



AQARAT
عقارات



INVESTORS & ANALYST PRESENTATION 2020 FINANCIAL RESULTS

MARCH 2021

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Overview

01



Strategy

02



Business Overview

03



Financial
Performance

04

SECTION 1

OVERVIEW



Strength

- KWD 230 million in real estate assets
- Market Cap over KWD 100 million



Employees

- Over 110 dedication professional employees with varied, diversified backgrounds



Diversified

- Core asset base in Kuwait but well diversified in the region and globally



Agile

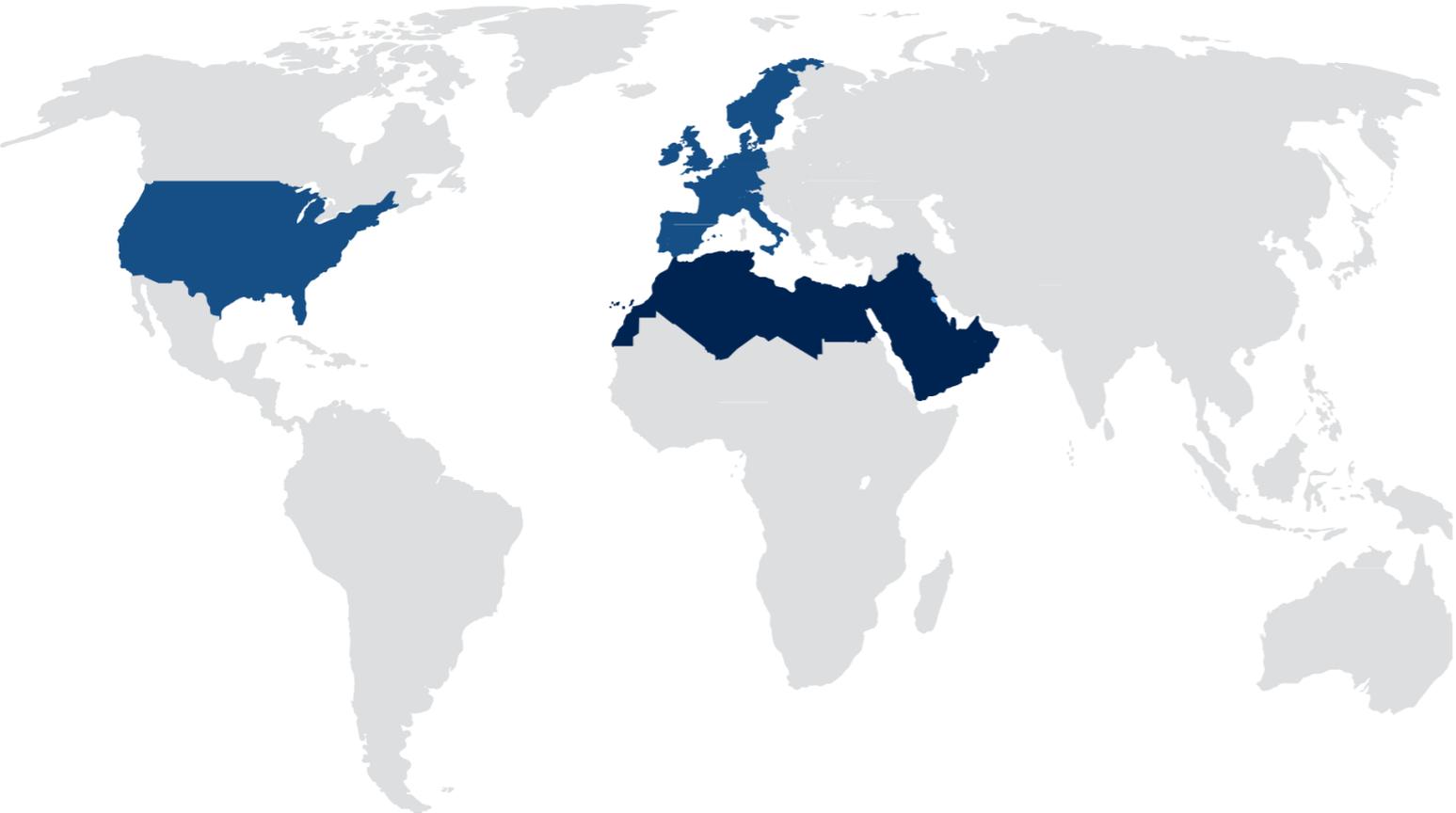
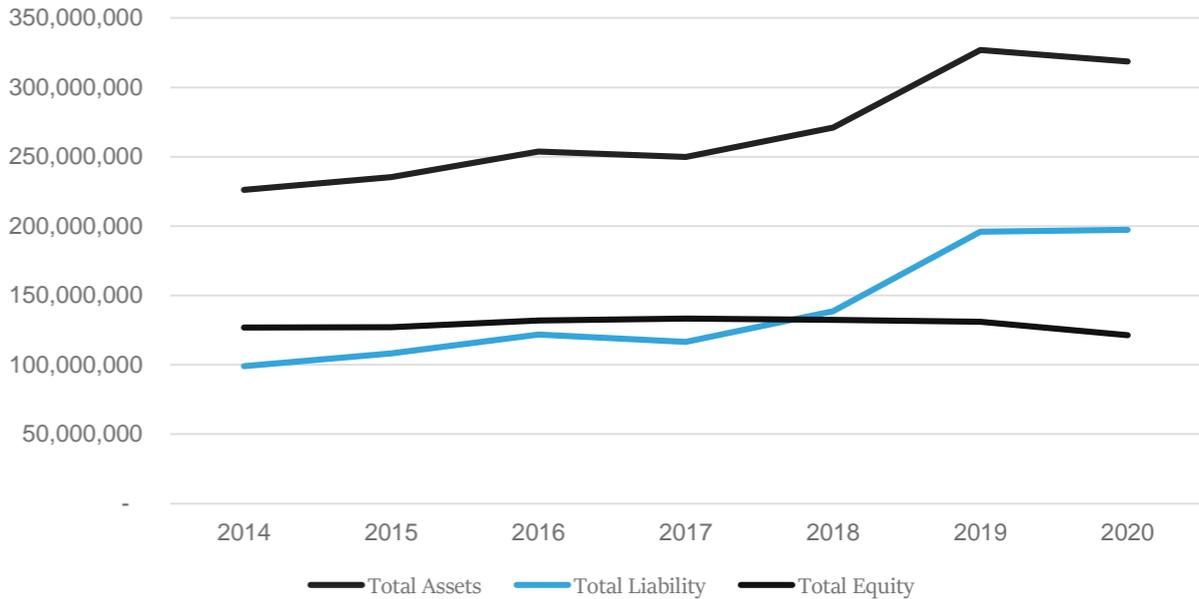
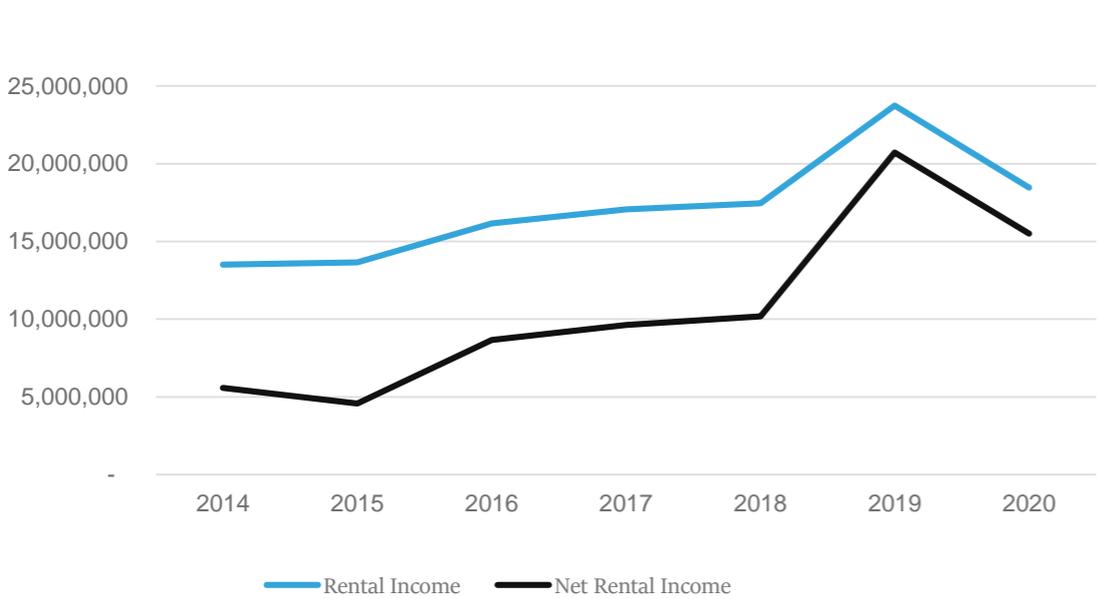
Effectively weathered the COVID 19 pandemic through quick action to minimize impacts

- AQARAT (Kuwait Real Estate Company K.P.S.C), a leading Real Estate development and investment company.
- Established in 1972 and is the first real estate company to be listed on the Kuwait Stock Exchange (Boursa Kuwait) in 1984.
- Over 49 years in the field of Real Estate investment and development locally and internationally.
- As a leading integrated real estate services provider, AQARAT offers its clients a comprehensive range of high quality professional real estate services in the residential, retail, commercial and hospitality services sectors.
- AQARAT provides in depth local expertise along with a truly global presence and a proven reputation for delivering results.

