



## Penser Access by Carnegie

Real Estate Management & Development | Sweden | 17 April 2024

# Arlandastad Group

## News flow from Skavsta strengthens our investment case

### Land deals in the area highlight potentially high returns on investment

Arlandastad Group has recently conducted two deals regarding Skavsta Airport. The first was the divestment of 7,300 sqm to Connect Skavsta Property AB, which has held the land on a long-term lease since 2007, with one of its hotels located there. The purchase price was SEK17m, or SEK2,339 per sqm. By contrast, building rights at Skavsta hold a valuation of SEK287 per sqm and we believe the acquisition cost for the undeveloped land when Skavsta was acquired totalled some SEK110 per sqm. The other deal undertaken was Arlandastad Group's acquisition of 50% of a property, Lund 3:8. This comprises 5.7 hectares of land that also accommodates a long-term car park. A new JV company will own the land with the former owner of the property, Fjellskärs Gård AB. Four buildings will be constructed on the site, each comprising 2,500 sqm. These can be leased to companies involved in airport-related business or working with the East Link or other future projects in the area.

### Transparent value creation in the deals

We believe the deal with Connect should be considered in the light of the cash component of the Skavsta acquisition having been SEK29m. Arlandastad Group has thus managed to reclaim a large part of the cash expended on the acquisition. The deal also highlights the value to be found in developing or selling the land around Skavsta. Through the JV, Arlandastad Group can also increase its revenues from Skavsta by removing a competitor in the car park business. In summary, we see both deals demonstrating that Arlandastad Group has a clear plan for the area.

### Further deals will spur the share price

With these two deals, Arlandastad Group has proven the considerable potential on its balance sheet that could lead to significant cash flows. We believe Skavsta will reduce its operational losses during the year through increased air traffic, which drives turnover rents. These two deals offer insight into the value Arlandastad Group saw in its acquisition of Skavsta – ie, significantly more than a business that at the time of acquisition was losing SEK48.3m annually during the pandemic. We believe Skavsta should be seen as an entity with considerable option value and high project potential rather than simply an airport business.

Change in estimates				Forecasts (SEKm)				Value and risk														
	24e	25e	26e		2023	2024e	2025e	2026e	Fair value	SEK 68.0 - 72.0												
Rental Income	0.0%	0.0%	0.0%	Rental Income	184	212	238	256	Share price	SEK 28.2												
PFPM	0.0%	0.0%	0.0%	Rental growth	47%	15%	12%	8%	Risk level	Medium												
EPRA NAV	0.0%	0.0%	0.0%	NOI	123	146	163	176	<b>Price Performance 12 months</b> 													
<b>Upcoming events</b>				NOI-Margin	67%	69%	69%	69%														
Q1 - report		16 May 2024		PFPM	-88	12	15	18	<b>Conflicts of interest</b> <table border="1"> <thead> <tr> <th></th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Liquidity provider</td> <td></td> <td>✓</td> </tr> <tr> <td>Certified adviser</td> <td></td> <td>✓</td> </tr> <tr> <td>Transactions 12m</td> <td></td> <td>✓</td> </tr> </tbody> </table>			Yes	No	Liquidity provider		✓	Certified adviser		✓	Transactions 12m		✓
	Yes	No																				
Liquidity provider		✓																				
Certified adviser		✓																				
Transactions 12m		✓																				
Q2 - report		18 July 2024		PFPM, Growth	82%	19%	12%	8%														
<b>Company facts (SEKm)</b>				EPRA NAV	86.0	88.8	91.9	92.5	<b>Conflicts of interest</b> <table border="1"> <thead> <tr> <th></th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Liquidity provider</td> <td></td> <td>✓</td> </tr> <tr> <td>Certified adviser</td> <td></td> <td>✓</td> </tr> <tr> <td>Transactions 12m</td> <td></td> <td>✓</td> </tr> </tbody> </table>			Yes	No	Liquidity provider		✓	Certified adviser		✓	Transactions 12m		✓
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Liquidity provider		✓																				
Certified adviser		✓																				
Transactions 12m		✓																				
Number of shares		63m		EPRA NAV, Growth	-2%	3%	3%	1%														
Market capitalisation		1,784		CEPS	-1.1	0.1	0.2	0.2														
Net debt		1,372		CEPS growth	-126%	114%	29%	17%														
EV		3,156		P/PFPM Per Share	-22.3x	149.8x	116.1x	99.6x														
Free float		40%		P/CEPS	-28.3x	188.7x	146.2x	125.4x														
Daily trading volume, average		2k		Implicit yield	19.1%	21.1%	21.8%	7.5%														
Bloomberg Ticker	AGROUP SS EQUITY			ROE	-	3.9%	4.0%	0.7%														
<b>Analyst</b>				Loan-to-value	24.6%	25.3%	26.3%	28.4%														
Rikard Engberg				ICR	0.0x	1.1x	1.1x	1.1x														
rikard.engberg@carnegie.se				Average interest rate	6.2%	5.9%	6.1%	6.0%														

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