



COAST

Investment & Development Company

ASSET MANAGEMENT DIVISION | CORPORATE CLIENT'S PORTFOLIO

STOCK SPECIFIC | EARNINGS REVIEW

Mabane Company K.S.C.P.

1Q-FY 2026 Earnings Review

Boursa Kuwait Symbol

MABANEE | KSE Code: 413

Sector

Real Estate

Index

Premier Market & MSCI EM

A 'bad-headline, good-underlying' quarter — reported decline driven by absence of FY-25 one-off gain.

NET PROFIT (REPORTED)

KWD 16.81 mn

vs KWD 33.41 mn | (49.7%) YoY

CORE NET PROFIT (EX ONE-OFFS)

KWD 16.81 mn

vs KWD 15.08 mn | +11.5% YoY

EPS (FILS)

10.72

vs 21.31 (restated) | Core: 10.72 vs 9.62

GROSS PROFIT

KWD 19.92 mn

vs KWD 19.39 mn | +2.8% YoY | Margin: 60.0%

INVESTMENT PROPERTIES

KWD 1,607.8 mn

vs KWD 1,185.0 mn | +35.7% YoY

TOTAL BANK BORROWINGS

KWD 997.5 mn

vs KWD 717.6 mn | +39.0% YoY



THE DEFINING STORY

Mabaneer is now functionally a **Saudi-pivoted regional developer** with a Kuwait cash cow.

KSA Investment Properties surged **+58.0% YoY to KWD 1,129 mn** — now **70.2% of total Investment Properties** (vs 60.3% in 1Q-25). SAR-denominated debt is **67% of total borrowings** — financial center of gravity has decisively shifted to KSA, anchored by the late-2026 Avenues Riyadh mall opening.

Two non-recurring items distorted 1Q-FY 2025 — adjusting for both yields a clean-quarter comparison.

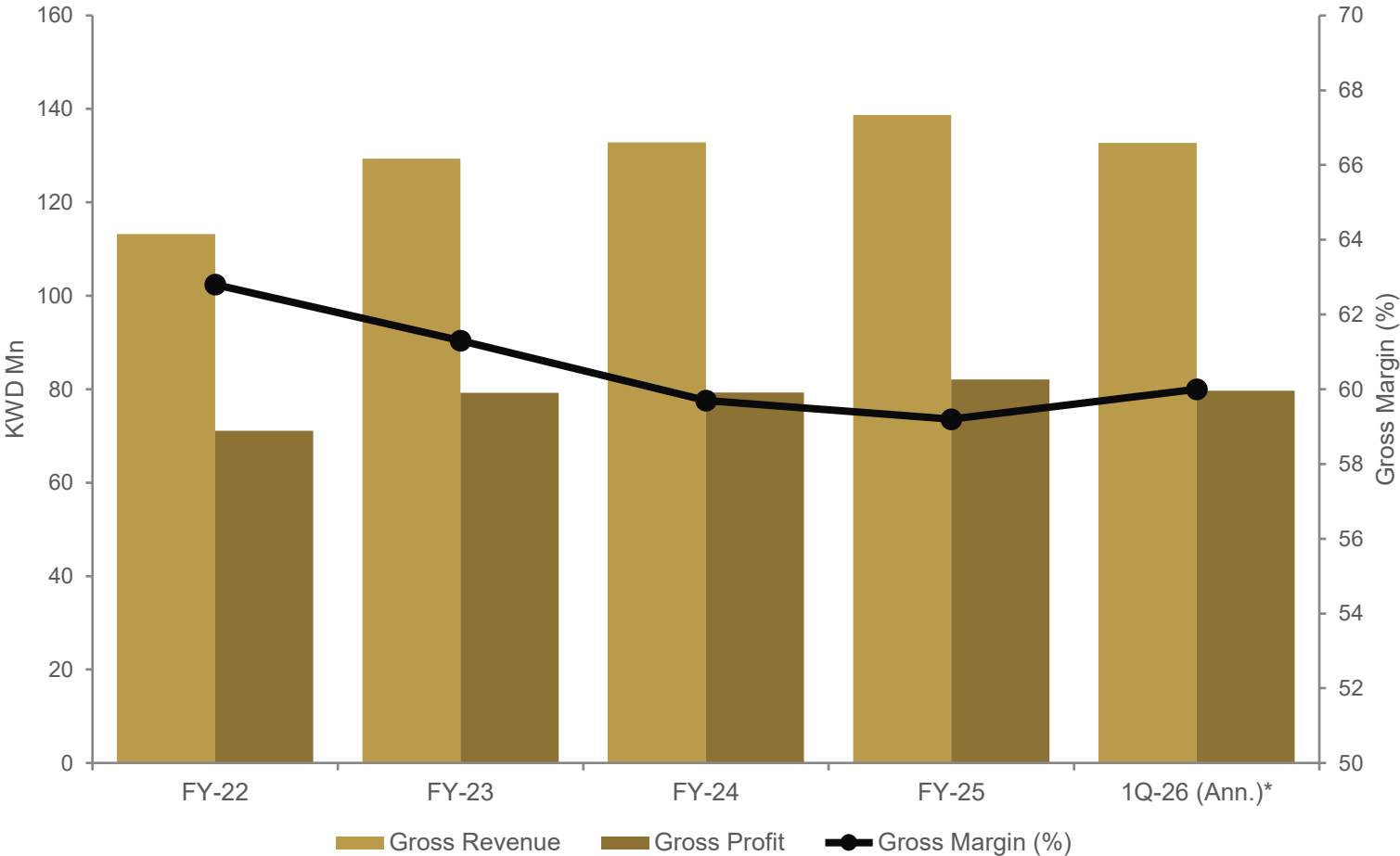
RECONCILIATION (KWD MN)	1Q-FY 2026	1Q-FY 2025	Y-o-Y Chg
Reported Net Profit	16.81	33.41	(49.7%)
<i>Less: Gain on Disposal of Asset Held for Sale (pre-tax, one-off)</i>	—	(21.56)	
<i>Add: Tax (KFAS/NLST/Zakat) attributable to one-off (~5%)</i>	—	1.08	
<i>Add: Expected Credit Loss on Tenant Receivables (one-off)</i>	—	2.14	
Core Net Profit (excl. one-offs)	16.81	15.08	+11.5%
Core EPS (Fils)	10.72	9.62	+11.4%

