

The Waha Report

The Quarterly Newsletter from Waha Capital | November 2009



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Waha Capital



Waha Capital: Sparkling Performance in Tough Times

The launch 20 months ago of Waha Capital as a diversified investment holding company operating across four subsidiaries heralded a new era for the company, now 12 years old. The restructured and re-branded firm is full of potential, as it identifies opportunities and surmounts challenges – the global economic crisis not least among them. Despite Waha Capital's short history and the current environment, we have achieved a great deal, with our accomplishments highlighting our ability to identify and realize opportunities in all types of market environments.

Our first success as Waha Capital came with a contract to lease two Airbus aircraft to Aeroflot, Russia's largest and de-facto national airline, followed by a similar agreement to lease one aircraft to Qatar Airways, one of the world's fastest growing airlines. Soon after, the UAE Armed Forces mandated Waha Capital to arrange and manage an AED 11 billion facility to finance the purchase of military transport aircraft. In April of this year, Waha Land launched

its inaugural project, ALMARKAZ, a mixed-use real estate development that is the first of its kind in the capital. Among our most recent milestones is the acquisition of a 50% stake in AerVenture, a joint venture with NYSE-listed global aviation company AerCap.

These accomplishments give our shareholders, our partners and our other stakeholders a clear idea of how much we can achieve and the high benchmarks that we have defined for ourselves today and into the future. Over these past months, we have set the tone for our firm and have made clear that we live by our ambitious mission and vision that ensure we contribute directly to the grand strategy of "Abu Dhabi Economic Vision 2030."

But a clear mission and leadership are not enough to achieve our goals; ultimately it is the professionals who work across each and every business unit at Waha Capital that have determined our success so far and will drive it in the future.

That is why we work so hard to hire not only the best and brightest, but also those who are motivated by our vision to be the leading publicly traded investment company in Abu Dhabi.

We have expanded rapidly and believe that the level of opportunities across all our sectors of focus mean we will continue in this trend. Our development will come through acquisitions, organic growth and the launch of joint ventures and other new businesses created in partnership with top international firms.

As a result, we will continue to hire top talent to add to our teams. At the same time, we are committed to a wide range of professional development, training and education programs that will further enhance the skills that our employees already possess. These programs not only provide direct and immediate benefits to our employees and to our firm, but to our clients and partners as well.

One of the main factors contributing to our ongoing growth is our commitment to diversification. With our four business units, we have become a diversified investment holding company, but as we look ahead, we see a wealth of

opportunities to further diversify our lines of business.

This diversification reinforces our commitment to sustainability and to adding significant value to the local economy and community through the inward transfer of knowledge, skills and technology to Abu Dhabi and the UAE.

We have set high goals for ourselves that inspire us day in and day out. It is with strong optimism that we move toward these goals that will deliver benefits for our employees, our company, our shareholders and the communities in which we operate.



Letter from
Salem Rashid Al Noaimi,
Chief Executive Officer,
Waha Capital



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Waha Land



الواحة للخدمات المالية
Waha Financial Services



الواحة للتأجير
Waha Leasing



الواحة للملاحة
Waha Maritime

50% Stake in AerVenture Raises Waha Leasing's Profile As A Regional Leader in Aircraft Leasing



Despite global economic conditions not witnessed in several generations, Waha Leasing continues to pursue new business in the aviation sector, where our long experience and in-house expertise are able to uncover opportunities that can deliver strong value to our shareholders. At the same time, these opportunities further the overall goals of

Waha Capital to bolster its own diversification, as well as that of Abu Dhabi as a whole.

The most recent example of this was Waha Capital's acquisition of a 50% stake in AerVenture Limited, a subsidiary of AerCap Holdings N.V. AerVenture, which was established in 2006 with a focus on new Airbus A320-family

aircraft, has a US\$ 2.4 billion asset base that includes 22 A320s, plus firm orders for a further 32.

