

PALM HILLS DEVELOPMENTS COMPANY

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

On 31 Dec 2025

Together with Auditor's Report

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**Auditor's report****To the gentlemen / shareholders and members of the Board of Directors Palm Hills Development Company and its subsidiaries**

We have reviewed the attached consolidated financial statements of Palm Hills Development Company "Egyptian joint stock company", which are represented in the consolidated financial position on December 31, 2025, as well as the consolidated statements of income (profits and losses), comprehensive income, change in equity and cash flows for the financial year ended on that date, in addition to a summary Significant accounting policies and other accompanying notes

Management's responsibility for the consolidated financial statements.

These consolidated financial statements are the responsibility of the company's management, as the management is responsible for preparing and presenting the financial statements in a fair and clear presentation in accordance with Egyptian accounting standards and in light of the Egyptian laws in force. Any material misstatements, whether due to fraud or error, and this responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are appropriate in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We audited in accordance with Egyptian auditing standards and in light of the Egyptian laws in force. These standards require planning and performing the audit to obtain appropriate assurance that the financial statements are free from any material errors.

The audit work includes performing procedures to obtain audit evidence about the values and disclosures in the financial statements, and the procedures selected depend on the personal judgment of the auditor, and this includes assessing the risks of material misstatement in the consolidated financial statements, whether resulting from fraud or error, and when assessing these risks, consideration is given to The internal control related to the company's preparation of the consolidated financial statements and their fair and clear presentation in order to design appropriate audit procedures and not for the purpose of expressing an opinion on the efficiency of the company's internal control. Presented the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate and is an appropriate basis for expressing our opinion on the financial statements.

The opinion

In our opinion, the consolidated financial statements referred to above express fairly and clearly in all their important aspects the consolidated financial position of Palm Hills Development Company “an Egyptian joint stock company” on December 31, 2025, and its consolidated financial performance and consolidated cash flows for the financial year ending on that date, in accordance with To the Egyptian accounting standards and in light of the relevant Egyptian laws and regulations

Explanatory paragraphs

- Without reservations about our opinion, some lands have been recorded in the books of the company and its subsidiaries according to preliminary contracts or letters of allocation received from the New Urban Communities Authority (in 6th of October City, New Cairo City and North Coast and from the competent agencies entrusted with concluding preliminary contracts and issuing letters of allocation), where the transfer stops. Registration of ownership depends on meeting the financial standards and construction implementation conditions and completing these projects, taking into account the proof of building and construction costs only in joint projects, without the cost of the lands on which those projects are built.
- In addition to what was stated in the previous paragraph, the company has recorded the revenues generated by the units under construction or under delivery for the contracted units in application of the accounting policy for recognizing revenues according to the extent of fulfillment of contract obligations at the contract unit level, where the extent of progress in fulfilling contract obligations is determined and measured using The output method for recording the completed performance up to the date of preparing the financial statements, based on the opinion of the company’s engineering department, with regard to the contracted units at the level of each stage. (Explanations Nos. 29, 30, 63, 64).
- The company is currently studying the potential impact of wars in the Middle East region and addressing their effects on the subsequent financial periods, in light of the movement of foreign exchange rates and the rise in energy prices during the first quarter of 2026. These factors may lead to higher inflation rates and increased costs of project execution. (Note No. 75 / Paragraph Two).

Report on other legal and regulatory requirements

The company and its subsidiaries maintain regular financial accounts that include everything that the law and company bylaws stipulate must be recorded in them, and that the consolidated financial statements are consistent with what is contained in those accounts.

Cairo on: March 17, 2026



 Auditor
 Khafed Said El-Habab
 Financial Supervision Authority
 Register No. (258)
 E.A.A (8170)
 Forvis Mazars Mostafa Shawky

PALM HILLS DEVELOPMENTS COMPANY S.A.E`
CONSOLIDATED FINANCIAL POSITION

As of 31 Dec 2025

	<u>Note no.</u>	<u>31 Dec 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Assets			
Non-current assets			
Investments in associates	(35 ,b11 ,d8)	3 611 619 739	3 379 238 461
Investment property	(36, c11)	1 032 530 185	1 057 472 496
Fixed assets (net)	(37 ,13)	4 521 970 936	2 847 087 324
Projects under construction	(38 ,12)	182 616 883	237 622 133
Advance payments for investments acquisition		26 864 852	186 946 852
Deferred tax asset		101 538 888	86 286 224
Right of use assets	(39,a28)	102 532 491	61 770 489
Notes receivable - long term	(40 ,16)	54 801 316 199	43 213 421 382
Notes receivable - long term for undelivered units	(41 ,16)	1 518 490 219	3 095 727 858
Other long-term assets		682 882	836 189
Total non-current assets		65 900 163 274	54 166 489 408
Current assets			
Works in Progress	(42 ,14)	17 570 908 880	13 209 788 867
Accounts receivable	(43)	28 118 116 247	15 561 060 204
Debtors and other debit balances	(44)	12 921 978 854	7 541 532 708
Suppliers - advance payments		9 056 244 671	4 790 975 149
Due from related parties	(72 ,45 ,27)	335 661 244	330 505 962
Financial investments at amortized cost	(46,33/5)	9 581 528 351	6 110 080 419
Investments at fair value through profit and loss	(33/5)	152 706 778	206 202 973
Notes receivable - short term	(40 ,16)	18 137 718 924	13 429 823 887
Notes receivable - short term for undelivered units	(41 ,16)	935 259 476	1 718 559 879
Cash and cash equivalents	(47 ,32)	9 419 526 159	6 372 384 745
Total Current Assets		106 229 649 584	69 270 914 793
Total Assets		172 129 812 858	123 437 324 201
Shareholders' equity And Liabilities			
Shareholders' equity			
Share capital	(59)	5 719 828 346	5 759 828 346
Legal reserve	(60)	1 018 864 008	938 329 820
Execution of treasury shares	(61)	(101 092 107)	(113 486 788)
Other comprehensive income		(71 616 353)	--
Business Consolidation Settlements (Acquisition)		(126 406 098)	--
Retained earning		6 775 184 312	4 083 004 797
Net profit for the year		4 216 657 655	3 254 945 443
Net controlling equities		17 431 419 763	13 922 621 618
Non-controlling equities		1 334 332 140	702 060 505
Total shareholders' equity		18 765 751 903	14 624 682 123
Non-current liabilities			
Loans long-term	(50)	10 543 120 329	6 442 508 413
Notes payable - long term	(b 51)	4 505 024 909	2 895 314 633
Land purchase liabilities - Long Term	(b55 ,20)	--	6 288 907
Other long-term liabilities - Residents' Association	(62)	29 122 769 947	19 476 257 218
Lease contract liabilities - long term	(b54)	60 703 816	36 683 385
		41 607 006	
Joint shares arrangement - long term	(57)	3 991 865 312	5 458 648 290
Total non-current liabilities		48 265 091 319	34 315 700 846
Current liabilities			
Banks - credit balances	(48)	938 770 898	992 413 988
Credit facilities	(49)	11 337 531 976	7 061 638 144
Current portion of Short-term loans	(50)	1 250 040 023	776 658 181
Notes payable - short term	(a 51)	4 875 673 642	1 697 081 032
Advances from customers	(52)	69 354 084 075	47 403 775 488
Deferred revenue		731 229 939	--
liabilities for checks for undelivered units	(53)	2 453 749 695	4 814 287 737
Lease contract liabilities - short term	(a54)	41 916 627	26 238 462
Current portion of land purchase liabilities	(a55 ,20)	12 225	13 654 439
Due to related parties	(72 ,56 ,27)	29 919 710	15 251 549
Joint shares arrangement - short term	(57)	2 981 872 912	2 373 133 600
Creditors & other credit balances	(58)	5 121 712 447	4 677 270 651
Suppliers And contractors		3 807 042 889	3 426 676 837
Investments purchase liabilities		20 717 553	20 717 553
Provisions	(19)	178 137 292	157 835 844
Income tax payable	(69,a23)	1 976 557 733	1 040 307 727
Total current liabilities		105 098 969 636	74 496 941 232
Total liabilities		153 364 060 955	108 812 642 078
Total equity and liabilities		172 129 812 858	123 437 324 201

- The auditor's report is attached
- Notes receivables are not presented within the financial statement line items (Note No. 71)
- The accompanying notes are integral part of the financial statements.

Chairman
Yaseen Mansour

Chief Financial Officer
Ali Thabet

Translation of Income Statements

Originally Issued in Arabic

PALM HILLS DEVELOPMENTS COMPANY S.A.E

CONSOLIDATED STATEMENT OF INCOME (PROFIT OR LOSS)

For The Year Ended In 31 Dec 2025

	<u>Note No.</u>	<u>31 DEC2025</u>	<u>31 DEC 2024</u>
		<u>EGP</u>	<u>EGP</u>
Revenues	(63.29)	36 169 270 135	27 167 304 497
<u>Deduct: -</u>			
Cost of revenues	(64.30)	21 118 938 340	17 739 913 618
Cash discount		162 754 881	97 294 493
Gross operating profit		14 887 576 914	9 330 096 386
<u>Deduct: -</u>			
General administrative, selling and marketing expenses	(65)	6 365 589 713	3 435 754 971
Expected credit losses	(67)	51 472 590	23 478 620
Depreciation & amortization	(39.37.36)	353 657 121	239 915 475
Finance costs & interests	(66)	3 347 489 307	2 311 395 503
Provision	(30c.19)	10 000 000	22 054 609
Total general, administrative, marketing and financing expenses, depreciation		10 128 208 731	6 032 599 178
<u>Add</u>			
Amortization of discount on notes receivables		832 081 511	457 261 819
Gains on investments in fair value through profit or loss	(68.33/5)	34 213 992	35 043 757
Credit interest and returns on financial investments at the cost consumed	(d31)	625 388 597	530 795 665
Total other revenues		1 491 684 100	1 023 101 241
Net profit for the Period before income tax & non-controlling equities		6 251 052 283	4 320 598 449
<u>Deduct: -</u>			
Current Income tax	(a.69.23)	1 802 064 317	1 011 488 451
Deferred tax	(b.69.23)	25 175 860	(94 367 392)
Net profit for the Period before non-controlling equities		4 423 812 106	3 403 477 390
<u>Deduct: -</u>			
Non-controlling equities share- subsidiaries		207 154 451	148 531 947
Net profit for the Period after income tax & non-controlling equities		4 216 657 655	3 254 945 443
Earnings per share for profits	(70.26)	1,46	1,12

- The accompanying notes are integral part of the financial statements.


Chairman

Yasseen Mansour


Chief Financial Officer


Alj Thabet

PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended In 31 Dec 2025

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the year	4 423 812 106	3 403 477 390
<u>Items of Other comprehensive income</u>		
Foreign currency translation reserve	(89 520 442)	--
Total comprehensive income	<u>4 334 291 664</u>	<u>3 403 477 390</u>
for the period, net of tax		
<u>Attributable to: -</u>		
Equity holders of the parent	4 145 041 301	3 254 945 443
Non-controlling equities	189 250 363	148 531 947
	<u>4 334 291 664</u>	<u>3 403 477 390</u>

- The accompanying notes are integral part of the financial statements


Chairman
Yasseen Mansour

Chief Financial Officer

Ali Thabet

Translation of Cash Flow Statements

Originally Issued in Arabic

PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended In 31 Dec 2025

	<u>Note No.</u>	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
		<u>EGP</u>	<u>EGP</u>
Net profit for the period before income tax & non-controlling equities		6 251 052 283	4 320 598 449
<u>Adjustments to reconcile net profit to net cash from operating activities</u>			
Provisions	(19)	10 000 000	22 054 609
Depreciation & amortization	(37) (36) (13)	384 527 014	270 108 689
Finance cost & interest	(66) (25)	3 347 489 307	2 311 395 503
Expected credit losses	(67)	51 472 590	23 478 620
(losses)Gain investments in Associates	(35)	(559 745 340)	(136 497 124)
Gain on disposal of fixed assets	(37)	(5 752 390)	(6 913 153)
Amortization of current value deduction for notes receivables		(832 081 511)	(457 261 819)
Gain on investment at fair value through profit or loss	(68) (33/5)	(34 213 992)	(35 043 757)
Credit interest	(d 31)	(625 388 597)	(530 795 665)
Operating profits before changes in working capital		7 987 359 364	5 781 124 352
<u>Cash flow from operation activates</u>			
Change in work in progress	(42) (14)	(4 705 529 632)	(4 472 600 554)
Change in deferred revenue		731 229 938	--
Change in notes receivables	(40) (16)	(15 463 708 343)	(24 698 214 125)
Change in notes receivable for undelivered units	(41) (16)	2 360 538 042	1 784 569 978
Change in accounts receivables	(43)	(12 598 533 298)	(7 491 986 699)
Change in suppliers – advanced payments		(4 265 269 522)	(859 819 554)
Change in Debtors and other debit balances		(5 497 545 468)	(4 424 388 855)
Change in due from related parties		(9 277 119)	35 612 500
Change in accounts receivables – advance payments	(72) (45) (27)	21 950 308 587	26 420 187 641
Change in Liabilities for checks received from customers	(52)	(2 360 538 042)	(1 784 569 978)
Change from provision	(19)	10 301 448	(842 111)
Change in notes payable	(51)	4 465 966 512	(120 489 473)
Change due to related parties	(72) (56) (27)	14 668 161	11 427 696
Change in suppliers & contractors		380 366 054	922 670 396
Income taxes paid	(69)	(865 814 311)	(527 767 196)
Change in creditors & other credit balances	(58)	502 255 557	2 023 361 660
Change in Partners' share in joint arrangements	(57)	(858 043 666)	2 213 527 089
Change in long term liabilities – Residents' Association	(62)	9 646 512 729	10 047 698 341
Change in Lease obligations		(1 063 406)	(4 822 978)
Net cash provided by operating activities		1 424 183 585	4 854 845 374
<u>Cash flows from investing activities</u>			
(Payments) for purchase of fixed assets	(37)	(966 275 221)	(587 649 309)
Proceeds from sale of fixed assets	(37)	9 701 497	7 825 972
Proceeds for investment in associate		6 317 536	--
(Payments) for investment in associate	(35)	(278 021 492)	(2 684 807 537)
(Payments) from projects under construction		(6 766 920)	(128 296 234)
Proceeds from other assets		153 307	167 244
Collected Interest and returns on investments at amortized cost	(46) (5/33)	625 388 597	530 795 665
(Payments) for investments in amortized cost	(5/33)	(3 471 447 932)	(1 664 881 492)
Proceeds (Payments) form investments in fair value through profit or loss		53 496 195	(105 418 148)
Collected Return on investments in fair value through profit or loss	(68) (5/33)	34 213 992	35 043 757
Payment under investment account		(15 500 000)	(175 582 000)
(Payments) For Investments Property		(22 812 499)	(38 676 218)
Net cash (used in) investing activities		(4 031 706 247)	(4 811 478 300)
<u>Cash flows from financing activities</u>			
(Payments) for Banks - credit balances	(48)	(53 643 090)	758 360 269
Proceeds from Banks – overdraft	(49)	4 275 893 832	3 699 419 993
(Payments) for treasury shares		(101 092 107)	(399 477 901)
Paid dividends		(515 340 114)	(172 297 247)
Non-controlling interests – adjustments		474 142 834	(8 932 417)
Receipts from participation sukuk		--	(1 533 426 329)
(Payments) for loans	(50)	(292 210 361)	(260 177 903)
Proceeds from loans	(50)	4 866 204 119	3 009 591 239
Finance costs & interests paid	(66,25)	(3 025 152 933)	(2 033 180 784)
Net cash provided by financing activities		5 628 802 180	3 059 878 920
Net increase in cash and cash equivalents during the Year		3 021 279 518	3 103 078 750
Retained earnings adjusted		106 595 163	80 064 399
Net Translation Differences of Foreign Entities		(71 616 353)	--
Impact (Reversal) of Expected Credit Losses on Cash Item		(9 116 914)	--
Cash and cash equivalents at beginning of the Year		6 372 384 745	3 189 241 596
Cash and cash equivalents as of 31 Dec 2025	(47) (32)	9 419 526 159	6 372 384 745

- Non- Cash transactions are excluded from the cash flow statement (note 74).
- The accompanying notes are an integral part of these financial statements and are to be read therewith.

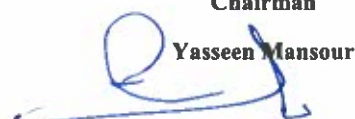
Chief Financial Officer

Ali Thabet



Chairman

Yasseen Mansour



PALM HILLS DEVELOPMENTS COMPANY S.A. E
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Year Ended In 31 Dec 2025

	Share Capital		Legal reserve		Business Consolidation Settlements (Acquisition)		Retained earnings		Treasury shares		Other Comprehensive Income		Net profit for the Period		Total before non-controlling equities		Total non-controlling equities		Total after non-controlling equities	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP	
Balance as of 1 January 2024	5 883 189 778		886 980 714		-		2 807 704 743		-		-		1 581 511 689		11 159 386 924		562 460 975		11 721 847 899	
Transferred to retained earnings	(123 361 432)		-		-		1 581 511 689		-		-		(1 581 511 689)		-		-		(399 477 901)	
Capital Deduction – Execution of treasury shares	-		-		-		(162 629 681)		(399 477 901)		-		-		-		-		-	
Transferred to legal reserve	-		51 349 106		-		(51 349 106)		285 991 113		-		-		-		(8 932 417)		-	
Adjustments on non – controlling interest	-		-		-		-		-		-		-		-		-		-	
Treasury Shares (Note No 61)	-		-		-		-		-		-		-		-		-		-	
Adjustment on retained earnings	-		-		-		80 064 399		-		-		-		80 064 399		-		(113 486 786)	
Business Consolidation Settlements (Acquisition)	-		-		-		-		-		-		-		-		-		-	
Dividends*	-		-		-		(172 297 247)		-		-		-		(172 297 247)		-		(172 297 247)	
Net profit for the Year ended on 31 Dec 2024	-		-		-		-		-		-		3 254 945 443		3 254 945 443		148 531 947		3 403 477 390	
Balance as of 31 Dec 2024	5 759 828 346		938 329 820		-		4 083 004 797		(113 486 786)		-		3 254 945 443		13 922 621 618		702 060 505		14 624 682 123	
Balance as of 1 January 2025	5 759 828 346		938 329 820		-		4 083 004 797		(113 486 786)		-		3 254 945 443		13 922 621 618		702 060 505		14 624 682 123	
Transferred to retained earnings	-		-		-		3 254 945 443		-		-		(3 254 945 443)		-		-		-	
Transferred to legal reserve	-		80 534 188		-		(80 534 188)		-		-		-		-		-		-	
Capital Deduction – Execution of treasury shares	(40 000 000)		-		-		(73 486 788)		113 486 786		-		-		-		-		-	
Reserve for translation of foreign entities	-		-		-		-		-		-		-		-		-		-	
Adjustments on non – controlling interest	-		-		-		-		-		(71 616 353)		-		(71 616 353)		(17 904 088)		(89 520 441)	
Treasury Shares (Note No 61)	-		-		-		-		(101 092 107)		-		-		(101 092 107)		443 021 272		443 021 272	
Adjustment to retained earnings	-		-		-		-		(101 092 107)		-		-		(101 092 107)		-		(101 092 107)	
Business Consolidation Settlements (Acquisition)	-		-		(126 406 098)		106 595 163		-		-		-		106 595 163		-		106 595 163	
Dividends*	-		-		-		(515 340 115)		-		-		-		(126 406 098)		-		(126 406 098)	
Net profit for the Year ended on 31 Dec 2025	-		-		-		-		-		-		4 216 657 655		4 216 657 655		207 154 451		(515 340 115)	
Balance as of 31 Dec 2025	5 719 828 346		1 018 864 008		(126 406 098)		6 775 184 312		(101 092 107)		(71 616 353)		4 216 657 655		17 431 419 763		1 334 332 140		18 765 751 903	

* According to the General Assembly resolution.

