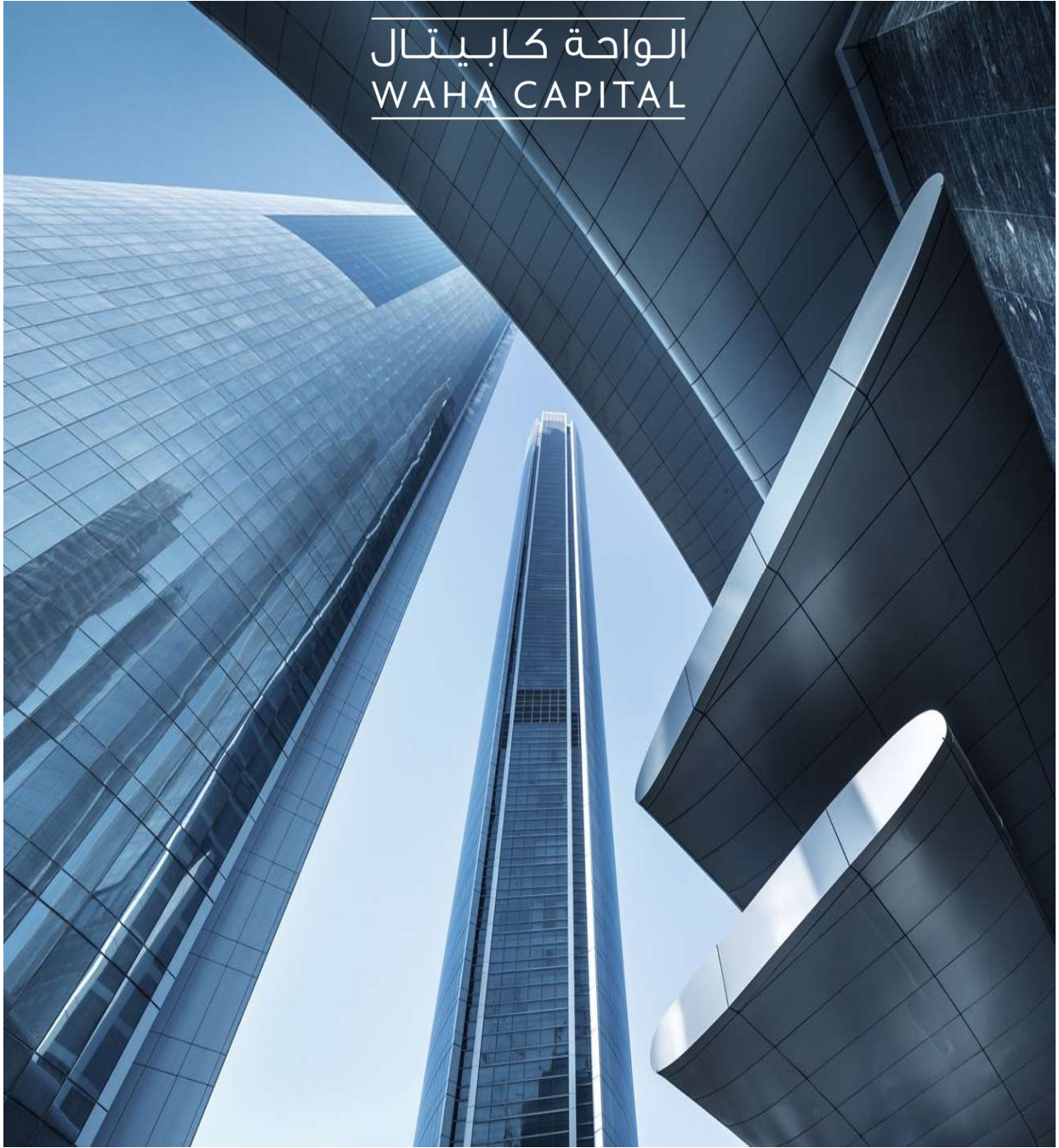


الواحة كابيتال  
WAHA CAPITAL



## Management discussion and analysis for the period ended 30 June 2022

Al Waha Capital PJSC (“the Company”) and its subsidiaries (together referred to as “the Group”) reported net profit attributable to Owners of the Company of AED 87.3 million for the six-month period ended 30 June 2022 compared to net profit of AED 264.5 million for the corresponding period of 2021.

