

ONE UNITED PROPERTIES (ONE)

BUY

Interim Update – Q1 2025

Price Target: 26.0 RON (+31.5%)

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- **One United Properties reported a 16% drop in total revenue in Q1 2025, reaching RON 352 mln vs. RON 419 mln in the same period last year.** The decline is mostly due to the company registering no gains from the revaluation of investment properties. Effectively, there was no new construction project that the company could mark to market, either completed or in development.
- **Notably, residential property sales rose slightly by 0.9% to RON 309.1 mln (vs. RON 306.4 mln), with a total of 146 units sold in the first quarter.** The numbers are underwhelming—both in terms of sales and units sold—compared to last year, but are above our admittedly hawkish Q1 estimates (RON 200 mln). While it's harder to infer annual unit sales from the quarterly number (as these tend to be more stochastic), full-year residential sales should track at a minimum of RON 1.0 bln, unless the decline in Q2 exceeds 10%.
- **The bulk of unit sales in Q1 came from three main projects: One Lake District 2 with 41 units, One High District with 34 units, and One Lake Club with 27 units.** As noted in our previous report, we expect the company to continue selling units from residential developments that already hold all necessary permits and where transactions are ongoing, while other major projects, such as One Cotroceni Towers (with 1,300 units), might face further delays in the authorisation process.
- More recently, an important legal development was **the Constitutional Court's ruling that the annulment of a Zonal Urban Plan (PUZ) by judicial decision does not invalidate building permits previously granted under that plan.** The effect is that developers who obtained permits under a PUZ retain their legal rights, even if the PUZ is subsequently declared null. The Court found that the prior legal framework, which allowed for retroactive invalidation of permits due to the annulment of the underlying PUZ, undermined the stability and predictability of administrative decisions. Despite the favorable ruling, we don't expect this to impact the One Modrogran residential project, as that case is more complex. We did not estimate any sales from this project going forward.
- **We update our target price for the company to RON 26.0/share,** implying a 31.5% upside from the current market price, based on a three-pronged approach: DCF (RON 21.5/share), residual income (RON 25.9/share), and relative valuation (RON 30.7/share).

Sector: Real Estate Development

Shares information

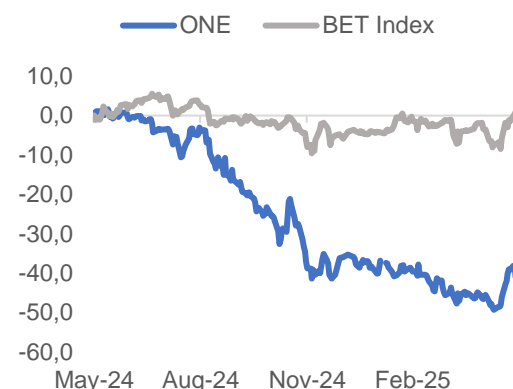
Min/max price, 52 weeks.	16.82- 34.18
Dividend/share	0.37
Total Shares* (mio.)	110.6
Capitalization (mio. lei)	2,185.1
52 weeks liquidity (mio. lei)	257.1

Major Shareholders

	%
Vinci Ver Holding	25.52
OA Liviu Holding	25.52
Retail	25.33
Institutional	23.63

1 year performance

	%
ONE	-41.0
Vs BET Index	+1.2



source: Bloomberg

Q1 2025 Results Overview

One United Properties recorded a 16.0% decline in total revenues, from RON 419 mln in Q1 2024 to RON 352 mln in Q1 2025. The decrease was mostly due to the company recording no revaluation gains on projects, while residential sales ticked up slightly by 0.9% to RON 309.1 mln.

In the first quarter, One sold 146 apartments and commercial units, totaling 14,794 sqm and 117 parking spaces, with approximately 77% of available apartments already sold. One Lake District recorded the highest number of units sold, with 41 units transacted during the quarter.

Net income from residential properties declined by 5.1% to RON 111.1 mln, as most of the units sold were from developments still under construction, which carry lower margins.

