

27 | March | 2025

■ **Price (Euro)** **2.43**
52 weeks range 3.27 / 1.53

■ **Key Data**

ISIN	LU1673108939
Ticker	AT1
Bloomberg	AT1 GR
Reporting standard	IFRS
Market Cap (Euro million)	3,735
Number of shares (million)	1,537.0
Free Float	46.0%
Free Float Market Cap (Euro million)	1,718
CAGR Adj. EBITDA profit ('24-'27e)	0.4%

■ Multiples	2024	2025e	2026e	2027e
Market Cap/ Total revenues	2.4	2.4	2.4	2.3
PE-Ratio	50.2	10.8	6.5	5.3
Dividend Yield	0.0%	0.0%	11.6%	14.2%
Price-to-Book-Ratio	0.35	0.34	0.32	0.31
P/ NAV-ratio	0.33	0.33	0.31	0.30

■ Key Data per share (Euro)	2024	2025e	2026e	2027e
Earnings per share (EPS)	0.05	0.23	0.37	0.46
FFO I per share	0.29	0.28	0.29	0.30
Dividend per share (DPS)	0.00	0.00	0.28	0.35
EPRA NTA per share	7.45	7.46	7.84	8.03

■ Financial Data (Euro Millions)	2024	2025e	2026e	2027e
Revenues (rental income)	1,542.3	1,526.9	1,560.5	1,594.8
Capital gains, Prop. Revaluations	-125.4	-98.3	223.0	355.2
EBITDA profit	778.7	843.7	1,199.5	1,387.9
Adj. EBITDA profit (cash driven)	1,014.4	977.5	1,002.5	1,025.7
Operating profit (EBIT)	758.5	822.6	1,177.4	1,365.0
Net financial result	-266.2	-316.1	-334.6	-328.3
Pre-tax profit (EBT)	446.3	506.5	842.8	1,036.7
Taxation	-137.0	-96.2	-160.1	-197.0
Net profit after minorities	52.9	246.2	409.6	503.8
FFO I	315.5	307.2	318.6	327.9
Shareholders' equity (Euro billion)	7.6	7.9	8.3	8.5
Property portfolio (Euro billion)	24.4	23.4	24.1	24.8
RoE (after tax)	0.4%	1.6%	2.6%	3.1%
Equity ratio (incl. equity minorities)	44.6%	44.3%	43.8%	43.5%

■ **Main Shareholders**

Treasury shares	29%
Avisco Group Plc.	15%
Stumpf Capital GmbH	10%

■ **Financial calendar**

1Q 2025 report	28 May 2025
AGM	24 June 2025
1H 2025 report	27 August 2025

■ **Analyst** Dipl.-Kfm. Stefan Scharff, CREA

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2024 numbers pleasing and somewhat on top of our estimates, but lower than expected 2025 guidance and worsened market sentiment lead to a reduced TP of Euro 3.20 – Buy affirmed

Yesterday, Arowntown released the 2024 annual report and held a conference call. The numbers for 2024 were pleasing and even slightly on top of our estimate and at the upper end of the firm's guidance. Revenues were slightly down by about 1% from Euro 1.60bn to Euro 1.54bn. Within revenues, net rental income remained nearly unchanged at almost Euro 1.2bn despite a very large number of disposals, which were almost offset by a 2.9% like-for-like rental growth, while operating and other income came down from Euro 410m to Euro 361m. Property revaluations and capital gains and losses showed at Euro -125m a significantly improved picture compared to Euro -3.2bn Euro in the last year and also compared to the 1H 2024 number of Euro -591m. The share of at-equity investments was at Euro -43m compared to Euro -150m in the previous year. Property operating expenses amounted to Euro 550m and thus improved by about 14% compared to last year's number of Euro 638m and did no longer include any extraordinary expenses for uncollected hotel rents. The firm's EBITDA all in all amounted to Euro 759m and was clearly on top of last year's number of Euro -2.45bn. The adjusted EBITDA showed a slight year-over-year improvement from Euro 1.0bn to Euro 1.01bn. Finance expenses only slightly increased year-over-year from Euro 230m to Euro 235m. The bottom line after minorities turned back to black and stood at Euro 53m after Euro -1.99bn last year. The cash driven FFO I amounted to almost Euro 316m. While this number expectedly came down by about 5% compared to last year's number of Euro 332m, it was on top of our estimate of Euro 312m and also at the upper end of the firm's full-year guidance. The FFO per share amounts to 29 cents.

