

“OUR OFFICE BUSINESS REMAINS STABLE AND WE ARE SEEING A POSITIVE TREND IN RETAIL”

RENTAL INCOME, LIKE-FOR-LIKE
PORTFOLIOS, EXCLUDING
CORONAVIRUS DISCOUNTS %

0.0

PROFIT BEFORE CHANGES
IN VALUE, SEK MILLION

566

INVESTMENTS IN ATRIUM
LJUNGBERG'S HELD PROPERTIES,
SEK MILLION

1,156

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- The Covid-19 pandemic dominated the second quarter. We focused on tenants that had been affected, for example, by offering them temporary rebates.
- The Swedish Competition Authority approved the sale of Farsta Centrum and we vacated the properties on 1 June.
- We acquired and took possession of the office property Eken 14 in the centre of Sundbyberg.
- A green loan agreement worth SEK 1 billion was signed with the European Investment Bank.
- A decision was made to start the tenant-owned apartment project in the second phase of Nobelberget.

- **Net sales** increased to SEK 1,464 million (SEK 1,358 m), of which rental income amounted to SEK 1,227 million (SEK 1,280 m).
- **The operating surplus** from property management amounted to SEK 811 million (SEK 879 m), a reduction of 7.7 per cent. This reduction is primarily explained by the sale of Kolding 1, Kolding 2 and Farsta Centrum, as well as temporary rebates related to Covid-19 and higher costs for anticipated and confirmed customer losses.
- **Profit before changes in value** amounted to SEK 566 million (SEK 626 m).
- **Unrealised changes in the value** of investment properties amounted to SEK 279 million (SEK 1,166) for the second quarter and SEK –1,207 million (SEK 1,314 m) for the first six months of the year. This change in value for the first six months is primarily explained by higher yield requirements for retail properties and lower expected cash flows. Unrealised changes in the value of derivatives amounted to SEK –240 million (SEK –374 m) for the first six months as a result of lower market interest rates.
- **Profit for the period** amounted to SEK –570 million (SEK 1,227 m). This reduction is mostly explained by negative changes in property values.
- **Net letting** for the second quarter amounted to SEK –7 million (SEK 19 m), of which SEK –1 million (SEK –1 m) referred to project properties.
- **Property acquisitions** amounted to SEK 295 million (SEK 1,160 m) and property sales amounted to SEK 3,979 million (SEK – m).
- **Temporary rebates relating to Covid-19** amounted to SEK 38 million net, which had an impact on profit for the second quarter.

	Half year 2020 Jan–Jun	Half year 2019 Jan–Jun	Quarter 2020 Apr–Jun	Quarter 2019 Apr–Jun	Full year 2019 Jan–Dec
Key ratios ¹⁾					
Property value, SEK m	44,768	47,490	44,768	47,490	48,509
Operating surplus margin, %	66	69	65	70	69
Average interest rate for interest-bearing liabilities, %	1.8	1.7	1.8	1.7	1.6
Share price, SEK/share	131.20	167.80	131.20	167.80	226.00
EPRA NAV, SEK/share	204.60	204.65	204.60	204.65	215.12

Financial goals ¹⁾

Investments in held properties, >SEK 2,000 million per year	1,156	815	586	417	1,810
Return on equity, rolling 12-month period, >10% over time	4.7	14.6	4.7	14.6	12.9
Gearing ratio, <45%	41.2	43.2	41.2	43.2	41.7
Interest coverage ratio, >2.0	4.1	4.6	3.8	4.6	4.4

¹⁾ See page 22 for the full key ratios table and pages 28–29 for definitions.

CEO'S STATEMENT

The first six months of the year were dominated by the Covid-19 pandemic. We worked intensely during this period and were in close contact with our tenants. We have only seen a limited impact on the office segment and although some sectors have found it tough, we have given very few discounts in this segment. However, as the pandemic took hold in March, we saw a reduction of almost 30 per cent in the number of visitors to our retail sites. Since April footfall has started to increase and by the end of the first six months of the year it was back to 95 per cent of the levels we saw this time last year. Some of this reduction is due to shorter opening hours at the retail sites. In recent months we have helped many tenants that had lost turnover as a result of the Covid-19 pandemic. We have made approximately 400 agreements for temporary rent rebates in line with the government's support ordinance. These temporary rebates had an impact of SEK 38 million net, following the government support for the tenants. The tenants most affected are in the clothing, cafe and restaurant sectors, while other tenants, in areas such as electronics and DIY, have managed relatively well, with some even increasing their sales during the spring. At the time of writing, approximately 90 percent of tenants at our retail locations reported their June sales. So far, the preliminary figures show that sales are at the same level as in June last year.

PROFIT IN THE FIRST SIX MONTHS OF THE YEAR

In the first six months of 2020 rental income amounted to SEK 1,227 million, a reduction of SEK 53 million. The properties we sold had the largest effect on our rental income. Rental income in like-for-like portfolios remained completely stable, when taking the temporary Corona rebates out of the equation. Profit before changes in value stood at SEK 566 million.

SALE OF FARSTA CENTRUM

In June we vacated Farsta Centrum. The purchase price amounted to almost SEK 4 billion. This resulted in us strengthening our balance sheet, but also further reducing our exposure to retail. Consumer durables currently account for 20 per cent of our contracted rental income, while offices account for 54 per cent. The remaining share is distributed among education/culture, FMCG, restaurants, care/health, residential, etc. in line with our urban development strategy.

ACQUISITION IN SUNDBYBERG

At the end of May we acquired the office property Eken 14 in Sundbyberg. The property totals more than 8,000 m² letting area with an underlying property value of SEK 295 million.

Eken 14 is right next to the well-known Marabou Park and Chokladfabriken. The property will supplement the range of premises available at Chokladfabriken, enabling us to manage both properties together in an effective way. This acquisition enhances our opportunities to be involved in developing the centre of Sundbyberg, one of the most interesting areas in the Stockholm region.

INVESTMENT DECISION, PHASE 2 IN NOBELBERGET

We have decided to take the next step in our tenant-owned dwelling investment in Nobelberget. The first phase has been a success and so far we have sold 82 per cent of the apartments that will be completed in October. The second phase comprises 56 apartments with an investment amounting to SEK 270 million. The construction work is planned to start this September, which is when we should have the building permit in place, and occupancy is planned for the summer of 2022. It is so exciting to watch this new city district emerge with residential properties, creative offices, culture and the new, car-free Sicklastråket running through the district connecting Nobelberget with Hammarby Sjöstad and Sickla.



“The Covid-19 pandemic had a major impact on our retail sites, but for June the sales figures are back at the same levels as last year.”

NEW LAND ALLOCATIONS FOLLOWING SETTLEMENT REGARDING NOBEL CENTER

The agreement for new land allocations with the City of Stockholm to enable the construction of the Nobel Center in Slussen is now legally binding. This settlement involves us returning the Hamnmästaren land allocation in front of Glashuset. As compensation we have received new land allocations in Slussen, Hagastaden and Slakthusområdet.

GREEN LOAN AGREEMENT WITH EIB

In the middle of June we signed a green loan agreement worth SEK 1 billion with the European Investment Bank. This financing refers to two projects Bas Barkarby in Järfälla and Life City in Stockholm; these both meet the strict energy requirements set by the EIB.

I am incredibly pleased to have entered our first financing arrangement with the European Investment Bank, which further broadens our financing base. The loan from EIB is also acknowledgement that the banks appreciate our sustainability work, giving us access to long-term green financing for our nearly-zero-energy new build projects.

SEVERAL LETTINGS IN SICKLA

I am pleased that we have been able to secure new lettings this spring despite the difficult situation on the market. Interest has been particularly strong in Sickla and the Curanten project, where we signed lease contracts with five new tenants in the second quarter.

NEW UPPER-SECONDARY SCHOOL IN SLAKTHUSOMRÅDET

During the quarter we also signed a letter of intent with SISAB (Skolfastigheter i Stockholm AB) for the construction of an upper-secondary school in Slakthusområdet. The school is expected to open in the autumn of 2025 for around 800 pupils and covers approximately 6,000 m². Our ambition for Slakthusområdet is for the area to reflect the innovation that has put Sweden on the world map. What is central to this is the successful collaboration between trade and industry, education and civil society.

As you can see, we have experienced a turbulent spring and it is difficult to predict what the third quarter will be like. We don't know what will happen to the pandemic after the summer or the consequences it will have, but Atrium Ljungberg is in a strong financial position. I very much hope that we will get closer to business as usual, so that we can meet all our colleagues, customers and partners again.

Annica Ånäs, CEO

ATRIUM LJUNGBERG AS AN INVESTMENT

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

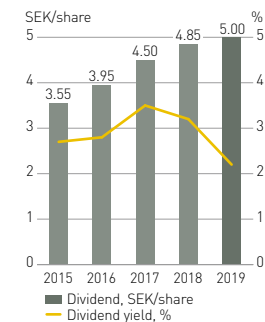
FOUR REASONS TO OWN SHARES IN ATRIUM LJUNGBERG:

1. STABLE DIVIDEND YIELD

The dividend yield over the past five years has been 2.9 per cent per year on average. The dividend paid per share by the company since its listing on the stock exchange in 1994 has never dropped.

Dividend and share dividend yield

– The company has never reduced its dividend

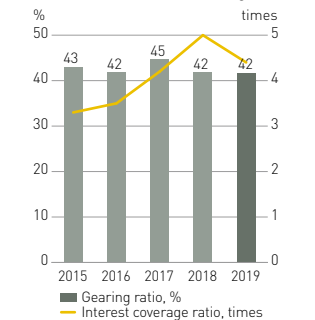


2. LOW FINANCIAL RISK

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

Gearing ratio and interest coverage ratio

– Stable gearing ratio with increased interest coverage ratio

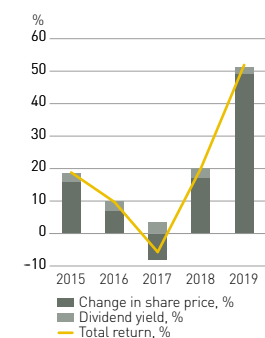


3. POTENTIAL FOR GOOD VALUE GROWTH

With a planned investment rate of SEK 2 billion per year and a goal of 20 per cent return on new build and extension projects, Atrium Ljungberg, and therefore the share, has excellent potential for good value growth over time. The total return over the past five years has been 19 per cent per year on average.

Share's total yield

– Total return 19 per cent in 2019



4. SUSTAINABLE URBAN DEVELOPMENT

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



66

NUMBER OF PROPERTIES

45

PROPERTY VALUE, SEK BILLION

2.2

CONTRACTED ANNUAL RENT, SEK BILLION

1,069

TOTAL LETTING AREA, 1,000 M²

92

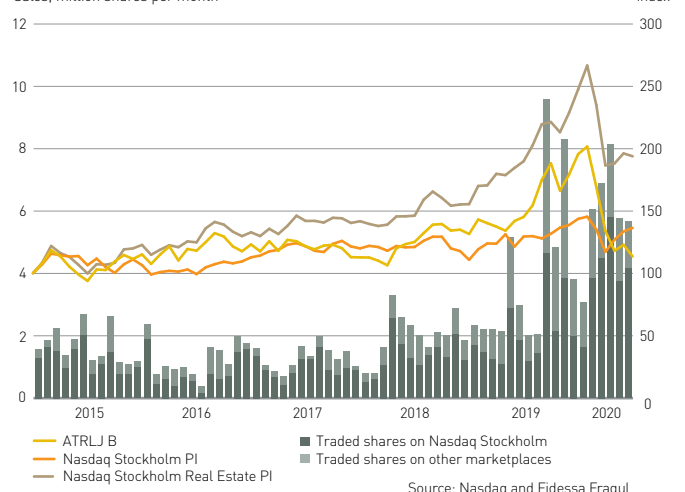
LETTING RATE EXCLUDING PROJECT PROPERTIES, %

343

AVERAGE NUMBER OF EMPLOYEES

The Atrium Ljungberg share

Sales, million shares per month



Source: Nasdaq and Fidessa Fragul

CONSOLIDATED INCOME STATEMENT

Amounts in SEK m	Half year 2020 Jan–Jun	Half year 2019 Jan–Jun	Quarter 2020 Apr–Jun	Quarter 2019 Apr–Jun	Full year 2019 Jan–Dec	12 months 2019/2020 Jul–Jun
Rental income	1,227	1,280	579	647	2,577	2,525
Net sales, project and construction work	237	78	153	46	233	392
Net sales	1,464	1,358	732	693	2,811	2,917
Property management costs						
Service charge-related costs	–92	–102	–36	–44	–197	–187
Other operating costs	–120	–100	–64	–48	–202	–222
Management costs	–89	–84	–46	–43	–173	–178
Repairs	–23	–26	–11	–12	–54	–51
Property tax	–88	–82	–43	–45	–174	–179
Non-deductible VAT	–5	–6	–2	–3	–11	–10
	–416	–401	–203	–195	–810	–825
Project and construction work costs	–239	–92	–152	–55	–276	–423
Gross profit	809	865	377	443	1,724	1,669
– of which gross profit/loss property management (operating surplus)	811	879	376	452	1,767	1,700
– of which gross profit/loss from project and construction work	–2	–14	1	–9	–43	–31
Central administration, property management	–39	–40	–21	–21	–80	–79
Central administration, project and construction work	–7	–10	–3	–3	–16	–14
	–46	–50	–24	–25	–96	–92
Financial income	4	1	3	0	2	5
Financial expenses	–183	–174	–92	–90	–362	–371
Leasehold fees	–18	–15	–8	–8	–34	–37
	–197	–189	–97	–98	–395	–402
Profit before changes in value	566	626	256	320	1,234	1,174
Changes in value						
Properties, unrealised	–1,207	1,314	279	1,166	2,283	–238
Properties, realised	–68	10	–65	–7	73	–6
Derivatives, unrealised	–240	–374	–3	–215	–90	45
Derivatives, realised	–	–	–	–	–50	–50
	–1,515	950	210	945	2,216	–249
Profit before tax	–949	1,576	466	1,265	3,450	925
Current tax	–6	–59	16	–25	–63	–9
Deferred tax	384	–290	82	–233	–580	93
	378	–350	98	–258	–643	85
Profit for the period	–570	1,227	564	1,007	2,807	1,010
Other comprehensive income						
Items which will be reclassified to profit/loss						
Cash flow hedging	7	8	4	4	16	15
Tax attributable to cash flow hedging	–2	–2	–1	–1	–3	–3
Total other comprehensive income	6	6	3	3	13	13
Total comprehensive income for the period	–564	1,233	567	1,010	2,819	1,022
The profit/loss for the period and the total comprehensive income for the period are entirely attributable to the parent company's shareholders						
Earnings per share, SEK	–4.39	9.42	4.35	7.74	21.59	7.78

PROFIT JANUARY–JUNE 2020

CHANGES IN THE PROPERTY PORTFOLIO

The profit for the period was impacted by the following previous property transactions: Contributions from the acquisition of Eken 14 in Sundbyberg, which was taken into possession on 3 June 2020, and 14 properties in Slakthusområdet, which were taken into possession on 11 June 2019. In 2020 the properties in Slakthusområdet were classified as project properties. On 1 June 2020 Farsta Centrum was vacated, while Kolding 1 and Kolding 2 in Ärvinge, Kista, were vacated on 30 September 2019.

