ANNUAL REPORT 2019

BARWA REAL ESTATE COMPANY

نبني المستقبل

BUILDING THE FUTURE

BARWA

بروة

H.H. SHEIKH TAMIM BIN HAMAD AL THANI
THE EMIR OF THE STATE OF QATAR

H.H. SHEIKH HAMAD BIN KHALIFA AL THANI
THE FATHER EMIR

نبني المستقبل

Building The Future

The Barwa brand has become synonymous with careful project identification, timely execution, adherence to quality standards, cost efficiency and prudent fiscal management, complemented by valuable local expertise. Straddling the residential, commercial, mixed-use and hospitality sectors, we continuously strive to produce a well-balanced portfolio that is geared towards consistent income-generating annuity assets.

Our strategy is centered on keeping our portfolio optimized, by aligning it with market and stakeholder demand, while being focused on long-term value creation.

We have invested wisely in a well-proportioned development pipeline that adds further diversity to our portfolio, and enables us to capitalize on future market opportunities in a thoughtful and risk-mitigated way.

By diversifying into the healthcare and education-based assets, PPPs and other well studied opportunities, we aim to further insulate ourselves from economic-cycle swings.

By adding mid-to-high residential units to our portfolio, we aim to strengthen our holdings of annuity income-generating assets and further bolster our ability to produce free cash-flows.

To enable a more sustainable payback from our new freehold positions taken in emerging areas such as Lusail, we aim to add the “built-to-sell” model as part of a judicious portfolio mix that yields appreciable returns.

With efficient capital allocation, well-conceived projects, operational excellence and efficient corporate structures, we are on the path to strengthening our position as a multi asset-class realty major.

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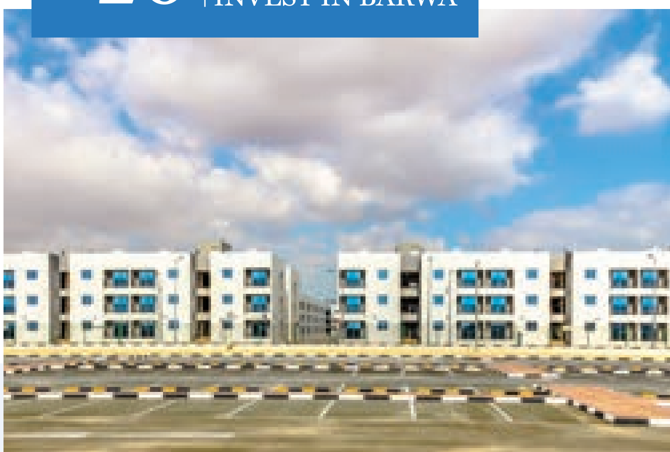


STATUTORY REPORTS

FINANCIAL REPORT

OVERVIEW

BARWA AT A GLANCE

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

VISION

To be a reliable real estate company recognized for its strong values, excellence and sustainable returns to its stakeholders.

MISSION

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

VALUES

Entrepreneurship

Commitment

Teamwork

Integrity

Reliability

ABOUT OUR PORTFOLIO

7.7 mn. sq. m.
Land bank available

QR 28,087 million
Total properties book value
(Real Estate & Land Bank)

QR 10,486 million
Book value of land bank
(Barwa & Al Aqaria)

QR 17,601 million
Book value of real estate
(Barwa & Al Aqaria)

11
Operational properties
(Barwa Real Estate)

QR 115 million
Properties available for sale

QR 1,395 million
Properties under development

OUR FINANCIAL STRENGTH

QR 31,950 million
Total assets

QR 8,151 million
Net debt

3%
CAGR - Rental Income (FY2016-19)

89%
Operating profit from net recurring rentals

RETURN ON EQUITY	RETURN ON ASSETS	BUA UNDER OPERATION	TOTAL ASSETS
7.7%	4.83%	3.6 mn sq. m.	QR 31,950 million

**BUA - Build Up Area*

WHAT WE HAVE ACCOMPLISHED

Balanced Product Mix

Resulting in a stable yield

Landbank of
5.2 mn sq. m. in Qatar,
85% owned

3.6 mn. sq. m.
BUA under operations

Debt:Equity mix of
1:2

Leadership

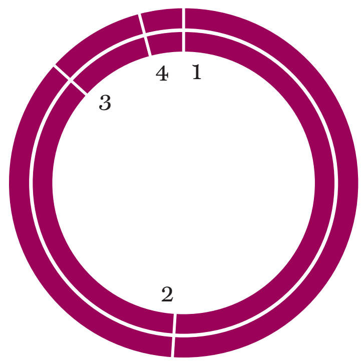
in affordable housing

QR **4.6** billion
Dividend distributed for years 2014 to 2018

8,129
Residential units added in 2019

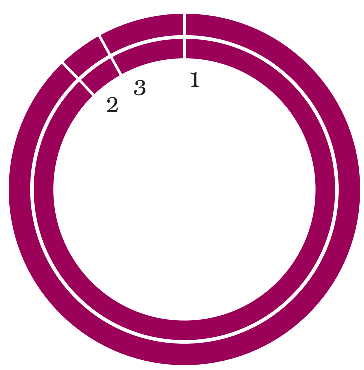
37,340
Workers rooms

BALANCED PORTFOLIO OF ASSETS (%)



1.	Residential	50%
2.	Mixed Use	35%
3.	Retail	9%
4.	Office	4%

LAND BANK (%)

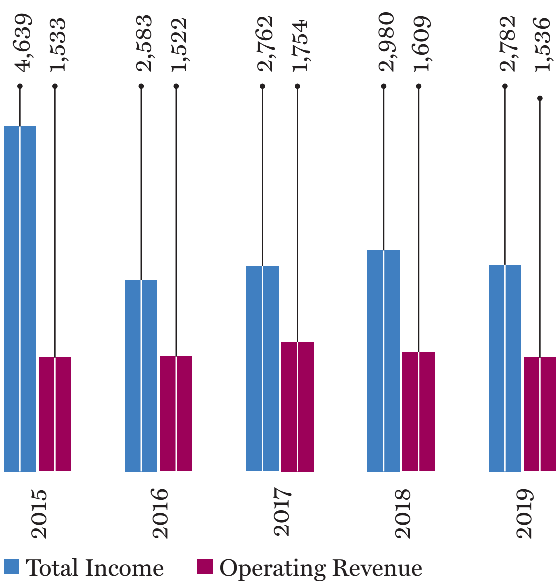


1.	Qatar	88%
2.	International	4%
3.	Al Aqaria	8%

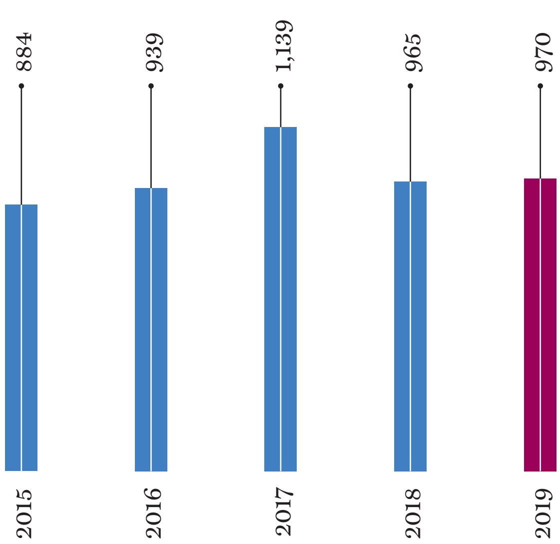
OVERVIEW

FINANCIAL HIGHLIGHTS

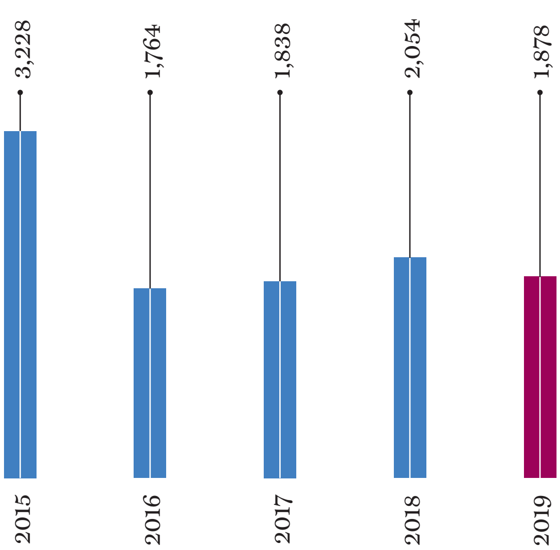
TOTAL INCOME AND OPERATING REVENUE (QR IN MILLION)



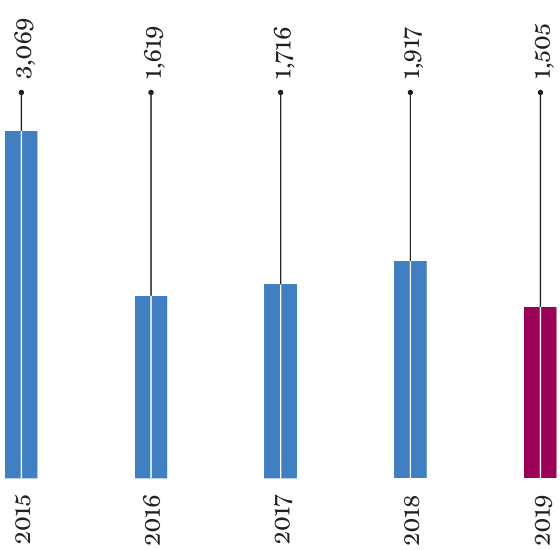
OPERATING PROFIT (QR IN MILLION)



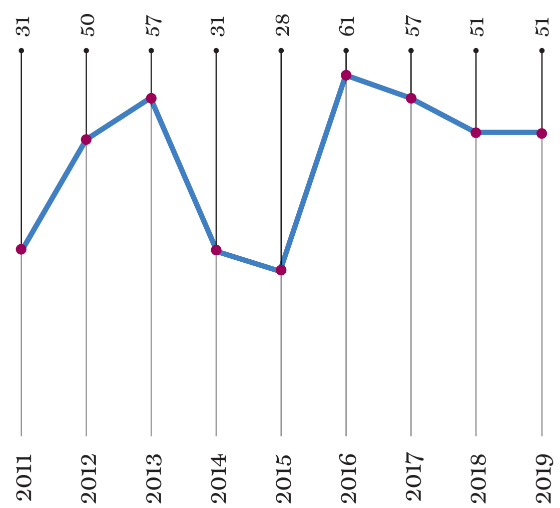
EBITDA (QR IN MILLION)



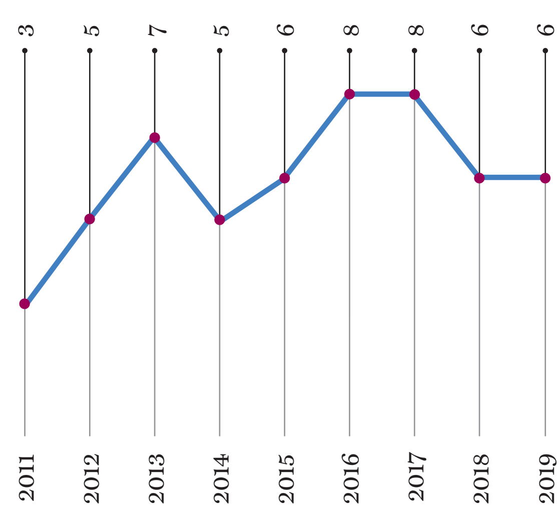
PAT (QR IN MILLION)



DIVIDEND PAYOUT RATIO (%)

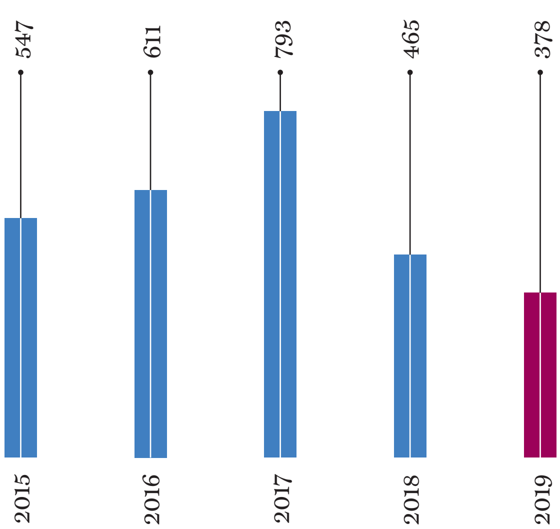


DIVIDEND YIELD (%)

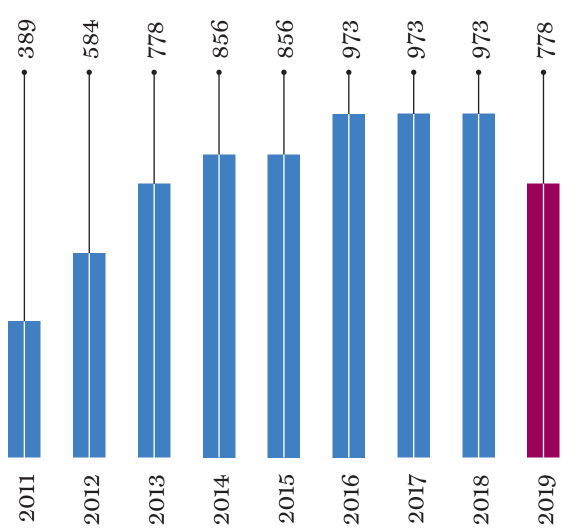


RECURRING CASH PROFITS

(excl. profit from sales of property) (QR IN MILLION)



DIVIDENDS (QR IN MILLION)



OVERVIEW

WHAT WE DO

This is how we allocate our capitals to create value. Our ability to generate value is dependent on our access to five different capitals: portfolio; funding; relationships; team; and sustainability.

INPUTS

PORTFOLIO CAPITAL

The Company's investment property portfolio -

- QR 114.47 million Properties available for sale
- QR 1,394.78 million Properties under development
- 7.7 million square meters land bank available

FUNDING CAPITAL

Effective capital management

- Share Capital of QR 3,891 million
- QR 9,406 million of outstanding debt
- QR 8,151 million of net debt
- 0.4 Net Debt to Equity Ratio
- Recurring cash flows in form of rental income

RELATIONSHIPS CAPITAL

Value created with stakeholders

- Close working relationship with development partners in invested markets
- Investor confidence established through regular communications
- Engagement with local communities and Governments

TEAM CAPITAL

Knowledge and expertise of our team

- Skilled diversified Board
- Talented people
- Continued investment in established systems and processes,
- Strong corporate governance

SUSTAINABLE CAPITAL

To make positive difference

- Investing in communities in which it operates
- Use of natural resources in a responsible and effective manner

OPERATIONAL FRAMEWORK

The Company's strategy is to grow the income in a sustainable manner. To enable this, the Company sources the best opportunities in its invested markets. A robust appraisal process facilitates effective allocation of resources to acquire accretive property.

Through active engagement with tenants and communities, the Company develops properties to meet the needs of prospective tenants and their customers.

The Company actively manages the investment portfolio to maximize shareholder returns.

The Company optimizes the allocation of capital by mature assets where value has been extracted and redeployed into opportunities for growth.

SOUND CORPORATE GOVERNANCE IS A CRITICAL FOUNDATION FOR PROTECTING STAKEHOLDER VALUE AND ACHIEVING THE GROUP'S STRATEGIC OBJECTIVES

OUTPUTS

OUTCOMES	TRADE OFFS
PORTFOLIO CAPITAL	
The Company's updated strategy focuses on active asset management to ensure maximized returns from existing portfolio while also developing new opportunities.	The Company's property portfolio has a long-term investment horizon. Strong investment discipline is required to mitigate the risk of sacrificing long-term growth for shorter-term distribution growth targets.
FUNDING CAPITAL	
Barwa's strong balance sheet gives sufficient room for levered growth with prudent gearing. During the year, the Company took QR 1,481 million additional debt. The increase in debt has resulted in a rise in the debt equity ratio to 0.4 from 0.3. Also, cash profits provide sufficient liquidity at QR 3,293 million, which is also supported by the timely sale of properties. The Company achieved distributable earnings per share for the year of QR 0.39, compared to QR 0.49 in the previous year. A distribution of QR 0.2 per share was declared in relation to the earnings for the year.	Investment in team and relationships capital can impact the funding capital and distribution to shareholders in the short term but has a positive impact in the long term.
RELATIONSHIPS CAPITAL	
Stakeholder communication is vital for active stakeholder engagement, which is fundamental to the Company's ability to create long-lasting relationships. During the year the Company interacted with various institutional investors, availed quarterly result update conference calls and with the help of proactive and dedicated Investor Relations team it also interacted with analysts whenever required.	The investment in the Company's relationships capital allocates time from the other capitals and has a negative impact on the funding capital. In the long term, there is a positive impact on the other capitals.
TEAM CAPITAL	
The Company has established a strong team with extensive knowledge and experience across its invested markets. Throughout the year, several initiatives were completed to enhance, attract, motivate and retain the team. The Company has robust and reliable processes and operating systems in place.	Investing in the Company's people is imperative to generate sustainable and long-term growth. Investing in the Company's systems and processes has a negative impact on funding capital in the short term. However, once implemented, there is a positive impact, improving the quality of information and increasing efficiency and staff morale.
SUSTAINABLE CAPITAL	
The Company recognizes the importance of using natural resources responsibly and efficiently to ensure they are sustainable for the environment. Also, it recognizes the importance of investing in the communities in which it operates, and it is at the heart of all its capitals.	Investing in sustainable solutions increases our sustainable capital but has an impact on funding capital in short to medium term. Through efficiencies and renewable sources of energy, there is a positive impact of financial capital in the long term.

READ MORE ABOUT:

Portfolio Capital
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Funding Capital
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Team Capital
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Sustainable Capital
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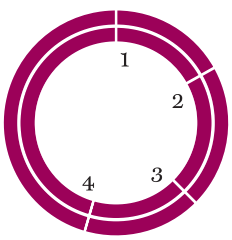
OVERVIEW

WHERE WE DO IT

Our portfolio is concentrated in areas expected to benefit from strong occupier demand with limited supply of competing product.

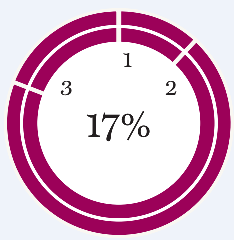
REGIONAL PORTFOLIO BY BUILT UP AREA (SQUARE METERS)

QATAR REAL ESTATE INVESTMENT (%)



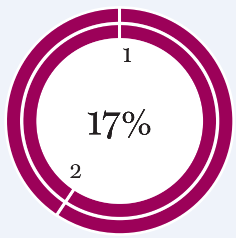
1. Residential	17%
2. Mixed Use & Commercial	21%
3. Industrial	17%
4. Workers Accomodation	45%

RESIDENTIAL TOTAL BUA (%)



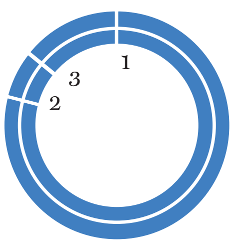
1. Dara A Project	12%
2. Masaken Mesaimeer & Masaken Al Sailiya	69%
3. Barwa Al Khor - Shell Staff Housing	19%

INDUSTRIAL TOTAL BUA (%)



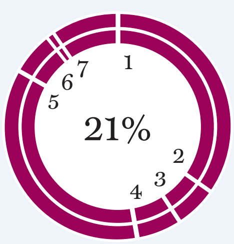
1. Umm Shaharian Warehouses	59%
2. Al Baraha Workshops & Storages	41%

AL AQARIA REAL ESTATE INVESTMENT (%)



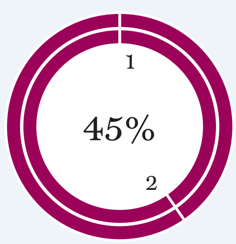
1. Residential	79%
2. Mixed Use & Commercial	7%
3. Workers Accomodation	14%

MIXED USE & COMMERCIAL TOTAL BUA(%)



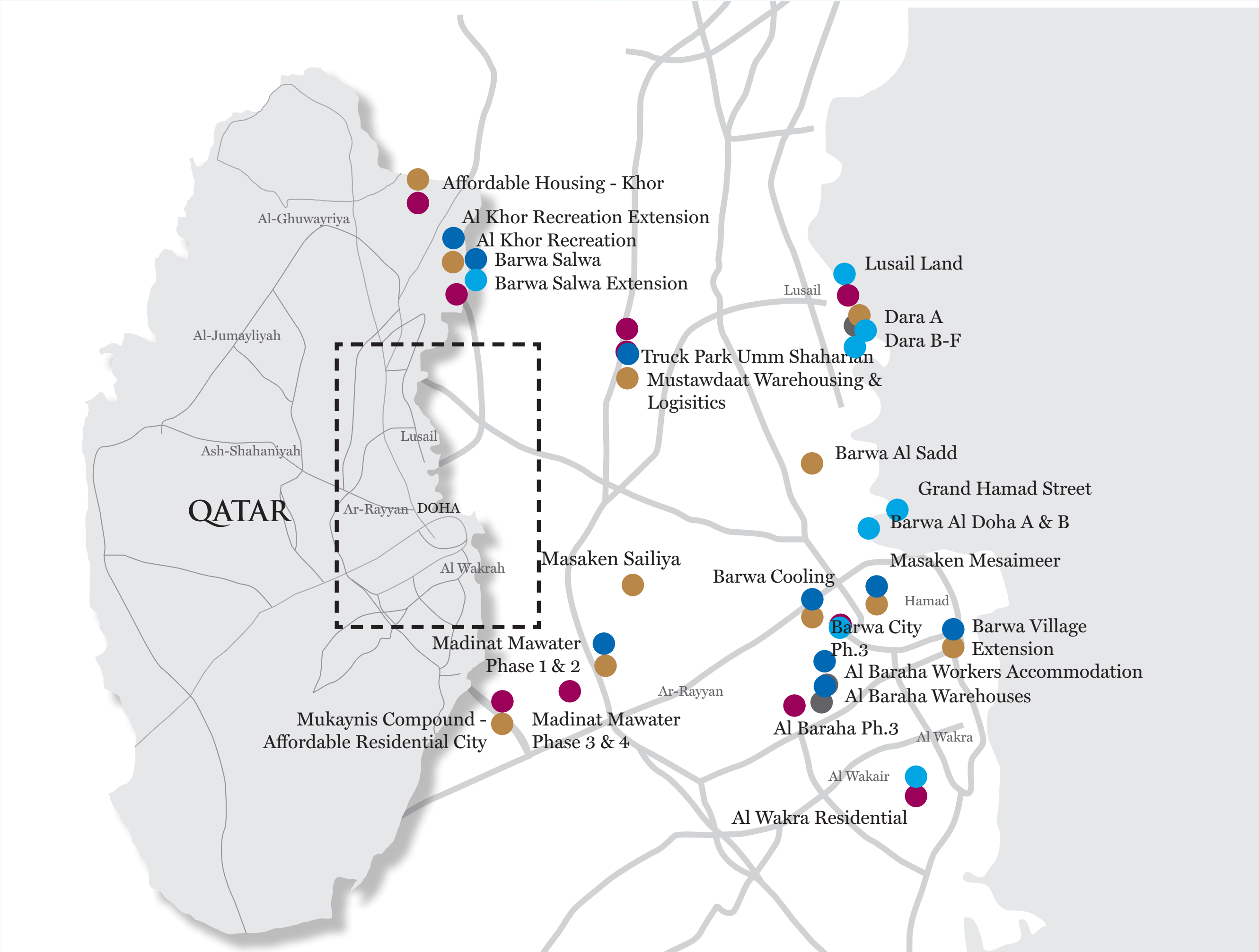
1. Barwa Village	35%
2. Madinat Mawater Phase 1	6%
3. Madinat Mawater Phase 2	6%
4. Barwa Al Sadd	36%
5. Barwa Village Extension Project	6%
6. Al Khor Recreation	1%
7. Al Khor Recreation Extension Project	10%

WORKERS ACCOMODATION. TOTAL BUA (%)



1. Workers Accomodation in Barwa Al Baraha	40%
2. Mukaynis Compound Affordable Residential City	60%

BARWA'S GEOGRAPHICAL FOOTPRINT



ONGOING PROJECTS

- Mukaynis Compound - Affordable Residential City Phase 3 & Additional Works
- Madinat Mawater Phase 3

LAND BANK

- Barwa Al Baraha Phase 3
- Umm Shaharian Extension
- Barwa City Phase 3
- Lusail Land
- Barwa Al Doha
- Al Wakra Residential
- Dara (B-F)
- Asas Marina Tower
- Al Kharej Residential Tower
- Delta Centre Tower
- Al Huwaila Tower

OPERATIONAL PROJECTS

- Dara A
- Al Baraha Workshops and Storages
- Barwa Al Sadd
- Barwa Village
- Masaken Meaismeer & Masaken Al Sailiya
- Workers Accommodation in Barwa Al Baraha
- Barwa Al Khor Shell Staff Housing
- AL Khor Workers Sports Complex
- Madinat Mawater Phase 1 & 2
- Umm Shaharian Warehouses
- Mukaynis Compound – Affordable Residential City

BOARD OF DIRECTORS REPORT

"

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

TOTAL REVENUES

QR 2,782 million

CASH BALANCE

QR 1,254 million

NET OPERATING INCOME

QR 970 million

TOTAL LAND BANK

7.7 mn sqm.

