



BARWA REAL ESTATE COMPANY Q.P.S.C.  
CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2019



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QR. 99-8

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## INDEPENDENT AUDITOR'S REPORT

**The Shareholders of  
Barwa Real Estate Company Q.P.S.C.  
Doha, Qatar.**

### **Report on the Audit of the Consolidated Financial Statements**

#### *Opinion*

We have audited the consolidated financial statements of **Barwa Real Estate Company Q.P.S.C.**, (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at December 31, 2019, and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## INDEPENDENT AUDITOR’S REPORT (CONTINUED)

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key Audit Matters</i>	<i>How the matter was addressed in our audit</i>
<i>Valuation of investment properties</i>	
<p>The Group owns investment properties which are measured at fair value in the financial statements. Changes in fair value are presented in the consolidated statement of profit or loss.</p> <p>Note 12 to the consolidated financial statements discloses, inter alia, that the Group’s investment properties were carried at QR. 26.5 billion (2018: QR. 18.2 billion) as at December 31, 2019 and a fair value gain of QR. 1.1 billion (2018: QR. 0.87 billion) was recognized in the consolidated statement of profit or loss.</p> <p>The investment property portfolio includes completed investment properties and properties under construction. The methodology applied in determining the fair value of the investment properties is disclosed in notes 12 of the consolidated financial statements.</p> <p>The valuation of investment properties is inherently judgmental due to, amongst other factors, the individual nature of each property, its location and the expected future rentals for that particular property. The valuations were carried out by third party experts (the “Valuers”) appointed by the directors.</p> <p>We focused on this area due to the significance of the balance at year end and the existence of significant judgments and estimates in arriving at the value of the properties and therefore consider this to be a key audit matter.</p>	<p>Our audit procedures to address the key audit matter include but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• We evaluated the design and implementation and tested the operating effectiveness of the key controls over the estimation of the fair value of the investment properties;</li> <li>• We assessed the competence and capabilities of the Valuers and assessed their terms of engagement with the Group to determine if the scope of their work was sufficient;</li> <li>• We utilized our internal specialists to assess, for selected properties, whether the valuation approach and methods used are in accordance with the established standards regulating valuation of properties and whether these methods are suitable for use in determining the fair value of these properties, review the appropriateness of estimates used in the valuation, for example, the discount rate, capitalization rate, growth rate and capital expenditure;</li> <li>• We tested, on a sample basis, the accuracy of the standing data provided by the Group to the Valuers;</li> <li>• We checked the mathematical accuracy of the valuations on a sample basis.</li> <li>• We agreed the results of the valuation performed by the Valuers to the amount reported in the consolidated financial statements.</li> </ul>

**INDEPENDENT AUDITOR’S REPORT (CONTINUED)**

<i>Key Audit Matters</i>	<i>How the matter was addressed in our audit</i>
<i>Impact of amendment to agreement with the Ministry of Municipality and Environment.</i>	
<p>The Group entered into an agreement with the Ministry of Municipality and Environment (MME) (“the Agreement”) to develop a labour camp on land leased from the MME. The Agreement requires the Group to build and operate a labour camp for a period of 27 years. At the end of the lease term, the land, along with the labour camp, will be transferred to the MME. The Agreement was originally assessed to be in the scope of IFRIC 12, Service Concession Arrangements.</p> <p>As disclosed in note 16 to the consolidated financial statements of the Group for the year ended December 31, 2019, MME and the Group agreed to amend certain terms of the Agreement. Management assessed the impact of the amendment and concluded that the amended agreement is no longer in the scope of IFRIC 12 Service Concession Arrangements. Accordingly, the intangible asset was derecognized and an investment property was recognized and subsequently measured at fair value.</p> <p>We considered this matter to be a key audit matter because of the significant judgments applied and the interaction of a number of accounting standards impacting this matter.</p>	<p>We obtained the amendment to the Agreement and reviewed the key terms of the amendment.</p> <p>We obtained management’s assessment of the accounting impact of the amendment.</p> <p>We reviewed the accounting impact of the amendment for appropriateness.</p> <p>We determined if the disclosure of the impact of the amendment was in accordance with IFRSs.</p>



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

<i>Key Audit Matters</i>	<i>How the matter was addressed in our audit</i>
<b><i>First-time adoption of IFRS 16 Leases</i></b>	
<p>The Group adopted IFRS 16 Leases with effect from January 1, 2019, which resulted in changes to the accounting policies. The Group has elected not to restate comparative information in accordance with the transitional provisions contained within IFRS 16</p> <p>The impact of IFRS 16 is a change in the accounting policy for operating leases. This change in accounting policy results in right-of-use assets and lease liabilities being recognized in the statement of financial position. The incremental borrowing rate (“IBR”) method has been applied where the implicit rate in a lease is not readily determinable.</p> <p>The adoption of IFRS 16 has resulted in changes to processes, systems and controls.</p> <p>Because of the number of judgments which have been applied and the estimates made in determining the impact of IFRS 16, this area is considered as a key audit matter.</p> <p>The transitional impact of IFRS 16 has been disclosed in note 49 to the consolidated financial statements.</p>	<p>We obtained an understanding of the Group’s adoption of IFRS 16 and identified the internal controls including entity level controls adopted by the Group for the accounting, processes and systems under the new accounting standard.</p> <p>We assessed the design and implementation of key controls pertaining to the application of IFRS 16.</p> <p>We assessed the appropriateness of the discount rates applied in determining lease liabilities.</p> <p>We verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information and checked the integrity and mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment.</p> <p>We considered the completeness of the lease data by testing the reconciliation of the Group’s lease liability to operating lease commitments disclosed in the 2018 financial statements and by considering if we had knowledge of any other contracts which may contain a lease.</p> <p>We determined if the disclosures made in the financial statements pertaining to leases, including disclosures relating to the transition to IFRS 16, were in compliance with IFRSs.</p>

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### ***Other matter***

The consolidated financial statements of the Group for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on February 25, 2019.

### ***Other Information***

Management is responsible for the other information. The other information comprises the Director's report, but does not include the consolidated financial statements and our auditor's report thereon. We have not received the Director's report upto the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and applicable provisions of Qatar Commercial Companies' Law, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### *Report on Other Legal and Regulatory Requirements*

Further, as required by the Qatar Commercial Companies' Law, we report the following:

- The Company has maintained proper books of account and the consolidated financial statements are in agreement therewith;
- We obtained all the information and explanations which we considered necessary for our audit; and
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Associations were committed during the year which would materially affect the Group's financial position or its financial performance.

**Doha – Qatar**  
**March 11, 2020**

**For Deloitte & Touche**  
**Qatar Branch**



**Midhat Salha**  
**Partner**  
**License No. 257**  
**QFMA Auditor License No. 120156**

**BARWA REAL ESTATE COMPANY Q.P.S.C.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**As at 31 December 2019**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	NOTES	2019 QR'000	2018 QR'000
<b>ASSETS</b>			
CASH AND BANK BALANCES	4	1,254,716	1,347,332
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	5	30,619	27,870
RECEIVABLES AND PREPAYMENTS	6	529,728	481,543
TRADING PROPERTIES	7	1,509,248	1,572,539
FINANCE LEASE RECEIVABLES	8	103,770	166,886
DUE FROM RELATED PARTIES	9	208,184	227,484
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	10	131,928	138,576
ADVANCES FOR PROJECTS AND INVESTMENTS	11	140,502	4,979,666
INVESTMENT PROPERTIES	12	26,577,670	18,261,969
PROPERTY, PLANT AND EQUIPMENT	13	726,420	791,035
RIGHT-OF-USE ASSETS	14	72,677	-
INVESTMENTS IN ASSOCIATES	15	529,947	509,763
INTANGIBLE ASSETS	16	132,411	1,815,276
DEFERRED TAX ASSETS	17	2,297	2,341
<b>TOTAL ASSETS</b>		<b>31,950,117</b>	<b>30,322,280</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
PAYABLES AND OTHER LIABILITIES	18	1,671,610	2,363,455
PROVISIONS	19	61,014	51,014
END OF SERVICE BENEFITS	20	101,494	109,814
DUE TO RELATED PARTIES	9	314,174	320,845
LEASE LIABILITIES	21	332,547	-
OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS	22	9,406,049	7,925,280
DEFERRED TAX LIABILITIES	17	1,752	1,785
<b>TOTAL LIABILITIES</b>		<b>11,888,640</b>	<b>10,772,193</b>
<b>EQUITY</b>			
SHARE CAPITAL	23	3,891,246	3,891,246
LEGAL RESERVE	24	1,952,417	1,793,489
GENERAL RESERVE	25	4,639,231	4,639,231
OTHER RESERVES	26	(401,298)	(430,274)
RETAINED EARNINGS		9,781,402	9,451,322
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		<b>19,862,998</b>	<b>19,345,014</b>
NON-CONTROLLING INTERESTS		198,479	205,073
<b>TOTAL EQUITY</b>		<b>20,061,477</b>	<b>19,550,087</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>31,950,117</b>	<b>30,322,280</b>

THESE CONSOLIDATED FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUANCE BY THE BOARD OF DIRECTORS ON 11 MARCH 2020 AND SIGNED ON THEIR BEHALF BY:

  
**H.E. SALAH BIN GHANEM AL ALI**  
 CHAIRMAN

  
**ISSA BIN MOHD AL MOHANNADI**  
 DEPUTY CHAIRMAN & MANAGING DIRECTOR

THE ATTACHED EXPLANATORY NOTES 1 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

نبني المستقبل

BUILDING THE FUTURE

**BARWA REAL ESTATE COMPANY Q.P.S.C.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	NOTES	2019 QR'000	2018 QR'000
RENTAL INCOME	3	1,179,581	1,271,252
RENTAL OPERATION EXPENSES	27	(319,237)	(364,933)
NET RENTAL INCOME		860,344	906,319
FINANCE LEASE INCOME	8	20,101	28,209
<b>NET RENTAL AND FINANCE LEASE INCOME</b>		<b>880,445</b>	<b>934,528</b>
INCOME FROM CONSULTANCY AND OTHER SERVICES	28	356,244	337,748
CONSULTING OPERATION AND OTHER SERVICES EXPENSES	29	(246,740)	(279,027)
<b>NET CONSULTING AND OTHER SERVICE INCOME</b>		<b>109,504</b>	<b>58,721</b>
PROFIT ON SALE OF PROPERTY AND CONSTRUCTION SERVICES	30	3,344	372,611
NET FAIR VALUE GAIN ON INVESTMENT PROPERTIES	12	1,131,425	872,837
SHARE OF RESULTS OF ASSOCIATES	15	63,949	62,389
(LOSS) / GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(1,262)	2,544
GENERAL AND ADMINISTRATIVE EXPENSES	31	(243,302)	(263,932)
DEPRECIATION	13	(14,592)	(16,227)
NET IMPAIRMENT LOSSES	32	(95,143)	(18,896)
OTHER INCOME	33	28,962	32,846
<b>OPERATING PROFIT</b>		<b>1,863,330</b>	<b>2,037,421</b>
FINANCE INCOME	34	38,839	208,131
FINANCE COST	34	(347,336)	(323,410)
<b>NET FINANCE COST</b>		<b>(308,497)</b>	<b>(115,279)</b>
<b>PROFIT BEFORE INCOME TAX</b>		<b>1,554,833</b>	<b>1,922,142</b>
AMORTISATION OF RIGHT-OF-USE ASSETS	14	(34,931)	-
TAX AND ZAKAT EXPENSE	17	(14,762)	(4,709)
<b>PROFIT FOR THE YEAR</b>		<b>1,505,140</b>	<b>1,917,433</b>
<b>ATTRIBUTABLE TO:</b>			
<i>EQUITY HOLDERS OF THE PARENT</i>		1,502,763	1,915,002
<i>NON-CONTROLLING INTERESTS</i>		2,377	2,431
		<b>1,505,140</b>	<b>1,917,433</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b> (ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT EXPRESSED IN QR PER SHARE)	35	<b>0.39</b>	<b>0.49</b>

THE ATTACHED EXPLANATORY NOTES 1 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS



**BARWA REAL ESTATE COMPANY Q.P.S.C.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
PROFIT FOR THE YEAR	<u>1,505,140</u>	<u>1,917,433</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:</i>		
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	36,499	(384)
<i>OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:</i>		
NET CHANGE IN THE FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	(8,551)	(8,703)
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<u>27,948</u>	<u>(9,087)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>1,533,088</u></u>	<u><u>1,908,346</u></u>
<i>ATTRIBUTABLE TO:</i>		
EQUITY HOLDERS OF THE PARENT	1,528,364	1,905,180
NON-CONTROLLING INTERESTS	<u>4,724</u>	<u>3,166</u>
	<u><u>1,533,088</u></u>	<u><u>1,908,346</u></u>

THE ATTACHED EXPLANATORY NOTES 1 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS





**BARWA REAL ESTATE COMPANY Q.P.S.C.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

ATTRIBUTABLE TO EQUITY HOLDERS OF THE  
PARENT

	SHARE		RETAINED		NON-CONTROLLING INTEREST	TOTAL
	CAPITAL	RESERVES	EARNINGS	TOTAL		
	QR'000	QR'000	QR'000	QR'000		
BALANCE AT 31 DECEMBER 2017	3,891,246	5,918,828	9,113,376	18,923,450	217,203	19,140,653
ADJUSTMENT AT INITIAL ADOPTION OF IFRS 9	-	-	(214,874)	(214,874)	-	(214,874)
ADJUSTED TOTAL EQUITY AT 1 JANUARY 2018	3,891,246	5,918,828	8,898,502	18,708,576	217,203	18,925,779
PROFIT FOR THE YEAR	-	-	1,915,002	1,915,002	2,431	1,917,433
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	-	(9,822)	-	(9,822)	735	(9,087)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	-	(9,822)	1,915,002	1,905,180	3,166	1,908,346
TRANSFER OF LOSS ON DISPOSAL OF EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME TO RETAINED EARNINGS	-	896	(896)	-	-	-
IMPACT OF ADOPTION OF IFRS 9 "CUMULATIVE IMPAIRMENT FOR AVAILABLE OF SALE FINANCIAL ASSETS IN PREVIOUS YEARS"	-	(160,679)	160,679	-	-	-
CONTRIBUTION TO THE SOCIAL AND SPORTS FUND (NOTE 38)	-	-	(47,875)	(47,875)	-	(47,875)
	-	(169,605)	2,026,910	1,857,305	3,166	1,860,471
<i>TRANSACTIONS WITH SHAREHOLDERS IN THEIR CAPACITY AS OWNERS:</i>						
DIVIDENDS FOR 2017 (NOTE 37)	-	-	(972,811)	(972,811)	-	(972,811)
DIVIDEND PAID TO NON-CONTROLLING INTEREST OF A SUBSIDIARY	-	-	-	-	(7,500)	(7,500)
TRANSFER TO LEGAL RESERVE	-	253,223	(253,223)	-	-	-
ACQUISITION OF NON-CONTROLLING INTERESTS	-	-	(248,056)	(248,056)	(258,131)	(506,187)
NON-CONTROLLING INTEREST ASSUMED THROUGH BUSINESS COMBINATION	-	-	-	-	250,335	250,335
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS</b>	-	253,223	(1,474,090)	(1,220,867)	(15,296)	(1,236,163)
<b>BALANCE AT 31 DECEMBER 2018</b>	<b>3,891,246</b>	<b>6,002,446</b>	<b>9,451,322</b>	<b>19,345,014</b>	<b>205,073</b>	<b>19,550,087</b>
PROFIT FOR THE YEAR	-	-	1,502,763	1,502,763	2,377	1,505,140
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	25,601	-	25,601	2,347	27,948
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	25,601	1,502,763	1,528,364	4,724	1,533,088
TRANSFER OF LOSS ON DISPOSAL OF EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME TO RETAINED EARNINGS	-	3,376	(3,376)	-	-	-
CONTRIBUTION TO THE SOCIAL AND SPORTS FUND (NOTE 38)	-	-	(37,569)	(37,569)	-	(37,569)
	-	28,977	1,461,818	1,490,795	4,724	1,495,519
<i>TRANSACTIONS WITH SHAREHOLDERS IN THEIR CAPACITY AS OWNERS:</i>						
DIVIDENDS FOR 2018 (NOTE 37)	-	-	(972,811)	(972,811)	-	(972,811)
TRANSFER TO LEGAL RESERVE	-	158,927	(158,927)	-	-	-
DIVIDEND PAID TO NON-CONTROLLING INTEREST OF A SUBSIDIARY	-	-	-	-	(11,318)	(11,318)
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS</b>	-	158,927	(1,131,738)	(972,811)	(11,318)	(984,129)
<b>BALANCE AT 31 DECEMBER 2019</b>	<b>3,891,246</b>	<b>6,190,350</b>	<b>9,781,402</b>	<b>19,862,998</b>	<b>198,479</b>	<b>20,061,477</b>

THE ATTACHED EXPLANATORY NOTES 1 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS



**BARWA REAL ESTATE COMPANY Q.P.S.C.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

		<i>31 DECEMBER</i> <i>2019</i>	<i>31 DECEMBER</i> <i>2018</i>
	<i>NOTES</i>	<i>QR'000</i>	<i>QR'000</i>
<b>OPERATING ACTIVITIES</b>			
NET PROFIT FOR THE YEAR		1,505,140	1,917,433
<i>ADJUSTMENTS FOR:</i>			
FINANCE COST		311,139	303,664
UNWINDING OF DEFERRED FINANCE COST		36,197	19,746
FINANCE INCOME		(38,839)	(208,131)
NET FAIR VALUE GAIN ON INVESTMENT PROPERTIES	12	(1,131,425)	(872,837)
DEPRECIATION	(1)	65,115	56,767
AMORTISATION OF RIGHT-OF-USE ASSETS		34,931	-
SHARE OF RESULTS OF ASSOCIATES	15	(63,949)	(62,389)
NET IMPAIRMENT LOSSES	32	95,143	18,896
FINANCE LEASE INCOME		(20,101)	(28,209)
PROFIT FROM CONSTRUCTION SERVICES		-	(267,516)
OTHER INCOME		(28,554)	(35,961)
<b>OPERATING GAIN BEFORE WORKING CAPITAL CHANGES</b>		<b>764,797</b>	<b>841,463</b>
<i>CHANGES IN WORKING CAPITAL:</i>			
CHANGE IN RECEIVABLES AND PREPAYMENTS		(103,351)	452,890
CHANGE IN TRADING PROPERTIES		28,096	254,712
CHANGE IN FINANCE LEASE RECEIVABLES		127,266	43,912
CHANGE IN AMOUNTS DUE FROM / DUE TO RELATED PARTIES		12,162	(16,738)
CHANGE IN PROVISIONS		10,000	10,010
CHANGE IN PAYABLES AND ACCRUALS		(723,500)	219,638
<b>CASH FLOWS FROM OPERATIONS</b>		<b>115,470</b>	<b>1,805,887</b>
PAYMENT FOR CONSTRUCTION SERVICES		(268)	(1,274,972)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>115,202</b>	<b>530,915</b>
<b>INVESTING ACTIVITIES</b>			
CASH AND CASH EQUIVALENT ACQUIRED THROUGH BUSINESS COMBINATION		-	2,945
PAYMENT FOR BUSINESS ACQUIRED		-	(4,548)
FINANCE INCOME RECEIVED		56,055	61,388
DIVIDENDS RECEIVED FROM ASSOCIATES		30,608	50,921
PROCEEDS FROM CAPITAL REDUCTION OF AN ASSOCIATE		-	9,382
PROCEEDS FROM DISPOSAL OF AN ASSOCIATE		1,995	-
PURCHASE OF INVESTMENT PROPERTIES		(250,139)	(597,252)
PAYMENTS FOR PURCHASE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		-	(2,081)
PROCEEDS FROM SALE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		6,599	4,509
ADVANCES PAID FOR PURCHASE OF PROJECTS AND INVESTMENTS		(35,845)	(262,839)
PAYMENTS FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		(10,232)	(6,232)
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		27	154
DIVIDEND INCOME RECEIVED		6,578	8,188
NET PAYMENTS FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(3,157)	(3,915)
NET MOVEMENT IN SHORT TERM DEPOSITS MATURING AFTER THREE MONTHS		338,802	157,854
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>141,291</b>	<b>(581,526)</b>

THE ATTACHED NOTES FROM 1 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS



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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	<i>NOTES</i>	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
<b>FINANCING ACTIVITIES</b>			
FINANCE COST PAID		(495,536)	(418,984)
PROCEEDS FROM OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS	22	2,000,000	-
PAYMENTS FOR OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS	22	(517,724)	(254,179)
PAYMENT TO NON-CONTROLLING INTEREST		(11,318)	(59,388)
DIVIDEND PAID TO NON-CONTROLLING INTEREST		-	(7,500)
DIVIDENDS PAID		(964,681)	(960,978)
REPAYMENT OF LEASE LIABILITIES		(41,637)	-
CHANGE IN RESTRICTED BANK BALANCES		140,294	(137,981)
<b>NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>109,398</b>	<b>(1,839,010)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>365,891</b>	<b>(1,889,621)</b>
NET FOREIGN EXCHANGE DIFFERENCE		20,447	21,203
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	4	<b>331,843</b>	<b>2,200,261</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	4	<b>718,181</b>	<b>331,843</b>

**NOTES:**

- (I) DEPRECIATION FOR THE YEAR ENDED 31 DECEMBER 2019 INCLUDES AN AMOUNT OF QR 50,523 THOUSAND CHARGED TO CONSULTING OPERATION AND OTHER SERVICES EXPENSES (NOTE 29) IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (2018 - QR 40,540 THOUSAND).
- (II) THE ABOVE CONSOLIDATED STATEMENT OF CASH FLOWS SHOULD BE READ IN CONJUNCTION WITH NOTE 39.

THE ATTACHED NOTES FROM 1 TO 49 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**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 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 SEPTEMBER 2015. THE COMPANY AND ITS SUBSIDIARIES' AMENDED ARTICLES OF ASSOCIATION HAVE BEEN APPROVED BY THE MINISTRY OF COMMERCE AND INDUSTRY (MOCI).

**2 SIGNIFICANT CHANGES IN THE CURRENT REPORTING YEAR**

THE CONSOLIDATED FINANCIAL POSITION AND PERFORMANCE OF THE GROUP WAS PARTICULARLY AFFECTED BY THE FOLLOWING EVENTS AND TRANSACTIONS DURING THE REPORTING PERIOD:

- TRANSFER OF INTANGIBLE ASSETS TO INVESTMENT PROPERTIES (NOTE 16)
- RECEIPT OF ADDITIONAL BANK BORROWINGS AMOUNTING TO QR 2 BILLION (CASH FLOW STATEMENT)
- HANDOVER OF LUSAIL GOLF DEVELOPMENT'S PLOT OF LAND LOCATED IN LUSAIL (NOTE 11)
- FIRST TIME ADOPTION OF IFRS 16 (NOTE 49.1)

**3 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 AND PLOTS OF LAND. BUSINESS SERVICES SEGMENT PROVIDES BUSINESS SUPPORT SERVICES 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.





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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3 SEGMENT INFORMATION (CONTINUED)**

**OPERATING SEGMENTS**

THE OPERATING SEGMENTS ARE PRESENTED AS FOLLOWS:

<i>FOR THE YEAR ENDED 31 DECEMBER 2019</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>
<b>REVENUES AND GAINS</b>					
EXTERNAL PARTIES					
- PROFIT ON SALE OF PROPERTY & CONSTRUCTION SERVICES	3,344	-	-	-	3,344
- RENTAL INCOME	1,179,581	-	-	(II)	1,179,581
- INCOME FROM CONSULTANCY AND OTHER SERVICES	-	164,304	191,940	-	356,244
- FINANCE LEASE INCOME	20,101	-	-	-	20,101
- NET FAIR VALUE GAIN ON INVESTMENT PROPERTIES	1,146,597	(15,172)	-	-	1,131,425
- SHARE OF RESULTS OF ASSOCIATES	-	-	63,949	-	63,949
- OTHERS	-	-	27,700	-	27,700
INTERNAL SEGMENTS	100,395	100,094	-	(200,489) (I)	-
<b>TOTAL REVENUES AND GAINS</b>	<b>2,450,018</b>	<b>249,226</b>	<b>283,589</b>	<b>(200,489)</b>	<b>2,782,344</b>
PROFIT FOR THE YEAR	1,364,208	15,188	146,173	(20,429)	1,505,140
NET FINANCE COST	(308,423)	(74)	-	-	(308,497)
DEPRECIATION	(12,284)	(2,308)	(50,523)	-	(65,115)
<i>FOR THE YEAR ENDED 31 DECEMBER 2018</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>
<b>REVENUES AND GAINS</b>					
EXTERNAL PARTIES					
- PROFIT ON SALE OF PROPERTY & CONSTRUCTION SERVICES	372,611	-	-	-	372,611
- RENTAL INCOME	1,271,252	-	-	(II)	1,271,252
- INCOME FROM CONSULTANCY AND OTHER RELATED SERVICES	-	177,434	160,314	-	337,748
- FINANCE LEASE INCOME	28,209	-	-	-	28,209
- NET FAIR VALUE GAIN ON INVESTMENT PROPERTIES	872,837	-	-	-	872,837
- SHARE OF RESULTS OF ASSOCIATES	-	-	62,389	-	62,389
- OTHERS	-	-	35,390	-	35,390
INTERNAL SEGMENTS	202,677	57,877	(208)	(260,346) (I)	-
<b>TOTAL REVENUES AND GAINS</b>	<b>2,747,586</b>	<b>235,311</b>	<b>257,885</b>	<b>(260,346)</b>	<b>2,980,436</b>
PROFIT FOR THE YEAR	1,725,564	20,386	251,099	(79,616)	1,917,433
NET FINANCE (COST) INCOME	(121,487)	6,208	-	-	(115,279)
DEPRECIATION	(12,181)	(4,046)	(40,540)	-	(56,767)

**NOTE:**

(I) INTER-SEGMENT REVENUES ARE ELIMINATED AT CONSOLIDATION LEVEL.

(II) RENTAL INCOME INCLUDE INCOME FROM ANCILLARY AND OTHER RELATED SERVICES OF QR 74,626 THOUSAND (2018: QR 65,509 THOUSAND)



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**3 SEGMENT INFORMATION (CONTINUED)**

**OPERATING SEGMENTS (CONTINUED)**

THE FOLLOWING TABLE PRESENTS SEGMENT ASSETS AND LIABILITIES OF THE GROUP'S OPERATING SEGMENTS AS AT 31 DECEMBER 2019 AND 2018:

<i>At 31 DECEMBER 2019</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	3,215,489	324,734	178,476	-	3,718,699
NON-CURRENT ASSETS	27,461,001	381,998	740,557	(352,138)	28,231,418
<b>TOTAL ASSETS</b>	<b>30,676,490</b>	<b>706,732</b>	<b>919,033</b>	<b>(352,138)</b>	<b>31,950,117</b>
CURRENT LIABILITIES	(2,505,481)	(164,898)	(29,226)	-	(2,699,605)
NON-CURRENT LIABILITIES	(8,884,639)	(201,961)	(469,477)	367,042	(9,189,035)
<b>TOTAL LIABILITIES</b>	<b>(11,390,120)</b>	<b>(366,859)</b>	<b>(498,703)</b>	<b>367,042</b>	<b>(11,888,640)</b>
INVESTMENT IN ASSOCIATES	-	-	529,947	-	529,947
<b>CAPITAL EXPENDITURES</b>	<b>447,347 (i)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>447,347</b>
<i>At 31 DECEMBER 2018</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	3,392,138	291,449	150,751	-	3,834,338
NON-CURRENT ASSETS	25,739,474	207,894	736,203	(195,629)	26,487,942
<b>TOTAL ASSETS</b>	<b>29,131,612</b>	<b>499,343</b>	<b>886,954</b>	<b>(195,629)</b>	<b>30,322,280</b>
CURRENT LIABILITIES	(2,445,917)	(117,211)	(25,268)	-	(2,588,396)
NON-CURRENT LIABILITIES	(7,906,618)	(79,603)	(462,854)	265,278	(8,183,797)
<b>TOTAL LIABILITIES</b>	<b>(10,352,535)</b>	<b>(196,814)</b>	<b>(488,122)</b>	<b>265,278</b>	<b>(10,772,193)</b>
INVESTMENT IN ASSOCIATES	-	-	509,763	-	509,763
<b>CAPITAL EXPENDITURES</b>	<b>683,733 (i)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>683,733</b>

**NOTE:**

(i) CAPITAL EXPENDITURE CONSISTS OF ADDITIONS TO TRADING PROPERTIES (NOTE 7), INVESTMENT PROPERTIES (NOTE 12) AND PROPERTY, PLANT AND EQUIPMENT (NOTE 13).

**GEOGRAPHIC SEGMENTS**

THE GEOGRAPHIC SEGMENTS IN 2019 ARE PRESENTED AS FOLLOWS:

- 96 % OF THE GROUP'S ASSETS ARE LOCATED IN THE STATE OF QATAR.
- 95 % OF THE GROUP'S REVENUES HAVE BEEN GENERATED IN THE STATE OF QATAR.
- 99 % OF THE GROUP'S NET PROFIT HAS BEEN RECOGNIZED IN THE STATE OF QATAR .



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**3 SEGMENT INFORMATION (CONTINUED)**

**ACCOUNTING POLICY:**

AN OPERATING SEGMENT IS A COMPONENT OF THE GROUP THAT ENGAGES IN BUSINESS ACTIVITIES FROM WHICH IT MAY EARN REVENUES AND INCUR EXPENSES, INCLUDING REVENUES AND EXPENSES THAT RELATE TO TRANSACTIONS WITH ANY OF THE GROUP'S OTHER COMPONENTS, WHOSE OPERATING RESULTS ARE REVIEWED REGULARLY BY THE GROUP'S TOP MANAGEMENT (BEING THE CHIEF OPERATING DECISION MAKER) TO MAKE DECISIONS ABOUT RESOURCES ALLOCATED TO EACH SEGMENT AND ASSESS ITS PERFORMANCE, AND FOR WHICH DISCRETE FINANCIAL INFORMATION IS AVAILABLE. OPERATING SEGMENTS ARE REPORTED IN A MANNER CONSISTENT WITH THE INTERNAL REPORTING PROVIDED TO THE CHIEF OPERATING DECISION MAKER.

**4 CASH AND BANK BALANCES**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
CASH ON HAND	304	500
SHORT TERM DEPOSITS	814,807	872,310
CURRENT ACCOUNTS	141,731	60,966
CALL ACCOUNTS	132,935	108,464
RESTRICTED BANK BALANCES (III)	164,269	300,996
MARGIN BANK ACCOUNTS	3,455	7,020
	<u>1,257,501</u>	<u>1,350,256</u>
ALLOWANCE FOR IMPAIRMENT	(2,785)	(2,924)
<b>TOTAL CASH AND BANK BALANCES</b>	<b>1,254,716</b>	<b>1,347,332</b>
SHORT TERM DEPOSITS MATURING AFTER 3 MONTHS	(371,596)	(710,397)
RESTRICTED BANK BALANCES AND MARGIN ACCOUNTS	(167,724)	(308,016)
REVERSAL OF NON-CASH PROVISION	2,785	2,924
<b>CASH AND CASH EQUIVALENTS</b>	<b>718,181</b>	<b>331,843</b>

**NOTES:**

- I. CASH AND CASH EQUIVALENTS INCLUDE FIXED DEPOSITS WITH MATURITY DATES FROM ONE TO THREE MONTHS AMOUNTING TO QR 443,211 THOUSAND (2018: QR 161,913 THOUSAND).
- II. SHORT TERM DEPOSITS ARE MADE FOR VARYING PERIODS DEPENDING ON CASH REQUIREMENTS OF THE GROUP WITH ORIGINAL MATURITY PERIOD EQUAL TO OR LESS THAN TWELVE MONTHS AT COMMERCIAL MARKET PROFIT RATES.
- III. 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.

**ACCOUNTING POLICY:**

***CASH AND CASH EQUIVALENTS***

FOR THE PURPOSE OF THE CONSOLIDATED STATEMENT OF CASH FLOWS, CASH AND CASH EQUIVALENTS COMPRISE CASH AND BANK BALANCES AND BANK DEPOSITS WITH ORIGINAL MATURITIES OF THREE MONTHS OR LESS, UNRESTRICTED BALANCES HELD WITH BANKS, AND HIGHLY LIQUID FINANCIAL ASSETS WITH ORIGINAL MATURITIES OF THREE MONTHS OR LESS, WHICH ARE SUBJECT TO INSIGNIFICANT RISK OF CHANGES IN THEIR FAIR VALUE.



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**5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
<i>INVESTMENTS IN EQUITY SECURITIES:</i>		
QUOTED	<u>30,619</u>	<u>27,870</u>

**ACCOUNTING POLICY:**

A FINANCIAL ASSET IS CLASSIFIED AT FAIR VALUE THROUGH PROFIT OR LOSS IF IT IS CLASSIFIED AS HELD FOR TRADING OR IS DESIGNATED AS SUCH UPON INITIAL RECOGNITION. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ARE INITIALLY RECOGNISED AT FAIR VALUE AND TRANSACTIONS COSTS ARE EXPENSED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND SUBSEQUENT CHANGES IN FAIR VALUE ARE RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS .

**6 RECEIVABLES AND PREPAYMENTS**

RECEIVABLES AND PREPAYMENTS ARE SEGREGATED BETWEEN NON-CURRENT AND CURRENT PORTION AS FOLLOWS:

<i>2019</i>	<i>NON-CURRENT</i> <i>QR'000</i>	<i>CURRENT</i> <i>QR'000</i>	<i>TOTAL</i> <i>QR'000</i>
TRADE RECEIVABLES	-	362,125	362,125
PREPAID EXPENSES	-	10,024	10,024
ACCRUED INCOME	-	167,699	167,699
REFUNDABLE DEPOSITS	8,341	11,913	20,254
STAFF RECEIVABLES	2,933	11,264	14,197
ACCRUED PROFIT ON ISLAMIC FINANCIAL DEPOSITS	-	5,931	5,931
OTHER RECEIVABLES	-	66,759	66,759
ALLOWANCE FOR IMPAIRMENT OF TRADE RECEIVABLES	-	(87,820)	(87,820)
ALLOWANCE FOR IMPAIRMENT OF OTHER RECEIVABLES	(199)	(29,242)	(29,441)
	<u>11,075</u>	<u>518,653</u>	<u>529,728</u>
<i>2018</i>			
TRADE RECEIVABLES	-	384,945	384,945
PREPAID EXPENSES	-	15,855	15,855
ACCRUED INCOME	-	94,870	94,870
REFUNDABLE DEPOSITS	8,331	11,913	20,244
STAFF RECEIVABLES	1,463	13,145	14,608
ACCRUED PROFIT ON ISLAMIC FINANCIAL DEPOSITS	-	23,149	23,149
OTHER RECEIVABLES	-	39,913	39,913
ALLOWANCE FOR IMPAIRMENT OF TRADE RECEIVABLES	-	(75,308)	(75,308)
ALLOWANCE FOR IMPAIRMENT OF OTHER RECEIVABLES	(199)	(36,534)	(36,733)
	<u>9,595</u>	<u>471,948</u>	<u>481,543</u>





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**6 RECEIVABLES AND PREPAYMENTS (CONTINUED)**

AS AT 31 DECEMBER 2019, TRADE RECEIVABLES AMOUNTING TO QR 87,820 THOUSAND (2018: QR 75,308 THOUSAND) WERE IMPAIRED AND FULLY PROVIDED FOR. MOVEMENTS IN THE ALLOWANCE FOR IMPAIRMENT OF TRADE RECEIVABLES IS AS FOLLOWS:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
AT 1 JANUARY	75,308	33,073
ALLOWANCE CHARGE FOR THE YEAR	15,922	15,247
WRITTEN OFF	-	(90)
REVERSAL OF PROVISION	(3,410)	(91,573)
ADJUSTMENT AT INITIAL ADOPTION OF IFRS 9	-	118,651
AT 31 DECEMBER	<u>87,820</u>	<u>75,308</u>

THE IMPAIRMENT ALLOWANCE AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2018 WERE DETERMINED AS FOLLOWS FOR TRADE RECEIVABLES:

<b>31 DECEMBER 2019</b>	<b>CURRENT</b>	<b>MORE THAN 30 DAYS PAST DUE</b>	<b>MORE THAN 60 DAYS PAST DUE</b>	<b>MORE THAN 120 DAYS PAST DUE</b>	<b>TOTAL</b>
EXPECTED LOSS RATE	3.37%	7.86%	29.11%	27.24%	
GROSS CARRYING AMOUNT (QR'000)	35,403	14,246	20,953	291,523	362,125
IMPAIRMENT ALLOWANCE (QR'000)	(1,194)	(1,120)	(6,100)	(79,406)	(87,820)
<b>31 DECEMBER 2018</b>	<b>CURRENT</b>	<b>MORE THAN 30 DAYS PAST DUE</b>	<b>MORE THAN 60 DAYS PAST DUE</b>	<b>MORE THAN 120 DAYS PAST DUE</b>	<b>TOTAL</b>
EXPECTED LOSS RATE	4.22%	6.62%	17.94%	33.73%	
GROSS CARRYING AMOUNT (QR'000)	155,866	19,128	21,230	188,721	384,945
IMPAIRMENT ALLOWANCE (QR'000)	(6,572)	(1,266)	(3,810)	(63,660)	(75,308)

AT 31 DECEMBER, THE AGING OF UNIMPAIRED TRADE RECEIVABLES IS AS FOLLOWS:

	<i>PAST DUE BUT NOT IMPAIRED</i>					
	<i>TOTAL</i>	<i>0 - 30 DAYS</i>	<i>31- 60 DAYS</i>	<i>61- 90 DAYS</i>	<i>91- 120 DAYS</i>	<i>121- 365 DAYS</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>
2019	274,305	34,209	13,126	9,678	5,175	212,117
2018	309,637	149,294	17,862	11,943	5,477	125,061

UNIMPAIRED RECEIVABLES ARE EXPECTED, ON THE BASIS OF PAST EXPERIENCE, TO BE FULLY RECOVERABLE. THE OTHER CLAIMS WITHIN RECEIVABLES DON'T CONTAIN IMPAIRED ASSETS.



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**6 RECEIVABLES AND PREPAYMENTS (CONTINUED)**

**ACCOUNTING POLICY:**

**TRADE AND OTHER RECEIVABLES**

TRADE AND OTHER RECEIVABLES ARE AMOUNTS DUE FROM CUSTOMERS FOR GOODS SOLD OR SERVICES PERFORMED IN THE ORDINARY COURSE OF BUSINESS. TRADE AND OTHER RECEIVABLES ARE NON-DERIVATIVE FINANCIAL ASSETS WITH FIXED OR DETERMINABLE PAYMENTS THAT ARE NOT QUOTED IN AN ACTIVE MARKET. IF COLLECTION OF THE AMOUNTS IS EXPECTED IN ONE YEAR OR LESS THEY ARE CLASSIFIED AS CURRENT ASSETS. IF NOT, THEY ARE PRESENTED AS NON-CURRENT ASSETS. TRADE RECEIVABLES ARE GENERALLY DUE FOR SETTLEMENT WITHIN 30 DAYS AND THEREFORE ARE ALL CLASSIFIED AS CURRENT.

**7 TRADING PROPERTIES**

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
PROPERTIES AVAILABLE FOR SALE (A)	114,470	150,573
PROPERTIES UNDER DEVELOPMENT (B)	<u>1,394,778</u>	<u>1,421,966</u>
	<u>1,509,248</u>	<u>1,572,539</u>

(A) MOVEMENTS OF PROPERTIES AVAILABLE FOR SALE DURING THE YEAR WERE AS FOLLOWS:

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
AT 1 JANUARY	150,573	150,573
COST OF PROPERTIES SOLD	(36,656)	-
TRANSFERRED FROM TRADING PROPERTIES – PROPERTIES UNDER DEVELOPMENT	553	-
AT 31 DECEMBER	<u>114,470</u>	<u>150,573</u>

(B) MOVEMENTS IN THE PROPERTIES UNDER DEVELOPMENT DURING THE YEAR WERE AS FOLLOWS:

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
AT 1 JANUARY	1,421,966	1,469,967
ADDITIONS	6,454	53,146
CAPITALISED FINANCE COST (I) AND (NOTE 34)	89,789	29,205
TRANSFERRED TO INVESTMENT PROPERTIES (NOTE 12)	(126,802)	(3,997)
TRANSFERRED TO TRADING PROPERTIES – PROPERTIES AVAILABLE FOR SALE	(553)	-
COST OF PROPERTIES SOLD	-	(31,246)
NET REVERSAL OF IMPAIRMENTS / IMPAIRMENT (II) AND (NOTE 32)	4,171	(87,780)
FOREIGN EXCHANGE ADJUSTMENTS	(247)	(7,329)
AT 31 DECEMBER	<u>1,394,778</u>	<u>1,421,966</u>



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**7 TRADING PROPERTIES (CONTINUED)**

*NOTES:*

- (I) CAPITALIZED FINANCE COST IS CALCULATED BASED ON THE ACTUAL QUALIFYING EXPENDITURES RELATED TO THE PROPERTIES UNDER DEVELOPMENT. FINANCE COST IS CAPITALISED USING THE GROUP'S WEIGHTED AVERAGE FINANCE COST.
- (II) THE GROUP CARRIED AN ESTIMATE OF NET REALIZABLE VALUE OF ITS TRADING PROPERTIES AT YEAR END. INDEPENDENT ACCREDITED PROPERTY APPRAISERS WERE ENGAGED TO PROVIDE RELEVANT COMMERCIAL AND MARKETING INPUTS TO THIS PROCESS AND TO ADVISE ON CURRENT MARKET TRENDS IN AREAS SUCH AS ACHIEVABLE MARKET PRICES. THE EXERCISE REVEALED THAT THE FAIR VALUES LESS COSTS TO SELL BEING THE NET REALIZABLE VALUE WERE HIGHER THAN THE CARRYING AMOUNT OF THE TRADING PROPERTIES AT 31 DECEMBER 2019 EXCEPT FOR THE PROPERTIES FOR WHICH A WRITE DOWN TO NET REALIZABLE VALUE HAS BEEN MADE. REVERSAL FOR SOME OF PREVIOUSLY RECORDED IMPAIRMENT TOOK PLACE AS A RESULT OF THE ASSESSMENT.

**ACCOUNTING POLICIES:**

**A) RECOGNITION AND CLASSIFICATION OF TRADING PROPERTIES (INVENTORIES)**

TRADING PROPERTIES ARE REAL ESTATE PROPERTIES (INCLUDING NON-DEVELOPED PLOTS OF LAND) THAT ARE READILY AVAILABLE FOR SALE AND THOSE PROPERTIES UNDER DEVELOPMENT FOR SALE WHICH ARE IN CONSTRUCTION PHASE. THESE ARE HELD FOR SALE IN THE ORDINARY COURSE OF BUSINESS RATHER THAN TO BE HELD FOR RENTAL OR CAPITAL APPRECIATION, ARE CARRIED AT THE LOWER OF COST AND NET REALIZABLE VALUE. THE GROUP MAY DECIDE TO LEASE OUT SOME UNITS TO INCREASE THE POSSIBILITY OF SELLING THE PROPERTIES RATHER THAN TO EARN RENTAL INCOME ON A CONTINUING BASIS AND THE PROPERTY IS NOT HELD FOR CAPITAL APPRECIATION. THE GROUP ACCOUNT FOR THESE PROPERTIES AS TRADING PROPERTIES AND NOT INVESTMENT PROPERTIES AS THE PROPERTIES CONTINUE TO BE HELD EXCLUSIVELY WITH THE VIEW TO SUBSEQUENT DISPOSAL IN THE ORDINARY COURSE OF BUSINESS. NET REALIZABLE VALUE IS THE ESTIMATED SELLING PRICE IN THE ORDINARY COURSE OF BUSINESS, BASED ON MARKET PRICES AT THE REPORTING DATE AND DISCOUNTED FOR TIME FACTOR IF MATERIAL, LESS THE ESTIMATED COSTS OF COMPLETION AND THE ESTIMATED COSTS NECESSARY TO MAKE THE SALE.

**COST INCLUDE:**

- FREEHOLD AND LEASEHOLD RIGHTS FOR LAND
- AMOUNTS PAID TO CONTRACTORS FOR CONSTRUCTION
- BORROWING COSTS, PLANNING & DESIGN COSTS, COSTS OF SITE PREPARATION, PROFESSIONAL FEES, PROPERTY TRANSFER TAXES, CONSTRUCTION OVERHEAD AND OTHER RELATED COSTS.

NON REFUNDABLE COMMISSION PAID TO SALES OR WORKING AGENTS ON THE SALE OF REAL ESTATE UNITS ARE EXPENSED WHEN INCURRED.

COST OF TRADING PROPERTIES RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS IS DETERMINED WITH REFERENCES TO SPECIFIC COSTS INCURRED ON THE PROPERTY SOLD AND AN ALLOCATION OF ANY RELATIVE SIZE OF THE PROPERTY SOLD.

**B) SALE OF TRADING PROPERTY**

A PROPERTY IS REGARDED AS SOLD WHEN THE CONTROL HAS BEEN TRANSFERRED TO THE BUYER, WHICH IS NORMALLY ON UNCONDITIONAL EXCHANGE OF CONTRACTS. FOR CONDITIONAL EXCHANGES, SALES ARE RECOGNISED ONLY WHEN ALL THE SIGNIFICANT CONDITIONS ARE SATISFIED.



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**7 TRADING PROPERTIES (CONTINUED)**

**ACCOUNTING POLICIES: (CONTINUED)**

**c) SALES OF PROPERTY UNDER DEVELOPMENT**

WHERE PROPERTY IS UNDER DEVELOPMENT AND AGREEMENT HAS BEEN REACHED TO SELL SUCH PROPERTY WHEN CONSTRUCTION IS COMPLETE, THE MANAGEMENT CONSIDERS WHETHER THE CONTRACT COMPRISES:

➤ A CONTRACT TO CONSTRUCT A PROPERTY

OR

➤ A CONTRACT FOR THE SALE OF A COMPLETED PROPERTY

**CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES:**

WHERE A CONTRACT IS JUDGED TO BE FOR THE CONSTRUCTION OF A PROPERTY AND BASED ON THE NATURE OF THESE CONTRACTS, REVENUE IS RECOGNISED OVER TIME AS CONSTRUCTION PROGRESSES.

WHERE THE CONTRACT IS JUDGED TO BE FOR THE SALE OF A COMPLETED PROPERTY, REVENUE IS RECOGNISED WHEN THE CONTROL OVER THE REAL ESTATE HAS BEEN TRANSFERRED TO THE BUYER. IF, HOWEVER, THE LEGAL TERMS OF THE CONTRACT ARE SUCH THAT THE CONSTRUCTION REPRESENTS THE CONTINUOUS TRANSFER OF WORK IN PROGRESS TO THE PURCHASER, THE PERCENTAGE-OF-COMPLETION METHOD OF REVENUE RECOGNITION IS APPLIED AND REVENUE IS RECOGNISED AS WORK PROGRESSES. CONTINUOUS TRANSFER OF WORK IN PROGRESS IS APPLIED WHEN:

➤ THE BUYER CONTROLS THE WORK IN PROGRESS, TYPICALLY WHEN THE LAND ON WHICH THE DEVELOPMENT TAKES PLACE IS OWNED BY THE FINAL CUSTOMER

AND

➤ CONTROL OVER THE WORK IN PROGRESS IN ITS PRESENT STATE IS TRANSFERRED TO THE BUYER AS CONSTRUCTION PROGRESSES, TYPICALLY, WHEN THE BUYER CANNOT PUT THE INCOMPLETE PROPERTY BACK TO THE GROUP.

IN SUCH SITUATIONS, THE PERCENTAGE OF WORK COMPLETED IS MEASURED BASED ON THE COSTS INCURRED UP UNTIL THE END OF THE REPORTING PERIOD AS A PROPORTION OF TOTAL COSTS EXPECTED TO BE INCURRED.

**REVENUE RECOGNITION**

WHEN A CONTRACT FOR THE SALE OF A PROPERTY UPON COMPLETION OF CONSTRUCTION IS JUDGED TO BE A CONSTRUCTION CONTRACT, REVENUE IS RECOGNISED OVER TIME AS CONSTRUCTION PROGRESSES.

**CLASSIFICATION OF PROPERTY**

THE GROUP DETERMINES WHETHER A PROPERTY IS CLASSIFIED AS INVESTMENT PROPERTY OR TRADING PROPERTY. TRADING PROPERTY COMPRISES PROPERTY THAT IS HELD FOR SALE IN THE ORDINARY COURSE OF BUSINESS. PRINCIPALLY, THESE ARE RESIDENTIAL AND COMMERCIAL PROPERTIES THAT THE GROUP DEVELOPS AND INTENDS TO SELL BEFORE OR ON COMPLETION OF CONSTRUCTION.

**ESTIMATION OF NET REALIZABLE VALUE FOR TRADING PROPERTIES**

TRADING PROPERTIES ARE STATED AT THE LOWER OF COST AND NET REALIZABLE VALUE (NRV). NRV FOR COMPLETED TRADING PROPERTIES ARE ASSESSED WITH REFERENCE TO MARKET CONDITIONS AND PRICES EXISTING AT THE REPORTING DATE AND IS DETERMINED BY THE GROUP HAVING TAKEN SUITABLE EXTERNAL ADVICE AND IN THE LIGHT OF RECENT MARKET TRANSACTIONS.





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**8 FINANCE LEASE RECEIVABLES**

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
<i>NON-CURRENT PORTION:</i>		
FINANCE LEASES - GROSS RECEIVABLES	35,783	121,737
UNEARNED FINANCE INCOME	(1,650)	(12,506)
IMPAIRMENT ALLOWANCE	(2,319)	(5,193)
NET NON-CURRENT PORTION OF FINANCE LEASE RECEIVABLES	<u>31,814</u>	<u>104,038</u>
<i>CURRENT PORTION:</i>		
FINANCE LEASES - GROSS RECEIVABLES	85,955	86,039
UNEARNED FINANCE INCOME	(10,856)	(20,101)
IMPAIRMENT ALLOWANCE	(3,143)	(3,090)
NET CURRENT PORTION OF FINANCE LEASE RECEIVABLES	<u>71,956</u>	<u>62,848</u>
NET INVESTMENT IN FINANCE LEASES	<u>103,770</u>	<u>166,886</u>

CONTRACTUAL MATURITIES OF FINANCE LEASE RECEIVABLES ARE AS FOLLOWS:

<i>GROSS RECEIVABLES FROM FINANCE LEASES:</i>		
YEAR 1	85,955	86,039
YEAR 2	35,783	85,955
YEAR 3	-	35,783
YEAR 4	-	-
YEAR 5	-	-
LATER THAN 5 YEARS	-	-
	<u>121,738</u>	<u>207,777</u>
UNEARNED FINANCE INCOME	(12,506)	(32,608)
IMPAIRMENT ALLOWANCE	(5,462)	(8,283)
NET INVESTMENT IN FINANCE LEASES	<u>103,770</u>	<u>166,886</u>

*MOVEMENTS IN FINANCE LEASE RECEIVABLES DURING THE YEAR WERE AS FOLLOWS:*

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
AT 1 JANUARY	166,886	232,999
INSTALLMENTS DUE AND COLLECTED DURING THE YEAR	(127,266)	(43,913)
TRANSFERRED FROM / (TO) TRADE RECEIVABLES	41,228	(42,126)
FINANCE LEASE INCOME	20,101	28,209
FIRST TIME ADOPTION OF IFRS 9	-	(11,650)
NET REVERSAL OF IMPAIRMENT	2,821	3,367
AT 31 DECEMBER	<u>103,770</u>	<u>166,886</u>

THE ABOVE BALANCES RELATED TO THE GROUP'S 100% OWNED SUBSIDIARY QATAR REAL ESTATE INVESTMENT COMPANY P.J.S.C. ("AL AQARIA"). THE MINIMUM LEASE RECEIPTS ARE DISCOUNTED AT THE INCREMENTAL BORROWING RATE. INCOME FROM FINANCE LEASES IS RECOGNIZED BASED ON A PATTERN REFLECTING A CONSTANT PERIODIC RATE OF RETURN ON THE GROUP'S NET INVESTMENT IN THE FINANCE LEASES.

AS AT 31 DECEMBER 2019, 93% (2018: 94%) OF THE TOTAL FINANCE LEASE RECEIVABLES BALANCE IS DUE FROM A SINGLE CUSTOMER.



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**8 FINANCE LEASE RECEIVABLES (CONTINUED)**

THE COMPANY ESTIMATES THE LOSS ALLOWANCE ON FINANCE LEASE RECEIVABLES AT THE END OF THE REPORTING PERIOD AT AN AMOUNT EQUAL TO LIFETIME ECL. NONE OF THE FINANCE LEASE RECEIVABLES AT THE END OF THE REPORTING PERIOD IS PAST DUE, AND TAKING INTO ACCOUNT THE HISTORICAL DEFAULT EXPERIENCE AND THE FUTURE PROSPECTS OF THE INDUSTRIES IN WHICH THE LESSEES OPERATE, THE COMPANY CONSIDER THAT ADEQUATE LOSS ALLOWANCE HAS BEEN MADE AGAINST FINANCE LEASE RECEIVABLES.

THERE HAVE BEEN NO CHANGES IN THE ESTIMATION TECHNIQUES OR SIGNIFICANT ASSUMPTIONS MADE DURING THE CURRENT YEAR IN ASSESSING THE LOSS ALLOWANCE FOR FINANCE LEASE RECEIVABLES.

**ACCOUNTING POLICY:**

***FINANCE LEASE INCOME***

INCOME FROM FINANCE LEASE IN WHICH THE GROUP IS THE LESSOR IS RECOGNIZED BASED ON A PATTERN REFLECTING A CONSTANT PERIODIC RATE OF RETURN ON THE GROUP'S NET INVESTMENT IN THE FINANCE LEASE.

***GROUP AS A LESSOR***

LEASES WHERE THE GROUP TRANSFER SUBSTANTIALLY ALL THE RISKS AND BENEFITS INCIDENTAL TO THE OWNERSHIP OF THE LEASED ITEM ARE CLASSIFIED AS FINANCE LEASES AND ARE PRESENTED AS RECEIVABLES AT AN AMOUNT EQUAL TO THE NET INVESTMENT IN THE LEASE. NET INVESTMENT IN THE LEASE IS THE GROSS INVESTMENT IN THE LEASE DISCOUNTED AT THE PROFIT RATE IMPLICIT IN THE LEASE. INCOME FROM FINANCE LEASES IN WHICH THE GROUP IS A LESSOR IS RECOGNISED BASED ON A PATTERN REFLECTING A CONSTANT PERIODIC RATE OF RETURN ON THE GROUP'S NET INVESTMENT IN THE FINANCE LEASE. CONTINGENT RENTS ARE RECOGNISED AS REVENUE IN THE PERIOD IN WHICH THEY ARE EARNED.

**9 RELATED PARTY DISCLOSURES**

QATARI DIAR REAL ESTATE INVESTMENT Co. ("QD" INCORPORATED IN THE STATE OF QATAR) 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 TRADED ON QATAR STOCK EXCHANGE AND WIDELY HELD.

RELATED PARTIES COMPRISE OF THE MAIN SHAREHOLDER, ASSOCIATES OF THE GROUP AND ENTITIES OVER WHICH THEY HAVE THE ABILITY TO CONTROL, JOINTLY CONTROL OR EXERCISE SIGNIFICANT INFLUENCE IN MAKING FINANCIAL AND OPERATING DECISIONS IN ADDITION TO KEY MANAGEMENT PERSONNEL OF THE COMPANY.

**RELATED PARTY TRANSACTIONS**

TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR WERE AS FOLLOWS:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
INCOME FROM CONSULTANCY AND OTHER SERVICES - MAIN SHAREHOLDER	<u>65,702</u>	<u>73,303</u>
RENTAL INCOME - MAIN SHAREHOLDER / ASSOCIATES	<u>6,662</u>	<u>13,855</u>



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**9 RELATED PARTY DISCLOSURES (CONTINUED)**

**RELATED PARTY BALANCES**

BALANCES WITH RELATED PARTIES INCLUDED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION ARE AS FOLLOWS:

	<i>DUE FROM RELATED PARTIES</i>		<i>DUE TO RELATED PARTIES</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
QATARI DIAR REAL ESTATE INVESTMENT COMPANY Q.S.C. AND ASSOCIATED COMPANIES	203,848	216,446	290,308	290,370
ASSOCIATE COMPANIES	3,872	10,737	20,010	28,188
OTHER RELATED PARTIES	464	301	3,856	2,287
	<b>208,184</b>	<b>227,484</b>	<b>314,174</b>	<b>320,845</b>

CURRENT AND NON-CURRENT PORTIONS OF DUE FROM AND DUE TO RELATED PARTIES ARE AS FOLLOWS:

	<i>DUE FROM RELATED PARTIES</i>		<i>DUE TO RELATED PARTIES</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
NON-CURRENT	-	-	579	579
CURRENT	208,184	227,484	313,595	320,266
	<b>208,184</b>	<b>227,484</b>	<b>314,174</b>	<b>320,845</b>

MOVEMENTS IN THE ALLOWANCE FOR IMPAIRMENT OF DUE FROM RELATED PARTIES ARE AS FOLLOWS:

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
AT 1 JANUARY	77,868	47,704
NET IMPAIRMENT LOSSES (NOTE 32)	10,600	11,459
INITIAL ADOPTION OF IFRS 9	-	18,705
AT 31 DECEMBER	<b>88,468</b>	<b>77,868</b>

FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018, THE GROUP CARRIED OUT AN IMPAIRMENT TESTING FOR DUE FROM RELATED PARTIES. THE GROUP RECOGNIZED AN ADDITIONAL IMPAIRMENT OF QR 10,600 THOUSAND DURING THE YEAR (2018: QR 11,459 THOUSAND) (NOTE 32). IN THE OPINION OF THE MANAGEMENT, BASED ON RECENT AVAILABLE INFORMATION, THERE IS NO EVIDENCE OF FURTHER IMPAIRMENT IN THE VALUE OF DUE FROM RELATED PARTIES. THIS ASSESSMENT IS UNDERTAKEN IN EACH FINANCIAL YEAR THROUGH EXAMINING THE FINANCIAL POSITION OF THE RELATED PARTIES AND THE MARKET IN WHICH THE RELATED PARTIES OPERATE.



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**9 RELATED PARTY DISCLOSURES (CONTINUED)**

**COMPENSATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL**

THE REMUNERATION OF DIRECTORS AND OTHER MEMBERS OF KEY MANAGEMENT OF THE PARENT DURING THE YEAR WAS AS FOLLOWS:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
SHORT TERM BENEFITS (II)	17,297	19,904
END OF SERVICE BENEFITS	1,894	2,078
	<u>19,191</u>	<u>21,982</u>

**NOTES:**

- (I) ALL OUTSTANDING BALANCES AT THE YEAR-END ARE UNSECURED, FREE OF FINANCE COST AND THE SETTLEMENT OCCURS IN CASH AND NO GUARANTEES PROVIDED OR RECEIVED FOR OUTSTANDING BALANCES AT REPORTING DATE.
- (II) SHORT TERM BENEFITS INCLUDES A PROPOSED BOARD OF DIRECTORS' REMUNERATION AMOUNTING TO QR 8,500 THOUSAND FOR THE YEAR 2019 SUBJECT TO THE APPROVAL OF THE COMPANY'S ANNUAL GENERAL ASSEMBLY (2018: QR 8,500 THOUSAND, APPROVED BY THE SHAREHOLDERS OF THE COMPANY AT THE ANNUAL GENERAL MEETING HELD ON 20 MARCH 2019).

**10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ARE ANALYZED AS FOLLOWS

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
INVESTMENTS IN EQUITY SECURITIES :		
QUOTED	82,131	83,221
UNQUOTED	49,797	55,355
	<u>131,928</u>	<u>138,576</u>



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**10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)**

**ACCOUNTING POLICIES:**

*THE POLICY APPLICABLE TO THE YEAR ENDED 31 DECEMBER 2019 IS DISCLOSED IN NOTE 49.2*

***FAIR VALUE OF UNQUOTED EQUITY AND DEBT INVESTMENTS***

IF THE MARKET FOR A FINANCIAL ASSET IS NOT ACTIVE OR NOT AVAILABLE, THE GROUP ESTABLISHES FAIR VALUE BY USING VALUATION TECHNIQUES WHICH INCLUDE THE USE OF RECENT ARM'S LENGTH TRANSACTIONS, REFERENCE TO OTHER INSTRUMENTS THAT ARE SUBSTANTIALLY THE SAME, DISCOUNTED CASH FLOW ANALYSIS AND OPTION PRICING MODELS REFINED TO REFLECT THE ISSUER'S SPECIFIC CIRCUMSTANCES. THIS VALUATION REQUIRES THE GROUP TO MAKE ESTIMATES ABOUT EXPECTED FUTURE CASH FLOWS AND DISCOUNT RATES THAT ARE SUBJECT TO UNCERTAINTY. IN CASE OF UNAVAILABILITY OF INFORMATION, THE GROUP CARRIES THE INVESTMENTS AT COST LESS IMPAIRMENT.

**11 ADVANCES FOR PROJECTS AND INVESTMENTS**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
ADVANCES FOR PURCHASE OF PROPERTIES (I)	28,228	4,860,474
ADVANCES AGAINST EXCHANGE OF LAND (II)	1,836,459	1,836,459
ADVANCES TO CONTRACTORS AND SUPPLIERS	<u>255,763</u>	<u>262,681</u>
	<u>2,120,450</u>	<u>6,959,614</u>
LESS: ALLOWANCE FOR IMPAIRMENT OF ADVANCES (II)	<u>(1,979,948)</u>	<u>(1,979,948)</u>
	<u>140,502</u>	<u>4,979,666</u>

***NOTES:***

(I) ADVANCES FOR PURCHASE OF PROPERTIES OF QR 4,832,246 THOUSAND PAID ON ACCOUNT OF THE PURCHASE OF A PLOT OF LAND IN LUSAIL DISTRICT WITH AN AREA OF 3,475,863 SQM HAVE BEEN TRANSFERRED TO INVESTMENT PROPERTIES DURING THE YEAR. THE LAND HAS BEEN HANDED OVER TO THE GROUP IN 2019.

(II) DURING THE YEAR 2008, THE GOVERNMENT OF QATAR TOOK OVER A PIECE OF LAND LOCATED IN AL-KHOUR DISTRICT WHICH WAS OWNED BY THE GROUP AND OTHER RELATED PARTIES. THE GOVERNMENT COMMITTED TO PROVIDE ANOTHER PLOT OF LAND LOCATED IN SALWA DISTRICT IN EXCHANGE OF THE WITHDRAWN LAND. THE GROUP PAID THE ABOVE ADVANCES TO A RELATED PARTY, IN ORDER FOR THE GROUP TO FULLY OWN THE NEW LAND THAT WILL BE RECEIVED FROM THE GOVERNMENT. SINCE 2008, THE GROUP MANAGEMENT HAS BEEN WORKING WITH THE GOVERNMENT AUTHORITIES TO IDENTIFY THE PLOT OF LAND THAT SHALL BE TRANSFERRED TO THE GROUP. HOWEVER, ALL THE EFFORTS DURING THIS PERIOD HAVE NOT RESULTED IN ANY CONCLUSIVE DIRECTION OF WHEN AND WHERE THE LAND WILL BE RECEIVED AND THEREFORE DURING THE YEAR 2012, THE GROUP MANAGEMENT, ON A CONSERVATIVE BASIS DECIDED TO MAKE A FULL PROVISION AGAINST THESE ADVANCES AS DOUBTFUL OF RECOVERY. THE GROUP WILL CONTINUE TO PURSUE THE MATTER WITH THE GOVERNMENT FOR AN AMICABLE SETTLEMENT.





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**11 ADVANCES FOR PROJECTS AND INVESTMENTS (CONTINUED)**

**ACCOUNTING POLICY:**

**ADVANCES FOR LAND**

ADVANCES FOR LAND ARE CARRIED AT COST, AND RECOGNIZED AS ADVANCE PAYMENTS AT THE TIME OF PAYMENT. IT WILL BE RECLASSIFIED AS A LAND ONCE THE GROUP SETTLES THE WHOLE PURCHASE PRICE OF THE LAND AND REGISTERS IN THE GROUP'S NAME.

**12 INVESTMENT PROPERTIES**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
<b>AT 1 JANUARY</b>	<b>18,261,969</b>	<b>16,745,985</b>
ADDITIONS DURING THE YEAR	<b>287,583</b>	<b>520,106</b>
CAPITALISED FINANCE COST (NOTE 34)	<b>53,290</b>	<b>75,635</b>
RIGHT-OF-USE ASSETS (ADOPTION OF IFRS 16)	<b>265,640</b>	<b>-</b>
TRANSFER FROM TRADING PROPERTIES - PROPERTIES UNDER DEVELOPMENT (NOTE 7.B)	<b>126,802</b>	<b>3,997</b>
TRANSFER FROM PROPERTY, PLANT AND EQUIPMENT (NOTE 13)	<b>5,539</b>	<b>591</b>
TRANSFER FROM ADVANCE FOR PURCHASE OF PROPERTY (NOTE 11)	<b>4,832,246</b>	<b>-</b>
TRANSFER FROM INTANGIBLE ASSETS (NOTE 16)	<b>1,605,364</b>	<b>-</b>
ACQUIRED THROUGH BUSINESS COMBINATION	<b>-</b>	<b>58,716</b>
NET FAIR VALUE GAIN	<b>1,131,425</b>	<b>872,837</b>
FOREIGN EXCHANGE ADJUSTMENT	<b>7,812</b>	<b>(15,898)</b>
<b>AT 31 DECEMBER</b>	<b>26,577,670</b>	<b>18,261,969</b>

**NOTES:**

- (i) INVESTMENT PROPERTIES ARE LOCATED IN THE STATE OF QATAR, KINGDOM OF BAHRAIN, REPUBLIC OF CYPRUS, UNITED KINGDOM AND THE KINGDOM OF SAUDI ARABIA.
- (ii) INVESTMENT PROPERTIES ARE STATED AT FAIR VALUE, WHICH HAS BEEN DETERMINED BASED ON VALUATIONS PERFORMED BY ACCREDITED INDEPENDENT VALUERS AS AT 31 DECEMBER 2019. THOSE VALUERS ARE ACCREDITED INDEPENDENT VALUERS WITH A 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.
- (iv) FAIR VALUE HIERARCHY DISCLOSURES FOR INVESTMENT PROPERTIES HAVE BEEN PROVIDED IN NOTE 43.
- (v) CAPITALISED FINANCE COST IS CALCULATED BASED ON THE ACTUAL QUALIFYING EXPENDITURES RELATED TO THE PROJECTS UNDER DEVELOPMENT, THAT IS PART OF THE INVESTMENT PROPERTIES. FINANCE COST IS CAPITALIZED USING THE GROUP'S WEIGHTED AVERAGE FINANCE COSTS.



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**12 INVESTMENT PROPERTIES (CONTINUED)**

(vi) INCLUDED IN INVESTMENT PROPERTIES ARE CERTAIN PROPERTIES WITH A FAIR VALUE OF QR 8,988,190 THOUSAND AT 31 DECEMBER 2019 (31 DECEMBER 2018: QR 2,449,427 THOUSAND) FOR WHICH THE TITLE DEEDS WILL BE TRANSFERRED ON COMPLETION OF THE CONSTRUCTION OF THE PROJECTS OR UPON SETTLEMENT OF THE FULL PURCHASE PRICE. THE CONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN PREPARED ON THE BASIS THAT THE BENEFICIAL INTEREST OF THESE INVESTMENT PROPERTIES RESIDES WITH THE GROUP.

(vii) DESCRIPTION OF VALUATION TECHNIQUES USED BY THE GROUP AND KEY INPUTS TO VALUATION ON MAJORITY OF THE INVESTMENT PROPERTIES ARE AS FOLLOWS:

TYPE OF PROPERTIES	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	
			2019	2018
COMMERCIAL PROPERTIES	DCF METHOD	ESTIMATED RENTAL VALUE PER SQM PER MONTH	QR 20-250	QR 20-250
		RENT GROWTH P.A.	0%-2.5%	0%-2.5%
		LONG-TERM VACANCY RATE	0%-25%	0%-30%
		DISCOUNT RATE	7.50% - 7.90%	7.80% - 8.20%
		MARKET CAP	7.50%	7.50%
RESIDENTIAL PROPERTIES	DCF METHOD	ESTIMATED RENTAL VALUE PER UNIT PER MONTH	QR 2,000 - 22,250	QR 2,000 - 25,000
		RENT GROWTH P.A.	0%-2.5%	0%-2.5%
		LONG-TERM VACANCY RATE	0%-30%	0%-40%
		DISCOUNT RATE	7.30% - 7.90%	7.60% - 8.20%
		MARKET CAP	7.50%	7.50%
LAND BANK	DIRECT COMPARISON	ESTIMATED LAND VALUE PER SQM	QR 1,050 - QR 13,090	QR 1,938 - QR 20,300

**DISCOUNTED CASH FLOW METHOD (DCF):** THE MOST COMMONLY USED TECHNIQUE FOR ASSESSING MARKET VALUE WITHIN THE INCOME APPROACH IS DISCOUNTED CASH-FLOW. 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 RATE IS APPLIED TO ESTIMATED 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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**12 INVESTMENT PROPERTIES (CONTINUED)**

(viii) MINIMUM LEASE COLLECTIONS UNDER OPERATING LEASES OF INVESTMENT PROPERTIES NOT RECOGNISED IN THE CONSOLIDATED FINANCIAL STATEMENTS ARE RECEIVABLE AS FOLLOWS:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
WITHIN ONE YEAR	999,766	957,768
BETWEEN 1 AND 5 YEARS	2,301,682	2,548,139
MORE THAN 5 YEARS	<u>3,769,652</u>	<u>4,255,582</u>
TOTAL AT 31 DECEMBER	<u><u>7,071,100</u></u>	<u><u>7,761,489</u></u>

**ACCOUNTING POLICY:**

***RECOGNITION OF INVESTMENT PROPERTIES***

INVESTMENT PROPERTY COMPRISES COMPLETED PROPERTY AND PROPERTY UNDER CONSTRUCTION OR RE-DEVELOPMENT THAT IS HELD TO EARN RENTALS OR FOR CAPITAL APPRECIATION OR BOTH RATHER THAN FOR SALE IN THE ORDINARY COURSE OF BUSINESS OR FOR USE IN ADMINISTRATIVE FUNCTION. PROPERTY HELD UNDER A LEASE CONTRACT IS CLASSIFIED AS INVESTMENT PROPERTY WHEN THE DEFINITION OF AN INVESTMENT PROPERTY IS MET.