Net rental income also declined by 4.1% to RON 24.7 mln, mainly due to higher operating costs and increased brokerage commissions (RON 2.7 mln vs. 1.2 mln), while gross rental income fell by 1.1%. The company leased and pre-leased a total of 16,520 sqm of office and retail space, including 3,820 sqm of new leases and 12,700 sqm of lease extensions.

Adjusted EBITDA (excluding revaluation gains) was 3.9% lower year-on-year at RON 118.9 mln, while net income dropped by 38.8% to RON 96.2 mln.

For full-year 2025, the company has budgeted a total turnover of RON 1.55 bln, which we view as optimistic compared to our updated full-year estimate of RON 1.08 bln, of which RON 946.3 mln is expected to come from residential sales. For Q2, we pencil in RON 214.5 mln, with a downside risk due to high business uncertainty during this period.

Project	Units Sold Q1 2025	Total Units sold	Total Units developed
One Lake District 2	41	380	867
One High District	34	665	841
One Lake Club	27	416	738
One Floreasca Towers	9	165	215
One Verdi Park	7	323	333
One Cotroceni Park	7	962	993
Alte proiecte	21	1.745	2.074
TOTAL	146	4.656	6.061

source: ONE, own estimates

RON '000, consolidated	Q1 2024	Q1 2025	% chg
Total Revenue	419.033	352.065	-16,0%
Sales of residential property	306.376	309.106	0,9%
COGS	-189.245	-197.995	4,6%
Gross Profit	117.131	111.111	-5,1%
Net Rental Income	25.727	24.671	-4,1%
Net overhead expenses	-16.904	-15.582	-7,8%
Net other expenses	-2.205	-1.305	-40,8%
EBITDA	123.750	118.896	-3,9%
Revaluation gain\loss	72.513	0	-
Other Op. Income	-821	1.630	-
EBIT	195.443	120.526	-38,3%
Net interest expense	3.902	4.517	15,7%
Other financial income, exper	-15.061	-12.728	-15,5%
Pre-tax profit	183.814	112.314	-38,9%
Current income tax	-26.534	-16.125	-39,2%
Net income	157.280	96.189	-38,8%

source: ONE, own estimates

DCF Valuation

We value the company at 21.5 RON/share (+8.5% upside) using the DCF method, which includes forecasts up to 2028, as revenues beyond that require a substantial amount of inference, on the number of housing projects that will obtain authorization, the number of projects that constructions works will start and the timing of those as well as the number of residential units per year going forward. We use a constant growth rate of 5% beyond that period and a WACC of 11.8%.

We pencil in the cost of equity at 14.1%, using the Romanian 10Y rate of 7.4% and a market premium of 8.0%. BETA is calculated using a linear regression vs the BET Index, estimated at 0.84. We excluded gains from fair value adjustments in the DCF valuation.

ths. RON, consolidated DCF Model	Reported 2023	Reported 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Sales of residential property	1.130.394	1.141.909	946.386	1.188.261	1.336.119	1.495.093
% growth	46,9%	1,0%	-17,1%	25,6%	12,4%	12,4%
Net Rental Income	82.554	102.912	130.057	155.192	162.096	168.604
% growth	52,3%	24,7%	26,4%	19,3%	4,4%	4,0%
EBITDA	301.237	355.393	341.911	420.003	469.211	512.260
EBITDA margin	26,6%	31,1%	36,1%	35,3%	35,1%	34,3%
Adj. EBIT	303.786	347.444	341.821	421.855	472.140	516.361
Tax Rate	15,4%	13,5%	16,0%	16,0%	16,0%	16,0%
EBIT*(1- Tax Rate)	256.878	300.561	287.130	354.358	396.597	433.744
D&A	3.340	4.678	9.554	10.031	10.433	10.850
WCC	10.490	-214.796	-28.392	-35.648	-40.084	-44.853
CAPEX	-250.528	-16.318	-113.566	-118.826	-133.612	-149.509
FCFF	20.180	74.125	154.726	209.915	233.334	250.231
discount factor			0,89	0,80	0,72	0,64
NPV FCFF			138.393	167.939	166.970	160.160