CONCLUSION

On a clean-quarter basis, Mabanee delivered **+11.5% YoY core earnings growth** — driven by gross-margin expansion at Avenues Kuwait and absence of the comparable-period ECL charge.

The headline (49.7%) decline is base-effect noise, ***not a deterioration in business quality.***

Revenue plateauing as Avenues Kuwait reaches saturation; gross margin compounding through cost discipline.



KEY OBSERVATIONS

Revenue Plateau
 1Q-26 annualized run-rate (KWD 132.7 mn) below FY-25 (KWD 138.7 mn) — Avenues Kuwait at saturation occupancy.

Margin Expansion
 Group gross margin recovered from 59.2% (FY-25) to 60.0% — IP segment carrying the load.

What Comes Next
 Avenues Riyadh commissioning (late 2026) is the next revenue inflection — currently invisible in P&L.

* 1Q-26 figures annualized (x4) for trend comparison only.

Investment Properties carrying the franchise — Hotel margins compressed sharply.



INVESTMENT PROPERTIES

Avenues Kuwait, Bahrain

Revenue	KWD 28.94 mn	(0.0%)
Gross Margin	68.4%	+330 bps
Operating Expenses	KWD 6.30 mn	(13.2%)
Segment Result	KWD 16.29 mn	Steady*

Avenues Kuwait at near-full occupancy — limited like-for-like rental growth, but margin compounding via cost discipline. The cash cow continues to perform.

