

29 | November | 2023

■ **Price (Euro)** **2.30**  
52 weeks range 2.99 / 0.88

■ **Key Data**

ISIN	LU1673108939
Ticker	AT1
Bloomberg	AT1 GR
Reporting standard	IFRS
Market Cap (Euro million)	3,535
Number of shares (million)	1,537.0
Free Float	46.0%
Free Float Market Cap (Euro million)	1,626
CAGR Adj. EBITDA profit ('22-'25e)	0.3%

Multiples	2022	2023e	2024e	2025e
Market Cap/ Total revenues	2.2	2.2	2.3	2.2
PE-Ratio	-4.0	-1.4	-49.7	6.7
Dividend Yield	0.0%	0.0%	0.0%	9.6%
Price-to-Book-Ratio	0.26	0.31	0.31	0.30
P/ NAV-ratio	0.23	0.32	0.33	0.32

Key Data per share (Euro)	2022	2023e	2024e	2025e
Earnings per share (EPS)	-0.58	-1.60	-0.05	0.34
FFO I per share	0.33	0.30	0.28	0.29
Dividend per share (DPS)	0.00	0.00	0.00	0.22
EPRA NTA per share	9.85	7.22	7.03	7.22

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	-2,876.5	-652.8	123.1
EBITDA profit	382.2	-2,074.2	282.1	1,123.1
Adj. EBITDA profit (cash driven)	878.8	690.1	821.9	886.0
Operating profit (EBIT)	361.1	-2,093.8	263.7	1,104.1
Net financial result	-378.9	-183.7	-322.7	-336.7
Pre-tax profit (EBT)	-422.1	-2,506.0	-119.7	767.4
Taxation	-35.0	476.1	22.7	-145.8
Net profit after minorities	-645.1	-1,740.3	-50.4	373.0
FFO I	362.7	327.6	306.2	319.5
Shareholders' equity (Euro billion)	9.6	7.8	7.8	8.2
Property portfolio (Euro billion)	28.0	25.2	24.5	25.0
RoE (after tax)	-3.5%	-10.7%	-0.3%	2.5%
Equity ratio (incl. equity minorities)	47.7%	49.8%	49.8%	49.3%

■ **Main Shareholders**

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

■ **Financial calendar**

2023 Annual Report	expected March 2024
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■ **Analyst**

Dipl.-Kfm. Stefan Scharff, CREA

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### 9M numbers largely in line with expectation and full year guidance affirmed – 2023 dividend expectation set to zero as we expect firm to retain cash – Buy and Euro 3.50 target affirmed

Today, the firm published the report for the first three quarters of 2023 and held a conference call. The 9M numbers were largely in line with our expectations. Revenues remained more or less unchanged to the previous period and amounted to Euro 1.2bn, of which about Euro 895m are net rental income, which is down from last year's Euro 917m. While this decline reflects the effects from the about Euro 1.9bn of disposals, but also the positive effects from a 3.5% like-for-like rental increase. Operating and other income increased from Euro 284m to Euro 315m. The share of profit from at-equity investments was at Euro -85m, down from last year's Euro 51.5m. Property revaluations and capital gains amounted to Euro -1.89bn. While no valuation took place in the third quarter, the company will have another full revaluation of the portfolio for the full year. As the bad market conditions have prevailed, we expect another significant valuation cut for the full year and accordingly adjusted our estimate to now almost Euro -2.9bn. Property operating expenses came in at Euro -496m and included extraordinary expenses for uncollected rent in the amount of Euro -28m (9M 2022: Euro -60m). The firm's EBITDA amounted to Euro -1.29bn and thus clearly below last year's number of Euro 1.12bn. The adjusted EBITDA only slightly came down by about 1% from Euro 758m to Euro 748m. The financial result benefited from the positive other financial result of Euro 45m compared to Euro -175m last year, while finance expenses hiked from Euro 141m to Euro 165m 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 -1.12bn after Euro 304m last year. The loss per share amounted to 1.02 Euros. The firm's FFO I amounted to Euro 255m, down 7% from last year's number of Euro 275m, driven by higher finance expenses and perpetual notes attribution, as well as the above mentioned disposals.

With Euro 2.8bn of liquidity (Euro 3.7bn including expected liquidity inflow from disposals/vendor loans), the firm is in a healthy position. This number already takes into account the about Euro 1.3bn of bond repurchases so far in 2023 at a discount at average of 20%, which help the firm on the leverage side. Nevertheless, the firm emphasized that keeping the cash in the company to maintain a high level of security and flexibility is one of the top priorities, which is why we now expect that the management will not propose a dividend payment for the 2023 fiscal year and accordingly adjusted our estimate to zero. The LTV stands at 41% and the EPRA LTV, taking into account the perpetual notes, stands at 57%.

