

السيدة الاستاذة / هبة الله الصيرفي
مساعد رئيس البورصة والمشرف على قطاع الافصاح
تحية وطيبة وبعد ،،،،

نتشرف بالاحاطة بانه ورد اليوم للشركة الخطاب المرفق من شركة السادس من أكتوبر للتنمية والاستثمار

(سوديك)

برجاء التكرم بالاحاطة وسنوفيكم باى مستجدات

وتفضلوا بقبول فائق الاحترام ،،،،

مدير عام الاوراق المالية و علاقات المستثمرين
محاسب/ رمضان سيد عبدالعزيز زرد
٢٠٢٢/٧/٥



تحريراً في : 2022/07/05

Date 5th, July 2022

For the attention of

Mr. Hazem Barakat

Chairman of the Board of Directors

Madinet Nasr for Housing and Development

4 Youssif Abbas Street, Second Zone, Nasr City

Re: Non-Binding Offer for the Acquisition of up to 100% of the Issued Share Capital of Madinet Nasr for Housing and Development S.A.E

Dear Chairperson,

We are pleased to submit our non-binding offer (the "**Non-Binding Offer**") for the potential cash acquisition by Sixth of October for Development and Investment Company ("**SODIC**") of a majority stake of up to 100% of the issued and diluted share capital of Madinet Nasr for Housing and Development S.A.E. ("**MNHD**" or the "**Company**") through a mandatory tender offer (the "**MTO**") extended to all shareholders of the Company, in accordance with the provisions of Chapter XII of the Executive Regulations of the Capital Markets Law 95 for the year 1992 ("**Chapter XII**") (the "**Transaction**").

The Transaction is fully supported by SODIC's major shareholders, Aldar Ventures International Holdings RSC Limited (a wholly owned subsidiary of Aldar Properties PJSC) and Gamma Forge Limited (a wholly owned subsidiary of ADQ), who collectively own shares representing 85.5% of the issued share capital of SODIC.

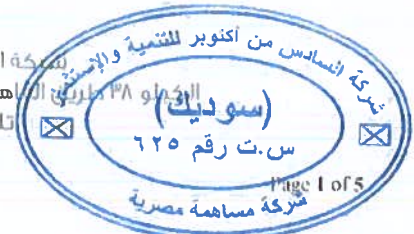
This letter is not intended to create any binding commitment on any party, however, it demonstrates our strong willingness to work together in good faith to consummate the Transaction on the terms set forth herein.

Through this letter we kindly request the Company's Board of Directors to approve our access to carry out the necessary due diligence so that we would be in a position to confirm the terms of the Transaction and to submit the MTO file to the Financial Regulatory Authority (the "**FRA**").

A. OVERVIEW OF SODIC AND ITS KEY SHAREHOLDERS

Established in 1996, SODIC is a leading real estate developer with a stellar track record in developing large scale mixed-use communities across West and East Cairo and the North Coast. Driven by progressive vision and innovation, SODIC's communities house more than 30,000 residents, 12,000 homes, and extend over 11mn sqm from a sizeable land bank of 16mn sqm.

شركة انمادس من أكتوبر للتنمية والإستثمار - سوديك ش.م.م
الاهرة/الأسكندرية الصحراوي، الشيخ زايد، جيزة، مصر ص.ب: 119 الشيخ زايد
تليفون: 1622 أو 3827 3827 فاكس: 3827 3827
46 شارع الثورة، مصر الجديدة
تليفون: 3903 229 229
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supplemented by prime and expanding commercial platforms.

SODIC's shares are traded on the Egyptian Stock Exchange (stock quote: OCDI: EY, market capitalization: EGP 3.9bn), and is a profitable, cash generative business with strong financial standing, and supportive shareholder sponsorship committed to grow SODIC and expand presence in the Egyptian real estate sector. For the last twelve months ending March, 31st 2022, SODIC's revenues, net profit, and equity book value amounted to EGP 7,261mn, EGP 991mn, and EGP 7,026mn respectively.

SODIC's Controlling Shareholders:

Aldar Ventures International Holdings RSC Limited is a wholly owned subsidiary of Aldar Properties (PJSC) ("Aldar"). Aldar is the leading real estate developer and manager in the UAE with a diversified and sustainable operating model. It has a proven track record of pioneering exceptional projects, which puts it at the forefront of real estate developers in the UAE and the Middle East. Aldar's operating model is centred around two core businesses, Aldar Development and Aldar Investment.

Aldar's shares are traded on the Abu Dhabi Securities Exchange (stock quote: ALDAR:UH, market capitalization: US\$ 9.5 billion). Aldar has developed key projects including Yas Island and has US\$ 4.5 billion of investment grade and income-generating real estate assets. Aldar operates according to high standards of corporate governance and is committed to operating a long term and sustainable business in order to provide ongoing value for its shareholders.

