



MAZAYA
QATAR

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

Report on the Governance of the Joint Stock Companies which
are listed in Qatar Exchange

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Report of MAZAYA QATAR REAL ESTATE DEVELOPMENT (Q.S.C) on the Governance of the Joint Stock Companies which are listed in Qatar Exchange

«Organization for Economic Cooperation and Development» defines the Corporate Governance System as the system which through it the management and controlling of the companies will be done. Through it, definition of the Governance rules will be defines as well as the distribution of the rights and responsibilities among the beneficiaries in the company such as the Board of Directors, managers, shareholders and other beneficiaries. Also clarification shall be done for the rules and procedures that related to decision making regarding the company's affairs.

As Mazaya Company is eager to obligate itself with the system that aiming to enhance the Governance System which Qatar Financial Markets Authority endeavors to apply it fully in all joint stock companies and establishments that registered at Qatar Exchange within the State. The Company has prepared its report regarding the system of Corporate Governance which includes the clauses from 1 to 31. It represents all the necessary definitions such as the procedures of getting the information and the company's information that could be gained, the affiliated company,etc. Hence, the system deals with the application scope and the principle of «Restriction or Clarification», the extent to which the company are committed to the governance principle, board of directors, its duties and tasks, the method of its formation, meetings, the rewards of the members of directors board, auditing committees, internal control and the executive officials and the great and controlling shareholders, or the disclosure of any information related to the members of directors board or the members of other committees that are constituted by the board of directors, shareholders rights which include, but no limited to, their access to all information about the company, as well as the rights of the other stakeholders and lastly the report of Governance which we discuss it here in details as follows:

The Governance Report

The board of directors have to prepare an annual report that is signed by the chief of the board of directors. The report should contain the assessment of the board for the company commitment to the rules of this system. The report should be submitted to the authority on an yearly basis or whenever requested by the authority. The report should contain all information related to the application of this system. It should also be published.

Article (30) of the system of corporate governance for the companies which are listed in the markets which are subject to the control of the above mentioned Qatar Financial Markets Authority on the following rules:

1- Internal procedures which have been followed by the company in preparing the report including the details of these procedures which enable to verify the extent to which the company complies with what is contained in the system.

- The company has constituted a committee of four members to prepare this report, namely:

- CEO
- Co-Vice Chief
- Financial Director
- Legal officer

Committee has regularly met to discuss the report, distribute the tasks on its members, follow up the distributed tasks and to submit the reply letter to Qatar Financial Markets Authority.

2- Details of the violations which have been committed over the financial year in addition to clarification of reasons of these violations. This apply to all violations, including a full explanation of all taken procedures to correct these violation and the techniques which the company will adopt to avoid occurring of such violations in the future. Or in case that there are no violations. This should also be mentioned.

- The Company did not commit during the year of 2010 any violations of the internal order of the company or the articles of association.

3-The indications to the term «Category» in this clause is meant to be to the director whether he is an executive director or managerial director. This clause should be indicated to in this report by stating the details of the members of whom the board of directors, its committees is constituted, in addition to their responsibilities and activities during the year according to the category and powers of those members, the time period in the membership of the directors board and various internal committees as well as the method of determining the rewards of the board's members and the top executive management in the company.

The Company's Board of Directors

Name	Capacity	The period	
Rashid Fahad Al-Naimi	President	Since establishment	Till date
Sheikh/Sahim Bin Abdullah Al Thani	Vice-president	Since establishment	Till date
Rasheed Yaaqoub Al Nafeesi	Member	22/07/2010	Till date
Abdullah Ali Al-Kawari	Member	Since establishment	Till date
Ali Yousif Kamal	Member	Since establishment	Till date
Maher Abdul-Latif Bin Nagi	Member	Since establishment	Till date
Mohamad Ali Al-Kubaisy	Member	07/10/2010	Till date
Saad Nasser Al Menaify	Member	20/09/2010	Till date

Members of the Board of Directors exercise their annual activities in managing the company exactly as stated in the Articles 27,28,29,30,31,32,34,35,36,37,38,39,40 of the company's Statute (herewith attached)

The rewards of the members of the board of directors shall be determined according to the Article 42 of the company Statute (herewith attached)

Executive Committee:

Name	Capacity	Duration	
Rashid Fahad Al-Naimi	President	Since establishment	Till date
Sheikh / Suhaim Bin Abdulla Al Thani	Vise-president	Since establishment	Till date
Abdullah Ali Al Kawari	Member	07/10/2009	Till date
Ali Youssef Kamal	Member	10/11/2009	Till date
Mohamed Ali Al Kubaisi	Member	07/10/2010	Till date

This committee practices its activities according to the instructions and guidance of the Board of Directors and submits the reports of its meetings and decisions to the Board.

