

الواحة كابيتال
WAHA CAPITAL



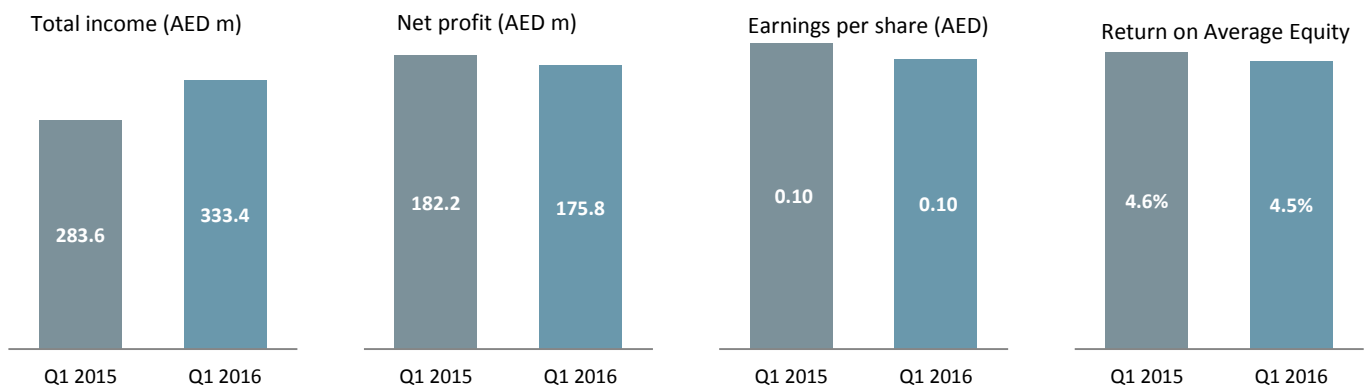
Q1 REPORT

Management discussion and analysis for the
three month period ended 31 March 2016

A QUARTER OF STEADY PERFORMANCE

Waha Capital PJSC (the 'Group') reported net profit attributable to owners of the Company of AED 175.8 million for the first quarter of 2016 compared to net profit of AED 182.2 million in 2015. Earnings were driven by solid performances across the business and, in particular, by key investments in Waha Capital's Principal Investments division and a robust performance from the Group's capital markets portfolio.

KEY PERFORMANCE MEASURES



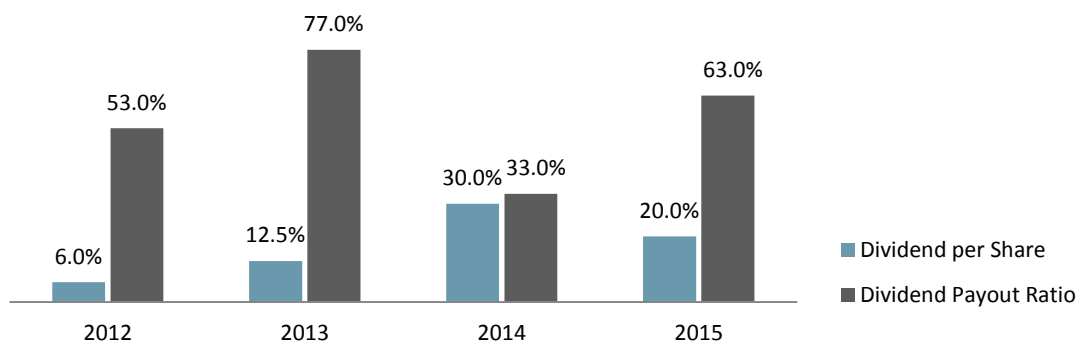
NEW BUSINESS STRUCTURE TO DRIVE PERFORMANCE

The Group's Principal Investments division is now supported by a strong Asset Management (AM) division which consists of the Group's existing Capital Markets business and a MENA focused Private Equity business.

In addition to sharing investment opportunities with third-party investors, this new structure has enabled Waha to capitalise on a wider pool of potential investment opportunities across the MENA region and accelerate diversification of revenue streams in 2016 and beyond.

