

Aroundtown SA

Germany / Real Estate
 Frankfurt Stock Exchange
 Bloomberg: AT1 GR
 ISIN: LU1673108939

Q3 / 21
 Update

RATING
BUY

PRICE TARGET
€ 8.60

Return Potential 45.5%
 Risk Rating Medium

PORTFOLIO QUALITY UP IN Q3; GUIDANCE CONFIRMED

Third quarter reporting was close to our targets and characterised by the ongoing disposal of non-core and mature assets and the first time consolidation of Grand City Properties. Portfolio quality is on the rise, and management confirmed 2021 guidance (FFOPS 1: €0.29 to €0.31). The hotel sector is facing new pandemic headwinds but remains open to fully vaccinated travellers. 9M net rent tallied €773m, and FFOPS 1 climbed 5% Y/Y to €0.23 supported by the share buyback. On a non-adjusted basis, FFOPS 1 increased 11% Y/Y, and NTAPS is up 3% YTD to €9.8. We remain Buy-rated on Aroundtown with an unchanged €8.6 target price.

Capital recycling boosts overall quality and financial flexibility AT continues to sell properties above book value (€2.5bn signed YTD). Management expect the current market environment to persist over the near term, and the disposal pipeline still tops €1bn. The generated liquidity gives the company the flexibility to capitalise on the still sizable share price discount to NAV by extending the buyback program. However, management are still hopeful that market dynamics may shift in the wake of the pandemic and present some attractive buying opportunities. The company noted on the earnings call that distressed deals took 3 years to emerge during the last financing crisis. Meanwhile, thanks to the portfolio optimisation, exposure to top cities in AT's core markets is now at 66% vs 62% at YE19, while 91% of the portfolio encompasses core office, hotel, and residential properties (YE19: 88%).

Developments in the hotel sector The hotel and hospitality industries enjoyed a summer uptick in bookings led by leisure trips, while business travel remained sluggish as expected. Rent collections hit 60% in Q3 compared to 34% in H1. Although most hotels remain open for leisure travel during the current lockdown measures, it is impossible to predict the willingness of people to travel this winter with infections rates again spiking. AT provisioned another €25m for uncollected rents in Q3 and expects a similar level for Q4. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019	2020	2021E	2022E
Net rent (€m)	448.98	633.00	765.70	1003.00	888.98	921.48
Adj. EBITDA (€m)	339.0	508.9	641.0	777.4	694.8	796.2
Net income (€m)	1,539.00	1,827.80	1,709.10	906.40	1,068.30	1,536.92
EPS (diluted) (€)	1.56	1.58	1.12	0.50	0.61	0.90
EPRA NTA ¹ (€m)	n.a.	n.a.	10,633.48	11,511.81	12,246.35	13,454.95
NTAPS ¹ (€m)	n.a.	n.a.	8.60	9.51	9.92	10.97
DPS (€)	0.23	0.25	0.14	0.22	0.22	0.36
FFO 1 ² (€m)	264.20	359.64	445.58	357.80	340.56	560.61
FFOPS 1 ² (€)	0.32	0.34	0.38	0.27	0.29	0.48
Liquid assets (€m)	852.44	1613.90	3,074.70	3,287.09	3,202.61	2,195.30

¹ No NTA data reported prior to 2019 ² after perpetual and covid-19 adjustments

RISKS

Risks include, but are not limited to, unfavourable interest rate developments, unfavourable macroeconomic developments, and the departure of key personnel.

COMPANY PROFILE

Aroundtown SA is a specialist real estate company focused on investing in and managing value-add properties primarily located in the German/ Netherlands real estate markets.

