

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 March 2017

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Report on review of the condensed consolidated interim financial information to the board of directors of Barwa Real Estate Company Q.S.C.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Barwa Real Estate Company Q.S.C. and its subsidiaries (the 'Group') as of 31 March 2017 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

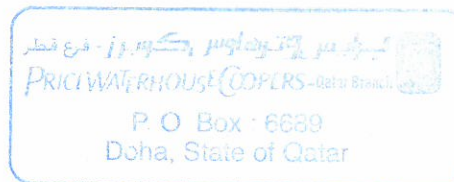
We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB).

For and behalf of PricewaterhouseCoopers - Qatar Branch
Qatar Financial Markets Authority Registration No. 120155

Mohamed Elmoataz
Auditor's registration number 281
Doha, 25 April 2017



Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	31 March 2017 (Reviewed) QR'000	31 December 2016 (Audited) QR'000
ASSETS			
Cash and bank balances	5	3,722,111	2,875,318
Financial assets at fair value through profit or loss		31,908	29,477
Receivables and prepayments	6	920,525	1,137,270
Trading properties	8	3,260,027	3,201,609
Finance lease receivables	6	282,848	1,459,708
Due from related parties	7	199,903	201,785
Available-for-sale financial assets		181,084	181,372
Advances for projects and investments		4,861,370	4,870,074
Investment properties	10	14,244,214	13,851,222
Property, plant and equipment		584,721	591,636
Investments in associates	9	666,810	675,768
Goodwill		126,411	126,411
Deferred tax assets		1,306	1,289
TOTAL ASSETS		29,083,238	29,202,939
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	11	2,191,620	2,252,807
Provisions	12	61,083	61,083
Due to related parties	7	761,589	321,384
Obligations under Islamic finance contracts	13	8,206,468	8,206,468
Deferred tax liabilities		1,274	1,258
TOTAL LIABILITIES		11,222,034	10,843,000
EQUITY			
Share capital		3,891,246	3,891,246
Treasury shares		(4,119)	(4,119)
Legal reserve		1,452,226	1,452,226
General reserve		4,639,231	4,639,231
Other reserves	17	(273,497)	(264,542)
Retained earnings		8,021,429	8,514,812
Total equity attributable to equity holders of the Parent		17,726,516	18,228,854
Non-controlling interests		134,688	131,085
TOTAL EQUITY		17,861,204	18,359,939
TOTAL LIABILITIES AND EQUITY		29,083,238	29,202,939

These condensed consolidated interim financial statements were approved by the Board of Directors on 25th April 2017 and signed on their behalf by:

Issa Mohd L. A. Almohannadi
Deputy Chairman

Salman Mohamad Al Muhannadi
Group Chief Executive Officer

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2017

	<i>Notes</i>	<i>Three months ended 31 March 2017 Reviewed QR'000</i>	<i>Three months ended 31 March 2016 Reviewed QR'000</i>
Rental income		324,351	291,723
Rental operation expenses		<u>(94,333)</u>	<u>(99,768)</u>
Net rental income		230,018	191,955
Finance lease income		<u>21,159</u>	<u>58,097</u>
Net rental and finance lease income		<u>251,177</u>	<u>250,052</u>
Income from consultancy and other services		72,446	83,127
Consulting operation and other services expenses		<u>(47,995)</u>	<u>(45,758)</u>
Net consulting and other services income		<u>24,451</u>	<u>37,369</u>
Net fair value gain on investment properties	10	240,450	306,829
Share of results of associates	9	18,801	16,069
Gain on financial assets at fair value through profit or loss		1,401	690
General and administrative expenses		<u>(50,832)</u>	<u>(54,120)</u>
Depreciation		<u>(10,981)</u>	<u>(14,637)</u>
Net impairment losses	14	<u>(3,414)</u>	<u>(22)</u>
Other income	15	<u>35,033</u>	<u>129,668</u>
Operating profit before finance cost and tax		<u>506,086</u>	<u>671,898</u>
Finance income		22,927	21,249
Finance cost		<u>(44,797)</u>	<u>(36,200)</u>
Profit before income tax		<u>484,216</u>	<u>656,947</u>
Income tax expense		<u>(1,288)</u>	<u>(1,151)</u>
Net profit for the period		<u>482,928</u>	<u>655,796</u>
<i>Attributable to:</i>			
<i>Equity holders of the Parent</i>	16	479,428	651,458
<i>Non-controlling interests</i>		<u>3,500</u>	<u>4,338</u>
		<u>482,928</u>	<u>655,796</u>
Basic and diluted earnings per share <i>(attributable to equity holders of the Parent expressed in QR per share)</i>	16	<u>1.23</u>	<u>1.67</u>

