



# INVESTOR PRESENTATION

March 2021





## DISCLAIMER

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Figures are being rounded, and that rounding differences may appear throughout the presentation.

## DISCUSSION SUMMARY

Barwa At A Glance

Investment Rationale

Qatar Economy

Financial Track Record

Annexure



## **BARWA AT A GLANCE**

**We are one of the leading real estate developers headquartered in Doha, Qatar. We develop and manage properties that reflect the changing needs of the people living, working and visiting the country.**

**Our Vision:** To be a reliable Real Estate company, recognized for its strong values, excellence and sustainable returns to its stakeholders.

**Our Mission:** To create better places in an efficient manner for people to live, work and enjoy.

**Our Values:**

- Entrepreneurship
- Commitment
- Reliability
- Teamwork
- Integrity



**Our expertise in developing, leasing and managing our assets, based on our understanding of the customer, drives incremental value for Barwa and our stakeholders**

## MAJOR CONTRIBUTOR TO QATAR'S DEVELOPMENT

3.6 mn sq. m. built-up  
area under operations

Leadership in affordable  
housing

Completed 8,148  
residential units and  
more than 37,300 labour  
rooms

~ 86% Op. Revenue<sup>2</sup> is  
rentals

Balanced product mix  
resulting in stable rental  
yield

Positive Cash Profits<sup>1</sup>  
since 2014

Land Bank of 5.4 mn  
sq. m. in Qatar,  
80% owned

Net Debt : Equity of 51%

QAR 4.2 bn dividend  
distributed in last 5 years

<sup>1</sup>Cash profits = PAT + Depreciation + Impairments - Share of associates - FV on Invst Properties - FV of an asset - Misc Income - Property Sales  
<sup>2</sup> Op. Revenue and operating Profit is excluding profit from Property sales 2021: QAR 22mn.

INVESTMENT RATIONALE



## Investing In Barwa



## BARWA REAL ESTATE– PORTFOLIO OVERVIEW



### RESIDENTIAL

- 8,148 residential units & Villas

### COMMERCIAL

- 264,312 sq. m. retail (shopping & restaurant)
- 68,973 sq. m. office
- 701 hotel keys
- 3,267 sq. m. operating property in the UK

### INDUSTRIAL

- 445,779 sq. m. warehouses & workshops

### LABOUR ACCOM.

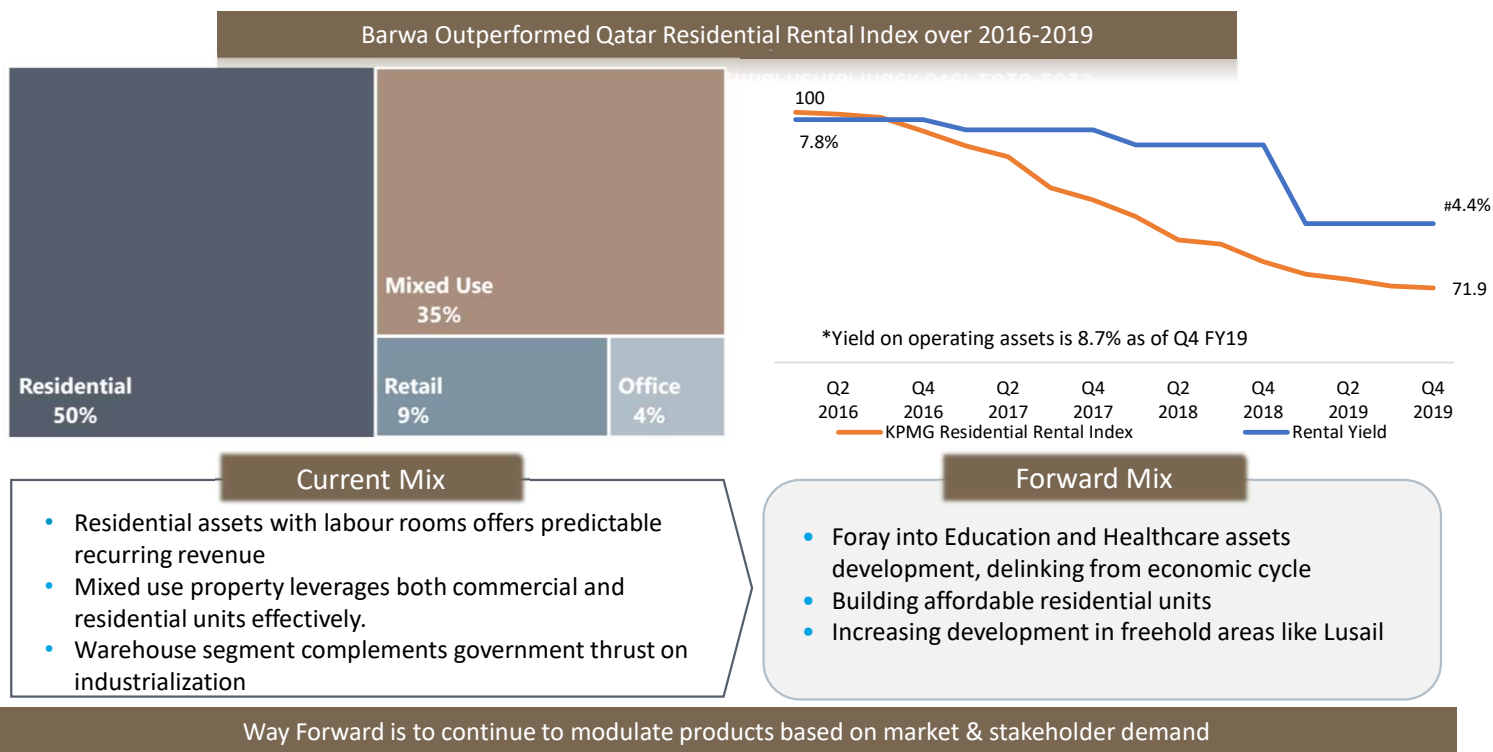
- More than 37,300 labour rooms

### LAND BANK

- 5.4 million sq. m. domestic land
- 2.4 million sq. m. international land



## BALANCED PORTFOLIO OF ASSETS



\*Yield= Revenue/ Investment Properties (Operating Assets + Properties under development + Land bank) = at FV

#Reduction in yield for FY19 is on account of significant increase in value of investment properties, majorly attributable to increase in value of land banks.