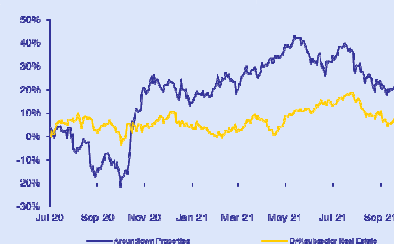
MARKET DATA

As of 24 Nov 2021

Closing Price	€ 5.91
Shares outstanding	1537.02m
Market Capitalisation	€ 9083.79m
52-week Range	€ 5.61 / 7.08
Avg. Volume (12 Months)	2,707,954

Multiples	2020	2021E	2022E
P/FFO 1	21.6	20.4	12.4
P/NTA	0.6	0.6	0.5
FFO 1 Yield	4.6%	4.9%	8.1%
Div. Yield	3.8%	3.7%	6.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2021

Liquid Assets	€ 3,272.00m
Current Assets	€ 6,017.00m
EPRA NTA	€ 11,421.00m
Investment properties	€ 28,976.00m
Current Liabilities	€ 1,806.00m
Total Equity	€ 19,162.00m

SHAREHOLDERS

Treasury shares*	28.0%
Avisco Group	10.0%
Blackrock	5.6%
Free Float	56.4%

* 12% are held through TLG Immobilien AG, voting rights suspended



THIRD QUARTER BREAKDOWN

Net rental income like-for-like (LFL) was 0.6%—in-place rent 0.9%; occupancy minus 0.3%—for the period. Adjusted for the -0.9% LFL performance for the hotel assets, the KPI totalled 1.2% including 1.7% for in-place rent and minus 0.4% occupancy LFL. The metrics did not include GCP but will in future reporting.

Table 1: Third quarter results vs FBe and prior year

All figures in EURm	Q3/21	Q3/21E	variance	9M/21	9M/20	variance
Recurring LT net rental income	313	298	5.0%	756	730	3.6%
Net rental income	315	302	4.4%	773	758	2.0%
AEBITDA before JV contribution*	256	244	4.9%	625	604	3.5%
Margin (on NRI)	81%	81%	-	81%	80%	-
AEBITDA	264	255	3.6%	716	723	-1.0%
FFO 1 (after perps; covid-19 adj.)	95	90	5.4%	267	301	-11.4%
FFOPS 1 (after covid-19 adj.) (€)	0.08	0.08	5.4%	0.23	0.22	4.5%
FFOPS 1 (after perps; before covid-19 adj.) (€)	0.10	0.09	5.4%	0.31	0.28	10.7%

* previously adj. EBITDA commercial, recurring LT

Source: First Berlin Equity Research; Aroundtown

Nine month net rental income (NRI) rose 2% on an annualised basis to €773m. The growth owes largely to the GCP consolidation and was partially offset by disposals. Adjusted for GCP, NRI was down 10% Y/Y to €680m. The decline is traced to some €2.7bn in T12 (trailing 12 month) disposals. Q3 NRI of €315m was also higher Y/Y on the same effects and close to FBe.

'Adj. EBITDA before JV contribution' which reflects recurring operational profit excluding capital gains and revaluation effects, climbed 3.3% Y/Y to €624m in 9M/21 owing chiefly to the GCP contribution. Excluding the Grand City effects, the KPI was 9% lower on an annualised basis at €550m, owing to the aforementioned disposals. Including the JV contributions, AEBITDA tallied €716m (-1%).

FFO 1 metrics close to our targets Nine month FFO 1 was down 11% Y/Y, due chiefly to the €100m Covid-19 provision (9M/20: €70m). The GCP consolidation has no material impact on FFO calculations since AT's share of GCP FFO was already included in the old accounting. On a non-adjusted basis, FFO 1 totalled €367m compared to €371m in the prior year period. The calculation now includes AT's share of FFO in JV positions and excludes minorities' operating profits. FFOPS 1 rose 4.5% Y/Y to €0.23, thanks to the effects of the share buyback, while FFOPS 1 before covid-19 adjustments was up even more strongly (+10.7%) to €0.31. FFO 2 hit €650m (9M/20: €581m), thanks to the €383m result from property disposals for the period.


Figure 1: Per share EPRA NAV developments


Source: First Berlin Equity Research; Aroundtown

As of 30 September, EPRA NTAPS stood at €9.8 vs €9.5 at YE20 (+3%) with NTA edging higher to €11.4bn (H1/21: €11.2bn). Adjusted for dividends NTAPS was up 5% YTD. NDVPS and NRVPS showed ~1% YTD upticks at the 9M juncture. Per share growth was positively impacted by the share buyback.

