

## “FINANCIAL STABILITY AND ATTRACTIVE LOCATIONS CREATE A SENSE OF SECURITY IN TROUBLED TIMES”

RENTAL INCOME, LIKE-FOR-LIKE  
 PORTFOLIOS, EXCLUDING REBATES  
 RELATED TO COVID-19 %

**-0.2**

PROFIT BEFORE CHANGES IN  
 VALUE, SEK MILLION

**1,124**

INVESTMENTS IN ATRIUM  
 LJUNGBERG'S HELD PROPERTIES,  
 SEK MILLION

**2,513**

### SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- In December two properties were acquired in the centre of Uppsala.
- A lease contract for 3,100 m<sup>2</sup> in the new section of the shopping centre in Sickla was signed with XXL.
- In December a decision was made to start construction of the second residential block for 56 tenant-owned dwellings in Nobelberget in Sickla.
- In October the healthcare building Curanten was opened and the first tenants moved in.
- In December a decision was made to start construction of 98 tenant-owned dwellings in the second block in Parkhusen in Gränbystaden.

- **Net sales** increased to SEK 2,839 million (SEK 2,811 m), of which rental income amounted to SEK 2,344 million (SEK 2,577 m).
- **The operating surplus** from property management amounted to SEK 1,565 million (SEK 1,767 m), a reduction of 11.4 per cent. This reduction is explained by Farsta Centrum being vacated in June 2020, Kolding 1 and Kolding 2 in Kista being vacated in September 2019, temporary rebates related to Covid-19, higher costs for anticipated and confirmed customer losses, and property tax. For like-for-like portfolios, the operating surplus from property management, excluding rebates related to Covid-19, increased by 0.5 per cent.
- **Profit before changes in value** amounted to SEK 1,124 million (SEK 1,234 m).
- **Unrealised changes in the value** of investment properties amounted to SEK 623 million (SEK 686) for the fourth quarter and SEK -119 million (SEK 2,283 m) for the full year. The change in value for the fourth quarter is mostly due to lower yield requirements for office and project properties. The change in value for the full year is primarily due to higher yield requirements and lower expected cash flows for retail properties, as well as lower yield requirements for office properties. Unrealised changes in the value of derivatives amounted to SEK -252 million (SEK -90 m) for the full year as a result of lower market interest rates.
- **Profit for the period** amounted to SEK 867 million (SEK 2,807 m). This reduction is mostly explained by negative changes in property values.
- **Earnings per share** amounted to SEK 6.69 (SEK 21.59).
- **Net letting** for the period amounted to SEK -16 million (SEK -82 m), of which SEK 27 million (SEK -46 m) referred to project properties.
- **Property acquisitions** amounted to SEK 410 million (SEK 1,174 m) and property sales amounted to SEK 3,979 million (SEK 1,031 m).
- **Temporary rebates related to Covid-19** amounted to SEK 43 million net, which includes SEK 4 million for the fourth quarter.
- **The Board proposes a dividend** of SEK 5.05/share (SEK 5.00).

Key performance indicators <sup>1)</sup>	Full year 2020	Full year 2019	Quarter 2020	Quarter 2019
	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Property value, SEK m	47,334	48,509	47,334	48,509
Operating surplus margin, %	67	69	65	66
Average interest rate for interest-bearing liabilities, %	1.6	1.6	1.6	1.6
Share price, SEK/share	172.80	226.00	172.80	226.00
EPRA NRV, SEK/share	217.95	215.12	217.95	215.12

### Financial goals <sup>1)</sup>

Investments in held properties, >SEK 2,000 million per year	2,513	1,810	704	593
Return on equity, rolling 12-month period, >10% over time	3.8	12.9	3.8	12.9
Gearing ratio, <45%	39.9	41.7	39.9	41.7
Interest coverage ratio, >2.0	4.6	4.4	7.2	4.3

<sup>1)</sup> See page 22 for the full key ratios table and pages 28-29 for definitions.

# CEO'S STATEMENT

## 2020 – THE YEAR OF THE PANDEMIC

2020 was a turbulent year, dominated by the pandemic. This is something I never thought I would experience and will hopefully never experience again. Every company has been affected and the property industry is no exception. Although it is difficult to predict what the future effects of the pandemic will be, I am still cautiously optimistic. The pandemic has shown the ability of people to adapt and be flexible, but it has also highlighted our basic need for interaction. People need to meet other people, and our understanding of this is at the very heart of our urban development strategy.

## PROFIT

We are reporting a profit before changes in value of SEK 1,124 million for the year as a whole. This is more than SEK 100 million lower than the previous year.

The main reasons for this decrease are the rebates we have provided in line with the Swedish government's ordinance on rental support, but in particular the sale of Farsta Centrum in June 2020. This sale has strengthened the balance sheet and reduced our exposure to retail.

## STRENGTH THROUGH A DIVERSIFIED PROPERTY PORTFOLIO

Atrium Ljungberg's strategy is based on owning and developing large, cohesive sites in some of the strongest growth areas in Sweden. Most of our projects from the entire project portfolio are located in existing or future underground stations in the Stockholm area. Rail-based public transport is becoming more and more important as urbanisation increases. We have noticed that office properties with direct underground links have rental levels that are 30 per cent higher than similar office products just a kilometre away. I am convinced that this will remain an instrumental factor in rental levels in the future.

Social trends, including digitalisation, sustainability and community involvement, will ensure that our strategy continues to be successful in the future. The breadth that we have is a real strength and will help secure financial sustainability in an ever-changing world. We are developing entire urban areas with mixed content, where the whole is so much stronger than the sum of its individual parts.

Initiating the detailed development plan for Central Sickla has increased our project portfolio for potential projects to SEK 36 billion. This includes SEK 13 billion for future investments in Sickla, SEK 8 billion for Slussen and Hagastaden, SEK 8 billion for Slakthusområdet and SEK 3 billion for Gränbystaden in Uppsala. Our goal is to invest SEK 2 billion every year in our own development projects. We will carry them out at the pace that we feel is strategically and financially viable given the state of the market.

## SUCCESSFUL RESIDENTIAL BUSINESS

A vibrant area is being created in Nobelberget in Sickla, with residentials, creative activities, a park and a pre-school. A total of approximately 500 residential apartments are planned and they have generated a lot of interest. The 68 apartments in the first block were sold out in November last year. We will report the profit for this project in the second quarter of this year once we have completed our final handover to the association. Booking for Nobelberget's second block is 80 per cent, with a moving-in date of June 2022. In January 2021 a pre-school opened in the old Panncentralen and a coffee roastery in Formalinfabriken. It is so great to see everything falling into place and that interest in Nobelberget is continuing to grow.

## ACQUISITIONS IN UPPSALA

Before Christmas we acquired two properties in the centre of Uppsala; Uppsala Kvarngärdet 33:2, better known as the old 'Mejeriet' (Dairy), and parts of the project property Uppsala Kungsängen 22:2, also called 'Ångkvarnen' (Steam Mill), which is on the quayside by the river Fyrisån. The acquisition is for three historic buildings within the property, all of which are of high cultural value. We will now convert them into high-quality offices with ground floors that will be brimming with life. These three buildings will comprise approximately 9,300 m<sup>2</sup> and are expected to be ready for occupancy in 2026.

## SUSTAINABILITY

We are a signatory of the UN Global Compact and support the ten principles concerning human rights, labour law, the environment and anti-corruption. Our sustainability work is a key element of our operations and in 2020 we started work on creating new sustainability goals, as our current ones come to an end in 2021. As part of this work, we have been engaged in extensive dialogue with our most important stakeholders: employees, tenants, owners, financial backers, municipalities and suppliers. One common thread running



“People have a basic need for interaction. We need to meet other people, and our understanding of this is at the heart of our urban development strategy.”

through all of these groups is their high level of commitment and the depth they have in this field; everything from the climate to energy use, health, diversity and social security. I am looking forward to us setting new, ambitious sustainability goals this year. They are crucial pieces of the puzzle in developing cities where we all want to live!

## A NEW WAVE OF REBATES

This January the Swedish government proposed once again to introduce a rent rebate package for sectors and companies that have been hit hardest. In short, this means that if we as properties owners give a rent rebate of 100 per cent, the government accounts for 50 per cent of that cost. This support package will presumably have a max cap per tenant similar to the previous package. As property owners, we question the design of this support package. We think it is regrettable that the government was not quicker in managing the business transition support scheme instead. The business transition scheme offers direct support for a company's fixed costs, which includes rental costs, and we think that it is a better model. During the pandemic the property sector has taken on a huge responsibility to reduce the spread of infection and support its tenants. I find it incredible that the government has given so much responsibility to one individual area of the private sector to support business. Our sector has had to act like a bank, a benefactor and an administrative authority. Where else in the business community has the government made such demands? No other European country has done anything like this.

## THE FUTURE

Even though we are leaving a difficult 2020 behind us, the start of 2021 unfortunately looks very similar. The pandemic continues to affect our ability to lead a normal life. The media reports that all adults will be offered a vaccination before Midsummer. I think that there is going to be a pent-up need to meet up, to enjoy culture, to go for meals and to shop for clothes. Hopefully, this will give a major boost to the economy for Sweden, our tenants and us as a company.

I have said it before, but it is worth repeating; I am a very strong believer in our sites! Take Sickla, for example, where so much is happening at the moment. Our vision of a vibrant urban environment is really starting to come to life. Just look at the lettings we have secured recently. I would like to draw special attention to XXL, which signed a contract in December for a 3,100 m<sup>2</sup> store in the new section of the shopping centre in Sickla, and Curanten, where we have let all the healthcare units. This strengthens Sickla's position as a dense and varied city and a wonderful place to live. This is particularly exciting for me, as I moved into the neighbourhood with my family this summer.

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

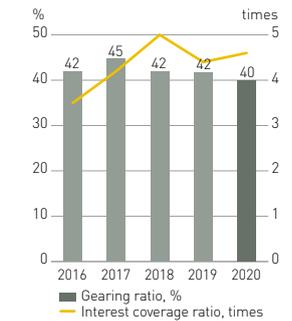


### 2. LOW FINANCIAL RISK

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

- The gearing ratio is decreasing and the interest coverage ratio is increasing

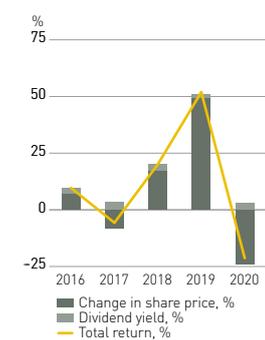


### 3. POTENTIAL FOR GOOD VALUE GROWTH

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 11 per cent per year on average.

#### Share's total yield

- Total return -21.3 per cent in 2020



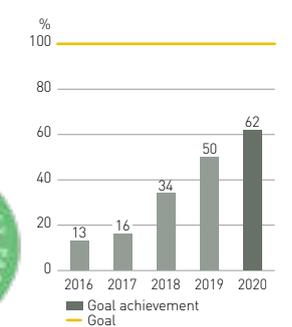
### 4. SUSTAINABLE URBAN DEVELOPMENT

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



#### Percentage of certified properties

- The percentage of environmentally certified properties is about 62 per cent.



