

TO BE APPROVED DURING THE ANNUAL GENERAL MEETING



**Related Parties Policy
V1.0**

Document Control and Approval Sheet

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Document Title	Version	Reason for revision	Effective date
Related Parties Policy	V1.0	First time issuance	Immediately

Document Approval

Approved by	Signature	Date

TABLE OF CONTENTS

1. Introduction	5
2. Objective	5
3. Amendments of the Policy	5
4. Definitions	5
5. Nature of Transactions	7
6. Independence and Objectivity	7

NOTICE TO THE READERS

In this document, “Mazaya” or the “Company”, shall mean Mazaya Real Estate Development Company, its subsidiaries and affiliates, and their respective predecessors and successors.

This policy supersedes any prior policies of Mazaya or its predecessors, subsidiaries, and affiliates, whether written or oral, on the topics covered herein.

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1. Introductions

The Related Parties Policy of Mazaya Real Estate Development Q.P.S.C. (hereafter referred to as Mazaya) regulated related party relationships and is considered a normal feature of every business. Business Entities frequently carry on parts of their activities through subsidiaries, joint ventures and associates. In these circumstances, the entity's ability to affect the financial and operating policies of the investee is through the presence of control, joint control or significant influence.

A related party relationship could have an effect on the profit or loss and financial position of an entity. Related parties may enter into transactions that unrelated parties would not. The profit or loss and financial position of an entity may be affected by a related party relationship even if related party transactions do not occur. The mere existence of the relationship may be sufficient to affect the transactions of the entity with other parties.

2. Objective

The primary objective of the Related Party Policy is to ensure that the principles of transparency, fairness and proper disclosure of related party transaction be enforced and that these transactions approved by the Board of Directors.

3. Amendments to the Policy

Any change proposed in the policy will be reported to the Board Secretary who will be responsible to explain these to the Board of Directors, which after its review may approve changes as recommended or with modifications to the proposal or reject proposed changes.

At any instance where the policy is found to be inconsistent with the legal framework, the legal framework will prevail and changes will be put forward to the Audit Committee and the Board of Directors for approval.

4. Definitions

Related Party

A party is related to an entity if:

- a.) Directly, or indirectly through one or more intermediaries, the party (as per IAS 24 on Related Party Disclosures):
 - i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - ii) has an interest in the entity that gives it significant influence over the entity;
 - or
 - iii) has joint control over the entity;
- b.) The party is an associate (as defined in IAS 28 Investments in Associates) of the entity;
- c.) The party is a joint venture in which the entity is a venture (see IAS 31 Interests in Joint Ventures);
- d.) The party is a member of the key management personnel of the entity or its parent (as per IAS 24 on Related Party Disclosures)
- e.) The party is a close member of the family of any individual referred to in (a) or (d) (as per IAS 24 on Related Party Disclosures);

- f.) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) (as per IAS 24 on Related Party Disclosures); or
- g.) The party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity (as per IAS 24 on Related Party Disclosures).

A Related Party Transaction

- a.) A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.
- b.) Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include:
 - i) The individual's domestic partner and children;
 - ii) Children of the individual's domestic partner; and
 - iii) Dependents of the individual or the individual's domestic partner.
- c.) Compensation includes all employee benefits (as defined in IAS 19 Employee Benefits) including employee benefits to which IFRS 2 Share-based Payment applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Compensation includes:
 - i) Short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;
 - ii) Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
 - iii) Other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;
 - iv) Termination benefits; and
 - v) Share-based payment.
- d.) Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- e.) Joint control is the contractually agreed sharing of control over an economic activity.
- f.) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
- g.) Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.
- h.) In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.
- i.) In the context of this policy, the following are not necessarily related parties simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process):

- i) Two entities simply because they have a director or other member of key management personnel in common, notwithstanding (d) and (f) in the definition of 'related party'.
- ii) Two ventures simply because they share joint control over a joint venture.
- iii) Providers of finance;
- iv) Trade unions;
- v) Public utilities; and
- vi) Government departments and agencies;
- vii) A customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, merely by virtue of the resulting economic dependence.

5. Nature of Transactions

Transactions at arm's length; those transactions of the company that do not carry any unconventional terms or conditions will be construed to be at arm's length. Arms length price is the price at which two unrelated parties agree to a transaction. These usually include but are not limited to; Sale and Purchase of Real estate by the company itself or via intermediaries, relinquishment or sale of rights, exchange of properties, etc.

Transactions not at arm's length; those transactions of the Company, where the price and the terms of the transaction are unconventional with respect to industry practice.

Pricing for Transactions at arm's length will be with reference to market verifiable data of similar transactions carried out with unconnected person.

Pricing for transactions not at arm's length will be determined by way of discounts, lower margins, extended credit period, or any other relaxation granted by the Company. These relaxations could be provided to any other un-related person requiring approval of CEO and/or the Board as per the Authority Matrix.

6. Independence and Objectivity

The Company shall place before the Board of Directors all the transactions with the related parties, executed during the period from last board meeting, and/or those which have not previously been approved in the board meeting, for review and approval.

The details of the related party transactions before approval from the board shall be placed before the Audit Committee for review.

The related party transactions which are not executed at arm's length price will also be placed separately at each Board meeting along with necessary justification for consideration and approval of the Board and before the Audit Committee.

The Board of Directors shall approve the pricing methods for related party transactions that were made on the terms equivalent to those that prevail in arm's length transaction only, if such terms can be substantiated.

All transactions done with related parties should be included as an agenda item and henceforth discussed in the AGM.