

## “STABLE PROFIT FOR THE FIRST QUARTER. FUTURE IMPACT OF THE CORONAVIRUS PANDEMIC IS DIFFICULT TO ASSESS.”

RENTAL INCOME, LIKE-FOR-LIKE  
PORTFOLIOS, %

**+1.6**

PROFIT BEFORE CHANGES  
IN VALUE, SEK MILLION

**311**

INVESTMENTS IN ATRIUM  
LJUNGBERG'S HELD PROPERTIES,  
SEK MILLION

**570**

### SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- › An agreement to sell Farsta Centrum for almost SEK 4 billion was signed and the property will be vacated on 1 June 2020.
- › A green bank loan for SEK 920 million for the Life City project in Hagastaden was signed with Nordic Investment Bank.
- › New land allocations were received as compensation for returning the Hamnmästaren land allocation in Slussen to the City of Stockholm.
- › The decision was made to start the Katarinahuset reconstruction project in Slussen in Stockholm.

- › **Net sales** increased to SEK 733 million (SEK 665 m), of which rental income increased to SEK 648 million (SEK 633 m).
- › **The operating surplus** from property management increased to SEK 435 million (SEK 427 m), an increase of 2.0 per cent. This increase is mostly due to new lettings and renegotiations in office properties, as well as lower property costs resulting from a mild winter.
- › **Profit before changes in value** increased to SEK 311 million (SEK 306 m).
- › **Unrealised changes in the value** of investment properties amounted to SEK –1,486 million (SEK 148 m). This change in value is mostly explained by lower market values for retail properties, which is linked to greater uncertainty and a deterioration in cash flows. Unrealised changes in the value of derivatives amounted to SEK –236 million (SEK –160 m) as a result of lower market interest rates.
- › **Profit for the period** amounted to SEK –1,134 million (SEK 220 m). This reduction is mostly explained by negative changes in property values and lower tax costs.
- › **Net letting** amounted to SEK 2 million (SEK –8 m), of which SEK 14 million (SEK 4 m) referred to project properties.
- › **No forecast is being given for 2020.** The previous forecast that was presented in the 2019 year-end report amounted to SEK 1,200 million. Farsta Centrum was sold after we had given this forecast. Added to this is the difficulty in assessing the effects of the coronavirus pandemic, both in terms of the tenants' needs for any rent relief and the impact on Atrium Ljungberg from any bankruptcies, but in particular because we don't know how long the coronavirus pandemic will last.

	Quarter 2020 Jan–Mar	Quarter 2019 Jan–Mar	Full year 2019 Jan–Dec
<b>Key ratios<sup>1)</sup></b>			
Property value including properties held for sale, SEK m	47,597	44,765	48,509
Operating surplus margin, %	67	67	69
Average interest rate for interest-bearing liabilities, %	1.6	1.7	1.6
Share price, SEK/share	154.80	158.80	226.00
EPRA NAV, SEK/share	202.00	193.37	215.12
<b>Financial goals<sup>1)</sup></b>			
Investments in held properties, >SEK 2,000 million per year	570	398	1,810
Return on equity, R12 >10% over time	7.1	15.6	12.9
Gearing ratio, <45%	44.1	41.8	41.7
Interest coverage ratio, >2.0	4.4	4.6	4.4

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

# CEO'S STATEMENT

It's difficult to believe that it's only been a few weeks since the coronavirus crisis took hold. When people are ordered to stay at home, not to travel and not to meet each other, it quickly has a negative impact on many businesses. A reduction in demand has led to a high number of redundancies. The capital market has also reacted by increasing margins on both bonds and commercial papers. All of this is having an impact on our business in the short term. It is difficult to predict what will happen in the long term, as no-one knows how long this pandemic will last, or how long and deep any recession might be.

## RETAIL

The coronavirus pandemic has mostly affected us through the reduction in the number of visits to our retail hubs. Approximately 30 per cent of our rental income comes from consumer durables (clothes, shoes, etc.), restaurants and cafes. These businesses have seen up to 70 per cent drop in sales. The FMCG sector and pharmacies have experienced the opposite, seeing an increase in their sales. Although only a small proportion, just one percent, of our rental income is linked to sales results, we will be affected by tenants not being able to pay their rental costs. We're also noticing an increase in the number of company reorganisations and bankruptcies in the retail segment.

The government has delivered several support packages for business, including a proposal to provide rent support to property companies that offer vulnerable tenants rent relief in the second quarter. This proposal involves the state providing support in arrears via the County Administrative Boards for half of the reduction in rent for landlords that halve the rent for their tenants. However, there are still many uncertainties about which tenants will be covered by this support and the proposal must also be approved by the EU Commission. If theoretically Atrium Ljungberg were to offer a 50 per cent rent relief for all tenants in consumer durables, cafes and restaurants and receive state support for all of this relief, this would represent a reduction in revenues of SEK 45 million for the second quarter. We are going to assess each tenant individually to see whether rent relief is necessary. The decision will be based on the specific needs and circumstances of each tenant.

## OFFICES

Contracted rent for our offices accounts for 50 per cent of our total portfolio. There is currently stability among most of our tenants, even though some sectors are being affected by this crisis. It is mainly companies working with events and conferences that are seeing a drop in demand, but also some consultancy companies.

## PROPERTY VALUATION

The transaction market performed extremely well in the first two months of the year, reporting new record prices per m<sup>2</sup> for offices. However, the market quickly turned at the beginning of March. As a result this means that we've decided to keep the office valuations unchanged from the beginning of the year. In terms of retail properties, a price adjustment should have taken place, based on the current situation for our retail tenants, which will affect operating net at least in the short term. We've also slightly adjusted the yield requirement upwards. As a whole we have written down our property value by approximately SEK 1.5 billion, which is 3 per cent of the total value.

## SALE OF FARSTA CENTRUM

At the beginning of March we sold Farsta Centrum for almost SEK 4 billion. This deal is our biggest ever and comprises more than 100,000 m<sup>2</sup> of letting area. The market was very favourable at the time of the sale. We will vacate Farsta Centrum on 1 June.

## A NOBEL CENTER IN SLUSSEN

I'm extremely proud of the settlement we reached with the City of Stockholm, which has paved the way for the construction of a Nobel Center in Slussen. This agreement meant that we returned our



We are one of the biggest property owners in Slussen, so we want to be involved and develop the site for the future. I'm proud that we've been able to help make the development of the new Nobel Centre a reality.

Hamnmästaren land allocation, an office project of 20,000 m<sup>2</sup> GFA. By way of compensation, we received a land allocation in Slussen for a new 8,000 m<sup>2</sup> retail hub adjacent to the forthcoming Mälarterrassen, and approximately 4,500 m<sup>2</sup> GFA for a hotel planned for construction above the underground entrance at Södermalmstorg. This agreement also included land allocations in Hagastaden for offices comprising 23,000 m<sup>2</sup> GFA and 310 tenant-owned dwellings, and finally a hotel in Slakthusområdet measuring 4,000 m<sup>2</sup> GFA. We are one of the biggest property owners in Slussen, so we want to be involved and help develop the site and make it more attractive. Establishing a new Nobel Center is not only important for Slussen, but also for the whole of Stockholm and Sweden.

## KATARINAHUSET

At the end of 2018 we acquired Katarinahuset in Slussen and we started the preparation work for a project as soon as we took possession at the beginning of 2019. This work has been successful and we've now moved on to the next stage, making a decision to start the reconstruction of Katarinahuset. The investment is estimated to be SEK 980 million and the project should be completed by the first quarter of 2023. After the reconstruction, the building will be home to ultra-modern offices with a unique view, a hotel and several restaurants.

I believe strongly in Slussen and I'm convinced that it will be a wonderful place once the reconstruction work is complete.

## PROFIT AND FORECAST

No forecast is being given for 2020. The previous forecast that was presented in the 2019 year-end report amounted to SEK 1,200 million. Farsta Centrum was sold after we had given this forecast. Added to this is the difficulty in assessing the effects of the coronavirus pandemic, both in terms of the tenants' needs for any rent relief and the impact on the company from any bankruptcies, but in particular because we don't know how long the coronavirus pandemic will last. Obviously, we're reviewing the company's costs in light of the current situation.

In recent weeks, I, just like many other people, have mostly been working from home. Although it has worked perfectly from a technical point of view, many of us are missing all our colleagues who give us so much energy every day at work. For me, it has shown how important the office is, and I'm sure this is true for many other people.

Annica Ånäs, CEO

# ATRIUM LJUNGBERG AS AN INVESTMENT

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

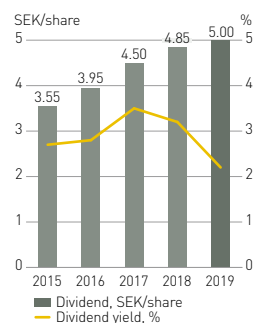
## FOUR REASONS TO OWN SHARES IN ATRIUM LJUNGBERG:

### STABLE DIVIDEND YIELD

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

#### Dividend and share dividend yield

– The company has never reduced its dividend

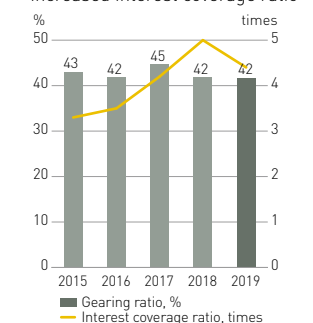


### LOW FINANCIAL RISK

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

#### Gearing ratio and interest coverage ratio

– Stable gearing ratio with increased interest coverage ratio

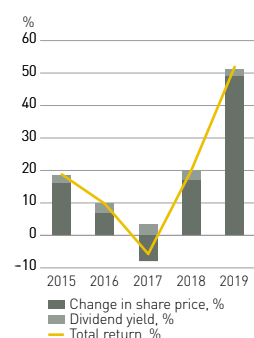


### POTENTIAL FOR GOOD VALUE GROWTH

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

#### Share's total yield

– Total return 19 per cent in 2019



### SUSTAINABLE URBAN DEVELOPMENT

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



70

NUMBER OF PROPERTIES

48

PROPERTY VALUE, SEK BILLION

2.5

CONTRACTED ANNUAL RENT, SEK BILLION

1,171

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

93

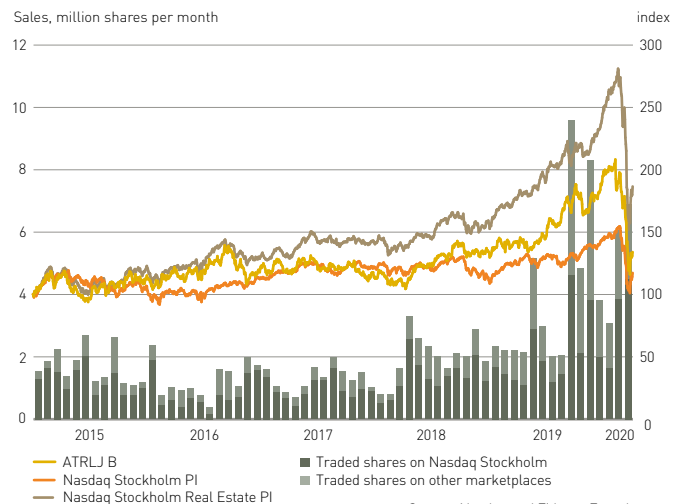
LETTING RATE EXCLUDING PROJECT PROPERTIES, %

338

AVERAGE NUMBER OF EMPLOYEES

#### The Atrium Ljungberg share

Sales, million shares per month



Source: Nasdaq and Fidessa Fragul

# CONSOLIDATED INCOME STATEMENT

Amounts in SEK m	Quarter 2020 Jan-Mar	Quarter 2019 Jan-Mar	Full year 2019 Jan-Dec	12 months 2019/2020 Apr-Mar
Rental income	648	633	2,577	2,593
Net sales, project and construction work	84	32	233	285
<b>Net sales</b>	<b>733</b>	<b>665</b>	<b>2,811</b>	<b>2,878</b>
Property management costs				
Service charge-related costs	-56	-58	-197	-195
Other operating costs	-56	-52	-202	-206
Management costs	-43	-41	-173	-174
Repairs	-11	-15	-54	-51
Property tax	-44	-38	-174	-180
Non-deductible VAT	-3	-3	-11	-11
	<b>-213</b>	<b>-206</b>	<b>-810</b>	<b>-817</b>
Project and construction work costs	-87	-37	-276	-327
<b>Gross profit</b>	<b>432</b>	<b>422</b>	<b>1,724</b>	<b>1,734</b>
– of which gross profit/loss property management (operating surplus)	435	427	1,767	1,776
– of which gross profit/loss from project and construction work	-3	-5	-43	-41
Central administration, property management	-18	-19	-80	-80
Central administration, project and construction work	-4	-7	-16	-13
	<b>-23</b>	<b>-25</b>	<b>-96</b>	<b>-93</b>
Financial income	1	0	2	3
Financial expenses	-91	-84	-362	-369
Leasehold fees	-9	-7	-34	-36
	<b>-99</b>	<b>-91</b>	<b>-395</b>	<b>-402</b>
<b>Profit/loss before changes in value</b>	<b>311</b>	<b>306</b>	<b>1,234</b>	<b>1,239</b>
<b>Changes in value</b>				
Properties, unrealised	-1,486	148	2,283	649
Properties, realised	-3	17	73	53
Derivatives, unrealised	-236	-160	-90	-166
Derivatives, realised	-	-	-50	-50
	<b>-1,725</b>	<b>5</b>	<b>2,216</b>	<b>486</b>
<b>Profit before tax</b>	<b>-1,414</b>	<b>311</b>	<b>3,450</b>	<b>1,724</b>
Current tax	-22	-34	-63	-50
Deferred tax	302	-56	-580	-222
	<b>280</b>	<b>-91</b>	<b>-643</b>	<b>-271</b>
<b>Profit/loss for the period</b>	<b>-1,134</b>	<b>220</b>	<b>2,807</b>	<b>1,453</b>
Other comprehensive income				
Items which will be reclassified to profit/loss				
Cash flow hedging	4	4	16	16
Tax attributable to cash flow hedging	-1	-1	-3	-3
<b>Total other comprehensive income</b>	<b>3</b>	<b>3</b>	<b>13</b>	<b>12</b>
<b>Total comprehensive income for the period</b>	<b>-1,131</b>	<b>223</b>	<b>2,819</b>	<b>1,466</b>
The profit/loss for the period and the total comprehensive income for the period are entirely attributable to the parent company's shareholders				
Earnings per share, SEK	-8.74	1.69	21.59	11.19

# PROFIT, JANUARY–MARCH 2020

## CHANGES IN THE PROPERTY PORTFOLIO

The profit for the year was impacted as follows by earlier property transactions: Contributions from the acquisition of 14 properties in Slakthusområdet, which were taken into possession on 11 June 2019. In 2020 these properties are being classified as project properties. Kolding 1 and Kolding 2 in Ärvinge, Kista, were vacated on 30 September 2019.

