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**Conference Title: Barwa Real Estate (BRES) Q3 2021 Results Conference Call**

**Moderator: Roy Thomas**

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Operator:Good day, and welcome to the Barwa Real Estate Q3 2021 Results Conference Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Mr. 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 Third Quarter 2021 Financial Results Conference Call. On this call, we have from Barwa Real Estate Company Tamer Elsayed, Group Financial Officer – Chief Financial Officer. Tariq Al Jaber, the Investment Management Director. Mohammed Ismail Al-Mahdi, the Director for Technical Service. Abdulla Khalfan, the Financial Controller. And Mohamad Daakour 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. [ Arabic, 00:01:01-00:01:02]. Welcome, everybody. On behalf of myself and my colleagues, we wish you all a very warm welcome to Barwa Real Estate Q3 2021 Post Results Conference Call. I am Tamer Elsayed, the Group Chief Financial Officer of Barwa Real Estate. As 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 30 September 2021 financial statements on 18th of October 2021. 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 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 3. 6 million square meters built-up area under operation, which consists of residential projects, labor rooms, warehouses, retail showrooms, and offices. As of 30 September 2021, we have operating units of 7,289 residential units and the 37,900 labor rooms. In addition to commercial offices, hospitality, and other operating portfolio components, which are detailed in our investor relations presentation.

Tamer Elsayed:Approximately 86% of our total operating revenues and about 98% 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 Q3 2021. To begin with, our total operating revenue stood at one billion six hundred twelve million as against one billion one hundred and ninety-one million for the comparative period.

 The net rental income has witnessed an increase, with the percentage of 31% compared to the Q3 2020. Our total operating profit came in at one billion twenty million, again 797 million in Q3 2020. Our profit after tax for the period stood at 742 million against 727 million in Q3 2020. On the balance sheet side, our financial position remains strong, with the net debt balance of 11. 1 billion. And net debt to equity at point fifty-three. We have adequate liquidity and balance sheet strength to pursue our growth agenda. 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 question that you may have. I now hand over to the moderator at QNB Financial Services to feed in questions. Thank you.

Operator:Thank you. Ladies and gentlemen, to ask a question today, please signal by pressing star one on your telephone keypad. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. Again, to ask a question today, please signal by pressing star one on your telephone. We will pause for just a moment to allow everyone an opportunity to signal for questions. We'll go to our first question now from Mohammed Adel, from Al Faisal Investments. Please go ahead.

Mohammed Adel:Hi, thanks for taking my question. So I want to ask about the rental operation expenses. I see the last couple of quarters has been trending upward compared to the last year and even sequentially [inaudible] trending upwards. What are the reasons for that? Thank you.

Tamer Elsayed:Thank you for your question. About the rental operating expense part of our rental activities are to lease labor rooms, including catering and laundry services. The cost of such service as a percentage is higher than the normal leasing activities. That's why we have the change in Q2 and Q3 because the increase in the rental income came mainly from providing such service to our tenants for the laundry and catering, for the labor rooms. That's why you have the increase in the operating expense compared to the increase in the rental income for the labor rooms, including the catering and laundry services. I hope this answers your question.

Mohammed Adel:Yeah, thank you. Thank you very much.

Operator:Thank you. Our next question now comes from Ajian Ababil[?] From Al Rayan Investments, please go ahead.

Speaker:Thank you for the presentation. This is [inaudible] from Al Ryan Investment. In your presentation, you have mentioned that the number of residential units you currently have is about 7,200, whereas in the last second quarter the residential units were 8,100. I mean, have you sold some project, or what's the difference? That's my first question. The second question is, you have booked 70 million in profit on sale of property and project. Is this related – in the third quarter only. Is this related to the sale of the land in Saudi Arabia? Thank you.

Tamer Elsayed:Thank you for your questions. For the question number one, the change is one of our projects which in a whole area. The purpose of that project has been changed from residential to labor. That's why it has been decreased from the number of residential units and increased the number of labor rooms, so it's only a change in the purpose of the lease. This is the change. For the second question about the 70 million, it includes many things. Mainly the sale of Saudi land, which we announce to give us a profit of 46 million. And in addition to the recognition of our development model for the school package one. As per the accounting treatment, we have to recognize the development margin for that project. So that gave us the 70 million for Q2. Thank you.

Speaker:Thank you. I'll just ask one more question, and then I'll go back into the queue. Could you give us an update on where do you stand with the current project? You know, the two projects in Al Wakrah and this education project. We also have Madinat Al Mawater. So if you could give us an update, whether are you on time is something you know of the sort. Thank you.

Mohammad Ismail Al Emadi:Hi, my name is Mohammad Ismail Al Emadi. I am the Technical Director. Regarding our projects now for the schools, we are on – according to the progress we are going at the same achievement of the goals which we have put in for our targets. We will deliver it before the beginning of the education year for 2022, so it will be done by September 2022. So everything is going well regarding these ones. Now regarding the motor cities, we are now in [inaudible] of motor cities. There is extensions, there is a demand. Now according to the demand which we see that there will be showrooms, these will be like service places for the cars like oil changing and all these things. So we are modifying the designs to go according to the requirements of the market. So this is what's happening in that updates for the projects.

