\ ANNUAL LETTER

Life at the centre of the 'Rest-ern' world

Ajeej

\ Public Equity

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Dear Investors and Friends,

2025 proved to be a year of contrasts for our flagship strategy. The Ajeej MENA Fund (AMF) ended the year essentially flat at +0.4%. This performance unfolded against a deeply bifurcated regional backdrop: while the MSCI Arabia NR returned 7.1%, its largest constituent, Saudi Arabia (representing over half the index), slid -12.8%.

The AMF benefitted from positive returns on stocks exposed to Dubai and the UAE's population and economic growth, including Salik, Parkin, DEWA, Emaar, and FAB, as well as Saudi financial and industrial exposures. This was offset by negative contributions from some of our longer-term convictions, namely Talabat in the UAE (see below) and certain exposures in Saudi including insurance and IT names. The MSCI Arabia NR index's headline growth was driven primarily by Kuwait and Dubai, which gained 21% and 17% respectively, as well as by Abu Dhabi banks which outpaced the Abu Dhabi market's 6% return. The smaller MENA markets of Egypt, Morocco, Jordan, and Oman also had a strong year and contributed in aggregate nearly 2% of the 7% index return – the first two markets benefitted from an additional tailwind from USD weakness during the year. While some markets and stocks did not perform as well as we anticipated during 2025, the variation in performance helped to provide fertile ground for building high-conviction, long-term allocations.

Conviction Amidst Headwinds

As a benchmark-agnostic fund, our performance often reflects the timing of our deepest convictions. In 2025, this was most evident in Talabat. Following its underwhelming December 2024 IPO, we moved against the grain, consistently adding to our position as the stock retreated.

We spent much of the year stress-testing our thesis, specifically regarding the entry of Keeta (owned by Meituan). The prevailing market consensus is that Keeta will aggressively erode Talabat's profitability. We fundamentally disagree.

The market's bearishness is largely an inference drawn from Keeta's entrance into Saudi Arabia, where it significantly impacted Jahez, as well as from its track record in its home market. We believe these comparisons are flawed for several reasons:

- Market Dominance: Unlike Jahez, which was never the primary leader in its market, Talabat commands a dominant 60% to 80% share across its operating territories.
- Operational Depth: Jahez remains a monolithic restaurant-delivery operator. In contrast, Talabat has successfully diversified into vertically integrated and more sophisticated revenue streams.
- The "Stickiness" Factor: The Keeta playbook, driven by heavy discounting and used to great effect in Hong Kong, has struggled to translate to the GCC. While effective at attracting shorter-term bargain hunters, it has found it much more difficult to convert the sticky, profitable user base that defines Talabat's ecosystem.

While we anticipate some margin compression as these markets mature, our confidence in Talabat's long-term top-line growth remains steadfast. We view the current market scepticism as a disconnect between short-term noise and long-term fundamental strength.

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Life at the Centre of the 'Rest-ern' World

Anti-de-globalisation

One of the most frequent questions we hear from investors has to do with their curiosity about the ultimate 'aims' of the GCC leadership class – and note here we say 'class' not 'rulers' because the first clarification necessary is that the titular heads of this region are supported by a vast class of friends, relatives, rivals, business partners, and philosophers whose council they seek on an ongoing basis. It's rule by consensus, not fiat. When we explain that those aims are to establish societies (to play off the hideous HSBC jetway adverts) that are open yet highly organised, mercantile and yet generous, and growth-focused yet enamoured of their own history, cosmopolitan and yet traditional, our answer generates a further cascade of questions – both the, "how can these tensions live unresolved?" and "how can we get involved investing in such a place?"

The simple answer, of course, is 'come and see,' and over the past year our firm has welcomed an increasing number of current and potential investors to our offices in Dubai and served as their guides to our region both in the UAE and beyond. The complex answer as to how to invest in the growth of these new societies is one we have outlined in many letters over the past 19 years: trust in management and national aspirations, but validate and verify the strategies and execution. 2025 was a year that showed the strength of our operating model, but challenged duration and conviction in what remains one of the most open economic areas globally. Openness invites innovation and growth, as well as competition and a certain myopia about terminal value among some economic actors.

