May 29, 2025

Raghsa S.A.

Raghsa is a company engaged in the development, construction, lease, and sale of premium office and residential properties. It is a market leader in Argentina in the Class "AAA" corporate leasing segment.

The company's operating income comes primarily from leasing its office buildings, and secondarily from partial or full sales of its properties. Currently, Raghsa manages four premium office buildings in Buenos Aires: Madero Office, 955 Belgrano Office, Centro Empresarial Libertador (CEL), and the recently completed Centro Empresarial Núñez (CEN).

Among its developed and sold properties are the Le Parc residential towers, Torre Madero Riverside, and Edificio Plaza San Martín. The company has developed over 1,000,000 square meters of residential and corporate real estate in Argentina and Uruguay. Raghsa also has a presence in the United States, where it has been generating leasing income from a residential property it owns in New York City since 2020. The company is currently evaluating new real estate projects in the city.

Occupancy

Premium office rents in Argentina are paid in pesos, adjusted by the official exchange rate. In contrast, real estate purchases and sales are settled entirely in hard currency.

As we will see later, both Raghsa's financial liabilities and financial assets are almost entirely denominated in U.S. dollars. For this reason, and as is standard practice, the company's financial statements are analyzed by converting stocks and flows into U.S. dollars using the official exchange rate applicable to each period.

Raghsa reported its latest results for FY25, which began on March 1, 2024, and ended on February 28, 2025.

The company's office portfolio is composed mainly of high-profile local and international tenants, including Chevron, American Express, JPMorgan, Lenovo, AWS, Quilmes, Facebook, Raízen, and Pedidos Ya, among others. This high-quality client base has supported strong revenue stability, with historically negligible delinquency rates close to 0%.

As of 4Q25, leasing office space remained stable compared to the same period the previous year, totaling 95,634 square meters. These were distributed among: Centro Empresarial Libertador (CEL), representing 63% of the total; 955 Belgrano Office, with 32%; and Madero Office, accounting for the remaining 5%. During FY24, the company sold units in the Madero Office building, its oldest asset. In FY25, no property sales were recorded.

At the end of 4Q25, the average occupancy rate for the office portfolio stood at 84.8%, a decrease of 700 basis points compared to 4Q24, mainly due to a decline in occupancy at CEL.

Occupancy % and Leasable Area by Property

Quarter	Madero Office	995 Belgrano Office	CEL (Ctro. Emp. Libertador)	Total
4Q25	100%	88%	82%	84.8%
leasable m²	*4,911*	*30,502*	*60,221*	*95,634*
3Q25	100%	88%	91%	90.5%
QoQ (bps)	0	0	-900	-567
4Q24	63%	87%	97%	92.1%
YoY (bps)	3700	100	-1500	-723
4Q23	63%	87%	97%	89.8%
2Y (bps)	3700	100	-1500	-492

Source: Cucchiara Research based on FFSS.

The snapshot as of February 2025 presented an unfavorable picture, as it did not reflect the actual occupancy levels of the properties in previous quarters. In its latest MD&A, Raghsa reported that by 1Q26, all three buildings were nearly fully occupied, with a weighted average occupancy rate of 98.4%.

As noted in our previous report, as of the close of 2Q25 on August 31, 2024 (see here), the company continued advancing its strategy of developing additional premium office space along Buenos Aires' northern corridor.

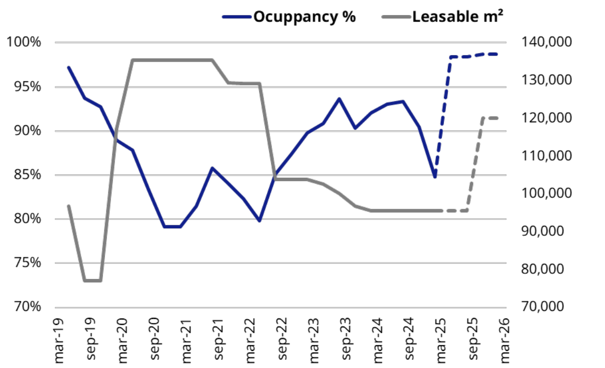
Raghsa recently inaugurated Centro Empresarial Núñez (CEN), adding 24,400 square meters to its premium office portfolio. The building is expected to receive Gold certification from the U.S. Green Building Council (USGBC), the highest rating, already held by CEL and 955 Belgrano Office. As a result, 96% of Raghsa's leasable space will carry a Gold certification.