4- Availability of enough information regarding the procedure of Internal Auditing including the supervision of the financial affairs, investments and risk management which increasing the trust of the investors.

Yes, there is enough information to apply the internal system. The Company also has studied the possibility of appointing an Internal Auditing of the Company and the requirements of such action. Also it studied the possibility of appointing an international reputed auditing company in order to carry out the financial auditing for the Company.

- Accordingly, the Company requested offers of services and prices from such companies so that to be presented to the Board of Directors for approval purpose.

5- Summary about the procedures that followed by the Company in order to determine, evaluate and manage the risks and the risks indicator as well as describing the applicable systems for managing the unexpected changes of the market. In case of lacking such procedures, the Company must mention the procedures that will be followed in future in this regards within this report.

- In order to assert the internal auditing, the Company has defined the risks and managed such risks as below:

A- The risks of profit rates:

Financial tools deal with the change risks in the value due to changes in the rates of deposits profits. The actual profit rates which through them the repricing of the assets and financial demands are defined by Qatar Central Bank.

B- Credit Risks:

The financial assets exposing the Company to the credit risks are the debtors and cash within the banks. The Company's balances within the banks are deposited within local banks of credit goodwill. In addition the balance of the debtors can be attested on a net basis after deducting the allocation of debts suspected to be collected. The Company hasn't any credit risks because there are no any debts.

C- Cash Liquidity Risks:

Cash liquidity risks result from company inability to provide the appropriate funds in order to settle and pay its obligations related to the financial tools. In order to manage such risks, the Company shall evaluate its financial liability of its customers on a periodical basis with retaining a high amount of the cash liquidity throughout investment in the short and long term deposits. There is no exposure to the cash liquidity risks as the Company has high amount of the cash liquidity deposited within the banks.

6- The report shall include an explanation about the evaluation of the Board of Directors members and top management performance of their applying the system of the internal control or no. In case of applying such system, its is necessary to mention the measures and actions adopted in order to carry out such process, when such system was applied, the method of auditing and updating such system, preparing periodical reports about how such measures are adopted, about and hinders or difficulties in front of applying the system and how to manage such difficulties. In addition, the report shall include details of any relevant subject.

- **There is no internal auditing system at the present time (see Article 4)**

7- Failure to apply the internal control, or the weak factors in applying the same, or the emergency state having affected the Company's financial performance, the measure the company adopted to manage the failure to apply the internal control (in particular the divulged problems in the annual reports of the company and its financial data).

- N/A

8- The Company's compliance with the rules and conditions regulating the disclosure and merger in the market.

- **The Company discloses in the market as per market requirements and guidelines.**

9- The report shall include to what extent the Company is complying with its internal and external auditing system and the role played by such system to know whether there is compliance with the internal control systems. If so is not a part of the audit task, it is necessary to mention the same in the report.

- **The Company produces the financial statements on a periodical system. Such statements are reviewed and audited by an account auditor to be provided for the Board of Directors and General Assembly, and therefore such statements are to be divulged and disclosed in the market. As shown previously in the article no (4), the Company is now delineating a comprehensive internal auditing system.**

10- Mentioning all the information relevant to risks management and internal control measures. Such information shall be available to the Company in a detailed form so that the Company can form adequate point of view about the conformity of such system. The the internal audit firm will delineate the statute in cooperation with the top management, and it will control and monitor it as stated in the Article No. 1. The Firm, in addition, will prepare a booklet relating to the measures of managing the risks and the measures of the internal control. Such booklet will be available to the employees and investors. In addition, some internal measures in the annual audited balance sheet will be mentioned. The Firm of the internal auditing will review and update periodically such measures and actions and draw attention to any measures that were not carried out or corrected.

Company's Commitment of the Following Articles' Provisions:

Provisions of Article No. (5):

Determining the tasks and responsibilities of the Board stipulated in the charter.

- The Board is fully committed to its powers stipulated in the Articles of Association and the Statute.

Provisions of Article No. (7):

Separation between the position of the Chairman and the CEO is mandatory through the appointment of a person for each position.

- The company since its establishment did not appoint a single person for these two positions, but these two positions were run by two different persons.

Provisions of Article No. (8):

Formation of the Board of Directors.

- The Board of Directors is formed in accordance with the Articles of Association and the Statute.

Provisions of Article No. (10):

Duties of the Non-Executive Board Members.

- Some Board Members are members of the Executive Committee and some are members in the Employment Settlement Committee.

Provisions of Article No. (11):

Emphasis on the necessity of holding the Board meetings regularly, at least six times since the system's effective date.

- The Board is regularly meeting at least six times annually as stated in the Statute.

