

**PALM HILLS DEVELOPMENTS COMPANY**

**(An Egyptian Joint Stock Company)**

**Consolidated Financial Statements**

**On 30 June 2025**

**Together with Limited Report**

**Mostafa Shawki**

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Translation of review  
report Originally issued in Arabic.

## **LIMITED REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**To the Chairman and Members of the Board of Directors**

**Palm Hills Development**

### **INTRODUCTION**

We have reviewed the accompanying interim consolidated statement of financial position of Palm Hills Development "PHD" (S.A.E) on June 30, 2025 as well as the related interim consolidated statements of profit or loss and comprehensive income and the interim consolidated statements of changes in equity and cash flows for the six - months period ending on that date and a summary of significant accounting policies and other explanatory notes, Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards Issued by Ministerial Resolution No. (110) for the year 2015 and its amendments, our responsibility is limited to expressing a conclusion on the periodic financial statements in accordance with our limited examination of them.

### **SCOPE OF LIMITED REVIEW**

We conducted our limited review in accordance with the Egyptian Standard on Auditing for the tasks of limited examination of the periodic financial statements of the entity, and the limited examination of the periodic financial statements includes making inquiries mainly from persons responsible for financial matters and accounting, applying analytical procedures, and other limited examination procedures. The limited review is substantially less in scope than the audit conducted in accordance with Egyptian Standards on Auditing, and therefore we cannot obtain confirmation of all significant matters that may be discovered in the audit process, and accordingly we do not express an audit opinion on these financial statements.

### **CONCLUSION**

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements It does not express fairly and clearly in all its important aspects the consolidated financial position of Palm Hills Development An Egyptian Joint Stock Company on June 30, 2025, and its financial performance and consolidated cash flows for the six months ending on that date in accordance with the Egyptian Accounting Standards issued by Ministerial Resolution No. (110) for the year 2015 and its amendments.

**EXPLANATORY PARAGRAPHS:**

- Not to be considered a reservation, some lands have been recorded in the books of the company and its subsidiaries under preliminary contracts or letters of allocation received from the New Urban Communities Authority (in the Sixth of October City, New Cairo City, Alex, North Coast and from the competent agencies entrusted with concluding primary contracts and issuing letters of allocation), where The transfer and registration of ownership depends on the fulfillment of the financial criteria and the constructional executive conditions and the completion of those projects, taking into account that only the construction costs are established in the joint projects without the cost of the lands on which those projects are built.
- In addition to what was mentioned in the previous paragraph, the company has recorded the revenues generated from the units under construction or under delivery of the contracted units in application of the accounting policy for the recognition of revenues according to the extent of fulfillment of contract obligations at the contract unit level, where the progress in fulfilling contract obligations is determined and measured using The output method is by counting the completed performance up to the date of preparing the financial statements based on the opinion of the engineering management of the company for the contracted units at the level of each stage (Notes No. 29, 30, 64, 65).
- In addition to what was mentioned in the previous two paragraphs, the consolidated financial statements of Palm Hills Development Company have been prepared on June 30, 2025, based on the internal financial statements of the subsidiaries at the date the accompanying consolidated financial statements were prepared.

Cairo: 13, August 2025

Auditor

Khaled Said El-Ramly

Financial Supervision Authority Registration No. (6258)

R.A.A (8175)

Forvis Mazars Mostafa Shawki



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

**As of 30 June 2025**

	<u>Note no.</u>	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in associates	(35, b11, d8)	3 469 628 726	3 379 238 461
Investment property	(36, c11)	1 056 497 496	1 057 472 496
Fixed assets (net)	(37, c13)	3 000 608 511	2 847 087 324
Projects under construction	(38, c12)	990 856 451	237 622 133
Advance payments for investments acquisition		1 245 196 843	186 946 852
Intangible assets - Goodwill		126 406 098	--
Deferred tax asset		113 785 415	86 286 224
Right of use assets	(39, a28)	49 602 616	61 770 489
Notes receivable - long term	(40, c16)	54 941 976 727	43 213 421 382
Notes receivable - long term for undelivered units	(41, c16)	119 038 781	3 095 727 858
Other long-term assets		752 567	836 189
<b>Total non-current assets</b>		<b>65 114 350 231</b>	<b>54 166 409 408</b>
<b>Current assets</b>			
Works in process	(42, c14)	15 324 974 156	13 209 788 867
Accounts receivable	(43)	23 423 925 801	15 561 060 204
Debtors and other debit balances	(44)	11 406 616 931	7 541 532 708
Suppliers - advance payments		7 741 132 856	4 790 975 149
Due from related parties	(72, c45, c27)	329 919 478	330 505 962
Financial investments at amortized cost	(46, c33/5)	7 637 812 716	6 110 080 419
Investments at fair value through profit and loss	(33/5)	154 075 995	206 202 973
Notes receivable - short term	(40, c16)	17 216 607 862	13 429 823 887
Notes receivable - short term for undelivered units	(41, c16)	816 141 836	1 718 559 879
Cash and cash equivalents	(47, c32)	7 217 714 405	6 372 384 745
<b>Total Current Assets</b>		<b>91 268 922 036</b>	<b>69 270 914 793</b>
<b>Total Assets</b>		<b>156 383 272 267</b>	<b>123 437 324 201</b>
<b>Shareholders' equity And Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	(59)	5 719 828 346	5 759 828 346
Legal reserve	(60)	1 016 370 942	938 329 820
Treasury Shares	(61)	--	(113 486 786)
Retained earning		6 696 048 600	4 083 004 797
Net profit for the Period /year		2 443 380 942	3 254 945 443
<b>Net controlling equities</b>		<b>15 875 628 830</b>	<b>13 922 621 620</b>
Non-controlling equities		785 735 204	702 060 505
<b>Total shareholders' equity</b>		<b>16 661 364 034</b>	<b>14 624 682 125</b>
<b>Non-current liabilities</b>			
Loans long-term	(50)	7 963 371 998	6 442 508 413
Notes payable - long term	(b 51)	3 028 899 829	2 895 314 633
Land purchase liabilities – Long Term	(b55, c20)	--	6 288 907
Other long-term liabilities – Residents' Association	(62)	25 562 968 066	19 476 257 218
Lease contract liabilities - long term	(b54)	25 303 200	36 683 385
Deferred Tax Liability	(b23)	29 220 115	--
Joint shares arrangement - long term	(57)	8 410 549 353	5 458 648 290
<b>Total non-current liabilities</b>		<b>45 020 312 561</b>	<b>34 315 700 846</b>
<b>Current liabilities</b>			
Banks - credit balances	(48)	1 412 887 155	992 413 988
Credit facilities	(49)	9 531 649 335	7 061 638 144
Current portion of Short-term loans	(50)	1 272 177 438	776 658 181
Notes payable - short term	(a 51)	3 260 922 797	1 697 081 032
Advances from customers	(52)	63 530 554 408	47 403 775 488
liabilities for checks for undelivered units	(53)	935 180 618	4 814 287 737
Deferred revenue		852 968 859	--
Lease contract liabilities - short term	(a54)	25 300 395	26 238 462
Current portion of land purchase liabilities	(a55, c20)	--	13 654 439
Due to related parties	(72, c56, c27)	15 251 549	15 251 549
Joint shares arrangement - short term	(57)	2 844 687 174	2 373 133 600
Creditors & other credit balances	(58)	5 107 307 439	4 677 270 651
Suppliers And contractors		4 641 765 256	3 426 676 835
Investments purchase liabilities		20 717 553	20 717 553
Provisions	(19)	165 504 822	157 835 844
Income tax payable	(69, a23)	1 084 720 874	1 040 307 727
<b>Total current liabilities</b>		<b>94 701 595 672</b>	<b>74 496 941 230</b>
<b>Total liabilities</b>		<b>139 721 908 233</b>	<b>108 812 642 076</b>
<b>Total equity and liabilities</b>		<b>156 383 272 267</b>	<b>123 437 324 201</b>

- Limited report attached.
- 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 INCOME (PROFIT OR LOSS)****For The Six Months Ended In 30 June 2025**

	Note No.	Period from 1 Jan 2025 till 30 June 2025 EGP	Period from 1 Jan 2024 till 30 June 2024 EGP	Period from 1 April 2025 till 30 June 2025 EGP	Period from 1 April 2024 till 30 June 2024 EGP
Revenues	(63+29)	15 579 129 165	10 938 011 420	7 186 576 327	4 709 324 594
<b>Deduct: -</b>					
Cost of revenues	(64+30)	8 859 894 363	6 695 578 813	4 241 365 765	2 814 709 285
Cash discount		54 546 305	24 766 232	31 759 901	15 000 477
<b>Gross operating profit</b>		<b>6 664 688 497</b>	<b>4 217 666 375</b>	<b>2 913 450 661</b>	<b>1 879 614 832</b>
<b>Deduct: -</b>					
General administrative, selling and marketing expenses	(65)	2 206 171 375	1 265 662 913	1 124 694 512	653 483 959
Expected credit losses	(67)	14 079 079	6 790 264	6 437 790	2 760 669
Depreciation & amortization		156 661 651	104 775 761	79 245 695	57 917 595
Finance costs & interests	(66)	1 337 781 283	862 722 260	714 849 261	467 168 864
Provision	(30c,19)	--	17 000 000	--	--
<b>Total general, administrative, marketing and financing expenses, depreciation</b>		<b>3 714 693 388</b>	<b>2 256 951 198</b>	<b>1 925 227 258</b>	<b>1 181 331 087</b>
<b>Add</b>					
Amortization of discount on notes receivables		365 909 544	176 877 102	185 886 328	95 950 811
Gains on investments in fair value through profit or loss	(68,33/5)	20 581 230	13 772 656	9 272 455	8 591 181
Credit interest	(d31)	251 120 427	218 150 981	126 261 915	137 498 757
<b>Total other revenues</b>		<b>637 611 201</b>	<b>408 800 739</b>	<b>321 420 698</b>	<b>242 040 749</b>
<b>Net profit for the Period before income tax &amp; non-controlling equities</b>		<b>3 587 606 310</b>	<b>2 369 515 916</b>	<b>1 309 644 101</b>	<b>940 324 494</b>
<b>Deduct: -</b>					
Current Income tax	(a 69+23)	1 004 164 585	586 997 029	380 191 023	207 998 351
Deferred tax	(b 69+23)	1 062 355	294 627	967 253	243 292
<b>Net profit for the Period before non-controlling equities</b>		<b>2 582 379 370</b>	<b>1 782 224 260</b>	<b>928 485 825</b>	<b>732 082 851</b>
<b>Deduct: -</b>					
Non-controlling equities share- subsidiaries		138 998 428	78 518 342	24 765 119	30 412 097
<b>Net profit for the Period after income tax &amp; non-controlling equities</b>		<b>2 443 380 942</b>	<b>1 703 705 918</b>	<b>903 720 706</b>	<b>701 670 754</b>
<b>Earnings per share for profits</b>	<b>(70+26)</b>	<b>0.849</b>	<b>0.579</b>	<b>0.314</b>	<b>0.239</b>

