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# Analyst/ Investor Conference Transcript

Q1/FY 2026

**NetRoadshow** Event Transcript

# United Real Estate Company (URC) Q126 Analyst/Investor Conference Call

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**Shaza (CFA, EFG Hermes)**

Good afternoon, everyone. This is Shaza from EFG Hermes. Welcome to United Real Estate Company's Q1 '26 Earnings Call. Thank you all for joining us today. For today's call, we have Mr. Santhosh Kumar, Group CFO, and Mr. Tareq Anbousi, CIO. I will hand it over to Mr. Santhosh 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 United Real Estate Earnings Call for the first quarter of 2026. Thank you for taking the time to join us today. Please note that this call is being recorded. We're pleased to have with us today, Mr. Santhosh Kumar, Group CFO, and Mr. Tareq Anbousi, Chief Investment Officer. This presentation for today's call is available on the company's website, along with the financial statements.

Before we begin, I would like to remind you that today's presentation may include forward-looking statements. These statements are based on our current expectations and assumptions. Therefore, you should not take any investment or legal liability for any actions for it. For further details, please refer to the full disclaimer on Page #2 of this presentation. With that, I will now hand over to Mr. Santhosh Kumar to take you through the presentation.

**Santhosh Kumar (GCFO, URC)**

Thank you, Salem. Good afternoon, everybody. My name is Santhosh Kumar. I'm the Group CFO. In this presentation, we will discuss the company's business profile and overview of key developments and updates, and the results for the first quarter of 2026. We'll be happy to answer any questions at the end of the presentation. We start with a brief overview of the company. URC was established in 1973, demonstrating more than 50 years of legacy and growth in the real estate sector.

The company was listed in 1984 on the Kuwait Boursa and currently has a market capitalization of around KWD 361 million. URC has total assets under management of around USD 3 billion, while our development and land portfolio area spans around 5.9 million square meters. Over the years, we have successfully delivered more than 60 projects. We maintain a BBB- credit rating with Capital Intelligence Ratings. The company's major shareholder is KIPCO Group, which holds around 66% of the total shares.

Moving to the next slide. This highlights the URC's geographic footprint and business segments. As shown in the map, URC has established business across several markets in the Middle East and North Africa region. Looking at our business segments, our operations are structured around four key segments: rental operations with a leasable area of around 223,000 square meters, hospitality operations with around 1,100 keys, real estate development, property trading, and contracting, and services, which include UBC and UFM.

Moving to the next slide. This provides an overview of our current portfolio in Kuwait. Major properties are KIPCO Tower, Marina World, Hessah District, City Tower, Al-Shaheed Tower, Al-Maseel, and Al Mutahida. The next slide shows the portfolio in the region, which includes Abdali Mall in Jordan, Gardens Mall & Hotel in Oman, Waldorf Astoria Hotel, and Hilton Heliopolis Hotel in Egypt.

I will now hand over the call to Mr. Tareq Anbousi, our CIO, to provide an update on the key developments of the company.

### **Tareq Anbousi (CIO, URC)**

Thanks, Mr. Santhosh. So we're going to start with Souq Sharq, Al-Sharq Waterfront, which has been the recent addition to URC's portfolio, originally established in 1998. It's being redeveloped as the premium waterfront destination to enhance customer experience. In March 2026, URC was awarded the tender for the upgrade, development, major maintenance, management, and operation of the seafront project Phase 3, popularly known as Souq Sharq. It features a superyacht marina, new retail experience, refined fish market, and dedicated nautical area.

Souq Sharq Waterfront extends along the shoreline of 2.7 kilometers on the northwestern edge of the Arabian Gulf. The total investment period for the project is 16 years, structured as a 1-year preparation phase followed by 15 years of operation. With a built-up area of around 75,000 square meters and the leasable area of 35,000 square meters, the project is expected to be completed in the second half of 2027.

Moving to Slide 12, Hessah Plot 42 is a luxury residential tower project, which is developed on a prime property of more than 1,600 square meters facing the sea on the Gulf Road in Kuwait. The project will consist of 20 units developed on a built-up area of more than 8,500 square meters. It's expected to be completed by 2029 and would have estimated sales value of more than KWD 35 million.

So moving to the next one. URC entered into a partnership agreement with Nobu Hospitality to launch Kuwait's first Nobu branded luxury serviced residences at Hessah Plaza.

The project will feature a signature Nobu Restaurant, a ballroom, and 90 exclusive luxury serviced residences and is expected to open by the end of 2026.

Moving to the next slide, Hessah District consists of multiple commercial and residential components. Operations have started in the retail and F&B segment of Hessah Business District, namely Hessah Plaza. Over 90% of construction is completed at Hessah Towers [indiscernible] (00:06:33) with targeted completion by the end of this year. Further, construction of residential components has been completed, and around 94% of total units at Hessah Towers and 87% of total units in Byout Hessah have been handed over to customers. Next slide, please.

For the S5 project, URC signed a partnership agreement to develop Jira Gardens, consisting of three plots located within Sabah Al Ahmad City, around 65 kilometers south of Kuwait City. It's being developed as a third space rather than a traditional park.

