directly attributable to the acquisition of the asset. Additional expenses are added to the asset's reported value or reported as a separate asset only if it is likely that future economic benefits associated with the asset will be received by the Group and when the acquisition value of the asset can be reliably calculated.

The useful life of computer equipment and of other machinery and equipment has been calculated at three years and five years, respectively. Depreciation is effected linearly over the useful life and is reported in the Income Statement as expenses in the property management or on the line for central administration. The residual value of the assets and their useful life is reviewed on every closing day and adjusted when necessary.

IMPAIRMENT TESTING

Goodwill impairment testing shall be carried out annually, or more frequently if there is any indication that the reported value may not be recoverable.

When conducting impairment testing, goodwill is allocated to the cash-generating units that are expected to benefit from the synergies arising in conjunction with the acquisition. The cash-generating units comprise the properties which were a part of the acquisition of Atrium Properties which the Group still owns at the end of the accounting period. If the recovery value of a cash-generating unit is determined to be lower than the reported value, the reported value of goodwill attributable to the cash-generating unit is reduced. Any reported write-downs of goodwill may not be reversed in a subsequent period.

In connection with the annual testing for any write-down requirement of goodwill, an estimate of the recoverable amount is made. As the cash-generating units comprise the properties which were a part of the acquisition of Atrium Properties, the recovery value corresponds to the property's fair value.

Each property has been valued individually without taking any portfolio effect into consideration. The long-term earning capacity of each property is assessed during the valuation. Income during the calculation period comprises agreed rental levels until such time as these lease contracts come to an end or are due for renegotiation. Rental income for the subsequent period is calculated at the market rent currently applicable. Operating and maintenance costs have been assessed based on the company's actual costs and are adjusted in line with the property's age and condition.

Discount rates which were used to determine the properties' fair value correspond to the yield requirements of properties which are based on comparable properties and markets. For further information, see note A1.

	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Opening acquisition values	60	65	25	33
Purchases	17	11	6	4
Sales/disposals	-9	-15	-6	-12
Closing accumulated acquisition values	69	60	25	25
Opening depreciation	-40	-47	20	-28
Sales/disposals	8	14	6	11
Depreciation for the year	-8	-8	-3	-3
Closing accumulated depreciation	-41	-40	-17	-20
Closing residual value according to plan	27	20	8	5

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

A.4 ACCOUNTS RECEIVABLE

ACCOUNTING PRINCIPLES

This category includes loan receivables, rents receivable, accounts receivable, other receivables and liquid assets. Receivables are valued at amortised cost. Loan receivables and accounts receivable with a short term are valued at nominal acquisition value without discounting less receivables deemed to be doubtful. Write-downs of accounts receivable are reported in expenses for property management activities.

Rent receivables

	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Rent receivables not due and due up to 30 days	32	7	0	1
Rent receivables due 31–60 days	3	0	0	0
Rent receivables due >60 days	39	41	2	1
Doubtful rent receivables for which a provision has been made	-33	-23	-1	-1
Total rent receivables	41	25	1	1

Accounts receivable

	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Accounts receivable not due and due up to 30 days	48	20	17	1
Accounts receivable due 31–60 days	15	2	0	0
Accounts receivable due >60 days	50	66	1	0
Doubtful receivables for which a provision has been made	-3	-2	-1	-1
Closing balance	109	85	17	1

The year's total cost for confirmed bad debt losses amounted to SEK 8 million (SEK 12 m) in total.

A.6 PREPAID COSTS AND ACCRUED INCOME

	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Receivables from clients for ongoing engagements as per construction agreement	5	13	-	-
Other prepaid costs	25	20	9	9
Prepaid property tax	-	-	8	8
Distributed rent discounts	66	60	4	4
Accrued rent	23	18	3	3
Other accrued income	-	-	162	84
Closing balance	118	111	186	108

A.7 DEVELOPMENT PROPERTIES

Development properties are properties under development that are intended to be sold as tenant-owned associations after completion.

ACCOUNTING PRINCIPLE

Development properties are recognised at the lowest of their accumulated acquisition value and their net realisable value. The profit from future sales is recognised when the Group no longer controls the tenant-owner association.

The accumulated acquisition value comprises a property's acquisition cost plus the costs expended. If a property has been reclassified from an Investment Property to a Development Property, the acquisition cost comprises the fair value of the property that was established most recently.

	2017	2016
At beginning of year	-	-
Reclassification from Investment property	870	-
Costs expended	-	-
Write-downs	-	-
At end of year	870	-

A.5 OTHER RECEIVABLES

	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
VAT receivable	40	44	1	0
Purchase price receivable	902	-	-	-
Other receivables	44	68	3	11
Closing balance	986	112	4	11

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OL	OPERATIONAL LIABILITIES	SR	SUSTAINABILITY REPORTING

OL OPERATING LIABILITIES

OL.1 OTHER LONG-TERM LIABILITIES

	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Personnel-related liabilities	13	12	13	12
Deposits received from tenants	57	46	7	44
Guarantee reserve	3	2	-	-
Closing balance	73	60	20	57

OL.2 OTHER LIABILITIES

	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Personnel-related liabilities	9	8	7	8
Unpaid purchase price	432	-	-	-
Other liabilities	23	44	2	6
Closing balance	464	53	9	14

OL.3 ACCRUED COSTS AND PREPAID INCOME

	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Holiday pay liability and payroll overheads	27	24	27	24
Liabilities to clients for ongoing engagements in accordance with construction agreements	52	44	-	-
Accrued interest expenses	18	17	13	15
Accrued property tax	16	15	10	10
Other accrued costs and prepaid income	62	45	1	13
Prepaid rent	360	365	10	13
Closing balance	535	510	61	75

OL.4 COLLATERAL PLEDGED AND CONTINGENT LIABILITIES

Collateral pledged and liabilities to credit institutions	The Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Property mortgages	9,043	8,706	974	1,261
Property mortgages made available by subsidiary companies	-	-	6,197	5,372
Total	9,043	8,706	7,372	6,835

Other collateral pledged

Floating charges	-	-	-	-
Guarantee undertakings for subsidiary companies	-	-	200	200
Liabilities as limited partner in limited partnerships	-	-	-	-

CONTINGENT LIABILITIES

Liability for damages for contamination or environmental damage

According to the Swedish Environmental Code, the property owner may be liable to defray measures resulting from a contamination incident or a serious case of environmental damage. We conduct surveys and screening work ahead of property acquisitions and new projects in order to identify any potential environmental risks.

On the closing day Atrium Ljungberg is not aware of any such contamination or environmental damage which may materially impact the Group's financial position.

Disputes

From time to time Atrium Ljungberg is a party in legal processes and administrative proceedings related to letting, management and the development of properties.

On the closing day Atrium Ljungberg is not a party in any ongoing process which may have a material impact on the Group's financial position.

F FINANCING AND CAPITAL STRUCTURE

F.1 CAPITAL STRUCTURE

The Group endeavours to ensure a good profit performance, financial sustainability and a strong financial position. The economic and financial goals are set in order to provide a combination of a high return on shareholders' equity, high growth capacity, and financial stability.

The Group's financial goals are as follows:

- The equity/assets shall be a minimum of 30 per cent.
- The minimum interest coverage ratio is to be a multiple of 2.0.
- The dividend shall correspond to a minimum of 50 per cent of the profit before changes in value after nominal tax, unless investments or the company's financial position in general motivates a deviation from this norm.

The terms to which the Group is subject in relation to external lenders apply to the equity/assets ratio, the interest coverage ratio, and the gearing ratio. The terms are subordinate to the Group's financial goals. The Group's capital structure comprises interest-bearing net borrowing and shareholders' equity attributable to the Parent Company's shareholders. This comprises share capital, other capital contributed and profits brought forward, including the net profit/loss for the year. The financing operations are described in greater detail in Note F2, Financial instruments and risk management.

Atrium Ljungberg's borrowing is primarily secured by means of real estate mortgages in the Group and, in some cases, guarantee undertakings issued by the Parent Company with regard to the subsidiaries' borrowing.

Capital structure	31/12/2017		31/12/2016	
	Reported value	Fair value	Reported value	Fair value
The Group				
Long-term liabilities				
Liabilities to credit institutions	8,105	8,135	7,596	7,617
Bonds	4,800	4,837	1,600	1,602
Certificates ¹⁾	3,510	3,513	3,940	3,946
Current liabilities				
Liabilities to credit institutions	932	936	1,110	1,114
Bonds	900	901	850	851
Total loans	18,247	18,321	15,096	15,130
Liquid assets	-344		-276	
Net debt	17,903		14,819	
Shareholders' equity	18,223		16,176	
Total capital	36,126		30,995	

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

Interest-bearing liabilities are reported at the accrued acquisition value which is the reported value in the above table. The calculation of the fair value of liabilities to credit institutions is based on discounted estimated future cash flows. The discounting is effected on the basis of current market rates plus current borrowing margins. The valuation is hereby conducted with IFRS valuation hierarchy level 2. The valuation of derivatives is described in note F2.

Parent Company	31/12/2017		31/12/2016	
	Reported value	Fair value	Reported value	Fair value
Long-term liabilities				
Liabilities to credit institutions	5,249	5,272	5,725	5,742
Bonds	4,800	4,837	1,600	1,602
Certificates ¹⁾	3,510	3,513	3,940	3,946
Current liabilities				
Liabilities to credit institutions	720	723	910	914
Bonds	900	901	850	851
Liabilities to Group companies	1,931	1,931	1,412	1,412
Total loans	17,110	17,177	14,437	14,467

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

F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING PRINCIPLES

A financial instrument is each form of agreement which gives rise to a financial asset or financial liability. Financial assets in the Balance Sheet refer to loans receivable, derivatives, rents receivable, accounts receivable, other receivables and liquid resources. Financial liabilities refer to loans payable, derivatives, other current liabilities and accounts payable. Reporting of financial instruments in the Balance Sheet takes place when the company becomes a party to the instrument's contractual terms and conditions. An asset is eliminated from the Balance Sheet when the rights contained in the agreement are realised, fall due, or when the company loses control over it. A liability is eliminated from the Balance Sheet when the undertaking in the agreement is fulfilled or otherwise ceases to obtain. Trading date accounting is applied for derivative instruments and settlement date accounting for on demand purchases or sales of financial assets. The company conducts impairment testing on every closing day to determine whether there are objective indications that events indicate a requirement to write down a financial asset or group of financial assets.

The financial instruments of the Group are classified in accordance with the following and specified in note F2.

- Financial assets are valued at fair value via the Income Statement
- Loan receivables and accounts receivable
- Financial liabilities valued at fair value via the Income Statement
- Other financial liabilities

PRINCIPLES GOVERNING FINANCING AND FINANCIAL RISK MANAGEMENT

Financing and financial risks are managed in accordance with guidelines laid down by Atrium Ljungberg's Board of Directors. The Group's treasury function, which is responsible for financing, liquidity and financial risks, is concentrated within the Parent Company. The various categories of financial instrument held by the Group are shown in the table below.

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A	ASSETS
OL	OPERATIONAL LIABILITIES

F FINANCING AND CAPITAL STRUCTURE

E	EPRA
GS	GROUP STRUCTURE
PC	PARENT COMPANY'S ACCOUNTING PRINCIPLES AND SUPPLEMENTARY DISCLOSURES
SR	SUSTAINABILITY REPORTING

F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, cont.

Categorisation of financial instruments ¹⁾	Loan receivables and accounts receivable		Financial assets/liabilities valued at fair value via the Income Statement		Other financial liabilities	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
The Group						
Accounts receivable	151	110	–	–	–	–
Other receivables	986	5	–	–	–	–
Liquid assets	344	276	–	–	–	–
Total	1,481	392	–	–	–	–
Interest-bearing liabilities	–	–	–	–	18,247	15,095
Derivatives	–	–	484	909	–	–
Other liabilities	–	–	–	–	464	10
Accounts payable	–	–	–	–	206	188
Total	–	–	484	909	18,917	15,293

¹⁾ The fair value conforms to the book value of all financial instruments other than interest-bearing liabilities.

Derivatives (interest swap agreements) are valued at fair value in the Balance Sheet and the fair value of derivatives has, in accordance with the IFRS valuation hierarchy, been valued in accordance with level 2. This level means that the valuation is based on input data other than the listed prices used in level 1, which are observable for the asset or the liability, either directly or indirectly.

The derivative agreements (ISDA-agreements) include an option to net obligations in respect of the same counterparty. Unrealised changes in value for the year amount to SEK 121 million (SEK –307 m), of which SEK –18 million (SEK –19 m) relates to re-entry of the hedging reserve. The reported net value for derivatives of SEK –484 million (SEK –909 m) comprises a positive value of SEK 11 million (SEK 0 m) and a negative value of SEK 494 million (SEK 909 m). Other financial instruments are not affected by the fair value hierarchy in that they are reported at the accrued acquisition value in the Balance Sheet.

