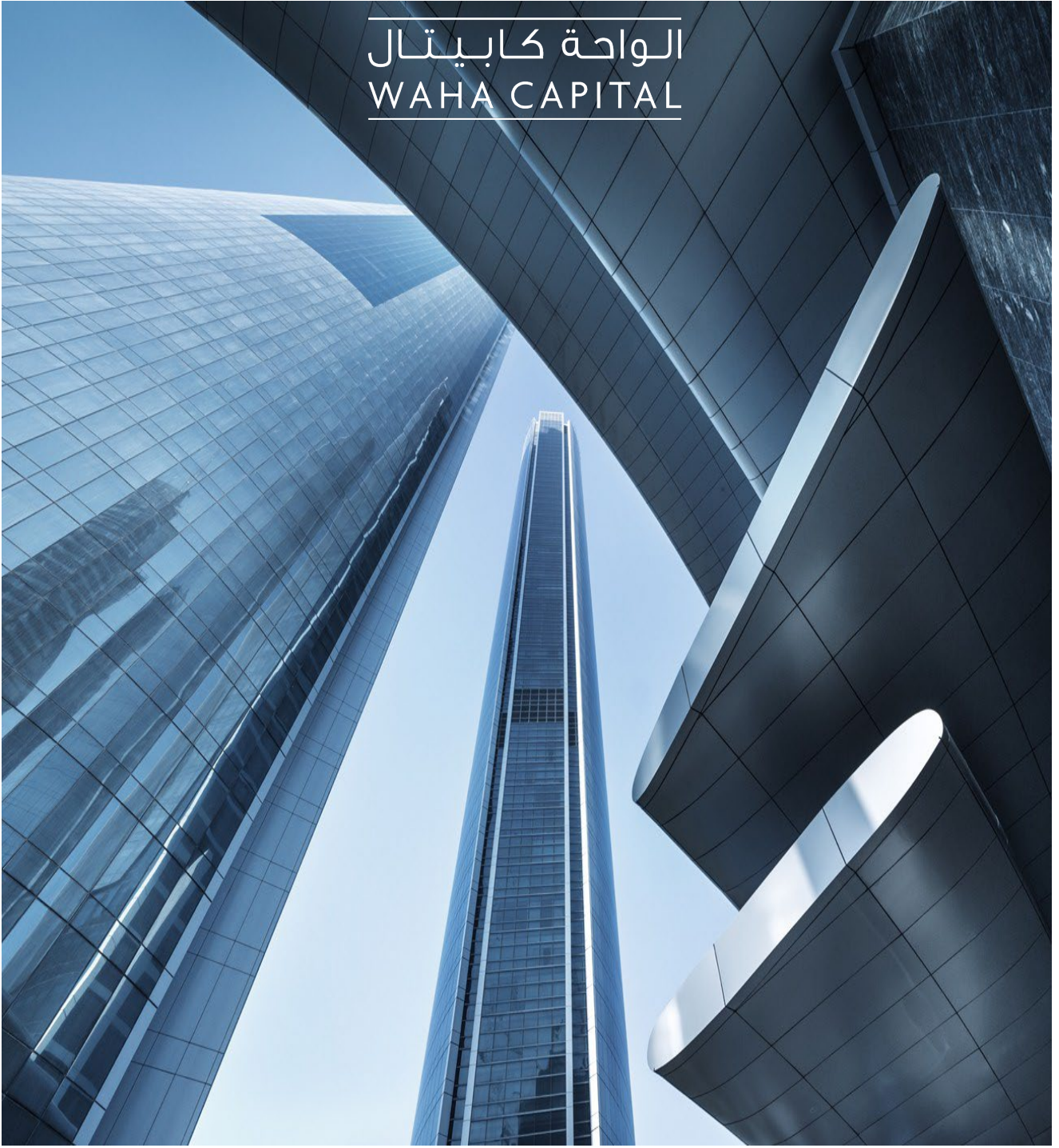


الواحة كابيتال
WAHA CAPITAL



Management discussion and analysis for the period ended 30 September 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 187.0 million for the nine-month period ended 30 September 2022 compared to net profit of AED 296.5 million for the corresponding period of 2021.