RECURRING PROFITS

QR 727 million

DEBT:EQUITY

0.4

PAT

QR 1,505 million

TOTAL DIVIDEND PER SHARE

QR 0.20

Dear Esteemed Shareholders,

It is my pleasure to report to you, on behalf of myself and the members of the Board of Directors, on the highlights of Barwa's performance and the Consolidated Financial Statement for the year 2019, as well as the future plans of 2020.

BARWA lies today in the forefront of the leading real estate developers in Qatar and the region. Today, we have 3.6 million square meters in built-up area under operation, which consists of residential projects, workers accommodations, warehouses, retail showrooms, and office spaces. With years of hard work and excellence under our belt, I am pleased to inform you that the "BARWA" brand name has become synonymous with 'Excellence' in developing, operating and managing real estate assets.

OUR FINANCIAL PERFORMANCE

The financial results showed a net profit attributable to the shareholders of the parent company of QR 1,503 million and earnings per share amounted to QR 0.39.

Despite the challenges faced the real estate market during the year 2019, which negatively affected developers and investors, Barwa Real Estate Group has worked hard to accommodate these challenges and reduce their impact as much as possible. Barwa was keen to support its sustainable income as the Group has achieved recurring operating revenues amounted to QR 1,556 million, mostly came from lease income of the Group's projects. Barwa also has succeeded to decrease the general and administrative expenses with an amount of QR 21 million equivalent to 8% compared to 2018.

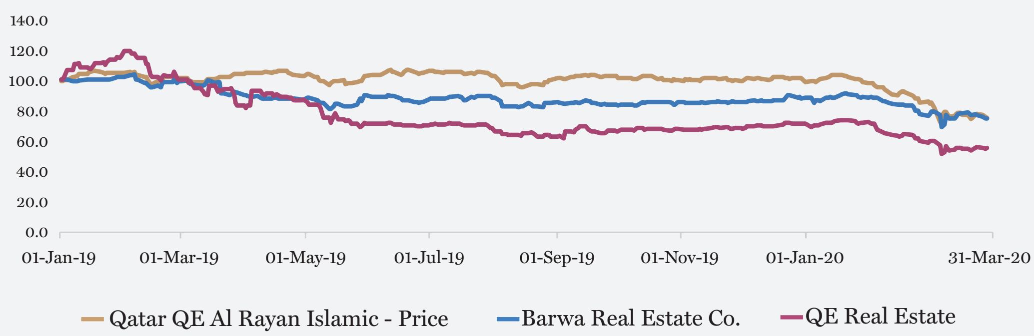
On another level, the net profit witnessed a decrease compared to last year as a result of a decrease in the non-recurring profits such as the sale of properties, gain on debt restructure in addition to the adoption of International Financial Reporting Standard 16.

The total assets of the group reached QR 32 billion showing an increase of QR 1.6 billion compared to the total assets as at 31 December 2018. The equity attributable to the shareholders of the parent company reached QR 19.9 billion. The Group maintained a cash balance of QR 1.25 billion.

The Board of Directors of Barwa Real Estate Company proposed to the General Assembly the distribution of a cash dividend of 20% (QR 0.20 per share).

COMPANY PERFORMANCE AND ACHIEVEMENTS DURING THE YEAR 2019

STOCK PRICE COMPARISON WITH QATAR EXCHANGE



BOARD OF DIRECTORS REPORT CONTD...

Since its inception, Barwa Real Estate has proven to be a dynamic and influential contributor to the development of Qatar. Throughout our evolution, we have never lost our focus on placing an important priority for developmental projects that could help the Qatari economy. Our journey has been in sync with the Qatar National Vision 2030, which we continuously work hard to bring to life. In this vein, we worked towards enhancing our strategic partnership with the Government of Qatar to build projects that could address the real demands of the marketplace. To mention some highlights for the financial year 2019:

MUKAYNIS COMPOUND

Barwa Real Estate started the leasing activities of Mukaynis Compound through its subsidiary Al-Waseef Asset Management during July 2019. The occupancy rate in the first phase of the project reached 84%, equivalent to 29% of the total project to date. Mukaynis Compound is located on Salwa Road and aims to create an integrated residential city for workers. The project extends over a land with a total area of 995 thousand square meters, and its constructed area of 731 thousand square meters, at a development cost of QR 1.6 billion. The project offers 3,170 housing units containing 25,360 rooms in addition to shops and mosques. The land adjacent to the project, with an area of 184 thousand square meters, has been allocated for the construction of parking lots for cars and buses, a hypermarket, a security center and government services.

This project is one of the fruits of cooperation between Barwa Real Estate Company and the government of the State of Qatar to ultimately support the efforts made by the government to improve the conditions of workers housing and meet the needs of the local market of workers housing in line with the goals of Qatar vision 2030 and Qatar's preparations to host Qatar 2022 World Cup.

AL-BARAHA PROJECT - WORKSHOPS AND STORAGES

The construction works of the project have been completed in September 2019 and the rental rate is currently 97% of the workshops and 58% of the storages. This is the second phase of Barwa Al Baraha project, providing 561 storages with an area of 300 square meters each, and 118 workshops with an area of 144 square meters each. The total built up area in the project is about 187 thousand square meters, in addition to developing the infrastructure and all necessary services for the project. The importance of Al-Baraha Workshops and Storages lies in its capability to provide suitable spaces for workshops and storages for small and medium businesses. The project also provides mechanical and electrical workshops to meet the needs of the market.

THE SECOND PHASE OF AL KHOR WORKERS SPORTS COMPLEX

The construction works of the second phase of the project have been completed and the company celebrated the achievement of 3.2 million working hours without accidents in the project. It is planned to obtain all necessary permits and start operating and leasing the project in the first quarter 2020. This stage was constructed on a land area of 70 thousand square meters. It consists of 516 apartments, multi-purpose hall and a hypermarket with a total built area of 54 thousand square meters.

- All works of Al Khor Housing project Package (09) have been completed in May 2019, and all 110 Villas, which the project offers have been leased as well.
- All construction works of Dara A have been completed. Dara A is the first phase of Dara project. It is located in Lusail City covering an area of 16 thousand square meters, with a total built up area of 41 thousand square meters. Dara A offers 271 apartments of various sizes. Options are being studied to achieve the highest possible return on the project, whether by selling or leasing.
- The company also started building car service centers on the first of August 2019 as the first part of the third phase of Madinat Mawater, which is an extension of the first and second phases. This stage will be implemented on a land area of 418 thousand square meters, to provide 118 used car showrooms, a hypermarket, a center for car services, a car parts sales center and a showroom for one of the car dealers. The company is currently studying the market to determine a suitable timing to start the second part of this phase.

- Barwa real estate portfolio expanded to include 8,129 residential units, 37,340 residential rooms for workers, 335,981 square meters of commercial units, showrooms and offices, as well as 445,779 square meters of workshops and storages.

GOVERNANCE, SYSTEMS AND RISK MANAGEMENT

Barwa Real Estate emphasizes on the importance of promoting and spreading a culture of integrity, transparency and credibility in its commercial and administrative transactions by ensuring the highest levels of compliance to the Corporate Governance Code of Listed Companies, as regulated by the Qatar Financial Markets Authority. Barwa Real Estate Group considers corporate governance one of the main pillars that form the guidelines of its operational and administrative activities, and dealings with all stakeholders. With this philosophy in mind, the Board of Directors, by delegating the authority to the executive management, seeks to accelerate commercial operations, eliminate complications and ensure the highest levels of operational efficiency. This has a positive impact on the company's projects and serves the interest of the shareholders. Moreover, the risk management policy plays a crucial role in creating suitable work frames in order to manage projects and investments in an effective way, while controlling operational, economical and relevant legal risks.

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

PEOPLE AT THE CORE OF OUR SUCCESS

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

OUR COMMITMENT TO COMMUNITY

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

Barwa pays special attention to workers and has a unique position in providing real estate solutions to serve them. Barwa offers a wide range of entertainment events and activities to workers inside its different projects such as Barwa Al Baraha, Barwa Al Khor and Mukaynis Compound, in partnership with Waseef Company and the Ministry of Interior. Barwa is keen to implement safety and security measures in its projects in accordance with the frameworks established by the Government of Qatar. Moreover, Barwa constantly works towards enhancing security and safety applications in all aspects of its business, as it listens to the needs of its employees and customers and develops plans that simulate the needs of local communities. In addition to the partnership between Barwa and the Department of Civil Defense at the Ministry of Interior, providing sponsorships for awareness raising programmes and safety trainings conducted by the Department of Civil Defense.

Barwa is constantly looking to support activities and celebrations of Qatar National Day, as an expression of solidarity, national unity, and pride in the Qatari identity. Barwa is keen to interact with the people of Qatar through its participating and sponsorship to national events on regular basis.

BOARD OF DIRECTORS REPORT CONTD...

OUR FUTURE PLANS FOR THE YEAR 2020

As per the plans, Barwa Real Estate is keen to work on various aspects during the year 2020, which the group considers to be the pillars of its business. Those aspects are as follows:

INCREASE IN REVENUE:

The primary goal of Barwa is to achieve sustainable growth for its revenues and returns for its shareholders, through achieving a balanced mix of operational projects that meet the needs of the real estate market in Qatar and lower the potential of risks linked to it. In the short to medium term, we expect improvement in occupancy levels in our investment portfolio with the upcoming FIFA World Cup approaching in the year 2022. In the long term, we believe that Qatar National Vision 2030 will serve as the main vehicle for long-term growth. During 2020, Barwa will work to:

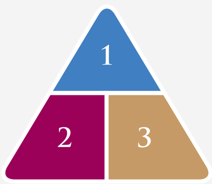
- Enhance the strategic partnership with the government of Qatar to address market needs. Hence, Barwa participated in tenders offered by the Public Works Authority "Ashghal" to develop various real estate projects according to the model of the partnership between the public and private sectors (PPP).
- Complete projects under development, including the additional works in Mukaynis Compound, car service centers as part of the third phase of Madinat Mawater.
- Leverage on the latest legal and economical laws. Since the issuance of Law no. 16 for the year 2018, regulating the ownership and use of real estate assets for non-Qataris, foreign investors are now in a position to purchase property in designated freehold areas. This development has led to an increase in interesting opportunities for investors to own a property in Qatar. It has also facilitated a more diverse market capable of attracting foreign investments. Hence, the Council of Ministers recently approved a draft resolution to define and expand the designated areas for foreign investment, to include Lusail area, where Barwa owns some of its main projects; Dara, as well as Lusail land, formerly known as Lusail Golf.
- Today, Barwa has a land bank of 7.7 million square meters, of which 68% is in Qatar, and the remaining 32% is in other regions. Having such a rich land bank places the Company in an advantageous position to build more projects to sell or keep as a source on reoccurring revenue. We will work during the year 2020 to re-articulate the investment strategy to support the implementation of those plans. Those plans include:

  1. In 2019, Barwa has completed receiving the land located in the Lusail area, formerly known as Lusail Golf, which extends over a land area of 3.5 million square meters. It is a distinct addition to the group's available land bank, which will give the group a good advantage in developing new projects in the future. We are currently preparing for the competition between local and international consulting firms, which are known for their innovations and quality of designs, to put together a proposal for the development of Lusail land to become a distinct attraction in the city of Lusail, and for Qatar in the wider perspective. We aim to accomplish this through usage diversification and integration of facilities offered within the project. As well as other investment alternatives, such as build to lease or to sell, or for the purpose of selling part of the fully-fledged lands.
  2. Barwa is currently studying a number of promising investment opportunities which go beyond the common framework for existing projects focusing on investments in educational, healthcare and hospitality sectors.
  3. Barwa will continue to study a number of investment opportunities, including the third phase of Barwa Al Baraha, phase three of Barwa City, as well as the expansion of Umm Shaharian Warehouses, as we are in the process of preparing a detailed study to determine the feasibility of the proposed design ideas and accomplish best use and return for the project.

REDUCING COSTS

During the year 2020, Barwa is working towards reducing costs by reviewing operational, administrative and financing costs in order to ensure maximum benefit and reduce cost without affecting the quality of the projects and services provided.

RAISING BRAND VALUE OF THE GROUP AND ACTIVATING THE CORPORATE SYSTEM



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

Dear shareholders, whilst we remain alert to market risks, we are optimistic about our prospects for the coming year and beyond. We will continue to focus on active asset management to ensure we are maximising returns from our existing portfolio while also developing new opportunities.

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

Yours sincerely,

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

STRATEGIC REPORT

SIX COMPELLING REASONS TO INVEST IN BARWA

Barwa is a highly focused company, singularly aligned to Qatar's real estate marketplace, predominantly in the retail and residential sectors.

Over the years, Barwa has proven to be a dynamic and influential contributor to the development of Qatar. We have been pioneers and leaders in addressing the requirements of the country's developmental projects. This is our national vision, which we work hard to bring to life. We began our strategic partnership with the Government of Qatar to build projects with a purpose to bridge critical gaps in the economy. Over the years, we have developed unique and unprecedented projects that directly impact the public needs and our national ambition.


Masaken Mesaimeer

SIX REASONS TO INVESTS IN BARWA

1. PRESENCE ACROSS REAL ESTATE ECOSYSTEM

Our portfolio comprises of commercial properties including offices, retail units, warehouses and workshops to support the industrial sector in Qatar. We also offer an affordable housing solution for thousands of lower to mid-income residents and their families. Additionally, we have a significant presence in the workers accommodation segment. Barwa's presence in all these asset classes allow us to straddle across the entire real estate ecosystem that makes economic growth possible.

2. BALANCED PORTFOLIO MIX OF OPERATIONAL ASSETS

We use conservative principles of asset allocation to manage the risk of the overall portfolio, whilst attempting to maximize the potential returns.

With a variety of assets in residential, retail, commercial and storage realty, the spread of our holdings allows us to average out opposing economic cycles between each segment.

- 8,129 residential units; 37,340 workers rooms
- 335,981 square meters of commercial units, showrooms and offices
- 445,779 sq m of workshops and storages

3. INHERENT STRENGTH BUILT OVER TIME

Barwa is a well-recognized brand and a market leader. Our Brand is built on the strength of excellent cost control; scale of operations; and the strong credibility in our ability to successfully execute complex and large projects. Going forward, the brand equity of our company will only be further bolstered through a wider range of asset classes.

Today, we own 3.6 million square meters BUA under operations, and a land bank of 7.7 million square meters (5.2 million square meters of which is inside Qatar, and 85% of which is owned by Barwa).

4. RECURRING REVENUE AND PROFITS

Barwa is a business that can demonstrate reliable revenue streams. Because of this, we are more predictable than many of our peers. We are in a position to forecast revenue months in advance and create budgets and capital obligations with a higher degree of certainty. Our recurring revenue streams also serve as a buffer to counter income fluctuations. As a result, we are considered less risky and with more opportunities for growth, especially if we continue to grow our recurring revenues in the future.

- Our recurring rental revenue comprises of 77% of total operating revenue.
- 90% of our operating profit is generated through recurring rental.

5. STRONG BALANCE SHEET

Our strong balance sheet with a low Net Debt:Equity mix at 1:2, allows us the opportunity to explore responsible leveraged growth, if and when we wish to pursue it.

- Net Debt:Equity mix at 1:2
- Recurring cash flows
- Distributed QR 4.6 billion dividend (2014-18)

6. MOVING UP THE VALUE CHAIN

Barwa will continue to explore new opportunities based on evolving market demand drivers. We select our product offering in alignment with tangible market demand. Currently, Barwa is planning to foray into developing education and healthcare assets; and for moving up the value chain by developing mid to high-mid residential segments for lease and/or sale; and for developing assets in freehold areas such as Lusail.

With a more judicious mix of selling and leasing, we further aim to balance our business models to yield the best possible returns for our shareowners. By adding new segments such as infrastructure for educations and healthcare, we are further diversifying and de-risking our business. Ultimately, we are continuously adapting ourselves to explore the best extraction of value from land, within the safe boundaries of risk we subscribe to.

STRATEGIC REPORT

MOVING TOWARDS NEW OPPORTUNITIES

In conversation with the Vice Chairman and Managing Director Eng. Issa Bin Mohammed Al Mohannadi

"Barwa Real Estate's diversified approach to real estate activity increases the company's capacity to absorb continuously changing market conditions, and understand the risks accompanied with those conditions well.

WORKER ACCOMMODATION ADDED IN 2019

37,340 units

RESIDENTIAL UNITS ADDED IN 2019

8,129 units

COMMERCIAL UNITS ADDED IN 2019

335,981 sq.m.

OPERATIONAL REVENUE 2019

QR 1,556 million

WHAT IS THE KEY MESSAGE FOR THIS YEAR'S ANNUAL REPORT?

During the past years, Barwa Real Estate gained massive experience in the field of real estate development. This is evident in the diversified portfolio the group has developed, which varies between residential projects, worker accommodations, retail units, offices, showrooms, workshops and storages, all of which are highly aligned to the market demands in Qatar. This diversified approach to real estate activity increases the capacity of the company to absorb the continuously changing market and contemplate well the risks accompanied with those conditions. This, in fact, is the key factor behind Barwa's peer position over its competitors in the local market, which was highlighted through the fact that we:

- consistently achieve a higher return on operational real estate assets of 8.7%, compared to the average return in the market does not exceed 5%, and
- our total rental income for the year 2019 decreased only by 7% from 2018, despite a ~20% decrease in the average rental prices experienced since 2010.

This is the result of our continuous efforts taken for achieving sustainable revenues and stable returns for our shareholders. We made a concerted drive towards developing new projects to meet the needs of real estate market and absorb corrective declines in rental rates. It is also worth noting that the process of developing new projects at Barwa, is subject to strict sets of criteria in terms of economic feasibility, suitable designs and cost-effectiveness.

WHAT WAS BARWA'S PERFORMANCE LIKE FOR FINANCIAL YEAR 2019?

The strength of Barwa's operational performance is evident in its strong financial position and operational data. For 2019, the Company achieved an operational revenue of QR 1,556 million, 77% of which comprised of rental revenue generated through its distinctive operational assets. Within 2019, this portfolio grew to include 8,129 residential units and 37,340 worker rooms; 335,981 square meters of commercial units, showrooms and offices; as well as 445.779 square meters of workshops and storages.

Moreover, as an indicator of financial efficiency, the ratio of net financing to total equity at Barwa Real Estate never exceeds 40%. This is a very healthy ratio that gives us a great opportunity for our future growth. The Group is always keen to maintain a suitable cash balance to support operation activities and face market fluctuations.

In continuation with previous years, your Board of Directors invested in supporting Barwa's brand name in 2019, which is becoming synonymous with excellence, trust and long experience. The Company also continued its strategic partnership with the Government of Qatar during the year 2019. This manifested in our participation in bids release by "Ashghal", and in completing a number of projects throughout the year.

IN TERMS OF OPERATIONAL HIGHLIGHTS, WHAT WERE THE MAIN ACHIEVEMENTS FOR BARWA IN 2019?

Throughout 2019, Barwa focused on developing quality projects to address real demands in the market, and increase sustainable returns for the group. These are some of the achievements for the year:

We completed phase one of Mukaynis Compound. This was the result of our cooperation with the Government of Qatar to improve the conditions of workers' housing, and align the local market of such realty

STRATEGIC REPORT

MOVING TOWARDS NEW OPPORTUNITIES CONTD...

In conversation with the Vice Chairman and Managing Director Eng. Issa Bin Mohammed Al Mohannadi

assets with the goals of Qatar vision 2030 and Qatar's preparations to host The Qatar 2022 World Cup. Barwa was able to provide solutions for providing a healthy living environment for workers within reasonable prices. The was reflected in the high occupancy rates of these projects, which reached 84% by the end of 2019.

- We completed the construction work for Al Baraha Workshops and Storages, which offers suitable spaces to meet the needs of small and medium businesses in the industrial and commercial sectors. Rental rate of the project reached 97% of the workshops and 58% of the storages during the year in review.
- We completed the construction of the second phase of Al Khor Workers Sports Complex, which offers residential units in AlKhor. This expansion allowed us to absorb the expected increase in demand for leased residentials, given the government growth plans for this area. The project achieved 3.2 million working hours without accidents.
- Additionally, we completed all work pertaining to the Al Khor Housing Project Package (09), and all the 110 Villas included in the project have been leased out.
- We completed all the construction works of Dara A, the first phase of the Dara project located in Lusail City. Given the strategic location of the project is in close proximity of Lusail Stadium, which will witness the opening ceremony of World Cup 2022, we are currently studying options to achieve the highest possible return on the project, whether it be through sale or lease. We started building car service centers as the first part of the third phase of Madinat Mawater, which is an extension of the first and second phases. The Company is currently studying the market to determine a suitable timing to start the second part of this phase.

WHAT ARE THE NEW PROJECTS PLANNED IN THE NEAR FUTURE?

We continuously work towards supporting our portfolio with new and promising projects, by answering to the demands of the real estate market and achieving sustainable growth for the group. Barwa has a substantial land bank, which offers a number of potential opportunities when it comes to selling land parcels, or investing into greenfield projects under "built-to-sell" or "built-to-lease"approaches. We are currently conducting multiple feasibility studies for several land banks to ensure their best use for deriving attractive returns, especially after the issuance of Law no. 16 for the year 2018, regulating the ownership and use of real estate assets for non-Qataris. This is expected to increase the demand of real estate units inside Qatar in areas such as Lusail, as one of the most attractive areas for investors in Qatar. We also see valuable opportunity in investing beyond the common framework for existing projects, specifically in the education, healthcare and hospitality sectors.

WHAT ARE BARWA'S PRIORITIES IN THE BUSINESS FOR THE NEAR FUTURE?

We identified three main priorities for our business in the upcoming period, and these are:

First: Increase in operational revenue

Our aim is to achieve sustainable growth for Barwa through growing our real estate portfolio with profitable projects, as well by enhancing our strategic partnerships with our existing clients and maintaining the quality of services offered to them.

Second: Reducing cost

We endeavor to do this by reviewing our operational, administrative and financing costs, to ensure we accrue the maximum benefit of reduced costs, without affecting the quality of the projects and services provided.

Third: Enhancing our brand reputation and corporate performance

We plan to achieve this by following best practices in corporate processes, including good governance and accountability principals, as well as by supporting the brand performance and ensuring the satisfaction of all our stakeholders, including clients and. investors.

HOW IS BARWA RESPONDING TO THE CURRENT CORONA VIRUS SITUATION AND ITS IMPACT ON NATIONAL AND LOCAL ECONOMICS?

We are aware of the critical situation which prevailed during the first months of the year 2020, its potential global economic impact, and the challenges which could occur in the real-estate sector in Qatar.

We are confident, however, that we will overcome this challenge with the unlimited support and great initiatives that are being launched by His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, and the great efforts of our prudent government lead by His Excellency Sheikh Khalid Bin Khalifa Bin Abdulaziz Al Thani, Prime Minister and Minister of Interior.

Since the crisis started, and in the presence of such a conscientious and distinguished board of directors, Barwa has developed its strategy to deal with this situation. The basic principles of our strategy are:

- supporting the State in combating the spread of the Corona epidemic, as well as developing appropriate real-estate solutions to meet the country's needs;
- to work on maintaining the quality of services provided to the group's clients;
- improving corporate performance; and
- supporting the company's liquidity and cash balance.

STRATEGIC REPORT

OUR MARKET DRIVERS

1. GROWTH FROM NEW FREEHOLD ZONES

The Government of Qatar has increased the number of freehold zones from three to ten zones, under law no. 16, of the year 2018, regulating the ownership and use of real estate assets for non-Qataris. The objective is to encourage foreign investors, to invest in the freehold zones such as Lusail, West Bay and Onaiza, amongst other areas, which ultimately facilitates a mature investment market and increase the variety and price brackets of products to choose from.

