



TMG

STRATEGY PRESENTATION

MARCH 2021 (FY2020)

TMG Holding S.A.E.
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Giza, Egypt

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Publicly held since 2007
EGX: TMGH.CA / TMGH EY



Talaat Moustafa Group Holding (TMG Holding) a leading conglomerate with special emphasis on developing integrated communities, including but not limited to mixed-use real estate and hospitality projects across Egypt's key cities. It has an outstanding track-record in creation of large, vibrant and diverse communities, providing high-quality housing accompanied by superb amenities and embodying the company's unmatched experience in planning, execution, management and maintenance of large-scale developments. Constant execution of the company's bold and ambitious vision has been redefining and reshaping Egypt's property landscape over the past two decades, dictating new trends and higher standards and substantially contributing to sustainable economic growth and improvement in quality of life for local communities.

TMG Holding is the developer of Al Rehab city in New Cairo, Al Rabwa in Sheikh Zayed city, Mayfair in Al Shorouk city and Madinaty, its flagship mega-development occupying a whopping 33.6mn sqm in East Cairo, in addition to "Celia" its recently launched project in the New Administrative Capital. TMG Holding also own three luxurious Four Seasons hotels in Sharm El Sheikh, Alexandria and Cairo, where it also owns the Kempinski Nile Hotel. The company owns 905 upscale hotel rooms in total and is currently expanding its portfolio by 443 additional rooms in two new upscale hotel properties in Sharm El Sheikh and Cairo. Another two upscale hotels are to be developed in Marsa Alam and Luxor.

TMG Holding is also an owner of over 127 thousand sqm of prime retail space located across its integrated communities and is an emerging dominant player on Cairo's sporting club scene, with two operational integrated sporting clubs accommodating about c0.2 million members and additional two clubs under construction.

The company is publicly held since 2007 and is the largest listed developer by market capitalization. TMG Holding is Shariah-compliant. It has a total land of 74mn sqm, the largest accessed by a listed developer in Egypt. It has the largest backlog among local developers, at EGP50.8bn and to be fully delivered within the coming four years.

Disclaimer

Certain information disclosed in this presentation consists of forward looking statements reflecting the current view of the company with respect to future events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements, including worldwide account of trends, economic and political climate of Egypt, the Middle East, and changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those described in such forward looking statements.

Market capitalization (as in February 2021)

EGP14.4bn

Turnover (FY2020)

EGP14.1bn

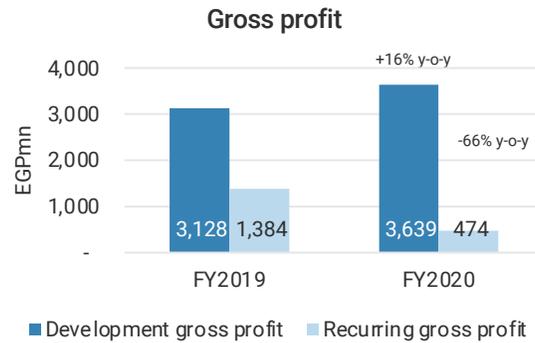
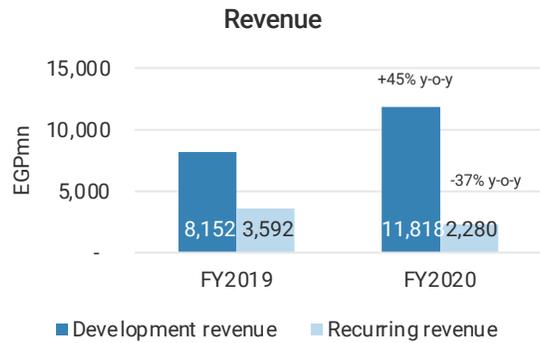
Backlog (FY2020)

