

AROUNDTOWN

Buy (unchanged) Target: Euro 7.50 (unchanged)



Der Spezialist für Finanzaktien

25 | May | 2022

■ Price (Euro)	4.46			
52 weeks range	7.16 / 4.36			
■ Key Data				
ISIN	LU1673108939			
Ticker	AT1			
Bloomberg	AT1 GR			
Reporting standard	IFRS			
Market Cap (Euro million)	6,855			
Number of shares (million)	1,537.0			
Free Float	60.0%			
Free Float Market Cap (Euro million)	4,113			
CAGR Adj. EBITDA profit (21-24e)	1.7%			
■ Multiples				
	2021	2022e	2023e	2024e
Market Cap/ Total revenues	5.2	4.7	4.5	4.4
PE-Ratio	8.1	7.5	7.9	8.4
Dividend Yield	5.1%	5.7%	7.2%	7.8%
Price-to-Book-Ratio	0.48	0.43	0.40	0.39
P/ NAV-ratio	0.44	0.39	0.37	0.36
■ Key Data per share (Euro)				
	2021	2022e	2023e	2024e
Earnings per share (EPS)	0.55	0.59	0.56	0.53
Dividend per share (DPS)	0.23	0.25	0.32	0.35
Book Value per Share (BVPS)	9.30	10.40	11.10	11.32
EPRA NTA per share	10.21	11.42	12.19	12.43
■ Financial Data (Euro Millions)				
	2021	2022e	2023e	2024e
Revenues (rental income)	1,323.2	1,455.5	1,513.7	1,574.3
Capital gains, Prop. Revaluations	809.7	822.3	563.7	458.3
EBITDA profit	1,751.6	1,790.1	1,659.3	1,596.1
Adj. EBITDA profit (cash driven)	973.9	967.1	983.4	1,024.7
Operating profit (EBIT)	1,736.7	1,773.3	1,641.5	1,577.7
Net financial result	-342.5	-237.9	-239.8	-256.7
Pre-tax profit (EBT)	1,394.2	1,535.4	1,401.7	1,321.0
Taxation	-316.1	-291.7	-266.3	-251.0
Net profit after minorities	642.2	646.7	590.4	556.4
FFO I	459.1	489.6	565.1	602.3
Shareholders' equity (Euro billion)	10.5	10.9	11.2	11.4
Property portfolio (Euro billion)	29.1	28.5	30.0	31.5
RoE (after tax)	3.7%	3.3%	2.9%	2.7%
Equity ratio (incl. equity minorities)	48.6%	51.3%	50.9%	50.6%

■ Main Shareholders	
Treasury shares	30%
Avisco Group Plc.	10%

■ Financial calendar	
AGM	29 June 2022
1H 2022 report	25 August 2022
SRC Forum Financials & Real Estate	13 September 2022
9M 2022 report	29 November 2022

■ Analysts	
	Christopher Mehl, MBA, CFA Dipl.-Kfm. Stefan Scharff, CREA
E-Mail	mehl@src-research.de scharff@src-research.de
Internet	www.src-research.de www.aktienmarkt-international.at www.aktienmarkt-international.de

1Q 2022 numbers in line with our expectations – benefits from share buyback become more and more visible – very solid financial position – Euro 7.50 target price and Buy rating affirmed

Today, Aroundtown released the report for the first quarter of 2022 and held a conference call. The numbers were in line with our expectations and the firm also reaffirmed its full-year guidance. Revenues hiked by about 43% from Euro 275m to Euro 394m, driven by a 32% increase in net rental income from Euro 233m last year to Euro 309m. This is mainly the effect from the full consolidation of GCP, which was not consolidated last year. Excluding this effect, net rental income would have decreased by about 9% due to the disposal of Euro 2bn of assets. Like-for-like net rental income excluding hotels amounted to 1.7%. The share of profit from at-equity investments contributed about Euro 19m compared to last year's number of Euro 28m, as it does no longer include GCP. The firm's revaluation and capital gains result of the first three months stood at Euro 81m, however, only a minor part of the portfolio has been revalued so far. Property operating expenses climbed from Euro 108.5m to Euro 166.7m and were mainly impacted by the consolidation of GCP as well, however, also suffered to some part from cost inflation. Included here are also extraordinary expenses for uncollected rent of Euro 30m (1Q 2021: Euro 38m), which are so far in line with our expectation. The firm's operating profit on EBITDA basis came in at Euro 317m, up from last year's number of almost Euro 240m. Adjusted EBITDA was up more than 12% from Euro 230m to Euro 258m. While the finance expenses for the first quarter amounted to Euro 47m and were only slightly on top of last year's number of Euro 42m despite the consolidation of GCP, the other financial result stood at Euro 99m compared to only Euro 27m last year. The pre-tax profit all in all was at Euro 166m almost unchanged to last year's number of Euro 169m. The bottom line after minorities came in at Euro 64m. The cash-driven FFO I, which can directly be compared to the previous period as it does not include any effects from the consolidation of GCP, hiked by 3% from Euro 86.6m to Euro 89.3m. On a per share basis, the FFO I even hiked by 10% from 7.3 cents to 8 cents, and clearly shows the positive impact of the share buyback.

