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**Executives:**

Tamer Elsayed - Group's Chief Financial Officer

Anuj Mittal – Asset Manager

Mohamad Daakour - Budget & Planning Controller

Abdulla Khalfan - Financial Controller

Saud Aldolaimi - Development Manager

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

I'd now like to welcome Phibion to begin the conference. Phibion, you may now begin the conference call.

**Phibion Makuwerere:** Thank you, Ellie. Good afternoon to you all. Thank you for joining us for the Barwa Real Estate 3Q 2023 Earnings Conference Call. My name is Phibion, Senior Research Analyst at QNB Financial Services.

On today's call, we have five members from the Barwa management team. We've got the CFO, Tamer Elsayed. We’ve also got Anuj Mittal, the asset manager. Mohamad Daakour, who is the budget & planning controller. We've got Abdulla Khalfan, who is the financial controller. We have Saud Aldolaimi, who is the development manager. As usual, the management will go over the financial performance and will have a question-and-answer segment immediately after the presentation of the numbers.

I will now turn over the call to Tamer Elsayed, the group CFO, to begin the call. Tamer, please go ahead.

**Tamer Elsayed:** Thank you so much. Bismillah Rahmani Rahim. Welcome, everybody. On behalf of myself and all other speakers today, we wish you all a very warm welcome to Barwa Real Estate Q3 2023 Post-Results Conference Call.

I am Tamer Elsayed, the Group Chief Financial Officer of Barwa Real Estate. 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 the 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 advise, 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 Q3 2023 financial statements on the 17th of October and the Investors’ Presentation is available on the Barwa Real Estate website in the Investor Relations.

Please let me start by giving you a brief introduction to 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 operations which consist of residential projects, labour rooms, warehouses, retail showrooms, and offices. As of 30th of September 2023, 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 Presentations. Approximately 81% of our total operating revenue and about 95% of our operating profits are generated through these assets. Furthermore, Barwa has a Land Bank of approximately 5.5 mn sq.m, of which 5.4 mn sq.m within Qatar. Of this, we own approximately 4.4 mn 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. Here, I would like to drag your attention to our announcement on the 20th of July 2023, that Lusail Golf Development Company fully owned the subsidiary, reached an agreement to sell two plots of land with an area of approximately 3.5 mn sq.m located in Lusail area. The total agreed selling price is about QR 6.4 billion. The sale proceeds are expected to be collected over the period up to the second quarter of 2024 and will be used to partially settle the group's financial obligations. The transaction is still under progress, and we expect it to be concluded soon subject to the completion of all the related procedures.

Now, I would like to highlight some key points on the performance of the company for the Q3. To begin with, our total operating revenue stood at QR 1,353 million as against QR 1,420 million for Q3 2022. Our total operating profit came in at QR 940 million as against QR 917 million in Q3 2022. Our profits attributable to the equity holders of the parent for Q3 2023 stood at QR 779 million as against QR 742 million in 2022. On the balance sheet side, our financial position remains strong with a net debt balance of QR 14.9 billion and the net debt to equity at QR 0.69. 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 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:** If you would like to ask any questions, please press star number one on your telephone keypad. That's star number one on your telephone keypad.

We have our first question from Mustafa Aamer from Al Rayan Investments. Your line is now open.

**Mustafa Aamer:** Thank you for the presentation. Could you tell me where, and when can we expect the deal to be finalized the Lusail land deal? And once it is finalized and as per your announcement, it seems you will have a gain in your P&L too. When do you think, we can see this being realized on your P&L?

The second question is regarding… Did you already receive the payment from the seller first? Installment or advance? Thank you.

**Tamer Elsayed:** Thank you for your question. For the first question about completing the sale, we expect it to be completed in this quarter. So maybe in November or December, and for sure it will be announced to the market once completed. And at that time, we will have a more accurate number about the gain of the transaction. About the advance, up to the 30th of September, we received QR 1.2 billion as an advance on the account of the sale transaction.

**Mustafa Aamer:** Sounds good. Thank you. Just one more question. You recorded some fair value gains on your properties. Could you let us know for which properties this gain was realized? Thank you.

**Mohamad Daakour:** Yeah, well, the increase in the valuation gain is due to the extension of the land lease contract for the [indiscernible] projects to the government.

**Zohaib Pervez:** Thank you. Hello. I have a follow-up question regarding the occupancy levels. What are your occupancy levels in Madinatna and your resident, and your other accommodations, please?

