**Executives:**

Tamer Elsayed- Group Chief Financial Officer

Tariq Al Jaber- Business Development Director

Abdulla AlKaabi- Director Development

Mohamad Daakour- Budget & Planning Controller

Abdulla Khalfan- Financial Control

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

I'd like to hand over to our moderator for today, Roy Thomas. You may now begin the conference.

**Roy Thomas :** Thank you, Ellie. Hello, everyone. This is Roy Thomas from QNB Financial Services. I want to welcome everyone to Barwa Real Estate Company’s Third Quarter and Nine Months 2024 Financial Results Conference Call.

On this call from Barwa Real Estate Company, we have Tamer Elsayed, the Group Chief Financial Officer, Tariq Al Jaber, Business Development Director, Abdulla AlKaabi, the Director for Development, Mohamad Daakour, Budget & Planning Controller, and Abdulla Khalfan, the Financial 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 Elsayed. Go ahead, Tamer.

**Tamer Elsayed :** Thank you so much. Bism Allah alrahman alrahim. Welcome, everybody. On behalf of myself and other speakers today, we wish you all a very warm welcome to Barwa Real Estate Q3 2024 Post-Results Conference Call.

I am Tamer Elsayed, the Group’s 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 Q3 2024 financial statements on October 17, 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 30th of September 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 92% 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 Q3 2024. To begin with, our total operating revenue stood at QR 1,370 million as against QR 1,353 million for Q3 2023. Our total operating profit came in at QR 936 million against QR 904 billion in Q3 2023. Our profit attributable to the equity holders of the parents for Q3 2024 stood at QR 784 million as against QR 779 million in Q3 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 parts 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 able to happy 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 :** We are now opening the floor for the question-and-answer session. If you'd like to ask a question, please press star one on your telephone keypad.

Our first question is from Zohaib Pervez from Al Rayan Investments. Your line is now open.

**Zohaib Pervez :** Thank you, Tamer, for the presentation. I've got two questions. One, recently you launched your project in the Barwa Hills. Could you tell us what was the uptake for the offline sales you recorded until now during the Cityscape and until now, I think 57 units were being offered and the 11 retail units. So, just an update on how much of that was sold, and preferably, if you can say what is the price.

The second is the two projects, the Barwa Cooling projects that you have won. Could you tell us the margins, the net margins on these contracts? Thank you.

**Tamer Elsayed :** Thank you for your questions. For the first question, the new project or the new phase of the Barwa Hill is 57 units, and the Cityscape, we offered only 25 units for reservations, not as a sale. It's only for reservations, and all of them already reserved.

For the second question, my colleague will answer you.

**Unknown Speaker 1 :** For the Cooling for both contracts, we are talking about average of profit margin of 40%.

**Zohaib Pervez :** Sounds good. Thank you. So, my follow up is on the Barwa Hills. What do you mean by they were offered for reservation?

**Tamer Elsayed :** We opened the Cityscape only expression of interest. If we wanted to reserve, or own it, not as an actual sale. It's a reservation only. We tell this is common in such case.

**Zohaib Pervez :** And when will it be offered? When will it actually offer for sale?

**Tamer Elsayed :** We expect to buy in the first quarter of 2025.

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

**Operator :** Next question comes from Aashish Agarwal from TFI. Your line is now open.

**Aashish Agarwal :** Hello, good morning or good afternoon rather. Thanks for taking my questions. I believe there was this oversupply situation in the residential real estate. And I wanted to know like if there has been… What is the update on that scenario, right? Is there still an oversupply or do you see that raging off? That's my first question.

Second question is I'm referring to your financials for the first half and FY 2023 because that includes the break up and in your finance income there is this component, other finance income. And the first half, other finance income was of QR 32 million, whereas in FY 2023 it was QR 24.4 million. So, I wanted to understand the nature of the inclusions of this other finance income because my understanding is that, this is different from the interest on other projects. So, if you can help me understand that. That's my second question.

I have a third question, which is I saw in your current financials that you have shifted your last installment to short-term fixed deposits and based on the calls that I've heard previously, I believe you had planned to utilize them to repay the debt? So, is this just… when you will be using these short-term deposits to repay your debt or you have changed your mind that's? That’s my third question. Thanks a lot.

**Unknown Speaker 2 :** Yes. So addressing your first questions regarding the real estate market and the residential segment and whether we are struggling with the oversupply in the market. As it stands, we've always held the long-term view of the real estate market. But we have always... So, that's why we've maintained a highly competitive pricing.

So, in terms of our occupancy rates, we haven't suffered much in comparison to the rest of the market and we've been holding quite strongly in terms of occupancy rates in the residential segment.

**Unknown Speaker 1 :** Regarding the second question, for the finance income in June, the other refers the news for the revenues recorded regarding this school project, PPP School.

