


CEO MONTHLY

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It continues to be a busy year for us at Amanat. I am pleased to share with you a series of key milestones since my last monthly letter which showcase our strategic efforts to deliver on our promise to shareholders. Amanat's recent share price performance is testament to the transformative deliverables we have managed to achieve over the last nine months, and I am proud to walk you through those achievements:

- Our financial and operational performance in 1H-2021
- Enabling platforms and the acquisition of CMRC's Abu Dhabi real estate
- The second divestment of a minority stake
- Amanat's share price momentum

Friends,

We are nine months into 2021 and I can comfortably say we have managed to deliver all we set out to do at the start of the year. This year we reported **record high profitability** in 1H-2021, **closed four transactions** in excess of 1.7 billion dirhams to **optimize our portfolio** and witnessed our **share price double** from last years lows. That's not to say we will stop there. We are better prepared and fueled for growth with ample dry powder to cherry pick the assets that best fit our target operating platform model.

Financial and operational performance

In the first half of the year Amanat successfully delivered another set of remarkable results having reported an all-time-high net profit of 235.3 million dirhams. Our results were supported by the combined outcome of the **acquisition of Cambridge Medical & Rehabilitation Center ("CMRC")** and the **divestment of Taaleem**. The **organic growth** at each of our portfolio companies was prominently visible having witnessed the **highest ever occupancy** across our healthcare assets and the **highest enrollments** across our education assets supported by a cognizant effort to **improve operational efficiency** and drive growth across our portfolio.

To put into context, Sukoon's turnaround resulted in the asset finally narrowing losses to breakeven, the Royal Hospital for Women and Children in Bahrain saw **revenues increase** 155 percent year-on-year and in just four months, CMRC contributed nearly 22 million dirhams in income from investments and witnessed an 11 percent growth in revenues year-on-year.

These results highlight the strong growth potential of the asset and demonstrate our ability to identify and acquire attractive investments characterized by both short- and long-term **value generating capabilities**. Additionally, the improved performance resulted in **higher income** generated by all Amanat's education investments and bolstered by the 160 million dirhams generated from the sale of our stake in K-12 provider, Taaleem.

Enabling platforms and the acquisition of CMRC's Abu Dhabi real estate

A few weeks ago, we announced the launch of our **Social Infrastructure Platform ("SIP")** with the acquisition of the real estate property of CMRC for 46 million dirhams. The transaction marks Amanat's first investment in healthcare real estate and is in line with our strategy and target operating model to create **enabling platforms** that will support the growth and sustainability of Amanat's portfolio companies.

The nature of our **diversified platform** allows us to capitalize on various revenue streams. The SIP will enable us to tap into **resilient yields** in the Healthcare and Education sectors and create a sizable and diversified portfolio of real estate assets with **sustainable returns**. With the growth of our SIP and capital from **future yield compression** we can also create a more attractive asset upon exit.

The SIP will not be a core focus rather a platform to support our portfolio companies where we see the **long-term value add** as well as an avenue to creating a more permanent environment being both the landlord and the operator. Going forward we will be very selective with our investments and will **target strategic real estate acquisitions** with attractive yields that can support us in the continuous growth of **total shareholder returns**.

The second divestment of a minority stake

In line with our communicated strategy to **exit minority investments** where the path to control is challenging or limited, we divested a minority equity interest of 13.13 percent in **International Medical Center KSA ("IMC")** for 443 million Saudi

riyals. The divestment resulted in a total cash return of circa 100 million dirhams, including dividends, and is expected to report a gain from sale of circa 40 million dirhams.

Through a KSA regulated Fund we first invested in IMC, a 300-bed multi-disciplinary tertiary care hospital that serves Saudi Arabia's Western Region and targets the high-end segment of the market, in January 2017 at an entry multiple of 10.3x EV/EBITDA FY-2016. We have now **exited at a multiple of circa 15x EV/EBITDA LTM June 2021** despite it being a minority shareholding.

