

Mostafa Shawki

PALM HILLS DEVELOPMENTS COMPANY

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

In 31 December 2023

Together Auditor,s Report

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, 2023, 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, 2023, 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 and New Cairo City 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. 30, 31, 65, 66).

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: Feb 27, 2024

Auditor

Khaled Said El-Rabat
Financial Supervision Authority
Register No. (258)
R.A.A (8173)
Mazars Mostafa Shawky



Originally Issued in Arabic

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

As of 31 Dec 2023

	<u>Note no.</u>	<u>31 Dec 2023</u> <u>EGP</u>	<u>31 Dec 2022</u> <u>EGP</u>
Assets			
Non-current assets			
Investments in associates	(35, b11, d8)	499 485 857	382 317 406
Investment property	(36, c11)	45 830 027	167 262 054
Fixed assets (net)	(37, i13)	2 529 549 685	2 592 279 116
Projects under construction	(38, i12)	1 002 101 616	212 133 152
Advance payments for investments acquisition	(39)	92 364 852	59 785 558
Right of use asset	(41, 28)	10 923 079	7 820 596
Notes receivable - long term	(42, i16)	23 096 144 962	13 457 192 909
Notes receivable - long term for undelivered units	(43, i16)	4 546 630 300	6 608 405 535
Other long-term assets		1 003 433	1 170 677
Total non-current assets		31 824 033 811	23 488 367 003
Current assets			
Works in process	(44, i14)	8 788 379 627	6 286 290 907
Accounts receivable	(45)	8 087 041 825	2 707 513 377
Debtors and other debit balances	(46)	3 120 372 653	1 858 626 727
Suppliers - advance payments		3 931 155 595	1 603 206 733
Due from related parties	(74, i47, i27)	368 399 961	359 050 558
Financial investments at amortized cost	(48, i33/5)	4 445 198 927	3 505 241 702
Investments at fair value through profit and loss	(33/5)	100 784 825	86 052 108
Notes receivable - short term	(42, i16)	8 391 624 362	5 897 552 535
Notes receivable - short term for undelivered units	(43, i16)	2 052 227 415	2 548 927 764
Cash and cash equivalents	(49, i32)	3 189 241 596	1 165 167 798
Total Current Assets		42 474 426 786	26 017 630 209
Total Assets		74 298 460 597	49 505 997 212
Shareholders' equity And Liabilities			
Shareholders' equity			
Share capital	(61)	5 883 189 778	6 003 189 778
Treasury shares - In Cost	(62, i17)	--	(90 146 032)
Legal reserve	(a 63)	886 980 714	834 679 344
Retained earning		2 807 704 743	1 686 908 716
Net profit for the Year		1 581 511 689	1 255 848 310
Net controlling equities		11 159 386 924	9 690 480 116
Non-controlling equities		562 460 975	481 106 612
Total shareholders' equity		11 721 847 899	10 171 586 728
Non-current liabilities			
Loans long-term	(52)	3 959 030 721	2 697 475 668
Notes payable - long term	(b 53)	2 576 202 779	1 329 707 969
Deferred Tax		4 737 653	2 748 171
Land purchase liabilities – Long Term	(b57, i20)	--	22 488 256
Other long-term liabilities – Residents' Association	(64)	9 428 558 877	5 651 066 356
Lease contract liabilities - long term	(b56)	1 296 288	3 124 258
Joint shares arrangement - long term	(59)	4 004 246 037	1 673 994 084
Partnership Sukuk	(76)	1 553 426 329	687 264 013
Total non-current liabilities		21 507 498 684	12 067 868 775
Current liabilities			
Banks - credit balances	(50)	234 053 719	180 167 719
Bank- overdraft	(51)	3 362 218 151	2 403 922 276
Current portion of Short-term loans	(52)	510 722 537	278 307 214
Notes payable - short term	(a 53)	1 858 467 641	1 572 111 652
Advances from customers	(54)	20 983 587 846	10 214 450 435
liabilities for checks received from customers	(55)	6 598 857 715	9 157 333 299
Lease contract liabilities - short term	(a56)	9 771 222	6 526 325
Current portion of land purchase liabilities	(a57, i20)	18 416 252	81 839 239
Due to related parties	(74, i58, i27)	3 823 853	3 388 525
Joint shares arrangement - short term	(59)	1 614 008 764	90 951 914
Creditors & other credit balances	(60)	2 653 908 991	1 384 351 547
Suppliers And contractors		2 504 006 437	1 268 463 740
Investments purchase liabilities		20 717 553	20 717 553
Provisions	(19, 30c)	136 623 346	183 375 011
Income tax payable	(a23)	559 929 987	420 635 260
Total current liabilities		41 069 114 014	27 266 541 709
Total liabilities		62 576 612 698	39 334 410 484
Total equity and liabilities		74 298 460 597	49 505 997 212

- Auditor's report attached.
- The accompanying notes are integral part of the financial statements.

Chairman

Yasseen 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 2023

	<u>Note No.</u>	<u>31 Dec 2023</u> <u>EGP</u>	<u>31 Dec 2022</u> <u>EGP</u>
Revenues	(65.29)	17 462 108 314	13 600 122 707
<u>Deduct: -</u>			
Cost of revenues	(66.30)	11 907 224 490	9 038 376 877
Cash discount		47 248 529	75 061 296
Gross profit		<u>5 507 635 295</u>	<u>4 486 684 533</u>
<u>Deduct: -</u>			
General administrative, selling and marketing expenses	(67)	2 060 461 700	2 092 458 884
Depreciation and amortization	(41.37.36)	178 559 975	173 669 334
Finance costs & interests	(68.25)	1 503 563 734	660 440 112
Provision	(30c.19)	(44 499 780)	5 000 000
(reverse) impairment losses in investments		(39 731 110)	--
(Reverse Losses) Expected credit losses	(69)	14 104 054	9 295 477
Total general, administrative, marketing and financing expenses, depreciation		<u>3 672 458 573</u>	<u>2 940 863 807</u>
<u>Add</u>			
Amortization of discount on notes receivables		195 349 318	80 198 954
Gains on investments in fair value through profit or loss	(70.33/5)	14 894 880	7 398 824
Credit interest and financial investment returns at amortized cost	(d31.5/33)	255 282 927	70 072 217
Total other revenues		<u>465 527 125</u>	<u>157 669 995</u>
Net profit for the Year before income tax & non-controlling equities		<u>2 300 703 847</u>	<u>1 703 490 721</u>
<u>Deduct: -</u>			
Income tax	(71. a 23)	563 964 185	411 752 428
Deferred tax	(b 23)	3 335 332	1 065 874
Net profit for the Year before & non-controlling equities		<u>1 733 404 330</u>	<u>1 290 672 419</u>
<u>Deduct: -</u>			
Non-controlling equities share- subsidiaries		151 892 641	34 824 109
Net profit for the Year after income tax & non-controlling equities		<u>1 581 511 689</u>	<u>1 255 848 310</u>
Earnings per share for profits	(72.26)	<u>0,535</u>	<u>0,420</u>

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

Chairman


Yasseen Mansour

Chief Financial Officer


Ali Thabet

Translation of Comprehensive Income Statements

Originally Issued in Arabic

PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended In 31 Dec 2023

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the Year	1 581 511 689	1 255 848 310
Other comprehensive income	--	--
Total comprehensive income for the Year, net of tax	<u>1 581 511 689</u>	<u>1 255 848 310</u>
<u>Attributable to: -</u>		
Equity holders of the parent	1 581 511 689	1 255 848 310
Non-controlling equities	151 892 641	34 824 109
	<u>1 733 404 330</u>	<u>1 290 672 419</u>

