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## Rental income in comparable portfolios

**0.1%**  
Jan–Jun

**1.3%**  
Q2

## Profit before changes in value, SEK m

**683**  
Jan–Jun

**372**  
Q2

## Investments in held properties, SEK m

**1,043**  
Jan–Jun

**558**  
Q2

## Significant events during the second quarter

- In the second quarter we recognised the first earnings from our tenant-owned dwelling project, with a gross profit of SEK 91 million.
- In June an agreement was signed for the sale of the leaseholds Kolding 3 and 4 in Kista. The purchase price amounted to SEK 805 million.
- At the beginning of June our Hotell Tapetfabriken project at Marcusplatsen opened in Sickla.
- In the middle of June we started sales for our first tenant-owned dwelling project in Uppsala, Parkhusen in Gränbystaden.

# Strong quarter boosted by earnings from the first tenant-owned dwelling project in Sickla

- **Net sales** amounted to SEK 1,745 million (SEK 1,464 m), of which rental income amounted to SEK 1,137 million (SEK 1,227 m).
- **The operating surplus** from property management amounted to SEK 764 million (SEK 811 m), a reduction of 5.8 per cent. This reduction is mostly due to the sale of Farsta Centrum. For like-for-like portfolios, the operating surplus from property management, excluding rebates related to Covid-19, increased by 0.1 per cent.
- **The gross profit** for project and construction work amounted to SEK 125 million (SEK –2 million) and was positively affected by a profit of SEK 91 million (SEK – m) from our tenant-owned dwelling project, which was recognised in the second quarter.
- **Temporary rebates related to Covid-19** amounted to SEK 9 million net (SEK 38 m).
- **Profit before changes in value** amounted to SEK 683 million (SEK 566 m).
- **Unrealised changes in value** for investment properties amounted to SEK 1,131 million (SEK –1,207 m) for the first six months. This increase in value is mostly due to better operating net in the short and long term, and project returns. Unrealised changes in the value of derivatives amounted to SEK 253 million (SEK –240 m) as a result of a slight rise in market interest rates.
- **Profit for the period** amounted to SEK 1,691 million (SEK –570 m). The change compared to the same period in the previous year is mostly due to the change in the value of properties.
- **Earnings per share** amounted to SEK 13.32 (SEK –4.39).
- **Net letting** for the quarter amounted to SEK 17 million (SEK –7 m), of which SEK 2 million (SEK –1 m) referred to project properties.
- **Property acquisitions** amounted to SEK 25 million (SEK 295 m) and property sales to SEK 805 million (SEK 3,979 m).

	Half year 2021 Jan–Jun	Half year 2020 Jan–Jun	Quarter 2021 Apr–Jun	Quarter 2020 Apr–Jun	Full year 2020 Jan–Dec
<b>Key performance indicators <sup>1)</sup></b>					
Property value at the end of the period, SEK m	48,444	44,768	48,444	44,768	47,334
Operating surplus margin, %	67	66	69	65	67
Average interest on interest-bearing liabilities at the end of the period, %	1.6	1.8	1.6	1.8	1.6
Share price at the end of the period, SEK per share	194.90	131.20	194.90	131.20	172.80
NRV at the end of the period, SEK per share	226.62	204.60	226.62	204.60	217.95
<b>Financial goals <sup>1)</sup></b>					
Investments in held properties, >SEK 2,000 million per year	1,043	1,156	558	586	2,513
Return on equity, rolling 12-month period, >10% over time	13.9	4.7	13.9	4.7	3.8
Gearing ratio at the end of the period, <45 %	42.7	41.2	42.7	41.2	39.9
Interest coverage ratio, >2.0	5.7	4.1	5.8	3.8	4.6

<sup>1)</sup> See page 23 for the complete table of key performance indicators and pages 28–29 for definitions.

# Hotel Tapetfabriken has opened – an important piece of the puzzle in the development of Sickla

Annica Ånäs, CEO

**I hope that we** are finally starting to see the end of this awful pandemic. The vaccination programme is picking up pace and Sweden has gradually started to open up. I believe that we will see a more normal market in the autumn, with higher consumption in physical retail and workers back in the office. It is true that everything will not be like it used to be, but I am convinced that people's basic need to meet and socialise will be so great that it will overshadow all the comforts of working from home. As I have said many times before, it is these insights that are behind our entire urban development strategy, creating exciting and inspirational locations with a mix of work, housing, service and restaurants; locations where people want to live and work. I am convinced that these are the areas that will be the winners in the future.

## Profit for our first tenant-owned dwelling project

In the autumn we completed the first residential block in Nobelberget in Sickla and we have recognised the earnings from our tenant-owned dwelling project for the first time in this quarter. The gross profit amounted to SEK 91 million, a project return of 30 per cent. The fact that a car park was not included in the project had a positive impact on the figures. The housing market remains very strong in the subsidiary markets where we operate. The second block in Nobelberget is virtually sold out and in the middle of June we also started selling our first tenant-owned block in Uppsala, Parkhusen in Gränbystaden, which has 98 apartments. Block 1 with 44 rental apartments was also completed there in May.

## Profit for the first six months

Operating net for comparable portfolios increased marginally in the first six months of 2021. If we look at the second quarter by itself, operating net for comparable portfolios increased by 2.9 per cent. Our rental income for the first six months decreased by a total of 7.4 per cent, due to Farsta Centrum being vacated in June 2020. Including the earnings from our first tenant-owned dwelling project, our profit before changes in value increased by more than 20 per cent to SEK 683 million compared with the first quarter of the previous year. We have valued our properties at more than SEK 1 billion; approximately 70 per cent of which is a result of higher cash flows and project returns. Profit for the period amounted to SEK 1.7 billion.

## We have sold Kista Front

On 17 June we sold the leaseholds Kolding 3 and 4, also known as Kista Front, in Kista to Technopolis. This deal comprised 44,000 m<sup>2</sup> and the

purchase price amounted to SEK 805 million. Atrium Ljungberg has been active in Kista for many years and we still own Kista Nod and Kista Plus. However, we decided to sell Kista Front as we do not think we will be in a position in the foreseeable future to develop these properties in a way that supports our vision and urban development strategy.

## Investment decision in Slakthusområdet

The development of Slakthusområdet is progressing according to plan. Slakthushallarna will be at the heart of this destination for food, culture and experiences that we are creating in this area; this will play a key role in attracting companies here. We have now made a decision to invest SEK 160 million in the project, with construction expected to start in the autumn and be completed in the summer of 2022.

## Lettings during the second quarter

It is great to see that activity on the market has now started to gather real momentum. In the spring we secured several lettings, including 10x Genomics, a global biotechnology company that signed a contract for more than 2,000 m<sup>2</sup> in Life City in Hagastaden. In Uppsala we signed a lease contract with a major fashion company, which will open a store measuring more than 1,000 m<sup>2</sup> in Gränbystaden Galleria. In our Bas Barkarby project in Järfälla, we have let as much as 3,400 m<sup>2</sup> to Svea Education and around an additional 1,400 m<sup>2</sup> to Värmdö Tekniska Utbildningar. Both lettings are conditional on the approval of the Swedish Schools Inspectorate. In Sickla several retail tenants signed new contracts, as some relocations are taking place as part of the reconstruction project at the shopping centre.

Unfortunately a tenant in one of our projects decided to use its option to leave more than 4,000 m<sup>2</sup>, which has had a major impact on our net letting. The tenant will need to pay a penalty for returning these premises, which we will receive in the fourth quarter of this year.

## Opening of Hotel Tapetfabriken

It is fantastic that our Hotel Tapetfabriken project has finally opened its doors at Marcusplatsen in Sickla. The hotel is going to be a hub in this area and will help to make this a vibrant and buzzing city district at all times of the day and night. This is an incredibly important piece of the puzzle in the transformation of Sickla into a dense city with mixed-use developments. Tapetfabriken is an impressive project. The ground floor covers as much as 2,000 m<sup>2</sup> with a combined lobby, bar, restaurant and conference room. The ceiling is up to 12 metres high in some areas! I can only echo what Petter Stordalen said when he walked through the doors at the opening. "WOW! This could be in New York".

I would like to take this opportunity to wish you all a wonderful summer!

Annica Ånäs, CEO



**The housing market remains very strong in the subsidiary markets where we operate. The second block in Nobelberget is virtually sold out.**





Photo: Nordic Choice Hotels

## ATRIUM LJUNGBERG AS AN INVESTMENT

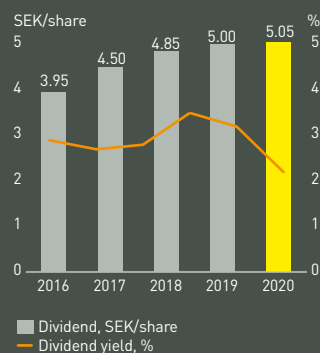
# Four reasons to own shares in Atrium Ljungberg

## STABLE DIRECT 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

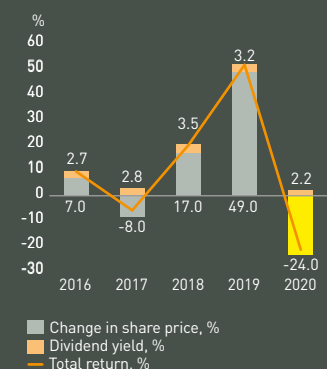


## POTENTIAL FOR GOOD VALUE GROWTH

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.

### Share's total yield

– A total yield averaging 11 per cent over the past five years



## LOW FINANCIAL RISK

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

### Gearing ratio and interest coverage ratio

– Stable gearing ratio with a higher interest coverage ratio



## 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.

### Proportion of environmentally certified properties

– The goal is to have 100 per cent certified buildings by the end of 2021



# Sustainable urban development focusing on diverse cities

**We currently own, develop and manage** properties totalling 1,046,000 m<sup>2</sup> letting area with a property value of SEK 48 billion.

**Our focus** is on developing attractive urban environments in Stockholm, Gothenburg, Malmö and Uppsala. Working with the municipalities, our customers and the people living in the cities, we build vibrant urban environments where offices, residential and retail mix with culture, services, healthcare and education.

**We believe strongly in innovation** and the development of attractive locations for the future. Attractive city districts are not only about buildings; what happens inside and between the buildings is just as important.

**Through the subsidiary, TL Bygg**, a building contractor, Atrium Ljungberg's offer is being expanded and strengthens our business, allowing us to carry out projects with high levels of efficiency and flexibility.



## OUR 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.

## VALUES

**Our values form an integral part** of everything we do and guide us in how we deal with our customers and other stakeholders. Caring for people and the environment is a key part of our business activities and is reflected in our values, processes, action plans and daily routines.

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

**LONG-TERMISM**  
The future permeates everything we do – from our ownership and sustainable solutions to how we work internally within the company and in our relationships with customers and partners.

**RELIABILITY**  
We keep our promises. The motto of 'our handshake is our bond' is just as relevant today as it has always been.

**INNOVATIVE THINKING**  
We identify opportunities and always find the best solutions in our own way. We want to learn, try out new ideas and find new ways of collaborating so that we can create an attractive customer offering.

## BUSINESS MODEL

**PROJECT DEVELOPMENT**  
Our project development comprises both new builds and reconstructions/extensions and takes place in attractive locations in metropolitan regions, often with our existing property holdings. Our projects are run by our own staff – from the original concept to the time people move in. The return on projects is to be more profitable than acquiring properties with an existing cash flow. Projects therefore contribute to both net operating growth and value growth.

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

**ACQUISITION 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 receive a good return through our project development. We sell properties where we realise that there are no opportunities for long-term development in line with our business model and vision. Most of the properties we have sold over the last few years have been retail.

## CREATING VALUE FOR STAKEHOLDERS

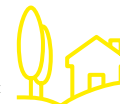
**CUSTOMERS**  
We are a long-term landlord that works closely with our customers, which creates continuity and security. By having local management staff, we can identify customer needs early on, and therefore create the right conditions for them to develop and conduct profitable, sustainable business. Meeting places with a mix of activities generate added value for our customers, where the different players benefit from one another.



