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Operator: Hello, and welcome to the Barwa Real Estate 4Q 2022 Results Conference Call. I would like to advise all participants that this call is being recorded. Thank you.
Now, I'd like to welcome from QNBFS, Phibion Makuwerere to begin the conference. Phibion, over to you.

Phibion Makuwerere: Thank you, Paul. Good afternoon to you all. Thank you for joining us with the Barwa Real Estate 4Q 2022 Results Conference Call.
I'm Phibion from QNB Financial Services. On today's call from Barwa Real Estate management team, we have the CFO, Tamer El-Sayed, investment management director, Tariq Al Jaber, direct of development, Dr. Abdulla AlKaabi, budget & planning controller, Mohamad Daakour, and finally, financial controller, Abdulla Khalfan. The management team will go over the performance and then immediately afterward we can have a question-and-answer session.

Tamer El-Sayed: Now, I will turn over the call to the management team. Please go ahead, Tamer.
Thank you so much. [Foreign Language] welcome everybody. On behalf of myself and all other speakers today, we wish you all a very warm welcome to Barwa Real Estate Year-End 2022 Post-Results Conference Call.
I am Tamer El-Sayed, 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 that 2022 financial statements on the 13th of February 2023 and the Investors 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 5.5 million sqm built-up area under operation which consists of residential projects, labor rooms, warehouses, retail showrooms, and offices.

As of end of December 2022, we have operating units of 14,069 residential units and around 55,000 labor 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 revenue and about 94% of our operating profits are generated through these operating assets. Furthermore, Barwa has a land bank approximately 5.5 million sqm of which 5.4 million sqm within Qatar. Of this, we own approximately 4.4 million sqm, 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 financial year 2022. To begin with, our total operating revenues stood at QAR 2 billion as again is QAR 2.2 billion for the financial year 2021.

Our total operating profit came in at QAR 1.38 billion against QAR 1.42 billion in the financial year 2021.

Our profit after tax for the year stood at QAR 1.15 billion as again is QAR 1.12 billion in the financial year 2021.

On the balance sheet side, our financial position remains strong with a net debt balance of QAR 15.6 billion and net debt to equity at 0.73.

We have adequate liquidity and balance sheet strength to pursue our growth agenda. Also, we keep working on refinancing part of our facilities to decrease our weighted average borrowing rate and to enhance our 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 Service to field any questions. Thank you.

Operator:

Thank you. If you would like to ask a question, please press star one on your telephone keypad. That's any participants that would like to ask a question. Please press star one on your telephone keypad.

And your first question comes from the line of Anastasios Dalgiannakis from Al Faisal. Your line is open.

Anastasios Dalgiannakis: Thank you for taking my question. I want please to ask about receivables. Now, we see the second year running with significant escalation of receivables against what is flatlining in the top line. So, I would like to ask, if possible, for some more detail on why the receivables are deteriorating. And what is the outlook in terms of collections? Thank you very much.

Tariq Al Jaber:

Actually, we have two main receivables from two anchor tenants. And we are working currently on to settle the receivables with them.

Anastasios Dalgiannakis: Okay. Thank you very much.

Operator:

Thank you. Your next question comes from the line of Nikhil Phutane from CBFS. Your line is open.

Nikhil Phutane:

Hi, good afternoon. Well, my question is pertaining to the real estate in Qatar, in terms of how you're planning out. Now, we assume that the Supreme Council which has taken buildings and flats for the World Cup on a long-term basis are likely to give it back, or maybe in another two to three months, which could put under pressure on the real estate sector.

So, what are your views and how you'll cope up with your own existing building rental? Thank you.

Tariq Al Jaber:

Yes, hello. We already have a higher occupancy rate across our portfolio. The ones that have been leased to the Supreme Committee for the World Cup will be returned, but we are in negotiation with anchor tenants to take up the majority of these projects.

Nikhil Phutane:

No. This is in view of your existing, not only existing projects, but you also have got new projects which are being built up in Madinatna. I believe has come up and other projects are also like.

Tariq Al Jaber:

Yeah, this is the one Madinatna and Barahat Al Janoub were released to the Supreme Committee, and they are being handed over right now. And we are in the advanced stages of negotiation with anchor tenants to take up a big chunk of the existing inventory.