- The accompanying notes are integral part of the financial statements


Chairman
Yasseen Mansour

Chief Financial Officer

Ali Thabet


PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended In 31 Dec 2023

	<u>Note No.</u>	<u>31 Dec 2023</u> <u>EGP</u>	<u>31 Dec 2022</u> <u>EGP</u>
Net profit for the year before income tax & non-controlling equities		2 300 703 847	1 703 490 722
Adjustments to reconcile net profit to net cash from operating activities			
Depreciation & amortization	(41) (37) (36)	201 037 444	191 362 741
Provisions	(30c) (19)	(44 499 780)	5 000 000
Finance cost & interest	(68) (25)	1 384 877 605	525 873 852
Expected credit losses		14 104 054	9 295 477
Land installments interest		118 686 129	134 566 260
(Gain) on disposal of fixed assets	(37)	(76 597 290)	(259 784)
Losses (gains) on investments in Associates	(35)	(19 230 103)	(4 332 346)
Amortization of current value deduction for notes receivables		(195 349 318)	(80 198 954)
Gain on investment at fair value through profit or loss	(70,31/5)	(14 894 880)	(7 398 824)
Credit interest & Gain on investments with amortized cost	(31d, 33/5)	(255 282 927)	(70 072 217)
Gain on selling investments in subsidiaries		(114 050 000)	-
Operating profits before changes in working capital		<u>3 299 504 781</u>	<u>2 407 326 927</u>
Cash flow from operation activities			
Change in work in process	(44) (14)	(2 546 975 885)	2 265 283 847
Change In Financial investments at amortized cost	(48) (5/33)	(939 957 224)	(1 069 300 330)
Change in notes receivables	(42) (16)	(11 937 674 562)	(4 914 564 550)
Change in notes receivable for units that have not been delivered		2 558 475 584	(2 555 241 731)
Change in investments at fair value through profit or loss		(14 732 717)	(25 326 429)
Change in accounts receivables	(45)	(5 396 036 260)	(821 611 187)
Change in suppliers – advanced payments		(2 327 948 862)	(945 672 216)
Change in Debtors and other debit balances	(46)	(1 262 644 366)	(422 742 294)
Change in due from related parties	(74) (47) (27)	(9 997 017)	(20 040 944)
Change in accounts receivables – advance payments	(54)	10 769 137 412	1 840 077 904
Liabilities for checks received from customers		(2 558 475 584)	2 555 241 730
Change in facility completion obligations		-	(58 062 733)
Change from provision	(ع 30) (19)	(2 251 885)	(4 212 321)
Change in notes payable	(53)	1 414 164 670	(786 410 069)
Change in due to related parties	(74) (58) (27)	435 328	(1 475 480)
Change in suppliers & contractors		1 235 542 696	137 611 853
Income taxes	(71) (123)	(421 952 570)	(157 409 420)
Change in creditors & other credit balances	(60)	1 265 494 705	343 810 224
Change in long term liabilities – Residents' Association	(64)	3 777 492 521	1 794 802 463
Change in Partners share in joint arrangements	(59)	3 853 308 802	(467 266 139)
Changes in lease contract liabilities		(1 685 555)	6 347 746
Net cash (used in) operating activities		<u>753 224 012</u>	<u>(898 833 149)</u>
Cash flows from investing activities			
Payments for purchase of fixed assets	(37)	(177 431 038)	(66 777 704)
Proceeds from sale of fixed assets	(37)	103 916 449	446 074
Payments for associate's investment	(35)	(80 000 000)	(164 311 304)
Proceeds for subsidiaries investment	(35)	237 846 674	-
Payments for work under construction	(38,12)	(789 968 464)	(201 416 124)
Payments for investments	(11c,36)	(82 102 500)	-
proceeds from other assets		167 244	167 238
Gains on investments in fair value through profit or loss	(5/33) (d31)	14 894 880	7 398 824
Gain on investment in amortized cost	(70) (5/33)	255 282 927	70 072 217
Net cash (used in) investing activities		<u>(517 393 828)</u>	<u>(354 420 779)</u>
Cash flows from financing activities			
Proceeds for Banks - credit balances	(50)	53 886 000	80 371 579
Proceeds from Banks – overdraft	(51)	958 295 875	742 231 221
Treasury shares		-	(90 146 032)
Paid dividends		(153 500 495)	(349 059 489)
Non-controlling equities – Dividends		(70 538 278)	(7 906 548)
Settlement on retained Earnings		40 895 614	(9 640 298)
Proceeds from stoke shares		846 162 316	687 264 013
Payments for loans	(52)	(209 975 340)	(185 000 000)
Proceeds from loans	(52)	1 703 945 716	1 062 179 187
Finance costs & interests paid	(68) (25)	(1 384 877 605)	(525 873 852)
Net cash (used in) financing activities		<u>1 784 293 803</u>	<u>1 404 419 781</u>
Net increase in cash and cash equivalents during the year		<u>2 020 123 987</u>	<u>151 165 853</u>
Expected credit impact (losses)		1 165 167 798	1 017 868 885
Cash and cash equivalents at beginning of the year		3 949 811	(3 866 940)
Cash and cash equivalents as of 31 December 2023	(49) (32)	<u>3 189 241 596</u>	<u>1 165 167 798</u>

- Non- Cash transactions are excluded from the cash flow statement(note 79).
- The accompanying notes 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 2023

	Share Capital	Legal reserve	Special Reserve	Revaluation of bonus shares	Retained earnings	Treasury shares	Net profit (losses) for the Year	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 2022	6 162 499 270	809 228 807	176 513 271	(390 000)	1 235 062 133	(69 839 608)	824 360 337	9 137 434 210	454 189 051	9 591 623 261
Transferred to retained earnings	-	-	-	-	824 360 337	-	(824 360 337)	-	-	-
Transferred to legal reserve	-	25 450 537	-	-	(25 450 537)	-	-	-	-	-
Transferred to special reserve	-	-	(176 513 271)	-	-	-	-	(176 513 271)	-	(176 513 271)
Adjustment on non-controlling interest	(159 309 492)	-	-	-	-	-	-	(78 000 000)	(7 906 548)	(78 000 000)
Reduction of capital - execution of treasury share	-	-	-	390 000	-	69 839 608	-	390 000	-	390 000
Reward and incentive stock evaluation reserve	-	-	-	-	-	(90 146 032)	-	(90 146 032)	-	(90 146 032)
Treasury shares	-	-	-	-	(358 533 102)	-	-	(358 533 102)	-	(358 533 102)
Dividends	-	-	-	-	-	-	1 255 848 310	1 255 848 310	34 824 109	1 290 672 419
Net profit for the twelve months ended in 31 Dec 2022	6 003 189 778	834 679 344	-	-	1 686 908 716	(90 146 032)	1 255 848 310	9 690 480 116	481 106 612	10 171 586 728
Balance as of 30 December 2022	6 003 189 778	834 679 344	-	-	1 686 908 716	(90 146 032)	1 255 848 310	9 690 480 116	481 106 612	10 171 586 728
Balance as of 1 January 2023	-	-	-	-	1 255 848 310	-	(1 255 848 310)	-	-	-
Transferred to retained earnings	-	-	-	-	(52 301 370)	-	-	-	-	-
Transferred to legal reserve	-	52 301 370	-	-	-	-	-	-	-	-
Adjustments to non - controlling interest	-	-	-	-	-	-	-	-	(70 538 278)	(70 538 278)
Reduction of capital - execution of treasury shares	(120 000 000)	-	-	-	29 853 968	90 146 032	-	40 895 614	-	40 895 614
Adjustment on retained earnings	-	-	-	-	40 895 614	-	-	(153 500 495)	-	(153 500 495)
Dividends	-	-	-	-	(153 500 495)	-	-	1 581 511 689	151 892 641	1 733 404 330
Net profit for the Year on 1 January 2023 to 31 Dec 2023	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
Balance as of 31 December 2023	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

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

Chief Financial Officer

A/Elhabib

Chairman

Yasseen Mansour

Palm Hills Developments Company
(S.A.E)
Notes to the Consolidated
Financial Statements as Of December, 31,2023

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 head office is located on the 6th of October City in the Giza Governorate and the main branch is in the Smart Village.

4. COMMERCIAL REGISTER

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

5. Financial Year

The company's financial year begins on 1 January and ends on 31 Dec. except for the first financial year which began as from the date of commencement of activity and ended on Dec. 31, 2012.

6. AUTHORIZATION OF THE FINANCIAL STATEMENTS

The company's Consolidated financial statements for year on December 31, 2023 were authorized for issue by the board of directors on 27 February 2024.

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.

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 June 2017.

- Palm Construction and Urban Development

Palm Construction and 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	99.99%
New Cairo for Real Estate Developments S.A. E	99.99%
Khedma for managing tourist resorts and real estate	99.99%
Rakeen Egypt for Real Estate Investment S.A. E	99.95%

	<u>Percentage share %</u>
Palm Hills Sports	99.97%
Palm for Real Estate Development S.A. E	99.99%
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	99.4%
Palm Hills Resorts S.A. E	99.4%
Palm for Urban Development S.A. E	99.4%
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	89%
Macor for Securities Investment Company S.A.E	60%
Al Naeem for Hotels and Touristic Villages S.A.E	100%
Gamsha for Tourist Development S.A.E	59%
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	00.24%
EFS Palm Facilities Management S.A.E	49%
Inspired Education– Egypt S.A.E	1%
Palm Holding Company for Financial Investments	99%
Palm hills for restaurants	99%
Palm hills for real estate finance company	9%

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

	<u>Percentage share %</u>
Palm North Coast Hotels S.A.E	97.4%
Middle East Company for Real Estate and Touristic Investment S.A.E	87.50%
Palm Gamsha Hotels S.A.E	98%
The Egyptian International Company for Higher Education S.A.E	40%
Inspired For Education – Egypt S.A.E	48%
Disney investment S.A.E	35.31%
The Cocory-Co for Food and Restaurant Supply S.A.E	29.82%
Kenzy for restaurants	60%
International for lease (incolase)	18.237%
Palm October for hotels	99.75%
Asten College for Education	71%

1- Direct investments in Associates and subsidiaries

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

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.
- 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.

- **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 99.96% 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 2 800 000 Egyptian pounds, and the company's contribution is 99.97% 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 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 has begun to carry out its main activities by investing in the capital of Disney Investment Company.

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 250,000 Egyptian pounds, and the shareholding percentage in the company reached 99.40% 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 Company**

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 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 89% of the issued capital, in addition to the indirect contribution rate amounting to 10.998%, through the contribution of Palm Hills Development Company by 99.985% in the capital of the New Cairo Real Estate Development Company, 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 60% 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.**

- **Royal Gardens for Real Estate Investment Company 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 249,000 inside the space designated for the sixth of October Company (kanza) 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 paid-up capital is 10,000,000 and the company contribution 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, 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.

- **International financial leasing company (Incules)**

An Egyptian joint stock company subject to the investment law no. (72) of 2017 and the company purpose is to work on the field of financial leasing and related services in accordance with law no. (176) of 2018

The issued and fully paid-up capital is only 200 million Egyptian pounds (L.E) and the contribution of Palm Hills Development company in the capital is 18. 237%. The ownership of these shares was transferred to Palm Hills Holding Company for Investments during the year 2023 .

- **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%.