- The accompanying notes are an integral part of these financial statements and are to be read therewith.

Chief Financial Officer

Ali Thabet

Chairman

Yasseen Mansour

Palm Hills Developments Company
(S.A.E)
Notes to the Consolidated
Financial Statements as Of Dec, 31,2025

1. BACKGROUND

Palm Hills for Developments Company (S.A.E) was established according to the Investment Guarantee and Incentives Law No. (8) of 1997 which was replaced by the Investment Guarantee and Incentives Law No. (72) of 2017 and the Companies Law No. 159 of 1981 that was modified according to Law No. (4) of 2018 and their executive regulations, taking into consideration the Capital Market Law No. 95 of 1992 and its executive regulations.

2. COMPANY'S PURPOSE

The company's purpose is to invest in real estate in the New Cities and New Urban Communities including building, constructing, owning and managing residential compounds, resorts, villas and touristic villages, selling and the resale of Associated services and facilities, leasing and the construction of integrated projects along with managing the entertainment activities Associated with the companies in activities. All such activities are subject to the approval of appropriate authorities.

3. THE COMPANY'S LOCATION

The company's headquarters is located in the Smart Village, 6th of October City, Giza Governorate, Arab Republic of Egypt.

4. COMMERCIAL REGISTER

The company is registered in the Commercial Register under No. 6801 dated 10 January 2005.

Company Duration :25 years starting from the date of registration in the Commercial Register and ending on January 9, 2030.

5. Financial Year

The fiscal year begins on the first of March of each year and ends on February 28 of each year. The extraordinary general assembly held on September 19, 2007, decided to amend the company's bylaws so that the fiscal year begins on the first of January and ends on December 31 of each year.

6. AUTHORIZATION OF THE FINANCIAL STATEMENTS

The company's Consolidated financial statements for Nine Months on Dec 31, 2025 were authorized for issue by the board of directors on 17 March 2026.

7. STOCK EXCHANGE LISTING

The company was listed in the unofficial schedule no. (2) of the Cairo and Alexandria Stock Exchange on 27 Dec 2006 and then listed in the official schedule no. (1) of the Cairo and Alexandria Stock Exchange in April 2008. The company has regularized its status in accordance with the decision of the Board of Directors of the Financial Regulatory Authority No. 11 of 2014 in its session held on January 22, 2014, regarding the rules for listing and delisting securities on the Egyptian Stock Exchange, taking into account all subsequent amendments to these rules.

8. EXISTING PROJECTS

The company has several major activities for the development of new urban communities and tourist compounds through:

a) Building and constructing residential compounds

The objective of the company is to contribute in building integrated residential units, providing Associates services, and entertainment complexes, while the Company possesses a large land bank which includes land with a total area of 1,435 acres approx. located at 6th October City, land with a total area of 456.84 acres approx. located at New Cairo City, land measuring a total area of 750 acres approx. which is located at Sidi Abdel Rahman, El Alamin, Marsa Matrouh Governorate, land with a total area of 22.68 acres approx. located at Hurghada.

b) Joint Arrangement

The company and its subsidiaries have begun to adopt adopted a new strategy as from the fiscal year ended 31 Dec. 2015 for real estate development activities, through signing project contract as joint projects with some other parties, the contract provides that each contracting party to obtain a share of the contractual values of contracted units to implement or the net operating profits, while the company retains control over the financing, marketing and technical management of these units as follows:

-Palm Hills Developments

Palm Hills Developments Company (real-estate developer) has contracted with one of the owners (owner) of the plot of land with an area of 135 acres in Alexandria-Abis-Moharram Bek-Cairo Alexandria Desert Road- to develop this area, and under this contract, both of the owner and the real estate developer shall receive a share of the total project revenues paid out of the project income receipts, the developing company has started marketing and project development work as of June 2019.

Palm Hills real estate developer has contracted with Al Shorouk touristic development company (Egyptian joint stock company) S.A.E to develop an integrated tourist housing project in El Ein El Sokhna – laguna Bay project, under this contract, both of the owner and the real estate developer shall receive a share of the total project revenues paid out in accordance with the approved relevant schedule, the developing company has started the project development work as of June 2020.

Palm Hills Developments Company and Palm for Urban Development Company (real-estate developer) has contracted with The Urban Communities Authority (owner) for the development of integrated residential project (Badya) on an area of 3000 acres in West Cairo on the basis of a revenue sharing system in that the company (real-estate developer) gets 74% for management, marketing and development of the project while the Authority (owner) receives 26% of revenues are paid in accordance with approved annual payment schedule in addition to an in kind shares of project units -for land and supply of external facilities for the project, the real-estate developers started developing, marketing and selling the project units as from May 2018.

-Palm for Investment and Real Estate Development

Palm for Investment & Real Estate Development Company (real-estate developer) has contracted with The New Urban Communities Authority (owner) to develop land with a total area of 501,20 acres in New Cairo on the basis of revenue sharing system for the construction of an integrated urban project -Palm New Cairo- under this contract, both the Authority (owner) and the Company (real-estate developer) receives a share of total contractual values of the project units that paid out through the project income receipt and accordance with the approved annual payment schedule company started developing, marketing and selling the project units as of November 2016.

-Palm Real Estate Development

Palm Real Estate Development Company (real-estate developer) has contracted with Nasr City for Housing & Development Company (owner) to develop a land with a total area of 103.25 acres in New Cairo for the construction of an integrated urban project -Capital Gardens Project- under this contract the (owner) and the (real-estate developer) receives a share of total contractual values of the project units paid out through the project income receipts and in accordance with approved annual payment schedule. the company started developing, marketing and selling the project units as of November 2016.

- Palm Hills Development of Tourism and Real Estate

Palm Hills Development of Tourism and Real Estate Company (real-estate developer) has contracted with Batterjee Development of Tourism and Real Estate Company (owner) to develop land with a total area of 134.64 acres located in 85KM of Alexandria-Matroh Road - El Fouka village - for the construction of a full-service tourist resort, under this contract the (owner) and the (real-estate developer) receives a share of total project revenues that paid through the proceeds of the project the company started the development and marketing of the project as of Sep 2017.

- Palm for Urban Development

Palm for Urban Development - the real estate developer, contracted with one of the owners of a 32-acre plot of land in the new city of Alamein to establish a touristic residential project under the partnership system, according to which the company collects 70% of the project's revenue in return for marketing, management and development of the project, while the other party collects the 30% of the project's revenue in exchange for land and external facilities, and the company has started marketing the project as of March 2021.

c) Botanica Project

The company acquired an area of 1702.79 acres east of the Cairo-Alexandria Desert Road, kilo 49, in Botanica farms (formerly the European countryside) - under a preliminary sale contract - with a related party to exploit it in accordance with what is specified in the company's articles of association (to reclaim and cultivate desert lands using Modern irrigation methods) according to what is mentioned in the Commercial Register under No. 33 (b) dated June 3, 2011, The cost of the project has been transferred to an item of work under implementation during the year 2021 in light of the Prime Minister's Decision No. (2422) dated October 12, 2019 regarding the procedures for converting lands in the new Sphinx City from an agricultural space to an urban residential space - affiliated with the New Urban Communities Authority, as well as the decision of the New Urban Communities Authority. Urban Communities No. (103) dated February 26, 2017, dealing with in-kind payment, and an area of approximately 1,283 acres was assigned and settled in favor of the New Urban Communities Authority.

d) Investments in Associates and subsidiaries

1- Direct investments in Associates and subsidiaries as following: -

	<u>Percentage share %</u>
Palm Hills Middle East Company for Real Estate Investment S.A. E	%99.99
Gawda for Trade Services S.A. E	%99,996
New Cairo for Real Estate Developments S.A. E	%99,985
Khedma for managing tourist resorts and real estate	%99,998
Rakeen Egypt for Real Estate Investment S.A. E	%99.945
Palm Sports for clubs	%99.991
Palm for Real Estate Development S.A. E	%99.994
Palm for Investment & Real Estate Development S.A. E	%99.4
Palm Hills Development of Tourism and Real Estate S.A. E	%99.4
Palm Hills for Tourism Investment S.A. E	%79.8
Palm Hills Resorts S.A. E	%99.4
Palm for Urban Development S.A. E	%99.999
Palm for Construction, real state development. S.A.E	%99.4
Palm Hills Properties S.A.E	%99.2
Palm for Club Management S.A.E	%99.2
Palm Alexandria for Real Estate S.A.E	%60
United Engineering for Construction S.A.E	%99.25
Palm Hills for Hotels S.A.E	%98
East New Cairo for Real Estate Development S.A.E	%88,950
Macor for Hotels	%69,453
Al Naeem for Hotels and Touristic Villages S.A.E	%100
Royal Gardens for Real Estate Investment Company S.A.E	%51
Nile Palm Al-Naeem for Real Estate Development S.A.E	%51
Saudi Urban Development Company S.A.E	%51
Coldwell Banker Palm Hills for Real Estate S.A.E	%49
Palm October for Hotels S.A.E	%0,244
EFS Palm Facilities Management S.A.E	%49
Inspired Education– Egypt S.A.E	%1
Palm hills For Education	%99.987
Palm Holding Company for Financial Investments	%99
Palm hills for restaurants	%99
Palm for Mortgage	%9
Palmet for Hotels and resorts	%0.0005
6th of October for hotels and tourist villages	%20.02
Middle east for real state and touristic investment	%2.525
Taleem For Management Services	%32.614
Palm hills Development Holding limited	%80

2- Indirect investments in Associates and subsidiaries as following: -

	<u>Percentage share %</u>
Palm North Coast Hotels S.A.E	99.4%
Middle East Company for Real Estate and Touristic Investment S.A.E	97.425%
Palm Gamsha Hotels S.A.E	98%
Badya International university for higher education	40%
Inspired For Education – Egypt S.A.E	48%
Kenzy for restaurants	60%
International for lease (inclease)	32.9867%
Palm for mortgage	90%
Palm October for hotels	99.751%
Asten College for Education	74.737%

	<u>Percentage share %</u>
Palmet for Hotels and resorts	99.99%
East new cairo for real estate development	11%
Rakeen Egypt For real estate Development	0.027%
Palm hills middle east for real estate investment	0.007%
Gawda for trade services	0.002%
Palm hills properties	0.600%
Palm for real estate development	0.004%
Palm for urban development	0.0004%
PHD properties	100%
Palm hills north Jubail holding limited	100%
PHD north Jubail property development	100%

e) Direct investments in Associates and subsidiaries

Palm Hills Middle East Company for Real Estate Investment S.A.E. and Its Subsidiary

The company's subsidiary is registered in Egypt under commercial registration number 25016. Both companies are registered under the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997 and the Companies' Law No. 159 of 1981.

Palm Hills Middle East Company for Real Estate Investment S.A.E. is engaged in real estate investment in new cities and urban communities, and the construction, ownership and management of residential compounds, resorts, and villas. The company and its subsidiary are also involved in the sale and lease and other related services for managing integrated projects and entertainment activities.

The company is registered in Egypt under commercial registration number 21091 on 8 Feb. 2006.

The issued and paid-up capital is 150 million Egyptian pounds, and the company contribution is 99.99% of the issued capital.

The company started its activity by acquiring a number of plots of land in the north cost with a total area of 574,32 acres in the area of Sidi Abdelrahman.

- Gawda for Trade Services S.A.E

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and Law No. 95 of 1992 and their executive regulations.

The company's purpose is to divide and market lands in new urban communities, real estate investment in general, and provide all kinds of advice except for legal advice.

The company was registered in the Commercial Register under No. 10242 on August 27, 2003.

The paid-up capital is 25,000,000 Egyptian pounds, and the company's shareholding is 99.996% of the issued capital.

The company started its activity by acquiring an area of 40 acres in the 6th of October City, with the aim of establishing a residential, touristic complex, and all works in the project are being completed.

- **New Cairo for Real Estate Developments S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 8 of 1997 regarding the Investment Guarantees and Incentives Law, which was replaced by Law No. 72 of 2017 and Law No. 159 of 1981 and their executive regulations.

The purpose of the company is to establish hotels, hotel apartments, tourist villages and related service activities, including family and administrative construction activities.

The company was registered in the Commercial Register under No. 12613 on September 1, 2005.

The company's paid-up capital is 100,000,000 Egyptian pounds, and the company's shareholding is 99.985% of the issued capital.

The company started its activities by acquiring 25,036 feddans in the Southern Investors Area in New Cairo City to carry out its activities, and all works related to the project are being completed.

- **Khedma for the management of tourist resorts and real estate S.A.E**

An Egyptian joint stock company is subject to the provisions of Law No. 159 of 1981 and Law No. 95 of 1992 and their two implementing regulations. The purpose of the company is to supervise the implementation of projects and project management. The company was registered in the Commercial Registry with No. 136337 on September 18, 2019.

The paid-up capital amounts to 5 000 000 Egyptian pounds, and the company's shareholding is 99.998% of the issued capital.

- **Rakeen Egypt for Real Estate Investment S.A.E**

Rakeen Egypt for Real Estate Investment S.A.E is registered in Egypt under commercial registration number 34611 on 4 September 2007 under the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992. The company is located in 6th of October City. The company is engaged in leasing, construction and operation of hotels, motels, resorts and residential compounds, construction, generation of electricity, desalination of water, land acquisition, diving and constructing villas, residential units and offices malls and the marketing thereof.

- The Paid-in capital is 55 000 000 Egyptian pounds, and the company contribution is 99,9454% of the issued capital

- The company started its activity through the development of the Palm Parks project on the area of 113 acres in the city of 6th Oct in addition to an area of 116 acres on the North Coast (The Hecienda white project) (2).

- **Palm Sports Clubs Company S.A.E**

Palm Sports Clubs Company "an Egyptian joint stock company" was established in accordance with the provisions of Law No. 72 of 2017 and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its implementing regulations. The company was registered in Commercial Register No. 8348 on December 5, 2019, and the issued capital amounts to 22 000 000 Egyptian pounds, and the company's contribution is 99.99% of the capital.

The main activity of the company is in the services of the sports field and includes management, marketing, operation, management of sports games, establishment of private clubs, academies, health clubs and fitness centers.

The company started practicing its main and usual activity through the conclusion of a contract to manage the Palm Hills Club - Palm Hills Resort in 6th of October City - owned by Palm Hills Development Company as of 1st January 2020.

- **Palm for Real Estate Development S.A.E**

Palm Real Estate Development Company was established as an "Egyptian Joint Stock Company" in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. (95) of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the commercial registry No. 83974 on September 14, 2015, and the issued and paid-up capital amounted to 10,250,000 Egyptian pounds, and the company's shareholding rate reached 99.994% of the capital.

The main activity of the company is represented in real estate investment, buying, dividing and selling lands, building real estate on them of all kinds, establishing, managing, owning, selling and renting apartments and commercial malls, establishing and operating fixed hotels, reclamation, cultivation and preparation of lands.

The company (as a first party) began practicing its main and usual activity in the field of real estate development through a partnership contract with a company working in the same field, according to which the company (as a first party) obtains 64% of the contractual value of the contracted units for its implementation in exchange for marketing expenses. And the construction costs of the contracted units, while the company (the second party) gets 36% of the contractual value of the contracted units in return for the cost of the land and the implementation of external facilities. The company has begun marketing the first phase of the agreement on an area of approximately 103 acres - in New Cairo, Capital Project Gardens.

- **Palm for Investment & Real Estate Development S.A.E**

Palm Investment and Real Estate Development Company was established as an "Egyptian Joint Stock Company" in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 85861 on the first of September 2015, and the issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company's shareholding percentage reached 99.4% of the capital.

The main activity of the company is to carry out investment and real estate marketing, to establish, manage, own, sell and rent apartments and commercial malls, to establish and operate fixed hotels and sports clubs, management and tourism marketing, and to establish and operate centers for the preparation and training of human resources.

The company (as a first party) began practicing its main and usual activity in the field of real estate development through a partnership contract with one of the parties entrusted with land allocation, according to which the company obtains approximately 72% of the contractual values of the contracted units, while the second party collects a percentage Approximately 28% of the contracted units for the cost of the land and the implementation of external facilities, on an area of 501.20 acres in New Cairo.

- **Palm Hills Development of Tourism and Real Estate S.A.E**

Palm Hills for Tourism and Real Estate Development “Egyptian Joint Stock Company” was established in accordance with the provisions of Law No. 159 of 1981 issuing the Law of Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 92998 on April 26, 2016. The issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company’s shareholding amounted to 99.4% of the capital.

The main activity of the company is represented in real estate investment, buying, dividing and selling lands, building real estate on them of all kinds, establishing, managing, owning, selling and renting apartments and commercial malls, establishing and operating fixed hotels, reclamation, cultivation and preparation of lands.

The company (as a second party) has begun to practice its main and usual activity in the field of real estate development through a partnership contract with a company working in the same field, according to which the company (as a second party) gets 80% of the contractual value of the contracted units for its implementation in exchange for marketing expenses. And the construction costs of the contracted units, while the company (the first party) gets 20% of the contract value of the contracted units in exchange for the cost of the project land, which has an area of approximately 134.58 acres, kilo 85 Alexandria Road - Hacienda West project.

- **Palm Hills for Tourism Investment S.A.E**

Palm Hills Tourism Investment Company was established as an “Egyptian Joint Stock Company” in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the commercial register No. 9 3156 on the first of May 3, 2016, and the issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company’s shareholding percentage reached 79.8% of the capital.

The main activity of the company is to carry out investment and real estate marketing, to establish, manage, own, sell and rent apartments and commercial malls, to establish and operate fixed hotels and sports clubs, management and tourism marketing, and to establish and operate centers for the preparation and training of human resources.

*The company has begun to carry out its main activities by investing in the capital of Disney Investment Company.

- **Palm Hills Resorts S.A.E**

Palm Hills Real Estate Company was established as an "Egyptian Joint Stock Company" in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in Commercial Registry No. 9 3163 on May 3, 2016, and the issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company's shareholding amounted to 99.4% of the capital.

The main activity of the company is to carry out real estate investment and marketing, establish, manage, own, sell and rent apartments and commercial malls, establish and operate fixed hotels, motels, apartments, hotel suites and tourist villages at a level of not less than three stars, tourism management and marketing, and establish and operate sports clubs.

The company has begun to carry out its main and usual activities by investing in the capital of companies operating in the fields of education and restaurants.

- **Palm for Urban Development S.A.E**

Palm Urban Development Company was established as an "Egyptian joint stock company" in accordance with the provisions of Law No. 159 of 1981 and taking into account the provisions of Law No. 95 of 1992 and its executive regulations.

The company was registered in the Commercial Register No. 99183 on November 21, 2016, and the issued and paid-up capital amounted to 250 250 000 Egyptian pounds, and the shareholding percentage in the company reached 99.999% of the capital.

The main activity of the company is to carry out real estate investment and development, planning and establishing urban areas.

