



Analyst/ Investor Conference Transcript

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NetRoadshow Event Transcript

United Real Estate Company (URC) Q425 Analyst/Investor Conference Call

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Shaza (EFG Hermes)

Good afternoon, everyone. This is Shaza from EFG Hermes. Welcome to United Real Estate Company's Q4 2025 Earnings Call. For today's call, we have from the management, Mr. Mishary AlMuhailan, Group CEO; Mr. Santhosh Kumar, Group CFO; Mr. Tareq Anbousi, Chief Investment Officer; and Mr. Salem Al Khulaqi, VP – Corporate Communication. I will hand it over to Mr. Salem for the presentation, and then we will move to the Q&A part of the session.

Salem Al Khulaqi (VP - Corporate Communications, URC)

Good afternoon, everyone. This is Salem Al Khulaqi, VP, Corporate Communications. I would like to welcome you all to the first earnings call for URC for the full year of 2025. Thank you very much, first of all, for taking the time to attend this conference call. Please note that today's call is being recorded.

It's a pleasure to have you with us on the call today with our Group CFO, Santhosh Kumar, Tareq Anbousi, CIO at URC. Please note that today's presentation is available on the company's website right after this meeting, along with the financial statements for the financial year ending December 2025.

The following presentation may contain forward-looking statements. These statements are made based on the current knowledge and assumptions. These statements are not a guarantee of our future performance, achievements, or results. I would like also to refer you to the full disclaimer on Page #2 of this presentation. I will now hand it over to Santhosh Kumar to take you through the presentation.

Santhosh Kumar (Group CFO, URC)

Thank you, Salem. My name is Santhosh Kumar. I'm the Group CFO. Good afternoon, everybody. In this presentation, we will discuss the company's business profile and overview, key developments and updates, and the results for the full year 2025. We'll be happy to answer your questions at the end of the presentation.

Let us move to Slide 5. This slide provides a brief overview of our company. URC was established in 1973, demonstrated more than 50 years of legacy and growth in the real estate sector. The company has been listed in Boursa Kuwait since 1984 and currently has a market capitalization of around KWD 361 million. As of 31st of December 2025, URC has total assets under our management of around U.S. \$3 billion, while our development and land portfolio area spans around 5.9 million square meters.

Over the years, we have successfully handed over around 60 projects. URC maintains a BBB- credit rating from Capital Intelligence, and the company's major shareholder is KIPCO Group, which holds around 66% of the total shares.

Moving to the next slide. This slide highlights URC's geographic footprint and business segments. As shown in the map, URC has established a presence across several markets in the Middle East and the North Africa region.

Looking at our business segments, our operations are structured across four segments: rental operations, with a leasable area of around 223,000 square meters, hospitality operations with about 1,100 keys, Real Estate development and Property trading, and contracting and services, which includes UBC and UFM.

Moving to Slide #8. This slide provides an overview of our current portfolio of major properties in Kuwait, which includes KIPCO Tower, Hessah District, Al Shaheed Tower, Al Mutahida, and more. And the next slide shows the portfolio in the region.

Moving to the next section of the presentation on Slide 10, we will highlight key developments of the company. Sharq Waterfront has been a recent addition to our portfolio. It is being developed as a waterfront destination to enhance customer experience. In March 2026, URC was awarded the tender for the upgrade, development, major maintenance, management, and operation of Phase 3 of the Seafront Project "Souq Sharq". The tender was awarded by the Kuwait Authority of Partnership Projects (KAPP). Souq Sharq is a major regional shopping center that aligns perfectly with our expertise in managing premier retail and seafront destinations.

The total investment period for the project is 16 years, structured in a one-year preparation phase, followed by 15 years of operation. With a buildup area of around 75,000 sqm and a leasable area of around 35,000 sqm, the project is expected to be completed in the second half of 2027.

Moving to Slide #12. In October 2025, URC entered into a partnership agreement with Nobu Hospitality to launch Kuwait's first Nobu-branded luxury service residences and restaurants at Hessah Plaza. The project will feature 90 exclusive luxury service residences, a ballroom, and a signature Nobu restaurant is expected to open in the second half of 2026.

Moving to the next slide, Hessah District consists of multiple commercial and residential components. Operations started in the retail and food and beverage sections of the Hessah Business District, namely Hessah Plaza and the Hessah Hub. Over 90% of the construction is completed in the Hessah Works, Nobu Residences (previously H Suites), and Hessah Health, with a targeted expected completion by the end of this year.

Further, the construction of the residential components has been completed, and around 94% of the total units in Hessah Towers have been handed over, and 87% of the total units in Byout Hessah have been handed over to the customers.

Moving on to Slide #14. Plot 42 is a luxury residential tower project, which is developed on a prime property of around 1,600 sqm facing the sea on the Gulf Road in Kuwait. The project will consist of 22 units developed on a built-up area of more than 8,500 sqm. It is

expected to be completed by 2029 and would have an estimated sales value of around KWD 35 million.

