



AQARAT

عقارات

Date: 18/08/2021
KREC/FIN/2021/204

التاريخ: 2021/08/18
KREC/FIN/2021/ 204

To: Boursa Kuwait Company

السادة / شركة بورصة الكويت المحترمين

Subject: Kuwait Real Estate Company Analyst / Investor Conference minutes for Q2 - 2021

الموضوع: محضر مؤتمر المحللين / المستثمرين لشركة عقارات الكويت عن الربع الثاني لعام 2021

Reference to the above mentioned subject, and the requirements of article No. (2-4-8) "Continuing Obligations in the Premier Market" of Boursa Kuwait rule book issued via resolution No. (1) of year 2018, and since Kuwait Real Estate Co. has been classified in the premier market, kindly note that the analyst/investor conference was conducted through (Live Webcast) at 01:00 PM on Tuesday 17/08/2021.

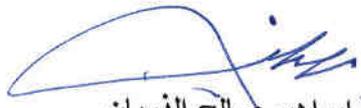
بالإشارة إلى الموضوع أعلاه، وإلى متطلبات المادة (2-4-8) "الإلتزامات المستمرة للسوق الأول" من قواعد البورصة الصادرة بموجب القرار رقم (1) لسنة 2018، وحيث أن شركة عقارات الكويت تم تصنيفها ضمن مجموعة " السوق الأول"، نود أن نحيطكم علما بأن مؤتمر المحللين / المستثمرين قد انعقد عبر طريق بث مباشر على (Live Webcast) في تمام الساعة 01:00 من ظهر يوم الثلاثاء 2021/08/17.

Kindly note that no material information has been discussed during the conference. Please find attached the minutes of the conference in (Arabic & English) and the investors presentation for Q2, 2021.

كما يرجى العلم بأنه لم يتم تداول أي معلومة جوهرية خلال المؤتمر، وتجدون مرفق طيه محضر المؤتمر باللغتين العربية والإنجليزية والعرض التقديمي للمستثمرين عن الربع الثاني لعام 2021.

Best Regards

وتفضلوا بقبول فائق الاحترام والتقدير،،،


إبراهيم صالح الزبيران
رئيس مجلس الإدارة

*CC:

CMA – Disclosure Dept.

* نسخة الـ:

إدارة أسواق المال – إدارة الإفصاح

AG

Kuwait Real Estate Company K.P.S.C.

شركة عقارات الكويت ش.م.ك.ع.

AQARAT

عقارات

تأسست عام 1972

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سجل تجاري 64 CR No.

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AQARAT

عقارات



AQARAT'S

Investors Presentation

Tuesday, 17 August 2021
At 1:00pm (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 Second 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

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 second quarter of the year was characterized by evident improvement in the general business environment due to the easing of business and travel restrictions. The residential sector led the recovery in the market with a spike in rental requests. The commercial and office sectors were stable during the period as the pressure on those sectors started to ease well into the quarter; thus it is expected that a recovery in those sectors will be evident in Q3 and Q4 of this year.

In aggregate, the rental revenue recorded in the second quarter of 2021 was KD 5 million compared to KD4.2 million achieved in Q2 2020. As for the Net Profit, KD1.6 million was achieved for the period compared to KD223 thousand recorded for the same period in 2020. This is just a snapshot of AQARAT's performance and we will go into more details later in the call.

Income Generating Portfolio

The occupancy of the portfolio properties remains at comfortable levels and most waivers granted in 2020 are no longer offered.

Projects Under Development

All projects under development locally and internationally are moving as planned with no major development to be reported other than the completion of Domus Building 1 in Dubai. The property is 100% leased and has been handed over to the tenant early in the third quarter.

Financial Performance Overview

AQARAT recorded a rental income of KD 5 million in Q2, representing an increase of 20% from the figures recorded in Q2 2020. The Net Rental Income for the period was KD 4.5 million, an increase of 34% compared to same period last year. Net Profit achieved is KD1.6 million, an increase of 607% from the Net Income achieved in Q2 2020.