**Aashish Agarwal :** Okay, you mean to say that the revenue from the school projects is accounted in other finance income, is that you're saying?

**Unknown Speaker 1 :** No. It's zero from schools. It's allocated to…parts of it will be allocated to service revenue, and the remaining part for the funds as funds income.

**Aashish Agarwal :** Okay. Part of the income from the schools is allocated to service and part is allocated to other finance income.

**Unknown Speaker 1 :** Yes.

**Aashish Agarwal :** Okay. All right.

**Tamer Elsayed :** Yes. For the third question about the last installment received from Lusail Golf, yes, it is placed now as bank deposits and it will be used to settle the facilities on the rollover dates or in the related maturity dates for each loan.

**Aashish Agarwal :** Okay. Can you throw some light as to when that will be… when the rollover date is? Is it like the next quarter? Like fourth quarter, should we…

**Tamer Elsayed :** We cannot confirm now because working on different facilities to be refinanced, so this will be based on the new refinance arrangements. Based on that, we will settle the debt, but we are still working on that. We have different facilities. We are working now on refinancing.

**Aashish Agarwal :** Understood. Thanks a lot.

**Tamer Elsayed :** Thank you.

**Operator :** The next question comes from Nikhil Phutane from CBFS. Your line is now open.

**Nikhil Phutane :** Yes. Hi, good afternoon. Well actually my question is related with your fourth quarter normal results which you had in last year 2023, and there were certain sale of property. So, could we look forward to that again in fourth quarter, first?

Secondly, I mean you've mentioned about your finance facilities which you are interfering with with other facilities. So, I just wanted to have an idea roughly bulk mark say around 100 basis points that's which took place and say the floating which you have got. What could be the likely savings which would be looking at on your interest cost?

**Unknown Speaker 1 :** Regarding 2023 Q4 sales of properties recorded, it was related mainly to Dara A projects which was sold a couple of years back. So, it was like in the… we were in the last installments received and that was the sales recorded. For this year, it will be subject to the market conditions if we have, can find good opportunities for whatever projects at the time, it will be discussed and we take the proper action.

**Tamer Elsayed :** For the second question about the interest rates or whatever, I would like to keep this for the fourth quarter until we finalize our refinance arrangements with the banks. Because this may affect our negotiations with the banks.

**Nikhil Phutane :** Okay. And one of your presentations like actually had mentioned about the decline in your rentals because of additional new malls from the existing malls. So, can we know how much has been the decline normally per sqm? I mean, can we get some idea about how has been the decline this year?

**Unknown Speaker 2 :** Can you repeat the question, again? Decline in what?

**Nikhil Phutane :** In one of one of your slides you mentioned about your new malls getting added in Qatar leading to lower rentals for the existing malls. So, how much that is getting affected on your rental income side, and can we have an idea on that ?

**Unknown Speaker 2 :** No, it's it's probably negligible because our… I'm not sure what you're referring to because we already have a couple of malls in secondary cities in Doha, in Qatar, and I’m saying in Dukhan. So, I don't think there is any effect or impact on on that side.

**Nikhil Phutane :** Okay. Thank you.

**Operator :** Your next question comes from Ali Muhammad from Dar Al Bhrakh Bank. Your line is now open.

**Ali Muhammad :** As salamalaykum (In the Arabic language)

**Tamer Elsayed :** (In the Arabic Language)**.** Next question, please.

**Operator :** Thank you. Your next question comes from Mark Krombas from TFI. Your line is now open.

**Mark Krombas :** Thank you. My first question is if you could give us an update on Madinat Al Mawater and if there's any fees more to hand over this financial year? And if so, will that mean any fair value gains?

And my second question is on the investment property valuations in general of your existing portfolio. Do you feel like there could be any meaningful changes in the valuations or assumptions in the range in which your properties are valued, which might occur in Q4?

**Abdulla AlKaabi :** Hello, regarding your first question regarding Mawater City. Al Mawater City, we have four phases. We have developed Phases 1, 2, and 3 now is ongoing and expected to be completed by the end of this year. And regarding Phase 4 depends on the market situation. If there is any need to develop phase 4, we'll develop the phase 4. Regarding the second question, my colleague will answer your question.

**Unknown Speaker 1 :** Hi, first regarding the evaluation for Mawater Phase 4, as Doctor Abdulla mentioned, it will be subject for a feasibility study. So at that time, we can see the figures. Regarding the annual valuation for the group IPs investment properties, it will be published for the assessment at year-end when we will be doing our valuation based on the market situation.

**Mark Krombas :** I mean, do you do it yourself or do you rely on an independent valuer? I think you…

**Unknown Speaker 1 :** Half year and year-end we are using an independent valuer.

**Mark Krombas :** Yeah. Okay. So, you're not expecting any fair value gains on handover from Madinat Al Mawater, is that correct? It'll probably come next next year?

