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PRESS RELEASE

AVENTOS Listed Real Estate Report No. 3 - Spring 2025: Upward trend in property shares and REITs stopped even before 'Liberation Day'

Berlin 14. April 2025 – The most successful listed real estate companies and REITs in the six months to 31 March 2025 were the two US prison operators The GEO Group (+ 124 %) and CoreCivic (+ 62 %) as well as the hotel owner and operator Playa Hotels & Resorts (+ 67 %). Among the losers this time were the Swedish community developer SBB (Samhällsbyggnadsbolaget i Norden, - 55 %), Innovative Industrial Properties, which is active in the US cannabis business (- 57 %) and the Swedish logistics provider Sagax AB (- 58 %). The 'ACM Sector Momentum' indicator, which shows the current attractiveness of various property use classes, primarily shows opportunities in the retail and data center segments and offers negative prospects for hotel properties.

In general, listed real estate companies and REITs were unable to continue the previous upward trend in the past six months up to 31 March 2025. There were two main reasons for this: Firstly, the race to catch up after the exaggerated price falls in 2022 has largely come to an end. Secondly, interest rate optimism has given way to a certain degree of skepticism as to whether inflation has really been contained in the long term and whether the central banks might not adopt a more restrictive course again. The AVENTOS Listed Real Estate Report shows which sectors still have promising growth potential or significant NAV discounts. The complete report is available on the AVENTOS Website: <https://aventos.group/capital-markets/acm-magazin/beitraege/report-no-3>

Overall, the NAV spreads had widened again in most sub-segments by 31 March 2025. The volatile political environment on both sides of the Atlantic is likely to translate into increased volatility on the property stock market in the future and create further winning and losing sectors. So far, prison REITs have been among the big winners of a more restrictive migration policy in the USA. Logistics real estate in Germany and Europe, on the other hand, could benefit in future from the infrastructure program announced by the probable new German coalition of political parties.

The consolidation and recovery of the retail segment also gives hope for the office sector. After a similarly protracted consolidation phase, remaining office assets could also emerge stronger from the current crisis.

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The positive sentiment in the data center segment continues despite share price setbacks, as the fundamental data remains extremely positive. The general gold-rush mood of the pandemic years in the logistics and self-storage sectors is now over, and the momentum values of both sectors are currently negative.

Now that the price increases of previous months have largely levelled off and there have been corrections in some cases, valuations no longer appear to be high by historical standards, particularly in relation to the rest of the stock market environment. However, the interest rate fantasy has also largely disappeared and with it the hope of further interest-driven price increases.

Winners and losers

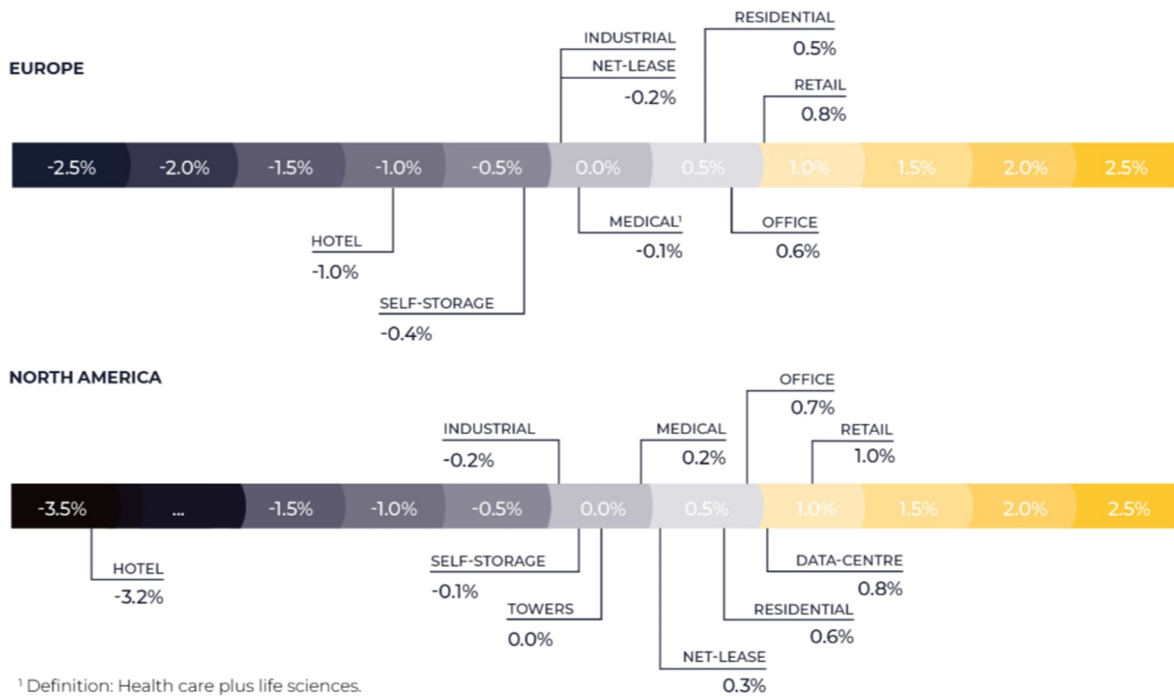
Remarkably, two US prison operators, The GEO Group (+ 124 %) and CoreCivic (+ 62 %), were among the outperformers over the past six months as of 31 March. The markets expect the new US government's agenda to result in a significant tightening of migration policy, from which the two REITs would benefit due to the increase in deportation detention cases. The list of half-year winners also includes the hotel owner and operator Playa Hotels & Resorts (+ 67 %), which officially operates in the Netherlands but is listed on the Nasdaq, with its hotel portfolio in the Caribbean and Mexico - its share price increase is primarily due to the planned takeover by Hyatt. Among the losers this time was the Swedish community developer SBB (Samhällsbyggnadsbolaget i Norden, - 55 %), which was still one of the outperformers six months ago. SBB has extremely high leverage and the share is correspondingly sensitive to changes in the economic outlook. Innovative Industrial Properties, which operates in the US cannabis business, suffered even greater losses (- 57 %). However, Swedish logistics provider Sagax AB, which had previously traded at an extremely high premium for a long time, suffered the biggest fall (- 58 %).

ACM Sector Momentum

The 'ACM Sector Momentum' indicator compares the current pricing of a sector based on the Implied Cap Rates with the pricing of the overall market and compares the price difference with the historically observed Implied Cap Rates (since 2020). A sector with a negative momentum value is therefore priced relatively low on the stock markets in a historical comparison, while a sector with positive momentum is priced relatively high - always measured against the implied cap rates. Relatively high implied cap rates correspond to relatively low valuations.

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Compared to the previous editions of the 'AVENTOS Listed Real Estate Report', it is noticeable when looking at the current 'ACM Sector Momentum' indicator that the individual types of utilization have moved closer together again - on both sides of the Atlantic.



About AVENTOS

AVENTOS is an investment manager with two business segments: Development and Capital Markets. In the Development division, the company acquires commercial and industrial properties with development potential. The focus is on Germany's top 7 locations and growth regions. It pursues a value investment approach. In the Capital Markets division, AVENTOS initiates and manages investment vehicles that invest in property shares worldwide. The founder and managing partner is Dr Karim Rochdi.

Press contact AVENTOS

Daniel Hosie
 PB3C GmbH
 Esplanade 6
 20354 Hamburg
 Tel.: +49 1514 31 77 067
 E-Mail: hosie@pb3c.com
 www.pb3c.com