The Total Liabilities decreased by 2% from June 2020 level reaching KD194,306,152 whereas the Total Assets were almost unchanged at KD327,064,594. Assets to Liabilities ratio stands at 1.68.

The ROE and ROA for the period were 1.14% and 0.45% respectively compared to 0.21% and 0.08% for the same period in 2020.

The EPS recorded is 1.64 fils vs 0.33 fils recorded in Q2 2020.

In Conclusion, The Board and Executive Management are pleased with the results achieved and the way AQARAT weathered 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.



INVESTORS & ANALYST PRESENTATION

Q2 2021 Financial Results

August 2021

Disclaimer

The information set out in this presentation and provided in the discussion subsequent thereto does not constitute an offer, an agreement, or a solicitation of an offer to buy or sell securities. It is solely for use at an investor presentation and is provided as information only.

This presentation has been prepared by, and is the sole responsibility of, Kuwait Real Estate Co. (AQARAT). The information herein may be amended and supplemented and may not as such be relied upon for the purpose of entering into any transaction.

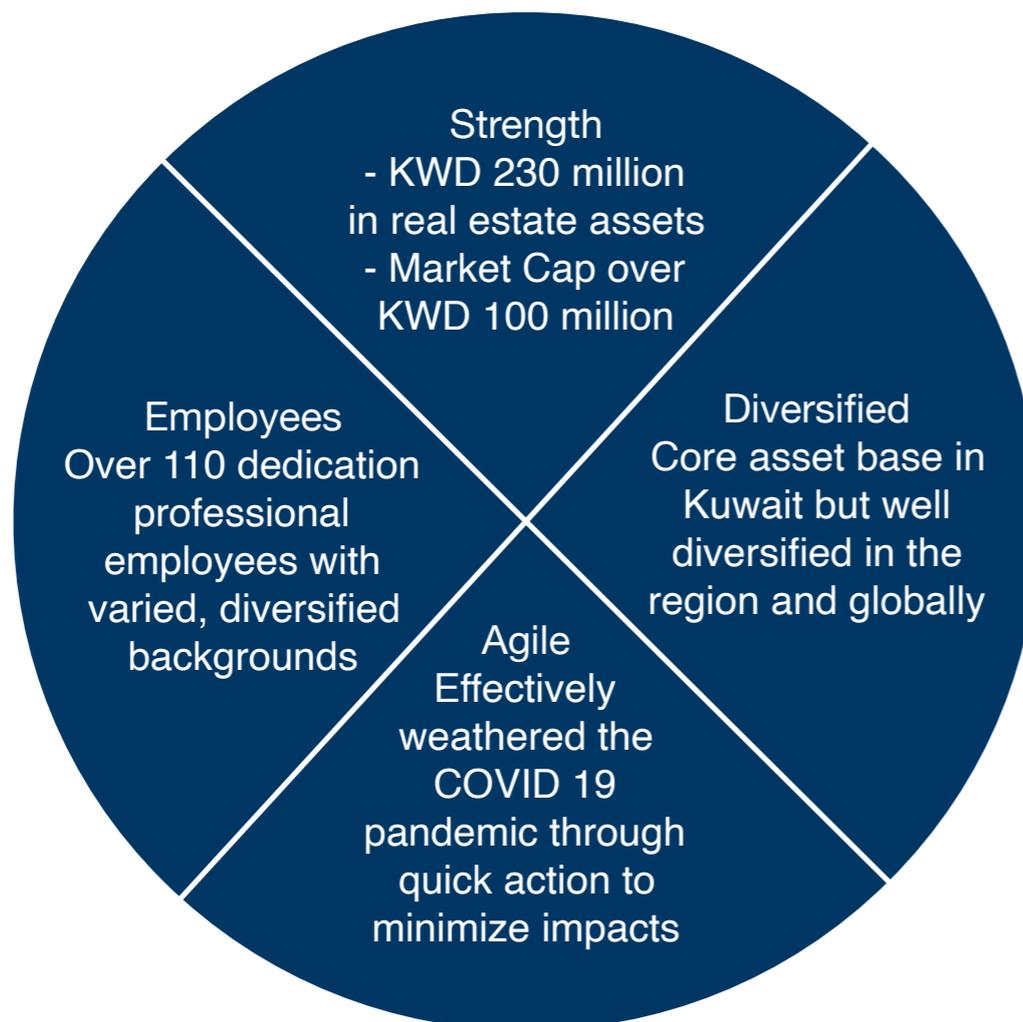
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Certain statements in this presentation may constitute forward-looking statements. These statements reflect the Company's expectations and are subject to risks and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plans described herein. You are cautioned not to rely on such forward-looking statements. The company does not assume any obligation to update its view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein.

