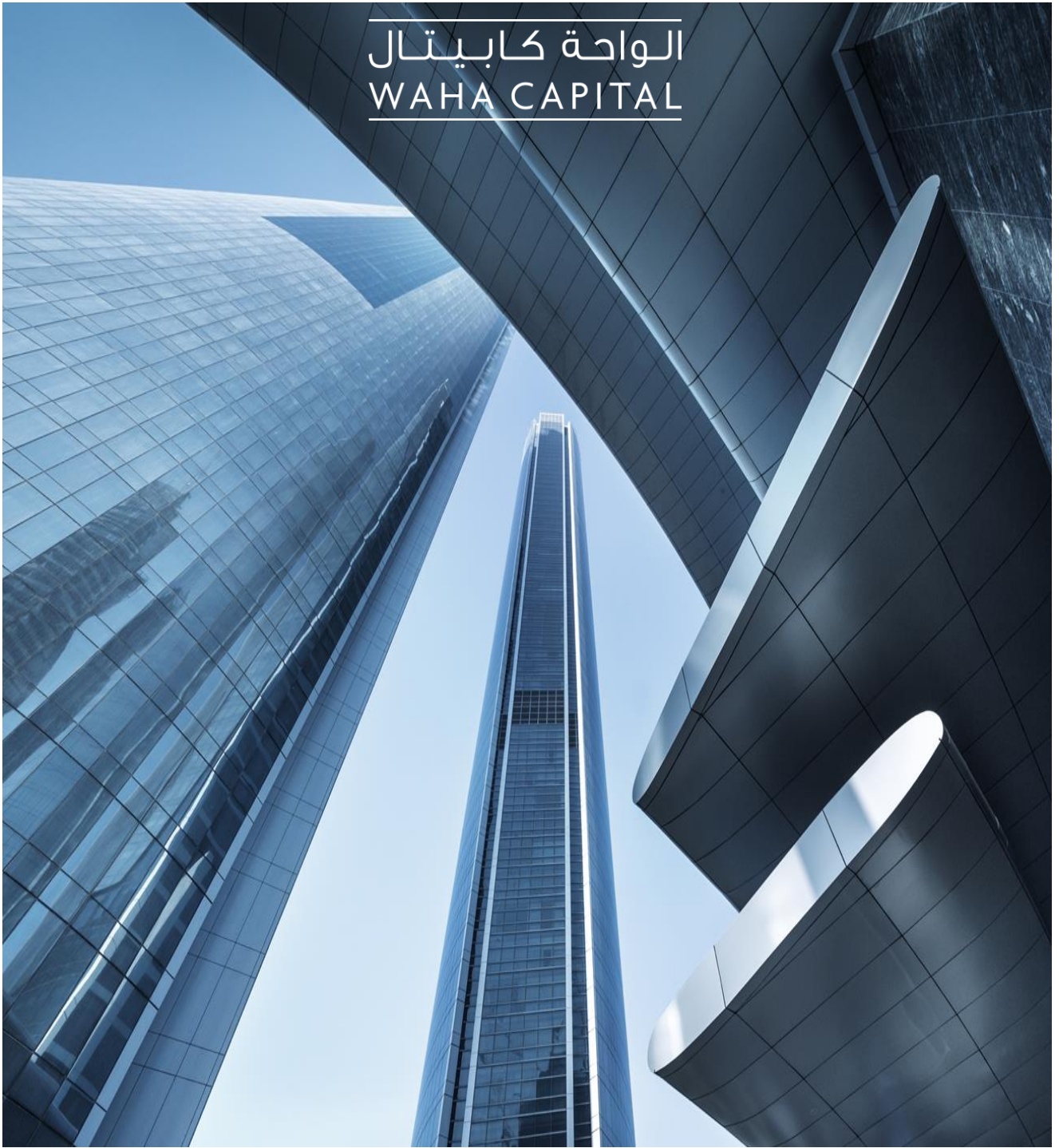


الواحة كابيتال
WAHA CAPITAL



Management discussion and analysis for the year ended 31 December 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 (616.3) million in 2019 compared to net profit of AED 145.0 million in 2018.