Palm Hills Development Company and Palm Urban Development Company (a subsidiary) contracted with the New Urban Communities Authority as real estate developers to develop an integrated urban project with a participation system - (Badya) project on an area of 3000 acres in West Cairo on the basis of a revenue sharing system, so that companies - the real estate developer 74% in return for the work of managing, marketing and developing the project, while the authority gets 26% of the revenues, paid in light of the approved schedules for paying the annual payments, in addition to an in-kind share of the project units in exchange for the land and the supply of external facilities for the project. The real estate developers have begun marketing work And project development as of May 2018.

- **Palm Construction and Real Estate Development S.A.E**

Palm Construction and Real Estate Development Company was established as an "Egyptian joint stock company" in accordance with the provisions of Law No. 159 of 1981 and considering the provisions of Law No. 95 of 1992 and its executive regulations. The company was registered in the commercial registry No. 85861 on September 1, 2015, and the issued and paid-in capital is 250,000 Egyptian pounds, and the company's contribution is 99.40% of the capital.

The main activity of the company is the planning and construction of urban areas and equipping them with facilities and services.

The company has started as a first party in carrying out its main activity in the field of real estate development through a partnership contract with one of the parties at percentage 70% from contractual values of the contracted units, while the other party collects a percentage 30% from contacted values of the contacted units, for the cost of the land and the implementation of external facilities, on the area 501,20 acres in New Cairo City.

- **Palm Hills Properties S.A.E**

Palm Hills Real Estate Company was established as an “Egyptian Joint Stock Company” in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 88228 on November 26, 2015, and the issued and paid-up capital amounted to 250 000 Egyptian pounds, and the company’s shareholding percentage reached 99.2% of the capital.

The main activity of the company is to carry out real estate investment and marketing, establish, manage, own, sell and rent apartments and commercial malls, establish and operate fixed hotels, motels, apartments, hotel suites and tourist villages at a level of no less than three stars, tourism management and marketing, and establish and operate sports clubs.

- **Palm for Club Management S.A.E**

Palm Hills Clubs Company was established as an “Egyptian Joint Stock Company” in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 101134 on January 17, 2017, and the issued and paid-up capital amounted to 250 000 Egyptian pounds, and the company’s shareholding percentage reached 99.2% of the capital.

The main activity of the company is to carry out real estate investment and marketing, establish, manage, own, sell and rent apartments and commercial malls, establish and operate fixed hotels, motels, apartments, hotel suites and tourist villages at a level of no less than three stars, tourism management and marketing, and establish and operate sports clubs.

- **Palm Alexandria for Real Estate Investment S.A.E**

Palm Alexandria Company was established as an “Egyptian Joint Stock Company” in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 101133 on January 17, 2017, and the issued and paid-up capital amounted to 250 000 Egyptian pounds, and the company’s shareholding percentage reached 60% of the capital.

The main activity of the company is investment, real estate development, planning and constructing urban areas and equipping them with all facilities.

* The company started practicing the main and usual activity by acquiring a plot of land with an area of 13,800 square meters in the eastern expansions of the 6th of October City.

- **United Engineering for Construction S.A.E**

United Engineering and Contracting Company was established as an “Egyptian Joint Stock Company” in accordance with the provisions of Law No. 159 of 1981 issuing the Law of Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and considering the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 56910 on February 29, 2012. The issued and paid-up capital amounted to 20 000 000 Egyptian pounds, and the company's shareholding percentage reached 99.25% of the capital.

The main activity of the company is to carry out construction and building works, finishing works, decorations and general supplies, and to carry out construction and building activities related to residential, commercial and hotel projects, beach resorts, recreational areas and projects, to carry out infrastructure works and facilities for projects, as well as engineering consultancy.

- **Palm Hills Hotels S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and its executive regulations. The purpose of the company is to establish, manage, own and operate fixed hotels, facilities, tourist villages, motels and hotel apartments in addition to the timeshare system.

The company was registered in the commercial register under No. 45441 on April 27, 2011, and the paid-up capital is 62 500 Egyptian pounds. The contribution of Palm Hills Development Company to the capital of Palm Hills Hotels Company is 98% of the issued capital.

* The company did not start practicing its main activity until the date of issuing the financial statements.

- **East New Cairo for Real Estate Development S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and its executive regulations.

The purpose of the company is real estate investment, construction and urban development.

The company was registered in the Commercial Register under No. 59772 on November 13, 2009.

The paid-up capital amounts to 38 125 000 Egyptian pounds, and the direct contribution percentage is 88.95% of the issued capital, in addition to the indirect contribution rate amounting to 11 %, through the contribution of Palm Hills Development Company by 99.4% in the capital of the Palm hills resort , which owns 11%. From the issued capital of East New Cairo Real Estate Development Company.

The company started its activity by acquiring three plots of land with an area of 171.22 acres in New Cairo to establish integrated tourist housing complexes.

- **Macor for Securities Investment Company S.A.E**

An Egyptian joint stock company established on September 8, 2000 in accordance with the provisions of Law No. 95 of 1992 and its executive regulations, for the purpose of participating in the establishment of companies that issue securities, contributing to them, or increasing their capital.

The issued and paid-up capital amounts to 95,402,000 Egyptian pounds. The company's shareholding is 69.453% of the issued capital. Its main activity is the ownership and operation of several fixed-floating hotels.

- **Al Naeem for Hotels and Touristic Villages S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 8 of 1997, the Investment Guarantees and Incentives Law, which was replaced by Law No. 72 of 2017 and Law No. 159 of 1981 and their executive regulations.

The company's purpose is to establish and operate a five-star hotel in Hamata, as well as to establish an integrated development project and operate a five-star hotel in the second region of the Ain Sokhna tourist sector.

The company was registered in the Commercial Register under No. 32915 on September 8, 2005.

The paid-up capital is 103 250 000 Egyptian pounds, and the company's contribution to the issued capital is 100%.

The company started its activity by acquiring an area of 1297.86 acres in Ain Sokhna, as well as a right of use to an area of 2.447 acres in the same area, for the purpose of establishing a tourist residential complex in addition to a five-star hotel.

The company's management decided not to complete the project and decided to return the lands to the Tourism Development Authority.

- **Palm Hills for Education S.A.E.**

Palm Hills for Education was established in accordance with the provisions of Law No. 159 of 1981 on Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies and its executive regulations, while taking into account the provisions of Law No. 95 of 1992 on Capital Markets and its executive regulations.

The company was registered in the Commercial Register under No. (103987) on February 28, 2017. The issued and paid-up capital amounts to EGP 14,900,000, with a contribution percentage of 99.987% in the capital.

- **Royal Gardens for Real Estate Investment S.A.E.**

An Egyptian joint stock company subject to the provisions of Law No. 8 of 1997 regarding the Investment Guarantees and Incentives Law and Law No. 159 of 1981 and their executive regulations.

The company's purpose is to invest in real estate in new cities and urban communities, and to establish residential compounds, villas and tourist villages, including integrated contracting works for the company's projects and others.

The company was registered in the Commercial Register under No. 21574 on December 7, 2006. The issued and paid-up capital is 15 000 000 and the company contribution is 51% of the issued capital.

The company started its activity by acquiring 294 000 inside the space designated for the sixth of October Company (kaza) project.

- **Nile Palm Al-Naeem for Real Estate Development S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 8 of 1997 Investment Guarantees and Incentives Law, which was replaced by Law No. 72 of 2017 Investment and Law No. 159 of 1981 and their executive regulations.

The purpose of the company is to invest in real estate in new cities and urban communities, and complementary activities related to the company's activity.

The company was registered in the Commercial Register under No. 27613 on October 4, 2007.

The paid-up capital is 99 186 000 Egyptian pounds, and the company's shareholding is 51% of the issued capital.

The company started practicing its activities by acquiring an area of approximately 3.2029 acres in Mostafa Kamel district - Alexandria Governorate to carry out its activities and in light of re-studying the extent of economic feasibility towards developing and developing that area, **the company decided not to complete the studies related to the project, and the plot of land referred to was sold pursuant to a preliminary sale contract on September 1, 2015.**

- **Saudi Urban Development Company S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its implementing regulations.

The company's purpose is to establish a distinguished residential project complete with buildings, facilities and services, called the Oasis of Palaces, as well as family and commercial construction activities and commercial services.

The company was registered in the Commercial Register under No. 1971 on November 26, 1998.

The paid-up capital is 10 000 000 Egyptian pounds, and the company's shareholding is 51% of the issued capital.

The company started its activity by acquiring 56,77 acres (Faddan) at 6th of October in addition to 39,533 acres (Faddan) at New Cairo.

- **Coldwell Banker Palm Hills for Real Estate S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981, taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company is engaged in marketing, buying and selling real estate investment, real estate brokerage, and advertising.

The company was registered in the Commercial Register under No. 15970 on August 17, 2005. The company's paid-up capital is 500,000 Egyptian pounds, and the company's shareholding is 49% of the issued capital.

* The company did not start practicing its main activity until the date of issuing the financial statements.

- **Palm October for Hotels S.A.E**

An Egyptian joint stock company in accordance with the provisions of Law No. 159 of 1981 and its executive regulations. The purpose of the company is to establish, manage, own and operate fixed hotels, facilities, tourist villages and hotel apartments in addition to the timeshare system.

The company was registered in the Commercial Register No. 38357 on April 22, 2011, and the issued and paid-up capital amounted to 100,250,000 Egyptian pounds. The direct shareholding in Palm October Hotels Company is 0.2443%, and the Palm Hills Development Company also owns an indirect shareholding of 97.75% through its contribution of 98% in the capital of Palm Hills Hotels Company, whose contribution in the capital of October Hotels Company amounts to 99.75% of the issued capital.

* The company did not start practicing its main activity until the date of issuing the financial statements.

- **EFS Palm Facilities Management S.A.E**

An Egyptian joint stock company in accordance with the provisions of Law No. 159 of 1981 and its executive regulations. The company's purpose is to manage tourist facilities, commercial centers, project management, supplies and contracting, building maintenance and general trade. The company was registered in Commercial Registry No. 12862 on December 10, 2018 and the issued and paid-up capital amounted to 2 000 000 Egyptian pounds, and the company's shareholding is 49% of the issued capital.

- **Inspired Education Company - Egypt**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and Investment Law No. 72 of 2017 and their executive regulations. The company's primary purpose is to establish, manage or operate schools, without prejudice to the applicable laws and regulations and on the condition of obtaining the necessary licenses. The company was registered in Commercial Registry No. 162856 on 4 February. March 2021 The issued capital is 3 million Egyptian pounds, while the paid-up capital amounts to 750 thousand Egyptian pounds, at 25% and the direct contribution percentage in Inspired Education - Egypt is 1% in addition to an indirect percentage of 48% by contributing 99.4% to the capital of Palm Tourist Resorts Company. Which contributes 48% to the capital of Inspired Education Egypt.

- **Palm Holding Company for Financial Investments**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and its executive regulations. The purpose of the company is to participate in the establishment of companies that issue securities or to increase their capital, taking into account the provisions of the Capital Law.

The issued and fully paid-up capital amounts to 5 million Egyptian pounds, and Palm Hills Development Company's contribution to the capital is 99%.

- **Palm Hills Development Holding Limited Company**

A private limited company by shares under registration number 26579. The company is a special purpose vehicle whose objective is to hold ownership of assets, shares, and other related interests in its name. The company is not permitted to open branches. It is permitted to establish subsidiaries, either wholly or partially owned, outside Abu Dhabi Global Market.

The issued and fully paid-up share capital amounts to USD 50 million only. Palm Hills Development contributes 80% of the share capital.

1- Indirect investments in Associates and subsidiaries

	<u>Percentage share %</u>
Middle East Company for Real Estate and Touristic Investment S.A.E	97.425%
Palm North Coast Hotels S.A.E	%99,4
Palm Gamsha Hotels S.A.E	%98
East New Cairo for Real Estate Development S.A.E	%11
Asten College for Education S.A.E	%74.737
International Badya University for Education	%40
Inspired For Education – Egypt S.A.E	%48
Palm for mortgage	%90
Palm October for hotels	%99.751
Kenzy for Restaurants	%60
Palmet for Hotels and resorts	%99.999
International for lease (incolease)	%32.9867
Rakeen Egypt for real estate investment	%0.027
Palm hills middle east for real estate investment	%0.007
Gawda for trade services	%0.002
Palm hills properties	%0.600
Palm for real state development	%0.004
Palm for urban development	%0.0004
Phd properties	%100
Palm Hills North Jubail holding limited	%100
Phd North Jubail property Development	%100

- **Palm North Coast Hotels S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and its executive regulations. The purpose of the company is to establish, manage, own and operate fixed hotels, establishments, tourist villages, motels and hotel apartments, in addition to the timeshare system, import and export, and commercial agencies.

The company was registered in the Commercial Register No. 48189 on September 26, 2011, and the paid-up capital is 62,500 Egyptian pounds. The contribution of Palm Hills Hotels Company to the capital of Palm North Coast Hotels Company amounts to 99.4% of the issued capital of Palm North Coast Hotels Company, through the contribution of Palm Hills Hotels Company. Palm Hills Development in Palm Hills Hotels Company holds 98% of the issued capital.

* The company did not start practicing its main activity until the date of preparing the lists.

- **Palm Gamsha Hotels S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and its executive regulations. The purpose of the company is to establish, manage, own and operate fixed hotels, establishments, tourist villages, motels and hotel apartments at a level of not less than three stars in addition to the timeshare system.

The company was registered in the Commercial Register No. 46193 on September 3, 2011, and the paid-up capital is 62,500 Egyptian pounds. The contribution of Palm Hills Hotels Company to the capital of Palm Gamsha Hotels Company amounts to 98% of the issued capital of Palm Gamsha Hotels Company, through the contribution of Palm Hills Development Company. In the capital of Palm Hills Hotels Company by 98%.

* The company did not start practicing its main activity until the date of preparing the lists.

- **Middle East Company for Real Estate and Touristic Investment S.A.E**

Middle East Company for Real Estate and Touristic Investment S.A.E is registered in Egypt under commercial registration number 25016 under the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997 and the Companies' Law No. 159 of 1981.

The company's purpose is to invest in real state in cities new urban community's hotel apartment and tourist villages.

The company was registered in the Commercial Register under number 25016 on September 4, 2007.

The paid-up capital 20,000,000 and the Palm Hills middle east real estate investment company's contribution to the company is 97.425% of the issued capital. The Palm Hills Development company's contribution to the capital of Palm Hills Middle estate real estate investment 99.9%.

The company started its activity by acquiring an area of 58,24 acres in the district of Sidi Abdel Rahman – El Alamein Center – Matrouh Governorate.

- **Badya International university for Higher Education S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 concerning joint stock companies and partnerships limited by shares. The company's purpose is to establish universities, set up and manage centers for the preparation, development, and training of human resources, and provide consultancy services in the field of education. The company was registered in the Commercial Register under No. 161102 on February 1, 2021. The issued capital amounts to EGP 1 840billion, of which EGP 1 360 000 000 has been paid by the shareholders. Palm Hills Education holds a 40% stake in the company's capital.

The Extraordinary General Assembly, in its meeting held on May 20, 2024, resolved to change the company's name to Badya International University for Education (S.A.E.).

- **Inspired Education Company – Egypt**

An Egyptian joint stock company subject to the provisions of Law No. 72 of 2017. The purpose of the company is to establish, manage or operate schools without prejudice to the provisions of the laws and regulations in force. The company was registered in the Commercial Register under No. 162856 on March 4, 2021.

The issued capital amounted to 3 million Egyptian pounds, and the shareholders paid 25% of the capital, so that the paid-up capital became 750 thousand Egyptian pounds. The percentage of the company in the capital reached 48% through an investment of 48%, which is the percentage of the contribution of Palm Hills Development Company in its capital. 99.40%.

- **Management of service activities**

The company purchased the Palm Hills Club in the Sixth of October City, which is dedicated to the entire resort Palm Hills, which was acquired through a sale contract dated October 1, 2007 from one of its subsidiary's companies, and the club's activities began as of the 2010 fiscal year.

- **International Company for Financial Leasing (Incolease)**

A joint stock Egyptian company subject to the provisions of Investment Law No. (72) of 2017. The company's purpose is to operate in the field of financial leasing and related services in accordance with the provisions of Law No. (176) of 2018.

The issued and fully paid-up capital amounts to EGP 200 million. Palm Holding for Financial Investments holds a 32.9867% stake in the company.

9. STATEMENT OF COMPLIANCE

The group companies During the year ending on Dec 31, 2025, committed themselves to applying the new Egyptian accounting standards issued by Ministerial Resolution No. 110 of 2015 and its amendments, and to follow the same accounting policies previously applied when preparing the latest Periodic financial statements on September 30, 2025 which have not changed Any amendments or any update.

10. SIGNIFICANT ACCOUNTING POLICIES APPLIED

a) **Basic of consolidated financial statements preparation**

The Company's management is responsible for the preparation of the financial statements. The consolidated financial statements are prepared in accordance with Egyptian Accounting Standards issued by ministerial resolution NO. 110 of 2015 and its amendments the relevant Egyptian accounting stand were applied when preparing the financial statement on December 31 2025, with the exception of the unrelated Egyptian accounting stand.

b) **Basic of consolidation**

The consolidated F.S include a total grouping of subsidiaries which are all companies in which Palm Hills Development Company has the ability to control the F.S and operating polices in general or owns more than half of the voting rights, and the potential voting rights that can be exercised or transferred are taken in to account when determining Palm Hills Development Company didn't control another company or not, and the consolidated F.S of Palm Hills Development Company "Egyptian joint stock company" include the F.S of the subsidiaries mentioned in note no. (8d) except for the following companies.

The consolidated financial statements of Palm Hills Developments Company include its subsidiaries with the exception of the following:

	<u>Percentage share %</u>	<u>Nature</u>
Coldwell Banker Palm Hills for Real Estate	49%	Associates
EFS Palm Facilities Services	49%	Associates
Inspired for Education	49%	Associates
Badya international university For Higher Education	40%	Associates

- In preparing consolidated financial statements, the Company combines the financial statements of the parent company and its subsidiaries line-by-line by adding together like items of assets, liabilities, equity, income and expenses the following steps are then taken:

- 1- Consolidated financial statements shall be prepared using uniform accounting policies with necessary adjustments to unify those polices when preparing the consolidated F.S.
- 2- Excluding the investments of the parent company in its share of the total equity of the investee company and treating the difference between its intimal cost of acquisition pr investment and parent company's share in the total equity of the investee company as positive good will that is treated as stated in note no. (10C) as negative good will they are included directly in the groups consolidated I.S state.
- 3- Excluding amounts paid to increase or supplement the capital of subsidiaries.
- 4- Compiling items, balance, and totals for all elements of the financial position, income statement, cash flows and changes in equity, taking in to account the dated pf controlling or acquiring subsidiaries and making the necessary adjustments to the elements of cost of activity, working progress and projects under implementation, which resulted from the application of the purchase method for accounting on good will arising from the acquisition.
- 5- Excluding all balances and the effect or other transaction between all companies within the group have been excluded.
- 6- Excluding profits or losses resulting from transactions or exchanges between group companies unless the effects of those transactions and exchanges are excluded or transferred to a third party.
- 7- the non-controlling rights in the subsidiaries (according to the percentage of the contribution of the other shareholders in the capital and equity, as well as the profits and losses in the subsidiaries).
- 8- Changes in the parent company's ownership percentages in the subsidiary that do not result in the parent company losing control of the subsidiary are equity-related transactions.
- 9- The financial statements of the investee company are not grouped into the group's consolidated financial statements if the investing company loses control and influence over the investee company, as of the date of losing control.

c) Business combination

The business combination is accounted for by applying the acquisition method, identifiable acquired assets are initially recognized separately from goodwill, as well as incurred liabilities and any non-controlling rights in the acquiring entity. The indirect costs related to the acquisition are treated as an expense in the Years in which those costs are incurred and the services are received, excluding the costs of issuing equity or debt instruments directly related to the acquisition process. (Egyptian Accounting Standard 29 on Business Combinations and Egyptian Accounting Standard No. 42 amended in 2019 on Consolidated Financial Statements).

d) Intangible assets

1- Goodwill

Goodwill arises in the group's consolidated financial statements when the cost of investing in the investee company exceeds the investing company's share in the net fair value of the assets and liabilities of the investee company.