KEY ACTIVITIES DURING THE PERIOD

Total Public Markets assets under management reached AED 4.7 billion (USD 1.3 billion) as of 30 September 2022 compared to AED 4.4 billion (USD 1.2 billion) as of 31 December 2021. The assets under management attributable to Owners of the Company were AED 3.0 billion as of 30 September 2022 compared to AED 2.9 billion as of 31 December 2021. The funds' period to date net returns were: Waha MENA Equity Fund SP of 12.1%, Waha CEEMEA Credit Fund SP of -2.0%, Waha Islamic Income Fund SP of -1.8% and Waha EM Equity fund SP of -4.6%.

In July 2022, the Company successfully divested assets under the Anglo Arabian Healthcare (AAH) portfolio, generating a net profit of AED 28 million and net proceeds of AED 88 million.

KEY FINANCIAL HIGHLIGHTS

Summary income statement for the period ended 30 September AED '000

	YTD 2022	YTD 2021	Q3 2022	Q3 2021
Revenue from sale of goods and services	79,847	91,447	24,472	25,728
Share of gain/(loss) from equity-accounted associates and joint ventures, net	7,106	(14,427)	2,120	(4,285)
Gain on disposal of equity-accounted associates and joint ventures	31,263	50,511	-	-
Impairment of equity-accounted associates and joint ventures	-	(77,969)	-	(45,955)
Income from financial investments	339,708	670,133	189,855	168,597
Income from investment property, net	36,549	36,236	11,977	13,024
Other income, net	11,487	3,968	9,169	9,078
Total income	505,960	759,899	237,593	166,187
Cost of sale of goods and services	(65,412)	(65,794)	(21,045)	(20,266)
General and administrative expenses - company	(81,866)	(120,790)	(42,685)	(38,114)
General and administrative expenses - subsidiaries	(40,553)	(35,197)	(15,141)	(10,147)
Finance cost, net	(82,221)	(65,973)	(27,937)	(24,173)
Total expenses	(270,052)	(287,754)	(106,808)	(92,700)
Profit for the period from continued operations	235,908	472,145	130,785	73,487
Discontinued operations				
Loss from discontinued operations	(9,887)	(17,956)	(3,457)	(2,376)
Gain on disposal of subsidiary	32,653	-	32,653	-
Profit / (loss) for the period from discontinued operations	22,766	(17,956)	29,196	(2,376)
Profit for the period	258,674	454,189	159,981	71,111
Non-controlling interests	(71,708)	(157,649)	(60,297)	(39,052)
Profit attributable to owners of the Company	186,966	296,540	99,684	32,059
Basic and diluted earnings per share attributable to the Owners of the Company (AED)	0.100	0.161	0.053	0.017
Basic and diluted earnings per share from continuing operations attributable to the Owners of the Company (AED)	0.084	0.171	0.037	0.019

Total income

Nine-month period ended 30 September 2022

Total income of AED 506.0 million for the nine-month period ended 30 September 2022, compared to AED 759.9 million for the corresponding period of 2021, was driven by the following:

- Public Markets income of AED 359.7 million compared to AED 646.1 million in 2021 as economic headwinds from monetary tightening and high inflation have resulted in challenging market conditions.
- Private Investments income of AED 100.4 million compared to AED 76.2 million in 2021 mainly due to
 - Gain from equity accounted investment by AED 7.1 million (YTD Sep 2021: loss AED 14.4 million);
 - Gain on disposal of AED 31.2 million (YTD Sep 2021: AED 50.5 million);
 - No Impairment adjustment in current period (YTD Sep 2021: AED 78.0 million following a reassessment of specific equity accounted investments recoverable amounts) and
 - Net loss from financial investments AED 19.5 million (YTD Sep 2021: Net income of AED 24.4 million).
- Waha Land income of AED 37.4 million compared to AED 37.6 million in 2021.

Three-month period ended 30 September 2022

Total income of AED 237.6 million for the three-month period ended 30 September 2022, compared to AED 166.2 million for the corresponding period of 2021, was driven by the following:

- Asset Management – Public Markets income of AED 208.2 million compared to AED 168.1 million in 2021.
- Private Investments income of AED 9.0 million compared to loss of AED 15.4 million in 2021:
 - No Impairment adjustment in Q3 2022 (Q3 2021: AED 46.0 million following a reassessment of specific equity accounted investments recoverable amounts) and
 - Net loss from financial investments AED 18.0 million (Q3 2021: net income of AED 0.6 million).
- Waha Land income of AED 12.1 million compared to AED 13.5 million in Q3 2021.

