

ANNUAL REPORT & CORPORATE GOVERNANCE 2015 | MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C.

# ANNUAL REPORT 2015

& Corporate  
Governance

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C.







His Highness  
Sheikh Tamim Bin Hamad Al Thani  
Emir of the State of Qatar







Pioneers of change









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# Board Of Directors' Report & Chairman Message

On the occasion of the completion of the 2015 Annual Report, it gives me great pleasure to extend my sincere thanks and appreciation to our dear shareholders for their renewed trust in Mazaya Qatar Real Estate Development. The Company has been able to maintain its position in the real estate market during a volatile economic climate under the impact of a significant decline in oil prices which led to deceleration in Gulf economies, including the real estate sector. However, the Qatari real estate market has demonstrated remarkable cohesion, with marginal impact on the prices of properties of various types, as a result of robust demand in the real estate market by both local and foreign investors.

The commitment of the wise Qatari leadership to ensure full implementation of the developing and progressive plans, including those pertinent to the World Cup 2022 and Qatar Vision 2030, has contributed to maintaining a robust Qatari real estate market while neighboring markets were undergoing major decline in performance. We, God willing, anticipate that Qatar will witness growing development in all economic fields, introducing further development projects in the coming years. The Government has announced its plans to continue spending on infrastructure, social welfare projects and on diversification of the economy. Infrastructure has the biggest share of the total general budget in Qatar for 2016, where allocations amount to QR 50.6 billion, representing 25% of total expenditure.

This is expected to have a positive impact on the performance of the real estate market in Qatar, which represents a strong and stable market as one of the basic pillars of the Qatar economy, thanks to the wise leadership of His Highness Sheikh Tamim bin Hamad Al-Thani, the Emir, in conformity with the prudent bases H.H. has set which reflect the bright future of Qatar; and with Qatar vision 2030, where Mazaya Qatar Real Estate Development continues to develop its projects in favour of, and conformity with, this vision.

The Qatari and regional real estate markets are anticipated to undergo some adjustments in 2016, which is expected to be a critical year in regard to major decisions to be adopted by real estate companies that are driven by the external factors beyond their control.

In spite of the decline in company profits compared with the last year, the total assets have sustained an increase, whilst achieving an EPS beyond one riyal. The relative decline in net profit is attributed to a decrease in operational profits resulting from the delay by the main contractor in delivering the project as per the agreed schedule. The Company took the necessary steps, including replacing the team assigned to manage the development of the project, in order to protect its shareholders' rights.

In compliance with the governance policies and transparency principles, and in line with the Board's promise for early disclosure of the company financial statements, the Company was among the first to publish its financial statement and the first real estate company to do so in the Qatari financial market.

Notwithstanding the above-mentioned causes for the adjustments in the real estate sector as well as its economic impact, the financial results of Mazaya Qatar Real Estate Development for the year ending 31 December 2015 have brought an increase in total assets from QR 1.8 billion to QR 2.1 billion, at the rate of 13%, with an increase in the shareholders' rights from QR 1.3 billion to QR 1.38 billion, at the rate of 6%. Profit reached QR 113 million and earnings per share to QR 1.074.

Given the market conditions and company's investment portfolio, the Board conducted a workshop in cooperation with the executive management in the last quarter of 2015 for the assessment of the strategic plan going forward and to identify the scope for the next five years. This demonstrates that Mazaya Qatar will spare no effort to enhance its leading performance to achieve its vision to remain a major real estate development company focused on meeting the best expectations of local, regional and international partners, and to promote the real estate industry in the region with dynamic and inspiring projects locally and internationally to achieve sustainable and robust returns to its shareholders.

I have the honor on this occasion to extend the highest thanks and appreciation to His Highness Sheikh Tamim bin Hamad Al-Thani, the Emir, as the country is witnessing building progress under his leadership so that Qatar, God willing, will be a fruitful oasis and cherished pioneer home in respect to humanity, civilization and progress.