Table 2: Financial highlights

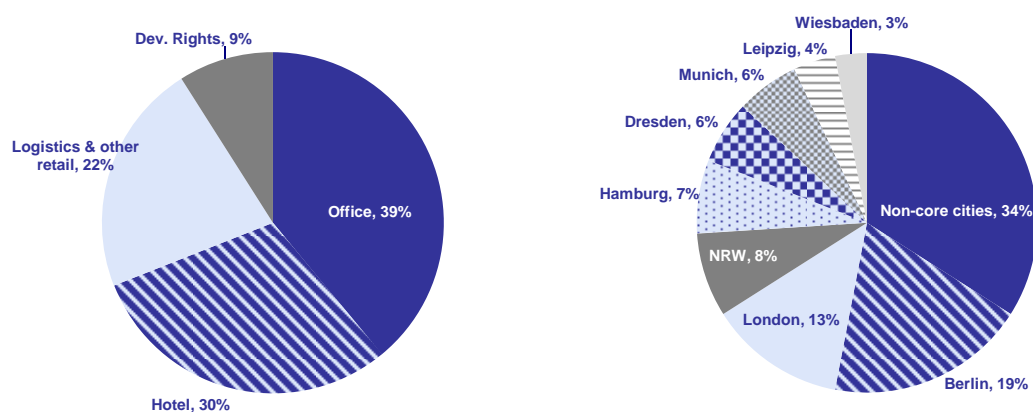
All figures in EURm	Q3/21	2020	variance
Cash and liquid assets	3,272	3,263	0%
Investment property	28,976	21,172	37%
Total assets	39,400	31,022	27%
Net debt	12,412	8,598	44%
Total equity	19,162	15,583	23%
Equity ratio	49%	50%	-
EPRA NTA	11,421	11,187	2%
Unencumbered asset ratio	82%	76%	-
Loan-to-Value (LTV)	39%	34%	-

Source: First Berlin Equity Research; Aroundtown

Capital structure a major strength to mitigate pandemic volatility The debt structure includes an LTV of 39% alongside a historically low 1.3% average cost of debt with a 5.8 year maturity. AT has repaid some €1.6bn in debt this year including €1.1bn of corporate bonds with a mean 2.2% interest rate.

The interest coverage ratio (ICR) and unencumbered asset ratio stood at 5.1x and 82% respectively at the end of 9M. The cash coverage ratio is 2x of debt maturity over the next two years.

Figure 2: Breakdown of YTD disposal activity



Source: First Berlin Equity Research; Aroundtown

Disposals remain lucrative; buyback nearly completed AT continues to weed non-core / mature commercial assets out of the portfolio and closed €1.1bn in disposals in the nine month period at a 23x rental income multiple and 3% margin over BV. The disposal pipeline remains ~€1bn. Thus far, the company has purchased ~€400m in stock at an average price of €6.3 per share. With the current buyback program nearly exhausted, management have approval to expand the stock repurchases. Given that the tight market environment currently limits acquisition growth, we see this as a prudent course for future disposal proceeds.

Table 3: Portfolio segmentation and KPIs

	Investment properties (€m)	Rentable area ('000 m ²)	EPRA vacancy	Annualised net rent (€m)	In-place rent (€/m ²)	Value (€/m ²)	Rental yield	WALT
Office	12,057	3,930	10.5%	492	11.1	3,068	4.1%	4.6
Residential	7,670	3,710	5.3%	342	8.0	2,067	4.5%	n.a.
Hotel	4,758	1,601	4.0%	247	13.3	2,972	5.2%	15.6
Retail	1,854	824	11.0%	90	10.0	2,251	4.8%	4.7
Logistics/Other	449	496	8.2%	23	4.2	904	5.1%	5.0
Land for development & rights	2,188							
Total	28,976	10,561	7.7%	1,194	9.9	2,536	4.5%	7.8
Total (GCP at relative consolidation)	24,264	8,393	8.2%	993	10.4	2,650	4.5%	7.9

Source: First Berlin Equity Research; Aroundtown



VALUATION MODEL

Table 4: Confirmed 2021 guidance vs FBe

	Unit	2021 Guidance	2020 Actual	2021E
FFO 1 ¹	€m	340 - 370	358	341
FFOPS 1 ¹	€	0.29 - 0.31	0.27	0.29
DPS	€	0.22 - 0.24	0.22	0.22

¹after perpetual attribution and covid-19 provision

Source: First Berlin Equity Research; Aroundtown

Guidance unchanged; rating remains Buy Management reiterated 2021 guidance calling for FFOPS 1 (after covid-19 adjustments) of €0.29 to €0.31. FFO 1 calculations were unchanged by the Grand City consolidation; we thus leave our estimates unchanged and will synchronise our forecasts with the newly consolidated capital structure in due course.

