

KWD 3.18 Million Al Mazaya's Gross Profit

Al Mazaya Holding's operating income jumps by 66.9% to KWD15.99 million

Al Nafisi: "Steady growth in performance is resulted from a comprehensive vision and prudent strategy"

- **Revenues from sales of properties increased by 75.6%**
- **Revenues generated from leasing activities grew by 19.7%**
- **Net profit up by 8.5%**
- **Net profit amounted to KWD1.86 million**
- **EPS reached 3.00 fils**
- **Shareholders' equity amounted to KWD111.5 million**
- **Gross assets totaled KWD242.1 million**

Al Mazaya Holding has announced its financial results for the first quarter of 2016, with the company achieving a net profit of KWD1.86 million, compared to KWD1.71 million in the corresponding period, in 2015. This represents an increase of 8.5 per cent. Earnings Per Share (EPS) reached 3.00 fils, compared to 2.77 fils, in the first quarter of 2015.

Speaking after the board meeting held on 25 April 2016, in the presence of members of the board of directors, Al Mazaya Holding's chairman Mr. Rashid Al Nafisi, said:

"Al Mazaya Holding has taken another huge new leap forward, in the first quarter of 2016. This is due to a consistently prudent strategy, comprehensive vision and well-formulated

targets. The company was able to follow the schedules precisely and efficiently, boosting the sales process, leasing and delivery, and increasing Q1 2016 revenues by 66.9 per cent to KWD15.99 million, compared to KWD9.59 million during the same period last year.”

Al Nafisi stressed that the significant jump in revenues was, in large part, due to strong and effective marketing campaigns conducted prior to and during this period. Revenues generated from sales increased by 75.6 per cent to KWD14.17 million, compared to KWD8.07 million, in Q1 2015. Revenues generated from leasing activities grew by 19.7 per cent to KWD1.76 million, up from KWD1.47 million in the first quarter of last year.

Commenting on the operational activities of Al Mazaya, Al Nafisi added that the company continued to achieve high occupancy rates in its income-generating projects, such as: Sky Gardens, located in the Dubai International Financial Centre (DIFC); Al Mazaya Towers, Kuwait City; and other projects in KSA and Dubai. The company has also achieved high numbers in its properties available for sale, such as selling and delivering a large number of residential units in Queue Point, in Dubai, and Ritim Istanbul, in Turkey.

Financial results

“Al Mazaya’s quarterly growth in its operational performance continued to achieve net profits in line with well formulated targets. Gross assets totaled KWD242.07 million in Q1 2016, compared to KWD261.19 million, in Q1 2015. Shareholders’ equity amounted to KWD111.46 million, in Q1 2016; a 4.9 per cent growth over the KWD106.26 million recorded, in Q1 2015,” Al Nafisi said.

Al Nafisi clarified that short-term liabilities decreased to KWD130.61 million, in Q1 2016, down 15.7 per cent on the KWD154.93 million seen in Q1 2015. He attributes this decrease to the conversion of all the company’s short-term borrowing to medium and long-term borrowing vehicles. In addition, some liabilities were transferred to revenue,

with payments received from customers transferred to revenue after they delivered their residential units.

Touching on the company's loans, Al Nafisi said: "Al Mazaya successfully converted all its loans into Islamic Financing products, in 2015. These facilities have started to be used in new investment opportunities that are driving growth, in the first quarter of this year, and in direct accordance with the corporate strategic plan."

He added: "Al Mazaya's success in utilising these facilities to such great effect is a reflection of the company's strong financial position compared to its peers. The company's liabilities to assets ratio is less than the required levels in the Kuwaiti market. The company has also managed to structure its facilities into medium and long-term maturities and has cut financing costs, which boosted company revenues and reduced its periodic financial obligations."

Q1 2016 Accomplishments

- Al Mazaya Holding started to make rental returns from the commercial tower in Al Olia area in Riyadh, KSA, which was acquired by the company through one of its subsidiaries in KSA, by end of 2015.
- Al Mazaya completed studies to develop a plot of land for investment in Al Sharq area, in Kuwait. The plot of land was acquired through one of its subsidiaries (Al Mazaya Real Estate Development). An engineering firm will soon be appointed to commence the design and licensing works.
- Al Mazaya has started construction works on its 17-storey medical facility in Sabah Al Salem. Contracting works have been awarded to a leading contractor. Drilling and piling works on the 2,000 square metre project commenced in preparation for the structure, which will take approximately 20 months to complete.
- Al Mazaya made a completion rate of 50 per cent on the first phase of the Queue Line Residential project, which consists of four new buildings in Dubai

Land, in the Emirate of Dubai. The project is progressing well, with the delivery of the first phase of the project scheduled for the end of 2016.

- Al Mazaya Holding also advanced the progress of its Ritim Istanbul development (a joint venture project with Dumankaya Real Estate). Over 80 per cent of units are now sold. The project is 85 per cent completed and the handover of project is expected in July 2016.
- Al Mazaya Holding continues its extensive promotional campaigns to sell its Queue Point development, in Dubai. The project is now 85 per cent completed and over 80 per cent sold out, thereby increasing operating revenue generated from sales in the company's financial results, in the first quarter of 2016.
- The occupancy rate for the Mazaya Logistics project, in Bahrain Investment Wharf, reached 80 per cent, in Q1 2016. The mixed-use project consists of industrial, logistics and investment units.
- Al Mazaya will soon award construction contracts for Al Mazaya Residence, in Al Mawaleh, Al Seeb Governorate, Muscat. The project extends over an area of 23,193 square metres, with completion expected in 24 months. Al Mazaya has already launched the off-plan sale.
- Al Mazaya boosted income generated from fully occupied projects by renewing lease contracts and increasing rates to reflect current market prices and quality services provided by the Property Management Department. This step has helped increase the operating revenue generated from lease operations, during the first quarter of 2016.
- Al Mazaya recently participated in the Kfh Capital Financial Analysis conference, where it met with investors and shareholders to keep them updated about the company's projects and financial results, in compliance with the principle of transparency.

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

Al Mazaya has gained great confidence in these markets following the completion of many property projects; however, the company regularly monitors developments in the financial and international markets for the impact they may have on the region's real estate market – for existing projects and those still underway. In doing so, Al Mazaya is taking informed decisions regarding its entry into new ventures.

Al Nafisi underlined that the company's growth in these markets will result in the creation of many more strategic partnerships and joint ventures with elite investors. This will help achieve the highest returns to serve the interests of both the company and its investors.

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