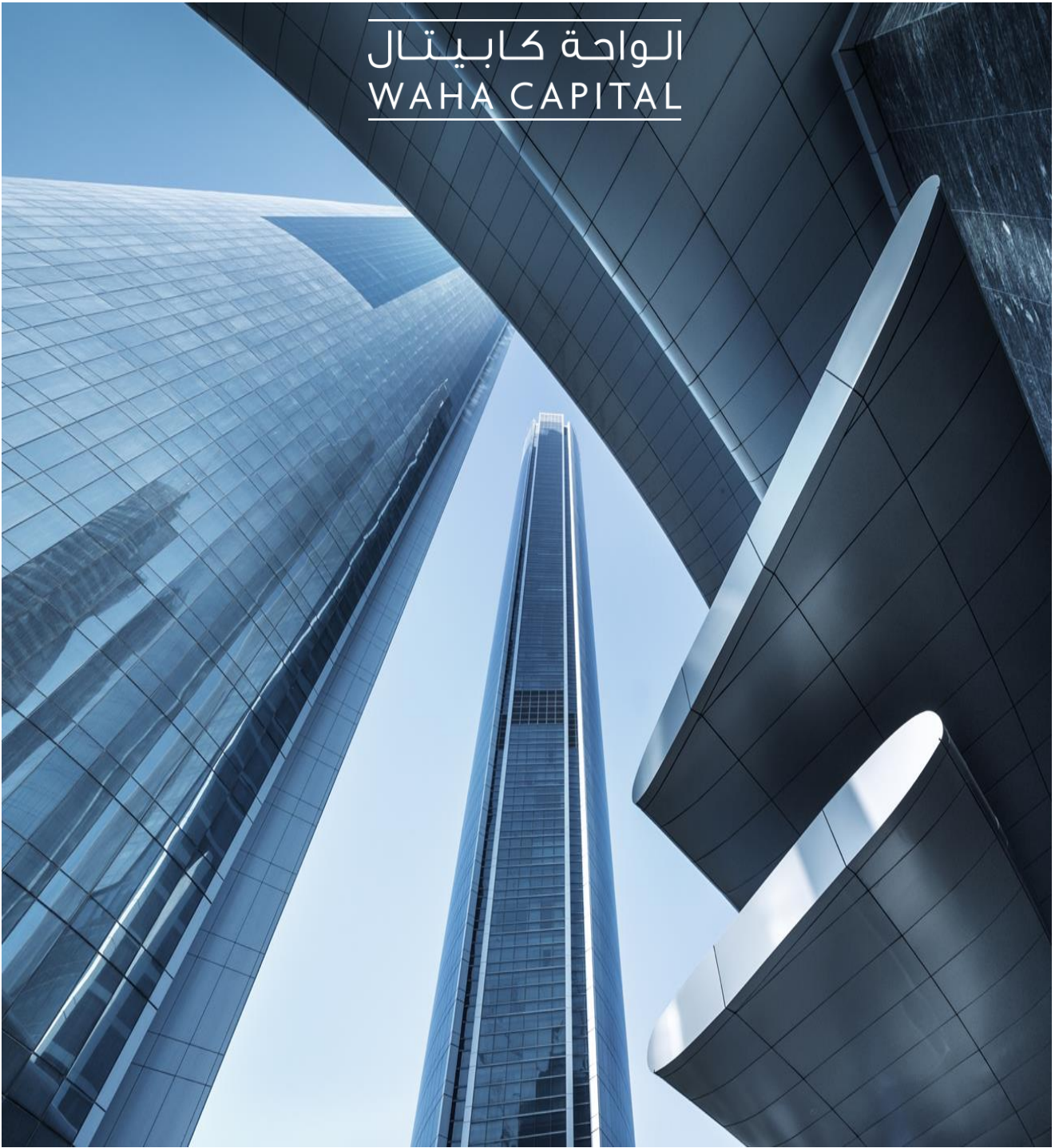


الواحة كابيتال
WAHA CAPITAL



Management discussion and analysis for the period ended 30 June 2020

Al Waha Capital PJSC ("the Company") and its subsidiaries (together referred to as "the Group") reported net loss attributable to Owners of the Company of AED (27.2) million for the six-month period ended 30 June 2020 compared to net loss of AED (182.2) million for the corresponding period of 2019.