INVESTMENT PROPERTY IS MEASURED INITIALLY AT COST INCLUDING TRANSACTION COSTS. TRANSACTION COSTS INCLUDE TRANSFER TAXES, PROFESSIONAL FEES FOR LEGAL SERVICES AND INITIAL LEASING COMMISSIONS TO BRING THE PROPERTY TO THE CONDITION NECESSARY FOR IT TO BE CAPABLE OF OPERATING. THE CARRYING AMOUNT ALSO INCLUDES THE COST OF REPLACING PART OF AN EXISTING INVESTMENT PROPERTY AT THE TIME THAT COST IS INCURRED IF THE RECOGNITION CRITERIA ARE MET.

SUBSEQUENT TO INITIAL RECOGNITION, INVESTMENT PROPERTY IS MEASURED AT FAIR VALUE. GAINS OR LOSSES ARISING FROM CHANGES IN THE FAIR VALUES ARE INCLUDED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS IN THE YEAR IN WHICH THEY ARISE.

INVESTMENT PROPERTY IS DERECOGNISED WHEN IT HAS BEEN DISPOSED OF OR PERMANENTLY WITHDRAWN FROM USE AND NO FUTURE ECONOMIC BENEFIT IS EXPECTED FROM ITS DISPOSAL. ANY GAINS OR LOSSES ON THE RETIREMENT OR DISPOSAL OF INVESTMENT PROPERTY ARE RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS IN THE YEAR OF RETIREMENT OR DISPOSAL.

GAINS OR LOSSES ON THE DISPOSAL OF INVESTMENT PROPERTY ARE DETERMINED AS THE DIFFERENCE BETWEEN NET DISPOSAL PROCEEDS AND THE CARRYING VALUE OF THE ASSET.

TRANSFERS ARE MADE TO INVESTMENT PROPERTY WHEN, AND ONLY WHEN, THERE IS A CHANGE IN USE, EVIDENCED BY THE END OF OWNER OCCUPATION OR COMMENCEMENT OF AN OPERATING LEASE. TRANSFERS ARE MADE FROM INVESTMENT PROPERTY WHEN, AND ONLY WHEN, THERE IS A CHANGE IN USE, EVIDENCED BY COMMENCEMENT OF OWNER OCCUPATION OR COMMENCEMENT OF DEVELOPMENT WITH A VIEW TO SELL.



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**12 INVESTMENT PROPERTIES (CONTINUED)**

**ACCOUNTING POLICY : (CONTINUED)**

WHEN THE USE OF A PROPERTY CHANGES FROM OWNER-OCCUPIED TO INVESTMENT PROPERTY, THE PROPERTY IS REMEASURED TO FAIR VALUE AND RECLASSIFIED AS INVESTMENT PROPERTY. ANY GAIN ARISING ON REMEASUREMENT IS RECOGNISED DIRECTLY IN THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS A REVALUATION SURPLUS. ANY LOSS IS RECOGNISED IMMEDIATELY IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS .

FOR A TRANSFER FROM INVESTMENT PROPERTY CARRIED AT FAIR VALUE TO OWNER-OCCUPIED PROPERTY OR TRADING PROPERTIES, THE PROPERTY'S DEEMED COST FOR SUBSEQUENT ACCOUNTING IN ACCORDANCE WITH IAS 16 "PROPERTY, PLANT AND EQUIPMENT" OR IAS 2 "INVENTORIES" SHALL BE ITS FAIR VALUE AT THE DATE OF CHANGE IN USE.

FOR A TRANSFER FROM TRADING PROPERTIES TO INVESTMENT PROPERTY THAT WILL BE CARRIED AT FAIR VALUE, ANY DIFFERENCE RESULTS BETWEEN THE FAIR VALUE OF THE PROPERTY AT THAT DATE AND ITS PREVIOUS CARRYING AMOUNT SHALL BE RECOGNIZED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.

**CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES:**

***CLASSIFICATION OF PROPERTY***

THE GROUP DETERMINES WHETHER A PROPERTY IS CLASSIFIED AS INVESTMENT PROPERTY OR TRADING PROPERTY. INVESTMENT PROPERTY COMPRISES LAND AND BUILDINGS (PRINCIPALLY RESIDENTIAL, COMMERCIAL AND RETAIL PROPERTY) WHICH ARE NOT OCCUPIED SUBSTANTIALLY FOR USE BY, OR IN THE OPERATIONS OF THE GROUP, NOR FOR SALE IN THE ORDINARY COURSE OF BUSINESS, BUT ARE HELD PRIMARILY TO EARN RENTAL INCOME AND CAPITAL APPRECIATION.

***VALUATION OF INVESTMENT PROPERTY***

INVESTMENT PROPERTIES ARE STATED AT FAIR VALUE. THE GROUP USED EXTERNAL INDEPENDENT VALUERS TO DETERMINE THE FAIR VALUE OF THE INVESTMENT PROPERTIES IN ADDITION TO THE PROPERTIES THAT ARE BEING VALUED BY THE MANAGEMENT. THE INDEPENDENT VALUERS USES THE MARKET SITUATIONS, ESTIMATED YIELD AND EXPECTED FUTURE CASH FLOWS AND THE RECENT REAL ESTATE TRANSACTIONS WITH SIMILAR CHARACTERISTICS AND LOCATION OF PROPERTIES FOR THE VALUATION OF INVESTMENT PROPERTIES.

***SENSITIVITY ANALYSIS***

AT 31 DECEMBER 2019, IF DISCOUNT RATE FOR INVESTMENT PROPERTIES (VALUED USING DISCOUNTED CASH FLOW METHOD) HAD BEEN HIGHER/LOWER BY 1% WITH ALL OTHER VARIABLES HELD CONSTANT, THE CALCULATED FAIR VALUATION GAINS (LOSSES) ON INVESTMENT PROPERTIES FOR THE YEAR WOULD HAVE BEEN QR 1,204,430 THOUSAND LOWER AND QR 1,343,602 THOUSAND HIGHER MAINLY AS A RESULT OF LOWER/HIGHER (HIGHER/LOWER) FAIR VALUE GAIN (LOSS) ON INVESTMENT PROPERTIES.

AT 31 DECEMBER 2019, IF MARKET CAPITALIZATION FOR INVESTMENT PROPERTIES (VALUED USING DISCOUNTED CASH FLOW METHOD) HAD BEEN HIGHER/LOWER BY 1% WITH ALL OTHER VARIABLES HELD CONSTANT, THE CALCULATED FAIR VALUATION GAINS (LOSSES) ON INVESTMENT PROPERTIES FOR THE YEAR WOULD HAVE BEEN QR 583,805 THOUSAND LOWER AND QR 763,437 THOUSAND HIGHER MAINLY AS A RESULT OF LOWER/HIGHER (HIGHER/LOWER) FAIR VALUE GAIN (LOSS) ON INVESTMENT PROPERTIES.

AT 31 DECEMBER 2019, IF PRICE PER FOR SQUARE FOOT FOR INVESTMENT PROPERTIES (VALUED USING MARKET APPROACH) HAD BEEN HIGHER/LOWER BY 1% WITH ALL OTHER VARIABLES HELD CONSTANT, THE CALCULATED FAIR VALUATION GAINS (LOSSES) ON INVESTMENT PROPERTIES FOR THE YEAR WOULD HAVE BEEN QR 91,163 THOUSAND LOWER/HIGHER (HIGHER/LOWER) MAINLY AS A RESULT OF HIGHER/LOWER FAIR VALUE GAIN (LOSS) ON INVESTMENT PROPERTIES.



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**13 PROPERTY, PLANT AND EQUIPMENT**

	<i>LAND</i>	<i>BUILDINGS</i>	<i>FURNITURE AND FIXTURES</i>	<i>LEASEHOLD IMPROVEMENTS</i>	<i>COOLING PLANTS</i>	<i>OTHER FIXED ASSETS</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>
<b>COST</b>							
AT 1 JANUARY 2019	175,561	404,808	221,113	119,784	234,658	120,725	1,276,649
ADDITIONS	-	-	5,233	859	102	4,037	10,231
RECLASSIFICATIONS	301	-	-	(158)	-	(143)	-
TRANSFER TO INVESTMENT PROPERTIES (NOTE 12)	-	(7,474)	-	-	-	(135)	(7,609)
FOREIGN EXCHANGE ADJUSTMENT	463	306	92	27	-	13	901
WRITE OFF	-	-	(254)	-	-	(11,399)	(11,653)
<b>AT 31 DECEMBER 2019</b>	<b>176,325</b>	<b>397,640</b>	<b>226,184</b>	<b>120,512</b>	<b>234,760</b>	<b>113,098</b>	<b>1,268,519</b>
<b>ACCUMULATED DEPRECIATION</b>							
AT 1 JANUARY 2019	-	67,131	178,005	88,458	58,487	93,533	485,614
CHARGE FOR THE YEAR	-	9,080	203	1,175	-	4,134	14,592
CHARGED IN OPERATING EXPENSES (NOTE 29)	-	6,388	14,417	14,667	9,383	5,668	50,523
IMPAIRMENT	-	-	-	3,712	-	1,140	4,852
TRANSFER TO INVESTMENT PROPERTIES (NOTE 12)	-	(2,070)	-	-	-	-	(2,070)
FOREIGN EXCHANGE ADJUSTMENT	-	127	85	19	-	10	241
WRITE OFF	-	-	(254)	-	-	(11,399)	(11,653)
<b>AT 31 DECEMBER 2019</b>	<b>-</b>	<b>80,656</b>	<b>192,456</b>	<b>108,031</b>	<b>67,870</b>	<b>93,086</b>	<b>542,099</b>
<b>NET BOOK VALUE AT 31 DECEMBER 2019</b>	<b>176,325</b>	<b>316,984</b>	<b>33,728</b>	<b>12,481</b>	<b>166,890</b>	<b>20,012</b>	<b>726,420</b>
<b>COST</b>							
AT 1 JANUARY 2018	88,200	245,783	203,128	117,735	234,602	104,847	994,295
ADDITIONS	-	-	667	2,165	56	2,753	5,641
DISPOSALS	-	-	(45)	-	-	(1,511)	(1,556)
RECLASSIFICATIONS	-	-	-	(100)	-	100	-
ACQUIRED THROUGH BUSINESS COMBINATION	88,400	159,712	17,551	-	-	15,237	280,900
TRANSFER TO INVESTMENT PROPERTIES (NOTE 12)	-	-	-	-	-	(591)	(591)
TRANSFER TO ACCOUNT RECEIVABLES	-	-	-	-	-	(105)	(105)
FOREIGN EXCHANGE ADJUSTMENT	(1,039)	(687)	(188)	(16)	-	(5)	(1,935)
<b>AT 31 DECEMBER 2018</b>	<b>175,561</b>	<b>404,808</b>	<b>221,113</b>	<b>119,784</b>	<b>234,658</b>	<b>120,725</b>	<b>1,276,649</b>
<b>ACCUMULATED DEPRECIATION</b>							
AT 1 JANUARY 2018	-	55,114	166,639	70,208	49,112	87,550	428,623
CHARGE FOR THE YEAR	-	9,082	1,262	1,407	-	4,476	16,227
CHARGED IN OPERATING EXPENSES (NOTE 29)	-	3,220	10,339	14,585	9,375	3,021	40,540
DISPOSALS	-	-	(45)	-	-	(1,511)	(1,556)
TRANSFER TO INVESTMENT PROPERTIES (NOTE 12)	-	-	-	-	-	-	-
FOREIGN EXCHANGE ADJUSTMENT	-	(285)	(190)	2,258	-	(3)	1,780
<b>AT 31 DECEMBER 2018</b>	<b>-</b>	<b>67,131</b>	<b>178,005</b>	<b>88,458</b>	<b>58,487</b>	<b>93,533</b>	<b>485,614</b>
<b>NET BOOK VALUE AT 31 DECEMBER 2018</b>	<b>175,561</b>	<b>337,677</b>	<b>43,108</b>	<b>31,326</b>	<b>176,171</b>	<b>27,192</b>	<b>791,035</b>





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**13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**ACCOUNTING POLICIES:**

PROPERTY, PLANT AND EQUIPMENT ARE STATED AT COST LESS ACCUMULATED DEPRECIATION AND ANY IMPAIRMENT IN VALUE.

COST INCLUDES EXPENDITURE THAT IS DIRECTLY ATTRIBUTABLE TO THE ACQUISITION OF THE ASSET. THE COST OF SELF-CONSTRUCTED ASSETS INCLUDES THE COST OF MATERIALS AND DIRECT LABOR, ANY OTHER COSTS DIRECTLY ATTRIBUTABLE TO BRINGING THE ASSET TO A WORKING CONDITION FOR ITS INTENDED USE, AND THE COSTS OF DISMANTLING AND REMOVING THE ITEMS AND RESTORING THE SITE ON WHICH THEY ARE LOCATED. PURCHASED SOFTWARE THAT IS INTEGRAL TO THE FUNCTIONALITY OF THE RELATED EQUIPMENT IS CAPITALIZED AS PART OF RELATED EQUIPMENT.

DEPRECIATION IS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS ON A STRAIGHT-LINE BASIS OVER THE ESTIMATED USEFUL LIVES OF EACH PART OF AN ITEM OF PROPERTY, PLANT AND EQUIPMENT. LEASED ASSETS ARE DEPRECIATED OVER THE SHORTER OF THE LEASE TERM AND THEIR USEFUL LIVES UNLESS IT IS REASONABLY CERTAIN THAT THE GROUP WILL OBTAIN OWNERSHIP BY THE END OF THE LEASE TERM. LAND IS NOT DEPRECIATED.

THE ESTIMATED USEFUL LIVES OF THE DEPRECIABLE ASSETS ARE AS FOLLOWS:

BUILDINGS	20-33 YEARS
FURNITURE AND FIXTURES	3-7 YEARS
MOTOR VEHICLES	5 YEARS
COMPUTERS SOFTWARE AND HARDWARE	3-5 YEARS
OFFICE EQUIPMENT	3 YEARS
LEASEHOLD IMPROVEMENTS	3 YEARS
COOLING PLANTS	25 YEARS

THE ASSETS' USEFUL LIVES AND RESIDUAL VALUES ARE REVIEWED AND ADJUSTED AS APPROPRIATE AT EACH REPORTING DATE.

THE CARRYING VALUES OF PROPERTY, PLANT AND EQUIPMENT ARE REVIEWED FOR IMPAIRMENT WHEN EVENTS OR CHANGES IN CIRCUMSTANCES INDICATE THE CARRYING VALUE MAY NOT BE RECOVERABLE. IF ANY SUCH INDICATION EXISTS AND WHERE THE CARRYING VALUES EXCEED THE ESTIMATED RECOVERABLE AMOUNT, THE ASSETS ARE WRITTEN DOWN TO THEIR RECOVERABLE AMOUNT.

EXPENDITURE INCURRED TO REPLACE A COMPONENT OF AN ITEM OF PROPERTY, PLANT AND EQUIPMENT THAT IS ACCOUNTED FOR SEPARATELY IS CAPITALIZED AND THE CARRYING AMOUNT OF THE COMPONENT THAT IS REPLACED IS WRITTEN OFF. OTHER SUBSEQUENT EXPENDITURES ARE CAPITALIZED ONLY WHEN THEY INCREASE THE FUTURE ECONOMIC BENEFITS OF THE RELATED ITEM OF PROPERTY, PLANT AND EQUIPMENT. ALL OTHER EXPENDITURES ARE RECOGNIZED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS INCURRED. AN ITEM OF PROPERTY, PLANT AND EQUIPMENT IS DERECOGNIZED UPON DISPOSAL OR WHEN NO FUTURE ECONOMIC BENEFITS ARE EXPECTED FROM ITS USE OR DISPOSAL. ANY GAIN OR LOSS ARISING ON DERECOGNITION OF THE ASSET IS INCLUDED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS IN THE YEAR THE ASSET IS DERECOGNIZED. GAINS AND LOSSES ON DISPOSALS ARE DETERMINED BY COMPARING PROCEEDS WITH CARRYING AMOUNT.

**CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES:**

**USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT**

THE GROUP'S MANAGEMENT DETERMINES THE ESTIMATED USEFUL LIVES OF ITS PROPERTY, PLANT AND EQUIPMENT FOR CALCULATING DEPRECIATION. THIS ESTIMATE IS DETERMINED AFTER CONSIDERING THE EXPECTED USAGE OF THE ASSET, PHYSICAL WEAR AND TEAR AS WELL AS TECHNICAL AND COMMERCIAL OBSOLESCENCE.



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**14 RIGHT-OF-USE ASSETS**

THE COMPANY LEASES SEVERAL ASSETS INCLUDING BUILDINGS AND LAND. THE LEASE TERMS RANGE FROM 2 TO 92 YEARS.

THE MOVEMENT OF RIGHT OF USE ASSETS DURING THE YEAR IS ILLUSTRATED AS FOLLOWS:

	<u>QR'000</u>
FIRST TIME ADOPTION OF IFRS 16 AT 1 JANUARY 2019	134,020
MODIFICATIONS	(26,412)
AMORTISATION EXPENSE	(34,931)
31 DECEMBER 2019	<u>72,677</u>

AMOUNTS RECOGNISED IN PROFIT OR LOSS DURING THE YEAR IS SUMMARIZED AS FOLLOWS:

	2019
AMORTISATION OF RIGHT-OF-USE ASSETS	34,931
EXPENSE RELATING TO SHORT-TERM LEASES	14,825
INCOME FROM SUBLEASING RIGHT-OF-USE ASSETS	19,676

**CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES**

*DETERMINING THE LEASE TERM WITH RENEWAL OPTIONS*

IN DETERMINING THE LEASE TERM, MANAGEMENT CONSIDERS ALL FACTS AND CIRCUMSTANCES THAT CREATE AN ECONOMIC INCENTIVE TO EXERCISE AN EXTENSION OPTION, OR NOT EXERCISE A TERMINATION OPTION. EXTENSION OPTIONS (OR PERIODS AFTER TERMINATION OPTIONS) ARE ONLY INCLUDED IN THE LEASE TERM IF THE LEASE IS REASONABLY CERTAIN TO BE EXTENDED (OR NOT TERMINATED). NO POTENTIAL FUTURE CASH OUTFLOWS DUE TO NON-EXISTENCE OF AN EXTENSION OPTION.

RIGHT-OF-USE ASSETS ARE AMORTISED OVER THE SHORTER PERIOD OF LEASE TERM AND USEFUL LIFE OF THE UNDERLYING ASSET. IF A LEASE TRANSFERS OWNERSHIP OF THE UNDERLYING ASSET OR THE COST OF THE RIGHT-OF-USE ASSET REFLECTS THAT THE GROUP EXPECTS TO EXERCISE A PURCHASE OPTION, THE RELATED RIGHT-OF-USE ASSET IS AMORTISED OVER THE USEFUL LIFE OF THE UNDERLYING ASSET. THE DEPRECIATION STARTS AT THE COMMENCEMENT DATE OF THE LEASE.

THE GROUP APPLIES IAS 36 TO DETERMINE WHETHER A RIGHT-OF-USE ASSET IS IMPAIRED AND ACCOUNTS FOR ANY IDENTIFIED IMPAIRMENT LOSS AS DESCRIBED IN THE 'PROPERTY, PLANT AND EQUIPMENT' POLICY.

*DISCOUNTING OF LEASE PAYMENTS*

THE LEASE PAYMENTS ARE DISCOUNTED USING THE GROUP'S INCREMENTAL BORROWING RATE ("IBR").



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**15 INVESTMENTS IN ASSOCIATES**

THE GROUP HAS THE FOLLOWING INVESTMENTS IN ASSOCIATES:

	<i>NATURE OF OPERATION</i>	<i>COUNTRY OF INCORPORATION</i>	<i>OWNERSHIP%</i>	
			<i>2019</i>	<i>2018</i>
AL IMTIAZ INVESTMENT COMPANY (K.S.C)	INVESTMENT	KUWAIT	24.4%	24.4%
EMDAD EQUIPMENT LEASING COMPANY	LEASING	QATAR	22.08%	22.08%
AL DAMAAN ISLAMIC INSURANCE COMPANY	INSURANCE	QATAR	20%	20%
REGENCY RESIDENTIAL UK LIMITED	RE DEVELOPMENT	UK	-	50%
SMEET INVESTMENT COMPANY W.L.L.	MANUFACTURING	QATAR	47.37%	43.86%
TANWEEN COMPANY W.L.L.	CONSULTANCY SERVICES	QATAR	40%	40%
BAIT AL MASHURA FINANCIAL CONSULTING Co.	CONSULTANCY SERVICES	QATAR	20%	20%
OTTOMON GAYRIMENKUL A.S.	RE DEVELOPMENT	TURKEY	-	50%
PANCELTYCA HOLDING LIMITED (I)	RE DEVELOPMENT	UK	26%	26%

THE FOLLOWING TABLE ILLUSTRATES THE SUMMARISED FINANCIAL INFORMATION OF THE GROUP'S INVESTMENT IN ASSOCIATES:

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
TOTAL GROUP'S SHARE OF THE ASSOCIATES' STATEMENT OF FINANCIAL POSITION:		
TOTAL ASSETS	1,734,616	1,661,361
TOTAL LIABILITIES	(918,614)	(869,393)
UPSTREAM PROFIT	(232,498)	(232,498)
IMPAIRMENT LOSSES	(53,557)	(49,707)
GROUP SHARE OF NET ASSETS OF ASSOCIATES	<u>529,947</u>	<u>509,763</u>
CARRYING AMOUNT OF THE INVESTMENTS	<u>529,947</u>	<u>509,763</u>
GROUP'S SHARE OF ASSOCIATES' REVENUES AND RESULTS:		
REVENUES	<u>534,119</u>	<u>635,926</u>
RESULTS	<u>63,949</u>	<u>62,389</u>



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**15 INVESTMENTS IN ASSOCIATES (CONTINUED)**

*RECONCILIATION OF THE SUMMARIZED FINANCIAL INFORMATION PRESENTED TO THE CARRYING AMOUNT OF ITS INTEREST IN ASSOCIATES ARE AS FOLLOWS:*

<i>At 31 DECEMBER 2019</i>	<b>TOTAL ASSETS QR'000</b>	<b>TOTAL LIABILITIES QR'000</b>	<b>NET ASSETS QR'000</b>	<b>% OF OWNERSHIP</b>	<b>CARRYING VALUE OF THE INVESTMENTS QR'000</b>
<b>NAME OF INVESTEE</b>					
AL IMTIAZ INVESTMENT COMPANY (K.S.C)	4,558,824	1,953,923	2,604,901	24.40%	635,596
EMDAD EQUIPMENT LEASING COMPANY	69,941	35,385	34,556	22.08%	7,630
AL DAMAAN ISLAMIC INSURANCE COMPANY	558,353	181,258	377,095	20%	75,419
SMEET INVESTMENT COMPANY W.L.L.	844,067	775,211	68,856	47.37%	32,617
TANWEEN COMPANY W.L.L.	203,606	42,923	160,683	40%	64,273
BAIT AL MASHURA FINANCIAL CONSULTING Co.	5,943	3,605	2,338	20%	467
<b>TOTAL</b>					<b>816,002</b>
<b>LESS: UPSTREAM PROFIT</b>					<b>(232,498)</b>
<b>LESS: IMPAIRMENT LOSSES</b>					<b>(53,557)</b>
<b>GROUP SHARE OF NET ASSETS OF ASSOCIATES</b>					<b>529,947</b>

(I) BASED ON IMPAIRMENT TESTING CARRIED OUT BY THE MANAGEMENT, THE ENTIRE INVESTMENT VALUE OF PANCLTICA HOLDING LIMITED AMOUNTING TO QR 200,935 THOUSAND WAS IMPAIRED DURING PRIOR YEARS.

<i>At 31 DECEMBER 2018</i>	<b>TOTAL ASSETS QR'000</b>	<b>TOTAL LIABILITIES QR'000</b>	<b>NET ASSETS QR'000</b>	<b>% OF OWNERSHIP</b>	<b>CARRYING VALUE OF THE INVESTMENTS QR'000</b>
<b>NAME OF INVESTEE</b>					
AL IMTIAZ INVESTMENT COMPANY (K.S.C)	4,453,148	1,971,377	2,481,771	24.40%	605,552
EMDAD EQUIPMENT LEASING COMPANY	69,941	35,385	34,556	22.08%	7,630
AL DAMAAN ISLAMIC INSURANCE COMPANY	538,800	198,080	340,720	20%	68,144
REGENCY RESIDENTIAL UK LIMITED	35,684	13,764	21,920	50%	10,960
SMEET INVESTMENT COMPANY W.L.L.	750,065	700,793	49,272	43.86%	21,610
TANWEEN COMPANY W.L.L.	259,330	65,220	194,110	40%	77,644
BAIT AL MASHURA FINANCIAL CONSULTING Co.	5,190	3,050	2,140	20%	428
OTTOMON GAYRIMENKUL A.S.	13,810	13,810	-	50%	-
<b>TOTAL</b>					<b>791,968</b>
<b>LESS: UPSTREAM PROFIT</b>					<b>(232,498)</b>
<b>LESS: IMPAIRMENT LOSSES</b>					<b>(49,707)</b>
<b>GROUP SHARE OF NET ASSETS OF ASSOCIATES</b>					<b>509,763</b>



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**15 INVESTMENTS IN ASSOCIATES (CONTINUED)**

*FINANCIAL INFORMATION RELATING TO ASSOCIATES' REVENUES AND GROUP'S SHARE OF RESULTS OF ASSOCIATES ARE AS FOLLOWS:*

*At 31 DECEMBER 2019*

NAME OF INVESTEE	TOTAL INCOME QR'000	SHARE OF RESULTS QR'000
AL IMTIAZ INVESTMENT COMPANY (K.S.C)	779,627	58,047
EMDAD LEASING EQUIPMENT COMPANY	-	-
AL DAMAAN ISLAMIC INSURANCE COMPANY	74,641	8,360
SMEET INVESTMENT COMPANY W.L.L	609,338	11,005
TANWEEN COMPANY W.L.L.	97,689	(13,503)
BAIT AL MASHURA FINANCIAL CONSULTING Co.	6,216	40
GROUP'S SHARE OF ASSOCIATES' RESULTS		<u>63,949</u>

*At 31 DECEMBER 2018*

NAME OF INVESTEE	TOTAL INCOME QR'000	SHARE OF RESULTS QR'000
AL IMTIAZ INVESTMENT COMPANY (K.S.C)	722,865	50,088
EMDAD LEASING EQUIPMENT COMPANY	7,581	(7,818)
AL DAMAAN ISLAMIC INSURANCE COMPANY	612,407	15,298
SMEET INVESTMENT COMPANY W.L.L	669,854	7,282
TANWEEN COMPANY W.L.L.	100,494	(2,347)
BAIT AL MASHURA FINANCIAL CONSULTING Co.	3,284	39
OTTOMON GAYRIMENKUL A.S.	1,478	(153)
GROUP'S SHARE OF ASSOCIATES' RESULTS		<u>62,389</u>

**ACCOUNTING POLICY:**

ASSOCIATES ARE ALL ENTITIES OVER WHICH THE GROUP HAS SIGNIFICANT INFLUENCE BUT NOT CONTROL, GENERALLY ACCOMPANYING A SHAREHOLDING OF BETWEEN 20% AND 50% OF THE VOTING RIGHTS. INVESTMENTS IN ASSOCIATES ARE ACCOUNTED FOR USING THE EQUITY METHOD OF ACCOUNTING. UNDER THE EQUITY METHOD, THE INVESTMENT IS INITIALLY RECOGNISED AT COST, AND THE CARRYING AMOUNT IS INCREASED OR DECREASED TO RECOGNISE THE INVESTOR'S SHARE OF THE PROFIT OR LOSS OF THE INVESTEE AFTER THE DATE OF ACQUISITION.

IF THE OWNERSHIP INTEREST IN AN ASSOCIATE IS REDUCED BUT SIGNIFICANT INFLUENCE IS RETAINED, ONLY A PROPORTIONATE SHARE OF THE AMOUNTS PREVIOUSLY RECOGNISED IN OTHER COMPREHENSIVE INCOME IS RECLASSIFIED TO PROFIT OR LOSS WHERE APPROPRIATE.

THE GROUP'S SHARE OF POST-ACQUISITION PROFIT OR LOSS IS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS, AND ITS SHARE OF POST-ACQUISITION MOVEMENTS IN OTHER COMPREHENSIVE INCOME IS RECOGNISED IN OTHER COMPREHENSIVE INCOME WITH A CORRESPONDING ADJUSTMENT TO THE CARRYING AMOUNT OF THE INVESTMENT.





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**15 INVESTMENTS IN ASSOCIATES (CONTINUED)**

**ACCOUNTING POLICY: (CONTINUED)**

WHEN THE GROUP'S SHARE OF LOSSES IN AN ASSOCIATE EQUALS OR EXCEEDS ITS INTEREST IN THE ASSOCIATE, INCLUDING ANY OTHER UNSECURED RECEIVABLES, THE GROUP DOES NOT RECOGNISE FURTHER LOSSES, UNLESS IT HAS INCURRED LEGAL OR CONSTRUCTIVE OBLIGATIONS OR MADE PAYMENTS ON BEHALF OF THE ASSOCIATE.

PROFITS AND LOSSES RESULTING FROM UPSTREAM AND DOWNSTREAM TRANSACTIONS BETWEEN THE GROUP AND ITS ASSOCIATES ARE RECOGNISED IN THE GROUP'S FINANCIAL STATEMENTS ONLY TO THE EXTENT OF UNRELATED INVESTOR'S INTERESTS IN THE ASSOCIATES. UNREALISED LOSSES ARE ELIMINATED UNLESS THE TRANSACTION PROVIDES EVIDENCE OF AN IMPAIRMENT OF THE ASSET TRANSFERRED. ACCOUNTING POLICIES OF ASSOCIATES ARE CHANGED IF NECESSARY TO ENSURE CONSISTENCY WITH THE POLICIES ADOPTED BY THE GROUP.

THE GROUP DETERMINES AT EACH REPORTING DATE WHETHER THERE IS ANY OBJECTIVE EVIDENCE THAT THE INVESTMENT IN THE ASSOCIATE IS IMPAIRED. IF THIS IS THE CASE, THE GROUP CALCULATES THE AMOUNT OF IMPAIRMENT AS THE DIFFERENCE BETWEEN THE RECOVERABLE AMOUNT OF THE ASSOCIATE AND ITS CARRYING VALUE AND CHARGES THE AMOUNT TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.

DILUTION GAINS AND LOSSES ARISING IN INVESTMENTS IN ASSOCIATES ARE RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.

**16 INTANGIBLE ASSETS**

	<i>GOODWILL</i>		<i>SERVICE CONCESSION ARRANGEMENT</i>		<i>TOTAL</i>	
	<i>(A)</i>		<i>(B)</i>			
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</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>
AT 1 JANUARY	210,180	126,411	1,605,096	62,608	1,815,276	189,019
ADDITIONS	-	83,769	268	1,274,972	268	1,358,741
PROFIT RECOGNIZED	-	-	-	267,516	-	267,516
IMPAIRMENT LOSS (NOTE 32)	(77,769)	-	-	-	(77,769)	-
TRANSFER TO INVESTMENT PROPERTIES (NOTE 12)	-	-	(1,605,364)	-	(1,605,364)	-
AT 31 DECEMBER	132,411	210,180	-	1,605,096	132,411	1,815,276

FOR ADDITIONS TO GOODWILL THAT RESULTED FROM BUSINESS COMBINATION DURING 2018 PLEASE REFER TO NOTE 46.2.A

**(A) GOODWILL**

THE GROUP PERFORMED ITS ANNUAL IMPAIRMENT TEST AS AT 31 DECEMBER 2019 AND 2018. TO ASSESS WHETHER GOODWILL IS IMPAIRED, THE CARRYING AMOUNT OF THE REAL ESTATE CGU IS COMPARED TO ITS RECOVERABLE AMOUNT DETERMINED ON A VALUE IN USE BASIS.

*KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS*

THE RECOVERABLE AMOUNT OF THE REAL ESTATE CGU HAS BEEN DETERMINED BASED ON A VALUE IN USE CALCULATION USING FREE CASH FLOW TO EQUITY PROJECTIONS FROM FINANCIAL BUDGETS APPROVED BY SENIOR MANAGEMENT COVERING A FIVE-YEAR PERIOD. THE CASH FLOWS HAVE BEEN DISCOUNTED BY A WACC OF 7.9%. ALL CASH FLOWS BEYOND THE FIVE YEAR PERIOD HAVE AN ASSUMED GROWTH RATE OF 2% FOR THE CGU FOR THE PURPOSE OF GOODWILL IMPAIRMENT TESTING; THE STRATEGIC BUSINESS PLAN ASSUMES CERTAIN ECONOMIC CONDITIONS AND BUSINESS PERFORMANCE, WHICH ARE CONSIDERED APPROPRIATE AS THEY ARE CONSISTENT WITH CURRENT MARKET EXPECTATIONS OF THE FUTURE. AS A RESULT OF THIS ANALYSIS, ADEQUATE IMPAIRMENT ALLOWANCES HAVE BEEN RECOGNISED AGAINST GOODWILL AS AT 31 DECEMBER 2019 (2018: QR NIL).



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**16 INTANGIBLE ASSETS (CONTINUED)**

**(A) GOODWILL (CONTINUED)**

*SENSITIVITY TO CHANGES IN ASSUMPTIONS*

MANAGEMENT CONSIDERED ALTERNATIVE METHODS INCLUDING COMPARABLE VALUATIONS USING MARKET MULTIPLES. UNDER THESE SCENARIOS THE RECOVERABLE AMOUNT OF THE CGU WOULD CONTINUE TO EXCEED ITS CARRYING VALUE. THE BENCHMARKS OF THE CGU WERE UPDATED TO REFLECT THE RETURN VARIABILITY PROJECTED BY SENIOR MANAGEMENT IN THE FIVE-YEAR PERIOD.

**ACCOUNTING POLICIES:**

GOODWILL ARISES ON THE ACQUISITION OF SUBSIDIARIES AND REPRESENTS THE EXCESS OF THE CONSIDERATION TRANSFERRED, THE AMOUNT OF ANY NON-CONTROLLING INTEREST IN THE ACQUIREE AND THE ACQUISITION DATE FAIR VALUE OF ANY PREVIOUS EQUITY INTEREST IN THE ACQUIREE OVER THE FAIR VALUE OF THE IDENTIFIABLE NET ASSETS ACQUIRED. IF THE TOTAL OF CONSIDERATION TRANSFERRED, NON-CONTROLLING INTEREST RECOGNIZED AND PREVIOUSLY HELD INTEREST MEASURED AT FAIR VALUE IS LESS THAN THE FAIR VALUE OF THE NET ASSETS OF THE SUBSIDIARY ACQUIRED, IN THE CASE OF A BARGAIN PURCHASE, THE DIFFERENCE IS RECOGNIZED DIRECTLY IN THE PROFIT OR LOSS.

FOR THE PURPOSE OF IMPAIRMENT TESTING, GOODWILL ACQUIRED IN A BUSINESS COMBINATION IS ALLOCATED TO EACH OF THE CGUs OR GROUP OF CGUs THAT IS EXPECTED TO BENEFIT FROM THE SYNERGIES OF THE COMBINATION. GOODWILL IMPAIRMENT TESTING IS UNDERTAKEN ANNUALLY. ANY IMPAIRMENT IS RECOGNIZED IMMEDIATELY AS AN EXPENSE AND IS NOT SUBSEQUENTLY REVERSED.