The fundamental thesis that drove the establishment of Ajeej Capital in 2007: that the GCC lies not at the edge of the investable world, but rather at its 21st century nexus, evolved in important ways in 2025. Certainly, awareness of the region as a political and economic hub is greater than in any time in the past, and migration to the GCC outpaces, on a nominal basis (let alone on a growth basis), anywhere else on our planet from 2022-2025.

Thus, we see the headlines that trumpet 'the end of globalisation' as comically incorrect. While the Western world seemingly busies itself slamming shut doors to migration and investment and throwing up exciting new regulatory complexities, the rest of the world (which we will endearingly refer to as 'Rest-ern world' here on out) is merrily chugging along increasing synergies and deepening economic and social ties. How else to understand the 30 finalised and in process bilateral trade agreements (CEPAs) signed by the UAE since 2022 that stretch from Costa Rica to Malaysia to India and now to Kazakhstan. In 2025, we also saw Saudi Arabia codify its longstanding ties to Pakistan and Turkey in security cooperation agreements. As we all know, China successfully surpassed USD 1Tr in exports in 2025 despite a massive decline (tariff-driven) in US-directed exports.

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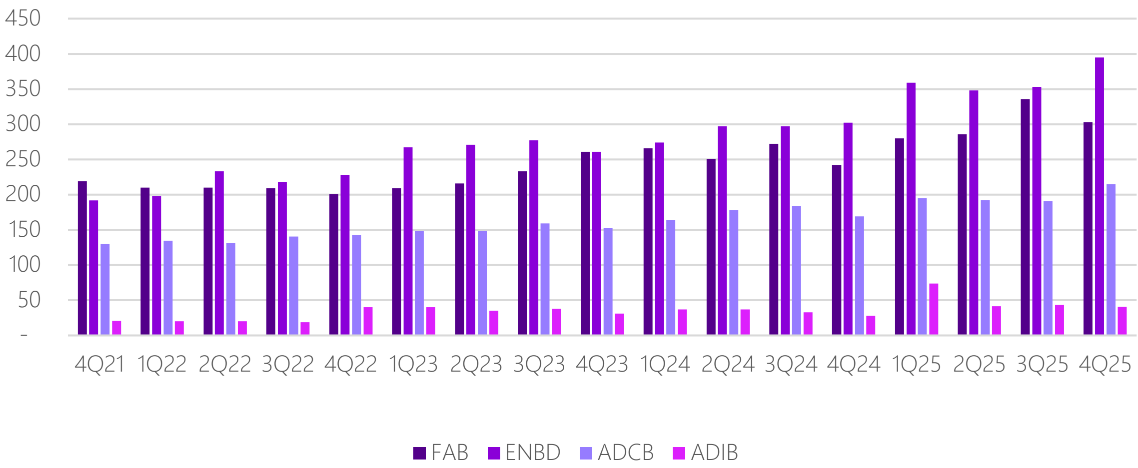
Figure 1 UAE Banks Trade Fees (AEDmn) Source: Ajeej Research



China's forced pivot away from its US customers in 2025 would not have been possible without trading cities like Singapore, Dubai, and the increasingly critical port infrastructure China controls or seeks to control in Vietnam, the Philippines, Indonesia, and beyond. Throughout this period, each of the governments in the GCC, and in fact across the broader region, played critical roles in enabling these growing South-South, East-South, East-East, Middle-South, Northeast-South flows. Dubai remains in the forefront, but in the past 5 years Abu Dhabi, Doha, and Riyadh have emerged as new global hubs for sophisticated commercial deals to be designed, signed, and executed.

And while the GCC cannot compete from a demographic perspective with the size of investment opportunities in India, or Indonesia, or broadly Sub-Saharan Africa, it's important to remember that the GCC capitals already function as the de facto financial capital for tens of thousands of Indian, African, and Central Asian businesses This has spurred annual population growth in the region to well over 4% for the past several years (crossing 8% per annum in Dubai in 2024 and 2025,) and is set to continue, particularly as European and UK migration to the GCC accelerates with Western capital allocators migrating towards the location of both their investments and increasingly, their investors. Dubai, specifically, is increasingly a window into Africa as well as a launchpad into India and broader South Asia. The latter is obvious with millennia of active trade between the subcontinent and the Gulf, with Dubai and Muscat as the main ports. The connection with Africa is less obvious, until one understands that Dubai International Airport provides between 350 to 400 direct flights (depending on seasonality) to African capitals every week. This is effectively the same number as the aggregate of 4 major European airports - the total weekly flight count from Heathrow, Gatwick, Charles de Gaulle and Orly combined ranges from 370 to 450.