KEY ACTIVITIES DURING THE PERIOD

Total assets under management was AED 3.1 billion as at 30 June 2020 compared to AED 3.3 billion as at 31 December 2019, a decrease of 6%. The assets under management attributable to Owners of the Company were AED 2.0 billion as at 30 June 2020 compared to AED 1.9 billion as at 31 December 2019. The funds' period to date returns on invested capital at the beginning of the period, attributable to Owners of the Company were; Waha CEEMEA Credit Fund SP of 7.66%, Waha MENA Equity Fund SP of -2.26% and Waha MENA Value Fund SP of -12.45%.

KEY FINANCIAL HIGHLIGHTS

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

	H1 2020	H1 2019	Q2 2020	Q2 2019
Revenue from sale of goods and services	146,461	153,616	72,190	74,687
Share of (loss) / profit from equity-accounted associates and joint ventures, net	(10,153)	178,888	(9,875)	99,032
Loss on disposal of equity-accounted associates and joint ventures	-	(153,605)	-	(58,640)
Impairment of equity-accounted associates and joint ventures	(10,000)	(209,365)	(10,000)	(109,329)
Income from financial investments	59,379	267,236	506,272	47,203
Gain on settlement of loan investments	11,244	-	-	-
Income from investment property, net	19,522	11,706	10,329	6,052
Other income, net	4,924	683	2,380	945
Total income	221,377	249,159	571,296	59,950
Cost of sale of goods and services	(113,938)	(120,144)	(55,801)	(58,513)
General and administrative expenses - company	(57,132)	(42,490)	(32,590)	(11,129)
General and administrative expenses - subsidiaries	(41,184)	(64,687)	(19,915)	(25,521)
Finance cost, net	(58,891)	(99,408)	(31,291)	(49,503)
Total expenses	(271,145)	(326,729)	(139,597)	(144,666)
(Loss) / profit for the period	(49,768)	(77,570)	431,699	(84,716)
Non-controlling interests	22,560	(104,661)	(164,453)	(39,673)
(Loss)/ profit attributable to owners of the Company	(27,208)	(182,231)	267,246	(124,389)
Basic and diluted (loss) / earnings per share (AED)	(0.01)	(0.10)	0.15	(0.07)

Total income

Six month period ended 30 June 2020

Total income of AED 221.4 million for the six-month period ended 30 June 2020, compared to AED 249.2 million for the corresponding period of 2019, was driven by the following:

- Asset Management – Capital Markets income of AED 27.0 million compared to AED 395.0 million in 2019 mainly driven by global economic condition due to pandemic COVID-19 and oil prices volatility;
- Private Investments income of AED 194.3 million compared to loss of AED 145.9 million in 2019 mainly reflecting
 - Loss from equity accounted investment by AED 10.2 million (H1 2019: income of AED 178.9 million) mainly due to exit from Aercap;
 - Loss of disposal of AED nil (H1 2019: AED 153.6 million) on sale of Aercap shares;
 - Impairment adjustment of AED 10.0 million (H1 2019: AED 209.4 million) following a reassessment of specific equity accounted investments recoverable amounts; and
 - Gain on settlement of loan investment of AED 11.2 million (H1 2019: AED nil).

Three month period ended 30 June 2020

Total income of AED 571.3 million for the three-month period ended 30 June 2020, compared to AED 60.0 million for the corresponding period of 2019, was driven by the following:

- Asset Management – Capital Markets income of AED 489.8 million compared to AED 150.7 million in 2019 reflecting strong recovery
- Private Investments income of AED 81.4 million compared to loss of AED 90.8 million in 2019 mainly reflecting
 - Loss from equity accounted investment by AED 9.9 million (H1 2019: income of AED 99.0 million) mainly due to exit from Aercap; Loss of disposal of AED nil (Q2 2019: AED 58.6 million) on sale of Aercap shares; and
 - Impairment adjustment of AED 10.0 million (Q2 2019: AED 109.3 million) following a reassessment of AerCap's recoverable amounts.

TOTAL EXPENSE ANALYSIS

Six-month period ended 30 June 2020

Total expenses for the six-month period ended 30 June 2020 was AED 271.1 million, compared to AED 326.7 million in 2019, mainly comprised of:

- General and administrative expenses - company, amounting to AED 57.1 million compared to AED 42.5 million for the corresponding period of 2019, a increase of AED 14.6 million, mainly due to prior year reversal of staff related costs.
- General and administrative expenses – subsidiaries, amounting to AED 41.2 million compared to AED 64.7 million for the corresponding period of 2019, a decrease of AED 23.5 million, mainly due to cost optimisation.
- Finance costs, net - company, amounting to AED 21.3 million, compared to AED 40.5 million in the corresponding period of 2019, a decrease of AED 19.2 million, mainly due to lower interest rates.
- Finance costs, net - subsidiaries, amounting to AED 37.6 million, compared to AED 58.9 million in the corresponding period of 2019, a decrease of AED 21.3 million, mainly due to no interest expense on Aercap and lower utilisation of repurchase liabilities for public market funds.

