

NetRoadshow Event Transcript

The Commercial Real Estate Co. (K.S.C) – 1Q/2026 Analyst Conference

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Shaza (Moderator)

Good afternoon, everyone. This is Shaza from EFG Hermes. Welcome to Al Tijaria's 1Q '26 Earnings Call. Thank you all for joining us today. For today's call, we have Engineer Abdulmutaleb Marafie, CEO; Mr. Walid Wizani, Finance and Strategic Planning Department Manager; Mr. Fuad Hassan, Accounting Department Manager; Mr. Ahmed Abbas Shakib, Manager of Investment Department; and Ms. Farah Maher Fraij, Investor Relations Unit Head. I will hand it over to Ms. Farah for the presentation, and then we will move to the Q&A part of the session.

Farah Maher Fraij (Investor Relations Unit Head, The Commercial Real Estate Company)

Thank you, Shaza. Good afternoon, everyone, and thank you for attending today's earnings presentation. In this conference, we'll discuss the results of the first quarter of the financial year 2026, and we'll gladly answer all your questions at the end of the presentation. Today's presentation will provide an overview of our business in the first quarter and the summary of financial performance. Following this presentation, we will have a Q&A session to answer any questions we received throughout the call.

The presentation will be available on the website for our investors. I'd like to start our call by reading out our usual brief disclaimer. The content set out in the presentation and frequent discussions are provided only for information purposes and does not constitute an offer or a recommendation. Now starting the presentation with Slide 5, an overall update and our key milestones and strategy. We delivered strong results despite the regional challenges.

Al Tijaria is closely monitoring geopolitical developments and the potential market impact while maintaining a strong financial position and a flexible strategy to manage risks effectively. We achieved several key milestones during the first quarter of '26. A key recent milestone is our entry into a newly state investment, Amelda Travel Center, which will be discussed in more detail in the following section.

Moving to Slide 6 on our strategy. We remain committed to our existing strategy direction. With regards to the PPP and development projects, we are actively advancing and coordinating with various governmental authorities alongside our strategic partners to evaluate similar potential opportunities. We are also conducting careful assessments of all financial, operational and market implications to ensure the delivery of long-term value to our shareholders.

These initiatives are closely aligned with the objectives of Kuwait Vision 2040, supporting the country's long-term development goals. Slide 7 shows our presence in GCC, Europe and U.S.A. Moving to our business overview and financial performance for the first quarter of

2026. The chart on the top left side shows our rental, hospitality and sales of land income. Our rental and hotel income reported, respectively, at KWD 6.93 million and KWD 0.83 million for the first quarter of 2026.

Additionally, we sold land for KWD 0.21 million in quarter 1 '26. This represents an overall increase of 2.45% in our total operational revenues from the same period last year. This growth is due to the occupancy rate increases in our property, which is shown on the top right side of the slide as it reached 94% in Q1 '26 compared to 93% in Q1 2025. In the bottom left of the slide, our share of profit from associates increased by 38% at a value of KWD 2.8 million during Q1 2026, up from KWD 2 million for Q1 2025.

Lastly, our net gain on investment in the bottom right of the slide, which showed an increase of 162% from the same period last year, reaching a value of KWD 0.27 million in Q1 '26 compared to a value of KWD 0.1 million for Q1 '25. This is mainly attributed to the decreases in the loss from revaluation of some of our investments compared to same period last year, and we expect further potential profits during the investment period.

Slide 10 shows the highlights of our financial performance for the first quarter of 2026. Our reported net profit is KWD 4.08 million compared to KWD 3.09 million for the first quarter of '25. This is an increase of 32%. It's mainly driven by the overall increase in our total revenues, the increase in our share of profit from associates and the increase in our net gain on investment. Additionally, our financing costs decreased by 3.5% from the same period last year. Our net income from operational activities reached KWD 5.46 million during Q1 of 2026 compared to KWD 5.39 million for Q1 of 2025.

As for finance costs, we can see that there is a decline of 3.5%, as we mentioned, from KWD 2.82 million in Q1 '25 to KWD 2.72 million in Q1 '26, reflecting the decline that has happened in interest rates. Moving to Slide 11 with regards to the balance sheet. Our total assets increased to KWD 591.68 million as of March 2026 compared to KWD 589.53 million as of December 2025. This is mainly driven by the increase in overall investment portfolio from our investments through OCI, investments through profit and loss and investments in associates.