- 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 COMPREHENSIVE INCOME**  
**For The Six Months Ended In 30 June 2025**

	<u>Period from 1</u> <u>Jan 2025 till 30</u> <u>June 2025</u>	<u>Period from 1</u> <u>Jan 2024 till</u> <u>30 June 2024</u>	<u>Period from 1</u> <u>April 2025 till</u> <u>30 June 2025</u>	<u>Period from 1</u> <u>April 2024 till</u> <u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period	2 443 380 942	1 703 705 918	903 720 706	701 670 754
Other comprehensive income	--	--	--	--
Total comprehensive income	<u>2 443 380 942</u>	<u>1 703 705 918</u>	<u>903 720 706</u>	<u>701 670 754</u>
for the period, net of tax				
<u>Attributable to: -</u>				
Equity holders of the parent	2 443 380 941	1 703 705 918	903 720 706	701 670 754
Non-controlling equities	138 998 428	78 518 342	24 765 119	30 412 097
	<u>2 582 379 369</u>	<u>1 782 224 260</u>	<u>928 485 825</u>	<u>732 082 851</u>

- The accompanying notes are integral part of the financial statements

  
Chairman  
Yasseen Mansour

Chief Financial Officer  
  
Ali Thabet



*Translation of Cash Flow Statements  
Originally Issued in Arabic*

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

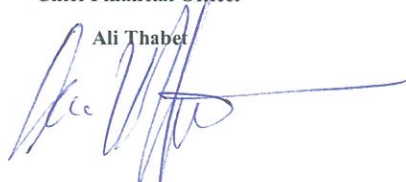
**For The Six Months Ended In 30 June 2025**

	Note No.	30 June 2025 EGP	30 June 2024 EGP
Net profit for the period before income tax & non-controlling equities		3 587 606 310	2 369 515 916
<b>Adjustments to reconcile net profit to net cash from operating activities</b>			
Land installments interest		149 445 759	136 480 091
Provisions	(c30 +19)	--	17 000 000
Depreciation & amortization	(37 +36 +13)	170 167 888	117 630 658
Finance cost & interest	(66 +25)	1 188 335 524	726 242 169
Expected credit losses	(67)	14 079 079	6 790 264
Gain on investments in Associates	(35)	(54 345 897)	(16 561 248)
Gain on disposal of fixed assets	(37)	(5 727 449)	(1 895 688)
Amortization of current value deduction for notes receivables		(365 909 544)	(176 877 102)
Gain on investment at fair value through profit or loss	(68 +33/5)	(20 581 230)	(13 772 656)
Gain from investment in associates		(560 793 232)	--
Credit interest	(d 31)	(251 120 427)	(218 150 981)
<b>Operating profits before changes in working capital</b>		<b>3 851 156 781</b>	<b>2 946 401 423</b>
<b>Cash flow from operation activities</b>			
Change in work in process	(42 +14)	(2 246 502 255)	(13 343 754)
Change in notes receivables	(40)	(15 149 429 776)	(13 343 526 354)
Change in notes receivable for undelivered units	(41)	3 879 107 120	818 079 655
Change in accounts receivables	(43)	(7 873 319 534)	(2 155 302 635)
Change in suppliers – advanced payments		(2 950 157 707)	(992 920 709)
Change in Debtors and other debit balances		(3 929 304 893)	(2 684 191 221)
Change in due from related parties		3 368 254	41 625 451
Change in accounts receivables – advance payments	(52)	16 126 778 920	11 828 514 344
Change in Liabilities for checks for undelivered units		(3 879 107 119)	(818 079 655)
Change from provision	(c 30 +19)	7 668 978	1 212 498
Change in notes payable	(21)	1 547 981 202	(590 866 595)
Change in Deferred Revenue		852 968 859	--
Change in due to related parties	(72 +56 +27)	--	17 559 983
Change in suppliers & contractors		1 215 088 421	268 274 823
Income taxes paid	(69)	(959 751 438)	(498 832 186)
Change in creditors & other credit balances	(58)	487 850 546	(173 022 671)
Change in Partners' share in joint arrangements	(57)	3 423 454 637	2 279 672 032
Change in long term liabilities – Residents' Association	(62)	6 086 710 848	3 113 550 985
Lease obligations		(150 380)	(1 109 891)
<b>Net cash Provided by operating activities</b>		<b>494 411 464</b>	<b>43 695 523</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of fixed assets	(37)	(338 266 104)	(160 370 790)
Proceeds from sale of fixed assets	(37)	9 366 104	1 895 688
Advance payments for investments acquisition		(1 233 831 991)	--
(Payments) for investments in subsidiary	(35)	(110 270 060)	(237 020 870)
Payments for projects under construction		24 236 202	(50 163 308)
proceeds from other assets		83 622	83 622
Proceeds from sale of associate's investment		3 000 000	--
(Payments) for investment at amortized cost		(1 527 732 297)	(1 435 722 220)
Proceeds from investments in fair through profit and loss		52 126 978	(56 023 264)
Collected Gains on investments in fair value through profit or loss	(68)	20 581 230	13 772 656
Collected Interest and returns on investments at amortized cost		251 120 427	218 150 981
Payments For Investments Property		(22 599 899)	(19 384 660)
<b>Net cash (used in) investing activities</b>		<b>(2 872 185 788)</b>	<b>(1 724 782 165)</b>
<b>Cash flows from financing activities</b>			
Proceeds for Banks – credit balances	(48)	420 473 167	636 434 285
Proceeds from credit facilities	(49)	2 470 011 191	1 911 957 010
Paid dividends		(490 690 514)	(184 433 911)
Non-controlling interests		(6 298 077)	(8 931 417)
Adjustment on retained earnings		316 782	--
Deferred Tax		1 244 118	(16 029)
Partnership – sukuk		--	86 356 367
Payments for loans	(50)	(91 617 035)	(327 622 907)
Proceeds from loans	(50)	2 107 999 876	659 165 717
Finance costs & interests paid	(66 +25)	(1 188 335 524)	(726 242 169)
<b>Net cash provided by financing activities</b>		<b>3 223 103 984</b>	<b>2 046 666 946</b>
<b>Net increase in cash and cash equivalents during the period</b>		<b>845 329 660</b>	<b>365 580 304</b>
Cash and cash equivalents at beginning of the Period		6 372 384 745	3 189 241 596
<b>Cash and cash equivalents as of 30 June 2025</b>	(47 +32)	<b>7 217 714 405</b>	<b>3 554 821 900</b>

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

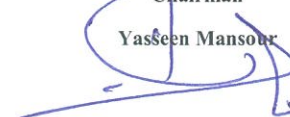
Chief Financial Officer

Ali Thabet



Chairman

YasSeen Mansour



**PALM HILLS DEVELOPMENTS COMPANY S.A. E**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For The Six Months Ended In 30 June 2025**

	Share Capital	Legal reserve	Retained earnings	Treasury shares	Net profit for the Period	Total before non-controlling equities	Total non-controlling equities	Total after non-controlling equities
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1 January 2024	5 883 189 778	886 980 714	2 807 704 743	--	1 581 511 689	11 159 386 924	562 460 975	11 721 847 899
Transferred to retained earnings	--	--	1 581 511 689	--	(1 581 511 689)	--	--	--
Transferred to legal reserve	--	49 712 699	(49 712 699)	--	--	--	--	--
Adjustments on non – controlling interest	--	--	(184 433 911)	--	--	(184 433 911)	--	(184 433 911)
Dividends	--	--	--	--	--	--	--	--
Net profit for the Six months ended on 30 June 2024	--	--	--	--	1 703 705 918	1 703 705 918	(8 931 417)	(8 931 417)
<b>Balance as of 30 June 2024</b>	<b>5 883 189 778</b>	<b>936 693 413</b>	<b>4 155 069 822</b>	--	<b>1 703 705 918</b>	<b>12 678 658 931</b>	<b>632 047 900</b>	<b>13 310 706 831</b>
Balance as of 1 July 2024	5 883 189 778	936 693 413	4 155 069 822	--	1 703 705 918	12 678 658 931	632 047 900	13 310 706 831
Transferred to retained earnings	--	--	--	--	--	--	--	--
Capital Deduction – Execution of treasury shares	(123 361 432)	--	(162 629 681)	--	--	(285 991 113)	--	(285 991 113)
Transferred to legal reserve	--	1 636 407	(1 636 407)	--	--	--	--	--
Adjustment on non-controlling interest	--	--	--	--	--	--	--	--
Treasury Shares	--	--	--	(113 486 786)	--	(113 486 786)	(1 000)	(1 000)
Adjustment on retained earnings	--	--	80 064 399	--	--	80 064 399	--	80 064 399
Dividend	--	--	12 136 664	--	--	12 136 664	--	12 136 664
Net profit for the Six months ended in 31 Dec 24	--	--	--	--	1 551 239 525	1 551 239 525	70 013 605	1 621 253 130
<b>Balance as of 31 Dec 24</b>	<b>5 759 828 346</b>	<b>938 329 820</b>	<b>4 083 004 797</b>	<b>(113 486 786)</b>	<b>3 254 945 443</b>	<b>13 922 621 620</b>	<b>702 060 505</b>	<b>14 624 682 125</b>
Balance as of 1 January 2025	5 759 828 346	938 329 820	4 083 004 797	(113 486 786)	3 254 945 443	13 922 621 620	702 060 505	14 624 682 127
Transferred to retained earnings	--	--	3 254 945 443	--	(3 254 945 443)	--	--	--
Capital Deduction – Execution of treasury shares	(40 000 000)	--	(73 486 786)	113 486 786	--	--	--	--
Transferred to legal reserve	--	78 041 122	(78 041 122)	--	--	--	--	--
Adjustments on non – controlling interest	--	--	--	--	--	--	--	--
Adjustment on retained earnings	--	--	316 782	--	--	316 782	(55 323 729)	(55 323 729)
Dividends	--	--	(490 690 514)	--	--	(490 690 514)	--	(490 690 515)
Net profit for the Six months ended on 30 June 2025	--	--	--	--	2 443 380 942	2 443 380 942	138 998 428	2 582 379 368
<b>Balance as of 30 June 2025</b>	<b>5 719 828 346</b>	<b>1 016 370 942</b>	<b>6 696 048 600</b>	--	<b>2 443 380 942</b>	<b>15 875 628 830</b>	<b>785 735 204</b>	<b>16 661 364 034</b>