EGP50.8bn

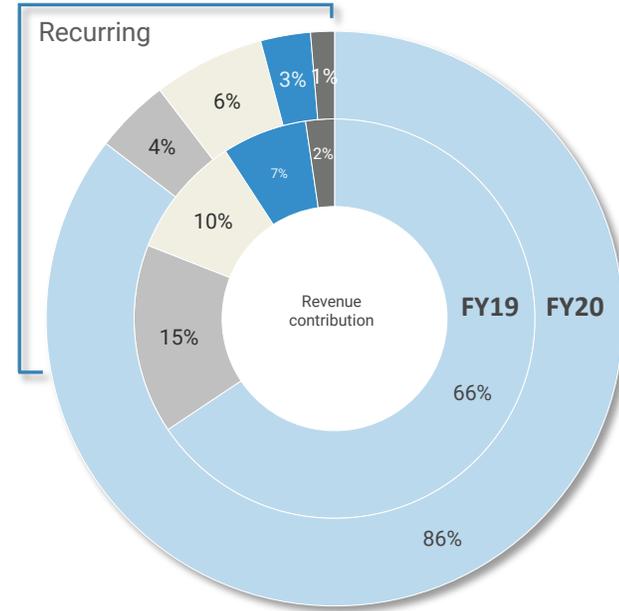
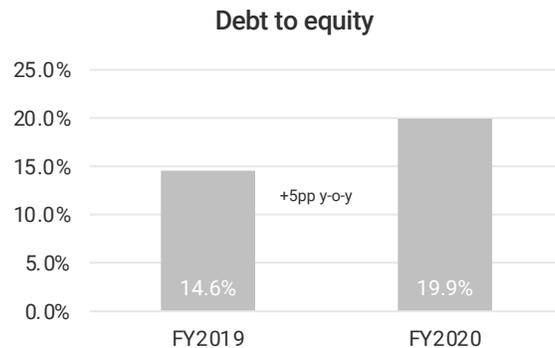
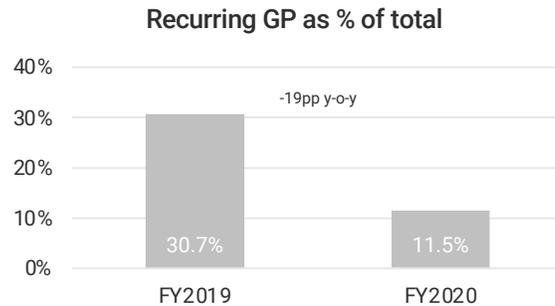
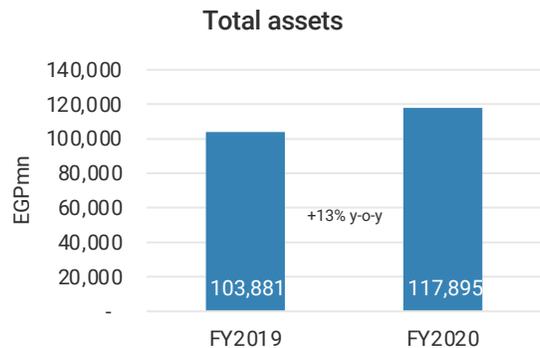
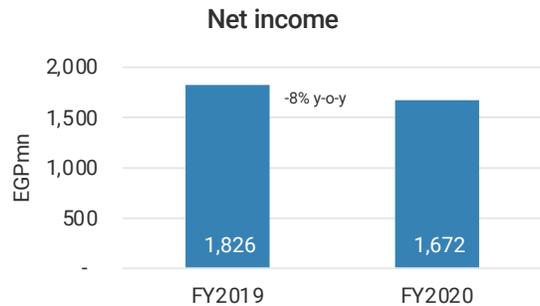
Total assets (FY2020)

EGP118bn

Key financial highlights of FY2020 (expectation)



Growth in development revenue and gross profit is a direct result of management addressing the pandemic crisis, with transactions such as the EGP4bn land sale



Recurring revenue contribution in FY20 temporarily impacted by preventive measures imposed by authorities to prevent the spread of COVID-19 resulting in temporary slowdown in activity

- Revenues of EGP14bn, up 20% y-o-y, of which 16% or EGP2.3bn was generated from hospitality and other recurring income lines, affected by coronavirus lockdowns during 1H2020 and weak occupancies in the hotel segment due to disturbance to global travel.
- Importantly, development revenue increased by a significant 45% y-o-y and hospitality segment delivered positive EBITDA in 4Q2020 while leasing revenues in FY2020 declined by only 15% y-o-y despite COVID-19 preventive measures.
- Net profit after tax and minority interest is expected to come in at EGP1.67bn, down by only 8% y-o-y despite significant pressures on the economy as a result of proactive and aggressive strategy implemented by management to fill in the gap in lost income through monetisation of non-core assets to mitigate the impact of COVID-19 on the company's financials in 2020 and beyond.