**At the end of the first nine months, the EPRA NTA stands at Euro 9.08bn, down from Euro 10.14bn at FY 2022 or at Euro 8.3 per share respectively. We expect another decline here at year-end driven by the revaluation result. The firm reaffirmed its guidance for the full year today and while the 9M numbers indicate that the FFO could possibly end up at the upper end of the guided range, we conservatively keep our estimate at the lower half of the FFO guidance. All in all, we confirm our Euro 3.50 target price and also stick to our Buy recommendation.**

**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**

<b>Barak Bar-Hen</b> Co-CEO & COO	<b>Eyal Ben David</b> CFO	<b>Oschrie Massatschi</b> CCMO
<b>Frank Roseen</b> Director	<b>Jelena Afxentiou</b> Director	<b>Markus Kreuter</b> Indep. Director
<b>Markus Leininger</b> Indep. Director	<b>Simone Runge-Brandner</b> Indep. Director	<b>Ran Laufer</b> Non-Exec. Director
<b>Daniel Malkin</b> Indep. Director		

**ADVISORY BOARD**

**Dr. Gerhard Cromme**  
Chairman

**Yakir Gabay**

**Claudio Jarczyk**

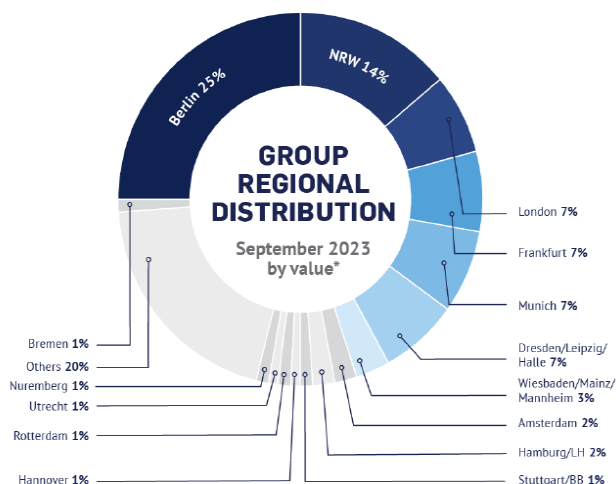
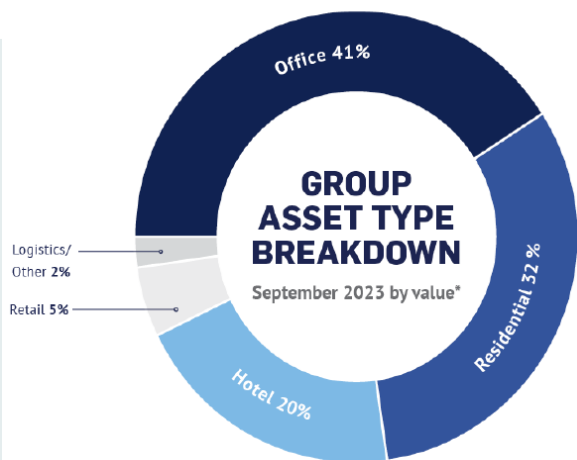
**David Maimon**