The economic crisis notwithstanding, the aviation sector offers growth opportunities that can be leveraged into a truly fruitful business, something we identified in the AerVenture

investment, which we are convinced has come at the right time. This is reinforced by the quality of our partner, AerCap, which has the right credentials, expertise and commitment that are so critical to achieving long-term growth in this industry.

Because this agreement comes in the middle of the global economic downturn, people always want to know what role the crisis played in the deal. What's most relevant in this regard is that Waha Leasing has registered a string of business successes over the past 18 months. Bucking the general trend and rising above harsh market conditions, we have signed significant contracts, such as leasing two aircraft to Russia's Aeroflot and one to Qatar Airways.



*By Simon Mclean,
Chief Operations Officer,
Waha Leasing*

AED 11 Billion Financing Mandate Puts Waha Capital in the Spotlight

Waha Capital's market-leading financing expertise has put our firm in the spotlight with the announcement that the UAE Armed Forces has mandated Waha Capital regarding an AED 11 billion financing program. We will be arranging and managing financing for the purchase of military aircraft, including 12 advanced C-130J Super Hercules airlifters from Lockheed Martin and four C17 military transportation jets from Boeing.

The mandate bears testimony to our successful commitment to diversifying resources, ensuring consistent revenue growth, strengthening assets and building shareholder equity, as well as to our company's robust financial

health, strong capabilities, international relationships and relevant experience.

In fact, the deal is the first of its kind in the world and Waha Capital's biggest-ever project in 12 years of operation. Waha Capital will work closely with our local and international partners, including the UAE Offset Program Bureau, Blenheim Capital Partners and other companies to facilitate the financing of this project – all in consultation with both Lockheed Martin and Boeing.

It also is important to note that a mandate such as this reflects the commitment of the governments of both the UAE and Abu Dhabi to boost the financial sectors and wider



economies, both locally and internationally, by providing investment opportunities for all parties.

Waha Capital has a solid track record of managing project financing programs since its inception 12 years ago under

the umbrella of the government's offset economic program, a legacy that contributes to the company's position as one of the region's top financial services providers.

*By Michael Rynes,
Chief Executive Officer,
Waha Financial Services.*

ALMARKAZ Breaks New Ground in Abu Dhabi Real Estate Industry



Marking Waha Land's debut, ALMARKAZ is a new multi-faceted real estate project that will occupy a six-square-kilometer plot in Abu Dhabi. The visionary project paves the way for other fully integrated real estate projects in the UAE's capital, according to Hazem Al Nowais, Chief Operations Officer at Waha Land. The importance of this project, Al Nowais explains, is not just its large plot size, but also its multi-purpose design, which features warehouses and stores, land for light industry and accommodation for the 28,000 workers expected to work in the various companies operating in ALMARKAZ and elsewhere in the emirate. Waha Talk spoke with Mr. Al Nowais on these and other elements of the ALMARKAZ project.

Q: Why is ALMARKAZ important to Waha Capital?

A: ALMARKAZ is in line with the strategic plans of Waha Capital, the parent of Waha Land, to investing in key sectors that support Abu Dhabi's economic diversification drive and that generate significant value for our shareholders. As well, with the launch of such a unique project, Waha Capital is able to raise its profile as a leading holding company that is engaged in developing mega projects that benefit a wide spectrum of sectors. This notably includes industry, which currently has an insufficient supply of multi-faceted and full-fledged real estate initiatives such as ALMARKAZ.

Q: Why is ALMARKAZ important to Abu Dhabi?

A: ALMARKAZ comes at the right time and is in alignment with

Abu Dhabi's strategic aspirations as envisaged in Plan Abu Dhabi 2030. In fact, the insightful and forward-thinking leadership of Abu Dhabi, led by His Highness Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE and Ruler of Abu Dhabi, and His Highness Sheikh Mohammed Bin Zayed Al Nahyan, President of the Executive Council, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, is keen to raise the profile of the emirate as a regional catalyst for economic progress and diversification. At the heart of this effort is a focus on vital sectors such as industry.