67

NUMBER OF PROPERTIES

47

PROPERTY VALUE, SEK BILLION

2.3

CONTRACTED ANNUAL RENT, SEK BILLION

1,087

TOTAL LETTING AREA, 1,000 M<sup>2</sup>

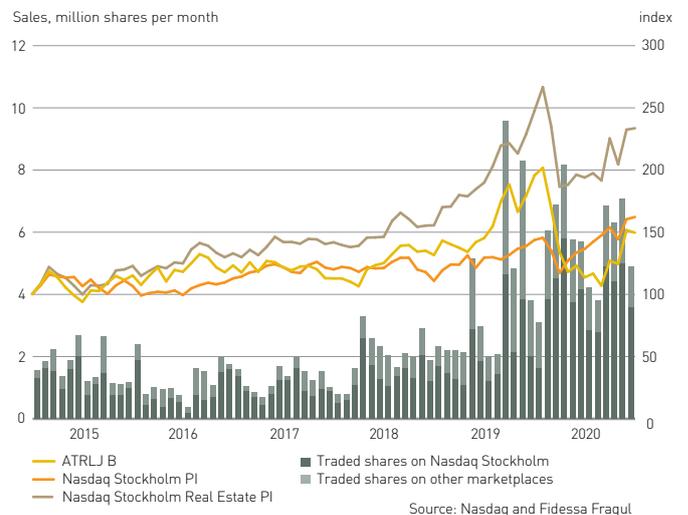
91

LETTING RATE EXCLUDING PROJECT PROPERTIES, %

333

AVERAGE NUMBER OF EMPLOYEES

#### The Atrium Ljungberg share



# CONSOLIDATED INCOME STATEMENT

Amounts in SEK m	Full year 2020 Jan–Dec	Full year 2019 Jan–Dec	Quarter 2020 Oct–Dec	Quarter 2019 Oct–Dec
Rental income	2,344	2,577	555	644
Net sales, project and construction work	495	233	118	93
<b>Net sales</b>	<b>2,839</b>	<b>2,811</b>	<b>673</b>	<b>737</b>
Property management costs				
Service charge-related costs	-165	-197	-40	-51
Other operating costs	-208	-202	-46	-50
Management costs	-166	-173	-47	-52
Repairs	-45	-54	-13	-15
Property tax	-185	-174	-46	-45
Non-deductible VAT	-9	-11	-3	-3
	<b>-779</b>	<b>-810</b>	<b>-195</b>	<b>-216</b>
Project and construction work costs	-508	-276	-118	-107
<b>Gross profit</b>	<b>1,552</b>	<b>1,724</b>	<b>360</b>	<b>415</b>
– of which gross profit/loss property management (operating surplus)	1,565	1,767	360	428
– of which gross profit/loss from project and construction work	-13	-43	-0	-14
Central administration, property management	-75	-80	-21	-23
Central administration, project and construction work	-17	-16	-6	-3
	<b>-91</b>	<b>-96</b>	<b>-26</b>	<b>-26</b>
Financial income	3	2	0	-1
Financial expenses	-309	-362	-45	-89
Leasehold fees	-31	-34	-7	-10
	<b>-337</b>	<b>-395</b>	<b>-52</b>	<b>-99</b>
<b>Profit before changes in value</b>	<b>1,124</b>	<b>1,234</b>	<b>282</b>	<b>289</b>
<b>Changes in value</b>				
Properties, unrealised	-119	2,283	623	686
Properties, realised	-81	73	3	13
Derivatives, unrealised	-252	-90	33	464
Derivatives, realised	-	-50	-	-50
	<b>-452</b>	<b>2,216</b>	<b>659</b>	<b>1,113</b>
<b>Profit before tax</b>	<b>672</b>	<b>3,450</b>	<b>940</b>	<b>1,402</b>
Current tax	-41	-63	-10	6
Deferred tax	236	-580	-241	-364
	<b>195</b>	<b>-643</b>	<b>-250</b>	<b>-358</b>
<b>Profit for the period</b>	<b>867</b>	<b>2,807</b>	<b>690</b>	<b>1,044</b>
Other comprehensive income				
Items which will be reclassified to profit/loss				
Cash flow hedging	13	16	2	3
Tax attributable to cash flow hedging	-3	-3	-1	-1
<b>Total other comprehensive income</b>	<b>10</b>	<b>13</b>	<b>2</b>	<b>3</b>
<b>Total comprehensive income for the period</b>	<b>877</b>	<b>2,819</b>	<b>692</b>	<b>1,046</b>
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	6.69	21.59	5.35	8.07

# RESULTS JANUARY–DECEMBER 2020

## CHANGES IN THE PROPERTY PORTFOLIO

Profit for the period and the comparison period was impacted by the following previous property transactions: contributions from the acquisition of Kvarngärdet 33:2 in Uppsala which was taken into possession on 22 December 2020, 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 full year 2020 increased to SEK 2,839 million (SEK 2,811), of which rental income comprised SEK 2,344 million (SEK 2,577 m). The temporary rent rebates that were given as a result of the Covid-19 pandemic (rebates related to Covid-19) amounted to SEK 43 million net, including SEK 4 million for the fourth quarter. The rebates related to Covid-19 amounted to a total of SEK 71 million, with SEK 56 million being entitled to government support of 50 per cent. This means that the government's share of the rebate for tenants amounted to SEK 28 million, after SEK 5 million was rejected as major chains had reached the maximum amount that could be claimed. These receivables will be invoiced to the tenants in question.

Rental income in like-for-like portfolios amounted to SEK 1,981 million (SEK 2,022), a reduction of SEK 41 million or 2.0 per cent. This reduction in rental income is mostly due to the temporary rebates related to Covid-19, which amounted to SEK 36 million net in like-for-like portfolios. The development in rental income excluding rebates related to Covid-19 amounted to -0.2 per cent, with office properties increasing by 1.1 per cent and retail properties decreasing by 2.5 per cent. The increase in rental growth for office properties is primarily explained by new lettings and renegotiations, while rental growth has been hit by some large premises being vacated and the impact of retail space in office properties. The reduction in rental growth for retail properties has mostly been caused by lower turn-overs rent, vacancies and negative renegotiations.

During the period, non-recurring payments of SEK 6 million (SEK 3 m) were received for premature vacating of premises.

## Like-for-like net rental income growth

- The development of rental income is recognised excluding rebates related to Covid-19.



## RENTAL INCOME TREND

	Period 2020 Jan-Dec	Period 2019 Jan-Dec	Change, %
Like-for-like portfolio, excl. rebates related to Covid-19	2,017	2,022	-0.2
Non-recurring payments, incl. rebates related to Covid-19	-37	3	
Project properties	230	221	
Properties acquired	9	0	
Properties sold	125	332	
<b>Rental income</b>	<b>2,344</b>	<b>2,577</b>	<b>-9.0</b>

## PROPERTY COSTS

Property costs amounted to SEK 779 million (SEK 810 m) for the year. For like-for-like portfolios, property costs decreased by 1.7 per cent compared with the corresponding period of the previous year. Service charge-related costs, such as electricity and heating, 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. There was also a drop in management costs, mostly due to Farsta Centrum being vacated. Costs for property tax increased, mostly as a result of future new builds. Costs for anticipated and confirmed customer losses increased, primarily within consumer durables, amounting to SEK 28 million (SEK 16 m) for the period.

## PROPERTY COSTS TREND

	Period 2020 Jan-Dec	Period 2019 Jan-Dec	Change, %
Like-for-like portfolio	-621	-632	-1.7
Project properties	-102	-68	
Properties acquired	-3	0	
Properties sold	-54	-110	
<b>Property management costs</b>	<b>-779</b>	<b>-810</b>	<b>-3.8</b>

## GROSS PROFIT/LOSS PROPERTY MANAGEMENT

The gross profit for property management (operating surplus) amounted to SEK 1,565 million (SEK 1,767 m). This reduction is primarily explained by the sale of Farsta Centrum, Kolding 1 and Kolding 2, temporary rebates related to Covid-19, higher costs for anticipated and confirmed customer losses, and property tax. For like-for-like portfolios, the gross profit for property management, excluding rebates related to Covid-19, increased by 0.5 per cent compared with the same period of the previous year.

The operating surplus margin amounted to 67 per cent (69%).

## Operating surplus and operating surplus margin

- Operating surplus margin for the quarter is at a level with the same quarter of the previous year



**GROSS PROFIT/LOSS PROJECT AND CONSTRUCTION WORK**

The gross profit for project and construction work amounted to SEK –13 million (SEK –43 m). The improvement in gross profit was mostly due to a higher gross profit for TL Bygg and a change in the way marketing costs are capitalised in projects. Sales in TL Bygg amounted to SEK 858 million (SEK 553 m) for the period, of which 42 per cent (58%) refers to intra-Group sales.

TL Bygg's gross profit, including intra-Group transactions, amounted to SEK 48 million (SEK 27 m). The increase 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 75 million (SEK 80 m). This reduction has mostly been due to cost-saving measures as a result of the Covid-19 pandemic. Costs of central administration for project and construction work amounted to SEK 17 million (SEK 16 m).

**NET FINANCIAL ITEMS**

Financial income and expenses including leasehold fees amounted to SEK –337 million (SEK –395 m) for the period. This reduction is mostly due to a change, whereby interest linked to the acquisition of land for projects is being capitalised from 2020. In the current project portfolio, this results in an increase in the capitalisation of interest of approximately SEK 15 million per quarter from the fourth quarter of 2020. Net financial expenses for the fourth quarter were affected in a positive way by an additional SEK 25 million, due to the retro-active application of this change for the first to the third quarters of 2020. The average interest rate at the end of the period amounted to 1.6 per cent (1.6%). For more information, refer to the section on financing on pages 16–17.

**MARKET VALUE FOR LIKE-FOR-LIKE PORTFOLIO**

At the end of the period the market value for the like-for-like portfolio was SEK 36,858 million, which corresponds to 78 per cent of property portfolio's total value.

**CHANGES IN VALUE**

The unrealised change in value for the quarter amounted to SEK 623 million (SEK 686 m), which is mostly due to lower yield requirements for office and project properties. Unrealised changes in the value of investment properties for the full year amounted to SEK –119 million (SEK 2,283 m). This change in value is mostly due to higher yield requirements and lower expected cash flows for retail properties. For more information, refer to the section on property values on pages 8–10.

Unrealised changes in the value of derivatives amounted to SEK –252 million (SEK –90 m) as a result of lower market interest rates.

Realised changes in the value of investment properties amounted to SEK –81 million (SEK 73 m), of which SEK –60 million (SEK – m) was attributable to goodwill related to Farsta Centrum. During the period an unrealised change in value of SEK 61 million (SEK – m) attributable to sold properties was recognised.

**TAX**

The current tax for the period amounted to SEK –41 million (–63). The current tax has been affected by tax deductible depreciation and investments. Deferred tax amounted to SEK 236 million (SEK –580 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 of SEK 425 million.

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.

The Group's accumulated tax deficit amounted to SEK 0 million (SEK 2 m) and comprises the base of the Group's deferred tax receivable.

The residual tax value of the property stock amounts to SEK 18,335 million (17,923 m).

**TAX CALCULATION JAN–DEC 2020**

SEK m	Current tax	Deferred tax
Reported profit/loss before tax	672	
Tax deductible		
depreciation	–612	612
investments	–203	203
Non-taxable/non-deductible		
changes in the value of properties, unrealised	119	–119
changes in the value of properties, realised	81	–81
changes in the value of derivatives, unrealised	252	–252
consolidated capitalisation of borrowing	–65	65
consolidated internal profit	23	–23
Other fiscal adjustments	–15	511
<b>Taxable profit/loss before loss carry-forwards</b>	<b>251</b>	<b>918</b>
Change in loss carry-forwards	–124	0
<b>Taxable profit/loss</b>	<b>127</b>	<b>918</b>
Of which 21.4 per cent current/20.6 per cent deferred tax	–27	–189
Correction of tax from previous years	–14	–
Reversal of deferred tax for properties sold	–	425
<b>Reported tax expense</b>	<b>–41</b>	<b>236</b>

**PROFIT**

Profit before changes in value totalled SEK 1,124 million (SEK 1,234 m). The lower profit is mostly due to the sale of properties and temporary rebates related to Covid-19, the effect of which has been offset by lower financial expenses. Gross profit increased for project and construction work.

Profit for the period amounted to SEK 867 million (SEK 2,807 m), corresponding to SEK 6.69/share (SEK 21.59).

# CONSOLIDATED BALANCE SHEET, SUMMARY

Amounts in SEK m	31 Dec 2020	31 Dec 2019	30 Sep 2020	30 Sep 2019
<b>ASSETS</b>				
Investment properties	46,026	47,513	44,668	46,199
Right-of-use asset, leaseholds	1,179	1,305	981	1,305
Goodwill	165	225	165	225
Other non-current assets	217	73	118	54
Derivatives	7	82	1	–
<b>Total non-current assets</b>	<b>47,594</b>	<b>49,198</b>	<b>45,933</b>	<b>47,784</b>
Development properties	1,308	997	1,196	951
Current assets	434	411	629	385
Cash and cash equivalents	279	457	651	498
<b>Total current assets</b>	<b>2,021</b>	<b>1,865</b>	<b>2,475</b>	<b>1,834</b>
<b>Total assets</b>	<b>49,615</b>	<b>51,062</b>	<b>48,408</b>	<b>49,618</b>
<b>EQUITY AND LIABILITIES</b>				
Equity	22,668	22,784	22,299	21,737
Deferred tax liability	4,686	5,106	4,443	4,742
Non-current interest-bearing liabilities	18,905	20,211	17,048	19,687
Non-current finance lease liability	1,179	1,305	981	1,305
Derivatives	662	348	695	921
Other non-current liabilities	229	222	228	207
<b>Total non-current liabilities</b>	<b>25,662</b>	<b>27,193</b>	<b>23,395</b>	<b>26,861</b>
Current interest-bearing liabilities	–	–	1,533	–
Other current liabilities	1,285	1,086	1,181	1,020
<b>Total current liabilities</b>	<b>1,285</b>	<b>1,086</b>	<b>2,715</b>	<b>1,020</b>
<b>Total equity and liabilities</b>	<b>49,615</b>	<b>51,062</b>	<b>48,408</b>	<b>49,618</b>

## CUSTOMER PAYMENTS AND GOVERNMENT SUPPORT

Rent receivables that relate to rental income invoiced for the fourth quarter and due for payment amounted to SEK 23 million as of 31 December 2020. For rental income relating to the third quarter, the corresponding amount is SEK 12 million. In terms of invoicing for the first quarter of 2021, only amounts that have been paid are included in the balance sheet as of 31 December 2020. Receivables from invoicing for the first quarter of 2021 are only recognised as of 1 January 2021 and are not included in the balance sheet on the closing date.

