**Executives:**

Tamer El-Sayed - Group Chief Financial Officer

Annuj Mittal – Asset Manager

Saud Al Dulaimi – Development Manager

Abdullah Khalfan – Finance Controller

Mohamad Daakour – Budget & Planning Controller

**Operator:**  Hello, everyone. Welcome to Barwa Real Estate Conference Call. Please note that this call is being recorded.

I'd now like to hand it over to our moderator for today, Roy Thomas. Please go ahead.

**Roy Thomas:**  Thanks, Ellie. Hello, everyone. This is Roy Thomas from QNB Financial Services. I want to welcome everyone to Barwa Real Estate Company’s Second Quarter and First Half of 2024 Financial Results Conference call.

On this call from Barwa Real Estate Company, we have Tamer El-Sayed, the Group Chief Financial Officer, Anuj Mittal, the Asset Manager, Saud Al Dulaimi, Development Manager, Abdullah Khalfan, Finance Controller, and Mohamad Daakour, Budget & Planning Controller. We will conduct this conference call with management first, reviewing the company's results followed by a Q&A.

I will turn the call now over to Tamer El-Sayed. Go ahead Tamer.

**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’s Half Year 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 half year 2024 financial statements on the 29th of July 2024, and the

Investor presentation is available on the Barwa Real Estate website in the Investor Relations Section.

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 in operation, which consists of residential projects, labour rooms, warehouses, retail showrooms, and offices. As of 1st of June 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 79% of our total operating revenue and about 91% of our operating profits are generated through these assets. Furthermore, Barwa has a land bank of approximately 2 mn sq.m of 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 half year 2024. To begin with, our total operating revenues stood at QR 921 million against QR 922 million for the half year 2023. Our total operating profit came in at QR 634 million against QR 660 million in half year 2023. Our profit attributable to the equity holders of the parent and for the half year 2024 stood at QR 557 million as against QR 553 million in half year 2023.

On the balance sheet side, our financial position has been improved compared to 2023, with a net debt balance of QR 10.1 billion and net debt to equity at QR 0.46. 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 cash flow projections.

With this, we can start 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 will now hand over to the moderator at QNB Financial Services to field any questions. Thank you.

**Operator:**  Hello, everyone, we are now opening the floor for the question-and-answer session. If you'd like to ask a question, please press star one.

Our first question comes from Shabbir Kagalwala from Al Rayan Investments. Your line is now open.

**Zohaib Pervez:**  Thank you, gentlemen, for the presentation. This is Zohaib from Al Rayan Investment. So, I've got three questions. Firstly, you recorded about QR 233 million of fair value gains. This was for what projects were you recorded these gains for?

And second question is on associate income. It seems like the first quarter was a loss of QR 40 million, now it's been reversed. So, could you give us some color on what led to the reversal in this segment?

The third is on the cash balance you have, you have approximately QR 2.8 billion in cash. So, how much of this will be utilized? And I'm assuming all the payments are done for the Lusail land bank. So, what payments more you will do for deleveraging of the balance sheet? Thank you.

**Unknown Speaker 1:** Okay. Your first question is regarding the fair value gain. It's mainly coming from the Al Wakra projects, Argentine Neighborhood, and also Madinatna.

And the second question. Can you repeat your second question, please?

**Zohaib Pervez:**  So, the second question is on the associated income. What is leading to the volatility between the two quarters? First was a loss I think of QR 14 million and second is actually a reversal seems like. So, what led to this change?

**Unknown Speaker 1:**The losses are coming from one of our associates who is under liquidation.

**Zohaib Pervez:**  And this quarter there was a gain, I think. It was reversed.

**Unknown Speaker 1:** Yes, there… Just there is a minor reverse regarding to an excess provision though.

**Tamer El-Sayed:**  Because the referred company is… there is a company, one of our associates is under liquidation. So, based on the liquidated report we have recorded our provision or reverse as per the report. And during the liquidation, there may be in the beginning some conservative about the assumptions with the time they are getting more accurate numbers. So, from quarter to other, based on the liquidated reports, we will record our losses or profits here.