In April, Raghsa announced that it signed a 10-year lease agreement with JPMorgan for the entire building, establish its regional corporate headquarters at CEN. This transaction is considered the most significant corporate lease deal in Argentina in the past 20 years. In exchange for custom renovations of the floors, JPMorgan took possession of the building in April and was granted a rent-free period until the end of 2Q26 (August 31, 2025). The lease is expected to generate approximately USD 9 million in annual revenue for Raghsa.

It is worth noting that, following the lease agreement for CEN, contracts related to JPMorgan will represent 41% of Raghsa's total leasing income and trade receivables. Previously, at the end of FY24, Chevron and JPMorgan together accounted for 27% of the total. This increased concentration poses a material risk, which the company has mitigated through contractual clauses that impose a penalty of nearly 70% of the total contract value in the event of early termination.

Considering current building occupancy and the addition of revenues from CEN, Raghsa is projected to reach approximately 120,000 square meters of leasable area with an occupancy rate of 98.7% by 3Q26. In terms of area, the company will return to availability levels similar to those of FY22, with one key difference: a significant improvement in the quality of its portfolio, enabling it to monetize each square meter at a much higher rate.

Occupancy % and Leasable m² as of Q-End



Source: Cucchiara Research based on FFSS and projections.

The residential building in NYC is One Union Square South, inaugurated in 1998, with a leasable area of 16,165 square meters. Located at 1 Union Square South, the property consists of 17 floors and features 239 apartments of various layouts.

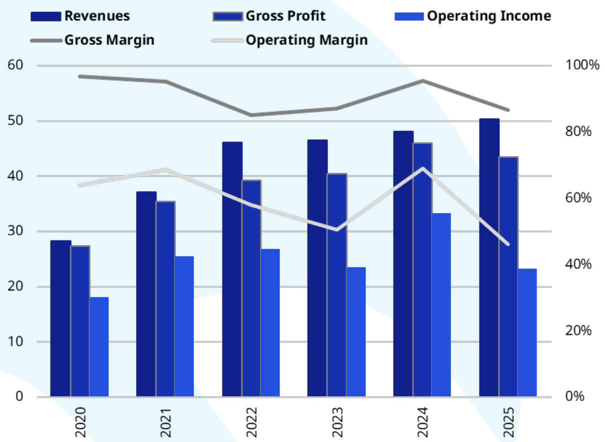
Results

Raghsa reported total revenues of USD 50.3 million for FY25, generated from leasing its office buildings and residential property in New York. This figure represents a 4% increase compared to the previous year, despite having a lower average leasable area available.

Since its acquisition through mortgage financing, the New York investment has begun generating higher income, driven by improved leasing rates and the refurbishment of a greater number of functional units. The revaluation works are ongoing and expected to be completed by 2026. During FY25, the One Union Square South building generated revenues of USD 15.6 million and an operating income of USD 8.8 million.

Raghsa's revenue levels were noteworthy: despite the lower average leasable area during the past three years, leasing cash flows remained solid and demonstrated growth. The current fiscal year, ending in 2026, is expected to continue this positive trend, now supported by the lease agreement for CEN.

Revenues, Results and Margins (million USD)



Source: Cucchiara Research based on FFSS.

In FY25, margins deteriorated compared to the previous year. Gross margin stood at 87%, while the operating margin was 46%. This decline was mainly explained by increased leasing and administrative costs, measured in U.S. dollars, driven by cumulative inflation significantly exceeding the depreciation of the local currency.

USD million	2025	2024	Var (%)	2023	Var (%)
Revenues	50.3	48.2	4%	46.5	8%
Cost	6.8	2.2	208%	6.0	12%
Gross Margin	87%	95%	-900bps	87%	0bps
Operating Expenses	20.3	12.7	60%	16.9	20%
Operating Margin	46%	69%	-2300bps	51%	-400bps

Source: Cucchiara Research based on FFSS.

