

**MADINET MASR FOR HOUSING AND  
DEVELOPMENT - S.A.E.**

**CONSOLIDATED  
FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT THEREON**

**AT 31 DECEMBER 2025**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2025

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*Translation of Auditor's Report  
originally issued in Arabic*

## **AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF MADINET MASR FOR HOUSING AND DEVELOPMENT - S.A.E.**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Madinet Masr for Housing and Development - S.A.E., which comprise the consolidated statement of financial position as of 31 December 2025, and the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's responsibility for the Consolidated Financial Statements*

These consolidated financial statements are the responsibility of the Company's Management as Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Egyptian Accounting Standards and in the light of relevant Egyptian laws and regulations. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of relevant Egyptian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



*Opinion*

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Madinet Masr for Housing and Development - S.A.E. as of 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the financial year then ended, in accordance with Egyptian Accounting Standards and in the light of relevant Egyptian laws and regulations.

**Hamdy Youssef**

Member of CPA, USA

Fellow of ESAA

RAA No. 7242

FRA No. 404



Cairo, 30 March 2026

Madinet Masr for Housing and Development - S.A.E.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 December 2025

	Note	31/12/2025 L.E.	31/12/2024 L.E.
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	4	205,910,651	147,974,776
Right of use assets	24	130,733,083	46,289,542
Assets under constructions	5	435,075,209	205,319,750
Amounts paid on account of investments in subsidiaries	6/1	87,330,229	9,421,519
Financial assets at amortized cost	6/2	1,636,889	566,968
Financial assets at fair value through other comprehensive income	6/3	8,681,317	8,545,937
Investment properties	6/4	1,722,591,722	1,514,949,702
Notes receivables (Net)	10	2,628,049,687	968,097,050
Debtors and other debit balances	12/1	153,435,657	182,160,643
<b>Total Non-Current Assets</b>		<b>5,373,444,444</b>	<b>3,083,325,887</b>
<b>CURRENT ASSETS</b>			
Inventories	7	68,655,032	48,895,997
Work in progress	8	12,531,241,668	8,837,725,223
Assets available for sale		-	3,459
Finished properties	9	302,922,534	331,342,712
Investment properties available for sale		254,982,560	187,684,471
Short term notes receivable (Net)	10	3,361,860,438	1,131,534,632
Trade receivables	10	492,783,795	344,451,919
Advances to trade payables	11	6,420,918,264	4,630,553,381
Debtors and other debit balances	12/2	8,625,790,971	5,391,997,808
Investments at fair value through profit or loss	6/5	4,075,590	3,319,728
Financial assets of amortized cost - Treasury bills	6/6	2,960,727,238	625,264,397
Residential complexes management, operation and maintenance	22	97,057,052	-
Contracts assets		149,769,188	177,349,066
Cash and bank balances	13	2,655,726,407	2,919,768,560
<b>Total Current Assets</b>		<b>37,926,510,737</b>	<b>24,629,891,353</b>
<b>Total Assets</b>		<b>43,299,955,181</b>	<b>27,713,217,240</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued and paid-up capital	18	2,135,000,000	2,135,000,000
Treasury shares		(386,757,569)	-
Legal reserve		620,672,378	479,260,291
Retained earnings		5,722,951,947	3,850,468,071
Net profit for the year		3,611,782,137	2,914,125,251
Employees and executives' shares option plan		113,050,000	98,350,000
Change in fair value of financial assets through other comprehensive income		6,573,022	6,298,222
Investment properties revaluation surplus at fair value (Net)		627,246,167	452,666,480
Shareholders' equity of parent		<b>12,450,518,082</b>	<b>9,936,168,315</b>
Non-controlling interest	19	170,049,431	134,774,834
<b>Total Equity</b>		<b>12,620,567,513</b>	<b>10,070,943,149</b>

The attached notes from 1 to 45 form part of these consolidated financial statements.

Madinet Masr for Housing and Development - S.A.E.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued**

At 31 December 2025

	Note	31/12/2025 L.E.	31/12/2024 L.E.
<b>NON-CURRENT LIABILITIES</b>			
Notes payable	17/1	-	48,564,338
Term loans	20	3,023,750,060	717,081,408
Lease liability	36	98,802,100	15,922,929
Deferred tax liabilities	35	62,919,554	38,880,317
<b>Total Non-Current Liabilities</b>		<b>3,185,471,714</b>	<b>820,448,992</b>
<b>CURRENT LIABILITIES</b>			
Advance payments from customers for undelivered unites	14	18,228,159,844	8,637,402,911
Advance payments – Customers		9,698,447	14,917,441
Provisions	15	311,897,744	339,474,668
Trade payables		1,469,632,455	1,128,716,680
Infrastructure completion liabilities	16	847,797,263	952,000,670
Dividends payable		69,698,903	8,329,749
Creditors and other credit balances	17/2	2,024,988,119	2,301,322,459
Creditors of management, option and maintenance of residential compounds	22	-	15,626,200
Current portion of long-term loans	20	269,366,750	315,670,936
Short term loans	21/1	2,396,583,156	1,650,000,000
Credit banks (credit facilities)	21/2	260,034,800	30,000,000
Lease liability	36	32,398,797	31,365,138
Land development liability	41	372,255,951	363,274,370
Contracts liabilities		6,238,506	12,139,279
Tax Authority		1,195,165,219	1,021,584,598
<b>Total Current Liabilities</b>		<b>27,493,915,954</b>	<b>16,821,825,099</b>
<b>Total Liabilities</b>		<b>30,679,387,668</b>	<b>17,642,274,091</b>
<b>Total Equity and Liabilities</b>		<b>43,299,955,181</b>	<b>27,713,217,240</b>

Auditor's report "attached"

  
Senior Vice President -Finance  
Mr. Ahmed Hussein Elazab

  
CEO & Managing director  
Eng. Mohamed Abdallah  
Sallam

  
Chairman  
Eng. Mohamed Hazem Barakat

The attached notes from 1 to 45 form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF INCOME**

For the year ended 31 December 2025

	Note	31/12/2025 L.E.	31/12/2024 L.E.
Net revenue	25-a	11,709,886,832	8,460,758,977
<b>Less:</b>			
Cost of revenue	25-b	<u>(4,688,256,574)</u>	<u>(2,715,302,612)</u>
<b>Gross profit</b>		7,021,630,258	5,745,456,365
<b>Less:</b>			
Selling and marketing expenses	26	(1,897,670,475)	(1,675,162,401)
General and administrative expenses	27	(576,428,097)	(341,293,084)
Other operating expenses	28	(144,323,561)	(108,447,916)
Provisions provided	15	(133,066,967)	(107,154,050)
Finance cost	29	(694,822,522)	(584,070,494)
Impairment in financial assets at fair value		(219,200)	-
Reverse provided expected credit loss		(5,976,769)	102,722,119
<b>Add:</b>			
Provisions no longer required	15	108,050,000	41,321,929
Finance income	30	833,168,469	519,634,488
Income relevant to activity	31	<u>196,105,179</u>	<u>186,727,394</u>
<b>Operating profit</b>		4,706,446,315	3,779,734,350
Return on financial assets at fair value through other comprehensive income		-	266,667
Gain from sale of financial assets at fair value through other comprehensive income		-	18,944,788
Return on financial assets at amortized cost		1,069,921	41,716
Gains from sale of assets held for sale		116,704,041	116,704,040
Other expenses	32	<u>(88,803,705)</u>	<u>(47,517,941)</u>
<b>Net profit for the year before tax</b>		4,735,416,572	3,868,173,620
Income tax		(1,032,530,536)	(986,978,353)
Deferred tax	35	<u>(54,812,377)</u>	<u>65,371,822</u>
<b>Net profit for the year</b>		3,648,073,659	2,946,567,089
Less: Non-controlling interest		<u>(36,291,522)</u>	<u>(32,441,838)</u>
Shareholders' equity of parent company	33	<u>3,611,782,137</u>	<u>2,914,125,251</u>
<b>Earnings per share for the year</b>	38	<u>1.520</u>	<u>1.187</u>

  
 Senior Vice President - Finance  
 Mr. Ahmed Hussein Elazab

  
 CEO & Managing director  
 Eng. Mohamed Abdallah  
 Sallam

  
 Chairman  
 Eng. Mohamed Hazem Barakat

The attached notes from 1 to 45 form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2025

	<i>31/12/2025</i> <i>L.E.</i>	<i>31/12/2024</i> <i>L.E.</i>
Net profit for the year	3,648,073,659	2,946,567,089
<b><u>Items not to be reclassified in the statement of income</u></b>		
Valuation surplus of investment properties at fair value	174,579,687	390,093,280
Changes in Financial assets at Fair value through other comprehensive income	274,800	(17,258,045)
Total comprehensive income for the year	3,822,928,146	3,319,402,324
(Less)/Add: Non-controlling interest	(36,291,522)	(32,441,838)
Shareholders' equity of parent company	3,786,636,624	3,286,960,486



Senior Vice President -Finance  
Mr. Ahmed Hussein Elazab



CEO & Managing director  
Eng. Mohamed Abdallah  
Sallam



Chairman  
Eng. Mohamed Hazem Barakat

The attached notes from 1 to 45 form part of these consolidated financial statements.

Madinet Masr for Housing and Development - S.A.E.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the year ended 31 December 2025

	Issued and paid-up capital	Legal reserve	Treasury shares	Retained earnings	Net profit for the year	Share premium for share options	Valuation surplus of investment properties at fair value	Changes in Fair Value Through OCI	Total	Non-controlling interest	Total
Balance at 1 January 2024	2,135,000,000	373,144,164	-	2,533,528,741	2,128,062,027	107,100,000	62,573,200	23,556,267	7,362,964,399	103,206,352	7,466,170,751
Transfer to retained earnings	-	-	-	2,128,062,027	(2,128,062,027)	-	-	-	-	-	-
Transfer to legal reserve	-	106,116,127	-	(106,116,127)	-	-	-	-	-	-	-
Dividends declared 2023	-	-	-	(705,006,570)	-	-	-	-	(705,006,570)	(873,356)	(705,879,926)
Revaluation of the share option Comprehensive income for the year	-	-	-	-	-	(8,750,000)	-	-	(8,750,000)	-	(8,750,000)
Balance at 31 December 2024	<u>2,135,000,000</u>	<u>479,260,291</u>	-	<u>3,850,468,071</u>	<u>2,914,125,251</u>	<u>98,350,000</u>	<u>452,666,480</u>	<u>6,298,222</u>	<u>9,936,168,315</u>	<u>134,774,834</u>	<u>10,070,943,149</u>
Balance at 1 January 2025	2,135,000,000	479,260,291	-	3,850,468,071	2,914,125,251	98,350,000	452,666,480	6,298,222	9,936,168,315	134,774,834	10,070,943,149
Treasury shares	-	-	(386,757,569)	-	-	-	-	-	(386,757,569)	-	(386,757,569)
Transfer to retained earnings	-	-	-	2,914,125,251	(2,914,125,251)	-	-	-	-	-	-
Dividends declared 2024	-	-	-	(141,412,087)	-	-	-	-	(141,412,087)	-	(141,412,087)
Paid-in capital attributable to non-controlling interest. Comprehensive income for the year	-	-	-	-	-	-	-	-	-	2,600,000	2,600,000
Revaluation of the share option	-	-	-	-	3,611,782,137	-	174,579,687	274,800	3,786,636,624	36,291,522	3,822,928,146
Balance at 31 December 2025	<u>2,135,000,000</u>	<u>620,672,378</u>	<u>(386,757,569)</u>	<u>5,722,951,947</u>	<u>3,611,782,137</u>	<u>14,700,000</u>	<u>627,246,167</u>	<u>6,573,022</u>	<u>12,450,518,082</u>	<u>170,049,431</u>	<u>12,620,567,513</u>

*Ahmed Elhabib*

Senior Vice President Finance

Mr. Ahmed Hussein Elazab

*M. Dhine*

CEO & Managing director

Eng. Mohamed Abdallah Sallam

*Eng. Mohamed Hazem Barakat*

Chairman

Eng. Mohamed Hazem Barakat

The attached notes from 1 to 45 form part of these consolidated financial statements.

Madinet Masr for Housing and Development - S.A.E.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2025

	Note	31/12/2025 L.E.	31/12/2024 L.E.
<b>OPERATING ACTIVITIES</b>			
Net profit for the year before tax		4,735,416,572	3,868,173,620
Adjustments for:			
Depreciation of fixed assets and investment properties	4/1, 6/3	23,941,997	14,315,628
Amortization of intangible assets	5	-	9,047,074
Amortization of right of use assets	24	46,017,810	39,948,084
Provisions provided	15	133,066,967	107,154,050
(Reverse)/Provided of expected credit loss (Net)		5,976,769	(102,581,182)
Return on financial assets at fair value through other comprehensive income		-	(266,667)
Return on financial assets at amortized cost		(1,069,921)	(41,716)
Gains on foreign currencies	31	23,556,583	(22,083,043)
Finance cost	29	694,822,522	584,070,494
Impairment in financial assets at fair value		219,200	-
Transfer from intangible assets to expenses	5	-	4,806,837
Provisions no longer required		(108,050,000)	(41,321,929)
Gains from sale of financial assets at fair value through other comprehensive income		-	(18,944,788)
Gain on sales of Assets		(116,700,582)	(116,700,582)
		<u>5,437,197,917</u>	<u>4,325,575,881</u>
Work in progress, Finished properties and unfinished properties		(3,642,564,145)	(2,632,509,515)
Debtors, notes and trade receivables, trade payables debit balance, debtors of compound facilities management		(9,138,003,402)	(4,434,444,415)
Trade payables, suppliers, advance payments from customers for undelivered unites, and projects' advance payment infrastructure completion liabilities		9,450,374,013	5,487,270,025
Used provisions	15	(52,593,891)	(8,242,641)
Dividends paid to Board of Directors and employees		(325,227,059)	(270,550,177)
Income tax paid		(940,487,258)	(800,973,036)
Finance cost paid		(653,745,685)	(584,070,494)
<b>Net cash from operating activities</b>		<u>134,950,490</u>	<u>1,082,055,628</u>
<b>INVESTING ACTIVITIES:</b>			
Payments for purchase of fixed assets and fixed assets under construction	4/1, 4/2	(367,039,019)	(243,191,788)
Proceeds of selling fixed assets under construction and financial assets through other comprehensive income		-	23,258,898
Payments for purchasing of intangible assets	5	-	(2,122,986)
Payments for purchasing of investments in subsidiaries		(77,908,710)	(7,571,519)
Return on financial assets at fair value through other comprehensive income		-	266,667
Return on financial assets at amortized cost		-	41,716
Return on sales of Assets		116,704,041	116,704,040
Purchase of treasury bills with a maturity of more than 90 days.		(20,000,000)	-
<b>Net cash (used in)/from investing activities</b>		<u>(348,243,688)</u>	<u>(112,614,972)</u>