2- Indirect investments in Associates and subsidiaries

	<u>Percentage share %</u>
Middle East Company for Real Estate and Touristic Investment S.A.E	87.50%
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	71%
The Egyptian International Company for Higher Education S.A.E	40%
Inspired For Education – Egypt S.A.E	48%
Disney investment S.A.E	35.31%
The Cocory-Co for Food and Restaurant Supply S.A.E	29.82%
Palm hills for real estate finance company	90%
Palm hills for Hotels	99.75%
Kenzy for Restaurants	60%

- **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 paid-up capital 20,000,000 and the Palm Hills middle east real estate investment company's contribution to the company is 87.50% 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.

- **Palm Hills Education Company**

Palm Hills Education Company was established as an "Egyptian joint stock company" in accordance with the provisions of Law No. 159 of 1981 promulgating 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 Commercial Registry No. 103987 on February 28, 2017, and the issued and paid-up capital is EGP 14,900,000. The contribution of Palm Hills Real Estate Company is 71.83% of the capital, and Palm Hills Development Company's contribution to its capital is 99.20%.

The main activity of the company is the establishment, management, rental and equipping of schools that do not exceed secondary education, and the management and operation of centers for the preparation, training and development of human resources.

* The company started its main and usual activity by investing in the capital of one of the companies working in the field of education.

- **Egyptian International Company for Higher Education S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 regarding the Shareholding Companies Law and the Recommendation of Shares. The company's purpose is to establish universities, establish and manage a center for the preparation, development, and training of human resources, and provide consultancy in the field of education. The company was registered in the commercial registry under No. 161102 on February 1 2021.

The issued capital is 100 million Egyptian pounds, and the shareholders paid 25% of the capital, so the paid-up capital becomes 25 million Egyptian pounds, and the shareholder of Palm Hills Education Company is 40% in the company's capital. Asten College for Education

- **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%.

- **Disney investment company**

An Egyptian joint stock company subject to the of Law No. 43 of 1974, and the company's purpose is to invest funds in all areas mentioned in Article No. (3) of Law No. 43 of 1974 amended by Law No. 32 of 1977, provided that its purposes do not include accepting deposits or performing banking activities, and That the company submit an independent application for the work of a consulting project that it is undertaking or participating in it in any way, provided that it enjoys the aforementioned law and it may have an interest or stipulate in any way with the companies, and the project has been added to the activity to establish a 3-star tourist village on Egypt Road Alexandria and Matrouh Desert under the name of Bagus Tourist Village. The company was registered in the commercial registry under No. 243944 on December 7, 1986.

The issued and paid-up capital amounted to 15 million Egyptian pounds, and the shareholders paid 100% of the capital. The contribution of Palm Hills Development Company in the capital of the company is 35.31% through indirect investment through one of its subsidiaries, which is Palm Hills Tourism Investment Company, which acquired the number of 53,290 shares of Disney Investment Company shares is 35.52%, and the contribution of Palm Hills Development Company in the capital of Palm Hills Tourism Investment Company is 99.40%.

- **The Cocry-Co Company for Food and Restaurant Supply S.A.E**

An Egyptian joint stock company subject to the of Law No. 159 of 1981. The purpose of the company is to provide catering and hospitality services, to establish, operate and manage restaurants and fixed cafes, and to supply food and beverages for parties and seminars.

The issued and fully paid-up capital is 357,100 Egyptian pounds, and Palm Hills Development Company's contribution to the capital is 29.81%, through indirect investment through one of its subsidiaries - Palm Touristic Resorts Company, which owns 99.40% in its capital shares.

* **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.

9. STATEMENT OF COMPLIANCE

The group companies During the year ending on Dec 31, 2022, committed themselves to applying the new Egyptian accounting standards issued by Ministerial Resolution No. 110 of 2015 and amended by Ministerial Resolution No. 69 of 2019, and to follow the same accounting policies previously applied when preparing the latest financial statements on Sep 30, 2022 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 the financial statements. The consolidated financial statements are prepared in accordance with Egyptian Accounting Standards issued by ministerial resolution NO. 110 of 2015 and amended pursuant to ministerial resolution NO. 69 of 2019 the relevant Egyptian accounting stand were applied when preparing the financial statement on Dec 31 2023, with the exception of the un related 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. (80) 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	49.71%	Associates
The Egyptian International Company For Higher Education	40%	Associates
Disney Investment	35.31%	Associates
The cocory-cor Fund and Restaurant Supply	29.82%	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- 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).

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 Years, 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 Year.

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).

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 excluded 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 activates 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 receivables 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 the 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

1) 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.

2) 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.

3) 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 from customer contracts is recognized over time (fulfillment of performance obligations over a Year 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.
- Revenue from customer contracts is recognized at a point in time if the performance obligations are not fulfilled over a Year 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 contact 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 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) 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>NO.</u>
BANK OVERDRAFT	(51)
NOTES PAYABLE -SHORT TERM	(53-a)
NOTES PAYABLE -LONG TERM	(53-b)
LOANS -SHORT TERM	(52)
LOANS -LONG TERM	(52)
FINANCIAL LEASING COMPANIES	(28 b,41,56)

a. Credit risk

Credit risk is represented in the inability of clients granted credit to pay their dues. This risk is limited because the company deals with clients of good financial solvency, in addition to the company's failure to deliver the contracted units before the client deposits negotiable bank debt instruments against unpaid installments in the date of receipt (note 45).

Credit risk is represented in the inability of customers granted credit to pay their dues. This risk is limited because the company has developed a distinguished credit policy that includes obtaining advance payments, as well as customers negotiable bank debt instruments against the installments due on the date of receipt, if the company deals with high-net-worth clients

In addition to the above, the customer contracts stipulate that the ownership of the units shall not be transferred to the customers before the full value of the units is paid, and therefore no losses or impairment in customer balances occurred before that.

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

(c) market risk

Market risk is represented in permanent or temporary negative fluctuations or both in the prices of securities in the stock market for securities available for sale, which may negatively reflect on the capital values of the company's portfolio of securities for the cost of acquisition, and the company follows a conservative policy for all its investments and this is reflected in the fair values of the portfolio.

(d) 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.

(e) 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.

(f) Foreign exchange risk

Foreign currency risk is represented by changes in foreign currency rates that affect payments and receipts in foreign currencies as well as the valuation of assets and liabilities in currencies. The foreign currency asset balances described above have been valued using the rate prevailing at the balance sheet date.

35. INVESTMENT IN ASSOCIATES

The consolidated balance of investments in Associates as of December 31, 2023 amounted to an amount EGP 468 449 337 as follows

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Naema for Touristic & Real Estate Investments S.A.E	117 741 164	107 300 295
EFS palm for facilities services S.A.E	6 633 372	6 633 372
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	245 000	245 000
Egyptian International for Higher Education S.A.E	70 000	10 000 000
Disney Beach S.A.E	104 121 304	104 121 304
Inspired Egypt for Education S.A.E	367 500	367 500
International Financial Leasing Company - Incolease	170 932 030	148 114 318
The Cookery - Co for catering and restaurants S.A.E	3 000 000	3 000 000
December 31, 2023 Balance on	<u>468 449 337</u>	<u>382 317 406</u>

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

	<u>Assets</u>	<u>Liabilities</u>	<u>Shareholders' equity</u>	<u>Revenues</u>	<u>Expenses</u>
Naema for Touristic & Real Estate Investments	440 519 264	205 009 064	235 510 200	114 506 848	37 129 337
Palm Hills for Real Estate -Coldwell Banker	500 000	--	500 000	--	--
Villamora for Real Estate Development Company	2 535 619	--	2 535 619	--	--
International Financial Leasing Company "Incolys"	5 513 241 273	4 667 527 570	4 667 527 570	789 436 088	653 947 471

36. INVESTMENT PROPERTY

The consolidated balance of real estate investments on December 31, 2023, amounted to 164 652 679 EGP and its balance is the value of the cost of land acquired by the company under letters of allocation, initial contracts, or contracts with squatters, where real estate investments are represented in the value of real estate (land) that was acquired and held. With the purpose of obtaining capital gains resulting from a positive change in the fair or market value or to achieve returns or both together, which are lands held for an unspecified future purpose at the present time, 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>Real estate investments - land</u>	<u>Acre</u>	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
		<u>EGP</u>	<u>EGP</u>
Gamsha for Tourist Development S.A.E *	22,679	--	115 958 756
Total real estate investment - land		<u>--</u>	<u>115 958 756</u>
<u>Real Estate Investments - Buildings</u>			
<u>Commercial shops - Palm Hills Resort</u>			
Cost of shops (88 Street Mall)		69 111 647	69 111 647
Accumulated depreciation		21 808 349	18 084 644
Year depreciation		3 473 271	3 723 705
Total depreciation		<u>25 281 620</u>	<u>21 808 349</u>
Net cost of shops (88 Street Mall)		<u>43 830 027</u>	<u>47 303 298</u>
Villas at villa mora resort		2 000 000	4 000 000
Balance on December 31, 2023		<u>45 830 027</u>	<u>167 262 054</u>

The company has concluded contracts for the sale and leaseback of the commercial mall stores (Street 88) owned by the company with one of the companies operating in the same field, and these transactions have been proven as guarantees (power of sale) and obligations resulting from financial transactions as a financing activity, according to the essence of those transactions and the lack of completion of any of the Conditions that must be met to prove these contracts as lease contracts and that these investments are provided as guarantees, and in accordance with the provisions of Egyptian Accounting Standard No. (49) related to lease contracts (Note No. 28B, 56).

- The investment in Gamsha Tourism Development Company was exited during the year 2023, and therefore the company was not included in the consolidated financial statements, and the company's lands were not included in the consolidated financial statements.

