



AQARAT

عقارات

Investors Conference Call

Thursday 21 August 2025

At 1:30pm (Kuwait Time)

2025

## 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

**Moderator: Shaza Shaker, EFG Hermes**

Good afternoon, everyone. Thank you for joining AQARAT's Q2 2025 results call. We are pleased to have with us today Mr. Talal Al Bahar, Vice Chairman & CEO, Mr. Maher Khalaf, VP - Finance, and Ms. Awrad Al Enezi, VP -Investor Relations.

**Awrad Al Enezi:** Good afternoon, everyone, and thank you for joining us today to review AQARAT's results for the second quarter of 2025. I will take you through our key highlights, financial performance, and business updates before opening the floor for your questions.

Before we begin, please note that today's presentation may include forward-looking statements. These reflect the Company's expectations and are subject to risks and uncertainties that could cause actual results to differ. Please refer to the full disclaimer in this presentation. I'd also like to note that all figures today are presented in Kuwaiti Dinars, unless otherwise specified.

The first half of this year marks an important chapter in AQARAT's journey. We are moving from a phase of restructuring and stabilization into a new era of growth, driven by projects like our AED 3.5 billion residential development – Al Tay hills. To put things in perspective, at the beginning of the year we disclosed that this project alone will bring in KD 90 million in profits over the next 3 years. This gives us confidence that the company is well-positioned for visible growth over that period. Our focus now is not only on executing and delivering the projects already in the pipeline, but also on making sure we have additional developments coming through beyond those timelines.

While our net profit for the first half was lower compared to last year, that mainly because of the timing of project deliveries, we also had higher expenses from the launch of Al Tay Hills, which is our largest development project in the company's history. However, our underlying business performance was strong. Revenues, recorded strong double-digit growth of more than 20%, supported by our income-generating portfolio in Kuwait and the UAE. Our asset base expanded by 11% year-over-year, with total assets reaching KD 464 million and shareholders' equity growing to KD 169 million.

Let me now walk you through the financial performance for Q2 and the YTD results for 2025.

For our QTD performance, revenue grew 26% year-over-year to KD 10.3 million, driven by higher rental income and contract revenues - our gym business. Gross profit rose 27% to KD 7.2 million with GP margins improving to 70.3%, reflecting healthy recurring operations. However, net profit for the quarter came in at KD 1 million versus KD 4.9 million last year, mainly due to the absence of fair value gains that were recorded in Q2 2024.

For the six months, revenue reached KD 19.8 million, an increase of 21% over the prior year. Gross profit grew 28% to KD 14.0 million with GP margin strengthening to 70.6% from 66.7%. Net profit stood at KD 5.1 million compared to KD 9.9 million in H1 2024.

The decline, as I mentioned earlier, in the first half of this year, no fair value gains were booked, as deliveries of ongoing projects including Domus 5, 501 First Residences, Sabhan BOT and Al Tay Hills are scheduled to be recognized starting in the second half and continuing into 2026, 2027, and beyond.

Turning to the balance sheet, total assets grew 11% year-over-year to KD 464 million. Our total debt stood at KD 230 million, which translates to a debt-to-assets ratio of 49%. An improvement from last year, reflecting stronger asset growth. Equity increased 8% to KD 169 million. We also saw a notable improvement in liquidity, as cash balances tripled to KD 19 million.

Now for our main business updates:

Will start with our local portfolio, here in Kuwait. Our income-generating assets maintained solid performance, further supported by the addition of Al Riggae Commercial area and Arabella's retail component. These properties are contributing more to our rental income. The Sabhan Labor Housing Project has now reached over 60% completion and remains on track for delivery in early 2026.

Moving on to the UAE, Domus remains at the heart of our strategy. Domus 1 to 4 are fully occupied, Domus 5 is progressing well at 50% completion, and the AIM Residential Fund is advancing successfully. This platform positions us to scale the Domus strategy across new projects and geographies, reinforcing our recurring income base. We also have TH8 in Dubai, which continues to deliver strong operational performance with high occupancy levels and improving yields.

Next we have Al Tay Hills – Sharjah, our most ambitious development in the pipeline and we've seen exceptional demand with 90% of its units sold since January 2025. It's advancing strongly with infrastructure works underway. Phased deliveries begin in 2028, and again, this project will drive our profits significantly over the coming years as we will start booking the profits end of this year based on the percentage of completion and continue in 2026, 2027 and part of 2028.

Finally in our business update we have our US portfolio, 501 First Residences project in Miami has reached 91% completion and remains on track for delivery by year-end. This will be a great addition to our international portfolio.

That wraps up our Q2 2025 update. The key takeaway here is that AQARAT is no longer just preserving value but creating it. We've built a strong base of recurring income by optimizing

our assets in Kuwait, scaling Domus in Dubai, investing in the US and now with Al Tay Hills, we're shaping a new phase of earnings performance over the coming years. Our focus is to keep that momentum going with a strong portfolio of income-generating assets and investing in high-value development projects.

With that, I'll now open the floor for your questions, please submit them via the chat function, and we will address as many as possible.

I don't see any questions for today, thank you all for joining us. We look forward to sharing more updates with you in the coming quarters.