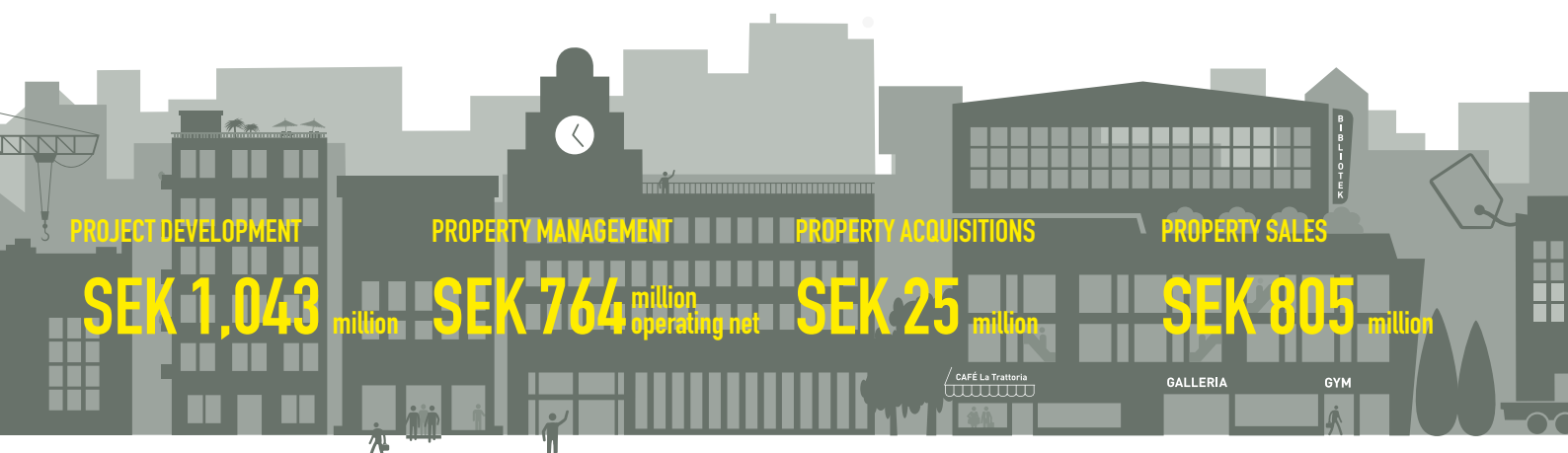
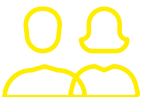
**OWNERS AND INVESTORS**  
Our business model, innovative sustainable urban development and a large project portfolio concentrated among attractive areas in four growing metropolitan regions provide a firm foundation for a stable rate of investment. By investing in held properties and managing them effectively, we create good value growth for Atrium Ljungberg's owners.



**SOCIETY**  
We create sustainable urban environments where people want to live, work and spend time. We take advantage of the financial, social and environmental values that already exist and add new ones that increase the attractiveness of the location. We put the conditions in place for vibrant urban environments with a mix of offices, residential, retail, service, education and culture, and we take on a lot of responsibility for a location in terms of security, services and parks.



**EMPLOYEES**  
We have in place strongly-rooted core values and a good workplace culture, clear goals and the potential for development, which allows our employees to be happy, to thrive and to deliver at their very best. Our workplace stimulates collaboration, creativity and efficiency, which are essential components for a company to succeed.



# CONSOLIDATED INCOME STATEMENT

	Half year 2021 Jan–Jun	Half year 2020 Jan–Jun	Quarter 2021 Apr–Jun	Quarter 2020 Apr–Jun	Full year 2020 Jan–Dec	12 months 2020/2021 Jul–Jun
Amounts in SEK m						
Rental income	1,137	1,227	565	579	2,344	2,254
Net sales, project and construction work	609	237	482	153	495	866
<b>Net sales</b>	<b>1,745</b>	<b>1,464</b>	<b>1,046</b>	<b>732</b>	<b>2,839</b>	<b>3,120</b>
<b>Property management costs</b>						
Service charge-related costs	–81	–92	–31	–36	–165	–154
Other operating costs	–98	–120	–49	–64	–208	–187
Management costs	–77	–89	–39	–46	–166	–154
Repairs	–18	–23	–10	–11	–45	–41
Property tax	–91	–88	–46	–43	–185	–189
Non-deductible VAT	–6	–5	–3	–2	–9	–11
	<b>–373</b>	<b>–416</b>	<b>–177</b>	<b>–203</b>	<b>–779</b>	<b>–735</b>
<b>Project and construction work costs</b>	<b>–484</b>	<b>–239</b>	<b>–385</b>	<b>–152</b>	<b>–508</b>	<b>–752</b>
<b>Gross profit</b>	<b>889</b>	<b>809</b>	<b>484</b>	<b>377</b>	<b>1,552</b>	<b>1,632</b>
– of which gross profit/loss property management (operating surplus)	764	811	388	376	1,565	1,518
– of which gross profit/loss from project and construction work	125	–2	96	1	–13	114
Central administration, property management	–37	–39	–20	–21	–75	–72
Central administration, project and construction work	–8	–7	–4	–3	–17	–18
	<b>–45</b>	<b>–46</b>	<b>–24</b>	<b>–24</b>	<b>–91</b>	<b>–90</b>
Financial income	0	4	0	3	3	–1
Financial expenses	–145	–183	–78	–92	–309	–271
Leasehold fees	–16	–18	–10	–8	–31	–29
	<b>–161</b>	<b>–197</b>	<b>–87</b>	<b>–97</b>	<b>–337</b>	<b>–301</b>
<b>Profit before changes in value</b>	<b>683</b>	<b>566</b>	<b>372</b>	<b>256</b>	<b>1,124</b>	<b>1,241</b>
<b>Changes in value</b>						
Properties, unrealised	1,131	–1,207	964	279	–119	2,220
Properties, realised	–16	–68	–15	–65	–81	–29
Derivatives, unrealised	253	–240	43	–3	–252	241
	<b>1,368</b>	<b>–1,515</b>	<b>992</b>	<b>210</b>	<b>–452</b>	<b>2,431</b>
<b>Profit before tax</b>	<b>2,051</b>	<b>–949</b>	<b>1,364</b>	<b>466</b>	<b>672</b>	<b>3,672</b>
Current tax	–19	–6	–9	16	–41	–54
Deferred tax	–342	384	–217	82	236	–490
	<b>–361</b>	<b>378</b>	<b>–226</b>	<b>98</b>	<b>195</b>	<b>–544</b>
<b>Profit for the period</b>	<b>1,691</b>	<b>–570</b>	<b>1,138</b>	<b>564</b>	<b>867</b>	<b>3,128</b>
<b>Other comprehensive income</b>						
Items which will be reclassified to profit/loss						
Cash flow hedging	5	7	2	4	13	10
Tax attributable to cash flow hedging	–1	–2	–0	–0	–3	–2
<b>Total other comprehensive income</b>	<b>4</b>	<b>6</b>	<b>1</b>	<b>4</b>	<b>10</b>	<b>8</b>
<b>Total comprehensive income for the period</b>	<b>1,695</b>	<b>–564</b>	<b>1,140</b>	<b>567</b>	<b>877</b>	<b>3,136</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	13.32	–4.39	9.00	4.35	6.69	24.41

# PROFIT/LOSS JANUARY–JUNE 2021

## 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 Lindholmen 44:2 in Gothenburg which was taken into possession on 15 January 2021; Kvarngärdet 33: in Uppsala, which was taken into possession on 22 December 2020; and Eken 14 in Sundbyberg, which was taken into possession on 3 June 2020. Farsta Centrum was vacated on 1 June 2020. Kolding 3 and 4 in Kista were vacated on 1 July 2021 and the earnings are included in comparable portfolios for the second quarter.

## Net sales

The Group's net sales for the first six months amounted to SEK 1,745 million (SEK 1,464 m), of which rental income comprised SEK 1,137 million (SEK 1,227 m). The temporary rent rebates that were given as a result of the Covid-19 pandemic (rebates related to Covid-19) amounted to SEK 9 million net (SEK 38 m) for the period. The application to the government rental assistance scheme regarding the temporary rebates related to Covid-19 amounted to SEK 4 million (SEK 33 m) in this period. Rental income in comparable portfolios amounted to SEK 1,052 million (SEK 1,029), an increase of SEK 23 million or 2.2 per cent. This increase in rental income is mostly due to the lower temporary rebates related to Covid-19, which decreased by 12 million net in comparable portfolios. The development in rental income excluding rebates related to Covid-19 amounted to 0.1 per cent, with office properties increasing by 1.4 per cent and retail properties decreasing by 1.7 per cent. The increase in rental growth for office properties is primarily due to new lettings and renegotiations, but it has also been negatively affected by some large premises being vacated. This reduction in rental growth for retail properties has mostly been caused by vacancies and lower sales rent.

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

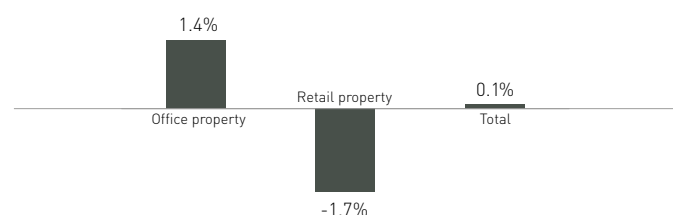
Net sales for project and construction work amounted to SEK 609 million (SEK 237 m). The increase was mostly due to the sale of Block 1 (*Kvarter 1*) of the tenant-owned dwelling project in Nobelberget.

## Rental income trend

	Half year 2021 Jan–Jun	Half year 2020 Jan–Jun	Change, %
Comparable portfolios, excl. rebates related to Covid-19	1,059	1,059	0.1%
Non-recurring payments and rebates related to Covid-19	-6	-36	
Project properties	72	75	
Properties acquired	12	1	
Properties sold	-	128	
<b>Rental income</b>	<b>1,137</b>	<b>1,227</b>	<b>-7.4%</b>

## Rental income growth in comparable portfolios

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



## Property costs

Property costs amounted to SEK 373 million (SEK 416 m) for the first six months. For comparable portfolios, property costs remain unchanged compared with the corresponding period of the previous year. The higher costs can be explained by a colder winter with higher costs for heating and snow clearance, and restrictions due to the Covid-19 pandemic in shopping centres and stores, resulting in higher costs for security and cleaning compared with the same period in the previous year. However, costs for anticipated and confirmed customer losses decreased, amounting to SEK 11 million (SEK 28 m) for the period.

## Property costs trend

	Half year 2021 Jan–Jun	Half year 2020 Jan–Jun	Change, %
Comparable portfolios	-330	-330	0.0%
Project properties	-38	-37	
Properties acquired	-5	0	
Properties sold	-0	-49	
<b>Property management costs</b>	<b>-373</b>	<b>-416</b>	<b>-10.5%</b>

## Gross profit property management

The gross profit for property management (operating surplus) amounted to SEK 764 million (SEK 811 m). This reduction is mostly due to the sale of Farsta Centrum. For comparable portfolios, the gross profit for property management, excluding rebates related to Covid-19, increased by 0.1 per cent compared with the same period of the previous year. In the second quarter, the gross profit for comparable portfolios increased by 2.9 per cent compared with the corresponding period last year.

The operating surplus margin amounted to 67 per cent (66%).

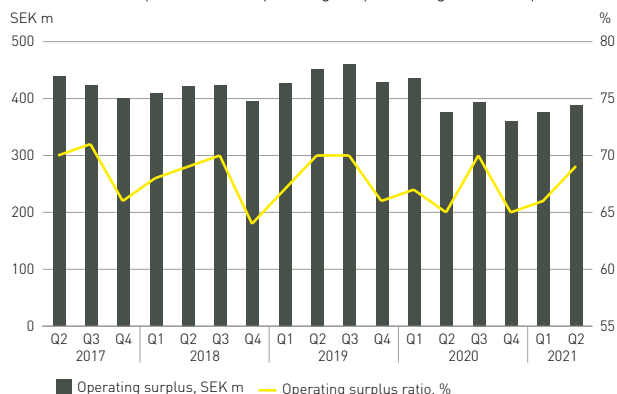
## Gross profit/loss project and construction work

The gross profit for project and construction work amounted to SEK 125 million (SEK -2 m). The improvement in gross profit was mostly due to the sale of Block 1 (*Kvarter 1*) of the tenant-owned dwelling project in Nobelberget with a gross profit of SEK 91 million and a project return of 30 per cent. The fact that a car park was not included had a positive impact on the figures.