What it means for Barwa

The advent of these new freehold zones will create new opportunities for Barwa to build more mid-to-high range residential units under its 'built-to-lease' and 'built-to-sell' models.

2. MARKET TRENDS TOWARDS GREATER EASE & AFFORDABILITY

Turnkey developments, notably smaller suites, and serviced office spaces are witnessing an uptick in demand. Because of their value proposition based on affordability and flexibility, many existing and new businesses are steadily relocating in search of better deals. Going forward, with the government introducing initiatives such as 100% FDI in several sectors, it is expected that the demand for office space, especially compact suites, will strengthen over the short to middle term. Moreover, residential rents have largely stabilized following three years of decline.

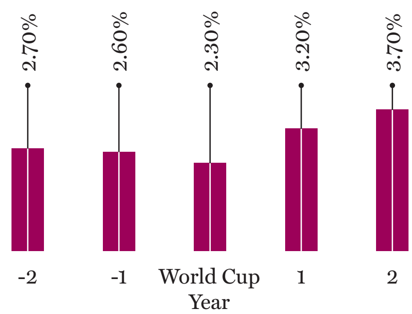
What it means for Barwa

The increasing affordability of apartments and offices in Qatar has led to an increase in demand in prime locations such as The Pearl and West Bay, while residential towers in Lusail have also recently come to the market. Barwa's participation in this segment will give the company ample opportunity for growth.

3. THE MULTIPLIER EFFECT OF THE WORLD CUP 2022

The Host Effect of World Cup

AVERAGE GDP GROWTH IN WC HOST COUNTRY



Source: IMF, Credit Suisse estimates

Qatar's successful bid for The World Cup 2022 is expected to have a multifold positive impact on Qatar's economy. By acting as a catalyst in accelerating various projects in preparation of the World Cup, policy makers are generating major growth impetus to multiple sectors, including infrastructure, utilities, real estate, tourism, and hospitality.

What it means for Barwa

Barwa judiciously selects and plans its future product offering to be in alignment with policy frameworks and market demand. With the upcoming FIFA World Cup in 2022, the company expects future occupancy levels to improve over the short to medium term. Beyond the World Cup, Barwa has also aligned itself to the future growth drivers derived from the strategic "Qatar Vision 2030" programs, key catalysts for the country's long-term growth.

4. GROWING DISPOSABLE INCOME & LIFESTYLE ASPIRATIONS

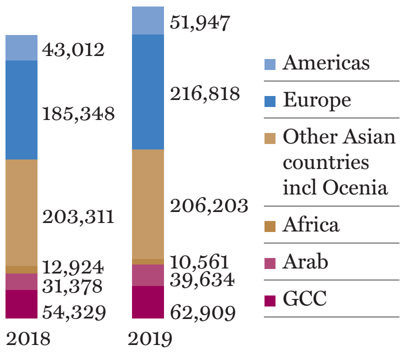
Qatar has one of the highest GDP per capita in the world. The retail sector has, therefore, benefitted considerably from high levels of disposable income, coupled with a large 'expat' population. Furthermore, multiple retail centers have sprung-up and established themselves as leading shopping, leisure and entertainment spaces, meeting the aspirations of many people wanting a better lifestyle.

What it means for Barwa

As household incomes have risen, so has the demand for having a more comfortable lifestyle. This opens up doors to various opportunities for Barwa, in terms of developing quality neighborhood centers, offering aspirational retails brands to a range of fast-food to fine-dining concepts, and supported by adjacent entertainment hubs.

5. GROWTH IN INBOUND TOURISM

Visitor Arrivals to Qatar by Nationality, Grouped by Region, Jan-Mar 2019 vs Jan-Mar 2018



Source: Qatar Tourism Performance Report Q1 2019

The National Tourism Council has continued to introduce measures to boost tourism numbers following the introduction of visa-free travel for 80 countries. The 'Summer in Qatar' initiative taking place between Eid al-Fitr and Eid al-Adha aims to increase hotel occupancy and retail spending, in what is traditionally the quietest time of the year.

What it means for Barwa

The demand for good luxury outlets among modern retail facilities is active with the growth in tourists and affluent population. Current hotel supply remains skewed towards the five-star segment despite recent price sensitivity witnessed among regional travelers. Over the short to medium term, the demand for business, budget and economy hotels are expected to continue to outpace supply.

HOW ARE WE RESPONDING?

1. Additional Debt for growing Capex

   The Company believes that its Balance sheet strength gives it enough headroom to secure additional debt for future Capex, if required. The Company is currently participating in multiple tenders on development for the education and healthcare sectors. As and when the Company is awarded projects, it expects to fund its 'capex' through a mix of internal accruals and the fresh issuance of debt.

2. Developing assets in the Freehold Areas

   The Company is conducting feasibility studies to evaluate the potential opportunities of different types of projects in Lusail. Based on the results, the Company may choose to work with the government on various projects, electing to adopt both built-to-sell (BTS) or built-to-lease (BTL) models, or even to sell a portion of its land-bank in small parcel formats.

3. Strategies towards diversification

   Barwa will continue to explore the opportunities based on evolving market demand drivers. Currently, Barwa is planning to foray into developing assets in the education and healthcare sectors; and for moving up the value chain by developing mid to high-mid residential segments for lease and/or sale.

STRATEGIC REPORT

OUR WELL POSITIONED DEVELOPMENT PIPELINE

As our Government continues to introduce reforms for capacity building and encouraging economic growth, we plan to diversify our asset portfolio by carefully entering into new high growth sectors, such as healthcare and education. We plan to achieve this feat while maintaining our foothold in traditional well-established sectors, such as residential, retail, logistics, commercial and workforce residential assets.

Armored with over 15 years of experience in correctly assessing the demand trends within the market, BARWA have an in-depth understanding of the residential and commercial real estate sectors in Qatar. In the residential segment, we are planning to enter the high-value end of the business with more upmarket and aspirational assets, both for leasing and for sale.

Currently, our asset portfolio is made up of "low-to-mid" range of residential, retail and commercial units, a 5-star hotel, warehouses and workshops across Qatar. Moreover, our revenue from recurring sources of income for this year stood at QR 1,536 million.

We have an overarching objective to become a highly sustainable source of value creation for all our stakeholders. Although we are well-positioned with our existing portfolio, with 65% of our profit coming in as recurring annuities, we see significant justification for diversifying our portfolio further, to protect ourselves even better from market fluctuations and economic cycles.

Our long-term strategy includes a continuous assessment of the changing market dynamics that new government initiatives may bring. In 2019, the government of Qatar allocated QR 19.2 billion — 9.3% of its total budget — to develop the education sector, of which QR 6.8 billion is earmarked to be spent on building several new schools within five years. Additionally, QR 22.7 billion — 11% of the total budget — has been allocated towards the development of the healthcare sector, which includes the construction of 5 new health centers. These allocations have opened new doors for us to diversify our product portfolio across new sectors, and we will continue to explore such strategic opportunities based on evolving market demand drivers.

Moreover, the government of Qatar increased the number of freehold zones from three to ten in Lusail, West Bay and the Onaiza region. This amendment, allowing foreign investors to hold full ownership in Qatar's residential and commercial sectors, is a significant game-changer for the country's real estate sector. This development has opened up new opportunities for us to build more mid-to-high range residential units under a built-to-sell model.

As an agile company adjusting to market conditions, we take calculated steps after performing extensive feasibility studies and assessing the viability of fresh market opportunities. In the near future, we aspire to enter into various projects within the healthcare and education sectors, while also developing assets in the freehold zone of Lusail.

REVENUE FROM RECURRING SOURCES OF INCOME

QR **1,536** million

ACHIEVEMENTS FOR 2019 GROUP REAL ESTATE DEVELOPMENT

Started building car service centers as the first part of the third phase of Madinat Mawater, which is an extension of the first and second phases.

Completed the construction of Al-Baraha Workshops and Storages, achieving rental rate of 97% of the workshops and 58% of the storages.

Completed all construction works of Dara A, the first phase of the Dara project.

Completed Mukaynis Compound Affordable Residential City, and started leasing activities with occupancy rates for the first phase reaching 84%, equivalent to 29% of the total project.

Completed the construction of the second phase of Al Khor Workers Sports Complex, achieving 3.2 million working hours without accidents.

Completed Al Khor Housing Project Package (09), and leased all 110 Villas within the project.

Expanded our real estate portfolio to include 8,129 residential units, 37,340 residential rooms for workers, 335,981 sq. m. of commercial units, showrooms and offices, and 445,779 sq. m. of workshops and storages.

All those projects were completed within construction cost assumption and approved budget.

STRATEGIC REPORT

FREEHOLD ZONES A GROWING OPPORTUNITY

The increase in freehold zones will create new opportunities for Barwa, to build more mid to high range residential units under a blended business model, incorporating a healthy mix of both selling and leasing.

With an aim to encourage non-Qatari real estate investments into Lusail, West Bay and Onaiza, amongst other areas. The government of Qatar increased the number of freehold zones in March 2019 from three to ten. This represents a quantum leap in the expansion of the country's real estate marketplace and size.

Even though its short-term impact seems to be marginal due to the prevailing challenging market conditions, it is expected that in the long term, this emergence of multiple new urban centers will create more opportunities for investors and owner-occupiers to purchase and own yielding real estate in Qatar. Over time, this policy is also expected to facilitate a more mature investment climate, encouraging an increasingly evolved and vibrant marketplace that thrives on improved choice of products, and a price range that caters to multiple income groups.

Such initiatives by the government is also creating substantial opportunities for Barwa, including the potential to build more residential projects such as the Dara A in Lusail, which includes mid to high-mid affordable luxury residential apartments. By including a built-to-sell (BTS) business model for some of the developed units, and by offering some portion of our land bank to other developers on outright sale, we are exploring exciting options for garnering the ideal ROIs from our investments.

To explore these initiatives fully, we are conducting feasibility studies to evaluate potential opportunities for different types of projects in Lusail. This includes a variety of options to work with the government on strategic projects; adopting a blended mix of built-to-sell and built-to-lease models to enhance both short-term and long-term returns; and also monetize a portion of our investment through the sale of some portion of our large land parcels.

As Qatar develops and expands its urban footprint, so will Barwa grow in sync with the government's strategic expansion programs.

Dara

STRATEGIC REPORT

SECURING BARWA'S ICT FRAMEWORK

During the year, we have enhanced the company's foundational array of tools, technologies, and digital services to comply with the measures, policies and controls of the state-wide cybersecurity framework.

Barwa Village

BARWA AND THE QATAR DIGITAL GOVERNMENT 2020 STRATEGY

In Qatar, the Ministry of Transport and Communications strives to build a vibrant Information and Communications Technology (ICT) sector that will encourage the development of an advanced knowledge economy and a prosperous future for its citizens. To serve this purpose, the Ministry gives significant importance to digital government and cybersecurity.

In 2019, Barwa took significant steps towards augmenting company's foundational array of tools, technologies, and digital services to comply with the measures, policies and controls of the state-wide cybersecurity framework.

As a result, IT department has addressed the areas and components that required immediate attention to enhance the levels of information security offered to the Group and its associated digital assets. Most importantly, IT department have introduced the required technology to enhance the security of financial business activities.

Through these initiatives, Barwa have actively taken care of essential upgrades, improvements and customizations to offer increasingly secure and highly responsive tools that have the ability to cope with the growing demands of Barwa's functions and operations.

STRATEGIC REPORT

ACTIVELY MANAGING RISK

Barwa is committed to effective risk management in pursuit of our business objectives, with the ultimate aim of growing value sustainably for all stakeholders, by embedding risk management into key decision-making processes and day-to-day activities.

OUR RISK MANAGEMENT PROCESS

Risk management is inextricably linked to our strategy and is an essential element of sound corporate governance, as well as a key enabler to derive benefit from opportunities. We understand the risks associated with our business, and we manage them proactively and effectively, within our Company risk appetite and tolerance levels and as guided by our Risk Management Framework, to optimize business returns.

Our Group top risks are identified with due consideration of both our external and internal operating context, which is ever-changing. During 2019, we further strengthened the link between our strategy and top risks by defining key business imperatives referred to as "Key Pillars".

OUR TOP RISKS PROFILE

The four aspects which reflect key business imperatives are anchors for our Company's top risks as they could have a material impact on our strategy:

1 BUSINESS SUSTAINABILITY AND EARNINGS GROWTH

Creating a safe and caring environment anchored in "zero harm" where safety performance is top-of-mind.

Short-to-medium term execution of strategy anchored in our ability to remain profitable, and deliver on earnings growth which exceeds cost of capital.

2 LONG-TERM BUSINESS VIABILITY

Long-term sustainability, delivery on long-term strategy and opportunity management, including climate change related risk.

Ensuring a balanced approach between growth and returning value to shareholders.

3 EMPLOYEE VALUE PROPOSITION

Ability to attract new talent, retain and develop talent, have engaged and high-performing talent, and be acknowledged as employer of choice.

Transformation and global diversity management.

4 STAKEHOLDER IMPACT

Being a credible stakeholder partner, which implies a company with:

- good reputation performance; and
- ability to effectively manage stakeholder relations.

OUR RISK MANAGEMENT PROCESS IS ITERATIVE AND APPLIED IN A DYNAMIC OPERATING CONTEXT

How we identify and review our risks

Our key pillars, aligned with our strategy, guide and inform our top risks. We regularly review these risks with due consideration of both our external and internal operating context.

How we respond to our identified risks

We understand and assess our capability to respond to our top risks by identifying key responses. We regularly review the appropriateness and efficacy of our key responses.

How we ensure appropriate risk governance and assurance

We have mandated governance and oversight structures at Board and management level, with defined risk management responsibilities. We adopt combined assurance management principles, obtain and provide internal, external, management and/or independent assurance on key responses on our risk management processes.

How we report on our risks

We have regular risk reporting and assurance reports to mandated governance and oversight structures. We communicate and report significant risks to external stakeholders in accordance with statutory and non-statutory requirements.

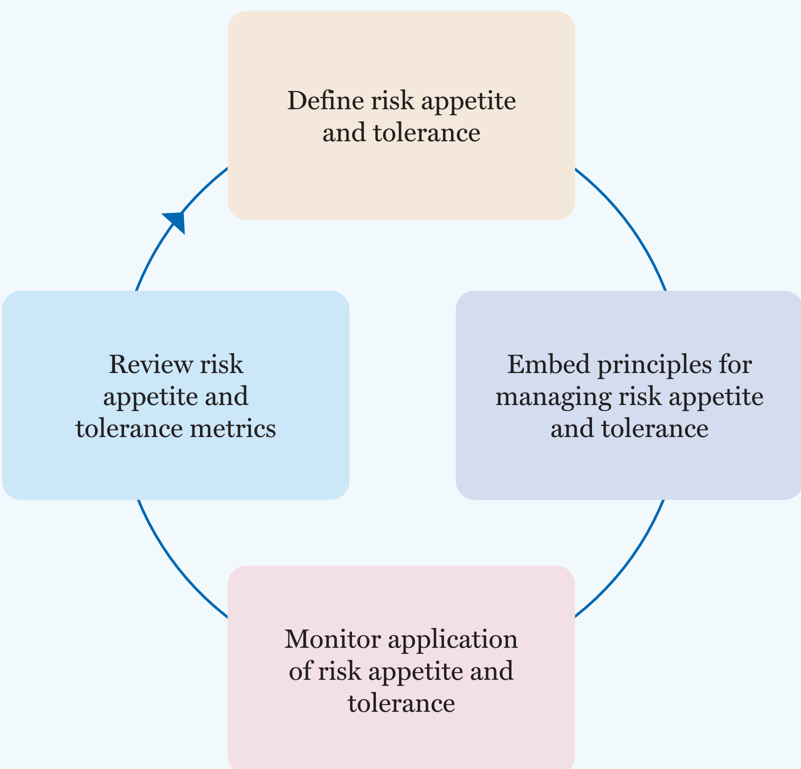
STRATEGIC REPORT

ACTIVELY MANAGING RISK CONTD...

OUR RISK APPETITE AND TOLERANCE

In order to optimize financial returns and commitments to our stakeholders, we understand and proactively manage risks within set Company's risk appetite and risk tolerance levels. We define risk appetite as the extent and type of risk we are willing to take to meet our strategic objectives. It is inextricably linked to expected financial returns. We define risk tolerance as the level of uncertainty we are prepared to accept and can cope with. It identifies the maximum boundary, beyond which we are unwilling to operate.

RISK APPETITE AND TOLERANCE PROCESS



Our risk appetite and tolerance metrics:

- Return on invested capital
- Earnings growth
- Net debt-to-EBITDA
- Gearing

Our risk appetite and tolerance metrics:

- Changes in business conditions
- Changes to economic environment
- Evolving strategic priorities and portfolio changes
- Credible risk scenarios
- Changing competitive conditions

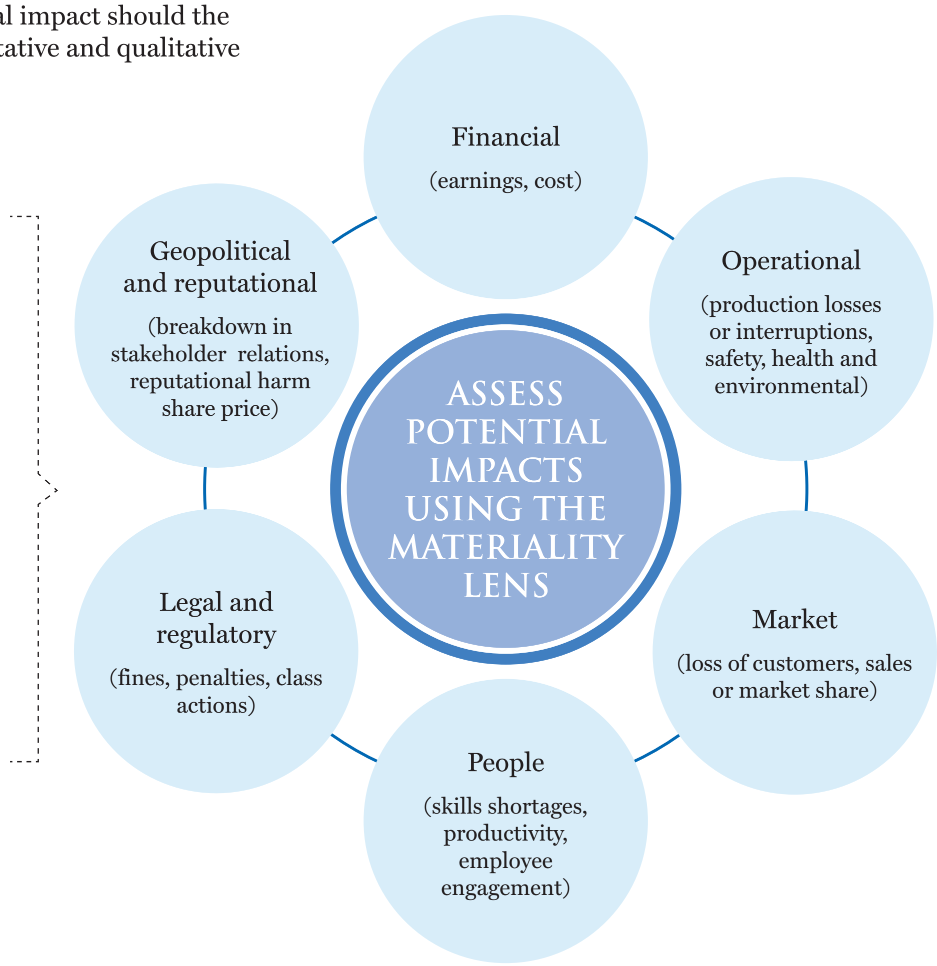
Aligned with good corporate governance practices and our Enterprise Risk Management Framework, the Board considers and approves our risk appetite and tolerance metrics, including any changes to the parametres, as proposed by management.

Barwa Projects

APPLICATION OF MATERIALITY LENS TO ASSESS THE POTENTIAL IMPACT OF OUR TOP RISKS

We express our Company's top risks as either key undesirable events or opportunities and apply a materiality lens to assess the potential impact should the risks occur. We consider both quantitative and qualitative impacts.

Materiality lens to assess potential impact of top risk



STRATEGIC REPORT

OUR PEOPLE: BRINGING BARWA'S VISION AND VALUES TO LIFE

We know it's our people who make Barwa successful. Their talent, commitment to customers, and pride in Barwa are crucial to our long-term growth.

At Barwa, we are committed to driving a sustainable business that is both commercially successful and socially and environmentally responsible. This approach includes providing our employees with a safe and healthy working environment and having an organizational culture that promotes diversity, inclusivity, personal development and respect.

EMPLOYEES

137

QATARIS/EXPATRIATES RATIO %

44% /56%

RETENTION RATE

97%

MALE/FEMALE RATIO %

72% /28%

Barwa Al Sadd

OUR CULTURE

We strongly believe that our people are our partners and the key to the success of our business. We respect and value the individuality and diversity that every employee brings to the Company. Over the years, we have built a team that mirrors the diversity of our customers, clients and communities. We are proud to say that 28% of our workforce is women, and Qatari nationals make up around 44% of our workforce. We recognize that progress and consistency work hand in hand, and that we are on a continuous journey towards creating an environment that is conducive to mutual respect, transparency and teamwork.

INVESTING IN OUR HUMAN CAPITAL

Our Company benefits from having employees with a diverse range of educational and professional backgrounds, combined with a shared passion for significantly contributing to the business. We encourage our team to be productive and innovative in generating new ideas and sharpening their decision-making skills. We continuously encourage our teams to attain greater excellence by enhancing their creativity and problem-solving skills through a variety of development and training programmes, for both soft skills and technical training.

BUILDING A MORE INCLUSIVE WORKFORCE

Our organization is actively contributing towards the defined goals of the stated Qatar National Vision 2030, which aims to develop a competent Qatari workforce through education and training. We recognize that the success of such strategies relies upon individual ownership, the mobilization of resources, and the support of employees and managers. Through our initiatives, we have been able to increase our focus on the nationalisation of key positions through performance-based learning and development. As of today, not only have we achieved Qatarization for 44% of our total head count, but most of our senior management positions are occupied by Qatari nationals.

A PEOPLE FIRST COMPANY

In seeking to always 'do the right thing', when determining our global principles, we have been mindful of international standards and benchmarks, including those set out by the Civil Defence Department in Qatar. We place the foremost priority on the health and safety of our employees by promoting regular well-being awareness campaigns and providing a safe and ergonomic office environment.

WHAT WE DID IN 2019

OUR ACHIEVEMENTS

- Retained the Qatarization rate of 44%.
- Training and Development of selected Qatari Nationals.
- Promotion of employees to higher positions instead of recruiting from outside, and recruited fresh Qatari national graduates to help them progress in their chosen careers.

STRATEGIC REPORT

OUR COMMITMENT TO COMMUNITY

At Barwa, we believe in the virtuous circle of strong communities supporting a strong business, and that businesses can only be as prosperous and successful as the societies they serve.

Barwa is committed to being a force for good by actively working to promote safety, security and social development across the business activities and in the communities in which it operates. We always listen carefully to our stakeholders, customers and employees and we work to develop action plans that reflect the needs of local communities.

We undertake meaningful and long-term initiatives, and we make strategic investments which leverage on our resources and capabilities to make a positive impact. Moreover, we are keen to enhance our partnership with the government of Qatar in several real estate initiatives. Barwa adopts an architectural philosophy which focuses on developing communities rather than constructing solid buildings, which helps the group develop solutions to meet the requirements of various social groups at competitive prices.

Barwa Real Estate Group pays special attention to the workers' sector as it is an important engine that contributes heavily to the urban and economic development of Qatar. As the country continues to experience economic growth, there is an expected acceleration in demand for various real estate initiatives and related services to raise the living standards of these communities.

By providing real estate solutions to serve these sections of society, Barwa is in the unique position to also offer a myriad of services and facilities that creates a sustainable residential environment in line with the objectives of Qatar National Vision 2030.

Waseef, Barwa Real Estate's Property and Facility management arm, is the one in charge of managing worker communities. Waseef continuously organizes a variety of events serving the community of workers residing in these projects. One of these events took place on Labor Day, May 1st 2019, entertainment venues and activities were organized and attended by a large number of workers in Barwa Al Baraha and Barwa Al Khor projects.

QATAR NATIONAL DAY

Barwa constantly looks forward to supporting and sponsoring activities and celebrations of Qatar National Day to demonstrate solidarity, national unity and pride in the Qatari national identity.

