

AROUNDTOWN

Buy (unchanged) **Target: Euro 3.50** (unchanged)



Der Spezialist für Finanzaktien

27 | November | 2024

Price (Euro) **2.89**
52 weeks range 3.09 / 1.53

Key Data

ISIN LU1673108939
Ticker AT1
Bloomberg AT1 GR
Reporting standard IFRS
Market Cap (Euro million) 4,442
Number of shares (million) 1,537.0
Free Float 46.0%
Free Float Market Cap (Euro million) 2,043
CAGR Adj. EBITDA profit ('23-'26e) 0.4%

Multiples	2023	2024e	2025e	2026e
Market Cap/ Total revenues	2.8	2.8	2.8	2.7
PE-Ratio	-1.6	-60.0	8.6	7.6
Dividend Yield	0.0%	0.0%	7.6%	9.8%
Price-to-Book-Ratio	0.41	0.42	0.40	0.39
P/ NAV-ratio	0.39	0.41	0.40	0.39

Key Data per share (Euro)	2023	2024e	2025e	2026e
Earnings per share (EPS)	-1.82	-0.05	0.34	0.38
FFO I per share	0.30	0.29	0.29	0.30
Dividend per share (DPS)	0.00	0.00	0.22	0.28
EPRA NTA per share	7.36	7.09	7.21	7.37

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	-732.3	123.1	223.0
EBITDA profit	-2,449.7	224.1	1,117.5	1,245.5
Adj. EBITDA profit (cash driven)	1,002.9	1,017.5	990.9	1,015.5
Operating profit (EBIT)	-2,467.6	205.7	1,098.5	1,226.2
Net financial result	-244.5	-305.5	-340.1	-375.3
Pre-tax profit (EBT)	-2,849.1	-125.0	758.4	850.9
Taxation	422.7	23.7	-144.1	-161.7
Net profit after minorities	-1,987.6	-52.6	368.6	413.5
FFO I	332.0	312.3	322.0	332.8
Shareholders' equity (Euro billion)	7.6	7.6	8.0	8.1
Property portfolio (Euro billion)	24.6	23.9	24.4	25.1
RoE (after tax)	-12.1%	-0.3%	2.4%	2.6%
Equity ratio (incl. equity minorities)	45.1%	45.1%	44.6%	44.3%

Main Shareholders

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

Financial calendar

2024 Annual Report 26 March 2025
1Q 2025 report 28 May 2025

Analyst

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Pleasing numbers and progress lead to a slight increase in our FFO estimate – Full year guidance specified to be at upper end of previously lifted guidance – Buy and Euro 3.50 affirmed

Today, Aroundtown released the report for the first nine months of 2024 and held a conference call. We are pleased with the reported numbers, which were largely in line with our expectations or even slightly above. Revenues were all in all down by about 4% from Euro 1.21bn to Euro 1.16bn. This was on the one hand due to a somewhat lower net rental income of Euro 883m compared to Euro 895m last year, which was driven by the large amount of disposals and counteracted by a 3% like-for-like rental growth, while on the other hand the operating and other income also came down from Euro 315m to Euro. Property revaluations and capital gain were at Euro -591m. Here no additional revaluation took place since 1H, however the portfolio will be fully revalued again at year-end. The share of at-equity investments was at Euro -9.8m compared to Euro -85.2m in last year's period. Property operating expenses amounted to Euro 412m and thus improved by about 17% compared to last year's number of Euro 496m. Administrative expenses more or less remained at a level of about Euro 47m. The firm's EBITDA all in all amounted to Euro 108m and was clearly on top of last year's number of Euro -1.29bn. The adjusted EBITDA showed a slight year-over-year improvement from Euro 748m to Euro 758m. Finance expenses hiked by about 8% from Euro 165m to Euro 179m, driven by the higher interest rate environment reflected in the debt instruments. The bottom line after minorities stood at Euro -154m after Euro -1.37bn last year. The cash driven FFO I of the first nine months amounted to almost Euro 236m, down by about 8% from last year's number of more than Euro 255m, driven by higher finance expenses and perpetual notes attribution, as well as the above mentioned disposals. The FFO per share amounts to 22 cents. As this is slightly above our expectation, we decided to somewhat lift our estimate for the full-year to now more than Euro 312m instead of the previous estimate of Euro 306m.

Over the course of 2024, AT has signed an additional Euro 630m of disposal and closed about Euro 440m of sales at a slight premium to book value. The portfolio now amounts to Euro 24bn. Especially the Hotel segment, which saw some very difficult times in recent years following the Covid pandemic, the company has worked on some repositioning over the recent quarters and now indicates about Euro 60m of rent upside for the coming years as a result. Furthermore, the management sees an overall revisionary rent potential of about 25% in the portfolio of which it plans to make use in the future, both of which should also support on a shift back to a FFO growth in the coming years. Another driver for a positive FFO development is the already previously talked about perpetuals exchange, which will start to become accretive in 2025.

We are pleased with the numbers and progress the firm has achieved so far in 2024. The management again confirmed its full-year guidance and even specified it to be at the upper end of the at 1H lifted FFO range of Euro 290m to Euro 320m. We confirm our Buy rating and our Euro 3.50 target price, which the share is more and more approaching as it has seen a strong recovery in the recent months.

