



AQARAT
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Investors Conference Call
Kuwait Real Estate Co.
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At 1:30pm (Kuwait Time)

2026

SPEAKERS

Mr. Talal Jassem Al Bahar

Vice Chairman & CEO

Mr. Maher S. Khalaf

Vice President – Finance Department

Ms. Awrad Al Anezi

Vice President – Investor Relations

Shaza (Operator)

Good afternoon, everyone. This is Shaza from EFG Hermes. Welcome to AQARAT 4Q '25 Earnings Call. For today's call, we have from the management, Mr. Talal Jassim Al-Bahar, Vice Chairman and CEO; Mr. Maher Khalaf, Vice President of Finance; and Mrs. Awrad Al Enzi, Vice President of Investor Relations. I will hand it over to Mrs. Awrad for the presentation, and then we will move to the Q&A part of the session.

Awrad Al Enzi (VP -Investor Relations)

Thank you, Shaza.

Good afternoon everyone, and welcome to AQARAT's FY 2025 earnings call. I would like to draw your attention to the forward-looking statements disclaimer included in today's presentation, please take a moment to read it.

Before we begin, I would like briefly comment on the current geopolitical developments and how they may impact the markets we operate in. We are, of course, closely monitoring the situation and in the short term, we do expect some slowdown in activity across certain segments, but we see this more as a natural reaction rather than anything structural.

From our side, the way our portfolio is built gives us a good level of resilience. We do have exposure to cyclical assets, particularly in hospitality and retail, which naturally move with market conditions. But at the same time, a large part of our portfolio is positioned in more stable, income-generating assets with medium- to long-term leases.

These include our Staff housing accommodation assets and investments- Domus, where demand is more essential in nature and less sensitive to short-term fluctuations. So even in periods like this, we continue to see stable occupancy and predictable cash flows coming through.

On the development side as well, we are in a strong position. Al Tay Hills almost fully sold out, with a high level of buyer commitment, which gives us good visibility on future cash flows.

We remain confident in the fundamentals of both the UAE and Kuwait markets over the longer term.

Before we get into the numbers, I'll start with the key milestones achieved during the year. 2025 was a defining year for AQARAT fueled by major project progress and a significant capital markets milestone.

We successfully completed our capital increase during the year, which was oversubscribed by more than 20 times.

On the development side, Al Tay Hills, our AED 3.5 billion master community in Sharjah, almost sold out as I mentioned earlier, with sales reaching approximately 99% of total units. At the same time, we continued to expand our development pipeline, including the land acquisition in Sharjah.

We also made significant progress on key projects across our portfolio, including the completion and handover of 501 First Residences in Miami, and continued advancement on Domus 5 and the Sabhan project, both progressing toward completion in 2026. Now moving to our full-year financial performance.

For FY 2025, revenue reached KD 39.4 million, an increase of 13.1% year-on-year.

Gross profit also grew by 7.7%, supported by stable margins across the portfolio.

Our finance costs slightly declined in 2025 standing at 12.6 million vs 12.9 million in 2024.

Net profit increased to KD 15.1 million, compared to KD 13.4 million in 2024, representing a growth of 12.4%, reflecting improved operational performance and stronger contributions from our assets and investments.

In light of this solid performance, the Board of Directors has recommended a 6% bonus share distribution to our shareholders.

Turning to the balance sheet:

Total assets increased by 19.7% reaching KD 551.6 million and Total equity grew to KD 226.9 million, 26.7% increase from 2024.

Our total debt increased modestly by 3% year-on-year to KD 236.0 million, remaining well aligned with the Group's asset growth and overall capital structure.

Our debt-to-assets ratio improved to 42.8% from 49.6%, overall, we remain comfortable with our leverage levels and continue to actively manage our capital structure.

Liquidity also improved, supported by stronger cash balances and enhanced financial flexibility.

