

الواحة كابيتال
WAHA CAPITAL

Q2 2019 REPORT

Management discussion and analysis
for the period ended 30 June 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 182.2 million for the six-month period ended 30 June 2019 compared to net profit of AED 239.7 million for the corresponding period of 2018.

KEY ACTIVITIES DURING THE PERIOD

During the period, equity price collars on 6.0 million shares of AerCap Holdings N.V. ("AerCap") matured and were settled. As part of the transaction, 6.0 million shares (4.2%) of AerCap were disposed for total consideration of AED 1,017.0 million, utilised in settlement of the corresponding borrowing of AED 869.1 million; resulting net proceeds of AED 147.9 million.

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

Total assets under management reached AED 2.9 billion as at 30 June 2019 compared to AED 2.5 billion as at 31 December 2018, an increase of 17%. The assets under management attributable to Owners of the Company were AED 1.8 billion as at 30 June 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 10.53%, Waha MENA Equity Fund SP of 15.47% and Waha MENA Value Fund SP of 18.26%.

KEY PERFORMANCE MEASURES

Total income

Six month period ended 30 June 2019

Total income of AED 250.6 million for the six-month period ended 30 June 2019, compared to AED 612.6 million for the corresponding period of 2018, was driven by the following:

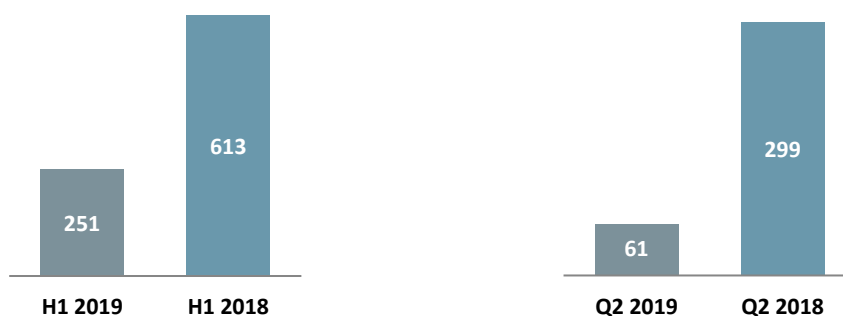
- Asset Management – Capital Markets of AED 395.0 million compared to AED 240.3 million during the corresponding period of 2018.
- Private Investments loss of AED 144.4 million compared to an income of AED 372.3 million in the corresponding period of 2018, reflecting an adjustment of AED 209.4 million (H1 2018: AED 143.7 million) following a reassessment of AerCap's recoverable amount.

Three month period ended 30 June 2019

Total income of AED 60.7 million for the three-month period ended 30 June 2019, compared to AED 299.0 million for the corresponding period of 2018, was driven by the following:

- Asset Management – Capital Markets of AED 150.7 million compared to AED 56.2 million during the corresponding period of 2018.
- Private Investments loss of AED 90.0 million compared to an income AED 242.8 million during the corresponding period of 2018, reflecting an adjustment of AED 109.3 million (Q2 2018: AED 81.9 million) following a conservative reassessment of AerCap's recoverable amount.

Total income (AED in million)



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

Six month period ended 30 June 2019

Net loss of AED 182.2 million for the six-month period ended 30 June 2019, compared to a net profit of AED 239.7 million for the corresponding period of 2018, was mainly driven by the following:

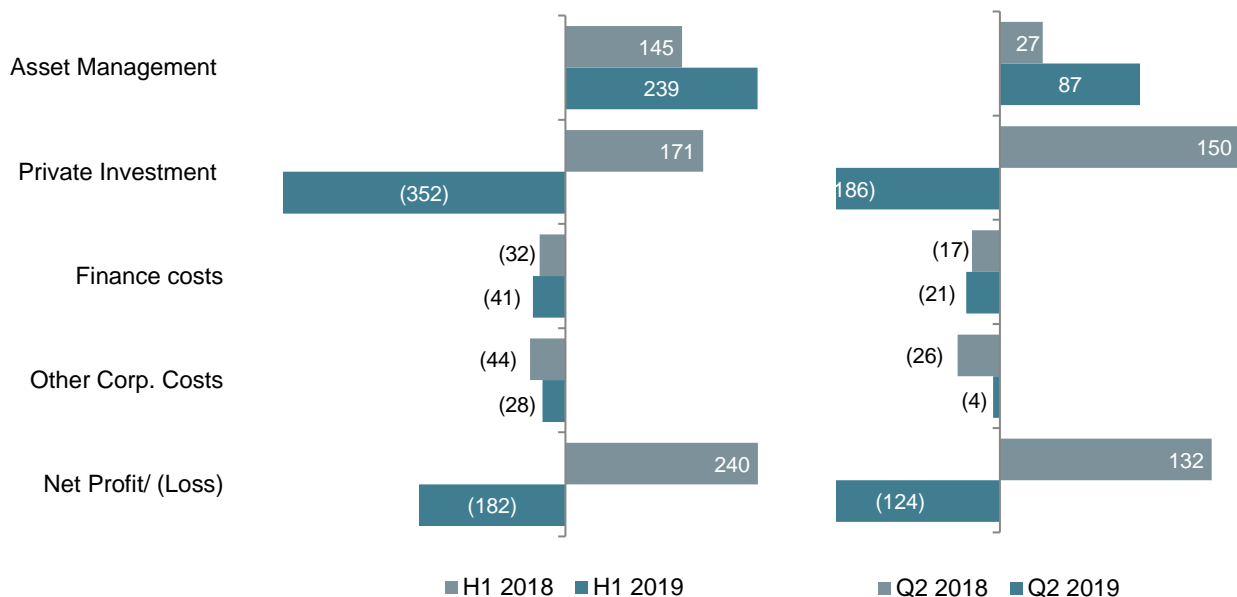
- Asset Management – Capital Markets profit of AED 239.2 million compared to AED 145.0 million during the corresponding period of 2018.
- Private Investments loss of AED 351.8 million compared to profit of AED 171.4 million during the corresponding period of 2018.

Three month period ended 30 June 2019

Net loss of AED 124.4 million for the three month period ended 30 June 2018, compared to a net profit of AED 132.4 million for the corresponding period of 2018, was driven by the following:

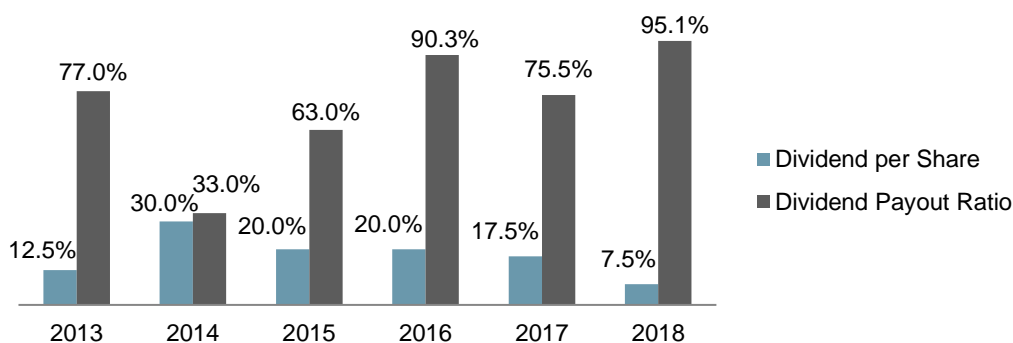
- Asset Management – Capital Markets profit of AED 87.5 million compared to AED 26.5 million during the corresponding period in 2018.
- Private Investments loss of AED 186.1 million compared to profit of AED 150.0 million in 2018.