Robust sales performance in FY2020

EGP16.6bn

Largest land bank expansion in recent history

21 mn sqm

Largest land sale transaction in 2020

EGP4bn

Largest sukuk issuance

EGP2bn

- Despite global challenges stemming from the prevailing COVID-19 pandemic and its effect on global and local economy, the company's management succeeded in not only swiftly mitigating any negative impacts of preventive measures on the business but also completed several major milestones during the challenging year:

- **TMG expanded its land bank by 21mn sqm in East Cairo to built a new sustainable mega-city replicating the success of Al Rehab and Madinaty. The plot increases TMG's total footprint in Egypt to a whopping 74mn sqm.**
- Well adjusted sales strategy based on good understanding of the market needs yielded a very strong sales result of EGP16.6bn in FY2020, the highest in the market. Additional club sales reached a strong EGP230mn despite temporary restrictions.
- Booked over EGP1.7bn of non-residential sales in 4Q2020 alone. New retail space in Gateway Mall, Avenue Mall and Craft Zone to become operational over 2021.
- Management successfully closed a land monetization transaction worth a massive EGP4bn, selling non-core land plots in Al Rehab and Madinaty for some EGP12k/sqm on cash basis.
- The company successfully issued EGP2bn worth of sukuk, despite very challenging capital market conditions, to finance the remaining construction of the Open Air mall.
- Hospitality segment is expected to deliver profits on EBITDA level in 4Q2020 thanks to effective cost cutting strategies devised by management, taking greater advantage of local demand filling in for weak inbound occupancies.
- Some 68k sqm of space in Open Air Mall (c75%) is signed with tenants or under final negotiations while some 18k sqm (20%) is already operational.

- TMG signed a contract with NUCA to acquire a massive **5,000 feddans or 21 million square meters** of prime land in East Cairo, in an area called Capital Gardens, which is in very close proximity to the New Administrative Capital.
- The land will be paid through a combination of in-kind payment (some 9.5% of the project's allowable residential BuA), valued at EGP40bn, in addition to a cash payment of EGP4bn, paid in four equal annual installments at the beginning of the project.
- The new city will comprise of a whopping 140 thousand residential units, of which about 6.8 thousand are villas, in addition to various services such as retail outlets, a 5-star hotel, international university, schools and governmental services. Non-residential services will represent roughly 12% of the land's total area.
- When negotiating this land contract, we adhered to the well-tested land bank expansion strategy which we have been communicating to you on various occasions, making sure that the land fulfills the following requirements: **i) location, ii) size, iii) price and method of payment.**
- Total sales are expected in the vicinity of EGP826bn over its duration, with recurring income and sporting club membership sales estimated at an additional EGP58bn during this period. Following very diligent feasibility studies, we estimate the project's IRR at a strong 38%.
- Aiming to launch the project in 2021 with some 3,000 apartments and 170 villas, significantly less than at launch of Madinaty (4,310 units in 2006, 5,972 units in 2007)

Plot size
5,000 feddans

Location
East Cairo

Residential units
140 thousand

Payment method
Mixture of in-kind BuA and minimal cash payment

- In August 2020, TMG Holding has successfully entered a strategic alliance with National Bank of Egypt and Banque Misr, the two largest and oldest operating Egyptian banks, which will develop some 335 thousand square meters of land located in Rehab and Madinaty cities.
- Cash proceeds of **EGP4.0bn** will be collected between September 2020 and March 2021. Proceeds will be used for early payment of some outstanding liabilities due by September 2022, in a bid to further strengthen the company's cash position and balance sheet in times of increased market volatility stemming from the prevailing COVID-19 pandemic.
- The company, acting as a developer, will develop the lands into quality mixed-use projects (residential neighborhoods, retail outlets, and offices) starting 2023.
- Capex required for the development of these lands, excluding the EGP4.0bn deal proceeds, will be financed through the off-plan sales business model starting 2023, meaning that there will be no pressure of any kind on the company until the end of 2022.
- The new projects will contribute a new type of high-quality product in the two cities and further improve the quality of services available to their residents, promoting new demand.

