

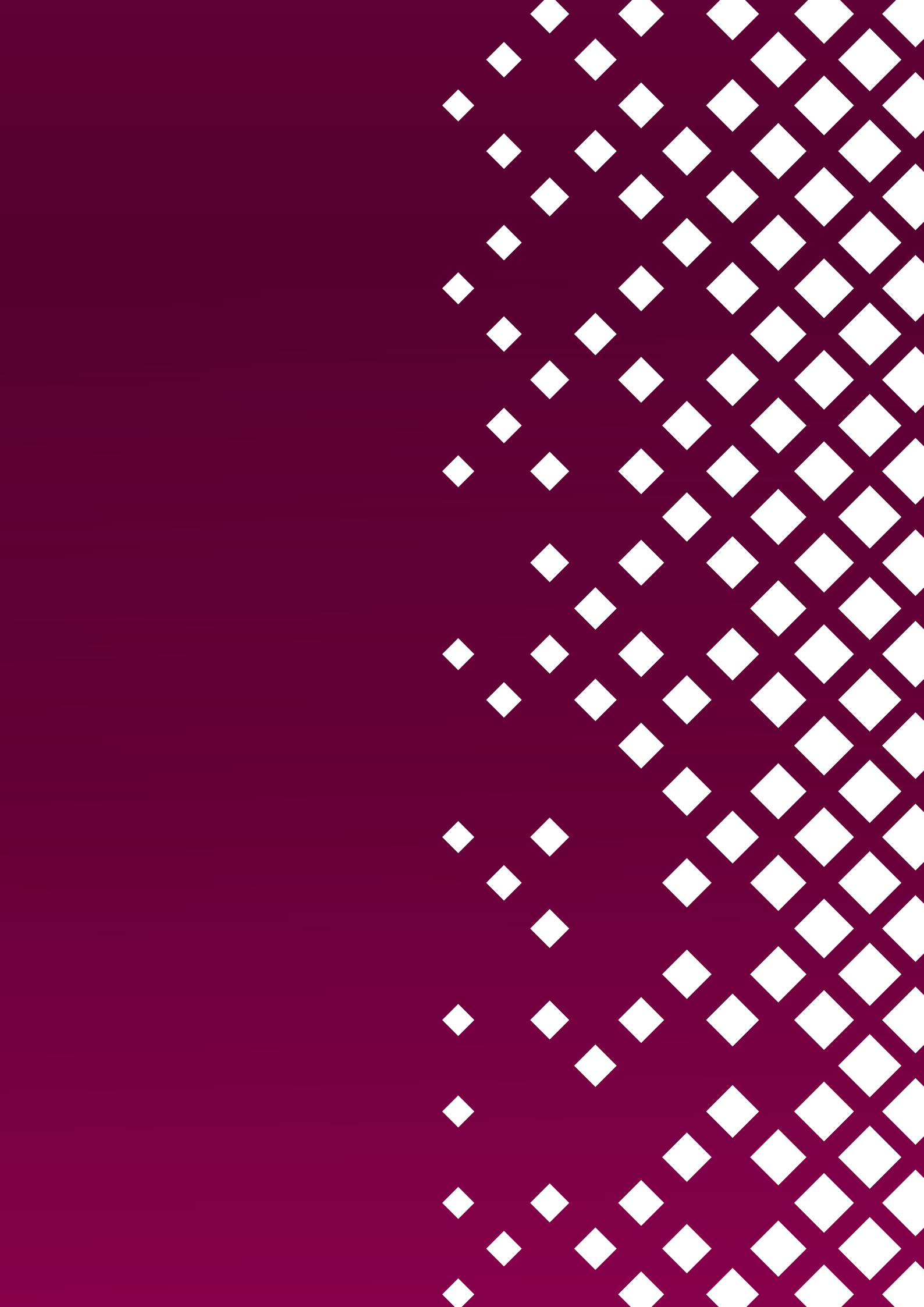


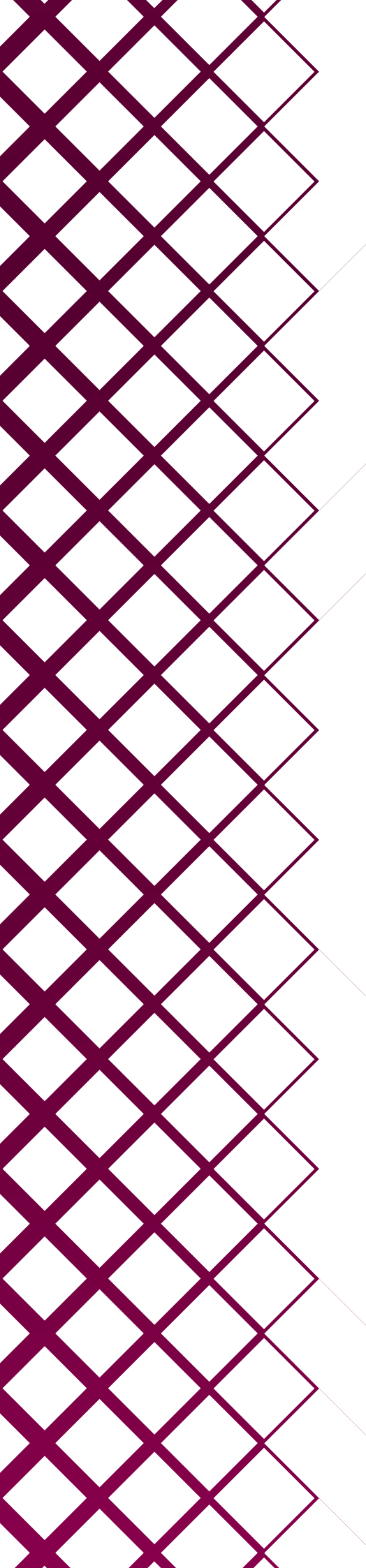
BOARD OF DIRECTORS REPORT 2020



نبني المستقبل

BUILDING THE FUTURE





BOARD OF DIRECTORS REPORT



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Since our inception, we have proven to be a dynamic and influential contributor to the development of Qatar. Throughout our evolution, we have been in sync with the Qatar national vision 2030, and we are working towards building projects that could address the real demands of the marketplace.

QR 1,214 million
Net profit

QR 1,637 million
Total recurring operating
income

QR 33.2 billion
Total assets

QR 7.7 sqm
Total Land Bank

QR 0.31
Earnings per share

Dear Esteemed Shareholders,

It is my pleasure to report to you, on behalf of myself and the members of the Board of Directors, on the highlights of Barwa's performance and the Consolidated Financial Statement for the year 2020, as well as the future plans of 2021.

The fiscal year 2020 has witnessed many challenges due to the repercussions of the emerging corona virus (Covid-19) pandemic, as the global economy has witnessed many negative impacts that affected most economic activities in various countries of the world, but thanks to God and the wise leadership of the country, the Qatari economy has been able to overcome these repercussions with limited effects. The government has adopted many supportive economic measures since the beginning of the pandemic to support the national economy in general and the real estate sector in particular.

Barwa Real Estate was able to face the challenges imposed by the Covid-19 pandemic. Moreover, the majority of its financial indicators were better than the previous year, due to the tremendous efforts made by the members of the Board of Directors, the executive management and all the Group's employees.