**(B) SERVICE CONCESSION ARRANGEMENT**

THE SERVICE CONCESSION ARRANGEMENT REPRESENTS A CONSTRUCTION SERVICE REVENUE RECOGNIZED TILL 31 DECEMBER 2018 FOR THE AFFORDABLE HOUSING LABOUR PROJECT LOCATED IN SALWA ROAD.

ON 14 DECEMBER 2017, THE GROUP ENTERED INTO AN AGREEMENT WITH THE MINISTRY OF MUNICIPALITY AND ENVIRONMENT (MME) TO DEVELOP A LABOUR RESIDENTIAL PROJECT ON A LAND LEASED FROM THE MME WITH A TOTAL AREA OF 1,179,114 SQUARE METERS. BASED ON THE AGREEMENT, THE GROUP IS COMMITTED TO BUILD AND OPERATE THE PROJECT DURING THE LEASE TERM OF 27 YEARS.

THE TERMS OF THE SERVICE ARRANGEMENT REQUIRE THE GROUP TO CONSTRUCT A LABOUR HOUSING PROJECT, A BUS PARKING AREA AND RELATED INFRASTRUCTURE AND MAINTAIN AND OPERATE THE PROPERTY TO A SPECIFIED STANDARD WITH A RIGHT TO COLLECT RENTAL INCOME AT A CAPPED RENTAL RATE. NO OTHER PERFORMANCE OBLIGATIONS HAVE BEEN IDENTIFIED. THE MME HAS THE RIGHT TO UNILATERALLY TERMINATE THE AGREEMENT FOR THE PUBLIC INTEREST. THE LAND ALONG WITH THE PROJECT WILL BE TRANSFERRED BACK TO THE MME AT THE END OF THE LEASE.

DURING THE YEAR ENDED 31 DECEMBER 2018, THE GROUP RECOGNIZED A PROFIT FROM CONSTRUCTION SERVICES OF QR 267,516 THOUSAND.

DURING THE YEAR AND BASED ON CHANGES IN THE FACTS AND CIRCUMSTANCES RELATING TO THE ARRANGEMENT, THE TRANSACTION CEASED TO MEET THE RECOGNITION CRITERIA OF "SERVICE CONCESSION ARRANGEMENT" UNDER IFRIC 12. ACCORDINGLY THE MANAGEMENT TRANSFERRED THE PREVIOUSLY RECOGNIZED INTANGIBLE ASSET TO INVESTMENT PROPERTIES UNDER IAS 40 (NOTE 12).



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**17 TAX AND ZAKAT EXPENSES**

INCOME TAX AND ZAKAT EXPENSE ARE ANALYSED AS FOLLOWS:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
CORPORATE INCOME TAX (I)	(9,379)	(3,790)
ZAKAT EXPENSE (II)	(4,001)	-
OTHER TAXES	(1,382)	(919)
	<u>(14,762)</u>	<u>(4,709)</u>

NOTE (I):

THE INCOME TAX REPRESENTS AMOUNTS RECOGNISED BY SUBSIDIARY COMPANIES. THE MAJOR COMPONENTS OF THE INCOME TAX EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018 ARE:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
<b>CURRENT INCOME TAX</b>		
CURRENT INCOME TAX CHARGE	(9,924)	(4,346)
<b>DEFERRED INCOME TAX</b>		
RELATING TO ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	545	556
<b>INCOME TAX EXPENSE REPORTED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS</b>	<u>(9,379)</u>	<u>(3,790)</u>

AS PER THE NEWLY ISSUED TAX LAW, THE NET PROFITS OF LOCAL BARWA REAL ESTATE SUBSIDIARIES ARE SUBJECT TO INCOME TAXES IN THE STATE OF QATAR TO THE EXTENT OF THE NON-GCC NATIONALS' SHAREHOLDING IN THE PARENT'S LISTED SHARES. LISTED COMPANIES ARE NON-TAXABLE. FOR THE PURPOSE OF DETERMINING THE TAXABLE RESULTS FOR THE YEAR, THE ACCOUNTING PROFIT OF THE COMPANIES WERE ADJUSTED FOR TAX PURPOSES. ADJUSTMENTS FOR TAX PURPOSES INCLUDE ITEMS RELATING TO BOTH INCOME AND EXPENSE. THE ADJUSTMENTS ARE BASED ON THE CURRENT UNDERSTANDING OF THE EXISTING LAWS, REGULATIONS AND PRACTICES OF EACH SUBSIDIARY JURISDICTION. IN VIEW OF THE OPERATIONS OF THE GROUP BEING SUBJECT TO VARIOUS TAX JURISDICTIONS AND REGULATIONS, IT IS NOT PRACTICAL TO PROVIDE A DETAILED RECONCILIATION BETWEEN ACCOUNTING AND TAXABLE PROFITS TOGETHER WITH THE DETAILS OF THE EFFECTIVE TAX RATES.

DEFERRED TAX LIABILITIES ARE GENERALLY RECOGNISED FOR ALL TAXABLE TEMPORARY DIFFERENCES AND DEFERRED TAX ASSETS ARE GENERALLY RECOGNISED FOR ALL DEDUCTIBLE TEMPORARY DIFFERENCES TO THE EXTENT THAT FUTURE TAXABLE PROFITS WILL BE AVAILABLE AGAINST WHICH THOSE DEDUCTIBLE TEMPORARY DIFFERENCES CAN BE UTILISED.

REFLECTED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS FOLLOWS:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
DEFERRED TAX ASSETS	2,297	2,341
DEFERRED TAX LIABILITIES	(1,752)	(1,785)
	<u>545</u>	<u>556</u>

NOTE (II):

ZAKAT EXPENSE HAS BEEN CHARGED ON ONE OF THE GROUP'S SUBSIDIARIES IN THE KINGDOM OF SAUDI ARABIA.



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**17 TAX AND ZAKAT EXPENSES (CONTINUED)**

**ACCOUNTING POLICY:**

***CURRENT AND DEFERRED INCOME TAX***

THE TAX EXPENSE FOR THE PERIOD COMPRISES CURRENT AND DEFERRED TAX. TAX IS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS, EXCEPT TO THE EXTENT THAT IT RELATES TO ITEMS RECOGNISED IN THE CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OR DIRECTLY IN EQUITY. IN THIS CASE, THE TAX IS ALSO RECOGNISED IN THE CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OR DIRECTLY IN EQUITY, RESPECTIVELY.

THE CURRENT INCOME TAX CHARGE IS CALCULATED ON THE BASIS OF THE TAX LAWS ENACTED OR SUBSTANTIVELY ENACTED AT THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATE IN THE COUNTRIES WHERE THE COMPANY AND ITS SUBSIDIARIES OPERATE AND GENERATE TAXABLE INCOME. MANAGEMENT PERIODICALLY EVALUATES POSITIONS TAKEN IN TAX RETURNS WITH RESPECT TO SITUATIONS IN WHICH APPLICABLE TAX REGULATION IS SUBJECT TO INTERPRETATION. IT ESTABLISHES PROVISIONS WHERE APPROPRIATE ON THE BASIS OF AMOUNTS EXPECTED TO BE PAID TO THE TAX AUTHORITIES.

DEFERRED INCOME TAX IS RECOGNISED, USING THE LIABILITY METHOD, ON TEMPORARY DIFFERENCES ARISING BETWEEN THE TAX BASES OF ASSETS AND LIABILITIES AND THEIR CARRYING AMOUNTS IN THE CONSOLIDATED FINANCIAL STATEMENTS. HOWEVER, DEFERRED TAX LIABILITIES ARE NOT RECOGNISED IF THEY ARISE FROM THE INITIAL RECOGNITION OF GOODWILL; DEFERRED INCOME TAX IS NOT ACCOUNTED FOR IF IT ARISES FROM INITIAL RECOGNITION OF AN ASSET OR LIABILITY IN A TRANSACTION OTHER THAN A BUSINESS COMBINATION THAT AT THE TIME OF THE TRANSACTION AFFECTS NEITHER ACCOUNTING NOR TAXABLE PROFIT OR LOSS.

DEFERRED INCOME TAX IS DETERMINED USING TAX RATES AND LAWS THAT HAVE BEEN ENACTED OR SUBSTANTIVELY ENACTED BY THE BALANCE SHEET DATE AND ARE EXPECTED TO APPLY WHEN THE RELATED DEFERRED INCOME TAX ASSET IS REALIZED OR THE DEFERRED INCOME TAX LIABILITY IS SETTLED.

DEFERRED INCOME TAX ASSETS ARE RECOGNISED ONLY TO THE EXTENT THAT IT IS PROBABLE THAT FUTURE TAXABLE PROFIT WILL BE AVAILABLE AGAINST WHICH THE TEMPORARY DIFFERENCES CAN BE UTILIZED.

DEFERRED INCOME TAX IS PROVIDED ON TEMPORARY DIFFERENCES ARISING ON INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, EXCEPT FOR DEFERRED INCOME TAX LIABILITY WHERE THE TIMING OF THE REVERSAL OF THE TEMPORARY DIFFERENCE IS CONTROLLED BY THE GROUP AND IT IS PROBABLE THAT THE TEMPORARY DIFFERENCE WILL NOT REVERSE IN THE FORESEEABLE FUTURE.

DEFERRED INCOME TAX ASSETS AND LIABILITIES ARE OFFSET WHEN THERE IS A LEGALLY ENFORCEABLE RIGHT TO OFFSET CURRENT TAX ASSETS AGAINST CURRENT TAX LIABILITIES AND WHEN THE DEFERRED INCOME TAX ASSETS AND LIABILITIES RELATE TO INCOME TAXES LEVIED BY THE SAME TAXATION AUTHORITY ON EITHER THE SAME TAXABLE ENTITY OR DIFFERENT TAXABLE ENTITIES WHERE THERE IS AN INTENTION TO SETTLE THE BALANCES ON A NET BASIS.



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**18 PAYABLES AND OTHER LIABILITIES**

PAYABLES AND OTHER LIABILITIES ARE CLASSIFIED INTO NON-CURRENT AND CURRENT PORTION AS FOLLOWS:

	<i>Non- CURRENT QR'000</i>	<i>CURRENT QR'000</i>	<i>TOTAL QR'000</i>
<b>2019</b>			
CONTRACTORS AND SUPPLIERS	-	403,482	403,482
CLIENTS ADVANCES AND UNEARNED INCOME	-	68,753	68,753
RETENTION PAYABLE	98,973	16,598	115,571
CONTRIBUTION TO SOCIAL AND SPORTS FUND (NOTE 38)	-	37,569	37,569
ACCRUED EXPENSES	-	256,642	256,642
ACCRUED FINANCE COST	-	48,203	48,203
OTHER PAYABLES	381,619	359,771	741,390
	<u>480,592</u>	<u>1,191,018</u>	<u>1,671,610</u>

	<i>Non- CURRENT QR'000</i>	<i>CURRENT QR'000</i>	<i>TOTAL QR'000</i>
<b>2018</b>			
CONTRACTORS AND SUPPLIERS	-	891,564	891,564
CLIENTS ADVANCES AND UNEARNED INCOME	-	45,685	45,685
RETENTION PAYABLE	207,872	44,570	252,442
CONTRIBUTION TO SOCIAL AND SPORTS FUND (NOTE 38)	-	47,875	47,875
ACCRUED EXPENSES	20,002	277,167	297,169
ACCRUED FINANCE COST	-	43,322	43,322
OTHER PAYABLES	444,866	340,532	785,398
	<u>672,740</u>	<u>1,690,715</u>	<u>2,363,455</u>

**ACCOUNTING POLICY:**

LIABILITIES ARE RECOGNISED FOR AMOUNTS TO BE PAID IN THE FUTURE FOR SERVICES RECEIVED OR WHEN THE RISKS AND REWARDS ASSOCIATED WITH GOODS ARE TRANSFERRED TO THE GROUP, WHETHER BILLED BY THE SUPPLIER OR NOT.

TRADE PAYABLES ARE INITIALLY RECOGNISED AT FAIR VALUE AND SUBSEQUENTLY MEASURED AT AMORTISED COST USING EFFECTIVE PROFIT RATE METHOD.

**CONTRIBUTION TO SOCIAL AND SPORTS FUND**

ACCORDING TO QATARI LAW NO. 13 OF 2008 AND THE RELATED CLARIFICATIONS ISSUED IN JANUARY 2010, THE GROUP IS REQUIRED TO CONTRIBUTE 2.5% OF ITS CONSOLIDATED ANNUAL NET PROFITS, ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT, TO THE STATE SOCIAL AND SPORTS FUND. THE CLARIFICATION RELATING TO LAW NO. 13 OF 2008 REQUIRES THE PAYABLE AMOUNT TO BE RECOGNISED AS A DISTRIBUTION OF NET PROFIT. HENCE, THIS IS RECOGNISED IN THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.





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**19 PROVISIONS**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
PROVISION FOR LITIGATIONS	27,114	27,114
PROVISION FOR PENALTIES AND CLAIMS	33,900	23,900
AT 31 DECEMBER	<u>61,014</u>	<u>51,014</u>
	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
AT 1 JANUARY	51,014	41,602
PROVIDED DURING THE YEAR	10,000	25,900
UTILISED DURING THE YEAR	-	(15,890)
FOREIGN EXCHANGE ADJUSTMENTS	-	(598)
AT 31 DECEMBER	<u>61,014</u>	<u>51,014</u>

**ACCOUNTING POLICY:**

A PROVISION IS RECOGNISED IF, AS A RESULT OF A PAST EVENT, THE GROUP HAS A PRESENT LEGAL OR CONSTRUCTIVE OBLIGATION THAT CAN BE ESTIMATED RELIABLY, AND IT IS PROBABLE THAT AN OUTFLOW OF ECONOMIC BENEFITS WILL BE REQUIRED TO SETTLE THE OBLIGATION. PROVISIONS ARE DETERMINED BY DISCOUNTING THE EXPECTED FUTURE CASH FLOWS AT A PRE-TAX RATE THAT REFLECTS CURRENT MARKET ASSESSMENTS OF THE TIME VALUE OF MONEY AND THE RISKS SPECIFIC TO THE LIABILITY. THE INCREASE IN PROVISION DUE TO PASSAGE OF TIME IS RECOGNISED AS NET FINANCE COSTS. PROVISIONS ARE NOT RECOGNIZED FOR FUTURE OPERATING LOSSES. WHERE THERE ARE A NUMBER OF SIMILAR OBLIGATIONS, THE LIKELIHOOD THAT AN OUTFLOW WILL BE REQUIRED IN SETTLEMENT IS DETERMINED BY CONSIDERING THE CLASS OF OBLIGATIONS AS A WHOLE. A PROVISION IS RECOGNIZED EVEN IF THE LIKELIHOOD OF AN OUTFLOW WITH RESPECT TO ANYONE ITEM IN THE SAME CLASS OF OBLIGATION MAY BE SMALL.

PROVISIONS ARE MEASURED AT THE PRESENT VALUE OF THE EXPENDITURES EXPECTED TO BE REQUIRED TO SETTLE THE OBLIGATION USING A PRE-TAX RATE THAT REFLECTS CURRENT MARKET ASSESSMENTS OF THE TIME OF MONEY AND THE RISKS SPECIFIC TO THE OBLIGATION. THE INCREASE IN THE PROVISION DUE TO PASSAGE OF TIME IS RECOGNIZED AS FINANCE COST.

**20 END OF SERVICE BENEFITS**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
AT 1 JANUARY	109,814	92,563
PROVIDED DURING THE YEAR	33,674	36,172
END OF SERVICE BENEFITS PAID	(41,999)	(19,227)
ACQUIRING THROUGH BUSINESS COMBINATION	-	329
TRANSLATION ADJUSTMENT	5	(23)
AT 31 DECEMBER	<u>101,494</u>	<u>109,814</u>



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**20 END OF SERVICE BENEFITS (CONTINUED)**

***END OF SERVICE BENEFITS***

THE GROUP OPERATES DEFINED BENEFIT AND DEFINED CONTRIBUTION RETIREMENT PLANS

**(A) DEFINED BENEFIT PLAN**

A DEFINED BENEFIT PLAN IS A PENSION PLAN THAT IS NOT A DEFINED CONTRIBUTION PLAN. IN ACCORDANCE WITH QATAR LABOUR LAW NUMBER 14 OF 2004, THE GROUP MAKES PAYMENTS TO EMPLOYEES UPON THEIR RESIGNATION, USUALLY DEPENDENT ON ONE OR MORE FACTORS SUCH AS YEARS OF SERVICE AND SALARY.

THE LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION IN RESPECT OF EMPLOYEES' END OF SERVICE INDEMNITY IS THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION AT THE END OF THE REPORTING PERIOD. THE DEFINED BENEFIT OBLIGATION IS CALCULATED ANNUALLY BY MANAGEMENT USING THE PROJECTED UNIT CREDIT METHOD.

THE CURRENT SERVICE COST OF THE DEFINED BENEFIT PLAN, RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS IN EMPLOYEE BENEFIT EXPENSE, EXCEPT WHERE INCLUDED IN THE COST OF AN ASSET, REFLECTS THE INCREASE IN THE DEFINED BENEFIT OBLIGATION RESULTING FROM EMPLOYEE SERVICE IN THE CURRENT YEAR, BENEFIT CHANGES CURTAILMENTS AND SETTLEMENTS.

PAST-SERVICE COSTS ARE RECOGNISED IMMEDIATELY IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.

THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION IS DETERMINED BY DISCOUNTING THE ESTIMATED FUTURE CASH OUTFLOWS USING PROFIT RATES OF HIGH-QUALITY CORPORATE BONDS THAT ARE DENOMINATED IN THE CURRENCY IN WHICH THE BENEFITS WILL BE PAID, AND THAT HAVE TERMS TO MATURITY APPROXIMATING TO THE TERMS OF THE RELATED BENEFIT OBLIGATION. WHERE THERE IS NO DEEP MARKET IN SUCH BONDS, THE MARKET RATES ON GOVERNMENT BONDS ARE USED.

ACTUARIAL GAINS AND LOSSES ARISING FROM EXPERIENCE ADJUSTMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS ARE CHARGED OR CREDITED TO EQUITY IN OTHER COMPREHENSIVE INCOME IN THE PERIOD IN WHICH THEY ARISE.

THE DISCOUNT RATE USED FOR ESTIMATING END OF SERVICE LIABILITIES IS 4.6% AND THE AVERAGE FUTURE SALARY INCREASES IS 4.5%. THEREFORE THE DISCOUNTING FUTURE SALARIES RESULTS IN APPROXIMATELY CURRENT LEVELS OF SALARY. THEREFORE, THE MANAGEMENT CALCULATED THE EMPLOYEES' END OF SERVICE OBLIGATIONS AS THE AMOUNT THAT WOULD BE PAID IF ALL EMPLOYEES RETIRE AND RECEIVE THEIR ENTITLEMENTS AT THE DATE OF FINANCIAL POSITION, THAT IS THE FINAL MONTHLY BASIC SALARY AT YEAR-END MULTIPLIED BY THE NUMBER OF YEARS IN SERVICE TO ARRIVE AT THE EMPLOYEE BENEFIT AT THAT DATE.

**(B) DEFINED CONTRIBUTION PLAN**

WITH RESPECT TO ITS NATIONAL EMPLOYEES AND CITIZENS OF GCC STATES, AS WELL AS OTHER EMPLOYEES IN CERTAIN LOCATIONS OUTSIDE QATAR, THE GROUP MAKES CONTRIBUTIONS TO THE GENERAL PENSION FUND AUTHORITY AND SIMILAR AUTHORITIES OF OTHER COUNTRIES, CALCULATED AS A PERCENTAGE OF THE EMPLOYEES' SALARIES. THE GROUP HAS NO FURTHER PAYMENT OBLIGATIONS ONCE THE CONTRIBUTIONS HAVE BEEN PAID. THE CONTRIBUTIONS ARE RECOGNIZED AS EMPLOYEE BENEFIT EXPENSE WHEN THEY ARE DUE. PREPAID CONTRIBUTIONS ARE RECOGNIZED AS AN ASSET TO THE EXTENT THAT A CASH REFUND OR REDUCTION IN THE FUTURE PAYMENT IS AVAILABLE.



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**21 LEASE LIABILITIES**

	<i>2019</i> <i>QR'000</i>
BALANCE AS AT 1 JANUARY (1 <sup>ST</sup> TIME ADOPTION)	362,152
ADDITIONS	49,691
MODIFICATION	(49,026)
UNWINDING OF DEFERRED FINANCE COST (NOTE 34)	14,633
PAYMENTS	(34,157)
PREPAID	(10,746)
	<hr/>
BALANCE AS AT 31 DECEMBER	<b>332,547</b>
 <i>LEASE LIABILITIES ARE FURTHER ANALYSED AS FOLLOWS:</i>	
CURRENT	63,668
NON-CURRENT	268,879
	<hr/>
BALANCE AS AT 31 DECEMBER	<b>332,547</b>
 <i>MATURITY ANALYSIS:</i>	
YEAR 1	76,208
YEAR 2	68,055
YEAR 3	35,890
YEAR 4	28,469
YEAR 5	25,697
LATER THAN 5 YEARS	264,198
	<hr/>
DEFERRED FINANCE COST	498,517
	<hr/>
	(165,970)
	<hr/>
	<b>332,547</b>

THE GROUP DOES NOT FACE A SIGNIFICANT LIQUIDITY RISK WITH REGARD TO ITS LEASE LIABILITIES. LEASE LIABILITIES ARE MONITORED BY THE GROUP'S TREASURY FUNCTION.



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**22 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
UN-SECURED FACILITIES	<u>9,406,049</u>	<u>7,925,280</u>
	<u>9,406,049</u>	<u>7,925,280</u>
THE ABOVE BALANCE IS ANALYZED AS FOLLOWS:		
NON-CURRENT PORTION	8,332,020	7,415,164
CURRENT PORTION	<u>1,074,029</u>	<u>510,116</u>
	<u>9,406,049</u>	<u>7,925,280</u>

*NOTE:*

THE ABOVE FACILITIES HAVE BEEN OBTAINED FOR THE PURPOSE OF FINANCING LONG TERM PROJECTS AND WORKING CAPITAL REQUIREMENTS OF THE GROUP. THE FACILITIES CARRY PROFITS AT RATES COMPARABLE TO COMMERCIAL RATES PREVAILING IN THE MARKET FOR FACILITIES WITH THE SAME TERMS AND CONDITIONS LIKE THE GROUP'S FACILITIES.

**ACCOUNTING POLICIES:**

OBLIGATIONS UNDER ISLAMIC FINANCING CONTRACTS ARE RECOGNIZED INITIALLY AT FAIR VALUE OF THE CONSIDERATION RECEIVED, LESS DIRECTLY ATTRIBUTABLE TRANSACTION COSTS. SUBSEQUENT TO INITIAL RECOGNITION, THOSE OBLIGATIONS ARE MEASURED AT AMORTIZED COST USING THE EFFECTIVE PROFIT RATE METHOD.

GAINS OR LOSSES ARE RECOGNIZED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS WHEN THE LIABILITIES ARE DERECOGNIZED AS WELL AS THROUGH THE AMORTIZATION PROCESS. FINANCE COST AND OTHER RELATED CHARGES ARE RECOGNIZED AS AN EXPENSE WHEN INCURRED.

FEES PAID ON THE ESTABLISHMENT OF ISLAMIC FACILITIES ARE RECOGNISED AS TRANSACTION COSTS OF THE FINANCING TO THE EXTENT THAT IT IS PROBABLE SOME OR ALL OF THE FACILITY WILL BE DRAWN DOWN. IN THIS CASE, THE FEE IS DEFERRED UNTIL THE DRAW-DOWN OCCURS. TO THE EXTENT THERE IS NO EVIDENCE THAT IT IS PROBABLE THAT SOME OR ALL OF THE FACILITY WILL BE DRAWN DOWN, THE FEE IS CAPITALISED AS PREPAYMENT FOR LIQUIDITY SERVICES AND AMORTISED OVER THE PERIOD OF THE FACILITY TO WHICH IT RELATES.

*DERECOGNITION*

A FINANCIAL LIABILITY IS DERECOGNISED WHEN THE OBLIGATION UNDER THE LIABILITY IS DISCHARGED OR CANCELLED, OR EXPIRES. WHEN AN EXISTING FINANCIAL LIABILITY IS REPLACED BY ANOTHER FROM A DIFFERENT LENDER OR SAME LENDER BUT ON SUBSTANTIALLY DIFFERENT TERMS, OR THE TERMS OF AN EXISTING LIABILITY ARE SUBSTANTIALLY MODIFIED, SUCH AN EXCHANGE OR MODIFICATION IS TREATED AS THE DERECOGNITION OF THE ORIGINAL LIABILITY AND THE RECOGNITION OF A NEW LIABILITY. THE DIFFERENCE IN THE RESPECTIVE CARRYING AMOUNTS IS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.



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**23 SHARE CAPITAL**

	<i>2019</i>	<i>2018</i>
	<i>NO OF SHARES</i>	<i>NO OF SHARES</i>
	<i>(THOUSANDS)</i>	<i>(THOUSANDS)</i>
<i>AUTHORISED SHARES:</i>		
ORDINARY SHARES OF QR 1 EACH (1)	<u>3,891,246</u>	<u>3,891,246</u>
	<i>NO OF SHARES</i>	<i>QR'000</i>
	<i>(THOUSANDS)</i>	
<i>ORDINARY SHARES ISSUED AND FULLY PAID UP:</i>		
AT 1 JANUARY 2018	<u>3,891,246</u>	<u>3,891,246</u>
AT 31 DECEMBER 2018 (1)	<u>3,891,246</u>	<u>3,891,246</u>
<b>AT 31 DECEMBER 2019</b>	<u><b>3,891,246</b></u>	<u><b>3,891,246</b></u>

**(1) SHARE SPLIT**

PLEASE REFER TO NOTE 35 (1) FOR MORE DETAILS ABOUT THE IMPLEMENTATION OF THE SHARE SPLIT WITH EFFECT FROM 1 JULY 2019.

ALL SHARES HAVE EQUAL RIGHTS EXCEPT FOR ONE PREFERRED SHARE WHICH IS HELD BY QATARI DIAR REAL ESTATE INVESTMENT COMPANY Q.S.C. THAT CARRIES PREFERRED RIGHTS OVER THE FINANCIAL AND OPERATING POLICIES OF THE COMPANY.

**ACCOUNTING POLICIES:**

**ORDINARY SHARES**

ORDINARY SHARES ARE CLASSIFIED AS EQUITY. INCREMENTAL COSTS DIRECTLY ATTRIBUTABLE TO THE ISSUE OF ORDINARY SHARES ARE RECOGNISED AS A DEDUCTION FROM EQUITY, NET OF ANY TAX EFFECTS.

**REPURCHASE, DISPOSAL AND REISSUE OF SHARE CAPITAL (TREASURY SHARES)**

WHEN SHARE CAPITAL RECOGNISED AS EQUITY IS REPURCHASED (TREASURY SHARES), THE AMOUNT OF THE CONSIDERATION PAID, WHICH INCLUDES DIRECTLY ATTRIBUTABLE COSTS, NET OF ANY TAX EFFECTS, IS RECOGNISED AS A DEDUCTION FROM EQUITY UNTIL THE SHARES ARE CANCELLED OR REISSUED. WHEN TREASURY SHARES ARE SOLD OR REISSUED SUBSEQUENTLY, THE AMOUNT RECEIVED IS RECOGNISED AS AN INCREASE IN EQUITY, AND THE RESULTING SURPLUS OR DEFICIT ON THE TRANSACTION IS PRESENTED SEPARATELY IN THE EQUITY.

**24 LEGAL RESERVE**

IN ACCORDANCE WITH THE REQUIREMENTS OF THE QATAR COMMERCIAL COMPANIES LAW NO. 11 OF 2015 AND THE ARTICLES OF ASSOCIATION OF THE PARENT AND IT'S SUBSIDIARIES, AN AMOUNT EQUAL TO 10% OF THE NET PROFIT FOR THE YEAR SHOULD BE TRANSFERRED TO A LEGAL RESERVE EACH YEAR UNTIL THIS RESERVE IS EQUAL TO 50% OF THE PAID UP SHARE CAPITAL. THE RESERVE IS NOT AVAILABLE FOR DISTRIBUTION EXCEPT IN THE CIRCUMSTANCES STIPULATED IN THE ABOVE LAW AND THE ARTICLES OF ASSOCIATION OF THE PARENT AND IT'S SUBSIDIARIES. IN ACCORDANCE WITH THEIR ARTICLE OF ASSOCIATIONS, AND STATUTORY LAWS REQUIREMENTS, THE GROUP COMPANIES ARE TRANSFERRING A SPECIFIC PERCENTAGE FROM THEIR ANNUAL NET PROFIT TO THE LEGAL RESERVE.





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**25 GENERAL RESERVE**

IN ACCORDANCE WITH THE PARENT'S ARTICLES OF ASSOCIATION, THE PREMIUM ON ISSUE OF SHARE CAPITAL IS ADDED TO GENERAL RESERVE. IN ADDITION, RESIDUAL ANNUAL PROFITS, AFTER THE REQUIRED TRANSFER TO LEGAL RESERVE (NOTE 24), CAN BE APPROPRIATED AND TRANSFERRED TO GENERAL RESERVE BASED ON THE GENERAL ASSEMBLY MEETING'S APPROVAL.

**26 OTHER RESERVES**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
FAIR VALUE RESERVE (I)	(179,781)	(174,606)
TRANSLATION RESERVE (II)	(221,517)	(255,668)
AT 31 DECEMBER	<u>(401,298)</u>	<u>(430,274)</u>

**(I) FAIR VALUE RESERVE:**

THE FAIR VALUE RESERVE COMPRISES THE CUMULATIVE NET CHANGE IN THE FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME.

**(II) TRANSLATION RESERVE:**

THE TRANSLATION RESERVE COMPRISES ALL FOREIGN CURRENCY DIFFERENCES ARISING FROM THE TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS, AS WELL AS FROM THE TRANSLATION OF ASSETS AND LIABILITIES THAT FORM PART OF COMPANY'S NET INVESTMENT IN FOREIGN OPERATIONS. THIS RESERVE IS NOT AVAILABLE FOR DISTRIBUTION.

**27 RENTAL OPERATION EXPENSES**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
STAFF COSTS	21,385	44,113
RENT EXPENSES	15,915	55,033
MAINTENANCE AND UTILITIES EXPENSE	210,896	199,783
PROPERTY MANAGEMENT EXPENSE	57,773	58,517
FACILITY MANAGEMENT EXPENSE	5,706	3,041
OTHER EXPENSES	7,562	4,446
	<u>319,237</u>	<u>364,933</u>

**28 INCOME FROM CONSULTANCY AND OTHER SERVICES**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
INCOME FROM CONSULTANCY SERVICES	139,956	158,240
REVENUE FROM HOTEL OPERATION	133,481	108,140
REVENUE FROM CHILLED WATER	56,459	50,174
SECONDMENT INCOME	26,348	21,194
	<u>356,244</u>	<u>337,748</u>



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**28 INCOME FROM CONSULTANCY AND OTHER SERVICES (CONTINUED)**

**ACCOUNTING POLICIES:**

*CONSULTANCY INCOME*

THE GROUP RENDERS PROJECT MANAGEMENT SERVICES AND ADVISORY SERVICES TO OTHER COMPANIES; INCOME IS RECOGNISED IN THE ACCOUNTING PERIOD IN WHICH THE SERVICES ARE RENDERED BY REFERENCE TO THE STAGE OF COMPLETION OF THE SPECIFIC TRANSACTION AND ASSESSED ON THE BASIS OF THE ACTUAL SERVICES (MEASURED BY HOURS USING TIME SHEETS) PROVIDED ON AGREED RATES.

*SERVICES REVENUES*

REVENUES FROM SERVICES RENDERED ARE RECOGNIZED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS BY REFERENCE TO THE STAGE OF COMPLETION OF THE SPECIFIC TRANSACTION AND ASSESSED ON THE BASIS OF THE ACTUAL SERVICE PROVIDED AS PROPORTION OF THE TOTAL SERVICES TO BE PROVIDED. REVENUE EARNED BUT NOT INVOICED AT YEAR END IS ACCRUED AND INCLUDED IN ACCRUED INCOME.

*SECONDMENT INCOME*

THE GROUP PROVIDES EMPLOYEES AND MANPOWER TO THE OTHER COMPANIES, AND THE INCOME IS RECOGNISED IN THE ACCOUNTING PERIOD IN WHICH THE EMPLOYEES ATTEND AND JOIN THE OTHER COMPANIES, IT IS MEASURED BY THE TIME SHEETS THAT IS APPROVED BY THE OTHER COMPANIES BASED ON AGREED RATES WITH THE GROUP .

**29 CONSULTING OPERATION AND OTHER SERVICES EXPENSES**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
STAFF COSTS	44,334	78,829
HOTEL OPERATION COSTS	87,910	101,076
MAINTENANCE AND UTILITIES EXPENSE	52,655	55,987
DEPRECIATION (NOTE 13)	50,523	40,540
OTHER EXPENSES	11,318	2,595
	<u>246,740</u>	<u>279,027</u>

**30 PROFIT ON SALE OF PROPERTY AND CONSTRUCTION SERVICES**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
PROFIT ON SALE OF PROPERTY	3,344	105,095
PROFIT FROM CONSTRUCTION SERVICES	-	267,516
	<u>3,344</u>	<u>372,611</u>



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**31 GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
STAFF COSTS	184,084	188,653
SOCIAL CONTRIBUTIONS	4,335	5,200
PROFESSIONAL FEE EXPENSES	15,510	14,360
PROVISION EXPENSES	10,000	23,900
UTILITIES EXPENSES	5,255	5,384
ADVERTISING AND PROMOTION EXPENSES	3,531	2,921
BOARD OF DIRECTORS REMUNERATION AND OTHERS (i)	10,610	9,610
REPAIR AND MAINTENANCE EXPENSE	5,752	5,241
TRAVEL EXPENSES	376	760
RENT EXPENSES	290	2,169
GOVERNMENT FEES	2,278	2,220
OTHER EXPENSES	1,281	3,514
	<b>243,302</b>	<b>263,932</b>

*NOTE:*

- (i) THE DIRECTORS' REMUNERATION AND OTHERS INCLUDES A PROPOSED AMOUNT OF QR 8,500 THOUSAND SUBJECT TO THE APPROVAL OF THE COMPANY'S ANNUAL GENERAL ASSEMBLY (2018: QR 8,500 THOUSAND, APPROVED BY THE SHAREHOLDERS OF THE COMPANY AT THE ANNUAL GENERAL MEETING HELD ON 20 MARCH 2019).

**32 NET IMPAIRMENT LOSSES**

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
<b><u>IMPAIRMENT LOSSES :</u></b>		
CASH AND BANK BALANCES	(726)	(1,962)
RECEIVABLES	(21,494)	(25,066)
TRADING PROPERTIES (NOTE 7)	(47,209)	(87,780)
INVESTMENT IN ASSOCIATES	(18,950)	(32,507)
DUE FROM RELATED PARTIES (NOTE 9)	(10,843)	(11,459)
INTANGIBLE ASSETS (GOODWILL) (NOTE 16)	(77,769)	-
PROPERTY, PLANT AND EQUIPMENT	(4,852)	-
<b><u>REVERSAL OF IMPAIRMENT:</u></b>		
CASH AND BANK BALANCES	882	2,871
RECEIVABLES	16,274	133,240
TRADING PROPERTIES (NOTE 7)	51,380	-
INVESTMENT IN ASSOCIATES	15,100	400
DUE FROM RELATED PARTIES (NOTE 9)	243	-
FINANCE LEASE RECEIVABLES	2,821	3,367
NET IMPAIRMENT LOSSES	<b>(95,143)</b>	<b>(18,896)</b>



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**33 OTHER INCOME**

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
INCOME FROM REVERSAL OF PROVISIONS FOR LITIGATIONS & OTHERS	1,725	631
DIVIDEND INCOME	6,627	4,671
GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	27	154
OTHERS	<u>20,583</u>	<u>27,390</u>
	<u>28,962</u>	<u>32,846</u>

**ACCOUNTING POLICY:**

***DIVIDEND INCOME***

DIVIDEND INCOME IS RECOGNIZED WHEN THE RIGHT TO RECEIVE THE DIVIDEND IS ESTABLISHED.