- Real Estate assets of KD 230 million
- AQARAT's Capital is KD 94.7 million.
- AQARAT's Market Capitalization as of December 31st 2020 was KD 101,168,061
- Although its asset base is concentrated in Kuwait, AQARAT has core assets in the UAE and the US and is seeking to increase its international exposure.
- AQARAT effectively weathered the financial crises and emerged as a stronger entity.
- The major shareholders of the company add to its reach and strength.
- The cornerstone of AQARAT's success are the 111 professional employees based in Kuwait.

Kuwaiti Dinars	2018	2019	2020
Rental Income	17.5 Million	23.7 Million	18.5 Million
Net Rental Income	10.1 Million	20.7 Million	15.5 Million
Net Income	6.7 Million	7.0 Million	3.6 Million
Total Assets	270.9 Million	326.9 Million	318.5 Million
Total Liabilities	138.6 Million	195.9 Million	197.2 Million
Total Equity	132.3 Million	131.0 Million	121.2 Million
EPS	7.4	8.26	4.10
ROE	5.10%	5.38%	2.94%
ROA	2.49%	2.16%	1.12%

AQARAT- OVERVIEW



REGION	VALUE KD
KUWAIT	220.1 Million
MENA	38 Million
USA	21 Million
Europe	6.1 Million

SECTION 2

STRATEGY



SECTION 3

BUSINESS OVERVIEW

Income Yielding Portfolio

	Q4 2020	Q3 2020	2020	2019
Rental Income	3,303,694	5,193,701	18,466,440	23,735,949
Operating Expense	(1,292,506)	(335,870)	(2,952,279)	(3,020,742)
Net Rental Income	2,011,188	4,857,831	15,514,161	20,715,207
Aggregate Occupancy	88.86%	89.52%	89.75%	91.58%

- In 2020, AQARAT total income producing portfolio generating an income of KD18.5 million compared to KD23.7 million in 2019 representing a decrease of 22%.
- In comparison to Q3 2020, Q4 2020 Rental Income marked a decrease of 36.9%.
- Kuwait Portfolio Occupancy for the year 2020 averaged 89.75%
- Non-hospitality International Portfolio Occupancy for the year 2020 averaged 96%

AQARAT- BUSINESS OVERVIEW

Kuwait Portfolio

- The real estate market in general was impacted negatively as with others sectors by the wide and rapid spread of COVID-19.
- The Government forced the closure of many businesses and commercial centers starting from March 2020 with some sectors still closed which had an adverse effect on business.
- In response to the State imposed restrictions and in an aim to partially relief tenants from the growing burdens associated with the closure, discounts and waivers were given to commercial and office properties tenants.
- The residential properties in AQARAT Portfolio were resilient to COVID-19 measures.
- Financially, the discounts and waivers offered to tenants is partially offset by the government waiver of fees on BOT Properties, which constitute the majority of AQARAT's Commercial Properties.

AQARAT KEY PROPERTIES- KUWAIT



SOUK AL-KUWAIT & SOUK AL-KABIR

Since its inception in 1972, AQARAT has been a pioneer in developing and advancing public-private partnerships. In fact, the first BOT ever in existence in Kuwait, Souk Al-Kuwait, was conceived of and developed by AQARAT more than four decades ago. The two properties feature commercial and car parking building located in the busy area of the Kuwait Stock Exchange and the banking center of Kuwait City. The buildings have three main components- a multi level car park, offices as well as a retail area.



PEARL MARZOUQ

Located along the green lawn and promenade of the Scientific Center overlooking the sea. The property enjoys a serene location, secluded from the noise of the city. The luxurious apartments are designed to maximize natural daylight and offer ample opportunities to enhance your lifestyle. Wide, sweeping spaces offer a sense of freedom and sanctuary from the world outside. Three apartment types, each uniquely laid out to cater to your needs and desires in modern living.

