

Atrium Ljungberg Interim Report / Q3 2023

Q3



Overview

Healthy profit from property management despite current challenges in the world.

1



PROPERTY PORTFOLIO
80% Stockholm
10% Uppsala, 5% Gothenburg,
5% Malmö

63% Offices

21% Retail, 3% Residentials,
13% Projects

2



RENTAL MARKET
SEKm 42 / SEKm 39
Net letting Q3

SEKm 78 / SEKm 70
Net letting Q1-Q3

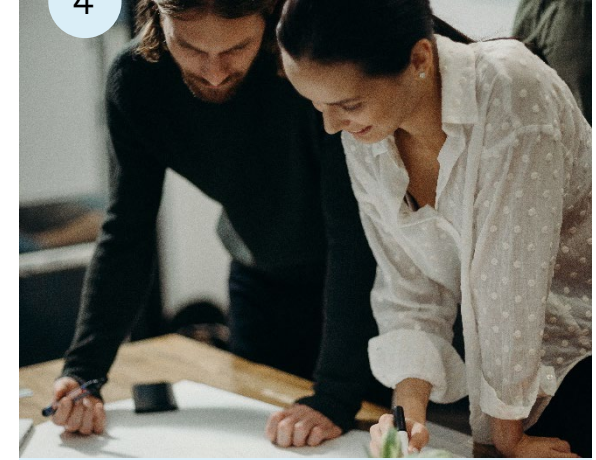
3



EARNINGS
+26% Q3
+22% Q1-Q3
Profit from property
management

+15%
Net operating
income – like for like

4



PROJECTS
SEK 7 billion
In ongoing projects

86% let
For those completed
in 2023 and 2024

Property portfolio – City of Our Dreams

Property and project portfolio concentrated primarily on four areas in Stockholm – Hagastaden, Slussen, Slakthusområdet and Sickla. All areas with an existing or future underground station.



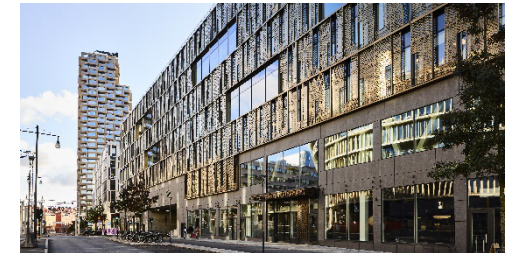
Glashuset, Slussen



Katarinhuset, Slussen



Söderhallarna, Södermalm



Life City, Hagastaden



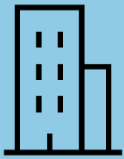
Curanten, Sickla



Hus 48, Slakthusområdet

Rental and residential market

Strong future locations for offices – Slakthusområdet, Slussen and Hagastaden appear among the top locations.



OFFICES

Continued demand for offices in good locations, but slightly cooler activity after the summer.

- Good dialogues, but slightly cooler activity after the summer.
- Customers focusing heavily on costs – risk of smaller spaces and more flexible solutions.
- A house – broadens offer to customers, starting in Slussen and Slakthusområdet.



RETAIL

Continued increase in both sales and number of visitors - both over the previous year and before covid-19.

- Higher sales, but differences between the segments – the mix at the retail hub determines its ‘resilience’.
- In the third quarter, the sales and number of visitors continued to increase and was higher than before Covid-19.



TENANT-OWNED DWELLINGS

With continued disturbance in the world, rising interest rates and high electricity prices, many are acting with consideration.

- Large range in combination with significantly lower new-built.
- The housing market is characterized by a slow decision-making process and caution from the banks.
- The number of apartments sold in the housing market at record low levels.
- Continued progress in our condominium projects; In Uppsala, we sold six apartments in August (twelve this year). In Sickla, we sold three apartments in August (eight this year).

Most significant lettings

The three most significant lettings in this quarter were in Slussen, Liljeholmen and Sickla.



A house

Katarinahuset, Slussen,
5,000 sq.m.

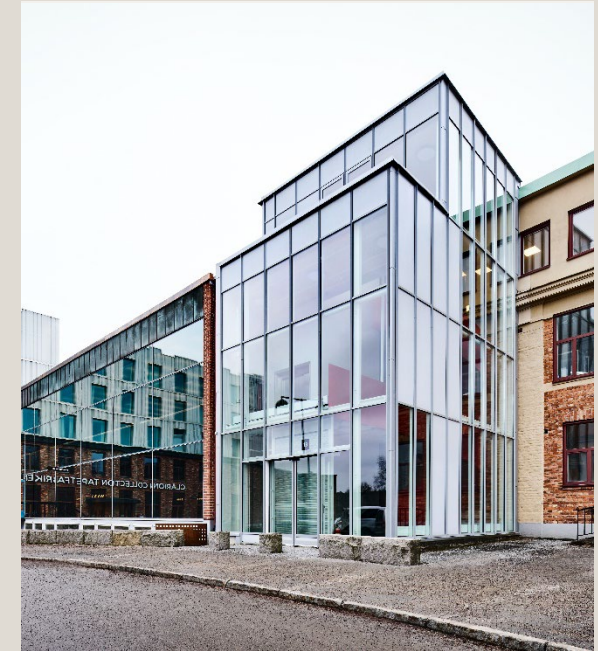
LETTING



Innerstadspress

Stora Katrineberg, Liljeholmen,
1,400 sq.m.