Due to the remarkable achievements and expertise of the group spanning more than 15 years, the name «Barwa» has become synonymous with «excellence» in developing, operating and managing real estate assets.

OUR FINANCIAL STRENGTH

The financial statements showed achieving net profits attributable to the shareholders of the Group amounting to QR 1,214 million and an earnings per share of QR 0.31.

Despite the challenges facing the real estate market during the year 2020 due to the repercussions of the COVID-19 pandemic, the Group has worked diligently to accommodate these challenges and reduce the resulting impact as much as possible. The Group has been keen to support operating revenues as it succeeded in achieving total recurring operating income of QR 1,637 million, an increase of 7% compared to the year 2019. Emphasis was also given to rationalizing expenditures, as general and administrative expenses were reduced by a value of QR 24 million, equivalent to 10% compared to the year 2019, and financing costs decreased by 39 million riyals, equivalent to 11% compared to the year 2019. This is in addition to a 9% decrease in the ratio of rental expenses to rental income. During the fiscal year 2020, the Group also succeeded in signing financing contracts worth 3.4 billion Qatari riyals, with the aim of refinancing existing credit facilities in a manner that contributes to strengthening the Group's cash position during the coming period.

Despite the decrease in the consolidated net profit for the year 2020 compared to the previous year, this decrease resulted from a decrease in the profits of some items that are not recurring in nature, such as the profits of real estate investment valuation.

