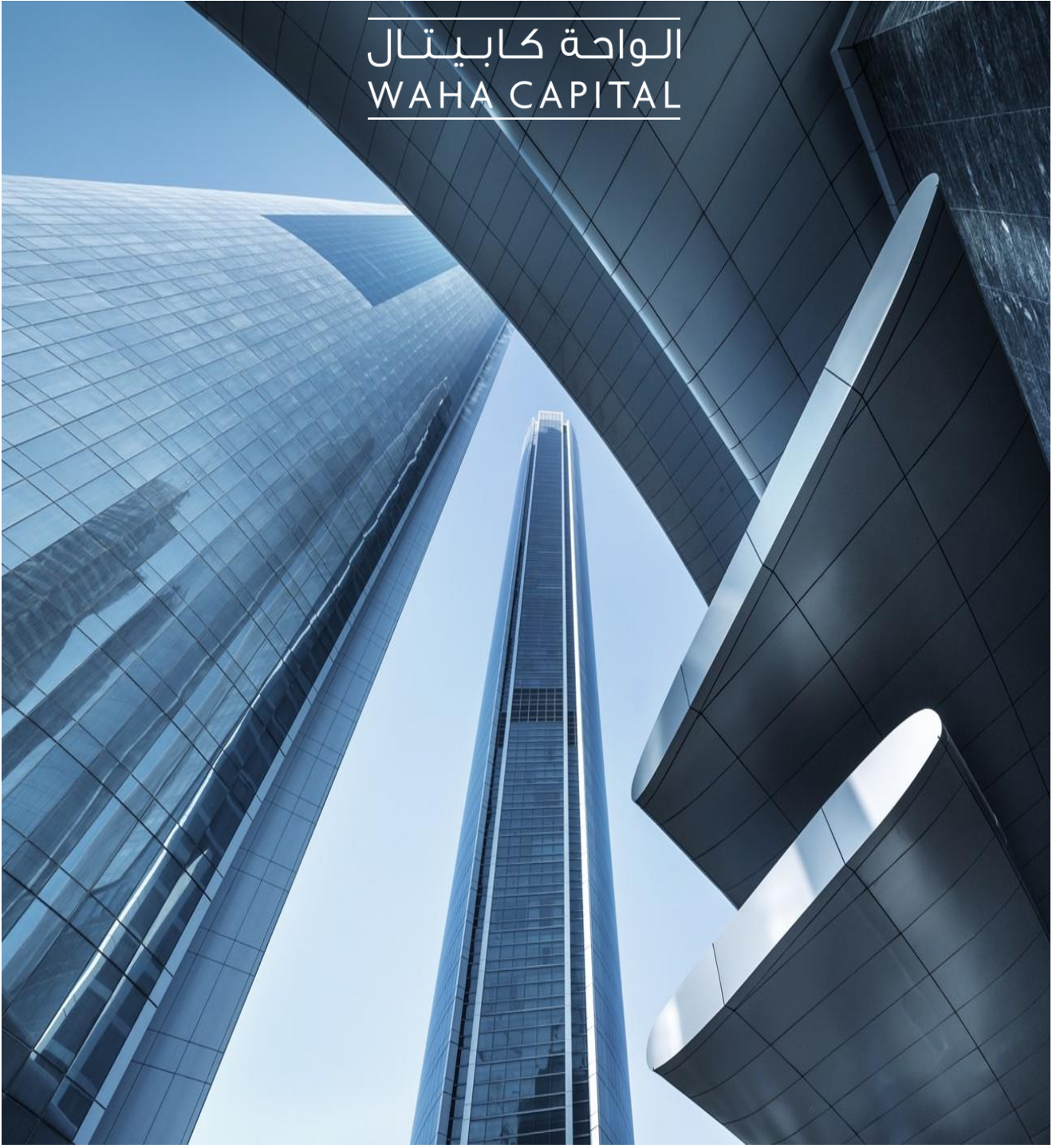


الواحة كابيتال  
WAHA CAPITAL



## Management discussion and analysis for the year ended 31 December 2021

Al Waha Capital PJSC ("the Company") and its subsidiaries (together referred to as "the Group") reported net profit attributable to Owners of the Company of AED 391.0 million for the year ended 31 December 2021 compared to AED 231.0 million for the corresponding year of 2020.