However, the yield on operating assets is 8.7% as of Q4FY19.

**Inherent Strength built over time resulted in strong Brand Preference...**

**Timeliness**

- Proven developer and operator of a range of assets with timely delivery
- Barwa was able to conclude the construction of Madinat Al Mawater phase 1 & phase 2 projects and Barwa Village Extension projects two months ahead of schedule

**Quality**

- Quality control is paramount despite tight cost measures
- Routine quality checks at various stages of project life cycle
- Barwa ensures high quality of projects despite our keenness in controlling costs
- Barwa continues to pursue high quality of construction in the future projects

**Cost efficiency**

- Private sector mindset- cost optimization, efficiency are the key focus areas
- Barwa strives to ensure that all projects are completed at competitive construction costs without compromising on the quality.

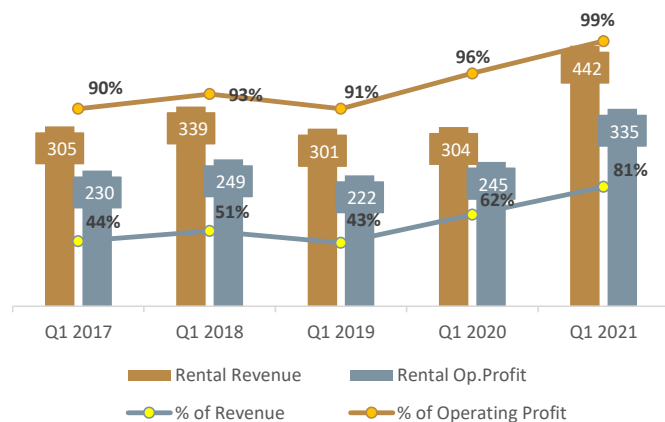
**Local Expertise**

- Understanding of local preferences and effectively built/enhanced private sector capabilities
- Customised delivery model to support government vision, a preferred partner for government initiatives

## SIGNIFICANT RECURRING REVENUES & OPERATING PROFIT

### RECURRING INCOME PROVIDES BETTER CASH FLOW VISIBILITY

QAR mn



~81%

of Total Revenues  
are from rentals\*

~99%

Operating Profit  
from net rentals

Stable Rental  
Income

- ❑ 3.6 million sq. m. BUA# under operation
- ❑ Rental assets spread across residential, commercial and retail verticals
- ❑ Operating margin on revenue remains stable at 66% despite challenging macro scenario
- ❑ Consistent high occupancy in residential

\* Revenue and operating Profit is excluding profit from Property sales 2021: QAR 22mn.

# Built-Up Area

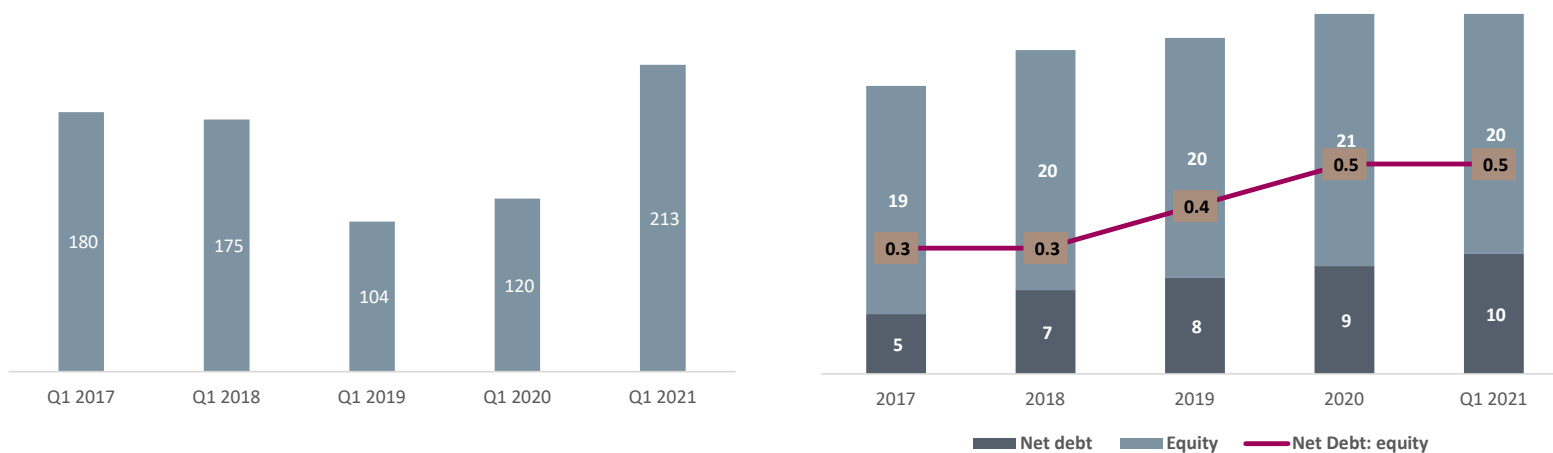
## PRUDENT GEARING, SUFFICIENT ROOM FOR LEVERAGED GROWTH

### Balance Sheet Strength provides an Opportunity for Leveraged Growth

\*Recurring cash profits have been generated consistently, providing sufficient liquidity

Timely sale of properties have adequately supported liquidity

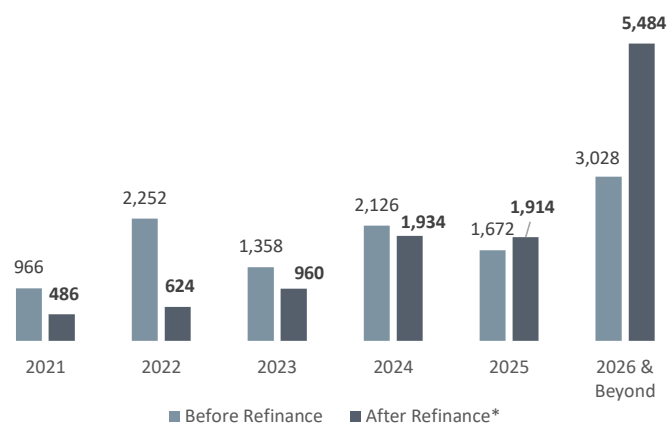
#### Cash Profits



Note: \* Recurring Cash profits = PAT+ Depreciation+ Amortization-Share of associates- FV on Invst Properties-FV of an asset- Misc Income- Property Sales