Since the start of the year, AT has signed a total of Euro 1.1bn of disposals, of which more than Euro 130m were already closed as of 1Q. The proceeds are used for further debt repayments and share buybacks. As of 1Q, the portfolio now stands at Euro 28.9bn and the EPRA NTA per share has increased from Euro 10.2 at year-end 2021 to Euro 10.3. The firm continues to have a good debt maturity profile with no significant maturities until 2025 and an average debt maturity of 5.7 years. The cost of debt continues to be at a very low level of only 1.2%. Combined with a cash level of Euro 2.2bn, this puts AT in a solid position for the coming years even with the currently rising interest rates. While the company at the moment does not see many opportunities for acquisitions, it still is in a spot to react quickly to upcoming opportunities.

We all in all see the company on track for the 2022 targets and estimates and continue to believe that the firm is currently clearly undervalued at the low share price level. We thus confirm our Euro 7.50 target price and stick to our Buy recommendation.

Aroundtown SA

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

Target Countries: Germany
Registered: 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
Oschie Massatschi CCMO		Klaus Krägel CDO
Frank Roseen Director	Jelena Afxentiou Director	Markus Kreuter Indep. Director
Markus Leininger Indep. Director	Simone Runge-Brandner Indep. Director	Ran Laufer Non-Exec. Director

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

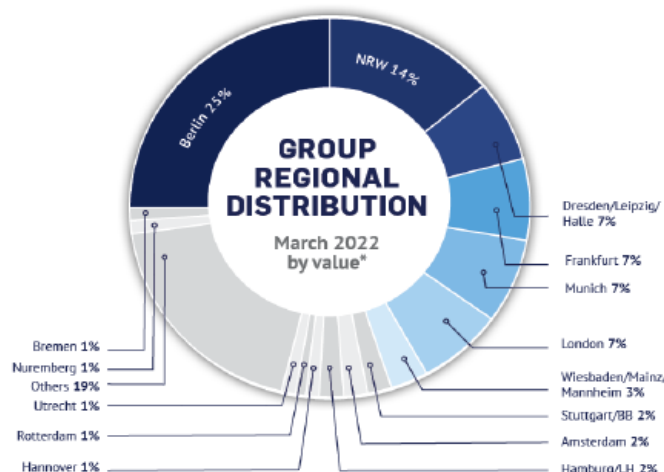
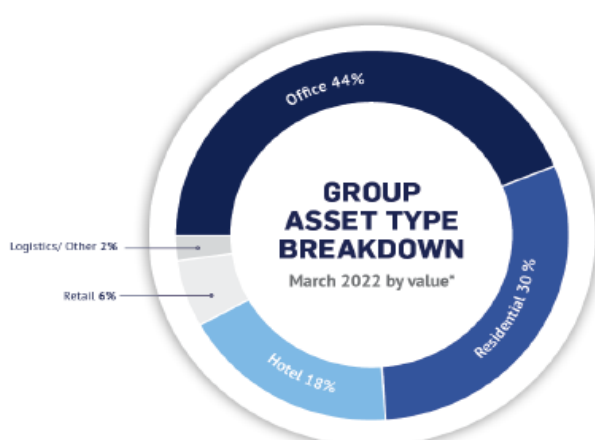
Founded in 2004, AROUNDTOWN SA ("AT1") is a real estate investment company specializing in identifying and investing in value-add and income generating properties. Aroundtown SA is listed in the German Prime Standard since June 2017 and member of German MDax index since 19 March 2018.

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 53% as of 1Q2022, which is being fully consolidated since 1 July 2021. The firm's total portfolio has grown significantly over the recent years and currently amounts to almost Euro 29bn. Commercial properties have a share of 70% relatively to the total portfolio of investment properties based on appraisal values and logically residential properties cover the remaining share of 30%. Office properties make up for 44%, while the hotel share stands at 18%. Retail, logistics and other assets comprise the remaining 8%.

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.

Apart from a proven turnaround strategy AT also benefits from its preferred buyer status among its long-time established network within the real estate industry, from excellent refinancing opportunities due to its investment grade credit rating of BBB+, assigned by S&P in December 2017 and from its strong organizational setup in terms of personnel resources and capital intense infrastructure. We believe a rating upgrade could happen soon.