37. Fixed Assets

The net cost of the consolidated fixed assets in 31 December 2023 amounted to EGP 2 529 549 685 presented by fixed administrative assets on the site and the headquarter as follows:

	Cost as of Jan. 1, 2023 EGP	Additions during the year EGP	Disposals during the year EGP	Cost as of 31 December 2023 EGP	Accumulated depreciation as of Jan. 1, 2023 EGP	Depreciation for the year EGP	Depreciation of Disposals EGP	Accumulated depreciation as of 31 December, 2023 EGP	Net book value as 31 December, 2023 EGP
* land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
* Buildings	732 674 743	14 713 004	--	747 387 747	316 384 812	29 155 694	--	345 540 506	401 847 241
Machinery & equipment	220 320 371	83 986 522	28 897 995	275 408 898	159 952 221	19 878 357	1 724 936	178 105 642	97 303 256
Vehicles	35 884 567	6 051 248	65 000	41 870 815	26 235 359	4 697 795	65 000	30 868 154	11 002 661
Computer equipment	105 125 705	26 154 532	1 541 566	129 738 671	90 066 578	11 622 664	1 541 566	100 147 676	29 590 995
Leasehold improvements	21 116 436	--	39 134	21 077 302	21 062 013	20 286	39 134	21 043 165	34 137
Furniture	142 643 804	46 198 651	1 590 070	187 252 385	91 449 446	25 079 813	1 443 969	115 085 290	72 167 095
Golf Courses	2 412 319 396	327 081	--	2 412 646 477	405 801 032	122 386 966	--	528 187 998	1 884 458 479
Total cost	3 703 230 843	177 431 038	32 133 765	3 848 528 116	11 110 951 46	212 841 575	4 814 605	1 318 978 431	2 529 549 685

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

b. Fixed assets depreciation for nine months Ended in 31, December 2023 amounted To EGP 212 841 575 and allocated as follows:

Operating assets-work in process	EGP	15 277 401
Administrative depreciation (income statement)	170 199 953	
Depreciation expense of hotel operations	10 308 977	
Depreciation expense of Palm Hills Club's assets - club's operating statement	17 055 244	
Total depreciation of fixed assets for the Year	EGP	212 841 575

Capital Gains for nine months ended in 31, December 2023 amounted to EGP 76 597 290 as follows:

Proceed from sale of fixed assets	EGP	103 916 449
Deduct:		
Cost of assets sold	32 133 765	
Accumulated depreciation of assets sold	4 814 606	
Carrying amount of assets sold	EGP	27 319 159
Gain on sale of fixed assets as of December 31, 2023	EGP	76 597 290

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.53).

The net cost of the consolidated fixed assets on Dec 31, 2022, amounted to EGP 2 592 279 116 presented by fixed administrative assets on the site and the headquarter as follows:

	Cost as of Jan. 1, 2022 EGP	Additions during the Year EGP	Disposals during the Year EGP	Cost as of 31 Dec 2022 EGP	Accumulated depreciation as of Jan. 1, 2022 EGP	Depreciation for the Year EGP	Depreciation of Disposals EGP	Accumulated depreciation as of 31 Dec 2022 EGP	Net book value as 31 Dec 2022 EGP
* land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
* Buildings	723 519 800	9 162 026	--	732 681 826	287 742 292	28 644 668	--	316 386 960	416 294 866
Machinery & equipment	206 479 321	18 067 428	4 226 377	220 320 372	149 713 645	14 326 235	4 087 393	159 952 487	60 367 885
Vehicles	33 172 286	3 943 625	1 231 345	35 884 566	23 718 573	3 748 130	1 231 345	26 235 358	9 649 208
Computer equipment	97 922 360	7 298 546	102 284	105 118 622	82 318 592	7 843 188	97 350	90 064 430	15 054 192
Leasehold improvements	21 131 909	21 000	36 473	21 116 436	21 083 013	15 474	36 473	21 062 014	54 422
Furniture	114 780 707	28 285 079	421 982	142 643 804	75 829 585	15 999 471	379 610	91 449 446	51 194 358
Golf Courses	2 412 319 397	--	--	2 412 319 397	283 430 420	122 370 612	--	405 801 032	2 006 518 365
Total cost	3 642 471 601	66 777 704	6 018 461	3 703 230 844	923 836 120	192 947 778	5 832 171	1 110 951 727	2 592 279 116

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

d. The total depreciation of fixed assets for year ending on Dec 31, 2022 amounted to 192 947 778 EGP as follows:

Operating assets-work in process	EGP	5 308 742
Administrative depreciation (income statement)		162 083 612
Depreciation expense of hotel operations		10 508 282
Depreciation expense of Palm Hills Club's assets - club's operating statement		15 047 142
Total depreciation of fixed assets during the year		192 947 778
Capital Gains for year ending on Dec 31, 2022 amounted to EGP 259 784 as follows:	EGP	446 074
Proceed from sale of fixed assets		
Deduct:		
Cost of assets sold		6 018 461
Accumulated depreciation of assets sold		5 832 171
Carrying amount of assets sold		186 290
Gain on sale of fixed assets as of Dec 31, 2022		259 784

*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-53).

38. PROJECTS UNDER CONSTRUCTION

The consolidated balance of projects under construction on December 31, 2023 amounted to EGP 752 930 634 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 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Consultation and designs fees	120 401 389	10 717 028
Schools Construction cost	881 700 227	201 416 124
Balance on December 31, 2023	1 002 101 616	212 133 152

39. ADVANCE PAYMENTS FOR INVESTMENTS ACQUISITION

The consolidated balance of advance payments for investments acquisitions as of December 31, 2023 amounted to 136 576 242 as follows:

	<u>Nature of transaction</u>	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
		<u>EGP</u>	<u>EGP</u>
Kenzie company	Establishment	--	4 209 316
Gamsha for tourist development	Acquisition	--	4 010 000
Middle East for real estate and touristic investment	Acquisition	10 262 352	10 262 352
Al Naeem for hotels and touristic village	Acquisition	--	41 303 890
Macor company	Acquisition	81 000 000	--
Inspired Education Company - Egypt	Acquisition	1 102 500	--
Balance on December 31, 2023		92 364 852	59 785 558

- The amounts paid for the purchase of investments in companies have been included in the item purchased under the advance payments for investments acquisition account, based on the sale contracts or the agreement concluded between the company and some of the shareholders of the above-mentioned companies, provided that these amounts are transferred to the contributions in companies upon completion of the ownership transfer procedures to The company, and for the purposes of preparing the consolidated financial statements, the amounts paid directly to the continuing companies in it to increase the capital of those companies have been excluded.
- No legal or executive measures have been taken towards settling these amounts until the date of preparing the financial statements.
- * The investment in Jamsha Tourism Development Company was exited and the amount was settled during the year 2023.

40. EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

The Extraordinary General Assembly of the company, in its session held on November 29, 2015 approved an increase in the issued capital by an amount of EGP 53 359 478 through retained earnings for the independent financial statements dated December 31, 2014 fully allocated to the rewards and incentives system For the employees and members of the company's executive board of directors, through a promise to sell the shares in their favor at a special price in accordance with the ministerial resolution.

No. 282 of 2005 amending some provisions of the Executive Regulations of the Joint Stock Companies Law.

No. 159 of 1981 issuing 26,679,739 shares Which was approved by the Financial Regulatory Authority on May 14, 2015, in addition to 1,333,987 shares, which represents the share of the reward and incentive system from the free shares distributed in accordance with the decision of the extraordinary general assembly in its session held on June 13, 2016, bringing the number of system shares to 28 013 725 shares, and the right to sell the entire number of shares of the system has been exercised.

The Extraordinary General Assembly of the company was invited to be held on May 13, 2018 to consider extending the term of the reward and incentive system with the same conditions and previous controls, which decided to extend the term of the system by issuing 39 million shares at a value of 78 million Egyptian pounds are fully allocated to the system and according to the approval of the company's general assembly on April 4, 2019 on this increase, the commercial registry was entered on the date Sep. 26, 2019, and the fair value of those shares on 31 Dec, 2022 amounted to 46 566 000 EGP at a price of 1.194 EGP per share.

On July 3, 2022, the extraordinary general assembly decided to cancel reward and incentive system for employees, and members of executive board of directors which leads to amendment of the main policies of the company.

41. THE 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 December 31, 2023 an amount of **10 923 079 EGP** is as follows: -

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
The right of use assets – headquarters rent.	31 646 488	28 437 480
Accumulated depreciation	20 616 884	10 397 564
Depreciation for the Year	106 525	10 219 320
Total	<u>20 723 409</u>	<u>20 616 884</u>
Balance on December 31, 2023	<u>10 923 079</u>	<u>7 820 596</u>

42. NOTES RECEIVABLE

The notes receivables are 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 workers' union checks (against maintenance expenses) in addition to other checks collected from other parties. The consolidated balance of the receivables reached on December 31, 2023 is EGP 31 487 769 324 after deducting the difference in the present value of EGP 826 250 299 and the share of the partners in an amount of EGP 946 897 538 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Short term notes receivable	8 847 317 102	6 203 934 816
<u>Deduct: -</u>		
Unamortized discount	28 364 946	25 375 775
Notes receivable of joint venture	427 327 794	281 006 506
The present value of short-term receivables	<u>8 391 624 362</u>	<u>5 897 552 535</u>
Long term notes receivable	25 116 871 179	14 352 100 857
<u>Deduct: -</u>		
Unamortized discount	1 112 309 514	629 324 471
Notes receivable of joint venture	908 416 703	265 583 477
The present value for long term notes receivable	<u>23 096 144 962</u>	<u>13 457 192 909</u>
Balance on December 31, 2023	<u>31 487 769 324</u>	<u>19 354 745 444</u>

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 3,197 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 year ending on Dec 31, 2022 until the delivery of these properties to the clients in accordance with Egyptian Accounting Standard No. (48) Revenue from contracts with customers (Note 55,73).