Three-month period ended 30 June 2020

Total expenses for the three-month period ended 30 June 2020 was AED 139.6 million, compared to AED 144.7 million in 2019, mainly comprised of:

- General and administrative expenses - company, amounting to AED 32.6 million compared to AED 11.1 million for the corresponding period of 2019, a increase of AED 21.5 million, mainly due to prior year reversal of staff related costs.
- General and administrative expenses – subsidiaries, amounting to AED 19.9 million compared to AED 25.5 million for the corresponding period of 2019, a decrease of AED 5.6 million, mainly due to cost optimisation.
- Finance costs, net - company, amounting to AED 11.4 million, compared to AED 20.8 million in the corresponding period of 2019, a decrease of AED 9.4 million, mainly due to lower interest rates.
- Finance costs, net - subsidiaries, amounting to AED 19.9 million, compared to AED 28.7 million in the corresponding period of 2019, a decrease of AED 8.8 million, mainly due to no interest expense on Aercap and lower utilisation of repurchase liabilities for public market funds.

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

Six month period ended 30 June 2020

Net loss attributable to owners of the Company: Net loss of AED (27.2) million for the six-month period ended 30 June 2020, compared to a net loss of AED (182.2) million for the corresponding period of 2019, was mainly driven by the following:

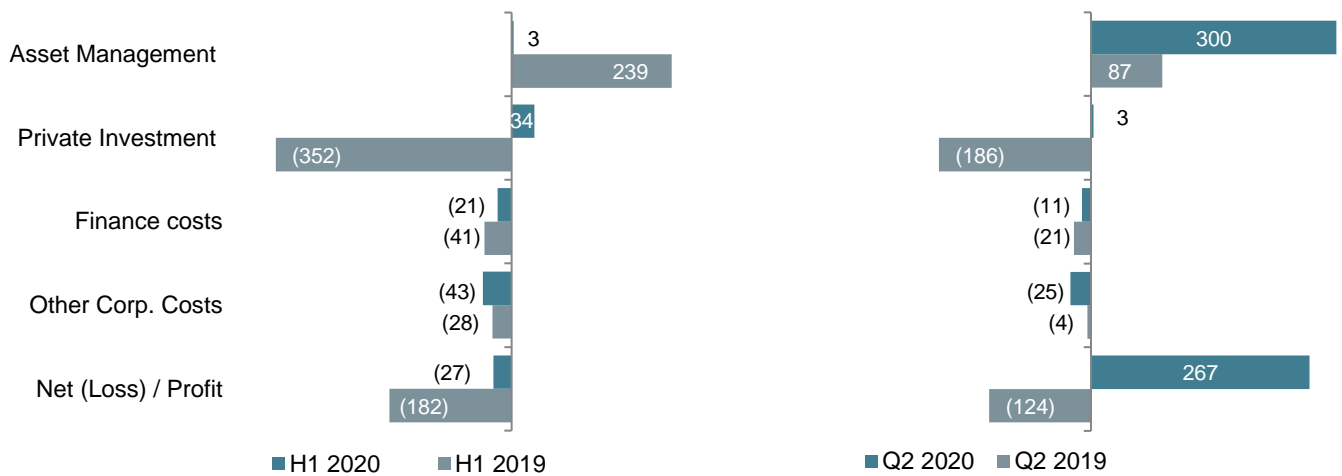
- Asset Management – Capital Markets profit of AED 2.9 million compared to AED 239.2 million in 2019;
- Private Investments profit of AED 33.5 million compared to loss of AED (351.8) million in 2019.

Three month period ended 30 June 2020

Net profit/(loss) attributable to owners of the Company: Net profit of AED 267.2 million for the three-month period ended 30 June 2020, compared to a net loss of AED (124.4) million for the corresponding period of 2019, was mainly driven by the following

- Asset Management – Capital Markets profit of AED 300.1 million compared to AED 87.5 million in 2019;
- Private Investments profit of AED 3.2 million compared to loss of AED (186.1) million in 2019.