LETTING



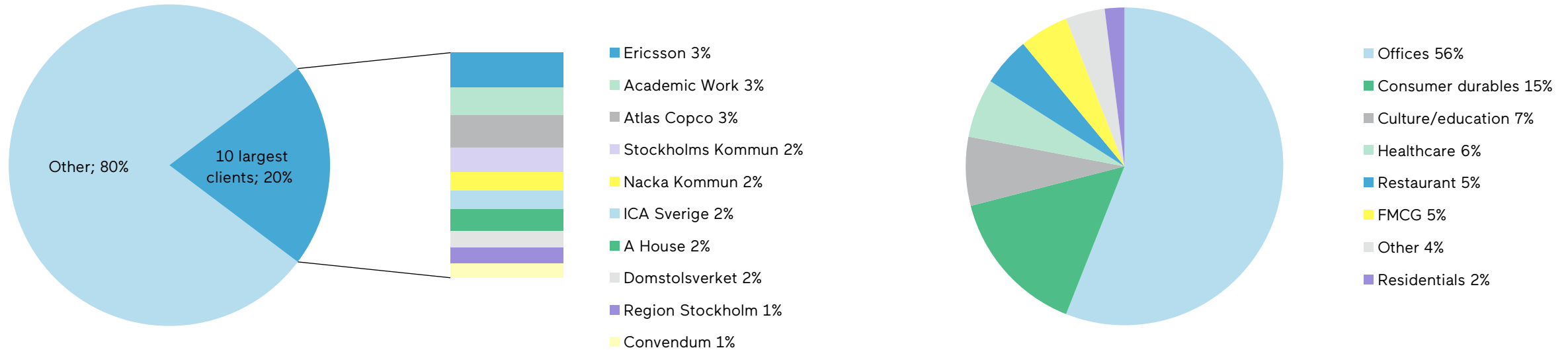
Stockholms auktionsverk

Expohuset, Sickla,
1,700 sq.m.

