

الواحة كابيتال
WAHA CAPITAL



Q1 REPORT

Management discussion and analysis
for the period ended 31 March 2019

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 57.8 million for the three-month period ended 31 March 2019 compared to net profit of AED 107.4 million for the corresponding period of 2018.

Key activities during the period

During the period, equity price collars on 3.0 million shares of Aercap Holdings N.V. ("Aercap") matured and were settled. As part of the transaction, 3.0 million shares of Aercap were disposed (2.1%) for total consideration of AED 490.0 million, utilised in settlement of the corresponding borrowing of AED 434.6 million; resulting net proceeds of AED 55.4 million.

During the period, the Group injected capital of AED 87.5 million in Dunia Finance.

Total assets under management reached AED 2.7 billion as at 31 March 2019 compared to AED 2.5 billion as at 31 December 2018, an increase of 6%. The assets under management attributable to Owners of the Company were AED 1.7 billion as at 31 March 2019 compared to AED 1.5 billion as at 31 December 2018. 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 7.56%, Waha MENA Equity Fund SP of 9.22% and Waha MENA Value Fund SP of 11.36%.

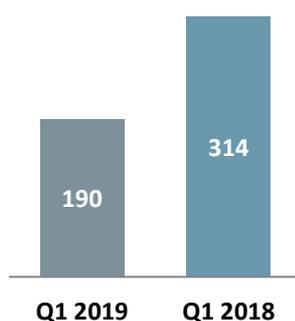
KEY PERFORMANCE MEASURES

Total income

Total income of AED 189.9 million for the three-month period ended 31 March 2019, compared to AED 313.6 million for the corresponding period of 2018, was driven by the following:

- Private Investments loss of AED 54.4 million compared to an income of AED 129.5 million in the corresponding period of 2018, reflecting an adjustment of AED 100.0 million (31 March 2018: AED 61.8 million) following a reassessment of AerCap's recoverable amount.
- Asset Management – Capital Markets of AED 244.3 million compared to AED 184.1 million during the corresponding period of 2018.

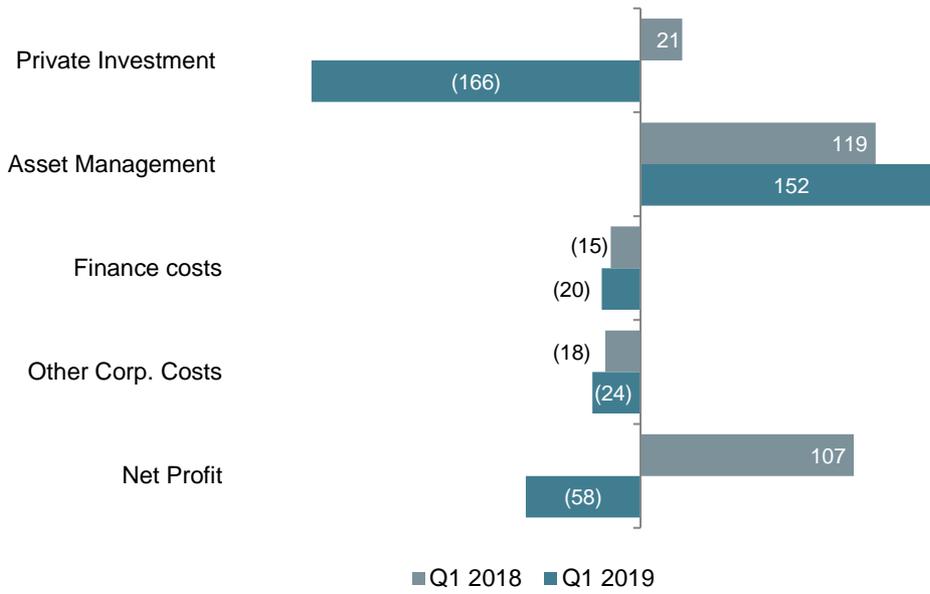
AED in millions



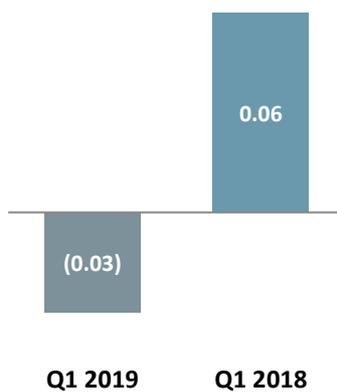
Net profit (attributable to Owners of the Company)

Net loss of AED 57.8 million for the three-month period ended 31 March 2019, compared to a net profit of AED 107.4 million for the corresponding period of 2018, was mainly driven by the following:

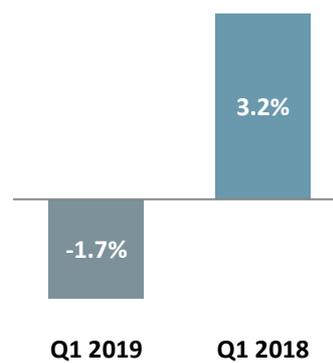
- Private Investments loss of AED 165.7 million compared to a profit of AED 21.4 million during the corresponding period of 2018.
- Asset Management – Capital Markets profit of AED 151.7 million compared to AED 118.5 million during the corresponding period of 2018.



