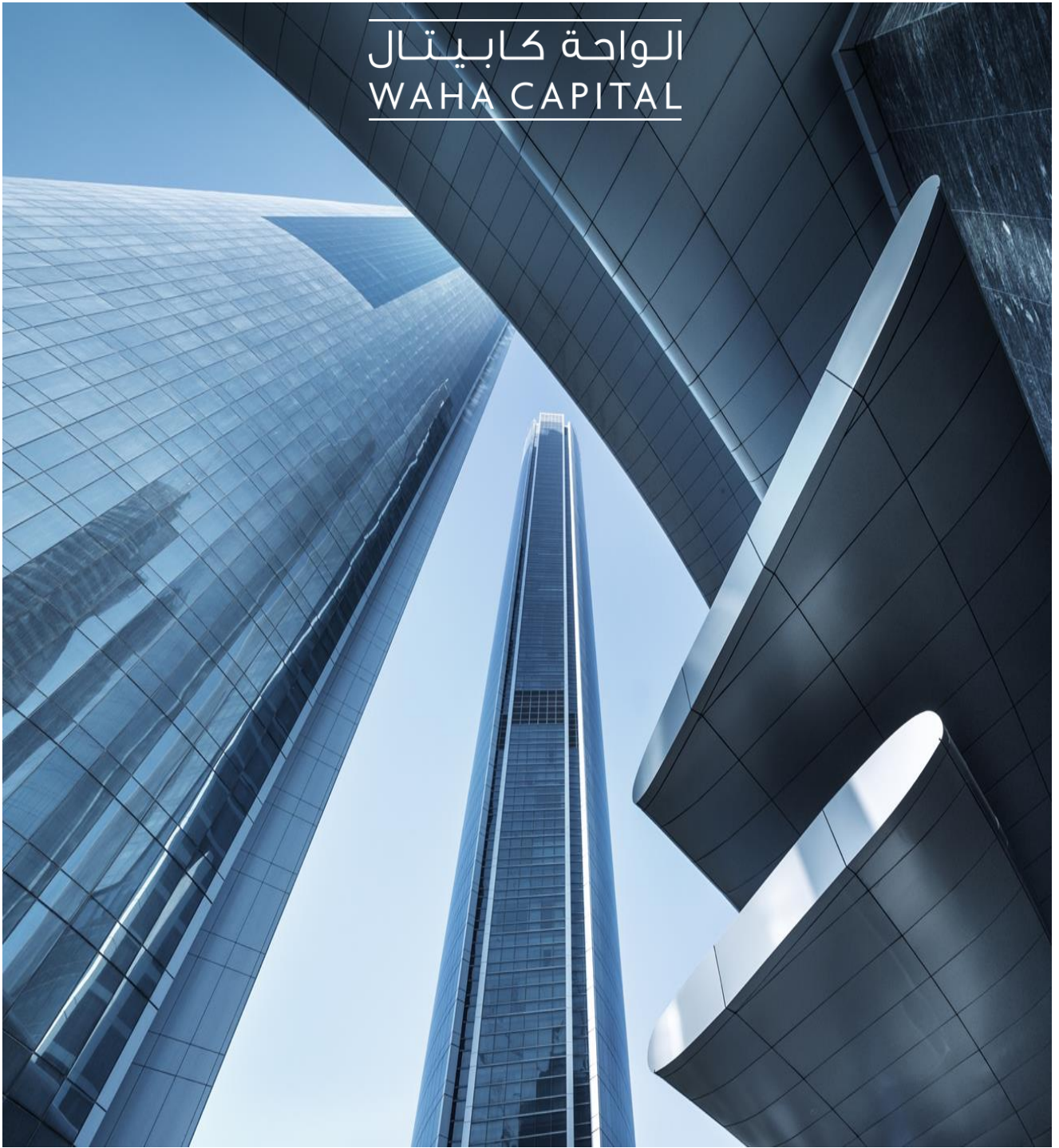


الواحة كابيتال
WAHA CAPITAL



Management discussion and analysis for the period ended 31 March 2020

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 (294.5) million for the three-month period ended 31 March 2020 compared to net loss of AED (57.8) million for the corresponding period of 2019.

KEY ACTIVITIES DURING THE PERIOD

Total assets under management was AED 2.8 billion as at 31 March 2020 compared to AED 3.3 billion as at 31 December 2019, a decrease of 15%. The assets under management attributable to Owners of the Company were AED 1.6 billion as at 31 March 2020 compared to AED 1.9 billion as at 31 December 2019. 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 -14.6%, Waha MENA Equity Fund SP of -12.7% and Waha MENA Value Fund SP of -24.3%.

