

TMG Holding, through its subsidiary, signed a contract with NUCA to acquire 5,000 feddans in East Cairo to develop a new sustainable mixed-use city

Talaat Moustafa Group Holding (TMG Holding) is pleased to announce that one of its subsidiaries, Arab Company for Urban Investment, represented by Mr. Hisham Talaat Moustafa, Chairman and the CEO, in the presence of H.E. Prof. Dr. Mostafa Madbouly, the Prime Minister of Egypt, and of H.E. Asem El-Gazzar, the Minister of Housing, Utilities and Urban Communities, has signed a contract with the New Urban Communities Authority (NUCA) to acquire 5,000 feddans or 21.0mn square meters (sqm) of prime land in East Cairo, located near the New Administrative Capital, in Capital Gardens City on the Cairo-Suez road, in very close proximity to the company's mega-cities of Madinaty and Rehab, as well as Celia neighbourhood in the New Administrative Capital. The new project is expected to comprise an estimated 140 thousand residential units, in addition to various non-residential services, such as retail space, a 5-star hotel, schools, international university and others. The design of the new project will focus on environmental sustainability, exploiting the features of its terrain to create an authentic and natural experience for its residents, maximizing walkable areas and cycling lanes and focusing on health and wellness. It will follow the trusted, albeit upgraded and refined master planning, design and development standards of TMG Holding's existing cities, characterised by innovation, application of smart technologies significantly lowering long-term operational costs, increased privacy and increased connectivity and access to quality services and infrastructure for its residents, driving further economic and societal growth in the area. The project is expected to house a population of some 600 thousand individuals upon its completion.

The contract marks yet another expansion of TMG Holding's land bank in the high growth area of East Cairo, the key geographical domain of the company, where quality infrastructure, including two international airports, as well as the establishment of the New Administrative Capital, will be driving a significant population growth and economic activity in the foreseeable future. This remarkable potential of East Cairo was the key factor behind the plot's selection as TMG Holding has an extensive experience in the area where, starting from the 1990's, management has accurately identified its extraordinary growth prospects, undertaking large-scale greenfield projects that since then have become notable landmarks and sources of remarkable economic and social activity. It is expected to significantly increase the company's hegemony in East Cairo, capitalizing on the strong brand-equity of its existing developments in the area, as well as their portfolio of services, without diluting their remaining residential and non-residential sales.

Importantly, the acquisition of this large plot of land secures ample space for the company to grow its annual sales as well as its recurring income portfolio for the next 20 years, with the project's total sales estimated at a whopping EGP826bn, in addition to an estimated EGP58bn in rental proceeds and club membership sales within this period. The land will be paid for through a combination of in-kind housing units and cash instalments, providing strong flexibility in managing working capital over the project's duration and contributing positively to medium and long-term cash flows. The project has an estimated investment cost of some EGP500bn.

It will follow the trusted development philosophy of Madinaty and Rehab cities, which has been well-tested and indisputably successful, having delivered outstanding operational and financial performance over the past decades, at its core underpinned by the low-risk and self-financing off-plan model targeting real housing demand, strongly benefiting the company's recurring income lines as the project reaches maturity.

The contract marks another important milestone in TMG Holding's growth story and comes in line with the previously announced land bank expansion policy. Management believes that the city land acquisition is an important step in securing continuity of its strong development operations once the sellable inventory in its existing projects is depleted. This major land bank expansion will increase the company's total land to a whopping 74mn square meters, the largest among listed real estate developers in Egypt and the largest in the Middle East region, providing a cornerstone for decades of new operational and financial growth and strongly growing new real estate sales. The well-tested development strategy of TMG has already helped in providing the market with over 100 thousand real estate units and quality housing to over 700 thousand residents in the company's current projects.

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