Sales in TL Bygg amounted to SEK 397 million (SEK 397 m) for the period, of which 42 per cent (40%) refers to intra-Group sales. TL Bygg's gross profit, including intra-Group transactions, amounted to SEK 49 million (SEK 20 m). The increase in gross profit for TL Bygg is mostly due to the ruling in a dispute that found in TL Bygg's favour.

## Operating surplus and operating surplus margin

– Positive development in the operating surplus margin for the quarter







## KATARINAHUSET IN SLUSSEN

Katarinahuset has a fascinating history, with different eras and trends in architectural styles clearly visible, like growth rings. Atrium Ljungberg is currently carrying out an extensive renovation project, creating modern offices with incredible views. There are also plans for a hotel, several restaurants and the development of the building's roof terrace.

## PROFIT JANUARY– JUNE 2021, cont.

### 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 executive management as well as central support functions. Costs of central administration for property management amounted to SEK 37 million (SEK 39 m). Costs of central administration for project and construction work amounted to SEK 8 million (SEK 7 m).

### Net financial items

Financial income and expenses including leasehold fees amounted to SEK –161 million (SEK –197 m) for the first six months of the year. This reduction is mostly due to greater capitalisation of interest linked to the acquisition of land for projects. The average interest rate at the end of the period amounted to 1.6 per cent (1.8%). For more information, refer to the section on financing on pages 17–18.

### Changes in value

Unrealised changes in the value of investment properties for the period amounted to SEK 1,131 million (SEK –1,207 m) and for the second quarter SEK 964 m (SEK 279 m). The changes in value in the quarter relate primarily to improved cash flows in the short and long term, where newly signed lease agreements have been a strong contributor. A significant part of the unrealised change in value relate to project properties that are approaching completion, where improved cash flows as well as lower project risks and investment volumes have had the greatest impact. Approximately 70 per cent of the quarter's increase in value is attributable to increased cash flows and project returns. The significant negative change in market value compared with the same period in the previous year was due to greater uncertainty for retail properties as a result of the outbreak of the Covid-19 pandemic. For more information, refer to the section on property values on pages 9–11.

Unrealised changes in the value of derivatives amounted to SEK 253 million (SEK –240 m) as a result of a slight rise in market interest rates.

Realised changes in the value of investment properties amounted to SEK –16 million (SEK –68 m) and were mostly attributable to the sale of Kolding 3 and 4, which were vacated on 1 July 2021.

### Tax

The current tax for the period amounted to SEK –19 million (–6). The current tax has been affected by tax deductible depreciation and investments. Deferred tax amounted to SEK –342 million (SEK 384 m), which was mainly impacted by unrealised changes in the value of properties and derivatives.

The company tax rate for the 2021 tax year is 20.6 per cent. The deferred tax liability has been calculated at the same tax rate.

The Group's accumulated fiscal deficit amounted to SEK 5 million (SEK 52 m).

The residual tax value of the property stock amounts to SEK 18,729 million (18,594 m).

### Tax calculation for the first six months of 2021

SEK m	Data current tax	Data deferred tax
Reported profit/loss before tax	2,051	
Tax deductible		
depreciation	–297	297
investments	–110	110
Non-taxable/non-deductible		
changes in the value of properties, unrealised	–1,131	1,131
changes in the value of properties, realised	16	–16
changes in the value of derivatives, unrealised	–253	280
consolidated capitalisation of borrowing	–43	43
consolidated internal profit	11	–11
Other fiscal adjustments	–86	58
<b>Taxable profit/loss before loss carry-forwards</b>	<b>158</b>	<b>1,892</b>
Change in loss carry-forwards	–71	–
<b>Taxable profit</b>	<b>87</b>	<b>1,892</b>
Of which 20.6% current/deferred tax	–18	–390
Correction of tax from previous years	–1	13
Reversal of deferred tax for properties sold		35
<b>Reported tax expense</b>	<b>–19</b>	<b>–342</b>

### Profit

Profit before changes in value totalled SEK 683 million (SEK 566 m). Earnings from the tenant-owned dwelling project, Block 1 (*Kvarter 1*) had a positive effect, with a profit of SEK 91 million.

Profit for the period amounted to SEK 1,691 million (SEK –570 m), corresponding to SEK 13.32/share (SEK –4.39).

# CONSOLIDATED BALANCE SHEET, SUMMARY

Amounts in SEK m	30 Jun 2021	30 Jun 2020	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>ASSETS</b>					
Investment properties	47,338	43,616	46,677	42,514	46,026
Right-of-use asset, leaseholds	1,044	981	1,179	981	1,179
Goodwill	165	165	165	165	165
Other non-current assets	149	122	205	196	217
Derivatives	82	9	91	14	7
<b>Total non-current assets</b>	<b>48,777</b>	<b>44,893</b>	<b>48,316</b>	<b>43,871</b>	<b>47,594</b>
Development properties	1,106	1,152	1,334	1,104	1,308
Current assets	1,205	606	446	491	434
Cash and cash equivalents	689	764	1,231	965	279
Assets held for sale	–	–	–	4,402	–
<b>Total current assets</b>	<b>3,000</b>	<b>2,522</b>	<b>3,010</b>	<b>6,962</b>	<b>2,021</b>
<b>Total assets</b>	<b>51,777</b>	<b>47,415</b>	<b>51,327</b>	<b>50,833</b>	<b>49,615</b>
<b>EQUITY AND LIABILITIES</b>					
Equity	23,516	21,552	22,412	20,984	22,668
Deferred tax liability	5,033	4,535	4,830	4,401	4,686
Non-current interest-bearing liabilities	20,696	18,230	19,138	19,374	18,905
Non-current finance lease liability	1,044	981	1,179	981	1,179
Derivatives	387	627	376	655	662
Other non-current liabilities	245	224	232	227	229
<b>Total non-current liabilities</b>	<b>27,405</b>	<b>24,597</b>	<b>25,756</b>	<b>25,638</b>	<b>25,662</b>
Current interest-bearing liabilities	–	234	1,300	1,054	–
Other current liabilities	857	1,032	1,859	1,791	1,285
Liabilities directly attributable to assets held for sale	–	–	–	1365	–
<b>Total current liabilities</b>	<b>857</b>	<b>1,266</b>	<b>3,159</b>	<b>4,211</b>	<b>1,285</b>
<b>Total equity and liabilities</b>	<b>51,777</b>	<b>47,415</b>	<b>51,327</b>	<b>50,833</b>	<b>49,615</b>

## Customer payments

Rent receivables that relate to rental income invoiced for the second quarter of 2021 and due for payment amounted to SEK 17 million as of 30 June 2021. For rental income relating to the first quarter of 2021, the corresponding amount is SEK 18 million. Any part of the receivables that is considered to be uncertain and will therefore not have a future impact on earnings is carried as an expense.

In terms of invoicing for the third quarter of 2021, only amounts that have been paid are included in the balance sheet as of 30 June 2021. Receivables from invoicing for the third quarter of 2021 are only recognised as of 1 July 2021 and are not included in the balance sheet on the closing date.

Of the state rent subsidies of SEK 33 million that were applied for in 2020, SEK 28 million has been granted and paid out. The remaining SEK 5 million that was not granted has been further debited to the concerned tenants. During the second quarter of 2021, applications for an additional SEK 4 million were made. These are currently being processed by the National Board of Housing, Building and Planning.



## CONSOLIDATED CHANGE IN EQUITY

Amounts in SEK m	Attributable to the parent company shareholders				
	Share capital	Other capital contributions	Hedging reserves	Profit brought forward	Total equity
<b>Opening balance as of 1 January 2020</b>	<b>333</b>	<b>3,960</b>	<b>-13</b>	<b>18,506</b>	<b>22,784</b>
Profit for the period				-570	-570
Other comprehensive income			6		6
Acquisition of own shares				-19	-19
Dividend, SEK 5.00/share				-649	-649
<b>Closing balance, as of 30 June 2020</b>	<b>333</b>	<b>3,960</b>	<b>-8</b>	<b>17,267</b>	<b>21,552</b>
Profit for the period				1,437	1,437
Other comprehensive income			4		4
Acquisition of own shares				-324	-324
<b>Closing balance as of 31 December 2020</b>	<b>333</b>	<b>3,960</b>	<b>-4</b>	<b>18,380</b>	<b>22,668</b>
Opening balance as of 1 January 2021	333	3,960	-4	18,380	22,668
Profit for the period				1,691	1,691
Other comprehensive income			4		4
Acquisition of own shares				-207	-207
Dividend, SEK 5.05/share				-640	-640
<b>Closing balance, as of 30 June 2021</b>	<b>333</b>	<b>3,960</b>	<b>-1</b>	<b>19,223</b>	<b>23,516</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 1,246,000 (118 000) class B shares during the first six months, including 199,000 (-) during the second quarter. At the end of the quarter the company owned 6,728,000 class B shares (3,500,000). As of 30 June 2021, the number of outstanding shares amounted to 126,492,736 (129,720,736). The average number of outstanding shares for the period from 1 January 2021 to 30 June 2021 amounts to 126,933,819 (129,770,472).

## MARKET AND PROPERTY PORTFOLIO

### The property market

According to Savills, the total transaction volume in Sweden for the first six months amounted to SEK 95 billion. Over the past 12 months business totalling more than SEK 201 billion has been carried out; this shows that the property market is still strong and interest in property investments remains very high. Most of the transaction volume was in Stockholm, which accounted for approximately 47% of the total volume. The dominant segments were social properties and residentials, which accounted for 28% and 21% of the transaction volume respectively.

Direct yield requirements for office properties during the period are assessed to have remained at the same levels as before the end of the year on the subsidiary markets where Atrium Ljungberg operates. The letting processes continue to take slightly longer than before the Covid-19 pandemic. Direct yield requirements for retail properties are assessed to have remained stable during the period. Visitor figures for the consumer durables segment have been hit by Covid-19. However, there is 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 67 per cent (68%) of the contracted annual rent. At the end of the quarter our property portfolio contained a total of 67 properties (66) with a total area of 1,046,000 m<sup>2</sup> including garages (1,069,000).

During the period an acquisition was agreed for part of the Lundbyvasen 4:6 property in Lindholmen in Gothenburg, with possession expected at the beginning of 2024. Another property in Lindholm in Gothenburg, Lindholmen 44:2, was also acquired and taken into possession. During the year the leaseholds Kolding 3 and Kolding 4 in Kista in Stockholm, were also vacated.

In 2020 an office property in Sundbyberg in Stockholm, Eken 14, was acquired and taken into possession, as well as an office property in Uppsala, Kvarngärdet 33:2. The property Kungsängen 22:2 was also acquired in Uppsala, with possession expected at the beginning of 2023. In 2020 a total of five properties were vacated in Farsta Centrum, four with leaseholds.

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, caused by a retail property being converted into an office.

### Properties acquired and taken into possession

Property	Area	Category	Letting area, m <sup>2</sup>	Possession	Underlying price property, SEK m
Lindholmen 44:2	Gothenburg	Offices	-	January 2021	25

### Property sales

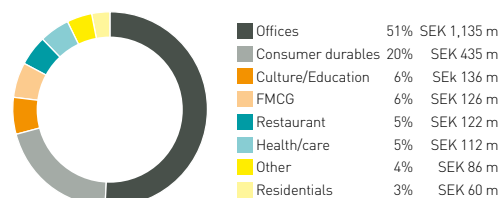
Property	Area	Category	Letting area, m <sup>2</sup>	Date vacated	Underlying price property, SEK m
Kolding 3, Kolding 4	Kista	Offices	59,506	July 2021	805

### Contracted annual rent and letting rate

As of 1 July 2021 the contracted annual rent amounted to SEK 2,213 million (SEK 2,228 m). The reduction was mostly due to the sale of Kolding 3 and 4. The economic letting rate including project properties was 91 per cent (92%), and excluding project properties, 91 per cent (92%). The vacancy rate was therefore 9 per cent (8%). 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 residential and parking was 3.5 years (3.4 years) as of 1 July 2021.