## COMFORTABLE LIQUIDITY POSITION, FOR PRUDENT CAPITAL ALLOCATION

### Comfortable Debt Maturity Profile (QAR Mn)



### Liquidity – QAR 2,572 mn (March 2021)

QAR 557 mn



Cash Equivalents

QAR 1,420 mn



Trading Properties

QAR 595 mn



Investments

### QAR Million March-21

Debt 11,402

Cash 1,020

Net Debt 10,382

Total Equity 20,205

Total Assets 34,286

### Key Ratio March-21

Net Debt/ Equity 0.5

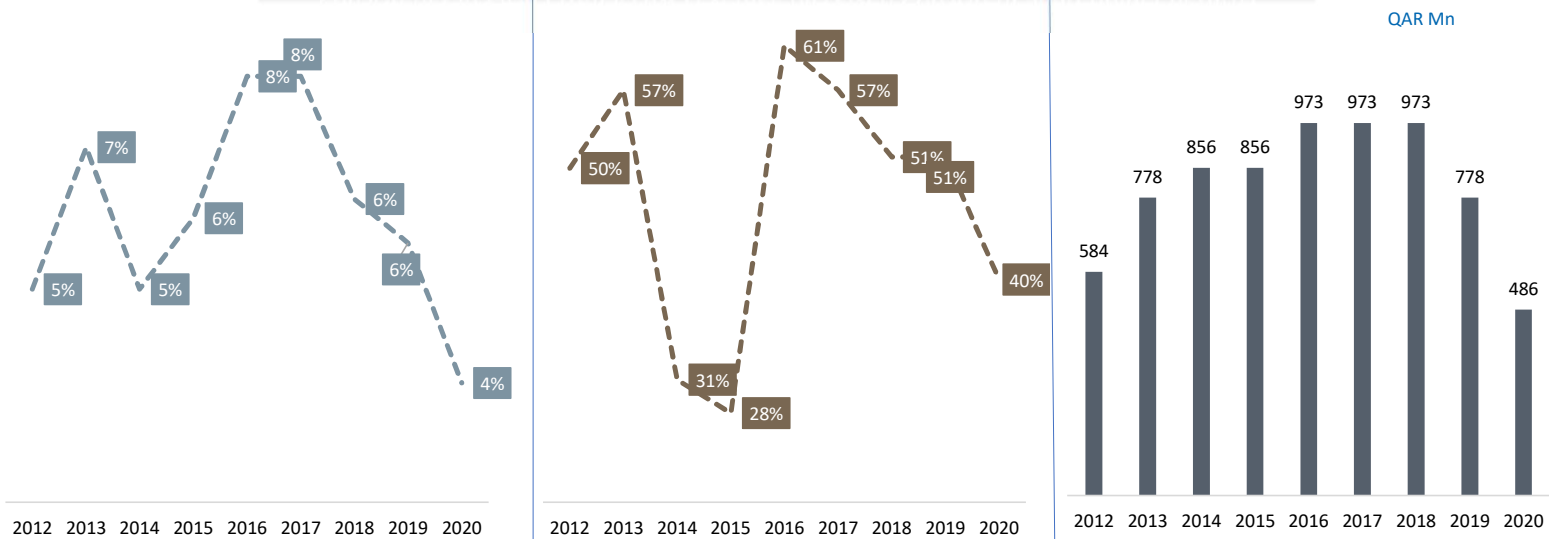
Net Debt/ Assets 0.3

Liquidity 2,572

\* After refinance represents the loans' portfolio repayment schedule after including the impact of the refinance deal of QR 1,925mn concluded during 2020

## OPTIMISING SHAREHOLDER VALUE

Consistency in Cash Profits, Low Leverage has given Consistent Shareholder Returns

