



AQARAT
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AQARAT'S

Investors Presentation

Sunday 06 November 2022

At 1:30pm (Kuwait Time)

2022

SPEAKERS

Mr. Talal Jassem Al Bahar

Vice Chairman & CEO

Mr. Maher S. Khalaf

Assistant Vice President – Finance Department

Mr. Saad Al Muneefi

Vice President – Asset Management & Investor Relations

Saad Al Muneefi

Greetings and welcome to AQARAT's third quarter 2022 Investor & Analyst conference call, to present and discuss the company's performance for the period. Please allow me to introduce the speakers in today's call:

Mr. Talal Al Bahar – Vice Chairman & CEO

Mr. Maher Khalaf – AVP - Finance

and myself, Saad Al Muneefi, Vice President of the Asset Management & Investor Relation Department.

Before we begin, I would like to bring to your attention, that today's presentation and discussion, may contain forward-looking statements, based on the Company's expectations and estimates. These expectations, estimates and predictions herein, are subject to certain risks and uncertainties that may cause actual results to differ materially. In this matter, I would like to refer to the full disclosure contained in the presentation for today's call.

The third quarter of the year 2022 witnessed continued growth in AQARAT revenue, driven by stabilized occupancy in the income generating portfolio and operational revenue of Th8 hotel and Domus hospitality staff housing property. Having said that, the business is facing challenges and pressures, exerted by the continued hike in interest rates, and its subsequent effects on the business environment in general, and increase in financing costs specifically.

In aggregate, AQARAT recorded KD. 6.2 million in rental revenue in the third quarter of 2022, compared to KD. 5.4 million, achieved in Q3 2021; an increase of 15%. YTD rental revenue increased by 28%, recording KD. 20.1 million. The net profit achieved in the third quarter was KD. 923,000, compared to KD. 2.2 million achieved in the same period of the year 2021. YTD the net profit

increased slightly to KD. 5.6 million. This is a snapshot of AQARAT's performance and will go into more details later in the call.

During the quarter, the stabilized income generating portfolio revenue, marked an increase of 15%, compared to the same period in 2021 and 28% on YTD basis. This increase is mainly attributed to the operational revenue of Th8 hotel and Domus hospitality staff housing property in Dubai. Having said that, Th8 hotel performance in Q3 was affected by the seasonality nature of its operation. There are no further developments to report on the portfolio.

As for the projects under development, all projects are moving on schedule and there are no major events or updates to report for the period.

Moving to the Financial Performance Overview

AQARAT recorded a rental income of KD. 6.2 million in the third quarter, representing a 15% increase from the figures recorded in 2021. YTD, the rental income increased by 28% , reaching KD. 20.1 million. This increase is mainly attributed to the stabilized occupancy levels of the portfolio properties and the operational revenue of Th8 hotel and Domus hospitality staff housing properties.

The net profit recorded is KD. 923,000 for the quarter and KD. 5.6 million YTD representing a decrease of 59% and an increase of 1% respectively. The net profit for the quarter was affected mainly by the increase in financing costs associated with the ongoing interest rate hikes by CBK and the seasonality nature of Th8 hotel operations.

Total Liabilities at the end of the period stood at KD. 223.5 million, whereas Total Assets reached KD. 354.5 million. Assets to Liabilities ratio stands at 1.59.

ROE and ROA as of the third quarter of 2022 are 4.45% and 1.59% respectively.

The EPS recorded in the third quarter is 1 fil vs 2.45 fils achieved in the same period of the year 2021. YTD, Aqarat achieved an EPS of 6.16 fils in 2022 compared to 6.21 fils recorded in 2021.

Despite the macro challenges facing the economy, business environment and companies operations, AQARAT Board and Executive Management are pleased with the stable performance achieved during these challenging times and reiterate their commitment to continue the growth and enhance the value for our shareholders and investors.

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.