As we have noted previously, the surge in assets managed in the UAE is a major element in its growth as a services economy and increasingly as a data economy, particularly as investments in complex digital and consumer services as well energy-driven (AI) intelligence accelerate far beyond Silicon Valley. Incredibly, from less than USD 10B in locally managed AUM in 2010, today nearly USD 500B (almost AED 2T) in assets is managed out of the DIFC and ADGM, a 15-year CAGR of 48%. Those AUMs now reach a level of 83% of UAE GDP, up from <1% of GDP in 2011. The surge in human managers that accompany these assets, and that further support a broadening pyramid of services and consumption domestically are a core part of our investment thesis in UAE real estate, infrastructure, and consumer names.

As we outline below, the region's natural resource wealth, paired with its commitment to energy investments and its foresight in growing power generation make it a critical home for compute, inference, and knowledge generation over the next decade and beyond. As a team with a few maths nerds, we share with you a transitive property derived power rule for the GCC in an AI-driven world:

- Energy = Power x time
- Knowledge is Power (according to Sir Francis Bacon)
- Time is money (popularised by Ben Franklin)
- Ergo: Energy = Knowledge x money

In a world where scale and productivity gains are rapidly accelerating as a function of AI, beyond its location at the geographic and cultural centre of 'Rest-ern' trade, the GCC is also the place where fast, cheap, scale-able compute and the related productivity gains will happen fastest. That acceleration is very visible in every GCC capital city and is embraced by both the GCC resident populations as well as the GCC leadership. Why? Because structural barriers to innovation (limited local talent, limited local ability to 'test' ideas) are more easily scaled in 2026 than ever in the region's history, given ample power resources and machine learning models.

Crossroads of the Silikon Road:

A mixture of fear and outright scepticism greeted China's announcement of its Belt and Road Initiative in September 2013. And while the policy faced notable stumbles and numerous accusations of coercion particularly on the debt side, 13 years on the 'Rest-ern' world is largely calibrated along the lines envisioned in that first announcement, greatly to the benefit of the GCC nations. Moreover, the explosion of highly valuable industrial exports from China, particularly in solar and other renewable power generation, catalysed massive and ongoing power infrastructure investment throughout the GCC.

Today, DEWA (a portfolio company and Dubai's utility provider) generates 15-17% of its power from solar, and solar represents 21% of its generation capacity. In fact, DEWA's first small solar power field came online just weeks after the Belt and Road Initiative announcement. By 2030, nearly 40% of Dubai's power will be solar generated, with Abu Dhabi and Saudi Arabia not far behind, and even Qatar and Kuwait increasingly exploring solar generation. The Mohammed Bin Rashid Al Maktoum Solar Park is easily visible from space and covers an area larger than Manhattan or Miami (see super-imposed image below). While the design and first phase construction was led by an American firm, subsequent phases have been designed, bid, and led locally, by both Masdar (Abu Dhabi-based), and ACWAPower (listed equity, Saudi Arabia-based.) Crucially, the solar power is generated at one of the lowest costs in the world, thanks to the use of low cost, Chinese-manufactured solar panels. DEWA as a company and the MBR Solar Park as a project exemplify the value creation possible when sitting at the new nexus of the world, and the opportunities for high value energy opportunities in data storage and compute continue to grow alongside this massive power resource.

Figure 2 Satellite image of the DEWA run MBR Solar Park on the outskirts of Dubai.

Source: Ajeej Research, Google Earth

We have superimposed a to-scale outline of Manhattan to reflect how large this solar park already is. Notably, it hasn't finished growing, despite covering an area equal to 22 x Central Parks.

