

Year-End Report
1 January-31 December 2022

# Stability in turbulent times.



# Overview January-December 2022

- Rental income amounted to SEK 2,550 million (SEK 2,292 m), with an increase in comparable portfolios of 4.4% (2.5%).
- The operating surplus amounted to SEK 1,707 million (SEK 1,560 m), of which comparable portfolios increased by 1.7% (4.0%).
- Net sales for project and construction work amounted to SEK 585 million (SEK 792 m), while gross profit totalled SEK 25 million (SEK 107 m).
- Profit before changes in value amounted to SEK 1,178 million (SEK 1,249 m), corresponding to SEK 9.34/share (SEK 9.86/share).
- Unrealised changes in the value of properties amounted to SEK 2,671 million (SEK 3,040 m), which included project returns of SEK 1,416 million (SEK 974 m)

- Profit for the year amounted to SEK 4,288 million (SEK 3,757 m), corresponding to SEK 33.97/share (SEK 29.65).
- → Net letting for the year amounted to SEK 115 million (SEK 40 m), of which the company itself terminated SEK -69 million (SEK -31 m) to pave the way for future projects.
- Investment for the year amounted to SEK 6,072 million (SEK 2,304 m), of which SEK 3,724 million (SEK 25 m) was for acquisitions.
- The net asset value amounted to SEK 270.60 per share, which is an increase of 12%, adjusted for the dividend.
- The Board proposes a dividend of SEK 5.30 per share (SEK 5.20 per share) to be distributed on two occasions and in equal amount of SEK 2.65 per share.

	2022	2021	2022	2021
Overview 1)	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	672	600	2,550	2,292
Net sales, project and construction work	101	95	585	792
Net sales, SEK m	773	695	3,135	3,084
Gross profit, SEK m	439	399	1,732	1,666
Profit before changes in value, SEK m	282	304	1,178	1,249
Ditto SEK/share	2.23	2.41	9.34	9.86
Unrealised changes in the value of properties, SEK m	-1,467	1,448	2,671	3,040
Profit after tax, SEK m	-1,017	1,439	4,288	3,757
Ditto SEK/share	-8.05	11.38	33.97	29.65
Property value, SEK m	60,006	51,589	60,006	51,589
Investments incl. acquisitions, SEK m	702	708	6,072	2,304
Net lettings, excl. own terminations, SEK m	30	33	184	71
Net lettings, incl. own terminations, SEK m	-9	28	115	40
Loan-to-value ratio, %	42.3	39.9	42.3	39.9
Interest coverage ratio	3.8	5.3	3.8	5.3
Average closing interest rate, %	2.2	1.7	2.2	1.7
Long-term net asset value, SEK/share	270.60	245.73	270.60	245.73
,				
Share price, SEK/share	170.90	199.70	170.90	199.70
Proportion of the value of investment properties that is taxono-				
my-aligned, %	26	30	26	30
Total energy intensity, kwh/m² (weighted to an average year)	e.t.	e.t.	178	198

<sup>&</sup>lt;sup>1)</sup> See page 20 for the complete table of key performance indicators and pages 26-27 for their definitions.

Unrealised change in value

2,671 SEK m

Operating net for comparable portfolios

+1.7 Change %

Net letting

 $115_{\text{SEK m}}$ 

Ongoing projects

9.7 SEK b

# We are prepared for tougher times.

2022 was a turbulent year to say the least. Following almost two years of a pandemic, the year was plagued by war, inflation and uncertainty. It was only natural that we, as a company, would be affected, particularly by the higher energy and interest costs. However, we worked hard to adapt our operations quickly, making the necessary adjustments and preparing ourselves for some tough years ahead.

We therefore focused heavily on cost-cutting measures and reduced our workforce by 10%, which included both consultants and our own staff. We have an incredible business concept, a unique project portfolio, and engaged and talented employees; all of which creates the perfect environment for us to achieve our long-term goals.

#### **Profit**

Our profit for 2022 reflects a turbulent year. Although we have reported a profit of approximately SEK 4.3 billion, an increase of around 15% on the previous year, the last quarter saw negative figures as a result of our properties decreasing in value.

There are two main elements that go up and down over time and impact our income statement: property values and market interest rates. The much higher financing costs, combined with a fear of taking risks, resulted in low liquidity on the property market, particularly in the latter part of the year, leading to rising yield requirements. These higher yield requirements were partly compensated by stronger cash flows, which were mostly caused by the high indexation. This resulted in our property prices rising by of 4.8% for the year as a whole, including project returns, even though there was a decrease in value of 2.4% in the final quarter. Higher market interest rates naturally impact our own financing costs. However, we have

a risk strategy in place for interest rates, with an interest rate duration of 4 years and a variable rate of 17%, which means that it will take a while before we see the full impact of this on our net interest income.

We have a strong balance sheet – this is important, particularly at a time of falling prices and recession. At the end of the year, the loan-to-value ratio stood at 42%, which will improve even more at the start of 2023 after completed property sales. A healthy liquidity buffer of approximately SEK 7 billion means that we are fully prepared for the future, and the Board has therefore resolved to propose a dividend of SEK 5.30 per share to the AGM to be distributed on two occasions and in equal amount of SEK 2.65 per share. This represents yet another year of dividend growth for our owners.

#### Office market

The office market continued to show stability, despite it being a turbulent year in macroeconomic terms. The demand for offices was constantly high, particularly in central locations, triggered by an increasing number of people returning to office work in 2022. However, the current recession means that we are witnessing a certain amount of caution among potential customers. This has led to an increase in the demand for flexible solutions, including co-working and shorter lease contracts.



"We have sold our Skotten property on Drottninggatan. This deal is worth SEK 1.9 billion and makes us more financially resilient moving forwards."

#### Residential market

In Sweden as a whole, the prices of tenant-owned dwellings fell by as much as 14% from their peak and the number of residentials sold plummeted in 2022. Newbuild residentials reported a much greater fall than oldbuild residentials and they are now at their lowest level since the start of 2014. We also feel this market development in our two ongoing condominium projects.

At the moment we have no plans to reduce the prices of the apartments we have for sale, which number around 100. The attractiveness of the location is still generating interest and it is our assessment that sales will increase the closer we get to the moving-in date.

#### Retail

The retail sector reported positive growth in 2022, despite it being a difficult year in many respects. Our retail hubs showed good progress, with the Christmas trade exceeding the figures from the previous year. In fact 2022 as a whole was a record year for several of our hubs. One clear trend that we have witnessed since the pandemic is an increase in average purchase values. We have also noted that the companies that are doing the very best are those that really focus on the personal interaction with their customers and the overall experience, both in terms of the environment and the way that customers are treated.

#### Project portfolio

Our goal to invest in profitable projects in order to create shareholder value remains firmly in place. However, there may be a slight time lag due to the new market conditions, with the employment figures in Stockholm and the prices of tenant-owned dwellings being our most important metrics. We are continuing to work actively on our long-term project portfolio, while focusing heavily in the short term on filling vacancies and working with existing customers. We always have to be sensitive, flexible and innovative so that we can meet our customers' needs.

In the fourth quarter of 2022 the Board took the decision to invest SEK 1.3 billion in the reconstruction and modernisation of Söderhallarna on Medborgarplatsen. Söderhallarna will house offices for creative industries; the goal is also to make Södermalm the place to visit for high-quality ingredients and food crafts, with a clear focus on sustainability. The reconstruction project is scheduled to start at the beginning of 2024, with the property gradually being emptied in 2023. Terminations were recognised in the fourth quarter of 2022.

#### Deals during the quarter

Despite the troubles in the world around us, 2022 was a good year for Atrium Ljungberg in many respects and we concluded many deals. We reported extremely strong net letting during the year, which I see as evidence of the attractiveness of our locations. Our net letting ended on SEK 115 million for 2022; if we take into account the terminations we made to pave the way for future projects, net letting amounted to SEK 184 million. In the final quarter we concluded several lease contracts, including with: Region Stockholm, which expanded its area in Sickla by more than 1,200 m²; and the Swedish Chemicals Agency, which will rent almost 4,000 m² in Chokladfabriken in Sundbyberg.

#### 2023

What does 2023 have in store for us? Atrium Ljungberg has talented and engaged employees, who always focus on the customer. However, there is always the possibility that we could have more terminations than new contracts during a recession. Having said that, the long notice periods mean that it is highly unlikely that this will impact our delivery in 2023. The risk of bankruptcies is always present, but we have mitigated this risk by having such a diverse customer base. We are aware that indexation for 2023, which is almost 11%, will result in higher rental income - approximately SEK 165 million. As well as having good cost control, we have set up a plan to offset the continued volatility on the electricity market and high cost pressures in general. Although market interest rates will continue to rise, the interest rate durations we have selected means that this will only have a minor impact on us in the coming year.

In mid-January, we sold our property, Skotten, on Drottninggatan in Stockholm. This deal, worth SEK 1.9 billion, is a natural step in realizing our urban development strategy and it also makes us more financially resilient moving forwards. I am so happy that we are able to amortise our debts in the short term, while still creating the environment we need to implement our incredible projects. I am cautiously looking forward to seeing what the year 2023 has in store for us.



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Year-End Report Q4 2022

## This is Atrium Ljungberg.

Rooted in the old traditions of the master builder, we have developed our strategy and refined our property portfolio in recent years. We work with urban development to achieve our vision: 'Our city - where everyone thrives'. This is why our property portfolio and project development portfolio are located in large coherent areas that have a mix of offices, residentials, retail, culture and education in Sweden's four strongest growth markets -Stockholm, Uppsala, Gothenburg and Malmö.

#### **Business model**

#### Goal

Atrium Ljungberg will deliver a minimum 10% return on equity over time.

#### Financial risk limitations

The loan-to-value ratio can be a maximum of 45%, while the interest coverage ratio will be a minimum of 2.0.

#### Dividend policy

A minimum of 50% of profit before changes in value will be distributed every year, following deductions for full nominal tax.

#### Investment

The company can invest approximately 5% of its size annually without this having a major impact on the loanto-value ratio.

#### Agenda 2030

The company has adopted a goal to invest approximately SEK 30 billion up to 2030 in order to deliver on our goal for project returns. This will enable a project return of approximately SEK 10 billion based on assessments of future rental levels, project costs and lettings. By managing the current property portfolio effectively, this paves the way for us to double our property value and operating net by 2030 compared with 2021. The time may have to be extended due to current global issues.

The total potential investment volume amounts to approximately SEK 40 billion and stretches to the middle of the 2030s; it includes approximately SEK 28 billion for properties that are being developed to be owned (most of which are offices) and approximately SEK 12 billion in tenant-owned dwellings. This development will be carried out with properties that the company already owns or through the land allocations that it has obtained, with 87% of the project development at existing or future underground stations in Stockholm.

One important component of Agenda 2030 is our new sustainability goals, which were adopted at the end of 2021 and will take us up to 2030. Sustainability is a key business driver and a crucial component of our strategy, which is about sustainable innovative urban development.

#### Ten good reasons to be at a location

- 1. Street life 24 hours a day
- 2. Sports and activities
- 3. Cultural and learning environment
- 4. Art and cultural history
- 5. Nature and smart ecosystems
- 6. Games and social areas
- 7. Food and cafes
- 8. Calm oases
- 9. Digital infrastructure and Wi-Fi
- 10. Retail and service

Uppsala, 10%

Stockholm, 80%

Gothenburg, 5%

#### Our six sustainability goals that last until 2030 are:

- 1. We will be climate neutral by 2030, which is measured in kgCO<sub>2</sub>e/GFA for construction projects and kgCO<sub>2</sub>e/m<sup>2</sup> for property management.
- 2. In 2025, Atrium Ljungberg will have reduced its climate impact in construction projects in line with the lifecycle analyses showing a halving of KgCO2e/GFA.
- 3. Our locations will achieve at least 90% in our new social sustainability index, Our City, by 2030.
- 4. In 2025, 100% of all our main purchases will be evaluated based on Atrium Ljungberg's Supplier Code of Conduct.
- 5. Atrium Ljungberg will run at least two development programmes for suppliers every year to jointly develop the sustainability work.
- 6. Atrium Ljungberg has adopted a new goal for sustainable employees: a score of 5.5 in the Human Financial Wellness monitoring system. This decision was taken by the Board in January 2023.