The attached notes from 1 to 45 form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS - Continued**

For the year ended 31 December 2025

	<i>Note</i>	<b>31/12/2025</b> <i>L.E.</i>	<b>31/12/2024</b> <i>L.E.</i>
<b>FINANCING ACTIVITIES:</b>			
Treasury shares		(386,757,569)	-
Dividends paid to shareholders		(517,250,000)	(427,000,000)
Payments for lease liabilities		(46,548,522)	(42,673,551)
Non-controlling interest		2,600,000	-
Payments for long term loans	20	(408,612,365)	(236,364,069)
Proceeds from long term loans	21/1	2,668,976,831	1,150,000,000
Proceeds from short term loans	21/1	746,583,156	(200,000,000)
<b>Net cash used in financing activities</b>		<u>2,058,991,531</u>	<u>243,962,380</u>
<b>Change in cash and cash equivalents during the year</b>		1,845,698,333	1,213,403,036
Cash and cash equivalents at the beginning of the year		3,518,352,685	2,282,866,606
Gain on foreign exchange	31	<u>(23,556,583)</u>	<u>22,083,043</u>
<b>Total cash and cash equivalents at the end of the year</b>		<u>5,340,494,435</u>	<u>3,518,352,685</u>
Less: Restricted time deposits against letters of guarantee		(103,175,822)	(75,560,021)
Frozen treasury bills.		(16,116,600)	-
Restricted investment certificates against letters of guarantee		<u>(487,000)</u>	<u>(487,000)</u>
<b>Cash and cash equivalents at the end of the year</b>	21	<u>5,220,715,013</u>	<u>3,442,305,664</u>

  
 Senior Vice President - Finance  
 Mr. Ahmed Hussein Elazab

  
 CEO & Managing director  
 Eng. Mohamed Abdallah  
 Sallam

  
 Chairman  
 Eng. Mohamed Hazem Barakat

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Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**1. COMPANY BACKGROUND**

**1.1 Legal form of the company**

Madinet Masr for Housing and Development - S.A.E. was incorporated in accordance with the Presidential Decree No. 815/1959 and was changed to Joint Stock Company according to Presidential Decree No 2908/1964, then became a subsidiary of Public Sector Authority for Housing by Presidential Decree No. 469/1983.

The company was converted under the provisions of Law No. 203 for 1991 issued on 30/06/1996 to an Egyptian Joint Stock Company as a subsidiary to the Holding Company for Housing under the name of Madinet Nasr Housing and Development. The Extraordinary General Assembly of the company held on 30/06/1996 approved the change in the governing laws under which the company was operating from the provisions of Law No. 203 for 1991 to the provisions of Law No. 159 for 1981 and its executive regulations and published in company's journal on January 1997.

The Company was registered in the Commercial Registry under No. (300874) dated 23 December 1996 and Tax Registration No. 095-009-200.

On 2 May 2023, the Extraordinary General Assembly Meeting has approved the amendments of the company's name in Article (2) of the Articles of Association to become "Madinet Masr for Housing and Development Company", and the amendment has been registered in the company's commercial registry on 13 June 2023.

**1.2 Activity**

The company is engaged in all activities related to real estate development for land, buildings and facilities including acquisition of land and real estate, sale and rental, dividing it and providing all types of facilities necessary for reconstruction and connected to it in Nasr City and other areas nationwide, the purchase and development, utilization, leasing and sale of all buildings and land. The company can establish, manage and invest in all residential, administrative, tourist, recreational and all projects necessary to achieve these purposes, and all real estate operations, financial, commercial and entertainment related to these purposes, as well as carrying out design, and engineering consultancy, and supervision of the execution by others.

BIG Investment Group Limited – Britain – is considered the main shareholder of the company.

**1.3 Duration**

The company's term is 50 years starting from 23/12/1996 and ending 22/12/2046.

**1.4 Location**

The company's Head Office is located at 4, Youssef Abbass St. , Nasr City, Cairo, Egypt.

The Chairman is Eng. Mohamed Hazem Barakat.

The company's ordinary shares are listed on the Egyptian Exchange (EGX) and, as Global Depository Receipts (GDRs).

The company's Board of Directors has approved the consolidated financial statements for the year ended 31 December 2025 on 12 March 2026.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**1. COMPANY BACKGROUND - Continued**

**1.5 Basis of consolidation**

A subsidiary is a company in which the company owns more than 50% of the share capital and the company exercises the right to control the investee when the company is exposed or entitled to variable returns through the company's contribution to the investee company and has the ability to affect those returns through its authority over the company. Therefore, the company controls the investee company when the company has all the following:

1. Power over the investee.
2. Exposure or right to variable returns by contributing to the investee company.
3. The ability to use the authority on the investee company to influence the amount of proceeds obtained from it.
  - Investments in subsidiaries are carried at cost less impairment losses, if any.
  - The consolidated financial statements include the financial statements of the company and its subsidiaries.
  - The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.
  - All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized as assets and liabilities, are eliminated in full.
  - Subsidiaries are fully consolidated from date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date such control ceases.
  - Non-controlling interests represent the portion of total comprehensive income and net assets not held by the group are presented separately in statement of income and within equity in consolidated financial position, separate from owners of parent's equity.

The parent company - Madinet Nasr for Housing and Development Company - invests and have control over 30 September 2025 the subsidiary companies, which was included in the consolidated financial statements, as follows:

<i>Subsidiary</i>	<i>Legal Form</i>	<i>Percentage Ownership</i>	<i>Activity</i>
Al Nasr for Civil Works S.A.E.	S.A.E.	52.46%	Civil construction
EgyCan for Real Estate Development Co.	S.A.E.	100%	Real estate development, investment
Minka for Real Estate Investment Co.	S.A.E.	100%	Real estate development, investment
Doors for property management	S.A.E.	100%	Brokerage
Madinet Masr for the Management of Sports Clubs	S.A.E.	74%	Clubs Management
Madinet Masr for Project Management	S.A.E.	100%	Project Management
Madinet Masr for Finishing	S.A.E.	100%	Constructions

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**2. USE OF ESTIMATES AND JUDGMENTS**

The preparation of consolidated financial statements in accordance with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable, under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the future periods if it affects future periods.

The following are items on the consolidated financial statements that are affected by judgments, assumptions, and estimates:

- Estimate useful lives of fixed assets, intangible assets and investment properties.
- Provisions and contingent liabilities
- Impairment of financial and non-financial assets
- Taxation
- Cost of sales and cost of completion of infrastructure liability
- Present value (significant financing component)
- Expected credit loss

**Fair value Measurement**

The fair value represents the price that the company would receive in exchange for selling the asset or the consideration paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability will occur in the principal market for the asset, liability, or market that will yield the most interest on the asset or liability.

The fair value of the asset or liability is measured using assumptions that market participants would use when pricing the asset or liability, on the assumption that market participants will pursue their economic interests.

The measurement at the fair value of the non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset to the maximum acceptable degree or by selling it to another market participant who would use the asset to its maximum capacity.

For assets traded in an active market, the fair value is determined by reference to the quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates on similar items with similar terms and risk characteristics.

For unlisted assets, fair value is determined by reference to the market value of a similar asset or based on the expected discounted cash flows.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**2.1 USE OF ESTIMATES AND JUDGMENTS - Continued**

The company uses valuation methods that are appropriate in the surrounding circumstances and for which sufficient data are available to measure the fair value, thus maximizing the use of relevant observable data and minimizing the use of data that cannot be observed to a minimum.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified into significant categories based on the fair value measurement as a whole:

- **The first level:** using trading prices (unadjusted) for fully identical assets or liabilities in active markets.
- **The second level:** by using inputs other than the trading prices contained in the first level, but that can be observed for the asset or liability directly (that is, prices) or indirectly (that is, derived from prices).
- **The third Level:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

On March 6, 2023, Prime Minister Decision No. (883) of 2023 was issued to amend and issue some provisions of the Egyptian Accounting Standards issued No. 110 of 2015 and amended on March 18, 2019, by a decision of the Minister of Investment and International Cooperation, which includes some new accounting standards and amendments to some existing standards, which were published in the Official Gazette on March 6, 2023.

**3.1 Basis of preparation of consolidated financial statements**

- The consolidated financial statements were prepared in accordance with the Egyptian Accounting Standards and relevant local laws and regulations.
- The consolidated financial statements are presented in Egyptian Pounds which presents the functional currency of the group.
- The company apply securitization treatments in the financial statements in accordance to Article No. (41) bis to (41) bis 8 of the capital market law promulgated by Law No. 95 of 1992.

**3.2 Summary of significant accounting policies**

**3.2.1 Fixed assets and depreciation**

Recognition and measurement

Fixed assets are recorded on purchase at cost and are presented in the consolidated financial position net of accumulated depreciation and impairment losses (Note 4). Historical costs include costs associated with the purchase of the asset. For assets constructed internally, the cost of the asset includes the cost of raw materials, direct labor and other direct costs incurred in bringing each asset to its location and the purpose for which it was acquired, as well as the costs of removal and rearrangement of the site, where the assets are located.

Components are accounted for on an item of fixed assets that have different useful lives as separate items within those fixed assets.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

Subsequent costs

The carrying amount of fixed assets includes the cost of replacing a part or component of such assets when it is expected to obtain future economic benefits as a result of spending that cost. Other costs allocated to the consolidated statement of income as an expense when incurred.

Any gain or loss on disposal of an item of fixed assets is recognized in profit or loss.

3.2.2 Fixed assets and depreciation

Depreciation

Depreciation is provided on a straight-line basis to write off the cost less estimated residual value of each asset – other than land. Estimated useful lives are reviewed periodically and on review base useful lives are adjusted and relevant rates as follows:

	<i>Estimated useful life</i>
Buildings	10-40 years
Improvements- Leasehold building	5 or the duration of the lease whichever is lower
Improvements- Building owned	8 years
Machinery & equipment for production	2-10 years
Vehicles	5-10 years
Computers & servers	4 years
Tools & equipment	2-10 years
Furniture & office equipment	2-10 years
Fixtures & decorations	4 years

Fixed assets under construction

Fixed assets under construction are recorded at cost which includes all the direct costs incurred on the assets to reach its final position (Note ٥). These are transferred to fixed assets or investment property or intangible assets when the asset is complete and ready for its intended use. Fixed assets under construction are recorded at cost less impairment, if any.

3.2.3 Intangible assets (Software and IT)

Recognition

Assets of a non-monetary nature that are identifiable and have no physical existence and that is held for purposes of use and from which future benefits are expected to flow are treated as intangible assets.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

The first measurement at recognition

Intangible assets are measured at cost, which is represented in the monetary price on the date of evidence, and in the event that payment is postponed for periods exceeding the followed credit periods, the difference between the cash price and the total amount paid is recognized as interest. Intangible assets are shown net, net of depreciation and impairment.

Subsequent expenditures

Subsequent expenditures on the acquisition of intangible assets are capitalized only when these expenditures increase the future economic benefits of the related asset, and all other expenditures are charged to the income statement (profits or losses) when incurred.

**3.2.4 Fixed assets and depreciation**

Amortization

Amortization is charged to the income statement (profits or losses) according to the straight-line method over the life of the useful life of the intangible assets, and this is the amortization of intangible assets from the date in which they are available for use, but if the useful life of the intangible assets is not specified then it is done. Carrying out impairment testing on a regular basis at the date of each financial position for these assets.

*Useful life (years)*

Software

1 year

**3.2.5 Financial instruments**

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- FVOCI – debt investment and equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect future cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

**3.2.3 Financial assets**

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets- Business Model Assessment:

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company takes under consideration:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).
- A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets classified at FVTPL

Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss.

Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value.

Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

**Financial Liabilities - Classification, Subsequent Measurement, Profits and Loss**

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

Financial liabilities are classified as fair value through profit or loss if they are classified as held for trading at 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 liabilities are 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.

**De-recognition**

Financial assets

The company derecognizes 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 from the financial asset, or it transfers the contractual rights to receive the cash flows in a transaction in which all the risks and rewards of ownership of the financial asset have been transferred materially, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial assets.

Financial liabilities

Financial liabilities are derecognized when the contractual obligations are discharged, canceled or expired.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

The company also derecognizes the financial obligations when their terms are modified and the cash flows of the modified obligations differ substantially, in which case the new financial obligations are recognized on the basis of the modified terms at fair value.

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

**3.2.6 Investment properties**

Investment properties are measured at cost model, and measured later using the fair value model and the outcome of revaluation of investment properties is charged to the statement of other comprehensive income, and in case of revaluation loss it decrease first from revaluation surplus, and if it exceeds the revaluation surplus it charged to the statement of income. The cost model is used for investment properties which has no reliable fair value in accordance to para 53 of investment properties standard, and depreciation expense charged to the separate statement of income according to the straight-line method over the estimated useful life of all investment property except the land. In case of such assets are impaired, the loss is included in the separate income statement.

<i>Assets</i>	<i>Estimated useful life</i>
Residential	40 years
Non-residential units	40 years

**3.2.7 Securitization**

The company dispose the notes receivable which were sold through securitization, from the accounting records and recognize the difference between current value and cash value received through securitization as finance cost in the separate statement of profit or loss.

**3.2.8 Financial assets at FVPL**

Financial assets at fair value through profit or loss are recorded in the books at cost. Financial assets are evaluated at the date of the consolidated financial statements at fair value, which represents the market price at the date of valuation. Valuation differences are included in the consolidated income statement.

**3.2.9 Inventories**

Inventories are stated at the lower of cost or net realizable value. Costs include expenses incurred in bringing each product to its present location and condition. Cost of raw materials, packing materials, spare parts, fuel and oil is determined on a weighted average basis.

Net realizable value is based on estimated selling price less selling and completion cost.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**3.2.10 Lands, unfinished and finished properties**

All cost incurred on lands, unfinished and finished properties are included in this account. At point of sale, this account is adjusted based on actual per meter cost of land or units sold. Lands, unfinished and finished properties are measured at the lower of cost and net realizable value. In case of decrease the net realizable value under the cost, the decrease is charged to the consolidated statement of income.

**3.2.11 Consolidated statement of cash flows**

The consolidated statement of cash flow is prepared according to the indirect method. Earned and paid interest, employees share in profit, and Board of Directors remunerations are being classified in operating activities.

**3.2.12 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, time deposits and treasury bills (due within 3 months), investments at fair value through profit and loss, bank current accounts, and short term highly liquid investments, which can be easily converted to cash, less overdrafts (credit banks) and pledged time deposits against letters of guarantee. Cash and cash equivalents does not include the balances of current accounts and bank deposits related to the maintenance deposit of residential compounds that are collected and managed for the benefit of customers and are not considered as cash balances of the company.