Earnings per share (AED)

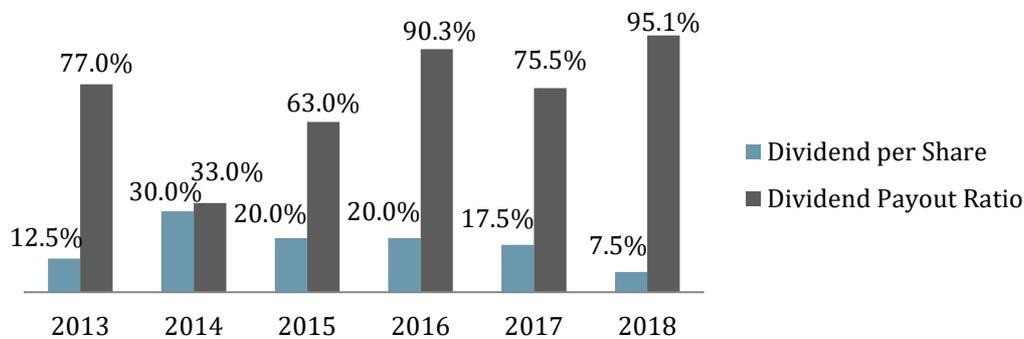


Return on Average Equity (%)



DIVIDEND PROFILE

The Company held its Annual General Meeting on 24 March 2019, during which the shareholders approved a cash dividend amounting to AED 137.9 million representing AED 0.075 per share (25 March 2018: cash dividend of AED 321.7 million representing AED 0.175 per share). This represents a dividend payout ratio of 95.1% of the Group's net profit attributable to shareholders. Historically the dividend trend is as follows:



KEY FINANCIAL HIGHLIGHTS

Summary income statement for the period ended 31 March AED '000

	2019	2018
Revenue from sale of goods and services	85,264	72,011
Income from equity-accounted associates and joint ventures, net (Loss) / gain on disposal of equity-accounted associates and joint ventures	79,856	140,072
Impairment of equity-accounted associates and joint ventures	(94,965)	25,027
Income from financial investments	(100,036)	(61,804)
Other (expense) / income, net	220,033	124,487
	(262)	13,838
Total income	189,890	313,631
Cost of sale of goods and services	(62,312)	(53,043)
General and administrative expenses - company	(31,361)	(26,120)
General and administrative expenses - subsidiaries	(39,166)	(43,146)
Finance cost, net	(49,905)	(34,865)
Total expenses	(182,744)	(157,174)
Profit for the period	7,146	156,457
Non-controlling interests	(64,988)	(49,106)
(Loss) / profit attributable to owners of the Company	(57,842)	107,351
Basic and diluted (loss) / earnings per share (AED)	(0.03)	0.06

TOTAL INCOME ANALYSIS

Three-month period ended 31 March 2019

Total income reported by the Group for the three-month period ended 31 March 2019 was AED 189.9 million, compared to AED 313.6 million during the corresponding period in 2018, mainly comprised of:

- a) Revenue from sale of goods and services, amounting to AED 85.3 million (31 March 2018: AED 72.0 million) mainly represents revenue from the Group's healthcare subsidiary, Anglo Arabian Healthcare and rental income from the Group's industrial real estate subsidiary, Waha Land. The increase of revenue was mainly driven by increase in laboratory services by AED 5.2 million and patient fees by AED 8.3 million.
- b) Share of profit and (loss) / gain on disposal of equity accounted associates and joint ventures, net, amounting to a net loss of AED 15.1 million (31 March 2018: income of AED 165.1 million), mainly includes:
 - AerCap Holdings NV:
 - share of profit of AED 102.3 million (31 March 2018: AED 151.6 million);
 - loss on disposal of AED 95.0 million (31 March 2018: gain of AED 25.0 million), relating to the disposal of shares in AerCap;
 - Channel VAS: share of loss of AED 6.3 million (31 March 2018: AED 0.1 million);
 - Petronash Global Limited: share of loss of AED 1.9 million (31 March 2018: AED nil); and
 - NESR Corp: share of profit of AED 3.7 million (31 March 2018: AED nil).
- c) Impairment of equity accounted associates and joint ventures, amounting to AED 100.0 million (2018: AED 61.8 million) represents impairment of AerCap Holdings NV following a reassessment of the investment's recoverable amount due to its share price trading at lower multiples over a prolonged period, among other relevant factors.
- d) Income from financial investments, amounting to AED 220.0 million compared to AED 124.5 million in the corresponding period of 2018, mainly due to:

Capital Markets:

- Increase of AED 84.3 million due to higher income from the fixed income fund portfolio;
- Increase of AED 24.6 million due to higher income of the equity funds portfolio; offset by
- Decrease of AED 38.4 million due to lower income on derivative contracts in the equity portfolio; and
- Lower income from private transactions by AED 10.7 million;

Private Investments:

- Increase of AED 15.5 million due to mark-to-market movement in derivatives related to equity accounted investee;
- Increase of AED 13.1 million due to mark-to-market movement in SDX Energy Inc.;
- Lower recycling expense on the maturity of equity price collar by AED 9.7 million; offset by
- Decrease of AED 2.3 million due to mark-to-market movement in MENA LP Fund.

TOTAL EXPENSE ANALYSIS

Three-month period ended 31 March 2019

Total expenses reported by the Group for the three-month period ended 31 March 2019 was AED 182.7 million, compared to AED 157.2 million during the corresponding period in 2018, mainly comprised of:

- a) Cost of sale of goods and services, amounting to AED 62.3 million increased from AED 53.0 million in the corresponding period of 2018, mainly due to increase in cost of sales related to laboratory services and patient fees in line with the increase in revenue.
- b) General and administrative expenses - Company, amounting to AED 31.4 million compared to AED 26.1 million in the corresponding period of 2018, an increase of AED 5.3 million, mainly due to reversal of staff related costs in Q1 2018.
- c) General and administrative expenses - Subsidiaries, amounting to AED 39.2 million, reduced from AED 43.1 million in the corresponding period of 2018. The reduction in expenses was mainly from Anglo Arabian Healthcare.
- d) Finance costs, net - Company, amounting to AED 19.7 million, compared to AED 14.7 million in the corresponding period of 2018, an increase of AED 5.0 million, mainly due to higher corporate facility deployment and higher interest rates.
- e) Finance costs, net - Subsidiaries, amounting to AED 30.2 million, compared to AED 20.2 million in the corresponding period of 2018, an increase of AED 10.0 million, mainly due to higher utilisation of repurchase liabilities for public market funds and lower capitalisation of interest in Private Investments .

Balance sheet highlights

AED `000	As at 31-Mar-19	As at 31-Dec-18
Investments in associates and joint ventures	3,618,048	4,200,967
Right-of-use assets	194,861	-
Investment property	753,566	753,566
Financial investments	5,669,701	5,418,628
Investments in finance leases and loans	232,963	235,866
Other assets	590,934	633,412
Cash and cash equivalents	391,618	428,970
Total assets	11,451,691	11,671,409
Borrowings	6,435,475	6,463,768
End of service benefit provision	34,445	33,969
Derivative liabilities	45,897	36,304
Lease liability	194,719	-
Trade and other liabilities	552,543	587,438
Total liabilities	7,263,079	7,121,479
Total equity	4,188,612	4,549,930
Total liabilities and equity	11,451,691	11,671,409

The Group's total assets of AED 11,451.7 million as at 31 March 2019, compared to AED 11,671.4 million as at 31 December 2018, a decrease of AED 219.7 million, comprised of:

- a) **Investments in associates and joint ventures** of AED 3,618.0 million compared to AED 4,201.0 million in 2018, a decrease of AED 583.0 million; mainly representing (i) disposal of 3 million AerCap shares with reduction in carrying value of AED 584.4 million; (ii) reversal of partial contingent consideration in Petronash as per certain performance criteria; (iii) dividends received from Channel VAS amounting to AED 2.9 million; (iv) share of loss, net of impairment, of AED 20.1 million; offset by (i) capital injection in Dunia Finance of AED 87.5 million; and (ii) issuance of additional shares in NESR Corp as per certain performance criteria amounting to AED 17.3 million.
- b) **Right-of-use assets** of AED 194.9 million mainly represents Anglo Arabian Healthcare initial adjustment on first time adoption of IFRS 16 *Leases*.
- c) **Financial investments** of AED 5,669.7 million compared to AED 5,418.6 million in 2018, an increase of AED 251.1 million, mainly representing an increase of AED 443.3 million in public market funds, a decrease of AED 2.3 million representing fair value of derivatives related to equity accounted investee, revaluation movement of AED 189.8 million in equity price collars in AerCap and increase in fair value of associate carried at fair value of AED 2.5 million.
- d) **Other assets** of AED 590.9 million compared to AED 633.4 million in 2018, a decrease of AED 42.5 million; mainly due to the release of deposit under lien amounting to AED 35 million.
- e) **Cash and cash equivalents** of AED 391.6 million compared to AED 429.0 million in 2018, a decrease of AED 37.4 million; mainly includes the following investing and financing cash flows:
 - Corporate: payments of AED 137.9 million for 2018 dividends; offset by drawdown of corporate revolving facility of AED 147.1 million;
 - Capital Markets: investments of AED 168.6 million; funded by repurchase liabilities of AED 234.9 million; offset by redemptions from non-controlling interest holders of AED 55.1 million; and
 - Private Investments: Proceeds from net settlement of AerCap shares of AED 55.4 million; offset by capital injection in Dunia Finance of AED 87.5 million.