Barwa Real Estate offers sponsorship as part of the Qatar National Day celebrations, which aims to create interaction with the people of Qatar through various activities taking place in Darb Al Saai, the location where the annual celebrations take place. In 2019, Barwa stepped up its participation, not only providing sponsorship but also being present on ground, interacting with the public with a majority of children taking parts in the exciting activities which Barwa offered through its booth in Darb Al Saai. At least a thousand kids visited Barwa booth each day for a consecutive of 8 days.

During 2019, Barwa Real Estate, in collaboration with Waseef and Ministry of Interior, also organized several entertainment events for workers living in Barwa Al Baraha, Barwa Al Khor and Mukaynis Compound.

SAFETY AND SECURITY

At Barwa, the safety of the group's employees and clients is of the highest priority. We excel in providing the highest level of safety and security at all our developments by setting the best quality standards for application and inspection.

The safety of tenants is critical to Barwa Real Estate. Waseef, one of our subsidiaries that supervises property management, implements safety and security measures set by the government in cooperation with the Department of Civil Defence of the Ministry of Interior. Our projects also provide amenities such as trained security guards and CCTV cameras with 24/7 surveillance facilities. We have also installed firefighting systems in all our projects to minimise any fire-related accidents.

One of the most important of all Barwa's activities, in the field of safety and security, is the sponsorship of initiatives launched by the Department of Civil Defence, Ministry of Interior. Barwa collaborated with Safe Camping campaign, which aims to follow safety and security measures during the camping season to avoid accidents.

Barwa continues to sponsor the Civil Defence Media awareness car, which is equipped with screens, educational movies and specialized library to address the public during the national celebrations and provide them with necessary safety training.

Barwa subsidiaries are as well committed towards Health and Safety in the way they operate. Waseef, for instance, conducts various programs and initiatives in this regard, which includes

1. Health and Safety Inductions
2. Toolbox Training for safe work practices
3. Training of Standard operating procedures of Health and safety
4. Implementation of safety work permit systems
5. Conducting periodic safety drills
6. Coordinating lift rescue training with specialist service providers

NON-PROFIT SOCIAL INITIATIVES

Barwa is always keen to effectively contribute to the development of the residential solutions that are affordable, yet of high quality. Our efforts are evident in our projects, namely Barwa Village, Masaken Mesaimeer and Masaken Al Sailiya. Moreover, we have taken advantage of some of these projects to serve the community in collaboration with the Ministry of Administrative Development, Labor and Social Affairs. We also continue our charity contributions in favour of senior citizens and families in need. In addition to raising funds and urging employees in cooperation with the Qatar Charity Association in the campaigns launched by the State of Qatar for the relief of the victims, including the campaign "Arsal Relief", which extends immediate help to the Syrian refugees affected by snowstorms, frosts and rain in Lebanon.

Throughout 2019, Barwa Real Estate in collaboration with Waseef and Hamad Medical Corporation held blood donation campaigns at different Barwa projects including Masaken Mesaimeer, Masaken Al Sailiya, Barwa Village and Barwa Al Baraha.

CONNECTING BUSINESS TO OUR DEVELOPMENTS

Barwa proactively interacts with corporate and business clients. Our tenants enjoy special privileges, competitive prices and sufficient grace periods to equip and occupy leased commercial units. For example, we created a unique mechanism to rent phase I and II of Madinat Mawater, which sought to attract investors in the used car sector and provide a common ground for agreement and contract, which equally serves all the parties including consumers.

ENSURING A DECENT LIFESTYLE

In addition to our operations, Barwa continuously seeks to achieve real estate integration through its subsidiary Waseef, which provides all the facilities and services across all real estate projects to achieve a sustainable residential environment that meets the requirements of the residents and visitors.

Waseef plays a vital role in covering a wide range of property management, facility management, leasing and sales activities by providing integrated customer services 24x7. The tenants can use these services through different platforms such as call centres, the website and social media networks. Waseef also makes its various services available to customers through digital platforms and promotional marketing campaigns. It also provides excellent rental solutions with regular maintenance services.

Alternatively, Waseef has organized Eid Al Fitr & Al Adha festivities and entertainment activities for residents and families of several residential properties under management. The venues targeted the residents of Masaken Mesaimeer, Masaken Sailiya and Barwa Village, providing a warm and welcoming atmosphere allowing families with their children to spend quality time and enjoy the offerings.

STRATEGIC REPORT

REAL ESTATE PROJECTS IN QATAR

OPERATIONAL PROJECTS

- Dara A
- Al Baraha Workshops & Storages
- Barwa Al Sadd
- Barwa Village
- Masaken Mesaimeer & Masaken Al Sailiya
- Barwa Al Baraha
- Barwa Al Khor Shell Staff Housing
- Al Khor Workers Sports Complex
- Madinat Mawater Phase 1 & 2
- Umm Shahrain Warehouses
- Mukaynis Compound – Affordable Residential City Zone 1

ONGOING PROJECTS

- Mukaynis Compound - Affordable Residential City Phase 2 & 3
- Madinat Mawater Phase 3

LAND BANK

- Umm Shahrain Extension
- Barwa City Phase 3
- Lusail Land
- Barwa Al Doha
- Barwa Al Baraha Phase 3
- Dara (B-F)

Barwa's property portfolio has a long-term investment horizon. Strong investment discipline is required to mitigate the risk of sacrificing long-term growth for shorter-term distribution growth targets.

STRATEGIC REPORT

QATAR REAL ESTATE INVESTMENTS

Operational Projects
Ongoing Projects
Land Bank

RESIDENTIAL

BARWA AL KHOR - SHELL STAFF HOUSING

Barwa Al Khor – Shell Staff Housing is a residential project extending over 124,044 square meters, offering 50 villas and 300 apartments along with features such as clubhouse, child daycare, supermarket and a mosque. The project was completed in the third quarter of 2016 and has been handed over to Shell Company for ten years.

DARA A

Dara is located in the northern part of Fox Hills Zone, Lusail City.

Implemented over a total area of 16,421 square meters, Dara A comprises of four residential five-story buildings of 271 varying sized apartments, with a basement car park with a total area of 13,513 square meters. All construction works of Dara A have been completed and the Building Completion Certificate has been obtained. Barwa is currently studying various options to achieve maximum returns, whether to sell or lease the project.

MASAKEN MESAIMEER AND MASAKEN AL SAILIYA

Masaken Mesaimeer and Masaken Al Sailiya are designed to provide affordable community housing. Built on two separate sites, which together comprise a total area of 400,000 square meters, the two developments consist of 62 residential buildings, offering 1,984 two and three-bedroom apartment units. The developments also feature playgrounds, health clubs, nurseries, a supermarket and green areas.

MIXED USE & COMMERCIAL

BARWA VILLAGE

Located in Al Wakra district, Barwa Village is a master-planned development. Spreading over 400,000 square meters with a built-up area of 186,000 square meters, Barwa Village consists of 18 commercial and residential complexes that offer 918 retail units, 96 studio apartments, 262 one-bedroom apartments and 100 two-bedroom apartments. Project facilities feature a health club, an international school, a nursery, a medical clinic, a shopping center, commercial units, workshops, a mosque, restaurants, car parking facilities and a range of green spaces.

After completion in 2010, Barwa Village soon achieved high occupancy rates. For that reason, the Group expanded the project through the development of an additional building stretching on a land plot of 11,094 square meters. The total built-up area is 34,492 square meters with residential apartments and retail shops in addition to a hypermarket. The overall expansion offers a total of 71 shops and 177 different sized residential units. The construction of the project is completed. It is currently under operation.

MADINAT MAWATER

Madinat Mawater is the main destination for all used car related services, including sale, purchase and maintenance. Located in Rawdat Rashid near Salwa road intersection, Madinat Mawater extends over a land area of 1,151,731 square meters. It provides used car showrooms, residential accommodations, workshops, in addition to retail shops. It also offers essential facilities and services such as offices for the Traffic Department, banks, car insurance companies as well as a petrol station and car technical testing service.

Madinat Mawater comes as one of Barwa's projects aiming to serve both the community and economy of the State of Qatar. Barwa Real Estate is developing and operating the project in several stages through the BOT system (Build-Operate-Transfer) for 30 years. Phase one of the project has been completed in the second quarter of 2017 to include 60 used-car showrooms, 10 retail shops, 88 different sized apartments, 88 different sized offices, shops, workshops and a petrol station, in addition to all the infrastructure work.

Due to the growing leasing demands on Madinat Mawater, Barwa Real Estate has developed Phase two of the project with a total built-up area of 35,607 square meters, including 59 used car showrooms, 88 apartments, 88 offices, 10 retail shops and 5 workshops, in addition to the necessary infrastructure. All the construction works have been completed, and the leasing and operation of this phase have begun. Furthermore, a plot area of 26,000 square meters has been allocated for the establishment of a Car Inspection Service Center (Fahes) by WOQOD Company.

The company also started building car service centers on 1st August 2019 as first part of the third phase of Madinat Mawater, which is an extension of the first and second phases. This phase will be implemented on a land area of 418 thousand square meters, to provide 118 used car showrooms, a hypermarket, a center for car services, a car parts sales center and a showroom for one of the car dealers. Barwa was also commissioned to construct a used-car lot (Souq Badile) to solve the problem of traffic jams and overcrowding in the industrial area where a used-car lot for 26,905 square meters was constructed. It includes 25 car auction areas, 202 car parks for visitors and 106 car parks for auction cars.

STRATEGIC REPORT

QATAR REAL ESTATE INVESTMENTS CONTD...

Operational Projects

Ongoing Projects

Land Bank

MIXED USE & COMMERCIAL

BARWA AL SADD

Barwa Al Sadd is a mixed-use development covering an area of 27,654 square meters. The project consists of 3 office towers (two of 21 floors and one of 18) and a five-star hotel with 232 rooms and suites. All are surrounded by a three-level podium, two levels for retail and one for office space.

The development also includes three apartment buildings with total 261 flats, 129 of which are two bedrooms and 132 of which are three bedrooms buildings and incorporates a lower ground floor and 11 upper floors (G+10) that provide a total of 87 flats per block, a three storey recreational building, two basement levels, a five storey car park building and accommodating 1,702 cars and a utility building. The project is completed and leased.

INDUSTRIAL

UMM SHAHRAIN WAREHOUSES

Located in Umm Shahrain area, the project's plot land is 500,000 square meters. It provides low-cost warehousing areas with a total built-up area of 259,446 square meters, including 131,671 square meters of dry storage areas, 62,812 square meters of air-conditioned storage areas, 36,992 square meters of chilled storages and 19,028 square meters of freezer storages. The project also includes a residential compound for the accommodation of workers employed in it with a total plot area of 7,655 square meters, in addition to 532 square meters of offices and a total of 38 retail shops on a plot area of 1,676 square meters and a 700 square meter mosque.

The infrastructure works of the project consist of 13 electrical substations, internal roads with loading and unloading areas, networks for potable water, firefighting systems, irrigation, stormwater and foul water and their respective tanks. Furthermore, it will include CCTV surveillance, pump rooms, security rooms, and a surrounding fence. The total built-up area of the project is 273,311 square meters. Umm Shaharian Warehouses are now completed and fully leased.

The Group is currently studying the potential of adding new phase to this development by establishing Umm Shaharian Warehouses Extension project. This extension project will be developed on a land plot of 59,136 square meters. The development of this project was awarded to Barwa Real Estate Company as part of four logistic projects awarded to several developers by Manateq Company in 2015.

WORKERS ACCOMODATION

AL BARAHA WORKSHOPS & STORAGES

It is an extension of Barwa Al Baraha project. This is the area adjacent to workers accommodation project which was formerly called "Truck Parking". On a plot area of 684,134 square meters, the project offers suitable spaces to be used as warehouses for small and medium enterprises, offering mechanical and electrical workshops to meet the needs of craftsmen in the Industrial Area. It includes 561 warehouses and 118 workshops on a built-up area of 187 thousand square meters. This phase was completed in September 2019, leasing activities for the warehouses and the workshops have also started.

AL KHOR WORKERS SPORTS COMPLEX

A recreation facility in Al Khor Industrial Area aims to improve the quality of life of the workers by providing integrated leisure and sports facilities. It features four cricket fields, four football pitches, three volleyball courts, four basketball courts and four kabaddi fields. It also includes a supermarket, 35 shops, 2 open air cinemas, a mosque, a plaza area and other facilities. The complex hosts numerous events and sports activities and it has been utilized by several government and private corporations like the Ministry of Interior which Barwa collaborated with to organize on-going programs for workers. Covering all national and sports events in Qatar, the number of visitors of the program has exceeded 504,613 visitors Throughout the year 2019.

The Group added a new phase to the project; "Al Khor Recreation extension Project" on a plot area of 69,757 square meters. The expansion project consists of 216 one-bedroom apartments, 300 two-bedroom apartments, 8,000 square meter hypermarket and 300 square meter multi-purpose hall. In addition to the construction of infrastructure works that consist of one electrical substation, internal roads with parking lots for cars and buses, networks for potable water, firefighting systems, irrigation, storm water and foul water with their respective tanks. Furthermore, it will include CCTV surveillance and security rooms as well as pump rooms and a surrounding fence with total built-up area of 53,639 square meters. The construction works of the project has completed. Operations and leasing, as well as obtaining the Building Completion Certificate will be carried out during the first quarter of 2020.

STRATEGIC REPORT

QATAR REAL ESTATE INVESTMENTS CONTD...

Operational Projects

Ongoing Projects

Land Bank

QR 9,709 million

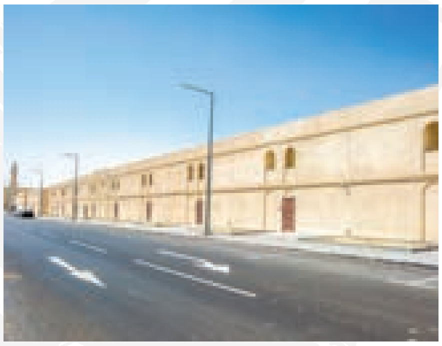
Book Value of Barwa Real Estate Land Bank

QR 13,935 million

Book Value of Barwa Real Estate Properties

WORKERS ACCOMODATION

MUKAYNIS COMPOUND – AFFORDABLE RESIDENTIAL CITY



Mukaynis Compound is located on Salwa Road and aims at developing an integrated residential city for workers. It is constructed on a land area of 994,567 square meters. The project covers the construction of 3,170 residential houses, comprising of 8-bedroom units with eight toilets, and one kitchen. In addition to that, it will include shops and mosques with project total built-up area of 730,728 square meters. Moreover, the construction will focus on providing full services covering all infrastructure works of 25 power substations, internal roads, potable water, irrigation, fire and sewage networks as well as CCTV cameras. An adjacent land plot of 183,538 square meters is allocated as parking lots for buses, in addition to a hypermarket, a security center and government services.

Mukaynis Compound is designed to ensure the privacy of the city's residents as it includes a private courtyard for each house, allowing its residents to enjoy the outdoor activity while ensuring their privacy. The traditional Arab style of the residential units is compatible with surrounding environmental conditions. Mukaynis Compound has been developed as part of the efforts to improve the housing standards of workers in Qatar and meet the needs of the local market in line with the objectives of Qatar National Vision 2030 and Qatar's preparations for hosting the 2022 World Cup, through developing a sustainable residential environment in terms of quality and security and providing all required services and facilities.

WORKERS ACCOMMODATION IN BARWA AL BARAHA

The project is located in the Industrial Area, offering 64 Buildings extended over 659,563 land, the project includes 8,576 rooms for the accommodation of 50,000 workers and technicians, together with restaurants and retail shops. The project is currently operational.

LAND BANK

LUSAIL LAND

Located in the northern part of Lusail City, Lusail land, known formerly as Lusail Golf, extends over a land area of 3.5 million square meters. It is a distinct addition to the group's available land bank, which will give the group a good advantage in developing new projects in the future. Barwa is currently preparing for the competition between local and international consulting firms, known for their innovations and quality of designs, to put together a proposal for the development of Lusail land to become a distinct attraction in the city of Lusail, and for Qatar in the wider perspective, through usage diversification and integration of facilities offered within the project.

INVESTMENT OPPORTUNITIES

Barwa is currently studying a number of investment opportunities, including the phase three of Barwa Al Baraha, phase three of Barwa City, phase two of Dara project (Dara B-F), as well as the Barwa Al Doha land. A detailed study is being prepared to determine the feasibility of the proposed design ideas and accomplish best use and return for the project.

Moreover, Barwa is preparing a proposal to develop a distinguished tourist resort, offering Sea Cabins and Chalets with stunning views, varying between sea views or views of artificial lakes, which will provide visitors, especially families, with the opportunity to enjoy swimming, beach and water games, all in a safe and clean environment.

STRATEGIC REPORT

AL AQARIA REAL ESTATE PROJECTS

Al Aqaria is the largest subsidiary, which is wholly owned by Barwa Real Estate Group. It focuses on developing residential projects in the industrial areas of Qatar.

RESIDENTIAL

AL KHOR COMMUNITY

Al Khor community project consists of 11 packages including different types of residential units of total 3,000 units (Villas and apartments) all have been leased out to QP and its subsidiaries. Al Aqaria developed two projects in Al Khor recently, including Al Khor Housing project Package (09) Zone 2 & Zone 4 that is comprised of 110 Villas clubbed into 55 buildings, and a Friday Mosque offering a master hall for men prayers in ground floor and another hall for women prayers in Mezzanine. All works have been completed in May 2019. The other project that Al Aqaria developed in Al Khor community is Housing project Package (08) Zone 12, which includes six buildings of 72 flats on three floors including ground floor. The community has been developed following the concept of interested self-serving residential city including all required services such as; schools, mosques, recreational facilities, and green open spaces.

ASAS TWIN TOWER

Located in Embassies Street in West Bay, the residential towers were established in 2004. The towers, directly overlooking the sea, are composed of fully furnished family apartments, containing 2,3,4 and 5 bedrooms. They also provide various services, including central air conditioners, free Internet access, cleaning services, in addition to offering a gym, business center, a beauty center & spa, beside other amenities and services.

MIXED USE & COMMERCIAL

AL AQARIA TOWER

Established in 2008, the administrative tower which accommodates the Company’s headquarters, is in Museum Street in Old Salata Area. It is composed of a ground floor, a mezzanine and 14 floors, including furnished and unfurnished administrative offices with multiple rental sizes. The building also provides different services such as 24 hours security and maintenance services.

DUKHAN CITY PROJECT – SOUQ DUKHAN, DUKHAN HOUSING AND COMMUNITY CENTRE

In 2008, AlAqaria completed the development of Souq Dukhan that includes 18 commercial shops and 10 offices, offering diversified services, as well as Souq Zekreet which is close to Dukhan Highway, which includes 31 accommodations and 40 different sized shops.

Al Aqaria developed a number of projects in Dukhan city, including Dukhan Housing – Packages 1, 2, 3 and Dukhan Community Center. Currently, Al Aqaria Garden Dukhan has 48 residential units. The project features consist of a Bowling Alley, Electronics Game Area, Indoor Sports Area, Multi-purpose Lounge, Coffee Shop, Community Library, Function Hall, Management Offices, Storage Areas and Maintenance Areas with associated infrastructure and with an overall plot area of 9,633 square meters.

AL AQARIA PROJECT MESAIEED

Al Aqaria has diversified real estate projects in Mesaieed. The company has completed the development of six workers accommodation villages in six phases. Currently 4 labour accommodations are operational, offering 275 units for Senior staff, 442 units for Junior staff and 1,732 labour housing units. Each village features several services and recreational amenities, including dining halls, supermarkets, playgrounds, recreational halls and a mosque. Moreover, Al Aqaria started to operate Dunes Mall in 2002 after completing its development. Located in the heart of Mesaieed near the big Mosque, the mall is composed of 190 shops and 19 offices, this includes banks, hypermarket, etc.

At the beginning of 2014, Al Aqaria completed the development of Souq Mesaieed. Located in the heart of the industrial city with all its premises overlooking the main street, the project spreads over an area of 45,000 square meters and comprises of 3 blocks (G+M+3 floors), including 108 shops, 70 office units, 138 flats, in addition to car parking that accommodates up to 657 cars for both tenants and customers.

Meanwhile, the Company is currently developing the main recreational club building of Mesaieed Business & Recreation Complex as the scope of work includes construction, completion and maintenance of the building with all associated amenity facilities and infrastructure work.

The main building contains a multipurpose hall, banquet, conference room and indoor sports halls, in addition to a gymnasium, VIP lounge, indoor sports courts, indoor swimming pool, indoor steam and sauna, main kitchen and restaurants with other amenity facilities. External works include an outdoor swimming pool, outdoor tennis court and parking (covered and exposed), as well as landscaping works.

STRATEGIC REPORT

AL AQARIA REAL ESTATE PROJECTS CONTD...

WORKERS ACCOMODATION

RAS LAFFAN PROJECTS - PHASE ONE

The worker's accommodation in Ras Laffan is one of the projects aiming at supporting the industrial areas in Qatar. The project comprises of 4 workers accommodation blocks, consisting of two floors, in addition to the ground floor. Al Aqaria also developed four other accommodation blocks for Senior and Junior Staff, a two-storey building for dining halls, a mosque and a commercial block.

DUKHAN CITY PROJECT – WORKERS VILLAGE ZEKREET

Al Aqaria has different projects in Dukhan city that include Al aqaria Labor Village Zekreet, which was completed in 2009 and had 200 residential units for workers and 48 residential units for junior staff members. In 2010, the company completed Al Aqaria Garden – Dukhan that consists of 24 residential flats.

AL AQARIA PROJECT MESAIEED – WORKERS ACCOMODATION

Al Aqaria has diversified real estate projects in Mesaieed. The company has completed the development of six workers accommodation villages on six phases. The features of each village includes several services and recreational amenities, along with Mess Halls, supermarkets, playgrounds, recreational halls and a mosque.

QR **1,166** million
Book Value of Al Aqaria Land Bank

QR **3,277** million
Book Value of Al Aqaria Properties

STRATEGIC REPORT

INTERNATIONAL REAL ESTATE INVESTMENTS

RESIDENTIAL

NUZUL HOLDINGS

LOCATION
BAHRAIN

Nuzul Holdings focuses on the "serviced apartments" concept within the hospitality sector. Nuzul has 118-unit somerset Juffair serviced residencies in Manama.

MIXED USE & COMMERCIAL

NORTH ROW PROPERTY - LONDON

LOCATION
LONDON

North Row property is located in the prestigious Mayfair area of London's West End, near Oxford Street. It was redeveloped and thoroughly refurbished in 2013 into high-quality offices on an area totalling 24,000 square feet.

CAVENDISH PROPERTY - LONDON

LOCATION
LONDON

Boasting a sought-after location overlooking Cavendish Square, this building dates back to the forties of the 18th century. It extends over 11,156 square feet equivalent to six floors of premium serviced office space.

SHAZA HOTELS COMPANY

LOCATION
KSA, BAHRAIN AND MOROCCO

In partnership with Kempiniski Hotels and Resorts, the company has embarked on the development of dry hotel operator brand under the "Shaza Hotels" brand for the five stars hotels and "MYSK" for the four stars hotels. Shaza stands out amongst hotel brands as it is designed specifically with the preferences and characteristics of intraregional travelers in mind.

LAND BANK

MARRAKESH PROJECT

LOCATION
MOROCCO

Located in Al Shohadaa area, Hivernage district- Marrakesh, the project spreads over an approximate area of 9,566 square metres. The development is an old hotel that has not been operational for more than 6 years.

LARNACA LAND

LOCATION
CYPRUS

The land plot of 54,670 square meters is located in Larnaca Bay, southern Cyprus in the heart of the island's touristic quarter near the city of Larnaca.

FEZ PROJECT

LOCATION
MOROCCO

The project consists of 3 traditional Arabic houses built in the Moroccan style from the 19th century. Extending over a land plot of 3,300 square meters.

BAHRAIN BAY PROJECT

LOCATION
BAHRAIN

The project is located in Bahrain Bay, facing the beachfront with a total land area of 12,475 square metres.

RIYADH LAND - PLOT

LOCATION
RIYADH

Located in Al Janadriyah District in the Saudi capital city of Riyadh, the vacant land plot extends over an area of 2,216,060 square meters.

STRATEGIC REPORT

INDEPENDENT SUBSIDIARIES

WASEEF

Waseef, a subsidiary of Barwa Real Estate, is one of the largest fully integrated Asset, Property and Facility Management services companies in Qatar, that offers a "one stop shop" and full-service solution to its clients.