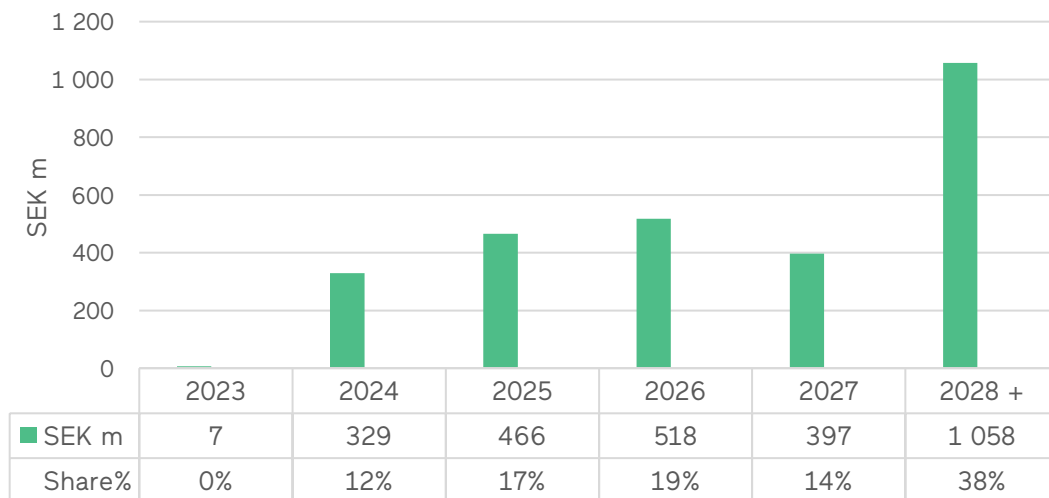
LETTING

Q3

Stable and diversified customer base



Maturity structure annual contract value

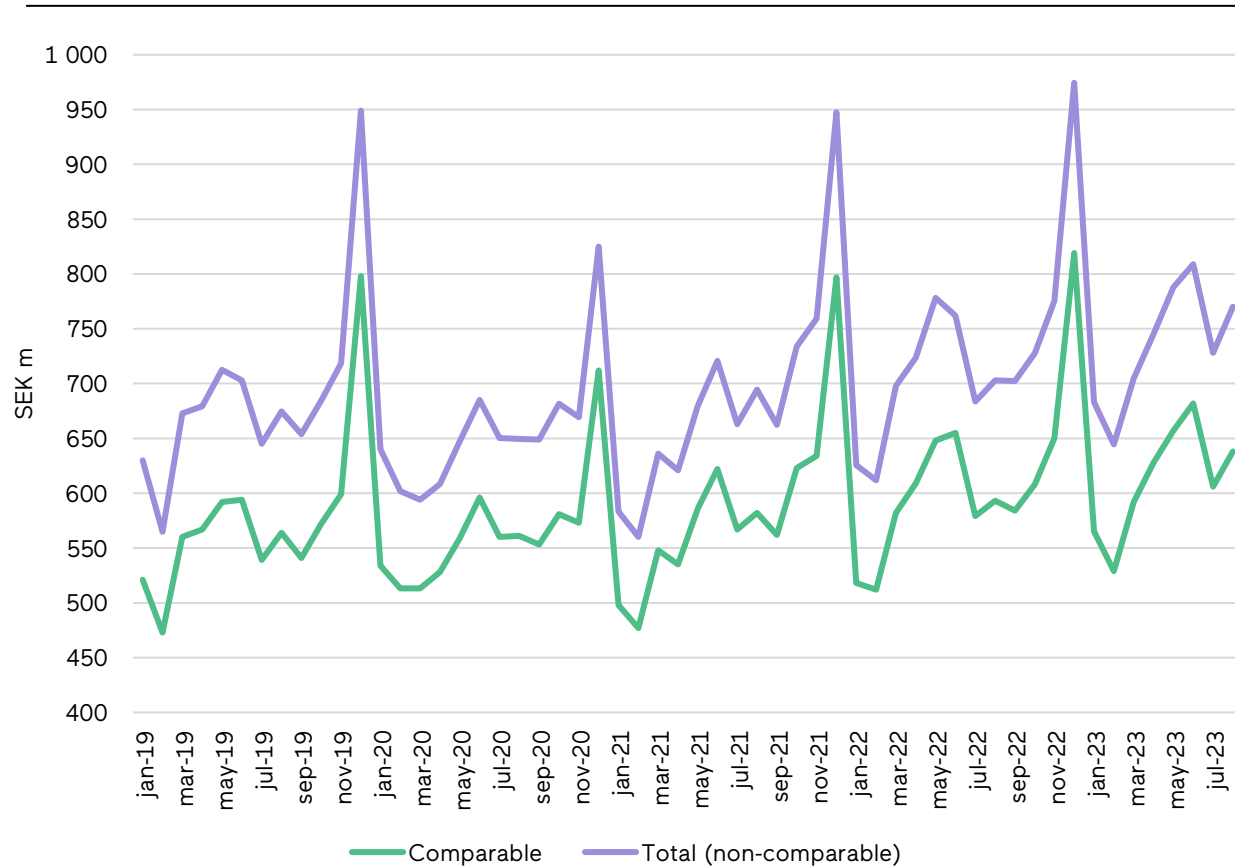


- Diversified customer structure
- The ten biggest customers account for 20%
- Average remaining lease term 4.5 years
- 12% of the portfolio's annual rental value falls due in the next year and 38% 2028 and thereafter

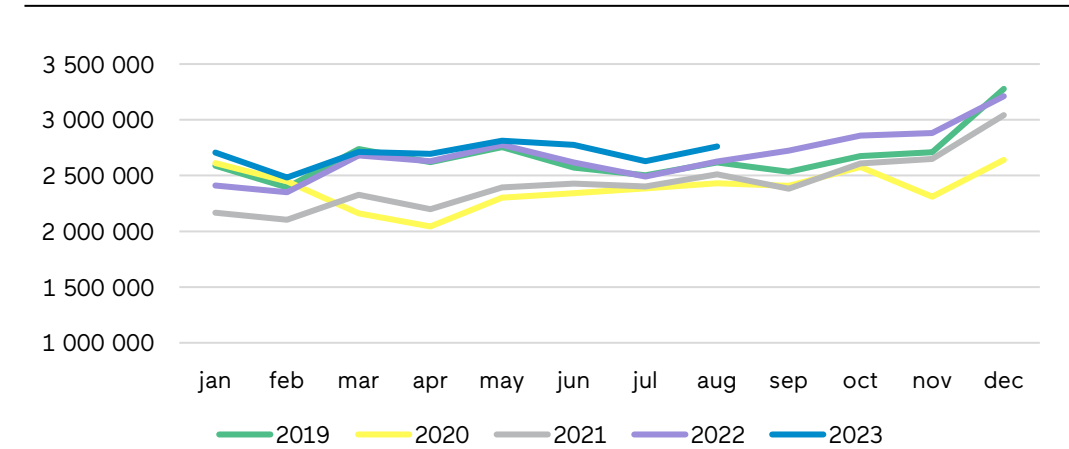
Retail

The mix at our retail hubs makes us resilient during a recession.