MBR size today: 77 sq.km
Manhattan size: 59 sq.km
Central Park: 3.4 sq.km

Beyond the solar power at MBR Solar Park, and the 25% of the UAE power generated with clean nuclear energy at Barakah Nuclear Power Plant in Abu Dhabi, the Gulf continues to attract human capital at an accelerating pace. Critically, the capital is increasingly highly skilled, productive, and interested in building careers in the UAE. Average dwell times for expats continue to rise, private K-12 school admissions become ever more competitive and in the higher education space, increasing restrictions on postgraduates in the US and Europe are driving highly skilled researchers to the UAE. The UAE is in the early stages of building out a formal program to attract and incentivise research PhD and postdoc talent to relocate with generous support packages, access to world class facilities and critically, computational resources, and a pipeline to monetise their discoveries. The world class interactions between Russian mathematicians, Chinese engineers, American cardiologists and Indian programmers that made US research universities the hotbed of innovation for the past century are no longer possible to the same degree in Palo Alto or Boston. Such interactions are increasingly possible and actively encouraged in the UAE, and even in Qatar and Saudi Arabia. Just as the focal point of global trade has shifted eastward, so too is an increasing share of global research. Given the GCC's importance as a node on the new silk road, or silicon/silikon road rather, and as a meeting point in an uneasy geopolitical time, and of course supported by the ample regional capital available for deployment, it's easy to see why the Expo 2020 anthem "This Is Our Time" still echoes around the GCC 5 years later.

Natural Gas: A Transition Fuel In Multiple Dimensions

As part of Vision 2030, Saudi Arabia embarked on a massive, generational expansion of its power generation capacity, founded first on its aspirations to integrate downstream industrial processes into its hydrocarbon value chain by investing in the production of natural gas at Jafurah (among the world's largest non-associated unconventional gas fields) in parallel to construction of millions of metres of trunk and branch gas pipelines across the Kingdom. Led by Aramco and ACWA Power and funded by the PIF as well as by external investors, this gas and power build out is already transformative, despite being less than 50% complete at present. Nearly all Saudi Arabia's oil production will be directed for export rather than burned for power generation, and the power generation itself – a mix of natural gas and solar – is directed at a mushrooming cluster of manufacturing industries, from the mundane to the complex.

Jafurah's first gas began flowing in late 2025, and production is expected to grow from 200 million cubic feet per day to over 2 billion cubic feet per day in 2030, powering over 15GW of new gas fired power plants to be completed over the same horizon, and filling an extensive network of gas pipelines across the Kingdom targeted for export and domestic industrial use. Far from being only a so-called transitional energy source, Jafurah is the backbone of the industrial transition Saudi Arabia is undertaking to complement its much discussed social and cultural transformation. In speaking to Saudis in the private sector, it is more often the ongoing industrial transformation in Saudi Arabia rather than the social one that causes them to marvel and exclaim.

Early and ongoing beneficiaries of this investment cycle have been the local producers of cables, transformers, switchgears, towers, and pipes, in which we have invested over the past several years. As the build out stage matures around Saudi Arabia's gas investments, we envision future opportunities downstream in the industrial manufacturing space as well as in the utilities management / operations management spaces. And as the SME public equity space grows, small industrial players are increasingly listing on the Nomu exchange to raise capital to fund expansion of downstream industrial activities such as metals recycling, mining, and industrial materials.

The UAE's continued investment in both conventional and unconventional gas assets accelerated in 2025, with announcements of successful early work on unconventional drilling onshore in Abu Dhabi as well as continued development of offshore gas resources. Over the past 5 years, ADNOC has listed most of its downstream subsidiaries, from ADNOC Drilling to ADNOC Distribution, and has driven increasingly global investor access to and interest in Abu Dhabi's fossil fuel resources. In 2025, this culminated in the ADNOC Investor Majlis, a first-time event for the region bringing together ADNOC's many partners and investors from upstream suppliers to long only funds like Ajeej and every financial and operational level in between. At the event, ADNOC via its listed subsidiaries reaffirmed its commitment to investment and growth as well as to transparency and minority shareholder interests, setting a new high bar regionally for investor interaction. What the Majlis made clear was that the scope and scale of Abu Dhabi's ambitions is not yet well understood beyond its borders – in particular, the leadership of the emirate is singularly focused on embedding the most innovative technologies available, especially those driven by or enhanced with AI, into the fossil fuel value chain, to ensure that it is as clean and productive as possible.

