

4 | September | 2023

■ **Price (Euro)** **1.52**
52 weeks range 3.00 / 0.88

■ **Key Data**

ISIN LU1673108939
Ticker AT1
Bloomberg AT1 GR
Reporting standard IFRS
Market Cap (Euro million) 2,336
Number of shares (million) 1,537.0
Free Float 56.0%
Free Float Market Cap (Euro million) 1,308
CAGR Adj. EBITDA profit ('22-'25e) 0.3%

■ Multiples	2022	2023e	2024e	2025e
Market Cap/ Total revenues	1.5	1.5	1.5	1.5
PE-Ratio	-2.6	-2.9	-40.4	4.4
Dividend Yield	0.0%	14.5%	14.3%	15.4%
Price-to-Book-Ratio	0.17	0.18	0.18	0.18
P/ NAV-ratio	0.15	0.18	0.19	0.19

■ Key Data per share (Euro)	2022	2023e	2024e	2025e
Earnings per share (EPS)	-0.58	-0.52	-0.04	0.35
FFO I per share	0.33	0.29	0.29	0.31
Dividend per share (DPS)	0.00	0.22	0.22	0.23
EPRA NTA per share	9.85	8.30	7.88	7.85

■ Financial Data (Euro Millions)	2022	2023e	2024e	2025e
Revenues (rental income)	1,609.9	1,593.8	1,561.9	1,593.2
Capital gains, Prop. Revaluations	-497.3	-1,953.1	-652.8	123.1
EBITDA profit	382.2	-1,020.8	282.1	1,123.1
Adj. EBITDA profit (cash driven)	878.8	820.1	821.9	886.0
Operating profit (EBIT)	361.1	-1,038.6	263.7	1,104.1
Net financial result	-378.9	-183.7	-300.3	-327.3
Pre-tax profit (EBT)	-422.1	-1,342.6	-97.3	776.8
Taxation	-35.0	255.1	18.5	-147.6
Net profit after minorities	-645.1	-565.5	-41.0	377.5
FFO I	362.7	321.3	315.2	340.8
Shareholders' equity (Euro billion)	9.6	9.0	8.7	8.9
Property portfolio (Euro billion)	28.0	25.2	24.5	25.0
RoE (after tax)	-3.5%	-3.3%	-0.2%	2.3%
Equity ratio (incl. equity minorities)	47.7%	48.2%	48.4%	48.2%

■ **Main Shareholders**

Treasury shares 29%
Avisco Group Plc. 15%

■ **Financial calendar**

SRC Forum Financials & Real Estate 12 September 2023
9M 2023 report 29 November 2023

■ **Analyst**

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1H operational numbers in line with our expectations, but negative impact from portfolio revaluation is more significant than expected – Guidance lifted – Target down to Euro 3.50, still Buy

On 30 August, the firm published the report for the first half of 2023 and held a conference call. Other than the negative revaluation result, which was more significant than expected, the numbers were in line with our estimates and in some cases even slightly better than expected. Revenues slightly increased by 3% from Euro 790m to Euro 815m. While net rental income somewhat decreased from Euro 613m to Euro 596m as a result of more than Euro 2bn of disposals and a counteracting like-for-like rental increase of 3.4%, operating and other income increased from Euro 177m to Euro 219m. The share of profit from at-equity investments was at Euro -63m compared to a contribution of Euro 32m at 1H 2022. In order to fully reflect the current market environment, the firm had its entire portfolio revaluated at the reporting date, which led to a revaluation and capital gains loss of about Euro -1.75bn, which is clearly on top of our previous estimate, which we now adjusted accordingly. This revaluation loss was largely driven by the change in interest rates. Property operating expenses came in at Euro -344m and included extraordinary expenses for uncollected rent in the amount of Euro -23m (1H 2022: Euro -45m). AT here expects a full recovery of the hotel market in 2024. All in all, the firm's EBITDA for the first six months amounted to Euro -1.36bn and thus clearly below last year's number of Euro 878m. The adjusted EBITDA however only slightly came down from Euro 511m to Euro 498m. The financial result improved from Euro -255.1m in last year's period to now only Euro -14.7m and benefited from a significantly improved other financial result, while finance expenses 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 -1.04bn after Euro 282m last year. The loss per share amounted to 95 cents. The cash-driven FFO I result was at Euro 175m and thus somewhat above our expectation. The 6% decline from last year's number of Euro 186m was driven by higher finance expenses and perpetual notes attribution, as well as the effect of disposals and cost inflation. We accordingly somewhat adjusted our estimate for the full-year and now expect a FFO of Euro 321m. Along with the release of the 1H numbers, the firm also decided to slightly lift its guidance for the full-year and now expects an FFO in the range between Euro 310m and Euro 340m (previously Euro 300m - Euro 330m). Despite the higher than expected valuation loss of the portfolio, the firm is still in a very decent financial position. The LTV stands at 41% and the cash and liquid assets amount to about Euro 2.5bn, which will further benefit from the to be closed disposals and the outstanding vendor loans. This balance currently covers all debt maturities until mid-2026. The firm furthermore has a high level of headroom regarding the covenants.