SEK 25 million of the SEK 33 million that was booked as a receivable against the government in the second quarter has so far been granted by the Swedish National Board of Housing, Building and Planning. A total of SEK 5 million was rejected as major chains had reached the maximum amount that could be claimed. These receivables will be invoiced to the tenants in question.

# 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	
<b>Opening balance as of 1 January 2019</b>	<b>333</b>	<b>3,960</b>	<b>-26</b>	<b>16,429</b>	<b>20,696</b>
Profit for the period				2,807	2,807
Other comprehensive income			13		13
Acquisition of own shares				-99	-99
Dividend, SEK 4.85/share				-631	-631
<b>Closing balance as of 31 Dec 2019</b>	<b>333</b>	<b>3,960</b>	<b>-14</b>	<b>18,506</b>	<b>22,784</b>
<b>Opening balance as of 1 January 2020</b>	<b>333</b>	<b>3,960</b>	<b>-14</b>	<b>18,506</b>	<b>22,784</b>
Profit for the period				867	867
Other comprehensive income			10		10
Acquisition of own shares				-343	-343
Dividend, SEK 5.00/share				-649	-649
<b>Closing balance as of 31 Dec 2020</b>	<b>333</b>	<b>3,960</b>	<b>-4</b>	<b>18,380</b>	<b>22,668</b>

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 2,100,000 class B shares during the year (621,000), including 1,982,000 during the final quarter. At the end of the period the company owned 5,482,000 class B shares (3,382,000). As of 31 December 2020, the number of outstanding shares amounted to 127,738,736 (129,838,736). The average number of outstanding shares for the period from 1 January 2020 to 31 December 2020 amounted to 129,553,559 (130,005,440).

## MARKET AND PROPERTY PORTFOLIO

### THE PROPERTY MARKET

According to Savills, the transaction volume for the year amounted to SEK 209 billion, which is the second highest listing ever recorded. Compared with the record year of 2019, the transaction volume for the year fell by 5 per cent. In terms of the fourth quarter by itself, the transaction volume amounted to SEK 75 billion, which is the strongest quarter ever.

Yield requirements for office properties are assessed to have fallen slightly during the fourth quarter on the markets where Atrium Ljungberg operates. The letting processes continue to take slightly longer than before the Covid-19 pandemic, particularly for larger premises.

Yield requirements for retail properties are assessed to have remained stable during the quarter. Visitor figures for the consumer durables segment have been hit by Covid-19. However, there remains a lot of variation between the different segments, with lower demand for shoes and clothes, while groceries, DIY and electronics remain strong.

There has been a broad increase in prices for privately-owned housing in all major city areas. People are spending more time at home and are working from home, resulting in changes to residential preferences. This has led to an increase in demand for larger homes and homes that are close to nature.

### 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 (72%) of the contracted annual rent. At the end of the quarter our property portfolio contained a total of 67 properties (70) with a total area of 1,087,000 m<sup>2</sup> including garages (1,176,000).

During the year the acquisition and possession of an office property took place in Sundbyberg, Eken 14, as well as an office property in Uppsala, Kvarngärdet 33:2. An agreement to acquire the property Kungsängen 22:2 in Uppsala was also signed during the period. Possession is expected in the first half of 2023. A total of five properties were vacated during the period in Farsta Centrum, four with leaseholds.

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 vacated.

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.

### Property acquisitions

Property	Area	Category	Letting area, m <sup>2</sup>	Possession	Underlying price property, SEK m
Eken 14	Sundbyberg	Offices	8,205	June 2020	295
Kvarngärdet 33:2	Uppsala	Offices	2,504	December 2020	149

### Property sales

Property <sup>1)</sup>	Area	Category	Letting area, m <sup>2</sup>	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

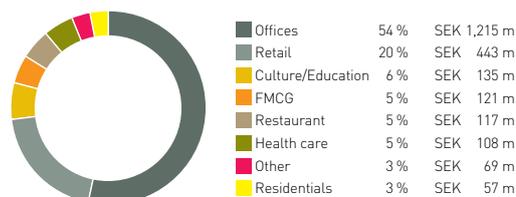
<sup>1)</sup> Read more in the property list at [www.al.se](http://www.al.se).

### CONTRACTED ANNUAL RENT AND LETTING RATE

As of 1 January 2021 the contracted annual rent amounted to SEK 2,266 million (SEK 2,578 m). The reduction was mostly due to the sale of Farsta Centrum. The economic letting rate including project properties was 91 per cent (93%), and excluding project properties, 91 per cent (94%). The EPRA vacancy rate was therefore 9 per cent (6%). Less than one 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 3.5 years (3.4 years) as of 1 January 2021.

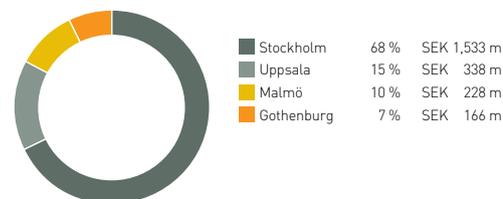
#### Contracted annual rent per premises type

- A mixed portfolio creates flexibility

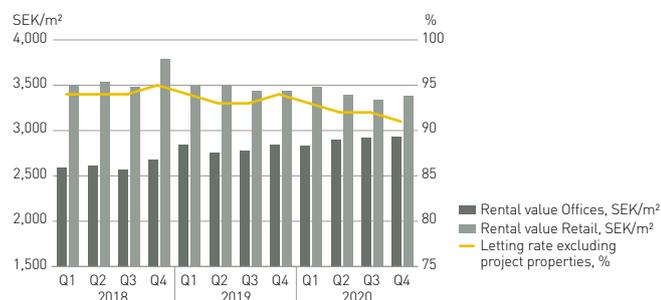


#### Contracted annual rent per region

- 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 fourth quarter amounted to SEK -14 million (SEK -8 m), of which SEK 13 million (SEK -4 m) refers to project properties. Newly signed contracts relate primarily to the Stockholm area, and include both retail and offices, while terminations relate primarily to offices and retail in the Stockholm area and Malmö. Net letting for the period amounted

to SEK -16 million (SEK -82 m), of which SEK 27 million (SEK -46 m) referred 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 had 42 per cent of the market value of its property portfolio externally valued during the year, of which 24 per cent was conducted during the fourth quarter. The valuations were carried out by Forum Fastighetsekonomi, Cushman & Wakefield, CBRE and Savills. The remainder of the property portfolio has been internally valued and the assumptions for 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 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 established development rights in accordance with an approved detailed development plan, or where the detailed development plan is expected to become legally binding in 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.

The book value as of 31 December 2020 amounted to SEK 1,308 million, while the market value for the same date is assessed to have been SEK 1,781 million and refferes mainly to Nobelberget, Kyrkviken and Gränby Park .

#### Rental value and letting rate

Premises type	1 Jan 2021			1 Jan 2020		
	Rental value, SEK m	Rental value, SEK/m² <sup>11</sup>	Letting rate, %	Rental value, SEK m	Rental value, SEK/m² <sup>11</sup>	Letting rate, %
Offices	1,227	2,936	91	1,278	2,842	93
Retail	744	3,385	91	951	3,443	95
Other	229	2,105	92	236	2,043	92
Residentials	49	1,731	100	39	1,667	100
Garage/parking	54	E/T	94	60	E/T	94
<b>Business area Property</b>	<b>2,303</b>	<b>2,972</b>	<b>91</b>	<b>2,565</b>	<b>2,964</b>	<b>94</b>
Project properties	178	1,595	93	210		85
<b>Total</b>	<b>2,481</b>		<b>91</b>	<b>2,775</b>		<b>93</b>

<sup>11</sup> m² excluding garage.

**CHANGE IN VALUE**

The unrealised change in value for the quarter amounted to SEK 623 million (SEK 686 m) and SEK –119 million (SEK 2,283 m) for the period; SEK 61 million (SEK – m) during the period related to divested properties. The change in value for the fourth quarter is due to the upward adjustment of the value of office and project properties, which was mostly caused by lower yield requirements. Most of the change in value for the period is due to the downward adjustment of the value of retail properties in the first quarter. The change in value of retail properties has been caused by higher yield requirements and lower operating net in the short term resulting from rental discounts, and by lower market rents and higher vacancy assumptions in the long term.

**DEVELOPMENT RIGHTS**

In total there is 458,000 m<sup>2</sup> GFA of development rights excluding land allocations, of which 76,000 m<sup>2</sup> GFA has a legally binding detailed development plan. 382,000 m<sup>2</sup> GFA requires a change in the detailed development plan to be able to be realised. 28,000 m<sup>2</sup> GFA of the legally binding development rights relates to commercial development rights, 12,000 m<sup>2</sup> GFA to tenant-owned dwellings and 36,000 m<sup>2</sup> GFA to development properties. The book value amounts to approximately SEK 4,900/m<sup>2</sup> GFA for commercial development rights and approximately SEK 1,500/m<sup>2</sup> GFA for tenant-owned dwellings. The book value for development properties amounts to approximately SEK 3,800/m<sup>2</sup> GFA, calculated based on 168,000 m<sup>2</sup> GFA, which also includes land that does not have a detailed development plan. Land allocations totals approximately 370,000 sqm and are found mainly in Slakthusområdet, Hagastaden, Uppsala and Slussen.

**Change in the property portfolio**

SEK m	Period 2020 Jan–Dec	Full year 2019 Jan–Dec
<b>Investment properties</b>		
<b>Fair value at the beginning of the period</b>	<b>47,513</b>	<b>43,310</b>
Acquisitions (after deduction of latent tax)	410	1,174
Sales	–3,979	–1,031
Investments in held properties	2,208	1,704
Unrealised changes in value	–119	2,283
Reclassification	–7	–
Other	–	73
<b>Fair value at the end of the period</b>	<b>46,026</b>	<b>47,513</b>
<b>Development properties</b>		
At the beginning of the period	997	891
Reclassification	7	–
Investments in tenant-owned dwelling projects	305	106
<b>Development properties, at the end of the period</b>	<b>1,308</b>	<b>997</b>
<b>Property portfolio, total <sup>1)</sup></b>	<b>47,334</b>	<b>48,509</b>

<sup>1)</sup> Excluding Right-of-use asset, leaseholds

**Unrealised changes in value, properties**

SEK m	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Change in yield requirements	702	286	254	–791	549	283	439	–
Change in operating net, etc.	–79	181	25	–695	107	–	681	148
Development rights	–	–	–	–	30	–	46	–
<b>Total</b>	<b>623</b>	<b>467</b>	<b>279</b>	<b>–1,486</b>	<b>686</b>	<b>283</b>	<b>1,166</b>	<b>148</b>

**Property portfolio (excluding Right-of-use assets, leaseholds)**

Property type	31 Dec 2020			31 Dec 2019		
	Letting area, '000 m <sup>2</sup>	Fair value, SEK m	Fair value, SEK/m <sup>2</sup> <sup>1)</sup>	Letting area, '000 m <sup>2</sup>	Fair value, SEK m	Fair value, SEK/m <sup>2</sup> <sup>1)</sup>
Office properties	639	27,344	53,616	650	24,264	47,495
Retail properties	302	9,993	41,646	390	16,260	50,559
Residentials	45	1,282	33,129	40	1,031	31,407
<b>Business area Property</b>	<b>986</b>	<b>38,619</b>	<b>48,969</b>	<b>1,080</b>	<b>41,555</b>	<b>48,024</b>
Project properties	96	6,944	E/T <sup>2)</sup>	88	5,534	
Land and development rights	–	463		–	423	
<b>Total Investment properties</b>	<b>1,082</b>	<b>46,026</b>		<b>1,168</b>	<b>47,512</b>	
Development properties	6	1,308		8	997	
<b>Property portfolio, total <sup>3)</sup></b>	<b>1,087</b>	<b>47,334</b>		<b>1,176</b>	<b>48,509</b>	

<sup>1)</sup> Calculations based on area, excluding garages.