Oman went from strength to strength this year, driven by the aggressive expansion and development of its own gas extraction and gas processing resources, 5 of which are now listed on the Muscat stock exchange, comprising drilling, pipeline management, shipping, base oils production, and maintenance. These listings are in part responsible for the significant revival of volumes and interest in the exchange, which has been moribund for almost a decade, due to their strong commitment to dividends, shareholder communication, and growth aspirations.

And in Kuwait, shaken up in 2024 by a new Emir and suspension of parliament, 2025 brought green shoots of investment in their own massive resources, with tenders issued for gas and chemicals processing and drilling operations and at the end of the year, and IPO of Action Energy Services, a workover boat operator upstreaming into higher value drilling rigs and contracts as Kuwait's oil & gas investments accelerate.

As we turn to Qatar, the region's gas giant, 2026 and 2027 will see the culmination of a decade of major investments in the expansion and exploitation of Qatar's North Field natural gas resources. The North Field expansion is set to add over 40% to Qatar's gas production, and almost 6.5% to global gas production. This growth in predictable, stable price natural gas supply is seen as a critical input for the power and compute aspirations of China, Korea, and Japan, among others, making Qatar critical to these states, and Qatar's world class gas infrastructure highly valuable. And as has happened before, as funds from the expanded gas output flow into Qatar's economy, we expect further acceleration of their development of consumer and industrial activities, particularly in tourism and healthcare.

Moreover, as global hyperscalers and platform developers like Open AI locate new assets and future compute to the GCC, they have prioritised capacity agreements with multiple states, as both a risk mitigation and power management tool. This means that all the GCC energy producing states stand to benefit from the inflow of data

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and its associated capital into the region, built on the backbone of their investments in natural gas extraction, processing, and distribution.

Beyond the power itself, the past 5 years saw regional systems integrators, software designers, data analytics platforms, data centre managers, and other digital support services firms thrive and grow. In 2025, their profiles all became far more prominent as the US signed a series of agreements across the Gulf agreeing to significant high value chip exports to both the UAE and KSA, as well as strategic agreements with Qatar. These agreements envision the shift of a significant amount of inference and compute into the GCC, in order to benefit from its geopolitical openness / neutrality as well as its inexpensive power generation and abundant energy. Instead of your car, the GCC nations will now be powering your search and your idea generation!

Within the GCC public equity universe, numerous opportunities to invest in this implementation and production layer on top of its power and compute exist, and form a growing part of our portfolio. Crucially, more IP is developed locally and exported (particularly along the lines of the UAE's bilateral CEPA agreements) as nonaligned developing countries seek information and services that require them to become direct clients of the US or of China. Increasingly, we see the UAE in particular and the nations of the GCC in general as forming a critical intermediate layer between Western tech innovation and Eastern low cost components – enabled by their energy resources – exporting services, inference, and information to the surging populations of India, Central Asia, and Africa.

Dubai: It Gets Better

5 years into Dubai's unprecedented expansion, it's hard to write about the superlatives without sounding trite. And yet – the school results keep getting better (and places ever more competitive), the roads (despite the crushing traffic given that the population has grown nearly 50% in 6 years) are ever widening, the restaurants grow more eclectic, the art and music scene continues to explode, and the people just keep coming. Throughout it all, and through the natural growing pains of success (see the chart below on Dubai's worsening traffic), Dubai continues to imagine and innovate. The regulatory environments in the DIFC and the ADGM drive continued asset management relocations (as mentioned earlier), but beyond that, regulations for digital assets, for business formation and dissolution, and for freelancers continue to improve as they are tested at scale. More importantly, the business boom, rather than being merely in residential real estate, moved firmly beyond Dubai and Abu Dhabi in 2025, expanding towards Sharjah, Ras Al Khaimah, and the other emirates.