The total assets of the Group reached a value of 33.2 billion Qatari riyals, an increase of 1.2 billion Qatari riyals on December 31, 2019, and the total equity of the shareholders of the parent company reached a value of 20.3 billion Qatari riyals.

Based on the Group's financial performance, its cash position and future development plans, the Board of Directors of Barwa Real Estate Company recommended to the General Assembly of shareholders to distribute cash dividends at a rate of 12.5% (0.125 Qatari riyals per share).

COMPANY'S PERFORMANCE AND ACHIEVEMENTS DURING 2020

Since its inception, the Barwa Real Estate Group has proven to be a dynamic and influential contributor to the urban development of the State of Qatar. Throughout our evolution, we have not lost our focus on prioritizing development and sustainable projects that contribute to achieving the National Vision 2030.

The year 2020 witnessed many achievements that enhances our strategic partnership with the government and contribute to strengthening the Group's real estate portfolio with the aim of developing sustainable returns without neglecting the social aspect. Here are some of the most prominent achievements for the financial year 2020:

Qatar Schools - Package 1

Barwa Real Estate won the Public Works Authority's tender for the development and maintenance of 8 public schools for the Ministry of Education and Higher Education, Package 1, which is the first Public-private partnership (PPP). This project represents an additional expansion within the Group's strategy, especially as it aims to support sustainable growth of revenues, in addition to improving the performance of the Group's real estate portfolio while reducing the risks associated with operating as a result of guaranteeing revenues, in addition to being the first project to implement the objectives of Law No. 12 of 2020, regulating the partnership between the public and private sectors, which was issued by His Highness The Emir Sheikh Tamim bin Hamad Al Thani. It supports the partnership with the government and translates the principles of the PPP law on the ground in that the private sector is a true partner for the public sector.

The project includes developing 8 public schools for the Ministry of Education and Higher Education to accommodate more than 6,000 students, in return for guaranteed rental income from the government for the Group over a period of 25 years. The development work is expected to be completed in May 2022, with maintenance and security services spanning a period of 25 years.

Madinatna & Barahat Al Janoub projects

During the year 2020, construction works were launched in each of Madinatna project, which is a residential city for families, as well as in Barahat Al Janoub project, which is a residential city for the working class, and both projects are located within Al Wakra Municipality. The total cost of developing the two projects exceeds the value of five billion Qatari riyals. The two projects will increase operating revenues and enhance the sustainable growth of shareholder returns. They will also enhance the levels of support for the partnership with the State of Qatar, as the two projects will be used during the year 2022 to meet the needs of the World Cup events. Development work on both projects is expected to be completed by April 2022.

Madinatna project is located on an area of 1,141,689 square meters, and consists of residential complexes with designs inspired by the style of traditional Qatari architecture that offer a group of buildings aiming to provide a high-quality standard of living for various segments of society, and upgrade its services and integrated facilities to the level of modern cities, where the city includes 6,780 residential apartments, accommodating about 27 thousand people. Madinatna project enjoys a strategic location in Al Wakra Municipality in the "Umm Bishr" area on the G-Ring Road leading to Hamad International Airport and highways through Al Majd Road and Sabah Al Ahmad Corridor. It also provides easy access to Ras Bu Abboud Street, the Corniche and the center of Doha, via the Sabah Al-Ahmad Corridor, which connects Hamad International Airport to Umm Lekhba Interchange on the North Road. These benefits will provide residents and visitors of the city easy access to it within a short period of time from several areas to meet their needs.

Barahat Al Janoub project provides a residential city with integrated services for workers according to international standards, as the Group always works to implement the directives of the wise leadership so that the State of Qatar is one of the most exemplary countries in terms of taking care of the housing conditions of the working class. The project extends over a land area of more than 773 thousand square meters, with a design inspired by the Arab homes with courtyards. It consists of 1,404 units, three floors high, and 16,848 rooms, each room accommodates four people. The city has a capacity of about 67,360 workers.

Barahat Al Janoub project is distinguished by its location near Al Wakra Central Market on Mesaieed Road, which

make it close to important development projects and sustainable service facilities such as Al Wakra Logistics District, Umm Al Houl Free Zone, Hamad Port, and Hamad International Airport, in addition to its proximity to sports and service facilities in Al Wakra Municipality, in addition to its connection to a modern network of roads, which will make it one of the most distinctive and desirable projects for many large institutions and companies that seek to provide distinguished housing units for its workers.

