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Raghsa S.A.

Raghsa is a real estate company engaged in the development, construction, leasing, and sale of premium office and residential properties. The company is Argentina's leading provider of Class "AAA" corporate office space for lease. In addition, it owns a portfolio of office and residential properties in New York City.

Raghsa reported its latest financial results for 1Q27, the quarter ended May 31, 2026. The company's current fiscal year ends on February 28, 2027.

Domestic Portfolio

In Buenos Aires, the company owns four office buildings: Madero Office (MO), 955 Belgrano Office (BO), Centro Empresarial Libertador (CEL), and Centro Empresarial Núñez (CEN). BO, CEL, and CEN have been awarded LEED Gold certification by the USGBC, while MO holds LEED Silver certification.

As of 1Q27, the company's leasable office area in Argentina totaled 117,516 sqm, down 2% from 4Q26 following the transfer of two office units and their corresponding parking spaces at MO, valued at USD 12.3 million, as partial payment for the acquisition of the land parcel located at 7055 Avenida del Libertador.

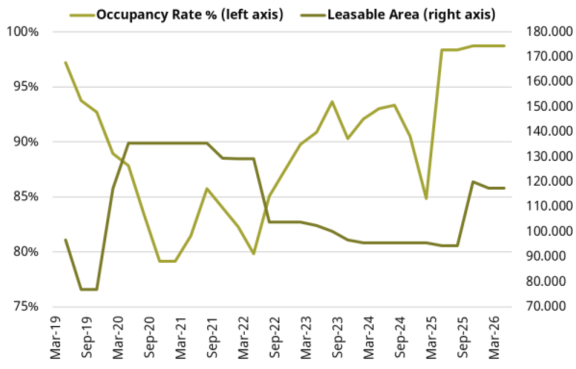
As highlighted in our previous reports, occupancy across the company's Buenos Aires office portfolio remained virtually full, with a weighted average occupancy rate of 98.7%, broadly in line with the level recorded a year earlier.

As of 1Q27, Raghsa's average rental rate stood 7% above the Buenos Aires Class A office market average, reflecting the high quality of its asset portfolio. Based on the currently leased area, the company estimates that its local portfolio will generate USD 40.1 million in rental income from its Buenos Aires properties during the current fiscal year.

In line with its expansion strategy, Raghsa acquired a 5,800 sqm land parcel at 7055 Avenida del Libertador for USD 73 million in December 2025. The site has an estimated buildable area of 75,500 sqm and is currently in the project development stage, with the objective of generating synergies with CEL and CEN. Of the purchase price, USD 30.8 million remains outstanding and is financed through a mortgage bearing a 6.5% annual interest rate, repayable in 15 quarterly installments beginning in October 2026, with final maturity in 2030.

Meanwhile, the land parcel acquired in March 2024 at 7172 Avenida del Libertador for USD 33.5 million remains in the planning stage. The company intends to develop a Class AAA corporate office building with approximately 25,500 sqm of leasable space. The acquisition has been fully paid for, and construction is expected to start in the second half of 2026.

Occupancy (%) and Leasable Area (sqm)



Source: Sekoia Research based on IR and FFSS.

International Portfolio

In New York, the company owns two commercial properties (512 West 22nd Street, with 16,030 sqm of leasable area, and 639 West 46th Street) and one residential property, One Union Square South (16,165 sqm of leasable area). As of 1Q27, all three properties were fully occupied.

In August 2025, Raghsa acquired 512 West 22nd Street, which began generating rental income in 3Q26. Of the purchase price, USD 130 million remains outstanding and is financed through a floating-rate mortgage maturing in February 2035.

Meanwhile, One Union Square South carries a USD 113.3 million mortgage bearing a very low interest rate secured in 2020, with final maturity in February 2030.

Lastly, the company owns two adjacent land parcels on Manhattan's West Side intended for the development of a last-mile logistics facility. Although the project has received the necessary planning approvals, construction has not yet started. One of the two parcels, comprising 2,322 sqm, is currently leased.

For fiscal year 2027, the company expects its New York portfolio to generate USD 40.1 million in rental income, a level broadly in line with that of its domestic portfolio.

Results

During 1Q27, Raghsa reported rental income of USD 20.2 million, up 83% YoY, primarily driven by the addition of CEN and 512 West 22nd Street, both of which were incorporated into the portfolio in 3Q26.

As of 1Q27, Argentina accounted for 49% of rental income, while the U.S. represented the remaining 51%, resulting in a well-balanced rental income mix across the two markets.

In terms of profitability, total EBITDA reached USD 13.7 million, representing a 93% YoY increase, while the EBITDA margin stood at 68%. The domestic portfolio accounted for 56% of total EBITDA, reflecting stronger profitability than the company's New York assets. For fiscal year 2027, Raghsa projects rental income of USD 80.2 million and EBITDA of USD 55.2 million across its entire portfolio.