** Comparison adjusted for the KWD 21.56 mn one-off disposal gain in 1Q-25.*



HOTEL OPERATIONS

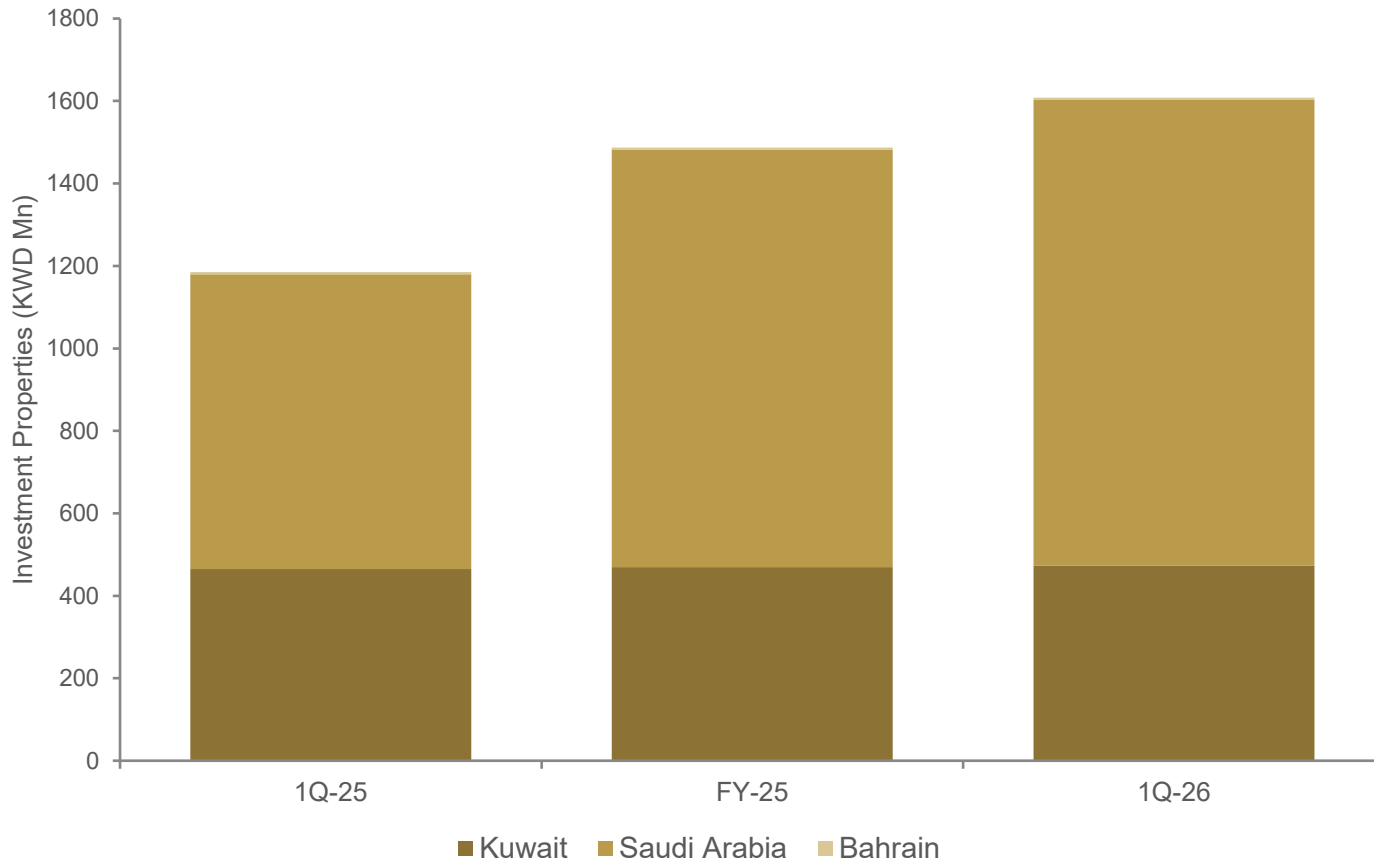
Waldorf Astoria & Hilton Garden Inn (Kuwait + Bahrain)

Revenue	KWD 4.25 mn	(18.0%)
Gross Margin	3.1%	(750 bps)
Operating Expenses	KWD 3.07 mn	(15.0%)
Segment Result	KWD 0.13 mn	(76.4%)

Watch item: Segment near break-even after depreciation. If margins fail to recover by H2-26 (Eid + summer cycle), strategic review may be warranted given KWD 133 mn capital footprint.

Mabanees strategic transformation is now mathematically incontrovertible — KSA dominates the IP portfolio.

