

31 | May | 2023

■ **Price (Euro)** **0.93**
52 weeks range 4.42 / 0.88

■ **Key Data**

ISIN LU1673108939
Ticker AT1
Bloomberg AT1 GR
Reporting standard IFRS
Market Cap (Euro million) 1,429
Number of shares (million) 1,537.0
Free Float 56.0%
Free Float Market Cap (Euro million) 800
CAGR Adj. EBITDA profit ('22-'25e) -0.9%

■ **Multiples**

	2022	2023e	2024e	2025e
Market Cap/ Total revenues	0.9	0.9	0.9	0.9
PE-Ratio	-1.6	-5.9	-18.9	2.8
Dividend Yield	0.0%	23.0%	23.3%	25.2%
Price-to-Book-Ratio	0.11	0.10	0.11	0.11
P/ NAV-ratio	0.09	0.10	0.10	0.10

■ **Key Data per share (Euro)**

	2022	2023e	2024e	2025e
Earnings per share (EPS)	-0.58	-0.16	-0.05	0.33
FFO I per share	0.33	0.28	0.29	0.31
Dividend per share (DPS)	0.00	0.21	0.22	0.23
EPRA NTA per share	9.85	9.66	9.18	9.12

■ **Financial Data (Euro Millions)**

	2022	2023e	2024e	2025e
Revenues (rental income)	1,609.9	1,561.6	1,530.4	1,561.0
Capital gains, Prop. Revaluations	-497.3	-852.1	-652.8	123.1
EBITDA profit	382.2	38.5	251.9	1,092.2
Adj. EBITDA profit (cash driven)	878.8	778.4	791.6	855.1
Operating profit (EBIT)	361.1	20.7	233.5	1,073.2
Net financial result	-378.9	-307.5	-300.3	-327.3
Pre-tax profit (EBT)	-422.1	-407.1	-127.6	745.9
Taxation	-35.0	77.3	24.2	-141.7
Net profit after minorities	-645.1	-171.5	-53.7	362.5
FFO I	362.7	310.6	315.2	340.8
Shareholders' equity (Euro billion)	9.6	9.4	9.1	9.3
Property portfolio (Euro billion)	28.0	25.8	25.0	25.5
RoE (after tax)	-3.5%	-1.0%	-0.3%	2.1%
Equity ratio (incl. equity minorities)	47.7%	47.8%	48.0%	47.8%

■ **Main Shareholders**

Treasury shares 29%
Avisco Group Plc. 15%

■ **Financial calendar**

AGM 28 June 2023
1H 2023 report 30 August 2023
SRC Forum Financials & Real Estate 12 September 2023

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

E-Mail scharff@src-research.de

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

1Q 2023 numbers are in line with our expectations with a 5% decrease in FFO I – financial position remains to be very solid with high level of liquidity – Buy rating and Euro 4.50 target affirmed

Yesterday, the firm published the report for the first quarter of 2023 and held a conference call. The numbers were largely in line with our estimates and the firm reaffirmed its guidance for the full year. Revenues slightly increased from Euro 394m to Euro 403m. Net rental income decreased from Euro 309m to Euro 297m as a result of more than Euro 2bn of disposals, while a like-for-like rental increase of 3.5% counteracted that effect. The share of profit from at-equity investments amounted to only Euro 5.2m after Euro 18.6m in the last year's period. Revaluation and capital gains stood at Euro -133m. Here, a valuation of a large part of the portfolio is only planned for the 1H numbers. Operating expenses all in all came in at Euro -172m and included extraordinary expenses for uncollected rent in the amount of Euro 15m (1H 2022: Euro 30m). We believe that a large part of extraordinary expenses for 2023 thus was already recorded in 1Q (FY2023 estimate: about Euro 30m) and AT expects a full recovery of the hotel market in 2024. All in all, the firm's EBITDA for the first quarter amounted to more than Euro 90m and thus clearly below last year's number of Euro 317m. The adjusted EBITDA came in at Euro 246m and thus only somewhat below last year's number of Euro 258m. The financial result improved from Euro -145.8m in last year's period to now Euro -91.1m and benefited from an improved other financial result, while finance expenses slightly increased due to an increased level of interest rates, which offset the effects from a reduced level of debt. The bottom line after minorities was at Euro -43.5m after Euro 64.0m last year. The loss per share amounted to 4 cents. The cash-driven FFO I result was at Euro 84.6m only slightly below last year's number of Euro 89.3m. This 5% decline was driven by higher finance expenses and perpetual notes attribution, as well as the effect of the disposals mentioned earlier.