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



DIVIDEND PROFILE

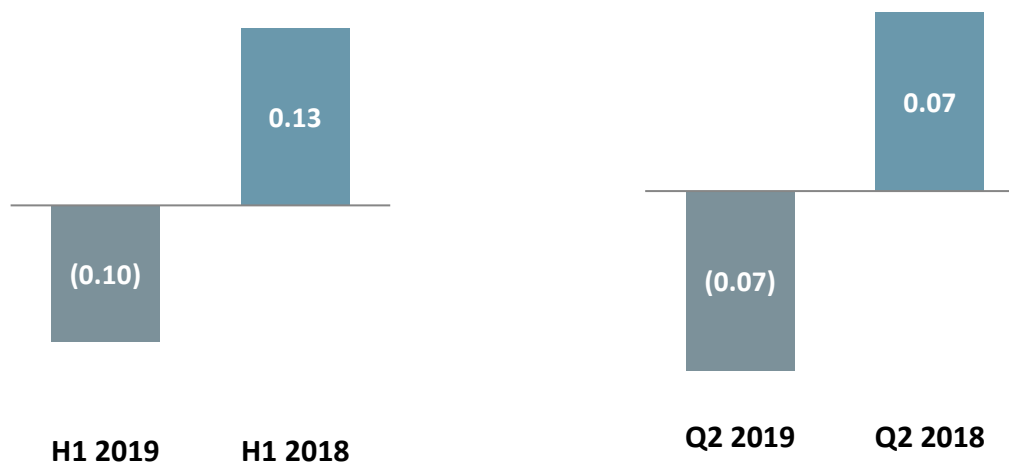
The Company held its Annual General Meeting on 24 March 2019, during which the shareholders approved a cash dividend amounting to AED 137.9 million representing AED 0.075 per share (25 March 2018: cash dividend of AED 321.7 million representing AED 0.175 per share). This represents a dividend payout 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 AED '000	Six month period ended 30 June		Three month period ended 30 June	
	2019	2018	2019	2018
Revenue from sale of goods and services	166,732	144,203	81,468	72,192
Share of profit from equity-accounted associates and joint ventures, net	178,888	281,135	99,032	141,063
(Loss) / gain on disposal of equity-accounted associates and joint ventures	(153,605)	25,027	(58,640)	-
Gain on disposal of asset classified as held for sale	-	92,098	-	92,098
Impairment of equity-accounted associates and joint ventures	(209,365)	(143,745)	(109,329)	(81,941)
Income from financial investments	267,236	199,535	47,203	75,048
Other income, net	683	14,334	945	496
Total income	250,569	612,587	60,679	298,956
Cost of sale of goods and services	(121,554)	(109,565)	(59,242)	(56,522)
General and administrative expenses - company	(42,490)	(60,094)	(11,129)	(33,974)
General and administrative expenses - subsidiaries	(64,687)	(71,236)	(25,521)	(28,090)
Finance cost, net	(99,408)	(73,424)	(49,503)	(38,559)
Total expenses	(328,139)	(314,319)	(145,395)	(157,145)
(Loss) / profit for the period	(77,570)	298,268	(84,716)	141,811
Non-controlling interests	(104,661)	(58,540)	(39,673)	(9,434)
(Loss) / profit attributable to owners of the Company	(182,231)	239,728	(124,389)	132,377
Basic and diluted (loss) / earnings per share (AED)	(0.10)	0.13	(0.07)	0.07

(Loss) / earnings per share (AED)



TOTAL INCOME ANALYSIS

Six-month period ended 30 June 2019

Total income reported by the Group for the six-month period ended 30 June 2019 was AED 250.6 million, compared to AED 612.6 million during the corresponding period in 2018, mainly comprised of:

- a) Revenue from sale of goods and services, amounting to AED 166.7 million (H1 2018: AED 144.2 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 13.3 million and patient fees by AED 9.4 million.
- b) Share of profit / (loss) and loss on disposal of equity accounted associates and joint ventures, net, amounting to a net profit of AED 25.3 million (H1 2018: AED 306.2 million), mainly includes:
 - AerCap Holdings NV:
 - share of profit of AED 214.9 million (H1 2018: AED 312.0 million);
 - loss on disposal of AED 153.6 million (H1 2018: gain on disposal of AED 25.0 million), relating to the disposal of shares in AerCap;
 - Channel VAS: share of loss of AED 6.4 million (H1 2018: profit of AED 0.8 million);
 - Petronash Global Limited: share of loss of AED 6.1 million (H1 2018: AED nil); and
 - NESR Corp: share of profit of AED 6.8 million (H1 2018: AED nil).
- c) Impairment of equity accounted associates and joint ventures, amounting to AED 209.4 million (2018: AED 143.7 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 267.2 million compared to AED 199.5 million in the corresponding period of 2018, mainly due to:

Capital Markets:

- Increase of AED 176.1 million due to higher income from the fixed income fund portfolio;
- Increase of AED 91.3 million due to higher income of the equity funds portfolio; offset by
- Decrease of AED 99.1 million due to lower income on derivative contracts in the equity portfolio; and
- Lower income from private transactions by AED 14.0 million;

Private Investments:

- Decrease of AED 10.9 million due to mark-to-market movement in derivatives related to equity accounted investee;
- Decrease of AED 32.6 million due to mark-to-market movement in SDX Energy Inc.; and
- Higher recycling expense on the maturity of equity price collar by AED 35.2 million.