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

<sup>3)</sup> Excluding Right-of-use asset, leaseholds

# INVESTMENTS AND PROJECTS

## CONFIRMED AND COMPLETED PROJECTS

Investments in held properties amounted to SEK 2,513 million (SEK 1,810 m), of which SEK 1,638 million (SEK 1,085 m) was in project properties and SEK 305 million (SEK 106 m) in development properties. Investments in project properties relate primarily to projects in Sickla, Mobilia, Barkarbystaden and Hagastaden. The other investments relate mostly to adaptations for tenants in properties in Kista, Sickla and Malmö. All of our decided projects are progressing according to plan and none of them have been affected to any significant extent by the ongoing pandemic.

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 been completed, as well as Torghuset in Mobilia in Malmö. At the end of 2020 the healthcare building Curanten measuring 11,500 m<sup>2</sup> was opened.

The remaining investment volume for decided projects amounted to SEK 2,630 million as of 31 December.

### STOCKHOLM

#### SICKLA, NACKA

**Tapetfabriken** – The old wallpaper factory at Marcusplatsen in Sickla is being developed into a hotel. We have signed an agreement with Nordic Choice Hotels for the entire building, which will house 240 hotel rooms, conference premises, event spaces, a restaurant and a lobby measuring 2,000 m<sup>2</sup>. The hotel is planned to open in the second quarter of 2021.

**Nobelbergsgaraget** – The garage with a hundred parking spaces and areas for a restaurant and service was completed at the end of 2020. Four out of a total of five premises on the ground floor facing Sickla Industriväg have been let. Tenants include the outdoor clothing and sporting goods company Marmot and the organic children's food producer Alex&Phil.

**Panncentralen** – In January 2021 Jensen Education opened a pre-school in Nobelberget. This is a reconstruction and extension project where the former boiler room is being converted into a unique building that houses six pre-school departments in an exciting and creative environment.

**Brf Sicklastråket** – The tenant-owned apartment project containing 68 tenant-owned apartments was the first residential block to be

built in Nobelberget. The block has now been fully sold and most of the apartments are occupied.

**Brf Konstharts** – Nobelberget's second block comprises 56 tenant-owned apartments, three commercial premises on the ground floors and a parking garage. Sales and production for this project started in the autumn of 2020 and as of 31 December 2020, 35 booking contracts had been signed, corresponding to 63 per cent of the apartments. The project is expected to be ready for occupancy in the second quarter of 2022.

**Sickla Galleria phase IV** – Approximately 200 parking spaces are being created on top of the existing shopping centre, including 60 for electric cars. The new parking spaces will help meet the increase in need for parking due to the Curanten and Stationshuset projects. Approximately 2,000 m<sup>2</sup> of existing retail premises has been vacated, and new premises covering almost 3,000 m<sup>2</sup> will be created for retail and service. In December 2020 lease contracts were signed with the sports and leisure company XXL for a store measuring 3,100 m<sup>2</sup>. Completion is expected to take place in the third quarter of 2021.

### SLUSSEN

**Katarinahuset** – The reconstruction project in Katarinahuset is underway and the building will be home to modern offices with a unique view once it is completed. As well as offices, there are plans for a hotel and several restaurants. The building's roof terrace will also be developed to allow the general public access via Mosebacke and Katarinahissen. A lease contract was previously signed with Eriks Gondolen for a total of 1,100 m<sup>2</sup> divided between two different restaurants with occupancy during the autumn of 2022. The first office tenants are planning to move in during the spring of 2023, while the renovation of the property is expected to be fully completed in the summer 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 m<sup>2</sup> and the investment amounts to SEK 1.7 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 m<sup>2</sup>.

Production is on schedule with the first tenants planning to move

**PANNCENTRALEN** – In December 2020 Panncentralen was completed in Nobelberget, while Jensen Education opened its new pre-school in January. The old industrial building has been preserved and a new playful extension has been added. We have created a unique building here that stimulates the imagination and encourages playfulness in incredible environments.



in during the fourth quarter of 2021. The entire building is planned for completion in the spring of 2022.

### BARKARBYSTADEN, JÄRFÄLLA

**Bas Barkarby** – Construction of the first phase of Bas Barkarby comprises approximately 25,000 m<sup>2</sup>. 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 m<sup>2</sup> 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. Internal construction work is underway and the building is expected to be completed in the summer of 2022.

In December a contract for almost 1,500 m<sup>2</sup> was signed with the restaurant and conference group Eatery. The premises will house a

restaurant that is planned to open seven days a week, alongside event spaces and a separate restaurant for pupils at the upper-secondary school.

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

### UPPSALA

#### GRÄNBYSTADEN

**Parkhusen, block 1** – We are building a residential block called Parkhusen with approximately 300 apartments close to both Gränby-staden Galleria and Gränbyparken. Parkhusen will create an urban frontage and a clearly defined entrance to the park. Block 1 comprises 44 rental apartments with commercial premises on the ground floor. The project is scheduled for completion in the second quarter of

Decided projects	Letting area, m <sup>2</sup>				Parking, GFA	Total investment, SEK m <sup>1)</sup>	Of which remaining, SEK m	Rental Fair value, SEK m	Rental value, SEK 2 m)	Letting rate, %
	Retail	Offices	Residential units	Other						
<b>New builds and extensions</b>										
Curanten, Sicklaön 83:22, Nacka	1,600			9,900		550	80		39	83
Tapetfabriken, Sicklaön 83:22, Nacka				10,500	4,600	440	70		E/T <sup>3)</sup>	100 <sup>4)</sup>
Nobelbergsgaraget, Sicklaön 83:45, Nacka	600				3,400	60	0		4	E/T <sup>3)</sup>
Sickla Galleria phase IV, Sicklaön 83:22, Nacka	5,000				6,300	140	30		16	E/T <sup>3)</sup>
Life City, Molekylen 1, Stockholm		27,500			4,400	1,700	610		109	E/T <sup>3)</sup>
Bas Barkarby, Barkarby 2:64, Järfälla		5,500		18,700		850	460		56	55
Mobilia Torghuset, Bohus 8, Malmö	3 500		3,800	5,800		560	40		31	96 <sup>5)</sup>
Parkhusen, block 1, Gränby 25:1, Uppsala	100		2,700			120	40		6	14
<b>Total new builds and extensions</b>	<b>10,800</b>	<b>33,000</b>	<b>6,500</b>	<b>44,900</b>	<b>18,700</b>	<b>4,420</b>	<b>1,330</b>			<b>68</b>
<b>Reconstruction</b>										
Panncentralen, Sicklaön 83:33, Nacka				1,000		90	10		E/T <sup>3)</sup>	100
Katarinahuset, Tranbodarne 11, Stockholm	2,600	18,600		3,800		980	820		125	E/T <sup>3)</sup>
<b>Tenant-owned dwellings</b>										
Brf Sicklastråket, Sicklaön 83:43, Nacka			4,500			310	30		E/T	100 <sup>7)</sup>
Brf Konstharts, Sicklaön 83:41, Nacka	300		3,600		800	280	190		E/T	– <sup>8)</sup>
Parkhusen block 2, part of Gränby 21:4, Uppsala			5,800		1,200	270	250		E/T	–
<b>Total</b>	<b>13,700</b>	<b>51,600</b>	<b>20,400</b>	<b>49,700</b>	<b>20,700</b>	<b>6,350</b>	<b>2,630</b>	<b>5,610<sup>4)</sup></b>		

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

<sup>2)</sup> Excluding premiums.

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

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

<sup>5)</sup> The letting rate for commercial premises amounts to 95 per cent. The letting rate for residential is 100 per cent.

<sup>6)</sup> Divided into SEK 3,575 million for new building and extensions, SEK 1,721 million for reconstructions and SEK 314 for tenant-owned dwelling projects.

<sup>7)</sup> The percentage of apartments sold with binding contracts, percentage of number.

<sup>8)</sup> 63 per cent booked through booking contracts.

### Schedule for decided projects

■ Planning ■ Construction ■ Completion



2021. Uppsala Bostadsförmedling is currently acting as the agent for the apartments.

**Parkhusen, block 2** – We are planning our first tenant-owned dwellings here in Gränbystaden, totalling 98 apartments. Production is scheduled to start in the second quarter of 2021, and the project is expected to be completed in the second quarter of 2023.

## POTENTIAL DEVELOPMENT PROJECTS

Our current project portfolio with new builds and property development projects enables future investments of approximately SEK 36 billion in addition to the remaining investments in ongoing projects of SEK 2,630 million. In terms of area, 50 per cent of the future investments comprises offices and 35 per cent residentials, while the remaining 15 per cent is retail/service, education and culture. The project portfolio is divided among the majority of our areas with Sickla, Slakthusområdet, Hagastaden, Gränbystaden and Slussen accounting for approximately 90 per cent of the investment volume. Most of our projects from the entire project portfolio are located in existing or future underground stations in the Stockholm area. The rate at which we can complete the projects depends on the market situation and the detailed development plan process. No projects are normally started until we have secured a minimum level of return in the form of signed lease contracts.

## POTENTIAL PROJECT STARTS 2021–2022

### STOCKHOLM

**In Sickla**, sales are underway for the second stage of a total of 500 tenant-owned apartments in Nobelberget. In 2020 the launch of block two started with 56 tenant-owned apartments and premises on the ground floors, while in 2021 we have started the development of another block at the top of Nobelberget. A total of 90 apartments are being planned here, with sales expected to start in the first quarter of 2022. 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 residentials as well as office premises and cultural activities.

We have a development right for approximately 7,500 m<sup>2</sup> 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 m<sup>2</sup> GFA. The detailed development plan was adopted in December by Nacka Municipality and the appeals process is currently underway. Atrium Ljungberg and Region Stockholm are working jointly on a project that involves the construction of sections of the new station entrance. The building will also contain offices and other commercial premises. The ground work, shafting and blasting are currently underway.

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. The detailed development plan will be sent out for examination in 2021. 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.

**In Hagastaden** we received a land allocation in March 2020 comprising two residential blocks and one office block. The first phase of this project will be a shared garage for these districts and construction is expected to start in third quarter of 2022.

### MALMÖ

**In Mobilia** we have a development right of 5,400 m<sup>2</sup> GFA for offices on Trelleborgsvägen. The programme and system documentation was completed towards the end of 2020. Applications for building permits are expected to be submitted in the second quarter of 2021 and the entire project is planned to be completed by the beginning of 2024.

Offices will be the natural next step in the development of Mobilia on its journey to becoming a dynamic city district with mixed content and a hub in southern Malmö.

### UPPSALA

**In Gränbystaden**, Uppsala's second city centre continues to be developed. As well as the residential block decided for Parkhusen, there is also the potential for approximately 150 more apartments within the framework of the existing detailed development plan.



**GRÄNBYSTADEN** – Consultation is currently underway for the detailed development plan for an office building measuring 23,000 m<sup>2</sup> GLA, just south of Gränbystaden Galleria. Construction is scheduled to start in the first quarter of 2023 with occupancy expected around the start of 2025.

## MAJOR DEVELOPMENT AREAS, PROJECT STARTS AFTER 2022

### SICKLA

For more than 20 years Atrium Ljungberg has been transforming Sickla from an industrial area to a vibrant city district. Over the past two years we have been working with Nacka Municipality to produce a vision for the development of 'Central Sickla'. This has resulted in a shared vision of this future city district and a proposal for a new city plan. Central Sickla, which stretches from Marcusplatsen in the west to Kyrkviken in the east, currently contains large car parking areas and low retail buildings. These areas will be transformed into urban districts with pedestrianised precincts and buildings with office workplaces and apartments. Restaurants and stores on the ground floors will bring life to the thoroughfares and create a safe urban environment. In total the plan comprises approximately 150,000 m<sup>2</sup>, corresponding to around 7,000 office workplaces and about 500 new apartments. The detailed development plan process is underway and is expected to take approximately three years.