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2017

	<i>Three months ended 31 March 2017 Reviewed QR'000</i>	<i>Three months ended 31 March 2016 Reviewed QR'000</i>
Profit for the period	<u>482,928</u>	<u>655,796</u>
Other comprehensive income		
<i>Other comprehensive income that will be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	14,621	10,805
Net gain on available-for-sale financial assets	<u>(23,485)</u>	<u>1,380</u>
Other comprehensive (loss) / income for the period	<u>(8,864)</u>	<u>12,185</u>
Total comprehensive income for the period	<u>474,064</u>	<u>667,981</u>
<i>Attributable to:</i>		
Equity holders of the Parent	470,473	662,757
Non-controlling interests	<u>3,591</u>	<u>5,224</u>
	<u>474,064</u>	<u>667,981</u>

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2017

	<i>Equity attributable to owners of the parent</i>						<i>Non-controlling interests</i>	<i>Total Equity</i>	
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Other reserves</i>	<i>Retained earnings</i>			<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>			<i>QR'000</i>
Balance at 1 January 2017	3,891,246	(4,119)	1,452,226	4,639,231	(264,542)	8,514,812	18,228,854	131,085	18,359,939
Profit for the period	-	-	-	-	-	479,428	479,428	3,500	482,928
Other comprehensive income for the period	-	-	-	-	(8,955)	-	(8,955)	91	(8,864)
Total comprehensive income for the period	-	-	-	-	(8,955)	479,428	470,473	3,591	474,064
Partners' contribution:									
Dividends for 2016 (Note 22)	-	-	-	-	-	(972,811)	(972,811)	-	(972,811)
Other movements	-	-	-	-	-	-	-	12	12
Total transactions with owners	-	-	-	-	-	(972,811)	(972,811)	12	(972,799)
Balance at 31 March 2017 (Reviewed)	<u>3,891,246</u>	<u>(4,119)</u>	<u>1,452,226</u>	<u>4,639,231</u>	<u>(273,497)</u>	<u>8,021,429</u>	<u>17,726,516</u>	<u>134,688</u>	<u>17,861,204</u>

	<i>Equity attributable to owners of the parent</i>						<i>Non-controlling interests</i>	<i>Total Equity</i>	
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Other reserves</i>	<i>Retained earnings</i>			<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>			<i>QR'000</i>
Balance at 1 January 2016	3,891,246	(4,119)	1,399,641	4,639,231	(210,026)	7,855,259	17,571,232	147,207	17,718,439
Profit for the period	-	-	-	-	-	651,458	651,458	4,338	655,796
Other comprehensive income for the period	-	-	-	-	11,299	-	11,299	886	12,185
Total comprehensive income for the period	-	-	-	-	11,299	651,458	662,757	5,224	667,981
Partners' contribution:									
Dividends for 2015 (Note 22)	-	-	-	-	-	(856,074)	(856,074)	-	(856,074)
Other movements	-	-	-	-	-	-	-	(612)	(612)
Total transactions with owners	-	-	-	-	-	(856,074)	(856,074)	(612)	(856,686)
Balance at 31 March 2016 (Reviewed)	<u>3,891,246</u>	<u>(4,119)</u>	<u>1,399,641</u>	<u>4,639,231</u>	<u>(198,727)</u>	<u>7,650,643</u>	<u>17,377,915</u>	<u>151,819</u>	<u>17,529,734</u>

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three months ended 31 March 2017

	<i>Notes</i>	31 March 2017 Reviewed QR'000	31 March 2016 Reviewed QR'000
OPERATING ACTIVITIES			
Profit for the period		482,928	655,796
<i>Adjustments for:</i>			
Finance cost		44,797	36,200
Finance income		(22,927)	(21,249)
Net fair value gain on investment properties	10	(240,450)	(306,829)
Unrealised gain on financial assets at fair value through profit or loss		(1,401)	(690)
Gain on sale of financial assets at fair value through profit or loss		(92)	-
Depreciation (i)		13,090	16,763
Share of results of associates	9	(18,801)	(16,069)
Net impairment losses	14	3,414	22
Finance lease income		(21,159)	(58,097)
Net deferred tax		(17)	6
Dividend income		(1,976)	(3,946)
Other income		(33,057)	(125,722)
Operating gain before working capital changes		204,349	176,185
<i>Changes in working capital:</i>			
Change in receivables and prepayments		42,350	31,919
Change in trading properties		(20,764)	(142,019)
Change in finance lease receivables		1,337,821	277,673
Change in amounts due from / due to related parties		4,321	(173,634)
Change in provisions	12	-	(84)
Change in payables and accruals		(96,266)	(37,319)
NET CASH GENERATED FROM OPERATING ACTIVITIES		1,471,811	132,721
INVESTING ACTIVITIES			
Finance income received		46,785	65,261
Dividends received from associates	9	4,000	4,000
Purchase of investment properties		(135,853)	(54,461)
Payments for purchase of available-for-sale financial assets		(496)	-
Payments for purchase of property, plant and equipment		(6,175)	(1,792)
Dividend income received		712	2,628
Proceeds from disposal of financial assets at fair value through profit or loss		6,217	673
Payments for purchase of financial assets at fair value through profit or loss		(7,154)	-
Net movement in short term deposits maturing after three months		580,453	609,264
NET CASH GENERATED FROM INVESTING ACTIVITIES		488,489	625,573

