

29 | May | 2024

■ **Price (Euro)** **2.20**
52 weeks range 2.53 / 0.88

■ **Key Data**

ISIN	LU1673108939
Ticker	AT1
Bloomberg	AT1 GR
Reporting standard	IFRS
Market Cap (Euro million)	3,381
Number of shares (million)	1,537.0
Free Float	46.0%
Free Float Market Cap (Euro million)	1,555
CAGR Adj. EBITDA profit (23-'26e)	-3.3%

■ Multiples	2023	2024e	2025e	2026e
Market Cap/ Total revenues	2.1	2.2	2.1	2.1
PE-Ratio	-1.2	-45.1	6.8	6.1
Dividend Yield	0.0%	0.0%	10.0%	12.3%
Price-to-Book-Ratio	0.31	0.32	0.30	0.30
P/ NAV-ratio	0.30	0.31	0.30	0.30

■ Key Data per share (Euro)	2023	2024e	2025e	2026e
Earnings per share (EPS)	-1.82	-0.05	0.32	0.36
FFO I per share	0.30	0.28	0.29	0.31
Dividend per share (DPS)	0.00	0.00	0.22	0.27
EPRA NTA per share	7.36	7.17	7.27	7.42

■ Financial Data (Euro Millions)	2023	2024e	2025e	2026e
Revenues (rental income)	1,602.8	1,570.7	1,606.9	1,642.2
Capital gains, Prop. Revaluations	-3,217.5	-652.8	123.1	223.0
EBITDA profit	-2,449.7	317.3	1,117.5	1,245.5
Adj. EBITDA profit (cash driven)	1,002.9	857.0	880.4	907.6
Operating profit (EBIT)	-2,467.6	298.9	1,098.5	1,226.2
Net financial result	-244.5	-364.5	-377.2	-414.3
Pre-tax profit (EBT)	-2,849.1	-126.4	721.2	811.9
Taxation	422.7	24.0	-137.0	-154.3
Net profit after minorities	-1,987.6	-53.2	350.5	394.6
FFO I	332.0	306.2	319.5	332.8
Shareholders' equity (Euro billion)	7.6	7.6	7.9	8.1
Property portfolio (Euro billion)	24.6	23.9	24.4	25.1
RoE (after tax)	-12.1%	-0.4%	2.3%	2.5%
Equity ratio (incl. equity minorities)	45.1%	45.1%	44.6%	44.4%

■ **Main Shareholders**

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

■ **Financial calendar**

AGM 2024	26 June 2024
1H 2024 report	28 August 2024
9M 2024 report	27 November 2024

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

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1Q 2024 numbers in line with our expectations – solid financial position was further improved with recent exchange and tender offers – Buy rating and Euro 3.50 target affirmed

Today, the firm released the report for the first quarter of 2024 and held a conference call. The numbers and developments of the first quarter were in line with our expectations. Revenues slightly came down by 4% from Euro 403m to Euro 386m. Recurring net rental income only somewhat declined from Euro 293m to now Euro 291m despite the Euro 1.3bn disposals, as a like-for-like rental growth of 2.8% was partially offsetting these effects. The share of profit from at-equity investments amounted to Euro 5m and was thus unchanged to last year's period. As the portfolio of the company was not revalued in the first quarter, property revaluations and capital gains at Euro 2m only reflect the gain on disposals. A total of Euro 110m of sales were closed in 1Q at a slight premium to book value. Property operating expenses came in at Euro 138m and thus improved by about 20% compared to last year's period number of Euro 172m, also reflecting that this year's number does not include an extraordinary expense for uncollected hotel rents anymore, which was at Euro 15m last year, hotel occupancies are looking to return to a pre-pandemic level. Administrative and other expenses remained unchanged year-over-year at Euro 16m. The firm's EBITDA all in all amounted to Euro 242m and were on top of last year's number of Euro 90m. The adjusted EBITDA on the other hand remained more or less at the level of 1Q 2023 and amounted to Euro 247m. The financial result all in all came down from Euro -91m to Euro -82m. While finance expenses hiked by 23% from Euro 49m to Euro 61m, driven by the higher interest rate environment reflected in the debt instruments, the other financial result improved from Euro -42m to Euro -21m last year. The bottom line after minorities stood at Euro 43m after Euro -44m last year. This translates into earnings per share of 4 cents. The firm's FFO I amounted to Euro 76m, down 10% from last year's number of Euro 85m, driven by higher finance expenses and perpetual notes attribution, as well as the above mentioned disposals. The FFO per share amounts to 7 cents.