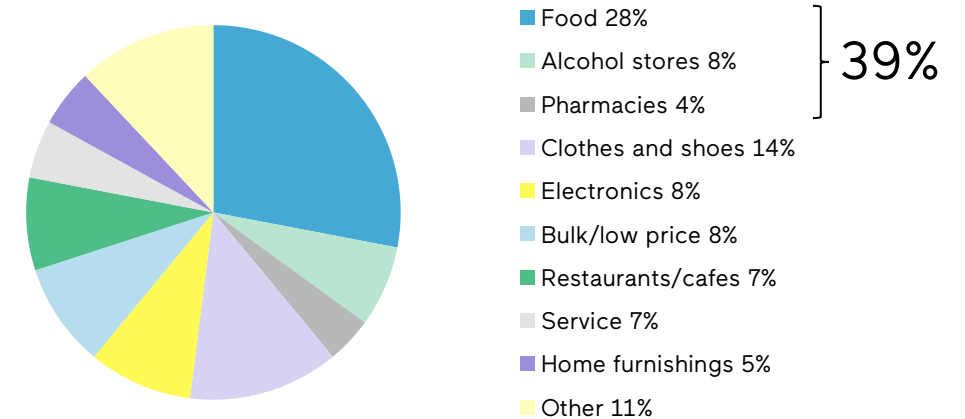
Sales per month 2019-2023



Visitors per month to our retail hubs



Our retail hubs - overview



Key performance indicators

Underlying earnings remain strong, while property values are falling.



PROFIT FROM PROPERTY MANAGEMENT

+26% growth Q3 (isolated)
SEKm 366, or SEK 2.90 per share
+22% growth in jan-sep
SEKm 1.024, or SEK 8.12 per share



OPERATING SURPLUS

+15% growth in comparable portfolios excluding non-recurring payments and electricity subsidy, both the quarter in isolation and jan-sep



CHANGES IN VALUE

-0.8% continued reduction in value, or SEKm -454, which makes -2.5%, or SEKm -1.443, for jan-sep



NET ASSET VALUE

SEK 263 per share
or -1.8% adjusted for dividend



FINANCIAL RISK

41.8% Loan-to-value ratio
3.6 Interest coverage ratio
12.5 Net debt to EBITDA



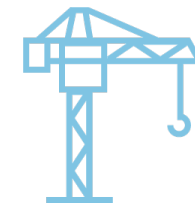
FINANCING

SEK 8 billion
in unutilised credit facilities



NET LETTING

SEKm 178 newly signed
SEKm 100 terminated
SEKm 8 terminated by us for our projects



PROJECTS

SEK 7.3 billion
in ongoing projects: approx.
SEK 4.4 billion remains

Growth in rental income and net operating income

Strong growth in like for like excluding one-off compensation and electricity subsidies.

Comparable portfolios
 +10.9%/+14.9%
 (rental income/operating surplus)



OFFICES
 +12.7%/+16.8%



RETAIL
 +8.9%/+12.5%



RESIDENTIALS
 +6.7%/+8.6%



Index: +7%

Lower vacancies and renegotiations: +4%

Cost allocation: +0%



MINERALVATTENFABRIKEN, HAGASTADEN

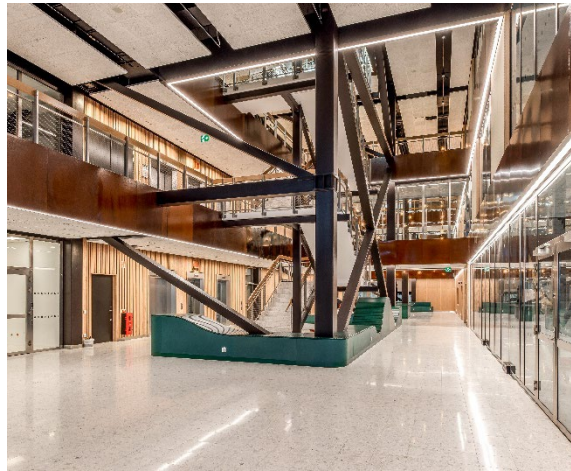
Rental growth projects

The project portfolio continues to deliver rental growth – primarily Life City and Bas Barkarby. Vacancies of Söderhallarna and Blästern 11, paving the way for future projects, resulted in lower rental income of approx. SEKm 27, while Katarinahuset has some occupancy and thus revenues of SEKm 26 so far this year.



LIFE CITY

An office property in Hagastaden measuring approx. 28.000 m², which was completed in the second quarter of 2022.

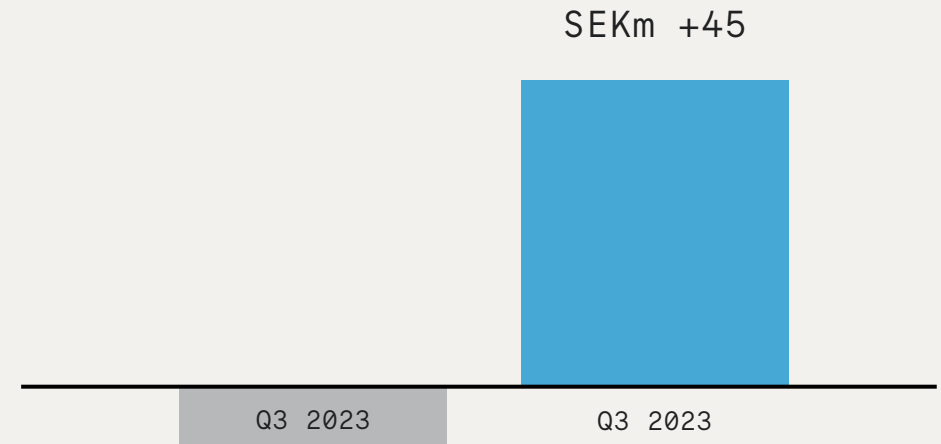


BAS BARKARBY

Office/school/healthcare property measuring approx. 24.000 m² in Järfälla, which was completed in the second quarter of 2022.