Considering Raghsa's current reported price of approximately USD 25 per square meter for certified premium office space and considering both the 95,634 square meters available as of 4Q25 and future revenues from CEN, it can be estimated that the company has the capacity to generate USD 37.7 million annually in leasing income from its local portfolio alone.

Regarding One Union Square South, total projected revenues for FY26 are estimated at USD 16.5 million (with expenses projected at USD 6.9 million and operating income at USD 9.6 million).

Investment Projects

In March 2024, the company acquired a 2,800 m² plot located at Av. del Libertador 7172, in the northern corridor of Buenos Aires, for USD 33.5 million. The site, which shares a block with Centro Empresarial Núñez (CEN), is planned for the development of a "AAA" class corporate office building, with an approximate leasable area of 25,500 m². Pending payment of USD 8.2 million remains from the purchase, financed through bank loans.

The company is currently focused on the design of architectural, structural, and complementary installations, with the aim of securing the necessary city approvals before moving forward with the construction bidding process. Construction is expected to begin in November with a total investment of USD 65 million. To date, Raghsa has procured materials totaling USD 5.5 million.

The company has been analyzing real estate markets in countries such as Brazil, the United States, Uruguay, Peru, and Paraguay. In New York City, it is advancing a "land banking" strategy, acquiring and holding land for future development. Within this framework, it plans to develop an urban logistics center on Manhattan's West Side.

The project is situated on two adjacent plots totaling approximately 1,400 m². Current regulations allow a maximum buildable area of 7,000 m^2, of which about 6,500 m^2 are expected to be leasable. The objective is to develop a last-mile logistics center tailored to the growing demand for efficient distribution solutions in large urban centers like New York.

Currently, the property, already owned by Raghsa, does not have a defined construction start date. For now, it is leased under a five-year contract expiring in 2029. For the current fiscal year, revenues are estimated at USD 1.8 million.

Overall, it is projected that Raghsa will generate approximately USD 55.9 million annually in leasing and condominium income, considering its local portfolio, One Union Square South, and the West Side property in New York.

Debt Profile

As of 4Q25, Raghsa reported total financial debt of USD 247.8 million, entirely denominated in U.S. dollars. This amount represented a 10% reduction compared to the level recorded at 4Q24.

Of the total, 51% corresponded to corporate bonds, while 45% was linked to the mortgage on the New York property. The remaining 4% consisted of bank loans. The company has four outstanding bond issuances: three under New York law (maturing in 2027, 2030, and 2032) and one under local law, maturing in 2026.

After some initial principal repayments, the mortgage on the One Union Square South building amounted to USD 112.4 million with a fixed interest rate of 2.65% annually until 2030, after which a variable rate will apply.

It is worth noting that 85% of the company's financial debt matures in four years or more, reflecting a debt profile with low short-term refinancing risk.

As of 4Q25, the company reported low cash levels, with cash and bank balances totaling USD 6.6 million, fully allocated to cover operating expenses. Most liquid assets were concentrated in the investment portfolio, which totaled USD 102.4 million, equivalent to 41% of the company's financial debt. This represented a 28% decrease compared to the previous fiscal year. The portfolio was 75% dollar-denominated and primarily composed of U.S. Treasury bonds and Argentine corporate securities.

Considering cash and financial investments, Raghsa's net debt amounted to USD 138.9 million, representing a 5% increase compared to the end of FY24. When relating this debt to revenues obtained in the last fiscal year, the Net Debt/Revenue ratio remained at levels similar to previous years, standing at 2.8x. This level was reasonable, especially considering that, at least until 2030, the New York property would generate sufficiently solid income to cover, on its own, the annual interest and principal payments on its mortgage.

Excluding the mortgage debt on the One Union Square South building, which is secured by the property itself, net financial debt decreases to only USD 26.5 million. If income from activities in New York is also excluded, the Net Debt/Revenue ratio (ex-New York) stood at just 0.8x.

This indicator reflects an extremely strong financial position: the company can fully repay all its market debt using its liquid assets plus a smaller portion of its leasing income or even through selective sales of units, as it has been doing in the Madero Office building.