Transaction value
EGP4.0bn

Land sold
335k sqm

Implied land value / sqm
EGP11.8k/sqm

PLOT	PLOT SIZE [FEDDAN]	PLOT SIZE [SQM]	VALUE [EGPmn]
Exhibition center	21.2	89,014	890
Entertainment area	25.1	105,546	1,055
International medical center	31.9	133,930	1,339
Land for sales centers	7.6	31,992	320
Sporting club extension	85.0	357,000	3,570
Administrative spaces	22.5	94,500	945
Mega mall	64.0	268,800	2,688
Hotel	55.0	231,000	2,310
City center	506.0	2,125,200	21,252
University	63.2	265,424	2,654
School area (East)	17.8	74,857	749
School area (West)	39.5	165,849	1,658
Service center in villa area	38.0	158,760	1,588
Other lands	39.3	165,000	1,650
TOTAL MADINATY	1,016.1	4,266,872	42,669
Retail center	3.3	13,727	209
Retail buildings area	0.6	2,400	37
Mixed use - retail and admin (1)	5.0	21,000	320
Mixed use - retail and admin (2)	2.5	10,536	161
Mixed use - retail and admin (3)	2.4	10,000	152
Transportation hub	5.0	20,884	318
Other lands	27.1	114,000	1,737
TOTAL REHAB	45.8	192,547	2,933
TOTAL	1,062.0	4,459,419.0	45,602

- The EGP4bn transaction is a solid testimony to TMG Holding management's ability to swiftly and proactively tap into unconventional and sizable sources of funding to the benefit of the Group and its shareholders while maintaining its very prudent approach to capital structure and further mitigating any unforeseen liquidity risks while maximizing the value of its assets.
- The transaction provides for important support to financial statements and KPIs and supports the company's liquidity, counteracting the negative impact excerpted on the company's recurring income lines (primarily hotels) during 2020 due to COVID-19 pandemic. The transaction resulted in recognition of additional profits which enabled the company to absorb some of negative impacts of the above-mentioned pandemic.
- Available portfolio of 4.5mn sqm of paid and fully disposable lands
- 4.3mn sqm located in prime areas of Madinaty, valued at EGP10.0k / sqm, with a total value of **EGP42.7bn**
- 193k sqm of such lands remaining in Rehab, valued at EGP15.2k / sqm, with a total value of **EGP2.9bn**
- Value on these lands have been created through years of strategic development and successful creation of vibrant communities in their vicinity
- Management's successful and tested strategy in creation of such value gives the company limitless opportunities such as acquisition of new land plots on very attractive terms, such as Capital Gardens plot

- We estimate the market value of our fully owned land bank in Madinaty and Rehab (i.e., fully paid, carrying no further financial obligations, for which all land dues or in-kind BuA to NUCA has been already delivered) at a massive **EGP40-50bn, based on the valuation of the recent transaction.**
- Our current market capitalisation of EGP14.4bn only captures a minimal fraction of this value given that: i) the company is net cash positive ii) current backlog of EGP50.8bn is fully funded and will generate at least EGP15bn in additional net cash proceeds over 4-5 years, iii) neither the value of hospitality, leasable retail, sporting clubs segments (limited capex required) or infrastructure is fairly reflected in the market capitalisation, in our view, even after arbitrarily pricing in any unforeseen risks stemming from the COVID-19 outbreak.
- Majority of this land bank is non-residential and ease of its monetisation will be increasing drastically in the medium term on the back of continuing population build-up in TMG's projects, as new residential units and non-residential projects get delivered, with current population estimated at a whopping 700 thousand individuals across all developments, with the majority concentrated in Madinaty and Rehab.
- We set up a dedicated senior management team to oversee the monetisation of the fully owned investment lands, to extract their hidden value while securing strategic goals of the Group.

Market value of fully-paid land bank*

EGP40-50bn

Set up a dedicated senior management team to oversee monetization of fully-owned investment lands