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

Chief Financial Officer

Ali Thabet

Chairman

Youssef Mansour



**Palm Hills Developments Company**  
**(S.A.E)**  
**Notes to the Consolidated**  
**Financial Statements as Of June, 30,2025**

**1. BACKGROUND**

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

**2. COMPANY'S PURPOSE**

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

**3. THE COMPANY'S LOCATION**

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

**6. AUTHORIZATION OF THE FINANCIAL STATEMENTS**

The company's Consolidated financial statements for Six Months on June 30, 2025 were authorized for issue by the board of directors on 13 August 2025.

**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 for Urban Development**

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

**c) Botanica Project**

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



**d) Investments in Associates and subsidiaries**

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

	<u>Percentage share %</u>
Palm Hills Middle East Company for Real Estate Investment S.A. E	99.99%
Gawda for Trade Services S.A. E	99.996%
New Cairo for Real Estate Developments S.A. E	99.985%
Khedma for managing tourist resorts and real estate	99.998%
Rakeen Egypt for Real Estate Investment S.A. E	99.945%
Palm Hills Sports	99.991%
Palm for Real Estate Development S.A. E	99.994%
Palm hills Development Holding limited	100%
Palm for Investment & Real Estate Development S.A. E	99.4%
Palm Hills Development of Tourism and Real Estate S.A. E	99.4%
Palm Hills for Tourism Investment S.A. E	79.8%
Palm Hills Resorts S.A. E	99.4%
Taleem For Management Services 3	32.614%
Palm for Urban Development S.A. E	99.999%
Palm for Construction, real state development. S.A.E	99.4%
Palm Hills Properties S.A.E	99.2%
Palm for Club Management S.A.E	99.2%
Palm Alexandria for Real Estate S.A.E	60%
Middle east for real state and touristic investment	2.525%
United Engineering for Construction S.A.E	99.25%
Palm Hills for Hotels S.A.E	98%
East New Cairo for Real Estate Development S.A.E	88.950%
Macor for Hotels	69.453%
Al Naeem for Hotels and Touristic Villages S.A.E	100%
Royal Gardens for Real Estate Investment Company S.A.E	51%
Nile Palm Al-Naeem for Real Estate Development S.A.E	51%
Saudi Urban Development Company S.A.E	51%
Coldwell Banker Palm Hills for Real Estate S.A.E	49%
Palm October for Hotels S.A.E	00.224%
EFS Palm Facilities Management S.A.E	49%
Inspired Education– Egypt S.A.E	1%
Palm hills For Education	99.987%
Palm Holding Company for Financial Investments	99%
Palm hills for restaurants	99%
Palm hills for real estate finance company	9%
Palmet Hotels and Tourist Villages	0.0005%
6th of October for hotels and tourist villages	20.02%

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

	<u>Percentage share %</u>
Palm North Coast Hotels S.A.E	99.4%
Middle East Company for Real Estate and Touristic Investment S.A.E	97.425%
Palm Gamsha Hotels S.A.E	98%
Badya International university for higher education	40%
Inspired For Education – Egypt S.A.E	48%
Kenzy for restaurants	60%
International for lease (incolease)	32.9867%
Palm hills for real estate finance company	90%
Palm October for hotels	99.751%
Asten College for Education	74.737%
Palmet Hotels and Tourist Villages	99.99%
East new cairo for real estate development	11%
Rakeen Egypt For real estate Development	0.027%
Palm hills middle east for real estate investment	0.007%
Gawda for trade services	0.002%
Palm hills properties	0.600%
Palm for real estate development	0.004%
Palm for urban development	0.0004%
PHD properties	100%
Palm hills north Jubail holding	100%
PHD north Jubail property	100%

**e) 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 coast 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 99.998% of the issued capital.

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

Rakeen Egypt for Real Estate Investment S.A.E is registered in Egypt under commercial registration number 34611 on 4 September 2007 under the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992. The company is located in 6<sup>th</sup> 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 6<sup>th</sup> 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 17 200 000 Egyptian pounds, and the company's contribution is 99.99% of the capital. The main activity of the company is in the services of the sports field and includes management, marketing, operation, management of sports games, establishment of private clubs, academies, health clubs and fitness centers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Palm Hills Development Company and Palm Urban Development Company (a subsidiary) contracted with the New Urban Communities Authority as real estate developers to develop an integrated urban project with a participation system - (Badya) project on an area of 3000 acres in West Cairo on the basis of a revenue



sharing system, so that companies - the real estate developer 74% in return for the work of managing, marketing and developing the project, while the authority gets 26% of the revenues, paid in light of the approved schedules for paying the annual payments, in addition to an in-kind share of the project units in exchange for the land and the supply of external facilities for the project. The real estate developers have begun marketing work And project development as of May 2018.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The paid-up capital amounts to 38,125,000 Egyptian pounds, and the direct contribution percentage is 89.95% of the issued capital, in addition to the indirect contribution rate amounting to 11 %, through the contribution of Palm Hills Development Company by 99.4% in the capital of the Palm hills resort , which owns 11%. From the issued capital of East New Cairo Real Estate Development Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The company started its activity by acquiring 56,77 acres (Faddan) at 6<sup>th</sup> 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.

- **Inspired Education Company - Egypt**

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



- **Palm Holding Company for Financial Investments**

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

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

**1- Indirect investments in Associates and subsidiaries**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 concerning joint stock companies and partnerships limited by shares. The company's purpose is to establish universities, set up and manage centers for the preparation, development, and training of human resources, and provide consultancy services in the field of education. The company was registered in the Commercial Register under No. 161102 on February 1, 2021. The issued capital amounts to EGP 1200 billion, of which EGP 1,050,000,000 has been paid by the shareholders. Palm Hills Education holds a 40% stake in the company's capital. The Extraordinary General Assembly, in its meeting held on May 20, 2024, resolved to change the company's name to Badya International University for Education (S.A.E.).

- **Inspired Education Company – Egypt**

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

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

- **Management of service activities**

The company purchased the Palm Hills Club in the Sixth of October City, which is dedicated to the entire resort

Palm Hills, which was acquired through a sale contract dated October 1, 2007 from one of its subsidiary's companies, and the club's activities began as of the 2010 fiscal year.

**9. STATEMENT OF COMPLIANCE**

The group companies During the three months ending on June 30, 2025, committed themselves to applying the new Egyptian accounting standards issued by Ministerial Resolution No. 110 of 2015 and its amendments, and to follow the same accounting policies previously applied when preparing the latest financial statements on dec 31, 2024 which have not changed Any amendments or any update.

**10. SIGNIFICANT ACCOUNTING POLICIES APPLIED**

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

The Company's management is responsible for the preparation of the financial statements. The consolidated financial statements are prepared in accordance with Egyptian Accounting Standards issued by ministerial resolution NO. 110 of 2015 and its amendments the relevant Egyptian accounting stand were applied when preparing the financial statement on June 30 2025, 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. (8d) except for the following companies.

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

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

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

- 1- Consolidated financial statements shall be prepared using uniform accounting policies with necessary adjustments to unify those polices when preparing the consolidated F.S.
- 2- Excluding the investments of the parent company in its share of the total equity of the investee company and treating the difference between its intimal cost of

acquisition or investment and parent company's share in the total equity of the investee company as positive goodwill that is treated as stated in note no. (10C) as negative goodwill 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 of 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 goodwill 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 period, without prejudice to the extent to which the financial statements express the reality of the company's financial position and its cash flows for the current period.

**f) Changes in accounting policies**

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

**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 6<sup>th</sup> of October City, as well infrastructure and construction costs of such projects. Projects under construction also include acquisition of commercial shops from an Associates company.

## 13. FIXED ASSETS

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

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

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

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

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

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

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

#### **14. WORK IN PROCESS**

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

#### **15. COMPLETED UNITS READY FOR SALE**

Completed units ready for sale represent those units the Company started to build before or in conjunction with their marketing strategy and in accordance with the Master Plan.

where the finished units prepared for sale (apartments, cabins, and chalets) are recorded at cost

Where all costs associated with those units of land costs, construction costs and indirect costs are charged to a work in progress item until the completion of all work at that stage, where the square meter share of the total costs is determined and therefore the cost of the units is determined according to their area.

Including the unit cost in an item of complete units, provided that the unit cost is included in the income statement (profits and losses) against the contractual value at a point in time, with the actual delivery of those units, which represents the point of transfer of control to the customer, provided that those units are re-measured at cost or net recoverable value, whichever is lower. This policy applies to units, whether they are residential units - apartments - or commercial or administrative units.

#### **16. NOTES RECEIVABLE**

Notes receivable represent the checks which have certain maturity dates which the Company received as bank guarantees for the contractual values of the contracted units. Notes 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 fair value. Land purchase liability is subsequently stated at amortized cost using the effective interest method.