Completed projects contributed to rental growth of SEK 45 million.



SEKm -9

The total project portfolio contributes to rental growth of SEKm 36 and net operating growth of SEKm 51.

■ Ongoing projects
■ Completed projects

Rental growth transactions

The portfolio is being refined through the sale of a solitary property in the city and the acquisition of two properties in our areas: Hagastaden and Slakthusområdet.



SKOTTEN 6
13,500 m². Sales Q1 2023



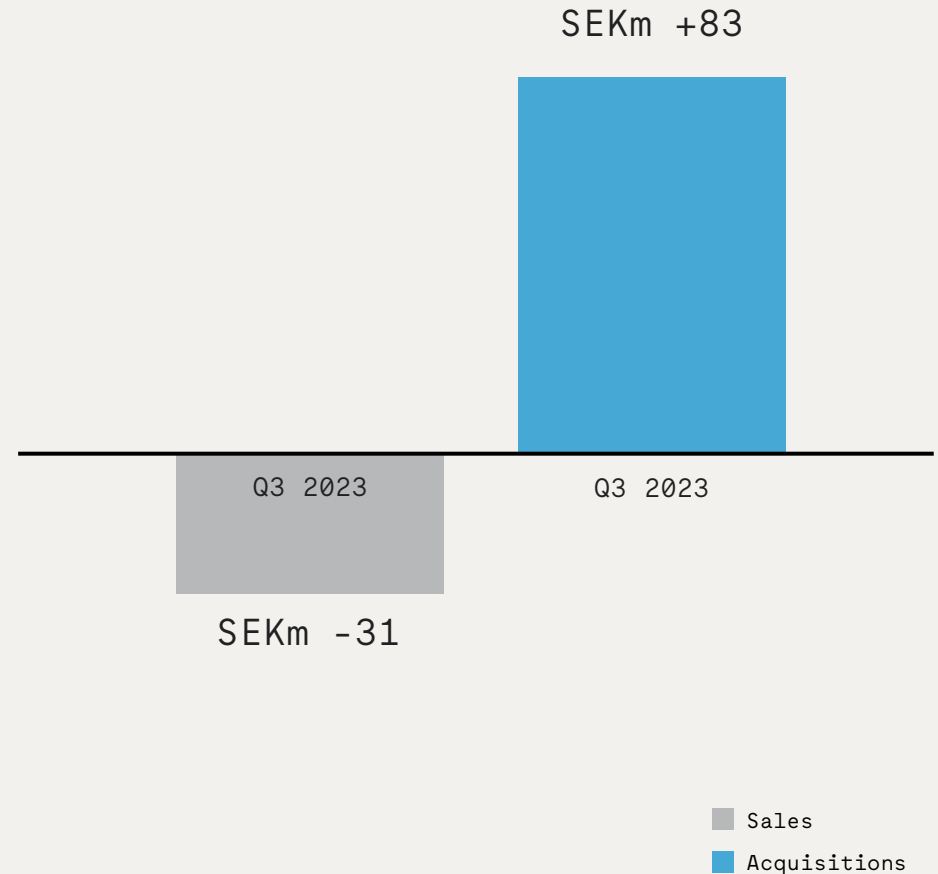
PALMFELT CENTER
30,500 m². Acquisitions Q2 2022



