

WAHA CAPITAL

Management discussion and analysis for the
period ended 30 September 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 282.2 million for the nine-month period ended 30 September 2024 compared to AED 222.5 million for the corresponding period of 2023.

KEY ACTIVITIES DURING THE PERIOD

The following key activities occurred during the period:

- Public Markets (operated by Waha Investment PrJSC) total assets under management reached AED 9.9 billion (USD 2.7 billion) as of 30 September 2024 compared to AED 8.8 billion (USD 2.4 billion) as of 31 December 2023, an increase of 12.5%. Within this figure, assets under management attributable to Owners of the Company were AED 3.3 billion as of 30 September 2024 and at 31 December 2023.
- The period to date returns from funds managed by the Group were: Waha Emerging Markets Credit Fund SP 15.9% (net), Waha MENA Equity Fund SP 0.3% (net) and Waha Islamic Income Fund SP 8.0% (gross).
- Private Investment assets under management (including Waha Land) stood at AED 1.5 billion as of 30 September 2024 compared to AED 1.6 billion as of 31 December 2023.

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

	YTD 2024	YTD 2023	Q3 2024	Q3 2023
Revenue from sale of goods and services	111,042	101,592	33,240	29,676
Cost of sale of goods and services	(83,526)	(79,100)	(26,653)	(25,595)
Share of profit from equity-accounted associates and joint ventures, net	16,668	3,639	3,365	2,041
Gain on disposal of equity-accounted associates and joint ventures	-	5,021	-	-
Income from financial investments, net	788,702	601,002	340,578	155,208
Income from investment property, net	39,670	32,218	13,078	8,750
Other income, net	32,679	15,079	12,366	9,031
Net operating income	905,235	679,451	375,974	179,111
General and administrative expenses – company	(68,873)	(136,454)	(21,321)	(43,081)
General and administrative expenses – subsidiaries	(116,184)	(42,499)	(40,713)	(15,175)
Finance cost, net	(198,147)	(93,280)	(63,546)	(31,783)
Total expenses	(383,204)	(272,233)	(125,580)	(90,039)
Profit before tax	522,031	407,218	250,394	89,072
Tax expense	(3,015)	-	(765)	-
Profit for the period	519,016	407,218	249,629	89,072
Non-controlling interests	(236,776)	(184,732)	(172,065)	(35,442)
Profit attributable to owners of the Company	282,240	222,486	77,564	53,630
Basic and diluted earnings per share (AED)	0.152	0.118	0.041	0.028

NET OPERATING INCOME

Nine-month period ended 30 September 2024

Net operating income of AED 905.2 million for the nine-month period ended 30 September 2024, compared to AED 679.5 million for the corresponding period of 2023, was driven by the following:

- Public Markets income of AED 753.1 million compared to AED 619.1 million in 2023 showing strong performance driven by fee income and increase in assets under management
- Private Investments income of AED 101.4 compared to AED 27.9 million in YTD 2023 mainly due:
 - Gross profit from healthcare business of AED 27.5 million (YTD 2023: AED 22.5 million)
 - Share of profit from equity accounted investments of AED 16.7 million (YTD 2023: AED 3.6 million)
 - Gain from financial investments of AED 51.7 million (YTD 2023: loss of AED 3.8 million)
 - Other income of AED 5.5 million (YTD 2023: AED 0.5 million)
- Waha Land income of AED 39.8 million compared to AED 32.5 million in YTD 2023
- Corporate other income of AED 10.8 million from legacy investments (YTD 2023: nil)

Three-month period ended 30 September 2024

Net operating income of AED 376.0 million for the three-month period ended 30 September 2024, compared to AED 179.1 million for the corresponding period of 2023, was driven by the following:

- Public Markets income of AED 423.9 million compared to AED 138.0 million in Q3 2023
- Private Investments loss of AED 61.1 million compared to income AED 32.3 million in Q3 2023 mainly due to loss on financial investments;and
- Waha Land income of AED 13.1 million compared to AED 8.9 million in Q3 2023

TOTAL EXPENSE ANALYSIS

Nine-month period ended 30 September 2024

Total expenses for the nine-month period ended 30 September 2024 was AED 383.2 million compared to AED 272.2 million in 2023, mainly comprised of:

- General and administrative expenses - company, amounting to AED 68.9 million compared to AED 136.5 million for the corresponding period of 2023, a decrease of AED 67.6 million mainly due to lower expenses of subsidiaries previously considered under company (2023: AED 69.9 million) and no provision for doubtful debts in current period (2023: AED 4.7 million);
- General and administrative expenses – subsidiaries, amounting to AED 116.2 million compared with AED 42.5 million for the corresponding period of 2023 million mainly due to expenses recharged from company to subsidiaries of AED 69.9 million;
- Finance costs, net - company, amounting to AED 81.6 million, compared to AED 88.2 million in the corresponding period of 2023, a decrease of AED 6.6 million mainly due to decrease in interest rates; and
- Finance costs, net - subsidiaries, amounting to AED 116.5 million compared to AED 5.1 million in the corresponding period of 2023, an increase of AED 111.4 million, mainly due to higher utilisation of repurchase liabilities for public market funds business and lower interest income.

Three-month period ended 30 September 2024

Total expenses for the three-month period ended 30 September 2024 was AED 125.0 million, compared to AED 90.0 million in 2023, mainly comprised of:

- General and administrative expenses - company, amounting to AED 21.3 million compared to AED 43.1 million for the corresponding period of 2023, a decrease of AED 21.8 million mainly due to no expenses of subsidiaries previously considered under company (2023: AED 25.6 million) and lower staff related expenses;
- General and administrative expenses – subsidiaries, amounting to AED 40.7 million compared to AED 15.2 million for the corresponding period of 2023, an increase of AED 25.5 million mainly due to expenses recharged from company to subsidiaries of AED 25.6 million;
- Finance costs, net - company, amounting to AED 23.9 million, compared to AED 31.6 million in the corresponding period of 2023, a decrease of AED 7.7 million mainly due to decrease in interest rates; and
- Finance costs, net - subsidiaries, amounting to AED 39.6 million, compared to AED 0.2 million in the corresponding period of 2023, an increase of AED 39.4 million, mainly due to higher utilisation of repurchase liabilities for public markets business and lower interest income.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Nine month period ended 30 September 2024

Net profit attributable to owners of the Company of AED 282.2 million for the nine-month period ended 30 September 2024, compared to a net profit of AED 222.5 million for the corresponding period of 2023, was mainly driven by the following:

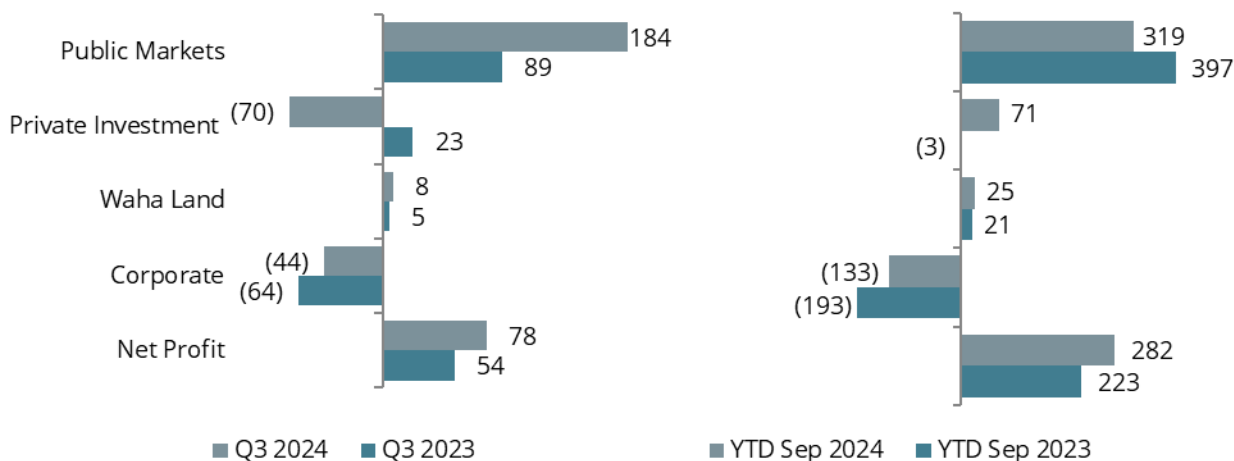
- Public Markets profit of AED 319.2 million compared to AED 397.4 million in 2023;
- Private Investments profit of AED 70.9 million compared to loss of AED 3.4 million in 2023;
- Waha Land profit of AED 24.9 million compared to AED 21.2 million in 2023; and
- Finance and other corporate costs of AED 132.7 million compared to AED 192.7 million in 2023.