**3.2.13 Trade receivables, notes receivables and other debit balances**

Trade accounts receivable stated at cost net of allowance for doubtful debts, which is estimated for amounts not expected to be collected in full. Other debit balances are being stated at cost less any impairment losses, (if any).

Notes receivable represents the value of the Post-Dated Checks (PDCs) obtained from the customers in payment of the remaining contractual values of the contracted real estate units. The initial recognition of notes receivable is at fair value at the time the contract is entered into with the customers. At the date of preparation of the consolidated financial statements, notes receivable is re-measured at amortized cost which is determined by discounting the future cash flows of the notes receivable using the rate of return that discounts the nominal value of the instruments to the current cash price for selling the real estate units.

**3.2.14 Asset's impairment**

*Non-Financial Assets*

At the consolidated financial statements date, the company reviews the carrying amounts of its owned non-financial assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the company estimates the recoverable amount for each asset separately in order to estimate the impairment losses. In case the recoverable amount of the asset cannot be properly estimated, the company estimates the recoverable amounts for the cash-generating unit which is related to the asset.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

In case of using a reasonable and consistent basis for allocating of the assets to the cash generating units, the company's general assets would be also allocated to these units. If this is unattainable, the general assets of the company shall be allocated to the smallest group of the cash-generating units, which the company determined using logical and fixed bases.

The asset recoverable amount or the cash-generating unit is represented by the higher of the fair value (less the estimated selling costs) or the estimated amount from the usage of the asset (or the cash generating unit).

The estimated future cash flow from the usage of the assets, or the cash generating unit using a discount rate before tax is discounted in order to reach the present value for these flows which represents the estimated amount from using the asset (or the cash generating unit).

This rate reflects current market assessments of the time value of money and the risks specific to the asset, which were not taken into consideration when estimating the future cash flow generated from it. When the recoverable amount of the asset (cash generating unit) is estimated to be less than their carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount with the impairment loss recognized immediately in the consolidated income statement.

In case the impairment on asset (or cash generating unit) decreases subsequently, and this decrease is related in a logical manner to one event or more taking place after the initial recognition of the impairment at the profit or losses, a reversal is done for the revised amount of losses (or a part of it) – which had been previously recognized – in the consolidated income statement, and the carrying amount for the asset is increased (or the cash generating unit) with the new estimated recoverable amount provided that the revised carrying amount of the asset after revising (or the cash generating unit) does not exceed the carrying amount determined for the asset, had the recognized losses resulting from impairment, not been recognized in previous periods

The company applies a three-stage approach to measuring the expected credit losses from financial assets carried at amortized cost and debt instruments at fair value through other comprehensive income. Assets go through the following three phases based on the change in credit quality since their initial recognition.

Stage 1: The expected credit loss over 12 months

Stage one 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 ECL is recognized and interest is charged on the total carrying amount of the assets (without deducting the credit provision). 12-month ECL This is the expected credit loss that could result from defaults likely within 12 months after the date of the financial statements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

Stage 2: the expected credit loss over the life - with no impairment of the value of credit

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. Lifetime ECL is recognized for those assets, but interest continues to be charged on the total carrying amount of the assets. Lifetime ECL is the expected credit loss arising from all possible defaults over the expected life of the financial instrument.

Stage 3: Lifetime Expected Credit Loss – Credit Impairment

Stage three includes financial assets for which there is objective evidence of impairment at the reporting date; For these assets, a lifetime ECL is recognized.

*Financial Assets*

At the end of each reporting date, the company determines whether there is any indication that its financial assets may be impaired.

Financial assets are exposed to impairment when an objective evidence that the estimated future cash flow have been affected by the event or more established at a date subsequent to the initial recognition of the financial asset.

The carrying value of all financial assets is reduced directly with the impairment losses except those related to the reduction in the expected value of the collections from the customers debts and other debit balances, where a formed allowance for impairment loss is done on its value. When the debt of the clients or the owner of the debit balance is uncollectible, a written off discount is applied upon this account. All the changes in the book value relating to this account are recognized in the consolidated statement of income.

**3.2.15 Provisions**

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate can be made for the obligation. Provisions are reviewed at the consolidated statement of financial position date and adjusted (if necessary) to present the best current estimate.

**3.2.16 Treasury shares**

Treasury shares are recorded at cost and deducted from shareholders equity. Gain or loss from sale of shares is included in equity.

**3.2.17 Dividends**

Dividends are recorded as liability during the period when declared.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**3.2.18 Revenue recognition**

**1) Revenue from customer contracts**

The Company applied the EAS No. 48 as of January 1, 2021 where the Company recognizes the revenue from contract with customers in accordance with the five steps module as identified in EAS No. 48, as follows:

- Identify Contract with Customers
- Identify separate performance obligations in the contract
- Determine the transaction price
- Allocate Transaction price to the distinct performance obligations based on relative standalone selling price.
- Revenue recognition when/(at) the entity satisfies its performance obligation.

The Company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met:

- a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until the date.
- b) The Company arise or improves a customer-controlled asset when the asset is arise or improved.
- c) The customer receives and consumes the benefits of Company performance at the same time as soon as the company has performed.

Revenue from customer contracts is recognized over the time if the performance obligations are not fulfilled over a year of time. All remaining benefits, in this case the company must recognize revenue because it has fulfilled its performance obligations.

When the company satisfies the performance obligation by providing the promised goods and services, it creates the principal of the contract based on the amount achieved through performance. When the amount collected from the customer exceeds the amount of revenue recognized, a contract obligation arises.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractual terms specified for the payments. The Company evaluates revenue contracts against specific criteria to determine whether it is acting as principal or agent. The company concluded that it was acting as a major supplier in all of its revenue contracts.

The Company adjusts the transaction price for the effect of the significant financing component by discounting it using the rate that would be reflected in a separate financing transaction between the Company and its customers on the contract inception date.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

The company pays sales commission for contracts it obtains to sell certain units of real estate and capitalizes the additional costs of obtaining a contract that meet the criteria in Egyptian Accounting Standard No. 48. These costs are recognized when revenue is recognized. The capitalized costs of acquiring such contracts are presented separately as a current asset in receivables and other receivables and amortized in selling and marketing expenses in the statement of profit or loss.

Revenue recognition

**Madinet Masr For Housing and Development:**

Real Estate sales

Revenue from the sale of contracted residential administrative and commercial units shall be proven upon the transfer of control to customers in accordance with the stages of delivery as sale value in accordance with contracts with customers for such units. The revenues of such units shall be proven at a point of time net of the units that the customers has transferred control over.

Land sales

Land sale revenue are recognized when control transfers from the company to customers when the land is actually delivered to customers provided that the facilities are completed and revenue from the land proven at a point of time for the land that have been transferred to the customers.

Interest income

Interest income is recognized on an accrual basis using the effective interest method is the rate used to deduct future cash payments expected to be made or collected during the financial instruments life expectancy/or if appropriate, a lesser period of time) to fully equal the financial assets book value or financial obligation.

**Al-Nasr for Civil Works**

Estimated contracts revenue

The company records contracts revenue using the percentage of completion for contracts work at the end of the financial period, in case it is possible to reliably estimate the results of contracts.

The percentage of completion is assessed by referring to the sustained contract costs till to date to gross estimated costs for the contract. It is required to make assumptions to assess the estimated gross contract costs and different work that can be redeemed which affect the percentage of completion. The assessment is performed based on the experience and previous knowledge of the projects' engineers and other technical differences.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The accuracy of this assessment might have an effect on revenue and profits.

At the end of each period, the company should estimate the costs to complete the contracts based on the work that should be performed after the financial year. It consists objective assessment for the project progress according to time schedule and assessment of the work to the performed and the costs related to deliver the contract to the client.

The assessment of contract revenue is affected by a group of different uncertainties (including the estimation of costs) which depends on the outcome of future circumstances. The assessment should be reviewed as a result of circumstances and the settlement of uncertainties. Therefore, the recorded revenue of the contract may increase or decrease from period to period.

**2) Joint arrangement**

A joint arrangement is an arrangement in which two or more parties have joint control. It is either a joint operation or a joint venture. A joint arrangement is that the parties are bound by a contractual agreement granting joint control to two or more parties of the arrangement.

The classification of a joint arrangement as a joint operation or a joint venture depends on the rights and obligations (undertakings) of the parties to the arrangement. The joint operation becomes a joint arrangement when its parties have joint control over the rights over the assets and the obligations associated with the arrangement. These parties are called joint operators. A joint venture is a joint arrangement when its parties have joint control over the rights over the net assets associated with the arrangement. These parties are called shareholders in joint ventures. The entity shall apply the judgment in assessing whether the joint arrangement is a joint venture or a joint venture.

The joint operator shall account for assets, liabilities, revenue and expenses related to its share in the joint operation in accordance with the Egyptian Accounting Standards applicable to such assets, liabilities, revenues and expenses.

On 31 December 2015, the Company adopted a new strategy to execute a joint venture development contract based on a share in the revenue of the sales. The Company receives its share against the land provided for development by the other co-developer who will receive the rest of the sale revenue against incurring the development cost.

**3) Other revenue**

- Rental income is recognized on a time-apportioned basis. Interest income on deposits and bonds is recognized on a time basis and using the target rate of return on the financial asset.
- Dividend income is recognized in the consolidated statement of income when the right to receive dividends from the investee is established and is recognized after the date of acquisition.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

When the Group satisfies a performance obligation by delivering the agreed goods or providing the agreed services, it recognizes an asset under the contract in exchange for the consideration received as a result of the performance. If the amount invoiced to the customer exceeds the revenue recognized, this results in an increase in the contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the specific contractual payment terms.

Revenue is recognized in the statement of profit or loss to the extent that it is probable that the economic benefits will flow to the Group and the revenue and related costs can be measured reliably, where applicable.

**3.2.19 Direct and indirect cost**

The actual costs of establishing real estate units are capitalized within (a work in progress and finished properties) costs are charged according to contractors and suppliers extracts after the company's technical affairs department has approved those extracts, the costs are appointed among the units on the basis of the actual completion of each phase in accordance with the following bases:

- The units share of attached long cost allocated for the establishment of the units, when is distributed on the basis of the long area of each unit in the residential assembly.
- The units share of the actual construction costs distributed on the basis of contracts and invoices for all units within each phase.
- The units share of actual interest costs and finance expenses based on the units' direct costs to the total costs of units for the residential assembly of each phase.

**3.2.20 Other operating expenses and residential community measurement**

An expense represents the cost of temporary operating activity for residential compounds until delivering the units to the customers.

**3.2.21 Lease contracts**

Recognition and measurement

At the commencement date, the company recognizes the right of use asset and a lease liability as follows:

Initial measurement of the right of use asset

At the commencement date of lease contract, the right of use assets is measured at "cost" which is:

- The initial measurement of lease contract liability which is presented in the paragraph below.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

- Any lease payments made at or before the commencement date, less any lease incentives received.
- Any initial direct costs incurred by the lessee.
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease contract, unless those costs are incurred to produce inventories, the lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Initial measurement of the lease liability

At the commencement date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease contract, if that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- Fixed payments, less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Recognition and measurement of the company as lessor:

The company classifies each lease contract as an operating lease or as a financing lease:

Operating lease:

The company recognizes lease payments from operating lease as income either in instalment method or on any other regular basis if that basis is more reflective of the pattern in which the use of the asset under contract decreases.

Sale and leaseback contracts

In the case of sale and leaseback, the transfer of assets shall be evaluated if the sale of the buyer obtains control over the asset, directs its use and obtain the remaining benefits from it or is not a sale as follows:

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

Asset transfer represent a sale:

The asset is established as a right of utilization in accordance with the requirements of Egyptian Accounting Standard No. (49) on lease against recognized of the lease liability at the present value of lease payments as liability as set out in the policy for initial measurement of the asset of the benefit, where the contract is classified as a lease in this case.

Asset's transfer is not a sale:

The asset transferred to the company's books shall be recognized as an asset against a financial obligation equal to the receipts of the transfer of the contract. This obligation shall be accounted for in accordance with Egyptian Accounting Standard No. (47) in this case, the contract shall be classified as a secured financing contract.

Short term lease and leases with lease low value assets

Short term leases are leases with a term of 12 month or less impaired assets are items that do not meet the requirements for capitalization of a company and are considered immaterial to the company's statement of the financial position as a whole. Lease payments for short-term and low value asset lease are recognized as an expenses on straight line basis in the statement of profit or loss.

**3.2.22 Employees' benefits**

The company contributes to the social insurance scheme for the benefit of its employees in accordance with the Social Insurance Law. No.79 of 1975 and its amendments Contributions of workers and employers are calculated at a fixed rate of wages. The company's commitment is represented in value of its contribution. The company's contributions are charged to the consolidated statement of income. The company gives employees who have reached retirement age, end of service gratuity up to a maximum of 50 thousand Egyptian pounds. At 21 December 2022 BOD decided to increase the amount of end of services gratuity to be L.E. 100,000 instead of L.E. 50,000. The Company also applies an optional early retirement scheme. End of service benefits for employees benefiting from this system are charged to the consolidated statement of income in the year in which they are approved for early retirement.

**3.2.23 Taxation**

Income tax

Taxation is accounted according to Egyptian laws and regulations.

Income tax expense that is calculated on the profits of the company represents the sum of the tax currently payable (calculated according to the applied laws and regulations and using the tax rates prevailing as of the consolidated financial statements date) and deferred tax. Current and deferred taxes are recognized as income or expenses and included in the profits or losses of the period except for instances that taxes are established from:

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

- A transaction or event recognized, in the same period or other period, outside profit or loss either in other comprehensive income or directly in equity, or
- Business combinations.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities according to the accounting basis used in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted at the separate financial statements date.

Deferred tax liabilities are generally recognized (generated from taxable temporary differences in the future) while deferred tax assets recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profits will be available in future years to allow all or part of the asset to be recovered. The balance sheet method is used in accounting for deferred assets and liabilities and they are recognized as non-current assets and liabilities.

**3.2.24 Earnings per share**

Earnings per share are calculated by dividing the net profit for the year after deducting employees share in profit and Board of Directors remuneration by the weighted average number of outstanding shares during the year.

**3.2.25 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of a qualified asset for capitalization of cost of borrowing; are capitalized as part of the cost of the asset. Other borrowing costs are charged as an expense in the consolidated statement of income on a time-apportioned basis using the effective interest rate.

An asset eligible to bear the cost of borrowing necessarily requires a long year of time to process it for use for its intended purposes or to sell it. This applies to land and building facilities items as fixed assets under construction (under construction projects) and incomplete inventory of reconstruction and housing projects.

Capitalization of borrowing costs begins as part of the cost of the qualifying asset to bear the cost of borrowing when:

- Expenditure on the qualified asset.
- The Company incurs a borrowing cost.
- The activities required for the preparation of the asset for use for purposes specified for it or for its sale to others are currently under implementation.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

Capitalization of borrowing costs is suspended during periods in which the effective construction of the asset is impaired. Capitalization is contingent upon the completion of all material activities necessary to prepare the qualifying asset to bear the borrowing cost for its intended use or to sell it to third parties.