## KEY ACTIVITIES DURING THE PERIOD

Total Public Market assets under management reached AED 4.4 billion (USD 1.2 billion) as at 30 June 2022 in line with AED 4.4 billion (USD 1.2 billion) as at 31 December 2021. The assets under management attributable to Owners of the Company were AED 2.9 billion as at 30 June 2022 compared to AED 2.9 billion as at 31 December 2021. The funds’ period to date net returns were: Waha CEEMEA Credit Fund SP of -5.8%, Waha MENA Equity Fund SP of 7.8%, Waha Islamic Income Fund SP of -0.5% and Waha EM Equity fund SP of -2.0%.

## KEY FINANCIAL HIGHLIGHTS

### Summary income statement for the period ended 30 June AED ‘000

	H1 2022	H1 2021	Q2 2022	Q2 2021
Revenue from sale of goods and services	55,375	65,719	28,695	33,576
Income / (loss) from equity-accounted associates and joint ventures, net	4,986	(10,142)	2,303	(4,471)
Gain on disposal of equity-accounted associates and joint ventures	31,263	50,511	31,263	50,511
Impairment of equity-accounted associates and joint ventures	-	(32,014)	-	(32,014)
Income / (loss) from financial investments, net	149,853	501,536	(107,815)	277,748
Income from investment property, net	24,572	23,212	12,430	11,542
Other income/(expense), net	2,318	(5,110)	1,827	(6,080)
<b>Total income / (loss)</b>	<b>268,367</b>	<b>593,712</b>	<b>(31,297)</b>	<b>330,812</b>
Cost of sale of goods and services	(44,367)	(45,528)	(22,931)	(23,753)
General and administrative expenses - company	(39,181)	(82,676)	(4,358)	(41,217)
General and administrative expenses - subsidiaries	(25,412)	(25,050)	(13,255)	(12,067)
Finance cost, net	(54,284)	(41,800)	(28,547)	(21,514)
<b>Total expenses</b>	<b>(163,244)</b>	<b>(195,054)</b>	<b>(69,091)</b>	<b>(98,551)</b>
<b>Profit / (loss) for the period from continued operations</b>	<b>105,123</b>	<b>398,658</b>	<b>(100,388)</b>	<b>232,261</b>
Loss from discontinued operations	(6,430)	(15,580)	(1,008)	(11,678)
Non-controlling interests	(11,411)	(118,597)	42,054	(66,683)
<b>Profit / (loss) attributable to owners of the Company</b>	<b>87,282</b>	<b>264,481</b>	<b>(59,342)</b>	<b>153,900</b>
<b>Basic and diluted earnings / (loss) per share (AED)</b>	<b>0.05</b>	<b>0.14</b>	<b>(0.03)</b>	<b>0.08</b>

### Total income / (loss)

#### Six-month period ended 30 June 2022

**Total income** of AED 268.4 million for the six-month period ended 30 June 2022, compared to AED 593.7 million for the corresponding period of 2021, was driven by the following:

- Public Markets income of AED 151.5 million compared to AED 478.0 million in 2021 reflecting challenging market conditions
- Private Investments income of AED 91.5 million compared to AED 91.6 million in H1 2021 mainly due to
  - Revenue from goods and services of AED 55.4 million (H1 2021: AED 65.7 million)
  - Income from equity-accounted associates and joint ventures of AED 5.0 million (H1 2021: loss of AED 10.1 million)
  - Loss from financial investments of AED 1.6 million against profit of AED 23.8 million in H1 2021
  - Gain on disposal of AED 31.3 million (H1 2021: AED 50.5 million); and
  - No Impairment adjustment for H1 2022 compared to AED 32.0 million in H1 2021
- Waha Land income of AED 25.4 million compared to AED 24.1 million in H1 2021

#### Three-month period ended 30 June 2022

**Total loss** of AED 31.3 million for the three-month period ended 30 June 2022, compared to a profit of AED 330.8 million for the corresponding period of 2021, was driven by the following:

- Public Markets loss of AED 72.2 million compared to AED 268.1 million in Q2 2021
- Private Investments loss of AED 17.1 million compared to profit of AED 50.7 million in Q2 2021 mainly reflecting
  - Revenue from goods and services of AED 28.7 million (Q2 2021: AED 33.6 million)
  - Loss from financial investments of AED 35.6 million against profit of AED 9.9 million in Q2 2021
  - Gain on disposal of AED 31.3 million (Q2 2021: AED 50.5 million); and
  - No Impairment adjustment for Q2 2022 compared to AED 32 million in Q2 2021
- Waha Land income of AED 12.8 million compared to AED 12.0 million in Q2 2021

### TOTAL EXPENSE ANALYSIS

#### Six-month period ended 30 June 2022

**Total expenses** for the six-month period ended 30 June 2022 was AED 163.2 million compared to AED 195.1 million in 2021, mainly comprised of:

- General and administrative expenses - company, amounting to AED 39.2 million compared to AED 82.7 million for the corresponding period of 2021, a decrease of AED 43.5 million due to lower staff related provisions and prior year reversals
- General and administrative expenses – subsidiaries, amounting to AED 25.4 million in line with AED 25.1 million for the corresponding period of 2021
- Finance costs, net - company, amounting to AED 32.9 million, compared to AED 20.1 million in the corresponding period of 2021, an increase of AED 12.8 million, mainly due to higher utilisation of Revolving Credit Facility and increase in interest rates
- Finance costs, net - subsidiaries, amounting to AED 21.4 million, compared to AED 21.7 million in the corresponding period of 2021

#### Three-month period ended 30 June 2022

**Total expenses** for the three-month period ended 30 June 2022 was AED 69.1 million, compared to AED 98.6 million in 2021, mainly comprised of:

- General and administrative expenses - company, amounting to AED 4.4 million compared to AED 41.2 million for the corresponding period of 2021, a decrease of AED 36.8 million, mainly due to due to lower staff related provisions and prior year reversals
- General and administrative expenses – subsidiaries, amounting to AED 13.3 million compared to AED 12.1 million for the corresponding period of 2021, an increase of AED 1.2 million
- Finance costs, net - company, amounting to AED 17.8 million, compared to AED 10.3 million in the corresponding period of 2021, an increase of AED 7.5 million, mainly due to higher utilisation of Revolving Credit Facility and mainly due to higher interest rates
- Finance costs, net - subsidiaries, amounting to AED 10.7 million, compared to AED 11.2 million in the corresponding period of 2021, a decrease of AED 0.5 million, mainly due to lower utilisation of repurchase liabilities for public market funds

## Net profit / (loss) attributable to owners of the Company

### Six month period ended 30 June 2022

**Net profit attributable to owners of the Company:** Net Profit of AED 87.3 million for the six-month period ended 30 June 2022, compared to a net profit of AED 264.5 million for the corresponding period of 2021, was mainly driven by the following:

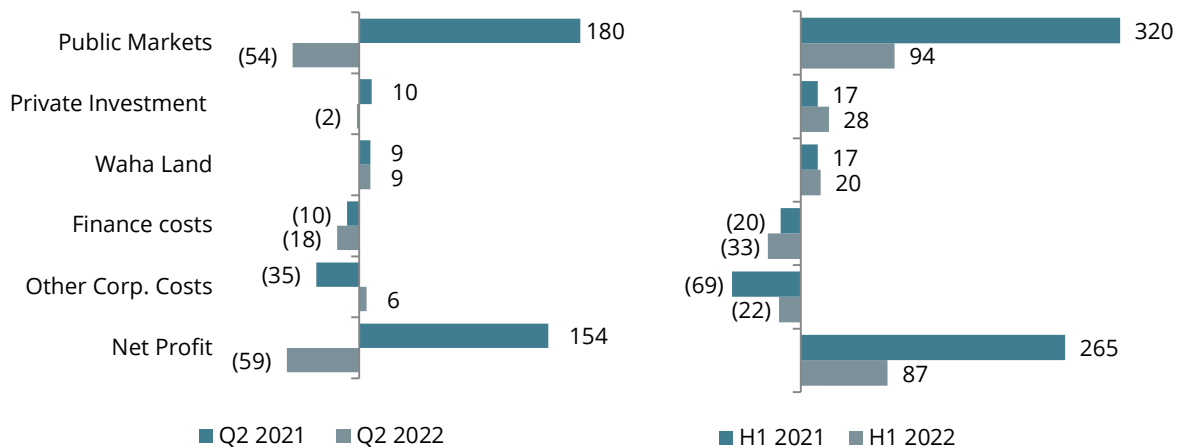
- Public Markets profit of AED 93.8 million compared to AED 319.6 million in 2021;
- Private Investments profit of AED 34.0 million compared to AED 32.5 million in 2021;
- Waha Land profit of AED 19.5 million compared to AED 16.8 million in 2021; and
- Loss from discontinued operations of AED 6.4 million compared to AED 15.6 million in corresponding period of 2021.