2- Other intangible assets

Intangible assets are non-monetary assets which are without physical substantive. Intangible assets arise from contractual or other legal rights and from which future economic benefits (inflows of cash or other assets) are expected to flow and can be measured reliably. Intangible assets are initially measured at cost and to be re-measured at each financial year-end at cost of acquisition less accumulated amortization and accumulated impairment losses, which represents the fair value of those assets at that date.

e) Use of estimates and judgments

The preparation of financial statements in accordance with Egyptian accounting standards requires that it be relied on the best assumptions and estimates made by the management and what it deems appropriate to develop and apply accounting policies to reflect the substance and economic content of the transactions that are made and related to the company's basic activity (revenues from current activity, estimated cost until completion of the project, impairment of assets, usufruct, real estate investments, deferred taxes, fair value of financial instruments), and accordingly, those estimates and assumptions made in the light of the best data and information available to management may directly affect the values of revenues and costs associated with those estimates and the values of related assets and liabilities in the event The difference in the estimates made on the date of preparing the statements from the actual reality in the following period, without prejudice to the extent to which the financial statements express the reality of the company's financial position and its cash flows for the current period.

f) Changes in accounting policies

It is represented by the change in the principles, foundations, rules and practices that the establishment applies when preparing financial statements, by shifting from one acceptable accounting policy to another acceptable accounting policy, and within the framework of Egyptian accounting standards, where the voluntary application of the new policy has a positive impact on the extent to which the results of the application of that policy are expressed. The policy affects the essence of the company's transactions and operations and the resulting effects on the reality of the financial position and the results of the company's business. The effects of that change in policies are proven retroactively, and those effects are proven by retained earnings within equity (if any).

g) Recording Transactions in the Books

- **Functional and Presentation Currency** Transactions are recorded in the books using the currency of the economic environment in which the entity primarily operates, which is the Egyptian Pound (EGP). Transactions denominated in foreign currencies are initially recognized by translating the foreign currency amount using the exchange rate prevailing between the functional currency and the foreign currency at the date of the transaction.
- **Transactions and Balances**
- Monetary items denominated in foreign currencies (if any) at the date of preparing the financial statements are translated using the closing rate — the prevailing exchange rate in the free foreign exchange market at the end of the financial year. The resulting remeasurement differences are recognized in the income statement (profit or loss).
- Non-monetary items denominated in foreign currencies (if any) that are measured at historical cost are translated using the exchange rates prevailing at the date of the transaction.
- Non-monetary items denominated in foreign currencies (if any) that are measured at fair value are translated using the exchange rates prevailing at the date when the fair value was determined.
- **Translation of Subsidiaries' Financial Statements** Financial statements of subsidiaries that are prepared in a foreign currency are translated into the parent company's functional currency (EGP) as follows: a. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the financial statements. b. Income and expense items for each statement of profit or loss are translated at the exchange rates at the dates of the transactions, or at average exchange rates when this is more practical. c. All resulting exchange differences are recognized as a separate component of equity under "Foreign Currency Translation Differences.

11. INVESTMENTS

a) Investments in subsidiaries

Subsidiaries are all companies that the company controls through its participation in the investee and has the ability to influence those investments through its power over them are included within the investments in subsidiaries.

Investments in subsidiaries are stated at cost method. According to this method, investments recorded at cost- cost of acquisition- at the purchase order date less permanent impairment losses, if any, as a charge to the income statement (profit or losses) for each investment's subsidiaries are all company controls through its.

b) Investments in Associates

Subsidiaries are all companies over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in Associates are stated at equity method, under the equity method the investments in Associates are initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the Associates after the date of acquisition.

Distributions received from Associates reduce the carrying amounts of the investments. As an exception, investments in Associates are initially recognized at cost based on preparing the consolidated financial statements available for public use.

c) Investments properties

Investment property is property (land or a building or both) held to earn rentals or for capital appreciation or both, rather than for use in the ordinary course of business. Investment property includes lands held for sale on long term. Investment property does not include property acquired exclusively with a view to subsequent disposal in the near future or for development and resale. Investment property Investment property is initially measured at cost, including transaction costs, subsequent to initial recognition Investment property is measured at cost less accumulated depreciation and any impairment in value. Investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

12. PROJECTS UNDER CONSTRUCTION

Include the direct and indirect cost of land allocated to the Company for engaging in its main activity which had been allocated to build golf courses and hotels in Palm Hills Residential Compound in 6th of October City, as well infrastructure and construction costs of such projects. Projects under construction also include acquisition of commercial shops from an Associates company.

13. FIXED ASSETS

Fixed assets are stated at historical cost –cost of acquisition-and to be depreciated by straight line method over the estimated useful life of the asset starting from the date of using the asset. Cost of acquisition does not include subsequent expenditure relating to routine maintenance or to ensure that a fixed asset maintains its original assessed standard of performance and useful life and should be charged to the income statement. Carrying amount of fixed assets after initial measurement is stated at historical cost less accumulated depreciation and cumulative impairment losses (if any). The estimated useful lives are as follows:

<u>Asset</u>	<u>Rate</u>
Buildings	5%
<u>Machinery and equipment</u>	
Tools & Equipment	25%
Furniture & Fixtures	25%
Measuring equipment	25%
<u>Office furniture and fixtures:</u>	
Computer hardware and software	33.33 %
office equipment	25%
Furniture and fixtures	25%
Scaffolding and turnbuckles	25%
Transportation and transportation	25%

The carrying amount of a fixed asset should be derecognized on disposal or when no future economic benefits are expected to be earned from its disposal. The gain or loss on the disposal of an asset is the difference between the proceeds and the carrying amount and should be in profit and loss.

Impairment Fixed assets are excluding upon disposal or when no future economic benefits are expected to be obtained from their use or sale in the future any gains or losses arising on disposal of the asset are recognized in the income statement (profit & losses) in the Year in which of the asset it disposal.

The residual value, the useful life and the depreciation method of an asset should be reviewed at least at each financial year-end.

An asset is impaired when its carrying amount exceeds its recoverable amount. At the end of each reporting Year, an entity is required to assess whether there is any indication that an asset may be impaired and therefore the asset should be written down to its recoverable amount and the impairment loss shall be recognized in the income statement.

An impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized, and it is limited so that the asset's carrying amount (as a result of the impairment loss reversal), its recoverable amount or The book value that would have been determined (net of depreciation) unless the loss resulting from the impairment of the value of the asset is recognized in previous years, and the response is recorded in any loss resulting from the impairment of the value of an asset in the income statement (profits and losses)

14. WORK IN PROCESS

Work in process includes direct and indirect cost of land allocated to the Company for it to carry out its main activity whether the Company started the marketing activities for such lands or not, as well as construction and infrastructure costs and other indirect construction costs, that are related to contracted units, in which the required criteria of percentage of completion to be achieved has is not met yet to be recognized in income statement recognizing revenues in light of the application of Egyptian accounting standard no. (48) by measuring the progress in meeting performance obligations to be included in the income statement (profit & losses).

15. COMPLETED UNITS READY FOR SALE

Completed units ready for sale represent those units the Company started to build before or in conjunction with their marketing strategy and in accordance with the Master Plan. where the finished units prepared for sale (apartments, cabins, and chalets) are recorded at cost Where all costs associated with those units of land costs, construction costs and indirect costs are charged to a work in progress item until the completion of all work at that stage, where the square meter share of the total costs is determined and therefore the cost of the units is determined according to their area. Including the unit cost in an item of complete units, provided that the unit cost is included in the income statement (profits and losses) against the contractual value at a point in time, with the actual delivery of those units, which represents the point of transfer of control to the customer, provided that those units are re-measured at cost or net recoverable value, whichever is lower. This policy applies to units, whether they are residential units - apartments - or commercial or administrative units.

16. NOTES RECEIVABLE

Notes receivable represent the checks which have certain maturity dates which the Company received as bank guarantees for the contractual values of the contracted units. Notes receivable are initially recognized at fair value at the date of contract and subsequently measured at amortized cost based on discounted future cash flow using the effective interest method.

17. TREASURY STOCKS

These are the shares of the company acquired in accordance with the decisions of the board of directors approved in this regard, and they are proven at the cost of the acquisition deducted from the equity and prove profits or losses of sale within equity.

the acquisition of the company's shares contained in Law 159 of 1981 and its amendments, as well as in accordance with the rules of listing and writing off securities in the Stock Exchange and the instructions of the Financial Supervisory Authority where treasury shares are recorded in the financial statements at the cost of acquisition (acquisition), it is presented as a deduction from equity, provided that the change in value (positive or negative) that results from its disposal within equity is recognized in the financial statements.

18. IMPAIRMENT IN ASSETS

18/1 Financial Assets

The company applies a three-stage approach to measure the expected credit losses from financial assets recorded at amortized cost and debt instruments at fair value through other comprehensive income. The assets move between the following three stages based on the change in the credit quality of the financial asset since its initial recognition.

Stage one: 12-month expected credit loss

The first stage includes financial assets on initial recognition that do not have a significant increase in credit risk since initial recognition or that have relatively low credit risk. For these assets, 12-month expected credit losses are recognized

12-month expected credit losses are the expected credit losses that may result from a default event within 12 months after the date of the financial statements.

Stage 2: Lifetime ECL - with no credit impairment

The second stage includes financial assets that have had a significant increase in credit risk since initial recognition, but there is no objective evidence of impairment. Expected credit losses are recognized over the life of those assets, life expected credit losses are the expected credit losses resulting from all possible failures over the expected life of the financial instrument.

At the end of each reporting Year, the Company assesses whether there has been a significant increase in the credit risk of financial assets since the first recognition. The Company uses both quantitative and qualitative information to determine whether there has been a significant increase in credit risk based on the characteristics of the financial asset. Quantitative information can be a downgrade of a credit rating without an investment grade. Qualitative information is obtained by monitoring current or expected adverse changes in business, financial or economic conditions that are expected to cause a material (negative) change in the debtor's ability to meet its obligations to the company.

In addition, the Company uses its own internal credit rating indicators to apply quantitative factors in assessing whether there has been a significant increase in credit risk. The company considers that the credit risk has increased significantly if the internal credit rating deteriorates significantly at the end of each financial Year compared to the original internal rating, if a significant increase in material risk is identified, this leads to the transfer of all instruments in the range held with that party from the first to the second stage.

Stage Three: Lifetime Expected Credit Loss - Credit Impairment

The third stage includes financial assets for which there is objective evidence of impairment at the date of the financial statements. For these assets, life-long expected credit losses are recognized.

The company identifies financial assets for which there is objective evidence of impairment under Egyptian Accounting Standard No. (47) by applying the definition of default used for credit risk management purposes. The company defines default as: any counterparty who is unable to meet its obligations (regardless of the amount involved or the number of days due).

When applying this definition, the following information may serve as evidence that a financial asset is credit-impaired:

- a breach of contract such as default or late payment.
- it is probable that the customer will enter bankruptcy or other financial restructuring;
or
- The client faces great financial difficulty due to the disappearance of an active market.

The company reviews all of its financial assets, except for the financial assets that are measured at fair value through profit or loss, to assess the extent of impairment in their value, as shown below. Financial assets are classified at the date of the financial statements into three stages

- The first stage: financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for them for a Year of 12 months.
- The second stage: the financial assets that have witnessed a significant increase in credit risk since the initial recognition or the date under implementation, and the expected credit loss is calculated for them over the life of the asset.
- The third stage: the financial assets that have experienced impairment in their value, which requires calculating the expected credit loss over the life of the asset on the basis of the difference between the book value of the instrument and the present value of the expected future cash flows.

Credit losses and impairment losses relating to financial instruments are measured as follows:

- The financial instrument is classified as low risk upon initial recognition in the first stage and the credit risk is continuously monitored by the company's credit risk department.
- If it is determined that there has been a significant increase in the credit risk since the initial recognition, the financial instrument is transferred to the second stage, where it is not yet considered impaired at this stage.
- If there are indications of impairment in the value of the financial instrument, it is transferred to the third stage
- The financial assets created or acquired by the company are classified and include a higher rate of credit risk than the company's rates for low-risk financial assets at the initial recognition of the second stage directly, and therefore the expected credit losses are measured on the basis of the expected credit losses over the life of the asset.

18/2 Impairment of non-financial assets

Impairment of assets is the amount by which the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, which represents the fair value of the asset less costs to sell or its value in use (the present value of future cash flows expected to occur from the asset), whichever is greater, where the impairment in the value of the asset is charged On the income statement (profits and losses), and in the event that there are indications of an increase in the value of the asset, the loss resulting from the impairment of the value of the asset is reversed in the income statement (profits and losses) provided that it does not exceed the book value of the asset before reducing the value of impairment.

19. PROVISION

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that a flow of economic benefits will be required to settle the obligation; and the amount can be estimated reliably. Provision is charged to income statement. The provisions balances are reviewed on a going basis at the reporting date to disclose the best estimate on the current year and reflect the present value of expenditures required to settle the obligation where the time value of money is material.

20. LAND CONTRACTED LIABILITY

Land contracted liability represents the obligations which incurred for purchase lands at certain amount and on certain maturity dates. Land purchase liability is recognized initially at fair value. Land purchase liability is subsequently stated at amortized cost using the effective interest method.

21. COMPLETION OF INFRASTRUCTURE LIABILITIES

Completion of infrastructure liabilities presents the difference between the estimated cost and actual cost of the infrastructure of the contracted units and to be deducted from earned revenue from plot of land of the contacted units.

22. CAPITALIZATION OF BORROWING COST

The capitalization of borrowing costs is the value of the expenses, costs and financing burdens resulting from obtaining loans or bank facilities, whether to finance the acquisition, creation or production of an asset eligible for capitalization, which could have been avoided if those assets were not acquired, and such capitalization begins at the start of spending on the asset The qualifying asset and the actual incurring of borrowing costs, in addition to continuing to carry out the work related to that asset, and the continuation of capitalization is discontinued when the qualifying asset is completed, whether for use or sale. Income (profits and losses) when realized in addition to the interest for the Years in which the effective construction of the asset is disrupted.

23. INCOME TAX

Taxation is provided in accordance with the Income Tax Law No. 91 of 2005.

(A) Current income tax

Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the taxation authorities.

(B) Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

24. SHARE PREMIUM

Share premium is the amount received by a company over and above the face value of its shares. After deducting the issuance expenses attributable to the issuance, a part of share premium is credited to the legal reserve with limits of half of the Company's issued share capital, while the remaining balance of share premium is credited to special reserve, general assembly is responsible for determining the uses of such reserve, and it cannot be used for dividends.

25. BORROWING COSTS

The amount and value of the borrowing is initially recognized in the values received, and the amounts due within a year are classified within the current obligations, unless the company has the right to postpone the payment of the loan balance for a Year of more than one year after the date of the financial statements, then the loan balance is presented within the long-term liabilities.

The borrowing and loan costs are measured after the initial recognition of the loans on the basis of amortized cost using the effective interest rate method. The gains and losses for eliminating liabilities are included in the income statement (profits and losses) in addition to the depreciation process using the effective interest rate method.

26. EARNINGS PER SHARE

Basic EPS is calculated by dividing profit or loss from continuing operations and net profit or loss (after deducting employee share and board of director's remuneration – if any) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial Year weighted by the time factor.

27. RELATED PARTY TRANSACTIONS

Related party transactions present the direct and indirect relationship between the Company and its Associates, subsidiaries, or an interest in a joint venture, also the relationship between the Company and key management personnel or employees who exercise direct or indirect strong influence on the Company's decision making. A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

28. LEASING CONTRACTS

(A) Asset Lease Contracts

The “right of use” asset and the lease liability are recognized at the start date of the contract, where the “right of use” is measured at cost at the start date of the lease, and the cost of the “right of use” asset includes the initial measurement amount of the lease commitment and any lease payments made on or before the start date the lease contract and any direct costs and any costs incurred in dismantling and removing the underlying asset. The lease obligations are measured at the present value of the lease payments unpaid on that date using the interest rate implicit in the lease. The lease payments are the payments following the right to use the asset, whether payments Fixed or variable payments (LIBOR) or amounts expected to be repaid under guarantees, the exercise price of the purchase option, and penalty payments for terminating the lease.

Subsequent measurement

- Subsequently the right of use asset is depreciated from the commencement date to the end of the underlying asset useful life in accordance with Egyptian accounting standard No. (10) if ownership of the underlying asset is expected to be transfer to the lessee at the end of the lease. Otherwise earlier of the asset useful life and lease term. any impairment loss in the value of right of use asset will be calculated.
- After the lease date, the lease obligations are measured to reflect changes in lease payments as follows: -
 - A. The carrying amount is increased to reflect the interest on the lease commitment.
 - B. The carrying amount is reducing to reflect the rental payments.
 - C. Remeasure the carrying amount to reflect any revaluation or lease modifications.
 - D. If there is a change in future lease payments as a result of a change in the interest rate used to determine the lease payments, the lease liability is re-measured to reflect the revised lease payments.

(B) Contracts of sale with leaseback

In the case of sale with leaseback, the asset transfer process is evaluated if it is a sale (the buyer obtains control of the asset, directs its use and obtains the remaining benefits from it) or is not a sale, as follows:

Transferring the asset represents a sale

The asset is recognized as a usufruct in accordance with the requirements of the Egyptian Accounting Standard No. (49) on lease contracts in exchange for proving the lease contract obligations at the present value of the lease payments as commitments as stated in the policy of lease contracts listed in item (a) above, where the contract is classified in this case as a lease contract.

Transferring an asset is not a sale

The transferred asset is recognized in the company's books within the assets in exchange for a financial obligation equal to the transfer proceeds in the contract, and this obligation is accounted for in accordance with the Egyptian Accounting Standard No. (47), where the contract in this case is classified as a financing contract with the guarantee of the asset.

(C) Exemptions from recognition

The company may choose not to apply the Egyptian Accounting Standard No. (49) on lease contracts for short-term leases and low-value lease contracts.

29. REVENUE FROM CUSTOMER CONTRACTS

- The company has applied the Egyptian Accounting Standard No. (48) for revenue from customer contracts, where the company recognizes the revenue generated from contracts with customers in light of the terms of the Egyptian Accounting Standard No. (48) by defining and applying the following procedures:
 - Determine the contract.
 - Determine performance obligations.
 - Determining the transaction price.
 - Distributing the transaction price to the performance obligations in the event that the client contract includes more than one performance obligation.
- Revenue generated from customer contracts is recognized as follows:
 - Over time

Revenue from customer contracts is recognized over time (fulfillment of performance obligations over a period of time representing the time in which performance obligations are fulfilled) if one of the following criteria is met:

 - A- The customer receives the benefits resulting from the performance of the facility and consumes them at the time the company implements the implementation.
 - Or b- As a result of the performance obligations, the company creates or improves an asset.
 - Or c- The company's performance does not result in the creation of an asset that has no alternative use, and the company has an enforceable right to collect payment for performance completed to date.
 - At a point in time

Revenue from customer contracts is recognized at a point in time if the performance obligations are not fulfilled over a period of time, as the company fulfills the performance obligation at a point in time, which is the point at which the customer obtains control of the asset - directing the use of the asset - and obtaining Approximately all residual benefits, in which case the company must recognize revenue because it has fulfilled its performance obligations.