Start of sales activities in Dara (A)

During 2020, we started sales activities for the units of Dara (A) project in Lusail city and delivering them to their owners through our subsidiary AlWaseef Asset Management company. This residential project is located in the north of Fox Hills in Lusail City. The Dara (A) constitutes the first phase of the Dara project, Dara (A) "Phase One" extends over 16,421 square meters, and it offers 4 residential buildings at a height of 5 floors consisting of 271 apartments. Dara (A) strengthens the Group's cash position, as well as achieves growth in revenue levels from real estate sales. The sale of units continues in the project.

Mukaynis Compound – Affordable Residential City

We completed the development and operation of the entire first and second phases, in addition to the close to completion of the third and final phase of the project, which led to increasing the rental income during the year 2020. Mukaynis Compound project extends over an area of 994,567 square meters and is located in Mukaynis area adjacent to Salwa Road and 19 kilometers from the Industrial Area. It is a residential city for workers that was developed by Barwa Real Estate Group in three phases. The project consists of 3,170 residential villas designed in the style of traditional Arab houses, including 8 master bedrooms and a kitchen. It accommodates more than 100 thousand workers. The design of the project takes into account preserving the privacy of the city's residents as it includes a private courtyard for each house, which allows its residents to enjoy the outdoors while preserving their privacy. The design of the project takes into account the environmental and social aspects that are commensurate with the surrounding conditions.

Mukaynis Compound includes a number of integrated administrative and commercial buildings consisting of a hypermarket, shops and offices.

Second Phase of Al Khor Workers Sports Complex:

The project consists of 516 apartments with a total area of about 53,639 square meters, as well as a hypermarket and a multi-purpose hall. The construction work was completed in the first quarter of 2020, and the leasing process started during the year.

Operating real estate portfolio:

The Group's operating real estate portfolio varies to include:

- 8,148 residential units and 37,300 accommodation rooms for workers
- 336,552 square meters of shops, showrooms and offices
- 445,779 square meters are designated for workshops and warehouses
- 701 hotel rooms

As for the average occupancy rate, it exceeded 90% in many of the Group's residential projects.

Group financial position:

For the purposes of strengthening the Group's financial position and to provide cash generated from operating towards developing new projects, the Group has worked during the year 2020 to refinance existing funds for longer periods of time and on good terms, equivalent to a value of QR 3.4 billion.

GOVERNANCE, SYSTEMS, RISK MANAGEMENT AND INTERNAL CONTROL

Barwa Real Estate Company stresses the importance of promoting and spreading a culture of integrity, transparency and credibility in its commercial and administrative transactions by ensuring the highest levels of full compliance with the Corporate Governance Code of Listed Companies, as regulated by the Qatar Financial Markets Authority.

Barwa Real Estate Group considers corporate governance one of the main pillars that form the guidelines of its operational and administrative activities, and dealings with all stakeholders. With this philosophy in mind, the Board of Directors, by delegating the authority to the executive management, seeks to accelerate commercial operations, eliminate complications and ensure the highest levels of operational efficiency. This has a positive impact on the company's projects and serves the interest of the shareholders. Moreover, the risk management policy plays a crucial role in creating suitable work frames in order to manage projects and investments in an effective way, while controlling operational, economical and relevant legal risks.

Barwa Real Estate applies an internal control system, with the purpose of establishing trustworthy standards and regulations that contain internal control methods. These control methods ensure the accuracy and reliability of Barwa's accounts and records, the integrity of transaction licenses and the protection of the Group's assets. It also ensures the disclosure of any risks that threatens the company's position, as well as compliance with systems and regulations, in order to set the record straight.

PEOPLE AT THE CORE OF OUR SUCCESS

Attracting and retaining talented people is key to our success. We have a strong company culture that is continuously being guided by our Purpose and Values in every part of our business. We urge everyone to maximize their potentials at Barwa and explore the opportunities that awaits them within the company. We value our people by providing them with our best support, prioritizing their health and safety and providing essential training and development programmes to them. We have also invested in technologies that allow employees to work more flexibly and encourage diversity and inclusion throughout the workplace.

OUR COMMITMENT TO COMMUNITY

Barwa Real Estate is committed towards its social responsibility by developing many targeted long-term initiatives, whether through its residential communities developed specifically for workers, its Safety & Security initiatives or through support which the group offers as part of national events and celebrations.

Barwa pays special attention to workers and has a unique position in providing real estate solutions to serve them. Barwa offers a wide range of amenities and services to ensure securing a sustainable living environment for them.