Categorisation of financial instruments

Parent Company	Loan receivables and accounts receivable		Other financial liabilities	31/12/2016
	31/12/2017	31/12/2016		
Accounts receivable	3	1	–	–
Receivables from Group companies	22,113	20,217	–	–
Other receivables	16	–	–	–
Liquid assets	269	211	–	–
Total	22,401	20,429	–	–
Interest-bearing liabilities	–	–	15,171	13,024
Liabilities to Group companies	–	–	1,931	1,412
Accounts payable	–	–	23	21
Total	–	–	17,125	14,457

LIQUIDITY RISK

The term, liquidity risk refers to the company's risk that there will be insufficient liquid assets or credit for the company to be able to fulfil its payment undertakings. In order to ensure that the liquidity risk can be managed, a maximum of 30 per cent of the loan portfolio may fall due within one year and a maximum of 50 per cent of the loan financing may be obtained from a single creditor. The liquidity shall, furthermore, at all times total a minimum of SEK 300 million and a maximum of SEK 700 million, including liquidity reserves totalling a maximum of SEK 500 million and which may comprise

current account overdrafts or loan guarantees. The Group's liquidity as of 31/12/2017, including unutilised current overdraft facilities totalling SEK 300 million, totalled SEK 644 million (SEK 576 m). At the turn of the year there were also revolving credit facilities of SEK 4,875 million (SEK 4,500 m). SEK 4,875 million of the credit facility was unutilised at the year-end. The table below shows the capital commitment structure of the loan portfolio. The average loan maturity term, as of 31/12/2016, was 3.5 years (3.5 years).

Capital commitment	The Group		Parent Company	
	Amount	Percentage, %	Amount	Percentage, %
Fixed interest term				
2017	1,832	10	1,620	11
2018	4,077	22	3,537	23
2019	4,787	26	4,016	26
2020	1,394	8	1,394	9
2021	3,517	19	1,972	13
2022 and thereafter	2,640	14	2,640	17
Total	18,246	100	15,179	100

MARKET AND INTEREST RISK

The term, market risk, refers to the risk of an impact on the profit/loss as a consequence of changes in the outside world. The market risk is primarily attributable to the trend in interest levels for short and long-term borrowing and for market rent levels. In order to limit the interest risk, the interest payable is spread among 12 years. A maximum of 30 per cent of the loans may fall due for renegotiation of the terms within 1 year and a maximum of 55 per cent of the interest payable may take place within 1 year. The fixed interest term table below itemises the due dates for the Group's interest-bearing liabilities. The average fixed interest term as of 31/12/2017 was 4.4 years (3.9 years). Interest-bearing liabilities at the end of the period totalled SEK 18,247 million (SEK 15,095 m) with an average interest rate of 1.7 per cent excluding and 1.7 per cent including unutilised loan guarantees.

The derivatives portfolio comprised SEK 9,396 million (SEK 9,125 m) in interest swaps at the end of the period. The interest swap agreements are primarily used as a means of changing the fixed interest structure without changing the capital commitment in the loan portfolio. The fair value of these interest swap agreements on the closing day totalled SEK –484 million (SEK –909 m).

Atrium Ljungberg has ceased, as of 1 January 2012, to apply hedge accounting to the interest swaps that hedge the interest flows

F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, CONT.

on external loans. Unrealised changes in the value of derivatives are consequently reported directly to the profit/loss. The hedging reserve, which totalled SEK -164 million on 31 December 2011, is being reversed linearly to Other comprehensive income over the terms of the respective derivatives. The remaining amount to be redeemed as of 31/12/2017 totals SEK -40 million (SEK -54 m) after adjustments for deferred tax calculated at a nominal rate of taxation of 22 per cent.

Interest on the loans falls due for payment quarterly up until 2029. These payments have an ongoing effect on the Income Statement during the terms of the loans in question in that accrued interest is reported.

Atrium Ljungberg has also endeavoured to spread the renegotiation dates for existing lease contracts as part of its efforts to reduce the market risk of temporary cyclical fluctuations. For details of the percentage of income renegotiated during the year ahead, see note [IE2](#). The weighted average remaining term for the lease contracts is 3.6 years (3.7 years).

Fixed interest term ¹⁾	The Group		
	Loan amount	Percentage, %	Average interest, %
2018	7,251	40	0.6
2019	500	3	0.2
2020	1,000	5	0.7
2021	760	4	4.2
2022	1,000	5	2.7
2023 and thereafter	7,736	42	2.7
Total	18,247	100	1.7

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

Maturity structure, derivative instruments	Nominal amount, Unrealised change in		
	SEK m	value, SEK m	Average interest, %
2018	100	0	-0.3
2019	-	-	-
2020	-	-	-
2021	760	-77	3.0
2022	800	-52	1.8
2023 and thereafter	7,736	-355	1.5
Total	9,396	-484	1.6

MATURITY STRUCTURE FOR FINANCIAL INSTRUMENTS

The table below shows future undiscounted cash flows for the payment undertakings associated with the company's financial receivables and liabilities.

The Group	31/12/2017					31/12/2016				
	2018	2019	2020	2021	2022 and thereafter	2017	2018	2019	2020	2021 and thereafter
Assets										
Rent receivables	2,357	2,002	1,623	1,141	772	2,208	1,917	1,540	1,118	727
Accounts receivable	151	-	-	-	-	110	-	-	-	-
Other receivables	986	-	-	-	-	5	-	-	-	-
Liquid assets	344	-	-	-	-	276	-	-	-	-
Total	3,838	2,002	1,623	1,141	722	2,600	1,917	1,540	1,118	727
Liabilities										
Interest-bearing liabilities incl. interest	-1,930	-4,156	-4,850	-1,437	-6,180	-2,046	-3,262	-3,569	-1,818	-4,665
Derivatives	-205	-205	-205	-193	-169	-252	-236	-218	-205	-185
Other current liabilities	-464	-	-	-	-	-13	-	-	-	-
Accounts payable	-206	-	-	-	-	-21	-	-	-	-
Total	-2,805	-4,361	-5,055	-1,629	-6,349	-2,332	-3,498	-3,787	-2,023	-4,850

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F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, CONT.

Parent Company	31/12/2017					31/12/2016				
	2018	2019	2020	2021	2022 and thereafter	2017	2018	2019	2020	2021 and thereafter
Assets										
Rent receivables	172	154	140	93	84	166	136	128	109	74
Accounts receivable	3	–	–	–	–	1	–	–	–	–
Receivables from Group companies	22,113	–	–	–	–	20,217	–	–	–	–
Other receivables	16	–	–	–	–	2	–	–	–	–
Liquid assets	269	–	–	–	–	211	–	–	–	–
Total	22,573	154	140	93	84	20,597	136	128	109	74
Liabilities										
Interest-bearing liabilities incl. interest	-1,696	-3,595	-4,064	-1,423	-4,627	-1,830	-3,037	-3,018	-1,500	-3,848
Derivatives	-205	-205	-205	-193	-169	-252	-236	-218	-205	-185
Liabilities to Group companies	-1,931	–	–	–	–	-1,412	–	–	–	–
Accounts payable	-23	–	–	–	–	-21	–	–	–	–
Total	-3,855	-3,800	-4,269	-1,615	-4,796	-3,516	-3,273	-3,236	-1,705	-4,033

F.3 FINANCIAL INCOME AND EXPENSES

	The Group		Parent Company		2017	2016	2017	2016
	2017	2016	2017	2016				
Financial income								
Interest income	0	0	0	0				
Other interest income	1	1	0	0				
Interest income, tax-free	0	-0	0	0				
Other financial income	0	-0	0	0				
Group interest income	–	–	557	484				
Total	1	1	557	484				
Of which interest income and expenses of financial assets/liabilities which are valued at accrued acquisition value:								
Interest income	0	0	557	484				
Interest expenses	-372	-384	-453	-417				
	-372	-384	104	67				
Financial expenses								
Interest expenses			-372	-384	-355	-345		
Other interest expenses			-0	-0	-4	-2		
Non-deductible interest expenses			-0	-0	–	–		
Other financial expenses			-0	-0	-0	-0		
Group interest expenses			–	–	-95	-72		
Total			-372	-385	-453	-418		

During the year, SEK 13 million (SEK 4 m) of interest expenses which relate to investments in the Group's own properties has been capitalised. The average interest rate which has been used during the calculation amounts to 2.1 per cent (2.6 per cent). Interest expenses for investments in own properties have been carried as an expense in the Parent Company.

The Group Parent Company

F.4 CASH FLOW FROM FINANCIAL LIABILITIES

	Derivatives	Long-term interest-bearing liabilities	Current interest-bearing liabilities	Other long-term liabilities	Total
Group, 1 January 2017	909	13,135	1,970	60	16,074
Loans raised	–	5,175	–	–	5,175
Amortisation of debts	–	-1,678	-350	–	-2,028
Deposits received and repaid	–	–	–	12	12
Exercise of derivatives	-290	–	–	–	-290
Cash items	-290	3,497	-350	12	2,869
Reclassification	–	-212	212	–	0
Dissolution of hedging reserve	-14	–	–	–	-14
Unrealised changes in value	-121	–	–	–	-121
Allocation of borrowing costs	–	-5	–	–	-5
Non-cash items	-135	-217	212	0	-126
Group, 31 December 2017	484	16,415	1,832	73	18,817

F.4 CASH FLOW FROM FINANCIAL LIABILITIES, CONT.

	Liabilities to Group companies	Long-term interest-bearing liabilities	Current interest-bearing liabilities	Other long-term liabilities	Total
Parent Company, 1 January 2017	1,412	11,254	1,770	57	14,493
Loans raised		4,175			4,175
Amortisation of debts		-1,678	-350		-2,028
Change in liabilities to Group companies	519				519
Deposits received and repaid				-37	-37
Cash items	519	2,497	-350	-37	2,629
Reclassification		-200	200		0
Non-cash items	0	-200	200		0
Parent Company, 31 December 2017	1,931	13,551	1,620	20	17,122

E EPRA KEY RATIOS

EPRA

Atrium Ljungberg is a member of the European Public Real Estate Association (EPRA). EPRA is an organisation which represents Europe's publicly listed real estate companies. The organisation strives to create a forum for debate and decisions on the issues which are decisive for the sector's future and establish practice within accounting, reporting and corporate governance.

EPRA's practice for accounting and reporting is described in EPRA Best Practices Recommendations Guidelines (EPRA BPR). The recommendation contains key ratios which aim to increase transparency and comparability between Europe's publicly listed real estate companies. In the following notes Atrium Ljungberg reports EPRA key ratios and how they deviate from IFRS and other applicable benchmarks for the Group. Further reconciliation of these key ratios is available on the company's website.

E.1 EPRA EARNINGS AND EARNINGS PER SHARE (EPRA EPS)

EPRA Earnings corresponds to Profit before changes in value less calculated current tax excluding loss carry-forwards. The deducted tax has been calculated by taking into account tax deductible depreciation and investments.

EPRA Earnings is considered as being important for investors who want to assess to what extent dividends are supported through recurrent earnings from property management.

	2017	2016
Profit/loss before changes in value	1,180	965
- Tax deductible depreciation	-521	-559
- Tax deductible investments	-256	-234
- Consolidated capitalisation of borrowing	14	-14
- Other items	11	0
Taxable profit/loss before loss carry-forwards	428	158
Tax 22% on taxable profit/loss before loss carry-forwards	-94	-35
Profit/loss before changes in value	1,180	965
- Tax 22% on taxable profit/loss before loss carry-forwards	-94	-35
EPRA Earnings and earnings per share (EPRA EPS)	1,086	930
EPRA Earnings and earnings per share (EPRA EPS)	1,086	930
Number of outstanding shares, '000	133,221	133,221
EPRA EPS	8.15	6.96

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E.2 EPRA NAV

EPRA NAV corresponds to reported shareholders' equity with reversal of goodwill, interest derivatives and deferred tax. EPRA NAV represents the assessed fair value of a real estate company's net assets. The value presumes long-term ownership where the property portfolio's unrealised changes in value and realised changes in value for sale of properties are excluded. Furthermore, unrealised changes in the value of financial hedging instruments are reported at fair value as they will amount to zero as they are held until maturity.

EPRA NAV per share corresponds to EPRA NAV divided by the number of outstanding shares at the end of the period.

	The Group	
	2017	2016
Equity according to the Balance Sheet	18,223	16,176
Replacement:		
+ Fair value financial instruments	484	909
- Deferred tax receivable	-6	-22
+ Deferred tax liability	4,531	4,010
- Goodwill attributed to deferred tax	-240	-263
EPRA NAV	22,992	20,810
EPRA NAV	22,992	20,810
Number of outstanding shares at end of period, '000	133,221	133,221
EPRA NAV per share	172.59	156.21

E.3 EPRA NNNAV

EPRA NNNAV corresponds to reported shareholders' equity with reversal of goodwill and adjusted with estimated actual deferred tax. The value is expected to correspond to the estimated value of net assets at a given time, in contrast to EPRA NAV which reports the net asset value for long-term operation.