Malmö, 5%

#### Property value per property type



## Sustainable enterprise.

#### Atrium Ljungberg's sustainability work

Atrium Ljungberg has sustainability goals for the period 2022–2030 that will guide our work in a sustainable direction. A number of key performance indicators are also related to sustainability that supplement these goals. In 2022 our sustainability work focused on steering the company towards these new goals and safeguarding all the processes and working methods so that we can work actively on them within the organisation. We have come a long way in working towards our new goals. The goal for social sustainability is new, which has been an instructive work to start up. For a few number of the targets, work is underway with measurement data, where the material

impact for the management is prioritized. The climate goal for new builds has an additional target to halve their impact by 2025.

In 2022 Atrium Ljungberg worked actively on many different sustainability projects. At the start of 2022 Atrium Ljungberg became the first property company to issue a sustainability-linked bond. During year we were also involved in developing industry collaboration to increase the focus on sustainability among suppliers. It is called 'The property industry's initiative for sustainable supply chains', with six major property companies as partners. We also completed two supplier development programmes during

Goal 2030 sustainability	2022	2021	2020	2019	2018	Goal/Comments
kgCO <sub>2</sub> e/GFA <sup>1)</sup>	388	-	_	-	-	0 kgCO <sub>2</sub> e/GFA 2030
Percentage change	-16	-	-	-	-	Start value 449
kgCO <sub>2</sub> e/m <sup>2 1) 2)</sup>	7	-	-	-	-	0 kgCO <sub>2</sub> e/m <sup>2</sup> 2030
Percentage change	_	-	_	-	-	Metrics are missing from previous years
Our City index, % 1)	34	-	_	-	-	Goal 90%
Suppliers evaluated, % 3)	10	2	17	-	-	Goal 100%
Supplier development program 3)	2	-	-	-	-	Goal 2 per year
Sustainable employees index, $\%$ $^{4)}$	5.7	90	89	87	88	Goal 5.0 HFW. 2018-2021 relates to GPTW
Key performance indicators						
						Goal 2030 -20%, weighted to an average
Property energy, kWh/m <sup>2</sup>	96	112	122	129		year
Tenant energy, kWh/m²	82	86	85	90	93	Weighted to an average year.
Total energy consumption, kWh/m <sup>2</sup>	178	198	207	219	234	Weighted to an average year
Total energy consumption, kWh/m²	177	-	-	-	-	Not weighted to an average year
Energy savings, $\%$ kWh/ $m^2$ compared with the previous year	-14	-8	-8	-6	0	R12, comparable portfolios, weighted to an average year
Energy savings, $\%$ kWh/m $^2$ compared with the previous year $^5)$	-8	-	-	_	-	R12, comparable portfolios, actual
Solar cells, m <sup>2</sup>	14,296	14,296	8,202	-	-	
Proportion of green contracts, %	67	59	44	36	27	Of the annual rent
Water consumption, m <sup>3</sup> /m <sup>2</sup>	0.44	0.46	0.39	0.39	0.46	
Certified area (m²), %	76	96	62	50	30	Goal 100%
Certified properties	47	53	37	30	22	
- of which BREEAM	17	17	13	13	11	
- of which BREEAM In-Use	25	33	7	14	9	
- of which Miljöbyggnad	5	6	3	3	2	
CDP rating	В	В	В	В	В	Best possible rating = A

<sup>&</sup>lt;sup>1)</sup> New goal; no historical data. <sup>2)</sup> Standardised calculations for transport to retail hubs and generated waste, materials and tenant transport are excluded. <sup>3)</sup> New goal; historical data annual basis. <sup>4)</sup> HFW, Human Financial Wellness. <sup>5)</sup> New metrics; no historical data.

the year as part of our business ethics goals; the theme was 'lower climate impact'. In 2022 we developed a new goal for sustainable employees, which was adopted by the Board in January 2023. In the autumn Katarinahuset was selected as a finalist for the BREEAM Building of the Year award.

#### The EU Taxonomy

The properties that have been assessed as meeting the taxonomy's requirements achieve the environmental objective 'climate change mitigation' as they have an energy declaration that meets the requirement for EPC A or are in the top 15% in terms of primary energy consumption in Sweden (based on the definitions for existing buildings published by Fastighetsägarna Sverige). The 'DNSH' (do no significant harm) criteria and the minimum social safeguards were also met. See pages 26-27 for the definitions of 'Total sales', 'Total investments and acquisitions', and 'Total operating expenses'.

The proportion of the value of the investment properties as of 31 December 2022 that was attributable to properties that meet the taxonomy's requirements stood at 26% (30%), while the corresponding proportion of letting area amounted to 26% (22%).

By carrying out active sustainability work in both our management and project activities, we can see a lot of potential for improving the proportion of our sales, investments and acquisitions, and operating expenses that is taxonomy-aligned. To achieve this we will continue to work on lowering energy consumption in our properties, reducing our climate impact, managing climate risks and safeguarding social requirements.

#### **EU Taxonomy**

Economic activity

Total

7.7 Acquisition and ownership of buildings

Economic activity	Tota	l sales, SEK m	Eligible, %	Aligned, %	Not aligned, %
7.1 Construction of new buildings		514	100	24	76
7.2 Renovation of existing buildings		71	100	-	100
7.7 Acquisition and ownership of buildings		2,550	100	24	76
Total		3,135	100	23	77
Economic activity	Total and	investments acquisitions, SEK m <sup>1)</sup>	Eligible, %	Aligned, %	Not aligned, %
7.1 Construction of new buildings		113	100	100	-
7.2 Renovation of existing buildings		863	100	6	94
7.7 Acquisition and ownership of buildings		4,664	100	6	94
		5,639	100	8	92

Total operating

expenses, SEK m

-155

-155

Eligible, %

100

Aligned, % Not aligned, %

16

16

## Property portfolio.

#### Property market

Despite a strong start to the year, the transaction market experienced a much cooler second half, mostly driven by higher financing costs. During the year the transaction volume in Sweden amounted to approximately SEK 220 billion. Although this figure has halved since 2021 (a year that included some major structural deals), it is fully in line with and comparable to the levels that were reported before then. However, the number of transactions and the transaction volume fell significantly after the summer; between August and December the transaction volume only amounted to approximately SEK 70 billion.

#### Property portfolio

Our property portfolio is concentrated in central locations in the growth regions of Stockholm, Uppsala, Gothenburg

and Malmö, with Stockholm accounting for 80% (76%) of the market value. At the end of the quarter our property portfolio contained a total of 76 properties (67) with a total letting area of 956,000 m<sup>2</sup> (875,000 m<sup>2</sup>).

#### Investments

During the period SEK 2,349 million (SEK 2,279 m) was invested in existing properties; this includes SEK 1,916 million (SEK 2,059 m) for properties that are being developed for ownership and SEK 433 million (SEK 220 m) for tenant-owned dwellings.

During the year two office properties measuring approximately 52,000 m<sup>2</sup> were acquired in Stockholm for SEK 3,724 million: Blästern 15 in Hagastaden and Palmfelt Center, Kylhuset 28 in Slakthusområdet.

Property portfolio, 31 Dec 2022	Letting area, '000 m <sup>2 1)</sup>	Property value, SEK m	Property value, SEK/m²	Rental value, SEK/m <sup>2)</sup>	Rental value, SEK/m²	Economic letting rate, %
Office properties	565	37,853	67,040	1,991	3,525	92.6
Retail properties	256	11,632	45,404	892	3,482	93.2
Residentials	45	1,554	34,337	101	2,235	96.7
Business area Property	866	51,039	58,931	2,984	3,445	92.9
-of which Stockholm	559	39,048	69,842	2,121	3,792	92.7
-of which Uppsala	124	5,803	46,784	410	3,303	94.2
-of which Gothenburg	73	3,119	42,631	177	2,414	91.9
-of which Malmö	110	3,069	27,953	277	2,522	92.8
Project properties	84	6,676	_	218	_	_
Land and development rights	_	881	-	_	_	-
Total Investment properties	950	58,596	_	3,202	_	-
Development properties	6	1,409				
Property portfolio, total	956	60,006		3,202		

<sup>1)</sup> Letting area, excluding garage.

#### Property sales

,					Underlying price
Property	Area	Category	Letting area, m²	Date vacated	property, SEK m
Nynäshamn Ribban 16	Nynäshamn	Land	0	10 Feb 2022	0
Sicklaön 87:1	Sickla	Offices	2,563	2 May 2022	60

#### Properties acquired and taken into possession

Property	Area	Category	Letting area, m <sup>2</sup>	Possession	Acquisition value, SEK m
Blästern 15	Stockholm; Hagastaden	Offices	21,357	1 Jun 2022	2,224
Kylhuset 28	Stockholm; Slakthusområdet	Offices	30,588	28 Apr 2022	1,500

#### Change in the property portfolio

SEK m	2022 Jan-Dec	2021 Jan-Dec
Investment properties		
Fair value, opening value	50,335	46,026
Acquisitions (after deduction of latent tax)	3,724	25
Sales	-49	-805
Investments in held properties	1,916	2,059
Unrealised changes in value	2,671	3,040
Reclassification	_	-11
Fair value, closing value	58,596	50,335
Development properties		
Book value, opening value	1,254	1,308
Reclassification	_	11
Sales for tenant-owned dwelling projects	-278	-284
Investments in tenant-owned dwell-ing projects	433	220
Book value, closing value	1,409	1,254
Property portfolio, closing value	60,006	51,589

There was a sale of a property measuring approximately 2,500 m<sup>2</sup> in Sickla for an underlying property value of SEK 60 million. The profit from a tenant-owned dwelling project in Sickla was also recognised.

#### Property valuation

During the year market valuations of 74% of the property portfolio were carried out externally, including 35% in the fourth quarter. These valuations were performed by Forum Fastighetsekonomi, Cushman & Wakefield, CBRE and Newsec. The remainder of the property portfolio has been internally valued and the assumptions have been quality assured by Forum Fastighetsekonomi.

This market valuation is based on a cash flow model that includes an individual assessment of each property, looking at both their future earning capacity and the market's yield requirements. Assumed rental levels in conjunction with contract expirations correspond to assessed long-term market rent levels, while operating costs are based on the company's actual costs. An inflation assumption of 4% has been used for 2023, after which the figure is 2%. Project properties are valued in the same way, but with deductions for the remaining investment. A risk premium is added to the yield requirement on the basis of the current phase of the project.

Development rights have been valued based on an assessed market value SEK per m² GFA for established development rights with an approved detailed development plan, or where the detailed development plan is expected to become legally binding in the near future. The average value of development rights in the valuation is approximately SEK 5,700/m² GFA (SEK 5,900 m).

At the end of the year the average yield requirement stood at 4.4% (4.2%), which was an increase of 10 bp from the start of the year and 20 bp from the previous quarter. The fourth quarter showed a continued increase in yields and a stronger cash flow (the latter is mostly attributable to the high indexation). However, there was a decrease in value of 2.4% net in the final quarter of the year.