**Unknown Speaker 1 :** We didn't announce about Phase 4 yet. So, once we announce about Phase 4, we'll be doing the feasibility study and accordingly, we can know what will be the status.

**Mark Krombas :** Okay. Thank you.

**Unknown Speaker 1 :** Welcome.

**Operator :** Your next question comes from Zohaib Pervez from Al Rayan Investments. Your line is now open.

**Unknown Analyst :** Hi, this is [indiscernible] from Al Rayan. Hi. Just a question on the cooling services. I didn't quite catch the margin earlier. Did you say 14%? And also, is there any CapEx related to this project?

**Unknown Speaker 1 :** 40%.

**Unknown Analyst :** 40%? Okay.

**Unknown Speaker 1 :** Yeah.

**Unknown Analyst :** Okay. And what is the CapEx for these projects?

**Tamer Elsayed :** CapEx you are saying?

**Unknown Analyst :** Yeah.

**Tamer Elsayed :** So, really the project is already operational project. There is…it's not a new project. What we find now is a renewal of contract.

**Unknown Analyst :** Okay, understood. And just another question.

**Tamer Elsayed :** The normal maintenance, what we have as a CapEx, it would be the normal maintenance.

**Unknown Analyst :** Excellent. Okay, sure. And just another question on occupancy, what is occupancy for these Argentine and also Madinatna projects?

**Unknown Speaker 2 :** Current occupancy in Madinatna is 59% and Argentine Neighborhood is 51%.

**Unknown Analyst :** Okay. Thank you so much.

**Operator :** The next question comes from Ahmad Aziz from TFI. Your line is now open.

**Ahmad Aziz :** Yes. How are you? This is Ahmad speaking. Question regarding the QR 500 million property under development. Can you please highlight on when will be available for sale or this will be finished? This is my first question.

Second question I think has been asked regarding Argentine and I think that's been answered.

The third question regarding Al Salwa project. You have highlighted in your previous call that you have any issues or problems with this project. Can you please give us some color on this project?

**Unknown Speaker 1 :** Regarding the trading properties, it's not under construction, mainly referred to some land banks which we own.

**Ahmad Aziz :** Okay, understood. And regarding the Salwa project ?

**Unknown Speaker 2 :** Mukaynis ? Yeah, What is the second question, again ?

**Ahmad Aziz :** The second question is regarding Salwa project. You mentioned Salwa projects in your previous call. I think this is the Mukaynis.

**Unknown Speaker 2 :** Yes. Yeah, Mukaynis. Yes.

**Ahmad Aziz :** You have mentioned that you are facing some issue in the previous calls. Can you please highlight what kind of issues, are these issues have been solved or not?

**Tamer Elsayed :** Maybe you are referring to occupancy in general or what issues referring to?

**Ahmad Aziz :** If you can give us like an overview of on this project again because I believe in the previous call you had mentioned there's some issue problem happening on this project, Mukaynis Al Salwa.

**Unknown Speaker 3 :** Yes, I remembered that that was not regarding any problem with this project. It was the challenges that we are facing in the labour market with regards to the occupancy. So we were saying that the labour market in itself is in a distress and that is why there is an occupancy issue that we are having in this asset.

**Unknown Speaker 2 :** So, the current occupancy rate is around 31% and this is due to the forces in the market.

**Ahmad Aziz :** I think that's the…Okay great. I have my last question regarding dividends maybe. I think it's above your limit or above the management limit. Are you maintaining any kind of dividends for the investors? If there is an investment strategy or investment policy for the Barwa Real Estate just to maintain the dividends for the investors.

**Tamer Elsayed:** Unfortunately, there is no such policy and no comment for that for the event.

**Ahmad Aziz :** Okay, great. Thank you very much.

**Operator :** The next question comes from Aashish Agarwal from TFI. Your line is now open. Aashish Agarwal, your line is now open.

**Aashish Agarwal :** Sorry. Thanks for giving this opportunity once again, just a quick follow up on the 40% margins on the cooling projects, is that your EBITDA margins or the net margins?

**Tamer Elsayed :** Yeah, it's EBITDA margin.

**Aashish Agarwal :** Okay, 40% is the EBITDA margins, right?

**Tamer Elsayed :** Right.

**Aashish Agarwal :** Okay. Thanks a lot.

**Tamer Elsayed :** Thank you.

**Operator :** So, far we don't have any pending questions. I'd now like to hand back over to Roy Thomas for further remarks.

**Roy Thomas :** If there are no further questions, we would like to thank Barwa Real Estate Company’s management for the results update and answering all the queries and we look forward to speaking to you all for the final quarter results. Thank you.

**Operator :** Thank you for attending this call. You may now disconnect. Have a wonderful day.