43. Notes receivable for undelivered units

The net present value of notes receivable is for units not delivered to customers On December 31, 2023 an amount of 6 598 857 715 Egyptian pounds is as follows: -

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Short term notes receivable	2 565 411 293	2 913 720 621
<u>Deduct:</u>		
Unamortized discount	258 468 495	220 770 726
Notes receivable of joint venture	254 715 383	144 022 131
The present value of short-term receivables	<u>2 052 227 415</u>	<u>2 548 927 764</u>
Long term notes receivable	9 942 865 156	12 879 581 703
<u>Deduct:</u>		
Unamortized discount	4 726 319 166	5 338 385 856
Notes receivable of joint venture	669 915 690	932 790 312
The present value of long-term notes	<u>4 546 630 300</u>	<u>6 608 405 535</u>
Balance on December 31, 2023	<u>6 598 857 715</u>	<u>9 157 333 299</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 year ending on December 31, 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. 55).

44. WORK IN PROCESS

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 December 31, 2023 The amount of EGP 8 788 379 627 which is as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Total work carried out until Jan, 1 2023	39 232 714 706	34 955 192 967
<u>Add:</u>		
Work carried out for year ended December, 31 2023	9 657 937 091	4 277 521 739
Net works executed until December 31, 2023	48 890 651 797	39 232 714 706
<u>Deduct:</u> excluded from income statement until December, 31 2023	40 102 272 170	32 946 423 799
The Balance of Work in progress as of December, 31 2023	<u>8 788 379 627</u>	<u>6 286 290 907</u>

Represented As follows:

Land acquisition cost *	4 313 100 435	3 040 777 638
Cost of construction and facilities **	4 475 279 192	3 245 513 269
Balance on December 31, 2023	<u>8 788 379 627</u>	<u>6 286 290 907</u>

*** The interest of the loans capitalized on the work in progress account which allocated to financing construction in the existing projects according to the concluded loan contracts for the year ended December 31, 2023 amounted to EGP 757 237 911 (Note NO. 52).

45. ACCOUNTS RECEIVABLE

The present value of accounts receivable - debit balances on December 31, 2023 amounted to EGP 8 087 041 825 This 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 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Palm Hills Developments Company	1 073 616 619	531 892 768
Palm Hills Middle East Company for Real Estate Investment	123 490 463	138 766 863
Royal Gardens for Real Estate Investment Company	3 831 076	4 109 495
New Cairo for Real Estate Developments	1 180 601	1 305 829
Gawda for Trade Services	685 869	692 178
Saudi Urban Development Company	37 266 931	32 240 224
Rakeen Egypt for Real Estate Investment	92 677 283	87 843 962
East New Cairo for Real Estate Development	55 879 156	84 723 445
Middle East Company for Real Estate and Touristic Investment	1 511 194	2 018 860
United Engineering for Construction	3 611 234	3 600 284
Palm Real Estate Investment	80 062 815	93 206 809
Palm for Investment and Real Estate Development	713 615 227	287 492 624
Palm Hills Development of Tourism and Real Estate	236 725 347	194 808 047
Palm Hills Properties	--	2 594 638
Palm for Urban Development	5 554 692 471	1 160 277 719
Palm for Clubs Management	10 042 147	10 317 152
Palm for Construction	77 352 591	46 658 048
Palm Sports for Clubs	13 126 050	6 338 263
Palm Alexandria	25 154 441	22 761 782
Kenzy for restaurants	3 163 735	--
Total	8 107 685 250	2 711 648 990
Less: Expected credit losses	20 643 425	4 135 613
Balance on December 31, 2023	8 087 041 825	2 707 513 377

46. DEBTORS AND OTHER DEBIT BALANCE

The consolidated balance of debtors and other debit balances as of December 31 2023 amounted to 3 120 372 653 as follows:

	<u>Balance</u>	<u>Balance</u>
	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Paid under land account	1 606 482	--
Residents' Association *	999 382 218	779 890 900
Investment's debtors	4 995 221	4 867 721
Deposits with others	162 853 034	42 240 789
Prepaid expenses	75 915 191	83 191 364
Accrued Revenues	70 420 958	30 267 404
Commissions paid in Advance	1 593 537 483	741 651 663
Withholding tax	11 138 162	13 196 960
Letter of Guarantee	55 606 490	39 463 989
Loans to employee & custodies	13 466 318	10 592 353
Other debit balances	133 711 280	114 625 328
Total	3 122 632 837	1 859 988 471
Less: Expected credit losses	2 260 184	1 361 744
Balance on December 31, 2023	3 120 372 653	1 858 626 727

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

47. DUE FROM RELATED PARTIES – Debit Balances

The consolidated balance of due from related parties as of December 31, 2023 amounted to 368 399 961 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Al Ethadia for Real Estate S.A.E	282 068 802	272 499 858
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	5 778 292	5 230 598
The cookery co for catering and restaurant	3 630 000	3 630 000
Mercure Ismailia Hotel S.A.E	686 254	805 881
Palm Hills. Saudi _ELBaltan	269 325	269 320
Total	374 455 021	364 458 005
Less: Expected credit losses	6 055 060	5 407 447
Balance on December 31, 2023	368 399 961	359 050 558

48. Financial investments at amortized cost

The consolidated balance for held-to-maturity investments on December 31, 2023 is an amount 4 445 198 927 EGP It represents the value of investment in treasury bills and bonds as follows:

	<u>Face value</u>	<u>Unrecognized investment return</u>	<u>Average return rate</u>	<u>Purchase price</u>
	<u>EGP</u>	<u>EGP</u>	<u>%</u>	<u>EGP</u>
Palm Hills Development	2 467 875 000	77 089 266	%20,37	2 390 785 734
Palm Hills Middle East Company for Real Estate Investment	231 600 000	6 572 192	%20,37	225 027 808
East New Cairo for Real Estate Development	68 000 000	2 036 992	%20,38	65 963 008
Gawda for Trade Services	2 525 000	103 982	%20,42	2 421 018
Middle East Company for Real Estate and Touristic Investment	5 825 000	149 053	%20,35	5 675 947
Palm Hills For Constructions	97 600 000	2 598 245	%20,37	95 001 755
Palm Hills Development of Tourism and Real Estate	234 650 000	9 101 972	%20,38	225 548 028
Palm for investment and real estate development	657 275 000	18 097 004	%20,37	639 177 996
Palm real estate development	143 725 000	2 610 538	%20,36	141 114 462
Palm Hills for Urban Development Company	411 700 000	10 919 239	%20,38	400 780 761
Rakeen Egypt for Real Estate Investment	218 800 000	6 940 165	%20,38	211 859 835
Royal Gardens for Real Estate Investment Company	8 725 000	399 347	%20,51	8 325 653
Palm Alexandria for real Estates investment company	2 125 000	79 205	%20,14	2 045 795
Saudi Urban Development Company	31 800 000	3 328 87	%20,2	7 31 471 12
Balance on December 31, 2023	4 582 225 000	137 026 073		4 445 198 927

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

49. CASH AND CASH EQUIVALENTES

The consolidated balance of cash and cash equivalent as of December 31, 2023 amounted to 2 172 753 543 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Banks-current accounts- EGP	2 995 324 293	1 075 814 576
Banks-current accounts- foreign currency	103 687 559	47 169 190
Banks – Deposits- EGP	2 500 000	2 500 000
Cash on hand- EGP	<u>87 729 744</u>	<u>43 633 843</u>
Total	3 189 241 596	1 169 117 609
Less: Expected credit losses	--	3 949 811
Balance on December 31, 2023	<u>3 189 241 596</u>	<u>1 165 167 798</u>

50. BANKS- CREDIT BALANCES

The consolidated balance of Banks credit accounts as of December 31, 2023 amounted 234 053 719 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Banks –EGP	213 842 018	172 835 664
Banks-foreign currencies	20 211 701	7 332 055
Balance on December 31, 2023	<u>234 053 719</u>	<u>180 167 719</u>

51. BANK OVERDRAFT

The consolidated balance of Banks overdraft as of December 31, 2023 amounted to 3 362 218 151 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Arab Bank	49 075 909	107 569 257
CIB – Bank	1 391 374 263	592 858 499
Arab - Bank	291 774 935	286 914 935
Ahli United Bank	374 425 227	369 160 528
National Bank of Egypt	36 312 147	61 462 059
Bank Of Egypt	190 554 194	--
Arab -African Bank	1 028 701 476	985 956 998
Balance on December 31, 2023	<u>3 362 218 151</u>	<u>2 403 922 276</u>

52. LOANS

The consolidated balance of loans as of December 31, 2023 amounted to 4 077 178 809 as follow :

	<u>31 Dec 2023</u>		<u>31 Dec 2022</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>Misr bank</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)	--	1 922 042 675	--	946 412 763
<u>Emirates NBD Egypt</u>				
A credit facility against commercial paper drawn on Palm Hills Development Company, not exceeding 100 million Egyptian pounds, for the purpose of financing the investment needs of the company, United Engineering Company	--	--	33 276 077	--
<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				
A second sub-limit: a short-term limit for the issuance of initial letters of guarantee, United Engineering Company	280 093 716	--	180 206 137	--
<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	--	18 193 514	--	--
<u>National Bank of Egypt</u>				
Long-term syndicated financing in the amount of 1,280 billion Egyptian pounds for the purpose of financing the Palm Hills Development Company project - (Crown Project)	23 509 000	986 601 646	7 195 000	1 089 105 000
<u>Ahli United Bank</u>				
Revolving financing in the amount of 411 million Egyptian pounds in order to finance part of the construction and development costs of the (Palm Alexandria) project	150 331 795	600 310 468	--	--
<u>Ahli United Bank</u>				
Revolving financing in the amount of 428 million Egyptian pounds to finance the Palm Hills Development Company project on an area of 41 acres.	--	268 528 053	--	268 528 053
<u>Ahli United Bank</u>				
Revolving financing in the amount of 505 million Egyptian pounds for the purpose of financing the projects of the Palm Hills Development Company (Palm Parks project).	--	210 218 148	57 630 000	393 429 852
Balance on December 31, 2023	510 722 537	3 959 030 721	278 307 214	2 697 475 668

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.

