**Company: QNB Financial Services Co. WLL Event**

**Conference Title: Barwa Real Estate (BRES) Q1 2022 Results Conference Call**

**Moderator: Tamer Elsayed DI**

**Date: Tuesday, 26th April 2022**

**Conference Time: 09:30 (UTC+00:00)**

Operator: Good day and welcome to the Barwa Real Estate Q1 2022 Results Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Roy Thomas. Please go ahead.

Roy Thomas: Hello, everyone. This is Roy Thomas from QNB Financial Services. I want to welcome everyone to Barwa Real Estate Company's first quarter 2022 Financial Results Conference Call. On this call from Barwa Real Estate, we have Tamer Elsayed, the group chief financial officer, Tariq Aljaber, the investment management director, Dr. Abdulla Al Kaabi, the Director for development, Abdulla Khalfan, the financial controller and Mohamad Daakour, The Budget and Planning Controller. We will conduct this conference call with management first reviewing the company's results, followed by Q&A. I will turn the call now over to Tamer Elsayed. Go ahead, Tamer.

Tamer Elsayed: Thank you [inaudible]. Welcome, everybody. I wish you all a very warm welcome to Barwa Real Estate Quarter One 2022 Post Results Conference Call. I am Tamer Elsayed, the group chief financial officer. 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 statement contained herein, whether as a result of new information, future events or otherwise. Barwa Real Estate declared the quarter one 2022 financial statements on 24th April 2022 and the investor presentation is available on Qatar Stock Exchange website as well as on Barwa Real Estate website in the Investor Relations section. Please let me start by giving you a brief introduction about 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 3.6 million square meters built up area under operation, which consists of residential projects, labor rooms, warehouses, retail showrooms and offices. As of 31st March 2022, we have operating units of 7,289 residential units and around 58,000 labor rooms in addition to commercial offices, hospitality and other operating portfolio components which are detailed in our Investor Relation presentation. Approximately 88% of our total operating revenue and about 97% of our operating profits are generated through these assets. Furthermore, Barwa has a land bank, approximately 5.5 million square meters, of which 5.4 million square meters within Qatar. Of this we own approximately 4.4 million square meters 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 first quarter 2022. To begin with, our total operating revenue stood at Qatar Riyal 582 million against Qatar Riyal 540 million for Q1 2021. Our total operating profit came in at Qatar Riyal 415 million against 362 million in Q1 2021. Our profit after tax for the Q1 2022 stood at Qatar Riyal 235 million against Qatar Riyal 192 million in Q1 2021. On the balance sheet side, our financial position remains strong with net debt balance of Qatar Riyal 13.9 billion and net debt to equity at point 0.67. We have adequate liquidity and balance sheet strength to pursue our growth agenda. During the first quarter, we have announced the sales of our shares in the [inaudible] group for the value of Qatar Riyal 375 million. Also, we are working on refinancing part of our facilities to enhance our liquidity ratios and the 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 now hand over to the moderator at QNB financial services to field any questions. Thank you.

Roy Thomas: Thank you. If you would like to ask a question, please press star one on your telephone keypad. Please ensure the mute function on your phone is switched off to allow your signal to reach our equipment. If you find your question has already been answered, you may remove yourself from the queue by pressing star two. Again, please press star one to ask a question. We’ll now take the first question from Danah AlOthman from MBK Capital. Please go ahead.

Danah AlOthman: Hi. Hello. Thank you for the call. I have a couple of questions mainly regarding rental income. So, do you provide any segmental breakdown of the rental income portion? Second question is, I see there's an increase in rental income, can we know, where is this coming from exactly? There was also an increase in investment property, so were these new investment properties leased at higher rates or previous rental properties have rerated higher and have the yields gone up on previous investment properties? Also, if we could have a clearer picture on the agreement between PWA to develop eight public schools by 2022 and these are mainly the questions.

Tamer Elsayed: Hi. First question regarding the segments, in fact, we don't provide the segmentation because most of our projects are mixed use, but the main parts of our project are residential. So, from the rental income, you'll see the main major portion of the revenues is coming from the residential rental income. As for your second question, you're asking about the increase in rental income. In fact, we don't have increase. In Q1 2021 we were at 442 million and we are keeping the same figures at 2022. Regarding the third question for the schools PWA [inaudible].