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three months ended 31 March 2017

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	<i>Notes</i>	31 March 2017 Reviewed QR'000	31 March 2016 Reviewed QR'000
FINANCING ACTIVITIES			
Finance cost paid		(58,311)	(96,353)
Payments for obligations under Islamic finance contracts	13	-	(30,725)
Dividends paid		(484,330)	(414,194)
Change in restricted bank balances		(50,321)	(49,690)
NET CASH USED IN FINANCING ACTIVITIES		(592,962)	(590,962)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		9,587	(5,435)
Cash and cash equivalents at 1 January		1,346,125	1,003,256
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	2,723,050	1,165,153

Note:

- (i) Depreciation for the three month period ended 31 March 2017 include an amount of QR 2,109 thousand charged to rental operation expenses in the condensed consolidated interim statement of profit or loss (2016 - QR 2,126 thousand)

Non-cash movements for the period are summarised as follows:

Description	31 March 2017 QR'000	31 March 2016 QR'000
Change in receivables and prepayments	(174,396)	(129,189)
Changes in amounts due from / due to related parties	(437,765)	(385,233)
Change in finance lease receivables	160,960	185,990
Change in payables and accruals	(25,236)	(47,402)

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended 31 March 2017

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Barwa Real Estate Company Q.P.S.C. (“the Company” or “the Parent”) was incorporated pursuant to the provision of Article 68 of the Qatar Commercial Companies Law No. 5 of 2002 as Qatari Public Shareholding Company under Commercial Registration No. 31901 dated 27 December 2005. The term of the Company is 100 years starting from the date of declaration in the Commercial Register. The Company is a listed entity on the Qatar Exchange.

The Company’s registered office address is P.O. Box 27777, Doha, State of Qatar.

The principal activities of the Company and its subsidiaries (together, “the Group”) include investment in all types of real estate including acquiring, reclamation, dividing, developing and reselling of land and to establish agricultural, industrial, commercial projects on land, or lease those land, and also buying, selling and leasing buildings or projects. It also administers and operates real estate investments in and outside the State of Qatar. The Group is engaged in the business of developing domestic and international real estate projects, investing, hotels ownership and management, projects consulting and others.

Qatar Companies Law No. 11 of 2015 (Companies Law) which is applicable to the group has come into effect from 16 June 2015. The Ministry of Economy and Commerce (MOEC) had extended the transitional period determined for complying with the Companies Law till August 2017. Additionally, the executive regulations necessary to apply the Companies Law have not yet been issued by the MOEC. The group is currently in communication with the MOEC in order to amend its articles of association to be in compliance with the new Companies Law.

The Group’s subsidiaries accounting for more than 2% of the total assets and /or operational results of the Group during the current or previous period are included in these condensed consolidated interim financial statements are listed below. In addition to the below listed subsidiaries, there are a number of other subsidiaries’ financial statements that are consolidated into these condensed consolidated interim financial statements and are accounting for less than 2% of the total assets and/or operational results of the Group.

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Group effective shareholding percentage</i>	
		<i>31 March 2017</i>	<i>31 December 2016</i>
Asas Real Estate Company W.L.L	Qatar	100%	100%
Al-Waseef Asset Management Company W.L.L.	Qatar	100%	100%
Barwa International Company W.L.L.	Qatar	100%	100%
Barwa Al Sadd Company W.L.L.	Qatar	100%	100%
Barwa Al-Doha Real Estate Company W.L.L	Qatar	100%	100%
Barwa Salwa Company W.L.L	Qatar	100%	100%
Barwa Al- Baraha W.L.L.	Qatar	100%	100%
Barwa Village Company W.L.L.	Qatar	100%	100%
Masaken Al Sailiya & Mesaimmer Company W.L.L.	Qatar	100%	100%
Barwa District Cooling Company W.L.L.	Qatar	100%	100%
Qatar Real Estate Investment Company P.J.S.C.	Qatar	100%	100%
Qatar Project Management Company Q.P.S.C.	Qatar	70%	70%
Shaza Hotels Investment Company B.S.C.C	Bahrain	100%	100%
Lusail Golf Development Company W.L.L.	Qatar	100%	100%
Barwa Real Estate Saudi Arabia W.L.L.	KSA	100%	100%
Madinat Al Mawater W.L.L.	Qatar	100%	100%
Mustawdaat Logistics W.L.L.	Qatar	100%	100%