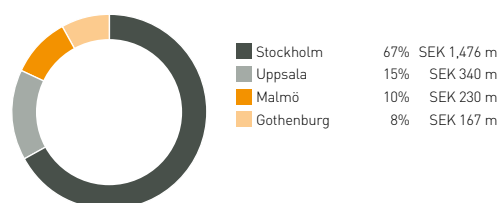
### Contracted annual rent per premises type

– A mixed portfolio creates flexibility

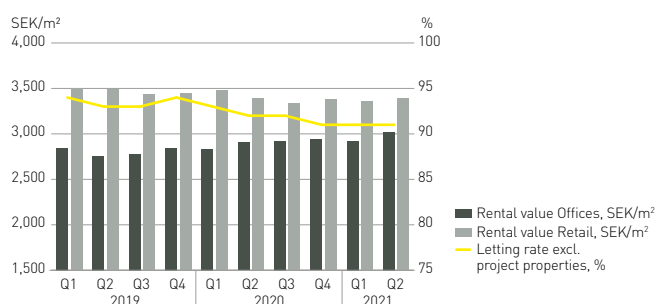


### Contracted annual rent per region

– Only in strong growth regions



### Rental value per m² and letting rate



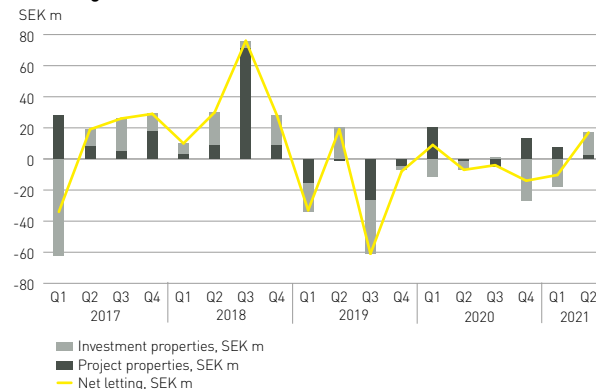
### Net letting

Net letting, i.e. newly signed contracted annual rents with deductions for annual rents lost due to terminated contracts, during the second quarter amounted to SEK 17 million (SEK –7 m), of which SEK 2 million (SEK –1 m) refers to project properties. Newly signed contracts relate primarily to the Stockholm area, and include both offices and retail, while terminations relate primarily to offices in Stockholm, where one tenant used its option to return its premises. Penalty will be received in the

fourth quarter of this year. Net letting for the first six months of the year amounted to SEK 7 million (SEK 2 m), of which SEK 10 million (SEK 19 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 commissioned an external market valuation of 45 per cent of its property portfolio's total value as of 1 July 2021. This valuation was carried out by Forum Fastighetsekonomi, Cushman & Wakefield and Savills. The remainder of the property portfolio has been internally valued and the assumed market rents, costs, vacancies and yield requirements have all been quality assured by Forum Fastighetsekonomi.

The market valuation is based on analyses of completed property transactions for properties of a similar standard and in a similar location, in order to assess the market's yield requirements. The 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.

### Market value for comparable portfolios

At the end of the period the market value for comparable portfolios was SEK 38,307 million, corresponding to 79 per cent of the property portfolio's total value.

### Development properties

Development properties are properties that are developed or intended to be developed into tenant-owned dwellings and then be sold. The

### Rental value and letting rate

Premises type	1 July 2021			1 July 2020		
	Rental value, SEK m	Rental value, SEK/m <sup>2</sup> <sup>1)</sup>	Letting rate, %	Rental value, SEK m	Rental value, SEK/m <sup>2</sup> <sup>1)</sup>	Letting rate, %
Offices	1,195	3,019	91	1,204	2,903	92
Retail	742	3,391	90	754	3,393	93
Other	224	2,154	90	220	2,064	92
Residential	48	1,756	98	57	1,761	99
Garage/parking	38	E/T	95	54	E/T	94
<b>Business area Property</b>	<b>2,247</b>	<b>3,013</b>	<b>91</b>	<b>2,288</b>	<b>2,951</b>	<b>92</b>
Project properties	182		92	129		91
<b>Total</b>	<b>2,429</b>		<b>91</b>	<b>2,417</b>		<b>92</b>

<sup>1)</sup> m² excluding garage.

development properties are reported as the lowest of the investments made and the estimated net realisable value.

The book value amounted to SEK 1,106 million as of 30 June 2021 and the market value was SEK 1,460 million as of the same date; this refers primarily to Nobelberget, Kyrkviken and Gränby Park.

#### Change in value

The unrealised change in value during the quarter amounted to SEK 964 million (SEK 279 m). The change in value is mostly due to higher operating net in the short and long term, with newly signed contracts being a major contributing factor. A significant proportion of the unrealised change in value is also from project properties that are approaching completion, for which stronger operating net, lower residual risk and the amount of investment have had the biggest impact.

#### Development rights

In total there is 410,000 m<sup>2</sup> GFA of development rights excluding land allocations and reconstructions, of which 76,000 m<sup>2</sup> GFA has a legally binding detailed development plan. 334,000 m<sup>2</sup> GFA requires a change in the detailed development plan to be able to be realised. 26,000 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 38,000 m<sup>2</sup> GFA to development properties. The book value amounts to approximately SEK 5,900/m<sup>2</sup> GFA for commercial development rights and approximately SEK 1,300/m<sup>2</sup> GFA for development rights for rental dwellings. The book value for development rights on development properties amounts to approximately SEK 3,600/m<sup>2</sup> GFA, calculated based on 170,000 m<sup>2</sup> GFA, which also includes land that does not have a detailed development plan. The volume of development rights for land allocations amounts to approximately 346,000 m<sup>2</sup>, which are mostly in Slakthusområdet, Hagastaden, Slussen in Stockholm, and Gränbystaden in Uppsala.

#### Change in the property portfolio

	Half year 2021 Jan-Jun	Half year 2020 Jan-Jun	Full year 2020 Jan-Dec
SEK m			
<b>Investment properties</b>			
Fair value at the beginning of the period	46,026	47,513	47,513
Acquisitions (after deduction of latent tax)	25	289	410
Sales	-805	-3,979	-3,979
Investments in held properties	970	1,000	2,208
Unrealised changes in value	1,131	-1,207	-119
Reclassification	-10	-	-7
<b>Fair value at the end of the period</b>	<b>47,338</b>	<b>43,616</b>	<b>46,026</b>
<b>Development properties</b>			
At the beginning of the period	1,308	997	997
Reclassification	10	-	7
Sales for tenant-owned dwelling projects	-284	-	-
Investments in tenant-owned dwelling projects	73	156	305
<b>Development properties, at the end of the period</b>	<b>1,106</b>	<b>1,152</b>	<b>1,308</b>
<b>Property portfolio, total <sup>1)</sup></b>	<b>48,444</b>	<b>44,768</b>	<b>47,334</b>

#### Unrealised changes in value, properties

	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
SEK m								
Change in yield requirements	304	231	702	286	254	-791	549	283
Change in operating net, etc.	667	-64	-79	181	25	-695	107	-
Development rights	-6	-	-	-	-	-	30	-
<b>Total</b>	<b>964</b>	<b>167</b>	<b>623</b>	<b>467</b>	<b>279</b>	<b>-1,486</b>	<b>686</b>	<b>283</b>

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

Property type	30 June 2021			30 June 2020		
	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	580	27,313	58,611	603	25,072	52,677
Retail properties	302	10,087	42,026	324	10,781	41,286
Residentials	45	1,317	34,043	45	1,274	33,171
<b>Business area Property</b>	<b>927</b>	<b>38,717</b>	<b>51,990</b>	<b>973</b>	<b>37,127</b>	<b>47,875</b>
Project properties	113	8,102	E/T <sup>2)</sup>	90	6,001	E/T <sup>2)</sup>
Land and development rights	-	518		-	488	
<b>Total Investment properties</b>	<b>1,041</b>	<b>47,338</b>		<b>1,063</b>	<b>43,616</b>	
Development properties	6	1,106		6	1,152	
<b>Property portfolio, total <sup>3)</sup></b>	<b>1,046</b>	<b>48,444</b>		<b>1,069</b>	<b>44,768</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.





## CENTRAL SICKLA

Over the past two years we have been working with Nacka Municipality to produce a vision for the development of 'Central Sickla'. The area currently comprises large car parks 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.

## Decided and completed projects

**Investments in held properties** amounted to SEK 1,043 million (SEK 1,156 m), of which SEK 608 million (SEK 699 m) was in project properties and SEK 73 million (SEK 156 m) in development properties. Investments in project properties relate primarily to projects in Sickla, Mobilia, Barkarbystaden and Hagastaden. 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.

In the first quarter of 2021 our first tenant-owned dwelling project in Nobelberget, Brf Sicklastråket, was completed, comprising 68 apartments, and in May, block 1 in Parkhusen, Uppsala, was completed with 44 rental apartments.

The remaining investment volume for decided projects amounted to SEK 2,060 million as of 30 June.

## Stockholm

### SICKLA, NACKA

**Tapetfabriken** – The old wallpaper factory at Marcusplatsen in Sickla has been developed into a hotel, with Nordic Choice Hotels as the tenant. The hotel was opened at the beginning of June and features 240 hotel rooms, conference premises, a restaurant and a lobby measuring 2,000 m<sup>2</sup>.

**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 22 June 2021, binding contracts had been signed for 98 per cent of the apartments. The project is expected to be ready for occupancy in the third 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 3,100 m<sup>2</sup> have been created for retail and service. Work is currently underway on installations and tenant adaptations. The sports and leisure company XXL signed a lease contract for a store measuring 3,100 m<sup>2</sup> on the second floor. Contracts have been signed with Rituals and Lekia for premises on the ground floor. It is expected to be completed in the third quarter, with stores scheduled to open in November 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. The County Administrative Board has revoked a building permit for an extension to Katarinahuset with reference to the design. We are now considering how to proceed.

### SLAKTHUSOMRÅDET

**The development of the Slakthusområdet area** is progressing according to plan. We have made an investment decision of SEK 160 million for the Slakthushallarna project, which will be the heart of the destination for food, culture and experiences that we create in the area, and which is so important for attracting companies to the site. The project is expected to start construction in the autumn and be completed in the summer of 2022.

### 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 companies and organisations that support the emerging life science cluster in this city district. In the second quarter we signed a lease contract with the biotechnology company 10x Genomics for more than 2,000 m<sup>2</sup>. The company, headquartered in California, has been operating a research centre in Sweden since 2018 and the company's products are used by researchers around the world. A lease contract had previously been signed with Academic Work for 17,000 m<sup>2</sup>. In the second quarter of 2021 they used an option to hand back the top floor of Life City, an area measuring 4,200 m<sup>2</sup> in return for a penalty of 18 months' rent. In the spring a contract for 800 m<sup>2</sup> was also signed with the restaurant K-märkt. This restaurant/cafe will supplement the conference and meeting activities in the building and represents an important piece of the puzzle in creating a new meeting place in Hagastaden.

Production is on schedule with the first tenants planning to move in during the fourth quarter of 2021. The entire building is planned for completion in the spring of 2022.

## 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 healthcare. Internal construction work is under-way and the building is expected to be completed in the summer of 2022.

In the second quarter of 2021 lease contracts were signed with two different upper-secondary schools and a head office for a company in the interior design sector. The letting rate is therefore 80 per cent and interest remains high in establishing activities in this building.

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 district called Parkhusen with approximately 300 apartments close to both Gränbystaden Galleria and Gränbyparken. Parkhusen will create an urban frontage and a clearly defined entrance to the park. Block 1 comprises 44 rental apartments with commercial premises on the ground floor. The project was completed in May 2021 and all apartments have been let, including the commercial premises.