## KEY ACTIVITIES DURING THE YEAR

During the year, the Private Investments business activated its new multi-asset investment strategy with the launch of two new investment portfolios – Global Opportunities and Core. The Group deployed AED 103.4 million into the Global Opportunities portfolio.

During the year, the Group disposed 2.48 million shares from its investment in NESR Corp ("NESR") for a consideration of AED 138.8 million. Consequently, the Group's stake in NESR reduced from 6.29% to 3.33%. Further, the Group concluded the sale of its 26% stake in Deem Finance and significantly disposed off its investment in the US securities portfolio.

Total assets under management reached the significant milestone of AED 4.4 billion (USD 1.2 billion) as at 31 December 2021 compared to AED 3.4 billion (USD 0.9 billion) as at 31 December 2020, an increase of 30%. The assets under management attributable to Owners of the Company were AED 2.9 billion as at 31 December 2021 compared to AED 2.3 billion as at 31 December 2020. The funds' year to date net returns were: Waha CEEMEA Credit Fund SP of 7.2%, Waha MENA Equity Fund SP of 32.8%, Waha Islamic Income Fund SP of 9.7% and Waha EM Equity fund SP of 8.8%.

On 15 August 2021, the Group completed the refinancing of its US\$ 400 million secured revolving loan facility, replacing it with a 3 year US\$ 500 million secured revolving loan facility.

## KEY FINANCIAL HIGHLIGHTS

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

	2021	2020
Revenue from sale of goods and services	301,940	301,589
Share of loss from equity-accounted associates and joint ventures, net	(11,488)	(24,356)
Gain on disposal of equity-accounted associates and joint ventures	50,511	-
Impairment of equity-accounted associates and joint ventures, net	(77,970)	(9,915)
Income from financial investments	874,429	605,024
Gain on settlement of loan investments	-	11,244
Income from investment property, net	47,903	39,578
Other income / (expense), net	8,036	(28,401)
<b>Total income</b>	<b>1,193,361</b>	<b>894,763</b>
Cost of sale of goods and services	(246,733)	(237,086)
General and administrative expenses - company	(142,192)	(118,905)
General and administrative expenses - subsidiaries	(97,345)	(93,201)
Finance cost, net	(97,436)	(105,674)
<b>Total expenses</b>	<b>(583,706)</b>	<b>(554,866)</b>
<b>Profit for the year</b>	<b>609,655</b>	<b>339,897</b>
Non-controlling interests	(218,617)	(108,928)
<b>Profit attributable to owners of the Company</b>	<b>391,038</b>	<b>230,969</b>
<b>Basic and diluted earnings per share (AED)</b>	<b>0.213</b>	<b>0.126</b>

### Total income

#### Year ended 31 December 2021

Total income of AED 1,193.4 million for the year ended 31 December 2021, compared to AED 894.8 million in 2020, was driven by the following:

- Public Markets income of AED 902.0 million compared to AED 516.6 million in 2020 reflecting strong performance despite a challenging global markets environment caused by the pandemic and inflationary pressures
- Private Investments income of AED 241.7 million compared to AED 378.1 million in 2020 mainly reflecting
  - Revenue from sale of goods and services from Health care subsidiaries of AED 301.9 million (2020: income of AED 301.6 million)
  - Loss from equity accounted investment of AED 11.5 million (2020: loss of AED 24.4 million)
  - Higher impairment of AED 78.0 million (2020: AED 9.9 million) following a reassessment of specific equity accounted investments recoverable amounts;
  - Loss from financial investments of AED 26.2 million compared to income of AED 88.8 million in 2020;
  - Gain on disposal of AED 50.5 million (2020: AED nil) on account of sale of NESR shares in 2021; and
  - Gain on settlement of loan investment of AED nil (2020: AED 11.2 million)
- Waha Land income of AED 49.7 million compared to AED 41.7 million in 2020 mainly driven by higher gain on disposal

### Total expenses

#### Year ended 31 December 2021

Total expenses for the year ended 31 December 2021 was AED 583.7 million, compared to AED 554.9 million in 2020, mainly comprised of:

- General and administrative expenses - company, amounting to AED 142.2 million compared to AED 118.9 million in 2020, an increase of AED 23.3 million mainly due to higher staff related costs
- General and administrative expenses – subsidiaries, amounting to AED 97.3 million compared to AED 93.2 million in 2020, an increase of AED 4.1 million mainly due to higher provision for expected credit losses
- Finance costs, net - company, amounting to AED 46.2 million, compared to AED 40.7 million in 2020, an increase of AED 5.5 million mainly due to higher utilisation
- Finance costs, net - subsidiaries, amounting to AED 51.2 million, compared to AED 65.0 million in 2020, a decrease of AED 13.8 million mainly due to lower utilisation of repurchase liabilities for public market funds

