

**NetRoadshow** Event Transcript

# The Commercial Real Estate Co. (K.S.C) - 4Q25 Investor And Analyst Conference Call

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### **Shaza (Operator)**

Good afternoon, everyone. This is Shaza from EFG Hermes. Welcome to Al Tijaria's 4Q '25 Earnings Call. Thank you all for joining us today. We have from the management, Eng. Abdulmutaleb Marafie, CEO; Mr. Walid Wizani, Finance and Strategic Planning Department Manager; Mr. Fuad Hassan, Accounting Department Manager; Mr. Ahmed Abbas, Investment Department Manager; and Ms. Farah 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 Fraij (Moderator)**

Thank you, Shaza. Good afternoon, ladies and gentlemen, and thank you, everyone, for attending today's earnings presentation. In this conference, we will discuss the results of the financial year end of 2025 and the summary of the financial performance. Following this presentation, we will have a Q&A session to answer any questions we received throughout the platform. The presentation will be available on our website for our investors.

I'd like to start our call today by reading out our usual brief disclaimer. The content set out in the presentation is provided only for information and doesn't constitute an offer or recommendation. We will start the presentation with Slide #5, an overall update on our milestones. In the year 2025, we delivered a strong performance despite the challenges witnessed in the Gulf region. On behalf of Al Tijaria, we would like to emphasize that the company is closely monitoring the current geopolitical developments in the region and carefully assessing the potential impact of the regional and global markets.

Al Tijaria maintains a strong financial position and a flexible investment strategy that enables it to effectively navigate changing market conditions and manage potential risk. Al Tijaria achieved several key milestones during 2025. We are in the process of the expansion of the Al Rehab complex and in the process of extending the investment contract for the Boulevard. We signed an MOU with China State Construction Engineering Corporation to jointly explore and collaborate on strategically selected development projects tendered by the governmental authorities in Kuwait.

We also signed a strategic partnership agreement with GFH Capital with our role being technical advisor in the logistics fund. Al Tijaria also signed an investment partnership agreement between the Public Authority for Housing Welfare and one of our subsidiaries to develop a commercial complex, health club, and public parking to serve the project in the Al Qairwan area. The contract term is 22 years.

Moving to Slide #6, our strategy. In Al Tijaria, we are committed to our existing strategy and with regards to the PPP and development projects. We are advancing and following up with various governmental authorities, along with our strategic alliances, to evaluate several potential projects. We are conducting a careful assessment for all financial, operational, and

market implications to ensure delivery of long-term value to our shareholders. These initiatives are closely aligned with the objective of Kuwait's vision of 2040, supporting the country's long-term development goals. This slide 7 shows our presence in the GCC, Europe, and U.S.A.

Proceeding to the business overview and financial performance. For 2025, the chart on the top left side shows our rental and hospitality income. Our rental and hotel income reported at KWD 27.34 million and KWD 4.34 million for the year end of 2025, respectively. This represents a growth of 1.6% and 5.2% compared to the same period last year. This growth is reflected in the occupancy rate from the property revenue, which is shown on the top right side of the slide as it reached 94% in 2025 compared to 92% in 2024.

In the bottom left of the slide, our share of profit from associates increased by 4% at KWD 5.45 million during 2025, up from KWD 5.24 million for 2024. Lastly, our net gain on investment is in the bottom right of the slide, which showed a decline of 35.5% for the same period last year, reaching KWD 5.39 million in 2025 compared to KWD 8.37 million for the same period last year. This is mainly attributed to the revaluation of some of our investments, and we expect further potential profit during the investment period.

Slide 10 shows the highlights of our financial performance for 2025. Our reported net profit is KWD 16.31 million compared to KWD 15.59 million for 2024. This is an increase of 4.6%, which is driven by a few things, mainly the increase is in total revenues from rental and hospitality income and increase in the share profit from associates, while also having a decline of 6.11% in financing costs.

