

■ **Price (Euro)** **5.85**
52 weeks range 8.88 / 2.88

■ **Key Data**

ISIN LU1673108939
Ticker AT1
Bloomberg AT1 GR
Reporting standard IFRS
Market Cap (Euro million) 8,992
Number of shares (million) 1,537.0
Free Float 65.0%
Free Float Market Cap (Euro million) 5,845
CAGR Adj. EBITDA profit ('19-'22e) 14.7%

■ Multiples	2019	2020e	2021e	2022e
Market Cap/ Total revenues	10.0	7.5	6.7	6.0
PE-Ratio	5.2	9.4	7.3	5.5
Dividend Yield	2.4%	3.9%	5.8%	6.5%
Price-to-Book-Ratio	0.72	0.63	0.47	0.41
P/ NAV-ratio	0.67	0.61	0.45	0.40

■ Key Data per share (Euro)	2019	2020e	2021e	2022e
Earnings per share (EPS)	1.12	0.62	0.80	1.06
Dividend per share (DPS)	0.14	0.23	0.34	0.38
Book Value per Share (BVPS)	8.17	9.24	12.37	14.14
EPRA NAV per share	8.70	9.65	12.92	14.77

■ Financial Data (Euro Millions)	2019	2020e	2021e	2022e
Revenues (rental income)	894.8	1,203.4	1,335.8	1,509.4
Capital gains, Prop. Revaluations	1,217.5	855.1	675.0	1,034.0
EBITDA profit	2,157.5	1,800.5	1,785.4	2,316.3
Adj. EBITDA profit (cash driven)	772.7	903.7	998.1	1,166.5
Operating profit (EBIT)	2,155.8	1,804.5	1,789.8	2,321.7
Net financial result	-96.0	-338.7	-250.1	-282.3
Pre-tax profit (EBT)	2,059.8	1,465.8	1,539.7	2,039.4
Taxation	-350.7	-356.2	-231.0	-305.9
Net profit after minorities	1,308.1	811.3	914.7	1,232.1
FFO I	503.4	561.6	593.7	686.6
Shareholders' equity (Euro billion)	9.6	12.0	14.1	16.5
Property portfolio (Euro billion)	21.2	24.3	29.9	34.7
RoE (after tax)	11.2%	5.4%	5.0%	5.8%
Equity ratio (incl. equity minorities)	52.6%	51.6%	50.0%	48.5%

■ **Main Shareholders**

Treasury shares 25%
Avisco Group Plc. 10%

■ **Financial calendar**

Ordinary general meeting 15 December 2020
Annual report 2020 March 2021
1Q 2021 report May 2021

■ **Analysts**

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9M numbers in line with full-year estimates - Top-line up 37%, FFO hike of 18% - partial dividend of 14 cents per share to be proposed after all for 2019 - Euro 9.50 and Buy confirmed

Today, the company released the 9M 2020 report and held a conference call. The numbers were in line with our estimate. Net rental income hiked by 37% from Euro 555m to Euro 758m, lifting revenues by 37% as well to Euro 890m. Revaluation and capital gains came in at Euro 736m, down from last year's number, but considering the difficult market environment in 2020, we consider this as a very good result and the number is clearly on top of our estimate. Included here is a negative valuation from the hotel portfolio of Euro -322m, while the remaining portfolio has gained about Euro 1.06bn. Property operating expenses amounted to Euro 303m compared to last year's number of Euro 173m and included extraordinary rent provisions of Euro 70m from the hotel industry. Operating profit on EBITDA basis came in at Euro 1.44bn, down 19% from last year's number of Euro 1.77bn. Adjusted EBITDA, however, hiked by 30%, from Euro 557m last year to now Euro 723m. The financial result was at Euro -284m, significantly below the number of the previous year's period of Euro -14m. This is mainly due to the other financial result of Euro -133m compared to a positive amount of Euro 92m last year, as mainly non-recurring and non-cash items such as fair value changes of derivatives and contingent liabilities relating to the TLG takeover are included, as well as expenses related to bond refinancing. The bottom line after minorities stood at Euro 486m. The cash-driven FFO I came in at Euro 438m, reflecting an increase of 18% from Euro 371m last year. FFO I per share hiked by 3% from 32 cents per share to 33 cents. FFO I after perpetual, which is the figure Aroundtown bases its 2020 full-year guidance of Euro 460m to Euro 485m on, stood at Euro 371m at 9M.