AQARAT OVERVIEW	AQARAT STRATEGY	BUSINESS OVERVIEW	FINANCIAL PERFORMANCE
01	02	03	04

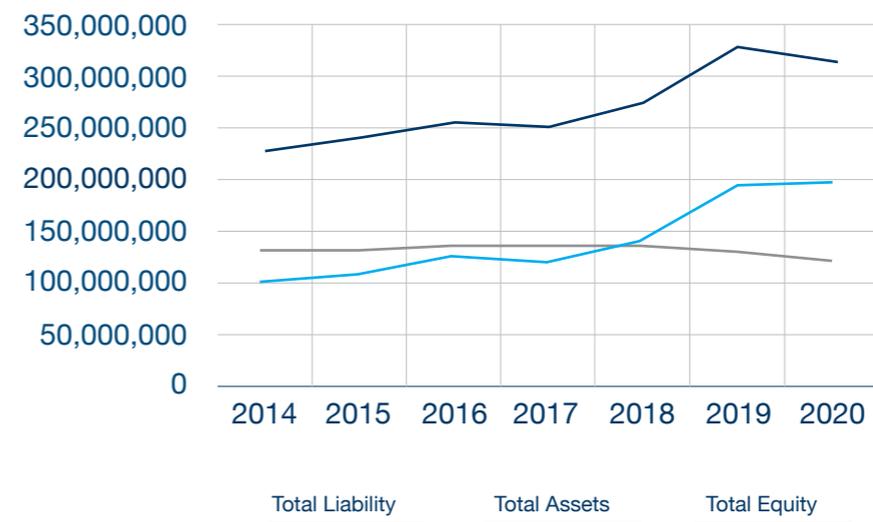