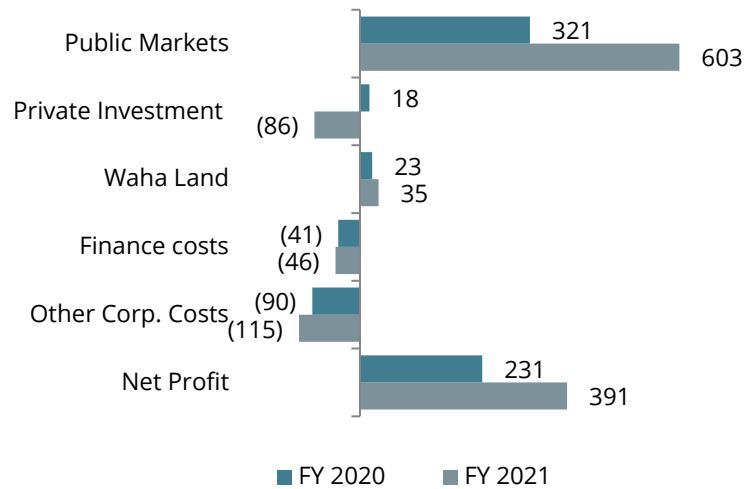
### Net profit attributable to owners of the Company

#### Year ended 31 December 2021

Net Profit of AED 391.0 million for the year ended 31 December 2021, compared to AED 231.0 million in 2020, was mainly driven by the following:

- Public Markets profit of AED 602.9 million compared to AED 321.4 million in 2020
- Private Investments loss of AED 86.2 million compared to profit of AED 16.7 million in 2020
- Waha Land profit of AED 35.1 million compared to AED 23.5 million in 2020

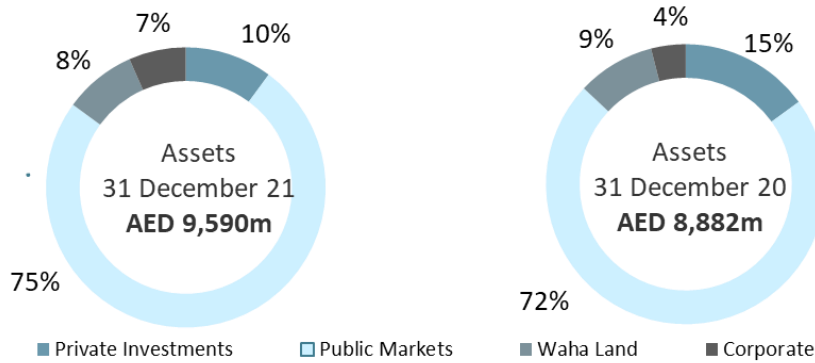
Net profit by segment (AED million)



Balance sheet highlights

AED '000	As at 31-Dec-21	As at 31-Dec-20
Investments in equity accounted associates and joint ventures	170,242	472,076
Right-of-use assets	99,649	113,550
Investment property	711,422	715,989
Financial investments	6,414,024	6,163,043
Loan investments	-	45,003
Other assets	772,879	667,468
Cash and bank balances	1,421,350	704,684
<b>Total assets</b>	<b>9,589,566</b>	<b>8,881,813</b>
Borrowings	4,117,198	4,211,842
End of service benefit provision	26,288	26,058
Derivative liabilities	100,626	29,907
Lease liabilities	119,918	126,383
Trade and other liabilities	434,146	338,028
<b>Total liabilities</b>	<b>4,798,176</b>	<b>4,732,218</b>
<b>Total equity</b>	<b>4,791,390</b>	<b>4,149,595</b>
<b>Total liabilities and equity</b>	<b>9,589,566</b>	<b>8,881,813</b>

## Total assets composition (AED million)



The Group's total assets of AED 9,589.6 million as at 31 December 2021, compared to AED 8,881.8 million as at 31 December 2020, an increase of 8% and mainly comprised of:

- Investments in equity accounted associates and joint ventures** of AED 170.2 million compared to AED 472.1 million in 2020, a decrease of AED 301.9 million, mainly due to share of loss of AED 11.5 million; impairment of AED 78.0 million; disposal and reclassification to financial investments of AED 193.5 million and dividends received of AED 18.6 million.
- Financial investments** of AED 6,414.0 million compared to AED 6,163.0 million for the corresponding period of 2020, an increase of AED 251.0 million, mainly due to net increase of AED 195.5 million in public market funds and net increase of AED 55.5 million from private investments. The movement in Private investments comprises investment of AED 103.4 million in unquoted funds; reclassification of NESR amounting to AED 109.2 million offset by disposal of AED 110.9 million in equity securities portfolio
- Cash and bank balances** of AED 1,421.3 million compared to AED 704.7 million in 2020, an increase of AED 716.7 million; mainly includes the following cash flows:
  - Corporate: Net drawdown of revolving corporate facility of AED 313.8 million offset by dividends paid AED 110.3 million;
  - Public Markets: Net investment of AED 425.2 million and contributions from non-controlling interest holders of AED 142.7 million, offset by decrease in repurchase liabilities of AED 371.2 million; and
  - Private Investments: Proceeds from disposal of NESR shares AED 138.8 million and equity securities AED 110.9 million offset by investment in unquoted funds AED 103.4 million.

The Group's total liabilities of AED 4,798.2 million as at 31 December 2021 compared to AED 4,732.2 million as at 31 December 2020, an increase of AED 66.0 million, comprised of:

- Borrowings** of AED 4,117.2 million compared to AED 4,211.8 million as at 31 December 2020, a decrease of AED 94.6 million; mainly represents decrease in repurchase liabilities related to public market funds of AED 371.2 million; offset by net drawdown of revolving corporate facility of AED 313.8 million.
- Trade and other liabilities** of AED 434.1 million compared to AED 338.0 million as at 31 December 2020, an increase of AED 96.1 million; mainly represents increase in payables of public market funds due to brokers on settlement of trades.

## BUSINESS AND PORTFOLIO COMPANIES ANALYSIS

The Group's business comprises three primary divisions: Public Markets, Private Investments and Waha Land.

### Public Markets

The Public 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. All the funds under Public Market's management have achieved robust performances through 2021, despite a challenging global markets environment caused by the pandemic and inflationary pressures.

Over the last 10 years, two flagship funds have been developed: the Waha CEEMEA Credit Fund and the Waha MENA Equity Fund. Time, and initial seed capital of AED 368m (US\$100m) in each, has been invested to build the team, infrastructure and track record before looking to raise third party capital.

The Waha Islamic Income Fund SP with seed capital of AED 92 million was launched in Q3 2020 to invest in Sharia compliant assets across the Sukuk and equity markets. The Public Markets division continues to show its investment performance capabilities on the new products launched with the Waha Islamic Income Fund reaching a cumulative investment return of 14.4% since inception as it completes its year track record.

During FY 2021, a significant milestone was reached when assets under management of the Public Markets division surpassed \$1 billion (AED 3.678 billion), and at the reporting date stood at \$1.2 billion (AED 4.4 billion); one of the main focuses of the Public Markets division is to grow the assets under management by attracting additional third party institutional and high net worth investors.

In addition, during the year, the Waha MENA Equity Fund was ranked within the top 50 hedge funds globally ranking 22<sup>nd</sup> overall, while the Waha CEEMEA Credit Fund was named as the winner of the award for 2020 of Best Fixed Income/Credit/Distressed Hedge Fund by the European Hedge Fund Review.

Finally, in Q4 2021, the Public Markets division launched the Waha EM Equity Fund with a seed capital of AED 92 million. The objective of the fund is to invest in equity and equity related securities in emerging markets.

The funds' year to date returns on invested capital were:

- Waha CEEMEA Credit Fund SP of 7.2% on a fund size of AED 1.93bn (US\$ 523.7 million);
- Waha MENA Equity Fund SP of 32.8% on a fund size of AED 2.23bn (US\$ 613.1 million);
- Waha Islamic Income Fund SP of 9.7% on a fund size of AED 0.12bn (US\$ 33.6 million); and
- Waha EM Equity Fund SP of 8.8% on a fund size of AED 0.01bn (US\$ 26.2 million).

### Private Investments

The Private Investments business activated its new multi-asset investment strategy and commenced the full portfolio and team rebuild process in the last quarter of 2021. This included the launch of two new investment portfolios – Global Opportunities and Core.

