



AQARAT
عقارات

Investors Conference Call

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At 2:00pm (Kuwait Time)

2025

SPEAKERS

Mr.Talal Jassem Al Bahar

Vice Chairman & CEO

Mr.Maher S. Khalaf

Vice President – Finance Department

Ms. Awrad Al Anezi

Vice President – Investor Relations

Moderator: Shaza Shaker, EFG Hermes

Good afternoon, everyone. Thank you for joining AQARAT's Q3 2025 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.

I will hand it over to Awrad for the presentation and then we will move to the Q&A part of the session.

Awrad Al-Enezi : Good afternoon everyone and welcome to AQARAT's Q3 2025 earnings call.

I would like to draw your attention to the forward-looking statements disclaimer included in today's presentation.

Before getting into the numbers, I want to start with the key milestones we achieved this year. The most important one, of course, was our capital increase, which closed with an exceptional oversubscription of more than 20 times- the highest oversubscription levels recorded in Kuwait's equity market in recent years, with a total demand of KD 667 million. This was a major moment for the company and a strong vote of confidence in our strategy and long-term direction.

Next I want to highlight our AED 3.5 billion master community development - Al-Tay Hills- which continues to perform exceptionally well in terms of sales, now reaching 96% since the January launch.

As we continue delivering on the projects we have, we're also focused on securing the next wave of opportunities. In that regard, the new land acquisition in Sharjah we disclosed at the end of Q3 this year was completed through one of our associate companies.

While Al-Tay is a transformational project and a major driver for our profits in the coming years, our goal is to build the next layer of development pipeline in parallel, so that growth is not tied to a single project cycle, but becomes part of a broader, long-term development platform.

Let me now walk you through the financial performance for our nine months. For the nine months, revenue reached KD 28.2 million, an increase of 13.7% over the prior year. Gross profit grew 6% to KD 19 million with strong margins standing 67.5%. Net profit stood at KD 10.1 million compared to KD 11 million last year.

Although net profit came in slightly lower than last year, mainly due to the timing of project deliveries, our underlying operating performance continued to strengthen. Recurring income improved and margins remained steady across the portfolio. We're now approaching the end of the cycle for three major projects like 501 First, Domus 5 and Sabhan BOT, which are scheduled for handover by year-end or early next year.

Turning to the balance sheet, total assets grew 17.6% year-on-year to KD 510.6million. Our total debt stood at KD 234.5 million, which translates to a debt-to-assets ratio of 46%. An improvement from last year, reflecting stronger asset growth. Equity increased 13% to KD 192.2 million. We also saw a notable improvement in liquidity, as cash balances more than tripled to KD 26.7 million.

Now for our main business updates, we'll start off with the local assets, our income-generating assets in Kuwait continued to deliver stable performance during the period. This was supported by the contribution of Riggae Commercial and Arabella Retail, which are now fully integrated into our rental portfolio. The Sabhan Labor Housing Project has reached close to 80% completion and remains on schedule for handover in early 2026.

Next, we have our UAE portfolio. We'll start out with Domus update. Domus continues to be a core pillar of our recurring income strategy. Domus 1 to 4 remain fully occupied, and Domus 5 is progressing steadily with more than 62% completion with the handover set for the beginning of 2026. Alongside this, our investment in the AIM Residential Fund, the extension of our Domus platform- is progressing well, allowing us to scale the Domus model into new projects and strengthen long-term recurring income. We also have TH8 on Palm Jumeirah in Dubai continued its strong performance during the third quarter, with higher occupancy levels and improved operating returns. In the UAE, we finally have Al-Tay Hills in Sharjah, which is largest development project, continues to perform exceptionally well, with sales reaching 96% as I mentioned earlier. Infrastructure works are advancing across all zones, and showcase villas are under construction. The project will begin phased deliveries in 2028, and we expect to start recognizing profits based on the percentage of completion starting the end of this year and continuing through 2026, 2027, and part of 2028.

For the final leg of our business updates, we have our US portfolio. Our 501 First Residences development in Miami has reached 96% completion. Final finishing is underway, with handover expected in December- January 2026. This project will be a significant addition to our international portfolio.

Other than the project under development, we also have our key assets and investments in the US. Starting off with YOTEL New York, it remains a very stable performer for us, with high occupancy and strong ADR levels. It continues to hold up well in a competitive market. YOTEL Miami performance is stable and the team is actively optimizing rates and revenue strategies.

Then we also have our investment in BRCM, which I covered in previous calls , its performing well and gives us solid exposure to the U.S. single-family rental space. The platform is now gearing up for expansion in Florida and beyond.

That concludes our 9M 2025 business update. AQARAT is now in a clear growth cycle. We have built a strong base of recurring income and with projects like Al-Tay Hills and ongoing investments, we are setting the stage for a new phase of earnings over the coming years.

With that, we will now open the floor for questions. Please submit your questions through the chat, and we will address as many as possible.

Shaza: We would just wait a moment to receive the questions. If you would like to ask a question, you can type it in the chat box or use the raise hand function to speak directly.

We have a question in the chat box. Could you comment about the mortgage loan and potential impact for the company? Please give more clarity on the new mortgage law.

Awrad: Mr.Talal is just re-connecting to answer these questions, so please just give us a moment.

Awrad: Can you start with the first question, please?

Shaza: Could you comment about the mortgage loan and potential impact for the company and another question, please give more clarity on the mortgage law.

Talal: The mortgage loan is only related to the projects done by the Public Authority for Housing. So they issued three projects. There are close to 110,000 applicants, and they are eligible for these units. We are looking to participate in those developments, maybe not the first three, but for the ones that will follow, because the first three will only cover less than 10% of the demand. We will analyze every deal carefully and we like the opportunity. It's a guaranteed take-up because you've got the buyers and now you've got the financing on it. For real estate companies, this is one of the best opportunities in Kuwait.

To comment on the law more the Mortgage law is approved. We're waiting to see the detailed terms to be published to have full clarity on how it will be applied.

Awrad: Do we have any other questions?

Shaza: I don't think we're receiving any more questions.

Shaza: Do you have any closing remarks?

Awrad: I just want to thank you all for joining us. We look forward to updating you in the coming quarters. Thank you, Shaza.