

25 | August | 2022

■ **Price (Euro)** **3.01**
52 weeks range 6.77 / 2.76

■ **Key Data**

ISIN LU1673108939
 Ticker AT1
 Bloomberg AT1 GR
 Reporting standard IFRS
 Market Cap (Euro million) 4,626
 Number of shares (million) 1,537.0
 Free Float 56.0%
 Free Float Market Cap (Euro million) 2,591
 CAGR Adj. EBITDA profit ('21-'24e) 1.7%

Multiples	2021	2022e	2023e	2024e
Market Cap/ Total revenues	3.5	3.2	3.1	2.9
PE-Ratio	5.5	5.1	5.3	5.7
Dividend Yield	7.5%	8.5%	10.6%	11.5%
Price-to-Book-Ratio	0.32	0.29	0.27	0.27
P/ NAV-ratio	0.29	0.26	0.25	0.24

Key Data per share (Euro)	2021	2022e	2023e	2024e
Earnings per share (EPS)	0.55	0.59	0.56	0.53
Dividend per share (DPS)	0.23	0.25	0.32	0.35
Book Value per Share (BVPS)	9.30	10.40	11.10	11.32
EPRA NTA per share	10.21	11.42	12.19	12.43

Financial Data (Euro Millions)	2021	2022e	2023e	2024e
Revenues (rental income)	1,323.2	1,455.5	1,513.7	1,574.3
Capital gains, Prop. Revaluations	809.7	822.3	563.7	458.3
EBITDA profit	1,751.6	1,790.1	1,659.3	1,596.1
Adj. EBITDA profit (cash driven)	973.9	967.1	983.4	1,024.7
Operating profit (EBIT)	1,736.7	1,773.3	1,641.5	1,577.7
Net financial result	-342.5	-237.9	-239.8	-256.7
Pre-tax profit (EBT)	1,394.2	1,535.4	1,401.7	1,321.0
Taxation	-316.1	-291.7	-266.3	-251.0
Net profit after minorities	642.2	646.7	590.4	556.4
FFO I	459.1	489.6	565.1	602.3
Shareholders' equity (Euro billion)	10.5	10.9	11.2	11.4
Property portfolio (Euro billion)	29.1	28.5	30.0	31.5
RoE (after tax)	3.7%	3.3%	2.9%	2.7%
Equity ratio (incl. equity minorities)	48.6%	51.3%	50.9%	50.6%

■ **Main Shareholders**

Treasury shares 29%
 Avisco Group Plc. 15%

■ **Financial calendar**

SRC Forum Financials & Real Estate 13 September 2022
 9M 2022 report 29 November 2022

■ **Analysts**

Christopher Mehl, MBA, CFA
 Dipl.-Kfm. Stefan Scharff, CREA

E-Mail mehl@src-research.de
 scharff@src-research.de

Internet www.src-research.de
 www.aktienmarkt-international.at
 www.aktienmarkt-international.de

1H numbers on track of our estimates and firm's guidance with a hike of 13% in FFO per share – Target down to 6.00 Euros due to increased interest rates and risk factors, Buy rating affirmed

Today, Arowntown released the report for the first half of 2022 and held a conference call. The numbers met our expectations and are on track to reach our full-year estimates and the firm also reaffirmed its full-year guidance. The revenues of the first six months hiked by 46% from Euro 541m to Euro 790m. Recurring long-term net rental income hiked by 36% from Euro 442m to Euro 602m. Those increases were mainly driven by the consolidation of GCP and a 2.3% like-for-like growth, both of which offset the lower rental income due to sales of Euro 1.8bn of properties in the last 12 months. The share of profit from at-equity investments amounted to Euro 32m. Revaluations and capital gains for the first six months came in at Euro 401m. Here, about 70% of the portfolio was revalued leading to revaluations of Euro 359m, while capital gains amounted to Euro 42m, coming from the disposals which were sold at a margin of 7% above book value and 39% over cost value. Property operating expenses climbed from Euro 218.1m to Euro 322.3m and were mainly impacted by the consolidation of GCP as well, however, also suffered to some part from cost inflation. Included here are also extraordinary expenses for uncollected rent of Euro 45m (1H 2021: Euro 75m), which are somewhat lower than expected at 1H. Nevertheless, we keep our full-year estimate regarding the extraordinary expenses unchanged due to the uncertainties of the developments in the fall/winter. The firm's operating profit amounted to Euro 869m, up from last year's number of Euro 496m. Adjusted EBITDA was up 13% and hiked from Euro 452m to Euro 511m. The firm's finance expenses of the first six months amounted to Euro 94m, up from Euro 81m last year due to the consolidation of GCP, but would have declined excluding GCP due to debt repayments. The other financial result on the other hand significantly increased from Euro 2m in 1H 2021 to now Euro 131m. The bottom line after minorities came in at Euro 282m. The cash-driven FFO I, which can directly be compared to the previous period as it does not include any effects from the consolidation of GCP, hiked by 3% from Euro 172m to Euro 186m and on a per share basis even by 13% from 15 cents to 17 cents, clearly reflecting the positive impact of the share buyback.