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

EPRA NNNAV per share corresponds to EPRA NNNAV divided by the number of outstanding shares at the end of the period.

	The Group	
	2017	2016
EPRA NAV	22,992	20,810
- Fair value financial instruments	-484	-926
- Actual deferred tax liability	-850	-667
EPRA NNNAV	21,658	19,234
EPRA NNNAV	21,658	19,234
Number of outstanding shares at end of period, '000	133,221	133,221
EPRA NNNAV per share	162.57	144.38

E.4 EPRA VACANCY RATE

EPRA Vacancy rate shows how large share of the rental value is not obtained due to vacancies. EPRA Vacancy rate is calculated by dividing the rental value of vacant areas by the total rental value for the entire property portfolio if everything was let. Project properties are not included.

	The Group	
	01/01/2018	01/01/2017
Rental value vacant premises, excl. project properties	114	154
Rental value total, excl. project properties	2,375	2,280
EPRA Vacancy rate, %	4.8	6.8

E.5 TOTAL INVESTMENTS (CAPEX)

Total investments (EPRA CAPEX) are reported in the tables in accordance with EPRA BPR. Investments contain both revenue-increasing measures and capitalised maintenance.

	2017	2016
Acquisition of properties	1,833	1,461
Investments in project properties	922	447
Investments in land and development rights	44	62
Investments in sold properties	0	-
Investments in acquired properties	0	1
Investments in comparable portfolios	607	491
Total investments (EPRA CAPEX)	3,406	2,463

GS GROUP STRUCTURE

GS.1 PARTICIPATIONS IN GROUP COMPANIES

ACCOUNTING PRINCIPLES

The parent company's participations in group companies are valued at the acquisition value less accumulated depreciation increased or decreased based on changes to the share of equity. A subsidiary's reported value is tested at least annually for any write-down requirement, or more frequently if there is any indication that the reported value may not be recoverable. During the write-down testing the estimated recoverable value is compared to the book value. The recovery value comprises the higher of the fair value less sales costs and the value in use. The value in use comprises the current value of future cash flows. Potential write-down is reported for cases when the decline in value can be deemed as permanent. Write-down and reversals of previous write-downs are reported in the income statement.

	Parent Company	
	31/12/2017	31/12/2016
Opening acquisition values	450	2,620
Acquisitions	0	-
Capital contribution	503	5
Change in share of equity	0	111
Sales	0	-2,286
Closing accumulated acquisition values	953	450
Opening write-downs	-7	-7
Depreciation for the year	-	-
Closing accumulated write-downs	-7	-7
Closing balance	945	443

Parent company, Directly-owned company	Corporate ID no.	Registered office	Shareholders'			Profit/loss	Book value, SEK m	31/12/2016
			Number of participations	Share of equity, %	SEK k			
			31/12/2017	31/12/2017	31/12/2017 ¹⁾	2017 ¹⁾	31/12/2017	31/12/2016
Atrium Ljungberg Bostad Holding AB	559117-6440	Nacka	500	100%	3	0	3	-
Atrium Ljungberg Holding 1 AB	556781-3059	Nacka	1,000	100%	725	-170	500	0
Atrium Ljungberg Holding 2 AB	556720-3111	Nacka	100,000	100%	149	100	0	0
Atrium Ljungberg Holding 3 AB	556781-3117	Nacka	1,000	100%	0	0	0	0
Atrium Ljungberg Holding 4 AB	559056-7730	Nacka	1,000	100%	2	0	5	5
Fastighetsaktiebolaget Blästern	556282-8052	Nacka	10,000	100%	0	0	0	0
Fastighetsaktiebolaget Celtica	556350-9727	Nacka	2,781,000	100%	186	0	167	167
LjungbergGruppen Holding AB	556669-3221	Nacka	1,000	100%	50	29	190	190
TL Bygg AB	556225-4440	Nacka	10,000	100%	79	0	80	80
Closing balance							945	443

¹⁾ Information is only provided for the companies which are a part of the Group on 31/12/2017.

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GS.1 **PARTICIPATIONS IN GROUP COMPANIES, cont.**

Parent company, Indirectly owned companies ¹⁾	Corporate ID no.	Registered office	Number of participations	Share of equity, %	Shareholders' equity, SEK k		Profit/loss
					31/12/2017	31/12/2017	
AB Farsta Centrum	556065-3023	Nacka	1,000	100%	5		0
Atrium Ljungberg Borgarfjord 3 AB	556755-8076	Nacka	1,000	100%	16		-4
Atrium Ljungberg Bostad AB	559122-1378	Nacka	500	100%	0		0
Atrium Ljungberg Citadellet AB	556994-4878	Nacka	500	100%	30		13
Atrium Ljungberg Dimman AB	556659-3231	Nacka	1,000	100%	120		-87
Atrium Ljungberg Eken AB	556948-7555	Nacka	1,000	100%	49		26
Atrium Ljungberg Fatbursjön AB	556021-7506	Nacka	1,500	100%	2		0
Atrium Ljungberg Gränby Entré AB	556781-3091	Nacka	1,000	100%	0		0
Atrium Ljungberg Gränby Köpstad AB	556731-8265	Nacka	1,000	100%	8		0
Atrium Ljungberg Gåvlegatan 22 AB	556745-4870	Nacka	1,000	100%	5		3
Atrium Ljungberg Hälsingegatan AB	556877-5687	Nacka	500	100%	2		-11
Atrium Ljungberg Kista NOD AB	556745-5182	Nacka	1,000	100%	29		7
Atrium Ljungberg Kyrkviken AB	556781-3083	Nacka	1,000	100%	1		0
Atrium Ljungberg Kyrkviken Holding AB	559117-6424	Nacka	500	100%	2		0
Atrium Ljungberg Kyrkviken 1 AB	559117-6408	Nacka	500	100%	3		1
Atrium Ljungberg Mark Holding AB	559117-6416	Nacka	500	100%	2		0
Atrium Ljungberg M2 AB	556994-4910	Nacka	500	100%	15		9
Atrium Ljungberg Malmén AB	556165-6553	Nacka	1,000	100%	9		2
Atrium Ljungberg Planiavägen AB	556815-7852	Nacka	50,000	100%	13		0
Atrium Ljungberg Port 73 AB	559136-6389	Nacka	500	100%	0		0
Atrium Ljungberg Resan AB	556948-4529	Nacka	1,000	100%	3		0
Atrium Ljungberg S:t Eriksgatan AB	556914-0782	Nacka	50,000	100%	8		3
Atrium Ljungberg Sickla Station AB	556781-3075	Nacka	1,000	100%	0		0
Atrium Ljungberg Skotten AB	556948-4537	Nacka	1,000	100%	126		56
Atrium Ljungberg Stora Katrineberg AB	556600-3843	Nacka	1,000	100%	115		-126
Atrium Ljungberg Tomtmark AB	556948-4545	Nacka	1,000	100%	494		0
Atrium Ljungberg Tranbodarne 13 AB	556754-7947	Nacka	1,000	100%	32		-8
Atrium Ljungberg Lindholmspiren KB	969646-1509	Nacka	E/T	100%	39		2
Atrium Ljungberg Uddvägen AB	556781-3067	Nacka	1,000	100%	9		4
Atrium Ljungberg Bas Barkarby AB	559056-7540	Nacka	1,000	100%	0		0
Atrium Ljungberg Vilande 2 AB	559065-7713	Nacka	1,000	100%	0		0
Atrium Uppsala AB	556691-3603	Nacka	1,000	100%	36		3
Farsta Centrum HB	916404-1361	Nacka	1,000	100%	1,411		137
Fastighets AB Brogatan	556060-5536	Nacka	1,000	100%	42		29
Fastighetsaktiebolaget Stadsgården	556029-0602	Nacka	31,993,074	100%	1,315		192
Fastighetsaktiebolaget Österbotten	556019-4408	Nacka	1,250	100%	2		-251
Fatburstrappen Väst AB	556622-5966	Nacka	1,000	100%	16		3
Gränby Centrum AB	556409-6708	Nacka	100	100%	51		17
Impluvium Tretton AB	556781-3109	Nacka	1,000	100%	0		0
Kommanditbolaget Arbetsstolen 3	969651-2350	Nacka	1,000	100%	155		14
Kommanditbolaget T-Bodarne	969646-1392	Nacka	1,000	100%	586		69
Kommanditbolaget Wårbyriggen 1	969651-2251	Nacka	1,000	100%	68		2
LjungbergGruppen Fastighets AB TX31	556688-4283	Nacka	1,000	100%	21		4
LjungbergGruppen Svindersvik AB	556674-6045	Nacka	1,000	100%	3		0
Mobilia Nord AB	556745-4888	Nacka	1,000	100%	12		2
Mobilia Shopping Centre AB	556412-5242	Nacka	100	100%	77		49
Sickla Industrifastigheter Kommanditbolag	916616-1720	Nacka	999	100%	2,546		257
Walls Fastighets AB	556004-9909	Nacka	6,000	100%	18		4

¹⁾ Information is only provided for the companies which are a part of the Group on 31/12/2017.

GS.2 | PARTICIPATIONS IN ASSOCIATED COMPANIES

ACCOUNTING PRINCIPLES

Associated companies are companies in which the Group has a controlling influence, normally through a shareholding of minimum 20 per cent and maximum 50 per cent and is reported using the equity method. Under the equity method, participations in associated companies are reported at the acquisition value on the acquisition date and subsequently adjusted by the Group's share of the change in the associated company's net assets. The Group's book value of the shares in the associated companies corresponds to the Group's share in the associated companies' shareholders' equity and any residual value of consolidated surplus and deficit values.

	Number	Share of equity	Book value, SEK k	
			31/12/2017	31/12/2017
AB FB-sjön general partner 556605-5181	500	50 %	50	
Registered office in Stockholm				
KB Fatburssjön 5 969670-3439	4,999	50 %		-
Registered office in Stockholm				
Closing balance				50

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

PC | PARENT COMPANY'S ACCOUNTING PRINCIPLES AND SUPPLEMENTARY DISCLOSURES

PC.1 | PARENT COMPANY ACCOUNTING PRINCIPLES

GENERAL:

The Parent Company applies the same accounting principles as the Group with the exceptions and additions regulated in the RFR 2, Reporting for legal entities recommendation issued by the Swedish Financial Reporting Board. This means that in its annual accounts for the legal entity the Parent company shall apply all of the IFRS standards and pronouncements approved by the EU wherever this is possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act and with reference to the link between accounting and taxation.

PROVISIONS AND FINANCIAL GUARANTEE AGREEMENTS

Provisions are reported under a separate heading in the Parent Company's Balance Sheet. The Parent Company applies the relaxation rule in RFR 2 with regard to the reporting of financial guarantee agreements to the benefit of subsidiary companies and associated companies, which means that IAS 39 is not applied to such guarantee agreements. Rather, the Parent Company reports a provision in respect of financial guarantee agreements when the company has an undertaking for which an outflow of resources will probably be required in order to settle the obligation.

PC.2 | PARENT COMPANY'S RESULT OF PARTICIPATIONS IN GROUP COMPANIES

ACCOUNTING PRINCIPLES

Received dividend is reported when the shareholders' right to receive payment has been confirmed. If it is deemed to be certain that a later decision on dividends will be decided at the upcoming Annual General Meeting in the paying subsidiary company, the parent company enters the income earlier, referred to as anticipatory dividend.

Result of participations in Group companies

	Parent Company	
	2017	2016
Dividends from subsidiaries	450	554
Sickla Industrifastigheter KB, 916616-1720 ¹⁾	-	111
Total	450	665

¹⁾ During the year the parent company sold participations in Sickla Industrifastigheter KB to another group company. The share in profits refers to the date until the sale.

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PC.3 PARENT COMPANY'S INVESTMENT PROPERTIES

ACCOUNTING PRINCIPLES

Properties are valued at the acquisition value less accumulated depreciation and write-downs and come under the heading of Investment properties in the Parent Company's Balance Sheet. The term investment properties includes buildings and land, land improvement, building and land-related equipment as well as ongoing work.

Expenses which entail future financial benefits and where the expense can be calculated in a reliable manner have been added to the acquisition value. Ongoing maintenance which is not covered by the afore-mentioned description has been carried as an expense.

Depreciation according to plan is charged to the operating profit/loss of the Parent Company. Depreciation according to plan is effected in the amount of 1 per cent of the acquisition value for buildings, land improvements and building equipment. The buildings are fiscally depreciated in the amount of between 2 and 4 per cent of the acquisition value, while land improvements are depreciated in the amount of 5 per cent. Building equipment is fiscally depreciated in the amount of 20–30 per cent of the acquisition value. The difference between depreciation according to plan and fiscal depreciation is reported under appropriations. Deferred tax on the difference between booked and fiscal depreciation of buildings and land improvements is reported as deferred tax in the Income Statement and as a deferred tax liability in the Balance Sheet.