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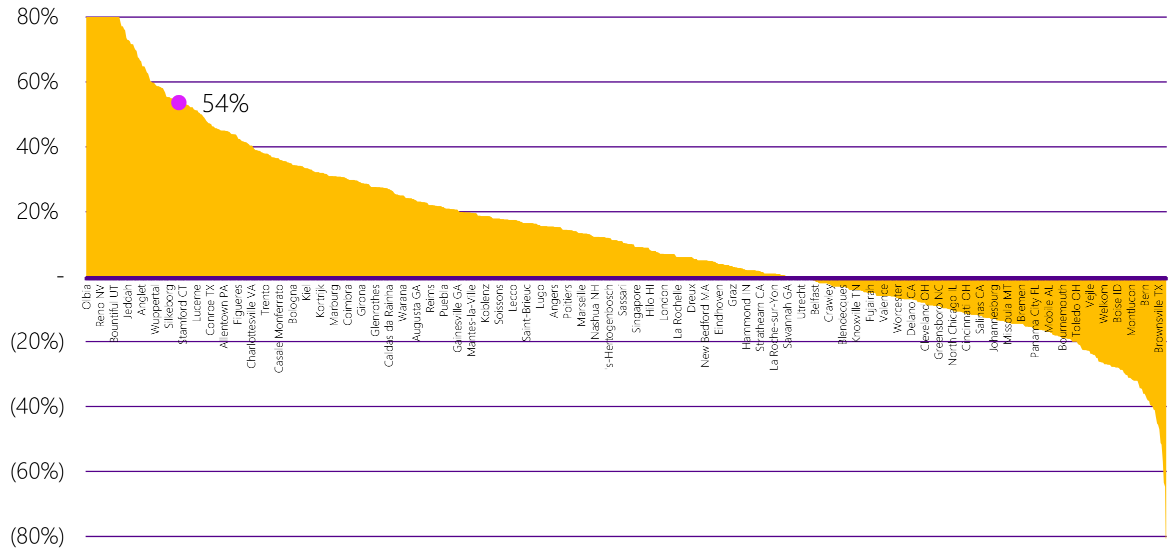
Figure 2 Change in lost road hours in 944 global cities (2022 – 2024) Source: Inrix, BofA Global Research



Dubai's growth has created unprecedented investment opportunities in public equity, particularly in digital consumer services from tolling to parking to delivery that are all investable and growing rapidly. Competition is ever present, but so is growth and innovation. In the coming years, we expect to see companies such as Salik and Parkin further expand their footprint in Dubai beyond the central business districts, and to continue to add services. Similarly, companies like Talabat and their many private competitors continue to grow rapidly and evolve their offerings for Dubai's young, wealthy, and consumption-oriented residents. Even in legacy verticals such as financial services and real estate, digital innovation continues to accelerate, and demand is so strong that such innovation is easily funded, creating a flywheel that measurably improves both financial performance for developers and banks, and the quality of their offerings.

When we look at quantitative metrics of improvement, particularly Dubai's monthly PMI readings, what's remarkable are the gains in productivity marked by 3 years of output expansion far above employment expansion. Simply – net new employees in Dubai are highly skilled and upskilling, and output has grown well above simple population increase, due to an increasingly productive workforce.