## **21. COMPLETION OF INFRASTRUCTURE LIABILITIES**

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

## **22. CAPITALIZATION OF BORROWING COST**

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

## **23. INCOME TAX**

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

### **(A) Current income tax**

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



**(B) Deferred tax**

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

**24. SHARE PREMIUM**

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

**25. BORROWING COSTS**

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

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

**26. EARNINGS PER SHARE**

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

**27. RELATED PARTY TRANSACTIONS**

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

## **28. LEASING CONTRACTS**

### **(A) Asset Lease Contracts**

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

#### **Subsequent measurement**

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

### **(B) Contracts of sale with leaseback**

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

#### **Transferring the asset represents a sale**

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

### **Transferring an asset is not a sale**

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

### **(C) Exemptions from recognition**

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

## **29. REVENUE FROM CUSTOMER CONTRACTS**

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

**a) Villas and townhouses**

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

**-Real estate development revenue:**

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

**-Real estate development activity costs:**

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

**b) Completed units ready for sale**

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

**-Real estate development revenue:**

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

**-Real estate development activity costs:**

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

**31. REVENUE RECOGNITION**

**a) Sales revenues**

**1- Villas and townhouses**

The revenues resulting from practicing the main and usual activity - real estate development of the company - are realized and recorded in the income statement (profits and losses) in light of the extent of progress in fulfilling obligations at the level of completion of the executed works (measuring the extent of progress) at the contract unit level for each contracted unit separately, **as the The company is contractually restricted from directing the asset to another use due to the fact that the contracted unit (sold) has pre-determined boundaries and features in the contract with regard to independent units (villas and townhouses), The company also has a contractual right to collect the sale value of the unit from the customer in installments. In the event of the customer's non-compliance, the installment deadlines due on the unit will be waived, with the customer committing to pay those installments in one payment. In the event of termination of the contract for**



reasons other than the facility's failure to perform as promised, the company will recover the costs it incurred from the customer in exchange for its completed performance to date, in addition to a percentage of the contractual value (profit margin). The revenues generated from the total contractual values from the contracts signed and approved for the contracted units are also weighted by the percentage of progress in fulfilling obligations at the level of the contract unit, taking into account additional business revenues versus their actual cost for each stage (unit) separately, in a way that reflects and measures the extent of progress. In fulfilling the performance obligations under the contract.

## **2- Completed units ready for sale**

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

### **b) Investments in Associates and subsidiaries**

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

### **c) Revenues from investment property**

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

### **d) Interest income**

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

## **32. CASH AND CASH EQUIVALENTS**

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

### **33. FINANCIAL INSTRUMENTS & FAIR VALUE**

#### **- Financial assets**

#### **33-1 Recognition and initial measurement**

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

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

#### **33-2 Financial Assets - Classification and Subsequent Measurement**

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

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

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

- If the asset is to be held within a business model that aims to hold assets to collect contractual cash flows.
- In the event that the contractual terms of the financial assets give rise to cash flows on specified dates that are only principal and interest payments on the principal amount repayable.  
The investment in debt instruments is classified at fair value through other comprehensive income if the following two conditions are met and is not determined as being valued at fair value through profit and loss:
  - It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
  - The contractual terms of the financial asset give rise to specified dates to cash flows that are solely payments of principal and interest on the principal and interest outstanding.

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

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

No expected credit losses are calculated for equity instruments.

### **33-3 Financial Assets - Business Model Evaluation**

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

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

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

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

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

- potential events that would change the amount or timing of cash flows.
- terms that may modify the rate of contractual payments, including variable rate features.
- Prepaid features and additions; (if any)
- Conditions that limit a company's claim to cash flows from identified assets

- The early payment benefit is consistent with payments of principal and interest only if the amount of the prepayment substantially represents the unpaid amounts of principal and interest on the principal amount owed, which may include reasonable compensation for early termination. In addition, for financial assets obtained at a discount or premium over the contractual face value, a feature that permits or requires early payment in an amount substantially the contractual amount plus the contractual interest accrued (but not paid) (which may also include reasonable compensation for early termination) is treated as compliant with this Standard if the fair value of the early settlement feature is ineffective on initial recognition.

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

<b>Financial assets at fair value through profit or loss</b>	Financial assets are subsequently measured at fair value, and changes in fair value, including any returns or dividends, are recognized in profit or loss.
<b>Financial assets at amortized cost</b>	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.
<b>Debt instruments at fair value through other comprehensive income</b>	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.
<b>Equity investments at fair value through other comprehensive income</b>	Financial assets valued at fair value through comprehensive income are subsequently measured at fair value. Dividends are recognized as income in profit and loss unless the dividends clearly represent a recovery of part of the investment cost. Other net gains and losses that have been recognized in other comprehensive income are not reclassified at all to profit or loss.

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

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

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

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

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

### **33-7 DISPOSAL**

#### **financial assets**

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

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

#### **financial obligations**

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

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

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

### **33-8 Offsetting of Financial Instruments**

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

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

### **33-9 Derivative financial instruments and hedge accounting**

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

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

### 34. RISK MANAGEMENT

#### (A/1) Interest rate risk

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

	<u>NOTE</u>	<u>30 June 2025</u>
<u>Financial Assets</u>	<u>NO.</u>	<u>EGP</u>
Local operation current accounts	(47)	5 324 039 707
Banks accounts for local currency deposits	47	2 500 000
		<u>5 326 539 707</u>
<u>Financial obligations</u>		
Credit facilities	(49)	9 531 649 335
LOANS	(50)	9 235 549 436
Banks credit	(48)	1 412 887 155
Lease obligations	(54)	50 603 595
		<u>20 230 689 521</u>

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

- In the event of an increase/(decrease) in the interest rate by 2% with all other variables remaining constant, the statement of profits and losses, as well as the statement of cash flows for the year in which the change occurred, will be affected by an increase/(decrease) of approximately 298 million Egyptian pounds.

#### (A/2) Foreign exchange rate risk

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

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

	<u>30 June 2025</u>
	<u>EGP</u>
<u>Financial assets</u>	
Net foreign currency balance - Asset	1 748 846 589

### **Sensitivity analysis:**

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

	<b><u>30 June 2025</u></b>
	<b><u>EGP</u></b>
The equivalent in Egyptian pounds for collecting foreign currencies	1 748 846 589
<b><u>The effect of an increase/decrease in the exchange rate on the company's net profit</u></b>	
When foreign exchange rates increase by 10%	174 884 659
When foreign exchange rates decrease by 10%	<b>(174 884 659)</b>

### **(B) Credit risk**

Credit risk is represented by the inability of customers to whom credit is granted to pay what is owed to them. This risk is considered limited given that the company deals with customers with good financial solvency, in addition to the company's failure to deliver the contracted units before the customer deposits negotiable bank debt instruments in exchange for the unpaid installments in Date of receipt (note 44).

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

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

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

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.

### **(C) Investment Risk**

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



**(D) Liquidity risk**

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

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

	<u>Note No.</u>	<u>30 June. 2025</u>	
		<u>EGP</u>	<u>EGP</u>
<u>Financial Liabilities</u>		<u>Less than year</u>	<u>More than year</u>
Credit banks	(48)	1 412 887 155	--
Credit facilities	(49)	9 531 649 335	--
Loans	(50)	1 272 177 438	7 963 371 998
Lease obligations	(54)	25 300 395	25 303 200
Due to related parties	(56)	15 251 549	--
Creditors and other credit balances	(58)	5 107 307 439	--
Other obligations - occupiers union	(62)	--	25 562 968 066
Suppliers and contractors		4 641 765 256	--
<b>Total</b>		<b>22 006 338 570</b>	<b>33 551 643 263</b>

**35. INVESTMENT IN ASSOCIATES**

The consolidated balance of investments in Associates as of June 30, 2025, amounted to an amount EGP 3 469 628 726 as follows

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Naema for Touristic & Real Estate Investments S.A.E	203 561 457	204 350 179
EFS palm for facilities services S.A. E	6 633 373	6 633 373
Villamora for Real Estate Development Company S.A. E	2 535 617	2 535 617
Palm Hills for Real Estate S.A. E-Coldwell Banker S.A.E	245 000	245 000
Badya International university for Higher Education S.A. E	359 282 948	341 722 995
Disney Beach S.A. E	--	104 121 304
Inspired Egypt for Education S.A. E	367 500	367 500
International Financial Leasing Company -- Incolease S.A.E	370 783 140	288 786 966
The Cookery - Co for catering and restaurants S.A. E	--	3 000 000
Sixth of October Hotels and Tourism Services Company S.A.E	217 204 395	212 873 163
Taleem For Management Services Company S.A.E	2 309 015 296	2 214 602 364
<b>Balance on June 30, 2025</b>	<b>3 469 628 726</b>	<b>3 379 238 461</b>

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	668 174 431	261 003 331	407 171 100	156 665 690	55 817 890
Palm Hills for Real Estate -Coldwell Banker	500 000	--	500 000	--	--
Villamora for Real Estate Development Company	2 535 619	--	2 535 619	--	--

### **36. INVESTMENT PROPERTY**

The consolidated balance of real estate investments on June 30, 2025, amounted to 1 056 497 496 EGP and its balance is the value of the cost of Crown School – King School, in addition to the construction cost of the shops at Palm Hills Resort on the 6th of October (Mall 88Street) As well as the villas in Villa Mora Resort, as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
<b><u>Crown School (King School)</u></b>		
Cost Of the School	1 061 485 438	1 041 292 120
<b><u>Deduct :</u></b>		
Accumulated depreciation for Jan 1,2025	31 615 721	--
Depreciation for the period / Year	21 501 744	31 615 721
Accumulated depreciation at the end of the period/year	53 117 465	31 615 721
<b>Net Cost of the School</b>	<b><u>1 008 367 973</u></b>	<b><u>1 009 676 399</u></b>
<b><u>Real Estate Investments - Buildings</u></b>		
<b><u>Commercial shops - Palm Hills Resort</u></b>		
Cost of shops (88 Street Mall)	77 418 262	75 011 680
Accumulated depreciation for Jan 1,2025	29 215 583	25 281 620
Depreciation for the period / Year	<u>2 073 155</u>	<u>3 933 963</u>
<b>Accumulated depreciation at the end of the period/year</b>	<b><u>31 288 738</u></b>	<b><u>29 215 583</u></b>
<b>Net cost of shops (88 Street Mall)</b>	<b>46 129 524</b>	<b>45 796 097</b>
Villas at villa mora resort	2 000 000	2 000 000
<b>Balance on June 30, 2025</b>	<b><u>1 056 497 496</u></b>	<b><u>1 057 472 496</u></b>

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, 55).