Three month period ended 30 June 2019

Total income reported by the Group for the three-month period ended 30 June 2019 was AED 60.7 million, compared to AED 299.0 million during the corresponding period in 2018, mainly comprised of:

- a) Revenue from sale of goods and services, amounting to AED 81.5 million (30 June 2018: AED 72.2 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 8.1 million and patient fees by AED 1.1 million.
- b) Share of profit / (loss) and loss on disposal of equity accounted associates and joint ventures, net, amounting to a net profit of AED 40.4 million (30 June 2018: AED 141.1 million), mainly includes:
 - AerCap Holdings NV:
 - share of profit of AED 112.6 million (30 June 2018: AED 160.4 million);
 - loss on disposal of AED 58.6 million (30 June 2018: AED nil);
 - Channel VAS: share of loss of AED 0.1 million (30 June 2018: profit of AED 0.9 million);
 - Petronash Global Limited: share of loss of AED 4.2 million (30 June 2018: AED nil); and
 - NESR Corp: share of profit of AED 3.1 million (30 June 2018: AED nil).
- c) Impairment of equity accounted associates and joint ventures, amounting to AED 109.3 million (2018: AED 81.9 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 47.2 million compared to AED 75.0 million in the corresponding period of 2018, mainly due to:

Capital Markets:

- Increase of AED 91.8 million due to higher income from the fixed income fund portfolio;
- Increase of AED 66.7 million due to higher income of the equity funds portfolio; offset by
- Decrease of AED 60.9 million due to lower income on derivative contracts in the equity portfolio; and
- Lower income from private transactions by AED 3.3 million;

Private Investments:

- Decrease of AED 26.4 million due to mark-to-market movement in derivatives related to equity accounted investee;
- Decrease of AED 45.7 million due to mark-to-market movement in SDX Energy Inc.; and
- Higher recycling expense on the maturity of equity price collar by AED 44.9 million.

TOTAL EXPENSE ANALYSIS

Six-month period ended 30 June 2019

Total expenses reported by the Group for the six-month period ended 30 June 2019 was AED 328.1 million, compared to AED 314.3 million during the corresponding period in 2018, mainly comprised of:

- a) *Cost of sale of goods and services*, amounting to AED 121.6 million compared to AED 109.6 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 42.5 million compared to AED 60.1 million in the corresponding period of 2018, a decrease of AED 17.6 million, mainly due to reversal of staff related costs.
- c) *General and administrative expenses - Subsidiaries*, amounting to AED 64.7 million, compared to AED 71.2 million in the corresponding period of 2018, mainly due to the reduction in expenses from Anglo Arabian Healthcare.
- d) *Finance costs, net - Company*, amounting to AED 40.5 million, compared to AED 32.1 million in the corresponding period of 2018, an increase of AED 8.4 million, mainly due to higher corporate facility deployment and higher interest rates.
- e) *Finance costs, net - Subsidiaries*, amounting to AED 58.9 million, compared to AED 41.3 million in the corresponding period of 2018, an increase of AED 17.6 million, mainly due to higher utilisation of repurchase liabilities for public market funds and lower capitalisation of interest on development of investment property.