I would like to conclude my message by extending sincere thanks and appreciation to His Excellency the Vice Chairman, and Board Members for their efforts and continuous support of the company and its management. I would also thank Dr. Ali Mohiuddin Al Qaradagi, Chairman & managing Executive for Fatwa & Sharia supervision Authority, and all the team in the company presided by the CEO Engineer Hamad bin Ali Al Hedfa, as well as all shareholders for their continuous support which had directly contributed to maintaining the company position and its pioneer role. I convey my sincere wishes for success, continuous progress and prosperity for our country under this prudent leadership.

Peace Be Upon You

**Rashid Fahad Al- Naimi**  
Chairman





**Mr. Rashid Fahad Al Naimi**  
Chairman of the Board of Directors

# Message From The Ceo

Since its foundation in 2008, although amid difficult global economic conditions have adversely impacted some major real estate companies as well as some prestigious ones went under, Mazaya Qatar Real Estate Development proved, through its unique approach in investment management, its ability to adapt under the most difficult economic conditions. The Company continued in 2015 to further activate its strategy in development management, which was resulted in increasing the company assets by 13%, thus enhancing its vital role in achieving Qatar's vision in the real estate sector. Since its foundation, the company has relied on three basics: trust, strength, and growth, to achieve the objectives and aspirations of our beloved country - the State of Qatar. Furthermore, the overall progress process in the real estate sector led by His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir, has been enabling the company to achieve a positive progress in its current projects whilst contributing to the continuous trust in the strength of Qatari real estate market's growth.

In spite of the current volatility in the Qatari and regional markets, Mazaya Qatar Real Estate Development has sustained the stability of its operations through ownership of a solid, diversified and long term real estate portfolio where real estate investments exceed 90% of its assets.

For some, such market volatility could be considered an indicator for potential losses. However, we at Mazaya Qatar consider it as an opportunity for the company to capture valuable investments at competitive prices while markets are abundant with opportunities. It may be the right time to invest more in such properties.

The Board, therefore, has directed towards studying the possibility and means to increase in capital and to widen our market share locally and internationally while maintaining the sustainable financial returns in the short and long terms.

The Company is also looking forward to restructure its local investments, to enable in executing its new strategies, both locally and internationally. Through the workshop held in December 2015, the Board confirmed the company's vision going forward, to be a pioneer in real estate investments by 2020 through three axes of diversification: geographic presence, asset class and income source

In conclusion, we would like to extend utmost thanks to H.E. Mr. Rashid Bin Fahad Al-Naimi, the Chairman; H.E. Sheikh Suhaim bin Abdullah Al Thani, the Vice Chairman; to Board members for their support and concern for the development and growth of the company; and to the shareholders for their trust in the company. Our thanks are also extended to all employees of Mazaya Qatar, praying to the Almighty to help us in our dedication at work for welfare and achieving the objectives of the shareholders and the Board.

**Eng. Hamad Bin Ali Al Hedfa**  
Board Member and CEO





**Eng. Hamad Bin Ali Al Hedfa**  
Board Member and CEO

# Vision

The vision of Mazaya Qatar Real Estate Development Q.S.C. focuses on the need to: meet the requirements of a real estate sector firm that contributes to supporting the country welfare, and establishes a systematic sector that depends on experience and competence in the development of qualitative projects in accordance with international modern standards. Mazaya Qatar Real Estate Development Q.S.C. collaborates with development partners in order to provide successful solutions that are consistent with the Qatar National Vision 2030, work as one team with different institutions on the basis of partnership in responsibility and success, push forward the wheel of investment in the country, and supplement legislation with ideas on the best possible ways to support Qatar's Civilizational Project, and its leadership in the region.

# Mission

The mission of "Mazaya Qatar Real Estate Development" is clear, strong and direct. In short, it states with confidence: the company seeks, with its strategic partners in the region, to create an integrated concept for urban and real estate development that stems from making the country a vital center with a solid infrastructure for its various institutions, and making it able to attract various global events with a social impact, of investments, sporting events, and technology, tourism and academic activities, all of which makes the real estate sector a key factor in the process of construction and development, and act as a tributary for the development of the State of Qatar.

