

WAHA CAPITAL

Management discussion and analysis for the
period ended 31 March 2024

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 166.4 million for the period ended 31 March 2024 compared to AED 75.0 million for the corresponding period of 2023.

KEY ACTIVITIES DURING THE PERIOD

The following key activities occurred during the period:

- Public Markets total assets under management reached AED 9.3 billion (USD 2.5 billion) as at 31 March 2024 compared to AED 8.8 billion (USD 2.4 billion) as at 31 December 2023, an increase of 5%. Within this figure, assets under management attributable to Owners of the Company were AED 3.3 billion as at 31 March 2024 compared to AED 3.3 billion as at 31 December 2023.
- The period to date returns from funds managed by the Group were: Waha Emerging Markets Credit Fund SP of 8.7% (net), Waha MENA Equity Fund SP of 0.3% (net) and Waha Islamic Income Fund SP of 1.6% (gross).
- Private Investment assets under management (including Waha Land) stood at AED 1.7 billion as at 31 March 2024 compared to AED 1.6 billion as at 31 December 2023.

Summary income statement for the period ended 31 March (AED ‘000)

	2024	2023
Revenue from sale of goods and services	39,075	36,036
Cost of sale of goods and services	(28,456)	(26,630)
Share of profit from equity-accounted associates and joint ventures, net	2,369	428
Income from financial investments, net	376,110	219,540
Income from investment property, net	13,866	11,686
Other income, net	15,323	695
Net operating income	418,287	241,755
General and administrative expenses – company	(31,677)	(48,583)
General and administrative expenses – subsidiaries	(42,847)	(13,566)
Finance cost, net	(62,460)	(31,919)
Total expenses	(136,984)	(94,068)
Profit before tax	281,303	147,687
Tax expense	(221)	-
Profit for the period	281,082	147,687
Non-controlling interests	(114,695)	(72,732)
Profit attributable to owners of the Company	166,387	74,955
Basic and diluted earnings per share (AED)	0.089	0.040

NET OPERATING INCOME

Three-month period 31 March 2024

Net operating income of AED 418.3 million for the three-month period ended 31 March 2024, compared to AED 241.8 million for the corresponding period of 2023, was driven mainly by the following:

- Public Markets income of AED 345.8 million compared to AED 238.4 million in 2023, an increase of AED 107.4 million showing strong fund performance and increase in assets under management;
- Private Investments income of AED 47.7 million compared to loss of AED 8.4 million in 2023 mainly driven by positive mark-to-market movements of investment held; and
- Waha Land income of AED 13.9 million compared to AED 11.8 million in 2023 due to increase in rental income.

TOTAL EXPENSE ANALYSIS

Three-month period 31 March 2024

Total expenses for the three-month period ended 31 March 2024 was AED 137.0 million compared to AED 94.1 million in 2023, mainly comprised of:

- General and administrative expenses - company, amounting to AED 31.7 million compared to AED 48.6 million for the corresponding period of 2023, a decrease of AED 16.9 million mainly due to no expenses of subsidiaries previously considered under company (2023: AED 21.5 million), no provision for doubtful debts in current period (2023: AED 4.7 million) offset by higher performance-based incentive compensation;
- General and administrative expenses – subsidiaries, amounting to AED 42.8 million compared with AED 13.6 million for the corresponding period of 2023 an increase of AED 29.2 million mainly due to expenses recharged from company to subsidiaries of AED 27.1 million;
- Finance costs, net - company, amounting to AED 30.2 million, compared to AED 27.5 million in the corresponding period of 2023, an increase of AED 2.7 million, mainly due to increase in interest rates; and
- Finance costs, net - subsidiaries, amounting to AED 32.3 million, compared to AED 4.4 million in the corresponding period of 2023, an increase of AED 27.9 million, mainly due to higher utilisation of repurchase liabilities for public market funds business.