Looking at the portfolio, the year has so far been dictated by disposals rather than acquisitions given the pandemic and the uncertainties that came with it. Year to date, the company has already disposed Euro 2.1bn of non-core and mature assets and another about Euro 500m are under advanced negotiations. **In turn, the company has used the proceeds to drive the initiated share buy-back and to repay debt, both in an amount of Euro 1bn or more, which should clearly drive the shareholder value in the coming years, which can also be seen in our per share estimates.** Furthermore, as announced on 12 November, after postponing a dividend distribution in May, the management has decided to finally propose a partial dividend payment of 14 cents per share at the general meeting on 15 December. As the dividend distribution for 2020 will be based on the Covid adjusted FFO, we somewhat reduced our estimate for the 2020 dividend in turn to account for these adjustments.

Further news came today regarding the management board as the company announced that Mr. Shmuel Mayo decided that he will retire as Co-CEO, but will continue to serve as an advisor to the company afterwards.

The share has gained about 20% since our last update and we believe that the share should continue to recover, even more if the announced vaccination proves to be effective, which would also benefit the hotel portion of the portfolio significantly. The effects of the share buyback will become visible in the next year's numbers and also further drive our valuation, which continues to yield a double digit target price. As we remain conservative with our approach given the lingering uncertainties, however, we confirm our Euro 9.50 target price and stick to our Buy recommendation.

Aroundtown SA

Industry: Real Estate
Sub-segments: Commercial (incl. Hotel)/ Residential
Target Countries: Germany
Registered: Luxembourg
German Office: Berlin
Foundation: 2004
Employees: 492
IR Contact: Timothy Wright
Email: info@aroundtownholdings.com
Credit Rating: BBB+ by S&P (Investment Grade)
Stock exchange: Prime Standard Frankfurt
ISIN: LU1673108939
Bloomberg: AT1 GR

MANAGEMENT		
Shmuel Mayo Co-CEO	Barak Bar-Hen Co-CEO	Eyal Ben David CFO
Frank Rosen Director	Jelena Afxentiou Director	Markus Kreuter Indep. Director
Markus Leininger Indep. Director	Simone Runge-Brandner Indep. Director	Ran Laufer Non-Exec. Director

ADVISORY BOARD
Dr. Gerhard Cromme Chairman
Yakir Gabay
Claudio Jarczyk
David Maimon

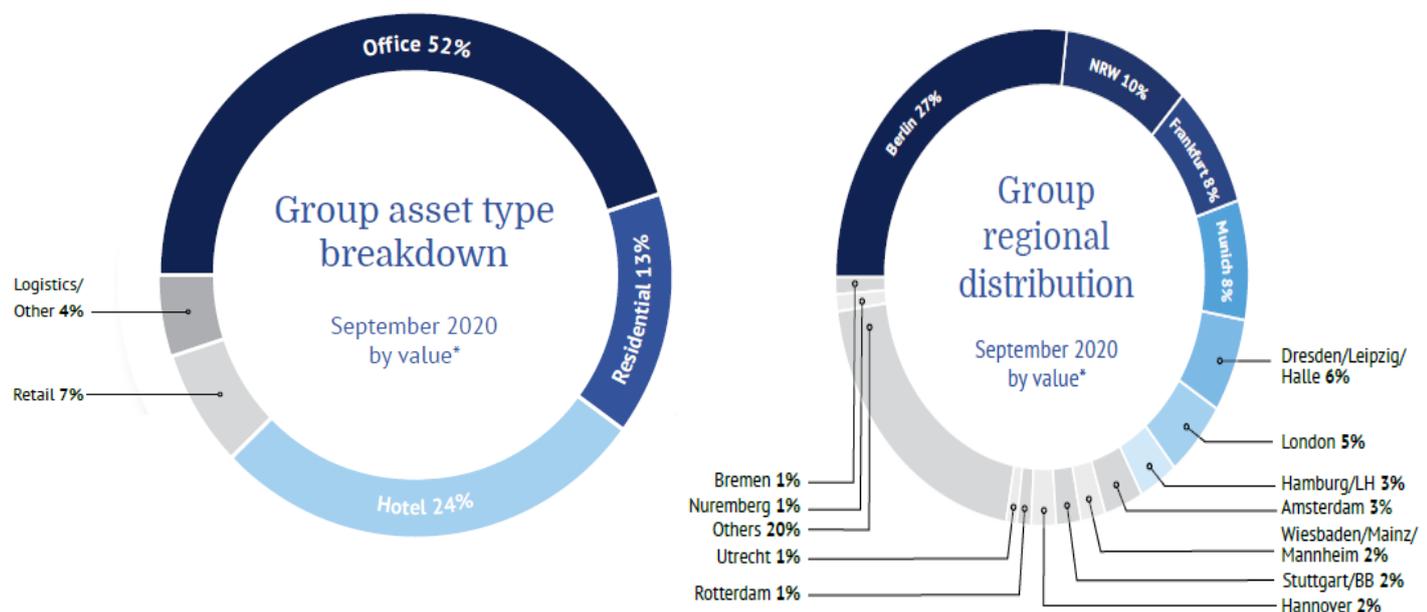
Founded in 2004, AROUNDTOWN SA ("AT1") is a real estate investment company specializing in identifying and investing in value-add and income generating properties. Aroundtown SA is listed in the German Prime Standard since June 2017 and member of German MDax index since 19 March 2018.