**34 NET FINANCE COST**

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
<b><i>FINANCE COST</i></b>		
FINANCE COST ON ISLAMIC FINANCE CONTRACTS	(435,737)	(345,219)
LESS: CAPITALIZED FINANCE COST (NOTE 7.B & 12)	<u>143,079</u>	<u>104,840</u>
	(292,658)	(240,379)
UNWINDING OF DEFERRED FINANCE COST	(30,675)	(19,746)
FINANCE COST - LEASE LIABILITY (IFRS 16) (NOTE 21)	(14,633)	-
NET FOREIGN EXCHANGE LOSS	<u>(9,370)</u>	<u>(63,285)</u>
FINANCE COST FOR THE YEAR	<u>(347,336)</u>	<u>(323,410)</u>
<b><i>FINANCE INCOME</i></b>		
INCOME FROM MURABAHA AND ISLAMIC DEPOSITS	37,790	67,695
NET GAIN ON DEBT RESTRUCTURE (I)	<u>1,049</u>	<u>140,436</u>
FINANCE INCOME FOR THE YEAR	<u>38,839</u>	<u>208,131</u>
NET FINANCE COST FOR THE YEAR	<u>(308,497)</u>	<u>(115,279)</u>

(I) DURING 2018 THE GROUP ENTERED INTO A SETTLEMENT AGREEMENT WITH THE MINISTRY OF FINANCE OF THE STATE OF QATAR TO SETTLE A DEBT IN EQUAL MONTHLY INSTALMENTS OF QR 7,500 THOUSAND. THE LAST INSTALMENT IS DUE IN DECEMBER 2025. THE DEBT IS PRESENTED UNDER PAYABLES AND OTHER LIABILITIES. THE PRESENT VALUE OF ALL FUTURE PAYMENTS USING THE GROUP'S DISCOUNT RATE RESULTED IN A GAIN AMOUNTING TO QR 140,436 THOUSAND IN 2018.



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**34 NET FINANCE COST (CONTINUED)**

**ACCOUNTING POLICY:**

*FINANCE INCOME*

FINANCE INCOME FROM BANKS' DEPOSITS IS RECOGNIZED ON A TIME APPORTIONMENT BASIS USING THE EFFECTIVE PROFIT RATE METHOD.

*FINANCE COSTS*

FINANCE COSTS ARE COSTS THAT THE GROUP INCURS IN CONNECTION WITH THE BORROWING OF FUNDS. THE GROUP CAPITALIZES FINANCING COSTS THAT ARE DIRECTLY ATTRIBUTABLE TO THE ACQUISITION, CONSTRUCTION OR PRODUCTION OF A QUALIFYING ASSET AS PART OF THE COST OF THAT ASSET. A QUALIFYING ASSET FOR FINANCE COST CAPITALIZATION IS AN ASSET THAT NECESSARILY TAKES A SUBSTANTIAL PERIOD OF TIME TO GET READY FOR ITS INTENDED USE OR SALE. THE GROUP RECOGNIZES OTHER BORROWING COSTS AS AN EXPENSE IN THE PERIOD INCURRED.

THE GROUP BEGINS CAPITALIZING FINANCING COSTS AS PART OF THE COST OF A QUALIFYING ASSET ON THE COMMENCEMENT DATE. THE COMMENCEMENT DATE FOR CAPITALIZATION IS THE DATE WHEN THE GROUP FIRST MEETS ALL OF THE FOLLOWING CONDITIONS:

- (A) INCURS EXPENDITURES FOR THE ASSET;
- (B) INCURS BORROWING COSTS; AND
- (C) UNDERTAKES ACTIVITIES THAT ARE NECESSARY TO PREPARE THE ASSET FOR ITS INTENDED USE OR SALE.

TO THE EXTENT THAT THE GROUP BORROWS FUNDS SPECIFICALLY FOR THE PURPOSE OF OBTAINING A QUALIFYING ASSET, THE GROUP DETERMINES THE AMOUNT OF FINANCING COSTS ELIGIBLE FOR CAPITALIZATION AS THE ACTUAL FINANCING COSTS INCURRED ON THAT FINANCING DURING THE PERIOD LESS ANY INVESTMENT INCOME ON THE TEMPORARY INVESTMENT OF THOSE FINANCINGS, IF ANY.

THE FINANCING COSTS APPLICABLE TO THE FINANCING OF THE GROUP THAT ARE OUTSTANDING DURING THE PERIOD, OTHER THAN THOSE SPECIFIC FINANCING MENTIONED ABOVE AS MADE SPECIFICALLY FOR THE PURPOSE OF OBTAINING A QUALIFIED ASSET, ARE CAPITALIZED BY APPLYING A CAPITALIZATION RATE TO THE EXPENDITURES ON THAT ASSET.

THE AMOUNT OF FINANCING COSTS THAT THE GROUP CAPITALIZES DURING THE PERIOD IS NOT TO EXCEED THE AMOUNT OF FINANCING COSTS IT INCURRED DURING THAT PERIOD. THE GROUP SUSPENDS CAPITALIZATION OF BORROWING COSTS DURING EXTENDED PERIODS IN WHICH IT SUSPENDS ACTIVE DEVELOPMENT OF A QUALIFYING ASSET, AND CEASES CAPITALIZING BORROWING COSTS WHEN SUBSTANTIALLY ALL THE ACTIVITIES NECESSARY TO PREPARE THE QUALIFYING ASSET FOR ITS INTENDED USE OR SALE ARE COMPLETE.



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**35 BASIC AND DILUTED EARNINGS PER SHARE**

BASIC EARNINGS PER SHARE IS CALCULATED BY DIVIDING THE NET PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT BY THE WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE YEAR.

THERE WERE NO POTENTIALLY DILUTED SHARES OUTSTANDING AT ANY TIME DURING THE YEAR AND, THEREFORE, THE DILUTED EARNINGS PER SHARE IS EQUAL TO THE BASIC EARNINGS PER SHARE.

THE FOLLOWING REFLECTS THE PROFIT AND SHARE DATA USED IN THE BASIC AND DILUTED EARNINGS PER SHARE COMPUTATIONS:

	<i>2019</i>	<i>2018</i>
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT FOR BASIC EARNINGS (IN QR'000)	<u>1,502,763</u>	<u>1,915,002</u>
ORDINARY SHARES ISSUED AND FULLY PAID (THOUSAND SHARES) (I)	<u>3,891,246</u>	<u>3,891,246</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING DURING THE YEAR (THOUSAND SHARES)	<u>3,891,246</u>	<u>3,891,246</u>
BASIC AND DILUTED EARNINGS PER SHARE (QR)	<u><u>0.39</u></u>	<u><u>0.49</u></u>

**(I) SHARE SPLIT**

DURING THE EXTRAORDINARY GENERAL MEETING CONVENED ON 28 MARCH 2019, THE SHAREHOLDERS OF THE PARENT APPROVED AMENDING THE PAR VALUE OF THE ORDINARY SHARES FROM QR 10 PER SHARE TO QR 1 PER SHARE, IN LINE WITH THE INSTRUCTIONS ISSUED BY THE QATAR FINANCIAL MARKETS AUTHORITY.

THE SHARE SPLIT HAS BEEN IMPLEMENTED ON 1 JULY 2019 AND THIS HAS LED TO AN INCREASE IN THE NUMBER OF AUTHORISED, ISSUED AND FULLY PAID SHARES FROM 389,124,637 SHARES TO 3,891,246,369 ORDINARY SHARES AND ONE PREFERRED SHARE. CONSEQUENTLY, WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING AND COMPUTED EARNINGS PER SHARE (EPS) HAVE BEEN RETROSPECTIVELY ADJUSTED FROM QR 4.92 FOR THE YEAR ENDED 31 DECEMBER 2018 TO QR 0.49.

**ACCOUNTING POLICY:**

THE GROUP PRESENTS BASIC AND DILUTED EARNINGS PER SHARE (EPS) DATA FOR ITS ORDINARY SHARES. BASIC EPS IS CALCULATED BY DIVIDING THE CONSOLIDATED PROFIT OR LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY BY THE WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD.

DILUTED EPS IS DETERMINED BY ADJUSTING THE PROFIT OR LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS AND THE WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING FOR THE EFFECTS OF ALL DILUTIVE POTENTIAL ORDINARY SHARES, WHICH COMPRISE CONVERTIBLE NOTES AND SHARE OPTIONS GRANTED TO EMPLOYEES, IF ANY.





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**36 COMPONENTS OF OTHER COMPREHENSIVE INCOME**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
FAIR VALUE RESERVES	(179,781)	(174,606)
TRANSLATION RESERVES	(221,517)	(255,668)
	<u>(401,298)</u>	<u>(430,274)</u>

**37 DIVIDENDS**

***DIVIDENDS PAID AND PROPOSED***

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
<i>DECLARED, ACCRUED AND PAID DURING THE YEAR:</i>		
FINAL DIVIDEND FOR THE YEAR 2018, 25% OF NOMINAL VALUE PER SHARE (2018 : FINAL DIVIDEND FOR THE YEAR 2017, 25% OF NOMINAL VALUE PER SHARE)	<u>972,811</u>	<u>972,811</u>

THE SHAREHOLDERS OF THE PARENT COMPANY APPROVED AT THE ANNUAL GENERAL MEETING HELD ON 20 MARCH 2019 A CASH DIVIDEND OF 25% OF NOMINAL VALUE PER SHARE, AMOUNTING TO TOTAL OF QR 972,811 THOUSAND FROM THE PROFIT OF 2018 (2018: CASH DIVIDEND OF 25% OF NOMINAL VALUE PER SHARE; AMOUNTING TO QR 972,811 THOUSAND FROM THE PROFIT OF 2017).

THE PROPOSED DIVIDEND FOR 2019 OF 20% OF NOMINAL VALUE PER SHARE WILL BE SUBMITTED FOR FORMAL APPROVAL AT THE ANNUAL GENERAL ASSEMBLY MEETING.

**ACCOUNTING POLICY:**

THE COMPANY RECOGNISES A LIABILITY TO MAKE CASH DISTRIBUTIONS TO EQUITY HOLDERS OF THE PARENT WHEN THE DISTRIBUTION IS AUTHORISED AND THE DISTRIBUTION IS NO LONGER AT THE DISCRETION OF THE COMPANY. AS PER THE QATAR COMMERCIAL COMPANIES LAW No. 11 OF 2015, A DISTRIBUTION IS AUTHORISED WHEN IT IS APPROVED BY THE SHAREHOLDERS. A CORRESPONDING AMOUNT IS RECOGNISED DIRECTLY IN EQUITY.

**38 CONTRIBUTION TO THE SOCIAL AND SPORTS FUND**

DURING THE YEAR, THE GROUP APPROPRIATED AN AMOUNT OF QR 37,569 THOUSAND (2018: QR 47,875 THOUSAND) REPRESENTING 2.5% OF THE CONSOLIDATED NET PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AS A CONTRIBUTION TO THE SOCIAL AND SPORTS FUND.



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**39 CASH FLOW INFORMATION**

**39.1 NON-CASH INVESTING AND FINANCING ACTIVITIES ARE SUMMARIZED AS FOLLOWS:**

DESCRIPTION	2019 QR'000	2018 QR'000
TRANSFERS FROM TRADING PROPERTIES TO INVESTMENT PROPERTIES	126,802	3,997
NET LIABILITY ASSUMED FROM ACQUISITION OF A BUSINESS	-	609,469
TRANSFER OF ADVANCES TO INVESTMENT PROPERTIES (NOTE 11)	4,832,246	-
TRANSFER FROM INTANGIBLE ASSETS TO INVESTMENT PROPERTIES (NOTE 16)	1,605,364	-

**39.2 NET DEBT RECONCILIATION :**

<i>NET DEBT ANALYSIS :</i>	2019 QR'000	2018 QR'000
CASH AND CASH EQUIVALENTS	718,182	331,843
SHORT TERM DEPOSITS MATURING AFTER 3 MONTHS	371,596	710,397
LIQUID INVESTMENTS	30,619	27,870
BORROWING – REPAYABLE WITHIN ONE YEAR	(1,074,029)	(510,116)
BORROWING – REPAYABLE AFTER ONE YEAR	(8,332,020)	(7,415,164)
NET DEBT	<u>(8,285,652)</u>	<u>(6,855,170)</u>
CASH, DEPOSIT AND LIQUID INVESTMENTS	1,120,397	1,070,110
GROSS DEBT – FIXED FINANCE COST RATES	-	-
GROSS DEBT – VARIABLE FINANCE COST RATES	(9,406,049)	(7,925,280)
NET DEBT	<u>(8,285,652)</u>	<u>(6,855,170)</u>

**40 COMPARATIVE INFORMATION**

THE COMPARATIVE FIGURES FOR THE YEAR ENDED 31 DECEMBER 2018 HAVE BEEN RECLASSIFIED IN ORDER TO CONFORM WITH THE PRESENTATION FOR THE CURRENT YEAR. SUCH RECLASSIFICATIONS HAVE BEEN MADE BY THE GROUP TO IMPROVE THE QUALITY OF INFORMATION PRESENTED AND DID NOT HAVE ANY IMPACT ON THE PREVIOUSLY REPORTED EQUITY AND PROFITS. BELOW IS A SUMMARY OF SIGNIFICANT RECLASSIFICATIONS MADE DURING THE YEAR:

	PREVIOUS PRESENTATION AT 31 DECEMBER 2018	RECLASSIFICATIONS	CURRENT PRESENTATION
<b>STATEMENT OF FINANCIAL POSITION:</b>			
TRADING PROPERTIES	1,570,438	2,101	1,572,539
INVESTMENT PROPERTIES	18,264,070	(2,101)	18,261,969



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**41 CONTINGENT LIABILITIES**

THE GROUP HAD THE FOLLOWING CONTINGENT LIABILITIES FROM WHICH IT IS ANTICIPATED THAT NO MATERIAL LIABILITIES WILL ARISE.

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
BANK GUARANTEES	<u>141,257</u>	<u>289,662</u>

**LITIGATIONS AND CLAIMS**

DURING THE YEAR, VARIOUS LEGAL CASES WERE FILED AGAINST THE GROUP. ACCORDING TO THE GROUP'S LEGAL COUNSEL'S BEST ESTIMATES, NO MATERIAL LIABILITIES WILL ARISE AS A RESULT OF THESE CASES AND ACCORDINGLY NO PROVISIONS HAVE BEEN MADE AGAINST THEM, EXCEPT FOR WHAT HAS BEEN PROVIDED FOR IN THE CONSOLIDATED FINANCIAL STATEMENTS IN NOTE 19.

**42 COMMITMENTS**

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
CONTRACTUAL COMMITMENTS WITH CONTRACTORS AND SUPPLIERS FOR PROPERTIES UNDER DEVELOPMENT	<u>329,087</u>	<u>460,914</u>
COMMITMENTS FOR PURCHASE OF INVESTMENTS AND PROPERTIES	<u>8,587</u>	<u>8,587</u>
OPERATING LEASE COMMITMENTS (1)	<u>-</u>	<u>494,534</u>

(1) COMMITMENTS FOR OPERATING LEASES ARE FURTHER ANALYSED AS FOLLOWS:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
LESS THAN ONE YEAR	-	77,619
BETWEEN 1 AND 5 YEARS	-	199,771
MORE THAN 5 YEARS	-	217,144
TOTAL OPERATING LEASE EXPENDITURE CONTRACTED FOR AT 31 DECEMBER	<u>-</u>	<u>494,534</u>



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**43 FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

**FAIR VALUES**

SET OUT BELOW IS A COMPARISON BY CLASS OF THE CARRYING AMOUNTS AND FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE CARRIED IN THE CONSOLIDATED FINANCIAL STATEMENTS:

	<i>CARRYING AMOUNTS</i>		<i>FAIR VALUES</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<b>FINANCIAL ASSETS</b>				
<i>AT AMORTISED COST</i>				
BANK BALANCES (EXCLUDING CASH)	1,257,197	1,349,756	1,257,197	1,349,756
RECEIVABLES	519,704	465,688	519,704	465,688
FINANCE LEASE RECEIVABLES	103,770	166,886	103,770	166,886
DUE FROM RELATED PARTIES	208,184	227,484	208,184	227,484
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	30,619	27,870	30,619	27,870
<i>AT FAIR VALUE</i>				
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	131,928	138,576	131,928	138,576
<b>FINANCIAL LIABILITIES</b>				
PAYABLES AND OTHER LIABILITIES	(1,602,856)	(2,317,770)	(1,602,856)	(2,317,770)
DUE TO RELATED PARTIES	(314,174)	(320,845)	(314,174)	(320,845)
OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS	(9,406,049)	(7,925,280)	(9,406,049)	(7,925,280)
LEASE LIABILITIES	(332,547)	-	(332,547)	-

THE FAIR VALUE OF THE FINANCIAL ASSETS AND LIABILITIES ARE INCLUDED AT THE AMOUNT AT WHICH THE INSTRUMENT COULD BE EXCHANGED IN A CURRENT TRANSACTION BETWEEN WILLING PARTIES, OTHER THAN IN A FORCED OR LIQUIDATION SALE. THE FOLLOWING METHODS AND ASSUMPTIONS WERE USED TO ESTIMATE THE FAIR VALUES:

- THE FAIR VALUES OF BANK BALANCES, RECEIVABLES, DUE FROM RELATED PARTIES, PAYABLES AND OTHER LIABILITIES AND DUE TO RELATED PARTIES APPROXIMATE THEIR CARRYING AMOUNTS LARGELY DUE TO THE SHORT-TERM MATURITIES OF THESE INSTRUMENTS.
- FINANCE LEASE RECEIVABLES ARE EVALUATED BY THE GROUP BASED ON PARAMETERS SUCH AS PROFIT RATES AND INDIVIDUAL CREDITWORTHINESS OF THE CUSTOMER AND THE RISK CHARACTERISTICS OF THE FINANCED PROJECT. BASED ON THIS EVALUATION, ALLOWANCES ARE TAKEN TO ACCOUNT FOR THE EXPECTED LOSSES OF THESE FINANCE LEASE RECEIVABLES. AT THE END OF THE REPORTING YEAR, THE CARRYING AMOUNTS OF SUCH FINANCE LEASE RECEIVABLES, NET OF ALLOWANCES, APPROXIMATE THEIR FAIR VALUES.
- THE FAIR VALUE OF THE QUOTED FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME IS DERIVED FROM QUOTED MARKET PRICES IN ACTIVE MARKETS.
- THE FAIR VALUE OF UNQUOTED FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ARE CARRIED AT COST LESS IMPAIRMENT DUE TO NON- AVAILABILITY OF QUOTED MARKET PRICES OR OTHER RELIABLE MEASURES OF THEIR FAIR VALUE.
- THE FAIR VALUE OF OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS APPROXIMATES ITS CARRYING AMOUNT AS THESE FACILITIES ARE REPRICED PERIODICALLY TO REFLECT MARKET RATES THROUGH REVOLVING MURABAHA FINANCE MECHANISM.



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**43 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

**FAIR VALUE MEASUREMENT**

THE FOLLOWING TABLE PROVIDES THE FAIR VALUE MEASUREMENT HIERARCHY OF THE GROUP'S ASSETS AND LIABILITIES.

QUANTITATIVE DISCLOSURES FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 31 DECEMBER 2019 ARE AS FOLLOWS:

	DATE OF VALUATION	TOTAL QR'000	FAIR VALUE MEASUREMENT USING		
			QUOTED PRICES IN ACTIVE MARKETS LEVEL 1 QR'000	SIGNIFICANT OBSERVABLE INPUTS LEVEL 2 QR'000	SIGNIFICANT UNOBSERVABLE INPUTS LEVEL 3 QR'000
<b>ASSETS MEASURED AT FAIR VALUE:</b>					
INVESTMENT PROPERTIES (NOTE 12)	31 Dec 2019	26,577,670	-	-	26,577,670
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (NOTE 10):</b>					
QUOTED EQUITY SHARES	31 Dec 2019	82,131	82,131	-	-
UNQUOTED EQUITY SHARES	31 Dec 2019	49,797	-	-	49,797
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (NOTE 5):</b>					
QUOTED EQUITY SHARES	31 Dec 2019	30,619	30,619	-	-

QUANTITATIVE DISCLOSURES FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 31 DECEMBER 2018 ARE AS FOLLOWS:

	DATE OF VALUATION	TOTAL QR'000	FAIR VALUE MEASUREMENT USING		
			QUOTED PRICES IN ACTIVE MARKETS LEVEL 1 QR'000	SIGNIFICANT OBSERVABLE INPUTS LEVEL 2 QR'000	SIGNIFICANT UNOBSERVABLE INPUTS LEVEL 3 QR'000
<b>ASSETS MEASURED AT FAIR VALUE:</b>					
INVESTMENT PROPERTIES (NOTE 12)	31 Dec 2018	18,261,969	-	-	18,261,969
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (NOTE 10):</b>					
QUOTED EQUITY SHARES	31 Dec 2018	83,221	83,221	-	-
UNQUOTED EQUITY SHARES	31 Dec 2018	55,355	-	-	55,355
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (NOTE 5):</b>					
QUOTED EQUITY SHARES	31 Dec 2018	27,870	27,870	-	-

THERE HAVE BEEN NO TRANSFERS BETWEEN LEVEL 1 AND LEVEL 2 DURING 2019 (2018: NO TRANSFERS), AND NO TRANSFERS INTO AND OUT OF LEVEL 3 FAIR VALUE MEASUREMENTS (2018: NO TRANSFERS).



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**43 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

**BUSINESS MODEL ASSESSMENT**

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS DEPENDS ON THE RESULTS OF THE SOLELY PAYMENTS OF PRINCIPAL AND FINANCE INCOME (SPPFI) AND THE BUSINESS MODEL TEST. THE GROUP DETERMINES THE BUSINESS MODEL AT A LEVEL THAT REFLECTS HOW GROUPS OF FINANCIAL ASSETS ARE MANAGED TOGETHER TO ACHIEVE A PARTICULAR BUSINESS OBJECTIVE. THIS ASSESSMENT INCLUDES JUDGEMENT REFLECTING ALL RELEVANT EVIDENCE INCLUDING HOW THE PERFORMANCE OF THE ASSETS IS EVALUATED AND THEIR PERFORMANCE MEASURED, THE RISKS THAT AFFECT THE PERFORMANCE OF THE ASSETS AND HOW THESE ARE MANAGED AND HOW THE MANAGERS OF THE ASSETS ARE COMPENSATED. THE GROUP MONITORS FINANCIAL ASSETS MEASURED AT AMORTISED COST OR FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME THAT ARE DERECOGNISED PRIOR TO THEIR MATURITY TO UNDERSTAND THE REASON FOR THEIR DISPOSAL AND WHETHER THE REASONS ARE CONSISTENT WITH THE OBJECTIVE OF THE BUSINESS FOR WHICH THE ASSET WAS HELD. MONITORING IS PART OF THE GROUP'S CONTINUOUS ASSESSMENT OF WHETHER THE BUSINESS MODEL FOR WHICH THE REMAINING FINANCIAL ASSETS ARE HELD CONTINUES TO BE APPROPRIATE AND IF IT IS NOT APPROPRIATE WHETHER THERE HAS BEEN A CHANGE IN BUSINESS MODEL AND SO A PROSPECTIVE CHANGE TO THE CLASSIFICATION OF THOSE ASSETS. NO SUCH CHANGES WERE REQUIRED DURING THE PERIODS PRESENTED.

**44 BASIS OF PREPARATION AND CONSOLIDATION**

THE PRINCIPLE ACCOUNTING POLICIES APPLIED IN THE PREPARATION OF THESE CONSOLIDATED FINANCIAL STATEMENTS ARE SET OUT BELOW.

THESE POLICIES HAVE BEEN CONSISTENTLY APPLIED TO ALL THE YEARS PRESENTED, UNLESS OTHERWISE STATED.

**44.1 BASIS OF PREPARATION**

THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP HAVE BEEN PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB) AND APPLICABLE REQUIREMENTS OF QATAR COMMERCIAL COMPANIES' LAW NO. 11 OF 2015, AS AMENDED.

THE CONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN PREPARED UNDER THE HISTORICAL COST CONVENTION, EXCEPT FOR INVESTMENT PROPERTIES, FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME WHICH HAVE BEEN MEASURED AT FAIR VALUE.

THE CONSOLIDATED FINANCIAL STATEMENTS ARE PRESENTED IN QATARI RIYALS, WHICH IS THE GROUP'S FUNCTIONAL AND PRESENTATIONAL CURRENCY AND ALL VALUES ARE ROUNDED TO THE NEAREST THOUSAND (QR'000), EXCEPT WHEN OTHERWISE INDICATED.

THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN CONFORMITY WITH IFRS REQUIRES THE USE OF CERTAIN CRITICAL ACCOUNTING ESTIMATES. IT ALSO REQUIRES MANAGEMENT TO EXERCISE ITS JUDGMENT IN THE PROCESS OF APPLYING THE GROUP'S ACCOUNTING POLICIES. THE AREAS INVOLVING A HIGHER DEGREE OF JUDGMENT OR COMPLEXITY, OR AREAS WHERE ASSUMPTIONS AND ESTIMATES ARE SIGNIFICANT TO CONSOLIDATED FINANCIAL STATEMENTS ARE DISCLOSED IN NOTE 48. THE CONSOLIDATED FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE BY THE DIRECTORS ON 11 MARCH 2020.





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**44 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)**

**44.2 BASIS OF CONSOLIDATION**

*(A) SUBSIDIARIES*

SUBSIDIARIES ARE ALL ENTITIES (INCLUDING STRUCTURED ENTITIES) OVER WHICH THE GROUP HAS CONTROL. THE GROUP CONTROLS AN ENTITY WHEN THE GROUP IS EXPOSED TO, OR HAS RIGHTS TO, VARIABLE RETURNS FROM ITS INVOLVEMENT WITH THE ENTITY AND HAS THE ABILITY TO AFFECT THOSE RETURNS THROUGH ITS POWER OVER THE ENTITY. SUBSIDIARIES ARE FULLY CONSOLIDATED FROM THE DATE ON WHICH CONTROL IS TRANSFERRED TO THE GROUP. THEY ARE DECONSOLIDATED FROM THE DATE THAT CONTROL CEASES. THE GROUP APPLIES THE ACQUISITION METHOD TO ACCOUNT FOR BUSINESS COMBINATIONS.

THE CONSIDERATION TRANSFERRED FOR THE ACQUISITION OF A SUBSIDIARY IS THE FAIR VALUE OF THE ASSETS TRANSFERRED, THE LIABILITIES INCURRED TO THE FORMER OWNERS OF THE ACQUIREE AND THE EQUITY INTERESTS ISSUED BY THE GROUP. THE CONSIDERATION TRANSFERRED INCLUDES THE FAIR VALUE OF ANY ASSET OR LIABILITY RESULTING FROM A CONTINGENT CONSIDERATION ARRANGEMENT. IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES AND CONTINGENT LIABILITIES ASSUMED IN A BUSINESS COMBINATION ARE MEASURED INITIALLY AT THEIR FAIR VALUES AT THE ACQUISITION DATE. THE GROUP RECOGNIZES ANY NON-CONTROLLING INTEREST IN THE ACQUIREE ON AN ACQUISITION-BY-ACQUISITION BASIS, EITHER AT FAIR VALUE OR AT THE NON-CONTROLLING INTEREST'S PROPORTIONATE SHARE OF THE RECOGNISED AMOUNTS OF ACQUIREE'S IDENTIFIABLE NET ASSETS.

ACQUISITION-RELATED COSTS ARE EXPENSED AS INCURRED.

IF THE BUSINESS COMBINATION IS ACHIEVED IN STAGES, THE CARRYING VALUE OF THE ACQUIRER'S PREVIOUSLY HELD EQUITY INTEREST IN THE ACQUIREE IS RE-MEASURED TO FAIR VALUE AT THE ACQUISITION DATE; ANY GAINS OR LOSSES ARISING FROM SUCH RE-MEASUREMENT ARE RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.

ANY CONTINGENT CONSIDERATION TO BE TRANSFERRED BY THE GROUP IS RECOGNISED AT FAIR VALUE AT THE ACQUISITION DATE. SUBSEQUENT CHANGES TO THE FAIR VALUE OF THE CONTINGENT CONSIDERATION THAT IS DEEMED TO BE AN ASSET OR LIABILITY IS RECOGNISED IN ACCORDANCE WITH IFRS 9 EITHER IN PROFIT OR LOSS OR AS A CHANGE TO OTHER COMPREHENSIVE INCOME.

CONTINGENT CONSIDERATION THAT IS CLASSIFIED AS EQUITY IS NOT RE-MEASURED, AND ITS SUBSEQUENT SETTLEMENT IS ACCOUNTED FOR WITHIN EQUITY.

INTER-COMPANY TRANSACTIONS, BALANCES AND UNREALISED GAINS ON TRANSACTIONS BETWEEN GROUP COMPANIES ARE ELIMINATED. UNREALISED LOSSES ARE ALSO ELIMINATED. WHEN NECESSARY, AMOUNTS REPORTED BY SUBSIDIARIES HAVE BEEN ADJUSTED TO CONFORM WITH THE GROUP'S ACCOUNTING POLICIES.

*(B) CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL*

TRANSACTIONS WITH NON-CONTROLLING INTERESTS THAT DO NOT RESULT IN LOSS OF CONTROL ARE ACCOUNTED FOR AS EQUITY TRANSACTIONS – THAT IS, AS TRANSACTIONS WITH THE OWNERS IN THEIR CAPACITY AS OWNERS. THE DIFFERENCE BETWEEN FAIR VALUE OF ANY CONSIDERATION PAID AND THE RELEVANT SHARE ACQUIRED OF THE CARRYING VALUE OF NET ASSETS OF THE SUBSIDIARY IS RECORDED IN EQUITY. GAINS OR LOSSES ON DISPOSALS TO NON-CONTROLLING INTERESTS ARE ALSO RECORDED IN EQUITY.



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**44 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)**

**44.2 BASIS OF CONSOLIDATION (CONTINUED)**

(c) *DISPOSAL OF SUBSIDIARIES*

WHEN THE GROUP CEASES TO HAVE CONTROL, ANY RETAINED INTEREST IN THE ENTITY IS REMEASURED TO ITS FAIR VALUE AT THE DATE WHEN CONTROL IS LOST, WITH THE CHANGE IN CARRYING AMOUNT RECOGNISED IN PROFIT OR LOSS. THE FAIR VALUE IS THE INITIAL CARRYING AMOUNT FOR THE PURPOSES OF SUBSEQUENTLY ACCOUNTING FOR THE RETAINED INTEREST AS AN ASSOCIATE, JOINT VENTURE OR FINANCIAL ASSET. IN ADDITION, ANY AMOUNTS PREVIOUSLY RECOGNISED IN OTHER COMPREHENSIVE INCOME IN RESPECT OF THAT ENTITY ARE ACCOUNTED FOR AS IF THE GROUP HAD DIRECTLY DISPOSED OF THE RELATED ASSETS OR LIABILITIES. THIS MAY MEAN THAT AMOUNTS PREVIOUSLY RECOGNISED IN OTHER COMPREHENSIVE INCOME ARE RECLASSIFIED TO PROFIT OR LOSS.

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 FINANCIAL YEAR ARE INCLUDED IN THESE CONSOLIDATED FINANCIAL STATEMENTS ARE LISTED BELOW. IN ADDITION TO THE BELOW LISTED SUBSIDIARIES, THERE ARE NUMBER OF OTHER SUBSIDIARIES' FINANCIAL STATEMENTS THAT ARE CONSOLIDATED INTO THESE CONSOLIDATED 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 DECEMBER 2019</i>	<i>31 DECEMBER 2018</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 SALWA COMPANY W.L.L.	QATAR	100%	100%
BARWA AL BARAHA COMPANY W.L.L.	QATAR	100%	100%
BARWA VILLAGE COMPANY W.L.L.	QATAR	100%	100%
MASAKEN AL SAILIYA & MESAIMEER 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%
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%



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**45 MATERIAL PARTLY-OWNED SUBSIDIARIES**

THE FINANCIAL INFORMATION OF GROUP'S SUBSIDIARIES THAT HAVE MORE THAN 10% OF NON-CONTROLLING INTERESTS ARE PROVIDED BELOW:

PROPORTION OF EFFECTIVE EQUITY INTEREST HELD BY NON-CONTROLLING INTERESTS ARE AS FOLLOWS:

<i>NAME OF SUBSIDIARY</i>	<i>COUNTRY OF INCORPORATION</i>	<i>31 DECEMBER 2019</i>	<i>31 DECEMBER 2018</i>
QATAR PROJECT MANAGEMENT COMPANY Q.P.S.C.	QATAR	30%	30%
NUZUL QATAR COMPANY LIMITED W.L.L.	QATAR	25.5%	25.5%

	<i>2019 QR'000</i>	<i>2018 QR'000</i>
<i>ACCUMULATED BALANCES OF MATERIAL NON-CONTROLLING INTEREST:</i>		
QATAR PROJECT MANAGEMENT COMPANY Q.P.S.C.	44,029	46,844
NUZUL QATAR COMPANY LIMITED W.L.L.	41,724	41,744

<i>PROFIT ALLOCATED TO MATERIAL NON-CONTROLLING INTEREST:</i>		
QATAR PROJECT MANAGEMENT COMPANY Q.P.S.C.	6,368	6,058
NUZUL QATAR COMPANY LIMITED W.L.L.	(40,665)	241

THE SUMMARISED FINANCIAL INFORMATION OF THESE SUBSIDIARIES ARE PROVIDED BELOW. THESE INFORMATION ARE BASED ON AMOUNTS BEFORE INTER-COMPANY ELIMINATIONS:

	<i>QATAR PROJECT MANAGEMENT COMPANY Q.P.S.C. QR'000</i>	<i>NUZUL QATAR COMPANY LIMITED W.L.L. QR'000</i>
<i>SUMMARISED STATEMENT OF PROFIT OR LOSS FOR 2019:</i>		
REVENUES AND GAINS	124,046	-
EXPENSES AND LOSSES	(102,819)	(159,471)
<b>PROFIT FOR THE YEAR</b>	<b>21,227</b>	<b>(159,471)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>20,617</b>	<b>(159,471)</b>
<i>SUMMARISED STATEMENT OF PROFIT OR LOSS FOR 2018:</i>		
REVENUES AND GAINS	131,820	580
EXPENSES AND LOSSES	(111,627)	(3,578)
PROFIT FOR THE YEAR	20,193	(2,998)
TOTAL COMPREHENSIVE INCOME	20,193	(2,998)



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**45 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)**

	<i>QATAR PROJECT MANAGEMENT COMPANY Q.P.S.C. QR'000</i>	<i>NUZUL QATAR COMPANY LIMITED W.L.L. QR'000</i>
<i><b>SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019:</b></i>		
NON-CURRENT ASSETS	28,631	-
CURRENT ASSETS	184,250	410,108
NON-CURRENT LIABILITIES	(17,619)	-
CURRENT LIABILITIES	(48,498)	(246,486)
<b>NET EQUITY</b>	<b>146,764</b>	<b>163,622</b>
<i>ATTRIBUTABLE TO:</i>		
EQUITY HOLDERS OF PARENT	102,735	121,898
NON-CONTROLLING INTEREST	44,029	41,724
<b>TOTAL EQUITY</b>	<b>146,764</b>	<b>163,622</b>
<i><b>SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018:</b></i>		
NON-CURRENT ASSETS	27,278	-
CURRENT ASSETS	196,190	411,208
NON-CURRENT LIABILITIES	(20,397)	-
CURRENT LIABILITIES	(46,923)	(247,507)
<b>NET EQUITY</b>	<b>156,148</b>	<b>163,701</b>
<i>ATTRIBUTABLE TO:</i>		
EQUITY HOLDERS OF PARENT	109,304	121,957
NON-CONTROLLING INTEREST	46,844	41,744
<b>TOTAL EQUITY</b>	<b>156,148</b>	<b>163,701</b>
<i><b>SUMMARISED CASH FLOW INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019:</b></i>		
OPERATING ACTIVITIES	19,087	(786,946)
INVESTING ACTIVITIES	(6,910)	-
FINANCING ACTIVITIES	(30,933)	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(18,756)</b>	<b>(786,946)</b>
<i><b>SUMMARISED CASH FLOW INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2018:</b></i>		
OPERATING ACTIVITIES	45,328	(70,441)
INVESTING ACTIVITIES	124	-
FINANCING ACTIVITIES	(25,000)	-
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>20,452</b>	<b>(70,441)</b>



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**46 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND BUSINESS COMBINATION**

**46.1 ACQUISITION OF SUBSIDIARIES DURING 2018**

**A. CAVENDISH CAPITAL (UK)**

DURING 2018, THE GROUP ACQUIRED ADDITIONAL 2,500,000 SHARES IN CAVENDISH CAPITAL (CAVENDISH). ACCORDING TO THE AGREEMENT, THE ACQUISITION OF THE NON-CONTROLLING INTEREST'S SHARE OF 7.69% IN CAVENDISH HAS BEEN SETTLED AGAINST A CASH PAYMENT OF GBP 910 THOUSAND. DURING 2018 ALL THE PROCEDURES HAVE BEEN COMPLETED AND THE SHARES HAVE BEEN TRANSFERRED TO THE GROUP. CAVENDISH IS NOW A 100% OWNED SUBSIDIARY OF THE GROUP.