NET SALES

The Group's net sales for the period increased to SEK 1,464 million (SEK 1,358), of which rental income comprised SEK 1,227 million (SEK 1,280 m). The temporary rent rebates that were given as a result of the Covid-19 pandemic (Corona rebates) amounted to SEK 38 million net. The Corona rebates amounted to a total of SEK 71 million, with SEK 66 million being entitled to government support of 50 per cent. This means that the government's share of the temporary rebate for tenants amounted to SEK 33 million.

Rental income in like-for-like portfolios amounted to SEK 983 million (SEK 1,013), a reduction of SEK 30 million or 3.0 per cent. This reduction in rental income is mostly due to the temporary Corona rebates, which amounted to SEK 30 million net. The development in rental income excluding Corona rebates amounted to 0.0 per cent, with office properties increasing by 1.8 per cent and retail properties decreasing by 3.1 per cent. The increase in rental growth for office properties is primarily explained by new lettings and renegotiations. This reduction in rental growth for retail properties has mostly been caused by vacancies, higher discounts and negative renegotiations.

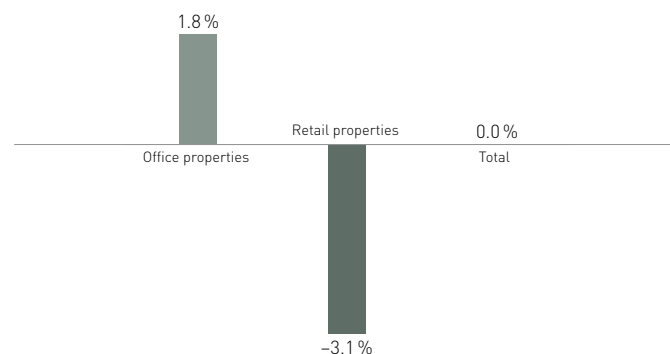
During the period, non-recurring payments of SEK 2 million (SEK 3 m) were received for premature vacating of premises.

RENTAL INCOME TREND

	Half year 2020 Jan–Jun	Half year 2019 Jan–Jun	Change, %
Like-for-like portfolio, excl. Corona rebates	1,013	1,013	0.0
Non-recurring payments, incl. Corona rebates	–36	3	
Project properties	121	89	
Properties acquired	1	0	
Properties sold	128	176	
Rental income	1,227	1,280	–4.1

Like-for-like net rental income growth

– The development of rental income is recognised below excluding Corona rebates



At the end of the period the market value for the like-for-like portfolio was SEK 35,757 million, corresponding to 80 per cent of the property portfolio's total value.

PROPERTY COSTS

Property costs amounted to SEK 416 million (SEK 401 m). For like-for-like portfolios, property costs increased by 0.5 per cent compared with the corresponding period of the previous year. This increase is mostly explained by SEK 17 million in higher costs for anticipated and confirmed customer losses, primarily within consumer durables. Service charge-related costs decreased due to a mild winter as well as fewer visitors to the properties as a result of the Covid-19 pandemic, which in turn reduced consumption.

PROPERTY COSTS TREND

	Half year 2020 Jan–Jun	Half year 2019 Jan–Jun	Change, %
Like-for-like portfolio	–321	–320	0.5
Project properties	–45	–22	
Properties acquired	0	0	
Properties sold	–49	–59	
Property management costs	–416	–401	3.7

GROSS PROFIT/LOSS PROPERTY MANAGEMENT

The gross profit for property management (operating surplus) decreased to SEK 811 million (SEK 879 m). This reduction is primarily explained by the sale of Kolding 1, Kolding 2 and Farsta Centrum, as well as temporary Corona rebates and higher costs for anticipated and confirmed customer losses. For like-for-like portfolios, the gross profit for property management, excluding Corona rebates, decreased by 0.2 per cent compared with the same period of the previous year.

The operating surplus margin amounted to 66 per cent (69%), which includes the effect of implementing IFRS 16.

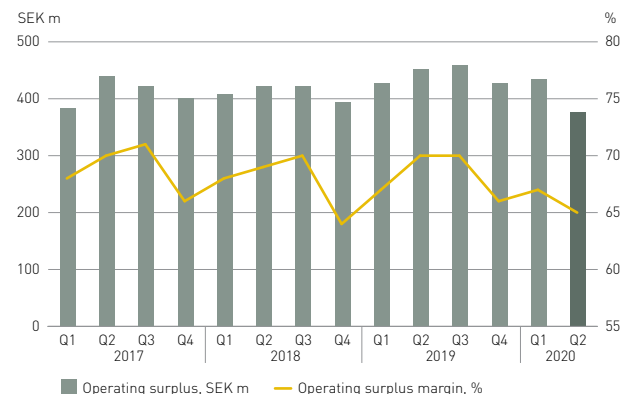
GROSS PROFIT/LOSS PROJECT AND CONSTRUCTION WORK

The gross profit for project and construction work amounted to SEK –2 million (SEK –14 m). The improvement in gross profit is mostly due to a higher cost allocation to development projects.

Net sales in TL Bygg for the first six months amounted to SEK 397 million (SEK 235 m), of which 40 per cent (67%) corresponds to internal Group sales. TL Bygg's gross profit, including intra-Group transactions, amounted to SEK 20 million (SEK 13 m). The increase

Operating surplus and operating surplus margin

– Q2 2020 was affected by the sale of properties and Corona rebates



in gross profit for TL Bygg profit is mostly explained by higher sales and a higher cost allocation compared with the same period of the previous year.

SEASONAL EFFECTS

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

CENTRAL ADMINISTRATION

Central administration is comprised of costs for the company management as well as central support functions. Costs of central administration for property management amounted to SEK 39 million (SEK 40 m). Costs of central administration for project and construction work amounted to SEK 7 million (SEK 10 m).

NET FINANCIAL ITEMS

Financial income and expenses including leasehold fees amounted to SEK –197 million (SEK –189 m) for the first six months of the year. This increase is mostly due to higher average indebtedness during the period. The average interest rate at the end of the period amounted to 1.8 per cent (1.7%). For more information, refer to the section on financing on pages 16–17.

CHANGES IN VALUE

Unrealised changes in the value of investment properties amounted to SEK –1,207 million (SEK 1,314 m). This change in value is mostly explained by higher yield requirements for retail properties and lower anticipated cash flows. For more information, refer to the section on property values on pages 8–10.

Farsta Centrum – In March we sold Farsta Centrum, a deal that comprised more than 100,000 m² and a purchase price of almost SEK 4 billion. The deal was approved by the Swedish Competition Authority and we vacated the properties on 1 June 2020.



Unrealised changes in the value of derivatives amounted to SEK –240 million (SEK –374 m) as a result of lower market interest rates.

Realised changes in the value of investment properties amounted to SEK –68 million (SEK 10 m), of which SEK –60 million (SEK – m) was attributable to goodwill related to Farsta Centrum. During the period a change in value of SEK 71 million (SEK – m) attributable to sold properties was recognised in Unrealised changes in value. This sale also resulted in a reversal of deferred tax with a positive impact on profit of SEK 219 million, which was recognised in Deferred tax.

TAX

The current tax for the period amounted to SEK –6 million (–59). The current tax has been affected by tax deductible depreciation and investments. Deferred tax amounted to SEK 384 million (SEK –290 m) and was primarily impacted by unrealised changes in the value of properties and derivatives, but also by a reversal of deferred tax attributable to sold properties.

The company tax rate for the 2020 tax year is 21.4 per cent. The next reduction will take place in 2021, and the company tax rate will then be 20.6 per cent. The deferred tax liability has been calculated at the lower tax rate since tax liabilities are not expected to be realised in any significant extent in 2020.

The Group's accumulated tax deficit amounted to SEK 52 million (SEK 9 m) and comprises the base of the Group's deferred tax receivable.

The residual tax value of the property stock amounts to SEK 18,594 million (16,371 m).

TAX CALCULATION REPORT JAN–JUN 2020

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	–949	
Tax deductible		
depreciation	–309	309
investments	–207	207
Non-taxable/non-deductible		
changes in the value of properties, unrealised	1,207	–1,207
changes in the value of properties, realised	68	–68
changes in the value of derivatives, unrealised	240	–240
consolidated capitalisation of borrowing	–10	10
consolidated internal profit	15	–15
Other fiscal adjustments	17	–38
Taxable profit/loss before loss carry-forwards	72	–1,041
Change in loss carry-forwards	–110	110
Taxable profit/loss	–38	–932
Of which 21.4 per cent current/20.6 per cent deferred tax	8	192
Correction of tax from previous years	–14	–27
Reversal of deferred tax for properties sold		219
Reported tax expense	–6	384

PROFIT

Profit before changes in value totalled SEK 566 million (SEK 626 m). This reduction is primarily explained by the sale of properties, as well as temporary Corona rebates, higher costs for anticipated and confirmed customer losses and higher financial expenses. The gross profit has increased for project and construction work.

Profit for the period amounted to SEK –570 million (SEK 1,227 m), corresponding to SEK –4.39/share (SEK 9.42).

PROFIT AND INVESTMENT FORECAST

No forecast is being given for 2020.

CONSOLIDATED BALANCE SHEET, SUMMARY

Amounts in SEK m	30 June 2020	30 June 2019	31 March 2020	31 March 2019	31 December 2019
ASSETS					
Investment properties	43,616	46,547	42,514	43,859	47,513
Right-of-use asset, leaseholds	981	1,375	981	1,114	1,305
Goodwill	165	225	165	225	225
Other non-current assets	122	51	196	51	73
Derivatives	9	–	14	–	82
Total non-current assets	44,893	48,198	43,871	45,249	49,198
Development properties	1,152	943	1,104	906	997
Current assets	606	393	491	434	411
Cash and cash equivalents	764	390	965	420	457
Assets held for sale	–	–	4,402	–	–
Total current assets	2,522	1,726	6,962	1,760	1,865
Total assets	47,415	49,924	50,833	47,009	51,062
EQUITY AND LIABILITIES					
Equity	21,552	21,198	20,984	20,240	22,784
Deferred tax liability	4,535	4,868	4,401	4,638	5,106
Non-current interest-bearing liabilities	18,230	20,043	19,374	18,727	20,211
Non-current finance lease liability	981	1,375	981	1,114	1,305
Derivatives	627	736	655	521	348
Other non-current liabilities	224	207	227	206	222
Total non-current liabilities	24,597	27,225	25,638	25,205	27,193
Current interest-bearing liabilities	234	463	1,054	–	–
Other current liabilities	1,032	1,038	1,791	1,564	1,086
Liabilities directly attributable to assets held for sale	–	–	1,365	–	–
Total current liabilities	1,266	1,501	4,211	1,564	1,086
Total equity and liabilities	47,415	49,924	50,833	47,009	51,062

CUSTOMER PAYMENTS

The ongoing Covid-19 pandemic has affected the ability of Atrium Ljungberg's tenants to make payments. At the moment it is mostly tenants in the Consumer Durables and Restaurant & Cafe segments that have been affected.

Rent receivables that relate to income in the second quarter and that were due for payment, but were not allocated as bad debt, amounted to approximately SEK 30 million as of 9 July 2020.

For rental income invoiced for the third quarter, the payment

pattern appears completely normal in July so far, except for the tenants that have been allowed to make monthly payments instead of quarterly payments for the period. Currently no rent rebates relating to Covid-19 have been given for the third quarter.

In terms of invoicing for the third quarter, only amounts that have been paid are included in the balance sheet for 30 June 2020. Any receivables from the invoicing for the third quarter are only recognised as of 1 July 2020, which means they are not included in the balance sheet on the closing date.

