

## **Al Mazaya Holding reports net profit of KWD 9.32 million by end of 2015 and recommends 7 % cash dividends**

AL Nafisi : Al Mazaya Holding reports net profit of KWD 9.32 million by end of 2015 and recommends 7 % cash dividends

Al Soqabi : The Company continued its strong operating performance and remains “immune” to geopolitical and economic fluctuations

- 385.6% growth in sales revenue.
- 16.4% rise in rental revenue.
- 157.6% gross profit generated from operations.
- 15.2% growth in annual net profit of 2015.
- KWD 111.45 million total equity as of December 31, 2015.
- KWD 251.04 million total assets as of December 31, 2015.
- The company managed to convert all its loans into Sharia compliant financing, reduce finance cost and its loans with medium to long term maturities.
- A high valuation of Al Mazaya stock by NBK Capital, at a fair value of 165 fils, after taking all precautionary measures into consideration.

	31 December 2014  (KWD million)	31 December 2015  (KWD million)
16.4% growth in operating revenue generated from rent (rental revenue)	5.30	6.17
385.6% growth in operating revenue generated from sales (sales revenue)	10.97	53.27
258.9% growth in total operating revenue	16.66	59.82

157.6% growth in total profit generated from operations	6.27	16.14
Total assets by end of 2015	261.89	251.04
Total equity by end of 2015	107.76	111.45
15.2% growth in the company's net profit attributable to shareholders of the parent company	8.09	9.32
15.2% earnings per share (EPS)	13.05 fils	15.04 fils

Al Mazaya Holding has announced its financial results for the fiscal year ended December 31, 2015. The announcement was made following a meeting of the board of directors that was held January 28, 2016. The meeting was chaired by Chairman Rashid Al Nafisi and attended by members of the board and the group's CEO.

Addressing the meeting, Mr. Rashid Al Nafisi said: "The Company has continued to achieve positive leaps in its financial results and reported a net profit of KWD 9.32 million by end of 2015, with a growth of 15.2 %, compared to KWD 8.09 million at the end of 2014. Earnings per share (EPS) was calculated at 15.04 fils for 2015, compared to 13.05 fils for 2014," said Al Nafisi .

"This achievement was made by increasing sales on available projects and increasing the occupancy rate of its income generating projects, which ultimately led to a 258.9 % growth in the operating revenues to KWD 59.82 million, for 2015 - up from KWD 16.66 million for 2014," he added.

Stressing that this significant leap in revenue was a direct result of its comprehensive marketing plan, Al Nafisi furthered that the huge demand for the units available for sale and investor confidence in the company brand has resulted in a 385.6 % growth in sales revenue. Revenue went from KWD 10.97

million, in 2014, to KWD 53.27 million in 2015. Total rental revenues jumped by 16.4 %, from KWD 5.30 million to KWD 6.17 million over the same period.

Al Nafisi added that Al Mazaya's board of directors has recommended 7% cash dividend – a clear sign of its commitment to share the company's excellent results with shareholders and a proof of the company's current financial strength and solvency, as well as the company's balanced future plans. The recommendation will be submitted to the annual general assembly for approval and will comply with all the requirements of the Capital Markets Authority and the governmental regulators.

#### Financial Statements:

With regard to Al Mazaya's financial position in 2015, Al Nafisi said that the company was able to maintain a steady growth in balance sheet and financial solvency and showed a keenness to fulfill its obligations to third parties, while taking care of the growth in shareholders' equity by entering new projects, as well as completing and handing over existing projects.

Al Nafisi presented the other details of financial results for the period ended December 31, 2015, disclosing that the total assets of the company stood at KWD 251.04 million, while the total equity is KWD 111.45 million, as of December 2015.

From his side, Eng. Ibrahim Al Soqabi, Group CEO of Al Mazaya Holding, said: Al Mazaya Holding is immune to economic and geopolitical fluctuations in the surrounding region and internationally.

#### 2015 Accomplishments:

Al Soqabi said that Al Mazaya's major achievements in 2015 included:

- The acquisition of a commercial tower in Riyadh, KSA, through a subsidiary company. The tower is situated in the Al Olia area and was acquired for SR130m (KWD10.5m). The tower has an annual investment yield of up to 9%.
- Through one of its subsidiaries (Al Mazaya Real Estate Development), Al Mazaya purchased a plot of land, located in the Sharq area of Kuwait City, which worth KWD 8 million. Master plan and concept design of the project is currently being developed and an engineering firm will be appointed to commence the design and licensing works.
- Al Mazaya had awarded the construction contract for its 17-storey medical facility in Sabah Al-Salem, Kuwait to a leading contractor. Drilling and piling works on the 2,000 square metre

project commenced in preparation for the structural works, which will take 20 months to completion.

- Al Mazaya had achieved 35 % completion on the first phase of Queue Line residential project, which consists of four new buildings in Dubailand, Dubai. Construction works are progressing by leaps and bounds with handover of the first phase of this project expected by the end of 2016.
- As a result of its strategic alliance for the Ritim Istanbul development (a joint venture project with Dumankaya Real Estate - Turkey), over 70 % of units were sold. The project is 85 % completed and the project's full completion is expected next April 2016.
- Al Mazaya continued its extensive promotional campaigns to sell Queue Point project, in Dubai. The project is 85% completed and 80% sold out, which is positively reflected on the operating revenue generated from sales in the company's financial results in 2015.
- The completion of the Logistics Services Project in Bahrain, culminated in a spectacular ceremony attended by press, media and businessmen. Which witnessed also the launch of the marketing campaign to lease the project, which provides storage solutions, the current occupancy rate is 45 %.
- Al Mazaya is about to award construction contract for the Al Mazaya Residence project in Al-Mawaleh, Al Seeb Governorate, in Muscat to a leading contractor. The project is located over an area of 23,193 m<sup>2</sup> and is expected for completion in 24 months. Al Mazaya has launched the off-plan sale.
- Al Mazaya boosted income, generated from existing fully occupied projects, by renewing lease contracts and increasing rates to reflect the current market prices and the quality services provided by the Property Management Department. This step helped to increase the operating revenue generated from lease operations.
- Al Mazaya participated in seven real estate exhibitions in 2015, establishing its visibility and status as a leading real estate company and a regional brand that offers the very best real estate products.
- NBK Capital estimated the fair value of Al Mazaya stock at KWD 0.165, after taking all the precautionary measures of the valuation standards into consideration and following an in-depth study of the company's projects and financial position.

Al Soqabi also elaborated on the company's five-year borrowing plan, saying:

"Al Mazaya has successfully accomplished one of its key objectives for 2015; converting all its loans into Islamic financing, these facilities will be used in new investment opportunities that will drive growth in accordance with the corporate strategic plan. Al Mazaya has managed to convert all of its loans into Sharia-compliant financing."

Besides, Al Soqabi added that the company's success in getting these facilities reflects its strong financial position compared to its peers. Borrowing in Al Mazaya Holding is less costly than the average rate for the Kuwaiti market.

The company has structured its facilities' maturities into medium and long-term maturities and has cut finance cost, which boosted the company revenues and reduced its periodic financial obligations.

In conclusion, Al Soqabi said that Al Mazaya is currently studying many investment opportunities in the markets in which it operates, particularly in the GCC and Turkey, which are the most appropriate to the company's expansion strategy.

Al Mazaya has gained great confidence in these markets following the completion of many real estate projects. He further underlined that the company's growth in these markets will result in additional strategic partnerships with elite investors who are set to achieve the highest returns, while serving the interest of the company and investors alike.