

CREATING THE CITIES OF THE FUTURE



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

Sustainable urban development focusing on mixed use

We currently own, develop and manage properties totalling 1,087,000 m² letting area with a property value of SEK 47 billion.

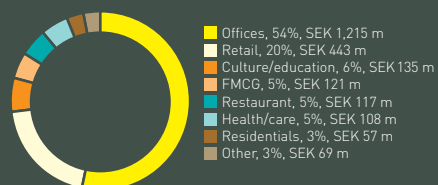
Our focus is on developing attractive urban environments in Stockholm, Gothenburg, Malmö and Uppsala. Working with the municipalities, our customers and the people living in the cities, we build vibrant urban environments where offices, residentials and retail mix with culture, services, healthcare and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

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

Our partnership with our subsidiary TL Bygg, a building contractor, broadens Atrium Ljungberg's offering and strengthens our business, allowing us to carry out projects with high levels of efficiency and flexibility.

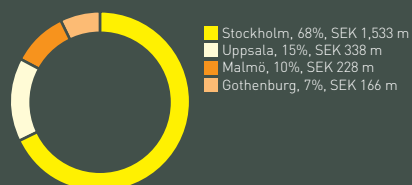
Contracted annual rent per premises type

– A mixed portfolio creates flexibility



Contracted annual rent per region

– Only in strong growth regions



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2020 IN BRIEF

- **Net sales increased** to SEK 2,839 million (SEK 2,811 m), of which rental income amounted to SEK 2,344 million (SEK 2,577 m).
- **Rental income** in comparable portfolios, excluding temporary rebates related to Covid-19, amounted to SEK 2,017 million (SEK 2,022 m). This represents a reduction of 0.2%.
- **The operating surplus** from property management amounted to SEK 1,565 million (SEK 1,767 m), a reduction of 11.4 per cent. This reduction is explained by the sale of Farsta Centrum in June 2020, the sale of Kolding 1 and Kolding 2 in Kista at the end of 2019, temporary rebates related to Covid-19, higher costs for anticipated and confirmed customer losses, and an increase in property tax.
- **Profit before changes in value** amounted to SEK 1,124 million (SEK 1,234 m).
- **Unrealised changes in the value** of investment properties amounted to SEK -119 million (SEK 2,283 m), which is primarily due to higher yield requirements and lower expected cash flows for retail properties, as well as lower yield requirements for office properties. Unrealised changes in the value of derivatives amounted to SEK -252 million (SEK -90 m) as a result of lower market interest rates.
- **Profit for the period** amounted to SEK 867 million (SEK 2,807 m). This reduction is mostly explained by negative changes in property values.
- **Property acquisitions** amounted to SEK 410 million (SEK 1,174 m) and property sales amounted to SEK 3,979 million (SEK 1,031 m).
- **The Board proposes** a dividend of SEK 5.05/share (SEK 5.00/share).
- **Earnings per share** amounted to SEK 6.69 (SEK 21.59).

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

Financial goals ¹⁾

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

Gearing ratio

— Stronger balance sheet and reduced exposure to retail

39.9%

Operating surplus

— Increase of 0.5 per cent in comparable portfolios excluding temporary rebates related to Covid-19 in 2020

SEK 1,565 million

Profit before changes in value

— Increase of more than 30 per cent since 2015

SEK 1,124 million

¹⁾ IFRS 16 Leases has been applied since 1 January 2019. Operating surplus and other earnings figures that are affected by the implementation of IFRS 16 are recognised until 2019 excluding the effects of the implementation of IFRS 16 in order to increase comparability. As comparison figures are now available, there will no longer be a reversal of the effect of IFRS 16, except for the key performance indicators that are linked to the financial goals: i.e. the gearing ratio and interest coverage ratio. See page 160 for the complete table of key performance indicators and pages 168–169 for definitions.

EVENTS IN 2020



CONSTRUCTION STARTED DURING THE YEAR

During the year the reconstruction project for Katarinahuset in Slussen got underway, which is an investment of approximately SEK 1 billion. We also started construction of the second block of tenant-owned dwellings in Nobelberget in Sickla. In December a decision was made to start the second block in Parkhusen in Gränbystaden, Uppsala, where we are building 98 tenant-owned dwellings.



COMPLETED PROJECTS

Four projects totalling almost 29,000 m² were completed during the year. The biggest projects are Torghuset in Mobilia in Malmö and the healthcare building Curanten in Sickla.

Torghuset comprises more than 13,000 m² with rental apartments, stores, Nordisk Film's cinema and Funnys Äventyr, a cultural building for children.

Curanten comprises 11,500 m², including almost 10,000 m² for healthcare. The other projects that were completed were Panncentralen and Nobelbergsgaraget in Sickla.



AWARDS

For the seventh year in a row we were named one of Sweden's best workplaces in Great Place to Work®. In the autumn we were awarded the prize for Sweden's best annual report. We were also a finalist for BREEAM Building of the Year in the Sweden Green Building Awards for our Life City project.

The sale of Farsta Centrum came second in Fastighetsvärlden's list of the best sales of 2020.



Property acquisitions

SEK 410 million

Property sales

SEK 3,979 million

ACQUISITIONS AND SALES

In the first quarter an agreement was signed for the sale of Farsta Centrum, a deal worth SEK 4 billion. We vacated the properties on 3 June.

In May the office property Eken 14 in Sundbyberg was acquired and taken into possession. Eken 14 is located next to the well-known Marabouparken and Chokladfabriken, an office property that we already own.

In December two properties were acquired in the centre of Uppsala: the historic Ångkvarnen (Steam Mill) by the river Fyrisån and the old Mejeriet (Dairy).

MORE STRATEGIC LAND ACQUISITIONS

New land acquisitions were obtained in Slussen, Hagastaden and Slakthusområdet following the agreement with the City of Stockholm to return the land allocation Hamnmästaren in Slussen for the construction of the Nobel Centre.

Attractive locations and financial stability

2020 was a turbulent year. A pandemic swept in, something that I never thought I would experience. Every company has been affected and the property industry is no exception. Some companies have also benefited from it and new business opportunities have emerged.



Although it is still difficult to predict what the future effects of the pandemic will be, I am still cautiously optimistic. The pandemic has shown the ability of people to adapt and be flexible, but it has also highlighted our basic need for interaction. People need to meet other people if they are going to develop, and our understanding of this is at the very heart of our urban development strategy.

STRENGTH THROUGH BREADTH

Our strategy is based on owning and developing large, cohesive areas in some of the strongest growth areas in Sweden. Looking at social trends such as digitalisation, sustainability and community engagement, I am convinced that our strategy will continue to be successful in the future. The breadth that we have is a real strength and will help secure financial sustainability in an ever-changing world. We are developing entire city districts with diverse content, where the whole is so much stronger than the sum of its individual parts.

I strongly believe that offices will continue to play an important role in our working lives, but we will see a number of lasting changes as a result of the pandemic. Companies that had previously not shown any flexibility for home working are now being forced to accept it and it is likely that more employees than before will continue to work from home for some of the week. There are some people who believe that home working will become much more widespread. I do not share their belief. During the pandemic studies have shown that efficiency suffers if too many employees work from home. Offices are needed as a place for employees to meet. This is where the brand is built and core values are upheld, not to mention the learning that takes place between employees, especially people who have just joined a company. However, the days of the cell office may be in the past; while activity-based offices will probably become more common.

It is also clear that the location is becoming increasingly important. We are no longer talking about the premises themselves, but what the entire city district has to offer. A high service level, good communications, interesting neighbours and the opportunity to lead an active lifestyle are important. This is where Atrium Ljungberg is strong, as our strategy is about working with all parts of the city and creating attractive locations for many people.

AN IMPRESSIVE PROJECT PORTFOLIO

Most of the projects from our entire portfolio are located at existing or future underground stations in the Stockholm area. Rail-based public transport is becoming more and more important as urbanisation increases. We have noticed that office properties with direct underground links command rental levels that are approximately 30 per cent higher than similar office products just a kilometre away. I am convinced that this will remain an instrumental factor in rental levels in the future.

NEW DETAILED DEVELOPMENT PLAN IN SICKLA

I am incredibly happy about the work on the detailed development plan for Central Sickla that was presented in September. We have been working with Nacka municipality to produce a proposal that will really transform the area into a vibrant city district. Central Sickla currently comprises large car parks and low retail buildings. These areas will be transformed into a district with pedestrian zones as well as residential and office blocks with restaurants and stores on the ground floors. The plan comprises approximately 150,000 m².

DEVELOPING SLAKTHUSOMRÅDET TO REALISE OUR VISION

Slakthusområdet is another one of our major urban development projects. Our vision is to create a strong destination with offices and residential, supplemented with food, culture and experiences. In the second quarter we signed a letter of intent with Skolfastigheter in Stockholm AB for the construction of a new upper-secondary school in the area, which is scheduled to open in the autumn of 2025. Our

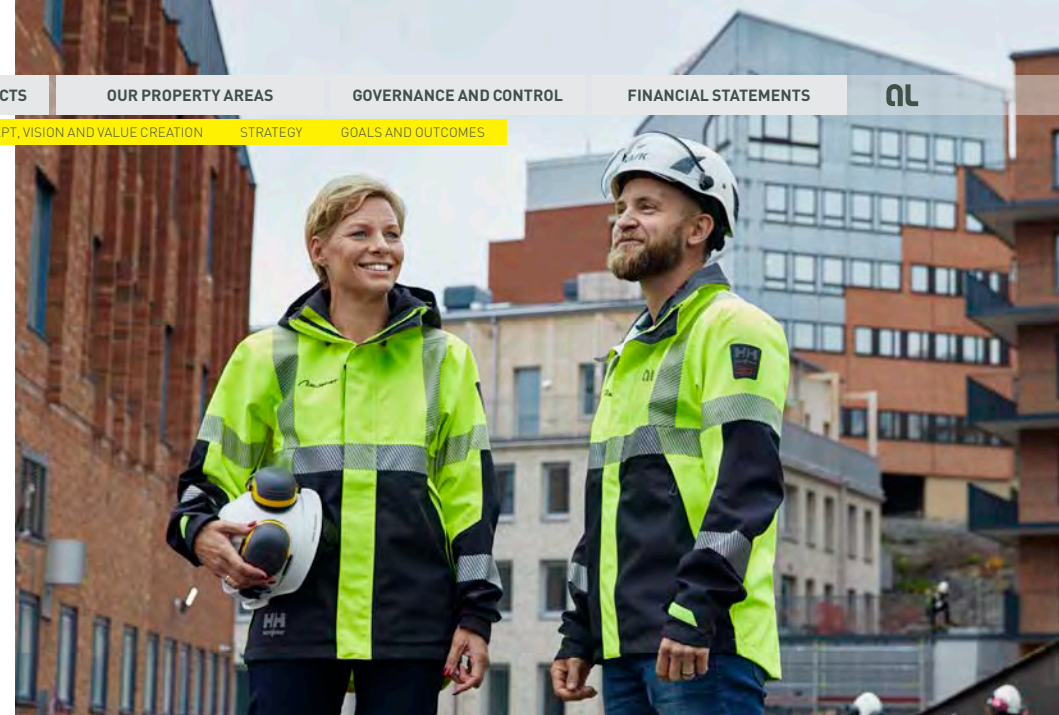
ambition is for Slakthusområdet to reflect the innovation that has put Sweden on the world map. What is central to this is the successful collaboration between business, education and the people who live there.

LAND ALLOCATIONS IN HAGASTADEN AND SLUSSEN TO MAKE WAY FOR THE NOBEL CENTRE

It is widely known that the location of the new Nobel Centre has been under discussion for many years. The choice eventually went to Slussen, where we had the Hamnmästaren land allocation directly in front of Glashuset. In 2020 we reached an agreement with the City of Stockholm and returned it. As compensation for this we received new land allocations in Slussen for the new retail hub and a hotel that is planned for Södermalmstorg. We also received a land allocation in Hagastaden for three office and residential blocks, and finally a land allocation in Slakthusområdet for offices or a hotel. It is estimated that the total investment for these new projects will amount to approximately SEK 5 billion between 2023 and 2030.

SEK 36 BILLION IN POTENTIAL PROJECT INVESTMENTS

Our potential future investments amount to as much as SEK 36 billion. For example, we plan to invest SEK 13 billion in Sickla, SEK 8 billion in Slussen and Hagastaden, SEK 10 billion in Slakthusområdet and SEK 3 billion in Gränbystaden in Uppsala. Our goal is to invest SEK 2 billion every year in our own development projects. We will carry them out at the pace that we feel is strategically and financially viable given the state of the market.



SUCCESSFUL RESIDENTIAL BUSINESS

Residentials comprise a significant part of our future project portfolio. Our first tenant-owned dwelling project, Nobelberget in Sickla, has got off to a successful start. A vibrant area is emerging here with residentials, creative activities, a park and a pre-school. A total of approximately 500 apartments are planned and they have generated a lot of interest. The 68 apartments in the first block were sold out in November last year. We will report the profit for this project in the second quarter of 2021 once we have completed our final handover to the association. Bookings for Nobelberget's second block are already at 80 per cent, with a moving-in date of June 2022. In January 2021 a pre-school opened in the old Panncentralen and a coffee roastery in Formalinfabriken. It is so great to see everything falling into place and that interest in Nobelberget is continuing to grow.

However, Nobelberget is not the only place where we are building or planning residentials. Detailed development plan processes are underway in Central Sickla for residentials, while there is the possibility of building

apartments in Kyrkviken. In Gränbystaden in Uppsala the first of a total of four blocks is now being built in the future Parkhusen. A preliminary study is being carried out in Hagastaden for two potential residential blocks with construction scheduled for 2024. We are also planning residentials in Slakthusområdet where production will not be able to start until 2025. These projects total 2,250 apartments that are planned to be completed over a 10–15-year period.

ACQUISITIONS AND SALES

At the beginning of March we sold Farsta Centrum. This deal was our biggest ever, comprising more than 100,000 m². The purchase price amounted to almost SEK 4 billion. This resulted in us both strengthening our balance sheet, but also further reducing our exposure to retail.

At the end of May we acquired the office property Eken 14 in Sundbyberg. This property comprises more than 8,000 m² letting area and is right next to the well-known Marabouparken and Chokladfabriken, which we already own.



The breadth that we have is a real strength and will help secure financial sustainability in an ever-changing world.

I am extremely proud that we are helping to pave the way for the Nobel Centre in Slussen.

Before Christmas we acquired two properties in the centre of Uppsala: Uppsala Kvarngärdet 33:2, better known as the old 'Mejeriet' (Dairy), and parts of the project property Uppsala Kungsängen 22:2, also called 'Ångkvarnen' (Steam Mill). The latter includes the acquisition of three historic buildings within the property, all of which are of high cultural value. We are now going to transform them into high-quality offices with ground floors that will be brimming with life. These three buildings will comprise approximately 9,300 m² and will be ready for occupancy in 2026.

DIGITALISATION CREATES NEW SERVICES AND WORKING METHODS

Many people think that the pandemic has resulted in us becoming 'properly' digitalised. Although this is not a new trend, the pace of development has been quicker and we have been thrust into this change. Digitalisation creates new products, services and business models. One good example is our pilot project, the ALife Home app. This app was launched when the first homebuyers moved into Nobelberget. Using the app residents can keep in contact with their neighbours, share services, buy or sell items, and borrow and exchange items with each other. ALife Home is also a way

of strengthening the area by offering services from local traders in Sickla. This app has been developed in dialogue with the residents in the area and is a first step in creating a digital service layer. This will help to increase the attractiveness of our city districts as a place to live and work and for retail and services.

SUSTAINABILITY WORK 2020

NEW SUSTAINABILITY GOALS

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

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

GREEN LOAN AGREEMENTS WITH THE EIB AND NIB

During the year we further broadened our financing base with new, unsecured green financing. In March we signed a credit agreement with the Nordic Investment Bank worth SEK 920 million, and another in June with the European Investment Bank worth SEK 1 billion. This financing is for the two projects Bas Barkarby and Life City; they both meet the strict energy requirements that have been set. I am

incredibly pleased with these financing agreements. They not only strengthen our financing base, but are also an acknowledgement that the banks appreciate our sustainability work, giving us access to long-term green financing.

PROFIT

We are reporting a profit before changes in value of SEK 1,124 million for the year as a whole. This is more than SEK 100 million lower than the previous year. The main reasons for this decrease are the rebates we have provided in line with the Swedish government's ordinance on rental support, but in particular the sale of Farsta Centrum in June 2020.

THANK YOU!

Finally, I would like to take this opportunity to thank all of our customers and partners, and in particular all our employees who have shown such high levels of commitment during a challenging year!

Annica Ånäs, CEO

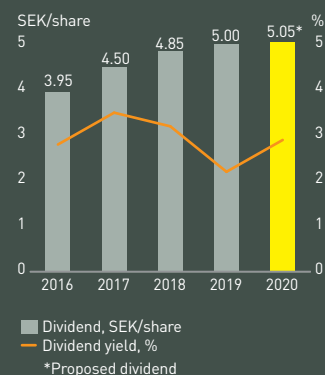
FOUR REASONS TO OWN SHARES IN ATRIUM LJUNGBERG

STABLE DIVIDEND YIELD

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

Dividend and share dividend yield

– The company has never reduced its dividend

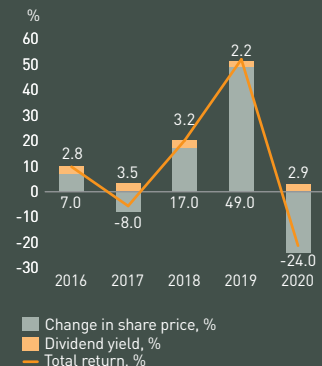


POTENTIAL FOR GOOD VALUE GROWTH

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

Share's total yield

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



LOW FINANCIAL RISK

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

Gearing ratio and interest coverage ratio

– Stable gearing ratio with a higher interest coverage ratio

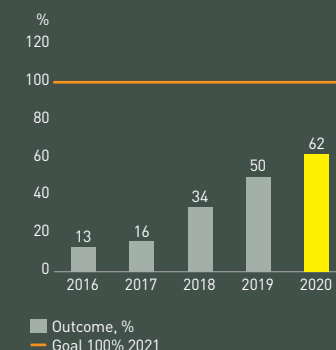


SUSTAINABLE URBAN DEVELOPMENT

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

Proportion of environmentally certified properties

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



ATRIUM LJUNGBERG AS AN INVESTMENT

Atrium Ljungberg is on a journey of change. Rooted in the old traditions of the master builder, we have developed our strategies and refined our property portfolio. It now comprises large, cohesive property areas that have seen property values more than double over the last ten years. We are located in Sweden's strongest growth markets, playing an active role in the development of the sustainable cities of the future.

WITH A CLEAR URBAN DEVELOPMENT STRATEGY ...

Around 85 per cent of Sweden's population now lives in towns and cities, and the rate at which people are relocating to large urban areas has been increasing for many years. This presents challenges and opportunities for all of us working to create attractive locations. Atrium Ljungberg develops city districts that create value for municipalities, tenants, our shareholders and everyone who lives and works in our areas. We have a clear strategy for this. Our working method is based on collaboration and dialogue, and we always do our best to take advantage of the soul, history and best features of these locations.

Many factors have to be in place for a location to be attractive and encourage people to visit at any time of the day or night. At Atrium Ljungberg, we use the concept of 'the power of ten' in our urban development work. This means that there must always be at least ten reasons to visit a location.

Our focus is sustainable and vibrant urban environments with diverse content: offices, residentials, retail, service and culture. An urban environment where people want to live, work and spend time – now and in the

future. Our vision is "Our city – where everyone thrives", which enables us to create value for the company and therefore for our shareholders and society.

... WE ARE CREATING ATTRACTIVE AND SUSTAINABLE LOCATIONS IN STRONG SUBSIDIARY MARKETS

Atrium Ljungberg is one of Sweden's biggest listed property companies. We are located in strong subsidiary markets in Stockholm, Gothenburg, Malmö and Uppsala. We are a long-term owner and take a great deal of responsibility for our areas. The fact that we own large, cohesive locations offers us a unique opportunity to create a good cohesive area that has a mix of activities that support each other and make the entire area more attractive. Closeness in a dense and mixed urban environment also promotes sustainability as a result of short transport distances, well-developed public transport and good opportunities for a sharing economy. However, sustainable urban environments are not only important from an environmental, economic and social perspective; they also make areas more attractive and create value for customers and municipalities alike – and increase the value of our company.

TEN GOOD REASONS TO BE AT A LOCATION

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



WITH AN INCREDIBLE PROJECT PORTFOLIO ...

Our project portfolio has grown by more than five times since the merger between Atrium Fastigheter and Ljungberggruppen in 2006, and we are now able to invest as much as SEK 38 billion in held properties and the land allocations we have received.

Our long-term focus on sustainable urban development is one of the reasons why we have been entrusted to help develop, for example, large parts of Slakthusområdet in southern Stockholm. This is the biggest development project of modern times in Stockholm, and it will continue until 2030.



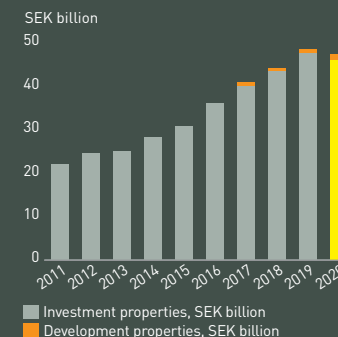
Half of our project portfolio comprises offices, one third residentials, while the remainder is service, restaurants, retail and culture. Of SEK 38 billion in our portfolio, development projects represent SEK 34 billion and they are located in areas that are right next to existing or new underground stations. This is the case not only in Slakthusområdet, but also in Sickla, Slussen, Hagastaden and Barkarbystaden. With its new underground connection, Sickla will be just seven minutes away from Stockholm Central Station. The close proximity of rail services has a major positive impact on rental levels, which in turn will help to increase the value of our properties.

... WE CREATE LONG-TERM GROWTH FOR THE COMPANY

Profit before changes in value in the company has increased by 70 per cent over the last 10 years. The company has grown from just over 200 to more than 300 employees. We have refined our property portfolio, leading to a 137 per cent increase in our property value. Our aim of investing SEK 2 billion per year, with a return of 20 per cent for new builds and extensions, is creating value growth in the company.

Property value over time

– Property value more than doubled over the last decade



WE ARE READY TO CREATE THE CITY OF THE FUTURE

Development in society has never been as rapid as it is now. With our physical locations as a platform, we are focusing on using digital technology to refine and create new, popular offerings that make our areas even more attractive. Life between buildings has always been important to us, and we are now adding a digital layer to our physical locations, which can cover anything from a single property to an area or an entire town or city. 'Servicification' is a key concept where we are seeing greater collaboration in the industry, with initiatives and solutions that we devise together.

To remain relevant in a world where behaviours and consumption patterns are changing at an ever-increasing pace, we need to understand what drives people and what their preferences are. The pandemic has, of course, had a major impact on all parts of our society, in particular people's attitude to and the use of office workplaces. Some people think that the demand for offices will fall as an increasing number of people will choose to keep working from home. However, we firmly believe that offices will continue to play an important role. They are essential for encouraging innovation and building a corporate culture. They also represent an important part of the brand and

are a powerful recruitment tool. We have noticed an increase in the demand for new solutions as companies are now going through more changes than before. This is resulting in, for example, shorter forward planning and the desire for greater flexibility. Change is incredibly demanding for us as property owners, but it also creates new business opportunities and we want to be involved, moving this development forwards.

OPPORTUNITY TO INVEST SEK
– SEK 38 billion in held properties
and land allocations

SEK 38 billion

URBAN DEVELOPMENT THAT CREATES VALUE

Atrium Ljungberg develops attractive and sustainable urban environments where people want to live, work and spend time – now and in the future. This vision enables us to create value for the company and therefore our shareholders and society.

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

VISION “Our city – where everyone thrives” Our city is a place where everything you need and want is on your doorstep. A number of businesses come together, creating exciting urban environments where everyone would like to be. Here you can work, shop, do business, live, study, socialise and be entertained – everything that is part of life. Our locations have a soul and everyone should be able to feel at home.



VALUES

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

COLLABORATION

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

LONG-TERMISM

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

RELIABILITY

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

INNOVATIVE THINKING

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

BUSINESS MODEL

PROJECT DEVELOPMENT

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

PROPERTY MANAGEMENT

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

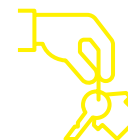
ACQUISITION AND SALES

We develop and manage with the aim of long-term ownership. We acquire new properties and land if we can achieve strategic benefits and generate a good operating net surplus, or receive a good return through our project development. We sell properties where we realise that there are no opportunities for long-term development in line with our business model and vision. Most of the properties we have sold over the last few years have been retail.

CREATING VALUE FOR STAKEHOLDERS

CUSTOMERS

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



SOCIETY

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



OWNERS AND INVESTORS

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



EMPLOYEES

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



PROJECT DEVELOPMENT

SEK **2,513** million

PROPERTY MANAGEMENT

SEK **1,565** million operating net

PROPERTY ACQUISITIONS

SEK **410** million

PROPERTY SALES

SEK **3,979** million

Strategy that focuses on value growth

Our strategy is a solid foundation that ensures that we do the right things in the right places. The strategy also describes how we are to do these things: with a focus on customers, sustainability and engagement. It enables us to create innovative, vibrant and sustainable urban environments with good value growth over time.

PRESENCE ON STRONG SUBSIDIARY MARKETS

We will establish a presence on strong subsidiary markets in metropolitan areas where there is potential for long-term population growth.

Why: Long-term population growth creates the right conditions for long-term profitability, both for us and for our customers.

How: We focus our development on areas that meet growth criteria. We use strategy plans for specific areas when looking at project and acquisition opportunities.

DEVELOP ATTRACTIVE URBAN ENVIRONMENTS

We will focus on developing attractive urban environments for offices and residentials, supplemented with retail, culture, service and education.

Why: This mix increases the flow of people at the location and creates synergies for everyone involved, generating more opportunities for successful business.

How: Our strategy plans for specific areas contain analyses and proposals for the design of the content at each location, based on the individual conditions there.

A MAJOR PLAYER

We will be a major player offering large and cohesive units in each subsidiary market.

Why: As a major player, we can lead and influence development and create urban environments that are sustainable in the long term.

How: We focus our development and our acquisitions on locations where we are already established or where we want to be a major player.

FOCUS ON OUR CUSTOMERS

We will focus on our customers in everything we do. We work with customers, suppliers, municipalities and other stakeholders and this collaboration will be close, stable and committed over a long period of time.

Why: Relationships and collaboration based on trust enable us to find innovative solutions and create long-term sustainable and attractive environments together.

How: We have local staff on site in each area and build long-term relationships close to our customers and stakeholders.

PROPERTIES AND DEVELOPMENT RIGHTS

We will acquire, develop and refine properties and development rights.

Why: We create value growth within the company through operating net from active management, and through project returns on our project development.

How: By performing a detailed evaluation of the opportunities presented by projects and transactions, capital can be allocated to the opportunities that are assessed as adding the greatest value to Atrium Ljungberg in the long term.

INTEGRATED SUSTAINABILITY WORK

We will carry out sustainability work that is integrated into the business strategy and it forms an important component of our offering. We will improve both our own responsibility and our stakeholders' responsibility in this area.

Why: Sustainability has rapidly developed into a factor that is of the utmost strategic importance for companies that want to remain relevant in the long term.

How: Sustainability is an integral part of our objectives and is an issue that appears on the agenda every day for every employee in every part of the company, from daily management to projects and financing.

OUR OWN BUSINESS PROCESS

We will conduct and manage the entire business process in-house using our own expertise.

Why: By conducting the entire business process ourselves, including project development, we can look after our customers and ensure high quality in the long-term management of the projects.

How: We have staff with competences and abilities that reflect our core values and we ensure that our employees are able to develop over time.

ENGAGED EMPLOYEES

We will have engaged employees who are passionate about what we do. Core values – long-termism, collaboration, reliability and innovative thinking – are to be firmly rooted in the company.

Why: Competent, motivated and engaged employees are essential for good results.

How: Our corporate culture encourages participation and care for each individual. Sustainable employees are at the heart of development and profitability.

GOALS FOR PROFITABILITY, GROWTH AND STABILITY

PROFITABILITY AND GROWTH

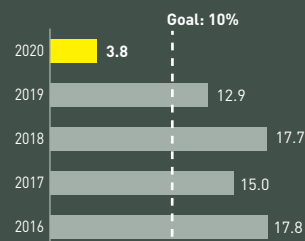
The development of profit is key to our success. This is the basis of our return, along with value growth from investments.

RETURN ON EQUITY

Goal: 10%

Outcome: 3.8%

Return on equity must be at least 10 per cent per year over time.

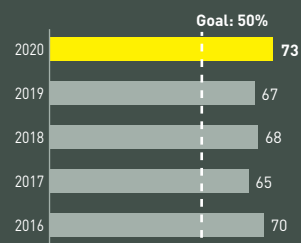


DIVIDEND

Goal: 50%

Outcome: 73%

The dividend is to correspond to a minimum of 50 per cent of the profit before changes in value, after nominal tax.

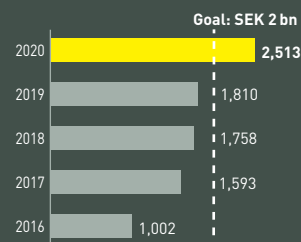


INVESTMENTS IN HELD PROPERTIES

Goal: SEK 2,000 million

Outcome: SEK 2,513 million

Investments in held properties will amount to at least SEK 2 billion per year. This goal was increased from SEK 1 billion in 2019.



LONG-TERM STABILITY

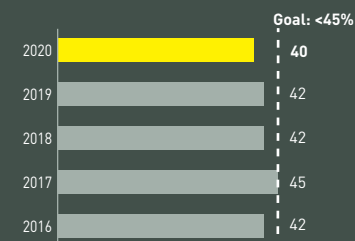
The company's capital base is to be strong in order to help ensure long-term stability and generate the conditions needed to do good business in different market situations.

GEARING RATIO

Goal: <45%

Outcome: 39.9%

The gearing ratio must not exceed 45 per cent.

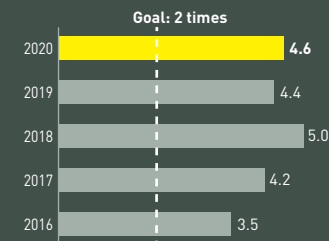


INTEREST COVERAGE RATIO

Goal: Multiple of 2

Outcome: Multiple of 4.6

The interest coverage ratio must not fall below 2.



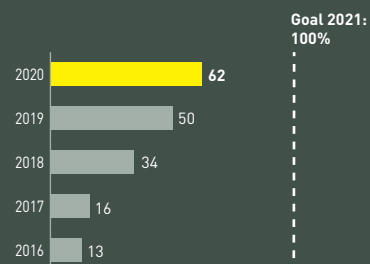
GOALS FOR SUSTAINABLE ENTERPRISE

We are gradually increasing our focus on sustainable enterprise and our most important sustainability areas have been transformed into specific goals. Our sustainability goals cover new production and management, and our employees.

PROPORTION OF ENVIRONMENTALLY-CERTIFIED PROPERTIES

Goal 2021: 100%
Outcome: 62%

We will have 100 per cent certified buildings by the end of 2021.



REDUCE ENERGY CONSUMPTION (kWh/m²)

Goal 2021: 188 kWh
Outcome: 207 kWh

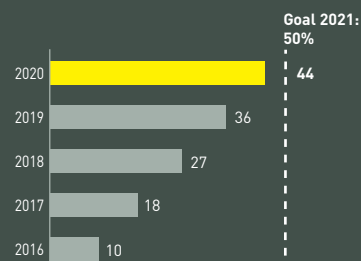
Energy consumption will fall by 30 per cent between 2014 and the end of 2021.



GREEN LEASE CONTRACTS

Goal 2021: 50%
Outcome: 44%

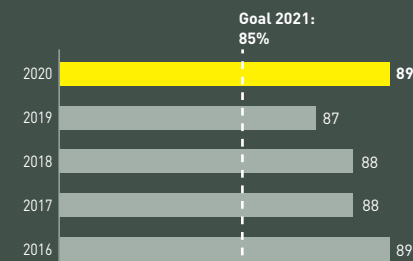
By the end of 2021, the proportion of green lease contracts is to be 50 per cent of the contracted annual rent.



EMPLOYEE INDEX

Goal: 85%
Outcome: 89%

We will be one of Sweden's best workplaces, which will help us to have sustainable employees.



Sustainable cities of the future

We develop sustainable cities and properties where people want to live and work for many years to come. Cities that are capable of handling urbanisation, climate change and social transformation. We take long-term responsibility when we build, develop and manage.

OUR ROLE AND IMPACT

We are living in a globalised world and this is reflected in sustainability issues; global issues require shared solutions. It is well-known that the property industry faces major challenges to limit its climate impact and overexploitation of resources. However, our industry is also well-placed to have a positive impact, particularly socially, where we can help to make people feel safe, improve health and safety, and work to combat corruption and working for human rights. Atrium Ljungberg's focus is to always act with care for people and the environment.

Our vision is "Our city – where everyone thrives". Atrium Ljungberg works actively from the early planning stages of an area and its properties, throughout the implementation and production phases with our suppliers, and finally as the manager of the properties. Overall, we are active throughout the life cycle of a property, which often includes its demolition or dismantling, and its reuse. We impose strict requirements on our suppliers and work with our tenants to make the entire supply

chain more sustainable. Together we have been able to achieve far more than we could have done individually.

FOCUS AREAS, GOALS AND STRATEGIES

Our sustainability work is integrated into our business model and forms an important part of the work to achieve our vision. Working proactively on sustainability issues with the company enables us to manage risks in a structured way, but also to identify new business opportunities. We performed a materiality analysis in order to prioritise our sustainability work. This analysis resulted in four focus areas: sustainable urban development, environment and resource utilisation, sustainable employees and business ethics.

There are goals and strategies linked to these focus areas, as well as steering functions, such as policies and guidelines. These focus areas are also linked to the global goals. See pages 17–18 for more information.

SUSTAINABLE ENTERPRISE16

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SUSTAINABLE URBAN DEVELOPMENT

We develop sustainable city districts and properties to increase the attractiveness of the areas and create value for the people living and working there. The properties must be designed with care for people and the environment. They must be resource-efficient and make it easier for people to simplify a sustainable lifestyle. We:

- Environmentally certify the properties
- Work with culture and identity
- Create safe, inclusive and vibrant urban environments



ENVIRONMENT AND RESOURCE UTILISATION

Resource utilisation, primarily energy consumption, accounts for a significant proportion of a building's operating and production costs, and its climate impact. This is why we focus on improving our own and our customers' resource efficiency. We:

- Reduce greenhouse gas emissions
- Streamline energy consumption
- Use sustainable construction materials
- Reduce waste volumes, while increasing recycling and reuse



SUSTAINABLE EMPLOYEES

If we are going to achieve good results, we must have competent, engaged and healthy employees. We work to ensure a positive and safe work environment and a culture where people are encouraged to be involved. Sustainable employees lay the foundation for development and profitability. We:

- Are one of Sweden's best workplaces
- Adopt a zero-tolerance approach to accidents and stress-related illnesses
- Work to promote diversity, equal opportunities, gender equality and counter discrimination in all its forms



BUSINESS ETHICS

Trustworthiness is of central importance to us. We uphold sound business practices in our own operations and in relation to suppliers and other partners. We impose the same requirements on our suppliers as we do on ourselves in terms of the environment, work environment, working conditions and human rights. We:

- Counter corruption in all its forms
- Improve the governance and control of suppliers
- Stand up for human rights



SAGA WILL TAKE SUSTAINABILITY WORK TO THE NEXT LEVEL

A FEW WORDS WITH...

In March Saga Jernberg joined Atrium Ljungberg as the Head of Sustainability.

"I find Atrium Ljungberg to be an extremely interesting company. Not only because of its current holdings, but mostly because of its extensive project portfolio. This really gives us the chance to have a positive impact on our cities. I'm the kind of person who is driven by a vision and values, and this is an area where Atrium Ljungberg is extremely strong. It feels so exciting to be involved in setting the company's new goals and strategies for sustainability."

The issue of sustainable urban development has become more topical as urbanisation and population in metropolitan areas have grown.

"The climate issue is something that we all need to work actively on. The construction phase has a major impact on the environment, and both new laws and climate declarations are going to push us forwards in the future. But there is a lot that we can do right now. Sustainability work forms an integral part of the organisation and over the short period of time that I've been at the company I've noticed

a strong willingness to contribute and do more, whether you are a leasing manager, operations technician or business developer. The current sustainability goals have been extremely specific and have become a natural part of our processes. It's now time to take the next step in our sustainability work."

During the autumn the company held stakeholder dialogues, which started with a full-day digital conference on the theme of Sustainability for all employees at Atrium Ljungberg.

"It's important for us to work with all our stakeholders to set these new goals, as we learn so much along the way. I recently had a dialogue with a tenant who wants to make their next office into a pilot for 'the sustainable office'. We want to play an active role in this process, not only to provide support, but also to learn more together."

It feels exciting to be about to take the next step and set new goals and strategies for sustainability.

SAGA JERNBERG
Head of Sustainability
Atrium Ljungberg



ATRIUM LJUNGBERG AND THE GLOBAL GOALS

We are a signatory of the UN Global Compact and support the ten principles concerning human rights, labour law, the environment and anti-corruption. We have also carried out analyses to determine which of the UN Sustainable Development Goals we can contribute to and which we can have a negative impact on.

3 GOOD HEALTH AND WELL-BEING



By using Byggsvaru-bedömningen and obtaining environmental certifications for our properties, we contribute to reducing hazardous chemicals and construction materials, and minimising the pollution of the air, water and ground. See page 21 for more information.

Target 3.9

15 LIFE ON LAND



It is important to help reduce the destruction of natural habitats and halt biodiversity loss. We can do this by creating green spaces that promote species diversity, working on ecosystem services and using trees, land, walls and roofs in a sustainable way in our urban environments. See pages 20 and 23 for more information.

Target 15.5

6 CLEAN WATER AND SANITATION



We can contribute to efficient water consumption and ensure the sustainable abstraction of freshwater in order to combat water shortages, particularly when developing city districts and buildings, but also when selecting materials. We help improve water quality by minimising emissions and pollutants in the water and through smart surface water management. See pages 20–22 for more information.

Targets 6.3, 6.4

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



One of our priorities is to work proactively to minimise all forms of corruption and bribes, both among our employees and among suppliers and customers. This is our way of contributing to a peaceful and inclusive society. See pages 24–25 for more information.

Target 16.5

8 DECENT WORK AND ECONOMIC GROWTH



We work actively to promote a safe and secure work environment and good working conditions for our own employees and our subcontractors. Combating human rights violations is an important part of our work and the demands we place on our suppliers. See pages 24–26 for more information.

Target 8.8

5 GENDER EQUALITY



We constantly work to increase gender equality and counter discrimination in the workplace. Our company has an equal gender distribution. In 2020 we were ranked the sixth most gender-equal company out of the 335 Swedish companies listed on the stock exchange. This work continues, focusing primarily on the occupational groups within construction and property management. See pages 26–27 for more information.

Target 5.1

13 CLIMATE ACTION



An important part of our work is to reduce energy consumption and the use of fossil fuels so that we can reduce carbon dioxide emissions and thereby combat climate change. We also want to make cities and properties more resistant and more able to adapt to climate-related dangers and natural catastrophes. See page 23 for more information.

Target 13.1

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Our ambition is for us and our suppliers and customers to have resource-efficient operations. We work to promote the careful handling of chemicals and to reduce phase-out substances, reduce waste and increase recycling and reuse in our areas. We achieve this by setting clear requirements and collaborating to provide new innovative solutions for both production and management. See pages 21–23 for more information.

Targets: 12.2, 12.4 and 12.5

7 AFFORDABLE AND CLEAN ENERGY



By only purchasing electricity from hydroelectric power and installing our own solar cells on our properties, we contribute to increasing the share of renewable energy in the global energy mix. We use various energy efficiency measures to reduce energy consumption in our buildings. See pages 21–23 for more information.

Targets: 7.2, 7.3

11 SUSTAINABLE CITIES AND COMMUNITIES



We play an active role in the urbanisation of cities through the work that we do. Our business is based on sustainable and innovative urban development. By ensuring that we have a good mix of content in the buildings and by designing public spaces and green spaces, we create inclusive urban life, green oases, security and well-being. See pages 19–23 for more information.

Targets: 11.3, 11.6, 11.7

Indirect impact

Direct impact

STAKEHOLDER DIALOGUE 2020

Last autumn we carried out an extensive stakeholder dialogue as part of work to produce new sustainability goals for 2022. Our stakeholders – employees, tenants, owners, financial backers, municipalities and suppliers have provided important insights into our work going forwards. Continual dialogue enables us to develop sustainability work together.

One common thread running through all our stakeholders is that they see sustainability as an important aspect in their work. It is clear that sustainability is an important issue for the customers and partners of each stakeholder group as well. There is therefore no doubt that working with sustainability is important. However, there is a difference of opinion between the stakeholder groups about which areas they think are the most important for Atrium Ljungberg to prioritise. Here is a short summary of these dialogues.

When talking to the financiers it is clear that the climate issue is becoming even more important for this stakeholder group. There is an expectation for companies to be in control of their emissions, preferably throughout the entire supply chain. The work on the Green Deal and Taxonomy is a priority, although social issues are also discussed. Other sustainability aspects that are discussed include physical sustainability risks, supplier issues, security and accessibility in city districts.

Our tenants would like a greater focus on climate-related issues, such as energy consumption, waste and transport. Health, diversity and sustainable city districts are also discussed in the dialogue. Many of the tenants have their own ideas about how we can develop

our collaboration around sustainability, which we think is positive. This is also applies for the Suppliers stakeholder group. They highlight the advantages of early dialogue and collaboration in order to have shared sustainability goals. Just like the other stakeholder groups, climate is an issue that suppliers think we should work with more. They highlight materials in particular, but also other resource issues such as waste, energy and transport.

When interviewing representatives from the municipalities, many different sustainability issues are discussed. There are good opportunities to increase collaboration with this stakeholder group. It is clear that some issues are handled through standard processes, such as the Planning and Building Act, but there are other areas where we as property owners can contribute. In particular the climate issue is discussed from a 'developer's perspective', as well as the effects of climate change. Security is also a topic that often comes up, as we work with diverse cities with a mix of content. For most of the sustainability areas, this stakeholder group also considers how we can involve visitors and people living in the municipality in this work, as they have a major impact in the neighbourhood.



For our employees we held a digital conference, with discussions in small groups about various sustainability issues. The employees show a lot of engagement in sustainability and many of them discussed goals and governance as being important parameters going forwards. Issues surrounding climate and resources were in focus, but they also discussed how we can build and manage socially sustainable locations. This is also reflected in the dialogue with representatives of the owners. They expect sustainability to be managed in a responsible way and place great importance on clear leadership. See page 138 for more information about how we carried out this stakeholder dialogue with the various stakeholder groups.



Jakob Trollbäck from The New Division explains the process behind the visual identity of the global goals at Atrium Ljungberg's conference.

This year's conference was held digitally with sustainability as the theme. The employees play an important role in the stakeholder dialogue.

After we had completed the stakeholder dialogue we worked through the material, which formed part of a materiality analysis that we carried out with the executive management. As a result we have identified the goal areas that are most important for us and that we are going to focus on, which not only includes our opportunities to make positive contributions, but also our ability to reduce any negative impact.

At the start of 2021 we are going to look at the most important areas in even greater detail before setting our sustainability goals for 2022 and beyond. The first goals will be for the following areas: climate, social sustainability, business ethics and sustainable employees. One important feature of this work is to formulate reasonable, but at the same time challenging goals that have concrete metrics, so that sustainability work can be monitored over time. It is the Board of Directors that will take a decision on the new sustainability goals.

SUSTAINABLE URBAN DEVELOPMENT

We create attractive and sustainable urban environments

where people want to live and spend time for many years to come. We have eight aspects that we think are important to develop the sustainable city that is continually changing.

City districts must reflect their own special quality and history, based on the people living in the area. We strive to preserve and develop old properties, infusing them with modern elements.

We manage and develop our locations in dialogue with tenants, neighbours, visitors, businesses and associations, so that we can benefit from local engagement. This provides Atrium Ljungberg with broad and genuine knowledge of the location and the city district.

We want to create environments that make it easy for people to meet and interact. These are crucial considerations when people are deciding whether to live, work and spend time in the area. This can involve putting the right conditions in place for meetings between companies or sectors, new restaurants and cafes, or meeting places for culture and learning.

Our locations need to be home to many different activities. Work and retail co-exist with residential, service, culture and education. The buildings have been built to last for a long time, so the areas need to develop over time as people and society change. The properties need to be flexible and adaptable to new and changing needs.

We always focus on people. The locations, thoroughfares and courtyards need to be vibrant at different times of the day and year. Our locations must feel open and inclusive, and we are developing areas where people can meet, relax and play. This increases the feeling of security and well-being.

Being close to nature and gardens is important for quality of life in a city. We want to create green spaces and promote biodiversity and circulatory thinking, contributing ecosystem services such as air cleaning and pollination. Parks, green roofs and smart stormwater treatment are important for managing the consequences of climate change such as torrential rain and flooding.

A circular approach is needed in a sustainable city. We make it possible to reuse and recycle. We also make our buildings more energy efficient and install solar panels on the roofs. We certify our buildings in accordance with environmental certification systems such as BREEAM and Miljöbyggnad. We aim to achieve near-zero energy consumption in new properties. Atrium Ljungberg creates waste and recycling systems that help tenants to be sustainable. This can include repair services or sharing services, such as car pools, but also companies working with reuse, recycling and second-hand items.

Retail, food and service activities are integral parts of our areas. We make sure they are accessible in a way that benefits both health and the environment. It should be easy to walk and cycle, or travel by public transport and electric car.

Identity and history



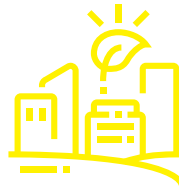
Dialogue and participation



Meetings and interaction



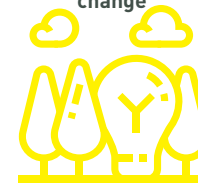
Diversity and flexibility



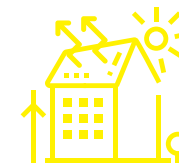
Security and well-being



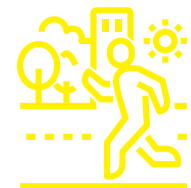
Ecosystems and adaptation to climate change



Resource and energy efficiency



Proximity and comfort



Example: In Sickla, we are working to develop the area; one of our projects is the old wallpaper factory, Tapetfabriken, which is being converted into a hotel. The historic brick has been reused to provide a link to the building's history.

Example: Nobelberget has been developed in partnership with other people, companies and organisations. Culture has played an important role, which is something that Formafabrikfabriken focuses on.

Example: We have installed the largest plant wall in Sweden on one of our properties in Mobilia in Malmö. 60 different species create more greenery throughout the year in this urban environment.

Example: Many of our properties have solar panels on the roof. We have installed a total of 8,202 m² of solar panels.

Example: Mobility is an area that is being significantly developed and we are involved in a research project in Kista.

ENVIRONMENT AND RESOURCE MANAGEMENT

As the construction and property industry accounts for a significant proportion of Sweden's emissions in terms of energy, materials and waste, it is important for us to do what we can to contribute to moving this work forwards. Atrium Ljungberg's ambition is to reduce environmental impact – both our own and our customers' – and to streamline resource utilisation. Important areas for us to work on include environmentally certified buildings, green lease contracts and reduced energy consumption. This will allow us to reduce carbon dioxide emissions and counter climate change.

ENVIRONMENTAL CERTIFICATION – THE ROAD TO SUSTAINABLE BUILDINGS

Environmental certifications of buildings represent an important tool for ensuring that our properties are sustainable and reduce their environmental impact. They set out clear requirements for various sustainability aspects and the evidence is examined by a third party. These certifications also help to make the environmental performance of properties comparable, and easier to communicate to tenants.

Atrium Ljungberg obtains environmental certifications for commercial new builds in accordance with the BREEAM environmental classification system; for existing buildings in accordance with BREEAM-in-Use; and residential in accordance with Miljöbyggnad (Sweden Green Building Council's Environmental Building certification). At the end of the year, 62 per cent (50%) of the letting area was certified. This increase was mainly due to an additional seven existing buildings being certified in accordance with BREEAM in-Use. During the year, we intensified our efforts to achieve our goal; for 100 per cent of our properties to be environmentally-certified by 2021.

BREEAM assesses the environmental performance of a property in a number of different areas, for example, energy consumption, the indoor environment, work with materials and waste, and sustainable transport. Our minimum level for the BREEAM certification for new builds is the rating 'Very Good'. For the Miljöbyggnad certification system, our minimum level for residential new builds is the rating 'Silver'. Miljöbyggnad sets extensive requirements for energy, material use and the indoor environment. These environmental certifications represent the most important element in our green financing. As of 31 December, we had SEK 6.0 billion (SEK 5.9 b) of green bonds outstanding and SEK 3.3 billion (SEK –1.5 b) in green bank loans, equivalent to 49 per cent of our total financing. See pages 34–37 for more information.

Atrium Ljungberg also uses Byggsvarubedömningen when purchasing building materials in order to minimise its environmental impact and its use of hazardous substances when carrying out construction work. Byggsvarubedömningen is a digital log book with environmentally assessed building products. This system also helps us to adhere to the UN's Precautionary Principle, which

means that if there is a threat of serious harm to the environment, the lack of scientific certainty should not be used as a reason to postpone cost-effective measures to prevent environmental destruction.

TL Bygg also works with the environmental certification systems BREEAM and Miljöbyggnad and has good competence in this area. For example, TL Bygg has several employees who are certified coordinators for environmental construction work. The most common log book for materials is Byggsvarubedömningen, but BASTA and Sunda Hus can also be used if the customer so wishes.

MORE EFFICIENT ENERGY CONSUMPTION AND LOWER CLIMATE IMPACT

The energy consumption during the lifecycle of a property primarily creates carbon dioxide emissions. Our goal is to reduce the energy consumption of our properties per m² by 30 per cent between 2014 and 2021. The total energy consumption for 2020, weighted to an average year, amounted to 224 GWh, which is a decrease from 253 GWh in the previous year. Around 41 per cent of energy consumption is attributable to the tenants' own consumption. Up to and including 2020, we succeeded in reducing our energy consumption per m² by 23.5 per cent compared with the base year. However, this work continues.

Proportion of environmentally-certified properties

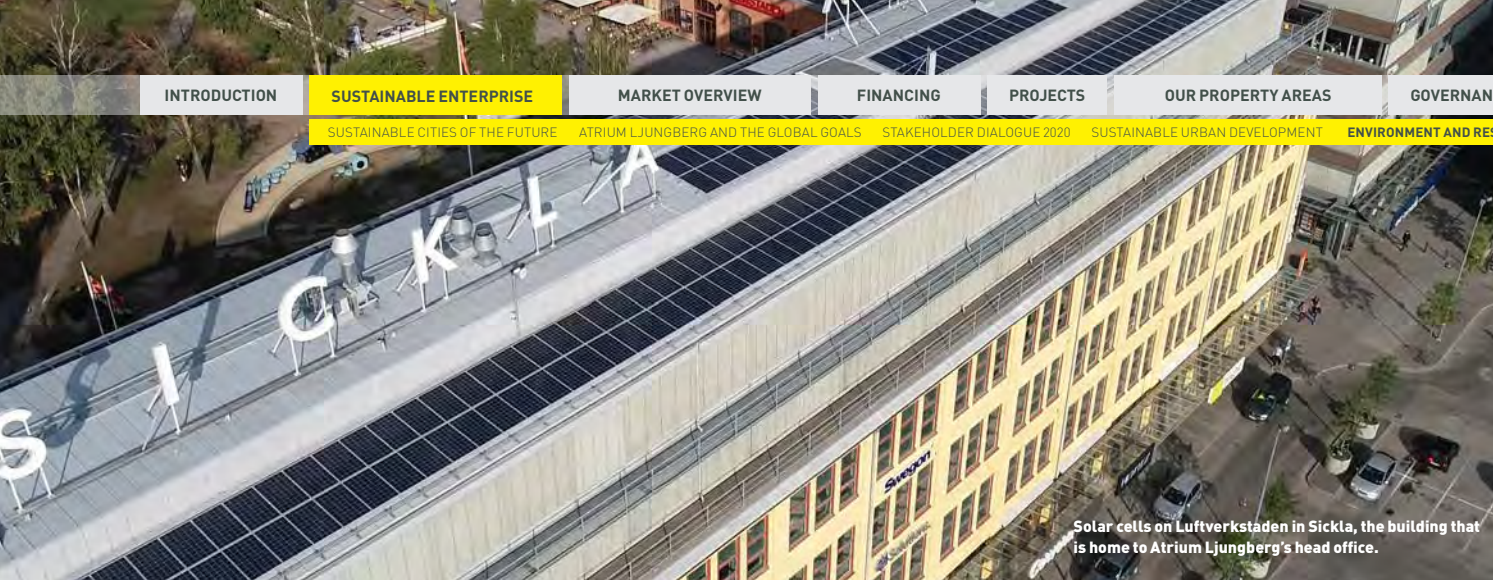
62%

Energy consumption

207 kWh/m²

Green lease contracts

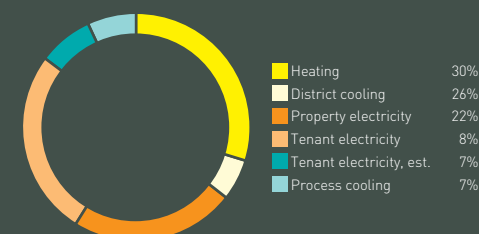
44%



Solar cells on Luftverkstaden in Sickla, the building that is home to Atrium Ljungberg's head office.

Energy intensity

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



Electricity accounts for most of the energy consumption from us and our customers. Normally we provide our tenants with electricity and charge them based on the amount they actually use. We buy hydroelectricity with guarantees of origin, certified with the Gold standard. We use certified carbon dioxide-free electricity at all of our properties, except for one. We support a wind power project in India as a carbon offset for this.

We also have our own solar power installations to increase the proportion of renewable electricity. At the moment we have solar power installations in Gränbystaden, Sickla and Malmö. We have a total of 8,202 m² of solar cells, where we can produce approximately 1,340 megawatt hours a year. The installations are connected to digital screens, where we can monitor on a daily basis how much the renewable energy can be used for.

Most of our properties use district heating as their heat source. Comfort cooling has been installed in the majority of the properties and comprises purchased district cooling and self-generated cooling. One of our properties also requires large amounts of process cooling. Carbon dioxide emissions from district heating

¹¹ <https://www.energiforetagen.se/statistik/fjarvarmestatistik/tillford-energi/>

and their environmental load depend on the fuel used by our district heating suppliers. We rely on the local supplier for district heating and district cooling, and environmental performance varies a great deal. Most of the energy used for district heating production in Sweden is either renewable or recycled. The proportion of fossil fuels used in the industry was 3.6 per cent in 2019.¹¹

Energy-efficiency measures helped us to reduce the amount of property energy by 7.6 per cent during the year. Projects that have been carried out in several properties include changes to more efficient aggregate, switching to LED lighting and replacing control systems. We are working to continually guarantee our meters and actively monitor the values. We have also seen a reduction in tenant electricity, which can be linked to the effects of a lower use of premises as a result of Covid-19, although this is not the only reason, as we have seen an increase in the operating times of the ventilation systems. Acquisitions and sales also have an impact on our energy goal. See note S.4 for more information.

Work on environmental certification supplements this goal and helps us to minimise energy consumption in the construction phase, but also to build more energy-efficient buildings in the

property management phase. The green contracts also focus on reducing energy consumption along with our tenants.

TL Bygg is working to reduce energy consumption at its construction sites by using LED lighting and electric power tools and machinery, as well as installing heat pumps in its site huts.

EMISSIONS

Our carbon dioxide emissions amounted to a total of 6.5 kg CO₂e/m² in 2020 (8.6), which is a reduction from the previous year. Carbon dioxide emissions mostly come from heating our properties with district heat and from visitors coming to our retail hubs by car. A small proportion is from electricity consumption at the properties and business trips. We report our climate impact using the CDP tool and have received a rating of B. Read more about carbon dioxide emissions per building type in note S.5.

Emissions linked to the production stage are managed through the environmental certifications and lifecycle analyses. This is an area where we and the industry have development work ahead of us so that we can obtain more data and therefore make better calculations on, for example, the impact on materials and waste.

To reduce carbon dioxide emissions from transport, we provide electric charging points at the parking spaces at our retail hubs and in an increasing number of office and residential blocks. We are increasing the number of parking spaces for bikes and making sure that we are close to public transport. See pages 43–45 for public transport links for our new projects.

During the year TL Bygg became a member of Färdplan 2045, an initiative from the building and construction industry to achieve net zero greenhouse gases by 2045. In 2021 we will produce key figures and introduce the measurement of greenhouse gases. In the construction projects we are working to reduce emissions by planning purchases and transport. For example, all transport from warehouses when purchasing materials from main suppliers have been carbon neutral since 2019.

COLLABORATION WITH CUSTOMERS

Tenants are becoming more interested in contributing to sustainable solutions and efficiency measures. Atrium Ljungberg's green lease contracts are an example of the collaboration between property owner and tenants, enabling us to work together to reduce the environmental impact of the properties in terms of energy,

materials and waste, for example. These contracts also cover the indoor environment, which is important for the health of our tenants. At the end of 2020, green lease contracts accounted for 44 per cent (36%) of the contracted annual rent. This improvement follows a conscious effort by the whole of property management to include the appendix in all new and renegotiated contracts. The goal is to achieve at least 50 per cent by 2021.

The green lease contracts are a step towards the work we are doing together to promote resource efficiency and to help achieve each company's goals. From this year our customers have been able to monitor their own energy consumption in our customer portal Servicer, which includes benchmark figures that they can use for comparison. We are working together to identify more potential energy efficiency measures in the premises.

Waste is also an important resource issue that we need to work on together. Our vision for the future is for neither our own nor our customers' operations to generate any waste. We have started on this work and the target is for the total amount of waste to fall by 40 per cent per m² and unsorted waste to fall by 80 per cent per m² of floor space by 2025. We currently provide recycling facilities at all our properties and construction sites for the most common waste

categories. In 2020 our focus was on obtaining validated data, carrying out pilot tests as well as implementing strategies for these areas.

TL Bygg is monitoring its disposal of waste and is working to increase the amount of material it reuses and recycles. They are working in close partnership with waste contractors in the planning of waste disposal at construction sites in order to increase the amount of waste sorted into clean fractions. Waste disposal training is included in the projects.

GREATER FOCUS ON CLIMATE WORK

We have started working in line with TCFD (Task Force on Climate-Related Financial Disclosures) to enable us to have a clear focus on the climate issue and manage not only the risks but also the opportunities it presents. It is a framework for guiding organisations in their work to identify and report climate-related financial risks and opportunities. Read pages 15 and 139–140 for more information about goals and measurement figures. Here is a brief description of how we work on different parts of the framework.

GOVERNANCE

The Board is tasked with setting goals and strategies. Every year they establish a work plan, which includes the adoption of Atrium Ljungberg's overall sustainability policy. The Board also establishes other policies that relate to sustainability. The results for goals and climate-related issues are presented to the Board and discussed at planned meetings throughout the year.

The CEO has ultimate responsibility for ensuring the policies are observed and delegates responsibility to managers and project managers in the organisation. The sustainability work is

a natural and integral part of all operations and the managers have a specific responsibility for its implementation. The executive management works with goals and activities for the sustainability work continually at its meetings. Every two weeks the Head of Sustainability reports current issues to the executive management. There is also a steering group for sustainability issues.

STRATEGY

Our business model is based on sustainable urban development. We have long-term visions and plans for the development of our properties. We are currently working with activities to create climate-smart and sustainable cities. At the moment we are developing our sustainability strategy and as part of this we are reviewing our construction process so that we can build in a more climate-smart way. We can then put this into action in our projects moving forwards. We are also working continually on making our property portfolio climate-resilient. This is an issue that we think will be important for our customers in the future.

One opportunity presented by this climate work is that our customers will be able to work more on their Scope 2 emissions. Our work to develop more sustainable and climate-efficient premises and areas has a direct impact on our clients' Scope 2 emissions and would therefore give us a competitive edge in the future.

RISK MANAGEMENT

Evaluating risks and opportunities and managing risks form part of Atrium Ljungberg's business development analysis, which is evaluated by the Board of Directors on an annual basis. Environmental aspects, including the climate, are part of this analysis along with the company's other risks and opportunities. The Board of Directors has overall responsibility for

risk management, while the operational work has been delegated to the CEO and the various business areas.

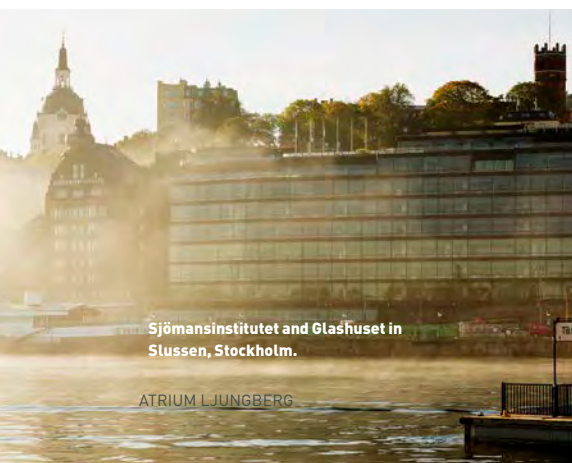
The purpose of the risk and opportunity management process is to address issues such as climate risks. These include physical risks, for example floods and extreme weather events, as well as transitional risks, such as laws and rules, and technical changes. It is also important to make the most of opportunities by identifying them during this process. Before each investment decision is made, we perform a risk assessment, based on reports, knowledge and economic impact, and the results form the basis for prioritising measures.

GOALS AND MEASUREMENT FIGURES

For many years we have been aware that energy consumption in properties is a major contributory factor to greenhouse gas emissions. This is why we have been setting goals to reduce energy consumption and greenhouse gases since 2014.

Atrium Ljungberg has a goal for all of its buildings to be environmentally certified in 2021. Having more sustainable products puts us in a stronger position on the market and will increase our revenues. We are now working on our new goals and looking at ways that we can step up our work on the climate issue, linked to the sustainable city.

We measure the company's climate impact based on Scope 1, 2 and 3 emissions, to varying extents depending on our direct or indirect impact. Our total carbon dioxide emissions based on what we measure at the moment reflect the energy consumption in our properties. See page 141 for more information.



Sjömansinstitutet and Glashuset in Slussen, Stockholm.

BUSINESS ETHICS

Atrium Ljungberg will be a long-term and reliable partner in all of its relationships. We work proactively, both in-house and with our suppliers, to counter the risks of bribery, corruption and human rights breaches that may occur in the industry.

Atrium Ljungberg regularly analyses its business in order to identify risks of corruption and human rights breaches. The main risks within the property and construction industry are bribes and gifts, special prices for friends when leasing, hiring illegal workers with poor working conditions, labour migration and tax evasion. We use sound business practices and therefore work actively on business ethics among our employees and impose requirements on suppliers and subcontractors.

EMPLOYEE CODE OF CONDUCT

Our values – long-termism, collaboration, reliability and innovative thinking – are at the heart of everything we do at the company. Employees must act in an honest way and with care, commitment and integrity to business partners and other employees.

Our business ethics policy is also our code of conduct and applies to all employees and temporary employees. We have guidelines in place for representation, gifts and benefits that provide more concrete guidance for the employees, and a training package with ethical dilemmas that has been used in courses with all employees since 2017. We provide introduction training for new employees and temporary employees as well, where business ethics is an important part. Work is also underway to

digitalise parts of our business ethics into a joint onboarding package.