Key Figure

Units	122
Floors	5
Total Built Up Area	28,000



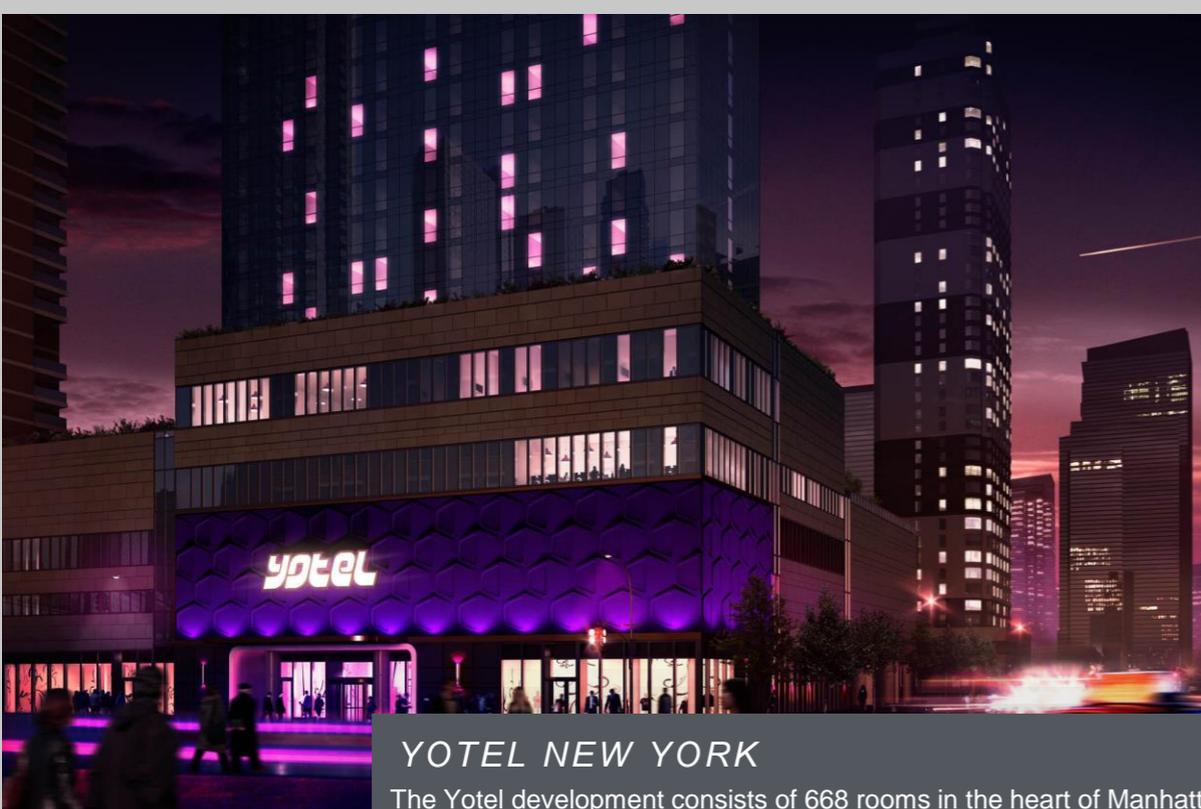
Key Figures

Units	35
Floors	3
Total Rentable	8,676
Total Built Up Area	13,988

ARABELLA

Located adjacent to The Palms and SAS hotels on the Al-Bidaa coast strip, Arabella features over 13,000 square meters of dining and entertainment options, with 36 indoor/outdoor units to serve as restaurants, cafes and more. Currently the property is being partially redeveloped to include a 192 key hotel.

AQARAT KEY PROPERTIES- INTERNATIONAL



YOTEL NEW YORK

The Yotel development consists of 668 rooms in the heart of Manhattan, New York City. The flagship property is designed features 12,000 sqft of dynamic and flexible space known as the Sky Lobby, and the largest outside terrace space featuring a restaurant, lounges, a terrace, exercise room etc. The hotel's 668 rooms offer a beautifully designed space in which to relax, refresh, connect and sleep.

Key Figures

Hotel Keys	721
Floors	27
Completion	June 2011



YOTEL SAN FRANCISCO

YOTEL San Francisco is the brand's first adaptive re-use office conversion project. Constructed in 1905, the Grant Building is one of three that survived both the 1906 and 1989 earthquakes in San Francisco. Blending the old and new, YOTEL incorporated tech-forward amenities such as self-check-in kiosks, whilst also maintaining the building's historic charm, incorporating many original features into the hotel design, from exposed brick walls to arched windows and its original marble staircase. The property has 203 rooms (or cabins as they are known at YOTEL), each with distinct floor plans to accommodate the building's original layout and frame.

Key Figures

Hotel Keys	203
Floors	8
Built	1904
Renovation	February 2019



944 MARKET STREET- SAN FRANCISCO

This office space is located at 944 Market St., San Francisco, CA. Originally built in 1907, this magnificent building features approximately 45,000 square feet of space on eight stories. This is an ideal opportunity for tenants looking to rent in San Francisco's emerging Mid-Market district.