I will now quickly go over our business updates and report on the projects under progress by country

Starting with our local portfolio: Our income-generating assets in Kuwait continued to deliver stable performance, supported by strong occupancy levels and improved rental income.

The Sabhan labor housing project has progressed significantly, reaching approximately 85% completion, with handover expected in 2026.

Moving to the UAE:

Domus remains a key pillar of our recurring income strategy. Domus 1 to 4 remain fully occupied, while Domus 5 has exceeded 70% completion and it's expected to be delivered in 2026.

Our investment in the AIM Residential Fund continues to support the expansion of the Domus platform and strengthens our long-term recurring income visibility.

Al Tay Hills in Sharjah continues to see strong momentum, with demand remaining very robust. Infrastructure works are progressing well, and showcase villas are currently under development, with key construction milestones expected through 2026.

Moving to our US portfolio:

We successfully completed and handed over the 501 First Residences project in Miami, marking a key milestone in our international development portfolio.

On the hospitality side, YOTEL New York continues to deliver outstanding performance with strong occupancy and revenue levels, while YOTEL Miami continues to improve through active revenue management and operational optimization.

Our investment in BRCM also continues to perform well, providing us with exposure to the US single-family rental market and supporting stable, recurring income generation.

Overall, AQARAT has delivered a strong set of results for FY 2025, and we remain focused on sustaining this momentum given our strong diversified asset base, and clear development pipeline that will drive earnings over the coming years.

With that, we will now open the floor for questions.

Shaza (Operator)

Thanks, Awrad, for the presentation. If you would like to have a question, you can type it in the chat box or use the raise hand function. We have a question in the chat box.

Do you have guidance for 2026?

Awrad Al Enzi (VP-Investor Relations)

So we don't usually give guidance on numbers as per the CMA rules. But we do expect growth, based on our project pipeline and visibility in our cash flows, especially that we have a couple of projects that will be delivered in 2026 and the years to follow.

We also have profits from Al Tay project that we will start booking for it in 2026.

We have a second question here. Could you comment on the impact of the conflict on projects in Kuwait and the UAE, any cost inflation?

Talal Jassim Al-Bahar (Vice Chairman and CEO)

In Kuwait, there's no impact because we're almost done with our projects. In Dubai, we've got a slight delay with the impact of some of the materials. We haven't seen an impact from the cost standpoint because the project has been awarded. But there are supply chain issues that we started feeling now.

Shaza (Operator)

We have another question. Has there been any delays to handover because of current situation?

Talal Jassim Al-Bahar (Talal Jassim Al-Bahar, Vice Chairman and CEO)

Well, the only project that we have that is close to handover is Domus 5, and yes, we've seen a bit of a delay, 45 days delay on the handover. There is a little bit of a backlog in getting approvals from authorities, because most of the governments are working not at full capacity, but fortunately for us, we only see that in one project.

Shaza (Operator)

Thank you. Do we have any other questions?

Talal Jassim Al-Bahar (Vice Chairman and CEO)

We haven't seen any cancellation up to now on sales units.

Awrad Al Enzi (VP-Investor Relations)

I don't see any more questions coming in.

Shaza (Operator)

Yes. We just got one. Please remind us how much of the projects are sold.

Talal Jassim Al-Bahar (Vice Chairman and CEO)

Well, the one in Miami, we're sold out. Maybe there's 1 or 2 units remaining. The one in Al Tay, in Sharjah, it's 99% sold. The other developments are for our income generating portfolio. so they're not for sale. Again, fortunately for us, most of our projects are already sold out.

Shaza (Operator)

I think we have covered all questions. Do you have any concluding remarks?

Talal Jassim Al-Bahar (Talal Jassim Al-Bahar, Vice Chairman and CEO)

Well, just to close, it's clearly an unsettling time across the region. We all hope the situation stabilizes soon and things return to normal. Thank you very much, everyone. Thank you for joining.

Shaza (Operator)

Thank you. Have a good day.