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the period ended 31 March 2017 have been prepared in accordance with International Financial Reporting Standards, IAS 34 “Interim Financial Reporting” (“IAS 34”).

The condensed consolidated interim financial statements are presented in Qatari Riyals, which is the Group’s functional and presentational currency and all values are rounded to the nearest thousands (QR’000) except when otherwise indicated.

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2016. In addition, results for the three months period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016. There are no amendments to IFRSs that have a material effect on the group for the period ended 31 March 2017.

(a) New standards and interpretations are effective for annual periods beginning after 1 January 2017 and not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, ‘Financial instruments’ on hedge accounting (Annual periods beginning on or after 1 January 2018). The amendments to IFRS 9 bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

IFRS 16, ‘leases’ (Annual periods beginning on or after 1 January 2019) requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability to pay rentals. The lessor’s accounting’ model largely remains unchanged.

IFRS 15, ‘Revenue from contracts with customer’ (Annual periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.

The Group is in the process of assessing the impact of the new standards, not yet effective, as of 31 March 2017.

4 ACCOUNTING ESTIMATES

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the condensed consolidated interim financial information is described in note 41 of the annual consolidated financial statements for the year ended 31 December 2016.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2016.

Barwa Real Estate Company Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended 31 March 2017

5 CASH AND BANK BALANCES

Cash and bank balances are comprised of the following:

	<i>As at 31 March 2017 (Reviewed) QR'000</i>	<i>As at 31 December 2016 (Audited) QR'000</i>
Cash on hand	528	390
Short term deposits (i)	3,087,720	2,397,656
Current accounts	102,162	116,017
Call accounts	350,684	230,559
Restricted balances	165,326	114,605
Margin bank accounts	15,691	16,091
Total cash and bank balances	3,722,111	2,875,318
Short term bank deposits maturing after 3 months	(818,044)	(1,398,497)
Restricted bank balances and margin accounts (ii)	(181,017)	(130,696)
Cash and cash equivalents	2,723,050	1,346,125

Notes:

- (i) Short term bank deposits are made for varying periods depending on the immediate cash requirements of the Group with original maturity period ranging up to twelve months and carry profit at commercial market rates. Cash and cash equivalents include fixed deposits with maturity dates from one to three months amounting to QR 2,269,676 thousand (2016: QR 999,159 thousand).
- (ii) Restricted bank balances are restricted mainly to cover certain bank guarantees issued by the Group and the settlement of dividends yet unclaimed by the parent's shareholders.

6 CURRENT AND NON-CURRENT PRESENTATION OF RECEIVABLES AND PREPAYMENTS AND FINANCE LEASE RECEIVABLES

The following table presents the current and non-current distinction of receivables and prepayments and finance lease receivables at the reporting date:

	<i>Receivables and prepayments</i>		<i>Finance lease receivables</i>	
	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Current	887,995	1,103,235	63,645	493,534
Non-current	32,530	34,035	219,203 (i)	966,174
	920,525	1,137,270	282,848	1,459,708

Note:

- (i) At 31 January 2017, Qatar Real Estate Investment Co. "A wholly owned subsidiary" - entered into a termination and release agreement with its main customer, whereby 9 of its finance lease agreements have been terminated resulting in the collection of an amount of QR 1,172 Million in cash during the month of February 2017.

7 RELATED PARTY DISCLOSURES

Qatari Diar Real Estate Investment Company Q.S.C is the main shareholder of the company, which owns 45% of the company's shares including one preferred share that carries preferred rights over the financial and operating policies. The remaining 55% of the shares are widely held and publicly traded at the Qatar Exchange.