Waseef, a subsidiary of Barwa Real Estate, is one of the largest fully integrated Property and Facility Management services companies in Qatar.

Waseef provides extensive property management and facility management operations to Barwa's real estate projects, which include Masaken Mesaimeer, Masaken Al-Sailiya, Barwa Village, Barwa Al Sadd, Barwa Al Baraha Workers Accommodation, Barwa Al Khor-Shell Housing, Al-Khor Workers Sports Complex, Madinat Mawater Phases 2 & 1, Al-Baraha Workshops & Storages and Mukaynis Compound, Affordable Residential City.

In addition to its already massive portfolio, Waseef has been managing all 23 Al Aqaria real estate projects beginning Q1 2019. This includes nine Al-Khor Housing Projects, four Workers Villages, three commercial centers in Mesaieed, four commercial markets in Dukhan, one Labor Village in Ras Laffan, Alaqaria Tower and Asas Twin Tower.

Waseef further extended its quality service offerings to external clients with prominent projects, such as The Commercial Avenue, Mesaimeer City, Manateq – Economic Zones, Hassad's three Central Markets (Umm Salal, Al Sailiyah and Wakrah), Al Erkyah City and Yasmeen City. Its recently completed projects were the 44 Al Furjan Markets, Museum of Islamic Arts and MIA Park.

Before the year 2019 ended, Waseef secured its partnership with Qatar Free Zone Authority and will be providing its interim Facility Management Services at Ras Bufontas and Um Al Houl Free Zones starting Q1 2020.

With in-house Call Center and speciality software for property management, accounting, procurement and facility management, its Customer Service teams are focused on serving client's needs in a thoroughly professional manner. Waseef is constantly implementing unified systems to stay on the forefront of technological advancement and to improve the lifestyle for our tenants continuously.

With the goal of serving not only Barwa but all of Qatar, Waseef is poised to be the most progressive leader in property and facility management in Qatar and the Middle East.

QATAR PROJECT MANAGEMENT - QPM

QPM provides unrivaled real estate and infrastructure Project Management services that perpetuate world-class standards in the industry.

QPM provides unrivaled real estate and infrastructure Project Management services that perpetuate world-class standards in the industry.

The company is well positioned to provide services for civil infrastructure, commercial, leisure, real estate, and residential projects within the growing global marketplace. QPM's international and local expertise is grounded in a full range of professional project management services including but not limited to project management, design management and construction management.

QPM is currently managing several mega projects in the State of Qatar and international markets and plays an integral role in the development of communities in countries (in Asia, North Africa and the UK). To maintain a world-class standard of project management, QPM invests in the latest Project Management technologies, and employs a highly skilled team of professionals with global experience in the field.

The values of integrity, excellence, learning, partnership, responsibility, unity, safety and competition are the underlying base to everything that the Company does.

Since its establishment in 2008, QPM has achieved excellent growth in both domestic and international markets. Through the years, QPM has delivered its integrated Project Management services to 19 developments at home and abroad.

QPM
عمل لمستقبل أفضل
MANAGING FOR A BETTER FUTURE

BOARD OF DIRECTORS

HIS EXCELLENCY
MR. SALAH BIN GHANIM BIN NASSER AL ALI
Chairman of the Board of Directors

H.E. Mr. Salah Bin Ghanim Bin Nasser Al Ali was appointed as Qatar's Minister of Sports and Culture on January 27th, 2016, after more than two years as Minister of Youth and Sports. His Excellency held several public positions such as Chief of the State Audit Bureau between 2006 and 2011, during which H.E. participated in developing a strategic plan for the Bureau aimed at assisting in achieving sustainable development for Qatari society and to strengthen accountability.

His Excellency was designated to take on various public service responsibilities, such as Head of the National Committee for Integrity and Transparency between 2007 and 2011. H.E. was also appointed as Head of the State National Day Celebrations Organizing Committee in 2008 whereas he participated in the formulation of the National Day vision that calls for promoting loyalty, solidarity and pride in Qatari national identity. In 2011, he was appointed as a consultant in the office of Heir Apparent till 2013. In 2012, H.E. participated in the launch of Al Rayyan TV with a mission to support the renaissance of Qatar, consolidate its national identity and take into account its sustainable development. H.E. participated in a lot of conferences and forums and provided many lectures and presentations in the field of innovations. H.E. Mr. Al Ali graduated from US-based Pacific University in 1992 with a Bachelor of Science in Engineering Management.

MR. ISSA BIN MOHAMMED AL MOHANNADI
Vice Chairman and Managing Director

Mr. Issa Mohammed Al Mohannadi is now holding the post of Vice Chairman and Managing Director of Barwa Real Estate Group. Mr. Issa Al Mohannadi occupied the role of Qatar Tourism Authority Chairman. His project management and international business background served QTA well as it embarked on rolling out the new Tourism Sector Strategy for the State of Qatar. Prior to taking up the post of Qatar Tourism Authority Chairman in May 2012, Mr. Al Mohannadi was the co- founder and Chief Executive Officer of Msheireb Properties.

Mr. Al Mohannadi has received numerous recognitions for his contribution to Qatar's rapidly growing business community, including the title of 'Property Development CEO of the Year' at the 7th Middle East CEO of the Year Awards organized by the Middle East Institute of Excellence in 2010.

Mr. Al Mohannadi occupies a number of distinguished posts within public and private organizations in Qatar.

He is the founder and chairman of Qatar Green Building Council, which actively promotes sustainability in the domestic construction industry. He also held a variety of front line leadership positions at Ras Laffan LNG Company- RasGas Ltd.

Mr. Al Mohannadi is Chairman of Qatar Racing and Equestrian Club Board of Directors and board member of Doha Film Institute (DFI) and Qatar Airways.

He was a member of Board of trustees at Qatar Academy Al Khor-Qatar Foundation.

Mr. Al Mohannadi holds a Bachelor degree of Science in Natural Gas Engineering from Texas A&M University in Kingsville, Texas, as well as specialized Bachelor's degree from Texas A&M University in Kingsville, Texas, as well as specialized training certificates in project management from George Washington University, Harvard Business School, INSEAD, and Kellogg Business School.

ENG. NABEEL BIN MOHAMMED AL-BUENAIN
Board Member

Eng. Nabeel Bin Mohammed Al Buenain is currently the QP's Vice President for HSE & Business Services. He was appointed as Vice Chairman of Qatari Diar in January 2017 and also became Chief Executive Officer of the company in April 2017 until July 2018. He has extensive experience in infrastructure development and oil and gas operations, acquired over years in various positions at Qatar Petroleum. Eng. Nabeel Al Buenain was appointed in 2005 as Assistant Project Manager of the Common Cooling Water Project in Ras Laffan. In 2007, he was subsequently appointed as Ras Laffan Port Expansion Project Manager, after which he was named as Executive Director of Hamad Port Projects. In January 2015, he was appointed as QP's Vice President for HSE & Business Services for nearly two years, during which he contributed significantly to the continued growth and development of the Company.

Eng. Nabeel Mohammed Al Buenain graduated in 1994 with a degree in Mechanical Engineering from Lamar University, in Beaumont, Texas, USA.

ENG. ABDULLAH BIN HAMAD AL- ATTIYAH
Board Member

Eng. Abdullah bin Hamad Al Attiyah holds MSc in Chemical Engineering from the University of Nottingham, United Kingdom and a bachelor's degree in mechanical Engineering from Cardiff University, United Kingdom. Eng. Al Attiyah has an extensive and vast work experience in many sectors in the country, where he started his career with Qatar Petroleum as Operations Engineer until 2011 when he moved to Ras Gas as a Senior Project Engineer and progressed in 2012 to Onshore Development and Planning Manager.

In 2014, Eng. Al Attiyah moved on to undertake new assignment as Acting Programme Management Office Executive Director at the Supreme Committee for Delivery and Legacy. Followed by an assignment in 2015 as Director of the Technical Office at Public Works Authority "Ashghal" and progressed to Assistant President until 2018 when he was appointed as Vice Chairman of Qatar Primary Materials Company, before being appointed by the Board as acting CEO until early May 2018. During the same period, in January 2017, Eng. Al Attiyah was appointed as a Board Member of Qatari Diar Real Estate Investment Company, until July 2018 when he became the Company's Chief Executive Officer in addition to his position as Board Member.

MR. NASSER BIN SULTAN NASSER AL-HEMAIDI
Board Member

Nasser Bin Sultan Nasser Al-Hemaidi was appointed in 2017 by Amiri Decree as a member of the Qatari Shura Council. Mr. Nasser Al-Hemaidi is a member of several boards of directors of Qatari shareholding companies. He is a member of the Board of Directors of Qatar Fuel Company WOQOD since 2008 and also a member of the Board of Directors of Qatar National Cement Company. He also served as the Financial Director of the Qatar Olympic Committee as well as being a businessman involved in various business and economic activities. Mr. Nasser Al Hemaidi holds a Bachelor's Degree in Business Administration.

BOARD OF DIRECTORS CONTD...

MR. MOHAMMED BIN ABDULAZIZ AL-SAAD

Board Member

Mr. Mohammed Bin Abdulaziz Al-Saad started his career working in leading roles in the public sector; he led the investment program of Qatar's largest publicly listed real estate company at the time-Qatar Real Estate Investment Company (Al Aqaria). In late 2006, he took over as CEO of The First Investor (TFI), the leading investment firm in Qatar. His leadership brought Barwa Bank to be operational in 2009, and it kept impressively growing in both market share and profitability as he became the Vice Chairman of the bank. Mr. Al Saad is currently the Executive Chairman of MAS Holdings and the Board Member of Qatar Fuel-WOQOD. He is also Chairman of QCON, Chairman of Native Land Investment, and the Chairman of Agency Triple Two.

Mr. Al-Saad completed his Bachelor's degree in Architectural engineering from University of Colorado at Boulder and his Executive Master's Degree in Business Administration (EMBA) from HEC Paris.

DR. NASSER BIN ALI AL HAJRI

Board Member

Representing Al Adeed Real Estate Investment Company, Dr. Nasser Ali Al Hajri works as the Financial and Administrative Control Director in the office of H.H. the Father Emir. Dr. Al Hajri holds a PhD in Business Finance Management; the field in which Dr. Al Hajri has prepared many research papers.

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DEFINITIONS

- **Information**

  Information, data, and documents related to the establishment of the company and its activities, and its reports and other information that the company must disclose and make it available to shareholders and enable them to access and obtain them according to the law and the provisions of this system and other legislations of the Authority.

- **The Authority**

  Qatar Financial Markets Authority (QFMA)

- **Board's Charter**

  The Charter prepared by the Board to define its tasks, responsibilities and the duties of its Chairman and members.

- **The Board**

  The Board of Directors of the listed company or the one that manages the listed legal entity, as appropriate.

- **Board's Secretary**

  The person appointed by the Board of Directors, in accordance with the requirements of the corporate governance system, and who is responsible for organizing and coordinating matters related to the Board and the company.

- **Chairman**

  The chairman of the company's board of directors is responsible for managing the company in accordance with the law, its articles of association and foundation.

- **Governance**

  The system by which the company is managed and controlled, and defines the basis and principles of the distribution of rights and responsibilities among the various stakeholders of the company, such as board members, managers, shareholders and other stakeholders, and clarifies the basis and procedures for taking decisions related to the affairs of the company.

- **Governance report**

  It is an independent annual report that includes the company's disclosure of its commitment to apply the principles and provisions of the governance system, to be approved by the Chairman and to be submitted to the Authority along with the company's annual report.

- **Cumulative voting**

  It is a voting method for selecting members of the Board of Directors. Each shareholder is granted a voting power for the number of shares he owns, so that he has the right to vote for one nominee or divide it among those he choose from the nominees without any repetition of these votes.

- **External Auditor**

  The person authorized in accordance with the provisions of the law and registered in the Authority's external auditors list to review and audit the financial statements and data and express an opinion thereon, in accordance with the principles of the profession and international auditing standards or auditing standards related to the Islamic financial institution and obtain confirmation of whether the financial statements are free from material misstatements in addition to the liquidation.

- **Independent member**

  He is a member of the Board of Directors who enjoys complete independence, except for the following examples and not limited to:

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A. To be the owner of at least (1%) of the company's shares or any company in its group.

B. To be a representative of a legal person who owns at least (5%) of the shares of the company or any company in its group.

C. To be in the senior executive management of the company or any company of its group during the year preceding the elections of the Board.

D. To have a relative of first degree with any member of the Board of Directors or the senior executive management of the company, or in any company of its group.

E. To be a member of the board of directors of any company within the group of the company nominating for a membership in its board of directors.

F. To be an employee during the two years preceding the elections of the Board with any of the parties associated with the company or any company in its group, such as certified accountants and major suppliers, or to own control shares with any of these parties during the two years preceding the elections of the Board.

G. Has direct or indirect transactions with the company or any company of its group during the two years preceding the elections of the Board.

- **Senior executive management**

  Chief executive officer and other executives directly reporting to him, including the heads of the internal control.

- **Internal Control**

  Financial auditing, performance evaluation, and risk management performed by one or more independent function of the company.

- **Major deal**

  Any connected deal or group of deals aimed at owning, selling, leasing, exchanging or disposing (except for the creation of guarantees) of the company's assets or assets that the company will acquire or that will change the basic nature of the company's business; or that its total value exceeds (10%) of the lowest value between the market value of the company or the net asset value of the company according to the latest published financial statements.

- **Market**

  It is the main market in Qatar Stock Exchange.

- **Non-executive member**

  He is a member of the Board of Directors who is not available to manage the company and does not receive a pay for it.

- **Related party**

  A person is considered a related to the company if he is a member of the board of directors of the company or any company in its group, or in the senior executive management of the company or any company in its group, or if he owns at least (5%) of the shares of the company or a company within its group, or is a relative of any of the former Board members up to the second degree, and every legal person who is under control of a member of the company's board of directors or any company from its group or its senior executive management and their relatives up to the second degree, or who is involved in a project or company of any kind with the company or any company in its group.

- **Stakeholders**

  Everyone who has an interest with the company based on a right or legal status such as shareholders, employees, creditors, customers, suppliers and others.

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CHAIRMAN'S MESSAGE

Our valued shareholders,

I am pleased to present you the corporate governance report of Barwa Real Estate Company (Qatar Public Shareholding Company "QPSC"), which covers the fiscal year ending on December 31, 2019, highlighting the recent developments in the framework of corporate governance and based on the resolution of the Board of Directors of the Qatar Financial Markets Authority (QFMA) No. (5) of 2016 issuing the corporate governance system and legal entities listed in the main market.

The report was prepared in accordance with the requirements of the corporate governance system for shareholding companies listed in the main market issued by QFMA and other regulations and laws in force in the State of Qatar and Qatar financial market system.

In order to ensure that we meet the requirements of the authorities in the State of Qatar, and our goal for continuous progress in the company and the results of its performance, we are committed to issue the corporate governance report on an annual basis to present it to the shareholders during the General Assembly meeting.

God grants success,

Salah bin Ghanim Al-Ali
Chairman, Barwa Real Estate Company (QPSC)

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1. PREFACE

Corporate governance is considered one of the most important pillars on which Barwa relies on to establish a culture of openness, transparency and clarity in its commercial and administrative dealings, in order to protect the rights of investors, the rights of other stakeholders, and minority shareholders to rectify its business and manage it in line with international best practices and approved regulatory frameworks.

Corporate governance laws are defined as the principles that regulate the relations between the main parties in the company (members of the board of directors, executive management, shareholders ...) to achieve one purpose of distributing rights and responsibilities among the various participants and other stakeholders.

Corporate governance is an integral part of the culture of Barwa Real Estate Company (QPSC) ("Barwa") and its commercial practices. Corporate governance for Barwa Real Estate Company aims to establish and achieve the following objectives:

- **Transparency:** Clarity in the company's commercial and operational processes, avoiding ambiguity, confidentiality and misinformation, and making all matters achievable and assured.
- **Accountability:** It is the shareholders' right to hold the organizational management accountable for its performance. This is a right guaranteed by the law and the company's articles of association. It also ensures the responsibility of the executive management before the Board and the responsibility of the Board before the shareholders.
- **Equality:** It is the equality between small and big investors, both domestic and foreign. Barwa's articles of association guarantees this principle in terms of equal voting rights, accountability, nomination, and access to information.
- **Responsibility:** It is the responsibility of Barwa to recognize the rights of stakeholders granted by law and encourage communication and participation between the company and stakeholders.

2. BOARD OF DIRECTORS REPORT ON COMPLIANCE WITH QATAR FINANCIAL MARKET AUTHORITY LEGISLATIONS, INCLUDING GOVERNANCE SYSTEM OF LISTED COMPANIES IN THE MAIN MARKET

The Board of Directors evaluated the compliance of the Group with the related legislations ("Legislations") of QFMA ("Authority"), including the governance system of listed companies and legal entities in the main market ("System") issued by the Authority. According to this evaluation, the Group assured its compliance with the system rules in regards with the essential aspects.

We would like to highlight that the Group is currently reviewing and documenting the procedures, policies and the controls systems related to the assurance of the Group's commitment towards the laws and related systems, especially systems and legislations issued by the Authority. In light of the available information presented to the Board of Directors, there was no violation during this year to the system and legislations.

3. GOVERNANCE FRAMEWORK AND POLICIES

Barwa Real Estate Company is committed to applying the highest levels of corporate governance in its daily dealings, by achieving full compliance with the laws of corporate governance of companies listed in the market, which is regulated by QFMA.

The guiding framework for Barwa Real Estate Company's governance system is provided by the corporate governance system and legal entities listed in the main market and issued by the Resolution of the Board of Directors of QFMA No. 5 of 2016, which was published in the Official Gazette on May 15, 2017, in addition to the applicable laws and other regulations in the State of Qatar and the Qatar Stock Exchange.

The company is constantly working on updating its policies and procedures to reflect the updates of the laws by the regulatory authorities.

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3.1 NOMINATION POLICY

The Board of Directors is one of the most important elements that lay the foundation of corporate governance and draw its course towards success and progress. Therefore, it was necessary to establish a policy for the provisions that govern the membership of the Board in light of the company's articles of association and corporate governance rules issued by QFMA. This policy has facilitated access to all the provisions and controls that determine the criteria and procedures for the membership of the Board of Directors and facilitated practicing them. It has shown how the Board is formed, its membership term, the nomination conditions, and the membership qualities under which a board member can be specified, executive and non-executive, dependent and independent. The policy also clarified the mechanism of Board elections, cases in which membership ends and the procedures of filling vacant positions.

3.2 REMUNERATION POLICY

The Board of Directors of Barwa Real Estate Company adheres to the remuneration policy in Article (40) of the company's articles of association, and mentioned in the Commercial Companies Law, which in its amendment issued in 2015, specified the remuneration of Board members can't exceed (5%) of the net profit after deduction legal reserves and dividends. The Board shall present the proposal of remuneration of the Board members to the General Assembly for approval.

3.3 CONFLICT OF INTEREST POLICY

Barwa Real Estate Company has adopted strict policies governing the transactions of insiders and conflict of interest that may arise from involving persons involved in trade and civil society to work as managers, executives and employees in Barwa Company. Barwa Company has set these policies to reveal these matters and avoid losing its objectivity, and to maintain the independence of decision-makers in a way that serves the interests of shareholders, as the company and all its employees are obliged to periodically disclose any common interests or operations between them or with any other party that has a direct relationship with the company.

3.4 DISCLOSURE POLICY

Barwa Real Estate Company adheres to the disclosure requirements established by the authority by developing a policy that aims to formally disclose the qualitative and quantitative information that the stakeholders disclose, and sets internal control systems to oversee the disclosure process. The company seeks to achieve financial transparency through the disclosure of financial reports, material information and information related to members of the Board of Directors and the executive management and disclosure of information for major shareholders or controlling shareholders, in accordance with the regulatory reporting requirements. This policy helps the board, executive management, and related company management understand their roles and responsibilities in the disclosure process.

3.5 EXTERNAL AUDITOR POLICY

The external audit is an integral part of the integrity of Barwa's business. In view of the importance of the external audit work, the company has developed a policy that regulates all external auditor affairs in full accordance with the relevant requirements and rules of governance.

Barwa Real Estate Company, in accordance with the decision of the General Assembly held on March 20, 2019, appointed Deloitte and Touche as the company's external auditor for the fiscal year ending on December 31, 2019 based on the recommendation of the Board of Directors and the technical and financial offers obtained in light of the requirements of the governance system issued by the Authority. Qatar Financial Markets. Deloitte & Touche is completely independent of the management of Barwa Real Estate Company and its Board of Directors and is registered in the auditors' register stipulated in Law No. (30) of 2004 regarding the regulation of the profession of auditing.

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4. BOARD OF DIRECTORS

The Board of Directors is the authority that has all the powers necessary to carry out the company's business except for those that fall within the jurisdiction of the General Assembly in accordance with the law or the company's articles of association. The Board of Directors of Barwa is the main administrative entity. Among his roles and responsibilities, to support the administrative structure, maintain the strategic direction, ensure efficiency and effectiveness, enhance the general situation, maintain integrity and accountability, respond to the demands of shareholders, attend relevant regular important meetings and help in preserving the mission and vision of Barwa Company, discuss or agree on internal audit reports, appoint external auditors and present ideas that would enhance the performance of the company's operations, including its subsidiaries, and implement effective governance.

4.1 FORMATION OF THE BOARD OF DIRECTORS

According to the company's articles of association, the company is managed by a board of directors consisting of seven members, three of them are appointed by the shareholder that owns the preferred stock according to the current percentage of his ownership of the shares. It is not permissible to dismiss any of them except by a decision from the owner of the preferred share, and the remaining four members are elected by the ordinary general assembly by secret ballot. The owner of the preferred stock does not participate in the voting process. The Board of Directors shall, by secret ballot, elect a Chairman and Vice-Chairman for a term of (3) years.

The following table includes the members of the Board of Directors for 2019:

Board Member Name	Position	Status
His Excellency Mr. Salah bin Ghanem Al-Ali	Chairman (Qatari Diar)	Non-executive, non-independent
Mr. Issa Muhammad Al-Muhannadi	Vice Chairman; Managing Director	Executive, non-independent
Mr. Nabil Mohammed Al-Buainain	Member (Qatari Diar)	Non-executive, non-independent
Mr. Abdullah Hamad Al-Attiyah	Member (Qatari Diar)	Non-executive, non-independent
Mr. Nasser Sultan Al-Hamidi	Elected Member	Non-executive, independent
Mr. Nasser Ali Ghassab Al-Hajri	Elected Member Al-Adeed Real Estate Investment Company	Non-executive, independent
Mr. Mohammed Abdul Aziz Al Saad	Elected Member	Non-executive, non-independent

4.2 ABOUT THE MEMBERS OF THE BOARD OF DIRECTORS

The company's board of directors includes members with distinguished experiences, skills and competencies in various sectors. Kindly refer to Annexure 1 for more details about the experience of the Board members.

Below is a schedule showing the numbers of shares held by the Board members. The nominal value of the share was modified in 2019 in implementation of the decision of the Qatar Financial Markets Authority (QFMA).

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Board Member Name	Number of seized shares to guarantee membership in the Board	Number of shares owned to the company as of 31/12/2019	Number of shares owned to the company as of 31/12/2018
His Excellency Mr. Salah bin Ghanim Al-Ali (Representative for Qatari Diar)	0	0	0
Mr. Issa Bin Mohammed Al Mohannadi	1,000,000	1,027,360	102,736
Mr. Mohammed Bin Abdulaziz Al-Saad	1,000,000	1,250,000	125,000
Mr. Nabeel Bin Mohammed Al-Buenain (Representative for Qatari Diar)	0	0	0
Mr. Abdullah Hamad Al-Attiyah (Representative for Qatari Diar)	0	16,010	1,601
Mr. Nasser Bin Sultan Nasser Al-Hemaidi	1,000,000	5,490,819	375,446
Mr. Nasser Ali Al-Hajri (Representative for Al-Adeed Real Estate Investment Company)	1,000,000	30,774,600	3,077,460

4.3 DUTIES OF THE CHAIRMAN

Among the responsibilities of the Chairman is to lead the company to achieve its strategic goals and the appropriate return for the shareholders. He also takes the lead of the Board and oversees its role in full and adopts the agendas of the Board's meetings, in addition to discussing with the Board's members the recommendations, improvements, strategic initiatives, estimated budgets and available investment opportunities and ensuring that the Board performs the tasks entrusted to it. In addition to periodically discussing the general affairs of the company with the members of the Board and ensuring the existence of a mechanism to evaluate the performance of the members, as well as to communicating with the shareholders. The Chairman may assign some of his duties to the members, committees, managing director or CEO, as he deems appropriate. He also coordinates with the CEO regarding financial and human resources to achieve the desired goals and periodically monitors the company's overall performance through the CEO.