Key Figures

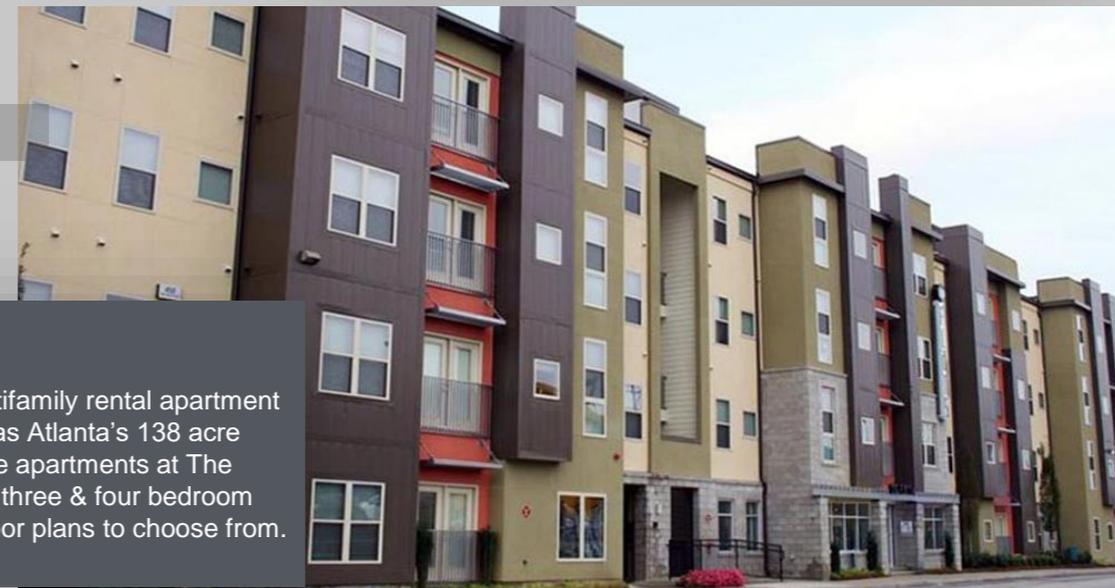
Square Feet	47,000
Office SQF	39,000
Retail SQF	8,000
Completion	1907
Renovated	2012

Key Figures

Units	86
Beds	281

FLATS ATLANTIC STATION

The Flats Atlantic Station is a 86 unit, 281 bed multifamily rental apartment located close to several major universities as well as Atlanta's 138 acre mixed use development – Atlantic Station. All of the apartments at The Flats come fully furnished. The building offers two, three & four bedroom student apartments with a variety of layouts and floor plans to choose from.



YOTEL SAN FRANCISCO

- Due to the ongoing global pandemic, the asset closed in March of 2020 in line with its competitive set in the immediate surrounding area.
- Fixed costs were reduced by 75% as staffing was cut to essential staff only at the beginning of the closure.
- Current restrictions in the San Francisco area remain in place with regard to hotel stays, severely limiting the ability of the hotel to operate in a profitable manner.
- We anticipate a full reopening of the hotel, depending on conditions at the time, towards the end of the 2nd quarter of this year



YOTEL NEW YORK

- Due to the pandemic, the hotel was closed to the public from March 2020 until the end of the year
- The hotel was able to lease out a portion of its inventory, approximately 200 rooms, for a period of three months to first responders dealing with the pandemic in NYC
- Staffing was immediately reduced to essential personnel only, and fixed costs were slashed a bare minimum
- The hotel was able to reopen in January and is currently beginning to see pick up in bookings towards the middle of the year

HELLYER

- The 160,000 square foot office property located in San Jose, CA was unaffected by the pandemic
- The building tenant, Cobham Inc, a British defense manufacturer has remained current on all lease payments



THE FLATS ATLANTIC STATION

- The 281-bed student housing property, located in Atlanta, Ga. experienced some adverse effects due to the pandemic
- While historically occupancy rates hovered around 97%, the pandemic saw occupancy drop to 70% due to university closures in the surrounding area
- A number of measures were taken to stabilize the property including providing non-cash incentives for students to renew leases as well as opening up the rental pool to non university students.
- As of December, the occupancy level had reached 88% and leasing for the upcoming school year remains strong



944 MARKET STREET

- The San Francisco office market has been severely affected by the ongoing effects of COVID 19
- While the current tenants have caught up on rent payments, some flexibility was provided by the company during the year to allow one major tenant to differ rental payments by three months. On the other hand, the two vacate floors failed to find tenants during the year due to the complete lock down that was enforced in the San Francisco area
- Signs are pointing to renewed interest from potential tenants recently as a long awaited IKEA super store is set to open immediately across the street from the property,, allowing the property to Gardner interest from corporate retail tenants that covet the proximity.

