

Transcript

The Commercial Real Estate Co. 1Q 2024 Analyst Conference

Tuesday, May 14, 2024

Mai Attia Good afternoon, everyone. This is Mai Attia from EsFG. We're happy to be hosting Al Tijaria's First Quarter 2024 Result call today. And we have from the management team Eng. Abdulmutaleb Marafie, CEO, Mr Walid Wizani, Mr Fuad Hassan, Mr Ahmed Abbas Shakib, and Mrs Hager Abdelbaki. I will hand it over to Mrs Hager to start the call.

Hager Abdelbaki Thank you, Mai. Good afternoon, ladies and gentlemen. Your presence is much appreciated. Thank you for joining Al Tijaria's conference. In this conference, we will discuss the results of the First Quarter 2024, and we will gladly answer all your questions.

I'd also like to add that today's presentation will provide an overview of Al Tijaria's business for the First Q 2024, a summary of the financial performance and update on its properties portfolio and investment. 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 Bursa Kuwait website for investors. I'd like to commence our call today by reading out a big 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'll hand over the mike to our CEO, Eng. Abdulmutaleb Marafie, to start the presentation.

Abdulmutaleb Marafie Good afternoon, everyone. It's a privilege to represent our dedicated team today and share the updates. In Q1 2024, Al Tijaria achieved a remarkable net profit of KD 3.731 million, making a significant increase from KD 2.159 million in Q1 2023. This growth equivalent of 72.8% highlights our company's ability to strengthen our market position and deliver enhanced value to our shareholders.

We have seen revenue gains across operation and investment activities, reflecting our success in diversifying our income source effectively. In the real estate and hospitality sector, we have witnessed a growth, with total revenue reaching KD 7.748 million, a 33.5% increase compared to the same period last year. Notably, our gross revenue in this sector rose by KD 0.267 million. Investment and associate sector revenue also saw a significant uptick, increasing by KD 2 million from KD 0.024 million to KD 3.074 million in Q1 2024.

Our real estate portfolio has enjoyed improved occupancy rate, moving from 92% to 93% in Q1 2024. 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 services, we cater for both residential and commercial sectors.

In closing, Al Tijaria is dedicated to creating additional value for its shareholders by continually enhancing the quality of its properties and services. Thank you.

Hager Abdelbaki Thanks, Eng. Abdulmutaleb. I will hand over the call now to Mr Ahmed Shakib, our Deputy Manager of the Investment Department.

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Ahmed Abbas 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 70 million, primarily focussed on the real estate sector in the UK, Western Europe and the United States.

The company's solid investment strategy emphasises on diversification and conservative approach, targeting income-recurring assets and sustainable and defensive sectors, secure, consistent and sustainable income streams for its valued shareholders. This proactive approach profited the company from a global market structure, ensuring it will inform decision-making processes that minimise the risk and capitalise on lucrative opportunities.

Furthermore, during the first quarter of 2024, we have recognised net profit from our investment in Aria Vacation Club, an associate of the company, which mainly resulted from selling timeshares, operating the units of properties and revaluation of the property located in Jumeirah Palm, Dubai.

Moreover, we started the sale phase for our residential and commercial plots for Bayan Al Aziziya project in Al Khobar, Eastern Province in Saudi Arabia, through our associate company, Bayan Real Estate Company, during the first quarter 24.

With that, I want to close my speech and leave you with my colleagues, Mr Fuad and Walid, to highlight the financial statement of Al Tijaria for the first quarter of 2024.

Walid Wizzani Thank you, Ahmed. Hello, everyone. Today, I will be presenting financial performance and the financial highlights, starting with the rental income. We can witness that there is an increase, comparing Q1 2023 to Q1 2024, increasing from the level of KD 6.566 million to KD 6.629 million, which led to an increase in the occupancy rate from 92% to 93%. As well, there was an increase in the hospitality revenue from KD 872,000 to KD 985,000.

Overall, the net income from operating activity, we can see that there is an increase from the level of KD 5.262 million to KD 5.571 million.

Moving on to the investment sector, we can witness that there is a decrease in the investment dividends from KD 873,000 in Q1 2023 to KD 637,000 in Q1 2024. That is an increase in the total income by KD 2.347 million from KD 6.337 million to KD 8.684 million.

We can see that there is a slight increase in the finance cost from the level of KD 2.682 million to KD 2.961 million. Eventually, the net income for quarter one 2024 is at the level of KD 3.732 million, compared to KD 2.159 million in Q1 2023, with an earnings per share of 2.09 fils for Q1 2024 and 1.21 fils for Q1 2023.

Speaking of the total assets, there is an increase in the total assets. It was KD 561.501 million in 2023, and it reached to the level of KD 568.2 million Q1 2024. Total liabilities, in an extent as well, there is an increase from KD 245.984 million to the level of KD 248.805 million.

Moving to the total equity, we can see that there is an increase, comparing quarter one 2024 to full year 2023, from the level of KD 291.358 million to KD 294.8 million. There is an increase in term finance, speaking of liabilities, from

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KD 229.267 million to the level of KD 232.426 million. Overall, the return on capital in 2023 is 1.17% compared to 2.03% in Q1 2024. Return on asset as well, 0.49% and 0.75% in Q1 2023 and Q1 2024, respectively.

Speaking of the debt ratios, we can see that the debt-to-equity ratio in 2023 is 73% and remained at the same level in Q1 2024. Debt-to-asset ratio in 2023 and in Q1 2024 remained at the level of 41%. However, debt-to-capital ratio in 2023 was at the level of 125% compared to 126% in Q4 2024. This ends my presentation. Thank you very much for your time.

Hager Abdelbaki And now we will open the door for any questions.

Mai Attia If you have any questions, can you raise up the hand button, please? Do we have any questions?

[Inaudible 00:11:01]

Ahmed Abbas Shakib Yes. So there was a question, I think, regarding how much the income from the income-recurring assets. For this quarter, it's around KD 636,000. For the first quarter.

Mai Attia Any more questions? Okay, thank you, everyone. Thank you.

Abdulmutaleb Marafie Thank you.

Hager Abdelbaki Thank you, speakers. Ladies and gentlemen, thank you all for your time, and it's highly appreciated. I would like to conclude this call, thanking you all for attending. And if you have any further questions relating to Al Tijaria's financials or any follow up, please don't hesitate to contact us through the investor unit's email. Our presentation slides and a transcript of this call will be available on the Bursa and Al Tijaria website within the coming hours. Thank you.