

# WAHA CAPITAL

Management discussion and analysis for the  
period ended 30 June 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 204.7 million for the six-month period ended 30 June 2024 compared to AED 168.9 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 9.2 billion (USD 2.5 billion) as of 30 June 2024 compared to AED 8.8 billion (USD 2.4 billion) as of 31 December 2023, an increase of 4%. Within this figure, assets under management attributable to Owners of the Company were AED 3.2 billion as of 30 June 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 10.1% (net), Waha MENA Equity Fund SP -3.7% (net) and Waha Islamic Income Fund SP 2.6% (gross).
- Private Investment assets under management (including Waha Land) stood at AED 1.6 billion as of 30 June 2024 and 31 December 2023.

### Summary income statement for the period ended 30 June (AED ‘000)

	H1 2024	H1 2023	Q2 2024	Q2 2023
Revenue from sale of goods and services	77,802	71,916	38,727	35,880
Cost of sale of goods and services	(56,873)	(53,505)	(28,417)	(26,875)
Share of profit from equity-accounted associates and joint ventures, net	13,303	1,598	10,934	1,170
Gain on disposal of equity-accounted associates and joint ventures	-	5,021	-	5,021
Income from financial investments, net	448,124	445,794	72,014	226,254
Income from investment property, net	26,592	23,468	12,726	11,782
Other income, net	20,313	6,048	4,990	5,353
<b>Net operating income</b>	<b>529,261</b>	<b>500,340</b>	<b>110,974</b>	<b>258,585</b>
General and administrative expenses – company	(47,552)	(93,373)	(15,875)	(44,790)
General and administrative expenses – subsidiaries	(75,471)	(27,324)	(32,624)	(13,758)
Finance cost, net	(134,601)	(61,497)	(72,141)	(29,578)
<b>Total expenses</b>	<b>(257,624)</b>	<b>(182,194)</b>	<b>(120,640)</b>	<b>(88,126)</b>
<b>Profit / (loss) before tax</b>	<b>271,637</b>	<b>318,146</b>	<b>(9,666)</b>	<b>170,459</b>
<b>Tax expense</b>	<b>(2,250)</b>	<b>-</b>	<b>(2,029)</b>	<b>-</b>
<b>Profit / (loss) for the period</b>	<b>269,387</b>	<b>318,146</b>	<b>(11,695)</b>	<b>170,459</b>
Non-controlling interests	(64,711)	(149,290)	49,984	(76,558)
<b>Profit attributable to owners of the Company</b>	<b>204,676</b>	<b>168,856</b>	<b>38,289</b>	<b>93,901</b>
<b>Basic and diluted earnings per share (AED)</b>	<b>0.111</b>	<b>0.090</b>	<b>0.021</b>	<b>0.050</b>

## NET OPERATING INCOME

### Six-month period ended 30 June 2024

**Net operating income** of AED 529.3 million for the six-month period ended 30 June 2024, compared to AED 500.3 million for the corresponding period of 2023, was driven by the following:

- Public Markets income of AED 329.2 million compared to AED 481.1 million in 2023 reflecting challenging market conditions
- Private Investments gain of AED 162.5 compared to a loss of AED 4.4 million in H1 2023 mainly due:
  - Gross Profit from healthcare business of AED 20.9 million (H1 2023: AED 18.4 million)
  - Share of profit from equity accounted investments of AED 13.3 million (H1 2023: AED 1.6 million)
  - Gain on disposal of equity accounted investment amounting to AED 5.0 million in 2023
  - Gain from financial investments of AED 127.8 million (H1 2023: loss of AED 29.7 million)
- Waha Land income of AED 26.7 million compared to AED 23.6 million in H1 2023

### Three-month period ended 30 June 2024

**Net operating income** of AED 111.0 million for the three-month period ended 30 June 2024, compared to AED 258.6 million for the corresponding period of 2023, was driven by the following:

- Public Markets loss of AED 16.6 million compared to a gain of AED 242.7 million in Q2 2023
- Private Investments profit of AED 114.8 million compared to AED 4.1 million in Q2 2023 mainly due to positive mark to mark movement of investments held.
- Waha Land income of AED 12.8 million compared to AED 11.8 million in Q2 2023

## TOTAL EXPENSE ANALYSIS

### Six-month period ended 30 June 2024

**Total expenses** for the six-month period ended 30 June 2024 was AED 257.6 million compared to AED 182.2 million in 2023, mainly comprised of:

- General and administrative expenses - company, amounting to AED 47.6 million compared to AED 93.4 million for the corresponding period of 2023, a decrease of AED 45.8 million mainly due to no expenses of subsidiaries previously considered under company (2023: AED 44.3 million) and no provision for doubtful debts in current period (2023: AED 4.7 million);
- General and administrative expenses – subsidiaries, amounting to AED 75.5 million compared with AED 27.3 million for the corresponding period of 2023 million mainly due to expenses recharged from company to subsidiaries of AED 44.3 million;
- Finance costs, net - company, amounting to AED 57.7 million, compared to AED 56.6 million in the corresponding period of 2023, an increase of AED 1.1 million mainly due to increase in interest rates; and
- Finance costs, net - subsidiaries, amounting to AED 76.9 million compared to AED 4.9 million in the corresponding period of 2023, an increase of AED 72.0 million, mainly due to higher utilisation of repurchase liabilities for public market funds business.

### Three-month period ended 30 June 2024

**Total expenses** for the three-month period ended 30 June 2024 was AED 120.6 million, compared to AED 88.1 million in 2023, mainly comprised of:

- General and administrative expenses - company, amounting to AED 15.9 million compared to AED 44.8 million for the corresponding period of 2023, a decrease of AED 28.9 million mainly due to no expenses of subsidiaries previously considered under company (2023: AED 22.5 million) and lower staff related expenses;
- General and administrative expenses – subsidiaries, amounting to AED 32.6 million compared to AED 13.7 million for the corresponding period of 2023, an increase of AED 18.9 million mainly due to expenses recharged from company to subsidiaries of AED 22.5 million;
- Finance costs, net - company, amounting to AED 27.5 million, compared to AED 29.1 million in the corresponding period of 2023, a decrease of AED 1.6 million mainly due to increase in interest rates; and
- Finance costs, net - subsidiaries, amounting to AED 44.6 million, compared to AED 0.5 million in the corresponding period of 2023, an increase of AED 44.1 million, mainly due to higher utilisation of repurchase liabilities for public markets business.

**NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**

**Six month period ended 30 June 2024**

**Net profit attributable to owners of the Company** of AED 204.7 million for the six-month period ended 30 June 2024, compared to a net profit of AED 168.9 million for the corresponding period of 2023, was mainly driven by the following:

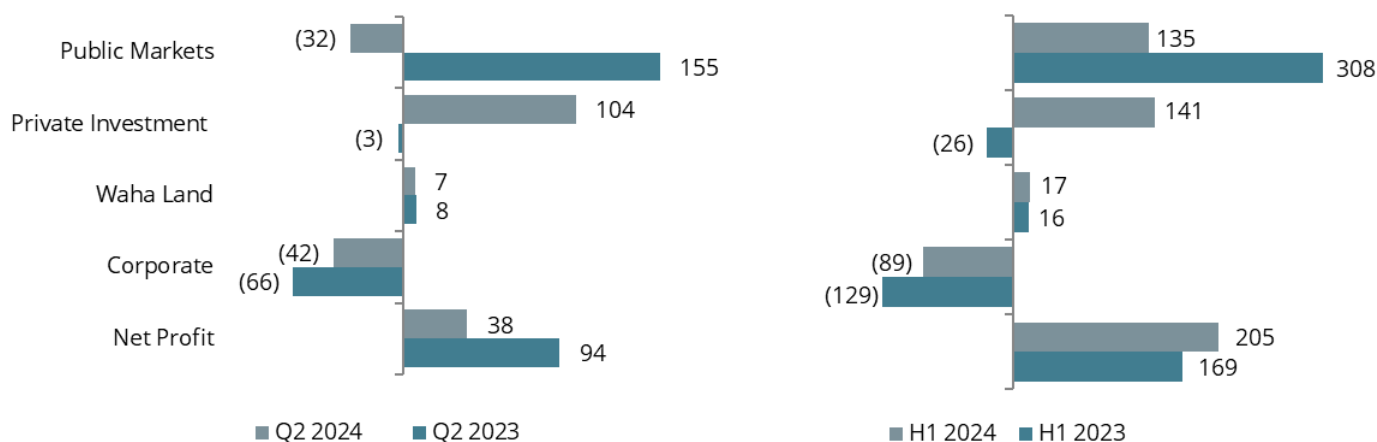
- Public Markets profit of AED 135.3 million compared to AED 308.1 million in 2023;
- Private Investments profit of AED 140.7 million compared to loss of AED 26.2 million in 2023;
- Waha Land profit of AED 17.4 million compared to AED 16.0 million in 2023; and
- Finance and other corporate costs of AED 88.7 million compared to AED 129.0 million in 2023.