Over the course of the recent months, AT managed to remain in a healthy financial position and even showed some improvements regarding the perpetual notes with the exchange and tender offer in April and May. Here, the firm issued five new perpetual with an amount of Euro 2.5bn in a voluntary exchange offer and the total perpetual notes balance was reduced by about Euro 230m, as some perpetuals were also repurchased at a discount of more than 30%. This will lead to a coupon reduction of about Euro 35m annually starting in 2025. The current liquidity of the firm as of the reporting date stood at Euro 2.9bn (Euro 3.8bn including expected liquidity inflow from disposals/vendor loans) and thus covers all debt maturities until mid-2026. The LTV stands at 43% and the EPRA LTV, taking into account the perpetual notes, stands at 61%. The EPRA NTA was more or less unchanged to FY 2023 at Euro 7.4 per share.

The numbers of the first quarter were in line with our expectations and we are satisfied with the recent developments. Thus, we leave our P&L unchanged for the moment and also stick to our Euro 3,50 target price. Accordingly, we confirm our Buy rating for the share.

Aroundtown SA

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

Target Countries: Germany
Registered Office: Luxembourg
German Office: Berlin
Foundation: 2004
Employees: 1706

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	Limor Bermann CSO
Frank Roseen Director	Jelena Afxentiou Director	Markus Kreuter Indep. Director	
Markus Leininger Indep. Director	Simone Runge-Brandner Director	Ran Laufer Non-Exec. Director	
Daniel Malkin Indep. Director			

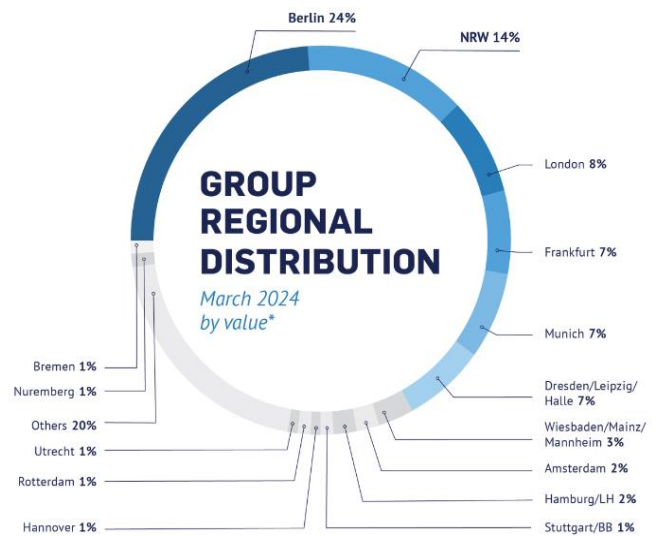
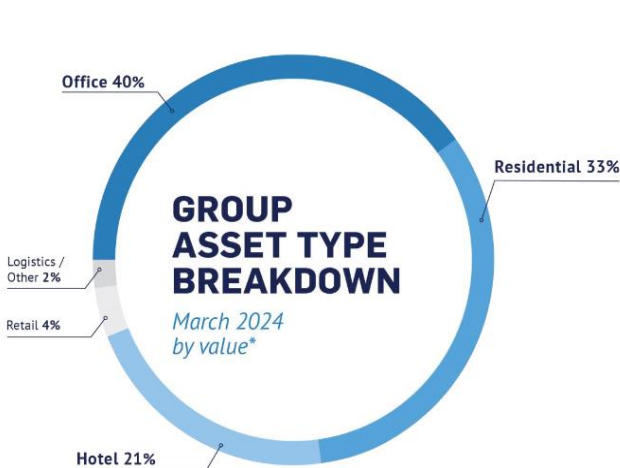
ADVISORY BOARD
Dr. Gerhard Cromme Chairman
Yakir Gabay
Claudio Jarczyk
David Maimon