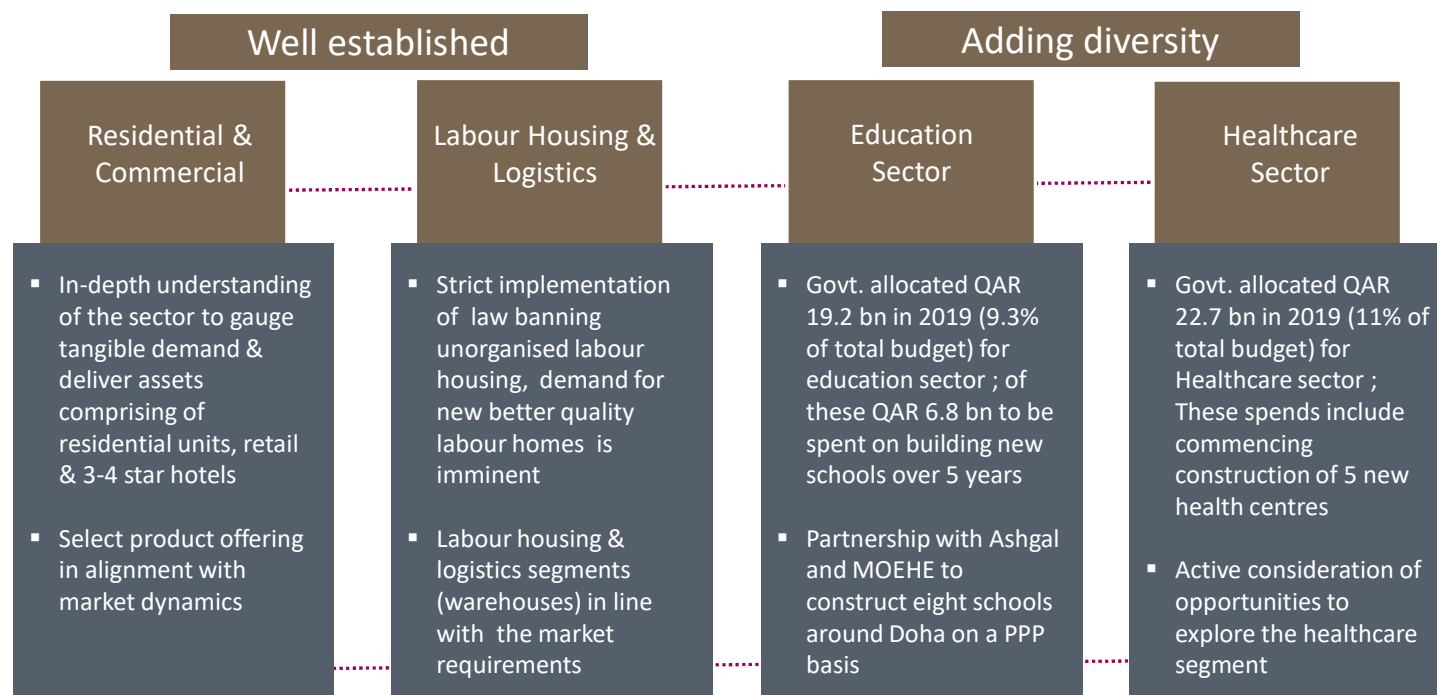


Attractive Dividend Yield

Healthy Dividend Payout Ratio

QAR 7.3 Bn Cumulative dividends declared over 2012-20

## ENHANCING ASSET PORTFOLIO



## PREMIUMISATION TO DRIVE SUSTAINED GROWTH & BETTER PROFITABILITY

### FREE HOLD ZONES EXPANSION

2004 (3 Zones)



2019 (10 Zones)



#### District

West Bay (Legtaifiya)
The Pearl- Qatar
Al Khor Resort
Rawdat Al Jahaniyah
Al Qassar
Al Dafna
Onaiza
<b>Lusail</b>
Al Khraij
Jabal Theyleeb

- In 2004, Qatar ratified Law 17 allowing expats to purchase property in Freehold areas, which gives buyer the title to land as well as structure

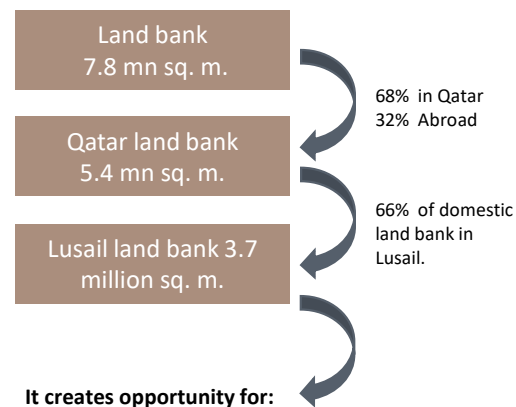
- By March 2019, the number of free hold zones increased from 3 to 10

Till date there has been limited impact due to market conditions , The implementation of the 2-tier permanent residency system in Q3-2020 is expected to :

- ✓ Create more incentives for investors and owner occupiers to purchase real estate in Qatar
- ✓ Facilitate a more mature investment market, which will evolve over time
- ✓ Increase in the choice of product and price range available

Source: DTZ Research

### HOW IT BENEFITS BARWA?



#### It creates opportunity for:

- ❑ Building more residential units like Lusail Dara A which have mid to high mid residential units built to sale (BTS) model for the developed units
- ❑ Outright sale of the land bank to investors



## QATAR ECONOMY



## QATAR ECONOMY – AN OVERVIEW

QATAR ECONOMY IS EXPECTED TO CONTINUE THE GROWTH MOMENTUM

### AT A GLANCE

- Population – 2.64 million as of March 2021 (Source: Planning & Statistics Authority)
- GDP - USD 152 Billion in 2021
- GDP/Capita – USD 91,897 (purchasing power parity, IMF)
- Happiness Rank 29, improvement by 7 ranks since 2016 (Source: UN)
- Ease of Doing Business – 77

### POISED FOR OVERALL GROWTH

- Qatar’s natural gas resources are the country’s main economic engine and contains approx. 14% of all known natural-gas reserves
- In recent years, Qatar has witnessed higher contribution of non Oil & Gas sectors like real estate, infrastructure, manufacturing & financial services as a part of GDP
- IMF projects 2.18% CAGR growth in Qatar’s GDP from 2021-2025
- Population is expected to reach 2.83 million by 2025 as per IMF

### DEMAND DRIVERS

- Permanent Residency for expats by purchasing USD 200,000 worth real estate
- FIFA 2022 is expected to provide boost to the economy in short to medium term
- National Vision 2030 lays the foundation to create an impetus for long-term all-round development

## QATAR REAL ESTATE – AN OVERVIEW

### Residential Sector

- Recent law amendment of expanding freehold ownership in residential sector and subsequent introduction of the 2-tier residency system to provide further incentive to foreign owners to have outright owner
- Currently facing lower demand on account of rising supply in the market

### Retail Sector

- Currently witnessing a constant influx of both small and large malls in the country
- Amid competition from newly opened super regional malls, oversupply has led to reduced rentals in the sector

### Commercial Sector

- Witnessing a significant expansion of Grade A commercial office space
- Addition of new office space is expected for Qatar in the next decade, most notably in Lusail's Marina District and Energy City, West Bay, and Msheireb

### Healthcare Sector

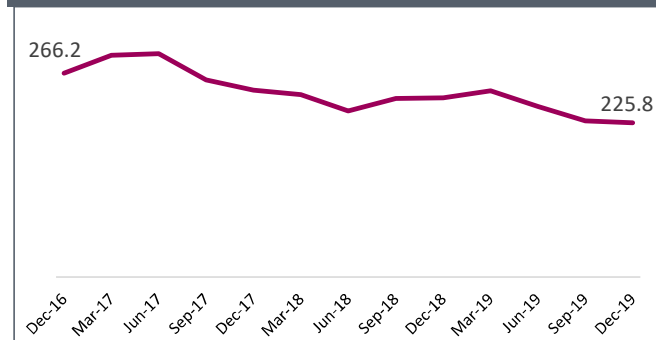
- Major projects to improve Qatar healthcare services are underway
- Major expansion projects - Hamad Medical Corporation (HMC) facilities, primary healthcare centres, emergency hospital and the establishment of new health centres over a period of five years