**3.2.26 Legal reserve**

As required, by the Companies Law No. 159 of 1981 and the company's Articles of Association 5% of the profit for the year is transferred to the legal reserve. The company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The legal reserve cannot be distributed except in cases stated in the Law.

**3.2.27 Foreign currency transactions**

The company's functional currency is the Egyptian pound. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated financial statements date are translated at the rate of exchange ruling at that date. Retranslation exchange profit and loss is taken to the consolidated statement of income.

**3.2.28 Takaful contribution**

Takaful contribution system mandated by Law No. 2 for 2018 has been adopted on 12 July 2018 and is applied on all entities whether individual or corporate regardless of their nature in legal form.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**4. FIXED ASSETS**

<u>31/12/2025</u>	<b>Land (*) L.E.</b>	<b>Buildings &amp; constructions (*) L.E.</b>	<b>Leasehold improvement L.E.</b>	<b>Machinery &amp; equipment L.E.</b>	<b>Vehicles L.E.</b>	<b>Tools &amp; Equipment L.E.</b>	<b>Furniture &amp; office equipment L.E.</b>	<b>Computers L.E.</b>	<b>Fixtures L.E.</b>	<b>Total L.E.</b>
<b>Cost:</b>										
At 1 January 2025	68,558,785	29,190,743	38,034,916	33,171,996	40,618,712	4,144,347	21,624,564	47,351,615	1,815,282	284,510,960
Additions during the year	-	36,333,378	-	3,409,005	17,511,165	-	7,084,709	17,539,615	-	81,877,872
Disposals	-	-	-	-	(618,879)	-	-	(1,229,278)	-	(1,848,157)
At 31 December 2025	<u>68,558,785</u>	<u>65,524,121</u>	<u>38,034,916</u>	<u>36,581,001</u>	<u>57,510,998</u>	<u>4,144,347</u>	<u>28,709,273</u>	<u>63,661,952</u>	<u>1,815,282</u>	<u>364,540,675</u>
<b>Accumulated depreciation:</b>										
At 1 January 2025	-	16,378,501	36,114,301	32,925,246	12,496,833	2,762,840	18,446,008	15,736,891	1,675,564	136,536,184
Depreciation for the year	-	2,017,692	646,084	992,183	6,282,206	1,345,780	1,526,847	10,991,574	139,631	23,941,997
Disposals	-	-	-	-	(618,879)	-	-	(1,229,278)	-	(1,848,157)
At 31 December 2025	<u>-</u>	<u>18,396,193</u>	<u>36,760,385</u>	<u>33,917,429</u>	<u>18,160,160</u>	<u>4,108,620</u>	<u>19,972,855</u>	<u>25,499,187</u>	<u>1,815,195</u>	<u>158,630,024</u>
<b>Net book value:</b>										
At 31 December 2025	<u>68,558,785</u>	<u>47,127,928</u>	<u>1,274,531</u>	<u>2,663,572</u>	<u>39,350,838</u>	<u>35,727</u>	<u>8,736,418</u>	<u>38,162,765</u>	<u>87</u>	<u>205,910,651</u>

(\*) Lands and buildings include land and building of the social club and the playground for Madinet Masr for Housing and Development Employees' club, and the book value is approximately L.E. 1.3 million for the land and L.E. 1.9 million for the buildings. There are no guarantees or pledging on fixed assets at the date of the consolidated financial statements.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**4. FIXED ASSETS - Continued**

31/12/2024	Land (*) L.E.	Buildings & constructions		Leasehold improvement L.E.	Machinery & equipment L.E.	Vehicles L.E.	Tools & Equipment L.E.	Furniture & office equipment L.E.	Computers L.E.	Fixtures L.E.	Total L.E.
		(*) L.E.	L.E.								
<b>Cost:</b>											
At 1 January 2024	1,652,525	29,339,333	38,034,916	33,397,700	12,453,712	4,144,347	20,217,629	1,815,282	28,107,520	1,815,282	169,162,964
Additions during the year	66,906,260	-	-	97,035	28,165,000	-	1,602,793	-	23,759,484	-	120,530,572
Disposals	-	(148,590)	-	(322,739)	-	-	(195,858)	-	(4,515,389)	-	(5,182,576)
At 31 December 2024	68,558,785	29,190,743	38,034,916	33,171,996	40,618,712	4,144,347	21,624,564	1,815,282	47,351,615	1,815,282	284,510,960
<b>Accumulated depreciation:</b>											
At 1 January 2024	-	13,668,603	35,468,217	33,063,510	12,001,714	1,333,637	17,347,554	1,520,210	13,024,489	1,520,210	127,427,934
Depreciation for the year	-	2,858,488	646,084	184,475	495,119	1,429,203	1,294,312	155,354	7,227,791	155,354	14,290,826
Disposals	-	(148,590)	-	(322,739)	-	-	(195,858)	-	(4,515,389)	-	(5,182,576)
At 31 December 2024	-	16,378,501	36,114,301	32,925,246	12,496,833	2,762,840	18,446,008	1,675,564	15,736,891	1,675,564	136,536,184
<b>Net book value:</b>											
At 31 December 2024	68,558,785	12,812,242	1,920,615	246,750	28,121,879	1,381,507	3,178,556	139,718	31,614,724	139,718	147,974,776

(\*) Lands and buildings include land and building of the social club and the playground for Madinet Masr for Housing and Development Employees' club, and the book value is approximately L.E. 1.3 million for the land and L.E. 4.5 million for the buildings. There are no guarantees or pledging on fixed assets at the date of the consolidated financial statements.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**4. FIXED ASSETS - *Continued***

a) Fully depreciated assets and still in use are as follows:

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Leasehold improvements	38,347,264	36,211,665
Elevators	885,932	-
Buildings and constructions	1,192,838	2,078,770
Machinery and equipment	32,909,352	32,240,770
Vehicles	11,322,416	11,886,575
Tools and equipment	3,947,813	1,047,090
Furniture and office equipment	13,803,951	12,716,219
Computers and software	2,993,226	4,354,927
	<u>105,402,792</u>	<u>100,536,016</u>

b) Depreciation for the year is allocated as follows:

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Cost of sales	5,902,615	4,120,365
General & administrative expenses (Note 27)	4,510,017	5,257,930
Selling & marketing expenses (Note 26)	13,163,903	4,680,813
Other operating expenses (Note 28)	365,462	231,718
	<u>23,941,997</u>	<u>14,290,826</u>

**5. FIXED ASSETS UNDER CONSTRUCTION**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
New Administrative Headquarters at Taj City Project	433,378,848	149,009,100
Document Storage Equipment	709,633	709,633
New Sales Tent at Taj City Project	-	195,328
Share of Minka from land Kinda Project	-	55,405,689
Computer Software and Information Systems Under Development (Doors)	986,728	-
	<u>435,075,209</u>	<u>205,319,750</u>

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**6. AMOUNTS PAID ON ACCOUNT OF INVESTMENTS AND FINANCIAL ASSETS**

**6/1 Investments in subsidiaries**

	<i>Contribution</i> %	<i>31/12/2025</i> <i>L.E.</i>	<i>31/12/2024</i> <i>L.E.</i>
Madinet Masr for Finishing	100	-	1,010,759
Madinet Masr for Project Management	100	-	1,010,760
Madinet Masr for the Management of Sports Clubs	74	-	7,400,000
Saudi Arabia Doors of Expertise Real Estate Company	100	50,000,000	-
IFI Real Estate Investment Fund Company	100	5,000,805	-
SEFI Underwriting and Promotion Company	100	10,085,955	-
Safe International Company	100	21,303,394	-
Cities of the World Company	100	940,075	-
		<u>87,330,229</u>	<u>9,421,519</u>

**6/2 Financial assets at amortized cost**

	<i>31/12/2025</i> <i>L.E.</i>	<i>31/12/2024</i> <i>L.E.</i>
Investments in Governmental bonds (Non active market)	<u>1,636,889</u>	<u>566,968</u>

**6/3 Financial assets at fair value through other comprehensive income**

	<i>Contribution</i> %	<i>31/12/2025</i> <i>L.E.</i>	<i>31/12/2024</i> <i>L.E.</i>
High Education House (S.A.E.)	1.200	8,681,317	8,326,737
El Nasr Transformers & Electrical Products Co. (El-Maco)	0.01	19,200	19,200
El Nasr Co. for Clay Brick Production	0.80	200,000	200,000
<b>Less:</b>			
Impairment of investments		(219,200)	-
		<u>8,681,317</u>	<u>8,545,937</u>

**6/4 Investments properties**

	<i>31/12/2025</i> <i>L.E.</i>	<i>31/12/2024</i> <i>L.E.</i>
Leased real-estate to others – Revalued using the fair value model	1,720,351,170	1,512,709,151
Held land ownership on sold properties	2,076,334	2,076,333
Rented building using cost model – Net (*)	164,218	164,218
	<u>1,722,591,722</u>	<u>1,514,949,702</u>

(\*) Investment property rented building using cost model – Net.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**6. INVESTMENTS PROPERTIES AND FINANCIAL ASSETS - Continued**

<u>31/12/2025</u>	<i>Residential units L.E.</i>	<i>None residential units L.E.</i>	<i>Total L.E.</i>
<b>Cost:</b>			
At 1 January 2025	596,163	339,905	936,068
Additions during the year	-	-	-
Disposals during the year	(1,624)	-	(1,624)
At 31 December 2025	<u>594,539</u>	<u>339,905</u>	<u>934,444</u>
<b>Accumulated depreciation:</b>			
At 1 January 2025	527,894	243,956	771,850
Disposal for the year	(1,624)	-	(1,624)
At 31 December 2025	<u>526,270</u>	<u>243,956</u>	<u>770,226</u>
<b>Net book value:</b>			
At 31 December 2025	<u>68,269</u>	<u>95,949</u>	<u>164,218</u>

<u>31/12/2024</u>	<i>Residential units L.E.</i>	<i>None residential units L.E.</i>	<i>Total L.E.</i>
<b>Cost:</b>			
At the beginning of the year and at the end of the year	<u>596,163</u>	<u>339,905</u>	<u>936,068</u>
<b>Accumulated depreciation:</b>			
At the beginning of the year	527,474	219,574	747,048
Depreciation for the year	420	24,382	24,802
At the end of the year	<u>527,894</u>	<u>243,956</u>	<u>771,850</u>
<b>Net book value:</b>			
At the end of the year	<u>68,269</u>	<u>95,949</u>	<u>164,218</u>

- Fully depreciated investment properties and still used are as follows:

	<u>31/12/2025 L.E.</u>	<u>31/12/2024 L.E.</u>
Residential units	526,270	527,894
Non-residential units	243,956	243,956
	<u>770,226</u>	<u>771,850</u>

(\*) The revalued investment properties using the fair value model. The fair value of these investments properties has been valued by an independent expert who is registered with the Financial Regulatory Authority, this valuation has been conducted in accordance with paragraph (75) of standard No (34).

(\*\*) The investment properties that has been valued with cost model can not determine their fair value reliably according to paragraph 53 of Egyptian Accounting Standard No (34), This is mainly due to they are residential properties leased under old lease Contracts which under indefinite an undetermined lease contracts according to the law, currently there are no market transactions for comparable properties and alternative estimates of fair value are not available.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**6. INVESTMENTS AND FINANCIAL ASSETS – Continued**

**6/5 Investments at fair value through profit or loss**

	31/12/2025	31/12/2024
	L.E.	L.E.
<u>Investment certificates in:</u>		
QNB Investment Fund	2,935,686	2,389,326
Banque Du Caire Investment Fund	137,340	113,100
United Bank Investment Fund - Rakhaa (*)	1,002,564	817,302
	<u>4,075,590</u>	<u>3,319,728</u>

Investments in investment fund certificates are short-term investments for the purpose of managing the company's cash balances by investing in cash investment funds, which are highly liquid investments that can be redeemed daily or weekly and are considered part of the cash and cash equivalents. (Note 21)

(\*) United Bank Investment Fund (Rakhaa) includes restricted investment certificates by L.E. 487,000 (2024: L.E. 487,000) against letters of guarantee as of consolidated financial statements date. (Note 21)

**6/6 Financial assets at amortized cost**

**Treasury bills**

	31/12/2025	31/12/2024
	L.E.	L.E.
Treasury Bills_ 349 days	20,000,000	-
Treasury Bills_ 56 days	153,800,000	-
Treasury Bills_ 44 days	257,700,000	-
Treasury Bills_ 42 days	-	47,050,000
Treasury Bills – 28 days	-	537,950,000
Treasury Bills – 22 days	360,000,000	-
Treasury Bills – 21 days	400,000,000	-
Treasury Bills – 16 days	208,200,000	-
Treasury Bills – 14 days	1,587,925,000	51,375,000
	<u>2,987,625,000</u>	<u>636,375,000</u>
<b>Less:</b>		
Unrealized gain on treasury bills	<u>(26,897,762)</u>	<u>(11,110,603)</u>
	<u>2,960,727,238</u>	<u>625,264,397</u>

Treasury bills due within three months from the date of acquisition are classified as cash and cash equivalents (Note 21).

Treasury bills on September 30, 2025 include an amount of L.E. 16,116,600 frozen as cover against letters of guarantee.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**7. INVENTORIES**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Materials and supplies	66,235,069	48,021,305
Fuel and oil	20,159	26,541
Spare parts and supplies	2,399,804	848,151
	<u>68,655,032</u>	<u>48,895,997</u>

**8. WORK IN PROGRESS**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
<b><u>Lands and unites uncompleted</u></b>		
Tag City (*)	4,922,277,914	4,255,819,816
Sarai City (*)	3,109,798,406	1,643,621,963
West Assuit (**)	607,021,316	555,729,299
Tag Ville	766,106,301	659,881,058
Victoria mall	663,024	-
Butterfly	66,909,124	-
New Heliopolis	57,469,786	68,112
Kinda EgyCan for Real State Development Co.	3,000,995,797	1,722,604,975
	<u>12,531,241,668</u>	<u>8,837,725,223</u>

(\*) Tag City includes the completed phases that the company started for sale: "Tag sultan", "Park residence", "Shalya & Lake Park", "Elect", "Coblet" and "club side "Origami" In addition to the not yet ready for sale, where the balance of 30 June 2025 represents the cost of external and internal utilities, the cost construction works and cost of extension works of the Shinzo Abi corridor that pass through the company's lands. (Note 41)

Sarai includes the phases that are ready for sale: "Taval", "Crowns", "Cavana", "Strip mall", and "Mansion" rayi. In addition to the not yet ready for sale, where the balance of 30 June 2025 represents the cost of external and internal facilities & the cost construction works.