KEY FINANCIAL HIGHLIGHTS

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

	2020	2019
Revenue from sale of goods and services	74,271	78,929
Share of (loss) / profit from equity-accounted associates and joint ventures, net	(278)	79,856
Loss on disposal of equity-accounted associates and joint ventures	-	(94,965)
Impairment of equity-accounted associates and joint ventures	-	(100,036)
(Loss) /income from financial investments	(446,893)	220,033
Gain on settlement of loan investments	11,244	-
Income from investment property, net	9,193	5,654
Other income / (expense), net	2,544	(262)
Total (loss) / income	(349,919)	189,209
Cost of sale of goods and services	(58,137)	(61,631)
General and administrative expenses - company	(24,542)	(31,361)
General and administrative expenses - subsidiaries	(21,269)	(39,166)
Finance cost, net	(27,600)	(49,905)
Total expenses	(131,548)	(182,063)
(Loss) /profit for the period	(481,467)	7,146
Non-controlling interests	187,013	(64,988)
Loss attributable to owners of the Company	(294,454)	(57,842)
Basic and diluted loss per share (AED)	(0.16)	(0.03)

Total (loss) / income of AED (349.9) million for the three-month period ended 31 March 2020, compared to AED 189.2 million for the corresponding period of 2019, was driven by the following:

- Asset Management – Capital Markets loss of AED (462.8) million compared to gain of AED 244.3 million in 2019 mainly driven by global economic condition due to pandemic COVID-19 and oil prices volatility;
- Private Investments income of AED 112.9 million compared to loss of AED 55.1 million in 2019 mainly reflecting
 - Lower income from equity accounted investment by AED 81.9 million mainly due to exit from AerCap;
 - Loss of disposal of AED nil (Q1 2019: AED 95.0 million) on sale of AerCap shares;
 - Impairment adjustment of AED nil (Q1 2019: AED 100.0 million) following a reassessment of AerCap's recoverable amounts; and
 - Gain on settlement of loan investment of AED 11.2 million (Q1 2019: AED nil).

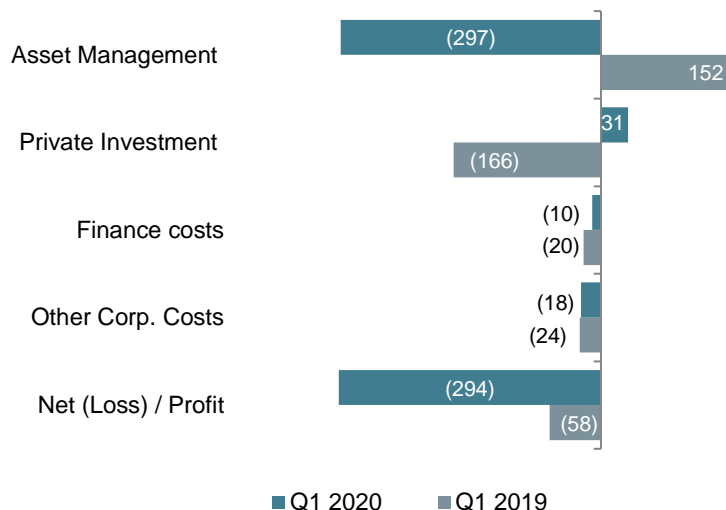
Total expenses for the three-month period ended 31 March 2020 was AED 131.5 million, compared to AED 182.1 million in 2019, mainly comprised of:

- General and administrative expenses - company, amounting to AED 24.5 million compared to AED 31.4 million for the corresponding period of 2019, a decrease of AED 6.9 million, mainly due to lower staff cost.
- General and administrative expenses – subsidiaries, amounting to AED 21.3 million compared to AED 39.2 million for the corresponding period of 2019, a decrease of AED 17.9 million, mainly due to cost optimisation.
- Finance costs, net - company, amounting to AED 9.9 million, compared to AED 19.7 million in the corresponding period of 2019, a decrease of AED 9.8 million, mainly due to lower corporate facility deployment and lower interest rates.
- Finance costs, net - subsidiaries, amounting to AED 17.7 million, compared to AED 30.2 million in the corresponding period of 2019, a decrease of AED 12.5 million, mainly due to no interest expense on AerCap and lower utilisation of repurchase liabilities for public market funds.

Net loss attributable to owners of the Company: Net loss of AED (294.5) million for the three-month period ended 31 March 2020, compared to a net loss of AED (57.8) million for the corresponding period of 2019, was mainly driven by the following:

- Asset Management – Capital Markets loss of AED (297.2) million compared to profit of AED 151.7 million in 2019;
- Private Investments profit of AED 30.3 million compared to loss of AED (165.7) million in 2019.