LA FRONTERA

- The 97,311 square foot office property located in Austin, TX was unaffected by the pandemic
- The building tenants remained current on all lease payments and did not seek rent relief



ARABELLA HOTEL

Aqarat's development team is currently in the planning stages of the development of a new hotel located within the copmay's Arabella complex. The hotel is set to include 194 hotel keys and a state of the art gym and beach club

Key Figures

Floors	5
Rooms	192
Total Built Up Area	15,692
Completion	14 months



Key Figures

Hotel Keys	213
YotelPAD Condos	233
Total Development Cost	USD 132 million
Total Condo Sell Out	USD 81 million
Anticipated Stabilized Hotel Value	USD 75 million

YOTEL MIAMI

The project consists of a 49-story LEED Silver building containing 213 Yotel Miami hotel rooms and approximately 233 YotelPAD condominium residences. Both the YOTEL Miami Hotel and the YotelPAD Condominium Residences are accessed at ground level through separate lobbies and elevator banks. The building will include three Passenger elevators serving the hotel, two Passenger elevators serving the condominium residences, and 2 service elevators.



BLOCK 107 EXPANSION-RIGGAE

In addition to the above mentioned tower, the development team is also in the initial stages of planning a residential development adjacent to Building 107, in Riggae. The tower will consist of approximately 68 units, and encompass approximately 7,800 square meters of rentable area. The tower has been completed as of end of 2020

Key Figures

Units	68
Floors	17
Typical Floor	650 SQM
Total Rentable Area	7,800
Total Built Up Area	14,000 SQM
Total Construction Cost	KD4.22 million



DOMUS

A state-of-the-art, staff housing accommodation located within close proximity to several of Dubai's major tourism hubs. The intent is to court a variety of hospitality companies with staff housing needs located within a 25 minute radius of the site. The overall project will eventually consist of over 392,000 square feet of built up area of which 233,000 square feet of rentable area, eventually housing over 2,000 hospitality staff of varying employment levels. The project seeks to create a sense of community where hospitality professionals within several disciplines from various hotel flags and other hospitality related companies.

Key Figures

Type	Hospitality Staffing
Units	102 units per building
BUA	394,000 Square Feet
Net Rentable Area	233,000 Square Feet
Construction Cost	AED 300,000,000

SECTION 1

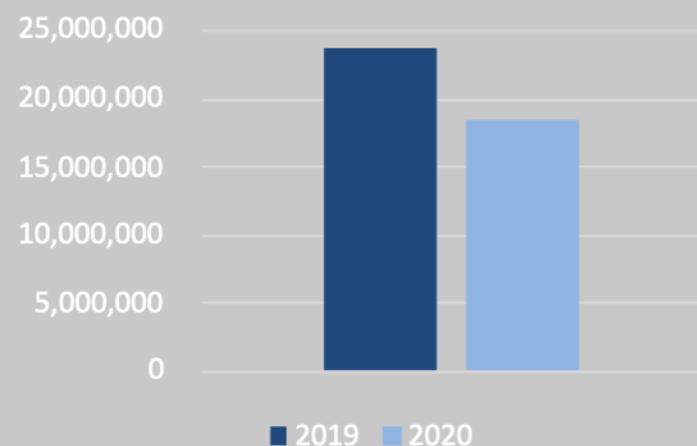
FINANCIAL HIGHLIGHTS

AQARAT- FINANCIAL PERFORMANCE

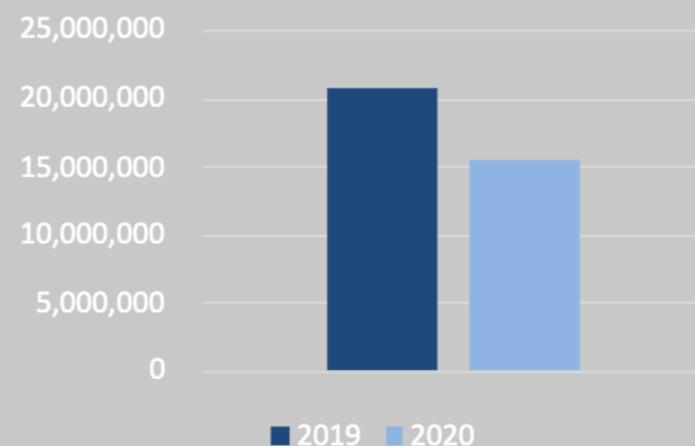
Financial Data	2019	2020	% change	
Real Estate Rental Income	23,735,949	18,466,440	-22%	
Net Rental Income	20,715,207	15,514,161	-25%	
Income before KFAS	7,590,117	4,062,429	-46%	
Finance cost	(8,071,661)	(6,167,514)	-24%	
Net Income	7,045,605	3,567,703	-49%	
EPS	8.26	4.10	-50%	
CURRENT ASSETS	59,337,353	47,077,782	-21%	
Total Assets	326,923,134	318,552,856	-3%	
CURRENT LIABILITIES	31,285,973	31,795,237	2%	
Total Liabilities	195,914,332	197,295,186	1%	
	Borrowings	133,361,217	141,594,328	6%
Debt	Borrowings (short term)	5,768,622	3,346,231	-42%
	Due to bank	4,343,793	4,448,934	2%
Total Debt	143,473,632	149,389,493	4%	
Share Capital	94,736,506	94,736,506	0%	
Total Equity	131,008,802	121,257,670	-7%	
BV per fils	0.138	0.128	-7%	

