

The Commercial Real Estate Co. (K.S.C) – 1Q/2025
Conference call

Thursday, 15 May 2025

Shaza Good morning, everyone. Welcome to Al-Tijaria's 1Q2025 earnings call. This is Shaza from EFG Hermes on behalf of Mia Attia. We have from the management Engineer Abdulmutaleb Marafie, CEO; Mr. Walid Wizani, Finance and Strategic Planning Department Manager; Mr. Fuad Hassan, Accounting Department Manager; Mr. Ahmed Abbas Shakib, Deputy Manager of the Investment Department; and Mrs. Hagar Abdelbaki, Investor Relations Unit Head.

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

Hager Thank you. Good afternoon, ladies and gentlemen, and thank you, everyone, for joining today's webcast. In this conference, we will discuss the results of the first quarter of 2025, and we will gladly answer all your questions at the end of the presentation. Today's presentation will provide an overview of the business for the 1Q 2025, and a summary of the financial performance. Following this presentation, we will have a Q&A session to answer any question received through the webcast platform. The presentation will be available on our website for our investors. I'd like to commence our call today by reading out our usual brief disclaimer that information set out in this presentation and in the frequent discussion 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.

With this, we will start with the presentation with the slide number 5.

During the 1Q2025 there has been some volatile global economic landscape and geopolitical tension. Despite that, we are still targeting a strong performance throughout 2025, and remain focused on delivering long term value to our shareholder.

Our key milestone during the 1Q2025 remained more or less the same compared to FY24. However, there are two key milestones during the first quarter of 2025. We have recently been awarded, through one of our subsidiaries by the public authority for housing welfare, a 22 year investment opportunity in area for the development of a retail and health club. The other milestone is with regards to the ESG compliance initiative that our Symphony Hotel have awarded Green Key certification as per the eco-friendly standard.

Now moving to slide 6 for our strategy. We remain firmly committed to executing our strategic agenda. We are currently evaluating several potential projects in coordination with government authorities. These initiatives are closely aligned with the objective of vision 2035, supporting the country's long term development goals.

Now moving to slide 7. This shows our presence in countries in the GCC, Europe and USA.

Now let me walk you through our business overview on financial performance for the 1Q 2025. The chart on the top left side shows our rental and hospitality income, which reported 6.7 million and 1.08 million for the 1Q2025. This represents a growth of 0.39 and 9.56% Q-o-

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Q, respectively This is mainly due to the improved occupancy rates which are shown on the top right side of the slide, at it reached 94% compared to 92% for 1Q2024.

In the bottom left of the slide, our share of profit from associate stood at 2.03 million, down from 2.33 million, which is a 13% decline which is shown in the bottom left of the slide.

Our net gain on investments, in the bottom right of the slide which recorded KWD 102 K, compared to KWD745 K for 1Q24

Now, moving to the key highlights on our financial performance. This quarter, our net profits reported KWD 3.09 million for the 1Q25, compared to KWD3.73 million in the 124. This represent as a 17.05 decline, Q on Q, which is mainly attributed to decline from our investment and a 9% increase in operating expense. The decline in investment is mainly driven by the change in the fair value of some of our investment.

As for the finance cost, we can see that there is a decline of 4.75% from KWD2.96 million in the 1Q2024, to KWD2.82 million in the 1Q25, reflecting the recent decline that happened in the interest rate.

As for the balance sheet, moving to the total assets, total assets increased to KWD 576.51 million as on 1Q25 compared to KWD 574.19 million in FY24, which is mainly driven by an increase in investments from associates and an increase in other assets mainly cash and receivables

As for total liabilities, it declined from KWD253.8 million in Dec.2024 to KWD253.3 million in the 1Q 2025. Regarding the total equity, it increased from 320.40 million in the full year 2024, to 323.19 in the 1Q25.

Slide 12, shows our profitability indicators and our return figures, mainly our return on assets and return on equity reported 2.53%, and 4.14% for the 1Q25 compared to 3.04% and 5.26% in the FY2024. Our net profit margin reached 39.8% compared to 49.89% for the FY 2024.

With regards to our key performance indicators, as we see, the aggregate occupancy has improved to 94%. Our leverage ratio, the debt to asset ratio, remained almost at the same level of 41% in the Q1 2025 and the full year 2024. Our debt to capital ratio stood at 128% in the 1Q25, compared to 129% for the FY24.

Moving to the next slide, this corresponding chart shows our earnings per share, net income and the corresponding net profit margin, total assets and the corresponding return on assets, total equity, our return on equity and the book value per share.

Next slides showing our projects on the pipeline:. We have Domus Fund, which is a new strategic partnership for a Tijaria Group, with a total investment commitment of AED88

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million. This investment aims to acquire, develop and operate investment properties to provide accommodation for hospitality sectors employees in the United Arab Emirates.

Next slide, as we spoke in the first slide regarding Q1, one of Al-Tijaria's subsidiary has been awarded an investment opportunity in Qairawan (Q1), Kuwait, by the Public Authority for Housing Welfare to develop and operate the commercial project for 22 years including two years for the design and development over the plot area of 12,575 square meters.

Now, I'll just show some of our key properties which are already existing, in Kuwait,. We have Tijaria Tower, Symphony Hotel and Mall, Light Complex, Dome, Boulevard and the Rehab Complex.

Then I move to our key properties in Bahrain which is Symphony Tower and Jawhara Plaza.

Next slides are about some of our regional investments, which are mainly Bayan, Goknur, and Al Wafer.

These are some of our global investments portfolios. We have investments worth more than KWD 78 million primarily focused on the real estate sector in USA and UK.

Lastly, I will talk about the ESG slide.

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 25.5 from Sustainalytics and a BBB score from Morgan Stanley Capital Index. Till date, Al Tijaria's Group has invested an amount of 25.5 million Kuwaiti dinars towards environmentally responsible properties or green investments as of 1Q25, emphasizing our commitment to financial returns and environmental sustainability through investing in LEED platinum and good gap certified projects. As we have a 10.08% reduction in scope 1 emissions Y-O-Y, an increase in female employees by 18.12%, and 41,939 Kuwaiti dinars have been spent towards corporate social responsibility within 2024. Throughout 1Q25, we also had no incidents of noncompliance with laws and regulations, no data breaches, no complaints regarding data privacy violations. Also, it is worth mentioning that the Symphony Style Hotel has been awarded the Green Key Certification, recognizing its commitment to sustainable and environmentally responsible hospitality. This certification highlights the hotel's adherence to strict eco-friendly standards set by the Foundation for Environmental Education (FEE).

That ends our presentation, and now I will open the floor for any question.

Transcript

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- Moderator Thank you, Hager. If you would like to ask a question, you can type it in the chat box or use the raise hand function to speak direct. Thank you. We have no questions at the moment. Hager, do you have any concluding remarks?
- Hager Thank you, ladies and gentlemen, and thank you all for your time. It's highly appreciated. I'd like to conclude this call by thanking you all for attending. If you have any further questions relating to financial or any follow-up, please don't hesitate to contact us through the investors joint email. Thank you. Have a great day.