### 37. Fixed Assets

The net cost of the consolidated fixed assets on 30 June 2025 amounted to EGP 3 000 608 511 presented by fixed administrative assets on the site and the headquarter as follows:

	Cost as of Jan. 1, 2025 EGP	Additions during the year EGP	Disposals during the year EGP	Cost as of 30 June 2025 EGP	Accumulated depreciation as of Jan. 1, 2025 EGP	Depreciation for the year EGP	Depreciated on of Disposals EGP	Accumulated depreciation as of 30 June, 2025 EGP	Net book value as 30 June 2025 EGP
land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
Buildings	950 654 148	97 155 274	--	1 047 809 422	378 747 797	21 360 795	--	400 108 592	647 700 830
Machinery & equipment	414 189 248	63 261 433	819 561	476 631 120	216 139 448	30 195 935	819 561	245 515 822	231 115 298
Vehicles	89 166 114	39 183 259	2 884 599	125 464 774	36 066 140	10 203 316	2 882 890	43 386 566	82 078 208
Computer equipment	176 351 167	31 965 598	4 105 766	204 210 999	121 557 940	15 677 604	468 820	136 766 724	67 444 275
Leasehold improvements	24 616 689	133 061	8 354	24 741 396	21 293 867	480 708	8 354	21 766 221	2 975 175
Furniture	325 202 254	106 567 479	1 429 161	430 340 572	154 498 986	41 991 974	1 429 161	195 061 799	235 278 773
Golf Courses	2 412 646 478	--	--	2 412 646 478	650 580 417	61 195 930	--	711 776 347	1 700 870 131
<b>Total cost</b>	<b>4 425 971 919</b>	<b>338 266 104</b>	<b>9 247 441</b>	<b>4 754 990 582</b>	<b>1 578 884 595</b>	<b>181 106 262</b>	<b>5 608 786</b>	<b>1 754 382 071</b>	<b>3 000 608 511</b>

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

b. Fixed assets depreciation for Six months Ended in 30, June 2025 amounted To EGP 181 106 262 and allocated as follows:

	EGP
Operating assets-work in process	34 513 552
Administrative depreciation (income statement)	122 460 906
Depreciation expense of hotel operations	6 538 242
Depreciation expense of Palm Hills Club's assets - club's operating statement	17 593 841
<b>Total depreciation of fixed assets for the Period</b>	<b>181 106 262</b>

Capital Gains for Six months ended in 30, June 2025 amounted to EGP 5 727 449 as follows:

	EGP
Proceed from sale of fixed assets	9 247 440
<b>Deduct:</b>	
Cost of assets sold	5 608 786
Accumulated depreciation of assets sold	3 638 655
<b>Carrying amount of assets sold</b>	<b>5 727 449</b>
<b>Gain on sale of fixed assets as of June 30, 2025</b>	

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.52).

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

	Cost as of Jan. 1.2024 EGP	Additions during the Year EGP	Disposals during the Year EGP	Cost as of 31 Dec 2024 EGP	Accumulated depreciation as of Jan. 1. 2024 EGP	Depreciation for the Year EGP	Depreciation of Disposals EGP	Accumulated depreciation as of 31 Dec 2024 EGP	Net book value as 31 Dec 2024 EGP
* land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
* Buildings	747 387 747	203 266 401	--	950 654 148	345 540 506	33 207 291	--	378 747 797	571 906 351
Machinery & equipment	275 431 466	140 611 908	1 854 126	414 189 248	178 127 945	38 952 809	941 306	216 139 448	198 049 800
Vehicles	41 870 814	49 208 120	1 912 820	89 166 114	30 868 154	7 110 806	1 912 820	36 066 140	53 099 974
Computer equipment	129 738 672	47 222 159	609 664	176 351 167	100 147 676	22 019 928	609 664	121 557 940	54 793 227
Leasehold improvements	21 077 302	3 741 983	202 596	24 616 689	21 043 166	453 297	202 596	21 293 867	3 322 822
Furniture	187 255 465	143 598 740	5 651 951	325 202 254	115 088 369	45 062 568	5 651 951	154 498 986	170 703 268
Golf Courses	2 412 646 478	--	--	2 412 646 478	528 187 999	122 392 418	--	650 580 417	1 762 066 061
<b>Total cost</b>	<b>3 848 553 765</b>	<b>587 649 311</b>	<b>10 231 157</b>	<b>4 425 971 919</b>	<b>1 319 003 815</b>	<b>269 199 117</b>	<b>9 318 337</b>	<b>1 578 884 595</b>	<b>2 847 087 324</b>

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, 2024, amounted to 269 199 117 EGP as follows:

EGP
Operating assets-work in process
Administrative depreciation (income statement)
Depreciation expense of hotel operations
Depreciation expense of Palm Hills Club's assets - club's operating statement
<b>269 199 117</b>

**Total depreciation of fixed assets during the year**

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

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

\*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 June 30, 2025, amounted to EGP 990 856 451 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>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Casa Cook Hotel	777 470 520	--
Consultation and designs fees	212 790 166	237 056 740
Schools Construction cost	595 765	565 393
<b>Balance on June 30, 2025</b>	<b>990 856 451</b>	<b>237 622 133</b>

### 39. 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 June 30, 2025, an amount of 49 602 616 EGP is as follows: -

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Right of use assets – offices rent	87 271 235	87 344 207
Accumulated depreciation at Jan ,1,2025	25 573 718	20 723 409
Depreciation for the period / year	12 094 901	4 850 309
Accumulated depreciation at 30 June 2025	<b>37 668 619</b>	<b>25 573 718</b>
<b>Balance on June 30, 2025</b>	<b>49 602 616</b>	<b>61 770 489</b>

### 40. 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 consolidate balance of the receivables reached on June 30, 2025, is EGP 72 158 584 589 after deducting the difference in the present value of EGP 2 921 225 154 and the share of the partners in an amount of EGP 8 184 729 480 as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Short term notes receivable	18 533 882 012	15 026 297 200
<b>Deduct: -</b>		
Unamortized discount	34 929 113	104 360 497
Notes receivable of joint venture	1 282 345 037	1 492 112 816
<b>The present value of short-term receivables</b>	<b>17 216 607 862</b>	<b>13 429 823 887</b>
Long term notes receivable	64 730 657 211	54 248 044 638
<b>Deduct: -</b>		
Unamortized discount	2 886 296 041	2 683 076 158
Notes receivable of joint venture	6 902 384 443	8 351 547 098
<b>The present value for long term notes receivable</b>	<b>54 941 976 727</b>	<b>43 213 421 382</b>
<b>Balance on June 30, 2025</b>	<b>72 158 584 589</b>	<b>56 643 245 269</b>

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

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

- \* Notes receivables balances included an amount of 13,350 billion EGP representing the value of checks received in exchange for maintenance deposits of contracted units, whose collected value reverts to the Workers' Union upon its establishment in accordance with the provisions of the Building Law No. 119 of 2008 and its executive regulations and amendments thereof.
- \* The share of the partner (the owner) in the notes receivables and checks under collection of the projects that the company started to market and implement under the project system with the participation system in light of the contracts concluded in this regard implement under the project system with the participation system in light of the contracts concluded in this regard (8c).
- The transitional treatment issued by the Egyptian Supreme Committee for Accounting and Auditing, the limited examination, formed by Prime Minister Decision No. 909 of 2011, which was approved by the Financial Supervisory Authority on January 12, 2022, regarding the recognition of checks received from customers for units that have not been delivered to customers, which stipulates By allocating a separate account on the date of receiving the checks within the financial assets on the balance sheet (a notes receivable account for units that have not been delivered) in return for recognizing within the financial obligations on the balance sheet a commitment of the same amount (Calculation of obligations for checks received from clients) This treatment is considered a transitional treatment on the concluded sales contracts that the company will enter into until the end of the fiscal Period ending on 31 December 2022 until the delivery of these properties to the clients in accordance with Egyptian Accounting Standard No. (48) Revenue from contracts with customers (Note 53,71).

#### 41. Notes receivable for undelivered units

The net present value of notes receivable is for units not delivered to customers On June 30, 2025 an amount of 935 180 617 Egyptian pounds is as follows: -

	30 June 2025	31 Dec 2024
	EGP	EGP
Short term notes receivable	1 998 501 212	2 152 630 059
<b>Deduct:</b>		
Unamortized discount	199 933 117	213 386 877
Notes receivable of joint venture	982 426 259	220 683 303
<b>The present value of short-term receivables</b>	<b>816 141 836</b>	<b>1 718 559 879</b>
Long term notes receivable	5 876 962 248	7 170 962 497
<b>Deduct:</b>		
Unamortized discount	2 558 558 322	3 230 568 352
Notes receivable of joint venture	3 199 365 145	844 666 287
<b>The present value of long-term notes</b>	<b>119 038 781</b>	<b>3 095 727 858</b>
<b>Balance on June 30, 2025</b>	<b>935 180 617</b>	<b>4 814 287 737</b>

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

## 42. WORK IN 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 June 30, 2025 The amount of EGP 15 324 947 156 is as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Total work carried out until Jan 1 2025	60 911 665 179	48 890 651 797
<u>Add:</u>		
Work Carried Out For Six Months Ended June, 30 2025	6 734 130 731	12 020 145 207
Networks executed until June 30, 2025	67 645 795 910	60 910 797 004
<u>Deduct:</u> excluded from income statement until June. 30 2025	52 320 821 754	47 701 008 137
The Balance of Work in progress as of June, 30 2025	<u>15 324 947 156</u>	<u>13 209 788 867</u>
<u>Represented As follows:</u>		
Land acquisition cost *	5 449 123 944	4 538 937 580
Cost of construction and facilities **	9 875 850 212	8 670 851 287
Balance on June 30, 2025	<u>15 324 947 156</u>	<u>13 209 788 867</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 Six months ended June 30, 2025, amounted to EGP 585 918 719 (Note NO. 50).