IP Portfolio Composition (KWD Mn)



KSA SHARE OF TOTAL IP

70.2%

vs 60.3% in 1Q-FY 2025

KSA IP GROWTH YoY

+58.0%

KWD 1,129 mn (vs KWD 715 mn YoY)

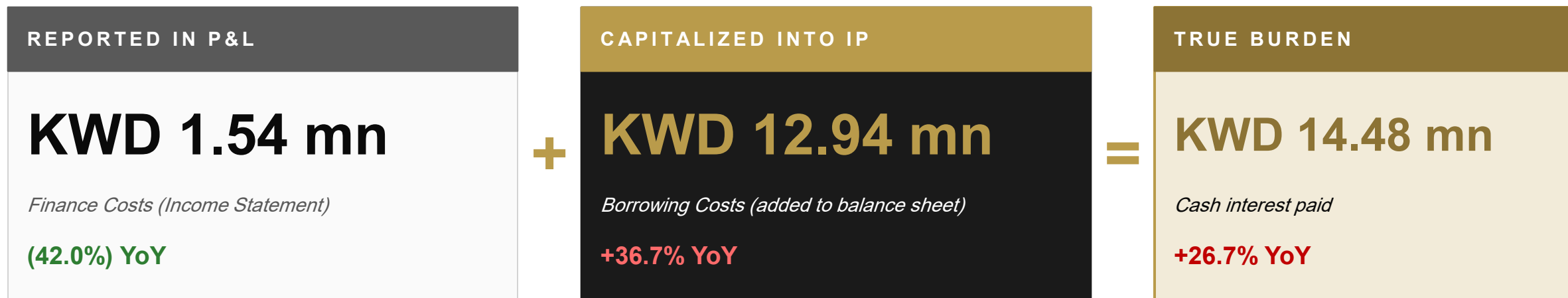
SAR-DENOMINATED DEBT

67%

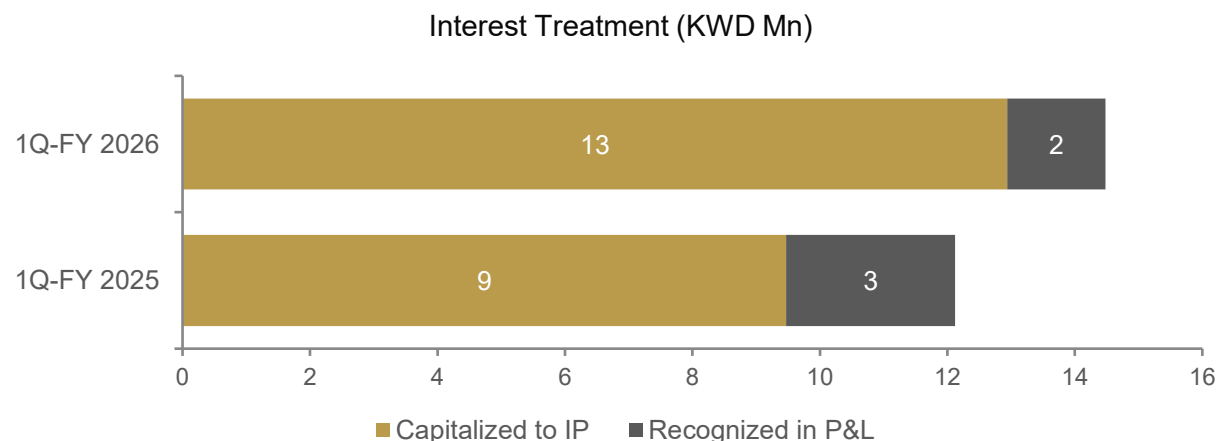
of total borrowings (vs 52% in 1Q-25)

Source: Note 3 (Investment Properties); Note 5 (Loans & Borrowings split). KSA development properties pledged as security.

89.4% of all interest is currently capitalized — reported P&L finance cost understates true burden by ~9.4x.



89.4% of total interest capitalized in 1Q-26 (vs 78.1% YoY) — ratio will collapse as Riyadh phases come online.



J-CURVE AHEAD

Once Avenues Riyadh phases commission, capitalized interest progressively transitions to P&L.

