



AQARAT  
عقارات



# AQARAT'S

Investors Relations

Monday 15 May 2023

At 1:30pm (Kuwait Time)

# 2023

## SPEAKERS

### **Mr. Talal Jassem Al Bahar**

Vice Chairman & CEO

### **Mr. Maher S. Khalaf**

Vice President – Finance Department

### **Mr. Saad Al Muneefi**

Vice President – Asset Management & Investor Relations

### **Ms. Awrad Al Anezi**

Manager – Investor Relations

Welcome everyone to AQARAT's earnings call for the first quarter 2023, where we will present and discuss the Company's key developments and financial performance during the period. Please allow me to introduce the speakers in Today's call:

Mr. Talal Al Bahar – Vice Chairman & CEO

Mr. Maher Khalaf –VP - Finance

Mr. Saad Al Muneefi – VP of Asset Management and Investor Relations

And myself Awrad Al Enezi, Investor Relations Manager.

Before we start, I would like to draw your attention to the disclaimer slide available in today's presentation as this presentation may contain forward-looking statements. These statements reflect the Company's expectations and are subject to certain risks and uncertainties that may cause actual results to differ materially. In this matter, I would like to refer you to the full disclaimer contained in the presentation.

We will begin with the key developments that occurred in Q1 2023, then follow with the financial performance overview followed by the business update then eventually open the floor for the Q&A session.

### **Financial Performance**

During the first quarter of 2023, the company achieved a net profit of KD 4.7 million a growth of 132.4% y-o-y, despite a challenging economic environment fueled by increasing interest rates and inflation. This growth is attributed to the sale of residential units in TH8 hotel in Dubai. Another development we would like to highlight is related to Aqarat's new subsidiary "Active Holding where we tapped into the health and wellness market in Kuwait which has a strong future growth potential and we're excited to expand our service offerings and grow in this segment. Active Holding, opened two fitness centers in Kuwait under the brand name "NOW". The company plans to expand and open 3 additional fitness centers & 7 specialized studios in different areas in Kuwait during 2023.

Going forward the focus is two-fold; actively explore opportunities to grow our income-generating portfolio by investing in projects and assets locally, regionally and internationally to generate stable cash flows and create value in the long run. Secondly, pursue

opportunistic investments that can diversify our sources of income and drive further growth.

Now we will go through the financial performance overview

Aqarat recorded KD7.4 million in rental revenue for the first quarter of 2023 which is slightly higher than Q1 2022. The net rental income in Q1 2023 was KD5.8 million, an increase of 1.5% compared to the same period last year. This has resulted in healthy Net Rental Income margins which stood at 78.6% compared to 77.6% in Q1 of last year, and the growth in this margin was a result of the decrease in our operating expenses. Our Net Profit for Q1 2023 was KD 4.7 million equivalent to 5.10 fils per share compared to KD 2.0 million, 2.21 fils per share achieved in Q1 2022. As mentioned earlier, our Net Income growth is mainly a result of a non-recurring item which is the sale of investment properties that translated to KD 4.4 million.

The Total Debt at the end of the 1<sup>st</sup> quarter stood at KD 189.3 million whereas the Total Assets reached KD 367.8 million for the period. Equity reached KD 130.3 million. As for the Assets to Liabilities ratio, it stands at 1.58.

The ROA is 1.3% for the period compared to 0.6% in Q1 2022, and the ROE for the period is 3.6% compared 1.6% for the same period in 2022.

So this is the financial snapshot of AQARAT's performance and we will now go over the business updates and projects under development.

### **Real Estate Portfolio – Kuwait**

As we have witnessed throughout the years, the market in Kuwait is stable and our existing portfolio here is operating at high occupancy levels and generating stable rental income.

As for the projects under development locally, we have Arabella and Al Reggae hotel which experienced a slight delay last year but is on track to be opened in Q3 2023.

In Q4 -2022 the company has signed a BOT staff housing project in Sabhan area with the Ministry of Finance in Kuwait to construct a residential complex for labors on a land area of 40,000 sqm, the contract is for a period of 20 years. Currently the project is at the design and permitting stage.

And now moving to our Real estate portfolio in UAE

### **Real Estate Portfolio – UAE**

Dubai has a strong market in the leasing and hospitality sector. And we have seen this positive impact reflect on our profitability as it has been the best performing quarter.

Moving to our existing portfolio, Domus 1&2 the Hospitality Staff Housing properties in Dubai are operating at high occupancy levels.

TH8 Hotel in Dubai has been performing well with good occupancy rates. From the residential side of TH8, as mentioned earlier in the call, we have successfully sold units that attributed to the growth in our net profit.

As for the projects under development Domus 3&4, construction is underway and is progressing as planned. We expect to have them completed by Q1 2024.

### **Real Estate Portfolio – USA**

Regarding our existing portfolio in the US, each city had a different performance.

We're finishing the first year of operations in Yotel Miami and we are happy with its progress and we hope by the end of the second year we can reach stabilization. The Hotel performed well with good occupancy rates and ADR which reflects the healthy performing market in Miami. Yotel New York performance is picking up and continuing to improve towards 2019 levels.

And for the projects under development in the US, we have 501 First Street in Miami. Construction is underway and going as planned and we expect completion in Q4 2025

We are pleased with the results achieved in the first quarter of 2023 and reiterate our commitment to continue the growth and enhance the value for our shareholders and stakeholders.

We would like to take this opportunity to thank you all for attending this session and we will open the call for any questions you may have.