Three-month period ended 30 June 2019

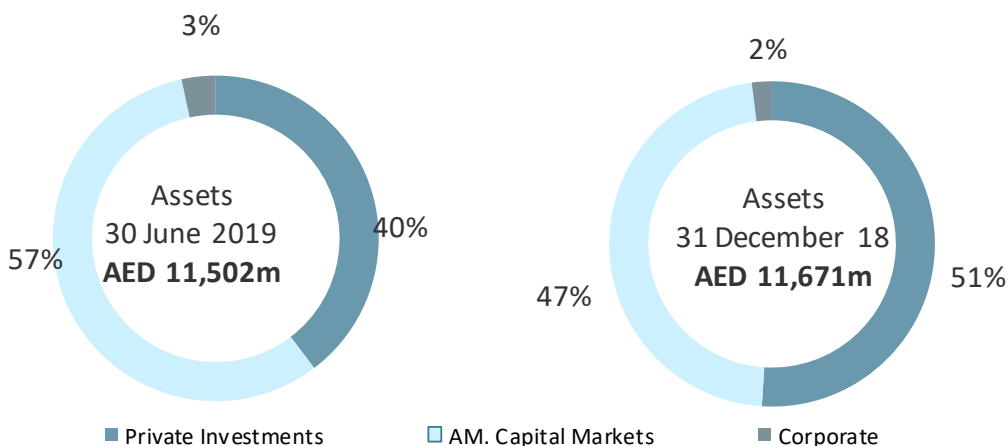
Total expenses reported by the Group for the three-month period ended 30 June 2019 was AED 145.4 million, compared to AED 157.1 million during the corresponding period in 2018, mainly comprised of:

- a) *Cost of sale of goods and services*, amounting to AED 59.2 million compared to AED 56.5 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 11.1 million compared to AED 34.0 million in the corresponding period of 2018, a decrease of AED 22.9 million, mainly due to reversal of staff related costs and reversal of social contribution expense.
- c) *General and administrative expenses - Subsidiaries*, amounting to AED 25.5 million, compared to AED 28.1 million in the corresponding period of 2018, mainly due to the reduction in expenses from Anglo Arabian Healthcare.
- d) *Finance costs, net - Company*, amounting to AED 20.8 million, compared to AED 17.4 million in the corresponding period of 2018, an increase of AED 3.4 million, mainly due to higher corporate facility deployment and higher interest rates.
- e) *Finance costs, net - Subsidiaries*, amounting to AED 28.7 million, compared to AED 21.1 million in the corresponding period of 2018, an increase of AED 7.6 million, mainly due to higher utilisation of repurchase liabilities for public market funds and lower capitalisation of interest on development of investment property.

Balance sheet highlights

AED '000	As at 30-Jun-19	As at 31-Dec-18
Investments in associates and joint ventures	3,008,179	4,200,967
Right-of-use assets	136,501	-
Investment property	760,468	753,566
Financial investments	5,782,164	5,418,628
Investments in finance leases and loans	232,963	235,866
Other assets	734,589	633,412
Cash and cash equivalents	847,208	428,970
Total assets	11,502,072	11,671,409
Borrowings	6,308,892	6,463,768
End of service benefit provision	34,307	33,969
Derivative liabilities	76,450	36,304
Lease liabilities	138,766	-
Trade and other liabilities	703,522	587,438
Total liabilities	7,261,937	7,121,479
Total equity	4,240,135	4,549,930
Total liabilities and equity	11,502,072	11,671,409

Total assets composition (AED in million)



The Group's total assets of AED 11,502.1 million as at 30 June 2019, compared to AED 11,671.4 million as at 31 December 2018, a decrease of AED 169.3 million, comprised of:

- Investments in associates and joint ventures** of AED 3,008.2 million compared to AED 4,201.0 million in 2018, a decrease of AED 1,192.8 million; mainly representing (i) disposal of 6 million AerCap shares with reduction in carrying value of AED 1,166.3 million; (ii) reversal of partial contingent consideration in Petronash as per certain performance criteria amounting to AED 54.9 million; (iii) dividends received amounting to AED 5.9 million; (iv) share of profit, net of impairment, of AED 30.5 million; and (v) share of equity reserve movement of AED 41.0 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.
- Right-of-use assets** of AED 136.5 million mainly represents Anglo Arabian Healthcare initial adjustment on first time adoption of IFRS 16 *Leases*, less amortization.
- Financial investments** of AED 5,782.2 million compared to AED 5,418.6 million in 2018, an increase of AED 363.6 million, mainly representing an increase of AED 680.0 million in public market funds, a decrease of AED 46.6 million representing fair value of derivatives related to equity accounted investee, revaluation movement of AED 238.4 million in equity price collars in AerCap and decrease in fair value of associate carried at fair value of AED 28.6 million.
- Other assets** of AED 734.6 million compared to AED 633.4 million in 2018, an increase of AED 101.2 million; mainly due to the increase in trade receivable on account of disposal of public securities.
- Cash and cash equivalents** of AED 847.2 million compared to AED 429.0 million in 2018, an increase of AED 418.2 million; mainly includes the following cash flows:
 - Corporate: payments of AED 137.9 million for 2018 dividends; offset by drawdown of revolving corporate facility of AED 331.0 million;