Speaker: So, we have already signed the financial close of the project is already done –

[Off-Topic Discussion]

Speaker: So, for the school package, our financial close has already been done for the project and for the project its due for completion in next few months and once the project is getting completed, we will have our monthly income generated from that as well. The PPP agreement is signed, the financial close is done and the project is due for completion in two months’ time. So this is the latest update from the project.

Danah AlOthman: And with this, sorry, just two follow up questions. So, for the increase in rental income, this was basically like an overall increase since 2020 versus 2021 on the current rental income. So, this was basically for the rental income. So for 442 was in 2021, which is the same rental income now, this was increased versus previous any rental incomes and the second one is, will these eight schools be leased back to the government? Do we have these --?

Tamer Elsayed: Yes. Regarding first for the rental income, the increase from 2020 till 2022, it's mainly coming from a few couple of projects which started operation in 2020 and late 2019, like the Affordable House Project and Kent Project and Barwa [inaudible] Houses and [inaudible] extension. That's for the rental income. For the PWA --

Speaker: Yes. So this agreement is under the PPP agreement. So this will be fully leased to the government. We are not taking any kind of market risk and we will be generating a guaranteed monthly return from it as well. Does that answer your question?

Danah AlOthman: Yeah. Thank you very much.

Operator: We will now take the next question from Ejayan Al-Ahbabi from Al Rayan Investment. Please go ahead.

Ejayan Al-Ahbabi: Thank you, gentlemen for the presentation. This is [inaudible] from Al Rayan Investment. I have a question on your consultancy revenue stream. This has declined about 20% in the quarter. Could you give us some sense of what is leading to this decline? As I understand this is mostly your facility management business. That's my first question. Secondly, could you give us an update on the two projects that were being developed in the background? Where do we stand on the development front? Thank you.

Tamer Elsayed: Hi. For the first question regarding the decrease in consultancy revenues, in fact, the consultancy revenues, is generated from consultancy facility management, property management and other services like Qatar operation. In December 2021 our contract for operating one hotel in Medina finished, expired so we are not generating any revenue anymore from the hotel operation and that hotel. In addition we have some projects under project management already finished and we had the mobilization done in Q1. So, that's why you have this decrease in service revenue. As for the two projects, worker projects, our colleague Dr. Abdulla will give you an idea.

Abdulla Khalfan: Okay. Hello. Regarding The Medina Project and [inaudible] general projects, both projects are on a good shape and both of them have an overall percentage with the 90% and we start already with the furnished part of the project and we are in a good shape with two projects.

Ejayan Al-Ahbabi: Thank you. So, these projects will be completed in the second quarter? I think April was the deadline, right, Inshallah. Okay.

Tamer Elsayed: Inshallah.

Ejayan Al-Ahbabi: And my last question is on the package, the school package. So, as per what you have in the presentation, they’re being completed in the second quarter. So, would it be safe to assume that the rental income for these projects should start from the third quarter?

Tamer Elsayed: Yes. So from July onward we have our revenue stream coming from as well. So, you can assume from third quarter that our revenue will be coming.

Ejayan Al-Ahbabi: Could you give us some sense of how much is the revenue from these eight schools?

Tamer Elsayed: It is around 7 million per month. This is all eight schools together. Not per school. It is all, the entire package, 7 million, around.

Ejayan Al-Ahbabi: Yes. Thank you sounds good, thank you.

Tamer Elsayed: Thank you.

Operator: As a reminder to ask a question, please press star one, we'll now take the next question from Mohammad Adel from ASI. Please go ahead. Please go ahead Mohammad Adel your line is now open. It seems they have stepped away, again as a reminder, please press star one to ask a question. We will now take the next question from Lee Beswick from QNB, please go ahead.

Lee Beswick: Hi, apologies if this has been asked already. Could you just say how much the new projects which are due to be completed this month or have been completed this month by [inaudible], how much they're going to contribute to revenue going forward?

Tamer Elsayed: We already announced one of the two agreed projects, already signed the six month lease agreement with the Government 2022. Now we are in the final stage of the negotiation for the second project, which is the Bharat general. So, Inshallah, once the deal is concluded for sure it will be announced.

Lee Beswick: Okay. Thank you.

Operator: Again. As a final reminder to ask a question, please press, star one. As there are no further questions, I would like to hand the call back over to your hosts for any additional closing 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 for answering all the queries and look forward to speaking to you all for the next quarter results. Thank you.

Operator: Thank you. That will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.