**Zohaib Pervez:**  And when do you think this will close? This will…

**Tamer El-Sayed:**  I cannot, we cannot guarantee this. It's a long process between tax and settling the liabilities and with the banks. It's a long process. We cannot give assurance about how long it may take.

**Zohaib Pervez:**  This is the ready-mix company, right?

**Tamer El-Sayed:**  Yes, you are right.

**Zohaib Pervez:**  Okay. Thank you. The third is on further reduction in your debt because you still have quite large cash sitting on your balance sheet.

**Tamer El-Sayed:**  Yes, because the balance including the last installment received for Lusail land, which not utilized yet to settle the debts.

**Zohaib Pervez:**  But this will be… I mean, the more debt will be paid down, right?

**Tamer El-Sayed:**  Yes. Yes, for sure.

**Zohaib Pervez:**  And any idea how much of this cash will be used for that debt repayment?

**Tamer El-Sayed:**  It should be used in full. The QR 1.6 billion.

**Zohaib Pervez:**  The QR 1.6 billion. So, of the QR 2.8 billion that's on your balance sheet, how much more will you be using cash to pay down the debt? Another billion?

**Tamer El-Sayed:**  QR 1.6 billion.

**Zohaib Pervez:**  QR 1.6 billion. Okay. Thank you.

**Tamer El-Sayed:**  Thank you.

**Operator:**  Our next question comes from Seki Mutukwa from Ashmore. Your line is now open.

**Seki Mutukwa:**  Hi, thank you for the call. Hope you can hear me. Two questions, please. One is relating to I think it's slide 18 in the results piece you put out the presentation. When you're referring to the residential factor, retail, and commercial, there is a sort of general trend of oversupply I would ask, I will suggest. I'm curious that if you look at the Qatar Real Estate index, bounced from the sort of lows of April. Just to understand what is sort of driving that rebound, maybe something about a methodology if I may not understand on that slide, please?

And then, the second question is more straightforward is just in terms of your rental operating margins hovering at about sort of 79%, do you see this as a sort of stable level, things have normalized or what is your…

**Unknown Speaker 2:** Hi. On the first point, regarding what I understand, you wanted to understand about the retail and the commercial component and in terms of the performance of our portfolio. So, just to let you know, we are currently having a stabilized portfolio of around…this commercial and retail is around 78%. And at Barwa, we always have a very in a long-term view on our competitive pricing and in terms of how we position our products on it.So, although there is always a short-term fluctuation in the market depending on the domestic factors, international sectors on it. But as far as Barwa is concerned, our portfolio is managing quite a stabilized occupancy in in the last two so many years. Historically also, it stays in the range of around 78%. So, we are still holding.

**Tamer El-Sayed:**  For the second question about the margin. Our net rental income is mainly from rent and other supplementary services. For example, in case of labour camps, we are giving some extra services in addition to the rooms like catering, laundry, and such things to deliver. For the rent, we are quite sure about our net profit margin. However, for the supplementary service for sure it's being impacted by the competition in the market. So, the margin for such service may be impacted as per or according to the competition in the market. It may go down it may go high. But for the rental itself, isolated, it's quite stable.

**Seki Mutukwa:**  Okay. Thank you.

**Tamer El-Sayed:**  Welcome.

**Operator:** Our next question comes from Ali Asad from Al Baraka. Your line is now open

**Ali Asad:** (In the Arabic language)

**Tamer El-Sayed:** Shukran. Next question, please.

**Operator:** Our next question comes from Shabbir Kagalwala from Al Rayan Investments. Your line is now open.

**Shabbir Kagalwala:** Thank you. I probably asking the same question, which my last colleague was asking, is that could you repeat the occupancy levels across the different segments and also in Argentine and Madinatna?