# Objectives

"Mazaya Qatar Real Estate Development Company" spares no effort in pursuit of its main objectives, the most of important of which are:

1. Developing projects in harmony with the supreme national interest of the country;
2. Adopting eco-friendly methods and meeting sustainable development standards in the development of real estate projects;
3. Providing the sector with expertise and cooperating with strategic partners in order to ensure the sector's development;
4. Implementing our various strategies, raising growth rates and expanding the company's operations;
5. Looking for attractive opportunities, and establishing partnerships and alliances to fulfill the goals of the company inside and outside the country;
6. Adopting a measured media policy that sheds light on the attraction of investors to the company and the sector; and
7. Examining expansion opportunities into new markets, first with respect to the GCC countries as first step for regional and international expansion.











# Board Members



Mr. Rashid F. Al Naimi  
Chairman of the board



Sh. Suhaim A. Al Thani  
Vice Chairman



Mr. Saeed A. Abu Odah  
Board Member



Mr. Rashid Y. Al-Nafisi  
Board Member



Eng. Hamad A. Al Hedfa  
Board Member



Mr. Mohamed A. Al Kubaisi  
Board Member



Mr. Fahad S. Al Qahtani  
Board Member



Mr. Abdulla A. Al Kuwari  
Board Member

# Fatwa & Sharia Supervision Board Report

Praise be to Allah, prayer & peace upon the messenger of mercy to the worlds, and his family and companions and who followed his guidance until the day of judgment .... And yet,

## Dear Shareholders,

In accordance with the assignment letter, The Fatwa and Sharia Supervision Authority of Mazaya-Qatar Real Estate Development Company (Q.S.C.) would like to present its annual report to you:

1. The Fatwa and Sharia Supervision Authority of Mazaya Qatar Real Estate Development Company (Q.S.C.) has monitored the principles applied and the contracts relating to the transactions and applications put forward by the company during the year ending on 31/12/2015, has also studied the subjects which were referred and answered all the relevant queries and ensured that all Sharia controls are complied with.

2. We have done the required supervision in order to express our opinion whether the company has abided by the provisions of the tolerant Islamic Sharia, as well as decisions and specific instructions that have been issued by the Authority and in its entirety as well.

3. The Authority has supervised the company's business, which included the examination and review of contracts and procedures applied on the basis of examining each type of transactions, and reviewed and discussed the budget and found that its entirety is compatible with the provisions of the Islamic Sharia, which has enabled us to prepare this report for you, knowing that the responsibility for implementation of the Authority decision is on the executive management.



Dr. Ali Mohiuddin Al Qaradaghi  
Chairman & Managing Executive for Fatwa  
& Sharia Supervision Authority

4. The Authority has calculated the percentage of Zakat on each share, knowing that payment of zakat is the responsibility of the shareholders.

### And in our opinion:

A) The contracts, operations and transactions drawn up by the Company during the year ended 31/12/2015, which we have seen, have been done in consistency with the provisions and principles of the tolerant Islamic Sharia.

B) The distribution of the profits and losses on the investment accounts is consistent with the basis we adopted in accordance with the provisions and principles of the Islamic sharia.

As we offer this report, we express our thanks and appreciation to the Board of Directors, and the management of the company, and to all the shareholders, asking Almighty God to bless all their efforts to serve the Islamic economy and achieve development for the interest of all and to safeguard our dear country Qatar from all harm, and to increase its prosperity and security.

Peace and God's mercy and blessings be upon you,

**Dr. Ali Mohiuddin Al Qaradaghi**  
Chairman & Managing Executive for Fatwa  
& Sharia Supervision Authority





# Zakat Calculation

Praise be to Allah, prayer & peace upon the messenger of mercy to the worlds, and his family and companions and who followed his guidance until the day of judgment .... And yet,

Dear Shareholders of Mazaya Qatar Real Estate Development Company,

We would like to inform you that we have calculated the zakat due on the company for the year ending on 31.12.2015, we found that the Zakat on each share for the shareholder is only 0.0845 Qatari Riyal,

for example Zakat of 1000 shares  $\times 0.0845 = 84.5$  QR

And as for the speculative and trading stocks, they should be assessed at market value, and multiply the result by 2.5%.

This is what should be clarified.

Peace and God's mercy and blessings be upon you,