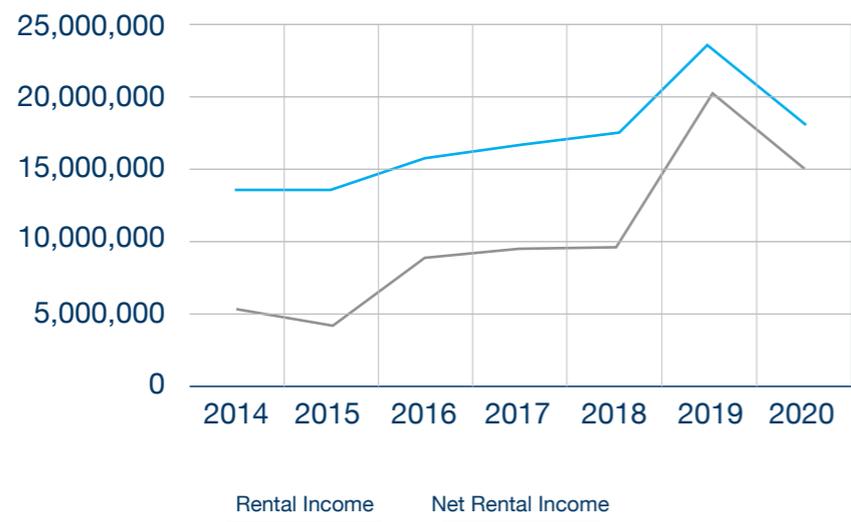
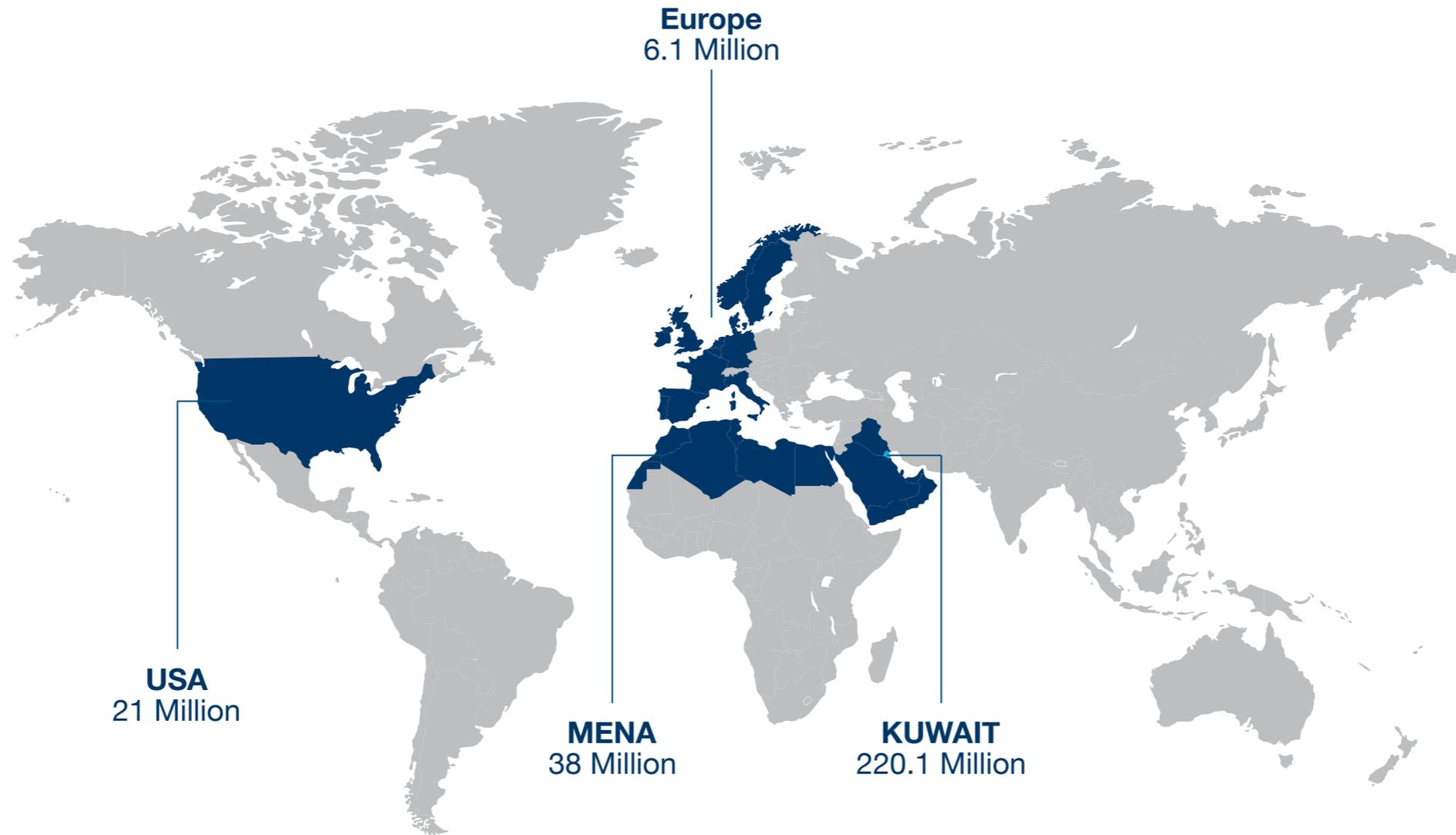
Section 1

Overview



- 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.