**Parkhusen, block 2** – We are planning our first tenant-owned dwellings here in Gränbystaden, totalling 98 apartments. Sales for this project started in June 2021 and it is expected to be completed in the third quarter of 2023.

## Schedule for decided projects

■ Planning ■ Construction ■ Completion ■ Revenue recognition – Tenant-owned dwelling projects

	2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>New builds and extensions</b>												
Tapetfabriken												
Sickla Galleria phase IV												
Life City												
Bas Barkarby												
Parkhusen, block 1												
<b>Reconstruction</b>												
Katarinahuset												
Slakthushallarna, phase 1												
<b>Tenant-owned dwellings</b>												
Brf Sicklastråket												
Brf Konstharts												
Parkhusen, block 2												

## Decided projects

Project, property, municipality	Letting area, m²				Parking, GFA	Total investment, SEK m <sup>1)</sup>	Of which remaining, SEK m	Fair value, SEK m	Rental value, SEK m <sup>2)</sup>	Letting rate, %
	Retail	Offices	Residential units	Other						
New builds and extensions										
Tapetfabriken, Sicklaön 83:22, Nacka				10,500	4,600	440	30		E/T <sup>3)</sup>	100 <sup>4)</sup>
Sickla Galleria phase IV, Sicklaön 83:22, Nacka	5,000				6,300	150	30		16	62
Life City, Molekylen 1, Stockholm		27,500			4,400	1,680	430		110	59
Bas Barkarby, Barkarby 2:64, Järfälla		4,000		20,200		870	320		58	80
Parkhusen, block 1, Gränby 25:1, Uppsala	100		2,700			120	10		6	100
Total new builds and extensions	5,100	31,500	2,700	30,700	15,300	3,260	820			68
Reconstruction										
Katarinahuset, Tranbodarne 11, Stockholm	2,900	18,400		3,800		980	750		125	E/T <sup>3)</sup>
Slakthushallarna, phase 1, Kylhuset 26, Stockholm	2,200					160	110		10	E/T <sup>3)</sup>
Tenant-owned dwellings										
Brf Konstharts, Sicklaön 83:41, Nacka	300		3,600		800	280	130		E/T	98 <sup>6)</sup>
Parkhusen block 2, part of Gränby 21:4, Uppsala			5,800		1,200	270	250		E/T	– <sup>7)</sup>
Total decided projects	10,500	49,900	12,100	34,500	17,300	4,950	2,060	5,211		

<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 96 per cent. Parking is let closer to completion.

<sup>5)</sup> Divided into SEK 3,238 million for new builds and extensions, SEK 1,828 million for reconstructions and SEK 145 million for tenant-owned dwelling projects.

<sup>6)</sup> The percentage of apartments sold with binding contracts, in numbers.

<sup>7)</sup> 8 per cent booked through booking contracts.



### PARKHUSEN IN GRÄNBYSTADEN

In recent years Gränbystaden in Uppsala has been developed into a vibrant site with offices, retail, residentials, a park and meeting places. In the middle of June we started sales for our first tenant-owned dwelling project in the area. Parkhusen's second block comprises 98 apartments, which will be complete in the autumn 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 more than SEK 2 billion. In terms of area, 53 per cent of the future investments comprises offices and 36 per cent residentials, while the remaining 11 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 2022–2023

### Stockholm

**In Sickla the development** of Nobelberget is continuing with a total of 500 tenant-owned apartments. In 2021 planning started for the third residential block at the top of Nobelberget. A total of 90 apartments are being planned here, with sales expected to start at the end of 2021/start of 2022. The development of the remaining apartments will be carried out gradually based on market demand. In Nobelberget, we are creating an attractive and dense urban environment with residentials, office premises, restaurants 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 the Stockholm Regional Council 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 summer 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 blocks and construction is expected to start in the summer of 2022.

**In Sundbyberg** we own the properties Eken 6 and Eken 14; Marabou's old chocolate factory and head office. In the first quarter of 2021 we received a positive planning decision for developing the Eken 14 property. We want to create a vibrant area here, inspired by its historic environment. This includes making Marabou Park more accessible by providing a new entrance. Modern workplaces are being created in a central location, which will also be developed with a wide range of cultural and service activities. The development plans comprise a total of more than 26,000 m<sup>2</sup> GFA.

### Gothenburg

**In the second** quarter our application for a planning decision was approved for the reconstruction and extension project for the Tornen property in Gothenburg. The detailed development plan is expected to start in 2022.

### Malmö

**In Mobilia** we have a development right of 5,400 m<sup>2</sup> GFA for offices on the street Trelleborgsvägen. The programme and system documentation was completed towards the end of 2020 and the application for a building permit has been submitted. 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 blocks in Parkhusen, there is also the potential for approximately 150 more apartments within the framework of the existing detailed development plan.





White Arkitekter/  
City of Stockholm

#### HAGASTADEN

Hagastaden is growing to become a new dynamic city district and one of the world's leading life science clusters. In the east of Hagastaden we have a land allocation, where we are planning to build an office property of approximately 24,000 m<sup>2</sup>, which will feature an undulating facade and incredible views of Brunnsviken lake and Haga Park.

## Major development areas, project starts after 2023

### 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 around 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 process for residential in Kyrkviken, northern Nobelberget and Central Sickla 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. 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

**Atrium Ljungberg's vision, which we share with the City of Stockholm**, is for Slakthusområdet to be an attractive location with offices and residential, supplemented with a wide variety of food, culture and experiences. A brand new meeting place and an engine for the entire Söderort. 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 to place call-off orders for 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 residential, 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 and in May the first detailed development plan became legally

binding. In March 2021 we signed a cooperation agreement with Stockholm University of the Arts (SKH) about a move to Slakthusområdet. The university area is planned to comprise approximately 30,000 m<sup>2</sup> GFA of educational premises and workplaces. Stockholm University of the Arts provides education and research in areas such as film, media, opera, circus and acting, and organises a number of large public events every year. In April we placed a call-off order for a land allocation at Evenemangstorget for SKH, as well as an office development right totalling approximately 36,000 m<sup>2</sup> GFA in accordance with our agreement with the City of Stockholm. The planning work for these development rights started in May. The cultural offer in Slakthusområdet has expanded during the year with concert and festival facilities and children's and youth culture facilities. This includes the creative talent initiative Juice Studios. This project is a unique collaboration between business, the public sector and the non-profit sector, and has several financial backers and partners. The investment decision for Slakthushallarna heralds the launch of the new food destination that we want to develop 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 in 2025, right next to the retail hub that is planned to open in 2026.

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 55,000 m<sup>2</sup>

NRA 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 vibrant hub and a destination for both tourists and people living in Stockholm.

## 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 Brunnsvikens 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 Brunnsvikens 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. Construction is scheduled to start at the end of the 2023, beginning with the residential block Stanford.

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. It is one of our most important submarkets and we are focusing our operations on the City of Uppsala and Gränbystaden.

The detailed development plan for Ångkvarnen (Uppsala Kungsängen 22:2) in the City of Uppsala was adopted by Uppsala City Council on 16 June and is expected to become legally binding in 2021. The buildings 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. Possession of these properties is scheduled for the beginning of 2023, while construction is expected to start later in the same year.

Over the past six years, we have carried out a number of major development projects in Gränbystaden in order to build a captivating and vibrant cityscape with a mix of activities which together create an attractive and 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 residential and offices, including parking, south of Gränbystaden Galleria. Detailed development planning for the residential block is expected to be complete in the fourth quarter of 2021. The office district is being reworked following the opinions received as part of the consultation process. The detailed development plan is expected to be complete in the summer of 2022 with construction planned to start in 2023.

We are also looking into the possibility of starting a detailed development plan to further develop 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.

### Potential projects

	Municipality	Premises type <sup>1)</sup>	Project area, m <sup>2</sup> , GFA		Potential investment, SEK m <sup>2</sup> <sup>2)</sup>
			Detailed development plan exists	Change to detailed development plan required	
Barkarby	Järfälla	Offices	6,000		
Lindholmen	Gothenburg	Offices		23,000	
Hagastaden	Stockholm	Residential units	39,000		
Hagastaden	Stockholm	Offices	36,000	26,000	
Hagastaden	Stockholm	Retail	1,000		
Mobilia	Malmö	Offices	5,000		
Sickla	Nacka	Residential units	38,000	143,000	
Sickla	Nacka	Offices		121,000	
Slakthusområdet	Stockholm	Education		34,000	
Slakthusområdet	Stockholm	Residential units		35,000	
Slakthusområdet	Stockholm	Offices		92,000	
Slakthusområdet	Stockholm	Hotels		4,000	
Slakthusområdet	Stockholm	Other		22,000	
Sundbyberg	Sundbyberg	Offices		26,000	
Södermalm	Stockholm	Retail		16,000	
Södermalm	Stockholm	Hotels		5,000	
Södermalm	Stockholm	Offices	46,000		
Södermalm	Stockholm	Culture/restaurant	6,000		
Uppsala	Uppsala	Residential units	12,000	46,000	
Uppsala	Uppsala	Offices		54,000	
Uppsala	Uppsala	Retail	5,000		
<b>Total</b>			<b>194,000<sup>3)</sup></b>	<b>647,000<sup>4)</sup></b>	<b>36,000</b>

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

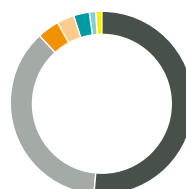
<sup>2)</sup> The investment volume relates to investments in existing properties and future development rights, including any land acquisitions.

<sup>3)</sup> Of which around 40,000 m<sup>2</sup> relates to reconstruction and around 80,000 m<sup>2</sup> GFA relates to land allocations.

<sup>4)</sup> Of which around 90,000 m<sup>2</sup> relates to reconstruction and around 260,000 m<sup>2</sup> GFA relates to land allocations.

### Potential projects by premises type

– Residential and offices account for almost 90 per cent of the area



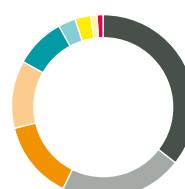
### Potential projects by detailed development plan

– There is a detailed development plan for almost one quarter of the area



### Potential projects by area

– Stockholm is the focus of this area



### Potential projects at underground stations

– More than 80 per cent of the area at new or existing underground stations



# Financing

## The financial market

It was in the middle of the second quarter of 2021 that the third wave of Covid-19 reached its peak in Sweden. At the end of May the Swedish government and the Public Health Agency of Sweden jointly presented a plan for the gradual opening up of the country, with the first easing of restrictions coming into effect in June.

In its most recent assessment of the economy the National Institute of Economic Research stated that the expected low and falling transmission of the virus will create good conditions for the rapid recovery of the economy to continue. Household consumption of traditionally contact-intensive services is expected to increase, while the savings ratio remains high. The outlook is also positive for companies. Growing demand in the market is expected to result in the rapid growth of the Swedish export market in the coming quarters. However, the continued development of the pandemic, particularly the effect of new mutations, remains a clear risk factor.

In the USA inflation has risen and there are now calls to normalise monetary policy more quickly than had previously been announced. In the EU, the situation is reversed, with a weak inflation forecast supporting the continuation of an expansive monetary policy. In Sweden the most recent inflation figures were slightly lower than had been predicted by the Riksbank, while long-term inflation predictions have risen slightly according to an analysis from Prospera.

Both the short and long Swedish market interest rates were virtually the same at the beginning and end of the quarter. 3M Stibor was a few basis points below 0%, while the 10-year swap rate stood at 0.78%.

Conditions for property companies on the Swedish capital market remained favourable during the quarter, which Atrium Ljungberg made use of through two bond issues.

## 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 20,696 million (SEK 18,464 m). During the second quarter, interest-bearing liabilities increased by SEK 258 million. This increase is a net effect of higher volumes of bonds and repaid commercial papers.