PV FCFF	633.463
PV Terminal Value	2.852.591
g	5%
Firm Value	3.486.053
Net Debt	618.079
Minorities	491.960
Equity Value	2.376.014
Nr Shares Out	110.583
Price/share	21,49
Market Price	19,80
Upside/Downside	8,5%

source: ONE, own estimates

Residual Income Valuation

On our residual income model, we get a share price of RON 25.9 (+30.8% upside) based on the same revenue forecast used in the DCF model, the only difference stemming from the long-term ROE we pencil in the terminal value calculation. We estimate the terminal ROE at 15%.

Residual Income Model	2023	2024	2025	2026	2027	2028	Terminal Premium
EPS	0,110	0,085	2,552	3,285	3,664	4,005	
BVS	0,630	0,777	29,207	32,007	35,118	38,510	
DPS	0,020	-	0,370	0,599	0,668	0,731	
ROE	18,6%	12,0%	17,0%	10,7%	10,9%	10,9%	15,0%
Equity Charge			4,115	4,509	4,947	5,425	
Residual Income			-1,562	-1,224	-1,283	-1,420	3,865
discount factor			0,877	0,768	0,673	0,590	0,590
NPV Residual Income			-1,369	-0,940	-0,864	-0,838	2,281

Equity Value	25,9
Market Price	19,8
Upside/Downside	30,8%

source: ONE, own estimates

Multiples Valuation

We value the company at 30.7 RON/share, implying a 55.1% upside from the current market price, based on the average of three price multiples. One is trading at a forward P/E of 7.8x, compared to the peer median of 13.1x.

Multiples	2025e
Target Price @ EV/EBITDA	20,37
Target Price @ P/E	33,42
Target Price @ P/B	38,35
Average Target Price	30,71
One Market Price	19,80
Upside/Downside	55,1%

2025e	ONE	Peers
PE	7,76	13,09
EV/EBITDA	8,32	9,74
PB	0,68	1,20
PB ROE adj.	1,31	0,00
ROE	15,0%	13,7%

source: Bloomberg, own estimates

Financial Statements & Forecasts

Income Statement	Reported	Reported	Reported	Reported	Reported	Forecast	Forecast	Forecast	Forecast
RON '000	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Revenue	438.765	705.053	918.109	1.218.836	1.241.550	1.085.907	1.355.336	1.511.576	1.678.648
Sales of residential property	437.504	703.318	769.518	1.130.394	1.141.909	946.386	1.188.261	1.336.119	1.495.093
COGS	(285.379)	(461.272)	(459.848)	(825.775)	(811.782)	(615.151)	(808.018)	(908.561)	(1.016.663)
Gross Profit	152.124	242.046	309.670	304.619	330.127	331.235	380.244	427.558	478.430
Net Rental Income	629	1.199	54.206	82.554	102.912	130.057	155.192	162.096	168.604
Net overhead expenses	(28.375)	(26.144)	(88.028)	(75.957)	(69.489)	(112.620)	(106.944)	(110.898)	(124.093)
Net other expenses	(2.360)	(2.377)	(10.167)	(9.979)	(8.158)	(6.761)	(8.489)	(9.545)	(10.681)
EBITDA	122.017	214.724	265.681	301.237	355.393	341.911	420.003	469.211	512.260
Revaluation gain/loss	96.253	399.188	218.467	260.632	134.243	94.639	118.826	133.612	149.509
Other Op. Income	632	537	94.385	5.888	(3.271)	9.464	11.883	13.361	14.951
D&A	(1.577)	(1.793)	(2.408)	(3.340)	(4.678)	(9.554)	(10.031)	(10.433)	(10.850)
EBIT	217.326	612.655	576.125	564.417	481.686	436.460	540.681	605.751	665.871
Net interest expense	3.798	2.381	18.348	26.841	17.983	17.610	17.610	17.610	17.610
Other financial income/expense	(14.465)	(10.618)	(21.564)	(59.537)	(68.920)	(75.711)	(71.296)	(80.167)	(89.706)
Pre-tax profit	206.659	604.419	572.909	531.721	430.749	378.359	486.995	543.194	593.775
Current income tax	(29.722)	(94.732)	(70.431)	(82.103)	(58.124)	(60.537)	(77.919)	(86.911)	(95.004)
Net income before minorities	176.936	509.687	502.477	449.619	372.626	317.821	409.076	456.283	498.771
Minorities	8.257	118.357	60.463	33.658	48.299	35.588	45.807	51.093	55.850
Net Income	168.679	391.331	442.015	415.960	324.327	282.233	363.269	405.190	442.921