Aroundtown is part of the DAX ESG Index and ranked as the highest ESG ranked real estate constituent of the index. We believe an uplisting to the German DAX is within reach in the coming quarters, even more if the market cap returns to pre-corona levels.



Source: Company Data, SRC Research

AROUNDTOWN SA 31/12 IFRS (Euro Millions)	2019	2020	2021	2022e	2023e	2024e	CAGR '21 - '24e
Revenues	894.8	1,180.3	1,323.2	1,455.5	1,513.7	1,574.3	6.0%
Capital gains, property revaluations and others	1,217.5	769.4	809.7	822.3	563.7	458.3	
thereof net revaluation result	1,156.6	711.6	744.1	781.2	535.5	435.4	
thereof capital gains and bargain purchase	60.9	57.8	65.6	41.1	28.2	22.9	
Share in profit from investment in equity-accounted investees	298.7	195.7	193.4	54.1	57.3	60.8	
Property-related operating expenses	-227.9	-442.6	-533.0	-500.4	-433.6	-453.6	
thereof depreciation and amortization	-1.8	-4.3	-15.9	-16.8	-17.8	-18.4	
Administrative and other expenses	-27.3	-51.1	-56.6	-58.2	-59.7	-62.1	
Operating profit (EBITDA)	2,157.5	1,656.0	1,751.6	1,790.1	1,659.3	1,596.1	
Operating Profit (EBIT)	2,155.8	1,651.7	1,736.7	1,773.3	1,641.5	1,577.7	
Finance expenses	-141.7	-200.7	-180.4	-175.6	-184.4	-202.8	
Other financial results	45.7	-167.8	-162.1	-62.3	-55.4	-53.9	
Net financial result	-96.0	-368.5	-342.5	-237.9	-239.8	-256.7	
Pre-tax profit (EBT)	2,059.8	1,283.2	1,394.2	1,535.4	1,401.7	1,321.0	-1.8%
Tax (cash and deferred)	-350.7	-376.8	-316.1	-291.7	-266.3	-251.0	
Net profit before minorities	1,709.1	906.4	1,078.1	1,243.7	1,135.4	1,070.0	
Minorities	-401.0	-254.7	-435.9	-597.0	-545.0	-513.6	
Net profit after minorities	1,308.1	651.7	642.2	646.7	590.4	556.4	
Number of shares (weighted average, excl. treasury shares)	1,172.9	1,305.2	1,168.2	1,094.4	1,048.2	1,048.2	
Earnings per share (EPS, basic)	1.12	0.50	0.55	0.59	0.56	0.53	
Earnings per share (EPS, diluted)	1.10	0.49	0.53	0.57	0.53	0.49	
Dividend per share (DPS)	0.14	0.22	0.23	0.25	0.32	0.35	
Adjusted EBITDA	772.7	944.1	973.9	967.1	983.4	1,024.7	1.7%
FFO I	503.4	447.4	459.1	489.6	565.1	602.3	9.5%
FFO I per share	0.43	0.34	0.39	0.45	0.54	0.57	13.5%
FFO I after perpetual	445.6	357.8	353.2	371.5	446.6	484.8	11.1%
FFO I per share after perpetual	0.38	0.27	0.30	0.34	0.43	0.46	15.2%
Shareholders' Equity (without minorities)	9,585.5	10,424.8	10,533.6	10,915.4	11,227.2	11,448.6	2.8%
Shareholders' Equity (including minorities)	13,378.9	15,583.0	19,156.4	19,811.1	20,336.2	20,695.8	
EPRA NTA	10,522.7	11,187.4	11,564.0	11,983.2	12,325.4	12,568.5	2.8%
Balance Sheet sum	25,444.7	31,021.6	39,383.1	38,595.4	39,918.3	40,863.1	
Equity Ratio	52.6%	50.2%	48.6%	51.3%	50.9%	50.6%	
RoE (after tax)	11.2%	4.5%	3.7%	3.3%	2.9%	2.7%	-9.8%
Property portfolio (including equity-accounted investees)	21,213.3	24,327.4	29,115.9	28,533.6	29,960.3	31,458.3	
Book Value per share (Euro) - undiluted	8.17	7.99	9.30	10.40	11.10	11.32	6.8%
EPRA NTA per share (Euro) - undiluted	8.59	9.51	10.21	11.42	12.19	12.43	6.8%

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 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 €
Aroundtown	May 27, 2021	Buy	6.81 €	8.50 €
Aroundtown	March 26, 2021	Buy	5.87 €	8.50 €
Aroundtown	November 25, 2020	Buy	5.85 €	9.50 €
Aroundtown	August 26, 2020	Buy	4.87 €	9.50 €

Please note:

The share price mentioned in this report is from 24 May 2022. AROUNDTOWN SA mandated SRC Research for covering the share.

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