COMMITMENT TO DRIVING SHAREHOLDER VALUE

The Group approved a 2015 dividend of 20% which amounts to AED 370,341 thousand. This represents a dividend payout ratio of 63.0% of the Group's net profit. Historically the dividend trend has been as follows:



The Group continued its share repurchase in 2016 acquiring 3.8 million shares. This brings total share repurchases to 92.8 million shares, representing 4.77% of outstanding shares acquired at a cost of AED 241.4 million. Waha will continue to use share buybacks to maximise value to shareholders.

KEY FINANCIAL HIGHLIGHTS FOR Q1 2016

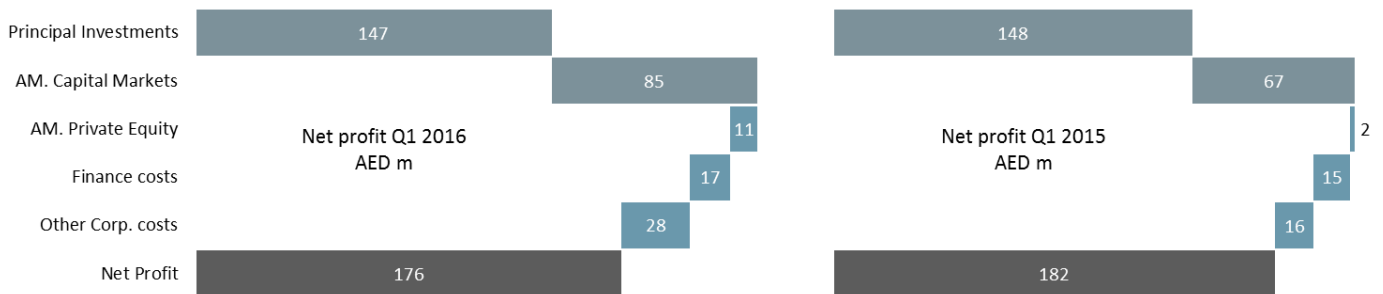
Summary income statement For the three month period ended 31 March	2016 AED '000	2015 AED '000
Revenue from sale of goods and services	86,357	55,831
Income from equity-accounted associates and joint ventures, net	136,403	148,519
Income from financial investments	103,787	78,150
Other income, net	6,839	1,082
Total income	333,386	283,582
Cost of sale of goods and services	(37,606)	(22,124)
General and administrative expenses	(95,861)	(63,445)
Finance cost, net	(23,801)	(15,769)
Total expenses	(157,268)	(101,338)
Non-controlling interest	(273)	(71)
Net profit attributable to owners	175,845	182,173
Basic and diluted earnings per share (AED)	0.10	0.10

Net profit for the first quarter of 2016 reached AED 175.8 million compared to net profit of AED 182.2 million for first quarter 2015, a decrease of 3.5%

Return on Average Equity (RoAE) was 4.5% compared to 4.6% in first quarter 2015.

Earnings per share was AED 0.10, compared to AED 0.10 for first quarter 2015.

Net profit composition

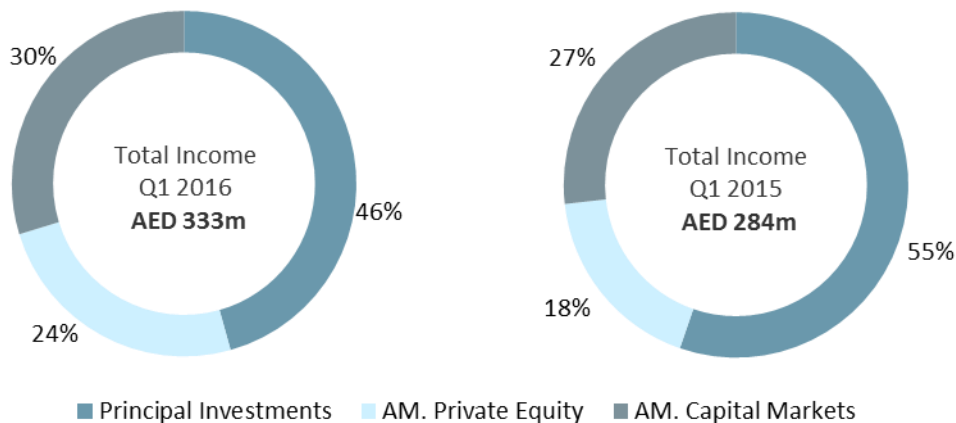


Total income analysis

Total income reported by the Group for first quarter 2016 of AED 333.4 million, compared to AED 283.6 million during the corresponding period in 2015, mainly comprised of:

- Revenue from sale of goods and services, amounting to AED 86.4 million, an increase of 54.7% from the corresponding period in 2015, mainly due to the strong performance and consolidation of the Group's healthcare subsidiary (Anglo Arabian Healthcare), and rental income from the Industrial Real Estate subsidiary (Waha Land).
- Income from equity-accounted associates and joint ventures, amounting to AED 136.4 million, reflects the strong performance from AerCap and the Dunia Group amounting to AED 124.4 million and AED 13.3 million respectively; (2015: AED 144.6 million and AED 14.9 million respectively).
- Income from financial investments, amounting to AED 103.8 million, compared to AED 78.2 million during the corresponding period in 2015, mainly due to improved performance of the capital markets related funds.

Total income composition



Balance sheet highlights

AED `000	As at 31-Mar-16	As at 31-Dec-15
Investments in equity-accounted associates and joint ventures	5,378,545	4,714,977
Investment property	696,132	696,010
Financial investments	3,254,213	2,220,908
Investments in finance leases and loans	249,195	250,737
Other assets	545,925	571,646
Cash and cash equivalents	1,299,908	1,151,658
Total assets	11,423,918	9,605,936
Borrowings	6,576,715	5,322,255
Trade and other payables	710,388	356,367
Total equity	4,136,815	3,927,314
Total liabilities and equity	11,423,918	9,605,936

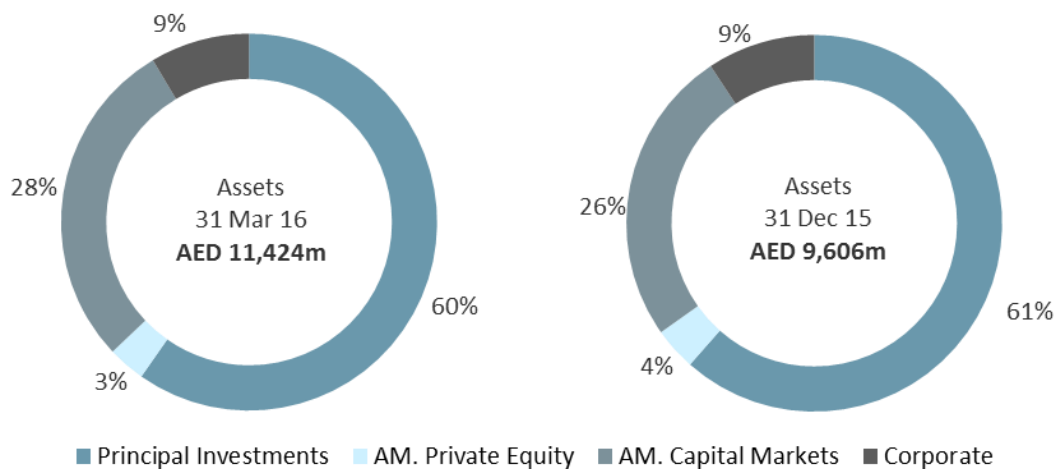
The Group's reported total assets of AED 11,423.9 million as at 31 March 2016 compared to AED 9,605.9 million as at 31 March 2015, comprised of:

- Investments in equity-accounted associates and joint ventures, which increased by AED 663.6 million due to share of profit aggregating AED 136.4 million – mainly from AerCap and Dunia Group, and an additional acquisition of AerCap shares for AED 519.1 million and NPS shares for AED 7.1 million.
- Financial investments, which increased by AED 1,033.3 million; representing an increase of AED 787.0 million in capital market portfolios, an increase of AED 317.8 million in equity price collar; offset by a capital reduction in the unquoted fund of AED (77.0) million.

