**Executives:**

Tamer El-Sayed - Group Chief Financial Officer

Tariq Al Jaber - Business Development Director

Mohamad Daakour - Budget & Planning Controller

Abdulla Khalfan - Financial Controller

Abdullah Al Qadi – Director Development

**Operator:** Hello and welcome to the Barwa Real Estate Group Conference Call. I would like to advise all participants that this call is being recorded. Thank you.

I'd now like to welcome Mr. Phibion Makuwerere to begin the conference. Phibion, over to you.

**Phibion Makuwerere:** Thank you, Bhavesh. Good morning to you all. I want to welcome you to Barwa Real Estate’s 1Q 2024 Earnings Conference Call.

On this call from management team. We have Tamer El-Sayed, the group chief financial officer, Tariq Al Jaber, the investment management director, Abdullah Al Qadi, the director development, Abdulla Khalfan, financial controller, and Mohamad Daakour, budget & planning controller. As usual, we'll conduct this call with first management, reviewing the company's results, followed by a Q&A session.

I'll now turn over the call to Tamer El-Sayed, the group CFO, to begin. Please go ahead, Sir.

**Tamer El-Sayed:** Thank you. Bism Allah alrahman alrahim. Welcome, everybody. On behalf of myself and all other speakers today, we wish you all a very warm welcome to Barwa Real Estate Q1 2024 post-results conference call.

I'm Tamer El-Sayed, the Group Chief Financial Officer of Barwa Real Estate. At the beginning, I would like to thank QNB Financial Services to host this call on behalf of Barwa Real Estate.

Please note that except for the historical facts, statements made by the management may contain a projection or other forward-looking statements regarding future events or future financial performance of Barwa Real Estate. These forward-looking

statements are not guarantees or promises of future performance. Barwa undertakes no obligation to update or revise any forward-looking statements contained herein, whether as a result of new information, future events or otherwise. Barwa Real Estate declared the Q1 2024 financial statements on 30th of April 2024 and please let me start by giving you a brief introduction on Barwa Real Estate.

We are one of the leading real estate developers in Qatar with expertise in developing, leasing, and managing real estate assets. In total, we have about 5.5 mn sq.m built up area and operation which consist of residential projects, labour rooms, warehouses, retail showrooms and offices. As of 31st of March 2024, we have operating units of 14,069 residential units and around 55,000 labour rooms, in addition to commercial offices, hospitality, and other operating portfolio components, which are detailed in our Investor Relations presentation. Approximately 77% of our total operating revenue and about 86% of our operating profits are generated through these assets. Furthermore, Barwa has a land bank approximately 2 mn sq.m over which 1.9 mn sq.m within Qatar. Of this, we own approximately 900,000 sq.m while the rest is leased. Looking forward, Barwa plans to selectively monetize this land bank by selling or developing properties based on the prevailing market demand.

Now, I would like to highlight some key points on the performance of the company for the Q1 2024. To begin with, our total operating revenue stood as QR 418 million as against QR 433 million for Q1 2023. Our total operating profit came in at QR 333 million against QR 392 million in Q1 2023. Our profit attributable to the equity holders of the parent for Q1 2024 stood at QR 238 million as against QR 235 million in Q1 2023.

On the balance sheet side, our financial position has been improved compared to 2023 with a net debt balance of QR 11.7 billion and net debt to equity at QR 0.54. We have adequate liquidity and balance sheet strength to pursue our growth agenda. Also, we keep working on refinancing part of our facilities to enhance our liquidity ratios and the cash flow projections.

With this, we can start with the question-and-answer session. Again, thank you for joining the call and we will be happy to answer any questions that you may have. I now hand over to the moderator at QNB Financial Services to field any questions. Thank you.

**Operator:** Thank you. If you would like to ask a question, simply press star followed by the number one on your telephone keypad. That is star one to ask a question.

Our first question comes from the line of Seki Mutukwa of Ashmore. Please go ahead.

**Seki Mutukwa:** Alright, thank you. Hope you can hear me. Thanks for the brief intro. Just three questions, please from me and then I may jump back in the queue.

The first one is if you could just talk about rental income in terms of what drove that year-on-year decline? If I'm reading that correctly, whether it's occupancy or actual rental rates or perhaps something to do with mix?

Second question is on the rental expense, sort of that also seems to have increased year-on-year. Perhaps just a better understanding of what's driving that?

And then, the third question is just about the sort of fair value loss as well as the share of results from associates, those two negatives, just what's driving those, please? Thank you.

**Unknown Speaker 1:** Regarding the rental income, the reduction is mainly due to the Al Wakra projects. Last year, they were rented to the Supreme Committee and this year, it's rented in the market and the… let's say the occupancy rates are reaching almost around 50% and it's not fully occupied. Plus, also there are some occupancy rate reductions in the Barwa labour camp since last year.

**Seki Mutukwa:** Alright.

**Unknown Speaker 1:** And regarding the rental expenses, the last year when the projects were rented to the Supreme Committee, there were no expenses. But due to them being rented in the market there, there are some rental expenses or operating expenses. And regarding the third question, I believe as you were asking about the fair value loss.