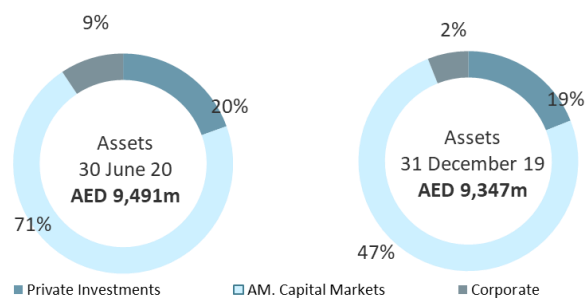
Net (loss) / profit by segment (AED million)



Balance sheet highlights

AED `000	As at 30-Jun-20	As at 31-Dec-19
Investments in equity accounted associates and joint ventures	498,973	524,552
Right-of-use assets	119,920	129,140
Investment property	708,879	717,140
Financial investments	5,762,961	6,085,448
Loan investments	220,680	232,963
Other assets	872,124	857,659
Cash and bank balances	1,307,880	800,344
Total assets	9,491,417	9,347,246
Borrowings	4,978,149	4,443,657
End of service benefit provision	26,654	29,900
Derivative liabilities	39,423	38,949
Lease liabilities	129,469	136,510
Trade and other liabilities	440,966	539,486
Total liabilities	5,614,661	5,188,502
Total equity	3,876,756	4,158,744
Total liabilities and equity	9,491,417	9,347,246

Total assets composition (AED million)



The Group's total assets of AED 9,491.4 million as at 30 June 2020, compared to AED 9,347.2 million as at 31 December 2019, an increase of 2%, comprised of:

- Investments in equity accounted associates and joint ventures of AED 499.0 million compared to AED 524.6 million for the corresponding period of 2019, mainly due to a decrease of AED 25.6 million; due to share of loss of AED 10.2 million, impairment of AED 10 million and dividends received of AED 5.2 million.
- Financial investments of AED 5,763.0 million compared to AED 6,085.5 million for the corresponding period of 2019, a decrease of AED 322.5 million, mainly due to decrease of AED 149.5 million of shorted reverse repurchase contracts and by lower fair value of equity securities of AED 618.5 million, offset by an increase of AED 398.7 million in fixed income securities
- Cash and bank balances of AED 1,307.9 million compared to AED 800.3 million in 2019, an increase of AED 507.6 million; mainly includes the following cash flows:
 - Corporate: net drawdown of revolving corporate facility of AED 551.7 million;
 - Capital Markets: net disposal of AED 382.3 million offset by redemptions from non-controlling interest holders of AED 232.0 million;
 - Private Investments: Proceeds from settlement of Loan investment of AED 23.5 million offset by a net repayment of loans amounting to AED 18.2 million.

The Group's total liabilities of AED 5,614.7 million as at 30 June 2020 compared to AED 5,188.5 million as at 31 December 2019, an increase of AED 426.2 million, comprised of:

- Borrowings of AED 4,978.1 million compared to AED 4,443.7 million in 31 December 2019, an increase of AED 534.4 million mainly represents net drawdown of revolving corporate facility of AED 551.7 million
- Trade and other liabilities of AED 441.0 million compared to AED 539.5 million in 2019, a decrease of AED 98.5 million; mainly represents decrease in payables of public market funds due to brokers on settlement of trades and the recycling of unearned income in derivatives related to equity accounted investee.

BUSINESS AND PORTFOLIO COMPANIES ANALYSIS

The Group's business comprises two primary divisions: Asset Management and Private Investments.

The Private Investments division comprises the Group's investments. The Asset Management division comprises the Group's Capital Markets business.

Asset Management – Capital Markets

The Capital Markets division have focused on applying rigorous analysis to niche markets in order to deliver quality returns over the market cycle on behalf of the Group and external investors. The current global economic condition due to pandemic COVID-19 and oil prices volatility has impacted the performance for H1 2020.

Over the last 8 years, two flagship funds have been developed: the Waha CEEMEA Credit Fund and the Waha MENA Equity Fund. Time and capital (\$100m seed in each) has been invested to build the team, infrastructure and track record (5 years+) before looking to raise third party capital.

The funds' period to date returns on invested capital at the beginning of the period were:

- Waha CEEMEA Credit Fund SP of 7.66% on a fund size of US\$ 392.3 million;
- Waha MENA Equity Fund SP of -2.26% on a fund size of US\$ 360.9 million; and
- Waha MENA Value Fund SP of -12.45% on a fund size of US\$ 81.2 million.

<http://www.wahacapital.ae/our-businesses/asset-management>

Private Investments

Waha Capital's Private Investments business includes direct equity and loan investments in public and private companies. The Private Investments portfolio holds seven core investments: (a) Waha Land, (b) National Energy Services Reunited Corp, (c) MENA Infrastructure Fund, (d) Channel VAS, (e) Petronash, (f) Deem Group and (g) Anglo Arabian Healthcare.