There is an important financing component:

- The contractual value of the promised amount is adjusted to reflect the effects of the time value of money if the contract includes a significant financing component.

30. MATCHING OF REVENUES AND COSTS

The accounting treatment of signed contracts of villas and townhouses is based on the recognized revenue of the elements of the contract as follows:

a) Villas and townhouses

When The accounting treatment is done to record the concluded and approved contracts (for villas and townhouses) based on realizing the revenues from each contract as a single unit that includes all the components of the contract. (Development of land, construction works, other additional works), on the basis of time for the contracted units in the light of the progress in fulfilling the obligations, as the final output (revenues and costs) has been done in a reliable manner according to the measurement method - outputs - adopted to measure the extent of the obligation in fulfilling performance obligations and using reasonable rates of progress, as follows:

-Real estate development revenue

Real estate development revenues are achieved for the contracted units under the conclusion of contracts with customers and the receipt of the consideration and in accordance with the credit policy established and applied by the company and the inclusion of such revenues in the income statement (profits and losses) for each unit separately (phase) versus the costs of implementing those units in light of the progress in fulfilling obligations At the level of the contract unit for each contracted unit on the date of preparing the financial statements, and the progress in the performance of obligations is determined and measured - using the output method at the contract unit level for the contracted units to the total estimated costs of work until the completion of the implementation of those units for each (unit) staged unit in order to measure and determine the extent of progress in the commitment in fulfilling performance obligations in contracts.

-Real estate development activity costs:

Activity costs are the direct and indirect value and cost of each of the lands contracted to implement units, in addition to construction costs, utilities and other indirect costs associated with construction work until the completion of the contracted unit's implementation, provided that the total contract cost represented in the lands contracted to implement is included. Units on the income statement (profits and losses) in addition to the construction costs and other costs until the completion of the implementation of those units in the light of the inventory of the completed performance contracted at the level of the contract unit, for each (unit) stage separately, in order to measure and determine the extent of progress in the commitment to fulfill the performance obligations in contracts.

b) Completed units ready for sale

The accounting treatment is done to record the concluded and approved contracts (apartments, cabins, and chalets) based on realizing the revenues from each contract as a single unit that includes all the components of the contract. (Development of land, construction works, other additional works) for a point in time that represents the point of transfer of control to the customer.

-Real estate development revenue:

Real estate development revenues are achieved for the contracted units under the conclusion of contracts with customers and the receipt of the consideration and in accordance with the credit policy established and applied by the company and the inclusion of those revenues in the income statement (profits and losses) for each unit separately (phase) against the costs of implementing those units in light of the actual delivery of those units For each contracted unit until the date of preparing the financial statements.

-Real estate development activity costs:

Activity costs are the direct and indirect value and cost of each of the lands contracted to implement units, in addition to construction costs, utilities and other indirect costs associated with construction work until the completion of the contracted unit's implementation, provided that the total contract cost represented in the lands contracted to implement is included. Units on the income statement (profits and losses) in addition to construction costs and other costs until the completion of the implementation of those units in, where all costs associated with those units of land costs, construction costs and indirect costs are charged to a work-in-progress item until the completion of all work at that phase. The square meter's share of the total costs is determined, and therefore the cost of the units is determined according to their area, provided that the unit cost is included in the income statement (profits and losses) for the contractual value at the point of time when the actual delivery of those units and the transfer of control to the customer.

31. REVENUE RECOGNITION

a) Sales revenues

1- Villas and townhouses

The revenues resulting from practicing the main and usual activity - real estate development of the company - are realized and recorded in the income statement (profits and losses) in light of the extent of progress in fulfilling obligations at the level of completion of the executed works (measuring the extent of progress) at the contract unit level for each contracted unit separately, **as the The company is contractually restricted from directing the asset to another use due to the fact that the contracted unit (sold) has pre-determined boundaries and features in the contract with regard to independent units (villas and townhouses), The company also has a contractual right to collect the sale value of the unit from the customer in installments. In the event of the customer's non-compliance, the installment deadlines due on the unit will be waived, with the customer committing to pay those installments in one payment. In the event of termination of the contract for reasons other than the facility's failure to perform as promised, the company will recover the costs it incurred from the customer in exchange for its completed performance to date, in addition to a percentage of the contractual value (profit margin)**, The revenues generated from the total contractual values from the contracts signed and approved for the contracted units are also weighted by the percentage of progress in fulfilling obligations at the level of the contract unit, taking into account additional business revenues versus their actual cost for each stage (unit) separately, in a way that reflects and measures the extent of progress. In fulfilling the performance obligations under the contract.

2- Completed units ready for sale

Completed units ready for sale represent the contractual values of contracted units. Revenue is recognized in the income statement at the point in time at which the entity transfers control of the asset to the customer.

b) Investments in Associates and subsidiaries

Revenues **resulting from investments in subsidiaries companies** resulting from following **the equity method** are recorded according to the company's share in the results of the investee companies' business and according to the percentage of its contribution, in addition to the change in the equity of the investee company for items that are not included in the business results. **Revenues resulting from** investments in subsidiaries and resulting from adopting **the cost method** are recognized when the company has the right to receive those revenues and returns, whether by the announcement event or by the actual collection event, whichever is more specific. **The effect of those realized revenues, whether by cash distribution or by applying the equity method, is excluded from the group's income statement when preparing it.**

c) Revenues from investment property

The income resulting from investing in real estate investments is realized upon the completion and completion of the sale of those investments and the transfer of ownership – initially - to the buyer, and these revenues are recognized as sale profits at the value of the difference between the cost of those investments and the selling price, and the revenues resulting from the exploitation and leasing of these investments to others are also recognized. According with the accrual principle.

d) Interest income

Interest income is recognized in the profit or loss as it accrues using the effective interest rate method.

32. CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less.

33. FINANCIAL INSTRUMENTS & FAIR VALUE

- Financial assets

33-1 Recognition and initial measurement

The company initially recognizes debtors and debt instruments on the date of its inception, all financial assets and other financial obligations are initially recognized on the date of the transaction when the company becomes a party to the contractual provisions of the financial instrument.

The financial asset (unless the trade receivable does not have a significant financing component) or financial liability is initially measured at fair value plus transaction costs that directly cause its acquisition of the item not at fair value through profit or loss. Customers who do not have a significant financing component are initially measured at the transaction price.

33-2 Financial Assets - Classification and Subsequent Measurement

Upon initial recognition, the financial asset is classified on (debt instruments) as measured at amortized cost or at fair value through other comprehensive income as investments in debt instruments and investments in equity instruments or at fair value through profits and losses.

Financial assets are not reclassified after initial recognition unless the company changes its business model for managing financial assets. In this case, all affected financial assets are reclassified on the first day of the first financial reporting Year after the change in business model.

The financial asset (debt instruments) is classified as valued at amortized cost if it meets the following two conditions and is not classified as valued at fair value through profit or loss:

- If the asset is to be held within a business model that aims to hold assets to collect contractual cash flows.
- In the event that the contractual terms of the financial assets give rise to cash flows on specified dates that are only principal and interest payments on the principal amount repayable.

The investment in debt instruments is classified at fair value through other comprehensive income if the following two conditions are met and is not determined as being valued at fair value through profit and loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise to specified dates to cash flows that are solely payments of principal and interest on the principal and interest outstanding.

Upon initial recognition of an investment in equity instruments that are not held for the purpose of trading, the company can make an irrevocable choice to present it within other comprehensive income. Subsequent changes in the fair value of the investment appear within other comprehensive income items and are not reclassified in the income statement.

Financial assets that are not classified as valued at amortized cost or valued at fair value through other comprehensive income are classified as fair value through profit and loss, and this includes all financial assets derivatives. Upon initial recognition, the company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost, at fair value through comprehensive income, or at fair value through profit or loss if doing so eliminates or substantially reduces Inconsistency in a measurement or recognition (sometimes referred to as an “accounting inconsistency”) that may arise during that time.

No expected credit losses are calculated for equity instruments.

33-3 Financial Assets - Business Model Evaluation

The company makes an objective assessment of the business model in which a financial asset is held at the portfolio level because this better reflects the way the business is conducted, and information is presented to management. The information considered includes:

- The stated policies and objectives of the portfolio and the operation of those policies in practice. This includes whether management's strategy focuses on earning contractual interest income and maintaining a certain interest rate.
- How to evaluate the performance of the portfolio and report it to the company's management.
- the risks that affect the performance of the business model (and the financial assets held in the business model) and how those risks are managed
- The frequency, volume, and timing of sales of financial assets in previous Years, the reasons for such sales, and expectations regarding future sales activity.
- Financial assets held for trading whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

33-4 Financial Assets - Assessment of whether the contractual flows are solely payments of principal and interest

For the purposes of this assessment, the principal amount is the fair value of the financial asset at financial recognition and the interest is against the time value of money, against the credit risk associated with the principal amount outstanding over a certain Year of time and against other basic lending risks and costs (liquidity risk and administrative costs), in addition to the profit margin.

In assessing whether the contractual cash flows are solely payments of interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows so that it would not meet this condition. When making this assessment, the Company considers:

- potential events that would change the amount or timing of cash flows.
- terms that may modify the rate of contractual payments, including variable rate features.
- Prepaid features and additions; (if any)
- Conditions that limit a company's claim to cash flows from identified assets
- The early payment benefit is consistent with payments of principal and interest only if the amount of the prepayment substantially represents the unpaid amounts of principal and interest on the principal amount owed, which may include reasonable compensation for early termination. In addition, for financial assets obtained at a discount or premium over the contractual face value, a feature that permits or requires early payment in an amount substantially the contractual amount plus the contractual interest accrued (but not paid) (which may also include reasonable compensation for early termination) is treated as compliant with this Standard if the fair value of the early settlement feature is ineffective on initial recognition.

33-5 Financial Assets - Subsequent Measurement, Profits and Loss

Financial assets at fair value through profit or loss	Financial assets are subsequently measured at fair value, and changes in fair value, including any returns or dividends, are recognized in profit or loss.
Financial assets at amortized cost	Financial assets valued at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, exchange gains and losses and impairment are recognized in profit and loss, and gains and losses on disposal are recognized in profit and loss.
Debt instruments at fair value through other comprehensive income	Financial assets at fair value through comprehensive income are subsequently measured at fair value. Interest income is calculated using the effective interest method, gains and losses on currency differences and impairment are recognized in profit and loss. Other net gains and losses are recognized in comprehensive income. On disposal, the combined profit and loss in comprehensive income is reclassified to profit and loss.
Equity investments at fair value through other comprehensive income	Financial assets valued at fair value through comprehensive income are subsequently measured at fair value. Dividends are recognized as income in profit and loss unless the dividends clearly represent a recovery of part of the investment cost. Other net gains and losses that have been recognized in other comprehensive income are not reclassified at all to profit or loss.

33-6 Financial liabilities - classification and subsequent measurement, profits and losses

Financial liabilities are classified as valued at amortized cost or at fair value through profit and loss.

Financial liabilities are classified as valued at fair value through profit and loss if they are classified as held for trading purposes, or they are within financial derivatives, or they are classified at fair value through profit or loss upon initial recognition.

Financial liabilities measured at fair value through profit and loss are measured at fair value and net gains and losses, including interest expense, are recognized in profit and loss.

Other financial obligations are subsequently measured at amortized cost using the effective interest method. Interest expense and gains and losses from changes in foreign exchange rates are recognized in profit and loss. Gains and losses resulting from disposal are recognized in profit and loss.

33-7 DISPOSAL financial assets

The company disposes the financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset have been transferred, or in which the company does not transfer or retain bears all the risks and rewards of ownership and does not retain control over the financial assets.

The Company enters into transactions whereby it transfers the assets recognized in its statement of financial position but retains all the risks and rewards of the transferred assets. In this case, the transferred assets are not excluded.

financial obligations

Financial obligations are excluded when the contractual obligations are paid, canceled or expired.

The company also dismisses a financial liability when its terms are adjusted and the cash flows of the modified obligations are substantially different, in which case the new financial obligations are recognized on the basis of the adjusted condition at fair value.

On derecognition of financial obligations are derecognition, the difference between the book value and consideration paid (including any non-monetary assets transferred or liabilities assumed) is recognized in profit or loss.

33-8 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net reported in the statement of financial position when, and only when:

The company has a legally mandatory right to settle the recognized amounts, and when the company intends to settle the assets with the liabilities on a net basis or sell the assets and settle the liabilities simultaneously.

33-9 Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its exposure to foreign exchange rate and interest rate risks. Implicit derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and if specific conditions are met.

Derivatives are initially measured at fair value and the related transaction costs are recognized in profit or loss. After initial recognition the derivative is measured at fair value and any change in fair value is recognized in profit or loss.

34. RISK MANAGEMENT

(A/1) Interest rate risk

The interest risk is represented in the interest rates changes and its effect on the current and future financial liabilities, represented in interests and commissions on bank overdraft, which may have a negative impact on the results of operations. The Company uses long-term financing sources with no interest represented in advances from customers.

	<u>NOTE</u>	<u>Dec 2025 31</u>
	<u>NO.</u>	<u>EGP</u>
<u>Financial Assets</u>		
Local operation current accounts	(47)	7 181 043 538
Bank accounts for local currency deposits	(47)	2 500 000
		<u>7 183 543 538</u>
<u>Financial obligations</u>		
Credit facilities	(49)	11 337 531 976
Loans	(50)	11 793 160 352
Credit banks	(48)	938 770 898
Lease obligations	(54)	102 620 444
Total		<u>24 172 083 669</u>

In the event that interest rates change from current rates with all other variables constant, this will affect the sensitivity of the statement of profits and losses as a result of assuming a change in the interest rate, based on the financial assets and liabilities linked to the interest rate, as follows:

- In the event of an (decrease) / increase in the interest rate by 2% with all other variables remaining constant, the statement of profits and losses, as well as the statement of cash flows for the year in which the change occurred, will be affected by an increase/(decrease) of approximately 339 million Egyptian pounds.

(A/2) Foreign exchange rate risk

Foreign currency risk is represented by changes in foreign currency rates, which affect payments and receipts in foreign currencies, as well as the evaluation of assets and liabilities in currencies. The balances of assets in foreign currencies described above were evaluated using the rate prevailing on the date of the financial position.

The net foreign currency balances at the financial position date are as follows:

	<u>31 Dec 2025</u>
	<u>EGP</u>
<u>Financial assets</u>	2 129 622 460
Net foreign currency balance - Asset	

Sensitivity analysis:

Foreign currency rate risk is the risk of fluctuations in the fair value of the future cash flows of a financial instrument due to changes in foreign currency rates. The following table shows the company's sensitivity to a 10% increase or decrease in the Egyptian pound against foreign currency exchange rates while keeping all other variables constant, and the impact of that on The company's statement of profits or losses is as follows:

	<u>31 Dec 2025</u>
	<u>EGP</u>
The equivalent in Egyptian pounds for collecting foreign currencies	2 129 622 460
<u>The effect of an increase/decrease in the exchange rate on the company's net profit</u>	
When foreign exchange rates increase by 10%	212 962 246
When foreign exchange rates decrease by 10%	(212 962 246)

(B) Credit risk

Credit risk is represented by the inability of customers to whom credit is granted to pay what is owed to them. This risk is considered limited given that the company deals with customers with good financial solvency, in addition to the company's failure to deliver the contracted units before the customer deposits negotiable bank debt instruments in exchange for the unpaid installments in Date of receipt (note 43).

In addition to the above, customer contracts stipulate that ownership of the units will not be transferred to customers before paying the full value of the units. Therefore, no losses or impairment of customer balances occurred before that.

The company also achieves direct and indirect profits in the event that customers do not pay the remaining dues on the unit, as the contract is canceled and the amounts previously paid are refunded after deducting the cancellation fees in accordance with the concluded contract, in addition to the positive change in selling prices and thus the contractual values of the units.

The company periodically studies expected credit losses to offset the impact of expected credit risk on the poor quality of financial assets.

(C) Investment Risk

The investment risk is represented in the possible decrease in the potential and expected returns and distributions in the companies invested in their capital and the possibility of reinvesting in other securities with relatively high returns, in addition to the potential risks of not appropriate diversification in the stock portfolio in all existing and potential investment sectors. The company follows a policy in managing the company's stock portfolio that will maximize returns, revenues and profits achieved through purchases and resales, as well as selling and repurchases, in addition to diversifying investment in investment sectors with relatively stable returns.

(D) Liquidity risk

Liquidity risk is represented by factors that may affect the company's ability to pay part or all of its obligations, and according to the company's policy, appropriate liquidity is maintained to meet the company's current obligations, which affects the reduction of that risk to a minimum.

The following is an analytical statement of financial obligations and other contribution payments at the date of the financial position, which are as follows:

	<u>Note No.</u>	<u>31 Dec 2025</u>	
		<u>EGP</u>	<u>EGP</u>
<u>Financial Liabilities</u>		<u>Less than year</u>	<u>More than year</u>
Credit banks	(48)	938 770 898	--
Credit facilities	(49)	11 337 531 976	--
Loans	(50)	1 250 040 023	10 543 120 329
Lease obligations	(54)	41 916 627	60 703 816
Due to related parties	(56)	29 919 710	--
Creditors and other credit balances	(58)	5 121 712 447	--
Other obligations – residents association	(62)	--	29 122 769 947
Suppliers and contractors		3 807 042 887	--
Total		22 526 934 568	39 726 594 092

35. INVESTMENT IN ASSOCIATES

The balance of investments in Associates as of Dec 31, 2025, amounted to an 3 611 619 739 EGP as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Naema for Touristic & Real Estate Investments S.A.E	242 557 640	204 350 179
EFS palm for facilities services S.A. E	6 633 373	6 633 373
Villamora for Real Estate Development Company S.A. E	2 535 617	2 535 617
Palm Hills for Real Estate S.A. E-Coldwell Banker S.A.E	245 000	245 000
Badya International university for Higher Education S.A. E	436 999 484	341 722 995
Disney Beach S.A. E	--	104 121 304
Inspired Egypt for Education S.A. E	367 500	367 500
International Financial Leasing Company – Incolease S.A.E	432 523 071	288 786 966
The Cookery - Co for catering and restaurants S.A. E	--	3 000 000
Sixth of October Hotels and Tourism Services Company S.A.E	227 745 067	212 873 163
Taleem For Management Services Company S.A.E	2 262 012 987	2 214 602 364
Balance on Dec 31, 2025	3 611 619 739	3 379 238 461

The following is a summary of the financial data for the Associates:

	<u>Assets</u>	<u>Liabilities</u>	<u>Shareholders'</u>	<u>Revenues</u>	<u>Expenses</u>
			<u>equity</u>		
Naema for Touristic & Real Estate Investments	706 555 558	221 382 860	485 172 698	352 698 957	111 645 559
Palm Hills for Real Estate -Coldwell Banker	500 000	--	500 000	--	--
Villamora for Real Estate Development Company	2 535 619	--	2 535 619	--	--

36. INVESTMENT PROPERTY

The consolidated balance of real estate investments on Dec 31, 2025, amounted to 1 032 530 185 EGP and its balance is the value of the cost of Crown School – King School, in addition to the construction cost of the shops at Palm Hills Resort on the 6th of October (Mall 88Street) As well as the villas in Villa Mora Resort, as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
<u>Crown School (King School)</u>		
Cost Of the School	1 061 698 038	1 041 292 120
<u>Deduct:</u>		
Accumulated depreciation for Jan 1,2025	31 615 721	--
Depreciation for the year	43 608 501	31 615 721
Accumulated depreciation at the end of the year	75 224 222	31 615 721
Net book value of the school	986 473 816	1 009 676 399
<u>Real Estate Investments – Buildings</u>		
<u>Commercial shops - Palm Hills Resort</u>		
Cost of shops (88 Street Mall)*	77 418 261	75 011 680
<u>Deduct:</u>		
Accumulated depreciation for Jan 1,2025	29 215 583	25 281 620
Depreciation for the year	4 146 309	3 933 963
Accumulated depreciation at the end of the year	33 361 892	29 215 583
Net book value of shops (88 Street Mall)	44 056 369	45 796 097
Villas at villa mora resort	2 000 000	2 000 000
Balance on Dec 30, 2025	1 032 530 185	1 057 472 496

* Company, as well as the Karawan – King School, with another entity operating in the same field.