The AT stock has been under renewed pressure in conjunction with the rapid rise in infection rates throughout Germany. However, our view that Aroundtown, with its diversified portfolio and robust capital structure, is built to weather an extended pandemic storm, remains unchanged. We confirm our Buy and €8.6 target price.

in €m	2021E	2022E	2023E	2024E	TV
EBITDA	695	796	873	926	940
(+) Revaluations	649	900	972	899	464
(+) Investment income (GCP)	120	133	139	146	149
(-) Tax expense	77	88	96	102	103
NOPAT	1,386	1,741	1,887	1,869	1,449
Total assets	30,704	31,734	34,424	35,389	35,389
(-) Current liabilities	876	804	824	861	861
(+) Current financial debt	100	100	100	100	100
(-) Cash	2,603	1,592	2,225	1,695	1,695
(+) Deferred taxes	1,919	2,040	2,171	2,289	2,289
Capital employed (CE)	29,243	31,478	33,645	35,221	35,221
Average CE	29,257	30,361	32,562	34,433	35,221
ROCE	4.7%	5.7%	5.8%	5.4%	4.1%
WACC	4.1%	4.1%	4.1%	4.1%	4.1%
ROCE-WACC	0.7%	1.7%	1.7%	1.4%	0.1%
Economic profit	198	508	565	471	19
NPV	197	486	520	416	654

Fair value calculation	
Total return	2,275
(+) NTA ¹ (2020)	11,187
(-) Dividend to be paid	233
Equity value	13,229
Fair value per share (€)	8.60

¹ net tangible assets

Target price (€)	8.60
Share price (€)	5.91
Return potential	45.5%
Dividend yield	3.8%
Total return potential	49.3%



INCOME STATEMENT

All figures in EURm	2017	2018	2019	2020	2021E	2022E
Net rent	449	633	766	1,003	889	921
Operating and other income	78	114	129	177	157	163
Rental and operating income (RI)	527	747	895	1,180	1,046	1,084
Capital gains, property revaluations & other	1,327	1,536	1,218	769	649	900
Result from equity-accounted investees	228	252	299	196	150	198
Property OpEx	-147	-219	-228	-443	-402	-293
Other income	0	0	0	0	0	70
Administration & other OpEx	-15	-23	-27	-51	-37	-33
Operating income (EBIT)	1,920	2,294	2,156	1,652	1,406	1,927
Net financial result	-70	-115	-142	-201	-160	-162
Other financial expenses	-15	-94	46	-168	0	0
Pre-tax income (EBT)	1,836	2,085	2,060	1,283	1,246	1,765
Tax expense	-34	-44	-71	-89	-80	-93
Deferred tax	-263	-213	-280	-287	-97	-135
Tax result	-297	-257	-351	-377	-177	-228
Comprehensive net income	1,539	1,828	1,709	906	1,068	1,537
Minority interests	228	161	343	165	32	46
Perpetual notes	29	46	58	90	95	95
Net income to owners	1,283	1,620	1,308	652	941	1,396
Basic EPS (€)	1.56	1.58	1.12	0.50	0.61	0.90
Adjusted EBITDA commercial	339	509	641	777	695	796
Ratios						
Adj EBITDA commercial margin	81.7%	80.9%	83.7%	77.5%	78.2%	86.4%
Tax rate	7.8%	7.3%	9.1%	9.5%	9.8%	10.0%
Expenses as % of revenues						
Property OpEx	27.9%	29.3%	25.5%	37.5%	38.5%	27.0%
Administration & other OpEx	2.8%	3.0%	3.1%	4.3%	3.5%	3.0%
Y/Y Growth						
Revenues	92.6%	41.7%	19.8%	31.9%	-11.4%	3.7%
Operating income	73.5%	19.4%	-6.0%	-23.4%	-14.9%	37.0%
Adjusted EBITDA	74.3%	50.1%	25.9%	21.3%	-10.6%	14.6%
Net income/ loss	76.1%	26.3%	-19.3%	-50.2%	44.4%	48.3%
Funds from Operations (FFO)						
Adjusted EBITDA commercial portfolio	339	509	641	777	695	796
Finance expense	-70	-115	-142	-201	-160	-162
Tax expense	-34	-44	-71	-89	-80	-93
Minority adjustment	-9	-7	-17	-36	-28	-28
Other adjustments	10	8	3	9	9	9
FFO 1 commercial (long-term recurring)	237	339	415	461	436	523
Adjustment for GCP & other contributions	56	67	89	107	120	133
FFO 1 (before perpetuals)	293	406	503	567	556	655
Perpetual attribution	-29	-46	-58	-90	-95	-95
FFO 1	264	360	446	478	461	561
Extraordinary covid-19 provision	0	0	0	-120	-120	0
FFO 1 (covid-19 adjusted)	264	360	446	358	341	561