53. NOTES PAYABLE

A) Short Term Notes Payable

The consolidated balance of short-term notes payable (net) as of December 31,2023 amounted to 1 858 467 641 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
* Notes payable- (New Urban Communities Authority)	197 183 664	42 678 018
Deduct: -		
Deferred installments interest	117 240 868	32 615 734
Net Notes payable (short term)- Land	<u>79 942 796</u>	<u>10 062 284</u>
Add: -		
Other notes payable **	2 424 233 493	1 913 819 658
Deduct: -		
Deferred interest	645 708 648	351 770 290
Net Other Notes payable (short term)	<u>1 778 524 845</u>	<u>1 562 049 368</u>
Balance as of December 31, 2023	<u>1 858 467 641</u>	<u>1 572 111 652</u>

B) Long Term Notes Payable

The consolidated balance of long-term notes payable (net) as of December 31,2023 amounted to 1 213 620 533 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Notes-payable (New Urban Communities Authority)	4 393 646 283	161 195 057
Deduct: -		
Deferred installments interest	2 612 360 944	35 746 528
Net Notes payable (long term)- Land	<u>1 781 285 339</u>	<u>125 448 529</u>
Add: -		
Other notes payable *	2 670 112 972	2 649 834 624
Deduct: Deferred interest	<u>1 875 195 532</u>	<u>1 445 575 184</u>
Net Other Notes payable (Long term)	<u>794 917 440</u>	<u>1 204 259 440</u>
Balance on December 31, 2023	<u>2 576 202 779</u>	<u>1 329 707 969</u>

* The other notes payable includes about 2,971 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).

54. ADVANCES FROM CUSTOMERS

The present value of Advances from customers account as December 31 ,2023 amounted to 20 983 587 846 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Net contracting Customers	20 326 661 370	9 930 400 153
Advance reservations Customers	656 926 476	284 050 282
Balance on December 31, 2023	<u>20 983 587 846</u>	<u>10 214 450 435</u>

55. OBLIGATIONS FOR CHECKS RECEIVED FROM CLIENTS

The balance of obligations for checks received from customers on December 31, 2023 amounted to 6 598 857 715 Egyptian pounds, and they are as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Checks received from customers - for undelivered units	12 508 276 449	15 793 302 324
deduct:		
Unamortized discount	4 984 787 661	5 559 156 582
Share of partners in joint ventures	924 631 073	1 076 812 443
Balance on December 31, 2023	<u>6 598 857 715</u>	<u>9 157 333 299</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 year ending on December 31, 2022 or December 31, 2023 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. 42, 43).

56. LEASE CONTRACT OBLIGATIONS

The net present value of the lease contract obligations as (lessee) of December 31, 2023 is 11 067 510 EGP as follows: -

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
(a) Lease Contract Obligations – Short Term	9 771 222	6 526 325
(b) Lease Contract Obligations – Long Term	1 296 288	3 124 258
Balance on December 31, 2023	<u>11 067 510</u>	<u>9 650 583</u>

57. LAND PURCHASE LIABILITIE

The consolidated balance of Land purchase liabilities as of December 31, 2023 amounted to 18 416 252 follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
(A) Land purchase liabilities - short term	18 416 252	81 839 239
(B) Land purchase liabilities - long term	--	22 488 256
Balance on December 31, 2023	<u>18 416 252</u>	<u>104 327 495</u>

58. DUE TO RELATED PARTIES – Credit Balances

The consolidated balance of Due to related parties as of December 31, 2023 amounted to 3 823 853 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Asten College for Education S.A. E	343 747	343 747
Villamora for Real Estate Development Company S.A. E	3 480 106	3 044 778
Balance on December 31, 2023	<u>3 823 853</u>	<u>3 388 525</u>

59. Joint Share Arrangement

The share of project partners in the participation system on December 31 , 2023 amounted to EGP 5 618 254 801 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 2023</u>	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>	<u>31 Dec 2022</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	1 614 008 764	--	90 951 914	--
(Badya) Project	--	3 060 038 744	--	1 320 887 890
Partners in Hacienda West	--	944 207 293	--	353 106 194
Balance on December 31, 2023	<u>1 614 008 764</u>	<u>4 004 246 037</u>	<u>90 951 914</u>	<u>1 673 994 084</u>

60. CREDITORS AND OTHER CREDIT BALANCES

The consolidated balance of creditors and other credit balances as of December 31, 2023 amounted to 2 655 462 620 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Other credit balances	681 161 351	328 394 745
Insurance for others	376 392 517	346 638 467
Social insurance	93 913 507	73 127 811
Accounts receivable under settlement	401 514 588	299 684 195
Accrued expenses	1 102 480 657	338 787 365
Balance on December 31, 2023	<u>2 655 462 620</u>	<u>1 386 632 583</u>

61. 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 5,883,189,778 Egyptian pounds (five billion eight hundred and eighty-three million, one hundred and eighty-nine thousand seven hundred and seventy-eight Egyptian pounds only).) distributed over a number 2 941 594 889 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>Issued capital</u>	<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>
- 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.	<u>2 696 640 000</u>
- 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.	<u>4 344 640 000</u>
- 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 198 999 739 2 shares with a par value of EGP 2 per share It was registered in the commercial register on January 28, 2016.	<u>4 397 999 478</u>
- 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.	<u>4 617 899 452</u>

Issued capital

	EGP
- 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.	<u>6 157 199 270</u>
- 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.	<u>6 235 199 270</u>
- 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.	<u>6 162 499 270</u>
- 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.	<u>6 081 189 778</u>
- 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 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.	<u>6 003 189 778</u>
- 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, 2023 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, 2023, so that the issued capital will be divided into 2,941,594,889 shares.	<u>5 883 189 778</u>

62. TREASURY STOCKS

As of March 2,2020 The number of bought shares till June 30, 2023 amount to 36 350 000 shares which is equal 46 990 266 EGP having an average cost per share 1.29 EGP. The Board of directors approved on buying treasury stocks maximum 62 351 992 which is equivalent to 2% of the total capital shares issued by the company. Implementation started from March 2, 2020 till march 15, 2020.

And on January 18, 2021 and in order to support the share price and limit the unjustified decline in the share price, the Board of Directors decided to purchase treasury shares with a maximum amount of 62 351 992 shares representing 2% of the company contributed through the open market, implementation took place from the session on 01/19/2021 until 2/28/2021, and the number of Shares purchased reached 40 654 746 shares, worth 69 839 608 EGP.

And on the first of April 2021 36 350 000 shares representing treasury shares that had been in place for more than a year, with a purchase value of 46 990 266 Egyptian pounds, were executed in exchange for a capital reduction in the nominal value of those shares, with a total of 72 700 000 Egyptian pounds, and the difference between the nominal value and the purchasing value was charged to Retained earnings in accordance with the decision of the held extraordinary general assembly.

And on the 16 of June 2022 40 654 746 shares representing treasury shares that had been in place for more than a year, with a purchase value of 69 839 608 Egyptian pounds, were executed in exchange for a capital reduction in the nominal value of those shares, with a total of 81 309 492 Egyptian pounds, and the difference between the nominal value and the purchasing value was charged to Retained earnings in accordance with the decision of the held extraordinary general assembly in 30 June 2022.

On July 3, 2022, the Extraordinary General Assembly decided to cancel the reward and incentive system for workers and managers. With a value of 78 million Egyptian pounds for 39 million shares, the value was fully included in the treasury shares, and legal measures are being taken to reduce the capital by the value of the shares.

On August 16, 2022, the company's board of directors decided to purchase treasury shares with a maximum of approximately 5% of the company's total shares through the open market, and the number of shares purchased reached until December 31, 2022 the number of 60 000 000 shares amounting to 90 146 032 Egyptian pounds. The extraordinary general assembly was held on first of march 2023, decided to agree on execute these shares.

63. **RESERVES**

a) **Legal reserve**

The net balance of the legal reserve on December 30,2023 amounted to 886 890 714 as follows:

	<u>31 Dec 2023</u>	<u>31 Dec. 2022</u>
	<u>EGP</u>	<u>EGP</u>
Beginning balance	834 679 344	809 228 807
Transferred from the prior year profit	52 301 370	25 450 537
Balance as of December 31, 2023	<u>886 980 714</u>	<u>834 679 344</u>

b) **Special reserve**

The net balance of the special reserve on December 31, 2023, amounted to Zero EGP after amortization. The special reserve is the value of the reserve formed to meet the expected decline in the value of some real estate investments of the company and its subsidiaries in implementation of the decision of the company's Ordinary General Assembly in its session held on December 31, 2012 through Transferred profits , as the position of some real estate investments was settled by exclusion in exchange for reducing the reserve for the same value for some of the lands invested in it through one of the subsidiary companies for the lack of economic viability and the withdrawal of the allocation. The value of the reduction during the year 2019 amounted to EGP 176 513 271 , leading to the reduction of the balance by 176 513 271 EGP for the Year ended in 31 Dec 2022.