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	127.9 Million	117.9 Million
EP	7.5	8.26	4.10
ROE	5.10%	5.38%	2.94%
ROA	2.49%	2.16%	1.12%





Section 2

Strategy



Consistent Operational Income

- Enhance current rental & operational income and profitability through maintaining and enhancing the quality of assets.

Opportunistic Development & Acquisitions

- Enhance the existing portfolio by maximizing the development of each asset and repositioning assets as and when value can be added.
- Capitalize on development expertise to benefit from opportunities.
- Acquisition of strategic land parcels/ properties.

Joint Ventures & Partnerships

- Form Strategic Partnerships and JV's to enhance efficiency and mitigate risks.



Section 3

Business Overview

INCOME YIELDING PORTFOLIO

Kuwaiti Dinars	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Rental Income	5,021,099	4,169,663	10,280,673	9,969,045
Operating Expense	(563,521)	(848,749)	(1,179,246)	(1,323,903)
Net Rental Income	4,457,578	3,320,914	9,101,427	8,645,142
Aggregate Occupancy	88.9%	89%	89.1%	88.92%

- In Q2 2021, AQARAT income producing portfolio generated KD5 million compared to KD4.2 million for the same period in 2020 representing an increase of 20.5%.
- In comparison to Q1 2020, Q2 20201 Rental Income marked an increase of 20%.
- Kuwait Portfolio Occupancy in Q2 2021 averaged 87%.
- Non-hospitality International Portfolio Occupancy for Q2 2021 averaged 95.1%.

KUWAIT PORTFOLIO

- Q2 witnessed an evident improvement in the residential sector as rent requests increased during the period driven by relocation desire from areas effected by the total isolation in 2020.
- The commercial rental sector continued its stagnation during the quarter due to the imposed operating hours restrictions and the ongoing change in the airport inflow guidelines. This weakness is expected to subside in Q3 as the government is easing the restriction on businesses.
- The most effected business activities as of Q2 were the shesha cafes and travel agencies. AQARAT exposure to both activities are in significant.

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.

Key Figure

Units	873 & 570
Floors	12 & 13
Total Built Up Area	36,422 & 48,475



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



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.

Key Figure

Units	35
Floors	5
Total Rentable	8,676
Total Built Up Area	13,988

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 Figure

Hotel Keys	721
Floors	27



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 Figure

Square Feet	47,000
Office SQF	39,000
Retail SQF	8,000



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 Figure

Hotel Keys	203
Floors	8



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.

Key Figure

Units	86
Beds	281

AQARAT KEY DEVELOPMENTS - INTERNATIONAL



Yotel Miami

The Project consists of a 48-story LEED Silver building containing 213 Yotel Miami hotel rooms and approximately 233 YotelPAD condominium residence. Both the YOTEL Miami Hotel and the YotelPAD Condominium Residence 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 two service elevators

Key Figure

Hotel Keys	213
YotelPAD Condos	233



House of Originals

Inspired by cool chic Miami style living. The 8 design is sophisticated and clean with a contemporary touch. Lightweight architecture and spacious are carried throughout the design, from the exterior focus on wide-open balconies to the airy and sleek interior where space is adorned with modern finishes. More art gallery than apartment, The 8 will be one of the Palm Jumeirah's most distinguished addresses. The Hotel is part of The 8 - a luxurious mixed-use development that comprises 190 residential apartments and a 162 key House of Originals hotel apartment complex.