BLÄSTERN 15
21,300 m². Acquisitions Q2 2022

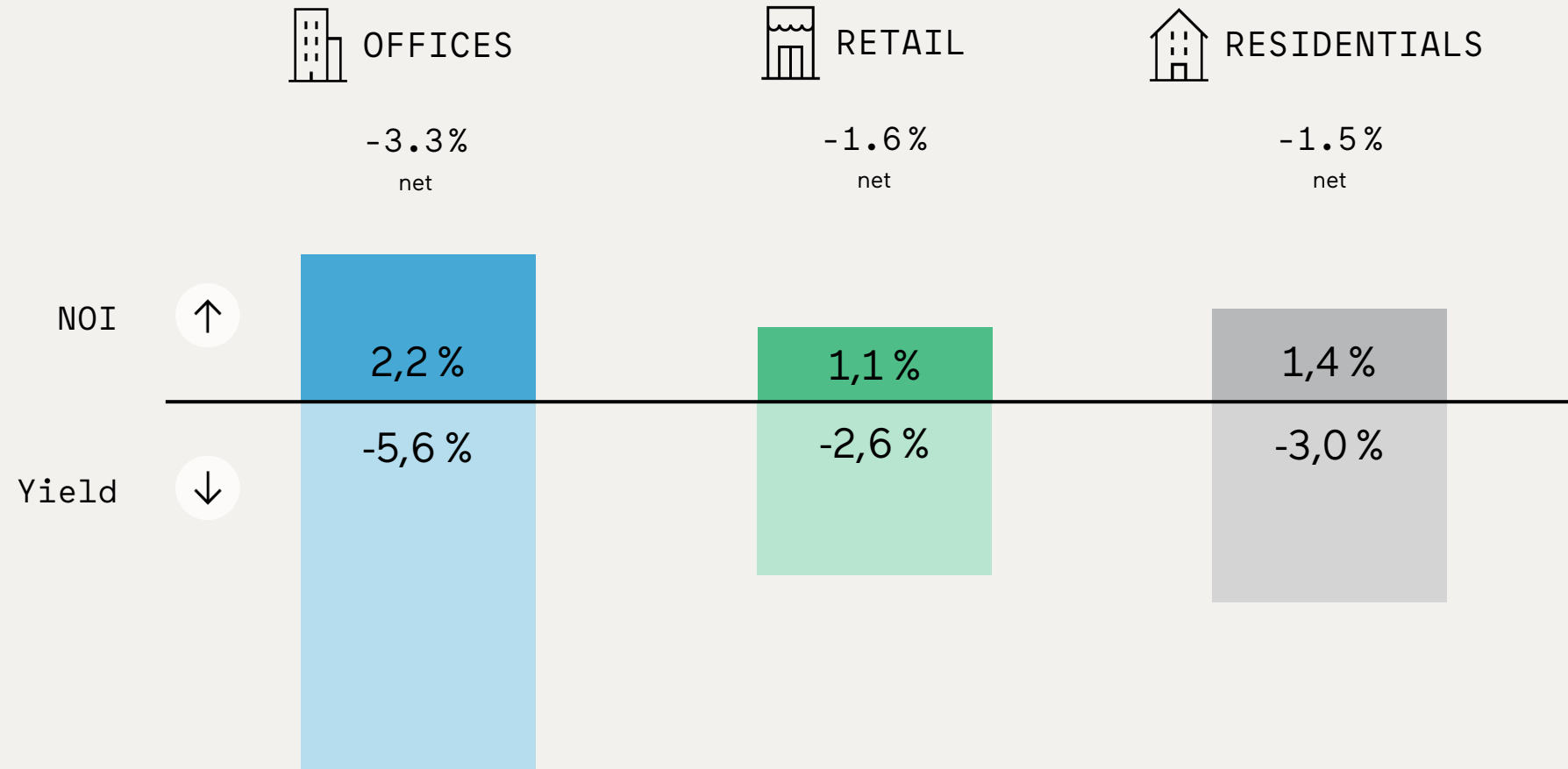


The refinement of the portfolio produces rental growth



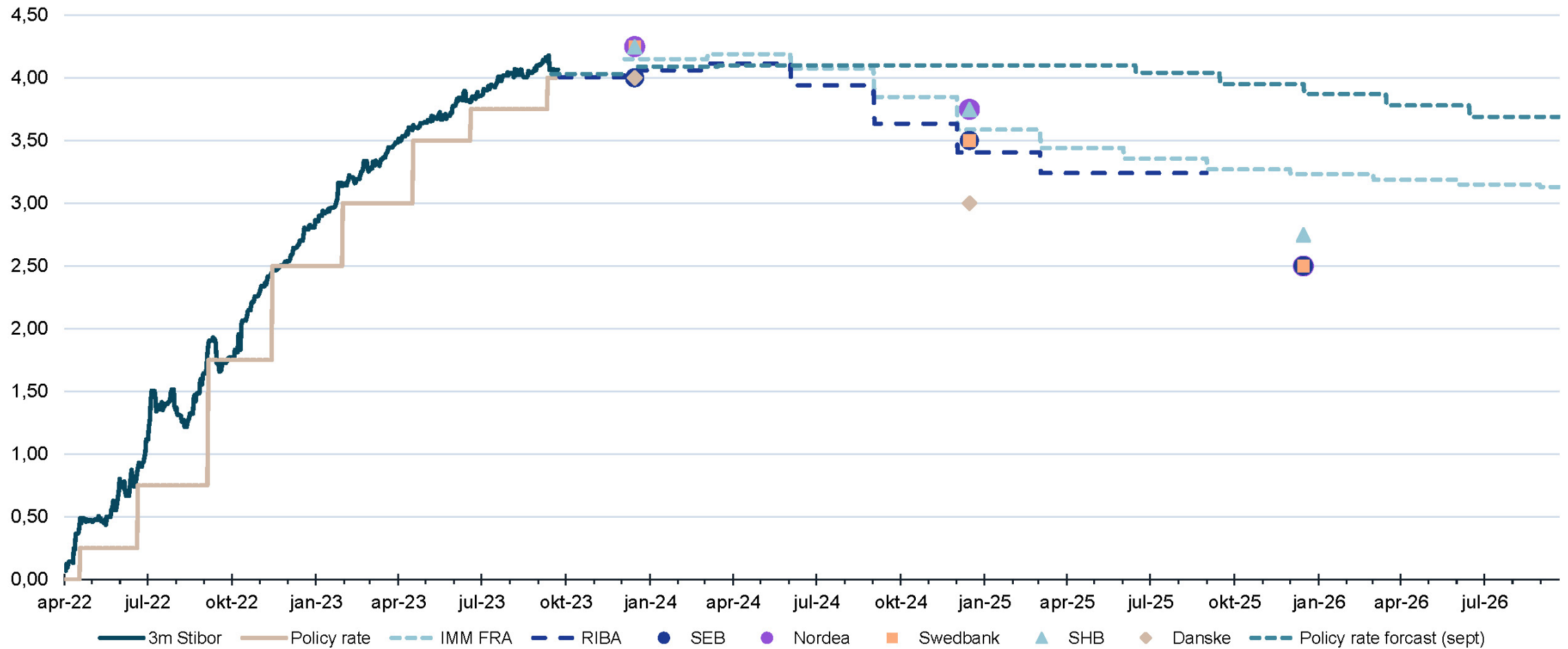
Changes in value

Continual rise in yield requirements was partly offset by higher net operating income (NOI), mostly linked to letting, durations and a higher index for 2024 (6% as in Q2).



Interest rate and credit market

Market interest rates continue to rise.



Financing

Strong earnings contribute to a continued improvement in the debt ratio.