For the current fiscal year 2025 the company has released a new FFO guidance and expects the number to be in a corridor between Euro 280m and Euro 310m, which is below our previous FY2025 expectation of Euro 322m. However, Arowntown once again reported a high number of Euro 935m of signed disposals in 2024, which was on top of our estimate, resulting in a lower asset base than expected. Furthermore, the firm also expects another high level of disposals in the current year, which will further weigh on the FFO number. Thus, we understand the lower than expected guidance for the current year and also reduced our estimate but still expect with Euro 307m a result at the upper end of the guidance.

With a high cash position of Euro 3.6bn and a LTV level that came down in the second half of the year to 42%, we continue see the financial position of the company as very solid and expect another high activity on the debt side and regarding the perpetual notes again in this year, that should result in an overall further improved financial position in a years' time.

We are pleased with the numbers and progress the firm achieved in 2024. However, given the overall more negative market environment in the recent weeks, which led us to reverse our valuation picture of the portfolio back to a slightly negative development in 2025 as compared to our previous estimate of a possible valuation uplift, and also given the somewhat reduced FFO estimates for the current and the coming years, we reduce our target price from Euro 3.50 to now Euro 3.20, but we clearly confirm our Buy rating.

Aroundtown SA

Industry: Real Estate
Sub-segments: Commercial (incl. Hotel)/ Residential

Target Countries: Germany
Registered Office: Luxembourg
German Office: Berlin
Foundation: 2004
Employees: 1668

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
CEO & COO

Eyal Ben David
CFO

Limor Bermann
CSO

Frank Roseen
Director

Jelena Afxentiou
Director

Markus Kreuter
Indep. Director

Markus Leininger
Indep. Director

Simone Runge-Brandner
Indep. Director

Ran Laufer
Non-Exec. Director

Daniel Malkin
Indep. Director

ADVISORY BOARD

Dr. Gerhard Cromme
Chairman

Yakir Gabay

Claudio Jarczyk

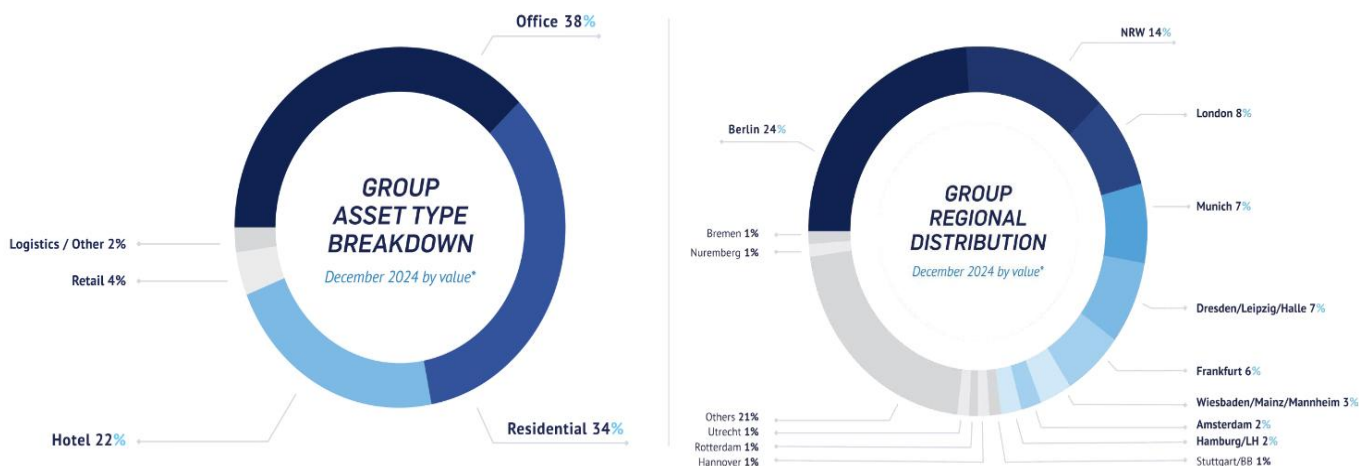
David Maimon

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.

