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Conference Title: Barwa Real Estate (BRES) Q2 2021 Results conference call
Moderator: Roy Thomas
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Operator: Good day and welcome to the Barwa Real Estate Q2 2021 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, sir.

Roy Thomas: This is Roy Thomas from QNB Financial Services. I want to welcome everyone to Barwa Real Estate company's Q2, 2021 Financial Results Conference Call. On this call we have Tamer El-sayed, Barwa Real Estate company Group Chief Financial Officer. Tariq Al Jaber, Investment Management Director. Mohamed Esmail Al Emadi, Director of Technical Services. Abdulla Khalfan, Financial Controller and Mohamed Dakur, Budget and Planning 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 over now to Tamer Elsayed. Go ahead, Tamer.

Tamer Elsayed: Thank you so much, Bismillahir Rahmanir Rahim. Welcome everybody. On behalf of myself and my colleagues, we wish you all a very warm welcome to Barwa Real Estate First Half 2021 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 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 June 2021 financial statements on 27 July 2021. And the investor the 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 rooms and offices. As of 30 June 2021, we have operating units of 8,148 residential units and 37,340 labor rooms in addition to commercial offices, hospitality and other operating portfolio components which are detailed in our investor relations presentation.

Approximately 8% Of our total operating revenue and about 98% of our operating profits are generated through these assets. Furthermore, Barwa has a land bank approximately 7.8 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 half 2021.

To begin with, our total operating profit, operating revenue stood at 1.38 billion against 708,000 million for the comparative period. The net rental income has witnessed an increase with the percentage of 34% compared to the first half 2020. Our total operating profit came in at Qatari Riyal 683 million against Qatari Riyal 522 million in the first half 2020. Our profit after tax for the period stood at 537 Million against Qatari Riyal 588 Million in the first half 2020.





On the balance sheet side, our financial position remains strong with net debt balance of 10.9 Billion, and the net debt to equity at 0.5. We have adequate liquidity and balance sheet strength to pursue a growth agenda. With this, we can start to the question and answer section. 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 find any questions. Thank you.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is disabled to allow your signal to reach our equipment. Once again, press star one to ask a question. We pause for just a moment to allow everyone an opportunity to signal for questions. We can now take our first question from Zohaib Pervez from Al Rayan Investments.

Zohaib Pervez: Thank you Thomas for the presentation. I've got three questions. Firstly, as you can see that your operating cost in G&A has gone up and the distribution of this leans on the financials, you can say that it's primarily because of the maintenance costs. Could you give us an idea what is leading this growth in the maintenance cost? That's my first question. The second question is how much more debt would be required to complete the projects that are ongoing? And my third question is, there is an increase in the receivable provision. Could you give us a sense of what is leading to this increase? Thank you.

Tamer Elsayed: Thanks for your questions. Let's start with the first question about the increase in the operating expense. The increase in the operating expense for sure, it comes with the to cover the increase in the revenues. And we have to line of operating revenue, rental income and we have consulting and other services income. For the rental income it covers—the OpEx is covering different things. It covers our maintenance and for the projects it covers sometimes we are providing like a laundry service; we are providing catering. So the cost or the operating cost will cover also the cost of all these services for the laundry and for the catering. That's why you will





find the increase in the OpEx. However, for sure, the increase in the revenue side was much higher, which means that the efficiency of the of the hour cost is much better compared to the last year. For the G&A I see there is no increase in the G&A, actually, we have a saving in the G&A. So I hope this covers the first question. The second question about the disc—yes, please.

Zohaib Pervez: Sorry. The G&A I meant, you know, if you take out the provisioning that was done last year and then, you know there was like a 36 million G&A provision. If you take that out, then kind of an increase.

Tamer Elsayed: No, if you remove the provision, will find it was like 97 million last year and the 93 million this year. Still we are in the same range.

Zohaib Pervez: Okay, thank you.

Tamer Elsayed: Okay. For the second question about the expectation for the loan balance. Now, all the loans we are getting now is to cover our new project and now we have in progress we have to worker projects. We have [inaudible] phase three, [inaudible] phase three and we have a school package one, the one under the TPP. And we have another one project which is almost done and we are completing. So our expectation for the loan now is to cover the needs forth to complete those projects. And we are talking about for now, we are talking about four billion remaining to complete, between three point five to four billion to complete this project. Okay?

Zohaib Pervez: The line is the line just dropped in the middle, you said you need two point three to four million of more debt to cover, correct. I'm sorry [inaudible].