CONSOLIDATED CHANGE IN EQUITY

Amounts in SEK m	Attributable to the parent company shareholders				Total equity
	Share capital	Other capital contributions	Hedging reserves	Profit brought forward	
Opening balance as of 1 January 2019	333	3,960	-26	16 429	20,696
Profit for the period				1,227	1,227
Other comprehensive income			6		6
Acquisition of own shares				-99	-99
Dividend, SEK 4.85/share				-631	-631
Closing balance as of 30 June 2019	333	3,960	-20	16,926	21,198
Profit for the period				1,580	1,580
Other comprehensive income			7		7
Closing balance as of 31 December 2019	333	3,960	-13	18,506	22,784
Profit for the period				-570	-570
Other comprehensive income			6		6
Acquisition of own shares				-19	-19
Dividend, SEK 5.00/share				-649	-649
Closing balance, as of 30 June 2020	333	3,960	-8	17,267	21,552

There are a total of 133,220,736 (133,220,736) shares, of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. Atrium Ljungberg acquired 118,000 class B shares in the first six months of 2020 (621,000), all during the first quarter. At the end of the period the company owns 3,500,000 class B shares. As of 30 June 2020 the number of outstanding shares amounts to 129,720,736 (129,838,726). The average number of outstanding shares for the period from 1 January 2020 to 30 June 2020 amounts to 129,770,472 (130,174,907).

MARKET AND PROPERTY PORTFOLIO

THE PROPERTY MARKET

According to Savills the transaction volume for the first six months amounted to SEK 100 billion, which is on a par with the first six months of 2019. In terms of the second quarter by itself, this represents a decrease of 40 per cent, and adjusted for SBB's acquisition of Hemfosa including the subsequent follow-up transactions, the decrease in the second quarter was 57 per cent.

Direct yield requirements for office properties remained stable during the quarter. Rental levels and vacancies were mostly unchanged. There has been an increase in subletting offices.

The Covid-19 pandemic has had a particularly noticeable impact on retail properties. The consumer durables segment has been negatively affected by a reduction in customer flows, although there was a clear recovery in visitor figures in May and June. The consumer durables, construction and electronics industries have seen an increase in demand mostly as a result of more people working from home. Direct yield requirements for retail properties are assessed to have remained stable during the quarter.

For tenant-owned dwellings, the downward trend in the supply of new builds continued. Although house prices remained stable during the quarter, the number of sales decreased.

PROPERTY PORTFOLIO

Our property portfolio is concentrated to central locations in the growth regions of Stockholm, Gothenburg, Malmö and Uppsala, with Stockholm accounting for 68 per cent (73%) of the contracted annual rent. At the end of the quarter our property portfolio contains a total of 66 properties (68) with a total area of 1,069,000 m² including garage (1,216,000).

During the period the acquisition and possession of one office property took place in Sundbyberg, Eken 14. Also during the period the divestment of Farsta Centrum took place where a total of five properties, which of four leaseholds, were included in the transaction.

14 leaseholds were taken into possession in Slakthusområdet in Stockholm in June 2019. In September 2019 the residential leaseholds Kolding 1 and Kolding 2 in Ärvinge, Kista, were divested.

In the third quarter of 2019, some office properties were reclassified as retail properties as a result of an internal redistribution. The fair value is approximately SEK 500 million, which affects the comparison figures. In the second quarter of 2020 one property was reclassified from a retail property to an office property in accordance with the definitions, as the rental value for offices now exceeds retail in this property. This reclassification was caused by retail premises being converted into office premises.

CONTRACTED ANNUAL RENT AND LETTING RATE

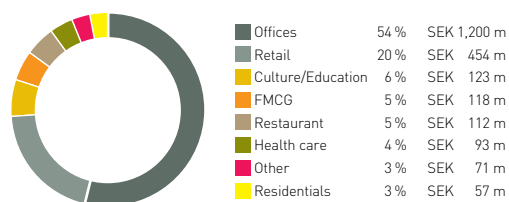
As of 1 July 2020 the contracted annual rent was SEK 2,228 million (SEK 2,599 m). The reduction was mostly due to the sale of Farsta Centrum. The economic letting rate including project properties was 92 per cent (93%), and excluding project properties, 92 per cent (93%). The EPRA vacancy rate was therefore 8 per cent (7%). The decrease in the letting rate compared with the previous quarter was caused, for example, by bankruptcies and premises being vacated in the retail sector. Compared with the previous year, this difference was also caused by offices in Hagastaden, Medborgarplatsen and the City of Stockholm being vacated.

Approximately 2 per cent of the of the total contracted annual rent is from tenants that have either gone bankrupt or are being restructured.

The average remaining term for contracted rent excluding residentials and parking was 3.4 years (3.5 years) as of 1 July 2020.

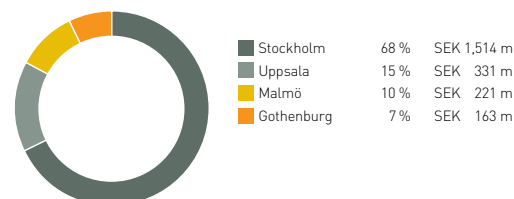
Contracted annual rent per premises type

– After the sale of Farsta Centrum, more than half is offices

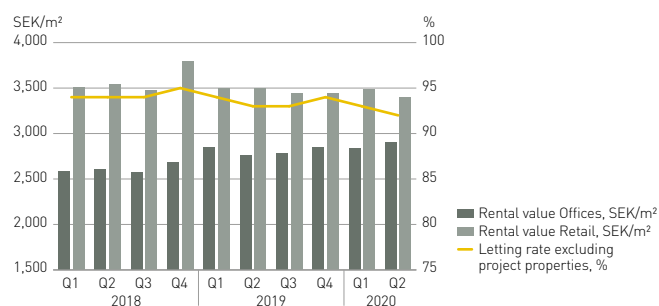


Contracted annual rent per region

– Only in strong growth regions



Rental value per m² and letting rate

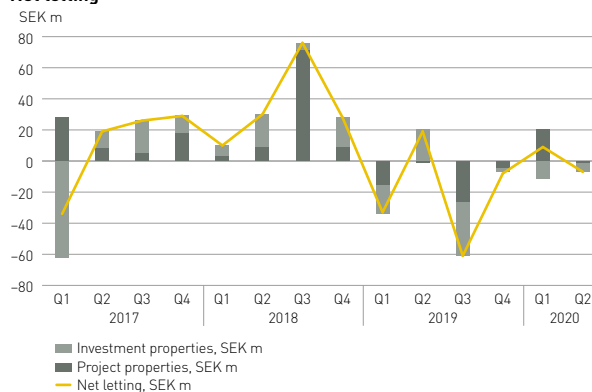


NET LETTING

Net letting, i.e. newly signed contracted annual rents with deductions for annual rents lost due to terminated contracts, during the second quarter amounted to SEK –7 million (SEK 19 m), of which SEK –1 million (SEK –1 m) refers to project properties. Newly signed contracts are distributed among most of our areas and include both retail and office premises, while terminations relate primarily to offices in Stockholm. Net letting for the first six months of the year amounted to SEK 2 million (SEK –14 m), of which SEK 19 million (SEK –16 m) refers to project properties.

The time lag between net letting and its effect on profit is assessed to be 3–12 months.

Net letting



PROPERTY VALUATION

Atrium Ljungberg commissioned an external market valuation of 18 per cent of its property portfolio's total value as of 30 June 2020. The valuation was carried out by Forum Fastighetsekonomi, CBRE and Newsec. The remainder of the property portfolio has been internally valued and the assumed market rents, costs, vacancies and yield requirements have all been 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 Covid-19 pandemic continued at the end of the quarter and although the situation appears to have improved slightly, the uncertainty in the valuation assumptions is greater than normal, as few property transactions were carried out in the last quarter. To reduce this uncertainty, more valuation meetings were held with external valuation experts than for a standard quarterly valuation. 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 assessed long-term 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 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 premium is added to the yield requirement on the basis of the current phase of the project.

DEVELOPMENT PROPERTIES

Development properties are properties that are developed or intended to be developed into tenant-owned dwellings and then be sold. The development properties are reported as the lowest of the investments made and the estimated net realisable value.

Rental value and letting rate

Premises type	1 July 2020			1 July 2019		
	Rental value, SEK m	Rental value, SEK/m² ¹⁾	Letting rate, %	Rental value, SEK m	Rental value, SEK/m² ¹⁾	Letting rate, %
Offices	1,204	2,903	92	1,326	2,757	93
Retail	754	3,393	93	988	3,488	93
Other	220	2,064	92	269	1,879	91
Residentials	57	1,761	99	88	1,459	100
Garage/parking	54	–	94	60	–	94
Business area Property	2,288	2,951	92	2,731	2,822	93
Project properties	129		91	74		75
Total	2,417		92	2,805		93

¹⁾ m² excluding garage.

CHANGE IN VALUE

The unrealised change in value in the second quarter amounted to SEK 279 million (SEK 1,166 m) and SEK –1,207 million (1,314) for the first six months of the year; SEK 71 million (SEK – m) during the period related to divested properties. Most of the change in value for the first six months of the year is due to the downward adjustment of the value of retail properties in the first quarter. The yield requirement for retail properties increased by an average of 0.2 percentage units during the period due to the higher risk. The change in value has also been caused by lower operating net in the short term resulting from rental rebates, and by lower market rents and higher vacancy assumptions in the long term.

DEVELOPMENT RIGHTS

In total there is 250,000 m² GFA of development rights excluding land allocations, of which 89,000 m² GFA has a legally binding detailed development plan. 161,000 m² GFA requires a change in the detailed development plan to be able to be realised. 28,000 m² GFA of the legally binding development rights relates to commercial development rights, 20,000 m² GFA to tenancy apartments and 41,000 m² GFA to development properties. The book value amounts to approximately SEK 4,860/m² GFA for commercial development rights and approximately SEK 1,400/m² GFA for tenancy apartments. The book value for development properties amounts to approximately SEK 4,770/m² GFA, calculated based on 135,000 m² GFA, which also includes land that does not have a detailed development plan.

Change in the property portfolio

	Half year 2020 Jan–Jun	Half year 2019 Jan–Jun	Full year 2019 Jan–Dec
SEK m			
Investment properties			
Fair value at the beginning of the period	47,513	43,310	43,310
Acquisitions (after deduction of latent tax)	289	1,160	1,174
Sales	–3,979	–	–1,031
Investments in held properties	1,000	763	1,704
Unrealised changes in value	–1,207	1,314	2,283
Other	–	–	73
Fair value at the end of the period	43,616	46,547	47,513
Development properties			
At the beginning of the period	997	891	891
Investments in tenant-owned dwelling projects	156	52	106
Development properties, at the end of the period	1,152	943	997
Property portfolio, total ¹⁾	44,768	47,490	48,509

¹⁾ Excluding Right-of-use asset, leaseholds

Unrealised changes in value, properties

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
SEK m								
Change in yield requirements	254	–791	549	283	439	–	132	0
Change in operating net, etc.	25	–695	107	–	681	148	994	174
Development rights	–	–	30	–	46	–	–	–
Total	279	–1,486	686	283	1,166	148	1,126	174

Property acquisitions

Property	Area	Category	Letting area, m ²	Possession	Underlying price property, SEK m
Eken 14	Sundbyberg	Offices	8,163	June 2020	295

Property sales

Property ¹⁾	Area	Category	Letting area, m ²	Date vacated	Underlying price property, SEK m
Storö 2, Storö 15, Storö 21, Storö 23 and Storö 24	Farsta Centrum	Retail/offices	115,207	June 2020	3,979

¹⁾ Read more in the property list at www.al.se.

Property portfolio

Property type	30 June 2020			30 June 2019		
	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾	Letting area, '000 m ²	Fair value, SEK m	Fair value, SEK/m ² ¹⁾
Office properties	603	25,072	52,677	738	25,961	44,230
Retail properties	324	10,781	41,286	368	15,718	50,393
Residentials	45	1,274	33,171	82	2,071	29,502
Business area Property	973	37,127	47,875	1,187	43,750	45,147
Project properties	90	6,001	E/T ²⁾	23	2,398	E/T ²⁾
Land and development rights	–	488		–	399	
Total Investment properties	1,063	43,616		1,210	46,547	
Development properties	6	1,152		6	943	
Property portfolio, total ³⁾	1,069	44,768		1,216	47,490	

¹⁾ Calculations based on area, excluding garage.

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

³⁾ Excluding Right-of-use asset, leaseholds.

INVESTMENTS AND PROJECTS

CONFIRMED AND COMPLETED PROJECTS

During the first six months, investments in held properties amounted to SEK 1,156 million (SEK 815 m), of which SEK 699 million (SEK 414 m) was in project properties and SEK 156 million (SEK 52 m) in development properties. Investments in project properties relate primarily to projects in Sickla, Mobilia, Barkarbystaden and Hagastaden. The other investments relate mostly to tenant adaptations in properties in Kista, Sickla, Uppsala and Malmö. The Entréhus 3 project in Gränbystaden in Uppsala, comprising 66 apartments, offices and commercial premises, was completed in the second quarter. Forumkvarteret in central Uppsala has also been completed. This reconstruction project has included residential, office and retail sections in order to create an urban inner city district.

The remaining investment volume for confirmed projects amounted to SEK 3,480 million as of 30 June.