4.4 DUTIES OF THE BOARD MEMBERS

Non-executive board members give independent proposals on strategic issues and develop related proposals, they also study management performance in achieving the agreed goals, monitor the company's performance in achieving its agreed goals and objectives, oversee the development of procedures of corporate governance, and ensure that priority is given to the interest of the company and the shareholders in the event of any conflict of interests. Non-executive board members also review the integrity of information, controls and financial systems, and ensure the strength and integrity of these controls, and providing their diverse skills and expertise to the Board or its various committees through their active participation in Board meetings and public assemblies, and understand shareholder's opinions in a balanced and fair manner.

4.5 BOARD MEMBERS' RESPONSIBILITIES AND OBLIGATIONS:

The Board of Directors must perform its functions and tasks and assume responsibilities according to the following:

1. The Board must perform its tasks with responsibility, good faith, seriousness and concern, and its decisions should be based on adequate information from the executive management, or from any other reliable source.

2. The Board member represents all shareholders, and has to abide by what is in the interest of the company, not the interest of the company he represents or whomever voted for him to appoint him in the Board.

3. The Board must specify the authorities given to the executive management, decision-making procedures and the duration of the delegation, as well as determine the matters in which it is authorized for them to decide upon, and the executive management shall submit periodic reports on its exercise of the delegated authorities.

4. The Board should ensure that procedures are in place to familiarize the new Board members with the company's work, especially the financial and legal aspects, as well as train them if necessary.

5. The Board must ensure that the company provides adequate information about its business to all members of the Board in general and to non-executive board members in particular in order to enable them to carry out their duties and tasks efficiently.

6. The Board is not permitted to obtain loan contracts of a maturity exceeding three years, or sell or mortgage the company's real estate, or to absolve the company's debtors of their obligations unless it is authorized to do so in the company's system and under the conditions set out in it, and if the company's system includes provisions in this regard, then the Board may not perform the mentioned actions without getting permission from the General Assembly, unless such actions are included in the company's business.

7. Regular attendance at Board meetings and committees, and not withdrawing from the Board except for necessity and at an appropriate time.

8. Boosting the interest of the company, partners, shareholders and other stakeholders, and giving it priority over the personal interest.

9. Express an opinion on the strategic issues of the company, its policy in implementing its projects, the accountability systems of its employees, its resources, basic appointments, and their applicable standards.

10. Monitor the company's performance in achieving its goals and objectives, and review reports on its performance, including annual, semi-annual and quarterly reports.

11. Supervise the development of the governance procedures, and work on implementing them in an optimal manner in accordance with this system.

12. Exploiting their various skills and experiences by diversifying their competencies and qualifications in managing the company in an effective and productive way, and working to achieve the interest of the company, partners, shareholders and other stakeholders.

13. Effective participation in the general assembly of the company, and achieving the demands of its members in a balanced and fair manner.

14. Not to make any declarations, statements or information without prior written permission of the Chairman or his delegate, and the Board shall designate the company's spokesperson.

15. Disclosure of financial and commercial relations, and judicial cases that may negatively affect the performance of the tasks and functions assigned to them.

4.6 BOARD CODE OF CONDUCT

Barwa's Board is committed to the highest levels of commercial integrity and conduct and to "code of ethics and professional conduct", and to the job description details stipulated in Barwa's Corporate Governance Manual and Policies. The Board is the representative of the interests of the shareholders in the company, as all members must apply the company's values, and practice all their dealings with honesty and integrity. The Board members also act in good faith and in the interest of Barwa and the shareholders, in addition to promoting a culture of moral behavior.

4.7 BOARD'S CHARTER

The company has prepared a "Board Charter" to help its Board to exercise its authorities and perform its duties. The charter details the purpose of the Board, its composition, the role and responsibilities of the Board, meeting procedures, quorum and decisions, and it has been published on the company's website to become a general reference for stakeholders.

4.8 SEPARATION OF TASKS

The company pursues the principle of separation between the position of Chairman of the Board and any executive position the company, where His Excellency Mr. Salah bin Ghanem Al Ali occupies the position of Chairman of the Board of Directors, while Mr. Issa Mohammed Al-Mohannadi occupies the position of Vice Chairman - Managing Director of Barwa Real Estate Company.

4.9 BOARD MEETINGS

Board meetings are held regularly in accordance with the requirements of the Commercial Companies Law No. (11) of 2015, the company's articles of association, the corporate governance system and legal entities listed in the main market issued by the Qatar Financial Markets Authority (QFMA).

The Board Secretary keeps the minutes of the Board's meetings and distributes agendas of the meetings. The Board of Directors of Barwa Real Estate Company held six meetings during 2019, during which the topics, strategies and projects of the company were discussed.

4.10 EVALUATION OF BOARD MEMBERS' PERFORMANCE

The Remuneration and Nominations Committee undertakes the evaluation process on an annual basis in accordance with the methodology adopted by the Board of Directors in the company's governance system during the year by providing an appropriate system to monitor the performance of the Board and to ensure that Board members are fully fulfilling their role and responsibilities.

4.11 BOARD REMUNERATIONS

The value of the Board's remuneration for the financial period ended December 31, 2019 amounted to 8,500 QR.

4.12 BOARD'S SECRETARY

A secretary has been appointed to the company's Board with university qualifications and relevant work experience. The terms of reference and job description govern the functions of the Board's secretary in the corporate governance system. He is responsible for preparing agenda items for Board meetings, drafting the minutes of meeting, and coordinating between Board members, and between the Board and other stakeholders, including shareholders, management and employees, in addition to archiving, organizing and maintaining records of Board meeting minutes, documents and reports related to the work of the Board and its committees and related correspondence, in addition to ensuring communication and flow of information between the Board, the executive management and shareholders.

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5. BOARD'S COMMITTEES

The Group's Board of Directors has a flexible administrative model to facilitate the conduct of its works. The pillars of this model are based on the formation of three committees from the Board of Directors, the Executive Committee, the Nomination and Remuneration Committee and the Audit Committee. Each committee plays a fundamental role in helping the Board to carry out the tasks and duties assigned to it in managing the company effectively.

Board committees adhere to their detailed terms of reference, and report regularly to the Board on their actions and deliberations. The Board approves the formation of these committees and their terms of reference. In this regard, the Board is committed to implementing the provisions of the governance system.
Below are the Board committees, tasks and members of each committee during 2019:

A. Audit Committee

The Audit Committee of Barwa Real Estate Company consists of three members chaired by an independent member with financial experience in the audit field. The Audit Committee monitors financial and accounting policies and financial and internal controls on a regular basis. The Internal Audit Department reports directly to the Audit Committee to ensure the independence of these internal controls. The Committee also recommends the external auditors to the Board for approval at the annual general assembly and manages them.

The Audit Committee held four meetings during 2019:

Members of the Audit Committee:

Mr. Nasser Bin Sultan Nasser Al-Hemaidi	Chairman	Non-executive	Independent
Mr. Mr. Abdullah Hamad Al-Attiyah	Member	Non-executive	Non-independent
Mr. Nasser Ali Al-Hajri	Member	Non-executive	Independent

The committee's major achievements for the year 2019 are the following:

1. Discussing the auditor's reports on the financial statements for the year 2019.
2. Discussing the general budget of the company.
3. Submission of a proposal to the Board of Directors regarding the appointment of the external auditors for the fiscal year 2019 and their estimated fees.
4. Submission of a proposal to the Board of Directors regarding the appointment of a Sharia Supervisory Board for the fiscal year 2019 and their estimated fees.
5. Developing an internal audit plan for the year 2019.
6. Following up on the implementation of the audit plan and raising the recommendations to the Board of Directors.
7. Approval of the internal audit plan for the next three years (2019-2021).
8. Approval of the Internal Audit Department's budget for the year 2020.
9. Review of the organizational structure of the Group's internal audit department.

Based on the annual evaluation, the Board is satisfied with the performance of the Committee in implementing its responsibilities, authorities and the recommendations it presented during the year ended December 31, 2019.

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CORPORATE GOVERNANCE REPORT

B. Remuneration and Nomination Committee

Remuneration and Nomination Committee of Barwa Real Estate Company consists of three members, responsible for developing transparent procedures for the nomination and appointment of Board members, determining their responsibilities and ensuring the availability of appropriate skills and their adherence to deadlines. The committee also undertakes the task of supervising the evaluation of the Board and the administration, supervising the corporate governance affairs of the Board, including drafting and recommending governance principles and policies, and defining the remuneration policy in the company, including the remuneration of the Chairman, and all members of the Board and senior executive management receive.

Remuneration and Nomination Committee held four meetings during 2019.

Members of the Remuneration and Nomination Committee for the year 2019:

Mr. Mohammed Bin Abdulaziz Al-Saad	Chairman	Non-executive	Non-independent
Mr. Issa Bin Mohammed Al Mohannadi	Member	Executive	Non-independent
Mr. Abdullah Hamad Al-Attiyah	Member	Non-executive	Non-independent

The committee's major achievements for the year 2019 are the following:

1. Re-examining and discussing the remuneration mechanism for the company's employees and the group's CEO.

2. Submitting a proposal to the Board of Directors on the annual remunerations of Board members and the remunerations of the members of the Board's Committees.

3. Discussing the performance evaluation of the members of Board and members of its committees.

4. Interviewing a group of the potential candidates for leadership roles in the company.

Based on the annual evaluation, the Board is satisfied with the performance of the Committee in implementing its responsibilities, authorities and the recommendations it presented during the year ended December 31, 2019.

C. Executive Committee

The Executive Committee of Barwa Real Estate Company consists of three non-executive members who were appointed by the Board to perform the role of the Board's advisory body, review the business strategy, the annual budget, and the capital structure of Barwa and provide recommendations to the entire Board.

The Executive Committee held eight meetings during 2019.

Members of the Executive Committee for the year 2019:

Mr. Issa Bin Mohammed Al Mohannadi	Chairman	Executive	Non-independent
Mr. Mohammed Bin Abdulaziz Al-Saad	Member	Non-executive	Non-independent
Mr. Nabeel Bin Mohammed Al-Buenain	Member	Non-executive	Non-independent

The committee's major achievements for the year 2019 are the following:

1. Discussing the five-year work plan (2019-2024).

2. Discussing the estimated budget for 2020.

3. Studying updating the policies and procedures of some of the company's departments.

4. Following up on the workflow and plans in Waseef Company.

5. Reviewing the feasibility studies of a group of projects and raising recommendations to the Board of Directors.

6. Discussing the performance indicators for the year 2019.

Based on the annual evaluation, the Board is satisfied with the performance of the Committee in implementing its responsibilities, authorities and the recommendations it made during the year ended December 31, 2019.

6. EXECUTIVE MANAGEMENT

Mr. Issa Bin Mohammed Al Mohannadi:
Mr. Issa Mohammed Al Mohannadi is now holding the post of Vice Chairman and Managing Director of Barwa Real Estate Group. Mr Issa Bin Mohammed Al Mohannadi occupied the role of Qatar Tourism Authority Chairman. His project management and international business background served QTA well as it embarked on rolling out the new Tourism Sector Strategy for the State of Qatar. Prior to taking up the post of Qatar Tourism Authority Chairman in May 2012, Mr. Al Mohannadi was the co- founder and Chief Executive Officer of Msheireb Properties.

Mr. Al Mohannadi has received numerous recognitions for his contribution to Qatar's rapidly growing business community, including the title of 'Property Development CEO of the Year' at the 7th Middle East CEO of the Year Awards organized by the Middle East Institute of Excellence in 2010.

Mr. Al Mohannadi occupies a number of distinguished posts within public and private organizations in Qatar. He is the founder and chairman of Qatar Green Building Council, which actively promotes sustainability in the domestic construction industry. He also held a variety of front line leadership positions at Ras Laffan LNG Company- RasGas Ltd.

Mr. Al Mohannadi is Chairman of Qatar Racing and Equestrian Club Board of Directors and board member of Doha Film Institute (DFI) and Qatar Airways.

He was a member of Board of trustees at Qatar Academy Al Khor-Qatar Foundation.
Mr. Al Mohannadi holds a Bachelor degree of Science in Natural Gas Engineering from Texas A&M University in Kingsville, Texas, as well as specialized Bachelor's degree from Texas A&M University in Kingsville, Texas, as well as specialized training certificates in project management from George Washington University, Harvard Business School, INSEAD, and Kellogg Business School.

Mr. Murad Mohamed Al Ghoul:
Mr. Murad holds the position of advisor to GCEO for Real Estate Development since January 2019 .Prior to that Mr. Murad worked as civil engineer and project manager in the QAF Engineering unit from 1985 to 2005, then he joined Qatar Real Estate investment Company as chief operation officer and was responsible for managing all the company's projects during the period from 2005 to 2018.

Mr. Murad AL ghoul holds a BSC in civil Engineering for University Of North Carolina as well as two master's degrees in urban planning and Business Administration . He has over 35 years of practical experience in his field.

Mr. Tamer El-Sayed:
Mr. Tamer El Sayed Mohamed is the Group's Chief Financial Officer since May 2014. Mr. Tamer joined Barwa Real Estate Group in the year 2008 and is currently serving as a Board Member for several subsidiary and associate companies of Barwa in addition to membership of Executive Management Committees.

Mr. Tamer holds a Bachelor of Commerce – major accounting from Cairo University, and he holds many international professional qualifications such as CPA, CMA and preparing for level III, CFA.

The total professional experience of Mr. Tamer is 20 years in different areas of external auditing and financing in many international firms and companies.

Mr. Yousef Al-Binali:
Mr. Yousef Al-Binali , the Group Chief of Corporate Operations since April 2017, has held various positions during the course of the process, which started in 1995 in a number of companies and institutions, including Qatar Petroleum - Ministry of Education - Qatar Authority for Charitable Activities. He also board member of the executive management committees.

Mr. Youssef Al-Binali graduated from Qatar University in 1999 with the degree of Technological Diploma - Office Administration.

Mrs. Dana Abdul-Aziz Al-Ansari:
Mrs. Dana Abdulaziz Al-Ansari holds the position of Group Director of Legal and Compliance since January 2018. She held the positions of Manager of Litigation and Corporate Affairs at Barwa and Senior Legal Counsel in addition to other positions during her working period with Barwa since 2006. She is also a member of the Board of Directors of several subsidiaries and associates of Barwa in addition to the executive management committees.

She holds a bachelor's degree in Law from Qatar University and an Executive Master's degree in Law from Northwestern University, USA.

Shares owned by Members of the Executive Management:

1. Mr. Issa Mohammed Al-Mohannadi Vice President and Managing Director, owns 1,027,360 shares

2. Mr. Yousef Ahmad Al-Binali, Group Chief of Corporate Operations, owns 5,410 shares.

Executive Management Remunerations and Compensations in 2019:
The value of executive management remunerations and compensation for the financial period ended December 31, 2019 amounted to QR 19,191 thousand.

Achievements of the Executive Management in 2019:

1. Operation Om shahrayn and collecting rent.

2. Executing and operating Al Baraha workshops and Al Baraha stores.

3. Completion of the Dara (A) housing project.

4. Completion of the work related to the project expansion Al Khor Entertainment.

5. Operating the first phase of the McKinneys complex.

6. Executing the construction work of Mawater City, the third stage.

7. Confirm the efficiency of projects and review feasibility studies.

8. Supporting the partnership with the government to meet the needs of the real estate sector.

9. Finding investment opportunities for the group's lands.

10. Expanding the hospitality and tourism activities.

STATUTORY REPORTS
CORPORATE GOVERNANCE REPORT

Based on the annual evaluation, the Board is satisfied with the performance of the Executive Management in implementing its responsibilities, authorities and the recommendations it presented during the year ended December 31, 2019.

7. INTERNAL CONTROL SYSTEM

The Board is fully responsible for the company's internal control system, and the purpose of this system is to establish trustworthy standards and regulations that contain the means of internal control and these controls are to ensure the accuracy and credibility of Barwa's accounts and records, the integrity of transaction licenses and the protection of group assets. The purpose of the internal control system is to disclose any risks that threaten Barwa's position or to comply with the regulations in order to set the record straight.

The internal control of the company includes the Internal Audit Department, which submits reports containing proposed corrective procedures for all problems that were found during the audit process, and the Compliance Department, which makes sure that the group complies with all the requirements of governance, laws and regulations prevailing in the State of Qatar, and works to avoid the risks resulting from non-compliance with these laws.

It is worth noting that the company evaluated the internal control system of the financial reports at the end of the 2019 fiscal year, the results were satisfactory, and the results were shared in the Annual report and the external auditor's report.

8. RISK AND COMPLIANCE DEPARTMENT

Barwa monitors through the Risk Management department regulatory risk issues and that the related activities are carried out in a safe manner and in accordance with the regulations. . The audit committee monitors financial and accounting policies, financial controls, internal controls and Barwa's risk management system on a regular basis. It is the responsibility of management to regularly identify, assess, monitor and manage risks across the company. This system includes the internal procedures applied in the company. The company also has tight controls and inherent systems that govern the new deals and relationships with related parties.

Barwa Company recently put in place policies and procedures for controlling and managing internal and external risks to identify risks and develop plans to address them in order to protect the company's investments and operations inside and outside Qatar. This system was designed to do the following:

- Identify, evaluate, monitor and manage risks in the company.
- Inform the Board of the actual changes that occur to the risks that the company may face.

In this context, the company will apply the risk management policy across the entire group. The main aspects of this policy are that the Group's Board, with the support of the Audit Committee and the Internal Audit Department, reviews quarterly all the risks, that the company and its subsidiaries, may face. The responsibility for determining the risks that any of these companies may face rests with their Executive Management and their employees, while the Group's risk management undertakes review and compilation of the identified risk assessments and ways of re-mediation. The Internal Audit Department reviews independent risk management reports on a quarterly basis, and submits observations on the integrity of these reports to the Audit Committee and Risk Management. The competent department shall collect the risks and the procedures to be followed to mitigate the effects of the risks, and submit them quarterly to the Audit Committee.

9. INTERNAL AUDIT AND ITS ACTIVITIES

The Internal Audit Department provides assurances and advisory services objectively and independently, with the aim of adding value to the company and improving its operations. This activity carried out by the Internal Audit Department assists in achieving the company's goals through adopting a systematic and structured method to evaluate and improve the effectiveness of risk management, control and governance. The Internal Audit Department also reports to the Audit Committee periodically in accordance with the requirements of the relevant governance rules.

The Internal Audit Department's major achievements for the year 2019 are the following:

1. Preparation and implementation of a Risk-Based Internal Audit Plan.

2. Review and evaluation of operations, risk management and Internal Control Framework through the implementation of the Internal Audit Plan for Barwa Company and its main subsidiaries.

3. Follow up on the implementation of previous internal audit recommendations.

4. Carrying out advisory services, which go beyond internal audit services, to assist the management in achieving its objectives, in accordance with the international standards for internal auditors.

5. Issuance of periodic reports to the Audit Committee.

6. Carrying out special reviews on the issues raised by the Audit Committee / Board of Directors and sharing the results to them.

7. Compliance with the Internal Audit Manual based on the International Standards for the Professional Practice of Internal Auditing.

The Internal Audit department is headed by Mr. Zayed Al-Mutawa:

Mr. Zayed Al-Mutawa has held the position of Head of Internal Audit for the Group since September 2013. He has held many other positions in his career. He started his career as an accountant in the Ministry of Finance and Economy during the period October 1997 to February 2001. He also worked as an auditor at the State Audit Bureau during the period April 2001 to October 2010. Subsequently, he held the position of Head of the Finance Department section of the Dreama Foundation during the period February 2011 to January 2012.

Mr. Zayed Al-Mutawa received his bachelor's degree in Accounting from the College of Administration and Economics at Qatar University in 2000.

10. EXTERNAL AUDIT

Barwa Real Estate Company appointed Deloitte and Touche "Deloitte" as External Auditor for Barwa to provide semi-annual auditing and year-end audit services.

This appointment comes after the approval of the General Assembly at its meeting on March 20, 2019 to appoint the external auditor (Deloitte) and determine its compensations, as it is one of the firms registered in the auditors register stipulated in Law No. (30) of 2004 regulating the profession of auditing, and it has practiced the profession for at least ten continuous years, and it is independent of the company.

In addition to Articles (65-66) of the amended Articles of Association of the company that govern the work and missions of the auditor, the company's internal governance manual includes the roles and responsibilities assigned to the external auditor and the appointment and termination policy in addition to the role of the Audit Committee in overseeing the work of the external auditor.

11. INSIDE TRADING AND RELATED PARTIES

The company follows tight controls and inherent systems that control its entry in the new deals and relationships with related parties, and the company's policy prohibits the Chairman, board members and executives from entering into any sales or purchase deals for the company's shares during the specified period from the Qatar Stock Exchange until the public announcement of the financial statements and none of the related parties had any deals within the ban period during 2019.

STATUTORY REPORTS

CORPORATE GOVERNANCE REPORT

In light of the disclosure requirements set out in the Corporate Governance Law approved by the Qatar Financial Markets Authority (QFMA), the company has strengthened its policies for related parties, especially its current annual disclosure by members of the Board and senior management regarding their interests, their contribution, the company's stock trading, and other boards of directors, Significant deals with the company, employment and contribution of relatives, qualifications, experience and other interests.

The company has also formulated clear guidelines for inside trading in accordance with the Corporate Governance Manual and policies to prevent board members and employees from dealing in the company's shares that may be subject to inside trading, and to disclose relevant information when it is available.

Information about transactions with related parties can be obtained by checking the notes to the audited and consolidated financial statements for the financial year ended 31 December 2019.

12. SHAREHOLDER'S RIGHTS AND AVAILABILITY OF INFORMATION

The company guarantees that all shareholders have the right to see all relevant information and disclosures by publishing them on the website in addition to the annual reports. All information related to members of the board of directors and their qualifications, shares they own in the company, their superiors or their membership in boards of other companies, as well as information related to company's executives. All stakeholders can obtain all relevant information in a manner that does not harm the interest of the company.

Profits are also distributed in accordance with the recommendation of the Board of Directors and the decision of the general assembly of the company in its annual regular meeting, and in light of the provisions of Article (40) of the company's articles of association.

According to the provisions of Article (18) of the company's articles of association, which stipulates that "every share entitles its owner to a share equal to the others without discrimination, whether with regard to the ownership of the company's assets or in the profits that are divided according to the manner shown below", the profits are distributed to the shareholders. According to the provisions of Article (50) of the company's articles of association, every shareholder has the right to attend the General Assembly, either on his behalf or through proxy.

13. SHAREHOLDER'S REGISTER

Taking into consideration the provisions of the company's articles of association, Article (159) of the Commercial Companies Law No. (11) of 2015, Article (30) of the Corporate Governance law and legal entities listed in the main market issued by the Qatar Financial Markets Authority, and based on the directives of the Qatar Stock Exchange, the company keeps correct, accurate and up-to-date records of the company's shareholders, as the company requests a monthly shareholder register from Qatar Central Securities Depository Company. Any shareholder or any related parties can view the shareholders' register and obtain all relevant information.

The following is information showing the shares of the major shareholders of the company:

Shareholder Name	Country	Number of Shares	%
Qatari Diar Company	Qatari	1,751,060,870	45%

14. CASES, CONFLICTS AND VIOLATIONS

Barwa Real Estate Company adheres to the governance systems applicable in the Qatar Financial Markets Authority, the corporate governance system of joint stock companies listed in the main market, the regulations, laws and procedures applied in the State of Qatar, and the relevant international procedures and laws to secure the highest levels of commitment and compliance. The company's regulations and systems and corporate governance system have been developed to ensure this commitment.

STATUTORY REPORTS
CORPORATE GOVERNANCE REPORT

The Corporate Governance Manual approved by the company contains a clear policy related to reporting violations, as well as detailed procedures on how to implement this policy in the company. The company did not commit any violations during 2019.

It should be noted that there are judicial disputes in the courts, with a total number of 9 cases with different degrees of litigation.

15. SOCIAL RESPONSIBILITY

The corporate social responsibility focuses on ethical, social and environmental matters. Barwa is committed to ethical and legal standards in terms of exercising its activities and contributing to achieving economic development and working to improve the quality of living conditions for its employees in the company and their families in addition to the local community and society as a whole, and to respond to the demands of stakeholders and the environment in which it operates.