- Capital Markets: investments of AED 204.3 million; funded by repurchase liabilities of AED 349.6 million; offset by contributions from non-controlling interest holders of AED 98.8 million; and
- Private Investments: Proceeds from net settlement of AerCap shares of AED 147.9 million; offset by capital injection in Dunia Finance of AED 87.5 million.

The Group's total liabilities of AED 7,261.9 million as at 30 June 2019 compared to AED 7,121.5 million as at 31 December 2018, an increase of AED 140.4 million, comprised of:

- Borrowings** of AED 6,308.9 million compared to AED 6,463.8 million in 2018, a decrease of AED 154.9 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 331.0 million, AED 349.6 million and AED 14.6 million respectively; offset by settlement of collar borrowings of AED 869.1 million.
- Derivative liabilities** of AED 76.5 million compared to AED 36.3 million in 2018, an increase of AED 40.2 million; due to fair value gain from Capital Market – Asset Management.
- Lease liability** of AED 138.8 million mainly represents Anglo Arabian Healthcare initial adjustment on first time adoption of IFRS 16 *Leases*.
- Trade and other liabilities** of AED 703.5 million compared to AED 587.4 million in 2018, an increase of AED 116.1 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, offset by the recycling of unearned income in derivatives related to equity accounted investee.

Cash flows analysis

Following are the key cash flow activities for the six month period ended 30 June 2019:

AED `000	30-Jun-19	30-Jun-18
Cash flows generated from operating activities	1,040,549	678,911
Cash flows (used in) / generated from investing activities	(5,125)	20,170
Cash flows used in from financing activities	(617,186)	(622,938)
Net increase in cash and cash equivalents	418,238	76,143

Six month period ended 30 June 2019

Cash flows generated from operating activities generated AED 1,040.5 million in 2019 compared to AED 678.9 million in H1 2018, was mainly driven by:

- Cash inflow from partial disposal of investment in AerCap of AED 1,017.0 million (H1 2018: AED 722.1 million);
- Cash inflow from disposal of investment in NPS Holdings Limited of AED Nil (H1 2018: AED 245.5 million);
- Cash inflow from investments in public securities of AED 112.2 million, net of repurchase liabilities (H1 2018: outflow AED 107.2 million); and
- Cash outflow from investment in Dunia Finance of AED 87.5 million (H1 2018: AED nil).

Cash flows used in investing activities amounting to outflow AED 5.1 million in 2019 compared to inflow of AED 20.2 million in H1 2018, mainly driven by cash outflow for development of waha land of AED 6.9 million (H1 2018: AED 7.7 million). Further, during H1 2018, there was a release of deposit under lien amounting to AED 25 million.

Cash flows used in financing activities were AED 617.2 million in 2019 compared to AED 622.9 million in H1 2018, as follows:

- Cash outflow related to 2018 dividend of AED 137.9 million (H1 2018: 321.7 million);
- Cash inflow related to net corporate facility loan drawdown of AED 331.0 million (H1 2018: AED 109.6 million);
- Cash outflow related to repayment of Collar financing amounting to AED 869.1 million (H1 2018: AED 542.4 million); and
- Cash inflow related to contributions from non-controlling interest holders amounting to AED 98.8 million (H1 2018: AED 177.7 million).

Leverage

The Group's leverage, defined under the corporate facility, was 32.5% as at 30 June 2019 compared to 25.3% as at 31 December 2018.

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

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

Asset Management - Capital Markets

Total assets under management reached AED 2.9 billion as at 30 June 2019 compared to AED 2.5 billion as at 31 December 2018, an increase of 17%. The assets under management attributable to Owners of the Company were AED 1.8 billion as at 30 June 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 10.5%;
- Waha MENA Equity Fund SP of 15.5%; and
- Waha MENA Value Fund SP of 18.3%.

