

**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.  
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTH PERIOD ENDED  
JUNE 30, 2020**

**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND INDEPENDENT  
AUDITOR'S REVIEW REPORT**

For the six month period ended June 30, 2020

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QR. 99 – 8

RN: 1141/MMS/FY2020

## INDEPENDENT AUDITOR'S REVIEW REPORT

**To The Board of Directors  
Mazaya Real Estate Development Q.P.S.C.  
Doha – Qatar**

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position as of June 30, 2020 of Mazaya Real Estate Development Q.P.S.C. ("the Company") and its subsidiaries (together referred to as the "Group") and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and certain explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared in all material respects, in accordance with IAS 34 "Interim Financial Reporting".


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

### **Emphasis of Matter**

We draw attention to Note 3 of the interim financial information, which describes uncertainties relating to the measurement of the fair value of investment properties due to the effects of Covid-19 as at June 30, 2020. Our conclusion is not modified in respect of this matter.

**Doha – Qatar**  
**August 12, 2020**

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



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

**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at June 30, 2020

	Notes	June 30, 2020 (Reviewed) QR	December 31, 2019 (Audited) QR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Rights-of-use of assets		5,105,125	6,283,231
Property and equipment		77,191	109,505
Investment properties	3	619,924,358	744,194,358
Project in progress	4	65,649,594	65,414,594
Investment securities	5	19,638,516	19,638,516
Wakala investments	6	30,677,197	30,677,197
Finance lease receivable	7	1,149,854,784	1,164,709,484
		<u>1,890,926,765</u>	<u>2,031,026,885</u>
<b>Current assets</b>			
Finance lease receivable	7	29,255,849	28,362,593
Receivables and prepayments	8	124,072,860	2,566,285
Islamic bank balances and cash	9	76,562,002	72,709,532
		<u>229,890,711</u>	<u>103,638,410</u>
<b>TOTAL ASSETS</b>		<u><b>2,120,817,476</b></u>	<u><b>2,134,665,295</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	1,157,625,000	1,157,625,000
Treasury shares	10	(8,983,416)	—
Legal reserve		54,902,696	54,902,696
Retained earnings		18,715,085	12,056,169
<b>Total equity</b>		<u><b>1,222,259,365</b></u>	<u><b>1,224,583,865</b></u>
<b>Non-current liabilities</b>			
Islamic finance facilities	11	754,236,531	617,043,303
Lease liabilities		3,510,420	4,933,351
Employees' end of service benefits		2,626,702	2,394,239
		<u>760,373,653</u>	<u>624,370,893</u>
<b>Current liabilities</b>			
Islamic finance facilities	11	28,905,569	176,813,148
Lease liabilities		2,835,144	2,772,500
Payables and other liabilities	12	106,443,745	106,124,889
		<u>138,184,458</u>	<u>285,710,537</u>
<b>Total liabilities</b>		<u><b>898,558,111</b></u>	<u><b>910,081,430</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,120,817,476</b></u>	<u><b>2,134,665,295</b></u>

Ibrahim Jaham Al Kuwari  
Managing Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME**

For the six month period ended June 30, 2020

	Notes	For the six month period ended June 30,	
		2020	2019
		(Reviewed) QR	(Reviewed) QR
Finance income	13	36,388,556	37,228,097
Rental income		13,773,540	13,668,750
Revenue from property management		--	280,575
Operating expenses		(4,503,858)	(4,248,640)
<b>Income from operations</b>		<b>45,658,238</b>	<b>46,928,782</b>
Loss on sale of investment properties	3	(9,270,000)	--
Other income		168,735	115,659
General and administrative expenses		(11,768,895)	(8,291,250)
Depreciation		(56,962)	(83,923)
Amortisation for rights-of-use of assets		(1,178,106)	(1,178,106)
Finance costs		(16,894,094)	(23,856,849)
<b>Profit for the period</b>		<b>6,658,916</b>	<b>13,634,313</b>
Other comprehensive income		--	--
<b>Total comprehensive income for the period</b>		<b>6,658,916</b>	<b>13,634,313</b>
<b>Basic and diluted earnings per share</b> <i>(attributable to shareholders of the parent expressed in QR per share)</i>	16	<b>0.006</b>	0.012