- Nikhil Phutane:** I mean, just wanted to get an idea in terms of given the population which did flattening during World Cup now with preceding. Do you foresee the point that the economy, for example, is not having some key drivers in place to keep the population growing or maintained? Do you see the possibility in the next few quarters, likely that could have ripple effect on the economy and real estate sector as a whole?
- Tariq Al Jaber:** In terms of an economy?
- Nikhil Phutane:** Yes. I'm talking about in terms of the economy, which could see a little bit about influence of more...
- Tariq Al Jaber:** Again, there is more dependent on what the government intends to do as the government has been coming up with positive announcements over the past quarter that they will continue to invest in infrastructure and in major projects. The expansion of the north oil, the north gas field.
- So, there is a lot of economic activity in the country that's not going to seize by this year. So, we have a favorable outlook for the near future.
- Nikhil Phutane:** So, I mean, since you mentioned about NFC South project which is coming up, that is largely got to do with an offshore project. Which could be having something where the government can look forward to. But will that be sufficient enough to ride over the downturn, which is likely to expect after the Supreme Council, hand over not only Barwa project, but other projects which they have taken over from private enterprises also.
- Mohamad Daakour:** Yes, hi. So, there are two things that I think that are there in your mind. One is the overall economy and the impact on the population, and one is the projects.
- Now, I think in our conversation we would like to focus on our projects. As such borrowers, I mean we are working in the market and the market forces are what they are. But if we were to focus on our projects and the, let's say the operational KPIs that we see in our projects, most of the residentials are at 100%. We have two large projects, Madinatna and Barahat Al Janoub which have been constructed and as Mr. Tariq explained. They're in the process of handing over. Pricings are very aggressively. We are doing very active marketing for it. So, I mean, you would have seen them see quite a few marketing initiatives on social media as well.
- So, as we take over these projects, we are hopeful that we'll be able to adequately have them occupied as well. But if we go with our existing projects and the operational KPIs that we have been witnessing over the past few quarters and few years. Despite the upheavals in the market externally, you would see very high occupancy and that is probably a testament to the kind of products that we apply, the kind of pricing that we ensure. Would that kind of help through your mind?
- Nikhil Phutane:** Yeah. Thank you.
- Tariq Al Jaber:** Thank you.
- Nikhil Phupane:** Thank you.
- Operator:** Thank you. Before we proceed to the next question, I would like to remind everyone in order to ask a question, please press star then the number one on your telephone keypad. And your next question comes from the line of Jagdish Thanvi from Avalon Global Research. Your line is open.
- Jagdish Thanvi:** Hi, good afternoon. I just want to know, since the World Cup is over. So, what kind of, I mean demand the company seeing in the Qatar market in terms of occupancy. And do you see any pricing growth in the near future?
- Tariq Al Jaber:** Yeah. Hi. I think in a way responded to this question with the previous Inquirer. Real estate market, if you look at any publicly available real estate market document in Qatar. The externalities and the realities are there. I mean,theres we are not denying the fact. But I think as Barwa, we focus on our projects, and we are probably more confident in describing the outlook on our projects. In which as I mentioned previously, we have showed only 100%



occupancy and with our new projects also in terms of the pricing that we have contemplated in terms of efforts that we are on taking currently. We are confident that our projects would continue to exhibit in the higher ranges of occupancy. Externalities otherwise notwithstanding.

Jagdish Thanvi: Just a follow-up question, since I mean the short-term rate has been increasing by Fed and along with the other central banks.

So, I mean, do you see as some impact on the recent market? Because it has been...

Mohamad Daakour: Can you repeat the question?

Jagdish Thanvi: So, since the rate has been, the interest has been rising. We are seeing rising interest scenario. So, what kind of impact, I believe there is some negative impact on the real estate industry?

Tamer El-Sayed: We totally agree with you, however, we are on Barwa level. We keep open dialogue with our banks to try to enhance the rates and refinancing part of our debt to decrease our weighted average borrowing rate. However, as we are talking about or on the market levels for sure, it may have an impact on that. And everybody expecting after the inflation you may go for a recession. This is over the world, not on Qatar level and this is an economy. But from our side on Barwa level, we are trying to keep our healthy dialogue with the banks, refinancing part of our debt with better commercial terms. This is specific to Barwa. Thank you.