**Seki Mutukwa:** Yes, please, just to sort of understand what whether it was sort of a revision on denominator i.e, cost of borrow which caused that or is there something else driving? I know it's only a small number.

**Unknown Speaker 1:** Actually, it's just regular amortization on the right of used projects.

**Seki Mutukwa:** Okay.

**Unknown Speaker 1:** And usually, we do valuations half year and year-end. So, first quarter and third quarter we don't do any valuations.

**Seki Mutukwa:** Okay.

**Unknown Speaker 1:** And I believe, you also had the fourth question?

**Seki Mutukwa:** Oh sorry, it was linked. Yes, it's just in terms of the loss from associates. Just to maybe a bit of an understanding of what that is?

**Unknown Speaker 1:** This is an impairment that we have just recorded for a company that is under liquidation.

**Seki Mutukwa:** Thank you.

**Operator:** Thank you. As a reminder, if you'd like to ask a question, please press star followed by the one on your telephone keypad. That is star one to ask a question.

Our next question comes from Zohaib Pervez from Al Rayan Investment. Please go ahead.

**Zohaib Pervez:** Thank you. I missed most of the calls, so if I'm asking the question again, I apologize in advance. Could you tell us what is these advances for projects? The advances for projects have gone up in the first quarter. So, which projects are these for which you have increased the advances or provided the advances? About QR 300 million, I think.

Second question is regarding the impairment reversals. These reversals are against… what are these reversals against? Could you give us that?

Third question is about your… could you give us more color on your occupancy levels for your residential units and the labour rooms. Thank you.

**Unknown Speaker 1:** Regarding the advances, they are related to Al Wakra projects, Madinatna, and Barahat al Janoub.

And regarding the reversal, these are areas that we have collected from an anchor tenant.

**Unknown Speaker 2:** On the occupancies, most of the residential occupancy is 90-95% except for Madinatna, which is at 52% and the Argentine neighborhood is around 37%.

**Zohaib Pervez:** Thank you. So, what the developments are being done at the Al Wakra project? For which you have provided advances with customers.

**Tamer El-Sayed:** We have two projects which my colleague just referred to, which Madinatna and Argentine neighborhood. Both projects are almost done. Their advance is now under settlement with the contractor and it's only a matter of paperwork. But the work is already almost done.

**Zohaib Pervez:** So, this will lead to some… I mean, you will have to make these advances have to be paid or they have been paid?

**Tamer El-Sayed:** No, no, it's already paid. It's paid. But you know, just wait for it to recap to be recovered on the papers. And just assign IPCs and do whatever to be recovered on the paper, but the work is already done. The advance payment paid before and they just we are

recovering based on the IPC, the progress reports. It's a matter of working of paper documentation.

**Zohaib Pervez:** Okay. Okay. Thank you.

**Tamer El-Sayed:** Thank you.

**Operator:** Our next question comes to line and Mark Krombras from TFI. Please go ahead.

**Mark Krombas:** Thank you for the call. I noticed that you have a significant rise in income from consultancy and other services. Is that a one-off thing or should we expect that to continue for the rest of the year? And could you just outline the source of it, please?

**Unknown Speaker 1:** Okay. So, the increase is mainly from adjustment and accounting treatment. It might just not happen again.

**Mark Krombas:** Sorry, it's an adjustment in the accounting treatment in general or on one particular project? Or could you elaborate?

**Unknown Speaker 1:** The one particular project.

**Mark Krombas:** And is that? Is that likely to continue?

**Unknown Speaker 1:** No. It's just a one time.

**Mark Krombas:** Okay. All right. Okay. That's all. Thank you.

**Operator:** Thank you. Our next question comes from the line of Seki Mutukwa from Ashmore. Please go ahead.

**Seki Mutukwa:** Thanks for taking another question. I was just hoping to hear your sort of views on the residential sort of rental rates. How that market is looking, whether you're seeing increasing rental rates or competition from perhaps new developments putting pressure on those rates. Any color, please? Thank you.

**Unknown Speaker 3:** Hi. Overall, the residential portfolio that Barwa consists of, we are seeing a good occupancy of 90 to 95% across all the residential units. So, the rental level for this year is quite, I would say stable. We are you know, the overall strategy that we are not increasing it. And our main focus is to manage the occupancy level for this year. So, we are not neither we are kind of a increasing it or there is no you know, demand pressure that we are having it on our portfolio as of now.

**Seki Mutukwa:** Any chance you can comment about the overall market at all like so? Obviously, you've talked about your portfolio, but are you hearing of struggling?

**Unknown Speaker 3:** She definitely, yeah, definitely. All asset classes are having a kind of oversupply situation, but you need to see from the Barwa perspective, Barwa work in a very niche environment on it. That is why we continuously managed to have a good occupancy rate on that. But yes, there are other projects we cannot comment about it. They might be facing some heat due to the oversupply situation, but as far as the Barwa portfolio consists, we are confident for this year and going forward that our way that we put on our projects forward that we are managing a good occupancy on our project.