**Anuj Mittal:** So, overall, for the Madinatna, currently we are around 35%. And for the other, Al Janoub, it is around 18%.

**Zohaib Pervez:** Okay. And what about the labour accommodations overall, what are you standing at currently?

**Anuj Mittal:** Overall, the labour accommodation is in the region of around, you know, the above 50% only.

**Zohaib Pervez:** Got it. Okay. Thank you so much.

**Operator:** Our next question is going to come from Mark Krombas from TFI. Your line is now open.

**Mark Krombas:** Hello. My first question is about the improvement in margins. Obviously, the rental revenue is lower, but your rental operating profit is up to what do you attribute that? And is that margin here to stay, like you expect that to continue going forward?

**Mohamad Daakour:** Well, the increase in the net rental income is due to the decrease. We had a decrease in the occupancy rates in the labour camps projects which led to saving in the operating expenses which led the gross profit to go high.

**Mark Krombas:** Okay. So, I mean, do you expect to refill those labour camps or how do you anticipate the trend for the rest of the year and for next year? Is this more likely how we'll see things settle?

**Anuj Mittal:** See, the overall, remaining quarters, we don't see it going to be a very accelerated speed. We are managing it, but it's going to be on the same level. We don't see much attraction to it as of now.

**Mark Krombas** Okay. I wanted to follow up on the question just quickly of the fair value gain. Last year, you posted a fair value gain also to what was that attributable? And obviously, this year you've extended the land lease, so that's a revaluation. But is there anything on the in the horizon for next year? But those are my sort of two questions. What was last year's attributable to, and do you foresee any potential in the next year?

**Tamer Elsayed:** For the last year, that was another extension for a land lease contract with the government, which had a positive effect on the valuation that was related to Madinatna and the Barahat Al Janoubprojects. In the future evaluation, the subject of assumptions, whatever happens in the future, it will be reflected in the assumption and then in the evaluation. So, we cannot guarantee, or we cannot assure you about any valuation gains or losses in the future.

**Mark Krombas:** Okay. Would you… I don't know if you could outline your CapEx plan. Like just where you're expecting to spend money in the coming few years and what your CapEx budget is?

**Tamer Elsayed:** For now, as we are disclosing in the Investor Relation, we have one project in progress which is Madinat Al Mawater Phase 3, we are talking about QR 200 million as a budget for that project. Other than that, we are working now our assets, and with development finance, we are assessing all our land bank portfolio to put the right plan to how to monetize these assets by developing or selling or develop to lease or develop to sell. We are working on that. But for sure what we have now is the Madinat Al Mawater Phase 3.

**Mark Krombas:** Okay. Is there any plan to do any changes with your international portfolios? My final question. They can be Cyprus, Bahrain, you know if the few odd bits around.

**Anuj Mittal:** So, regarding the international portfolio, we are currently working on a land parcel in Morocco. And the discussions are happening with the interested party on it. So, the agenda or the focus is to is to sell that asset. Regarding there is a permitted discussion happening on one of the assets in London, the North Row asset. So, the discussions are still in the primary stage, and we will advise you once we have, we will get any kind of confirmation on that.

**Mark Krombas:** I mean, is the strategy to maintain them if they're good investments or is it to divest them over time? What is the overall plan for them?

**Anuj Mittal:** Yeah, as of now you know we are taking it on a case-by-case basis on it, but definitely, we are monitoring the market on it. But there are like we have our own focus. So, we consider like Morocco is definitely we will if you get a good value of it, we will try to exit from these investments.

**Mark Krombas:** Okay. Just one final question with Qatar's plan to expand its LNG output and all of the activity going on. Does that benefit you in any way in terms of renting labour camps? Gets more to the construction phase. Do you see any way that would impact your business?

**Anuj Mittal:** Yes, yes, definitely. And this is the focus of this. We are quite kind of an attractive of this announcement and we consider that the recent announcement will give a lot of boosts to the labour camps on it. And we are currently evaluating the market and we consider that by the next quarter of 2024, there should be some more traction in the market for it.

