

## **Arqaam Capital maintains buy rating and take profit call for Mazaya; target price raised to 165 Fils /share**

### **Predicts positive outlook for Mazaya with expected increase in rental revenues for 2018.**

Dubai: 7 February 2018

Arqaam Capital expects great potential for investment in the Boursa Kuwait-listed Al Mazaya Holding stocks as the investment bank has maintained 'buy' rating and further raised its target price'—to 165 Fils per share for the Kuwaiti real estate company on ~~solid~~ expected future handovers, ~~rising~~ improving development margins and rising rental income in 2018 onwards.

Al Mazaya's development revenues jumped by 27 per cent to KWD 60.83 million in 2017 compared to KWD 47.81 million reported in 2016. Its rental income increased by 7 per cent to KWD 7.60 million compared to KWD 7.11 million earned in 2016. The real estate company delivered 480 apartments in 2017. Rentals account for 11 per cent of aggregate revenues.

Arqaam Capital in its research note said, "We maintain our Buy rating in place, and further raise our TP [target price] to KWd 165/share." The investment bank also predicts a positive outlook for Mazaya with an increase in rental revenues for 2018.

"We expect rental revenues to expand in FY 18e as the grace periods extended at Mazaya's Ritim Mall in Istanbul expire, and the new Clover Center in Sabah Al Salem in Kuwait,. Furthermore, we incorporate the launch of a new rental asset, Mazaya Downtown, for which the design phase has already been completed."

Al Mazaya Holding also announced that during the year 2017 it has maintained success in continuing its development drive as per its strategy aimed to maintain local and regional leadership and ensure diversified and balanced sources of income that drove operating revenues up to KWD 68.61 million in 2017, showing a growth of 24.36 % from KWD 55.17 million for the

year 2016, after securing sales revenues of KWD 60.83 million for 2017 against KWD 47.81 million by the end of 2016, achieving a growth of 27.22 %. The company's rental revenues increased by 6.80% to KWD 7.60 million by the end of 2017 against KWD 7.11 million reported a year ago.

“Al Mazaya has been fully committed to enforcing modern auditing standards, adding all future allocations of costs related to previous projects to the 2017 budget in light of the company's robust operational model and its stable financial results out of its determination to maximise its shareholders' rights and protect the company's budget against any future risks,”