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**Executives:**

Tamer El-Sayed - Group Chief Financial Officer

Tariq Al Jaber - Business Development Director

Mohamad Daakour - Budget & Planning Controller

Abdulla Khalfan - Financial Controller

Saud Al Dolaimi - Development Manager

**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.

And now, I'd like to welcome Mr. Shahan Keushgerian to begin the conference. Shahan, over to you.

**Shahan Keushgerian:**  Thank you. Hello, everyone. I want to welcome you to Barwa Real Estate’s Fourth Quarter and Fiscal Year 2023 Financial Results Conference Call.

So, on this call from management, we have Tamer El-Sayed, Group CFO, Tariq Al Jaber, business development director, Mohamad Daakour, budget & planning controller, Abdulla Khalfan, financial controller, and finally, Saud Al Dolaimi, development manager. So as usual, we will conduct this call with first management reviewing the company's results followed by a Q&A session.

I will turn the call over now to Tamir, please go ahead.

**Tamir El-Sayed:**  Thank you so much. 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 Year-End 2023 Post-Results Conference Call.  I'm Tamir El-Sayed, the Group Chief Financial Officer of Barwa Real Estate Group. At the beginning, I would like to thank QNB Financial Services for hosting this call on behalf of Barwa Real Estate.

Please note that except for historical facts, statements made by 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 2023 financial statements on 12th February 2024. And the Investors 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 as a built-up area in operation, which consists of residential projects, labor rooms, warehouses, retail showrooms, and offices. As of 31st December 2023, we have operating units of 14,069 residential units and around 55,000 labor rooms in addition to commercial offices, hospitality, and other operating portfolio components, which are detailed in our Investor Relations presentation. Approximately 80% of our total operating revenue and about 94% of our operating profits are generated through these assets. Furthermore, Barwa has a land bank of approximately 2 mn sq.m over which 1.9 mn sq.m within Qatar. Of these, 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 prevailing market demand.

Now, I would like to highlight some key points on the performance of the company for the financial year 2023. To begin with, our total operating revenue stood at QR 1.8 billion as against QR 2.1 billion for the financial year 2022. Our total operating profit came in at QR 1.25 billion against QR 1.38 billion in the year 2022. Our profit attributable to the equity holders of the parent for the financial year 2023 stood at QR 1.230 million as against QR 1.14 million in the financial year 2022.

On the balance sheet side, our financial position has been improved compared to 2022 with a net debt balance of QR 12.6 billion and the net debt to equity at QR 0.57. We have adequate liquidity and balance sheet strength to pursue our growth agenda. Also, we keep working on our refinancing part of our facilities to enhance our liquidity ratios and the cash flow projection.

With this, we can start with a 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 the question, simply press the star followed by the number one on your telephone keypad. That is star one to ask a question.

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

**Seki Mutukwa:**  Hi, thank you for the call. My first question please, relates to just what you've seen in the portfolio in terms of rental income, just giving a sense of overall occupancy. And also, what's just been going on with rents on a like-for-like basis appreciating you have a sort of diversified portfolio. But any color on how that was towards the end of 2023 and then, any thoughts you have about 2024, please?

**Unknown Speaker 1:**  Hello. Yes. So, the average occupancies in the residential sector are around 67% and the commercial sector is around 83%. Worker accommodation is 52%, and the warehouse and worker 96%. What was the other question, please?

**Seki Mutukwa:**  It was getting a sense of rent, absolute rental on a sort of like-for-like basis whether what you saw towards the end of the year, whether that sort of stabilize you're starting to see and appreciation in rents yet, and also outlook for 2024 just along that, please.

**Unknown Speaker 2:**  Yes. Hi. The rental that we had on our portfolio, it was quite stabilized during the year 2023. So, we have not seen any kind of…definitely after the World Cup, there was a certain in the first quarter. But as you understand we always maintain a portfolio metric and the rental strategy of continuing in a manner where there is no as such decline in the occupancy as well as the rental yields on it. So, our rental portfolio remains the same as it was in 2022. We have not seen much significant kind of a decline in it.

Regarding the 2024, we are assuming a base case scenario. We understand that the market is currently going on through a difficult time in terms of the oversupply in most of the asset classes. But we are still managing to maintain a good portfolio occupancy on it, and we believe that 2024 is continue to going to be the same in that respect.

**Seki Mutukwa:**  Got it. Thank you. And maybe I'll squeeze in just one last one from me. Just in terms of the commercial portfolio or commercial assets across Qatar, what have you seen in terms of valuations there? Are you obviously across the globe and particularly Europe and the U.S., we're seeing a lot of that coming down…

**Unknown Speaker 1:**  Our exposure of commercials is very limited to a couple of buildings within Doha. So, we don't have much exposure and it's not representative of the market.

**Seki Mutukwa:**  Okay. Thank you.

**Operator:**  Thank you. Our next question comes from the line of Mark Krombas of TFI. Please go ahead.

**Mark Krombas:**  Thanks. Last couple of years you've posted revaluation gains when I believe you've handed over projects to tenants. What's the pipeline looking like for 2024 and going forward? Are there any potential projects finishing that could have a sort of similar financial impact as we've had the last couple of years?

**Unknown Speaker 1:**  Could you repeat the question, again?

**Mark Krombas:**  Yes. You've booked revaluation gains in the last two financial years and earlier in the last quarter call you mentioned it's because you handed over some new real estate too and the tenant was paying, and so, you revalued the property. And my question to you is, are there any more properties finishing this year where you could be able to repeat those revaluation gains? How is the pipeline looking on that side of the business?

**Unknown Speaker 1:**  Nothing this year, but probably in the following years. We're working on a few concepts right now and a few projects that will be rolled out within the next few years.