Speaker:And the projects that you're developing in Al Wakrah?

Mohammad Ismail Al Emadi: Also, Al Wakrah is working according to the progress that we'll deliver it on the time. And there is communication with the governments regarding the achievement and how it's all working. And all the participants or all the stakeholders are happy with the progress and we are going according to plan.

Speaker: [ Arabic, 00:10:57-00:10:57]. Thank you.

Mohammad Ismail Al Emadi:Welcome.

Operator:Thank you. As a reminder, ladies and gentlemen, to ask a question, please signal by pressing star one on your telephone keypad. That's star one to ask a question. We now have a follow-up question from Asian Ababil. Please go ahead.

Speaker:Thank you again, gentlemen. There's nobody else asking questions, so I'll just ask. How much from now till the completion of this Al Wakrah project, the school project, Madinat Al Mawater, how much more CapEx is required for these projects? And this CapEx, will it be debt-financed? Or you will like put in some equity into it also? Thank you.

Tamer Elsayed:Thank you for your question. I will answer the second half of the question first. The both projects will be totally financed through debt. This is number one. As my colleague has mentioned, we are working as planned and it's already it was announced before that the construction contract for the two projects, it's about 5. 5 billion. The total development cost, it's about six billion. We spend till now, around three billion. So, we are talking about still remaining from 2. 5 to three billion remaining spending.

Speaker:Thank you. And a separate question is, could you give us some idea on what are the occupancy like in your residential unit, labor rooms, warehousing? Thank you.

Tariq Al-Jaber:Hello, good afternoon. This is Tariq Al-Jaber from Asset Management. So currently in the residential sector, we are averaging an occupancy across the sector between 95 and 99%. And the labor accommodation sector we're averaging between 85 and 100% across our assets in the sector.

Speaker:Thank you. 85 to 100% is like including all the phases of the Salwa project, right?

Tariq Al-Jaber**:** Only the operational zones.

Speaker:So which one are the operational one, the first and second?

Tariq Al-Jaber:Where is that? In Salwa?

Speaker:Yes.

Tariq Al-Jaber:Yeah, the operational ones.

Speaker:So phase one and phase two is operational and phase three is still not operational, correct?

Tariq Al-Jaber:All are operational in Salwa.

Speaker:All are operational. Okay. Okay, thank you.

Operator:Thank you. As a following reminder, ladies and gentlemen, if you do have a question at this time, please signal by pressing star one on your telephone. We have a question now from Mohammed Adel, from Al Faisal Investments.

Mohammed Adel:Hi, can you give us an outlook on the rental income for next year? I know that you have deals with the government committed to the worker project. I'm not sure if there's another deal or not. But can you give us an outlook for the rental income and how do you see the rental market 2022, especially with the World Cup? Thank you. And also [inaudible].

Tariq Al-Jaber:Mohammed, sorry I will interrupt you because your voice is not clear to us. So most of your question, we didn't get it clearly. Please can you try make it?

Mohammed Adel:Can you hear me better now?

Tariq Al-Jaber:Yeah, much better.

Mohammed Adel:So I'm asking about the rental income outlook as a number. What are the goals, what you are expecting for 2022? And also overall in the real estate market, do you expect the return rates will be increasing next year, especially with the World Cup? Thank you.

Tariq Al-Jaber:So in general terms, we are expecting the rental rates to remain as they are. We have more projects also coming online from Al Wakra and Barahat Al Janoub and Madinatna. So this should continue to support the current income flows. I'm not sure I got the entire question again. Your voice was a bit not clear, so I don't know if I've answered all your questions.

Mohammed Adel**:** Yeah, I was asking about like in rental income, what goals you were expecting for the next year. So you have two projects are expected to be completed next year. So how much of this is what adds for the top line in the rental income and also for Qatar as a whole, what you are expecting for the rental rates in the market as a whole? Thank you.

Tariq Al-Jaber:So as contribution to the top line, we are expecting a high occupancy rate, so that will contribute by a good margin to the top line. We are already in negotiation with certain parties to have a pre-engagement or a pre-signed leases so that we could at least at launch have 50 or above 50% of the project already leased. Any other questions?

Mohammed Adel:Yeah. Okay. So if this agreement went through, meaning it is closed. So how much would we, I mean, as a percentage growth for the top line? How much do we expect from this? Thank you.

Tariq Al-Jaber:It's still under negotiation. We cannot kind of give a definitive number.

Mohammed Adel:Okay. I understand. Thank you. Okay, thank you.

Operator:Thank you. As we have no further questions at this time, I'd now like to hand the presentation back over to your speakers today for any additional or closing remarks.

Roy Thomas:If there are no further questions, I would like to thank Barwa Real Estate companies' management for the results update and look forward to speaking to you all for the final quarter results. Thank you.

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