The Stockholm region is seeing a high rate of growth, which is why we are also planning more residential apartments in Sickla. The detailed development plan for residential in Kyrkviken and the northern part of Nobelberget is underway. In accordance with Nacka Municipality's residential vision and comprehensive plan, we want to create around 700 attractive apartments and service premises in a pleasant neighbourhood setting in Kyrkviken. Kyrkviken is located next to the waterfront, public transport and Sickla's range of retail and service. The project comprises more than 20,000 m<sup>2</sup>. In Nobelberget the development of new residential blocks continues, with the project totalling 500 tenant-owned apartments.

The total investment for the development projects in Sickla amounts to approximately SEK 13 billion.

### SLAKTHUSOMRÅDET

In June 2019, we took possession of 14 properties totalling more than 50,000 m<sup>2</sup> of letting area. We also have an option to acquire an investment property of 32,000 m<sup>2</sup> of letting area. We have the option of ordering additional land allocations measuring approximately 100,000 m<sup>2</sup> GFA as well. The acquisitions and developed land allocations amount to a total of approximately 200,000 m<sup>2</sup> GFA for offices and residentials, supplemented with culture, retail, a restaurant, hotel, education, etc. The total investment between 2019 and 2030, including acquisitions, amounts to around SEK 10 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 2020 we also started a major detailed development plan stage in the northern part of Slakthusområdet. In the autumn the cultural offer in Slakthusområdet was expanded further with concert and festival facilities and children's and youth culture facilities. This includes the creative talent initiative Juice Studios, which will open in the spring of 2021. This project is a unique collaboration between business, the public sector and the non-profit sector, and has several financial backers and partners. In the summer of 2020 Stockholm Roast opened its coffee roastery, alongside its coffee bar, shop and showroom. This establishment marked the launch of the new destination that Atrium Ljungberg wants to develop in Slakthusområdet. The intention is to create an attractive location with offices and residential properties, supplemented with a wide range of food, culture and experiences. A brand new meeting place and an engine for the entire Söderort.

Potential projects			Project area, m <sup>2</sup> , GFA		Potential investment, SEK m <sup>2</sup>
Municipality	Premises type <sup>1)</sup>	Detailed development plan exists	Change to detailed development plan required		
Barkarby	Järfälla	Offices	20,000		
Lindholmen	Gothenburg	Offices		23,000	
Hagastaden	Stockholm	Residential	37,000		
Hagastaden	Stockholm	Offices	36,000	25,000	
Hagastaden	Stockholm	Retail	1,000		
Mobilia	Malmö	Offices	5,000		
Sickla	Nacka	Residential	36,000	143,000	
Sickla	Nacka	Offices		120,000	
Slakthusområdet	Stockholm	Education	33,000		
Slakthusområdet	Stockholm	Residential		35,000	
Slakthusområdet	Stockholm	Offices		96,000	
Slakthusområdet	Stockholm	Hotels		4,000	
Slakthusområdet	Stockholm	Other		23,000	
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		
Södermalm	Stockholm	Residential	12,000	46,000	
Uppsala	Uppsala	Offices		48,000	
Uppsala	Uppsala	Retail	5,000	23,000	
<b>Total</b>			<b>207,000<sup>3)</sup></b>	<b>643,000<sup>4)</sup></b>	<b>36,000</b>

<sup>1)</sup> Anticipated premises use may change and may include other elements.

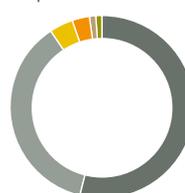
<sup>2)</sup> The investment volume relates to investments in existing properties and future development rights, including any land acquisitions.

<sup>3)</sup> Of which around 40,000 m<sup>2</sup> relates to reconstruction and around 100,000 m<sup>2</sup> relates to land allocations.

<sup>4)</sup> Of which around 60,000 m<sup>2</sup> relates to reconstruction and around 270,000 m<sup>2</sup> relates to land allocations.

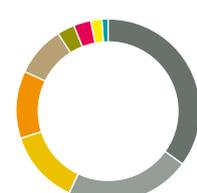
#### Potential projects by premises type

- Offices and residentials account for 89 per cent of the area



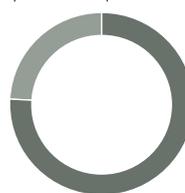
#### Potential projects by area

- 83 per cent of the area is focused on Stockholm



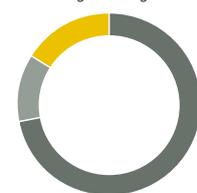
#### Potential projects by detailed development plan

- There is a detailed development plan for 24 per cent of the area



#### Potential projects at underground stations

- 84 per cent of the area at new or existing underground stations





**SLAKTHUSOMRÅDET** – The cultural offer was further expanded during the year, including the establishment of the creative talent initiative Juice Studios. In 2020 Stockholm Roast also opened its coffee roastery, which marked the launch of the new food destination that we want to create in Slakthusområdet.

### SLUSSEN

Atrium Ljungberg is one of the largest property owners in Slussen. In an agreement with the City of Stockholm we received several land allocations in Slussen, Hagastaden and Slakthusområdet in 2020 as compensation for the Hamnmästaren land allocation that we returned. In Slussen we are now able to develop the future retail hub under Ryssgården and Södermalmstorg, which comprises 16,000 m<sup>2</sup> GFA. We are planning retail 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 m<sup>2</sup> 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 2026.

The Ormen district is a development right of approximately 4,500 m<sup>2</sup> GFA, with a hotel planned to be built above the underground entrance. The hotel 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 Stadsgårdsleden and Saltsjöbanan. The Ryssbodarne district is a triangular development right comprising approximately 7,500 m<sup>2</sup> GFA across five floors, where we are planning offices with public spaces on the ground floors. Production will start in 2026 at the earliest, with potential occupancy in 2028.

Atrium Ljungberg already owns Glashuset, Sjömansinstitutet and Katarinahuset. This means that we now own approximately 50,000 m<sup>2</sup> in our existing portfolio and a total of approximately 35,000 m<sup>2</sup> GFA in land allocations. The development project in Slussen represents a total investment of more than SEK 2 billion. 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.

### HAGASTADEN

Atrium Ljungberg has been operating in Hagastaden for almost 25 years and is one of the largest property owners in the area with characteristic industrial buildings along Norra Stationsgatan. This is where a district with older buildings meets the new Hagastaden, where our Life City project, for example, will be completed in 2022.

We are playing an active role in the development of Hagastaden, which will grow to become a new dynamic city district by 2030 and one of the world's leading life science clusters. In the eastern part of Hagastaden we have a land allocation right next to Brunnsviken lake. We are planning to build an office property here that will comprise

approximately 24,000 m<sup>2</sup> across eight floors. It will feature an undulating facade that will provide attractive office spaces with incredible views of Brunnsviken lake and Haga Park. Construction is planned to start in the first quarter of 2024.

In March 2020 we received another land allocation in the area following an agreement with the City of Stockholm, where we returned a land allocation in Slussen so that a future Nobel Center could be built. The land allocation in Hagastaden comprises two residential blocks and one office block – Cambridge, Stanford and Pisa.

The development projects in Hagastaden represent a total investment of approximately SEK 6 billion over a period of almost ten years.

### UPPSALA

Uppsala is the fourth largest city in Sweden with a steady population growth, growing business and world-leading research and innovation. Uppsala is one of our most important submarkets and we are focusing our operations on the City of Uppsala and Gränbystaden, which we are developing into Uppsala's second city centre.

In December 2020 we acquired the property Uppsala Kvargärdet 33:2, also known as the old 'Mejeriet' (Dairy), in the City of Uppsala, and parts of the property Uppsala Kungsängen 22:2, more commonly known as 'Ångkvarnen' (Steam Mill) among people living in Uppsala. The buildings in Ångkvarnen are in a development area where we are working with Ikano Bostad and Besqab to link the southern parts of the inner city with the centre. Detailed development planning is underway and possession of the properties is scheduled for the beginning of 2023.

Over the past six years, we have carried out a number of major investment projects in Gränbystaden in order to create an attractive and vibrant cityscape with a mix of retail, offices, residentials, service and cultural activities. By mixing activities we are creating a safe place that has life and movement 24 hours a day.

In 2019, we obtained a new land allocation with a development right for potentially 45,000 m<sup>2</sup> GFA for residentials and offices, including parking, south of Gränbystaden Galleria. Detailed development planning is underway and expected to be complete in the fourth quarter of 2021. Construction of the offices may potentially start at the beginning of 2023.

We are also looking into the possibility of starting a detailed development plan to further develop and condense the area that is currently the car park next to the shopping centre; this comprises a total of 45,000 m<sup>2</sup>. In northern Gränbystaden there is also the possibility of developing 5,000 m<sup>2</sup> GFA for offices and retail on the remaining land within the existing detailed development plan.

In total the development projects in Gränbystaden represent an investment volume of approximately SEK 3 billion.

# FINANCING

## THE FINANCIAL MARKET

The Covid-19 pandemic dominated the spring of 2020, causing sharp falls in Sweden's GDP. The economy saw a recovery in the third quarter, following a fall in the spread of infection. However, this recovery came to a halt in the fourth quarter, when the second wave of the infection swept across Sweden and the rest of Europe. According to a report from the National Institute of Economic Research, the assessment is for the recovery to pick up speed again in the second quarter, dependent on the vaccination programme which is planned to start at the beginning of 2021. Despite this, the recession is expected to be deep in 2021. However, public finances remain strong as a result of the expansive fiscal policy and record-high budgeted measures. This offers plenty of room for manoeuvre to support the economy using public funds.

In the third quarter of 2020 the capital market recovered, setting the tone for the final three months of the year. This was also reflected in pricing, which reached the levels at the start of the year that had been seen before the pandemic.

In the fourth quarter the variable rate, Stibor 3M, was negative, as in the previous quarter, standing at -0.05 per cent at the end of the year. In last quarter the 10-year swap rate increased slightly from 0.29 per cent to 0.39 per cent.

## INTEREST-BEARING LIABILITIES

Atrium Ljungberg meets its financing requirements through the capital market, Nordic banks, the Nordic Investment Bank, the European Investment Bank and direct financing. Interest-bearing liabilities at the end of the quarter amounted to SEK 18,905 million (SEK 20,211 m). During the fourth quarter, interest-bearing liabilities increased by SEK 324 million. This increase was due to higher volumes of commercial papers and bonds.

The average interest rate at the end of the quarter amounted to 1.6 per cent (1.6%). Including unutilised loan guarantees the average interest rate was 1.7 per cent (1.7%). The average fixed interest term was 5.0 years (5.4 years) and the average capital commitment term was 4.7 years (4.3 years). The interest coverage ratio for the period amounted to 4.6 (4.4). According to the company's long-term financial goals, the gearing ratio is to be less than 45 per cent. At the end of the quarter it amounted to 39.9 per cent (41.7%).

Unutilised loan guarantees in addition to loan guarantees which cover outstanding commercial paper amounted to SEK 2,365 million (SEK 2,276 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 6,882 million (SEK 9,319 m) is secured by mortgage deeds which corresponds to 14 per cent (18%) in relation to the total assets.

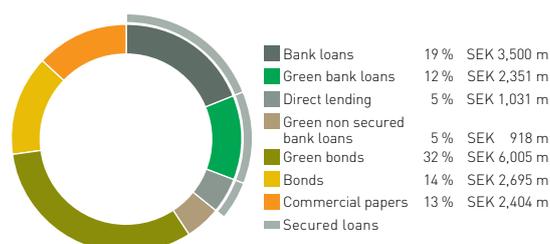
## GREEN FINANCING

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.

Green financing accounts for 49 per cent (37%) of the total loan volume. At the end of the quarter, there were SEK 6,005 million (SEK 5,916 m) in green bonds outstanding, as well as SEK 3,269 million (SEK 1,546 m) of green bank loans.