The EPRA NTA came down from Euro 10.14bn to now Euro 9.15bn or Euro 8.4 per share respectively. Nevertheless, the share is still trading at a massive discount, which at that magnitude is not justified in our opinion. For FY23, we expect a further negative revaluation result, which is now also reflected in our P&L, and conservatively remain on the lower half of the new FFO guidance. We reduce our target price from Euro 4.50 to Euro 3.50, but 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 Indep. Director	Ran Laufer Non-Exec. Director
Daniel Malkin Indep. Director		

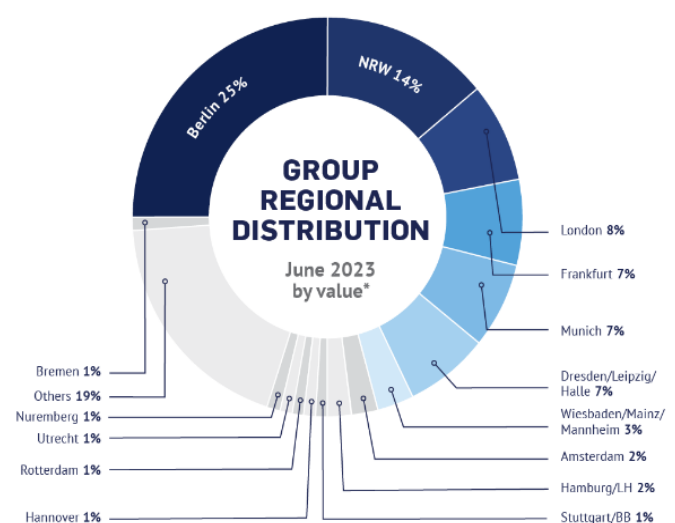
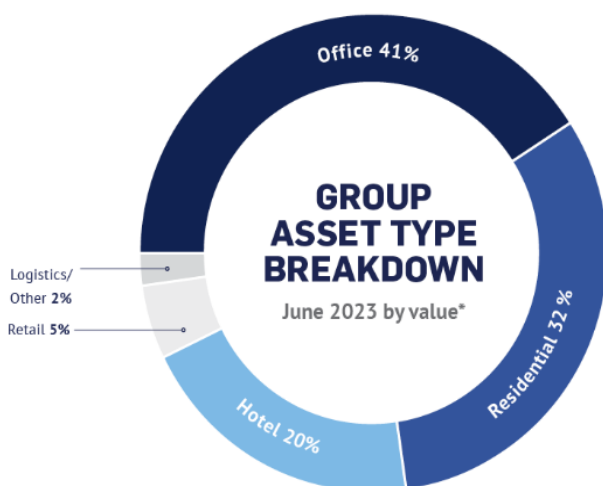
ADVISORY BOARD
Dr. Gerhard Cromme Chairman
Yakir Gabay
Claudio Jarczyk
David Maimon

Founded in 2004, 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 SDax 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 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 41%, while the hotel share stands at 20%. 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 2.5bn 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	1,593.8	1,561.9	1,593.2	-0.3%
Capital gains, property revaluations and others	769.4	809.7	-497.3	-1,953.1	-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	-651.4	-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	-63.8	-62.5	-63.7	
Operating profit (EBITDA)	1,656.0	1,751.6	382.2	-1,020.8	282.1	1,123.1	
Operating Profit (EBIT)	1,651.7	1,736.7	361.1	-1,038.6	263.7	1,104.1	
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	40.3	-53.9	-75.9	
Net financial result	-368.5	-342.5	-378.9	-183.7	-300.3	-327.3	
Pre-tax profit (EBT)	1,283.2	1,394.2	-422.1	-1,342.6	-97.3	776.8	
Tax (cash and deferred)	-376.8	-316.1	-35.0	255.1	18.5	-147.6	
Net profit before minorities	906.4	1,078.1	-457.1	-1,087.5	-78.8	629.2	
Minorities	-254.7	-435.9	-188.0	522.0	37.8	-251.7	
Net profit after minorities	651.7	642.2	-645.1	-565.5	-41.0	377.5	
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	-0.52	-0.04	0.35	
Earnings per share (EPS, diluted)	0.49	0.53	-0.58	-0.52	-0.04	0.35	
Dividend per share (DPS)	0.22	0.23	0.00	0.22	0.22	0.23	
Adjusted EBITDA	944.1	973.9	878.8	820.1	821.9	886.0	0.3%
FFO I	357.8	353.2	362.7	321.3	315.2	340.8	-2.1%
FFO I per share	0.27	0.30	0.33	0.29	0.29	0.31	-1.5%
Shareholders' Equity (without minorities)	10,424.8	10,533.6	9,585.3	9,019.8	8,737.8	8,879.0	-2.5%
Shareholders' Equity (including minorities)	15,583.0	19,156.4	17,823.4	16,738.3	16,182.7	16,411.2	
EPRA NTA	11,187.4	11,564.0	10,775.3	8,821.4	8,374.8	8,339.9	-8.2%
Balance Sheet sum	31,021.6	39,383.1	37,347.1	34,703.1	33,401.3	34,048.8	
Equity Ratio	50.2%	48.6%	47.7%	48.2%	48.4%	48.2%	
RoE (after tax)	4.5%	3.7%	-3.5%	-3.3%	-0.2%	2.3%	
Property portfolio (including equity-accounted investees)	24,327.4	29,115.9	27,981.0	25,222.3	24,465.7	24,955.0	
Book Value per share (Euro) - undiluted	7.99	9.30	8.76	8.49	8.23	8.36	-1.5%
EPRA NTA per share (Euro) - undiluted	9.51	10.21	9.85	8.30	7.88	7.85	-7.3%

SRC Research

- Der Spezialist für Finanz- und Immobilienaktien -

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Rating chronicle:

Company	Date	Rating	former share price	former target
Aroundtown	May 31, 2023	Buy	0.93 €	4.50 €
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 €

Please note:

The share price mentioned in this report is from 1 September 2023. AROUNDTOWN SA mandated SRC Research for covering the share.

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