Waha Land

Waha Land, a wholly owned subsidiary of Waha Capital, is currently engaged in developing ALMARKAZ, an integrated mixed-use industrial development with Grade "A" industrial/logistics facilities and first class infrastructure.

During the six-month period ended 30 June 2020, Waha Land reported Rental revenue and other income of AED 22.7 million (H1 2019: AED 14.5 million).

The carrying value of investment property was AED 708.9 million as at 30 June 2020.

<http://www.wahacapital.ae/our-businesses/principal-investments/industrial-real-estate>

National Energy Services Reunited

During June 2018, the Group acquired a 5.8% stake in a NASDAQ-listed entity, National Energy Services Reunited Corp. ("NESR Corp") as part of exit consideration of NPS Holdings Limited. Consequent to issuance of earn-out shares, the Group's ownership increased to 6.3% at reporting date.

During the three-month period ended 31 March 2020, NESR Corp reported revenue of US\$ 199.3 million, comprised of US\$ 133.2 million from Production Services, US\$ 66.1 million from Drilling & Evaluation Services.

The carrying value of NESR Corp was AED 182.2 million as at 30 June 2020.

<https://www.nesr.com>

Petronash

During October 2018, the Group along with co-investors, entered acquired a 35% stake in Petronash, a leading provider of modular wellsite packages, chemical injection systems and wellhead control systems to the oil and gas industry. The transaction includes options, pursuant to which the Group can increase its ownership up to 50% in Petronash.

During the six-month period ended 30 June 2020, the Petronash Group Limited reported revenue of US\$ 68.0 million compared to US\$ 72.6 million for the corresponding period of 2019.

The carrying value of Petronash was AED 96.6 million as at 30 June 2020.

<http://petronash.com>

Channel VAS

The Group along with co-investors, owns a 20.0% stake in Dubai-based Channel VAS, premium provider of fintech solutions for mobile network operators and financial institutions.

During the six month period ended 30 June 2020, Channel VAS reported revenue of AED 134.7 million, compared to AED 112.8 million for the corresponding period of 2019.

The carrying value of Channel VAS was AED 170.2 million as at 30 June 2020.

<https://www.channelvas.com>

SDX Energy

The Group owns 19.5% stake in SDX Energy, a company engaged in the exploration and production of oil and gas, predominantly in the North Africa region.

During the three-month period ended 31 March 2020, SDX Energy reported net revenue of US\$ 16.0 million, compared to US\$ 12.7 million for the corresponding period of 2019.

The carrying value of SDX Energy was AED 31.0 million as at 30 June 2020.

<https://www.sdxenergy.com>

Deem Group

The Group owns a 26% stake in Deem Finance and a 25% stake in Dunia Services (together "Deem Group").

During 2019, Waha injected capital of AED 87.5 million in Deem Finance.

The carrying value of Deem Group was AED 38.8 million as at 30 June 2020.

<https://www.wahacapital.ae/our-businesses/principal-investments/dunia-finance>

Anglo Arabian Healthcare

The Group owns 97% stake in a UAE healthcare provider, Anglo Arabian Healthcare (AAH), that focuses on owning and operating hospitals, clinics and pharmacies.

During the six-month period ended 30 June 2020, AAH reported consolidated revenue of AED 146.5 million, compared to AED 153.6 million for the corresponding period of 2019.

The Group's carrying value of AAH's net assets was AED 157.2 million as at 30 June 2020.

<http://www.wahacapital.ae/our-businesses/principal-investments/anglo-arabian-healthcare>

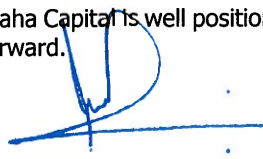
OUTLOOK

While the fast-evolving nature of the situation due to COVID-19 and uncertainty over the duration of the economic impact, it is not possible to give precise financial guidance, certain risks are clear. They include market volatility that is impacting global asset prices that will inevitably have an impact on Waha Capital's performance.

Our continuing focus will be to

- invest in our asset management business to grow its existing strong track record, broaden the product range and raise third party investments
- achieve maximum value from all our assets, by investing the firm's investment capabilities across its portfolio, coupled with using our balance sheet strength to capitalise on new opportunities to enhance returns.

Waha Capital is well positioned to build on its strong track record and financial strength in delivering attractive returns moving forward.



Amr Al Menhali

Chief Executive Officer, Al Waha Capital PJSC
3 August 2020