

**Shaza** Good afternoon, everyone. Welcome to Al-Tijaria's 3Q '24 earnings call. This is Shaza from EFG RMS on behalf of Mai Attia. We have from the management, CEO Engineer. Abdulmutaleb Marafie; Mr. Walid Wizani, Finance and Strategic Planning Department Manager; Mr. Ahmed Abbas Shakib, Deputy Manager of the Investment Department; and Mrs. Hagar Abdelbaki Investors Relations Unit Head.

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

**Hagar** Thank you, Shaza. Good afternoon, ladies and gentlemen. Your presence is much appreciated. Thank you for joining today's Webcast. In this conference, we will discuss the results of the 3<sup>rd</sup> quarter and 9M24 and we will gladly answer all your questions at the end of the presentation.

Today's presentation will provide an overview of Altijaria business for the nine months 2024, a summary of the financial performance and an update 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. The presentation will be available on Tijaria's website and Boursa Kuwait website for the investors.

I would like to commence our call today by reading up a brief disclaimer. The information set out in this presentation and provided in the discussion subsequent thereto doesn't 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'd also like to urge you all to read our full disclaimer in this presentation.

With this, I would like to start the presentation with some updates on our key developments

- Al Tijaria got promoted to Premier market in 2023
- Additional investments made to Al-Tijaria Portfolio where these are located in GCC and USA, particularly Dubai & Chicago
- An extension for some of our key projects in Rehab complex & Symphony Car Park
- Our ESG efforts have proved its success with our score improving to 16.3 as per Sustainalytics and a BBB score from Morgan Stanley Capital Index in the real estate sector
- Lastly, we got included in FTSE Russel Index during Sept. 2024

Now, moving to slide 6

We have presence in around various countries in the GCC , Europe and USA

Turning to slide 8, I will give some key highlights on our operating performance. In the 9M24, Al-Tijaria achieved a remarkable net profit of KWD13.262 million, making a significant increase from KWD8.98 million in the 9-month 2023. This growth is equivalent of 47.56%, which is mainly attributed to our share of results from associates and net gain on the investments. Eventually, our earnings per share improved to 7.44 fils for the 9M 2024 compared to 5.05 fils in the 9M 2023. This highlights our company's ability to strengthen our market position and deliver enhanced value to our shareholders.

We have achieved revenue gains across operations and investment activities, reflecting our success in diversifying our income source effectively.

In the real estate and hospitality sector, we recorded KWD 22.9 million for the 9M24 compared to KWD22.27 million. Notably, our gross revenue in this segment rose by KWD 0.608 million, which is mainly driven by the increase of revenue from the hospitality sector, which has increased from KWD2.46 million to KWD 2.79 million during the 9M24.

Overall, our net income from operating activity has increased to KWD 16.15 million during the nine-month 2024 compared to KWD 15.77 million during the nine months 2023.

As for the income from investment and associates, this also saw a significant uptick, increasing by KWD 2.20 million from KWD 3.39 million in the nine months 2023 to KWD 5.60 million in the nine months 2024. The main increase drivers are profits from our investment in Hajar Tower, Vacation Club Venture, and Jahra Tourism (Slayel Al-Jahra).

Having said that, our investment dividends, (Fair Value through OCI & P&L) slightly decreased from KWD 3.040 million in the 9M 2023 to KWD 2.58 million in the 9M 2024.

As for the finance costs, we can see that there is an increase of 15% from KWD 8.26 million in the 9M 2023 to KWD 9.50 million in the 9M 2024. This is mainly due to the global interest rate hikes happened in the recent years.

As for the balance sheet, moving to the total assets, total assets reached KWD 575.4 million as of Sep. 2024 compared to KWD 561.5 million in December 2023.

As for the total liabilities, it increased from KWD 245.9 million in December 2023 to KWD255.9 million in Sept. 2024.

Regarding the total equity, it increased from KWD 315.5 million in December 2023 to KWD 319.4 million in Sept., 2024.