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION



**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six month period ended June 30, 2020

	Share capital	Treasury shares	Legal reserve	Retained earnings	Total
	QR	QR	QR	QR	QR
Balance at January 1, 2019 (Audited)	1,157,625,000	--	67,790,994	81,718,175	1,307,134,169
Profit for the period	--	--	--	13,634,313	13,634,313
Dividends paid	--	--	--	(57,881,250)	(57,881,250)
Balance at June 30, 2019 (Reviewed)	1,157,625,000	--	67,790,994	37,471,238	1,262,887,232
Balance as at January 1, 2020 (Audited)	1,157,625,000	--	54,902,696	12,056,169	1,224,583,865
Profit for the period	--	--	--	6,658,916	6,658,916
Treasury shares repurchased (Note 10)	--	(8,983,416)	--	--	(8,983,416)
Balance at June 30, 2020 (Reviewed)	1,157,625,000	(8,983,416)	54,902,696	18,715,085	1,222,259,365

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.****INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six month period ended June 30, 2020

	For the six month period ended June 30,	
	2020 (Reviewed) QR	2019 (Reviewed) QR
<b>OPERATING ACTIVITIES</b>		
Profit for the period	6,658,916	13,634,313
<i>Adjustments for:</i>		
Depreciation	56,962	83,923
Amortisation of rights-of-use of assets	1,178,106	1,178,106
Loss on sale investment properties	9,270,000	--
Provision for employees' end of service benefits	232,463	321,856
Profit from deposits with Islamic banks	(1,945)	(115,654)
Finance income	(36,388,556)	(37,228,097)
Finance costs	16,894,094	23,856,849
Operating (loss)/ profit before working capital changes	(2,099,960)	1,731,296
<i>Movement in working capital:</i>		
Receivables and prepayments	(6,506,575)	198,701
Lease receivables	50,350,000	25,175,000
Payables and other liabilities	2,110,103	31,271,565
Cash generated from operating activities	43,853,568	58,376,562
Finance costs paid	(5,495,686)	(16,224,904)
Social and sports activities fund contribution paid	(1,227,507)	(414,935)
<b>Net cash generated from operating activities</b>	<b>37,130,375</b>	<b>41,736,723</b>
<b>INVESTING ACTIVITIES</b>		
Net movement in project in progress	(235,000)	(179,500)
Short term deposit withdrawn	24,097,584	--
Profit received from deposits with Islamic banks	1,945	115,654
Purchase of property and equipment	(24,648)	(21,067)
<b>Net cash generated from / (used in) investing activities</b>	<b>23,839,881</b>	<b>(84,913)</b>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from Islamic finance facilities	(21,916,352)	51,043,709
Repayment of lease liabilities	(1,556,694)	(1,382,851)
Purchase of Treasury shares	(8,983,416)	--
Dividends paid	(563,740)	(50,301,428)
<b>Net cash used in financing activities</b>	<b>(33,020,202)</b>	<b>(640,570)</b>
<b>Net increase in Islamic bank balances and cash</b>	<b>27,950,054</b>	<b>41,011,240</b>
Islamic bank balances and cash at January 1,	13,209,532	25,806,724
<b>Islamic bank balances and cash at the end of the period</b>	<b>41,159,586</b>	<b>66,817,964</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



## MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six month period ended June 30, 2020

#### 1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Mazaya Qatar Real Estate Development Q.P.S.C. (the "Company") is a Qatari Public Shareholding Company, incorporated in Qatar on February 12, 2008. The Company is registered under commercial registration number 38173. The Company's registered office address is P.O. Box 18132, Doha, State of Qatar.

The Group's principal activity is the establishment of residential compounds and projects for rental purposes, investment and real estate development, purchase of land and its development for resale, construction, project feasibility study, project management, real estate marketing and property management, maintenance activities, brokerage activities, commercial and real estate representation, trading of mechanical electrical and construction equipment, import and export (related to the Group's activities). In addition, the Group is also involved in the management of residential compounds.

The Company and its subsidiaries are together referred to as "the Group", throughout these interim condensed consolidated financial information.