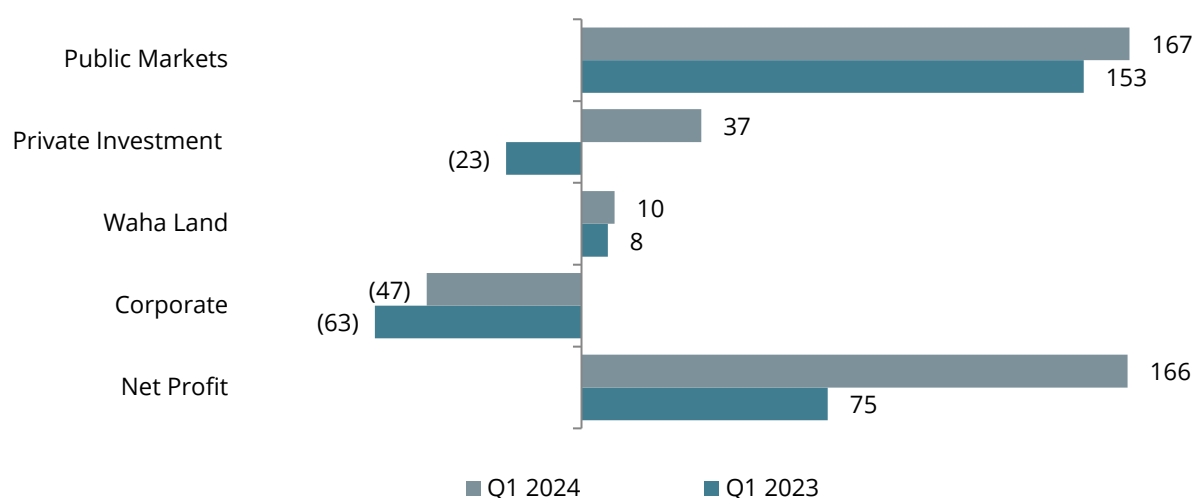
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Three-month period 31 March 2024

Net profit attributable to owners of the Company of AED 166.4 million for the period ended 31 March 2024, compared to a net profit of AED 75.0 million for the corresponding period of 2023, was mainly driven by the following:

- Public Markets profit of AED 167.0 million compared to AED 153.1 million in 2023;
- Private Investments profit of AED 36.5 million compared to a loss of AED 22.9 million in 2023;
- Waha Land profit of AED 10.1 million compared to AED 7.7 million in 2023; and
- Finance and other corporate costs of AED 47.2 million, net of other income of AED 10.9 million, compared to AED 62.8 million in 2023.

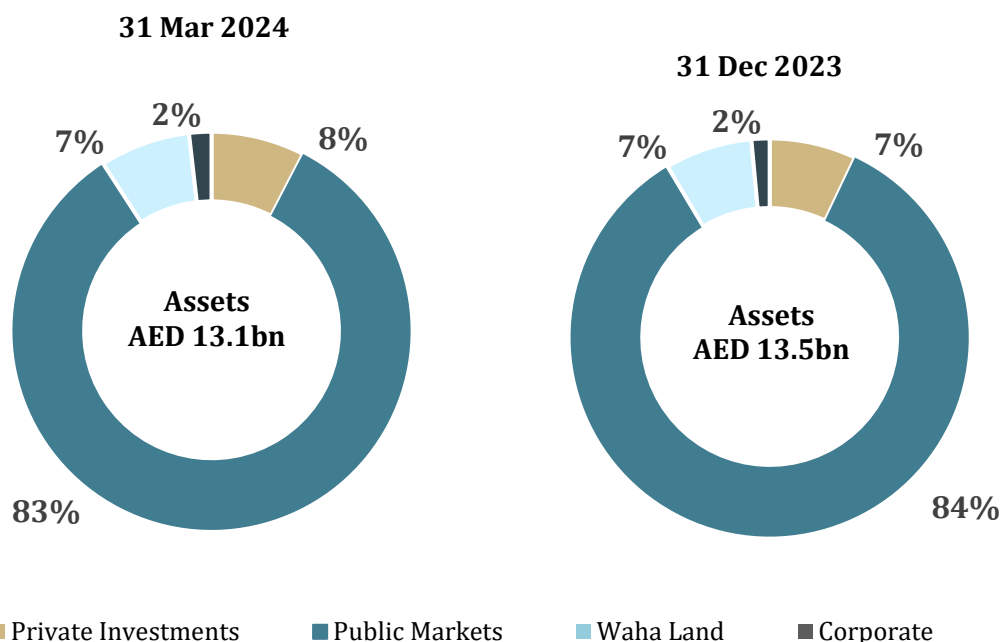
Net profit by segment attributable to owners of the Company (AED million)