INTEREST COVERAGE RATING



3.6 times

NET DEBT TO EBITDA



12.5 times

LOAN-TO-VALUE



41.8%

CAPITAL DURATION



3.8 yrs

INTEREST RATE DURATION



3.5 yrs

PROPORTION AT A VARIABLE RATE



12%

AVAILABLE LIQUIDITY



SEK 8 bn

RATING, Moody's with negative outlook

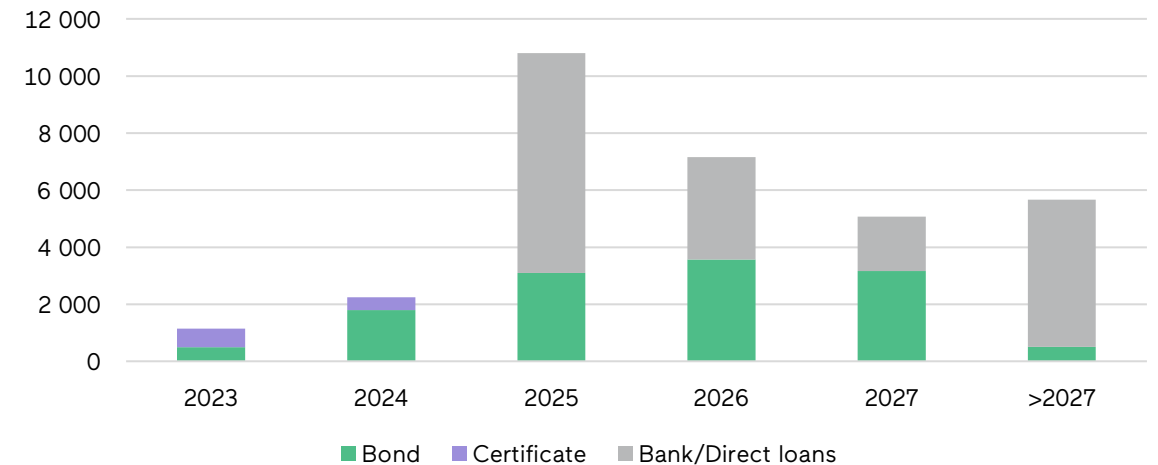


Baa2

Interest rate duration

Duration	Volume SEK m	Percentage, %	Average Interest rate, % ¹⁾
2023	2 907	12	2.6
2024	2 950	12	0.7
2025	1 749	7	2.4
2026	2 704	11	1.9
2027	4 050	16	2.7
>2027	10 402	42	2.6
Total	24 762	100	2.3