The Group's total liabilities of AED 7,263.1 million as at 31 March 2019 compared to AED 7,121.5 million as at 31 December 2018, an increase of AED 141.6 million, comprised of:

- a) **Borrowings** of AED 6,435.5 million compared to AED 6,463.8 million in 2018, a decrease of AED 28.3 million mainly represents net loan drawdowns from corporate facility, repurchase liabilities related to public market funds, and subsidiaries (healthcare and industrial real estate) within Private Investments amounting to AED 147.1 million, AED 234.9 million and AED 13.8 million respectively; offset by settlement of collar borrowings of AED 434.6 million.
- b) **Derivative liabilities** of AED 45.9 million compared to AED 36.3 million in 2018, an increase of AED 9.6 million; due to fair value gain of public market funds.
- c) **Lease liability** of AED 194.7 million mainly represents Anglo Arabian Healthcare initial adjustment on first time adoption of IFRS 16 *Leases*.
- d) **Trade and other liabilities** of AED 552.5 million compared to AED 587.4 million in 2018, a decrease of AED 34.9 million; mainly represents increase in payables of public market funds due to brokers on settlement of trades and interest accrued on borrowings offset by a decrease in employee related accruals and other payables of public market funds and the recycling of unearned income in derivatives related to equity accounted investee.

Total assets composition



Cash flows analysis

During the current period, the Group has made certain reclassifications in cash flow statement to align the cashflow movement with the key activities of the Group.

AED '000	31-Mar-19	31-Mar-18
Cash flows generated from operating activities	452,850	860,259
Cash flows generated from investing activities	1,821	19,745
Cash flows used in from financing activities	(492,023)	(795,123)
Net (decrease) / increase in cash and cash equivalents	(37,352)	84,881

Period ended 31 March 2019

Cash flows from operating activities generated AED 452.9 million in 2019 compared to AED 860.3 million in Q1 2018, was mainly driven by:

- Cash inflow from partial disposal of investment in AerCap of AED 475.0 million (Q1 2018: AED 722.1 million);
- Cash inflow from disposal of investment in NPS Holdings Limited of AED nil (Q1 2018: AED 150.8 million);
- Cash inflow from investments in public securities of AED 50.1 million, net of repurchase liabilities (Q1 2018: AED 16.8 million); and
- Cash outflow from investment in Dunia Finance of AED 87.5 million (Q1 2018: AED nil).

Cash flows generated from investing activities amounting AED 1.8 million in 2019 compared to AED 19.7 million in Q1 2018, mainly driven by:

- Cash inflow from maturity of deposits AED nil (Q1 2018: AED 25.0 million).

Cash flows used in financing activities were AED 492.0 million in 2019 compared to AED 795.1 million in Q1 2018, as follows:

- Cash outflow related to 2018 dividend of AED 137.9 million (Q1 2018: 321.7 million);
- Cash inflow related to net corporate facility loan drawdown of AED 147.1 million (Q1 2018: AED 54.4 million);
- Cash outflow related to repayment of Collar financing amounting to AED 434.6 million (Q1 2018: AED 542.4 million); and
- Cash outflow related to redemptions from non-controlling interest holders amounting to AED 55.0 million (Q1 2018: inflow of AED 18.4 million).

Leverage

The Group's leverage, defined under the corporate facility, was 29.0% as at 31 March 2019 compared to 25.3% as at 31 December 2018.

BUSINESS AND PORTFOLIO COMPANIES ANALYSIS

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

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

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) AerCap Holdings NV (AerCap), (b) Waha Land, (c) National Energy Services Reunited Corp, (d) MENA Infrastructure Fund, (e) Channel VAS, (f) Petronash and (g) Anglo Arabian Healthcare.

Private Investments reported total loss of AED 54.4 million and net loss attributable to owners of AED 165.7 million for the period 2018, compared to total income of AED 129.5 million and net profit attributable to owners of AED 21.4 million in 2018.

AerCap

AerCap, a NYSE listed company, is a global aircraft leasing company. It acquires aircraft from manufacturers, airline operators, other aircraft-leasing companies and financial investors to lease to commercial airlines and cargo operators.

During the period, the Group disposed 3 million shares equivalent to 2.1% stake in AerCap for a consideration of AED 490.0 million. Consequently, the Group's stake in AerCap reduced from 12.0% to 9.9%. Further, during the period, AerCap carried out a share buyback program, which the Group did not participate in. Consequently, the Group's beneficial ownership increased from 9.9% to 10.3%.

