AQARAT

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Investors Conference Call

Kuwait Real Estate Co.

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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

Nora (Moderator)
Good afternoon, ladies and gentlemen. This is Nora on behalf of Mai Attia from EFG Hermes Research, and I would like to welcome you all once again to AQARAT results conference call for first half '26. With us on the line today, we have Mr. Talal Jassim Al-Bahar, Vice Chairman and CEO; Mr. Maher Khalaf, Vice President, Finance; and Ms. Awrad Al Enezi, Vice President, Investor Relations. Without further delay, I would like to hand over the call to the management.

Awrad Al Enezi (Vice President, Investor Relations)
Thank you, Nora. Good afternoon everyone, and welcome to AQARAT's second quarter and first half 2026 earnings call.

As usual, we will begin by walking through the presentation and then open the floor for Q&A.

Before we start, I would like to draw your attention to the disclaimer on slide 2. Today's discussion may contain forward-looking statements that are subject to risks and uncertainties, and actual results may differ materially. Please refer to the full disclaimer included in the presentation.

With that, let us begin with the key highlights for the first half.

The first half of 2026 has been a strong period for AQARAT, both financially and operationally.

I would note that the first half was not without its challenges. The region saw a further period of geopolitical tension, and that certainly weighs on sentiment and on activity in some of our markets. What we would highlight is how the business held up through it. The income-generating portfolio we have built over the years continued to deliver, and the development platform continued to progress on the ground and to convert into earnings.

Net profit rose 44% year-on-year, and total revenue grew 84%, which is an exceptional growth to have while we are navigating this period.

As we discussed on our last call, the main driver remains Al Tay Hills, our largest residential development to date. Revenue recognition continued through the second quarter in line with construction progress on the ground.

Alongside that, we made real operational progress during the quarter even though we witnessed supply chain disruptions which pushed the schedule out slightly at Domus 5 and Sabhan. Both are now at the end of their construction cycles and delivery is close. We are still very pleased with the progress made despite these challenges. We also announced a new land acquisition in Abu Dhabi in partnership with IFA Hotels & Resorts. I will cover each of these in more detail shortly.

The wider point is that AQARAT now runs two earnings engines in parallel. We have a recurring income base, expanded over recent years through the Domus staff housing platform and local asset optimization - alongside it is a growing development-driven engine.

Overall the company is strongly positioned through a diversified strategy by segment as much as by geography. Al Tay Hills in Sharjah is master-planned residential project at scale. In the US, we completed our exit from 501 First Residences in Miami during the period, and we are advancing single-family rental opportunities in Savannah, Georgia while also exploring multi-family residential investments in the US.

That balance and diversification is what allows us to keep delivering when any one market, or segment, slows down.

Let me take you through the key financial metrics before turning to the operational story behind them.

Revenue for the first half of 2026 was KD 36.4 million, up 84% from KD 19.8 million in the same period last year.

Breaking that down: property sales from Al Tay Hills is the main driver of the increase.

Real estate rental income was slightly lower than the first half of last year. Our core Kuwait portfolio and Domus assets held steady. The decline is concentrated in the hospitality assets in Kuwait and UAE where occupancy levels were lower as a direct result of the regional tensions. We also provided temporary rental discounts in Q2, which further impacted rental income for the quarter.

I would highlight though that Sabhan and Domus 5 are both due to come online and add to this line.

Revenue from Active Holding, our subsidiary in the health and fitness sector, grew 46% year-on-year.

Gross income was KD 17.2 million, up 23% year-on-year, translating to a gross margin of 47.2%. That is lower than the same period last year, it is important to look at this in the context of our evolving revenue mix.

As AQARAT continues to expand across different real estate sectors and operating businesses, the margins naturally vary. This period, we saw a greater contribution from development revenue as well as the change in hospitality and our gym business, which carries a different margin profile. So, the lower blended margin mainly reflects the changing revenue mix as the business continues to diversify.

Even though our topline significantly increased, we can still see that our finance costs was the same y-o-y and that goes to the initiatives taken to contain costs and prudent financial discipline we have at the company level.

Total profit at group level was KD 9.7 million, up 48%. Net profit was KD 7.3 million, up 44% year-on-year.

Earnings per share came in at 5.64 fils, compared with 4.55 fils in the first half of last year.

Moving to the balance sheet, total assets stood at KD 562.6 million at the end of June, an increase of 21.2% compared to the same point last year.

Total equity increased to KD 226 million, up 34% year-on-year with the main drivers being growth in retained earnings and share capital.

Total borrowings amounted to KD 243.5 million, with approximately 87% maturing beyond one year. That continues to give us a comfortable maturity profile with no near-term refinancing pressure.

Our debt-to-assets ratio improved to 43.3%, compared with 48.3% at the same point last year, as our asset base and equity have grown faster than our borrowings.

Annualized return on assets and return on equity both improved year-on-year, as you can see at the bottom of the slide.

In Kuwait, our Sabhan labour housing project reached approximately 98% overall completion.

We expect completion and handover in the coming period, which will add a new recurring income stream under a 20-year BOT contract.

In Sharjah, Al Tay Hills continued to progress in line with the approved execution plan.

Deep utilities works reached 99.6% completion by the end of the quarter, and infrastructure works continued alongside. We also awarded several key execution contracts which move the project into its next construction phase.

The Phase 1 delivery target in 2028 remains intact and so far we have reached 7% completion of the overall project. Revenue recognition will continue progressively as construction milestones are achieved.

In Dubai, Domus 5 reached 91% completion. The project has moved into its final execution stage, with finishing and fit-out works ongoing ahead of completion and handover in the coming period.

We also announced a new development added to our pipeline of projects in the UAE during the period. AQARAT in partnership with IFA HR acquired a 66.6% interest in a land plot in Abu Dhabi.

In the United States, we completed our exit from 501 First Residences in Miami following the completion of development and handover, as we indicated on our previous calls.

We also continued to advance our investment opportunities in Savannah, Georgi - as part of our strategy to expand in the single-family rental sector and capture the growth we are seeing in that segment of the US market.

Looking at the remainder of 2026, we see several clear catalysts.

First, the handover of Sabhan, now at approximately 98% completion, which triggers the 20-year BOT rental income stream.

Second, the completion of Domus 5, which adds further to rental income as it comes into operation.

Third, Al Tay Hills continues to generate progressive revenue recognition as construction milestones are achieved.

And fourth, the new Abu Dhabi plot with IFA Hotels & Resorts which extend the pipeline beyond the current development cycle.

The focus for the period ahead is on completing the projects currently under development, expanding our recurring income base, and continuing to build a portfolio capable of delivering growth across market cycles.

That concludes our prepared updates for today. We will now open the floor for Q&A.

Nora (Moderator)
Thank you, Awrad. Without further delay, we will open the floor for Q&A. We have received a question in the Q&A box asking about what EPS should we expect in 2026 by the end?

Awrad Al Enezi (Vice President, Investor Relations)
As per the CMA rules, I would not give exact guidance on the EPS at this stage. However, based on the progress across our projects, we would expect growth for the full year to remain

in line with what we achieved in the first half of this year. Again, considering the challenging environment right now, it's very hard for us to give exact guidance on that.

Nora (Moderator)
We don't seem to have any further questions. So back to you, management, for any closing remarks.

Awrad Al Enezi (Vice President, Investor Relations)
Thank you for your continued interest in AQARAT.

Nora (Moderator)
Thank you, everyone, for attending. This concludes today's call. You may now disconnect.