Land and real estate units have been recorded at actual cost which shall not be less than its redemption value as at the date of the consolidated financial statements.

(\*\*) In accordance with the resolution of New Urban Communities Authority's Board of Directors no. (134) dated 22 January 2020 to allocate a plot of land with area 104.15 Feddan in the new Nasr city (west Assuit) in favor of the company to construct an urban complex. Also, the resolution of the board of directors no (138) dated 14 May 2020 to amend the schedule of payment of amounting L.E. 497,309,325 and a percent of 15% to be paid as administration fees and board of trustees amounting L.E. 56,297,962, and the remaining percent of 85% will be paid amounting L.E. 441,011,367 on installments after grace period of 2 years from date advice. The company issued notes payable against these installments in favor of the authority of new Nasser city (West of Assuit)- Note 17/1, 17/2).

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**8. WORK IN PROGRESS - - Continued**

The capitalized interests from the significant financing component with clients according to the Egyptian according standard No. (48) revenue from contracts with customers as follows:

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Taj city	32,671,043	20,558,108
Sarai	21,935,859	16,012,874
Tag Ville	678,491	318,675
	<u>55,285,393</u>	<u>36,889,657</u>

**9. FINISHED PROPERTIES**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
El Waha, Premira & Nasr City	11,890,330	13,413,717
Nasr Gardens	291,032,204	317,928,995
	<u>302,922,534</u>	<u>331,342,712</u>

**10. TRADE AND NOTES RECEIVABLE**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
<b><u>Notes receivables - long term</u></b>		
Tag City	1,159,020,589	660,986,060
Sarai	2,011,605,854	775,349,328
Other	7,497,153	16,170,040
	<u>3,178,123,596</u>	<u>1,452,505,428</u>
<b>Less:</b>		
Finance component of contracts with customers	(525,382,917)	(449,248,302)
Expected credit losses	(24,690,992)	(35,160,076)
	<u>2,628,049,687</u>	<u>968,097,050</u>
<b><u>Notes receivables - short term</u></b>		
Tag City	894,608,596	596,032,247
Sarai	2,813,565,102	989,601,087
Other	16,813,051	21,413,824
	<u>3,724,986,749</u>	<u>1,607,047,158</u>
<b>Less:</b>		
Finance component of contracts with customers	(334,186,713)	(470,991,629)
Expected credit losses	(28,939,598)	(4,520,897)
	<u>3,361,860,438</u>	<u>1,131,534,632</u>
<b><u>Trade receivables</u></b>		
Tag City	36,889,629	53,110,413
Sarai	147,606,980	110,718,304
Construction's receivables (NCCW)	260,972,875	152,317,181
Other	57,666,406	46,734,639
	<u>503,135,890</u>	<u>362,880,537</u>
<b>Less:</b>		
Expected credit losses	(10,352,095)	(18,428,618)
	<u>492,783,795</u>	<u>344,451,919</u>

The discount of the present value of notes receivable is amortized as revenue in the maturities of these securities according to the effective interest rate.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**10. TRADE AND NOTES RECEIVABLE - Continued**

Movement for expected credit loss for notes receivables and trade receivables during the year is as follows:

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Balance at the beginning of the year	58,109,591	163,005,335
Provided/(Reversal) during the year	5,873,094	(104,895,744)
	<u>63,982,685</u>	<u>58,109,591</u>

According to the decision of the Financial Supervisory Authority issued on 12 January 2022, the company applied the accounting treatment related to the real estate development activity.

Post-dated checks (off balance sheet)

The company maintains off balance sheet post-dated checks received from customers for undelivered units and not included in financial position as follows:

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Notes receivables for undelivered units- short term	10,791,163,632	8,261,466,919
Notes receivables for undelivered units- long term	70,172,928,377	51,562,367,997
	<u>80,964,092,009</u>	<u>59,823,834,916</u>

- The value of cheques received from customers in respect of units not yet delivered and not recognized within the statement of financial position includes the development partners' share, amounting to L.E. 4,161,799,442 as at 31/12/2025 (31/12/2024: L.E. 1,717,561,112).

**11. TRADE PAYABLES DEBIT BALANCES - NET**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Trade payables & contractors	6,430,314,070	4,639,674,590
Less: creditors expected credit loss - debit balances	(9,395,806)	(9,121,209)
	<u>6,420,918,264</u>	<u>4,630,553,381</u>

Movement for Expected credit loss for trade payables – debit balance during the year as follows:

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Balance at the beginning of the year	9,121,209	8,530,385
(Reversal)/ provided during the year	274,597	590,824
	<u>9,395,806</u>	<u>9,121,209</u>

Madinet Masr for Housing and Development - S.A.E.

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**12. RECEIVABLES AND OTHER DEBIT BALANCES (NET)**

**12/1 Receivables and other credit balances – long-term (net)**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Current accounts	7,921,768	30,063,425
Insurance reservation	103,176,711	107,393,054
Duties and responsibilities	54,450,638	57,707,015
	<u>165,549,117</u>	<u>195,163,494</u>
Less: Expected credit loss	(12,113,460)	(13,002,851)
	<u>153,435,657</u>	<u>182,160,643</u>

**12/2 DEBTORS AND OTHER DEBIT BALANCES – NET**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Masr Elgededa for Development Company (****)	2,057,912,103	1,100,000,000
Medar Investment and Urban Development Company (***)	1,259,068,127	1,069,827,004
Zahraa El Maadi for Investment and Development Company (Advance of Participatory development) (*****)	333,000,000	200,000,000
Contract acquisition costs (**)	4,367,428,762	2,561,219,886
Tamweel Mortgage Company	31,793,541	21,598,767
Securitization Financial Group	49,427,102	68,153,306
Employee share option plan (ESOP)(*)	22,538,853	57,149,985
Paid under Gas lines	48,188,748	39,447,759
Refundable deposits	91,749,861	68,790,449
Prepaid expenses	78,703,914	63,565,757
Accrued interest (deposits interest)	1,084,715	1,268,932
Other debit balances	152,836,981	43,102,674
Cash cover of letters of guarantee	1,039,443	21,039,443
Prepaid rental benefits	6,873,674	-
Tax Authority	125,078,637	77,048,868
	<u>8,626,724,461</u>	<u>5,392,212,830</u>
<b>Less:</b>		
Expected credit loss	(933,490)	(215,022)
	<u>8,625,790,971</u>	<u>5,391,997,808</u>

Movement for Expected credit loss for debtors and other debit balances during the year is as follows:

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Balance at the beginning of the year	215,022	225,121
Provided during the year	718,468	-
(Reversal) during the year	-	(10,099)
	<u>933,490</u>	<u>215,022</u>

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**12. RECEIVABLES AND OTHER DEBIT BALANCES (NET) - Continued**

- (\*) On 18 April 2023 the ordinary general assembly meeting has approved the increase of the issued capital with L.E. 35,000,000 by issuing number of 35 million share dividends to be determined for employee share option plan, manager, executive Board of Directors and employees of the company which was authorized by financial Regulatory Authority in February 2022.
- (\*\*) According to paragraph (91) of Egyptian Accounting Standard No. (48) Revenue from Contracts with Customers, the entity must recognize the additional costs of obtaining a contract with a customer as an asset if the entity expects to recover those costs that the entity would not have incurred had the contract not been obtained (for example: sales commission). The mentioned amount represents the sales commission on unrealized revenue from contracts with customers until 31/12/2025.
- (\*\*\*) On July 10, 2024, the Company entered into a co-development agreement for a fully serviced residential project spanning 238 acres in Mostakbal City with Medar for Investment and Urban Development under a revenue-sharing arrangement. According to the agreement, an amount of L.E. 1.07 billion was paid to Medar as an advance payment from its share of the project's revenues, to be settled against future revenues. In addition, an amount of L.E. 189,241,123 was paid representing the difference in the guaranteed minimum share of the development partner from sales proceeds up to December 31, 2025.
- (\*\*\*\*) On July 10, 2024, the Company entered into a co-development agreement for a fully serviced residential project spanning 491 acres in New Heliopolis City with Heliopolis Company for Housing and Development under a revenue-sharing arrangement. According to the agreement, an amount of L.E. 1.10 billion was paid to Heliopolis Company for Housing and Development as an advance payment from its share of the project's revenues, to be settled against future revenues. In addition, an amount of L.E. 957,912,103 was paid representing the difference in the guaranteed minimum share of the development partner from sales proceeds up to December 31, 2025.
- (\*\*\*\*\*) On October 23, 2024, the Company entered into a co-development agreement for a fully serviced residential project spanning 42 acres in New Heliopolis City with Zahraa El Maadi Investment and Development Company under a revenue-sharing arrangement. According to the agreement, an amount of L.E. 200 million was paid to Zahraa El Maadi Investment and Development Company as an advance payment from its share of the project's revenues, to be settled against future revenues. In addition, an amount of L.E. 133,000,000 was paid representing the difference in the guaranteed minimum share of the development partner from sales proceeds up to December 31, 2025.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**13. CASH AND BANK BALANCES**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash on hand	5,839,150	3,720,089
Current account with bank interest	1,996,586,815	1,215,965,329
Bank current accounts	649,313,942	1,700,083,142
Cheques under collection	3,986,500	-
	<u>2,655,726,407</u>	<u>2,919,768,560</u>

Banks' time deposits as of Dec 31, 2025 include L.E. 103,175,822 (as of 31 December 2024: L.E. 75,560,021) frozen deposits against letters of guarantee.

**14. ADVANCE PAYMENT FROM CLIENTS FOR UNDELIVERED UNITS**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Tag City	6,023,585,101	2,687,927,167
Sarai	7,643,860,028	3,490,506,212
Tag Ville	378,631,769	481,947,387
Mostakabal City	1,528,288,924	409,657,388
New Heliopolis	184,217,079	-
West Assuit (Zahw)	50,118,979	19,927,038
Victoria mall	15,333,545	-
Kinda	1,918,057,359	1,445,780,783
The Hoft	19,570,150	101,656,936
Seka	54,982,319	-
Finishing works	14,732,612	-
The club	396,781,979	-
	<u>18,228,159,844</u>	<u>8,637,402,911</u>

The unrealized revenue from contracts with customers includes amounts received from customers and received postdated checks at 31/12/2025 amounted to L.E. 95,030,452,411 (31/12/2024: L.E. 66,743,676,715).

**15. PROVISIONS**

	<i>Balance at</i>	<i>Provided</i>	<i>Used during</i>	<i>No longer</i>	<i>Balance at</i>
	<i>1/1/2025</i>	<i>during the</i>	<i>the year</i>	<i>required</i>	<i>31/12/2025</i>
	<i>L.E.</i>	<i>year</i>	<i>the year</i>	<i>L.E.</i>	<i>L.E.</i>
		<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	
Provision for client's subscription in club	147,000,000	-	(44,750,000)	(35,000,000)	67,250,000
Claims provision	102,231,339	78,659,941	(6,226,477)	(73,050,000)	101,614,803
Legal provision	48,715,712	-	(116,109)	-	48,599,603
Tax Provisions	15,662,937	-	-	-	15,662,937
Other provisions	25,864,680	54,407,026	(1,501,305)	-	78,770,401
	<u>339,474,668</u>	<u>133,066,967</u>	<u>(52,593,891)</u>	<u>(108,050,000)</u>	<u>311,897,744</u>

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**16. INFRASTRUCTURE COMPLETION LIABILITIES**

	<i>Balance at 1/1/2025 L.E.</i>	<i>Additions / (returns) L.E.</i>	<i>Work executed L.E.</i>	<i>Balance at 31/12/2025 L.E.</i>
Tag City	5,302,028	42,713,238	(43,770,718)	4,244,548
Sarai and Capital Gardens	372,133,448	272,881,197	(484,444,251)	160,570,394
Operating and maintenance Expenses liability for residential compounds	574,565,194	190,000,000	(81,582,873)	682,982,321
	<u>952,000,670</u>	<u>505,594,435</u>	<u>(609,797,842)</u>	<u>847,797,263</u>

The balance of the utilities completion obligations represents the estimated costs required to complete the main and external utilities networks related to the residential communities. These networks are currently under construction and have not yet been finally handed over by the contractors. The balance also includes the Company's obligations for the operation and maintenance of the residential communities during the period of their handover to customers.

**17. CREDITORS AND OTHER CREDIT BALANCES**

*17/1 Long Term Notes Payable*

	<i>31/12/2025 L.E.</i>	<i>31/12/2024 L.E.</i>
Long term notes payable at face value – West Assuit land (Note 8)	-	63,333,074
Discount: Finance component	-	(14,768,736)
	<u>-</u>	<u>48,564,338</u>

*17/2 Creditors and other credit balances – current*

	<i>31/12/2025 L.E.</i>	<i>31/12/2024 L.E.</i>
Notes payable – West Assuit Land	63,333,074	70,438,560
Notes payable	233,983,111	1,104,529,061
Support to National Housing Project	340,000	350,000
Down payment for reservation of land and property sales	183,105,064	86,605,832
Customer Collections (Gas-Water-Dish)	496,433	553,120
Contractors and amounts under settlement	7,012,328	51,813,096
Engineering stamp and Building Union stamp	340,553	319,733
Customers' balances for cancelled reservations	11,077,849	10,968,843
Amounts due to customers for cancelled contracts.	33,556,630	24,587,518
Proceeds for maintenance expenses and counters	45,401,345	40,681,512
Accrued interest	41,076,836	57,236,972
Accrued Commission	677,119,103	204,905,925
Governmental authorities	306,894,583	175,730,684
Accrued expenses	95,139,386	21,795,126
Accrued salaries and others	635,476	1,064,921
Bank receipts from customers under settlement	205,010,211	151,270,350
Accrued Development partner	17,737,714	220,333,176
Takaful contribution	42,343,895	30,201,182
Other	60,384,528	47,936,848
	<u>2,024,988,119</u>	<u>2,301,322,459</u>

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**18. SHARE CAPITAL**

**Authorized capital:**

The authorized capital is five billion Egyptian Pounds.

