

Atrium Ljungberg (ATRLJ.b)

Sweden | Main Market | Large Cap | Real Estate

2025-09-24

Rating:

Buy

12 M Target price:

41 SEK

Current price:

31 SEK

Upside:

32 %

Strong top-line Revenues and focus on Core Business

Atrium Ljungberg (ATRLJ.B) is one of Sweden's largest listed real estate companies with a strong focus on mixed-use urban development in Stockholm, Uppsala, Gothenburg, and Malmö. The stock is currently trading at a steep discount to intrinsic value despite resilient operations, supported by stable rental income growth and a well-capitalized balance sheet.

Our blended valuation approach (DCF, Property Management multiple, and EPRA NAV) yields a fair value of SEK 41 per share, representing +32% upside from the current share price of c. SEK 31. We consider 41 SEK to be the initial level where the stock should close its valuation gap within 12 months. Should the company deliver on its strategy and project pipeline, we see scope for the share to move closer to SEK 50 per share, in line with normalized sector multiples.

We initiate with a Buy recommendation.

Key insights

Macro turning point as a catalyst: Sweden's macroeconomic outlook has improved markedly following the Riksbank's not fully expected rate cut in Sept 2025 and the government's expansive fiscal policy initiatives, including household tax cuts. These measures should support a consumption-led recovery, directly benefiting Atrium Ljungberg's retail and urban development portfolio and the sentiment for the subsector.

Deep valuation discount vs. history and peers: Despite resilient fundamentals – FY 2024 like-for-like rental growth +3.9% and NOI growth +1.8% in Q2 2025 – the stock trades at only 0.62x EPRA NAV and c. 14.3x 2024 earnings, versus long-term averages of 0.8x NAV and 16–18x earnings. Our blended valuation model points to SEK 41/share as an initial re-rating level, while a sustained recovery in sentiment and project execution could support valuations nearer to SEK 50/share.

Strong long-term strategy and sustainability profile: Atrium Ljungberg controls one of the sector's largest urban development pipelines, with SEK 9.6bn ongoing projects and a SEK 40bn total pipeline through 2030. Flagship projects such as Stockholm Wood City and Söderhallarna redevelopment provide structural rental growth and reinforce the company's position as a sustainability leader (SBTi-approved target of climate neutrality by 2030).

Analyst

Nick Derek

Head of Treasury & Fund

Market Data

Exchange	Nasdaq STO
Trading Currency	SEK
Share Class	Ordinary B
Shares OS ('000)	666 104 (incl 20 000 of type A)
Market Cap	20.9 MDSEK
EV	47.5 MDSEK

Metrics & Drivers

	2024	2025E	2026E
Prop Valuation Yield	4,7 %	4,6 %	4,5 %
IR on Debt	2,9 %	3,1 %	3,1 %
Occupancy Rate	92 %	93%	95%
LTV Ratio	41.4 %	42 %	42 %
ICR	3,1x	3,0x	3,1x
KPI inf (Oct 20XX)	1,6 %	0,7 %	1,6 %

Forecast, MSEK

	2024	2025E	2026E
Rental Income	2988	3036	3218
- Growth LFL Y-o-Y	3,9 %	1,6 %	0,7%
Added RI from projects	-	160	135
Total RI	2988	3196	3353
- Growth Y-o-Y	5,92 %	6,96 %	4,91 %
NOI margin (%)	70 %	70 %	70 %
NOI	2150	2237	2347
- Growth Y-o-Y	6,65 %	4,05 %	4,90 %
-Profit from Prop Mgmt	1425	1499	1499

Major Shareholders (votes)

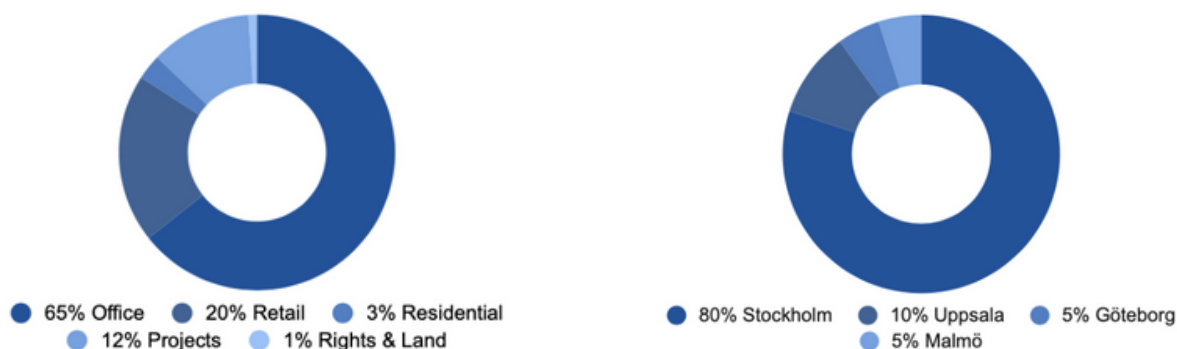
Ljungberg family	29,6% (22,5%)
Holmström family	20,4% (13,4%)
COOP Östra	20,0% (25,7%)
Carnegie Fonder	5,2% (6,7%)
Varma Mutual Pension Insurance Co	5,0% (6,4%)
Swedbank Robur Fonder	2,3% (2,9%)