Our rental income and hospitality income have shown growth. This is leading to total revenue growth of 1.86% reaching KWD 31.9 million for 2025 compared to KWD 31.32 million in 2024. And our total real estate gross profit reached KWD 24.3 million during 2025 compared to KWD 20.8 million for 2024. As for finance costs, we can see that there is a decline of 6.11%, as we mentioned from KWD 12.49 million in 2024 to KWD 11.73 million in 2025, reflecting the decline that has happened in interest rates.

With regards to the balance sheet, our total assets increased to KWD 589.53 million as of 31 December 2025 compared to KWD 574.9 million for the same period last year. This is mainly driven by the increase in investment from associates and investments through profit and loss. The investments in OCI slightly decreased by KWD 4.7 million. However, the overall total increase in our investments is KWD 11 million from KWD 155 million in 2024 to KWD 166 million in 2025. Other assets decreased from KWD 33.32 million as of December 31, '24 to KWD 33.08 million in 2025, which is comprised of cash, PPE and receivables.

As for total liabilities, it increased from KWD 253.8 million in December 2024 to KWD 265.10 million in 31 December 2025. This is mainly due to the increase in term finance from KWD 236 million in 2024 to KWD 248.8 million in 2025. Regarding total equity, it increased from KWD 320.39 billion in 31 December 2024 to KWD 324.43 million in December 2025.

The next slide shows our financial indicators and return figures. We have a return on asset and the return on equity reported at 3.08% and 5.44% for 2025, compared to 3.04% and 5.26% during 2024. Our net profit margin has reached 51.14% for the year ended December 2025. Our key performance indicators show that the aggregate occupancy has improved to 94% in 2025 from 92% in 2024. Our leverage stayed almost at the same level at 1.81x for 2025 and 1.79x in 2024. And with regards to the total debt and total assets, it stayed almost at the same level at 42%.

The next slide shows the graph of earnings per share for 2024 that is recorded at 8.5 fils compared to 9.01 fils in 2025. Our net income with the corresponding net profit margin at 51% for 2025, our total assets and the return on assets on the left bottom of the slide and the total equity and return on equity, and book value per share that is 167 fils for the year end of 2025.

Now turning to our projects in the pipeline. As we've mentioned previously, we have Al Qairwan Q1 project with the Public Authority of the Housing Welfare. Here we're taking a quick look on some of our key iconic properties that already exist in Kuwait, such as Al Tijaria Tower, the Symphony Hotel and Mall, Light Complex, Dome Complex, the Boulevard and Al-Rehab Complex, which is under expansion for additional commercial area of 3,500 square meters.

Now moving to our key properties located in Bahrain, which are the Symphony Tower, that has started construction again this year and Jawhara Plaza. Next slide shows some of our regional investments, along with our global real estate investment portfolio that is worth more than KWD 77 million, primarily focused on the real estate sectors in U.S.A. and the GCC.

The following slide highlights our ESG performance and Al Tijaria's commitment to CSR values. As part of our responsibility efforts, we organized and supported several initiatives throughout the year, including Ishraqat Amal, Plant a Tree, and Donate a Toy campaign. Our ESG efforts have continued to strengthen during 2025 with Al Tijaria earning a BBB rating from MSCI and obtaining the ISO 37000 certification for governance of organizations.

To date, the group has invested KWD 32.7 million in environmentally responsible properties and contributed around KWD 72,500 towards the CSR initiatives. This last slide shows a snapshot of our share performance during the 2025 financial year. Al Tijaria

shares have traded at an average price of 188 fils. This ends our presentation, and now I'll open the floor up for any questions.

**Shaza (Operator)**

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

**Farah Fraij (Moderator)**

Thank you, everyone, for your time. Before we conclude, we pray that God protects Al Kuwait and its leadership and all its people - citizen and resident and keep our country safe and secure from any harm. Thank you all for attending this call. If you have any questions or follow-up, please don't hesitate to contact us through the investors e-mail, and have a great day.

**Shaza (Operator)**

Thank you. Have a great day.