The interim condensed consolidated financial information include the financial information of the Group as at and for the period ended June 30, 2020 and the following subsidiaries:

Name of entity	Country of incorporation	Share capital	Group effective shareholding percentage	
			June 30, 2020	December 31, 2019
		QR	%	%
Qortuba Real Estate Investment Company W.L.L.	State of Qatar	200,000	100	100
Granada Real Estate Investment Company W.L.L.			100	100
Gulf Spring Real Estate Investment and Development Company W.L.L.	State of Qatar	200,000	100	100
Mazaya Lebanon for Tourism Development and Real Estate S.A.R.L.	Lebanon	12,000	100	100

The interim condensed consolidated financial information of the Group for the six month period ended June 30, 2020 were authorized for issue in accordance with a resolution of the Board of Directors on August 12, 2020.

#### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of preparation

The interim condensed consolidated financial information for the six month period ended June 30, 2020 have been prepared in accordance with International Accounting Standards, IAS 34 – "Interim Financial Reporting" ("IAS 34") and have been presented in Qatari Riyals ("QR"), which is the Group's functional and presentation currency.

The interim condensed consolidated financial information do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2019. In addition, results for the six month ended June 30, 2020 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2020.

**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the six month period ended June 30, 2020

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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**2.1 Basis of preparation (continued)**

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019 and for the six month period ended June 30, 2020.

All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated on consolidation.

**2.2 Significant accounting policies and revised standards**

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, and the notes attached thereto, except for the adoption of new standards and interpretations effective as of January 1, 2020, as mentioned below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Effective for annual periods beginning on or after January 1, 2020

**Effective for  
annual periods  
beginning on  
or after**

Definition of Material - Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* January 1, 2020

The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

Definition of a Business – Amendments to IFRS 3 Business Combinations January 1, 2020

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.



**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the six month period ended June 30, 2020

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)****2.2 Significant accounting policies and revised standards (continued)**

	<b>Effective for annual periods beginning on or after</b>
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards related 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	January 1, 2020
Amendments regarding pre-replacement issues in the context of the IBOR reform.	
Amendment to IFRS 16	June 1, 2020
<i>Amendments to Rent Concessions (Covid-19-Related)</i>	
Amendments regarding the classification of liabilities	January 1, 2022
Amendments regarding IAS 16 Property, Plant and Equipment - Proceeds before Intended Use	January 1, 2022
Annual improvement 2018-2020 Cycle	January 1, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Original issue regarding IFRS 17 Insurance contracts	January 1, 2023
Amendments regarding IFRS 17	January 1, 2023

The application of these revised standards and amendments did not result in changes to the previously reported figures but may result in additional disclosures at year end.

**2.3 Use of estimates and judgements**

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

In preparing the interim condensed consolidated financial information the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were consistent with those that applied to the consolidated financial statements as at and for the year ended December 31, 2019.

**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.**
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the six month period ended June 30, 2020

**3. INVESTMENT PROPERTIES**

	<b>June 30, 2020 (Reviewed) QR</b>	<b>December 31, 2019 (Audited) QR</b>
At cost	744,194,358	734,979,899
Disposal	(124,270,000)	--
Cumulative change in fair value	--	9,214,459
	<u>619,924,358</u>	<u>744,194,358</u>

The investment properties includes a property leased out under an operating lease agreement to a related party. Rental income from the property is pledged against the facilities obtained from Islamic banks (Note 11).

The Group has carried out independent valuation for investment properties carried as of June 30, 2020 for QR. 562,870,000. The fair value has been arrived by independent external valuer not related to the Group. The fair value of the Group's remaining investment properties amounting to QR. 57,054,358 is based on management's assessment and knowledge on market conditions.

Fair value of investment properties except for the Tala residencies and Sidra Village Retail units are valued using the market comparable approach. The unit of comparison applied by the Group is the price per square metre (sqm).