- c) **Cash and cash equivalents**, which decreased by AED 148.3 million; mainly representing AED 519.1 million used towards additional investment in AerCap and AED 7.1 million used towards additional investment in NPS, AED 370.3 million for dividends, AED 723.8 million for investments in capital markets (net of debt); offset by increase in cash balance due to loans drawn down of AED 1,251.8 million, and partial exit from MENA IF Fund of AED 77.0 million.
- d) **Other assets** include trade and other receivables of AED 313.2 million compared to AED 348.7 million as at 31 December 2015.

The Group's leverage ratio increased to 45.6% as at 31 March 2016 compared to 41.5% as at 31 December 2015, mainly due to increase in net debt following draw down of the Group's credit facility.

Total asset composition



BUSINESS AND PORTFOLIO COMPANIES ANALYSIS

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

The Principal Investments division comprises the Group's core investments. The Asset Management division comprises the Group's Capital Markets and Private Equity businesses.

Principal Investments

Waha Capital's Principal Investments business includes equity and loan investments in individual companies. The Principal Investments portfolio holds five core investments: (a) AerCap Holdings, (b) Waha Land, (c) NPS Holdings Limited, (d) Dunia Group and (e) MENA Infrastructure Fund.

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.

On 4 June 2015, AerCap acquired 15,698,588 of its own shares held by American International Group, Inc. (AIG) for a total purchase consideration of US\$ 750 million, followed by additional buy-backs through an open market buyback program in Q1 2016. On 13 December 2015, the Group acquired a further 124,846 AerCap shares and in Q1 2016, the Group acquired an additional 3,875,154 shares, for a total consideration of US\$ 146.03 million. As a result of these transactions and AerCap's share buyback program, Waha Capital remains the largest beneficial shareholder of AerCap with ownership increasing from 12.6% to 15.8%.

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 three month period ended 31 March 2016 were as follows:

- 131 aircraft transactions executed in the first quarter 2016, including 23 widebody and 77 narrowbody aircraft, as follows:
 - Signed lease agreements for 100 aircraft;
 - Purchased 6 aircraft; and
 - Executed sale transactions for 25 aircraft.
- Signed financing transactions for \$100 million in the first quarter 2016.

As of 31 March 2016, AerCap's portfolio consisted of 1,670 aircraft that were either owned, managed, or under contract to purchase.

For the three month period ended 31 March 2016, AerCap has contributed 37.3% of the Group's total income and its carrying value of AED 4,717.3 million represents 41.3% of the Group's total assets representing a key component of the Group's strong balance sheet.

Waha Land

Waha Land is a wholly owned subsidiary of Waha Capital currently engaged in developing ALMARKAZ, which is 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 kms 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 U.A.E. ALMARKAZ development is on a 6 km² of land, which was granted by the Government of Abu Dhabi.

Phase 1 of the project occupies 25% of the total land area (1.5 km²). The initial stage of Phase I was the construction of the full roads and services infrastructure for 1.5km² of the land and 90,000m² of small industrial units (SIU's). The SIU's are fully leased out with a range of tenants from diverse industry segments such as oil & gas, logistics, manufacturing, plastics and the food industries.

Following the successful completion and leasing of Stage 1, Waha Land is looking to expand the leasable portfolio by an additional 187,000 m², which will be undertaken in two stages (Stage 2A & 2B) with anticipated completion in 2018. The Stage 2A expansion will add 92,000m² of light industrial units, warehouse/storage facilities, and ready to operate fitted out small industrial units. The current expansion will also add amenities for retail and food, together with Commercial Offices and a Security Control Centre for its tenant community.

Waha Land expects to fund the additional development with third party financing. Management will continue to execute a consistent and disciplined investment approach with emphasis on flexible assets that can be easily configured to suit a variety of uses and support a wide variety of tenants and industry segments.

Waha Land's continuing investment objective is to maximize shareholder value by achieving long-term growth in net asset value. Key elements of the ALMARKAZ growth strategy include maximizing portfolio cash flow, maintaining focus on core markets, continuing to attract a diversified tenant base, developing new tenant services and providing exceptional tenant service.