31/12/2017 31/12/2016

Investment properties	31/12/2017	31/12/2016
Opening acquisition values	1,820	1,741
Investments	89	80
Closing accumulated acquisition values	1,909	1,820
Opening depreciation	-250	-234
Depreciation for the year	-17	-16
Closing accumulated depreciation	-267	-250
Opening write-downs	-73	-73
Closing accumulated write-downs	-73	-73
Closing residual value according to plan	1,569	1,497
Fair value, investment properties	3,005	2,982

Valuation method is described in note **A1**.

PC.4 UNTAXED RESERVES / APPROPRIATIONS

ACCOUNTING PRINCIPLES

The amount allocated to untaxed reserves in the Parent Company comprises taxable temporary differences. The deferred tax liability attributable to the untaxed reserves in the Parent Company is not reported separately due to the link between accounting and taxation. Untaxed reserves are, however, broken down within the Group, with 78 per cent reported as shareholders' equity and 22 per cent as deferred tax liabilities.

Untaxed reserves	31/12/2017	31/12/2016
Accumulated excess depreciation	61	50
Closing balance	61	50
Appropriations		
Excess depreciation equipment	-10	-9
Group contributions received/made	173	-41
Total	162	-50

PC.5 PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The Board proposes the following treatment of unappropriated earnings to the Annual General Meeting. Read more about the Board's statement on proposed treatment of unappropriated earnings on page 153.

The following sum in the Parent Company is available for disposal by the Annual General Meeting:

Profit brought forward	SEK	6,477,235,770
Net profit for the year	SEK	688,235,026
Total	SEK	7,165,470,796

The Board of Directors proposes that the unappropriated earnings be allocated as follows:

That a dividend of SEK 4.50/share be paid to the shareholders	SEK	599,493,312
Carried forward	SEK	6,565,977,484
Total	SEK	7,165,470,796

SR SUSTAINABILITY REPORTING

SR.1 GENERAL INFORMATION

The Annual Report comprises Atrium Ljungberg's Sustainability Report in line with the GRI Core standards, and the Communication on Progress for the UN's Global Compact. We have also observed the EPRA Sustainability Best Practices Recommendations Guidelines. EPRA indicators for the environment and employees are reported in sections **SR1-6** and **SR8**. EPRA indicators for corporate governance (Gov-Board, Gov-Select) are reported in the Corporate Governance Statement on pages 98–101. Section H. Sustainability is our Sustainability Report in accordance with the Swedish Annual Accounts Act. This Sustainability Report is for the entire Group, see note **G51** and **G52**. Atrium Ljungberg publishes the sustainability report annually. A limited assurance review has been performed by Atrium Ljungberg's external auditors.

There have been no significant changes to the organisation or our supply chain. During the year Atrium Ljungberg's property portfolio changed due to the sales, acquisitions and completion of new properties/projects. The changes do not affect the sustainability reporting appreciably, but should be considered for comparisons of energy consumption and emissions over time. No significant changes in scope or boundaries of the GRI reporting have been made. Relevant boundaries are described in each section.

Atrium Ljungberg's Board of Directors establishes the overall sustainability policy for the company and related policies, which cover the following areas: anti-corruption, suppliers, diversity, equal opportunities and non-discrimination. The Supplier Policy includes human rights. Our policies are evaluated and revised annually. They are available in their entirety on our website.

Our Sustainability Policy highlights the fact that we need to maintain a continual dialogue with the stakeholders who form part of our core business, or who are affected by it, to ensure that we have identified our

central sustainability issues. We use the results of the materiality analysis as the basis for developing our focus areas, goals and relevant policies. The Sustainability Policy emphasises the fact that these goals need to be measurable. The goals are monitored every quarter or annually, while the company's strategy and goals are evaluated and updated at least once a year by the Board and management team as part of planning for the following year and the budgetary work within the company. Our sustainability goals are also based on the company's values. See pages 14 and 27 for further information on the goals and outcomes.

Our sustainability risks are evaluated annually, along with other risks, by company management and the Board. Our main sustainability risks involve the supplier chain, climate change, bribes/corruption, and health and safety. The construction and property industry is an at risk industry in terms of bribes and corruption. Our risks in the supplier chain include the environment, human rights and social issues. The entire construction industry faces risks associated with health and accidents, for example, during demolition work and putting up scaffolding. Read more about risks and risk management on page 88.

Atrium Ljungberg's business model is based on sustainable urban development. Our strategy is to own a large, coherent portfolio. We work from a long-term perspective and are a significant player in the markets and areas in which we operate.

By developing our spaces, we create value for our customers and the community in which we work. We often invest in infrastructure and services that have a positive impact on society as a whole. This is why we can create value for the municipality and stakeholders, while also creating value for ourselves.

Our business model is described on pages 10–11, while the strategy for developing our city is on page 17.

SR.2 STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Our most important stakeholders are customers, owners and investors, employees and municipalities. They are all important for our value creation. It is essential for us to maintain a dialogue with them in order to gain knowledge and lay the groundwork to provide a relevant offering. To ensure that both we and our customers feel as though we are working towards the right goals, we have conducted a materiality analysis, which is mostly based on the results of our ongoing stakeholder dialogue. In 2015 we had specific, in-depth discussions with them to gain their insights into what they expect from us, focusing on sustainable enterprise in areas such as energy, emissions, suppliers, anti-corruption, employment, health, training, non-discrimination and equal opportuni-

ties. Dialogue with customers, municipalities and owners took place in individual interviews, in person and in some cases over the phone. At least three representatives for each stakeholder group were interviewed. The employee dialogue took place through an interactive online survey which was answered by a total of 103 employees of Atrium Ljungberg and TL Bygg. The next section describes the issues that each stakeholder group have highlighted as being important during our continual dialogue and during the in-depth discussions in 2015. Read about a specific example of how we create dialogue in our forum Studio Atrium Ljungberg, which has been set up to promote knowledge, on page 78.

Stakeholder engagement	Primary stakeholders	Prioritised issues	Channels for dialogue
Customers	Customers	Resource efficiency and recycling Certification of buildings and communication Work environment	Continuous dialogue in management Annual customer survey Collaboration on new production, reconstruction and green lease contracts
Owners and investors	Owners and investors	Governance and reporting Anti-corruption Responsible purchasing Resource efficiency Certification of buildings Contribution for urban and social development	Feedback in connection with the sustainability assessment Investor meetings Strategy conference with the Board of Directors
Employees	Employees	Resource efficiency and recycling Environmental adaptation Contribution for urban and social development Professional development	Employee survey Performance management process Meetings and workshops
Municipalities	Municipalities	Environmental adaptation Contribution for urban and social development	Meetings and workshops Processing cases

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SR.2 STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS, cont.

We have identified a number of areas based on the company's strategy, impact on the surrounding world and our stakeholders' expectations, which we have developed into four focus areas for the company's sustainability work. The materiality analysis, which was

carried out in 2015, clearly showed that the Board, the management team and other stakeholders all agreed on what the key areas were for Atrium Ljungberg.

Sustainable enterprise

Focus area	GRI standards' areas	Indicators	Description of indicator	Governance, risk management and inspection
Sustainable urban development	Customer health and safety	CRE8	Type and number of sustainability/environmental certifications, labelling or processes applied for implementation of projects or construction of properties/facilities	Goals on certifications are reported publicly every quarter.
Environment and resource efficiency	Energy	GRI 302-1, CRE1	Energy consumption within the organisation and energy performance in buildings	Governed by the Sustainability Policy and energy goals. Energy goals are reported publicly every quarter and internally every quarter.
	Emissions	GRI 201-2 GRI 305-1 GRI 305-2 GRI 305-3, CRE3	Financial implications and other risks and opportunities due to climate change. Direct and indirect greenhouse gas emissions (Scope 1, 2 and 3) and emissions intensity in buildings	Governed by the Sustainability Policy, strategy for sustainable urban development, and energy goals. Risks and opportunities are evaluated at least once every year by the Board of Directors and reported in the Annual Report and to CDP.
Business ethics	Evaluation of suppliers in terms of working conditions and human rights	GRI 414-1	Percentage of new suppliers who were evaluated using human rights criteria	Governed by the Supplier Policy, which is appended to agreements. The purchasing process contains procedures for checks and reviews. Supplier risks are evaluated at least once every year by the Board of Directors.
	Evaluation of suppliers for the environment	GRI 308-1	Percentage of suppliers that are evaluated using environmental criteria.	Governed by the Supplier Policy, which is appended to agreements. The purchasing process contains procedures for checks and reviews. Supplier risks are evaluated at least once every year by the Board of Directors.
	Anti-corruption	GRI 205-1 GRI 205-3	Percentage of operations that are assessed for risks related to corruption and the number of incidents of corruption	Governed by the Business Ethics Policy and the Whistleblowing Policy. It is possible to make an anonymous report using the reporting function, when there are suspicions of any improprieties that contravene our values and policies.
Employees	Labour practices and working conditions	GRI 401-1	Employee turnover	Governed by the Sustainability Policy and the goal to be one of Sweden's best workplaces. Key figures are monitored annually. The employee survey process governs our improvement work.
	Health and safety	GRI 403-2	Injuries, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Governed by the zero-tolerance attitude to workplace accidents and stress-related diseases. Procedures for training. Key figures are monitored annually. Workplace accidents are reported to the Swedish Work Environment Authority. It is possible to make an anonymous report using the reporting function, when there are suspicions of any improprieties that involve a person's life and health, for example, safety failings at the workplace.
	Training	GRI 404-2 GRI 404-3	Competence provision, including programmes for continuing training and lifelong learning to support continued employability and to help employees at the end of their employment. Percentage of employees receiving regular performance and career development reviews	Governed by the PM process and the equivalent career development for TL's skilled employees. Governs and documents the number of employees whose performance and development are evaluated digitally. Key figures are monitored annually.
	Diversity and equal opportunities	GRI 405-1	Composition of the Board and management team, and breakdown of other employees by sex, age group, minority group and other diversity indicators	Governed by the Equal Opportunities and Discrimination Policy. Reported annually. It is possible to make an anonymous report using the reporting function, when there are suspicions of discrimination and harassment.
	Non-discrimination	GRI 406-1	Number of cases of discrimination	Governed by the Equal Opportunities and Discrimination Policy. Reported annually. It is possible to make an anonymous report using the reporting function, when there are suspicions of discrimination and harassment. See page 30 for further information about different backgrounds and competence.

SR.3 ENERGY CONSUMPTION

The amount of energy refers to the amount that has been purchased from suppliers. The values from solar cells are taken from our supplier meters. Heating and cooling, including tenant consumption. Tenant electricity is estimated for tenants with their own electricity subscription. This estimate has been made using the average value for each of the following categories, retail, food sector and offices, where we have onward delivery of electricity. Key figures from the Swedish Energy Agency have been used for residential. We have no onward delivery for residential, which is why we do not have the input data for this.

We use weighting to an average year for district heating, oil and pellets for each location. District cooling is not weighted to an average year.

Energy intensity refers to all heating, cooling and electricity, including the tenants' energy consumption.

Our target is to reduce our energy consumption per square metre by 30 per cent by 2021. When monitoring this target, we use the total letting area, excluding the garage, indexed by a factor of 1.15. Purchased and sold properties are calculated in relation to the period of ownership. We also include the energy consumption of our tenants in our target.

A comparison of like-for-like properties (LfL) indicates that energy consumption has dropped by 5 per cent since 2016. In terms of 'like-for-like properties', we use the definition from EPRA, which states that the property must have been owned for at least two full reporting years.

See pages 148–149 for further information about our results in the Energy Consumption table.

SR.4 CARBON DIOXIDE EMISSIONS

We report our carbon dioxide emissions in accordance with Greenhouse Gas Protocol, which internationally, is the most common method for voluntarily calculating a company's greenhouse gas emissions. Since 2007, which is also our base year, we have been reporting to CDP, which includes the calculations of our emissions for scope 1, 2 and 3. We use market-based principles for our calculations. Greenhouse gases from electricity consumption, valued using a location-based method, amounted to 14,533 tonnes of CO₂ in 2017.

Emissions from heating consumption are weighted to an average year in scope 1 and 2. The emission figures for calculating emissions from oil, pellets, electricity and district cooling have been obtained from the relevant supplier. The emission figures for district heating have been obtained from the Swedish District Heating Association, where the values from previous years have been used. We use 'Nordisk elmix' to calculate emissions for electricity using the location-based method and from tenants that have their own electricity subscription.

Emissions in scope 3, which are generated from our visitors' journeys to and from our retail hubs, are based on a rough estimate of habits and travel patterns. Emission figures for car journeys to our retail hubs and service 10 km correspond to a general car,

SR.4 CARBON DIOXIDE EMISSIONS, cont.

according to the flat rates from the Swedish Environmental Protection Agency. The same flat rates have been used for business trips with a private car.