Income

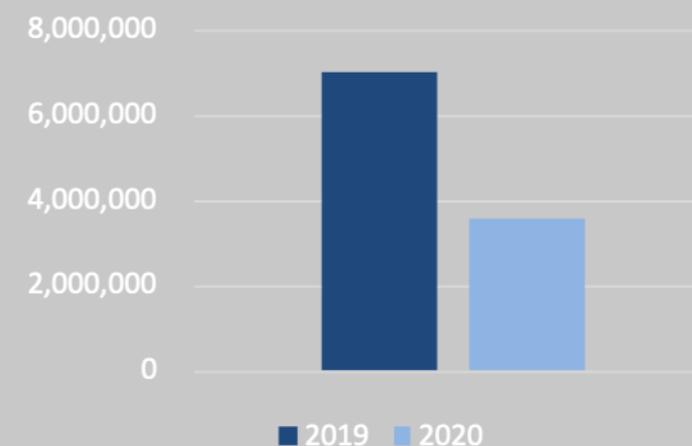
Rental Income



Net Rental Income

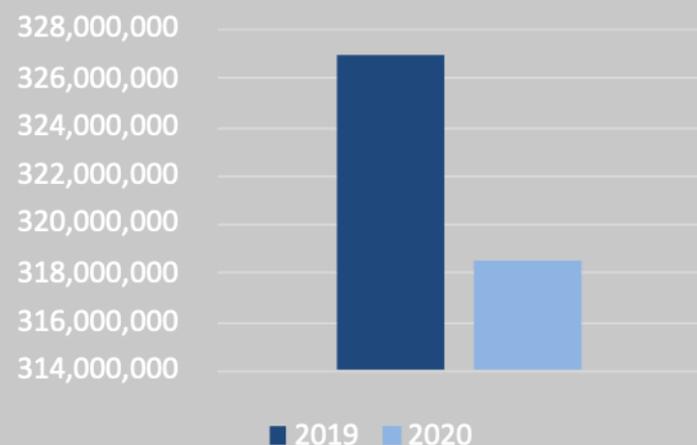


Net Income

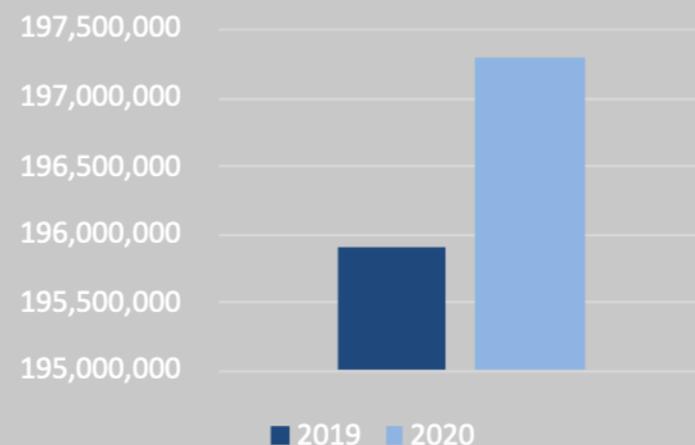


Assets & Liabilities

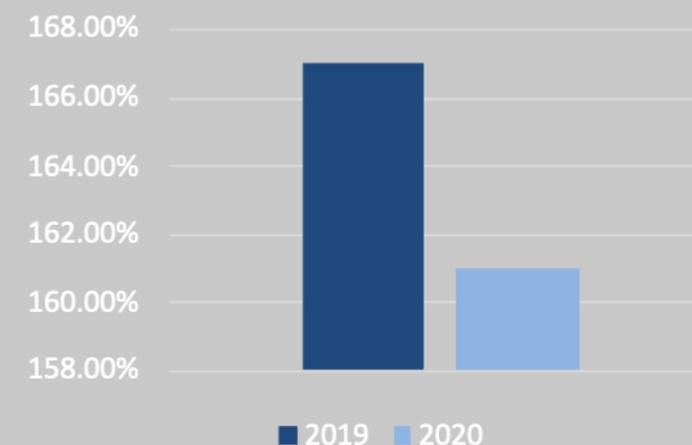
Total Assets



Total Liabilities

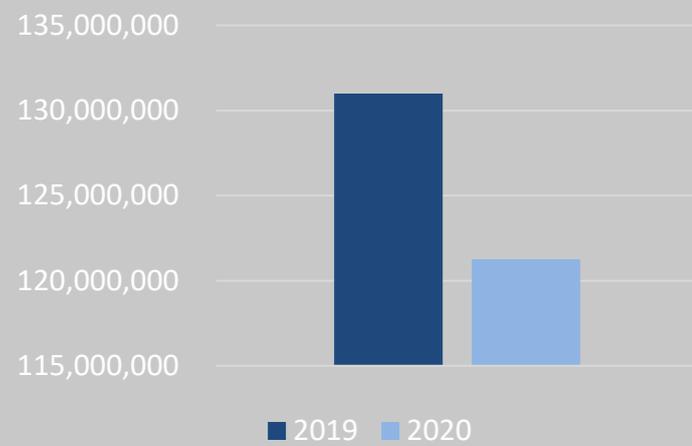