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 62% as of FY 2024, which is being fully consolidated since 1 July 2021. The firm's total portfolio currently amounts to about Euro 24bn. Commercial properties have a share of 66% relatively to the total portfolio of investment properties based on appraisal values and logically residential properties cover the remaining share of 34%. Office properties make up for 38%, while the hotel share stands at 22%. Retail, logistics and other assets comprise the remaining 6%.

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. Currently, the firm is more acting as a net seller however, as the market has turned and the focus of the company is prudently on cash preservation. With a high cash balance of Euro 3.6bn and a solid balance sheet, we see the firm in a decent position despite the rough market and believe that once the conditions are more favourable again, the firm will return to selectively buying properties as it has successfully done before.

Aroundtown is part of the DAX ESG Index and ranked as the highest ESG ranked real estate constituent of the index.



Source: Company Data, SRC Research

Aroundtown was highly active on the capital markets in 2024

In 2024 Aroundtown was again very active on the capital markets by raising new debt which was then in turn used to optimize the firm's capital structure and maturity profile.

In April the firm launched several exchange and tender offers to holders of perpetual notes, in which an acceptance ratio of about 85% was achieved and Euro 2.6bn of new perpetual notes were issued. This led to a re-consideration as equity portion for rating purposes again, profiting the credit rating of the company. In this transaction, about Euro 300m of perpetuals were also redeemed, which results in reduced coupon payments, starting from 2025 on.

STRENGTHENED FINANCING PLATFORM THROUGH RETURN TO CAPITAL MARKETS	PROCEEDS USED FOR LIABILITY MANAGEMENT ACTIVITIES
<p><u>Largest RE IG-rated issuer in 2024 in Europe</u></p> <ul style="list-style-type: none">• €1.15bn in senior unsecured bond issuances• €2.6bn in perpetual notes issuances as part of exchange offers• €360m of new bank debt signed in 2024• Underlining capital markets access and broad and diverse investor base	<p><u>Optimizing the capital structure & debt maturity profile</u></p> <ul style="list-style-type: none">• €1.2bn bond repayments in 2024 of which:<ul style="list-style-type: none">• €740m bond buybacks and €445m of bond redemptions• €300m reduction in perpetual notes balance• €120m in bank debt repaid• €480m additional bond redemptions in 2025 YTD

Source: FY 2024 financial results presentation

In July the firm issued a total of Euro 1.15bn in senior unsecured bonds, of which about Euro 650m came from Aroundtown and Euro 500m were issued by GCP. This issuance, which was the first issuance since 2021, was 7 times oversubscribed, which is a strong sign of the confidence investors put in the company. This helped to repay a total of Euro 1.2bn of bonds in the last year.

Furthermore, a total of about Euro 360m of new bank debt was signed in 2024 and Euro 120m in bank debt was repaid. All these transactions clearly helped to optimize the firm's capital structure and maturity profile in the recent year. For the current fiscal year, we expect that high activity to continue and see another visible improvement of the financial position by year-end 2025. This is also indicated by the current progress, as year-to-date the company has already redeemed another Euro 480m of bonds.