Waha Capital continues to retain two seats on AerCap's board of directors, as well as representations on the various board sub-committees.

The key highlights of AerCap for the period end 31 March 2019 were as follows:

- 81 aircraft transactions executed, as follows:
 - Signed lease agreements for 43 aircraft
 - Purchased 17 aircraft
 - Executed sale transactions for 21 aircraft
- Signed financing transactions for US\$ 1.9 billion.
- Fleet utilization rate of above 99.2% for the period.
- Average age of owned fleet was 6.2 years and the average remaining contracted lease term was 7.4 years.
- US\$ 11.1 billion of available liquidity and adjusted debt/equity ratio of 2.8 to 1.
- Repurchased 3.1 million shares for US\$ 137.0 million
- Approximately 95% of lease rents through 2021 already contracted.
- Portfolio consisted of 1,400 aircraft that were owned, on order or managed.

The carrying value of AerCap was AED 2,751.3 million as at 31 March 2019.

NPS Holdings Limited and 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. The formation of NESR Corp as an operating entity was completed in June 2018, after the transaction was approved by the Securities and Exchange Commission in the United States and NESR shareholders.

NESR Corp is the first and only NASDAQ listed national oilfield services company in the MENA region and one of the largest oilfield services provider in the Middle East, North Africa and Asia region. On June 6th 2018, NESR Corp consummated the 100% acquisition of: a) NPS Holdings Limited ("NPS") for a gross consideration of c. US\$591 million and b) Gulf Energy S.A.O.C. ("GES") for a gross consideration of c. US\$289 million – aggregating total consideration of c. US\$880 million.

NPS is a regional provider of products and services to the oil and gas industry in the Middle East, North Africa and Asia Pacific regions. NPS operates in twelve countries with the majority of its revenues derived from operations in KSA, Algeria, Qatar, UAE and Iraq. Its services include a broad suite of offerings that are essential in the drilling and completion of new oil and natural gas wells and in the remedial work on existing wells, both onshore and offshore. NPS provides an integrated service offering that includes: a) Well Services and Intervention, b) Drilling and Workover, and c) Wireline Logging and Testing. NPS effectively delivers this broad range of services by deploying one of the largest fleet of oilfield equipment among its regionally-based competitors, including cementing units, coiled tubing units, stimulation units, nitrogen units and oil and water well drilling rigs.

GES is a leading provider of high quality integrated oilfield service solutions in the MENA region. Building on its initial success, GES has expanded its service portfolio over the past 12 years and has evolved to provide a wide range of services throughout the oil and gas life cycle, including exploration, development, production enhancement, remedial work on existing wells, and site abandonment. GES provides a broad suite of product and service offerings, operating under several service lines including: a) Well Intervention Services, b) Drilling Technology Solutions, c) Fishing & Remedial Services, and d) Drilling Technology Solutions, Performance Drilling & Evaluation. With recent international expansion, GES is one of the fastest growing oilfield service providers in the MENA region and has developed a footprint in Oman, KSA, Kuwait and Algeria.

The Group acquired a 20.62% equity stake in NPS for a total consideration of c. AED 282 million in June 2014. On November 12th 2017, the Group agreed to sell the entire investment in NPS. The transaction was concluded in June 2018 and resulted in total gain on disposal of AED 159.6 million and total consideration of AED 443.9 million, comprising cash proceeds of AED 245.5 million, 5.8% equity stake in NESR Corp and earn-out shares receivable of AED 17.3 million. The sale transaction took place in two stages, with the first stage exit (representing 4.68% stake) completed in December 2017 and the second stage exit (representing remaining 15.94% stake) completed in June 2018.

During 2018, the Group recognised gain on disposal of AED 109.4 million and total consideration of AED 329.7 million, comprising cash consideration of AED 130.6 million, 5.8% equity stake in NESR Corp. and earn-out shares receivable of AED 17.3 million. Consequent to issuance of earn-out shares, the Group's ownership increased to 6.3% at reporting date.

During the year ended 31 December 2018, NESR Corp reported the following:

- Reported revenue of US\$ 348.6 million, comprised of US\$ 215.8 million from Production Services, US\$ 132.8 million from Drilling & Evaluation Services;
- Reported net income of US\$ 35.1 million;
- Cash flows of US\$ 40.8 million generated from operating activities and cash flows of US\$ 66.6 million utilized in investing activities and cash flows of US\$ 50.6 generated from financing activities;
- Reported a net book value of property, plant and equipment as at 31 December 2018 of US\$ 328.7 million.

The carrying value of NESR Corp was AED 212.2 million as at 31 March 2019.