The average interest rate at the end of the quarter amounted to 1.6 per cent (1.8%). Including unutilised loan guarantees the average interest rate was 1.7 per cent (1.8%). The average fixed interest term was 4.9 years (5.5 years) and the average capital commitment term was 4.8 years (4.9 years). The interest coverage ratio for the period amounted to 5.8 (4.1). 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 first six months, it amounted to 42.7 per cent (41.2%).<sup>1)</sup>

Unutilised loan guarantees in addition to loan guarantees which cover outstanding commercial paper amounted to SEK 2,845 million (SEK 4,271 m). The unutilised overdraft facility amounted to SEK 300 million (SEK 300 m).

## Securities

Atrium Ljungberg's borrowing is partly secured by real estate mortgages. Of the interest-bearing liabilities, SEK 7,398 million (SEK 8,013 m) is secured by mortgage deeds which corresponds to 14 per cent (17%) in relation to the total assets.

## Green financing

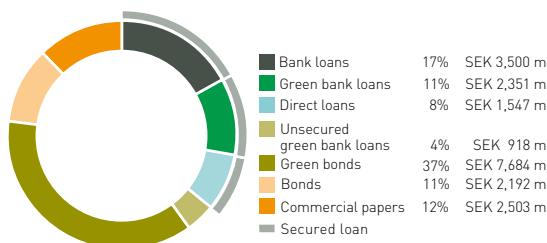
Atrium Ljungberg creates attractive and sustainable cities, and we are focusing on improving resource efficiency as part of our sustainability strategy, which will reduce our environmental impact. This also enables us to access green financing.

Green financing accounts for 53 per cent (47%) of the total loan volume. At the end of the quarter, there were SEK 7,684 million (SEK 5,400 m) in green bonds outstanding, as well as SEK 3,269 million (SEK 3,274 m) of green bank loans.

<sup>1)</sup> The adjusted gearing ratio amounted to 42.0 per cent (41.2%).

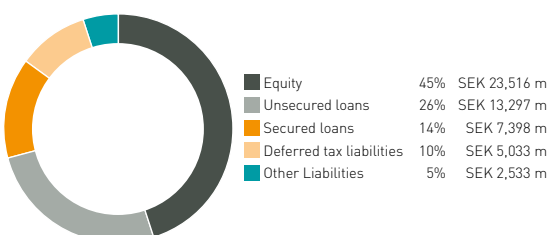
## Interest-bearing liabilities

– SEK 20.7 billion in liabilities with 53 per cent green financing



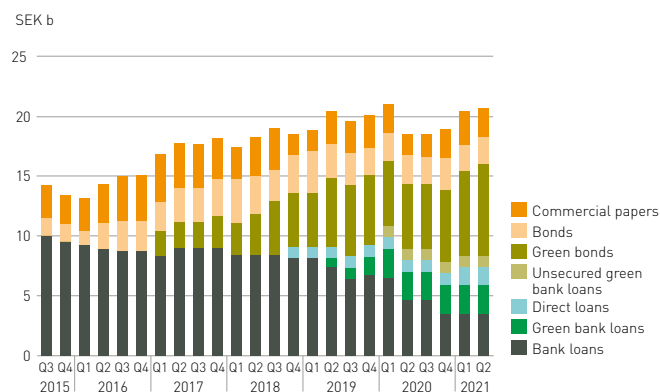
## Capital structure

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



## Development of financing sources

– Higher volumes of green bonds and lower volumes of commercial papers





## Fixed interest

Commitment period	Amount, SEK m	Percentage, %	Average interest, % <sup>11</sup>
2021	4,964	24%	1.2
2022	200	1%	1.6
2023	200	1%	0.6
2024	1,498	7%	1.6
2025	1,450	7%	1.6
2026 and thereafter	12,384	60%	1.9
<b>Total</b>	<b>20,696</b>	<b>100%</b>	<b>1.6</b>

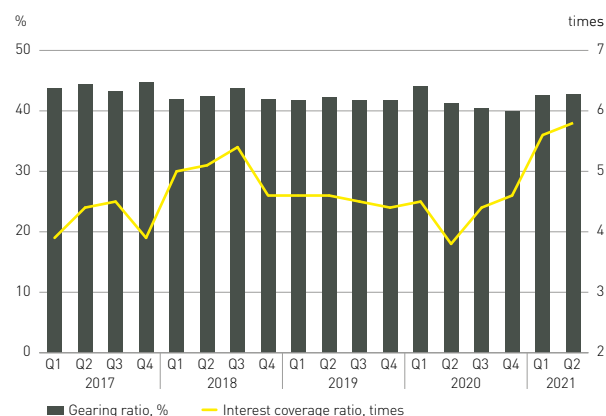
<sup>11</sup> The average credit margin for variable interest rates is spread over the time segment during which the derivative falls due for payment. The average interest is recognised excluding the cost of unutilised loan guarantees.

## Capital commitment

Commitment period	Amount, SEK m	Percentage, %
2021	–	–
2022	1,477	7
2023	3,405	16
2024	3,754	18
2025	1,389	7
2026 and thereafter	10,671	52
<b>Total</b>	<b>20,696</b>	<b>100</b>

## Gearing ratio and interest coverage ratio

– Stable gearing ratio with an improved interest coverage ratio



## Derivatives

At the end of the quarter, the derivative portfolio comprised SEK 14,585 million (SEK 13,374 m) in interest rate swaps and currency swaps, with maturity between 2024 and 2031. In addition, there is SEK 500 million in forward-starting interest swaps beginning in the fourth quarter of 2021. Currency swaps are used to eliminate the currency exposure that arises when bonds are issued Norwegian krone.

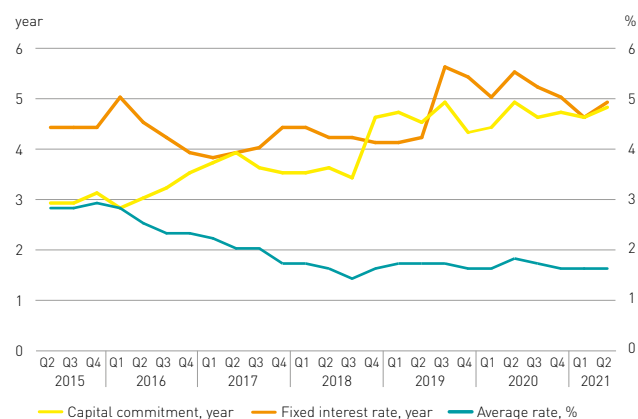
The derivatives portfolio is valued at market rate in conjunction with every closing of the accounts and the change in value is reported via the income statement. The unrealised change in the value of derivatives during the first six months amounted to SEK 253 million (SEK –240 m) as interest rates increased slightly on the terms covered by the derivatives during the first six months. The deficit book value of the derivatives portfolio amounted to SEK –305 million (SEK –618 m) at the end of the period.

## Public rating

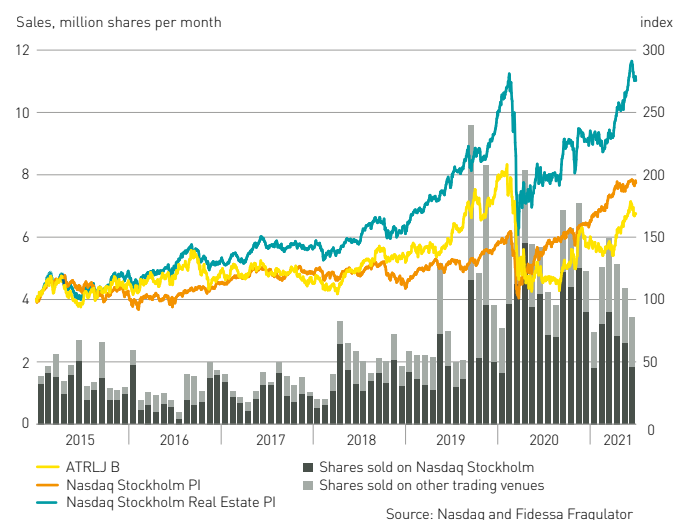
The company has an investment grade rating from the credit rating agency Moody's and was awarded Baa2 grade with a stable outlook.

## Average interest and capital commitment and fixed interest rate

– Weak rise in capital commitment and fixed interest rate and stable average interest



## The Atrium Ljungberg share



# CONSOLIDATED CASH FLOW STATEMENT

	Half year 2021 Jan–Jun	Half year 2020 Jan–Jun	Quarter 2021 Apr–Jun	Quarter 2020 Apr–Jun	Full year 2020 Jan–Dec	12 months 2020/2021 Jul–Jun
Amounts in SEK m						
<b>OPERATING ACTIVITIES</b>						
Profit before changes in value	683	566	372	256	1,124	1,241
Reversal of depreciation, amortisation and impairment	8	18	4	14	13	2
Other items not included in the cash flow	–79	–23	–91	–24	–9	–66
Tax paid	–83	–2	–76	13	6	–75
<b>Cash flow from operating activities before changes in working capital</b>	<b>528</b>	<b>560</b>	<b>209</b>	<b>258</b>	<b>1,134</b>	<b>1,102</b>
Net change in working capital	14	–240	95	–257	113	366
<b>Cash flow from operating activities</b>	<b>542</b>	<b>320</b>	<b>304</b>	<b>1</b>	<b>1,246</b>	<b>1,468</b>
<b>INVESTMENT ACTIVITIES</b>						
Acquisition of investment properties	–25	–286	0	–282	–407	–146
Investments in held properties and tenant-owned dwelling projects	–1,031	–1,156	–547	–586	–2,513	–2,388
Sale of properties	–	3,797	–	–	3,797	0
Investment in financial non-current assets	84	–56	53	71	–145	–5
Purchase/sale of equipment	–5	–12	–1	–9	–8	–1
<b>Cash flow from investment activities</b>	<b>–977</b>	<b>2,287</b>	<b>–495</b>	<b>2,991</b>	<b>724</b>	<b>–2,540</b>
<b>FINANCING ACTIVITIES</b>						
Change in other non-current liabilities	4	2	1	–3	5	7
Loans raised	8,205	3,490	4,310	549	5,886	10,600
Repayment of debts	–6,517	–5,123	–3,987	–3,089	–7,047	–8,441
Dividends paid	–640	–649	–640	–649	–649	–640
Buy-back of own shares	–207	–19	–36	–	–343	–531
<b>Cash flow from financing activities</b>	<b>844</b>	<b>–2,300</b>	<b>–351</b>	<b>–3,193</b>	<b>–2,149</b>	<b>996</b>
<b>Cash flow for the period</b>	<b>410</b>	<b>308</b>	<b>–542</b>	<b>–201</b>	<b>–177</b>	<b>–74</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>279</b>	<b>457</b>	<b>1,231</b>	<b>965</b>	<b>457</b>	<b>764</b>
<b>Cash and cash equivalent at the end of the period</b>	<b>689</b>	<b>764</b>	<b>689</b>	<b>764</b>	<b>279</b>	<b>689</b>

## COMMENTS ON THE CASH FLOW STATEMENT

The cash flow for the for the period amounted to SEK 410 million (SEK 308 m).

The cash flow from operating activities amounted to SEK 542 million (SEK 320 m), corresponding to SEK 4.27/share (SEK 2.47/share).

Net investment activities contributed to a negative cash flow of SEK –977 million (SEK 2,287 m), primarily attributable to investments in held properties, which amounted to SEK –1,031 million (SEK –1,156 m).

The cash flow from financing activities amounted to SEK 844 million (SEK –2,300 m), which is mostly attributable to loans raised, the repayment of loans, dividends and the acquisition of own shares.

Available liquidity amounted to SEK 3,834 million (SEK 5,335 m) and comprised bank deposits of SEK 689 million (SEK 764 m), unutilised overdraft facilities of SEK 300 million (SEK 300 m) and unutilised lines of credit of SEK 2,845 million (SEK 4,271 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 m<sup>2</sup> will decrease by 30 per cent between the years 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, as part of our ambition to have sustainable employees and to be an attractive employer.

## Sustainability work

The current sustainability goals will come to an end in 2021, so strategic preparations have got underway to produce a new sustainability strategy and new sustainability goals.

This work has included in-depth dialogue with our most important stakeholders and a materiality analysis, which was completed in the previous quarter. The work on these new goals has already started and is based on previous work and results.