STOCKHOLM

SICKLA, NACKA

Curanten – At Sickla Station, we are building a healthcare destination, with stores, cafes and restaurants on the ground floor. The project comprises a total of 11,500 m², which includes 9,900 m² for healthcare. Adaptation of the premises for tenants is currently underway. Occupancy is planned for the end of 2020. In the spring KRY signed a lease contract in Curanten for one of its first physical establishments in the Stockholm area. In June agreements were also signed with Distriktstandläkarna and Arena Motion, and there are already agreements in place with Sickla Hälsocenter, Alva Barnklinik, Nacka municipality, GHP Specialisttandläkarna in Nacka and Diagnostiskt Hudcenter. Kronans Apotek, Reload Superfoods and Bastard Burgers are moving into the ground floor, while an agreement for a store measuring more than 300 m² was also signed with HTH Kök in June.

Tapetfabriken – The old wallpaper factory directly next to Marcusplatsen in Sickla is being developed into a hotel. We have

signed an agreement with Nordic Choice Hotels for a hotel with 240 rooms, conference premises, event spaces, a restaurant and a lobby measuring 2,000 m². The hotel is expected to open in the second quarter of 2021.

Nobelbergsgaraget – This garage with a hundred parking spaces and supplementary areas for a restaurant, offices and service are expected to be completed at the end of 2020. One of the five premises on the ground floor facing Sickla Industriväg has been let. This property is a 3D property under Brf Sicklastråket.

Panncentralen – The former boiler room at Nobelberget is being reconstructed and extended to create a modern pre-school with six departments and an outdoor play area. A rental contract has been signed with Jensen Education, which plans to open at the end of 2020.

Brf Sicklastråket – The tenant-owned apartment project containing 68 tenant-owned apartments is the first residential block to be built in Nobelberget. At the end of the second quarter, binding contracts were signed for 82 per cent of the number of apartments. These apartments are being built on top of Nobelbergsgaraget and are expected to be ready for occupancy in October 2020.

Nobelberget, phase 2 – In June a decision was made to start the second phase of Nobelberget. This project comprises 56 tenant-owned apartments, three commercial premises on the ground floors and a parking garage. Sales and production are planned to start for this project in the autumn of 2020 and it is expected to be ready for occupancy in the summer of 2022.

Sickla Galleria, phase IV – On top of the existing shopping centre, we are creating approximately 200 parking spaces in order to meet the increased need for parking linked with the Curanten and Stationshuset projects. Approximately 2,000 m² of existing retail premises has been vacated, and new premises covering almost 3,000 m² will be created for retail and service. The foundation work is currently underway and is expected to be complete in the third quarter of 2021.



NOBELBERGET PHASE TWO – In 2020 sales and production for the second phase in Nobelberget got underway. This project comprises 56 tenant-owned apartments and is expected to be ready for occupancy in the summer of 2022.

SLUSSEN

Katarinahuset in Slussen – In March 2020 a decision was made to start a reconstruction project in Katarinahuset. Following the reconstruction work, the building will be home to modern offices with a unique view, and we are also planning for hotel and several restaurants. There are also plans to develop the building's roof terrace so that the general public gain access via Mosebacke and Katarinahissen. In May a new lease contract was signed with Eriks Gondolen for a total of 1,100 m² divided among two different restaurants. Occupancy is expected to begin in the first quarter of 2023, while the renovation of the property is expected to be fully completed in the second quarter of 2023. This investment amounts to almost SEK 1 billion.

HAGASTADEN

Life City – Life City is being built next to New Karolinska Solna University Hospital. The building comprises 27,500 m² and an investment of SEK 1.9 billion including land acquisitions. We are creating a new meeting place here for life science activities. The biggest tenant is Academic Work, which signed an agreement for 17,000 m².

The work on the framework is complete and the facade should be fully in place after the summer of 2020. This project is on schedule with the first tenants planning to move in during the fourth quarter of 2021. The entire building is planned for completion in the spring of 2022.

Schedule for confirmed projects

■ Planning ■ Construction ■ Completion

	2020			2021				2022				2023	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
New builds and extensions													
Curanten													
Nobelbergsgaraget													
Sickla Galleria phase IV													
Tapetfabriken													
Life City													
Bas Barkarby													
Mobilia Torghuset													
Parkhusen, phase 1													
Reconstruction													
Panncentralen													
Katarinahuset													
Tenant-owned dwellings													
Brf Sicklastråket													
Nobelberget phase 2													

Confirmed projects

Confirmed projects	Letting area, m²				Parking, investment, GFA	Total of which remaining, SEK m ¹⁾ SEK m	Fair value, SEK m	Rental value, SEK 2 m)	Letting rate, %	
	Retail	Offices	Residential units	Other						
New builds and extensions										
Curanten, Sicklaön 83:22, Nacka	1,600			9,900		550	200		40	59
Tapetfabriken, Sicklaön 83:22, Nacka				10,500	4,600	440	140		E/T ³⁾	100 ⁴⁾
Nobelbergsgaraget, Sicklaön 83:45, Nacka	600				3,400	60	20		4	E/T ³⁾
Sickla Galleria phase IV, Sicklaön 83:22, Nacka	5,000				6,300	140	90		16	–
Life City, Molekylen 1, Stockholm		27,500			4,400	1,850	990		109	E/T ³⁾
Bas Barkarby, Barkarby 2:64, Järfälla		5,000		19,300		840	590		54	E/T ³⁾
Mobilia Torghuset, Bohus 8, Malmö	3 500		3,800	5,800		550	100		31	94 ⁵⁾
Parkhusen, block 1, Gränby 25:1, Uppsala	100		2,700			120	90		6	–
Total new builds and extensions	10,800	32,500	6,500	45,500	18,700	4,550	2,220			61
Reconstruction										
Panncentralen, Sicklaön 83:33, Nacka				1,000		90	40		E/T ³⁾	100
Katarinahuset, Tranbodarne 11, Stockholm	2,600	18,700		3,800		980	910		126	E/T ³⁾
Tenant-owned dwellings										
Brf Sicklastråket, Sicklaön 83:43, Nacka			4,500			310	110		E/T	82 ⁷⁾
Nobelberget phase 2, Sicklaön 83:41, Nacka	300		3,600		800	270	200		E/T	– ⁷⁾
Total	13,700	51,200	14,600	50,300	19,500	6,200	3,480	4,263 ⁶⁾		

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

²⁾ Excluding premiums and any net sales result.

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

⁴⁾ The letting rate including parking amounts to 94 per cent. Parking is let closer to completion.

⁵⁾ The letting rate for commercial premises amounts to 92 per cent. The letting rate for residential is 100 per cent.

⁶⁾ Divided into SEK 2,469 million for new building and extensions, SEK 1,606 million for reconstructions and SEK 189 for tenant-owned dwelling projects.

⁷⁾ The percentage of apartments sold with binding contracts, percentage of number.

BARKARBYSTADEN, JÄRFÄLLA

Bas Barkarby – Construction of the first phase of Bas Barkarby comprises approximately 25,000 m². Here we will be bringing together education with the business community and culture, and we will create a brand new kind of meeting place. Järfälla Municipality will be the biggest tenant with almost 11,000 m² for upper secondary education, a multi-purpose hall, a library and other cultural activities. Bas Barkarby will also comprise offices, a restaurant and a gym. In May a rental contract was signed with Allians Redovisning. The framework is currently being erected and work is underway on the facade. The building is expected to be complete in the summer of 2022.

Bas Barkarby will be directly connected to western Stockholm's new hub for the underground railway, long-distance trains, commuter trains and buses.

MALMÖ

MOBILIA

Mobilia Torghuset – Work on an extension of approximately 13,100 m² is being completed. The 74 rental apartments are fully let and all of the tenants have moved into their apartments. Most of the store premises have been let and the new tenants will move in during the summer and early autumn. The new retail section is opening in the third quarter of 2020 and New Yorker and Intersport are the biggest retail tenants. Work on the premises for Nordisk Film and Funnys Äventyr is continuing with both opening in the autumn of 2020.

UPPSALA

GRÄNBYSTADEN

Parkhusen, phase 1 – We are building a residential block called Parkhusen with approximately 300 apartments close to both Gränbystaden Galleria and Gränbyparken. Parkhusen will create an urban frontage and a clearly defined entrance to the park. Phase 1 comprises 44 rental apartments with commercial premises on the ground floor. The project is scheduled for completion in the second quarter of 2021. The apartments will be mediated through Uppsala Bostadsförmedling.

POTENTIAL DEVELOPMENT PROJECTS

Our current project portfolio with new constructions and development projects enables future investments of approximately SEK 28 billion, which includes potential land acquisitions through land allocations.

In terms of area, 43 per cent of the project portfolio comprises offices and 40 per cent residential, while the remaining 17 per cent is retail/service, education and culture. The project portfolio is divided among the majority of our areas with Slakthusområdet, Sickla, Gränbystaden, Hagastaden and Slussen accounting for almost 90 per cent. The rate at which we can complete the projects depends on the market situation and the detailed development plan process. A project is not usually started until we have secured a minimum level of return in the form of signed lease contracts.



MOBILIA – Torghuset in Mobilia will open this autumn. This is an extension measuring 13,100 m² which will be home to stores, but also rental apartments, Nordisk Film's modern cinema and Funnys Äventyr, a cultural building for children.

POTENTIAL PROJECT STARTS 2020–2022

STOCKHOLM

In Sickla, sales are in progress of the first tenant-owned apartments of a total of 500 at Nobelberget. Phase two is being launched in 2020 and includes almost 60 tenant-owned apartments along with premises on the ground. The development of the remaining apartments will be carried out gradually based on market demand. At Nobelberget, we are creating an attractive and dense urban environment with residential as well as office premises and cultural activities.

We have a development right for approximately 7,500 m² GFA at Sickla Station, where the future underground will be linked with the cross-town light rail link (Tvärbanan), the Saltsjöbanan Line and bus services. Work is underway on a new detailed development plan with an extended development right that includes a 23-storey building and approximately 23,000 m² GFA. Consultation on the detailed development plan is complete and the examination of the plan is taking place this summer. Atrium Ljungberg and Region Stockholm are working jointly on a project that involves the construction of parts of the new station entrance. The building will also contain offices and other commercial premises. The ground work started in March, including piling and shafts for the new ticket hall.

Detailed development planning work is in progress for a new 16-storey residential building with approximately 80 apartments. This will be at the eastern section of Sickla Galleria by the second planned underground entrance at Sickla Station. Consultation on the detailed development plan was carried out in the spring and it will be sent for examination in the autumn of 2020. The preparatory work on the station entrance is planned for the autumn of 2021, while the entire building is expected to be completed in the first quarter of 2024.

GOTHENBURG

At Lindholmen in Gothenburg analyses are underway to see whether additional development rights for approximately 10,000 m² could be created for offices in the existing property.

MALMÖ

At Mobilia in Malmö we have a development right of 5,400 m² GFA for offices on Trelleborgsvägen. Construction could potentially start in the first quarter of 2021 once Torghuset is complete. The programme and system document has started to be produced.

UPPSALA

In Gränbystaden, the development of Uppsala's second city centre continues. Construction of the first residential block in Parkhusen is planned to start in the first quarter of 2020, but there is also the potential for approximately 200 additional apartments within the framework of the existing detailed development plan. We are also looking into the possibility of starting a detailed development plan to further develop and condense the area that is currently the outdoor car park next to the shopping centre.

In northern Gränbystaden there is the possibility of developing 5,000 m² GFA for offices and retail on the remaining land within the existing detailed development plan.

We also have a land allocation for approximately 35,000 m² GFA south of Gränbystaden Galleria. The plan is to develop the area with a new office cluster and residential. Detailed development planning is underway and expected to be complete in 2021.

SLUSSEN

Having recently signed the agreement with the City of Stockholm, Atrium Ljungberg is now one of the largest property owners in Slussen. This agreement involves us returning the Hamnmästaren land allocation measuring approximately 20,000 m² GFA right on the quayside at Stadsgårdskajen in front of our Glashuset property. This will allow the new Nobel Centre to be built on the site. The agreement for both Nobel Center and the other land allocations became legally binding in June.

As part of this agreement we have received several land allocations in Slussen, Hagastaden and Slakthusområdet as compensation for Hamnmästaren. In Slussen we now have the opportunity to develop the retail site comprising approximately 8,000 m² NRA (non-residential area) under Södermalmstorg. We are planning re-



SLAKTHUSOMRÅDET – We received a new land allocation in Norra Entrétorget this spring and just before the summer we signed a letter of intent with SISAB to build an upper-secondary school in the area.

tail and service here combined with areas that link the various methods of public transport together; the Saltsjöbanan line, the underground and the bus terminal in Katarinaberget. The retail hub is adjacent to the future Mälarterrassen, a public building comprising more than 7,000 m² GFA with a view of the old town in Stockholm, Gamla Stan, and the water. We are planning cafes, restaurants and cultural offerings here. Occupancy is planned for 2025.

The Ormen district is a development right of approximately 4,500 m², with a hotel planned to be built above the underground entrance. This is expected to be completed at the same time as the retail hub.

In Slussen we already had a land allocation in front of Katarinahuset in the Ryssbodarne district, located above both Stadsgårdsleden and Saltsjöbanan. The Ryssbodarne district is a triangular development right comprising more than approximately 7,000 m² GFA across five floors, where we are planning offices with public spaces on the ground floors. Production will start in 2025 at the earliest, with potential occupancy in 2027.

Atrium Ljungberg already owns Glashuset, Sjömansinstitutet and Katarinahuset. This means that we now own approximately 51,000 m² in our existing portfolio and a total of approximately 26,500 m² in land allocations. Work on the Slussen area is expected to be complete in 2027.

