
Al Tijaria Analyst Conference Call 2Q1H 2023**Tuesday, 15 August 2023**

Hager Thank you Mai. Good afternoon Ladies and Gentlemen, your presence is much appreciated. Thank you for joining Al-Tijaria's analyst conference. In this conference, we will discuss the results for the 6 months ended 30th June 2023, and we'll gladly answer all your questions.

I would also like to add that today's presentation will provide an overview of Al-Tijaria's businesses for the 6 months ended 30 June 2023, a summary of financial performance, and brief on its properties' portfolio and investments.

Following this presentation, we will have a Q&A session to answer any questions received through the webcast platform. Today's presentation will be available on Al-Tijaria's website and the Boursa Kuwait website for your reference.

I'd like to commence our call today by reading out a brief disclaimer.

"The information set out in this presentation and provided in this discussion subsequent thereto does not constitute an offer, an agreement, or a solicitation of an offer to buy or sell securities. It is solely for use as an investor presentation and is provided as information only". I would also like to urge you all to read our full disclaimer in this presentation.

With this, I'll hand over the mic to our C.E.O, Eng. Abdulmutaleb Marafie to start the presentation.

Abdulmutaleb Marafie Good afternoon, everyone, it is an honour to join you today and to share with you the key insight for Al-Tijaria performance during first half of 2023.

The company has achieved net profits amounting to KD 5.97 million during the 6 months ended 30 June 2023, compared to net profits of KD 8.58 million for the same period in 2022, a contraction of KD 2.6 million.

By looking at the financials, our real estate and hospitality sectors recorded an uptick in revenue by KD 233,580, while the net operational revenue witnessed a reduction by KD 591,327. Moreover, the income from our investments recorded an increase of KD 1.55 million. It's pivotal to recognize that this dip in net profit largely is derived from an increase in the debt costs, as the Central Bank of Kuwait raised discount rate over several session recently.

Here we affirm, that Al-Tijaria is dedicated to achieving its strategic initiatives and maintaining the quality of its properties which is based on enhancing and developing its real estate assets despite the many challenges the economy has witnessed in the current and past year relative to high inflation and increase of interest rates.

Regarding our real estate portfolio, there has been an increase in occupancy rates, which stood at 92% for this half-year, as opposed to 90% during the same time period in 2022.

As we endeavour to diversify our real estate portfolios both locally and globally, our board and executive leadership emphasize engaging with tenants who share our long-term vision. In line with this, we are keen on offering top-tier property management services, catering to both residential and commercial stakeholders.

In conclusion, Al-Tijaria's vision is to generate added value to its shareholders by continuously enhancing the quality of the properties and the real estate services.

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Hager : Thank you Eng. Abdulmutaleb, I'll handover the call to Mr. Ahmad Shakib, our deputy manager of the investment department.

Ahmed Shakib Thank you, Eng. Abdulmutaleb. Hello, everybody, and welcome. Al Tijaria, one of the leading real estate companies, has a global real estate and investment portfolio worth more than KD 65 million, primarily focused on the real estate sectors in the UK, Western Europe and the United States. The company's solid investment strategy emphasises diversification and a conservative approach, targeting income-recurring assets and sustainable and defensive sectors to secure consistent and sustainable income streams for its valued shareholders.

Al Tijaria committed dedication to closely scrutinize the economic climate in the United States and Europe. This proactive and responsive approach protected the company from the global market disruptions, ensuring a well-informed decision-making process that minimised risk and capitalised on lucrative opportunities. With that, I would like to conclude my speech and leave you with my colleagues, Mr Fuad and Mr Walid, to highlight financial statements of Al Tijaria for the six months ended 30 June 2023.

Walid Wizani Thank you, Ahmed. Good afternoon, ladies and gentlemen. Thank you for being here today. Today, I'll be providing some major financial highlights up to Q2 2023 in relation to The Commercial Real Estate Company. We can see that the company's profit for the six months ended 30th June 2023 amounted to KD 5.97 million, which is less than the profits of the same period from the last year by 30.4%, noting that the profit of the same period last year amounted to KD 8.58 million. Comparing operational activities or performance in relation to the same period from last year, Q2 2023 is higher in all dimensions, speaking of rental income, hospitality income and other incomes.

The main component that made the difference between the net profit of Q2 2022 and Q2 2023 is mainly from the finance cost due to the CBK rate hikes. We can see a decrease in the net revenue from real estate in the hospitality sector by around half a million, increase in revenues from investment sector with a million and a half, increase in total assets of KD 600,000 compared to fiscal year of 2022, and increase in overall total financing from third parties by around KD 4.0 million in comparison to year-end 2022.

Going through to debt ratios, starting with debt-to-equity, we can see that the debt-to-equity ratio is at the level of 72% in the six months of 2023, compared to 70% in 2022. Debt-to-asset ratio at the level of 41% in Q2 2023 compared to 40% for the same period last year. Debt-to-capital ratio, it has increased from 120% to 122%. This a glance of the major financial performance and that ends my presentation. Thank you very much for your time.

Hager And now we'll open the door for any questions.

Mai Attia Thank you, Hager. If anyone has any questions, can you please Raise the Hand button. Rajat, the line is open.

Rajat Just wanted to understand. Can you just talk about what are the current projects in the pipeline in Kuwait and outside Kuwait as well? Thank you.

Abdulmutaleb Marafie Yes. Ahmed.

Ahmed Shakib Actually, about the new projects, so far we don't have any new projects in the pipeline due to the economic circumstances that we are witnessing, increasing interest rates and instability in some sectors. For that

reason, so far we do not have any new opportunity, unless we find such opportunistic investments in the real estate sector.

Mai Attia Do we have any other questions?

Rajat Thank you. Just a follow-up. Given that there isn't much in the pipeline of projects, is it reasonable to think that revenues and rental income should stay pretty flat going forward in 2024? Could there be some recovery in the margins, because we saw that the margins contracted this year? How should we think about, in general, the growth in the numbers going forward?

Walid Wizani Thank you for your question. As a response, I would like to put you in the loop currently of the way we are managing our properties and especially our contracts with our tenants. Most of our properties' overall occupancy is higher than 90%. We have a stability in our properties. We have our contracts with our tenants for the coming three years and so on, for sure, and differentiate if it is commercial or residential or even offices. We totally agree that asking for 2024. Now, we are revising our forecast every three to six months based on the current economic circumstances. We do believe we have stability in 2024, unless anything out of our control or out of the market happens. This, for sure, will need a revision. But so far, as per our figures, as per our occupancy and contracts, we are stabilised and we even expect to have a higher performance in relation to occupancy in 2024.

Mai Attia Any other questions?

Rajat Thank you, gentlemen. Thank you so much.

Mai Attia Do we have any other questions? Okay. Thank you, everyone.

Al-Tijaria moderator: end of the Session

Thank you speakers, ladies and gentlemen. Thank you all for your time, as it is highly appreciated. I would like to conclude this call thanking all for attending and if you have any questions related to Al-Tjaria's financials or any follow ups, please do not hesitate to contact us through the Investors Relations email.

The presentation slides and transcripts of this call will be available on the Kuwait Boursa Websites and Altijaria's website within the coming days.

Thank you