These transactions were recognized as collateral arrangements (power of attorney for sale) and as liabilities arising from financing transactions as a financing activity, in accordance with the substance of the transactions and due to the non-fulfillment of any of the conditions required to classify these contracts as lease contracts. The related investments were provided as collateral, in compliance with the requirements of Egyptian Accounting Standard (EAS) No. 49 – Leases (Notes 28(b), 51(a), and 51(b)).

37. Fixed Assets

The net cost of the consolidated fixed assets on 31 Dec 2025 amounted to 4 521 970 936 presented by fixed administrative assets on the site and the headquarters as follows:

	Cost as of Jan. 1, 2025 EGP	Additions during the period EGP	Disposals during the period EGP	Cost as of 31 Dec 2025 EGP	Accumulated depreciation as of Jan. 1, 2025 EGP	Depreciation for the period EGP	Accumulated Depreciation of Disposals EGP	Accumulated depreciation as of Dec. 2025 31 EGP	Net book value as 31 Dec 2025 EGP
land	33 145 821	3 619 894	--	36 765 715	--	--	--	--	36 765 715
Buildings	950 654 148	1 480 486 006	--	2 431 140 154	378 747 797	58 072 189	--	436 819 986	1 994 320 168
Machinery & equipment	414 189 248	177 592 666	1 223 355	590 558 559	216 139 448	66 903 085	912 902	282 129 631	308 428 928
Vehicles	89 166 114	78 035 699	2 884 599	164 317 214	36 066 140	24 536 679	2 882 890	57 719 929	106 597 285
Computer equipment	176 351 167	58 058 129	4 138 349	230 270 947	121 557 940	33 671 002	501 404	154 727 538	75 543 409
Leasehold improvements	24 616 689	22 701 483	8 354	47 309 818	21 293 867	2 424 416	8 354	23 709 929	23 599 889
Furniture	325 202 254	267 701 687	1 429 161	591 474 780	154 498 986	101 363 056	1 429 161	254 432 881	337 041 899
Golf Courses	2 412 646 478	--	--	2 412 646 478	650 580 417	122 392 418	--	772 972 835	1 639 673 643
Total	4 425 971 919	2 088 195 564	9 683 818	6 504 483 665	1 578 884 595	409 362 845	5 734 711	1 982 512 729	4 521 970 936

a. All fixed assets in the group companies are available for use in operation.

b. Fixed assets depreciation for year ended on 31, Dec 2025 amounted to EGP 409 362 845 and allocated as follows:

Operating assets-work in process	EGP	72 590 919
Administrative depreciation (income statement)		284 283 307
Depreciation expense of hotel operations		14 933 177
Depreciation expense of Palm Hills Club's assets - club's operating statement		37 555 442
Total depreciation of fixed assets for the year ended on 31, Dec 2025	EGP	409 362 845

Capital Gains for year ended on 31 Dec 2025 amounted to EGP 5 727 448 as follows:

Proceed from sale of fixed assets	EGP	9 701 497
Deduct:		
Cost of assets sold		9 683 818
Accumulated depreciation of assets sold		5 734 711
Carrying amount of assets sold		3 949 107
Gain on sale of fixed assets for the year ended on 31, Dec 2025	EGP	5 752 390

The company has concluded sales lease back contracts for the lands and buildings of the Palm Hills Club and the company's headquarters in the smart village, which is owned by the company with one of the companies operating in the same field, and these transactions have been proven as guarantees (power of attorney to sell) and obligations resulting from financial transactions as a financing activity according to the essence of these transactions and not Completion of the conditions that must be fulfilled to prove those contracts as a finance lease and that these assets are presented as guarantees in accordance with the Egyptian Accounting Standard No. (49) for financial leasing contracts (Note No.28b-51b).

The net cost of the consolidated fixed assets on Dec 31, 2024, amounted to EGP 2 847 087 324 presented by fixed administrative assets on the site and the headquarter as follows:

	Cost as of Jan. 1, 2024 EGP	Additions during the Year EGP	Disposals during the Year EGP	Cost as of 31 Dec 2024 EGP	Accumulated depreciation as of Jan. 1, 2024 EGP	Depreciation for the Year EGP	Accumulated Depreciation of Disposals EGP	Accumulated depreciation as of 31 Dec 2024 EGP	Net book value as 31 Dec 2024 EGP
* land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
* Buildings	747 387 747	203 266 401	--	950 654 148	345 540 506	33 207 291	--	378 747 797	571 906 351
Machinery & equipment	275 431 466	140 611 908	1 854 126	414 189 248	178 127 945	38 952 809	941 306	216 139 448	198 049 800
Vehicles	41 870 814	49 208 120	1 912 820	89 166 114	30 868 154	7 110 806	1 912 820	36 066 140	53 099 974
Computer equipment	129 738 672	47 222 159	609 664	176 351 167	100 147 676	22 019 928	609 664	121 557 940	54 793 227
Leaschold improvements	21 077 302	3 741 983	202 596	24 616 689	21 043 166	453 297	202 596	21 293 867	3 322 822
Furniture	187 255 465	143 598 740	5 651 951	325 202 254	115 088 369	45 062 568	5 651 951	154 498 986	170 703 268
Golf Courses	2 412 646 478	--	--	2 412 646 478	528 187 999	122 392 418	--	650 580 417	1 762 066 061
Total	3 848 553 765	587 649 311	10 231 157	4 425 971 919	1 319 003 815	269 199 117	9 318 337	1 578 884 595	2 847 087 324

a. All fixed assets in the group companies are available for use in operation.

b. The total depreciation of fixed assets for year ending on Dec 31, 2024, amounted to 269 199 117 EGP as follows:

Operating assets - work in process	EGP
Administrative depreciation (income statement)	34 640 112
Depreciation expense of hotel operations	202 732 447
Depreciation expense of Palm Hills Club's assets - club's operating statement	11 028 376
Total depreciation of fixed assets during the year	20 798 182
	269 199 117

Capital Gains for year ending on Dec 31, 2024, amounted to EGP 6 913 152 as follows:

Proceed from sale of fixed assets	EGP
Deduct:	7 825 972
Cost of assets sold	10 231 157
Accumulated depreciation of assets sold	9 318 337
Carrying amount of assets sold	912 820
Gain on sale of fixed assets as of Dec 31, 2024	6 913 152

*The company has concluded sales lease back contracts for the lands and buildings of the Palm Hills Club and the company's headquarters in the smart village, which is owned by the company with one of the companies operating in the same field, and these transactions have been proven as guarantees (power of attorney to sell) and obligations resulting from financial transactions as a financing activity according to the essence of these transactions and not Completion of the conditions that must be fulfilled to prove those contracts as a finance lease and that these assets are presented as guarantees in accordance with the Egyptian Accounting Standard No. (49) for financial leasing contracts (Note No28b+51b).

38. PROJECTS UNDER CONSTRUCTION

The consolidated balance of projects under construction on Dec 31, 2025, amounted to EGP 182 616 883 and is the value of the cost of land and construction work for service areas and recreational areas in the residential complexes of the Palm Hills Group, as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Consultation and designs fees	181 995 120	237 056 740
Construction cost	621 763	565 393
Balance on Dec 31, 2025	182 616 883	237 622 133

39. RIGHT OF USE ASSETS

The right of use assets is represented in the right of use assets (lessee) the rents of offices and administrative headquarters, and the balance has reached On Dec 31, 2025, an amount of EGP 102 532 491 is as follows: -

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Right of use assets – offices rent	156 612 953	87 344 207
Deduct:-		
Accumulated depreciation at Jan ,1,2025	25 573 718	20 723 409
Depreciation for the year	28 506 744	4 850 309
Accumulated depreciation at 31 Dec 2025	54 080 462	25 573 718
Balance on Dec 31, 2025	102 532 491	61 770 489

40. NOTES RECEIVABLE

The notes receivable is represented in the checks received from the clients for the contractual values of the units contracted with the company to implement them, as well as the residents' association checks (against maintenance expenses) in addition to other checks collected from other parties. The consolidate balance of the receivables reached on Dec 31, 2025, is EGP 72 939 035 123 after deducting the difference in the present value of EGP 3 633 278 388 and the share of the partners in an amount of EGP 14 942 432 217 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Short term notes receivable	20 965 358 532	15 026 297 200
Deduct: -		
Present value discount	140 847 027	104 360 497
Notes receivable of joint venture	2 686 792 581	1 492 112 816
The present value of short-term notes receivables	18 137 718 924	13 429 823 887
Long-term notes receivable	70 549 387 196	54 248 044 638
Deduct: -		
Present value discount	3 492 431 361	2 683 076 158
Notes receivable of joint venture	12 255 639 636	8 351 547 098
The present value for long term notes receivable	54 801 316 199	43 213 421 382
Balance on Dec 31, 2025	72 939 035 123	56 643 245 269

- * The receivable notes received for contracted units that were not delivered and not included in the financial statements were disclosed (Note No. 71).

And according to the decision of the Central Bank of Egypt Board of Directors No. 1906 of 2007 regarding the controls and rules of bank financing for real estate development companies working in the field of constructing housing units for the purpose of selling them, the bank may not deduct those checks, commercial papers and other means of payment provided to the company from the holders of housing units nor reduce the company's indebtedness with them Only after the units are delivered to their purchasers, and thus those checks remain in the books until the due date.

- * Notes receivables balances included an amount of 13,997 billion EGP representing the value of checks received in exchange for maintenance deposits of contracted units, whose collected value reverts to the Workers' Union upon its establishment in accordance with the provisions of the Building Law No. 119 of 2008 and its executive regulations and amendments thereof.
- * The share of the partner (the owner) in the notes receivables and checks under collection of the projects that the company started to market and implement under the project system with the participation system in light of the contracts concluded in this regard implement under the project system with the participation system in light of the contracts concluded in this regard (8c).
- The transitional treatment issued by the Egyptian Supreme Committee for Accounting and Auditing, the limited examination, formed by Prime Minister Decision No. 909 of 2011, which was approved by the Financial Supervisory Authority on January 12, 2022, regarding the recognition of checks received from customers for units that have not been delivered to customers, which stipulates By allocating a separate account on the date of receiving the checks within the financial assets on the balance sheet (a notes receivable account for units that have not been delivered) in return for recognizing within the financial obligations on the balance sheet a commitment of the same amount (Calculation of obligations for checks received from clients) This treatment is considered a transitional treatment on the concluded sales contracts that the company will enter into until the end of the fiscal Period ending on 31 December 2022 until the delivery of these properties to the clients in accordance with Egyptian Accounting Standard No. (48) Revenue from contracts with customers (Note 53,71).

41. Notes receivable for undelivered units

The net present value of notes receivable is for units not delivered to customers On Dec 31, 2025 an amount of EGP 2 453 749 695 is as follows: -

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Short term notes receivable	1 036 635 531	2 152 630 059
Deduct:		
Present value discount	101 376 055	213 386 877
Notes receivable of joint venture	--	220 683 303
The present value of short-term notes receivables	<u>935 259 476</u>	<u>1 718 559 879</u>
Long-term notes receivable	2 594 312 047	7 170 962 497
Deduct:		
Present value discount	1 075 821 828	3 230 568 352
Notes receivable of joint venture	--	844 666 287
The present value of long-term notes receivables	<u>1 518 490 219</u>	<u>3 095 727 858</u>
Balance on Dec 31, 2025	<u>2 453 749 695</u>	<u>4 814 287 737</u>

- The transitional treatment issued by the Egyptian Supreme Committee for Accounting and Auditing, the limited examination, formed by Prime Minister Decision No. 909 of 2011, which was approved by the Financial Supervisory Authority on January 12, 2022, with regard to recognizing checks received from customers for units that have not been delivered, subject of contracts, to Customers, which require the allocation of a separate account on the date of receipt of checks within the financial assets in the statement of financial position (a notes receivable account for units that have not been delivered) in return for recognizing within the financial obligations on the statement of financial position a commitment of the same amount Account of obligations for checks received from clients) and this treatment is considered a transitional treatment on the concluded sales contracts that the company will conclude until the end of the financial Period ending on 31 December 2022 and until the delivery of these properties to the clients until the company's conditions are reconciled to comply with Egyptian Accounting Standard No. (48) Revenue from contracts with customers (Note No. 71).

42. WORK IN PROGRESS

The work in process represents the direct and indirect value and cost of the lands allocated to the group companies to carry out the usual and main activity of these companies, after excluding the cost of the contracted lands to build units on them, as well as the construction works, utility works and other indirect costs related to the construction works for the units contracted to implement and not The percentage of completion specified for inclusion in the income statement is realized, and the consolidated balance of work in progress has reached Dec 31, 2025 The amount of EGP 17 570 908 880 is as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Total work carried out until Jan 1, 2025,	60 910 797 004	48 890 651 797
Add:		
Work Carried Out for Year Ended Dec 31 2025	18 014 533 331	12 020 145 207
Total of works executed until Dec 31, 2025	<u>78 925 330 335</u>	<u>60 910 797 004</u>
Deduct: Transferred to income statement until Dec 31 2025	61 354 421 455	47 701 008 137
The Balance of Work in progress as of Dec 31 2025	<u>17 570 908 880</u>	<u>13 209 788 867</u>
Represented As follows:		
Land acquisition cost *	6 025 249 620	4 538 937 580
Cost of direct construction and facilities **	11 545 659 260	8 670 851 287
Balance on Dec 31, 2025	<u>17 570 908 880</u>	<u>13 209 788 867</u>

* The interest of the loans capitalized on the work in progress account which is allocated to financing construction in the existing projects according to the concluded loan contracts for the year ended DEC 31, 2025, amounted to EGP 2 146 876 773 (Note NO. 50).

** The works under implementation include the cost of land and the construction of (4) villas, (6) chalets and (3) townhouses located in the Hacienda Bay project in the Sidi Abdel Rahman area – in the city of El Alamein – Matrouh Governorate, as well as the cost of constructing (4) cabins in the Hacienda White project (2) in the Sidi Abdel Rahman area – El Alamein Center – Matrouh Governorate, as well as the cost of land and the construction of (1) villas (townhouses) model of Golf Views located within the Palm Hills project, as well as the cost of land and the construction of (3) villas (townhouses) model Solitaire Palm is located within the Palm Hills project in the Eastern Expansions Area – Sixth of October City – Giza Governorate, where the company concluded sales contracts with re-leases for those units, and this transaction was considered according to its essence as financing contracts guaranteed by those assets in accordance with the provisions of the Egyptian Accounting Standard No. (49) for Lease Contracts (Note 51b).

43. ACCOUNTS RECEIVABLE

The present value of accounts receivable - debit balances on Dec 31, 2025 amounted to EGP 28 118 116 247 due balance is represented in the difference between the contractual value of some contracted units and the advance of reservation and the installments paid for those units, without paying or depositing cash notes receivable or any other credit instruments for due installments, and it also includes the value of returned checks or non-collected checks from some clients as followings:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Palm Hills Developments Company	4 601 047 850	2 861 904 516
Palm Hills Middle East Company for Real Estate Investment	6 919 794 162	3 646 899 418
Royal Gardens for Real Estate Investment Company	3 593 076	3 659 826
New Cairo for Real Estate Developments	1 180 601	1 180 601
Gawda for Trade Services	495 651 573	639 097
Saudi Urban Development Company	42 356 246	35 260 700
Rakeen Egypt for Real Estate Investment	86 463 272	89 354 377
East New Cairo for Real Estate Development	29 643 268	42 115 026
Middle East Company for Real Estate and Touristic Investment	1 147 348	1 186 636
United Engineering for Construction	3 611 234	3 611 234
Palm Real Estate Development	71 027 318	72 233 422
Palm for Investment and Real Estate Development	2 716 575 681	2 004 466 203
Palm Hills Development of Tourism and Real Estate	247 340 356	290 881 479
Palm for Urban Development	12 891 041 650	6 402 921 088
Palm for Clubs Management	6 345 664	9 553 155
Palm for Construction and Real estate development	30 551 017	77 226 425
Palm Sports for Clubs	24 623 609	21 974 792
Palm Alexandria	7 328 497	19 984 954
Kenzy for restaurants	18 882 826	14 619 001
Total	28 198 205 248	15 599 671 950
<u>Less: Expected credit losses</u>	<u>80 089 001</u>	<u>38 611 746</u>
Balance on Dec 31, 2025	28 118 116 247	15 561 060 204

44. DEBTORS AND OTHER DEBIT BALANCE

The consolidated balance of debtors and other debit balances as of Dec 31 2025 amounted to EGP 12 921 978 854 as follows:

	<u>Dec 2025 31</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Paid under land account	165 376 786	63 383 728
Residents' Association *	1 995 417 217	1 397 058 000
Investment's debtors	4 462 221	4 462 221
Deposits with others	238 835 147	179 314 890
Prepaid expenses	119 200 450	89 257 541
Accrued Revenues	206 734 914	120 100 568
Commissions paid in Advance	7 784 739 002	4 523 303 381
Withholding tax	45 750 670	19 578 855
Letter of Guarantee	55 606 490	55 606 490
Loans to employees & custodies	30 803 785	18 338 987
Advanced payments – partner's shares	648 602 116	569 246 673
Other debit balances	1 628 695 623	507 370 357
Total	12 924 224 421	7 547 021 691
<u>Less: Expected credit losses</u>	<u>2 245 567</u>	<u>5 488 983</u>
Balance on Dec 31, 2025	12 921 978 854	7 541 532 708

* The legal position of the Residents' Association is being completed at the level of various projects in accordance with the requirements of Building Law No. 119 of 2008.