Barwa believes that corporate social responsibility is not just about charitable work, but also includes investing in society. It also includes the management of the institution and all its employees. Therefore, the company is keen to invest in the local community in Qatar as well as in the communities in which it operates.

The major achievements of social responsibility in 2019 are the following:

1. Supporting the activities and events of the Civil Defense of the Ministry of Interior in its educational activities in the field of security and safety, in addition to supporting and sponsoring a “safe camping” campaign and the media vehicle.

2. Establishing health and safety activities in cooperation with Waseef Company through training programs about health and safety in the workplace environment, in addition to setting up blood donation campaigns in Masaken Mesaimeer and Masaken Al Sailiya, Barwa Village and Barwa Al Baraha.

3. Organizing recreational events and activities for the workers in Barwa Al Baraha and Barwa Al Khor.

4. Supporting and sponsoring the activities of Qatar National Day 2019.

5. Supporting Qatar National Day activities for the workers by holding recreational activities and events in Barwa Al Baraha, Barwa Al Khor, and the Mukaynis Compound.

6. Our contribution to Qatar Social and Sports Activities Support Fund for the benefit of needy families, as well as other national events.

7. Supporting sports and recreational activities for the workers during the weekends throughout the year in Barwa Al khor Workers Sports Complex.

8. Spreading religious awareness and education among the employees and workers in Barwa Real Estate’s Group towers by organizing religious lectures, in cooperation with Qatar Charity Society during the Holy Month of Ramadan.

STATUTORY REPORTS

MANAGEMENT ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

GENERAL

The Board of Directors of Barwa Real Estate Company Q.P.S.C and its consolidated subsidiaries (are referred to as the "Group") is responsible for establishing and maintaining ade¬quate internal control over financial reporting ("ICOFR") as required by Qatar Financial Markets Authority ("QFMA"). Our internal control over financial reporting is a process de¬signed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR also includes our disclosure controls and procedures designed to prevent misstatements.

We have conducted an evaluation of the design, implementation and the operating effectiveness of internal control over financial reporting, as of December 31, 2019, based on the framework and the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

We have covered all the material business and operating companies in its assessment of internal control over financial reporting as of December 31, 2019.

RISKS IN FINANCIAL REPORTING

The main risks in financial reporting are that either the consolidated financial statements are not presented fairly due to inad¬vertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the consolidated financial statements.

To confine those risks of financial reporting, the Group has established ICOFR with the aim of provid¬ing reasonable but not absolute assurance against material misstatements. We have also assessed the design, implementation and operating effectiveness of the Group's ICOFR based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objec¬tives:

The COSO Framework includes 17 basic principles, and five components:
Control environment
Risk assessment
Control activities
Information and communication
Monitoring

Controls covering each of the 17 principles and five components have been identified and documented.

As a result in establishing ICOFR, management has adopted the following financial statement objectives:
Existence / Occurrence - assets and liabilities exist and transactions have occurred;
Completeness - all transactions are recorded, account balances are included in the consolidated financial statements;
Valuation / Measurement - assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts;Rights and Obligations and ownership - rights and obligations are appropriately recorded as assets and liabilities; and
Presentation and disclosures - classification, disclosure and presentation of financial reporting is appropriate.
However, any internal control system, including ICOFR, no matter how well designed and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

STATUTORY REPORTS

MANAGEMENT ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

ORGANIZATION OF THE INTERNAL CONTROL SYSTEM

FUNCTIONS INVOLVED IN THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Controls within the system of ICOFR are performed by all business and support functions with an in¬volvement in reviewing the reliability of the books and records that underlie the consolidated financial statements. As a result, the operation of ICOFR involves staff based in various functions across the organization.

CONTROLS TO MINIMIZE THE RISK OF FINANCIAL REPORTING MISSTATEMENT

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the consolidated financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and Information Technology general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

MEASURING DESIGN, IMPLEMENTATION AND OPERATING EFFECTIVENESS OF INTERNAL CONTROL

For the financial year 2019, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

- The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature, timing and extent of evidence that management requires in order to assess whether the design, implementation and operating effectiveness of the system of ICOFR is effective. The evidence itself is generated from pro¬cedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation.

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including revenue, receivables and receipts, procurement, payables and payments, financial investments, cash and treasury, human resources and payroll, investment properties, property, general ledger and financial reporting, technology and systems controls, and entity level controls. The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls, Information Technology General Controls, and Disclosure Controls.

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as of December 31, 2019.

STATUTORY REPORTS

APPENDIX (1)
BOARD MEMBER CVS

HIS EXCELLENCY MR. SALAH BIN GHANIM BIN NASSER AL ALI

Chairman of the Board of Directors

H.E. Mr. Salah Bin Ghanim Bin Nasser Al Ali was appointed as Qatar's Minister of Sports and Culture on January 27th, 2016 after more than two years as Minister of Youth and Sports. His Excellency held a number of public positions such as Chief of the State Audit Bureau between 2006 and 2011, during which H.E participated in developing a strategic plan for the Bureau aimed at assisting in achieving sustainable development for Qatari society and to strengthen accountability. His Excellency was designated to take on various public service responsibilities, such as Head of the National Committee for Integrity and Transparency between 2007 and 2011.

He was also appointed as Head of the State National Day Celebrations Organizing Committee in 2008 whereas he participated in formulation of the National Day vision that calls for promoting loyalty, solidarity and pride in Qatari national identity. In 2011, he was appointed as consultant in the office of Heir Apparent till 2013. In 2012, H.E. participated in the launch of Al Rayyan TV with a mission to support the renaissance of Qatar, consolidate its national identity and take into account its sustainable development. H.E. participated in a lot of conferences and forums and provided many lectures and presentations in the field of innovations. H.E. Mr. Al Ali graduated from US-based Pacific University in 1992 with a Bachelor of Science in Engineering Management.

ENGINEER ISSA BIN MOHAMMED AL MOHANNADI

Vice Chairman and Managing Director

Eng Issa Mohammed Al Mohannadi is now holding the post of Vice Chairman and Managing Director of Barwa Real Estate Group. Eng Issa Al Muhannadi occupied the role of Qatar Tourism Authority Chairman. His project management and international business background served QTA well as it embarked on rolling out the new Tourism Sector Strategy for the State of Qatar. Prior to taking up the post of Qatar Tourism Authority Chairman in May 2012, Eng Al Mohannadi was the co- founder and Chief Executive Officer of Msheireb Properties.

Eng Al Mohannadi has received numerous recognitions for his contribution to Qatar's rapidly growing business community, including the title of 'Property Development CEO of the Year' at the 7th Middle East CEO of the Year Awards organized by the Middle East Institute of Excellence in 2010.

Eng Al Mohannadi occupies a number of distinguished posts within public and private organizations in Qatar.

He is the founder and chairman of Qatar Green Building Council, which actively promotes sustainability in the domestic construction industry. He also held a variety of front line leadership positions at Ras Laffan LNG Company- RasGas Ltd.

Eng Al Mohannadi is Chairman of Qatar Racing and Equestrian Club Board of Directors and board member of Doha Film Institute (DFI) and Qatar Airways.

He was a member of Board of trustees at Qatar Academy Al Khor-Qatar Foundation.
Eng Al Mohannadi holds a Bachelor degree of Science in Natural Gas Engineering from Texas A&M University in Kingsville, Texas, as well as specialized Bachelor's degree from Texas A&M University in Kingsville, Texas, as well as specialized training certificates in project management from George Washington University, Harvard Business School, INSEAD, and Kellogg Business School.

ENGINEER NABEEL BIN MOHAMMED AL-BUENAIN

Board Member

Eng Nabeel Bin Mohammed Al Buenain is currently the QP's Vice President for HSE & Business Services. He was appointed as Vice Chairman of Qatari Diar in January 2017 and also became Chief Executive Officer of the company in April 2017 until July 2018. He has extensive experience in infrastructure development and oil and gas operations, acquired over years in various positions at Qatar Petroleum. Eng Nabeel Al Buenain was appointed in 2005 as Assistant Project Manager of the Common Cooling Water Project in Ras Laffan. In 2007, he was subsequently appointed as Ras Laffan Port Expansion Project Manager, after which he was named as Executive Director of Hamad Port Projects. In January 2015, he was appointed as QP's Vice President for HSE & Business Services for nearly two years, during which he contributed significantly to the continued growth and development of the Company.

Eng Nabeel Mohammed Al Buenain graduated in 1994 with a degree in Mechanical Engineering from Lamar University, in Beaumont, Texas, USA.

STATUTORY REPORTS

APPENDIX (1)

BOARD MEMBER CVS

ENGINEER ABDULLAH HAMAD AL-ATTIYAH

Board Member

Eng Abdullah bin Hamad Al Attiyah holds MSc in Chemical Engineering from the University of Nottingham, United Kingdom and a bachelor's degree in mechanical Engineering from Cardiff University, United Kingdom. Eng Al Attiyah has an extensive and vast work experience in many sectors in the country, where he started his career with Qatar Petroleum as Operations Engineer until 2011 when he moved to Ras Gas as a Senior Project Engineer and progressed in 2012 to Onshore Development and Planning Manager.

In 2014, Eng Al Attiyah moved on to undertake new assignment as Acting Programme Management Office Executive Director at the Supreme Committee for Delivery and Legacy. Followed by an assignment in 2015 as Director of the Technical Office at Public Works Authority "Ashghal" and progressed to Assistant President until 2018 when he was appointed as Vice Chairman of Qatar Primary Materials Company, before being appointed by the Board as acting CEO until early May 2018. During the same period, in January 2017, Eng Al Attiyah was appointed as a Board Member of Qatari Diar Real Estate Investment Company, until July 2018 when he became the Company's Chief Executive Officer in addition to his position as Board.

MR. NASSER BIN SULTAN NASSER AL-HEMAIDI

Board Member

Nasser bin Sultan Nasser Al-Hemaidi was appointed in 2017 by Amiri Decree as a member of the Qatari Shura Council. Mr. Nasser Al-Hemaidi is a member of several boards of directors of Qatari shareholding companies. He is a member of the Board of Directors of Qatar Fuel Company WOQOD since 2008 and also a member of the Board of Directors of Qatar National Cement Company. He also served as the Financial Director of the Qatar Olympic Committee as well as being a businessman involved in various business and economic activities. Mr. Nasser Al Hemaidi holds a Bachelor's Degree in Business Administration.

MR. NASSER BIN ALI AL HAJRI

Board Member Representing Al Adeed Real Estate Investment Company

Representing Al Adeed Real Estate Investment Company
Mr. Nasser Ali Al Hajri works as the Financial and Administrative Control Director in the office of H.H. the Father Emir. Mr. Al Hajri holds a PhD in Business Finance Management; the field in which Mr. Al Hajri has prepared many research papers.

MR. MOHAMMED BIN ABDULAZIZ AL-SAAD

Board Member

Mr. Mohammed Bin Abdulaziz Al-Saad started his career working in leading roles in the public sector; he led the investment program of Qatar's largest publicly listed real estate company at the time-Qatar Real Estate Investment Company (Al Aqaria). In late 2006, he took over as CEO of The First Investor (TFI), the leading investment firm in Qatar. His leadership brought Barwa Bank to be operational in 2009 and it kept impressively growing in both market share and profitability as he became the Vice Chairman of the bank. Mr. Al Saad is currently the Executive Chairman of MAS Holdings and the Board Member of Qatar Fuel-WOQOD. He is also Chairman of QCON, Chairman of Native Land Investment, and the Chairman of Agency Triple Two.

Mr. Al-Saad completed his Bachelor's degree in Architectural Engineering from University of Colorado at Boulder and his Executive Master's Degree in Business Administration (EMBA) from HEC Paris.

MR. FAHAD AHMED AL-KUWARI

Board of Directors Secretary

Mr. Fahad Al Kuwari holds a Bachelor of Science in 1996 from Qatar University. He worked in several positions in Barwa Real Estate, including the position of, Assistant Secretary for the Board of Directors, Director of Property Management and Director of Operations Projects. Before joining Barwa, Mr. Al Kuwari worked in the Public Works Authority and held several positions there. Mr. Fahd Al-Kuwari also worked in the Ministry of Municipal Affairs and Agriculture in sanitation affairs, and the public relations at the Ports Department of the Ministry of Transport and Communications.

STATUTORY REPORTS

SHARI'A SUPERVISORY BOARD REPORT

In the name of Allah the merciful

FATWA AND SHARIA COMPLIANCE AUTHORITY REPORT REGARDING BARWA REAL ESTATE CO.

Alhamdulillah and Peace be upon His prophet Mohammed, his family, companions and followers.

We at the Fatwa and Shari'a Supervisory Authority of Barwa Real Estate Company, have checked the applied principles and the transactions related to contracts, as well as the applications which the company had implemented during the year ended 31 December 2019, and carried out the required check for giving our opinion about whether the company has complied with the provisions and principles of the Islamic Shari'a and the fatwas, decisions and specific directives previously issued from our part.

The Authority through its executive member has carried out the check which included inspecting the documentation and the adopted procedures, on the basis of examining each kind of the transactions, and in our opinion:

1. The contracts, transactions and dealings which the company concluded during the year ended 31 December 2019, which we have perused were accomplished in accordance with the provisions of the Islamic Shari'a.

2. The profit distribution and loss bearing on the investment accounts, complies with the basis approved by us in accordance with the provisions and principles of Islamic Shari'a.

3. The Charity computation (Zakat) was in accordance with the provisions and principles of Islamic Shari'a.

We seize this opportunity to express our gratitude and appreciation to the company's management for its positive response and cooperation with the Authority, and to all the shareholders and dealers with Barwa, asking God to bless their efforts for serving the Islamic economy and developing our Country in a manner that achieves welfare for all.

Dr. Osama Qais Al Dereai
Executive Member of Shari'a Supervisory Board of Barwa Real Estate

FINANCIAL REPORT

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FINANCIAL REPORT

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.

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.

Key Audit Matters	How the matter was addressed in our audit
Valuation of investment properties	
The Group owns investment properties which are measured at fair value in the financial statements. Changes in fair value are presented m the consolidated statement of profit or loss. 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 m the consolidated statement of profit or loss. 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.	Our audit procedures to address the key audit matter include but are not limited to the following: • 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; • 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; • 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 m 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;

FINANCIAL REPORT
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters	How the matter was addressed in our audit
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. 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.	• We tested, on a sample basis, the accuracy of the standing data provided by the Group to the Valuers; • We checked the mathematical accuracy of the valuations on a sample basis. • We agreed the results of the valuation performed by the Valuers to the amount reported in the consolidated financial statements.
Impact of amendment to agreement with the Ministry of Municipality and Environment.	
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. 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. 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.	We obtained the amendment to the Agreement and reviewed the key terms of the amendment. We obtained management's assessment of the accounting impact of the amendment. We reviewed the accounting impact of the amendment for appropriateness. We determined if the disclosure of the impact of the amendment was in accordance with IFRSs.
First-time adoption of IFRS 16 Leases	
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. 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 m 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. The adoption of IFRS 16 has resulted in changes to processes, systems and controls. 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. The transitional impact of IFRS 16 has been disclosed in note 49 to the consolidated financial statements.	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. We assessed the design and implementation of key controls pertaining to the application of IFRS 16. We assessed the appropriateness of the discount rates applied in determining lease liabilities. 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. 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. 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.

FINANCIAL REPORT

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.

ln 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.

ln 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.

As part of an audit in accordance with lSAs, 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.

FINANCIAL REPORT

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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.

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

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 QR'000	2018 QR'000
ASSETS			
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
TOTAL ASSETS		**31,950,117**	30,322,280
LIABILITIES AND EQUITY			
LIABILITIES			
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
Total Liabilities		**11,888,640**	10,772,193
EQUITY			
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
Total equity attributable to equity holders of the Parent		19,862,998	19,345,014
Non-controlling interests		198,479	205,073
Total equity		**20,061,477**	19,550,087
TOTAL LIABILITIES AND EQUITY		**31,950,117**	30,322,280

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.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	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
Net rental and finance lease income		**880,445**	934,528
Income from consultancy and other services	28	356,244	337,748
Consulting operation and other services expenses	29	(246,740)	(279,027)
Net consulting and other service income		**109,504**	58,721
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
Operating profit		**1,863,330**	2,037,421
Finance income	34	38,839	208,131
Finance cost	34	(347,336)	(323,410)
Net finance cost		**(308,497)**	(115,279)
Profit before income tax		1,554,833	1,922,142
Amortisation of right-of-use assets	14	(34,931)	-
Tax and zakat expense	17	(14,762)	(4,709)
Profit for the year		**1,505,140**	1,917,433
Attributable to:			
Equity holders of the Parent		1,502,763	1,915,002
Non-controlling interests		2,377	2,431
		1,505,140	1,917,433
Basic and diluted earnings per share			
(attributable to equity holders of the Parent expressed in QR per share)	35	**0.39**	0.49

The attached explanatory notes 1 to 49 form an integral part of these consolidated financial statements.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 QR'000	2018 QR'000
Profit for the year	**1,505,140**	1,917,433
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	36,499	(384)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Net change in the fair value of financial assets at fair value through other comprehensive income	(8,551)	(8,703)
Other comprehensive income (loss) for the year	**27,948**	(9,087)
Total comprehensive income for the year	**1,533,088**	1,908,346
Attributable to:		
Equity holders of the parent	1,528,364	1,905,180
Non-controlling interests	**4,724**	3,166
	1,533,088	1,908,346

The attached explanatory notes 1 to 49 form an integral part of these consolidated financial statements.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to equity holders of the Parent					
	Share Capital QR'000	Reserves QR'000	Retained earnings QR'000	Total QR'000	Non-controlling interest QR'000	Total 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
Transactions with shareholders in their capacity as owners:						
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
Total transactions with shareholders	-	253,223	(1,474,090)	(1,220,867)	(15,296)	(1,236,163)
Balance at 31 December 2018	**3,891,246**	**6,002,446**	**9,451,322**	**19,345,014**	**205,073**	**19,550,087**
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**
Transactions with shareholders in their capacity as owners:						
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)**
Total transactions with shareholders	-	**158,927**	**(1,131,738)**	**(972,811)**	**(11,318)**	**(984,129)**
Balance at 31 December 2019	**3,891,246**	**6,190,350**	**9,781,402**	**19,862,998**	**198,479**	**20,061,477**

The attached explanatory notes 1 to 49 form an integral part of these consolidated financial statements.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 QR'000	2018 QR'000
OPERATING ACTIVITIES			
Net profit for the year		1,505,140	1,917,433
Adjustments for:			
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	(i)	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)
Operating gain before working capital changes		**764,797**	841,463
Changes in working capital:			
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
Cash flows from operations		**115,470**	1,805,887
Payment for construction services		(268)	(1,274,972)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**115,202**	530,915
INVESTING ACTIVITIES			
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
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**141,291**	(581,526)

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 QR'000	2018 QR'000
FINANCING ACTIVITIES			
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)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES		**109,398**	(1,839,010)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**365,891**	(1,889,621)
Net foreign exchange difference		20,447	21,203
Cash and cash equivalents at 1 January	4	331,843	2,200,261
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	4	**718,181**	331,843

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 explanatory notes 1 to 49 form an integral part of these consolidated financial statements.

FINANCIAL REPORT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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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For the year ended 31 December 2019

3 SEGMENT INFORMATION (CONTD...)

Operating segments

The operating segments are presented as follows:

For the year ended 31 December 2019	Real estate	Business services	Other services	Eliminations		Total
	QR'000	QR'000	QR'000	QR'000		QR'000
Revenues and gains						
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)	-
Total revenues and gains	**2,450,018**	**249,226**	**283,589**	**(200,489)**		**2,782,344**
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)**

For the year ended 31 December 2018	Real estate	Business services	Other services	Eliminations		Total
	QR'000	QR'000	QR'000	QR'000		QR'000
Revenues and gains						
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)	-
Total revenues and gains	2,747,586	235,311	257,885	(260,346)		2,980,436
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 (CONTD...)

The following table presents segment assets and liabilities of the group's operating segments as at 31 December 2019 and 2018:

At 31 December 2019	Real estate		Business services	Other services	Eliminations	Total
	QR'000		QR'000	QR'000	QR'000	QR'000
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**
Total assets	**30,676,490**		**706,732**	**919,033**	**(352,138)**	**31,950,117**
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)**
Total liabilities	**(11,390,120)**		**(366,859)**	**(498,703)**	**367,042**	**(11,888,640)**
Investment in associates	-		-	**529,947**	-	**529,947**
Capital expenditures	**447,347**	(i)	-	-	-	**447,347**

At 31 December 2018	Real estate		Business services	Other services	Eliminations	Total
	QR'000		QR'000	QR'000	QR'000	QR'000
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
Total assets	29,131,612		499,343	886,954	(195,629)	30,322,280
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)
Total liabilities	(10,352,535)		(196,814)	(488,122)	265,278	(10,772,193)
Investment in associates	-		-	509,763	-	509,763
Capital expenditures	683,733	(i)	-	-	-	683,733

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.

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.

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4 CASH AND BANK BALANCES

	2019 QR'000	2018 QR'000
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
	1,257,501	1,350,256
Allowance for impairment	(2,785)	(2,924)
Total cash and bank balances	**1,254,716**	1,347,332
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
Cash and cash equivalents	**718,181**	331,843

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.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 QR'000	2018 QR'000
Investments in equity securities:		
Quoted	**30,619**	27,870

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.

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For the year ended 31 December 2019

6 RECEIVABLES AND PREPAYMENTS

Receivables and prepayments are segregated between non-current and current portion as follows:

2019	Non-current QR'000	Current QR'000	Total QR'000
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)
	11,075	518,653	529,728
2018			
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)
	9,595	471,948	481,543

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:

	2019 QR'000	2018 QR'000
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	**87,820**	75,308

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For the year ended 31 December 2019

6 RECEIVABLES AND PREPAYMENTS (CONTD...)

The impairment allowance as at 31 December 2019 and 31 December 2018 were determined as follows for trade receivables:

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
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)**
31 December 2018	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
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:

		Past due but not impaired				
	Total QR'000	0 – 30 days QR'000	31- 60 days QR'000	61- 90 days QR'000	91- 120 days QR'000	121- 365 days QR'000
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.

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

	2019 QR'000	2018 QR'000
Properties available for sale (A)	114,470	150,573
Properties under development (B)	1,394,778	1,421,966
	1,509,248	1,572,539

(A) Movements of properties available for sale during the year were as follows:

	2019 QR'000	2018 QR'000
At 1 January	150,573	150,573
Cost of properties sold	(36,656)	-
Transferred from Trading properties – properties under development	553	-
At 31 December	**114,470**	150,573

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7 TRADING PROPERTIES (CONTD...)

(B) Movements in the properties under development during the year were as follows:

	2019 QR'000	2018 QR'000
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	**1,394,778**	1,421,966

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.

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7 TRADING PROPERTIES (CONTD...)

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.

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

	2019 QR'000	2018 QR'000
Non-current portion:		
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	**31,814**	104,038
Current portion:		
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	**71,956**	62,848
Net investment in finance leases	**103,770**	166,886

Contractual maturities of finance lease receivables are as follows:

	2019 QR'000	2018 QR'000
Gross receivables from finance leases:		
Year 1	85,955	86,039
Year 2	35,783	85,955
Year 3	-	35,783
Year 4	-	-
Year 5	-	-
later than 5 years	-	-
	121,738	**207,777**
Unearned finance income	(12,506)	(32,608)
Impairment allowance	(5,462)	(8,283)
Net investment in finance leases	**103,770**	**166,886**

Movements in finance lease receivables during the year were as follows:

	2019 QR'000	2018 QR'000
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	**103,770**	**166,886**

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8 FINANCE LEASE RECEIVABLES (CONTD...)

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.

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:

	2019 QR'000	2018 QR'000
Income from consultancy and other services - Main shareholder	65,702	73,303
Rental income - Main shareholder / associates	**6,662**	13,855

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9 RELATED PARTY DISCLOSURES (CONTD...)

Related party balances

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

	Due from related parties		Due to related parties	
	2019 QR'000	2018 QR'000	2019 QR'000	2018 QR'000
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
	208,184	227,484	**314,174**	320,845

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

	Due from related parties		Due to related parties	
	2019 QR'000	2018 QR'000	2019 QR'000	2018 QR'000
Non-current	-	-	579	579
Current	208,184	227,484	313,595	320,266
	208,184	**227,484**	**314,174**	**320,845**

Movements in the allowance for impairment of due from related parties are as follows:

	2019 QR'000	2018 QR'000
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	**88,468**	77,868

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.

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:

	2019 QR'000	2018 QR'000
Short term benefits (ii)	17,297	19,904
End of service benefits	1,894	2,078
	19,191	21,982

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).