Q: What differentiates ALMARKAZ from other real estate projects?

A: ALMARKAZ provides a comprehensive work and living environment that addresses all needs of the industrial sector with state-of-the-art and modern infrastructure. Being a first-of-its-kind project in Abu Dhabi, spread across six square kilometers, ALMARKAZ provides highly flexible solutions and varied options for all kinds of companies, enabling firms to secure a location that will meet both current and any future needs – meaning they will not have to worry about relocating in the future. Given its strategic location and proximity to the city center, as well as a complete transport infrastructure that includes roads and railways, ALMARKAZ provides fast and direct access to the city and its ports, other emirates and the rest of the GCC. Furthermore, it may be connected to Abu Dhabi's planned light-rail system.

In addition, residents of ALMARKAZ will enjoy a wide range of community amenities, such as healthcare, shopping, entertainment and convenient public transport stations.

Q: Do you think now is the time to launch a mega-project like ALMARKAZ, given the current global financial crisis that has deeply impacted the real estate sector?

A: We do believe it is the right step at the right time, given Abu Dhabi's drive toward economic diversification. The city's development is not stopping on account of the global slowdown and so still requires major projects that can meet diverse infrastructure needs such as warehouses and stores, labor camps and transportation networks that provides easy access via land and sea to other emirates and the GCC.

Despite the financial crisis, mega-projects are still being undertaken in cities in the region, including in Abu Dhabi. In fact, several of those located in the capital of the UAE are close to completion and bear testimony to the successful planning that aspires to make Abu Dhabi a vibrant global capital city. Furthermore, the market demand for warehouses, stores and labor camps far outstrips the supply, ensuring great value in building major multi-faceted projects such as ALMARKAZ, which also will help support Abu Dhabi's economic-diversification drive.

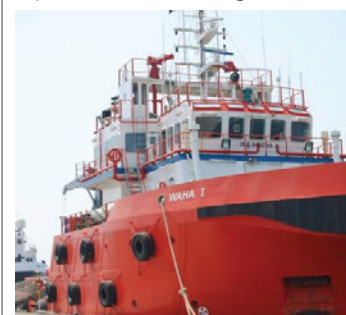
Opportunity Knocks

In recent months, negative sentiment has defined the economic news environment. This is no surprise given the nature of recent macro- and microeconomic data and is in line with typical investor behavior. However, successful entrepreneurs see now as the perfect time to pick up distressed assets at fire-sale prices. When shell-shocked investors run for cover and start dumping good assets to cover bad bets, successful business leaders can jump in and make once-in-a-lifetime acquisitions. Most executives are too paralyzed with fear to do anything, let alone undertake growth during a slowdown.

This is certainly the case in the maritime sector, a cyclical industry where the fortunes of businesses rise and fall with the general direction of the economy and where asset prices are mean reverting – a statistical term that means that what comes down below historical averages must go up.

The above might seem like common sense, but unfortunately empirical evidence shows that few businesses make acquisitions during a downturn. On the contrary, most make their purchases at the peak of the economic cycle when asset prices are at all-time highs. Bargain hunters thrive in markets where negative sentiment, rather than solid fundamentals, determines the downward pressure on otherwise solid asset prices.

In the shipping industry, many investors made huge speculative orders when asset values and day rates seemed to have only one direction – upward! Broker reports show that freight indices,



including the broader Baltic Dry Index (BDI) and the narrower Baltic Capesize Index (BCI), both hit all time highs in late May and June 2008, but by early December 2008, both indices recorded all time lows – down more than 90% off their peaks. Generally, all asset classes more or less mirror this picture.

Now here's the opportunity.

With bank lending scarce, many of these investors are willing to sell their order books at or below cost in an attempt to save their down payments with shipyards. A ship owner-operator with solid cash flows and a creative approach to structured finance will have the perfect opportunity to rejuvenate its fleet and grab market share by exploiting the impending buyers' market.