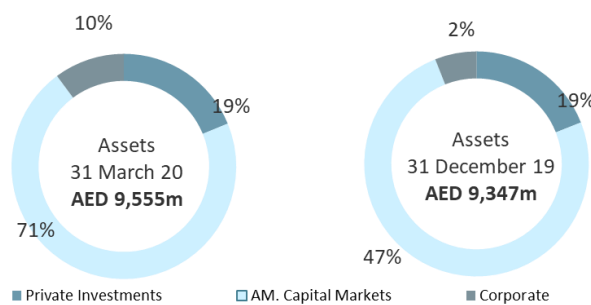
Net (loss) / profit by segment (AED in million)



Balance sheet highlights

AED `000	As at 31-Mar-20	As at 31-Dec-19
Investments in equity accounted associates and joint ventures	521,376	524,552
Right-of-use assets	125,180	129,140
Investment property	717,340	717,140
Financial investments	4,853,627	6,085,448
Loan investments	220,680	232,963
Other assets	1,442,007	857,659
Cash and bank balances	1,674,658	800,344
Total assets	9,554,868	9,347,246
Borrowings	4,966,523	4,443,657
End of service benefit provision	29,421	29,900
Derivative liabilities	220,237	38,949
Lease liabilities	131,721	136,510
Trade and other liabilities	533,832	539,486
Total liabilities	5,881,734	5,188,502
Total equity	3,673,134	4,158,744
Total liabilities and equity	9,554,868	9,347,246

Total assets composition (AED in million)



The Group's total assets of AED 9,554.9 million as at 31 March 2020, compared to AED 9,347.2 million as at 31 December 2019, an increase of 2%, comprised of:

- Investments in equity accounted associates and joint ventures** of AED 521.4 million compared to AED 524.6 million for the corresponding period of 2019, a decrease of AED 3.2 million; due to share of loss of AED 0.3 million and dividends received of AED 2.9 million.
- Financial investments** of AED 4,853.6 million compared to AED 6,085.4 million for the corresponding period of 2019, a decrease of AED 1,231.8 million, mainly due to a decrease of AED 1,230.0 million in public market funds.
- Cash and bank balances** of AED 1,674.7 million compared to AED 800.3 million in 2019, an increase of AED 874.4 million; mainly includes the following cash flows:
 - Corporate: net drawdown of revolving corporate facility of AED 551.7 million;
 - Capital Markets: net disposal of AED 966.5 million and offset by decrease in repurchase liabilities of AED 22.2 million, increase in working capital AED 559.7 million and redemptions from non-controlling interest holders of AED 4.2 million;
 - Private Investments: Proceeds from settlement of Loan investment of AED 23.5 million.

The Group's total liabilities of AED 5,881.7 million as at 31 March 2020 compared to AED 5,188.5 million as at 31 December 2019, an increase of AED 693.2 million, comprised of:

- Borrowings** of AED 4,966.5 million compared to AED 4,443.7 million in 31 December 2019, an increase of AED 522.8 million mainly represents net drawdown of revolving corporate facility of AED 551.7 million; offset by decrease in repurchase liabilities related to public market funds of AED 22.2 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. The current global economic condition due to pandemic COVID-19 and oil prices volatility has impacted the performance for Q1 2020.

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

- Waha CEEMEA Credit Fund SP of -14.59% on a fund size of US\$ 311.7 million;
- Waha MENA Equity Fund SP of -12.70% on a fund size of US\$ 388.6 million; and
- Waha MENA Value Fund SP of -24.33% on a fund size of US\$ 70.2 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 three-month period ended 31 March 2020, Waha Land reported Rental revenue and other income of AED 10.8 million (Q1 2019: AED 7.1 million).

The carrying value of investment property was AED 717.3 million as at 31 March 2020.

<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 year ended 31 December 2019, NESR Corp reported revenue of US\$ 658.4 million, comprised of US\$ 405.7 million from Production Services, US\$ 252.7 million from Drilling & Evaluation Services.

The carrying value of NESR Corp was AED 179.6 million as at 31 March 2020.

<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 three-month period ended 31 March 2020, the Petronash Group Limited reported revenue of US\$ 35.1 million compared to US\$ 34.6 million for the corresponding period of 2019.

The carrying value of Petronash was AED 95.6 million as at 31 March 2020.

<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 three month period ended 31 March 2020, Channel VAS reported revenue of AED 69.9 million, compared to AED 55.1 million for the corresponding period of 2019.

The carrying value of Channel VAS was AED 170.5 million as at 31 March 2020.

<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 year ended 31 December 2019, SDX Energy reported net revenue of US\$ 53.2 million, compared to US\$ 53.7 million in 2018.

The carrying value of SDX Energy was AED 40.7 million as at 31 March 2020.

<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 64.2 million as at 31 March 2020.

<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 three-month period ended 31 March 2020, AAH reported consolidated revenue of AED 74.3 million, compared to AED 78.9 million for the corresponding period of 2019.

The Group's carrying value of AAH's net assets was AED 157.0 million as at 31 March 2020.

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

OUTLOOK

While the fast-evolving nature of the situation due to COVID-19 and uncertainty over the duration of the economic impact, it is not possible to give precise financial guidance, certain risks are clear. They include market volatility that is impacting global asset prices that will inevitably have an impact on Waha Capital's performance.

Our continuing focus will be to

- invest in our asset management business to grow its existing strong track record, broaden the product range and raise third party investments
- achieve maximum value from all our assets, by investing the firm's investment capabilities across its portfolio, coupled with using our balance sheet strength to capitalise on new opportunities to enhance returns.

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
3 August 2020