Every year we provide CDP with a rough estimate of the financial impact of our climate risks. We have valued our climate risks at SEK 268 million (SEK 243 m). SEK 19 million is from the increase in energy consumption for 2017, which could have been caused by the change in temperature. SEK 10 million is from the higher management costs, which could have been caused by higher cloudburst. SEK 239 million is from our brand risks, which could have been caused by tenants not wishing to renegotiate their agreements. Read more about climate risks in our public CDP report. To reduce these climate risks, we are working with certifications for our buildings, green lease contracts, and to reduce fossil usage in our energy consumption.

Carbon dioxide emissions, origin

Scope	Activity	Activity data	Conversion factor
Scope 1	Use of oil in property	Data from suppliers	Heating oil 246 g CO ₂ /kWh
Scope 1	Use of pellets in property	Data from suppliers	Pellets 6 g CO ₂ /kWh
Scope 1	Business trips using service and company cars	Data from Autoplan and an estimate of the use of individual cars outside Autoplan	Emission factor for each vehicle
Scope 2	Electricity consumption in properties	Data from suppliers for market-based calculations. Data for location-based calculations from Nordisk elmix. Nordisk elmix is also used for tenants with their own electricity subscription	Market-based 0 g CO ₂ /kWh Location-based 100 g CO ₂ /kWh
Scope 2	District cooling consumption in properties	Data from suppliers	Emission factor for each supplier
Scope 2	District heating consumption in properties	Data from Svensk Fjärrvärme, one year time lag	Emission factor for each supplier
Scope 3	Business trips by air	Data from travel agency, in accordance with STS standard	Kg CO ₂ STS standard for each trip
Scope 3	Private vehicle used for work	Internal data from the finance system for mileage payments for business trips using a private car	0.163 kg CO ₂ /km flat rate taken from the Swedish Environmental Protection Agency.
Scope 3	Visitors to retail hubs	Estimated data based on travel habits and customer surveys	0.163 kg CO ₂ /km flat rate taken from the Swedish Environmental Protection Agency.

SR.5 WATER

We report water data using EPRA's guidelines. 'Water' refers to water purchased from suppliers. See pages 148–149 for data about our water consumption.

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This is our environmental data in accordance with EPRA's guidelines.

SR.3 ENERGY CONSUMPTION, cont.

Energy

EPRA Code	Units of Measure	Indicator	Absolute measures use (ABS)		Atrium Ljungberg Total
			2017	2016	
Elec-Abs	MWh	Electricity	Total landlord-obtained electricity, measured		
Elec-LfL				54,814	55,641
of applicable properties			Electricity disclosure coverage	51	47
Elec-Abs	MWh	Electricity	Total tenant-obtained electricity, measured		
Elec-LfL				69,381	56,609
of applicable properties			Electricity disclosure coverage	51	47
Elec-Abs	MWh	Electricity	Total tenant-obtained electricity, standard value		
Elec-LfL				20,673	22,830
of applicable properties			Electricity disclosure coverage	51	47
Elec-Abs	MWh	Electricity	Total obtained electricity, measured and standard value		
Elec-LfL				144,868	135,079
of applicable properties			Electricity disclosure coverage	51	47
DH&C-Abs	MWh		Total landlord-obtained heating and cooling		
DH&C-LfL				104,240	91,594
of applicable properties			District heating & cooling disclosure coverage	51	47
Fuels-Abs	MWh	Fuels	Total landlord-obtained fuels		
Fuels-LfL				2,082	2,307
of applicable properties			Fuels disclosure coverage	1	1
			Total energy use	251,251	2,226,673
	MWh	Energy	Total energy use (Degree day corrected)	257,160	230,882
Energy-Int	kWh/m ²	Energy intensity	Energy building intensity	232	224

SR.4 CARBON DIOXIDE EMISSIONS, cont.

Greenhouse gas emissions

EPRA Code	Units of Measure	Indicator	Absolute measures use (ABS)		Atrium Ljungberg Total
			2017	2016	
GHG-Dir-Abs		Direct	Scope 1		
GHG-Dir-LfL				337	95
GHG-Indir-Abs	Tonne CO ₂ e	Indirect	Scope 2	6,951	7,527
GHG-Indir-LfL		Other indirect	Scope 3	6,726	15,430
GHG-Int	kg CO ₂ e/m ²		GHG Intensity	7	8

SR.5 WATER, cont.

Water

EPRA Code	Units of Measure	Indicator	Absolute measures use (ABS)		Atrium Ljungberg Total
			2017	2016	
Water-Abs	m ³	Municipal water			
Water-LfL				524,431	311,988
Water-Int	m ³ /m ²	Building water intensity			
of applicable properties		Water disclosure coverage		471	303
				51	47

Like-for-Like (LFL) by property type

Offices			Retail			Residential			Atrium Ljungberg Total		
2017	2016	% change	2017	2016	% change	2017	2016	% change	2017	2016	% change
16,910	16,161	-4	31,257	33,758	-8	1,591	1,628	-2	49,758	51,547	-4
22	22		15	15		5	5		41	41	-
17,804	18,659	-5	36,776	37,073	-1	-	-	-	54,580	55,732	-2
22	22	-	15	15	-	-	-	-	41	41	-
6,249	7,236	-16	4,183	7,392	-77	2,379	2,388	0	12,812	17,016	-32
22	22	-	15	15		5	5		41	41	-
40,964	42,056	-3	72,216	78,223	-8	3,970	4,016	-1	117,149	124,295	-6
22	22	-	15	15	-	5	5	-	41	41	-
40,624	44,195	-9	30,335	31,270	-3	7,751	7,586	2	78,709	83,050	-6
22	22	-	15	15		5	5		41	41	-
2,082	2,307	10							2,082	2,307	10
1	1	-							1	1	-
83,669	86,251	-3	102,612	109,493	-7	11,721	11,602	1	198,003	207,346	-5
86,207	88,043	-2	104,593	110,959	-6	12,234	12,158	1	203,034	211,161	-4
196	202	-3	271	290	-7	177	176	1	227	238	-5

Like-for-Like (LFL) by property type

Offices			Retail			Residential			Atrium Ljungberg Total		
2017	2016	% change	2017	2016	% change	2017	2016	% change	2017	2016	% change
58	0	100	0	0	0	0	0	0	58	0	100
2,527	3,309	-31	3,114	3,254	-4	1,157	1,294	-12	5,757	6,671	-16
6	8	-2	7	8	-1	10	11	-10	7	8	-14

Like-for-Like (LFL) by property type

Offices			Retail			Residential			Atrium Ljungberg Total		
2017	2016	% change	2017	2016	% change	2017	2016	% change	2017	2016	% change
152,558	73,860	52	224,489	123,396	45	96,433	92,893	4	473,480	290,149	39
346	169	51	583	323	45	1,398	1,347	4	529	327	38
22	22		15	15		5	5		41	41	-

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SR.6 CERTIFIED BUILDINGS

Certified buildings are buildings that have been awarded a sustainability certificate from an independent certification body. The certifications that we have are BREEAM, BREEAM In-Use, Leed and Miljöbyggnad.

Our target is for 100 per cent of our properties to be certified, and when monitoring this target, we use the letting area that has been certified divided by the total letting area.

Sustainability certified buildings		Atrium Ljungberg									
EPRA Code	Indicator	Environmental building		BREEAM In-Use		LEED		BREEAM		Total sustainability certified assets	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Cert-tot	Number of certified assets	1	1	2	1	1	0	10	7	14	9
	Certified area (m ²)	5,801	5,815	58,672	36,045	13,550	0	98,603	93,905	176,626	135,765
	Certified area, share of total portfolio (%)	1	1	5	4	1	0	9	9	15	13

During the year we certified two existing buildings with BREEAM In-Use, as well as all major new build projects. We also sold a large certified property.

SR.7 GREEN LEASE CONTRACTS

Green lease contracts are contracts that have the Swedish Property Federation's standard green appendix. This appendix is attached to the lease contract.

Our target is for the percentage of green lease contracts to be 50 per cent of the contracted annual rent. When monitoring this target, we use ongoing lease contracts that have a green appendix as of 31 December within selected areas of use: offices, retail, industry, other, other health and other culture. This means that residential and garages are not included. The lease value for the contracts that have a green appendix is divided by the total rental value in the same area of use. At the end of 2017, 18 per cent of our contracted annual rent came under a green lease contract.

SR.8 EMPLOYEES

Average number of employees	The Group		Parent Company	
	2017	2016	2017	2016
Men	219	210	115	110
Women	76	71	65	61
	295	281	180	171

Number of employees

The average number of employees has increased from 2016 to 2017. Atrium Ljungberg does not divide employees by region, but reports the Group's employees as a whole. We only report our own employees. We only use fixed-term employment to a very limited extent, which is why they are not included in our reporting of employees.

Project properties and buildings acquired within the past two years are not included in the target, but are included in the EPRA key figure for certifications. The base year for both target monitoring and the EPRA key figure is 2016.

SR.8 EMPLOYEES, cont.

Employee turnover (EPRA Emp-Turnover)

	2017			2016		
	Men	Women	Total	Men	Women	Total
<i>Year's change in number of employees</i>						
Number of employees at start of the year	211	70	281	206	74	280
Recruitment	29	18	47	32	8	40
Resignations	23	9	32	28	11	39
Number of employees at year-end	217	79	296	210	71	281
<i>New employees</i>						
under 30	5	4	9	7	1	8
30–49	19	14	33	17	6	23
50 and above	5	0	5	8	1	9
Total	29	18	47	32	8	40
<i>Resignations</i>						
under 30	3	4	7	3	0	3
30–49	13	2	15	14	8	22
50 and above	7	3	10	11	3	14
Total	23	9	32	28	11	39

Employees divided by type and form of employment

	Form of employment			Type of employment		
	Skilled employees	Administrative employees	Full-time	Part-time	Full-time	Part-time
<i>Number of employees at year-end</i>						
	217	79	296	210	71	281
<i>Number of employees at year-end</i>						
	217	79	296	210	71	281

SR.8 EMPLOYEES, cont.

Employees divided by age and sex (EPRA Diversity-Emp)

	2017			2016		
	Men	Women	Total	Men	Women	Total
Age distribution all employees						
under 30	34	7	41	36	8	44
30-49	118	62	180	113	50	163
50 and above	65	10	75	61	13	74
Number of employees at year-end	217	79	296	210	71	281
Age distribution company management						
under 30	-	-	-	-	-	-
30-49	3	3	6	3	2	5
50 and above	-	1	1	-	1	1
Total company management	3	4	7	3	3	6
Age distribution other managers and employees						
under 30	34	7	41	36	8	44
30-49	115	59	174	110	48	158
50 and above	65	9	74	61	11	72
Total other managers and employees	214	74	289	207	67	274
Age distribution Board of Directors						
under 30	-	-	-	-	-	-
30-49	2	1	3	2	1	3
50 and above	2	1	3	2	1	3
Total Board of Directors	4	2	6	4	2	6
Gender distribution						
Board of Directors	4	2	6	4	2	6
Company management	3	4	7	3	3	6
Mid-level management	20	10	30	20	7	27
Other	194	65	259	187	61	248
Number at period end	221	81	302	214	73	287

Sick leave

The Group's sick leave is slightly higher, but basically unchanged from the previous year. Atrium Ljungberg actively works with "sustainable employees" and has a zero-tolerance attitude towards stress-related illnesses and workplace accidents. All employees also have a personal sustainability target which is monitored continuously during the year.

SR.8 EMPLOYEES, cont.

Sick leave (EPRA H&S-Emp)

Sick leave	2017			2016		
	Men	Women	Total	Men	Women	Total
% of total working hours						
under 30	4.9	1.6	4.3	5.0	1.3	4.3
30-49	2.9	3.3	3.0	2.4	2.2	2.4
50 and above	7.0	8.2	7.2	6.2	6.5	6.3
Total	4.5	4.0	4.4	4.1	2.9	3.8

See pages 28–29 for further information about our employees.

SR.9 DISTRIBUTED ECONOMIC VALUE AND TAX

Atrium Ljungberg generates value by the 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. Economic value distributed corresponds to economic value generated. See reconciliation on Atrium Ljungberg's website.

Atrium Ljungberg's directly distributed economic value to society comprises taxes and leasehold fees. These taxes mainly comprise current tax, property tax, non-deductible VAT, stamp duty, social security payments and special payroll tax. The rules on these taxes are monitored carefully as this is an essential part of the commercial offer with requirements for high predictability and minimisation of administrative expenses. Within the framework of this, in its tax policy Atrium Ljungberg undertakes not to conduct aggressive tax planning. Aggressive tax planning refers to arrangements which only aim to minimise the tax without links to own business activities. The Tax Policy is available in its entirety on our website. An overwhelming majority of our directly distributed economic value relates to our suppliers.

	2017	2016
Suppliers	2,120	1,487
Employees	166	186
Lenders	387	388
Society	303	263
Owners	526	473
Economic value distributed¹¹	3,501	2,798

¹¹ Economic value distributed corresponds to economic value generated. See reconciliation on Atrium Ljungberg's website.