Petronash

Founded in 2000, Petronash is a leading provider of modular wellsite packages, chemical injection systems and wellhead control systems to the oil and gas industry. Headquartered in Dubai, Petronash owns manufacturing facilities in Dubai, Dammam and Chennai. Petronash employs approximately 1,000 people worldwide, including more than 200 Engineers and R&D Personnel; and recently expanded its engineering facility in Chennai, India which also undertakes design, procurement, and R&D.

On 6th August 2018, the Group along with co-investors, entered into a subscription agreement to acquire up to 35% stake in Petronash for an upfront consideration of approximately AED 322.8 million and an estimated deferred contingent consideration of AED 134.9 million. The transaction closed on 10 October 2018 which includes options, pursuant to which the Group can increase its ownership up to 50% in Petronash. The Group exercises joint control in Petronash through its shareholding agreement and representations on its Board and various committees.

During the period ended 31 March 2019, the Petronash Holding Limited reported the following:

- Reported revenue of US\$ 34.6 million; and
- Reported EBITDA of US\$ 5.4 million.

The carrying value of Petronash was AED 376.6 million as at 31 March 2019.

Channel VAS

In September 2017, Waha Capital acquired a 19.5% stake in Dubai-based fintech firm Channel VAS at a consideration of AED 200.5 million. Incorporated in 2012, Channel VAS is a premium provider of fintech solutions for mobile network operators and financial institutions. Company offerings include Airtime Credit Services, Mobile Financial Services, Handset Loans, Value Added Services, Micro Cash Loans, Data Loans, etc.

The company is present in over 25 countries and has grown rapidly to provide over US\$ 1,459 million airtime credits in the fiscal year 2018 compared with US\$ 871 million in 2017. Channel VAS currently has access to over 500 million mobile subscribers, who utilize the Company's patented registered proprietary credit scoring and delivery service. The Company sees high potential for growth in what is currently a US\$ 69 billion airtime credit industry as well as a much larger untapped market for newer Channel VAS product lines including micro cash loans and hand set finance loans. A selected list of customers include Vodacom, Viettel, Umniah, Robi-Axiata, Ooredoo, MTN, Mobily-Etisalat, Mobilink, Lyca Mobile, etc.

During the period ended 31 March 2019, Channel VAS reported the following performance:

- Revenue of AED 54.96 million, compared to AED 42.36 million in the corresponding period 2018;
- Paid AED 14.7m (\$4m) which was declared in 2018, compared to Q1 2018 when dividend paid was AED33m (\$9m) of which AED 23.9m (\$6.5m) was declared in 2017.

The carrying value of Channel VAS was AED 179.1 million as at 31 March 2019.

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. It currently has with a current focus on sites in Egypt and Morocco. The investment in SDX has been classified as associate carried and measured at FVTPL.

The company was established in October 2015 through the merger of Toronto Stock Exchange-listed Sea Dragon Energy and privately-owned Madison PetroGas. In 2016, the company successfully obtained a dual-listing on the Alternative Investment Market (AIM) of the London Stock Exchange, raising US\$11 million in the process. In January 2017, SDX Energy successfully acquired a portfolio of oil and gas production and exploration assets in Egypt and Morocco for a cash sum of US\$30 million which increased the net production to c. 3,351 boe/d and working interest 2P reserves to 9.03 million boe. At 2018 year end, SDX Energy's portfolio comprised interests in 6 concessions – i) Egypt – NW Gemsa, ii) Egypt – Meseda, iii) Egypt – South Disouq, iv) Egypt – South Ramadan, v) Morocco – Sebou, and vi) Morocco – Lalla Mimouna Nord. On 7 February 2019, the company announced the award of two further licenses in Morocco: Moulay Bouchta Ouest and Lalla Mimouna Sud.

The operating environment in North Africa continues to present considerable opportunities for the firm. SDX Energy benefits from a portfolio of high margin producing assets, combined with high impact exploration prospects in Egypt and Morocco. The company intends to increase production and cash flow generation organically, through a fully funded and active work programme consisting of improvements made to existing fields and the development of new discovered resources. During 2019, the company plans to drill a series of high impact exploration and development wells across the portfolio, with the delivery of the South Disouq gas development expected by the end of H1 2019.

During the year ended 31 December 2018, SDX Energy reported the following performance:

- Production of 3,574 boe/d compared to 3,237 boe/d in corresponding 2017;
- Net realized average oil price of US\$ 66.42/barrel compared to US\$ 50.02/barrel in corresponding 2017;
- Net realized average Morocco gas price of US\$ 10.33/mcf compared to US\$ 9.51/mcf in corresponding 2017;
- Revenue of US\$ 53.7 million, compared to US\$ 39.2 million in corresponding 2017;
- Gross profit of US\$ 41.7 million, compared to US\$ 28.9 million in corresponding 2017;
- Cash flow from operations of US\$ 36.2 million, compared to US\$ 21.6 million in corresponding 2017;
- Invested US\$ 44.0 million into capital expenditure in 2018, compared to US\$ 21.0 million in corresponding 2017;
- Cash balance of US\$ 17.4 million at 31 December 2018, compared to US\$ 25.8 million at 31 December 2017.