- During 2Q2020, Arab Company for Projects and Urban Development (Arab Company), the owner of Madinaty and Rehab projects, has successfully issued **Islamic sukuk worth EGP2.0bn** in a first-of-its kind transaction in Egypt.
- The issuing company and the sukuk received an **“A+” rating** from the Middle East Rating & Investor Service (MERIS), a regional arm of Moody’s Investor Service. The rating incorporates the strong fundamentals of the company and its position as a leading real estate developer in Egypt.
- **The sukuk was the largest EGP-denominated debt issuance** in the history of Egypt’s capital market, successfully executed in challenging times and market conditions, impacted by the COVID-19 pandemic and preventive measures imposed by governments globally, and providing further strong testimony to TMG Holding’s unmatched investment appeal and creditworthiness.
- The sukuk has an Ijara structure, compliant with Islamic Shariah, and a tenor of 5 years. The proceeds will be used to accelerate the completion of Open Air Mall, a flagship retail property of a unique design, hosting prominent international brands and located in a prime spot in Madinaty, and raise the mall’s estimated market value to over EGP8.5bn at its full inauguration. The mall is the newest addition to the already sizable portfolio of recurring income assets within TMG Holding’s projects. This falls in line with the group’s announced strategy to expand its recurring income lines and capitalize on the massive populations and growth already present in these projects and expand residents’ access to high-quality services, retail, entertainment and infrastructure of international standards.

MENA's leading developer⁽¹⁾

#1 Egyptian RE developer by market cap

50 years track record

over 96k / 2.6k units sold

(since inception / FY2020)

c100k+ units delivered

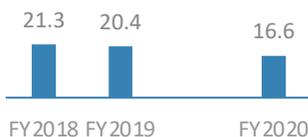
(since inception)

Highest cumulative deliveries by a single MENA developer

905 operational hotel rooms

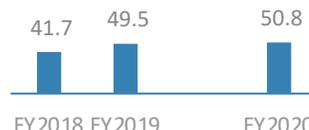
443 rooms under development⁽²⁾

New sales [EGPbn]⁽³⁾



Backlog [EGPbn]

To be recognized as revenue within 4-5 years



Remaining collections [EGPbn]



211k sqm GLA portfolio⁽⁴⁾

60k sqm GLA leased and operational

Expected net cash flow from backlog and delivered units [EGPbn]



c29.9mn sqm residual BuA

c4.8mn BuA commercial
BTS and BTL

Net cash position [EGPbn]



197k club membership capacity⁽⁵⁾

Sold c52k memberships, c145k memberships yet to be sold

The decrease in the net cash position on an annual basis is considered temporary, mainly due to the spending made by the group on the Open Air Mall project in Madinaty, through the issuance of Ijarah Sukuk of EGP 2 billion. The company sold a bulk of non-core non-residential units through a deal valued at over EGP1.5bn, and this value was collected on 1/7/2021, which restored the group's net cash position to its previous level at a value of over EGP3.0bn.

Egypt's leading developer of premium master planned communities with sufficient land bank for over 20 years and sizeable portfolio of Recurring Income Assets contributed 31% of GOP for 2019⁽⁶⁾ and planned to increase to 40-45%

Note (1): By number of units delivered.

Note (2): Includes Four Seasons Sharm El Sheikh extension (under construction) and Four Seasons Madinaty

Note (3): New sales are adjusted downwards for value of cancellations. Year-on-year decline in FY2020 is the result of the COVID-19 pandemic.

Note (4): Includes Open Air mall (new units opening over 2020, Carrefour operating since October 2018, achieving the highest Carrefour sales per sqm in Egypt)

Note (5): Substantial high-margin revenue stream with limited CapEx needs overlooked by the market, to deliver exponential growth mimicking accelerated population build-up. Capacity does not include Celia, Privado clubs which are under process of licensing.

Note (6): Contributed 11.5% in FY2020 due to temporary negative impact of COVID-19 on hospitality and other recurring income segments paired with strong development revenues.

REAL ESTATE DEVELOPMENT BUSINESS MODEL

- Low-risk, self-financed off-plan development model leveraging on longstanding marketing and engineering expertise
- Diverse and balanced portfolio of well-engineered and affordable payment plans allows for recovery of land and construction costs upon unit delivery, on average
- Large backlog allows for strong visibility on earnings over the next 4-5 years
- Good backlog quality and solid capital structure allow for profitable factoring with local banks and securitization of receivables remaining after delivery, if needed
- Execution leveraging on collections from past sales rather than new sales -> easily scalable model in case of market slow-down
- Reasonable land bank cost compared to recent land deals implying very high land price
- Majority of land liability for Madinaty already settled
- Economies of scale, access to top-notch contractors and architects allow for stable profitability
- Excellent track-record, brand equity, pricing point, on-site facilities, project maturity and occupancy and mostly finished product support future sales growth
- Excess cash utilized in development of recurring income lines