Annualized run-rate: ~KWD 51.8 mn

(KWD 12.94 mn × 4) of currently-capitalized interest will hit the P&L progressively from FY-2027.

Reported P/E investors are **systematically misreading** the situation.

Operations consumed cash, investing absorbed cash, financing plugged the gap — the textbook real-estate-developer profile.

OPERATING CASH FLOW

KWD (25.7) mn

vs (9.0) in 1Q-25

Driven by KWD 49 mn working capital absorption (receivables +KWD 19 mn; payables outflow KWD 30 mn)

INVESTING CASH FLOW

KWD (57.6) mn

vs +27.5 in 1Q-25

KWD 65.1 mn of capex (+89% YoY) into Avenues Riyadh; FY-25 included KWD 28 mn disposal proceeds

FINANCING CASH FLOW

KWD +106.4 mn

vs +29.5 in 1Q-25

KWD 120.3 mn of new loan drawdowns from upsized SAR facility, less KWD 14.5 mn cash interest paid

NET CASH CHANGE

KWD +23.1 mn

vs +47.9 in 1Q-25

Cash position improved despite negative ops CF — financing pipeline keeping pace with capex burn



WATCH ITEM — RECEIVABLES SURGE

+99.6% YoY

Account receivables surged to KWD 78.9 mn (from KWD 39.5 mn). Per Note 13, no significant migration to higher credit risk categories — but sustained elevation would be a yellow flag for cash conversion.



FUNDING PIPELINE — WELL ANCHORED

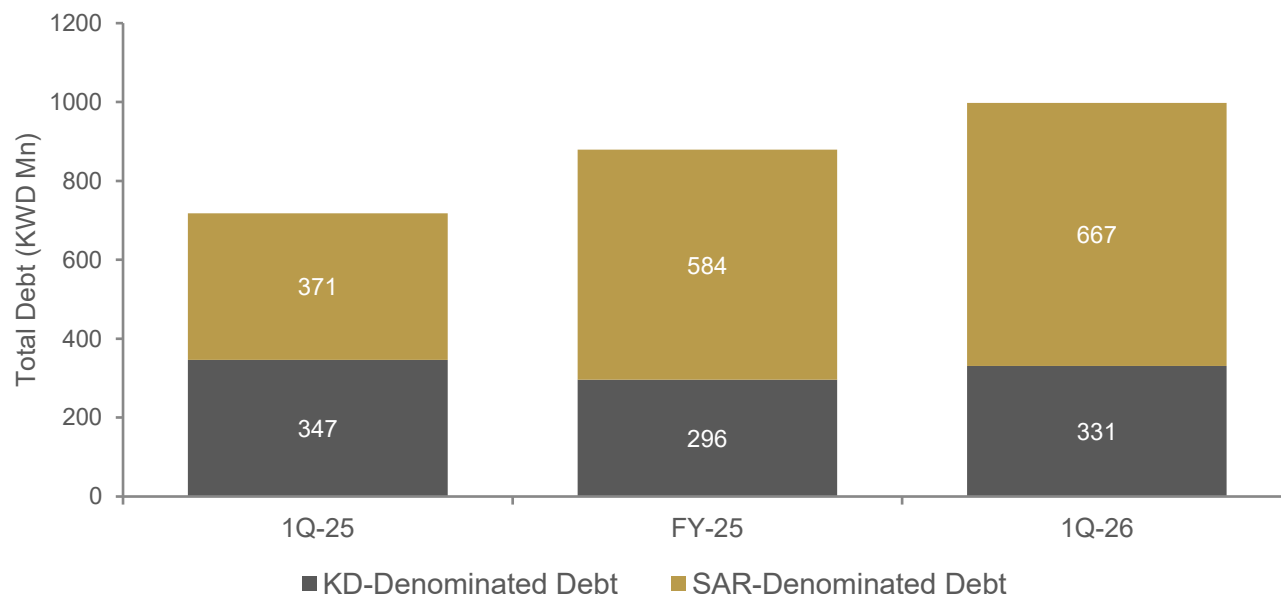
KWD 641.5 mn

Undrawn bank facilities (vs KWD 467.8 mn YoY, +37%) cover remaining KWD 589 mn approved capex commitments — 1.1x coverage. Capex commitments declined (36%) YoY: positive execution signal.