### Education Sector

- Spending on education sector is on the Government's strategic agenda with a total outlay of QAR 19.2 billion in the budget 2019, 9.3% of the total expenditure
- Major educational projects underway in the field of engineering, medicine, law, and pharmacology of Qatar University. The fund also includes QAR 6.8 billion for launch of new schools over the next five years
- Government is considering PPP model to build schools & is floating tenders for the same

(Source: Ministry of Finance, Qatar)

### QATAR REAL ESTATE INDEX



Particulars	Apartment (3 BHK) : Rent/Month (USD)	Buy Apartment Price/ Square Meter (USD)	Price to Rent Ratio	Gross Rental Yield	Mortgage Interest Rate
Doha	2,997	4,537	13.1	7.7%	4.8%
Dubai	3,112	3,520	10.8	9.3%	4.4%
Kuwait City	1,879	6,266	30.5	3.3%	5.6%
Riyadh	790	1,322	13.7	7.3%	4.2%
Muscat	1,220	2,739	18.9	5.3%	4.9%
Manama	1,708	2,913	14.4	7.0%	6.5%

(Source: Numbeo)

## DEMAND DRIVERS



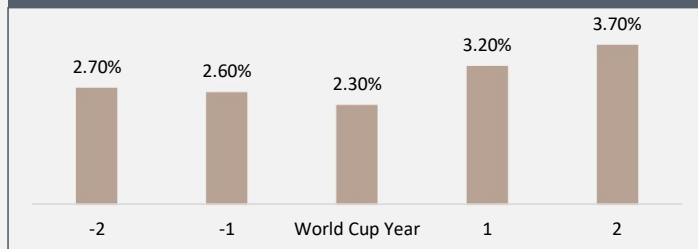
FIFA 2022

**Qatar's successful bid for the World Cup** has had a multi-fold positive impact on Qatar's Economy by acting as a catalyst to accelerate various projects envisaged by the government in area of :

- Infrastructure and utilities segments
- Real Estate
- Tourism
- Hospitality Sector

The "Host" Effect of World Cup

**AVERAGE GDP GROWTH IN WC HOST COUNTRY (1954-2014)**



Source: IMF, Credit Suisse estimates



Qatar National Vision 2030

### 4 PILLARS OF DEVELOPMENT



**Human Development:** Development of all its people to enable them to sustain a prosperous society



**Social Development:** Development of a just and caring society based on high moral standards, and capable of playing a significant role in global partnerships for development



**Economic Development:** Development of a competitive and diversified economy capable of meeting the needs of, and securing a high standard of living for, all its people both for the present and for the future



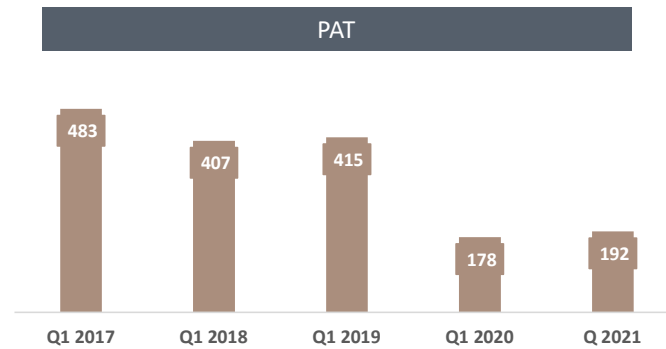
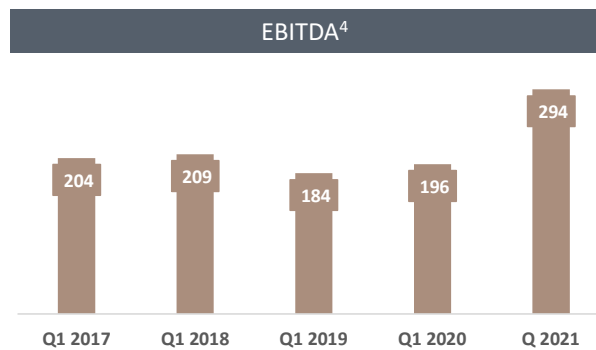
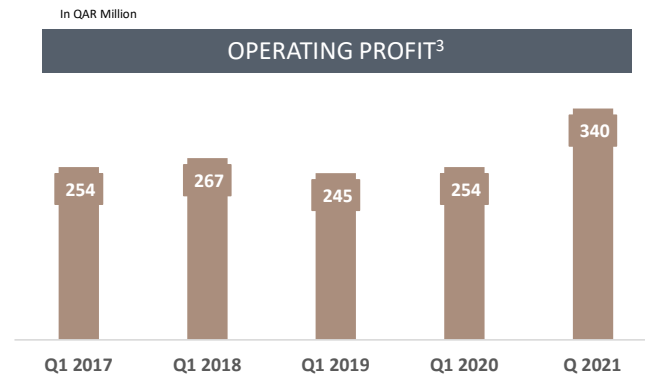
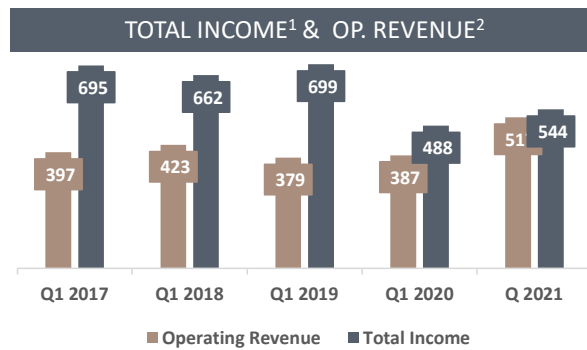
**Environmental Development:** Management of the environment such that there is harmony between economic growth, social development and environmental protection

FINANCIAL TRACK RECORD



## FINANCIAL OVERVIEW

(for the three months ended 31 March)



