



AQARAT

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AQARAT'S

Investors Presentation

Sunday, 14 November 2021

At 1:30pm (Kuwait Time)

2021

## SPEAKERS

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

Vice Chairman & CEO

### **Mr. Maher Khalaf**

Assistant Vice President – Finance Department

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

Vice President – Asset Management & Investor Relations

Greetings and welcome to AQARAT's Third Quarter 2021 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 Almuneefi, Vice President of the Asset Management & Investor Relation Departments.

Before we start, 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 you to the full disclosure contained in the presentation for today's call.

The recovery in the business environment continued in the third quarter of the year due to the spike in the fully vaccinated population and significant decrease in new COVID-19 cases which resulted in additional easing of business and travel restrictions.

In aggregate, the rental revenue recorded in the third quarter of 2021 was KD 5.4 million compared to KD5.2 million achieved in Q3 2020. As for the Net Profit, KD2.3 million was achieved for the period compared to KD1 million recorded for the same period in 2020. YTD, rental income stood at KD 15.7 million compared to KD 15.2 million achieved in 2020. Net profit as of the end of Q3 was KD 5.6 million compared to KD 3 million achieved in the same period of 2020. This is just a snapshot of AQARAT's performance and we will go into more details later in the call.

## **Income Generating Portfolio**

Moving to the income generating portfolio, the portfolio continued its healthy growth QoQ and YoY. There is no major events to be reported in this front locally. However, in the US, Yotel New York is witnessing significant improvement in occupancy and this improvement is expected to continue in Q4 due to the announcement of resumption of entry to the US by Europeans on November 8th. As for Yotel San Francisco which was completed and opened in late 2019 and was shut down due to the Pandemic; is now scheduled to open in Q4. Moving to Dubai, Domus 1, was handed over to the tenant and is 100% leased. Finally, Aqarat is aiming to conclude the financing the closing of the purchase of The 8 Hotel in Dubai during December or January. The Hotel started receiving guests in July and has been fully booked since August due to the impact of post pandemic travel and Expo 2020.

## **Projects Under Development**

As for the projects under development, all projects under development locally are on schedule; namely the refurbishment of 3 buildings in Riqea which are expected to be completed by year end. In Kuwait as well, Arabella Hotel development is moving as scheduled and is expected to be completed in 2022. In the US Yotel Miami is expected to be completed in Q4 2021 as scheduled. Moving to Dubai, Domus 2 is expected to be completed in Q4 2021 with 35% pre-leased as of today and it is expected the property will be 100% leased within 3 months.

## **Financial Performance Overview**

AQARAT recorded a rental income of KD 5.4 million in Q3, representing an increase of 4% from the figures recorded in Q3 2020. The Net Rental Income for the period was KD 4.7 million, a decrease of 1.89% compared to same period last year. This slight decrease is due to the relative increase in Real Estate Operating expense in Q3 2021 Compared to the expenses incurred in 2020. The increase in expense is attributed to the fact that in Q3 2020 expenses were lower due to the forced shutdown.

Net Profit achieved is KD2.3 million, an increase of 123% from the Net Income achieved in Q3 2020.

The Total Liabilities increased by 5% from September 2020 level reaching KD208,642,049 whereas the Total Assets were almost unchanged at KD343,275,560. Assets to Liabilities ratio stands at 1.65.

The ROE and ROA for the period were 1.7% and 0.7% respectively compared to 0.8% and 0.03% for the same period in 2020.

The EPS recorded is 2.45 fils vs 1.15 fils recorded in Q3 2020. YTD, the Company recorded an EPS of 6.21 fils compared to 3.46 fils for the same period in 2020.

It is worth noting that during the 3rd quarter the Company started the process of listing its shares in Dubai Financial Markets as per the General Assembly and CMA approvals. The application is with DFM and we are awaiting their approval.

In Conclusion, The Board and Executive Management are pleased with the results achieved and the way AQARAT weathered and still weathering the effects of the COVID-19 Pandemic. We are committed to continue our growth and enhancing 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.