TL Bygg has their own business ethics and purchasing policy. They have signed and supported the Swedish Construction Federation's Code of Conduct and apply the Swedish Anti-Corruption Institute's Code of Business Conduct. They are also certified in accordance with the management and product certification system BF9K.

WHISTLEBLOWER FUNCTION

Atrium Ljungberg has a whistleblower function that enables people to report suspicions of corruption and other crimes or policy deviations anonymously. Both staff and partners can use this function, which is provided by an external supplier. The reports that are received are dealt with by a steering group for the whistleblower function, which is monitored by the company's General Counsel and the Chairman of the Board. There were no reports submitted in the whistleblower function in 2020 and no cases of corruption were identified.

PROACTIVE WORK WITH SUPPLIERS

Our supplier policy is our Supplier Code of Conduct. It is based on the Swedish Property Federation's Code of Conduct, but it has been



TL Bygg builds residentials in places like Nobelberget in Sickla.

updated and is continually developed. It sets out the minimum requirements that we impose on the entire supply chain. It covers issues like business ethics, the environment, climate, work environment, working conditions and human rights. These are important areas to work on so that we can reduce risks for the suppliers and ensure their health and safety. In 2020 the Supplier Code of Conduct was revised, with updates in working conditions and subcontractors. We had already developed, for example, the environmental section by making the requirements clearer. The Supplier Code of Conduct is used for all new suppliers and is being implemented step by step for existing suppliers. See note S.12 for more information.

When agreements are signed, the supplier must sign the Supplier Code of Conduct, which is enclosed as an appendix to the agreement. We monitor new suppliers by evaluating to see whether our Supplier Code of Conduct has been signed. A total of 176 of 206 new suppliers

signed the Supplier Code of Conduct in 2020. In addition, we, or a third party, perform audits of selected suppliers every year. In 2020 a total of 18 desk audits were performed. This year the focus was on suppliers for major construction contracts as well as some of our framework agreement suppliers. No serious infringements were identified.

TL Bygg requires its suppliers to comply with the Swedish Construction Federation's Code of Conduct, and they must also be certified in accordance with the BF9K certification system for quality, the environment and the work environment. A self-assessment survey started to be used by suppliers in January 2020. A Supplier Code of Conduct is also being produced that contains clearer requirements for sustainability. TL Bygg's ambition is for all new and existing framework agreement customers to be reviewed from 2021 based on the requirements that have been set. There was no coordinated review of suppliers in 2020.

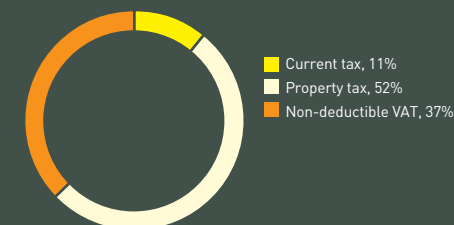
OUR TAX POLICY

Atrium Ljungberg pays tax in Sweden, which comprises current tax, property tax, non-deductible VAT, stamp duty, social security payments and special payroll tax. Our tax policy states that we will be a reliable, long-term and responsible member of society that always complies with the applicable laws and regulations. Taxes must be checked, reported and paid correctly.

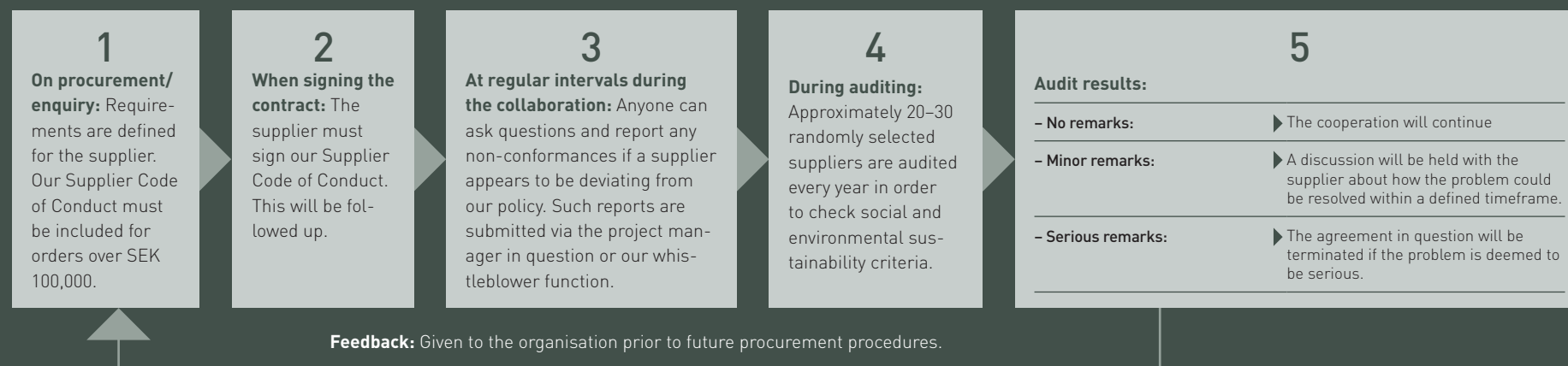
The company undertakes not to conduct aggressive tax planning. By this, we mean transactions that are not for commercial reasons, but only aim to reduce tax. The tax policy is available at al.se. Read more about the tax paid in note S.10.

Breakdown of taxes

– The company paid SEK 361 million in various taxes in 2020, property tax being the largest of these



Process for governance and control of suppliers



EMPLOYEES

The competence and well-being of our employees is important to ensure that we have a company that is sustainable and successful in the long term. We want to be an organisation that is constantly evolving where the emphasis is on learning, engagement, health and safety.

Atrium Ljungberg is continuing to develop, which means that there is an increasing need for staff and new skills. The Group had 340 (334) employees at the end of 2020, of which TL Bygg employed 129 (127). In 2020 we have employed more people in business support, business development and management. The world is changing rapidly, so it is important for us to be a learning organisation, where employees are continually developing and embracing new technology. We also believe that the best ideas arise from collaboration between people with different backgrounds and experience. See note S.9 for more facts about our workforce.

EQUAL VALUE, EQUAL OPPORTUNITIES

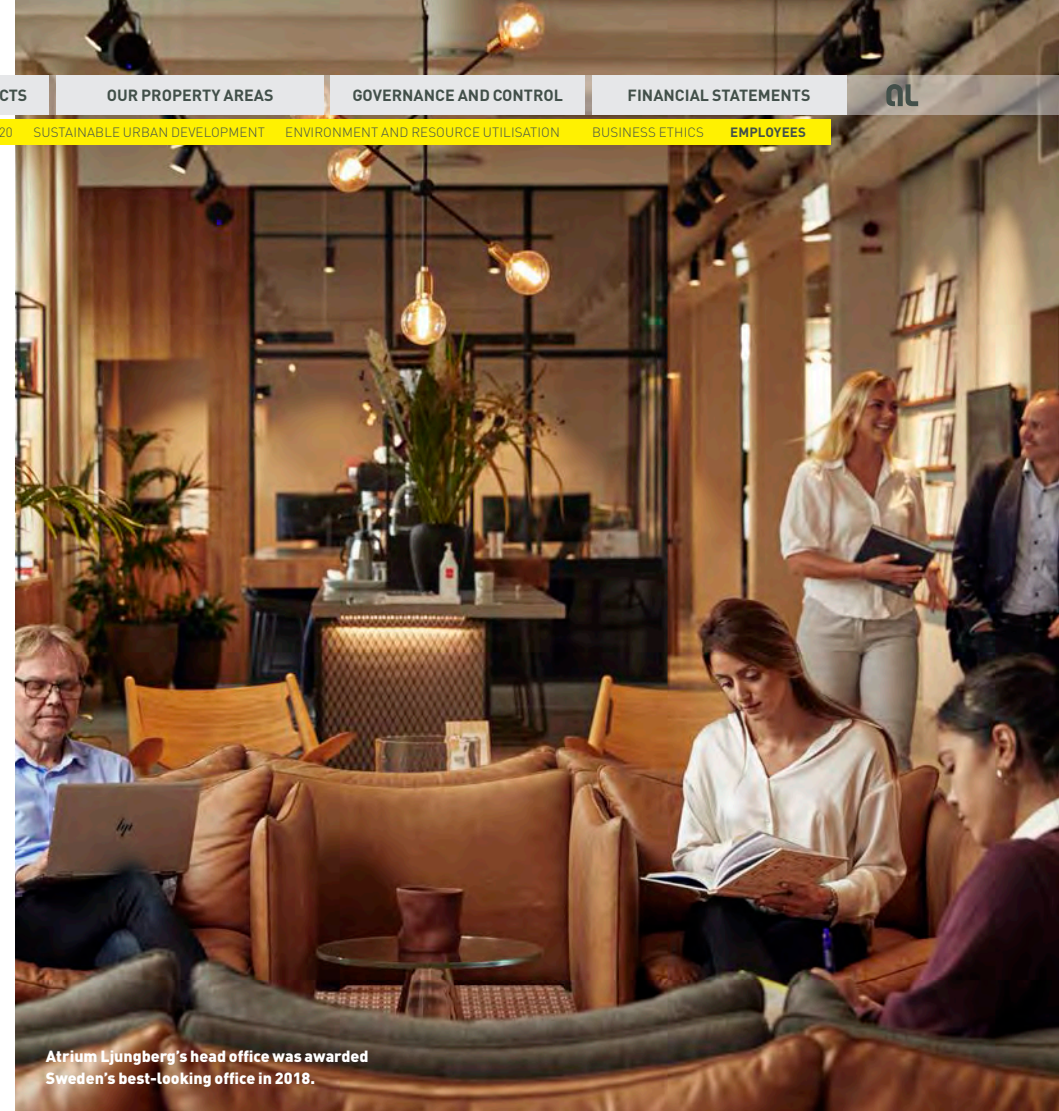
Our fundamental approach is that everyone has equal value and the right to equal treatment. Employees are to be afforded the same opportunities for their employment conditions, skills development and promotion within the framework of their own competence and willingness. Working conditions are governed by collective agreements. Pay is based on statistics from the industry and the individual performance of the employees. Pay is reviewed annually and there were no unjustified differences between the sexes, according to the survey for the year. Nor have we seen any reported cases of discrimination during the year.

The property and construction industry is still dominated by men. In the Atrium Ljungberg Group, 70 per cent (72%) of staff are men, which is a slight change from last year. However, we have achieved a gender-equal distribution in the executive management and the administrative support functions. There are still areas where we need to develop. For example, skilled workers and operating technicians in the Group are predominantly men, which reflects the industry as a whole.

TL Bygg has taken active measures to produce action plans to combat discrimination and in 2020 also carried out extra work to combat jargon in the industry that promotes discrimination. A survey was performed among female employees to identify any discrimination they had suffered. The female network that started in 2018 continues to meet regularly.

ONE OF SWEDEN'S BEST WORKPLACES

Every year we carry out the Great Place To Work® (GPTW) survey to measure our ambition to be one of Sweden's best workplaces. Our goal is to achieve an average confidence index of at least 85 per cent every year. Atrium Ljungberg has been using this survey since 2011 and all employees are involved. The results have exceeded our goal for the past seven years. A result of 89 per cent (87%) was achieved for the 2020 survey. We saw the best improvement in the area of managers

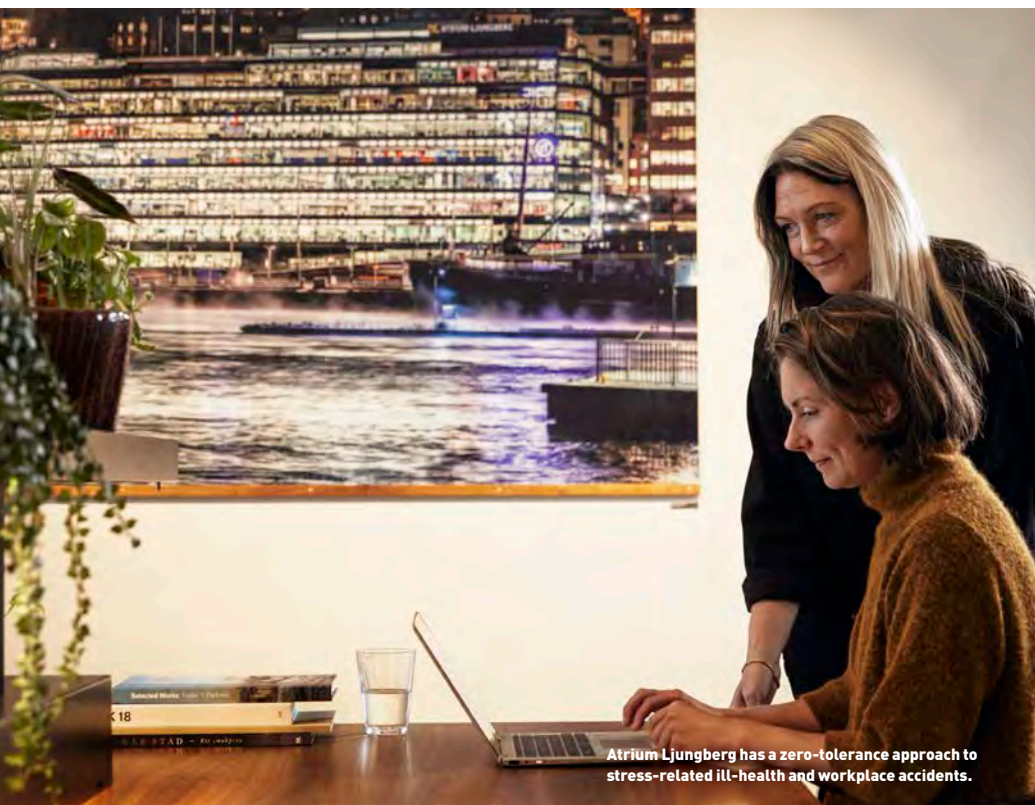


Atrium Ljungberg's head office was awarded Sweden's best-looking office in 2018.

showing interest in their employees over and above their professional role; this could be the result of a greater focus on more regular progress meetings while more people were working remotely during the year. In the survey our marks were slightly lower for employees being well received when changing duties. This could be because it is more difficult to have an introduction when working remotely.

TL Bygg has been using the GPTW survey for administrative employees since 2011, and for both administrative employees and skilled

workers since 2016. Our long-term goal is to achieve a total index of 86 per cent. The result for 2020 was 79 per cent, which is the same as in 2019. Although the subsidiary did not reach its goal, this is a good result when taking into consideration the current pandemic and the challenges this brings. We are working actively to improve conditions by creating action plans and emergency plans together with our skilled workers. Some of this work began in December and will continue throughout 2021.



Atrium Ljungberg has a zero-tolerance approach to stress-related ill-health and workplace accidents.

STAFF DEVELOPMENT AND COMMITMENT

The key to our success is satisfied, responsible and engaged employees. If employees are to feel engaged, it is important for everyone to understand what is expected of them and how their input contributes to our business. This is why we use a Performance Management process that helps managers and employees focus on the right things and on the personal development of the employees. All of Atrium Ljungberg's employees and TL Bygg's administrative employees are involved in this process.

It includes career development reviews, action plans and follow-ups. Individual goals are set for each employee along with action plans for

development, performance, innovation and sustainability. This is carried out during the annual performance reviews and the follow-up twice a year. Atrium Ljungberg's employees also have at least eight regular feedback sessions with their managers each year. Every year the employees evaluate their managers and this feedback is used to develop leadership. TL Bygg also holds annual career development reviews with all of its skilled employees.

During the year courses were held on various themes, including personal efficiency and the work environment. Leaders in Atrium Ljungberg participate in management days every year, and several management courses

were held digitally during the year. Over the year there was generally a lot of focus on training and development for digital aids, which included learning new skills. This was aided by the fact that meetings were held digitally. This year's conference was also held digitally, with great dedication from the employees. One way of keeping engagement up during the year was to introduce more regular progress meetings with the relevant managers and groups, as well as digital breakfast meetings with information from the executive management and other parts of the organisation.

We also focus on future staff and how to contribute to their development. We provide placements for pupils from higher vocational educational programmes. We also employ summer workers within the property management organisation. Atrium Ljungberg has not had to make staff redundant or ask them to take early retirement, so it has no transitional support programme.

ZERO-TOLERANCE APPROACH TO ILL-HEALTH AND ACCIDENTS

Atrium Ljungberg has a zero-tolerance approach to stress-related ill-health and workplace accidents. Serious health and safety risks are common in the property and construction industry. For offices, the risks are primarily related to mental health. Injuries to hands are the most common accidents when managing properties and carrying out construction work. Although Atrium Ljungberg has primary responsibility for this work, the employees also play an important role, which is set out in the company's safety organisation. There is also a safety committee in the company that works with the employees. HR leads this work that includes representatives of the employees and aims to reduce the risk of accidents and ill-health and increase well-being at the workplace.

In 2020 we continued to perform medical check-ups for all employees at Atrium Ljungberg to identify any ill-health. The Group's employees receive health promotion support (via the digital platform Wellnet), through contributions to various kind of exercise and activities. We also organise different health activities, including exercise at the workplace. This was carried out either digitally or outdoors over the year. We also have internal traffic rules for how we work with meetings, emails, telephones and Teams. During the career development reviews, a personal sustainability goal is set for each individual. Atrium Ljungberg's employees are also offered voluntary health insurance that provides access to specialist care, online doctors and conversational support.

Regular work environment courses are run for project managers, technical administrators and administrative employees in production at TL Bygg in order to prevent workplace accidents. A safety committee meets four times a year. There are order and safety rules at each construction site, safety officers are appointed and safety inspections are carried out. It is important to continue to focus on preventive safety work.

TL Bygg's management system is certified in accordance with BF9K, which is a management and product certification system that sets requirements for quality, the environment and the work environment, as well as an ISO certification that is directly adapted to the construction industry. TL Bygg has been certified since 2002 and works actively to reduce its environmental impact. It also has rules and procedures in place to ensure that every employee has a good work environment. Every year a third party audit is carried out: in 2020 this was performed by Det Norske Veritas.

Living in a changing world

The playing field is constantly changing for businesses, with new business models developing rapidly. A changing ecosystem requires swift and flexible companies, but, perhaps most importantly of all, companies with a holistic approach that help to create value in the long term.

SUSTAINABILITY

Sustainability has quickly developed into an incredibly important factor for companies that want to remain relevant in the long term. The concept of sustainability has advanced and is no longer just about the environment. Issues such as corporate social responsibility, business ethics and corporate governance are now key components in the concept of sustainability. Companies need to take clearer overall responsibility for their entire business chain and contribute to the markets where they operate. Customers demand sustainable solutions, and suppliers want to work with stable customers with a long-term strategy. The company's sustainability profile will be valued even more highly when the employees of tomorrow are choosing their future employers.



In recent years green financing has become more important and is now an integral part of the sustainability work and financing strategies of many companies. Companies that have good control over the sustainability agenda can gain more secure and sometimes cheaper access to capital as an increasing amount of capital is being targeted at green investments.

CONSUMPTION PATTERNS

Retail is undergoing a structural transformation, with major changes to consumption patterns in recent years. E-commerce is continuing to gain ground and was given a major boost in 2020 as a result of the Covid-19 pandemic. The FMCG sector only had a 2 per cent share of e-commerce in 2018, but saw an upswing in online food sales and home deliveries in 2020. At the same time initiatives such as 'support your local', which benefited local stores and producers, gained in strength as a result of the pandemic.

We can see a clear, long-term change in the way people consume. This change is not only linked to the pandemic. It is perhaps most noticeable among the younger generations. Both lifestyle and consumption patterns are being affected by people becoming more aware of the finite nature of our planet's resources. A clear example of this is the high level of interest in organic and locally grown food. We are also seeing more interest in the circular economy, and in reducing consumption and ownership to help create a better, more sustainable environment.

TECHNICAL DEVELOPMENT AND NEW BUSINESS MODELS

Value creation logics are changing as technology develops. New products, services, behaviours and business models are emerging as a result of this development. Physical goods are being transformed into digital services, and new phenomena such as the sharing economy – where goods and services can be sold, bought, co-owned, replaced or reused – are being created at an ever-increasing pace. The sharing economy presents a challenge and creates new values at a time when close relationships with customers are more important than ever. All companies need to keep pace with this change and regularly check where they are in this new ecosystem if they want to remain relevant. This includes recognising opportunities for new offers and solutions, but also identifying risks of them being outcompeted by new, more efficient value creation models.

Another strong trend is the demand for service. Customers are becoming much better informed and critical; they understand what good service is and they expect fast delivery. A poor customer experience

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can be devastating for a company, as reviews spread like wildfire on social media. It is also apparent that demands for customised service are increasing. Quite simply, consumers do not want to be one of the crowd; they want to receive offers that are linked to their preferences and lifestyles. Convenience is the key word here, and it can be crucial when consumers make choices.

People's demands for flexibility are growing as digitalisation becomes more widespread. This trend is apparent in many areas, but it is perhaps most noticeable on the labour market. Digital technology has changed the way we work. It comes as no surprise to learn that many people enjoy more flexible working hours, as it makes their lives easier. In 2020 the Covid-19 pandemic accelerated the change in working patterns as we had to work remotely to a greater extent. Such a significant change to our workplaces will increase the demands placed on leaders. Successful leaders will be the ones who focus on the ability of individual employees to manage themselves and who can create a strong corporate culture remotely.

DIVERSITY

Although gender equality is not a new phenomenon, it has started to appear much higher up on the agenda in recent years. Despite this, Sweden, which is one of the most gender-equal countries in the world, still does not have many women in top management.

However, the equality issue is not only about achieving an equal gender distribution. Recent years have seen a much greater focus on diversity from a wider perspective. Several reports show that business is slowly starting to understand how important it is for companies to reflect the world around them. They realise that a broader representation of people is required as it captures perspectives that a workforce that is far too homogeneous might miss completely. Heterogeneous groups are often in a better position to share more experiences and find new angles. This results in more innovation internally, while externally it leads to new business, a better understanding of customers and the ability to attract more motivated candidates who want to work in an inclusive work environment. Diversity, as the word suggests, offers many diverse benefits, including commercial ones.

Digital technology has changed the way we work, increasing demands on leadership.

HOW HAS THE PANDEMIC AFFECTED THE ATTRACTIVENESS OF CITIES?

A FEW WORDS WITH...



What is it that makes cities attractive? Is there a risk that urbanisation will stall as a result of the pandemic? Charlotta Mellander, Professor of Economics, specialising in regional economics at the Jönköping International Business School, believes that cities will continue to grow.

"Cities have two advantages over smaller locations. The first is something we in research circles refer to as agglomeration effects. This is a kind of production benefit. If you fill a location with many different people who can do different things, you end up with a more effective labour market. If you are more productive, companies can, in turn, pay higher salaries, which then attracts more people. The second is a consumption benefit. Locations that can offer a wide range of goods, services and experiences are more attractive."

Over the past year some have questioned dense environments that are full of people. However, Charlotta Mellander does not believe that the pandemic is going to halt urbanisation.

"It is mostly young people who move and they will probably continue to be attracted to the cities. The city still has the production benefit to live on until the pandemic is over, and it's very likely that many urban activities will start up again."



Locations that can offer a wide range of goods, services and experiences are more attractive.

CHARLOTTA MELLANDER

Professor of Economics, specialising in regional economics at the Jönköping International Business School.

Increasing diversity in a sector not only requires strategic decisions, but also a change to the often deep-rooted attitude that 'there is no-one else we could hire'. The same arguments and perceptions were seen in the gender equality debate, and just as with gender equality, companies and organisations need awareness and the right tools to make this change.

The hunt for competence is getting tougher. If companies are to remain profitable and competitive, they need to be able to attract the best talents, which is impossible if they stick to antiquated structures and norms. The leaders

of the future require an attractive and inclusive workplace, and diversity also leads to better profitability.

However, the main catalyst for change could be public opinion. Representation has become even more important and it is something that society, and in particular a young, value-driven generation, requires and demands. Active, well-thought-out sustainability work has progressed over the last ten years from being something that only a few companies did to becoming considered a hygiene factor, and broader diversity work will progress in the same way.

OFFICES ON STRONG MARKETS

Atrium Ljungberg's office properties are located in Stockholm, Gothenburg, Malmö and Uppsala, where we have seen positive rental trends and low vacancies. Although the traditional working method has been challenged during the pandemic, it is predicted that offices will continue to play an important role for companies in the future.

STRONG OFFICE MARKET REMAINS

The office segment is facing some uncertainty about how the workplaces of the future will develop as a result of the Covid-19 pandemic. So far the market indicates that rental levels have withstood the effects of the pandemic relatively well, while the transaction volume in this segment accounts for a large proportion of the total volume for 2020. The office's position as a meeting place, a brand builder, a driver of innovation, and a key component of a corporate culture should not be underestimated. The assessment is that the need for offices will remain extremely high for companies in the future, even though traditional working methods will be challenged by new ones.

STOCKHOLM

The vacancy rate in the centre of Stockholm increased slightly during the year from historically low levels. It stabilised at around 5 per cent, which is on a par with the long-term average value. In terms of the inner city as a whole, the areas that were most stable were Södermalm and Gärdet/Värtahamnen, compared with the previous year.

The increase in vacancies may have a positive effect on the market, as it opens the door for vacancy chains that had previously been limited by the low supply. So far the increase in the vacancy rate has not had an effect on rental levels.

GOTHENBURG

In the centre of Gothenburg vacancies also increased slightly during the year from historically low levels. At the end of 2020 the vacancy rate was 5.5 per cent, which is slightly higher than the long-term average value. The rental levels in the city have remained unchanged since the start of the year. In the near future, significant project volumes are going to be completed between 2021 and 2023.

MALMÖ

The vacancy levels in the centre of Malmö increased during the final quarter of the year, ending at 10.5 per cent. The relatively high vacancy rate can partly be explained by several years of high new build volumes, some of which were speculative. Vacancies remained stable during the year in Västra Hamnen and Hyllie. The rental levels in Malmö were stable in 2020.

UPPSALA

In the centre of Uppsala the vacancy levels fell in 2020 from approximately 6 per cent down to just over 5 per cent at the end of the year. The rental market remained stable during the year.

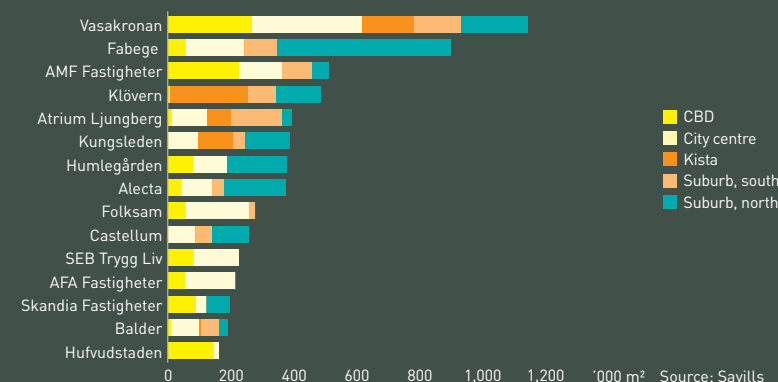
Atrium Ljungberg's market shares in subsidiary markets, Offices

Subsidiary markets	Office space, '000 m ²	Share Atrium Ljungberg, %
Stockholm		
CBD (Central Business District)	1,808	1
Inner city	3,565	3
Inner suburbs, north	2,000	2
Inner suburbs, south	861	22
Kista	900	7
Gothenburg		
Lindholmen	288	24
Malmö		
City centre, incl. CBD	852	3

Source: Savills and Strategic Fastighetskonsult

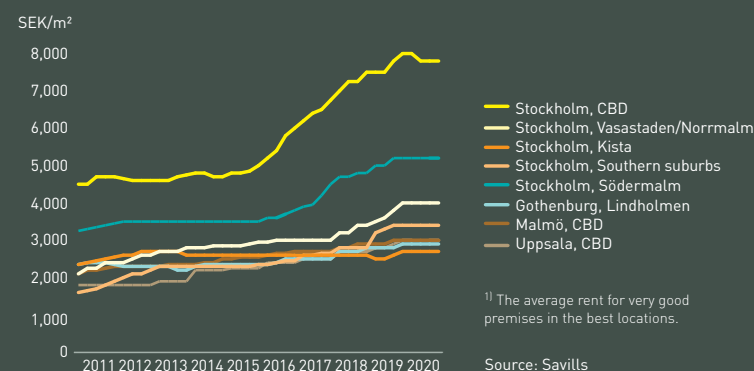
Letting area for office space in Stockholm

– Atrium Ljungberg is the fifth biggest office property owner in Stockholm



Rental trends in Stockholm, Gothenburg, Malmö and Uppsala¹⁾

– Strong increase in market rent for most of Atrium Ljungberg's subsidiary markets over the last few years



¹⁾ The average rent for very good premises in the best locations.

RETAIL CONTINUES TO GROW

Atrium Ljungberg's retail hubs are concentrated in some of the biggest growth areas in Stockholm, Malmö and Uppsala. Retail reported positive growth in 2020, despite the year being dominated by restrictions and social distancing recommendations. However, there were major differences between the various retail sectors.

RETAIL SECTOR 2020

The retail sector grew by 3.7 per cent during the pandemic year of 2020, which means that the sector has seen positive growth every year since 1997. Both the FMCG sector and consumer durables reported positive growth of 3.2 per cent.

What characterises 2020 is the major differences between the various subsidiary sectors in retail. Home electronics and DIY performed strongly during the pandemic, while clothes retail in particular had a tough year. Sectors that reported strong positive growth were the ones associated with people spending more time at home, including electronic equipment, as well as renovations and improving their outdoor

spaces. The sectors that saw the biggest drops were conversely those that require a high degree of social presence. Purchases within clothes, shoes and opticians saw a significant decline. After a mild winter, sports retail saw a major upswing in the summer months, with good sales reported for outdoor clothes and equipment. The companies that saw the biggest success were those with online sales. According to PostNord, growth in online sales ended as high as 33 per cent for the full year of 2020.

MORE PEOPLE SHOPPING ONLINE AS A RESULT OF THE PANDEMIC

The pandemic has accelerated some consumer

changes that would otherwise have taken place further in the future. Online shopping has seen a significant increase in general, but it is mostly within the older age groups where sales have seen the biggest growth. The pandemic and the stay-at-home recommendations have resulted in many new digital customers among the people who only used to shop in physical stores. The FMCG sector has historically been a sector with a low online presence of around 2 per cent, but 2020 saw a boost in online food deliveries increased by 50 per cent during the year, while click and collect increased by 155 per cent. Compare this with the online sales of home electronics, which increased by 37 per cent, according to PostNord's e-barometer. In 2019 this sector had an online share of approximately 33 per cent.

RETAIL IN THE COMING YEARS

The retail sector is expected to see positive growth again over the next two years, according to forecasts from HUI. Growth is expected to be slightly lower than in recent years, where the FMCG in particular has had low growth due to the major volume changes in 2020. The

forecast is 2.5 per cent for 2021 and 2 per cent for 2022.

RECOVERY IN SIGHT FOR PHYSICAL RETAIL

Online sales will probably continue to benefit from restrictions and changes to consumption patterns linked to the pandemic. Although the first half of 2021 is expected to be similar to 2020, vaccinations followed by the easing of restrictions will attract customers back to physical stores again in the future. People have a pent-up need to meet and consume, and this should have a positive impact on the retail sector.

Atrium Ljungberg's market shares in subsidiary markets, Retail

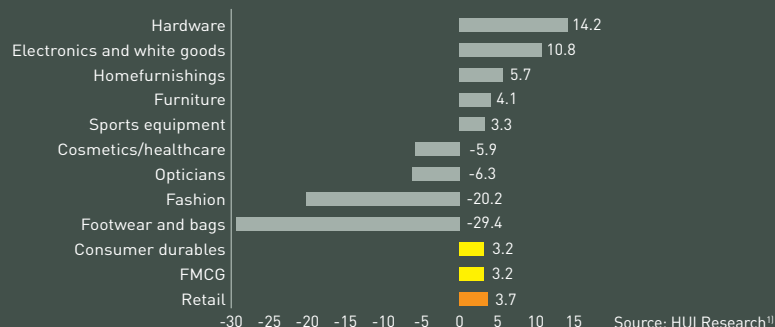
Municipality	Sales municipality SEK m ¹⁾	Share Atrium Ljungberg, %
Stockholm	72,759	0
Nacka	7,594	43
Uppsala	16,449	18
Malmö	25,924	7

¹⁾ Refers to sales per municipality, 2019.

Source: HUI Research

Retail sector development per subsidiary sector in 2020, current prices

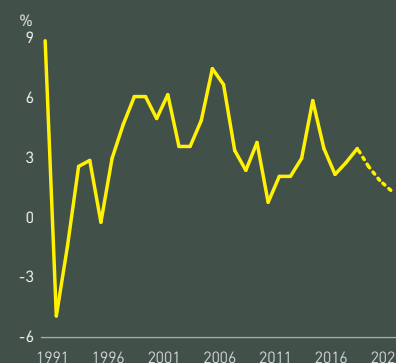
– Varying growth for consumer durables with strong growth for furnishings and equipment for the home, while fashion is still struggling



Source: HUI Research¹⁾

Retail sector development and forecast for 1991–2021, current prices

– Positive growth in the retail sector every year since 1997



Source: HUI Research¹⁾

¹⁾ The figures from HUI Research could potentially be updated.

RESIDENTIALS IN GROWTH REGIONS

Our residential development rights and residentials are in Stockholm, Uppsala and Malmö. Despite the pandemic, the prices of tenant-owned dwellings continued to increase during the year. The supply of new tenant-owned dwelling stabilised, although at a lower level than in previous years.

STRONG DEVELOPMENT FOR THE TENANT-OWNED DWELLING MARKET

In 2020 the prices of tenant-owned dwellings increased in all of Atrium Ljungberg's markets. Key factors such as population growth, urbanisation, economic growth and low interest rates are creating a high level of demand for residentials. After a strong start in the first few months of the year, the pandemic created a lot of anxiety on the market, resulting in a negative price trend. However, the market recovered during the summer and autumn to record levels. For the year as a whole the prices of tenant-owned dwellings increased by 7 per cent and houses by 13 per cent. During the year 120,000 tenant-owned dwellings were sold, 8,000 more than in the previous year. The total sales value for residentials on the succession market was 14 per cent higher than in the previous year.

The home has now become an even more central part of many people's lives and this contributed to greater activity on the market. The fact that we are spending more time at home and working from home during the pandemic has changed people's preferences for where they want to live. This has resulted in higher demand for larger residentials and homes with a garden and access to nature. This is contributing to a high rate of sales, along with the belief that prices will continue to rise. The increase in the prices of larger properties is higher than for smaller ones.

The number of apartment blocks that have started to be built was stable, and the number of planning applications that were approved indicates that this trend will continue. Demand for rental dwellings on Atrium Ljungberg's markets remains stable. The waiting times for mediated new apartments also show that demand remains stable.

STOCKHOLM

The prices of tenant-owned dwellings in Stockholm continued to increase in 2020. The turnover rate on the succession market was at a record high, while the supply of new build apartments remained stable. During the year the Stockholm region saw an increase in the number of buildings that started to be constructed and an increase in the number of sales that got underway. During the year the sales of approximately 6,500 tenant-owned dwellings started in Stockholm County. This corresponds to sales starting for more than 200 projects. The number of apartment blocks that started construction up to the third quarter increased by 17 per cent compared with the same period in the previous year.

The population continues to increase, with the county growing by around 35,000 people every year. The housing list at Bostadsförmedlingen Stockholm increased by approximately 5 per cent even though the waiting time is falling. The total number of applicants on the housing list is around 700,000.

The average waiting time fell from 8 to 7 years for new build rental dwellings.

MALMÖ

The prices of tenant-owned dwellings in Malmö continued to rise for much of 2020. Malmö saw the most positive trend in prices

of all the metropolitan regions in Sweden. The number of apartment blocks that are starting to be constructed has remained stable in recent years. The population of the Malmö region is growing by approximately 17,000, the equivalent of just over one per cent.

In Malmö the average waiting time for a new rental dwelling is stable, which indicates that there is continued demand for rental dwellings.

UPPSALA

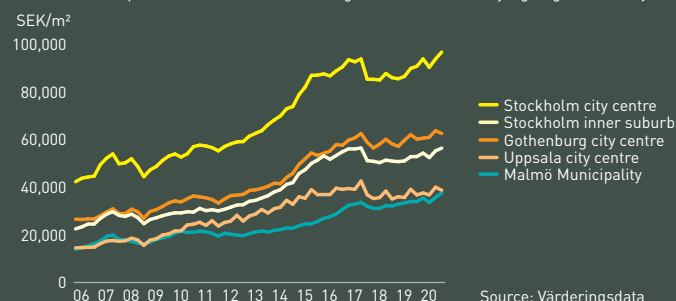
The prices of tenant-owned dwellings in Uppsala increased, except for a weak start to the year as a result of the pandemic. There is a strong supply for the housing market in Uppsala, but the supply of new build tenant-owned dwellings had fallen substantially in recent years and normalised in 2020.

The Uppsala region remains one of the quickest growing regions in Sweden with a population growth of approximately 4,000 for the first three quarters of the year, an increase of one per cent. Growth in the Uppsala region is primarily a result of a strong net domestic figure for people moving to the area.

The average waiting time for a new rental dwelling has fallen from 3.5 years to 2.5 years over the past year, as a result of an increase in supply. Since 2016/2017 new builds in Uppsala have mostly been for rental dwellings.

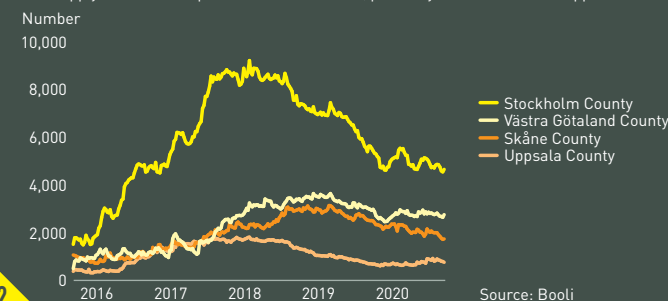
Prices of tenant-owned dwellings in selected areas, current prices

– Increase in the prices of tenant-owned dwellings in 2020 on Atrium Ljungberg's subsidiary markets



New build apartments for sale

– The supply of new build apartments has declined, primarily in Stockholm and Uppsala



ACTIVE TRANSACTION MARKET

The transaction market continues to show high turnover volumes despite the ongoing global pandemic. The continued economic stimulus packages combined with low interest rates and good access to capital are expected to benefit demand for properties in the future as well.

TRANSACTION MARKET 2020

Despite a global pandemic that has had a negative impact on both the economy and society, the property market showed great resistance in 2020. Properties totalling a value of approximately SEK 209 billion were sold, which is the second highest figure ever recorded. Compared with the record year of 2019, the transaction volume for the year fell by 5 per cent.

In 2020 the transaction market was dominated by portfolio transactions, which comprised 60 per cent of the total transaction volume. The average transaction volume amounted to SEK 337 million, which is 21 per cent higher than the average for the past 5 years.

INTERNATIONAL INVESTORS STILL ACTIVE

The volume of foreign capital that has entered the Swedish property market was restricted in the first half of the year due to factors such as travel restrictions and quarantines. Despite this foreign investors accounted for 23 per cent of the total transaction volume, which corresponds to SEK 49 billion. It is worth noting that foreign investors have been net buyers for the fourth year in a row.

HIGH DEMAND FOR SECURE CASH FLOWS

The uncertainty over the economy generated greater interest in property investments with secure cash flows during the year. Residential

properties were the single biggest segment during the year, with a transaction volume of SEK 62 billion and a market share of 29 per cent. Social properties came next at 19 per cent, followed by warehouse and logistics properties at 17 per cent. Stockholm accounted for the highest proportion at 38 per cent, followed by Malmö at 11 per cent and Gothenburg at 9 per cent.

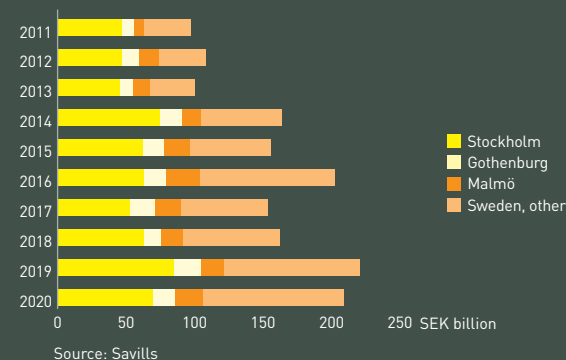
CONDITIONS FOR 2021

On uncertain markets property investors tend to look for secure cash flows and this should support the demand for rental dwellings and social properties, and other objects associated with secure cash flows through long lease contracts and strong tenants.

The signs are that the economy will recover in 2021 and there will be positive GDP growth as vaccinations are rolled out on a large scale. Continued economic stimulus packages combined with an expansive monetary policy from the Riksbank should contribute to interest rates remaining low in 2021. These low interest rates coupled with good access to capital should benefit demand for properties as an investment option during the year.

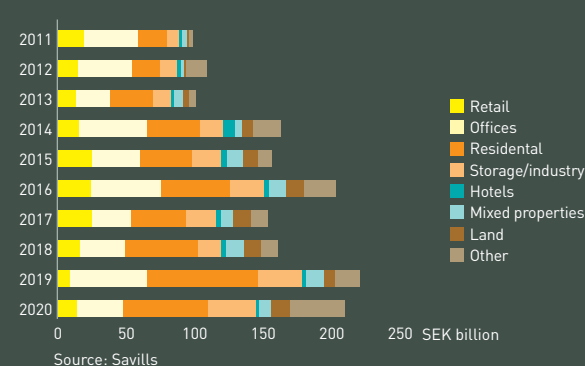
Transaction volume per geographic area

– Property sales amounted to SEK 209 billion in 2020



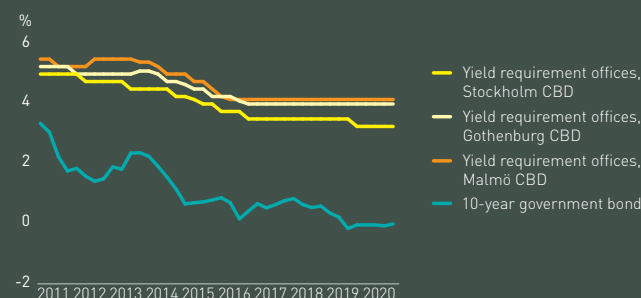
Transaction volume per property type

– Strong demand for residentials and social properties in 2020



Dividend yield requirements and 10-year government bond interest

– The difference between yield requirements for properties and government bond interest rates remains high



Strong financial position

Atrium Ljungberg is a long-term owner with a strong financial position. Developing, building and owning properties is a capital-intensive business that requires good access to financing. The capital structure that is selected provides the desired combination of financial risk relative to financing cost.

FINANCE MARKET 2020

The Covid-19 pandemic dominated the spring, causing a sharp fall in Sweden's GDP. The economy saw a recovery in the third quarter, following a fall in the spread of infection. However, this recovery slowed down slightly in the final three months, when the second wave of the infection swept across Sweden and the rest of Europe. According to a report from Statistics Sweden, Sweden's economy grew by 0.5 per cent in the final quarter of 2020, while GDP for the full year of 2020 is assessed to have fallen by 2.8 per cent.



The financial markets suffered liquidity problems at the end of the first quarter of 2020 and during the whole of the second quarter. This made it difficult, for example, for companies to finance themselves through the capital market. Autumn saw a recovery as result of substantial stimulus packages and the Central Bank buying bonds to support the economy. This resulted in pricing at levels from before the pandemic.

The variable rate, 3M Stibor, amounted to -0.05 per cent compared with 0.15 per cent at the beginning of the year. At the end of the year, the

10-year swap rate amounted to 0.39 per cent compared with 0.67 per cent at the beginning of the year.

FINANCE MARKET 2021

The global economy is expected to start to recover in 2021. However, the start of the year was dominated by uncertainty about, for example, the spread of the virus and new lockdowns. On the positive side, vaccination has now started, economic stimulus packages continue in the EU and USA, and there are underlying signs of a demand among companies and households to return to more normal levels of production and consumption.

In Sweden the recovery is expected to pick up speed again in the second quarter, while the most recent forecast from the National Institute of Economic Research is for GDP to grow by 3.1 per cent in 2021, even though the level of uncertainty has increased. The recession is expected to be deep. However, public finances remain strong as a result of the expansive fiscal policy and record-high budgeted measures. This offers plenty of room for manoeuvre to support the economy using public funds.

The Riksbank's key interest rate is expected to remain unchanged at zero per cent and the inflation target is set to be the primary focus in the coming years.

FINANCING AND FINANCIAL POLICY

Developing, building and owning properties is a capital-intensive sector, which often entails a range of financial risks. The primary risk is liquidity risk in the form of refinancing risks and credit risks associated with renegotiations of loans, bond maturity and new financing requirements, taking into account investments in held properties and acquisitions. Another risk involves fluctuations in profits and cash flow as a result of changes in interest rates. Financial operations are regulated by the financial policy, which is reviewed at least once a year and adopted by the Board of Directors.

CAPITAL STRUCTURE AND CAPITAL MARKET FINANCING

Atrium Ljungberg aims for a distribution between equity and loan capital to provide an acceptable level of risk. Equity amounted to SEK 22,668 million (SEK 22,784 m), while liabilities amounted to SEK 26,947 million (SEK 28,272 m), of which SEK 18,905 million (SEK 20,211 m) refers to interest-bearing liabilities. According to the company's long-term financial goals, the gearing ratio is to be less than 45

FINANCING

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FINANCING34

GREEN FINANCING

— Half the liabilities portfolio is green

49%

Financial policy 2020

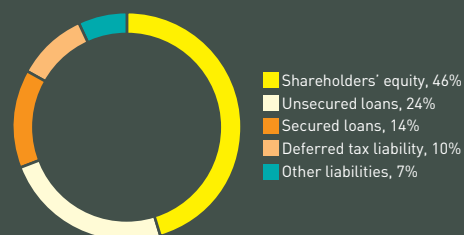
	Goal/Mandate	Result, 31 Dec 2020
Gearing ratio, commercial properties	max. 70 %	65%
Gearing ratio, residential property	max. 75 %	58%
Gearing ratio, the Group	max. 50 %	40%
Percentage of interest falling due within 12 months	0-55 %	22%
Percentage of loans falling due within 12 months	10-30 %	0%
Currency risk, financing	Not permitted	None
Bank deposits	SEK 0-200 million	SEK 279 million
	SEK 300-500 million	SEK 300 million
Unutilised overdraft facility	3-7	8
Number of financing providers, banks	max. 50 %	8%
Loan volume with a single provider	min. 100%	achieved
Lines of credit and liquid assets/loan maturity term 4.5 months		

Financial goals

	Goal	Result, 31 Dec 2020
Gearing ratio	max. 45 %	39.9%
Interest coverage ratio	> Multiple of 2	4.6

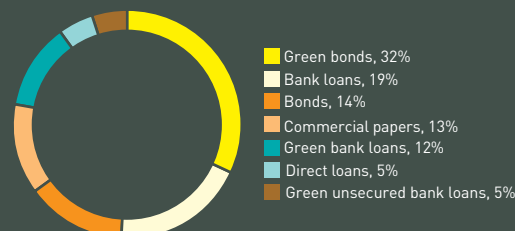
Capital structure

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



Interest-bearing liabilities

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



per cent. At the end of the year, it amounted to 39.9 per cent (41.7%). In the past 10 years, the gearing ratio has been 39.8 per cent at its lowest point, and 45.7 per cent at its highest.

Capital market financing represents the largest share of financing and makes up 59 per cent (54%) of the total loan volume. Capital market financing consists of bonds in Swedish krona and Norwegian krone which have been issued under the company's MTN programme. It is supplemented by short-term financing through the company's commercial paper programme. Bank financing represented SEK 6,769 million (SEK 8,288 m) and accounted for 36 per cent (41%) of the loan volume.

Since 2013 Atrium Ljungberg has been financed through the capital market, when the company established both a commercial paper programme and an MTN programme. At the end of the year, the framework amount for the commercial paper programme was SEK 5 billion, and SEK 10 billion for the MTN programme. In recent years, capital market financing has increased as a proportion of the total loan volume and is an important source of financing. In 2020 four bonds were issued with a total volume of SEK 2,288 million.

Bonds totalling SEK 8,700 million (SEK 8,123 m) are outstanding under the MTN programme. Outstanding commercial papers at the end of the year totalled SEK 2,404 million (SEK 2,769 m). Unutilised loan guarantees in addition to loan guarantees that cover outstanding commercial papers amounted to SEK 2,365 million (SEK 2,276 m). The company also has an unutilised overdraft facility totalling SEK 300 million (SEK 300 m).

CAPITAL COMMITMENT AND FIXED INTEREST

Our property ownership is a long-term commitment, requiring long-term financing.

Long-term capital commitment also reduces the refinancing risk. The remaining capital commitment term at the turn of the year was 4.7 years (4.3 years).

Interest expenses are the biggest single cost item in the income statement. They are affected primarily by changes in market rates and pre-conditions on the credit market that influence lenders' margins. Interest rates are fixed for a variety of terms in order to reduce the fluctuations in interest expenses. We use tools such as interest derivatives, which offer a flexible and cost-effective way of extending the interest term of the loans without having to change the terms of the underlying loans, in order to reduce the interest risk and achieve the desired fixed interest term.

The average interest rate was 1.6 per cent (1.6 %) at the end of the year. Including unutilised loan guarantees the average interest rate was 1.7 per cent (1.7%). The average fixed interest term was 5.0 years (5.4 years) at year-end.

FINANCIAL INSTRUMENTS

As well as interest derivatives, currency derivatives are used to eliminate the currency exposure that arises when bonds are issued in Norwegian krone. In accordance with the accounting regulations in IFRS 9, derivative instruments must be valued at their market rate, which means that an unrealised surplus or deficit value arises if the agreed interest rate deviates from the current market rate. This amount is recognised directly against profit. Upon maturity one derivative contract's market value was entirely dissolved and the change in value over time thereby did not impact equity. Interest derivatives have been entered into for a total value of SEK 12,296 million (SEK 12,296 m) with terms maturing between 2022 and 2030. In addition, there is SEK 500 million (SEK 500 m) in forward-starting interest swaps beginning

in 2021. Currency swaps are used when Atrium Ljungberg issues bonds in Norwegian krone. There was a total of SEK 2,196 million (SEK 1,058 m) in currency swaps at the end of the year.

The unrealised change in the value of financial instruments amounted to SEK -252 million (SEK -90 m) as interest rates had fallen for the terms of the derivatives taken out in relation to those during the period. No change in value of derivatives were realised during the period (SEK -50 million for 2019). The deficit net book value of the derivatives portfolio totalled SEK -656 million (SEK -266 m) at the turn of the year.

SECURITIES

Our borrowing is to some extent secured by real estate mortgages. Of the interest-bearing liabilities, SEK 6,882 million (SEK 9,319 m) is secured by mortgage deeds and SEK 12,022 million (SEK 10,892 m) is unsecured. The share of secured financing is 14 per cent (18%) in relation to the total assets.

In addition to providing security over real estate mortgage certificates, the parent company in some cases grants security over shares in the property holding subsidiaries. The parent company also provides guarantee undertakings for the subsidiaries' undertakings in connection with guarantee commitments or borrowing. Guarantee undertakings of the parent company for subsidiaries amounted to SEK 2,748 million (SEK 4,114 m) at the turn of the year.

GREEN FINANCING

Atrium Ljungberg creates attractive and sustainable cities, and we are focusing on improving resource efficiency as part of our sustainability strategy, which will reduce our environmental impact. This also enables us to access green financing. Green financing accounts for 49 per

THIS IS WHY THE EIB FINANCES ENERGY-EFFICIENT URBAN DEVELOPMENT PROJECTS

A FEW WORDS WITH...

The EU, through the European Investment Bank (EIB), is a major player in financing sustainable investments. Thomas Östros, Vice-President of the EIB, explains the main reasons for this kind of financing

"Most people have by now become aware that climate change is something to take very seriously. Obviously, most short-term preoccupations are with the ongoing Covid-19 crisis, but the potential effects of global warming loom very large in the background. The EU is committed to make sure that the recovery from this crisis will be a green and sustainable recovery, in which there is a big role to play for the EIB. Interestingly, apart from the environmental aspects, backing climate-relevant project also makes financial sense."

The trend in financing sustainable investments has been strong in recent years, and the EIB has been a driving force in this.



"The EIB is a true pioneer in financing sustainable investments. Given that we finance projects across various economic sectors, sustainability has been embedded in the Bank's DNA for a very long time. In this context,

it is no surprise that EIB was the first financial institution to launch "green bonds" back in 2007 and "sustainability awareness bonds" in 2018. In the meantime, green finance has been mainstreamed and it has been further boosted by the establishment of the EU sustainable finance criteria, so called EU taxonomy for sustainable activities."

The EIB has set very ambitious goals for itself and we want to increase the share of climate and environmental sustainability finance from 30% today to 50% of our annual new financing commitments by 2025. This increase entails setting very clear priorities and developing new products in areas that might so far have been overlooked. Furthermore, our board of directors has decided that all new financing provided by EIB from 2021 onwards will be aligned with the Paris Agreement

and support the central aim of limiting the global temperature increase to 1.5 degrees Celsius.

During the year Atrium Ljungberg and the EIB signed an agreement for a green loan agreement worth SEK 1 billion for the construction of the energy-efficient buildings Bas Barkarby in Järfälla and Life City in Stockholm. EIB has a clear goal for these kinds of investments.

"The EIB is a policy-driven institution and therefore all financings we provide promote the achievement of EU priorities. Mitigation of climate change is an extremely important element of everything that we do, and considering that the buildings account for 36% of the CO2 emissions of the EU, it is obvious that energy efficiency of buildings is a key priority. By providing financing for the EU-wide transition to Nearly Zero-Energy Buildings (NZEB), EIB wanted to accelerate the early adoption of this energy efficient building standard and ultimately make a positive impact on greenhouse gas emissions."

When asked about what else we, as property owners, can do to achieve the climate target set out in the Paris Agreement, Thomas Östros offers some concrete proposals for areas to focus on.

"Well, I think the needs are clear and have as well been described in the latest communication of the European Commission outlining the strategy for the EU building renovation wave, which is supported by the EIB. First and foremost, energy performance of the existing buildings stock should be prioritised. This will not only lead to a significant reduction of the energy demand but also improves the value of the renovated buildings. These investments are as well aligned with the draft EU taxonomy and can be counted as sustainable investments, and thus also qualify for green bonds and green loans. In addition, property owners can already now go beyond legally mandated standards and construct new buildings aiming at real net zero carbon emissions or with integrating renewable energy even build energy positive buildings. Finally, we should not forget about sustainable building materials which will



Most people now realise that climate change is something we need to take seriously.

THOMAS ÖSTROS
Vice President of the
European Investment Bank

gain even more importance in the future, especially when further development work will be carried out and new opportunities arise in this field."

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

GREEN FINANCING VIA THE EIB AND NIB

During the year Atrium Ljungberg broadened its financing base with new, unsecured green financing. In March a credit agreement was signed with the Nordic Investment Bank (NIB) worth SEK 920 million, and in June a credit agreement was signed with the European Investment Bank (EIB) worth SEK 1,000 million. The loan from EIB has not been paid out yet.

GREEN FRAMEWORK

Since 2017 Atrium Ljungberg has issued green bonds as part of its green framework. In 2020 SEK 500 million was issued and there is a total of SEK 6,005 million in green bonds. The proceeds have mostly been used to finance new build projects with strict requirements for energy

consumption. All of them have been externally certified in accordance with BREEAM as Very Good or better, or Miljöbyggnad Silver or Gold. The proceeds have also been used to finance the installation of solar cells as well as major energy-saving measures at existing properties.

COVENANTS

Covenants, i.e. the terms and conditions a lender requires for providing a credit and which entail that a credit is due for payment if the terms and conditions are not fulfilled, are similar in the various credit agreements. The covenants that can appear in loan agreements are:

An interest coverage of at least 1.30–1.75, a gearing ratio of a maximum of 65–75 per cent, and an equity/assets ratio of a minimum of 25–30 per cent. Other obligations include the fact that the borrowing subsidiary must be wholly-owned, a mortgaged company cannot take out any additional loans, and financial information must be submitted to the lender on a quarterly basis. If there are major changes

to the ownership, the bank can renegotiate or ultimately ask for the loan to be paid back completely.

Some credit agreements also regulate the credit margin depending on whether we meet specific terms and conditions. This could be, for example, if the equity/assets ratio for the Group or the gearing ratio for the mortgaged asset does not achieve a certain level. There are also requirements for unsecured loans that state that specific financial key performance indicators must be met to ensure that no pledges are required for the loan.

PUBLIC RATING

Atrium Ljungberg has an investment grade rating from the credit rating agency Moody's and is graded Baa2 with a stable outlook.

Capital commitment

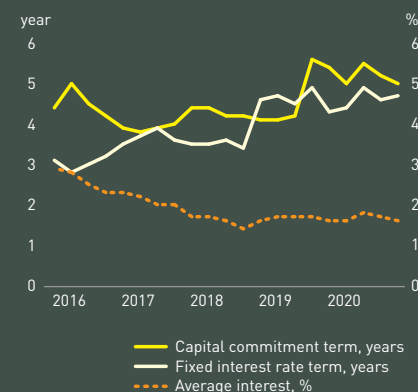
Commitment period	Amount, SEK m	Percentage, %
2021	–	–
2022	5,395	29
2023	2,205	12
2024	2,327	12
2025	2,289	12
2026 and thereafter	6,688	35
Total	18,905	100

Fixed interest

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

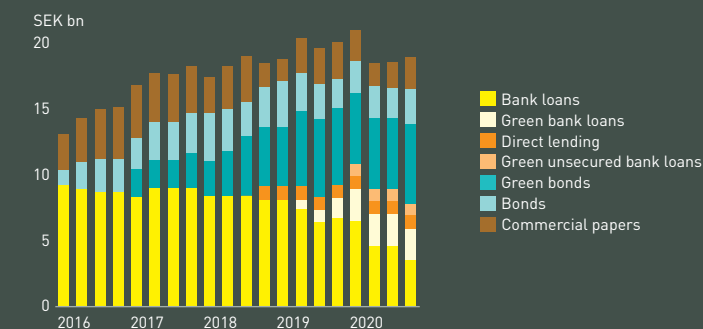
Average interest and capital commitment and fixed interest rate

– Stable low interest rates and longer terms



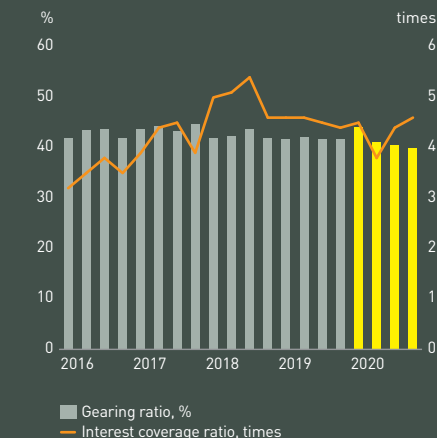
Development of financing sources

– Lower proportion of bank loans and greater borrowing through the capital market



Gearing ratio and interest coverage ratio

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



Project investments

Property development is an important aspect of Atrium Ljungberg's future value growth. Our project portfolio enables us to invest the equivalent of approximately SEK 38 billion in decided and potential projects in the future.

The goal is to invest at least SEK 2 billion per year in held properties, where new build and extension projects will yield a return of at least 20 per cent. This generates good value growth within the company and healthy growth in the company's cash flows.



Our decided projects have a total investment volume of around SEK 6 billion, of which SEK 3 billion still remains to be invested.

A total of 850,000 m² GFA can be developed in potential projects, half of which comprises offices, one third residentials, while the remainder is education and culture, retail/service and hotels. The project portfolio is divided among all our areas, with Slakthusområdet, Sickla, Södermalm and Gränbystaden accounting for the majority of the projects. SEK 32 billion of a total of SEK 36 billion in potential projects is situated at existing or future underground stations in the Stockholm area.

Using our own expertise, we work at the early stages to plan and create future development opportunities. The ability to complete the projects depends on the market situation and the progress made in the detailed development plan. We work with these issues on a daily basis in close collaboration with our customers, partners and municipalities. No projects are normally started until we have secured a minimum level of return in the form of signed lease contracts.

We acquire properties to create value growth or to obtain strategic benefits. This can include acquiring land in order to gain access to development rights for future development projects and investment properties with development potential.

We sell properties where we realise that there are no opportunities for long-term development in line with our business model, vision and yield requirements. Most of the properties we have sold in recent years have been retail.

Sickla is already a hub for public transport with the cross-town light rail link (Tvärbanan), the Saltsjöbanan Line and many bus services. At the moment work is underway to extend the underground line and a station will be built in Sickla with two entrances.



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Potential projects

850,000 m²

Investments, acquisitions and sales

– An increase in investments in held properties following a new goal of SEK 2 billion per year since 2019



KATARINAHUSET

Katarinahuset is currently undergoing extensive reconstruction and renovation. Modern offices are being created with a unique view. In addition, there are plans for a hotel and several restaurants, as well as the development of the building's roof terrace.

25,000

Letting area, m²

980

Investments, SEK m

125

Rental value, SEK m

DECIDED AND COMPLETED PROJECTS

Our decided projects have a remaining investment of approximately SEK 2.6 billion. In 2020 we invested more than SEK 2.5 billion in held properties and we exceeded our long-term goal to invest at least SEK 2 billion per year in held properties.

During the year, investments in held properties amounted to more than SEK 2.5 billion (SEK 1.8 b), of which SEK 1.6 billion (SEK 1.1 b) was in project properties and SEK 305 million (SEK 106 m) in development properties, i.e. our tenant-owned dwelling projects. Investments in project properties related primarily to projects in Sickla, Mobilia, Barkarbystaden and Hagastaden. The other investments related mostly to adaptations for tenants in properties in Kista, Sickla and Malmö.

In the first half of 2020, Entréhus 3 was completed in Gränbystaden in Uppsala, comprising 66 apartments and commercial premises, and Forumkvarteret in the centre of Uppsala, a project that includes offices and retail.

In the second half of 2020, Torghuset was completed in Mobilia in Malmö, an extension with rental apartments and commercial premises. Three projects were completed in Nobelberget in Sickla: Brf Sicklastråket, Nobelbergsgaraget and Panncentralen. Brf Sicklastråket is a residential block containing 68 tenant-owned dwellings. Nobelbergsgaraget is a 3D property under the residential block, containing 100 parking spaces and commercial areas.

A stone's throw away from these projects is Panncentralen, a pre-school with six departments and an outdoor play area. The health-care destination Curanten was also completed at Sickla Station.

Our decided projects are in Uppsala, Sickla, Barkarbystaden, Hagastaden, Slussen and Malmö. In Gränbystaden in Uppsala, residential apartments are being built that include commercial premises. Two projects are underway in Sickla: Tapetfabriken, a hotel with Nordic Choice as the tenant, and Brf Konstharts, the second residential block in Nobelberget with 56 tenant-owned dwellings. A reconstruction and extension project is underway at the shopping centre Sickla Galleria. Construction is underway for the office projects Life City in Hagastaden and Katarinahuset in Slussen, as well as Bas Barkarby in Järfälla.

The remaining investment volume for decided projects amounted to approximately SEK 2.6 billion (SEK 3.1 b) at the end of the year.

Our long-term goal is to invest at least SEK 2 billion per year in held properties.

DECIDED PROJECTS

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

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

²⁾ Excluding premiums.

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

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

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

⁶⁾ Divided into SEK 3,575 million for new builds and extensions, SEK 1,721 million for reconstructions and SEK 314 million for tenant-owned dwelling projects.