Total income from Capital Markets generated from public funds and private transactions was AED 395.0 million for the six-month period ended 30 June 2019 compared to AED 240.3 million for the corresponding period in 2018. Capital Markets generated a net profit of AED 348.6 million for the six-month period ended 30 June 2019 (AED 239.2 million attributable to the Owners of the Company) compared to AED 208.2 million in the corresponding period of 2018 (AED 145.0 million attributable to the Owners of the Company).

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.

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 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 and is registered with the Securities & Exchange Commission (SEC). Total assets managed by Waha Investment PrJSC, including third party assets, amount to AED 2.9 billion as at 30 June 2019.

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

The two flagship funds are summarized below:

Waha CEEMEA Credit Fund

The Waha CEEMEA Credit Fund targets an absolute return throughout market cycles. The fund primarily invests in hard currency fixed income instruments from Emerging Market corporate and sovereign credits in the Central Europe, Eastern Europe, Middle East and Africa (CEEMEA) region. The fund employs a Long/Short strategy combining macro research and bottom up analysis with a valuation overlay to create a portfolio of relative value trades. The fund substantially hedges out interest rate risks and FX exposure back to USD to focus on identifying relative value in credit. The Fund is actively managed by seasoned team of investment professionals and was recently awarded Best Emerging Market Debt Fund at the 2019 European HFM Awards.

During the period ended 30 June 2019, Waha CEEMEA Credit Fund has achieved the following:

- Fund size of US\$ 302.5 million;
- YTD 2019 return of 10.7% compared to index return of 8.6%;
- Annualized return of 13.7% compared to index return of 6.3% since inception (Jan 2012); and
- Cumulative return of 162.8% compared to index return of 58.4% since inception (Jan 2012).

Waha MENA Equity Fund

The Waha MENA Equity Fund invests in a diversified portfolio of publicly listed companies spread across the Middle East and North Africa (MENA) region. The fund follows an absolute return strategy employing a fundamental bottom up approach with a macro and technical overlay. The fund has a long bias but has the ability to implement shorts to generate returns. The fund is actively managed by a team of seasoned investment professionals that are based in the region the fund invests in. The fund was also recently mentioned in a Wall Street Journal survey featuring the strongest performing hedge funds globally over the last 5 years.

During the period ended 30 June 2019, Waha MENA Equity Fund has achieved the following:

- Fund size of US\$ 410.9 million;
- YTD 2019 return of 15.9% compared to index return of 12.5%;
- Annualized return of 18.7% compared to index return of 3.7% since inception (Jan 2014); and
- Cumulative return of 156.4% compared to index return of 22.0% since inception (Jan 2014).

Please remember that past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested.

Private Investments

Waha Capital's Private Investments business includes direct equity and loan investments in public and private companies. The Private Investments portfolio holds eight 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, (g) Dunia Group. and (h) Anglo Arabian Healthcare.

Private Investments reported total loss of AED 144.4 million and net loss attributable to owners of AED 351.8 million for the period 2019, compared to total income of AED 372.3 million and net profit attributable to owners of AED 171.4 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 6 million shares equivalent to 4.2% stake in AerCap for a consideration of AED 1,017.0 million. Consequently, the Group's stake in AerCap reduced from 12.0% to 7.8%. 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 7.8% to 8.1%.

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 30 June 2019 were as follows:

- 163 aircraft transactions executed, as follows:
 - Signed lease agreements for 91 aircraft
 - Purchased 28 aircraft
 - Executed sale transactions for 44 aircraft
- Signed financing transactions for US\$ 3.4 billion
- Fleet utilization rate of above 99.3% for the period
- Average current lease expires in the fourth quarter of 2026
- 2.0x ratio of liquidity sources to uses for next 12 months
- Repurchased 6.6 million shares for US\$ 306.0 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 2,157.6 million as at 30 June 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 3-month period ended 31 March 2019, NESR Corp reported the following:

- Reported revenue of US\$ 151.7 million, comprised of US\$ 92.1 million from Production Services, US\$ 59.6 million from Drilling & Evaluation Services;
- Reported EBITDA of US\$ 39.4 million and net income of US\$ 13.2 million;
- Cash flows of US\$ 24.8 million generated from operating activities, cash flows of US\$ 7.8 million utilized in investing activities and cash flows of US\$ 22.0 million utilized in financing activities;
- Reported a net book value of property, plant and equipment as at 31 March 2019 of US\$ 336.5 million.