The Riyadh capex cycle is reshaping the balance sheet — asset base expanding faster than equity, but coverage robust.

<p>TOTAL ASSETS</p> <p>KWD 2,109 mn</p> <p>+26.9% YoY</p>	<p>NET DEBT / EQUITY</p> <p>1.34x</p> <p>vs 0.85x (1Q-25)</p>	<p>GEARING (D+L / TA)</p> <p>50.4%</p> <p>vs 44.5% (1Q-25)</p>	<p>EQUITY (PARENT)</p> <p>KWD 724 mn</p> <p>+5.5% YoY</p>
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Debt Evolution by Currency (KWD Mn)



LEVERAGE COMMENTARY

SAR debt up 79.7% YoY

Drawdowns from upsized SAR 11.44 bn (USD 3.04 bn) Avenues Riyadh facility flowing through.

Floating rates, avg. 6.52%

Modest 20 bps creep YoY (from 6.32%) on rising principal — manageable rate exposure.

Asset coverage robust

KSA development carrying value KWD 974 mn vs KWD 156 mn pledged land. The classic real-estate J-curve in execution.



FY-2025 DIVIDEND DECISION — STRONG POSITIVE SIGNAL

20 fils cash dividend (vs 14 fils for FY-2024, +43%) + 6% bonus shares | Total cash payout KWD 29.6 mn

Approved at AGM on 8 March 2026 — signals Board confidence in FCF strength through the Riyadh investment cycle. Cash yield ~2.0% at current price.

KEY CATALYSTS

Avenues Riyadh mall opening

Single largest catalyst — guided late 2026; pre-leasing >70% of GLA.

Hotel segment recovery

Eid Al-Adha + summer cycle could re-rate from current near-break-even.

Working capital normalization

Receivables resolution toward KWD 35–40 mn run-rate would signal cash conversion improvement.

FCF acceleration (FY-2027+)

Capex reverts toward maintenance levels post-Riyadh; net income-to-FCF conversion historically >100%.

Dividend policy upside

20-fils DPS hike suggests Board comfort; further DPS step-up plausible post-commissioning.

KEY RISKS

Construction delays at Avenues Riyadh

Each quarter of slippage compounds capitalized interest, pushes back revenue inflection.

Saudi retail demand softness

Pressure on pre-leased rental rates and renewal yields at mall opening.

Regional geopolitical stress

Iran/Hormuz/Red Sea — direct hotel-occupancy + indirect mall footfall impact (disclosed in Note 13).

Floating-rate exposure

Higher-for-longer rates compress net margin once interest no longer capitalized.

Hotel segment economics

Failure to recover by H2-26 could warrant strategic review of segment given KWD 133 mn capital footprint.

AMD VIEW

Closing perspective from Coast IDC – AMD

A 'bad-headline, good-underlying' quarter.

Three takeaways from the financials.

01

KSA Pivot Now Mathematically Incontrovertible

KSA assets are 70.2% of total IP, growing +58% YoY. SAR-denominated debt is 67% of borrowings. Mabanee's risk-return profile has shifted decisively from a Kuwait-centric mall operator to a KSA-leveraged regional developer — investors should reframe accordingly.

02

P&L Finance Costs Deeply Misleading

89.4% of all interest is being capitalized. KWD 12.94 mn capitalized vs KWD 1.54 mn expensed. This will reverse as Riyadh phases commission, creating a temporary EPS headwind in FY-2027/28 before the Riyadh revenue ramp offsets. Reported P/E is the wrong lens.

03

Dividend Hike: The Most Important Signal

20 fils (+43%) cash dividend at peak-capex year tells you the Board has visibility on FCF strength through the Riyadh cycle. Combined with KWD 642 mn undrawn facilities and robust pledged-asset coverage, the funding picture is well-anchored.

THE SIS: Mabanee remains a rare large-cap, high-quality real estate compounder with credible regional growth optionality.

Watch into 2Q-26: (i) hotel margin recovery, (ii) receivables normalization, (iii) Riyadh capex execution velocity.



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