64. **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 September 30, 2023 amounted to 9 428 558 877 Egyptian pounds.

65. REVENUES

The net revenues of the activity for year ended On December 31, 2023, the amount of 17 462 108 314 Egyptian pounds, as follows:

	<u>31 Dec 2023</u>	<u>30 Dec2022</u>
	<u>EGP</u>	<u>EGP</u>
Net Revenue from Real estate development *	10 638 035 688	9 030 551 284
Revenue from contracting activity	--	17 443 191
Other Activities revenues **	242 069 092	242 871 970
Revenues from commercial and service activities	164 072 804	107 682 672
The owner's share in the profits of operating the hotels	101 201 627	47 782 566
Revenues from Palm Hills Club	138 341 382	110 285 233
Revenues Restaurant activity	60 012 244	--
Total as of December 31, 2023	<u>17 462 108 314</u>	<u>13 600 122 707</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.

-The revenues include the result of clearing some of the dues of the New Urban Communities Authority, where an area of approximately 641.6 acres was assigned to the transfer of their activity to an urban residential space in the new city of Sphinx to the New Urban Communities Authority (note 8/c, 44).

**** OTHER ACTIVITIES REVENUES**

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Transfer fees and delay penalties	216 527 614	344 253 752
Gain from selling fixed asset	76 597 290	259 784
Investments profits	114 050 000	--
Retrieve the value of the utilities	11 399 069	19 078 743
Miscellaneous income	93 803 164	2 838 518
Gain from associates	26 738 993	4 332 346
Total as of December 31, 2023	<u>539 116 130</u>	<u>370 763 143</u>

66. COST OF SALE

The net cost of sale for year ended On December 31, 2023, the amount of 11 907 224 490 Egyptian pounds, as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Cost of Real estate development	11 621 392 516	8 853 549 810
Cost of Commercial and service activity	151 835 982	91 446 478
Cost of Contracting activity	--	17 765 469
Cost of Palm Hills Club operation	76 626 176	50 059 697
Depreciation of club assets	17 055 243	15 047 142
Depreciation of Fixed assets – Macor investments	10 308 976	10 508 281
Costs of Restaurant activity	30 005 597	--
Total as of December 31, 2023	<u>11 907 224 490</u>	<u>9 038 376 877</u>

67. GENERAL ADMINISTRATIVE, SELLING AND MARKETING EXPENSES

Administrative, general, and marketing expenses for year ended On December 31, 2023, the amount of 2 060 461 700 Egyptian pounds, as follows:

	<u>31 Dec2023</u>	<u>31 Dec2022</u>
	<u>EGP</u>	<u>EGP</u>
salaries and wages	603 105 026	477 500 535
Selling and marketing expenses	682 151 058	508 437 593
Telephone & fax & mail	8 498 213	4 455 492
Facilities and service expense	56 971 209	350 469 912
Professional and Government fees	117 288 073	207 816 418
Maintenance & insurance expenses	97 719 147	80 128 103
Transportation & travel expenses	37 438 065	5 408 777
Bank charges	17 174 378	14 021 328
Other administrative expenses	374 885 310	410 426 239
Contribution Symbiotic	44 006 503	33 794 487
Emergency Relief Fund	21 224 718	--
Total as of December 31, 2023	<u>2 060 461 700</u>	<u>2 092 458 884</u>

68. Financing costs and Interests

The financing costs and interests for year ended On December 31, 2023, the amount of 1 503 563 734 Egyptian pounds, as follows:

	<u>31 Dec2023</u>	<u>31 Dec2022</u>
	<u>EGP</u>	<u>EGP</u>
Land Installment interest	118 686 129	134 566 260
Financing costs and interests	1 384 877 605	525 873 852
Total as of December 31, 2023	<u>1 503 563 734</u>	<u>660 440 112</u>

69. Expected credit losses (ECL):

The value of expected credit losses (reverse losses) for year ended On December 31, 2023, the amount of 14 104 054 Egyptian pounds, as follows:

	<u>31 Dec2023</u>	<u>31 Dec2022</u>
	<u>EGP</u>	<u>EGP</u>
Losses of customer receivable balances (Note 45)	16 507 812	(785 839)
Losses of receivable and other debit balances (Note No. 46)	898 440	1 347 259
(Reverse Losses) of balances owed by related parties (Note No. 47)	647 613	4 867 117
(Reverse Losses) Losses of cash balances (Note No. 49)	(3 949 811)	3 866 940
Balance on December 31, 2023	<u>14 104 054</u>	<u>9 295 477</u>

70. 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 December 31, 2023, the amount of 14 894 880 Egyptian pounds, as follows:

	<u>31 Dec2023</u>	<u>31 Dec2022</u>
	<u>EGP</u>	<u>EGP</u>
Profits from selling investment documents	14 894 880	7 398 824
Total as of December 31, 2023	<u>14 894 880</u>	<u>7 398 824</u>

71. INCOME TAX

The consolidated balance Income Tax for year ended On December 31, 2023, the amount of 563 964 185 Egyptian pounds, as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Net profit before income tax	2 300 703 847	1 703 490 722
Adjustments to the accounting net profit to arrive at the net tax profit, stage losses and depreciation differences	205 803 642	126 520 069
Net taxable profit	<u>2 506 507 489</u>	<u>1 830 010 791</u>
Tax At (22.5%)	<u>563 964 185</u>	<u>411 752 428</u>

72. EARNINGS PER SHARE

The basic share in the consolidated profits for year ended On December 31, 2023, the amount of 0,535 Egyptian pounds, as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the Year	1 581 511 689	1 255 848 310
<u>Divided by:</u> Weighted average number of shares during the Year	2 953 836 002	2 992 185 197
Earnings per share in the consolidated profits	<u>0,535</u>	<u>0,420</u>

For the purpose of calculating the earnings per share for the year ended on December 31, 2023 the profit per share was calculated on the basis of the average number of shares outstanding during the Year weighted by time factor and this is after deducting treasury shares which is 60 000 000 shares (note 62).

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

The balance of notes receivable not included in the items of the financial statements on December 31, 2023, amounted to an amount 14 816 450 012 Egyptian pounds, which is the value of checks for the non-delivered units contracted during the Year from January 1, 2023, to December 31, 2023, to which the transitional treatment issued by the Egyptian Supreme Committee for Accounting and Auditing and approved by the Financial Supervisory Authority on January 12, 2022 was not applied:

	<u>31 Dec2023</u>
	<u>EGP</u>
Notes receivable due in 2024	2 231 294 887
Notes receivable due in 2025	2 156 319 523
Notes receivable due in 2026	2 173 538 863
Notes receivable due in 2027 and more	8 255 296 739
Balance on December 31, 2023	<u>14 816 450 012</u>

74. 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:

Party	party type	The nature of the transaction	Balance at the beginning	transactions for the Year	transactions for the Year	Balance at the end of the Year
			debit / (credit)	debit	credit	debit / (credit)
			EGP	EGP	EGP	EGP
Palm Hills Middle East Company for Real Estate Investment S.A.E	Subsidiary	Acting payments/receipts	841 082 528	3 732 341 863	4 103 462 731	469 961 660
Royal Gardens for Real Estate Investment Company S.A.E	Subsidiary	Acting payments/receipts	244 239	292 898	--	537 137
New Cairo for Real Estate Development	Subsidiary	Acting payments/receipts	9 266 963	3 429 245	15 912 377	(3 216 169)
Middle East Company for Real Estate and Touristic Investment S.A.E	Subsidiary	Acting payments/receipts	(128 083 578)	61 409 074	51 241 167	(117 915 672)
Gawda For Trading Company S.A.E	Subsidiary	Acting payments/receipts	(49 434 370)	23 293 651	19 380 463	(45 521 182)
Rakeen Egypt For Real Estate Development S.A.E	Subsidiary	Acting payments/receipts	516 751 596	1 719 654 946	2 221 415 395	14 991 146
Saudi Urban Development S.A.E	Subsidiary	Acting payments/receipts	(23 509 251)	67 042 418	33 454 390	10 078 777
Nile Palm El-Naeem S.A.E	Subsidiary	Acting payments/receipts	(44 059 080)	--	--	(44 059 080)
Gamsha Tourism Development S.A.E	Subsidiary	Acting payments/receipts	71 146 980	16 834	71 163 814	--
El Naeem Hotels and Touristic Villages S.A.E	Subsidiary	Acting payments/receipts	(125 160 109)	3 163 368	--	(121 996 741)
East New Cairo for Real Estate Development	Subsidiary	Acting payments/receipts	(549 304 115)	995 584 574	1 871 597 303	(1 425 316 844)
Palm Hills – Saudi Baltan S.A.E	Subsidiary	Acting payments/receipts	269 320	--	--	269 320
Palm October For Hotels S.A.E	Subsidiary	Acting payments/receipts	11 368 058	--	--	11 368 058
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	16 946 668	763 671	--	17 710 339
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)	1 017 608 330	1 017 608 330	(11 083 043)
Palm for Real Estate Development S.A.E	Subsidiary	Acting payments/receipts	80 609 575	148 661 627	69 015 334	160 255 868
Palm for Investment and Real Estate Development	Subsidiary	Acting payments/receipts	1 220 757 667	325 876 535	346 735 189	1 199 899 013
Palm Hills Properties S.A.E	Subsidiary	Acting payments/receipts	(977 650)	9 760 677	17 065 798	(8 282 771)
Palm Hills for Real Estate and and Tourism Development	Subsidiary	Acting payments/receipts	464 864 653	291 925 817	469 507 208	287 283 262
Palm Hills for Investment Tourism	Subsidiary	Acting payments/receipts	57 957 834	89 771	--	58 047 605
Palm Hills Resorts	Subsidiary	Acting payments/receipts	3 928 355	1 168 938	--	5 097 293
Palm for Urban Development S.A.E	Subsidiary	Acting payments/receipts	743 833 564	1 019 669 746	743 659 852	1 019 843 458
Palm Club Management S.A.E	Subsidiary	Acting payments/receipts	(956 683)	47 624 936	48 855 386	(2 187 133)
Palm Alexandria For Real Estate Investment	Subsidiary	Acting payments/receipts	49 073 453	3 650 016	3 916 441	48 807 028
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	(201 787 635)	708 109 484	728 522 260	(222 200 411)
khedma for management of tourist and urban resorts	Subsidiary	Acting payments/receipts	5 685 352	110 393 009	110 393 009	5 685 352
Palm sports for Clubs S.A.E	Subsidiary	Acting payments/receipts	63 322 950	231 231 678	328 003 891	(33 449 263)
Palm Hills Holding For Financial Investment	Subsidiary	Acting payments/receipts	6 250 000	150 309 543	--	156 559 543
The ko Korean Restaurants	Associate company	Acting payments/receipts	3 630 000	--	--	3 630 000
ColdWell Banker	Associate company	Acting payments/receipts	20 480	--	--	20 480
Aletheadia for Real Estate Development	Associate company	Acting payments/receipts	261 742 206	26 736 402	--	288 478 608
Palm hills for restaurants	Subsidiary	Acting payments/receipts	--	1 529 302	--	1 529 302
Total			3 394 941 349	10 701 343 352	12 270 910 340	1 825 374 361