Gamma Forge Limited is a private company limited by shares, established and existing under the Laws of Abu Dhabi Global Market, in the United Arab Emirates, registered under No. 000006073, dated 1/8/2021. It is indirectly wholly owned by (ADQ). Established in Abu Dhabi in 2018, ADQ is one of the region's largest holding companies with direct and indirect investments in more than 90 companies locally and internationally. Both an asset owner and investor, ADQ's broad portfolio of major enterprises span key sectors of a diversified economy, including energy and utilities, food and agriculture, healthcare and pharma, and mobility and logistics, amongst others. As a strategic partner of Abu Dhabi's government, ADQ is committed to accelerating the transformation of the emirate into a globally competitive and knowledge-based economy.

B. STRATEGIC RATIONALE FOR THE TRANSACTION

The strategic direction of SODIC, as supported by its Controlling Shareholders, is to grow presence in Egypt's real estate sector and continue to build communities and provide innovative services and developments. Leveraging the experience and know-how of both SODIC and Aldar places SODIC in a solid position to provide world-class developments to customers, and in that context, MNHD is an attractive business and complements SODIC's expansion plans in Egypt. The Transaction, if consummated, would expand SODIC's footprint in the East Cairo market, widen its customer base, and leverage both developer's strengths to achieve scale and create value through a combined undeveloped land bank of c. 11 million square metres.



C. TRANSACTION GENERAL TERMS AND CONDITIONS

This Non-Binding Offer is subject to the following general terms and conditions:

1. **Transaction Structure:** The Transaction will be structured as an acquisition of a majority stake up to 100% of the entire issued and diluted share capital of the Company through launching an MTO in accordance with the applicable Egyptian laws and regulations. The above applies for any declared capital issuances or shares in relation to any employee share option plan, whether the underlying shares are yet to be approved or issued by the Company, or yet to be allocated to its employees.
2. **The Indicative Purchase Price:** Subject to the conditions, assumptions and terms set out in this letter, SODIC is considering making an offer at a purchase price for 100% of the entire share capital of the Company in the range of EGP 5,990mn to EGP 6,365mn, implying a price per share in the range of EGP 3.20 to EGP 3.40 based on a number of shares amounting to 1,872mn shares issued and outstanding as of the date of this of this Non-Binding Offer. Per share indicative purchase price shall be subject to automatic adjustment in the event of the issuance of any new shares, capital reduction, or dividends as customary (the "**Indicative Purchase Price**").

We believe that the Indicative Purchase Price represents a compelling proposition to the Company's shareholders with a 28% to 36% premium to the Company's closing price on July 4th 2022. This also represents an attractive 40% to 49%, 41% to 49% and 36% to 44% premium to the Company's three-month, six-month and twelve-month Volume Weighted Average Price respectively as of the date of this Non-Binding Offer. The Indicative Purchase Price implies a price to book multiple of 1.4x – 1.5x and a price to earnings multiple of 20.8x – 22.0x based on the last twelve months reported figures for the period ended March 31st 2022.

The Indicative Purchase Price is conditional upon the completion, to our satisfaction of a comprehensive due diligence exercise including but not limited to legal, financial, accounting, tax, technical, compliance, operational, regulatory and commercial due diligence on the Company and its group members (the "**Due Diligence**") and SODIC's respective internal corporate approvals for the Transaction.

The Indicative Purchase Price also assumes that the Company will be operated in the ordinary course of business until completion of the MTO and transferring title to tendered shares, and that there will be no dividends distributions, share splits, capital increases, corporate restructuring, material acquisitions, divestitures, or other alike or extraordinary transactions. The Indicative Purchase Price also assumes that no material issues arise during the pre-closing period, and that no material adverse events take place during such period.

In arriving at the Indicative Purchase Price set out above and in submitting this Non-Binding Offer, SODIC has relied upon a number of assumptions, including but not limited to:

- a) Residual unlaunched land bank amounting to c. 5mn sqm of land in East Cairo and Assuit
- b) Absence of a development timeline and absence of any outstanding land payments or other land obligations for the MNHD's land bank (excluding any land payments for the 0.4mn sqm in the Assuit land plot)