AS OF THE DATE OF ACQUISITION OF THE ADDITIONAL INTEREST, THE FAIR VALUE OF THE SHARE OF NET ASSETS OF CAVENDISH ACQUIRED AMOUNTED TO QR 10,694 THOUSAND.

	QR'000
FAIR VALUE OF NET ASSETS ACQUIRED FROM THE NON-CONTROLLING INTEREST	10,694
LESS: PURCHASE CONSIDERATION	<u>(4,548)</u>
EXCESS OF FAIR VALUE OF NET ASSETS ACQUIRED OVER THE PURCHASE CONSIDERATION	<u>6,146</u>

THE EXCESS OF FAIR VALUE OF NET ASSETS OF CAVENDISH ACQUIRED FROM THE NON-CONTROLLING INTEREST OVER THE PURCHASE CONSIDERATION WAS RECORDED DIRECTLY IN THE RETAINED EARNINGS OF THE GROUP AS AT 30 JUNE 2018, BEING A TRANSACTION WITH A NON-CONTROLLING INTEREST THAT DID NOT RESULT IN A CHANGE OF CONTROL OVER THE SUBSIDIARY.

**46.2 BUSINESS COMBINATION DURING 2018**

**A. MILLENIUM PLAZA DOHA AND WELLNESS CENTER**

ON 27 JUNE 2018 THE GROUP ACQUIRED A CONTROLLING STAKE OF 25% IN MILLENIUM PLAZA DOHA HOTEL AND WELLNESS CENTER LOCATED IN BARWA AL SADD COMPLEX. THE GROUP RESOLVED TO CONSOLIDATE MILLENIUM PLAZA DOHA AND WELLNESS CENTER'S FINANCIAL POSITION AS AT 30 JUNE 2018 IN THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP. NO SIGNIFICANT CHANGES OCCURRED IN THE FINANCIAL POSITION SINCE 27 JUNE 2018.

*CONTROL IS DEMONSTRATED BASED ON THE FOLLOWING CONTRACTUAL TERMS:*

*1) THE GROUP HAS FULL AND ABSOLUTE CONTROL OVER ALL MATTERS CONCERNING THE OPERATION AND MANAGEMENT OF THE PROPERTY AND THE BUILDINGS, INCLUDING BUSINESS BEING CARRIED OUT AT THE BUILDINGS.*

*2) THE GROUP ACQUIRED ALL PRACTICAL AND LEGAL POWERS VESTED WITH AN OWNER OF A SIMILAR PROPERTY.*

*3) THE GROUP HAS THE ABILITY TO SOLELY CARRY OUT ALL POWERS AND AUTHORITIES AS THE OWNER UNDER THE AGREEMENT SIGNED WITH THE OPERATOR OF THE HOTEL AS WELL AS ANY THIRD PARTIES IN RESPECT OF THE MANAGEMENT AND OPERATION OF THE BUILDINGS INCLUDING THE BUILDING, WHICH IS CURRENTLY OPERATED AS A HOTEL UNDER THE NAME OF "MILLENIUM PLAZA DOHA".*



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**46 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND BUSINESS COMBINATION (CONTINUED)**

**46.2 BUSINESS COMBINATION DURING 2018 (CONTINUED)**

**A. MILLENIUM PLAZA DOHA AND WELLNESS CENTER (CONTINUED)**

DETAILS OF THE PURCHASE CONSIDERATION, THE NET IDENTIFIABLE ASSETS ACQUIRED AND NON-CONTROLLING INTEREST WERE AS FOLLOWS:

	NOTES	QR'000
<b>PURCHASE CONSIDERATION</b>		
SETTLEMENT BY WAY OF OFFSETTING AGAINST AMOUNT RECEIVABLE		167,214
<b>TOTAL PURCHASE CONSIDERATION</b>	(I)	<u>167,214</u>
<b>FAIR VALUE OF IDENTIFIABLE ASSETS</b>		
CASH AND BANK BALANCES		2,945
ACCOUNTS RECEIVABLE AND PREPAYMENTS		6,389
DUE FROM A RELATED PARTY		8,645
INVESTMENT PROPERTIES		58,717
PROPERTY, FURNITURE AND EQUIPMENT		280,900
PAYABLES AND ACCRUALS		(2,607)
DUE TO RELATED PARTIES		(20,852)
PROVISIONS		<u>(357)</u>
FAIR VALUE OF NET IDENTIFIABLE ASSETS AT DATE OF ACQUISITION		333,780
LESS: NON-CONTROLLING INTEREST THROUGH BUSINESS COMBINATION		<u>(250,335)</u>
<b>FAIR VALUE OF NET IDENTIFIABLE ASSETS ATTRIBUTABLE TO THE PARENT</b>	(II)	<u>83,445</u>

**NOTE:**

GOODWILL HAS BEEN RECOGNIZED AS A RESULT OF THE ACQUISITION AS FOLLOWS:

		QR'000
PURCHASE CONSIDERATION	(I)	167,214
FAIR VALUE OF NET ASSETS ATTRIBUTABLE TO THE PARENT	(II)	<u>(83,445)</u>
GOODWILL ARISING ON THE ACQUISITION		<u>83,769</u>

THE GOODWILL WAS ATTRIBUTABLE TO THE INTRINSIC VALUE OF THE ACQUIRED BUSINESS.





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**46 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND BUSINESS COMBINATION (CONTINUED)**

**46.2 BUSINESS COMBINATION DURING 2018 (CONTINUED)**

**A. MILLENNIUM PLAZA DOHA AND WELLNESS CENTER (CONTINUED)**

***CONTINGENT CONSIDERATION***

ACCORDING TO THE AGREEMENT, NO CONTINGENT ASSETS OR LIABILITIES TO BE CONSIDERED AS A RESULT OF CONTROL GAINED OVER MILLENNIUM PLAZA DOHA.

***ACCOUNTS RECEIVABLE AND PREPAYMENTS***

THE FAIR VALUES OF THE AMOUNTS RECEIVABLE WAS QR 6,389 THOUSAND. NO IMPAIRMENT EXISTED AT 30 JUNE 2018 AS THE AMOUNT WAS CONSIDERED FULLY RECOVERABLE.

***INVESTMENT PROPERTIES***

THE FAIR VALUES OF THE INVESTMENT PROPERTIES WAS QR 58,717 THOUSAND. THE ASSET HAS BEEN VALUED BY AN INDEPENDENT VALUER AT 31 DECEMBER 2018.

***PROPERTY, FURNITURE AND EQUIPMENT***

THE FAIR VALUES OF THE PROPERTY, FURNITURE AND EQUIPMENT WAS QR 280,900 THOUSAND. THE ASSET HAS BEEN VALUED BY AN INDEPENDENT VALUER AT 31 DECEMBER 2018.

***DUE FROM RELATED PARTIES***

THE FAIR VALUES OF THE AMOUNTS DUE FROM RELATED PARTIES WERE QR 8,645 THOUSAND. NO IMPAIRMENT EXISTED AT 30 JUNE 2018 AS THE AMOUNT WAS CONSIDERED FULLY RECOVERABLE.

***REVENUE AND PROFIT CONTRIBUTION***

IF THE ACQUISITION HAD OCCURRED ON 1 JANUARY 2018, THE CONSOLIDATED REVENUE FOR THE PERIOD WOULD HAVE BEEN HIGHER BY QR 8,838 THOUSAND.

ON 1ST OCTOBER 2018, THE GROUP ACQUIRED AN ADDITIONAL SHARE OF 75% IN MILLENNIUM PLAZA HOTEL DOHA (THE HOTEL) AND THE WELLNESS CENTER. THE GROUP NOW OWNS 100% OF THE HOTEL. THE GROUP ACQUIRED THE HOTEL AND WELLNESS CENTER WITH THE AIM TO DIVERSIFY ITS INVESTMENT PORTFOLIO, BY INJECTING PART OF ITS INVESTMENTS INTO A NEW BUSINESS SEGMENT (HOSPITALITY INDUSTRY).

THE INITIAL ACQUISITION OF 25% OF THE HOTEL AND WELLNESS CENTER RELATED CONTRACTUAL ARRANGEMENTS THAT ALLOWED EXERCISING CONTROL OVER THE PROPERTIES AND ITS OPERATIONS ENABLED THE GROUP TO ASSESS ITS ABILITY TO SUCCESSFULLY OPERATE AND COMPETE WITHIN THE HOSPITALITY INDUSTRY. THE ACQUISITION OF THE REMAINING 75% OF THE HOTEL AND WELLNESS CENTER REFLECTS THE POTENTIAL OF AND OPPORTUNITIES ENVISIONED IN THE HOSPITALITY MARKET AS AN OWNER ESPECIALLY WITH THE GROUP'S EXPERIENCE IN THE HOSPITALITY MARKET AS AN OPERATOR THROUGH ITS SUBSIDIARY SHAZA HOTEL INVESTMENT CO.

THE IMPACT OF THE STEP ACQUISITION WAS REFLECTED IN THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

**46.3 ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATIONS DURING 2019**

THERE WERE NEITHER ANY ACQUISITION OF SUBSIDIARIES NOR ANY BUSINESS COMBINATIONS DURING 2019.

**46.4 DISPOSAL OF SUBSIDIARIES DURING 2018 AND 2019**

NO SUBSIDIARIES HAVE BEEN DISPOSED DURING 2018 AND 2019.



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**47 FINANCIAL RISK MANAGEMENT**

THIS NOTE EXPLAINS THE GROUP'S EXPOSURE TO FINANCIAL RISKS AND HOW THESE RISKS COULD AFFECT THE GROUP'S FUTURE FINANCIAL PERFORMANCE.

<b>RISK</b>	<b>EXPOSURE ARISING FROM</b>	<b>MEASUREMENT</b>	<b>MANAGEMENT</b>
MARKET RISK	- INVESTMENTS IN EQUITY SECURITIES - BORROWINGS - FOREIGN CURRENCY DENOMINATED FINANCIAL ASSETS AND LIABILITIES	SENSITIVITY ANALYSIS	PORTFOLIO DIVERSIFICATION
CREDIT RISK	- CASH AND CASH EQUIVALENTS - TRADE RECEIVABLES - FINANCE LEASE RECEIVABLES	- AGEING ANALYSIS - CREDIT RATINGS	DIVERSIFICATION OF BANK DEPOSITS, CREDIT LIMITS AND LETTERS OF CREDIT.
LIQUIDITY RISK	BORROWINGS AND OTHER LIABILITIES	ROLLING CASH FLOW FORECASTS	AVAILABILITY OF COMMITTED CREDIT LINES AND BORROWING FACILITIES.

**OBJECTIVES AND POLICIES**

THE GROUP'S PRINCIPAL FINANCIAL LIABILITIES COMPRISE PAYABLES AND OTHER LIABILITIES, DUE TO RELATED PARTIES, OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS AND LEASE LIABILITIES. THE MAIN PURPOSE OF THESE FINANCIAL LIABILITIES IS TO RAISE FINANCE FOR THE GROUP'S OPERATIONS. THE GROUP HAS VARIOUS FINANCIAL ASSETS SUCH AS CASH AND BANK BALANCES, RECEIVABLES, FINANCE LEASE RECEIVABLES, DUE FROM RELATED PARTIES, FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME WHICH ARISE DIRECTLY FROM ITS OPERATIONS.

THE MAIN RISKS ARISING FROM THE GROUP'S FINANCIAL INSTRUMENTS ARE MARKET RISK, CREDIT RISK, LIQUIDITY RISK, OPERATIONAL RISK, REAL ESTATE RISK AND OTHER RISKS. THE BOARD OF DIRECTORS REVIEWS AND AGREES POLICIES FOR MANAGING EACH OF THESE RISKS WHICH ARE SUMMARISED BELOW:

**MARKET RISK**

MARKET RISK IS THE RISK THAT CHANGES IN MARKET PRICES, SUCH AS PROFIT RATES, FOREIGN CURRENCY EXCHANGE RATES AND EQUITY PRICES WILL AFFECT THE GROUP'S PROFIT, EQUITY OR VALUE OF ITS HOLDING OF FINANCIAL INSTRUMENTS. THE OBJECTIVE OF MARKET RISK MANAGEMENT IS TO MANAGE AND CONTROL THE MARKET RISK EXPOSURE WITHIN ACCEPTABLE PARAMETERS, WHILE OPTIMIZING RETURN.

**(A) PROFIT RATE RISK**

THE GROUP'S FINANCIAL ASSETS AND LIABILITIES THAT ARE SUBJECT TO PROFIT RATE RISK COMPRISE BANK DEPOSITS, FINANCE LEASE RECEIVABLES, ISLAMIC FINANCING FACILITY EXTENDED TO A THIRD PARTY GROUP OF COMPANIES AND OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS. THE GROUP'S EXPOSURE TO THE RISK OF CHANGES IN MARKET PROFIT RATES RELATES PRIMARILY TO THE GROUP'S FINANCIAL ASSETS AND LIABILITIES WITH FLOATING PROFIT RATES.



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**47 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**MARKET RISK (CONTINUED)**

**(A) PROFIT RATE RISK (CONTINUED)**

THE GROUP MANAGES ITS PROFIT RATE RISK BY HAVING A BALANCED PORTFOLIO OF FIXED AND VARIABLE PROFIT RATE OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS AND FINANCE LEASE RECEIVABLE. NONE OF THE GROUP'S OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS ARE AT A FIXED RATE OF PROFIT (2018: NONE)

AT THE REPORTING DATE THE PROFIT RATE PROFILE OF THE GROUP'S PROFIT BEARING FINANCIAL INSTRUMENTS WAS:

	<i>CARRYING AMOUNTS</i>	
	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
<i>FLOATING PROFIT RATE INSTRUMENTS:</i>		
FINANCE LEASE RECEIVABLES	<b>103,770</b>	166,886
FIXED TERM DEPOSITS	<b>814,807</b>	872,310
FINANCIAL LIABILITIES - BORROWINGS	<b>(9,406,049)</b>	(7,925,280)

THE FOLLOWING TABLE DEMONSTRATES THE SENSITIVITY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS TO REASONABLY POSSIBLE CHANGES IN PROFIT RATES BY 25 BASIS POINTS (BPS), WITH ALL OTHER VARIABLES HELD CONSTANT. THE SENSITIVITY OF THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS IS THE EFFECT OF THE ASSUMED CHANGES IN PROFIT RATES FOR ONE YEAR, BASED ON THE FLOATING RATE FINANCIAL ASSETS AND FINANCIAL LIABILITIES HELD AT 31 DECEMBER. THE EFFECT OF DECREASE IN PROFIT RATES IS EXPECTED TO BE EQUAL AND OPPOSITE TO THE EFFECT OF THE INCREASE SHOWN.

	<i>PROFIT OR LOSS</i>
	<i>+/- 25 BPS</i>
	<i>QR'000</i>
<i>At 31 DECEMBER 2019</i>	<u><b>- / +23,051</b></u>
<i>At 31 DECEMBER 2018</i>	<u><b>- / +20,250</b></u>

**(B) FOREIGN CURRENCY RISK**

FOREIGN CURRENCY RISK IS THE RISK THAT THE FAIR VALUE OR FUTURE CASH FLOWS OF A FINANCIAL INSTRUMENT WILL FLUCTUATE BECAUSE OF CHANGES IN FOREIGN EXCHANGE RATES. THE GROUP'S EXPOSURE TO THE RISK OF CHANGES IN FOREIGN EXCHANGE RATES RELATES PRIMARILY TO THE GROUP'S OPERATING ACTIVITIES AND THE GROUP'S NET INVESTMENT IN FOREIGN SUBSIDIARIES.



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**47 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**MARKET RISK (CONTINUED)**

**(B) FOREIGN CURRENCY RISK (CONTINUED)**

THE GROUP HAD THE FOLLOWING NET EXPOSURE DENOMINATED IN FOREIGN CURRENCIES:

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>ASSETS</i>	<i>ASSETS</i>
	<i>(LIABILITIES)</i>	<i>(LIABILITIES)</i>
EURO	167	296
KWD	(17,195)	(17,274)
GBP	107,338	124,136
TRY	4,698	14,204
EGP	(7,138)	(5,727)
AED	(1,995)	(1,997)
SAR	(83,490)	(84,006)
USD	(6,341,114)	(6,831,083)

THE GROUP HAS LIMITED EXPOSURE TO FOREIGN EXCHANGE RISKS ARISING FROM BALANCES DOMINATED IN US DOLLARS AS THE QATARI RIYAL IS PEGGED TO THE US DOLLAR.

THE GROUP IS MAINLY EXPOSED TO THE CURRENCIES LISTED ABOVE. THE FOLLOWING TABLE DETAILS THE GROUP'S SENSITIVITY TO A 5% INCREASE AND DECREASE IN CURRENCY UNITS AGAINST THE RELEVANT FOREIGN CURRENCIES. 5% IS THE SENSITIVITY RATE USED WHEN REPORTING FOREIGN CURRENCY RISK INTERNALLY TO KEY MANAGEMENT PERSONNEL AND REPRESENTS MANAGEMENT'S ASSESSMENT OF THE REASONABLY POSSIBLE CHANGE IN FOREIGN EXCHANGE RATES. THE SENSITIVITY ANALYSIS INCLUDES ONLY OUTSTANDING FOREIGN CURRENCY DENOMINATED MONETARY ITEMS AND ADJUSTS THEIR TRANSLATION AT THE YEAR-END FOR A 5% CHANGE IN FOREIGN CURRENCY RATES.

THE SENSITIVITY ANALYSIS INCLUDES EXTERNAL LOANS AS WELL AS LOANS TO FOREIGN OPERATIONS WITHIN THE GROUP WHERE THE DENOMINATION OF THE LOAN IS IN A CURRENCY OTHER THAN THE CURRENCY OF THE LENDER OR THE BORROWER. A POSITIVE NUMBER BELOW INDICATES AN INCREASE IN PROFIT AND OTHER EQUITY WHERE CURRENCY UNITS STRENGTHENS 5% AGAINST THE RELEVANT CURRENCY. FOR A 5% WEAKENING OF CURRENCY UNITS AGAINST THE RELEVANT CURRENCY, THERE WOULD BE A COMPARABLE IMPACT ON THE PROFIT AND OTHER EQUITY, AND THE BALANCES BELOW WOULD BE NEGATIVE.

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>+/- 5%</i>	<i>+/- 5%</i>
EURO	8	15
KWD	(860)	(864)
GBP	5,367	6,207
TRY	235	710
EGP	(357)	(286)
AED	(100)	(100)
SAR	(4,175)	(4,200)
USD	(317,055)	(341,554)



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**47 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**MARKET RISK (CONTINUED)**

**(c) EQUITY PRICE RISK**

THE FOLLOWING TABLE DEMONSTRATES THE SENSITIVITY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND THE FAIR VALUE RESERVE TO REASONABLY POSSIBLE CHANGES IN QUOTED EQUITY SHARE PRICES, WITH ALL OTHER VARIABLES HELD CONSTANT. THE EFFECT OF DECREASE IN EQUITY PRICES IS EXPECTED TO BE EQUAL AND OPPOSITE TO THE EFFECT OF THE INCREASE SHOWN.

	<i>CHANGES IN MARKET INDICES</i>	<i>EFFECT ON PROFIT QR'000</i>	<i>EFFECT ON EQUITY QR'000</i>
<b>2019</b>			
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME — QUOTED	<b>+10%</b>	-	<b>8,213</b>
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	<b>+15%</b>	<b>4,593</b>	<b>4,593</b>
<b>2018</b>			
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME — QUOTED	+10%	-	8,322
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	+15%	4,181	4,181

THE GROUP ALSO HAS UNQUOTED INVESTMENTS CARRIED AT COST WHERE THE IMPACT OF CHANGES IN EQUITY PRICES WILL ONLY BE REFLECTED WHEN THE INVESTMENT IS SOLD OR DEEMED TO BE IMPAIRED AND WHEN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS WILL BE IMPACTED.



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**47 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**CREDIT RISK**

CREDIT RISK IS THE RISK THAT ONE PARTY TO A FINANCIAL INSTRUMENT WILL FAIL TO DISCHARGE AN OBLIGATION AND CAUSE THE OTHER PARTY TO INCUR A FINANCIAL LOSS. THE GROUP'S EXPOSURE TO CREDIT RISK IS AS INDICATED BY THE CARRYING AMOUNT OF ITS ASSETS WHICH CONSISTED PRINCIPALLY OF BANK BALANCES, RECEIVABLES, FINANCE LEASE RECEIVABLES, DUE FROM RELATED PARTIES.

WITH RESPECT TO CREDIT RISK ARISING FROM THE OTHER FINANCIAL ASSETS OF THE GROUP, THE GROUP'S EXPOSURE TO CREDIT RISK ARISES FROM DEFAULT OF THE COUNTERPARTY WITH A MAXIMUM EXPOSURE EQUAL TO THE CARRYING AMOUNT OF THESE INSTRUMENTS ARE AS FOLLOWS:

	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>
BANK BALANCES	1,257,197	1,349,756
RECEIVABLES	519,704	465,688
FINANCE LEASE RECEIVABLES	103,770	166,886
DUE FROM RELATED PARTIES	208,184	227,484
	<b>2,088,855</b>	<b>2,209,814</b>

THE MAXIMUM EXPOSURE TO CREDIT RISK AT THE REPORTING DATE BY GEOGRAPHIC REGION WAS AS FOLLOWS:

	<i>CARRYING AMOUNTS</i>				
	<i>DOMESTIC</i>	<i>OTHER GCC</i>	<i>EUROPEAN</i>	<i>NORTH</i>	<i>TOTAL</i>
	<i>QR'000</i>	<i>COUNTRIES</i>	<i>COUNTRIES</i>	<i>AFRICA</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>2019</i>					
BANK BALANCES	1,168,123	49,015	33,554	6,505	1,257,197
RECEIVABLES	490,013	13,882	11,284	4,525	519,704
FINANCE LEASE RECEIVABLES	103,770	-	-	-	103,770
DUE FROM RELATED PARTIES	207,747	6	-	431	208,184
	<b>1,969,653</b>	<b>62,903</b>	<b>44,838</b>	<b>11,461</b>	<b>2,088,855</b>

	<i>CARRYING AMOUNTS</i>				
	<i>DOMESTIC</i>	<i>OTHER GCC</i>	<i>EUROPEAN</i>	<i>NORTH</i>	<i>TOTAL</i>
	<i>QR'000</i>	<i>COUNTRIES</i>	<i>COUNTRIES</i>	<i>AFRICA</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>2018</i>					
BANK BALANCES	1,279,417	28,758	36,960	4,621	1,349,756
RECEIVABLES	412,446	41,337	7,362	4,543	465,688
FINANCE LEASE RECEIVABLES	166,886	-	-	-	166,886
DUE FROM RELATED PARTIES	227,478	6	-	-	227,484
	<b>2,086,227</b>	<b>70,101</b>	<b>44,322</b>	<b>9,164</b>	<b>2,209,814</b>

THE GROUP MONITORS ITS EXPOSURE TO CREDIT RISK ON AN ON-GOING BASIS AND BASED ON THE MANAGEMENT'S ASSESSMENT AND HISTORIC DEFAULT RATES, THE GROUP BELIEVES THAT IMPAIRMENT ALLOWANCE OF QR 213,977 THOUSAND (2018: QR 201,116 THOUSAND) IS SUFFICIENT AGAINST FINANCIAL ASSETS AS AT THE REPORTING DATE. FINANCIAL ASSETS INCLUDE CERTAIN BALANCES THAT ARE OVERDUE BUT IN MANAGEMENT'S VIEW ARE NOT IMPAIRED AS AT THE REPORTING DATE.





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**47 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**CREDIT RISK (CONTINUED)**

THE GROUP REDUCES THE EXPOSURE OF CREDIT RISK ARISING FROM BANK BALANCES BY MAINTAINING BANK ACCOUNTS IN REPUTED BANKS. 93% (2018: 95%) OF BANK BALANCES REPRESENTS BALANCES MAINTAINED WITH LOCAL BANKS IN QATAR WITH A GOOD RATING.

**CREDIT QUALITY OF FINANCIAL ASSETS**

SINCE TRADE AND OTHER RECEIVABLES AND DUE FROM RELATED PARTIES HAVE NO EXTERNAL RATING AVAILABLE AND THERE IS NO FORMAL INTERNAL CREDIT RATING ESTABLISHED BY THE GROUP, SO THE CREDIT QUALITY OF THESE FINANCIAL ASSETS CANNOT BE DISCLOSED BY THE MANAGEMENT.

THE GROUP APPLIES THE IFRS 9 SIMPLIFIED APPROACH TO MEASURING EXPECTED CREDIT LOSSES WHICH USES A LIFETIME EXPECTED LOSS ALLOWANCE FOR ALL TRADE RECEIVABLES AND OTHER RECEIVABLES AS WELL AS FINANCE LEASE RECEIVABLES.

TO MEASURE THE EXPECTED CREDIT LOSSES, TRADE RECEIVABLES HAVE BEEN GROUPED BASED ON SHARED CREDIT RISK CHARACTERISTICS AND THE DAYS PAST DUE.

AS AT 31 DECEMBER 2019, 93% OF THE TOTAL FINANCE LEASE RECEIVABLES BALANCE (2018: 94%) IS DUE FROM A SINGLE CUSTOMER WHO IS A GOVERNMENT RELATED ENTITY.

TO ASSESS THE CREDIT RISK FOR ITS MAIN CUSTOMERS, THE GROUP USUALLY REFERS TO EXTERNAL CREDIT RATING AGENCIES (E.G. MOODY'S, S&P, FITCH RATINGS), IF AVAILABLE, TO ASSESS THE PROBABILITY OF DEFAULT FOR THESE CUSTOMERS. GOVERNMENTAL INSTITUTIONS AND THE EXTERNALLY RATED INSTITUTIONS WITHIN CATEGORY A AND B CREDIT RATINGS CONSTITUTES OF 33% OF THE TOTAL TRADE RECEIVABLE BALANCE AS OF 31 DECEMBER 2019 (2018: 37%)

THE CREDIT QUALITY OF FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED IS ASSESSED BY REFERENCE TO HISTORICAL INFORMATION. CREDIT RISK FROM BALANCES WITH BANKS IS MANAGED BY THE FINANCE DEPARTMENT OF THE GROUP IN ACCORDANCE WITH THE GROUP'S POLICY. THE EXTERNAL CREDIT RATINGS OF THE BANKS ARE AS FOLLOWS:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
A+	675,519	743,565
A1	200,802	-
A	337,963	217,612
AA3	-	316,040
OTHERS	42,913	72,539
<b>TOTAL</b>	<b>1,257,197</b>	<b>1,349,756</b>

**LIQUIDITY RISK**

LIQUIDITY RISK IS THE RISK THAT THE GROUP WILL NOT BE ABLE TO MEET ITS FINANCIAL OBLIGATIONS AS THEY FALL DUE. THE GROUP'S APPROACH TO MANAGING LIQUIDITY RISK IS TO ENSURE, AS FAR AS POSSIBLE, THAT IT WILL ALWAYS HAVE SUFFICIENT LIQUIDITY TO MEET ITS LIABILITIES WHEN DUE, UNDER BOTH NORMAL AND STRESSED CONDITIONS, WITHOUT INCURRING UNACCEPTABLE LOSSES OR RISKING DAMAGE TO THE GROUP'S REPUTATION.

THE GROUP'S OBJECTIVE IS TO MAINTAIN A BALANCE BETWEEN CONTINUITY OF FUNDING AND FLEXIBILITY THROUGH THE USE OF GROUP'S OWN RESERVES AND BANK FACILITIES. THE GROUP'S TERMS OF REVENUE REQUIRE AMOUNTS TO BE COLLECTED WITHIN 30 DAYS FROM THE INVOICED DATE.



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**47 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**LIQUIDITY RISK (CONTINUED)**

THE TABLE BELOW SUMMARIZES THE MATURITY PROFILE OF THE GROUP'S UNDISCOUNTED FINANCIAL LIABILITIES AT 31 DECEMBER BASED ON CONTRACTUAL PAYMENT DATES AND CURRENT MARKET PROFIT RATES:

	<i>CONTRACTUAL</i>					
	<i>CARRYING AMOUNTS</i>	<i>CASH OUT FLOWS</i>	<i>LESS THAN 1 YEAR</i>	<i>1- 2 YEARS</i>	<i>2 - 5 YEARS</i>	<i>MORE THAN 5 YEARS</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>
<b>2019</b>						
<b>PAYABLES AND OTHER LIABILITIES</b>						
END OF SERVICE BENEFITS	1,602,856	1,692,870	1,149,017	190,253	270,000	83,600
DUE TO RELATED PARTIES	101,494	101,494	-	-	101,494	-
LEASE LIABILITIES	314,174	314,174	313,595	579	-	-
	332,547	498,517	76,208	68,055	90,056	264,198
<b>OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS</b>						
	9,406,049	11,070,457	1,633,983	2,691,988	4,958,972	1,785,514
	<b>11,757,120</b>	<b>13,677,512</b>	<b>3,172,803</b>	<b>2,950,875</b>	<b>5,420,522</b>	<b>2,133,312</b>
<b>2018</b>						
<b>PAYABLES AND OTHER LIABILITIES</b>						
END OF SERVICE BENEFITS	2,317,770	2,438,457	1,675,703	319,154	270,000	173,600
DUE TO RELATED PARTIES	109,814	109,814	-	-	109,814	-
OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS	320,845	320,845	320,266	579	-	-
	7,925,280	9,730,999	1,066,176	1,553,139	5,356,281	1,755,403
	<b>10,673,709</b>	<b>12,600,115</b>	<b>3,062,145</b>	<b>1,872,872</b>	<b>5,736,095</b>	<b>1,929,003</b>

**FINANCIAL INSTRUMENTS:**

**FINANCIAL INSTRUMENTS BY CATEGORY**

	<b>FINANCIAL ASSETS</b>	<b>FINANCIAL ASSETS</b>
	<b>2019</b>	<b>2018</b>
	<b>QR'000</b>	<b>QR'000</b>
<b>ASSETS AS PER CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
TRADE AND OTHER RECEIVABLES (EXCLUDING PREPAYMENTS)	519,704	465,688
FINANCE LEASE RECEIVABLES	103,770	166,886
DUE FROM RELATED PARTIES	208,184	227,484
CASH AND BANK BALANCES (EXCLUDING CASH ON HAND)	1,257,197	1,349,756
	<b>2,088,855</b>	<b>2,209,814</b>



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**47 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**LIQUIDITY RISK (CONTINUED)**

**FINANCIAL INSTRUMENTS: (CONTINUED)**

	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME 2019 QR'000</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE 2018 QR'000</b>
<b>ASSETS AS PER CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	<b>131,928</b>	<b>138,576</b>
	<b>131,928</b>	<b>138,576</b>
	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS 2019 QR'000</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS 2018 QR'000</b>
<b>ASSETS AS PER CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	<b>30,619</b>	<b>27,870</b>
	<b>30,619</b>	<b>27,870</b>
	<b>OTHER FINANCIAL LIABILITIES AT AMORTISED COST 2019 QR'000</b>	<b>OTHER FINANCIAL LIABILITIES AT AMORTISED COST 2018 QR'000</b>
<b>LIABILITIES AS PER CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
TRADE AND OTHER PAYABLES EXCLUDING NON-FINANCIAL LIABILITIES	<b>(1,704,351)</b>	<b>(2,427,584)</b>
DUE TO RELATED PARTIES	<b>(314,174)</b>	<b>(320,845)</b>
OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS	<b>(9,406,049)</b>	<b>(7,925,280)</b>
	<b>(11,424,574)</b>	<b>(10,673,709)</b>



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**47 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**OPERATIONAL RISK**

OPERATIONAL RISK IS THE RISK OF DIRECT OR INDIRECT LOSS ARISING FROM A GROUP OF CAUSES ASSOCIATED WITH THE GROUP'S PROCESSES, PERSONNEL, TECHNOLOGY AND INFRASTRUCTURE, AND FROM EXTERNAL FACTORS OTHER THAN MARKET, CREDIT AND LIQUIDITY RISKS SUCH AS THOSE ARISING FROM GENERALLY ACCEPTED STANDARDS OF CORPORATE BEHAVIOR. OPERATIONAL RISKS ARISE FROM ALL OF THE GROUP'S OPERATIONS.

THE GROUP'S OBJECTIVE IS TO MANAGE OPERATIONAL RISK SO AS TO BALANCE THE AVOIDANCE OF FINANCIAL LOSSES AND DAMAGE TO THE GROUP'S REPUTATION WITH OVERALL COST EFFECTIVENESS AND TO AVOID CONTROL PROCEDURES THAT RESTRICT INITIATIVE AND CREATIVITY.