The Gulf economy has solid fundamentals and the recent drop in business activity is merely a short-term slip caused by the global financial crisis and the resulting economic contraction. The region will be one of the first regional economies to emerge from this slowdown. Local and regional players in the maritime sector should cautiously pursue a targeted and disciplined investment approach to exploit the current expansion opportunity by means of organic growth and smart M&A transactions. Companies that amassed large cash reserves during the boom period of the past couple years are best positioned to exploit their advantage while global competitors have their hands tied by the credit squeeze.

*By Mustapha Boussaid,
Director Waha Maritime*



Waha Community



Remarkable participation at Cityscape Abu Dhabi and Cityscape Dubai 2009

Waha Capital's stand at Cityscape Abu Dhabi and Cityscape Dubai 2009 was a focal point of activity at both expos. In the months leading up to the two events, Waha Capital employees worked exceptionally hard to make the participation truly successful. Employees at the 400-square-meter stand, which was buzzing with activity throughout both expos, attended to the needs of partners, visitors and the media.

Capitalizing on the global and regional attention received by the high-caliber exhibitions, Waha Capital promoted Al Markaz, the inaugural project of its real estate arm, Waha Land. The project was a star of both expos, capturing the interest of local, regional and international print and online media, as well as leading TV channels and radio stations, resulting in a deluge of feature stories and interviews with Waha Capital's senior executives.

While Cityscape Abu Dhabi was used to introduce Al Markaz, Cityscape Dubai was where Waha Land began the sales and booking process, collecting many names and contact information of those interested in the Al Markaz development. From this, sales teams will follow up to provide more information and take bookings.

Well-organized event celebrates Waha Capital's AerVenture acquisition

Waha Capital once again proved its ability to stage a well-organized event, even under tight deadlines. In preparing for the recently held press conference announcing the signing of an agreement to acquire 50% of AerVenture, Waha Capital employees did an exceptional job, whether sending invitations

to partners or meeting all logistical needs and other requirements.

Attendees of the signing ceremony, the press conference and lunch that followed at Emirates Palace Hotel were amazed by the preparation.



Mohammed Ali Mattari, Waha Capital's longest-serving employee

As the longest-serving employee of Waha Capital, Mohammed Ali Mattari has many stories to share about the company. The firm was called Oasis International Leasing when Mohammed joined 12 years back, and he speaks confidently, passionately and in great detail about the company, for which he has tremendous affection. Mohammed, a father of two children, joined the company on the day of its inception as its public relations officer. He started work on the very first day, following up on various tasks such as issuing visas for employees, getting the company's license and helping meet legal requirements necessary to open the office.

Waha Talk spoke to Mohammed and shares his insights about the company, its past and the changes that have taken place during the past dozen years.

Q: How do you see Waha Capital now, compared with the Oasis International Leasing of 12 years ago?

A: Many changes have taken place since the company's inception in 1997. Then it was a small company with limited exposure and working exclusively in aviation. Now, the company is a top local, regional and international organization that employs 58 experienced multinational professionals. Business-wide, operations have greatly expanded following last year's restructuring and now also extend into maritime, financial services and real estate.

Q: You have worked with all of the company's chairmen, as well as its senior decision makers. What common traits have they shared?

A: All of them worked with devotion and commitment to help raise the profile of the company, and their efforts have been instrumental in taking Waha Capital to the great heights that it is witnessing today. Under the chairmanship of His Excellency Hussein Al Nowais, great leaps of growth and numerous milestones have been attained, including the company's restructuring.

Q: As a public relations officer, how has the nature of your work changed?

A: It has changed a lot thanks to technological innovations. Paper-based processes that required lots of time and effort have been done away with; now things are faster using computers and the Internet. Public relations officers are among the biggest beneficiaries of recent technological advances.

Q: What about Abu Dhabi?

A: It has developed a lot, becoming ever more fascinating and attractive. New mega projects under development will further add to its beauty and appeal.

Q: What do you wish for Waha Capital?

A: More success and achievements so that Waha Capital's name will continue to shine brightly among leading international companies. •

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