The firm is still in a very decent financial position with cash and liquid assets of about Euro 3bn, which will further benefit from the to be closed disposals and the outstanding vendor loans. This balance currently covers all debt maturities until the end of 2025. The LTV as of 1Q stands at 40% and on a pro-forma basis, taking into account the net debt reduction after the reporting date, comes down to 37%. The firm furthermore has a high level of headroom regarding the covenants. Regarding the first call date of the call option of the July perpetual, no decision has been made yet, however, we expect that the perpetual notes will not be called.

The EPRA NTA slightly increased to almost Euro 10.2bn or Euro 9.3 per share. Thus, the share is currently trading at a massive discount. While the sector is currently clearly facing many challenges and a high level of uncertainties, the magnitude of that discount is still not justified in our opinion. The numbers of the first quarter are in line with our expectations and the firm's balance sheet continues to be solid. We thus confirm our Euro 4.50 target price and clearly stick to 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: 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 CCMO
Frank Roseen Director	Jelena Afxentiou Director	Markus Kreuter Indep. Director
Markus Leininger Indep. Director	Simone Runge-Brandner Director	Ran Laufer Non-Exec. Director

ADVISORY BOARD

Dr. Gerhard Cromme
Chairman

Yakir Gabay

Claudio Jarczyk

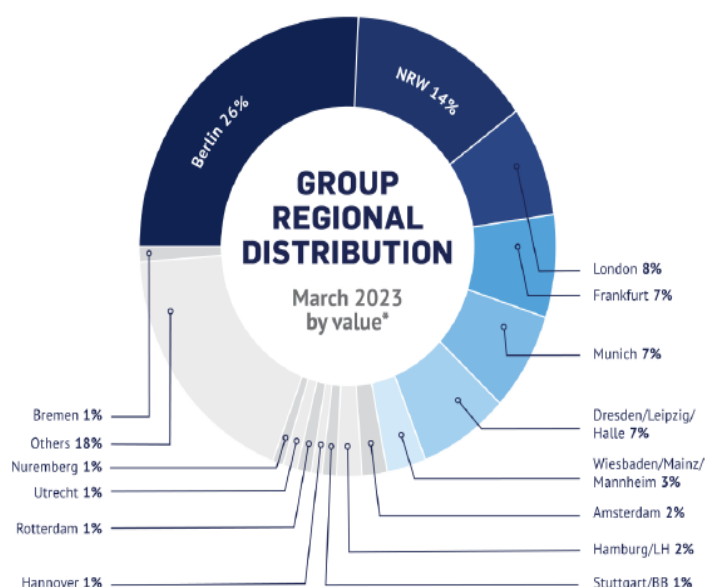
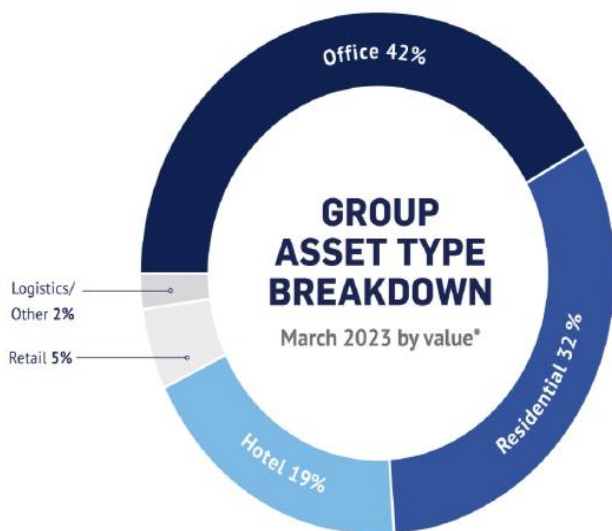
David Maimon

Founded in 2004, AROUNDTOWNSA ("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 61% as of 1Q 2023, which is being fully consolidated since 1 July 2021. The firm's total portfolio currently amounts to about Euro 28bn. Commercial properties have a share of 68% relatively to the total portfolio of investment properties based on appraisal values and logically residential properties cover the remaining share of 32%. Office properties make up for 43%, while the hotel share stands at 18%. Retail, logistics and other assets comprise the remaining 7%.