**Three month period ended 30 June 2024**

**Net profit attributable to owners of the Company** of AED 38.3 million for the three-month period ended 30 June 2024, compared to AED 93.9 million for the corresponding period of 2023, was mainly driven by the following

- Public markets loss of AED 31.7 million compared to a profit of AED 155.0 million in 2023;
- Private Investments profit of AED 104.2 million compared to loss of AED 3.3 million in 2023;
- Waha Land Profit of AED 7.3 million compared to AED 8.3 million in 2023; and
- Finance and other corporate costs of AED 41.5 million compared to AED 66.1 million in 2023.

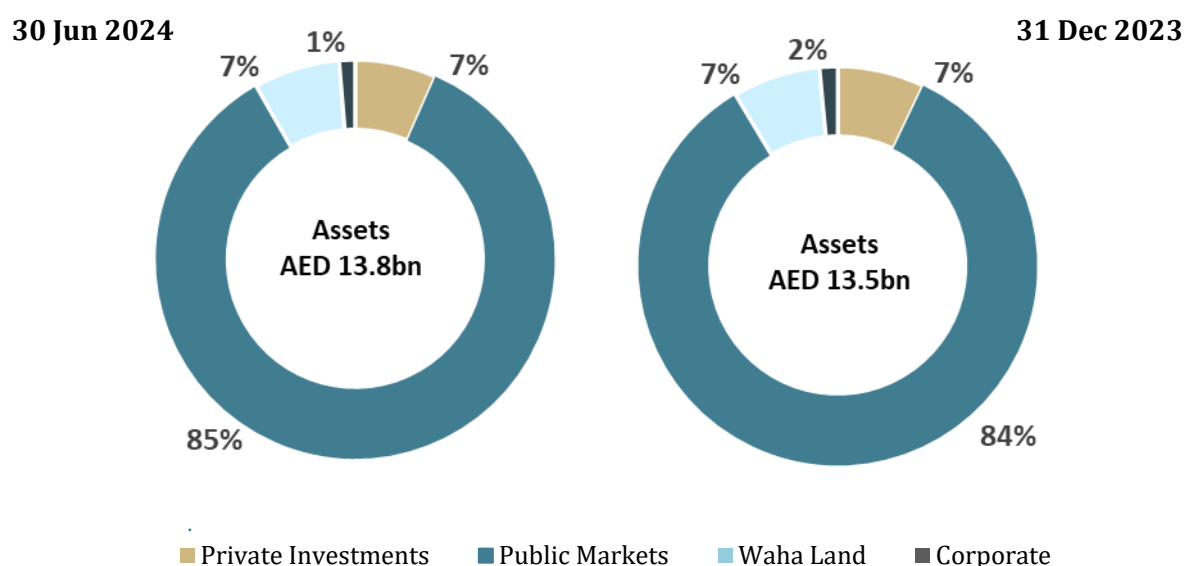
**Net profit by segment attributable to owners of the Company (AED million)**



**Summary Balance Sheet (AED '000)**

	As at 30-Jun-24	As at 31-Dec-23
Investments in equity accounted associates and joint ventures	97,709	88,313
Right-of-use assets	49,605	23,431
Investment property	419,730	413,450
Financial investments	9,768,035	8,652,900
Loan investments	49,397	46,340
Other assets	1,979,863	2,980,991
Cash and bank balances	923,892	866,942
Assets Held For Sale	468,515	468,515
<b>Total assets</b>	<b>13,756,746</b>	<b>13,540,882</b>
Borrowings	5,710,893	5,955,844
Financial liabilities	219,249	218,866
Deferred tax liability	3,286	3,286
Lease liabilities	48,499	21,420
Trade and other liabilities	491,275	672,351
<b>Total liabilities</b>	<b>6,473,202</b>	<b>6,871,767</b>
<b>Total equity</b>	<b>7,283,544</b>	<b>6,669,115</b>
<b>Total liabilities and equity</b>	<b>13,756,746</b>	<b>13,540,882</b>

**Total assets composition (AED million)**



The Group's total assets of AED 13,756.7 million as at 30 June 2024, compared to AED 13,540.9 million as at 31 December 2023, an increase of 1.6% and mainly comprised of:

- a) **Financial investments** of AED 9,768.0 million compared to AED 8,652.9 million in 2023, an increase of AED 1,115.1 million, mainly due to net increase of AED 1,209.7 million in public market funds offset by net decrease of AED 94.5 million from private investments.
- b) **Other assets** of AED 1,979.9 million as at 30 June 2024 compared to AED 2,981.0 million as at 31 December 2023, a decrease of AED 1,001.1 mainly due to decrease in receivables of public market funds due from brokers on settlement of trades.
- c) **Cash and bank balances** of AED 923.9 million compared to AED 866.9 million in 2023, a increase of AED 57.0 million mainly due to:
  - Contributions from non-controlling interest holders of AED 560.2 million from new investments in Public Market funds and increase in working capital of AED 790.6 million mainly from the trading activities in the from public market funds; offset by
  - Investment into financial assets AED 666.6 million, payment of dividends AED 188.4 million, finance costs paid of AED 164.6 million and decrease in repurchase liabilities related to public market funds of AED 103.8 million and other borrowings of AED 164.4 million.

The Group's total liabilities of AED 6,473.2 million as at 30 June 2024 compared to AED 6,871.8 million as at 31 December 2023, a decrease of AED 398.6 million, comprised of:

- a) **Borrowings** of AED 5,710.9 million compared to AED 5,955.8 million as at 31 December 2023, a decrease of AED 244.9 million:
  - Corporate: RCF outstanding stood at AED 1,154.0 million as of 30 June 2024 compared to AED 1,297.9 million as at 31 December 2023 due to repayment of AED 147.1 million; and
  - Subsidiaries: Outstanding borrowings of AED 4,556.8 million as of 30 June 2024 compared to AED 4,657.9 million mainly represents decrease in repurchase liabilities related to public market funds of AED 103.8 million.
- b) **Trade and other liabilities** of AED 491.3 million compared to AED 672.4 million as at 31 December 2023, a decrease of AED 181.1 million mainly represents decrease 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 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 30 June 2024 stands at AED 9.2 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 10.1% (net) on a fund size of AED 3.12 billion (US\$ 849.2 million)
- Waha MENA Equity Fund SP of -3.7% (net) on a fund size of AED 3.38 billion (US\$ 920.3 million)
- Waha Islamic Income Fund SP of 2.6% (gross) on a fund size of AED 0.21 billion (US\$ 58.0 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 30 June 2024 was AED 512 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. During the period, the company successfully divested its holding in Despegar.com. The net carrying value of the legacy portfolio as at 30 June 2024 was AED 232 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 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.

Stage 2B expansion, which adds circa 75,000 m<sup>2</sup> 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 30 June 2024, Waha Land reported total income of AED 26.7 million (2023: AED 23.6 million).

The carrying value of investment property was AED 888.2 million as at 30 June 2024, including AED 468.5 million classified as held for sale.

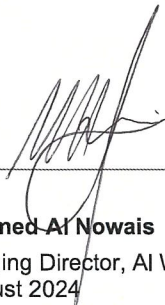
## OUTLOOK

Waha Capital has demonstrated remarkable resilience with solid performance in the first half of year. Despite facing global macroeconomic and geopolitical headwinds, the company's positive returns underscore its ability to navigate complex market dynamics effectively.

Key drivers of our H1 gains include substantial third-party capital inflows and the exceptional performance of the Waha Emerging Markets Credit Fund, managed by our public markets subsidiary, Waha Investment. Our Private Investments segment benefited from mark-to-market gains and has successfully focused on stabilizing, growing, and expanding portfolio assets, leading to a return to profitability. The team is committed to monetizing mature investments to crystallize value for shareholders. Waha Land continued its growth trajectory with the successful leasing of the new Stage 2B expansion, providing steady year-on-year growth in rental income and contributing to our solid returns.

Looking ahead, Waha Capital remains cautiously optimistic and committed to its strategic objectives. Waha Investment will maintain its fundraising momentum with leading global institutional investors to drive further growth in assets under management. Our Private Investments business will prioritize high-growth opportunities and realize value from mature assets. Meanwhile, Waha Land will focus on expanding its leasable portfolio, innovating new offerings for the UAE's industrial and logistics market, and maximizing value through strategic capital recycling and partnerships.

The company's outlook is underpinned by a strong commitment to robust corporate governance. We are dedicated to safeguarding shareholder and client assets while continuing to expand our asset base. Achieving economies of scale across the balance sheet remains a priority, as we strive to enhance value and drive sustainable growth.



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**Mohamed Al Nowais**

Managing Director, Al Waha Capital PJSC

1 August 2024