45. DUE FROM RELATED PARTIES – Debit Balances

The consolidated balance of due from related parties as of Dec 31, 2025, amounted to EGP 335 661 244 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Al Ethadia for Real Estate S.A.E	252 340 121	245 441 993
Al Naeem for investments	48 755 256	48 755 256
Debtors of dividends	33 246 612	33 246 612
Palm Hills for Real Estate S.A.E-Coldwell Banker	20 480	20 480
Novotel Cairo 6th Of October S.A.E	11 655 754	6 058 525
The cookery co for catering and restaurant	5 000	5 000
Mercure Ismailia Hotel S.A.E	2 096 417	5 314 655
Total	348 199 640	338 842 521
Less: Expected credit losses	12 458 396	8 336 559
Balance on Dec 31, 2025	335 661 244	330 505 962

46. Financial investments at amortized cost

The consolidated balance for held-to-maturity investments on Dec 31, 2025 is an amount EGP 9 581 528 351 It represents the value of investment in treasury bills and bonds as follows:

	<u>Face value</u>	<u>Unrecognized investment return</u>	<u>Purchase price</u>	<u>Average return rate</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>%</u>
Palm Hills Development	5 379 544 469	940 621 800	4 438 922 669	%24,05
Palm Hills Middle East Company for Real Estate Investment	1 011 100 000	190 110 881	820 989 119	%24
East New Cairo for Real Estate Development	146 750 000	26 271 001	120 478 999	%24,15
Gawda for Trade Services	4 725 000	840 691	3 884 309	%23,99
Middle East Company for Real Estate and Touristic Investment	10 775 000	1 953 320	8 821 680	%23,90
Palm Hills for Constructions and real estate development	339 475 000	61 819 145	277 655 855	%23,98
Palm Hills Development of Tourism and Real Estate	679 100 000	127 176 065	551 923 935	%24,02
Palm for investment and real estate development	1 901 825 000	349 257 663	1 552 567 337	%24,30
Palm real estate development	264 525 000	47 659 783	216 865 217	%24,11
Palm Hills for Urban Development Company	1 430 845 000	257 342 288	1 173 502 712	%23,93
Rakeen Egypt for Real Estate Investment	438 200 000	79 693 052	358 506 948	%23,95
Royal Gardens for Real Estate Investment Company	15 500 000	2 824 987	12 675 013	%24,29
Palm Alexandria for real Estates investment company	46 600 000	1 865 442	44 734 558	%23,71
Balance on Dec 31, 2025	11 668 964 469	2 087 436 118	9 581 528 351	

* Those investments were disclosed according to their maturity dates in the notes supplementing the independent financial statements of the aforementioned companies.

47. CASH AND CASH EQUIVALENTES

The consolidated balance of cash and cash equivalent as of Dec 31, 2025, amounted to EGP 9 419 526 159 as follows:

	<u>Dec 2025 31</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Banks-current accounts- EGP	7 181 043 538	5 984 967 547
Banks-current accounts- foreign currency	706 276 595	295 234 989
Banks – Deposits- EGP	2 500 000	4 745 727
Banks – Deposits- foreign currency	1 423 345 865	--
Cash on hand- EGP	115 477 075	87 436 482
Total	9 428 643 073	6 372 384 745
Deduct:		
Expected credit losses	(9 116 914)	--
Balance on Dec 31, 2025	9 419 526 159	6 372 384 745

48. BANKS- CREDIT BALANCES

The consolidated balance of Banks credit accounts as of Dec 31, 2025 amounted EGP 938 770 898 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Banks –EGP	777 217 392	826 698 328
Banks-foreign currencies	161 553 506	165 715 660
Balance on Dec 31, 2025	938 770 898	992 413 988

49. Credit Facilities

The consolidated balance of credit facilities as of Dec 31, 2025, amounted to EGP 11 337 531 976 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Arab Bank	440 125 567	561 953 706
CIB – Bank	3 383 283 549	2 586 426 099
Ahli United Bank	367 903 449	367 902 189
National Bank of Egypt	34 961 439	62 943 316
Bank Misr	380 661 741	458 931 868
Arab African international Bank	3 280 838 213	1 282 336 972
National Bank of Kuwait	--	322 332 905
Emirates national bank of Dubai	3 449 758 018	1 418 811 089
Balance on Dec 31, 2025	11 337 531 976	7 061 638 144

50. LOANS

The consolidated balance of loans as of Dec 31, 2025 amounted to EGP 11 793 160 352 as follow:

	<u>31 Dec 2025</u>		<u>31 Dec 2024</u>	
	<u>Short term</u> <u>EGP</u>	<u>Long term</u> <u>EGP</u>	<u>Short term</u> <u>EGP</u>	<u>Long term</u> <u>EGP</u>
<u>Bank Misr</u>				
Long-term syndicated financing in the amount of 2.5 billion Egyptian pounds to finance the projects of Palm Investment and Real Estate Development (Palm New Cairo project)	325 000 000	2 116 666 666	50 000 000	2 450 000 000
<u>Arab African international Bank</u>				
First Sub-Limit Credit Facility: Short Term Multi-Purpose Pre-Assignment of Contract Proceeds in Favor of Arab African International Bank on Each Transaction Separately	528 384 593	--	144 915 813	--
<u>National Bank of Egypt</u>				
A loan for the purpose of replacement and renewal of the Ismailia Hotel, Novotel 6th of October City, and Al-Nama Hotel of Macor Company	31 071 430	130 557 140	31 071 430	163 322 325
<u>National Bank of Egypt</u>				
Long-term syndicated financing in the amount of 832 million Egyptian pounds for the purpose of financing the Palm Hills Development Company project - (Crown Project)	179 382 000	653 463 335	153 517 311	781 593 335
<u>Ahli United Bank</u>				
Revolving financing in the amount of 757 million Egyptian pounds in order to finance part of the construction and development costs of the (Palm Alexandria) project.	--	750 642 263	298 307 096	452 335 167
<u>Bank Misr</u>				
A long-term syndicated financing contract was signed with a maximum amount of EGP 10,300,000,000 between Palm Development Company as the borrower, Palm Hills Development Company as a joint guarantor, Banque Misr as the first lead arranger, finance marketer, finance agent, account bank, intermediary account bank and lender, National Bank of Egypt as the first lead arranger, finance marketer, lender, Banque du Caire as the first lead arranger, finance marketer, debt service consumption account bank and lender, Emirates NBD as the lead arranger, security agent and lender, and other lending banks: Abu Dhabi Commercial Bank, National Bank of Kuwait Egypt, Al Baraka Bank Egypt and Industrial Development Bank.	--	5 480 330 095	--	2 003 122 781
<u>Bank Misr</u>				
Long-term syndicated cook hotel financing in a maximum amount of 1 300 000 000 for casa cook Hotel	26 000 000	963 306 893	--	--
<u>Emirates National Bank of Dubai</u>				
"A credit facility granted to United Engineering for Engineering and Contracting (a joint-stock company in Egypt) for the purpose of financing the company's projects."	--	--	98 846 531	--
<u>Ahli United Bank</u>				
Revolving financing of EGP 1,727 billion to finance a 41-acre project for Palm Hills	--	448 137 788	--	431 916 656
<u>Ahli United Bank</u>				
Revolving financing of EGP 160,218 million to finance Palm Parks' Palm Hills Development project.	160 202 000	16 148	--	160 218 149
Balance on Dec 31, 2025	1 250 040 023	10 543 120 329	776 658 181	6 442 508 413

The above loans were obtained by guaranteeing the cash flows of the funded projects and within the framework of the general controls for granting credit established by the Central Bank of Egypt for financing real estate development companies.

51. NOTES PAYABLE

A) Short Term Notes Payable

The consolidated balance of short-term notes payable (net) as of Dec 31,2025 amounted to EGP 4 875 673 642 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Notes payable- (New Urban Communities Authority)	414 991 371	237 805 375
<u>Deduct:</u>		
Deferred installments interest	207 645 401	131 609 471
Net Notes payable (short term)- Land	207 345 970	106 195 904
<u>Add:</u>		
Short-term notes payable (finance lease contract obligations)*	1 761 783 834	1 004 288 927
<u>Deduct:</u>		
Deferred installments interest	1 149 259 270	732 676 230
Net Notes payable (short term)- (finance lease contract obligations)	612 524 564	271 612 697
<u>Add:</u>		
Other notes payable	4 055 803 108	1 319 272 431
Balance as of Dec 31, 2025	4 875 673 642	1 697 081 032

B) Long Term Notes Payable

The consolidated balance of long-term notes payable (net) as of Dec 31,2025 amounted to EGP 4 505 024 909 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Notes-payable (New Urban Communities Authority)	4 224 503 367	4 318 175 771
<u>Deduct:</u>		
Deferred installments interest	2 128 744 730	2 410 540 056
Net Notes payable (long term)- Land	2 095 758 637	1 907 635 715
<u>Add:</u>		
long-term notes payable (finance lease contract obligations)*	6 602 618 835	3 191 487 751
<u>Deduct:</u>		
Deferred installments interest	4 295 637 550	2 231 481 846
Net Notes payable (long term)- (finance lease contract obligations)	2 306 981 285	960 005 905
<u>Add:</u>		
Other notes payable	102 284 987	27 673 013
Balance on Dec 31, 2025	4 505 024 909	2 895 314 633

* The other notes payable includes about 8,364 billion EGP represented in the value of the notes payable that were issued to the financing agencies according to the essence of the sale and lease back contracts as financing contracts concluded with these parties, and the obligations have been amounted at their present value which satisfied with sale and lease back conditions according to Egyptian accounting standard No (49) for financial leasing contracts (note 28b, 36-37).

52. ADVANCE FROM CUSTOMERS

The present value of Advances from customers account as Dec 31 ,2025 amounted to EGP 69 354 084 075 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net contracting Customers	68 812 774 014	46 584 828 788
Advance reservations Customers	541 310 061	818 946 700
Balance on Dec 31, 2025	<u>69 354 084 075</u>	<u>47 403 775 488</u>

53. Liabilities for checks related to units not yet delivered

The balance of obligations for checks received from customers on Dec 31,2025 amounted to EGP 2 453 749 695 and they are as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Checks received from customers - for undelivered units	3 630 947 577	9 323 592 556
deduct:		
Unamortized discount	1 177 197 882	3 443 955 229
Share of partners in joint ventures	--	1 065 349 590
Balance on Dec 31, 2025	<u>2 453 749 695</u>	<u>4 814 287 737</u>

Committee for Accounting, Auditing and Limited Examination, formed by Prime Minister Decision No. 909 of 2011, which was approved by the Financial Supervisory Authority on January 12, 2022, with regard to recognizing checks received from customers for units that have not been delivered, subject of contracts, to customers Which requires the allocation of a separate account on the date of receipt of checks within the financial assets in the statement of financial position (a notes receivable account for units that have not been delivered) in return for recognizing within the financial obligations in the statement of financial position a commitment of the same amount (an account of obligations for checks received from clients) and this treatment is considered a treatment Transitional on the sales contracts concluded that the company will conclude until the end of the financial Period ending on 31 December 2022 and until the delivery of these properties to customers until the company's conditions are reconciled to comply with Egyptian Accounting Standard No. (48) Revenue from contracts with customers (Note No. 41 ,71).

54. LEASE CONTRACT OBLIGATIONS

The net present value of the lease contract obligations as (Company Branches) of Dec 31 ,2025 is EGP 102 620 443 as follows: -

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
(a)Lease Contract Obligations – Short Term	41 916 627	26 238 462
(b)Lease Contract Obligations – Long Term	60 703 816	36 683 385
Balance on Dec 31, 2025	<u>102 620 443</u>	<u>62 921 847</u>

55. PURCHASE LIABILITY

The consolidated balance of Land purchase liabilities as of Dec 31, 2025 amounted to EGP 12 225 follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
(A) Palm New Cairo Land purchase liabilities - short term	12 225	13 654 439
(B) Hacienda south Land purchase liabilities - long term	--	6 288 907
Balance on Dec 31, 2025	<u>12 225</u>	<u>19 943 346</u>

56. DUE TO RELATED PARTIES

The consolidated balance of Due to related parties as of Dec 31, 2025 amounted to EGP 29 919 710 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Asten College for Education S.A. E	343 747	343 747
Kanzy	6 000 000	6 000 000
Villamora for Real Estate Development Company S.A. E	8 989 268	8 907 802
casa cook Hotel	14 586 696	--
Balance on Dec 31, 2025	<u>29 919 710</u>	<u>15 251 549</u>

57. Joint Share Arrangement

The share of project partners in the participation system on Dec 31, 2025 amounted 6 973 738 224 to EGP which is the net share of the partners (the owner) in exchange for the value of the land and the preparation of external facilities in accordance with the contracts concluded in this regard, which are paid in light of the approved timelines for the payment of annual payments This is represented in the following:

	<u>31 Dec 2025</u>	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>	<u>31 Dec 2024</u>
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Partners in Palm New Cairo-Project	752 030 941	1 847 729 226	933 534 318	707 243 395
(Badya) Project	2 229 841 971	1 291 913 059	1 439 599 282	3 685 308 651
Partners in Hacienda West	--	852 223 027	--	1 066 096 244
Balance on Dec 31, 2025	<u>2 981 872 912</u>	<u>3 991 865 312</u>	<u>2 373 133 600</u>	<u>5 458 648 290</u>

58. CREDITORS AND OTHER CREDIT BALANCES

The consolidated balance of creditors and other credit balances as of Dec 31, 2025 amounted to EGP 5 121 712 447 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Other credit balances	1 835 441 085	1 259 445 209
Insurance for Others	771 358 566	574 683 762
Obligations to government agencies	200 217 177	155 163 743
Accounts receivable under settlement	984 783 389	799 873 326
Accrued expenses	1 329 912 230	1 888 104 611
Balance on Dec 31, 2025	<u>5 121 712 447</u>	<u>4 677 270 651</u>

59. CAPITAL

The authorized capital was set at 10 000 000 Egyptian pounds (10 billion Egyptian pounds only), and the issued and paid-up capital amounted to 5 719 828 346 EGP (Five billion seven hundred nineteen million eight hundred twenty-eight thousand three hundred forty six) distributed over a number 2 859 914 173 shares, with a nominal value of 2 Egyptian pounds per share. The following is the development of the company's capital since the date of incorporation to date:

	<u>EGP</u>
- The Company's issued capital was determined at EGP 121 500 000 representing 1 215 000 shares with a par value of EGP 100 per share It was registered in the commercial register on February 22, 2006.	<u>121 500 000</u>
- On 20 Dec. 2006, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 185,500,000 to be after such increasing amounted EGP 307,000,000 representing 3,070,000 shares with a par value of EGP 100 per share It was registered in the commercial register on January 3, 2007.	<u>307 000 000</u>
- On 13 May 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 93,000,000 to be after such increasing amounted EGP 400,000,000 representing 4,000,000 shares with a par value of EGP 100 per share It was registered in the commercial register on May 24, 2007.	<u>400 000 000</u>
- On 15 July 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 200,000,000 to be after such increasing amounted EGP 600,000,000 representing 6,000,000 shares with a par value of EGP 100 per share It was registered in the commercial register on August 22, 2007.	<u>600 000 000</u>
- On 6 November 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 200,000,000 to be after such increasing amounted EGP 800,000,000 representing 8,000,000 shares with a par value of EGP 100 per share. The Company's Extra-Ordinary General Assembly Meeting held in March 2009 approved a 50-for-1 stock split and the par value of the Company's share reduced to EGP 2 per share It was registered in the commercial register on November 28, 2007.	<u>800 000 000</u>
- On 27 March 2008, the Company's Board of Directors approved the issued Capital increase amounting to EGP 32,000,000 to be after such increasing amounted EGP 832,000,000 representing 416,000,000 shares with a par value of EGP 2 per share It was registered in the commercial register on April 22, 2008.	<u>832 000 000</u>
- On 8 May 2008, the Company's Board of Directors approved the issued Capital increase amounting to EGP 99,840,000 to be after such increasing amounted EGP 931,840,000 representing 465,920,000 shares with a par value of EGP 2 per share It was registered in the commercial register on September 17, 2008.	<u>931 840 000</u>
- On 30 June 2009, the Company's Board of Directors approved the issued Capital increase amounting to EGP 465,880,000 to be after such increasing amounted EGP 1,397,760,000 representing 698,880,000 shares with a par value of EGP 2 per share It was registered in the commercial register on September 30, 2009.	<u>1 397 760 000</u>
- On 28 January 2010, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 698,880,000 to be after such increasing amounted EGP 2,096,640,000 representing 1,048,320,000 shares with a par value of EGP 2 per share It was registered in the commercial register on May 12, 2010.	<u>2 096 640 000</u>

Issued capital

	EGP
- On 22 Dec. 2013, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 600,000,000 to be after such increasing amounted EGP 2,696,640,000 representing 1,348,320,000 shares with a par value of EGP 2 per share It was registered in the commercial register on February 9, 2014.	2 696 640 000
- On 8 February 2015, the Company's Extra-ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 1 648 000 000 to be after such increasing amounted EGP 4 344 640 000 representing 2 172 320 000 shares with a par value of EGP 2 per share It was registered in the commercial register on July 13, 2015.	4 344 640 000
- On 29 November 2015, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase out of retained earnings amounting to EGP 53 359 478 to be after such increasing amounted EGP 4 397 999 478 representing 2 198 999 739 shares with a par value of EGP 2 per share It was registered in the commercial register on January 28, 2016.	4 397 999 478
- On 13 March 2016, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase out of retained earnings via the issuance of bonus shares amounting to EGP 53 359 478 to be after such increasing amounted EGP 4 397 999 478 representing 2 308 949 726 shares with a par value of EGP 2 per share It was registered in the commercial register on May 30, 2016.	4 617 899 452
- On 6 December 2018, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase out of retained earnings via the issuance of bonus shares amounting to EGP 769 649 909 to be after such increasing amounted EGP 6 157 199 270 represent 3 078 599 635 shares with a par value of EGP 2 per share It was registered in the commercial register on December 18, 2018.	6 157 199 270
- The issued capital after the increase in the amount of EGP 78 000 000 in favor of the employee compensation shares, through the dividends carried out in accordance with the resolution of the Extraordinary General Assembly on April 4,2019 distributed over the number of 3 117 599 635 shares, the nominal value of the share is 2 EGP and has been marked in the commercial register on 26 September 2019.	6 235 199 270
- The issued capital after reducing the value of treasury shares in accordance with the decision of the extraordinary general assembly held on the first of April 2021 in the amount of 72 270 000 Egyptian pounds for 36 350 000 shares with a nominal value of 2 Egyptian pounds per share. The shares were registered in the commercial registry on the date May 20, 2021, so the issued capital will be distributed over 3,081,249,635 shares.	6 162 499 270
- The issued capital after reducing the value of treasury shares in accordance with the decision of the extraordinary general assembly held on the end of March 2022 in the amount of 81 309 492 Egyptian pounds for 40 654 746 shares with a nominal value of 2 Egyptian pounds per share. The shares were registered in the commercial registry on the date Sep 16, 2022, so the issued capital will be distributed over 3,040,594,889 shares.	6 081 189 778
- The issued capital after reducing the value of treasury shares in accordance with the decision of the extraordinary general assembly held on at the date Nov 2022 in the amount of 78 000 000 Egyptian pounds for 39 000 000 shares with a nominal value of 2 Egyptian pounds per share. The shares were registered in the commercial registry on the date Dec 5, 2022, so the issued capital will be distributed over 3,001,594,889 shares.	6 003 189 778
- The issued capital after deduction by the value of treasury shares in accordance with the decision of the Extraordinary General Assembly held on March 1, 2024 in the amount of 120,000,000 Egyptian pounds for the number of 60,000,000 shares, with a nominal value of 2 Egyptian pounds per share, and an entry has been made in the commercial register on May 14, 2024, so that the issued capital will be divided into 2,941,594,889 shares.	5 883 189 778
- The issued capital after deduction by the value of treasury shares in accordance with the decision of the Extraordinary General Assembly held on November 4, 2024 in the amount of 123 361 432 Egyptian pounds for the number of 61 680 716 shares, with a nominal value of 2 Egyptian pounds per share, and an entry has been made in the commercial register on December 24, 2024, so that the issued capital will be divided into 2 879 914 173 shares.	5 759 828 346
- The issued capital after deduction by the value of treasury shares in accordance with the decision of the Extraordinary General Assembly held on April 8, 2025 in the amount of 40 000 000 Egyptian pounds for the number of 20 000 000 shares, with a nominal value of 2 Egyptian pounds per share, and an entry has been made in the commercial register on June 2, 2025, so that the issued capital will be divided into 2 859 914 173 shares.	5 719 828 346

60. Legal reserve

The net balance of the legal reserve on Dec 31 ,2025 amounted to EGP 1 018 864 008 as follows:

	31 Dec 2025	31 Dec. 2024
	EGP	EGP
Beginning balance	938 329 820	886 980 714
Transferred during year	80 534 188	51 349 106
Balance as of Dec 31, 2025	1 018 864 008	938 329 820

61. Treasury Shares

- **On July 1, 2024**, the number of treasury shares purchased up to September 30, 2024, amounted to 61,680,716 shares with a value of EGP 285,991,113 at an average cost per share of EGP 4,64. The company's Board of Directors approved the purchase of treasury shares up to a maximum of 61,680,716 shares, representing 3% of the company's issued share capital. The purchase was executed during the period from July 2, 2024, to July 31, 2024.
- **On November 4, 2024**, 61,680,716 shares representing treasury shares held for more than one year were cancelled, with a purchase value of EGP 285,991,113 in return for a capital reduction by the nominal value of these shares totaling EGP 123,361,432. The difference between the nominal value and the purchase value, amounting to EGP 162,929,681 was charged to retained earnings in accordance with the resolution of the Extraordinary General Assembly held on November 4, 2024.
- **On October 1, 2024**, the company's Board of Directors approved the purchase of treasury shares up to a maximum of 20,000,000 shares, representing 3% of the company's issued share capital. As of Dec 31, 2025, the number of shares purchased amounted to 20,000,000 shares with a total value of EGP 113,486,788, at an average cost per share of EGP 5.67. The purchase was executed during the period from October 10, 2024, to October 27, 2024.
- **On April 8, 2025**, 20,000,000 shares representing treasury shares were cancelled, with a purchase value of EGP 113,486,788, in return for a capital reduction by the nominal value of these shares totaling EGP 40,000,000. The difference between the nominal value and the purchase value, amounting to EGP 73,486,786, was charged to retained earnings in accordance with the resolution of the Extraordinary General Assembly held on April 8, 2025.
- **On December 31, 2025**, the number of shares purchased as of December 31, 2025 amounted to **11,934,009 shares** with a total value of **EGP 101,092,107** at an average purchase cost per share of **EGP 8.47**.