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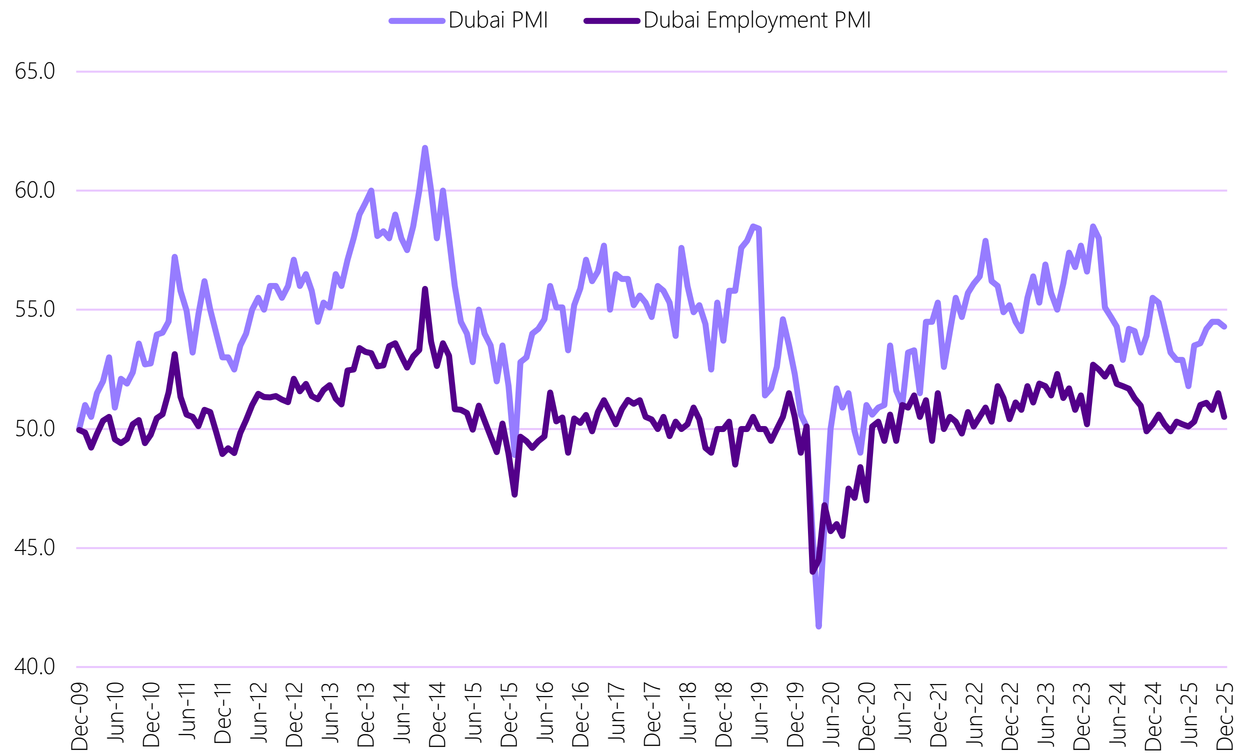
Figure 3 Dubai PMI Source: IHS markit Ajeej Research



No discussion of Dubai can be complete without discussion of its meteoric real estate market, which marked another record year in 2025 (we've called the peak for the past 4 years – and so has everyone else – but the demand function is clearly far more robust than we anticipated), with 867b USD in real estate transactions, 35% of them new build, and the remainder secondary sales. A half decade of growth has seen the entrance of numerous new real estate players, with the market share in off plan sales for Emaar Properties, the long-time market leader, falling to 10% from 20%, while they themselves report a 10% growth in sales! An amusing tidbit: this fall, a developer no one in our office had heard of put billboards all over the city advertising themselves proudly as "Dubai's 7th largest Developer!" which may in fact be more impressive than it seems! Most importantly, the regulatory rigor that Dubai's authorities have enforced on the property market since 2010 means that cash flow across the sector remains very healthy despite the high volume of sales and activity, given us comfort that the authorities will manage what must inevitably slow down.

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Figure 4 Dubai Real Estate Transactions Volume (Units) vs Price (AEDm) Source: DLD Data, Ajeej Research