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 3.0bn 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 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 SA 31/12 IFRS (Euro Millions)	2020	2021	2022	2023e	2024e	2025e	CAGR '22 - '25e
Revenues	1,180.3	1,323.2	1,609.9	1,561.6	1,530.4	1,561.0	-1.0%
Capital gains, property revaluations and others	769.4	809.7	-497.3	-852.1	-652.8	123.1	
Share in profit from investment in equity-accounted investees	195.7	193.4	5.9	35.9	48.5	51.4	
Property-related operating expenses	-442.6	-533.0	-694.9	-662.2	-631.4	-599.8	
thereof depreciation and amortization	-4.3	-15.9	-21.1	-17.8	-18.4	-19.0	
Administrative and other expenses	-51.1	-56.6	-62.5	-62.5	-61.2	-62.4	
Operating profit (EBITDA)	1,656.0	1,751.6	382.2	38.5	251.9	1,092.2	
Operating Profit (EBIT)	1,651.7	1,736.7	361.1	20.7	233.5	1,073.2	
Impairment of goodwill	0.0	0.0	-404.3	-120.3	-60.7	0.0	
Finance expenses	-200.7	-180.4	-184.8	-224.0	-246.4	-251.4	
Other financial results	-167.8	-162.1	-194.1	-83.5	-53.9	-75.9	
Net financial result	-368.5	-342.5	-378.9	-307.5	-300.3	-327.3	
Pre-tax profit (EBT)	1,283.2	1,394.2	-422.1	-407.1	-127.6	745.9	
Tax (cash and deferred)	-376.8	-316.1	-35.0	77.3	24.2	-141.7	
Net profit before minorities	906.4	1,078.1	-457.1	-329.8	-103.3	604.2	
Minorities	-254.7	-435.9	-188.0	158.3	49.6	-241.7	
Net profit after minorities	651.7	642.2	-645.1	-171.5	-53.7	362.5	
Number of shares (weighted average, excl. treasury shares)	1,305.2	1,168.2	1,109.9	1,090.5	1,090.5	1,090.5	
Earnings per share (EPS, basic)	0.50	0.55	-0.58	-0.16	-0.05	0.33	
Earnings per share (EPS, diluted)	0.49	0.53	-0.58	-0.16	-0.05	0.33	
Dividend per share (DPS)	0.22	0.23	0.00	0.21	0.22	0.23	
Adjusted EBITDA	944.1	973.9	878.8	778.4	791.6	855.1	-0.9%
FFO I	357.8	353.2	362.7	310.6	315.2	340.8	-2.1%
FFO I per share	0.27	0.30	0.33	0.28	0.29	0.31	-1.5%
Shareholders' Equity (without minorities)	10,424.8	10,533.6	9,585.3	9,413.8	9,127.1	9,253.3	-1.2%
Shareholders' Equity (including minorities)	15,583.0	19,156.4	17,823.4	17,469.5	16,903.7	17,103.0	
EPRA NTA	11,187.4	11,564.0	10,775.3	10,265.1	9,753.4	9,690.4	-3.5%
Balance Sheet sum	31,021.6	39,383.1	37,347.1	36,545.4	35,209.8	35,793.7	
Equity Ratio	50.2%	48.6%	47.7%	47.8%	48.0%	47.8%	
RoE (after tax)	4.5%	3.7%	-3.5%	-1.0%	-0.3%	2.1%	
Property portfolio (including equity-accounted investees)	24,327.4	29,115.9	27,981.0	25,782.0	25,008.5	25,508.7	
Book Value per share (Euro) - undiluted	7.99	9.30	8.76	8.86	8.59	8.71	-0.2%
EPRA NTA per share (Euro) - undiluted	9.51	10.21	9.85	9.66	9.18	9.12	-2.5%

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	March 29, 2023	Buy	1.36 €	4.50 €
Aroundtown	November 29, 2022	Buy	2.53 €	4.50 €
Aroundtown	August 25, 2022	Buy	3.01 €	6.00 €
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 €

Please note:

The share price mentioned in this report is from 30 May 2023. AROUNDTOWN SA mandated SRC Research for covering the share.

Disclaimer © 2023: This equity research report is published by: SRC-Scharff Research und Consulting GmbH, Klingerstr. 23, D-60313 Frankfurt, Germany (short name: SRC Research). All rights reserved.

Although we feel sure that all information in this SRC report originates from carefully selected sources with high credibility, we cannot give any guarantee for accuracy, trueness and completeness. All opinions quoted in this report give the current judgement of the author which is not necessarily the same opinion as SRC-Scharff Research und Consulting GmbH or another staff member. All the opinions and assessment made in this report may be changed without prior notice. Within the scope of German regulative framework the author and SRC-Scharff Research und Consulting GmbH do not assume any liability for this document or its content being used. This report is solely for information purposes and does not constitute a request or an invitation or a recommendation to buy or sell any stock that is mentioned here. Private clients should obtain personal advice at their bank or investment house and should keep in mind that prices and dividends of equities can rise and fall and that nobody can give a guarantee of the future development of equities. The author of this report and the SRC-Scharff Research und Consulting GmbH commit themselves on a unsolicited basis to having no long or short-positions in equities or derivatives related to equities mentioned in this report.

Reproduction, distribution or publishing this report and its content as a whole or in parts is only allowed with approval of SRC management written form. With acceptance of this document you agree with all regulations mentioned here and all general terms and conditions you will find at anytime at our website www.src-research.de.