Moving to the profitability indicators, our return on equity in the 9M, 2024 is 4.5% compared to 3.1% in the 9M. 2023. Our return on assets improved to 2.6% in the 9M 2024 compared to 1.9% in the 9M 2023.

Regarding the leverage ratios, it increased with our debt-to-equity ratio reaching 75% in Sept. 2024 compared to 73% in December, 2023. As for the debt to asset ratio as well, it increased slightly to 42% in Sept.2024 from 41% in December 2023 and debt to capital ratio at 131% in Sept. 2024 compared to 125% in December 2023.

Regarding our real estate portfolio, occupancy rates stabilized at 92% in the 9M2024. Our strategy to diversify our portfolio, both locally and internationally, is driven by engaging with tenants who share our long-term vision, committed to provide top notch property management service catering for both residential and commercial sectors.

Now moving to our local business overview of our key properties. Moving to our global real estate and investment portfolio, we have investments worth more than KWD76 million primarily focused on the real estate sector in the UK, Western Europe and the United States. As diversification is our key strategy and by following a conservative approach, we are targeting income recurring assets and sustainable and defensive sectors securing consistent and sustainable income stream for our valued shareholders. This proactive approach profited the company from a global market structure, ensuring it will inform a decision-making process that minimizes the risk and capitalize on lucrative opportunities.

Furthermore, during the nine month 2024, we have recognized net profit from our investments in Bayan Reality, our associate which owns Bayan Al Aziziya project in Al Khobar, Eastern Province in Saudi Arabia. Since we have started selling in March 2024

Now, I will introduce my colleague, Mr. Jaber from our Compliance and Governance Department. He will talk about the ESG slides.

Jaber

Good Afternoon Ladies & Gentlemen. In Al-Tijaria, we strongly believe in the urge to implement environmental, social, and governance aspects within our business, which promotes corporate sustainability locally & globally. Our ESG efforts have proved itself within real estate sector in Kuwait with a score of 16.3 from Sustainalytics and a BBB score from Morgan Stanley Capital Index. Al Tijaria's Group has invested an amount of 20.8 million Kuwaiti dinars towards environmentally responsible properties or green investments as of FY2023, emphasizing our commitment to financial returns and environmental sustainability through investing in LEED platinum and good gap certified projects. As we have a 30.4% reduction in total energy consumption across properties within 2023, a 15.1% reduction in total water consumption across properties in 2023 as well, and a 13.29% reduction in scope two emissions from 2022. We also progressed to 18% female employee directors in 2023, an 11.4% increase in employee training investments and 41,256 Kuwaiti dinars have spent towards corporate social responsibility within 2023.

Thank you.

Hagar

That ends our presentation. Thank you, and now we'll open the floor for any questions.

- Shaza Thanks, Hagar. If you would like to ask a question, you can type it in the chat box, or you can use the raise function to speak directly.
- Shaza We have a question on the chat box, what is the expected growth in rental income in the next few years?
- Walid In relation to the annual income from property proceeds, As per today's actual figures specifically as of 30<sup>th</sup> Sept, 2024, we are having an occupancy of 92% and from time to time in the short period, we are coping with the market by doing our market analysis & market studies in order to maintain and be able to increase our market share in property leasing.
- Considering short-term changes with regards to declining interest rates and Geopolitical situation in the region, it is currently difficult to expect and forecast growth in the long term. Having said that, Overall, we believe we are on the right track to achieve sustainable growth rates, and we might even outperform the market if market conditions are good.
- Shaza We have no questions at the moment. Hagar, do you have any concluding remarks, or would you like to add anything?
- Hagar Thank you. Ladies and gentlemen, thank you all for your time, and it's highly appreciated. I'd like to conclude this call thanking you all for attending. If you have any further questions relating to Tijaria's financials or any follow up, please don't hesitate to contact us through the investor unit's email.
- Jaber Thank you.
- Hagar Thank you.