<b>Properties</b>	<b>Estimated land value per sq ft</b>	
	<b>2020 QR</b>	<b>2019 QR</b>
Plots in Dubai and Qatar	25-730	7-730

The fair value of the Tala Residence and Sidra Village Retail units are determined using a discounted cash flow (DCF) method. The key unobservable inputs for the fair valuation of above two properties are described below:

<b>Key unobservable inputs</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Monthly rental income	QR 60-175 sq.m	QR 60-175 sq.m
Rent increment	5%-15% in every 5 years	5%-15% in every 5 years
All risk yield – current	6.75%-8%	6.75%-8%

	<b>Total QR</b>	<b>Quoted prices in active markets Level 1 QR</b>	<b>Significant observable inputs Level 2 QR</b>	<b>Significant unobservable inputs Level 3 QR</b>
<b>June 30, 2020</b>				
Investment properties	<u>619,924,358</u>	--	<u>274,854,905</u>	<u>345,069,453</u>
<b>December 31, 2019</b>				
Investment properties	<u>744,194,358</u>	--	<u>274,854,905</u>	<u>469,339,453</u>



**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the six month period ended June 30, 2020

**3. INVESTMENT PROPERTIES (CONTINUED)**

During the period ending June 30, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. There were no movements within Level 3 fair value measurements.

During the period, the Group has sold Gloria Hotel for a consideration of QR. 115,000,000 to a third party. This sale resulted in a loss of QR. 9,270,000.

The above investment properties include an amount of QR.332,500,000 which represents the fair value of the property that is registered in the name of the local bank in Qatar.

As a result of the COVID-19 outbreak and the wide ranging impacts on businesses globally, the Group's external valuer has taken into account latest guidelines from RICS and reported the Group's investment property valuations on the basis of 'material valuation uncertainty'. Management have evaluated the basis, and meaning, of such preparation. Although uncertainty is present within the wider real estate market, with varying impacts being observed, Management considers that the existing investment property portfolio of the group to be less impacted by such adverse events due to inherent characteristics of the portfolio including diversification across asset categories, geographic spread and the nature of partially secured future cash flow in relation to the income generating portfolio of assets.

Management understands the basis of such preparation, which primarily intends to highlight future uncertainty and a higher degree of caution. Management have considered this in respect of key sources of estimation uncertainty and have concluded based upon the Group's investment property portfolio inherent characteristics and trends observed, relative to the wider real estate market in the State of Qatar, that the events of COVID-19 do not give rise to new course of key estimation uncertainty, nor do they impact the potential sensitivity level of a reasonable and possible change that may occur within the next 12 months.

**4. PROJECT IN PROGRESS**

Project in progress balance includes the amounts incurred on the development of Group's projects. The initial infrastructure development work for the project is completed as at June 30, 2020.

	<b>June 30, 2020 (Reviewed) QR</b>	<b>December 31, 2019 (Audited) QR</b>
At beginning – January 1	<b>65,414,594</b>	65,115,044
Additions	<b>235,000</b>	299,550
At closing – June 30 & December 31 (Net)	<b>65,649,594</b>	65,414,594



**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the six month period ended June 30, 2020

**5. INVESTMENT SECURITIES**

	<b>June 30, 2020 (Reviewed) QR</b>	<b>December 31, 2019 (Audited) QR</b>
Unquoted investment securities	<u>19,638,516</u> <u>19,638,516</u>	<u>19,638,516</u> <u>19,638,516</u>

Unquoted equity investment include investment made in a privately held Company in the State of Qatar and classified as Fair value through other comprehensive income ("FVTOCI") investment.

Unquoted equity investment is valued using Level 3 measurement techniques as per IFRS 13 and there have been no transfers between Level 2 and Level 3 fair value measurements.

**6. WAKALA INVESTMENTS**

	<b>June 30, 2020 (Reviewed) QR</b>	<b>December 31, 2019 (Audited) QR</b>
Wakala investments	<u>61,354,395</u>	<u>61,354,395</u>
Less: Provision for impairment	<u>(30,677,198)</u> <u>30,677,197</u>	<u>(30,677,198)</u> <u>30,677,197</u>

During 2009, the Group had entered into a Wakala contract amounting to QR 65,000,000 with a GCC Investment Company through an agent. The Investment Company did not settle the amount with its accrued profit on the maturity date. In 2011, the Group obtained a court ruling in its favor, whereby the outstanding Wakala amount, along with related profit, to be settled by the Investment Company during the period from June 2013 to June 2017. During 2013, the Group received the first scheduled payment amounting to QR 3,645,605. In 2014, the Investment Company has not honored the installment due to the Group and therefore the Group has decided to provide impairment allowance for the investment amounting to QR 30,677,197. Management believes that the value of Wakala investments did not decline below the carrying value amounting to QR 30,677,197 during the period to June 30, 2020.