RECURRING INCOME LINES

- Reliable source of cashflow to finance growth and dividends
- Shielding the business from cyclical slowdowns in sellable development business
- Strong growth leveraging on population growth within projects following years of disciplined deliveries and targeting the right clientele
- In addition to existing recurring income assets and assets currently under development, the Spine (Downtown area of Madinaty) is projected to generate additional recurring rental revenue of some EGP7bn per annum within the next 10 years, projected to reach over EGP30bn per annum within the next 20 years.
- Capital Gardens project will generate some EGP58bn in recurring income and club sales over the next 20 years.
- Open Air mall is expected to contribute over EGP200mn in recurring revenues alone in 2021 after its Grand Opening.

Recurring gross profit in
FY2019

31%



Medium-term target

40-45%

... SUPPORTED BY SOLID BALANCE SHEET

- Low-risk debt-to-equity ratio of 20% only
- Majority of debt used to finance hotel arm, no debt on sellable development

Management's successful and tested strategy in creation of value in any area where the company is present, gives the company limitless opportunities such as acquisition of new land plots on very attractive terms, such as Capital Gardens plot

1

Achieving robust sales and expanding market share

Reporting highest NET sales in the market during 2020.

2

Continue building our recurring income portfolio –
- target 40-45% of gross profit in the medium term

- The Group invested EGP1bn to increase its stake in ICON to 83.3%
- Signed JLL to manage and operate Open Air Mall in Madinaty
- Signed Carrefour as anchor tenant in Rehab & Madinaty malls, opened in Open Air mall in October 2018

3

Executing the Group's strategy of monetizing non-core assets

EGP1.5bn retail assets deal in 2020
EGP4bn land transaction in 2020
EGP300mn school transaction in 2019
EGP1bn school the transaction in 2018

4

Disciplined approach for land acquisitions while managing financial risk

21mn sqm Capital Gardens expansion signed

5

Preserving capital appreciation while providing a dividend stream

No equity increases since IPO, moderate leverage, stable dividend payout since 6 years

Mission: Provide exceptional services to all our clients and ensure great customer experience and capitalize on such client base for new projects

BUILDING SUSTAINABLE COMMUNITIES

As a leading developer in Egypt, TMG continues to build self-sufficient sustainable communities as the driver of social prosperity. We set an example by deploying the newest environmentally friendly technologies such as:

- Comprehensive city-wide garbage collection and sorting system
- Solar-powered and smart infrastructure, such as smart lightening and smart irrigation systems
- We own and operate on-site water and sewage treatment plants and use treated water for irrigation
- We adhere to sustainable landscaping and hardscaping practices
- We own a high-quality public transportation system lowering carbon footprint
- We employ energy efficient building codes and materials

ENABLING ECONOMIC GROWTH

- Serving population of some 700 thousand individuals, expected to reach 1.5mn once current projects are completed
- Some 100 thousand jobs created directly and indirectly
- TMG continues to play a leading role in reviving the industry with the aim of repositioning Egypt as one of the most attractive touristic locations on the global map with hospitality assets
- TMG encourages recruitment and retention of all levels and types of employees, as well as encouraging the engagement and recruitment of female employees

FOCUSED ON SOCIAL IMPACT

- **Shariah compliant – no exposure to alcohol sales or gambling**
- Building sustainable communities focused on improving life-quality of an average citizen, with access to good-quality infrastructure and services, such as medical care and education
- 300 medical clinics in developed projects
- 100 bed state-of-the-art hospital currently under construction
- Integrated community services including transportation, firefighting stations, police stations, civil registry and government offices,
- 9.2% of FY2018 revenue from education sector, EGP300mn school transaction in FY2019
- We partake in various sponsorships such as sponsoring the Egyptian Olympic team
- We constantly monitor and enforce a strict ban on child labor among our contractors and their subcontractors, as stipulated by governing laws
- TMG contributed strongly to social development projects and healthcare projects through government agencies and various social programs such as development of informal areas (80k units in Cairo and Alexandria), sponsorship of 2 million surgeries in various hospitals (glaucoma, cardiac surgeries), sponsorship of many hospitals such as Nile Valley hospital and Heart Institute, sponsorship of over 4 million of COVID-19 vaccinations.



Alexandria

Greater Cairo

Sharm El Sheikh

Luxor

Marsa Alam



Thank you