**Mark Krombas:** Okay. That's encouraging. Thank you very much for the call. Appreciate your time.

**Operator:** The next question is going to come from Abdulla Akhmad from Dar Albarkah. Your line is now open.

**Abdulla Akhmad:** [Foreign Language]

**Tamer Elsayed:** [Foreign Language]

**Abdulla Akhmad:** [Foreign Language]

**Tamer Elsayed:** [Foreign Language]

**Operator:** Our next question is going to come from Mustafa Aamer from Al Rayan Investments. Your line is now open.

**Mustafa Aamer:** Thank you, gentlemen, again. On your consultancy income, the revenues have grown strongly for this year for the first nine months. However, the income has declined.

Could you tell us what's leading to the decline in the income for the segment even though the revenues are high? Thank you.

**Mohamad Daakour:** What led to the increase is the income we are generating this year from the school’s project which was under construction last year.

**Mustafa Aamer:** And what is the rationale for the profits? The revenues are higher, but the profitability seems to be lower. So, what is leading to lower profitability?

**Mohamad Daakour:** Well, due to the lower margin from our subsidiaries over Waseef and QPM. Having of some expired contracts this year compared to last year and higher competition in the market.

**Mustafa Aamer:** Okay. Sounds good. Thank you.

**Operator:** Before we move on to our next question, if you'd like to ask any questions to our presenter, please press star number one on your telephone keypad. That's star and number one on your telephone keypad.

Our next question is going to come from Izzul Molob from Epicure Investments. Your line is now open.

**Izzul Molob:** As-Salaam-Alaikum. Just two questions for me. One is in terms of the proceeds of the land sale at the Lusail Golf Land, you mentioned that you'll be using the proceeds to settle off the debt. So, I just want to reconfirm whether you will be using the entire QR 6 billion to settle for the debt or just partial. That's one. And second, what's the percentage of international investment properties of your total investment properties? Thank you.

**Tamer Elsayed:** Thank you for your questions. For the first question, the total sale price will be used to settle facilities. This is as per our announcement. So, the full amount will be used to settle facilities.

My colleague here will answer your second question.

**Anuj Mittal:** Sorry, what’s the second question?

**Izzul Molob:** Percentage of international investment properties of your total investment properties.

**Anuj Mittal:** I don't have the exact number, but it is very, very small. It's not very big. But we can come back to you if it is quite a very small one. It's not a very material number in that case.

**Izzul Molob:** Okay. Thank you.

**Operator:** Thank you. Our next question comes from Talal Samhouri from Aventicum. Your line is now open.

**Talal Samhouri:** Yes, thank you. In the past, you used to report on the transactional schools that were part of the PPP with the government. I recall that you won a mandate for eight schools if I'm not mistaken. I don't see it anymore. What's the status of this?

**Mohamad Daakour:** The project has already been completed and was delivered to the government last year and started generating income this year, and it's currently under operation.

**Talal Samhouri:** As part of the rental property?

**Mohamad Daakour:** As part of the… I mean, as per the accounting treatment, it's under the receivables.

**Talal Samhouri:** So, it's an annual rental payment or is it a one-time payment?

**Mohamad Daakour:** It's a monthly payment.

**Talal Samhouri:** So, is it selective income?

**Mohamad Daakour:** It's a consultancy income and finance. Consultancy and finance.

**Talal Samhouri:** Okay.

**Operator:** If you'd like to ask any other questions, please press store number one on your telephone keypad. Thank you.

We have another question coming from Mark Krombas. Mark Krombas, your line is now open.

**Mark Krombas:** Hi there, sorry. I noticed that you have in your financials a loss from associates this year that you didn't have last year. Maybe you could just talk about that?

**Tamer Elsayed:** This is related to one of our associates which was Smeet**.** As per their financial statements for this year, we took this share of their results as per our percentage of ownership.

**Mark Krombas:** Sorry, which subsidiary is it?

**Tamer Elsayed:** Smeet. It's an associate not subsidiary. It’s Smeet.

**Mark Krombas:** Yeah. Could you explain what that does? ‘Cause the name is not familiar to me.

**Tamer Elsayed:** It's for the ready mix and precast.

**Mark Krombas:** Okay. Thank you. That's all. That's my final question. Thank you.

**Tamer Elsayed:** Welcome.

**Operator:** Seems like we don't have any questions coming in right now. I'd now like to hand it back to the management for their final remarks. Thank you.

**Phibion Makuwerere:** Thank you, Ellie. If there are no further questions, it brings us to the end of our call today. I would like to thank you all for joining us and I would like to thank Tamer and the rest of the Barwa management team for engaging with Investors today. This brings us to the end of the call and have a good afternoon.