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
<b>Issued and paid up:</b>		
The value of each share is one Egyptian Pound	2,135,000,000	2,135,000,000
Treasury shares (85.4 shares)	<u>(386,757,569)</u>	<u>-</u>

The following are a list of percentage of shares of issued and paid-up capital for shareholders:

<u><i>31/12/2025</i></u>	<i>No. of shares</i>	<i>Nominal value</i> <i>L.E</i>	<i>Contribution %</i>
BIG Investment Group Ltd.	417,883,272	417,883,272	19.57
Holding Co. for Construction and Development	318,999,182	318,999,182	14.94
Social Insurance Fund of Governmental Sector Workers	171,551,357	171,551,357	8.04
B Investment Holding Co.	156,909,104	156,909,104	7.35
Al Alian Co. for Investments Ltd.	95,500,002	95,500,002	4.47
National Investment Bank	77,392,641	77,392,641	3.62
Other shareholders / Public subscription (different nationalities)	896,764,442	896,764,442	42.01
	<u><b>2,135,000,000</b></u>	<u><b>2,135,000,000</b></u>	<u><b>100</b></u>

<u><i>31/12/2024</i></u>	<i>No. of shares</i>	<i>Nominal value</i> <i>L.E</i>	<i>Contribution %</i>
BIG Investment Group Ltd.	417,883,272	417,883,272	19.57
Holding Co. for Construction and Development	318,999,182	318,999,182	14.94
Social Insurance Fund of Governmental Sector Workers	167,639,857	167,639,857	7.85
B Investment Holding Co.	156,909,104	156,909,104	7.35
Al Alian Co. for Investments Ltd.	95,500,002	95,500,002	4.47
National Investment Bank	77,392,641	77,392,641	3.62
Other shareholders / Public subscription (different nationalities)	900,675,942	900,675,942	42.20
	<u><b>2,135,000,000</b></u>	<u><b>2,135,000,000</b></u>	<u><b>100</b></u>

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**19. NON-CONTROLLING INTEREST**

Non-controlling interest right are their share of equity (Net assets) in subsidiary company.

	<i>Non-controlling interest in net assets %</i>	<i>Non-controlling interest in net assets 1/1/2025 L.E.</i>	<i>Non-controlling interest in Share capital</i>	<i>Distribution Of non-controlling interest L.E.</i>	<i>Non-controlling interest share in net Profit the year L.E.</i>	<i>Non-controlling interest in net assets 31/12/2025 L.E.</i>
Al Nasr Company for Civil Works	47.54	134,733,464	-	(3,616,925)	28,691,051	159,807,590
Doors for Assets Management	0.02	52,614	-	-	94,300	146,914
Minka for Real Estate investment	0.0679	(11,253)	-	-	23,165	11,912
EgyCan for Real Estate Development	0.0002	9	-	-	4	13
Madinet Masr for SportsClubs Management	26.000	-	2,600,000	-	7,481,951	10,081,951
Madinet Masr for Project Management	0.0001	-	-	-	1,597	1,597
Madinet Masr for Finishing Works	0.0001	-	-	-	(546)	(546)
	<b>73.6283</b>	<b>134,774,834</b>	<b>2,600,000</b>	<b>(3,616,925)</b>	<b>36,291,522</b>	<b>170,049,431</b>

**20. TERM LOANS**

Madinet Misr for Housing & Development S.A.E.

	<i>Balance at the beginning of the year L.E.</i>	<i>Amounts withdrawn during the year L.E.</i>	<i>Installments paid during the year L.E.</i>	<i>Amounts withdrawn during the year L.E.</i>
<b>31/12/2025</b>				
a) Egyptian Gulf Bank	167,294,571	-	(167,294,571)	-
b) Syndication loan – Notes receivable discount	517,511,779	-	(167,439,837)	350,071,942
c) Syndication loan – Notes receivable discount	347,945,994	-	(73,877,957)	274,068,037
d) Medium-term revolving syndicated loan	-	2,668,976,831	-	2,668,976,831
	<b>1,032,752,344</b>	<b>2,668,976,831</b>	<b>(408,612,365)</b>	<b>3,293,116,810</b>

Classification of loans and interest for each loan are as follows:

	<i>Current portion of term loans L.E.</i>	<i>Term loans L.E.</i>	<i>Balance at the end of the year L.E.</i>	<i>Interest and commission capitalized on qualified assets L.E.</i>
<b>31/12/2025</b>				
a) Egyptian Gulf Bank	-	-	-	17,325,351
b) Syndication loan – Notes receivable discount	187,357,497	162,714,445	350,071,942	47,321,689
c) Syndication loan – Notes receivable discount	82,009,253	192,058,785	274,068,038	35,208,383
d) Medium-term revolving syndicated loan	-	2,668,976,830	2,668,976,830	-
	<b>269,366,750</b>	<b>3,023,750,060</b>	<b>3,293,116,810</b>	<b>99,855,423</b>

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**20. TERM LOANS - Continued**

	<i>Balance at the beginning of the year L.E.</i>	<i>Capitalized interest during the year L.E.</i>	<i>Amounts withdrawn during the year L.E.</i>	
<i>31/12/2024</i>				
a) Egyptian Gulf Bank	241,647,714	(74,353,143)	167,294,571	
b) Syndication loan – Notes receivable discount	616,746,266	(99,234,487)	517,511,779	
c) Syndication loan – Notes receivable discount	410,722,433	(62,776,439)	347,945,994	
	<b>1,269,116,413</b>	<b>(236,364,069)</b>	<b>1,032,752,344</b>	
				<i>Interest and commission capitalized on qualified assets L.E.</i>
	<i>Current portion of term loans L.E.</i>	<i>Term loans L.E.</i>	<i>Balance at the end of the year L.E.</i>	
<i>31/12/2024</i>				
a) Egyptian Gulf Bank	74,353,143	92,941,428	167,294,571	57,299,423
b) Syndication loan – Notes receivable discount	167,439,837	350,071,942	517,511,779	63,960,328
c) Syndication loan – Notes receivable discount	73,877,956	274,068,038	347,945,994	41,839,509
	<b>315,670,936</b>	<b>717,081,408</b>	<b>1,032,752,344</b>	<b>163,099,260</b>

These loans are represented in long term facilities granted from the following banks:

**a) Egyptian Gulf Bank**

A medium-term loan contract was signed between the Egyptian Gulf Bank and Madinet Masr for Housing and Development on 23 February 2020, to finance the cost of establishing and developing the Sarai transformer station.

The amount of financing is available for withdrawal starting from the date of the first withdrawal of financing, which took place on 17 June 2020, and ends on 30 July 2024.

The financing period is 74 months, starting from the date of signing the financing documents and ending on 31 December 2028.

The full outstanding balance of the medium-term revolving syndicated loan granted by the Commercial International Bank (CIB) Egypt and other banks has been fully repaid.

**b) Syndicated loan – Notes receivable discount**

Long term syndicated financing contract Participating banks:

- 1) The Commercial International Bank in its capacity as the main arranger, loan promoter, financing agent and lending bank.
- 2) The United Bank in its capacity as the lending bank
- 3) The Arab Investment Bank in its capacity as the lending bank
- 4) The Egyptian Gulf Bank in its capacity as the lending bank.
- 5) Contract date August 26, 2020.

Purpose of financing: discounting commercial papers with a nominal value of 1,133,870,000 Egyptian pounds, in order to provide the necessary amounts to finance the construction and development of the company's unfunded projects.

Loan period: Expires on March 9, 2027.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**20. TERM LOANS – Continued**

**c) Syndicated loan – Notes receivable discount**

A long-term syndicated financing contract signed in July 2021

Participating banks:

- Commercial International Bank as the main arranger, finance marketer, financing agent and lending bank.
- National Bank of Kuwait as the lending bank.
- Purpose of financing: discounting commercial papers with a nominal value of 761,108,401 Egyptian pounds, in order to provide the necessary amounts to finance the construction and development of the company's unfunded projects.
- Loan period: ends on November 30, 2028.

**d) Medium-Term Revolving Syndicated Financing**

A medium-term revolving syndicated financing agreement totaling L.E. 9 billion.

On December 24, 2024, the company signed a financing agreement with the Commercial International Bank (CIB), First Abu Dhabi Bank (FAB), Al Baraka Bank, Abu Dhabi Commercial Bank (ADCB), Export Development Bank of Egypt (EDB), Housing and Development Bank (HDB), and Industrial Development Bank (IDB). The agreement aims to finance several phases of the Taj City and Sarai projects, repay the balance of the bridge loan granted by CIB, and repay the balance of the Egyptian Gulf Bank facility. This financing is used in two tranches, as follows:

- The first tranche – Taj City, with a total amount of L.E. 4 billion, to finance the phases of Chalia, Lake Park, Taj Gardens, Taj Ville, Elect, Clubside, and Arigami, in addition to repaying the balance of the bridge loan granted by the Commercial International Bank (CIB) to finance the first tranche projects.
- The second tranche – Sarai, with a total amount of L.E. 5 billion, will finance the Krones, Kavana, Ray, Ray Views, and Elan phases, in addition to repaying the balance of the bridge loan granted by the Commercial International Bank (CIB) to finance the second tranche projects, as well as the Egyptian Gulf Bank loan. The availability period, during which the financing is available for withdrawal, begins on the financial closing date (one month from the contract date) and ends on:
- First Tranche: The date falling 4 years and 10 months after the financial closing date or August 30, 2029.
- Second Tranche: The date falling 7 years and 4 months after the financial closing date or February 29, 2032

**Final Maturity Date:**

- First Tranche: The date falling 4 years and 11 months after the financial closing date or September 30, 2029
- Second Tranche: The date falling 7 years and 5 months after the financial closing date or March 31, 2032

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**21. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated financial position amounts:

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash and bank balances (Note 13)	2,655,726,407	2,919,768,560
Investment at fair value through profit and loss (Note 6/5)	4,075,590	3,319,728
Investment held to maturity – Treasury bills (Note 6/6)	2,940,727,238	625,264,397
<b>Less:</b>		
Credit facilities (Note 21/2)	<u>(260,034,800)</u>	<u>(30,000,000)</u>
Cash and cash equivalents at the end of the year	5,340,494,435	3,518,352,685
<b>Less:</b>		
Restricted treasury bills to cover letters of guarantee (Note 6/6)	(16,116,600)	-
Restricted investment certificates against letters of guarantee (Note 6/5)	(487,000)	(487,000)
Restricted for time deposits against letters of guarantee (Note 13)	<u>(103,175,822)</u>	<u>(75,560,021)</u>
Cash and cash equivalents at the end of the year	<u><b>5,220,715,013</b></u>	<u><b>3,442,305,664</b></u>

**21/1 Short Term Loan**

	<i>Balance at the beginning of the year L.E.</i>	<i>Withdrawals during the year L.E.</i>	<i>Installment paid during the year</i>	<i>Balance at the end of the year L.E.</i>	<i>Commissions and interest during the year L.E.</i>
<u><b>31/12/2025</b></u>					
Kuwait National Bank	<u>1,650,000,000</u>	<u>746,583,156</u>	<u>-</u>	<u>2,396,583,156</u>	<u>525,147,973</u>
<u><b>31/12/2024</b></u>					
Kuwait National Bank	<u>700,000,000</u>	<u>1,150,000,000</u>	<u>(200,000,000)</u>	<u>1,650,000,000</u>	<u>357,498,889</u>

**A) NBK**

On March 2020, a short-term loan agreement was signed with the National Bank of Kuwait – Egypt, according to this agreement the bank granted a loan amounting L.E. 700,000,000 to finance the operating expenses. The loan limit got renewed in March 2023 become one billion to be ending on 31 March 2024 and the agreement got renewed in march 2024. In June 2024, the credit limit has increased to reach L.E. 2,400,000,000 to be ending 31<sup>st</sup> of July 2026.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**21. CASH AND CASH EQUIVALENTS - Continued**

**21/2 Credit Banks (credit facilities)**

**First: Credit facility from United Bank to Madinet Masr Housing and Development Company**

Current overdraft limit of 400 million Egyptian pounds without collateral to finance the payment of checks and transfers to beneficiaries' accounts in other dealing banks for administrative and general expenses, The facility balance on December 31, 2025 amounted to L.E. 260,034,800 million (December 31, 2024: L.E. 30 million).

Sub-limit for letters of guarantee of L.E. 572,415.

**Credit Facility with Commercial International Bank and Madinet Masr for Housing and Development**

A revolving overdraft credit facility amounting to L.E. 1,550,000,000 (Egyptian Pounds one billion five hundred and fifty million only).

On October 30, 2024, the Company obtained a bridge loan in the form of a revolving overdraft facility from Commercial International Bank (CIB) for the purpose of partially financing the investment costs of several phases in Taj City and Sarai projects. The facility was utilized through two tranches as follows:

- First Tranche – Taj City: amounting to L.E. 1.2 billion to partially finance the investment costs of the phases Shalya and Lake Park, Taj Gardens, Taj Ville, Elect, Clubside, and Origami.
- Second Tranche – Sarai: amounting to L.E. 1,2350 Million to partially finance the investment costs of the phases Crowns, Cavana, Rae, Rae Views, and Elan.  
The full outstanding balance of the facility was settled from the medium-term revolving syndicated facility granted by Commercial International Bank (CIB) and several other banks in May 2025

**Second: Credit facilities with Al-Nasr Civil Works Company (a subsidiary)**

The credit facilities granted by the banks to the company are as follows:

**NBE**

An amount of L.E. 30.7 million to issue letters of guarantee for the purpose of bidding on tenders and executing awarded works.

**QNB**

Amount of L.E. 89 million to issue letters of guarantee for the purpose of bidding on tenders and executing awarded works.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**21. CASH AND CASH EQUIVALENTS - Continued**

**FAB**

- Amount of L.E. 54.1 million to issue letters of guarantee for the purpose of bidding on tenders and executing awarded works.
- The above credit facilities are subject to interest and commissions at the rates due to each bank separately according to the credit facility contracts.