## NET SALES

The Group's net sales for the quarter increased to SEK 733 million (SEK 665 m), of which rental income comprised SEK 648 million (SEK 633 m). Rental income increased by 1.6 per cent in the like-for-like portfolio compared with the same quarter of the previous year, of which office properties increased by 4.6 per cent and retail properties decreased by 2.4 per cent. This reduction in rental growth for retail properties has mostly been caused by vacancies, higher discounts and negative renegotiations. The increase in rental income is mostly explained by new lettings and renegotiations in office properties.

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

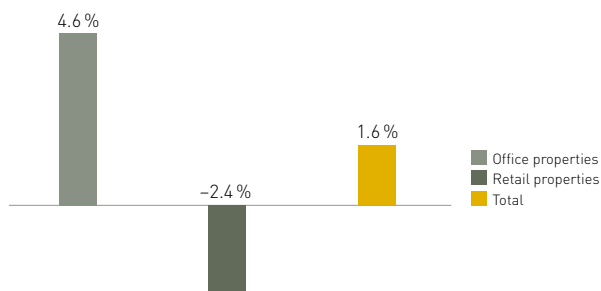
## RENTAL INCOME TREND

	Quarter 2020 1/1–31/3	Quarter 2019 1/1–31/3	Change, %
Like-for-like portfolio	585	576	1.6
Non-recurring payments	2	2	
Project properties	62	42	
Properties acquired	–	–	
Properties sold	–	13	
<b>Rental income</b>	<b>648</b>	<b>633</b>	<b>2.4</b>

At the end of the quarter the market value for the like-for-like portfolio was SEK 40,222 million, corresponding to 85 per cent of the property portfolio's total value.

## Like-for-like net rental income growth

– Strong development in the office segment



## PROPERTY COSTS

Property costs amounted to SEK 213 million (SEK 206 m). For the like-for-like portfolio property costs decreased by 3.4 per cent compared with the corresponding quarter last year. This reduction in property costs is mostly explained by lower costs for electricity, heating and snow clearance resulting from a mild winter and lower repair costs. Other operating costs increased due to higher costs for expected bad debt losses.

## PROPERTY COSTS TREND

	Quarter 2020 1/1–31/3	Quarter 2019 1/1–31/3	Change, %
Like-for-like portfolio	-187	-193	-3.4
Project properties	-26	-8	
Properties acquired	–	–	
Properties sold	–	-5	
<b>Property management costs</b>	<b>-213</b>	<b>-206</b>	<b>3.4</b>

## GROSS PROFIT/LOSS PROPERTY MANAGEMENT

The gross profit for property management (operating surplus) increased to SEK 435 million (SEK 427 m). This increase is mostly due to new lettings and renegotiations in office properties, as well as lower property costs in the like-for-like portfolio resulting from a mild winter and low snowfall.

For the like-for-like portfolio, the gross profit for property management increased by 4.1 per cent compared with the corresponding quarter of the previous year.

The operating surplus margin amounted to 67 per cent (67%), which as of this report, includes the effect of implementing IFRS 16.

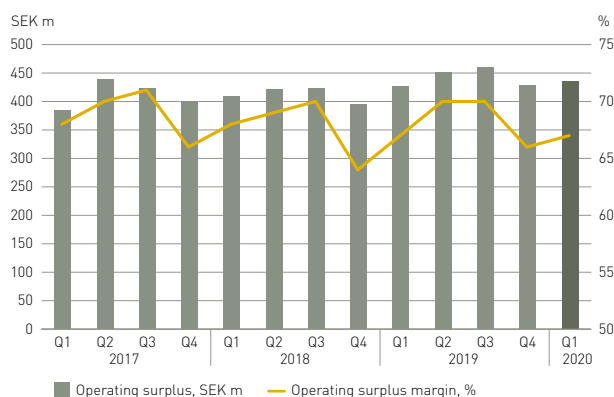
## GROSS PROFIT/LOSS PROJECT AND CONSTRUCTION WORK

The gross profit for project and construction work amounted to SEK -3 million (SEK -5 m). The improvement in gross profit is mostly due to a higher cost allocation to development projects.

Internal Group sales in TL Bygg for the first quarter amounted to SEK 73 million (SEK 75 m), which corresponds to 47 per cent (71%) of total sales. TL Bygg's gross profit, including intra-Group transactions amounted to SEK 11 million (SEK 5 m). The increase

## Operating surplus and operating surplus margin

– Effect of the implementation of IFRS 16 is included from Q1 2019 onwards



in gross profit is mostly explained by higher sales and a higher allocation to projects compared with the same quarter of the previous year.

### SEASONAL EFFECTS

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

### CENTRAL ADMINISTRATION

Central administration is comprised of costs for the company management as well as central support functions. Costs of central administration for property management amounted to SEK 18 million (SEK 19 m). Costs of central administration for project and construction work amounted to SEK 4 million (SEK 7 m).

### FINANCIAL NET

Financial income and expenses including leasehold fees for the first quarter amounted to SEK -99 million (SEK -91 m). This increase is mostly due to higher interest-bearing liabilities and an increase in the variable interest rate during the quarter. The average interest rate at the end of the period amounted to 1.6 per cent (1.7%). For more information, refer to the section on financing on pages 16–17.

### CHANGES IN VALUE

Unrealised changes in the value of investment properties amounted to SEK -1,486 million (SEK 148 m). This change in value is mostly explained by lower market values for retail properties. For more information, refer to the section on property values on pages 8–10.

Unrealised changes in the value of derivatives amounted to SEK -236 million (SEK -160 m) as a result of lower market interest rates.

Realised changes in the value of investment properties amounted to SEK -3 million (SEK 17 m).

**SICKLA** – Sickla is continuing to develop into a vibrant city district with a mixture of offices, apartments, culture and retail. We build on Sickla's identity and cultural history, with new, modern office and apartment buildings being constructed next to old industrial buildings.



### TAX

The current tax for the period amounted to SEK -22 million [-34]. The current tax has been affected by tax deductible depreciation and investments. Deferred tax amounted to SEK 302 million (SEK -56 m), which was mainly impacted by unrealised changes in the value of properties and derivatives.

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

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

The residual tax value of the property stock amounts to SEK 18,182 million (SEK 15,781 m).

### TAX CALCULATION FIRST QUARTER OF 2020

SEK m	Data current tax	Data deferred tax
Reported profit/loss before tax	-1,414	
Tax deductible		
depreciation	-173	173
investments	-49	49
Non-taxable/non-deductible		
changes in the value of properties, unrealised	1,486	-1,486
changes in the value of properties, realised	3	-3
changes in the value of derivatives, unrealised	236	-236
consolidated capitalisation of borrowing	-5	5
consolidated internal profit	9	-9
Other fiscal adjustments	9	40
<b>Taxable profit/loss before loss carry-forwards</b>	<b>101</b>	<b>-1,467</b>
Change in loss carry-forwards	-9	-
<b>Taxable profit/loss</b>	<b>92</b>	<b>-1,467</b>
Of which 21.4 per cent current/20.6 per cent deferred tax	-20	302
Correction of tax from previous years	-2	
<b>Reported tax expense</b>	<b>-22</b>	<b>302</b>

### PROFIT

The profit before changes in value increased to SEK 311 million (SEK 306 m).

The profit for the period amounted to SEK -1,134 million (SEK 220 m), corresponding to SEK -8.74/share (SEK 1.69).

### PROFIT AND INVESTMENT FORECAST

The previous forecast that was presented in the 2019 year-end report amounted to SEK 1,200 million. Farsta Centrum was sold after we had given this forecast. Added to this is the difficulty in assessing the effects of the coronavirus pandemic, both in terms of the tenants' needs for any rent relief and the impact on Atrium Ljungberg from any bankruptcies, but in particular because we don't know how long the coronavirus pandemic will last.



# CONSOLIDATED BALANCE SHEET, SUMMARY

Amounts in SEK m	31/3/2020	31/3/2019	31/12/2019
<b>ASSETS</b>			
Investment properties	42,514	43,859	47,513
Right-of-use asset, leaseholds	981	1,114	1,305
Goodwill	165	225	225
Other non-current assets	196	51	73
Derivatives	14	–	82
<b>Total non-current assets</b>	<b>43,871</b>	<b>45,249</b>	<b>49,193</b>
Development properties	1,104	906	997
Current assets	491	434	411
Cash and cash equivalents	965	420	457
Assets held for sale	4,402	–	–
<b>Total current assets</b>	<b>6,962</b>	<b>1,760</b>	<b>1,865</b>
<b>Total assets</b>	<b>50,833</b>	<b>47,009</b>	<b>51,062</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	20,984	20,240	22,784
Deferred tax liability	4,401	4,638	5,106
Non-current interest-bearing liabilities	19,374	18,727	20,211
Non-current finance lease liability	981	1,114	1,305
Derivatives	655	521	348
Other non-current liabilities	227	206	222
<b>Total non-current liabilities</b>	<b>25,638</b>	<b>25,205</b>	<b>27,193</b>
Current interest-bearing liabilities	1,054	–	–
Other current liabilities	1,791	1,564	1,086
Liabilities directly attributable to Assets held for sale	1,365	–	–
<b>Total current liabilities</b>	<b>4,211</b>	<b>1,564</b>	<b>1,086</b>
<b>Total equity and liabilities</b>	<b>50,833</b>	<b>47,009</b>	<b>51,062</b>

## SALE OF FARSTA CENTRUM

On March 9th Atrium Ljungberg signed an agreement to sell Farsta Centrum to Stadsrum Fastigheter AB. The purchase price is based on an underlying property value of SEK 3,979 before deductions for deferred tax, with 1 June 2020 as the agreed date of closing. The sale will be recognised in quarter two.

In the balance sheet as of 31 March 2020 the assets and liabilities attributable to Farsta Centrum have been classified as Assets held for sale and Liabilities directly attributable to Assets held for sale.

Assets held for sale amount to SEK 4,402 million, of which SEK 3,979 million have been reclassified from Investment properties, SEK 324 million from Right-of-use asset, leaseholds, and SEK 60 million from Goodwill.

Liabilities directly attributable to Assets held for sale amount to SEK 1,365 million, of which SEK 549 million has been reclassified from Non-current interest-bearing liabilities, SEK 404 million from

Deferred tax liability, and SEK 324 from Non-current finance lease liability.

## EFFECT OF THE CORONAVIRUS PANDEMIC

There is greater uncertainty when valuing the balance sheet items due to the ongoing coronavirus pandemic.

This is particularly true for the valuation of Investment properties and applies to both the development of market prices and future operating net, as it is difficult to assess the duration and extent of the pandemic at this point in time. For more information about the valuation of properties, see page 9.

Payments of rents for the first quarter were not effected by the coronavirus pandemic as the due date for payment was 31 December 2019. For the second quarter, only advance rent notifications that have already been paid are capitalised.

# CONSOLIDATED CHANGE IN EQUITY

Amounts in SEK m	Attributable to the parent company shareholders				Total equity
	Share capital	Other capital contributions	Hedging reserves	Profit brought forward	
<b>Opening balance as of 1 January 2019</b>	<b>333</b>	<b>3,960</b>	<b>-26</b>	<b>16,429</b>	<b>20,696</b>
Profit/loss for the period				220	220
Other comprehensive income			3		3
Acquisition of own shares				-48	-48
Dividend, SEK 4.85/share				-631	-631
<b>Closing balance as of 31 March 2019</b>	<b>333</b>	<b>3,960</b>	<b>-23</b>	<b>15,970</b>	<b>20,240</b>
Profit/loss for the period				2,587	2,587
Other comprehensive income			10		10
Acquisition of own shares				-51	-51
<b>Closing balance as of 31 December 2019</b>	<b>333</b>	<b>3,960</b>	<b>-13</b>	<b>18,506</b>	<b>22,784</b>
Profit/loss for the period				-1,134	-1,134
Other comprehensive income			3		3
Acquisition of own shares				-19	-19
Unused dividend, SEK 5.00/share				-649	-649
<b>Closing balance as of 31 March 2020</b>	<b>333</b>	<b>3,960</b>	<b>-11</b>	<b>16,703</b>	<b>20,984</b>

There are a total of 133,220,736 (133,220,736) shares, of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. Atrium Ljungberg acquired 118,000 class B shares in the first quarter of 2020 (297,000). At the end of the quarter the company owns 3,500,000 class B shares. As of 31 March 2020 the number of outstanding shares amounts to 129,720,736 (130,162,736). The average number of outstanding shares for the period from 1 January 2020 to 31 March 2020 amounts to 129,820,209 (130,360,814).

## MARKET AND PROPERTY PORTFOLIO

### THE PROPERTY MARKET

The transaction volume for the first quarter amounted to almost SEK 64 billion, an increase of 40 per cent compared with the same quarter of 2019. Hemfosa accounted for approximately SEK 29 billion of this total. The number of deals completed reduced by approximately 30 per cent compared with the same quarter of 2019. Many of these transactions were initiated before the coronavirus pandemic and we are now starting to see deals not being carried out because of the greater levels of uncertainty.

The yield requirements for office properties continued to clearly decrease at the start of the period, but the greater uncertainty related to the coronavirus pandemic is assumed to have had the opposite effect on yield requirements at the end of the period, resulting in a neutral effect for the quarter as a whole.

The effects of the coronavirus pandemic have been particularly noticeable for retail properties. The consumer durables market has been hit by a reduction in customer flows, while the FMCG sector initially saw an increase in demand, partly because of people stocking up on food. The yield requirements for retail properties increased during the quarter.