- Outstanding Shares

Treasury shares were purchased during December amounting to **11,934,009 shares** with a value of **EGP 101 092 107** at an average cost per share of **EGP 8,47**. The outstanding shares represent the number of issued and subscribed shares, less than the number of shares acquired as treasury shares, as follows:

	<u>Shares</u>	<u>Nominal Value / Acquisition Cost</u>	<u>Value per Share (EGP)</u>
Issued and subscribed capital shares	2 859 914 173	5 719 828 346	2
<u>Less: Treasury shares at cost</u>	11 934 009	101 092 107	<u>8,47</u>
Outstanding shares and net paid-up issued capital	<u>2 847 980 164</u>	<u>5 618 736 239</u>	

62. OTHER LONG-TERM LIABILITIES- RESIDENTS' ASSOCIATION

The balance of the Residents' Association represents the value of the deferred checks and receipts received from the clients of the contracted units, from which the proceeds are invested for the benefit of the Residents Association of those units at the level of the existing stages and projects, until the completion of the Residents Association taking the independent legal personality, whereby the assets and liabilities of the residents association are excluded and separated in its favor and managed With the knowledge of its management and its general assembly, in accordance with Building Law No. (119) of 2008, the balance of the Residents Association on Dec 31, 2025 amounted to 29 122 769 947 EGP.

63. REVENUES

The net revenues of the activity for the year ended On Dec 31, 2025, the amount of EGP 36 169 270 135 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net Revenue from Real estate development	32 110 029 179	25 493 485 009
Revenues from commercial and service activities	1 476 794 693	340 044 992
The owner's share in the profits of operating the hotels	242 411 940	112 859 470
Revenues from Palm Hills Club	657 850 543	434 329 299
Revenue from Restaurants	114 372 473	93 010 336
Other Activities revenues **	1 567 811 307	693 575 391
Total as of year ended Dec 31, 2025	<u>36 169 270 135</u>	<u>27 167 304 497</u>

-The percentage of the level of completion is determined at the level of the contract unit in accordance to the actual executed costs to the estimated costs of those works, based on the internal abstracts and estimates that are prepared by the company's engineering department.

- Real estate development revenues for villas and townhouses are recorded in accordance of the percentage of completion achieved at the level of the contract unit for each unit (stage), as for the complete units – apartment- (Cabins and Chalets) The revenues generated from them are fully recorded in the actual delivery of these units.

** OTHER ACTIVITIES REVENUES

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Transfer fees and delay penalties	865 390 072	335 255 919
Gain from selling fixed asset	5 752 123	6 913 153
Gain from sale of investments in associate	559 745 340	136 497 124
Retrieve the value of the utilities	11 596 767	12 681 963
Miscellaneous income	125 327 005	202 227 232
Total as of year ended on Dec 31, 2025	<u>1 567 811 307</u>	<u>693 575 391</u>

64. COST OF SALE

The net cost of sale for year ended On Dec 31, 2025, the amount of EGP 21 118 938 340 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Cost of Real estate development	20 383 673 227	17 317 123 050
Cost of Commercial and service activity	437 109 052	253 506 923
Cost of Palm Hills Club operation	220 255 626	120 301 507
Depreciation of club assets	37 555 441	20 798 183
Depreciation of Fixed assets – Macor investments	16 838 526	10 917 583
Cost of Restaurants	23 506 468	17 266 372
Total as of year ended Dec 31, 2025	<u>21 118 938 340</u>	<u>17 739 913 618</u>

65. GENERAL ADMINISTRATIVE, SELLING AND MARKETING EXPENSES

Administrative, general, and marketing expenses for the year ended on Dec 31, 2025, the amount of EGP 6 365 589 713 is as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
salaries and wages	966 552 398	572 788 723
General administrative, selling and marketing expense	5 399 037 315	2 862 966 248
Total as of year ended Dec 31, 2025	<u>6 365 589 713</u>	<u>3 435 754 971</u>

66. Financing costs and Interests

The financing costs and interests for the year ended On Dec 31, 2025, the amount of EGP 3 347 489 307 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Land Installment interest	322 336 374	278 214 718
Financing costs and interests	3 025 152 933	2 033 180 784
Total as of year ended Dec 31, 2025	<u>3 347 489 307</u>	<u>2 311 395 503</u>

67. Expected credit losses (ECL):

The value of expected credit losses for year ended On Dec 31, 2025, the amount of EGP 51 472 590 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Losses of customer receivable balances (Note 43)	41 477 255	17 968 321
(Reverse Losses) of debtors and other debit balances (Note No. 44)	(3 243 416)	3 228 800
Losses of balances owed by related parties (Note No. 45)	4 121 837	2 281 499
Losses of cash balances (Note No. 47)	9 116 914	--
Total as of year ended Dec 31, 2025	<u>51 472 590</u>	<u>23 478 620</u>

68. GAINS ON INVESTMENTS IN FAIR VALUE THROUGH PROFIT OR LOSS

The Gains on Investments in Fair value through profit or loss for year ended On Dec 31, 2025, the amount of EGP 34 213 992 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Profits from selling investment Funds	34 213 992	35 043 757
Total as of year ended Dec 31, 2025	<u>34 213 992</u>	<u>35 043 757</u>

69. INCOME TAX

A- Current income Tax

The consolidated balance Income Tax for year ended On Dec 31, 2025, the amount of EGP 1 802 064 317 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net profit before income tax	6 251 052 283	4 320 598 451
Adjustments to the accounting net profit to arrive at the net tax profit, Accumulated losses and depreciation differences	1 758 122 459	174 905 775
Net taxable profit	8 009 174 742	4 495 504 226
Tax At (22.5%)	1 802 064 317	1 011 488 451

B- Deferred Tax

The consolidated balance Deferred Tax for year ended On Dec 31, 2025, the amount of EGP 25 175 860 as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Deferred Tax charged to profit or loss	25 175 860	(94 367 392)
Total as of year ended Dec 31, 2025	25 175 860	(94 367 392)

70. EARNINGS PER SHARE

The basic share in the consolidated profits for year ended On Dec 31, 2025, the amount of 1,47 EGP, as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the period	4 423 812 106	3 403 477 390
Deductible: Share of non-controlling rights	207 154 451	148 531 947
Net profit of the parent company	4 216 657 655	3 254 945 443
Divided by: Weighted average number of shares during the period	2 879 569 895	2 911 962 558
Earnings per share in the consolidated profits	1,46	1,12

For the purpose of calculating the earnings per share for the year ending on Dec 31, 2025 the profit per share was calculated based on the average number of shares outstanding during the Period weighted by after deducting 11 934 009 treasury shares.

71. Notes receivable not included in the items of the financial statements

The face value of notes receivable not included in the financial statements, according to the provisions of Egyptian Accounting Standard No. (48) concerning revenue from contracts with customers, amounted to EGP 106 726 688 880 as of December 31, 2025 for a contractual value to customers of EGP 132 201 832 190 The present value of these checks as of December 31, 2025, amounted to EGP 52 404 859 824 This represents the value of checks related to undelivered units for which sales contracts were concluded during the financial period from January 1, 2023, to December 31, 2025 and which were not subject to the transitional treatment Issued by the Egyptian Supreme Committee for Accounting and Auditing and approved by the Financial Regulatory Authority on January 12, 2022, the receivables are as follows, according to their due dates:

	<u>Nominal Value</u>	<u>Present Value</u>	<u>Net Present</u>
	<u>EGP</u>	<u>Discount</u>	<u>Value</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Notes receivable due in 2026	13 565 273 543	1 437 403 709	12 127 869 834
Notes receivable due in 2027	13 951 175 979	3 751 479 027	10 199 696 952
Notes receivable due in 2028	14 112 559 469	5 662 098 860	8 450 460 609
Notes receivable due in 2029	13 934 916 015	7 107 431 063	6 827 484 952
Notes receivable due in 2030 and more	51 162 763 874	36 363 416 397	14 799 347 477
Balance on Dec 31, 2025	106 726 688 880	54 321 829 056	52 404 859 824

72. TRANSACTION WITH RELATED PARTIES

The transactions with related parties are represented in the transactions that took place with the shareholders, whether they were a natural person or a legal person, or the transactions with the shareholders of the company or any of the Associates or subsidiary companies as follows:

<u>Party</u>	<u>party type</u>	<u>The nature of the transaction</u>	<u>Balance at the beginning of the Period debit / (credit)</u>	<u>Debit / Credit Transactions For The Period</u>	<u>Balance at the end of the Period debit / (credit)</u>
			<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Palm Hills Middle East Company for Real Estate Investment S.A.E	Subsidiary	Acting payments/receipts	(1 452 577 618)	(2 675 156 177)	(4 127 733 795)
Royal Gardens for Real Estate Investment Company S.A.E	Subsidiary	Acting payments/receipts	487 137	117 394	604 531
New Cairo for Real Estate Development	Subsidiary	Acting payments/receipts	(4 010 750)	(4 936 199)	(8 946 949)
Middle East Company for Real Estate and Touristic Investment S.A.E	Subsidiary	Acting payments/receipts	(16 185 769)	113 660 082	97 474 313
Gawda For Trading Company S.A.E	Subsidiary	Acting payments/receipts	16 372 855	(139 531 953)	(123 159 098)
Rakeen Egypt For Real Estate Development S.A.E	Subsidiary	Acting payments/receipts	(89 418 575)	(469 042 748)	(558 461 323)
Saudi Urban Development S.A.E	Subsidiary	Acting payments/receipts	28 948 127	4 512 503	33 460 630
Nile Palm El-Naem S.A.E	Subsidiary	Acting payments/receipts	(44 059 080)	--	(44 059 080)
El Naem Hotels and Touristic Villages S.A.E	Subsidiary	Acting payments/receipts	(121 996 741)	--	(121 996 741)
East New Cario for Real Estate Development	Subsidiary	Acting payments/receipts	(1 321 512 954)	(485 615 118)	(1 807 128 073)
Palm October For Hotels S.A.E	Subsidiary	Acting payments/receipts	11 368 058	--	11 368 058

<u>Party</u>	<u>party type</u>	<u>The nature of the transaction</u>	<u>Balance at the beginning of the Period debit / (credit)</u>	<u>Debit / Credit Transactions For The Period</u>	<u>Balance at the end of the Period debit / (credit)</u>
Palm Hills Hotels S.A.E	Subsidiary	Acting payments/receipts	100 405 014	--	100 405 014
Palm Hills For Education S.A.E	Subsidiary	Acting payments/receipts	57 934 144	29 259 335	87 193 479
Palm Gemsha for Hotels S.A.E	Subsidiary	Acting payments/receipts	85 050	--	85 050
Palm North Coast Hotels S.A.E	Subsidiary	Acting payments/receipts	54 358	--	54 358
United Engineering for Construction	Subsidiary	Acting payments/receipts	(11 083 043)	--	(11 083 043)
Palm for Real Estate Development S.A.E	Subsidiary	Acting payments/receipts	270 075 189	41 643 894	311 719 083
Palm for Investment and Real Estate Development	Subsidiary	Acting payments/receipts	655 680 412	582 000 581	1 237 680 993
Palm Hills Properties	Subsidiary	Acting payments/receipts	(31 498 088)	(4 896 090)	(36 394 178)
Palm Hills for Tourism and Real Estate Development	Subsidiary	Acting payments/receipts	343 817 998	101 673 211	445 491 209
Palm Hills for Touristic Investment	Subsidiary	Acting payments/receipts	58 202 299	(661 472 316)	(603 270 017)
Palm Hills Resorts	Subsidiary	Acting payments/receipts	5 173 983	(6 149 609)	(975 626)
Palm for Urban Development S.A.E	Subsidiary	Acting payments/receipts	1 152 998 610	1 447 155 226	2 600 153 836
Palm Club Management S.A.E	Subsidiary	Acting payments/receipts	(2 827 674)	(2 391 426)	(5 219 100)
Palm Alexandria For Real Estate Investment	Subsidiary	Acting payments/receipts	46 887 749	(66 807 284)	(19 919 535)
Asten College for Education	Subsidiary	Acting payments/receipts	5 000	(5 000)	--
Palm for Constructions And Real Estate Development S.A.E	Subsidiary	Acting payments/receipts	158 138 745	(183 280 307)	(25 141 562)
khedma for management of tourist and urban resorts	Subsidiary	Acting payments/receipts	5 685 352	--	5 685 352
Palm sports for Clubs S.A.E	Subsidiary	Acting payments/receipts	(287 044 303)	(87 955 110)	(374 999 413)
Palm Hills Holding For Financial Investment	Subsidiary	Acting payments/receipts	227 734 262	51 129 088	278 863 350
The co-cookery for restaurants Company	Associate company	Acting payments/receipts	5 000	--	5 000
ColdWell Banker Palm Hills for Real Estate Investment	Associate company	Acting payments/receipts	20 480	--	20 480
Aletehadia for Real Estate Development	Associate	Acting payments/receipts	254 542 501	6 897 601	261 440 102
Palmet for Hotels and resorts	Subsidiary	Acting payments/receipts	(50)	153 850	153 800
Palm for real mortgages	Subsidiary	Acting payments/receipts	--	395 901	395 901
Palm hills Developments holding limited	Subsidiary	Acting payments/receipts	--	(15 347 351)	(15 347 351)
PHD North Jubail property development	Subsidiary	Acting payments/receipts	--	18 606 190	18 606 190
Palm Hills north Jubail holding limited	Subsidiary	Acting payments/receipts	--	14 278	14 278
Palm hills for restaurants Company	Subsidiary	Acting payments/receipts	(5 799 124)	239 489	(5 559 635)

73. TAX STATUS

A) Corporate tax

- The Company started its operations on 14 March 2005
- The company enjoyed a tax exemption for ten years starting from the financial year following the commencement of activity, which ended on December 31, 2015.
- **Years 2005–2012:** Tax examination, assessment, and payment have been completed.
- **Years 2013–2019:** Tax examination and assessment have been completed, and payment is in progress.
- **Years 2020–December 31, 2024:** The company files its tax returns within the statutory deadlines and pays the tax due

B) Salaries and wages tax

- **Years from commencement of activity -2022:** Tax examination and assessment have been completed, and tax differences have been paid.
- **Years 2023 to Dec 31, 2025:** The company withholds the tax and remits it within the statutory deadlines.

C) Stamp tax

- The company is subject to Law No. 111 of 1980 and its amendments and executive regulations.
- **Period from commencement of activity to December 31, 2006** Tax examination, assessment, and payment have been completed.
- **Years 2006–December 31, 2018:** Tax examination has been completed, and assessment and payment have been completed.
- **Years 2019 to Dec 31, 2023:** Examination has been conducted, and the internal committees and linkage are in the process of completion.
- Articles (64, 60) of the Stamp Tax Law were canceled as of January 27, 2022.

D) Tax on Built Real Estate

- The company submits its tax returns on real estate built on the units owned by it, whether commercial or administrative, in accordance with Law No. 196 of 2008 on the legal dates. The company also pays the tax due on these units on the legal dates.

E) Value Added Tax (VAT)

- The company was registered for VAT on February 12, 2020, and it submits tax returns within the legal deadlines.
- The company has been audited up to the year 2023, and the assessment and payment have been completed.
- For the years 2024 until December 31, 2025: Tax returns are being submitted and the tax is being paid within the legal deadlines.

F) Transfer pricing with related parties

- The company prepared a study of transactions with related parties and prepared the main file and the local file in accordance with the provisions of Article (30) of Law No. (91) of 2005 and Articles (39, 40) of the executive regulations of the same law, as well as the provisions of Law No. (206) of 2020 on standardized tax procedures.

74. NON-CASH TRANSACTIONS

- The effect of the increase in work in progress amounting to EGP 661 597 000 was eliminated against an decrease in investments in associates by the same amount.
- The effect of the decrease in work in progress amounting to EGP 1 060 148 176 was eliminated against an increase in payments to purchase fixed assets by the same amount.
- The effect of the decrease in projects under construction amounting to EGP 61 772 168 is eliminated against the corresponding increase in payments for the acquisition of fixed assets by the same amount.
- "The decrease in the balance under investments amounted to EGP 175 431 749 against a decrease in minority interests of EGP 49 025 651 and acquisition transaction adjustments of EGP 126 406 098.
- Reduction of the share capital by EGP 40 million, corresponding to the decrease in treasury shares of the same amount.
- Decrease in treasury shares amounting to EGP 101 092 107 offset against retained earnings settlements of the same amount.

75. Subsequent Events

- On 12 February 2026, the Central Bank of Egypt Monetary Policy Committee decided to reduce the key interest rates by 100 basis points. Accordingly, the overnight deposit rate, overnight lending rate, and the main operation rate of the Central Bank were reduced to 19%, 20%, and 19,5%, respectively. The discount rate was also reduced to 19,5%.
- Due to the outbreak of wars in the Middle East, especially with regard to the war on Iran, the prices of foreign currencies have moved to rise against the Egyptian pound, as well as the rise in the prices of some hydrocarbons and natural gas, which will affect the high inflation rates and the increase in the cost of the works being implemented, which may affect the total profit of the company's activity, and the company is studying the extent of the impact of these events on the company's activity and confronting their effects.