During the three month period ended 31 March 2016, Waha Land reported the following:

- Rental revenue and other income of AED 9.1 million (Q1 2015: AED 6.7 million); and
- Net profit of AED 6.4 million (Q1 2015: AED 4.1 million)

The carrying value of ALMARKAZ is AED 696.1 million as at 31 March 2016.

NPS Holdings Limited

The Group acquired a 20.2% stake in NPS Holdings Limited ("NPS Holdings") in June 2014, as part of a consortium, including Fajr Capital and APICORP. During the first quarter 2016, the Group acquired an additional stake equivalent to 0.57% which increased the Group's total ownership to 20.7% in NPS Holdings.

NPS Holdings, through its various subsidiaries and joint ventures, has a significant presence in Saudi Arabia, Qatar, United Arab Emirates, Brunei, India, Libya, Bahrain, Iraq, Algeria and Malaysia. NPS Holdings' principal activities include oil well maintenance services such as cementing, coiled tubing, well drilling, well testing and wireline services.

During the three month period ended 31 March 2016, NPS Holdings reported the following:

- Secured contracts worth AED 939.9 million (Q1 2015: AED 82.5 million), taking current contracts-in-progress to AED 1,936.1 million (31 March 2015: AED 1,694.9 million) – the remaining value as of 31 March 2016
- Invested AED 68.6 million in capital expenditure (Q1 2015: AED 77.7 million)
- Available banking facilities with regional banks for a limit of AED 734 million bearing interest of LIBOR+ 2.9% per annum. The undrawn balance of the facility was AED 80.1 million as at 31 March 2016 (31 December 2015: AED 51.3 million)
- Reported revenue of AED 187.8 million (Q1 2015: AED 171.5 million)
- Reported a gross book value of property, plant and equipment as at 31 March 2016 of AED 1,470.7 million (31 December 2015: AED 1,395.4 million)

The Group's stake in NPS Holdings as an equity-accounted investee was carried at AED 291.1 million as at 31 March 2016.

Dunia Group

The Group owns a 25% 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. that offers a range of financial solutions including personal loans, auto loans, credit cards, guarantees and deposits to its customers in the U.A.E. Dunia Finance has demonstrated impressive growth, stable net interest margins and rising profits over the last few years. Net interest margins have consistently been in the 25-35% range. Serving the salaried and mass affluent market enabled Dunia to grow its loan book at a 48.6% CAGR over 2009 to Q1 2016.

During the three month period ended 31 March 2016, Dunia Finance achieved the following:

- Net interest income of AED 142.5 million, an increase of 19% on the corresponding period in 2015;
- Net income of AED 46.1 million;
- Loan book expanded to a customer base of 222,000 with 21.8% growth in its loan portfolio on 31 March 2016;
- Cost to income ratio reduced to 19.3% from 29.7% in Q1 2015;
- Customer deposits grew to AED 1.2 billion as at 31 March 2016, an increase of 43.2% compared to 31 March 2015. Customer deposits comprise a mix of deposits pledged for the issue of guarantees, interbank sources, deposits and regular time deposits.
- Prudent impairment reserve of 3.1% of total loans and advances, providing a non-performing loan cover of 1.3x.

Dunia Services FZ LLC was established in 2012 under the Dubai Technology and Media Free Zone Authority. Dunia Services' principal activity is to offer a range of services including strategy and management consulting and knowledge and business process outsourcing to a range of customers including commercial banks, finance companies and insurance companies.

During the three month period ended 31 March 2016, Dunia Services recorded net income of AED 9 million, which is an increase of 214.3% on the corresponding period in 2015.

The carrying value of Dunia Group was AED 216.1 million as at 31 March 2016.

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 Fund has invested US\$ 222 million over seven years 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 Q1 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%.
- 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 Q1 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%.

During the first quarter 2016, the Fund successfully exited from AICT and UPC for which Waha Capital received gross distributions of AED 81.9 million including dividend and capital repayment.

The Fund's dividend yield is c. 7.4%. The Group originally committed to fund AED 197.7 million (17.9% of total commitment); 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 157 million in distributions.

As at 31 March 2016, the Group carried its LP stake in the Fund at AED 70.9 million.