We are continuing to work with the city, creating a dynamic meeting place together for the future. Slussen will become a destination for both tourists and people living in Stockholm; a vibrant hub in the commercial heart of Söder.

SLAKTHUSOMRÅDET

In June 2019, we took possession of 14 properties totalling more than 50,000 m² of letting area. We also have an option to acquire an investment property of 32,000 m² of letting area. We have the option of ordering additional land allocations measuring approximately 100,000 m² GFA as well. The acquisitions and developed land allocations amount to a total of approximately 200,000 m² GFA for offices and residentials, supplemented with culture, retail, a restaurant, hotel, education, etc. The total investment up to 2030, including acquisitions, amounts to around SEK 8 billion.

Slakthusområdet is one of Stockholm's largest urban development projects. We received a new land allocation in Norra Entrétorget this spring for a hotel/offices and just before the summer we signed a letter of intent with SISAB, Skolfastigheter in Stockholm AB, to build an upper-secondary school in the area. In the spring a lot of emphasis was placed on preparing for the start of major detailed development plans this autumn in the northern and central parts of Slakthusområdet. This work is based on the preliminary study that was carried out with the City of Stockholm, which aimed to create a high attraction value and provide opportunities for activities to continue 24 hours a day. The intention is to create a strong destination with offices and residential properties and supplement this with food, culture and experiences. A brand new meeting place and an engine for the entire Söderort.

Potential projects			Project area, m ² , GFA		Potential investments, SEK m ²
	Municipality	Premises type ¹⁾	Detailed development plan exists	Change to detailed development plan required	
Barkarby	Järfälla	Offices	20,000		
Lindholmen	Gothenburg	Offices		23,000	
Hagastaden	Stockholm	Residential units	37,000		
Hagastaden	Stockholm	Offices	24,000	25,000	
Hagastaden	Stockholm	Retail	1,000		
Mobilia	Malmö	Offices	5,000		
Sickla	Nacka	Education		9,000	
Sickla	Nacka	Residential units	36,000	94,000	
Sickla	Nacka	Offices		24,000	
Slakthusområdet	Stockholm	Education		7,000	
Slakthusområdet	Stockholm	Residential units		44,000	
Slakthusområdet	Stockholm	Offices		81,000	
Slakthusområdet	Stockholm	Retail		28,000	
Slakthusområdet	Stockholm	Culture/restaurant		11,000	
Sundbyberg	Sundbyberg	Offices		26,000	
Södermalm	Stockholm	Retail		16,000	
Södermalm	Stockholm	Hotels		5,000	
Södermalm	Stockholm	Offices	48,000		
Södermalm	Stockholm	Culture/restaurant	7,000		
Uppsala	Uppsala	Residential units	20,000	35,000	
Uppsala	Uppsala	Offices		16,000	
Uppsala	Uppsala	Retail	5,000	23,000	
Total			203,000³⁾	467,000⁴⁾	28,000

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

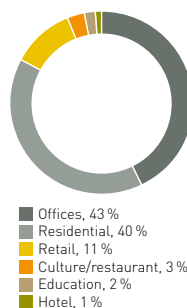
²⁾ The investment volume relates to investments in existing properties and future development rights, including any land acquisitions.

³⁾ Of which around 23,000 m² relates to reconstruction and around 96,000 m² relates to land allocations.

⁴⁾ Of which around 60,000 m² relates to reconstruction and around 247,000 m² relates to land allocations.

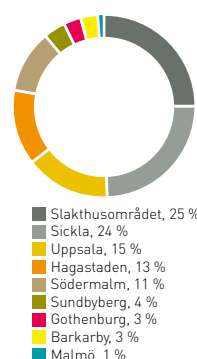
Potential projects by premises type

– Offices and residentials account for almost 85 per cent of the area



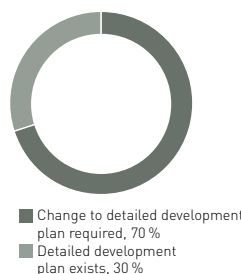
Potential projects by area

– More than 80 per cent of the area is focused on Stockholm



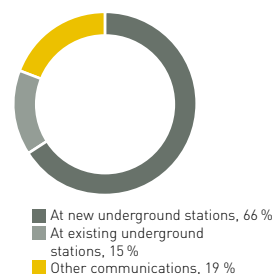
Potential projects by detailed development plan

– There is a detailed development plan for over 30 per cent of the



Potential projects at underground stations

– 81 per cent of the area at new or existing underground stations



FINANCING

THE FINANCIAL MARKET

The second quarter was dominated by the Covid-19 pandemic, and despite substantial fiscal stimulus, there have been major consequences for both Sweden and the surrounding world. There is still a lot of uncertainty, even though the amount of information and knowledge about this pandemic is increasing. The assessment of the National Institute of Economic Research is that Sweden's GDP will decrease by approximately 10 per cent in the second quarter and by 5.7 per cent for 2020 as a whole. The assessment is for Sweden's economy to be affected less than the eurozone.

After a slightly shaky start to the quarter, demand on the capital market is strong, but the risk premium has increased since the Covid-19 pandemic started, resulting in higher prices. However, this has been counteracted by interventions by the ECB on the European market and Riksbanken on the Swedish market. The price of a 3-year bond for a real estate company with a Baa2-rating has increased on the secondary market by approximately 1.0 percentage unit to 1.75 per cent since February.

During the last quarter, the variable rate, 3M Stibor, decreased from 0.31 per cent to 0.06 per cent at the end of the first six months of the year. In last quarter the 10-year swap rate decreased from 0.39 per cent to 0.29 per cent.

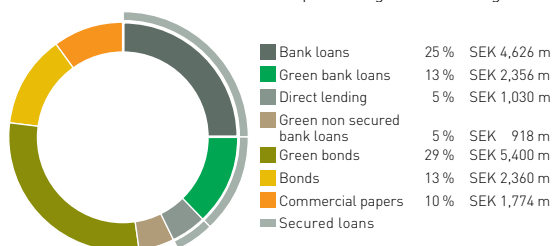
INTEREST-BEARING LIABILITIES

Atrium Ljungberg meets its financing requirements through the capital market, Nordic banks, Nordic Investment Bank, European Investment Bank and direct financing. Interest-bearing liabilities at the end of the quarter amounted to SEK 18,464 million (SEK 20,506 m). In the second quarter interest-bearing liabilities decreased by SEK 2,515 million mainly due to the amortisation of debts resulting from the sale of Farsta Centrum and higher debts associated with the acquisition of Eken 14 and investments in ongoing projects. The reduction in debt has mostly been achieved by paying off bank loans and reducing the volume of outstanding commercial papers.

The average interest rate at the end of the quarter amounted to 1.8 per cent (1.7%). Including unutilised loan guarantees the average interest rate was 1.8 per cent (1.8%). The average fixed interest term was 5.5 years (4.1 years) and the average capital commitment term was 4.9 years (4.5 years). The interest coverage ratio for the period amounted to 4.1 (4.6). According to the company's long-term

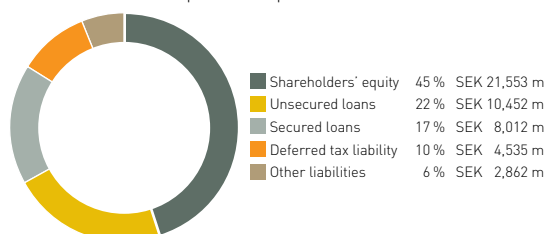
Interest-bearing liabilities

– SEK 18.5 billion in liabilities with 47 per cent green financing



Capital structure

– Secured loans correspond to 17 per cent in relation to total assets



EKEN 14 – At the end of May we acquired the office property Eken 14 in the centre of Sundbyberg. This property is right next to the well-known Marabouparken and Chokladfabriken.

financial goals, the gearing ratio is to be less than 45 per cent. At the end of the first six months, it amounted to 41.2 per cent (43.2%).

Unutilised loan guarantees in addition to loan guarantees which cover outstanding commercial paper amounted to SEK 4,271 million (SEK 1,916 m). The unutilised overdraft facility amounted to SEK 300 million (SEK 300 m).

COLLATERAL

Atrium Ljungberg's borrowing is partly secured by real estate mortgages. Of the interest-bearing liabilities, SEK 8,013 million (SEK 9,083 m) is secured by mortgage deeds which corresponds to 17 per cent (18%) in relation to the total assets.

GREEN FINANCING

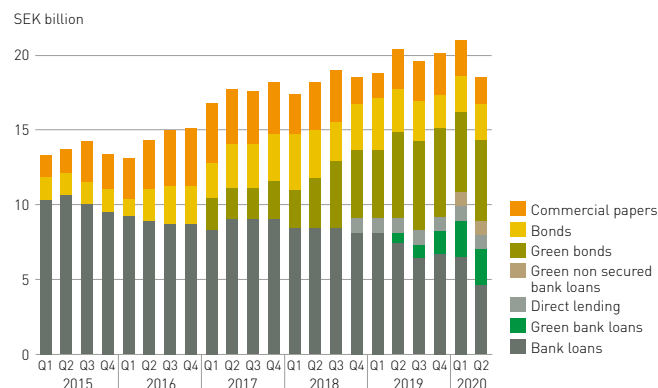
Atrium Ljungberg is creating attractive and sustainable cities. As part of our sustainability strategy, we are focusing on improving resource efficiency, which will reduce our environmental impact. This also makes it possible to apply green financing for operations.

In June a green loan agreement worth SEK 1,000 million was signed with the European Investment Bank. This loan is unsecured and the time to maturity is eight years after payment has been made, which can be done within a 3-year period. The funds will be used in the development of the Bas Barkarby project in Järfälla and the Life City project in Stockholm.

Green financing accounts for 47 per cent (31%) of the total loan volume. At the end of the quarter, there were SEK 5,400 million (SEK 5,747 m) in green bonds outstanding, as well as SEK 3,274 million (SEK 659 m) of green bank loans.

Development of financing sources

– A reduction in debt volume over the last quarter linked to the sale of Farsta Centrum



Fixed interest

Commitment period	Amount, SEK m	Percentage, %	Average interest, % ¹⁾
2020	3,360	18	1.2
2021	800	4	0.7
2022	400	2	1.7
2023	736	4	1.6
2024	1,487	8	1.7
2025 and thereafter	11,683	63	2.1
Total	18,464	100	1.8

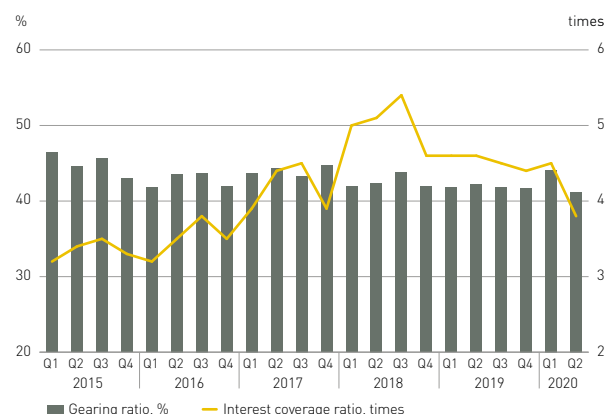
¹⁾ The average credit margin for variable interest rates is spread over the time segment during which the derivative falls due for payment. The average interest is recognised excluding the cost of unutilised loan guarantees.

Capital commitment

Commitment period	Amount, SEK m	Percentage, %
2020	–	–
2021	1,384	7
2022	4,980	27
2023	2,031	11
2024	2,337	13
2025 and thereafter	7,734	42
Total	18,464	100

Gearing ratio and interest coverage ratio

– A lower gearing ratio and a higher interest coverage ratio linked to lower debt

**DERIVATIVES**

At the end of the quarter, the derivative portfolio comprised SEK 12,296 million (SEK 10,796 m) in interest rate swaps and currency swaps, with maturity between 2022 and 2030. In addition, there is SEK 500 million in forward-starting interest swaps beginning in 2021. Currency swaps are used to eliminate the currency exposure that arises when bonds are issued Norwegian krone.