**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the six month period ended June 30, 2020

**7. FINANCE LEASE RECEIVABLE**

	June 30, 2020 (Reviewed) QR	December 31, 2019 (Audited) QR
Non-current portion	1,149,854,784	1,164,709,484
Current portion	29,255,849	28,362,593
	<u>1,179,110,633</u>	<u>1,193,072,077</u>

The Group entered into finance lease arrangement as a lessor for a residential compound with its related party. The compound is specifically constructed by the Group for lease out to the related party for a term of 21 years and will be transferred to the related party at the end of the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as the lease is denominated in Qatari Riyals.

The following table presents the gross and net investment in the lease.

	June 30, 2020 (Reviewed) QR	December 31, 2019 (Audited) QR
Amount receivable under finance leases:		
Year 1	100,700,000	100,700,000
Year 2	100,700,000	100,700,000
Year 3	100,700,000	100,700,000
Year 4	100,700,000	100,700,000
Year 5	100,700,000	100,700,000
Onwards	1,540,710,000	1,591,060,000
Gross investment in lease	2,044,210,000	2,094,560,000
Less: unearned finance income	(865,099,367)	(901,487,923)
Present value of minimum lease payments schedule	1,179,110,633	1,193,072,077
Impairment loss allowance (ECL)	--	--
Net investment in the lease	<u>1,179,110,633</u>	<u>1,193,072,077</u>

The finance lease receivable at the end of the reporting period are neither past due nor impaired.

**8. RECEIVABLES AND PREPAYMENTS**

	June 30, 2020 (Reviewed) QR	December 31, 2019 (Audited) QR
Accounts receivable	115,163,716	163,716
Prepayments and other assets	7,694,345	631,327
Refundable deposits	550,525	550,525
Other receivables	1,789,978	2,346,421
	<u>125,198,564</u>	<u>3,691,989</u>
Less: loss allowance on other receivables	(1,125,704)	(1,125,704)
	<u>124,072,860</u>	<u>2,566,285</u>

Accounts receivable balance includes an amount of QR 115,000,000 , against the sale of Gloria Hotel under investment properties (Note 3).

**MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the six month period ended June 30, 2020

**9. ISLAMIC BANK BALANCES AND CASH**

Islamic bank balances and cash comprises of the following:

	<b>June 30, 2020</b> <b>(Reviewed)</b> <b>QR</b>	<b>December 31,</b> <b>2019</b> <b>(Audited)</b> <b>QR</b>
Islamic bank balances	<b>41,139,586</b>	13,189,532
Time deposit	<b>35,402,416</b>	59,500,000
Cash in hand	<b>20,000</b>	20,000
	<b>76,562,002</b>	72,709,532
Time deposit with marginal maturity of more than 3 months	<b>(35,402,416)</b>	(59,500,000)
Cash and cash equivalent	<b>41,159,586</b>	13,209,532

**10. SHARE CAPITAL**

	<b>June 30, 2020</b> <b>(Reviewed)</b> <b>QR</b>	<b>December 31,</b> <b>2019</b> <b>(Audited)</b> <b>QR</b>
<i>Authorized and Issued:</i>		
115,762,500 ordinary shares of QR 10 each (2019:		
115,762,500 shares)	<b>1,157,625,000</b>	1,157,625,000

During the period, the Group repurchased 14,030,000 number of ordinary shares at a cost of QR. 8,983,416.