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			

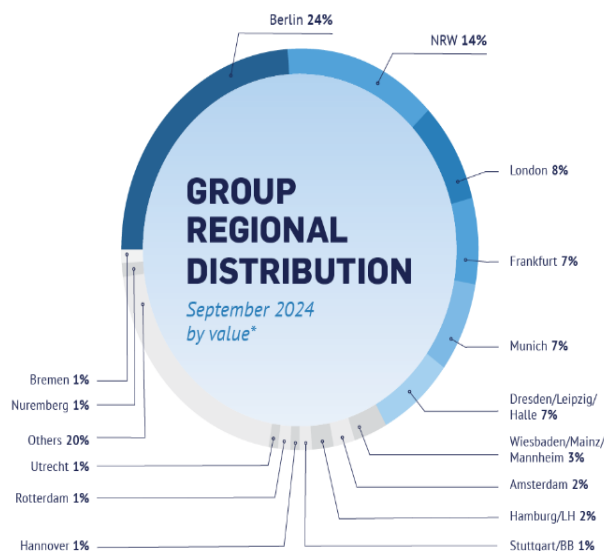
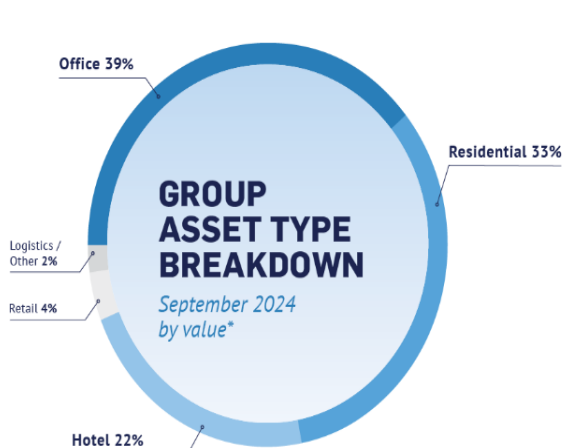
ADVISORY BOARD
Dr. Gerhard Cromme Chairman
Yakir Gabay
Claudio Jarczyk
David Maimon

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 24bn. 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 39%, while the hotel share stands at 22%. 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 3.3bn 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	-732.3	123.1	223.0	
Share in profit from investment in equity-accounted investees	193.4	5.9	-149.8	-17.2	51.4	58.9	
Property-related operating expenses	-533.0	-694.9	-638.4	-552.7	-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	224.1	1,117.5	1,245.5	
Operating Profit (EBIT)	1,736.7	361.1	-2,467.6	205.7	1,098.5	1,226.2	
Impairment of goodwill	0.0	-404.3	-137.0	-25.2	0.0	0.0	
Finance expenses	-180.4	-184.8	-230.1	-251.6	-264.2	-277.4	
Other financial results	-162.1	-194.1	-14.4	-53.9	-75.9	-97.9	
Net financial result	-342.5	-378.9	-244.5	-305.5	-340.1	-375.3	
Pre-tax profit (EBT)	1,394.2	-422.1	-2,849.1	-125.0	758.4	850.9	
Tax (cash and deferred)	-316.1	-35.0	422.7	23.7	-144.1	-161.7	
Net profit before minorities	1,078.1	-457.1	-2,426.4	-101.2	614.3	689.2	
Minorities	-435.9	-188.0	438.8	48.6	-245.7	-275.7	
Net profit after minorities	642.2	-645.1	-1,987.6	-52.6	368.6	413.5	
Number of shares (weighted average, excl. treasury shares)	1,168.2	1,109.9	1,093.0	1,093.5	1,093.5	1,093.5	
Earnings per share (EPS, basic)	0.55	-0.58	-1.82	-0.05	0.34	0.38	
Earnings per share (EPS, diluted)	0.53	-0.58	-1.82	-0.05	0.34	0.38	
Dividend per share (DPS)	0.23	0.00	0.00	0.00	0.22	0.28	
EBITDA	1,751.6	382.2	-2,449.7	224.1	1,117.5	1,245.5	
Adjusted EBITDA	973.9	878.8	1,002.9	1,017.5	990.9	1,015.5	0.4%
FFO I	353.2	362.7	332.0	312.3	322.0	332.8	0.1%
FFO I per share	0.30	0.33	0.30	0.29	0.29	0.30	0.1%
Shareholders' Equity (without minorities)	10,533.6	9,585.3	7,643.3	7,590.7	7,959.2	8,131.3	2.1%
Shareholders' Equity (including minorities)	19,156.4	17,823.4	15,149.7	15,015.3	15,712.8	16,020.4	
EPRA NTA	11,564.0	10,775.3	8,058.7	7,763.1	7,895.8	8,066.5	0.0%
Balance Sheet sum	39,383.1	37,347.1	33,559.3	33,281.9	35,221.2	36,134.7	
Equity Ratio	48.6%	47.7%	45.1%	45.1%	44.6%	44.3%	
RoE (after tax)	3.7%	-3.5%	-12.1%	-0.3%	2.4%	2.6%	
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	6.93	7.27	7.42	2.1%
EPRA NTA per share (Euro) - undiluted	10.21	9.85	7.36	7.09	7.21	7.37	0.0%

SRC Research

- Der Spezialist für Finanz- und Immobilienaktien -

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Rating chronicle:

Company	Date	Rating	former share price	former target
Aroundtown	August 29, 2024	Buy	2.39 €	3.50 €
Aroundtown	May 29, 2024	Buy	2.20 €	3.50 €
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 €

Please note:

The share price mentioned in this report is from 26 November 2024. AROUNDTOWN SA mandated SRC Research for covering the share.

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