Jagdish Thanvi: Thank you.

Operator: Your next question comes from the line of Abdullah Al Ansari from Dallah Albaraka. Your line is open.

Abdullah Al Ansari: [Foreign Language]

Tamer El-Sayed: [Foreign Language]

Abdullah Al Ansari: [Foreign Language]

Tamer El-Sayed: [Foreign Language]

Operator: Your next question comes from the line of Zohaib Pervez from Al Ryan Investment. Your line is open.

Zohaib Pervez: Thank you, gentlemen, for the presentation. Very interesting session. I've got two questions.

Firstly, your operating expenses, utilities, and maintenance cost declined for 2022. Could you give me a rationale considering you have new labor rooms coming on, you have new residential units etc. I mean there was expansion of the funding fixed assets. So, what led to this decline? That's my first question.

The second question is regarding the portfolio overview in the presentation you've got the residential units, the industrial and commercial, etc. Where can I see the land that is rented out for the schools in which area is that included in. Thank you.

Tamer El-Sayed: The first question is there is a decline in the, you mentioned there is a service, there is a decline in the service. It's mainly coming from keenness's project and that was because of the quarantine. In 2021, we had big income or a large income from the quarantine and this was the opposite in 2022, as the quarantine has ended.

Tariq Al Jaber: Hi. Regarding your second question for the schools, you see the way the projects have been presented, your residential warehouses commercial. So, those are separate asset classes. Schools, the land probably would not be indicative. I think what would be more indicative is the total built-up area, it's about 107,000 sqm. So, we have eight schools totaling about 107,000 sqm. I think that is either reported separately in the IR report or you will have it the figure in the annual report very soon as well.

Zohaib Pervez: So, this is not part of the commercial?

Tariq Al Jaber: No, no, no...

Zohaib Pervez: Okay. So, it's separate to all of this.

Tariq Al Jaber: It is separate.

Zohaib Pervez: Okay. Perfect. Thank you.



- Operator:** Your next question comes from the line of Izzul Molob from Epicure. Your line is open.
- Izzul Molob:** Hi. [Foreign Language] quick question from me. There are three questions. What's the nature of the fair value gained on investment property, which is much higher this year as compared to 2021? What's the nature of this? That's one.
Second. What's the guidance on receivable impairment for 2023?
And the third question is, some outlook on sales of property and construction services for 2023.
- Tamer El-Sayed:** For the first question about the valuation gain. It came mainly from, we have the two projects under construction, which are Wakra projects. As long as you are getting close to the operation date and the completion date of the development, there is an increase in the valuation. So, this is the main component of our valuation gain. In addition to some changes and other assumptions on end came to this number, however, mainly came from macro projects.
Second question, if you are talking about receivable balance or impairment balance?
Impairment.
- Izzul Molob:** Impairment comes mainly as we highlighted before, we had for sure it's based on our policy. And considering the aging of the receivable balance. And mainly comes from two anchor payments and we have now negotiation with them. However, as per the policy, we have to take impairment for that. But inshallah, we expect in 2023 to reach a settlement with these two anchor tenants and for sure at that time the impairment will be reassessed.
For the third question, my colleague will answer first.
- Tariq Al Jaber:** So, could you repeat once your third question, the question that you had?
- Izzul Molob:** Yeah, it's the outlook on the sales of property and construction services for this year.
- Tariq Al Jaber:** So, for most of our property portfolio, it's on lease. The only property developed till now for sale is Dara A, of which we have almost now sold 100%. We, I think, just have one apartment that's reserved. So, this year...
- Tamer El-Sayed:** And also, the construction came from the schools, the package one related development margin we recognized for the construction. But currently, we don't have anything pipeline as approved the project for sale and all construction.
- Izzul Molob:** Okay. I understand. Alright, thank you. Thank you very much.
- Tariq Al Jaber:** Thank you.
- Operator:** There are no further questions at this time, I would like to hand the call back over to Phibion for closing remarks.
- Phibion Makuwerere:** Thank you, Paul.
It's Phibion again from QNB Financial Services. I would like to thank all the audience for joining us and all your questions. I would also like to thank the management team for responding to investors and stakeholder questions.
Please join us again for Q1 2023 and have a good afternoon. Thank you. Bye.
- Operator:** This concludes today's conference call. You may now disconnect.