#### Dividend yield per region

		31 Dec 2022	31 Dec 2021
%	Interval	Average	Average
Stockholm	3.3-5.8	4.1	4.0
Uppsala	3.8-5.7	5.3	5.1
Malmö	3.6-6.0	5.4	5.1
Gothenburg	4.5-4.6	4.5	4.2
Total	3.6-6.0	4.4	4.2

#### Dividend yield per property category

		31 Dec 2022	31 Dec 5051
%	Interval	Average	Average
Offices	3.3-5.8	4.1	3.9
Retail	3.7-6.0	5.2	5.0
Residentials	3.6-4.7	4.4	4.1
Total	3.6-6.0	4.4	4.2

## Development properties enable tenant-owned dwellings

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

The book value as of 31 December 2022 amounted to SEK 1,409 million (SEK 1,254 m). The market value was assessed to be approximately SEK 1,716 million (SEK 1,705 m) as of the same date; this refers primarily to Nobelberget, Kyrkviken, the rest of Sickla and Gränbystaden.

<sup>2)</sup> Annual discount of SEK 68 million has been excluded.

## Customer.

#### Contracted annual rent and letting rate

As of 1 January 2023 the contracted terminable annual rent amounted to SEK 2,804 million. The economic letting rate excluding project properties was 93% (91%) at the same point in time, while the average remaining term for contracted rent, excluding residentials and parking amounted to 4.5 years (3.9 years).

Atrium Ljungberg has a broad spread of risks in its contract portfolio in terms of sector, customer and maturity.

#### Contracted annual rent per premises type

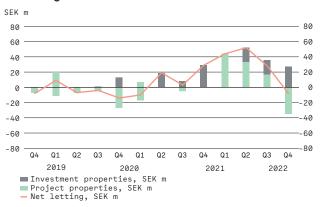
- A mixed portfolio creates flexibility



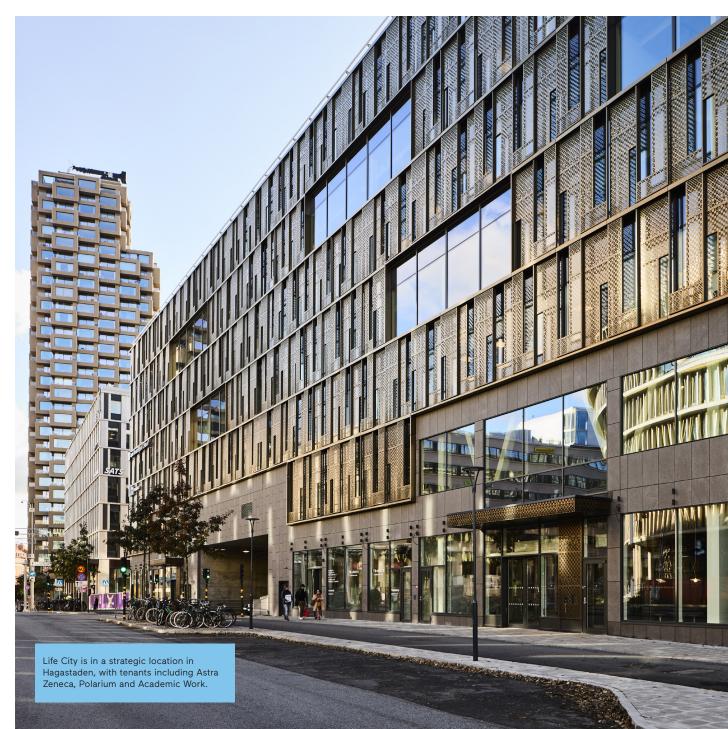
#### Net letting

Net letting, i.e. new contracted annual rent with deductions for annual rents lost due to terminated contracts, amounted to SEK 115 million (SEK 40 m) during the year, of which SEK 58 million (SEK 20 m) was for project properties. It was mostly offices in the Stockholm area that accounted for both the newly signed and terminated contracts. New letting amounted to SEK 296 million (SEK 248 m), while terminations from customers amounted to SEK 112 million (SEK 177 m). We also terminated the contract of a customer, corresponding to an annual rent of SEK 69 million (SEK 31 m). The time lag between net letting and its effect on profit is assessed to be 3–12 months for investment properties and 12–24 months for projects.

#### Net letting



Terminable annual contract value 1 Jan 2023	Number of	Letting area, Annu '000 m²		Proportion of
1 Jan 2023	contracts	7000 m-	ue, SEK m	value, %
Commercial, maturity				
2023	327	51	149	5
2024	388	168	572	20
2025	311	131	473	17
2026	253	141	519	19
2027	108	75	278	10
2028+	128	195	715	26
Total	1,515	762	2,707	97
Residentials	612	33	61	2
Garage/parking	221	86	37	1
Total	2,348	882	2,804	100



## Project portfolio.

Atrium Ljungberg's business model involves us owning, managing and developing properties and city districts responsibly and sustainably. This enables us to take responsibility for the entire value chain. The company's goal is to invest approximately SEK 30 billion up to 2030 with a project return of approximately SEK 10 billion. Combined with the effective management of the current property portfolio, this paves the way for a doubling of our property value and operating net by 2030 compared with 2021. Based on the current situation in the world, the time when the goal is to be achieved may be extended slightly.

Our project portfolio comprises both our own development rights and land allocations that we have already obtained. As of 31 December 2022 our project portfolio comprised approximately 850,000 m² GFA, which includes 210,000 m² GFA residential development rights, while the rest is for properties that we manage, specialising in offices. Most of the development portfolio is located in Stockholm, focusing on Hagastaden, Slakthusområdet, Slussen and Sickla. Approximately 85% of the portfolio is located at existing or future underground stations in Stockholm.

#### Ongoing projects

On 31 December 2022 Atrium Ljungberg had ongoing construction work totalling SEK 9.7 billion, which includes SEK 5.0 billion that still has to be invested. SEK 8.6 billion of the ongoing projects is for investments in properties that are being developed for ownership with an assessed project return of approximately 50%, corresponding to SEK 4.4 billion; SEK 2.5 billion of this has already been recognised. The company also has ongoing projects for constructing tenant-owned dwellings totalling SEK 1.1 billion, with an assessed market value of SEK 1.3 billion that will be realised as they are completed.

Decisions were made on five new projects during the year with an investment volume of approximately SEK 3.7 billion: Hus 6, Stationshuset, the upper-secondary

school; phase 2 of Slakthushallarna in Slakthusområdet; the reconstruction and refinement of the office property Blästern 11/'PV Palatset' in Hagastaden; and Söderhallarna on Medborgarplatsen. The upper-secondary school comprises approximately 6,000 m² with a lease contact of 15 years. The lease contract was approved by the City Council on 13 June 2022 and the detailed development plan became legally binding in December 2022.

Atrium Ljungberg had applied for a building permit for a new extension to Katarinahuset, which would replace the previous extension. At the end of the second quarter we received news that the building permit had not been approved, as it had been rejected by the County Administrative Board. Atrium Ljungberg lodged an appeal against this decision with the Land and Environment Court, which found in Atrium Ljungberg's favour at the beginning of 2023.

#### Planned projects

#### Hagastaden

Atrium Ljungberg has been in Hagastaden for more than 30 years and is one of the largest property owners in the area. 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 July 2022 we signed a development agreement in Hagastaden that includes two residential blocks and one office block: Cambridge, Stanford and Pisa, with an investment volume of approximately SEK 5 billion. The first phase of this project is a shared garage for these blocks and construction started in the autumn of 2022. The Stanford residential block will then be the first block to be built. In Brunnsviken in Östra Hagastaden we have an additional land allocation, where we are planning to build an 8-storey office building measuring 21,000 m² with incredible views across the water and Haga Park. The development projects in Hagastaden represent a future investment of approximately SEK 8 billion,



including SEK 4 billion for tenant-owned dwellings and the rest for offices. These projects are expected to be completed by 2030 or shortly afterwards.

#### Sickla

For more than 20 years we have been transforming Sickla from an industrial area into a vibrant city district. We have been working with Nacka Municipality to produce a vision for the development of Industrikvarteren (the Industrial District), which used to be called 'Central Sickla', stretching from Marcusplatsen in the west to Kyrkviken in the east. The area currently comprises large areas for car parking and low retail buildings. However, the plan is to transform this into an urban city district with walkways and buildings that house offices and residentials, with commercial enterprises and service facilities on the ground floors. In total the development project comprises approximately 150,000 m<sup>2</sup> GFA and around 500 new apartments. The detailed development plan process was under consultation in 2022, and it is planned to be sent out for examination in 2023. The detailed development plan for Industrikvarteren will be divided into three stages during the examination phase. Stage 1 relates to construction up to around 2030. Work is currently underway on this and it is planned to be adopted in 2024. The remaining sections will be postponed as a result of the Eastern Link reserve. The detailed development plan for stages 2 and 3 will be planned and completed

well in advance to ensure continued construction after the expansion of stage 1. These planned projects report assessed volumes of 125,000 m<sup>2</sup> GFA for stages 1 and 2.

We are planning more residentials in other parts of Sickla. The detailed development plan for Nobelberget comprises a total of approximately 500 apartments. Planning work is also underway for Kyrkviken and Norra Nobelberget.

The future investment for the development projects in Sickla amounts to approximately SEK 10 billion, which includes approximately SEK 8 billion that is planned to be invested up to approximately 2030; SEK 4 billion is for tenant-owned dwellings, while the rest is for offices.

#### Slakthusområdet

Atrium Ljungberg's vision is for Slakthusområdet to be an attractive location with offices and residentials, supplemented with a wide range of food, culture and experiences. A brand new meeting place and an engine for the entire Söderort. We currently have 200,000 m² GFA in land allocations that we already own or have obtained; this corresponds to a future investment of approximately SEK 10 billion; SEK 1 billion is for tenant-owned dwellings and approximately SEK 9 billion is for commercial operations. Most of this will be carried out by just after 2030.

Slakthusområdet is one of Stockholm's largest urban development projects. In June 2022 the detailed development plan for Stationskvarteret became legally binding and a development agreement was signed in the summer. In total Atrium Ljungberg has approximately 40,000 m² GFA in detailed development plans that are legally binding and the ambition is to double this in 2023/2024. We have a cooperation agreement with Stockholm University of the Arts (SKH) for a move to Slakthusområdet. The university area is planned to comprise approximately 30,000 m² GFA of educational premises and workplaces.

#### Gothenburg

In the fourth quarter of 2022 the detailed development plan process started for the reconstruction and extension of the Tornen property in Lindholmen in Gothenburg. Approximately 23,000 m² GFA of modern office space will be created. There has been an amendment to the plan, which will allow for FMCG in our M2 property and a detailed development plan for the M1 property.

#### Malmö

In Mobilia we have a development right of 5,400 m<sup>2</sup> GFA for offices on the street Trelleborgsvägen. The building permit has been received and the project will start once the letting rate has reached a suitable level. 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.

#### Slussen

Atrium Ljungberg is one of the largest property owners in Slussen. We are able to develop the future retail hub here under Ryssgården and Södermalmstorg, which comprises approximately 16,000 m² GFA. The retail hub is adjacent to the future Mälarterrassen, a public building comprising approximately 7,000 m² GFA with a view of the old town in Stockholm, Gamla Stan, and the water. Cafes, restaurants and cultural facilities are being planned in Mälarterrassen. Occupancy is planned for 2026.

In Slussen we also have a land allocation in front of Katarinahuset in the Ryssbodarne district, located above Stadsgårdsleden and Saltsjöbanan. This is a development right comprising approximately 7,000 m² GFA across five floors, where we are planning offices with public spaces on the ground floors. Production will start in 2027 at the earliest, with potential occupancy in 2029.