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**11. ISLAMIC FINANCE FACILITIES**

		June 30, 2020 (Reviewed) QR	December 31, 2019 (Audited) QR
	<i>Notes</i>		
Islamic facility 1	(i)	601,164,478	495,826,851
Islamic facility 2	(ii)	187,296,314	187,296,314
Islamic facility 3	(iii)	--	53,521,791
Islamic facility 4	(iv)	--	57,211,495
		<u>788,460,792</u>	<u>793,856,451</u>
Deferred financing arrangement cost		<u>(5,318,692)</u>	<u>--</u>
		<u>783,142,100</u>	<u>793,856,451</u>
Presented in the interim condensed consolidated financial position is as follows:			
Current		28,905,569	176,813,148
Non-current		<u>754,236,531</u>	<u>617,043,303</u>
		<u>783,142,100</u>	<u>793,856,451</u>

- (i) During 2014, the Group entered into an Islamic facility agreement with an Islamic Bank in order to finance a real estate project of the Group for an amount of QR 450 million and subsequently increased the facility to QR 549 million. The agreement carries profit rate at market rates. The facility is repayable in 30 variable quarterly instalments with last instalment due in August 2026. Expected receipts from the Sidra real estate project are pledged against the Islamic facility. During April 2020, the Group agreed with the bank to restructure this loan including Islamic facility 3 and 4 for a total facility value of QR 800 million which carries profit rate of 4.2%. The loan has six months of grace period with quarterly profit to be paid by the Group. The loan period is for 18 years and the last installment will be in April 2038.
- (ii) During 2014, the Group entered into an Islamic facility agreement with an Islamic Bank in order to finance a real estate project of the Group for an amount of QR 274 million. The facility is repayable in 9 annual variable instalments from the end of 2014 till the end of 2021 and a final settlement in 2022. The agreement carries profit rate at market rates with minimum profit of 5.25% per annum. The Islamic facility is secured by a pledge on the rental income from the Tala Residence real estate property.
- (iii) During 2017, the Group entered into an Islamic facility agreement with an Islamic Bank in order to finance working capital requirements of the Group for an amount of QR 70 million. The agreement carries profit rate at market rates. The facility is fully settled by the Group during April 2020 (refer (i) above).
- (iv) During 2019, the Group entered into an Islamic facility agreement with an Islamic Bank in order to finance the Group. The agreement carries profit rate at market rates. The facility is fully settled by the Group during April 2020 (refer (i) above).

Islamic finance cost for the period amounted to QR 16,693,375 (June 30, 2019: QR 23,595,193).

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**12. PAYABLES AND OTHER LIABILITIES**

	<b>June 30, 2020 (Reviewed) QR</b>	<b>December 31, 2019 (Audited) QR</b>
Encashment of bond	<b>59,827,513</b>	59,827,513
Accrued expenses	<b>21,665,053</b>	8,176,305
Dividends payable	<b>13,673,901</b>	14,237,641
Social and sports activities fund contribution	<b>7,054,051</b>	8,281,558
Deferred rental income	<b>1,197,917</b>	12,216,667
Other payable	<b>3,025,310</b>	3,385,205
	<b><u>106,443,745</u></b>	<u>106,124,889</u>

**13. FINANCE INCOME**

	<b>For the six month period ended June 30,</b>	
	<b>2020 (Reviewed) QR</b>	<b>2019 (Reviewed) QR</b>
Finance income	<b><u>36,388,556</u></b>	<u>37,228,097</u>
	<b><u>36,388,556</u></b>	<u>37,228,097</u>

**14. COMPENSATION FROM CLAIMS**

The Group's key project was delayed significantly by its main contractor. The expected completion date of the project was August 8, 2016 and the completion certificate of the project was issued on June 26, 2018.

Based on Group's assessment for the prolongation cost associated with the substantial delay, aided by the independent assessor's evaluation and the Group's legal counsel's advice, the Board of Directors had initiated liquidated damages claim against the main contractor and decided to realize 50% of the initial retention balance of the contract.

As of June 30, 2020, the Group was a party to a number of legal cases as defendant or plaintiff in respect of the above. According to the Group's Legal Counsel best estimates, no material liabilities will arise as a result of these cases and accordingly no provisions have been provided against these cases.