⁷⁾ The number of apartments sold with binding contracts.

⁸⁾ 63 per cent booked through booking contracts.

LIFE CITY

Life City, with its spectacular location directly above the E4, will be a new meeting place in Hagastaden for life science activities. The first tenants will move into the building in the fourth quarter of 2021. Life City has a clear sustainability profile and was a finalist in the Green Building Awards 2020.

27,500

Letting area, m²

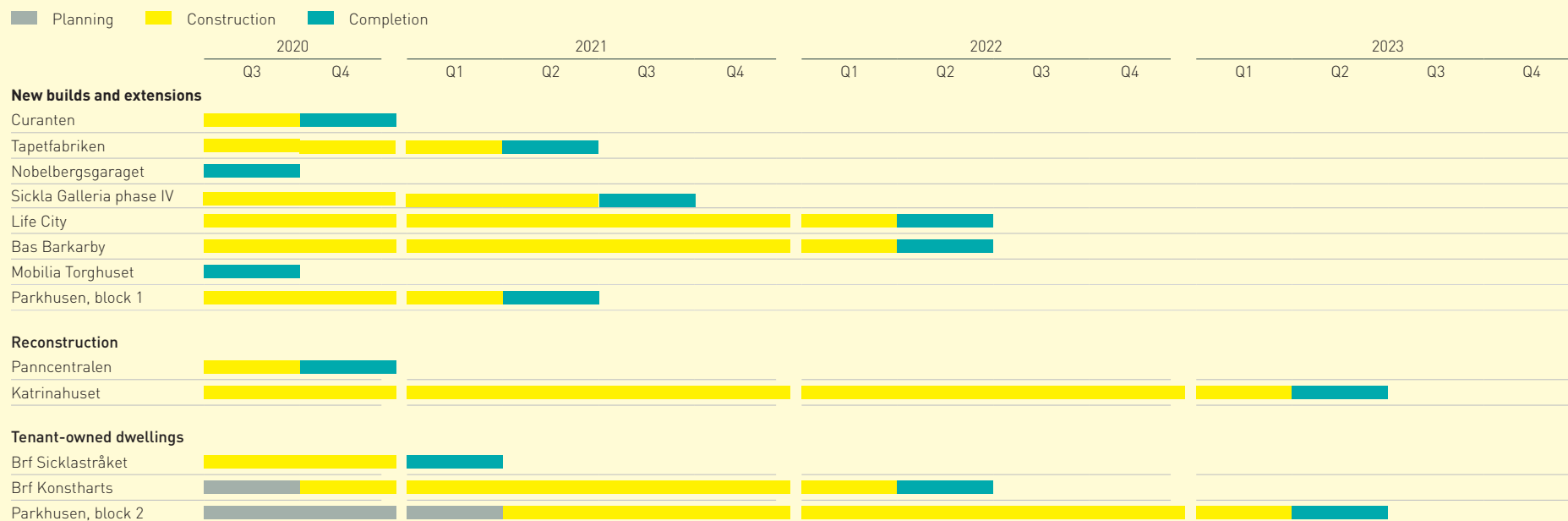
1,700

Investments, SEK m

109

Rental value, SEK m

DECIDED PROJECTS, SCHEDULES



BRF KONSTHARTS

In the early summer of 2020 a decision was taken to start building the second block in Nobelberget; the tenant-owner association Konstharts. This project comprises 56 tenant-owned dwellings, three commercial premises and a parking garage. The apartments are expected to be ready for occupancy in the second quarter of 2022. Sales started for the project in September and there has been a lot of interest.

3,900

Letting area, m²

280

Investments, SEK m

56

Number of tenant-owned dwellings

BAS BARKARBY

In Bas Barkarby we are bringing together education with the business community and culture, and creating a brand new kind of meeting place. The first stage comprises approximately 24,000 m² and will be completed in the summer of 2022. Järfälla Municipality will be the biggest tenant with almost 11,000 m² for activities such as an upper-secondary school and a library.

24,200

Letting area, m²

850

Investments, SEK m

56

Rental value, SEK m

PARKHUSEN BLOCK 1

We are currently building a residential district called Parkhusen with a total of approximately 300 apartments that is close to both Gränby-staden Galleria and Gränbyparken. The first block is scheduled for completion in the second quarter of 2021 and will comprise 44 rental apartments with commercial premises on the ground floor.

2,800

Letting area, m²

120

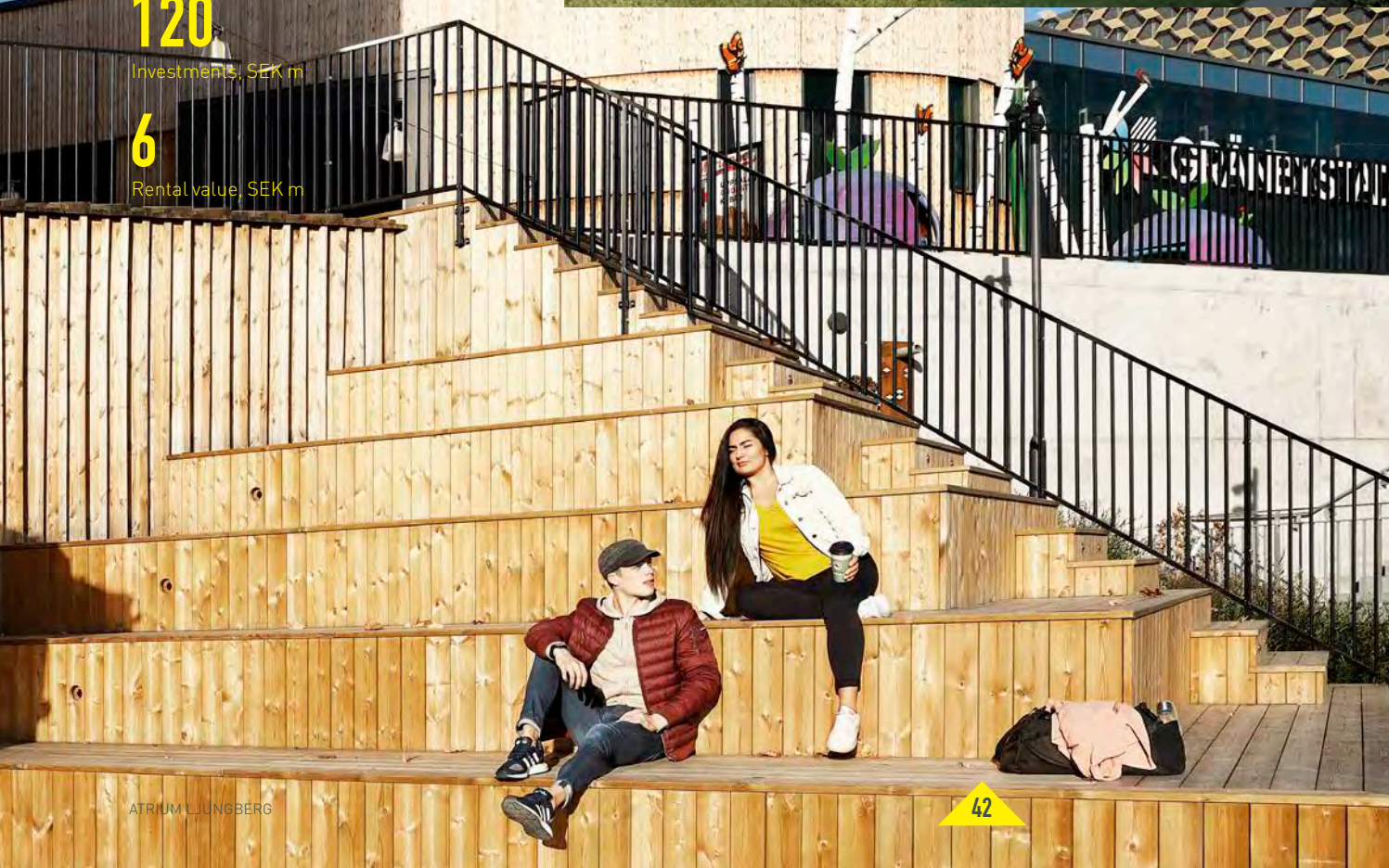
Investments, SEK m

6

Rental value, SEK m



Parkhusen block 1 comprises 44 rental apartments.



TAPETFABRIKEN

The old wallpaper factory at Marcusplatsen in Sickla is being developed into a hotel. We have signed an agreement with Nordic Choice Hotels for the entire building, which will boast 240 hotel rooms, conference premises, event spaces, a restaurant and a lobby measuring 2,000 m². The hotel is planned to open in the second quarter of 2021.

The Tapetfabriken hotel will play an important role in the continued development of Sickla into an attractive location with urban qualities. The hotel will fulfil an important function for the large companies in the area, but it will also help to improve the sense of security and well-being, as it will create life in the evenings and at night, every day of the week.

10,500

Letting area, m²

440

Investments, SEK m

POTENTIAL PROJECTS

In addition to the decided projects, our project portfolio enables us to make future investments of approximately SEK 36 billion within the land we own and the land allocations we have received.

In terms of area, these future investments comprise 53 per cent offices, 36 per cent residentials, while the remaining 11 per cent is retail/service, education and culture. The project portfolio is divided among the majority of our areas with Sickla, Slakthusområdet, Hagastaden, Gränbystaden and Slussen accounting for approximately 90 per cent of the investment volume.



Most of our projects from the entire project portfolio are located at existing or future underground stations in the Stockholm area.

The rate at which we can complete the projects depends on the market situation and the detailed development plan process. No projects are normally started until we have secured a minimum level of return in the form of signed lease contracts.

POTENTIAL PROJECT STARTS 2021–2022

STOCKHOLM

In Sickla, sales are underway for the second stage of a total of 500 tenant-owned dwellings in Nobelberget. In 2020 the launch of block two started with 56 tenant-owned apartments and premises on the ground floors, while in 2021 we have started planning another block at the top of Nobelberget. A total of 90 apartments are being planned here, with sales expected to start in the

first quarter of 2022. The development of the remaining apartments will be carried out gradually based on market demand. In Nobelberget, we are creating an attractive and dense urban environment with residentials, office premises and cultural activities.

At Sickla Station, we have a development right for approximately 7,500 m² GFA, which is where the future underground line will link to the cross-town light rail link (Tvärbanan), the Saltsjöbanan Line and bus services. Work is underway on a new detailed development plan with an extended development right that includes a 23-storey building and approximately 23,000 m² GFA. The detailed development plan was adopted in December 2020 by Nacka Municipality and the appeals process is currently underway. Atrium Ljungberg and the Stockholm Regional Council are working jointly on a project that involves the construction of sections of the new station entrance. The building will also contain offices and other commercial premises. The ground work, shafting and blasting are currently underway.

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

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

MALMÖ

In Mobilia we have a development right of 5,400 m² GFA for offices on the street Trelleborgsvägen. The programme and system documentation was completed towards the end of 2020. Applications for building permits are expected to be submitted in the second quarter of 2021 and the entire project is planned to be completed by the beginning of 2024.

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

UPPSALA

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

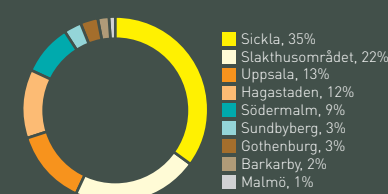
Potential projects by premises type

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



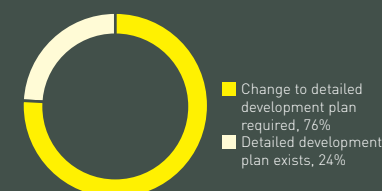
Potential projects by area

– 83 per cent of the area is focused on Stockholm



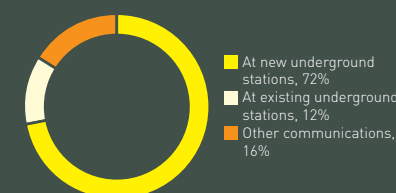
Potential projects by detailed development plan

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



Potential projects at new underground stations

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



MAJOR DEVELOPMENT AREAS, PROJECT STARTS AFTER 2022

SLAKTHUSOMRÅDET

Slakthusområdet is one of our biggest and most prioritised areas. Our vision, which we share with the City of Stockholm, is to create a strong destination with offices and residences, supplemented with food, culture and experiences.

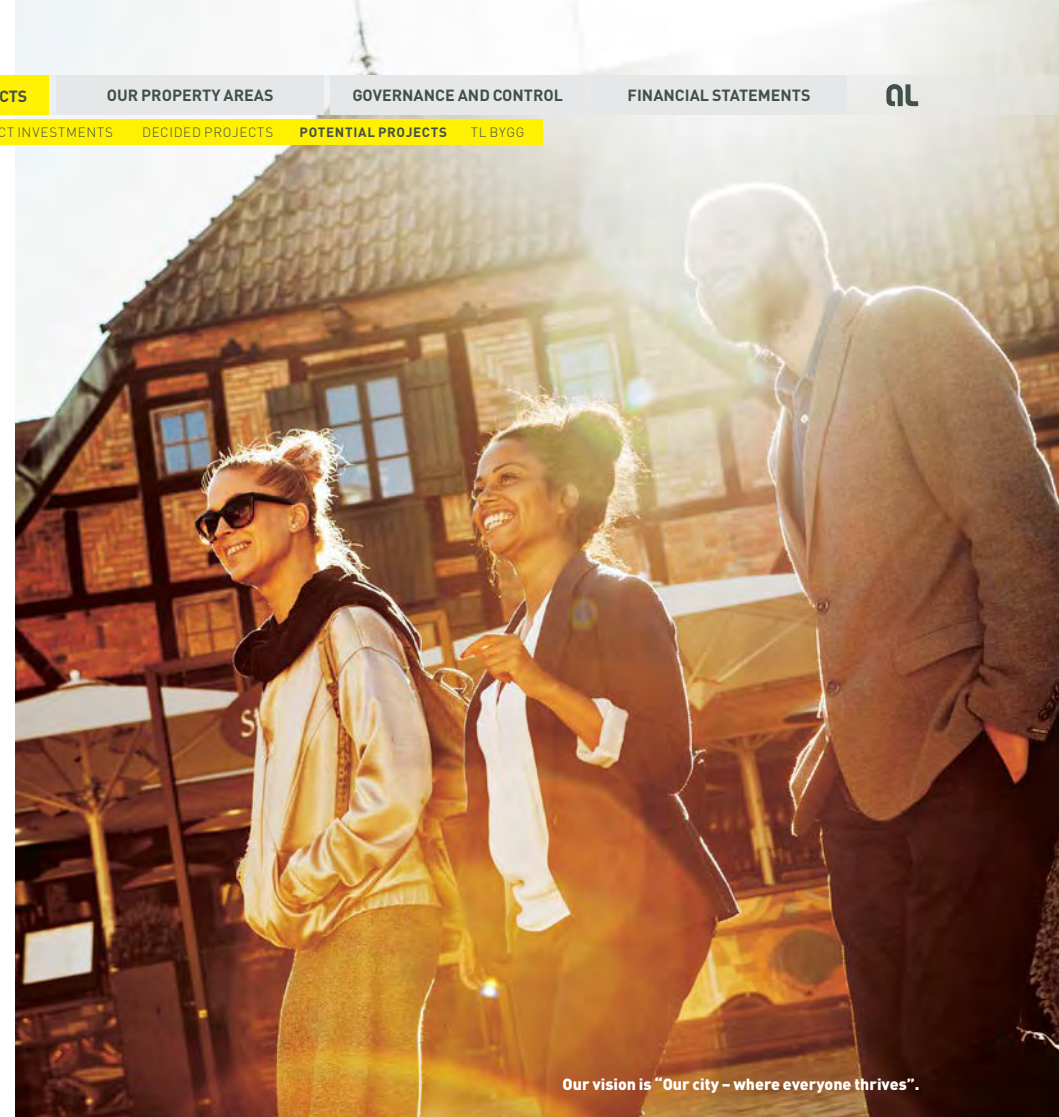
In June 2019, we took possession of 14 properties totalling 50,000 m² letting area. We also have an option to acquire an investment property of 32,000 m² letting area. In addition to this, we can sub-order land allocations measuring around a further 100,000 m² GFA. The acquisitions and land allocations amount to a total of approximately 200,000 m² with a planned investment of around SEK 10 billion.

Slakthusområdet is one of the largest urban development projects ever seen in Stockholm. As well as offices, residences, retail and restaurants, there are plans to construct a brand new upper-secondary school in the area. Slakthusområdet will become a brand new meeting place and an engine for the entire Söderort.

SLUSSEN

Atrium Ljungberg is one of the largest property owners in Slussen, which is now being developed into the commercial heart of Söder. As well as the ongoing reconstruction project in Katarinhuset, we have several land allocations in the area. The Ormen district is a development right of approximately 4,500 m², with a hotel planned to be built above the underground entrance. We also have the option to develop the future retail hub under Södermalmstorg, which comprises 8,000 m² NRA (non-residential area). Retail and service are planned here, combined with areas that link the underground, the Saltsjöbanan Line and buses with each other. The hotel and retail hub are both scheduled for completion in 2025.

In Slussen we also have a land allocation for the future Mälarterrassen, a public building measuring more than 7,000 m² GFA, where we are planning cafes, restaurants and culture. We already have a land allocation in front of Katarinhuset in the Ryssbodarne district. An office building is being planned here measuring 7,000 m² GFA with public spaces on the ground floor. The development projects in Slussen represent a total investment of approximately SEK 2 billion.



Our vision is "Our city – where everyone thrives".

Slakthusområdet is one of Stockholm's largest urban development projects.



HAGASTADEN

Atrium Ljungberg has been one of the largest property owners in Hagastaden for almost 25 years. As well as the ongoing Life City project, we have a land allocation in Östra Hagastaden, where we are planning an office building measuring approximately 24,000 m² GFA. This building will have an undulating facade that provides

large window areas with views of Brunnsviken lake. In March 2020 we received an additional land allocation comprising two residential blocks and one office block. The first phase of this project will be a shared garage for the three blocks and construction is expected to start in the third quarter of 2022.

SICKLA

Over the past 20 years Sickla has developed from an industrial area into a vibrant city district. We have been working with Nacka Municipality to produce a vision for the development of Central Sickla, which has resulted in a proposal for a new city plan. This area stretches from Marcusplatsen to Kyrkviken and currently contains large car parking areas and low retail buildings. These areas will be transformed into urban districts with office workplaces, residences, restaurants and walkways. The plan comprises a total of approximately 150,000 m². The detailed development plan process is expected to take three years.

The Stockholm region is seeing high growth, which is why we are also planning more residences in Sickla. In Nobelberget there are plans for a total of approximately 500 tenant-owned dwellings, with sales currently underway for the second block. An attractive urban environment is being created here with a mix of residences, offices and cultural activities. The development of the remaining residences will be carried out gradually based

on market demand. The detailed development plan process is underway for approximately 700 apartments in Kyrkviken.

At Sickla Station, where the future underground line will link to the cross-town light rail link (Tvärbanan), the Saltsjöbanan Line and bus services, we are planning Sickla Stationshus, a 23-storey building measuring approximately 23,000 m² GFA which will contain an underground entrance, as well as offices and commercial premises. Detailed development planning work is underway for a new 16-storey apartment block with a total of 80 apartments in the eastern part of Sickla shopping centre.

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

UPPSALA

Uppsala is one of our most important subsidiary markets. In Gränbystaden we are continuing to develop Uppsala's second city centre, creating an attractive city district with a mix of offices, retail, residences, culture and experiences. In 2019, we obtained a new land allocation with a development right for potentially 45,000 m² GFA south of Gränbystaden Galleria. We want to develop a brand new office cluster here combined with residences. We are also looking into the possibility of starting a detailed development plan to further develop and densify the area that is currently the car park; this comprises a total of 45,000 m². In total the development projects in Gränbystaden represent an investment of approximately SEK 3 billion.

GOTHENBURG

Atrium Ljungberg is a major player in Lindholmen and we have an active role in urban development here. The area has been transformed from an old shipbuilding area to the most knowledge-intensive and expansive

area in Gothenburg. This is a central point for the vehicle cluster in the west of Sweden and an important hub for the city on the northern side of the river.

We currently own and manage three properties totalling approximately 72,000 m² letting area. We are also planning to build an extension to the existing property totalling approximately 25,000–35,000 m² GFA for offices and commercial premises. The scope and design of the project will be further developed in 2021.

We play an active role in the development of Lindholmen in Gothenburg.

POTENTIAL PROJECTS

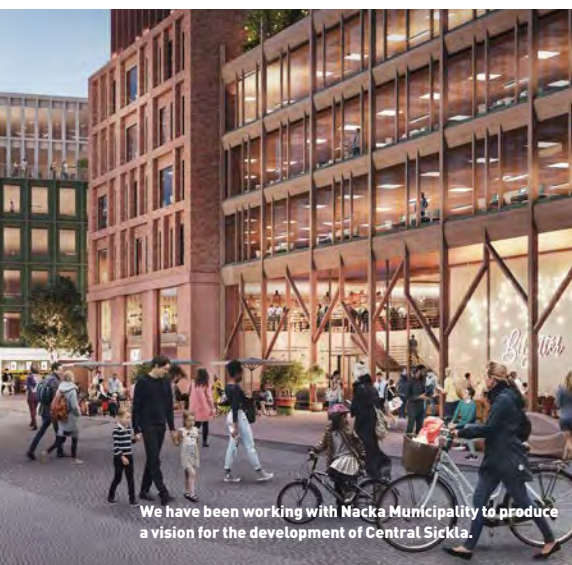
Area	Municipality	Premises type ¹⁾	Project area, m ² , GFA		Potential investment, SEK m ²⁾
			Detailed development plan exists	Change to detailed development plan required	
Barkarby	Järfälla	Offices	20,000		
Lindholmen	Gothenburg	Offices		23,000	
Hagastaden	Stockholm	Residential units	37,000		
Hagastaden	Stockholm	Offices	36,000	25,000	
Hagastaden	Stockholm	Retail	1,000		
Mobilia	Malmö	Offices	5,000		
Sickla	Nacka	Residential units	36,000	143,000	
Sickla	Nacka	Offices		120,000	
Slakthusområdet	Stockholm	Education		33,000	
Slakthusområdet	Stockholm	Residential units		35,000	
Slakthusområdet	Stockholm	Offices		96,000	
Slakthusområdet	Stockholm	Hotels		4,000	
Slakthusområdet	Stockholm	Other		23,000	
Sundbyberg	Sundbyberg	Offices		26,000	
Södermalm	Stockholm	Retail		16,000	
Södermalm	Stockholm	Hotels		5,000	
Södermalm	Stockholm	Offices	48,000		
Södermalm	Stockholm	Culture/restaurant	7,000		
Uppsala	Uppsala	Residential units	12,000	46,000	
Uppsala	Uppsala	Offices		48,000	
Uppsala	Uppsala	Retail	5,000	23,000	
Total			207,000 ³⁾	643,000 ⁴⁾	36,000

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

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

³⁾ Of which around 40,000 m² relates to reconstruction and around 100,000 m² relates to land allocations.

⁴⁾ Of which around 60,000 m² relates to reconstruction and around 270,000 m² relates to land allocations.



TL BYGG – A COLLABORATION THAT STRENGTHENS OUR BUSINESS

Our partnership with our independent subsidiary and building contractor TL Bygg broadens Atrium Ljungberg's offering and strengthens our business, allowing us to carry out projects with high levels of efficiency and flexibility. This collaboration helps both parties develop and generates a better product.

TL Bygg AB was formed in 1983. It has its roots in the construction and property company founded by the builder Tage Ljungberg in the middle of the 1940s and is part of Atrium Ljungberg's DNA. The strong values that were formed back then still live on to this day in the culture of the Group. TL Bygg has a historic construction tradition, a wide range of competence and strong environmental awareness.

The company's business areas focus mostly on residential, offices and social properties in turnkey contracts and pure construction contract assignments. Customers are primarily in Stockholm and Uppsala, and the main clients are Atrium Ljungberg, other property companies, the state and various municipalities.

A PARTNERSHIP THAT STRENGTHENS OUR BUSINESS

Our close partnership with TL Bygg helps us to realise our vision and strengthens our business in a cost-effective way that is sustainable in the long-term. TL Bygg has competence across the entire chain and can be involved right from the start of the process to identify both financially and environmentally sustainable solutions for major, complex tenant adaptations or new builds of residential. TL Bygg is able to play its part in both an advisory and production capacity in our

projects, and the extensive expertise within the company allows projects to be run and implemented from a turnkey perspective.

HELPING TO ACHIEVE OUR SUSTAINABILITY GOALS

TL Bygg is a building contractor that wants to be at the cutting edge of sustainability work. During the year the company became a member of Färdplan 2045 to promote a fossil-free industry and expanded its organisation in quality, the environment and the work environment. TL Bygg already has competence in Miljöbyggnad Silver and BREEAM certifications. The company therefore has both the ambitions and the expertise to help Atrium Ljungberg achieve the high sustainability goals we have set. This also results in a cost-effective process with shorter lead times and better opportunities to exchange experiences.

MORE ACCURATE CALCULATIONS

Our partnership with TL Bygg enables us to involve a building contractor early on in the construction process to help analyse the project and produce a cost estimate. They can use their knowledge at an early stage to provide a more accurate risk assessment and to propose cost-saving measures for both production and

the choice of materials.

When TL Bygg is allocated a construction assignment, they work with their site management and purchasing department to continually reduce the costs for the contract work and the materials in the project; cost savings that benefit us as the developer as a result of our agreements with them.

EXTERNAL PROJECTS CONTRIBUTE TO OUR BUSINESS

In recent years TL Bygg has strengthened its position on the market for the new builds of residential by carrying out more projects for external clients, including Riksbyggen, SKB and Vectura, and they have seen a significant increase in the number of enquiries they receive. This has laid the foundation for a much stronger organisation and has made the company more attractive as an employer, which in turn gives Atrium Ljungberg even more confidence in our work to develop new, attractive city districts. Our close partnership means that when TL Bygg makes progress as a company, it results in better business and added value for us as a developer.

NET SALES
— 55 per cent increase in 2020

SEK 858 million

ORDER BOOK
— At the end of 2020

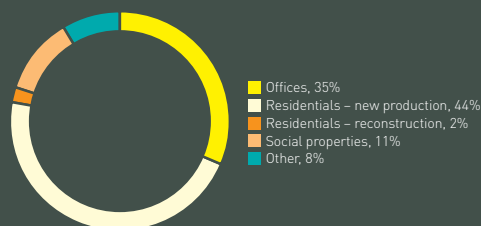
SEK 330 million

NUMBER OF EMPLOYEES
— 65 administrative employees,
64 skilled workers

129

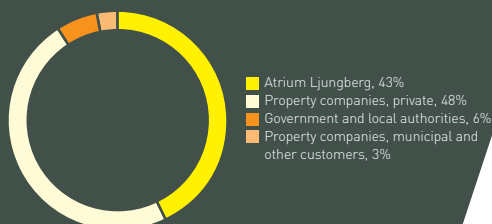
Sales per assignment type

– New builds of residentials are the biggest project type, accounting for 44 per cent of sales



Sales per client category

– Sales to external customers has increased to 57 per cent



TL Bygg has been a strong organisation for reconstruction projects for a long time, and has been a leading company for many years. The company has expanded its proportion of external projects in this area, including the complex reconstruction of Danderyds Centrum for Skandia Fastigheter. TL Bygg's strengthened experience and competence offer Atrium Ljungberg more options in our range of offices and gives our customers greater confidence.

SECURE BUSINESS FOR ATRIUM LJUNGBERG

The Covid-19 pandemic has affected the construction industry with redundancies, bankruptcies and a consistent lack of incoming enquires for construction companies. This is also true for TL Bygg. Although it is true that the company reported record sales for 2020 and a better profit than they have done for many years, they are seeing a clear impact on the number of orders for 2021, which is much lower compared with the previous year. Despite this, the company is still in a very strong position, which gives us the confidence that our projects will be carried out without any expensive delays or sudden downtime.

The uncertain market situation also enables us to run projects at a lower cost both for the company and its client, as it puts the purchasing departments in the projects in a stronger position.

The unstable market may provide financially stable companies such as TL Bygg competitive advantages for many years to come, as they can focus on both short-term and long-term initiatives in areas where others are cutting back.

PROFIT

TL Bygg's operating profit increased to SEK 21 million (SEK 3 m) in 2020. Postponements from 2019 and work at the early stages that gave a return in 2020 had a positive impact on profit for the year. Despite a declining market and a tougher competitive situation, TL Bygg has a good order book and a number of confirmed projects at the start of 2021.

Find out more at www.tlbygg.se

SUMMARY OF INCOME STATEMENTS

SEK m	2020	2019	2018	2017	2016
Net sales, external clients	495	233	207	120	121
Net sales, Group companies	364	320	386	518	314
Net sales, total	858	553	593	638	435
Operating profit	21	3	8	16	4
Net financial items	2	1	1	0	0
Profit after net financial items	22	4	9	16	4
Number of employees	129	127	113	114	110

Our property areas

Atrium Ljungberg is one of Sweden's biggest listed property companies. We are active in strong subsidiary markets in the leading growth regions in Sweden; Stockholm, Gothenburg, Malmö and Uppsala. We want to create vibrant and safe urban environments here, with a mix of offices, residentials, retail, service and culture.

15%

68%

7%

10%

OUR PROPERTY AREAS

48

OUR PROPERTY AREAS	48
STOCKHOLM	52
GOTHENBURG	62
MALMÖ	64
UPPSALA	67

OUR PROPERTY PORTFOLIO IN FIGURES

Atrium Ljungberg's property portfolio contains high-quality office and retail properties concentrated in central locations in the growth regions of Stockholm, Gothenburg, Malmö and Uppsala, and is valued at a total of SEK 47 billion.

PROPERTY PORTFOLIO

Our property portfolio primarily comprises office and retail properties in the growth regions of Stockholm, Gothenburg, Malmö and Uppsala. This property portfolio includes a total of 67 properties with a total letting area of 1,087,000 m².

During the year the acquisition and possession of an office property took place in Sundbyberg, Eken 14, as well as an office property in Uppsala, Kvarngärdet 33:2. During the year Farsta Centrum was also vacated, a total of five properties which of four with leaseholds. An agreement was signed for the acquisition of the property Kungsängen 22:2 in Uppsala, more commonly known as 'Ångkvarnen' (the Steam Mill'). Possession of the property is expected in 2023 and the acquisition is conditional on the detailed development plan for the property becoming legally binding.

PROPERTY VALUE

The market value of the property portfolio amounted to SEK 47,334 million (SEK 48,509 m) at the end of the year. The average yield requirement in the valuation was 4.4 per cent (4.5%). Development rights and land account for SEK 463 million (SEK 423 m); see pages 47–55 for more information about our projects.

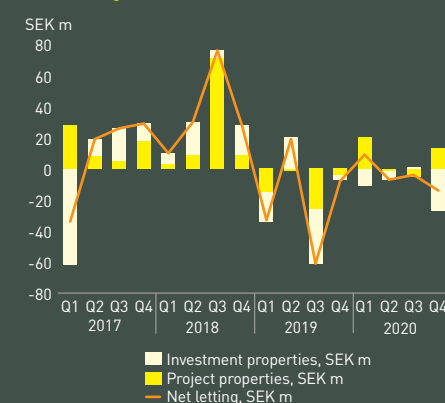
Unrealised changes in the value of properties during the year totalled SEK –119 million (SEK 2,283 m). This change in value is mostly explained by the downward adjustment of the value of retail properties in the first quarter. The change in value of retail properties has been caused by higher yield requirements, and lower operating net in the short and long term. Read more about the valuation in note A.1 on page 117.

DEVELOPMENT RIGHTS

In total there is 458,000 m² GFA of development rights excluding land allocations, of which 76,000 m² GFA has a legally binding detailed development plan. 382,000 m² GFA requires a change in the detailed development plan to be able to be realised. 28,000 m² GFA of the legally binding development rights relates to commercial properties, 12,000 m² GFA to rental dwellings and 36,000 m² GFA to development properties. The book value amounts to approximately SEK 4,900/m² GFA for commercial development rights and approximately SEK 1,500/m² GFA for development rights for rental dwellings. The book value for development properties amounts to approximately SEK 3,800/m² GFA, calculated based on 168,000 m² GFA, which also includes land that does not have a detailed development plan.

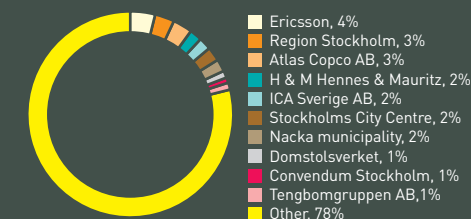
Unrealised changes in value	2020	2019
Change in yield requirements	451	1,271
Change in operating net, etc.	–570	936
Development rights	–	76
Total	–119	2,283

Net letting



Ten largest customers, contracted annual rent

The ten largest tenants account for 21 per cent of the contracted annual rent; some of the biggest include municipalities, county councils and government organisations.



CONTRACTED ANNUAL RENT

The **contracted annual rent** amounted to SEK 2,266 million (SEK 2,578 m) at the end of the year. The rental value, i.e. contracted annual rent and estimated market rents for vacant space, amounted to SEK 2,481 million (SEK 2,775 m). This gives an economic letting rate including project properties of 91 per cent (93%), and excluding project properties of 91 per cent (94%). The EPRA vacancy rate is therefore 9 per cent (6%). The higher vacancy rate is explained, for example, by the Stockholm Regional Council leaving large areas in Södermalm and Hagastaden, and these areas have gradually started to fill up again. Less than 1 per cent of the total contracted annual rent is from tenants that have either gone bankrupt or are undergoing company reconstruction.

Calculated on letting area, excluding garages, the letting rate was 85 per cent (88%).

CONTRACT PORTFOLIO

The **commercial** lease contract portfolio, i.e. all lease contracts excluding residentials and garage/parking, is well-diversified and comprises 1,531 lease contracts (1,933) with an average contracted annual rent, including surcharges, of SEK 1.4 billion (SEK 1.3 b). The average remaining term of the contracts at year-end was 3.5 years (3.4 years). In 2021, 14 per cent (16%) of the contracted annual rents will be subject to renegotiation. The ten largest customers account for 22 per cent (21%) of the contracted annual rent. 9 per cent (9%) of contracted annual rent comprises the state, municipalities or county councils. 88 per cent (89%) of contracted annual rent is regulated by an index clause that is linked to the consumer price index, or relates to surcharges linked to actual costs.

Lease contracts for retail premises contain contractual terms that mandate a minimum rent with a surcharge depending on the turnover of the stores. 1 per cent (1%) of the contracted annual rent comprises the estimated turnover surcharges in addition to the minimum rent.

NET LETTING

During the year net letting amounted to SEK -16 million (SEK -82 m), of which SEK 27 million (SEK -46 m) referred to project properties. The time lag between net letting and its effect on profit is assessed to be 3-12 months.

PROPERTY COSTS

Property costs including leasehold fees amounted to SEK -810 million (SEK -844 m) during the year. The cost for comparable portfolios is SEK -633 million, equivalent to SEK -849/m² (SEK -870/m²). The cost of operating retail properties in general and retail centres in particular is generally higher than for other types of commercial properties. These operating costs are, to some extent, covered by passing them on to the tenants in the form of rental surcharges.

OPERATING SURPLUS MARGIN

The **operating surplus margin** amounted to 67 per cent (69%) during the year.

NEW WORKING METHOD FOR THE SITE DEVELOPMENT OF PUBLIC ENVIRONMENTS

A FEW WORDS WITH...

The association **Centrum för AMP** was set up by Atrium Ljungberg, Insurance Sweden, the Swedish Trade Federation and three other property companies in the autumn of 2019. Centrum för AMP aims to promote the establishment, development and spread of the AMP model in Sweden.

"I've always been fascinated by the role of cities in the world. Most of the world's population will live in cities in the future. So the journey towards the modern, sustainable city is crucial for humanity," says Fredrik Reinfeldt, Chairman of Centrum för AMP.

The **AMP model** is a new working method for site development that is based on local players, both public and private, coming together to take responsibility and develop public spaces.



"We're breaking new ground and challenging the old way of managing public environments, such as central squares for example. We've agreed to run a pilot project with Uppsala Municipality, and it was Forumtorget, which is next to Atrium Ljungberg's district, that has been selected. We have a mandate here to activate and develop the location. Our goal is to create safe, more secure environments by attracting people of different ages and sexes to the same location. We're also running a few more pilot projects in other municipalities."

The **plan was to start** the pilot in the spring, but it was delayed by the pandemic. However, Fredrik Reinfeldt believes that interest will be high once life goes back to normal.

"We'll soon be having a lot of discussions about how we restart our public spaces. And when this happens, we will be ready to act. The public environments are where the city lives and where people meet, but they also have to be attractive. If more people want to go to a location, it will make it safer and provide more opportunities for businesses to flourish. This will eventually lead to higher property values."

We're breaking new ground and challenging the old way of managing public environments.

FREDRIK REINFELDT
Chairman of Centrum för AMP

Properties acquired and taken into possession

Property	Area	Category	Letting area, m ²	Possession	Acquisition value, SEK m
Eken 14	Sundbyberg	Offices	8,205	June 2020	295
Kvarngärdet 33:2	Uppsala	Offices	2,504	December 2020	149

Sold properties

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

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

Change in the property portfolio (excluding Right-of-use assets, leaseholds)

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

¹⁾ Excluding Right-of-use assets, leaseholds

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

Property type	Letting area, '000 m ²		Fair value, SEK m		Fair value, SEK/m ² ¹⁾		Operating surplus margin, %	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	2020	2019
Office properties	639	650	27,344	24,264	53,616	47,495	74	73
Retail properties	302	390	9,993	16,260	41,646	50,559	59	61
Residentials	45	40	1,282	1,031	33,129	31,407	66	64
Business area Property	986	1,080	38,619	41,555	48,969	48,024	69	68
Project properties	96	88	6,944	5,534	N/A ²⁾	N/A ²⁾	47	68
Land and development rights	-	-	463	423	-	-	-	-
Total Investment properties	1,082	1,168	46,026	47,513			67	68
Development properties	6	8	1,308 ⁴⁾	997			40	51
Property portfolio, total	1,087	1,176	47,334	48,509			67	69
Properties sold	-	-	-	-			56	67
Total Group ³⁾	1,087	1,176	47,334	48,509			67	69

¹⁾ m² excluding garage.

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

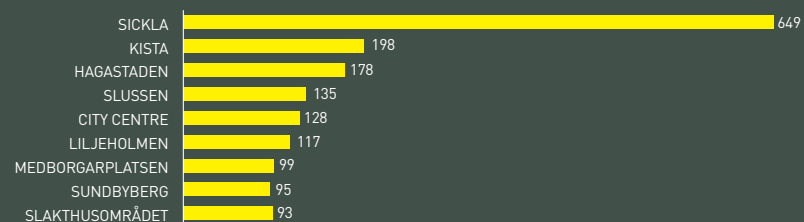
³⁾ Excluding Right-of-use assets, leaseholds.

⁴⁾ SEK 1,308 million relates to the book value. Fair value is assessed to be SEK 1,781 million.

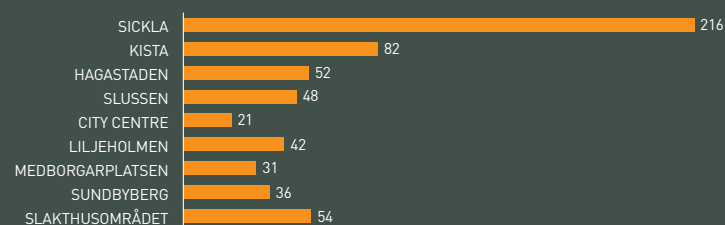
STOCKHOLM

Stockholm is one of the fastest growing regions in Europe. Around 30 major urban development projects are underway or planned here, and Atrium Ljungberg is involved in a number of them, including Sickla, Slussen, Hagastaden and Slakthusområdet. Stockholm accounts for 68 per cent of Atrium Ljungberg's contracted annual rent, and we also have a presence on strong subsidiary markets, including Medborgarplatsen, the City, Kista, Sundbyberg and Liljeholmen.

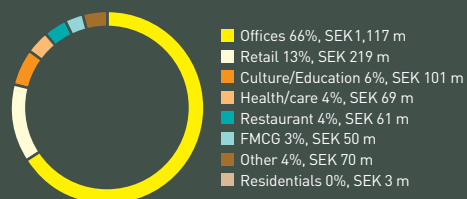
Rental value, SEK m



Total letting area, '000 m²



Types of premises in Stockholm, rental value



68%

of total rental value

715,000

Total letting area, m²

1,700

Rental value, SEK m

SICKLA KÖPKVARTER IN BRIEF

3.2

Sales, SEK billion

13

Visitors, million

SICKLA — NEW CITY DISTRICT SINCE 1898

In recent decades we have been developing this former industrial area, which we acquired from Atlas Copco in 1997. Sickla is now a vibrant city district with workplaces, restaurants, retail, education and culture. Several construction projects are underway. The underground is being extended to Sickla, creating even more opportunities to develop this city district. This is why in 2020 we were able to present our plans for Central Sickla, the area between Marcusplatsen in the west and Kyrkviken in the east.

Central Sickla, that extends from Marcusplatsen in the west to Kyrkviken in the east, currently consists of large car parks and low rise retail sites. The sites will be transformed into urban neighbourhoods where walkways will share space with higher buildings with office workplaces on the upper floors and restaurants and shops at ground level. In total, the plan spans around 150,000 square metres, corresponding to some 7,000 office workplaces and 500 new homes. The detailed development plan process is expected to take around three years.

There are already several major development projects underway in Sickla. The old wallpaper factory at Marcusplatsen in Sickla is being converted into a hotel, while at Sickla Station we are planning to build a 23-storey

landmark containing offices, a restaurant and one of the entrances to Sickla's future underground station. Travelling between Sickla and central Stockholm will take just seven minutes by underground, which is scheduled for completion in 2030. In addition, there is an extension of Sickla's shopping centre to provide parking spaces and retail.

AN ENTIRE BUILDING FOR HEALTHCARE

In the autumn Curanten was completed, Sickla's new healthcare destination. At the start of October the building opened for its first visitors and Curanten has quickly filled with tenants. This includes the health centres Sickla Hälso-center and Kry, Hudvårdshögskolan IBS, Alva Barnklinik, Friskis&Svettis and Kronans Apotek. All of the healthcare units are now fully let.

Stationshuset in Sickla has 23 floors and will become a new landmark in the Stockholm area.

THE DEVELOPMENT OF NOBELBERGET CONTINUES

In Nobelberget, we are developing an attractive and dense city district offering residentials, offices, commercial areas and green spaces. In the autumn the first residential block, Brf Sicklastråket, was completed, which contains 68 tenant-owned dwellings. All of the apartments have been sold and are now occupied. There are five commercial premises on the entrance level and the block has been built on a garage with 100 parking spaces, which includes 30 charging stations for electric cars. The development of Nobelberget continues and we are planning a total of more than 500 apartments here. Sales for the second block, which will be completed by the summer of 2022, started in the autumn, and 63 per cent of the apartments had been reserved as of 31 December 2020. We have also started planning the next block, which will contain 90 apartments with sales expected to start in the first quarter of 2022. See page 43 for more information.

In the old Nobelberget boiler room we have created a pre-school with six departments, which opened on 1 January 2021. A new playful extension has been added to the old brick building. Right next to this is Formalinfabriken, a preserved industrial building that has been converted into offices and meeting places.

Tenants include IST, Sport Design Sweden and the arts community Konstjord. The new coffee roastery Black Honey Coffee Roasters has opened on the ground floor.

SEVERAL NEW ESTABLISHMENTS IN THE GROWING SICKLA

There is a lot of interest in establishing businesses in Sickla. The range of restaurants has expanded to include, for example, Bastard Burgers. The prize-winning local bakery Robin Delselius Bageri also opened in February 2021. Mitsubishi has opened a new concept store for electric and hybrid cars, while the e-commerce giant Zoo.se has established a 1,500 m² store in the shopping district. In addition, virtual indoor golf courses have opened in Magasinet, along with four outdoor paddle tennis courts next to the Sickla Front office block. They are located in an area where we plan to build residentials in the future, but this enables us to activate the area straight away.

At the end of 2020 a lease contract was signed for more than 3,100 m² with XXL, the largest sports chain in the Nordic region. They are moving into a new section of Sickla shopping centre and will open in the autumn of 2021. The extension that is being built will not only have new retail space, it will also have parking solutions for the new healthcare building Curanten.

We own two properties along Drottninggatan in Stockholm.

CITY — ATTRACTIVE OFFICE BUILDINGS ON STOCKHOLM'S BUSIEST PEDESTRIANISED STREET

Skotten 6 and Adam & Eva 17 are located on the well-known street Drottninggatan in the heart of Stockholm. In total, both properties comprise approximately 21,000 m², with more than 50 per cent of the area being used for offices.

Skotten 6 comprises six office floors with stores and service activities on the ground floors. The building is called 'Bohagshuset' and was part of the historic PUB department store on Hötorget square.

Adam & Eva 17 is an old office building from the 1920s and is now home to tenants in creative industries such as events, PR and web development.

On the ground floors facing Drottninggatan there are stores and restaurants such as Zara, Lager 157 and MQ Marqet. During the year the sports bar and restaurant concept O'Learys opened, covering more than 600 m² in the Adam & Eva property.

FOR A SAFER AND MORE PLEASANT CITY CENTRE

We also play an active role in the organisation City i Samverkan, which aims to create a safe,

secure and attractive city centre that is open to everyone. The main attraction is normally the annual Christmas lights, which can be seen around 40 streets and squares in the centre of the city.

ENVIRONMENTAL CERTIFICATION AND ENERGY-EFFICIENT MEASURES

During the year we environmentally certified Skotten 6 in accordance with BREEAM-in-Use with the rating Very Good and in 2021 we will certify Adam & Eva 17. We have also replaced the control systems in both buildings to ensure better energy consumption, and we have replaced the ventilation units to provide a better indoor climate among our tenants.



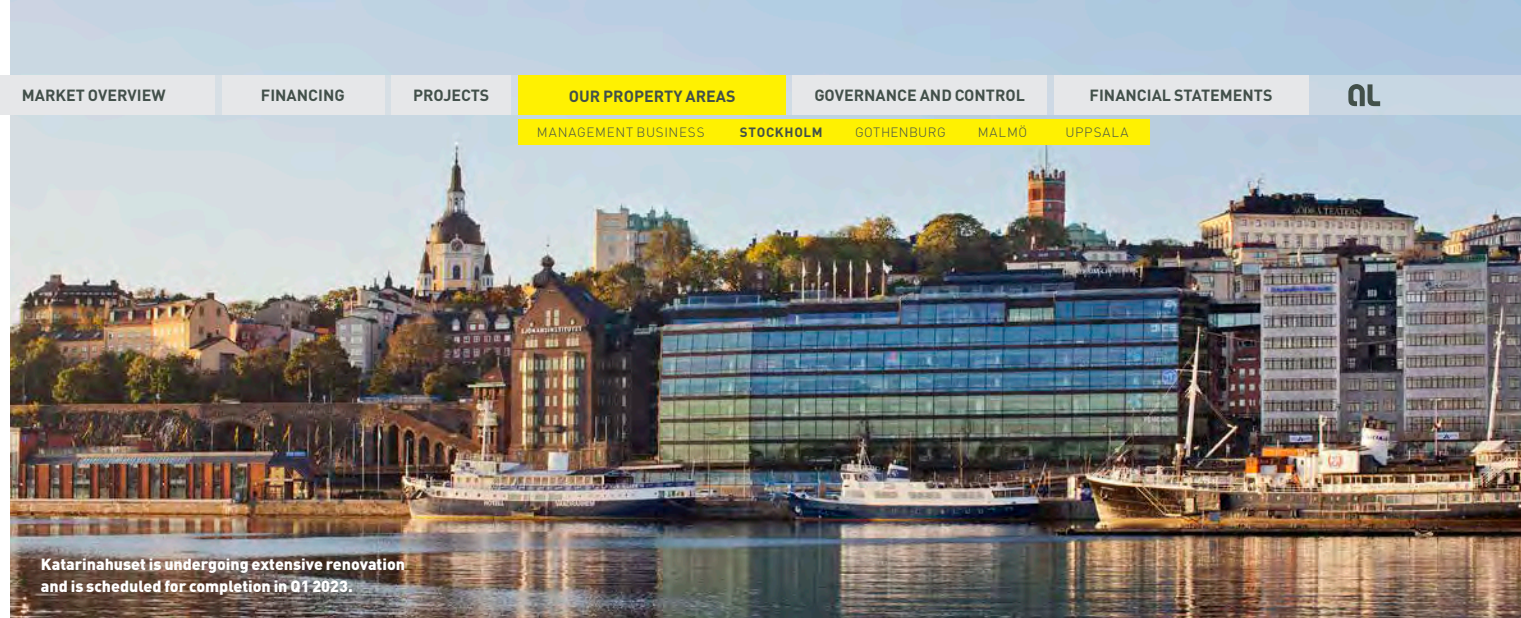
The proximity to Hammarbybacken, the nature reserve Nackareservatet and lake Sicklasjön is appreciated by many people who live and work in Sickla.



Modern offices with historic details.



ATRIUM LJUNGBERG



Katarinahuset is undergoing extensive renovation and is scheduled for completion in Q1 2023.

SLUSSEN – SÖDERMALM'S COMMERCIAL HEART

Stockholm's major construction project, Nya Slussen, is in full swing and will continue to affect the area until 2025. Slussen will be an attractive meeting place with new squares, thoroughfares and the first park in the area. Public transport, pedestrians and cyclists will be given more space, while the areas for road traffic will be reduced and adjusted to accommodate current traffic flows. In the autumn an important milestone was passed when 'Guldbron' (the Golden Bridge) was opened to traffic.

Our three properties in Slussen create a clear front on the Stadsgårdskajen quayside. Glashuset is one of Stockholm's best-known buildings and is surrounded by Katarinahuset and Sjömansinstitutet. All three properties are now used as office premises, with views across the most central parts of Stockholm. Tenants include, for example, Convendum, HiQ, TT and Tengbomgruppen. During the year a new lease contract in Glashuset was signed with Byggnadstekniska Byrån for approximately 1,700 m².

UPGRADING KATARINAHUSET

During the year extensive renovation work was started in Katarinahuset. We are developing modern offices that have been well thought out with historic details. Katarinahuset will be home to a hotel and several restaurants as well. We are also planning a small extension and we are going to make the roof terraces accessible to the public, with access from both Katarinahissen and Mosebacke. In May a lease contract was signed with Eriks Restauranger, which will open two restaurants in the building, with a brand new version of the classic

Gondolen returning in August 2022. The entire renovation is scheduled to be completed by the summer of 2023.

DEAL WITH THE CITY OF STOCKHOLM PAVES THE WAY FOR THE NOBEL CENTRE

In February 2020 it was announced that we had come to an agreement with the City of Stockholm to return the land allocation Hamnmästaren in front of Glashuset. This will allow the new Nobel Centre to be built on the site. In the agreement we received land allocations as compensation in Hagastaden and Slakthusområdet, as well as two land allocations in Slussen. One is for approximately 4,500 m² GFA for a hotel, which is planned to be constructed above the underground entrance at Södermalmstorg. The second is for the new retail hub measuring 8,000 m² NRA, which links the underground with the new bus terminal and Saltsjöbanan Line.

The retail hub borders on the future Mälarterrassen, a meeting place for food and culture, which we received a land allocation for in 2018. All of this, along with a development right for 7,500 m² GFA in front of Katarinahuset, will make us one of the largest property owners in Slussen. This means that we can actively contribute to the development and attractiveness of the location for many years to come.

HAGASTADEN – ONE OF SWEDEN'S MOST INTERESTING DEVELOPMENT AREAS

By 2030, a new city district will have emerged that links Stockholm with Solna and creates one of the world's leading life science clusters. Atrium Ljungberg is one of the largest property owners in Hagastaden and has had a presence there for almost 25 years. By managing our existing properties, new major projects and land allocations, we will be involved in the development of the area and its future vision.

When it is complete, Hagastaden will have almost 50,000 workplaces. This area will mix enterprise and research with residentials, meeting places, restaurants and service. Together they will create a vibrant city district with an exciting contrast between historic environments and future architecture. The entire Norra Stationsgatan is being developed into a vibrant thoroughfare focusing on food and cultural experiences and a quality service offering.

The good accessibility that already exists in the area will be further enhanced when a new underground station opens in this city district. The underground is being extended with a new line (Yellow Line) from Odenplan to Arenastaden. Three new stations will be created along this line, connecting Vasastaden with Solna: Hagastaden, Södra Hagalund and Arenastaden. According to information from the Stockholm Regional Council, the underground line is scheduled for completion in 2028.

In Hagastaden we own and manage approximately 53,000 m² of characteristic industrial properties, such as the former Apotekarnes Mineralvattenfabrik, Glashuset and PV-palatset. All of the properties have been converted and extended to accommodate offices, while preserving the industrial character and providing efficient spaces.

This city district is one of Sweden's most interesting areas and has enormous potential. A number of major development projects are underway, including our own Life City, which is being completed right now. This building comprises 27,500 m² letting area and will be a new centre for commercial development and services linked to healthcare, research and life sciences and a meeting place for businesses, academia and society. Life City will be a spectacular building in one of Sweden's most visual locations, directly above the E4.

We have also had a land allocation in Östra Hagastaden since 2018, a district that will become the northern port of the city. This new area will erase the wall previously created by the railway lines and motorway between Hagastaden, Solna and Brunnsviken. We are working with several other companies and organisations to create a safe and sustainable city district that will be bursting with life for a large part of the day and week.

Finally, we have also reached an agreement with the City of Stockholm in which have returned a land allocation in Slussen. As compensation we have received an additional three land allocations where we are planning to build urban districts with offices, hotels and residentials with ground floors that are bursting with life.

AW GROUP'S NEW OFFICES WILL ADD VALUE, INSPIRE, ENERGISE AND CREATE EXPERIENCES

A FEW WORDS WITH...

Every year Academic Work produces a report called the Young Professional Attraction Index, which investigates what the workforce of tomorrow thinks is important when choosing an employer.

"Friendly colleagues and a good social work environment remain the most important factors for young professionals when choosing an employer – and are thought to have become even more important with the insecurity and uncertainty that many people have experienced as a result of the pandemic," says Johan Skarborg, CEO of AW Group.

At the beginning of 2022 AW Group will move into 17,000 m² in Life City, bringing together several operations under one roof.



"One of the overall goals of this project is to contribute to our ambition to be the best place to work. By moving our operations to one location, we're hoping to be more attractive as an employer. We also want to strengthen engagement among our employees, improve collaboration between different parts of the organisation and increase productivity by having a workplace that is better designed for what we need. Our offices are the actual epicentre of our culture. This is where we meet, engage, perform and share energy."

Sustainability is not only something that is ranked highly by young professionals; AW Group also has clear and ambitious sustainability goals for its new office in Hagastaden.

"The overall goal is to be climate-positive and if we're going to achieve this, we need, for example, energy-efficient solutions and good material choices. Selecting a building that is certified in accordance with BREEAM Excellent gives us a strong foundation for this. For example, we calculate, that our move in Stockholm will reduce our energy consumption by more than 60 per cent. The new premises will also make it simpler and more convenient for our employees to commute here by bike."

The move in Stockholm will reduce our energy consumption by more than 60 per cent.

JOHAN SKARBORG
CEO, AW GROUP



KISTA — A CLUSTER FOR WORLD-LEADING TECHNOLOGY DEVELOPMENT

Kista is one of Atrium Ljungberg's oldest subsidiary markets. Back in the early 1990s we built a small-scale garden city called Ärvinge Trädgårdsstad with residential and offices. The residential were sold in 2019, while the office properties Kolding 3 and Kolding 4 remain, although they are more widely known as Kista Front.

The building comprises almost 40,000 m² with many tenants in service-tech, including Atea, Kone, Konica Minolta and Cargo Tech. During the year we updated our entrances to make them even more inviting. Kista Front is environmentally certified with BREEAM-in-Use with the rating Very Good.

In Kista we also own Kista + and Nod that are both close to the underground and the Kista shopping centre. Kista + is a modern and environmentally-certified office property and comprises more than 12,000 m² with IBM as the largest tenant.

The Nod district comprises more than 30,000 m² and is environmentally certified. It brings together small and medium-sized ICT companies, universities and colleges, start-ups and organisations, including Fujitsu Sweden, KTH

Royal Institute of Technology and Stockholm University. In Nod we have created natural meeting places and flexible office solutions, where people and companies come together and develop together.

We are one of many property owners that are involved in Kista's development as an ICT cluster and as Sweden's most innovative city district, including Kista Science City. During the year we supported various initiatives, including the 'Being Unthinkable' project in collaboration with IBM and the students at KTH where art joins with AI technology.

In a few years the accessibility of Kista will increase as an extension of the cross-town light rail link (Tvärbanan) is being built from Bromma via Ursvik.



Kista Front is close to the E18 and E4 motorways and is home to many service-tech companies.

ATRIMUM LJUNGBERG



Modern offices in Marabou's old chocolate factory.

SUNDBYBERG — ONE OF THE MOST RAPIDLY GROWING MUNICIPALITIES IN SWEDEN

In Sundbyberg we own the property Eken 6, better known as Chokladfabriken ('Chocolate Factory'). In the summer of 2020 we acquired Eken 14, Marabou's old head office, which is right next to Marabouparken with its popular art gallery. The properties are only a few hundred metres from the square Sundbybergs Torg. Both properties comprise a total of 36,000 m², most of which is used for offices.

Chokladfabriken has its industrial roots from the early 1900s and has been transformed into modern offices with high ceilings and light flooding in. During the year we rebuilt the ground floor level, which now includes a new conference department. We have also certified the property with BREEAM-In-Use with the rating Very Good.

The most recent addition is Eken 14, which has great potential through its existing buildings and additional development rights. Along with Chokladfabriken we are creating a cohesive area, with an ambition is to make Marabouparken more accessible than it is today.

In 2018 the Municipal Executive Board of Sundbyberg approved the planning programme for Sundbyberg's new city centre. This means, for example, that the tracks currently dividing

the area will be covered over, bringing the two halves of the city together. There will be space for 1,500 apartments, offices and service. A one-kilometre walkway will be created from Sundbybergs Torg, going as far as both our properties and Marabouparken.



The production of chocolate stopped in Sundbyberg in the 1970s.



Fatburstrappan next to Söderhallarna.

MEDBORGARPLATSEN – THE HEART OF SÖDERMALM

The old working district of Södermalm has now been modernised, but the essential heart and soul remain in the culture at Söder, with Medborgarplatsen at the heart of the island. The city district is a popular place to live, but also attractive for offices, especially for creative industries and the public sector.

In Medborgarplatsen we own Söderhallarna, a building that was opened in 1992. Since then it has become home to offices, services and retail, mostly focusing on food. Its central location in Medborgarplatsen makes Söderhallarna a popular retail hub and a much appreciated local meeting place for people living in Södermalm and other Stockholm residents.

The buildings also contain a high number of workplaces, focusing on creative tech companies and games development.

In Söderhallarna there are many companies that work actively with sustainable food

production, including the restaurant and catering company Sopköket, which creates meals using 'rescued' ingredients, and the famous baker and chef Sébastien Boudet, who runs a bakery and restaurant in the food hall. During the year they expanded their operations, selling vegetables and loose grain, as well as mills for home bakers who want to grind their own flour.

In 2020 the range of food on offer was further expanded with new restaurants. For much of the year Söderhallarna offered free home delivery by bike, which was highly appreciated.

We are planning to upgrade and develop the

entire property to create a meeting place for food, focusing primarily on sustainability, cultural activities and creativity. The property will also house modern offices that will attract creative industries, which can benefit from offices in the heart of Sweden's largest gaming development cluster. By carrying out sympathetic reconstruction and extension work, we want to create strong links to the surrounding environment that will increase street life and provide greater security around Medborgarplatsen.

Next to Söderhallarna is the office property Fatburssjön 8, which comprises a total of 8,900 m². During the year a lease contract was signed with Nyréns Arkitektkontor, which moved into more than 1,000 m². Lease contracts were also signed with the streaming company Accedo, Help Försäkring and the VR gaming studio Fast Travel Games. During the year the property was also certified with BREEAM-In-Use Excellent.



Förbindelsehallen in Slakthusområdet.



Visualisation of Rökerigatan in Slakthusområdet.

SLAKTHUSOMRÅDET – STOCKHOLM'S NEW MEETING PLACE FOR FOOD, CULTURE AND EXPERIENCES

Over its 100-year history Slakthusområdet has shown a strong spirit of entrepreneurship. This is something we have embraced and are going to develop now that we are making our mark for the next 100 years. New types of workplaces and homes will emerge, coming together to form a unique and creative city district in Stockholm, which will proudly take its food heritage into the future.

On 31 January 1912 King Gustav V opened Stockholm's first public slaughterhouse ('slakthus') just south of Södermalm in Stockholm. This resulted in slaughter restrictions being introduced in the city, which meant that all slaughter operations had to be carried out at the slaughterhouse to control the problems of hygiene and the lack of supervision. This marked the start of 100 years of slaughtering livestock and food production in Slakthusområdet. Although it was on the very outskirts of the

city 100 years ago, it is now part of the modern centre of Stockholm. The city is growing rapidly and there is a great need to develop new locations where residents can live, work and spend time. The City of Stockholm has signed an agreement with Atrium Ljungberg to work together on developing large parts of the area.

Slakthusområdet has buildings from different decades, which jointly contribute to the cultural values and history of the area. Many of them will be preserved and remain when this

new area emerges. The other buildings have started to be demolished, partly to prepare for the new underground station which will have several entrances in Slakthusområdet.

UNIQUE URBAN DEVELOPMENT OPPORTUNITIES

Slakthusområdet is one of Stockholm's largest urban development projects. In 2019, Atrium Ljungberg took possession of 14 properties in Slakthusområdet, totalling more than 50,000 m² letting area. We also have an option to acquire an investment property of 32,000 m² letting area. In addition to this, we have the option to order land allocations of approximately 100,000 m² GFA. The acquisitions and land allocations that have been developed comprise a total of approximately 200,000 m² GFA for offices and residentials, alongside culture, retail/restaurants, hotels, education, etc. The total investment up to 2030, including acquisitions, amounts to around SEK 10 billion.

In the spring of 2020 we received a new land allocation in Norra Entréorget for a hotel or office measuring approximately 4,000 m² GFA. Before the summer we signed a letter of intent

with SISAB, Skolfastigheter in Stockholm AB, to build an upper-secondary school in the area. The new school is planned to comprise approximately 6,000 m² letting area and welcome around 800 pupils. The intention from all sides is for the school to open for the start of the school year in the autumn of 2025.

FOCUS IN 2020

In 2020 a lot of emphasis was placed on preparing for the start of major detailed development plans in the autumn in the northern and central parts of Slakthusområdet. This work is based on the preliminary study that had been carried out with the City of Stockholm, which aimed to create a high attraction value and provide opportunities for activities to continue 24 hours a day. The intention is to create a strong destination with offices and residentials and supplement this with food, culture and experiences. A brand new meeting place and an engine for the entire Söderort.

ESTABLISHMENTS AND ACTIVATIONS

During the year the cultural offering in Slakthusområdet was expanded. The concert and festival organiser FKP Scorpio, Teater Pero and the media platform TUKIO are some of the companies that have established themselves in this city district. During the year Stockholm Roast also opened a roastery, coffee bar, store and showroom next to the old Slakthushallen. In the spring of 2021 the creative talent initiative Juice Studios will open an academy that identifies and encourages the creative talents of young people and young adults and their creativity in different artforms. The project is a unique collaboration between business, public administration and the non-profit sector, and financial backers include Stockholm County Council's Culture Administration and Hugo Stenbecks Stiftelse (Hugo Stenbecks Foundation).