	2017	2016
Current tax	9	4
Property tax	142	130
Non-deductible VAT	53	21
Stamp duty	4	23
Social security payments	53	52
Special payroll tax	6	8
Taxes	268	238
Leasehold fees	35	25
Society	303	263

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SR.10 ANTI-CORRUPTION

Corruption refers to the misuse of a position of power or trust for a person's own benefit or for the benefit of others. We report cases of corruption involving employees and temporary employees 100 % of our operations have been examined for corruption, and the main risks identified during this examination relate to suppliers, letting and transactions.

Incidents of corruption	2017	2016
Number of confirmed incidents of corruption	1	0
Number of employees who have had to resign as a result of corruption	1	0
Number of collaboration agreements that have been terminated as a result of corruption	0	0
Legal procedures for corruption that have been brought against the organisation and our employees	0	0

This incident of corruption relates to an employee who used their position with a supplier for private purposes. The employee is no longer employed.

SR.11 SUPPLIERS

A supplier is one that invoiced at least SEK 100,000 in 2017; a new supplier is a supplier with whom we have signed a new agreement during the year. If a supplier has been evaluated, it means that they have carried out a self-assessment in the Swedish Property Federation's database. This assessment has then been examined and evaluated using the requirements that Atrium Ljungberg has determined that suppliers must meet.

These requirements cover employment conditions, working conditions, human rights and the environment, and are detailed in our Supplier Policy, which is appended and signed with the agreements. We have decided only to include framework agreements in our key figures for the percentage of new employees who have been evaluated. This is because of the limitations of our systems at this point in time. To manage risk sectors, we focused on cleaning suppliers in 2017 and examined existing agreements. 2017 is the first year that we have measured the number of new suppliers that have been evaluated, and this is what we are reporting in this indicator.

SR.12 BOARD'S SIGNATURES

The Board and CEO ensure that the Sustainability Report has been produced in accordance with the Swedish Annual Accounts Act.

Nacka, 7 March 2018

Johan Ljungberg Chairman of the Board	Sune Dahlqvist Member of the Board
Simon de Château Member of the Board	Hanna Graflund Sleyman Member of the Board
Anna Hallberg Member of the Board	Erik Langby Member of the Board
Annica Ånäs CEO	

SR.13 THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the General Meeting of Atrium Ljungberg AB (publ), corporate identity number 556175-7047

Assignment and responsibilities

The Board of Directors is responsible for the Sustainability Report for 2017 and for it being prepared in accordance with the Swedish Annual Accounts Act.

Focus and scope of the examination

Our examination has been conducted in accordance with FAR's recommendation RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Statement

A sustainability report has been prepared.

Stockholm, 7 March 2018
Ernst & Young AB

Ingemar Rindstig
Authorised Public Accountant

PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The following sum in the Parent Company is available for disposal by the Annual General Meeting:

Profit brought forward	SEK 6,477,235,770
Net profit for the year	SEK 688,235,026
Total	SEK 7,165,470,796

The Board of Directors proposes that the unappropriated earnings be allocated as follows:

That a dividend of SEK 4.50/share be paid to the shareholders	SEK 599,493,312
Carried forward	SEK 6,565,977,484
Total	SEK 7,165,470,796

BOARD STATEMENT CONCERNING THE PROPOSED DIVIDEND

The Board of Directors hereby issues the following statement in accordance with chapter 18, §4 of the Swedish Companies Act (2005:551). The Board's declaration that the proposed dividend is compatible with the provisions of chapter 17, §3, sections 2 and 3 of the Swedish Companies Act is the following.

THE NATURE AND SCOPE OF THE OPERATIONS AND THE RISKS ASSOCIATED THEREWITH

The nature and scope of the operations are specified in the Articles of Association and the published annual accounts. The operations conducted by the company do not entail risks over and above either those that arise or which may be expected to arise within the sector or those generally associated with commercial operations and the conduct thereof.

THE FINANCIAL POSITION OF THE COMPANY AND THE GROUP

The financial position of the company and the Group on 31 December 2017 is shown in the 2017 annual accounts. The principles applied to the valuation of assets, provisions and liabilities are shown in the notes on pages 118–144 of the Annual Report.

It is apparent from the treatment of unappropriated earnings proposal that the Board proposes payment of a dividend of SEK 4.50 per share, corresponding to a total sum of approximately SEK 599 million. The proposed dividend comprises 7.7 per cent of the Parent Company's shareholders' equity and 3.3 per cent of the Group's shareholders' equity. Funds available for payment as dividends within the Parent Company totalled SEK 7,165 million at the end of the 2017 financial year. The record date for the distribution of profits proposed by the Board of Directors is Friday 3 April 2018.

It is apparent, inter alia, from the annual accounts that the Group's equity/assets ratio is 42.6 per cent. The proposed dividend does not jeopardise fulfilment of the investments deemed necessary. The company's financial position does not give occasion to

assume anything other than that the company will be able to continue its operations and that the company can be expected to fulfil its undertakings in both the short and the long-term.

THE DEFENSIBILITY OF THE DIVIDEND PROPOSAL

The Board of Directors is of the opinion, with reference to the above and to other information obtained by the Board, that the financial position of the company and the Group are such that the dividend proposal is defensible with reference to chapter 17, §3, sections 2 and 3 of the Swedish Companies Act, i.e. with reference to the requirements that the nature and scope of the operations and the risks it entails impose on the size of the company's and the Group's shareholders' equity and the consolidation requirements, liquidity and position in general of the company and the Group.

Nacka, 7 March 2018

Atrium Ljungberg AB (publ)
Board of directors

ANNUAL ACCOUNTS SIGNATORIES

The Board of Directors and the Managing Director hereby attest that the consolidated accounts and the annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and with generally accepted auditing principles, and

that they provide a true and fair view of the Group's and the company's respective positions and results and that the Directors' Report for the Group and the Directors' Report for the company are faithful representations of the development of the performance by the Group's and the com-

pany's operations, and of their respective positions and results, and that they describe significant risks and uncertainty factors faced by the companies that make up the Group.

Nacka, 7 March 2018

Johan Ljungberg
Chairman of the Board

Sune Dahlqvist
Member of the Board

Simon de Château
Member of the Board

Hanna Graflund Sleyman
Member of the Board

Anna Hallberg
Member of the Board

Erik Langby
Member of the Board

Annica Ånäs
CEO

Our Audit Report was submitted on 7 March 2018.
Ernst & Young AB

Ingemar Rindstig
Authorised Public Accountant

AUDITORS' REPORT

To the General Meeting of Atrium Ljungberg AB (publ), corporate identity number 556175-7047

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Atrium Ljungberg AB (publ) for the year 2017, except for the corporate governance statement on pages 100–105. The annual accounts and consolidated accounts of the company are included on pages 83–97, 100–44 and 153–154 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2017 and of their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 100–105. The directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting adopt

the Income Statement and Balance Sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, to the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and informing our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. The description below of how this audit was performed in these areas must be read in this context.

We have fulfilled the responsibilities described in the Auditor's responsibilities section of the annual report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the annual accounts and consolidated accounts. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion.

VALUATION INVESTMENT PROPERTIES

DESCRIPTION OF THE AREA

The fair value of investment properties in the Group amounted to SEK 39,991 million on 31 December 2017. On the closing day, 31 December 2017, some parts of the property portfolio were valued by external valuation experts and some valued internally. The valuations are yield-based in accordance with the cash flow model, which entails that future cash flows are forecast. The yield requirement of properties is assessed based on each property's unique risk and conducted transactions in the market for objects of a similar nature. Based on the high degree of assumptions and assessments which are made in connection with the property valuation, we believe that this area is a particularly important area in our audit. A description of the valuation of the property holding is stated in the section on significant assessments in note **G12** and note on investment properties **A1**.

HOW OUR AUDIT ADDRESSED THIS MATTER

In our audit we have evaluated the company's process for property valuation by, among other things, evaluating the valuation method and input data in the prepared valuations. We have evaluated the skills and objectivity of the external valuation experts. We have made comparisons to known market information. Based on our valuation expertise, we have reviewed the model used for property valuation. We have also reviewed the reasonability of the assumptions made such as yield requirements, vacancy rate, rental income and operating costs based on our valuation expertise. We have reviewed the disclosures provided in the annual accounts.

INCOME TAX

DESCRIPTION OF THE AREA

The tax expense in accordance with the consolidated statement of comprehensive income amounted to SEK -551 million, of which SEK -9 million related to current tax expense and SEK -442 deferred tax expense. The Group reports SEK 6 million as deferred tax receivables and SEK 4,531 million as deferred tax liabilities. The description of current tax and deferred tax is stated in the annual accounts in note 111. The calculation and reporting of current tax and deferred tax are complex and contain a high degree of assessments and assumptions. These include the valuation of tax deductible loss carry-forwards, the basis for tax depreciation, directly deductible reconstruction costs, and the sale of properties separately or in legal form. During the year, the Group invested SEK 1,593 million in existing properties and conducted property sales with an underlying property value of SEK 977 million.

Based on the assessments and assumptions made in connection with the calculation of income taxes, we consider this area as being particularly important in our audit.

HOW OUR AUDIT ADDRESSED THIS MATTER

In our audit we have evaluated and reviewed the company's process for the calculation of current and deferred tax. We have reviewed a selection of the legal companies' calculations of current tax in the Group. We have examined the handling of tax deductible direct deductions, and examined a selection of direct deductions. We have also examined property sales, and examined calculations of the Group's deferred tax. By making use of our tax specialists, we have assessed the application against applicable tax legislation. We have reviewed the disclosures provided in the annual accounts.

■ OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–82, 98–99, 145–152 and 160–171. The Board of Directors and the Managing Director are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and

the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic deci-

sions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such

disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Atrium Ljungberg AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the General Meeting that the profit be appropriated in accordance with the proposal in the directors' report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities in accordance with this are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the

company's profit or loss are based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for that the corporate governance statement on pages 100–105 has been prepared in accordance with the Swedish Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Jakobsbergsgatan 24, SE-103 99 Stockholm, Sweden, was appointed as Atrium Ljungberg AB's (publ) auditor by the general meeting on 21 April 2015, and has been the company's auditor since 7 April 2011.

Stockholm, 7 March 2018

Ernst & Young AB

Ingemar Rindstig
Authorised Public Accountant

THE AUDITOR'S LIMITED ASSURANCE REPORT ON ATRIUM LJUNGBERG AB (PUBL)'S SUSTAINABILITY REPORT

To Atrium Ljungberg AB (publ)

INTRODUCTION

We have been engaged by the Board of Directors of Atrium Ljungberg AB (publ) to undertake a limited assurance engagement of Atrium Ljungberg AB's (publ) Sustainability Report for the year 2017. The company has defined the scope of the Sustainability Report to the sections referenced in the GRI index on pages 169–170.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND COMPANY MANAGEMENT FOR THE SUSTAINABILITY REPORT

The Board of Directors and company management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 152 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our review in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, applying RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other quality controls. The firm applies ISQC 1 (International Standard on Quality Control) and

accordingly maintains a comprehensive system of quality control including documented guidelines and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Atrium Ljungberg AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Therefore, the conclusion expressed based on a review does not have the assurance of a conclusion expressed based on an audit.

Our review is based on the criteria defined by the Board of Directors and company management, as described above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

STATEMENT

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report has not been prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and company management.