Barwa is keen to implement safety and security measures in its projects in accordance with the frameworks established by the Government of Qatar. Moreover, Barwa constantly works towards enhancing security and safety measures in all aspects of its business, as it listens to the needs of its employees and customers and develops plans that simulate the needs of local communities. In addition to the partnership between Barwa and the Department of Civil Defense at the Ministry of Interior, providing sponsorships for awareness raising programmes and safety trainings conducted by the Department of Civil Defense.

Barwa is constantly looking to support and sponsor activities and celebrations of Qatar National Day, as an expression of solidarity, national unity, and pride in the Qatari identity.

OUR FUTURE PLANS FOR THE YEAR 2021

As the impact of the Covid 19 pandemic continues to take its toll on the global economy during the year 2021, Barwa Real Estate is keen to work on various aspects during the year, which the group considers to be the pillars of its business. Those aspects are as follow:

First - Increase in revenue:

The primary goal of Barwa is to achieve sustainable growth for its revenues and returns for its shareholders, through achieving a balanced mix of operational projects that meet the needs of the real estate market in Qatar and lower the potential of risks linked to it. In the short term, we expect to leverage on the approaching FIFA World Cup in the year 2022, which is a promising era for the real estate market. In the long term, we believe that Qatar National Vision 2030 will serve as the main vehicle for long-term growth.

During 2021, Barwa will work towards:

- Studying the master plans of a number of potential investments for Barwa land bank. Today, Barwa real estate portfolio contains a land bank of 7.7 million square meters, 68% of which is inside Qatar, and the remaining 32% is in other regions around the world. Having such a rich land bank places the Company in an advantageous position to build more projects to sell or keep as a source of reoccurring revenues. We will work during the year 2021 to re-articulate the investment strategy to support the implementation of those plans. Those lands include:

- Lusail Land (formerly known as Lusail Golf)
- Dara B-F project
- Fourth phase of Madinat Mawater
- Third phase of Barwa City

- Leverage on the latest legal and economical laws. Since the issuance of Law no. 28 for the year 2020, Regulating the ownership and use of real estate assets for non-Qataris, foreign investors are now in a position to purchase property in designated freehold areas. Having Lusail City among those zones, is a privilege for Barwa since Barwa has a big land bank in Lusail City.

- Enhance the strategic partnership with the government of Qatar to address market needs.

Hence, Barwa participated in tenders offered by the Public Works Authority “Ashghal” to develop various real estate projects according to the model of the partnership between the public and private sectors (PPP). In addition to leading developmental projects which address the needs of the Qatari community, the needs of the Fifa World Cup 2022, and achieve the Qatar National Vision 2030.

Second - Reduce Cost:

During the year 2021, Barwa will continue reducing costs by reviewing operational, administrative and financing costs in order to ensure maximum benefit and reduce cost without affecting the quality of the projects and services provided.

Third - Raising brand value of the group and activating the corporate system:

Barwa is keen on improving shareholder and customer satisfaction though improving its performance. This is accomplished by providing the best quality services at competitive prices, which satisfy the aspirations of customers, in addition to its on-going contribution towards national and social initiatives.



1. Improving shareholder and customer satisfaction with Barwa's performance
2. Contributing to national and social initiatives
3. Raising the efficiency of Barwa's organizational and administrative structure


Moreover, Barwa formed an internal crisis management committee to monitor the Covid 19 crisis, with the aim of improving communication with employees and all concerned authorities, and to ensure that all health & safety measures are being implemented in accordance with State instructions. The committee also monitored infection cases among employees and their families, and it will continue its efforts in this regard until pandemic risk is eliminated.

Dear shareholders, we assure you that we, as a board of directors and executive management, and all the employees of Barwa Real Estate Group, are continuously working towards achieving sustainable growth and developing maximum returns for the company's shareholders.

I would like to take this opportunity to express our deepest appreciation and gratitude to the wise leadership of H.H. Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, and His Excellency Sheikh Khalid Bin Khalifa Bin Abdulaziz Al Thani, Prime Minister and Minister of Interior. We also extend our gratitude to the company's shareholders and employees, for their continuous support to achieve our goals and to serve the interest of our country and its citizens, as well as the Qatar National Vision 2030.

Yours sincerely,

Salah Bin Ghanim Bin Nasser Al Ali
Chairman of the Board of Directors



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