Three month period ended 30 September 2024

Net profit attributable to owners of the Company of AED 77.6 million for the three-month period ended 30 September 2024, compared to AED 53.6 million for the corresponding period of 2023, was mainly driven by the following:

- Public markets profit of AED 183.9 million compared to a profit of AED 89.3 million in 2023;
- Private Investments loss of AED 69.8 million compared to a profit of AED 22.8 million in 2023;
- Waha Land Profit of AED 7.5 million compared to AED 5.2 million in 2023; and
- Finance and other corporate costs of AED 44.0 million compared to AED 63.7 million in 2023.

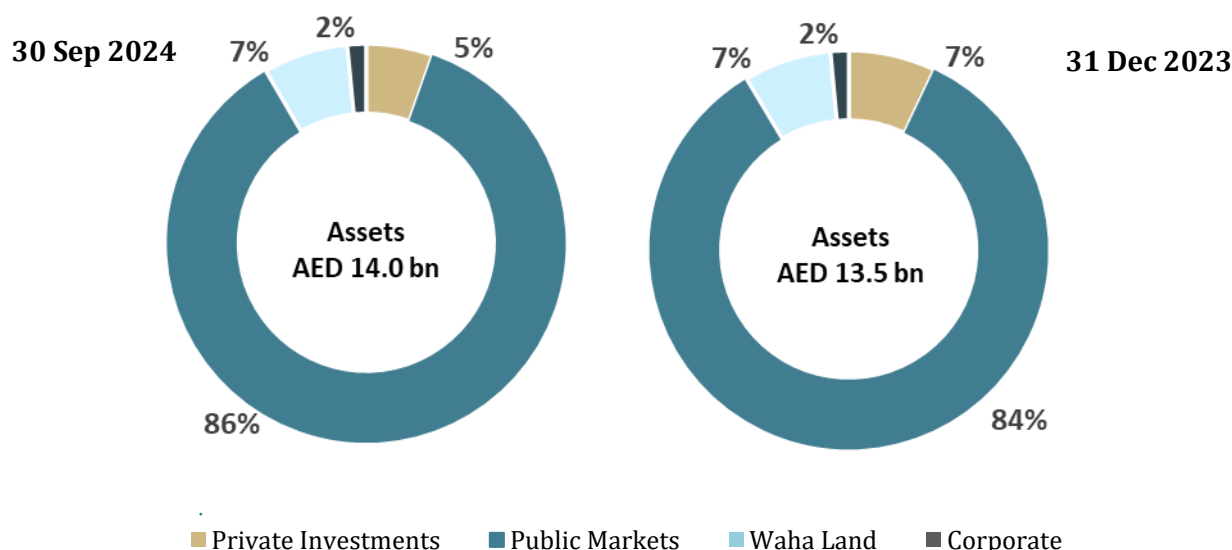
Net profit by segment attributable to owners of the Company (AED million)



Summary Balance Sheet (AED '000)

	As at 30-Sep-24	As at 31-Dec-23
Investments in equity accounted associates and joint ventures	96,517	88,313
Right-of-use assets	46,198	23,431
Investment property	419,730	413,450
Financial investments	9,991,947	8,652,900
Loan investments	51,048	46,340
Other assets	1,787,092	2,980,991
Cash and bank balances	1,153,345	866,942
Assets Held For Sale	468,515	468,515
Total assets	14,014,392	13,540,882
Borrowings	5,299,478	5,955,844
Financial liabilities	219,795	218,866
Deferred tax liability	3,286	3,286
Lease liabilities	47,302	21,420
Trade and other liabilities	587,150	672,351
Total liabilities	6,157,011	6,871,767
Total equity	7,857,381	6,669,115
Total liabilities and equity	14,014,392	13,540,882

Total assets composition (AED million)



The Group's total assets of AED 14,014.4 million as at 30 September 2024, compared to AED 13,540.9 million as at 31 December 2023, an increase of 3.5 % and mainly comprised of:

- Financial investments** of AED 9,991.9 million compared to AED 8,652.9 million in 2023, an increase of AED 1,339.0 million, mainly due to net increase of AED 1,562.6 million in public market funds offset by net decrease of AED 223.6 million from private investments.
- Other assets** of AED 1,787.1 million as at 30 September 2024 compared to AED 2,981.0 million as at 31 December 2023, a decrease of AED 1,193.9 mainly due to decrease in receivables of public market funds due from brokers on settlement of trades.
- Cash and bank balances** of AED 1,153.3 million compared to AED 866.9 million in 2023, an increase of AED 286.4 million mainly due to:
 - Contributions from non-controlling interest holders of AED 880.8 million from new investments in Public Market funds, dividends received of AED 187.4 million, interest received of AED 215.0 million and increase in working capital of AED 1,082.7 million mainly from the trading activities in the from public market funds; offset by
 - Investment into financial assets AED 950.8 million, payment of dividends AED 188.4 million, finance costs paid of AED 257.4 million and decrease in repurchase liabilities related to public market funds of AED 495.9 million and other borrowings of AED 153.3 million.

The Group's total liabilities of AED 6,157.0 million as at 30 September 2024 compared to AED 6,871.8 million as at 31 December 2023, a decrease of AED 714.8 million, comprised of:

- a) **Borrowings** of AED 5,299.5 million compared to AED 5,955.8 million as at 31 December 2023, a decrease of AED 656.3 million:
 - Corporate: RCF outstanding stood at AED 1,143.3 million as of 30 September 2024 compared to AED 1,297.9 million as at 31 December 2023 the decrease was mainly due to repayment of AED 147.1 million
 - Subsidiaries: Outstanding borrowings of AED 4,156.2 million as of 30 September 2024 compared to AED 4,657.9 million mainly represents decrease in repurchase liabilities related to public market funds.
- b) **Trade and other liabilities** of AED 587.2 million compared to AED 672.4 million as at 31 December 2023, a decrease of AED 85.2 million mainly represents decrease in payables of public market funds due to brokers on settlement of trades and decrease in interest payable accrued.

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 September 2024 stands at AED 9.9 billion (US\$ 2.7 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 15.9% (net) on a fund size of AED 3.63 billion (US\$ 988.1 million)
- Waha MENA Equity Fund SP of 0.3% (net) on a fund size of AED 3.51 billion (US\$ 953.3 million)
- Waha Islamic Income Fund SP of 8.0% (gross) on a fund size of AED 0.22 billion (US\$ 60.3 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 September 2024 was AED 385 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 September 2024 was AED 231 million.

Waha Land

Waha Land, a wholly owned subsidiary of Waha Capital, is developing “ALMARKAZ Industrial Park SEZ”, 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 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 assets are fully leased out, home to more than 100 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. Leasing commenced in Q1 2024 and has reached 40% occupancy as on date. In coming quarters, Waha Land expects to embark on an expansion path, launching Stage 3 of ALMARKAZ, adding modern Industrial and Logistics assets to the portfolio. This 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 support a diverse range of tenants from different industry segments. Waha Land’s growth strategy will be 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 September 2024, Waha Land reported total income of AED 39.8 million (2023: AED 32.5 million).

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

OUTLOOK

Waha Capital demonstrated resilience and strategic agility in the first nine months of the year, delivering solid performance amid global economic uncertainty and evolving market conditions. This quarter’s results reflect strong capital inflows and disciplined asset management, underscoring our ability to generate sustainable value for shareholders.

This performance was driven by robust third-party capital inflows and the strong returns of the Waha Emerging Markets Credit Fund under Waha Investment. Private Investments added momentum with mark-to-market gains on portfolio assets, while Waha Land delivered steady growth in leasing activity, notably with the successful expansion of Stage 2B.

Looking ahead, Waha Capital remains well-positioned to achieve disciplined growth, balancing long-term objectives with agility to capitalize on emerging opportunities. Waha Investment will focus on new fundraising initiatives to expand our AUM base, while Private Investments remains committed to high-return assets and effective capital recycling. Meanwhile, Waha Land will continue expanding its leasable assets and optimizing portfolio yield.

Our commitment to sustainable growth aligns with Abu Dhabi’s dynamic non-oil economy, where our investments in high-growth sectors offer shareholders and investors a unique stake in the region’s evolving landscape. As we adapt to changing market dynamics, Waha Capital will continue enhancing value for stakeholders and driving resilient growth across our portfolio

Mohamed Hussain Al Nowais
Managing Director, Al Waha Capital PJSC
5 November 2024