The project has an investment period of 20 years plus 2 years for design and construction. It's being developed on an area of more than 35,000 square meters and will have a retail area of around 10,400 square meters, with targeted completion by 2027.

Masirah Island, URC is developing an integrated tourism complex in Masirah Province in the Sultanate of Oman. The project includes hospitality, residential, and commercial components with 72 shops and 46 villas. It has an investment term of 50 years and spans across an area of 60,000 square meters and is expected to be completed by 2029.

Sharm El Sheikh Resort is an exceptional destination resort featuring a 5-star hotel with more than 330 hospitality units, along with travel and adventure amenities. The development is located in proximity to Sharm El Sheikh International Airport and will be built on an area of 141,000 square meters with a total built-up area of around 354,000 square meters. It is expected to be completed by 2028. I will now hand over the call to Mr. Santhosh to cover the financial performance of the company.

### **Santhosh Kumar (GCFO, URC)**

Thank you, Tareq. We will cover the URC financial performance for Q1 2026. URC posted total revenue of KWD 23.3 million in Q1 2026, a marginal decline of 1.8% from KWD 23.7 million reported in Q1 2025. As detailed in our segmental reporting in the financial statements, revenue decline is largely due to the decrease in the contracting revenue by KWD 1.5 million, which was offset by an increase in rental income and the real estate services income.

Looking at the revenue breakdown by geography, Kuwait remains our largest market, accounting for around 74% of the total revenue, followed by Egypt at 16%. Jordan, Oman, and Europe contributed 5%, 3%, and 1%, respectively. Our revenue base is diversified across key business segments. Real estate services and contracting contributed 44% of the revenue, followed by rental operations, which account for 35% of the revenue, and hospitality operations contribute 19% of the total revenue and 2% to the real estate development and trading.

Next, gross profit increased by 11% from KWD 7.6 million in Q1 2025 to KWD 8.5 million in Q1 2026, largely driven by a KWD 800,000 increase in the gross profit from rental operations. Gross profit from rental operations increased due to reduced operating costs and an increase in other operating income during Q1 2026. Looking at the gross profit by segment, rental operations contributed 69% of the gross profit, followed by real estate services and contracting, which accounted for 15%. Hospitality operations represented 14% of the gross profit, yes.

The next slide, despite ongoing regional geopolitical conflict, URC reported an increase of 10.8% in operating profit from KWD 6.3 million to KWD 7 million in Q1 2026, with an operating margin of 30%, up from 27% in Q1 2025. Despite an increase in the operating profit and a reduction in finance costs, the company reported an 8.4% decline in the net profit attributable to the shareholders from KWD 2.3 million in Q1 2025 to KWD 2.1 million in Q1 2026, primarily due to a lower share of profits from associates in Q1 2026.

The next slide, URC's total assets remained largely stable at KWD 685 million at the end of March 2026 against KWD 688 million reported at the end of 2025. URC continues to have a well-diversified portfolio across geographies and business segments. Looking at our asset distribution by geography, Kuwait accounts for 38% of our total assets, followed by Egypt at 21%, Jordan represents 17%, and Oman accounts for 10%. Other markets contribute 14% of our total asset base.

The next chart shows the assets by segment. Rental operations account for 45% of the total assets, followed by real estate development and trading at 29%. Hospitality and real estate services and contracting represent 19% and 7% of our asset base. Asset composition by segment remained the same compared to December 2025.

This slide shows that URC continued to gradually reduce its gross debt to KWD 353 million at the end of March 2026, with a KWD 7 million repayment achieved in Q1 2026. 95% of the debt is due after one year.

Shareholders' equity increased by 1.2% to KWD 206 million at the end of March 2026 compared to KWD 203 million at the end of 2025.

Next slide, earnings per share declined to 1.53 Fils for Q1 2026 compared to 1.75 Fils for Q1 2025. The book value per share reduced from 154 Fils as of March 2025 to 150 Fils as of March 2026 due to the distribution of bonus shares at 5% from treasury shares to the shareholders in May 2025. Total assets to total equity remained at 3.2x. Net debt to total equity dropped marginally to 1.6x compared to 1.7x at the end of March 2025.

Let us move to Slide 26 here, we'll give a small brief on the ESG initiatives. In 2025, URC released its first sustainability report for 2024 in accordance with the Global Reporting Initiative and aligned with the United Nations Sustainable Development Goals, New Kuwait Vision goals, the Boursa Kuwait ESG Index, and GCC Stock Market indices.

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. We are currently working on the issuance of the second sustainability report for 2025 by 2026, to be published. I will now hand over the call to Shaza to invite our listeners to ask any questions they may have.

**Shaza (CFA, EFG Hermes)**

Thank you so much for the presentation. 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. I think the presentation was very comprehensive. We have no questions at the moment. Do you have any concluding remarks?

**Salem Al-Khulaqi (VP - Corporate Communications, URC)**

No. Thank you, Shaza and everyone here. I think if there's anyone who has any questions, they can simply send them to our e-mail [ir@urc.com.kw](mailto:ir@urc.com.kw), and we'll be more than happy to respond to any queries. Thank you.

**Shaza (CFA, EFG Hermes)**

Yes, exactly. Thank you so much. Have a great day.

**Santhosh Kumar (GCFO, URC)**

Thank you.