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 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 63% as of 9M 2023, which is being fully consolidated since 1 July 2021. The firm's total portfolio currently amounts to about Euro 26bn. 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 2.8bn 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
<b>Revenues</b>	<b>1,180.3</b>	<b>1,323.2</b>	<b>1,609.9</b>	<b>1,593.8</b>	<b>1,561.9</b>	<b>1,593.2</b>	<b>-0.3%</b>
<b>Capital gains, property revaluations and others</b>	<b>769.4</b>	<b>809.7</b>	<b>-497.3</b>	<b>-2,876.5</b>	<b>-652.8</b>	<b>123.1</b>	
Share in profit from investment in equity-accounted investees	195.7	193.4	5.9	-95.9	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	-19.6	-18.4	-19.0	
Administrative and other expenses	-51.1	-56.6	-62.5	-63.8	-62.5	-63.7	
<b>Operating profit (EBITDA)</b>	<b>1,656.0</b>	<b>1,751.6</b>	<b>382.2</b>	<b>-2,074.2</b>	<b>282.1</b>	<b>1,123.1</b>	
<b>Operating Profit (EBIT)</b>	<b>1,651.7</b>	<b>1,736.7</b>	<b>361.1</b>	<b>-2,093.8</b>	<b>263.7</b>	<b>1,104.1</b>	
Impairment of goodwill	0.0	0.0	-404.3	-228.5	-60.7	0.0	
Finance expenses	-200.7	-180.4	-184.8	-224.0	-268.8	-260.8	
Other financial results	-167.8	-162.1	-194.1	40.3	-53.9	-75.9	
<b>Net financial result</b>	<b>-368.5</b>	<b>-342.5</b>	<b>-378.9</b>	<b>-183.7</b>	<b>-322.7</b>	<b>-336.7</b>	
<b>Pre-tax profit (EBT)</b>	<b>1,283.2</b>	<b>1,394.2</b>	<b>-422.1</b>	<b>-2,506.0</b>	<b>-119.7</b>	<b>767.4</b>	
Tax (cash and deferred)	-376.8	-316.1	-35.0	476.1	22.7	-145.8	
<b>Net profit before minorities</b>	<b>906.4</b>	<b>1,078.1</b>	<b>-457.1</b>	<b>-2,029.9</b>	<b>-97.0</b>	<b>621.6</b>	
Minorities	-254.7	-435.9	-188.0	289.6	46.5	-248.6	
<b>Net profit after minorities</b>	<b>651.7</b>	<b>642.2</b>	<b>-645.1</b>	<b>-1,740.3</b>	<b>-50.4</b>	<b>373.0</b>	
<b>Number of shares</b> (weighted average, excl. treasury shares)	<b>1,305.2</b>	<b>1,168.2</b>	<b>1,109.9</b>	<b>1,090.5</b>	<b>1,090.5</b>	<b>1,090.5</b>	
<b>Earnings per share (EPS, basic)</b>	<b>0.50</b>	<b>0.55</b>	<b>-0.58</b>	<b>-1.60</b>	<b>-0.05</b>	<b>0.34</b>	
<b>Earnings per share (EPS, diluted)</b>	<b>0.49</b>	<b>0.53</b>	<b>-0.58</b>	<b>-1.60</b>	<b>-0.05</b>	<b>0.34</b>	
<b>Dividend per share (DPS)</b>	<b>0.22</b>	<b>0.23</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.22</b>	
<b>Adjusted EBITDA</b>	<b>944.1</b>	<b>973.9</b>	<b>878.8</b>	<b>690.1</b>	<b>821.9</b>	<b>886.0</b>	<b>0.3%</b>
<b>FFO I</b>	<b>357.8</b>	<b>353.2</b>	<b>362.7</b>	<b>327.6</b>	<b>306.2</b>	<b>319.5</b>	<b>-4.1%</b>
<b>FFO I per share</b>	<b>0.27</b>	<b>0.30</b>	<b>0.33</b>	<b>0.30</b>	<b>0.28</b>	<b>0.29</b>	<b>-3.6%</b>
<b>Shareholders' Equity (without minorities)</b>	<b>10,424.8</b>	<b>10,533.6</b>	<b>9,585.3</b>	<b>7,845.0</b>	<b>7,794.6</b>	<b>8,167.6</b>	<b>-5.2%</b>
<b>Shareholders' Equity (including minorities)</b>	<b>15,583.0</b>	<b>19,156.4</b>	<b>17,823.4</b>	<b>14,558.3</b>	<b>14,435.8</b>	<b>15,096.3</b>	
<b>EPRA NTA</b>	<b>11,187.4</b>	<b>11,564.0</b>	<b>10,775.3</b>	<b>7,672.5</b>	<b>7,470.8</b>	<b>7,671.7</b>	<b>-10.7%</b>
Balance Sheet sum	31,021.6	39,383.1	37,347.1	29,210.5	28,985.2	30,649.5	
<b>Equity Ratio</b>	<b>50.2%</b>	<b>48.6%</b>	<b>47.7%</b>	<b>49.8%</b>	<b>49.8%</b>	<b>49.3%</b>	
<b>RoE (after tax)</b>	<b>4.5%</b>	<b>3.7%</b>	<b>-3.5%</b>	<b>-10.7%</b>	<b>-0.3%</b>	<b>2.5%</b>	
<b>Property portfolio (including equity-accounted investees)</b>	<b>24,327.4</b>	<b>29,115.9</b>	<b>27,981.0</b>	<b>25,222.3</b>	<b>24,465.7</b>	<b>24,955.0</b>	
<b>Book Value per share (Euro) - undiluted</b>	<b>7.99</b>	<b>9.30</b>	<b>8.76</b>	<b>7.39</b>	<b>7.34</b>	<b>7.69</b>	<b>-4.3%</b>
<b>EPRA NTA per share (Euro) - undiluted</b>	<b>9.51</b>	<b>10.21</b>	<b>9.85</b>	<b>7.22</b>	<b>7.03</b>	<b>7.22</b>	<b>-9.8%</b>

## SRC Research

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### Rating chronicle:

Company	Date	Rating	former share price	former target
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 €
Aroundtown	March 30, 2022	Buy	5.44 €	7.50 €

### Please note:

The share price mentioned in this report is from 28 November 2023. AROUNDTOWN SA mandated SRC Research for covering the share.

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