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Executives:

Tamer El-Sayed- Group Chief Financial Officer

Tariq Al Jaber – Investment Management Director

Abdulla Khalfan – Financial Controller

Abdulla Hiji - Development Manager

Abdulla Khalfan – Financial Controller

Mohamad Daakour – Budget & Planning Controller

Operator:  Good day. And welcome to the Barwa Real Estate Conference Call. All lines have been placed on mute to prevent any background noise. After the speaker’s remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star followed by the number one on your telephone keypad. If you would like to withdraw your question, press the star one again. For operator assistance throughout the call, please press star zero. And finally, I would like to advise all participants that this call is being recorded. Thank you.

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

Shahan Keushgerian:  Thank you, Paul. Hello everyone. I want to welcome you to Barwa Real Estate’s Third Quarter 2022 Financial Results Conference Call. On this call from the company’s management, we have Tamer El-Sayed, Group CFO, Tariq Al Jaber, investment management director, Abdullah Hiji, development manager, Abdulla Khalfan, financial controller, and finally, Mohamad Daakour, budget & planning controller.

So, we will conduct this conference call with first management reviewing the company results followed by a Q&A session.

I will now turn the call over to Tamer. Please go ahead.

Tamer El-Sayed:  Thank you, Ryan. Bism Allah alrahman alrahim (in the name of Allah the Merciful), welcome, everybody. On behalf of myself and all other speakers today, we wish you all a very warm welcome to Barwa Real Estate Q3 2022 Post Results Conference Call. I am Tamer El-Sayed, the Group Chief Financial Officer of Barwa Real Estate. To begin with, 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 the management may contain a projection or other forward-looking statements regarding future events or the 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 Q3 2022 Financial Statements on 25th October 2022. And the Investor Presentation would be available on the Qatar Stock Exchange website as well as on the Barwa Real Estate website in the Investor Relations section.

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 3.6 mn sq. m built-up areas under operation which consists of residential projects, labour rooms, warehouses, retail showrooms, and offices. As of 30th September 2022, we have operating units of 7,289 units- residential units, and around 38,000 labour rooms, in addition to commercial offices, hospitality, and other operating portfolio components which are detailed in our Investor Relation presentation. Approximately 84% of our total operating revenues and about 94% of our operating profits are generated through these assets.

Furthermore, Barwa has a land bank of approximately 5.5 mn sq. m, over 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 these land banks 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 Q3 2022. To begin with, our total operating revenues stood at QR 1, 420 billion and against, QR 1,612 billion for Q 3 2021

Our total operating profit came in at QR 917 million against QR 1,020 billion in Q3 2021. Our profit after tax (PAT) for Q3 2022 stood at QR 753 million against QR 742 million in Q3 2021.

On the balance sheet side, our financial position remains strong with a net debt balance of QR 15.6 billion and net debt to equity of QR 0.74.

We have adequate liquidity and balance sheet strength to pursue our growth agenda. Also, we keep working on or refinancing part 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.

Shahan Keushgerian:  Paul, we can go to the Q&A session now.

Operator: No problem. At this time, I would like to remind everyone in order to ask a question, press star then the number one on your telephone keypad. And we will pause for just a moment for any questions. Again, if you would like to ask a question, press star then the number one on your telephone keypad.

Your first question comes from the line of Abdullah Amin from QNB. Your line is open.

Abdullah Amin:   Hi. Thank you for the call. I appreciate this thing. I just want to ask a few questions. First of all, if you look at the balance sheet and then consider the nine months you see an expense incurred going by... just let me delete the number. So, the total expense went up from QR 212 million last year to QR 279 million. As well as your boarding has increased from QR 14 to 16 billion. I just want to know how do you want to progress with this given that interest rates are going up and how would you mitigate the impact of rising interest rates on your balance sheet and income statement? Thank you.

Tamer El-Sayed:  Thank you for your question. For sure, the increase in finance costs is something that has happened everywhere in the world. Let's start with the increase in the facilities amount. The increase in the facilities amount resulted mainly from our new projects: in Al Wakra and the Schools. So, this is the result, the reason behind the increase in the facility balances, which is reflected, for sure, in the increase in the finance cost. Our action plan is always to keep talking with the banks about repricing the current facilities and enhancing the terms of each of the loans. Sometimes we may go for

refinancing in case any of the banks are not responding properly to our proposals. And for sure to maintain the repaying of the facilities whenever due, which will lead to a decrease in the facility balance. And at the same time, we are assessing all our current land banks and our new projects to see if we can exit any of the investments if they are not feasible for us, which will help us too early repay any of the facilities. So, it's a group of actions that we are working on now to assess each option and for sure, we are working on that all the time. I hope this answers your question.

Abdullah Amin:   Yeah. Thank you. But I just want to know if there is a plan to repay some of the loans so that the finance cost comes down going forward, and so that the more the revenues flow to the bottom line and increase in dividend as such, or if it's because of the expansion you need to keep on borrowing for some time? Like, is there any equivalent plan which is more aggressive than the...we'll see on the presentation that you have QR 1.4 billion of repayment by 2023. It's around QR 1.4-1.48 billion and increases in 2025 to QR 2.5 billion. Do we expect that you will pay because interest rates are going up to more than QR 1.48 billion so that you can lower the finance cost?

Tamer El-Sayed:  For sure, it's all about our liquidity position. Our liquidity position consists of cash trading investments and trading properties, so we have a portfolio of liquidity assets, for which we are now assessing which option will be more suitable for us. And for sure, if we have liquidity enough to early repay facilities, for sure, we will do that. But it's all about our negotiation with the banks. Honestly, most of the banks agreed to reduce their current rates for the finance costs. And with each increase in the LIBOR and the QMRL, we are approaching the banks and until now they have been responding positively. So, for sure, everybody is expecting another meeting this month in November. And based on that we will see how we will react with the banks. But so far things have been positive in our discussion with the banks.

Abdullah Amin:  Thank you. Thanks for the clarification. Two last questions. One is the outlook for real estate in Qatar after the World Cup. And secondly, how do you benefit from the World Cup? Is it helping with higher rental income? Is it benefiting from the sales of some properties? Is it material for the World Cup for Barwa Real Estate as a P&L account?

Tamer El-Sayed:  Hello. Yeah. For the second question, Barwa does not directly benefit from the World Cup because most of our contracts are long-term contracts with our tenants. We are indirectly benefiting maybe through the two major new projects that we are developing and going to be or are being delivered at the moment that will cater to hosting some of the fans during the competition. Post-competition, we will be marketing this in the market and separately.

Abdullah Amin:  And the outlook for 2023, the real estate market outlook of 2023. If you can give an outlook for the next 2-3 years, how do you think the market will behave after the World Cup? Rents go up and down a little bit.

Tamer El-Sayed:  We're positive. We're trying to stay positive. Again, we have our own contracts with QP, and with the other entities, and they're all ongoing and long-term engagements. So, it is not necessarily going to be affected by market dynamics. But we are also positive about the outlook.

Abdullah Amin:  Thank you, Tamer. Much appreciated, thank you.

Tamer El-Sayed:  Thank you.

Operator:  Thank you, Abdullah. If you would like to ask a question, please press star then the number one on your telephone keypad. And we will pause for any final questions. There are no further questions at this time. I turn the call back over to Shahan for closing remarks.

Shahan Keushgerian:   Thank you, Paul. I want to thank Barwa’s management for giving us an update on the third quarter and thanks to all the participants. And we'll pick this up again next quarter. Thank you, gentlemen.

Tamer El-Sayed:  Thank you.

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