Tamer Elsayed: Between three to four billion to cover the completion of the projects under construction.

Other than that, we are managing our debt portfolio, yes towards [inaudible] phase three and a school package one.

Zohaib Pervez: [Inaudible]

Tamer Elsayed: Other than that, the current debt portfolio—yeah, the current debt portfolio we are managing and we are settling part of it. As you see from our cash flow, we already settled about 700 million from our original debt portfolio. We are doing some refinance for the part of it to manage our cash flow in the best way we can. So we are yes, we are getting debt to cover the new project but at the same time, we are settling part of the current debt and we do refinancing for the other part. Okay?

Zohaib Pervez: Okay.

Tamer Elsayed: Yeah, so for the third question. Sorry, I forgot it. [Inaudible] yes for the increase in the provision for doubtful debts, right? You know, this—we have our policy to cover the provisions for the doubtful debts and this for the impairment and for the doubtful debts. This cover the impairment in investment and the doubtful debt from the receivable so we are implementing our provision policy. For sure this may be changing in the next quarter and maybe we will collect some of the due payments or the due receivables, and this will be reflected in the next quarter. So we do this assessment on a quarterly basis to cover the entire amount of our investments and also the collectability of our accounts receivable and based on that, we record our provisions. So sometimes it may like it comes from like a time difference, maybe on end of June there is some receivables not collected as part of the policy we have to provide for, and maybe we will collect this later on July or in August and we will reflect this or revise of this provision later on.





Zohaib Pervez: So it's more—so it's safe to say that much of this provisioning is because of the timing issue and not because there is some receivables have actually gone bad?

Tamer Elsayed: No, it's a provision. It's about a doubtful debt, but if you have some of these receivable already done then we would write it off not providing a provision. So it's all about implementing our policy and then our policy we try to keep it conservative as much as we can.

Zohaib Pervez: All right. Okay, thank you.

Tamer Elsayed: Thank you.

Operator: Once again, if you would like to ask a question, please, press star, one now. And that is star one to ask a question. We can now take the next question from Zohaib Pervez from Al Rayan Investment.

Zohaib Pervez: Thank you. I guess there's no other question, so I've got two more questions, if I may. What—there's a decline in the other income, could you give us some sense as what led to this decline? Last year it seems there was a very big numbers so it would be better if you could tell us what happened last year. In second quarter, sorry.

Tamer Elsayed: It's only one question or two questions?

Zohaib Pervez: Yeah, so the other question is, you have properties for sale available for sale in your balance sheet. About 153 million, I think. Is this only related to the Dhara A project which was recently, I mean, not so long ago handed over? Or is this like across a number of projects?





Tamer Elsayed: Thanks for your questions. For the first question about the other income, other income last year we had we had the like provisions or we have accruals for some liabilities. And for the last year, there was no need for that so we do recognize it in the second quarter. That's why we have it as another income last year. And for sure, by nature, other income is not a recurring item. So maybe one year you will find that you will find some amount, maybe the next year it will be zero so it's not a recurring line by its nature. So that's why we have this decrease in the current year. For the other one, the other question is that trading property available for sale? Yes, you're right. It's about [inaudible].

Zohaib Pervez: Hello.

Tamer Elsayed: Yes, you've got you got the answer,

Zohaib Pervez: Sorry, the line dropped. Sorry, if you could repeat.

Tamer Elsayed: Yeah, the second question about the trading properties available for sale. Yes, it covers Dhara A project, the unsold units.

Zohaib Pervez: Okay. All right, thank you. That's it. Sounds good. Thank you.

Operator: We can now take our next question from Mace Todd from Axions[?].

Zohaib Pervez: How did this is [inaudible] but so my question is with regards of the low value of the land bank[?]. If I get it correctly and if I can recollect in Q1 2021 call, you mentioned that the land bank is somewhere around nine billion. Is that value unchanged or are there any revisions?





Tamer Elsayed: Thanks for your question. There is no significant changes between the year-end and the quarter one and the quarter two. There is no significant change in the land value.

Zohaib Pervez: Okay. All right. Thanks a lot.

Operator: Once again, if you would like to ask a question please press star one now. That is star one to ask a question. It appears there are no further questions at this time, I'd like to now pass the call back over to today's host for any additional or closing remarks

Roy Thomas: If there are no further questions we would like to thank Barwa Estate company's management for the results update and look forward to speaking to you all for the next quarter results. Thank you.

Tamer Elsayed: Thank you so much and have a great day.

Operator: This concludes today's call. Thank you for your participation. You may now disconnect.