USD million	4Q25	4Q24	Var (%)	4Q23	Var (%)
Financial Debt	247.8	275.9	-10%	279.3	-11%
Cash and Equivalents	6.6	1.9	254%	5.6	18%
Financial Assets	102.4	142.4	-28%	137.7	-26%
Net Debt	138.9	131.7	5%	136.1	2%
Net Debt/Revenues	2.8	2.7	0.0	2.9	-0.2
Net Debt (ex. NY)	26.5	17.9	48%	20.8	27%
Net Debt/Rev. (ex. NY)	0.8	0.5	0.2	0.7	0.1

Source: Cucchiara Research based on FFSS.

According to the current debt structure, the projected annual interest payments for FY26, excluding the mortgage, amount to USD 10.8 million. Considering the projected local leasing cash flow of USD 37.7 million, this implies that the company has the capacity to cover up to 3.5x the annual interest payments on its local debt.

Finally, it is important to consider the market value of Raghsa's properties in Buenos Aires as collateral supporting its payment capacity. At the fiscal year-end, the completed square meters were valued at USD 588.4 million, implying an average value of USD 4,900 per m². The book value showed a significant increase driven by the completion of the CEN. This amount represented 4.5x the outstanding corporate bond debt, an especially strong indicator considering that it does not include the new land on Avenida del Libertador.

RAGHSA 8. 5% 2027

Source: Bloomberg.

The 2027 bullet note pays semiannual interest with an 8.5% coupon. It was exchanged without a premium with an 83.5% acceptance for the 2032 bond. The outstanding amount is only USD 9.6 million. The bond trades clean in the international market at 101.5%, with a yield of 7.7% and a duration of 1.8 years.

RAGHSA 8.25% 2030

Source: Bloomberg.

The 2030 bullet note was issued for USD 56.8 million and has an annual coupon of 8.25%. It trades at 102%, yielding 7.8% with a duration of 4 years.

RAGHSA 8.50% 2032

Source: Bloomberg.

Finally, the 2032 bullet note for USD 48.7 million, matures in 2032. It has an 8.50% coupon paid semiannually. It trades clean at 102.5% yielding 8.1% with a modified duration of 5.3 years.

Outlook

Raghsa is positioned as a leader in premium office development in Argentina, consolidating a new corporate hub in the northern corridor of Buenos Aires. It is a vertically integrated company: it acquires land, designs buildings with external architects and consultants, develops them, and actively participates in their leasing or sale. Management and shareholders have a solid reputation in the real estate industry. The company has successfully navigated multiple economic cycles, including periods of high inflation, currency depreciation, and recessions.

Raghsa can comfortably cover its outstanding bond payments through its leasing income, liquid financial assets, or by selling square meters, even at below-market prices. With a solid expansion plan and strict financial control, the company maintains hard currency assets and low leverage. Its growth policy is based on keeping balanced accounts, avoiding large capital repayments, refinancing debt maturities with high creditor participation, and building with internal cash flow.

Including Raghsa corporate bonds in a local portfolio is a smart way to diversify risk, given that the real estate sector has historically been defensive in Argentina.

These bonds have low market liquidity, making every voluntary exchange or primary issuance an opportunity to build a position. In addition, our familiarity with the main creditors and bondholders allows our portfolios and funds to actively respond and take advantage of each offering.

Raghsa presents itself as an attractive option, with a more competitive yield compared to other developers such as IRSA. For example, IRSAAR 8.75% 2028 trades with a yield below 8% and duration of 1.6 years; while IRSAAR 8% 2035 is priced with a yield of 8.3% but much longer duration (6.1 years). The Raghsa 2030 and 2032 offer attractive coupons and reliable income streams.

Consistent with this thesis, our dollar-denominated fixed income funds, both local and international, maintain a significant position in RAGHSA 8.25% 2030 and RAGHSA 8.50% 2032.

Best Regards,

Juan José Battaglia
juan@cucchiara.com.ar

Manuel Carvalho
manuel@cucchiara.com.ar

Ian Weber
ian@cucchiara.com.ar

Tomás Mangino
tomasmangino@cucchiara.com.ar