AT's primary real estate target markets are economically attractive and densely populated regions in Germany. The company is active in both the commercial as well as the residential real estate sector. Nonetheless, it more plays an active role in the commercial sector since the residential exposure within the portfolio is represented by an interest in the publicly listed company Grand City Properties ("GCP") with a stake of 39% as of 1H 2020. Grand City is a German MDax member since 18 Sept. 2017. Including the new assets coming from the takeover of TLG, which was completed in February 2020, the firm's total portfolio has grown significantly and currently amounts to Euro 25bn. Commercial properties have a share of 87% relatively to the total portfolio of investment properties based on appraisal values and logically residential properties cover the remaining share of 13%. The commercial part of the portfolio consists to 56% of office properties followed by hotel and retail. Hotel properties currently have a portfolio share of about 26%. The geographical allocation of the portfolio by value as of September 2020 is illustrated in the graph below.

AT comes along with a well-experienced management team where each member supplements the team with a distinctive professional background in various fields like investment banking, real estate investment and asset management and project development for instance. AROUNDTOWN targets turnaround opportunities of distressed and/or mismanaged properties and has a strong track record with regard to property turnaround by working out sound individual business plans. Detailed property-related data are deliberately not disclosed. AT argues that they are doing so in order to direct investors' attention on the bottom line on company level rather than being monitored on the performance of each individual property.

Apart from a proven turnaround strategy AT also benefits from its preferred buyer status among its long-time established network within the real estate industry, from excellent refinancing opportunities due to its investment grade credit rating of BBB+, assigned by S&P in December 2017 and from its strong organizational setup in terms of personnel resources and capital intense infrastructure. We believe a rating upgrade could happen soon.

Aroundtown was recently added to the newly launched DAX ESG Index and ranked as the highest ESG ranked real estate constituent of the index. Following the finalization of the merger with TLG Immobilien in mid February, we believe an uplisting to the German DAX is within reach in the coming quarters.