75. TAX STATUS

A) Corporate tax

- The Company started its operations on 14 March 2005
- The Company is exempted from income tax for ten years to end on 31 Dec. 2015
- **Years 2005 to 2009:** These years have been inspected and settled with the Tax Authority
- **Years 2010 to 2012:** The company's examination has been completed and the examination differences have been Paid.
- **Years 2013 to 2017:** The company's examination has been completed and the link form are awaited
- **Years 2018-2023:** The company submits the tax return on the legal dates and pays the tax.

B) Salaries and wages tax

- **Years from the beginning to 2009 :** The tax differences were inspected, assessed and paid
- **Years 2010-2014 :** These years have been inspected and settled with the Tax Authority.
- **Years 2015- 2019 :** The inspection has been completed and payment has been made.
- **Years 2020 until December 31, 2023:** The company deducts the tax and remits it on the legal dates.

C) Stamp tax

- The company is subject to the Law No. 111 of 1980 and its amendments and executive regulations.
- **The Year from the beginning of the activity - July 31, 2006:** The company was notified by tax forms and the taxes due were paid according to as per these forms.
- **The Year from August 1, 2006 - December 31, 2012** This Year has been inspected and the differences has been settled.
- **Years from 2013 to 2018: The examination is being completed.**
- **Years 2019 until December 31, 2023:** The company pays the tax due on the legal dates.

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.

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.

76. Partnership Sukuk

The project of issuing Partnership sukuk amounting to 3,251 billion Egyptian pounds

- The Extraordinary General Assembly of Palm Urban Development Company, one of the subsidiaries of Palm Hills Development Group, as well as the Extraordinary General Assembly of Palm Hills Development Company, held on March 13, 2022, decided to approve for the Palm Urban Development Company to issue sukuk under the partnership system comply with Islamic shariah principles in the amount of 3,251 billion Egyptian pounds, tradable and non-convertible to shares and subject to partial or total amortized, through participation in the assets of the first phase of (Badya Project), which is under development by Palm Urban Development Company in partnership with the New Urban Communities Authority (NUCA)
- The purpose of sukuk is to finance the first phase of (Badya Project), which is constructed on an area of approximately 270 feddans and is booked in the work in progress item, in order to finance the construction costs, all costs of building, infrastructures, essential and non-essential services and the dues of the project land related to develop and construct an integrated urban project, through the issuance of sukuk having a total amount of 3,251 billion Egyptian pounds distributed over 32 510 000 instruments with a nominal value of 100 Egyptian pounds per instrument, timed with a maximum of 120 months from the date of issuance. The sukuk holders are entitled to a variable monthly return at the declared rate from the central bank of Egypt in addition to 1.5% for each amount due according to the issuance of the sukuk.
- The terms of the sukuk project were activated and implemented, as the company decided to prove this transaction as a financing arrangement in accordance with the substance of the transaction, with Palm Urban Development Company - one of the subsidiaries of Palm Hills Development Group, continuing to recorded all the assets and obligations of the project in its books in accordance with Egyptian accounting standards which complied with the terms and conditions of the offering memorandum of sukuk And the provisions of Law No. 95 of 1992 on the Capital Market Law, its executive regulations and amendments issued by Law No. 17 of 2018 regarding the terms and conditions for issuing sukuk.

Partnership sukuk balance in December 31, 2023 amount 1 533 426 329 EGP as follows:

	<u>31 Dec 2023</u>
	<u>EGP</u>
Total value of sukuk issuance (32 510 000)	3 251 000 000
<u>Deduct:</u> issuance account balance at December 31, 2023	<u>1 717 573 671</u>
Net used balance from the sukuk Till December 31, 2023	<u>1 533 426 329</u>

77. NON-CASH TRANSACTIONS

- The impact of the settlement of the transfer of ownership of 3,647,345 shares of Incolase Company from Palm Hills Development to Palm Holding for Financial Investments in the amount of 149,869,406 Egyptian pounds was excluded.
- The impact of the settlement of the transfer of ownership of 1,070,216 shares of Palm Hills Education Company from Palm Hills Properties to Palm Hills Development for an amount of 10,702,160 Egyptian pounds has been excluded.

78. New amendments and issuances to Egyptian accounting standards

On March 6, 2023, Prime Minister's Decision No. (883) of 2023 was issued amending some provisions of Egyptian accounting standards, as follows:

- The standards were replaced with numbers: (10) fixed assets and their depreciation, and (23) intangible assets, (34) Real Estate Investment, (35) Agriculture, and (36) Exploration and Evaluation of Mining Resources, from the Egyptian Accounting Standards referred to above, where the amendments to add the option to use the revaluation model are applied to financial Years beginning on or after January 1, 2023, retroactively, Proving the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account next to equity at the beginning of the financial Year in which the company applies this model. For the first time, the company's management is studying and discussing the possibility of changing the adopted accounting policies and using the fair value model contained in the relevant standards, and evaluating the potential impact on the financial statements in the event of application.
- A new standard No. (50) Insurance Contracts, as attached to this decision, has been added to the aforementioned Egyptian accounting standards.
- Accounting Standard No. (37) Insurance Contracts has been canceled from the aforementioned Egyptian accounting standards.
- On May 16, 2023, Prime Minister Resolution No. (1847) of 2023 was issued amending some provisions of Egyptian accounting standards, as follows:
 - The texts of paragraphs 5/(c), 7, and 9 have been replaced from Appendix (C) accompanying Egyptian Accounting Standard No. 13 regarding the effects of changes in foreign exchange rates, which was added by Prime Minister's Decision No. 4706 of 2022.
- On August 29, 2023, Prime Minister Resolution No. (3287) of 2023 was issued amending some provisions of Egyptian accounting standards, as follows:
 - Clauses (80, 81) of Standard No. (34) Real Estate Investment were replaced by the Egyptian Accounting Standards, as Clause (80) allowed the application of the amendments related to adding the option to use the fair value model to Years beginning on or after January 1, 2023, and required that Established in accordance with Clause (81), applying these amendments retroactively in accordance with Egyptian Accounting Standard No. (5) accounting policies, changes in accounting estimates, and errors, while proving the cumulative effect of applying the fair value model initially by adding it to the surplus balance of revaluing the real estate investment at fair value on the equity side. This is at the beginning of the financial Year in which the facility applies this model for the first time.
 - A paragraph will be added to the amendments issued by Prime Minister's Decision No. 882 of 2023 under Egyptian Accounting Standard No. (34) Real Estate Investment, which reads: Accounting Standards No. 10 Fixed Assets and No. 22 Intangible Assets were issued in the year 2022 and it was allowed to use either model option. The cost or revaluation model option for subsequent measurement of these assets.

- On November 28, 2023, Prime Minister Resolution No. (4575) of 2023 was issued amending some provisions of Egyptian accounting standards, as follows:
- Added Appendix C to Egyptian Accounting Standard No. (47) Financial Instruments, as this Appendix provided guidance regarding granting some exceptions to the recognition and measurement of expected credit losses for some assets and financial instruments based on their credit risks, as it permitted the exception of all debt instruments issued by the Egyptian government in local currency. Likewise, current accounts and deposits with banks operating in Egypt have a maturity of one month or less from the date of the financial position in order to recognize and measure expected credit losses. Enterprises that use this exception are required to disclose this in their financial statements. This supplement is also applied for annual Years beginning on or after January 1, 2023.

79. Amendments to comparative figures

	<u>31 Dec 2022</u> <u>Before adjustment</u> <u>EGP</u>	<u>adjustment</u> <u>EGP</u>	<u>31 Dec 2022</u> <u>After</u> <u>adjustment</u> <u>EGP</u>
Creditors & other credit balances	(1 386 632 583)	2 281 036	(1 384 351 547)
Income tax payable	(421 102 395)	467 135	(420 635 260)
Deferred tax	--	(2 748 171)	(2 748 171)