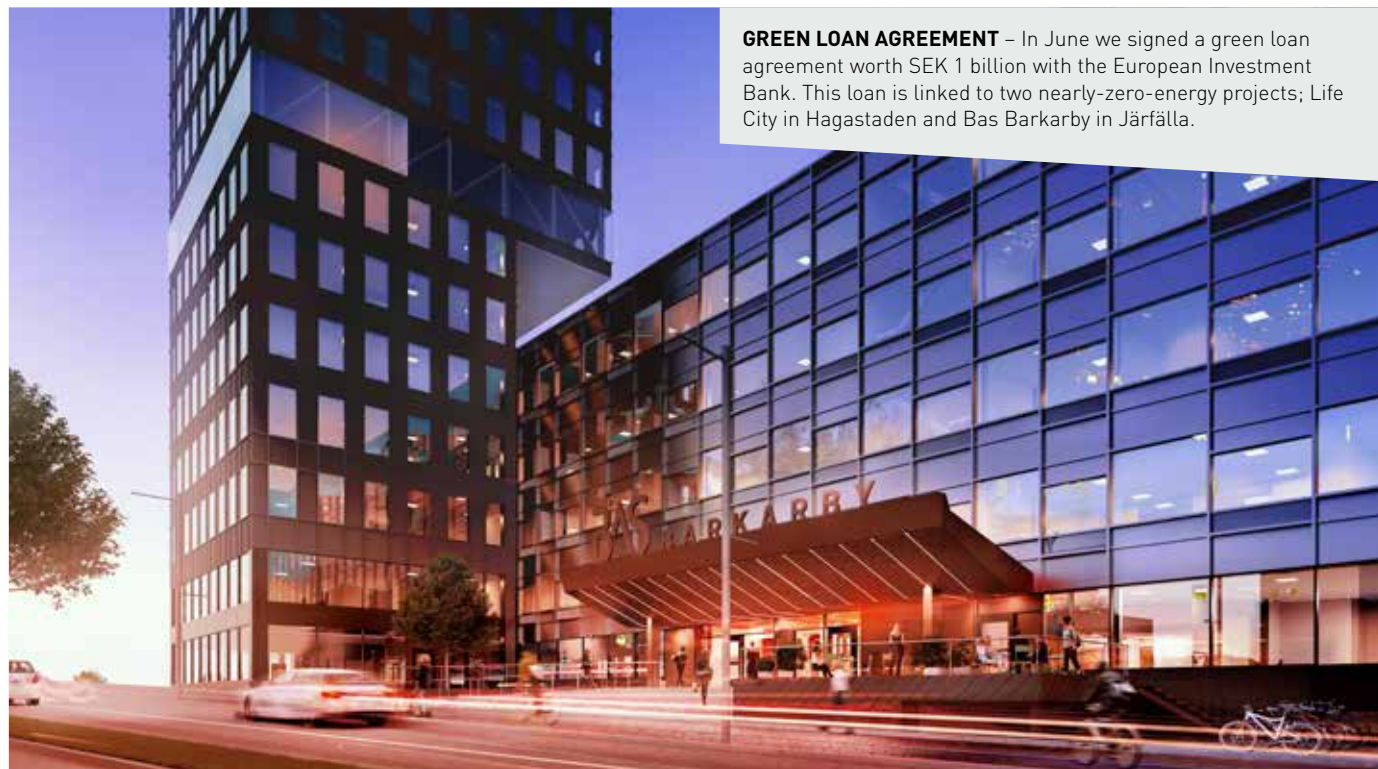
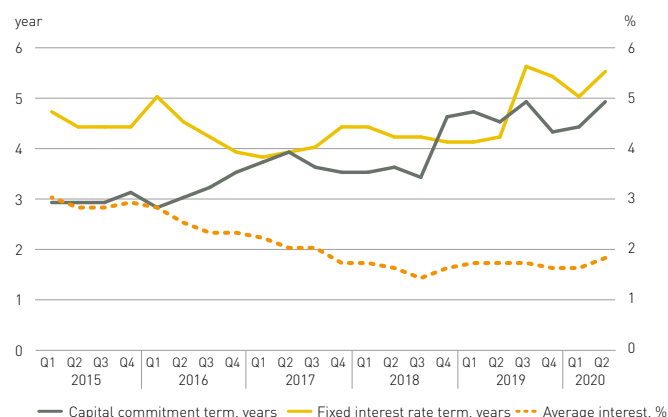
The derivatives portfolio is valued at market rate in conjunction with every closing of the accounts and the change in value is reported via the income statement. The unrealised change in the value of derivatives during the first six months amounted to SEK –240 million (SEK –374 m) as interest rates decreased on the terms covered by the derivatives during the quarter. The deficit book value of the derivatives portfolio totalled SEK –618 million (SEK –736 m) at the end of the period.

PUBLIC RATING

The company has an investment grade rating from the credit rating agency Moody's and was awarded Baa2 grade with a stable outlook.

Average interest and capital commitment and fixed interest rate

– A higher capital commitment and fixed interest as current debt has been amortised



GREEN LOAN AGREEMENT – In June we signed a green loan agreement worth SEK 1 billion with the European Investment Bank. This loan is linked to two nearly-zero-energy projects; Life City in Hagastaden and Bas Barkarby in Järfälla.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK m	Half year 2020 Jan–Jun	Half year 2019 Jan–Jun	Quarter 2020 Apr–Jun	Quarter 2019 Apr–Jun	Full year 2019 Jan–Dec	12 months 2019/2020 Jul–Jun
OPERATING ACTIVITIES						
Profit before changes in value	566	626	256	321	1,234	1,174
Reversal of depreciation, amortisation and impairment	18	5	14	4	13	27
Other items not included in the cash flow	-23	1	-24	17	-62	-87
Tax paid	-2	-13	13	-6	-27	-15
Cash flow from operating activities before changes in working capital	560	619	258	337	1,158	1,099
Net change in working capital	-240	170	-257	112	192	-218
Cash flow from operating activities	320	789	1	448	1,350	881
INVESTMENT ACTIVITIES						
Acquisition of investment properties	-286	-1,160	-282	-1,142	-1,174	-300
Investments in held properties and tenant-owned dwelling projects	-1,156	-815	-586	-417	-1,810	-2,151
Sale of investment properties	3,797	-	3,797	-	1,031	4,828
Investment in financial non-current assets	-56	-7	71	-	-5	-54
Purchase/sale of equipment	-12	-6	-9	-6	-17	-23
Cash flow from investment activities	2,287	-1,988	2,991	-1,565	-1,975	2,300
FINANCING ACTIVITIES						
Change in other non-current liabilities	2	5	-3	2	20	17
Loans raised	3,490	3,544	549	2,900	5,709	5,655
Amortisation of debts	-5,123	-1,567	-3,089	-1,133	-4,016	-7,572
Exercise of derivatives	-	-	-	-	-235	-235
Dividends paid	-649	-631	-649	-631	-631	-650
Buy-back of own shares	-19	-99	-	-51	-99	-19
Cash flow from financing activities	-2,300	1,253	-3,193	1,087	748	-2,805
Cash flow for the period	308	55	-201	-30	122	375
Cash and cash equivalents at the beginning of the period	457	335	965	420	335	390
Cash and cash equivalent at the end of the period	764	390	764	390	457	764

COMMENTS ON THE CASH FLOW STATEMENT

The cash flow for the for the period amounted to SEK 308 million (SEK 55 m). The higher cash flow compared with the same period of the previous year is mostly due to investment activities.

The cash flow from operating activities amounted to SEK 320 million (SEK 789 m), corresponding to SEK 2.47/share (SEK 6.06/share). Cash flow from operating activities was mostly affected by higher accounts receivable and higher interim receivables. The higher accounts receivable relate primarily to the timing of invoicing for projects in TL Bygg and late payments (see page 7 for more information on customer payments).

Investment activities contributed with a positive cash flow of SEK 2,287 million (SEK -1,988 m), relating primarily to the sale of Farsta Centrum. Investments in Atrium Ljungberg's held properties amounted to SEK -1,156 million (SEK -815 m).

The cash flow from financing activities amounted to SEK -2,300 million (SEK 1,253 m) as a result of repayment of loans.

Available liquidity amounted to SEK 5,335 million (SEK 2,606 m) and comprised bank deposits of SEK 764 million (SEK 390 m), unutilised overdraft facilities of SEK 300 million (SEK 300 m) and unutilised lines of credit of SEK 4,271 million (SEK 1,916 m) in addition to credit facilities covering outstanding commercial paper.

SUSTAINABILITY

SUSTAINABLE ENTERPRISE

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

- By 2021, 100 per cent of our investment properties will be environmentally certified (with the exception of project properties and properties acquired over the past two years).
- Energy consumption per m² will decrease by 30 per cent between 2014 and 2021.
- The proportion of green lease contracts will be 50 per cent of the contracted annual rent at the end of 2021.
- We will be one of Sweden's best workplaces, which forms part of our aim to have sustainable employees and to be an attractive employer.

ENVIRONMENTAL CERTIFICATION

We have chosen to certify our commercial premises in accordance with BREEAM and our residential in accordance with Miljöbyggnad. As of 30 June 2020, 58 per cent (41%) of letting area was certified.

ENERGY CONSUMPTION

Electricity is responsible for the greatest share of our energy consumption. Usually, we provide our tenants with electricity and charge them on the basis of actual consumption, which creates incentives for resource efficiency. A majority of our properties use district heating as their heat source. The cooling that is installed in our properties is provided by purchased district cooling and by self-generated cooling. Compared with the 2014 reference year, energy intensity has fallen by 21 per cent (16%) per m².

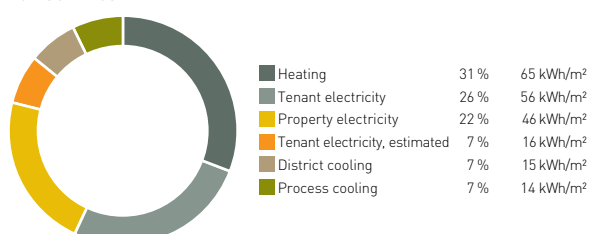
ENERGY INTENSITY

kWh/m ²	12 months 2019/2020 Jul–Jun	12 months 2018/2019 Jul–Jun	Change compared to 2014 ¹⁾	Change compared to 2014 ¹⁾
Heating	65	70	–7%	–29%
Property electricity	46	47	–2%	–31%
District cooling	15	18	–18%	–22%
Sub-total property energy	126	135	–7%	–29%
Tenant electricity	56	59	–6%	–10%
Tenant electricity, estimated	16	18	–11%	–43%
Process cooling	14	15	–6%	–
Total energy intensity	212	227	–7%	–21%

¹⁾ Reference year.

Energy intensity

– 41 per cent of the total energy intensity comprises the tenants' energy used for their activities



SUSTAINABLE EMPLOYEES

We have taken part in the Great Place to Work® evaluation of "Sweden's best workplaces" since 2011. Our goal is to achieve an average index of 85 per cent. In 2019 we exceeded our goal and achieved an index of 87 per cent (88%).

GREEN LEASE CONTRACTS

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

	01/07/2020	01/07/2019
Green lease contracts, share of contracted annual rent	41%	31%

TAX

Atrium Ljungberg's directly distributed economic value to society comprises taxes and leasehold fees. Taxes mainly comprise current tax, property tax, non-deductible VAT and stamp duty. The rules on these taxes are monitored carefully as this is an essential part of the commercial offer with requirements for high predictability and minimisation of administrative expenses. Read more about Atrium Ljungberg's tax policy on our website www.al.se or on page 35 in our 2019 Annual Report.

SEK m	Half year 2020 Jan–Jun	Half year 2019 Jan–Jun	Full year 2019 Jan–Dec	12 months 2019/2020 Jul–Jun
Current tax	6	59	63	9
Property tax	88	82	174	179
Non-deductible VAT	28	21	79	86
Stamp duty	–	18	55	37
Taxes	121	180	370	311
Leasehold fees	18	15	34	37
Society	139	195	404	348

GREEN FINANCING

Atrium Ljungberg is able to implement green financing as a direct result of our sustainability work, with a clearly defined link to our sustainable projects. This accounts for 47 per cent (31%) of the total loan volume. At the end of the period, there was SEK 5,400 million (SEK 5,747 m) of green bonds outstanding, as well as SEK 3,274 million (SEK 659 m) of green bank loans.



ONE OF SWEDEN'S BEST WORKPLACES – For the seventh year in a row, Atrium Ljungberg was named one of Sweden's best workplaces in Great Place to Work's® annual survey.

SEGMENT REPORTING

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

2020

Jan-Jun

Amounts in SEK m	Properties	Project development ¹⁾	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	1,251				-23	1,227
Net sales, project and construction work		23	397	420	-183	237
Net sales	1,251	23	397	420	-206	1,464
Property management costs	-424				8	-416
Project and construction work costs		-7	-377	-384	145	-239
Gross profit	827	17	19	36	-53	809
Central administration	-39	-2	-5	-7	-	-46
Financial income and expenses					-197	-197
Profit before changes in value	787	14	14	29	-250	566
Changes in value ^{2) 3)}	-1,275				-240	-1,515
Tax					378	378
Profit for the period	-487	14	14	29	-112	-570
Investments and acquisitions	1,286	156	-	156	68	1,510
Assets, at the end of the period	44,597	1,152	324	1,476	1,342	47,415

2019

Jan-Jun

Amounts in SEK m	Properties	Project development ¹⁾	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	1,289				-9	1,280
Net sales, project and construction work		9	235	244	-166	78
Net sales	1,289	9	235	244	-175	1,358
Property management costs	-407				6	-401
Project and construction work costs		-18	-223	-241	148	-92
Gross profit	882	-9	13	3	-20	865
Central administration	-40	-3	-8	-11	1	-50
Financial income and expenses					-189	-189
Profit before changes in value	842	-12	5	-8	-209	626
Changes in value ^{2) 3)}	1,324				-374	950
Tax					-350	-350
Profit for the period	2,167	-12	5	-8	-932	1,227
Investments and acquisitions	1,923	52	-	52	13	1,988
Assets, at the end of the period	47,922	943	192	1,135	867	49,924

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

²⁾ Properties, unrealised SEK -1,207 million (SEK 1,314 m). Properties, realised SEK -68 million (SEK 10 m).

³⁾ Unrealised change in value, derivatives SEK -240 million (SEK -374 m).

SEGMENT REPORTING, cont.