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10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income are analyzed as follows

	2019 QR'000	2018 QR'000
Investments in equity securities :		
Quoted	82,131	83,221
Unquoted	49,797	55,355
	131,928	138,576

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

	2019 QR'000	2018 QR'000
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	255,763	262,681
	2,120,450	6,959,614
Less: allowance for impairment of advances (ii)	(1,979,948)	(1,979,948)
	140,502	4,979,666

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.

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.

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12 INVESTMENT PROPERTIES

	2019 QR'000	2018 QR'000
At 1 January	18,261,969	16,745,985
Additions during the year	287,583	520,106
Capitalised finance cost (Note 34)	53,290	75,635
Right-of-Use Assets (adoption of IFRS 16)	265,640	-
Transfer from trading properties - properties under development (Note 7.B)	126,802	3,997
Transfer from property, plant and equipment (Note 13)	5,539	591
Transfer from advance for purchase of property (Note 11)	4,832,246	-
Transfer from intangible assets (Note 16)	1,605,364	-
Acquired through business combination	-	58,716
Net fair value gain	1,131,425	872,837
Foreign exchange adjustment	7,812	(15,898)
At 31 December	**26,577,670**	18,261,969

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.

(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:

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12 INVESTMENT PROPERTIES (CONTD...)

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.

(viii) Minimum lease collections under operating leases of investment properties not recognised in the consolidated financial statements are receivable as follows:-

	2019 QR'000	2018 QR'000
Within one year	999,766	957,768
Between 1 and 5 years	2,301,682	2,548,139
More than 5 years	3,769,652	4,255,582
Total at 31 December	**7,071,100**	7,761,489

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 administratve function. Property held under a lease contract is classified as investment property when the definition of an investment property is met.

12 INVESTMENT PROPERTIES (CONTD...)

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.

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.

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12 INVESTMENT PROPERTIES (CONTD...)

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.

13 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture and fixtures	Leasehold improvements	Cooling plants	Other fixed assets	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Cost							
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)
At 31 December 2019	176,325	397,640	226,184	120,512	234,760	113,098	1,268,519
Accumulated depreciation							
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)
At 31 December 2019	-	80,656	192,456	108,031	67,870	93,086	542,099
Net Book Value at 31 December 2019	176,325	316,984	33,728	12,481	166,890	20,012	726,420

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13 PROPERTY, PLANT AND EQUIPMENT (CONTD...)

	Land	Buildings	Furniture and fixtures	Leasehold improvements	Cooling plants	Other fixed assets	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Cost							
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)
At 31 December 2018	**175,561**	**404,808**	**221,113**	**119,784**	**234,658**	**120,725**	**1,276,649**
Accumulated depreciation							
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
At 31 December 2018	-	**67,131**	**178,005**	**88,458**	**58,487**	**93,533**	**485,614**
Net Book Value at 31 December 2018	**175,561**	**337,677**	**43,108**	**31,326**	**176,171**	**27,192**	**791,035**

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

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For the year ended 31 December 2019

13 PROPERTY, PLANT AND EQUIPMENT (CONTD...)

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.

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:

	QR'000
First time adoption of IFRS 16 at 1 January 2019	134,020
Modifications	(26,412)
Amortisation expense	(34,931)
31 December 2019	**72,677**

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:

	Nature of operation	Country of incorporation	Ownership% 2019	Ownership% 2018
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%
Panceltica Holding Limited (i)	RE Development	UK	26%	26%

The following table illustrates the summarised financial information of the group's investment in associates:

	2019 QR'000	2018 QR'000
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	**529,947**	509,763
Carrying amount of the investments	**529,947**	509,763
Group's share of associates' revenues and results:		
Revenues	**534,119**	635,926
Results	**63,949**	62,389

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

15 INVESTMENTS IN ASSOCIATES (CONTD...)

Reconciliation of the summarized financial information presented to the carrying amount of its interest in associates are as follows:

At 31 December 2019	Total Assets QR'000	Total Liabilities QR'000	Net Assets QR'000	% of ownership	Carrying value of the investments QR'000
Name of investee					
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**
Total					**816,002**
Less: Upstream profit					**(232,498)**
Less: Impairment losses					**(53,557)**
Group share of net assets of associates					**529,947**

(i) Based on impairment testing carried out by the management, the entire investment value of Panceltica Holding Limited amounting to QR 200,935 thousand was impaired during prior years.

At 31 December 2018	Total Assets QR'000	Total Liabilities QR'000	Net Assets QR'000	% of ownership	Carrying value of the investments QR'000
Name of investee					
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%	-
Total					**791,968**
Less: Upstream profit					(232,498)
Less: Impairment losses					(49,707)
Group share of net assets of associates					**509,763**

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15 INVESTMENTS IN ASSOCIATES (CONTD...)

Financial information relating to associates' revenues and Group's share of results of associates are as follows:

At 31 December 2019	Total Income QR'000	Share of results QR'000
Name of investee		
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		**63,949**

At 31 December 2018	Total Income QR'000	Share of results QR'000
Name of investee		
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		**62,389**

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.

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.

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15 INVESTMENTS IN ASSOCIATES (CONTD...)

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

	Goodwill (A)		Service Concession Arrangement (B)		TOTAL	
	2019 QR'000	2018 QR'000	2019 QR'000	2018 QR'000	2019 QR'000	2018 QR'000
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).

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.

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16 INTANGIBLE ASSETS (CONTD...)

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).

17 TAX AND ZAKAT EXPENSES

Income tax and zakat expense are analysed as follows:

	2019 QR'000	2018 QR'000
Corporate income tax (i)	(9,379)	(3,790)
Zakat expense (ii)	(4,001)	-
Other taxes	(1,382)	(919)
	(14,762)	(4,709)

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:

	2019 QR'000	2018 QR'000
Current income tax		
Current income tax charge	(9,924)	(4,346)
Deferred income tax		
Relating to origination and reversal of temporary differences	545	556
Income tax expense reported in the consolidated statement of profit or loss	**(9,379)**	(3,790)

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17 TAX AND ZAKAT EXPENSES (CONTD...)

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:

	2019 QR'000	2018 QR'000
Deferred tax assets	2,297	2,341
Deferred tax liabilities	(1,752)	(1,785)
	545	556

Note (ii):

Zakat expense has been charged on one of the group's subsidiaries in the Kingdom of Saudi Arabia.

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.

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17 TAX AND ZAKAT EXPENSES (CONTD...)

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.

18 PAYABLES AND OTHER LIABILITIES

Payables and other liabilities are classified into non-current and current portion as follows:

	Non-current QR'000	Current QR'000	Total QR'000
2019			
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**
	480,592	**1,191,018**	**1,671,610**

	Non-current QR'000	Current QR'000	Total QR'000
2018	-	891,564	891,564
Contractors and supplierss	-	45,685	45,685
Clients advances and unearned income	207,872	44,570	252,442
Retention payable	-	47,875	47,875
Contribution to social and sports fund (Note 38)	20,002	277,167	297,169
Accrued expenses	-	43,322	43,322
Accrued finance cost	444,866	340,532	785,398
Other payables	**672,740**	**1,690,715**	**2,363,455**

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

	2019 QR'000	2018 QR'000
Provision for litigations	27,114	27,114
Provision for Penalties and claims	33,900	23,900
At 31 December	**61,014**	51,014

	2019 QR'000	2018 QR'000
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	**61,014**	51,014

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 assesments 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

	2019 QR'000	2018 QR'000
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	**101,494**	109,814

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20 END OF SERVICE BENEFITS (CONTD...)

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

	2019 QR'000
Balance as at 1 January (1st 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)
Balance as at 31 December	**332,547**
Lease liabilities are further analysed as follows:	
Current	63,668
Non-current	268,879
Balance as at 31 December	**332,547**

	2019 QR'000
Maturity analysis:	
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
	498,517
Deferred finance cost	(165,970)
	332,547

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.

22 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS

	2019 QR'000	2018 QR'000
Un-secured facilities	9,406,049	7,925,280
	9,406,049	7,925,280
The above balance is analyzed as follows:		
Non-current portion	8,332,020	7,415,164
Current portion	1,074,029	510,116
	9,406,049	7,925,280

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.

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22 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS (CONTD...)

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.

23 SHARE CAPITAL

	2019 No of shares (Thousands)	2018 No of shares (Thousands)
Authorised shares:		
Ordinary shares of QR 1 each (i)	**3,891,246**	3,891,246

	No of shares (Thousands)	QR'000
Ordinary shares issued and fully paid up:		
At 1 January 2018	3,891,246	3,891,246
At 31 December 2018 (i)	3,891,246	3,891,246
At 31 December 2019	**3,891,246**	3,891,246

(i) Share split

Please refer to note 35 (i) 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.

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23 SHARE CAPITAL (CONTD...)

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.

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

	2019 QR'000	2018 QR'000
Fair value reserve (i)	(179,781)	(174,606)
Translation reserve (ii)	(221,517)	(255,668)
At 31 December	**(401,298)**	(430,274)

(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

	2019 QR'000	2018 QR'000
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
	319,237	364,933

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28 INCOME FROM CONSULTANCY AND OTHER SERVICES

	2019 QR'000	2018 QR'000
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
	356,244	337,748

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

	2019 QR'000	2018 QR'000
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
	246,740	279,027

30 PROFIT ON SALE OF PROPERTY AND CONSTRUCTION SERVICES

	2019 QR'000	2018 QR'000
Profit on sale of property	3,344	105,095
Profit from construction services	-	267,516
	3,344	372,611

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31 GENERAL AND ADMINISTRATIVE EXPENSES

	2019 QR'000	2018 QR'000
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
	243,302	263,932

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

	2019 QR'000	2018 QR'000
Impairment losses :		
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)	-
Reversal of impairment:		
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	**(95,143)**	(18,896)

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33 OTHER INCOME

	2019 QR'000	2018 R'000
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	20,583	27,390
	28,962	32,846

Accounting policy:

Dividend income

Dividend income is recognized when the right to receive the dividend is established.

34 NET FINANCE COST

	2019 QR'000	2018 QR'000
Finance cost		
Finance cost on Islamic finance contracts	(435,737)	(345,219)
Less: Capitalized finance cost (Note 7.B & 12)	143,079	104,840
	(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	(9,370)	(63,285)
Finance cost for the year	(347,336)	(323,410)
Finance income		
Income from Murabaha and Islamic deposits	37,790	67,695
Net gain on debt restructure (i)	1,049	140,436
Finance income for the year	38,839	208,131
Net finance cost for the year	**(308,497)**	(115,279)

(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.

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.

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34 NET FINANCE COST (CONTD...)

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.

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:

	2019	2018
Net profit attributable to equity holders of the Parent for basic earnings (in QR'000)	1,502,763	1,915,002
Ordinary shares issued and fully paid (thousand shares) (i)	3,891,246	3,891,246
Weighted average number of shares outstanding during the year (thousand shares)	3,891,246	3,891,246
Basic and diluted earnings per share (QR)	**0.39**	0.49

(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.

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34 NET FINANCE COST (CONTD...)

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.

36 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2019 QR'000	2018 QR'000
Fair value reserves	(179,781)	(174,606)
Translation reserves	(221,517)	(255,668)
	(401,298)	(430,274)

37 DIVIDENDS

Dividends paid and proposed

	2019 QR'000	2018 QR'000
Declared, accrued and paid during the year:		
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)	**972,811**	972,811

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 :

Net debt analysis :	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	(8,285,652)	(6,855,170)
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	**(8,285,652)**	(6,855,170)

40 COMPARATIVE INFORMATION

	Previous presentation at 31 December 2018	Reclassifications	Current presentation
Statement of Financial Position:			
Trading properties	1,570,438	2,101	1,572,539
Investment properties	**18,264,070**	**(2,101)**	**18,261,969**

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:

41 CONTINGENT LIABILITIES

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

	2019 QR'000	2018 QR'000
Bank guarantees	**141,257**	**289,662**

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.

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42 COMMITMENTS

	2019 QR'000	2018 QR'000
Contractual commitments with contractors and suppliers for properties under development	329,087	460,914
Commitments for purchase of investments and properties	8,587	8,587
Operating lease commitments (i)	**-**	**494,534**

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

	2019 QR'000	2018 QR'000
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	**-**	**494,534**

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:

	Carrying amounts		Fair values	
	2019 QR'000	2018 QR'000	2019 QR'000	2018 QR'000
Financial assets				
At Amortised cost				
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
At fair value				
Financial assets at fair value through other comprehensive income	131,928	138,576	131,928	138,576
Financial liabilities				
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.

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43 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD...)

- 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 periodicaly to reflect market rates through revolving Murabaha finance mechanism.

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	Fair value measurement using			
		Total	Quoted prices in active markets Level 1 QR'000	Significant unobservable inputs Level 2 QR'000	Significant observable inputs Level 3 QR'000
Assets measured at fair value:					
Investment properties (Note 12)					
Financial assets at fair value through other comprehensive income (Note 10):	31 December 2019	**26,577,670**	-	-	**26,577,670**
Quoted equity shares	31 December 2019	**82,131**	**82,131**	-	-
Unquoted equity shares	31 December 2019	**49,797**	-	-	**49,797**
Financial assets at fair value through profit or loss (Note 5):					
Quoted equity shares	31 December 2019	**30,619**	**30,619**	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2018 are as follows:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets Level 1 QR'000	Significant unobservable inputs Level 2 QR'000	Significant observable inputs Level 3 QR'000
Assets measured at fair value:					
Investment properties (Note 12)					
financial assets at fair value through other comprehensive income (Note 10):	31 December 2018	18,261,969	-	-	18,261,969
Quoted equity shares	31 December 2018	83,221	83,221	-	-
Unquoted equity shares	31 December 2019	55,355	-	-	55,355
Financial assets at fair value through profit or loss (Note 5):					
Quoted equity shares	31 December 2018	27,870	27,870	-	-

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43 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD...)

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).

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.

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.

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For the year ended 31 December 2019

44 BASIS OF PREPARATION AND CONSOLIDATION (CONTD...)

44.2 BASIS OF CONSOLIDATION (CONTD...)

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.

(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.

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44 BASIS OF PREPARATION AND CONSOLIDATION (CONTD...)
44.2 BASIS OF CONSOLIDATION (CONTD...)

Name of subsidiary	Country of incorporation	Group effective shareholding percentage	
		31 December 2019	31 December 2018
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%

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:

Name of subsidiary	Country of incorporation	31 December 2019	31 December 2018
Qatar Project Management Company Q.P.S.C.	Qatar	30%	30%
Nuzul Qatar Company Limited W.L.L.	Qatar	25.5%	25.5%

	2019 QR'000	2018 QR'000
Accumulated balances of material non-controlling interest.		
Qatar Project Management Company Q.P.S.C.	44,029	46,844
Nuzul Qatar Company Limited W.L.L.	41,724	41,744
Profit allocated to material non-controlling interest:		
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:

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45 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTD...)

	Qatar Project Management Company Q.P.S.C. QR'000	Nuzul Qatar Company Limited W.L.L. QR'000
Summarised statement of profit or loss for 2019:		
Revenues and gains	124,046	-
Expenses and losses	(102,819)	(159,471)
Profit for the year	21,227	(159,471)
Total comprehensive income	20,617	(159,471)
Summarised statement of profit or loss for 2018:		
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)
Summarised statement of financial position as at 31 December 2019:		
Non-current assets	28,631	-
Current assets	184,250	410,108
Non-current liabilities	(17,619)	-
Current liabilities	(48,498)	(246,486)
Net equity	146,764	163,622
Attributable to:		
Equity holders of Parent	102,735	121,898
Non-controlling interest	44,029	41,724
Total equity	146,764	163,622
Summarised statement of financial position as at 31 December 2018:		
Non-current assets	27,278	-
Current assets	196,190	411,208
Non-current liabilities	(20,397)	-
Current liabilities	(46,923)	(247,507)
Net equity	156,148	163,701
Attributable to:		
Equity holders of Parent	109,304	121,957
Non-controlling interest	46,844	41,744
Total equity	156,148	163,701

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45 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTD...)

	Qatar Project Management Company Q.P.S.C. QR'000	Nuzul Qatar Company Limited W.L.L. QR'000
Summarised cash flow information for the year ended 31 December 2019:		
Operating activities	**19,087**	**(786,946)**
Investing activities	**(6,910)**	**-**
Financing activities	**(30,933)**	**-**
Net decrease in cash and cash equivalents	**(18,756)**	**(786,946)**
Summarised cash flow information for the year ended 31 December 2018:		
Operating activities	45,328	(70,441)
Investing activities	124	-
Financing activities	(25,000)	-
Net increase / (decrease) in cash and cash equivalents	20,452	(70,441)

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	(4,548)
Excess of fair value of net assets acquired over the purchase consideration	6,146

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.

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46 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND BUSINESS COMBINATION (CONTD...)

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".

Details of the purchase consideration, the net identifiable assets acquired and non-controlling interest were as follows:

	Notes	QR'000
Purchase consideration		
Settlement by way of offsetting against amount receivable		167,214
Total purchase consideration	(i)	**167,214**
Fair value of identifiable assets		
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		(357)
Fair value of net identifiable assets at date of acquisition		**333,780**
Less: non-controlling interest through business combination		(250,335)
Fair value of net identifiable assets attributable to the parent	**(ii)**	**83,445**

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)	(83,445)
Goodwill arising on the acquisition		83,769

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 (CONTD...)

46.2 BUSINESS COMBINATION DURING 2018

Contingent consideration

According to the agreement, no contingent assets or liabilities to be considered as a result of control gained over Millenium 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 1 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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.

Risk	Exposure arising from	Measurement	Management
Market risk	- Investments in equity securities	Sensitivity analysis	Portfolio diversification
	- Borrowings		
	- Foreign currency denominated financial assets and liabilities		
Credit risk	- Cash and cash equivalents	- Ageing analysis	Diversification of bank deposits, credit limits and letters of credit.
	- Trade receivables	- Credit ratings	
	- Finance lease receivables		
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.

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).

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47 FINANCIAL RISK MANAGEMENT (CONTD...)

At the reporting date the profit rate profile of the group's profit bearing financial instruments was:

	Carrying amounts	
	2019 QR'000	2018 QR'000
Floating profit rate instruments:		
Finance Lease receivables	103,770	166,886
Fixed term deposits	814,807	872,310
Financial liabilities - Borrowings	**(9,406,049)**	(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.

	Profit or loss +/- 25 bps
	QR'000
At 31 December 2019	**- / +23,051**
At 31 December 2018	- / +20,250

(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.

The group had the following net exposure denominated in foreign currencies:

	2019 QR'000	2018 QR'000
	Assets (Liabilities)	Assets (Liabilities)
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.

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47 FINANCIAL RISK MANAGEMENT (CONTD...)

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.

	2019 QR'000 +/- 5%	2018 QR'000 +/- 5%
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)

(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.

	Changes in market indices	Effect on profit QR'000	Effect on equity QR'000
2019			
Financial assets at fair value through other comprehensive income — Quoted	+10%	-	8,213
Financial assets at fair value through profit or loss	+15%	4,593	4,593
2018			
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.

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:

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47 FINANCIAL RISK MANAGEMENT (CONTD...)

	2019 QR'000	2018 QR'000
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
	2,088,855	2,209,814

The maximum exposure to credit risk at the reporting date by geographic region was as follows:

	Carrying amounts				
	Domestic QR'000	Other GCC countries QR'000	European countries QR'000	North Africa QR'000	Total QR'000
2019					
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**
	1,969,653	**62,903**	**44,838**	**11,461**	**2,088,855**

	Carrying amounts				
	Domestic QR'000	Other GCC countries QR'000	European countries QR'000	North Africa QR'000	Total QR'000
2018					
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
	2,086,227	**70,101**	**44,322**	**9,164**	**2,209,814**

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.

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.

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47 FINANCIAL RISK MANAGEMENT (CONTD...)

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:

	2019 QR'000	2018 QR'000
A+	675,519	743,565
A1	200,802	-
A	337,963	217,612
Aa3	-	316,040
Others	42,913	72,539
Total	**1,257,197**	1,349,756

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.

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:

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47 FINANCIAL RISK MANAGEMENT (CONTD...)

2019	Carrying amounts QR'000	Contractual cash out flows QR'000	Less than 1 year QR'000	1- 2 years QR'000	2 - 5 years QR'000	More than 5 years QR'000
Payables and other liabilities	**1,602,856**	**1,692,870**	**1,149,017**	**190,253**	**270,000**	**83,600**
End of service benefits	**101,494**	**101,494**	**-**	**-**	**101,494**	**-**
Due to related parties	**314,174**	**314,174**	**313,595**	**579**	**-**	**-**
Lease liabilities	**332,547**	**498,517**	**76,208**	**68,055**	**90,056**	**264,198**
Obligations under Islamic finance contracts	**9,406,049**	**11,070,457**	**1,633,983**	**2,691,988**	**4,958,972**	**1,785,514**
	11,757,120	**13,677,512**	**3,172,803**	**2,950,875**	**5,420,522**	**2,133,312**

2018	Carrying amounts QR'000	Contractual cash out flows QR'000	Less than 1 year QR'000	1- 2 years QR'000	2 - 5 years QR'000	More than 5 years QR'000
Payables and other liabilities	2,317,770	2,438,457	1,675,703	319,154	270,000	173,600
End of service benefits	109,814	109,814	-	-	109,814	-
Due to related parties	320,845	320,845	320,266	579	-	-
Obligations under Islamic finance contracts	7,925,280	9,730,999	1,066,176	1,553,139	5,356,281	1,755,403
	10,673,709	**12,600,115**	**3,062,145**	**1,872,872**	**5,736,095**	**1,929,003**

Financial instruments:

Financial instruments by category

	Financial Assets 2019 QR'000	Financial assets 2018 QR'000
Assets as per consolidated statement of financial position		
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
	2,088,855	2,209,814

	Financial assets at fair value through other comprehensive income 2019 QR'000	Financial assets at fair value through other comprehensive 2018 QR'000
Assets as per consolidated statement of financial position		
Financial assets at fair value through other comprehensive income	131,928	138,576
	131,928	138,576

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47 FINANCIAL RISK MANAGEMENT (CONTD...)

	Financial assets at fair value through profit or loss 2019 QR'000	Financial assets at fair value through profit or loss 2018 QR'000
Assets as per consolidated statement of financial position		
Financial assets at fair value through profit or loss	30,619	27,870
	30,619	27,870

	Other financial liabilities at amortised cost 2019 QR'000	Other financial liabilities at amortised cost 2018 QR'000
Liabilities as per consolidated statement of financial position		
Trade and other payables excluding non-financial liabilities	(1,704,351)	(2,427,584)
Due to related parties	(314,174)	(320,845)
Obligations under Islamic finance contracts	(9,406,049)	(7,925,280)
	(11,424,574)	(10,673,709)

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

47 FINANCIAL RISK MANAGEMENT (CONTD...)

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.

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:

	2019 QR'000	2018 QR'000
Finance cost bearing debts	9,406,049	7,925,280
Less: cash and bank balances	(1,254,716)	(1,347,332)
Net debt	8,151,333	6,577,948
Total equity (excluding legal reserve & non-controlling interests)	17,910,581	17,551,525
Net debt to equity ratio at 31 December	**45.51%**	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.

48 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD...)

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.

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.

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 1 January 2019:

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49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

	QR'000
Operating lease commitments disclosed as of December 31, 2018	494,534
Less: Amount discounted using the lessee's incremental borrowing rate at the date of initial application	(115,469)
Less: short term leases recognised on a straight line basis as expense	(16,913)
Lease liability recognised as at January 1, 2019	362,152
Which were classified as follows:	
Current lease liabilities	38,214
Non-current lease liabilities	323,938
	362,152

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 :

	As at 31 December 2019 QR'000
Initial adoption of IFRS 16	134,020
Modification	(26,412)
Amortisation of right-of-use assets (Note 14)	(34,931)
	72,677

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 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.

The change in accounting policy affected the following items in the consolidated statement of profit or loss:

	2019 QR'000
Amortisation of right-of-use assets	34,931
Finance cost	14,633
Loss for the year	**49,564**

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49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

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 QR'000	Segment Assets QR'000	Segment liabilities 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	-	-
	49,564	**72,677**	**332,547**

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).

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.

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49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

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.

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.

49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

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.

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.

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.

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49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

With effect from 1 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.

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"

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49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

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".

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

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49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

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.

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.

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.

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49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

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.

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.

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49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

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.

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 profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

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 profit or loss.

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.

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49 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

49.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTD...)

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.

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.

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