**Mark Krombas:**  Okay. Would you be able to elaborate a bit more because there are quite a few projects listed in your presentation to which ones you might be referring to as the next one that might finish?

**Unknown Speaker 1:**  Well, three of them are being assessed. Finished, not finished, but three of them are being assessed at the feasibility stage right now.

**Mark Krombas:**  Okay.

**Unknown Speaker 1:**  So, the launch of these projects might…one of them might be rolled out in 2024. We might initiate the project in 2024. But I don't assume that more than one or two will be, you know, we would break ground within 2024.

**Mark Krombas:**  Okay, obviously you successfully managed to reduce debt with the sale of land to the government in Lusail. Are there any other plans to potentially sort of change the structure of your lands or buildings and lower debt? Or are you comfortable where you are now in terms of the sort of debt-to-assets equation?

**Unknown Speaker 3:**  Hi. First within announced that it was sold to the government, but still we're not closing the buyer for Lusail Golf’s land as of now.

**Mark Krombas:**  Okay. Apologies, Sir.

**Unknown Speaker 3:**  No worries. As of now, we are still assessing all the opportunities. If we receive any good opportunity for any transactions possible, we'll assess, and we'll take the accurate position according to the possession at that time.

**Mark Krombas:** Okay. No further questions for me. Thank you.

**Unknown Speaker 3:**  Welcome.

**Operator:**  Thank you. Our next question comes from the line of Ejayan Al-ahbabi from Al Rayan Investments. Please go ahead.

**Zohaib Pervez:**  Thank you. This is Zohaib Pervez from Al Rayan Investment. A couple of questions. Firstly, it seems that you have already recognized the gain on this land transaction that you have done. Is my understanding correct?

**Unknown Speaker 3:**  Yes, we recognize the full gain from that.

**Zohaib Pervez:**  Okay. For gain, is that right? But another QR 3 billion, approximately QR 3 billion is expected in the first half of this year, right?

**Unknown Speaker 3:**  Yes, under Q2, that’s a possibility.

**Zohaib Pervez:**  Okay.

**Unknown Speaker 3:**  We will receive one portion in January and the remaining will be in Q2.

**Zohaib Pervez:**  Okay. And you've been reducing debt also, but I see that your interest cost has not gone down that much. In the fourth quarter, it was about QR 200 million, in September quarter it was QR 193 million. So, is it because the cash was received later? What do you think the balance was not being properly…

**Unknown Speaker 3:** Yes, it's mainly from…because cash will be received and was received later and also because if you look in the income statement, we had capitalized funds cost that’s why before in the first quarter, we had capitalized funds cost. After that, it was almost most of the expense. So that's why you didn't see the decrease but starting 2024, the position will be much better. You will feel the decrease.

**Zohaib Pervez:** Is any more finance cost being capitalized at the moment, or I think there are no more for one…

**Unknown Speaker 3:** We have a very small portion related to the product under construction, a small portion.

**Zohaib Pervez:** Sounds good. And my last question is regarding the occupancy for the Labor segment. You said there was occupancy of about 52%, right? Is this because the Argentine, the Labor accommodation, the occupancy there is no and it's impacting the entire portfolio or is it like across the portfolio? Because I think Argentine are the ones with the low occupancy, right?

**Unknown Speaker 1:** Yes. It's basically Salwa and the Argentine village. Argentine village is going up. Right now, we have 30% occupancy. Salwa is a challenging one due to its location and other related issues.

**Zohaib Pervez:** Okay. But are you seeing any like light at the end of the tunnel? Are you seeing inquiries? Anything that will give you some hope that probably the occupancy is going to improve further, or you think that for some time the occupancy is going to remain around the same?

**Unknown Speaker 1:** Of course, we're getting a lot of interest, especially on the Argentine village. We're very positive on the Argentine village. We can reach stabilized occupancy by the end of this year.

**Zohaib Pervez:** So what would be your stabilized occupancy level?

**Unknown Speaker 1:** Should be in the…one second, just one second.

**Unknown Speaker 2:** It's around 68%.

**Unknown Speaker 1:** 68%.

**Zohaib Pervez:** Okay. So you expect it to go to 68? Okay. Sounds good. Thank you.

**Operator:** Thank you. Our next question comes from the line of Abdullah Ahmad of Dalla El Baraka. Please go ahead.

**Abdullah Ahmad:** As-salamu alaikum.

**Unknown Speaker 1:** Wa alaikum assalaam.

[In the Arabic language]

**Tamir Elsayed:** Next question, please.

**Operator:** Thank you very much. And our next question comes from the line of Ejayan Al-ahbabi of Al Rayan Investments. Please go ahead.

**Zohaib Pervez:** Thank you. This is Zohaib, again. My question is more on your strategy going forward. You know you've sold off the land which made a large portion of your land bank. So do you plan on buying more land and to replenish this, your land bank, or do you plan to deleverage your balance sheet through the sale of other projects? I mean, what is your strategy for now? Thank you.

**Unknown Speaker 1:** I think we still have around 2,000,000 square meters that we still need to work on developing and rolling out. So there is no plan to acquire or replenish basically the land bank.

**Zohaib Pervez:** So, the plan is only to develop this two million, and what about deleveraging the balance sheet through the sale of other projects?

**Unknown Speaker 1:** It depends. It depends on like if we find that it's more feasible for us to exit at land at this stage and just sell it if it's better. If it's economically more feasible, then we will do that.

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

**Operator:** Thank you. And there appear to be no further questions at this time. I'll now hand the call back to Mr. Shahan Keushgerian.

**Shahan Keushgerian:** Okay, if there are no more questions then we can wrap up the call. I'd like to thank Barwa’s management for giving us an update and we'll pick this up again next quarter. Thank you.

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