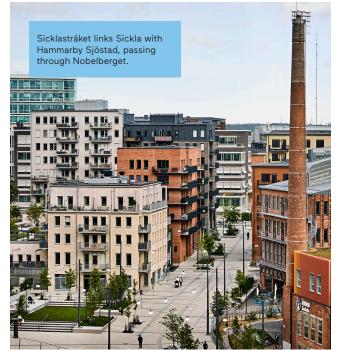
Atrium Ljungberg already owns Glashuset, Sjömansinstitutet and Katarinahuset. This means that we now own approximately 55,000 m² NRA in our existing portfolio and a total of approximately 30,000 ² GFA in land allocations. Our development projects in Slussen are scheduled for completion by 2030; they represent a total future investment of approximately SEK 3 billion, including land allocations.

#### Uppsala

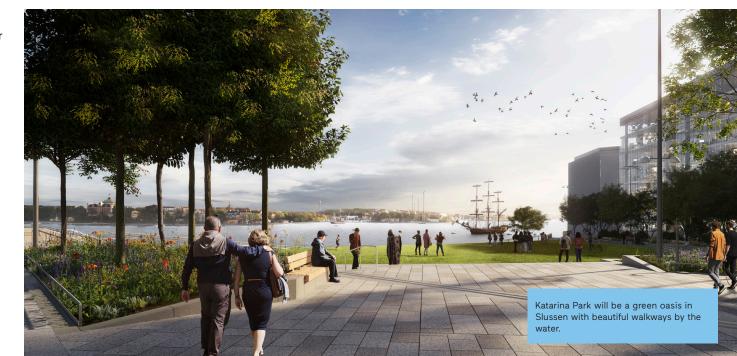
Uppsala is the fourth largest city in Sweden with a steady population growth, growing business and world-leading research. It is one of our most important submarkets and we are focusing our operations on the City of Uppsala and Gränbystaden.

The detailed development plan for Ångkvarnen (Uppsala Kungsängen 22:2) in the City of Uppsala was adopted by Uppsala City Council in June 2021 and became legally binding at the end of June 2022. 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 expected in the summer of 2024.

Over the past six years we have carried out a number of major development projects in Gränbystaden, where we have been able to develop around an additional 30,000 m² GFA as part of the existing detailed development plan; 17,000 m² GFA of this is for tenant-owned dwellings. We are also looking into the possibility of starting a detailed development plan process to further develop the area, which could provide an additional area totalling approximately 55,000 m² GFA for offices and residentials. The development projects in Uppsala represent a future investment volume of approximately SEK 4 billion, most of which will be completed by 2030.







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Market value,

Operating net,

#### Ongoing projects

				Residentials,	Premises,	Total investment	of which Market va	lue upon Rental value,	Economic
Developed for ownership	Municipality	Investment type	• Completed	m²	m²	incl. land, SEK m	remains, SEK m completion	on, SEK m SEK 1 m)	letting rate, %
Completed projects during the year									
- Life City	Stockholm	New builds	Q2 2022		27,700	1,670	60	123	95
- Bas Barkarby	Järfälla	New builds	Q2 2022		24,200	840	70	59	82
Ongoing projects									
- Slakthushallarna phase 1	Stockholm	Reconstruction	Q1 2023	_	2,300	190	20	10	70
- Katarinahuset	Stockholm	Reconstruction	Q4 2023	-	24,900	1,200	480	148	51
- Slakthushallarna phase 2	Stockholm	Reconstruction	Q4 2023	-	2,000	120	70	5	100
- PV Palatset	Stockholm	Reconstruction	Q2 2025		10,100	400	320	48	-
- Sickla Stationshus	Nacka	New builds	Q4 2025		16,900	1,020	640	65	-
- Söderhallarna	Stockholm	Reconstruction	Q1 2026	-	23,900	1,260	1,220	126	-
- Upper-secondary school Slakthu-	Stockholm	New builds	Q2 2026		6,200	320	300	17	100
sområdet				-				=-	100
- Hus 6 Stationen Slakthusområdet	STOCKNOIM	New builds	Q2 2027		16,400	1,600	1,420	86	
Properties to own				-	154,600	8,620	4,600	12,900 687	39
			Profit					Booking rate,	
Tenant-owned dwellings			recognitio	1				% <sup>2)</sup>	Sales rate, % 3)
Brf Konstharts (completed)	Nacka	New builds	Q3 2022	3,600	300	280	-	e.t.	100
Parkhusen block 2	Uppsala	New builds	Q3 2023	5,800	-	280	90	-	68
Brf Kulturtrappan	Nacka	New builds	Q2 2024	6,600	-	530	270	-	39
Tenant-owned dwellings				16,000	300	1,090	360	1,300	
Ongoing projects				16,000	154,900	9,710	4,960	14,200	

#### Project portfolio by property type - Residentials and offices account

for more than 90% of the area



Offices, 59% Residential, 30% O Commerce, 6% • Other, 5%

#### Planned and ongoing projects starting by 2030

Developed for ownership	apartments	GFA, m² deta	ailed development plans	ment, SEK m	remains, SEK m	SEK m	SEK m
Stockholm							
- Hagastaden	-	92,000	47,000	6,200	4,000	10,600	390
- Sickla	-	90,000	40,000	4,800	3,800	6,700	305
- Slakthusområdet	198	165,000	45,000	10,300	8,800	13,200	580
- Slussen	-	55,000	55,000	4,800	2,500	6,800	270
- Stockholm, other	-	75,000	30,000	4,000	1,800	4,900	215
Uppsala	452	84,000	14,000	3,700	3,600	4,000	165
Gothenburg/Malmö	-	28,800	5,400	1,100	800	1,400	69
Total	650	589,800	236,400	34,900	25,300	47,600	1,994
Less current operating net, SEK m							-150
Newly created operating net, SEK m							1,844
Tenant-owned dwellings							
Stockholm							
- Hagastaden	440	39,000	39,000	3,900	3,900	4,500	
- Sickla	989	91,000	32,000	5,400	4,400	7,400	
- Slakthusområdet	195	15,000	_	1,300	1,300	1,500	
Uppsala	302	24,000	20,000	950	700	1,050	
Total	1,926	169,000	91,000	11,550	10,300	14,450	
Project portfolios starting by 2030	2,576	758,800	327,400	46,450	35,600	62,050	

of which legally binding Assessed invest-

#### Project portfolio by area

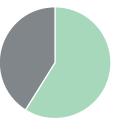
- More than 80% of the area attributable to Stockholm



- Sickla, 27% Slakthusområdet, 23% ○Uppsala, 13% • Hagastaden, 16% Slussen, 7% • Rest of Stockholm, 10%
- Gothenburg, 3% Malmö, 1%

#### Project portfolio by detailed development plan

- There is a detailed development plan for more than 40% of the area



Change to detailed developm plan required, 59% Detailed development plan exists, 41%

The information about ongoing projects and planned projects in this interim report is based on assessments of the size, goals and scope of these projects, and the dates when they are assessed to start and be completed. The information is also based on assessments of future project costs and rental value. The assessments and assumptions should not be seen as a forecast. There are uncertainties surrounding these assessments and assumptions, in relation to the projects' implementation, design and size, schedules, project costs and future rental value. The information about ongoing construction work and planned projects are reassessed on a regular basis, and assessments and assumptions are adjusted as ongoing construction work is completed or added, and the conditions change.

<sup>1)</sup> Excluding premiums.

<sup>2)</sup> and 3) Nacka: 93 apartments (3 phases) of a total of 93 apartments have been released for sale, of which 36 have been secured through binding contracts. Uppsala: 80 apartments (2 phases) of a total of 98 apartments have been released for sale, of which 54 apartments have been secured through binding contracts and lease agreements.

## Financing.

#### The financial market

The beginning of the year was dominated by major disruptions to global value chains, which increased the pressure on inflation, causing it to rise around the world. This pressure became even stronger after Russia's invasion of Ukraine, with an inflation rate of more than 10% being reported in many countries. The world's central banks took strong action, rapidly increasing interest rates and reducing quantitative measures.

The ECB gradually increased its interest rate to 2.50% during the year and when it made its latest decision, it flagged that there would be additional hikes of 0.50 percentage points for some time to come. The Federal Reserve also significantly increased its interest rate; the most recent rise was 0.50 percentage points to 4.50%. The average forecast indicates that hikes will continue before reaching a peak of 5.10% in 2023. In Sweden the Riksbank increased its key interest rate to 2.50% during the year, with further hikes expected at the beginning of 2023.

The Swedish market interest rates increased significantly during the year. 3M Stibor moved from -0.05% to 2.70%, while the 10-year swap rate went from 0.97% to 3.12%. The interest rate market has priced in continued increases for 3M Stibor in 2023 before levels start to go down. The pricing of long-term interest rates is falling slightly.

The conditions for issuers on the Swedish capital market have been poor since the middle of the second quarter. Property companies with the same credit rating as Atrium Ljungberg were conspicuous by their absence, with a few exceptions. Using the pricing of bonds on the secondary market, the company's credit margin for a 5-year bond would have been approximately 4.00% at the end of the year.

On the commercial paper market the credit margin above Stibor, for a term of 3 months, increased from approximately 0.25% to approximately 0.70% during the year, while the total outstanding volume of commercial papers for the property sector fell substantially.

#### Interest-bearing liabilities

Atrium Ljungberg meets its financing requirements through the Swedish and Norwegian capital markets, Nordic banks, the Nordic Investment Bank, the European Investment Bank and direct financing. Interest-bearing liabilities at the end of the period amounted to SEK 25,389 million (SEK 20,561 m). The average closing interest rate of the liabilities portfolio amounted to 2.2% (1.7%) excluding unutilised credit facilities and 2.3% (1.8%) including unutilised credit facilities. The average loan interest rate duration and loan-to-maturity stood at 4.0 years (4.7 years) and 4.3 years (4,8 years) respectively.

During the year interest-bearing liabilities increased by SEK 4,828 million (SEK 1,656 m). Bonds worth SEK 3,743 million were issued and SEK 1,711 million fell due for payment. An unsecured bank loan of SEK 1,000 million and secured bank loans of SEK 705 million were paid. The volume of commercial papers decreased by SEK 650 million and a total of SEK 1,657 million of the revolving credit facilities was utilised. The remainder of the change in volume is attributable to changes in exchange rates and accrual effects.

The interest coverage ratio, measured across a rolling 12-month period, amounted to 3.8 (5.3), while the loan-to-value ratio amounted to 42.3% (39.9%) at the end of the period.

Unutilised credit facilities amounted to SEK 6,055 million (SEK 7,297 m), which covers outstanding commercial papers, totalling SEK 1,055 million, as well as other forms of borrowing with short remaining maturities.

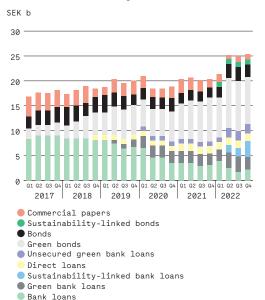
Total available liquidity amounts to SEK 6,735 million (SEK 8,316 m), including cash and cash equivalents of SEK 380 million (SEK 719 m) and unutilised overdraft facilities of SEK 300 million (SEK 300 m). A positive credit decision was also ready at a bank for an additional term loan facility of SEK 1,000 million.

#### Green and sustainability-linked financing

Atrium Ljungberg works with both green and sustainability-linked financing. Green financing is allocated to specific properties with strict climate requirements. There is a total of SEK 9,498 million (SEK 8,779 m) in green bonds and SEK 4,372 million (SEK 3,266 m) in green secured and unsecured bank loans; this accounts for 55% (59%) of the total loan volume.

#### Development of financing sources

- Sustainability-linked bonds and bank loans have been added as a financing source in 2022.



Sustainability-linked financing is linked to achieving the ambitious sustainability goals that have been set for the Group. There is a total of SEK 1,000 million in sustainability-linked bonds and SEK 3,180 million in sustainability-linked unsecured bank loans; this accounts for 16% (0%) of total financing.