KEY ACTIVITIES DURING THE YEAR

Waha Capital completed its exit from Aercap during 2019 by divesting 17.1 million shares for a total consideration of AED 3,385.1 million resulting in net gain of AED 43.1 million. Total borrowings of AED 2,451.4 million were settled, resulting in net cash flow of AED 933.7 million.

During the year, the Group injected capital of AED 87.5 million in Deem Finance (previously named "Dunia Finance").

Total assets under management reached AED 3.3 billion as at 31 December 2019 compared to AED 2.5 billion as at 31 December 2018, an increase of 32%. The assets under management attributable to Owners of the Company were AED 1.9 billion as at 31 December 2019 compared to AED 1.5 billion as at 31 December 2018. The funds' year to date returns on invested capital at the beginning of the year, attributable to Owners of the Company were; Waha CEEMEA Credit Fund SP of 19.6%, Waha MENA Equity Fund SP of 24.3% and Waha MENA Value Fund SP of 25.3%.

KEY FINANCIAL HIGHLIGHTS

Summary income statement for the year ended 31 December AED '000

	2019	2018
Revenue from sale of goods and services	297,692	261,344
Share of profit from equity-accounted associates and joint ventures, net	234,066	540,400
Gain on disposal of equity-accounted associates and joint ventures	46,478	56,393
Gain on disposal of asset classified as held for sale	-	109,438
Impairment of equity-accounted associates and joint ventures	(516,803)	(294,695)
Income from financial investments	202,746	128,579
Loss from investment property, net	(24,415)	(15,580)
Other income, net	3,457	23,651
Total income	243,221	809,530
Cost of sale of goods and services	(238,372)	(215,257)
General and administrative expenses - company	(111,590)	(129,552)
General and administrative expenses - subsidiaries	(145,888)	(145,220)
Finance cost, net	(195,272)	(155,671)
Total expenses	(691,122)	(645,700)
(Loss) / profit for the year	(447,901)	163,830
Non-controlling interests	(168,385)	(18,830)
(Loss) / profit attributable to owners of the Company	(616,286)	145,000
Basic and diluted (loss) / earnings per share (AED)	(0.34)	0.08

KEY FINANCIAL HIGHLIGHTS

Total income of AED 243.2 million for the year ended 31 December 2019, compared to AED 809.5 million in 2018, was driven by the following:

- Asset Management – Capital Markets of AED 660.5 million compared to AED 232.6 million in 2018;
- Private Investments loss of AED (417.4) million compared to income of AED 576.9 million in 2018, mainly reflecting
 - Lower income from equity accounted investment by AED 306.3 million
 - Adjustment of AED 516.8 million (2018: AED 294.7 million) following a reassessment of AerCap's, National Energy Services Reunited Corp.'s ("NESR Corp") and Petronash Global Limited's recoverable amounts.

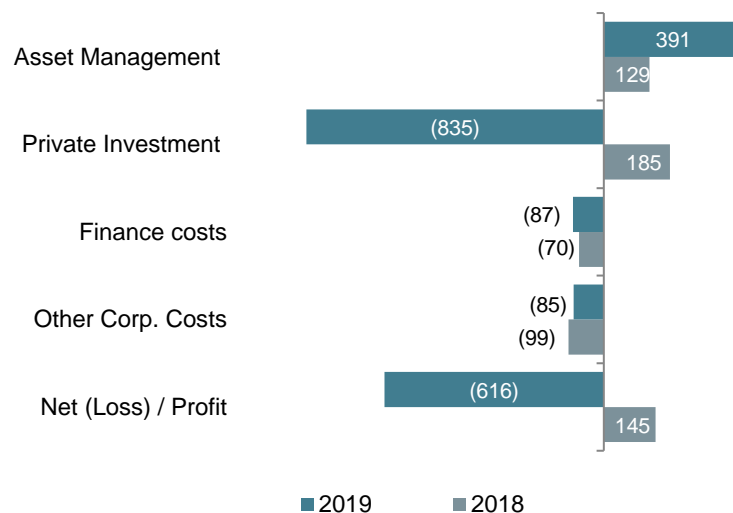
Total expenses for the year ended 31 December 2019 was AED 691.1 million, compared to AED 645.7 million in 2018, mainly comprised of:

- General and administrative expenses - Company, amounting to AED 111.6 million compared to AED 129.6 million in 2018, a decrease of AED 18.0 million, mainly due to cost optimisation
- Finance costs, net - Company, amounting to AED 87.1 million, compared to AED 69.8 million in 2018, an increase of AED 17.3 million, mainly due to higher corporate facility deployment and higher interest rates.
- Finance costs, net - Subsidiaries, amounting to AED 108.2 million, compared to AED 85.9 million in 2018, an increase of AED 22.3 million, mainly due to higher utilisation of repurchase liabilities for public market funds and lower capitalisation of interest on development of investment property offset by lower amortisation of interest cost on collar borrowings.

Net (loss) /profit attributable to owners of the Company: Net loss of AED (616.3) million for the year ended 31 December 2019, compared to a net profit of AED 145.0 million in 2018, was mainly driven by the following:

- Asset Management – Capital Markets profit of AED 391.2 million compared to AED 128.6 million in 2018;
- Private Investments loss of AED (835.4) million compared to profit of AED 185.4 million in 2018.

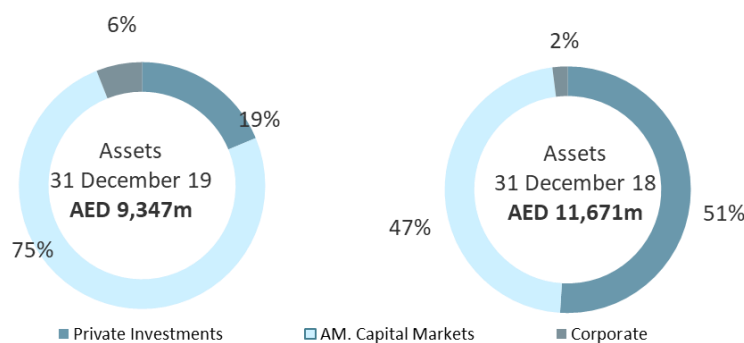
Net (loss) /profit by segment (AED in million)



Balance sheet highlights

AED `000	As at 31-Dec-19	As at 31-Dec-18
Investments in equity accounted associates and joint ventures	524,552	4,200,967
Right-of-use assets	129,140	-
Investment property	717,140	753,566
Financial investments	6,085,448	5,418,628
Investments in finance leases and loans	232,963	235,866
Other assets	857,659	633,412
Cash and bank balances	800,344	428,970
Total assets	9,347,246	11,671,409
Borrowings	4,443,657	6,463,768
End of service benefit provision	29,900	33,969
Derivative liabilities	38,949	36,304
Lease liabilities	136,510	-
Trade and other liabilities	539,486	587,438
Total liabilities	5,188,502	7,121,479
Total equity	4,158,744	4,549,930
Total liabilities and equity	9,347,246	11,671,409

Total assets composition (AED in million)



The Group's total assets of AED 9,347.2 million as at 31 December 2019, compared to AED 11,671.4 million as at 31 December 2018, a decrease of 20%, comprised of:

- Investments in equity accounted associates and joint ventures of AED 524.6 million compared to AED 4,201.0 million in 2018, a decrease of AED 3,676.4 million; mainly representing disposal of AerCap shares with reduction in carrying value of AED 3,359.0 million and share of profit, net of impairment, of AED 282.7 million offset by capital injection in Deem Finance (previously named "Dunia Finance") of AED 87.5 million and issuance of additional shares in NESR Corp as per certain performance criteria amounting to AED 17.3 million.
- Financial investments of AED 6,085.4 million compared to AED 5,418.6 million in 2018, an increase of AED 666.8 million, mainly representing an increase of AED 1,181.6 million in public market funds offset by a decrease of AED 213.2 million representing fair value of derivatives related to equity accounted investee and a decrease of AED 254.1 million in equity price collars in AerCap.
- Cash and bank balances of AED 800.3 million compared to AED 429.0 million in 2018, an increase of AED 371.3 million; mainly includes the following cash flows:
 - Corporate: payments of AED 137.9 million for 2018 dividends; and net repayment of revolving corporate facility of AED 238.3 million;
 - Capital Markets: net investments of AED 436.6 million; funded by repurchase liabilities of AED 600.8 million; offset by contributions from non-controlling interest holders of AED 206.8 million; and
 - Private Investments: Proceeds from net settlement of AerCap shares of AED 933.7 million; offset by capital injection in Deem Finance (previously named "Dunia Finance") of AED 87.5 million.

The Group's total liabilities of AED 5,188.5 million as at 31 December 2019 compared to AED 7,121.5 million as at 31 December 2018, a decrease of AED 1,933.0 million, comprised of:

- Borrowings of AED 4,443.7 million compared to AED 6,463.8 million in 2018, a decrease of AED 2,020.1 million mainly represents net loan repayment of corporate facility of AED 238.3 million, repurchase liabilities related to public market funds of AED 600.8 million offset by settlement of collar borrowings of AED 2,451.4 million.

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.

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' year to date returns on invested capital at the beginning of the year were:

- Waha CEEMEA Credit Fund SP of 19.57% on a fund size of US\$ 346.8 million;
- Waha MENA Equity Fund SP of 24.30% on a fund size of US\$ 448.5 million; and
- Waha MENA Value Fund SP of 25.34% on a fund size of US\$ 92.9 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 year ended 31 December 2019, Waha Land reported Rental revenue and other income of AED 31.3 million (2018: AED 32.7 million) The carrying value of investment property was AED 717.1 million as at 31 December 2019.

<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 period ended 30 September 2019, NESR Corp reported revenue of US\$ 473.2 million, comprised of US\$ 284.6 million from Production Services, US\$ 188.6 million from Drilling & Evaluation Services;

The carrying value of NESR Corp was AED 176.4 million as at 31 December 2019.

<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 year ended 31 December 2019, the Petronash Group Limited reported revenue of US\$ 78.2 million compared to US\$ 77.2 million in 2018

The carrying value of Petronash was AED 97.4 million as at 31 December 2019.

<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 year ended 31 December 2019, Channel VAS reported revenue of AED 242.7 million, compared to AED 199.6 million in 2018

The carrying value of Channel VAS was AED 170.8 million as at 31 December 2019.

<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 nine month period ended 30 September 2019, SDX Energy reported net revenue of US\$ 38.0 million, compared to US\$ 39.8 million in corresponding period 2018.

The carrying value of SDX Energy was AED 42.5 million as at 31 December 2019.

<https://www.sdxenergy.com>

Deem Group

The Group owns a 26% stake in Deem Finance (previously named "Dunia 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 68.5 million as at 31 December 2019.

<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 year ended 31 December 2019, AAH reported consolidated revenue of AED 297.7 million, compared to AED 261.0 million in 2018.

The Group's carrying value of AAH's net assets was AED 157.2 million as at 31 December 2019.

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

OUTLOOK

FY 2019 experienced significant market volatility as the global economy adjusted to lower growth and a normalised interest rate environment.

Despite challenging market and operating conditions, Waha Capital remains committed to 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 technology and fintech sectors, while maximising liquidity and cash yields.

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
24 February 2020