Balance Sheet	Reported	Reported	Reported	Reported	Reported	Forecast	Forecast	Forecast	Forecast
RON '000	2020	2021	2022	2023	2024	2025	2026	2027	2028
Investment Properties	1.010.416	1.449.465	2.251.985	2.710.670	2.844.061	3.043.146	3.195.303	3.323.115	3.456.040
Property, plant & equip.	16.077	17.040	51.132	52.596	64.236	121.726	127.812	132.925	138.242
Other LT assets	22.081	26.326	57.490	73.714	77.254	160.385	168.404	175.140	182.146
Non-current assets	1.048.574	1.492.831	2.360.607	2.836.979	2.985.552	3.325.257	3.491.519	3.631.180	3.776.427
Inventories	257.348	343.978	662.994	1.002.665	1.064.965	1.305.117	1.491.806	1.486.945	1.694.809
Other ST assets	226.860	452.003	646.189	726.821	1.059.554	745.510	936.046	1.052.520	1.177.751
Cash and cash equivalents	170.972	517.756	566.960	420.739	431.830	577.680	482.633	605.983	681.387
Current assets	655.180	1.313.737	1.876.144	2.150.225	2.556.349	2.628.307	2.910.484	3.145.448	3.553.946
TOTAL ASSETS	1.703.755	2.806.568	4.236.750	4.987.204	5.541.901	5.953.564	6.402.004	6.776.629	7.330.374
Retained earnings	498.235	791.788	1.184.656	1.496.292	1.722.971	1.964.288	2.261.288	2.592.562	2.954.684
Other capital	233.532	531.963	837.848	894.447	1.252.952	1.265.481	1.278.136	1.290.917	1.303.826
Shareholder's Equity	731.767	1.323.752	2.022.504	2.390.739	2.975.922	3.229.769	3.539.424	3.883.480	4.258.510
Minority interest	92.265	323.206	508.823	472.189	491.960	448.463	601.702	660.192	723.947
Total Equity	824.031	1.646.957	2.531.327	2.862.929	3.467.882	3.678.232	4.141.126	4.543.671	4.982.457
LT portion of loans and borrowings	190.737	400.461	660.382	913.075	954.272	1.113.438	1.037.438	951.552	995.117
Other LT liabilities	101.640	180.539	296.270	323.717	362.659	380.792	399.832	419.824	440.815
ST portion of loans and borrowings	194.839	35.630	173.248	117.515	95.637	99.462	103.441	107.578	111.882
Trade payables	96.244	124.139	271.066	354.378	274.515	282.750	291.233	299.970	308.969
Advance payments from customers	293.855	406.264	292.641	389.608	352.039	381.028	409.728	433.704	469.144
Other ST liabilities	2.409	3.169	11.816	25.982	34.896	17.861	19.206	20.330	21.991
Total Debt	879.723	1.150.202	1.705.424	2.124.276	2.074.018	2.275.331	2.260.877	2.232.957	2.347.917

source: ONE, own estimates

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