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 63% as of FY 2023, which is being fully consolidated since 1 July 2021. The firm's total portfolio currently amounts to about Euro 25bn. Commercial properties have a share of 67% relatively to the total portfolio of investment properties based on appraisal values and logically residential properties cover the remaining share of 33%. Office properties make up for 40%, while the hotel share stands at 21%. 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 2.9bn 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 SA 31/12 IFRS (Euro Millions)	2021	2022	2023	2024e	2025e	2026e	CAGR '23 - '26e
Revenues	1,323.2	1,609.9	1,602.8	1,570.7	1,606.9	1,642.2	0.8%
Capital gains, property revaluations and others	809.7	-497.3	-3,217.5	-652.8	123.1	223.0	
Share in profit from investment in equity-accounted investees	193.4	5.9	-149.8	48.5	51.4	58.9	
Property-related operating expenses	-533.0	-694.9	-638.4	-604.7	-618.6	-632.3	
thereof depreciation and amortization	-15.9	-21.1	-17.9	-18.4	-19.0	-19.3	
Administrative and other expenses	-56.6	-62.5	-64.7	-62.8	-64.3	-65.7	
Operating profit (EBITDA)	1,751.6	382.2	-2,449.7	317.3	1,117.5	1,245.5	
Operating Profit (EBIT)	1,736.7	361.1	-2,467.6	298.9	1,098.5	1,226.2	
Impairment of goodwill	0.0	-404.3	-137.0	-60.7	0.0	0.0	
Finance expenses	-180.4	-184.8	-230.1	-310.6	-301.3	-316.4	
Other financial results	-162.1	-194.1	-14.4	-53.9	-75.9	-97.9	
Net financial result	-342.5	-378.9	-244.5	-364.5	-377.2	-414.3	
Pre-tax profit (EBT)	1,394.2	-422.1	-2,849.1	-126.4	721.2	811.9	
Tax (cash and deferred)	-316.1	-35.0	422.7	24.0	-137.0	-154.3	
Net profit before minorities	1,078.1	-457.1	-2,426.4	-102.3	584.2	657.6	
Minorities	-435.9	-188.0	438.8	49.1	-233.7	-263.1	
Net profit after minorities	642.2	-645.1	-1,987.6	-53.2	350.5	394.6	
Number of shares (weighted average, excl. treasury shares)	1,168.2	1,109.9	1,093.0	1,090.5	1,090.5	1,090.5	
Earnings per share (EPS, basic)	0.55	-0.58	-1.82	-0.05	0.32	0.36	
Earnings per share (EPS, diluted)	0.53	-0.58	-1.82	-0.05	0.32	0.36	
Dividend per share (DPS)	0.23	0.00	0.00	0.00	0.22	0.27	
EBITDA	1,751.6	382.2	-2,449.7	317.3	1,117.5	1,245.5	-43.4%
Adjusted EBITDA	973.9	878.8	1,002.9	857.0	880.4	907.6	-3.3%
FFO I	353.2	362.7	332.0	306.2	319.5	332.8	0.1%
FFO I per share	0.30	0.33	0.30	0.28	0.29	0.31	0.2%
Shareholders' Equity (without minorities)	10,533.6	9,585.3	7,643.3	7,590.1	7,940.6	8,095.6	1.9%
Shareholders' Equity (including minorities)	19,156.4	17,823.4	15,149.7	15,014.1	15,676.1	15,950.0	
EPRA NTA	11,564.0	10,775.3	8,058.7	7,842.5	7,958.6	8,113.9	0.2%
Balance Sheet sum	39,383.1	37,347.1	33,559.3	33,278.9	35,123.1	35,945.6	
Equity Ratio	48.6%	47.7%	45.1%	45.1%	44.6%	44.4%	
RoE (after tax)	3.7%	-3.5%	-12.1%	-0.4%	2.3%	2.5%	
Property portfolio (including equity-accounted investees)	29,115.9	27,981.0	24,632.4	23,893.4	24,371.3	25,102.4	
Book Value per share (Euro) - undiluted	9.30	8.76	6.99	6.94	7.26	7.40	1.9%
EPRA NTA per share (Euro) - undiluted	10.21	9.85	7.36	7.17	7.27	7.42	0.2%

SRC Research

- Der Spezialist für Finanz- und Immobilienaktien -

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Rating chronicle:

Company	Date	Rating	former share price	former target
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 €
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 €

Please note:

The share price mentioned in this report is from 28 May 2024. AROUNDTOWN SA mandated SRC Research for covering the share.

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