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For the six month period ended June 30, 2020

**15. RELATED PARTY DISCLOSURES**

Related parties represent entities where the Group is one of their founders, major shareholders in the Company, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

**Related party transactions**

Transactions with related parties during the period were as follows:

	For the six month period ended June 30,	
	2020	2019
	(Reviewed)	(Reviewed)
	QR	QR
Finance income	36,388,556	37,228,097
Rental income	11,018,750	11,018,750

**Compensation of directors and other key management personnel**

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

	For the six month period ended June 30,	
	2020	2019
	(Reviewed)	(Reviewed)
	QR	QR
Key management staff benefits	2,176,597	2,275,238

**16. BASIC AND DILUTED EARNINGS PER SHARE**

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

	For the six month period ended June 30,	
	2020	2019
	(Reviewed)	(Reviewed)
	QR	QR
Profit attributable to shareholders of the parent	6,658,916	13,634,313
Weighted average number of shares outstanding (excluding treasury shares) during the period	1,153,855,553	1,157,625,000
Basic and diluted earnings per share (QR)	0.006	0.012

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**16. BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)**

During the period, the Group repurchased 14,030,000 treasury shares, which have been taken into consideration in arriving at the weighted average number of shares for the period.

**17. FINANCIAL INSTRUMENTS AND FAIR VALUES****Fair values**

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. Islamic bank balances, receivables and payables and other liabilities and Islamic financing facilities approximate their carrying amounts largely due to the short-term maturities/repricing of these instruments.

**Fair value hierarchy**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- 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

**Fair value measurement**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

<i>Fair value measurement using</i>				
	<i>Quoted prices in active markets</i>	<i>Significant observable inputs</i>	<i>Significant unobservable inputs</i>	
<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	
<b>June 30, 2020 (Reviewed)</b>				
Unquoted investment securities	<u>19,638,516</u>	--	--	<u>19,638,516</u>
	<u>19,638,516</u>	--	--	<u>19,638,516</u>
<i>Fair value measurement using</i>				
	<i>Quoted prices in active markets</i>	<i>Significant observable inputs</i>	<i>Significant unobservable inputs</i>	
<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	
<b>December 31, 2019 (Audited)</b>				
Unquoted investment securities	<u>19,638,516</u>	--	--	<u>19,638,516</u>
	<u>19,638,516</u>	--	--	<u>19,638,516</u>



## **MAZAYA REAL ESTATE DEVELOPMENT Q.P.S.C.**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

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#### **18. FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2019.

#### **19. SEGMENT INFORMATION**

The Group has only one business segment, that is investment, development and operations of real estate properties. The Group operates mainly in the State of Qatar and United Arab Emirates in Dubai. Dubai operations are not considered reportable segment.

#### **20. SHARE SPLIT**

On May 20, 2019, the Extraordinary General Meeting of the Group approved the par value of the ordinary share to be QR1 instead of QR10, as per the instructions of Qatar Financial Markets Authority (QFMA), and amendment of the related Articles of Association. The share split was implemented on July 3, 2019 and the total number of shares were increased from 115,762,500 to 1,157,625,000 ordinary shares.

#### **21. SUBSEQUENT EVENTS**

Subsequent to June 30, 2020, the Group entered into negotiations for the sale of 26.7% ownership of Qortuba Real Estate Investment Company W.L.L. ("Qortuba"). In case the Group proceed with sale it will be effective on July 1, 2020.

#### **22. IMPACT OF COVID-19**

The World Health Organization declared on March 11, 2020 the Novel Coronavirus (COVID-19) as a global pandemic. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity.

The Group has performed an assessment of COVID-19 implications on its financial results in light of the available IFRS and incorporated the outcome in these interim condensed consolidated financial statements and explained the changes below related to the expected credit loss methodology and valuation estimates and judgements as at and for the period ended June 30, 2020:

i) Expected credit losses model

The Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at June 30, 2020. ECLs were estimated based on historical loss rates considering forward looking macro-economic factors, and adjust historical loss rates to reflect relevant future economic conditions.

ii) Valuation of estimates and judgements of investment properties

The Group has considered the impact of Covid 19 on the valuation of investment properties based on the characteristics of the portfolio including diversification across asset categories, location and the nature of secured future cash flow. Refer note 3 for additional details on impact of Covid 19 on valuation of investment properties and management consideration.