- 1). Total Income= Op. Revenue+Finance Lease Inc+ Property sales+ Share of results of Associates + FV gain/loss on Invst Properties + Gain/loss on FV of an asset + Misc. Income
- 2) Operating Income = Rental income + Income from consultancy and other services
- 3) Operating Profit = Operating Revenue – Operating Expenses
- 4) EBITDA= Operating profit - G&A Costs

## Q1 2021 KEY HIGHLIGHTS

86% op. revenue is from rentals

Operating Revenue QAR 517 mn

Operating Profit QAR 340 mn

Operating Margin 66%

99% of Operating Profits from net rental

Net Debt at QAR 10.38 bn

Liquidity – QAR 2.57 bn

Leasing continued in all phases of Mukaynis Compound

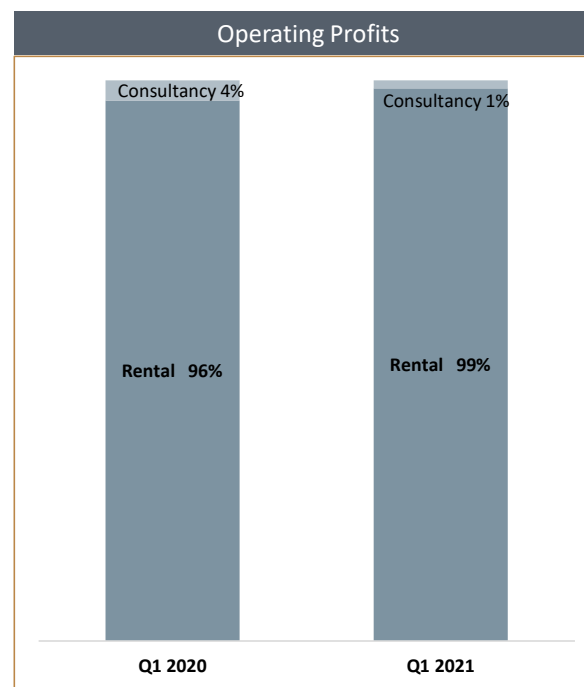
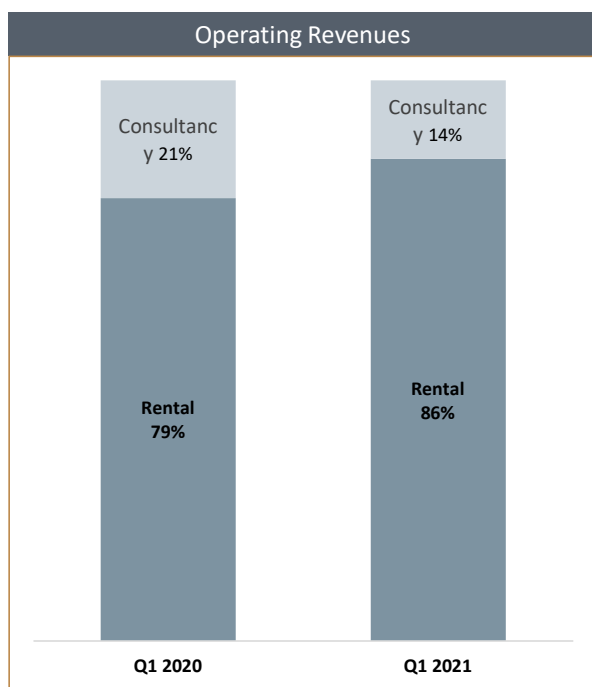
Distributed a 12.5% cash dividend for 2020, achieving a 3.7% dividend yield

## Q1 2021 vs Q1 2020 KEY HIGHLIGHTS

Key financial indicators	Q1 2021	Q1 2020	% Change
<b>Operating Revenue</b>	<b>517</b>	<b>387</b>	<b>34%</b>
Operating Profits	340	254	34%
Operating Profits Margin	66%	66%	0%
<b>EBITDA</b>	<b>277</b>	<b>268</b>	<b>3%</b>
Depreciation & Amortization	(12)	(14)	-13%
<b>EBIT</b>	<b>265</b>	<b>255</b>	<b>4%</b>
Finance Cost (Net)	(72)	(76)	-5%
<b>PBT</b>	<b>192</b>	<b>179</b>	<b>8%</b>
<b>PAT</b>	<b>192</b>	<b>178</b>	<b>8%</b>