The firm continues to have a very solid financial position. The debt maturity profile has no significant maturities until 2025 and the current cash and disposal proceeds of a total of more than Euro 3.3bn cover the firm's debt maturities for the next three years. Regarding the upcoming call dates of the perpetual notes, the company is currently evaluating different options and we expect further news on that in the coming quarters.

While the developments of the first six months of the year are fully in line with our expectations and we see the firm in a very strong financial position in more turbulent times, the tougher market conditions and mainly the rising interest rate environment still has an impact on our valuation. With the new input factors for our DCF valuation, the fair value now stands at about Euro 6.00 per share, which in turn also becomes our new target price. Nevertheless, we continue to believe that the firm is currently clearly undervalued at the low share price level of only 3.00 Euros and clearly confirm our Buy rating.

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		
Barak Bar-Hen Co-CEO & COO	Eyal Ben David CFO	Oschrie Massatschi CFO
Frank Roseen 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

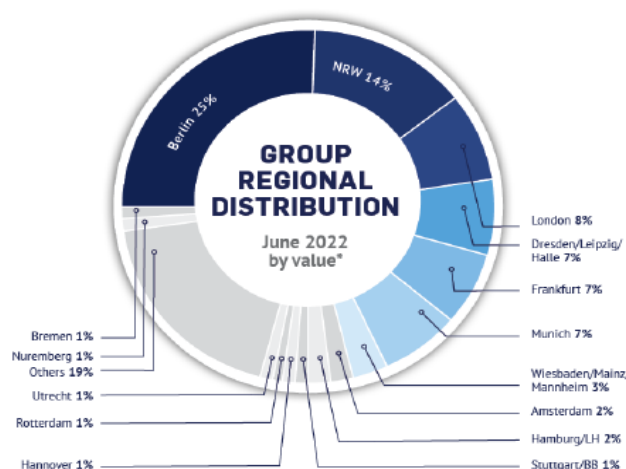
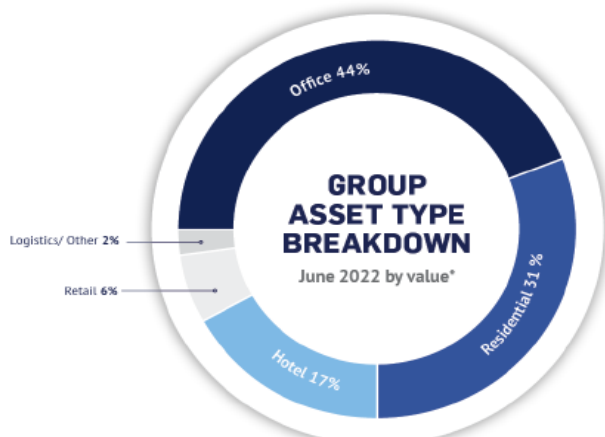
Founded in 2004, AROUNDTOWN SA ("AT1") is a real estate investment company specializing in identifying and investing in value-add and income generating properties. Aroundtown SA is listed in the German Prime Standard since June 2017 and member of German MDax index since 19 March 2018.

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 58% as of 1H 2022, which is being fully consolidated since 1 July 2021. The firm's total portfolio has grown significantly over the recent years and currently amounts to almost Euro 30bn. Commercial properties have a share of 69% relatively to the total portfolio of investment properties based on appraisal values and logically residential properties cover the remaining share of 31%. Office properties make up for 44%, while the hotel share stands at 17%. Retail, logistics and other assets comprise the remaining 8%.

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 is part of the DAX ESG Index and ranked as the highest ESG ranked real estate constituent of the index. We believe an uplisting to the German DAX is within reach in the coming quarters, even more if the market cap returns to pre-corona levels.