#### 43. ACCOUNTS RECEIVABLE

The present value of accounts receivable - debit balances on June 30, 2025 amounted to EGP 23 423 925 801 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>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Palm Hills Developments Company	4 088 303 886	2 861 904 516
Palm Hills Middle East Company for Real Estate Investment	4 380 716 386	3 646 899 418
Royal Gardens for Real Estate Investment Company	3 593 076	3 659 826
New Cairo for Real Estate Developments	1 180 601	1 180 601
Gawda for Trade Services	479 159 872	639 097
Saudi Urban Development Company	38 092 442	35 260 700
Rakeen Egypt for Real Estate Investment	89 237 046	89 354 377
East New Cairo for Real Estate Development	30 928 519	42 115 026
Middle East Company for Real Estate and Touristic Investment	1 391 636	1 186 636
United Engineering for Construction	3 611 234	3 611 234
Palm Real Estate Development	83 683 694	72 233 422
Palm for Investment and Real Estate Development	2 325 960 376	2 004 466 203
Palm Hills Development of Tourism and Real Estate	388 771 868	290 881 479
Palm for Urban Development	11 423 874 194	6 402 921 088
Palm for Clubs Management	7 662 206	9 553 155
Palm for Construction	68 039 749	77 226 425
Palm Sports for Clubs	21 804 147	21 974 792
Palm Alexandria	22 361 551	19 984 955
Kenzy for restaurants	14 619 001	14 619 001
<b>Total</b>	<b>23 472 991 484</b>	<b>15 599 671 950</b>
<u>Less: Expected credit losses</u>	<u>49 065 683</u>	<u>38 611 746</u>
<b>Balance on June 30, 2025</b>	<b>23 423 925 801</b>	<b>15 561 060 204</b>

#### 44. DEBTORS AND OTHER DEBIT BALANCE

The consolidated balance of debtors and other debit balances as of June 30 2025 amounted to 11 406 616 931 as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Paid under land account	482 868 237	63 383 728
Residents' Association *	1 572 539 581	1 397 058 000
Investment's debtors	4 462 221	4 462 221
Deposits with others	220 909 482	179 314 890
Prepaid expenses	1 028 268 796	89 257 541
Accrued Revenues	223 585 531	120 100 568
Commissions paid in Advance	6 581 195 539	4 523 303 381
Withholding tax	30 058 748	19 578 855
Letter of Guarantee	55 606 490	55 606 490
Loans to employee & custodies	35 471 783	18 338 987
Advance payments – partners' share	569 246 674	569 246 673
Other debit balances	614 299 744	507 370 357
<b>Total</b>	<b>11 418 512 826</b>	<b>7 547 021 691</b>
<u>Less: Expected credit losses</u>	<u>11 895 895</u>	<u>5 488 983</u>
<b>Balance on June 30, 2025</b>	<b>11 406 616 931</b>	<b>7 541 532 708</b>

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

#### 45. DUE FROM RELATED PARTIES – Debit Balances

The consolidated balance of due from related parties as of June 30, 2025, amounted to 329 919 478 as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Al Ethadia for Real Estate S.A.E	247 096 090	245 441 993
Al Naeem for investments	48 755 256	48 755 256
Debtors of dividends	33 246 612	33 246 612
Palm Hills for Real Estate S.A.E-Coldwell Banker	20 480	20 480
Novotel Cairo 6th Of October S.A.E	3 663 264	6 058 525
The cookery co for catering and restaurant	5 000	5 000
Mercure Ismailia Hotel S.A.E	2 687 565	5 314 655
<b>Total</b>	<b>335 474 267</b>	<b>338 842 521</b>
<b>Less: Expected credit losses</b>	<b>5 554 789</b>	<b>8 336 559</b>
<b>Balance on June 30, 2025</b>	<b>329 919 478</b>	<b>330 505 962</b>

#### 46. Financial investments at amortized cost

The consolidated balance for held-to-maturity investments on June 30, 2025 is an amount 7 637 812 716 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	4 357 850 000	758 950 368	%19,45	3 598 899 632
Palm Hills Middle East Company for Real Estate Investment	483 925 000	88 783 093	%19,44	395 141 907
East New Cairo for Real Estate Development	138 100 000	24 636 813	%19,43	113 463 187
Gawda for Trade Services	4 725 000	840 691	%18,96	3 884 309
Middle East Company for Real Estate and Touristic Investment	9 950 000	1 791 068	%19,22	8 158 932
Palm Hills for Constructions	299 250 000	54 355 684	%19,46	244 894 316
Palm Hills Development of Tourism and Real Estate	569 075 000	104 167 928	%19,58	464 907 072
Palm for investment and real estate development	1 670 575 000	306 445 910	%19,43	1 364 129 090
Palm real estate development	264 525 000	48 499 537	%19,65	216 025 463
Palm Hills for Urban Development Company	1 036 650 000	183 105 154	%19,46	853 544 846
Rakeen Egypt for Real Estate Investment	396 625 000	72 119 438	%19,41	324 505 562
Royal Gardens for Real Estate Investment Company	15 500 000	2 824 987	%19,40	12 675 013
Palm Alexandria for real Estates investment company	43 075 000	5 491 614	%19,58	37 583 386
<b>Balance on June 30, 2025</b>	<b>9 289 825 000</b>	<b>1 652 012 284</b>		<b>7 637 812 716</b>

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

#### 47. CASH AND CASH EQUIVALENTES

The consolidated balance of cash and cash equivalent as of June 30, 2025 amounted to 7 217 714 405 as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Banks-current accounts- EGP	5 324 039 707	5 987 213 274
Banks-current accounts- foreign currency	1 748 846 589	295 234 989
Banks – Deposits- EGP	2 500 000	2 500 000
Cash on hand- EGP	142 328 108	87 436 482
<b>Balance on June 30, 2025</b>	<b><u>7 217 714 405</u></b>	<b><u>6 372 384 745</u></b>

#### 48. BANKS- CREDIT BALANCES

The consolidated balance of Banks credit accounts as of June 30, 2025 amounted 1 412 887 155 as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Banks –EGP	846 467 662	826 698 328
Banks-foreign currencies	566 419 493	165 715 660
<b>Balance on June 30, 2025</b>	<b><u>1 412 887 155</u></b>	<b><u>992 413 988</u></b>

#### 49. Credit Facilities

The consolidated balance of credit facilities as of June 30, 2025, amounted to 9 531 649 335 as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Arab Bank	511 933 483	561 953 705
CIB – Bank	3 127 322 071	2 586 426 099
Ahli United Bank	367 902 189	367 902 189
National Bank of Egypt	51 143 910	62 943 316
Bank Misr	433 797 880	458 931 868
National Bank of Kuwait	343 995 026	322 332 905
Emirates Bank Dubai	2 144 014 863	1 418 811 089
Arab -African Bank	2 551 539 913	1 282 336 972
<b>Balance on June 30, 2025</b>	<b><u>9 531 649 335</u></b>	<b><u>7 061 638 144</u></b>

## 50. LOANS

The consolidated balance of loans as of June 30, 2025 amounted to 9 235 549 435 as follow:

	30 June 2025		31 Dec 2024	
	Short term	Long term	Short term	Long term
	EGP	EGP	EGP	EGP
<b><u>Misr bank</u></b>				
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)	100 000 000	2 400 000 000	50 000 000	2 450 000 000
<b><u>Arab African international Bank</u></b>				
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	613 570 635	--	144 915 813	--
<b><u>National Bank of Egypt</u></b>				
A loan for the purpose of replacement and renewal of the Ismailia Hotel, Novotel 6th of October City, and Al-Nama Hotel of Macor Company	31 071 430	146 092 855	31 071 430	163 322 325
<b><u>National Bank of Egypt</u></b>				
Long-term syndicated financing in the amount of 884 Million Egyptian pounds for the purpose of financing the Palm Hills Development Company project - (Crown Project)	153 756 000	730 341 335	153 517 311	781 593 335
<b><u>Ahli United Bank</u></b>				
Revolving financing in the amount of 757 million Egyptian pounds in order to finance part of the construction and development costs of the (Palm Alexandria) project.	298 307 096	452 335 167	298 307 096	452 335 167
<b><u>Misr bank</u></b>				
Long-term syndicated cook hotel financing in a maximum amount of 1 300 000 000 for casa cook Hotel	--	706 952 864	--	--
<b><u>Misr bank</u></b>				
A long-term syndicated financing contract was signed with a maximum amount of EGP 10,300,000,000 between Palm Development Company as the borrower, Palm Hills Development Company as a joint guarantor, Banque Misr as the first lead arranger, finance marketer, finance agent, account bank, intermediary account bank and lender, National Bank of Egypt as the first lead arranger, finance marketer, lender, Banque du Caire as the first lead arranger, finance marketer, debt service consumption account bank and lender, Emirates NBD as the lead arranger, security agent and lender, and other lending banks: Abu Dhabi Commercial Bank, National Bank of Kuwait Egypt, Al Baraka Bank Egypt and Industrial Development Bank.	--	2 919 293 840	--	2 003 122 781
<b><u>Emirates National Bank of Dubai</u></b>				
"A credit facility granted to United Engineering for Engineering and Contracting (a joint-stock company in Egypt) for the purpose of financing the company's projects."	75 472 277	--	98 846 531	--
<b><u>Ahli United Bank</u></b>				
Revolving financing of EGP 1,727 billion to finance a 41-acre project for Palm Hills	--	448 137 788	--	431 916 656
<b><u>Ahli United Bank</u></b>				
Revolving financing of EGP 160,218 million to finance Palm Parks' Palm Hills Development project.	--	160 218 148	--	160 218 148
<b>Balance on June 30, 2025</b>	<b>1 272 177 438</b>	<b>7 963 371 998</b>	<b>776 658 181</b>	<b>6 442 508 413</b>