Key Figure

Units	300
Floors	8
Hotel Keys	162



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 Figure

Units	102 units per building
Net Rentable Area	233,000
Total Built Up Area	394,000



Section 4

Financial Highlights

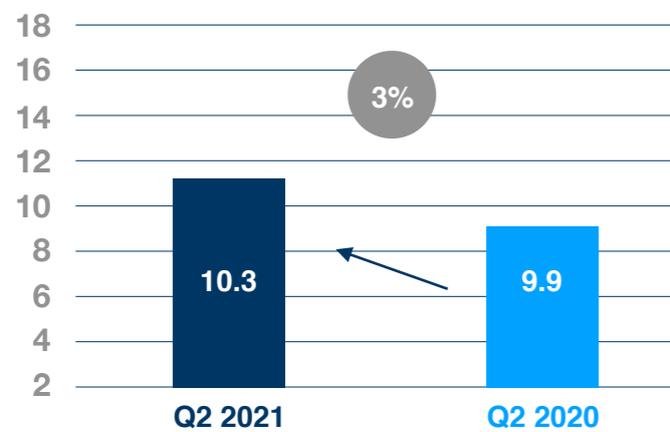
AQARAT- FINANCIAL PERFORMANCE

Financial Data	Q2 2021	Q2 2020	% change
Real Estate Rental Income	10,280,637	9,969,045	3%
Net Rental Income	9,101,427	8,645,142	5%
Income before NLST/ZAKT	3,835,347	2,102,860	82%
Finance cost	(2,722,260)	(3,030,116)	-10%
Net Income	3,320,230	1,996,144	66%
EPS	3.74	2.33	61%
CURRENT ASSETS			
Total Assets	57,586,844	51,654,831	11%
CURRENT LIABILITIES			
Total Liabilities	327,064,594	328,198,931	0%
Debt Borrowings	40,612,573	33,249,857	22%
Debt Borrowings (short term)	194,306,152	198,038,701	-2%
Debt Due to bank	137,353,101	137,447,149	0%
Total Debt	7,512,444	6,892,227	9%
Share Capital	0	4,852,045	-100%
Total Equity	144,856,545	149,191,421	-3%
BV per fils	94,736,506	94,736,506	0%
	129,097,040	127,054,819	2%
	0.136	0.134	2%