Total expense

Nine-month period ended 30 September 2022

Total expenses for the nine-month period ended 30 September 2022 was AED 270.0 million, compared to AED 287.8 million in 2021, mainly comprised of:

- General and administrative expenses - company, amounting to AED 81.9 million compared to AED 120.8 million for the corresponding period of 2021, a decrease of AED 38.9 million mainly due to lower staff costs.
- General and administrative expenses – subsidiaries, amounting to AED 40.6 million compared to AED 35.2 million for the corresponding period of 2021, an increase of AED 5.4 million, mainly due to higher legal and professional expenses.
- Finance costs, net - company, amounting to AED 55.8 million, compared to AED 32.6 million in the corresponding period of 2021, an increase of AED 23.2 million, mainly due to higher utilisation and interest rates.
- Finance costs, net - subsidiaries, amounting to AED 26.4 million, compared to AED 33.4 million in the corresponding period of 2021, a decrease of AED 7.0 million, mainly due to lower utilisation of repurchase liabilities for public market funds.

Three-month period ended 30 September 2022

Total expenses for the three-month period ended 30 September 2022 was AED 106.8 million, compared to AED 92.7 million in 2021, mainly comprised of:

- General and administrative expenses – company, amounting to AED 42.7 million compared to AED 38.1 million for the corresponding period of 2021, an increase of AED 4.6 million.
- General and administrative expenses – subsidiaries, amounting to AED 15.1 million compared to AED 10.1 million for the corresponding period of 2021, an increase of AED 5 million.
- Finance costs, net - company, amounting to AED 22.9 million, compared to AED 12.5 million in the corresponding period of 2021, an increase of AED 10.4 million, mainly due to higher utilisation and interest costs.
- Finance costs, net - subsidiaries, amounting to AED 5.0 million compared to AED 11.7 million in the corresponding period of 2021, a decrease of AED 6.7 million, mainly due to lower utilisation of repurchase liabilities for public market funds.

Net profit attributable to owners

Nine-month period ended 30 September 2022

Net Profit of AED 187.0 million for the nine-month period ended 30 September 2022, compared to a net profit of AED 296.5 million for the corresponding period of 2021, was mainly driven by the following:

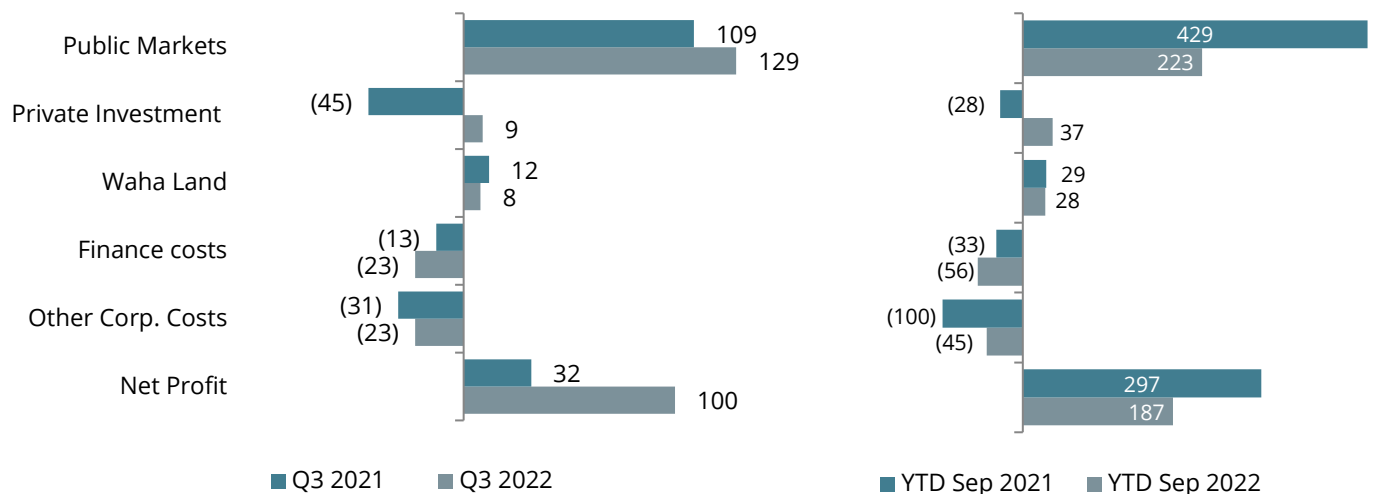
- Public Markets profit of AED 223.2 million compared to AED 429.4 million in 2021;
- Private Investments profit of AED 46.8 million compared to a loss of AED 10.3 million in 2021;
- Waha Land profit of AED 28.1 million compared to AED 28.8 million in 2021; and
- Profit from discontinued operations of AED 22.8 million compared to loss of AED 18.0 million in corresponding period of 2021 mainly due to gain on sale of subsidiary.