BALANCE SHEET

All figures in EURm	2017	2018	2019	2020	2021E	2022E
Assets						
Current assets, total	1,523	2,102	3,743	4,781	3,906	2,918
Cash and cash equivalents	736	1,243	2,192	2,692	2,603	1,592
Short-term investments	99	366	878	454	454	454
Receivables	163	277	454	617	516	535
Other current assets	18	5	5	141	145	149
Assets held for sale	508	211	214	877	188	188
Non-current assets, total	12,247	16,939	21,702	26,241	26,797	28,816
Property, plant & equipment	26	33	20	877	880	882
Investment properties	9,804	14,174	18,127	21,172	21,570	23,405
Equity accounted investees	1,906	2,215	2,506	3,177	3,274	3,425
Other LT assets	512	517	1,049	1,014	1,073	1,104
Total assets	13,770	19,041	25,445	31,022	30,704	31,734
Shareholders' equity & debt						
Current liabilities, total	566	606	857	1,074	876	804
Short-term debt	17	27	246	181	100	100
Accounts payable	267	451	343	435	460	374
Provisions & other current liabilities	282	128	268	458	317	329
Long-term liabilities, total	5,955	8,491	11,209	14,364	13,736	13,741
Long-term debt	5,078	7,444	9,759	11,680	10,929	10,772
Deferred tax liabilities	752	882	1,107	2,026	2,123	2,258
Other LT liabilities	125	164	342	659	684	711
Minority interests	674	567	1,309	2,025	1,837	1,883
Shareholders' equity	6,576	9,377	12,070	13,558	14,254	15,306
Total consolidated equity and debt	13,770	19,041	25,445	31,022	30,704	31,734
Ratios						
ICR (x)	5.4	4.7	4.8	4.3	4.5	5.1
Net debt / adj. EBITDA (x)	13.0	11.8	10.9	11.1	11.3	10.9
Equity ratio	52.6%	52.2%	52.6%	50.2%	52.4%	54.2%
Financial leverage	66.9%	62.6%	57.9%	63.4%	54.9%	56.7%
EPRA NAV	6,483	8,742	10,633	11,512	12,246	13,455
EPRA NAVPS (€)	6.8	7.7	8.7	9.8	10.1	11.1
EPRA NTA	n.a.	n.a.	10,523	11,187	11,672	12,906
EPRA NTAPS (€)	n.a.	n.a.	8.6	9.5	9.9	11.0
Net debt	4,400	5,871	6,985	8,598	7,826	8,677
Return on equity (ROE)	23.4%	19.5%	14.2%	6.7%	7.5%	10.0%
Loan-to-value (LTV)	36%	35%	34%	34%	31%	32%