For tenant-owned dwellings, the downward trend in the supply of new builds continued at the start of 2020. However, homebuyers have adopted a cautious approach because of the coronavirus pandemic.

### PROPERTY PORTFOLIO

Our property portfolio is concentrated to central locations in the growth regions of Stockholm, Gothenburg, Malmö and Uppsala, with Stockholm accounting for 72 per cent of the contracted annual rent. At the end of the quarter our property portfolio contains a total of 70 properties (51) with a total letting area of 1,171,000 m<sup>2</sup> including garage (1,166,000).

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

In the third quarter of 2019, some office properties were reclassified as retail properties as a result of an internal redistribution. The fair value is approximately SEK 500 million, which affects the comparison figures.

As of 1 April 2020 the contracted annual rent amounted to SEK 2,548 million (SEK 2,553 m). Excluding Farsta Centrum, the contracted annual rent amounts to SEK 2,261, of which SEK 478 million relates to retail, and it is distributed among our areas as follows: 32% Gränby-staden, 31% Sickla Köp kvarter, 20% Mobilia, 14% Stockholm other and 3% Forumkvarteret. The economic letting rate including project properties was 92 per cent (93%), and excluding project properties, 93 per cent (94%). The EPRA vacancy rate was therefore 7 per cent (6%). The lower letting rate has been caused, for example, by some tenants moving out of offices in Hagastaden and Medborgarplatsen,

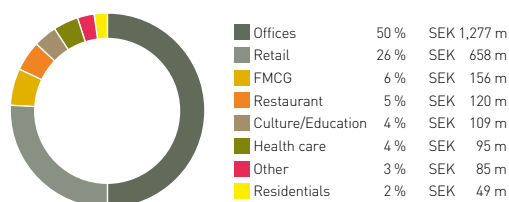


and by tenants moving out of the Katarinahuset property project as the building starts to be emptied.

The average remaining term for contracted rent excluding residentials and parking was 3.3 years (3.5 years).

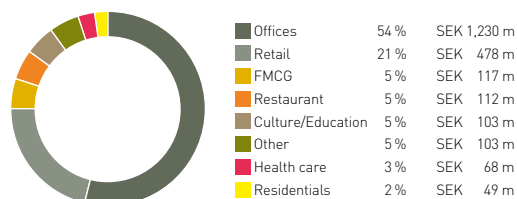
#### Contracted annual rent per premises type

– Half comprises offices



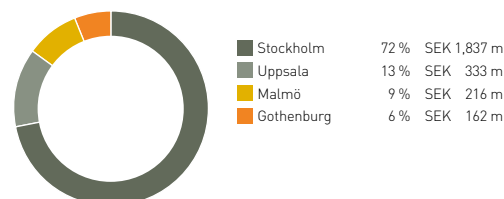
#### Contracted annual rent per premises type excluding Farsta

– The proportion of offices is increasing to 54 per cent

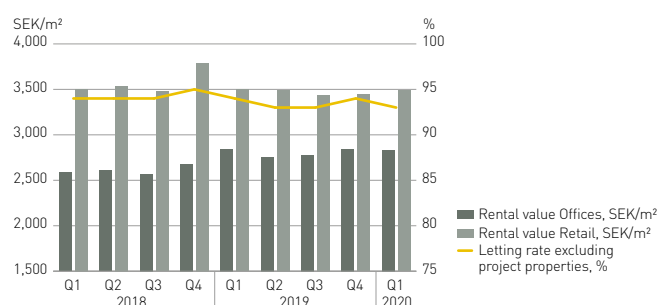


#### Contracted annual rent per region

– Only in strong growth regions



#### Rental value per m² and letting rate

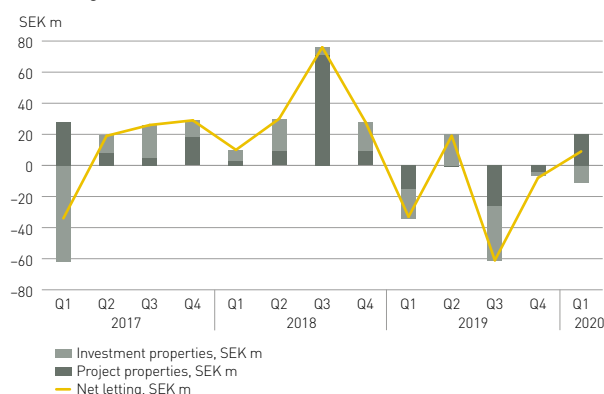


#### NET LETTING

Net letting, i.e. newly signed contracted annual rents with deductions for annual rents lost due to terminated contracts, amounted to SEK 9 million (SEK –33 m) during the first quarter, of which SEK 20 million (SEK –15 m) refers to project properties. Both newly signed contracts and terminations are spread across most of our areas in both retail and offices.

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

#### Net letting



#### PROPERTY VALUATION

During the first quarter, Atrium Ljungberg internally valued the entire property portfolio and assumed yield requirements have been subject to quality assurance by Forum Fastighetsekonomi.

The market valuation is based on analyses of completed property transactions for properties of a similar standard and in a similar location, in order to assess the market's yield requirements. There is greater uncertainty than normal for the valuation assumptions due to the situation at the end of the quarter with the ongoing coronavirus pandemic; so to reduce this uncertainty, more valuation meetings were held with external valuation experts than for a standard quarterly valuation. The assessments that have been made are based on the property transactions that have been carried out, and an assessment of the market changes that took place in March. The valuation also entails cash flow calculations, with individual assessments of the earning capacity of each individual property. Assumed rental levels in conjunction with contract expirations correspond to assessed long-term market rent levels. Operating costs have been assessed on the basis of the company's actual costs.

#### DEVELOPMENT PROPERTIES

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

#### Rental value and letting rate

Premises type	1/4/2020			1/4/2019		
	Rental value, SEK m	Rental value, SEK/m <sup>2</sup> <sup>1)</sup>	Letting rate, %	Rental value, SEK m	Rental value, SEK/m <sup>2</sup> <sup>1)</sup>	Letting rate, %
Offices	1,302	2,832	92	1,267	2,844	94
Retail	983	3,485	94	991	3,497	94
Other	238	2,018	92	226	1,965	94
Residentials	49	1,722	99	87	1,452	100
Garage/parking	60	E/T	94	56	E/T	93
<b>Business area Property</b>	<b>2,632</b>	<b>2,963</b>	<b>93</b>	<b>2,628</b>	<b>2,906</b>	<b>94</b>
Project properties	132		78	106		73
<b>Total</b>	<b>2,764</b>		<b>92</b>	<b>2,734</b>		<b>93</b>

<sup>1)</sup> m<sup>2</sup> excluding garage.

## CHANGE IN VALUE

The unrealised change in value during the period amounted to SEK –1,486 million (SEK 148 m). The majority of this change in value relates to retail properties, where the value was adjusted down by SEK –1,470 million. The change is caused by an adjustment in the yield requirement of 0.3 percentage units due to higher risk, and a change in value of lower operating net both in the short term through higher rent discounts and in the long term in the form lower market rents and higher vacancies.

## Unrealised changes in value, properties

SEK m	Quarter 2020 1/1–31/3	Quarter 2019 1/1–31/3
Change in yield requirements	–791	–
Change in operating net, etc.	–695	148
<b>Total</b>	<b>–1,486</b>	<b>148</b>

**FORUMKVARTERET** – The reconstruction project in Forumkvarteret in the centre of Uppsala is now complete. We have created an urban inner city district here, with new, modern offices, rental apartments, stores, restaurants and cafes.



## Change in the property portfolio

SEK m	Quarter 2020 Jan–Mar	Quarter 2019 Jan–Mar	Full year 2019 Jan–Dec
<b>Investment properties</b>			
<b>Fair value at the beginning of the period</b>	<b>47,513</b>	<b>43,310</b>	<b>43,310</b>
Acquisitions (after deduction of latent tax)	3	18	1,174
Reclassification to Assets held for sale	–3,979	–	–
Sales	–	–	–1,031
Investments in held properties	463	383	1,704
Unrealised changes in value	–1,486	148	2,283
Other	–	–	73
<b>Fair value at the end of the period</b>	<b>42,514</b>	<b>43,859</b>	<b>47,513</b>
<b>Development properties</b>			
At the beginning of the period	997	891	891
Investments in tenant-owned dwelling projects	107	15	106
<b>Development properties, at the end of the period</b>	<b>1,104</b>	<b>906</b>	<b>997</b>
<b>Properties included in Assets held for sale</b>	<b>3,979</b>	<b>–</b>	<b>–</b>
<b>Property portfolio, total <sup>1)</sup></b>	<b>47,597</b>	<b>44,765</b>	<b>48,509</b>

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

## Dividend yield per premises type

%	Interval	31/3/2020 Average	31/12/2019 Average
Offices	3.5–6.3	4.3	4.3
Retail	3.7–6.3	5.2	4.9
Residential	2.3–3.8	3.7	3.7
Other	3.5–6.3	4.8	4.8
<b>Total</b>	<b>2.3–6.3</b>	<b>4.6</b>	<b>4.5</b>

## Dividend yield per region

%	Interval	31/3/2020 Average	31/12/2019 Average
Stockholm	2.3–6.2	4.5	4.5
Uppsala	3.8–5.8	5.2	5.0
Malmö	3.8–6.3	5.6	5.4
Gothenburg	4.4–5.0	4.5	4.5
<b>Total</b>	<b>2.3–6.3</b>	<b>4.6</b>	<b>4.5</b>

## Property portfolio (excluding right-of-use asset, leasehold rights)

Property type	31/3/2020			31/3/2019		
	Letting area, '000 m <sup>2</sup>	Fair value, SEK m	Fair value, SEK/m <sup>2</sup> <sup>1)</sup>	Letting area, '000 m <sup>2</sup>	Fair value, SEK m	Fair value, SEK/ m <sup>2</sup> <sup>1)</sup>
Office properties	609	23,563	49,279	688	23,861	44,528
Retail properties	333	12,588	46,687	367	15,531	49,840
Residential	45	1,288	33,542	82	2,038	29,007
<b>Business area Property</b>	<b>987</b>	<b>37,440</b>	<b>47,621</b>	<b>1,137</b>	<b>41,430</b>	<b>45,144</b>
Project properties	61	4,619	E/T <sup>2)</sup>	23	2,148	E/T <sup>2)</sup>
Land and development rights	–	456		–	281	
<b>Total Investment properties</b>	<b>1,048</b>	<b>42,514</b>		<b>1,160</b>	<b>43,859</b>	
Development properties	8	1,104		6	906	
<b>Property portfolio, total <sup>3)</sup></b>	<b>1,056</b>	<b>43,618</b>		<b>1,166</b>	<b>44,765</b>	
Assets held for sale	115	3,979				
<b>Property portfolio, total, including assets held for sale</b>	<b>1,171</b>	<b>47,597</b>				

<sup>1)</sup> Standardised with area excluding garage.

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

<sup>3)</sup> Excluding Right-of-use asset, leasehold rights.

# INVESTMENTS AND PROJECTS

## CONFIRMED AND COMPLETED PROJECTS

During the first quarter, investments in held properties amounted to SEK 570 million (SEK 398 m), of which SEK 321 million (SEK 202 m) was in project properties and SEK 107 million (SEK 15 m) in development properties. Investments in project properties relate primarily to projects in Sickla, Mobilia, Barkarbystaden and Hagastaden. The other investments relate mostly to tenant adaptations in properties in Kista, Sickla, Uppsala and Malmö.

The remaining investment volume for confirmed projects amounted to SEK 3,740 million as of 31 March 2020.

## STOCKHOLM

### SICKLA, NACKA

**Curanten** – At Sickla Station, we are building a healthcare destination, with stores, cafes and restaurants on the ground floor. The project comprises a total of 11,500 m<sup>2</sup>, which includes 9,900 m<sup>2</sup> for healthcare. Adaptation of the premises for tenants is currently underway. Occupancy is planned for the end of 2020. In March a new rental contract was signed with the municipality of Nacka for more than 1,500 m<sup>2</sup> for public services. Contracts have already been signed with Sickla Hälsocenter, Alva Barnklinik and GHP Specialiststandläkarna in Nacka and Diagnostiskt Hudcenter. Contracts have been signed with Kronans Apotek, Reload Superfoods and Bastard Burgers for the ground floor.

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

**Nobelbergsgaraget** – The framework has been put into place for the garage and supplementary areas for restaurants, offices and service, and completion is expected to take place at the end of 2020. The parking garage will include around 100 parking spaces. This property is a 3D property under Brf Sicklastråket.