**22. DEBTORS OF COMPOUNDS FACILITY MANAGEMENT**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Treasury bills	2,904,510,999	1,899,295,946
Term deposits with banks	-	350,000,000
Bank current accounts	54,627,689	201,281,200
Cheques under collection	3,001,307,835	1,963,281,136
Bank deposits of compounds facility management	5,960,446,523	4,413,858,282
Amounts under settlement	(97,057,052)	15,626,200
Liabilities of compounds facility management	<u>5,863,389,471</u>	<u>4,429,484,482</u>

**23. JOINT ARRANGEMENT**

	<i>Nature of relationship</i>	<i>Nature of Account</i>	<i>Balance at 31/12/2025</i>	<i>Balance at 31/12/2024</i>
			<i>L.E.</i>	<i>L.E.</i>
Capital Gardens project	Joint operation	Long term notes receivable	851,479,375	284,123,289
		Finance component discount	(531,307,204)	(170,319,501)
		Net	<u>320,172,171</u>	<u>113,803,788</u>
		Short term notes receivable	124,789,877	84,867,996
			<u>444,962,048</u>	<u>198,671,784</u>

**24. RIGHT OF USE ASSETS**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
<b>Cost:</b>		
At the beginning of the year	124,675,570	123,145,904
Additions during the year	130,461,351	16,273,795
Disposals during the year	(90,968,185)	(14,744,129)
At the end of the year	<u>164,168,736</u>	<u>124,675,570</u>
<b>Accumulated amortization:</b>		
At the beginning of the year	78,386,028	53,182,073
Amortization during the year (Notes 26, 27)	46,017,810	39,948,084
Amortization of disposals of the year	(90,968,185)	(14,744,129)
At the end of the year	<u>33,435,653</u>	<u>78,386,028</u>
<b>Net book value</b>		
At the end of the year	<u>130,733,083</u>	<u>46,289,542</u>

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**25. REVENUES AND COST OF REVENUES**

**25-a Net Revenues**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Tag City	3,897,052,184	2,663,953,181
Sarai	6,763,208,366	5,712,359,778
Al Waha and Madinet Masr	421,497,196	62,596,827
Contracting revenue (Minka)	520,023,849	1,941,911
Contracting revenue (Al Nasr for Civil Works)	295,567,764	272,481,400
DOORS company	1,473,946	-
Madinet Misr for Projects	176,236,351	-
<b>Total revenue</b>	<u>12,075,059,656</u>	<u>8,713,333,097</u>
<b>Less: Sales returns</b>	<u>(562,879,994)</u>	<u>(380,209,235)</u>
<b>Net revenue</b>	<u>11,512,179,662</u>	<u>8,333,123,862</u>
<b>Add:</b>		
Return on Financial component from contracts	166,633,910	110,786,094
Return on investment properties	31,073,260	16,849,021
<b>Net sales revenue</b>	<u>11,709,886,832</u>	<u>8,460,758,977</u>

**25-b Cost of Revenues**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Tag City	2,732,385,805	948,500,244
Sarai	852,154,501	1,095,135,660
Madinet Masr and Nasr Gardens	128,179,044	19,998,755
Contracting cost of revenue (Minka)	432,100,608	658,050
Contracting cost of revenue (Al Nasr for Civil Works)	289,603,110	250,801,936
Madinet Misr for Projects	149,700,298	-
	<u>4,584,123,366</u>	<u>2,315,094,645</u>
<b>Less: Cost of sales returns</b>	<u>(85,866,792)</u>	<u>(58,209,857)</u>
	<u>4,498,256,574</u>	<u>2,256,884,788</u>
<b>Add:</b>		
Obligation of operation and maintenance of residential compounds	190,000,000	458,393,022
Depreciation of investment properties (Note 6/3)	-	24,802
<b>Cost of revenue</b>	<u>4,688,256,574</u>	<u>2,715,302,612</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**26. SELLING AND MARKETING EXPENSES**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries and wages	35,914,777	41,204,778
Selling and marketing commissions	668,407,822	647,593,412
Advertising expenses (including stamp tax)	997,866,948	701,426,033
Origami Project Club Membership Fees	-	150,000,000
Professional and marketing fees	8,245,765	5,339,330
Depreciation (Note 4)	4,510,017	4,680,813
Amortization of intangible assets (Note 5)	-	2,846,529
Transportation and communication expenses	8,080,541	7,084,429
Computer software license maintenance expenses	119,360,380	66,824,158
Rent	2,243,868	1,793,140
Materials, fuel and spare parts	1,241,923	1,778,670
Security and cleaning expenses	4,206,895	3,557,269
Other service expenses	2,328,350	1,840,380
Amortization of right of use assets (Note 24)	45,263,189	39,193,460
	<b>1,897,670,475</b>	<b>1,675,162,401</b>

**27. GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries and wages	255,820,696	173,755,852
Board of Directors salaries and allowances	28,015,881	24,125,836
Employee bonus and incentive share expense	34,145,687	12,704,311
publishing expenses	13,993,416	1,335,756
Transportation and communication expenses	17,465,053	6,499,334
Consulting, training, conferences and legal expenses	46,410,044	33,085,872
Depreciation (Note 4/1)	13,163,903	5,257,930
Amortization of intangible assets (Note 5)	-	1,177,264
Amortization of right of use assets (Note 24)	754,622	754,624
Computer software license, maintenance expenses and subscriptions	86,878,951	27,852,819
Rent	3,748,996	10,337,859
Materials, fuel and spare parts	6,286,683	4,054,852
Real estate taxes and stamp duty	391,386	616,583
Expenses for listing shares and global depository receipts on stock exchanges	2,770,589	2,342,571
Security, guarding, cleaning and training	9,506,161	1,936,522
Bank charges	31,618,366	25,011,955
Other service expenses	25,457,663	10,443,144
	<b>576,428,097</b>	<b>341,293,084</b>

(\*) The total auditor's remuneration amounted to L.E. 4,355,000 including professional fees and additional services such as, but not limited to, other assurance engagements, corporate governance report, translation services and out of pocket expenses.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**28. RESIDENTIAL COMMUNITY MANAGEMENT AND OTHER OPERATING COST**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries and wages	16,414,569	24,484,964
Residential compounds operating expenses	41,956,382	8,894,599
Printing	-	406,706
Transportation and communication expenses	661,298	40,112
Depreciation of fixed assets (Note 4/1)	365,462	231,718
Amortization of intangible assets (Note 5)	-	29,918
Maintenance of building, computers, fuel	75,447,071	59,713,557
Rent	711,801	3,336,020
Materials, fuel and spare parts	8,643,770	11,188,995
Other services expenses	123,208	121,327
	<u>144,323,561</u>	<u>108,447,916</u>

**29. FINANCE COST**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Loans and facilities interest & Securitization	668,984,318	528,913,085
Interest on sale and leaseback	11,147,902	43,863,960
Lease contract interest	14,690,302	11,293,449
	<u>694,822,522</u>	<u>584,070,494</u>

**30. FINANCE INCOME**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Return from investment at fair value through profit or loss	755,861	598,244
Credit interest	297,166,655	177,712,916
Return on treasury bills	535,245,953	341,323,328
	<u>833,168,469</u>	<u>519,634,488</u>

**31. OTHER OPERATING INCOME**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Administrative fees from customers (for redemption assignment etc.)	104,098,659	49,063,460
Sundry income	814,116	40,636,603
Delay penalty on contractors	91,187,276	74,944,288
Gain on foreign exchange	5,128	22,083,043
	<u>196,105,179</u>	<u>186,727,394</u>

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**32. OTHER EXPENSES**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Compensations and fines	22,064,973	12,242,218
Donations	4,519,716	8,545,000
Takaful contribution	38,657,305	26,730,723
Foreign exchange loss	23,561,711	-
	<b>88,803,705</b>	<b>47,517,941</b>

**33. CONSOLIDATED STATEMENT OF INCOME**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit from Madinet Nasr for Housing & Development S.A.E.	3,333,407,520	2,828,241,730
Group portion in net profits / (losses) of subsidiaries companies	570,785,821	303,102,269
Net share in subsidiary company loss	-	(16,557,240)
Elimination effect of return and costs from investments in subsidiaries	(302,770,747)	(200,661,508)
Reversal of expected credit loss – related party	10,359,543	-
	<b>3,611,782,137</b>	<b>2,914,125,251</b>

**34. CONTINGENT LIABILITIES**

• **Madinet Nasr for Housing & Development S.A.E.**

The value of letters of guarantee on September 30, 2025 amounted to L.E. 235,925,963 (December 31, 2024: L.E. 284,105,163) with a cash cover of letters of guarantee amounting to L.E. 1,039,443 (December 31, 2024: L.E. 21,039,443) (Note 10) and a cover of treasury bills amounting to L.E. 16,116,600 (Note 6/6) in addition to certificates of documents of the cash investment fund (Rakhaa Fund) at the United Bank amounting to L.E. 487,000 (December 31, 2024: L.E. 487,000) (Note 6/5) and time deposits amounting to L.E. 12,476,880 at Abu Dhabi Commercial Bank (December 31, 2024: 12,476,880 Egyptian pounds) (Note 6/5).

• **Al Nasr Co. for Civil Works – (Subsidiary Company)**

The potential liabilities on September 30, 2025 represent the value of letters of guarantee issued by banks on behalf of the company and in favor of third parties against implementation contracts amounting to L.E. 182,903,842 (2024: L.E. 188,911,346), noting that the advance payment guarantee letters have been reduced by L.E. 5,981,789 until September 30, 2025.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**35. DEFERRED TAX**

**Madinet Masr for Housing and Development (Parent company)**

	31/12/2025		31/12/2024	
	Assets L.E.	(Liabilities) L.E.	Assets L.E.	(Liabilities) L.E.
Fixed assets	-	(4,119,067)	-	(2,098,574)
Financial Assets	-	(1,908,295)	-	(1,828,515)
Investment's property	-	(341,761,307)	-	(295,050,231)
Right of use assets	1,364,435	-	5,477,921	-
Provisions	191,994,253	-	236,571,677	-
Total deferred tax	<u>193,358,688</u>	<u>(347,788,669)</u>	<u>242,049,598</u>	<u>(298,977,320)</u>
Net deferred tax (assets)	-	(154,429,981)	-	(56,927,722)
Total deferred tax charged to the separate statement of income	-	(50,703,025)	63,541,918	-
Total deferred tax charged to the statement of other comprehensive income	-	(46,799,235)	-	(296,870,368)

**Al Nasr Company for Civil Works – (Subsidiary Company)**

	31/12/2025		31/12/2024	
	Assets L.E.	(Liabilities) L.E.	Assets L.E.	(Liabilities) L.E.
Fixed assets	-	(10,216)	99,997	-
Right of use assets	-	(97,496)	-	(148,654)
Provisions	13,041,841	-	10,236,204	-
Total deferred tax assets/(liabilities)	<u>13,041,841</u>	<u>(107,712)</u>	<u>10,336,201</u>	<u>(148,654)</u>
Net deferred tax assets	<u>12,934,129</u>	-	<u>10,187,547</u>	-
Deferred tax charged to the statement of income	<u>2,746,582</u>	-	<u>(1,804,689)</u>	-

**Minka for Real Estate Investment Co. – (Subsidiary Company)**

	31/12/2025		31/12/2024	
	Assets L.E.	(Liabilities) L.E.	Assets L.E.	(Liabilities) L.E.
Fixed assets	87,440	-	86,065	-
Provisions	22,500	-	22,500	-
accumulated losses	-	-	7,619,039	-
Investment properties	-	(3,964,971)	-	-
Total deferred tax	<u>109,940</u>	<u>(3,964,971)</u>	<u>7,727,604</u>	-
Net deferred tax (assets)	-	(3,855,031)	7,727,604	-
Total Deferred tax charged to the statement of income	<u>(7,617,664)</u>	-	<u>4,801,943</u>	-
Total Deferred tax charged to the OCI	-	(3,964,971)	-	-

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**35. DEFERRED TAX - Continued**

**EgyCan for Real State Development Co. – (Subsidiary Company)**

	31/12/2025		31/12/2024	
	Assets L.E.	(Liabilities) L.E.	Assets L.E.	(Liabilities) L.E.
Fixed assets	90,423	-	97,593	-
Provision tax differences	34,661	-	34,661	-
Total deferred tax	125,084	-	132,254	-
Net deferred tax (assets)	125,084	-	132,254	-
Total Deferred tax charged to the statement of income	(7,170)	-	(1,167,350)	-

**Madinet Masr for Finishing Works – (Subsidiary Company)**

	31/12/2025	
	Assets L.E.	(Liabilities) L.E.
Fixed assets	-	(55,035)
Retained earnings tax differences	1,641,221	-
Total deferred tax	1,641,221	(55,035)
Total Deferred tax charged to the statement of income	1,586,186	-

**Madinet Masr for project management – (Subsidiary Company)**

	31/12/2025	
	Assets L.E.	(Liabilities) L.E.
Fixed assets	-	(800,303)
Total deferred tax	-	(800,303)
Total Deferred tax charged to the statement of income	-	(800,303)

**Madinet Masr for Sports Club Management – (Subsidiary Company)**

	31/12/2025	
	Assets L.E.	(Liabilities) L.E.
Fixed assets	-	(16,983)
Total deferred tax	-	(16,983)
Total Deferred tax charged to the statement of income	-	(16,983)

	31/12/2025	31/12/2024
	L.E.	L.E.
<b><u>The effect on consolidated financial statements</u></b>		
Total deferred tax asset (statement of financial position)	(144,456,899)	38,880,317
Adjusting on Differed tax liabilities	81,536,785	-
Total Differed tax liabilities (statement of financial position)	62,919,554	38,880,317
Total charged to the statement of income	(54,812,377)	65,371,822

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**36. LEASE LIABILITY**

**Madinet Nasr for Housing and Development (Parent company)**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Balance at beginning year	45,168,116	71,031,416
Lease liabilities during the year	130,461,351	16,273,795
Lease interest during the year	14,484,181	11,016,156
Principle paid during the year	(60,274,880)	(53,153,251)
Balance at ending year	<u>129,838,768</u>	<u>45,168,116</u>
<b>A) Short term lease liabilities:</b>		
Short term Lease liabilities	<u>31,642,159</u>	<u>30,377,931</u>
<b>Long term Lease liabilities</b>		
1-5 years	<u>98,196,609</u>	<u>14,790,185</u>

**Al Nasr Company for Civil Works – (Subsidiary Company)**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Short-term lease Liabilities	756,638	987,207
Long-term lease Liabilities	605,491	1,132,744
	<u>1,362,129</u>	<u>2,119,951</u>
<b>Total lease liabilities</b>	<u>131,200,897</u>	<u>47,288,067</u>

**Impact on the consolidated financial statements**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Short-term lease Liabilities	32,398,797	31,365,138
Long-term lease Liabilities	98,802,100	15,922,929
<b>Total lease</b>	<u>131,200,897</u>	<u>47,288,067</u>

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**37. TAX STATUS**

**Madinet Masr for Housing and Development S.A.E. (Parent company)**

• **Corporate tax**

The company submitted its tax returns and amended returns on the legally prescribed dates, and the company paid taxes based on these returns after being approved by the company's tax advisor until 2024.

*The years from the start of the activity until 2017*

The tax examination between the company and the Tax Authority for those years has been terminated, and the due tax has been paid in full, according to the decisions of the internal committees, the Appeal Committee, and the dispute settlement committees,

*The years are from 2018 to 2019*

The company received a Form 19 tax return for those years. The tax office made the estimated linkage to Form 19 issued under No. 313 on April 8, 2024. The form was appealed within the legal deadlines. The documents are being prepared for field inspection with the Tax Authority. In accordance with the Tax Authority's inspection method, an estimated provision has been established for anticipated points of dispute.

*The years are from 2020 to 2024*

The inspection was not conducted by the Tax Authority, and the company did not receive any forms for those years to date, and according to the method of the Tax Authority in the inspection, the estimated provision was formed for the expected points of disagreement.

• **Payroll tax**

*The years from the start of the activity until 2020*

The tax audit between the company and the tax authority for those years was completed and the tax due was paid in full.

*The years are from 2021 to 2022*

The tax inspection for these years is underway and the company has not been notified of any assessment forms to date. In accordance with the Tax Authority's audit method, an estimated provision for points of dispute has been created.