Credit maturity, SEK m



Ongoing projects

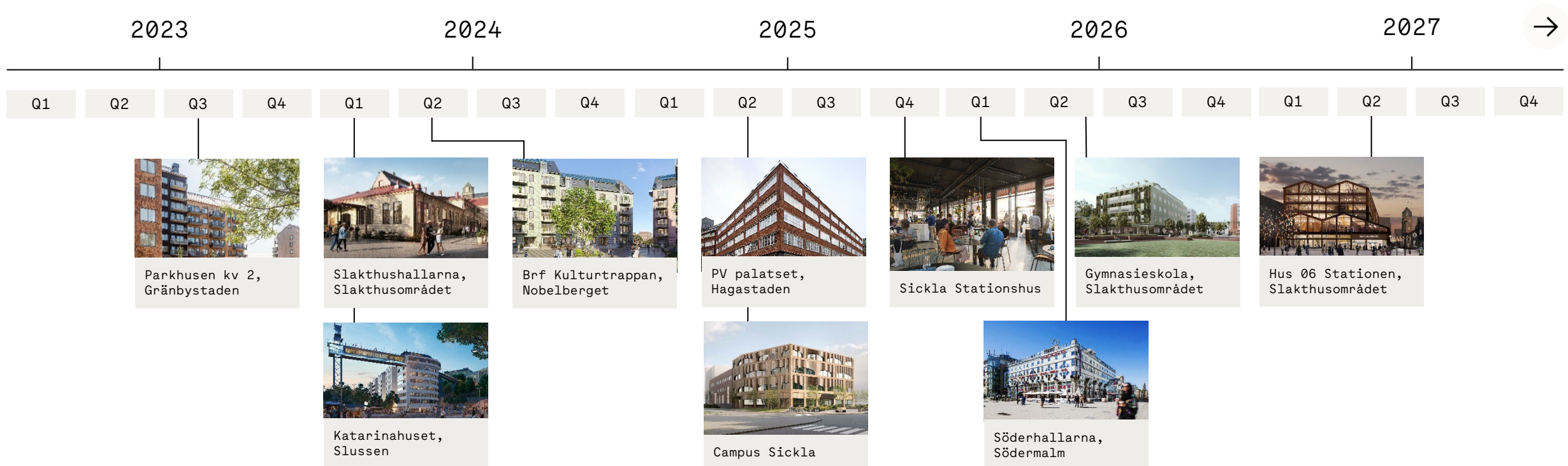
Ongoing project portfolio amounts to approx. SEK 7.3 billion; approx. SEK 4.4 billion remains to be invested. The projects are concentrated primarily on our four development areas in Stockholm – Hagastaden, Slakthusområdet, Slussen and Sickla.

The projects that will be completed in 2023 and 2024, 86% have been let.

Campus Sickla – a new project.

Katarinahuset – building permit approved.

Mälarterrassen – project subject to decision.



Mälarterrassen, Slussen



Illustration: DBOX/Foster + Partners

Stockholms konstnärliga högskola, Slakthusområdet



Our largest development projects

We are developing the City of Our Dreams – potential future investments of approx. SEK 40 billion in land already owned or land allocations obtained.



SICKLA

From industry to a vibrant city district.

Area: 250,000 sq.m.
Investment: SEK 14 billion



SLAKTHUSOMRÅDET

Stockholm's new meeting place for food, culture and experiences.

Area: 200,000 sq.m.
Investment: SEK 11 billion



HAGASTADEN

Ultra-urban city with an international metropolitan vibe.

Area: 100,000 sq.m.
Investment: SEK 7 billion



SLUSSEN

Where the whole city meets. From road junction to meeting place.

Area: 55,000 sq.m.
Investment: SEK 2 billion

Q3 2023



Q & A

Atrium Ljungberg
Interim Report
/ Q3 2023 **Appendix**

Q3

Income Statement Q3, summary

SEK m	2023 Q3	2022 Q3	Comments	2023 Q1-Q3	2022 Q1-Q3	Comments
Rental income	700	661	Like for like 9%	2,111	1,879	Like for like +11%
Property costs	-171	-216	Like for like -6%	-595	-616	Like for like +2%
Operating net	529	445	Like for like 15%	1,516	1,262	Like for like +15%
Project and construction	-1	-7		-1	-26	
Central administration	-19	-21		-59	-70	
Associated companies	-1	-		-1	-	
Leasehold fees	-11	-11		-32	-29	
Net financial items	-132	-115		-400	-297	
Profit from property management	366	291	SEK 2.90/share +26% growth	1,024	840	SEK 8.12/share +22% growth
Change in value:						
Properties	-448	84		-1,452	4,156	
Profit properties tenant-owned dwellings	4	56		34	56	
Goodwill	-	-		-24	-	
Derivatives	107	91		-57	1,616	
Tax	7	-90		71	-1,363	
Profit after tax	36	432		-404	5,305	

Balance sheet, summary

SEK m	2023 sep		2022 dec		Comments
Investment properties	56,413	56,323 SEK/sq.m.	58,596	58,931 SEK/sq.m.	4.6% Valuation yield (4.4)
Development properties	1,577		1,409		
Derivatives	1,542		1,572		
Other assets	2,225		1,941		
Cash and cash equivalents	514		380		
Sum	62,270		63,898		
Shareholders' equity	28,070		29,141		Long-term net asset value SEK 263/share (271)
Deferred tax	6,240		6,661		
Interest-bearing loans	24,762	41.8% loan-to-value	25,389	41.7% loan-to-value	3.8 years capital duration (4.3)
Financial leases	1,296		1,277		
Derivatives	211		59		
Other non-interest bearing liabilities	1,691		1,371		
Sum	62,270		63,898		