THE PRIMARY RESPONSIBILITY FOR THE DEVELOPMENT AND IMPLEMENTATION OF CONTROLS TO ADDRESS OPERATIONAL RISK IS ASSIGNED TO SENIOR MANAGEMENT WITHIN EACH DEPARTMENT. THIS RESPONSIBILITY IS SUPPORTED BY THE DEVELOPMENT OF OVERALL GROUP STANDARDS FOR THE MANAGEMENT OF OPERATIONAL RISK IN THE FOLLOWING AREAS:

- REQUIREMENTS FOR APPROPRIATE SEGREGATION OF DUTIES, INCLUDING THE INDEPENDENT AUTHORISATION OF TRANSACTIONS.
- REQUIREMENTS FOR THE RECONCILIATION AND MONITORING OF TRANSACTIONS.
- COMPLIANCE WITH REGULATORY AND OTHER LEGAL REQUIREMENTS AND DOCUMENTATION OF CONTROLS AND PROCEDURES.
- REQUIREMENTS FOR THE PERIODIC ASSESSMENT OF OPERATIONAL RISKS FACED, AND THE ADEQUACY OF CONTROLS AND PROCEDURES TO ADDRESS THE RISKS IDENTIFIED.
- REQUIREMENTS FOR THE REPORTING OF OPERATIONAL LOSSES AND PROPOSED REMEDIAL ACTION.
- DEVELOPMENT OF CONTINGENCY PLANS.
- TRAINING AND PROFESSIONAL DEVELOPMENT.
- ETHICAL AND BUSINESS STANDARDS.
- RISK MITIGATION, INCLUDING CASUALTY INSURANCE OF ASSETS AND AGAINST EMBEZZLEMENT, WHERE THIS IS EFFECTIVE.

**REAL ESTATE RISK**

THE GROUP HAS IDENTIFIED THE FOLLOWING RISKS ASSOCIATED WITH THE REAL ESTATE PORTFOLIO:

- THE COST OF THE DEVELOPMENT SCHEMES MAY INCREASE IF THERE ARE DELAYS IN THE PLANNING PROCESS. THE GROUP USES ITS OWN RESOURCES IN THE DEVELOPMENT OF MOST OF ITS PROJECTS, WHICH EMPLOY EXPERTS IN THE SPECIFIC PLANNING REQUIREMENTS IN THE SCHEME'S LOCATION IN ORDER TO REDUCE THE RISKS THAT MAY ARISE IN THE PLANNING PROCESS, AND UTILIZES THE ACCUMULATED EXPERIENCE IN CONTRACTING FOR THE PURPOSE OF REDUCING DEVELOPMENT COSTS AS COMPARED TO THE RELEVANT MARKET.
- A MAJOR TENANT MAY BECOME INSOLVENT CAUSING A SIGNIFICANT LOSS OF RENTAL INCOME AND A REDUCTION IN THE VALUE OF THE ASSOCIATED PROPERTY (SEE ALSO CREDIT RISK). TO REDUCE THIS RISK, THE GROUP REVIEWS THE FINANCIAL STATUS OF ALL PROSPECTIVE MAJOR TENANTS AND DECIDES ON THE APPROPRIATE LEVEL OF SECURITY REQUIRED VIA RENTAL DEPOSITS OR GUARANTEES.
- THE EXPOSURE OF THE FAIR VALUES OF THE PORTFOLIO TO MARKET AND OCCUPIER FUNDAMENTALS.

**OTHER RISKS**

OTHER RISKS TO WHICH THE GROUP IS EXPOSED ARE REGULATORY RISK, LEGAL RISK, AND REPUTATIONAL RISK. REGULATORY RISK IS CONTROLLED THROUGH A FRAMEWORK OF COMPLIANCE POLICIES AND PROCEDURES. LEGAL RISK IS MANAGED THROUGH THE EFFECTIVE USE OF INTERNAL AND EXTERNAL LEGAL ADVISORS. REPUTATIONAL RISK IS CONTROLLED THROUGH THE REGULAR EXAMINATION OF ISSUES THAT ARE CONSIDERED TO HAVE REPUTATIONAL REPERCUSSIONS FOR THE GROUP, WITH GUIDELINES AND POLICIES BEING ISSUED AS APPROPRIATE.



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**47 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**CAPITAL MANAGEMENT**

THE BOARD'S POLICY IS TO MAINTAIN A STRONG CAPITAL BASE SO AS TO MAINTAIN INVESTOR, CREDITOR AND MARKET CONFIDENCE AND TO SUSTAIN FUTURE DEVELOPMENT OF THE BUSINESS. CAPITAL CONSISTS OF SHARE CAPITAL, TREASURY SHARES, OTHER RESERVES, GENERAL RESERVE AND RETAINED EARNINGS OF THE GROUP. THE BOARD OF DIRECTORS MONITORS THE RETURN ON CAPITAL, WHICH THE GROUP DEFINES AS NET OPERATING INCOME DIVIDED BY TOTAL SHAREHOLDERS' EQUITY. THE BOARD OF DIRECTORS ALSO MONITORS THE LEVEL OF DIVIDENDS TO THE SHAREHOLDERS.

*THE GROUP'S MAIN OBJECTIVES WHEN MANAGING CAPITAL ARE:*

- TO SAFEGUARD THE GROUP'S ABILITY TO CONTINUE AS A GOING CONCERN, SO THAT IT CAN CONTINUE TO PROVIDE RETURNS FOR SHAREHOLDERS AND BENEFITS FOR OTHER STAKEHOLDERS;
- TO PROVIDE AN ADEQUATE RETURN TO SHAREHOLDERS BY PRICING PRODUCTS AND SERVICES COMMENSURATELY WITH THE LEVEL OF RISK; AND
- TO REMAIN WITHIN THE GROUP'S QUANTITATIVE BANKING COVENANTS AND MAINTAIN GOOD RISK GRADE.

FURTHER, THE BOARD SEEKS TO MAINTAIN A BALANCE BETWEEN HIGHER TARGETED RETURNS THAT MIGHT BE POSSIBLE WITH HIGHER LEVELS OF FINANCING, AND THE ADVANTAGES AND SECURITY AFFORDED BY THE STRONG CAPITAL POSITION OF THE GROUP.

THE GROUP'S NET DEBT TO EQUITY RATIO AT THE REPORTING DATE WAS AS FOLLOWS:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
FINANCE COST BEARING DEBTS	<b>9,406,049</b>	7,925,280
LESS: CASH AND BANK BALANCES	<b>(1,254,716)</b>	(1,347,332)
NET DEBT	<b>8,151,333</b>	6,577,948
TOTAL EQUITY (EXCLUDING LEGAL RESERVE & NON-CONTROLLING INTERESTS)	<b>17,910,581</b>	17,551,525
<b>NET DEBT TO EQUITY RATIO AT 31 DECEMBER</b>	<b>45.51%</b>	37.48%



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**48 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

THE PREPARATION OF FINANCIAL STATEMENTS REQUIRES THE USE OF ACCOUNTING ESTIMATES WHICH, BY DEFINITION, WILL SELDOM EQUAL THE ACTUAL RESULTS. MANAGEMENT ALSO NEEDS TO EXERCISE JUDGMENT IN APPLYING THE GROUP'S ACCOUNTING POLICIES.

THIS NOTE PROVIDES AN OVERVIEW OF THE AREAS THAT INVOLVED A HIGHER DEGREE OF JUDGEMENT OR COMPLEXITY, AND OF ITEMS WHICH ARE MORE LIKELY TO BE MATERIALLY ADJUSTED DUE TO ESTIMATES AND ASSUMPTIONS TURNING OUT TO BE WRONG. DETAILED INFORMATION ABOUT EACH OF THESE ESTIMATES AND JUDGEMENTS TOGETHER WITH INFORMATION ABOUT THE BASIS OF CALCULATION FOR EACH AFFECTED LINE ITEM ARE INCLUDED IN THESE CONSOLIDATED FINANCIAL STATEMENTS.

IN THE PROCESS OF APPLYING THE GROUP'S ACCOUNTING POLICIES, MANAGEMENT HAS MADE THE FOLLOWING JUDGEMENTS, WHICH HAVE THE MOST SIGNIFICANT EFFECT ON THE AMOUNTS RECOGNISED IN THE CONSOLIDATED FINANCIAL STATEMENTS:

- ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES – NOTE 12
- ESTIMATION OF NET REALIZABLE VALUE FOR TRADING PROPERTIES - NOTE 7
- ESTIMATION OF CURRENT TAX PAYABLE AND CURRENT TAX EXPENSE – NOTE 17
- ESTIMATED USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT – NOTE 13
- ESTIMATED FAIR VALUE OF CERTAIN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME- NOTE 10
- ESTIMATION OF DEFINED BENEFIT PENSION OBLIGATION – NOTE 20
- RECOGNITION OF REVENUE – NOTE 7 & NOTE 12
- RECOGNITION OF DEFERRED TAX ASSET FOR CARRIED FORWARD TAX LOSSES – NOTE 17
- IMPAIRMENT OF RECEIVABLES – NOTE 6
- IMPAIRMENT OF DUE FROM RELATED PARTIES – NOTE 9
- IMPAIRMENT OF RIGHT-OF-USE ASSETS – NOTE 14
- IMPAIRMENT OF ASSOCIATES – NOTE 15
- IMPAIRMENT OF GOODWILL – NOTE 16
- IMPAIRMENT OF FINANCE LEASE RECEIVABLES – NOTE 8
- IMPAIRMENT OF NON FINANCIAL ASSETS (I)
- CONSOLIDATION DECISIONS AND CLASSIFICATION OF JOINT ARRANGEMENTS – NOTE 44
- CLASSIFICATION OF PROPERTY – NOTE 7, NOTE 12 & NOTE 13
- DETERMINING THE LEASE TERM – NOTE 14
- DISCOUNTING OF LEASE PAYMENTS – NOTE 14

ESTIMATES AND JUDGEMENTS ARE CONTINUALLY EVALUATED. THEY ARE BASED ON HISTORICAL EXPERIENCE AND OTHER FACTORS, INCLUDING EXPECTATIONS OF FUTURE EVENTS THAT MAY HAVE A FINANCIAL IMPACT ON THE ENTITY AND THAT ARE BELIEVED TO BE REASONABLE UNDER THE CIRCUMSTANCES.

**(I) IMPAIRMENT OF NON FINANCIAL ASSETS**

THE GROUP ASSESSES WHETHER THERE ARE ANY INDICATORS OF IMPAIRMENT FOR ALL NON FINANCIAL ASSETS AT EACH REPORTING DATE. GOODWILL EMBEDDED IN THE COST OF ACQUISITION OF SUBSIDIARIES ARE TESTED FOR IMPAIRMENT ANNUALLY AND AT OTHER TIMES WHEN SUCH INDICATORS EXIST. OTHER NON FINANCIAL ASSETS ARE TESTED FOR IMPAIRMENT WHEN THERE ARE INDICATORS THAT THE CARRYING AMOUNTS MAY NOT BE RECOVERABLE. WHEN VALUE IN USE CALCULATIONS ARE UNDERTAKEN, MANAGEMENT ESTIMATES THE EXPECTED FUTURE CASH FLOWS FROM THE ASSET OR CASH GENERATING UNIT AND CHOOSE A SUITABLE DISCOUNT RATE IN ORDER TO CALCULATE THE PRESENT VALUE OF THOSE CASH FLOWS.





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**48 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY  
(CONTINUED)**

**KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS:**

THE CALCULATION OF VALUE IN USE FOR CASH GENERATING UNITS RELATING TO REAL ESTATE PROJECTS ARE MOST SENSITIVE TO THE FOLLOWING ASSUMPTIONS:

**GROSS MARGIN**

GROSS MARGINS ARE BASED ON AVERAGE VALUES ACHIEVED IN THE PERIOD PRECEDING THE START OF THE BUDGET PERIOD. THESE ARE INCREASED OVER THE BUDGET PERIOD FOR ANTICIPATED EFFICIENCY IMPROVEMENTS.

**DISCOUNT RATES**

DISCOUNT RATES REPRESENT THE CURRENT MARKET ASSESSMENT OF THE RISKS SPECIFIC TO EACH CASH GENERATING UNIT, REGARDING THE TIME VALUE OF MONEY AND INDIVIDUAL RISKS OF THE UNDERLYING ASSETS WHICH HAVE NOT BEEN INCORPORATED IN THE CASH FLOW ESTIMATES. THE DISCOUNT RATE CALCULATION IS BASED ON THE SPECIFIC CIRCUMSTANCES OF THE GROUP AND ITS OPERATING SEGMENTS AND DERIVED FROM ITS WEIGHTED AVERAGE COST OF CAPITAL (WACC). THE WACC TAKES INTO ACCOUNT BOTH DEBT AND EQUITY. THE COST OF EQUITY IS DERIVED FROM THE EXPECTED RETURN ON INVESTMENT BY THE GROUP'S INVESTORS. THE COST OF DEBT IS BASED ON THE PROFIT BEARING ISLAMIC FINANCING, THE GROUP IS OBLIGED TO SERVICE. SEGMENT-SPECIFIC RISK IS INCORPORATED BY APPLYING INDIVIDUAL BETA FACTORS. THE BETA FACTORS ARE EVALUATED ANNUALLY BASED ON PUBLICLY AVAILABLE MARKET DATA.

**GROWTH RATE**

GROWTH RATE IS USED TO EXTRAPOLATE CASH FLOWS BEYOND THE BUDGET PERIOD.



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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES**

**49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

*[A] NEW AND AMENDED STANDARDS APPLICABLE TO THE GROUP WITH EFFECT FROM 1 JANUARY 2019 WERE AS FOLLOWS:*

**IFRS 16 – LEASES**

**A) IFRS 16 - LEASES – IMPACT OF ADOPTION**

THE GROUP ADOPTED IFRS 16 ‘LEASES’ WHICH REPLACED THE EXISTING GUIDANCE ON LEASES, INCLUDING IAS 17 ‘LEASES’, IFRIC 4 ‘DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE’, SIC 15 ‘OPERATING LEASES – INCENTIVES’ AND SIC 27 ‘EVALUATING THE SUBSTANCE OF TRANSACTIONS IN THE LEGAL FORM OF A LEASE’.

IFRS 16 WAS ISSUED IN JANUARY 2016 AND IS EFFECTIVE FOR ANNUAL PERIODS COMMENCING ON OR AFTER 1 JANUARY 2019. IFRS 16 STIPULATES THAT ALL LEASES AND THE ASSOCIATED CONTRACTUAL RIGHTS AND OBLIGATIONS SHOULD GENERALLY BE RECOGNIZED IN THE GROUP’S STATEMENT OF FINANCIAL POSITION, UNLESS THE TERM IS 12 MONTHS OR LESS OR THE LEASE IS OF A LOW VALUE. THUS, THE CLASSIFICATION REQUIRED UNDER IAS 17 “LEASES” AS OPERATING OR FINANCE LEASES IS ELIMINATED FOR LESSEES. FOR EACH LEASE, THE LESSEE RECOGNIZES A LIABILITY FOR THE LEASE OBLIGATIONS INCURRED IN THE FUTURE. CORRESPONDINGLY, A RIGHT TO USE THE LEASED ASSET IS CAPITALIZED, WHICH IS GENERALLY EQUIVALENT TO THE PRESENT VALUE OF THE FUTURE LEASE PAYMENTS PLUS DIRECTLY ATTRIBUTABLE COSTS AND WHICH IS AMORTIZED OVER THE REMAINING LEASE PERIOD.



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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**IFRS 16 – LEASES (CONTINUED)**

THE GROUP HAS OPTED TO APPLY THE MODIFIED APPROACH AND DID NOT RESTATE COMPARATIVE AMOUNTS FOR THE YEAR PRIOR TO FIRST TIME ADOPTION, AS PERMITTED BY IFRS 16 UPON ADOPTION OF THE NEW STANDARD. DURING THE FIRST TIME APPLICATION OF IFRS 16 TO OPERATING LEASES, THE RIGHT TO USE THE LEASED ASSETS WAS MEASURED AT THE AMOUNT OF LEASE LIABILITY, USING THE INCREMENTAL BORROWING RATE AT THE TIME OF FIRST TIME APPLICATION. IFRS 16 TRANSITION DISCLOSURES ALSO REQUIRE THE GROUP TO PRESENT THE RECONCILIATION. THE OFF-BALANCE SHEET LEASE OBLIGATIONS AS OF 31 DECEMBER 2018 ARE RECONCILED AS FOLLOWS TO THE RECOGNIZED LEASE LIABILITIES AT 1ST JANUARY 2019:

	QR'000
<b>OPERATING LEASE COMMITMENTS DISCLOSED AS OF DECEMBER 31, 2018</b>	494,534
<b>LESS:</b> AMOUNT DISCOUNTED USING THE LESSEE'S INCREMENTAL BORROWING RATE AT THE DATE OF INITIAL APPLICATION	(115,469)
<b>LESS:</b> SHORT TERM LEASES RECOGNISED ON A STRAIGHT LINE BASIS AS EXPENSE	(16,913)
LEASE LIABILITY RECOGNISED AS AT JANUARY 1, 2019	<u>362,152</u>
WHICH WERE CLASSIFIED AS FOLLOWS:	
CURRENT LEASE LIABILITIES	38,214
NON-CURRENT LEASE LIABILITIES	<u>323,938</u>
	<u><u>362,152</u></u>

OTHER RIGHT-OF-USE ASSETS WERE MEASURED AT THE AMOUNT EQUAL TO THE LEASE LIABILITY, ADJUSTED FOR THE AMOUNT OF ANY PREPAID OR ACCRUED LEASE PAYMENTS RELATING TO THAT LEASE RECOGNISED IN THE BALANCE SHEET AS AT 31 DECEMBER 2018. THERE WERE NO ONEROUS LEASE CONTRACTS THAT WOULD HAVE REQUIRED AN ADJUSTMENT TO THE RIGHT-OF-USE ASSETS AT THE DATE OF INITIAL APPLICATION.

THE RIGHT-OF-USE ASSETS MOVEMENTS DURING THE YEAR WERE AS FOLLOWS :

	<i>As At</i>
	<i>31 DECEMBER 2019</i>
	<i>QR'000</i>
INITIAL ADOPTION OF IFRS 16	134,020
MODIFICATION	(26,412)
AMORTISATION OF RIGHT-OF-USE ASSETS (NOTE 14)	(34,931)
	<u>72,677</u>

THE CHANGE IN ACCOUNTING POLICY AFFECTED THE FOLLOWING ITEMS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION ON 1ST JANUARY 2019:

- INVESTMENT PROPERTIES – INCREASED BY QR 228,076 THOUSAND.
- RIGHT-OF-USE ASSETS – INCREASED BY QR 134,020 THOUSAND.
- LEASE LIABILITIES – INCREASED BY QR 362,152 THOUSAND.



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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**IFRS 16 – LEASES (CONTINUED)**

THE CHANGE IN ACCOUNTING POLICY AFFECTED THE FOLLOWING ITEMS IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS :

	<i>2019</i>
	QR'000
AMORTISATION OF RIGHT-OF-USE ASSETS	34,931
FINANCE COST	14,633
<b>LOSS FOR THE YEAR</b>	<b>49,564</b>

THERE WAS NO IMPACT ON THE RETAINED EARNINGS AT 1 JANUARY 2019.

PRACTICAL EXPEDIENT

IN APPLYING IFRS 16 FOR THE FIRST TIME, THE GROUP HAS USED THE FOLLOWING PRACTICAL EXPEDIENTS PERMITTED BY THE STANDARD:

- THE USE OF A SINGLE DISCOUNT RATE TO A PORTFOLIO OF LEASES WITH REASONABLY SIMILAR CHARACTERISTICS
- RELIANCE ON PREVIOUS ASSESSMENTS ON WHETHER LEASES ARE ONEROUS
- THE ACCOUNTING FOR OPERATING LEASES WITH A REMAINING LEASE TERM OF LESS THAN 12 MONTHS AS AT 1 JANUARY 2019 AS SHORT-TERM LEASES
- THE EXCLUSION OF INITIAL DIRECT COSTS FOR THE MEASUREMENT OF THE RIGHT-OF-USE ASSET AT THE DATE OF INITIAL APPLICATION, AND
- THE USE OF HINDSIGHT IN DETERMINING THE LEASE TERM WHERE THE CONTRACT CONTAINS OPTIONS TO EXTEND OR TERMINATE THE LEASE, IF ANY.

ADJUSTED EBITDA, SEGMENT ASSETS AND SEGMENT LIABILITIES AS AT 31 DECEMBER 2019 HAVE INCREASED AS A RESULT OF THE CHANGE IN ACCOUNTING POLICY. LEASE LIABILITIES ARE NOW INCLUDED IN SEGMENT LIABILITIES, WHEREAS LEASE LIABILITIES WERE PREVIOUSLY EXCLUDED FROM SEGMENT LIABILITIES. THE FOLLOWING SEGMENTS HAVE BEEN AFFECTED BY THE CHANGE IN POLICY:

	EBITDA	SEGMENT	SEGMENT
	QR'000	ASSETS	LIABILITIES
		QR'000	QR'000
RIGHT OF USE ASSETS	-	72,677	74,377
INVESTMENT PROPERTIES	-	-	258,170
UNWINDING OF DEFERRED FINANCE COST - LEASE LIABILITY	14,633	-	-
AMORTISATION OF RIGHT-OF-USE ASSETS	34,931	-	-
	<b>49,564</b>	<b>72,677</b>	<b>332,547</b>

UNDER IFRS 16, AN INTERMEDIATE LESSOR ACCOUNTS FOR THE HEAD LEASE AND THE SUBLEASE AS TWO SEPARATE CONTRACTS. THE INTERMEDIATE LESSOR IS REQUIRED TO CLASSIFY THE SUBLEASE AS A FINANCE OR OPERATING LEASE BY REFERENCE TO THE RIGHT-OF USE ASSET ARISING FROM THE HEAD LEASE (AND NOT BY REFERENCE TO THE UNDERLYING ASSET AS WAS THE CASE UNDER IAS 17).



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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**IFRS 16 – LEASES (CONTINUED)**

**POLICIES APPLICABLE FROM 1 JANUARY 2019**

*THE GROUP AS A LESSEE*

THE GROUP ASSESSES WHETHER A CONTRACT IS OR CONTAINS A LEASE, AT INCEPTION OF THE CONTRACT. THE GROUP RECOGNISES A RIGHT-OF-USE ASSET AND A CORRESPONDING LEASE LIABILITY WITH RESPECT TO ALL LEASE ARRANGEMENTS IN WHICH IT IS THE LESSEE, EXCEPT FOR SHORT-TERM LEASES (DEFINED AS LEASES WITH A LEASE TERM OF 12 MONTHS OR LESS) AND LEASES OF LOW VALUE ASSETS (SUCH AS TABLETS AND PERSONAL COMPUTERS, SMALL ITEMS OF OFFICE FURNITURE AND TELEPHONES). FOR THESE LEASES, THE GROUP RECOGNISES THE LEASE PAYMENTS AS AN OPERATING EXPENSE ON A STRAIGHT-LINE BASIS OVER THE TERM OF THE LEASE UNLESS ANOTHER SYSTEMATIC BASIS IS MORE REPRESENTATIVE OF THE TIME PATTERN IN WHICH ECONOMIC BENEFITS FROM THE LEASED ASSETS ARE CONSUMED.

THE LEASE LIABILITY IS INITIALLY MEASURED AT THE PRESENT VALUE OF THE LEASE PAYMENTS THAT ARE NOT PAID AT THE COMMENCEMENT DATE, DISCOUNTED BY USING THE RATE IMPLICIT IN THE LEASE. IF THIS RATE CANNOT BE READILY DETERMINED, THE LESSEE USES ITS INCREMENTAL BORROWING RATE.

LEASE PAYMENTS INCLUDED IN THE MEASUREMENT OF THE LEASE LIABILITY COMPRISE:

- FIXED LEASE PAYMENTS (INCLUDING IN-SUBSTANCE FIXED PAYMENTS), LESS ANY LEASE INCENTIVES RECEIVABLE;
- VARIABLE LEASE PAYMENTS THAT DEPEND ON AN INDEX OR RATE, INITIALLY MEASURED USING THE INDEX OR RATE AT THE COMMENCEMENT DATE;
- THE AMOUNT EXPECTED TO BE PAYABLE BY THE LESSEE UNDER RESIDUAL VALUE GUARANTEES;
- THE EXERCISE PRICE OF PURCHASE OPTIONS, IF THE LESSEE IS REASONABLY CERTAIN TO EXERCISE THE OPTIONS; AND
- PAYMENTS OF PENALTIES FOR TERMINATING THE LEASE, IF THE LEASE TERM REFLECTS THE EXERCISE OF AN OPTION TO TERMINATE THE LEASE.

THE LEASE LIABILITY IS PRESENTED AS A SEPARATE LINE IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION. THE LEASE LIABILITY IS SUBSEQUENTLY MEASURED BY INCREASING THE CARRYING AMOUNT TO REFLECT FINANCE COST ON THE LEASE LIABILITY (USING THE EFFECTIVE FINANCE COST METHOD) AND BY REDUCING THE CARRYING AMOUNT TO REFLECT THE LEASE PAYMENTS MADE.

THE GROUP REMEASURES THE LEASE LIABILITY (AND MAKES A CORRESPONDING ADJUSTMENT TO THE RELATED RIGHT-OF-USE ASSET) WHENEVER:

- THE LEASE TERM HAS CHANGED OR THERE IS A SIGNIFICANT EVENT OR CHANGE IN CIRCUMSTANCES RESULTING IN A CHANGE IN THE ASSESSMENT OF EXERCISE OF A PURCHASE OPTION, IN WHICH CASE THE LEASE LIABILITY IS REMEASURED BY DISCOUNTING THE REVISED LEASE PAYMENTS USING A REVISED DISCOUNT RATE.
- THE LEASE PAYMENTS CHANGE DUE TO CHANGES IN AN INDEX OR RATE OR A CHANGE IN EXPECTED PAYMENT UNDER A GUARANTEED RESIDUAL VALUE, IN WHICH CASES THE LEASE LIABILITY IS REMEASURED BY DISCOUNTING THE REVISED LEASE PAYMENTS USING AN UNCHANGED DISCOUNT RATE (UNLESS THE LEASE PAYMENTS CHANGE IS DUE TO A CHANGE IN A FLOATING FINANCE COST RATE, IN WHICH CASE A REVISED DISCOUNT RATE IS USED).
- A LEASE CONTRACT IS MODIFIED AND THE LEASE MODIFICATION IS NOT ACCOUNTED FOR AS A SEPARATE LEASE, IN WHICH CASE THE LEASE LIABILITY IS REMEASURED BASED ON THE LEASE TERM OF THE MODIFIED LEASE BY DISCOUNTING THE REVISED LEASE PAYMENTS USING A REVISED DISCOUNT RATE AT THE EFFECTIVE DATE OF THE MODIFICATION.



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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**IFRS 16 – LEASES (CONTINUED)**

**POLICIES APPLICABLE FROM 1 JANUARY 2019 (CONTINUED)**

THE GROUP MADE ADJUSTMENTS DURING THE YEAR RELATED TO THE RENEWAL OF LEASE AGREEMENTS. THE RIGHT-OF-USE ASSETS COMPRISE THE INITIAL MEASUREMENT OF THE CORRESPONDING LEASE LIABILITY, LEASE PAYMENTS MADE AT OR BEFORE THE COMMENCEMENT DAY, LESS ANY LEASE INCENTIVES RECEIVED AND ANY INITIAL DIRECT COSTS. THEY ARE SUBSEQUENTLY MEASURED AT COST LESS ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES.

WHENEVER THE GROUP INCURS AN OBLIGATION FOR COSTS TO DISMANTLE AND REMOVE A LEASED ASSET, RESTORE THE SITE ON WHICH IT IS LOCATED OR RESTORE THE UNDERLYING ASSET TO THE CONDITION REQUIRED BY THE TERMS AND CONDITIONS OF THE LEASE, A PROVISION IS RECOGNISED AND MEASURED UNDER IAS 37. TO THE EXTENT THAT THE COSTS RELATE TO A RIGHT-OF USE ASSET, THE COSTS ARE INCLUDED IN THE RELATED RIGHT-OF-USE ASSET, UNLESS THOSE COSTS ARE INCURRED TO PRODUCE INVENTORIES.

RIGHT-OF-USE ASSETS ARE DEPRECIATED OVER THE SHORTER PERIOD OF LEASE TERM AND USEFUL LIFE OF THE UNDERLYING ASSET. IF A LEASE TRANSFERS OWNERSHIP OF THE UNDERLYING ASSET OR THE COST OF THE RIGHT-OF-USE ASSET REFLECTS THAT THE GROUP EXPECTS TO EXERCISE A PURCHASE OPTION, THE RELATED RIGHT-OF-USE ASSET IS DEPRECIATED OVER THE USEFUL LIFE OF THE UNDERLYING ASSET. THE DEPRECIATION STARTS AT THE COMMENCEMENT DATE OF THE LEASE.

THE RIGHT-OF-USE ASSETS ARE PRESENTED AS A SEPARATE LINE IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

THE GROUP APPLIES IAS 36 TO DETERMINE WHETHER A RIGHT-OF-USE ASSET IS IMPAIRED AND ACCOUNTS FOR ANY IDENTIFIED IMPAIRMENT LOSS AS DESCRIBED IN THE 'PROPERTY, PLANT AND EQUIPMENT' POLICY (NOT PART OF THIS APPENDIX).

VARIABLE RENTS THAT DO NOT DEPEND ON AN INDEX OR RATE ARE NOT INCLUDED IN THE MEASUREMENT OF THE LEASE LIABILITY AND THE RIGHT-OF-USE ASSET. THE RELATED PAYMENTS ARE RECOGNISED AS AN EXPENSE IN THE PERIOD IN WHICH THE EVENT OR CONDITION THAT TRIGGERS THOSE PAYMENTS OCCURS AND ARE INCLUDED IN 'OTHER EXPENSES' IN PROFIT OR LOSS (SEE NOTE 31).

AS A PRACTICAL EXPEDIENT, IFRS 16 PERMITS A LESSEE NOT TO SEPARATE NON-LEASE COMPONENTS, AND INSTEAD ACCOUNT FOR ANY LEASE AND ASSOCIATED NON-LEASE COMPONENTS AS A SINGLE ARRANGEMENT. THE GROUP HAS NOT USED THIS PRACTICAL EXPEDIENT. FOR A CONTRACTS THAT CONTAIN A LEASE COMPONENT AND ONE OR MORE ADDITIONAL LEASE OR NON-LEASE COMPONENTS, THE GROUP ALLOCATES THE CONSIDERATION IN THE CONTRACT TO EACH LEASE COMPONENT ON THE BASIS OF THE RELATIVE STAND-ALONE PRICE OF THE LEASE COMPONENT AND THE AGGREGATE STAND-ALONE PRICE OF THE NON-LEASE COMPONENTS.





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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**IFRS 16 – LEASES (CONTINUED)**

**POLICIES APPLICABLE PRIOR TO 1 JANUARY 2019**

LEASES ARE CLASSIFIED AS FINANCE LEASES WHENEVER THE TERMS OF THE LEASE TRANSFER SUBSTANTIALLY ALL THE RISKS AND REWARDS OF OWNERSHIP TO THE LESSEE. ALL OTHER LEASES ARE CLASSIFIED AS OPERATING LEASES.

*THE GROUP AS A LESSEE*

ASSETS HELD UNDER FINANCE LEASES ARE RECOGNISED AS ASSETS OF THE GROUP AT THEIR FAIR VALUE OR, IF LOWER, AT THE PRESENT VALUE OF THE MINIMUM LEASE PAYMENTS, EACH DETERMINED AT THE INCEPTION OF THE LEASE. THE CORRESPONDING LIABILITY TO THE LESSOR IS INCLUDED IN THE STATEMENT OF FINANCIAL POSITION AS A FINANCE LEASE OBLIGATION.

LEASE PAYMENTS ARE APPORTIONED BETWEEN FINANCE EXPENSES AND REDUCTION OF THE LEASE OBLIGATION SO AS TO ACHIEVE A CONSTANT RATE OF INTEREST ON THE REMAINING BALANCE OF THE LIABILITY. FINANCE EXPENSES ARE RECOGNISED IMMEDIATELY IN PROFIT OR LOSS, UNLESS THEY ARE DIRECTLY ATTRIBUTABLE TO QUALIFYING ASSETS, IN WHICH CASE THEY ARE CAPITALISED IN ACCORDANCE WITH THE GROUP'S GENERAL POLICY ON BORROWING COSTS (SEE BELOW). CONTINGENT RENTALS ARE RECOGNISED AS EXPENSES IN THE PERIODS IN WHICH THEY ARE INCURRED.

RENTALS PAYABLE UNDER OPERATING LEASES ARE CHARGED TO INCOME ON A STRAIGHT-LINE BASIS OVER THE TERM OF THE RELEVANT LEASE EXCEPT WHERE ANOTHER MORE SYSTEMATIC BASIS IS MORE REPRESENTATIVE OF THE TIME PATTERN IN WHICH ECONOMIC BENEFITS FROM THE LEASE ASSET ARE CONSUMED. CONTINGENT RENTALS ARISING UNDER OPERATING LEASES ARE RECOGNISED AS AN EXPENSE IN THE PERIOD IN WHICH THEY ARE INCURRED.

IN THE EVENT THAT LEASE INCENTIVES ARE RECEIVED TO ENTER INTO OPERATING LEASES, SUCH INCENTIVES ARE RECOGNISED AS A LIABILITY. THE AGGREGATE BENEFIT OF INCENTIVES IS RECOGNISED AS A REDUCTION OF RENTAL EXPENSE ON A STRAIGHT-LINE BASIS OVER THE LEASE TERM, EXCEPT WHERE ANOTHER SYSTEMATIC BASIS IS MORE REPRESENTATIVE OF THE TIME PATTERN IN WHICH ECONOMIC BENEFITS FROM THE LEASED ASSET ARE CONSUMED.



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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**IFRS 16 – LEASES (CONTINUED)**

THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR:

THE GROUP LEASES VARIOUS PLOTS OF LAND AND BUILDINGS. RENTAL CONTRACTS ARE TYPICALLY MADE FOR FIXED PERIODS RANGING FROM 1 TO 99 YEARS WITHOUT EXTENSION OPTIONS. LEASE TERMS ARE NEGOTIATED ON AN INDIVIDUAL BASIS AND CONTAIN A WIDE RANGE OF DIFFERENT TERMS AND CONDITIONS. THE LEASE AGREEMENTS DO NOT IMPOSE ANY COVENANTS, BUT LEASED ASSETS MAY NOT BE USED AS SECURITY FOR BORROWING PURPOSES.

UNTIL THE FINANCIAL YEAR ENDED 31 DECEMBER 2018, LEASES OF LANDS, BUILDINGS AND EQUIPMENTS WERE CLASSIFIED AS EITHER FINANCE OR OPERATING LEASES. PAYMENTS MADE UNDER OPERATING LEASES (NET OF ANY INCENTIVES RECEIVED FROM THE LESSOR) WERE CHARGED TO PROFIT OR LOSS ON A STRAIGHT-LINE BASIS OVER THE PERIOD OF THE LEASE.

WITH EFFECT FROM 1ST JANUARY 2019, LEASES ARE RECOGNISED AS A RIGHT-OF-USE ASSET AND A CORRESPONDING LIABILITY AT THE DATE AT WHICH THE LEASED ASSET IS AVAILABLE FOR USE BY THE GROUP. EACH LEASE PAYMENT IS ALLOCATED BETWEEN THE LIABILITY AND FINANCE COST. THE FINANCE COST IS CHARGED TO PROFIT OR LOSS OVER THE LEASE PERIOD SO AS TO PRODUCE A CONSTANT PERIODIC FINANCE COST ON THE REMAINING BALANCE OF THE LIABILITY FOR EACH PERIOD. THE RIGHT-OF-USE ASSET IS DEPRECIATED OVER THE SHORTER OF THE ASSET'S USEFUL LIFE AND THE LEASE TERM ON A STRAIGHT-LINE BASIS.