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

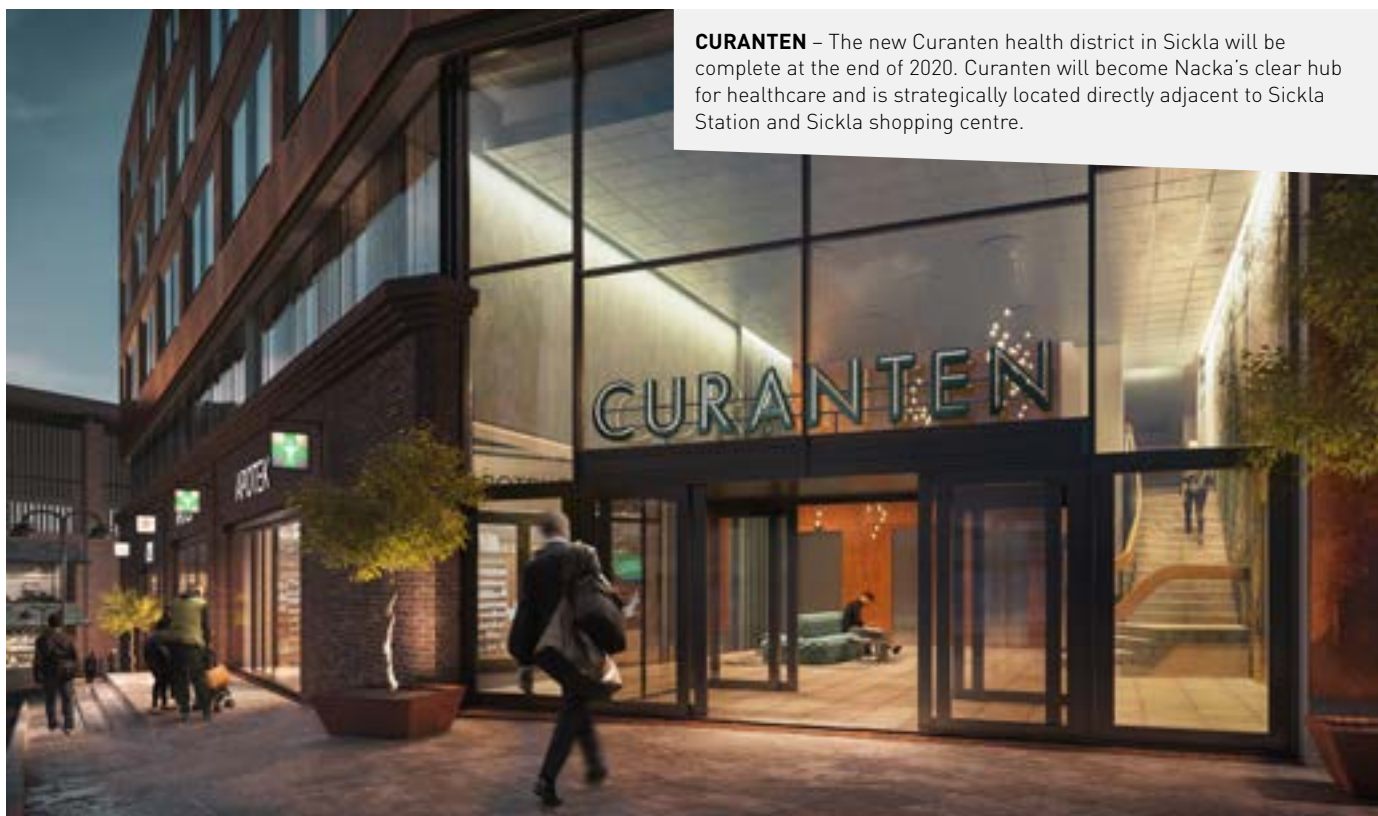
**Brf Sicklastråket** – The tenant-owned apartment project containing 68 tenant-owned apartments is the first residential block to be built in Nobelberget.

Sales started for this project in the autumn of 2018 and in the end of the first quarter 2020 binding contracts had been signed for 78 per cent of the apartments. These apartments are being built on top of Nobelbergsgaraget, and the district is expected to be ready for occupancy at the end of 2020.

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

## SLUSSEN

**Katarinahuset in Slussen** – In March 2020 a decision was made to start a reconstruction project in Katarinahuset and in the spring the building is being emptied to enable demolition work to go ahead. Following the reconstruction work, the building will be home to modern offices with a unique view, and we are also planning for a hotel and several restaurants. We are also planning to develop the building's roof terrace so that the general public can access it via Mosebacke and Katarinahissen. This renovation work is expected to be complete in the first quarter of 2023. The investment amounts to SEK 980 million.



**CURANTEN** – The new Curanten health district in Sickla will be complete at the end of 2020. Curanten will become Nacka's clear hub for healthcare and is strategically located directly adjacent to Sickla Station and Sickla shopping centre.



## HAGASTADEN

**Life City** – Life City is being built next to New Karolinska Solna University Hospital. The building comprises 27,500 m<sup>2</sup> and an investment of SEK 1.9 billion including land acquisitions. We are creating a new meeting place here for life science activities. The biggest tenant is Academic Work, which signed an agreement for 17,000 m<sup>2</sup>.

Tunnelling work beneath the building has been completed. The framework is currently being erected and should be finished by the summer of 2020. This project is on schedule with the first tenants expected to move in during the fourth quarter of 2021. The entire building is planned for completion in the spring of 2022.

## BARKARBYSTADEN, JÄRFÄLLA

**Bas Barkarby** – Construction of the first phase of Bas Barkarby started in the second quarter of 2019 and comprises approximately 25,000 m<sup>2</sup>. Here we will be bringing together education with the business community and culture to create an entirely new meeting place. Järfälla Municipality will lease almost 11,000 m<sup>2</sup> for upper secondary education, a multi-purpose hall, a library and other cultural activities. Bas Barkarby will also comprise offices, a restaurant and a gym. The framework is currently being erected and work is underway on the facade. Occupancy is expected to begin in the first quarter of 2022 and the entire building is expected to be fully completed in the summer of 2022.

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

## MALMÖ

### MOBILIA

**Mobilia Torghuset** – Work on an extension of approximately 13,100 m<sup>2</sup> is being completed. The rental apartments are fully let and the tenants will be moving in at the end of April and beginning of May. Funnys Äventyr has taken possession of its premises and is currently building its environments. The premises for Nordisk Film are currently being adapted and are expected to open at the same time as Funnys Äventyr in the fourth quarter of 2020. In terms of retail,

agreements have been signed with New Yorker, Specsavers, Intersport, Deichman, Sketchers and Yogiboost. In the spring of 2020 Sweden's largest living wall is being installed on the facade of Torghuset.

## UPPSALA

### GRÄNBYSTADEN

**Gränby Entré, building 3** – We have constructed three buildings containing rental apartments, commercial premises and offices adjacent to Gränbystaden Galleria. Building 3 contains 66 rental apartments, offices and premises for restaurants, gyms and other activities. The apartments are now occupied and the work on the last commercial premises is ongoing.

**Parkhusen, block 1** – We are building a residential block called Parkhusen with approximately 250 apartments close to both Gränbystaden Galleria and Gränbyparken. Parkhusen will create an urban frontage and a clearly defined entrance to the park. Block 1 comprises 44 rental apartments with commercial premises on the ground floor. Construction started in the project in March 2020 and it is expected to be completed in the second quarter of 2021. The apartments will be mediated through Uppsala Bostadsförmedling.

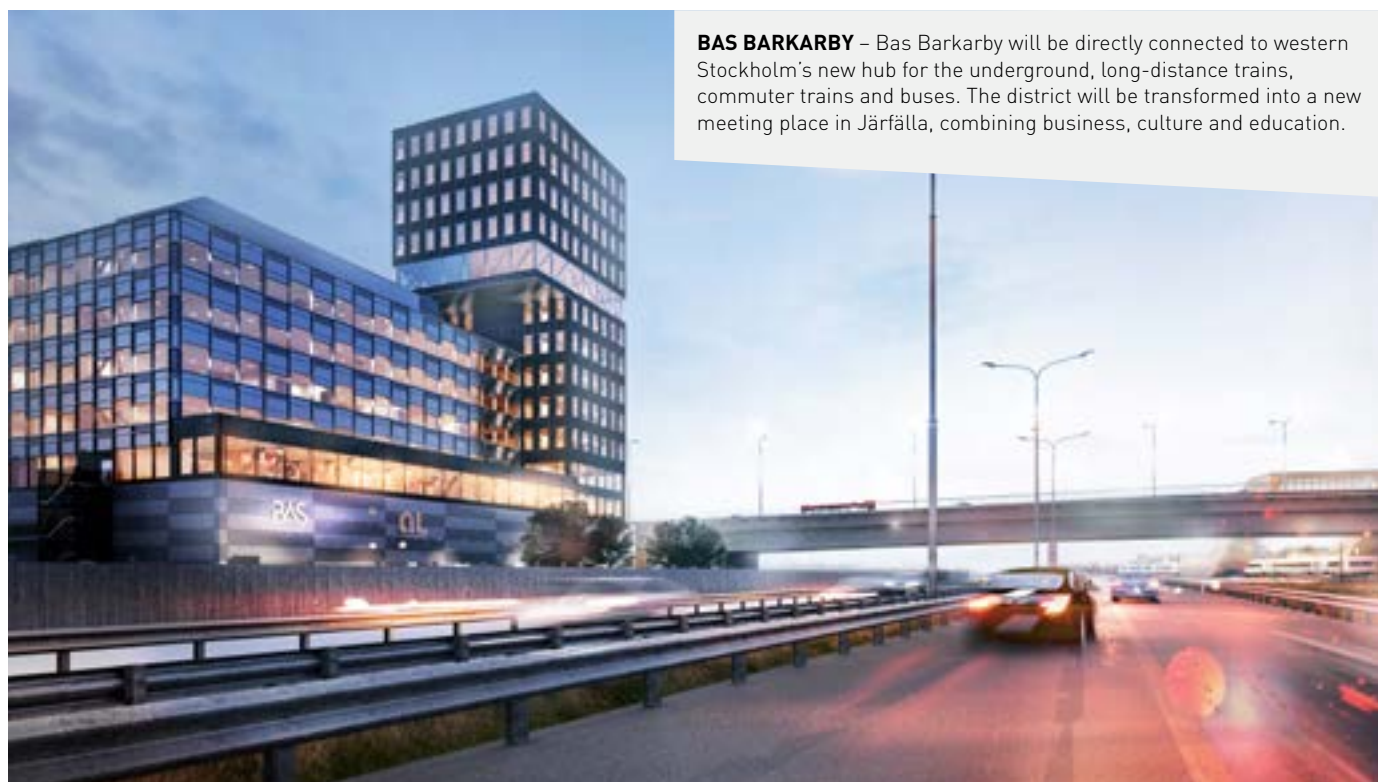
### FORUMKVARTERET

**Forumkvarteret** – The major reconstruction work in Forumkvarteret in the centre of Uppsala will be completed in the second quarter. This reconstruction project has included both the office and retail sections in order to create an urban inner city district.

## POTENTIAL DEVELOPMENT PROJECTS

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

In terms of area, more than 40 per cent of the project portfolio comprises residentials, 40 per cent is for offices, while the remainder is retail/service, education and culture. The project portfolio is divided among the majority of our areas with Sickla, Slakthusområdet,



**BAS BARKARBY** – Bas Barkarby will be directly connected to western Stockholm's new hub for the underground, long-distance trains, commuter trains and buses. The district will be transformed into a new meeting place in Järfälla, combining business, culture and education.

Gränbystaden and Hagastaden accounting for approximately 84 per cent. The rate at which we can complete the projects depends on the market situation and the detailed development plan process. A project is not usually started until we have secured a minimum yield level in the form of signed lease contracts.

## POTENTIAL PROJECT STARTS 2020-2022

### STOCKHOLM

In Sickla, sales are in progress of the first tenant-owned apartments of a total of 500 at Nobelberget. The launch of phase two for almost 60 tenant-owned apartments with ground floor premises is planned

for 2020. The development of the remaining apartments will be carried out gradually based on market demand. At Nobelberget, we are creating an attractive and dense urban environment with residential as well as office premises and cultural activities.

We have a development right for approximately 7,500 m<sup>2</sup> GFA at Sickla Station, where the future underground will be linked with the cross-town light rail link, the Saltsjöbanan Line and bus services. Work is underway on a new detailed development plan with an extended development right that includes a 23-storey building and approximately 23,000 m<sup>2</sup> GFA. Consultation on the detailed development plan is complete and the examination of the plan is scheduled before the summer. Atrium Ljungberg and Region Stockholm are working jointly

### Schedule for confirmed projects

■ Planning ■ Construction ■ Completion

	2020				2021				2022				2023	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>New builds and extensions</b>														
Curanten														
Tapetfabriken														
Nobelbergsgaraget														
Sickla Galleria phase IV														
Life City														
Bas Barkarby														
Mobilia Torghuset														
Gränby Entré, building 3														
Parkhusen, block 1														
<b>Reconstruction</b>														
Panncentralen														
Katarinahuset														
Forumkvarteret														
<b>Tenant-owned dwellings</b>														
Brf Sicklastråket														

### Confirmed projects

Confirmed projects	Letting area, m²				Parking, investment, GFA	Total investment, SEK m <sup>1)</sup>	Of which remaining, SEK m	Fair value, SEK m	Rental value, SEK m <sup>2)</sup>	Letting rate, %
	Retail	Offices	Residential units	Other						
New builds and extensions										
Curanten, Sicklaön 83:22, Nacka	1,600			9,900		530	230		39	46
Tapetfabriken, Sicklaön 83:22, Nacka				10,500	4,600	440	180		E/T <sup>3)</sup>	100 <sup>4)</sup>
Nobelbergsgaraget, Sicklaön 83:45, Nacka	600				3,400	60	30		4	–
Sickla Galleria phase IV, Sicklaön 83:22, Nacka	5,000				6,300	140	110		16	–
Life City, Molekylen 1, Stockholm		27,500			4,400	1,840	1,090		109	E/T <sup>3)</sup>
Bas Barkarby, Barkarby 2:64, Järfälla		5,000		19,300		830	640		54	E/T <sup>3)</sup>
Mobilia Torghuset, Bohus 8, Malmö	3 500		3,800	5,800		550	160		31	94 <sup>5)</sup>
Gränby Entré, building 3, Gränby 21:5, Uppsala	1,200	1,300	3,400			240	20		15	88 <sup>6)</sup>
Parkhusen, block 1, Gränby 25:1, Uppsala	100		2,700			120	90		6	
Reconstruction										
Panncentralen, Sicklaön 83:33, Nacka				1,000		90	60		E/T <sup>3)</sup>	100
Katarinahuset, Stockholm	2,700	18,500		3,900		980	940		126	–
Forumkvarteret, Dragarbrunn 27:2, Uppsala	6,200	7,500	1,400		1,200	340	30		50	93
Tenant-owned dwellings										
Brf Sicklastråket, Sicklaön 83:43, Nacka			4,500			300	160		E/T	78 <sup>8)</sup>
Total	20.900	59.800	15.800	50.400	19.900	6.460	3.740	3.533 <sup>7)</sup>		

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

<sup>2)</sup> Excluding premiums and any net sales result.

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

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

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

<sup>6)</sup> The letting rate for commercial premises amounts to 77 per cent. The letting rate for residential is 100 per cent.

<sup>7)</sup> Divided into SEK 2,423 million for new building and extensions, SEK 950 million for reconstructions and SEK 160 for tenant-owned dwelling projects.

<sup>8)</sup> The percentage of apartments sold with binding contracts, percentage of number.

on projects that involve construction of elements for the new station entrance. The building will also contain offices and other commercial premises. The ground work started in March, including piling and shafts for the new ticket hall.

Detailed development planning work is in progress for a new 16-storey residential building with approximately 80 apartments. This will be at the eastern section of Sickla Galleria shopping centre by the second planned underground entrance at Sickla Station. The preparatory work on the station entrance is planned for the autumn of 2021.