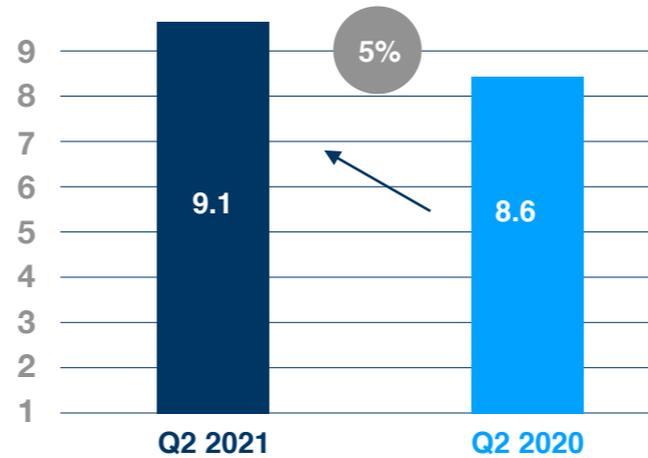
AQARAT- FINANCIAL PERFORMANCE

INCOME

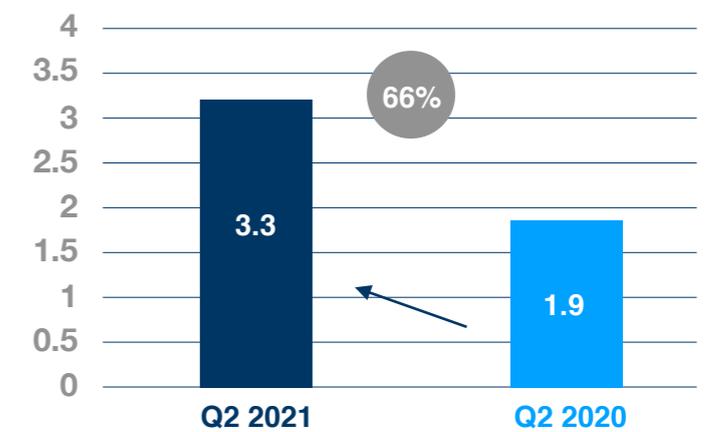
REAL ESTATE INCOME- KD Millions



NET RENTAL INCOME- KD Millions

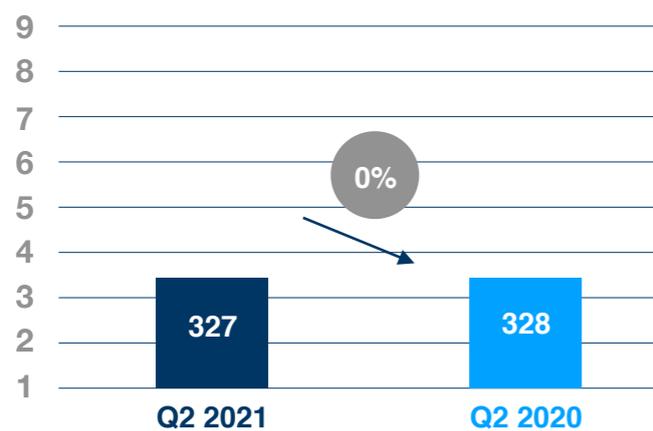


NET PROFIT- KD Millions

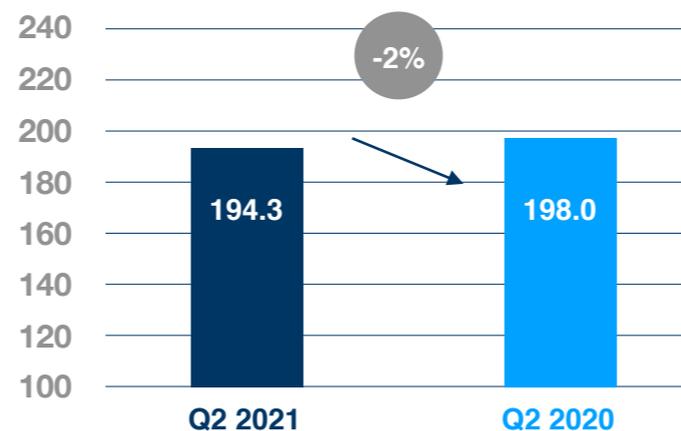


ASSETS & LIABILITIES

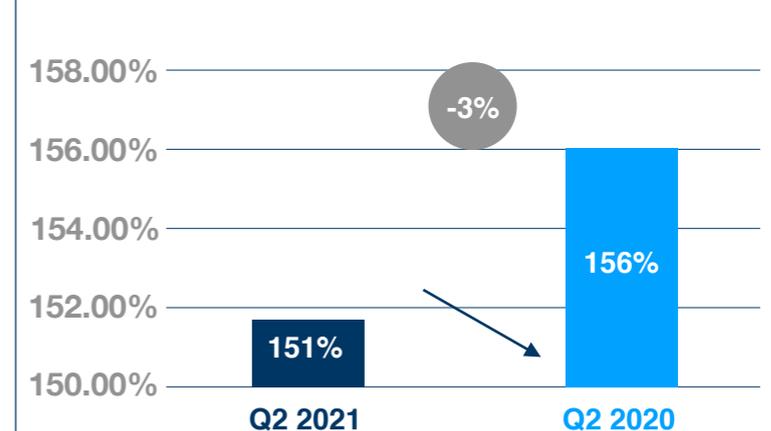
TOTAL ASSETS - KD Millions



TOTAL LIABILITIES - KD Millions