### Three month period ended 30 June 2022

**Net (loss) / profit attributable to owners of the Company:** Net loss of AED 59.3 million for the three-month period ended 30 June 2022, compared to a profit of AED 153.9 million for the corresponding period of 2021, was mainly driven by the following

- Public markets loss of AED 53.7 million compared to AED 180.2 million profit in 2021;
- Private Investments loss of AED 1.2 million compared to profit of AED 21.6 million in 2021;
- Waha Land Profit of AED 9.4 million compared to AED 8.8 million in 2021; and
- Loss from discontinued operations of AED 1.0 million compared to AED 11.7 million in corresponding period of 2021.

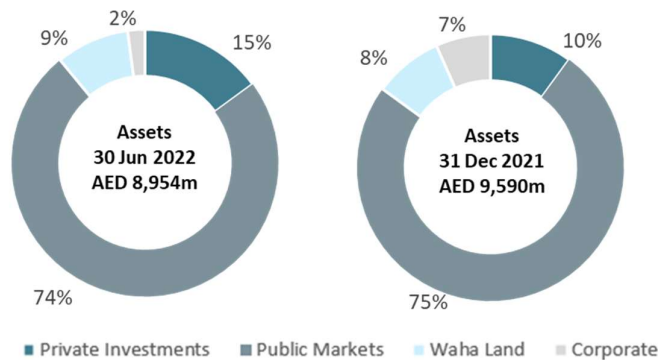
## Net profit / (loss) by segment (AED million)



### Balance sheet highlights

AED '000	As at 30-Jun-22	As at 31-Dec-21
Investments in equity accounted associates and joint ventures	169,440	170,242
Right-of-use assets	33,839	99,649
Investment property	245,400	711,422
Financial investments	6,196,140	6,414,024
Loan investments	36,987	-
Other assets	937,544	772,879
Cash and bank balances	665,968	1,421,350
Assets Held For Sale	668,216	-
<b>Total assets</b>	<b>8,953,534</b>	<b>9,589,566</b>
Borrowings	3,504,394	4,117,198
End of service benefit provision	19,004	26,288
Derivative liabilities	115,566	100,626
Lease liabilities	35,444	119,918
Trade and other liabilities	298,956	434,146
Liabilities Associated with Asset Held For Sale	175,178	-
<b>Total liabilities</b>	<b>4,148,542</b>	<b>4,798,176</b>
<b>Total equity</b>	<b>4,804,992</b>	<b>4,791,390</b>
<b>Total liabilities and equity</b>	<b>8,953,534</b>	<b>9,589,566</b>

### Total assets composition (AED million)



The Group's total assets of AED 8,953.5 million as at 30 June 2022, compared to AED 9,589.6 million as at 31 December 2021, a decrease of 7% and mainly comprised of:

- Investments in equity accounted associates and joint ventures of AED 169.4 million compared to AED 170.2 million in 2021, a decrease of AED 0.8 million, mainly due to share of profit of AED 5.0 million offset by dividends received of AED 5.8 million.
- Financial investments of AED 6,196.1 million compared to AED 6,414.0 million in 2021, a decrease of AED 217.9 million, mainly due to net decrease of AED 559.5 million in public market funds offset by net increase of AED 341.6 million from private investments comprising investment of AED 361.6 million in unquoted funds and other investments.
- Cash and bank balances of AED 666.0 million compared to AED 1,421.3 million in 2021, a decrease of AED 755.3 million; mainly includes the following cash flows:
  - Corporate: Public Market units redemption of AED 172.9 million offset by dividends paid AED 138.8 million;
  - Public Markets: Net disposal of AED 732.6 million and net contributions from non-controlling interest holders of AED 52.2 million, offset by decrease in repurchase liabilities of AED 597.1 million; and
  - Private Investments: Net Investment in unquoted funds and loan investment AED 397.6 million.

- d) **Other assets** of AED 937.5 million as at 30 June 2022 compared to AED 772.9 million as at 31 December 2021, an increase of AED 164.6 million mainly due to increase in receivables of public market funds due from brokers on settlement of trades offset by reclassification of trade and other receivables as held for sale.
- e) **Assets held for sale** of AED 668.2 million comprise Investment property of AED 466.8 million and healthcare assets of AED 201.4 million classified as held for sale.

The Group's total liabilities of AED 4,148.5 million as at 30 June 2022 compared to AED 4,798.2 million as at 31 December 2021, a decrease of AED 649.7 million, comprised of:

- a) **Borrowings** of AED 3,504.4 million compared to AED 4,117.2 million as at 31 December 2021, a decrease of AED 612.8 million; mainly represents decrease in repurchase liabilities related to public market funds of AED 597.1 million.
- b) **Trade and other liabilities** of AED 299.0 million compared to AED 434.1 million as at 31 December 2021, a decrease of AED 135.1 million; mainly represents decrease in payables of public market funds due to brokers on settlement of trades and employee related payments and reclassification of liabilities as held for sale .

## BUSINESS AND PORTFOLIO COMPANIES ANALYSIS

The Group's business comprises three primary divisions: Public Markets, Private Investments and Waha Land.

### Public Markets

The Public Markets division have focused on applying rigorous analysis to emerging markets in order to deliver quality returns over the market cycle on behalf of the Group and external investors. All the funds within the Public Market's management continue to generate strong performances in H1 2022, despite the challenging macro global markets conditions impacting markets around the region.

Over the last 10+ years, two flagship funds have been established: the Waha CEEMEA Credit Fund and the Waha MENA Equity Fund. Time, and initial seed capital of AED 368m (US\$100m) in each, has been invested to build the team, infrastructure and track record before looking to raise third party capital.

The Waha Islamic Income Fund SP with seed capital of AED 92 million was launched in Q3 2020 to invest in Sharia compliant assets across the Sukuk and equity markets.

The Waha EM Equity Fund was launched in Q4 2021 with a seed capital of AED 92 million. The objective of the fund is to invest in equity and equity related securities in emerging markets.

The key strategic focus of the division is to continue to actively manage client assets, while generating market leading performance and attracting third party institutional and high net worth investors.

The funds' period to date returns on invested capital were:

- Waha CEEMEA Credit Fund SP of -5.8% on a fund size of AED 1.77bn (US\$ 481.6 million);
- Waha MENA Equity Fund SP of 7.8% on a fund size of AED 2.43bn (US\$ 661.8 million);
- Waha Islamic Income Fund SP of -0.5% on a fund size of AED 0.13bn (US\$ 36.3 million); and
- Waha EM Equity Fund SP of -2.0% on a fund size of AED 0.10bn (US\$ 25.7 million).

### Private Investments

The Private Investments business activated its new multi-asset investment strategy and commenced the full portfolio and team rebuild process in the last quarter of 2021. This included the launch of two new investment portfolios – Global Opportunities and Core.

The Global Opportunities portfolio has a broad and flexible investment mandate enabling Waha Capital to invest across geographies, industries, capital structures and asset classes, in an opportunistic manner. This diversified portfolio, which was launched in November 2021, targets investments in the alternatives space with high risk-adjusted returns. During H1 2022, five new investments were made into this portfolio totalling AED 406 million. Net Carrying value of the Global opportunities portfolio as at 30 June 2022 was AED 535 million.