#### GOTHENBURG

**At Lindholmen in Gothenburg** analyses are underway to see whether additional development rights could be created for offices measuring 20,000 m<sup>2</sup> in the existing property.

#### MALMÖ

**At Mobilia in Malmö** we have a development right of 6,800 m<sup>2</sup> GFA for offices on Trelleborgsvägen. Construction could potentially start in the first quarter of 2021 once Torghuset is complete.

#### UPPSALA

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

In northern Gränbystaden there is the possibility of developing 5,000 m<sup>2</sup> GFA for offices and retail on the remaining land within the existing detailed development plan.

We also have a land allocation with a development right for a potential 45,000 m<sup>2</sup> GFA south of Gränbystaden Galleria. The plan is to develop the area with a new office cluster and residential. Detailed development planning is underway and expected to be complete in 2020.

#### SLUSSEN

Having recently signed the agreement with the City of Stockholm, Atrium Ljungberg is now one of the largest property owners in Slussen. This agreement involves us returning the Hamnmästaren measuring 20,000 m<sup>2</sup> GFA right on the quayside at Stadsgårdskajen in front of our Glashuset property. This will allow the new Nobel Centre to be built on the site.

As part of this agreement we have received several land allocations in Slussen, Hagastaden and Slakthusområdet as compensation for Hamnmästaren. In Slussen we now have the opportunity to develop the retail site comprising approximately 8,000 m<sup>2</sup> under Södermalms-torg. We are planning retail and service here combined with areas that link the various methods of public transport together; the Salt-sjöbanan line, the underground and the bus terminal in Katarinaberget. The retail hub is adjacent to the future Mälarterrassen, a public building comprising more than 7,000 m<sup>2</sup> GFA with a view of the old town in Stockholm, Gamla Stan, and the water. We are planning cafes, restaurants and some cultural offerings here. Occupancy is planned for 2025.

The Ormen district is a development right of approximately 4,500 m<sup>2</sup>, with a hotel planned to be built above the underground entrance. This is expected to be completed at the same time as the retail hub.

In Slussen we also have the Ryssbodarne district, a land allocation that is partly in front of Katarinahuset, and above both Stadsgårdsleden and Saltsjöbanan. The Ryssbodarne district is a triangular development right comprising more than approximately 7,000 m<sup>2</sup> GFA



**GRÄNBYSTADEN** – We have a land allocation just south of Gränbystaden Galleria comprising a potential 45,000 m<sup>2</sup> GFA, where we are planning to develop a new area with both offices and residential.



across five floors, where we are planning offices with public spaces on the ground floors. Production will start in 2025 at the earliest, with potential occupancy in 2027.

Atrium Ljungberg already owns Glashuset and Sjömansinstitutet and also acquired Katarinahuset in the autumn of 2018 through an exchange deal with Folksam. This means that we are now developing approximately 75,000 m<sup>2</sup> GFA in Slussen, which is expected to be complete in 2027.

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

### SLAKTHUSOMRÅDET

In June 2019, we took possession of 14 properties totalling more than 50,000 m<sup>2</sup> of letting area. We also have an option to acquire an investment property of 32,000 m<sup>2</sup> of letting area. The option of ordering land allocations of approximately 100,000 m<sup>2</sup> GFA is also on the table. The acquisitions and developed land allocations amount to a total of approximately 200,000 m<sup>2</sup> GFA for offices and residentials, supplemented with culture, retail, a restaurant, hotel, education, etc. The total investment up to 2030, including acquisitions, amounts to around SEK 8 billion.

Slakthusområdet is one of Stockholm's largest urban development projects. In the autumn we worked with the City of Stockholm to complete a preliminary study for the northern part of Slakthusområdet. Our objective was to be able to create good occupation values and provide opportunities for activities to continue 24 hours a day. An increase in volumes is proposed in order to achieve this, creating a better mix of activities in the area. Quality assurance work is currently underway and the planning work for the northern part of the site is expected to begin in 2020. The intention is to create a strong destination; a meeting place for food, culture and experiences in Stockholm, an engine for the entire Söderort.

### Potential projects

	Municipality	Premises type <sup>1)</sup>	Project area, m <sup>2</sup> , GFA		Potential investments, SEK m <sup>2)</sup>
			Detailed development plan exists	Change to detailed development plan required	
Barkarby	Järfälla	Offices	20,000		
Lindholmen	Gothenburg	Offices		29,000	
Hagastaden	Stockholm	Residential	37,000		
Hagastaden	Stockholm	Offices	24,000	25,000	
Hagastaden	Stockholm	Retail	1,000		
Mobilia	Malmö	Offices	5,000		
Sickla	Nacka	Education		9,000	
Sickla	Nacka	Residential	41,000	94,000	
Sickla	Nacka	Offices		24,000	
Slakthusområdet	Stockholm	Education		7,000	
Slakthusområdet	Stockholm	Residential		44,000	
Slakthusområdet	Stockholm	Offices		81,000	
Slakthusområdet	Stockholm	Retail		28,000	
Slakthusområdet	Stockholm	Culture/restaurant		11,000	
Sundbyberg	Sundbyberg	Offices		14,000	
Södermalm	Stockholm	Retail		16,000	
Södermalm	Stockholm	Hotels		5,000	
Södermalm	Stockholm	Offices	48,000		
Södermalm	Stockholm	Culture/restaurant	7,000		
Uppsala	Uppsala	Residential	20,000	35,000	
Uppsala	Uppsala	Offices		23,000	
Uppsala	Uppsala	Retail	5,000	23,000	
<b>Total <sup>3) 4)</sup></b>			<b>208,000</b>	<b>468,000</b>	<b>28,000</b>

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

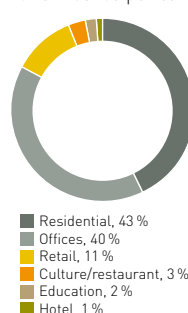
<sup>2)</sup> The investment volume relates to investments in existing properties and future development rights, including any land acquisitions.

<sup>3)</sup> Of which around 23,000 m<sup>2</sup> relates to reconstruction and around 171,000 m<sup>2</sup> GFA relates to land allocations.

<sup>4)</sup> Of which around 60,000 m<sup>2</sup> relates to reconstruction and around 161,000 m<sup>2</sup> GFA relates to land allocations.

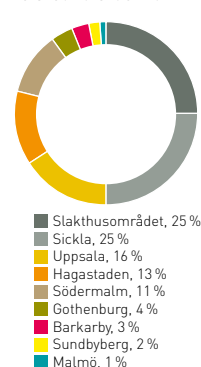
### Potential projects by premises type

– Residential and offices account for almost 85 per cent of the area



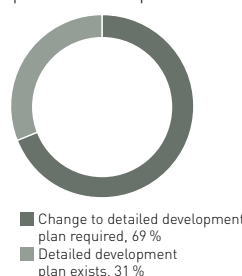
### Potential projects by area

– The largest proportion of area is related to Stockholm



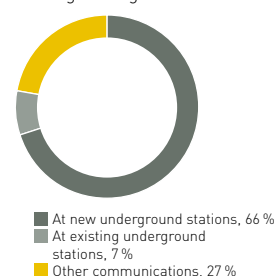
### Potential projects by detailed development plan

– There is a detailed development plan for over 31 per cent of the area



### Potential projects at underground stations

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



# FINANCING

## THE FINANCIAL MARKET

The end of the first quarter was dominated by the coronavirus pandemic. The assessment of the National Institute of Economic Research is that this pandemic will have extremely negative impacts on both the global economy and the Swedish economy. This may result in a significant increase in unemployment and a drop in demand. Governments and central banks have already announced wide-ranging support packages and they are expected to go even further. The coronavirus pandemic has led to liquidity problems on the financial markets, making it difficult for many companies to finance themselves on the capital market.

Atrium Ljungberg has a strong financial position with a low gearing ratio. The sale of Farsta Centrum will provide a cash injection of approximately SEK 4 billion in June, which will further strengthen this position in the second quarter. The effect of this sale is a reduction in the gearing ratio of 5 percentage units, based on the balance sheet as of 31 March.

During the last quarter, the variable rate, 3M Stibor, rose from 0.15 per cent at the beginning of the year to 0.31 per cent at the end of the quarter. The 10-year swap interest rate decreased from 0.67 per cent at the beginning of the year to 0.39 per cent at the end of the quarter.

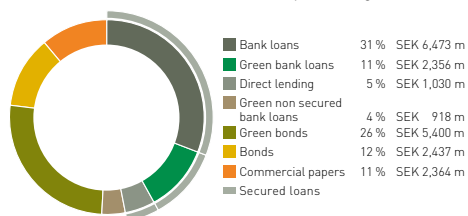
## INTEREST-BEARING LIABILITIES

Atrium Ljungberg meets its financing requirements through the capital market, Nordic banks and direct financing. Interest-bearing liabilities at the end of the quarter amounted to SEK 20,979 million (SEK 18,727 m). During the first quarter interest-bearing liabilities increased by SEK 769 million, which was mostly due to investments in ongoing projects. This increase in liabilities has mainly been handled by the new non-secured financing with Nordic Investment Bank. Outstanding bonds under the MTN programme amounted to SEK 7,838 million (SEK 7,958 m).

The average interest rate at the end of the quarter amounted to 1.6 per cent (1.7%). Including unutilised loan guarantees the average interest rate was 1.7 per cent (1.8%). The average fixed interest term was 5.0 years (4.1 years) and the average capital commitment term was 4.4 years (4.7 years). The interest coverage ratio for the first quarter amounted to 4.5 (4.4). According to the company's financial goals, the gearing ratio is to be less than 45 per cent over the long term. The average interest rate at the end of the first quarter amounted to 44.1 per cent (41.8%).

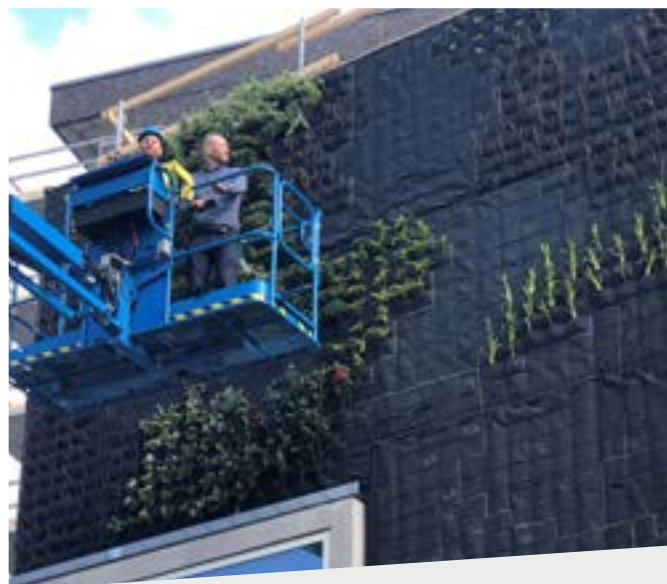
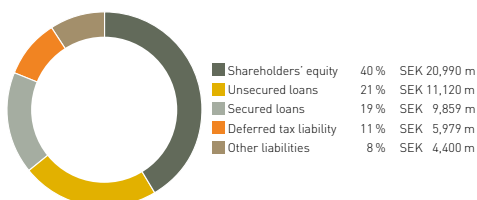
### Interest-bearing liabilities

– SEK 21.0 billion in liabilities with 41 per cent green financing



### Capital structure

– Secured loans correspond to 19 per cent in relation to total assets



**MOBILIA** – Mobilia has a strong sustainability focus and the vision is to transform it into the greenest city district in Malmö. Sweden's largest living wall is currently being installed on the facade of the new Torghuset.

Unutilised loan guarantees in addition to loan guarantees which cover outstanding commercial paper amounted to SEK 1,382 million (SEK 2,960 m). The unutilised overdraft facility amounted to SEK 300 million (SEK 300 m).

## COLLATERAL

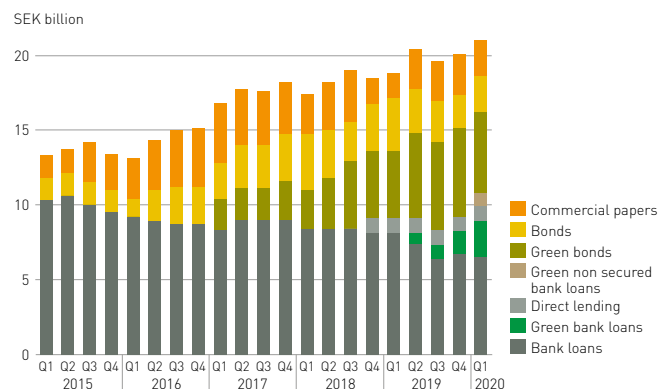
Atrium Ljungberg's borrowing is partly secured by real estate mortgages. Of the interest-bearing liabilities, SEK 9,860 million (SEK 9,084 m) is secured by mortgage deeds which corresponds to 19 per cent (19%) in relation to the total assets.

## GREEN FINANCING

Atrium Ljungberg is creating attractive and sustainable cities. As part of our sustainability strategy, we are focusing on improving resource efficiency, which will reduce our environmental impact. This also makes it possible to apply green financing for operations. Green financing accounts for 41 per cent (24%) of the total loan volume. At the end of the quarter, there were SEK 5,400 million (SEK 4,500 m) in green bonds outstanding, as well as SEK 3,274 million (SEK – m) of green bank loans.

### Development of financing sources

– The increase in debt volume has mostly been achieved through the capital market



**Fixed interest**

Maturity date	Amount, SEK m	Percentage, %	Average interest, % <sup>1)</sup>
2020	5,881	28	1.2
2021	800	4	0.7
2022	400	2	1.6
2023	736	3	1.5
2024	1,480	7	1.6
2025 and thereafter	11,682	56	2.0
<b>Total</b>	<b>20,979</b>	<b>100</b>	<b>1.6</b>

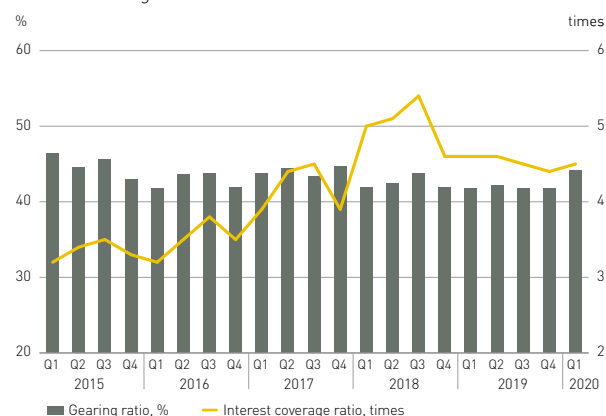
<sup>1)</sup> The average credit margin for variable interest rates is spread over the time segment during which the derivative falls due for payment. The average interest is recognised excluding the cost of unutilised loan guarantees.