USD MM	1Q27	1Q26	Var.	2027E	2026	Var.
Revenue	20,2	11,0	83%	80,2	64,3	25%
Domestic	9,9	6,4	54%	40,1	34,4	17%
International	10,3	4,6	125%	40,1	29,9	34%
EBITDA	13,7	7,1	93%	55,2	37,3	48%
EBITDA Margin	68%	65%	328bps	69%	58%	1080bps

Source: Sekoia Research based on IR and FFSS.

Debt Profile

As of 1Q27, Raghsa reported total financial debt of USD 409.3 million, entirely denominated in U.S. dollars. Of the total, 67% consisted of mortgage loans secured by One Union Square South, 512 West 22nd Street, and the land parcel at 7055 Avenida del Libertador, while 26% corresponded to New York law-governed corporate bonds maturing in 2030 and 2032, and the remaining 7% to bank loans. The company's debt portfolio has a weighted average maturity of 5.5 years and an average financing cost of 6.1% annually.

Cash and financial assets totaled USD 53.6 million, of which 86% was denominated in foreign currency, primarily consisting of U.S. dollar-denominated bonds and mutual funds. As a result, net debt stood at USD 355.7 million.

Based on projected fiscal year 2027 EBITDA, the company's Net Debt-to-EBITDA ratio stood at 6.4x, while interest coverage was 2.2x. However, these metrics overstate Raghsa's financial risk, as a significant portion of its debt consists of mortgage loans secured by the underlying real estate assets.

Excluding mortgage debt, net debt declines to USD 81.6 million. Furthermore, excluding both mortgage debt and the EBITDA generated by the mortgaged properties in New York, the Net Debt-to-EBITDA ratio falls to 2.6x, a level consistent with the company's financial profile, particularly considering its two ongoing development projects and the limited proportion of short-term debt.

Meanwhile, as of quarter-end, the company's portfolio of completed properties was valued at USD 1,072.7 million. Excluding the two mortgaged properties in New York, the value of its wholly owned properties amounts to USD 608.7 million, equivalent to 7.5x net debt. In this regard, Raghsa's premium office portfolio in Buenos Aires provides strong asset backing for the company's debt obligations.

USD MM (1Q27)	Total	Ex. Mortgages
Financial Debt	409,3	135,2
Cash & Fin. Assets	53,6	53,6
Net Debt	355,7	81,6
Annual Interest Expense	25,0	13,6
Property Value	1.072,7	608,7
Ratios (1Q27)	**Total**	**Ex. Mortgages**
Net Debt/2027E EBITDA	6,4	2,6
2027E EBITDA/Interests	2,2	2,3
Prop. Value/Net Debt	3,0	7,5

Source: Sekoia Research based on IR and FFSS.

RAGHSA 8.25% 2030: Issued in an aggregate principal amount of USD 56.8 million, matures in 2030 with a bullet repayment structure. It pays a semiannual coupon of 8.25% and is currently trading at USD 102.75, implying a yield to maturity of 7.4% and a duration of 3.2 years.

RAGHSA 8.50% 2032: Issued in an aggregate principal amount of USD 48.7 million, the bond matures in 2032 with a bullet repayment structure. It pays a semiannual coupon of 8.50% and is currently trading at a clean price of USD 104.00, implying a YTM of 7.7% and a duration of 5.0 years.

Outlook

Looking ahead, we expect Raghsa to continue strengthening its operating cash flow generation following the incorporation of CEN and 512 West 22nd Street in New York, both of which remain fully occupied. In addition, the limited supply of office space in Buenos Aires should continue to support high occupancy rates and rental levels above the Class A market average.

With a projected revenue mix that is nearly evenly split between Argentina and the United States, the company benefits from a strong credit profile supported by a portfolio of premium real estate assets, long-term leases with high-quality tenants, and highly predictable cash flows. While leverage appears elevated based on total financial debt, a significant portion consists of long-term mortgage loans secured by the underlying properties. Excluding this debt, leverage metrics are considerably more conservative and remain well supported by the company's high-quality asset portfolio.

In addition, current EBITDA metrics do not yet reflect the earnings potential of the developments at 7055 and 7172 Avenida del Libertador, which are expected to add nearly 100,000 sqm of leasable area to the company's portfolio. Once operational, these projects should expand Raghsa's income-generating capacity and contribute to a gradual reduction in leverage.

The company is expected to issue a new bond next Tuesday, July 28. The bond will have a 10-year maturity, a bullet repayment structure, and semiannual coupon payments. We estimate that it will price at a yield slightly below 8%. In our view, it offers an attractive yield with a comfortable margin of safety.

Thanks,

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