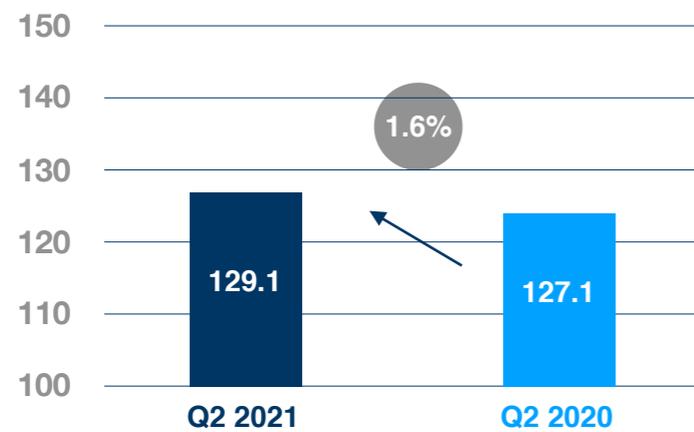
LIABILITIES TO EQUITY



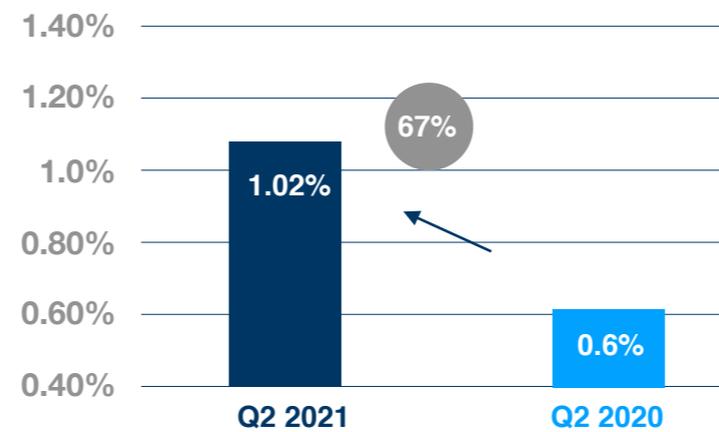
AQARAT- FINANCIAL PERFORMANCE

EQUITY

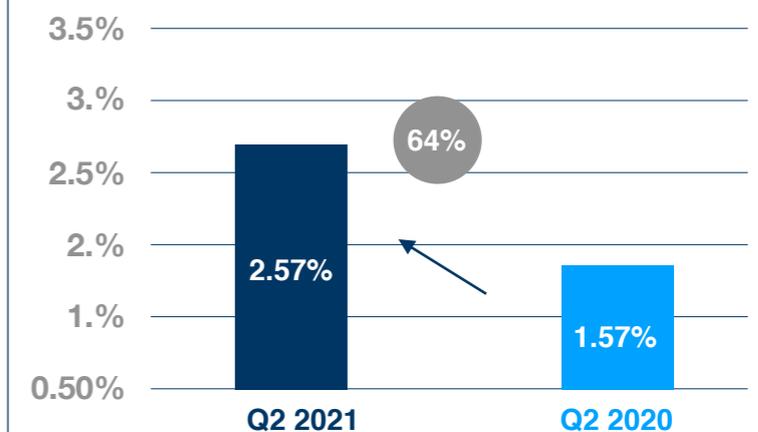
SHAREHOLDER EQUITY- KD Millions



RETURN ON ASSETS

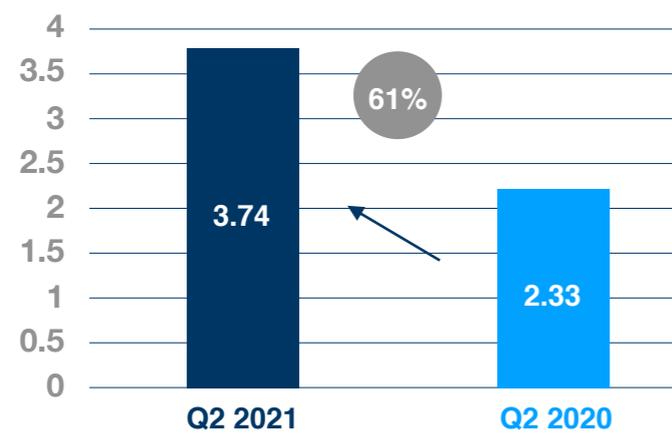


RETURN ON EQUITY



EARNINGS PER SHARE

EPS





Section 4

Questions



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