Asset Management

The Asset Management division comprises the Group's Capital Markets and Private Equity businesses.

Asset Management - Capital Markets

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

During the period, the Capital Markets business has outperformed its indices for both portfolios – fixed income and equities. The investment process is complemented by dedicated in-house research and robust risk management.

Capital Markets invest in securities such as bonds, sukus, convertibles, equities, hybrids, IPOs and pre-IPOs. Capital Markets manages two separate portfolios and focuses on credit investments primarily comprising USD-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 launched the Waha CEEMEA Fixed Income Fund SP and the Waha MENA Equity Fund SP on 26 June 2015 and 3 July 2015 respectively, which are now being offered to 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, a U.A.E Central Bank licensed Investment Manager.

Capital Markets is in process of launching two more funds – Credit Opportunities Fund and MENA Value Fund – by committing US\$ 50 million seed money for each. The Credit Opportunities Fund will focus on income-generating private debt instruments such as senior debt, subordinated paper including loans, mezzanine facilities, notes, bonds and convertibles in MENA while the Value Fund will seek long-term capital appreciation by investing in equities and other securities in MENA.

In addition to the above, since 2008, Capital Markets has also arranged several private transactions. These transactions include a range of financial instruments usually secured on an underlying asset. The financial instruments typically include secured debt, mezzanine debt, junior debt, structured debt and selected options and derivatives.

Waha Capital strengthened the sales team during the year and will now focus on actively marketing our funds to investors as well as focussing on the continuing the growth of current Assets Under Management.

Capital Markets generated AED 98.8 million from private and public transactions during the quarter ended 31 March 2016. The carrying value of Capital Market assets is AED 3,256.7 million as at 31 March 2016.

Asset Management - Private Equity

Waha Capital's Asset Management – Private Equity business portfolio holds the Group's investment in Anglo Arabian Healthcare . The Private Equity business was also seeded with US\$ 100 million to ensure the business has the right capital structure in place to access growth opportunities across MENA.

Anglo Arabian Healthcare

In 2013, the Group made its first investment in the healthcare sector by acquiring Anglo Arabian Healthcare (AAH), a group established to deliver healthcare services throughout the United Arab Emirates. AAH owns and operates more than 26 business assets, employs more than 900 people and serves over 540,000 registered outpatients.

AAH's operating assets consist of 12 clinics, 5 pharmacies, 6 diagnostics centres, 1 medical education provider, 1 day-hospital and 1 new hospital which opened in Q4 2015. Subsequent to the launch of the new hospital, the inpatient capacity of 1,872 per annum has increased to c. 23,400 per annum. The launch of the new hospital, which will offer inpatient and outpatient services, was a significant milestone in the history of AAH.

AAH is well placed and plans to expand rapidly over the next few years, both organically and through further strategic acquisitions, in particular from the roll out of mandatory medial insurance in the United Arab Emirates.

During the three month period ended 31 March 2016, AAH has achieved the following:

- Consolidated revenue of AED 78.5 million, a 60.9% increase on AED 48.8 million in the corresponding period in 2015. Consolidated revenue is comprised of AED 44.5m (2015: AED 19.5m) from laboratory services, AED 28.0m (2015: AED 24.5m) from patient fees and AED 6.0m (2015: AED 4.8m) from sale of pharmaceuticals
- Shareholders' equity base of AED 230.1 million as at 31 March 2016 compared to AED 207.1 million as at 31 December 2015

The carrying value of AAH's net assets is AED 223.3 million as at 31 March 2016.

Outlook

The first quarter of 2016 reflects steady and continued performance. Waha has now streamlined its divisional structure to focus on enhancing its recurrent revenue streams while also investing in and accelerating the growth of new lines of fee-generating business.

In terms of the remaining year ahead, current volatile market conditions are generating attractive valuations for potential investment opportunities whilst also providing unique opportunities for our private equity team to deploy capital in small to mid-cap sectors across the GCC and North Africa.

With a strong balance sheet in place, Waha capitals remains uniquely well positioned to deliver steady and sustained growth during the years ahead.

Salem Rashid Al Noaimi

CEO & Managing Director, Al Waha Capital PJSC

2 May 2016