The Parent Company has transactions with related parties, i.e. main shareholder, associated companies, directors and key management of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Related party transactions

Transactions with related parties during the period were as follows:

	<i>For the 3 months ended 31 March</i>	
	<i>2017 (Reviewed) QR'000</i>	<i>2016 (Reviewed) QR'000</i>
Income from consultancy and other services – Main shareholder	22,898	27,595
Rental income – Main shareholder / associates	5,038	4,879

Barwa Real Estate Company Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended 31 March 2017

7 RELATED PARTY DISCLOSURES (Continued)

Balances with related parties included in the consolidated interim statement of financial position are as follows:

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Qatari Diar Real Estate Investment Co Q.S.C.	20,280	21,375	730,220	291,637
Associate companies	97,159	97,154	29,621	28,788
Entities under common control	82,464	83,256	-	-
Other related parties	-	-	1,748	959
	199,903	201,785	761,589	321,384

Current and non-current portions of due from and due to related parties were as follows:

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Non-current	85,627	85,627	574	574
Current	114,276	116,158	761,015	320,810
	199,903	201,785	761,589	321,384

Compensation of directors and other key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	<i>For the three months ended 31 March</i>	
	<i>2017 (Reviewed) QR'000</i>	<i>2016 (Reviewed) QR'000</i>
Total key management staff benefits (Group basis)	23,904	22,738

8 TRADING PROPERTIES

	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Properties available for sale	192,469	192,469
Properties under development- net	<u>3,067,558</u>	<u>3,009,140</u>
	<u>3,260,027</u>	<u>3,201,609</u>

Movements of properties available for sale during the period were as follows:

	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 March 2016 (Reviewed) QR'000</i>
At 1 January	192,469	176,112
Additions during the period	-	-
Properties sold during the period	-	-
At 31 March	<u>192,469</u>	<u>176,112</u>

Movements of properties under development during the period were as follows:

	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 March 2016 (Reviewed) QR'000</i>
At 1 January	3,009,140	3,616,641
Additions	29,469	137,008
Capitalised finance cost	21,191	20,282
Transfer to investment property (Note 10)	(2,319)	(409,611)
Reversal of impairment	9,386	8,275
Foreign exchange adjustment	691	1,322
At 31 March	<u>3,067,558</u>	<u>3,373,917</u>

9 INVESTMENTS IN ASSOCIATES

The following table illustrates the summarised financial information of the Group's investments in associates:

	<i>Three months ended 31 March 2017 (Reviewed) QR'000</i>	<i>Three months ended 31 March 2016 (Reviewed) QR'000</i>
At 1 January	675,768	723,494
Dividends received from associates	(4,000)	(4,000)
Share of results of associates	18,801	16,069
Net impairment losses	(800)	-
Share of change in fair value reserve of available for sale financial assets	(23,457)	8,066
Currency translation adjustment	498	5,451
At 31 March	666,810	749,080
	<i>Three months ended 31 March 2017 (Reviewed) QR'000</i>	<i>Three months ended 31 March 2016 (Reviewed) QR'000</i>
Total group's share of the associates' statement of financial position:		
Total assets	1,601,403	1,573,552
Total liabilities	(934,593)	(824,472)
Group share of net assets of associates	666,810	749,080
Carrying amount of the investments	666,810	749,080
Group's share of associates' revenues and results:		
Revenues	39,995	37,862
Results	18,801	16,069

10 INVESTMENT PROPERTIES

	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 March 2016 (Reviewed) QR'000</i>
At 1 January	13,851,222	11,222,850
Additions	145,695	54,461
Transfer from trading properties (Note 8)	2,319	409,611
Net fair value gain	240,450	306,829
Foreign exchange adjustment	4,528	(8,455)
At 31 March	14,244,214	11,985,296

10 INVESTMENT PROPERTIES (continued)

Notes:

- (i) Investment properties are located in the State of Qatar, Republic of Cyprus and United Kingdom.
- (ii) Investment properties are stated at fair value, which has been determined based on valuations performed by accredited independent valuers as at 31 March 2017 for local properties and 31 December 2016 for international properties. Those valuers are accredited independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparable. In the absence of current prices in an active market, the valuations are based on the aggregate of the estimated cash flows expected to be received from renting the property. A yield that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation.
- (iii) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements, other than the commitments disclosed in note 19.
- (iv) Included in investment properties are certain properties with a carrying value of QR 1,254,000 thousand at 31 March 2017 (31 December 2016: QR 1,254,000 thousand) for which the title deeds will be transferred to the Group upon completion of the construction of the projects and settlement of the full amount of the related land. The condensed consolidated interim financial statements have been prepared on the basis that the beneficial interest of these investment properties resides with the Group.
- (v) Description of valuation techniques used by the group and key inputs to valuation on some of the investment properties are as follows:

<i>Type of properties</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range (weighted average)</i>	
			<i>31 March 2017</i>	<i>31 December 2016</i>
Commercial properties	DCF method	Estimated rental value per sqm per month	QR 17-300	QR 17-300
		Rent growth p.a.	0%-3%	0%-3%
		Long-term vacancy rate	0%-60%	0%-60%
		Discount rate	8.44% - 9.00%	8.44%-8.81%
		Market cap	6.75%-7%	6.75%-7%
Residential properties	DCF method	Estimated rental value per sqm per month	QR 31-83	QR 31-83
		Rent growth p.a.	0%-5%	0%-5%
		Long-term vacancy rate	0%-24%	0%-15%
		Discount rate	8.44%-8.81%	8.44%-8.81%
		Market cap	6.50%-7%	6.50%-7%
Land Bank	Direct comparison	Estimated land value per sqm	QR 1,600-16,700	QR 2,000-17,000

Discounted Cash Flow Method (DCF): It is considered the most commonly used technique for assessing Market Value within the Income Approach. This is a financial modelling technique based on explicit assumptions regarding the prospective cash-flow to a property or business and the costs associated with being able to generate the income. A market-derived discount or internally calculated rate is applied to estimate cash flows to establish a present value of the income stream. This Net Present Value (“NPV”) is an indication of Market Value.

Direct Comparison Approach: This approach involves a comparison of the subject property to similar properties that have actually been sold in arms’-length transactions or are offered for sale. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. Generally, the opinion on value is based on evidence of open market transactions in similar property with adjustments of the comparable to differentiate the differences between the subject property and the comparable.

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11 PAYABLES AND OTHER LIABILITIES

	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Subcontractors and suppliers	414,120	428,144
Clients advances and unearned income	139,386	100,563
Retention payable	192,133	213,695
Contribution to social and sports fund	66,540	124,325
Accrued expenses	306,082	333,430
Accrued finance cost	34,465	26,788
Employees end of services benefits	95,282	93,475
Other payables	943,612	932,387
	<u>2,191,620</u>	<u>2,252,807</u>

The maturity of payables and other liabilities are as follows:

Non-current	955,870	895,468
Current	1,235,750	1,357,339
	<u>2,191,620</u>	<u>2,252,807</u>

12 PROVISIONS

	Three months ended 31 March 2017 (Reviewed) QR'000	Three months ended 31 March 2016 (Reviewed) QR'000
At 1 January	61,083	207,028
Utilized during the period	-	(86)
Reversal during the period (note 15)	-	(112,887)
Translation adjustments	-	2
At 31 March	<u>61,083</u>	<u>94,057</u>

Provisions are analysed by nature as follows:

	31 March 2017 (Reviewed) QR'000	31 December 2016 (Audited) QR'000
Provision for litigations	20,802	20,802
Provision for committed costs	40,281	40,281
At 31 March / 31 December	<u>61,083</u>	<u>61,083</u>

13 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS

The movements in the obligations under Islamic finance contracts during the period were as follows:

	31 March 2017 (Reviewed) QR'000	31 March 2016 (Reviewed) QR'000
At 1 January	8,206,468	7,697,837
Repayment during the period	<u>-</u>	<u>(30,725)</u>
At 31 March	<u>8,206,468</u>	<u>7,667,112</u>

The maturity profile of obligations under Islamic finance contracts are as follows:

	31 March 2017 (Reviewed) QR'000	31 December 2016 (Audited) QR'000
Non-current portion	8,206,468	8,206,468
Current portion	<u>-</u>	<u>-</u>
	<u>8,206,468</u>	<u>8,206,468</u>

Note:

The Islamic finance contracts have been obtained for the purpose of financing long term projects, working capital requirements of the Group and settlement of previously obtained banking facilities. The contracts carry profits at commercial rates. There were no securities pledged against any of the contracts at 31 March 2017 and 31 December 2016.

14 NET IMPAIRMENT LOSSES

	<i>Three months ended 31 March 2017 (Reviewed) QR'000</i>	<i>Three months ended 31 March 2016 (Reviewed) QR'000</i>
<u>Impairment losses :</u>		
Receivables and prepayments	(12,000)	(22)
Investment in associates (Note 9)	(3,800)	-
<u>Reversal of impairment:</u>		
Trading properties (Note 8)	9,386	-
Investment in associates (Note 9)	3,000	-
Net impairment losses	<u>(3,414)</u>	<u>(22)</u>