These investments increased by KWD 3.4 million to reach KWD 169.56 million in March 2026, up from KWD 166.60 million in December 2025. Other assets decreased slightly from KWD 33.08 million as of December 2025 to KWD 31.9 million as of March 2026, which is comprised of cash, PPE, intangible assets and receivables. As for total liabilities, it decreased from KWD 265.10 million in December 2025 to KWD 256.93 million as of March 2026. This is mainly due to the decrease in term finance from KWD 248.82 million in December '25 to KWD 241.16 million in March '26.

Regarding total equity, it increased from KWD 324.43 million in December 2025 to KWD 334.75 million in March 2026. This slide shows our profitability and performance indicators and return figures. Regarding the return figures, we have ROA and ROE on an annualized basis reported at 3.28% and 5.28% for the first quarter of 2026 compared to 2.53% and 4.5% during the same period last year. Our net profit margin has reached 51.3% for Q1 2026 compared to 39.8% for Q1 2025.

Our key performance indicators show that the aggregate occupancy has improved to 94% in Q1 2026 from 93% in Q1 2025. Our leverage stayed almost at the same level at 1.77x for Q1 '26 compared to 1.78x in Q1 '25. And with regards to the total debt to total assets as well, it stayed almost at the same level at 40.8% in Q1 '26 compared to 41% in Q1 '25. Moving to the next slide. Shown on the top left is the graph of earnings per share. For the first quarter of 2025, we recorded an EPS of 1.65 Fils compared to 2.17 Fils in the first quarter of 2026.

Our net income, with a corresponding net profit margin at 51.3% for Q1 2026 is shown on the top right of the slide and our total assets and the ROA on the bottom left of the slide. The total equity, ROE and the book value per share are shown on the bottom right of the slide. The book value per share is at 169.62 Fils in Q1 '26 compared to 169.3 Fils for the same period last year. With regards to the projects in the pipeline, we have our Q1 retail and fitness center project located in Tier 1 area, which was signed by one of our subsidiaries with the Public Authority for Housing Welfare.

Now just showing some of our key properties already existing in Kuwait, such as the iconic Al Tijaria Tower, the Symphony Hotel and Mall, Light Complex, Dome Complex, the Boulevard Mall and the Rehab Complex, which is under expansion for additional commercial area of 3,500 square meters. Key properties located in Bahrain, which is the Symphony Tower that has started construction again last year and the Jawhara Plaza.

Next slides are about some of our regional and project investments. As we mentioned in the milestones, Al Tijaria Group has entered into a new logistics sector investment in Houston, U.S.A. With an area spanning over approximately 292,000 square feet, the facility is designed to include 75 truck parking spaces, 12 gasoline pumps, four diesel pumps and one retail outlet. This investment provides diversification into the U.S. real estate market and it provides exposure to the resilient travel center sector.

Next slide shows the 501 First Residences Tower in Miami. The project has 474 units, and it was fully developed in late 2025. Our global real estate investment portfolio is worth more than KWD 80 million, primarily focused on the real estate sector in U.S.A., Europe and GCC. The following slides will highlight our ESG performance and Al Tijaria's commitment to CSR values. Our ESG performance continues to strengthen as Al Tijaria earned a BBB rating from MSCI and obtained the ISO Certification for the Governance of Organizations.

To date, the group has invested KWD 32.7 million in environmentally responsible property and contributed KWD 72,500 to CSR initiatives. In addition, the Annual General Meeting approved an amount of KWD 101,650 for CSR spending in 2026. As part of our social responsibility efforts, we've organized and supported several initiatives during the first quarter of 2026, including Plant a Tree initiative, the Zero Waste campaign and the blood donation campaign in coordination with Loyac.

Last slide shows a snapshot of our share performance during the Q1 of 2026. Al Tijaria shares have traded at an average price of 206 Fils compared to 187 Fils in December 2025. This brings us to the end of our presentation, and we're happy to answer any questions.

Shaza (Moderator)

Thank you, Farah, 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. Our first question reads, can you provide elaboration on the drivers behind share of results of associates' growth?

Eng. Abdulmutaleb Marafie (CEO)

Mainly the share of results came from the associate companies. It has impacted through one of our investment in the region mainly in Dubai, which has an effect of around KWD 1 million incremental increase in the profits, which drives the share of profits from associate investment to increase from KWD 2 million to KWD 3 million almost. This is the main driver of share of results increase.

Shaza (Moderator)

Thank you. As a reminder, if you would like to ask a question, you can type it in the chat box or use the raise hand function. We have no more questions at the moment. Do you have any concluding remarks?

Farah Maher Fraij (Investor Relations Unit Head, The Commercial Real Estate Company)

Thank you, Shaza. And thank you all for your time. It's highly appreciated.

Shaza (Moderator)

Thank you. Have a good day.