The Core portfolio will seek to take controlling or significant minority stakes in businesses in the MENA region with established track records, strong management teams and robust governance frameworks. Such companies would typically demonstrate stable capital growth prospects, whilst providing recurrent and reliable cash yields. The Core portfolio was seeded with the Company's healthcare platform as its anchor asset. Net Carrying value of the Core portfolio as at 30 June 2022 was AED 122 million.

The Legacy portfolio within Private Investments is comprised of existing assets that do not fit within the Global Opportunities or Core portfolio mandates. A review of strategic alternatives was conducted for each asset within this portfolio to develop and implement a plan that will maximize shareholder value. As part of that review, the Company has divested its tactical holdings in the Waha U.S. Securities portfolio and equity investment in ADDAX bank. Net Carrying value of the legacy portfolio as at 30 June 2022 was AED 471 million.

## Waha Land

Waha Land, a wholly owned subsidiary of Waha Capital, is developing "ALMARKAZ", an integrated industrial development with Grade "A" industrial/logistics facilities and first class infrastructure. The development is located in Al Dhafra, approximately 15 minutes from Mussafah, Abu Dhabi, and is well located to access the multi-modal industrial and logistics infrastructure (land, sea, air, and rail) of the UAE. The development is on a 6 km<sup>2</sup> land, granted by the Government of Abu Dhabi.

The development is envisioned to be completed in four phases with multiple stages in each phase. Phase 1, which comprises of 25% of the total land area (1.5 km<sup>2</sup>), will be completed in three Stages. In Stage 1 and Stage 2A, circa 180,000 m<sup>2</sup> of multi-use industrial/logistics units were completed along with the associated infrastructure like roads, utilities and telecom. The existing units are fully leased out, home to more than 85 tenants, both local and international entities, from diverse industry segments such as Oil & Gas, Manufacturing, Defence, Logistics, IT, Contracting and F&B.

An expansion, "Stage 2B", is currently under construction, which will add circa 75,000 m<sup>2</sup> of premium industrial/logistics facilities, with an expected close by Q3 2023. This expansion is in line with the Waha Land's underlying ethos to execute a consistent, disciplined investment approach with emphasis on institutional quality assets flexible to suit a variety of uses and support a diverse range of tenants from different industry segments. Waha Land's growth strategy is focused on continuing to grow the leasable portfolio, developing new products and services for the UAE's Industrial/Logistics market, in line with dynamically evolving regional and global market dynamics.

During the period ended 30 June 2022, Waha Land reported total income of AED 25.4 million (2021: AED 24.1 million).

The carrying value of investment property was AED 712.2 million as at 30 June 2022, including AED 466.8 million classified as held for sale.

## OUTLOOK

Waha Capital remains focused on generating returns for both its shareholders and clients, in a manner that is both cautious and sustainable. Despite the unprecedented geopolitical and macroeconomic challenges that are continuing to impact global markets, the Company's results for the first half have remained resilient. The active management of our Public Markets funds has enabled our funds to outperform their respective benchmarks, with the continued growth of third-party investments and the preservation of capital remaining our priorities for the remainder of the year. While market conditions are expected to be uncertain and volatile, Waha Capital is well prepared to weather these challenges using its active investment approach and broad capabilities.

Despite the continued challenges in the operating environment, we remain cautiously optimistic about the future as we continue to enhance and develop our investment platform. The Public Markets division remains steadfast in extending its strong track record of investment outperformance, while working to promote the platform and attract additional capital from new and existing investors. The Private Investments team continues to deploy assets into their flagship Global Opportunities portfolio, achieving positive profit growth in the first half of 2022; while continuing to drive value creation for the Core and legacy portfolios. Waha Land on the other hand continues to represent a best in class industrial real estate offering, as reflected in their high occupancy rates. Underpinning this outlook is our continued focus on maintaining strong corporate governance, protecting both shareholder and client assets, growing the asset base and achieving economies of scale across our balance sheet



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**Ahmed Khalifa Al Mehairi**

Chief Executive Officer, Al Waha Capital PJSC  
4 Aug 2022