



# AQARAT'S

Investors Presentation

Tuesday 9 August 2022  
At 1:00pm (Kuwait Time)

# 2022

## SPEAKERS

**Mr. Talal Jassem Al Bahar**

Vice Chairman & CEO

**Mr. Maher S. Khalaf**

Assistant Vice President – Finance Department

**Mr. Saad Al Muneefi**

Vice President – Asset Management & Investor Relations

## Saad Al Muneefi

Greetings and welcome to AQARAT's second Quarter 2022 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 second quarter of the year 2022 witnessed the continued recovery and growth in AQARAT operations and the realization of investments results which is reflected in its financial performance. however now as with most other sectors we have to face the new challenges of the hindering global economy, record inflation levels globally and the continued hike in interest rates globally.

In aggregate, Aqarat recorded KD6.5 million in rental revenue for the second quarter of 2022 compared to KD5 million achieved in Q2 2021, an increase of 31%. This increase is mainly attributed to the enhancement of occupancy levels , the operation of Th8 Hotel and Domus 1&2 as well as the recording of the Yotel Miami Residential Units sale. As for the Net Profit for

the Second quarter, KD2.7 million was achieved compared to KD1.5 million recorded for the same period in 2021 translating to an increase of 84%. This is just a snapshot of AQARAT's performance and we will go into more details later in the call.

During the quarter, the stabilized income generating portfolio continued its healthy growth QoQ and YoY. However, it is worth noting that the significant increase in the rental income during the quarter is mainly attributed to the enhancement of occupancy levels locally, stable 100% occupancy of Domus 1&2 and the recording of the Yotel Miami Residential Units sale. Locally there are no major events to report for the portfolio. With reference to the US properties, Yotel New York continued its recovery during the quarter fueled by the enhancement in the travel industry. As for Flats Atlantic Station, the property is 100% leased for the next school year. The San Francisco Properties; namely Yotel San Francisco and 944 Market Street are still struggling with the COVID-19 effects and their recovery has been slower than expected. Moving to Dubai, Domus 1 & 2, the hospitality staff accommodation properties within the 4 buildings development maintained the 100% occupancy achieved last quarter. Finally, Th8 Hotel which was open to groups in July 2021 and to the public in November 2021 is achieving satisfactory occupancy levels and growth.

As for the projects under development, all projects under development locally are on schedule; namely Arabella Hotel development which is moving as scheduled and is expected to be completed in Q4 2022. In Miami, 501 First Street project was granted the demolition permit for the existing building and filed for the Foundation Permit with the City of Miami. 92% of the residential units in the project were sold and deposits received. Moving to Dubai, the construction of Domus 3 and 4 has commenced and the foundation poured.



## **Moving to the Financial Performance Overview**

AQARAT recorded a rental income of KD 6.56 million in the second quarter, representing an increase of 31% from the figures recorded in Q2 2021. The Net Rental Income for the period was KD 5.1 million, an increase of 15% compared to same period last year. It is worth noting that the increase in operating expenses is purely attributed to the higher operating expense of Th8 Hotel and Domus Properties.

Net Profit achieved in the second quarter is KD2.7 million, an increase of 84% from the Net Income achieved in Q2 2021. The YTD Net Profit stands at KD4.7 million compared to KD3.3 million recorded in the same period of 2021.

The Total Liabilities at the end of the second quarter of 2022 stood at KD223.7 million whereas the Total Assets reached KD354.7million. Assets to Liabilities ratio stands at 1.59.

The ROE for the period was 3.72 % compared to 2.57 % achieved in Q2 2021, and ROA for the second quarter was 1.32% compared to 1% achieved in Q2 2021.

The EPS recorded in the Second quarter of 2022 is 2.97 fils vs 1.64 fils recorded in Q2 2021. YTD, Aqarat achieved an EPS of 5.18 fils and increase of 39% over the results achieved for the same period in 2021.

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