

KUWAIT REAL ESTATE COMPANY

# Investors Relations Conference Call

Full Year 2024 Results



Monday 07  
April 2025  
At 1:30pm  
(Kuwait Time)



AQARAT  
عقارات

## Speakers

Mr.Talal Jassem Al Bahar

Vice Chairman & CEO

Mr.Maher S. Khalaf

Vice President- Finance Department

Ms. Awrad Al Enezi

Vice President – Investor Relations

## AQARAT Transcript of the Analysts/Investors Conference

### Full Year Results 2024

#### **Moderator: Shaza Shaker, EFG Hermes**

Good afternoon, everyone. Thank you for joining AQARAT's Full Year 2024 results call. We are pleased to have with us today Mr. Talal Al Bahar, Vice Chairman & CEO, Mr. Maher Khalaf, VP - Finance, and Ms. Awrad Al Enezi, VP -Investor Relations.

#### **Opening Remarks**

##### **Awrad Al Enezi**

Good afternoon, and welcome to our 2024 earnings call. We will start with our key highlights followed by our financial performance and business updates and then address any questions at the end of the call.

Before we begin, I would like to mention that this presentation includes forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially from those stated. Please refer to the full disclaimer slide presented.

2024 was a significant year for AQARAT, marked by strong financial performance and continued growth across key markets. We are proud to witness the continued positive momentum AQARAT has built in recent years. The company has made significant progress toward completing its projects both locally and internationally, while steadily expanding our asset base year over year. Today, our total assets have reached \$1.5 billion, a milestone that reflects the scale and quality of our portfolio. We expect this to grow even further in the coming years, driven by the size and scope of the projects currently underway. The Board has recommended 6% bonus shares, reflecting the strong performance achieved.

2024 also marked a notable shift in our investor base, with a significant increase in local and international institutional investor interest. This not only validates AQARAT's investment strategy but also strengthens our capital base, enhances credibility in international markets, and ensures greater alignment with long-term performance and governance standards.

Among our key developments and following the significant success of Domus in providing housing solutions in Dubai, we announced the strategic partnership to invest AED 100 million in the Domus Real Estate Fund.

Domus has been a cornerstone of our growth strategy, and this investment will allow us to scale the platform further and expand into new markets, reinforcing our position in the integrated staff accommodation space.

Al Tay Hills project in Sharjah that we first disclosed during 2024 as our largest residential project, was officially launched in January 2025.

The response was exceptional, with the first phase selling out within hours. This project reflects our capability to bring large-scale developments to market and reaffirms our strong position in the UAE. We will cover more details about AlTay in Q1-25.

Moving on to our financial performance for 2024. Rental income rose by 16.7% year-on-year to KD 33.4 million, supported by strong demand and high occupancy levels in both Kuwait and the UAE. Net rental income reached KD 23.6 million, reflecting a 9.4% increase compared to last year. Net profit grew by 18.9% to KD 13.4 million, primarily driven by revaluation gains on investment properties following the reclassification of the Al Tay Hills land in Sharjah. We maintained healthy profitability levels, with a gross profit margin of 71% and a net profit margin of 40%, underscoring our strong operating efficiency and disciplined cost management.

Our total assets grew by 17% year-on-year to KD 460.9 million, while total debt stood at KD 228.5 million. As a result, our debt-to-asset ratio improved to 49.6%, down from 51.5% in 2023—reflecting the fact that our asset base is expanding at a faster pace than our debt levels. Shareholders' equity also saw solid growth, increasing by 22.6% year-on-year to KD 179.1 million. Our return metrics remained healthy, with ROA at 2.9% and ROE at 7.5%. These results highlight our ability to deliver strong returns while maintaining financial strength and discipline.

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

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We begin with Kuwait, where our rental income growth for 2024 was driven by the relaunch of Arabella Complex and the inclusion of AlRiggae Hotel. All our properties across the board performed well and maintained high occupancy levels.

The leasing of the commercial part of Al-Riggae complex has already started, with the opening scheduled in the near future.

Sabhan Labor Housing Project, construction is underway and progressing according to schedule, with completion expected by beginning of 2026.

Moving to our Real estate portfolio in UAE

Domus 1 to 4 are fully operational, driving further growth in our rental income. Domus 5 is progressing on schedule, with construction expected to be completed by the end of Q4 2025.

I had briefly mentioned earlier our largest ongoing project in Sharjah, Al Tay Hills. I'm pleased to share that we officially launched the project in January 2025, and the response was outstanding—the first phase sold out within hours, and we signed AED 2.1 billion in sales deals during the first week. Phase one is scheduled for delivery in Q1 2028, marking a major milestone in our regional development strategy.

Now, a quick update on our U.S. portfolio, particularly the projects under development. In Miami, 501 First Residences continues to progress well. Construction began in April 2023, and as of December 2024, the project is 83% complete. We are very pleased with the pace and quality of execution and expect final completion by Q4 2025.

Over in New York, YOTEL New York delivered exceptional performance in 2024, ending the year with strong occupancy and improved average daily rates. Meanwhile, YOTEL Miami demonstrated notable resilience despite ongoing pricing pressures in the local hotel market, maintaining steady occupancy growth.

That concludes our business updates for 2024. We remain confident in our ability to carry this momentum forward, supported by a solid pipeline and a disciplined execution strategy. Thank you for your time. We'll now open the floor for your questions.

This wraps up our business updates for the year 2024. We are confident in our ability to maintain this momentum, backed by a strong pipeline of projects. Thank you for your time. We will now open the floor for questions.

**Shaza** Thank you all for your time. We'll now open the floor for your questions.

**Awrad** Hi, Shada. We can see that we're receiving questions. Just give us a moment, while we refresh the page, to read it out.

**Shaza** Sure.

**Awrad** We received the first question from Michael. "How much do you expect your earnings to be over the next four quarters?"

**Talal** This year I believe a majority of our returns on the projects that are currently under development will reflect in the second half because of their respective completion dates such as Domus 5 and Alriggae's commercial component. On the recurring income portfolio, we've seen growth and it will continue to grow given the project pipeline we have for the next couple of years.

**Awrad** The second question we have is, "What is your view on the impact of the mortgage law on the real estate sector in Kuwait?"

**Talal** We would have an opportunity to participate in the government projects, which, in the past, was only on a BOT project. This is a good opportunity for the private sector companies of our size to participate in the vision of the government to provide housing for Kuwaiti citizens.

**Awrad** Alright, it seems this is the last question we received. With that, I'd like to conclude the call. Thank you all for your participation.