Stockholm, 7 March 2018
Ernst & Young AB

Ingemar Rindstig
Authorised Public Accountant

Marianne Förander
Specialist member of FAR

MULTI-YEAR OVERVIEW

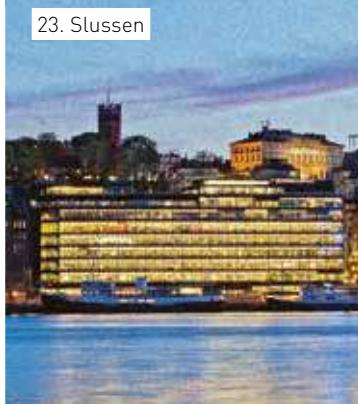
Amounts in SEK m	2017	2016	2015	2014	2013
INCOME STATEMENTS					
Rental income	2,389	2,150	2,122	1,980	1,956
Net sales, project and construction work	174	149	346	331	405
Net sales	2,563	2,299	2,468	2,311	2,361
Property management costs	-742	-692	-671	-636	-659
Project and construction work costs	-206	-162	-372	-342	-394
Gross profit/loss	1,616	1,445	1,425	1,334	1,308
- of which gross profit/loss from property management	1,647	1,458	1,450	1,345	1,297
- of which gross profit/loss from project and construction work	-31	-12	-26	-11	11
Central administration, property management	-48	-82	-60	-53	-47
Central administration, project and construction work	-16	-15	-15	-14	-14
	-64	-97	-76	-67	-62
Financial income	1	1	2	2	3
Financial expenses	-372	-385	-405	-425	-421
	-372	-384	-403	-423	-418
Profit/loss before changes in value	1,180	965	945	844	829
Properties, unrealised changes in value	1,817	2,772	2,328	861	143
Properties, realised changes in value	-4	6	-44	8	-35
Financial instruments, unrealised changes in value	121	-307	201	-894	343
Financial instruments, realised changes in value	-5	-	-	-	-
	1,930	2,471	2,485	-25	450
Profit/loss before tax	3,110	3,436	3,431	818	1,279
Current tax	-9	-4	-17	-16	6
Deferred tax	-542	-751	-630	-157	-177
Net profit/loss for the year	2,559	2,681	2,784	645	1,108
BALANCE SHEETS					
Investment properties	39,991	36,054	30,841	28,163	25,009
Goodwill	240	263	263	274	274
Other fixed assets	45	52	48	45	38
Current assets	2,143	357	405	379	1,323
Liquid assets	344	276	389	415	187
Total assets	42,763	37,001	31,947	29,276	26,830
Shareholders' equity	18,223	16,176	13,953	11,590	11,021
Deferred tax liability	4,531	4,010	3,275	2,678	2,516
Long-term interest-bearing liabilities	16,415	13,125	10,976	9,807	10,660
Long-term derivatives	484	900	621	846	-
Other long-term liabilities	73	60	32	27	25
Short-term interest-bearing liabilities	1,832	1,970	2,285	2,510	1,754
Short-term derivatives	0	9	0	-	-
Other current liabilities	1,205	751	804	1,818	855
Total shareholders' equity and liabilities	42,763	37,001	31,947	29,276	26,830

Amounts in SEK m	2017	2016	2015	2014	2013
CASH FLOW STATEMENTS					
Cash flow from operating activities					
Cash flow from operating activities	1,166	949	1,006	734	854
Cash flow from investment activities	-3,443	-2,435	-1,535	-302	-1,273
Cash flow from financing activities	2,346	1,373	504	-204	417
Cash flow for the year	68	-113	-25	228	-2
KEY RATIOS					
<i>Property-related key ratios</i>					
Letting rate, %	95	93	94	93	95
Operating surplus margin, %	69	68	68	68	66
Letting area, '000 m ²	1,146	1,124	1,034	1,062	941
Investments in properties, SEK m	1,593	1,002	768	707	1,302
Number of properties	53	50	48	49	47
<i>Financial key ratios</i>					
Equity/assets ratio, %	42.6	43.7	43.7	39.6	41.1
Gearing ratio, %	44.7	41.9	43.0	45.5	47.8
Interest coverage ratio, multiple	4.2	3.5	3.3	3.0	3.0
Average interest on interest-bearing liabilities (at period end), %	1.7	2.3	2.9	3.2	3.6
Return on shareholders' equity, %	15.0	17.8	21.8	5.7	10.4
Return on shareholders' equity, excluding changes in value, %	5.5	5.8	6.3	5.8	6.0
Return on total assets, %	8.7	11.1	12.5	4.4	6.5
Return on total assets excluding changes in value, %	3.1	4.2	4.6	4.5	4.7
<i>Data per share</i>					
Earnings per share, SEK	19.21	20.13	20.89	4.89	8.52
EPRA EPS, SEK	6.91	5.65	5.54	4.98	4.97
Dividend (2017 proposed), SEK	4.50	3.95	3.55	3.30	3.05
Dividend pay-out ratio, %	65.1	69.9	64.1	66.8	61.4
Share dividend yield, %	3.5	2.8	2.7	2.9	3.5
Cash flow, SEK	8.75	7.12	7.55	5.56	6.56
Shareholders' equity, SEK	136.79	121.42	104.73	87.00	84.67
Long-term net worth (EPRA NAV), SEK	172.59	156.21	131.78	111.19	101.74
EPRA NNNAV, SEK	162.57	144.38	122.95	101.87	98.17
Share price on 31 December, SEK	130.30	142.30	133.00	114.70	88.00
Average number of outstanding shares, '000	133,221	133,221	133,221	132,072	130,157
Number of outstanding shares at end of period, thousand	133,221	133,221	133,221	133,221	130,157
<i>Employees</i>					
Average number of employees	295	281	282	282	285

PROPERTY LIST

Municipality/ Property name	Address/Description	Leasehold Year of construction/ Reconstruction	Land area, m ²	Possession	Proprietary share, %	Letting area, m ²						Rateable value, SEK m	Rental value, SEK m	Letting rate, %	
						Retail	Office	Residential	Garage	Other ¹⁾	Total				
STOCKHOLM															
1 Adam & Eva 17	Drottninggatan 68	1929/2006	1,777	Before 2007	100	3,304	4,507			137	7,948	480	50	96	
2 Arbetssstolen 3	Västbergavägen 4–12	1955/2008	17,330	Before 2007	100	16,179	747			1,034	17,960	59	32	94	
3 Blästern 6	Gävlegatan 20–22	1939/1995	5,100	01/10/2008	100	1,279	19,703	6,468	3,341	30,791	479	77	96		
4 Blästern 11	Hälslingegeatan 43–45	1930/2006	11,584	Before 2007	100	1,557	39,551	9,632	3,748	54,488	1,000	142	99		
5 Borgarfjord 3 ²⁾	Kistagången 6, Kista +	1984/2010	5,204	20/04/2016	100		13,550				13,550	175	19	100	
6 Borgarnäs 1 ³⁾	Kista Gårdsväg 2, Nod	L ⁴⁾ 2014	7,945	06/02/2012	100	737	13,623	6,700	10,989	32,049		70	97		
7 Fatburen 1	Medborgarplatsen, Söderhallarna	1991	4,643	Before 2007	100	5,013	13,194	4,923	4,938	28,068	569	76	95		
8 Fatburssjön 8	Magnus Ladulåsgatan 63	1930/2006	1,396	Before 2007	100		6,696			1178	7874	237	26	100	
9 Härden 14	S:t Eriksgatan 113	1932/1957	1,134	19/12/2012	100	807	6,250	1,800	241	9,098	128	24	98		
10 Kolding 1	Ärvinge, Kista	L 1993	27,713	Before 2007	100		128	15,801	3,087		19,016	201	22	99	
11 Kolding 2	Ärvinge, Kista	L 1992	21,632	Before 2007	100	566	406	20,803	1,750	70	23,595	211	29	99	
12 Kolding 3	Kronborgsgränd 1–9, Kista Front	L 1993	13,676	Before 2007	100	954	16,113	1,256	6,848	820	25,991	195	44	91	
13 Kolding 4	Igelbäcksgatan 11–21, Kista Front	L 1993/2001	24,332	Before 2007	100	251	24,107		8,067	977	33,402	396	43	59	
14 Molekylen	Markanvisning Hagastaden		5,592	In 2018	100										
15 Proppen 6	Textilgatan 31	1937/2008	2,607	Before 2007	100	978	10,128			1,477	12,583	247	28	87	
16 Roddaren 7	S:t Eriksgatan 46	1900/1995	2,644	Before 2007	100	818	6,953	780	154	8,705	181	28	98		
17 Skotten 6	Drottninggatan 63, Glashuset	1959/2008	1,485	Before 2007	100	5,293	5,099			2,133	12,525	597	69	96	
18 Storö 2	Farsta Centrum	L 1961/2006	6,175	Before 2007	100	5,012	4,418			2,168	11,598	126	32	98	
19 Storö 15	Farsta Centrum	L 1961/1998	558	Before 2007	100	217				1,315	1,532		4	100	
20 Storö 21	Farsta Centrum	L 1961/2010	36,374	Before 2007	100	41,449	23,326	13,692	11,058	89,525	1,128	228	96		
21 Storö 23	Farsta Centrum	L 1961/1998	2,814	Before 2007	100	1,370	2,225	1,470	3,271	8,336		18	99		
22 Storö 24	Farsta Centrum	2014	6,309	Before 2007	100	3,384				3,384		58	9	100	
23 Tranbodarne 12	Katarinav. 15, Glashuset Slussen	L 1974/2006	4,487	Before 2007	100	92	23,200	2,886	36	26,214	754	95	100		
24 Tranbodarne 13	Katarinav. 19, Sjömansinstitutet	1929/1998	502	30/03/2017	100	116	2,723	435		30	3,304	102	11	100	
25 Stora Katrineberg 16	Katrinebergsvägen 4–12	L 1750/1945/1988	24,383	02/02/2015	100	3,736	35,903	12,400	2,949	54,988	791	95	87		
Total Stockholm			237,396			93,111	272,550	38,295	80,503	52,196	536,654	8,114	1,272	95	
NACKA															
26 Sicklaön 83:22	Sickla Köp- och Affärskvarter	1898/2012	168,913	Before 2007	100	72,091	52,091	47,470	31,541	203,972	2,255	456	95		
27 Sicklaön 83:32 ³⁾	Uddvägen 1, Sickla Front I	2014	12,268	Before 2007	100		10,553			462	11,015	171	28	85	
28 Sicklaön 83:33 ²⁾	Sickla Industriväg 4–6	1943/1970	35,156	27/02/2014	100		3,647			13,143	16,790	97	9	29	
29 Sicklaön 87:1	Alphyddvägen 4	1962	11,006	Before 2007	100	87				2,476	2,563		3	100	
30 Sicklaön 115:1 ²⁾	Planiavägen 1	1929	2,249	Before 2007	100		370				370	2	0	100	
31 Sicklaön 115:4 ²⁾	Sjötorpsvägen 3–14		9,375	15/06/2011	100			921			921	29	1	100	
32 Sicklaön 117:1 ²⁾	Planiavägen 3	1967	2,823	26/11/2010	100	2,592	330			435	3,357	12	2	72	
33 Sicklaön 117:2 ²⁾	Sjötorpsvägen 6	1909	1,368	26/11/2010	100							5			
34 Sicklaön 117:17 ²⁾	Planiavägen 5–7	1978	10,175	Before 2007	100					1,629	1,629		4	100	
35 Sicklaön 265:5 ²⁾	Atlasvägen 2		2,029	Before 2007	100										
36 Sicklaön 346:1 ²⁾	Uddvägen 7, Sickla Front II		10,524	Before 2007	100							132	30	45	
Total Nacka			265,886			75,549	66,991	921	47,470	49,686	240,617	2,702	503	93	
HANINGE															
37 Västnora 4:26	Västnora		2,084	Before 2007	100										
Total Haninge			2,084												
SUNDBYBERG															
38 Eken 6	Löfströms Allé 6, Chokladfabriken	1916/1997	12,382	15/09/2016	100	46	25,761			19,000	2,329	47,126	407	57	96
Total Sundbyberg			12,382			46	25,761			19,000	2,329	47,126	407	57	96
NYNÄSHAMN															
39 Ribban 16	Backluravägen		1,308	Before 2007	100										
Total Nynäshamn			1,308												

¹⁾ All or part of the property is BREEAM certified.²⁾ All or part of the property classified as a project property as of 31/12/2017.³⁾ Decision on potential land acquisition will be made in 2018.⁴⁾ The property is certified in accordance with LEED.