Revenue type per segment

2020

Jan-Jun

Amounts in SEK m	Properties	Project development	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	1,251				-23	1,227
Net sales, project and construction work						
of which Turnkey contracts, fixed price			87	87	-0	87
of which Turnkey contracts, open account			136	136	-133	3
of which Performance contracts, fixed price			0	0		0
of which Performance contracts, open account			174	174	-27	147
of which Other		23		23	-23	-
Total Net sales, project and construction work		23	397	420	-183	237
Total Net sales	1,251	23	397	420	-206	1,464

2019

Jan-Jun

Amounts in SEK m	Properties	Project development	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	1,289				-9	1,280
Net sales, project and construction work						
of which Turnkey contracts, fixed price			29	29	-3	26
of which Turnkey contracts, open account			117	117	-110	7
of which Performance contracts, fixed price			19	19	-	19
of which Performance contracts, open account			70	70	-44	26
of which Other		9		9	-9	-
Total Net sales, project and construction work		9	235	244	-166	78
Total Net sales	1,289	9	235	244	-175	1,358

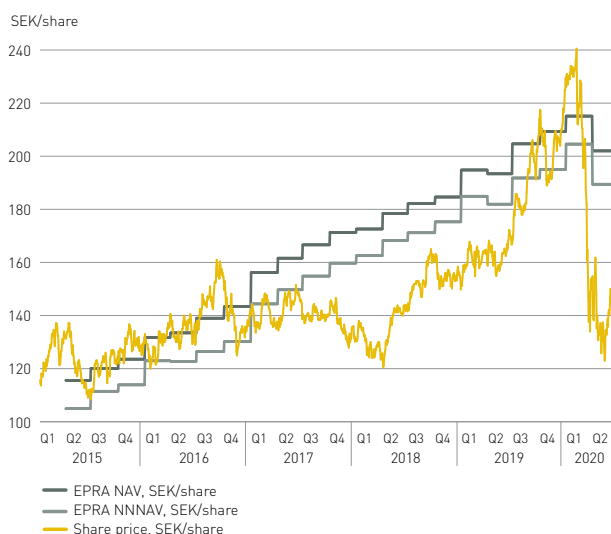
KEY RATIOS ^{1) 2)}

	Half year 2020 Jan-Jun	Half year 2019 Jan-Jun	Quarter 2020 Apr-Jun	Quarter 2019 Apr-Jun	Full year 2019 Jan-Dec	12 months 2019/2020 Jul-Jun
PROPERTY-RELATED KEY RATIOS						
Letting rate excluding project properties, %	92	94	92	94	94	92
Letting rate including project properties, %	92	93	92	93	93	92
Operating surplus margin, %	66	69	65	70	69	67
Letting area, '000 m ²	1,069	1,216	1,069	1,216	1,176	1,069
Investments in Atrium Ljungberg's held properties, SEK m	1,156	815	586	417	1,810	2,151
Number of properties at the end of the period	66	68	66	68	70	66
FINANCIAL KEY RATIOS						
Equity/assets ratio, %	45.5	42.5	45.5	42.5	44.6	45.5
Gearing ratio, %	41.2	43.2	41.2	43.2	41.7	41.2
Interest coverage ratio, multiple	4.1	4.6	3.8	4.6	4.4	4.2
Average interest rate for interest-bearing liabilities, %	1.8	1.7	1.8	1.7	1.6	1.8
Return on equity, rolling 12-month period, %	4.7	14.6	4.7	14.6	12.9	4.7
Return on equity, excluding changes in value, %	3.8	4.6	3.8	4.9	4.6	4.3
Return on total assets, %	-3.0	7.3	4.6	11.3	8.0	2.7
Return on total assets excluding changes in value, %	2.4	2.7	2.3	2.7	2.7	2.6
DATA PER SHARE						
Earnings per share, SEK	-4.39	9.42	4.35	7.74	21.59	7.78
Profit before changes in value less nominal tax, SEK	3.43	3.79	1.55	1.94	7.47	7.11
Cash flow from operating activities, SEK	2.47	6.06	0.01	3.45	10.38	6.79
Equity, SEK	166.15	163.27	166.15	163.27	175.48	166.15
Share price, SEK	131.20	167.80	131.20	167.80	226.00	131.20
Weighted average number of shares, thousands	129,770	130,175	129,721	129,991	130,005	129,805
Number of outstanding shares at the end of the period, thousand	129,721	129,839	129,721	129,839	129,839	129,721
EMPLOYEES						
Average number of employees	343	315	348	314	320	333

EPRA KEY RATIOS ¹⁾

	Half year 2020 Jan-Jun	Half year 2019 Jan-Jun	Full year 2019 Jan-Dec
EPRA Earnings, SEK m	512	568	1,172
EPRA EPS, SEK/share	3.95	4.37	9.03
EPRA NAV, SEK m	26,541	26,572	27,931
EPRA NAV, SEK/share	204.60	204.65	215.12
EPRA NNNNAV ³⁾ , SEK m	24,977	24,903	26,561
EPRA NNNNAV ³⁾ , SEK/share	192.54	191.80	204.57
EPRA Vacancy rate	8%	7%	6%

EPRA NAV, EPRA NNNNAV and share price



¹⁾ See the definitions on pages 28–29, and see the reconciliation for key ratios at www.al.se.

²⁾ The operating surplus margin, equity/assets ratio, return on total assets, and the return on total assets excluding changes in value have been adjusted. In 2019 these key ratios were calculated excluding the effect of the implementation of IFRS 16 Leases, but comparison figures are now available that include the effect of this implementation.

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

QUARTERLY SUMMARY

INCOME STATEMENTS

Amounts in SEK m	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Rental income	579	648	644	653	647	633	613	601
Net sales, project and construction work	153	84	93	62	46	32	48	55
Net sales	732	733	737	715	693	665	661	656
Property management costs	-203	-213	-216	-194	-195	-206	-218	-178
Project and construction work costs	-152	-87	-107	-77	-55	-37	-60	-66
Gross profit	377	432	415	445	443	422	383	412
– of which gross profit/loss property management (operating surplus)	376	435	428	460	452	427	395	423
– of which gross profit/loss from project and construction work	1	-3	-14	-15	-9	-5	-12	-11
Central administration, property management	-21	-18	-23	-17	-21	-19	-21	-17
Central administration, project and construction work	-3	-4	-3	-3	-3	-7	-10	-6
	-24	-23	-26	-20	-25	-25	-31	-23
Financial income and expenses	-97	-99	-99	-107	-97	-91	-76	-72
Profit before changes in value	256	311	289	318	321	306	276	317
Properties, unrealised	279	-1,486	686	283	1,166	148	1,125	174
Properties, realised	-65	-3	13	49	-7	17	112	-1
Derivatives, unrealised	-3	-236	464	-179	-215	-160	-97	99
Derivatives, realised	-	-	-50	-	-	-	-	1
	210	-1,725	1,113	152	945	5	1,140	272
Profit before tax	466	-1,414	1,402	469	1,265	311	1,417	589
Tax	98	280	-358	65	-258	-91	-115	-171
Profit for the period	564	-1,134	1,044	534	1,007	220	1,301	418

KEY RATIOS ^{1) 2)}

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Property-related key ratios								
Letting rate excluding project properties, %	92	93	94	93	93	94	95	95
Letting rate including project properties, %	92	92	93	92	93	93	94	94
Operating surplus margin, %	65	67	66	70	70	67	64	70
Letting area, '000 m ²	1,069	1,171	1,176	1,177	1,216	1,166	1,129	1,167
Investments in Atrium Ljungberg's held properties, SEK m	586	570	666	402	417	398	583	401
Number of properties at the end of the period	66	70	70	69	68	51	51	53
Financial key ratios								
Equity/assets ratio, %	45.5	41.3	44.6	43.8	42.5	43.1	45.9	44.0
Gearing ratio, %	41.2	44.1	41.7	41.8	43.2	41.8	41.9	43.8
Interest coverage ratio, multiple	3.8	4.4	4.3	4.2	4.6	4.6	4.6	5.4
Average interest rate for interest-bearing liabilities, %	1.8	1.6	1.6	1.7	1.7	1.7	1.6	1.4
Return on equity, rolling 12-month period, %	4.7	7.1	12.9	14.8	14.6	15.6	17.7	13.6
Return on equity, excluding changes in value, %	3.8	4.2	4.1	4.6	4.9	4.5	4.3	5.1
Return on total assets, %	4.6	-10.3	11.8	4.6	11.2	3.5	13.3	6.0
Return on total assets excluding changes in value, %	2.3	2.5	2.4	2.7	2.7	2.7	2.5	2.8
Data per share								
Earnings per share, SEK	4.35	-8.74	8.07	4.13	7.74	1.69	9.93	3.18
Profit before changes in value less nominal tax, SEK	1.55	1.88	1.75	1.93	1.94	1.85	1.65	1.88
EPRA EPS, SEK	1.72	2.24	2.28	2.38	2.30	2.08	2.06	2.61
Cash flow, SEK	0.01	2.46	2.28	2.59	3.45	2.59	2.05	3.36
Equity, SEK	166.15	161.76	175.48	167.41	163.27	155.48	158.64	148.67
Long-term net worth (EPRA NAV), SEK	204.60	202.00	215.12	209.27	204.65	193.37	194.82	184.62
Current net worth (EPRA NNNV), SEK ³⁾	192.54	189.45	204.57	195.00	191.80	182.29	184.93	175.28
Share price, SEK	131.20	154.80	226.00	217.50	167.80	158.80	152.00	161.20
Weighted average number of shares, thousands	129,721	129,820	129,839	129,839	129,991	132,019	131,107	131,536
Number of outstanding shares at the end of the period, thousand	129,721	129,721	129,839	129,839	129,839	130,163	130,460	131,529

1) The operating surplus margin, equity/assets ratio, return on total assets, and the return on total assets excluding changes in value have been adjusted. In 2019 these key ratios were calculated excluding the effect of the implementation of IFRS 16 Leases, but comparison figures are now available that include the effect of this implementation. The key ratios for 2018 do not include any effects from the implementation of IFRS 16, as the standard entered into force on 1 January 2019.

PARENT COMPANY

The parent company's operations comprise Group-wide functions and the organisation for the management of the properties owned by the parent company and the subsidiaries.

Net sales amounted to SEK 162 million (SEK 230 m). The operating profit/loss amounted to SEK –28 million (SEK 10 m). Profit after financial items amounted to SEK –98 million (SEK 114 m).

INCOME STATEMENT, SUMMARY

Amounts in SEK m	Half year 2020 Jan–Jun	Half year 2019 Jan–Jun	Full year 2019 Jan–Dec
Rental income	39	80	144
Management income	123	150	328
Net sales	162	230	472
Property costs	–17	–29	–53
Management and administration expenses	–158	–181	–400
Capital gain/loss from sale of properties	–7	–	–184
Depreciation	–7	–10	–20
Operating profit	–28	10	–186
Earnings from shares in Group companies	–	–	1,419
Interest income and similar profit items	150	302	597
Interest expenses and similar profit items	–220	–198	–989
	–70	104	1,028
Profit after financial items	–98	114	842
Appropriations	0	1	29
Profit before tax	–97	115	870
Current tax	–4	–1	–6
Deferred tax	41	–2	91
	38	–3	85
Profit for the period	–60	112	955

Interest-bearing liabilities amounted to SEK 15,527 million (SEK 16,497 m). These funds finance the parent company's property portfolio and are lent on to other Group companies.

BALANCE SHEET, SUMMARY

Amounts in SEK m	30/06/2020	30/06/2019	31/12/2019
ASSETS			
Property, plant and equipment	944	1,478	922
Financial non-current assets	1,005	889	1,062
Current assets	21,333	21,211	22,165
Total assets	23,282	23,578	24,150
EQUITY AND LIABILITIES			
Equity	6,877	6,762	7,606
Untaxed reserves	7	61	8
Provisions	80	100	79
Non-current liabilities	15,100	16,025	16,337
Current liabilities	1,218	630	120
Total equity and liabilities	23,282	23,578	24,150

OTHER INFORMATION

BUY-BACK OF SHARES

The Board of Atrium Ljungberg decided to buy back shares. The buy-back programme started on 20 April 2018. The aim of the programme is to secure delivery of shares in accordance with the Group's stock option programme, and to give the Board more flexibility in its work on the company's capital structure, which will therefore help to increase shareholder value. As of 30 June the company owned 3,500,000 class B shares. The buy-back has been in the range of SEK 132.20–169.36 per share.

NUMBER OF OUTSTANDING SHARES

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

RETAIL SECTOR'S SALES TREND

From January to May, total sales at our three largest regional retail hubs – Sickla, Gränbystaden and Mobilia – decreased by 3.2 per cent. As of July 8, approximately 90 percent of tenants at our retail locations have reported their June sales. So far, the preliminary figures show that sales are at the same level as in June last year.

ACCOUNTING POLICIES

Atrium Ljungberg's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS). The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The parent company applies Swedish Financial Reporting Board's recommendation, RFR2 Accounting for Legal Entities, and the Swedish Annual Accounts Act. The accounting policies applied conform to those described in the 2019 Annual Report.

In addition to the accounting policies specified in the 2019 Annual Report, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance has also been applied. The company is expecting to receive support primarily in the form of compensation for reduced rents. This assistance is paid by the government in the form of government grants, which is why this assistance is assessed as meeting the criteria in IAS 20. A government grant is recognised when there is reasonable assurance that the company will comply with the conditions attached to the grant and the grant will be received.

The grant for rent rebates is recognised in the Rental income row in the income statement in the same period as the reduced rental income and amounts to SEK 33 million.

Rent rebates

Rent rebates linked to the Covid-19 pandemic are not distributed

over the length of the rental contract as they are not deemed to modify the rental contract. These rent rebates are recognised in the rental period that the rebate relates to. During the period the rent rebates linked to the Covid-19 pandemic amount to SEK 71 million. The reduced rents that are expected to be compensated by the government amount to SEK 33 million, which net gives a profit effect in the second quarter of SEK 38 million.