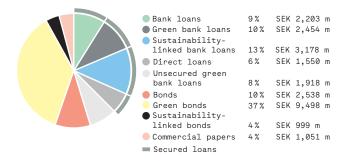
#### Capital structure

Secured loans correspond to 15% in relation to total assets



#### Interest-bearing liabilities

SEK 25,389 million in interest-bearing liabilities, including 71% green and sustainability-linked financing



#### **Securities**

In terms of interest-bearing liabilities, SEK 9,385 million (SEK 7,027 m) is secured by mortgage deeds, accounting for 15% (13%) of total assets; while the rest is unsecured financing.

#### **Derivative instruments**

At the end of the year the derivative portfolio comprised SEK 17,664 million (SEK 13,500 m) in interest rate swaps with a maturity of 2023–2032 and foreign exchange swaps of SEK 3,189 million (SEK 2,358 m). Interest rate swaps are used to hedge loans with floating interest rate, while foreign exchange swaps are used to eliminate the currency exposure that arises when bonds are issued Norwegian krone.

The unrealised change in the value of derivatives for the year amounted to SEK 1,526 million (SEK 388 m) as a result of rapidly rising market rates. The surplus book value of the derivatives portfolio totalled SEK 1,513 million (SEK –100 m) at the end of the year.

### Interest rate duration, SEK million

			Average in-
Duration	Volume	Percentage, %	terest, % 1)
2023	4,354	17	1.0
2024	2,032	8	2.2
2025	2,249	9	2.3
2026	2,704	11	1.9
2027	4,050	16	2.7
>2027	10,001	39	2.5
Total	25,389	100	2.2

<sup>&</sup>lt;sup>1)</sup> The average credit margin for variable loans is distributed over the maturity duration of the interest derivatives. Average interest is recognised excluding the cost of unutilised lines of credit.

#### Loan-to-value maturity, SEK million

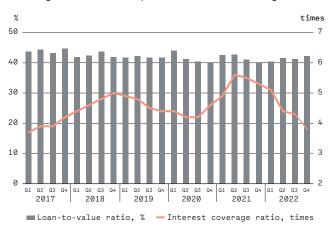
Total	11.303	14.086	25.389	100	31.444
>2027	5,156	531	5,687	22	5,687
2027	919	3,199	4,118	16	4,118
2026	199	3,325	3,524	14	5,474
2025	4,382	2,799	7,181	28	10,436
2024	647	1,832	2,479	10	3,329
2023	0	2,401	2,401	9	2,401
Duration	loans	market	ities	age, %	ments
	Bank	Capital	liabil-	cent-	agree-
			Total	Per-	credit
					Total

#### Credit rating

The company has a Baa2 (Stable) credit rating from Moody's (i.e. investment grade). The most recent rating was confirmed in May 2022.

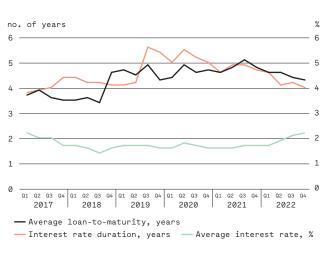
### Loan-to-value ratio and interest coverage ratio, rolling 12-month period

- Rising market rates impact the interest coverage ratio.



## Average closing interest rate, and loan-to-value maturity and interest rate duration

- Rising market rates gradually impact the loan rate, but the duration remains around 4 years.





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## Consolidated statement of comprehensive income.

	2022	2021	2022	2021
Amounts in SEK m	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	672	600	2,550	2,292
Net sales, project and construction work	101	95	585	792
Net sales	773	695	3,135	3,084
Property management costs				
Service charge-related costs	-51	-44	-199	-163
Other operating costs	-55	-41	-199	-177
Management costs	-53	-49	-177	-158
Repairs	-13	-13	-41	-41
Property tax	-52	-42	-214	-182
Non-deductible VAT	-4	-3	-14	-111
	-227	-193	-843	-732
Project and construction work costs	-107	-103	-560	-685
Gross profit	439	399	1,732	1,666
- property management (operating surplus)	444	407	1,707	1,560
- project and construction work	-6	-8	25	107
Central administration	-21	-27	-91	-97
- property management	-18	-25	-76	-82
- project and construction work	-3	-2	-15	-15
Net interest income	-126	-62	-423	-291
Leasehold fees	-10	-6	-39	-28
Profit before changes in value	282	304	1,178	1,249
Changes in value				
Properties, unrealised	-1,467	1,448	2,671	3,040
Properties, realised	-0	-6	18	-22
Derivatives, unrealised	-90	63	1,526	388
Profit before tax	-1,276	1,809	5,393	4,656
Current tax	35	30	-3	-0
Deferred tax	224	-401	-1,102	-899
Profit for the period	-1,017	1,439	4,288	3,757
Other comprehensive income				
Reclassified to profit/loss:				
Cash flow hedging	_	_	-	5
Tax attributable to cash flow hedging	-		-	-1
Total other comprehensive income	-	-	-	4
Total comprehensive income for the period	-1,017	1,439	4,288	3,761

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 before and after dilution, SEK -8.05 11.38 33.97 29.65

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### Segment reporting.

#### 2022 Jan-Dec

		Project		Project and		Non-	
		develop-		construc-	Elimina-	allocated	
Amounts in SEK m	Properties	ment 1)	TL Bygg	tion work	tions	items	The Group
Rental income	2,597	-	-	-	-47	-	2,550
Net sales, project and construction work	_	329	835	1,165	-580	_	585
Net sales	2,597	-	835	,	-627	-	3,135
Property management costs	-879	-	-	_	36	-	-843
Project and construction work costs	-	-305	-802	-1,106	546	-	-560
Gross profit	1,718	25	34	59	-45	-	1,732
Central administration	-80	-4	-10	-15	4	_	-91
Financial income and expenses	-39	-	-	-	-	-425	-464
Profit before changes in value	1,598	20	24	44	-41	-425	1,178
Changes in value 2) 3)	2,689	_	_	_	_	1,526	4,214
Tax	-	-	-	-	-	-1,105	-1,105
Profit for the period	4,287	20	24	44	-41	-4	4,288
Investments and acquisitions	5,639	433	-	433	-	-	6,072
Assets, at the end of the period	60,038	1,409	261	1,671	-	2,189	63,898

#### 2021 Jan-Dec

		Project		Project and		Non-	
		develop-		construc-	Elimina-	allocated	
Amounts in SEK m	Properties	ment 1)	TL Bygg	tion work	tions	items	The Group
Rental income	2,315	_	-	-	-23	-	2,292
Net sales, project and construction work	_	394	766	1,160	-368	_	792
Net sales	2,315	394	766	1,160	-391	-	3,084
Property management costs	-743	_	-	_	11	-	-732
Project and construction work costs	-	-325	-708	-1,034	348	-	-685
Gross profit	1,573	69	58	126	-32	-	1,666
Central administration	-82	-3	-12	-15	-	-	-97
Financial income and expenses	-28	-	-		-	-291	-320
Profit before changes in value	1,462	66	46	112	-32	-291	1,249
Changes in value 2) 3)	3,018	_	-	_	-	388	3,406
Tax	-	-	-		-	-899	-899
Profit for the period	4,481	66	46	112	-32	-803	3,757
Investments and acquisitions	2,084	220	-	220	-	-	2,304
Assets, at the end of the period	51,524	1,254	253	1,507	-	1,254	54,285

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

<sup>&</sup>lt;sup>2)</sup> Properties, unrealised SEK 2,671 million (SEK 3,040 m). Properties, realised SEK 18 million (SEK -22 m).

<sup>&</sup>lt;sup>3)</sup> Unrealised change in value, derivatives SEK 1,526 million (SEK 388 m).

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## Comments on the consolidated earnings January- December 2022.

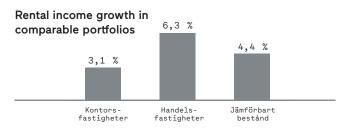
#### Changes in the property portfolio

The earnings for the period and the comparison period were impacted by the following previous property transactions: the acquisition of Blästern 15 in Hagastaden, which was taken into possession on 1 June 2022; the acquisition of Kylhuset 28, Palmfelt Center, in Slakthusområdet, which was taken into possession on 28 April 2022; and the acquisition of Lindholmen 44:2 in Gothenburg, which was taken into possession on 15 January 2021. Sicklaön 87:1, Svindersvik, in Nacka was vacated on 2 May 2022; while Kolding 3 and Kolding 4 in Kista were vacated on 1 July 2021.

#### Rental income

Rental income amounted to SEK 2,550 million (SEK 2,292 m) and includes both rebates of SEK -81 million (SEK -71 m) as well as a non-recurring payment of SEK 13 million (SEK 32 m) for the early termination of lease contracts. Rental income in comparable portfolios increased by 4.4%. This increase is mostly a result of higher rents following indexation and the renegotiations that have taken place. The re-invoicing of property tax and electricity also increased as a result of higher costs. All segments have reported positive growth.

	2022	2021	
Rental income, SEK m	Jan-Dec	Jan-Dec	Change, %
Comparable portfolios	2,133	2,044	4.4%
Non-recurring payments	13	32	
Project properties	295	175	
Properties acquired	108	0	
Properties sold	1	42	
Total	2,550	2,292	11.3%



#### Property costs

Property costs amounted to SEK 843 million (SEK 732 m). In terms of comparable portfolios, property costs increased by 10.6%, which was mostly caused by higher costs for electricity and property tax. Most of this was re-invoiced to customers, which is why the impact on earnings was limited.

	2022	2021	
Property costs, SEK m	Jan-Dec	Jan-Dec	Change, %
Comparable portfolios	-673	-609	10.6%
Project properties	-138	-107	
Properties acquired	-32	0	
Properties sold	-1	-16	
Total	-843	-732	15.1%

#### Earnings for project and construction work

The Group's net sales comprise not only rental income, but also income from project and construction work. Project and construction work includes income from tenant-owned dwellings and income attributable to TL Bygg AB. Income from tenant-owned dwellings is recognised when the property has been completed and is mostly occupied. TL Bygg's income is recognised over time through the percentage-of-completion method; 77% of income is from agreements with invoicing on open account, while the rest is fixed-price assignments.

Gross profit/loss for project and construction work amounted to SEK 25 million (SEK 107 m), which included SEK 52 million (SEK 91 m) for the sale of tenant-owned dwellings. The subsidiary TL Bygg AB also won a dispute in 2021, which resulted in non-recurring revenue of SEK 30 million in 2021. Sales in TL Bygg amounted to SEK 836 million (SEK 781 m), of which 69% (48%) refers to intra-Group sales. TL Bygg's gross profit, including intra-Group transactions, amounted to SEK 34 million (SEK 57 m).

#### Central administration

Central administration covers the costs for the executive management team and central support functions. Central administration costs for property management amounted to SEK 76 million (SEK 82 m) and SEK 15 million (SEK 15 m) for project and construction work. There was a positive, non-recurring effect of SEK 9 million net in the final quarter from the repayment of pensions of approximately SEK 20 million, and the provision for restructuring costs of approximately SEK 11 million.

#### Net financial items

Our reported net interest amounted to SEK -423 million (SEK -291m) and was impacted by capitalised interest of SEK 76 million (SEK 85 m). Net interest increased by approximately SEK 58 million as a result of a higher loan volume; by approximately SEK 66 million as a result of higher interest rates; and approximately SEK 9 million as a result of lower capitalised interest. Average interest, based on the average debt volume, amounted to 2.1% (1.7%) during the year. In addition, costs for leasehold fees amounted to SEK 39 million (SEK 28 m).