The carrying value of SDX Energy was AED 68.8 million as at 31 March 2019.

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. The project is located in Al Dhafra, approximately 35 km from central Abu Dhabi, and is well located to access the multi-modal industrial and logistics infrastructure (land, sea, air, and future rail) of the UAE. The ALMARKAZ development is on a 6 km² area of land, which was granted by the Government of Abu Dhabi.

Phase 1 of the project comprise of 25% of the total land area (1.5 km²). Stage 1 of Phase 1 involved the construction of roads and services infrastructure for the 1.5 km² of land and 90,000 m² of small industrial units (SIUs). The SIUs are fully leased out with a range of tenants, both local and international from diverse industry segments such as oil & gas, manufacturing, defense, logistics, contracting, F&B.

In June 2016, Waha Land signed a AED 426 million financing with a local bank for further development of Phase 1 within ALMARKAZ, following the successful leasing of existing facilities. This expansion, called Stage 2, will add 187,000 m² of premium industrial and logistics facilities and will also include retail and commercial amenities to enhance the business park experience of ALMARKAZ. Stage 2 is being constructed in two packages (2a & 2b), with the initial Stage 2a consisting of 92,500 m² of built up area.

The construction of Stage 2a industrial units were completed in 2018 and the initial batch of tenants have commenced operations from the newly handed over units. The Stage 2 Industrial assets consists flexible industrial buildings, ready to occupy units, warehouses/storage facilities. In addition, construction works commenced on adding retail facilities and amenities like mosque, security center to serve the expanding working population at ALMARKAZ. This expansion is in line with the Waha Land's underlying ethos to execute a consistent and disciplined investment approach with emphasis on flexible assets to suit a variety of uses and support a diverse range of tenants and industry segments.

Waha Land's growth strategy with respect to ALMARKAZ is focused on continuing to grow and diversify its tenant base, developing new products and services for its existing and prospective tenants, and providing exceptional services with the ultimate aim of meeting the needs of UAE SMEs as well as manufacturing and logistics players.

During the three month period ended 31 March 2019, Waha Land reported:

- Rental revenue and other income of AED 7.0 million (2018: AED 8.0 million);
- Net Profit of AED 1.6 million (2018: AED 0.9 million).

The carrying value of investment property was AED 753.6 million as at 31 March 2019.

MENA Infrastructure Fund

MENA Infrastructure Fund (the "Fund") was launched in 2007 as a private equity fund that invests in infrastructure development projects across MENA with a total capital commitment of AED 1,103.4 million (US\$ 300 million) from its Limited Partners ("LP").

The Group originally committed to fund AED 197.7 million (17.9% of total commitment) as an LP and held a 33.3% stake in the General Partners ("GP").

Since inception, the Fund has invested US\$ 223.6 million in four projects:

- a) Alexandria International Container Terminals (AICT): Held concession to operate and maintain two container terminals in Egypt. The Fund's ownership in the project was 30.3%. The investment was exited in first quarter of 2016.
- b) Qurayyah Independent Power Project (IPP): Owns and operates a 3.9GW gas-fired IPP in KSA in partnership with ACWA Power and Samsung C&T. The Fund's ownership in the project is 15.0%.
- c) United Power Company (UPC): Owned and operated a 270MW single-cycle gas-fired Manah IPP in Oman. The Fund's ownership in the project was 38.1%. The investment was exited in first quarter of 2016.
- d) Sohar Power Company: Owns and operates a 585MW of combined-cycle gas-fired power generation and 150,000m³ of water desalination capacity in Oman. The Fund's ownership in the project is 20.0%.

In 2016, the Fund successfully exited from AICT and UPC for which Waha Capital received gross distributions of AED 81.8 million including dividend and capital repayment.

The Fund's dividend yield is c. 5.4%. The Group invested a total of AED 167 million (US\$ 45.5 million) for its LP (17.9%) and GP (33.3%) stakes, and received c. AED 162.2 million in distributions.

As at 31 March 2019, the Group carried its LP stake in the Fund at AED 49.7 million.

Anglo Arabian Healthcare

The Group owns 95% stake in a UAE healthcare provider, Anglo Arabian Healthcare (AAH), that focuses on owning and operating hospitals, clinics and pharmacies. The group was established to deliver healthcare services throughout the UAE, and today is one of the largest healthcare provider networks in the country. AAH currently owns and operates 27 business assets, employs more than 900 people and serves over 800,000 registered outpatients. Operating assets consist of 17 clinics, 7 pharmacies, 1 diagnostics centre, 1 medical education provider and 1 hospital. The hospital, based in the emirate of Ajman, was a significant milestone in the development of AAH and has an inpatient capacity of approximately 10,000 per annum.