Tallying our latest transactions to date we have executed a combined value of approximately 1.7 billion dirhams which I believe is a testament to our commitment in executing on our strategy and generating solid returns. We have built a **strong track record** in the delivery of our promise to shareholders and are starting to reap the fruits of our ongoing efforts.

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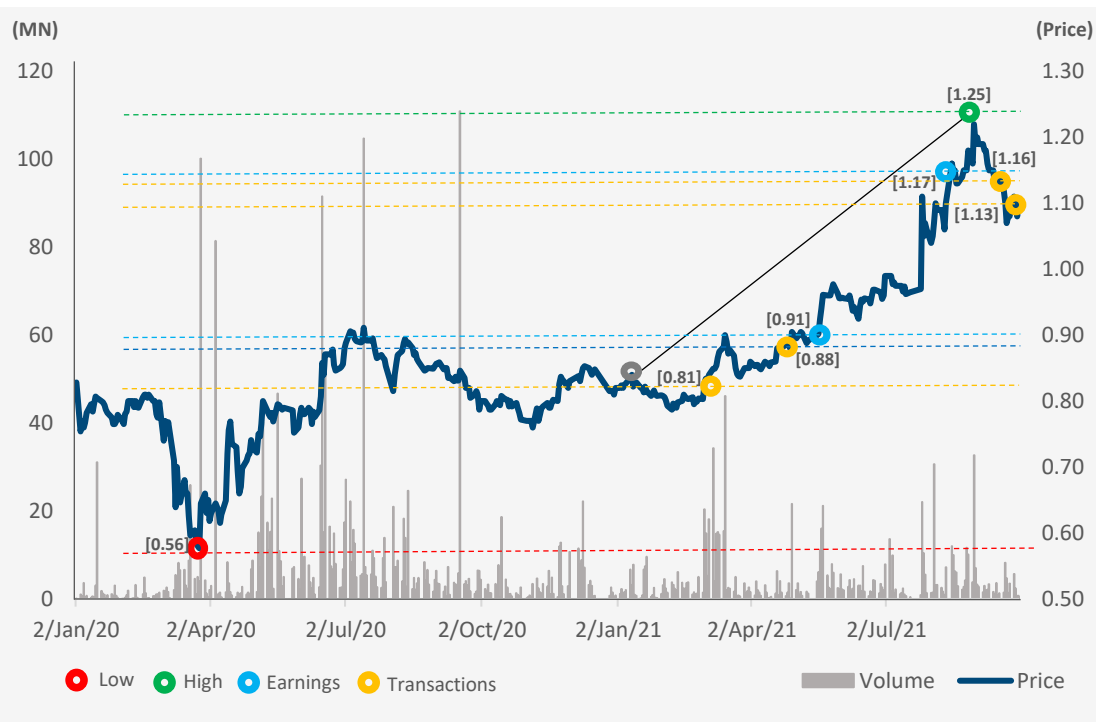
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Amanat’s Share Price Momentum

In parallel to our efforts across our portfolio companies, we have begun witnessing the value we are delivering **reflect on our share price** slowly but surely. Since the beginning of the year, Amanat’s share price has been stimulated by an **increase in interest** from investors, **attracting liquidity**, and resulting in a steady incline.

To put into perspective, on the onset of COVID-19, our share price plummeted to a low of 0.56 fils and ended the year at 0.82 fils. The chart below outlines the **key milestones** and the recent share price performance highlighting Amanat **shares peaking to 1.25 dirhams** this year. Today our **market cap** is an indication of the value we are creating for shareholders having **grown more than twofold** over the past 18 months to reach 3.1 billion dirhams and our **earnings per share reaching an all-time high** of 0.09 fils. Nonetheless, our price-to-earnings ratio of 11x remains on the lower end of the spectrum when compared to regional healthcare and education peers leaving **room for value appreciation** for existing and new investors.



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Going forward our priorities remain unchanged as we look to drive further growth and profitability across our portfolio. We have ample **dry powder of around 1 billion dirhams** and a **healthy pipeline** that positions us well to capture specialized opportunities in healthcare and education and **expand our platforms** as **influential shareholders**.