Summary Balance Sheet (AED '000)

	As at 31-Mar-24	As at 31-Dec-23
Investments in equity accounted associates and joint ventures	90,682	88,313
Right-of-use assets	20,286	23,431
Investment property	417,812	413,450
Financial investments	9,170,295	8,652,900
Loan investments	47,845	46,340
Other assets	1,730,339	2,980,991
Cash and bank balances	1,192,892	866,942
Assets Held For Sale	468,515	468,515
Total assets	13,138,666	13,540,882
Borrowings	5,104,426	5,955,844
Financial liabilities	179,727	218,866
Deferred tax liability	3,286	3,286
Lease liabilities	19,829	21,420
Trade and other liabilities	725,491	672,351
Total liabilities	6,032,759	6,871,767
Total equity	7,105,907	6,669,115
Total liabilities and equity	13,138,666	13,540,882

Total assets composition



The Group's total assets of AED 13,138.7 million as at 31 March 2024, compared to AED 13,540.9 million as at 31 December 2023, a decrease of 3.0% and mainly comprised of:

- a) **Financial investments** of AED 9,170.3 million compared to AED 8,652.9 million in 2023, an increase of AED 517.4 million, mainly due to net increase of AED 489.3 million in public market funds and AED 28.1 million from private investments.
- b) **Other assets** of AED 1,730.4 million as at 31 March 2024 compared to AED 2,981.0 million as at 31 December 2023, a decrease of AED 1,250.6 million mainly due to decrease in receivables of public market funds due from brokers on settlement of trades.
- c) **Cash and bank balances** of AED 1,192.9 million compared to AED 866.9 million in 2023, an increase of AED 326.0 million mainly due to:
 - Contributions from non-controlling interest holders of AED 358.5 million from new investments in Public Market funds and increase in receivables of AED 1,251.3 million mainly due from brokers on settlement of trades in the from public market funds; offset by
 - investment into financial assets AED 180.4 million, decrease in repurchase liabilities related to public market funds of AED 857.0 million, finance cost paid of AED 78.3 million and increase in dividends payable of AED 188.4 million.

The Group's total liabilities of AED 6,032.8 million as at 31 March 2024 compared to AED 6,871.8 million as at 31 December 2023, a decrease of AED 839.0 million, comprised of:

- a) **Borrowings** of AED 5,104.4 million compared to AED 5,955.8 million as at 31 December 2023, a decrease of AED 851.4 million:
 - Corporate: RCF outstanding stood at AED 1,299.5 million as at 31 March 2024 compared to AED 1,297.9 million as at 31 December 2023; and
 - Subsidiaries: Outstanding borrowings of AED 3,804.9 million as at 31 March 2024 compared to AED 4,657.9 million mainly represents decrease in repurchase liabilities related to public market funds of AED 857.0 million.
- b) **Trade and other liabilities** of AED 725.5 million compared to AED 672.4 million as at 31 December 2023, an increase of AED 53.1 million; mainly represents dividends payable of AED 188.4 million offset by decrease in employee incentives due to payouts and 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 business (operated by Waha Investments PrJSC, a wholly owned subsidiary) focuses on applying rigorous analysis to emerging markets to deliver solid returns over a market cycle on behalf of the Group and external investors. All the funds under Waha Investment's management continue to perform well, despite the challenging macro-economic conditions impacting markets around the world.