### Interest-bearing liabilities

- SEK 18.9 billion in liabilities with 49 per cent green financing



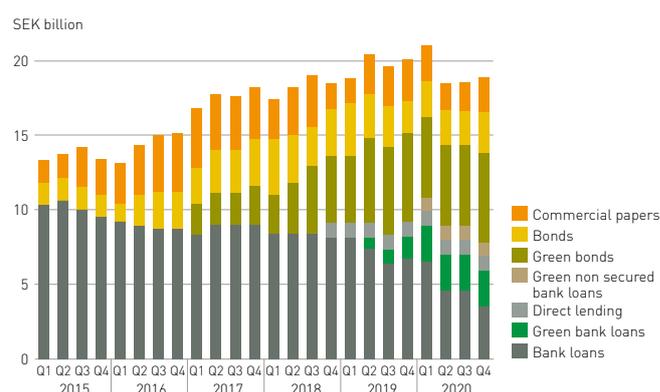
### Capital structure

- Secured loans correspond to 14 per cent in relation to total assets



### Development of financing sources

- A fall in the proportion of bank loans between the final two quarters, which have been replaced through the capital market



**Fixed interest**

Commitment period	Amount, SEK m	Percentage, %	Average interest, % <sup>11</sup>
2021	4,108	22	0.8
2022	400	2	1.5
2023	736	4	1.4
2024	1,477	8	1.6
2025	1,450	8	1.5
2026 and thereafter	10,733	57	1.9
<b>Total</b>	<b>18,905</b>	<b>100</b>	<b>1.6</b>

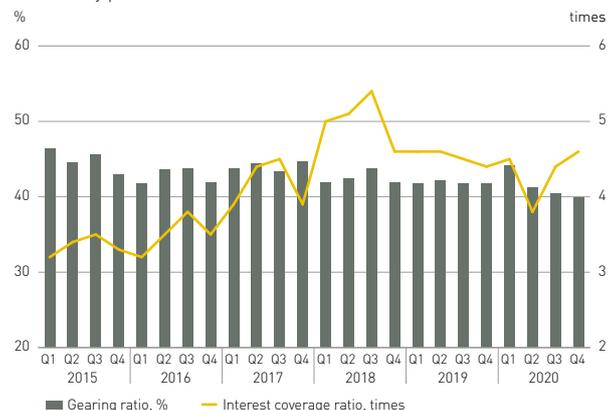
<sup>11</sup> The average credit margin for variable interest rates is spread over the time segment during which the derivative falls due for payment. The average interest is recognised excluding the cost of unutilised loan guarantees.

**Capital commitment**

Commitment period	Amount, SEK m	Percentage, %
2021	-	-
2022	5,395	29
2023	2,205	12
2024	2,327	12
2025	2,289	12
2026 and thereafter	6,688	35
<b>Total</b>	<b>18,905</b>	<b>100</b>

**Gearing ratio and interest coverage ratio**

- A positive change in value and lower interest expenses have had a positive impact on the key performance indicators.



**DERIVATIVES**

At the end of the quarter, the derivative portfolio comprised SEK 14,492 million (SEK 13,354 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.

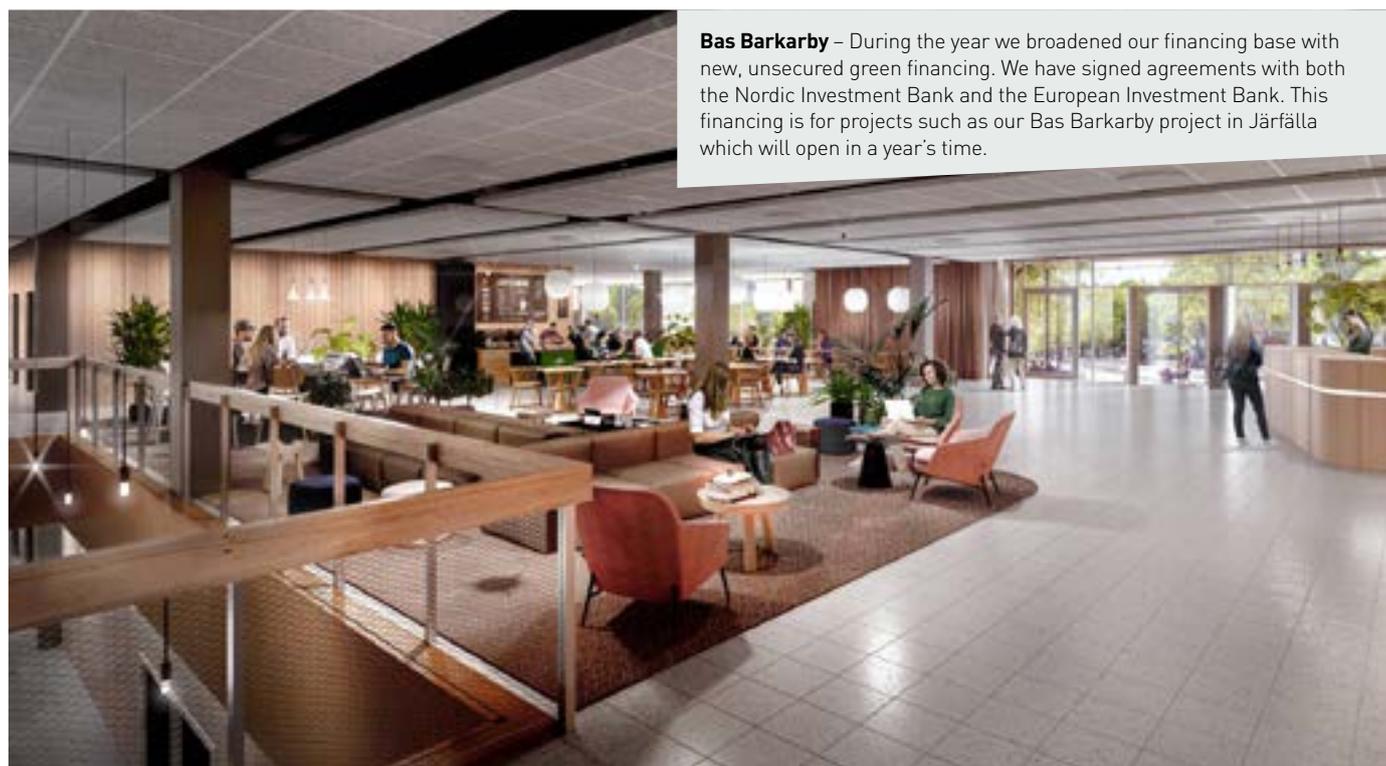
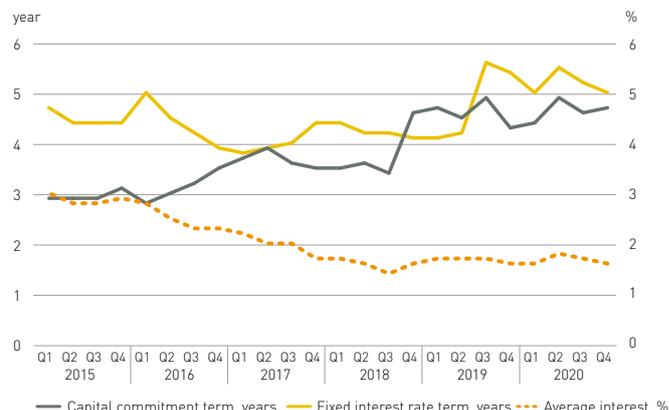
The derivatives portfolio is valued at market rate in conjunction with every closing of the accounts and the change in value is reported via the income statement. The unrealised change in the value of derivatives during the year totalled SEK -252 million (SEK -90 m) as market interest rates decreased on the terms covered by the derivatives during the year. The deficit book value of the derivatives portfolio amounted to SEK -656 million (SEK -266 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 slight increase in capital commitment and a slight fall in the fixed interest rate



**Bas Barkarby** - During the year we broadened our financing base with new, unsecured green financing. We have signed agreements with both the Nordic Investment Bank and the European Investment Bank. This financing is for projects such as our Bas Barkarby project in Järfälla which will open in a year's time.

# CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK m	Full year 2020 Jan-Dec	Full year 2019 Jan-Dec	Quarter 2020 Oct-Dec	Quarter 2019 Oct-Dec
<b>OPERATING ACTIVITIES</b>				
<b>Profit/loss before changes in value</b>	<b>1,124</b>	<b>1,234</b>	<b>282</b>	<b>289</b>
Reversal of depreciation, amortisation and impairment	13	13	3	5
Other items not included in the cash flow	-9	-62	-11	-95
Tax paid	6	-27	-19	-3
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,134</b>	<b>1,158</b>	<b>254</b>	<b>196</b>
Net change in working capital	113	192	322	27
<b>Cash flow from operating activities</b>	<b>1,246</b>	<b>1,350</b>	<b>577</b>	<b>223</b>
<b>INVESTMENT ACTIVITIES</b>				
Acquisition of investment properties	-407	-1,174	-143	-8
Investments in held properties and tenant-owned dwelling projects	-2,513	-1,810	-704	-593
Sale of investment properties	3,797	1,031	-	15
Investment in financial non-current assets	-145	-5	-92	1
Purchase/sale of equipment	-8	-17	-5	-3
<b>Cash flow from investment activities</b>	<b>724</b>	<b>-1,975</b>	<b>-944</b>	<b>-588</b>
<b>FINANCING ACTIVITIES</b>				
Change in other non-current liabilities	5	20	-1	16
Loans raised	5,886	5,709	2,244	1,422
Amortisation of debts	-7,047	-4,016	-1,924	-878
Exercise of derivatives	-	-235	-	-235
Dividends paid	-649	-631	-	-
Buy-back of own shares	-343	-99	-324	-
<b>Cash flow from financing activities</b>	<b>-2,149</b>	<b>748</b>	<b>-5</b>	<b>324</b>
<b>Cash flow for the period</b>	<b>-177</b>	<b>122</b>	<b>-372</b>	<b>-41</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>457</b>	<b>335</b>	<b>651</b>	<b>498</b>
<b>Cash and cash equivalent at the end of the period</b>	<b>279</b>	<b>457</b>	<b>279</b>	<b>457</b>

## COMMENTS ON THE CASH FLOW STATEMENT

The cash flow for the for the period amounted to SEK -177 million (SEK 122 m).

The cash flow from operating activities amounted to SEK 1,246 million (SEK 1,350 m), corresponding to SEK 9.62/share (SEK 10.38/share). Cash flow from operating activities was mostly affected by higher current debt, which was attributable to paid contributions of SEK 320 million (SEK - m) for our tenant-owned dwellings. The effect of these paid contributions was tempered by a lower level of prepaid income than the opening balance. Accounts receivable were SEK 31 million higher than at the start of the year.

Net investment activities contributed to a positive cash flow of SEK 724 million (SEK -1,975 m), primarily relating to the sale of

Farsta Centrum and investments in held properties. Investments in Atrium Ljungberg's held properties amounted to SEK -2,513 million (SEK -1,810 m).

The cash flow from financing activities amounted to SEK -2,149 million (SEK 748 m), which is mostly attributable to the repayment of loans, but also the dividend paid and the acquisition of own shares.

Available liquidity amounted to SEK 2,944 million (SEK 3,033 m) and comprised bank deposits of SEK 279 million (SEK 457 m), unutilised overdraft facilities of SEK 300 million (SEK 300 m) and unutilised lines of credit of SEK 2,365 million (SEK 2,276 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 square metre will decrease by 30 per cent between 2014 and 2021.
- The proportion of green lease contracts will be 50 per cent of the contracted annual rent 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.

## STAKEHOLDER DIALOGUE

As the current sustainability goals will come to an end in 2021, strategic preparations have got underway to produce a new sustainability strategy and new sustainability goals. This work has included in-depth dialogue with our stakeholders. This dialogue was completed during the quarter, following discussions with our most important stakeholders: customers, owners, investors, employees, municipalities and suppliers. Dialogue with our stakeholders is an important part of our relationship with them. It ensures that we create an interesting offering and gain insights into the expectations that they have for sustainable enterprise. A materiality analysis was also performed at the end of the quarter, which will form the basis for our new sustainability goals, which we will be producing in 2021.

## ENVIRONMENTAL CERTIFICATION

We have chosen to certify our commercial premises in accordance with BREEAM and our residential in accordance with Miljöbyggnad. As of 31 December 2020, 62 per cent (50%) 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 23 per cent (18%) per m<sup>2</sup>.

## ENERGY INTENSITY

kWh/m <sup>2</sup>	2020		2019		Change	Change compared to 2014 <sup>1)</sup>
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec		
Heating	62	70	-11%	-33%		
Property electricity	48	46	4%	-37%		
District cooling	12	16	-25%	-28%		
<b>Sub-total property energy</b>	<b>122</b>	<b>132</b>	<b>-8%</b>	<b>-31%</b>		
Tenant electricity	55	58	-5%	-11%		
Tenant electricity, estimated	16	17	-6%	-43%		
Process cooling	14	14	0%	-		
<b>Total energy intensity</b>	<b>207</b>	<b>221</b>	<b>-6%</b>	<b>-23%</b>		

<sup>1)</sup> Reference year.