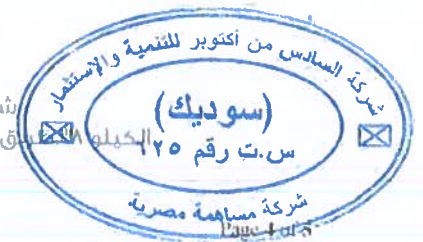
- c) Timely collection of the existing outstanding amounts owed by customers to the Company (including off-balance sheet receivable amounts) over the coming period. Any returned units as part of the Company's receivables restructure program are assumed to not incur any penalties by the Company and are expected to be easily sold with no legal restriction or time limit applied on resale
 - d) Revenue backlog of the Company is profitable in-line with its historical trends
 - e) No restrictions on implementing changes or the development of new masterplans for the residual land bank, save for any customary restrictions applicable by the relevant regulatory authorities
 - f) No material change affecting the business, its legal, financial, indebtedness, and tax standing, its collections and construction outlook or land bank took place since March 31st 2022
3. **Due Diligence Process:** Our continued participation in the proposed Transaction is conditional upon our ability to carry out a comprehensive Due Diligence exercise. We expect to perform a customary Due Diligence process on the Company and its affiliates/subsidiaries, including, but not limited to, a full review of its legal, financial, accounting, tax, technical, compliance, operational, regulatory and commercial attributes. We further understand that the Company is in the process of issuing an employee share option plan, which we have not been able to adequately assess while submitting our Non-Binding Offer. It is our intention to further assess the financial and other relevant impact of such program, or any other convertible or exercisable right declared or granted pre-closing affecting the Company's share capital or its equivalents (including cash equivalents) during Due Diligence.
4. **Internal Review and Approvals:** The proposed Transaction will be subject to internal review and corporate approvals of SODIC as well as the internal corporate approvals of its respective controlling shareholders, considering the results of the Due Diligence.
5. **Regulatory Approvals:** This Non-Binding Offer and the consummation of this Transaction are expressly subject to securing all necessary regulatory and non-regulatory approvals, including from the FRA and any other regulatory approvals to be obtained from the relevant regulators in Egypt.
6. **Fees and Expenses:** Unless agreed otherwise, each party will bear its own fees and expenses in connection with the Transaction.
7. **Timing:** We recognize the importance of proceeding swiftly to launch the MTO, and accordingly, we are prepared to commit significant internal and external resources to achieve this goal. We expect to be able to finalize our due diligence expeditiously following the date on which we are given access to necessary people and information, assuming reasonable access to management and receipt of adequate financial and operating information from the Company.

D. LIST OF CONTACTS AND ADVISORS

SODIC has retained CI Capital as its financial advisor on the Transaction and MHR & Partners in association with White & Case LLP as its legal advisor.

At this stage, any communication on the Transaction should be with the following:

شركة السادس من أكتوبر للتنمية والإستثمار - سوديك ش.م.م
القاهرة/الأسكندرية الصحراوي، الشيخ زايد، جيزة، مصر ص ب ١١٩ الشيخ زايد
تليفون: ١٦٢٢٠ أو ٣٨٢٧.٣٠٠ فاكس: ٣٨٢٧.٣٠١ فاكس: ٢٠٢
٤٦ شارع الثورة، مصر الجديدة
تليفون: ٣٩٥٣. ٢٢٩. ٢٠٢
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Heba Makhlouf Chief Investment Officer SODIC Hmakhlouf@sodic.com	Menna Daw Vice President CI Capital menna.daw@cicapital.com

E. GENERAL DISCLAIMER

This Non-Binding Offer does not constitute a commitment, offer, agreement or representation, on the part of SODIC that it will ultimately proceed with the Transaction or any other transaction with any party.

Neither this letter nor any statements or oral discussions involving any of our officers, employees or advisors either before or after the date of this Non-Binding Offer shall create any legally binding obligations, including an obligation or commitment to purchase the shares of the Company by SODIC or any of their affiliates/subsidiaries, or any duties or inducements howsoever arising between parties or any third party.

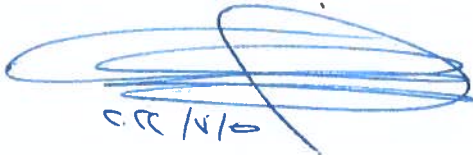
SODIC may, at any time at its sole discretion, decide to stop discussions and withdraw from discussions in relation to the Transaction, or not submit the MTO and no compensation, liability or indemnification whatsoever will be due to the other party or any third party on such ground.

NOTE: SODIC INTENDS TO MAKE THE LEGALLY-REQUIRED DISCLOSURES IMMEDIATELY FOLLOWING OUR SUBMISSION OF THIS NON-BINDING OFFER.

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As noted earlier, this Transaction is a strategic priority for SODIC, and we envisage working with you to achieve the best interest of all stakeholders.

We look forward to hearing back from you at your earliest convenience.



Magued Sherif
Managing Director