Three-month period ended 30 September 2022

Net profit of AED 99.7 million for the three-month period ended 30 September 2022, compared to a net profit of AED 32.1 million for the corresponding period of 2021, was mainly driven by the following

- Public markets profit of AED 129.4 million compared to AED 109.8 million in 2021;
- Private Investments profit of AED 12.8 million compared to a loss of AED 42.8 million in 2021;
- Waha Land profit of AED 8.6 million compared to AED 12.0 million in 2021; and
- Profit from discontinued operations of AED 29.2 million compared to loss of AED 2.4 million in corresponding period of 2021 mainly due to gain on sale of subsidiary.

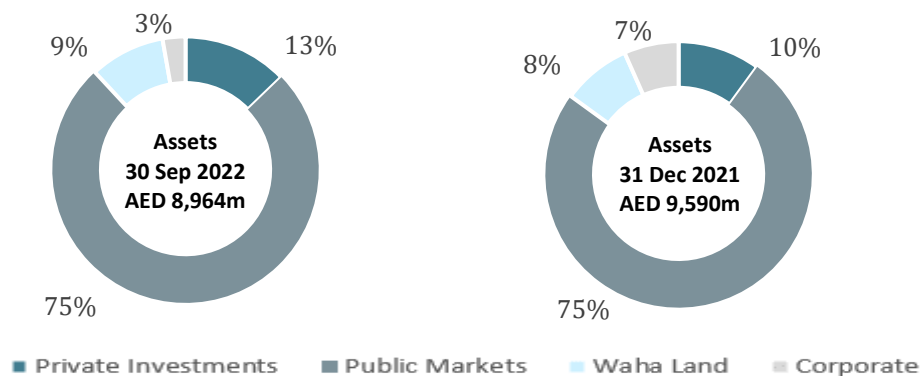
Net profit / (loss) by segment (AED million)



Balance sheet highlights

AED '000	As at 30-Sep-22	As at 31-Dec-21
Investments in equity accounted associates and joint ventures	165,516	170,242
Right-of-use assets	34,137	99,649
Investment property	243,322	711,422
Financial investments	6,611,740	6,414,024
Loan investments	39,453	-
Other assets	715,403	722,879
Cash and bank balances	687,710	1,421,350
Assets held for sale	466,800	-
Total assets	8,964,081	9,589,566
Borrowings	3,307,522	4,117,198
End of service benefit provision	19,054	26,288
Derivative liabilities	92,989	100,626
Lease liabilities	37,529	119,918
Trade and other liabilities	435,884	434,146
Total liabilities	3,892,978	4,798,176
Total equity	5,071,103	4,791,390
Total liabilities and equity	8,964,081	9,589,566

Total assets composition (AED million)



The Group's total assets of AED 8,964.1 million as of 30 September 2022, compared to AED 9,589.6 million as of 31 December 2021, a decrease of 7% and mainly comprised of:

- Investments in equity accounted associates and joint ventures** of AED 165.5 million compared to AED 170.2 million in 2021, a decrease of AED 4.7 million, mainly due to share of profits of AED 7.1 million offset by dividends received of AED 11.6 million.
- Financial investments** of AED 6,611.7 million compared to AED 6,414.0 million for the corresponding period of 2021, an increase of AED 197.7 million, mainly due to a net increase of AED 307.0 million from private investments comprising investment of AED 367.1 million in unquoted funds and other investments offset by a net decrease of AED 109.3 million in public market funds.
- Cash and bank balances** of AED 687.7 million compared to AED 1,421.4 million in 2021, a decrease of AED 733.7 million; mainly includes the following cash flows:
 - Corporate: Public Market units' redemption of AED 126.9 million offset by dividends paid AED 138.8 million;
 - Public Markets: Net sales of financial investments of AED 469.7 million and net contributions from non-controlling interest holders of AED 127.2 million, offset by decrease in repurchase liabilities of AED 806.3 million; and
 - Private Investments: Net Investment in unquoted funds and loan investment AED 403.1 million offset by net proceeds from disposal of investments AED 150.9 million.
- Assets held for sale** of AED 466.8 million comprise Investment property classified as held for sale.

The Group's total liabilities of AED 3,893.0 million as of 30 September 2022 compared to AED 4,798.2 million as of 31 December 2021, a decrease of AED 905.2 million, comprised of:

- a) Borrowings of AED 3,307.5 million compared to AED 4,117.2 million as of 31 December 2021, a decrease of AED 809.7 million; mainly represents decrease in repurchase liabilities related to public market funds.

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 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 outperform their benchmarks in 2022, despite the challenging macro global markets conditions impacting markets around the world.

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 -2.0% on a fund size of AED 1.85bn (US\$ 502.1 million).
- Waha MENA Equity Fund SP of 12.1% on a fund size of AED 2.62bn (US\$ 712.4 million).
- Waha Islamic Income Fund SP of -1.8% on a fund size of AED 0.13bn (US\$ 35.7 million); and
- Waha EM Equity Fund SP of -4.6% on a fund size of AED 0.09bn (US\$ 25.0 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 2022, five new investments were made into this portfolio totalling AED 406 million. Net Carrying value of the Global Opportunities portfolio as of 30 September 2022 was AED 545 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.

Earlier in the year, the business launched Waha Health, the holding company for Waha Capital's healthcare assets. In Q3 2022, the Company successfully divested the remainder of the Anglo Arabian Healthcare (AAH) portfolio, generating a net profit of AED 28 million and net proceeds of AED 88 million. Net Carrying value of the Core portfolio as of 30 September 2022 was AED 55 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, SDX Energy and equity investment in ADDAX bank. Net Carrying value of the legacy portfolio as of 30 September 2022 was AED 424 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 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 km² 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 km²), will be completed in three Stages. In Stage 1 and Stage 2A, circa 180,000 m² 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 m² 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 September 2022, Waha Land reported total income of AED 37.4 million (2021: AED 37.6 million).

The carrying value of investment property was AED 710 million as of 30 September 2022, including AED 467 million classified as held for sale.

OUTLOOK

Waha Capital remains committed to generating solid returns for its shareholders and investors, as evidenced by another profitable quarter. Despite the new regime of heightened economic and market volatility globally, the Company has demonstrated resilience and reported positive returns to-date as a result of its cautious positioning. The Public Markets business has continued to deliver results, with the flagship funds continuing to outperform their benchmark indices year-to-date and cumulatively. The successful implementation of a new growth strategy for the Private Investments business has also started to deliver value. The business has invested and grown its Global Opportunities and Core Portfolio, while monetising the mature assets under the Legacy Portfolio.

Despite an anticipated uncertain macroeconomic environment ahead, driven by the combination of slow growth, high inflation and geopolitical challenge in Ukraine, Waha Capital remains cautiously optimistic about the future. Active management of the funds, growing the investor base, and preserving and scaling third party capital remain a priority for the Public Markets business for the remainder of the year. The Private Investments business will continue to grow the Global Opportunities and Core Portfolio, while continuing to monetise mature assets under the Legacy Portfolio. Waha Land will also maintain and continue executing its long-term strategy to develop, lease and monetise land and built assets at ALMARKAZ. Underpinning this outlook is the Company's 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.



Ahmed Ali Khalfan Al Dhaheri

Vice Chairman, Al Waha Capital PJSC

28 October 2022