*The years are from 2023 to 2024*

The inspection was not conducted by the Tax Authority, and the company did not receive any forms for those years to date, and according to the method of the Tax Authority in the inspection, the estimated provision was formed for the expected points of disagreement.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**37. TAX STATUS - Continued**

• **Stamp tax**

*The years from the start of the activity until 2020*

The tax dispute between the company and the tax authority has been terminated and the tax due has been paid in full.

*The years are from 2020 to 26/1/2022*

The inspection was not conducted by the Tax Authority, and the company did not receive any forms for those years to date, and according to the method of the Tax Authority in the inspection, the estimated provision was formed for the expected points of disagreement.

• **Real estate tax**

*The years are from 2013 to 2023*

The tax returns were submitted within the specified legal date, and the tax was paid for the real estate for which the tax forms were received, and a provision was made for the tax on the real estate for which no tax forms were received to date.

**Al Nasr Company for Civil Works – S.A.E. (Subsidiary company)**

The company follows the mission of the Center of Major Financiers File No. 410/3/5/555 and registered under No. 933/396/100 General Tax and Sales.

• **Corporate tax**

*Years until 30/6/2008*

The taxes were settled and there is no tax due for these years.

*Years from 1/7/2009 until 31/12/2012*

The link was made based on the decisions of the appeal committees and it was appealed with the administrative court and reconciliation request was submitted to the Senior Finance Center Submit a request in accordance with Law No. 174 of 2018 regarding delay fines.

*From year 2013 to 2019*

The inspection has been made in estimate and an internal committee worked to re-examine.

*From year 2020 to 2024*

The inspection has not been conducted to date, and estimated tax declaration according to law 91 to year 2005.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**37. TAX STATUS – Continued**

• **Payroll tax**

*Year ended 31/12/2004*

The tax inspection and the dispute were ended, and the tax differences were paid.

*Years from 2005 to 2018*

The inspection has been made and the Appeal Committee issued a decision to re-examine in light of the yearly adjustments and the provided documents by the company.

*Years from 2019 to 2020*

The inspection has been made and the Appeal Committee issued a decision to re-examine in light of the yearly adjustments and the provided documents by the company.

The years from 2021 to 2024 haven't been requested for inspection

• **Stamp Tax**

- Periods till 31/12/2015 The tax dispute between the company and the tax authority has been terminated and the tax due has been paid in full.
- The period from 1/1/2016 until 31/12/2024 have not been inspected yet

• **Withholding tax**

The company pays on a quarterly basis according to the forms prepared for that purpose.

• **Value Added tax (VAT)**

Years until 31/12/2013 were inspected and the outstanding discrepancies paid in full.

Years 2014 and 2015 Inspection and appeal were conducted and the Appeal Committee decision was issued to reduce outstanding discrepancies.

Years 2016 and 2017 were inspected, appeal and the dispute is under consideration.

Years from 2018 to 2020, The inspection has been completed and an internal committee has been formed.

Years from 2021 to 2024, the company provides monthly tax returns and reimburses the tax due from the return.

The company registered in VAT issued by Law No. 67 of 2016.

• **Real Estate tax**

Tax returns were submitted in accordance with the law and tax due until 31/12/2024 was paid.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**37. TAX STATUS - *Continued***

**EgyCan for Real Estate Development Co.– S.A.E. (Subsidiary company)**

- ***Corporate tax***

*The years from the start of the activity until 2024*

The company is subject to the corporate income tax and the tax return is submitted on the dates specified by law. The company's accounts have not been inspected from the start of the activity until 2024.

- ***Withholding Tax***

The company is committed to submitting the quarterly return form 41 and paying the tax in accordance with the dates specified by law.

The company's accounts are currently being inspected for the years from the start of the activity until 2024.

- ***Payroll tax***

Taxes are withheld from employees and paid to the tax authority in accordance with the dates specified by law based on the quarterly returns form 4 salaries and Form 6 settlements for the year 2024 were submitted.

- ***Stamp tax***

The company pays the stamp duty on advertising and publicity expenses in accordance with the Stamp Duty Law and the dates specified by law. The company has not been inspected from the start of the activity until 2024.

**Minka for real estate investment Co.– S.A.E. (Subsidiary company)**

- ***Corporate tax***

*The years from the start of the activity until 2024*

The company is subject to the corporate income tax and the tax return is submitted on the dates specified by law. The company has been notified by form number (4/3) to inspect the years from the start of the activity until 2021 and the documents and analyzes required by the office to inspect the company's accounts are being prepared.

- ***Withholding tax***

The company is committed to submitting the quarterly return form 41 and paying the tax in accordance with the dates specified by law. The inspection for these years is in progress for the years from the start of the activity until 2020.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**37. TAX STATUS - *Continued***

• ***Payroll tax***

Taxes are withheld from employees and paid to the tax authority in accordance with the dates specified by law based on the quarterly returns form 4 salaries. The company was inspected from the start of the activity until 2019 and the due tax was paid.

Company has been notified by form (4) to inspect and the settlements, documents and analyzes required by the office to inspect the company's accounts are being prepared.

• ***Value Added Tax (VAT)***

The company is committed to submitting monthly returns on the dates specified by law. The company's accounts have not been inspected from the start of the activity until 2024.

• ***Stamp tax***

The company pays the stamp duty on advertising and publicity expenses in accordance with the Stamp Duty Law and the dates specified by law. The company has not been inspected from the start of the activity until 2024.

**38. EARNINGS PER SHARE**

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit for the year after tax	3,611,782,137	2,914,125,251
Less: Board of Directors and employees share in profit	<u>(454,373,136)</u>	<u>(378,988,543)</u>
Shareholders share in net profit	<u>3,157,409,001</u>	<u>2,535,136,708</u>
Weighted average numbers of shares outstanding during the year	<u>2,076,790,167</u>	<u>2,135,000,000</u>
Earnings per share	<u>1.520</u>	<u>1.187</u>

**39. FINANCIAL INSTRUMENTS AND RELATED RISKS**

The financial instruments for the parent company represent the financial assets and liabilities. the financial assets include cash and bank balances, financial investments, debtors, and amounts due from related parties. Whilst the financial liabilities include bank overdrafts, creditors and amounts due to related parties. And then follows the notes to the financial statements which include the accounting policies adopted in the recognition and measurement of financial instruments.

The significant risks associated with the financial instruments and the procedures followed by the company to mitigate these risks are as follows:

• ***Credit risk***

Credit risk is the risk that debtors fail to settle the amounts due from them, the company seeks to reduce this risk to the minimum by agreeing with the customers to transfer property after settling all of their debts, also the company charges customers for delay penalties calculated on settlement.

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**39. FINANCIAL INSTRUMENTS AND RELATED RISKS - Continued**

• **Liquidity risk**

Liquidity risk represents all factors which affect the company's ability to pay part or all of its obligations, according to the company's policy sufficient liquidity is maintained which reduce the risk to the minimum.

The following are due dates of the financial liabilities:

	<i>Less than one year L.E.</i>	<i>1-2 years L.E.</i>	<i>More than 2 years L.E.</i>	<i>Book value L.E.</i>
<b><u>31/12/2025</u></b>				
Term loans	269,366,750	253,749,957	2,770,000,103	3,293,116,810
Creditors and other credit balances	2,024,988,119	-	-	2,024,988,119
Short term loans	2,396,583,156	-	-	2,396,583,156
Land development liability by face value	372,255,951	-	-	372,255,951
Trade payables	1,469,632,455	-	-	1,469,632,455
	<b><u>6,532,826,431</u></b>	<b><u>253,749,957</u></b>	<b><u>2,770,000,103</u></b>	<b><u>9,556,576,491</u></b>
<b><u>31/12/2024</u></b>				
Term loans	315,670,936	343,719,893	373,361,515	1,032,752,344
Creditors and other credit balances	2,301,322,459	-	-	2,301,322,459
Short term loans	1,650,000,000	-	-	1,650,000,000
Trade payables	1,124,025,338	4,691,342	-	1,128,716,680
Land development liability by face value	193,687,510	178,578,442	-	372,265,952
Long term notes payable (by face value)	-	63,333,074	-	63,333,074
	<b><u>5,584,706,243</u></b>	<b><u>590,312,751</u></b>	<b><u>373,361,515</u></b>	<b><u>6,548,380,509</u></b>

• **Market risk**

Market risk includes potential gains and losses from the company's financial investments. The company's management applies an investment policy aimed at reducing risk, through investing in various low-risk financial instruments (mainly Egyptian treasury bills).

• **Interest rate risk**

Interest rate risk represents the risk of changes in the rate of interest, Time deposits, loans and bank overdrafts are subject to this risk. The company uses most of its deposits in settling its loans and overdraft balances whenever a gap between debit and credit interest rates takes place in order to reduce this risk to the minimum as possible.

The following are the financial assets and liabilities according to interest rate type:

	<i>31/12/2025 L.E.</i>	<i>31/12/2024 L.E.</i>
<b><u>Financial assets instruments with fixed interest rate</u></b>		
Financial assets (trade and notes receivable)	7,651,872,520	3,555,365,688
<b><u>Financial liabilities instruments with floating interest rate</u></b>		
Financial liabilities (Long- and short-term loans and credit banks)	5,949,734,766	2,712,752,344

Madinet Masr for Housing and Development - S.A.E.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

**39. FINANCIAL INSTRUMENTS AND RELATED RISKS - Continued**

• **Capital Management**

Regarding capital management, the company's policy is to uphold a strong capital base to safeguard its shareholders' equity, creditors, and market confidence, as well as the continued growth of its future activities.

The company seeks to maintain a balance between the lowest cost of borrowing and the other associated risks and benefits of the finance to keep a strong capital base.

The company has no change in the capital management during the year and it has no external capital requirements.

**40. CONTRACTUAL COMMITMENTS**

The value of contracts with contractors for the implementation of housing and development projects amounted to L.E. 22.25 billion, the executed works till 31 December 2025 amounted to L.E. 12.27 billion. Contractors' dues have been paid in accordance with the contracts. The following are the remaining due as on 31 December 2025:

<b>Project</b>	<i>Value of current works contracted with contractors to execute residential units L.E.' Billions</i>	<i>Value of executed works till 31/12/2025 L.E.' Billions</i>	<i>Value of remaining contractual commitment at 31/12/2025 L.E.' Billions</i>
Taj Sultan	1.96	1.81	0.149
Park residence	1.770	1.69	0.080
Shalya	1.62	1.60	0.020
Lake Park	0.970	0.698	0.272
Elect- Taj City	0.927	0.198	0.729
Club side-Taj City	3.31	-	3.31
Taj Ville - Joint venture	0.810	0.638	0.172
Zahw	0.198	0.030	0.168
Taval	1.13	0.995	0.135
Croons	4.60	3,15	1.45
Cavana	0.827	0.630	0.197
Rai	1.56	-	1.56
Rai views	1.20	-	1.20
Rai valleys	0.444	-	0.444
Strip Mall	0.142	0.138	0.004
Show room (Tajed) B-Tech	0.163	0.163	-
Show room (Tajed) Carrefour	0.497	0.417	0.080
Nasr Gardens 6 October	0.123	0.114	0.009
<b>Total</b>	<b>22.25</b>	<b>12.27</b>	<b>9.98</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**41. COMMITMENTS RELATED TO DEVELOPING LAND**

These commitments comprise of a contractual commitment to finance the execution of a part of the extended axis of “Shinzo Abe” that pass through the company’s land in “Taj City”; these liabilities are amounting LE 871.7 million in addition to the incurred interest amounting LE 151.2 million. The company paid an amount of L.E. 650.66 million out of these liabilities. The counter value will be paid as follows:

	<i>31/12/2025</i>	<i>31/12/2024</i>
	<i>L.E.</i>	<i>L.E.</i>
<b>Contractual commitment of developing land – short term</b>	372,255,951	372,255,951
Less: Finance component	-	(8,981,581)
<b>Present value for short term liabilities</b>	<u>372,255,951</u>	<u>363,274,370</u>

**42. FAIR VALUE**

The financial instruments consist of the financial assets. And the financial assets of the company include the cash in the treasury and the banks, Account Receivables, and some of the other debit balances, the investments at amortized costs, fair value through the profit or loss, fair value through other comprehensive income, and the amounts due from related parties. But the financial liabilities for the group include the credit facilities, Trade payable balances and the credit balances, land development liability, and the financial liabilities by the amortized cost and the financial liabilities through profit and loss. The fair values of financial assets and liabilities are not materially different from their carrying value unless stated otherwise. The methodologies and assumptions used to determine the fair value of assets are presented under the fair value section in Note 3: Summary of Significant Accounting Policies.

**43. FINANCIAL INSTRUMENTS**

The group holds the financial assets by fair value through other comprehensive income as follows:

**Measuring the recurring fair value**

	<i>First level</i>	<i>Second level</i>	<i>Third level</i>	<i>Total</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
<b>Measuring the recurring fair value as at 31/12/2025</b>				
Financial assets in fair value through the other comprehensive income (equity instruments) (Note 6/3)	-	8,326,737	-	8,326,737
Total financial assets	<u>-</u>	<u>8,326,737</u>	<u>-</u>	<u>8,326,737</u>
<b>Measuring the recurring fair value as at 31/12/2024</b>				
Financial assets in fair value through the other comprehensive income (equity instruments) (Note 6/3)	-	8,326,737	-	8,326,737
Total financial assets	<u>-</u>	<u>8,326,737</u>	<u>-</u>	<u>8,326,737</u>

Madinet Masr for Housing and Development - S.A.E.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**44. CURRENT EVENTS**

In accordance with the decision of the Central Bank of Egypt's Monetary Policy Committee (MPC) issued at its meeting held on April 17, 2025, the committee decided to reduce the Central Bank of Egypt's (CBE) overnight deposit and lending rates and the rate of the main operation by 225 basis points to 25% and 26%, respectively. The credit and discount rates were also reduced by 225 basis points to 25.50%.

In accordance with the decision of the Central Bank of Egypt's Monetary Policy Committee (MPC) issued at its meeting held on August 28, 2025, the committee decided to reduce the Central Bank of Egypt's (CBE) overnight deposit and lending rates and the rate of the main operation by 200 basis points to 22% and 23%, respectively. The credit and discount rates were also reduced by 200 basis points to 22.50%.

**45. SUBSEQUENT EVENTS**

Due to the current geopolitical shifts and regional tensions in the Middle East, a combination of rising global commodity prices, supply chain disruptions, and increased shipping costs has emerged. These factors, coupled with financial market volatility in emerging economies, have reignited global inflationary pressures that have impacted numerous countries, including the Arab Republic of Egypt.

In accordance with the decision of the Monetary Policy Committee of the Central Bank of Egypt (CBE) issued at its meeting held on 12 February 2026, the Committee decided to reduce the overnight deposit and lending rates, as well as the main operation rate, by 100 basis points to 19% and 20%, respectively. The credit and discount rate also reduced by 100 basis points to 19.50%.