CASH FLOW STATEMENT

All figures in EURm	2017	2018	2019	2020	2021E	2022E
Net income	1,539	1,828	1,709	906	1,068	1,537
Depreciation & amortisation	2	2	2	4	2	2
Capital gains, property revaluations & other	-1,327	-1,536	-1,218	-769	-649	-900
Profit share from equity accounted investees	-228	-252	-299	-196	-150	-198
Shared based payment in a subsidiary	2	3	5	3	0	0
Net finance expenses	85	208	96	369	160	162
Tax result	297	257	351	377	177	228
Operating cash flow	369	510	646	694	609	831
Changes in working capital	-13	-39	-34	-36	75	-125
Provisions for other liabilities	-2	-3	-3	-3	-150	3
Dividend received	41	51	61	43	53	47
Tax paid	-33	-46	-57	-83	-80	-93
Net operating cash flow	362	473	614	616	507	664
CapEx/ intangibles	-9	-5	-3	-36	-5	-5
Disposal/ investment in investment properties, net	-615	-915	-2,311	1,427	941	-935
Acquisition/disposals of subsidiaries	-1,946	-1,829	0	0	0	0
Proceeds from investments in financial assets	-184	-175	-576	-377	20	21
Cash flow from investing	-2,754	-2,924	-2,890	1,014	957	-918
Debt financing, net	1,165	2,588	2,148	-493	-832	-157
Equity financing, net	866	601	596	0	0	0
Payments for own shares	0	0	0	-1,001	-500	0
Share buy-back in a subsidiary	0	0	0	0	-220	0
Dividends paid	-155	-226	-209	-22	-351	-344
Other financing activities	682	87	854	94	510	-95
Net paid financing expenses	-66	-97	-161	-212	-160	-162
Cash flow from financing	2,492	2,953	3,228	-1,634	-1,553	-757
Net cash flows	100	501	952	-5	-89	-1,012
Assets held for sale - cash	-5	6	-4	-3	0	0
Fx effects	0	-1	1	-1	0	0
Cash & equivalents from TLG	0	0	0	509	0	0
Cash, start of the year	641	736	1,243	2,192	2,692	2,603
Cash, end of the year	736	1,243	2,192	2,692	2,603	1,592
AEBITDA commercial / share (€)	0.41	0.47	0.55	0.60	0.45	0.51
FFO 1 (after perpetuals)	264	360	446	478	461	561
FFO 1 (after perpetuals, covid adjusted)	264	360	446	358	341	561
FFOPS 1 (after perpetuals) (€)	0.32	0.34	0.38	0.37	0.39	0.48
FFOPS 1 (after perpetuals, covid adj.) (€)	0.32	0.34	0.38	0.27	0.29	0.48

Imprint / Disclaimer

First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH
Mohrenstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

Authored by: Ellis Acklin, Senior Analyst

All publications of the last 12 months were authored by Ellis Acklin.

Company responsible for preparation: First Berlin Equity Research GmbH, Mohrenstraße 34, 10117 Berlin

The production of this recommendation was completed on 25 November 2021 at 15:05

Person responsible for forwarding or distributing this financial analysis: Martin Bailey

Copyright© 2021 First Berlin Equity Research GmbH No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of Aroundtown SA the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the Aroundtown SA for preparation of a financial analysis for which remuneration is owed.

Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0,5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;

- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

First Berlin F.S.B. Investment-Beratungsgesellschaft mbH (hereafter FBIB), a company of the First Berlin Group, holds a stake of under 0.5% of the shares in the company which has been covered in this analysis. The analyst is not subject to any restrictions with regard to his recommendation and is therefore independent, so that we believe there is no conflict of interest.

With regard to the financial analyses of Aroundtown SA the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the Aroundtown SA for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	29 September 2015	€3.40	Buy	€5.70
2...41	↓	↓	↓	↓
42	29 October 2020	€3.89	Buy	€8.60
43	27 November 2020	€5.97	Buy	€8.60
44	28 January 2021	€5.67	Buy	€8.60
45	31 March 2021	€6.07	Buy	€8.60
46	15 April 2021	€6.34	Buy	€8.60
47	31 May 2021	€6.89	Buy	€8.60
48	30 August 2021	€6.47	Buy	€8.60
49	23 September 2021	€6.06	Buy	€8.60
50	Today	€5.91	Buy	€8.60

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

EXCLUSION OF LIABILITY (DISCLAIMER)

RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

This report is not intended for distribution in the USA and/or Canada.