**Seki Mutukwa:** Thank you.

**Operator:** Thank you. We have a follow-up question for Mark Krombras from TFI. Please go ahead.

**Mark Krombas:** Yeah, hello. I just noticed in the cash flow statement. A very substantial increase in the change in receivables and prepayments of almost like QR 1.35 billion. Could you elaborate on that, please?

**Tamer El-Sayed:** This is due to the installments we received on January related to the sale of Lusail land in the last year. We sold one plot of land last year by QR 6.3 billion and we received one of the installments in January 2024.

**Mark Krombas:** Okay. And the next installment is due?

**Tamer El-Sayed:** The last installment due already received on April 2024. That was the last one. So, we received the full amount.

**Mark Krombas:** Okay. So, that will be showing in the next quarters?

**Tamer El-Sayed:** Exactly in the half year. In the half year.

**Mark Krombas:** All right. Well. Okay. And with this large inflow, are you planning to pay down some debt or what is the… what are you gonna do with this money?

**Tamer El-Sayed:** We did. That was the original plan that the amount will be used to settle debts and the debt can be shown even in the cash flow statements. If you refer to the financing activities, you will see that we settled QR 1.4 billion from our debts.

**Mark Krombas:** Okay. All right. Thank you so much.

**Tamer El-Sayed:** Thank you.

**Operator:** We have another follow-up question from Zohaib Pervez from Al Rayan Investment. Please go ahead.

**Zohaib Pervez:** Thank you, again. So, what will be your debt after pay repayment of this Lusail land that you sell, you would definitely use all that cash to repay debt. What will be your debt levels after the complete payment there. Also, what is your strategy going forward? Are you going to plan on building, you know, buying up more land because you know you sold a large chunk of your land? Are you going to wait and see on… what is your strategy at the moment?

**Tamer El-Sayed:** For the first question, the current debt we are about QR 12.6 billion. So, with the settlement which planned to be done in based on the installment we received in April. So, we are talking about the balance of around QR 11 billion just a couple of like 200 plus or minus. But around QR 11 billion. For the second question, my colleague will answer you.

**Unknown Speaker 2:** You know the strategy going forward. Right now, we are just focusing on the current land bank and see what ways we can roll out some of the possible products that we have. We have two projects that are being fast tracked. We will try to launch them by the end of the year in the Lusail area. As for the rest of the land bank, we're also studying some of the opportunities that may arise, but where we don't anticipate acquiring new lands because we have a significant land bank that we try to focus on.

**Zohaib Pervez:** Okay. And these projects in Lusail, are these going to be residential? Are these going to be or what projects will that be?

**Unknown Speaker 2:** We're predominantly residential, but we are also studying this. We still not 100% sure on the mix right now. It's all under study.

**Zohaib Pervez:** Okay. Did you get any other school projects? I mean, there were a number of packages that were being announced and I think you had also applied to any other projects.

**Unknown Speaker 2:** No, we haven't applied.

**Zohaib Pervez:** You have not applied?

**Unknown Speaker 2:** Yeah, we're. I think they've launched the Package 2. I think we anticipate that they might launch Package 3. We will consider Package 3 whenever it's being launched.

**Zohaib Pervez:** Okay. And my last question is, I mean, you have QR 11 billion will be left in debt, how do you plan to pay down the debt from internal sources because internal sources after this will be quite limited, right?

**Tamer El-Sayed:** Not at all. Yeah, we see our financial position is very low at very comfortable levels and we can easily cover this. Don't forget to, as we said, we have a land bank of 2 mn sq.m. This land bank can be developed for lease, for sale, for whatever. So, we expect another or new source of cash inflows during coming couple of years. We are trying

with the banks to refinance the debt and to decrease the finance cost and in the same time to relax the repayment schedule. So, to match with our expected cash inflows. So, we are very comfortable with them. We are talking about, if we say even QR 11 billion compared to total assets of the QR 36 billion. So, we are at the very comfortable level with this. So, we don't see any issues to repay our debts on due date.

**Zohaib Pervez:** Sounds good. I'm sorry. I have one last question on warehousing segment. So, you have a number of I think warehouses. Could you give us more insight on what's happening in that area because there's a lot of competition there and rental later, but come down quite a lot. How do you see… How do your assets are doing?

**Unknown Speaker 3:** As far as Barwa's assets are quite comfortable, our occupancy is around 95% in the warehouse sector on it. And we don't see any kind of a pressure on the warehousing sector.

**Zohaib Pervez:** Okay. Thank you. Your warehousing is actually being handled by third party, right?

**Unknown Speaker 3:** It's a combination of both. We can't say by the third party, it's. A combination of both.

**Zohaib Pervez:** Okay. And you don't see any rental pressure?

**Unknown Speaker 3:** No, we don't see any rental pressure as of now.

**Zohaib Pervez:** Sounds good. Thank you.

**Operator:** There are no further questions at this time, I will now hand the call back over to Mr. Phibion Makuwerere.

**Phibion Makuwerere:** Thank you, Bavesh. If there are no further questions that brings us to the end of today's call. Thank you all for joining us and thanks to the Barwa management team for engaging with the Investors. Please join us for future calls and enjoy the rest of your day.

**Operator:** Thank you. This concludes today's conference call. You may now disconnect.