Work will be carried out in the coming quarters with representatives from the whole organisation to define goals, targets and suitable measurement figures.

## Environmental certification

We have chosen to certify our commercial premises in accordance with BREEAM and our residentials in accordance with Miljöbyggnad. As of 30 June 2021, 69 per cent (58%) 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. Most 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 25 per cent (18%) per m<sup>2</sup>. We have achieved this because of the continuing success of our energy efficiency measures in our portfolio.

## Energy intensity

kWh/m <sup>2</sup>	2021/2020 Jul–Jun	2020/2019 Jul–Jun	Change	Change compared to 2014 <sup>1)</sup>
Heating	58	65	–11%	–37%
Property electricity	46	46	1%	–31%
District cooling	10	15	–30%	–45%
<b>Sub-total property energy</b>	<b>115</b>	<b>126</b>	<b>–9%</b>	<b>–35%</b>
Tenant electricity	55	56	–2%	–11%
Tenant electricity, estimated	16	16	–1%	–42%
Process cooling	15	14	4%	
<b>Total energy intensity</b>	<b>200</b>	<b>212</b>	<b>–6%</b>	<b>–25%</b>

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

## Sustainable employees

We have taken part in the Great Place to Work® evaluation of 'Sweden's best workplaces' since 2011. Our goal is to achieve an average index of 85 per cent. In 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, which means that we have exceeded this goal as of 30 June 2021.

	1 July 2021	1 July 2020
Green lease contracts, share of contracted annual rent	51%	41%

## 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 25 in our 2020 Annual Report.

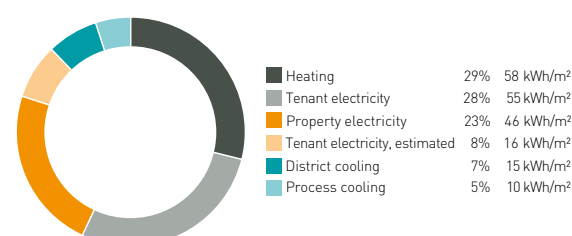
SEK m	Half year 2021 Jan–Jun	Half year 2020 Jan–Jun	Full year 2020 Jan–Dec	12 months 2020/2021 Jul–Jun
Current tax	19	6	41	54
Property tax	91	88	185	189
Non-deductible VAT	71	28	134	177
<b>Taxes</b>	<b>181</b>	<b>121</b>	<b>361</b>	<b>420</b>
Leasehold fees	16	18	31	29
<b>Society</b>	<b>197</b>	<b>139</b>	<b>392</b>	<b>450</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 53 per cent (47%) of the total loan volume. At the end of the period, there was SEK 7,684 million (SEK 5,400 m) of green bonds outstanding, as well as SEK 3,269 million (SEK 3,274 m) of green bank loans.

## Energy intensity

– 43 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.

2021  
Jan–Jun

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	1,148				–12	1,137
Net sales, project and construction work		379	397	776	–167	609
<b>Net sales</b>	<b>1,148</b>	<b>379</b>	<b>397</b>	<b>776</b>	<b>–179</b>	<b>1,745</b>
Property management costs	–376				3	–373
Project and construction work costs		–291	–348	–639	155	–484
<b>Gross profit</b>	<b>773</b>	<b>88</b>	<b>49</b>	<b>137</b>	<b>–21</b>	<b>889</b>
Central administration	–37	–2	–6	–8	–	–45
Financial income and expenses					–161	–161
<b>Profit before changes in value</b>	<b>736</b>	<b>86</b>	<b>43</b>	<b>129</b>	<b>–182</b>	<b>683</b>
Changes in value <sup>2) 3)</sup>	1,116				253	1,368
Tax					–361	–361
<b>Profit for the period</b>	<b>1,852</b>	<b>86</b>	<b>43</b>	<b>129</b>	<b>–290</b>	<b>1,691</b>
Investments and acquisitions	995	60	1	60	4	1,060
Assets, at the end of the period	47,338	1,106	247	1,353	3,154	51,845

2020  
Jan–Jun

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	1,251				–23	1,227
Net sales, project and construction work		23	397	420	–183	237
<b>Net sales</b>	<b>1,251</b>	<b>23</b>	<b>397</b>	<b>420</b>	<b>–206</b>	<b>1,464</b>
Property management costs	–424				8	–416
Project and construction work costs		–7	–377	–384	145	–239
<b>Gross profit</b>	<b>827</b>	<b>17</b>	<b>19</b>	<b>36</b>	<b>–53</b>	<b>809</b>
Central administration	–39	–2	–5	–7	–	–46
Financial income and expenses					–197	–197
<b>Profit before changes in value</b>	<b>787</b>	<b>14</b>	<b>14</b>	<b>29</b>	<b>–250</b>	<b>566</b>
Changes in value <sup>2) 3)</sup>	–1,275				–239,826	–1,515
Tax					378	378
<b>Profit for the period</b>	<b>–487</b>	<b>14</b>	<b>14</b>	<b>29</b>	<b>–112</b>	<b>–570</b>
Investments and acquisitions	1,286	156	–	156	68	1,510
Assets, at the end of the period	44,597	1,152	323.9	1,476	1,342	47,415

<sup>1)</sup> The profit within project development mainly refers to earnings from tenant-owned dwelling projects, costs of investigations at early project stages and ongoing development projects.

<sup>2)</sup> Properties, unrealised SEK 1,131 million (SEK –1,207 m). Properties, realised SEK –16 million (SEK –68 m).

<sup>3)</sup> Unrealised change in value, derivatives SEK 253 million (SEK –240 m).

## Revenue type per segment

2021

Jan-Jun

Amounts in SEK m	Properties	Project development	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	1,148				-12	1,137
Net sales, project and construction work						
of which Turnkey contracts, fixed price			142	142	0	142
of which Turnkey contracts, open account			131	131	-128	4
of which Performance contracts, fixed price			0	0	0	0
of which Performance contracts, open account			101	101	-40	61
of which Other incl. tenant-owned dwelling projects		379	23	402		402
<b>Total Net sales, project and construction work</b>		<b>379</b>	<b>397</b>	<b>776</b>	<b>-167</b>	<b>609</b>
<b>Total Net sales</b>	<b>1,148</b>	<b>379</b>	<b>397</b>	<b>776</b>	<b>-179</b>	<b>1,745</b>

2020

Jan-Jun

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

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

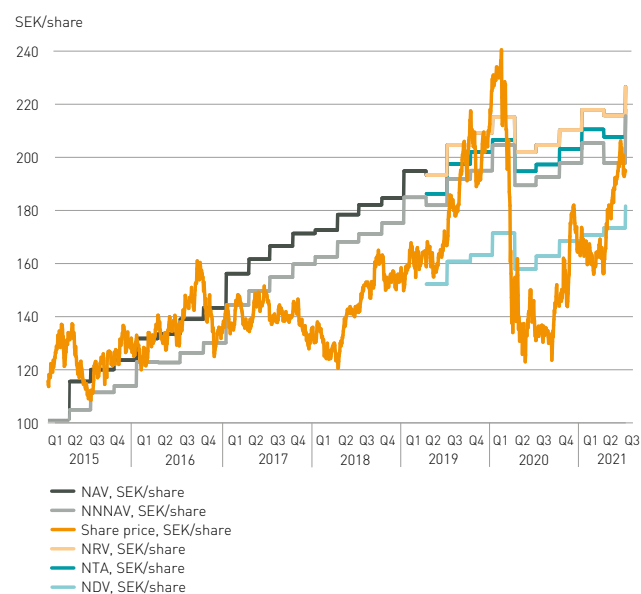
	Half year 2021 Jan–Jun	Half year 2020 Jan–Jun	Quarter 2021 Apr–Jun	Quarter 2020 Apr–Jun	Full year 2020 Jan–Dec	12 months 2020/2021 Jul–Jun
<b>PROPERTY-RELATED KEY PERFORMANCE INDICATORS</b>						
Letting rate excluding project properties, %	91	92	91	92	91	91
Letting rate including project properties, %	91	92	91	92	91	91
Operating surplus margin, %	67	66	69	65	67	67
Letting area, '000 m <sup>2</sup>	1,046	1,069	1,046	1,069	1,087	1,046
Investments in Atrium Ljungberg's held properties, SEK m	1,043	1,156	558	586	2,513	2,399
Number of properties at the end of the period	67	66	68	66	67	68
<b>FINANCIAL KEY PERFORMANCE INDICATORS</b>						
Equity/assets ratio, %	45.4	45.5	45.4	45.5	45.7	45.4
Gearing ratio, %	42.7	41.2	42.7	41.2	39.9	42.7
Adjusted gearing ratio, %	42.0	41.2	42.0	41.2	39.9	42.0
Interest coverage ratio	5.7	4.1	5.8	3.8	4.6	5.6
Average interest rate for interest-bearing liabilities, %	1.6	1.8	1.6	1.8	1.6	1.6
Return on equity, rolling 12-month period, %	13.9	4.7	13.9	4.7	3.8	13.9
Return on equity, excluding changes in value, rolling 12-month period, %	4.5	4.3	4.5	4.3	3.8	4.5
Return on total assets, rolling 12-month period, %	8.0	2.7	8.0	2.7	2.0	7.8
Return on total assets, excluding changes in value, rolling 12-month period, %	2.5	2.6	2.5	2.6	2.3	2.4
<b>DATA PER SHARE</b>						
Earnings per share, SEK	13.32	–4.39	9.00	4.35	6.69	24.41
Profit before changes in value less nominal tax, SEK	4.29	3.43	2.33	1.55	6.92	7.75
Cash flow from operating activities, SEK	4.27	2.47	2.40	0.01	9.62	11.46
Equity, SEK	185.90	166.15	185.90	166.15	177.46	185.90
Share price, SEK	194.90	131.20	194.90	131.20	172.80	194.90
Weighted average number of shares, thousands	126,934	129,770	126,553	129,721	129,554	128,146
Number of outstanding shares at the end of the period, thousand	126,493	129,721	126,493	129,721	127,739	126,493
<b>EMPLOYEES</b>						
Average number of employees	324	343	319	348	333	331

	Half year 2021 Jan–Jun	Half year 2020 Jan–Jun	Full year 2020 Jan–Dec
Earnings, SEK m	650	512	1,070
EPS, SEK/share	5.14	3.95	8.38
NRV, SEK m	28,666	26,541	27,841
NRV, SEK/share	226.62	204.60	217.95
NTA <sup>2)</sup> , SEK m	27,584	25,595	26,897
NTA <sup>2)</sup> , SEK/share	218.07	197.31	210.56
NDV	22,979	21,110	21,825
NDV, SEK/share	181.66	162.73	170.86
Vacancy rate	9%	7%	9%

<sup>1)</sup> See the definitions on pages 28–30; visit [www.al.se](http://www.al.se) for the reconciliation of key performance indicators.

<sup>2)</sup> For the calculation of NTA, an estimated deferred tax of 4.0 per cent has been used.