#### Changes in value

The year was dominated by rising interest rates and credit margins. This impacted the market's yield requirements, which increased in the second half of the year, particularly in the final quarter. Higher yield requirements were partly offset by a higher cash flow, which was mostly linked to the relatively high indexation. The unrealised changes in value for Atrium Ljungberg during the year amounted to SEK 2,671 million (SEK 3,040 m), or 4.8% (6.4%), which included project returns of SEK 1,416 million (SEK 974 m). Excluding portfolio changes (projects and transactions), there was a change in value of +5% for offices and -10% for residentials, while retail remained virtually the same for the whole year. The average yield requirement in the final quarter increased by 30 bp, while changes in value stood at SEK -1,467 million (SEK 1,448 m), or -2.4%.

Realised changes in the value of investment properties amounted to SEK 18 million (SEK –22 m), which was primarily due to the sale of Kolding 3 and 4 which were vacated on 1 July 2021 and the sale of Sicklaön 87:1, Svindersvik, in the second quarter of the year.

Unrealised changes in the value of derivatives amounted to SEK 1,526 million (SEK 388 m), primarily as a result of a rise in long-term market interest rates.

Changes in the value of properties, SEK m	2022 Jan-Dec	2021 Jan-Dec
Yield requirement	-2,438	1,191
Cash flow, etc.	3,512	707
Project returns	1,416	974
Acquisitions	181	168
Unrealised change in value	2,671	3,040
Ditto in %	4.8%	6.4%
Realised change in value	18	-22
Total changes in value	2,689	3,018
Ditto in %	4.8%	6.4%

#### Tax

Tax amounted to SEK -1,105 million (SEK -899 m), with SEK -3 million (SEK -0 m) in current tax, while the rest refers to deferred tax. Tax has been calculated using a nominal tax rate of 20.6%.

Tax calculation Jan-Dec 2022, SEK	Current	Deferred
million	tax	tax
Profit before changes in value	1,178	
Non-deductible interest	193	
Tax deductible		
-Depreciation/amortisation	-875	875
-Reconstruction work	-188	188
-Capitalised interest	-76	76
Other fiscal adjustments	27	-107
Taxable profit/loss before chang- es in value	260	1,031
Current tax	-53	
Sale of properties	_	-128
Properties acquired	-	-
Changes in value, properties	-	2,671
Change in value of derivatives	75	1,605
Taxable profit/loss before loss carry-forwards	184	5,179
Loss carry-forwards		
-Opening balance	-37	37
-Closing balance	-7	7
Taxable profit	140	5,223
Tax expense before tax reduction	-29	-1,076
Tax reduction for machinery and	26	-26
equipment		
Reported tax expense	-3	-1,102

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## Consolidated balance sheet, summary

Amounts in SEK m	31 Dec 2022	31 Dec 2021
ASSETS		
Investment properties	58,596	50,335
Right-of-use asset, leaseholds	1,277	1,025
Goodwill	165	165
Other non-current assets	106	90
Derivatives	1,572	138
Total non-current assets	61,717	51,753
Development properties	1,409	1,254
Current assets	391	501
Cash and cash equivalents	380	719
Total current assets	2,181	2,475
Total assets	63,898	54,227
EQUITY AND LIABILITIES		
Equity	29,141	25,541
Deferred tax liability	6,661	5,563
Non-current interest-bearing liabilities	25,389	20,561
Non-current finance lease liability	1,277	1,025
Derivatives	59	238
Other non-current liabilities	295	267
Total non-current liabilities	33,682	27,712
Other current liabilities	1,074	1,032
Total current liabilities	1,074	1,032
Total equity and liabilities	63,898	54,227

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### Consolidated change in equity.

	Attributable to the parent company shareholders				
				Profit	
	Share	Other capital	Hedging	brought	Total
Amounts in SEK m	capital	contributions	reserves	forward	equity
Opening balance as of 1 January 2021	333	3,960	-4	18,380	22,668
Profit for the period	-	-	-	3,757	3,757
Other comprehensive income	-	-	4	-	4
Acquisition of own shares	-	-	-	-248	-248
Dividend, SEK 5.05/share	-	-	-	-640	-640
Closing balance as of 31 December 2021	333	3,960	-	21,248	25,541
Profit for the period	_	_	_	4,288	4,288
Change in own shares	-	-	-	-30	-30
Dividend, SEK 5.20/share	-	-	-	-657	-657
Closing balance as of 31 December 2022	333	3,960	_	24,848	29,141

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.

At the end of the period the company owned 7,114,875 class B shares (6,907,378). As of 31 December 2022, the number of outstanding shares therefore stood at 126,105,861 (126,313,358), while the average number of shares amounted to 126,215,257 (126,687,995) during the year.

## Comments on the consolidated financial position 31 December 2022.

#### **Properties**

At the end of the period the property portfolio amounted to SEK 60,006 million (SEK 51,589 m), broken down into SEK 1,409 million (SEK 1,254 m) for development properties and SEK 58,596 million (SEK 50,335 m) for investment properties. Investment properties have been valued at approximately SEK 58,931/m² with an average yield of 4.4% (4.2%). For more information, see the sections on Property Portfolio and Project Development.

#### Goodwill

Goodwill amounted to SEK 165 million (SEK 165 m) at the end of the period. Goodwill relates to deferred tax and originates from Atrium's merger with Ljungberg in 2006. Goodwill is primarily impaired in the event of a major downturn in the property market or when the properties in the aforementioned transaction are sold.

#### Leases

Atrium Ljungberg has 18 leaseholds, which are considered to be leases for accounting purposes. The value of rent in kind is measured and recognised as an asset; as a right-of-use asset with a corresponding liability. As of the closing date, the value of our leases amounted to SEK 1,277 million (SEK 1,025 m).

#### Equity and net value

The Group's equity attributable to the parent company's shareholders amounted to SEK 29,141 million (SEK 25,541 m) at the end of the period, corresponding to SEK 231/share (SEK 202/share).

The long-term net asset value amounted to SEK 34,125 million (SEK 31,040 m) at the end of the period, corresponding to SEK 271/share (SEK 246/share); An increase of 12%, adjusted for the dividend.

Net asset value 31 Dec 2022	CEV m	SEK/share
	SEN III	SEK/Sliane
Equity according to the balance sheet	29,141	231.09
	23,141	231.03
Reversal of balance sheet items:		
-Derivatives	-1,513	-12.00
-Goodwill	-165	-1.31
-Deferred tax	6,661	52.82
Long-term net asset value	34,125	270.60
Deductions:		
-Assessed actual deferred tax	-2,370	-18.79
Current net asset value	31,755	251.81
Equity according to the balance sheet	29,141	231.09
Reversal of balance sheet items:	23,141	201.00
-Goodwill	-165	-1.31
-Interest-bearing liabilities	25,389	201.33
Deductions:		
-Fair value interest-bearing liabilities	-26,186	-207.65
Disposal value	28,180	223.46

The net asset value is the total capital that the company manages for its owners. Based on this capital, we want to create a yield and growth with low risk-taking. The net asset value can be calculated in different ways and it is mostly the time factor and the turnover rate in the property portfolio that have an impact.

Net deferred tax liabilities 31 Dec 2022

		Tax liab	ilities
SEK m	Deferred	Nominal	Actual
Loss carry-forwards	-7	-1	-1
Derivatives, etc.	1,571	324	314
Properties	38,805	7,994	2,057
Total	40,369	8,316	2,370
Properties, available acquisitions	-8,033	-1,655	_
According to the balance sheet	32,336	6,661	-

#### Deferred tax

Deferred tax is in principle both interest-free and amortisation-free, which means that it can mostly be considered to be equity. The reason why effective tax is lower is due to the option to sell properties in a tax-efficient way, and the fact that the time factor enables the tax to be discounted. The assessed actual deferred tax liabilities have been calculated at approximately 6% net based on a discount rate of 3%. It has also been assumed that loss carry-forwards are realised over the period of one year with a nominal tax of approximately 20.6%; and that properties are realised over a period of 50 years where 100% of the portfolio is sold indirectly via companies, with the purchasers and sellers splitting the tax.

#### Interest-bearing liabilities and derivatives

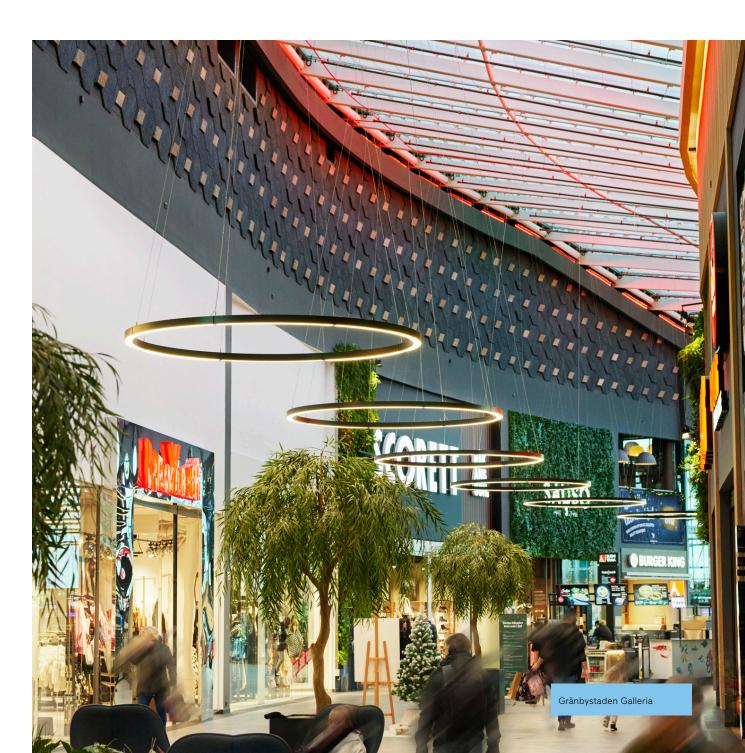
At the end of the period interest-bearing liabilities amounted to SEK 25,389 million (SEK 20,561 m) with a closing average interest rate of 2.2% (1.7%). The loan-to-value ratio amounted to 42.3% (39.9%) at the same point in time. The company uses interest rate swaps to extend the interest rate duration and foreign exchange derivatives to hedge Norwegian bonds. The value of the derivative portfolio amounted to SEK 1,513 million (SEK –100 m) at the end of the period. For more information, read the section on Financing.



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## Cash flow statement Group.

	2022	2021	2022	2021
Amounts in SEK m	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
OPERATING ACTIVITIES				
Profit before changes in value	282	304	1,178	1,249
Reversal of depreciation, amortisation and impairment	3	3	14	13
Other items not included in the cash flow	7	-10	-50	-87
Tax paid	13	-25	-4	-148
Cash flow from operating activities before changes in	305	273	1,139	1,027
working capital				
Makadan and American and And	000	105	429	202
Net change in working capital	299	135		222
Cash flow from operating activities	604	408	1,568	1,249
INVESTMENT ACTIVITIES				
Acquisition of investment properties	5	-	-3,674	-25
Investments in held properties and tenant-owned dwelling	700	000	0.040	0.040
projects	-708	-683	-2,349	-2,242
Sale of properties	<del>-</del>	-1	67	744
Investment in financial non-current assets	-84	9	-14	119
Purchase/sale of equipment	-4	-12	-13	-19
Cash flow from investment activities	-790	-687	-5,983	-1,423
ETHANOTHO ACTIVITIES				
FINANCING ACTIVITIES				
Change in other non-current liabilities	3	4	28	17
Loans raised	2,751	1,150	12,226	11,461
Repayment of debts	-2,507	-934	-7,491	-9,976
Dividends paid	-	-	-657	-640
Buy-back of own shares	-	-22	-30	-248
Cash flow from financing activities	247	198	4,076	614
Cash flow for the period	60	-82	-339	440
Cash and cash equivalents at the beginning of the period	319	801	719	279
Cash and cash equivalent at the end of the period	380	719	380	719



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### The 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 360 million (SEK 298 m). The operating profit/loss amounted to SEK -62 million (SEK -414 m). Capital gains/losses from the sale of properties

for the previous year relate to the internal sale of Kolding 3 and 4 in Kista, which was carried out before the properties were sold externally. Profit after financial items amounted to SEK 1,008 million (SEK 720 m). Net financial expenses include an unrealised change in value attributable to derivatives that amounted to SEK 179 million (SEK 424 m).

