

TMG, GB Capital and EFG Hermes to launch mortgage finance company

New partnership will offer long-term and competitive mortgages for new move-in homes, increasing affordability and supply to better serve Egypt's growing population of homebuyers

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(Cairo, Egypt) — Three of Egypt's leading publicly traded companies announced today they have entered into an agreement to create a mortgage finance joint venture serving Egypt's large, growing population of homebuyers.

The three partners are TMG, Egypt's leading developer of premium master planned communities, GB Capital (the NBFi arm of GB Auto) and EFG Hermes Finance (the NBFi arm of EFG Hermes Holding), each of which will hold one third of the joint venture's equity.

Commenting on the agreement, Hisham Taalat Moustafa, Chief Executive Officer and Managing Director of TMG Holding (TMGH on the EGX): "The new joint venture will capitalize on TMG's four decades of experience in real estate development and over 100,000 units across the Group's multiple projects. Our aim is to bring to the market real estate units with long-term and competitive financing solutions that would increase affordability and better align housing supply with Egypt's large, growing population of homebuyers. I am particularly pleased to note that the joint venture will be offering finance solutions for move-in new homes in the existing projects as well as potential developments in TMG's pipeline. EFG Hermes and GB Capital are longstanding partners with whom we look forward to doing business for years to come."

Added Dr. Raouf Ghabbour, Chairman and CEO of GB Auto (AUTO on the EGX): "We know that several years of high inflation have eroded consumer purchasing power. And as Egyptians, we also know home ownership remains a cornerstone of a society that sees more than 900,000* couples each year marry and start new lives. We are bringing to the market a portfolio of easy-to-access financing solutions that will feature the fastest decision-making time in the industry. We have worked for years with EFG Hermes and are honored to partner with them and with TMG on a joint venture that complements our established, fast-growing consumer, lease and micro finance ventures and our fleet-leasing solution."

Commenting on the agreement, Karim Awad, Group CEO of EFG Hermes Holding (HRHO on the EGX) said: "With approximately 700,000** people entering the workforce each year, the huge potential of Egypt's market for home buyers is underserved and under-penetrated by non-bank financial institutions. This joint venture is the natural evolutionary step to help grow the mortgage business in Egypt and expand our non-bank financial services platform, which today includes leasing, microfinance, fintech-enabled consumer finance and factoring. We can think of

no better partners with whom to move forward than GB Capital — a consumer finance powerhouse in its own right — and the oldest real estate developer in Egypt, TMG, which owns the largest land bank and backlog of any developer in Egypt.”

The joint venture, whose brand name will be revealed at a later date, will have an initial paid-in capital of EGP 150 million and is expected to be increased to EGP 250 million as the business grows. It will offer mortgage finance to all consumers looking to buy move-in homes across TMG’s existing projects and potential developments. The partners will appoint a chief executive officer to lead the new venture, which will be staffed by an independent management team. The joint venture, which is targeting to fund a portfolio of units worth EGP 450 million in its first 12 months of operations, will offer unrivalled mortgage solutions with the fastest turnaround time over 10-year tenures available to Egyptian clients at competitive interest rates in the market. It will also introduce new, variable-rate financing solutions.

EFG Hermes Investment Banking is acting as the sole financial advisor on the transaction, which is subject to the approvals of the Financial Regulatory Authority (FRA) and other regulatory approvals.

The joint venture will take place at the level of an existing mortgage finance company that is currently owned by TMG, where the parties will increase the company’s capital to allow each to have one-third ownership.

Egypt is slated to become the world’s fastest growing mortgages market, according to a 2017 report from Euromonitor International, due to attractive fundamentals such as the magnitude of its population growth and number of marriages, which were expected to drive an 18.9% increase in home mortgages. In anticipation of this uptick in demand, the FRA has homed in on non-bank financial service operations in the country, setting a four-year strategy that would see the body take an active role in growing the volume of the country’s mortgage financing market.

** According to 2017 CAPMAS figures*

*** According to The Brookings Institution*

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About EFG Hermes Holding

With a current footprint spanning twelve countries across four continents, EFG Hermes started in Egypt and has grown over 30 years of success to become a leading financial services corporation with access to emerging and frontier markets. Drawing on our proven track-record and a team of more than 4,400 talented employees, we provide a wide spectrum of financial services that include investment banking, asset management, securities brokerage, research and private equity to the entire MENA region. In 2015, EFG Hermes launched the NBF Platform, EFG Hermes Finance, which will overlook activities in the non-banking finance field through EFG Hermes Leasing, Tanmeyah Microfinance, valU for instalment sale services and EFG Hermes Factoring. This falls in line with the Firm’s strategy to focus on two main pillars: product diversification and geographic

expansion into non-MENA markets, which has seen the firm establish a physical presence in Pakistan, Kenya, Bangladesh, Nigeria, the United Kingdom and the United States.

About GB Auto S.A.E. Is a leading automotive company in the Middle East and non-bank financial services provider in Egypt. Across six primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires, After-Sales, and Iraqi operations — the company’s main business activities include assembly, manufacturing, sales and distribution, financing and after-sales services. GB Auto’s portfolio of brands includes Hyundai, Mazda, Geely, Chery, Bajaj, Marcopolo, Iveco, Volvo Truck & Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Sinotruk, Aksa, Lassa, Yokohama, Pirelli, Westlake, Double Coin, Doublestar, Verde, Techking, and Gazpromneft GB Auto has operations in Egypt and Iraq. The Company’s NBFS’ segment branded GB Capital offers leasing, consumer finance, microfinance and fleet quasi-operational leasing under the following brands - GB Lease, Mashroey, Drive, Tasaheel and Haram. The company is headquartered in Giza, Greater Cairo Area, Egypt.

About TMG Holding

Talaat Moustafa Group Holding S.A.E. (TMG Holding) is a leading publicly held Egyptian developer of large-scale integrated communities and tourism investment projects. It has a land bank of about 45 million square meters spread across Egypt and, since its inception, has delivered residential units ready to house over 0.5 million inhabitants, accompanied by high-quality amenities and infrastructure. Aside from other renowned projects, TMG Holding is the developer of Madinaty, its flagship community occupying 33.6 million square meters in East Cairo. It owns four upscale hotels with a total of 875 operational rooms in Cairo, Sharm El Sheikh and Alexandria and 443 additional rooms under development.

Note on Forward-Looking Statements

In this press release, EFG Hermes may make forward looking statements, including, for example, statements about management’s expectations, strategic objectives, growth opportunities and business prospects. These forward-looking statements are not historical facts but instead represent only EFG Hermes’ belief regarding future events, many of which, by their nature are inherently uncertain and are beyond management’s control and include among others, financial market volatility; actions and initiatives taken by current and potential competitors; general economic conditions and the effect of current, pending and future legislation, regulations and regulatory actions. Accordingly, the readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made.