Did the company apply general procedures related to entering deals with relevant parties, and disclosing the information of these deals in the Ordinary General Assembly Meeting of the company, besides any followed procedures in case of non-attendance of any member in the meetings that require personal attendance to discuss such matters?

- No general procedures were applied related to deals with relevant parties.

Provisions of Article No. (14):

Mentioning of the tasks and duties achieved by the company during the period between: 25 June 2009 till: 24 June 2010.

- **The company has set a target during the first two years, is to construct the basic foundation of the success factors, through searching for good opportunities in the real estate market in the State of Qatar.**

- **From this point, the company aimed at establishing its organizational structure, employing teamwork of sufficient qualifications and competencies to execute the company's business as desired.**

- **Mazaya Qatar succeeded to cover the Initial Public Offering by 100%. The company has offered 50 million shares representing 50% of the subscription capital during the period between: 17 to 31 January 2010, with nominal value of 10 Qatari Riyals per single share, besides the subscription fees of 50 Qatari Dirhams, thus the paid capital reached One Billion Qatari Riyals. The company was included in the Qatar Exchange for trading on: 17 October 2010.**

- **Mazaya Qatar has signed an understanding memorandum with the Qatar Foundation for Education, Sciences & Social Development in order to build 324 housing units for the Qatar National Convention Center's employees for the Qatar Foundation for a period of Ten years.**

- **Likewise, the company has signed two understanding memoranda with the Qatar Foundation, one of them for Twenty years and the other is for Thirty years.**

Provisions of Article No. (15):

Did the company form a nomination committee based on what has been stipulated in this Article?

- **No, it did not. Note that the company shall hold the General Assembly to elect the new Board of Directors in 2014.**

Provisions of Article No. (16):

Did the company form a Remuneration Committee to work on determining the rewards of the Board Members?

- **No, no rewards were paid to the Board Members yet.**

Provisions of Article No. (17):

Did the company form an Internal Audition Committee?

- **No, it has not been done yet.**

Provisions of Article No. (19):

Is there an External Auditor appointed for the company «External Auditor»?

- **Yes, an External Auditor of the company has been appointed.**

Provisions of Article No. (23):

Does the Articles of Association and the Statute include how the shareholders may get any relevant information?

- **Yes, it does.**

Provisions of Article No. (24):

Do the Articles of Association and the Statute include a provision that grants the shareholders the right to call for the Ordinary General Assembly Meeting of the company?

- Yes, they do, the Article (51) of the company's Articles of Association stipulates that the Ordinary General Assembly Meeting of the company at the company's headquarters at least once a year during the four months following the company's fiscal year. The Board of directors has the right to call for the Assembly's meeting, if needed, and it has to call for the meeting whenever requested the same by the Auditor or by a number of the shareholders not less than the quarter of the capital.

Provisions of Article No. (26):

Do the Articles of Association and the Statute include the shareholders' right to obtain information about members of the Board of Directors and their scientific qualifications, etc?

- None.

Provisions of Article No. (27):

The policy followed regarding the distribution of profits.

Article (70) of the Articles of Association stipulates the following:

- The net profits are to be distributed as follows:

1- A (10%) is annually deducted of the net profits and to be allocated to the Legal Reserve Account, such deduction may be stopped when the reserve reaches (50%) of the paid capital, in case the Legal Reserve becomes less than the mentioned percentage it is a must to re-deduct till the Legal Reserve reaches the mentioned percentage. The Legal Reserve is not to be distributed on shareholders, but what exceeds the half of the paid capital may be used in the distribution of the profits on the shareholders if percentage of (5%) in the years that the company's profits do not allow the security of such distribution.

2- The General Assembly may, subject to a proposal of Board of Directors, decide to deduct a part of the net profits to the account of an optional reserve to be used and utilized for the aspects determined by the General Assembly.

3- The appropriate amount is to be deducted to distribute the first share of the profits of at least 5% for the shareholders for the amount paid from the share value, provided that if the profits of one year shall not allow to distribute the share, such profits shall not be deducted from the profits of the following years.

4- After the foregoing, a percentage not more than 10% is allocated out of the net profit after discounting the consumables, reserves and the profit distributed according to the former paragraph, for the remunerations of the Members of the Board of Directors.

5- Then, the rest of the profits is to be distributed to shareholders as an additional share of the profits or to be forwarded according to the proposal of the Board of Directors to the following year, or to be allocated to make the irregular reserve funds or consumable funds.

Provisions of Article No. (28):

Are the Statute and the Articles of Association of the Company including the way by which the rights of minor shareholders are protected in particular when there are great transactions to be made in the Company?

- **None.**

Provisions of Article No. (29):

Do Board of Directors of the Company have an approved policy ensuring the protection and secrecy for the employees in case employees report suspected information?

- **No.**

Rashid Fahad El-Naemi
Chairman of Board of Directors