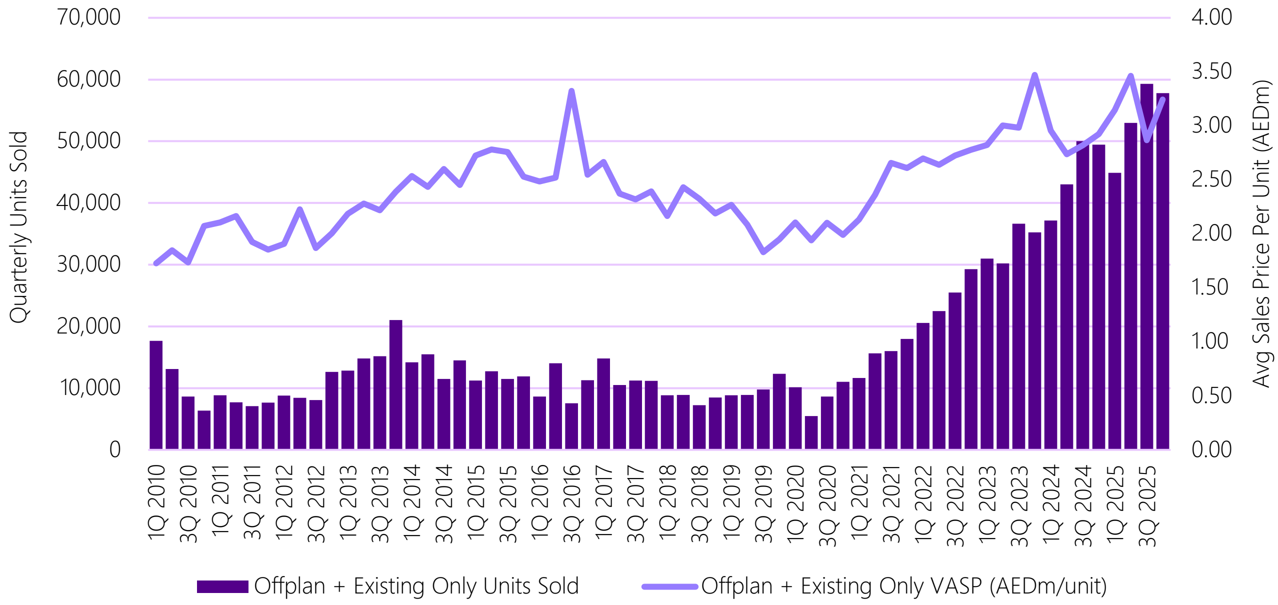
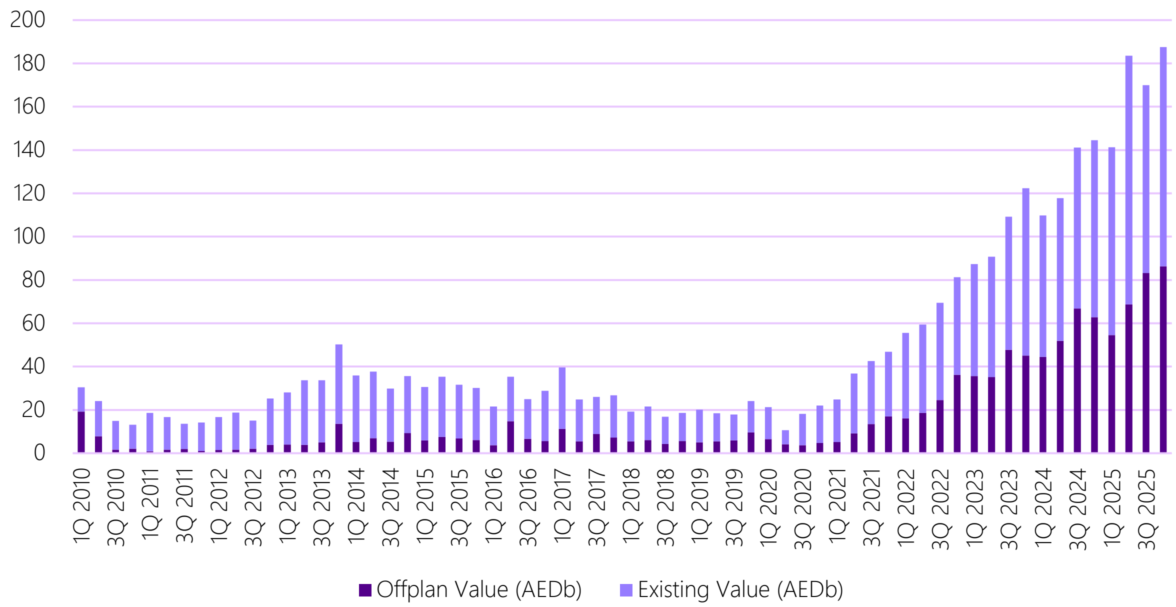


Figure 5 Dubai Real Estate Transactions Value (AEDm) Quarterly 2010-2025 Source: DLD Data, Ajeej Research



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Final Thoughts

As the balance of power in the world shifts away from the US and Europe, the fulcrum for trade, geopolitics, innovation, and productivity gains sits squarely in our region, re-centring it for the first time in a millennium. It’s an exciting time to live and invest in the centre of the world. Please, come and visit us, we’d love to show you what we mean.

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