Stock Price Movement 5Y %

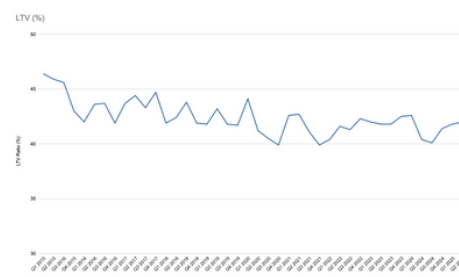


Investment Thesis Overview

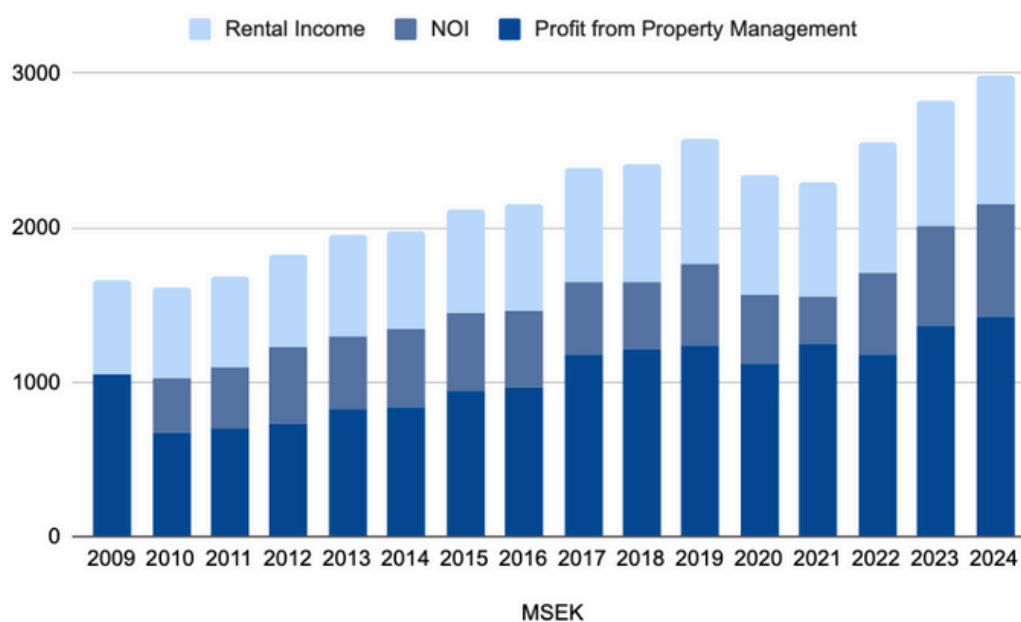
Diversified Portfolio and Regional Exposure



Solid Balance Sheet



Long Term Growth in Cashflows from Core-op



Investment Thesis

Rebound Potential in a Shifting Macro Environment:

Following the Riksbank's not fully priced rate cut in Sept 2025, accompanied by signals of further easing and the government's expansive fiscal policy, Sweden is entering a phase of improving consumer sentiment and stronger household disposable income growth. While corporate investments remain cautious, households are positioned to drive consumption recovery, a development that directly benefits Atrium Ljungberg's retail and mixed-use property portfolio. With a historically resilient balance sheet (LTV 42%, ICR 3.0x as of 2025Q2), the stock is well-prepared to capitalize on an accelerating market once sentiment shifts.

Attractive Valuation with Long-Term Upside:

Despite stable operational performance – with like-for-like rental income growth of +3.9% in FY 2024 and continued NOI growth of +1.8% in Q2 – Atrium Ljungberg trades at deep discounts versus intrinsic and historical value. The stock is currently valued at c. 0.62x EPRA NAV (Q2 2025 NAV at SEK 54.53/share vs. share price c. SEK 33.8) and at only 14.3x P/Property Management earnings, significantly below peers trading closer to 0.7–0.8x NAV and 16–18x earnings multiples. Our blended valuation approach (DCF, earnings multiple, and NAV) indicates a fair value of SEK 41/share, implying 32% upside.