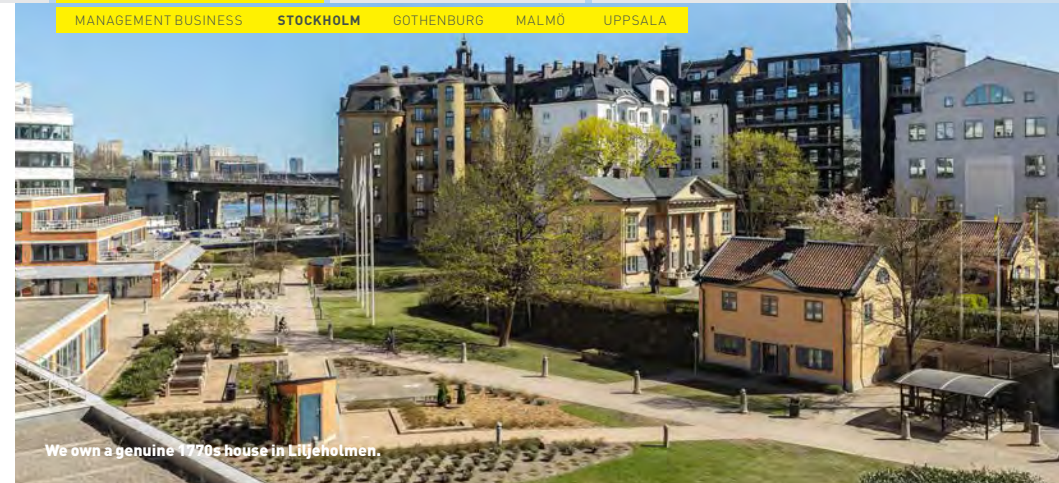
In June the international phenomenon 'United We Stream' was held from eight locations in Stockholm; this was an initiative to collect money for the creative industry workers who have been hit by the Covid-19 pandemic. One of the locations during the 24-hour festival was Förbindelsehallen in Slakthusområdet.

A VIBRANT CITY DISTRICT 24/7

Our vision is for Slakthusområdet to become Stockholm's new meeting place for food, culture and experiences. We are planning to create a high number of workplaces here that focus on tech, design and innovation. Slakthusområdet's historic connection to food and culinary crafts will remain a feature of the location with a wide range of restaurant concepts. This area will also be filled with culture, art and nightlife, with Förbindelsehallen as its cultural heart. We are also planning to build around 500 apartments here. As well as the traditional residential options, such as rental dwellings, tenant-owned dwellings and hotels, we are looking at options to build new kinds of homes, such as co-living and long stay.



Our vision is for Slakthusområdet to become Stockholm's new meeting place for food, culture and experiences.



We own a genuine 1770s house in Liljeholmen.

LILJEHOLMEN — AN EXTENSION OF SÖDERMÄLM

Back in the 1700s this area close to the city was home to various industries. As Stockholm's inner city started to expand southwards, Liljeholmen started to develop on a large scale. It is now a diverse city district that is an important hub for public transport in Stockholm.

Its great location will be further enhanced when a new underground line is built between Älvsjö and Fridhemsplan via Liljeholmen. The City of Stockholm has plans to further develop and densify the area with attractive residential and services to strengthen its link with the inner city. Liljeholmen will be connected to Södermalm by buildings along the street Södertäljevägen. There are plans to make this into a major city street. The comprehensive plan for the City of Stockholm states that the city wants to use the good opportunities in Liljeholmen to create more workplaces in Söderort. Atrium Ljungberg wants to play an active role in the ongoing development of this area.

Atrium Ljungberg owns the Stora Katrineberg 16 office property with three buildings, totalling approximately 42,000 m² letting area. This property is by Liljeholmshamnen and close to the shopping centre Liljeholmstorget, the underground and Marievik's office area. The

property is almost fully let with many famous tenants, including H&M, Bankgirot, Valmet, George Ficher and Egencia.

In recent years there has been a lot of focus on upgrading the property with new sustainable solutions. Work has included replacing the ventilation systems and lighting, installing solar panels and putting beehives on the roof. Along with Boulebar, we have also transformed an old printworks into a popular meeting place for boules, food and drink across two floors. We are looking at the option of developing the property even further to include modern offices and restaurants and cafes on the ground floor.

In Liljeholmen, we also own a cultural treasure in the heart of the urban environment. A genuine 1770s house, which was originally a summerhouse where King Karl XIV Johan used to go to freshen up on his travels. The property is currently being used by an accounting firm.

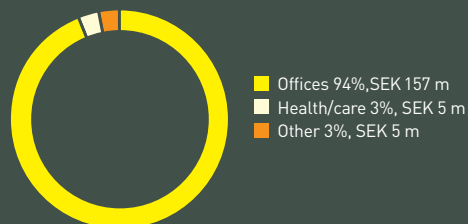
GOTHENBURG

Lindholmen has been transformed from an old shipbuilding area to the most knowledge-intensive and expansive area in Gothenburg. It has become an important hub for this growing city.

The area attracts both national and international companies, students and researchers. Companies such as Volvo, Geely, Ericsson, News and Cevt are based here, along with research and education at Chalmers University of Technology and Lindholmen Science Park. Just like at our other locations, we want to be involved in developing sustainable urban environments with the municipality, tenants and partners. We are working together to create a competence cluster for media, vehicle development, innovation and IT. This is a place where art meets science and theory meets practice.

Approximately 25,000 people currently work in Lindholmen. We are collaborating with the City of Gothenburg and other property owners to create an inclusive, dynamic and sustainable city around the river Göta älv, and there are plans to enable Lindholmen to grow to offer almost 30,000 jobs. Plans are also underway to build residentials in the area to promote a 24/7 city.

Types of premises in Lindholmen, rental value, SEK 167 m

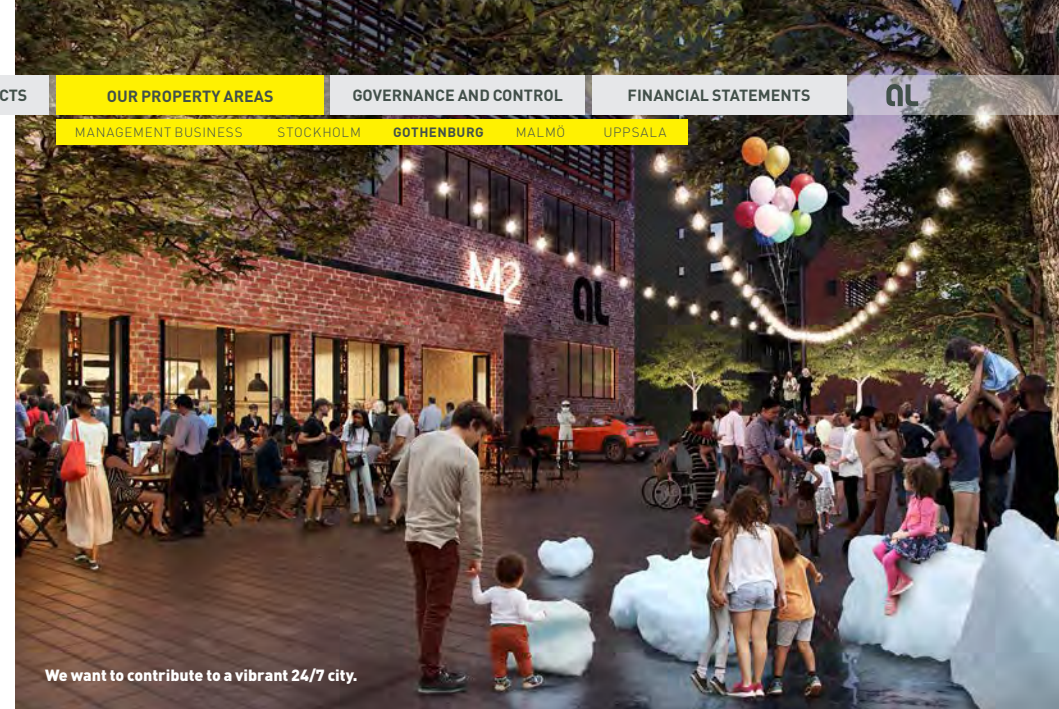


LINDHOLMEN – FROM A SHIPBUILDING AREA TO A KNOWLEDGE-INTENSIVE INDUSTRY

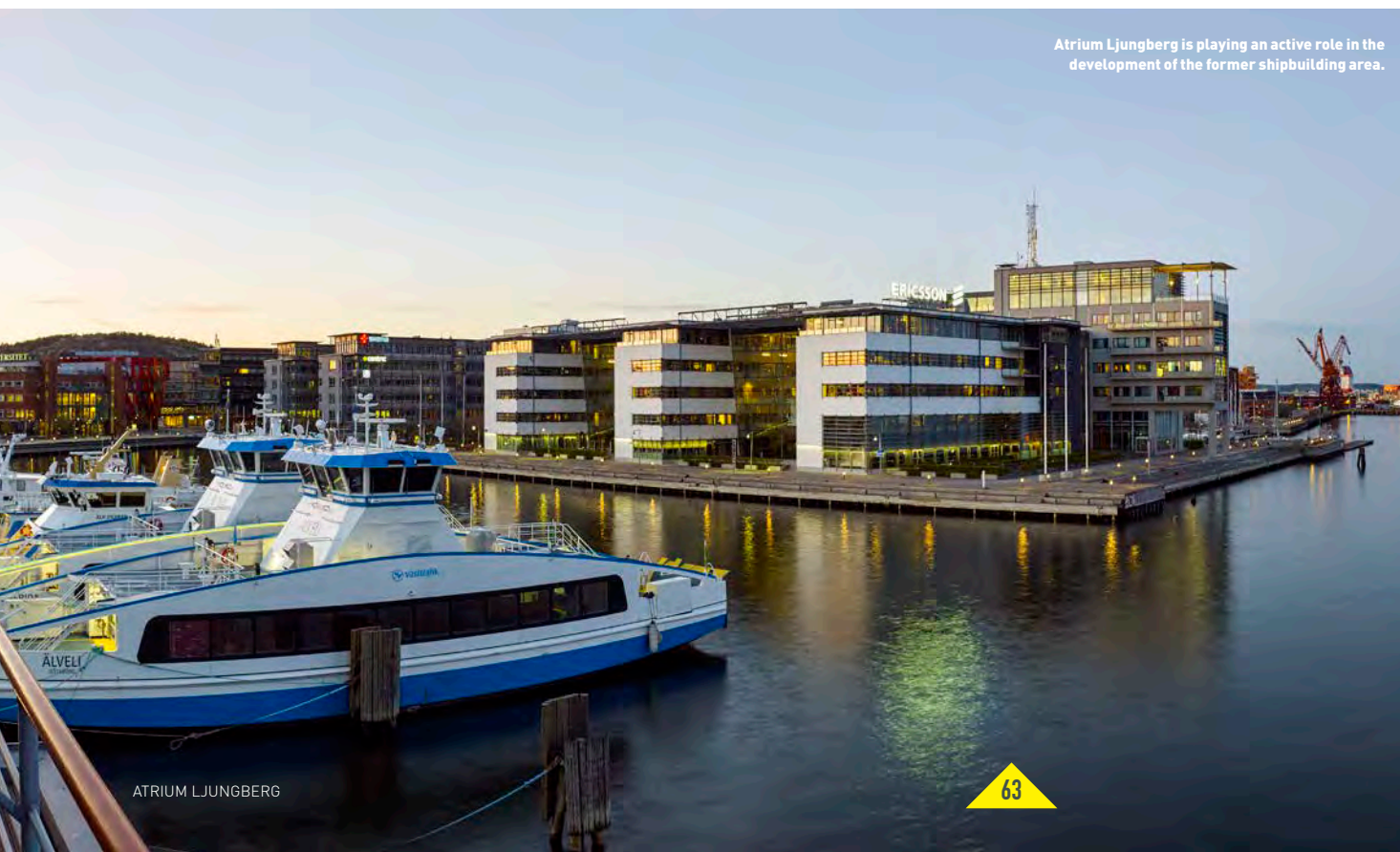
Atrium Ljungberg owns three properties in Lindholmen totalling 73,000 m² letting area. Features from the historic shipbuilding era have been used and celebrated in these modernised and flexible premises.

Our tenants mostly operate in the technology and energy sectors, and include Cevt, Ericsson and AKQA. Our property portfolio in Lindholmen makes us a major player, and we are actively involved in the development of the city. Atrium Ljungberg has had a presence in

Gothenburg since 2015, when we acquired our first properties: Tornen, M2 and Citadellet. In 2017 we also acquired the property Lindholmen 30:1, with Ericsson as a tenant.

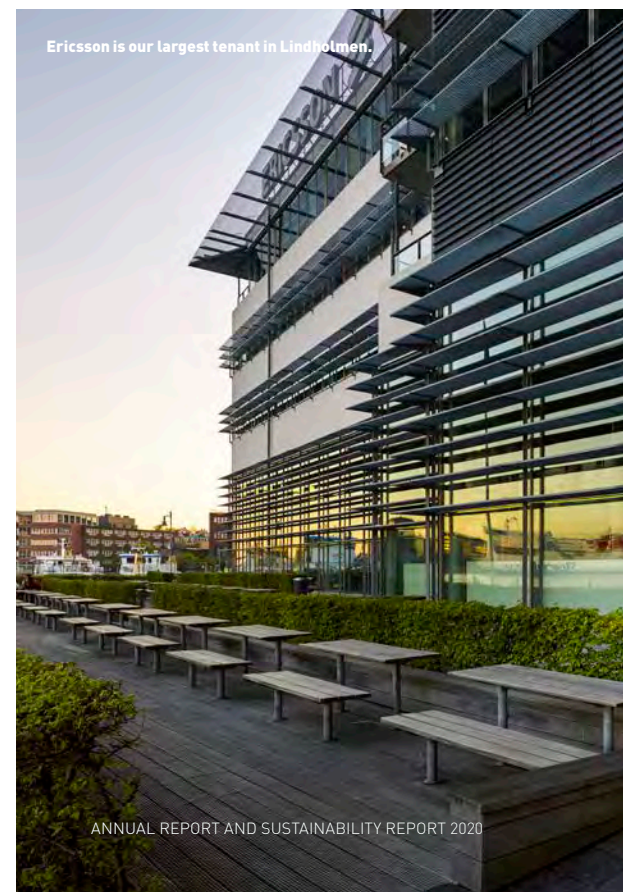


We want to contribute to a vibrant 24/7 city.



Atrium Ljungberg is playing an active role in the development of the former shipbuilding area.

ATRIUM LJUNGBERG



Ericsson is our largest tenant in Lindholmen.

MALMÖ

Malmö is in a strategic location in the Öresund region; a growth area and a city with history and soul. The region is one of the largest labour markets in the Nordic region, with no fewer than 3.8 million inhabitants.

A major development project has been underway in Mobilia for a number of years, which includes residentials, as well as culture, healthcare and retail. We are also involved in the development of Möllervången, one of Malmö's most exciting cultural meeting places and a natural hub in the city.

Malmö is Sweden's third largest city with 334,000 inhabitants. By 2025 the City of Malmö is expected to have 375,000 inhabitants, with 1.5 million people living in the county. We believe in Malmö and aim to continue to grow here, and help to develop the city.

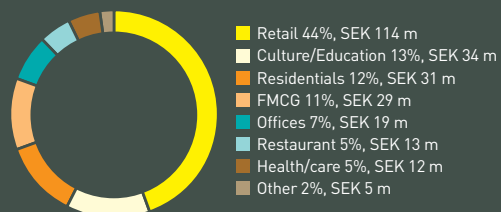
Rental value, SEK m



Total letting area, '000 m²



Types of premises in Malmö, rental value



MOBILIA – FROM A SHOPPING CENTRE TO A NEW CITY DISTRICT

Mobilia has its origins in the old textile factory and is a real architectural gem. In 1899 Manufakturaktiebolaget moved into its new textile factory here and was one of the largest employers in Malmö at that time. Although production stopped in the 1960s, we can still see traces of the industrial heritage in Mobilia.

We have come a long way in our work to transform the former textile factory from a shopping centre into a vibrant city district. We have highlighted the unique character of the buildings, combining it with modern architecture and sustainable materials. This is where old meets new, giving Mobilia a real soul and a unique character of its own.

TORGHUSET IS COMPLETE

During the year we completed the Torghuset project, comprising an extension of approximately 13,000 m² letting area for residentials, retail, restaurants and culture. The new Torghuset makes the links between Mobilia's different sections clearer, and we are going to further develop the square at the heart of the district to create an even more vibrant and attractive urban environment. In the spring the 74 new rental apartments were completed and taken into possession. In the autumn Nordisk Film opened its ultra-modern cinema with five screens. Several new stores and restaurants have opened as well.

FUNNYS ÄVENTYR – A UNIQUE CULTURAL BUILDING FOR CHILDREN

During the year Funnys Äventyr opened, a cultural building for children, focusing on playing, reading and learning. Staffan Götestam is behind the initiative; he is a playwright and director, and one of the founders of Junibacken in Stockholm. As well as increasing the cultural offering to

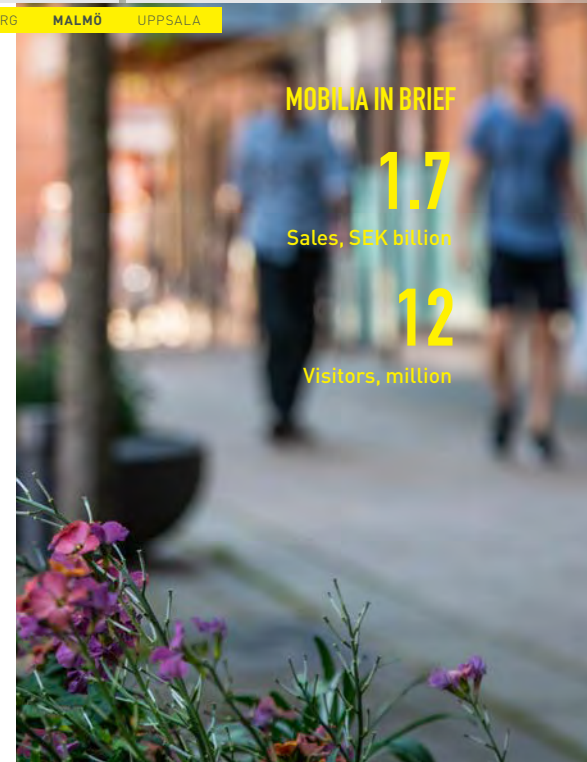
children in the Öresund region, this investment aims to combat the problem of a drop in literacy among children and young people. Although there is plenty of room for physical play, it is based on the world of children's literature. The three-dimensional and interactive environment stimulates children to approach the books that are depicted in the designs.

SWEDEN'S LARGEST LIVING WALL

A vertical garden measuring an impressive 270 m² has been installed above the entrance to the children's cultural building Funnys Äventyr. As well as being Sweden's largest living wall, it is also a feature that keeps on changing. The appearance of the wall varies between the morning and evening, on cold and sunny days, and with the changes of the seasons. Inspiration has been taken from the landscape around Malmö. There are 150 fields, with different designs and nuances to symbolise fields in Skåne.



Old architecture meets new in Mobilia.



MOBILIA IN BRIEF

1.7
Sales, SEK billion

12
Visitors, million



In the autumn of 2020 the children's cultural building Funnys Äventyr opened in Mobilia.

MÖLLEVÅNGEN — DYNAMIC MEETING PLACE IN THE HEART OF MALMÖ

Möllevången is a city district in the centre of Malmö, centred around Möllevångstorget, an exciting former factory site that has undergone a transformation over the last decade. 'Möllan' is now a dynamic meeting place, famous for its many bars, exciting stores and lively markets. There is a broad mix of people, companies, food and culture here.

In Möllevången we own the office properties Dimman 11 and Malmen 12. Dimman 11 contains cultural and educational activities, as well as a restaurant and cinema. It also has offices, with one major tenant being the City

of Malmö, which keeps Malmö's city archives here. Malmen 12 is a small office and health-care property that is close to Dimman 11. The largest tenants are the City of Malmö and Region Skåne.

Möllevången is a dynamic city district, famous for its many bars, exciting stores and lively markets.

ATRIUM LJUNGBERG



The largest tenants in Malmen 12 are the City of Malmö and Region Skåne.

UPPSALA

Uppsala is Sweden's fourth biggest city and the population in the municipality is growing by more than 5,000 people per year. Uppsala is one of our most important subsidiary markets and currently accounts for 15 per cent of the company's contracted annual rent. We are focusing our operations on the City of Uppsala and Gränbystaden, which we are transforming into Uppsala's second city centre.

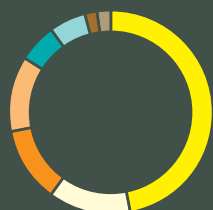
Rental value, SEK m



Total letting area, '000 m²



Types of premises in Uppsala, rental value



■ Retail 47%, SEK 172 m
■ Restaurant 13%, SEK 47 m
■ Offices 12%, SEK 43 m
■ FMCG 12%, SEK 42 m
■ Health/care 6%, SEK 23 m
■ Residentials 6%, SEK 23 m
■ Culture/Education 2%, SEK 5 m
■ Other 2%, SEK 7 m

GRÄNBYSTADEN — DEVELOPING UPPSALA'S SECOND CITY CENTRE

Gränbystaden and the neighbouring areas represent one of the most expansive districts of Uppsala and they are expected to be completely integrated with the city centre within a few years. Many different projects have been underway for a number of years, primarily residential, but also the development of office properties, sports facilities and healthcare.

Gränbystaden is our biggest urban development project in Uppsala, and our vision is to create what we call Uppsala's second city centre; a vibrant district that complements the City of Uppsala. We have developed office workspaces, residential and cultural facilities in Gränbystaden over the past few years, as well as more retail and experiences. Uppsala is one of the oldest cities in the country and has been a centre of learning and culture for centuries. A new Uppsala is now emerging with a strong focus on business. The population growth here is one of the highest in Sweden. It is estimated that Uppsala will have 140,000 new inhabitants and 70,000 new jobs by 2050. The four-track train system between Uppsala and Stockholm will be completed in around 2035, and the city's close proximity to Stockholm and Arlanda will make it an attractive place for new companies to set up offices. Atrium Ljungberg wants to be involved in leading this development.

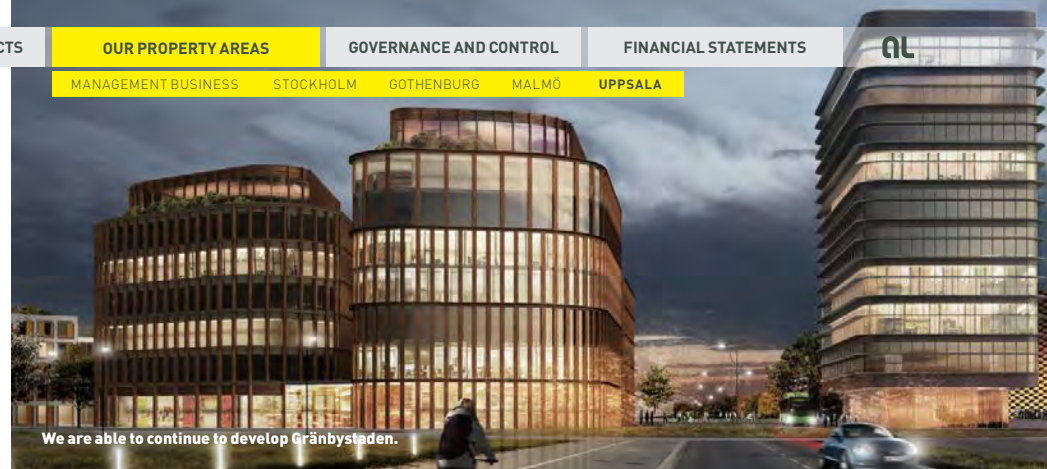
A SUSTAINABLE CITY DISTRICT IS EMERGING AND DEVELOPING

In recent years, we have carried out a number of major development projects in Gränbystaden in order to create a cityscape with a mix of retail, offices, residential, service and culture. By having a mix of activities we create a safe place that has life and movement 24 hours a day. We have already added approximately 11,000 m² for retail, restaurants, culture and

entertainment by extending the southern part of the shopping centre. Three apartment blocks housing around 200 rental apartments and office spaces have been built. We have also built a new garage under the residential properties with 275 parking spaces in order to free up space on the ground floor that had previously been used for car parking.

For Atrium Ljungberg life between the buildings is just as important as the properties themselves. We own and manage our areas ourselves and are committed to creating places where people want to live and spend time. In Gränbystaden we worked on many different sustainability initiatives during the year, including 'Skräputmaningen' (the trash challenge), 'Städa Sverige' (clean Sweden) and the integration project 'Tillsammans' (together). We are also focusing on providing spaces for children, for example, by opening Sara-Stinas Torg that has a new playground based on Carl von Linné theme.

We are continuing to create urban qualities and develop Gränbystaden through several new builds and extensions. At the moment 250 new apartments are being built. The first 44 apartments are rental dwellings and will be ready for occupancy at the beginning of 2021. These residential blocks, which are called Parkhusen, are right next to Gränbyparken, a large green space that is also home to a 4H farm (Young Farmer's and 4H Clubs).

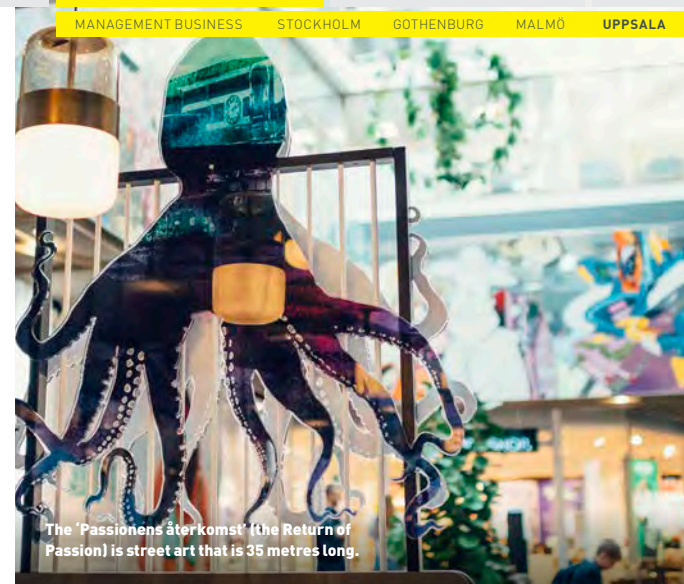


In May 2019, we obtained a new land allocation with a development right for a potential 45,000 m² GFA south of Gränbystaden Galleria. We want to develop a brand new office cluster here. Detailed development planning is underway and is expected to be complete in 2021. As

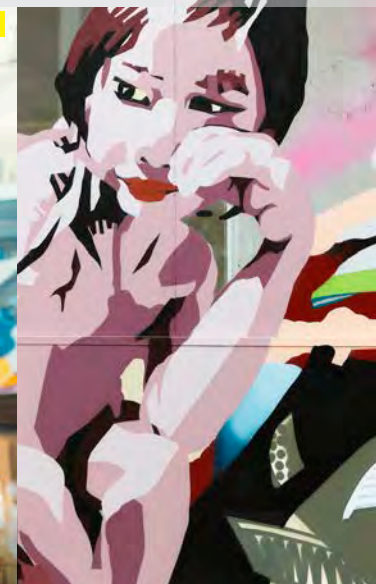
a result of the opportunity to acquire the land, we can continue full steam ahead to develop Gränbystaden towards our vision of creating Uppsala's second city centre.



Forumkvarteret is home to several popular restaurants.



The 'Passionens återkomst' (The Return of Passion) is street art that is 35 metres long.



UPPSALA CITY — FORUMKVARTERET, A CITY IN THE CITY

In the City of Uppsala we own, manage and develop Forumkvarteret, which has been a key part of Uppsala's city centre since 1953. In recent years the area has seen extensive rebuilding work and has developed into an urban inner city district that now includes attractive offices, stores on the ground floors, a strong range of restaurants, and residential. The final floor was completed in 2020, with tenants such as Academic Work and Tengbom Arkitekter moving into rebuilt, modern premises.



Urban inner-city district and a meeting place in the heart of the city.

Directors' report

The Board of Directors and the CEO of Atrium Ljungberg AB (publ.), corporate ID no. 556175-7047, hereby submit the annual accounts and the consolidated accounts for the 2020 financial year. The figures shown in parentheses refer to the preceding financial year. The legal annual accounts including the directors' report have been reviewed, with the exception of the corporate governance report and the statement from the Chairman of the Board. A limited assurance review has been performed on the Sustainability Report.

OPERATIONS

Atrium Ljungberg is one of Sweden's biggest listed property companies. The company develops attractive urban environments for offices, retail and residential in strong subsidiary markets. The business is conducted with a long-term ownership perspective. Atrium Ljungberg generates growth in value by developing and upgrading new and existing properties and development rights and by conducting active and customer-oriented property management. The company leads and manages the entire business process with its employees, which provides knowledge and understanding of the entirety and generates added value for the customer. The company's development projects generate a long-term return.

FINANCIAL GOALS

According to the financial goals applicable from 2019, the annual return on equity must exceed 10 per cent over time. A minimum of SEK 2 billion will be invested in the Group's own development projects per annum and will yield a return of at least 20 per cent for new builds and extension projects. Return on equity for 2020 amounted to 3.8 per cent

(12.9%). Investments during the year in Atrium Ljungberg's held properties amounted to SEK 2,513 million (SEK 1,810 m). The financial goals for the Group also state that the gearing ratio shall be a maximum of 45 per cent and that the interest coverage ratio multiple shall be a minimum of 2.0. At the 2020 year-end, the gearing ratio was 39.9 per cent (41.7%) and the interest coverage ratio multiple was 4.6 (4.4).

DIVIDEND

The dividend will correspond to a minimum of 50 per cent of the profit before changes in value after nominal tax, unless investments or the company's financial position in general motivates a deviation from this norm. A dividend of SEK 5.05 per share (SEK 5.00/share) is proposed for the financial year, which corresponds to SEK 73.0 per cent of the distributable profit (SEK 66.9/share) and a dividend yield of 2.9 per cent (2.2%).

MARKET

The financial market

The Covid-19 pandemic dominated the spring, causing a sharp fall in Sweden's GDP. The economy saw a recovery in the third quarter,

following a fall in the spread of infection. However, this recovery slowed down in the final three months, when the second wave of the infection swept across Sweden and the rest of Europe. According to a report from Statistics Sweden, Sweden's economy grew by 0.5 per cent in the final quarter of 2020, while GDP for the full year of 2020 is assessed to have fallen by 2.8 per cent. The financial markets suffered liquidity problems at the end of the first quarter of 2020 and during the whole of the second quarter. This made it difficult, for example, for companies to finance themselves through the capital market. There was a recovery in the autumn as a result of substantial stimulus packages and the Central Bank buying bonds to support the economy, although December was slightly weaker. This resulted in pricing at levels from before the pandemic. The variable rate, 3M Stibor, amounted to -0.05 per cent compared with 0.15 per cent at the beginning of the year. At the end of the year, the 10-year swap rate amounted to 0.39 per cent compared with 0.67 per cent at the beginning of the year.

GOVERNANCE AND CONTROL

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SEK 36 billion

Investments in potential projects

39.9%

Gearing ratio

The property market

Despite a global pandemic that has had a negative impact on both the economy and society, the property market showed great resistance in 2020. Properties totalling value of approximately SEK 209 billion were sold, which is the second highest figure ever recorded. Compared with the record year of 2019, the transaction volume for the year fell by 5 per cent.

The transaction market

The transaction market in 2020 was dominated by portfolio transactions, which comprised 60 per cent of the total transaction volume. The average transaction volume amounted to SEK 337 million, which is 21 per cent higher than the average for the past 5 years.

Office market

The office segment faced uncertainty about how the workplaces of the future would develop as a result of the Covid-19 pandemic. So far the market indicates that rental levels have withstood the effects of the pandemic relatively well, while the transaction volume in this segment accounted for a large proportion of the total volume for 2020.

Retail market

The retail sector grew by 3.7 per cent during

the pandemic year of 2020, which means that the sector has seen positive growth every year since 1997. Both the FMCG sector and consumer durables reported positive growth of 3.2 per cent. What characterises 2020 is the major differences between the various subsidiary sectors in retail. Home electronics and DIY performed strongly during the pandemic, while clothes retail in particular reported lower demand. Sectors that reported strong positive growth were the ones associated with people spending more time at home, including electronic equipment, as well as renovations and improving their outdoor spaces. The sectors that saw the biggest drops were conversely those that require a high degree of social presence. Purchases for clothes, shoes and opticians saw a significant decline. The companies that saw the biggest success were those with online sales. According to PostNord, growth in online sales ended as high as 33 per cent for the full year of 2020.

Residential market

In 2020 the prices of tenant-owned dwellings increased in all of Atrium Ljungberg's markets. Key factors such as population growth, urbanisation, economic growth and low interest rates are creating a high level of demand for residential. After a strong start in

the first few months of the year, the pandemic created a lot of anxiety on the market, resulting in a negative price trend. However, the market recovered during the summer and autumn to record levels. For the year as a whole the prices of tenant-owned dwellings increased by 7 per cent and houses by 13 per cent. During the year 120,000 tenant-owned dwellings were sold, 8,000 more than in the previous year. The total sales value for residential on the succession market was 14 per cent higher than in the previous year.

Demand for rental dwellings on Atrium Ljungberg's subsidiary markets remains stable. The waiting times for mediated new apartments are showing continued demand.

PROPERTY MANAGEMENT

Net letting

Net letting, i.e. newly signed contracted annual rents with deductions for annual rents lost due to terminated contracts, amounted to SEK -16 million (SEK -82 m) for the period, of which SEK 27 million (SEK -46 m) refers to project properties. The time lag between net letting and its effect on profit is assessed to be 3-12 months.

Rental income and letting rate

As of 1 January 2021 the contracted annual rent amounted to SEK 2,266 million (SEK 2,578 m). The reduction was mostly due to the sale of Farsta Centrum. The economic letting rate including project properties was 91 per cent (93%), and excluding project properties, 91 per cent (94%). The EPRA vacancy rate was therefore 9 per cent (6%). Less than one per cent of the of the total contracted annual rent is from tenants that have either gone bankrupt or are being restructured. The average remaining term for contracted rent excluding residential and parking was 3.5 years (3.4 years) as of 1 January 2021.

Profit and financial position

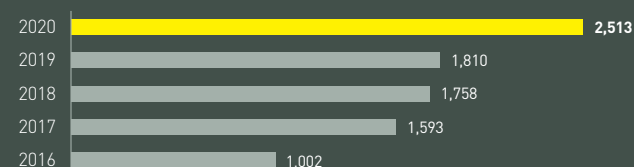
Comments on the profit for the year and financial position, including the quantified effects of the Covid-19 pandemic, can be found on pages 94-112.

PROJECT PROPERTIES

Investments in held properties amounted to SEK 2,513 million (SEK 1,810 m), of which SEK 1,638 million (SEK 1,085 m) was in project properties and SEK 305 million (SEK 106 m) in development properties. Investments in project properties relate primarily to projects in Sickla,

Investments, SEK m

- The investment goal was exceeded in 2020



Rental income, SEK m

- Lower revenue after the sale of Farsta Centrum



Mobilia, Barkarbystaden and Hagastaden. The other investments relate mostly to adaptations for tenants in properties in Kista, Sickla and Malmö. All of our decided projects are progressing according to plan and none of them have been affected to any significant extent by the current Covid-19 pandemic.

This year saw the completion of the Entréhus 3 project in Gränbystaden in Uppsala, comprising 66 rental apartments, offices and commercial premises. Forumkvarteret in central Uppsala was also completed, as well as Torghuset in Mobilia in Malmö. At the end of 2020 the healthcare building Curanten was opened in Sickla.

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

POTENTIAL DEVELOPMENT PROJECTS

Atrium Ljungberg's current project portfolio with new builds and property development projects enables future investments of approximately SEK 38 billion. In terms of area, 53 per cent of the future investments comprises offices and 36 per cent residentials, while the remaining 11 per cent is retail/service, education, culture and other. The project portfolio is divided among the majority of the company's areas with Sickla, Slakthusområdet, Hagastaden, Gränbystaden and Slussen accounting for approximately 90 per cent of the investment volume. Most of the company's projects from the entire project portfolio are located by existing or future underground stations in the Stockholm area. The rate at which Atrium Ljungberg can complete the projects depends on the market situation and the detailed development plan process. No projects are normally started until the company has secured a minimum level of return in the form of signed lease contracts.

Properties acquired and taken into possession

Property	Area	Category	Letting area, m ²	Possession	Acquisition value, SEK m
Eken 14	Sundbyberg	Offices	8,205	Jun 2020	295
Kvarngärdet 33:2	Uppsala	Offices	2,504	Dec 2020	149

Sold properties

Property	Area	Category	Letting area, m ²	Date vacated	Underlying property value, SEK m
Storö 2, Storö 15, Storö 21, Storö 23 and Storö 24	Farsta Centrum	Retail/Offices	115,207	Jun 2020	3,979

¹¹ Read more in the property list at www.al.se.

PROPERTY TRANSACTIONS

During the year the acquisition and possession of an office property took place in Sundbyberg, Eken 14, as well as an office property in Uppsala, Kvarngärdet 33:2. The property Kungsängen 22:2 was also acquired in Uppsala, with possession expected at the beginning of 2023. A total of five properties were vacated during the period in Farsta Centrum, four with leaseholds.

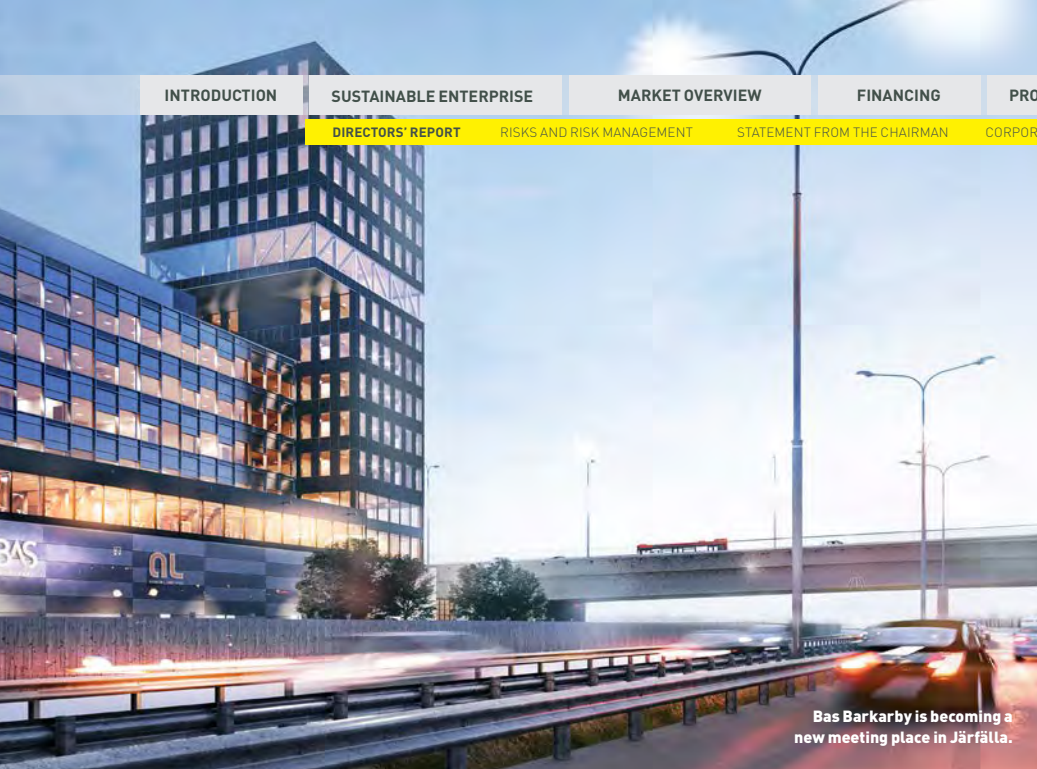
PROPERTY VALUES

Atrium Ljungberg commissioned an external valuation of 42 per cent of the market value of its property portfolio during the year. The valuations were carried out by Forum Fastighetsekonomi, Cushman & Wakefield, CBRE and Savills. The remainder of the property portfolio has been internally valued and the assumptions for market rents, costs, vacancies and yield requirements have all been quality assured by Forum Fastighetsekonomi. The market valuation is based on analyses of completed property transactions for properties of a similar standard and in a similar location, in order to assess the market's yield requirements. The valuation also entails cash flow calculations, with individual assessments of the earning capacity of each individual property. Assumed rental levels in conjunction with contract expirations correspond to assessed

long-term market rent levels. Operating costs have been assessed on the basis of the company's actual costs. Development rights have been valued based on an assessed market value per m² GFA for established development rights in accordance with an approved detailed development plan, or where the detailed development plan is expected to become legally binding in the near future.

Project properties are valued on the basis of completed projects, less remaining investments. A risk premium is added to the yield requirement on the basis of the current phase of the project.

The unrealised change in value for the period amount to SEK -119 million (SEK 2,283 m) for the period; SEK 61 million (SEK - m) during the period related to divested properties. This change in value for the period is due to the downward adjustment of the value of retail properties in the first quarter related to the Covid-19 pandemic. Positive changes in value for the office portfolio in quarters two to four partly compensated for the reduction in the value of retail properties. The value of Atrium Ljungberg's properties on 31 December 2020 was SEK 47,334 million (SEK 48,509 m), excluding right-of-use attributable to leaseholds, and the average dividend yield requirement was 4.4 per cent [4.5%].



Bas Barkarby is becoming a new meeting place in Järfälla.

ORGANISATION IN LINE WITH OUR VISION

The organisation within the company was expanded in 2020 to manage future growth. A number of key recruitments were made in the property and business development business areas, primarily to strengthen the letting organisation.

Atrium Ljungberg's organisation is designed to support the company's business model and the way the company creates sustainable city districts, with a focus on value growth, being close to Atrium Ljungberg's customers and short decision-making processes. Operations are divided into two branches: Project and Construction Activities and Property Management. Project and Construction Activities include Business Development, Projects and our subsidiary TL Bygg.

Atrium Ljungberg's properties and areas are managed locally by our own, on-site staff.

REMUNERATION FOR SENIOR EXECUTIVES

Amendments to the Swedish Companies Act Chapter 7 §§ 61–62, and Chapter 8 §§ 51–53b (1 July 2019) have resulted in extended guidelines for remuneration for the CEO, Deputy CEO and Board members. These will come into effect from the 2020 Annual General Meeting and have been taken into consideration in the proposal for the guidelines for 2021. Salaries and other terms and conditions of employment for the executive management will be market-based and competitive, but will not be market leaders in terms of salary paid in relation to other comparable companies. The guidelines will apply for the executive management, which consists of the CEO and six other senior executives.

OWN SHARES

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. Atrium Ljungberg acquired 2,100,000 class B shares during the period (621,000). At the end of the period the company owned 5,482,000 class B shares (3,282,000). As of 31 December 2020, the number of outstanding shares amounted to 127,738,736 (129,838,736).

RISKS AND UNCERTAINTIES

The priority risk management areas, in terms of both their complexity and size of the amounts involved, are letting, property valuation, project activities and financing. The company has good procedures for managing these risks and also has a strong financial position with strong key performance indicators, such as a low gearing ratio and high interest coverage ratio. The ongoing Covid-19 pandemic has created more uncertainty than normal. This uncertainty is mostly due to the difficulty in assessing the duration and extent of the pandemic, and therefore its effects on the company's earnings and valuation. In the short term Atrium Ljungberg will be affected by some tenants not being able to pay their rental costs. In the long term rental levels and vacancy rates will be affected, and the extent of this is currently difficult to assess. For more information about risks and uncertainty factors, including details on the risk areas that have been particularly affected by the Covid-19 pandemic, refer to the "Risks and risk management" section on pages 74–80.

OUTLOOK FOR 2021

Global growth is expected to recover in 2021. However, the start of the year was dominated by uncertainty about the transmission of the virus and new lockdowns. On the positive side, vaccination has now started, economic stimulus packages continue in the EU and USA, and there are underlying signs of a desire among

companies and households to return to more normal levels of production and consumption.

In Sweden the recovery is expected to pick up speed again in the second quarter while the most recent forecast from the National Institute of Economic Research is for GDP to grow by 3.1 per cent in 2021, even though the level of uncertainty has increased.

The Riksbank's key interest rate is expected to remain unchanged at zero per cent and the inflation target is set to be the primary focus.

SUSTAINABILITY REPORT

Atrium Ljungberg has produced a separate sustainability report in accordance with the Swedish Annual Accounts Act. This report encompasses Atrium Ljungberg AB (publ) and all of its subsidiaries. The Sustainability Report is on pages 10–11, 16–27, 74–80 and 137–149 and is not part of the financial report.

EVENTS AFTER THE CLOSING DATE

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

In January 2021 the government proposed once again to introduce a rent rebate package for sectors and companies that had been hit hardest by the effects of the Covid-19 pandemic. This involves properties owners giving a rent rebate of 100 per cent and the government giving us 50 per cent of this cost. This support package will presumably contain a maximum amount per tenant, as for the previous support package.

RISKS AND RISK MANAGEMENT

Atrium Ljungberg's property portfolio is primarily focused on urban development with different content, including office and retail operations. We operate in the Swedish market, and are thereby exposed to the performance of the Swedish economy as a whole and in particular the locations in which we operate. The Board of Directors has overall responsibility for risk management, while the operational work has been delegated to the CEO.

Taking into account our operations, the priority areas for risk management are letting, project and construction activities, property valuation and financing. Our operations and the opportunity to attain our goals are affected by both external factors and business risks. We cannot influence external factors, but we can work in a preventative manner and be prepared for different scenarios. Operational risks are mainly handled by being aware of the risks and working continuously on minimising any negative impact.

The Board of Directors has overall responsibility for risk management while the operational work is delegated to the CEO and the various business areas. Risk management in the administration and project and construction activities is largely decentralised while financing, insurance and property valuation are managed centrally.

The pandemic, which has affected the whole world, is also affecting Atrium Ljungberg. A pandemic can have an impact in the following risk areas: property values, rental income, letting rate, investments, project portfolio, health and safety, credit risk, interest rates, refinancing and e-commerce.

These risks are described based on their probability, and the extent of the consequences that these risks are assessed to have on Atrium Ljungberg's financial position and future earning capacity.

See also the corporate governance report, pages 82–85 and internal control, pages 86–87.

AREA	RISK	PROBABILITY	CONSEQUENCE
Management and property portfolio	Property values		
	Assumptions for property valuation		
	Unpredictable events in our properties		
	Rental income		
	Letting rate		
	Property costs		
Investments and acquisitions	Investments		
	Acquisitions		
	Project portfolio		
Employees and suppliers	Expertise		
	Suppliers		
	Corruption		
	Health and safety		
Financial risks	Credit risk		
	Currency risk		
	Interest		
	Refinancing		
Environment	Contamination in our properties		
	Climate change		
	Requirements for more efficient energy consumption		
Market	E-commerce		
	Digitalisation		
	Pandemic		
	Risks of changes to tax legislation		
Cyber risks	IT attacks		
	Outages		
	Information leaks		
	Dependency on external parties		

MANAGEMENT AND PROPERTY PORTFOLIO

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Property values	The property portfolio is reported at fair value, i.e. market value. The market value is normally determined by the anticipated operating net and the anticipated return that market players will accept. A higher anticipated future operating net has a positive impact on market value, as well as a lower yield requirement.	By working in the long-term with our management and developing our areas into attractive spaces, we create the conditions for better and more stable operating net from our properties. However, the market's yield requirement is an external factor that we cannot influence.
Assumptions for property valuation	<p>Changes in fair value for investment properties are recognised in the income statement as unrealised changes in value. The market value for the properties is also the basis used for calculating the company's gearing ratio. It is therefore of the utmost importance to ensure that the properties' market values are as accurate as possible.</p> <p>The property valuation is based on a number of financial input data and assumptions. In the valuation process there is a risk that the assumptions that have been made do not reflect the current market conditions or actual conditions, which means that the valuation does not provide an accurate representation.</p>	<p>The property valuation is done on a quarterly basis. Approximately 40–50 per cent of the market value is valued externally every year. Our internal valuations are subjected to quality assurance by independent valuers.</p> <p>In 2020 the auditing standard ISA 540 was revised, increasing the requirements to provide documentation for, for example, assumptions in the valuation process. This creates greater transparency and reduces the risk that the assumptions made in the valuation process do not reflect the market. See the sensitivity analyses below for information on how changes in assumptions affect property values and how changes in property values affect key performance indicators below.</p>
Unpredictable events in our properties	Our properties can be affected by unpredictable events in the form of fire, water damages and other damages.	We continuously work with preventative measures such as, for example, updated fire alarms, sprinkler systems, entrance control systems and trained security officers. All properties are insured for their full value through If.
Rental income	<p>Our rental income is affected by the economic performance in the subsidiary markets in which we operate and by how successfully we develop the areas where our properties are located.</p> <p>Economic growth will probably lead to increased demand for premises, with lower vacancies as a result; a trend which, in turn, usually leads to higher market rents. A negative economic trend is assumed to result in the opposite effect.</p>	<p>We build urban environments with a focus on office and retail operations, which are supplemented with housing, service, culture and education. This mix makes us less sensitive to the economic development and increases the risk spread in the tenant structure.</p> <p>As commercial lease contracts are normally signed for a term of three to five years, changed market rents gradually have an impact on rental income.</p> <p>As only one per cent of the rental income comprises surcharges to sales-based rent besides a minimum rent, in the short-term Atrium Ljungberg is affected by declining sales of retail hubs to a very small extent. However, in the long-term it impacts the demand of the premises.</p>
Letting rate	A change in the company's letting rate has an effect on income.	By operating in strong subsidiary markets with close relations with both existing and potential customers, we can satisfy the customers' need for premises in a timely manner and thereby prevent and reduce the risk of high vacancy levels.
Property costs	<p>Changed property costs impact the property's operating net and thereby also the market value of the property. A large share of the cost is linked to energy consumption in the form of heating, cooling and electricity.</p> <p>Property costs are impacted by seasonal variations. Generally, costs are higher during the first and last quarter of the year, primarily caused by higher costs of heating and property maintenance.</p> <p>See pages 78 and 144 for more information on the impact of climate change on property costs in the longer term.</p>	<p>Some of the property costs are passed on to the tenant through regulations in the lease contracts and cost increases or savings consequently only have a limited impact on our results. Any vacancies that arise affect the result, not only in the form of lost rental income, but also in the form of costs that cannot be passed on to the tenants.</p> <p>We work purposefully, for the benefit of both our tenants and the company, to increase the efficiency of our consumption. As a part of this, Atrium Ljungberg has set a goal of reducing energy consumption per square metre between the years 2014 and 2021 by 30 per cent.</p> <p>Unforeseen damage and repairs can have a negative effect on the company's results and are prevented by means of a long-term maintenance programme in order to maintain a good standard throughout the property portfolio.</p> <p>We have 19 properties with leaseholds. The leasehold agreements are usually renegotiated at 10 or 20-year intervals. See more on leasehold fees in note IE.4 on pages 109–110.</p>

Sensitivity analysis, property valuation

Value parameter	Assumption	Impact on value, SEK m
Rental level	+/- 0%	+/-4,620
Operating cost	+/- 10%	+/-711
Yield requirement	+/-0.25 % units	-2,303/+2,595
Long-term vacancy level	+/- 2%	+/-1,288

Sensitivity analysis, change in value

	Change in market value of properties	Impact	Impact, %
Profit for the year	+/-10%	SEK +/-4,603 million	+/-533%
Equity	+/-10%	SEK +/-4,603 million	+/-20 %
Gearing ratio	+/-10%	-3.5% unit/+4.3% unit	-9%/+11%
Equity/assets ratio	+/- 10%	+4.6% unit/-5.6% unit	+10%/-12%

INVESTMENTS AND ACQUISITIONS

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Investments	Atrium Ljungberg develops and constructs its held properties in its project activities. Risks in these activities are that the projects will be more expensive than expected due to miscalculation, changed conditions or higher purchasing prices.	<p>The projects are mostly run through divided contracts, which enables flexible production and cost-efficiency in production. In-house expertise is used in our residential development through our subsidiary TL Bygg. We always have direct contact with the customers, short decision-making processes, as well as a rapid and simple handover to the management team.</p> <p>The company applies its prudence concept to all investments. This means that no investments are normally made without having secured a reasonable yield through signed lease contracts.</p>
Acquisitions	Atrium Ljungberg's expansion also takes place through acquisition of properties. Risks during the acquisition are that the letting rate and rental trend will be lower than expected or that the technical standard is lower than the conducted assessments. Another risk is that there are unexpected environmental consequences. During the acquisition of properties through companies there is also a tax risk.	The risks during an acquisition are prevented by a due diligence process always being carried out, in which we inspect the property and examine agreements, accounts and fiscal aspects with both internal and external specialists. All acquisitions are made with the intention of owning, managing and developing the properties in the long-term.
Project portfolio	Property development through investments in in-house properties and production of development rights is very important in terms of the company's value growth. A limited project portfolio can reduce future growth.	The company has a large project portfolio, and to maintain long-term growth, we are constantly searching for new business opportunities and projects through continuous dialogue with municipalities and other market players. Our portfolio focuses on growth situations in Sweden's four major cities and is primarily located at public transport hubs. Our portfolio is diversified towards various property segments, which gives us the flexibility to cope with economic fluctuations in different segments. See pages 38–45 for more information about our project portfolio.

Sensitivity analysis cash flows

	Change, %	Effect on profit, year 1, SEK m	Effect on profit, full-year, SEK m
Rental income	+/-5%	+/-21	+/-114
Property management costs	+/-5%	-/+41	-/+41
Letting rate	+/-1% unit	+/-28	+/-28
Atrium Ljungberg's average borrowing rate	+/-1% unit	-/+51	-/+202

EMPLOYEES AND SUPPLIERS

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Expertise	The ability to attract and retain skilled personnel is an important prerequisite for our success.	By being one of Sweden's best workplaces in accordance with "Great Place to Work®", we can both attract and retain competent personnel. See page 26 for further details.
Suppliers	Supplier risk refers to the risk that our suppliers cannot fulfil their deliveries, that they use unethical business practices or do not fulfil the environmental requirements, working conditions and human rights that have been imposed.	Atrium Ljungberg's purchasing function supports the entire organisation by coordinating purchasing. This results in higher quality and lower costs. Furthermore, the purchasing function ensures that the Group's suppliers comply with Atrium Ljungberg's Supplier Code of Conduct.
Health and safety	Health and safety risk are common in our business and industry. Injuries to hands are the most common accidents when managing properties and carrying out construction work. For offices, the risks are primarily related to stress, which affects mental health.	We have a zero-tolerance approach to stress-related illnesses and workplace accidents. We hold regular work environment training courses for our project managers and technical managers as well as for managers at our subsidiary TL Bygg. We provide health insurance for employees, and the company's Performance Management process includes a clear dialogue between managers and employees.
Corruption	Improprieties that affect Atrium Ljungberg may damage our brand and staff.	<p>Atrium Ljungberg has established a whistleblowing service through an external party. In this manner we can guarantee a system with highest secrecy and total anonymity which makes it safe for our employees, customers and collaboration partners to submit a complaint. Complaints can be submitted through our website and are then handled by the external party. There is a policy for business ethics with guidelines which provide more concrete guidance.</p> <p>The company runs regular courses for all staff in the areas of business ethics and corruption. The next course is planned for 2021, when these issues will be integrated into the company's on-boarding process.</p>



FINANCIAL RISKS

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Credit risk	The term, credit risk, refers to the risk that our tenants will be unable to fulfil their payment obligations.	Each property area continuously evaluates the capacity of new and existing tenants to pay the agreed rent. Most of the retail tenants report their sales on a monthly basis, which provides information about the development of these companies. In many cases, default in payment of rent is secured through deposits and bank guarantees. A large number of tenants in different sectors ensures a good risk spread.
Currency risk	Currency risk refers to the risk that our income will be lower or the costs higher when agreements are entered into or loans are taken out in a different currency to Swedish krona.	We are partly financed by means of bonds in Norwegian krone, where the loan volume and coupon payments were secured with currency swaps, thus eliminating currency exposure. The only exception is purchases made in a foreign currency with a low currency risk. Hedging payments is considered when making large purchases in a foreign currency in order to reduce the currency risk.
Interest	The main risks involve fluctuations in profit and cash flow as a result of changes in interest rates and changed credit margins.	The interest maturity structure has been spread over different terms through interest derivatives in order to limit the risk of severe fluctuations in interest expenses. Loan maturities are distributed over time to reduce the risk of market fluctuations. See pages 34–37 for more information.
Refinancing	There are refinancing risks linked to renegotiations of existing credit and financing of future investments.	In order to limit the refinancing risk, a maximum of 50 per cent of the financing is provided for by an individual lender. Atrium Ljungberg has credit agreements with eight different bank lenders, direct financing and financing in the capital market through certificates and MTN programmes. The company also has lines of credit to cover short-term refinancing. See pages 34–37 for more information about financing.

Confirmed bad debt losses

	SEK m
2016	12
2017	8
2018	17
2019	4
2020	18

ENVIRONMENT

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
Contamination or environmental damage at our properties	According to the Swedish Environmental Code, the property owner may be liable to defray measures resulting from a contamination incident or a serious case of environmental damage. Contamination of land or water, groundwater, or a building or facility may harm people's health or the environment, or cause them inconvenience.	We conduct surveys and screening work ahead of property acquisitions and new projects in order to identify any potential environmental risks. The process also contributes to identifying opportunities for energy efficiency and reducing the incidence of materials with a negative impact on human beings and the environment. When projects are implemented, there are procedures in place to minimise the risk of leakage and emissions. Preventative work is also carried out as part of the environmental certification in order to reduce negative impact on the environment.
Climate change	Extreme weather conditions such as higher water levels, torrential rain, storms and large temperature fluctuations as a result of global climate change risk damaging our property portfolio. Extensive political, legal, technical and market-related changes may be necessary if we are to achieve a climate neutral society. This may increase costs for building, developing and managing properties. See page 144 for further details.	Atrium Ljungberg works continuously on improved maintenance in order to increase the resistance of our properties during extreme weather conditions. The risks are considered to the highest degree possible for new builds and major reconstruction projects.
Requirements for more efficient energy consumption	There is a risk that more stringent regulatory requirements concerning energy consumption will increase costs for building and developing properties.	Atrium Ljungberg works continuously on energy efficiency through implementation of new technology in both the existing property portfolio and for new builds, which results in lower current expenses. See pages 21–23 for more information about our work.

MARKET

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
E-commerce	E-commerce has become an important sales channel, and sales volume is increasing every year. Several retail companies are establishing online stores. This impacts the demand for retail premises.	We are closely monitoring the e-commerce trend and also have regular dialogue with our retail customers. Atrium Ljungberg builds places with attractiveness and flexible premises which can be adapted to new conditions. In recent times combining online trade and retail sale has also been successful as the consumer can attain further experiences in the physical store and have the opportunity of collection and return of purchased goods.
Digitalisation	Digitalisation is having a major impact on society. It is changing people's behaviour, with customer expectations rapidly increasing. Some sectors have gone through significant market changes, with new players, usually platform companies, establishing themselves and capturing large market shares.	Atrium Ljungberg is investing in innovation and digital development. We are looking at ways to transform our current business and identify new business opportunities. We have a strong customer focus and we are developing processes to carry out innovation projects quickly and test new business concepts. It is all about creating value for the end-consumer and thereby creating new revenues for the company. A specialist team was set up within the Business Development Business Area in 2019 to carry out work on new digital business.
Pandemic	A pandemic, such as the current Covid-19 pandemic, that has such a major impact on society and business also affects our operations as a result of the restrictions and recommendations introduced by the government and the authorities. Atrium Ljungberg operates on the Swedish market and is mostly, but not exclusively, affected by what happens to the Swedish economy, restrictions and the transmission of the virus. A prolonged pandemic could impact Atrium Ljungberg's financial position and future earning capacity.	The current and any future pandemic outbreaks could have a substantial direct and indirect impact on several of Atrium Ljungberg's risk areas. The following areas have been identified as being affected by the pandemic: property values, rental income, letting rate, investments, project portfolio, health and safety, credit risk, interest rates, refinancing and e-commerce. The relevant functions and roles manage the impact of a pandemic for each risk area. See the individual risk area for information about risk management.
Changes to tax legislation	The following taxes are the ones that mostly apply to Atrium Ljungberg's operations: income tax, property tax and VAT. In terms of tax, any changes that are made to tax legislation and tax rates can affect our operations, including, for example, the ban on packaging properties, changes to interest deductions, new rules for depreciation deductions, the introduction of stamp duty for property registration, and the opportunities to utilise loss carry-forwards. This can impact Atrium Ljungberg's future tax expenses, which therefore affects profit.	<p>Atrium Ljungberg's tax policy is based on our core values and has been produced to guide our employees on how Atrium Ljungberg approaches tax issues and how to act in accordance with the relevant tax legislation.</p> <p>Atrium Ljungberg closely monitors the legal development of the tax area so that it can take action in good time and implement any changes that may be necessary.</p>



CYBER RISKS

RISK	RISK DESCRIPTION	MANAGEMENT/OPPORTUNITIES
IT attacks	External attacks that render IT services inaccessible, such as, for example, DDoS attacks on networks or virus attacks on key systems with a view to harming the company's brand or extorting money out of the company.	<p>This risk is managed using installed firewalls, antivirus services, spam filters and web filters, and cloud-based security services to render attacks more difficult. Vulnerability tests and regular improvements are also carried out in order to increase security.</p> <p>We have implemented protection against DDoS attacks and hacking at a network level, in firewalls and by using a risk-based spread of services between cloud services and services operated locally.</p> <p>We are working to improve security awareness through training within the organisation. We also perform annual continuity tests, including restarting the operating environment and data recovery.</p>
Outages	One or more critical IT services are rendered inaccessible due to problems with software or hardware or their handling.	<p>We have strengthened our IT organisation and introduced stricter controls of change management as well as the control of system suppliers.</p> <p>We perform annual risk analyses and evaluate risks and prioritisation of actions. We have redundancy for critical IT services, and we perform regular tests on our infrastructure.</p>
Information leaks	An external party is able to access sensitive information with a view to harming the brand, customers, partners or employees.	<p>We have technical multilayer protection of sensitive information assets.</p> <p>Access controls have been implemented that control both account authority and IT equipment, in combination with multifactor authentication. All accesses to systems are assigned on the basis of needs and risks.</p> <p>A risk assessment is performed for all systems that contain sensitive information. Activities required to manage risks are entered into administration plans that are then implemented.</p> <p>We are also working to improve security awareness within the organisation by providing training and information on information security and our policies on IT, information security and processing of personal data.</p>
Dependency on external parties	More and more IT services are supplied by external parties, frequently via cloud services. This makes the company more dependent on external parties' security work, skills and technical protection.	<p>With a new IT organisation in place, we are working to reinforce our monitoring of suppliers and contracts. A risk analysis is performed before any major change is made to our IT environment. We have also used technical protection to improve identification and control when external parties access the in-house operating environment.</p>

OUR STRATEGY TAKES US INTO THE FUTURE

We are going to remember this past year for the rest of our lives, but the hope is that we will never have to experience anything like it again. Atrium Ljungberg is in a strong position to face the future, with an incredible project portfolio and a strategy that can respond to the new needs emerging in a society changed by the pandemic.

Covid-19 has affected everyone's lives to different degrees. Many of us are definitely looking forward to a time when we can meet our friends and family again, both here at home and abroad.