Source: Company Data, SRC Research

AROUNDTOWN SA 31/12 IFRS (Euro Millions)	2017	2018	2019	2020e	2021e	2022e	CAGR '19 - '22e
Revenues	527.1	747.1	894.8	1,203.4	1,335.8	1,509.4	19.0%
Capital gains, property revaluations and others	1,326.6	1,536.4	1,217.5	855.1	675.0	1,034.0	
thereof net revaluation result	1,315.2	1,459.6	1,156.6	812.3	641.3	982.3	
thereof capital gains and bargain purchase	11.4	76.8	60.9	42.8	33.8	51.7	
Share in profit from investment in equity-accounted investees	228.4	251.6	298.7	199.1	211.0	223.7	
Property-related operating expenses	-147.1	-219.1	-227.9	-398.8	-386.3	-394.6	
Administrative and other expenses	-14.7	-22.5	-27.3	-54.3	-46.8	-52.8	
thereof depreciation and amortization	-2.0	-1.6	-1.8	4.0	4.4	5.4	
Operating profit (EBITDA)	1,922.3	2,295.1	2,157.5	1,800.5	1,785.4	2,316.3	
Operating Profit (EBIT)	1,920.3	2,293.5	2,155.8	1,804.5	1,789.8	2,321.7	
Finance expenses	-69.7	-114.6	-141.7	-195.1	-224.4	-258.0	
Other financial results	-15.0	-93.8	45.7	-143.6	-25.7	-24.3	
Net financial result	-84.7	-208.4	-96.0	-338.7	-250.1	-282.3	
Pre-tax profit (EBT)	1,835.6	2,085.1	2,059.8	1,465.8	1,539.7	2,039.4	-0.3%
Tax (cash and deferred)	-296.6	-257.3	-350.7	-356.2	-231.0	-305.9	
Net profit before minorities	1,539.0	1,827.8	1,709.1	1,109.6	1,308.7	1,733.5	
Minorities	-256.4	-207.4	-401.0	-298.3	-394.0	-501.4	
Net profit after minorities	1,282.6	1,620.4	1,308.1	811.3	914.7	1,232.1	
Number of shares (weighted average, excl. treasury shares)	821.5	1,052.6	1,172.9	1,302.4	1,143.5	1,166.4	
Number of shares (weighted average, diluted, excl. treasury)	925.0	1,082.8	1,174.0	1,304.5	1,155.3	1,178.4	
Earnings per share (EPS, basic)	1.56	1.54	1.12	0.62	0.80	1.06	
Earnings per share (EPS, diluted)	1.35	1.49	1.11	0.60	0.77	1.03	
Dividend per share (DPS)	0.23	0.25	0.14	0.23	0.34	0.38	
EBITDA	1,922.3	2,295.1	2,157.5	1,800.5	1,785.4	2,316.3	2.4%
- Capital Gains, revaluations and other income	-1,326.6	-1,536.4	-1,217.5	-855.1	-675.0	-1,034.0	
- Net adjustment	-138.1	-142.3	-167.0	-92.0	-93.8	-95.7	
- Other adjustments	-28.3	-10.4	-0.3	50.3	-18.4	-20.1	
Adjusted EBITDA	429.3	606.0	772.7	903.7	998.1	1,166.5	14.7%
AT's finance expenses	-69.7	-114.6	-141.7	-195.1	-224.4	-258.0	
Adjustments of finance expenses	-10.3	-17.6	-20.4	18.4	15.6	19.4	
Adjusted Finance Expenses	-80.0	-132.2	-162.1	-176.7	-208.8	-238.6	
ICR (Interest coverage ratio)	5.4	4.7	4.8	5.1	4.8	4.9	
Financing expenses	-69.7	-114.6	-141.7	-195.1	-224.4	-258.0	
Current cash tax expenses	-27.5	-44.4	-70.6	-91.8	-119.3	-155.1	
Adjustments for the holdings rates	-33.1	-41.3	-57.0	-55.2	-60.7	-66.8	
FFO I	299.0	405.7	503.4	561.6	593.7	686.6	10.9%
FFO I per share (weighted average, without dilution)	0.36	0.39	0.43	0.43	0.52	0.59	
Shareholders' Equity (without minorities)	5,402.3	7,829.5	9,585.5	12,032.6	14,147.8	16,493.9	19.8%
Shareholders' Equity (including minorities)	7,249.9	9,944.3	13,378.9	16,824.8	19,742.8	22,970.8	
Growth Shareholders' Equity (without minorities)	75%	45%	22%	26%	18%	17%	
EPRA NAV	6,483.0	8,742.4	10,633.4	12,568.7	14,778.1	17,228.8	17.5%
Balance Sheet sum	13,770.4	19,040.8	25,444.7	32,590.1	39,464.9	47,318.3	
Equity Ratio	52.6%	52.2%	52.6%	51.6%	50.0%	48.5%	
RoE (after tax)	22.9%	18.8%	11.2%	5.4%	5.0%	5.8%	-19.9%
Property portfolio (including equity-accounted investees)	12,231.5	16,221.9	21,213.3	24,328.0	29,923.4	34,711.2	
Book Value per share (Euro) - undiluted	6.58	7.44	8.17	9.24	12.37	14.14	20.1%
NAV per share (Euro) - undiluted	6.50	7.70	8.70	9.65	12.92	14.77	19.3%

SRC Research

- Der Spezialist für Finanz- und Immobilienaktien -

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Rating chronicle:

Company	Date	Rating	former share price	former target
Aroundtown	August 26, 2020	Buy	4.87 €	9.50 €
Aroundtown	May 27, 2020	Buy	4.84 €	9.50 €
Aroundtown	March 24, 2020	Buy	4.11 €	9.50 €
Aroundtown	January 24, 2020	Buy	8.21 €	9.50 €
Aroundtown	November 27, 2019	Buy	7.65 €	9.50 €
Aroundtown	November 19, 2019	Buy	7.68 €	9.50 €
Aroundtown	October 28, 2019	Buy	7.41 €	9.50 €

Please note:

The share price mentioned in this report is from 24 November 2020. AROUNDTOWN SA mandated SRC Research for covering the share.

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