The company employs a 'buy and build' strategy, supplementing acquisitions with strategic greenfield projects to ensure optimal patient flows and service coverage. This strategy includes pursuing an opportunistic mix of greenfield projects and acquisitions, and implementing a hub-and-spoke model across primary care, secondary care and diagnostics to retain patient revenue within the group. Brands within the Anglo Arabian Healthcare network include Amina Hospitals, Ibin Sina Medical Centre, HealthBay, Sharjah Corniche Hospital, Oras Medical Centre and Orchid IVF Centre.

AAH is well-positioned to capitalize on regulatory and consumption trends which have been implemented in recent years in the UAE, including the potential introduction of mandatory insurance in the Northern Emirates, and increased demand for specialty services.

During 2017, AAH has completed the sale of its full equity stake in Proficiency Healthcare Diagnostics (PHD) to Al Borg Medical Laboratories, the GCC's largest chain of private laboratories. The transaction involved an equity sale price of approximately AED 171.1 million for 93% of PHD, with the net impact on AAH being an accounting gain of approximately AED 124.7 million.

During the period ended 31 March 2019, AAH has achieved the following:

- Consolidated revenue of AED 78.9 million, compared to AED 64.7 million in the corresponding period in 2018;
- Consolidated revenue is comprised of AED 19.0 million (2018: AED 13.8 million) from laboratory services, AED 48.9 million (2018: AED 40.6 million) from patient fees and AED 11.0 million (2018: AED 10.3 million) from sale of pharmaceuticals; and
- Shareholders' equity base attributable to owners of AED 192.7 million as at 31 March 2019 compared to AED 201.7 million as at 31 December 2018.

The Group's carrying value of AAH's net assets was AED 182.9 million as at 31 March 2019.

Asset Management

The Asset Management division comprises the Group's Capital Markets platform.

Asset Management - Capital Markets

Total income from Capital Markets generated from public funds and private transactions was AED 244.3 million for the three-month period ended 31 March 2019 compared to AED 184.1 million for the corresponding period in 2018. Capital Markets generated a net profit of AED 220.9 million for the three-month period ended 31 March 2019 (AED 151.7 million attributable to the Owners of the Company) compared to AED 168.6 million in the corresponding period of 2018 (AED 118.5 million attributable to the Owners of the Company).

The Group's Capital Markets business primarily comprises investment in publicly traded securities. Capital Markets has achieved a solid seven-plus-year track record of managing a portfolio of global credit market investments and five-plus-year track record of managing a portfolio of regional equities.

The investment process is complemented by dedicated in-house research and robust risk management.

Capital Markets invest in securities such as bonds, sukuks, convertibles, equities, money market funds, hybrids, IPOs and pre-IPOs. Capital Markets manages three separate portfolios and focuses on credit investments primarily comprising US\$-denominated corporate bonds issued in the emerging markets with a focus on Central and Eastern Europe, Middle East and Africa (CEEMEA) and in local and Middle Eastern and North African (MENA) equities.

Capital Markets manages the Waha CEEMEA Credit Fund SP, Waha MENA Equity Fund SP, and MENA Value Fund SP, which are available for subscription by third party investors. The Funds are domiciled in the Cayman Islands and regulated and supervised by the Cayman Islands Monetary Authority. HSBC Bank Middle East Limited acts as Fund Administrator and Global Custodian for the underlying assets. The Funds are managed by Waha Investment PrJSC, an investment manager licensed by the Securities & Commodities Authority. Total assets managed by Waha Investment PrJSC, including third party assets, amount to AED 2.7 billion as at 31 March 2019.

The business development team is focused on actively marketing the funds to large institutional investors, particularly in North America and the MENA region.

Outlook

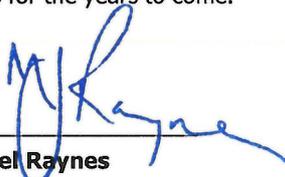
The first three-month period ended 31 March 2019 experienced significant market volatility as the global economy adjusts to lower growth and normalised interest rate environment.

Despite challenging and difficult market and operating conditions, Waha Capital remains resilient to execute its overarching objective of optimizing returns to shareholders.

Waha Capital's strategy is focused on two main areas:

- The Asset Management business continues to grow and has set targets to increase assets under management through actively marketing its flagship funds to third party institutional investors, while maintaining strong fund performance.
- The Private Investment business continues to rebalance and build a targeted diversified portfolio primarily in the energy and financial services sectors, while maximising liquidity and cash yields.

Waha Capital is well positioned to build on its strong track record and financial strength to continue to deliver attractive returns for the years to come.



Michael Raynes

Chief Executive Officer, Al Waha Capital PJSC
9 May 2019