The pandemic also created a deep economic crisis. The work of the Board was temporarily more tactical than strategic. When we were able to breathe again, it was great to see that Atrium Ljungberg's strategy had held firm and I believe that our strategy will be able to lead us into the future. I am convinced that our focus on developing sustainable urban environments with a mix of different kinds of properties not only reduces our risks, but also allows us to continue with what we do best; to build cities.

In the future people will have to and more importantly will want to meet again to develop and advance their business. But there will be more demands placed on the environments where we meet. They will have to promote development, creativity and innovation. Attractive retail spaces can also help boost an area, creating a feeling of well-being and offering experiences and services, and thereby adding to the value of the area as a whole. Our focus will mostly be on creating flows where people, and therefore our end customers, will want to spend time and enjoy themselves.

Property companies like Atrium Ljungberg that have a diverse portfolio in excellent locations and an effective organisation will now have to refine their offer even more to meet the needs of the future. Our focus has always been on working with our customers to develop our product.

Our current project portfolio is our main strength. As a company we consistently choose to take risks in what we do well and in areas where we are experts, which is the assets section of our strong balance sheet. This allows us to retain a cautious risk profile with low borrowing and traditional financing. Our focus is on creating added value from project development and property investments. Our organisation is capable of delivering extra value by creating holistic environments where our customers can continue to develop. I think this is something that long-term investors appreciate.

Our strategy is also based on a firm foundation, where we think about sustainability from every angle, from the installation of renewable energy to sustainable experiences in our areas. During the year we used our updated sustainability policy to take the next step in linking our proactive sustainability work to our overall vision: "Our city – where everyone thrives". We

have also elevated our commitments as part of the UN Global Compact, ILO Core Conventions and UN Sustainable Development Goals to policy level.

During the year Gunilla Berg was elected as a new member of the Board of Directors. She has also been appointed the Chair of a recently formed Audit Committee, which I think has been a real boost to the work of the Board of Directors.

I would like to finish by saying thank you to all our incredible employees who have got us through this difficult year, showing ambition and always looking to the future. Our shared values focus on long-termism and cooperation and we have seen just how important they have been in these exceptional times.

Thank you again!

Johan Ljungberg,
Chairman of the Board



Corporate Governance Report

Atrium Ljungberg AB is a Swedish public limited company with its registered office in Nacka. The Articles of Association prescribe the company's operations as follows: the company shall conduct construction operations, own and manage real property or leaseholds and securities, conduct trade in properties, and engage in any and all other activities compatible therewith. The foundation of corporate governance comprises the Articles of Association, the Swedish Companies Act, other applicable laws and ordinances, the regulatory framework of the stock exchange, the Global Reporting Initiative (GRI), internal guidelines and policies and the Swedish Code of Corporate Governance, ("the Code"). The overriding purpose of the Code is to strengthen the confidence of Swedish quoted companies by promoting a positive development of the corporate governance. These norms are not compulsory but are based on the principle that any deviations should be specified and explained. During the year the company has not had any deviations from the Code to report and has otherwise complied with good practice in the stock market. Atrium Ljungberg strives for openness for the company's decision-making pathways, responsibilities, and different control systems.

GOVERNANCE STRUCTURE

The structure of corporate governance within Atrium Ljungberg is presented in the image on page 83 and the subsequent sections.

Internal steering instruments

Important internal steering instruments are the Board of Directors' rules of procedure and the CEO's instructions, as well as the company's goals and strategies, business plan, policies, job

descriptions, delegation instructions, authorisation instructions and core values.

External steering documents

The most important external steering instruments are the Nordic Exchange issuer rules, the Swedish Code of Corporate Governance, the Swedish Companies Act, IFRS, the Swedish Annual Accounts Act, GRI and other relevant legislation.

OWNERS AND SHARES

The company's share capital amounted to SEK 333,051,840 as of 31 December 2020, divided among 4,000,000 class A shares (ten votes per share) and 129,220,736 class B shares (one vote per share). The company holds 5,482,000 of its own class B shares. With the exception of holding own shares, there is no restriction on voting rights. The company's market capitalisation at year-end totalled SEK 22.1 billion. Atrium Ljungberg's target is for the dividend to correspond to at least 50 per cent of the profit before changes in value after nominal tax unless investments or the company's financial position otherwise mandate a deviation from this norm. More information on the ownership structure is contained in the table on page 91.

ANNUAL GENERAL MEETING

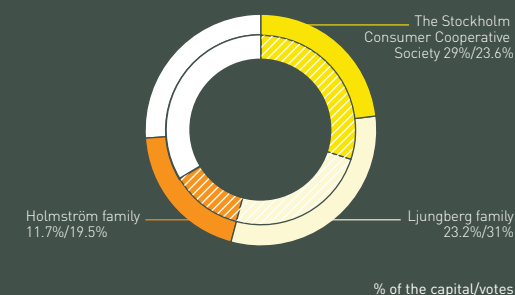
The shareholders' influence within the company is exercised through the Annual General Meeting (AGM) of the company's shareholders, which is the company's most senior decision-making body and should be held within six months of the end of the financial year. The AGM appoints the Board of Directors and the company's auditors, and adopts principles

governing remuneration to the Board of Directors, the auditors, and the company's senior executives. The Meeting also takes decisions with regard to the Articles of Association, dividends, and any changes to the share capital. The AGM should also adopt the balance sheet and income statements and decide on the discharge from liability for the Board of Directors and the CEO. The date of the AGM is announced in conjunction with the Interim Report of 30 September at the latest. Notices convening the Annual General Meeting shall be issued 4–6 weeks before the meeting and shall be issued by means of press releases, announcements in the Swedish Official Gazette, and on the company's website, www.al.se. The issue of the convening notice shall be announced in the Dagens Nyheter newspaper. Shareholders are entitled to have an issue discussed at the meeting if the Board is provided with notice thereof no later than seven weeks before the meeting is held. The 2020 Annual General Meeting was held on 25 March and was attended by 161 shareholders representing 73.1 per cent of the share capital and 80.4 per cent of the votes. The Annual General Meeting took decisions on, amongst other things, the following issues:

- adoption of income statements and balance sheets for the parent company and the Group
- granting of discharge from liability for the Board of Directors and the CEO;
- determination of the appropriation of profits entailing a dividend of SEK 5.00 per share;

Owners that represent at least 1/10 of the number of votes

- The three biggest owners represent 72 per cent of votes and 63 per cent of capital



- determination of Directors' fees totalling SEK 1,540,000, broken down as SEK 440,000 payable to the Chairman of the Board and SEK 220,000 payable to each of the Board members;
- It was also decided that remuneration will be payable for work in the Audit Committee, with SEK 70,000 payable to the Chairman of the committee and SEK 50,000 payable to each of the other committee members;
- election of PwC as the audit firm until the AGM of 2021 and determination of the auditor's fees in accordance with an approved presentation of invoice;
- establishment of a Nomination Committee representing the five biggest shareholders in terms of voting power as of the last banking day in February 2020;
- guidelines for the remuneration of senior executives within the Group;
- authorisation to the Board of Directors, on one or several occasions, to acquire as many class B shares that the company's holding at the respective time does not exceed 10 per cent of all shares in the company, in a regulated market where the shares are listed;
- authorisation to the Board of Directors to, on one or several occasions, decide on an issue in kind of maximum SEK 13.3 million shares of class B.

Minutes of the Annual General Meeting and

other meeting documents are available on the company's website.

NOMINATION COMMITTEE

The **Nomination Committee** is the Annual General Meeting's body for preparing the resolutions of the AGM. The Nomination Committee presents proposals to the Annual General Meeting on the following issues:

- election of the Chairman of the Meeting, the Chairman of the Board and other members of the Board of Directors of the company;
- determination of Directors' fees for the Chairman of the Board, other Board members, and any remuneration for committee work and, the election and remuneration of auditors;
- decisions on principles relating to the structure of the Nomination Committee ahead of impending Annual General Meetings;

At the Annual General Meeting held on 25 March 2020, it was decided that the Nomination Committee until the 2021 Annual General Meeting would comprise representatives of the company's five biggest shareholders in terms of voting power as of the last banking day in February. The Nomination Committee's members were appointed, consisting of Lars Ericson appointed by the Stockholm Consumer Cooperative society, Per Erik Hasselberg (also the

Nomination Committee's Chairman) appointed by the Holmström family, 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. In some cases the Nomination Committee can increase the number of members to maximum seven.

The skills, experience and backgrounds of Board members were taken into account when compiling proposals for the Board of Directors ahead of the 2020 Annual General Meeting. The Nomination Committee has also applied to the Atrium Ljungberg Equal Opportunity and Discrimination Policy. The objective of this policy is to achieve equal opportunities and diversity in all areas and all functions within the company and on the Board of Directors. The 2020 Annual General Meeting adopted the proposal of the Nomination Committee, thereby electing two women and four men to the Board. Five Board members were re-elected, and one Board member was elected for the first time.

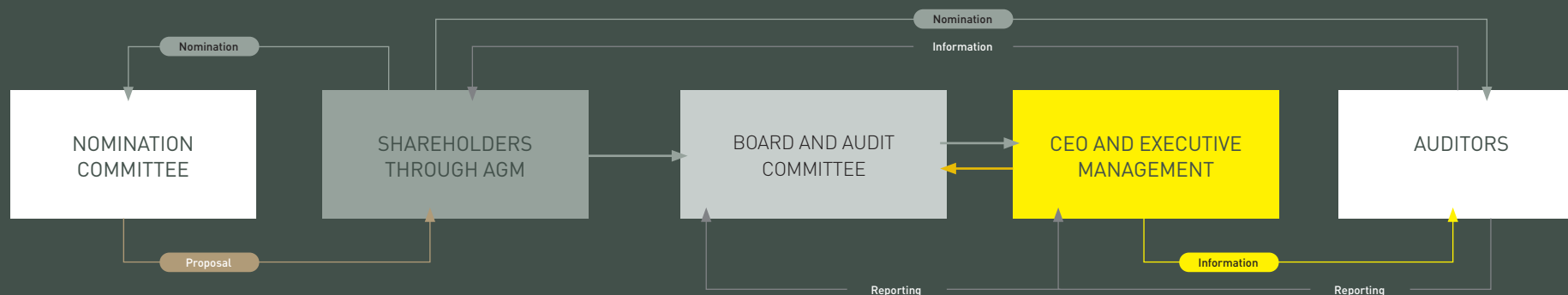
BOARD OF DIRECTORS

Atrium Ljungberg's Board of Directors comprised five members up to the Annual General Meeting and since then six members (information on the members can be found on page 88). The Code states that a majority of the Board shall be independent in relation to the company

and the senior executives. At least two of the independent members must also be independent in relation to the company's major shareholders. The composition of the Board complies with the independence requirements.

The Board has overall responsibility for the company's organisation and administration and for ensuring that the management of the company's affairs is handled in a manner which ensures that the interests of owners for long-term favourable capital yield are fulfilled. The responsibility also covers efficient and appropriate systems for governance, internal control and risk management.

Every year the Board proposes the rules of procedure (including the CEO's instructions, instructions for financial reporting, business plan and budget), as well as the policies listed on page 86. The rules of procedure regulate the Board's work structure. The Chairman of the Board organises and leads the work of the Board, ensures that the Board has the expertise and know-how required to perform its duties, that the Board receives the information and decision data required for its work, that the Board's resolutions are implemented, and that the work of the Board is evaluated every year. The Board's assignments include setting operational goals and strategies, appointing, evaluating and if necessary dismissing the CEO, ensuring that effective systems are put in place



for monitoring and control of the company's operations and that there is compliance with legislative and other requirements, and deciding on transfer of properties and companies as well as investments of SEK 50 million or more. The work of the Board and CEO should be evaluated annually. The rules of procedure prescribe that the Board shall, over and above the Board Meeting following election, meet at least five times per year. The Board has held 14 ordinary Board Meetings of which one Board Meeting following election was held during the year.

In 2020 the Board paid considerable attention to the effects of the current Covid-19 pandemic. The Board has decided on all investments in excess of SEK 50 million and on property acquisitions and sales carried out. There has also been a strong focus on current and future investment projects, sustainability issues and financing issues. Feedback reports from the Group management with regard to the company's economic and financial position, sustainability reporting, current market issues, and ongoing projects have been presented at the Board Meetings. Results in comparison with the budget have been reported quarterly during the year, together with revised forecasts for the financial year. The annual planning of the Board is presented in the illustration on this page.

The Board members have appropriate collected experience, expertise and breadth with respect to Atrium Ljungberg's operations, development phases and conditions in general. The rules of procedure do not contain any provisions on work allocation between the members, except for what is set out in the following section.

An Audit Committee was set up in 2020. The Chair of the committee is Gunilla Berg, who has the accounting expertise required by the Swedish Companies Act and is independent of the company and its biggest owners. Johan Ljungberg, the Chairman of the company, is

a member of the Audit Committee. The Audit Committee supports the Board in its work to ensure the quality of the company's financial reporting and monitors the company's risk management, internal control and financial structure. The committee is in continual dialogue with the company's auditors to learn about the scope of the audit, as well as any observations and views on the company's risks. The committee also monitors and examines the independence of the external auditor and assists the Nomination Committee in the election of the auditor and the fee for the audit work. During the year the committee met five times with all members present and the company's auditors in attendance. Every meeting of the Audit Committee has been reported to the Board, including the minutes.

The Remuneration Committee comprises all Board members. Its main tasks are to prepare the Board's decisions on issues concerning remuneration policies, remuneration and other employment terms and conditions for the executive management. The Remuneration

Committee must also monitor and evaluate any programmes for variable remuneration for the executive management. No such programmes currently exist. It must also monitor and evaluate the application of the guidelines for remuneration for the executive management that the Annual General Meeting is legally obliged to establish, as well as the current remuneration structures and levels for the company.

The Board's work structure and efficiency are evaluated annually and presented to the Nomination Committee. The work of the CEO is evaluated continually and at least once a year without executive management being present. As part of their annual audit, the company's auditors have reported on their work and observations, and a dialogue was held without the executive management being present.

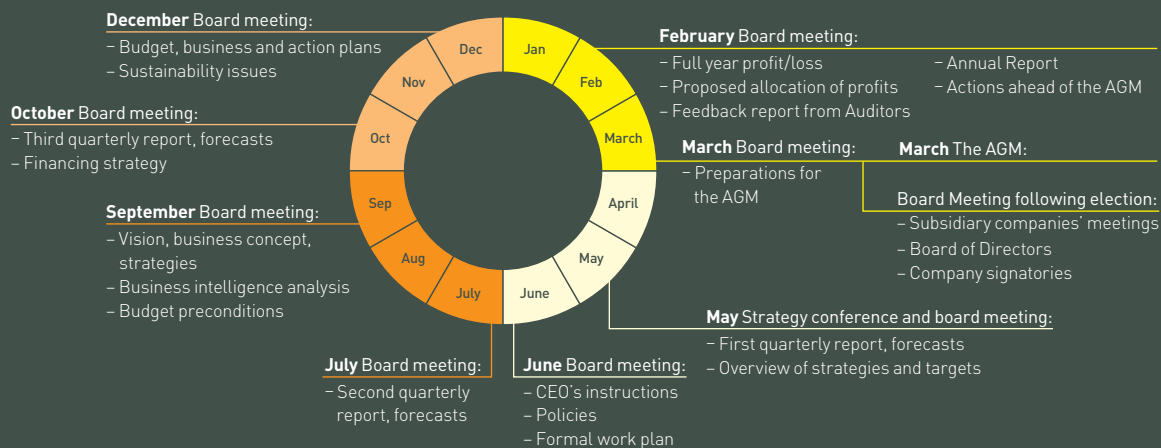
CEO AND EXECUTIVE MANAGEMENT

The executive management comprises the CEO, CFO, HR and three business area managers. In addition to the regular matters within

each function, the executive management has prioritised issues relating to the Covid-19 pandemic, current investment projects, property transactions, financing issues, business development, organisational issues and sustainability issues.

Annica Ånäs (born in 1971) took over as CEO of the company in February 2016. She was employed in the company in 2011 as the company's CFO and was also an employee 2008–2010. Annica Ånäs also has experience as CFO at Hemsö Fastigheter and served as CEO within the communication sector. She also has experience of several directorships, including being a member of JM AB and Swedavia AB. Annica Ånäs has an academic background as Legal Counsel and Graduate Business Administrator. She holds 41,000 class B shares in Atrium Ljungberg. She has no shareholdings in companies with which Atrium Ljungberg has significant commercial links. The other members of the senior management are presented on page 89 and the organisation structure on page 85.

The Board's annual planning in addition to standing items, such as investment decisions, progress report, ongoing projects and management, liquidity and financing



REMUNERATION FOR SENIOR EXECUTIVES

Amendments to the Swedish Companies Act Chapter 7 §§ 61–62, and Chapter 8 §§ 51–53b (1 July 2019) have resulted, inter alia, in extended guidelines for remuneration for the CEO, Deputy CEO and Board members. These will come into effect from the 2020 Annual General Meeting and have been taken into consideration in the proposal for the guidelines. Salaries and other terms of employment for the executive management shall be market-based and competitive, but shall not be market leaders in terms of salary paid in relation to other comparable companies. The guidelines will apply for the executive management, which consists of the CEO and six other senior executives. The CEO's remuneration will be proposed by the Chairman and determined by the Board of Directors. Other remuneration payable to members of the senior management team will be proposed by the CEO and approved by the Chairman. Remuneration payable to the senior executive management team, including the CEO, comprises a fixed salary. No variable salary or performance-related remuneration shall be payable. A loan subsidy programme was adopted at the 2018 Annual General Meeting. The loan programme refers to interest compensation for loans raised in order to acquire shares in Atrium Ljungberg. A maximum loan for which interest subsidies can be provided amounts to SEK 4.5 million for the CEO and SEK 1.5 million for other senior executives. The CEO's retirement age is 62, while that of the other members of the executive management is 65. Pension plans are defined contribution plans, and the company hence has no additional obligations after payment of the annual premiums.

The CEO will be entitled to a 12-month notice period and severance pay corresponding to 12 months' salary, if notice of termination is given by the company. No other severance pay is payable. Other members of the senior management have notice periods of up to 6 months. The terms and conditions applied by the company for other Group employees, either in accordance with collective agreements or in accordance with unilateral undertakings by the company to the employees, shall otherwise apply, where applicable, to the executive management. Departure from the above-mentioned guidelines by the Board of Directors is permitted if there are specific grounds for doing so in a particular instance.

A separate report on remuneration for senior executives is published on the company's website at the same time as the the annual report.

AUDITING

Öhrlings PricewaterhouseCoopers AB was elected at the 2019 Annual General Meeting to act as auditors with the authorised public accountant Helena Ehrenborg as the auditor in charge. The auditing team has ongoing contact for information purposes with the company during the year, over and above the review activities conducted. The company's auditors audit financial statements as of 31 December, perform a general review of the interim accounts as of 30 September and review the company's processes, including the management audit. They also examined whether the Annual General Meeting's guidelines on remuneration for senior executives have been followed.

Board of Directors, 2020

		Elect- ed	Remunera- tion, SEK	Independ- ent*	Independ- ent** Note	Board Meetings	Audit Commit- tee Meetings
Johan Ljungberg	Chairman	2001	490,000	Yes	No ¹⁾	14 of 14	5 of 5
Gunilla Berg	Member	2020	290,000	Yes	Yes ²⁾	9 of 14	5 of 5
Simon de Chateau	Member	2014	220,000	Yes	Yes	14 of 14	
Conny Fogelström	Member	2019	220,000	Yes	No	13 of 14	
Erik Langby	Member	2014	220,000	Yes	Yes	14 of 14	
Sara Laurell	Member	2018	220,000	Yes	Yes	14 of 14	

*Independent in relation to the company and the executive management.

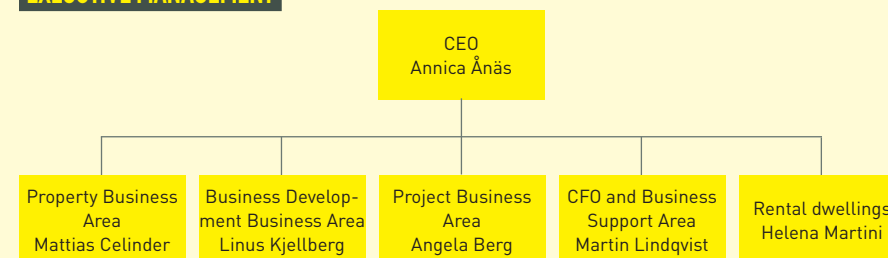
**Independent in relation to the company's major shareholders.

¹⁾ Chairman for the 2015 Annual General Meeting. Member 2009–2015. Deputy Member, 2001–2009. Directly and/or indirectly a major shareholder in the company.

Member of the Audit Committee.

²⁾ Elected at the 2020 Annual General Meeting. Chair of the Audit Committee.

EXECUTIVE MANAGEMENT



Remuneration for executive management

SEK thousand	Basic salary/fee		Other remuneration		Other benefits		Pension costs		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Annica Ånäs, CEO	6,450	6,139	–	–	225	185	2,322	2,039	8,997	8,363
Other senior executives	11,231	12,045	62	76	425	397	2,699	3,005	14,417	15,523

INTERNAL CONTROL

The Board of Directors is responsible for the company's internal control pursuant to the provisions of the Swedish Companies Act and the Swedish Code of Corporate Governance. This report has been prepared in accordance with Chapter 6 § 6 of the Swedish Annual Accounts Act and is consequently limited to internal control in respect of the financial reporting. The company has, in order to describe the internal control, followed the framework established by COSO (the Committee of Sponsoring Organisations), which comprises five components, namely control environment, risk management and assessment, control activities, information and corporate communication, and follow-up work.

CONTROL ENVIRONMENT

The Board of Directors has overall responsibility for ensuring good internal control and effective risk management. The Board adopts rules or procedure every year, setting out the Board's responsibilities and regulating the Board's internal division of labour. The Board has decided that the entire Board will be in the Remuneration Committee, and in 2020 an Audit Committee was set up. The Chair of the Audit Committee

is Gunilla Berg. The Board exercises its control primarily through the annual adoption of policy documents, CEO's instructions, delegation instructions, instructions for the financial reporting, authorisation instructions, operational goals and strategies, and business plans and budgets.

The executive management is responsible for structuring, documenting, maintaining and testing the systems and processes needed to

minimise risks as part of the operating activities and financial reporting. In addition to the policy documents, there are guidelines, delegation instructions, authorisation instructions, and job descriptions for each employee, containing details of the employees' responsibilities and authorities, and standardised reporting procedures.

The company also has deep-rooted core values that permeate every aspect of the operations, such as reliability, long-termism, collaboration and innovative thinking.

Atrium Ljungberg is a member of the Global Compact and has consequently signed up to the ten principles in the fields of human rights, labour law, the environment and anti-corruption. The company also reports in accordance with GRI (Global Reporting Initiative). A GRI index is presented on pages 170–171 of the Annual Report, and the company's formal Sustainability Report is available on pages 10–13, 18–27 och 137–149. For a more detailed presentation, see the company's website at www.al.se.

RISK MANAGEMENT AND ASSESSMENT

This risk assessment means that Atrium

Ljungberg has identified the work processes and income statement and balance sheet items where there is a risk that inaccuracy, incompleteness, or improprieties could arise if the requisite control activities are not built into the procedures. The risk assessment accordingly analyses whether errors could occur and, if so, how and where they could occur in the process. The risk assessment work has identified the items where the risk of significant errors is greatest, namely items where the sums involved in the transactions are substantial or where the process is highly complex and requires strong internal control. The three most important risk areas are: project operations, property valuation and financing activities.

In 2020 the company invested SEK 2,513 million in held properties, of which the investments in Sickla, Mobilia, Barkarby and Hagastaden account for the largest share. No investments are normally made until a reasonable yield can be secured. Detailed costing calculations based on extensive expertise in the field are carried out in order to minimise the risks inherent in construction projects. Procurement is conducted cost-effectively using in-house project managers by means

POLICIES SET BY THE BOARD OF DIRECTORS

Policy for business ethics	Describes the behaviour that is expected of the employees
Supplier policy	Supplier Code of Conduct
Affiliated policy	Identifies related parties and transactions with related parties in accordance with the regulations
Equal opportunity and discrimination policy	Steering document about issues surrounding equal opportunities and all kinds of discrimination
Sustainability policy	Overall ambitions for the company's environmental and social responsibilities
Work environment policy	Work environment management policy
Communication policy	Policy for our external and internal communication
Financial policy	Policy and regulations on how financial activities should be carried out

IT policy	Forms the basis for the company's approach to IT issues
Information security policy	The aim is to minimise risks that can jeopardise secrecy and confidentiality
Policy for processing personal data	Concerns personal data processing and protection
Whistleblowing policy	Enables employees and players to report any improprieties
Insider trading policy	Concerns securities trading
Crisis policy	Aims to avoid or limit crises
Tax policy	Guides our employees in what to do in tax issues
Policy for valuation of investment properties	Describes the methodology for valuation of investment properties.

of a divided contract process whereby several players are allowed to submit quotes for individual components of the construction project. Project reviews are conducted every quarter and attended by the chair of the project's steering group, the company's CFO, business developers, project managers, property analysts and the project controller. Project reports are submitted on a rolling basis to the executive management and the Board, noting any deviations from the plan.

Monitoring trends in the property market to enable the assessment of the properties' market values is one of the important components of the valuation process. During 2020 the company consequently conducted quarterly reconciliations with external valuation experts. The company conducts internal valuations during each quarter and also conducts external valuations at the turn of the full-year and half-year. For 2020, 42 per cent of the property portfolio has been valued externally, 24 per cent of which took place in the fourth quarter. External valuation experts also quality assure assumed market rents, operating costs, vacancies and yield requirements in conjunction with the internal valuation process.

The property industry is a capital-intensive sector, which often entails a range of financial risks. The primary risk is liquidity risk in the form of refinancing risks and credit risks in association with renegotiations of loans, bond maturity and new financing requirements, taking into account investments in held properties and acquisitions. Another risk involves fluctuations in profits and cash flow as a result of changes in interest rates. These risks are regulated in the company's financial policy and are monitored continuously by the company's management and Board of Directors. The Board also monitors compliance with mandates specified in the financial policy.

The following processes have also been analysed during the year in addition to the

above-mentioned risk areas:

- The project process
- The letting process
- The purchasing process
- The payroll process
- The year-end accounts process
- The property valuation process
- The financing process
- Routines in conjunction with property transactions

See the section entitled "Risks and risk management" on pages 74–80 with regard to other risks identified.

CONTROL ACTIVITIES

A number of control activities have been introduced in order to prevent inaccuracies occurring and with the aim of ensuring that the control goals are fulfilled. The work on risk assessment and structuring of control activities has been conducted by individuals involved in the respective processes on an ongoing basis, in cooperation with the company's controllers, Finance Manager, and CFO in order to ensure participation and an understanding of the risks and the importance of conducting internal controls. Internally, the company also works continuously to evaluate and enhance the efficiency of its control activities. The controls are carried out both at an overall level, through analyses of results and key performance indicators, and at a detailed level by defining a number of control points in the ongoing processes and routine descriptions. The company's results

are compared with budgets and forecasts every quarter and ongoing projects are monitored in relation to Board resolutions. Detailed commentaries are submitted to the executive management and Board of Directors in accordance with standardised reporting routines as part of the follow-up work.

The company has an external whistleblower function and continually takes action to reduce the risk of corruption, for example, by auditing the company's suppliers or by offering in-house training.

INFORMATION AND COMMUNICATION

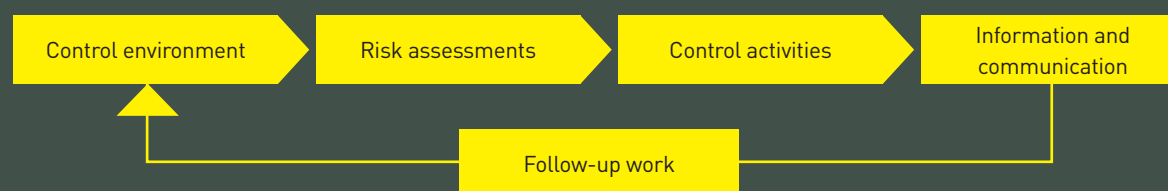
The annual accounts, year-end report, interim reports and other ongoing information are prepared in accordance with Swedish law and best practice. The information provision shall be characterised by transparency and shall be reliable. A corporate communication policy regulating the way in which information is to be provided has been established in order to ensure that external communication with the stock market is correct. Our aim is to generate an understanding of and confidence in the operations on the part of owners, investors, analysts and other players.

The executive management is responsible for informing relevant employees of their responsibilities with regard to the maintenance of good internal control. Employees are kept up to date with regulations and policies via the company's intranet and information meetings. The creation of job descriptions for every position within the

company also ensures clarity with regard to division of responsibility.

FOLLOW-UP WORK

All process descriptions, policies and steering documents are updated as necessary, but at least once a year. An evaluation of the internal controls is also conducted every year. Both the executive management and the Board of Directors are notified of the results. Atrium Ljungberg has no internal audit department. The system for internal controls is followed up by the Group's CFO, the Finance Manager, Accounting Managers, the Controllers (who have specialist competence), and through self-evaluation, and feedback is provided to the Audit Committee. These controls are deemed to be necessary and sufficient to generate appropriate knowledge, feedback of experience and high quality in the ongoing accountancy work, and hence in the financial reporting. The company's auditors also conduct ongoing reviews of the company's controls and report their findings on the company's internal control to the company's executive management and Board. For 2020 the auditors have focused on the following areas when reviewing the internal control; the project, property valuation, financing, rental, purchasing, annual accounts and payroll processes, as well as property transaction procedures. The auditors' feedback report for 2020 indicates that Atrium Ljungberg has good internal control in relation to the size and operations of the company. The Board believes that the establishment of a separate internal audit function is consequently not justified.



BOARD OF DIRECTORS

CONNY FOGELSTRÖM

Function: Member of the Board.

Elected to the Board: 2019.

Profession: Self-employed.

Education: Political Science at Stockholm University and Real Estate Management at the University of Gävle.

Relevant professional experience: Ombudsman for the Swedish Union of Tenants, 1987–2004. Municipal commissioner for Täby, 2006–2015. Urban development Consultant 2015–2020.

Other significant directorships: Member of the Boards of the Stockholm Consumer Cooperative Society and Täby Fastighets AB; 2nd Deputy Chairman of Färdtjänstnämnden Region Stockholm and Chairman of the Nomination Committee at the Swedish Cooperative Union.

Born: 1960.

Own and related parties' shareholding: 2,000 class B shares.

SIMON DE CHÂTEAU

Function: Member of the Board.

Elected to the Board: 2014.

Profession: Chief Investment Officer in Alma Property Partners.

Education: Graduate Business Administrator, the Stockholm School of Economics.

Relevant professional experience: CEO of Sveafastigheter, Head of Corporate Finance and Analyst at Leimdörfer.

Other significant directorships: Chairman of the Board of Alma Property Partners AB. Member of NCC AB (publ) and Akka Egendom AB.

Born: 1970.

Own and related parties' shareholding: 65,000 class B shares.

ERIK LANGBY

Function: Member of the Board.

Elected to the Board: 2014.

Profession: Owner of business focused on societal issues. Former chairman of the municipal executive board of Nacka 1983–2012.

Education: Social Sciences education, Stockholm University

Relevant professional experience: Several years of experience as a municipal commissioner and chairman of county council boards, as well as a number of directorships, including Första AP-fonden, Dagens samhälle, HSB omsorg, AB Solom and Hegeli Public Affairs AB.

Other significant directorships: Chairman of the Board of Nacka StrandsMässan AB. Member of the Board of Kommuninvest i Sverige AB. Member of the Board of Bostadsrätterna i Sverige ek.fören. Member of the Board of AB SigtunaHem. Member of the Board of SKL International AB. Chairman of the municipal council of Sigtuna Municipality.

Born: 1951.

Own and related parties' shareholding: 1,000 class B shares.

SARA LAURELL

Function: Member of the Board.

Elected to the Board: 2018.

Profession: CEO of Loopia Group.

Education: Graduate Business Administrator, Stockholm School of Economics and MBA Harvard Business School.

Relevant professional experience: Many years of experience of transformation in the retail trade and digitisation of consumer/SME-driven business.

Other significant directorships: No other significant directorships.

Born: 1971.

Own and related parties' shareholding: 3,000 class B shares.

JOHAN LJUNGBERG

Function: Chairman of the Board and Member of the Audit Committee.

Elected to the Board: Deputy Member of the Board 2001–2009, and Member of the Board for part of 2006. Member of the Board since 2009 and Chairman of the Board since 2015.

Profession: CEO and Chairman of the Board of Tagehus Holding AB.

Education: Graduate Engineer.

Relevant professional experience: Many years' experience from the property and capital market.

Other significant directorships¹¹: Member of the Boards of Tagehus Holding AB and John Mattson Fastighetsföretagen AB. Member of the Board of K2A Knaust & Andersson Fastigheter AB.

Born: 1972.

Own and related parties' shareholding: 1,396,410 class A shares and 20,494,588 class B shares.

GUNILLA BERG

Function: Member of the Board and Chair of the Audit Committee.

Elected to the Board: 2020.

Profession: Member of the Board.

Education: Graduate Business Administrator, Stockholm School of Economics.

Relevant professional experience: CFO of the Post Group and Deputy CEO and CFO of the SAS and KF Groups.

Other significant directorships: Member of the Board of ÄF Pöry AB.

Born: 1960.

Own and related parties' shareholding: 1,500 shares.



Standing from the left: Conny Fogelström, Simon de Château, Erik Langby and Gunilla Berg.
Sitting from the left: Sara Laurell and Johan Ljungberg.

¹¹ Does not include intra-Group directorships

THE MANAGEMENT



Standing from the left: Linus Kjellberg, Helena Martini and Angela Berg.
Sitting from the left: Annica Ånäs, Martin Lindqvist and Mattias Celinder.

MARTIN LINDQVIST

Function: CFO and Business Area Director, Business Support.
Employed since: 2016.

Education: MSc in Business Administration, Mid Sweden University.

Relevant professional experience: Management positions and international experience from Tetra Pak, Munters and Aleris, among others.

Other significant directorships¹⁾: –
Born: 1970.

Own and related parties' shareholding: 3,750 class B shares.

ANGELA BERG

Function: Business Area Director, Projects.

Employed since: 2011.

Education: Civil Engineering Graduate in Road and Water, KTH Royal Institute of Technology.

Relevant professional experience: Project management positions in the construction and property industry.

Other significant directorships: –
Born: 1975.

Own and related parties' shareholding: 7,100 class B shares.

HELENA MARTINI

Function: HR Director.

Employed since: 2010.

Education: Tourism Programme at Dalarna University College.

Relevant professional experience: HR Manager at Microsoft.

Other significant directorships: –

Born: 1965.

Own and related parties' shareholding: 12,225 class B shares.

ANNICA ÅNÄS

Function: CEO

Employed since: Previously CFO. Employed by Atrium Ljungberg since 2011; also employed between 2008 and 2010.

Education: LL.B. and graduate business administrator

Relevant professional experience: CFO of Hemsö and CEO in the communication industry. Several directorships, for example property company Technopolis.

Other significant directorships¹⁾: Member of the Boards of JM AB and Swedavia AB.

Born: 1971.

Own and related parties' shareholding: 41,000 class B shares.

LINUS KJELLBERG

Function: Business Area Director, Business Development.

Employed since: 2003.

Education: Master of Arts, History and Urban Centre Planning, KTH.

Relevant professional experience: Business analyst, business developer and project manager in the property industry.

Other significant directorships: Member of the Board of Barkarby Science AB.

Born: 1972.

Own and related parties' shareholding: 6,080 class B shares.

MATTIAS CELINDER

Function: Business Area Director, Properties.

Employed since: 2006.

Education: Graduate Business Administrator.

Relevant professional experience: Management positions in the hotel, restaurant and travel industries.

Other significant directorships: –

Born: 1972.

Own and related parties' shareholding: 10,558 class B shares.

¹⁾ Does not include intra-Group directorships

THE SHARE AND THE SHAREHOLDERS

The anxiety in the spring caused by Covid-19 had a considerable negative impact on Atrium Ljungberg's share, but it has partly recovered since then. We have never reduced our dividend since the company was listed on the Stockholm Stock Exchange in 1994.

MARKET CAPITALISATION

Market capitalisation, i.e. the value of all outstanding shares, amounted to SEK 22.1 billion (SEK 28.4 b) at the turn of the year. This makes Atrium Ljungberg one of the largest listed property companies in Sweden.

PRICE TREND AND RETURN

During the year the share price of the class B share (ATRLJ B) decreased by 24 per cent to SEK 172.80 (SEK 226.00). The year's highest rate amounted to SEK 240.50 and the lowest to SEK 123.00.

The total yield for the share, corresponding to the total of distributed dividend and share price growth, was -21.3 per cent (54.2%) during the year. The corresponding return for OMXS Benchmark GI, which contains a selection of the largest and most traded shares on Nasdaq, was 12.8 per cent (31.5%) and for OMXS Real Estate GI, with the listed property companies on the Nasdaq Stockholm exchange, was -3.9 per cent (62.2%).

RETAIL AND SALES

Atrium Ljungberg's class B share is listed on the Nasdaq Stockholm exchange and is traded on the list for large companies, Large Cap. According to Fidessa, a total of 68.8 million shares (47.6 million) were sold during the year. Of these 69 per cent (53%) were traded on Nasdaq Stockholm and the remaining on other marketplaces such as Cboe BXE and Cboe APA. The turnover rate, i.e. the number of shares sold during the year divided by the number of outstanding shares as at year-end, was 54 per cent (38%).

INCLUDED IN EPRA INDEX

The Atrium Ljungberg share has been included in the FTSE EPRA Nareit Global Real Estate Index since 23 September 2019. The index is one of the most renowned and utilised indexes for property investments listed on the stock exchange and includes almost 500 property companies around the world.

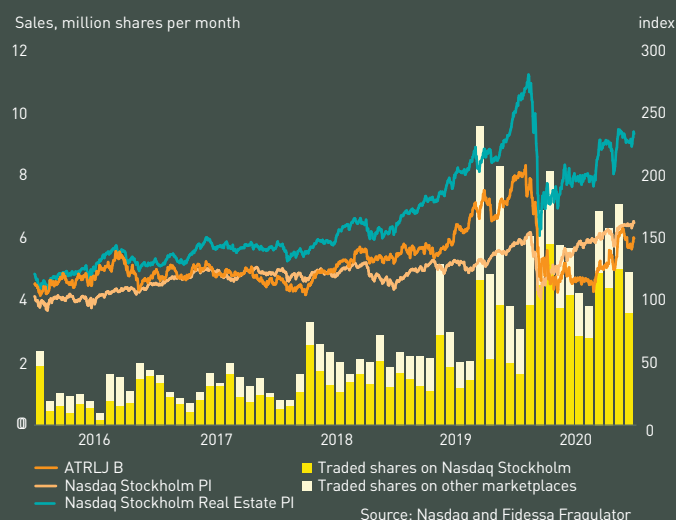
NET WORTH

As Atrium Ljungberg's properties are reported at fair value, the net worth can be calculated on the basis of the balance sheet equity. The guidelines from EPRA have been updated and EPRA NDV (Net Disposal Value), EPRA NRV (Net Reinstatement Value) and EPRA NTA (Net Tangible Assets) have replaced EPRA NAV and EPRA NNNAV. EPRA NRV, EPRA NTA and EPRA NDV are recognised in accordance with EPRA's guidelines; see notes E on page 129.

Atrium Ljungberg has a substantial project portfolio in which the development of its own development rights generates growth in value. The calculation of EPRA NRV, EPRA NTA and EPRA NDV do not take into consideration the future value potential of the project portfolio. See pages 38–45 for more information about our project portfolio.

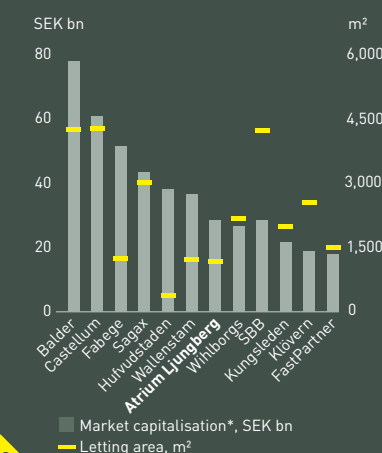
The share price at the end of the year was equivalent to 79 per cent (105%) of EPRA NRV.

The Atrium Ljungberg share

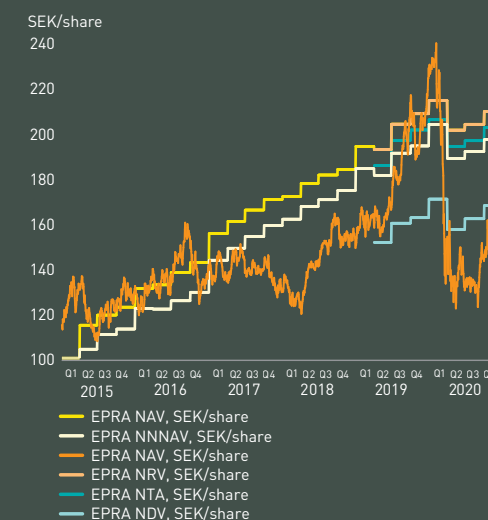


Market capitalisation and letting area as of 31 December 2020, the biggest listed property companies

– Atrium Ljungberg is one of the biggest listed property companies



EPRA NRV, EPRA NTA and share price



DIVIDEND

The dividend shall correspond to a minimum of 50 per cent of the profit before changes in value after nominal tax, unless investments or the company's financial position in general motivates a deviation from this norm. For the 2020 financial year a dividend of SEK 5.05 (SEK 5.00) per share is proposed, which corresponds to a dividend yield of 2.9 per cent (2.2%) calculated on the share price at the end of the year.

OWNERSHIP STRUCTURE

At the end of the year there were 8,384 known shareholders (6,078) in Atrium Ljungberg, which is an increase of 40 per cent compared with the previous year. The largest owners are the Stockholm Consumer Cooperative Society, together with the Ljungberg family and the Holmström family, who together own a total of 74 per cent of the votes. Foreign ownership amounted to 17 per cent (17%). One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote.

The Articles of Association include a pre-emption clause with regard to class A shares whereby shareholders wishing to sell their shares must first offer them to other holders of class A shares. There is also an agreement between the company's class A shareholders whereby if the pre-emption right is not exercised, the class A shares should be converted to class B shares before a transfer may occur.

BUY-BACK OF SHARES

The AGM has authorised the Board of Directors

of Atrium Ljungberg to take the decision to acquire the company's own shares on one or more occasions during the period until the next AGM in March 2021. The purpose of this programme is to give the Board more flexibility in its work on the company's capital structure, which will therefore help to increase shareholder value. As of 31 December 2020, the company owned 5,482,000 class B shares (3,382,000). The buy-back has been in the range of SEK 132.20–178.63 per share.

Major shareholders as of 31 Dec 2020

	Class A shares, '000	Class B shares, '000	Share of votes, %	Share of capital, %
The Stockholm Consumer Cooperative Society	–	38,666	23.6	29.0
Ljungberg family	2,190	28,773	31.0	23.2
Holmström family	1,810	13,798	19.5	11.7
Carnegie fonder	–	9,331	5.7	7.0
Varma pension insurance	–	8,117	5.0	6.1
Vanguard	–	1,526	0.9	1.1
BlackRock	–	1,470	0.9	1.1
Margareta af Ugglas	–	1,444	0.9	1.1
Indecap AB	–	1,102	0.7	0.8
Norges Bank	–	1,039	0.6	0.8
Other	–	18,473	11.2	18.0
Total outstanding shares	4,000	123,739	100	95.8
Shares bought back ¹⁾	–	5,482	–	4.2
Total number of shares issued	4,000	129,221	100	100

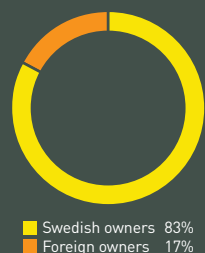
¹⁾ Bought-back shares have no voting rights and do not receive dividends.

Shareholding structure on 31 Dec 2020

Size class	Number of shares	Capital, %	Votes, %	Number of known owners	Share of known owners, %
1–1,000	956,791	0.7	0.6	7,715	92.0
1,001–10,000	4,784,448	3.6	2.8	618	7.4
10,001–100,000	10,062,610	7.6	5.9	35	0.4
100,001–2,000,000	7,843,178	5.9	4.6	6	0.1
2,000,001–10,000,000	49,202,559	36.9	50.3	8	0.1
10,000,001–	54,061,908	40.6	31.9	2	0.0
Anonymous ownership	6,309,242	4.7	3.7		
Total	133,220,736	100	100	8,384	100

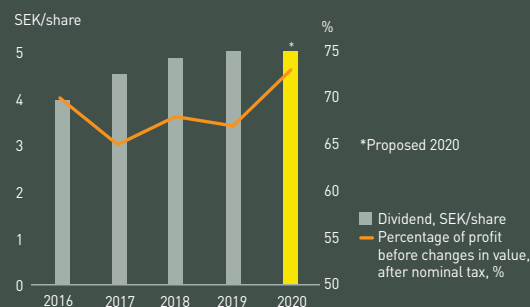
Ownership per country

– Foreign owners have increased to 17 per cent

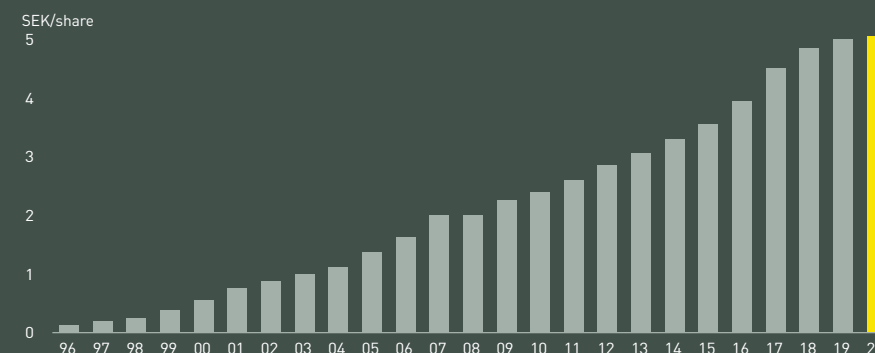


Dividend and dividend share

– A proposed dividend of SEK 5.05 per share corresponds to 73 per cent of profit before changes in value after nominal tax



Historical dividend



Financial statements



Our incredible project portfolio combined with our strong balance sheet puts us in a unique position for the future.

MARTIN LINDQVIST
CFO

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CONSOLIDATED INCOME STATEMENT

Amounts in SEK m	Note	2020	2019
Rental income	IE.1	2,344	2,577
Net sales, project and construction work		495	233
Net sales	IE.3	2,839	2,811
Property management costs			
Service charge-related costs		-165	-197
Other operating costs		-208	-202
Management costs		-166	-173
Repairs		-45	-54
Property tax		-185	-174
Non-deductible VAT		-9	-11
	IE.4-7	-779	-810
Project and construction work costs		-508	-276
Gross profit	IE.3	1,552	1,724
– of which gross profit/loss property management (operating surplus)		1,565	1,767
– of which gross profit/loss from project and construction work	IE.8	-13	-43
Central administration, property management		-75	-80
Central administration, project and construction work		-17	-16
	IE.2 IE.6	-91	-96
Financial income	F.3	3	2
Financial expenses	F.3	-309	-362
Leasehold fees	IE.4	-31	-34
		-337	-395
Profit before changes in value		1,124	1,234
Changes in value			
Properties, unrealised	A.1 IE.9	-119	2,283
Properties, realised	A.1	-81	73
Derivatives, unrealised	F.2	-252	-90
Derivatives, realised	F.2	-	-50
		-452	2,216
Profit before tax		672	3,450
Current tax	T.1	-41	-63
Deferred tax	T.1-3	236	-580
		195	-643
Profit for the year, entirely attributable to the parent company's shareholders		867	2,807
Earnings per share, SEK		6.69	21.59
Weighted average number of shares, thousands		129,554	130,005

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in SEK m	Note	2020	2019
Profit for the year		867	2,807
Other comprehensive income			
Items which will be reclassified to profit/loss			
Cash flow hedging	F.2	13	16
Tax attributable to cash flow hedging	T.3	-3	-3
Total other comprehensive income		10	13
Total comprehensive income for the year, entirely attributable to the parent company's shareholders		877	2,819

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

NET SALES

The Group's net sales for the year increased to SEK 2,839 million (SEK 2,811 m) of which rental income comprised SEK 2,344 million (SEK 2,577 m). The temporary rent rebates that were given as a result of the Covid-19 pandemic (rebates related to Covid-19) amounted to SEK 43 million net. The rebates related to Covid-19 amounted to a total of SEK 71 million, with SEK 56 million being entitled to government support of 50 per cent. This means that the government's share of the rebate for tenants amounted to SEK 28 million. Rental income in comparable portfolios amounted to SEK 1,981 million (SEK 2,022 m), a reduction of SEK 41 million or 2.0 per cent. This reduction in rental income is mostly due to the temporary rebates related to Covid-19, which amounted to SEK 36 million net in comparable portfolios. The development in rental income in comparable portfolios excluding rebates related to Covid-19 amounted to -0.2 per cent, with office properties increasing by 1.1 per cent and retail properties decreasing by 2.5 per cent. The increase in rental growth for office properties is primarily explained by new lettings and renegotiations, while rental growth has been hit by some large premises being vacated and the impact of retail space in office properties. This reduction in rental growth for retail properties has mostly been caused by lower sales rent, vacancies and negative renegotiations. The letting rate was 91 per cent (93%), including project properties. Contracted annual rents at the end of the year amounted to SEK 2,266 million (SEK 2,578 m). During the year, non-recurring payments of SEK 6 million (SEK 3 m) were received for premature vacating of premises.

At the end of the year the market value for comparable portfolios was SEK 36,858 million (SEK 38,565 m), corresponding to 78 per cent of the total value of the property portfolio.

Rental income trend	2020	2019	Change, %
Comparable portfolios, excl. rebates related to Covid-19	2,017	2,022	-0.2
Non-recurring payments, incl. rebates related to Covid-19	-37	3	
Project properties	230	221	
Properties acquired	9	0	
Properties sold	125	332	
Rental income	2,344	2,577	-9.0

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT CONT.

PROPERTY COSTS

Property costs amounted to SEK 779 million (SEK 810 m). For comparable portfolios, property costs have decreased by 1.7 per cent compared with the corresponding period last year. Service charge-related costs, such as electricity and heating, decreased due to a mild winter as well as fewer visitors to the properties as a result of the Covid-19 pandemic, which in turn reduced consumption. There was also a drop in management costs, mostly due to Farsta Centrum being vacated. Costs for property tax increased, mostly as a result of future new builds. Costs for anticipated and confirmed customer losses increased, primarily within consumer durables, amounting to SEK 28 million (SEK 16 m) for the period.

Property costs trend	2020	2019	Change, %
Comparable portfolios	-621	-632	-1.7
Project properties	-102	-68	
Properties acquired	-3	0	
Properties sold	-54	-110	
Property management costs	-779	-810	-3.8

GROSS PROFIT PROPERTY MANAGEMENT

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

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

GROSS PROFIT PROJECT AND CONSTRUCTION WORK

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

TL Bygg's gross profit, including intra-Group transactions, amounted to SEK 48 million (SEK 27 m). The increase in gross profit for TL Bygg profit is mostly explained by higher sales and

a higher cost allocation compared with the same period of the previous year.

CENTRAL ADMINISTRATION

Central administration is comprised of costs for the executive management as well as central support functions. Costs for central administration for property management amounted to SEK 75 million (SEK 80 m) and decreased due to fewer activities being carried out as a result of the Covid-19 pandemic. Costs for central administration for project and construction work amounted to SEK 17 million (SEK 16 m).

NET FINANCIAL ITEMS

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

CHANGES IN VALUE

Unrealised changes in value attributable to properties amounted to SEK -119 million (SEK 2,283 m) for the year and are explained in the table below.

Unrealised changes in value, properties	2020	2019
Change in yield requirements	451	1,271
Change in operating net, etc.	-570	936
Development rights	-	76
Total	-119	2,283

During the period an unrealised change in value of SEK 61 million (SEK - m) attributable to sold properties was recognised.

Realised changes in the value of investment properties amounted to SEK -81 million (SEK 73 m), of which SEK -60 million (SEK - m) was attributable to goodwill related to Farsta Centrum.

At the end of the year, the derivative portfolio comprised SEK 14,992 million (SEK 13,854 m) in interest rate and currency swaps, with maturity between 2021 and 2030. Currency swaps are used to eliminate the currency exposure that arises when bonds are issued Norwegian krone. Unrealised changes in value attributable to derivatives amounted to SEK -252 million (SEK -90 m) as a result of lower market interest rates.

TAX

The current tax for the period amounted to SEK -41 million (-63). The current tax has been affected by tax deductible depreciation and investments. Deferred tax amounted to SEK 236 million (SEK -580 m) and was primarily impacted by unrealised changes in the value of properties and derivatives, but also by a reversal of deferred tax attributable to sold properties of SEK 425 million.

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

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

PROFIT

Profit before changes in value totalled SEK 1,124 million (SEK 1,234 m). The lower profit is mostly due to the sale of properties and temporary rebates related to Covid-19, the effect of which has been offset by lower financial expenses. Gross profit increased for project and construction work. Profit for the period amounted to SEK 867 million (SEK 2,807 m), corresponding to SEK 6.69/share (SEK 21.59).

OTHER COMPREHENSIVE INCOME

Other comprehensive income reports the reversal of the hedging reserve in equity which relates to the derivatives (interest swaps) which until 31 December 2011 applied hedge accounting. As of this date Atrium Ljungberg does not apply hedge accounting to these instruments in the consolidated accounts.

CONSOLIDATED BALANCE SHEET

Amounts in SEK m	Note	31 Dec 2020	31 Dec 2019	Amounts in SEK m	Note	31 Dec 2020	31 Dec 2019
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				Equity			
Investment properties	A.1	46,026	47,513	Share capital		333	333
Right-of-use asset, leaseholds	IE.4	1,179	1,305	Other capital contributions		3,960	3,960
Property, plant and equipment	A.2	29	36	Provisions		-4	-13
Goodwill	A.3	165	225	Retained earnings including profit for the year		18,380	18,506
Shares in associated companies and joint ventures	GS.2	6	5	Total equity attributable to the parent company's share-holders		22,668	22,784
Deferred tax receivable	T.2	5	0	Non-current liabilities			
Derivatives	F.2	7	82	Deferred tax liability	T.3	4,686	5,106
Other non-current receivables		178	33	Non-current interest-bearing liabilities	F.1-2	18,905	20,211
Total non-current assets		47,594	49,198	Non-current finance lease liability		1,179	1,305
Current assets				Derivatives	F.2	662	348
Development properties	A.4	1,308	997	Other non-current liabilities	OL.1	229	222
Accounts receivable	A.5	179	148	Total non-current liabilities		25,662	27,193
Other receivables	A.6	90	96	Current liabilities			
Prepaid costs and accrued income	A.7	165	161	Accounts payable		192	205
Cash and cash equivalents	F.1-2	279	457	Tax liabilities		152	77
Total current assets		2,021	1,858	Other liabilities	OL.2	358	71
Total assets		49,615	51,056	Accrued costs and prepaid income	OL.3	582	727
				Total current liabilities		1,285	1,079
				Total equity and liabilities		49,615	51,056

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

NON-CURRENT ASSETS

The carrying amount for investment properties amounted to SEK 46,026 million (SEK 47,513 m) at the end of the year. Development rights and land accounted for SEK 463 million (SEK 423 m) of this total. Investments in Atrium Ljungberg's held properties amounted to SEK 2,208 million (SEK 1,704 m). During the year possession of an office property took place in Sundbyberg, Eken 14, as well as an office property in Uppsala, Kvarngärdet 33:2. A total of five properties were also vacated during the year in Farsta Centrum, four with leaseholds. 14 properties were taken into possession in Slakthusområdet in Stockholm in June 2019. In September 2019 the residential leaseholds Kolding 1 and Kolding 2 in Ärvinge, Kista, were vacated. The year's unrealised changes in the value of investment properties amounted to SEK -119 million (SEK 2, 283 m).

Change in investment properties (excluding Right-of-use asset, leaseholds)

SEK m	2020	2019
Fair value at the beginning of the period	47,513	43,310
Acquisitions (after deduction of latent tax)	410	1,174
Sales	-3,979	-1,031
Investments in held properties	2,208	1,704
Unrealised changes in value	-119	2,283
Reclassification	-7	-
Other	-	73
Fair value at the end of the period	46,026	47,513

The consolidated goodwill arose in conjunction with a business combination and comprises the difference between nominal tax and the tax which the company actually included during the acquisition. The reported goodwill amounted to SEK 165 million (SEK 225 m).

A deferred tax receivable for loss carry-forwards totalling SEK 0 million was recognised at the beginning of the year. The deferred tax receivable calculated on the basis of the fiscal deficit as of 31 Dec 2020 amounted to SEK 0 million.

CURRENT ASSETS

Cash and cash equivalents at the end of the financial year amounted to SEK 279 million (SEK 457 m). The remaining current assets amounted to SEK 1,742 (SEK 1,402 m), of which SEK 1,308 million (SEK 997 m) is attributable to development properties.

DEVELOPMENT PROPERTIES

The development properties are recognised at the lower of the costs expended and the estimated net realisable value. Investments in tenant-owned dwellings projects amounted to SEK 305 million (SEK 106 m).

Development properties

SEK m	2020	2019
At the beginning of the period	997	891
Reclassification	7	-
Investments in tenant-owned dwelling projects	305	106
Development properties, at the end of the period	1,308	997
Property portfolio, total	47,334	48,509

EQUITY

Equity on the closing date amounted to SEK 22,668 million (SEK 22,784 m), corresponding to SEK 177.46/share (SEK 175.48/share). The change in equity is mainly attributable to the profit for the year of SEK 867 million. The hedging reserve decreased by SEK 10 million (SEK 13 m). The change in the hedging reserve refers to the successive reversal of the opening hedging reserve due to the fact that the Group no longer applies hedge accounting to interest swaps. During the year, the company conducted a buy-back of its own shares totalling SEK 343 million (SEK 99 m).

The dividend paid, which was approved at the Annual General Meeting held in March 2020, amounted to SEK 649 million (SEK 631). The equity/assets ratio at the end of the year was 45.7 per cent (44.6%). EPRA NTA amounted to SEK 210.56/share (SEK 206.62/share).

DEFERRED TAX LIABILITY

Deferred tax liability is recognised at 20.6 per cent of temporary differences between fiscal values and book values, primarily with regard to investment properties and financial instruments. The recognised liability as of 31 December 2020 amounted to SEK 4,686 million (SEK 5,106 m). The year-on-year change is attributable to unrealised changes in the value of properties and financial instruments, fiscal depreciation of buildings, and direct deductions for investments.

The probable effective tax rate is lower than 20.6 per cent. See further calculation of the company's net worth on pages 129-130 in accordance with EPRA.

INTEREST-BEARING LIABILITIES

At the turn of the year, the interest-bearing liabilities in accordance with the balance sheet totalled SEK 18,905 million (SEK 20,211 m), a net decrease of SEK 1,306 million. The raising of new loans refers to financing of investments and acquisitions.

The average maturity date was 4.7 years (4.3 years). The average fixed interest term was 5.0 years (5.4 years). The gearing ratio was 39.9 per cent (41.7%).

The market value of derivatives at the end of the year amounted to SEK -656 million (SEK -266 m).

Atrium Ljungberg's financing is described in more detail on pages 34-37.

CONSOLIDATED CHANGES IN EQUITY

Amounts in SEK m	Attributable to the parent company shareholders				Total equity
	Share capital	Other capital contributions	Hedging reserves	Profit brought forward	
Opening balance as of 1 January 2019	333	3,960	-26	16,430	20,696
Profit for the year				2,807	2,807
Other comprehensive income			13		13
Acquisition of own shares				-99	-99
Dividend, SEK 4.85/share				-631	-631
Closing balance as of 31 December 2019	333	3,960	-14	18,506	22,784
Opening balance as of 1 January 2020	333	3,960	-14	18,506	22,784
Profit for the year				867	867
Other comprehensive income			10		10
Acquisition of own shares				-343	-343
Dividend, SEK 5.00/share				-649	-649
Closing balance as of 31 December 2020	333	3,960	-4	18,380	22,668

There are a total of 133,220,736 shares (133,220,736), 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. During the period Atrium Ljungberg acquired 2,100,000 (621,000) class B shares and at the end of the year owned 5,482,000 class B shares. The number of outstanding shares amounted to 127,738,736 (129,838,736) at the end of the year. The weighted average number of outstanding shares for 1 January 2020 to 31 December 2020 amounted to 129,553,599 (130,005,440). The quota value of the share was SEK 2.5.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK m	Note	2020	2019
Profit before tax		672	3,450
Reversal of depreciation, amortisation and impairment	IE.7	13	13
Realised changes in value, investment properties		81	-73
Unrealised changes in value, investment properties	A.1	119	-2,283
Realised changes in value, financial instruments	F.2	-	50
Unrealised changes in value, financial instruments		252	90
Other items not included in the cash flow		-9	-62
Tax paid		6	-27
Cash flow from operating activities before changes in working capital		1,134	1,158
Net change in working capital		113	192
Change in working capital		113	192
Cash flow from operating activities		1,246	1,350
INVESTMENT ACTIVITIES			
Acquisition of properties	A.1	-407	-1,174
Reconstruction and new construction of properties	A.1	-2,513	-1,810
Sale of properties		3,797	1,031
Investment in financial non-current assets		-145	-5
Purchases of machinery and equipment		-8	-17
Cash flow from investment activities		725	-1,975
FINANCING ACTIVITIES			
Change in other non-current liabilities		5	20
Loans raised	F.1	5,886	5,709
Repayment of debts	F.1	-7,047	-4,016
Exercise of derivatives	F.2	-	-235
Dividends paid		-649	-631
Buy-back of own shares		-343	-99
Cash flow from financing activities	F.4	-2,149	748
Cash flow for the year		-177	122
Cash and cash equivalents at the start of the year		457	335
Cash and cash equivalents at the end of the year		279	457
Information on interest paid			
Interest received amounted to		3	2
Interest paid amounted to		-309	-362
Information on cash and cash equivalents at the end of the year			
Bank deposits, excluding blocked funds		279	457

COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow from operating activities amounted to SEK 1,246 million (SEK 1,350 m), corresponding to SEK 9.62/share (SEK 10.38/share). The lower cash flow compared to the previous year is mainly explained by a reduction in the net change of working capital.

Investment activities contributed SEK 725 million (SEK -1,975 m) to the cash flow; this positive contribution is attributable to the sale of Farsta Centrum. The cash flow in financing activities amounted to SEK -2,149 million (SEK 748 m) and is negative due to the repayment of debt, the dividend paid and the buy-back of own shares.

Available liquidity amounted to SEK 2,944 million (SEK 3,033 m) at the end of the year and comprised bank deposits of SEK 279 million (SEK 457 m), unutilised overdraft facilities of SEK 300 million (SEK 300 m) and unutilised lines of credit of SEK 2,365 million (SEK 2,276 m) in addition to credit facilities covering outstanding commercial paper.