AROUNDTOWN SA 31/12 IFRS (Euro Millions)	2022	2023	2024	2025e	2026e	2027e	CAGR '24 - '27e
Revenues	1,609.9	1,602.8	1,542.3	1,526.9	1,560.5	1,594.8	1.1%
Capital gains, property revaluations and others	-497.3	-3,217.5	-125.4	-98.3	223.0	355.2	
Share in profit from investment in equity-accounted investees	5.9	-149.8	-42.5	12.4	25.9	59.9	
Property-related operating expenses	-694.9	-638.4	-550.2	-557.3	-569.6	-582.1	
thereof depreciation and amortization	-21.1	-17.9	-20.2	-21.1	-22.1	-22.9	
Administrative and other expenses	-62.5	-64.7	-65.7	-61.1	-62.4	-63.8	
Operating profit (EBITDA)	382.2	-2,449.7	778.7	843.7	1,199.5	1,387.9	21.2%
Operating Profit (EBIT)	361.1	-2,467.6	758.5	822.6	1,177.4	1,365.0	21.6%
Impairment of goodwill	-404.3	-137.0	-46.0	0.0	0.0	0.0	
Finance expenses	-184.8	-230.1	-235.2	-240.2	-252.2	-264.8	
Other financial results	-194.1	-14.4	-31.0	-75.9	-82.4	-63.5	
Net financial result	-378.9	-244.5	-266.2	-316.1	-334.6	-328.3	
Pre-tax profit (EBT)	-422.1	-2,849.1	446.3	506.5	842.8	1,036.7	32.4%
Tax (cash and deferred)	-35.0	422.7	-137.0	-96.2	-160.1	-197.0	
Net profit before minorities	-457.1	-2,426.4	309.3	410.3	682.6	839.7	39.5%
Minorities	-188.0	438.8	-256.4	-164.1	-273.1	-335.9	
Net profit after minorities	-645.1	-1,987.6	52.9	246.2	409.6	503.8	112.0%
Number of shares (weighted average, excl. treasury shares)	1,109.9	1,093.0	1,093.5	1,093.5	1,093.5	1,093.5	
Earnings per share (EPS, basic)	-0.58	-1.82	0.05	0.23	0.37	0.46	
Earnings per share (EPS, diluted)	-0.58	-1.82	0.05	0.23	0.37	0.46	
Dividend per share (DPS)	0.00	0.00	0.00	0.00	0.28	0.35	
EBITDA	382.2	-2,449.7	778.7	843.7	1,199.5	1,387.9	21.2%
Adjusted EBITDA	878.8	1,002.9	1,014.4	977.5	1,002.5	1,025.7	0.4%
FFO I	362.7	332.0	315.5	307.2	318.6	327.9	1.3%
FFO I per share	0.33	0.30	0.29	0.28	0.29	0.30	1.3%
Shareholders' Equity (without minorities)	9,585.3	7,643.3	7,630.2	7,876.4	8,285.9	8,482.6	3.6%
Shareholders' Equity (including minorities)	17,823.4	15,149.7	15,009.7	15,462.9	16,234.5	16,586.5	
EPRA NTA	10,775.3	8,058.7	8,165.4	8,176.0	8,601.1	8,805.2	2.5%
Balance Sheet sum	37,347.1	33,559.3	33,619.9	34,921.4	37,100.6	38,157.1	
Equity Ratio	47.7%	45.1%	44.6%	44.3%	43.8%	43.5%	
RoE (after tax)	-3.5%	-12.1%	0.4%	1.6%	2.6%	3.1%	
Property portfolio (including equity-accounted investees)	27,981.0	24,632.4	24,375.3	23,400.3	24,102.3	24,825.4	
Book Value per share (Euro) - undiluted	8.76	6.99	6.96	7.18	7.56	7.74	3.6%
EPRA NTA per share (Euro) - undiluted	9.85	7.36	7.45	7.46	7.84	8.03	2.5%

SRC Research

- Der Spezialist für Finanz- und Immobilienaktien -

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Rating chronicle:

Company	Date	Rating	former share price	former target
Aroundtown	November 27, 2024	Buy	2.89 €	3.50 €
Aroundtown	August 29, 2024	Buy	2.39 €	3.50 €
Aroundtown	May 29, 2024	Buy	2.20 €	3.50 €
Aroundtown	April 2, 2024	Buy	1.96 €	3.50 €
Aroundtown	November 29, 2023	Buy	2.30 €	3.50 €
Aroundtown	September 4, 2023	Buy	1.52 €	3.50 €
Aroundtown	May 31, 2023	Buy	0.93 €	4.50 €
Aroundtown	March 29, 2023	Buy	1.36 €	4.50 €

Please note:

The share price mentioned in this report is from 26 March 2025. AROUNDTOWN SA mandated SRC Research for covering the share.

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