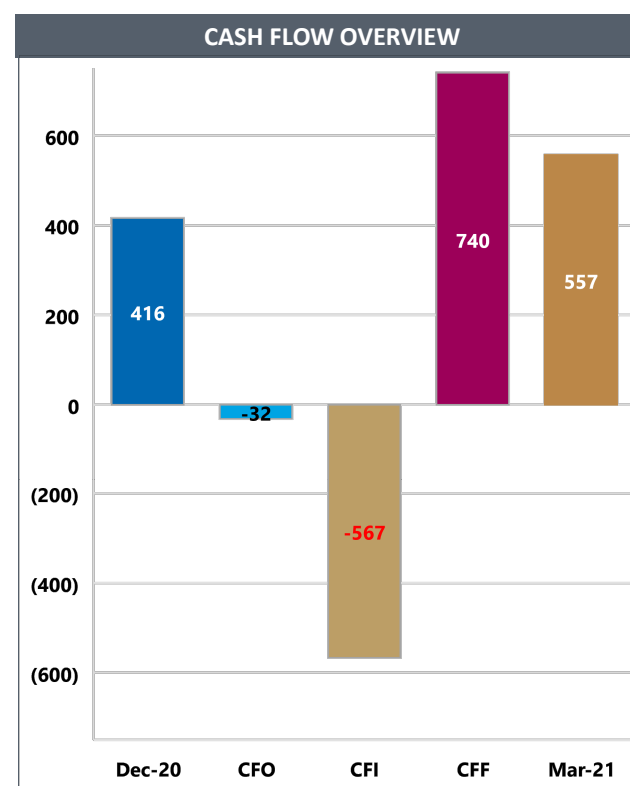
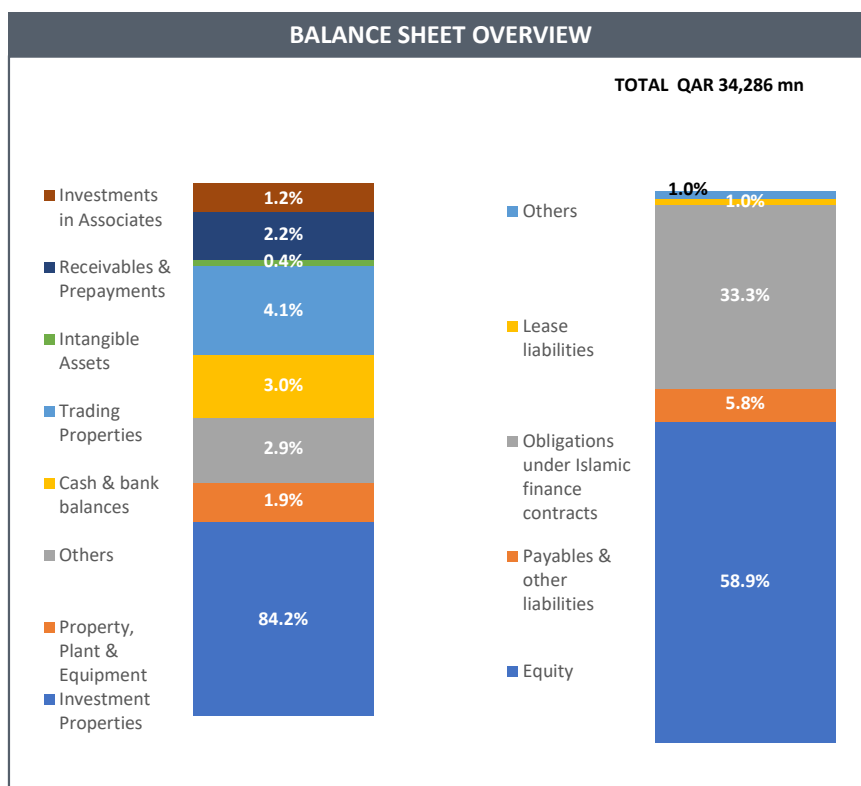


## Q1 2021 vs Q1 2020 KEY HIGHLIGHTS



## BALANCE SHEET & CASH FLOW OVERVIEW

As at 31 March 2021







## **UPCOMING PROJECT OPPORTUNITIES**

Barwa Real Estate Group is conducting feasibility studies and design enhancements for several land banks in order to ensure their best use and derive attractive returns, including:

- Lusail North land development
- Medical City
- Al Khor Community
- Energy City
- Barwa City Phase 3
- Manateq Extension (Umm Shahrain Extension)

Barwa Real Estate Group is also evaluating and participating in several tenders offered by Public Works Authority ( PWA) for Public Private Partnership (PPP), including:

- Car Park – Doha & West Bay
- Heavy Machinery Truck Park
- Schools Development program, Package 2
- Schools Development program, Package 3
- Schools Development program, Package 4
- Public Health Care centers
- Hamad Medical Corporation Administration building

## **PROJECT UNDER CONSTRUCTION**

Barwa Real Estate Group has recently signed agreements and commenced construction on 2 new projects in Al Wakra in line with the Group's initiative to achieve Qatar's National Vision 2030 to improve the living conditions of all groups in society. These are the Barahat Al Janoub (labor accommodation) project, for around 67,000 workers, and the Madinatna (integrated families housing) project, which has more than 6,700 apartments.

The Group has also commenced construction on the Qatar Schools PPP Development program – Package 1, which comprises of 8 schools in different locations around Qatar. This Public Private Partnership endeavor is the first of its kind in the State of Qatar and an investment opportunity which brings sustainable long term returns for the Group and its shareholders.

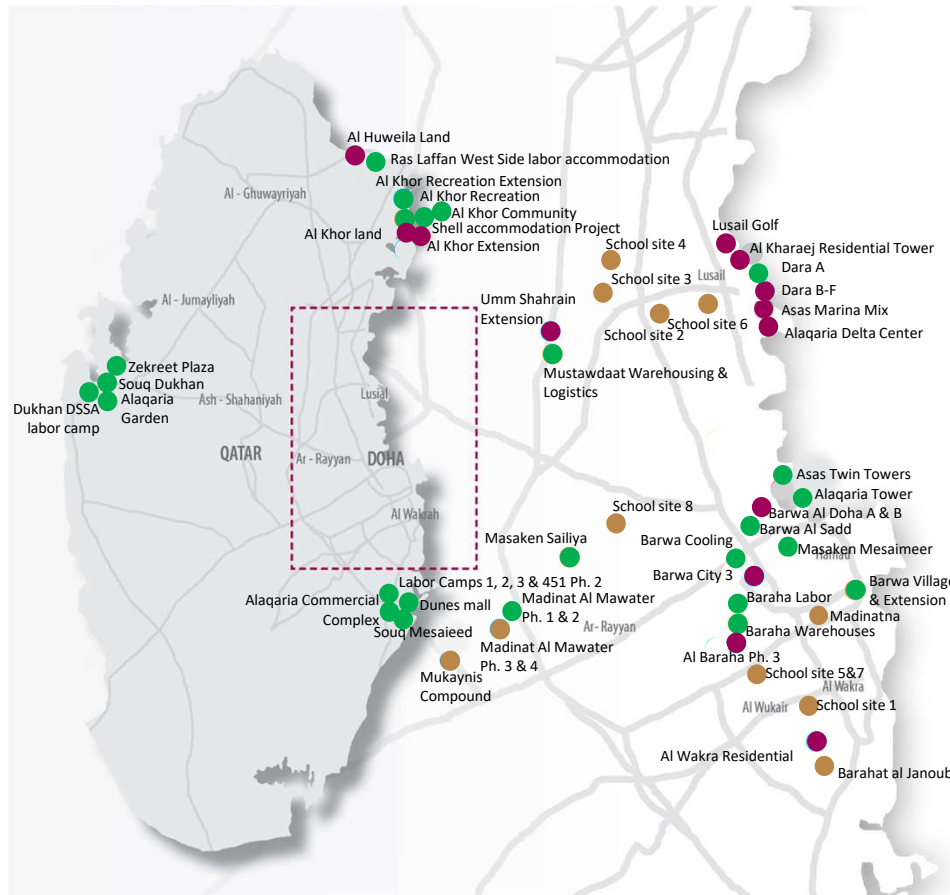
The list of Projects currently under Construction is as follows:

- Madinat Al Mawater – Phase 3
- Mukaynis Compound – Affordable Housing
- Qatar Schools PPP Development program – Package 1
- Barahat Al Janoub (labour accommodation)
- Madinatna (families housing)

ANNEXURE



## GEOGRAPHICAL DISTRIBUTION OF PROJECTS



### In-Progress

- Mukaynis Compound
- Madinat Al Mawater Phase 3 & 4
- Qatar Schools Package I (Schools 1 to 8)
- Madinatna
- Barahat Al Janoub

### LAND BANK

- Al Wakra Residential
- Barwa Al Doha-A & B
- Dara B-F
- Lusail Golf
- Umm Shahrain Extension
- Barwa City 3
- Barwa Al Baraha Ph 3
- Assas Marina Mix
- Al Kharaej Residential Tower
- Alaqaria Delta Center
- Al Khor land
- Al Khor Extension
- Al Huwaila land

### OPERATIONAL

## **RESIDENTIAL PORTFOLIO**

Name of Project	Residential (Units)	Nature of Project
Al Khor Community	3,171	Residential
Labor Camp 3*	982	Labor accommodation
Ras Laffan Accommodation-West Side*	688	Labor accommodation
Labor Camp 2*	662	Labor accommodation
Porta cabins 451 Phase 2*	493	Labor accommodation
Labor Camp 1*	329	Labor accommodation
Asas Towers	320	Residential
Dukhan DSSA Labor Camp*	250	Labor accommodation
Alaqaria Garden - Dukhan	48	Residential
Dara A	271	Residential

\* Labour Rooms



## MIXED USE PORTFOLIO (1/2)

Name of Project	Nature of Project	Residential/Labour (Units)	Retail ('000 sq. m.)	Office ('000 sq. m.)	Hotel (Keys)	Warehouse ('000 sq. m.)
Baraha Warehouses and Workshop	Industrial	-	-	-	-	184.8
Barwa Al Sadd	Mix Use	261	4.2	41.8	232	-
Barwa Village	Mix Use	457	106.2	-	-	-
Masaken Meaismeer	Mix Use	992	2.0	-	-	-
Masaken Al Sailya	Mix Use	992	2.2	-	-	-
Barwa Al Baraha*	Mix Use	8,576	3.3	-	-	-
Al Khor Shell	Mix Use	350	1.4	-	-	-
Madinat Al Mawater (Phase 1)	Mix Use	176	40.4	-	-	-
Madinat Al Mawater (Phase 2)	Mix Use	176	40.4	-	-	1.5
Manateq Um Shahrain Warhouses	Mix Use	72	1.7	0.5	-	259.5

\* Labour Rooms

## MIXED USE PORTFOLIO (2/2)

Name of Project	Nature of Project	Residential (Units)	Retail ('000 sq. m.)	Office ('000 sq. m.)
Barwa Village Expansion	Mix Use	177	10.7	-
(Mukaynis Compound) * Salwa Affordable Housing Development	Mix Use	25,360	13.3	5.4
Souq Mesaieed	Mix Use	138	12.3	7.1
Old Salata Building	Mix Use	-	0.9	11.6
Dukhan Commercial Complex	Mix Use	31	1.7	0.2
Souq Dukhan	Mix Use	-	3.7	1.0
Mesaieed Commercial Center	Mix Use	-	7.7	1.4
Al Khor Recreation	Retail	-	1.4	-
ASAS : Commercial Units	Retail	-	1.1	-
Alaqaria Commercial Complex	Retail	-	1.3	-
Al Khor Recreation Extension	Mix Use	516	7.9	-

\* Labour Rooms

## INTERNATIONAL PORTFOLIO

Name of Project	Nature of Project	Office ( '000 sq. m.)
Cavendish	Office	1.0
North Row	Office	2.2

## PROJECT STATUS (1/2)



**MADINAT AL MAWATER – PHASE 3**

Land Area (sq. m.)	339,716
BUA (sq. m.)	165,631
Construction Start Date	Aug - 19
Construction End Date	Dec-21



**MUKAYNIS COMPOUND – SALWA**

Land Area (sq. m.)	1,179,114
BUA (sq. m.)	735,091
Construction Start Date	Dec-17
Construction End Date	Jun-21



**SCHOOLS PACKAGE 1 (PPP) (8 schools)**

Total land area for 8 schools (sq. m.)	228,349
Total BUA for 8 schools (sq. m.)	106,999
Construction Start Date	Sep-20
Construction End Date	Jun-22

## PROJECT STATUS (2/2)



**BARAHAT AL JANOUB**

Land Area (sq. m.)	773,457
BUA (sq. m.)	754,673
Construction Start Date	Aug-20
Construction End Date	Apr-22



**MADINATNA**

Land Area (sq. m.)	1,141,689
BUA (sq. m.)	1,035,555
Construction Start Date	Aug-20
Construction End Date	Apr-22

## DOMESTIC LAND BANK

Owned	Area ('000 sq. m.)
Lusail (Golf)	3,476
Baraha 3	523
Dara B-F	130
Al Khor Zone 7	54
Barwa Al Doha	48
Alaqaria Delta Center	38
Lehwaila Beach Club	28
Asas Marina Tower	28
Alaqaria South Gate	28
Al-Kharaej Residential Tower	4
QPM land	4
Leased	Area ('000 sq. m.)
Barwa City Phase 3	330
Mawater Phase 4	266
Al-Khor Zone	405
Umm Shahrain Extension	59

## INTERNATIONAL LAND BANK

Land*	Area ('000 sq. m.)	Country
Bahrain Bay	12.5	Bahrain
Cyprus Land	54.7	Cyprus
Marrakech*	9.6	Morocco
Fez *	3.1	Morocco
Astrakhan - Russia	150.0	Russia
Riyadh Land Development	2,216.1	Saudi Arabia
<b>Total</b>	<b>2,446</b>	

\*Includes pre-existing structures



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