## SUSTAINABLE EMPLOYEES

We have taken part in the Great Place to Work<sup>®</sup> evaluation of "Sweden's best workplaces" since 2011. Our goal is to achieve an average index of 85 per cent. In 2020 we exceeded our goal and achieved an index of 89 per cent (87%).

## 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.

	1 Jan 2021	1 Jan 2020
Green lease contracts, share of contracted annual rent	44%	36%

## 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](http://www.al.se) or on page 35 in our 2019 Annual Report.

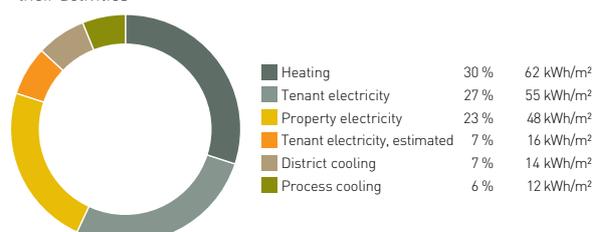
SEK m	Full year 2020 Jan-Dec	Full year 2019 Jan-Dec
Current tax	41	63
Property tax	185	174
Non-deductible VAT	134	79
Stamp duty	-	55
<b>Taxes</b>	<b>361</b>	<b>370</b>
Leasehold fees	31	34
<b>Society</b>	<b>392</b>	<b>404</b>

## 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 49 per cent (37%) of the total loan volume. At the end of the period, there was SEK 6,005 million (SEK 5,916 m) of green bonds outstanding, as well as SEK 3,269 million (SEK 1,546 m) of green bank loans.

## Energy intensity

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



# SEGMENT REPORTING

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

2020

Jan-Dec

Amounts in SEK m	Properties	Project development <sup>1)</sup>	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	2,367				-23	2,344
Net sales, project and construction work		23	858	881	-386	495
<b>Net sales</b>	<b>2,367</b>	<b>23</b>	<b>858</b>	<b>881</b>	<b>-409</b>	<b>2,839</b>
Property management costs	-793				14	-779
Project and construction work costs		-36	-810	-846	338	-508
<b>Gross profit</b>	<b>1,573</b>	<b>-13</b>	<b>48</b>	<b>36</b>	<b>-57</b>	<b>1,552</b>
Central administration	-75	-5	-12	-17	-	-91
Financial income and expenses					-337	-337
<b>Profit before changes in value</b>	<b>1,498</b>	<b>-18</b>	<b>36</b>	<b>19</b>	<b>-394</b>	<b>1,124</b>
Changes in value <sup>2) 3)</sup>	-200				-252	-452
Tax					195	195
<b>Profit for the period</b>	<b>1,298</b>	<b>-18</b>	<b>36</b>	<b>19</b>	<b>-451</b>	<b>867</b>
Investments and acquisitions	2,618	305	1	306	3	2,927
Assets, at the end of the period	47,205	1,308	252	1,560	850	49,615

2019

Jan-Dec

Amounts in SEK m	Properties	Project development <sup>1)</sup>	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	2,595				-17	2,577
Net sales, project and construction work		17	553	570	-337	233
<b>Net sales</b>	<b>2,595</b>	<b>17</b>	<b>553</b>	<b>570</b>	<b>-354</b>	<b>2,811</b>
Property management costs	-821				11	-810
Project and construction work costs		-47	-526	-574	298	-276
<b>Gross profit</b>	<b>1,773</b>	<b>-30</b>	<b>27</b>	<b>-3</b>	<b>-46</b>	<b>1,724</b>
Central administration	-80	-6	-12	-17	2	-96
Financial income and expenses					-395	-395
<b>Profit before changes in value</b>	<b>1,693</b>	<b>-36</b>	<b>15</b>	<b>-21</b>	<b>-439</b>	<b>1,234</b>
Changes in value <sup>2) 3)</sup>	2,355				-139	2,216
Tax					-643	-643
<b>Profit for the period</b>	<b>4,048</b>	<b>-36</b>	<b>15</b>	<b>-21</b>	<b>-1,221</b>	<b>2,807</b>
Investments and acquisitions	2,878	106	0	106	22	3,006
Assets, at the end of the period	48,818	997	106	1,103	1,141	51,062

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

<sup>2)</sup> Properties, unrealised SEK -119 million (SEK 2,283 m). Properties, realised SEK -81 million (SEK 73 m).

<sup>3)</sup> Unrealised change in value, derivatives SEK -252 million (SEK -90 m). Realised change in value, derivatives SEK - million (SEK -50 m).

# SEGMENT REPORTING, cont.

## Revenue type per segment

2020

Jan-Dec

Amounts in SEK m	Properties	Project development	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
<b>Rental income</b>	<b>2,367</b>				<b>-23</b>	<b>2,344</b>
<b>Net sales, project and construction work</b>						
of which Turnkey contracts, fixed price			216	216	-0	216
of which Turnkey contracts, open account			327	327	-313	14
of which Performance contracts, fixed price			313	313	-50	262
of which Performance contracts, open account			1	1	-0	1
of which Other		23		23	-23	-
<b>Total Net sales, project and construction work</b>		<b>23</b>	<b>858</b>	<b>881</b>	<b>-386</b>	<b>495</b>
<b>Total Net sales</b>	<b>2,367</b>	<b>23</b>	<b>858</b>	<b>881</b>	<b>-409</b>	<b>2,839</b>

2019

Jan-Dec

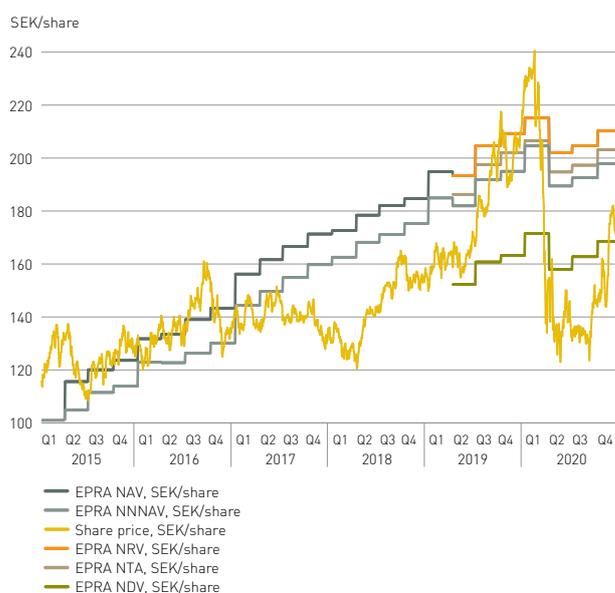
Amounts in SEK m	Properties	Project development	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
<b>Rental income</b>	<b>2,595</b>				<b>-17</b>	<b>2,577</b>
<b>Net sales, project and construction work</b>						
of which Turnkey contracts, fixed price			91	91	-3	87
of which Turnkey contracts, open account			248	248	-240	8
of which Performance contracts, fixed price			21	21	-	21
of which Performance contracts, open account			193	193	-77	116
of which Other		17		17	-17	-
<b>Total Net sales, project and construction work</b>		<b>17</b>	<b>553</b>	<b>570</b>	<b>-337</b>	<b>233</b>
<b>Total Net sales</b>	<b>2,595</b>	<b>17</b>	<b>553</b>	<b>570</b>	<b>-354</b>	<b>2,811</b>

# KEY PERFORMANCE INDICATORS <sup>1) 2)</sup>

	Full year 2020 Jan-Dec	Full year 2019 Jan-Dec	Quarter 2020 Oct-Dec	Quarter 2019 Oct-Dec
<b>PROPERTY-RELATED KEY PERFORMANCE INDICATORS</b>				
Letting rate excluding project properties, %	91	94	91	94
Letting rate including project properties, %	91	93	91	93
Operating surplus margin, %	67	69	65	66
Letting area, '000 m <sup>2</sup>	1,087	1,176	1,087	1,176
Investments in Atrium Ljungberg's held properties, SEK m	2,513	1,810	704	593
Number of properties at the end of the period	67	70	67	70
<b>FINANCIAL KEY PERFORMANCE INDICATORS</b>				
Equity/assets ratio, %	45.7	44.6	45.7	44.6
Gearing ratio, %	39.9	41.7	39.9	41.7
Interest coverage ratio, multiple	4.6	4.4	7.2	4.3
Average interest rate for interest-bearing liabilities, %	1.6	1.6	1.6	1.6
Return on equity, rolling 12-month period, %	3.8	12.9	3.8	12.9
Return on equity, excluding changes in value, %	3.8	4.6	4.0	4.1
Return on total assets, %	2.0	8.0	8.1	11.8
Return on total assets excluding changes in value, %	2.3	2.7	2.1	2.4
<b>DATA PER SHARE</b>				
Earnings per share, SEK	6.69	21.59	5.35	8.07
Profit before changes in value less nominal tax, SEK	6.92	7.47	1.73	1.75
Cash flow from operating activities, SEK	9.62	10.38	4.47	1.71
Equity, SEK	177.46	175.48	177.46	175.48
Share price, SEK	172.80	226.00	172.80	226.00
Weighted average number of shares, thousands	129,554	130,005	128,957	129,839
Number of outstanding shares at the end of the period, thousand	127,739	129,839	127,739	129,839
<b>EMPLOYEES</b>				
Average number of employees	333	320	337	332

	Full year 2020 Jan-Sep	Full year 2019 Jan-Dec
<b>EPRA KEY PERFORMANCE MEASURES <sup>1)</sup></b>		
EPRA Earnings, SEK m	1,070	1,172
EPRA EPS, SEK/share	8.38	9.03
EPRA NRV, SEK m	27,841	27,931
EPRA NRV, SEK/share	217.95	215.12
EPRA NTA <sup>3)</sup> , SEK m	26,897	26,827
EPRA NTA <sup>3)</sup> , SEK/share	210.56	206.62
EPRA NDV	21,825	22,263
EPRA NDV, SEK/share	170.86	171.46
EPRA NAV, SEK m	27,841	27,931
EPRA NAV, SEK/share	217.95	215.12
EPRA NNNNAV <sup>3)</sup> , SEK m	26,242	26,560
EPRA NNNNAV <sup>3)</sup> , SEK/share	205.43	204.57
EPRA Vacancy rate	9%	6%

EPRA NAV, EPRA NNNNAV and share price



<sup>1)</sup> See the definitions on pages 28–29, and see the reconciliation for key performance indicators at [www.a.se](http://www.a.se).

<sup>2)</sup> 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.

<sup>3)</sup> For the calculation of EPRA NTA and EPRA NNNNAV, an estimated deferred tax of 4.0 per cent has been used.

