



AQARAT  
عقارات



## **Kuwait Real Estate Company**

Investors Relations Conference Call Q2

Wednesday 21 August 2024

At 1:30pm (Kuwait Time)

# 2024

## Speakers

Mr.Talal Jassem Al Bahar

Vice Chairman & CEO

Mr.Maher S. Khalaf

Vice President- Finance Department

Ms. Awrad Al Enezi

Manager – Investor Relations

## AQARAT Transcript of the Analysts/Investors Conference

### Second Quarter 2024

**Mai Attia** Good afternoon everyone. This is Mai Attia from EFG Hermes. We're very happy to be hosting AQARAT's Second Quarter of 2024 results call today. Please allow me to introduce the speakers in Today's call:

Mr. Talal Al Bahar – Vice Chairman & CEO

Mr. Maher Khalaf –VP - Finance

Ms. Awrad Al Enezi - Investor Relations Manager

**Awrad Al-Enezi** Welcome everyone to AQARAT's earnings call for the Second Quarter of 2024. As done previously in our calls, we will first present the company's key developments and financial performance during the period. Then discuss the business updates and conclude today's call with the Q&A session. 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. Please refer you to the full disclaimer presented in slide #2.

Starting with slide 4, I will walk through the key events and ratios year to date. We're very proud to deliver another set of positive financial results for the period as you can see on the left-hand side, Aqarat is continuing on the strong momentum from previous years. We have witnessed several of our projects come online this year and made significant progress with the remaining projects that are under development. Aqarat recorded a double-digit growth in Net Profit for Q2 and the YTD results reflecting the successful growth strategies put in place. In Q2 we had several key events that contributed to the period's positive results, first was the reopening of the Arabella complex which consists of 3 main components. The commercial part that features the cafes and restaurants, second is the Privus Health Club and third is the Hotel, Arabella Beach Hotel. Another key highlight this quarter was the partnership with IFA hotels and resorts, where we signed a contract under which IFA H&R will design, develop and market the Tilal Al Tayy residential project in Sharjah. The project spans an area of around 553,000 sqm of land owned by AQARAT. It is expected to be launched in Q4 of this year. Our aim is to create a high-end residential community with new standards for sustainable living in the region. We will announce the project's components and details once the concepts are finalized and the final designs are agreed upon.

Moving to our financials for 1H of 2024 our rental income grew from KD 14.8 million to KD 15.9 million, posting a 7.7% growth. Our net rental income declined slightly from KD 11.2 million to KD 11 million and that is due to a non-recurring expense that occurred in Q1 this year however if we look at our net rental income for the quarter, it has increased by 5.8%. Despite the fact that interest rates have not yet gone down as widely expected and our finance costs increased 27% vs last year, we were still able to record a net profit growth of 30.3% for the first half of 2024, standing at KD 9.9 million compared to KD 7.6 million last year. Our net profit for Q2 grew by 66.5% vs Q2 2023.

In a nutshell, the main driver for the rental income growth is the inclusion of Domus 3 project and for our NP growth, the completion of some projects that were under development in the UAE.

Now moving to the next slide, our balance sheet items.

The Total Debt at the end of Q2 2024 stood at KD 216 million vs KD 197.9 million last year. Considering our industry and the size of projects undertaken over the past years, we are very comfortable with the level of debt we have. When you look at the growth of our asset base vs the debt level increases, you'll find that our assets are growing at a much higher rate than our debt. Our focus has been expanding our projects and investments while keeping our debt under control.

With that being said our total asset base grew by 13.5% from last year reaching KD 418.1 million for the period and our debt to assets ratio stands at 51.7%. Our equity reached KD 156.7 million, an increase of 20.6% over last year.

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

The Kuwait market showcased another quarter of robust and consistent performance, with our properties maintaining high occupancy rates and delivering stable rental income.

As for business updates here, as mentioned in the key highlights slide earlier, the Arabella Complex has officially reopened. The hotel component has achieved solid occupancy rates and is steadily gaining momentum as a new hotel in the market. Additionally, the Privus Health Club is seeing promising traction so far. Al Riggae tower hotel continued its good performance this quarter and for the commercial aspect of it, construction is done and we are just finishing the permits and will start leasing .

We have the BOT for the staff housing project in Sabhan and construction has started and expect completion in Q2 2025

Moving to our Real estate portfolio in UAE

Domus 1,2 and 3 are fully leased and operational, driving further growth in our rental income. Domus 4 was completed this quarter and expected to be operational and contribute to our rental income during the second half of this year. Construction works for Domus 5 is progressing as planned.

We also have the Tilal Al Tayy project in Sharjah that's still under the design stage and once that's finalized we will elaborate more on the details of this exciting project. It's definitely a major investment opportunity for us in a vibrant and attractive real estate market.

Regarding our existing portfolio and investments in the US.

Yotel New York continued showing positive improvements in its performance achieving high occupancy rates and ADRs compared to last year.

Our investment in Beacon Ridge - SFR fund has exceeded expectations with its performance

As for the projects under development in the US, we have 501 First Residences in Miami. Construction commenced in April last year. As of June 2024, the concrete structure has reached the 41<sup>st</sup> floor, so we're happy with the progress so far and expect completion in Q4 2025

That concludes our quarterly updates. We are proud of the results and achievements seen so far and look forward to maintaining this positive momentum for the remainder of the year.

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.