The Global Opportunities portfolio has a broad and flexible investment mandate enabling Waha Capital to invest across geographies, industries, capital structures and asset classes, in an opportunistic manner. This diversified portfolio, which was launched in November 2021, targets investments in the alternatives space with high risk-adjusted returns. In the last quarter of 2021, the business made two investments in this portfolio totalling AED 103 million.

The Core portfolio will seek to take controlling or significant minority stakes in businesses in the MENA region with established track records, strong management teams and robust governance frameworks. Such companies would typically demonstrate stable capital growth prospects, whilst providing recurrent and reliable cash yields. The Core portfolio was seeded with the Company's healthcare platform as its anchor asset. Net Carrying value of the Core portfolio as at 31<sup>st</sup> December 2021 was AED 126 million.

## Private Investments (continued)

The Legacy portfolio within Private Investments is comprised of existing assets that do not fit within the Global Opportunities or Core portfolio mandates. A review of strategic alternatives was conducted for each asset within this portfolio to develop and implement a plan that will maximize shareholder value. As part of that review, the Company has largely divested its tactical holdings in the Waha U.S. Securities portfolio crystallising the returns achieved since the initial investment in May 2020. The Company also divested its holding in Deem Finance and partially exited its stake in National Energy Services Reunited Cop (NESR). Net Carrying value of the legacy portfolio as at 31<sup>st</sup> December 2021 was AED 525 million.

## Waha Land

Waha Land, a wholly owned subsidiary of Waha Capital, is developing "ALMARKAZ", an integrated industrial development with Grade "A" industrial/logistics facilities and first class infrastructure. The development is located in Al Dhafra, approximately 15 mins from Mussafah, Abu Dhabi, and is well located to access the multi-modal industrial and logistics infrastructure (land, sea, air, and rail) of the UAE. The development is on a 6 km<sup>2</sup> land, granted by the Government of Abu Dhabi.

The development is envisioned to be completed in four phases with multiple stages in each phase. Phase 1, which comprises of 25% of the total land area (1.5 km<sup>2</sup>), will be completed in three Stages. In Stage 1 and Stage 2A, circa 180,000 m<sup>2</sup> of multi-use industrial/logistics units were completed along with the associated infrastructure like roads, utilities and telecom. The existing units are fully leased out, home to more than 85 tenants, both local and international entities, from diverse industry segments such as Oil & Gas, Manufacturing, Defence, Logistics, IT, Contracting and F&B.

An expansion, "Stage 2B", is currently under construction, which will add circa 75,000 m<sup>2</sup> of premium industrial/logistics facilities, with an expected close by Q3 2023. This expansion is in line with the Waha Land's underlying ethos to execute a consistent, disciplined investment approach with emphasis on institutional quality assets flexible to suit a variety of uses and support a diverse range of tenants from different industry segments. Waha Land's growth strategy is focused on continuing to grow the leasable portfolio, developing new products and services for the UAE's Industrial/Logistics market, in line with dynamically evolving regional and global market dynamics.

During the year ended 31 December 2021, Waha Land reported total income of AED 49.7 million (FY 2020: AED 41.7 million), 19% growth from prior year.

The carrying value of investment property was AED 711.4 million as at 31 December 2021.

## OUTLOOK

As the company moves into 2022, building on investment performance, Waha Capital continues to invest across its businesses, enhancing shareholder returns, and navigating through challenging global market conditions. While the ongoing pandemic continues to impact market conditions, the vaccination programs, as well as containment programs implemented by the authorities, expectations are that economies will start to navigate out to more normal business operations. Market conditions though will continue to be volatile, with potential inflation, and increasing interest rates, which will again allow Waha Capital to display its investment capabilities and maximize shareholder returns.

The Public Markets continues to showcase its investment expertise, building out its client franchise, developing an emerging market investment platform and investing into its research capabilities, targeting its long-term strategy of a market leading asset manager located in the region, covering the region. Private Investments will also continue their deployment across the Global Opportunities strategy, building a market leading portfolio, from realizing gains on its legacy portfolio to investing in high potential investment opportunities.

The positive financial performance of the company, the strengthening of the balance sheet and the focus on building value for shareholders through strong corporate governance and market leading investment performance, the company is positioned to develop on its strategy for further growth into 2022.



**Ahmed Khalifa Al Mehairi**

Chief Executive Officer, Al Waha Capital PJSC

14 February 2022