



AQARAT

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AQARAT'S

Investors Presentation

Monday, 14 March 2022
At 1:00pm (Kuwait Time)

2022

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 Fourth 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.

Although the fourth quarter witnessed a spike in COVID-19 cases locally and worldwide due to the rapid and wide spread of the Omicron variant, the business environment continued its recovery during the period reflecting positively on financial results in general.

In aggregate, AQARAT recorded KD5.7 million in rental revenue for the fourth quarter of 2021 compared to KD3.3 million achieved in Q4 2020. As for the Net Profit for the fourth quarter, KD661,905 was achieved compared to KD553,131 recorded for the same period in 2020. For the full year 2021, rental income stood at KD 21.4 million compared to KD 18.4 million achieved in 2020. Net profit as of the end of 2021 is KD 6.2 million compared to KD 3.5 million achieved in 2020. This is just a snapshot of AQARAT's performance and we will go into more details later in the call.

During the quarter, the income generating portfolio continued its healthy growth QoQ and YoY. There are no major events to be reported in this front locally. With reference to the US properties, Yotel New York continued its significant recovery which was witnessed in Q3 due to the easing of travel restrictions. As for Yotel San Francisco which was completed and opened in late 2019 and was shut down due to the Pandemic; the hotel was reopened during the fourth quarter of the year. However, the San Francisco market relies generally on the convention business which has not revived yet as most conventions are delayed due to the COVID-19 restrictions. Moving to Dubai, Domus 2, the second hospitality staff accommodation property within the 4 buildings project was completed in the fourth quarter and is 67% leased. Finally, the 8Hotel which was open to groups in July and to the public in November is achieving satisfactory occupancy levels due to the strength in Dubai Market.

As for the projects under development, all projects under development locally are on schedule; namely the refurbishment of 3 buildings in Riqea which has been completed in Q4. In Kuwait as well, Arabella Hotel development is moving as scheduled and is expected to be completed in Q4 2022. In the US Yotel Miami was completed during the quarter and is expected to receive guests early Q2 2022. Moving to Dubai, AQARAT is proceeding with the development of Domus 3 and 4 with expected completion in 24 months.

Moving to the Financial Performance Overview

AQARAT recorded a rental income of KD 5.7 million in the fourth quarter, representing an increase of 74% from the figures recorded in Q4 2020. For the year 2021, AQARAT achieved Rental income of KD21.4 million vs KD 18.4 million achieved in 2020. The Net Rental Income for the period was KD 4.1 million, an increase of 94.3% compared to same period last year. This significant increase is attributed to improvement in rental income, elimination of discounts given due to COVID-19, and improvement in the operating margin. For the year 2021 Net Rental Income recorded is KD18 million compared to KD15.5 million achieved in 2020.

Net Profit achieved in the fourth quarter is KD661,904, an increase of 20% from the Net Income achieved in Q4 2020. The Net Profit achieved for the financial year 2021 is KD6.2 million, a 75% increase from the profit achieved in 2020.

The Total Liabilities increased by 6% from December 2020 level reaching KD208.5 million whereas the Total Assets increased by 7% reaching KD341.1 million. Assets to Liabilities ratio stands at 1.65.

The ROE and ROA for the fourth quarter were 0.52% and 0.19% respectively compared to 0.47% and 0.17% for the same period in 2020. As for the financial year 2021, the ROE & ROA are 4.87% & 1.83% respectively compared to 3.02% & 1.12% achieved in 2020.

The EPS recorded in the fourth quarter of 2021 is 0.71 fils vs 0.64 fils recorded in Q4 2020. For the year 2021, the Company recorded an EPS of 6.92 fils compared to 4.10 fils achieved in 2020.

In light of the financial results, the Board of Directors Recommended a 3 fils cash dividend and 3% Treasury share dividend contingent on the General Assembly approval.

In Conclusion, The Board and Executive Management are pleased with the results achieved in 2021 and reiterate their committed 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.