Insider activity and limited free float as potential accelerators:

Insider trading patterns have been supportive over the past 12 months, with a net of more than 160,000 shares purchased by management and board members. This continued buying interest signals confidence in Atrium Ljungberg's long-term strategy and provides an additional layer of conviction to the investment case.

Furthermore, the company's ownership structure results in a limited free float of c. 14%, with the top 10 shareholders controlling more than 74% of the capital and over 80% of the votes. This tightly held structure, combined with Atrium Ljungberg's unique portfolio of retail and high-quality office assets, suggests that once investor sentiment shifts toward Swedish property stocks and the specific subsector, demand for the relatively scarce free-floating shares could drive a rapid re-rating of the stock price.

Structural Growth Through Urban Development:

Atrium Ljungberg continues to execute on one of the sector's largest project pipelines (SEK 9.6bn ongoing, SEK 40bn total through 2030). Key projects such as Söderhallarna, Stockholm Wood City, and Mälarterrassen will deliver high-quality mixed-use environments in Sweden's strongest growth regions (Stockholm, Uppsala, Gothenburg, Malmö). These projects not only strengthen rental growth visibility but also position the company as a leader in sustainable urban development, aligning with its climate neutrality 2030 target (SBTi-approved).

Conclusion:

With a supportive macro backdrop, attractive entry multiples, and a long-term strategic portfolio in prime urban locations, Atrium Ljungberg represents a compelling contrarian play. Once sentiment turns – which historically happens swiftly in Swedish real estate equities – the share price could re-rate rapidly toward fair value.

Company Overview

Atrium Ljungberg owns and manages a property portfolio valued at c. SEK 60bn, primarily concentrated in Sweden's fastest-growing urban regions. The business model combines stable cash flow from a diversified rental base with value creation through urban development projects. The largest tenant stands for 3% and the top tens stands for only 20% of contracted rent.

The company's ownership structure, with the Ljungberg family as the largest shareholder, supports long-term decision-making and a conservative financial profile. As of Q2 2025, the portfolio showed an occupancy rate above 90%, with a loan-to-value ratio of 42% and interest coverage of 3.0x – underscoring the company's resilience in a higher-rate environment.

Business Strategy

Atrium Ljungberg's strategy is built on three pillars:

1. Resilient cash flows from stable rental income, supported by long-term leases and index-linked contracts.
2. Urban development as growth driver, with SEK 9.6bn currently under construction and SEK 40bn in planned projects, including large-scale mixed-use areas in Slakthusområdet, Stockholm Wood City, and Uppsala's Gränbystaden.
3. Financial stability, with a conservative leverage policy (LTV <45%) and diversified funding sources, including green bonds and long-term bank financing.

This combination allows the company to manage through downturns while positioning for outsized growth in upturns.

Sustainability

Sustainability is at the core of Atrium Ljungberg's strategy. The company aims for climate neutrality by 2030, with targets approved by the Science Based Targets initiative (SBTi). Key initiatives include Stockholm Wood City – the world's largest planned wooden city district – and continuous energy efficiency improvements across the portfolio.

Sustainability not only strengthens the company's ESG profile but also provides tangible financial benefits, such as lower financing costs through green bond issuance and increasing tenant demand for sustainable properties.

Market Overview

The Swedish real estate sector has faced sharp valuation pressure since 2022 due to higher interest rates and repricing of yields. However, prime assets in Stockholm and other major cities remain supported by structural demand and limited new supply.

Recent macro developments suggest that the sector is entering a turning point. The Riksbank's rate cut – not fully anticipated by markets – combined with expansive fiscal policies provides room for falling financing costs and improving investor sentiment. Historically, Swedish listed property companies have shown rapid share price recoveries once sentiment reverses, suggesting that Atrium Ljungberg could be well-positioned for a strong rebound.

Valuation

We apply three equally weighted valuation approaches:

1. DCF model (33%): Based on a WACC of 5.2% and a 2% terminal growth rate, our DCF yields a fair value of SEK 43.4 per share.
2. Property Management earnings multiple (33%): 2024 earnings of SEK 2.26/share, valued at 16–18x, results in SEK 36–41 per share (midpoint 38.5 SEK).
3. EPRA NAV multiple (33%): Q2 2025 EPRA NAV of SEK 54.53/share, valued at 0.7–0.8x, corresponds to SEK 38–44 per share (midpoint 41 SEK).