Interest-bearing liabilities amounted to SEK 17,796 million (SEK 15,457 m). These funds finance the parent company's property portfolio and are lent on to other Group companies.

	2022	2021	2022	2021
Amounts in SEK m	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	2	1	4	39
Management income	120	84	356	260
Net sales	122	84	360	298
Property costs	-1	1	-3	-17
Management and administration expenses	-129	-100	-414	-324
Capital gain/loss from sale of properties	-	-15	-	-353
Depreciation	-1	-7	-5	-18
Operating profit	-10	-38	-62	-414
Earnings from shares in Group companies	728	657	728	652
Interest income and similar profit items	252	244	879	1,058
Interest expenses and similar profit items	-156	-143	-537	-575
	823	759	1,070	1,135
Profit after financial items	814	720	1,008	720
Appropriations	48	79	51	92
Profit before tax	862	799	1,059	812
Tax	-0	-13	-35	1
Profit for the period	861	786	1,024	813

Amounts in SEK m	31 Dec 2022	31 Dec 2021
ASSETS		
Property, plant and equipment	5	8
Financial fixed assets	1,556	1,409
Current assets	26,979	24,585
Total assets	28,540	26,002
EQUITY AND LIABILITIES		
Equity	10,504	10,167
Untaxed reserves	3	6
Provisions	20	20
Non-current liabilities	17,855	15,695
Current liabilities	158	114
Total equity and liabilities	28,540	26,002

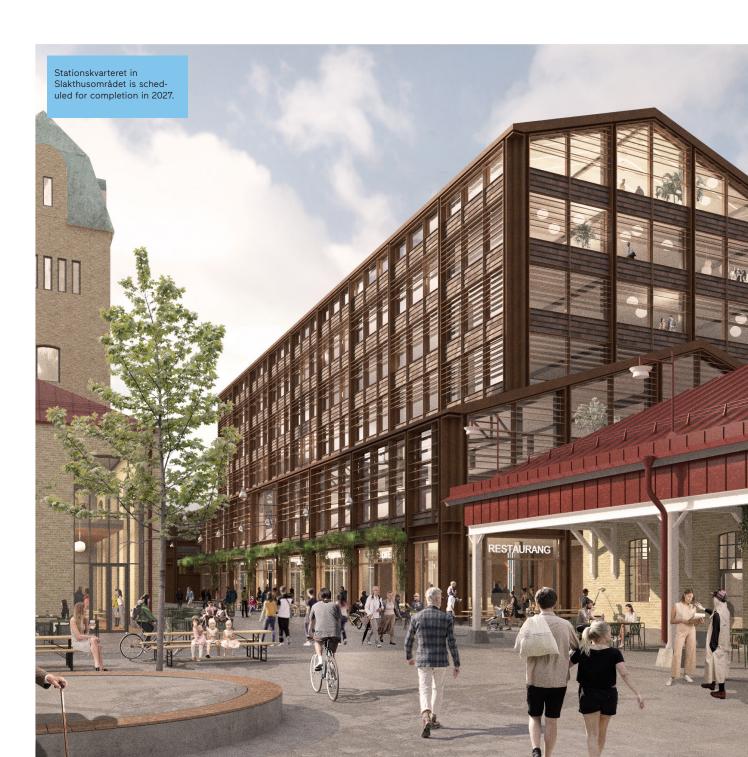


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## Key performance indicators. 1)

PROPERTY-RELATED KEY PERFORMANCE INDICATORS	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Letting rate excluding project properties, %	93	91	93	91
Operating surplus margin, %	66	68	67	68
Vacancy rate, %	7	9	7	9
Letting area excluding garages, '000 m <sup>2</sup>	956	1,082	956	1,082
Investments incl. acquisitions, SEK m	702	708	6,072	2,304
Number of properties at the end of the period	76	67	76	67
FINANCIAL KEY PERFORMANCE INDICATORS				
Equity ratio, %	45.6	47.1	45.6	47.1
Loan-to-value ratio, %	42.3	39.9	42.3	39.9
Interest coverage ratio R12	3.8	5.3	3.8	5.3
Average outgoing interest rate for interest-b. liabilities, %	2.2	1.7	2.2	1.7
Return on equity R12, %	15.7	15.6	15.7	15.6
Return on equity, excluding changes in value R12, %	3.6	4.3	3.6	4.3
Return on total assets R12, %	9.9	9.6	9.9	9.6
Return on total assets excluding changes in value R12, %	2.2	2.4	2.2	2.4
Profit before changes in value less nom. tax on taxable profit/loss before loss carry-forwards, SEK	289	340	1,147	1,240
Long-term net asset value, SEK m	34,125	31,040	34,125	31,040
Current net asset value 2), SEK m	31,755	29,812	31,755	29,812
Disposal value, SEK m	28,180	25,103	28,180	25,103
DATA PER SHARE				
Earnings per share, SEK	-8.05	11.38	33.97	29.65
Profit before changes in value less nominal tax, SEK	1.77	1.91	7.42	7.85
Cash flow from operating activities, SEK	4.77	3.22	12.42	9.86
Equity, SEK	231.09	202.20	231.09	202.20
Profit before changes in value less nom. tax on taxable profit/loss before loss carry-forwards, SEK	2.29	2.69	9.09	9.82
Long-term net asset value, SEK	270.60	245.73	270.60	245.73
Current net asset value 2), SEK	251.81	236.02	251.81	236.02
Disposal value, SEK	223.46	198.73	223.46	198.73
Share price, SEK	170.90	199.70	170.90	199.70
Weighted average number of shares, thousands	126,417	126,415	126,215	126,688
Number of outstanding shares at the end of the period, thousand $% \left( 1\right) =\left( 1\right) \left( 1\right) +\left( 1\right) \left( 1\right) \left( 1\right) +\left( 1\right) \left( 1\right) \left$	126,106	126,313	126,106	126,313
EMPLOYEES				
Average number of employees	315	318	316	321

<sup>&</sup>lt;sup>1)</sup> See the definitions on pages 26–27 and see the reconciliation for key performance indicators at www.al.se. <sup>2)</sup> For the calculation of the current net asset value, an estimated deferred tax of 6% has been used.



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## Quarterly summary.

#### INCOME STATEMENTS

	2022	2022	2022	2022	2021	2021	2021	2021
Amounts in SEK m	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	672	661	619	600	600	555	565	572
Net sales, project and construction work	101	379	49	56	95	88	482	127
Net sales	773	1,040	667	655	695	643	1,046	699
Property management costs	-227	-216	-191	-209	-193	-167	-177	-195
Project and construction work costs	-107	-330	-62	-62	-103	-99	-385	-98
Gross profit	439	494	414	384	399	378	484	405
- property management (operating surplus)	444	445	427	391	407	388	388	377
- project and construction work	-6	49	-13	-6	-8	-111	96	29
Central administration	-21	-21	-27	-22	-27	-25	-24	-21
- property management	-18	-17	-22	-20	-25	-20	-20	-17
- project and construction work	-3	-4	-5	-3	-2	-4	-4	-4
Financial income and expenses	-137	-126	-119	-80	-68	-91	-87	-73
Profit before changes in value	282	347	268	281	304	262	372	311
Properties, unrealised	-1,467	87	2,742	1,309	1,448	461	964	167
Properties, realised	-0	-3	11	10	-6	0	-15	-1
Derivatives, unrealised	-90	91	686	838	63	72	43	210
Derivatives, realised	-	-	-	-	-	-	-	-
Profit before tax	-1,276	522	3,708	2,439	1,809	795	1,364	687
Tax	259	-90	-704	-569	-370	-168	-226	-135
Profit for the period	-1,017	432	3,003	1,870	1,439	627	1,138	552

#### KEY PERFORMANCE INDICATORS 1)

	2022	2022	2022	2022	2021	2021	2021	2021
Property-related key performance indicators	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Letting rate excluding project properties, %	93	92	92	91	91	91	91	91
Operating surplus margin, %	66	67	69	65	68	70	69	66
Letting area excluding garages, '000 m <sup>2</sup>	956	957	1,146	1,064	1,082	1,052	1,046	1,089
Investments including acquisitions, SEK m	702	660	4,247	463	708	502	584	510
Number of properties at the end of the period	76	65	67	66	67	67	67	70
Financial key performance indicators								
Equity ratio, %	45.6	46.6	46.0	47.1	47.1	46.2	45.4	43.7
Loan-to-value ratio, %	42.3	41.3	41.6	40.4	39.9	41.1	42.7	42.6
Interest coverage ratio R12	3.8	4.3	4.4	5.1	5.3	5.5	5.6	4.9
Average outgoing interest rate for interest-bearing liabilities, %	2.2	2.1	1.9	1.7	1.7	1.7	1.6	1.6
Return on equity R12, %	15.7	24.8	26.1	20.6	15.6	13.0	13.9	11.8
Return on equity, excluding changes in value R12, $\%$	3.6	3.9	3.7	4.2	4.3	4.3	4.5	4.2
Return on total assets R12, %	9.9	15.2	15.6	12.5	9.6	8.1	8.0	6.0
Return on total assets excluding changes in	3.3	15.2	15.0	12.5	9.0	0.1	0.0	0.0
value R12, %	2.2	2.2	2.0	2.3	2.4	2.4	2.5	2.2
Data per share								
Earnings per share, SEK	-8.05	3.42	23.78	14.81	11.38	4.96	9.00	4.34
Profit before changes in value less nominal tax, SEK	1.77	2.19	1.69	1.77	1.91	1.65	2.33	1.95
Profit before changes in value less nom. tax								
on taxable profit/loss before loss carry-for-	0.00	0 01	0 00	0.00	0.00	1 55	0 00	0.00
wards, SEK	2.29	2.61	2.09	2.09	2.69	1.55	2.23	2.30
Cash flow, SEK	4.77	3.09	3.56	0.99	3.22	2.37	2.40	1.87
Equity, SEK	231.09	239.16	235.59	211.81	202.20	190.83	185.90	176.90
Long-term net asset value, SEK	270.60	280.08	277.14	252.17	245.73	232.13	226.62	215.80
Current net asset value 2), SEK	251.81	269.31	266.59	243.98	236.02	223.23	218.07	207.55
Disposal value, SEK	223.46		227.98	209.85	198.73	187.49	181.66	173.42
Share price, SEK	170.90		134.00	192.50	199.70	183.80	194.90	156.40
Weighted average number of shares, thousands	126,417	126,264	126,301	126,301	126,415	126,477	126,553	127,319
Number of outstanding shares at the end of the period, thousand $ \\$	126,106	126,106	126,301	126,301	126,313	126,417	126,493	126,692
1) See definitions on pages 26, 27 For the reconciliation of key performs	nco indicator	c vicit vananav o	1 00					

<sup>&</sup>lt;sup>1)</sup> See definitions on pages 26–27. For the reconciliation of key performance indicators, visit www.al.se.

<sup>&</sup>lt;sup>2)</sup> For the calculation of the current net asset value, an estimated deferred tax of 6% has been used.

## Other information.

#### 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 Interim Report comprises pages 1–28, with pages 1–13 forming an integral part of this financial report. 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 2021 Annual Report.