Moving to the next slide. In January 2025, URC signed a partnership agreement with the Public Authority of Housing Welfare to develop plots A, C, and D in the Sabah Al Ahmad (S5) area, turning them into a commercial and entertainment destination. The project has an investment period of 20 years plus two years for design and construction. We will have a leasable area of around 10,405 sqm with targeted completion by 2027.

Moving to the next slide, in June 2025, URC's subsidiary in Oman signed a contract with the South Al Sharqiyah Governorate to develop and operate an integrated tourism complex in Masirah province, Sultanate of Oman. The project spans around 60,000 sqm and includes hospitality, residential, and commercial components. The contract carries a term of 50 years.

Let's move to Slide #18, where we will cover the URC's financial performance for 2025. URC posted a total revenue of KWD 103.3 million in the financial year 2025, an increase of 16.3% from KWD 88.8 million reported at the year-end 2024. Revenue increase is largely due to an increase in contracting revenue by KWD 12 million and in hospitality operations by about KWD 3 million.

Looking at the revenue breakdown by geography, Kuwait remains our largest market, accounting for 75% of the total revenue, followed by Egypt at 15%. Jordan, Oman, and Lebanon contributed 4%, 3%, and 2%, respectively. Our revenue base is diversified across key business segments. Contracting and services contributed 47% of the total revenue, followed by the rental operations, which accounted for 32% of the total revenue. Hospitality operations contributed 19% of the total revenue.

On Slide #19, gross profit increased by 2.9% from KWD 31 million to KWD 31.9 million at year-end 2025, largely driven by KWD 1.9 million increase in gross profit from the hospitality segment. Looking at the gross profit breakdown by segment, rental operations contributed 69% of the gross profit, followed by the hospitality operations, which accounted for 18%, and contracting and services represented 13% of the gross profit.

Moving into Slide 20. URC reported an increase of 30.7% in operating profit from KWD 18 million to KWD 23.5 million at year-end 2025 with an operating margin of around 23%. The company reported an increase in net profit attributable to the shareholders from KWD 5.1 million in 2024 to KWD 6.1 million in 2025, with a net margin of 5.9% in 2025, up from 5.7% in 2024.

Let's move to Slide #21. URC's total assets stood at KWD 688 million at the end of 2025, a 2.3% increase from KWD 672 million reported at year-end 2024. Looking at our asset distribution by geography, Kuwait accounts for 38% of the total assets, followed by Egypt at 22%. Jordan represents 16% of our total assets, and Oman accounts for 10%. Other markets contribute 14% of our total asset base. The next chart shows different assets by segments. Rental operations account for 45% of the total assets, followed by real estate,

development, and trading at 29%. Hospitality and contracting services represent 19% and 7% of our asset base, respectively.

Moving to Slide #22. Our gross debt declined by KWD 6 million during 2025 and stood at KWD 360 million at the end of 2025, compared to KWD 366 million at the end of 2024. 92% of the debt is due after one year.

Shareholders' equity increased by 3.4% to KWD 203 million at the end of 2025 compared to KWD 196 million at the end of 2024. On Slide #23, we examine the key financial ratios. Earnings per share increased to 4.58 fils for the financial year 2025 compared to 3.91 fils for 2024. Return on average equity increased to 3.1% for the period ended compared to 2.7% for 2024. Book value per share reduced from 151 fils to 149 fils as of December '25, as a result of the increase in the number of outstanding shares due to a dividend distribution in 2025.

The total assets to total equity ratio remained at 3.3x. Net debt to total equity dropped marginally to 1.6x compared to 1.7x at the end of 2024.

Let's move to Slide #24. This slide provides us with a brief on the ESG initiatives. In 2025, URC released its first sustainability report for 2024 in accordance with the Global Reporting Initiatives and aligned with the United Nations Sustainable Development Goals. This publication underscores URC's strategic commitment to embedding environmental, social, and governance principles into our core operational and investment strategies. The report is available on our website.

And I will now hand it over to Shaza to invite our listeners to ask any questions they may have.

Shaza (EFG Hermes)

Thank you so much for the presentation. If you'd like to ask a question, you can type it in the chat box or use the raise hand function to speak directly.

Santhosh Kumar (Group CFO, URC)

Okay, If there are no further questions at this time, please feel free to direct any future inquiries to us at ir@urc.com.kw, and we will be pleased to respond.

Shaza (EFG Hermes)

Yes, perfect. I think the presentation was clear, and anyone can send you any request to the Investor Relations e-mail address, right?

Santhosh Kumar (Group CFO, URC)

Yes, yes.

Shaza (EFG Hermes)

Okay. Thank you so much. Have a good day, and this concludes today's conference call.

Santhosh Kumar (Group CFO, URC)

Thank you.

Salem Al Khulaqi (VP - Corporate Communications, URC)

Thank you.