Weighted target price: SEK 41/share

This represents the initial re-rating level as the stock closes its valuation gap. Under a bullish scenario where macro conditions improve further and project execution delivers, we see potential for the stock to trade toward SEK 50/share within 12 months.

Conclusion

Atrium Ljungberg combines stable rental cash flows, a strong balance sheet, and one of Sweden's most ambitious urban development pipelines. With the macro backdrop shifting toward lower interest rates and supportive fiscal policy, we see a clear catalyst for revaluation.

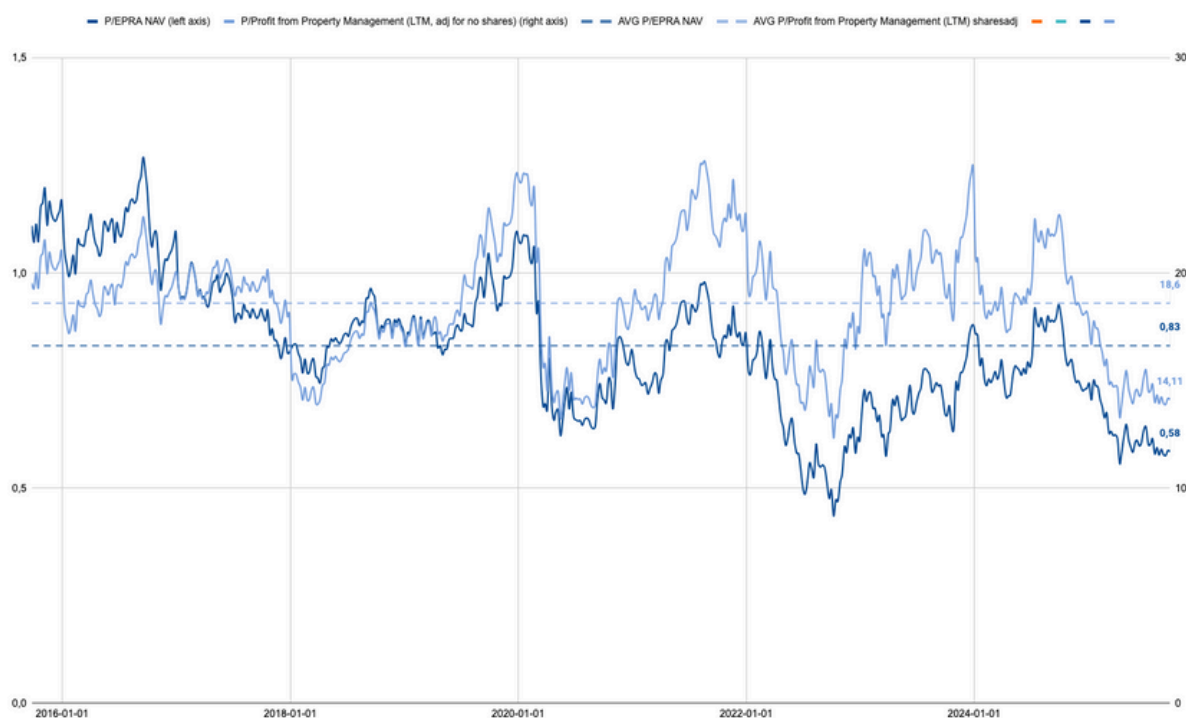
At a blended fair value of SEK 41/share, we expect the stock to initially close its valuation gap, representing c. +32% upside. If forecasts and strategies materialize as expected, we see scope for the share to move closer to SEK 50/share.

We therefore set the 12-month target price to 41 SEK/share, and highlight 50 SEK as a bullish upside case.

Peer Valuation

Peer Valuation	Market Data		Financials FY2024			Valuation	
	Mkt Cap	Enterprise Value	NOI	Profit from Prop Mgmt	EPRA NAV	Mkt Cap/Profit from Prop Mgmt	Mkt Cap/EPRA NAV
Company name	LTM (MDSEK)		LTM (MDSEK)			LTM	
Fast Balder	80,5	215,4	9,61	6,01	105,1	13,4	0,77
Castellum	52,1	111,3	6,61	4,82	77,34	10,8	0,67
Wihlborgs	28,3	61,6	2,99	1,78	28,77	15,9	0,98
Hufvudstaden	26,6	37,1	1,44	1,18	37,38	22,5	0,71
Fabege	25,9	61,3	2,55	1,35	48,96	19,2	0,53
Median						15,9	0,71
Mean						16,4	0,73
ATRLJ.b	20,9	47,5	2,15	1,46	33,7	14,32	0,62