Source: Company Data, SRC Research

AROUNDTOWN SA 31/12 IFRS (Euro Millions)	2019	2020	2021	2022e	2023e	2024e	CAGR '21 - '24e
Revenues	894.8	1,180.3	1,323.2	1,455.5	1,513.7	1,574.3	6.0%
Capital gains, property revaluations and others	1,217.5	769.4	809.7	822.3	563.7	458.3	
thereof net revaluation result	1,156.6	711.6	744.1	781.2	535.5	435.4	
thereof capital gains and bargain purchase	60.9	57.8	65.6	41.1	28.2	22.9	
Share in profit from investment in equity-accounted investees	298.7	195.7	193.4	54.1	57.3	60.8	
Property-related operating expenses	-227.9	-442.6	-533.0	-500.4	-433.6	-453.6	
thereof depreciation and amortization	-1.8	-4.3	-15.9	-16.8	-17.8	-18.4	
Administrative and other expenses	-27.3	-51.1	-56.6	-58.2	-59.7	-62.1	
Operating profit (EBITDA)	2,157.5	1,656.0	1,751.6	1,790.1	1,659.3	1,596.1	
Operating Profit (EBIT)	2,155.8	1,651.7	1,736.7	1,773.3	1,641.5	1,577.7	
Finance expenses	-141.7	-200.7	-180.4	-175.6	-184.4	-202.8	
Other financial results	45.7	-167.8	-162.1	-62.3	-55.4	-53.9	
Net financial result	-96.0	-368.5	-342.5	-237.9	-239.8	-256.7	
Pre-tax profit (EBT)	2,059.8	1,283.2	1,394.2	1,535.4	1,401.7	1,321.0	-1.8%
Tax (cash and deferred)	-350.7	-376.8	-316.1	-291.7	-266.3	-251.0	
Net profit before minorities	1,709.1	906.4	1,078.1	1,243.7	1,135.4	1,070.0	
Minorities	-401.0	-254.7	-435.9	-597.0	-545.0	-513.6	
Net profit after minorities	1,308.1	651.7	642.2	646.7	590.4	556.4	
Number of shares (weighted average, excl. treasury shares)	1,172.9	1,305.2	1,168.2	1,094.4	1,048.2	1,048.2	
Earnings per share (EPS, basic)	1.12	0.50	0.55	0.59	0.56	0.53	
Earnings per share (EPS, diluted)	1.10	0.49	0.53	0.57	0.53	0.49	
Dividend per share (DPS)	0.14	0.22	0.23	0.25	0.32	0.35	
Adjusted EBITDA	772.7	944.1	973.9	967.1	983.4	1,024.7	1.7%
FFO I	503.4	447.4	459.1	489.6	565.1	602.3	9.5%
FFO I per share	0.43	0.34	0.39	0.45	0.54	0.57	13.5%
FFO I after perpetual	445.6	357.8	353.2	371.5	446.6	484.8	11.1%
FFO I per share after perpetual	0.38	0.27	0.30	0.34	0.43	0.46	15.2%
Shareholders' Equity (without minorities)	9,585.5	10,424.8	10,533.6	10,915.4	11,227.2	11,448.6	2.8%
Shareholders' Equity (including minorities)	13,378.9	15,583.0	19,156.4	19,811.1	20,336.2	20,695.8	
EPRA NTA	10,522.7	11,187.4	11,564.0	11,983.2	12,325.4	12,568.5	2.8%
Balance Sheet sum	25,444.7	31,021.6	39,383.1	38,595.4	39,918.3	40,863.1	
Equity Ratio	52.6%	50.2%	48.6%	51.3%	50.9%	50.6%	
RoE (after tax)	11.2%	4.5%	3.7%	3.3%	2.9%	2.7%	-9.8%
Property portfolio (including equity-accounted investees)	21,213.3	24,327.4	29,115.9	28,533.6	29,960.3	31,458.3	
Book Value per share (Euro) - undiluted	8.17	7.99	9.30	10.40	11.10	11.32	6.8%
EPRA NTA per share (Euro) - undiluted	8.59	9.51	10.21	11.42	12.19	12.43	6.8%

SRC Research

- Der Spezialist für Finanz- und Immobilienaktien -

SRC - Scharff Research und Consulting GmbH

Klingerstr. 23

D-60313 Frankfurt am Main

Germany

Fon: +49 (0)69/ 400 313-80

Mail: scharff@src-research.de

Internet: www.src-research.de

Rating chronicle:

Company	Date	Rating	former share price	former target
Aroundtown	May 25, 2022	Buy	4.46 €	7.50 €
Aroundtown	March 30, 2022	Buy	5.44 €	7.50 €
Aroundtown	November 24, 2021	Buy	5.92 €	8.00 €
Aroundtown	August 25, 2021	Buy	6.75 €	8.50 €
Aroundtown	May 27, 2021	Buy	6.81 €	8.50 €
Aroundtown	March 26, 2021	Buy	5.87 €	8.50 €
Aroundtown	November 25, 2020	Buy	5.85 €	9.50 €

Please note:

The share price mentioned in this report is from 24 August 2022. AROUNDTOWN SA mandated SRC Research for covering the share.

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