Parent company's accounting policies

The parent company applies the same accounting policies as the Group with the exceptions and additions regulated in RFR2, Accounting for Legal Entities.

Instead of applying IFRS 16, the parent applies RFR 2 (IFRS 16 pp. 2–12); as the parent company is the lessee, it means that lease payments are expensed on a straight-line basis over the term of the lease.

The parent company recognises derivatives at the lower of cost and fair value. There are negative fair values as of 30/06/2020, which means that a liability of SEK 627 million (SEK – m) has been recognised in the balance sheet. A negative change in value of SEK 278 million (SEK – m) has been recognised in the income statement under Interest expenses and similar profit items. Until 31 December 2019 hedge accounting applied to derivatives in the parent company.

Valuation method for investment properties

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

Valuation method for derivatives

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

Fair value interest-bearing liabilities

The Group's reported interest-bearing liabilities total SEK 18,464 million (SEK 20,506 m) and their fair value totals SEK 18,741 million (SEK 20,605 m). The fair value calculation is based on discounted estimated future cash flows. The discounting is effected on the basis of current market rates plus the relevant borrowing margin. The valuation is hereby conducted with IFRS valuation hierarchy level 2. Atrium Ljungberg is of the opinion, with regard to other financial assets and liabilities recognised at amortised cost, that the differences between book values and fair values are insignificant.

EPRA

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

When calculating the EPRA NNNAV (the triple net asset value), an estimated deferred tax of 4.0 per cent has been used for properties. The calculation of the tax rate is based on a discount rate of 3 per cent (real) and the fact that the property portfolio is realised over 50 years, where 10 per cent of the properties are sold through transfer of property with a nominal tax rate of 20.6 per cent, and that 90 per cent are sold indirectly through transfer of shares with a tax deduction for the buyer of 6 per cent.

ALTERNATIVE PERFORMANCE MEASURES

Atrium Ljungberg applies the guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures

(APMs). According to these guidelines, an APM is a financial measure of historical or future profit performance, financial position, financial results or cash flows which are not defined or stated in applicable rules for financial reporting; IFRS and the Swedish Annual Accounts Act.

In 2019 Atrium Ljungberg chose to reverse the effect of IFRS 16 when calculating the alternative performance measures. As comparison figures are now available, the reversal will no longer be carried out, except for the following key ratios: gearing ratio and interest coverage ratio. This is because there are financial goals linked to these key ratios.

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

ROUNDING OFF

Due to the effects of rounding off, figures presented in this interim report may not exactly match the totals in certain cases, and percentages may differ from the exact percentages.

CHANGES OF RULES IN THE AREA OF TAX

The company tax rate for the 2019 tax year decreased to 21.4 per cent (22.0% in 2018). The reduction in the company tax rate is taking place in two stages from 2019. The next reduction will be in 2021, when the company tax rate will be 20.6 per cent.

The new rules for the mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (DAC 6) do not cover Atrium Ljungberg. Previous proposals also included national arrangements within the Group. However, this was removed from the act that will enter into force on 1 July 2020.

The ongoing Covid-19 pandemic will affect tax legislation through temporary laws and changes to tax payments. It is difficult to predict what these changes will be at this moment in time.

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

MARKET DEVELOPMENT, RISKS AND UNCERTAINTY FACTORS

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

The ongoing Covid-19 pandemic has created more uncertainty than normal. This uncertainty is mostly due to the difficulty in assessing the duration and extent of the pandemic, and therefore its effects on the company's earnings and valuation. In the short term Atrium Ljungberg will be affected by some tenants not being able to pay their rental costs. In the long term rental levels and vacancy rates will be affected, and the extent of this is currently difficult to assess. The government has provided several support packages for business, including rental support targeted at tenants that were affected in the second quarter. This proposal means that if the landlord reduces the rent by up to 50 per cent, the government will provide support in arrears via the County Administrative Boards for half of the reduction in rent.

For further information on risks and uncertainty factors in general, please see Atrium Ljungberg's 2019 Annual Report and the section entitled "Risks and risk management" on pages 87–92.

EVENTS AFTER THE CLOSING DATE

No significant events have occurred since the closing date.

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

The Board of Directors and the CEO hereby attest that the Q2 Interim Report provides an accurate overview of the operations, position and results of the Parent Company and the Group and that it describes significant risks and uncertainty factors faced by the company and the companies that make up the corporate Group.

Nacka, 10 July 2020

Johan Ljungberg
Chairman of the Board

Gunilla Berg
Member of the Board

Simon de Chateau
Member of the Board

Conny Fogelström
Member of the Board

Erik Langby
Member of the Board

Sara Laurell
Member of the Board

Annica Ånäs
CEO

ATRIUM LJUNGBERG IN BRIEF

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

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

VISION

Our city – where everyone thrives

BUSINESS CONCEPT

Our long-term approach to ownership, development and management enables us to offer our customers attractive urban environments for offices, retail and residential units in strong subsidiary markets. Our in-house expertise and holistic perspective enable us to generate added value for our customers and partners and to create value growth within the company.

BUSINESS MODEL

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



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

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

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

STRATEGIES

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

GOALS

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

PROFITABILITY AND GROWTH

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

LONG-TERM STABILITY

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

CORPORATE SOCIAL RESPONSIBILITY

By 2021, 100 per cent of our properties are to be environmentally certified (with the exception of project properties and properties acquired over the past two years). Energy consumption per m² shall decrease by 30 per cent between the years 2014 and 2021. By 2021, the proportion of green leasing contracts is to be 50 per cent of the contracted annual rent. We aim to be one of Sweden's best workplaces.

DEFINITIONS

FINANCIAL DEFINITIONS

The effect of the implementation of IFRS 16

Atrium Ljungberg has applied IFRS 16 Leases since 1 January 2019. In 2019 Atrium Ljungberg chose to reverse the effect of IFRS 16 when calculating the alternative performance measures in order to increase comparability. As comparison figures are now available, the reversal will no longer be carried out, except for the following key ratios: gearing ratio and interest coverage ratio. This is because there are financial goals linked to these key ratios.

Share dividend yield, %

The proposed or distributed share dividend as a percentage of the share price at the end of the financial 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 financial 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 equity with a reversal of goodwill and 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 with information on Atrium Ljungberg's current net worth per share calculated in a uniform manner for publicly listed property 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 equity, %

Interest-bearing liabilities divided by reported equity.

Return on equity is used to illustrate Atrium Ljungberg's capacity to generate profit on the owners' capital in the Group.

Return on equity, excluding changes in value, %

Profit for the period before changes in value, divided by average adjusted equity.

Return on 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 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 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, excluding the liability for finance leasing for leaseholds, as a percentage of the sum of the properties' fair value at the end of the period.

The gearing ratio is used to illustrate Atrium Ljungberg's financial risk.

Gross profit/loss property management

Rental income less property management costs.

Gross profit/loss project and construction work

Net sales, project and construction work 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 property companies and investors in Europe which sets standards for the financial reporting.

Property costs

Total property management costs, which exclude central administration.

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

Profit 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 earnings 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 property companies.

Average maturity date, years

Average remaining term until final maturity of all credits in the liabilities portfolio.

The average maturity date 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 excluding unutilised credit facilities.

The average interest is used to illustrate Atrium Ljungberg's financial risk.

Average fixed interest, years

Average remaining term until interest settlement date of all credits in the liabilities portfolio.

The average fixed interest is used to illustrate Atrium Ljungberg's financial risk.

Adjusted gearing ratio, %

Interest-bearing liabilities, excluding the liability for financial leasing for leaseholds, as a percentage of the sum of the properties' fair values at the end of the period, less properties acquired but not possessed and plus properties sold but not vacated.

The adjusted gearing ratio is used to illustrate Atrium Ljungberg's financial risk.

Cash flow per share, SEK

Cash flow from operating activities divided by the average number of outstanding shares.

Cash flow per share, SEK is used to illustrate Atrium Ljungberg's cash flow, and particularly its dividend capacity.

EPRA NAV per share, SEK

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

Long-term net worth (EPRA NAV) per share is used to provide stakeholders information on Atrium Ljungberg's long term net worth per share calculated in a uniform manner for publicly listed property 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.

Profit before changes in value per share, SEK

Profit before changes in value, less current tax, divided by the average number of outstanding shares.

Profit before changes in value per share is used to illustrate the ongoing management operations.

Interest coverage ratio, multiple

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

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

Equity/assets ratio, %

Recognised equity at the end of the period as a percentage of the balance sheet total.

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 what proportion of the earnings is shifted out to the Group's owners and reinvested in the operations respectively.

PROPERTY-RELATED DEFINITIONS**RA, m²**

Residential area refers to the letting area of a building for residential use.

GFA, m²

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

Operating surplus

Refers to rental income less property management costs.

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 recognised 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 lower of their accumulated cost and their net realisable value.

Property type

The premises type which comprises the predominant share of the rental value of a register property or profit area determines the property type.

The market value and development of rental income in like-for-like portfolios recognised per property type.

Rental value

Contracted annual rents including rent surcharges (e.g. for property tax, heating 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.

NRA, m²

Non-residential area refers to the letting area of a building for non-residential purposes.

Premises type

The operations managed in the individual premises determine the premises type: offices, retail, residential, other or garage. Other includes education, culture, service enterprises and storage.

The letting rate and yield requirement are reported per premises type.

Net letting

Total contracted annual rent for new lets with deductions for annual rents due to terminated contracts 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 or is about to be 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.

Leaseholds

The right of use for building plots. In compliance with IFRS 16, leaseholds are recognised as a right-of-use asset in the balance sheet

Leasehold fees

The fee paid for the utilisation of leaseholds. Regarded according to IFRS 16 as an interest expense in the income statement.

Letting area, m²

Total area available for letting. Garage is included in letting area but excluded when calculating the rental value per m² and fair value per m².

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 recognised rental income.

Operating surplus margin is used to illustrate what proportion of the Group's rental income remains after property costs.

SUSTAINABILITY-RELATED DEFINITIONS**BREEAM**

Is an environmental certification system developed in Europe for built environments. BREEAM takes a big picture approach to environmental performance. There are two types of BREEAM certification; BREEAM that relates to new production and BREEAM In-Use, which relates to existing properties.

The areas addressed by BREEAM are energy and water consumption, health, transport, materials, waste, land usage, emissions, ecology and management.

Directly generated and distributed economic value

Generated value: Atrium Ljungberg's net sales and changes in value.

Distributed value: Atrium Ljungberg's payments to suppliers, salaries and remuneration to employees, fees and remuneration to the Board of Directors, the CEO and senior executives, net payments to financiers, taxes and fees to society, and the dividend to the shareholders.

Payments to suppliers: Operative costs for purchases of materials, products, premises and services from suppliers.

Salaries and compensation to employees: The period's total salary and pension costs, including benefits. Employees do not include consultants or other temporary staff.

Fees and compensation to the Board, CEO and senior executives: Composed of compensation to Board members, as well as fixed salary, other compensation and pension costs for the CEO and other senior executives.

Net payments to financiers: The period's recognised interest expenses with a supplement for the consolidated capitalised interest and describes Atrium Ljungberg's total remuneration to lenders.

Tax and fees to society: The total payment to the state during the period in the form of leasehold fees, as well as total taxes and charges to the Swedish state. Deferred tax is not included.

Dividends to shareholders: The period's paid dividends.

Economic value – remaining in the company: Generated value minus distributed value.

Energy intensity, kWh per m²

Total energy consumption from heating, cooling, tenant electricity and property electricity divided by the average estimated total letting area that is heated, excluding garages.

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.

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.

Accident rate (LTIR)

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

Lost working hours as a result of a work-related accident or illness (lost day rate)

The number of lost work days due to work-related accident or illness, per total number of contracted work days during the year.

INFORMATION FROM ATRIUM LJUNGBERG

THE INFORMATION we release to the market concerning Atrium Ljungberg's operations must be transparent, clear and correct in order to build market confidence in our company and our brand.

AS A LISTED COMPANY Atrium Ljungberg is subject to the rules of the listing agreement with the Nasdaq Stockholm exchange. Significant events, interim reports and preliminary financial statements are published immediately via press releases and the information is also available on the company's website: www.al.se.

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

THE ANNUAL REPORT and interim reports are published on our website. The annual report is also distributed in printed format by post to shareholders who have actively requested it. Interim reports and preliminary financial statements are translated into English and all language versions are published simultaneously on our website. The annual reports are translated into English shortly after the publication of the Swedish language version.

INTERESTED PARTIES can subscribe to both financial reports and press releases via our website: www.al.se. The site also provides updated information on our operations, our properties and projects, financial key ratios, the share, and much more besides. The information on the website is also available in English.

PUBLICATION OF FINANCIAL INFORMATION

Interim report Jan-Sep 2020	15/10/2020
Year-end report 2020	09/02/2021
2020 Annual Report	March 2021
Interim report Jan-Mar 2021	16/04/2021
Interim report Jan-Jun 2021	07/07/2021
Interim report Jan-Sep 2021	15/10/2021



Visualisation from Gondolen, a brand new version of which is expected to open in Katarinahuset in the summer of 2022.

Box 4200, SE-131 04 Nacka. Street address: Smedjegatan 2 C
Tel: +46(0)8-615 89 00, info@al.se
Registered office: Nacka, Corporate ID no.: 556175-7047

www.al.se



<https://www.linkedin.com/company/atrium-ljungberg>



<https://www.facebook.com/AtriumLjungberg>



<https://twitter.com/atriumljungberg>



<https://www.instagram.com/atriumljungberg/>

al
ATRIUM LJUNGBERG