PARENT COMPANY INCOME STATEMENT

Amounts in SEK m	Note	2020	2019
Rental income	IE.1	77	144
Management income		318	328
Net sales		395	472
Property costs	IE.4	-32	-53
Management and administration expenses	IE.5-6	-389	-400
Capital gain/loss from sale of properties	IE.7	-7	-184
Depreciation		-16	-20
Operating profit	G.5 IE.4	-50	-186
Earnings from shares in Group companies	PC.2	3,560	1,419
Interest income and similar profit items	F.3	622	597
Interest expenses and similar profit items	F.3	-606	-989
		3,576	1,028
Profit after financial items		3,527	842
Appropriations	PC.4	72	29
Profit before tax		3,599	870
Current tax	T.1	-4	-6
Deferred tax	T.1-3	34	91
		30	85
Profit for the year		3,629	955

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Parent company statement of comprehensive income

Profit for the year as per income statement	3,629	955
Other comprehensive income	-	-
Total comprehensive income for the year	3,629	955
Dividend per share, SEK (2020, proposed)	5.05	5.00

COMMENTS ON THE PARENT COMPANY ACCOUNTS

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

Net sales amounted to SEK 395 million (SEK 472 m). Rental income decreased mostly as a result of the properties Kolding 1 and Kolding 2 in Kista being vacated on 30 September 2019. Management income decreased as a result of lower sales of management services to companies within the Group. Management and administration expenses fell, mostly due to fewer activities being carried out as a result of the Covid-19 pandemic. The operating profit/loss amounted to SEK -50 million (SEK -186 m). The profit after financial items amounted to SEK 3,527 million (SEK 842 m) and was primarily affected by higher dividends from

subsidiaries compared with the previous year. Dividends from subsidiaries amounted to SEK 3,560 million (SEK 1,419 m). Interest-bearing liabilities amounted to SEK 15,967 million (SEK 15,988 m). These funds finance the company's property portfolio and are lent on to other Group companies.

The parent company's cash flow from operating activities amounted to SEK 155 (SEK 121 m). The cash flow from investment activities amounted to SEK -244 million (SEK 373 m), and the cash flow from financing activities amounted to SEK -102 million (SEK -381 m). The cash flow for the year amounted to SEK -191 million (SEK 112 m). Cash and cash equivalent as the end of the financial year stood at SEK 205 million (SEK 395 m).

PARENT COMPANY BALANCE SHEET

Amounts in SEK m	Note	31 Dec 2020	31 Dec 2019	Amounts in SEK m	Note	31 Dec 2020	31 Dec 2019
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				Equity			
Property, plant and equipment				<i>Restricted equity</i>			
Investment properties	A.1 PC.3	992	908	Share capital (133,220,736 shares, quota value: SEK 2.5)		333	333
Machinery and equipment	A.2	12	14	Statutory reserve		265	265
Total property, plant and equipment		1,003	922			598	598
Financial non-current assets				<i>Non-restricted equity</i>			
Shares in Group companies	GS.1 PC.2	978	963	Share premium reserve		3,948	3,948
Deferred tax receivable	T.2	105	68	Profit brought forward		2,067	2,104
Other non-current receivables		178	32	Profit for the year		3,629	955
Total financial non-current assets		1,261	1,062			9,644	7,007
Total non-current assets		2,264	1,984	Total equity		10,243	7,606
Current assets				Untaxed reserves	PC.4	21	8
Accounts receivable	A.5	3	2	Provisions			
Receivables from Group companies	G.6	24,564	21,698	Pension provision		16	16
Tax receivables		37	10	Deferred tax liability	T.3	67	63
Other receivables	A.6	13	22	Total provisions		83	79
Prepaid costs and accrued income	A.7	16	23	Non-current liabilities			
Cash and cash equivalents	F.1–2	205	395	Non-current interest-bearing liabilities	F.1–2	15,967	15,988
Total current assets		24,837	22,150	Derivatives	F.2	662	348
Total assets		27,101	24,135	Other non-current liabilities	OL.1	1	1
				Total non-current liabilities		16,630	16,337
				Current liabilities			
				Accounts payable		18	26
				Other liabilities	OL.2	36	5
				Accrued costs and prepaid income	OL.3	71	75
				Total current liabilities		125	105
				Total equity and liabilities		27,101	24,135

PARENT COMPANY CHANGE IN EQUITY

Amounts in SEK m	Share capital	Stat-utory reserve	Share premium reserve	Profit brought forward	Total equity
Opening balance as of 1 January 2019	333	265	3,948	2,835	7,381
Profit for the year				955	955
Buy-back of own shares				-99	-99
Dividend, SEK 4.85/share				-631	-631
Closing balance as of 31 December 2019	333	265	3,948	3,060	7,606
Opening balance as of 1 January 2020	333	265	3,948	3,060	7,606
Profit for the year				3,629	3,629
Buy-back of own shares				-343	-343
Dividend, SEK 5.00/share				-649	-649
Closing balance as of 31 December 2020	333	265	3,948	5,696	10,243

There are a total of 133,220,736 shares (133,220,736), of which 4,000,000 (4,000,000) are class A shares and 129,220,736 (129,220,736) are class B shares. One class A share grants entitlement to ten votes and one class B share grants entitlement to one vote. At the end of the year the parent company had 5,482,000 (3,382,000) of its own class B shares. At the end of the year, the number of outstanding shares amounted to 127,738,736 (129,838,736). The average weighted number of outstanding shares for 2020 SEK amounted to 129,553,599 (130,005,440). The quota value of the share was SEK 2.5.

PARENT COMPANY CASH FLOW STATEMENT

Amount, SEK m	Note	2020	2019
Profit before tax		3,599	870
Reversal of depreciation, amortisation and impairment	IE.7	16	20
Capital gain/loss		0	184
Unreceived dividends from subsidiaries	PC.2	-3,560	-1,419
Other items not included in the cash flow	PC.4	96	629
Tax paid		-31	-118
Cash flow from operating activities before changes in working capital		120	166
Net change in working capital		35	-46
Change in working capital		35	-46
Cash flow from operating activities		155	121
INVESTMENT ACTIVITIES			
Purchase/sale of machinery and equipment		-3	-7
Reconstruction and new construction of properties	PC.3	-95	-36
Investment in financial non-current assets		-146	-
Sale of properties		-	416
Cash flow from investment activities		-244	373
FINANCING ACTIVITIES			
Change in other non-current liabilities	F.4	0	-4
Change in receivables from Group companies		763	-915
Change in liabilities to Group companies		-	-
Loans raised	F.1	5,336	5,501
Repayment of debts	F.1	-5,209	-3,999
Exercise of derivatives		-	-235
Dividends paid		-649	-631
Buy-back of own shares		-343	-99
Cash flow from financing activities		-102	-381
Cash flow for the year		-191	112
Cash and cash equivalents at the start of the year		395	283
Cash and cash equivalents at the end of the year		205	395
Information on interest paid			
Interest received amounted to		622	597
Interest paid amounted to		-442	-407
Information on cash and cash equivalents at the end of the year			
Bank deposits, excluding blocked funds		205	395

SUPPLEMENTARY INFORMATION – NOTES

G GENERAL INFORMATION AND ACCOUNTING POLICIES

G.1 GENERAL INFORMATION

Atrium Ljungberg AB (publ.), company ID no.: 556175-7047, is registered in Sweden with its registered office in Nacka and street address Smedjegatan 2C, SE-131 04 Nacka. Atrium Ljungberg's class B share has been listed on the Nasdaq Stockholm Exchange since 1994. Atrium Ljungberg will engage in the long-term ownership, development and management of retail properties, office properties and full-service environments in strong subsidiary

markets, primarily in large urban regions, and will engage in project and construction activities. The annual accounts and the consolidated accounts in respect of the 2020 financial year were approved for publication by the Board of Directors on 1 March 2021. It is proposed that the annual accounts and the consolidated accounts be adopted at the Annual General Meeting held on 25 March 2021.

investment properties and derivative instruments, which are valued and recognised at fair value. The consolidated accounting policies described have been applied consistently to all periods presented in the Group's financial statements, unless otherwise indicated below. The functional currency of the parent company is the Swedish krona, which is also the reporting currency for the parent company and the Group. All amounts are shown in SEK million unless otherwise indicated.

issued by the acquiring party in return for the controlling influence over the acquired unit. Acquired and identifiable assets, liabilities and contingent liabilities are measured at fair value on the acquisition date. If the cost of the shares acquired exceeds the sum of the fair value of acquired and identifiable assets, liabilities and contingent liabilities, the difference is recognised as goodwill. If the cost is lower than the fair value calculated in the manner described above, the difference is recognised directly in the income statement.

G.2 CONSOLIDATED ACCOUNTS AND THEIR PREPARATION

Scope of consolidated accounts

The consolidated accounts comprise the parent company, Atrium Ljungberg AB, and the companies over which the parent company has a controlling influence (subsidiaries). The parent company has controlling influence when it is exposed to or has entitlement to variable yield from its engagement in a company and can affect the yield using influence over the company. This is normally fulfilled when the parent company directly or indirectly holds shares which represent more than 50 per cent of the votes. Controlling influence can also be exercised in ways other than through share ownership.

The results of subsidiaries acquired or sold during the year are included in the Consolidated Statement of Comprehensive Income up to and including the date when the transaction occurred, i.e. when the controlling influence arises and ceases.

Preparation of the consolidated accounts

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as of 31 December 2020. The consolidated accounts have also been prepared in accordance with Swedish law and with the application of RFR 1, Complementary accounting regulations for corporate groups, issued by the Swedish Accounting Standards Board.

If the accounting policies of the subsidiaries deviate from those of the Group, the subsidiaries' accounting is adjusted to comply with the same policies as the Group.

Internal transactions between Group companies and intra-Group transactions are eliminated in conjunction with the preparation of the consolidated accounts. Assets and liabilities are recognised at cost, with the exception of

Acquisitions

During an acquisition an assessment is carried out to ascertain whether it is a business combination or an asset acquisition. A business combination is defined in accordance with IFRS 3 and requires that assets and liabilities which are acquired should comprise a business/operation. When a group of assets or net assets is acquired which does not comprise a business/operation, it is classified as an asset acquisition.

For the acquisition of a subsidiary, the assets of which only comprise a property and lack management organisation and administration, the acquisition is classified as an asset acquisition in most cases. The acquisition value of assets or net assets is divided among the individual identifiable assets and liabilities based on their relative fair values at the time of acquisition.

The acquisition of an independent business therefore only comprises a business combination and is recognised using the acquisition method. The cost of a business combination comprises the fair value on the transaction date of assets paid, of liabilities arising or assumed, and of the equity instruments

Associated companies

Associated companies are companies in which the Group has a controlling influence, normally through a shareholding of minimum 20 per cent and maximum 50 per cent and is recognised using the equity method. Under the equity method, shares in associated companies are recognised at cost on the acquisition date and subsequently adjusted by the Group's share of the change in the associated company's net assets. The Group's book value of the shares in the associated companies corresponds to the Group's share in the associated companies' equity and any residual value of consolidated surplus and deficit values.

Significant assessments and assumptions in connection with the application of the Group's accounting policies

Preparing financial statements in accordance with IFRS requires the Board of Directors and the executive management to make assessments and estimates that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses.

Assumptions and estimates are based on, among other things, historical experience and other factors deemed relevant under the prevailing circumstances. These assumptions and estimates are used to assess the carrying amounts of assets, liabilities, income and expenses whose value is not otherwise clear from other sources. The actual result may deviate from these estimates and assessments. Assumptions and estimates are analysed regularly by the Board of Directors and senior management. Changes are reflected in the accounts for the period when the change is made if the change only affects the current period. If the change affects the current period and subsequent periods, the accounts are affected in accordance with this. The assumptions deemed most significant when preparing the financial statements are described below.

Investment properties are measured at fair value. The valuation includes assessments and assumptions that are regarded as critical to the carrying amounts; for example, the executive management's assumption of yield requirements when valuing a property. Assumptions, uncertainties and assessments are described further in note A.1. When acquiring a company, an assessment is made as to whether this acquisition will be classified as an asset acquisition or a business combination. An asset acquisition is deemed to exist

if the acquisition refers to properties but does not include any organisation or management processes required to conduct the operations. Other acquisitions are classified as business combinations.

For property transactions, an assessment is made of when control passes to the counterparty. This assessment acts as a guide to when the transaction is recognised. Normally the control is transferred to the counterparty on the date of possession. See note IE.1 for more information.

An assessment of the potential for offsetting the deficit against future profits is made during the valuation of loss carry-forwards.

Allocations to the guarantee reserve for construction work are made in the amount of 0.5 per cent of the contract sum during the guarantee period. The allocation is based on historical experience and an assessment of the risks inherent in ongoing projects.

Cash flow statement

Cash flow statements are prepared using the indirect method, in accordance with IAS 7, and the profit is consequently adjusted for transactions that have not entailed payments received or made and for income and expenses that can be attributed to investment and/or financial activities.

G.3

NEW STANDARDS AND INTERPRETATIONS

The Group has applied the following interpretations and standards for the first time for the financial year starting 1 January 2020.

Amendments to IAS 1

An addition to IAS 1 that contains supplementary guidance on what a significant accounting policy is. This addition has not resulted in any changes to the accounting policies that are disclosed in the annual accounts for 2020.

Amendments to IFRS 3

The definition of a business combination has changed. Atrium Ljungberg has deemed that this amendment will not affect the proportion of asset acquisitions in relation to business combinations to any major extent as most of the acquisitions performed within the Group are asset acquisitions.

G.4

NEW STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET ENTERED INTO FORCE

New standards and interpretations have been published but have not yet entered into force. They have not been applied in advance and are

not expected to have any material impact on the Group.

G.5

EVENTS AFTER THE CLOSING DATE

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

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

G.6 INFORMATION ON RELATED PARTIES

The following legal entities and physical persons have been identified as related parties of Atrium Ljungberg AB:

- All companies within the Atrium Ljungberg Group, see note GS.1
- Board members, executive management, and their close family members for all companies in the Atrium Ljungberg Group.
- Companies controlled by board members, executive management or their family

members, or companies where these people have a controlling influence.

- Our principal owners; the Stockholm Consumer Cooperative society, the Ljungberg family with companies, and the Holmström family with companies

Transactions and dealings between the parent company and other Group companies

	Parent company	
	2020	2019
Sale to subsidiaries	317	311
Purchasing from subsidiaries	-16	-15
Interest income from subsidiaries	620	587
Dividends from subsidiaries	3,560	1,419
Interest expenses to subsidiaries	-133	-118
Receivables from related parties (Group companies)	24,564	21,698
Liabilities to related parties (Group companies)	-	-

Other

No other transactions between related parties and Atrium Ljungberg have taken place during the year. Remuneration to the Board of Directors and executive management is shown in note IE.6.

IE INCOME AND EXPENSES

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Revenue recognition

Revenue comprises rents and remuneration for external project and construction activities.

Rental income

All lease contracts are classified as operating leases. Rental income is distributed on a straight-line basis over the term of the contract other than when the terms of the lease contract are such that a different form of distribution would better reflect the way in which the economic benefits attributable to the letting of the investment property change over time. Rental payments in advance are recognised as prepaid income. The gross rent includes items in respect of costs passed on for property tax, electricity and heating.

Substantial rent rebates have been distributed over the term of the contracts. However, rent rebates related to Covid-19 are not recognised in the period that the rent rebates relate to, as it has been assessed that these rebates do not constitute a modification of the agreement.

Sales-based rent has been estimated in the closing accounts on the basis of reported sales data. Sales-based rent is determined in subsequent years once tenants' auditors have determined the tenants' sales. Any difference between the established and estimated annual rent is recognised as an amended assessment in the period in which the annual rent is established.

Project and construction revenue

Project and construction revenue is recognised as the project progresses, i.e. in accordance with so-called successive revenue recognition. The degree of recognition – the degree of completion – is primarily determined on the

basis of project costs expended in relation to the estimated total engagement expenses in conjunction with completion. If the result of a project cannot be reliably calculated, a revenue is recognised that corresponds to expenses disbursed as of the closing date. Anticipated losses are immediately recognised as an expense. The difference between recognised project revenue and as yet uninvoiced amounts is recognised as a contract asset and included in Prepaid costs and accrued income in the consolidated balance sheet. Similarly, the difference between an invoiced amount and as yet unrecognised project revenue is recognised as a contract liability and included in Accrued costs and prepaid income in the balance sheet.

Revenue from property sales

Earnings from the sale of investment properties is recognised in the Properties, realised row in the consolidated income statement. Revenue attributable to property sales is recognised when control transfers to the purchaser. This normally coincides with the date of possession, as this is normally when the terms and conditions in the contract have to be met in order for the purchase to be completed. Read more about investment properties in note A.1.

Revenue from tenant-owned associations

Atrium Ljungberg builds properties that are intended for sale to tenant-owned associations after completion. Earnings from these sales are only recognised when the property has been completed, sold and transferred to the tenant-owned association, i.e. the moment when Atrium Ljungberg no longer has control over the tenant-owned association. Read more about development properties in note A.7.

Government grants

Government grants mostly comprise compensation for reduced rents. These grants are recognised when there is reasonable assurance that the company will comply with the conditions attached to the grants and the grants will be received. Government grants relating to compensation for reduced rents are recognised in the Rental income row in the income statement and in the same period when the rental income was reduced.

Other income

Dividend income is recognised when the shareholders' right to receive payment has been confirmed.

Interest income is recognised over the interest term, applying the effective interest method. Effective interest is the interest that ensures that the current value of all future payments received and made during the fixed interest term is the same as the carrying value of the receivable.

Property management costs

The concept of property costs includes both direct and indirect expenses of managing a property. Direct expenses relate to service charge-related costs, maintenance costs and property tax. Service charge-related costs cover electricity, heating, cooling, water and sewage. Indirect expenses relate to costs of letting, rent administration and accounting.

Leasing

A lease is an agreement whereby a lessor grants a lessee the right to make use of an asset in return for payment, on agreed terms and conditions for a contractually agreed period of time.

Atrium Ljungberg as a lessee

A lessee recognises assets and liabilities attributable to all leases, except for leases with a term of less than 12 months and/or if the underlying asset is of low value. For Atrium Ljungberg this means that a right-of-use asset and a non-current lease liability attributable to leasehold agreements are recognised in the balance sheet.

Other leases will continue to be recognised as operating leases as the amounts have been deemed not to be significant for the Group. Benefits received in conjunction with the signing of these leases are recognised on a straight-line basis over the term of the lease. Higher leasing fees are distributed over the term of the lease.

Read more about leasehold agreements and leases in note IE.4.

Atrium Ljungberg as a lessor

Atrium Ljungberg is the lessor in conjunction with the granting of premises to tenants. Read more about rental income from operating leases in the Rental income section above.

IE.1 INCOME AND LEASE CONTRACTS

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As of 1 January 2021 the contracted annual rent, including turnover-based rent, amounted to SEK 2,266 million (SEK 2,585 m) in the Group, of which SEK 73 million (SEK 74 m) in the parent company.

Maturity structure for lease contracts	Contracted rent, SEK m	Percentage, %	Contracted rent, SEK m	Percentage, %
2021	326	14%	4	6%
2022	393	17%	8	11%
2023	519	23%	15	20%
2024	378	17%	12	16%
2025	165	7%	0	0%
2026 and thereafter	373	16%	21	28%
Residential units	57	3%	2	2%
Garage/parking	53	2%	12	17%
Total	2,266	100%	73	100%

Letting rate 1 Jan 2021	Rental value, SEK m	Rental value, SEK/m ² ¹⁾	Letting rate, %
Offices	1,227	2,936	91
Retail	744	3,385	91
Other	229	2,105	92
Residentials	49	1,731	100
Garage/parking	54	–	94
Business area Property	2,303	2,972	91
Project properties	178		93
Total	2,481		91

¹⁾ Excluding garage.

Letting rate 1 Jan 2020	Rental value, SEK m	Rental value, SEK/m ² ¹⁾	Letting rate, %
Offices	1,278	2,842	93
Retail	951	3,443	95
Other	236	2,043	92
Residentials	46	1,976	100
Garage/parking	60	–	94
Business area Property	2,572	2,972	94
Project properties	210		85
Total	2,783		93

¹⁾ Excluding garage.

Lease contracts for retail space may contain contractual terms that mandate a minimum rent with a surcharge depending on the turnover of the shop. SEK 32 million (SEK 34

m) of the company's contracted annual rent comprises the estimated turnover surcharges in addition to the minimum rent, corresponding to 1 per cent (1%).

	The Group	
	2020	2019
Government grants and rebates attributable to Covid-19 that have been recognised in the Rental income row		
Rental income excluding rebates attributable to Covid-19	2,387	2,577
Rebates attributable to Covid-19	–71	–
Government grants attributable to rebates related to Covid-19	28	–
Total Rental income	2,344	2,577

IE.2 CENTRAL ADMINISTRATION

Accounting policies

Central administration for property management mainly comprises the costs for depreciating machinery and equipment, costs attributable to the Board of Directors, CEO, and other senior executives, and audit costs, as well as corporate costs for the provision of information for shareholders, maintaining the stock market listing, and the preparation of the annual

accounts. For depreciation of machinery and equipment associated with the central administration, see note IE.7. For information about costs attributable to the Board of Directors, the CEO and other senior executives, see note IE.5.

Remuneration to auditors

Central administration also includes remuneration to auditors, see the table below.

	The Group		Parent company	
	2020	2019	2020	2019
Fees and expenses paid to auditors				
PWC				
Audit engagement	3	2	2	1
Other additional audit-related work	0	1	0	0
Tax consultancy	–	0	–	0
Total	3	3	2	2

Audit assignment refers to the auditor's fee for the statutory audit, i.e. such work that is necessary to issue the audit report. Other additional audit-related work refers in principle to what is termed quality assurance services, as well as advice and other assistance resulting from observations during the examination or execution of such other tasks.

Central administration for project and construction activities

Central administration for project and construction activities includes indirect costs for support functions that have been allocated to developing development properties and costs attributable to the CEO and support functions within TL Bygg's operations.

IE.3 SEGMENT REPORTING

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Accounting policies

The identification of reportable segments is based on the internal reporting to the most senior executive decision maker, which is deemed to be the parent company's CEO. The Group is managed on the basis of the earnings measurement of gross profit divided by the

identified and reportable operating segments shown below. Profit and loss items that are not divided by segment are financial items and taxes. Sales between segments have been eliminated in the Group's sales. Accounting policies applied for the segment reporting concur with the consolidated accounting

policies and presentation formats for the income statement.

100 per cent of the Group's income was generated in the country where the parent company has its registered office, namely Sweden. No single customer accounts for more than 10 per cent of the Group's total revenue.

All non-current assets are in the country where the parent company has its registered office, i.e. in Sweden.

	Properties		Project development ¹⁾		TL Bygg		Project and construction activities		Non-allocated items and eliminations		The Group	
Amounts in SEK m	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rental income	2,367	2,595							-23	-17	2,344	2,577
Net sales, project and construction work			23	17	858	553	881	570	-386	-337	495	233
Net sales	2,367	2,595	23	17	858	553	881	570	-409	-354	2,839	2,811
Property management costs	-793	-821							14	11	-779	-810
Project and construction work costs			-36	-47	-810	-526	-846	-574	338	298	-508	-276
Gross profit	1,573	1,773	-13	-30	48	27	36	-3	-57	-46	1,552	1,724
Central administration	-75	-80	-5	-6	-12	-12	-17	-17	-	2	-91	-96
Financial income and expenses									-337	-395	-337	-395
Profit before changes in value	1,498	1,693	-18	-36	36	15	19	-21	-394	-439	1,124	1,234
Changes in value ²⁾³⁾	-200	2,355							-252	-139	-452	2,216
Tax									195	-643	195	-643
Profit for the period	1,298	4,048	-18	-36	36	15	19	-21	-451	-1,221	867	2,807
Investments and acquisitions	2,618	2,951	305	106	1	0	306	106	3	22	2,927	3,079

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

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

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

Revenue type per segment	Properties		Project development		TL Bygg		Project and construction activities		Non-allocated items and eliminations		The Group	
Amounts in SEK m	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rental income	2,367	2,595							-23	-17	2,344	2,577
Net sales, project and construction work												
of which Turnkey contracts, fixed price					216	91	216	91	-0	-3	216	88
of which Turnkey contracts, open account					327	248	327	248	-313	-240	14	8
of which Performance contracts, fixed price					313	21	313	21	-50		262	21
of which Performance contracts, open account					1	193	1	193	-0	-77	1	116
of which Other			23	17			23	17	-23	-17	-	0
Total Net sales, project and construction work			23	17	858	553	881	570	-386	-337	495	233
Total Net sales	2,367	2,595	23	17	858	553	881	570	-409	-354	2,839	2,811

1E.4 LEASEHOLD AGREEMENTS AND OTHER LEASES – ATRIUM LJUNGBERG AS A LESSEE

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Group accounting policies

The Group's leases comprise almost entirely leasehold agreements. Other leases comprise vehicles, office machinery, etc. For other leases the Group applies the practical option; recognising payments attributable to short-term leases (12 months or less) and leases where the underlying asset has a low value as an expense on a straight-line basis over the lease term in the income statement, with no right-of-use asset or lease liability therefore being recognised in the balance sheet. Atrium Ljungberg does not apply IFRS 16 for leases for intangible assets.

A right-of-use asset and a lease liability attributable to leaseholds are recognised in the balance sheet. Leaseholds are considered to be perpetual leases and are recognised at their fair value. This means that the right-of-use asset will not be depreciated and the value will remain until the time when the respective leasehold fee is renegotiated. Although right-of-use assets are by definition part of the value of the management properties, the Group has chosen to recognise them on a separate row in the balance sheet under the item "Right-of-use asset, leaseholds". A non-current liability is recognised that corresponds to the value of the right-of-use asset. The lease liability is not amortised, with the value remaining unchanged until the renegotiation of the relevant leasehold fee. Leases are recognised as a right-of-use asset or liability on the day that the leased asset is available for use by the Group, which is normally on the date of possession of the property.

In the income statement the cost of leasehold fees is recognised in their entirety as a financial expense as they are considered to be interest in accordance with IFRS 16.

Parent company accounting policies

Instead of applying IFRS 16, the parent company applies RFR 2 (IFRS 16 Leases, pages 2–12). When 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 costs of leases attributable to leaseholds and the cost for other leases are recognised in operating profit. The right-of-use asset and the lease liability are therefore not recognised in the balance sheet. For disclosures about the parent company as a lessor, see the section on revenue recognition on page 106.

Leases Group Leaseholds

Right-of-use assets, leaseholds are by definition part of the value of the management properties. As well as the leasehold agreements, there are smaller leases for vehicles, office machinery, etc. The Group has defined these leases as ones where the underlying asset has a low value and the practical option in IFRS 16 has been applied. This means that the lease payment is recognised as an expense on a straight-line basis over the term of the lease in the income statement and no right-of-use asset or lease liability is therefore recognised in the balance sheet. There are no leases less than 12 months in the Group. For information about management properties, see note A.1. The following table shows the change in the right-of-use asset attributable to leaseholds.

Right-of-use asset, leaseholds	2020	2019
Start of the period (for 2019 when IFRS 16 was implemented)	1,305	1,113
Acquisitions	–	209
Sales	–324	–70
Change in leasehold fees	198	53
Fair value leaseholds at the end of the period	1,179	1,305

Interest expenses for lease liabilities amounted to SEK 31 million (SEK 34 m) in 2020.

As of 31 December 2020 contractual undiscounted cash flows attributable to lease liabilities comprise an annual leasehold fee of SEK 26 million (SEK 37 m) that is paid annual in perpetuity. The annual leasehold fee that has to be paid will be affected in the future by changes to the leasehold fee.

The total cash outflows attributable to leases for leaseholds amounted to SEK 27 million (SEK 36 m) in 2020.

The Group is not linked to any leases that have not yet started and that would involve future cash flows.

Other leases

Other leases comprise leases where the underlying asset is of a low value. The cost for leasing assets of a low value amounted to SEK 7 million (SEK 6 m) in 2020.

The total cash flow attributable to other leases amounted to SEK 6 million (SEK 6 m).

IE.4 LEASEHOLD AGREEMENTS AND OTHER LEASES – ATRIUM LJUNGBERG AS A LESSEE, CONT.

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Leases parent company

The parent company has leases in the form of leaseholds and leases primarily for vehicles and office machinery.

Leaseholds

The cost for leasehold fees for the year amounted to SEK 4 million (SEK 6 m).

Maturity structure lease payments as of 31 Dec 2020	Parent company	
	Rent, SEK m	Percentage, %
2021	4	3
2022	4	3
2023	4	3
2024	4	3
2025 and thereafter	118	87
Total	135	100

Maturity structure lease payments as of 31 Dec 2019	Parent company	
	Rent, SEK m	Percentage, %
2020	4	3
2021	4	3
2022	4	3
2023	4	3
2024 and thereafter	118	87
Total	135	100

Other leases

Agreed leases refer primarily to vehicles and office machinery and have a maturity date of less than 5 years. The year's leasing costs in this category amounted to SEK 21 million (SEK 18 m), while remaining costs during the term amounted to SEK 53 million (SEK 61 m).

IE.5 PERSONNEL EXPENSES

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Accounting policies

Remuneration to employees in the form of salaries, paid leave, paid absence due to sickness, etc., and pensions, are recognised as they are earned. Pensions and other remuneration after employment ceases are classified as defined contribution or defined benefit pension plans. The company pays defined fees to a separate, independent legal entity for defined contribution pension plans and has no obligation to pay any additional fees. Costs are charged to the Group's profit/loss as the benefits are earned. The Group has only one defined benefit pension

plan, the Alecta plan. According to a statement issued by the Swedish Financial Reporting Board, UFR 10, this is a defined benefit plan that comprises several employers. A pension plan in accordance with ITP (supplementary pensions for salaried employees) that is secured through an insurance policy with Alecta will, for those financial years for which the company has not had access to information that enables this plan to be recognised as a defined benefit plan, be recognised as a defined contribution plan.

SEK thousand	The Group		Parent company	
	2020	2019	2020	2019
CEO, Board of Directors and senior executives				
Salaries	20,054	20,272	20,054	20,272
Payroll overhead	6,301	7,593	6,301	7,593
Pension costs (defined-contribution plans)	5,021	5,044	5,021	5,044
Other				
Salaries	194,931	176,748	126,119	115,906
Payroll overhead	60,754	57,049	38,166	36,418
Pension costs (defined-contribution plans)	25,112	27,552	18,209	20,799
Total	312,174	294,257	213,870	206,032

Pensions

The year's pension insurance fees in accordance with ITP for the policy with Alecta amounted to SEK 9 million (SEK 9 m). Alecta's surplus may be allocated to the policyholders and/or those insured. At the end of 2020, Alecta's surplus in the form of the collective consolidation level amounted to 148 per cent (148%).

The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance undertakings calculated in accordance with Alecta's

actuarial calculation assumptions, which do not correspond to IAS 19.

The CEO may retire from the age of 62. The premium is a defined contribution one, and the company consequently has no additional undertaking once the annual premium has been paid. The pensionable age for senior executives other than the CEO is 65. All pensions are, with the exception of the defined benefit ITP plan in accordance with collective agreements, defined benefit pension plans.

Share-related remuneration

At the 2018 Annual General Meeting the shareholders decided to adopt a long-term incentive programme. This programme comprises a stock option programme where all people who were employed by Atrium Ljungberg at that time were invited to participate. This programme aims to increase the share of ownership among employees, which will therefore increase their long-term engagement in the company and its development. Atrium Ljungberg receives services from the employees as remuneration for the Group's equity instruments (stock options). These options have been issued at a rate below market value

at the time of subscription, where the price depends partly on whether the employee remains in their employment over a specific period of time or not.

Options were subscribed by 95 employees and at the end of the period Atrium Ljungberg had issued a total of 94,500 call options, which entitles Atrium Ljungberg AB's employees to acquire the same number of class B shares. The maturity of these options is approximately 3.5 years and the redemption period is set at between 16 August 2021 and 31 December 2021. The strike price is SEK 150.40. If these options were fully utilised, it would represent a dilution of approximately 0.07 per cent.

IE.6 REMUNERATION SENIOR EXECUTIVES

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Board of directors

Remuneration to the Board of Directors is based on fees determined by the Annual General Meeting. Directors' fees are paid as salary.

Senior executives' terms and remuneration

Amendments to the Swedish Companies Act Chapter 7 §§ 61–62, and Chapter 8 §§ 51–53b (1 July 2019) have resulted, inter alia, in extended guidelines for remuneration for the CEO, Deputy CEO and Board members. These started to come into effect from the 2020 Annual General Meeting and have been taken into consideration in the proposal for the guidelines for 2021. Salaries and other terms

of employment for the Executive Management shall be market-based and competitive, but shall not be market leaders in terms of salary paid in relation to other comparable companies. The guidelines will apply for the Executive Management, which consists of the CEO and six other senior executives. The CEO's remuneration will be proposed by the Chairman and determined by the Board of Directors. Other remuneration payable to members of the senior management team will be proposed by the CEO and approved by the Chairman. Remuneration payable to the executive management, including the CEO, comprises a fixed salary. No variable salary or performance-related remuneration shall be payable. A loan subsidy

programme was adopted at the 2018 Annual General Meeting. The loan programme refers to interest compensation for loans raised in order to acquire shares in Atrium Ljungberg. A maximum loan for which interest subsidies can be provided amounts to SEK 4.5 million for the CEO and SEK 1.5 million for other senior executives. The CEO's retirement age is 62, while that of the other members of the executive management is 65. Pension plans are defined contribution plans, and the company hence has no additional obligations after payment of the annual premiums.

The CEO shall be entitled to a 12-month notice period and severance pay corresponding to 12 months' salary, if notice of termination is

given by the company. No other severance pay is payable. Other members of the senior management have notice periods of up to 6 months. The other terms and conditions applied by the company for other Group employees, either in accordance with collective agreements or in accordance with unilateral undertakings by the company to the employees, will otherwise apply, where applicable, to the executive management. Departure from the above-mentioned guidelines by the Board of Directors is permitted if there are specific grounds for doing so in a particular instance.

The executive management is presented on page 89.

Remuneration to CEO, Board of Directors and senior executives	Basic salary/Directors' fees		Other remuneration		Other benefits		Pension costs		Total	
SEK thousand	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Chairman of the Board										
Johan Ljungberg	490	440	–	–	–	–	–	–	490	440
Other board members										
Conny Fogelström	220	220	–	–	–	–	–	–	220	220
Anna Hallberg	–	110	–	–	–	–	–	–	–	110
Sara Laurell	220	220	–	–	–	–	–	–	220	220
Simon de Château	220	220	–	–	–	–	–	–	220	220
Erik Langby	220	220	–	–	–	–	–	–	220	220
Gunilla Berg	290	–	–	–	–	–	–	–	290	–
Total	1,660	1,430	–	–	–	–	–	–	1,660	1,430
CEO Annica Ånäs	6,450	6,139	–	–	225	185	2,322	2,039	8,997	8,363
Other senior executives	11,231	12,045	62	76	425	397	2,699	3,005	14,417	15,523
Total	17,682	18,184	62	76	649	582	5,021	5,044	23,414	23,886

IE.7 DEPRECIATION AND WRITE-DOWNS

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	The Group		Parent company	
	2020	2019	2020	2019
Depreciation in management and production				
Investment properties	–	–	11	15
Machinery and equipment	8	8	0	0
	8	8	12	15
Depreciation in central administration				
Machinery and equipment	4	6	4	5
Total	13	13	16	20

IE.8 PROJECT AND CONSTRUCTION ACTIVITIES

	The Group		Parent company	
	2020	2019	2020	2019
Gross profit/loss, TL Bygg AB	20	4	–	–
Development project costs that cannot be capitalised	–33	–47	–32	–38
Total	–13	–43	–32	–38

Ongoing construction agreements

On the closing date assignment expenses including reported profit in respect of work in progress in accordance with construction

agreements amounted to SEK 449 million (SEK 213 m). Sums received from the client for work in progress amounted to SEK 16 million (SEK 5 m).

IE.9 UNREALISED CHANGES IN VALUE

Unrealised changes in value, properties	2020	2019
Change in yield requirements	451	1,271
Change in operating net, etc.	–570	935
Development rights	–	76
Total	–119	2,283

For more information, see note A.1.

T TAX

T.1 CURRENT TAX

Accounting policies

Current tax is calculated on the basis of the taxable profit/loss for the period and is recognised as an expense or income in the income statement. The taxable profit/loss differs from the recognised profit/loss in the income statement in that it has been adjusted for non-taxable income and non-deductible expenses and for income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated using the tax rates recognised or announced as of the closing date.

Property tax and advertising tax are recognised as property costs and social security payments as property costs and central administration. The obligation to pay property tax is

based on the existing property portfolio at the start of the year. Due to this, the entire property tax is entered as a liability on 1 January every year to later be distributed on a straight-line basis over the year. The share which is not carried as an expense is recognised as a prepaid cost.

Deferred tax is recognised as the difference between the carrying and fiscal values of assets and liabilities. Changes in the recognised deferred tax receivable or liability are recognised as an expense or income in the income statement, except when the tax is attributable to items which are recognised in Other comprehensive income or directly to equity.

Tax calculation	Current tax		Deferred tax	
	2020	2019	2020	2019
Group, SEK m				
Reported profit/loss before tax	672	3,450	-	-
Tax deductible				
depreciation	-612	-577	612	577
investments	-203	-250	203	250
Non-taxable/non-deductible				
changes in the value of properties, unrealised	119	-2,283	-119	2,283
changes in the value of properties, realised	81	-73	-81	73
changes in the value of financial instruments, unrealised	252	90	-252	-90
changes in the value of financial instruments, realised	-	50	-	-50
consolidated capitalisation of borrowing	-65	-13	65	13
consolidated internal profit	23	23	-23	-23
Other fiscal adjustments	-15	-114	511	392
Taxable profit/loss before loss carry-forwards	251	303	918	3,424
Change in loss carry-forwards	-124	-9	0	2
Taxable profit/loss	127	295	918	3,426
Of which 21.4% current taxes/20.6% deferred tax	-27	-63	-189	-706
Reversal of deferred tax for properties sold	-	-	425	126
Correction of tax from previous years	-14	-	-	-
Reported tax expense	-41	-63	236	-580

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Tax calculation

	Current tax		Deferred tax	
	2020	2019	2020	2019
Parent company, SEK m				
Reported profit/loss before tax	3,599	870	-	-
Change in difference between book and fiscal values of properties	-18	-15	18	15
Earnings from shares in Group companies	-3,556	-1,232	-	-
Other fiscal adjustments	-23	400	-181	-451
Taxable profit/loss	2	23	-163	-436
Of which 21.4% current tax/20.6% deferred tax	-0	-5	34	91
Adjustment of tax in relation to previous years	-4	-1	-	-
Reported tax expense	-4	-6	34	91

The income tax for limited companies in Sweden was 22 per cent until 2018. The government has decided to lower the tax rate in two steps, first to 21.4 per cent in 2019 and then to 20.6 per cent in 2021. Atrium Ljungberg has calculated deferred tax liability at the lower tax rate. In the income statement tax is divided between current tax and deferred tax. Current tax is the tax which is calculated on the basis of the taxable profit for a period in each individual Group company, after profit equalisation through Group contributions. The sum of the Group companies' taxable profit is often lower than the Group's accounting profit, mainly depending on tax depreciation, difference in the handling of investments in repair, maintenance and reconstruction, unrealised changes in value, the opportunity to sell properties through companies tax-free, difference in handling of borrowing costs in construction projects and utilisation of previous years' deficit.

Depreciation

As Atrium Ljungberg has chosen to recognise investment properties at fair value, no depreciation for them is recognised in the consolidated accounts. However, the tax rules permit depreciation by 2–5 per cent of buildings, 5 per cent of land improvements and 20–30 per cent of the areas and fixtures of a building or of the type of land improvements which comprise the

building's furniture and fixtures and land inventory. Land is not subject to depreciation.

Investments

Expenses in connection with renovation and maintenance work that has entailed an economic benefit and which can be calculated reliably, are capitalised in the accounting. However, the tax rules permit direct deduction for repair and maintenance and certain types of amendment work which technically entails reconstruction but which is normal in the business and which does not comprise the building's furniture and fixtures. Examples of such amendment work within Atrium Ljungberg are the tenant-specific adaptations which take place continuously along with renegotiation of lease contracts or during change of tenants.

Unrealised changes in value

In the consolidated accounts Atrium Ljungberg values investment properties and derivative instruments (interest swap agreements and currency swap agreements) at fair value. Changes in the market value are recognised in the consolidated income statement. Accounting rules do not permit properties to be recognised at fair value in the individual Group companies. Agreements attributable to derivative instruments that Atrium Ljungberg has entered into are recognised as of 1 January

T.1 CURRENT TAX, CONT.

2019 at the lower of cost and fair value in the parent company, which means that positive values are not recognised in legal entities. Accordingly, no unrealised changes in value are recognised for investment properties in the individual companies, although there are unrealised changes in value for derivative instruments.

Sale of properties

Properties may be sold directly or indirectly by the property holding subsidiary being sold. Profits from the sale of properties are taxable, while profits from the sale of companies in most cases are non-taxable.

Borrowing costs

In the consolidated accounts Atrium Ljungberg capitalises loan charges during major reconstruction and extensions to the extent

they arose during the construction period. However, the accounting rules allow them to be recognised as a cost in the individual Group companies, whereby the cost is also directly tax deductible.

Deficit from previous years

The current tax is calculated on the basis of the taxable profit for the taxation year. This profit may, sometimes with certain limitations, be reduced by unutilised tax deficits which have emerged during previous tax years.

The deficit which exists within Atrium Ljungberg has primarily emerged through examination of previous years' income tax assessments or by there being unutilised tax deficit from previous years in property companies which have been acquired by Atrium Ljungberg.

	The Group		Parent company	
	2020	2019	2020	2019
Reconciliation of tax expenses				
Profit before tax	672	3,450	3,599	870
Nominal tax rate, 21.4%	-144	-738	-770	-186
Fiscal effect of				
other non-deductible expenses/non-taxable income	-76	107	803	8
other fiscal adjustments	414	-12	-4	264
Reported tax expense/income	194	-643	30	85
of which current tax	-41	-63	-4	-6
of which deferred tax	236	-580	34	91

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T.2 DEFERRED TAX RECEIVABLE

Accounting policies

The carrying amount of deferred tax receivables is reviewed in conjunction with the preparation of every set of financial statements and reduced to the extent that it is no longer likely that sufficient taxable surpluses will be available for offsetting, either wholly or in part, against the deferred tax receivable.

Deferred tax is calculated using the tax rates expected to apply for the period during which the asset is recovered or the debt settled, based on the tax rates (and tax legislation)

confirmed or announced as of the closing date. Deferred tax receivables and tax liabilities are offset when they are attributable to income tax levied by the same authority and when the Group intends to settle the tax demand using a net amount. The tax deficit can be rolled forward and does not have a due date. The Group's accumulated tax deficit amounted to SEK – million (SEK 2 m) at the turn of the year 2020. The deferred tax receivable has been calculated for a deficit of SEK – million (SEK 2 m).

	The Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Deferred tax receivable				
Opening balance	0	2	68	-
Investment properties	5	-	-	-
Deferred tax attributable to derivatives	-	-	37	68
Additional loss carry-forwards	26	0	-	-
Loss carry-forwards utilised	-26	-2	-	-
Closing balance	5	0	105	68

T.3 DEFERRED TAX LIABILITY

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Accounting policies

Deferred tax is recognised based on the difference between the recognised value of assets and liabilities in the financial statements and the fiscal value used when calculating taxable earnings. Deferred tax is recognised using the balance sheet method. Deferred tax liabilities are recognised, in principle, for all taxable temporary differences, and deferred tax receivables are recognised, in principle, for all deductible temporary differences to the extent that it is likely that the amounts can be used to

offset future taxable surpluses. Deferred tax liabilities and tax receivables are not recognised if the temporary difference is attributable to goodwill or if they arise as a result of a transaction that constitutes the first reporting of an asset or liability (which is not a corporate acquisition) and which, at the time of the transaction, affects neither the reported nor the taxable profit/loss. No deferred tax has been calculated on asset acquisitions in accordance with applicable accounting recommendations.

Changes recognised directly through the income statement are mostly amounts that are attributable to deductions for latent tax on the purchase price when selling a property.

Deferred tax liability	The Group					Parent company	
	Investment properties	Development properties	Untaxed reserves	Interest derivatives	Total	Directly via the income statement.	Investment properties
Opening balance, as of 1 Jan 2019	4,428	73	174	-77	4,598		86
Effect of change in tax rate	-	-	-	-4	-4		-
Change recognised via the income statement	473	12	-	27	512		-23
Changes recognised directly in the income statement	-	-	-	-	-	69	-
Closing balance, as of 31 Dec 2019	4,901	85	174	-54	5,106		63
Opening balance, as of 1 Jan 2020	4,901	85	174	-54	5,106		63
Effect of change in tax rate	-	-	-	-	-		-
Change recognised via the income statement	-447	53	23	-50	-420		4
Changes recognised directly in the income statement	-	-	-	-	-	189	-
Closing balance, as of 31 Dec 2020	4,454	138	197	-104	4,686		67

A ASSETS

A.1 INVESTMENT PROPERTIES EXCLUDING RIGHT-OF-USE ASSETS – LEASEHOLDS

Accounting policies

Investment properties, i.e. properties held in order to generate rental income and/or increased value gains, are recognised on an ongoing basis at fair value in the balance sheet. The measurement takes place in accordance with Level 3 in the IFRS measurement hierarchy and reflects estimated market values, which correspond to the value at which ownership of a property could be transferred between knowledgeable parties who are mutually independent and who have an interest in completing the transaction. The fair value reflects the market conditions on the closing date.

The term investment properties includes buildings and land, land improvement, building

and land-related equipment as well as work in progress. Any properties that are being built or developed for future use as investment properties are also recognised as investment properties. Atrium Ljungberg has chosen to recognise the right-of-use for leaseholds separately from other investment properties; see note IE.4 for more information.

Investments in investment properties are initially recognised at cost. The acquisition value includes transaction costs, legal costs and stamp duty directly related to acquisitions and any additional real estate mortgage costs and loan costs. Borrowing costs are capitalised in conjunction with major renovation or new construction projects to the extent that they

have arisen during the construction period.

Interest expenses are calculated on the basis of the Group's average interest rate on all loans.

Expenses in connection with renovation and maintenance work that entails an economic benefit for the Group and which can be calculated reliably are capitalised. Other expenses in connection with repairs and ongoing maintenance are recognised as repair costs and are included in the operating surplus.

Changes in fair value for investment properties are recognised in the income statement as unrealised changes in value.

Gains or losses arising in conjunction with the sale or disposal of investment properties comprise the difference between the sale price

and the carrying amount which is based on the most recently conducted measurement at fair value, and are recognised as realised changes in value in the income statement. Property sales are recognised in conjunction with the transfer of control from the vendor to the purchaser, which normally coincides with the date of possession, as there are usually special terms and conditions in the contract that state that control will only be transferred once these terms and conditions have been met.

Investment properties (excluding Right-of-use assets, leaseholds)

Property type	Letting area, '000 m ²		Fair value, SEK m		Fair value, SEK/m ² ¹⁾		Rental income, SEK m		Property costs, SEK m		Operating surplus, SEK m		Operating surplus margin, %	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	2020	2019	2020	2019	2020	2019	2020	2019
Office properties	639	650	27,344	24,264	53,616	47,495	1,329	1,311	-346	-351	984	960	74	73
Retail properties	302	390	9,993	16,260	41,646	50,559	684	712	-283	-274	401	437	59	61
Residentials	45	40	1,282	1,031	33,129	31,407	78	70	-26	-25	52	45	66	64
Business area Property	986	1,080	38,619	41,555	48,969	48,024	2,092	2,092	-655	-650	1,437	1,442	69	68
Project properties	96	88	6,944	5,534	N/A ²⁾	N/A ²⁾	127	147	-68	-47	59	100	47	68
Land and development rights	-	-	463	423	-	-	-	-	-	-	-	-	-	-
Total Investment properties	1,082	1,168	46,026	47,513			2,219	2,239	-723	-697	1,496	1,542	67	68
Properties sold	-	-	-	-	-	-	121	332	-54	-110	68	222	56	67
Total Group³⁾	1,082	1,168	46,026	47,513			2,340	2,571	-776	-807	1,563	1,764	67	69

¹⁾ m² excluding garage.

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

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

A.1 INVESTMENT PROPERTIES EXCLUDING RIGHT-OF-USE ASSETS – LEASEHOLDS, CONT.

Changes during the year

The carrying fair value of investment properties excluding Right-of-use assets – leaseholds amounted to SEK 46,026 million (SEK 47,513 m) as of 31 December 2020. Investments in Atrium Ljungberg's held properties during the year totalled SEK 2,208 million (SEK 1,704 m). The unrealised change in value amounted to SEK -119 million (SEK 2,283 m) during the year. This change in value is mainly explained by the market's higher yield requirements for

retail properties, while other segments had lower yield requirements. The average yield requirement in the valuation was 4.4 per cent (4.5%). In the second quarter properties were reclassified from retail properties to office properties, with a fair value of approximately SEK 1,700 million.

During the year, two properties were taken into possession and five properties (four with leaseholds) were sold. For more information, see Our property portfolio in figures on page 49.

Change in investment properties

	The Group	
SEK m	31 Dec 2020	31 Dec 2019
Fair value at the beginning of the period	47,513	43,310
Acquisitions (after deduction of deferred tax)	410	1,174
Sales	-3,979	-1,031
Investments in held properties	2,208	1,704
Other	-7	73
Unrealised changes in value	-119	2,283
Fair value at the end of the period	46,026	47,513

Unrealised changes in value, properties

	2020	2019
Change in yield requirements	451	1,271
Change in operating net, etc.	-570	936
Development rights	-	76
Total	-119	2,283

Investments in investment properties over the year

In 2020 Atrium Ljungberg invested a total of SEK 2,618 million (SEK 2,878 m) in investment properties, of which SEK 410 million (SEK 1,174 m) was for acquisitions and SEK 2,208 million (SEK 1,704 m) was for investments in held properties, which included SEK 1,638 million (SEK 1,085 m) in project properties.

Material obligations

Atrium Ljungberg is obliged to complete projects that it has started with a remaining investment volume of SEK 2,630 million (SEK 3,060 m) in addition to what is recognised in the balance sheet. Subsequently investment in investment properties includes SEK 470 million (SEK 180 m).

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Right-of-use assets, leaseholds

The value of Right-of-use assets, leaseholds, amounted to SEK 1,179 million (SEK 1,305 m). Although right-of-use assets by definition form part of the value of investment properties, the Group has chosen to recognise them on a separate row in the balance sheet under the item Right-of-use, leaseholds. More information is available in note IE.4.

Valuation

Valuation policy

Since 2019 the company has had an established valuation policy, which sets out the guidelines for the company's valuation process.

Valuation process

Investment properties are valued every quarter. As part of ensuring that the valuation is fair, independent external valuation consultants are used; this year Forum Fastighetsekonomi, Cushman & Wakefield, CBRE and Savills. Properties corresponding to 42 per cent (44%) of the market value have been valued externally during the year. The remaining properties were subject to an internal valuation with market rents, operating costs, vacancies and yield requirements quality-assured by Forum Fastighetsekonomi.

The fee for the valuation is not dependent on the properties' market value. The variable part is instead based on the properties' area, number of lease contracts and usage.

Data property valuation

The property valuation is based on observable and unobservable input data. Observable data which has greatest impact on the value is primarily current rent, actual operation and

maintenance costs, planned investments and current vacancy rates.

Yield requirement and expectations of rental level and vacancies include the input data which can be seen as unobservable. Yield requirement is derived from actual transactions. The number of comparison items which are sold can sometimes be few, which makes it more difficult to derive changes in yield requirements during certain periods.

Valuation method

The valuations were carried out in accordance with the International Valuation Standards (IVS).

Each property has been valued individually without taking any portfolio effect into consideration. The valuations are based on a cash flow calculation with individually estimated yield requirements for each property and activity. The estimated yield requirement is used to determine the value through a present value calculation during the so-called calculation period and through a present value calculation of the residual value at the end of the calculation period. The calculation period is normally between 5 and 10 years but may, in certain cases, be longer due to the contractual situation.

The long-term earning capacity of each property is assessed during the valuation. Income during the calculation period comprises agreed rental levels until such time as these lease contracts come to an end or are due for renegotiation. Rental income for the subsequent period is calculated at the market rent currently applicable. Operating and maintenance costs have been assessed based on the company's actual costs and are adjusted in line with the property's age and condition.

A.1 INVESTMENT PROPERTIES EXCLUDING RIGHT-OF-USE ASSETS – LEASEHOLDS, CONT.

Analyses and an assessment of the underlying factors that impact the value form the basis of the valuation, for example:

- existing rent levels and market rents for respective premises
- existing tenants and contract structure
- current and future vacancies
- operating and maintenance costs in the short and long-term, based on the property's and company's actual costs
- the technical and commercial condition of the properties
- planned reconstructions, extensions and new builds and other investment requirements

- yield requirements for completed and uncompleted transactions for comparable properties and markets.

Project properties are valued on the basis of completed projects, less remaining investments. A risk premium is added to the yield requirement on the basis of the current phase of the project.

Development rights are valued based on an assessed market value per m² of GFA using the location price method. This valuation only includes established development rights in accordance with detailed development plans that have gained final approval or where the detailed development plan is assessed to enter into force within the near future.

Yield requirement per premises type in the valuation

Premises type, %	Interval	31 Dec 2020	31 Dec 2019
		Average	Average
Offices	3.2–6.4	4.1	4.3
Stores	3.7–6.4	5.2	4.9
Residential units	2.3–3.8	3.5	3.7
Other	3.2–6.4	4.9	4.8
TOTAL	2.3–6.4	4.4	4.5

Yield requirement per region in the valuation

Region, %	Interval	31 Dec 2020	31 Dec 2019
		Average	Average
Stockholm	2.3–6.4	4.5	4.5
Uppsala	2.9–5.9	5.2	5.0
Malmö	3.5–6.4	5.6	5.4
Gothenburg	4.3–4.8	4.4	4.5
Total	2.3–6.4	4.4	4.5

Sensitivity analysis, property valuation

Property valuation involves estimating the property's market value and is based on calculations that use established principles, along with a number of assumptions and assessments. An interval of ± 5 is often given for this value to show the uncertainty of the assumptions and calculations that have been made. This interval can be larger in a market that is

less liquid. Atrium Ljungberg's property portfolio, excluding Right-of-use assets, leaseholds, and development properties, is valued at SEK 46,026 million. An uncertainty interval of ± 5 is applied to Atrium Ljungberg's property portfolio, which results in an uncertainty of a total of \pm SEK 2,301 million in terms of fair value.

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The table below shows how changes in different parameters impact the market value of investment properties.

Value parameter	Change in assumption	Impact on value, SEK m	Value impact, %
Rental level	+/-10%	+/-4,620	+/-10%
Operating cost	+/-10%	+/-711	+/-2%
Yield requirement	+/-0.25 % units	-2,303/+2,595	-5%/+5%
Long-term vacancy level	+/-2%	+/-1,288	+/-3%

Sensitivity analysis, change in value

The following sensitivity analysis shows how a change in the market value of investment properties impacts earnings and relevant key performance indicators.

	Change in market value of investment properties	Impact	Impact, %
Profit	+/-10%	SEK +/-4,603 million	+/-533%
Equity	+/-10%	SEK +/-4,603 million	+/-20%
Gearing ratio	+/-10%	-3.5 % unit/+4.3% unit	-9%/+11%
Equity/assets ratio	+/-10%	+4.6% unit/-5.6% unit	+10%/-12%

A.2 PROPERTY, PLANT AND EQUIPMENT

Accounting policies

Property, plant and equipment is recognised at cost less accumulated depreciation and impairment. Cost includes expenses directly attributable to the acquisition of the asset. Additional expenses are added to the asset's carrying amount or recognised as a separate asset only if it is likely that future economic benefits associated with the asset will be received by the Group and when the cost of the asset can be reliably calculated.

The useful life of computer equipment and of other machinery and equipment has been calculated at 3 years and 5 years, respectively. Depreciation is effected on a straight-line basis over the useful life and is recognised in the income statement as expenses under property management or in the row for central administration. The residual value of the assets and their useful life is reviewed on every closing date and adjusted when necessary.

A.2 PROPERTY, PLANT AND EQUIPMENT, CONT.

	The Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening cost	79	80	25	33
Purchases	8	17	3	7
Sales/disposals	-6	-19	-0	-16
Closing accumulated cost	81	79	28	25
Opening depreciation	-43	-48	-11	-21
Sales/disposals	4	18	0	15
Depreciation for the year	-13	-13	-5	-5
Closing accumulated depreciation	-52	-43	-16	-11
Closing residual value according to plan	29	36	12	14

Property, plant and equipment mainly comprises machinery, equipment and computer equipment.

A.3 GOODWILL

Accounting policies

Goodwill arising in conjunction with the preparation of the consolidated accounts comprises the difference between cost and the Group's share of the fair value of an acquired subsidiary's identifiable net assets on the acquisition date. Goodwill is recognised at cost on the acquisition date and is subsequently valued at cost after any deductions for impairment.

The remaining carrying amount of goodwill is taken into account when calculating the capital gain or loss in conjunction with the sale of a subsidiary or associated company.

On 17 October 2006, LjungbergGruppen AB acquired all of the shares in Atrium Fastigheter AB through payment in the form of newly issued shares. The closing rate on 16 October 2006 was used to calculate the cost and equity. Goodwill arose in conjunction with the acquisition that was attributable to the difference between nominal tax and the estimated tax for costing purposes applied in conjunction with the acquisition. Goodwill is thereby completely linked to deferred tax amount and therefore changes when a property with goodwill is sold.

Impairment testing

Goodwill impairment testing is carried out annually, or more frequently if there is any indication that the carrying amount may not be recoverable.

When conducting impairment testing, goodwill is allocated to the cash-generating units that are expected to benefit from the synergies arising in conjunction with the acquisition. The cash-generating units comprise the properties which were a part of the acquisition of Atrium Properties which the Group still owns at the end of the accounting period. If the recovery value of a cash-generating unit is determined to be lower than the carrying amount, the carrying amount of goodwill attributable to the cash-generating unit is reduced. Any recognised impairment of goodwill may not be reversed in a subsequent period.

In connection with the annual impairment testing of goodwill, an estimate of the recoverable amount is made. As the cash-generating units comprise the properties that were part of the acquisition of Atrium Fastigheter, the

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recovery value corresponds to the property's fair value.

Each property has been valued individually without taking any portfolio effect into consideration. The long-term earning capacity of each property is assessed during the valuation. Income during the calculation period comprises agreed rental levels until such time as these lease contracts come to an end or are due for renegotiation. Rental income for the

subsequent period is calculated at the market rent currently applicable. Operating and maintenance costs have been assessed based on the company's actual costs and are adjusted in line with the property's age and condition.

Discount rates which were used to determine the properties' fair value correspond to the yield requirements of properties which are based on comparable properties and markets. For more information see note A.1.

The Group	2020	2019
Opening cost	324	324
Sale of property	-60	-
Closing accumulated cost	264	324
Opening impairment	-99	-99
Impairment as a result of change to rate of taxation	-	-
Closing accumulated impairment	-99	-99
Closing balance	165	225

A.4 DEVELOPMENT PROPERTIES

Accounting policies

Development properties are recognised at the lower of their accumulated cost and their net realisable value. The earnings from future sales are recognised when the Group no longer controls the tenant-owner association, i.e. when the property is completed, sold and transferred to the purchaser.

Accumulated cost comprises a property's acquisition cost plus the costs expended. If a property has been reclassified from an investment property to a development property, the acquisition cost comprises the fair value of the property that was established most recently.

The Group	2020	2019
Opening balance	997	891
Reclassification	7	-
Investments in tenant-owned dwelling projects	305	106
Closing balance	1,308	997

Investments in development properties over the year

In 2020 Atrium Ljungberg invested SEK 305 million (SEK 106 m) in development properties, i.e. our tenant-owned dwelling projects.

A.5 ACCOUNTS RECEIVABLE

Accounting policies

Accounts receivable are recognised at their transaction price upon initial recognition. Afterwards these receivables are recognised at amortised cost less any impairment.

Receivables are recognised in the balance sheet when Atrium Ljungberg has completed an obligation and where its entitlement to consideration is unconditional, but has not yet been received. If the anticipated term is short, the value is recognised without discounting.

Impairment is based on expected credit losses and recognised in the income statement under property management costs.

Atrium Ljungberg applies the simplified approach in accordance with IFRS 9, measuring the provision for credit losses at an amount

corresponding to the expected credit losses over the entire remaining term, regardless of whether the credit has deteriorated or not. To calculate the expected credit losses, accounts receivable have been grouped based on the characteristics of the credit risk and the number of days' delay. The expected credit loss levels are based on the customers' payment history over a period of 36 months.

Accounts receivable are written off when there is no longer a reasonable expectation of payment.

Credit losses are recognised as credit losses – net within operating profit. Recovery of amounts that have previously been written off are recognised on the same row in the income statement.

	The Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Accounts receivable	220	183	3	4
Provision for credit losses	-41	-35	-1	-2
Total	179	148	2	2

The provision for credit losses is based on the following:

	Not due	Due between 1 and 60 days	Due after more than 60 days	Due after more than 120 days	Total
31 December 2020					
Expected loss level, %	0.1%	12.6%	53.3%	36.1%	
Carrying amount accounts receivable, gross	111	9	20	80	220
Provision for credit losses	0	-1	-11	-29	-41
31 December 2019					
Expected loss level, %	0.1%	8.6%	49.9%	43.9%	
Carrying amount accounts receivable, gross	101	4	4	74	183
Provision for credit losses	0	0	-2	-33	-35

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The change in the provision for credit losses during the financial year is specified below:

Provision for credit losses	2020
Opening balance	35
Increase in provision for credit losses, change recognised in income statement	17
Accounts receivable written off during the year	-18
Reversal of unutilised amount and Other	7
Closing balance	41

A.6 OTHER RECEIVABLES

	The Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
VAT receivable	55	40	-	5
Other receivables	35	55	13	17
Closing balance	90	96	13	22

A.7 PREPAID COSTS AND ACCRUED INCOME

	The Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Receivables from clients for work in progress as per construction agreement (contract asset)	10	10	-	-
Other prepaid costs	23	33	10	16
Distributed rent discounts	104	89	3	2
Accrued rent	28	28	2	5
Other accrued income	-	1	-	-
Closing balance	165	161	16	23

OL OPERATING LIABILITIES

OL.1 OTHER NON-CURRENT LIABILITIES

	The Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Personnel-related liabilities	16	16	–	–
Deposits received from tenants	81	76	1	1
Additional purchase price	120	120	–	–
Guarantee reserve	4	3	–	–
Other	8	8	0	–
Closing balance	229	222	1	1

Additional purchase price

Earnouts are measured continually at their fair value (Level 3 in IFRS 13) and the liability is adjusted for any changes to the fair value in the income statement. The calculation of earnouts

is based on parameters in each acquisition agreement. In 2020 no earnouts attributable to acquisitions were entered as liabilities. None (SEK – million) of the opening liability as of 1 January 2020 was settled during the year.

OL.2 OTHER LIABILITIES

	The Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Personnel-related liabilities	6	5	5	5
Paid contributions tenant-owner association	320	–	–	–
Other liabilities	32	66	31	0
Closing balance	358	71	36	5

OL.3 ACCRUED COSTS AND PREPAID INCOME

	The Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Holiday pay liability and payroll overhead	45	37	32	29
Liabilities to clients for work in progress as per construction agreement (contract liability)	28	31	–	–
Accrued interest expenses	27	25	24	23
Prepaid rent	399	529	8	15
Premises vacation payment	37	40	–	–
Other accrued costs and prepaid income	46	65	8	8
Closing balance	582	727	71	75

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OL.4 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	The Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Pledged assets				
Property mortgages	9,002	10,275	667	667
Shares in subsidiaries	–	–	1,312	1,552
Contingent liabilities				
Guarantee undertakings for subsidiaries	–	–	2,748	4,114
Guarantee obligation	35	40	35	40
Total	9,036	10,315	4,761	6,373

Contingent liabilities

Liability for damages for contamination or environmental damage

According to the Swedish Environmental Code, the property owner may be liable to measures resulting from a contamination incident or a serious case of environmental damage. We conduct surveys and screening work ahead of property acquisitions and new projects in order to identify any potential environmental risks.