Valuation ratios



Appendix

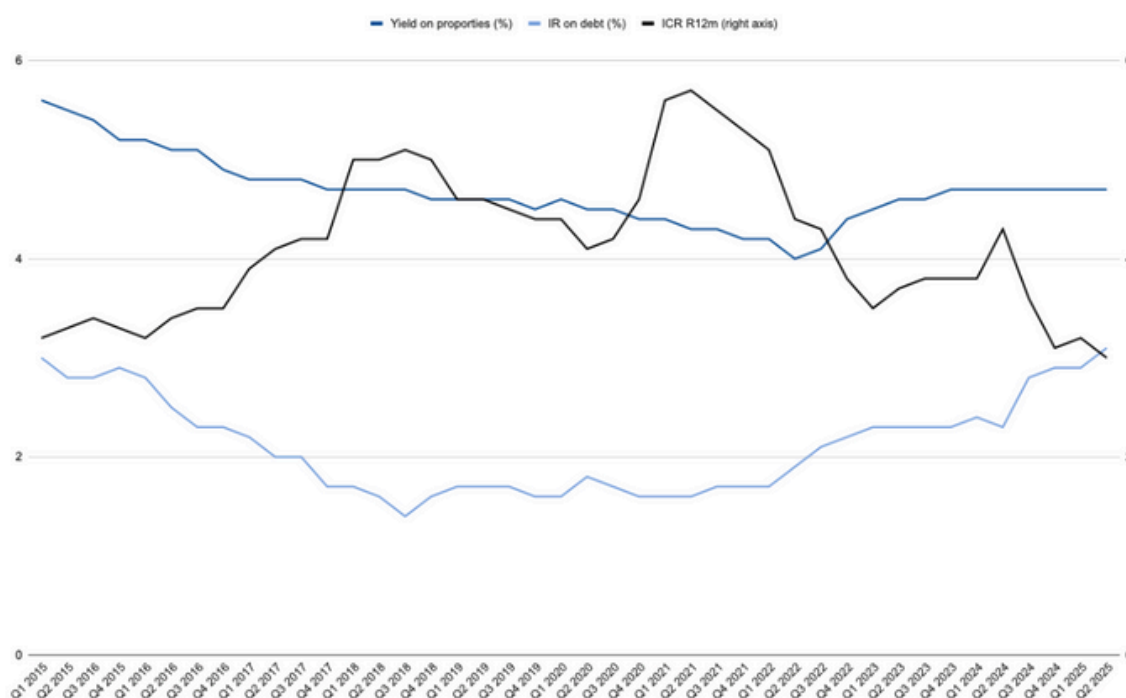
DCF

DCF (MSEK)	2024A	2025E	2026E	2027E	2028E	2029E	Term
Rental Income	2988	3036	3218	3269	3334	3401	
- LfL Rental Income Growth (%)	3.9%	1.6%	0.7%	1.6%	2.0%	2.0%	2.0%
Rental Income added from finished projects		160	135	202	130	100	
Total Rental Income	2988	3196	3353	3609	3811	3987	2.0%
NOI-margin (%)	70%	70%	70%	70%	70%	70%	70%
NOI	2092	2237	2347	2526	2668	2791	
Central costs & Net Financial items	667	738	775	720	710	700	
Profit from Property Management	1425	1499	1572	1806	1958	2091	
Tax	174	177	181	185	189	193	
FOCF	1279	1322	1391	1621	1769	1898	60500
NPV FOCF	1279	1257	1257	1395	1449	1477	47534

WACC	
Cost of Debt	2.9%
Cost of Equity	7.1%
Tax Rate	20.6%
Beta	1.02
Market Risk Premium	5.0%
Liquidity Premium	0.0%
Risk Free Interest Rate	2.0%
Long-Term Growth Rate	2.0%
Weighted Average Cost of Capital (WACC)	5.2%

DCF Valuation Breakdown (MSEK)	
NPV	54 363
Cash (Debt)	-25 500
Value of Minorities	-0
Equity Value DCF	28 863
No Shares, Diluted ('000)	666 104
Current Mkt Cap	20 900
Equity Value DCF per share (SEK)	43,3

Yield & Interest rates



Data sources: Atrium Ljungberg Quarter & Annual Reports, BörsData, Nasdaq, Millestream, Modular Finance/Holdings & Google Finance.



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