**Unknown Speaker 2:** Yeah. Hi. So, for the residential, the average occupancy is 74%. For commercial retail, it is 78%. For worker accommodation, it is 51%, and for warehouses, it is around 93 %. Regarding Madinatna, the current occupancy stands at 56% and for the Argentine neighborhood, it is around 46%.

**Shabbir Kagalwala:** 46%. And so the Labour segment, is this being impacted because of the Argentine or because of the Lusail project?

**Unknown Speaker 2:** If you overall see, there is a challenge in the labour market for quite some time now. But our portfolio is still managing 51% occupancy on that. Other than that, if you overall see, the Qatar is also focusing on economic diversity efforts where there is a possibility of emerging in new projects. We have recently heard about this Simaisma project which has been launched by Qatari Diar. It's a massive development of 8 million square meters. So, these kind of a project plus other, there was some news articles about Ashgal and Kahramaa plus the Doha Metro also. So, there is…overall, there is a stress in the market, but we believe that in the medium-to long-term, these projects will stimulate the demand in the in the labour market also. But for Barwa, we can speak that our portfolio currently holds this 51% which is comparison to our peers, we are doing reasonably good, I would say.

**Zohaib Pervez:** Are you providing any discounts on rental discounts?

**Unknown Speaker 2:** Yeah.

**Shabbir Kagalwala:** In Argentine and Madinatna?

**Unknown Speaker 2:** We don't provide any special discounts to anybody. It is based on the internal strategy that we discussed with the chief and then we carry out the business plan that we agreed during the beginning of the year.

**Shabbir Kagalwala:** I'm sorry. So, are you providing or are you not providing discounts?

**Unknown Speaker 2:** No, we are not providing any discounts. No.

**Shabbir Kagalwala:** You're not providing any discounts.

**Unknown Speaker 2:** Yeah. We are not providing any discounts. There is always a market trying to provide a grace period when the new tenant comes. It depends on the profile of the tenant what kind of these agreement that we are adding with it. So it is a combination of factors we do provide grace periods.

**Shabbir Kagalwala:** Okay. The rent-free months basically.

**Unknown Speaker 2:** Yeah.

**Shabbir Kagalwala:** Yeah. So, I mean, thank you so much for the answer. Just a suggestion on every quarter we ask about these occupancy levels going forward. You could just include these occupancy levels in your presentation. It would be much easier and probably we could stop asking.

**Unknown Speaker 2:** Shabbir, your point is well taken, and we will incorporate that going forward.

**Shabbir Kagalwala:** Sounds good. Thank you.

**Operator:** Our next question comes from Seki Mutukwa from Ashmore. Your line is now open.

**Seki Mutukwa:** Thank you. Sort of follow up links to what Shabbir was talking about. Just in the market in general from your competitors. What kinds of sort of grace periods are being provided nowadays and how does that compare to the biggest periods or on average? So, what I mean by that is, are people getting sort of three months discounts nowadays whereas the norm was 1 1/2 when and maybe sort of one month when the times were good. Just to understand how that looks, please.

**Unknown Speaker 2:** Yeah. You see, there is no such definite kind of answer to it. It depends on client to client. It also depends on what is your loyalty, in terms of the tenant’s loyalty with the property. If he is really staying for the last couple of years so there could be a discount of two months. It could go up to three months on that. But basically, if you really see the downturn, if you see at Barwa again, I'm speaking on behalf of Barwa only, the property that we have it. So, most of our assets are very stabilized. For Madinatna that we have, it depends on a client-to-client basis. But we have seen that, I would say, the worst has gone in 2023. 2023 is much more kind of progressive. It is more positive for

us, and it is reflecting in our leasing numbers on that. So, it ranges from 1-3 months in special cases, I would say. That's it.

**Seki Mutukwa:** Thank you.

**Operator:** As of right now, we don't have any pending questions. I'd now like to hand back over to the management for the final remarks.

**Tamer El-Sayed:** Thank you everybody for sharing us with the half year 2024 post-results conference call. Thank you, everyone. Have a great day.

**Operator:** Thank you everyone for attending today's call. Have a wonderful day and you may now disconnect.