On the closing date Atrium Ljungberg is not aware of any such contamination or environmental damage which may materially impact the Group's financial position.

Disputes

From time to time Atrium Ljungberg is a party in legal processes and administrative proceedings related to letting, management and the development of properties.

The subsidiary TL Bygg was involved in a legal process as of the closing date, which went in favour of TL Bygg after the closing date. The positive impact on profit for the Group has been valued at more than SEK 20 million and will be recognised as income in the first quarter of 2021.

Apart from this, Atrium Ljungberg is not a party in any current legal processes as of the closing date that could have a material impact on the Group's financial position.

F FINANCING AND CAPITAL STRUCTURE

F.1 CAPITAL STRUCTURE

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The Group endeavours to ensure a good profit performance, financial sustainability and a strong financial position. The economic and financial goals are set in order to provide a combination of a high return on equity, high growth capacity, and financial stability.

The Group's financial goals are as follows:

- The gearing ratio shall be a maximum of 45 per cent.
- The interest coverage ratio will be a minimum of 2.0.
- The dividend shall correspond to a minimum of 50 per cent of the profit before changes in value after nominal tax, unless investments or the company's financial position in general motivates a deviation from this norm.

The term and conditions that the Group has with external lenders for providing a credit and which entail that a credit is due for payment if the terms and conditions are not fulfilled are similar in the various credit agreements. The agreements primarily prescribe a minimum interest coverage margin multiple of 1.30–1.75, a maximum gearing ratio of 65–75 per cent, and a minimum equity/ assets ratio of 25–30 per cent. At the end of the year the Group had fulfilled all the terms and conditions that were in place. The Group's financial goals actually exceeded those set out in the terms and conditions. The Group's capital structure

comprises interest-bearing net borrowing and equity attributable to the parent company's shareholders. This comprises share capital, other capital contributions and retained earnings, including profit for the year. The financing operations are described in greater detail in note F.2, Financial instruments and risk management.

Atrium Ljungberg's borrowing is partly secured by means of real estate mortgages in the Group's properties, share pledges in subsidiaries and, in some cases, guarantee undertakings issued by the parent company with regard to the subsidiaries' borrowing.

Interest-bearing liabilities are recognised at amortised cost which is the carrying amount in the Capital structure table. The calculation of the fair value of liabilities to credit institutions is based on discounted estimated future cash flows. The discounting is effected on the basis of current market rates plus current borrowing margins. The valuation is hereby conducted with IFRS valuation hierarchy level 2. The valuation of derivatives is described in note F.2. Commercial papers are those that are issued unsecured as part of the company's commercial paper programme with a framework of SEK 5 billion. The company has an MTN programme with a framework of SEK 10 billion. There is a total of SEK 8,700 million (SEK 8,123 m) of outstanding bonds; during the year SEK 2,288 million (SEK 2,729 m) was issued.

Capital structure

	31 Dec 2020		31 Dec 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
The Group				
Non-current liabilities				
Liabilities to credit institutions	7,801	8,080	9,319	9,494
Bonds	8,700	9,096	8,123	8,243
Commercial papers ¹⁾	2,404	2,406	2,769	2,770
Total loans	18,905	19,583	20,211	20,507
Cash and cash equivalents	279		–457	
Net debt	19,184		19,754	
Equity	22,668		22,856	
Total capital	41,852		42,610	

¹⁾ Commercial papers that are covered by unutilised long-term credit agreements are classified as non-current liabilities.

	31 Dec 2020		31 Dec 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Parent company				
Non-current liabilities				
Liabilities to credit institutions	4,863	4,980	5,095	5,113
Bonds	8,700	9,096	8,123	8,243
Commercial papers ¹⁾	2,404	2,406	2,769	2,770
Total loans	15,967	16,483	15,988	16,126

¹⁾ Commercial papers that are covered by unutilised long-term credit agreements are classified as non-current liabilities.

Bonds issued in 2020

Bond	Issued	Due	Term, year	Fixed/varia- ble rate	Volume, SEK m	Issue spread over 3M Stibor	Note
128	2020 October	2025 April	4.5	Variable	500	1.10%	Green
129	2020 December	2022 December	2	Variable	500	0.76%	Green
NOK 203 ¹⁾	2020 February	2026 February	6	Variable	500	1.00%	
NOK 204 ¹⁾	2020 November	2027 November	7	Fixed	800	1.50%	Green

¹⁾ Issued in Norwegian krone.

F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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Accounting policies

A financial instrument is each form of agreement which gives rise to a financial asset or financial liability. Financial assets in the balance sheet refer to loans receivable, derivatives, rents receivable, accounts receivable, other receivables and cash and cash equivalents. Financial liabilities refer to loans payable, derivatives, other current liabilities and accounts payable. Financial instruments are recognised in the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. An asset is eliminated from the balance sheet when

the rights contained in the agreement are realised, fall due, or when the company loses control over it. A liability is eliminated from the balance sheet when the undertaking in the agreement is fulfilled or otherwise ceases to obtain. Trading date accounting is applied for derivative instruments and settlement date accounting for on demand purchases or sales of financial assets. The company conducts impairment testing on every closing day to determine whether there are objective indications that events indicate a requirement to write down a financial asset or group of financial assets.

Financial instruments in the Group are classified in accordance with the following.

- Financial assets are valued at fair value via the income statement
- Financial assets measured at amortised cost
- Financial liabilities valued at fair value via the income statement
- Financial liabilities measured at amortised cost

Policies governing financing and financial risk management

Financing and financial risks are managed in accordance with guidelines laid down by Atrium Ljungberg's Board of Directors. The Group's treasury function, which is responsible for financing, liquidity and financial risks, is concentrated within the parent company. The various categories of financial instrument held by the Group are shown in the table below.

Categorisation of financial instruments¹⁾

	Financial assets measured at amortised cost		Financial assets/liabilities measured at fair value via the income statement		Financial liabilities measured at amortised cost	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
The Group						
Derivatives	–	–	7	82	–	–
Accounts receivable	179	148	–	–	–	–
Other receivables	180	45	–	–	–	–
Cash and cash equivalents	279	457	–	–	–	–
Total	639	650	7	82	–	–
Interest-bearing liabilities	–	–	–	–	18,905	20,211
Derivatives	–	–	662	348	–	–
Other liabilities	–	–	120	120	121	105
Accounts payable	–	–	–	–	192	205
Total	–	–	782	468	19,218	20,521

¹⁾ The fair value conforms to the book value of all financial instruments except for interest-bearing liabilities.

Derivatives (interest swap agreements and currency swap agreements) are measured at fair value in the balance sheet and the fair value of derivatives has, in accordance with the IFRS valuation hierarchy, been measured pursuant to level 2. This level means that the measurement is based on input data other than the listed prices used in level 1, 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. Unrealised changes in value for the year amounted to SEK –252 million (SEK –90 m), of which SEK –13 million (SEK –16 m) relates to the reversal of the hedging reserve. The realised change in the value of derivatives amounted to SEK 0 million (SEK –50 m) during the year. The carrying net value of derivatives of SEK –656 million (SEK

–266 m) comprises a positive value of SEK 7 million (SEK 82 m) and a negative value of SEK –662 million (SEK –348 m); the carrying amount of derivatives relates to SEK –151

million (SEK –19 m) in currency derivatives. Other financial instruments are not affected by the fair value hierarchy in that they are recognised at amortised cost in the balance sheet.

F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, CONT.

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Categorisation of financial instruments

	Financial assets measured at amortised cost		Financial assets/liabilities measured at fair value via the income statement		Financial liabilities measured at amortised cost	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Parent company						
Accounts receivable	3	2	–	–	–	–
Receivables from Group companies	24,553	21,698	–	–	–	–
Other receivables	177	28	–	–	–	–
Cash and cash equivalents	205	395	–	–	–	–
Total	24,937	22,123	–	–	–	–
Interest-bearing liabilities	–	–	–	–	15,967	15,988
Derivatives	–	–	662	348	–	–
Other liabilities	–	–	–	–	19	1
Accounts payable	–	–	–	–	18	26
Total	–	–	662	348	16,003	16,015

Liquidity risk

The term, liquidity risk, refers to the company's risk that there will be insufficient cash and cash equivalents or credit for the company to be able to fulfil its payment undertakings. In order to ensure that the liquidity risk can be managed, a maximum of 30 per cent of the loan portfolio may fall due within one year and a maximum of 50 per cent of the loan financing may be obtained from a single creditor. In addition, liquidity must at all times total a minimum of SEK 300 million and a maximum of SEK 700 million, including liquidity reserves totalling a maximum of SEK 500 million and which may

comprise current account overdrafts or loan guarantees. The Group's liquidity as of 31 December 2020, including unutilised current overdraft facilities totalling SEK 300 million, amounted to SEK 579 million (SEK 757 m). At the turn of the year there were also revolving credit facilities of SEK 4,770 million (SEK 5,045 m); none of the facilities had been utilised at the end of the year. The table below shows the capital commitment structure of the loan portfolio.

The average loan maturity term, as of 31 December 2020, was 4.7 years (4.3 years).

Capital commitment

Commitment period	The Group		Parent company	
	Amount	Percentage, %	Amount	Percentage, %
2021	–	–	–	–
2022	5,395	29	4,027	25
2023	2,205	12	2,205	14
2024	2,327	12	2,327	15
2025	2,289	12	1,950	12
2026 and thereafter	6,688	35	5,457	34
Total	18,905	100	15,967	100

Market and interest risk

The term, market risk, refers to the risk of an impact on the profit/loss as a consequence of changes in the market. The market risk is primarily attributable to the trend in interest levels for short and long-term borrowing and for market rent levels. In order to limit the interest risk, the interest payable is spread among 11 years. A maximum of 30 per cent of the loans may fall due for renegotiation of the terms within 1 year and a maximum of 55 per cent of the interest payable may take place within 1 year. The fixed interest term table below itemises the due dates for the Group's interest-bearing liabilities. The average fixed interest term as of 31 December 2020 was 5.0 years (5.4 years). Interest-bearing liabilities amounted to SEK 18,905 million (SEK 20,211 m) at the end of the period with an average interest rate of 1.6 per cent (1.6%) excluding and 1.7 per cent (1.7%) including unutilised loan guarantees.

The derivatives portfolio comprised SEK 14,992 million (SEK 13,854 m) in interest swaps at the end of the period. The interest swap agreements are primarily used as a means of changing the fixed interest structure without changing the capital commitment in the loan portfolio. The fair value of interest derivatives on the closing date amounted to SEK –505 million (SEK –247 m). Currency swaps are used

Fixed interest term

	The Group		
	Amount, SEK m	Percentage, %	Average interest, % ¹⁾
2021	4,108	22	0.8
2022	400	2	1.5
2023	736	4	1.4
2024	1,477	8	1.6
2025	1,450	8	1.5
2026 and thereafter	10,733	57	1.9
Total	18,905	100	1.6

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

to eliminate the currency exposure that arises when bonds are issued Norwegian krone. The fair value of currency derivatives amounted to SEK –151 million (SEK –19 m) on the closing date.

As of 1 January 2012 the Group ceased to apply hedge accounting to the interest swaps that hedge the interest flows on external loans. Unrealised changes in the value of derivatives are consequently recognised directly to profit. The hedging reserve, which amounted to SEK –164 million as of 31 December 2011, is being reversed on a straight-line basis to other comprehensive income over the terms of the respective derivatives. The remaining amount to be redeemed as of 31 December 2020 totals SEK –4 million (SEK –14 m) after adjustments for deferred tax calculated at a nominal rate of taxation of 20.6 per cent.

Interest on liabilities falls due for payment quarterly up until 2029. These payments have an ongoing effect on the income statement during the terms of the loans in question as accrued interest is recognised.

Atrium Ljungberg has also endeavoured to spread the renegotiation dates for existing lease contracts as part of its efforts to reduce the market risk of temporary cyclical fluctuations. For details of the percentage of income that will be renegotiated during the year ahead, see note IE.1. The weighted average remaining term for the lease contracts is 3.5 years (3.4 years).

F.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, CONT.

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Maturity structure, derivative instruments

Maturity year	Nominal amount, SEK m	Unrealised changes in value, SEK m	Average interest, %
2021			
2022	200	-2	0.6
2023	736	-9	0.5
2024	977	-52	0.1
2025	950	-31	0.8
2026 and thereafter	12,128	-562	0.8
Total	14,992	-656	0.7

Credit risk

The term, credit risk, refers to the risk of a counterparty being unable to fulfil delivery or payment undertakings. Atrium Ljungberg's credit risks lie in the possibility that the tenants may be unable to fulfil their payment undertakings in accordance with applicable lease contracts. This risk is assessed when contracts are

signed and the agreements are supplemented, where appropriate, with pledged assets from the tenants in the form of deposits or bank guarantees corresponding to between 3 and 12 months' rent. Deposits and bank guarantees received amounted to SEK 67 million (SEK 76 m) and SEK 68 million (SEK 78 m), respectively, at the end of the year.

Currency risk

A currency risk arises when payment is made in a currency other than that in which the vendor's costs or the purchaser's income arises. Any such currency effect is recognised in the income statement. Atrium Ljungberg only makes purchases in foreign currencies

on an occasional basis and the currency risk is consequently small. During the year two bonds of NOK 1,300 million were issued, and the loan volume and coupon payments were secured with currency swaps, thus eliminating currency exposure. There is a total of NOK 2,196 million (NOK 1,058 m) in currency derivatives.

Sensitivity analysis, cash flows ¹⁾

	Change, %	Effect on profit, year 1, SEK m	Effect on profit, full-year, SEK m
Rental income	+/-5%	+/-19	+/-113
Property management costs	+/-5%	+/-39	+/-39
Letting rate	+/-1% unit	+/-23	+/-23
Atrium Ljungberg's average borrowing rate	+/-1% unit	+/-41	+/-189

¹⁾ The effect on the profit in year 1 relates to the effect in the year immediately following, with reference to commitment periods in lease contracts and loan agreements. Effect on profit is before tax.

Maturity structure for financial instruments

The table below shows future undiscounted cash flows for the payment undertakings associated with the company's financial liabilities. For disclosures on contractual undiscounted cash flows attributable to lease liabilities, see note IE.4.

	31 Dec 2020					31 Dec 2019				
	2021	2022	2023	2024	2025 and thereafter	2020	2021	2022	2023	2024 and thereafter
The Group										
Liabilities										
Interest-bearing liabilities incl. interest	-169	-5,543	-2,326	-2,424	-9,050	-215	-4,599	-5,862	-1,916	-8,349
Derivatives	-116	-116	-112	-110	-103	-97	-97	-97	-94	-150
Other liabilities	-132	-	-	-	-	-105	-	-	-	-
Accounts payable	-192	-	-	-	-	-205	-	-	-	-
Total	-610	-5,658	-2,437	-2,534	-9,153	-622	-4,696	-5,959	-2,010	-8,499
Parent company										
Liabilities										
Interest-bearing liabilities incl. interest	-134	-4,148	-2,305	-2,403	-7,461	-158	-4,290	-3,934	-1,885	-6,224
Derivatives	-116	-116	-112	-110	-103	-97	-97	-97	-94	-150
Liabilities to Group companies	-19	-	-	-	-	-1	-	-	-	-
Accounts payable	-18	-	-	-	-	-26	-	-	-	-
Total	-287	-4,263	-2,417	-2,513	-7,564	-282	-4,388	-4,031	-1,979	-6,374

F.3 FINANCIAL INCOME AND EXPENSES

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	The Group		Parent company	
	2020	2019	2020	2019
Financial income				
Interest income	0	0	0	0
Other interest income	2	2	2	0
Other financial income	1	0	0	10
Group interest income	–	–	620	587
Total	3	2	622	597

Of which interest income and expenses of financial assets/liabilities which are measured at amortised cost:

Interest income	3	2	622	597
Interest expenses	–309	–362	–442	–424
Total	–306	–360	180	173

	The Group		Parent company	
	2020	2019	2020	2019
Financial expenses				
Interest expenses	–295	–355	–302	–304
Other interest expenses	–3	–1	–1	–235
Other financial expenses	–11	–6	–170	–332
Group interest expenses	–	–	–133	–118
Total	–309	–362	–606	–989

During the year, SEK 65 million (SEK 12 m) of interest expenses which relate to investments in the Group's held properties was capitalised. The average interest rate which has been used

during the calculation amounts to 2.0 per cent (1.7%). Interest expenses for investments in held properties were carried as an expense in the parent company.

F.4 CASH FLOW FROM FINANCIAL LIABILITIES

	Derivatives	Non-current interest-bearing liabilities	Other liabilities	Total
Group, 1 January 2020	266	20,211	430	20,907
Loans raised	–	5,886	308	6,194
Repayment of debts	–	–7,047	–310	–7,357
Deposits received and repaid	–	–	5	5
Exercise of derivatives	–	–	–	–
Cash items	–	–1,161	3	–1,158
Reclassification	–	–	–	–
Change in value of derivatives	396	–	–	396
Currency	–	–150	–	–150
Allocation of costs	–	5	–	5
Non-cash items	396	–145	–	251
Group, 31 December 2020	662	18,905	433	20,000

	Derivatives	Non-current interest-bearing liabilities	Other liabilities	Total
Group, 1 January 2019	349	18,506	419	19,274
Loans raised	–	5,709	290	5,999
Repayment of debts	–	–4,016	–299	–4,315
Deposits received and repaid	–	–	20	20
Exercise of derivatives	–235	–	–	–235
Cash items	–235	1,693	11	1,469
Reclassification	–	–	–	–
Change in value of derivatives	152	–	–	152
Currency	–	2	–	2
Allocation of costs	–	10	–	10
Non-cash items	152	12	–	164
Group, 31 December 2019	266	20,211	430	20,907

F.4 CASH FLOW FROM FINANCIAL LIABILITIES, CONT.

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	Derivatives	Non-current interest-bear- ing liabilities	Other liabilities	Total
Parent company, 1 January 2020	348	15,988	27	16,363
Loans raised	–	5,336	36	5,372
Repayment of debts	–	–5,209	–27	–5,236
Exercise of derivatives	–	–	–	–
Deposits received and repaid	–	–	0	0
Cash items	0	127	9	136
Reclassification	–	–	–	–1
Change in value of derivatives	314	–	–	314
Currency	–	–150	–	–150
Allocation of costs	–	2	–	2
Non-cash items	314	–148	–	166
Parent company, 31 December 2020	662	15,967	36	16,666

	Derivatives	Non-current interest-bear- ing liabilities	Other liabilities	Total
Parent company, 1 January 2019	–	14,483	34	14,488
Loans raised	–	5,501	31	5,533
Repayment of debts	–	–3,999	–34	–4,033
Exercise of derivatives	–235	–	–	–235
Deposits received and repaid	–	–	–4	–4
Cash items	–235	1,502	–7	1,260
Reclassification	264	–	–	264
Change in value of derivatives	319	–	–	319
Currency	–	2	–	2
Allocation of costs	–	1	–	1
Non-cash items	583	3	–	586
Parent company, 31 December 2019	348	15,988	27	16,363

E EPRA PERFORMANCE MEASURES

EPRA

Atrium Ljungberg was a member of the European Public Real Estate Association (EPRA) in 2020. EPRA is an organisation which represents Europe's publicly listed real estate companies. The organisation strives to create a forum for debate and decisions on the issues which are decisive for the sector's future and to establish practice within accounting, reporting and corporate governance.

EPRA's practice for accounting and reporting is described in EPRA Best Practices Recommendations Guidelines (EPRA BPR). The recommendation contains key performance indicators which aim to increase transparency and comparability between Europe's publicly listed real estate companies. In the following notes Atrium Ljungberg reports EPRA key performance indicators and how they deviate from IFRS and other applicable benchmarks for the Group. Further reconciliation of these key performance indicators is available on the company's website.

E.2 EPRA NRV

EPRA NRV corresponds to reported equity with reversal of goodwill, interest derivatives and deferred tax. EPRA NAV represents the assessed fair value of a real estate company's net assets. The value presumes long-term ownership where the property portfolio's unrealised changes in value and realised changes in value for sale of properties are excluded. Furthermore, unrealised changes in the value of financial hedging instruments are recognised at fair value as they will amount to zero

as they are held until maturity. In accordance with EPRA BPR, EPRA NAV has been replaced by the new key performance indicator EPRA NRV (Net Reinstatement Value); both of these key performance indicators are calculated in the same way, so the transition has had no impact on the value.

EPRA NRV per share corresponds to EPRA NRV divided by the number of outstanding shares at the end of the period.

E.1 EPRA EARNINGS AND EARNINGS PER SHARE (EPRA EPS)

EPRA Earnings correspond to profit before changes in value less calculated current tax excluding loss carry-forwards. The deducted tax has been calculated by taking into account tax deductible depreciation and investments.

EPRA Earnings are considered as being important for investors who want to assess to what extent dividends are supported through recurrent management earnings.

	The Group	
	2020	2019
Profit before changes in value	1,124	1,234
– Tax deductible depreciation	–612	–577
– Tax deductible investments	–203	–250
– Consolidated capitalisation of borrowing	–65	–13
– Other items	7	–105
Taxable profit/loss before loss carry-forwards	251	289
Tax 21.4% (from 1 January 2019) on taxable profit/loss before loss carry-forwards	–54	–62
Profit before changes in value	1,124	1,234
Tax 21.4% (from 1 January 2019) on taxable profit/loss before loss carry-forwards	–54	–62
EPRA Earnings	1,070	1,172
EPRA Earnings	1,070	1,172
Number of outstanding shares, '000	127,739	129,839
Management earnings less nominal tax (EPRA EPS) per share	8.38	9.03

	The Group	
	2020	2019
Equity according to the balance sheet	22,668	22,784
Replacement:		
+ Fair value financial instruments	656	266
– Deferred tax receivable	–5	–0
+ Deferred tax liability	4,686	5,106
– Goodwill attributed to deferred tax	–165	–225
EPRA NRV	27,841	27,931
EPRA NRV	27,841	27,931
Number of outstanding shares at end of period, '000	127,739	129,839
EPRA NRV per share	217.95	215.12

EPRA NAV has been replaced by EPRA NRV; there has been no change in the net asset value or the net asset value per share.

E.3 EPRA NTA

EPRA NTA corresponds to reported equity with reversal of derivatives and goodwill and adjusted with estimated actual deferred tax. The value is expected to correspond to the estimated value of net assets at a given time, in contrast to EPRA NRV which reports the net asset value for long-term operation. EPRA NTA (Net Tangible Assets) is a new key performance indicator which replaces EPRA NNNAV in accordance with EPRA BPR; the difference between both of these key performance indicators is the reversal of derivatives when calculating EPRA NTA.

Assuming a deferred tax rate of 4 per cent (in accordance with EPRA's recommendation) for costing purposes for properties, the deferred tax would total SEK 944 million (SEK 1,104 m), rather than the carrying amount of SEK 4,686 million (SEK 4,986 m), which would have a positive effect on equity of SEK 3,742 million (SEK 3,882 m).

EPRA NTA per share corresponds to EPRA NTA divided by the number of outstanding shares at the end of the period.

	The Group	
	2020	2019
EPRA NAV	27,841	27,931
– Fair value financial instruments	–656	–266
– Actual deferred tax liability	–944	–1,104
EPRA NNNAV	26,241	26,561
+ Fair value financial instruments	656	266
EPRA NTA	26,897	26,827
EPRA NNNAV	26,241	26,561
Number of outstanding shares at end of period, '000	127,739	129,839
EPRA NNNAV per share	205.43	204.57
EPRA NTA	26,897	26,827
Number of outstanding shares at end of period, '000	127,739	129,839
EPRA NTA per share	210.56	206.62

E.4 EPRA NDV

EPRA NDV (Net Disposal Value) is a new key performance indicator that is recognised in accordance with EPRA BPR and corresponds to the carrying amount of equity with a reversal of goodwill adjusted for the difference between

the book value and fair value of interest-bearing liabilities. The net disposal value is used to provide stakeholders with information about Atrium Ljungberg's value in the event of a disposal scenario.

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	The Group	
	2020	2019
Equity according to the balance sheet	22,668	22,784
Replacement:		
– Goodwill attributed to deferred tax	–165	–225
+ Interest-bearing liabilities in accordance with the balance sheet	18,905	20,211
– Fair value interest-bearing liabilities	–19,583	–20,507
EPRA NDV	21,825	22,263
EPRA NDV	21,825	22,263
Number of outstanding shares at end of period, '000	127,739	129,839
EPRA NDV per share	170.86	171.46

E.5 EPRA VACANCY RATE

EPRA Vacancy rate shows what proportion of the rental value is not obtained due to vacancies. EPRA Vacancy rate is calculated by dividing the rental value of vacant areas by the

total rental value for the entire property portfolio if everything was let. Project properties are not included.

	The Group	
	1 Jan 2021	1 Jan 2020
Rental value vacant premises, excl. project properties	203	166
Rental value total, excl. project properties	2,303	2,565
EPRA Vacancy rate, %	8.8	6.5

E.6 TOTAL INVESTMENTS (CAPEX)

Total investments (EPRA CAPEX) are reported in the tables in accordance with EPRA BPR.

Investments contain both revenue-increasing measures and capitalised maintenance.

	The Group	
	2020	2019
Acquisition of properties	410	1,174
Investments in project properties	1,638	1,085
Investments in land and development rights	34	40
Investments in development properties	305	106
Investments in sold properties	17	1
Investments in acquired properties (not projects)	0	0
Investments in comparable portfolios	519	650
Total investments (EPRA CAPEX)	2,922	3,057

GS GROUP STRUCTURE

GS.1 SHARES IN GROUP COMPANIES

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Accounting policies

The parent company's shares in Group companies are measured at cost less accumulated impairment, increased or decreased based on changes to the share of equity. A subsidiary's carrying amount is tested at least annually for any impairment, or more frequently if there is any indication that the carrying amount may not be recoverable. During the impairment testing the estimated recoverable value is

compared to the book value. The recovery value comprises the higher of the fair value less sales costs and the value-in-use. Value-in-use comprises the present value of future cash flows. Potential impairment is recognised for cases when the decline in value can be deemed as permanent. Impairment and reversals of previous impairment are recognised in the income statement.

Parent company

	31 Dec 2020	31 Dec 2019
Opening cost	971	953
Acquisitions	0	–
Capital contribution	15	18
Change in share of equity	–	–
Sales	–	–
Closing accumulated cost	986	971
Opening impairment	–7	–7
Depreciation for the year	–	–
Closing accumulated impairment	–7	–7
Closing balance	978	963

Parent company, Directly-owned companies	Corporate ID no.	Registered office	Number of shares	Share of equity, %	Equity, SEK thousand	Profit	Book value, SEK m	
			31 Dec 2020	31 Dec 2020	31 Dec 2020 ¹⁾	2020 ¹⁾	31 Dec 2020	31 Dec 2019
Atrium Ljungberg Holding 1 AB	556781-3059	Nacka	1,000	100	95	–335	500	500
Atrium Ljungberg Holding 2 AB	556720-3111	Nacka	100,000	100	1,900	1,873	0	0
Atrium Ljungberg Holding 3 AB	556781-3117	Nacka	1,000	100	0	–15	30	15
Atrium Ljungberg Holding 4 AB	559056-7730	Nacka	500	100	51	45	5	5
Atrium Ljungberg Holding 5 AB	559160-5729	Nacka	500	100	477	5	0	0
Atrium Ljungberg Holding 6 AB	559196-3490	Nacka	500	100	859	18	0	0
Atrium Ljungberg Holding 7 AB	559198-3415	Nacka	500	100	232	232	2	2
Atrium Ljungberg Holding 8 AB	559281-7109	Nacka	500	100	0	–0	0	0
Atrium Ljungberg Holding 9 AB	559281-7091	Nacka	500	100	0	–0	0	0
Atrium Ljungberg Holding 10 AB	559281-7141	Nacka	500	100	0	–0	0	0
LjungbergGruppen Holding AB	556669-3221	Nacka	1,000	100	17	8	190	190
Atrium Ljungberg Slakthuset Holding AB	559183-0244	Nacka	500	100	0	–0	0	0
Atrium Ljungberg Bostad Holding AB	559117-6440	Nacka	500	100	377	375	3	3
Atrium Ljungberg Impluvium Holding AB	559196-3532	Nacka	500	100	0	–0	0	0
Fastighetsaktiebolaget Blästern	556282-8052	Nacka	10,000	100	0	0	0	0
Fastighetsaktiebolaget Celtica	556350-9727	Nacka	2,781,000	100	195	4	167	167
TL Bygg AB	556225-4440	Nacka	10,000	100	80	–0	80	80
Closing balance							978	962

¹⁾ Information is only provided for the companies that form part of the Group as of 31 December 2020.

GS.1 SHARES IN GROUP COMPANIES, CONT.

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Parent company, Indirectly owned companies ¹¹	Corporate ID no.	Registered office	Number of shares 31 Dec 2020	Share of equity, % 31 Dec 2020	Equity, SEK thousand 31 Dec 2020	Profit 2020
Walls Fastighets AB	556004-9909	Nacka	6,000	100	30	3
Fastighets AB Brogatan	556060-5536	Nacka	1,000	100	50	9
Kommanditbolaget Wårbyriggen 1	969651-2251	Nacka	N/A	100	73	2
Atrium Ljungberg Skotten AB	556948-4537	Nacka	1,000	100	76	18
Atrium Ljungberg Resan AB	556948-4529	Nacka	1,000	100	3	0
Atrium Ljungberg Tomtmark AB	556948-4545	Nacka	1,000	100	10	1
Atrium Ljungberg Fatburssjön AB	556021-7506	Nacka	1,500	100	1	-1
Fatburstrappan Väst AB	556622-5966	Nacka	1,000	100	37	13
Fastighetsaktiebolaget Österbotten	556019-4408	Nacka	1,250	100	1	-0
Fastighetsaktiebolaget Stadsgården	556029-0602	Nacka	31,993,074	100	1,212	78
Gränby Centrum AB	556409-6708	Nacka	100	100	125	27
Mobilia Shopping Centre AB	556412-5242	Nacka	100	100	191	43
Kommanditbolaget T-Bodarne	969646-1392	Nacka	N/A	100	135	65
Atrium Ljungberg Impluvium 14 AB	556065-3023	Nacka	1,000	100	94	89
Atrium Ljungberg T-Bodarne Holding AB	559187-7633	Nacka	500	100	0	0
Sickla Industrifastigheter Kommanditbolag	916616-1720	Nacka	N/A	100	397	163
Atrium Ljungberg Hålsingegatan AB	556877-5687	Nacka	500	100	101	43
Atrium Ljungberg Dimman AB	556659-3231	Nacka	1,000	100	2,055	1,801
Atrium Ljungberg Uddvägen AB	556781-3067	Nacka	1,000	100	12	11
Atrium Ljungberg Kyrkviken AB	556781-3083	Nacka	1,000	100	1	-1
Atrium Ljungberg Sickla Industrifastigheter Holding AB	559187-7658	Nacka	500	100	49	47
Atrium Ljungberg Citadellet AB	556994-4878	Nacka	500	100	43	11
Atrium Ljungberg M2 AB	556994-4910	Nacka	500	100	49	10
Atrium Ljungberg Malmen AB	556165-6553	Nacka	1,000	100	13	1
Atrium Ljungberg Borgarfjord 3 AB	556755-8076	Nacka	1,000	100	35	7
Atrium Ljungberg Bas Barkarby AB	559056-7540	Nacka	500	100	8	-3
Atrium Ljungberg Eken AB	556948-7555	Nacka	500	100	108	6
Atrium Ljungberg Tranbodarne 13 AB	556754-7947	Nacka	1,000	100	49	3
Atrium Ljungberg Lindholmospiren KB	969646-1509	Nacka	N/A	100	126	29
Atrium Ljungberg Life City AB	559065-7713	Nacka	500	100	-2	-20
Atrium Ljungberg Hallvägen AB	559155-0453	Nacka	500	100	4	-2
Atrium Ljungberg The Point AB	559165-9916	Nacka	500	100	25	-0
Atrium Ljungberg Impluvium 8 AB	559194-8905	Nacka	500	100	0	0
Atrium Ljungberg Projektutveckling AB	559198-3423	Nacka	500	100	0	-1
Atrium Ljungberg Parkering AB	559198-3449	Nacka	500	100	0	0
Atrium Ljungberg Sickla Front 1 AB	559198-3399	Nacka	500	100	10	9
Atrium Ljungberg Mälarterassen AB	559198-3332	Nacka	500	100	0	0
Atrium Ljungberg Gränby Port AB	559198-3340	Nacka	500	100	0	0
Atrium Ljungberg Eken 14 AB	556602-0649	Nacka	1,000	100	3	-1
Atrium Ljungberg S:t Eriksgratan AB	556914-0782	Nacka	50,000	100	14	-0
Atrium Ljungberg Stora Katrineberg AB	556600-3843	Nacka	1,000	100	410	89

GS.1 SHARES IN GROUP COMPANIES, CONT.

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Parent company, Indirectly owned companies ¹⁾	Corporate ID no.	Registered office	Number of shares 31 Dec 2020	Share of equity, % 31 Dec 2020	Equity, SEK thousand 31 Dec 2020	Profit 2020
Atrium Ljungberg Mejeriet AB	556710-7189	Nacka	100,000	100	64	-1
LjungbergGruppen Fastighets AB TX31	556688-4283	Nacka	1,000	100	59	9
LjungbergGruppen Svindersvik AB	556674-6045	Nacka	1,000	100	3	0
Mobilia Nord AB	556745-4888	Nacka	1,000	100	31	6
Atrium Ljungberg Gränby Köpstad AB	556731-8265	Nacka	1,000	100	22	6
Atrium Ljungberg Kista NOD AB	556745-5182	Nacka	1,000	100	59	14
Atrium Ljungberg Sickla Station AB	556781-3075	Nacka	1,000	100	0	-0
Atrium Ljungberg Gränby Entré AB	556781-3091	Nacka	1,000	100	25	12
Impluvium Tretton AB	556781-3109	Nacka	1,000	100	0	-32
Atrium Ljungberg Planiovägen AB	556815-7852	Nacka	50,000	100	13	0
Tranbodarne 11 KB	959542-9472	Nacka	N/A	100	510	6
Atrium Ljungberg Slakthuset Holding 1 AB	559183-0301	Nacka	500	100	0	-0
Atrium Ljungberg Slakthuset Holding 2 AB	559183-0319	Nacka	500	100	0	-0
Atrium Ljungberg Slakthuset Holding 3 AB	559183-0285	Nacka	500	100	1	-5
Atrium Ljungberg Slakthuset 63 AB	559187-7625	Nacka	500	100	0	0
Atrium Ljungberg Slakthuset 1 AB	559184-9616	Nacka	50,000	100	3	-0
Atrium Ljungberg Slakthuset 6 AB	559184-9624	Nacka	50,000	100	3	-3
Atrium Ljungberg Slakthuset 7 AB	559184-9632	Nacka	50,000	100	1	0
Atrium Ljungberg Slakthuset 8 AB	559184-9640	Nacka	50,000	100	0	-0
Atrium Ljungberg Slakthuset 13 AB	559184-9657	Nacka	50,000	100	5	2
Atrium Ljungberg Slakthuset 16 AB	559184-9665	Nacka	50,000	100	1	0
Atrium Ljungberg Slakthuset 22 AB	559184-9673	Nacka	50,000	100	2	0
Atrium Ljungberg Slakthuset 32 AB	559184-9798	Nacka	50,000	100	0	0
Atrium Ljungberg Slakthuset 39 AB	559184-9780	Nacka	50,000	100	0	-0
Atrium Ljungberg Slakthuset 40 AB	559184-9814	Nacka	50,000	100	0	-0
Atrium Ljungberg Slakthuset 41 AB	559184-9806	Nacka	50,000	100	0	-0
Atrium Ljungberg Slakthuset 48 AB	559184-9830	Nacka	50,000	100	0	0
Atrium Ljungberg Slakthuset 49 AB	559184-9822	Nacka	50,000	100	2	-0
Atrium Ljungberg Slakthuset 15 AB	556605-2386	Nacka	1,000	100	47	27
Atrium Ljungberg Bostad AB	559122-1378	Nacka	500	100	17	3
Atrium Ljungberg Mark Holding AB	559117-6416	Nacka	500	100	82	80
Atrium Ljungberg Kyrkviken Holding AB	559117-6424	Nacka	500	100	2	0
Atrium Ljungberg Stiftare AB	559155-0396	Nacka	500	100	0	-0
Atrium Ljungberg Conditor 1 AB	559155-0404	Nacka	500	100	0	0
Atrium Ljungberg Conditor 2 AB	559155-0487	Nacka	500	100	0	0
Atrium Ljungberg Conditor 3 AB	559155-0479	Nacka	500	100	0	0
BRF Sicklastråket	769636-3667	Nacka	N/A	100	1	0
Atrium Ljungberg Gränby Park Holding AB	559172-9024	Nacka	500	100	0	-0
Atrium Ljungberg Nobelberget Holding 1 AB	559196-3516	Nacka	500	100	148	2
Atrium Ljungberg Fanny Udde AB	559198-3407	Nacka	500	100	0	0
Atrium Ljungberg KV 1 AB	559198-3456	Nacka	500	100	0	0

GS.1 SHARES IN GROUP COMPANIES, CONT.

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Parent company, Indirectly owned companies ¹⁾	Corporate ID no.	Registered office	Number of shares 31 Dec 2020	Share of equity, % 31 Dec 2020	Equity, SEK thousand 31 Dec 2020	Profit 2020
Bostadsrättsföreningen Konstharts	769639-0975	Nacka	N/A	100	0	0
Atrium Ljungberg Kyrkviken 1 AB	559117-6408	Nacka	500	100	3	0
Atrium Ljungberg Gillevägen AB	559196-3508	Nacka	500	100	0	-0
Atrium Ljungberg Gränby Park 1 AB	559196-3540	Nacka	500	100	2	-1
Atrium Ljungberg Bostadsrättsförvaltning AB	559198-3365	Nacka	500	100	0	0
Atrium Ljungberg Impluvium 15 AB	559281-7059	Nacka	500	100	0	-0
Atrium Ljungberg Impluvium 16 AB	559281-7125	Nacka	500	100	0	-0
Atrium Ljungberg Impluvium 17 AB	559281-7117	Nacka	500	100	0	-0

¹⁾ Information is only provided for the companies that form part of the Group as of 31 December 2020.

GS.2 SHARES IN ASSOCIATED COMPANIES

Accounting policies

Associated companies are companies in which the Group has a controlling influence, normally through a shareholding of minimum 20 per cent and maximum 50 per cent and is recognised using the equity method. Under the equity method, shares in associated companies are recognised at cost on the acquisition

date and subsequently adjusted by the Group's share of the change in the associated company's net assets. The Group's book value of the shares in the associated companies corresponds to the Group's share in the associated companies' equity and any residual value of consolidated surplus and deficit values.

	Number 31 Dec 2020	Share of equity, % 31 Dec 2020	Book value, SEK thousand 31 Dec 2020	31 Dec 2019
AB FB-sjön general partner 556605-5181				
Registered office in Stockholm	500	50	50	50
Prospect and Icons AB 559137-9077				
Registered office in Stockholm	900	90	5,653	5,078
Closing balance			5,703	5,128

PC PARENT COMPANY'S ACCOUNTING POLICIES AND SUPPLEMENTARY DISCLOSURES

PC.1 PARENT COMPANY ACCOUNTING POLICIES

General

The parent company applies the same accounting policies as the Group with the exceptions and additions regulated in the RFR 2, Reporting for legal entities recommendation issued by the Swedish Financial Reporting Board. This means that in its annual accounts for the legal entity the parent company applies all of the IFRS standards and statements approved by the EU wherever this is possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act and with reference to the link between accounting and taxation. The parent company does not apply IFRS 9, except for areas that are not exempt in accordance with RFR 2. IFRS 16 Leases is not applied by the parent company, which means that all leases are recognised as operating leases for the parent company.

Derivatives

As of 31 December 2019, the parent company ceased hedge accounting of derivatives and is

therefore recognising derivatives at the lower of cost or fair value. There were negative fair values as of 31 December 2020, which means that a liability of SEK 662 million (SEK 348 m) has been recognised in the balance sheet. A change in value of SEK -314 million (SEK -348 m) has been recognised in profit under Interest expenses and similar profit items.

Provisions and financial guarantee agreements

Provisions are recognised under a separate heading in the parent company's balance sheet. The parent company applies the relaxation rule in RFR 2 with regard to the recognition of financial guarantee agreements to the benefit of subsidiaries and associated companies, which means that IFRS 9 is not applied to such guarantee agreements. Instead, the parent company recognises a provision in respect of financial guarantee agreements when the company has an undertaking for which an outflow of resources will probably be required in order to settle this undertaking.

PC.2 PARENT COMPANY'S EARNINGS FROM SHARES IN GROUP COMPANIES

Accounting policies

Received dividend is recognised when the shareholders' right to receive payment has been confirmed. If it is deemed to be certain that a later decision on dividends will be

decided at the upcoming Annual General Meeting in the paying subsidiary, the parent company enters the income earlier, referred to as anticipatory dividend.

	Parent company	
Earnings from shares in Group companies	2020	2019
Dividends from subsidiaries	3,560	1,419
Total	3,560	1,419

PC.3 PARENT COMPANY'S INVESTMENT PROPERTIES

Accounting policies

Properties are measured at cost less accumulated depreciation and impairment and come under the heading of Investment properties in the parent company's balance sheet. The term investment properties includes buildings and land, land improvement, building and land-related equipment as well as work in progress.

Expenses which entail future financial benefits and where the expense can be calculated in a reliable manner have been added to cost. Ongoing maintenance which is not covered by the aforementioned description has been carried as an expense.

Depreciation according to plan is charged to the operating profit/loss of the parent company.

Depreciation according to plan is effected in the amount of 1 per cent of the cost of buildings, land improvements and building equipment. The buildings are fiscally depreciated at between 2 and 4 per cent of cost, while land improvements are depreciated at 5 per cent. Building equipment is fiscally depreciated at 20-30 per cent of cost. The difference between depreciation according to plan and fiscal depreciation is recognised under appropriations. Deferred tax on the difference between booked and fiscal depreciation of buildings and land improvements is recognised as deferred tax in the income statement and as a deferred tax liability in the balance sheet.

	31 Dec 2020	31 Dec 2019
Investment properties		
Opening cost	1,061	1,819
Sales	-	-798
Investments	95	40
Closing accumulated cost	1,156	1,061
Opening depreciation	-153	-260
Sales	-	122
Depreciation for the year	-11	-15
Closing accumulated depreciation	-164	-153
Opening impairment	-	-73
Reversal impairment	-	73
Closing accumulated impairment	-	-
Closing residual value according to plan	992	908
Fair value, investment properties	1,202	998

The valuation method is described in note A.1.

PC.4 UNTAXED RESERVES / APPROPRIATIONS

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Accounting policies

The amount allocated to untaxed reserves in the parent company comprises taxable temporary differences. The deferred tax liability attributable to the untaxed reserves in the parent company is not recognised

separately due to the link between accounting and taxation. Untaxed reserves are, however, broken down within the Group, with 79.4 per cent reported as equity and 20.6 per cent as deferred tax liabilities.

Untaxed reserves	31 Dec 2020	31 Dec 2019
Accumulated excess depreciation	21	8
Closing balance	21	8
Appropriations		
Excess depreciation equipment	-13	53
Group contributions received/made	85	-24
Total	72	29

PC.5 PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The Board proposes the following treatment of unappropriated earnings to the Annual General Meeting. Read more about the Board's

statement on proposed treatment of unappropriated earnings on page 162.

The following sum in the parent company is available for disposal by the Annual General Meeting:

Profit brought forward	SEK 6,015,309,031
Net profit for the year	SEK 3,628,840,792
Total	SEK 9,644,149,823

The Board of Directors proposes that the unappropriated earnings be allocated as follows:

That a dividend of SEK 5.05/share be paid to the shareholders	SEK 645,080,617
Carried forward	SEK 8,999,069,206
Total	SEK 9,644,149,823

S SUSTAINABILITY

S.1 GENERAL INFORMATION

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About our report

This report covers the financial year from 1 January to 31 December 2020. The Annual Report comprises Atrium Ljungberg's Sustainability Report in line with the GRI Standards' Core level, and our Communication on Progress Report for the UN's Global Compact. This is Atrium Ljungberg's third Sustainability Report in accordance with the GRI Standards. We have also observed the EPRA Sustainability Best Practices Recommendations Guidelines in our report. EPRA indicators for energy, climate emissions, water, environmentally certified buildings and employees have been reported in Section H Sustainability. EPRA indicators for corporate governance are reported in the Corporate Governance Report on pages 82–85. The chapter Sustainable Enterprise on pages 16–27 along with Section S. Sustainability form our Sustainability Report in accordance with the Swedish Annual Accounts Act. The Sustainability Report covers the entire Group, see notes GS.1 and GS.2, where we directly or indirectly own 100 per cent of the companies and their assets. Exceptions from this basic rule and the reasons for these exceptions are reported in the relevant sections. Atrium

Ljungberg publishes the Sustainability Report annually. The previous annual report was published on 2 March 2020. Recalculations for electricity have been made for previous years for note S.4, as earlier errors were identified and corrected. The figures for 2019 have been corrected for note S.5 Scope 1, with emissions from TL Bygg added for 2019. Note S.6 has also been adjusted. Following a quality review, some water meters were discovered to be missing, but have now been included in the report. These meters were able to update the values for 2019, but not for 2018. A limited assurance review has been performed by Atrium Ljungberg's external auditors. There are some sustainability results that are also published every quarter in the financial interim reports.

Changes to the report and scope

There have been no significant changes to the organisation or the supply chain. During the year Atrium Ljungberg's property portfolio changed due to the sales, acquisitions and completion of new properties/projects. These changes do not affect the sustainability reporting appreciably, but should be considered

for comparisons of energy consumption and emissions over time.

No significant changes in scope or limitations of the GRI reporting have been made. Relevant boundaries are described in each section.

Governance

Atrium Ljungberg's Board of Directors establishes the overall sustainability policy for the company and related policies, which cover the following areas: business ethics, anti-corruption and whistleblowing, suppliers, equal opportunity and non-discrimination and taxes. The Supplier Code of Conduct includes human rights. Our policies are updated and revised annually, and are available in full on our website.

The Sustainability Policy highlights the fact that we need to maintain a continual dialogue with the stakeholders who form part of our core business, or who are affected by it, to ensure that we have identified our most important sustainability issues. We use the results of the materiality analysis as the basis for developing our focus areas, goals and relevant policies. The Sustainability Policy emphasises the fact that these goals need to

be measurable. The goals are monitored every quarter or annually, while the company's strategy and goals are evaluated and updated once a year or once every two years by the Board and executive management as part of planning for the following year and the budgetary work. Our sustainability goals are based on the company's values. See page 15 for more information on the goals and outcomes.

Sustainability risks

Our sustainability risks are evaluated at least every two years, along with other risks, by executive management and the Board. Our main sustainability risks involve the supplier chain, climate change, the environment and energy, bribes/corruption, and health and safety. The construction and property industry is an at-risk industry in terms of bribes and corruption. Our risks in the supplier chain include the environment, human rights and social issues. The construction industry contains risks associated with health and accidents, for example during demolition work and putting up scaffolding. Read more about risks and risk management on pages 74–78. See pages 11–13 for more information about Atrium Ljungberg's business model, strategies and role in the value chain.

S.2 STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

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Stakeholder engagement

Atrium Ljungberg's most important stakeholders are customers, owners and investors, employees, suppliers and municipalities. They are all important for our value creation. Dialogue with stakeholders is essential for us to be able to create a relevant offering and it gives us insights into the expectations they have for sustainable enterprise. Stakeholder dialogues form the basis for the choice of the most important sustainability issues (see below). In 2020, we conducted a specific stakeholder dialogue process in the form of individual interviews, where at least three representatives per stakeholder group were interviewed. Dialogue with the employees took place via an interactive web survey at the company's annual conference. Dialogue with tenants and

suppliers was carried out using web surveys as well as continual dialogue. Based on the survey from 2020, we regularly identify changes in expectations of our stakeholders through our dialogue channels.

To summarise, the areas that are believed to be the most important are energy, emissions, suppliers, anti-corruption, employment, health, training, non-discrimination and equal opportunities. Over the past three years we have noticed an increase in the amount of interest shown in climate issues among all stakeholders. This includes investors, who are interested in green bonds and our energy and climate work, partly because of the introduction of the EU's taxonomy. Social issues have also become more important for investors.

The table below describes the issues that each stakeholder group has indicated as important, as well as the channels we use for dialogue.

Stakeholder dialogue and prioritised issues

Primary stakeholders	Prioritised issues	Channels for dialogue
Customers	Resource efficiency and recycling Certification of buildings and communication Work environment Environment and climate adaptation	Continuous dialogue in management Annual customer survey Collaboration in projects on new production, reconstruction and green lease contracts
Owners and investors	Governance and reporting Anti-corruption Responsible purchasing Resource efficiency Environment and climate adaptation Certification of buildings Contribution for urban and social development	Feedback in connection with the sustainability assessment Investor meetings Annual strategy conference with the Board
Employees	Resource efficiency and recycling Environment and climate adaptation Contribution for urban and social development Professional development	Employee survey Performance management process Meetings and workshops
Municipalities (society)	Environment and climate adaptation Contribution for urban and social development	Meetings and workshops Processing cases
Suppliers	Resource efficiency and recycling Work environment Responsible purchasing	Continuous dialogue in projects Dialogue for procurements and enquiries

S.2 STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS, CONT.

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Materiality analysis and key issues

We have identified a number of key issues based on the Group's strategies, our impact on the outside world and our stakeholders' expectations, which we have decided to divide

into four focus areas for the company's sustainability work. The materiality analysis clearly showed that the Board, the management team and other stakeholders were all mostly in agreement about what the key areas were for

Atrium Ljungberg. Changes in the market, the risk profile and new prioritised issues which arose during our dialogues with stakeholders in 2020 show that our focus areas continue to be important for the Group.

At the end of 2020 a new materiality analysis was performed for sustainability work moving forwards; this does not affect the outcomes for the current year.

Reporting and governance of key focus areas

Atrium Ljungberg's focus areas

Sustainability management of the focus areas		Atrium Ljungberg's focus areas			
		Sustainable urban development	The environment and resource efficiency	Business ethics	Employees
Link to GRI standards	Reported GRI standards and disclosures	<ul style="list-style-type: none"> • Customer health and safety (AL1): Type and number of sustainability/environmental certifications, labelling or processes applied for implementation of projects or construction of properties/facilities 	<ul style="list-style-type: none"> • Energy (GRI 302-1, 302-3): Energy consumption within the organisation and energy performance in buildings • Emissions (GRI 201-2, 305-1, 305-2, 305-3, 305-4): Financial implications and other risks and opportunities due to climate change. Direct and indirect greenhouse gas emissions (Scope 1, 2 and 3) and emissions intensity in buildings 	<ul style="list-style-type: none"> • Evaluation of suppliers in terms of working conditions and human rights (GRI 414-1): Percentage of new supplies that are evaluated with respect to social criteria • Evaluation of suppliers in terms of the environment (GRI 308-1): Percentage of suppliers that are evaluated using environmental criteria • Anti-corruption (GRI 205-1, 205-3): Percentage of operations that are assessed for risks related to corruption as well as the number of incidents of corruption 	<ul style="list-style-type: none"> • Employment conditions and working conditions (GRI 401-1): Employee turnover • Health and safety (GRI 403-2): Injuries, illnesses, absence as well as work-related fatalities • Training (GRI 404-2, 404-3): Competence provision, including programmes for continuing training and lifelong learning to support continued employability and to help employees at the end of their employment. Percentage of employees receiving regular performance and career development reviews • Diversity and equal opportunities (GRI 405-1): Composition of the Board and management team, and breakdown of other employees by sex, age group, minority group and other diversity indicators • Non-discrimination (GRI 406-1): Number of cases of discrimination
	Why this area is important to us	As an urban and property developer we have a major impact on the environment and the people who live and spend time there	The construction and property sector accounts for roughly one third of Sweden's energy consumption and has a major impact on the climate	Our industry faces bribes, corruptions and human rights violations, which we want to combat	If we are to achieve good results we need to have competent, engaged and healthy employees and provide them with a positive work environment
	Responsibilities and impact on the value chain	We cause or contribute to this impact in our role as project developer and client. When we act as a supplier, we contribute to this impact through our business relationships and collaboration with our customers. Read more on pages 21 and 24-25.	We cause and contribute to this impact at all stages in the value chain. When we act as a supplier, we contribute to this impact through our business relationships and collaboration with our customers. Read more on pages 21-22 and 24-25.	We cause and contribute to this impact at all stages in the value chain. When we act as a supplier, we contribute to this impact through our business relationships and collaboration with our customers. Read more on pages 24-25.	We take responsibility for our own employees and the people who work under our roof. Read more on pages 26-27.
	Scope of the report	See note S.7	See note S.4 and S.5	See note S.11 and S.12	See note S.9

table cont. on next page

S.2 STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS, CONT.

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cont. Reporting and governance of key focus areas

Atrium Ljungberg's focus areas					
Sustainability management of the focus areas	Sustainable urban development	The environment and resource efficiency	Business ethics	Employees	
How we work	See the chapter on Sustainable urban development on page 20	See the chapter on Environment and resource utilisation on pages 21–23	See the chapter on Business ethics and human rights on pages 24–25	See the chapter on Care for our employees on pages 26–27	
What we want to achieve	We develop sustainable city districts and properties to increase the attractiveness of the areas and create value for tenants, municipalities, others who use the sites and us ourselves. The properties must be designed with care for people and the environment; they must be resource-efficient and make it easier for people to lead a sustainable lifestyle	We improve our own and our customers' resource efficiency and reduce our impact on the environment and climate by streamlining our energy consumption and reducing our carbon dioxide emissions into the atmosphere	We uphold sound business practices in our own operations and in relation to suppliers and other partners. We impose the same requirements on our suppliers as we do on ourselves in terms of the environment, work environment, working conditions and human rights	We want to have competent, engaged and healthy employees, which is why we want to have a positive and safe work environment and a culture that is characterised by participation	
Goal	The goal is for 100 per cent of our properties to be environmentally certified by 2021. The result of this goal is reported publicly in our interim reports	The goal is for energy consumption per m ² to be reduced by 30 per cent between the years 2014 and 2021. The result of this goal is reported publicly in our interim reports. Emissions are reported in the Annual Report and to CDP.	We monitor the number of incidents reported to the whistleblowing function, the number of incidents of corruption and the number of suppliers that have signed our Supplier Code of Conduct. These key figures are monitored annually.	Our goal is to achieve an average confidence index of 85% in the Great Place To Work® evaluation every year. The result of this goal is reported publicly in our annual report. Atrium Ljungberg also has a zero-tolerance approach to stress-related illnesses and workplace accidents. Key figures are monitored annually.	
Policies	Overall sustainability policy	Overall sustainability policy and Supplier Code of Conduct	Overall sustainability policy, business ethics policy, Supplier Code of Conduct, tax policy, whistleblowing policy	Overall sustainability policy, equal opportunity and discrimination policy, business ethics policy, whistleblowing policy and work environment policy	
Obligations in addition to Swedish laws and guidelines	UN Global Compact, UN Sustainable Development Goals, and the certification of buildings in accordance with BREEAM, BREEAM In-Use and Miljöbyggnad	UN Global Compact, UN Sustainable Development Goals	UN Global Compact, UN Sustainable Development Goals, Universal Declaration of Human Rights, Swedish Anti-Corruption Institutes' Code of Business Conduct, and the Swedish Construction Federation's Code of Conduct for Legal and Appropriate Behaviour	UN Global Compact, UN Sustainable Development Goals, ILO Core Conventions, Universal Declaration of Human Rights,	
Specific processes, projects, programmes and initiatives	Governed by the strategy for sustainable urban development and adopted processes with internal steering documents for certifications	Governed by established processes and steering documents, quality assurance of data through monthly follow-up. And certification from TL Bygg in accordance with the management and product certification system BF9K	Governed by the Supplier Code of Conduct, which is enclosed with agreements. The purchasing process contains procedures for checks and reviews of entertainment, gifts and benefits. It is possible to make an anonymous report using the whistleblowing function	Governed by adopted processes with internal steering documents. Risks are identified through continual safety inspections. Quality assurance is performed through the safety committee. Workplace accidents are reported to the Swedish Work Environment Authority. It is possible to make an anonymous report using the whistleblowing function. All employees must report near accidents and risk observations in the IA system. When making a report, people are asked not to enter any personal details, and both the manager and HR can remove personal details to ensure that the report is anonymous. TL Bygg is certified in accordance with the management and product certification system BF9K	
Evaluating governance	The Board of Directors/executive management evaluates whether the governance is effective enough during the annual review of the policies. This year it was decided to change governance in order to achieve the goal before 2021. No changes were made to the governance of this focus area over the year.	The Board of Directors/executive management evaluates whether the governance is effective enough during the annual review of the policies. This has resulted in no changes to the governance of this focus area over the year	The Board of Directors/executive management evaluates whether the governance is effective enough during the annual review of the policies. This has resulted in the Supplier Code of Conduct now containing clearer requirements for our suppliers	The Board of Directors/executive management evaluates whether the governance is effective enough during the annual review of the policies. This has resulted in no changes to the governance of this focus area over the year	

We also report the outcome of the direct economic value that is generated and distributed to the various stakeholders in accordance with the GRI Standards' indicator 201–1. We base this on the <IR> framework that considers all stakeholders to be important; this is why it is natural for us to report economic value divided by stakeholder group, even though we do not consider this to be a focus area. See further in note S.10.

A LIMITED ASSURANCE REVIEW HAS BEEN PERFORMED ON THIS PAGE AND IT DOES NOT FORM PART OF THE 2020 FINANCIAL STATEMENTS

S.3 EXTERNAL INITIATIVES AND MEMBERSHIPS

Atrium Ljungberg has decided to support a number of international conventions and initiatives. The company is also a member of several associations and organisations presented below.

Involvement in international conventions and initiatives:

- UN Global Compact
- The UN's Sustainable Development Goals
- Universal Declaration of Human Rights
- ILO Core Conventions
- Swedish Anti-Corruption Institutes' Code of Business Conduct¹⁾
- Swedish Construction Federation's Code of Conduct for Legal and Appropriate Behaviour¹⁾

Membership in associations and trade associations:

- Swedish Property Federation (Fastighetsägarna)
- Sweden Green Building Council
- Stockholm Chamber of Commerce
- EPRA
- Almega
- Confederation of Swedish Enterprise
- SNS (Centre for Business and Policy Studies)
- Kultur & Näringsliv
- Byggarubedömningen
- Swedish Construction Federation¹⁾
- The Swedish Association of HRM
- Centrum för AMP
- Belok
- Fossilfritt Sverige
- Färdplan 2045 ¹⁾

¹⁾ Applies to subsidiary TL Bygg.

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to 2021, which represents a reduction from 268 kWh/m² to 188 kWh/m². We also include the energy consumption of our tenants in our target. Purchased and sold properties are calculated in relation to period of ownership. In terms of comparable properties, we use the definition from EPRA, which states that properties must have been owned for at least two full reporting years before they are included in the reporting in order to ensure as comparable statistics between the years as possible. Like-for-like key figures are a complement to the actual consumption, as they show change in performance that is not related to changes in the property portfolio.

The energy statistics do not include the subsidiary TL Bygg or project properties. This is because we report in accordance with EPRA's guidelines, which only includes the property portfolio.

S.4 ENERGY CONSUMPTION

Calculation methods and scope

Atrium Ljungberg reports energy consumption using EPRA's guidelines. The amount of energy refers to the amount that has been purchased from suppliers. The values for solar cells are based on installed power. Heating and cooling, including tenant consumption in the property. Tenant electricity is estimated for tenants with their own electricity subscription. The distribution between measured and standard value electricity is shown in the table below. The standard value was calculated by using the average value for the retail, food sector and office categories, where we have onward delivery of electricity. The key performance indicator was then multiplied by the letting area in the properties where we do not have onward delivery of electricity. The Swedish Energy Agency's key performance indicator is used for residential property since we do not have

onward delivery of electricity and therefore lack the underlying data for residential property.

We use weighting to an average year for district heating for each location. In previous years, fuel in the form of oil and pellets was weighted to an average year. District cooling was not weighted to an average year in 2020.

The energy intensity measure includes heat, cooling and electricity, including tenants' energy consumption, and is measured per m². In previous years, fuel in the form of oil and pellets was included. We use the total letting area, excluding the garage, indexed by a factor of 1.15, to include the shared areas and technical areas. We use the Swedish National Board of Housing's Building Regulations and Atemp to define the area for which a building's energy consumption is to be calculated.

Atrium Ljungberg's goal is to reduce energy consumption per m² by 30 per cent from 2014

Development in 2020

Energy consumption weighted to an average year has decreased by 6 per cent (5%) since 2019 when making comparisons of comparable portfolios (LfL). The actual energy consumption and energy intensity also decreased. This is due to changes in the property portfolio, for example, acquisitions and sales, but also new builds, reconstructions and extensions. In 2020 we carried out energy-saving projects for various properties. This included changing aggregate in Hagastaden, switching to LED lighting in Malmö and a new recirculating air system in Uppsala Forumgallerian. Since 2019 we have not had any fuel-operated facilities in our property portfolio. See pages 21–22 for more information about our work.

S.4 ENERGY CONSUMPTION, CONT.

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Energy

Like-for-like (LFL) per property type

EPRA Code	Unit	Indicator	Description	Absolute measures use (ABS)			Offices			Retail			Residential units			Atrium Ljungberg Total		
				2020	2019*	2018	2020	2019	Change	2020	2019	Change	2020	2019	Change	2020	2019	Change
Elec-LfL				51,370	52,964	54,957	34,723	28,884	20%	12,505	14,787	-15%	1,335	1,765	-24%	48,564	45,436	7%
<i>Property electricity, measured</i>				50	53	52	33	33		9	10		3	5		45	48	
Elec-LfL				58,998	66,512	66,480	35,765	36,506	-2%	20,911	24,010	-13%	7	13	-48%	56,683	60,529	-6%
<i>Tenant electricity, measured</i>				39	28	26	30	20		7	6		1	1		38	27	
Elec-LfL				17,545	20,218	20,435	9,860	9,875	-0%	4,863	4,863	0%	1,536	2,395	-36%	16,259	17,132	-5%
<i>Tenant electricity, standard value</i>				20	22	26	10	10		3	3		3	5		16	18	
DH&C-LfL				82,515	106,279	113,050	58,616	68,316	-14%	15,278	18,108	-16%	3,378	8,112	-58%	77,271	94,536	-18%
<i>Total district heating and cooling</i>				53	55	52	35	35		10	10		3	5		48	50	
Fuel-Oil	MWh	Fuels	Total oil	-	-	220	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total number of properties included in the indicator</i>				-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Fuel-Pellets			Total pellets	-	-	1,472	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total number of properties included in the indicator</i>				-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Fuels-Abs			Total fuel (oil and pellets)	-	-	1,692	-	-	-	-	-	-	-	-	-	-	-	-
Fuels-LfL																		
<i>Total number of properties included in the indicator</i>				-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Total fuel				-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
<i>Share of the total fuel that is renewable</i>				-	-	87%	-	-	-	-	-	-	-	-	-	-	-	-
	MWh	Energy	Total energy use	210,427	245,972	256,614	137,850	142,363	-3%	54,671	62,986	-13%	6,256	12,285	-49%	198,777	217,633	-9%
	MWh	Energy	Total energy use (Degree day corrected)	223,598	253,448	259,786	146,126	146,567	-0%	57,875	64,613	-10%	6,921	12,984	-47%	210,922	224,164	-6%
Energy intensity	kWh/m ²	Energy intensity	Energy building intensity	207	221	234	187	194	-3%	148	172	-14%	152	171	-11%	206	218	-6%

* The figure for 2019 has been updated following an adjustment and verification of measurement data.