ASSETS AND LIABILITIES ARISING FROM A LEASE ARE INITIALLY MEASURED ON A PRESENT VALUE BASIS. LEASE LIABILITIES INCLUDE THE NET PRESENT VALUE OF THE FOLLOWING LEASE PAYMENTS:

- FIXED PAYMENTS LESS ANY LEASE INCENTIVES RECEIVABLE
- VARIABLE LEASE PAYMENT THAT ARE BASED ON AN INDEX OR A RATE
- AMOUNTS EXPECTED TO BE PAYABLE BY THE LESSEE UNDER RESIDUAL VALUE GUARANTEES
- THE EXERCISE PRICE OF A PURCHASE OPTION IF THE LESSEE IS REASONABLY CERTAIN TO EXERCISE THAT OPTION, AND
- PAYMENTS OF PENALTIES FOR TERMINATING THE LEASE, IF THE LEASE TERM REFLECTS THE LESSEE EXERCISING THAT OPTION.

THE LEASE PAYMENTS ARE DISCOUNTED USING THE RATE IMPLICIT IN THE AGREEMENT, IF APPLICABLE. IF THAT RATE CANNOT BE DETERMINED, THE LESSEE'S INCREMENTAL BORROWING RATE IS USED, BEING THE RATE THAT THE LESSEE WOULD HAVE TO PAY TO BORROW THE FUNDS NECESSARY TO OBTAIN AN ASSET OF SIMILAR VALUE IN A SIMILAR ECONOMIC ENVIRONMENT WITH SIMILAR TERMS AND CONDITIONS.

RIGHT-OF-USE ASSETS ARE MEASURED AT COST COMPRISING THE FOLLOWING:

- THE AMOUNT OF THE INITIAL MEASUREMENT OF LEASE LIABILITY
- ANY LEASE PAYMENTS MADE AT OR BEFORE THE COMMENCEMENT DATE LESS ANY LEASE INCENTIVES RECEIVED
- ANY INITIAL DIRECT COSTS, AND
- RESTORATION COSTS

PAYMENTS ASSOCIATED WITH SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS ARE RECOGNISED ON A STRAIGHT-LINE BASIS AS AN EXPENSE IN THE STATEMENT OF PROFIT OR LOSS. SHORT-TERM LEASES ARE LEASES WITH A LEASE TERM OF 12 MONTHS OR LESS.

THE GROUP HAS ALSO ELECTED NOT TO REASSESS WHETHER A CONTRACT IS, OR CONTAINS A LEASE AT THE DATE OF INITIAL APPLICATION. INSTEAD, FOR CONTRACTS ENTERED INTO BEFORE THE TRANSITION DATE THE GROUP RELIED ON ITS ASSESSMENT MADE APPLYING IAS 17 AND IFRIC 4 DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE.



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**49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

*B) NEW STANDARDS AND INTERPRETATIONS EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2019 THAT HAS AN IMMATERIAL IMPACT ON THE GROUP BUT HAS NOT YET BEEN ADOPTED BY THE GROUP ARE:*

EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2019:

- AMENDMENTS TO IFRS 9 “*PREPAYMENT FEATURES WITH NEGATIVE COMPENSATION*”
- AMENDMENTS TO IAS 28 “*INVESTMENT IN ASSOCIATES AND JOINT VENTURES: RELATING TO LONG-TERM INTERESTS IN ASSOCIATES AND JOINT VENTURES*”.
- ANNUAL IMPROVEMENTS TO IFRSs 2015-2017 “*CYCLE AMENDMENTS TO IFRS 3 BUSINESS COMBINATIONS, IFRS 11 JOINT ARRANGEMENTS, IAS 12 INCOME TAXES AND IAS 23 BORROWING COSTS*”
- AMENDMENTS TO IAS 19 “*EMPLOYEE BENEFITS PLAN AMENDMENT, CURTAILMENT OR SETTLEMENT*”
- IFRIC 23 “*UNCERTAINTY OVER INCOME TAX TREATMENTS*”

EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2020:

- AMENDMENTS TO CLARIFY THE DEFINITION OF “*A BUSINESS*”
- IFRS 17: “*INSURANCE CONTRACTS*”
- AMENDMENTS TO IFRS 10 “*CONSOLIDATED FINANCIAL STATEMENTS AND IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (2011)*” RELATING TO THE TREATMENT OF THE SALE OR CONTRIBUTION OF ASSETS FROM AN INVESTOR TO ITS ASSOCIATE OR JOINT VENTURE.
- AMENDMENTS TO IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, AND SIC-32 TO UPDATE THOSE PRONOUNCEMENTS WITH REGARD TO REFERENCES TO AND QUOTES FROM THE FRAMEWORK OR TO INDICATE WHERE THEY REFER TO A DIFFERENT VERSION OF THE CONCEPTUAL FRAMEWORK.
- IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES AND IFRS 9 — FINANCIAL INSTRUMENTS AMENDMENTS REGARDING PRE-REPLACEMENT ISSUES IN THE CONTEXT OF THE IBOR REFORM
- AMENDMENTS REGARDING THE DEFINITION OF “*MATERIAL*”



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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES**

**FAIR VALUE MEASUREMENT**

THE GROUP MEASURES FINANCIAL INSTRUMENTS, SUCH AS FINANCIAL ASSETS THROUGH PROFIT OR LOSS, FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND NON-FINANCIAL ASSETS SUCH AS INVESTMENT PROPERTIES, AT FAIR VALUE AT EACH REPORTING DATE.

FAIR VALUE IS THE PRICE THAT WOULD BE RECEIVED TO SELL AN ASSET OR PAID TO TRANSFER A LIABILITY IN AN ORDERLY TRANSACTION BETWEEN MARKET PARTICIPANTS AT THE MEASUREMENT DATE. THE FAIR VALUE MEASUREMENT IS BASED ON THE PRESUMPTION THAT THE TRANSACTION TO SELL THE ASSET OR TRANSFER THE LIABILITY TAKES PLACE EITHER:

- IN THE PRINCIPAL MARKET FOR THE ASSET OR LIABILITY, OR
- IN THE ABSENCE OF A PRINCIPAL MARKET, IN THE MOST ADVANTAGEOUS MARKET FOR THE ASSET OR LIABILITY

THE PRINCIPAL OR THE MOST ADVANTAGEOUS MARKET MUST BE ACCESSIBLE BY THE GROUP.

THE FAIR VALUE OF AN ASSET OR A LIABILITY IS MEASURED USING THE ASSUMPTIONS THAT MARKET PARTICIPANTS WOULD USE WHEN PRICING THE ASSET OR LIABILITY, ASSUMING THAT MARKET PARTICIPANTS ACT IN THEIR ECONOMIC BEST INTEREST.

A FAIR VALUE MEASUREMENT OF A NON-FINANCIAL ASSET TAKES INTO ACCOUNT A MARKET PARTICIPANT'S ABILITY TO GENERATE ECONOMIC BENEFITS BY USING THE ASSET IN ITS HIGHEST AND BEST USE OR BY SELLING IT TO ANOTHER MARKET PARTICIPANT THAT WOULD USE THE ASSET IN ITS HIGHEST AND BEST USE.

THE GROUP USES VALUATION TECHNIQUES THAT ARE APPROPRIATE IN THE CIRCUMSTANCES AND FOR WHICH SUFFICIENT DATA ARE AVAILABLE TO MEASURE FAIR VALUE, MAXIMISING THE USE OF RELEVANT OBSERVABLE INPUTS AND MINIMISING THE USE OF UNOBSERVABLE INPUTS.

ALL ASSETS AND LIABILITIES FOR WHICH FAIR VALUE IS MEASURED OR DISCLOSED IN THE CONSOLIDATED FINANCIAL STATEMENTS ARE CATEGORISED WITHIN THE FAIR VALUE HIERARCHY, DESCRIBED AS FOLLOWS, BASED ON THE LOWEST LEVEL INPUT THAT IS SIGNIFICANT TO THE FAIR VALUE MEASUREMENT AS A WHOLE:

- LEVEL 1 - QUOTED (UNADJUSTED) MARKET PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES
- LEVEL 2 - VALUATION TECHNIQUES FOR WHICH THE LOWEST LEVEL INPUT THAT IS SIGNIFICANT TO THE FAIR VALUE MEASUREMENT IS DIRECTLY OR INDIRECTLY OBSERVABLE
- LEVEL 3 - VALUATION TECHNIQUES FOR WHICH THE LOWEST LEVEL INPUT THAT IS SIGNIFICANT TO THE FAIR VALUE MEASUREMENT IS UNOBSERVABLE

FOR ASSETS AND LIABILITIES THAT ARE RECOGNISED IN THE CONSOLIDATED FINANCIAL STATEMENTS ON A RECURRING BASIS, THE GROUP DETERMINES WHETHER TRANSFERS HAVE OCCURRED BETWEEN LEVELS IN THE HIERARCHY BY RE-ASSESSING CATEGORISATION (BASED ON THE LOWEST LEVEL INPUT THAT IS SIGNIFICANT TO THE FAIR VALUE MEASUREMENT AS A WHOLE) AT THE END OF EACH REPORTING PERIOD.



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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**FAIR VALUE MEASUREMENT (CONTINUED)**

THE GROUP'S MANAGEMENT DETERMINES THE POLICIES AND PROCEDURES FOR BOTH RECURRING FAIR VALUE MEASUREMENT, SUCH AS INVESTMENT PROPERTIES AND UNQUOTED FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME. THE MANAGEMENT COMPRISES OF THE HEAD OF THE DEVELOPMENT SEGMENT, THE HEAD OF THE FINANCE TEAM, THE HEAD OF THE RISK MANAGEMENT DEPARTMENT AND THE MANAGERS OF EACH PROPERTY.

EXTERNAL VALUERS ARE INVOLVED FOR VALUATION OF SIGNIFICANT ASSETS, SUCH AS INVESTMENT PROPERTIES AND TRADING PROPERTIES. SELECTION CRITERIA INCLUDE MARKET KNOWLEDGE, REPUTATION, INDEPENDENCE AND WHETHER PROFESSIONAL STANDARDS ARE MAINTAINED. THE MANAGEMENT DISCUSSES AND REVIEWS, THE GROUP'S EXTERNAL VALUERS, VALUATION TECHNIQUES AND ASSUMPTIONS USED FOR EACH PROPERTY.

AT EACH REPORTING DATE, THE MANAGEMENT ANALYSES THE MOVEMENTS IN THE VALUES OF ASSETS AND LIABILITIES WHICH ARE REQUIRED TO BE RE-MEASURED OR RE-ASSESSED AS PER THE GROUP'S ACCOUNTING POLICIES. FOR THIS ANALYSIS, THE MANAGEMENT VERIFIES THE MAJOR INPUTS APPLIED IN THE LATEST VALUATION BY AGREEING THE INFORMATION IN THE VALUATION COMPUTATION TO CONTRACTS AND OTHER RELEVANT DOCUMENTS.

THE MANAGEMENT, IN CONJUNCTION WITH THE GROUP'S EXTERNAL VALUERS, ALSO COMPARES EACH CHANGES IN THE FAIR VALUE OF EACH ASSET AND LIABILITY WITH RELEVANT EXTERNAL SOURCES TO DETERMINE WHETHER THE CHANGE IS REASONABLE.

FOR THE PURPOSE OF FAIR VALUE DISCLOSURES, THE GROUP HAS DETERMINED CLASSES OF ASSETS AND LIABILITIES ON THE BASIS OF THE NATURE, CHARACTERISTICS AND RISKS OF THE ASSET OR LIABILITY AND THE LEVEL OF THE FAIR VALUE HIERARCHY AS EXPLAINED ABOVE.

**REVENUE RECOGNITION**

REVENUE IS MEASURED AT FAIR VALUE OF CONSIDERATION RECEIVED OR RECEIVABLE AND REPRESENTS AMOUNTS RECEIVABLE FOR GOODS SUPPLIED OR SERVICE RENDERED, STATED NET OF RETURNS AND VALUE ADDED TAXES. THE GROUP RECOGNISES REVENUE WHEN THE AMOUNT OF REVENUE CAN BE MEASURED RELIABLY; WHEN IT IS PROBABLE THAT FUTURE ECONOMIC BENEFITS WILL FLOW TO THE ENTITY; AND WHEN SPECIFIC CRITERIA HAVE BEEN MET FOR EACH OF THE GROUP'S ACTIVITIES DESCRIBED BELOW. THE GROUP BASES ITS ESTIMATE BY REFERENCE TO HISTORICAL RESULTS TAKING INTO CONSIDERATION THE TYPE OF CUSTOMER, THE TYPE OF TRANSACTION AND THE SPECIFICS OF EACH ARRANGEMENT.

*RENTAL INCOME*

RENTAL INCOME RECEIVABLE FROM OPERATING LEASES, LESS THE GROUP'S INITIAL DIRECT COSTS OF ENTERING INTO THE LEASES, IS RECOGNIZED ON A STRAIGHT-LINE BASIS OVER THE TERM OF THE LEASE, EXCEPT FOR CONTINGENT RENTAL INCOME WHICH IS RECOGNIZED WHEN IT ARISES.

INCENTIVES FOR LESSEES TO ENTER INTO LEASE AGREEMENTS ARE SPREAD EVENLY OVER THE LEASE TERM, EVEN IF THE PAYMENTS ARE NOT MADE ON SUCH A BASIS. THE LEASE TERM IS THE NON-CANCELLABLE PERIOD OF THE LEASE TOGETHER WITH ANY FURTHER TERM FOR WHICH THE TENANT HAS THE OPTION TO CONTINUE THE LEASE, WHERE, AT THE INCEPTION OF THE LEASE, THE MANAGEMENT IS REASONABLY CERTAIN THAT THE TENANT WILL EXERCISE THAT OPTION.



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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**REVENUE RECOGNITION (CONTINUED)**

AMOUNTS RECEIVED FROM TENANTS TO TERMINATE LEASES OR TO COMPENSATE FOR DILAPIDATIONS ARE RECOGNIZED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS WHEN THEY ARISE.

SERVICE CHARGES, MANAGEMENT CHARGES AND OTHER EXPENSES RECOVERABLE FROM THE TENANTS AND INCOME ARISING FROM EXPENSES RECHARGED TO TENANTS ARE RECOGNIZED IN THE PERIOD IN WHICH THE SERVICES ARE RENDERED. SERVICE AND MANAGEMENT CHARGES AND ITS RELATED COSTS ARE PRESENTED WITHIN RENTAL INCOME AND COSTS.

*CONSTRUCTION CONTRACTS*

CONSTRUCTION CONTRACT REVENUES INCLUDE THE INITIAL AMOUNTS AGREED IN THE CONTRACT PLUS ANY VARIATIONS IN CONTRACT WORK, CLAIMS AND INCENTIVE PAYMENTS, TO THE EXTENT THAT IT IS PROBABLE THEY WILL RESULT IN REVENUE AND CAN BE MEASURED RELIABLY. AS SOON AS THE OUTCOME OF A CONSTRUCTION CONTRACT CAN BE ESTIMATED RELIABLY, CONTRACT REVENUE IS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS IN PROPORTION TO THE STAGE OF COMPLETION OF THE CONTRACT. CONTRACT EXPENSES ARE RECOGNIZED AS INCURRED UNLESS THEY CREATE AN ASSET RELATED TO FUTURE CONTRACT ACTIVITY.

THE STAGE OF COMPLETION IS ASSESSED BY REFERENCE TO SURVEYS OF WORK PERFORMED. WHEN THE OUTCOME OF A CONSTRUCTION CONTRACT CANNOT BE ESTIMATED RELIABLY, CONTRACT REVENUE IS RECOGNIZED ONLY TO THE EXTENT OF CONTRACT COSTS INCURRED THAT ARE LIKELY TO BE RECOVERABLE. AN EXPECTED LOSS ON A CONTRACT IS RECOGNIZED IMMEDIATELY IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.

**FINANCIAL INSTRUMENTS**

A FINANCIAL INSTRUMENT IS ANY CONTRACT THAT GIVES RISE TO A FINANCIAL ASSET OF ONE ENTITY AND A FINANCIAL LIABILITY OR EQUITY INSTRUMENT OF ANOTHER ENTITY.

*FINANCIAL ASSETS*

THE GROUP CLASSIFIES ITS FINANCIAL ASSETS IN THE FOLLOWING CATEGORIES; FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, LOANS AND RECEIVABLES, AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, AS APPROPRIATE. ALL FINANCIAL ASSETS ARE RECOGNISED INITIALLY AT FAIR VALUE PLUS, IN THE CASE OF FINANCIAL ASSETS NOT RECORDED AT FAIR VALUE THROUGH PROFIT OR LOSS, TRANSACTION COSTS THAT ARE ATTRIBUTABLE TO THE ACQUISITION OF THE FINANCIAL ASSET.

PURCHASES OR SALES OF FINANCIAL ASSETS THAT REQUIRE DELIVERY OF ASSETS WITHIN A TIMEFRAME ESTABLISHED BY REGULATION OR CONVENTION IN THE MARKET PLACE (REGULAR WAY TRADES) ARE RECOGNISED ON THE TRADE DATE, I.E., THE DATE THAT THE GROUP COMMITS TO PURCHASE OR SELL THE ASSET.

*LOANS AND RECEIVABLES*

LOANS AND RECEIVABLES ARE NON-DERIVATIVE FINANCIAL ASSETS WITH FIXED OR DETERMINABLE PAYMENTS THAT ARE NOT QUOTED IN AN ACTIVE MARKET. SUCH ASSETS ARE RECOGNISED INITIALLY AT FAIR VALUE PLUS ANY DIRECTLY ATTRIBUTABLE TRANSACTION COSTS. SUBSEQUENT TO INITIAL RECOGNITION, LOANS AND RECEIVABLES ARE MEASURED AT AMORTISED COST USING THE EFFECTIVE PROFIT RATE METHOD, LESS ANY IMPAIRMENT LOSSES. THE LOSSES ARISING FROM IMPAIRMENT ARE RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.





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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**FINANCIAL INSTRUMENTS (CONTINUED)**

*FINANCIAL LIABILITIES*

THE GROUP'S FINANCIAL LIABILITIES INCLUDE TRADE AND OTHER PAYABLES, DUE TO RELATED PARTIES, AND OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS.

*NON-DERIVATIVE FINANCIAL LIABILITIES*

THE GROUP INITIALLY RECOGNISES FINANCIAL LIABILITIES ON THE DATE THAT THEY ARE ORIGINATED WHICH IS THE DATE THAT THE GROUP BECOMES A PARTY TO THE CONTRACTUAL PROVISIONS OF THE INSTRUMENT.

THE GROUP DERECOGNISES A FINANCIAL LIABILITY WHEN ITS CONTRACTUAL OBLIGATIONS ARE DISCHARGED, CANCELLED OR EXPIRED.

THE GROUP CLASSIFIES NON-DERIVATIVE FINANCIAL LIABILITIES INTO THE OTHER FINANCIAL LIABILITIES CATEGORY. SUCH FINANCIAL LIABILITIES ARE RECOGNISED INITIALLY AT FAIR VALUE PLUS ANY DIRECTLY ATTRIBUTABLE TRANSACTION COSTS. SUBSEQUENT TO INITIAL RECOGNITION, THESE FINANCIAL LIABILITIES ARE MEASURED AT AMORTISED COST USING THE EFFECTIVE PROFIT RATE METHOD. OTHER FINANCIAL LIABILITIES COMPRISE OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS, DUE TO RELATED PARTIES, TRADE AND OTHER PAYABLES AND LEASE LIABILITIES.

*OFFSETTING OF FINANCIAL INSTRUMENTS*

FINANCIAL ASSETS AND FINANCIAL LIABILITIES ARE OFFSET AND THE NET AMOUNT IS REPORTED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION IF THERE IS A CURRENTLY LEGALLY ENFORCEABLE RIGHT TO OFFSET THE RECOGNISED AMOUNTS AND THERE IS AN INTENTION TO SETTLE ON A NET BASIS, OR REALISE THE ASSETS AND SETTLE THE LIABILITIES SIMULTANEOUSLY. THE LEGALLY ENFORCEABLE RIGHT MUST NOT BE CONTINGENT ON FUTURE EVENTS AND MUST BE ENFORCEABLE IN THE NORMAL COURSE OF BUSINESS AND IN THE EVENT OF DEFAULT INSOLVENCY OR BANKRUPTCY OF THE GROUP OR COUNTER PARTY.

*IMPAIRMENT OF FINANCIAL ASSETS*

THE GROUP ASSESSES AT THE END OF EACH REPORTING PERIOD WHETHER THERE IS OBJECTIVE EVIDENCE THAT A FINANCIAL ASSET OR GROUP OF FINANCIAL ASSETS IS IMPAIRED. A FINANCIAL ASSET OR A GROUP OF FINANCIAL ASSETS IS IMPAIRED AND IMPAIRMENT LOSSES ARE INCURRED ONLY IF THERE IS OBJECTIVE EVIDENCE OF IMPAIRMENT AS A RESULT OF ONE OR MORE EVENTS THAT OCCURRED AFTER THE INITIAL RECOGNITION OF THE ASSET (A 'LOSS EVENT') AND THAT LOSS EVENT (OR EVENTS) HAS AN IMPACT ON THE ESTIMATED FUTURE CASH FLOWS OF THE FINANCIAL ASSET OR GROUP OF FINANCIAL ASSETS THAT CAN BE RELIABLY ESTIMATED. EVIDENCE OF IMPAIRMENT MAY INCLUDE INDICATIONS THAT THE DEBTORS OR A GROUP OF DEBTORS IS EXPERIENCING SIGNIFICANT FINANCIAL DIFFICULTY, DEFAULT OR DELINQUENCY IN COSTS OR PRINCIPAL PAYMENTS, THE PROBABILITY THAT THEY WILL ENTER BANKRUPTCY OR OTHER FINANCIAL REORGANISATION, AND WHERE OBSERVABLE DATA INDICATE THAT THERE IS A MEASURABLE DECREASE IN THE ESTIMATED FUTURE CASH FLOWS, SUCH AS CHANGES IN ARREARS OR ECONOMIC CONDITIONS THAT CORRELATE WITH DEFAULTS.



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**49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**49.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**FINANCIAL INSTRUMENTS (CONTINUED)**

FOR FACILITIES AND RECEIVABLES CATEGORY, THE AMOUNT OF THE LOSS IS MEASURED AS THE DIFFERENCE BETWEEN THE ASSET'S CARRYING AMOUNT AND THE PRESENT VALUE OF ESTIMATED FUTURE CASH FLOWS (EXCLUDING FUTURE CREDIT LOSSES THAT HAVE NOT BEEN INCURRED) DISCOUNTED AT THE FINANCIAL ASSET'S ORIGINAL EFFECTIVE PROFIT RATE. THE CARRYING AMOUNT OF THE ASSET IS REDUCED AND THE AMOUNT OF THE LOSS IS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS. IF A FACILITY HAS A VARIABLE PROFIT RATE, THE DISCOUNT RATE FOR MEASURING ANY IMPAIRMENT LOSS IS THE CURRENT EFFECTIVE PROFIT RATE DETERMINED UNDER THE CONTRACT. AS A PRACTICAL EXPEDIENT, THE GROUP MAY MEASURE IMPAIRMENT ON THE BASIS OF AN INSTRUMENT'S FAIR VALUE USING AN OBSERVABLE MARKET PRICE.

IF IN A SUBSEQUENT PERIOD, THE AMOUNT OF THE IMPAIRMENT LOSS DECREASES AND THE DECREASE CAN BE RELATED OBJECTIVELY TO AN EVENT OCCURRING AFTER THE IMPAIRMENT WAS RECOGNISED (SUCH AS AN IMPROVEMENT IN THE DEBTOR'S CREDIT RATING), THE REVERSAL OF THE PREVIOUSLY RECOGNISED IMPAIRMENT LOSS IS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.

*ASSETS CLASSIFIED AS FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)*

THE GROUP ASSESSES AT THE END OF EACH REPORTING PERIOD WHETHER THERE IS OBJECTIVE EVIDENCE THAT A FINANCIAL ASSET OR A GROUP OF FINANCIAL ASSETS IS IMPAIRED. IN THE CASE OF EQUITY INVESTMENTS CLASSIFIED AS AVAILABLE FOR SALE, A SIGNIFICANT OR PROLONGED DECLINE IN THE FAIR VALUE OF THE SECURITY BELOW ITS COST IS ALSO EVIDENCE THAT THE ASSETS ARE IMPAIRED. IF ANY SUCH EVIDENCE EXISTS FOR *FAFVOCI*, THE CUMULATIVE LOSSES (MEASURED AS THE DIFFERENCE BETWEEN THE ACQUISITION COST AND THE CURRENT FAIR VALUE, LESS ANY IMPAIRMENT LOSS ON THAT FINANCIAL ASSET PREVIOUSLY RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS) IS REMOVED FROM EQUITY AND RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS. IMPAIRMENT LOSSES RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS ON EQUITY INSTRUMENTS ARE NOT REVERSED THROUGH THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS. IF, IN A SUBSEQUENT PERIOD, THE FAIR VALUE OF A DEBT INSTRUMENT CLASSIFIED AS *FAFVOCI* INCREASES AND THE INCREASE CAN BE OBJECTIVELY RELATED TO AN EVENT OCCURRING AFTER THE IMPAIRMENT LOSS WAS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS, THE IMPAIRMENT LOSS IS REVERSED THROUGH THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.

*NON FINANCIAL ASSETS*

THE CARRYING AMOUNTS OF THE GROUP'S NON-FINANCIAL ASSETS, ARE REVIEWED AT EACH REPORTING DATE TO DETERMINE WHETHER THERE IS ANY INDICATION OF IMPAIRMENT. IF ANY SUCH INDICATION EXISTS, THEN THE ASSET'S RECOVERABLE AMOUNT IS ESTIMATED. THE RECOVERABLE AMOUNT OF AN ASSET OR CASH-GENERATING UNIT IS THE GREATER OF ITS VALUE IN USE AND ITS FAIR VALUE LESS COSTS TO SELL. IN ASSESSING VALUE IN USE, THE ESTIMATED FUTURE CASH FLOWS ARE DISCOUNTED TO THEIR PRESENT VALUE USING A PRE-TAX DISCOUNT RATE THAT REFLECTS CURRENT MARKET ASSESSMENTS OF THE TIME VALUE OF MONEY AND THE RISKS SPECIFIC TO THE ASSET. FOR THE PURPOSE OF IMPAIRMENT TESTING, ASSETS ARE GROUPED TOGETHER INTO THE SMALLEST GROUP OF ASSETS THAT GENERATES CASH INFLOWS FROM CONTINUING USE THAT ARE LARGELY INDEPENDENT OF THE CASH INFLOWS OF OTHER ASSETS OR GROUPS OF ASSETS (THE "CASH-GENERATING UNIT").

AN IMPAIRMENT LOSS IS RECOGNIZED IF THE CARRYING AMOUNT OF AN ASSET OR ITS CASH-GENERATING UNIT EXCEEDS ITS ESTIMATED RECOVERABLE AMOUNT. IMPAIRMENT LOSSES ARE RECOGNIZED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS.



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**49.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**FINANCIAL INSTRUMENTS (CONTINUED)**

IMPAIRMENT LOSSES RECOGNIZED IN RESPECT OF CASH-GENERATING UNITS ARE ALLOCATED FIRST TO REDUCE THE CARRYING AMOUNT OF ANY GOODWILL ALLOCATED TO THE UNITS AND THEN TO REDUCE THE CARRYING AMOUNT OF THE OTHER ASSETS IN THE UNIT (GROUP OF UNITS) ON A PRORATA BASIS. IMPAIRMENT LOSSES RECOGNIZED IN PRIOR PERIODS ARE ASSESSED AT EACH REPORTING DATE FOR ANY INDICATIONS THAT THE LOSS HAS DECREASED OR NO LONGER EXISTS. AN IMPAIRMENT LOSS IS REVERSED (OTHER THAN FOR GOODWILL) IF THERE HAS BEEN A CHANGE IN THE ESTIMATES USED TO DETERMINE THE RECOVERABLE AMOUNT. AN IMPAIRMENT LOSS IS REVERSED ONLY TO THE EXTENT THAT THE ASSET'S CARRYING AMOUNT DOES NOT EXCEED THE CARRYING AMOUNT THAT WOULD HAVE BEEN DETERMINED, NET OF DEPRECIATION OR AMORTIZATION, IF NO IMPAIRMENT LOSS HAD BEEN RECOGNIZED.

**LEASES**

THE DETERMINATION OF WHETHER AN ARRANGEMENT IS, OR CONTAINS A LEASE IS BASED ON THE SUBSTANCE OF THE ARRANGEMENT AT INCEPTION DATE, WHETHER FULFILMENT OF THE ARRANGEMENT IS DEPENDENT ON THE USE OF A SPECIFIC ASSET OR ASSETS OR THE ARRANGEMENT CONVEYS A RIGHT TO USE THE ASSET, EVEN IF THAT RIGHT IS NOT EXPLICITLY SPECIFIED IN AN ARRANGEMENT.

**A) GROUP AS A LESSOR**

REFER TO NOTE 8.

**B) GROUP AS A LESSEE**

FINANCE LEASES, WHICH TRANSFER TO THE GROUP SUBSTANTIALLY ALL THE RISKS AND BENEFITS INCIDENTAL TO OWNERSHIP OF THE LEASED ITEM, ARE CAPITALISED AT THE INCEPTION OF THE LEASE AT THE FAIR VALUE OF THE LEASED PROPERTY OR, IF LOWER, AT THE PRESENT VALUE OF THE MINIMUM LEASE PAYMENTS.

LEASE PAYMENTS ARE APPORTIONED BETWEEN THE FINANCE CHARGES AND THE REDUCTION OF THE LEASE LIABILITY SO AS TO ACHIEVE A CONSTANT RATE OF FINANCE COST ON THE REMAINING BALANCE OF THE LIABILITY. FINANCE CHARGES ARE CHARGED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS THEY ARISE. THE PROPERTY PLANT AND EQUIPMENT ACQUIRED UNDER FINANCE LEASE IS DEPRECIATED OVER THE SHORTER OF THE USEFUL LIVES AND OF THE LEASE TERM.

LEASES IN WHICH A SIGNIFICANT PORTION OF THE RISKS AND REWARDS OF THE OWNERSHIP ARE RETAINED BY THE LESSOR ARE CLASSIFIED AS OPERATING LEASES. OPERATING LEASE PAYMENTS ARE RECOGNISED AS AN EXPENSE IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS ON A STRAIGHT-LINE BASIS OVER THE LEASE TERM, EXCEPT FOR CONTINGENT RENTAL PAYMENTS WHICH ARE EXPENSED WHEN THEY ARISE.

**TENANT DEPOSITS**

TENANT DEPOSITS LIABILITIES ARE INITIALLY RECOGNISED AT FAIR VALUE AND SUBSEQUENTLY MEASURED AT AMORTISED COST WHERE MATERIAL. THESE DEPOSITS ARE REFUNDABLE TO THE TENANTS AT THE END OF THE LEASE TERM.



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**49.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**FOREIGN CURRENCY TRANSLATION**

*FUNCTIONAL AND PRESENTATION CURRENCY*

ITEMS INCLUDED IN THE FINANCIAL STATEMENTS OF EACH OF THE GROUP'S ENTITIES ARE MEASURED USING THE CURRENCY OF THE PRIMARY ECONOMIC ENVIRONMENT IN WHICH THE ENTITY OPERATES (THE FUNCTIONAL CURRENCY). THE CONSOLIDATED FINANCIAL STATEMENTS ARE PRESENTED IN 'QATARI RIYALS' ("QR"), WHICH IS THE GROUP'S PRESENTATIONAL CURRENCY.

*TRANSACTIONS AND BALANCES*

FOREIGN CURRENCY TRANSACTIONS ARE TRANSLATED INTO THE FUNCTIONAL CURRENCY USING THE EXCHANGE RATES PREVAILING AT THE DATES OF THE TRANSACTIONS OR VALUATION WHERE ITEMS ARE RE-MEASURED. FOREIGN EXCHANGE GAINS AND LOSSES RESULTING FROM THE SETTLEMENT OF SUCH TRANSACTIONS AND FROM THE TRANSLATION AT YEAR-END EXCHANGE RATES OF MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES ARE RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS, EXCEPT WHEN DEFERRED IN OTHER COMPREHENSIVE INCOME AS QUALIFYING CASH FLOW HEDGES AND QUALIFYING NET INVESTMENT HEDGES. FOREIGN EXCHANGE GAINS AND LOSSES ARE PRESENTED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS WITHIN 'FINANCE INCOME OR COSTS'.

CHANGES IN THE FAIR VALUE OF MONETARY SECURITIES DENOMINATED IN FOREIGN CURRENCY CLASSIFIED AS AVAILABLE FOR SALE ARE ANALYSED BETWEEN TRANSLATION DIFFERENCES RESULTING FROM CHANGES IN THE AMORTISED COST OF THE SECURITY AND OTHER CHANGES IN THE CARRYING AMOUNT OF THE SECURITY. TRANSLATION DIFFERENCES RELATED TO CHANGES IN AMORTISED COST ARE RECOGNISED IN THE CONSOLIDATED STATEMENT PROFIT OR LOSS, AND OTHER CHANGES IN CARRYING AMOUNT ARE RECOGNISED IN OTHER COMPREHENSIVE INCOME.

TRANSLATION DIFFERENCES ON NON-MONETARY FINANCIAL ASSETS AND LIABILITIES SUCH AS EQUITY INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS ARE RECOGNISED IN THE CONSOLIDATED STATEMENT PROFIT OR LOSS AS PART OF THE FAIR VALUE GAIN OR LOSS, TRANSLATION DIFFERENCES ON NON-MONETARY FINANCIAL ASSETS, SUCH AS EQUITY INSTRUMENTS CLASSIFIED AS *FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME*, ARE INCLUDED IN THE CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.

*GROUP COMPANIES*

THE RESULTS AND FINANCIAL POSITION OF ALL THE GROUP ENTITIES (NONE OF WHICH HAS THE CURRENCY OF A HYPER-INFLATIONARY ECONOMY) THAT HAVE A FUNCTIONAL CURRENCY DIFFERENT FROM THE PRESENTATION CURRENCY ARE TRANSLATED INTO THE PRESENTATION CURRENCY AS FOLLOWS:

- (A) ASSETS AND LIABILITIES FOR EACH STATEMENT OF FINANCIAL POSITION PRESENTED ARE TRANSLATED AT THE CLOSING RATE AT THE DATE OF THAT FINANCIAL POSITION;
- (B) INCOME AND EXPENSES FOR EACH CONSOLIDATED STATEMENT OF PROFIT OR LOSS ARE TRANSLATED AT AVERAGE EXCHANGE RATES (UNLESS THIS AVERAGE IS NOT A REASONABLE APPROXIMATION OF THE CUMULATIVE EFFECT OF THE RATES PREVAILING ON THE TRANSACTION DATES, IN WHICH CASE INCOME AND EXPENSES ARE TRANSLATED AT THE RATE ON THE DATES OF THE TRANSACTIONS); AND
- (C) ALL RESULTING EXCHANGE DIFFERENCES ARE RECOGNISED IN OTHER COMPREHENSIVE INCOME.

GOODWILL AND FAIR VALUE ADJUSTMENTS ARISING ON THE ACQUISITION OF A FOREIGN ENTITY ARE TREATED AS ASSETS AND LIABILITIES OF THE FOREIGN ENTITY AND TRANSLATED AT THE CLOSING RATE. EXCHANGE DIFFERENCES ARISING ARE RECOGNISED IN OTHER COMPREHENSIVE INCOME.