**Capital commitment**

Maturity date	Amount, SEK m	Percentage, %
2020	238	1
2021	3,585	17
2022	4,980	24
2023	2,271	11
2024	2,329	11
2025 and thereafter	7,576	36
<b>Total</b>	<b>20,979</b>	<b>100</b>

**Gearing ratio and interest coverage ratio**

– A stable gearing ratio with a reduced interest level resulting in an increased interest coverage ratio

**DERIVATIVES**

At the end of the quarter, the derivative portfolio comprised SEK 13,734 million (SEK 9,796 m) in interest rate swaps and currency swaps, with maturity between 2022 and 2030. In addition, there is SEK 500 million in forward-starting interest swaps beginning in 2021. Currency swaps are used to eliminate the currency exposure that arises when bonds are issued in Norwegian krone.

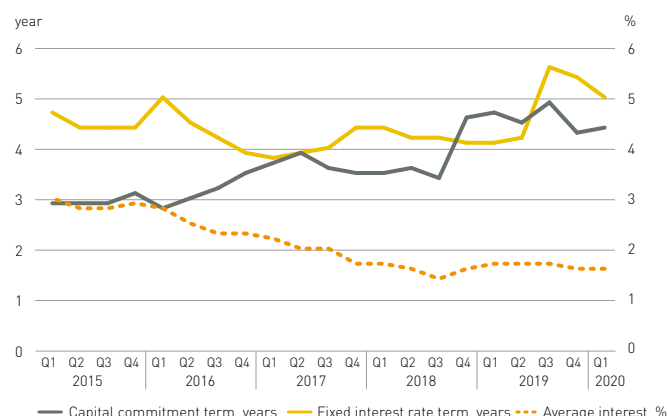
The derivatives portfolio is valued at market rate in conjunction with every closing of the accounts and the change in value is reported via the income statement. The unrealised change in the value of derivatives during the first quarter amounted to SEK –236 million (SEK –160 m) as interest rates decreased on the terms covered by the derivatives during the quarter. The deficit net book value of the derivatives portfolio totalled SEK –641 million (SEK –521 m) at the end of the period.

**PUBLIC RATING**

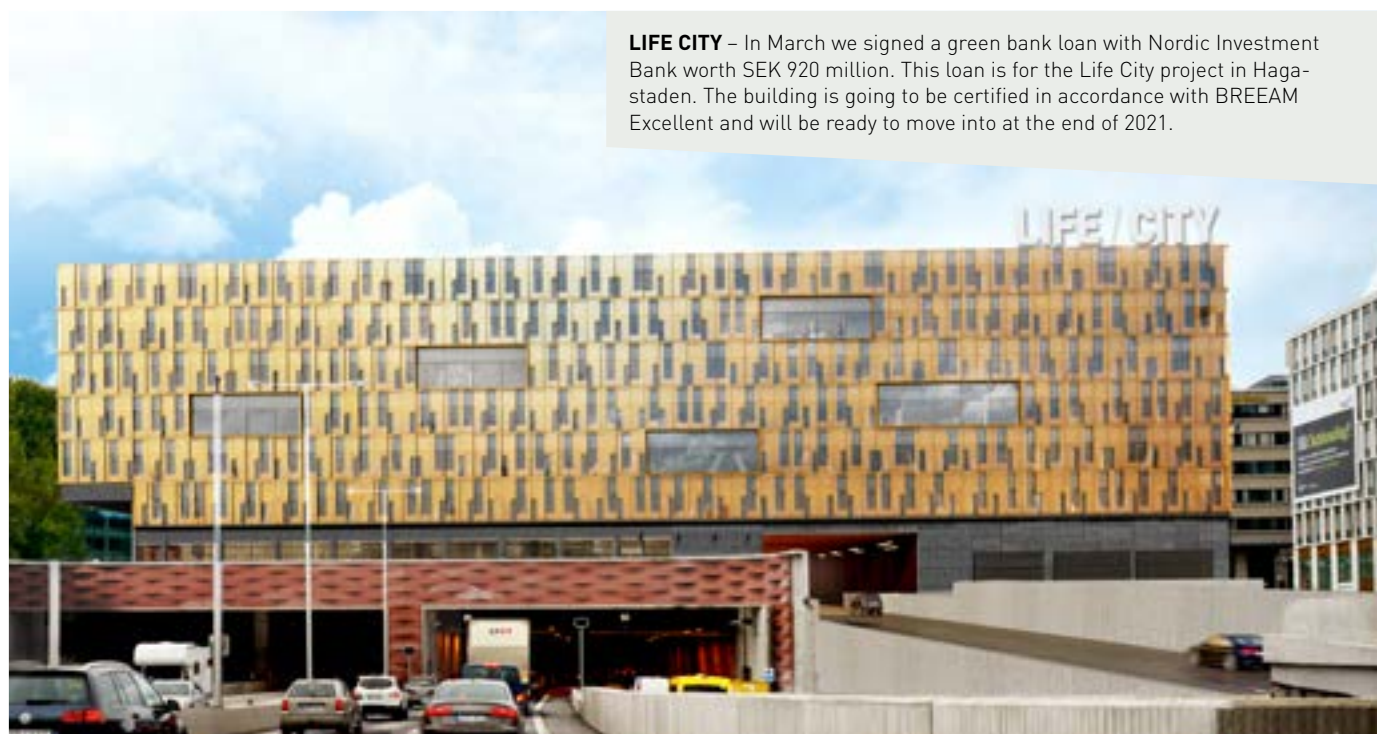
The company has an investment grade rating from the credit rating agency Moody's and was awarded Baa2 grade with a stable outlook.

**Average interest and capital commitment and fixed interest rate**

– The average interest rate is stable, despite the capital commitment and fixed interest rate terms



**LIFE CITY** – In March we signed a green bank loan with Nordic Investment Bank worth SEK 920 million. This loan is for the Life City project in Haga-staden. The building is going to be certified in accordance with BREEM Excellent and will be ready to move into at the end of 2021.



# CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK m	Quarter 2020 Jan–Mar	Quarter 2019 Jan–Mar	Full year 2019 Jan–Dec	12 months 2019/2020 Apr–Mar
<b>OPERATING ACTIVITIES</b>				
<b>Profit/loss before changes in value</b>	<b>311</b>	<b>306</b>	<b>1,234</b>	<b>1,239</b>
Reversal of depreciation, amortisation and impairment	4	1	13	17
Other items not included in the cash flow	-125	-17	-62	-171
Tax paid	-14	-8	-27	-33
<b>Cash flow from operating activities before changes in working capital</b>	<b>175</b>	<b>283</b>	<b>1,158</b>	<b>1,050</b>
Net change in working capital	18	59	192	151
<b>Cash flow from operating activities</b>	<b>193</b>	<b>342</b>	<b>1,350</b>	<b>1,201</b>
<b>INVESTMENT ACTIVITIES</b>				
Acquisition of investment properties	-3	-18	-1,174	-1,159
Investments in held properties and tenant-owned dwelling projects	-570	-398	-1,810	-1,982
Sale of investment properties	-	-	1,031	1,031
Investment in financial fixed assets	-1	-7	-5	1
Purchase/sale of equipment	-3	-	-17	-20
<b>Cash flow from investment activities</b>	<b>-577</b>	<b>-423</b>	<b>-1,975</b>	<b>-2,129</b>
<b>FINANCING ACTIVITIES</b>				
Change in other non-current liabilities	5	3	20	22
Loans raised	2,941	644	5,709	8,006
Amortisation of debts	-2,034	-434	-4,016	-5,616
Exercise of derivatives	-	-	-235	-235
Dividends paid	-	-	-631	-631
Buy-back of own shares	-19	-48	-99	-70
<b>Cash flow from financing activities</b>	<b>893</b>	<b>166</b>	<b>748</b>	<b>1,475</b>
<b>Cash flow for the period</b>	<b>509</b>	<b>85</b>	<b>122</b>	<b>546</b>
Cash and cash equivalents at the beginning of the period	457	335	335	420
<b>Cash and cash equivalent at the end of the period</b>	<b>965</b>	<b>420</b>	<b>457</b>	<b>965</b>

## COMMENTS ON THE CASH FLOW STATEMENT

The cash flow for the period amounted to SEK 509 million (SEK 85 m). The higher cash flow compared to the same period of the previous year is mostly explained by the change in financing activities.

The cash flow from operating activities amounted to SEK 319 million (SEK 342 m), corresponding to SEK 2.46/share (SEK 2.59/share).

Investment activities have contributed to a negative cash flow of SEK -703 million (SEK -423 m), primarily attributable to investments in held properties, which amounted to SEK -570 million (SEK -398 m).

The cash flow in financing activities amounted to SEK 893 million (SEK 166 m) as a result of new loans.

Available liquidity amounted to SEK 2,647 million (SEK 3,680 m) and comprised bank deposits of SEK 965 million (SEK 420 m), unutilised overdraft facilities of SEK 300 million (SEK 300 m) and unutilised lines of credit of SEK 1,382 million (SEK 2,960 m) in addition to credit facilities covering outstanding commercial paper.

# SUSTAINABILITY

## SUSTAINABLE ENTERPRISE

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

- By 2021, 100 per cent of our investment properties will be environmentally certified (with the exception of project properties and properties acquired over the past two years).
- Energy consumption per m<sup>2</sup> will decrease by 30 per cent between 2014 and 2021.
- The proportion of green lease contracts will be 50 per cent of the contracted annual rent at the end of 2021.
- We will be one of Sweden's best workplaces, which forms part of our aim to have sustainable employees and to be an attractive employer.

## ENVIRONMENTAL CERTIFICATION

We have chosen to certify our commercial premises in accordance with BREEAM and our residentials in accordance with Miljöbyggnad. On 31 March 2020, 52 per cent (35%) of letting area was certified.

## ENERGY CONSUMPTION

Electricity is responsible for the greatest share of our energy consumption. Usually, we provide our tenants with electricity and charge them on the basis of actual consumption, which creates incentives for resource efficiency. A majority of our properties use district heating as their heat source. The cooling that is installed in our properties is provided by purchased district cooling and by self-generated cooling. Compared with the 2014 reference year, energy intensity has fallen by 18 per cent (15%) per m<sup>2</sup>.

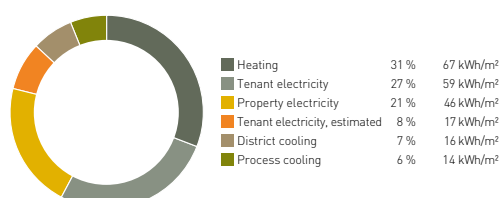
## ENERGY INTENSITY

	2019/2020 1/4-31/3	2018/2019 1/4-31/4	Change compared to 2014 <sup>1)</sup>	Change compared to 2014 <sup>1)</sup>
kWh/m <sup>2</sup>				
Heating	67	71	-6%	-27%
Property electricity	46	50	-8%	-31%
District cooling	16	20	-20%	-18%
<b>Sub-total property energy</b>	<b>129</b>	<b>141</b>	<b>-9%</b>	<b>-28%</b>
Tenant electricity	59	59	0%	-5%
Tenant electricity, estimated	17	18	-6%	-41%
Process cooling	14	14	0%	-
<b>Total energy intensity</b>	<b>219</b>	<b>234</b>	<b>-6%</b>	<b>-18%</b>

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

## Energy intensity

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



## SUSTAINABLE EMPLOYEES

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

## GREEN LEASE CONTRACTS

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

	1/4/2020	1/4/2019
Green lease contracts, share of contracted annual rent	39%	28%

## ECONOMIC VALUE DISTRIBUTED

Atrium Ljungberg creates value by management, development and acquisition of properties. The generated economic value mainly comprises rental income, investments and unrealised changes in the value of properties. There is a description below of how the created economic values are distributed between suppliers, employees, lenders, society and the owners.

SEK m	Quarter 2020 Jan-Mar	Quarter 2019 Jan-Mar	Full year 2019 Jan-Dec	12 months 2019/2020 Apr-Mar
<b>Directly generated economic value</b>				
Revenue	-993	670	5,026	3,364
<b>Economic value distributed</b>				
Payments to suppliers	740	633	2,401	2,509
Salaries and compensation to employees	69	62	261	268
Fees and compensation to the Board and CEO	8	9	33	32
Payments to financiers, net	95	87	372	380
Tax to society	100	114	404	391
Dividends to shareholders	649	631	631	649
<b>Total distributed economic value</b>	<b>1,662</b>	<b>1,536</b>	<b>4,103</b>	<b>4,229</b>
<b>Economic value — remaining in the company</b>	<b>-2,654</b>	<b>-866</b>	<b>924</b>	<b>-865</b>

## TAX

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

SEK m	Quarter 2020 Jan-Mar	Quarter 2019 Jan-Mar	Full year 2019 Jan-Dec	12 months 2019/2020 Apr-Mar
Current tax	22	34	63	50
Property tax	44	38	174	180
Non-deductible VAT	25	17	79	87
Stamp duty	-	18	55	37
<b>Taxes</b>	<b>91</b>	<b>107</b>	<b>370</b>	<b>354</b>
Leasehold fees	9	7	34	36
<b>Society</b>	<b>100</b>	<b>114</b>	<b>404</b>	<b>391</b>

## GREEN FINANCING

Atrium Ljungberg is able to implement green financing as a direct result of our sustainability work, with a clearly defined link to our sustainable projects. This accounts for 41 per cent (24%) of the total loan volume. At the end of the quarter, there were SEK 5,400 million (SEK 4,500 m) in green bonds outstanding, as well as SEK 3,274 million (SEK - m) of green bank loans.