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

## 51. NOTES PAYABLE

### A) Short Term Notes Payable

The consolidated balance of short-term notes payable (net) as of June 30,2025 amounted to 3 260 922 797 as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
* Notes payable- (New Urban Communities Authority)	730 586 605	237 805 375
<b><u>Deduct: -</u></b>		
Deferred installments interest	391 621 092	131 609 471
Net Notes payable (short term)- Land	338 965 513	106 195 904
<b><u>Add: -</u></b>		
Other notes payable **	3 910 532 555	2 323 561 358
<b><u>Deduct: -</u></b>		
Deferred interest	988 575 271	732 676 230
Net Other Notes payable (short term)	2 921 957 284	1 590 885 128
<b>Balance as of June 30, 2025</b>	<b>3 260 922 797</b>	<b>1 697 081 032</b>

### B) Long Term Notes Payable

The consolidated balance of long-term notes payable (net) as of June 30,2025 amounted to 3 028 899 829 as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Notes-payable (New Urban Communities Authority)	4 016 104 103	4 318 175 771
<b><u>Deduct: -</u></b>		
Deferred installments interest	2 156 174 601	2 410 540 056
Net Notes payable (long term)- Land	1 859 929 502	1 907 635 715
<b><u>Add: -</u></b>		
Other notes payable *	4 962 234 530	3 219 160 764
<b><u>Deduct: Deferred interest</u></b>	<b>3 793 264 203</b>	<b>2 231 481 846</b>
Net Other Notes payable (Long term)	1 168 970 327	987 678 918
<b>Balance on June 30, 2025</b>	<b>3 028 899 829</b>	<b>2 895 314 633</b>

\* The other notes payable includes about 6,947 billion EGP represented in the value of the notes payable that were issued to the financing agencies according to the essence of the sale and lease back contracts as financing contracts concluded with these parties, and the obligations have been amounted at their present value which satisfied with sale and lease back conditions according to Egyptian accounting standard No (49) for financial leasing contracts (note 28b, 36:37).

## 52. ADVANCES FROM CUSTOMERS

The present value of Advances from customers account as June 30 ,2025 amounted to 63 530 554 408 as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net contracting Customers	62 859 370 213	46 584 828 788
Advance reservations Customers	671 184 195	818 946 700
<b>Balance on June 30, 2025</b>	<b><u>63 530 554 408</u></b>	<b><u>47 403 775 488</u></b>

## 53. OBLIGATIONS FOR CHECKS RECEIVED FROM CLIENTS

The balance of obligations for checks received from customers on June 30,2025 amounted to 935 180 618 Egyptian pounds, and they are as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Checks received from customers - for undelivered units	7 875 463 460	9 323 592 556
<b>deduct:</b>		
Unamortized discount	2 758 491 439	3 443 955 229
Share of partners in joint ventures	4 181 791 403	1 065 349 590
<b>Balance on June 30, 2025</b>	<b><u>935 180 618</u></b>	<b><u>4 814 287 737</u></b>

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

## 54. LEASE CONTRACT OBLIGATIONS

The net present value of the lease contract obligations as (lessee) of June 30 ,2025 is 50 603 595 EGP as follows: -

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
(a)Lease Contract Obligations – Short Term	25 300 395	26 238 462
(b)Lease Contract Obligations – Long Term	25 303 200	36 683 385
<b>Balance on June 30 , 2025</b>	<b><u>50 603 595</u></b>	<b><u>62 921 847</u></b>

## 55. LAND PURCHASE LIABILITIES

The consolidated balance of Land purchase liabilities as of June 30, 2025 amounted to EGP Zero follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
(A) Land purchase liabilities - short term	--	13 654 439
(B) Land purchase liabilities - long term	--	6 288 907
<b>Balance on June 30, 2025</b>	<b>--</b>	<b>19 943 346</b>

## 56. DUE TO RELATED PARTIES

The consolidated balance of Due to related parties as of June 30, 2025 amounted to 15 251 549 as follows:

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Asten College for Education S.A. E	343 747	343 747
Kanzy	6 000 000	6 000 000
Villamora for Real Estate Development Company S.A. E	8 907 802	8 907 802
<b>Balance on June 30, 2025</b>	<b>15 251 549</b>	<b>15 251 549</b>

## 57. Joint Share Arrangement

The share of project partners in the participation system on June 30 , 2025 amounted to EGP 11 255 236 527 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>30 June 2025</u>	<u>30 June 2025</u>	<u>31 Dec 2024</u>	<u>31 Dec 2024</u>
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Partners in Palm New Cairo-Project	714 796 543	2 521 524 988	933 534 318	707 243 395
(Badya) Project	2 129 890 631	4 887 110 001	1 439 599 282	3 685 308 651
Partners in Hacienda West	--	1 001 914 364	--	1 066 096 244
<b>Balance on June 30, 2025</b>	<b>2 844 687 174</b>	<b>8 410 549 353</b>	<b>2 373 133 600</b>	<b>5 458 648 290</b>



## 58. CREDITORS AND OTHER CREDIT BALANCES

The consolidated balance of creditors and other credit balances as of June 30, 2025 amounted to 5 107 307 439 as follows:

	30 June 2025	31 Dec 2024
	EGP	EGP
Other credit balances	1 111 476 439	1 259 445 209
Insurance for Others	725 483 207	574 683 762
Obligations to government agencies	296 244 976	155 163 743
Accounts receivable under settlement	1 693 919 838	799 873 326
Accrued expenses	1 280 182 979	1 888 104 611
<b>Balance on June 30, 2025</b>	<b>5 107 307 439</b>	<b>4 677 270 651</b>

## 59. CAPITAL

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

<u>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.	121 500 000
- 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.	307 000 000
- 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.	400 000 000
- 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.	600 000 000
- 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.	800 000 000
- 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.	832 000 000
- 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.	931 840 000
- 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.	1 397 760 000
- 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.	2 096 640 000
- 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	2 696 640 000

**Issued capital****EGP**

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

**60. Legal reserve**

The net balance of the legal reserve on June 30 ,2025 amounted to 1 016 370 942 as follows:

	30 June 2025	31 Dec. 2024
	EGP	EGP
Beginning balance	938 329 820	886 980 714
Transferred during period / Year	78 041 122	51 349 105
<b>Balance as of June 30, 2025</b>	<b>1 016 370 942</b>	<b>938 329 820</b>

## 61. Treasury Shares

- **On July 1, 2024**, the number of treasury shares purchased up to September 30, 2024, amounted to 61,680,716 shares with a value of EGP 113,991,285, at an average cost per share of EGP 4.64. The company's Board of Directors approved the purchase of treasury shares up to a maximum of 61,680,716 shares, representing 3% of the company's issued share capital. The purchase was executed during the period from July 2, 2024, to July 31, 2024.
- **On November 4, 2024**, 61,680,716 shares representing treasury shares held for more than one year were cancelled, with a purchase value of EGP 113,991,285, in return for a capital reduction by the nominal value of these shares totaling EGP 432,361,123. The difference between the nominal value and the purchase value, amounting to EGP 681,629,162, was charged to retained earnings in accordance with the resolution of the Extraordinary General Assembly held on November 4, 2024.
- **On October 1, 2024**, the company's Board of Directors approved the purchase of treasury shares up to a maximum of 20,000,000 shares, representing 3% of the company's issued share capital. As of June 30, 2025, the number of shares purchased amounted to 20,000,000 shares with a total value of EGP 113,486,788, at an average cost per share of EGP 5.67. The purchase was executed during the period from October 10, 2024, to October 27, 2024.
- **On April 8, 2025**, 20,000,000 shares representing treasury shares were cancelled, with a purchase value of EGP 113,486,788, in return for a capital reduction by the nominal value of these shares totaling EGP 40,000,000. The difference between the nominal value and the purchase value, amounting to EGP 73,486,788, was charged to retained earnings in accordance with the resolution of the Extraordinary General Assembly held on April 8, 2025.

## 62. OTHER LONG-TERM LIABILITIES- RESIDENTS' ASSOCIATION

The balance of the Residents' Association represents the value of the deferred checks and receipts received from the clients of the contracted units, from which the proceeds are invested for the benefit of the Residents Association of those units at the level of the existing stages and projects, until the completion of the Residents Association taking the independent legal personality, whereby the assets and liabilities of the residents association are excluded and separated in its favor and managed With the knowledge of its management and its general assembly, in accordance with Building Law No. (119) of 2008, the balance of the Residents Association on June 30, 2025 amounted to 25 562 968 066 EGP.

## 63. REVENUES

The net revenues of the activity for the Six months ended On June 30, 2025, the amount of 15 579 129 165 EGP, as follows:

	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net Revenue from Real estate development *	13 857 584 500	10 366 684 327
Other Activities revenues **	1 035 066 457	119 515 220
Revenues from commercial and service activities	286 777 627	144 920 261
The owner's share in the profits of operating the hotels	92 024 925	93 882 739
Revenues from Palm Hills Club	307 675 656	213 008 873
<b>Total as of Six months ended June 30, 2025</b>	<u><b>15 579 129 165</b></u>	<u><b>10 938 011 420</b></u>

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

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

**\*\* OTHER ACTIVITIES REVENUES**

	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>
Transfer fees and delay penalties	315 590 928	66 470 354
Gain from selling fixed asset	5 727 448	1 895 688
Gain from sale of investments	560 793 232	--
Gain from associates	54 345 897	24 070 138
Retrieve the value of the utilities	4 024 766	4 765 872
Miscellaneous income	94 584 186	22 313 168
<b>Total as of Six months ended on June 30, 2025</b>	<b><u>1 035 066 457</u></b>	<b><u>119 515 220</u></b>

**64. COST OF SALE**

The net cost of sale for Six months ended On June 30, 2025, the amount of 8 859 894 363 EGP, as follows:

	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>
Cost of Real estate development	8 530 838 611	6 518 308 948
Cost of Commercial and service activity	203 994 948	110 436 170
Cost of Palm Hills Club operation	101 076 042	52 456 247
Depreciation of club assets	17 593 841	9 333 103
Depreciation of Fixed assets – Macor investments	6 390 921	5 044 345
<b>Total as of Six months ended June 30, 2025</b>	<b><u>8 859 894 363</u></b>	<b><u>6 695 578 813</u></b>