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

The parent company recognises derivatives at the lower of cost and fair value. There are negative fair values as of 31 December 2022, which means that a liability of SEK 59 million (SEK 238 m) has been recognised in the balance sheet. A positive change in value of SEK 179 million (SEK 424 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 25,389 million (SEK 20,561 m) and their fair value totals SEK 26,186 million (SEK 20,835 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.

#### 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.



#### **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.

#### 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.

#### Comparison figures

The comparison figures in brackets refer to the corresponding period of the previous year, except in the sections that describe the financial position, where the comparison figures refer to the end of the previous year.

#### K3 figures

Atrium Ljungberg prepares its consolidated accounts in compliance with IFRS. If the company had prepared its consolidated accounts in compliance with K3, the following significant adjustments would have been made:

#### Income statement:

Project and construction costs would have been adjusted by SEK 28 million; there would have been depreciation/ amortisation of SEK -331 million; an unrealised change in the value of properties of SEK -2,671 million would expire; while the realised changes in the value of properties would have been adjusted by SEK 38 million. The change in the value of derivatives would have been adjusted by SEK -1,347 million and deferred tax by SEK 888 million. All of this combined would result in a change in profit of SEK -3,394 million.

#### Balance sheet:

Properties would not have been recognised at their fair value, in compliance with K3, which would have resulted in an adjustment of SEK –22,769 million for investment properties and SEK –589 million for development properties. Right-of-use assets and leasing liabilities for leaseholds would not apply and would therefore both have been adjusted by the same amount, SEK –1,277 million/SEK 1,277 million. Goodwill would have been completely amortised, resulting in a reduction of SEK –165 million. Derivatives valued using the lowest value principle would therefore have been adjusted for surplus values, corresponding to SEK –1,572 million. As a consequence of the adjustments to the income statement and balance sheet, deferred tax would have been impacted by SEK –5,136 million and equity by SEK –19,959 million.

#### Market development, risks and uncertainties

Atrium Ljungberg's property portfolio, with office, retail and full-service environments, is located in strong subsidiary markets in the growth regions of 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.

The war between Russia and Ukraine continues to have a negative impact on the global economy. Lower growth, higher inflation, disruptions in supply chains and price increases on the raw material markets are just some of the factors that are weakening confidence in a recovery in the near future. The global economy is expected to experience a decline as a result of all of these challenges. Access to borrowed capital has varied as the capital market is relatively closed and this has resulted in rising credit margins. The total financing cost offered by the market is therefore much higher than in recent years. Higher financing costs impact the demand for properties, which should result in higher yield requirements and therefore lower property values.

A disruption to the energy supply from Russia creates a significant risk of a decline in growth in Europe, while ensuring a high-risk premium on energy prices, despite the increase in supply from the USA. The shortages in supply and production that we experienced in 2022 may therefore continue in Sweden. This will, for example, have an impact on access to production materials for construction work, which may in turn affect the schedules and costs of future projects.

Atrium Ljungberg has a strong financial position with a low loan-to-value ratio, a relatively long loan interest rate duration and loan-to-maturity, diverse financing sources and unutilised liquidity of approximately SEK 7 billion.

For further information on risks and uncertainties in general, please see Atrium Ljungberg's 2021 Annual Report and the section entitled 'Risks and risk management' on pages 84–90.

#### **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 17 January 2023 Atrium Ljungberg concluded an agreement for the sale of its Skotten 6 property, also known as Glashuset, on Drottninggatan in Stockholm. The purchase price is based on an underlying property value of SEK 1,900 million. The total rental value is approximately SEK 95 million and the property has an economic vacancy rate of around 12%. This deal results in a profit after tax of approximately SEK –36 million based on the valuation at the end of the year: this includes around SEK 7 million for the realised change in value after expenses; around SEK –19 million net for deferred tax; and around SEK –24 million for the impairment of goodwill. The property will be vacated on 31 January 2023 and the profit will be recognised in the accounts for the first quarter of 2023.

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

Nacka, 02 February 2023

Annica Ånäs, CEO

## The share.

Atrium Ljungberg's share is listed on Nasdaq Stockholm Large Cap, with approximately 8,000 known shareholders at the end of the period. The 10 largest individual owners are presented in the table below.

#### Buy-back of shares

At the Annual General Meeting in March 2022, 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 31 December 2022 the company owned 7,114,875 class B shares. Buy-backs amounted to SEK 30 million in 2022 (SEK 248 m).

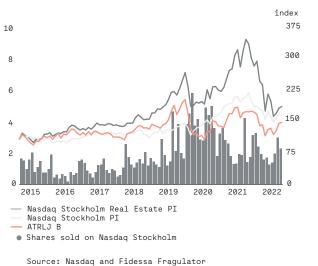
#### Dividend yield and total yield

Proposed dividend of SEK 5.30/share represents a dividend yield of 3.1% (2.6%), calculated using the closing price.

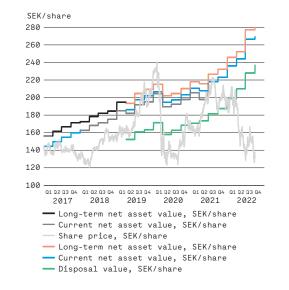
The share's total yield, including the dividend, was -11.8% (18.5%) in 2022.

#### The Atrium Ljungberg share

Sales, million shares per month



### Long-term net asset value, current net asset value and market capitalisation



#### Major shareholders as of 31 December 2022

	Class A shares,	Class B shares '000	Share of	Share of
	'000		votes, %	capital, %
Ljungberg family	2,190	29,246	31.6	23.6
The Stockholm Consumer Cooperative So-				
ciety	0	33,461	20.6	25.1
Holmström family	1,810	14,549	20.1	12.3
Varma pension insurance	0	8,117	5.0	6.1
Carnegie fonder	0	7,473	4.6	5.6
Vanguard	0	1,883	1.2	1.4
BlackRock	0	1,767	1.1	1.3
Margareta af Ugglas	0	1,445	0.9	1.1
AFA Försäkring	0	1,269	0.8	1.0
Norges Bank	0	1,017	0.6	0.8
Other	0	21,879	13.5	21.8
Total outstanding shares	4,000	122,106	100.0	100.0
Shares bought back 1)	-	7,115		
Total number of shares issued	4.000	129,221		

<sup>1)</sup> Bought-back shares have no voting rights and do not receive dividends.

Share data	2022 Jan-Dec	2021 Jan-Dec
Share price, SEK		
-Lowest	117.90	153.80
-Highest	215.00	223.20
-Closing price	170.90	199.70
Market capitalisation, SEK b	21.6	25.2
Share price/Long-term net asset		
value	63%	81%
P/E	5.0	6.7
Share dividend yield	3.1%	2.6%



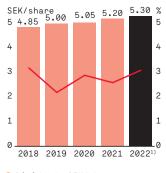
# Four reasons to own shares in Atrium Ljungberg.

#### Stable dividend.

Atrium Ljungberg has delivered a stable dividend with an effective dividend growth rate of 6% per year over the past 10 years. The dividend in SEK per share has never been lowered since the company was listed on the stock exchange in 1994.

#### Dividend and share dividend yield

The development of profit is key to our success. This is the basis of our yield, along with value growth from investments.



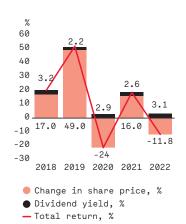
Dividend, SEK/shareDividend yield, %

## Potential for good value growth.

With a planned investment rate of SEK 30 billion up to 2030, Atrium Ljungberg, and therefore the share, has excellent potential to report healthy value growth over time.

#### Share's total yield

A total yield averaging 11.5% over the past five years.

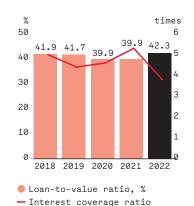


### Low financial risk.

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

#### Loan-to-value ratio and interest coverage ratio

Stable gearing ratio with a higher interest coverage ratio.



## Sustainable urban development.

P.25

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.

#### Goals 2030

- Atrium Ljungberg will be climate-neutral by 2030 and halve the climate impact of construction projects by 2025
- Atrium Ljungberg's locations will achieve a score of more than 90% in the Our City index by 2030
- Our main purchases will be evaluated by 2025 based on our Supplier Code of Conduct.
- Sustainable employees, a score of 5.5 in the Human Financial Wellness monitoring system.

## 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: loan-to-value 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 vield, %

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.

#### Current net asset value 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.

Current net asset value per share is used to provide stakeholders with information on Atrium Ljungberg's current net worth per share calculated in a uniform manner for publicly listed property companies.

#### Number of outstanding shares

Number of registered shares at the end of the period less bought-back shares, which do not provide entitlement to dividend or voting rights.

#### Return on equity, 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.

#### Disposal value 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

Disposal value 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.

#### Loan-to-value 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 loan-to-value 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.

#### Profit before changes in value less nom. tax on taxable profit/loss before loss carry-forwards, 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.

Profit before changes in value less nom. tax on taxable profit/loss before loss carry-forwards is used to provide stakeholders with information on Atrium Ljungberg's management result per share calculated in a uniform manner for publicly listed property companies.

#### Average loan-to-maturity, years

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

The average loan-to-maturity 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 interest rate duration, years

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

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

#### Adjusted loan-to-value 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 loan-to-value 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.

#### Long-term net asset value per share, SEK

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

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

#### Average number of outstanding shares

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

#### Earnings per share, SEK

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

#### **Profit before changes in value per share, SEK**Profit before changes in value, less current tax,

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 for the last 12 months plus financial expenses for the last 12 months, divided by financial expenses for the last 12 months (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 ratio, %

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

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

#### Dividend pay-out ratio, %

Dividend per share as a percentage of the profit/loss per share before changes in value, less applicable nominal tax.

Dividend pay-out ratio is used to illustrate what proportion of the earnings is shifted out to the Group's owners and reinvested in the operations respectively.

## Property-related definitions

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

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

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

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

#### Operating surplus

Refers to rental income less property management costs.

#### Vacancy rate, %

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

#### 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 at the time of 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.

#### l easeholds

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

#### Leasehold fees

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

#### Letting area, m<sup>2</sup>

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

#### Letting rate, %

Contracted annual rents as a percentage of the rental value in conjunction with full letting. Reported figures are based on the immediately subsequent quarter.

The letting rate is used to illustrate the Group's efficiency in the use of its investment properties.

#### Operating surplus margin, %

Gross profit/loss from property management as a percentage of the recognised rental income.

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

## Sustainability-related definitions

#### BREEAM

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

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

#### 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 as a percentage 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.

#### Total sales

This relates to Net sales as set out in the consolidated income statement.

#### Total investments/acquisitions

The acquisition of properties and investments in new and existing properties. The 'Change in the property portfolio' table therefore includes the following rows: 'Acquisitions' and 'Investments in held properties'.

#### Total operating expenses

Costs for property maintenance, ongoing repairs and maintenance.



## 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. 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.

#### IR contact

Ulrika Danielsson, CFO Tel: +46(0)70-647 12 61 Email: ulrika.danielsson@al.se

## Publication of financial information.

2022 Annual Report	1 March 2023
Annual General Meeting	22 March 2023
Interim Report, January-March 2023	14 April 2023
Interim Report, January-June 2023	6 July 2023
Interim Report, January-September 2023	12 October 2023

## Press releases during the quarter.

Two strong financial companies move to Nya Slussen	5 October 2022
A new hotel is coming to Katarinahuset, Slussen	12 October 2022
AL leases two offices in the growing Sickla district	18 November 2022
AL confirms discussions on the sale of its Skotten 6 property in Sthlm City	2 December 2022



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Atrium Ljungberg, February 2023. Photos: Reflex Arkitekter, Måns Berg, Sanam Ebadjenad, White Arkitekter, Mathias Bardå, Pixery Media, TMRW, Hanna Widell Production: Narva.

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