15 OTHER INCOME

	<i>Three months ended 31 March 2017 (Reviewed) QR'000</i>	<i>Three months ended 31 March 2016 (Reviewed) QR'000</i>
Dividend income	1,971	3,946
Income from reversal of provisions (Note 12)	-	112,887
Penalties from contractors	18,495	-
Others	14,567	12,835
	<u>35,033</u>	<u>129,668</u>

16 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>For the Three months ended 31 March</i>	
	<u>2017</u> (Reviewed)	<u>2016</u> (Reviewed)
Profit attributable to owners of the parent (QR'000)	<u>479,428</u>	<u>651,458</u>
Ordinary shares issued and fully paid (Thousand shares)	389,125	389,125
Treasury Shares (Thousand shares)	<u>(50)</u>	<u>(50)</u>
Weighted average number of shares outstanding during the period (in thousand shares)	<u>389,075</u>	<u>389,075</u>
Basic and diluted earnings per share (QR)	<u>1.23</u>	<u>1.67</u>

There were no potentially dilutive shares outstanding at any time during the period and therefore the diluted earnings per share are equal to the basic earnings per share.

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17 OTHER RESERVES

	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 March 2016 (Reviewed) QR'000</i>
<i>Translation reserves:</i>		
Currency translation differences from foreign operations	(303,148)	(228,770)
<i>Available-for-sale financial assets:</i>		
Gain on remeasurement at fair value	29,651	30,043
	<u>(273,497)</u>	<u>(198,727)</u>

18 CONTINGENT LIABILITIES

The Group had the following contingent liabilities from which it is anticipated that no material liabilities will arise:

	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Bank guarantees	<u>111,797</u>	<u>102,873</u>

19 COMMITMENTS

	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Contractual commitments to contractors and suppliers for properties under development	<u>539,030</u>	<u>736,291</u>
Commitments for operating leases (i)	<u>443,920</u>	<u>470,159</u>
Commitments for purchase of investments	<u>363,859</u>	<u>363,859</u>

Note:

(i) Commitments for operating leases are analysed as follows:

	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Less than one year	81,635	82,773
Between 1 and 5 years	261,795	277,560
More than 5 years	100,490	109,826
Total operating lease expenditure contracted for at 31 March / December	<u>443,920</u>	<u>470,159</u>

20 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

20.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value profit rate risk, cash flow profit rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2016.

There have been no changes in the risk management policies since the year end.

20.2 Liquidity risk

Compared to the year end, there were no material changes in the contractual undiscounted cash out flows for the financial liabilities.

20.3 Fair value estimation

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments as at 31 March 2017 and 31 December 2016:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>	<i>31 March 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Financial assets				
Bank balances (excluding cash)	3,721,583	2,874,928	3,721,583	2,874,928
Receivables (excluding prepayments)	857,489	1,082,220	857,489	1,082,220
Finance lease receivables	282,848	1,459,708	282,848	1,459,708
Due from related parties	199,903	201,785	199,903	201,785
Financial assets at fair value through profit or loss	31,908	29,477	31,908	29,477
Available-for-sale financial assets	181,084	181,372	181,084	181,372
Financial liabilities				
Payables and other liabilities (excluding non-financial liabilities)	(1,280,852)	(1,382,670)	(1,280,852)	(1,382,670)
Due to related parties	(761,589)	(321,384)	(761,589)	(321,384)
Obligations under Islamic finance contracts	(8,206,468)	(8,206,468)	(8,206,468)	(8,206,468)

20 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

20.3 Fair value estimation (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

Available for sale financial assets amounting to QR 57,852 thousand (31 December 2016 - QR 57,667 thousand) are unquoted equity securities carried at fair value. Information for such investments is usually limited to periodic investment performance reports from the investment managers. Management has performed a review of its unquoted investments to assess whether impairment has occurred in the value of these investments. Based on the latest financial information available in respect of these investments and their operations, management is of the view that the fair value of these investments is not impaired more than what is already recorded.

As at 31 March 2017 and 31 December 2016, the Group held the following classes of financial instruments measured at fair value:

Financial assets

	<i>31 March 2017 (Reviewed) QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Financial assets at fair value through profit or loss	31,908	31,908	-	-
Available-for-sale financial assets	181,084	123,232	-	57,852
	<u>212,992</u>	<u>155,140</u>	<u>-</u>	<u>57,852</u>
	<i>31 December 2016 (Audited) QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Financial assets at fair value through profit or loss	29,477	29,477	-	-
Available-for-sale financial assets	181,372	123,705	-	57,667
	<u>210,849</u>	<u>153,182</u>	<u>-</u>	<u>57,667</u>

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

21 SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different businesses and are managed separately because they require different expertise. For each of the strategic divisions, the Group's top management (the chief operating decision maker) reviews internal management reports on a regular basis. The real estate segment develops, sells and lease condominiums, villas, retail shops, warehouses, workshops and plots of land. Business services segment provides business support services and other services comprise cooling and other services.

The operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results, which are considered as a measure of the individual segment's profit or losses.

Operating segments

The operating segments are presented as follows:

<i>For the Three months ended 31 March 2017 (Reviewed)</i>	<i>Real Estate</i>	<i>Business services</i>	<i>Other Services</i>	<i>Eliminations</i>	<i>Total</i>
	<i>QR '000</i>	<i>QR '000</i>	<i>QR '000</i>	<i>QR '000</i>	<i>QR '000</i>
Revenues and gains					
- External parties	585,960	72,446	55,235	-	713,641
- Internal segments	24,087	8,677	38	(32,802) (i)	-
Total revenues and gains	610,047	81,123	55,273	(32,802)	713,641
Profit for the period	428,459	22,457	31,047	965	482,928
Net finance (cost)/ income	(23,414)	1,544	-	-	(21,870)
Depreciation	(7,615)	(1,027)	(2,339)	-	(10,981)
Share of results of associates	-	-	18,801	-	18,801

<i>For the Three months ended 31 March 2016 (Reviewed)</i>	<i>Real Estate</i>	<i>Business services</i>	<i>Other services</i>	<i>Eliminations</i>	<i>Total</i>
	<i>QR '000</i>	<i>QR '000</i>	<i>QR '000</i>	<i>QR '000</i>	<i>QR '000</i>
Revenues and gains					
- External parties	656,650	83,127	146,426	-	886,203
- Internal segments	14,638	14,766	341	(29,745) (i)	-
Total revenues and gains	671,288	97,893	146,767	(29,745)	886,203
Profit for the period	490,249	32,229	138,690	(5,372)	655,796
Net finance (cost)/ income	(17,000)	2,049	-	-	(14,951)
Depreciation	(12,011)	(287)	(2,339)	-	(14,637)
Share of results of associates	-	-	16,069	-	16,069

Note:

- (i) Inter-segment revenues and gains are eliminated at the consolidated level.

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21 SEGMENT INFORMATION (Continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 31 March 2017 and 31 December 2016:

<i>At 31 March 2017 (Reviewed)</i>	<i>Real Estate QR'000</i>	<i>Business services QR'000</i>	<i>Other services QR'000</i>	<i>Eliminations QR'000</i>	<i>Total QR'000</i>
Current assets	7,700,011	439,496	40,538	-	8,180,045
Non-current assets	20,509,360	174,762	880,426	(661,355)	20,903,193
Total assets	28,209,371	614,258	920,964	(661,355)	29,083,238
Current liabilities	(1,924,806)	(111,670)	(39,567)	-	(2,076,043)
Non-current liabilities	(8,751,316)	(136,773)	(418,130)	160,228	(9,145,991)
Total liabilities	(10,676,122)	(248,443)	(457,697)	160,228	(11,222,034)
Investment in associates	-	-	666,810	-	666,810
Capital expenditures	202,530 (ii)	-	-	-	202,530
<i>At 31 December 2016 (Audited)</i>	<i>Real estate QR'000</i>	<i>Business services QR'000</i>	<i>Other services QR'000</i>	<i>Eliminations QR'000</i>	<i>Total QR'000</i>
Current assets	7,494,906	405,388	40,338	-	7,940,632
Non-current assets	20,854,020	163,848	891,722	(647,283)	21,262,307
Total assets	28,348,926	569,236	932,060	(647,283)	29,202,939
Current liabilities	(1,613,988)	(111,791)	(31,648)	-	(1,757,427)
Non-current liabilities	(8,696,756)	(128,708)	(416,653)	156,544	(9,085,573)
Total liabilities	(10,310,744)	(240,499)	(448,301)	156,544	(10,843,000)
Investment in associates	-	-	675,768	-	675,768
Capital expenditures	1,349,690 (ii)	-	-	-	1,349,690

Note:

- (ii) Capital expenditure consists of additions to trading properties, investment properties and property, plant and equipment.

22 DIVIDENDS

The shareholders of the Parent Company approved at the Annual General Meeting held on 5th March 2017 a cash dividend of QR 2.5 per share, amounting to QR 972,811 thousand from the profit of 2016 (2016: cash dividend of QR 2.2 per share; amounting to QR 856,074 thousand from the profit of 2015).

23 COMPARATIVE INFORMATION

Some of the comparative figures for the 3 months period ended 31 March 2016 have been reclassified in order to conform with the presentation in the current period.