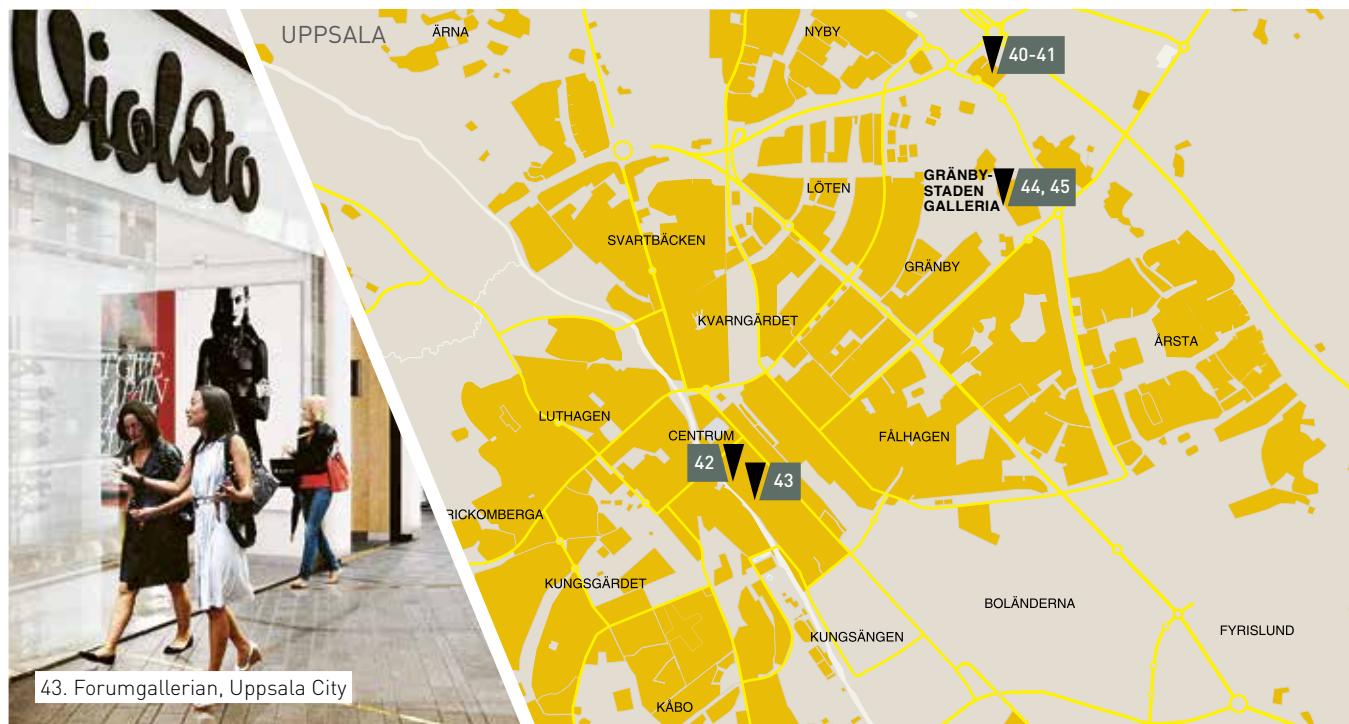


PROPERTY LIST

Property name	Address/Description	Leasehold Year of construction/ Reconstruction	Land area, m ²	Possession	Letting area, m ²								Rateable value, SEK m	Rental value, SEK m	Letting rate, %	
					Proprietary share, %	Retail	Office	Residential	Garage	Other ¹⁾	Total					
UPPSALA																
40 Brillinge 8:1 ²⁾³⁾	Gränbystaden	2013/2017	71,556	5/4/2011	100	5,682				50	5,732		49	12	100	
41 Brillinge 9:1 ²⁾³⁾	Gränbystaden	2013/2017	25,965	5/4/2011	100	18,453				132	18,585		156	23	100	
42 Dragarbrunn 19:1	Kungsgatan 18-20, Rådhuset	1645/2012	1,890	Before 2007	100	2,246	391			341	2,978		56	9	92	
43 Dragarbrunn 27:2 ²⁾	Dragarbrunnsg. 43, Forum-kvarteret	1902/2005	6,714	Before 2007	100	9,429	4,641	1,420		756	16,246		399	49	68	
44 Gränby 21:4	Gränbystaden shopping centre	1971/2011	108,177	Before 2007	100	43,226	491			2,583	46,299		714	177	98	
45 Gränby 21:5	Gränbystaden Entréhus	2017	1,813	05/04/2017	100	1,513		3,127		1,161	5,801			12	100	
Total Uppsala			216,115			80,549	5,523	4,547		5,023	95,641		1,374	283	93	
MALMÖ																
46 Bohus 7	Mobilia	1966/2010	12,023	2008-02	100	5,781	183	11,248	6,680	35	23,927		233	30	96	
47 Bohus 8	Mobilia	1968/2013	76,745	Before 2007	100	46,329	1,730			37,800	4,765		90,624	951	158	
48 Bohus 9	Mobilia	2014	979	Before 2007	100					4,103			4,103	79	7	
49 Dimman 11	Barkgatan 2-8	1940/2014	4,278	2014-04	100					10,849			16,075		28	
50 Malmen 12	Barkgatan 9-13	1971	2,464	2016-05	100					3,490	1,900		4,021	9,411	100	
Total Malmö			96,489			52,110	10,629	15,351	46,380	19,670	144,140		1,263	232	94	
GOTHENBURG																
51 Lundbyvassen 4:7	Lindholmsallén 10, M2	1989	6,414	30/9/2016	100			15,811			180	15,991		207	31	100
52 Lundbyvassen 4:13	Lindholmsallén 12-20, Citadellet	1957/2007	12,205	30/9/2016	100	392	15,453			10,050	2,718		28,613	278	36	97
53 Lundbyvassen 4:13	Lindholmspiren 11	2002	13,647	29/03/2017	100			37,035				37,035		558	81	100
Total Gothenburg			32,266			392	68,299		10,050	2,898	81,639		1,043	147	99	
Total Sweden			863,926			301,756	449,743	59,114	203,403	131,801	1,145,817		14,903	2,494	95	

¹⁾ All or part of the property is BREEAM certified.

²⁾ All or part of the property classified as a project property as of 31/12/2017.





DEFINITIONS

FINANCIAL DEFINITIONS

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 long-term 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.

Return on total assets is used to illustrate Atrium Ljungberg's capacity to generate profit on the Group's assets uninfluenced by the Group's financing.

RETURN ON TOTAL ASSETS EXCLUDING CHANGES IN VALUE %

Profit/loss before changes in value plus interest expenses as a percentage of the average balance sheet total.

Return on total assets excluding changes in value is used to illustrate Atrium Ljungberg's capacity to generate current cash flow on the Group's assets uninfluenced by the Group's financing.

GEARING RATIO, %

Interest-bearing liabilities as a percentage of the sum of the properties' fair value at the end of the period.

The gearing ratio is used to illustrate Atrium Ljungberg's financial risk.

GROSS PROFIT/LOSS PROPERTY MANAGEMENT

Rental income less property management costs.

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

Total property management costs, which exclude 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 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.

EPRA NAV per share is used to provide stakeholders information on Atrium Ljungberg's current net worth per share calculated in a uniform manner for publicly listed real estate companies.

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.

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 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

Refers to Gross profit/loss 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 is reported per property type.

RENTAL VALUE

Contracted annual rents including rent surcharges (e.g. for property tax and electricity) and estimated market rents for vacant space in existing condition.

Rental value is used to illustrate the Group's income potential.

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.

DEFINITIONS

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.

ENVIRONMENTAL BUILDING

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, %

Gross profit/loss from property management as a percentage of the reported rental income.

Operating surplus margin is used to illustrate how large share of the Group's rental income remains after property costs. The operating surplus margin also forms the basis of valuation of the Group's investment properties.

SUSTAINABILITY-RELATED DEFINITIONS

ECONOMIC VALUE DISTRIBUTED, SUPPLIERS

Economic value distributed, Suppliers comprises the period's total expenses and investments besides those reported below Economic value distributed, Lenders, Employees, Society and Owners.

Economic value distributed, Suppliers is used to describe Atrium Ljungberg's total compensation to other companies during the period.

ECONOMIC VALUE DISTRIBUTED, LENDERS

Economic value distributed, Lenders comprises the period's reported interest expenses plus consolidated capitalised interest expenses.

Economic value distributed, Lenders is used to describe Atrium Ljungberg's total compensation to lenders during the period.

ECONOMIC VALUE DISTRIBUTED, EMPLOYEES

Economic value distributed, Employees comprises the period's total payroll expenses and pension costs incl. benefits. Employees do not include consultants or other temporary staff.

Economic value distributed, Employees is used to describe Atrium Ljungberg's total compensation to its employees during the period.

ECONOMIC VALUE DISTRIBUTED, SOCIETY

Economic value distributed, Society comprises the sum of the period's leasehold fees and total taxes and charges to the State. Deferred tax has not been considered.

Economic value distributed, Society is used to describe Atrium Ljungberg's total compensation to the state during the period.

ECONOMIC VALUE DISTRIBUTED, OWNERS

Economic value distributed, Owners comprises the period's paid dividend.

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.

GRI INDEX

Atrium Ljungberg's Sustainability Report is prepared in accordance with the Global Reporting Initiatives (GRI Core standards). We have taken into account the sector supplement for the Construction & Real Estate Sector Supplement (CRESS) for preparing the report.

Abbreviations:

CRE: Industry specific disclosures, from the Construction & Real Estate Sector Supplement

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INFORMATION

THE INFORMATION we release to the market concerning Atrium Ljungberg's operations shall be transparent, clear and correct in order to build market confidence in our company and our brand.

AS A LISTED COMPANY Atrium Ljungberg is subject to the rules of the listing agreement with the Nasdaq Stockholm exchange. Significant events, interim reports and preliminary financial statements are published immediately via press releases and the information is also available on the company's website: www.al.se.

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

THE ANNUAL REPORT and interim reports are available on our website and the annual report is also distributed in printed format by post to shareholders who have actively requested them. Interim reports and preliminary financial statements are translated into English and all language versions are published simultaneously on our website. The annual reports are translated into English shortly after the publication of the Swedish language version.

INTERESTED PARTIES can subscribe to both financial reports and press releases via our website: www.al.se. The site also provides updated information on our operations, our properties and projects, financial key ratios, the share, and much more besides. The information on the website is also available in English.

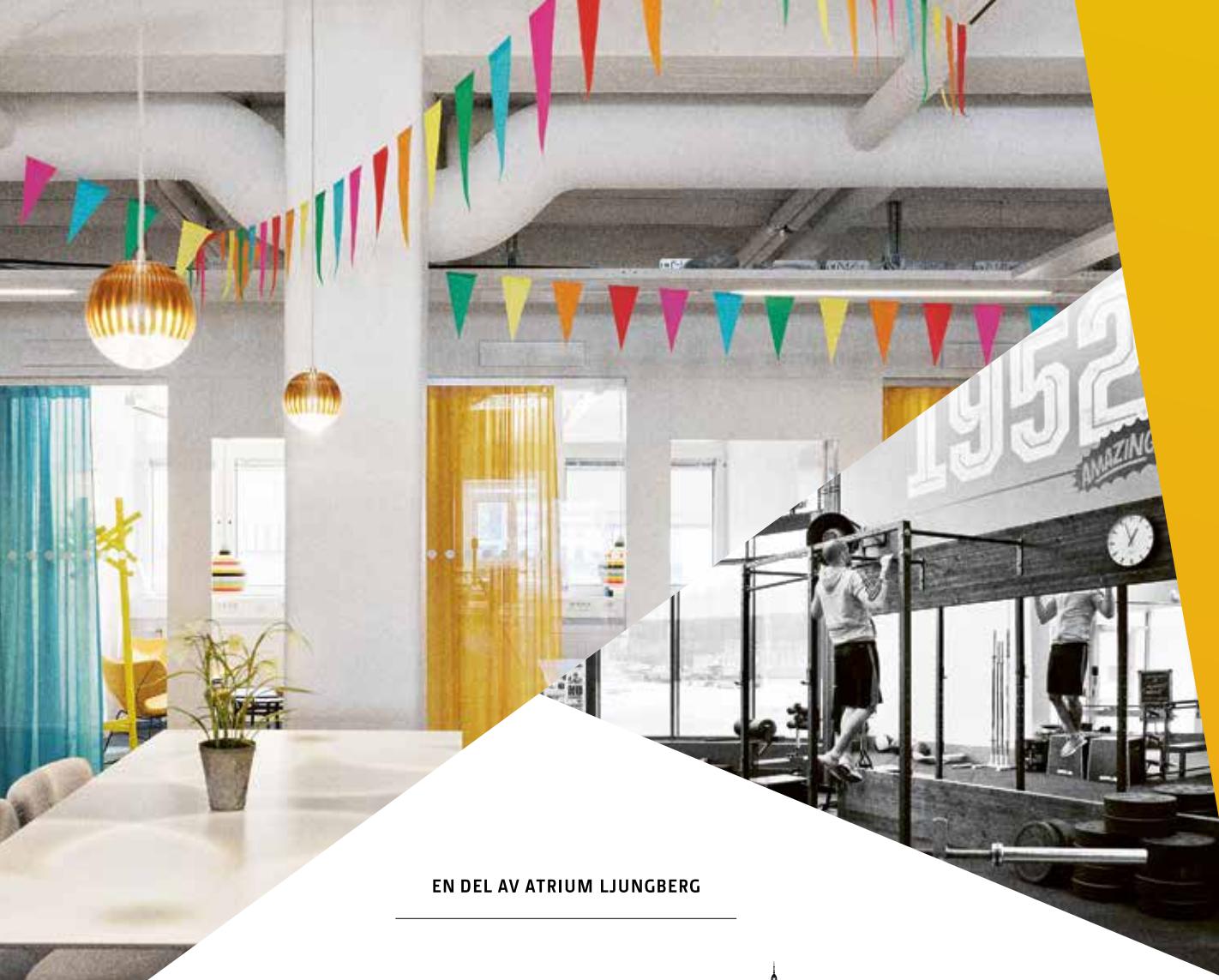
PUBLICATION OF FINANCIAL INFORMATION

Interim report Jan–Mar 2018	20/04/2018
Interim report Jan–June 2018	11/07/2018
Interim report Jan–Sep 2018	19/10/2018
2018 Preliminary Financial Statements	Feb. 2019
2018 Annual Report	Mar. 2019

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will take place on Wednesday 28 March 2018 at 17.00 (CET), Filmstaden, Marcusplatsen 19 in Sickla, Nacka. Notices convening the AGM will be sent by letters in the post to shareholders and the AGM will also be advertised in Post- och Inrikes Tidningar (the Official Swedish Gazette). A statement that the AGM has been convened will be published in the Dagens Nyheter daily newspaper.





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