Since inception of Waha Investment's business in 2012, two flagship funds were established: the Waha Emerging Markets Credit Fund SP 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 (US\$ 25 million) was launched in Q3 2020 to invest in Sharia compliant assets across the Sukuk and equity markets.

Total Waha Investment AUM as at 31 March 2024 stands at AED 9.3 billion (US\$ 2.5 billion).

The key strategic focus of Waha Investment is to continue to actively manage client assets, while generating market leading performance and attracting third party institutional and high net worth investors.

Waha Investment's managed funds' period to date returns on invested capital were:

- Waha Emerging Markets Credit Fund SP of 8.7% (net) on a fund size of AED 2.92 billion (US\$ 794.9 million)
- Waha MENA Equity Fund SP of 0.3% (net) on a fund size of AED 3.58 billion (US\$ 974.0 million)
- Waha Islamic Income Fund SP of 1.6% (gross) on a fund size of AED 0.21 billion (US\$ 55.9 million)

Private Investments

The Private Investments business commenced a multi-asset investment strategy 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. The net carrying value of the Global opportunities portfolio as at 31 March 2024 was AED 429 million.

The Core portfolio seeks 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 Legacy portfolio consists of the Company's existing mature investments with the goal of assessing potential monetisation options. In 2023, the business commenced the implementation of the multi-year strategy to maximize shareholder value across this portfolio. The net carrying value of the legacy portfolio as at 31 March 2024 was AED 428 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 in Al Dhafra, approximately 15 minutes 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 km² 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 km²), will be completed in three Stages. In Stage 1 and Stage 2A, circa 180,000 m² 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.

Stage 2B expansion, which adds circa 75,000 m² of premium industrial/logistics leasable footprint to the asset portfolio was completed in Q4 2023 and leasing has commenced. The expansion is in line with Waha Land’s underlying ethos to execute a consistent, disciplined investment approach with emphasis on developing institutional quality assets flexible to suit a variety of uses and supports 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 UAE’s Industrial/Logistics market, while exploring opportunities to optimise value by re-cycling capital from existing stabilized assets through appropriate partnerships and instruments for monetization.

During the period ended 31 March 2024, Waha Land reported total income of AED 13.9 million (2023: AED 11.8 million).

The carrying value of investment property was AED 886.3 million as of 31 March 2024, including AED 468.5 million classified as held for sale.

OUTLOOK

Waha Capital has once again showcased the resilience of its business model with a strong performance in the first quarter of 2024. Despite a challenging market environment characterized by global macroeconomic and geopolitical headwinds, the company’s positive returns highlight its ability to navigate complex market dynamics effectively.

Our flagship funds, managed by Waha Investment, our capital markets division, maintained their impressive track record with delivering positive returns. The strong performance was largely attributed to the solid results of the Waha Emerging Markets Credit Fund. The Private Investments business prioritized stabilizing, growing, and expanding assets under the Global Opportunities and Core portfolio, resulting in return to profitability. The team remains steadfast in their focus on monetising mature investments to crystallise value for shareholders. Waha Land continued its growth trajectory, with leasing commencing on the new Stage 2B expansion. This further contributed to our solid returns by providing steady year-on-year rental income.

Looking ahead, Waha Capital maintains a cautiously optimistic outlook, staying committed to its successful strategy. Waha Investment will continue its momentum in fundraising from leading global institutional investors to expand assets under management. The Private Investments business will prioritize seizing high-growth opportunities and realizing value from mature assets. Meanwhile, Waha Land is dedicated to growing its leasable portfolio, innovating new offerings for the UAE’s Industrial/Logistics market, and maximizing value through strategic capital recycling and partnerships.

The company’s outlook is supported by an ongoing commitment to robust corporate governance, safeguarding shareholder and client assets, expanding the asset base, and achieving economies of scale throughout the balance sheet.



Mohamed Al Nowais

Managing Director, Al Waha Capital PJSC
15 May 2024