# SEGMENT REPORTING

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

2020  
Jan-Mar

Amounts in SEK m	Properties	Project development <sup>1)</sup>	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	654				-6	648
Net sales, project and construction work		6	157	163	-79	84
<b>Net sales</b>	<b>654</b>	<b>6</b>	<b>157</b>	<b>163</b>	<b>-84</b>	<b>733</b>
Property management costs	-217				4	-213
Project and construction work costs	-	-4	-146	-151	64	-87
<b>Gross profit</b>	<b>437</b>	<b>1</b>	<b>11</b>	<b>12</b>	<b>-17</b>	<b>432</b>
Central administration	-18	-1	-3	-4	-	-23
Financial income and expenses					-99	-99
<b>Profit/loss before changes in value</b>	<b>419</b>	<b>0</b>	<b>7</b>	<b>8</b>	<b>-116</b>	<b>311</b>
Changes in value <sup>2) 3)</sup>	-1,489				-236	-1,725
Tax					280	280
<b>Profit/loss for the period</b>	<b>-1,070</b>	<b>0</b>	<b>7</b>	<b>8</b>	<b>-72</b>	<b>-1,134</b>
Investments and acquisitions	466	107	-	107	4	577
Assets, at the end of the period	47,474	1,104	195	1,299	2,060	50,833

2019  
Jan-Mar

Amounts in SEK m	Properties	Project development <sup>1)</sup>	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
Rental income	636				-3	633
Net sales, project and construction work		14	106	120	-88	32
<b>Net sales</b>	<b>636</b>	<b>14</b>	<b>106</b>	<b>120</b>	<b>-91</b>	<b>665</b>
Property management costs	-209				3	-206
Project and construction work costs		-8	-101	-109	72	-37
<b>Gross profit</b>	<b>427</b>	<b>6</b>	<b>5</b>	<b>11</b>	<b>-16</b>	<b>422</b>
Central administration	-19	-1	-6	-7	-	-25
Financial income and expenses					-91	-91
<b>Profit/loss before changes in value</b>	<b>408</b>	<b>5</b>	<b>-1</b>	<b>5</b>	<b>-107</b>	<b>306</b>
Changes in value <sup>2) 3)</sup>	165				-160	5
Tax					-91	-91
<b>Profit/loss for the period</b>	<b>573</b>	<b>5</b>	<b>-1</b>	<b>5</b>	<b>-357</b>	<b>220</b>
Investments and acquisitions	383	15	-	15	-	398
Assets, at the end of the period	44,973	906	162	1,068	969	47,009

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

<sup>2)</sup> Properties, unrealised SEK -1,486 million (SEK 148 m). Properties, realised SEK -3 million (SEK 17 m).

<sup>3)</sup> Unrealised change in value, derivatives SEK -236 million (SEK -60 m).



# SEGMENT REPORTING, cont.

## Revenue type per segment

2020

Jan-Mar

Amounts in SEK m	Properties	Project development	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
<b>Rental income</b>	<b>654</b>				<b>-6</b>	<b>648</b>
<b>Net sales, project and construction work</b>						
of which Turnkey contracts, fixed price			29	29	-0	29
of which Turnkey contracts, open account			58	58	-57	1
of which Performance contracts, fixed price			0	0		0
of which Performance contracts, open account			69	69	-15	54
of which Other		6		6	-6	-
<b>Total Net sales, project and construction work</b>		<b>6</b>	<b>157</b>	<b>163</b>	<b>-79</b>	<b>84</b>
<b>Total Net sales</b>	<b>654</b>	<b>6</b>	<b>157</b>	<b>163</b>	<b>-84</b>	<b>733</b>

2019

Jan-Mar

Amounts in SEK m	Properties	Project development	TL Bygg	Project and construction work	Non-allocated items and eliminations	The Group
<b>Rental income</b>	<b>636</b>				<b>-3</b>	<b>633</b>
<b>Net sales, project and construction work</b>						
of which Turnkey contracts, fixed price			14	14	-2	12
of which Turnkey contracts, open account			51	51	-48	3
of which Performance contracts, fixed price			13	13	-	13
of which Performance contracts, open account			28	28	-24	4
of which Other		14		14	-14	-
<b>Total Net sales, project and construction work</b>		<b>14</b>	<b>106</b>	<b>120</b>	<b>-88</b>	<b>32</b>
<b>Total Net sales</b>	<b>636</b>	<b>14</b>	<b>106</b>	<b>120</b>	<b>-91</b>	<b>665</b>

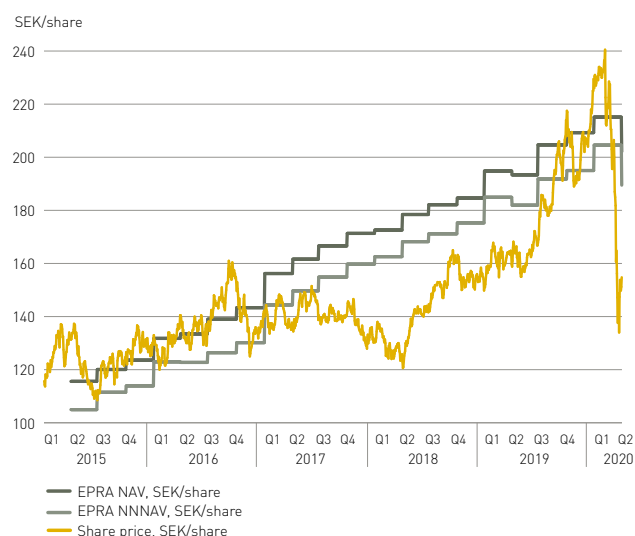
## KEY RATIOS <sup>1) 2)</sup>

	Quarter 2020 Jan–Mar	Quarter 2019 Jan–Mar	Full year 2019 Jan–Dec	12 months 2019/2020 Apr–Mar
<b>PROPERTY-RELATED KEY RATIOS</b>				
Letting rate excluding project properties, %	93	94	94	93
Letting rate including project properties, %	92	93	93	92
Operating surplus margin, %	67	67	69	68
Letting area, '000 m <sup>2</sup>	1,171	1,166	1,176	1,171
Investments in Atrium Ljungberg's held properties, SEK m	570	398	1,810	1,982
Number of properties at the end of the period	70	51	70	70
<b>FINANCIAL KEY RATIOS</b>				
Equity/assets ratio, %	41.3	43.1	44.6	41.3
Gearing ratio, %	44.1	41.8	41.7	44.1
Interest coverage ratio	4.4	4.6	4.4	4.4
Average interest rate for interest-bearing liabilities, %	1.6	1.7	1.6	1.6
Return on equity, %	–20.7	4.3	12.9	7.1
Return on equity, excluding changes in value, %	4.2	4.5	4.6	4.7
Return on total assets, %	–10.3	3.5	8.0	4.4
Return on total assets excluding changes in value, %	2.5	2.7	2.7	2.6
<b>DATA PER SHARE</b>				
Earnings per share, SEK	–8.74	1.69	21.59	11.19
Profit/loss before changes in value less nominal tax, SEK	1.88	1.85	7.47	7.50
Cash flow, SEK	2.46	2.59	10.38	10.22
Equity, SEK	161.76	155.48	175.48	161.76
Share price, SEK	154.80	158.80	226.00	154.80
Weighted average number of shares, thousands	129,820	132,019	130,005	129,872
Number of outstanding shares at the end of the period, thousand	129,721	130,163	129,839	129,721
<b>EMPLOYEES</b>				
Average number of employees	338	313	320	326

## EPRA KEY RATIOS <sup>1)</sup>

	Quarter 2020 Jan–Mar	Quarter 2019 Jan–Mar	Full year 2019 Jan–Dec
EPRA Earnings, SEK m	291	271	1,172
EPRA EPS, SEK/share	2.24	2.08	9.03
EPRA NAV, SEK m	26,204	25,170	27,931
EPRA NAV, SEK/share	202.00	193.37	215.12
EPRA NNNAV <sup>3)</sup> , SEK m	24,575	23,727	26,561
EPRA NNNAV <sup>3)</sup> , SEK/share	189.45	182.29	204.57
EPRA Vacancy rate	7%	6%	6%

EPRA NAV, EPRA NNNAV and share price



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

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

<sup>3)</sup> For calculation of current net worth (EPRA NNNAV), an estimated deferred tax of 4.0 per cent has been used.

# QUARTERLY SUMMARY

## INCOME STATEMENTS

Amounts in SEK m	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Rental income	648	644	653	647	633	613	601	597
Net sales, project and construction work	84	93	62	46	32	48	55	59
<b>Net sales</b>	<b>733</b>	<b>737</b>	<b>715</b>	<b>693</b>	<b>665</b>	<b>661</b>	<b>656</b>	<b>656</b>
Property management costs	-213	-216	-194	-195	-206	-218	-178	-175
Project and construction work costs	-87	-107	-77	-55	-37	-60	-66	-65
<b>Gross profit</b>	<b>432</b>	<b>415</b>	<b>445</b>	<b>443</b>	<b>422</b>	<b>383</b>	<b>412</b>	<b>416</b>
– of which gross profit/loss property management (operating surplus)	435	428	460	452	427	395	423	422
– of which gross profit/loss from project and construction work	-3	-14	-15	-9	-5	-12	-11	-6
Central administration, property management	-18	-23	-17	-21	-19	-21	-17	-17
Central administration, project and construction work	-4	-3	-3	-3	-7	-10	-6	-11
	-23	-26	-20	-25	-25	-31	-23	-28
Financial income and expenses	-99	-99	-107	-97	-91	-76	-72	-76
<b>Profit/loss before changes in value</b>	<b>311</b>	<b>289</b>	<b>318</b>	<b>321</b>	<b>306</b>	<b>276</b>	<b>317</b>	<b>312</b>
Properties, unrealised	-1,486	686	283	1,166	148	1,125	174	717
Properties, realised	-3	13	49	-7	17	112	-1	6
Derivatives, unrealised	-236	464	-179	-215	-160	-97	99	-70
Derivatives, realised	-	-50	-	-	-	-	1	-
	-1,725	1,113	152	945	5	1,140	272	653
<b>Profit before tax</b>	<b>-1,414</b>	<b>1,402</b>	<b>469</b>	<b>1,265</b>	<b>311</b>	<b>1,417</b>	<b>589</b>	<b>965</b>
Tax	280	-358	65	-258	-91	-115	-171	151
<b>Profit/loss for the period</b>	<b>-1,134</b>	<b>1,044</b>	<b>534</b>	<b>1,007</b>	<b>220</b>	<b>1,301</b>	<b>418</b>	<b>1,116</b>

## KEY RATIOS <sup>1) 2)</sup>

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
<b>Property-related key ratios</b>								
Letting rate excluding project properties, %	93	94	93	93	94	95	95	95
Letting rate including project properties, %	92	93	92	93	93	94	94	94
Operating surplus margin, %	67	66	70	70	67	64	70	71
Letting area, '000 m <sup>2</sup>	1,171	1,176	1,177	1,216	1,166	1,129	1,167	1,139
Investments in Atrium Ljungberg's held properties, SEK m	570	666	402	417	398	583	401	411
Number of properties at the end of the period	70	70	69	68	51	51	53	53
<b>Financial key ratios</b>								
Equity/assets ratio, %	41.3	44.6	43.8	42.5	43.1	45.9	44.0	43.9
Gearing ratio, %	44.1	41.7	41.8	43.2	41.8	41.9	43.8	42.4
Interest coverage ratio	4.4	4.3	4.2	4.6	4.6	4.6	5.4	5.1
Average interest rate for interest-bearing liabilities, %	1.6	1.6	1.7	1.7	1.7	1.6	1.4	1.6
Return on equity, %	-20.7	18.8	10.0	19.4	4.3	25.8	8.6	23.5
Return on equity, excluding changes in value, %	4.2	4.1	4.6	4.9	4.5	4.3	5.1	5.0
Return on total assets, %	-10.3	11.8	4.6	11.2	3.5	13.3	6.0	9.6
Return on total assets excluding changes in value, %	2.5	2.4	2.6	2.7	2.7	2.5	2.8	2.8
<b>Data per share</b>								
Earnings per share, SEK	-8.74	8.07	4.13	7.74	1.69	9.93	3.18	8.44
Profit/loss before changes in value less nominal tax, SEK	1.88	1.75	1.93	1.94	1.85	1.65	1.88	1.85
EPRA EPS, SEK	2.24	2.28	2.38	2.30	2.08	2.06	2.61	2.13
Cash flow, SEK	2.46	2.28	2.59	3.45	2.59	2.05	3.36	1.75
Equity, SEK	161.76	175.48	167.41	163.27	155.48	158.64	148.67	145.46
Long-term net worth (EPRA NAV), SEK	202.00	215.12	209.27	204.65	193.37	194.82	184.62	182.13
Current net worth (EPRA NNNNAV), SEK <sup>3)</sup>	189.45	204.57	195.00	191.80	182.29	184.93	175.28	171.17
Share price, SEK	154.80	226.00	217.50	167.80	158.80	152.00	161.20	144.60
Weighted average number of shares, thousands	129,820	129,839	129,839	129,991	132,019	131,107	131,536	132,240
Number of outstanding shares at the end of the period, thousand	129,721	129,839	129,839	129,839	130,163	130,460	131,529	131,576

<sup>1)</sup> The operating surplus margin, equity/assets ratio, return on total assets, and the return on total assets excluding changes in value have been adjusted. In 2019 these key ratios were calculated excluding the effect of the implementation of IFRS 16 Leases, but comparison figures are now available that include the effect of this implementation. The key ratios for 2018 do not include any effects from the implementation of IFRS 16, as the standard entered into force on 1 January 2019. See definitions pages 28–29.

<sup>2)</sup> See reconciliation for key ratios on Atrium Ljungberg's website.

<sup>3)</sup> For calculation of current net worth (EPRA NNNNAV), an estimated deferred tax of 4.0 per cent has been used.

# PARENT COMPANY

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

Net sales amounted to SEK 84 million (SEK 112 m). The operating profit/loss amounted to SEK –9 million (SEK 3 m). Profit/loss after financial items amounted to SEK –130 million (SEK 61 m).