NRV, NTA, NDV, NNAV and share price



# QUARTERLY SUMMARY <sup>1) 2)</sup>

## INCOME STATEMENTS

Amounts in SEK m	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Rental income	565	572	555	561	579	648	644	653
Net sales, project and construction work	482	127	118	139	153	84	93	62
<b>Net sales</b>	<b>1,046</b>	<b>699</b>	<b>673</b>	<b>700</b>	<b>732</b>	<b>733</b>	<b>737</b>	<b>715</b>
Property management costs	-177	-195	-195	-167	-203	-213	-216	-194
Project and construction work costs	-385	-98	-118	-150	-152	-87	-107	-77
<b>Gross profit</b>	<b>484</b>	<b>405</b>	<b>360</b>	<b>383</b>	<b>377</b>	<b>432</b>	<b>415</b>	<b>445</b>
– of which gross profit/loss property management (operating surplus)	388	377	360	394	376	435	428	460
— of which gross profit/loss from project and construction work	96	29	-0	-11	1	-3	-14	-15
Central administration, property management	-20	-17	-21	-15	-21	-18	-23	-17
Central administration, project and construction work	-4	-4	-6	-3	-3	-4	-3	-3
	<b>-24</b>	<b>-21</b>	<b>-26</b>	<b>-18</b>	<b>-24</b>	<b>-23</b>	<b>-26</b>	<b>-20</b>
Financial income and expenses	-87	-73	-52	-88	-97	-99	-99	-107
<b>Profit before changes in value</b>	<b>372</b>	<b>311</b>	<b>282</b>	<b>277</b>	<b>256</b>	<b>311</b>	<b>289</b>	<b>318</b>
Properties, unrealised	964	167	623	467	279	-1,486	686	283
Properties, realised	-15	-1	3	-16	-65	-3	13	49
Derivatives, unrealised	43	210	33	-45	-3	-236	464	-179
Derivatives, realised	-	-	-	-	-	-	-50	-
	<b>992</b>	<b>376</b>	<b>659</b>	<b>406</b>	<b>210</b>	<b>-1,725</b>	<b>1,113</b>	<b>152</b>
<b>Profit before tax</b>	<b>1,364</b>	<b>687</b>	<b>940</b>	<b>683</b>	<b>466</b>	<b>-1,414</b>	<b>1,402</b>	<b>469</b>
Tax	-226	-135	-250	63	98	280	-358	65
<b>Profit for the period</b>	<b>1,138</b>	<b>552</b>	<b>690</b>	<b>745</b>	<b>564</b>	<b>-1,134</b>	<b>1,044</b>	<b>534</b>

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

	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
<b>Property-related key performance indicators</b>								
Letting rate excluding project properties, %	91	91	91	92	92	93	94	93
Letting rate including project properties, %	91	91	91	92	92	92	93	92
Operating surplus margin, %	69	66	65	70	65	67	66	70
Letting area, '000 m <sup>2</sup>	1,046	1,089	1,087	1,078	1,069	1,171	1,176	1,177
Investments in Atrium Ljungberg's held properties, SEK m	558	485	704	653	586	570	666	402
Number of properties at the end of the period	67	70	67	66	66	70	70	69
<b>Financial key performance indicators</b>								
Equity/assets ratio, %	45.4	43.7	45.7	46.1	45.5	41.3	44.6	43.8
Gearing ratio, %	42.7	42.6	39.9	40.5	41.2	44.1	41.7	41.8
Adjusted gearing ratio, %	42.0	42.6	39.9	40.5	41.2	44.1	41.7	41.8
Interest coverage ratio	5.8	5.6	7.2	4.4	3.8	4.4	4.3	4.2
Average interest rate for interest-bearing liabilities, %	1.6	1.6	1.6	1.7	1.8	1.6	1.6	1.7
Return on equity, rolling 12-month period, %	13.9	11.8	3.8	5.6	4.7	7.1	12.9	14.8
Return on equity, excluding changes in value, rolling 12-month period, %	4.5	4.2	3.8	4.0	4.3	4.7	4.6	4.8
Return on total assets, rolling 12-month period, %	8.0	6.0	2.0	3.1	2.7	4.4	8.0	15.8
Return on total assets, excluding changes in value, rolling 12-month period, %	2.5	2.2	2.3	2.4	2.6	2.6	2.7	2.7
<b>Data per share</b>								
Earnings per share, SEK	9.00	4.34	5.35	5.75	4.35	-8.74	8.07	4.13
Profit before changes in value less nominal tax, SEK	2.33	1.95	1.73	1.68	1.55	1.88	1.75	1.93
EPS, SEK	2.23	2.30	2.12	2.24	1.72	2.24	2.28	2.38
Cash flow, SEK	2.40	1.87	4.47	2.79	0.01	2.46	2.28	2.59
Equity, SEK	185.90	176.90	177.46	171.90	166.15	161.76	175.48	167.41
NRV, SEK	226.62	215.80	217.95	210.23	204.60	202.00	215.12	209.27
NTA <sup>3)</sup> , SEK	218.07	207.55	210.56	203.16	197.31	200.77	206.62	202.08
NDV, SEK	181.66	173.42	170.86	168.58	162.73	157.95	171.46	163.20
Share price, SEK	194.90	156.40	172.80	146.60	131.20	154.80	226.00	217.50
Weighted average number of shares, thousands	126,553	127,319	128,957	129,721	129,721	129,820	129,839	129,839
Number of outstanding shares at the end of the period, thousand	126,493	126,692	127,739	129,721	129,721	129,721	129,839	129,839

<sup>1)</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 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.

<sup>2)</sup> See definitions on pages 28–30. For the reconciliation of key performance indicators, visit [www.al.se](http://www.al.se).

<sup>3)</sup> For the calculation of NTA, 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 162 million (SEK 162 m). The operating profit/loss amounted to SEK -355 million (SEK -28 m). Profit after financial items amounted to SEK -80 million (SEK -98 m).

Amounts in SEK m	Half year 2021 Jan-Jun	Half year 2020 Jan-Jun	Full year 2020 Jan-Dec
Rental income	37	39	77
Management income	124	123	318
<b>Net sales</b>	<b>162</b>	<b>162</b>	<b>395</b>
Property costs	-15	-17	-32
Management and administration expenses	-154	-158	-389
Capital gain/loss from sale of properties	-338	-7	-7
Depreciation	-9	-7	-16
<b>Operating profit</b>	<b>-355</b>	<b>-28</b>	<b>-50</b>
Earnings from shares in Group companies	-5	-	3,560
Interest income and similar profit items	499	150	622
Interest expenses and similar profit items	-219	-220	-606
	<b>274</b>	<b>-70</b>	<b>3,576</b>
<b>Profit after financial items</b>	<b>-80</b>	<b>-98</b>	<b>3,527</b>
Appropriations	-2	0	72
<b>Profit before tax</b>	<b>-83</b>	<b>-97</b>	<b>3,599</b>
Current tax	-	-4	-4
Deferred tax	26	41	34
	<b>26</b>	<b>38</b>	<b>30</b>
<b>Profit for the period</b>	<b>-57</b>	<b>-60</b>	<b>3,629</b>

Capital gain/loss from sale of properties is attributable to the sale of Kolding 3 and Kolding 4. The increase of Interest income and similar profit items compared to the same period last year relates to unrealised changes in value of derivatives.

Interest-bearing liabilities amounted to SEK 16,436 million (SEK 15,527 m). These funds finance the parent company's property portfolio and are lent on to other Group companies.

Amounts in SEK m	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>ASSETS</b>			
Property, plant and equipment	294	944	1,003
Financial non-current assets	1,148	1,005	1,261
Current assets	24,830	21,333	24,837
<b>Total assets</b>	<b>26,272</b>	<b>23,282</b>	<b>27,101</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	9,338	6,877	10,243
Untaxed reserves	23	7	21
Provisions	17	80	83
Non-current liabilities	16,824	15,100	16,630
Current liabilities	71	1,218	125
<b>Total equity and liabilities</b>	<b>26,272</b>	<b>23,282</b>	<b>27,101</b>

## OTHER INFORMATION

### BUY-BACK OF SHARES

At the Annual General Meeting in March 2021, the Board of Directors of Atrium Ljungberg was authorised to take the decision to acquire the company's own shares on one or more occasions during the period until the next Annual General Meeting. 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 30 June 2021 the company owned 6,728,000 class B shares. The buy-back has been in the range of SEK 132.20–182.21 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

The accumulated sales for Atrium Ljungberg's four largest retail hubs (Gränby Norra, Gränby Galleria, Mobilia and Sickla Köpkvarter) for the period April–May 2021 shows an increase of +3.9% compared with 2020 and a reduction of –6.8% compared with 2019.

### 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 2020 Annual Report.

#### 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.

The rent rebates related to the Covid-19 pandemic that were given for the first six months amounted to SEK 13 million (SEK 71 m), which includes SEK 9 million (SEK 71 m) in the second quarter. The reduced rents in the second quarter that are expected to be compensated by the government amounted to SEK 4 million (SEK 33 m). This affected profit in the second quarter by SEK –5 million net (SEK –38 m).

#### Recognising earnings from residential developments

Earnings from the sale of properties that are intended for sale to tenant-owned associations after completion are only recognised when the property has been completed, sold and transferred to the tenant-owned association. Earnings are recognised gross in Net sales, project and construction work and Project and construction work costs.

### Parent company's accounting policies

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

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

The parent company recognises derivatives at the lower of cost and fair value. There are negative fair values as of 30 June 2021, which means that a liability of SEK 387 million (SEK 627 m) has been recognised in the balance sheet. A positive change in value of SEK 275 million (SEK –278 m) has been recognised in the income statement in net financial expenses.

### 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 20,696 million (SEK 18,464 m) and their fair value totals SEK 21,068 million (SEK 18,741 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.

### NET REINSTATEMENT VALUE, ETC.

Atrium Ljungberg recognises Management earnings less nominal tax, Vacancy Rate, NDV, NRV and NTA in accordance with the definitions produced by the European Public Real Estate Associations. When calculating NTA, 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.

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 2021 tax year fell 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 2020 Annual Report and the section entitled "Risks and risk management" on pages 74–80.

**FORECASTS**

Atrium Ljungberg is well-equipped for the future. As the company has a 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.

**EVENTS AFTER THE CLOSING DATE**

On the first of July 2021, the leaseholds Kolding 3 and 4 were vacated. As the transaction is not conditional and the withdrawal took place on the first of July, the leaseholds are considered sold in this report and are not included in the balance sheet per 2021-06-30.

**The interim report has not been subject to review by the company's auditors.**

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

Nacka, 7 July 2021

Johan Ljungberg  
Chairman of the Board

Gunilla Berg  
Board Member

Simon de Château  
Board Member

Conny Fogelström  
Board Member

Erik Langby  
Board Member

Sara Laurell  
Board Member

Annica Ånäs  
CEO

# 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 from 2020 are now available, reversal from 2020 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.

### 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.

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 is recognised in accordance with EPRA's definition.

### 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, rolling 12-month period, %

Profit for the period for the last 12 months as a percentage of average 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, rolling 12-month period, %

Profit for the period excluding changes in value for the last 12 months as a percentage of 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, rolling 12-month period, %

Profit before tax for the last 12 months plus interest expenses for the last 12 months 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, rolling 12-month period, %

Profit before changes in value for the last 12 months plus interest expenses for the last 12 months 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.

### 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

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. This is recognised in accordance with EPRA's definition.

### 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.

### Property costs

Total property management costs, which exclude central administration.

### Management earnings less nominal tax (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 (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. This is recognised in accordance with EPRA's definition.

### 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.

### 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.

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 is recognised in accordance with EPRA's definition.

### Average number of outstanding shares

Weighted average number of outstanding shares calculated in a uniform manner for 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

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<sup>2</sup>

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.

**Vacancy rate, %**

The rental value of unlet premises divided by the rental value of the entire property portfolio. Project properties are excluded.

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 comparable 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.

**Comparable 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**

Total 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.

**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.

# INFORMATION FROM ATRIUM LJUNGBERG

The **Annual Report** and interim reports are published on our website. 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

Interim report Jan–Jun 2021	7 July 2021
Interim report Jan–Sep 2021	15 October 2021
2021 Preliminary Financial Statements	10 February 2022
2021 Annual Report	2 March 2022
Interim report Jan–Mar 2022	13 April 2022
Interim report Jan–Jun 2022	8 July 2022
Interim report Jan–Sep 2022	14 October 2022

## PRESS RELEASES DURING THE QUARTER

Contract signed with a specialist doctor in Bas Barkarby	13 April 2021
Swedish National Courts Administration expands in Sickla	15 April 2021
More residentials in Gränbystaden	21 April 2021
Restaurant K-märkt moves to Life City in Hagastaden	22 April 2021
Award-winning advertising agency moves to Sjömansinstitutet	21 April 2021
Contract signed with Kry in Hagastaden	28 April 2021
Contract signed with 10x Genomics in Life City	17 June 2021
Properties in Kista are sold	21 June 2021
Two lease contracts are signed in Chokladfabriken	23 June 2021



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