The carrying value of NESR Corp was AED 215.4 million as at 30 June 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 73.8 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 30 June 2019, the Petronash Holding Limited reported the following:

- Reported revenue of US\$ 72.6 million; and
- Reported EBITDA of US\$ 9.0 million.

The carrying value of Petronash was AED 372.4 million as at 30 June 2019.

Channel VAS

In September 2017, the Group along with co-investors, acquired a 20.0% 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\$ 1,512 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-Algeria, MTN, Mobily-Etisalat, Mobilink, Lyca Mobile, etc.

During the period ended 30 June 2019, Channel VAS reported the following performance:

- Revenue of AED 112.8 million, compared to AED 91.8 million in the corresponding period 2018;
- Paid dividends of AED 25.8 million from which AED 14.7 million pertained to financial year 2018, compared to the corresponding period in 2018 when dividend paid was AED 42.5 million of which AED 23.9 million pertained to financial year 2017

The carrying value of Channel VAS was AED 176.8 million as at 30 June 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 period ended 31 March 2019, SDX Energy reported the following performance:

- Production of 3,715 boe/d an increase of 22% compared to corresponding period 2018;
- Net realized average oil price of US\$ 54.58/barrel compared to US\$ 59.34/barrel in corresponding period 2018;
- Net realized average Morocco gas price of US\$ 10.26/mcf compared to US\$ 10.03/mcf in corresponding period 2018;
- Revenue of US\$ 12.7 million, compared to US\$ 11.0 million in corresponding period 2018;
- Gross profit of US\$ 9.3 million, compared to US\$ 9.0 million in corresponding period 2018;
- Cash flow from operations of US\$ 7.0 million, compared to US\$ 11.0 million in corresponding period 2018;
- Invested US\$ 12.9 million into capital expenditure in Q1 2019,
- Cash balance of US\$ 11.4 million at 31 March 2019, compared to US\$ 29.3 million at 31 March 2018.

The carrying value of SDX Energy was AED 37.7 million as at 30 June 2019.

Dunia Group

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

Dunia Finance is a finance company regulated by the Central Bank of the U.A.E. and offers financial solutions including personal loans, credit cards, guarantees and deposits to its customers in the U.A.E. The performance of the company has come under pressure on account of increasing loan losses since 2016. The company serves predominantly the salaried mass market and mass affluent segments in the UAE and has grown the loan book from 2009 to 2017. The company has prudently reduced its loan book in 2018 due to the prevailing macro environment.

During the six-month period ended 30 June 2019, Waha injected capital of AED 87.5 million in Dunia Finance.

Dunia Services was established in 2012 under the Dubai Technology and Media Free Zone Authority. Dunia Services' principal activity is to offer business process outsourcing services primarily to Dunia Finance.

The carrying value of Dunia Group was AED 75.5 million as at 30 June 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. During 2019, 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 six-month period ended 30 June 2019, Waha Land reported:

- Rental revenue and other income of AED 14.5 million (H1 2018: AED 16.4 million); and
- Net Profit of AED 2.6 million (H1 2018: AED 5.6 million).

The carrying value of investment property was AED 760.5 million as at 30 June 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. 5.3%. 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 30 June 2019, the Group carried its LP stake in the Fund at AED 50.0 million.

Anglo Arabian Healthcare

The Group owns 96% 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 30 June 2019, AAH has achieved the following:

- Consolidated revenue of AED 153.6 million, compared to AED 129.4 million in the corresponding period in 2018;
- Consolidated revenue is comprised of AED 41.2 million (2018: AED 27.9 million) from laboratory services, AED 90.8 million (2018: AED 81.4 million) from patient fees and AED 21.6 million (2018: AED 20.1 million) from sale of pharmaceuticals and others; and
- Shareholders' equity base attributable to owners of AED 190.5 million as at 30 June 2019 compared to AED 199.8 million as at 31 December 2018.

The Group's carrying value of AAH's net assets was AED 181.4 million as at 30 June 2019.

OUTLOOK

The first six-month period ended 30 June 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.

Mohamed Al Nowais

Managing Director, Al Waha Capital PJSC
8 August 2019