Asset to Liabilities %

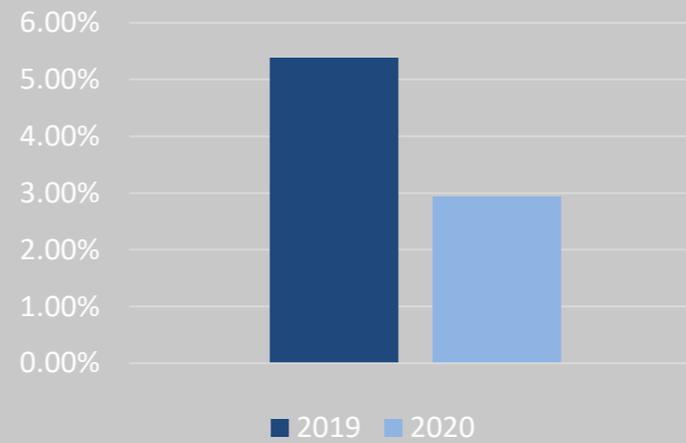


Equity

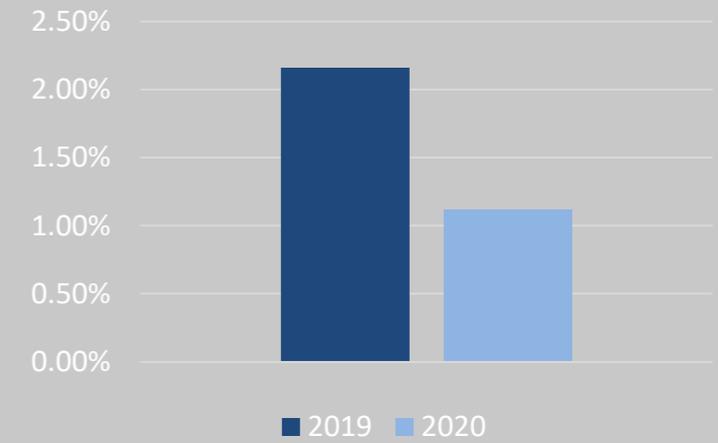
Total Equities



ROE

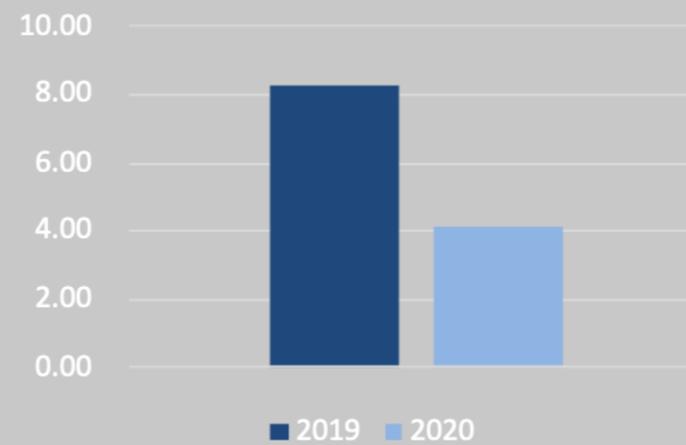


ROA



Earnings Per Share

EPS



QUESTIONS



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