## INCOME STATEMENT, SUMMARY

Amounts in SEK m	Quarter 2020 Jan–Mar	Quarter 2019 Jan–Mar	Full year 2019 Jan–Dec
Rental income	20	39	144
Management income	64	73	328
<b>Net sales</b>	<b>84</b>	<b>112</b>	<b>472</b>
Property costs	–8	–16	–53
Management and administration expenses	–81	–88	–400
Capital gain/loss from sale of properties	–	–	184
Depreciation	–4	–5	–20
<b>Operating profit</b>	<b>–9</b>	<b>3</b>	<b>–186</b>
Earnings from shares in Group companies	–	–	1,419
Interest income and similar profit items	156	153	268
Interest expenses and similar profit items	–276	–95	–660
	<b>–120</b>	<b>58</b>	<b>1,028</b>
<b>Profit after financial items</b>	<b>–130</b>	<b>61</b>	<b>842</b>
Appropriations	0	0	29
<b>Profit before tax</b>	<b>–129</b>	<b>61</b>	<b>870</b>
Current tax	0	0	–6
Deferred tax	35	–1	91
	<b>35</b>	<b>–1</b>	<b>85</b>
<b>Profit/loss for the period</b>	<b>–94</b>	<b>60</b>	<b>955</b>

Interest-bearing liabilities amounted to SEK 17,500 million (SEK 14,703 m). These funds finance the parent company's property portfolio and are lent on to other Group companies.

## BALANCE SHEET, SUMMARY

Amounts in SEK m	31/3/2020	31/3/2019	31/12/2019
<b>ASSETS</b>			
Property, plant and equipment	915	1,463	922
Financial non-current assets	1,145	891	1,062
Current assets	23,894	20,062	22,165
<b>Total assets</b>	<b>25,954</b>	<b>22,416</b>	<b>24,150</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	6,842	6,762	7,606
Untaxed reserves	8	61	8
Provisions	79	99	79
Non-current liabilities	17,093	14,708	16,337
Current liabilities	1,932	786	120
<b>Total equity and liabilities</b>	<b>25,954</b>	<b>22,416</b>	<b>24,150</b>

# OTHER INFORMATION

## BUY-BACK OF SHARES

On 28 March 2018, the Board of Atrium Ljungberg decided to initiate a buy-back of its own shares. The buy-back programme started on 20 April 2018. The aim of the programme is to secure the supply of shares in accordance with the Group's stock option programme, and to give the Board more flexibility in its work on the company's capital structure, which will therefore help to increase shareholder value. As of 31 March the company owned 3,500,000 class B shares. The buy-back has been in the range of SEK 132.20–169.36 per share.

## NUMBER OF OUTSTANDING SHARES

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

## RETAIL SECTOR'S SALES TREND

In the first two months of the year, total sales at our four regional retail hubs – Sickla, Farsta Centrum, Gränbystaden and Mobilia – increased by an overall 3.7 per cent compared to the same quarter of the previous year.

## ACCOUNTING POLICIES

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

## Parent company's accounting policies

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

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

The parent company recognises derivatives at the lower of cost and fair value. There are negative fair values as of 31 March 2020, which means that a liability of SEK 655 million (SEK – m) has been recognised in the balance sheet. A negative change in value of SEK 306 million (SEK – m) has been recognised in Income statement in Interest expenses and similar profit items. From 31 December 2019 hedge accounting is not applied to derivatives in the parent company.

#### Valuation method for investment properties

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

#### Valuation method for derivatives

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

#### Fair value interest-bearing liabilities

The Group's recognised interest-bearing liabilities including liabilities attributable to Assets held for sales amount to SEK 20,979 million (SEK 18,727 m) and their fair value amounts to SEK 21,249 million (SEK 18,923 m). The fair value calculation is based on discounted estimated future cash flows. The discounting is effected on the basis of current market rates plus the relevant borrowing margin. The valuation is hereby conducted with IFRS valuation hierarchy level 2. Atrium Ljungberg is of the opinion, with regard to other financial assets and liabilities reported at amortised cost, that the differences between book values and fair values are insignificant.

#### EPRA

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

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

#### ALTERNATIVE PERFORMANCE MEASURES

Atrium Ljungberg applies the guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APMs). According to these guidelines, an APM is a financial measure of historical or future profit performance, financial position, financial results or cash flows which are not defined or stated in applicable rules for financial reporting; IFRS and the Swedish Annual Accounts Act.

In 2019 Atrium Ljungberg chose to reverse the effect of IFRS 16 when calculating the alternative performance measures. As comparison figures are now available, the reversal will no longer be carried out,

except for the following key ratios: gearing ratio and interest coverage ratio. This is because there are financial goals linked to these key ratios.

Reconciliation of APMs is available on Atrium Ljungberg's website, [www.al.se](http://www.al.se).

#### ROUNDING OFF

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

#### CHANGES OF RULES IN THE AREA OF TAX

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

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

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

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

#### MARKET DEVELOPMENT, RISKS AND UNCERTAINTY FACTORS

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

The ongoing coronavirus pandemic has created more uncertainty than normal. This uncertainty is mostly due to the difficulty in assessing the duration and extent of the pandemic, and therefore its effects on the company's earnings and valuation. In the short term Atrium Ljungberg will be affected by some tenants probably not being able to pay their rental costs. In the long term rental levels and vacancy rates will be affected, and the extent of this is currently difficult to assess. The government has delivered several support packages for business, including a proposal to provide rent support to property companies that offer vulnerable tenants rent relief in the second quarter. This proposal involves the state providing support in arrears via the County Administrative Boards for half of the reduction in rent for landlords that halve the rent for their tenants. However, there are still many uncertainties about which tenants will be covered by this support and the proposal must also be approved by the EU Commission.

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

## EVENTS AFTER THE CLOSING DAY

On April 9, the Swedish Competition Authority approved Atrium Ljungberg's transfer of Farsta Centrum to Stadsrum AB. Closing will take place on June 1.

At the time of publication of the report, Atrium Ljungberg is still awaiting notification of the design of the state aid package that will provide certain tenants with rental discounts.

## ANNUAL GENERAL MEETING AND NOMINATION COMMITTEE

The Annual General Meeting (AGM) of the company, held on 25 March 2020, resolved that the Board of Directors will consist of six ordinary members. Johan Ljungberg, Simon de Château, Erik Langby, Conny Fogelström and Sara Laurell were re-elected for the period until the next AGM. Gunilla Berg was elected as a new Board member. Johan Ljungberg was elected as the Chairman of the Board.

It was further resolved that a new Nomination Committee would, ahead of the 2021 Annual General Meeting, comprise representatives of the company's five biggest shareholders on the last banking day of February 2020. The Nomination Committee therefore consists of Per-Erik Hasselberg, appointed by the Holmström family, Lars Ericson, appointed by the Stockholm Consumer Cooperative Society, Hans Hedström, appointed by Carnegie Fonder, Johan Ljungberg, appointed by the Ljungberg family and Ilkka Tomperi, appointed by the mutual occupational pension insurance company Varma.

A dividend payment of SEK 5.00 per share (SEK 4.85/share) was approved.

The AGM resolved to authorise the Board of Directors to decide on an issue in kind on one or more occasions during the period until the next AGM totalling a maximum of SEK 13.3 million class B shares (corresponding to a dilution of approximately 10.0 per cent of the capital and 7.9 per cent of the votes).

The AGM also unanimously resolved to authorise the Board of Directors to make a decision to acquire on one or more occasions during the period until the next AGM as many class B shares to ensure that the company's holdings do not exceed 10 per cent of all the shares in the company at any given time.

In addition the AGM unanimously resolved to authorise the Board of Directors to make a decision to transfer its own class B shares on one or more occasions during the period until the next AGM. The maximum number of class B shares that may be transferred is the total number of the company's own class B shares that it has at any given time.

The AGM also resolved that the second paragraph of Section 9 of the Articles of Association will have the following wording "To participate in the general meeting shareholders must register with the company no later than the date stated in the notice of the meeting".

Full minutes are available on Atrium Ljungberg's website at [www.al.se](http://www.al.se).

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

Nacka, 16 April 2020

Annica Ånäs  
CEO



# ATRIUM LJUNGBERG IN BRIEF

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

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

## BUSINESS CONCEPT

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

## BUSINESS MODEL

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



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

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

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

## STRATEGIES

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

## GOALS

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

### PROFITABILITY AND GROWTH

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

### LONG-TERM STABILITY

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

### CORPORATE SOCIAL RESPONSIBILITY

100 per cent of our properties will be environmentally certified by 2021. Energy consumption per m<sup>2</sup> is to decrease by 30 per cent between 2014 and 2021. By 2021, the proportion of green leasing contracts is to be 50 per cent of the contracted annual rent. We aim to be one of Sweden's best workplaces.

# DEFINITIONS

## FINANCIAL DEFINITIONS

### The effect of the implementation of IFRS 16

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

### Adjusted gearing ratio, %

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

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

### Average fixed interest, years

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

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

### 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 maturity date, years

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

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

### Average number of outstanding shares

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

### 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.

### 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.

### Earnings per share, SEK

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

### EPRA

The European Public Real Estate Association is a trade organisation for publicly listed property companies and investors in Europe which sets standards for the financial reporting.

### EPRA NAV per share, SEK

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

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

### EPRA NNAV per share, SEK

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

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

### Equity/assets ratio, %

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

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

### 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.

### Gearing ratio, %

Interest-bearing liabilities, excluding the liability for finance leasing for lease-holds, as a percentage of the sum of the properties' fair value at the end of the period.

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

### Gross profit/loss project and construction work

Net sales, project and construction work minus project and construction costs.

### Gross profit/loss property management

Rental income less property management costs.

### Interest coverage ratio, multiple

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

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

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

Profit/loss before changes in value, less calculated current tax excluding loss carry-forwards, divided by the average number of outstanding shares. The deducted tax has been calculated by taking into account tax deductible depreciation and investments.

Management earnings less nominal tax (EPRA EPS) is used to provide stakeholders information on Atrium Ljungberg's management result per share calculated in a uniform manner for publicly listed property companies.

### 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.

### Profit/loss before changes in value per share, SEK

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

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

### Property costs

Total property management costs, which exclude central administration.

### Return on equity, %

Interest-bearing liabilities divided by reported equity.

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

### Return on equity, excluding changes in value, %

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

Return on equity excluding changes in value is used to illustrate Atrium Ljungberg's capacity to generate current cash flow on the owners' capital in the Group.

### Return on total assets, %

Profit/loss before tax plus interest expenses as a percentage of the average balance sheet total.

Return on total assets is used to illustrate Atrium Ljungberg's capacity to generate profit on the Group's assets uninfluenced by the Group's financing.

### Return on total assets excluding changes in value %

Profit/loss before changes in value plus interest expenses as a percentage of the average balance sheet total.

Return on total assets excluding changes in value is used to illustrate Atrium Ljungberg's capacity to generate current cash flow on the Group's assets uninfluenced by the Group's financing.

### Share dividend yield, %

The proposed or distributed share dividend as a percentage of the share price at the end of the financial year.

The share's dividend yield is used to illustrate which current yield shareholders are expected to receive.

### Share's total yield, %

The year's change in the share price plus the distributed dividend during the year as a percentage of the share price at the end of the financial year.

The share's total yield is used to illustrate the shareholders' total yield on their ownership in Atrium Ljungberg.

**PROPERTY-RELATED DEFINITIONS****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.

**EPRA Vacancy rate, %**

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

The EPRA Vacancy rate is recognised in accordance with the EPRA's definition of vacancy rate, which enables comparison between different companies.

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

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

**Leasehold fees**

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

**Leaseholds**

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

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

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

**Letting rate, %**

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

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

**Like-for-like portfolio**

Comparable portfolio refers to the properties which were not classified as project properties and were owned throughout the period and entire comparison period.

Comparable portfolio is used to illustrate the trend of rental income excluding non-recurrent effects for premature vacating of premises and property costs uninfluenced by project properties as well as acquired and sold properties.

**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.

**Operating surplus**

Refers to rental income less property management costs.

**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.

**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.

**Project property**

An individual property or a clearly delimited part of a property that has been or is about to be vacated in order to permit the renovation and upgrading of the property. The term, project property, also refers to buildings under construction and to undeveloped land and development rights.

Reclassification from project property to completed property occurs on 1 January of the year after completion.

**Project return, %**

Market value after completed project minus total investment as a percentage of total investment.

Project return is used to illustrate value creation in the project operations.

**Property type**

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

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

**Rental value**

Contracted annual rents including rent surcharges (e.g. for property tax, heating and electricity) and estimated market rents for vacant space in existing condition.

Rental value is used to illustrate the Group's income potential.

**SUSTAINABILITY-RELATED DEFINITIONS****Accident rate (LTIR)**

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

**BREEAM**

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

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

**Directly generated and distributed economic value**

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

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

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

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

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

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

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

*Dividends to shareholders:* The period's paid dividends.

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

**Energy intensity, kWh per m<sup>2</sup>**

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

**Environmental building**

Environmental building is a certification system for buildings which are based on Swedish construction practice and covers energy, the indoor environment and material.

**Green lease contracts, %**

Contracted annual rent for commercial premises excluding the garage and storage for lease contracts with green rent supplement in per cent of contracted annual rent for commercial premises excluding the garage and storage. Green rent supplement is a supplement to the agreement from the Swedish Property Federation in which the tenant and landlord jointly undertake to reduce the environmental impact and covers, for example, energy, waste and transport. Reported figures are based on the immediately subsequent quarter.

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

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

# INFORMATION FROM ATRIUM LJUNGBERG

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

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

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

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

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

## PUBLICATION OF FINANCIAL INFORMATION

Interim report Jan–Jun 2020

7 July 2020

Interim report Jan–Sep 2020

15 October 2020

Year-end report 2020

February 2021

2020 Annual Report

March 2021

Atrium Ljungberg, February 2020. Photos: Atrium Ljungberg, Christoffer Edling, Gehl, Jeanette Hägglund, Martin Kellam and Erik Levander. Architect images: Arkitekterna CF Möller, Galun Arkitektur, ON Arkitektur, Schewiller Svensson Arkitektkontor and Walk the Room. Production: Springtime-Intelecta, Stockholm 2020.



Visualisation from Slakthusplan in Slakthusområdet

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