# QUARTERLY SUMMARY

<b>INCOME STATEMENTS</b>	<b>2020</b>	2020	2020	2020	2019	2019	2019	2019
Amounts in SEK m	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	555	561	579	648	644	653	647	633
Net sales, project and construction work	118	139	153	84	93	62	46	32
<b>Net sales</b>	<b>673</b>	<b>700</b>	<b>732</b>	<b>733</b>	<b>737</b>	<b>715</b>	<b>693</b>	<b>665</b>
Property management costs	-195	-167	-203	-213	-216	-194	-195	-206
Project and construction work costs	-118	-150	-152	-87	-107	-77	-55	-37
<b>Gross profit</b>	<b>360</b>	<b>383</b>	<b>377</b>	<b>432</b>	<b>415</b>	<b>445</b>	<b>443</b>	<b>422</b>
- of which gross profit/loss property management (operating surplus)	360	394	376	435	428	460	452	427
- of which gross profit/loss from project and construction work	-0	-11	1	-3	-14	-15	-9	-5
Central administration, property management	-21	-15	-21	-18	-23	-17	-21	-19
Central administration, project and construction work	-6	-3	-3	-4	-3	-3	-3	-7
	-26	-18	-24	-23	-26	-20	-25	-25
Financial income and expenses	-52	-88	-97	-99	-99	-107	-97	-91
<b>Profit before changes in value</b>	<b>282</b>	<b>277</b>	<b>256</b>	<b>311</b>	<b>289</b>	<b>318</b>	<b>321</b>	<b>306</b>
Properties, unrealised	623	467	279	-1,486	686	283	1,166	148
Properties, realised	3	-16	-65	-3	13	49	-7	17
Derivatives, unrealised	33	-45	-3	-236	464	-179	-215	-160
Derivatives, realised	-	-	-	-	-50	-	-	-
	659	406	210	-1,725	1,113	152	945	5
<b>Profit before tax</b>	<b>940</b>	<b>683</b>	<b>466</b>	<b>-1,414</b>	<b>1,402</b>	<b>469</b>	<b>1,265</b>	<b>311</b>
Tax	-250	63	98	280	-358	65	-258	-91
<b>Profit for the period</b>	<b>690</b>	<b>745</b>	<b>564</b>	<b>-1,134</b>	<b>1,044</b>	<b>534</b>	<b>1,007</b>	<b>220</b>
<b>KEY PERFORMANCE INDICATORS<sup>1)2)</sup></b>	<b>2020</b>	2020	2020	2020	2019	2019	2019	2019
<b>Property-related key performance indicators</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>
Letting rate excluding project properties, %	91	92	92	93	94	93	93	94
Letting rate including project properties, %	91	92	92	92	93	92	93	93
Operating surplus margin, %	65	70	65	67	66	70	70	67
Letting area, '000 m <sup>2</sup>	1,087	1,078	1,069	1,171	1,176	1,177	1,216	1,166
Investments in Atrium Ljungberg's held properties, SEK m	704	653	586	570	666	402	417	398
Number of properties at the end of the period	67	66	66	70	70	69	68	51
<b>Financial key performance indicators</b>								
Equity/assets ratio, %	45.7	46.1	45.5	41.3	44.6	43.8	42.5	43.1
Gearing ratio, %	39.9	40.5	41.2	44.1	41.7	41.8	43.2	41.8
Interest coverage ratio, multiple	7.2	4.4	3.8	4.4	4.3	4.2	4.6	4.6
Average interest rate for interest-bearing liabilities, %	1.6	1.7	1.8	1.6	1.6	1.7	1.7	1.7
Return on equity, rolling 12-month period, %	3.8	5.6	4.7	7.1	12.9	14.8	14.6	15.6
Return on equity, excluding changes in value, %	4.0	4.0	3.8	4.2	4.1	4.6	4.9	4.5
Return on total assets, %	8.1	6.4	4.6	-10.3	11.8	4.6	11.2	3.5
Return on total assets excluding changes in value, %	2.1	2.4	2.3	2.5	2.4	2.7	2.7	2.7
<b>Data per share</b>								
Earnings per share, SEK	5.35	5.75	4.35	-8.74	8.07	4.13	7.74	1.69
Profit before changes in value less nominal tax, SEK	1.73	1.68	1.55	1.88	1.75	1.93	1.94	1.85
EPRA EPS, SEK	2.12	2.24	1.72	2.24	2.28	2.38	2.30	2.08
Cash flow, SEK	4.47	2.79	0.01	2.46	2.28	2.59	3.45	2.59
Equity, SEK	177.46	171.90	166.15	161.76	175.48	167.41	163.27	155.48
EPRA NRV, SEK	217.95	210.23	204.60	202.00	215.12	209.27	204.65	193.37
EPRA NTA <sup>3)</sup> , SEK	210.56	203.16	197.31	200.77	206.62	202.08	197.47	186.29
EPRA NDV, SEK	170.86	168.58	162.74	157.95	171.46	163.20	160.77	152.26
EPRA NAV, SEK	217.95	210.23	204.60	202.00	215.12	209.27	204.65	193.37
EPRA NNNV <sup>3)</sup> , SEK	205.43	197.82	192.54	189.45	204.57	195.00	191.80	182.29
Share price, SEK	172.80	146.60	131.20	154.80	226.00	217.50	167.80	158.80
Weighted average number of shares, thousands	128,957	129,721	129,721	129,820	129,839	129,839	129,991	132,019
Number of outstanding shares at the end of the period, thousand	127,739	129,721	129,721	129,721	129,839	129,839	129,839	130,163

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 performance indicators 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 performance indicators for 2018 do not include any effects from the implementation of IFRS 16, as the standard entered into force on 1 January 2019.

2) See the definitions on pages 28-29, and see the reconciliation for key ratios at [www.al.se](http://www.al.se).

3) For the calculation of EPRA NTA and EPRA NNNV, an estimated deferred tax of 4.0 per cent has been used.

# PARENT COMPANY

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

Net sales amounted to SEK 395 million (SEK 472 m). The operating profit/loss amounted to SEK -50 million (SEK -186 m). Profit after financial items amounted to SEK 3,527 million (SEK -842 m).

## INCOME STATEMENT, SUMMARY

Amounts in SEK m	Full year 2020 Jan-Dec	Full year 2019 Jan-Dec
Rental income	77	144
Management income	318	328
<b>Net sales</b>	<b>395</b>	<b>472</b>
Property costs	-32	-53
Management and administration expenses	-389	-400
Capital gain/loss from sale of properties	-7	-184
Depreciation	-16	-20
<b>Operating profit</b>	<b>-50</b>	<b>-186</b>
Earnings from shares in Group companies	3,560	1,419
Interest income and similar profit items	622	597
Interest expenses and similar profit items	-606	-989
	<b>3,576</b>	<b>1,028</b>
<b>Profit after financial items</b>	<b>3,527</b>	<b>842</b>
Appropriations	72	29
<b>Profit before tax</b>	<b>3,599</b>	<b>870</b>
Current tax	-4	-6
Deferred tax	34	91
	<b>30</b>	<b>85</b>
<b>Profit for the period</b>	<b>3,629</b>	<b>955</b>

Interest-bearing liabilities amounted to SEK 15,967 million (SEK 15,988 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	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
Property, plant and equipment	1,003	922
Financial non-current assets	1,261	1,062
Current assets	24,837	22,150
<b>Total assets</b>	<b>27,101</b>	<b>24,135</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	10,243	7,606
Untaxed reserves	21	8
Provisions	83	79
Non-current liabilities	16,630	16,337
Current liabilities	125	105
<b>Total equity and liabilities</b>	<b>27,101</b>	<b>24,135</b>

# OTHER INFORMATION

## BUY-BACK OF SHARES

The AGM has authorised the Board of Directors of Atrium Ljungberg to take the decision to acquire the company's own shares on one or more occasions during the period until the next AGM in March 2021. The purpose of such buy-backs is to give the Board more flexibility in its work on the company's capital structure, which will therefore help to increase shareholder value. As of 31 December the company owned 5,482,000 class B shares. The buy-back has been in the range of SEK 132.20-178.63 per share.

## STOCK OPTION PROGRAMME

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

During the year, total sales at our three regional retail hubs – Sickla, Gränbystaden and Mobilia – decreased by an overall 2.6 per cent in like-for-like portfolios during the year. Sales fell by a total of 4.9 per cent.

## 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, which is a departure from IAS 20, and amounts to SEK 28 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. In the first six months the rent rebates related to the Covid-19 pandemic that were given amounted to SEK 71 million. The reduced rents that were expected to be compensated by the government amounted to SEK 33 million. This affected profit in the second quarter by SEK 38 million net. In the second half of the year additional rebates related to the Covid-19 pandemic were given totalling SEK 5 million. Rebates given in the second half of the year are not expected to be compensated by the government. Applications for government support totalling SEK 33 million were processed by the Swedish National Board of Housing, Building and Planning. So far, SEK 5 million has been rejected as major chains had reached the maximum amount that could be claimed. These receivables will be invoiced to the tenants in question.

#### 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 31 December 2020, which means that a liability of SEK 662 million (SEK 348 m) has been recognised in the balance sheet. A negative change in value of SEK 314 million (SEK 348 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 18,905 million (SEK 20,211 m) and their fair value totals SEK 19,583 million (SEK 20,507 m). The fair value calculation is based on discounted estimated future cash flows. The discounting is carried out 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 NDV, EPRA NRV and EPRA NTA in accordance with the European Public Real Estate Association's definitions. The guidelines from EPRA have been updated and EPRA NDV (Net Disposal Value), EPRA NRV (Net Reinstatement Value) and EPRA NTA (Net Tangible Assets) have replaced EPRA NAV and EPRA NNNAV. To simplify comparison during the transition to these new key performance measures, Atrium Ljungberg is also including EPRA NAV and EPRA NNNAV in this report.

When calculating EPRA NTA and EPRA NNNAV, 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 performance measures: gearing ratio and interest coverage ratio. This is because there are financial goals linked to these key performance measures.

Reconciliation of APMs is available on Atrium Ljungberg's website, [www.al.se](http://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 fell to 21.4 per cent. The reduction in the company tax rate is taking place in two stages from 2019. The next reduction will take place in 2021, which will see the rate fall to 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 entered into force on 1 July 2020.

The ongoing Covid-19 pandemic is affecting tax legislation through temporary laws and changes to tax payments.

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 performance indicators, 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. 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.

#### **FORECASTS**

Atrium Ljungberg is well-equipped for the future. As the company has a well-diversified property portfolio, a project portfolio focusing on very strong locations and a solid financial base, it is in a good position to tackle the challenges that could be presented by various scenarios.

#### **DIVIDEND**

Dividend payments shall correspond to at least 50 per cent of the profit before changes in value, after estimated tax, unless investments or the company's financial position otherwise justify a deviation from this policy. A dividend of SEK 5.05 per share (SEK 5.00/share) is proposed for the financial year, which corresponds to a dividend of 73.0 per cent of the distributable profit (66.9%) and a dividend yield of 2.9 per cent (2.2%).

#### **EVENTS AFTER THE CLOSING DATE**

On 21 January 2021 a dispute was settled by the Arbitration Board, with the board finding in favour of TL Bygg. The positive impact on profit for the Group from this ruling has been valued at more than SEK 20 million and will be taken up as income in the first quarter of 2021.

In January 2021 the Swedish government proposed once again to introduce a rent rebate package for sectors and companies that have been hit hardest. This involves properties owners giving a rent rebate of 100 per cent and the government giving us 50 per cent of this cost. This support package will presumably have a max cap per tenant similar to the previous package.

#### **ANNUAL GENERAL MEETING 25 MARCH 2021**

To prevent the spread of Covid-19, the Board has decided that the Annual General Meeting will be held without shareholders, proxies and third parties being physically present and that voting rights can be only be exercised through postal voting before the Annual General Meeting. The invitation to the Annual General Meeting, which is expected to be published on 18 February, will provide more information on how registration and voting will take place.

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

Nacka, 9 February 2021

BOARD OF DIRECTORS

# 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 residential, 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 builds 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 residential, 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 per year 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 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 m<sup>2</sup> 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 indicators in order to increase comparability. As comparison figures are now available, the reversal will no longer be carried out, except for the following key performance indicators: gearing ratio and interest coverage ratio. This is because there are financial goals linked to these key performance indicators.

### 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 NNAV 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 NNAV 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.

### EPRA NTA per share, SEK

The carrying amount of equity with a reversal of derivatives and goodwill adjusted with estimated actual deferred tax, divided by the number of outstanding shares at the end of the period.

EPRA NTA 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. This replaces EPRA NNAV.

### 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.

### EPRA NDV per share, SEK

The carrying amount of equity with a reversal of goodwill adjusted for the difference against the fair value of interest-bearing liabilities

EPRA NDV per share is used to provide stakeholders with information on Atrium Ljungberg's value per share for a disposal scenario calculated in a uniform manner for publicly listed property companies.

### 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.

### EPRA NRV 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.

EPRA NRV 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. This replaces EPRA NAV.

### 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, m<sub>2</sub>**

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

**GFA, m<sup>2</sup>**

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, m<sup>2</sup>**

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, m<sup>2</sup>**

Total area available for letting. Garage is included in letting area but excluded when calculating the rental value per m<sup>2</sup> and fair value per m<sup>2</sup>.

**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 m<sup>2</sup>**

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](http://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](http://www.al.se). The site also provides updated information on our operations, our properties and projects, financial key performance indicators, the share, and much more besides. The information on the website is also available in English.

## PUBLICATION OF FINANCIAL INFORMATION

2020 Annual Report	2 March 2021
Annual report 2020 in English	23 March 2021
Annual General Meeting with postal voting	25 March 2021
Interim report Jan–Mar 2021	16 April 2021
Interim report Jan–Jun 2021	7 July 2021
Interim report Jan–Sep 2021	15 October 2021



*Sickla is being developed into an attractive, urban environment.*

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