**65. GENERAL ADMINISTRATIVE, SELLING AND MARKETING EXPENSES**

Administrative, general, and marketing expenses for the Six months ended On June 30, 2025, the amount of 2 206 171 375 EGP, as follows:

	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>
salaries and wages	481 601 977	478 917 778
General administrative , selling and marketing expense	1 724 569 398	786 745 135
<b>Total as of Six months ended June 30, 2025</b>	<b><u>2 206 171 375</u></b>	<b><u>1 265 662 913</u></b>

**66. Financing costs and Interests**

The financing costs and interests for the Six months ended On June 30, 2025, the amount 1 337 781 283 of EGP, as follows:

	<u>30 JUN 2025</u>	<u>30 JUN 2024</u>
	<u>EGP</u>	<u>EGP</u>
Land Installment interest	149 445 759	136 480 091
Financing costs and interests	1 188 335 525	726 242 169
<b>Total as of Six months ended June 30, 2025</b>	<b><u>1 337 781 283</u></b>	<b><u>862 722 260</u></b>

## 67. Expected credit losses (ECL):

The value of expected credit losses for Six months ended On June 30, 2025, the amount of 14 079 079 EGP, as follows:

	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>
Losses of customer receivable balances (Note 43)	10 453 937	14 284 928
(Reverse) Losses of receivable and other debit balances (Note No. 44)	6 406 912	(1 452 274)
(Reverse) of balances owed by related parties (Note No. 45)	(2 781 770)	(6 042 390)
<b>Total as of Six months ended June 30, 2025</b>	<b><u>14 079 079</u></b>	<b><u>6 790 264</u></b>

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

The Gains on Investments in Fair value through profit or loss for Six months ended On June 30, 2025, the amount of 20 581 230 EGP, as follows:

	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>
Profits from selling investment documents	20 581 230	13 772 656
<b>Total as of Six months ended June 30, 2025</b>	<b><u>20 581 230</u></b>	<b><u>13 772 656</u></b>

## 69. INCOME TAX

### A- Current income Tax

The consolidated balance Income Tax for Six months ended On June 30, 2025, the amount of 1 004 164 585 EGP, as follows:

	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net profit before income tax	3 587 606 310	2 369 515 916
Adjustments to the accounting net profit to arrive at the net tax profit, stage losses and depreciation differences	875 347 400	239 359 767
<b>Net taxable profit</b>	<b>4 462 953 710</b>	<b>2 608 875 683</b>
<b>Tax At (22.5%)</b>	<b><u>1 004 164 585</u></b>	<b><u>586 997 029</u></b>

### B- Deferred Tax

The consolidated balance Deferred Tax for Six months ended On June 30, 2025, the amount of 1 062 355 EGP, as follows:

	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net profit before income tax	1 062 355	294 627
<b>Total as of Six months ended June 30, 2025</b>	<b><u>1 062 355</u></b>	<b><u>294 627</u></b>

## 70. EARNINGS PER SHARE

The basic share in the consolidated profits for Six months ended On June 30, 2025, the amount of 0,849 EGP, as follows:

	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the period	2 443 380 942	1 703 705 918
Divided by: Weighted average number of shares during the period	2 876 709 753	2 941 594 889
<b>Earnings per share in the consolidated profits</b>	<b><u>0,849</u></b>	<b><u>0,579</u></b>

For the purpose of calculating the earnings per share for the Six Months ended on June 30, 2025 the profit per share was calculated on the basis of the average number of shares outstanding during the Period weighted by time factor.

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

The net present value of notes receivable not included in the items of the financial statements on June 30, 2025, amounted to an amount 46 044 755 466 Egyptian pounds, which is the value of checks for the non-delivered units contracted during the period from January 1, 2025, to June 30, 2025, 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>Nominal Value</u>	<u>Present Value</u>	<u>Net Present</u>
	<u>EGP</u>	<u>Discount</u>	<u>Value</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Notes receivable due in 2025	6 266 391 236	386 735 920	5 879 655 316
Notes receivable due in 2026	11 742 590 500	2 259 006 433	9 483 584 067
Notes receivable due in 2027	12 123 735 313	4 109 562 830	8 014 172 483
Notes receivable due in 2028	12 125 325 997	5 558 887 138	6 566 438 510
Notes receivable due in 2029 and more	52 948 590 229	36 847 685 138	16 100 905 091
<b>Balance on June 30, 2025</b>	<b><u>95 206 633 275</u></b>	<b><u>49 161 877 809</u></b>	<b><u>46 044 755 466</u></b>

## 72. TRANSACTION WITH RELATED PARTIES

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

Party	Party type	The nature of the transaction	Balance at the beginning	Net transactions	Balance at
			of the Period	for the Period	the end of the
			debit / (credit)	debit/(Credit)	Period debit / (credit)
			EGP	EGP	EGP
Palm Hills Middle East Company for Real Estate Investment S.A.E	Subsidiary	Current Account	(1 452 577 618)	(598 011 434)	(2 050 589 052)
Royal Gardens for Real Estate Investment Company S.A.E	Subsidiary	Current Account	487 137	—	487 137
New Cairo for Real Estate Development	Subsidiary	Current Account	(4 010 750)	(3 197 801)	(7 208 551)
Middle East Company for Real Estate and Touristic Investment S.A.E	Subsidiary	Current Account	(16 185 769)	78 158 850	61 973 081
Gawda For Trading Company S.A.E	Subsidiary	Current Account	16 372 855	(9 955 681)	6 417 174
Rakeen Egypt For Real Estate Development S.A.E	Subsidiary	Current Account	(89 418 575)	(423 039 242)	(512 457 817)
Saudi Urban Development S.A.E	Subsidiary	Current Account	28 948 127	2 153 303	31 101 430
Nile Palm El-Nacem S.A.E	Subsidiary	Current Account	(44 059 080)	—	(44 059 080)
El Naeem Hotels and Touristic Villages S.A.E	Subsidiary	Current Account	(121 996 741)	—	(121 996 741)
East New Cairo for Real Estate Development	Subsidiary	Current Account	(1 321 512 954)	(248 957 467)	(1 570 470 421)
Palm October For Hotels S.A.E	Subsidiary	Current Account	11 368 058	—	11 368 058
Palm Hills Hotels S.A.E	Subsidiary	Current Account	100 405 014	—	100 405 014
Palm Hills For Education S.A.E	Subsidiary	Current Account	57 934 144	19 994 165	77 928 309
Palm Gemsha for Hotels S.A.E	Subsidiary	Current Account	85 050	—	85 050
Palm North Coast Hotels S.A.E	Subsidiary	Current Account	54 358	—	54 358
United Engineering for Construction	Subsidiary	Current Account	(11 083 043)	—	(11 083 043)
Palm for Real Estate Development S.A.E	Subsidiary	Current Account	270 075 189	17 015 008	287 090 197
Palm for Investment and Real Estate Development	Subsidiary	Current Account	655 680 412	(443 828 843)	211 851 569
Palm Hills Properties S.A.E	Subsidiary	Current Account	(31 498 088)	158 601	(31 339 487)
Palm Hills for Real Estate and and Tourism Development	Subsidiary	Current Account	343 817 998	232 270 345	576 088 343
Palm Hills for Investment Tourism	Subsidiary	Current Account	58 202 299	(661 603 856)	(603 401 557)
Palm Hills Resorts	Subsidiary	Current Account	5 173 983	(6 324 910)	(1 150 927)
Palm for Urban Development S.A.E	Subsidiary	Current Account	1 152 998 610	406 704 266	1 559 702 876
Palm Club Management S.A.E	Subsidiary	Current Account	(2 827 674)	(1 787 244)	(4 614 918)
Palm Alexandria For Real Estate Investment	Subsidiary	Current Account	46 887 749	(1 223 022)	45 664 727
Asten College for Education	Subsidiary	Current Account	5 000	(5 000)	—
Palm for Constructions And Real Estate Development S.A.E	Subsidiary	Current Account	158 138 745	43 088 100	201 226 845
khedma for management of tourist and urban resorts	Subsidiary	Current Account	5 685 352	—	5 685 352
Palm sports for Clubs S.A.E	Subsidiary	Current Account	(287 044 303)	321 239 532	34 195 229
Palm Hills Holding For Financial Investment	Subsidiary	Current Account	227 734 262	50 885 973	278 620 235
The ko Korean Restaurants	Associate company	Current Account	5 000	—	5 000
ColdWell Banker	Associate company	Current Account	20 480	—	20 480
Altehadia for Real Estate Development	Associate company	Current Account	254 542 500	1 654 101	256 196 601
Palmet Hotels and Tourist Villages	Subsidiary	Current Account	(50)	—	(50)
Palm hills for Mortgage	Subsidiary	Current Account	—	310 401	310 401
Palm Hills Restaurants Company	Subsidiary	Current Account	(5 799 124)	157 827	(5 641 297)



### 73. TAX STATUS

#### A) Corporate tax

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

#### B) Salaries and wages tax

- **Years from commencement of activity to 2019:** Tax examination and assessment have been completed, and tax differences have been paid.
- **Years 2020–2022:** Tax examination and assessment have been completed, and payment is in progress.
- **Years 2023 to June 30, 2025:** The company withholds the tax and remits it within the statutory deadlines.

#### C) Stamp tax

- The company is subject to Law No. 111 of 1980 and its amendments and executive regulations.
- **Period from commencement of activity to December 31, 2012:** Tax examination, assessment, and payment have been completed.
- **Years 2013–December 31, 2018:** Tax examination has been completed, and assessment and payment are in progress.
- **Years 2019 to June 30, 2025:** The company remits the tax due within the statutory deadlines. Years 2013 until June 30, 2025: 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.

### 74. NON-CASH TRANSACTIONS

- The effect of the decrease in work in progress amounting to EGP 661 597 000 was eliminated against an increase in investments in associates by the same amount.
- The effect of the decrease in work in progress amounting to EGP 777 470 520 was eliminated against an increase in projects under construction by the same amount.