S.5 CARBON DIOXIDE EMISSIONS

Calculation methods and scope

Atrium Ljungberg reports climate-relevant emissions in accordance with the Greenhouse Gas Protocol, which internationally is the most common method for voluntarily calculating a company's greenhouse gas emissions. Since 2007, which is also our base year, we have been reporting the calculations of our emissions for Scope 1, 2 and 3 to CDP. Greenhouse gases in the base year 2007 amounted to 323 tonnes in Scope 1; 5,946 tonnes in Scope 2; and 32,048 tonnes in Scope 3.

We use the principle of control based on ownership, once we have defined what is included

in our carbon dioxide emissions. This means that the emissions from our tenants' energy consumption in our properties are reported in Scope 2 and 3.

Emissions from heating consumption in Scope 1 and 2 are based on actual consumption. The emission figures for calculating emissions from oil, pellets, electricity and district cooling have been obtained from the relevant supplier. The emission figures for district heating have been obtained from the Swedish District Heating Association, where the values from previous years have been used. We use 'Nordisk elmix' to calculate emissions for electricity using the

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location-based method and from tenants that have their own electricity subscription. Our own electricity consumption and our onward delivery of electricity to our customers are origin-labelled and generated using hydroelectricity, which produces zero carbon dioxide emissions.

In Scope 3 we calculate emissions that are generated from our visitors' journeys to and from our retail hubs, which is a significant emission category downstream in the value chain. These calculations are based on a rough estimate of habits, travel patterns and the number of miles driven. The emission factor for our customers' car journeys to and from our

retail hubs corresponds to the emissions of an average private car for 2018 according to the Swedish Transport Administration.

We also include emissions from business trips by plane, train and private vehicle in Scope 3. However, carbon dioxide emissions from trains are insignificant in this context. Other categories in Scope 3 are not reported as the emissions are either insignificant or we do not currently have reliable data for them. We are investigating the possibility of starting to report the emissions from building materials purchased and from the building production stage in the future as well.

Carbon dioxide emissions, origin and sources

Scope	Activity	Data source	Emission factor
Scope 1	Use of oil in properties	Data from suppliers for 2018–2017	Heating oil 246 g CO ₂ /kWh
Scope 1	Use of pellets in properties	Data from suppliers for 2018–2017	Pellets 6 g CO ₂ /kWh
Scope 1	Business trips using service and company cars	Data from Autoplan.	Emission factor for each vehicle
Scope 2	Electricity consumption in properties	Data from suppliers is used in market-based calculations. We use hydroelectricity with guarantees of origin, which does not produce carbon dioxide emissions. 'Nordisk elmix' is used for location-based calculations and tenants with their own electricity subscription.	Market based: 0 g CO ₂ e/kWh
Scope 2	District cooling consumption in properties	Data from suppliers	Location based: 60 g CO ₂ e/kWh
Scope 2	District heating consumption in properties	Data from Svensk Fjärrvärme, one year time lag	Emission factor for each supplier
Scope 3	Business trips by air and train ¹⁾	Data from our travel agency Egencia, in accordance with STS standard.	kg CO ₂ e STS standard for each trip
Scope 3	Private vehicle used for work	Internal data from the finance system for mileage payments for business trips using a private car	149 g CO ₂ e/km
Scope 3	Visitors to retail hubs	Emission factor from the Swedish Transport Administration.	149 g CO ₂ e/km
Scope 3	Visitors to retail hubs	Estimated distance driven based on travel habits and customer surveys, and the emission factor from the Swedish Transport Administration.	149 g CO ₂ e/km

¹⁾ Train travel is included from 2019.

Development in 2020

Atrium Ljungberg's greenhouse gas emissions come from heating its properties and the use

of fuel for transports. In 2020 climate-relevant emissions per m² from Scopes 1, 2 and 3 amounted to a total of 6.5 kg CO₂e/m² (8.6),

which was a reduction on the previous year. This is due to a number of reasons. Fewer trips internally, divestments, less use of district heating, and some district heating suppliers

changing their fuel mix and now reporting lower greenhouse gas emissions. Read more about our work during the year on pages 21–22.

Greenhouse gas emissions

EPRA code	Unit	Indicator	Absolute measures use (ABS)			Like-for-like (LFL) per property type								
			Atrium Ljungberg Total			Offices			Retail			Residential units		
			2020	2019	2018	2020	2019	Change	2020	2019	Change	2020	2019	Change
GHG-Dir-Abs	Tonne CO ₂ e	Direct	238	246*	320	–	–	–	–	–	–	–	–	–
GHG-Dir-LfL		Scope 1												
GHG-Indir-Abs		Indirect												
GHG-Indir-LfL		Other indirect	6,625	8,012	10,607	789	790	0%	438	438	0%	61	138	56%
GHG-Int	kg CO ₂ e/m ²	GHG Intensity	6.5	8.6	8.0	5.1	6.6	–22%	7.5	10.1	–26%	14.6	18.7	22%

*The figure for 2019 has been corrected due to an error that was identified.

Scope 2 in the table has been calculated using market-based principles. Atrium Ljungberg's Scope 2 emissions, which were calculated using location-based principles, totalled 15,898 tonnes (19,583 tonnes) CO₂e.

The total number of properties is 50 (54).

ATRIUM LJUNGBERG

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S.5 CARBON DIOXIDE EMISSIONS, CONT.

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Financial impact of climate risks and opportunities

Every year we provide CDP with a rough estimate of what the financial impact of our climate risks could have on Atrium Ljungberg. We have valued the total financial impact to be SEK 494 million in higher costs distributed as follows:

Transition risks:

- SEK 17 million in higher operating costs, primarily energy costs, due to the introduction of the carbon dioxide tax or fees.
- SEK 100 million in higher project costs and higher investment needs due to stricter building regulations and stricter requirements for lower emissions from properties.

- SEK 234 million in lower demand that could be caused by tenants not willing to renegotiate their contracts if we do not meet their raised expectations.
- SEK 124 million from a higher vacancy rate, leading to a decrease in income, that is caused by an uncertain market that may not be willing to pay for climate adaptation.

Physical risks:

- SEK 17 million per year in higher costs due to a higher average temperature, due to greater variations in the energy price.
- SEK 2 million in higher repair and maintenance costs in properties caused by higher rainfall, snowfall and storms.

To reduce these climate risks, we are working with certifications of our buildings, green lease contracts, and reducing energy consumption. We have made an omission in this report for section 5 of note 201–2 relating to the costs of actions to manage any risks. We are working on this, but do not have a full report yet for 2020.

These kinds of climate change may also present opportunities that could have a positive financial impact on Atrium Ljungberg. We have estimated these to be SEK 168 million. These opportunities include producing our own solar power, reducing operating costs by streamlining resources and lowering emissions, and by ensuring that our properties maintain a high

standard, meet stricter requirements and can contribute to climate-smart and sustainable cities. This will make them more competitive and may generate higher income.

These calculations are based on financial data for 2020 and assumptions of a percentage development resulting from the impact of climate change. The calculation methods used for assessing risks differed between 2019 and 2020, which means that these figures are not comparable.

Read more about our climate risks and opportunities in our public CDP report and on page 23.

S.6 WATER

Calculation methods and scope

Atrium Ljungberg reports water data using EPRA's guidelines, which show water consumption in properties. 'Water' refers to water purchased from suppliers. All of Atrium Ljungberg's properties are included in the

statistics, but we do not report water consumption for all of the Group's construction sites or ongoing projects. The total number of properties with water delivery was 52 (55).

Development in 2020

Actual water consumption increased during the year, totalling 482,328 (462,624*) cubic metres. This is because of a quality review of

the monitoring process and adding meters in the property portfolio. It is also due to changes to the property portfolio. See the table below for like-for-like figures.

Water			Absolute measures use (ABS)			Like-for-like (LFL) per property type											
			Atrium Ljungberg Total			Offices			Retail			Residential units			Atrium Ljungberg Total		
EPRA code	Unit	Indicator	2020	2019	2018	2020	2019	Change	2020	2019	Change	2020	2019	Change	2020	2019	Change
Water-Abs	m³	Water															
Water-LfL			482,328	462,624*	515,290	222,064	213,377	7%	122,975	147,657	59%	119,726	68,632	−30%	464,765	382,741	21%
Water intensity	m³/m²	Water intensity	0.39	0.39	0.46	0.28	0.29	−3%	0.31	0.21	48%	1.03	0.96	−7%	0.38	0.36	6%
of applicable properties		Total number of properties included in the indicator	52	55	52	34	24		10	6		4	3		48	33	

*The figure for 2019 has been corrected due to an error that was identified.

S.7 ENVIRONMENTALLY CERTIFIED BUILDINGS

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Calculation methods and scope

Environmentally certified buildings are buildings that have been awarded a sustainability certificate from an independent certification body. The certifications that we include in our statistics are BREEAM, BREEAM In-Use and Miljöbyggnad.

Our goal is for 100 per cent of Atrium Ljungberg's properties to be certified by 2021, and when monitoring this goal, the outcome is calculated as the share of letting area that has been certified divided by the total letting area, excluding project properties and buildings acquired over the past two years. However, the

EPRA key performance indicator for certifications that is reported below includes buildings acquired over the past two years. The base year for both goal monitoring and the EPRA key figure is 2016. In the base year of 2016, 13 per cent of the total letting is in comparable portfolios and 13 per cent of the total portfolio of properties were environmentally certified.

Development in 2020

During the year the proportion of environmentally certified buildings in accordance with EPRA's definition increased from 46 to 62 per cent. This increase was due to seven existing buildings being certified in accordance with BREEAM-In-Use.

Environmentally certified buildings		Atrium Ljungberg total			Per certification								
		Total number of environmentally certified objects			Environmental building			BREEAM-In-Use			BREEAM		
EPRA Code	Indicator	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Cert-tot	Number of certified assets	37	30	22	3	3	2	7	14	9	13	13	11
	Certified area (m²)	614,314	539,431	365,478	17,100	17,100	10,178	482,302	407,419	245,793	114,912	114,912	109,507
	Certified area, share of total portfolio (%)	62	46	30	2	1	1	41	35	22	10	10	10

S.8 GREEN LEASE CONTRACTS

Green lease contracts are contracts that have the Swedish Property Federation's standard green appendix. This appendix is attached to the lease contract. Monitoring of the goal includes ongoing lease contracts as of the end of December that have a green appendix. All types of premises are included, with the exception of residential properties and garages which do not have green appendices at present. The lease value for the contracts that have a green appendix is divided by the total rental value in the same area of use.

Atrium Ljungberg's goal is for the proportion of green lease contracts to reach 50 per cent of contracted annual rent by the end of 2021. At the end of 2020, 44 per cent (36%) of our contracted annual rent came under a green lease contract. This improvement is due to a continued increase in the level of interest surrounding this kind of contract as well as a targeted focus from all property management to include this appendix in all new and renegotiated contracts.

S.9 EMPLOYEES

Number of employees

Calculation methods and scope

Atrium Ljungberg does not divide employees by region, but reports the Group's employees as a whole. We only report our own employees. We only use fixed-term employment to a very limited extent, which is why they are not included in our reporting of employees.

In 2020 we had 14 (5) temporary employees. Similarly we do not include hired consultants or suppliers who work full time or part time under our roof. The reason for this is that it is the suppliers, as employers, who are responsible for them, so we do not have access to their health and safety data.

S.9 EMPLOYEES, CONT.

The reports in the following tables in note S.9 refers to the number of people at the end of the year, except for the first table that shows the average number of employees.

We report data for employee turnover and employees divided by age and sex in accordance with EPRA.

Development in 2020

At the end of 2020 the Group had 340 (334) employees, of whom 100 per cent (100%) have

collective agreements. We almost only hire employees on a permanent and full-time basis. The average number of employees amounted to 333 (320).

The workforce remains relatively evenly distributed during the year, except during the summer when summer workers are employed, particularly in administration.

Read more about this development during the year on pages 26–27.

Average number of employees, distributed by gender

	The Group			Parent company		
	2020	2019	2018	2020	2019	2018
Men	234	231	219	125	120	118
Women	98	90	83	86	79	72
	333	320	302	211	198	190

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S.9 EMPLOYEES, CONT.

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Employee turnover (EPRA Emp-Turnover)

	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Year's change in number of employees									
Number of employees at the start of the year	239	95	334	221	83	304	215	80	295
New hirings	24	19	43	38	21	59	28	15	43
Resignations	26	11	37	20	9	29	22	12	34
Number of employees at the end of the year	237	103	340	239	95	334	221	83	304
New employees									
under 30	8	3	11	3	3	6	10	2	12
30-49	13	15	28	27	17	44	15	12	27
50 and above	3	1	4	8	1	9	3	1	4
Total	24	19	43	38	21	59	28	15	43
Resignations									
under 30	3	0	3	5	0	5	5	1	6
30-49	18	11	29	8	8	16	9	10	19
50 and above	5	0	5	7	1	8	8	1	9
Total	26	11	37	20	9	29	22	12	34

Employees divided by form of employment and employment type

	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Form of employment									
Skilled employees	98	5	103	99	3	102	95	4	99
Administrative employees	139	98	237	140	92	232	126	79	205
Number of employees at the end of the year	237	103	340	239	95	334	221	83	304
Type of employment									
Full-time	236	102	338	239	93	332	221	81	302
Part-time	1	1	2	-	2	2	-	2	2
Total	237	103	340	239	95	334	221	83	304

Employees divided by age and sex (EPRA Diversity-Emp)

	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Age distribution all employees									
under 30	25	7	32	25	6	31	31	6	37
30-49	136	77	213	144	73	217	126	67	193
50 and above	76	19	95	70	16	86	64	10	74
Total	237	103	340	239	95	334	221	83	304
Age distribution executive management									
under 30	-	-	-	-	-	-	-	-	-
30-49	3	2	5	3	2	5	3	3	6
50 and above	-	1	1	-	1	1	-	1	1
Total	3	3	6	3	3	6	3	4	7
Age distribution other managers and employees									
under 30	25	7	32	25	6	31	31	6	37
30-49	133	75	208	141	71	212	123	64	187
50 and above	76	18	94	70	15	85	64	9	73
Total	234	100	334	236	92	328	218	79	297
Age distribution Board of Directors									
under 30	-	-	-	-	-	-	-	-	-
30-49	2	1	3	2	1	3	2	1	3
50 and above	2	1	3	2	-	2	2	1	3
Total	4	2	6	4	1	5	4	2	6
Gender distribution									
Board of Directors	4	2	6	4	1	5	4	2	6
Executive management	3	3	6	3	3	6	3	4	7
Mid-level management	31	13	44	30	12	42	24	13	37
Other	203	87	290	206	80	286	193	67	260
Total	241	105	346	243	96	339	224	86	310

Sick leave and accidents

Calculation methods and scope

Only our own employees are included in the statistics for sick leave and accidents. We base our calculations on total working hours of 411,751 (388,072) for Atrium Ljungberg and

260,988 (243,191) for TL Bygg, which in total amounts to 672,739 (631,263) in 2020. Day refers to contracted work days, not calendar days. The accident rate is reported per one million working hours.

S.9 EMPLOYEES, CONT.

Development in 2020

The Group's sick leave remains unchanged on the previous year and amounts to 3 per cent.

The number of work-related accidents increased slightly, including the number of commuting accidents to and from work, as well as other near accidents and accidents that did not result in sick leave. There were no serious accidents and the accidents that resulted in sick leave were for lifting injuries and injuries caused by falling objects.

Lost working hours as a result of work-related accidents or illnesses more than halved during the year. There were no (0) fatalities. Our systematic work environment management

complies with and is based on the following laws; Work Environment Act, Working Hours Act, Work Environment Ordinance, Provisions from the Swedish Work Environment Authority, National Insurance Act, Discrimination Act, Collective Agreements, etc. Read more about our employees on pages 26–27.

Sick leave by gender, % of total contracted working hours

	2020	2019	2018
Men	4%	3%	4%
Women	2%	3%	6%
Total absence	3%	3%	5%

Sick leave by age and sex (EPRA H&S-Emp)

	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
under 30	4.2	6.3	4.6	2.2	4.5	1.9	3.5	1.0	3.1
30–49	3.5	2.1	3.0	3.4	3.2	3.3	3.2	6.1	4.1
50 and above	4.2	2.4	3.9	3.2	5.0	3.5	6.5	7.5	6.7
Total	3.8	2.4	3.4	3.2	3.4	3.2	4.3	6.0	4.8

Accidents and related absence

Accidents and related absence	2020			2019			2018		
	Men	Women	No. of absence days, absolute figures	Men	Women	No. of absence days, absolute figures	Men	Women	No. of absence days, absolute figures
Number									
Accidents with sick leave	4	–	425	5	–	32	3	–	150
Sickness or other ill health	–	–	–	3	1	40	1	–	–
Accidents without sick leave	11	–	–	12	–	–	8	1	–
Near accidents	21	–	–	10	–	–	2	–	–
Commuting accident ¹⁾	4	2	1	5	2	56	5	–	–
Total	40	2	426	35	3	128	19	1	150

¹⁾ A commuting accident is an accident that takes place outside of working hours, on the way to and from work.

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Work-related accidents and accident rate (LTIR)

	2020		2019		2018	
	No. of cases	Rate	No. of cases	Rate	No. of cases	Rate
Atrium Ljungberg	–	–	2	5.2	1	2.7
TL Bygg	4	15.3	3	12.3	2	8.7
Total	4	5.9	5	7.9	3	5.0
Men	4	8.4	5	10.9	3	5.0
Women	–	–	–	–	–	–
Total	4	5.9	5	7.9	3	5.0

The accident rate is reported per one million working hours.

Lost working hours as a result of a work-related accident or illness (Lost Day Rate)

	2020		2019		2018	
	No. of days	Rate	No. of days	Rate	No. of days	Rate
Atrium Ljungberg	–	–	18	0.0	4	0.0
TL Bygg	425	0.0	54	0.0	146	0.4
Total	425	0.0	72	0.0	150	0.2
Men	425	0.0	72	0.0	150	0.2
Women	–	–	–	–	–	–
Total	425	0.0	72	0.0	150	0.2

S.10 DIRECT ECONOMIC VALUE AND TAX

Financial value creation

Atrium Ljungberg creates value through its management, development and acquisition of properties in Sweden. The generated economic value mainly comprises rental income.

The generated economic value is distributed between suppliers, employees, lenders, society

and the owners. Economic value distributed corresponds to economic value generated. The largest share of our distributed economic value refers to payments to suppliers for the products and services we purchase. For definitions, see page 168–169.

S.10 DIRECT ECONOMIC VALUE AND TAX, CONT.

	2020	2019	2018
Directly generated economic value			
Revenue	2,839	2,811	2,629
Economic value distributed			
Operating costs	556	501	546
Salaries and compensation to employees	281	261	235
Fees and compensation to the Board and CEO	31	33	31
Payments to financiers, net	371	372	314
Tax to society	392	404	273
Social investments	3	3	2
Dividends to shareholders	649	631	599
Total distributed economic value	2,283	2,206	2,000
Economic value — remaining in the company	555	605	629

* The comparison figures deviate from the annual accounts of previous years due to redistribution of figures between the rows.

Taxes

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. Within the framework of this, in its tax policy Atrium Ljungberg undertakes not to conduct aggressive tax planning. Aggressive tax planning refers to arrangements which only aim to minimise the tax without links to own business activities. The tax policy is available in its entirety on our website.

Tax	2020	2019	2018
Current tax	41	63	35
Property tax	185	174	150
Non-deductible VAT	134	79	61
Stamp duty	–	55	–
Total taxes	361	370	246
Leasehold fees	31	34	27
Total to society	392	404	273

* The comparison figures deviate from the annual accounts of previous years due to redistribution of figures between the rows.

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S.11 ANTI-CORRUPTION

Calculation methods and scope

Corruption refers to the misuse of a position of power or trust for a person's own benefit or for the benefit of others. We report cases of corruption which concern regular employees and temporary employees. All of our operations, 100 per cent, have been examined for

corruption, and the main risks identified during this examination relate to suppliers, letting and transactions.

Development in 2020

Zero (0) incidents of corruption were confirmed in 2020.

Incidents of corruption	2020	2019	2018
Number of confirmed incidents of corruption	–	–	–
Number of employees who have had to resign as a result of corruption	–	–	–
Number of collaboration agreements that have been terminated as a result of corruption	–	–	–
Legal procedures for corruption that have been brought against the organisation and our employees	–	–	–

S.12 SUPPLIERS

Calculation methods and scope

Supplier refers to those that invoiced at least SEK 100,000 in 2020. New supplier refers to those with which Atrium Ljungberg signed a new agreement during the year. In addition to the framework agreements, we have included new agreements signed within the project organisation and property management. However, we have not yet included agreements from business development or subsidiaries.

We previously used the Swedish Property Federation's self-evaluation form to evaluate suppliers, but the Swedish Property Federation discontinued this database in 2018. From 2019 we have been using desk audits instead to check that existing suppliers comply with our Supplier Code of Conduct. We revised our Supplier Code of Conduct in the previous year, making it more comprehensive and useful when setting requirements and monitoring them.

We have decided to focus on reviewing existing suppliers instead of new ones. In terms of new suppliers, it is not important what they have done historically. What is important is that they are willing to work with us to make a change. Our existing suppliers also need to

continually develop to comply with our requirements. This is why we are reviewing existing suppliers.

Development in 2020

In 2020 Atrium Ljungberg had 980 (1,100) suppliers, 106 (100) of whom had framework agreements. When agreements are signed, the supplier must sign the Supplier Code of Conduct, which is enclosed as an appendix to the agreement. Atrium Ljungberg monitors new suppliers by ensuring our Supplier Code of Conduct has been signed. In 2020, agreements were signed with 206 (188) new suppliers; 31 (24) of them have a framework agreement. Of these, 176 (150) had signed Atrium Ljungberg's Supplier Code of Conduct.

Using a third party, we carried out 18 desk audits of existing suppliers and selected existing suppliers with framework agreements. In 2020 five on-site audits were performed based on the results of the desk audits from 2019. Based on the results of the desk audits in 2020, on-site audits will be performed on five selected suppliers in 2021. Read more about purchasing and our suppliers on pages 24–25.

Supplier checks	2020	2019	2018
Percentage of new suppliers that have signed Atrium Ljungberg's Supplier Code of Conduct ¹⁾	84%	80%	62%
Number of existing suppliers that have been reviewed ²⁾	18	19	20
Number of audits at the supplier's place of business	5	0	0

¹⁾ This key performance indicator covers framework agreements and agreements signed within project management, business development, business support and property management during the year. Subsidiaries are not included.

²⁾ 20 suppliers were called for an audit, of which 2 refused to participate. The working relationship with these 2 suppliers will be terminated. This key performance indicator specifies the number of suppliers with existing central framework agreements that have been reviewed during the year through desk audits; this corresponds to 17 per cent (19%). According to GRI Standards 308–1 and 414–1, the new suppliers are to be reviewed based on environmental and social criteria.

S.13 BOARD'S SIGNATURES

The Board and CEO ensure that the Sustainability Report has been produced in accordance with the Swedish Annual Accounts Act.

Nacka, 1 March 2020

Johan Ljungberg
Chairman of the Board

Gunilla Berg
Member of the Board

Simon de Château
Member of the Board

Conny Fogelström
Member of the Board

Erik Langby
Member of the Board

Sara Laurell
Member of the Board

Annica Ånäs
CEO

PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The following sum in the parent company is available for disposal by the Annual General Meeting:

Profit brought forward	SEK 6,015,309,031
Net profit for the year	SEK 3,628,840,792
Total	SEK 9,644,149,823

The Board of Directors proposes that the unappropriated earnings be allocated as follows:

That a dividend of SEK 5.05/share be paid to the shareholders	SEK 645,080,617
Carried forward	SEK 8,999,069,206
Total	SEK 9,644,149,823

STATEMENT FROM THE BOARD OF DIRECTORS IN ACCORDANCE WITH CHAPTER 18 § 4 AND CHAPTER 19 § 22 OF THE SWEDISH COMPANIES ACT (2005:551)

The Board of Directors, pursuant to Chapter 18 § 4 and Chapter 19 § 22 of the Swedish Companies Act (2005:551), hereby present the following statement on the Board's proposed dividend and authorisation for the Board to resolve to buy back the company's own shares.

The Board's declaration that the proposals are compatible with the provisions of Chapter 17 § 3 Sections 2 and 3 of the Swedish Companies Act is as follows:

The nature and scope of the operations and associated risks
The nature and scope of the operations are specified in the articles of association and the published annual accounts. The operations conducted by the company do not entail risks over and above either those that arise or which may be expected to arise within the sector or those generally associated with commercial operations and the conduct thereof.

The financial position of the company and the Group

The financial position of the company and the Group as of 31 December 2020 is shown in the 2020 annual accounts. The policies applied to the valuation of assets, provisions and liabilities are shown in the notes on pages 103–128 of the Annual Report.

The proposed treatment of unappropriated earnings explains that the Board proposes a dividend of SEK 5.05 to be paid per share, corresponding to a total sum of approximately SEK 645 million. The proposed dividend comprises 6.3 per cent of the parent company's equity and 2.8 per cent of the Group's equity. Funds available for payment as dividends within the parent company at the end of the 2020 financial year totalled SEK 9,644 million. The record date for the distribution of profits proposed by the Board of Directors is Monday 29 March 2021.

It is apparent, inter alia, from the annual accounts that the Group's equity/assets ratio is 45.7 per cent. The proposed dividend and the proposed authorisation to buy back own shares do not jeopardise fulfilment of the investments that have been deemed necessary. The company's financial position does not give occasion to assume anything other than that the company will be able to continue its operations and that the company can be expected to fulfil its undertakings in both the short and the long-term.

The defensibility of the dividend proposal

The Board of Directors is of the opinion, with reference to the above and to other information obtained by the Board, that the financial position of the company and the Group are such that the dividend proposal and the proposed authorisation for the buy-back of shares is justifiable with reference to Chapter 17 § 3 Sections 2 and 3 of the Swedish Companies

Act, i.e. with reference to the requirements that the nature and scope of the operations and the risks it entails impose on the size of the company's and the Group's equity and the consolidation requirements, liquidity and position in general of the company and the Group.

Nacka, 17 February 2021

Atrium Ljungberg AB (publ)
Board of Directors

ANNUAL ACCOUNTS SIGNATORIES

The Board of Directors and the CEO hereby attest that the consolidated accounts and the annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the

EU, and with generally accepted auditing principles, and that they provide a true and fair view of the Group's and the company's respective positions and results and that the Directors' Report for the Group and the Directors' Report

for the company are faithful representations of the development of the performance by the Group's and the company's operations, and of their respective positions and results, and that they describe significant risks and uncertainty

factors faced by the companies that make up the Group.

Nacka, 1 March 2021

Johan Ljungberg

Chairman of the Board

Gunilla Berg

Member of the Board

Simon de Château

Member of the Board

Conny Fogelström

Member of the Board

Erik Langby

Member of the Board

Sara Laurell

Member of the Board

Annica Ånäs

CEO

Our Audit Report was submitted on 1 March 2021.

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg

Authorised Public Accountant

Auditor in charge

Åsa Robertson

Authorised Public Accountant

AUDITOR'S REPORT

To the General Meeting of Atrium Ljungberg AB, corporate identity number 556175-7047

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Atrium Ljungberg AB for the year 2020, except for the corporate governance report on pages 82–91. The annual accounts and consolidated accounts of the company are included on pages 70–80, 82–136 and 150–151 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2020 and of their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 82–91. The directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet for the parent company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, to the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

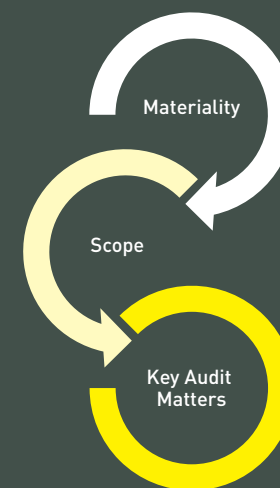
FOCUS AND SCOPE OF THE AUDIT

Atrium Ljungberg is a property company that owns, develops and manages properties in attractive urban environments in Stockholm, Uppsala, Gothenburg and Malmö. The company builds vibrant urban environments where offices, residential and retail mix with culture, service and education. The company works with innovation and the development of attractive locations and city districts. Its

operations are divided into two branches: Project and Construction Activities and Property Management.

We designed our audit by determining materiality and assessing the risk of material misstatement in the financial statements. In particular, we considered the areas where the CEO and the Board of Directors have made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. For Atrium Ljungberg, one such area is the valuation of investment properties, which has also been assessed as being the area that presents the greatest risk of material misstatement. We have examined the value of the properties and the process involved in establishing the carrying value, as well as the internal control of the financial reporting, procedures and processes, based on the assessed risks. As with all audits, we have also addressed the risk of the Board of Directors and the CEO overriding the internal controls, and we considered, inter alia, whether there was evidence of bias that presented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. We have



Overview

Materiality

SEK 248 million, corresponding to 0.5% of total assets.

Scope

Our audit has a Groupwide approach. Our examination therefore focuses on the central business processes and the valuation of investment properties based on a Groupwide perspective. The main aim of the audit is to evaluate whether Atrium Ljungberg's annual accounts have been prepared in accordance with IFRS.

Key audit matter

Valuation of investment properties.

adopted a Groupwide approach, which includes the examination of the value of all significant properties within the Group. Investment properties account for more than 93 per cent of the Group's assets, measured at fair value, which is why they are the main focus on the audit.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually and in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined specific quantitative materiality thresholds for the financial statements as a whole (see the table below). These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

THE GROUP'S MATERIALITY THRESHOLD SEK 248 million (SEK 225 m in the previous year).

HOW WE ESTABLISHED THIS 0.5% of total assets.

REASONS FOR THE CHOICE OF MATERIALITY THRESHOLD We selected total assets as the benchmark for our overall assessment of materiality for the financial statements as a whole, as the value of the investment properties has a material impact and significance on the Group's financial position because they account for 93 per cent of total assets. The level of 0.5 per cent of total assets is an established and acceptable quantitative materiality threshold.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

VALUATION OF INVESTMENT PROPERTIES

We refer to the Directors' Report and the description of the Atrium Ljungberg Group's summary of significant accounting and valuation policies and Change in value, investment properties, note A.1.

The value of investment properties amounted to SEK 46 billion as of 31 December 2020. The investment properties form a substantial part of the balance sheet and the valuation of the investment properties is, in its nature, subjective and subject to the executive management's assessments of, for example, the specific property's location, condition and future rental income. Current project properties are the investment properties where there is a greater level of uncertainty surrounding market value assessments.

Atrium Ljungberg's valuation process is governed by an established valuation policy. The property portfolio is valued internally every quarter. The valuations were carried out in accordance with the International Valuation Standards (IVS). Each property has been valued individually without taking any portfolio effect into consideration. As part of ensuring that the valuation is fair, independent external valuation consultants are used; for 2020: Forum Fastighetsekonomi, CBRE, Savills and Cushman & Wakefield.

Properties corresponding to 42 per cent of the market value have been valued externally during the year. The remaining properties have been valued internally and Atrium Ljungberg's valuation team has been in dialogue with the other parts of Atrium Ljungberg to ensure that the valuations contain correct and relevant data about, for example, rental levels, area, vacancies and an overall analysis of development per property type. The assumptions on market rents, operating costs, vacancies and yield requirements have also been quality-assured by the external valuation institutions.

The valuation of investment properties is a key audit matter due to the significance of the estimates and assessments that are involved in establishing the fair value, the sensitivity of these values to changes in assumptions and assessments, and the fact that the amounts involved are considerable.

HOW OUR AUDIT ADDRESSED THIS KEY AUDIT MATTER

Our audit has, inter alia, focused on the company's internal control and quality assurance when producing the valuations of the investment properties. The audit team, including our valuation specialists, has examined and assessed Atrium Ljungberg's valuation policy, guidelines and evaluation method. We have looked at a selection of the investment properties to ensure that the valuations reflect Atrium Ljungberg's valuation policy and its guidelines.

Atrium Ljungberg uses the same calculation model as the external valuation experts, facilitating the company's quality assurance of the valuations. We have evaluated the external valuation expert's competence and experience in order to assess whether there were any circumstances that could have influenced their objectivity and restricted their work.

We have also randomly tested the executive management's input data for the valuation models from the company's system. This ensures that the information for the property valuations that are used by the external valuation experts are correct and accurate.

We have held meetings with the people responsible for valuation, where key assumptions and assessments have been discussed. Our work has focused on the biggest investment properties in the portfolio, project properties, and the properties that show the highest variations in value compared with previous quarters. We have assessed the yield requirements used by the external valuation experts by comparing them with the estimated intervals for expected yield requirements and benchmarks, using the available market data for the markets concerned. We have also examined Atrium Ljungberg's assessment of how the Covid-19 pandemic has affected the property valuations and how this is reflected in the assumptions above.

The values are based on assessments and are in their nature inherently uncertain. Based on our examination, we are of the opinion that the assumptions used by Atrium Ljungberg are within a reasonable interval. As a result of our examination, we have not reported any significant observations to the Audit Committee.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–69, 81, 137–149 and 158–176. Other information also includes the Remuneration Report, which we obtained before the date of this auditor's report. The Board of Directors and the CEO are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise

appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and for ensuring they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU, and the Swedish Annual Accounts Act. The Board of Directors and the CEO are also responsible for such internal control as they determine necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and

consolidated accounts, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of Atrium Ljungberg AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the General Meeting that the profit be appropriated in accordance with the proposal in the directors' report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities in accordance with this are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the

dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for that the corporate governance report on pages 82–91 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International

Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6 Section 6 second paragraph points 2–6 of the Annual Accounts Act and Chapter 7 Section 31 second paragraph of the same act are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB, SE-113 97 Stockholm, Sweden, was appointed as Atrium Ljungberg AB's auditor by the Annual General Meeting on 25 March 2020, and has been the company's auditors since 27 March 2019.

Stockholm, 1 March 2021

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorised Public Accountant
Auditor in charge

Åsa Robertson
Authorised Public Accountant

THE AUDITOR'S LIMITED ASSURANCE REPORT ON ATRIUM LJUNGBERG'S SUSTAINABILITY REPORT AND OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the General Meeting of Atrium Ljungberg AB, corporate identity number 556175-7047

INTRODUCTION

We have been engaged by the Board of Directors of Atrium Ljungberg AB (publ) ('Atrium Ljungberg') to undertake a limited assurance engagement of Atrium Ljungberg AB's Sustainability Report for the year 2020. The company has defined the scope of the Sustainability Report on page 73, which also comprises the statutory sustainability report.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT FOR THE SUSTAINABILITY REPORT

The Board of Directors and executive management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria. The criteria are explained on page 170 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation policies that the company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to provide an opinion regarding the statutory sustainability report. Our assignment is limited to the historical information reported, and therefore does not cover disclosures pertaining to the future.

We conducted our review in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. We have examined the statutory sustainability report in accordance with FAR's recommendation RevR 12 The auditor's opinion on the statutory sustainability report. A limited assurance engagement and examination in accordance with RevR 12 has a different purpose and a substantially less scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality

control including documented guidelines and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Atrium Ljungberg in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Therefore, the conclusion expressed based on a review does not have the assurance of a conclusion expressed based on an audit.

Our review is based on the criteria defined by the Board of Directors and executive management, as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

STATEMENT

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the

Sustainability Report has not been prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and executive management. A statutory sustainability report has been prepared.

Nacka, 1 March 2021

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorised Public Accountant

Isabelle Hammarström
Specialist member of FAR

MULTI-YEAR OVERVIEW

Amounts in SEK m

	2020	2019	2018	2017	2016
INCOME STATEMENTS					
Rental income	2,344	2,577	2,412	2,389	2,150
Net sales, project and construction work	495	233	217	174	149
Net sales	2,839	2,811	2,629	2,563	2,299
Property management costs	-779	-810	-764	-742	-692
Project and construction work costs	-508	-276	-246	-206	-162
Gross profit	1,552	1,724	1,619	1,615	1,445
– of which gross profit/loss from property management	1,565	1,767	1,648	1,647	1,458
– of which gross profit/loss from project and construction work	-13	-43	-29	-31	-12
Central administration, property management	-75	-80	-73	-48	-82
Central administration, project and construction work	-17	-16	-30	-16	-15
	-91	-96	-103	-64	-97
Financial income	3	2	1	1	1
Financial expenses	-309	-362	-303	-372	-385
Leasehold fees	-31	-34	-	-	-
	-337	-395	-302	-370	-384
Profit before changes in value	1,124	1,234	1,214	1,180	965
Properties, unrealised changes in value	-119	2,283	2,516	1,817	2,772
Properties, realised changes in value	-81	73	121	-4	6
Financial instruments, unrealised changes in value	-252	-90	-70	121	-307
Financial instruments, realised changes in value	-	-50	1	-5	-
	-452	2,216	2,568	1,930	2,471
Profit before tax	672	3,450	3,781	3,110	3,436
Current tax	-41	-63	-35	-9	-4
Deferred tax	236	-580	-294	-542	-751
Profit for the year	867	2,807	3,453	2,559	2,681

Amounts in SEK m

BALANCE SHEETS

	2020	2019	2018	2017	2016
Investment properties	46,026	47,513	43,310	39,991	36,054
Right-of-use asset, leaseholds	1,179	1,305	–	–	–
Goodwill	165	225	225	240	263
Other non-current assets	39	73	45	45	52
Long-term derivatives	7	82	–	–	–
Development properties	1,308	997	891	870	–
Current assets	434	411	323	1,272	357
Cash and cash equivalents	279	457	335	344	276
Total assets	49,615	51,062	45,128	42,763	37,002
Equity	22,668	22,784	20,696	18,223	16,176
Deferred tax liability	4,686	5,106	4,598	4,531	4,010
Non-current interest-bearing liabilities	18,905	20,211	18,506	16,415	13,125
Non-current finance lease liability	1,179	1,305	–	–	–
Long-term derivatives	662	348	349	484	900
Other non-current liabilities	229	222	202	73	60
Current interest-bearing liabilities	–	–	–	1,832	1,970
Short-term derivatives	–	–	–	–	9
Other current liabilities	1,285	1,086	777	1,205	751
Total equity and liabilities	49,615	51,062	45,128	42,763	37,002

Amounts in SEK m

CASH FLOW STATEMENTS

	2020	2019	2018	2017	2016
Cash flow from operating activities	1,246	1,350	1,260	1,166	949
Cash flow from investment activities	725	–1,975	–348	–3,443	–2,435
Cash flow from financing activities	–2,149	748	–920	2,346	1,373
Cash flow for the year	–177	122	–9	68	–113

Amounts in SEK m

KEY PERFORMANCE INDICATORS¹⁾*Property-related key performance indicators*

	2020	2019	2018	2017	2016
Letting rate excluding project properties, %	91	94	95	95	93
Letting rate including project properties, %	91	93	95	95	93
Operating surplus margin, %	67	69	68	69	68
Letting area, '000 m ²	1,087	1,176	1,129	1,146	1,124
Investments in properties, SEK m	2,513	1,810	1,758	1,593	1,002
Number of properties at the end of the period	67	70	51	53	50

Financial key performance indicators

Equity/assets ratio, %	45.7	44.6	45.9	42.6	43.7
Gearing ratio, %	39.9	41.7	41.9	44.7	41.9
Interest coverage ratio, multiple	4.6	4.4	5.0	4.2	3.5
Average interest on interest-bearing liabilities (at the end of the period), %	1.6	1.6	1.6	1.7	2.3
Return on equity, %	3.8	12.9	17.7	15.0	17.8
Return on equity, excluding changes in value, %	3.8	4.6	5.1	5.5	5.8
Return on total assets, %	2.0	8.0	9.3	8.7	11.1
Return on total assets excluding changes in value, %	2.3	2.7	2.7	3.1	4.2

Data per share

Earnings per share, SEK	6.69	21.59	26.15	19.21	20.13
EPRA EPS, SEK	8.38	9.03	8.99	8.15	5.65
Dividend (2020 proposed), SEK	5.05	5.00	4.85	4.50	3.95
Dividend pay-out ratio, %	73.0	67.0	67.6	65.1	69.9
Share dividend yield, %	2.9	2.2	3.2	3.5	2.8
Cash flow, SEK	9.62	10.38	9.54	8.75	7.12
Equity, SEK	177.46	175.48	158.64	136.79	121.42
EPRA NRV, SEK	217.95	215.12	194.82	172.59	156.21
EPRA NTA, SEK	210.56	206.62	187.61	166.20	151.20
EPRA NDV, SEK	170.86	171.46	155.08	134.43	119.11
EPRA NAV, SEK	217.95	215.12	194.82	172.59	156.21
EPRA NNNV, SEK	205.43	204.57	184.93	162.57	144.38
Share price on 31 December, SEK	172.80	226.00	152.00	130.30	142.30
Weighted average number of shares, thousands	129,554	130,005	132,019	133,221	133,221
Number of outstanding shares at the end of the period, thousand	127,739	129,839	130,460	133,221	133,221

Employees

Average number of employees	333	320	302	295	281
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1) The operating surplus margin, equity/assets ratio, EPRA EPS, return on total assets, and the return on total assets excluding changes in value for 2019 have been adjusted.

In 2019 these key performance indicators were calculated excluding the effect of the implementation of IFRS 16 Leases, but comparison figures are now available that include the effect of this implementation.

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

PROPERTY LIST

									Letting area, m²								
Municipality/ Property name	Address/Description	Project property ¹⁾	Certifi- cation ²⁾	Lease- hold	Year of construction/ reconstruction	Land area, m²	Possession		Retail	Offices	Residen- tial units	Garage	Other ³⁾	Total	Rateable value, SEK m	Rental value	Letting rate
STOCKHOLM																	
1	Adam & Eva 17				1929/2006	1,777	Before 2007		2,830	4,981			169	7,980	606	56,918	96%
2	Blåstern 11		P	B	1930/2006	11,584	Before 2007		1,363	39,650		9,632	4,637	55,282	1,270	152,619	92%
3	Borgarfjord 3				1984/2010	5,204	20/04/2016		561	11,102			563	12,226	220	32,863	91%
4	Borgarnäs 1			B	L	2014	06/02/2012		948	13,566		6,700	10,841	32,055	0	72,617	96%
5	Borgmästaren 1			B	L	1974/2006			92	22,704		2,886	319	26,001	938	121,175	97%
6	Fatburen 1				1991	4,643	Before 2007		4,476	13,444		4,923	4,991	27,834	731	70,368	97%
7	Fatburssjön 8			B	1930/2006	1,396	Before 2007			6,553			1,328	7,881	265	28,446	66%
8	Härden 14			B	1932/1957	1,134	19/12/2012		807	6,258		1,800	241	9,106	191	25,616	94%
9	Kolding 3			B	L	1993			954	16,233	1,256	6,848	788	26,079	258	46,082	93%
10	Kolding 4			B	L	1993/2001			251	23,969		8,067	1,140	33,427	336	46,053	63%
11	Kylfacket 3		P		1936	3,384	01/06/2018			110			3,368	3,478	19	2,833	64%
12	Kylhuset 4		P			2,190	11/06/2019			380			1,352	1,732	9	2,582	99%
13	Kylhuset 15				L	12,865	11/06/2019		482	12,969			352	13,803	173	33,228	100%
14	Kylhuset 16		P		L	1,939	11/06/2019			1,138			953	2,091	26	2,874	87%
15	Kylhuset 22		P		L	1,676	11/06/2019			1,708			35	1,743	21	3,832	100%
16	Kylhuset 23		P		L	1,865	11/06/2019		618	1,642			638	2,898	39	5,004	98%
17	Kylhuset 24		P		L	140	11/06/2019		20	265			–1	285	3	424	100%
18	Kylhuset 25		P		L	1,719	11/06/2019			865			1,177	2,042	13	3,372	100%
19	Kylhuset 26		P		L	16,999	11/06/2019		417	1,147			15,954	17,518	89	27,504	96%
20	Kylhuset 27		P		L	4,275	11/06/2019			120			3,568	3,688	19	3,892	79%
21	Molekylen 1		P	B		5,592	07/09/2018								439		
22	Proppen 6				1937/2008	2,607	Before 2007		490	11,315			709	12,514	303	37,240	97%
23	Sandhagen 2		P		L	3,150	11/06/2019								22		
24	Sandhagen 12				L	1,328	11/06/2019		870					870	11	2,015	100%
25	Sandhagen 13		P		L	1,258	11/06/2019						1,013	1,013	5	511	80%
26	Sandhagen 14		P		L	916	11/06/2019						1,219	1,219	6	1,768	100%
27	Skotten 6			B	1959/2008	1,485	Before 2007		4,045	6,340			2,189	12,574	962	70,833	77%
28	Stora Katrineberg 16			B	L	1945/1988	02/02/2015		3,381	35,881		12,400	3,145	54,807	962	116,873	94%
29	Styckmästaren 3		P		L	1,900	11/06/2019			379			1,325	1,704	11	1,567	73%
30	Tranbodarne 11		P		1912/1965	3,587	01/11/2018		2,489	16,895			2,182	21,566	769	1,020	8%
31	Tranbodarne 13				1929/1998	502	30/03/2017		116	2,723	435			3,274	115	12,708	85%
Total Stockholm									25,209	252,337	1,691	53,256	64,196	396,689	8,831	982,836	91%

¹⁾ All or parts of the property are classified as a project property as of 31 December 2020

²⁾ All or parts of the property are environmentally certified in accordance with Breeam [B] or Miljöbyggnad [M].

³⁾ Other includes education/training, culture, health/care and warehouses/storage areas.



PROPERTY LIST – STOCKHOLM, CONT.

Municipality/ Property name	Address/Description	Project property ¹⁾	Certifi- cation ²⁾	Lease- hold	Year of construction/ reconstruction	Land area, m²	Possession	Letting area, m²						Rateable value, SEK m	Rental value	Letting rate
								Retail	Offices	Residen- tial units	Garage	Other ³⁾	Total			
NACKA																
32	Sicklaön 83:22	Sickla Köp- och Affärskvarter	P	B	1898/2012	168,913	Before 2007	66,844	50,844		47,470	38,388	203,546	3,086	485,988	90%
33	Sicklaön 83:32	Uddvägen 1, Sickla Front I		B	2014	12,268	Before 2007		9,915			585	10,500	179	31,560	95%
34	Sicklaön 83:33	Panncentralen, Nobelberget	P		2020	29,743	27/02/2014					976	976		2,846	100%
35	Sicklaön 83:39	Formalinfabriken, Nobelberget			2020	1,268	27/02/2014	211	1,680			283	2,174	22	5,556	92%
36	Sicklaön 83:41	Nobelberget	P			1,479	27/02/2014									
37	Sicklaön 83:42	Sickla industriväg 1, Sickla Stationshus	P			1,771	Before 2007							15		
38	Sicklaön 83:43	Nobelberget	P			2,666										
39	Sicklaön 83:45	Nobelbergsgaraget, Nobelberget	P		2020			111	93				204	32	1,063	
40	Sicklaön 87:1	Alphyddevägen 4			1962	11,006	Before 2007	87				2,476	2,563		3,393	100%
41	Sicklaön 115:1	Planiavägen 1, Kyrkviken	P		1929	2,249	Before 2007		370				370	3	315	100%
42	Sicklaön 115:4	Sjötörpsvägen 3–14, Kyrkviken	P			9,375	15/06/2011			921			921	40	652	100%
43	Sicklaön 117:1	Planiavägen 3, Kyrkviken	P		1967	2,823	26/11/2010	2,216	100			435	2,751	15	2,321	15%
44	Sicklaön 117:2	Sjötörpsvägen 6, Kyrkviken	P		1909	1,368	26/11/2010									
45	Sicklaön 117:17	Planiavägen 5–7, Kyrkviken	P		1978	10,175	Before 2007					1,629	1,629		1,217	4%
46	Sicklaön 265:5	Atlasvägen 2	P			2,029	Before 2007									
47	Sicklaön 346:1	Uddvägen 7, Sickla Front II		B	2018	10,524	Before 2007	1,649	23,748		11,900	138	37,435	262	77,881	85%
Total Nacka								71,118	86,750	921	59,370	44,910	263,069	3,653	612,793	90%
JÄRFÄLLA																
48	Barkarby 2:64	BAS Barkarby	P			6,325	01/04/2019									
Total Järfälla								6,325								
HANINGE																
49	Västnora 4:26	Västnora				2,084	Before 2007									
Total Haninge								2,084								
SUNDBYBERG																
50	Eken 6	Löfströms Allé 5, Chokladfabriken		B	1916/1997	12,382	15/09/2019	117	25,539		19,000	2,617	47,273	544	79,875	95%
51	Eken 14	Löfströms Allé 7, Chokladkontoret			1937–1975	4,093	03/06/2020		6,975			1,235	8,210	95	14,916	95%
Total Sundbyberg								117	32,514		19,000	3,852	55,483	639	94,791	95%
NYNÄSHAMN																
52	Ribban 16	Backluravägen				1,308	Before 2007							0		
Total Nynäshamn								1,308						0		

¹⁾ All or parts of the property are classified as a project property as of 31 December 2020

²⁾ All or parts of the property are environmentally certified in accordance with Breeam [B] or Miljöbyggnad [M].

³⁾ Other includes education/training, culture, health/care and warehouses/storage areas.

SOUTHERN STOCKHOLM

HAGASTADEN 52,000 M²

CITY 21,000 M²

SLUSSEN 48,000 M²

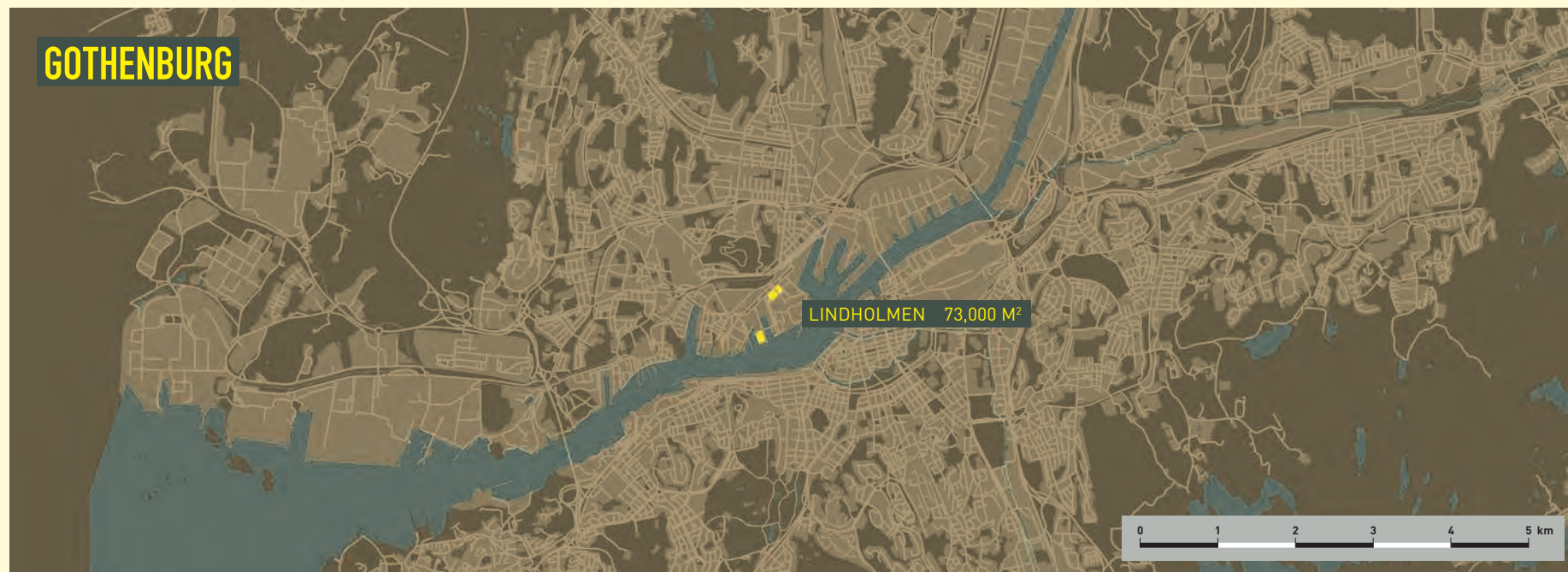
MEDBORGARPLATSEN 31,000 M²

LILJEHOLMEN 42,000 M²

SICKLA 216,000 M²

SLAKTHUSOMRÅDET 54,000 M²

0 1 2 3 km



								Letting area, m²						Rateable value, SEK m			Rental value	Letting rate
								Retail	Offices	Residen- tial units	Garage	Other ³⁾	Total					
Municipality/ Property name	Address/Description		Project property ¹⁾	Certifi- cation ²⁾	Lease- hold	Year of construction/ reconstruction	Land area, m²	Possession										
GOTHENBURG																		
53	Lundbyvassen 4:7	Regnbågsgatan 4–6, etc.		B		1989	6,414	30/09/2016		15,709	25		177	15,911	281	34,969	97%	
54	Lundbyvassen 4:13	Götaverksgatan 2–8, etc.		B		1957/2007	12,205	30/09/2016	750	15,518		10,050	3,443	29,761	367	45,410	100%	
55	Lindholmen 30:1	Lindholmospiren 11		B		2002	13,647	29/03/2017		37,035				37,035	799	86,698	100%	
Total Gothenburg							32,266		750	68,262	25	10,050	3,620	82,707	1,447	167,078	99%	

¹⁾ All or parts of the property are classified as a project property as of 31 December 2020

²⁾ All or parts of the property are environmentally certified in accordance with Breeam (B) or Miljöbyggnad (M).

³⁾ Other includes education/training, culture, health/care and warehouses/storage areas.



								Letting area, m²						Rateable value, SEK m			Rental value			Letting rate		
								Retail	Offices	Residen- tial units	Garage	Other ^{III}	Total									
Municipality/ Property name		Address/Description		Project property ^I	Certifi- cation ^{II}	Lease- hold	Year of construction/ reconstruction	Land area, m²	Possession													
MALMÖ																						
56	Bohus 7	Mobilia					1966/2010	12,023	01/02/2008	5,998	183	11,248	6,680	35	24,144	305	31,009	92%				
57	Bohus 8	Mobilia	P	B			1968/2013/2020	76,745	Before 2007	47,787	1,722	3,818	37,800	11,101	102,228	1,244	179,745	84%				
58	Bohus 9	Mobilia					2014	979	Before 2007			4,103			4,103	87	6,922	100%				
59	Dimman 11	Barkgatan 2–8		B			1940/2014	4,278	29/04/2014		5,150			10,849	15,999		30,602	100%				
60	Malmen 12	Barkgatan 9–13		B			1971	2,464	02/05/2016		3,490		1,900	4,021	9,411		10,079	100%				
Total Malmö								96,489		53,785	10,545	19,169	46,380	26,006	155,885	1,317	258,357	88%				

¹⁾ All or parts of the property are classified as a project property as of 31 December 2020

²⁾ All or parts of the property are environmentally certified in accordance with Breeam [B] or Miljöbyggnad [M].

³⁾ Other includes education/training, culture, health/care and warehouses/storage areas.



								Letting area, m²								
								Retail	Offices	Residen- tial units	Garage	Other ³⁾	Total			
Municipality/ Property name	Address/Description	Project property ¹⁾	Certifi- cation ²⁾	Lease- hold	Year of construction/ reconstruction	Land area, m²	Possession							Rateable value, SEK m	Rental value	Letting rate
UPPSALA																
61	Brillinge 9:1	Gränbystaden	B		2013–2017	25,965	05/04/2011	6,099				50	6,149	53	14,854	99%
62	Brillinge 8:1	Gränbystaden	B		2013–2017	71,556	05/04/2011	22,106	159			4,468	26,733	282	40,338	99%
63	Dragarbrunn 27:2	Forumkvarteret			1902/2005/2019	6,714	Before 2007	5,522	8,063	1,420	1,191	934	17,130	381	56,864	86%
64	Gränby 21:4	Gränbystaden Galleria			1971/2018	108,177	Before 2007	44,619	1,278		11,500	6,558	63,955	1,345	202,053	93%
65	Gränby 21:5	Gränbystaden Entréhusen	M		2017/2018	1,813	05/04/2017	2,173	3,098	9,846		2,012	17,129	393	43,090	92%
66	Gränby 25:1	Gränbystaden Parkhusen	P													
67	Kvarngärdet 33:2	Storgatan 19, Mejeriet			1912/2000	1,240	22/12/2020		2,504				2,504	40	8,186	100%
Total Uppsala						215,465		80,519	15,102	11,266	12,691	14,022	133,600	2,493	365,385	93%
Total Sweden						808,007		231,498	465,510	33,072	200,747	156,606	1,087,433	18,380	2,481,240	91%

¹⁾ All or parts of the property are classified as a project property as of 31 December 2020

²⁾ All or parts of the property are environmentally certified in accordance with Breeam (B) or Miljöbyggnad (M).

³⁾ Other includes education/training, culture, health/care and warehouses/storage areas.

DEFINITIONS

FINANCIAL DEFINITIONS

The effect of the implementation of IFRS 16

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

Average fixed interest, years

Average remaining term until interest settlement date of all credits in the liabilities portfolio. The average fixed interest is used to illustrate Atrium Ljungberg's financial risk.

Adjusted gearing ratio, %

Interest-bearing liabilities, excluding the liability for financial leasing for leaseholds, as a percentage of the sum of the properties' fair values at the end of the period, less properties acquired but not possessed and plus properties sold but not vacated. The adjusted gearing ratio is used to illustrate Atrium Ljungberg's financial risk.

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 NDV per share, SEK

The carrying amount of equity with a reversal of goodwill adjusted for the difference against the fair value of interest-bearing liabilities EPRA NDV per share is used to provide stakeholders with information on Atrium Ljungberg's value per share for a disposal scenario calculated in a uniform manner for publicly listed property companies.

EPRA NNNAV per share, SEK

Reported equity with a reversal of goodwill and adjusted with estimated actual deferred tax, divided by the number of outstanding shares at the end of the period. EPRA NNNAV per share is used to provide stakeholders with information on Atrium Ljungberg's current net worth per share calculated in a uniform manner for publicly listed property companies.

EPRA NRV per share, SEK

Reported equity with a reversal of goodwill, derivatives and deferred tax, divided by the number of outstanding shares at the end of the period. EPRA NRV per share is used to provide stakeholders information on Atrium Ljungberg's long term net worth per share calculated in a uniform manner for publicly listed property companies. This replaces EPRA NAV.

EPRA NTA per share, SEK

The carrying amount of equity with a reversal of derivatives and goodwill adjusted with estimated actual deferred tax, divided by the number of outstanding shares at the end of the period. EPRA NTA per share is used to provide stakeholders with information on Atrium Ljungberg's current net worth per share calculated in a uniform manner for publicly listed property companies. This replaces EPRA NNNAV.

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 leaseholds, as a percentage of the sum of the properties' fair value at the end of the period. The gearing ratio is used to illustrate Atrium Ljungberg's financial risk.

Gross profit/loss 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 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 earnings less nominal tax (EPRA EPS) per share, SEK

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

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

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 before changes in value per share, SEK

Profit before changes in value, less current tax, divided by the average number of outstanding shares. Profit before changes in value per share is used to illustrate the ongoing management operations.

Property costs

Total property management costs, which exclude central administration.

Return on equity, %

Interest-bearing liabilities divided by reported equity. Return on equity is used to illustrate Atrium Ljungberg's capacity to generate profit on the owners' capital in the Group.

Return on equity, excluding changes in value, %

Profit for the period before changes in value, divided by average adjusted equity. Return on equity excluding changes in value is used to illustrate Atrium Ljungberg's capacity to generate current cash flow on the owners' capital in the Group.

Return on total assets, %

Profit before tax plus interest expenses as a percentage of the average balance sheet total. Return on total assets is used to illustrate Atrium Ljungberg's capacity to generate profit on the Group's assets uninfluenced by the Group's financing.

Return on total assets excluding changes in value %

Profit before changes in value plus interest expenses as a percentage of the average balance sheet total. Return on total assets excluding changes in value is used to illustrate Atrium Ljungberg's capacity to generate current cash flow on the Group's assets uninfluenced by the Group's financing.

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

Comparable portfolio

Comparable portfolio refers to the properties which were not classified as project properties and were owned throughout the period and entire comparison period. Comparable portfolio is used to illustrate the trend of rental income excluding non-recurrent effects for premature vacating of premises and property costs uninfluenced by project properties as well as acquired and sold properties.

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, m²

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

Leaseholds

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

Leasehold fees

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

Letting area, m²

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

Letting rate, %

Contracted annual rents as a percentage of the rental value in conjunction with full letting. Reported figures are based on the immediately subsequent quarter. The letting rate is used to illustrate the Group's efficiency in the use of its investment properties.

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.

NRA, m²

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

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 comparable portfolios recognised per property type.

RA, m²

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

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 m²

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

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.

Scope 1,2 and 3

A method for defining different areas when calculating greenhouse gas emissions. This method is from the international standard Greenhouse Gas Protocol.

Scope 1: The operations' direct emissions from sources under the control of the company.

Scope 2: The operations' indirect emissions from energy that is purchased, such as electricity, steam, heating and cooling that are generated by the producer.

Scope 3: Indirect emissions from the operations that are not covered by Scope 1 or 2. For example, purchased goods and services.

GRI INDEX

Atrium Ljungberg's Sustainability Report has been drawn up in accordance with the Core level of the GRI Standards.

We have also taken the EPRA Sustainability Best Practices Recommendations Guidelines into account.

Abbreviations:

GRI: Global Reporting Initiatives

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TCFD INDEX

GOVERNANCE	STRATEGY	RISK MANAGEMENT	GOALS AND MEASUREMENT FIGURES
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
A. Description of the Board's oversight of climate-related risks and opportunities.	A. Description of the climate-related risks and opportunities the organisation has identified.	A. Description of the organisation's processes for identifying climate-related risks.	A. Description of the organisation's indicators to evaluate climate-related risks and opportunities.
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B. Description of management's role in assessing and managing climate-related risks and opportunities.	B. Description of the impact of risks and opportunities on the organisation's businesses, strategy and financial planning.	B. Description of the organisation's processes for managing climate-related risks.	B. Disclosure of Scope 1, Scope 2 and, Scope 3 emissions in accordance with the Greenhouse Gas Protocol.
<i>See pages 23, 74, 78, 137</i>	<i>See pages 74, 78, 144</i>	<i>See pages 74, 78</i>	<i>See pages 22–23, 143–144</i>
	C. Description of the resilience of the organisation's strategy, taking into consideration different climate-related scenarios.	C. Description of how the aforementioned processes are integrated into the organisation's overall risk management.	C. Description of the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
	<i>See pages 74, 78, 144</i>	<i>See pages 74, 78</i>	<i>See pages 21–23, 140</i>

INFORMATION

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

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

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

THE ANNUAL REPORT and interim reports are available on our website and the annual report is also distributed in printed format by post to shareholders who have actively requested them. 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 statements and press releases via our website: www.al.se. The site also provides updated information on our operations, our properties and projects, financial key performance indicators, the share, and much more besides. The information on the website is also available in English.

PUBLICATION OF FINANCIAL INFORMATION

Interim Report, January–March 2021	16 April 2021
Interim Report, January–June 2021	7 July 2021
Interim Report, January–September 2021	15 October 2021
2021 Preliminary Financial Statements	February 2022
2021 Annual Report	March 2022

ANNUAL GENERAL MEETING

The Annual General Meeting will be held without the physical presence of shareholders or proxies on Wednesday 25 March 2021. Voting rights will only be exercised through postal voting before the meeting.

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